DETERMINANTS OF DIVIDEND PAY-OU T OF QUOTED DEPOSIT MONEY BANKS IN NIGERIA

BY

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NSU/ADM/MSC/ACC/087/15/16

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BEING A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, NASARAWA STATE UNIVERSITY, KEFFI IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE DEGREE IN ACCOUNTING AND FINANCE

DEPARTMENT OF ACCOUNTING

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NIGERIA

Declaration

I hereby declare that this dissertation has been written by me and it is a report of my research work. It has not been presented in any previous application for Master of Science Degree in Accounting and Finance. All quotations are indicated and sources of information specifically acknowledged by means of references.

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CERTIFICATION

The dissertation **"**Determinants of Dividend Pay-Out of Quoted Deposit Money Banks in Nigeria" meets the regulations governing the award of master degree, of the School of Postgraduate Studies, Nasarawa State University, Keffi, and is approved for its contribution to knowledge.

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DEDICATION

I dedicated this work to the Most High Jehoval God without whom am naught; for His gift of life, unmerited favour and all time presence. Specifically, for His revelation and fulfilment, healing, all time grace and sustenance throughout the academic period and beyond.

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Abstract

Dividend policy has attracted the attention of researchers since 1950s as regard to proportion of earnings of a company to be paid out as a dividend, factors influencing such payment decision and the impact of the payment on the firm value. This study examined the determinants of dividend pay-out of quoted deposit money banks in Nigeria. The study covered a period of Twelve (12) years ranging from 2006 to 2017, Ex-post facto research design and secondary data were adopted. The study population is the fifteen (15) quoted deposit money banks on the Nigeria Stock Exchange, Twelve (12) of them were selected using purposeful sampling technique. The Ordinary Least Square Regression was employed with the aid of E-view 9 to estimate the effect of earnings per share, size, leverage, cash bank balance and previous years' reserves on dividend pay-out of quoted deposit money banks in Nigeria. The study used Panel data and based on the Hausman result, Fixed Effect model was adopted. The study found out that earnings per share and previous reserves per share of deposit money banks have significant positive effect on the dividend pay- out while size, leverage and cash bank balance have no significant effect on the dividend pay-out of deposit money banks in Nigeria. The study concluded that accounting profit is the major and most significant of dividend determinants of listed banks. On the other hand, availability of cash bank balance does not automatic translate to dividend payment or power. The study recommends that quoted deposit money banks in Nigeria should continue to improve on their earnings quality, Central Bank of Nigeria (CBN) should ensure listed banks management maintain high assets quality, optimal mix of debt and equity and efficient borrowing. Also idle cash and loan/advances should be invested in short time profiting assets and more provisions for reserves for exigency/ future dividend payment.

Key Words: Dividend Policy, Dividend Determinants, Deposit Money Banks and Per Share value

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Dividend policy has attracted the curious attention of researchers since the 1950s such as Linter (1956); Miller and Modigliani (1961); Fama and Babiak (1968); Uwuigbe (2013) as regard to amount of proportion of earnings of a company to be paid out as a dividend, factors influencing such payment/decision and the impact of the payment on the firm value; that is wealth maximization. This shows that dividend policy decision is strategic to life of the firm. Though there is popular opinion that dividend policy is a puzzle there is also more than equal popular opinion on the positive dividend payment effect on stock prices and its ability to portray the good image of the company to various stakeholders.

Dividend policy of a company determines the proportion of profit it would pay out to shareholders by way of dividend and what part that it would plough back in the company itself for investment purpose Developing such policy would be greatly influenced by investment opportunities of the company and the value of today dividends income instead of future of capital gain to ordinary share-holders. This could be in three scenarios: distributing all earning as dividend will bring rewards to shareholder but it will lead to dividend cut. Zero dividend payment will make shareholders who prefer dividend to sell their shares and buy from the companies that pay dividend. This usually sends a bad signal to the society about the company's poor performance. Thirdly, paying dividend and retaining earning at same time, management will also be faced with what amount to be paid and one to be retained but the benefit outweigh its complexities as it serves both situations/parties of the divides. Such firms make meaningful effort to develop dividend policy that will serve all interesting groups;

shareholders, customers, the public etc. at the same time considering sound liquidity position and investment opportunities of the firm. Such policies include, paying constant minimum dividend ratio for regular income to shareholders, paying constant dividend per share to communicate good information about shares of the companies and stable income. The company can as well pay constant dividend plus extra bonus dividend. This to create stability of dividend by paying the constant minimum when financial situation is at average and paying bonus in a boom business period (Eriki, 2004; Pandey, 2005; Aruwa, 2015).

Dividend policy of a firm are policy decisions on how much of firm profit would be issued out as dividend and how much could as well be retained. The above decisions are usually influenced by many variables/factors, the company unappropriated profit and the company's long – term earning power play a significant role. Specific key factors including profit, liquidity/solvency; companies with more profit and sound liquidity position tend to pay more dividend while better use of leverage influence dividend but gearing with great interest burden impede pay-out leverage. Other factors include growth in asset, return on equity have been identified by researchers as dividend predictors in the banking industry. Researchers have also maintained that dividend are paid for purpose of agency control, organizational reputation, share price marketing, and competition strategy and clientele satisfaction purposes. These factors could also be categorized into external and internal factors. The external factors which influence from outside environment of the firms include; general state of the economy, capital market access, state regulation/ tax; they impede on the ability of firms to pay dividend and it dictates stakeholders' preference for one type of income/dividend. Internal factors influencing dividend include company's investment opportunities and stockholders preference, nature of business and its access to capital market, age and growth rate of

company, liquidity position and debt burden. Others are control and ownership structure of the company (Abor, 2005; Edet, Atainet, & Anoka, 2014; Osegbue, Furueze & Furueze, 2014; Alzomania & Al-kadir, 2013).

