IRJEMS International Research Journal of Economics and Management Studies
ISSN: 2583 – 5238 / Volume 5 Issue 3 March 2026 / Pg. No: 44-51
Paper Id: IRJEMS-V5I3P107, Doi: 10.56472/25835238/IRJEMS-V5I3P107

Original Article

Conceptual Perspectives on Financial Reporting Standards under the 2025 Investment and Securities Act of Nigeria

[1]Oluseyi Abraham Olayinka (Ph.D.), [2]*Olaitan Daniel Alabi (Ph.D.), [3]Oluyemi Mary Kolapo, [4]Olumuyiwa Olayanju

[1,2]Faculty of Arts, Social and Management Sciences, Department of Management Sciences, Dominion University, Ibadan, Oyo State, Nigeria.

[3] Federal University of Technology, FUTA, Akure, Ondo State, Nigeria. Department of Statistics.

[4]Faculty of Management and Social Sciences, Department of Management and Accounting, Lead City University, Ibadan, Oyo State, Nigeria.

Received Date: 10 February 2026 Revised Date: 01 March 2026 Accepted Date: 04 March 2026 Published Date: 07 March 2026

Abstract: *The paper is a conceptual review of the Investment and Securities Act (ISA) 2025 in Nigeria and its effects on the quality of Financial Reporting (FRQ). The paper is based on theories such as Agency, Regulatory Compliance, Institutional, and Stakeholder to analyse the impact of the Act on transparency, comparability, timeliness, and accountability in Nigeria's capital market. The review, based on a systematic review of the peer-reviewed literature, statutory instruments, and policy reports benchmarked against IFRS, SOX, and the EU Transparency Directive, as well as MiCA, demonstrates that ISA 2025 is an important step towards global convergence in reporting regulation. It strengthens the authority of the Securities and Exchange Commission (SEC), introduces liability reforms, and includes regulation of digital assets. Nevertheless, institutional weakness, selectivity, and a show of compliance jeopardize substantive results. In theory, ISA 2025 is aligned with international best practices, but its success is dependent on the strength of enforcement, independence of regulations, and the culture of governance. The paper also adds to the global literature by establishing ISA 2025 as a model of reforming emerging economies as well as a warning of the capacity-implementation gap.*

Keywords*: Financial Reporting Quality, ISA 2025, Regulatory Compliance, Institutional Theory, IFRS, SOX, Transparency, Enforcement, Emerging Markets, Nigeria.*

I. INTRODUCTION

The foundation for the credibility and efficiency of capital markets is the quality of financial reporting. It fosters investors' confidence and assists them in making informed decisions (Dare & Adegbie, 2023). Financial reporting outlook in Nigeria has evolved through various statutes, which include the Companies and Allied Matters Act (CAMA), the Nigerian Code of Corporate Governance, and the adoption of IFRS. In spite of all these reforms, there are still persistent challenges in some areas, such as delayed disclosures, limited comparability, and weak enforcement. These challenges have undermined the trust of stakeholders in the market's integrity (Echegu, Aleke, & Alum, 2024). The Investment and Securities Act (ISA 2025) has brought a fundamental change in the regulations of the Nigerian Capital Market. ISA 2007 has been repealed by virtue of the new Act. The ISA 2025 has introduced robust reforms that align the capital market with international standards (Adekoya, 2025; Nwachukwu, 2025). Part of the reforms is the expansion of the regulatory perimeter of the Act, which now includes Digital assets. Furthermore, the Securities and Exchange Commission (SEC) has also been strengthening as an independent apex regulator, and stiffer penalties for non-compliance have been introduced. These changes are designed to enhance transparency, comparability, and investor Protection, and to position Nigeria as a regional leader in regulatory modernisation (Nwachukwu, 2025).

The enactment of ISA 2025 presents a timely opportunity to assess conceptual and practical implications for Financial Reporting Quality. It promises to bring substantial improvements, but its effectiveness relative to global benchmarks will require empirical and theoretical scrutiny and the identification of potential gaps in regulatory design and implementation (Ezekiel & Ugwuez, 2025). While the Investment and Securities Act (ISA) 2025 has generated attention from practitioners and regulators, the academic analysis of the Act still remains scarce. This paper makes three contributions. First, it moves beyond a descriptive overview of the Act. It is anchored in the established theoretical framework, such as Agency, Regulatory Compliance, Institutional, and stakeholder theories, to explain the regulatory logic behind its provisions. Second, the paper positions ISA 2025 within a comparative global context. It highlights both convergence and divergence with IFRS, SOX, and the EU Transparency Directive. Third, it provides a conceptual lens for understanding how emerging markets localise global regulatory trends, especially around digital assets and the risks of symbolic versus substantive compliance. Collectively, these contributions have extended the literature on financial reporting quality in emerging economies and offer insights relevant not only to Nigeria but also to other countries grappling with similar institutional constraints.

