

Financial Performance, Firm Characteristics, and Dividend Payout among Deposit Money Banks in Nigeria

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ABSTRACT

Dividend payout decisions constitute an important aspect of corporate financial management because they influence shareholder returns, retained earnings, investment decisions, and perceptions of firms' financial performance. In Nigeria's banking sector, dividend decisions have become increasingly complex due to changing economic conditions, regulatory requirements, and firm-specific characteristics. Despite extensive research on dividend policy, existing studies have produced mixed findings and have often examined limited combinations of financial and firm-specific determinants, creating a need for further empirical investigation. This study therefore examined the determinants of dividend payout among Deposit Money Banks (DMBs) in Nigeria, focusing on return on equity, leverage, bank size, board size, and bank age. The study adopted an ex-post facto research design and utilized secondary data obtained from the audited financial statements of 10 selected DMBs listed in Nigeria for the period 2014-2023, generating 100 bank-year observations. Data analysis involved descriptive statistics, correlation analysis, the Hausman specification test, and Panel Ordinary Least Squares regression. The Hausman test supported the application of the fixed-effects model. The regression results revealed that bank age and board size had positive but statistically insignificant effects on dividend per share, while bank size and leverage exhibited negative but insignificant effects. Return on equity also had a positive but statistically insignificant effect on dividend payout. Nevertheless, the model was jointly statistically significant and explained approximately 70.3% of the variation in dividend per share. The study concluded that the selected financial and firm-specific characteristics individually do not significantly determine dividend payout among Nigerian DMBs, suggesting that dividend decisions may be influenced by broader economic, regulatory, and strategic considerations. Future studies should incorporate macroeconomic variables, including inflation, GDP growth, exchange-rate volatility, and monetary policy, alongside corporate governance, ownership structure, capital adequacy, liquidity, and credit-risk indicators. Comparative studies across countries and financial institutions are also recommended to provide broader insights into dividend payout determinants.

Keywords: Dividend Payout; Deposit Money Banks; Return on Equity; Financial Leverage; Bank Size; Nigeria.

1.0 INTRODUCTION OF THE STUDY

Dividend policy remains one of the most important and complex financial decisions in the global banking sector because it involves balancing shareholder expectations with profitability, liquidity, investment opportunities, financial stability, and regulatory requirements (Dabor et al., 2015; Oke et al., 2016; Okoh et al., 2021). Globally, major financial institutions such as JPMorgan Chase and Barclays have historically used relatively stable dividend policies as part of their broader financial strategies and as signals of financial strength and institutional stability. Parchimowicz (2023) emphasized the importance of regulatory frameworks in shaping the operations and financial decisions of large banking institutions. While Alaeto (2020) highlighted how leading international

commercial finance institutions consistently change their strategies in response to technological and structural transformations within the banking sector. Thus, from a wider organizational view, Oke et al. (2023) demonstrated the importance of strategic and organizational factors in shaping institutional outcomes, while Okoh et al. (2021) highlighted the implications of external financial conditions, particularly exchange-rate fluctuations, for financial and economic decisions. Taken together, these studies suggest that dividend decisions should be understood within the wider strategic, financial, and institutional environments in which banks operate.

The complexity of dividend policy became particularly evident during periods of global economic disruption. The COVID-19 pandemic, for example, created significant uncertainty for financial institutions and required firms to reconsider the balance between distributing earnings to shareholders and preserving financial resources. Ali (2022) provided evidence that corporate dividend policies changed considerably during the COVID-19 period, while Pettenuzzo et al. (2021) demonstrated how the pandemic affected corporate payout and financing decisions. These developments suggest that during periods of heightened uncertainty, financial institutions may prioritize liquidity preservation, capital adequacy, regulatory compliance, and long-term financial stability over immediate shareholder distributions. Consequently, dividend payout should not be regarded merely as a function of profitability but as a strategic financial decision (Ajagbe and Adeogun, 2026a; Ajagbe and Adeogun, 2026b) that responds to changing economic and institutional conditions.

Within the African context, dividend payout practices vary considerably because banks operate under different regulatory structures, macroeconomic conditions, financial systems, and levels of market development (Alaeto, 2020; Alao, 2023). In the study of Abugre et al. (2022), they emphasized on the importance of developments in banking regulation and supervision in shaping African financial systems, suggesting that regulatory environments can have significant implications for banks' financial decisions. Similarly, Mkhize (2022) demonstrated the relevance of exchange-rate volatility to financial market performance in South Africa. The comparatively developed regulatory and financial environment in South Africa provides an important context for understanding the dividend practices of major institutions such as Standard Bank and FirstRand. In addition, Ajagbe et al. (2025) emphasized the importance of strategic management practices in shaping organizational performance, while Dabor et al. (2015) demonstrated the relevance of corporate governance mechanisms to firm performance. Collectively, these studies indicate that dividend decisions within African financial institutions may be influenced not only by profitability but also by governance quality, strategic management, regulatory effectiveness, and prevailing macroeconomic conditions.