Shareholders wealth maximization remains the major objective of firms and dividend policies are tailored to reflect this objective. This shareholders' wealth is mainly influenced by growth in sales, improved profit margin, capital investment decision and capital structures; all are related to how and amount paid. It holds therefore that dividend policy affect the value of firm and in turn, the wealth of shareholders. In Nigeria, no company is under any legal obligation to pay out dividends but there are legal impediment to payment of dividend. Dividend pay-out policy of a firm is equally shaped by the firms need for fund; in this case dividend policy is treated as financing decision. Earnings are considered as cheap source of long – term funds for profitable investment better than the firm source for expensive external sources, after payment of dividend. In this case dividend decision is passive. It could also be shaped by shareholder need for current income versus future income, actually because of information asymmetry shareholders prefer today income to tomorrow of capital gain. If whole money is paid as dividend, the firm will be distressed and forgo wealth maximization and principle of continuity. Therefore management needs to formulate optimum dividend police that can suit both sides of the divides; because firms exist because shareholders are willing to provide money.

Despite the financial crisis experienced by the banking sector that caused the declined in commercial banks number from 89 to 15 listed banks more than a decade, a period this study also cover, the banking sector still paid largest amount of dividends among the sectors of the Nigeria economy (Zubairu, 2014). This attracted the interest of this study

to examine the post-consolidation period of the banking sector dividends determinants to complement existing works for more economic and corporate financial policies.

1.2 Statement of the Problem

Primary aim of investment is returns and this returns come in form of dividend. For the fact that dividend satisfy different groups for quick and steady returns , it has become households investment and the banking sector has been in the frontier among sectors but the worrisome issue is the divergent situations experience in its payments as regard to amount , period/ time of payment , pay-out ratio, consistency and different factors influencing these situations. Despite the great number of studies that have been conducted on dividend policy mostly from developed country and few from emerging economies (Nigeria) and banking sector respectively, no consensus has been reached regarding dividend determinants (Abubakar & Adeyemi, 2014). Therefore, the problem before hand is that, despite the resemblance of banking firms in many respects; structure, operation, customers, facility, commodity, control etc. and the sector remained one of the most regulated and patronized sector but their dividend policy formulation differ from one bank to another due to operational operation and decisions difference. As a result of specific factors and situational differences of interest groups dividend policy of banks (pay-out) ratios seem to be differed and pay-out ratios of a bank differ from year to another year. Thus, giving rise to the quest, for the predicting factors of banks dividend payment.

This work aimed at exploring other area of dividend determinants to create additional knowledge to studies. To substantiate this, the previous work of Abubakar and Adeyemi (2014) was on dividend determinants on quoted Nigerian firms. The data, measurement and combination of variables used as well as period, industry and correlation examined are different from this work. It used cross-sectional data of 2013. It measured its dependent and independent variables (Ratio of percentage values) with the use of

correlation model which is fundamentally different from this work. This work used time series, cross-sector data of Annual Financial Statements from 2006 to 2017 of the banking sector only and measured it variables by per share of Naira ratio using Multiple Regression Model effect. Ratioing variable of dividend determinants- in per share value will give better result. According to Trang (2012); Naceur, Goaied and Belances (2006) stated using per share value of data could aid in counteracting/ removing the effects of any variation in nature/structure or quantity of the capital. Secondly, combining previous year reserve with the other variables making this set of variables distinct and not commonly used by previous researchers in the banking sector.

Other previous studies include Dada, Malomo and Ojediran (2015) on determinants of dividend policy in the Nigeria banking sector; the combination of variables, measurement and correlation used are different from the ones used in this study. Rim (2014) on determinants dividend policy in Lebanese banks and Oloidi and Adeyeye (2014) on determinants per share of Nigerian companies- apart from variables are measured differently, the combination of variables, data, time and measurement applied in the above work are different from this study. Soondur, Maurick and Sevak (2016) on factors of dividend payment of companies quoted on Maurius stock market, also Farman and Nawaz (2017) on determinants of dividend pay-out of listed Pharmaceutical companies. Most variables, measurement and analytical in these works above are difference from this work. More so, dependent and other variables are measured/calculated differently; using percentage ratio either in combination with Naira ratio or with absolute Naira value/ natural log of number, thereby lacking some uniformity/consistency of data. But this work used per share value in Naira of all the variables in uniform manner for the twelve years of the study and data are further logged for better discrete statistics; making this work different from previous ones.

Dividend are always paid and related to the public on per value of Naira; which also the dependent variable of this study. Thus, by also measuring / calculating other variables (independents) in per share value of Naira, then show / reflect the safety of every independent variables per Naira to every Naira/ of every dividend paid. In other words, mathematically, the effect to be tested in this study, is effect of Naira variables (e.g asset) to value of Naira / Kobo of dividend paid. Thus, the relationship of the variables is that of proportional amount of dividend paid to or against the proportional Naira amount of the each of independent variables.

