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Research Paper

Insiders Trading, Banking Crisis and External Auditorsin Nigeria

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Abstract
Given the constant financial disruptions in several sectors around the world, this research looked into insider trading, banking crises, and external auditors in Nigeria. Though the study's main focus is on the financial sector, the study's scope also includes the non-banking sector of the economy. Regression analysis has been employed and the result revealed that insiders trading have an effect on the quality of audit report issued by auditors. The Pearson bivariate results showed that the nature of relationship between insiders trading and the quality of external auditors' report issued by auditors was negative and statistically significant and that the nature of relationship between stakeholders' perceptions and quality of audit report issued by the audit firm was negative and statistically significant. The study's findings have led to the conclusion that auditors independence had been eroded at their respective client banks as they rarely perform an effective role including the influence and the effects of insiders trading. This led to the recommendation that auditors should be trained to have an inquisitive attitude, not distrustful of anyone but suspecting that there may have been an honest or fraudulent blunder. More so, auditors' salary should rise in tandem with the expansion of their job.
Keyword: *Auditors, Banking Crises, Independence, Insiders Trading, Stakeholders.*

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I. Introduction

Financial crises have surely been triggered by recent global economic instability, as experienced in 2007, 2011, part of 2015 and 2020 Covid'19, global pandemic and economic lockdowns not just in the banking sector but also in non-financial organisations. A number of western nations have been facing a developing banking and financial crisis in recent decades as a result of banks' subprime lending practices, which has limited credit availability and resulted in what has been dubbed the "credit crunch" (Sikka et al, 2009). It has been noted that capitalist economies, on the other hand, are fundamentally prone to crises (O'Connor, 2010; Sikka, 2015).

Hence, the concept of bank inspection and external auditing has emerged through time in the banking industry, which is neither a new phenomena nor is it a result of bank hardship owing to varied degrees and complexities of the business of these classes of experts as indispensable. While bank inspectors act as internal auditors in banking institutions, the external auditor serves as a statutory shareholder monitor. Bank inspectors

guarantee that management directions and rules are followed, particularly as they affect the disbursement of depositor funds. However, varied degrees of crisis continue to arise in the banking industry, resulting in distress if not addressed in a timely manner.

Many scholars have linked the current economic crisis to corporate bank managers' unethical behaviour and auditors' failure to uncover such anti-social practices during past audits (Sikka, 2009; Sikka, 2015). The societal cost of the banking crisis is difficult to calculate, but massive sums of public funds are being utilized to bail out failing institutions (Sikka, 2009). As a result, if a financial scandal occurs, it is necessary to inquire as to whether auditors carried out their duties and obligations with due care and diligence (Jubrin, *et al,* 2014; Sikka, 2015).

While several banks have been unable to pay accounts from people's deposits and vaults, this is due to a variety of factors, including high interest rates, nonpayment of loans and advances, excessive debts, insufficiency in banking operations, lack of security to debt frauds, forgeries, and the issue of insiders' dealings or insiders trading information which goes a long way in determining whether the banking industry is in crisis or not.

More so, while insider trading can improve market efficiency, assist firms in compensating managers, and stimulate innovation (Roulstone, 2013; Piotroski and Roulstone, 2015), it can also erode investor confidence, destabilize investment, and pose a risk to the operation of financial markets (Roulstone, 2013; Piotroski and Roulstone, 2015; Levitt, 2003; Eder, 2011).

Understanding the nature of insider trading and the implications of doing so is becoming increasingly important, since insider trading has piqued society's interest in recent decades as a result of a series of schemes that have netted insiders millions of dollars especially through banking activities and this among other important factors re expected to be taken into consideration by the external auditors so as to perfect their stewardship obligations to the shareholder but regrettably, external auditors were handicapped by law in carrying out their duties.