In Nigeria, Deposit Money Banks (DMBs) occupy a strategic position in the financial system through their roles in financial intermediation, credit provision, investment facilitation, and economic development (Dabor et al., 2015; Okoh et al., 2021). However, dividend payout decisions among Nigerian banks take place within a challenging macroeconomic and regulatory environment. Kutu and Ohonba (2024) highlighted the implications of crude-oil price fluctuations for revenue generation in Nigeria's oil-dependent economy, demonstrating the country's vulnerability to external economic shocks. Similarly, Alaeto (2020) provided empirical evidence on the determinants of dividend policy among Nigerian listed firms, reinforcing the importance of firm-specific and environmental factors in explaining dividend decisions. Consequently, Nigerian DMBs must balance shareholders' expectations for returns with the need to maintain adequate liquidity, meet regulatory capital requirements, manage economic uncertainty, and preserve sufficient earnings to support future operations and growth.

Despite the extensive literature on dividend policy, significant empirical gaps remain regarding the determinants of dividend payout among Nigerian DMBs. Previous studies have commonly examined traditional financial variables such as profitability, leverage, and firm size. For example, Boloupremo and Ogege (2018) examined dividend policy among selected Nigerian Deposit Money Banks and provided evidence on the importance of bank-specific factors in dividend decisions. Similarly, Lawrence and Clementina (2021) investigated the relationship between dividend payout and the financial performance of Nigerian DMBs. Although these studies have contributed significantly to the understanding of dividend policy in Nigeria, there remains a need to examine return on equity (ROE) alongside firm characteristics such as leverage, bank size, board size, and bank age (Onuorah, 2023; Ademola et al., 2024). Considering these variables jointly may provide a more

comprehensive understanding of the financial and organizational factors associated with dividend payout decisions.

A further gap relates to the theoretical perspectives employed in explaining dividend policy. Existing dividend studies have frequently relied on particular theories, especially Signaling Theory and Agency Theory, to explain why firms distribute or retain earnings. However, dividend decisions may involve broader considerations relating to financing preferences, information asymmetry, taxation, ownership interests, and capital requirements. Accordingly, examining dividend payout through complementary theoretical perspectives, including Signaling Theory, Agency Theory, Pecking Order Theory, and Tax Preference Theory, can provide a more comprehensive explanation of the factors underlying banks' dividend decisions. The primary objective of the study is therefore to investigate the determinants of dividend payout among Deposit Money Banks in Nigeria. Specifically, the study seeks to determine the relationship between selected financial and firm-specific characteristics and dividend per share (DPS) and to assess the extent to which these factors influence dividend payout.

2.0 LITERATURE REVIEW OF THE STUDY

Empirical research on dividend policy has examined a wide range of financial, governance, and firm-specific factors, including profitability, return on assets, return on equity, firm size, leverage, liquidity, ownership structure, and risk. Although these studies provide important insights into dividend payout decisions, their findings remain mixed across countries, industries, study periods, and methodological approaches.

Abdullahi et al. (2020) examined the determinants of dividend policy among listed Deposit Money Banks (DMBs) in Nigeria from 2013 to 2019. Using panel data from 9 selected banks, the study investigated profitability, return on assets (ROA), return on equity (ROE), firm size, price-to-book ratio, firm risk, and growth as determinants of dividend per share. The findings revealed that profitability had a significant positive influence on dividend payout, whereas ROA and firm risk had negative effects. Firm size, price-to-book ratio, and growth exhibited weak negative relationships with dividend per share, while ROE showed a weak positive relationship (Ademola et al., 2024). Overall, Abdullahi et al. (2020) identified profitability, ROA, and firm risk as important determinants of dividend payout and recommended that bank managers improve profitability and maintain financial stability to enhance shareholder value and sustain dividend payments.

Extending the discussion beyond the Nigerian banking environment, Widodo et al. (2021) investigated the effects of company size, institutional ownership, profitability, and leverage on the dividend payout ratio of financial-sector firms listed on the Indonesia Stock Exchange between 2016 and 2018. Using secondary data from 16 selected firms and multiple regression analysis, the study found that institutional ownership and profitability had significant positive effects on dividend payout, whereas company size and debt levels did not have statistically significant effects (Onuorah, 2023). The authors suggested that profitability and ownership structure may exert greater influence on dividend decisions than company size and leverage. Widodo et al. (2021) therefore recommended that corporate managers consider these factors when making dividend decisions to reduce conflicts of interest and associated agency costs, while investors should incorporate such information into their investment decisions.