1.3 Research Questions

Following the quest to determine the factors of dividend paid-out /dividend policy of quoted banks the work addresses the following questions in line with the research problems.

i. What is the effect of earnings per share of a bank on its dividend pay-out in listed banks in Nigeria?
ii. What is the effect of a banks size on dividend pay-out of listed banks Nigeria?
iii. What is the effect of bank leverage on dividend pay-out listed banks in Nigeria?
iv. What is the effect of bank's cash bank balance on the dividend pay-out in listed banks in Nigeria?
v. What is the effect of previous years' reserves on the dividend pay-out of listed banks in Nigeria?

1.4 Objectives of the Study

The general objective of this study is to empirically identify the determinants of dividend pay-out of listed Banks in Nigeria. While the specific objectives are to:

i. Examine the effect of banks earnings on dividend pay-out of quoted banks in Nigeria.
ii. Determine effect of banks size on the dividend pay-out of Nigeria listed banks.
iii. Assess the effect of bank leverage on dividend pay-out of quoted banks in Nigeria.
iv. Evaluate effect of cash bank balance of a bank influence on its dividend pay-out of quoted banks in Nigeria.
v. Analyze the significant effect of previous years' reserves of quoted banks on their dividend pay-out in Nigeria.

1.5 Statement of Research Hypotheses

In order to achieve the stated objectives above five research hypotheses had been formed. They are stated in the null form as follow;

$H0_1$: Earnings per share of deposit money bank has no significant effect on the dividend pay- out of deposit money banks in Nigeria.

$H0_2$: Size of quoted deposit money bank has no significant effect on dividend pay-out in deposit money banks in Nigeria.

$H0_3$: Leverage size of banks do not have significant effect on dividend pay-out of listed banks in Nigeria.

$H0_4$: Cash bank balance of quoted bank has no significant effect on the dividend pay-out in deposit money banks in Nigeria.

$H0_5$: Previous years reserves of quoted deposit money banks does not have significant effect on their dividend paid out.

1.6 Significance of the Study

It is hoped that the findings of this study would be a valuable ingredient in policy making by managers and other stakeholders. As Nigerian economy becomes more deregulated especially in the past decades that it has witnessed unprecedented growth in capital market and sales of bank shares in particular, a study of this nature is of help to sharpen and reshaping dividend policy, thereby creating a vibrant banking sector that will have positive impact on capital market; using determinants of dividend policy findings for the benefits of all stakeholders (Shareholders).

It would afford various investors especially institutional shareholders veritable decision making tool to decide which companies shares to invest on with the knowledge of factors influencing dividend pay-out in the banking sector and tailor it to meet their own financing and investment needs.

The result of the work would promote a particular need of various customers/stakeholders. That is, it enables share buyers and stockbrokers with the modalities to select the right firms' shares that suit them and their customers' financial need considering the prevailing dividend factors.

The Federal Government through the Central Bank can use the knowledge of factors determining dividend payment from the result of this work to make supervising policies by setting criteria and benchmark to be met considering variables of this work before dividend can/ should be paid.

Furthermore, the current decline of this sector share price and failure of many deposit money banks due to past bank capitalization and other problems of banks as had been revealed by different CBN governors, findings of the work of this nature is source of policy making of CBN to commercial banks that can necessarily hinder further or

reoccurrence of banks and others cooperate crisis, there by promoting safety of customers money and smooth running of the banks.

1.7 Scope of the Study

This study covers Twelve (12) out of the fifteen (15) banks quoted on the Nigeria Stock as at 2017, the latter as the population of the study. The study also covers twelve years period (2006-2017). The study covers the Deposit Money Banks in Nigeria with these five independent variables; Earnings Per Share (EPS), Total asset Per Share (TAPS), Leverage Per Share (TLPS), Cash Bank Balance Per Share, Previous Reserves Per Share (PRPS) and Dividend Per Share (DPS) as dependent variable.

Secondly, banking sector has been most active in dividend payment on the Nigeria Stock Exchange. Therefore, its data are most likely to reflect dividend predicting factors and yield a useful analytical result. Another reason is to have workable size for better empirical result for policy making and inferences.

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Concept of Dividend

The word 'dividend' was originally gotten from Latin word '*dividendum*' with this meaning "which is to be divided". By implication dividend means something that is divided among recognized group of people. This distribution is appropriated out of profits remaining having deducted all expenses and making provision for tax expenses. According to Simegn (2013), dividend is as a portion of corporate profit that is paid out by the corporation to their shareholders as the rewards of income for investing in the corporation. Dividend could also be seen as the sharing of recognized asset among shareholders that could either be paid regularly by the company or called out by shareholders at any time. Though, dividend is a payment made from the organization to stakeholders for their interest in the organization but is not considered as a business expenses for the organisation (Santhi & Lee, 2011; Oloidi & Adeyeye, 2014).

Dividend has been defined as a common practice of distribution of earnings of the firm real assets among ordinary shareholders of the company according to number of shares owned. Therefore, it is a strategic decision made by board of directors as it embrace finance, investment and dividend but it also go out without controversy (Aruwa, 2015; Zubairu, 2015).

According to Oloidi and Adeyeye (2014), stated that dividend entails portion of current earning paid to shareholders. Trang (2012) gave further definition of the dividend as cash payment distribution of net profit after tax to a company shareholders after keeping specific amount of earnings to invest in the business. This payment could also include accumulated earnings of the company to shareholders. Aruwa (2015) had a deeper

definition that a dividend is payment given to shareholders from firm earnings whether they are earned in the current financial year or in the previous period. Ashamu, Abiola and Bhadmus (2012) in their concept, they see dividend as another form of interest and returns paid to shareholders for the risk they bear in putting their money in the business. In the same vein Eriki and Okafor (2002) maintain that dividend is the return that accrued to ordinary stock holders as a result of their money invested in acquiring the shares.