The financial reporting system in Nigeria continues to grapple with persistent challenges, including opacity, inconsistent enforcement, and a lack of substantive compliance, despite numerous successive reforms. Existing research has paid limited or no attention to recent legislative reforms, such as ISA 2025, and has primarily focused on descriptive analyses. And also, they do little to bridge theory with regulatory design. (Asogba et al., 2024; Echegu et al., 2024).

A) Inquiry Questions

i. How does the ISA 2025 change the expectation of financial reporting quality in Nigeria?
ii. What are some of the mechanisms used in ISA 2025 to promote transparency, comparability, timeliness, and compliance?
iii. How can ISA 2025 be compared with global regulatory frameworks in promoting Financial Reporting Quality?
iv. What are the implications for key stakeholders, which include accountants, auditors, regulators, investors, and policy makers?

B) Study Objectives

i. To examine how ISA 2025 changes the expectation of Financial Reporting quality in Nigeria.
ii. To analyze some of the mechanisms used in ISA 2025 to promote transparency, comparability, timeliness, and compliance
iii. To evaluate how ISA 2025 compares with global regulatory frameworks in promoting financial reporting quality
iv. To assess implications for key stakeholders, which include accountants, auditors, regulators, investors, and policymakers

C) Investigation Hypothesis

Based on the outlined research objectives, this study will examine the following hypotheses**:**

- H_{01}: ISA 2025 has no significant effect on the expectations of financial reporting quality in Nigeria.
- H_{02}: Some of the mechanisms used in ISA 2025 do not significantly promote transparency, comparability, timeliness, or compliance in financial reporting.
- H_{03}: ISA 2025 has no significant effect compared with global regulatory frameworks in promoting financial reporting quality.
- H_{04}: ISA 2025 has no significant implications for key stakeholders, which include accountants, auditors, regulators, investors, and policy makers

II. LITERATURE REVIEW

A) Conceptualizing Financial Reporting Quality (FRQ)

Financial reporting quality (FRQ) refers to the extent to which the financial statements of a firm accurately, faithfully, and timely represent its underlying economic activities. High-quality reporting enhances decision-making by increasing usefulness, reducing information asymmetry, and bolstering investor confidence (Rachmawati et al., 2025; Echegu et al., 2024). Core dimensions of financial reporting quality (FRQ) include the following: transparency; comparability; timeliness, reliability, and relevance. Each of these core dimensions is shaped by institutional capacity and regulatory oversight. In the emerging markets, which are characterised by institutional fragility that often undermines, regulatory reform is the crucial determinant of financial reporting (Gardi et al., 2023).

B) Theoretical Framework

This review integrates four interrelated theories to frame the potential impact of ISA 2025 on financial reporting quality (FRQ). The four theories are: Agency Theory, Regulatory Compliance Theory, Institutional Theory, and Stakeholder Theory.

Agency Theory was propounded in the mid-1970s by Stephen Ross and Barry Mitnick. Jensen and Meckling (1976) expanded on this theory by defining agency cost and developing a framework for minimizing principal-agent conflicts. The theory emphasizes the existence of information asymmetry between managers and investors, which creates an opportunity for opportunistic reporting. ISA 2025 can be seen as a good mechanism that will mitigate agency problems through enhanced monitoring and deterrence by strengthening disclosure requirements, imposing criminal liability for misreporting, and empowering the Securities and Exchange Commission (SEC) (Šodan et al., 2023).

Regulatory Compliance Theory posits a distinction between symbolic and substantive compliance (MohammadRezaei et al., 2024). The theory was propounded in the 1970s by Richard Fiene. In Nigeria, where resource constraints and weak enforcement often limit substantive compliance, the stricter penalties in ISA 2025 and the pre-clearance provisions seek to push firms beyond box-ticking practices. Whether these mechanisms achieve genuine behavioural change will depend on the robustness of enforcement institutions.