Series of continual financial crisis erupting between banks and their customers cumulatively result to distress in banking sector. Banking distress happens when consumers are unable to recover their deposits, resulting in a breach of their contractual obligations (Ebtiodaghe (1996). Distress in the Nigerian financial sector has been a problem in recent years. It looked like the regulatory authorities were fighting a losing struggle to clean up the system. More so, aside from the broad macroeconomic volatility that has resulted in erratic monetary policy, the environment has also played a crucial influence in bank distress.

External auditors were appointed by the shareholders to examine the financial statements presented by the management and report their opinion to the shareholders. This is the Statutory Audit per se is concerned mainly with an expression of opinion on the performance of management, which is shown by financial statements. It is expected that the financial statement is presented to the shareholders. It is expected that the management has the responsibility of detecting fraud if any. In this class of audits, the duties of the auditor are clearly spelt out in section 360 and schedule 6 of the Companies and Allied Matters Decree 1990. Such duties can be greatly extended by additional instruction from clients, but cannot in any way be reduced. For statutory audits to be carried out objectively without fear or favour, it is essential for the auditors to maintain absolute independence (Oyetunji,*et al.,*2021).

However, it is important to therefore note that auditor are not statutorily required to detect and prevent frauds and errors but auditors will plan their work in such a way that any errors and frauds are noted and this makes accounting and auditing crisis-prone technologies. Yet, accountants and finance professionals may be expected to combat unethical practices and financial irregularities by enhancing transparency and accountability and by developing techniques for fraud detection. Notably, a growing body of evidence suggests that accountants are increasingly using their skills to conceal and promote anti-social behaviour(Bakre 2007). For example, Akintola Williams and Deloitte (AWD) in 2005/ 2006 was charged with enabling the falsification of Afribank Plc's records and overstating Cadbury Nigeria Plc's profits. These among others have led to lack of objectivity and incompetence on the part of accountants / auditors have been accused in newspaper journals and publications as the causes of widespread concern, particularly in Nigerian banks. They have been accused of failing to play an effective role in these banks, and hence of failing to appropriately defend the institutions' integrity as well as the owners' interests.

The dilemma of financial distress in the Nigerian financial system has recently taken on an intractable dimension. The situation is such that the regulatory authorities appear to be engaged in a cost-benefit analysis in their efforts to clean up the system. Following the implementation of the structural adjustment program, banks grew at a breakneck pace; giving the erroneous impression that banking is an open-to-all enterprise. As a result, the banking sector has been hammered by a slew of investors with excess cash. In certain banks, not only inept and inexperienced managerial staff rose to positions of power, but others with impeccable credentials also joined the bandwagon. This even worsens the situation in Nigerian economy.

Given a slew of challenges confronting the banking sector, making it difficult for them to meet their legal obligations to depositors; and, given the external auditors' unwelcome challenges in their reports, as many users of financial statements appeared to be questioning the role of external auditors, the following research questions were posed:How do external auditors' reports actually influence insiders trading and bank crisis so as to serve as deterrent for future occurrences?;Also, how do the stakeholders' perceptions have an impact on the external auditor's statutory responsibility?. The primary objective of this study is to examine the roles of external auditors on insiders trading and banking crisis in Nigeria with special emphasis on the following specific objectives as to:

1. determine whether the external auditors' reports actually influence insiders trading and bank crisis so as to serve as deterrent for future occurrence in Nigeria.
2. examine whether the stakeholders' perceptions have an impact on the external auditor's statutory responsibility.

The study however decided to develop the following hypothesis in null form:

1. External auditors' reports do not significantlyinfluence insiders trading and bank crisis so as to serve as deterrent for future occurrence in Nigeria.
2. Stakeholders' perceptions do not have significant impact on the external auditor's statutory responsibility.