In nutshell, dividend is appropriation of this year profit or addition of aggregate of past years profit to shareholders of the organisation. This payment could also be paid in form of stocks or asset / property. The dividend of preference shareholders are of fixed rate Therefore, dividend is an income return received by shareholders in respect of their investments.

There are two major types of dividend; namely: Cash dividend and Stock dividend. The cash dividend is cash payment made to stockholders from the firm earnings. Cash dividend normally result out flow of funds and affect the liquidity position of the firm, if the firm have no adequate cash resource. Most Nigeria companies that pay cash dividends pay on annual basis. Cash dividend can be classified as regular cash dividend, extra dividend and liquidating dividend (Simegn, 2013). Regular cash dividend pays by corporations is usually four times in a year (quarterly), extra cash dividend could also be paid periodically but such type of dividend might not continue in the future. A liquidating dividend results from liquidation of all part of the corporation. (Simegn, 2013). This kind of dividend is paid when funds are not needed for protection of creditors. This should not impair the day to day operating obligations of the company (Pandey, 2005).It could also mean or be paid when board of directors wish to liquidate a business and return all remaining net assets to stakeholders in the form of cash.

In the same vein, stock dividend is payment made by firms that is in form of stocks which involves the distribution of additional shares to the firm's stockholders, it could be referred to as re-purchase of own shares using the company reserve. Payment of stock dividend is an advantage to company for the fact it allows a company to keep its own cash that would have been paid out in cash dividend. Ordinary shareholders receiving stock dividends they still also maintain a constant proportional share in the firm equity. Thus, net effect on shareholder wealth is neutral.

According to Illaboya (2005), stock dividend is a rearrangement of equity structure of organization by capitalising the swell up reserve (undistributed earnings). The above scenario also goes with script issue because they are closely related. Other types of dividend include the following as explained by Simegn (2013).

i. Bond Dividend: This is liability by company promising to pay shareholders with a longer maturity date.
ii. Share Split: this is the method of increasing number of shares outstanding through proportional reduction in the per Naira value of the shares.
iii. Property Dividend: this is very rare and situational declaring stock of company for shareholders according to their shareholding e.g. Breweries.
iv. Right issue: This is when shares are issued to existing shareholders lower than normal amount. This is close to bonus share issue. This right can be exercised by the shareholders, by selling the shares to outsider at a market price resulting gain of the right to him/her.

2.1.2 Concept of Dividend Policy

Dividend policy on the other hand means the pay-out policy that managers follow in deciding the size and pattern of cash distribution to shareholders over time (Lee, 2009).

According to Abdul (2014), dividend policy is concerned with financial policies of a firm regarding paying cash dividend in the present or paying increased dividend at a later stage. Baah, Tawiah and Eric (2004) said dividend policy refers to the trade–off between retaining earnings on one hand; and redistributing cash or issuing new shares to owners of the company on the other hand. Consequently, it is important to understand how the firms profit are divided between dividends and retain earning. Corporate managers in their daily routine of life or operation are exposed to number of crucial decision regarding financing which dividend is among the top three. Thus, dividend policy of a company sets the guidelines to be followed while deciding the amount of dividend to be paid out to shareholders. It explains the strategy in the organization about the payment amount which announce to investors as a profit on share and its payment modalities. A company's board of directors have the legal right and discretional duty to make dividend payment with additional input from superior management in considering predicting factors in setting a corporation dividend policy. As a result, dividend policy serve as a mechanism for control of a managerial opportunism (Adediran & Alade).

Dividend policy is viewed holistically by Mainoma and Aruwa (2011) the duos explained that in conceptualizing the subject matter, dividend policy could be seen in three ways:

i. The view that relates dividend pay-out of a company's to financing and investment decision.
ii. The view relates dividend policy to level of dividend.
iii. The view that relate dividend policy to dividend stability.

The above view that financing, investment and dividend are strongly related or inter-woven was shared and explained by Pruitt and Gitman (1991) when they asserted that dividend pay-out question was the question for whether the organisation should pay-out cash now or invests the cash and pays it out later because investment, financing and

dividend decisions are interrelated. If any firm paid dividend, it decreased the degree of financing and equity capital value from internal sources and as a consequence, it might require the organisation going for external financing sources therefore dividend decision of the firm and its capital structure are interrelated (Simegn, 2013).Therefore dividend policy is a finance issue that involves choice of paying cash to shareholders.

Managers always strive to fashion their dividend policy to suit the demand of stakeholders (especially shareholders) considering the prevailing operational and economic environment to outline with particular suitable dividend (stability) policy as they are identified by Pandey (2005).They are discussed as follow:

i. Constant Pay-out Ratio Dividend Policy

This referred to the paying a particular (fixed) percentage of that present year profits every year as dividend; as it involves determining a range for instant 35% and 75% and ensure efforts is made to maintain it (Aruwa, 2015).

Firms that adopt constant pay-out policy pay the constant percentage of earnings as dividend and continue it considerably for long time even though the firm earning fluctuate. Stable dividend policy is a policy of paying a minimum amount of dividend every year regularly. This constant pay-out policy advantageous in the sense that, it is easy to operate reduces erroneous informational content and appeals to a wide range of investors. It also helps to raise long term finance and send a clear signal to investors about the company performance as well price of the share will remain high (Simegn, 2013).