Institutional Theory was propounded by John W. Meyer and Brian Rowan in the late 1970s, especially in their 1977 work. Their seminal research examined how organisations are influenced by their national, state, and social settings to obtain legitimacy and endure. The reforms in Nigeria have been influenced by the global trends through the coercive (global investor pressure), mimetic (imitation of existing frameworks such as SOX and MiCA), and normative (professional body influence) forces, but are mediated by local institutional weaknesses (DiMaggio & Powell, 2000).

Stakeholder Theory was propounded by R. Edward Freeman in 1984. The theory extends the focus from shareholders to a wider range of actors. The actors are regulators, creditors, employees, and the investing public (Khomsiyah et al., 2024). The provisions of ISA 2025 on broader disclosure, investor protection, and recognition of digital assets reflect this wider accountability. When these theories are taken together, they suggest that ISA 2025 is not merely a statutory reform but a regulatory experiment in institutional transformation. The effectiveness of the Act will hinge on whether strong theoretical intentions agency monitoring, coercive convergence, broadened accountability are translated into practical enforcement in the institutional environment in Nigeria.

C) Conceptual Model

Table 1: Theoretical Foundations and Expected Impacts of ISA 2025 Provisions on Financial Reporting Quality

ISA 2025 Provision	Theoretical Anchor	Expected Effect on FRQ	Potential Limitation
Expansion of SEC oversight, including digital assets	Agency Theory	Information asymmetry is reduced; monitoring is enhanced	The constraint of SEC capacity may weaken the impact
The penalties are stricter and criminal liability	Regulatory Compliance	It encourages substantive compliance	If the enforcement is not consistent, it may lead to symbolic compliance
It aligns with IFRS, SOX, and the EU Directive	Institutional Theory	It promotes global comparability and investor confidence	The fragility of Local institutions may undermine convergence
There is mandatory broader disclosure	Stakeholder Theory	It enhances transparency for multiple stakeholders	Compliance costs may lead to resistance from Firms

D) Regulatory Frameworks and Reporting Outcomes

The empirical evidence always showed that a strong regulatory framework improves the quality of financial reporting, provided that there is a strong capacity for enforcement. The transparency and comparability enhancement were also scooped by the studies on the adoption of IFRS, but the results are subject to the quality of the institutions (Kabwe, 2023; Al-Qadasi et al., 2022). On the same note, the US Sarbanes-Oxley Act (SOX) enhanced reliability by making the CEO/CFO certification mandatory, internal control, and criminal sanction on misreporting (Bajra & Asllanaj, 2021). The EU Transparency Directive harmonised the disclosure practices across member states, which improved investor protection and cross-border comparability (Cuomo et al., 2024). These findings point to a common theme that legislation is not enough to guarantee financial reporting quality. Instead, enforcement strength, regulatory independence, and corporate culture mediate the outcomes (Morshed, 2024).

E) Empirical Studies on Emerging Markets and Nigeria

Reform in emerging markets has a mixed outcome because of a lack of resources and poor control. As an example, the adoption of IFRS in Nigeria enhanced comparability and did not address the problem of timeliness or enforcement completely (Abdullahi & Suleiman, 2021). There are still vulnerabilities in the institutions and fragmentation of regulations that create loopholes in implementation (Echegu et al., 2024). In addition, there are still concerns about symbolic compliance in the Nigerian context, where companies report formally but not substantially in the case of transparency.

F) Comparative Insights from Global Regulatory Frameworks

Placing ISA 2025 in a global context underscores the opportunities and challenges. Some of the opportunities and challenges are:

- IFRS: it relies heavily on local enforcement but promotes comparability through principles–based reporting (Prather-Kinsey, De Luca, & Phan, 2022).
- US. SOX: Accountability is strengthened by making it mandatory for the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to personally attest to the integrity and accuracy of the financial statements of their company. Also, there is imposition of high penalties in case of misreporting, and protections for whistleblowers (Chen, Hu, & Liu, 2025).
- EU Transparency Directive: it enhances the timeliness and disclosure accessibility across jurisdictions (Tariq, 2025).
- Markets in Crypto-Assets Regulation (MiCA, EU): This provides emerging lessons on how to regulate digital assets. This area is well covered by ISA 2025 (Mkrtchyan & Treiblmaier, 2025).

The conceptual difference between the ISA 2025 of Nigeria and these frameworks is that Nigeria faces unique challenges regarding the enforcement of the framework due to its institutional background (Kolawole, 2025).