The strategic implications of financial decision-making can also be viewed within the broader organizational literature. Ajagbe and Adeogun (2026a) examined international expansion strategies and highlighted the importance of strategic financial and organizational decisions when firms operate within changing international environments. Similarly, Ajagbe and Adeogun (2026b) examined strategic management practices and business performance, emphasizing the role of deliberate strategic choices in organizational outcomes. Although these studies did not specifically investigate dividend payout, their findings provided broader strategic perspective for understanding why corporate financial decisions may depend on organizational priorities and environmental conditions in addition to conventional financial indicators. Thus, when considered alongside Widodo et al. (2021), they reinforce the importance of examining dividend policy within the wider context of strategic corporate decision-making.

Salim and Aulia (2021) further investigated the determinants of dividend payout ratio and its implications for firm value among food and beverage companies listed on the Indonesia Stock Exchange between 2016 and 2019.

Using secondary data from 16 companies and a panel regression approach based on the random-effects model, the authors examined the relationships among financial performance (Dabor et al., 2015), dividend payout, and firm value. Their findings showed that financial performance indicators, including the current ratio, debt-to-equity ratio, and ROA, positively influenced firm value and dividend payout ratio. Furthermore, dividend payout ratio strengthened the relationship between these financial performance (Olowo et al., 2022) indicators and firm value, indicating a mediating effect. The study therefore demonstrated that dividend policy may function not only as an outcome of financial performance but also as a mechanism through which financial performance contributes to shareholder value.

Within the Nigerian banking sector, Tijjani (2021) examined the determinants of dividend policy among listed DMBs and the relationships among dividend payments, profitability, tax burden, firm size, and earnings management. The study was anchored in Signaling Theory and Agency Theory and covered all 14 DMBs listed on the Nigerian Stock Exchange as of December 31, 2019. Using an ex-post facto research design, secondary data from annual reports and financial statements covering 2010-2019 were analyzed with STATA. The findings indicated that tax rates, firm size, profitability, and dividend payout significantly contributed to earnings management among Nigerian banks. Tijjani (2021) concluded that banks may adjust reported earnings in response to tax considerations while seeking to maintain dividend payments despite liquidity constraints and high levels of non-performing loans. The study consequently emphasized the importance of Central Bank of Nigeria (CBN) liquidity requirements and dividend regulations in promoting financial stability (Okoh et al., 2021).

Relatedly, Mkhize (2022) examined the effects of activity ratios, liquidity, and profitability on dividend payout ratios. Their work adds to the empirical evidence that dividend decisions are closely associated with firms' financial conditions, particularly their capacity to generate profits and maintain sufficient liquidity. When considered alongside Tijjani (2021), the study suggested that dividend payout decisions should be understood within a broader financial framework involving profitability, liquidity, financing conditions, and regulatory considerations rather than as an isolated corporate decision.

Lawrence and Clementina (2021) examined the relationship between dividend payout and the financial performance of Nigerian DMBs over the period 2007-2016. Using data from 10 selected banks, the authors employed descriptive statistics, correlation analysis, and pooled Ordinary Least Squares regression. Their analysis was informed by the Bird-in-Hand Theory and Modigliani and Miller's Dividend Irrelevance Theory (Zelalem, 2021; Alao, 2023). The first model revealed a positive but statistically insignificant relationship involving earnings per share and bank size, while the second model indicated that the explanatory variables had limited ability to explain financial performance. Tobin's Q, used as a market-value measure, also showed nonsignificant relationships with dividend payment, board size, and other variables. Lawrence and Clementina (2021) further argued that banks facing greater risk may adopt lower dividend payout ratios and retain more earnings to finance future investments and preserve financial stability. Their findings demonstrated the importance of considering risk, capital retention, and long-term financial sustainability when examining bank dividend policy.

The role of profitability is further demonstrated by Chaniago and Ekadjaja (2022), who investigated the effects of ROE, cash ratio, and managerial ownership on dividend payout ratios among consumer goods companies listed on the Indonesia Stock Exchange from 2017 to 2020. Using a purposive sampling technique, 15 firms were selected from a population of 53 companies. The study found that ROE and managerial ownership had significant positive effects on dividend payout ratio, while the cash ratio exhibited a positive but statistically weak effect. When examined collectively, ROE, cash ratio, and managerial ownership significantly influenced dividend payout ratios (Enilolobo et al., 2024). The findings of Chaniago and Ekadjaja (2022) therefore suggested that profitability and ownership structure can play important roles in corporate dividend decisions. This finding provided useful comparative evidence for examining whether ROE has a similar influence on dividend payout within the more highly regulated Nigerian banking sector.