On the other hand, it is difficult in selecting appropriate range of percentage as management depends on intuition rather than objective criteria. Another major problem is that when firm earnings decreases or in a certain time the firm record loss than profit,

the dividend may not be paid or lower than usual as a result the firms' stock price adversely affected.

ii. Constant Dividend Per Share

This dividend policy refers to practice where a fixed amount per share or fixed rate for example 40% on paid-up capital as to be paid as dividend every year, irrespective of fluctuation in earnings, (Aruwa, 2015). The dividend per share can be increased when a firm reaches new levels of sustainable earnings. Thus, this pay-out system fit companies with stable profits. According to Mainoma (2001) stated that, a stable per share dividend policy contains substantial information content for common shareholders, especially when a firm with fluctuating earnings maintains its payment during periods of reduced total earnings using dividend equalisation reserve as an indication of a firm ability to maintain high level of profitability and liquidity.

iii. Constant Dividend Per Share Plus Extra Dividend

This dividend policy involves the setting of a high amount of dividend by companies with stable earnings and minimum dividend per share with a step-up feature by firms with fluctuating earnings. The high level of minimum per share is fixed to reduce the incidence of dividend omission (Aruwa, 2015). This is normally followed by a payment of an extra dividend (such as an interim dividend) in the period of boom. According to Pandey (2005) explained that the rationale behind it, is to discourage investors from believing that dividend represents inevitable income. The advantage of the policy is that it enables a firm to pay regular dividend without default, and allows a great deal of flexibility for supplementing the income of shareholders only when there is an increase in the firm earnings (Mainoma, 2001). Thus, extra dividend can be omitted without decreasing the regular dividend. The disadvantage of dividend policy is that shareholders may be used to the extra dividend and always expect it. And failure to pay

the extra dividend may be taken as failure to pay dividend, which can lead to shareholders selling their shares that will consequently lead to fall in the share price of the firm.

iv. No Immediate Dividend Policy

This policy involves firms deciding not to pay dividend at all (zero dividend). Generally, management follow a policy of paying no immediate dividend in the beginning of its life, as it requires fund for growth and expansion or they may be experiencing serious financial difficulties and may be unable to pay dividend (Simegn 2013). In this case, the firm can minimize adverse effects on the stock. Another advantage of this pay-out policy is that it is easy to operate and will not incur the administrative cost associated with paying dividend. (Denzil& Anthony, 2007).

2.2 Review of Empirical Studies

2.2.1 Profit / Earnings and Dividend Pay-out

The determinants of dividend policy has received a lot of empirical work mostly in developed countries, the pioneer work of Linter (1956) followed by Fama and Babiak (1968) opened the door for other studies on the issue of dividend determinants. They found out that companies adjust their dividend according to their previous earning that is smoothing dividend according to their profit to avoid dividend cut as a result of a suddenly drop in profit. These earliest works suggested that profit affect dividend pay-out.

Financial literature stated that profitability is a major explanatory variable for firms' dividend policy. A study carried by Dada, Malomo and Ojediran (2015) to evaluate factors affecting dividend in the banking sector. They used panel data of selected quoted banks from 2003 to 2012 time period. Diagnostic tools of kurtosis test, robustness and OLS regression analysis of data with the following variables: leverage, profit, corporat

governance, last year dividend and liquidity showed that dividend payment is positively correlated with profit. In the other word profit influences dividend pay-out. Another study of Uwuigbe (2013), using 50 selected firms from the NSE using judgmental sampling techniques, from 2006- 2011 time period. The study was to examine effect of profit, firm size, board independence and financial leverage on dividend payment, the study finally observed significantly positive relationship between firm's financial performance and dividend payment. Supporting the empirical opinion that profit influence dividend pay-out; Edet, Atainet and Anoka (2014) who did a research work to examine the various determinants of dividend pay-out of selected commercial banks in Nigeria, using secondary data covering 1989-2010 and using the ordinary least square (OLS) regression analysis, the finding also revealed that earning of the present year, accrued dividend and borrowing rate were the major predictors of cash pay-out in the banks.

In the opposite findings, the study of Maladjian and Khoury (2014) in investigating the factors determining dividend pay-out in the Lebanese bank listed on the Bureau stock exchange using unbalanced panel data on set of listed banks. The period of the work was five years; ranging from 2006 to 2011. The ordinary least squares and the dynamic panel regression were used to test the two models of the study. The analyical result showed that dividend policy is negatively affected by profitability and opportunity growth while size has positive effect. The above position was contested by Al-Deehani (2003) with the study of exploratory of 41 firms' top managers by the use of questionnaires to gettheir opinions on what they consider as dividend determinants or in taking decision to pay dividends. The nine points questions formulated include; meet shareholders requirement for income, maintain shareholders loyalty, signal company share price, signal company future profitability, make it easier to have access to external

finance, shortage of profitability for investment and reduction of cash. 85.4% and high or highest average percentage of top management responded that meeting shareholders income through profit was found as either an important or very important reason to pay dividends. The study concluded that meeting shareholder requirement through income (profit) and share price are major factors of dividend pay-out. It means manager know shareholders expectation of income could only be met from profit. So they strive to make profit to pay shareholders.