G) Identified Gaps in Literature

This review is justified by several gaps in the literature. Among the gaps are:

1. The new legislation (ISA2025) has not been fully integrated into the existing studies: The studies on financial reporting quality (FRQ) conducted by previous research have not properly included the analytic study of ISA 2025 (Adekoya, 2025).
2. Synthesis of the theory and practice is weak: Very few studies integrate various theories, including agency, institutional, and regulatory theories, to describe the outcome of financial reporting quality (Eshiet et al., 2023).
3. Scarce comparative studies: Comparative Studies that connect reforms in Nigeria with global frameworks like IFRS, SOX, or MICA are not sufficient (Falana, Igbekoyi, & Oluwagbade, 2025).
4. Digital assets underexplored: The unique challenges of valuing and disclosing digital assets are largely neglected by most Financial Reporting Quality (FRQ) studies, an area that ISA 2025 explicitly covers (Alex, 2025).

H) Conceptual Framework

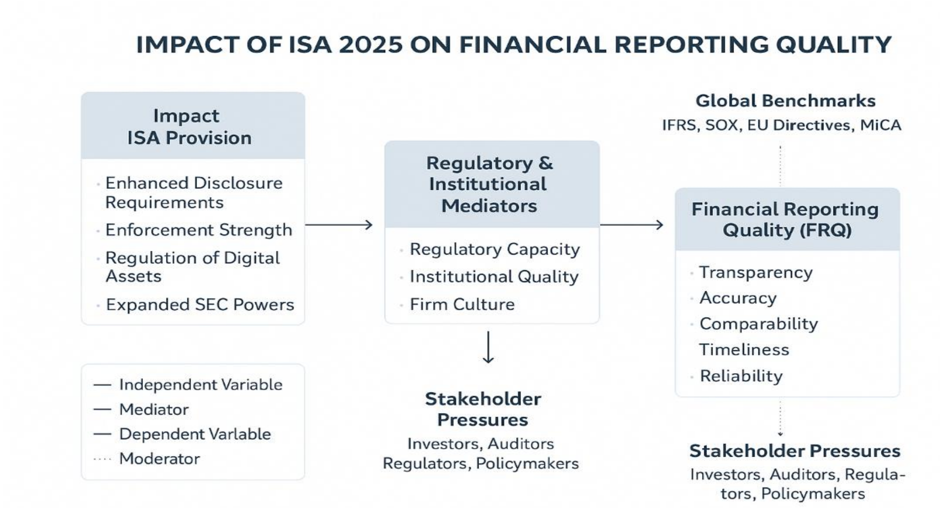

Figure 1. Researchers Conceptualization, 2025

III. METHODOLOGY

A) Research Design

This study adopts a conceptual and theoretical review instead of an empirical approach. This is because ISA 2025 is a recently enacted statute that has limited empirical evidence. The second reason for adopting the above research design is that conceptual review enables the integration of multiple theoretical perspectives with insights from comparative regulatory. This design allows for a critical mapping of the provisions of the Act to the expected outcomes of the financial reporting quality (FRQ). And situate reforms in Nigeria within the broader literature on regulation and reporting (Echegu et al., 2024; Abdullahi & Suleiman, 2021).

B) Data Collection (Source Selection and Inclusion Criteria)

The review is based on the systematic selection of sources, among which there were:

- Peer-reviewed journal articles on Financial Reporting Quality (FRQ), regulatory compliance, and institutional theory (Bakare & Ajani, 2023).
- The Legislative and regulatory documents, which include the Investment and Securities Act 2025, IFRS standards, the U.S. Sarbanes-Oxley Act (SOX), and the EU Transparency Directive (Foye, 2025).
- Policy reports and professional publications from recognized bodies like the Securities and Exchange Commission (SEC) Nigeria, International Federation of Accountants (IFAC), PwC Nigeria, and Alliance Law Firm (ALF, 2025; Adekoya, 2025).

Inclusion criteria for the review required that sources should be directly relevant to financial reporting regulation, comparative international standards, or theoretical foundations. Non-scholarly commentaries that lack analytical depth were excluded.

C) Analytical Framework

The paper uses the thematic synthesis method, which structures the review in four analytical themes:

1. Legal and regulatory triggers: the expanded Powers of the SEC, the inclusion of the new Asset Classes, enhanced investor protection, and improved dispute resolution
2. Mechanisms for compliance and enforcement.
3. Stakeholder implications, which include investors, regulators, auditors, and listed firms.
4. Comparative convergence-benchmarking ISA 2025 against global frameworks (IFRS, SOX, EU directives, MiCA).