Management, regulatory authorities, and policymakers are all concerned about a sound financial system. When banks are healthy, they allocate funds efficiently, but when they are unwell, crisis crops up, whether distressed or insolvent, their ability to do so is jeopardized. This is why governments have embarked on costly bailouts with tax payers' money in an effort to restore financial institution health and mitigate the negative effects of distress and collapse on the economy (Zamorski and Lee, 2015; Betz, et al., 2013). On the one hand, banking difficulty and failure expose the flaws in the financial sector's existing monitoring mechanism. According to Schutz (2014) and Kinyariro (2016), these strategies helped EU and Kenyan banks avoid financial difficulty and failure.

Another disparity can be found in the findings of different countries' studies: for example, Bou-Bou-Said, & Saucier (2013) identified undercapitalization and deterioration in asset quality as major causes of Japanese banking crisis in the 1990s, but their finding on earning ability was not significant. Earning capacity, on the other hand, appears to be a crucial factor of the Russian banking sector's financial difficulty (Konstandina, 2006). There is yet another inconsistency in terms of macroeconomic issues. Macroeconomic variables such as GDP, inflation, and interest rate, according to Goldstein et al. (2010) and Zhang et al. (2014), have a considerable impact on financial hardship, despite the fact that Konstandina (2006) and Sahut (2011) ignore this influence.

Despite their inconsistency, numerous examinations of financial distress have been done; nonetheless, there are insufficient studies on the Nigerian banking system. There has been no study in Nigeria taken cognisance of the inclusion of insiders trading problem into consideration which makes this study contribute to body knowledge in this area. This research is divided into four main sections, apart from the introduction, the second section is made up of the literature review, the third section is the methodology, while the last section comprises the empirical analysis, conclusion and suggestions for further studies.

II. REVIEW OF RELATED LITERATURE

Conceptual Review

Auditing

The Institute of Chartered Accountants of Nigeria (ICAN)defines auditing "as a systematic process of objectivelyobtaining and evaluating evidence in respect of certainassertions about economic actions and events, to ascertain thedegree of correspondence between those assertions andestablished criteria and reporting the results to interestedparties" (Odia, 2015).The Auditors' Code, prescribes some fundamental principles of independent auditing, as follows:

Accountability: Auditors act in the best interests of primary stakeholders while also considering the public good. Primary stakeholders are identified by referring to the statute or agreement that requires an audit: in the case of firms, primary stakeholders are the general body of investors.

Integrity: Auditors should operate with honesty, fairness, and truthfulness in carrying out their obligations. Integrity protects auditors from conflicts of interest and elevates their status.

objectivity. Only when necessary in the public interest or by operation of law is confidential information collected during the audit made public.

Objectivity and independence: Auditors should appear objective in all of their interactions with clients. They express opinions that are not influenced by the company or its directors.Competence is defined as the ability to perform professional duties with a high level of knowledge and expertise. Auditors should demonstrate competence based on their education, training, and practical experience. Auditing necessitates a thorough

understanding of financial reporting and business challenges, as well as expertise in gathering and evaluating the data required to form an opinion.

Concept of External Auditing:

External auditing which is the function of statutory auditors is the process of reviewing the accounting and financial books of a company by a certified public accounting firms (Inyiama, 2010). This task is performed quarterly, biannually and annually, consistent with the reporting cycle for public investment. Certified professional accountants performs this function to enhance the credibility of information about a subject matter which conforms in all materials respects with suitable criteria (law) Millichamp and Taylor (2018). External auditing function is carried out by an external auditor who is approved by the shareholders of the organization and for whose interest the (external auditor) represents. This follows that the external auditors' reports are key to measuring the performance of public investments in banks as the quality assurance reports attracts deposit while a negative report could trigger off a panic withdrawal of deposits (Inyiama,2012).

Duties and Responsibilities of the External Auditors:

A company's auditor is expected to carry out activities as will enable him form an opinion as to:

a. Whether adequate accounting records have been kept by the company and return adequate for performing the audit have been received from branches not visited by the auditor.

b. Whether the company's individual account are in agreement with the accounting records and returns.

c. Whether the company's director remuneration report is in agreement with the accounting records and returns (Millichamp, and Taylor, 2018).