The study of Ahmed and Mugaddas (2017) support the position of profit as dividend determinant. The study used listed banks in the Pakistanian Stock Exchange (PSX) between 2006 and 2014 with profit, efficiency, and risk as variables. Multiple linear regression tool was employ to determine significant relationship between dependent and independent variables. Profit was found to be having positive significant relationship with dividend pay-out of the listed banks. That means profitability of a firm influence the dividend pay- out of a firm.

The work of Nuhu, Musa and Senyo (2014) has questioned the consistence of profit as dividend determinants. Their work examined the consistence of dividend pay-out in the finance as well non finance related companies.in Ghana stock exchange from 2000-2001 using OLS model panel regression. The result revealed that profitability was among the factor that did not exhibit consistence in its effect on dividend pay-out in both from the finance and non-finance sectors orgamisations. Both Odesa and Ekezie (2015) who used cross-sectional data of 131 quoted companies in Nigeria and analysing them using descriptive, correlation and regression analysis found out that profit has positive influence on dividend pay-out. From this result, it proved that earnings of companies determine dividend payment of companies by having statistical effect.

The position that profit determines dividend pay-out is still not left unchallenged. Fersio, Geary and Moser (2004) published an article "the relationship between dividends and earnings "hypothesis that no significant relationship between earnings and dividend, what will hold in the last stage or later time? From the study it is suggested that the principle of continuity and wealth maximization hold in the long-run.

Sit on the fence position or indifference view position has been on the argument of whether profit determines dividend pay-out. A study carriedout in Indian, in Indian pharmaceutical companies by Rani and Sarathi (2013) using sample of companies covering 2002- 2011 and using regression analysis to analyze effect of variables such profit, size, inflation, owner structure, they found out that the year company made a loss, companies still paid dividend. That having highest DPS should not be taken mean that the companies are performing well in all the areas. It depends on the board decision or other factors without profit.

In the Vietnam, Trang (2012) did a study using sample of 116 companies listed Itanoi Stock Exchange in 2009 to test whether profit, size, debt, asset structure affect dividend payment. He found out that profitability influences dividend policy positively. Another study result in Pakistan was not different. Zameer, Rasool, Igba and Arsheed (2013) carried a work to found out the determinants of dividend factors of 27 foreign and domestic banks in Pakistan listed stock exchange apply step-wise regression on four variables, among them profitability had strong positive impact on dividend payment.

In the case of Chikashi (2010) study of Japanese electrical appliances industry firms dividend determinants the result was a mixed one. The study found out that cross sectionally there is relation between corporate earnings and firm dividend payment in

general, however on an aggregate time series basis, dividend payment tend to decrease company earnings, meaning profit does not affect dividend positively.

It is true that earnings are always taken up by dividend and retention, then what specifically determines the extent to which a firm will pay out dividend, which the foregoing argument (debate). In response by Eriki (2004); Zubairu (2015) listed profitably of the firm among other factors. The above view is not different from the position of CAMA (1990) that dividend must only be paid from the current or previous accumulated profits, besides no impairment should be made on the company asset as a result of dividend. Also, the work of Abubakar and Adeyemi (2014) using time series data from the companies in Nigeria stock exchange found positive relationship between dividends paid and profit. And Aruwa (2015) by their definition restricted dividend to only availability of profit. Olatundun (2000); Eriki and Iyoha (2002) also shared the view that profit influences dividend. They explained that when management are prudence on the financing and investment more profit will be made and more money available for shareholders. It is concluded that dividend payout of corporate firms depend on the availability of earnings after tax and distributable reserves.

Baker and Powel (2012); Baker, Mutsherjee and Paskelian (2006) agreed from their studies that profits determine dividend payout but Adefila, Oladipo and Adeoti (2004) differ in their view. According to Mainoma (2001) stated that there is hardly acceptable view on dividend determinants. Eriki (2004) and Zubairu (2015) listed these determinants to include legality, profit, debt, inflation etc.

According to Osaze and Anao (1990) on their other view posited that dividend had been influenced by Nigerian government rather than profit. They explained that before 1977 dividend payment was based on share capital rather than net profit. Dividend was later

restricted to 40% equity capital of the company before 1977 and it was increased to 60% after 1979 while dividend tax was pecked at 12.50.

But a study from Malaysia of both conventional banks and Islam banking sector by Eng, Yahya and Hadi (2013) using panel data, the result shows statistical, significant and positive relationship existed between dividend payout and revenue growth for conventional Malaysian financial institutions, that is; conventional banks distribute higher dividend when they record higher profitability. On the other hand, only lagged dividend shows positive significant relationship with dividend pay-out for Islamic financial institutions in Malaysia. Okpara (2010) had his take on the issue of profit dividend determinants, he said when organisation made profit, and they normally allocate most of them into retention to be re-invested in the firm to promote growth of the firm. That means, a company can make profit without necessarily paying dividend.

Furthermore, Firer, Gilbert and Maythan (2008) observed organisations in United Kingdom still experienced dividends pay-out even though the companies reported negative earnings. Contrarily, the findings was opposed by those of Pruiit and Gitunam (1991); Baker and Powell (2000); Aivizian, Booth and Cleary (2003); Abor and Amidu (2006). Baring their opinion on the issue above and why there is conflicting view Maladjian and Khoury(2014) stated that the difference and reconciliation between the two in above two opinions they asserted that differences in results could rest on the differences sources of data employed or techniques and measurements method used. This means that dividend determinants could behave differently or show different statistical effect in different countries or industry.