More specifically within Nigeria, Onuorah (2023) investigated the determinants of dividend payout in the banking sector from 2009 to 2018. The study selected 8 banks from 21 DMBs and utilized secondary data obtained from their annual reports and financial statements. Descriptive statistics, correlation analysis, and

pooled Ordinary Least Squares regression were employed to examine profitability, liquidity, bank size, and loan-to-deposit ratio as determinants of dividend payout ratio. The results revealed that profitability and bank size had significant relationships with dividend payout ratio, whereas liquidity and loan-to-deposit ratio did not have significant effects. Based on the relatively limited influence of the loan-to-deposit ratio, Onuorah (2023) recommended that banks maintain an optimal loan-to-deposit ratio to strengthen liquidity and reduce exposure to illiquidity.

The findings of Onuorah (2023) can also be situated within the broader Nigerian and Sub-Saharan African financial environment discussed by Enilolobo et al. (2024) and Olowo et al. (2022). Where Enilolobo et al. (2024) examined financial intermediation and agro-industrialization in Sub-Saharan Africa, emphasizing the broader developmental importance of financial institutions. Similarly, Olowo et al. (2022) investigated public debt and economic growth in Nigeria, providing evidence on the wider macroeconomic environment within which Nigerian financial institutions operate. Although neither study directly examines bank dividend payout, they provided relevant contextual perspectives by demonstrating that banks' financial decisions occur within broader financial-intermediation and macroeconomic conditions. Accordingly, dividend decisions may be influenced by factors extending beyond individual bank characteristics.

The importance of leverage in dividend decisions is further demonstrated by Chindengwike (2024), who analyzed the relationship between financial leverage and dividend payout among manufacturing firms listed on the Dar es Salaam Stock Exchange in Tanzania. Using a longitudinal research design and panel-data regression, the study analyzed 105 firm-year observations from 7 manufacturing companies between 2006 and 2020. The findings revealed that financial leverage significantly affected dividend payments, suggesting that highly leveraged firms (Okoh et al., 2021) adjust their dividend policies in response to their financing obligations and financial-health considerations. Chindengwike (2024) therefore emphasized the importance of effectively managing financial leverage and maintaining an appropriate balance between debt and equity financing to improve dividend payment capacity, strengthen investor confidence, and promote long-term financial sustainability.

The findings of Chindengwike (2024) may also be understood in relation to the broader financial environment emphasized by Enilolobo et al. (2024) and Olowo et al. (2022). While Chindengwike (2024) provided direct evidence of the relationship between leverage and dividend payout, Enilolobo et al. (2024) drew attention to the role of financial intermediation in economic development, and Olowo et al. (2022) demonstrated the importance of macroeconomic financial conditions through their analysis of public debt and economic growth in Nigeria. Taken together, these studies indicated that firms' financing and payout decisions cannot always be separated from the broader financial and macroeconomic environment in which they operate. Table 2.1 below revealed the conceptual framework of the determinants of dividend payout among deposit money banks in Nigeria.

Conceptual Framework: Determinants of Dividend Payout among Deposit Money Banks in Nigeria