If the auditor fails to obtain all the information and explanation which to the best of his knowledge and belief are necessary for the purpose of his audit, he shall state facts in his reports. The above are part of the requirement for the auditor to exercise reasonable care and skill in the performance of his job but the exact extent of the skill and care required of him have not been defined (Aguolu, 2012). Many decided cases have been put forward to show when auditors are liable in the light of their responsibilities, but even such cases have not provided a perfect guide. This is so because of the carrying circumstance and periods when the cases were decided.

Objectives of an Audit:

From the definition of audit, its primary objective does not include the preparation of financial statements. This is indicated in 334 of the companies and Allied matters Acts of 1990. Thus, auditing does not include detection of errors or fraud. According to Aguolu, (1998), the primary objective of an auditor is to examine the financial statements prepared by the officers of the company and to report to intended party or shareholders as to:

Whether the financial statements show a true and fair view and comply with relevant status and if proper records have been kept, whether the financial statements agree with the records of the Companies and Allied Matters Act of 1990 regards the above as the primary objective of an audit while all others may be regarded as secondary objective of the audit. The foregoing indicates that the detection of errors and frauds do not form part of the primary objects of an audit even though their detection where they exist in financial statement being audited is of major benefit. In this regard, an audit therefore provides a great moral check on the management and staff of an organization against the commission of fraud and errors.

Insider trading

This is the sale or purchase of shares by business insiders in order to create abnormal returns by exploiting monopolistic information. Monopolistic information is privileged, sensitive to price, and materially non public. Material information is information that is expected to have a major impact on the market price of the issuing company's shares or that reasonable investors will deem important when deciding whether to trade a particular security. Insiders must be people who appear to have easy access to privileged information as a group; they are likely to include a company's executives and employees, as well as their tippees, bankers, auditors, stockholders, financial advisors, and other associated parties.

Directors of publicly traded corporations, as well as their spouses and children, may be considered insiders. Those who use privileged knowledge most successfully, but maybe illegitimately, are likely to be those who do not declare their existence to authorities and manage to avoid detection through, for example, the use of nominee holdings.

Dividend increases, stock splits, and merger announcements can all have a big impact on stock prices. As a result, insiders who trade on such information can profit far before the announcement. While such trading is against the law in the United States, the fact that the market often at least partially anticipates the announcements shows that profits can be made using privileged information. When trading their own company's

stock, corporate insiders usually do well. Insider purchases frequently outperform a randomly selected set of stocks. Furthermore, "knowledgeable" sellers' distributions have frequently anticipated big price drops. As a result, the most extreme version of the efficient market hypothesis is plainly debunked.

BANKING CRISIS

Failure, insolvency, default, and bankruptcy have replaced the term "bank distres." However, their official usage is vastly different (Altman, 2006).A bank's crisis status is determined using the CAMEL acronym, which stands for Capital, Adequate Asset Quality, Management Competence, Earnings Strength, Liquidity Sufficient, and Market Risk Sensitivity. The CAMEL rating system runs from 1 to 5, with 1 being the best and 5 being the worst. Each rating component is given a score of 1-5 to establish a composite score, according to the FDC's DSC Risk management manual of inspection policies (pages 1.1 -2- 1.1-3). When any of the components, particularly liquid sufficiency, scores between 3 and 5, the crisis begins. Rather than generating an arithmetic average, the composite scoring process incorporates subjective weighting of the components depending on specific conditions linked with each bank.

Banking crisis has major ramifications for the economy as a whole, as well as the banks sector in particular, as well as banking operators and clients. Banks' ability to fulfil their duty of credit delivery is harmed by distress, as is their ability to provide other services to industry. Distress leads to widespread depression in the banking sector, which tends to mobilize the entire economy. If the financial industry is in distress for an extended period of time, no economy can expand or prosper. As a result, the first immediate effect of banking crisis is to hasten the rate of downturn in the entire economy. The immediate impact of banking distress is on the industry as a whole. A chain of indebtedness is represented by modern banking.