Such a thematic framework allows for analysing both vertically (within the framework of the reforms of ISA 2025 in Nigeria) and horizontally (comparing the changes in Nigeria to the international standards) (DiMaggio & Powell, 2000).

D) Limitations of the Methodology

This study is a conceptual review and, as such, it does not involve primary data collection, including firm-level financial reporting or interviews with regulators. Although this restricts empirical external validity, the methodology yields theoretical and comparative clarity that gives a basis to future empirical studies. Additionally, the synthesis of various theoretical views and international experiences makes the methodology to guarantee a rigorous and policy-relevant conceptual contribution (Kabwe, 2023; Adekoya, 2025).

IV. RESULTS AND DISCUSSION

A) Key Provisions of ISA 2025 and Their Implications for FRQ

The Investment and Securities Act 2025 (ISA 2025) introduces provisions that are designed to strengthen transparency, comparability, and compliance in the capital market in Nigeria. Some of the most significant reforms introduced by the Act include the following:

- Enhanced Powers of Securities and Exchange Commission (SEC): The Act has expanded the oversight authority of the Securities and Exchange Commission (SEC), especially over the areas of digital assets, derivatives, and Investment schemes (ALF, 2025; WTS black Woodstone, 2025). This aligns with agency theory by strengthening the monitoring role of the regulator (ALF, 2025; WTS Black Woodstone, 2025).
- Mandatory Disclosure Requirements: It is now mandatory for public companies to publish their financial results not only in the national newspapers but also on their websites. This reform will improve accessibility and timeliness for the stakeholders and the Public (Adekoya, 2025).
- Criminal and Civil Liability: The Act makes provision for stiffer penalties, including fines and imprisonment in the case of misreporting. It aims to deter opportunistic behaviour and echoes provisions in SOX (Chen, Hu, & Liu, 2025).
- Pre-clearance of Offering Documents: Another reform in the Act is that it is now compulsory for the issuers to obtain approval from the Securities and Exchange Commission (SEC) before securities can be issued to the public. This is to ensure accuracy and sufficiency of disclosures (WTS Blackwood Stone, 2025).

These reforms are expected to improve transparency, comparability, and protection of the investors. However, the effectiveness of these reforms hinges on the enforcement capacity of the Securities and Exchange Commission (SEC), which has a history of being constrained by bureaucratic inefficiencies and limited resources (Echegu et al., 2024).

B) Enforcement, Oversight, and Institutional Challenges

Although the provisions of the ISA 2025 have greatly enhanced the legal framework, there are other factors, like institutional and operational challenges, that might affect the implementation. Some of the challenges are:

- Capacity Constraints: A lack of enough funds, technical skills, and lack of personnel may be a threat to the Security and Exchange Commission (SEC) in its capacity to implement the provisions at all times.
- Superficial Compliance: To comply with the law, most companies can use symbolic practices of disclosure that are required by the law but not substantive practices. The same phenomenon has been witnessed in other emerging markets (MohammadRezaei et al., 2024).
- Regulatory Overlap: Ambiguity in enforcement could arise due to overlapping mandates with bodies like the Financial Reporting Council of Nigeria (FRCN)(ALF, 2025)

Consequently, practical obstacles may reduce the potential real-world impact of the Act on Financial Reporting Quality (FRQ).

C) Alignment with Theoretical Expectations

From the theoretical standpoint, the ISA 2025 aligns with the global principles of financial regulation:

- Agency Theory: The Act reduces information asymmetry between managers and investors by imposing stricter disclosure and liability rules (Šodan et al., 2023).

- Regulatory Compliance Theory: Stronger penalties and monitoring mechanisms are put in place to encourage substantive rather than symbolic compliance (MohammadRezaei et al., 2024).
- Institutional Theory: ISA 2025 is indicative of coercive and pressure to mimetic forces to conform to international regulations like IFRS and SOX (DiMaggio & Powell, 2000).
- Stakeholder Theory: accountability to investors as well as the regulators, creditors, and the public is enhanced through broader disclosure requirements (Khomsiyah et al., 2024).

However, unless there is sufficient regulatory capacity, there is a possibility of only formal compliance with the Act and no substantive improvement (Echegu et al., 2024).

