

AKSU Journal of Social Sciences
(AKSUJOSS)
ISSN: 2504 – 933X
Vol.7,No.1 (April) 2026,pp.196-205
DOI: https://doi.org/10.61090/aksujoss.7.1.196-205
URL: htpp://www.aksujournal.com/vol.7.1

Received: June 6, 2025
Accepted: January 12, 2026
Published Online: March 11, 2026

Improving Small and Medium Enterprises (SMEs) Access to Local Currency Financing through Financial Reporting Practices in Nigeria

Ahmad Muhammad Ahmad33q3w2w
Department of Accounting, Nigerian Army University Biu, Nigeria
shaktarmakarfi@gmail.com
ORCID: 0009-0009-6895-2837

Aliyu Saidu Aliyu
Department of Business Administration
College of Business and Management Studies
Kaduna Polytechnic, Kaduna State, Nigeria
aliyusaidu@kadunapolytechnic.edu.ng

Abstract
This study investigates the extent to which the quality of financial reporting practices among Small and Medium Enterprises (SMEs) in Nigeria affects their access to local currency financing. Despite being key drivers of employment and inclusive economic growth, Nigerian SMEs face persistent challenges in accessing credit largely due to inadequate financial disclosure and accounting practices. Anchored on the pecking order theory and financial intermediation theory, this study adopts a cross-sectional survey design covering the period from 2019 to 2023. The population comprises all registered SMEs operating in Lagos, Abuja, and Kano as listed in the SMEDAN 2023 directory, from which 400 SMEs were randomly selected using stratified sampling techniques to ensure sectorial representation. Primary data were collected through structured questionnaires, while interviews were conducted with 20 credit officers from commercial and development finance banks. Data were analysed using descriptive statistics, Pearson correlation, and multiple regression analysis. Results reveal that compliance with basic accounting standards, maintenance of proper financial records, and external audit assurance significantly enhance SME access to local currency financing. The study recommends simplified reporting templates, mandatory bookkeeping training, and policy incentives to promote financial transparency among SMEs and improve their creditworthiness.

Keywords: SME financing, financial reporting, local currency credit, accounting practices.

Introduction

Small and Medium Enterprises (SMEs) are recognised as pivotal drivers of economic transformation, job creation, and poverty alleviation in developing countries (Beck & Demirgüç-Kunt, 2006; Organisation for Economic Co-operation and Development [OECD], 2020). In Nigeria, SMEs account for approximately 96% of all businesses, contribute nearly

48% to gross domestic product, and provide employment to over 80% of the workforce (Small and Medium Enterprises Development Agency of Nigeria [SMEDAN], 2023). Despite this significance, Nigerian SMEs face a persistent financing paradox, being considered "too small" for capital markets and "too risky" for traditional banks, resulting in their heavy reliance on personal savings or informal sources of credit.

A fundamental obstacle to bridging this financing gap is the inability of SMEs to fulfil formal lenders' due diligence requirements, particularly regarding financial reporting (Barth, Landsman, & Lang, 2008). Reliable financial statements form the cornerstone of credit assessment, offering critical insights into a business's performance and cash flow. However, many Nigerian SMEs lack the capacity or incentive to prepare audited financial statements, with the World Bank (2021) noting that over 60% of SME loan rejections in sub-Saharan Africa arise

from inadequate or unaudited records. In Nigeria, poor financial documentation remains a leading factor in the denial of SME loan applications (Central Bank of Nigeria [CBN], 2023).

This study is academically significant as it integrates accounting theory with development finance, a nexus that has received limited empirical attention (Oboh, 2019; Eniola & Entebang, 2017). By examining financial reporting quality as a determinant of local currency credit access, the research provides novel insights into the role of accounting practices in fostering financial inclusion and domestic capital mobilisation. Moreover, it contributes to the broader discourse on enhancing financial intermediation efficiency and de-risking SME lending through improved transparency and information systems (African Development Bank [AFDB], 2022; World Bank, 2021).