The establishment of a deficiency in that chain will almost certainly have an influence on the overall strength and dependability of the system. As a result, a bank's difficulties can quickly spread to other banks with which the impacted institutions do business. The public's trust in the banking industry as a whole is also eroded by bank collapse. Deposit flight occurs as a result of bank clients' increased caution, anxiety, and lack of confidence, aggravating their suffering by worsening the banks' liquidity situation.

III. THEORETICAL LITERATURES

Trade-off theory

The trade-off theory underlines that although the tax benefit of debt will cause the value of a firm to increase as leverage is increased, this will only be true to a point since leverage increases, so too does the likelihood of default. The cost of financial distress eventually becomes so great that it erodes the benefits of the tax shield, and firm value begins to decline. The implication is that there is an optimal debt level. Beyond this level, firm value declines because of the increased probability of default. Although the Modigliani and Miller (1950) theory was revised to incorporates the tax benefit of debt, it still failed to incorporate the effect of financial distress. Hence, the trade-off theory addressed the impact of financial distress on the capital structure decision.

This study adopts the tradeoff theory which states that cost of financial distress eventually becomes so great that it erodes the benefits of the tax shield, and firm value begins to decline. The trade-off theory addressed the impact of financial distress on the capital structure decision. The underline premise of this theory is that a firm will identify an optimal target capital structure that they believe balances the benefits of the tax shield against the cost of distress.

The Gambler Ruin Theory, introduced by Feller in 1968, is predicated on the likelihood that a gambler will win or lose money by chance. In each period, the gambler starts with an arbitrary amount of money and wins a dollar with a probability of p and loses a dollar with a probability of (1-p). The game will continue until the gambler has exhausted his or her funds (Espen, 1999). The company can be compared to a gambler who continues to play with a chance of losing money until its net worth/capital reaches zero. With an anticipated beginning amount of capital, there is a net positive likelihood that a company's cash flows will be continually negative over time, eventually resulting to bankruptcy (Aziz and Dar, 2006). This theory's main flaw is that it presupposes a corporation starts with a specific amount of cash; this implies that the company has no access to securities markets and that the cash flows are the result of independent experiments (Espen, 1999).

Empirical Review

Akani & Kingsley (2018) examined internal and external factors that determine banks distress in Nigeria. Three multiple regression models were formulated to determine the effect of the variables in determining bank distress. Ordinary least square method of co-integration, unit root test, Granger causality test and Vector error correction estimate was adopted to examine the effect of the variables in determining bank distress in Nigeria. The study found that credit expansion, earnings and management quality have positive effect while liquidity and non-performing loans have negative effect on bank capital adequacy ratio. The study

therefore recommends that management of deposit money banks should formulate polices and device measures of managing the internal and external factors that can cause bank distress.

Akani and Lucky (2015) examined capital adequacy ratios and the impact on the profitability of Commercial Banks in Nigeria from 1980 – 2013. The objective is to investigate whether there is a dynamic long run relationship between capital adequacy ratios and the profitability of commercial banks. Time series data were sourced from Stock Exchange factbook and financial statement of quoted commercial banks and the Johansen co-integration techniques in vector error correction model setting (VECM) as well as the granger causality test were employed. The study has Return on Asset (ROA), Return on Investment (ROI) and Return on Equity (ROE) as the dependent variables and the independent variables are Adjusted Capital to Risk Asset Ratio (ACRR), Capital to Deposit Ratio (CTD), Capital to Net Loans and Advances Ratio (CNLAR), Capital to Risk Asset Ratio (CRA) and Capital to Total Asset Ratio (CTAR). The empirical result demonstrated vividly in the models that there is a positive long run dynamic and significant relationship between return on asset and capital to risk asset ratio and capital to deposit ratio while others are negatively correlated. The findings also revealed that there is bi-directional causality running from ROA to ACRR and ROA to CNLAR.