D) Comparative Global Perspectives

Convergence and divergence are revealed when ISA 2025 is compared with international regulatory frameworks. They are:

- IFRS: Both IFRS and ISA 2025 emphasize transparency and comparability. However, both are principle-based based but ISA 2025 incorporates stronger enforcement provisions (Prather-Kinsey et al., 2022).
- SOX (United States): In the use of penalties and personal liability, ISA 2025 mirrors SOX, though SOX places more emphasis on internal control and CEO/CFO certification (Chen, Hu, & Liu, 2025).
- EU Transparency Directive**:** The disclosure is required in both frameworks on a timely basis. ISA 2025 is a step further as it demands online publication, yet the EU has more enforcement capacity (Tariq, 2025).
- Markets in Crypto-Assets Regulation (MiCA, EU): The inclusion of digital assets in ISA 2025 places Nigeria ahead of many emerging markets. However, MiCA gives a more comprehensive framework for valuating digital assets, reporting, and consumer protection (Alex, 2025).

According to this comparative view, it is clear that although ISA 2025 is ambitious, Nigeria needs to enhance its regulatory infrastructure to record similar performance in line with developed markets (Ezekiel & Ugwuez, 2025).

E) Anticipated Outcomes and Limitations

The anticipated benefits that will be derived from the Investment and Securities Act 2025 include the following:

- There will be improved transparency and comparability in financial reporting
- The level of confidence of investors through stronger disclosure and liability provisions will be greatly improved.
- The market efficiency will be enhanced as the reporting will be timely and accurate, thereby reducing information asymmetry.
- However, the key limitations of the Act remain.
- Selective enforcement will continue to occur as a result of persistent institutional weaknesses (Echegu et al., 2024).
- Due to the cost and complexity of compliance, smaller firms may still struggle to cope with requirements (Adekoya, 2025).
- The independence of the Securities and Exchange Commission may still be undermined by the risk of regulatory capture (ALF, 2025).

The highlighted limitations show the importance of putting in place measures to sustain capacity building efforts and alignment with international best practices.

V. CONCLUSION

The Investment and Securities Act (ISA) 2025 represents a transformative milestone in the landscape of financial regulation in Nigeria. The Act aspires to elevate the financial reporting quality (FRQ) in terms of transparency, comparability, timeliness, and accountability. This is done by expanding the oversight of the Securities and Exchange Commission (SEC), mandating broader disclosure, and introducing stricter penalties for non-compliance (ALF, 2025; Adekoya, 2025). Conceptually, ISA 2025 is in line with the predictions of the theories highlighted above: agency theory (Šodan et al., 2023), institutional theory (DiMaggio & Powell, 2000), regulatory compliance theory (MohammadRezaei et al., 2024), and stakeholder theory (Khomsiyah et al., 2024). However, the analysis reveals that there is a gap between statutory ambition and institutional capacity. Its ultimate effectiveness will depend on enforcement, resourcing, and the commitment of both regulators and market participants while the Act converges with frameworks such as IFRS, SOX, and the EU Transparency Directive (Prather-Kinsey et al., 2022; Chen, Hu, & Liu, 2025). Unless the issue of institutional weakness is addressed, ISA 2025 is likely to only produce symbolic compliance, rather than substantive compliance (Echegu et al., 2024).

VI. RECOMMENDATIONS

A) For Regulators (SEC Nigeria and FRCN):

- Enforcement capacity should be strengthened through increased funding, providing tools for digital monitoring, and making available a specialised training programme for regulatory staff (Adekoya, 2025).

- Roles of different institutions, such as the SEC, FRCN, and other agencies, have to be streamlined to reduce duplication of roles and conflict amongst the agencies. And also ensure that there is coherence in implementation (ALF, 2025).
- Guidelines for the valuation of digital assets should be established that will align with IFRS and international best practices. This will aid in reducing ambiguity (Ezekiel & Ugwuez, 2025).+

B) For Firms and Market Participants:

- They should invest in compliance systems that go beyond formal disclosure but instil substantive transparency into the corporate culture (MohammadRezaei et al., 2024).
- Internal controls should be improved to reflect international standards, especially SOX-type requirements on certification of financial statements (Chen, Hu, & Liu, 2025).
- Technologies for digital reporting, like XBRL-based systems, should be adopted to improve timeliness and comparability (Prather-Kinsey et al., 2022).