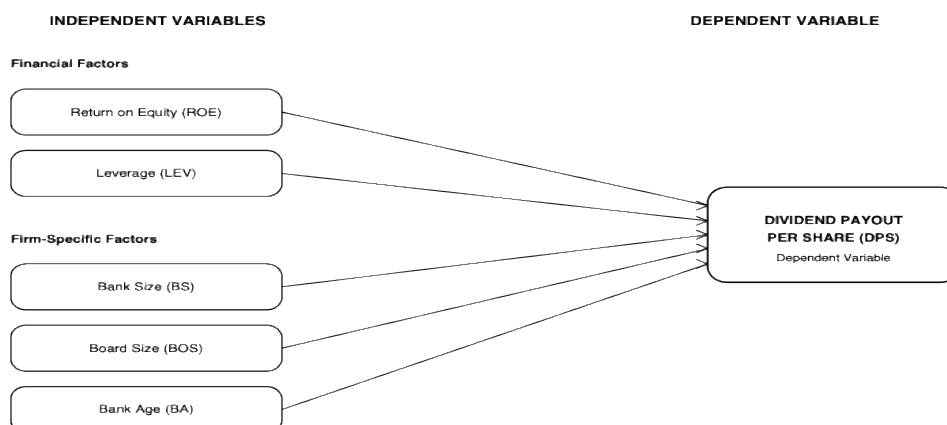


Figure 2.1: Conceptual Framework of the Study
Source: Authors' Conceptualization

3.0 METHODOLOGY OF THE STUDY

The study adopted an ex-post facto research design because it relied on historical financial and governance data that the researchers could not manipulate. The population comprised the 14 Deposit Money Banks (DMBs) listed on the Nigerian Exchange Limited as of December 31, 2023. Ten banks were purposively selected because they had complete, publicly accessible audited financial statements for every year from 2014 to 2023, yielding 100 bank-year observations. Banks with incomplete observations, banks that did not report dividend payments for at least 3 years during the period, and one Pan-African DMB whose reporting structure was not sufficiently comparable were excluded. The dividend-history criterion ensured enough non-zero variation in dividend per share for estimation; however, it may overrepresent regular dividend-paying banks and limit the generalizability of the findings. Accordingly, the results apply primarily to the sampled banks and should not be interpreted as fully representative of all listed Nigerian DMBs. The dependent variable was dividend payout per share (DPS) (Onobruke et al., 2020; Tuoyo et al., 2023). The explanatory variables were return on equity (ROE) (Adeleke et al., 2023), leverage (LEV) (Ogbeide, 2021), bank size (BS), board size (BOS) (Lawrence and Clementina, 2021), and bank age (BA) (Al Nawaiseh, 2020). Table 3.1 presents the a priori expectations for the variables included in the model.

Table 3.1: A-Priori Expectation for each Variable

Abbreviation	Variables	Parameters	Expected Value
ROE	Return on Equity	beta1	Positive (+)
LEV	Leverage	beta2	Negative (-)
BS	Bank Size	beta3	Positive (+)
BOS	Board Size	beta4	Positive (+)
BA	Bank Age	beta5	Positive (+)

In this study, table 3.1 above showed that the expected positive sign for ROE reflects the greater capacity of profitable banks to distribute earnings. Leverage is expected to be negative because debt-service and capital-preservation obligations may constrain payouts. Bank size is expected to be positive because larger institutions may have more stable earnings and better access to capital; board size is expected to be positive where broader expertise strengthens shareholder oversight; and bank age is expected to be positive where maturity and established cash flows support stable dividends. These are theoretical expectations rather than predetermined empirical outcomes.

In this study, authors used descriptive statistics to summarize the data, while Pearson correlation analysis assessed the direction and strength of bivariate associations among DPS, ROE, LEV, BS, BOS, and BA. However, the panel regression model was specified as $DPS_{it} = \beta_0 + \beta_1 ROE_{it} + \beta_2 LEV_{it} + \beta_3 BS_{it} + \beta_4 BOS_{it} + \beta_5 BA_{it} + \mu_i + \epsilon_{it}$, where i denotes the bank, t denotes the year, μ_i represents unobserved bank-specific effects, and ϵ_{it} is the idiosyncratic error term. Furthermore, the Hausman specification test was used to choose between fixed and random effects. Hence, the significant Hausman result supported the fixed-effects estimator. Ideally, the final empirical model should also be assessed for heteroscedasticity and cross-sectional dependence, with robust or Driscoll-Kraay standard errors applied where indicated. Because those diagnostic statistics were not available in the reported output, the coefficient significance tests are interpreted cautiously and this omission is acknowledged as a limitation.

4.0 RESULTS OF THE STUDY

In this study, the descriptive statistics provided an overview of the key variables in the dataset, including Return on Equity (ROE), Board Size (BOS), Bank Size (BS), Bank Age (BA), Leverage (LEV), and Dividend Pay-Out

per Share (DPS). Return on Equity (ROE) has a mean of 10.76 and a median of 9.32, showing a slight right skew (0.61). The standard deviation of 6.15 indicated moderate variability, while the kurtosis of 2.53 suggested a slightly flatter than normal distribution. Furthermore, the Jarque-Bera test (7.21, $p = 0.027$) suggested that the data deviated slightly from normality. Board Size (BOS) has a mean of 14.74 and a median of 15.00, indicating a well-centered distribution. The standard deviation of 2.71 suggested moderate variation, while the skewness of 0.31 showed a slight right skew. The kurtosis of 2.61 was close to normal, and the Jarque-Bera test (2.25, $p = 0.33$) confirmed normality.