Choi *et al.,* (2015) studied whether the association between audit fees and audit quality is asymmetric and thus nonlinear in the sense that the association is conditioned upon the sign of abnormal audit fees for their total sample of client firms with both positive and negative audit fees.

The study by Okolie (2014)examined the relationship and effects of auditor tenure and auditor independence on earnings management (measured by the amount of discretionary

accruals) of companies in Nigeria. The empirical analysis using a total of 342 company year observations shows that Audit tenure and auditor independence exert significant effects and exhibit significant relationship with the amount of discretionary accruals of quoted companies in Nigeria. The descriptive statistics result reveals a minimal presence of discretionary accrual management by the companies in the sample and on the average; about 94% of the companies engage their audit firms for over three years, with a considerable experience of a substantial number of audit firms in this distribution.

Sinkey, Treza and Dince (2012) applied a ZETA model which is revised model of Z score analysis for predicting the bank failure. The purpose of their study was to test the cross-industry validity of the so-called zeta model. They used the test sample consisting of commercial banks that failed in United States during the early1980s. They found that although it is not as accurate as the original zeta model, this version of the zeta model is successful in identifying bank failure in about 3 out of 4 cases. According to the researchers the possible reasons of the model being not as accurate as its original version are inability of bank accounting data to reflect market values, the presence of criminal misconduct as a major contributing factor in bank failures, and the process by which banks are declared insolvent.

Coulton *et al.,* (2012) investigated the links between audit fees and measures of audit quality. Their results show that higher annual excess fees and abnormal audit fees are generally associated with lower audit quality while a multi-period measure that reflects consistently high audit fees is associated with a positive long run relationship between audit quality and audit fees.

Amadasu (2012)evaluated the financial distress of selected commercial banks in Nigerian from 2003 to2007 with four packages of analysis, multiple discriminate analysis, ordinary least squares regression, correlation Matrix and Logit-Probit regression, for sophistication and effectiveness instead. The finding is that working capital/total asset (default ratio) among others should be closely taken care of and the major recommendation is that bank officials or corporate managers whose firms failed should not be with impunity.

Miettinen (2011) examined the relationship between audit quality and financial performance. Audit quality was measured using auditor size and audit committee meeting frequency. The result shows that audit quality has both a direct effect as well as a mediating effect through audit size on financial performance.

Hoai (2011) examined the relationship betweenmandatory audit rotation and audit quality. The data usedwere collected through the distribution of questionnaires toinvestors, lecturers, consultants, accountants and auditors insouthern Nigeria. The data was analyzed using percentageanalysis while the specified model was estimated usingbinary logistic regression technique. The binary logisticregression showed that there exists a negative relationshipbetween Mandatory Audit Rotation and audit quality.

IV. Methodology

The study made use of descriptive survey research design. Though the study is a case, the researcher chooses to survey and sample data from some banks in Nigeria being unable to reach all the bank in Nigeria, these banks are; Polaris Bank, FBN, GTB, UBA and Diamond Bank in Lagos state.

Description of Variables

Independent variables:

Insiders trading and bank crisis: these variables are measured as the sum of positive response to Insiders trading and bank crisis practices guide in the structured questionnaire.

Dependent Variable:

External auditors' reports: This is measured as the sum of positive response to audit reporting quality guide in the structured questionnaire.

Model Specification

$EAR_{it} = \alpha + {}_{\beta 1}IT_{it} + {}_{\beta 2}BC_{it} \ldots\ldots\ldots\ldots + \mu$ ....(1)

$EAR_{it} = \alpha + {}_{\beta 1}SP\ it + \ldots\ldots\ldots + \mu.$ .... (2)

V. Data Presentation and Analysis

Data Presentation

The primary data derived from the structured questionnaire is analysed below.

Table 1Demographic Information of Respondents.