C) For Professional Bodies (ICAN, ANAN, IFAC):

- The content of ISA 2025 should be integrated into the training curricula for accountants and auditors.
- The programme for continued professional development (CPD) on the reporting of digital assets and regulatory compliance should be expanded (Adekoya, 2025).
- Collaboration with global institutions should be encouraged to benchmark practices in Nigeria against international standards.

D) For Policymakers:

- Mechanisms for periodic review should be institutionalised to ensure that ISA remains adaptive to global financial innovations (Ezekiel, Y., & Ugwuez, G., 2025).
- Promote interagency and international collaboration to strengthen convergence and cross–border investor confidence (ALF, 2025).
- Collaboration between inter-agency and international agencies should be promoted to strengthen regulatory convergence and investor confidence across borders (ALF, 2025).
- Initiatives for capacity building should be supported through adequate funding, engaging in public-private partnerships, and platforms for knowledge exchange (Adekoya, 2025).

This study contributes to the global literature. It positions Nigeria’s ISA 2025 as a critical case for understanding how emerging economies can adapt global regulatory templates to local contexts. The Act embodies convergence with global best practices while exposing weaknesses in the institutions that may limit substantive compliance. Thus, ISA 2025 serves two major roles: as a potential model for reform in other developing markets and also as a cautionary tale of the gap between ambitious statutory design and the institutional realities.

VII. FUTURE RESEARCH

- Empirical Assessment of Impact of ISA 2025 on FRQ: Future research should adopt empirical approaches to measure the actual impact of ISA 2025 on the financial reporting quality.
- Comparative Cross-Country Analyses: regulatory reforms in other emerging markets (South Africa, Kenya, India, or Brazil) should be compared with ISA 2025.
- Digital Assets and Emerging Technologies: Since the ISA 2025 includes digital assets, future studies ought to be conducted on valuation, recognition, and disclosure of cryptocurrencies, tokenized assets, and blockchain-based instruments.
- Stakeholder-Centered Studies: future work on the perception and adaptation of Stakeholders (auditors, regulators, investors, and professional bodies) to ISA 2025 should be investigated.
- Longitudinal and Behavioural Research: future research may use longitudinal designs to monitor reporting quality changes over several years after the implementation of ISA 2025.

VIII. REFERENCES

[1] Adekoya, O. (2025). Summary of key changes to the Investments and Securities Act 2025. PwC Nigeria. https://www.pwc.com/ng/en/publications/summary-of-key-changes-investments-securities-act-2025.html

[2] Alex, A. O. O. (2025). Impact of Accounting Software Adoption on Financial Reporting Quality. IKR Journal of Multidisciplinary Studies (IKRJMS), 1(3), 122-138.

[3] ALF. (2025). Major Highlights of the Investments and Securities Act, 2025: A New Dawn for Nigeria’s Capital Market. Alliance Law Firm. https://alliancelawfirm.ng/major-highlights-of-the-investments-and-securities-act-2025-a-new-dawn-for-nigerias-capital-market/

[4] Abdullahi, A., & Suleiman, H. A. (2021). IFRS Adoption and Reporting Quality: An Assessment of User’s Perception in Nigeria. Asian Journal of Economics, Business and Accounting, 21(9), 1-9.

[5] Al-Qadasi, A. A., Al-Jaifi, H. A. A., Al-Rassas, A. H., & Al-Qublani, A. A. (2022). The financial reporting systems quality (FRSQ) and institutional investors: the case of an emerging market. Cogent Business & Management, 9(1), 2050019.

[6] Asogba, I. O., Soyemi, K. A., & Ariyibi, M. E. (2024). Audit Quality and Financial Reporting Quality among Quoted Non-Financial Firms in Nigeria. Firdaus Journal, 4(1), 89-104.

[7] Bakare, O. A., & Ajani, O. B. (2023). Corporate governance and legal compliance in Africa: A multi-stakeholder framework for transparency and accountability. Magna Scientia Advanced Research and Reviews, 8(1), 195–202.

[8] Bajra, U., & Asllanaj, R. (2021). Influence of the Sarbanes-Oxley Act on Financial Reporting Quality: An Overview of EU Firms Cross-Listed in the USA.

[9] Chen, Z., Hu, C., & Liu, M. (2025). Disclosure under heightened legal accountability: evidence from the Sarbanes–Sarbanes-Oxley Act. International Journal of Disclosure and Governance, 1-26.