However, Bank Size (BS) has a mean of 9.48 and a median of 9.45, with a standard deviation of 0.20, indicating very little dispersion. The skewness (0.38) suggested a slight right skew, and the kurtosis of 2.39 indicated a relatively flat distribution. The Jarque-Bera test (4.01, $p = 0.13$) suggested that BS does not significantly deviate from normality. Bank Age (BA) showed significant variation, with a mean of 55.82, a median of 35.00, and a high standard deviation of 33.40. The skewness of 0.92 indicated a strong right skew, and the kurtosis of 2.43 suggested a flatter than normal distribution. The Jarque-Bera test (15.43, $p = 0.0004$) confirmed non-normality. Leverage (LEV) has a mean of 6.07 and a median of 5.67, with a standard deviation of 1.47, indicating moderate variability. The skewness of 1.13 suggested a strong right skew, and the kurtosis of 2.94 suggested moderate peaks. The Jarque-Bera test (21.46, $p = 0.00002$) confirmed non-normality. Dividend Pay-Out per Share (DPS) has a mean of 3.24 and a median of 3.27, showing a relatively symmetrical distribution. The standard deviation of 0.68 suggested limited variability. The skewness (-0.48) indicated a slight left skew, and the kurtosis of 3.34 suggested slightly heavier tails than normal. The Jarque-Bera test (4.35, $p = 0.11$) suggested that DPS is approximately normally distributed. The correlation matrix as shown in table 4.1 showed the relationships among the financial variables under consideration, revealing the strength and direction of associations between them.

Table 4.1: Correlation Statistics

Correlation							
Probability	ROE	BOS	BS	BA	LEV	DPS	
ROE	1.000000						

BOS	0.035749	1.000000					
	0.7240	-----					
BS	-0.242368	-0.084174	1.000000				
	0.0151	0.4050	-----				
BA	-0.464755	0.171039	-0.102078	1.000000			
	0.0000	0.0889	0.3122	-----			
LEV	0.002533	0.004191	0.128576	-0.421791	1.000000		
	0.9800	0.9670	0.2023	0.0000	-----		
DPS	0.487611	0.270881	-0.364797	-0.013752	0.137450	1.000000	
	0.0000	0.0064	0.0002	0.8920	0.1727	-----	

Table 4.1 reported the bivariate associations among the variables included in the model. Return on equity was negatively and significantly associated with bank age ($r = -0.4648$, $p < 0.001$) and bank size ($r = -0.2424$, $p = 0.0151$), but positively and significantly associated with DPS ($r = 0.4876$, $p < 0.001$). Board size was positively associated with DPS ($r = 0.2709$, $p = 0.0064$), while bank size was negatively associated with DPS ($r = -0.3648$, $p = 0.0002$). Bank age was negatively associated with leverage ($r = -0.4218$, $p < 0.001$), but its association with DPS was negligible and insignificant ($r = -0.0138$, $p = 0.8920$). Leverage had a weak positive and statistically insignificant association with DPS ($r = 0.1375$, $p = 0.1727$). These correlations describe pairwise associations only; they do not establish causality or show that any variable independently determines dividend payout. The positive board-size correlation must therefore be distinguished from its insignificant coefficient in the fixed-effects regression, which controls for the other explanatory variables and unobserved bank-specific effects. Table 4.2 presented the Hausman specification test. Under the null hypothesis, the random-effects estimator is consistent and efficient; under the alternative hypothesis, fixed effects is preferred because the regressors are correlated with the bank-specific effects.

Table 4.2: Hausman Test Result (DPS)

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	13.842018	5	0.0166

The Hausman test in above table 4.2 produced a chi-square statistic of 13.8420 with 5 degrees of freedom and a p-value of 0.0166. Because the p-value was below 0.05, the null hypothesis was rejected and the fixed-effects model was selected. In that model, bank age had a positive but statistically insignificant coefficient ($\beta = 0.002916$, $p = 0.9099$). Bank size had a negative but insignificant coefficient ($\beta = -0.433495$, $p = 0.2717$), board size had a positive but insignificant coefficient ($\beta = 0.018668$, $p = 0.5258$), leverage had a negative but insignificant coefficient ($\beta = -0.141357$, $p = 0.1786$), and ROE had a positive but insignificant coefficient ($\beta = 0.013820$, $p = 0.2815$). Thus, none of the 5 explanatory variables had a statistically significant independent effect on DPS at the 5% level. The intercept was positive and significant ($\beta = 7.620265$, $p = 0.0074$), although its practical interpretation is limited because a value of zero for all explanatory variables may lie outside the observed data range. The fixed-effects model had an R-squared of 0.702822 and an adjusted R-squared of 0.653875. These statistics indicated the proportion of within-sample variation accounted for by the full specification, including the bank fixed effects; they do not demonstrate that each explanatory variable is important. The overall F-test was significant ($p < 0.001$), showing only that the regressors and fixed effects are jointly informative relative to an intercept-only specification. It does not contradict the insignificant individual coefficients and should not be interpreted as evidence that each firm characteristic significantly determines dividend payout.