Statement of the Problem

Despite several policy interventions and liquidity injection programs such as the ₦200 billion CBN SME Credit Guarantee Scheme, the Development Bank of Nigeria, and anchor borrower programs the ability of SMEs to mobilize financing in local currency remains grossly inadequate (CBN, 2022; NIRSAL, 2023). This exposes them to currency mismatch risks when borrowing from foreign sources and increases their vulnerability to inflation and exchange rate volatility (Ezeani, 2021). Practically, many SMEs are unable to access loans not because credit is unavailable, but because they fail to meet the financial documentation requirements of lenders. According to the World Bank (2021), over 60% of loan rejections to Nigerian SMEs are due to poor financial disclosure and unreliable or absent financial statements.

From a literature standpoint, while prior studies have broadly linked financial literacy and SME performance (Adebisi & Matthew, 2019; Eniola & Entebang, 2017), few have empirically explored the causal impact of financial reporting quality on access to local currency loans in Nigeria using recent post-COVID data and from a lender perspective. The environmental gap is evident in the weak enforcement of financial disclosure regulations and the dominance of informal business models, which allow SMEs to evade both tax and reporting obligations without sanction (Akinyomi & Olagunju, 2013). The time gap arises because most Nigerian studies in this area were conducted before the major SME credit support reforms of 2020–2022 and thus fail to account for current realities of post-pandemic economic recovery, inflationary pressure, and naira instability. Therefore, this study addresses these critical gaps by assessing how improved financial reporting practices can unlock local currency financing for Nigerian SMEs focusing on the period from 2019 to 2023.

Research Questions

1. How does compliance with accounting standards affect SME access to local currency financing in Nigeria?
2. To what extent does the quality of financial recordkeeping influence SME creditworthiness?
3. What role does audit assurance play in enhancing SMEs' ability to secure domestic credit?

Objectives of the Study

The main objective of this study is to evaluate the impact of financial reporting practices on access to local currency financing among SMEs in Nigeria. The specific objectives are:

1. To examine the effect of accounting standards compliance on SME credit access.
2. To assess how financial recordkeeping quality influences SME access to local currency loans.
3. To determine the significance of audit assurance in SME financing decisions.

Hypotheses

H_{01}: Compliance with accounting standards has no significant effect on SME access to local currency financing.

H_{02}: Quality of financial recordkeeping does not significantly influence SME credit access.

H_{03}: Audit assurance has no significant impact on the likelihood of SMEs obtaining local currency loans.

Literature and Empirical Review

This section discusses the meaning, scope, and academic definitions of the key independent and dependent variables of the study. The independent variables are compliance with accounting standards**,** quality of financial recordkeeping**,** and audit assurance**,** while the dependent variable is access to local currency financing.

Compliance with Accounting Standards

Compliance with accounting standards pertains to the extent to which an enterprise adheres to established frameworks when preparing and presenting its financial statements. This adherence is vital for ensuring reliability, comparability, and transparency, thereby fostering stakeholder confidence (Barth, Landsman, & Lang, 2008). The International Accounting Standards Board (IASB, 2015) posits that uniform accounting standards, such as the IFRS for SMEs, promote consistency, facilitating creditworthiness assessments by lenders. In Nigeria, however, compliance is often contingent upon SMEs' capacity to comprehend and implement these standards (Oboh & Ajibolade, 2017). Adebayo and Ojo (2019) found that many SMEs only comply under compulsion from external parties, such as banks. For this study, compliance with accounting standards is defined as the degree to which SMEs follow the IFRS for SMEs or recognised national standards to prepare financial reports for external users, particularly lenders, reflecting both Nigeria's dual-sector context and the practical relevance for credit access.

Quality of Financial Recordkeeping

Quality of financial recordkeeping refers to the systematic, accurate, and comprehensive documentation of all financial transactions by a business. Robust recordkeeping forms the basis for accurate financial statements and effective financial management (Holmes & Nicholls, 1988). For SMEs, maintaining proper records—such as ledgers, sales receipts, and inventory logs, is crucial not only for internal decision-making but also for securing external financing (Eniola & Entebang, 2017). Hofstrand (2016) highlights that inadequate records heighten the risk of poor decisions and loan rejection. In Nigeria, Akintoye and Opeyemi (2020) identified the absence of proper records as a principal reason for SME loan denials. In this study, quality of financial recordkeeping is defined as the consistency, accuracy, and completeness with which SMEs document and store financial information regarding their operations and obligations, underscoring its informational value in reducing information asymmetry and enhancing credit assessments.