[10] Dare, S., & Adegbie, F. (2023). Corporate Financial Reporting and Investors' Confidence in Some Quoted Industrial Companies in Nigeria. International Journal of Latest Technology In Engineering, Management & Applied Science, 12(6), 21-29.

[11] DiMaggio, P. J., & Powell, W. W. (2000). The iron cage revisited institutional isomorphism and collective rationality in organizational fields. In Economics meets sociology in strategic management (pp. 143-166). Emerald Group Publishing Limited.

[12] Echegu, D. A., Aleke, J. U., & Alum, B. N. (2024). An in-depth analysis of the evolution and challenges of financial reporting in Nigeria. IDOSR Journal of Science and Technology, 10(3), 1–9.

[13] Eshiet, U. E., Nmesirionye, J. A., Esuma, U. A., & Okpo, S. A. (2023). Corporate governance attributes and financial reporting quality in Nigeria. GLH International Journal on Business Management, 6(7), 104-130.

[14] Ezekiel, Y., & Ugwuez, G. (2025). A review of the Investment and Securities Act 2025. Mondaq. https://www.mondaq.com/nigeria/securities/1607978/a-review-of-the-investment-and-securities-act-2025

[15] Falana, G. A., Igbekoyi, O. E., & Oluwagbade, O. I. (2025). Firm attributes and financial reporting quality of listed multinational firms in Nigeria. Universal Journal of Accounting and Finance, 13(1), 24-38.

[16] Foye, A. (2025). The Investment and Securities Act 2025: Modernizing Nigeria's Capital Market Framework. Available at SSRN 5388854.

[17] Gardi, B., Aga, M., & Abdullah, N. N. (2023). Corporate governance and financial reporting quality: The Mediation Role of IFRS. Sustainability, 15(13), 9869.

[18] Kabwe, M. (2023). Effect of International Financial Reporting Standards Compliance on Financial Reporting Quality: Evidence from a Developing Country. International Journal of Finance and Accounting, 8(1), 36-57.

[19] Khomsiyah, K., Nilawati, Y. J., & Aryati, T. (2024). A bibliometric review of stakeholder theory in accounting: current trends and future directions. Journal of Governance and Regulation, 13(1), 277-288.

[20] Kolawole, H. (2025). Legal Innovation or Legislative Shortfall? A Critical Analysis of the Investment and Securities Act 2025 in Combating Ponzi Schemes in Nigeria. A Critical Analysis of the Investment and Securities Act.

[21] Mkrtchyan, G., & Treiblmaier, H. (2025). Business Implications and Theoretical Integration of the Markets in Crypto-Assets (MiCA) Regulation. FinTech, 4(2), 11.

[22] MohammadRezaei, F., Faraji, O., Rezaee, Z., Gholami-Jamkarani, R., & Yari, M. (2024). Substantive or symbolic compliance with regulation, audit fees and audit quality. International Journal of Disclosure and Governance, 21(1), 32-51.

[23] Morshed, A. (2024). Assessing the economic impact of IFRS adoption on financial transparency and growth in the Arab Gulf countries. Economies, 12(8), 209.

[24] Nwachukwu, I. (2025). What to know as ISA 2025 enhances the regulatory powers of the SEC. BusinessDay. https://businessday.ng/news/article/what-to-know-as-isa-2025-enhances-regulatory-powers-of-sec/

[25] Prather-Kinsey, J., De Luca, F., & Phan, H. T. P. (2022). Improving the global comparability of IFRS-based financial reporting through global enforcement: a proposed organizational dynamic. International Journal of Disclosure and Governance, 19(3), 330-351.

[26] Rachmawati, A., Kuang, T. M., Kwang En, T., Meythi, M., & Marpaung, E. I. (2025). Building financial reporting quality through ethics, authenticity, and leadership: a study in Indonesia. Cogent Business & Management, 12(1), 2523414.

[27] Šodan, S., Perica, I., & Ćurković, S. (2023). Agency conflicts and financial reporting quality. Ekonomska misao i praksa, 32(2), 495-509.

[28] Tariq, A. (2025). Mandatory sustainability reporting and the disclosure-performance gap: insights from the EU directive. Meditari Accountancy Research.

[29] WTS Blackwoodstone. (2025). Navigating the New Investment and Securities Act 2025. WTS Blackwoodstone. https://wtsblackwoodstone.com/navigating-the-new-investment-and-securities-act-2025-key-changes-for-nigerian-investors/