In reality the primarily companies are established by investors to make profit. This profit also referred to as earning can be shared or retained; partly shared and retained. Both options have an effect on the business and public perception. Thus, Abdu (2014)

posited dividend guide lines of companies determine the part of the organizational income to be shared to the owners as well the portion to be reinvested in the organization for project.in order to grow the company to make more profit. (Pandey & Ashivin, 2016). In line with the above view, Kania and Bacon (2005) worked on the impact of Profit, growth, risk, Liquidity and expansion on the dividend pay-out of firms when they analyzed data of financing organizations of over 10,000 quoted trading firms using ordinary least squares (OLS). It was found out from work that the dividend payout ratio is significantly influenced by the profit (return on equity, growth, sales growth, risk (beta), liquidity (current ratio) among others.

Aivazian, Booth and Cleary (2003) stated profit, debt, risk among other variables did influence dividend payment of organizations. Ho (2003) did share the different view; when he did a work to compare country to country of dividend payment guidelines in Australia as well as Japan. The results affirmed the agency as well signaling and transactions cost theories of dividend. The study concluded that out of all the regressed variables including profitability, size, debt, risk among others, dividend policy are affected negatively by profit in Australia and affected positively by profit in Japan on the other hand. That is to say the industry, environment can change position of variables (whether is negative or positive) when they are analyzed in dividend determinants. This is in line with position of Musa (2009) when he posited that dividend payment of firms is a cultural phenomenon that changes continuously according to environment and time.

Zaman (2014) in his opinion in profit as dividend determinant was aired in paper study on dividend policy of all 30 Dhaka stock exchange; listed private commercial banks in Bangladesh over a period of seven years; 2006-2012. Study employed multiple regression as well as correlation in analyzing the data of variables (profit, size, growth

etc). He concluded from results that profitability alone is a strong indication of bank dividend policy determinants over time in the capital market of Bangladesh.

The above resultant position is to face stern contest from the work of Oseqbue, Furueze and Furueze (2014) in their paper work that analyse data to found out the level of relationship exist between dividend pay-out and corporate profitability. This study used panel data from banks listed on the Nigerian stock exchange between 1990 and 2010. Using five variables – profit, business risk etc. the correlation regression was applied to examine their relationship, the results revealed that there was no significant relationship exist between dividend disbursement of banks in Nigeria and the explanatory variables. This results taken as a whole indicates that banks pay dividends in Nigeria with the intention of reducing the agency conflict and maintain firm's reputation. They stated, furthermore that Nigerian banks apportion money earnings to the retention to boost growth of banks when experiencing surplus earnings. The issue here is remaining the same because from the review profit has dual (positive and negative) effect or relation to bank dividend payment. Then what could be the responsible factors.

Also, in Pakistan study, Ahmed and Javid (2009) analysed data variables to found out the determinants of dividends payout factors of firms from Karachi stock exchange. They applied factor analytical tool to regress data of annual financial reports for the time duration which span from 2001 to 2006. They found that earnings (profitability) exerts a negative impact on the payout ratio and investment opportunities.

2.2.2 Size of Firm and Dividend Pay-out

Researchers with backing of their empirical works argue from two polar positions, one position is that size of firm affects dividend payout positively and the other position is that size of firm does not affect dividend payout positively. The first position has been supported by the work of Olowe and Moyosore (2010) in their study which examined

the factors influencing dividend payout policy in Nigeria banking sector over the period 2001-2006. The research work made use of pool regression techniques to analyse the data of the listed banks which profitability size, liquidity, firm size among the few variables that statistical significant factors which have positively influence on dividend payout. Other studies that also support size of firm influencing dividend payment positively among other variables.

The work of Adeyemi and Abubakar (2014) had a contrary finding. The duo research work investigated the correlation between dividend payout ratios with the following variables; profitability, Tax, leverage and size as predicting factors influencing dividend payment using 44 firms from 180 firms that announced dividend in 2013, listed on the Nigeria stock exchange as at 2013. The ordinary least squares (OLS) multiple regression was applied, the result showed firm size was found to be insignificant in the context of determining the dividend payout ratio of the firms in the study while tax had positive influence. Reasoning from this findings it implies that bigger firms does not just translate to more or bigger dividend.

Olowe and Moyosore (2010) again explained that the size of a bank could have an influence on the specific bank risk. In a non-competitive environment, if larger banks had a greater proportion of domestic market, lending rates may be high while domestic rates for larger banks will be lower because larger banks are perceived to be safer and consequently larger banks may attract larger customers/Sales to make larger profit for dividend payment. Furthermore, outlining with economic theory modern banking theory as well argued that larger banks normally enjoy economies of scale; that is lowe operation per service or customer. This would imply lower costs of operation for dividend payout. A high profit will rationally lead to higher ability to pay dividend.

Ghost and Woolridge (1988) argued that bigger organizations would likely pay large dividends to reduce agency costs.

A contrary finding was made available from the work of Farman and Nawaz (2017) that was carried out in Pakistan to analyze relationship between dividend payment and profitability, size of the firm, liquidity, growth opportunity, taxation and risk in Pharmaceutical companies for a study period that run from 2001 to 2014. Multiple correlation linear analysis was used to determine the significant relationship of the variables. The study result showed that there was no strong or significant relationship between firm size and dividend pay-out in Pharmaceutical companies. The study conclude that big size of a firm does not correspond to big size of dividend payment.