Audit Assurance

Audit assurance denotes the independent evaluation of an organisation's financial statements by a qualified auditor, aimed at expressing an opinion on their fairness and compliance with standards. This process enhances the credibility of financial statements and mitigates information risk for users (Arens, Elder, & Beasley, 2014). Hayes et al. (2005) argue that audit assurance underpins informed stakeholder decisions, including those of creditors. In the SME context, audits are often voluntary or sporadic, yet when undertaken, they signal reliability to external stakeholders (Abor & Quartey, 2010). In Nigeria, where audits are not obligatory for micro-businesses, voluntary audits are frequently motivated by the need for finance (CBN, 2023). For this study, audit assurance is defined as the independent verification of SME financial

statements to assess their accuracy, completeness, and compliance with reporting standards, typically by a certified auditor, capturing its strategic and signalling role in credit markets.

Access to Local Currency Financing

Access to local currency financing describes the ability of enterprises to obtain loans, overdrafts, or investment capital in the domestic currency, specifically, the Nigerian Naira. Local currency credit is essential for protecting SMEs from foreign exchange risks and currency mismatches (World Bank, 2021). Beck, Demirgüç-Kunt, and Martinez Peria (2008) assert that access is linked to the availability of credible financial disclosures, which inform risk assessments by financial institutions. Ezeani (2021) found that SMEs with informal practices and undocumented finances face the greatest barriers to accessing Naira-denominated credit. Accordingly, this study defines access to local currency financing as the capacity of SMEs to secure formal credit from financial institutions in the Nigerian Naira, based on their perceived creditworthiness and the quality of their financial disclosures, thus directly connecting access to the robustness of financial documentation within Nigeria's development finance landscape.

Conceptual Framework

This study is predicated on the premise that financial reporting practices substantially affect the capacity of small and medium-sized enterprises (SMEs) to access local currency financing from banks and development finance institutions. The theoretical framework draws on signalling theory, financial intermediation theory, and pecking order theory, all of which highlight the importance of transparency, disclosure, and credible communication of firm value in facilitating financial access. The independent variables are categorised into three key dimensions: compliance with accounting standards, quality of financial recordkeeping, and audit assurance. Each dimension uniquely influences lenders' perceptions of SME creditworthiness. SMEs that adhere to recognised accounting standards, maintain accurate financial records, and submit to independent audits effectively reduce information asymmetry, thereby enhancing their eligibility for local currency credit. The dependent variable—access to local currency financing, captures the extent to which SMEs can obtain credit in Naira from commercial banks or development finance institutions and under what specific conditions.

Conceptual Model

The relationship between the variables is illustrated in the conceptual model below:

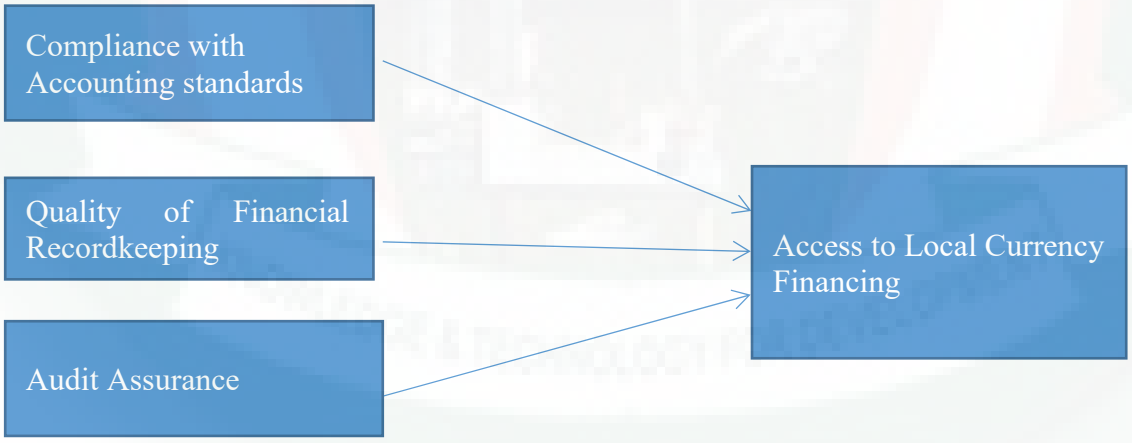


Figure 1
Operational Logic of the Framework

SMEs that comply with accounting standards provide uniform and comparable financial information that allows lenders to assess their solvency, liquidity, and profitability with confidence. SMEs with high-quality financial recordkeeping have a trail of business activities