Sex Frequency Percent (%)			
Female12636.63			
Male	210		61.04
Sub - Total	336	97.67	
System80.02			
Total344100.00			

Source: author, 2022.

The table 1 above shows that 210 respondents are males (61.04%), while 126 persons were females (36.63%).

Table 2 Distribution of Respondents' age.

AgeFrequencyPercent%		
25-30	54	15.69
31-3510229.65		
36-404713.66		
41- Above 12533.33		
Total 32895.34		
System164.65		
Total344100.0		

Source: author, 2022

From the table 2 above, the number of participants betweenthe ages of 25 to 30 years of age is 54 (15.69%), participantsbetween the ages of 31 to 35 years of age is 102 (29.65%),participants between the ages of 36 to 40 years of age is 47 (13.66%), While participants 41 years of age and above is 125 (33.33%).

Table 3 Distribution of Respondents' Years of Experience

Years of Experience	Frequency	Percent (%)
0-5 years	54	15.69
6-10 years	106	30.81
11-15 years	54	15.69
16 years Above	119	34.59
Total	333	96.80
System	11	3.19
Total	344	100.0

Source: author, 2022.

From the table, Years of experience showed that 54 respondents (15.69%) have between 0 to 5 years working experience, 106 respondents (30.81%) have 6 to 10 yearsworking experience, 54 respondents (15.69%) have 11 to15 years working experience while 119 respondents (42.1%) have 16 years working experience and above.

Table 4 Distribution of Respondents' Management Level.

Management Level	Frequency	Percent (%)
Casual staff	62	18.02
Top level manager	274	79.65
Sub - Total	336	97.67
System	8	2.32
Total	344	100.00

The table above shows that 62 respondents (18.02%) arecasual staff while 274 respondents (79.65%) are linemanagers.

Test of Hypotheses

Hypothesis One:

External auditors' reports do not significantly influence insiders trading and bank crisis in Nigeria.

Table 5 Model Summary.

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	.882	.779	.771	.53301
Predictors : (Constant), *IT*and *BC*				

Source: SPSS ver. 20

Table above shows the model summary results which sought toestablish the explanatory power of the independent variables(insiders trading and bank crisis) for explaining and predicting thedependent variable (external auditors' reports). R, the simplecorrelation coefficients, (i.e. the linear correlation betweenthe observed and model predicted values of the dependentvariable) showed a value of .882. R square, the coefficient ofdetermination (i.e. the squared value of the simple correlationcoefficients) showed a value of.779 (about 77%) of thevariation in the dependent variable is explained by the model.

Table 6. ANOVA

Model		Sun of Squares	df	Mean Square	F	Sig.
	Regression	62.351	1	62.351	287.228	.000
1.	Residual	71.013	432	.171		
		133.364	433			

a. Dependent variable:

b. Predictor: (Constant) *IT*and *BC*

Source: SPSS ver. 20

Table above shows a highly statistically significant F statistic of 287.228 (moreover p value <.05). Thus, we reject the nullhypotheses.

Table 7. Model Coefficients

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
(constant)	33.421	.351		55.661	.000
IT	-.502	.019	-.882	-19.011	.000
BC	-.551	.028	-.661	-16.201	.000

a. Dependent variable: external auditors' reports

Source: SPSS ver. 20

Hypothesis Two:

Stakeholders' perceptions do not have significant impact on the external auditor's statutory responsibility.

Table 8. Model Summary.

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	.891	.794	.783	.25649

Predictors : (Constant), stakeholders' perceptions

Source: SPSS ver. 20

Table shows the model summary results which sought toestablish the explanatory power of the independent variables(stakeholders' perceptions) for explaining and predicting thedependent variable (external auditors' reports). R, the simplecorrelation coefficients, (i.e. the linear correlation between the observed and model predicted values of the dependentvariable) showed a value of.891. R square, the coefficient ofdetermination (i.e. the squared value of the simple correlationcoefficients) showed a value of.794 (about 79%) of thevariation in the dependent variable is explained by the model.