DISCUSSION OF FINDINGS

The findings of this study revealed that the fixed-effects regression provides a qualified account of dividend payout among the sampled deposit money banks in Nigerian. The authors reported that bank age, bank size, board size, leverage, and ROE did not have statistically significant independent effects on DPS during the study period. Although the overall F-test was significant ($p < 0.001$) and the model reported an R-squared of 0.7028, these results concern the joint specification, including the bank fixed effects, and do not convert the insignificant individual coefficients into significant determinants. Thus, the high R-squared should also be interpreted within the sample rather than as proof of strong predictive performance beyond it. Consequently, the evidence does not support claims that any of the five explanatory variables independently determined dividend payout. Instead, the findings indicated that persistent bank-specific effects and other omitted economic, regulatory, governance, or strategic factors may be relevant. This interpretation remains subject to the sample-selection limitation and the absence of reported heteroscedasticity and cross-sectional-dependence diagnostics.

The authors also found that bank age (BA) recorded a positive coefficient of 0.002916 but was statistically insignificant ($p = 0.9099$). This implied that an increase in the age of a bank is associated with only a marginal increase in dividend payout and that bank age does not significantly determine DPS among the sampled Nigerian

banks (Alaeto, 2020; Olowo et al., 2022). The result suggested that older banks do not necessarily distribute higher dividends simply because of their longevity, accumulated experience, reputation, or established market position. The authors argued that though mature banks may possess relatively stable operations and predictable cash flows, they may still retain earnings to strengthen their capital base, finance investment opportunities, manage risk, or satisfy regulatory requirements. This finding differs from Zelalem (2021), who identified firm-specific characteristics as relevant to the dividend payout policies of selected commercial banks in Ethiopia. These findings reflected that the difference may reflect variations in institutional structures, regulatory environments, market conditions, and bank-specific strategies between Nigeria and Ethiopia. Thus, organizational maturity alone appears insufficient to explain dividend payout decisions among deposit money banks in Nigeria.

Further findings showed that bank size produced a negative coefficient of -0.433495 with a p-value of 0.2717, indicating a negative but statistically insignificant relationship with DPS. The negative coefficient suggested that larger banks may distribute relatively lower dividends per share, although the relationship is not sufficiently strong to establish bank size as a significant determinant of dividend payout. This finding demonstrated that having a larger asset base or greater operational scale does not automatically translate into higher dividend distributions. Larger banks may have greater financial resources but may simultaneously face substantial investment requirements, expansion commitments, risk-management obligations, and regulatory capital requirements that encourage the retention of earnings. The finding is consistent with Widodo et al. (2021), who reported that company size did not significantly affect the dividend payout ratio. However, it contrasts with Onuorah (2023), who found a significant relationship between bank size and dividend payout among deposit money banks in Nigeria. The contrasting findings suggested that the influence of bank size on dividend policy may depend on the period studied, measurement of dividend payout, sample composition, and prevailing economic and regulatory conditions.

Board Size (BOS) recorded a positive coefficient of 0.018668 but remained statistically insignificant with a p-value of 0.5258. This indicated that increases in the number of directors on a bank's board are associated with a slight increase in DPS, but the relationship is not statistically meaningful. From a corporate governance perspective, a larger board may provide broader expertise, diverse professional experience, and stronger oversight, which could potentially encourage financial policies that protect shareholders' interests. However, increasing the number of directors does not necessarily improve the effectiveness of governance or result in higher dividend payments. Larger boards may also experience coordination problems, slower decision-making, and differences in strategic priorities. The finding is broadly consistent with Lawrence and Clementina (2021), whose study of Nigerian DMBs reported nonsignificant relationships involving dividend payment, board size, and other firm characteristics. Consequently, the quality, independence, expertise, and effectiveness of the board may be more relevant to dividend decisions than the numerical size of the board itself.

Leverage (LEV) recorded a negative coefficient of -0.141357 and a p-value of 0.1786. Although statistically insignificant, the negative coefficient suggested that increases in leverage may be associated with reductions in dividend payout. This relationship is economically plausible because highly leveraged banks may prioritize financial obligations, risk management, and capital preservation before distributing earnings to shareholders. The finding is consistent with Widodo et al. (2021), who found that debt levels did not significantly influence dividend payout ratios. However, it differs from Chindengwike (2024), who reported a significant relationship between financial leverage and dividend payout among listed manufacturing firms in Tanzania. The difference may be attributed partly to sectoral characteristics because banks operate under distinct prudential and capital adequacy regulations compared with manufacturing firms. For Nigerian DMBs, regulatory capital requirements and the need to maintain adequate financial buffers may weaken the direct relationship between leverage and dividend distribution. Therefore, leverage should not be considered in isolation when explaining the dividend policies of banks.