that can be verified, enabling lenders to perform cash flow analysis and loan recovery projections. SMEs that obtain audit assurance are able to signal credibility and minimize perceived risk, thus enhancing their credit profile before potential lenders. These three elements together influence the lender's decision to approve, reject, or adjust the terms of credit, particularly in local currency, where liquidity is constrained and credit screening is rigorous.

Theoretical Review

Signalling Theory

Signalling theory, developed by Spence (1973), elucidates how entities with private information employ observable indicators, or "signals," to communicate their quality or intentions in markets characterised by information asymmetry. In financial settings, lenders often lack comprehensive insight into a borrower's financial health. SMEs can address this information gap by providing credible signals, such as standardised financial statements, transparent records, and audit certifications, thereby affirming their creditworthiness to external parties (Ross, 1977; Connelly et al., 2011). Such practices serve as visible assurances of organisational reliability and compliance, which are particularly important in environments where informational gaps are pronounced.

Presenting financial reports prepared according to IFRS for SMEs or local GAAP signals transparency, professionalism, and regulatory mindfulness (Barth et al., 2008). Detailed records further indicate internal efficiency and financial discipline, while third-party audit certifications provide powerful evidence of credibility and objectivity (Arens et al., 2014; Eniola & Entebang, 2017). In Nigeria, where trust in SME self-reporting remains limited, these signals are especially valued. Financial institutions that receive these clear signals are more likely to extend domestic credit, offer lower interest rates, or provide longer repayment terms, notably in the context of Naira lending, where due diligence is increasingly critical (CBN, 2023; World Bank, 2021).

Financial Intermediation Theory

Douglas Diamond's (1984) financial intermediation theory elucidates the pivotal function of financial intermediaries, such as banks and development finance institutions, in overcoming information asymmetry between savers and borrowers. By gathering and interpreting financial information, these intermediaries reduce lending risks and enable efficient resource allocation. In Nigeria, where credit histories and public ratings are limited, commercial banks and DFIs depend on financial statements and audit reports to evaluate SME loan applications (CBN, 2023; Bank of Industry [BOI], 2022). The reliability and comparability of such information are essential, as they allow credit officers to assess solvency, liquidity, and profitability, thereby facilitating prudent allocation of local currency loans (Diamond, 1984).

The theory further highlights the significance of robust financial reporting in facilitating ongoing monitoring and mitigating default risk. Detailed records enable lenders to forecast cash flows and gauge repayment capacity, while audits enhance due diligence and reduce screening costs (Adebayo & Ojo, 2019; Hayes et al., 2005). When financial disclosures are credible, lenders are more willing to extend Naira-denominated credit, improving both access and lending terms (Ezeani, 2021; World Bank, 2021). Both signalling theory and financial intermediation theory underscore the importance of financial information quality in addressing financing barriers, especially in Nigeria's context of limited collateral and informal business operations. High-quality reporting, through compliance, recordkeeping, and audit, directly mitigates credit risk challenges, fostering increased access to local currency financing.

Methods and Materials

This study adopts a quantitative cross-sectional survey design, which is well-suited for investigating relationships among multiple variables at a single point in time (Creswell & Creswell, 2018). The design enables rigorous statistical analysis of how compliance with

accounting standards, quality of financial recordkeeping, and audit assurance affect access to local currency financing. The study population comprises formal and semi-formal SMEs registered with the Corporate Affairs Commission (CAC) and listed in the SMEDAN database, covering all six geopolitical zones of Nigeria. Particular emphasis is placed on SMEs in sectors with substantial financing needs, including manufacturing, infrastructure services, agribusiness, and trade, while focusing on those maintaining basic financial records and operating within the reach of banks or development finance institutions (SMEDAN/NBS, 2022). A multistage sampling technique is used, involving stratification by geopolitical zone, sectoral categorisation, and proportionate random sampling. A minimum sample size of 400 SMEs is determined using Yamane's (1967) formula. Data are collected via structured questionnaires, with validity and reliability confirmed by expert review and Cronbach's Alpha (≥0.70), and analysis is conducted using SPSS at a 5% significance level.