Table 9 . ANOVA

Model	Sun of Squares	df	Mean Square	F	Sig.
Regression	62.351	1	83.351	1406.228	.000
1. Residual	71.013	432	.077		
133.364	433				

a. Dependent variable: external auditors' reports

b. Predictor: (Constant) *IT*and *BC*

Source: SPSS ver. 20

Table shows also a highly statistically significant Fstatistic of 1406.228 (moreover p value <.05). Thus, wereject the null hypotheses.

Table 10. Model Coefficients

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
(constant)	53.547	1.022		52.395	.000
SP	-1.924	.041	-.892	-37.502	.000

a. Dependent variable: external auditors' reports

Source: SPSS ver. 20

VI. Summary of Findings, Conclusion and Recommendations

External auditors' report for the purpose of this research had been examined from various empirical perspectives. The emergence of trade off theory being the anchor theory of thisstudy specifically addresses the cause and effect of variables, such as insiders trading, stakeholders' perceptions and bank crisis. More so, the reliability on external auditors report by the users had been closely associated with bank crisis in Nigeria.

The study revealed that insiders trading have an effect on the quality of audit report issued by auditors. Our Pearson bivariate results showed that the nature of relationship between insiders trading and the quality of external auditors' report issued by auditors was negative and statistically significant.

There is also a significant relationship between stakeholders' perceptions and quality of audit report issued by the audit firm. Our Pearson bivariate results showed that the nature of relationship between stakeholders' perceptions and quality of audit report issued by the audit firm was negative and statistically significant.

These difficulties revolve around non-legal and non-ethical obligations on the part of external auditors, causing the roles of external auditors to be misunderstood, resulting in conflict of interest between parties in the majority of situations, and ultimately leading to a banking crisis.

The quality and procedures of auditors' reports have been related to insider trading and, as a result, a bank crisis in Nigeria, which has resulted in bank failures. It has also been viewed as a critical component in assuring enhanced investor trust. It encompasses a wide range of interactions among firm executives, governmental authorities, stakeholders, and other parties with legitimate interests. It covers a vast range of topics, which is reflected in an attempt to come up with a simple explanation of the phrase.

The study's findings have led to the conclusion that auditors at their respective client banks rarely perform an effective role including the influence and the effects of insiders trading. The accusations levelled against them cannot be totally dismissed. The manifestation of independence, which is a prerequisite for every audit engagement, revealed that they had failed in their statutory obligations in terms of approach, theory, practice, and work attitude.

Furthermore, if this (independence) was questioned or jeopardized during the course of their job by management or directors, they should have resigned and informed the members of this. This was not the case, unfortunately. It was also discovered that coordinating internal and external audits, as well as ensuring and assuring external auditors' independence (which is critical) from managerial influences or pressures, allows audit committees to ensure that irregularities and financial misstatement observed by external auditors are reported. Insider trading's influence and meddling, particularly among top management, go a long way, especially before, during, and after the report is written.

The following recommendations for accountants/auditors are given based on the findings of this study in order to prevent recurrent bank crises in Nigeria:

The function of the auditor should be redefined from that of a watchdog to that of a professional expert. The auditors may go above and beyond their legal obligations if permitted. Auditors should be trained to have an inquisitive attitude, not distrustful of anyone but suspecting that there may have been an honest or fraudulent blunder. An inquisitive intellect does not require the use of blood, as a detective dog does. But don't just stand there and observe; coming in with an inquisitive mind is worse than coming in with an unassuming and curious mind.

The auditors need to be taught and more aware of the implications and influence of insider trading in their work. It is also necessary to have expertise in reporting technique and how to incorporate insider trading into a report in a more professional manner.

Auditor's roles should be expanded by the government. Auditors' salary will rise in tandem with the expansion of their job. This will allow the auditors to delve deeper into the actions of the organization being audited, allowing them to extract additional data.

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