This study also found that Return on Equity represented profitability from shareholders invested capital, recorded a positive coefficient of 0.013820 but was statistically insignificant ($p = 0.2815$). The positive sign is consistent with the theoretical expectation that more profitable banks should possess a greater capacity to distribute dividends. However, the lack of statistical significance indicated that higher ROE does not automatically result

in higher DPS among the sampled Nigerian DMBs. Profitable banks may decide to retain a substantial proportion of their earnings to finance expansion, strengthen capital adequacy, absorb potential losses, or support future growth rather than immediately distribute such earnings to shareholders. This finding is consistent with Abdullahi et al. (2020), who reported only a weak positive influence of ROE on dividend per share among listed Nigerian DMBs. It, however, contrasts with Chaniago and Ekadjaja (2022), who found that ROE had a significant positive effect on dividend payout ratios. Such differences further demonstrated that profitability may affect dividend policy differently across industries, countries, periods, and regulatory environments.

An important observation of this study is that the regression findings should be interpreted alongside the correlation results. The correlation analysis revealed a significant positive association between ROE and DPS ($r = 0.4876, p = 0.0000$) and a significant negative association between bank size and DPS ($r = -0.3648, p = 0.0002$). Board size was also positively and significantly correlated with DPS ($r = 0.2709, p = 0.0064$). However, these relationships became statistically insignificant in the fixed-effects regression when the explanatory variables and unobserved bank-specific effects were considered simultaneously. This distinction suggested that simple bivariate relationships do not necessarily translate into independent causal or predictive effects after controlling for other factors. It reinforces the importance of considering the combined institutional and financial environment in explaining dividend payout decisions.

Overall, the findings demonstrated that dividend payout among Nigerian DMBs cannot be adequately explained by bank age, bank size, board size, leverage, or ROE when these variables are considered individually within the fixed-effects framework. This general outcome is broadly consistent with Enilolobo et al. (2024), who found that in Kenya the characteristics of commercial banks did not substantially influence dividend payout among Tier One commercial banks. The result also supported the position that dividend decisions in the banking industry may extend beyond conventional firm-specific characteristics. However, in the context of Nigeria, factors such as inflation, exchange-rate volatility, monetary policy, liquidity conditions, capital adequacy requirements, credit risk, ownership structure, shareholder expectations, and broader economic conditions may contribute to banks' dividend decisions. This interpretation is particularly relevant because Nigerian banks operate within an environment characterized by macroeconomic volatility and significant regulatory requirements.

CONCLUSIONS, SUGGESTIONS AND CONTRIBUTIONS

This study examined the relationship between return on equity, leverage, bank size, board size, bank age, and dividend payout per share among selected Nigerian Deposit Money Banks. The fixed-effects estimates showed that none of the five explanatory variables had a statistically significant independent effect on deposit money banks during 2014-2023. The correlation results identified significant pairwise associations between deposit money banks and return on equity, board size, and bank size, but these associations should not be interpreted as causal effects because they became insignificant after the model controlled for the other variables and unobserved bank-specific effects. Although the overall F-test was significant and the model reported a relatively high R-squared, these statistics indicate the joint relevance and in-sample fit of the full fixed-effects specification; they do not establish the significance of each explanatory variable. The study therefore concluded that the selected financial and firm characteristics, considered individually, did not explain dividend payout among the sampled banks. Dividend decisions may instead reflect persistent bank-specific conditions and broader economic, regulatory, governance, and strategic considerations. This conclusion is limited by the purposive selection of regular dividend-paying banks and the absence of reported tests for heteroscedasticity and cross-sectional dependence.

Based on these findings, future studies should broaden the determinants of dividend payout by incorporating macroeconomic variables such as inflation, gross domestic product growth, interest rates, exchange-rate volatility, and monetary policy conditions. Researchers should also consider additional corporate governance variables, including board independence, board diversity, ownership concentration, managerial ownership, and institutional investor participation. Furthermore, regulatory factors such as capital adequacy requirements and statutory reserve requirements should be investigated because of their potential influence on banks' capacity to distribute earnings to shareholders. Future research could equally examine credit risk, liquidity risk, capital

structure, and earnings retention decisions to provide a more comprehensive understanding of the relationship between financial stability and dividend payout. Comparative studies involving banks in other emerging economies or different sectors of the Nigerian economy are also recommended to determine whether the observed relationships are specific to Nigerian deposit money banks or reflect broader institutional and economic conditions.

The study contributed to the literature on corporate finance and banking in emerging economies by providing empirical evidence on the relationship between financial and firm-specific characteristics and dividend payout among Nigerian deposit money banks. In particular, the study demonstrated that return on equity, leverage, bank size, board size, and bank age have limited individual explanatory power for dividend payout within the period investigated. This finding highlighted the importance of extending dividend policy research beyond conventional firm-level determinant to incorporate the economic, regulatory, governance, and institutional environment within which banks operate. Consequently, the study provided a foundation for further context-specific research on dividend payout decisions in Nigeria and other emerging financial markets.

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