Model Specification

The study will adopt a linear regression model:

LCF=β0+β1CAS+β2FRK+β3AUD+εLCF = \beta_0 + \beta_1CAS + \beta_2FRK + \beta_3AUD + \varepsilonLCF=β0+β1CAS+β2FRK+β3AUD+ε
Where:

LCFLCFLCF = Access to Local Currency Financing (dependent variable)
CASCASCAS = Compliance with Accounting Standards
FRKFRKFRK = Financial Recordkeeping Quality
AUDAUDAUD = Audit Assurance
ε\ = Error term
β0\beta_0β0 = Constant; β1,β2,β3\beta_1, \beta_2, \beta_3β1,β2,β3 = Coefficients

Data Presentation, Analysis, and Interpretation

This section presents the analysis and interpretation of data collected to investigate the impact of financial reporting practices on access to local currency financing among Small and Medium Enterprises (SMEs) in Nigeria. The data are analysed using descriptive statistics, correlation, and multiple regressions to test the hypotheses and address the study objectives.

Table 1: Response Rate

Questionnaires Administered	Questionnaires Returned	Response Rate
400	372	93%

Source: Author, 2025

Out of 400 questionnaires administered to SMEs across Nigeria, 372 were properly filled and returned, representing a response rate of 93%. This high response rate enhances the validity and generalizability of the study findings and demonstrates the reliability of the data collection method.

Table 2. Demographic Characteristics of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	232	62.4%
	Female	140	37.6%
Business Sector	Manufacturing	122	32.8%
	Agribusiness	94	25.3%
	Services	98	26.3%

Variable	Category	Frequency	Percentage(%)
	Trade & Others	58	15.6%
Years in Operation	< 5 years	116	31.2%
	5–10 years	188	50.5%
	> 10 years	68	18.3%
Use of Accounting Standards	Yes	210	56.5%
	No	162	43.5%
Audited Financial Statements	Yes	104	28.0%
	No	268	72.0%

Source: Author, 2026

The table shows that the majority of respondents (62.4%) are male, with most SMEs (32.8%) operating in the manufacturing sector. About 50.5% of SMEs have operated for 5–10 years, suggesting a moderately mature SME group. While 56.5% comply with accounting standards, only 28% engage audit services, indicating a potential barrier to creditworthiness signalling.

Table 3 Descriptive Statistics of Study Variables

Variable	Mean	Std. Dev.	Min	Max
Compliance with Accounting Standards	3.81	0.82	1	5
Financial Recordkeeping Quality	4.03	0.74	2	5
Audit Assurance	3.27	1.02	1	5
Access to Local Currency Financing	3.45	0.91	1	5

Source: Author, 2026

The average score for financial recordkeeping quality (M = 4.03) is the highest among the variables, indicating that SMEs generally maintain moderate-to-good recordkeeping practices. Compliance with accounting standards also has a relatively high mean (M = 3.81), but audit assurance lags (M = 3.27), likely due to cost and informality. Access to local currency financing (M = 3.45) is average, suggesting moderate credit penetration.

Table 4: Correlation Analysis

Variables	CAS	FRK	AUD	LCF
CAS	1			
FRK	0.57	1		
AUD	0.51	0.62	1	
LCF	0.49	0.56	0.52	1

Source: summary from correlation matrix.

Note: Correlation is significant at the 0.01 level (2-tailed). All the three financial reporting variables show statistically significant positive correlations with access to local currency financing. The strongest correlation is between financial recordkeeping and local currency financing (r = 0.56), suggesting that high-quality recordkeeping has the most pronounced relationship with credit access. These results provide preliminary support for the regression analysis to follow.

Table 5: Model Summary

Model	R	R^2	Adj. R^2	Std. Error
1	0.653	0.427	0.419	0.681

Source: Author compilation

Summary of from regression output the model explains approximately 42.7% of the variance in access to local currency financing ($R^2 = 0.427$). This indicates a moderate-to-strong model fit, meaning financial reporting practices significantly explain SMEs' access to local currency financing.

Table 6: ANOVA

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	128.421	3	42.807	91.75	0.000
Residual	172.033	368	0.468		
Total	300.454	371			

Source: author compilation.

The ANOVA result shows a statistically significant regression model ($F = 91.75$, $p < 0.01$), indicating that the combined effect of compliance, recordkeeping, and audit assurance on local currency financing is significant.

Table 7: Regression Coefficients

Variable	B	Std. Error	Beta	t	Sig.
Constant	0.812	0.225	—	3.61	0.000
Compliance with Standards (CAS)	0.283	0.067	0.251	4.22	0.000
Financial Recordkeeping (FRK)	0.341	0.072	0.286	4.74	0.000
Audit Assurance (AUD)	0.217	0.059	0.213	3.68	0.000

Source: author, 2026

All three independent variables significantly predict access to local currency financing at the 1% level. Financial recordkeeping ($\beta = 0.286$) has the strongest standardized effect, followed by compliance with accounting standards ($\beta = 0.251$) and audit assurance ($\beta = 0.213$). This suggests that SMEs with structured records and standard-compliant reports are more likely to access Naira-based loans, reinforcing both signalling and intermediation theories.

Discussion of Findings

This study examined the relationship between financial reporting practices and access to local currency financing among SMEs in Nigeria. The results show that compliance with accounting standards, financial recordkeeping quality, and audit assurance are all positively and significantly associated with SMEs' ability to obtain Naira-denominated credit from formal financial institutions. These findings confirm that financial reporting quality plays an important role in SME credit assessment and supports the study's theoretical framework.

Compliance with accounting standards was found to have a significant positive relationship with access to local currency financing. SMEs that prepare financial statements in line with recognized accounting standards are more likely to meet lenders' disclosure requirements and are viewed as more transparent and reliable. This supports signalling theory, which argues that standardized financial reporting reduces information asymmetry between borrowers and lenders. In the Nigerian SME environment, where informality is common and financial disclosure is often weak, compliance with accounting standards appears to function as an important indicator of business discipline and regulatory awareness. This result is consistent

with earlier Nigerian studies that link accounting compliance to improved access to formal credit.

Financial recordkeeping quality emerged as the strongest predictor of access to local currency financing. SMEs that maintain accurate, complete and consistent financial records are better positioned to demonstrate cash flow stability and repayment capacity. This finding aligns with financial intermediation theory, which emphasizes the role of reliable financial information in enabling lenders to evaluate credit risk and monitor borrowers effectively. In practice, lenders rely heavily on transaction records and cash flow histories when assessing SME loan applications, particularly in the absence of long credit histories or adequate collateral. The result supports prior empirical evidence that poor recordkeeping remains a major constraint to SME financing in Nigeria and suggests that basic bookkeeping practices may be more influential than more formal reporting requirements.

Audit assurance was also found to have a positive and significant effect on access to local currency financing, although its influence was smaller compared to accounting compliance and recordkeeping quality. Audited financial statements enhance the credibility of reported information and reduce concerns about misstatement or manipulation. However, the relatively weaker effect may reflect the cost of audit services and their voluntary nature among SMEs. Many smaller firms may rely on internal records and standard-compliant statements when seeking credit, while audit assurance is more commonly used for larger or longer-term loan applications.

The findings overall indicate that financial reporting practices are important determinants of SMEs' access to domestic credit. Improvements in recordkeeping, compliance with accounting standards, and selective use of audit assurance reduce information asymmetry and strengthen lenders' confidence, thereby increasing the likelihood of obtaining local currency financing. These results highlight the importance of practical and cost-effective financial reporting improvements in expanding SME access to formal credit in Nigeria.

Conclusion and Recommendations

This study investigated the relationship between financial reporting practices and access to local currency financing among Nigerian SMEs. Focusing on compliance with accounting standards, financial recordkeeping quality, and audit assurance, the findings provide empirical evidence that financial reporting quality is pivotal for securing Naira-denominated credit from formal institutions. All three variables demonstrated positive and significant associations with access to local currency loans. Financial recordkeeping quality exerted the most substantial influence, emphasising the importance of accurate and consistent records in credit decisions. Compliance with accounting standards further enhanced transparency and comparability, while audit assurance had a positive, albeit smaller, effect, reflecting its voluntary and often costly nature within the SME sector.

The results suggest that constrained access to SME financing in Nigeria is linked not only to credit supply limitations but also to deficiencies in financial documentation and disclosure. Fundamental enhancements in bookkeeping and standardised reporting frameworks can reduce information asymmetry and strengthen SMEs' creditworthiness. For policymakers and development finance institutions, these findings underscore the value of simplified reporting templates, bookkeeping support, and incentives to promote sound financial reporting practices. This study contributes recent empirical evidence on the role of financial reporting in enhancing access to local currency financing, though its cross-sectional nature and reliance on self-reported data limit causal inference. Future research should consider longitudinal designs, incorporate lender perspectives, or examine sectoral variations in reporting and credit access.

REFERENCES

Abiola, J., & Oseyomon, P. O. (2022). Financial reporting compliance and SME loan accessibility in Lagos. *Journal of Finance and SMEs*, 10(3), 115–132.

Adebisi, J. F., & Matthew, O. A. (2019). Financial literacy, accounting compliance, and access to credit. *International Journal of SME Finance*, 7(1), 65–78.

Akintoye, I. R., & Opeyemi, B. (2020). Recordkeeping and credit worthiness of SMEs in Nigeria. *Journal of Accounting Research*, 9(2), 45–60.

Arens, A. A., Elder, R. J., & Beasley, M. S. (2014). *Auditing and assurance services* (15th ed.). Pearson.

Barth, M. E., Landsman, W. R., & Lang, M. H. (2008). International accounting standards and accounting quality. *Journal of Accounting Research*, 46(3), 467–498. https://doi.org/10.1111/j.1475-679X.2008.00287.x

Beck, T., Demirgüç-Kunt, A., & Maksimovic, V. (2008). Financing patterns around the world: Are small firms different? *Journal of Financial Economics*, 89(3), 467–487. https://doi.org/10.1016/j.jfineco.2007.10.005

Central Bank of Nigeria (CBN). (2023). *Annual SME development report*. https://www.cbn.gov.ng/

Connelly, B. L., Certo, S. T., Ireland, R. D., & Reutzel, C. R. (2011). Signaling theory: A review and assessment. *Journal of Management*, 37(1), 39–67. https://doi.org/10.1177/0149206310388419

Diamond, D. W. (1984). Financial intermediation and delegated monitoring. *Review of Economic Studies*, 51(3), 393–414. https://doi.org/10.2307/2297430

Eniola, A. A., & Entebang, H. (2017). SME recordkeeping and performance in Nigeria. *International Journal of Business and Social Research*, 7(2), 13–26. https://doi.org/10.18533/ijbsr.v7i2.1051

Ezeani, E. J. (2021). Informality and access to finance in Nigerian SMEs. *African Journal of Economic Policy*, 28(1), 55–72.

Hayes, R., Dassen, R., Schilder, A., & Wallage, P. (2005). *Principles of auditing: An introduction to international standards on auditing* (2nd ed.). Pearson Education.

Holmes, S., & Nicholls, D. (1988). An analysis of the use of accounting information by Australian small business. *Journal of Small Business Management*, 26(2), 57–68.

International Accounting Standards Board (IASB). (2015). *International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)*. IFRS Foundation. https://www.ifrs.org

Mugenda, O. M., & Mugenda, A. G. (2003). *Research methods: Quantitative and qualitative approaches*. Acts Press.

Oboh, C. S. (2019). Financial documentation and SME financing constraints. *Journal of Development Finance*, 11(4), 78–92.

Oboh, C. S., & Ajibolade, S. O. (2017). Accounting system compliance among SMEs in Nigeria. *Accounting and Taxation Review*, 5(2), 84–97.

Spence, M. (1973). Job market signaling. *The Quarterly Journal of Economics*, 87(3), 355–374. https://doi.org/10.2307/1882010

World Bank. (2021). *Financing SMEs in local currency: A global overview*. World Bank Publications. https://www.worldbank.org