A Saudi Arabia work carried out by Alzomania and AlKhadiri (2013) using 105 non finance related companies listed on the Saudi – Arabia stock exchange and panel data covering 2004-2010. Ordinary Least Square Regression was used in the variables including size, debt etc. The result showed positive effect of size on dividend payout. Explaining in their conclusion; firm size is expected to influence dividend payment. They explained bigger organizations are more likely to be mature with enough capital, operation and assets and thus have access to capital markets, as a result should be able to pay more dividends. This indicates that large firms can afford to pay higher dividend than the smaller ones. This relationship is supported by the transactions cost explanation of dividend policy. But Boyd and Runke (1993) find a significant inverse relationships between size and dividend payout in U.S. banks from 1971 to 1990, and positive relationship between financial leverage and size.

A study from UAE on empirical dividend determinant by Mehta (2012) investigated payout of dividend in all companies quoted in the stock exchange of Abu Dhabi in all the sectors such telecommunications, health care, construction, areas of real estate,

energy sector, and other industries (except banks and investment concerns) for period of five years ranging from 2009 to 2014. The study analysed range of dividend determinants - risk, size, earnings, leverage etc. the result provides evidence from the multiple regression techniques that performance and size are the only variables that shown major influence as predictors and significant factors in dividends payout decisions of UAE listed companies. Also, Ho (2003) work also affirmed the above position..

A supporting study by Olantundun (2000) examined the factors influencing dividend in Nigeria. He adopted the Lintner – Britain model for the period between 1984 and 1994. The pooled cross sectional / time series data for the full sample of observation were used. The data were analysed using the ordinary least square (OLS) tool. The results of the work revealed there were no significant interactions between the conventional Lintner / Brittain model and dividend decisions of Nigeria firms. They concluded that dividend behavior of Nigeria firms depends on growth prospects and firm size. Again, Al-Malkawi (2007) work using Jordan companies between 1989 and 2000 also supported the findings which position large and profitable companies pay more dividend.

But the view of Ahmed and Javid (2009) contradicted the above views. They found out the factors affecting dividend pay-out of not finance related companies quoted on the Karachi stock exchange for the period of 2001-2006.The result outlined with lintner's policy that ownership structure and profitability have effect on dividend while market value and firm size have negative influence on dividends pay-out policy. Thus, this clearly showed that the firms prefer to invest in their assets rather than dividends payment for ordinary shareholders.

Ordinarily, a firm that is big with big asset value supposed to pay more dividend than small ones with precarious of uncertain and volatile earnings. In the view of Bonnets and Donnely (1993) asserted that large firms are likely to have more funds to pursue projects with positive net present values than small ones and pay dividend. Eriki and Iyoha (2002); Allen and Rachim (1996) concluded from their studies that shareholders growth affect dividend rate growth also. Contrarily, Barckley, Smith and Watts (1999) found outgrowing (size) companies' income with lower dividend pay-out, possibly they used most of their earnings for the future and immediate promising investments. Ho (2003) found positive relationship between size and dividend pay-out in Australia companies.

In the same vein, Eriotis and Vasiliou (2005) reports that the Greek firms distributes dividends each year according to the firm size among other factors. Reddy (2013); Aruwa (2015) both asserted that size of firm play a positive role in cross-sectoral dividend behaviour/payment. That more research conducted regarding the relationship between dividend pay-out and firm size show that firm size and dividend pay-out positively correlated. Forte (2006) examined the relative rudiments of dividends policy of four Europeans firms-UK, Germany, Italia and France. The result suggested that Europeans like U.S counterpart used existing dividend rate and size as benchmark when deciding to change the dividend. Managers were carefully to ensure that companies are able to sustain dividend increase as they tried to avoid punitive action of shareholders for substantial dividend cut and dividend of large companies were cautiously and partially adjusted upward at a friction of current earnings growth. In the same vein, Imran (2011) examined the factors that determine the dividend decision in the case of Pakistan engineering sector. Data from 36 companies selected from the Karsach capital stock market for the time frame of 1996 to 2008 were used. The result showed that

previous dividend earning per share size of the firms among others were most critical factors that determine the dividend payment in the engineering sector of Pakistan.

UK complete on dividend determinants by Bodan (2011) analysing sample of 155 UK companies that account for 74% of the market capitalisation of the entire London stock exchange from 2005 to 2010. The Paper complement the existing agency model introduced by Rozeth (1982) and applying it to present day content. Using the OLS analysis, the probability of dividend pay-out was also estimated by the use of logit model based on the average values for the entire period from 2005 to 2010. It was observed from the results among other variables, the size number of ordinary shareholders was found to be significant in explaining the probability of dividend pay-out.

One of striking aspects that have been noticed in recent periods is the lower dividend paid by corporate firms in the U.S. Fama and French (2001) analysed the issue of lower dividend paid by corporate firms over the period 1973-1999 and the factors responsible for such a decline. They attributed the decline to changing firm characteristics of size and growth. That is bigger firm tend to pay lower dividend. Another study in the UK carried out by Feriris, Sen and Yui, (2006) however showed overall declining propensity among firms to pay dividends over the period of 1998 to 2002 after controlling big firm size.

A study by Zaman (2014) examining 30 banks listed in Dhaka stock exchange in Bangladesh from 2006-2012, using multiple regression and correlation to analyse the data, found out that as time passes and company growing; ability of size and profit level to determine their dividend payment weakens. In his words from the result, it is seen that bank profitability and size are not significant in explaining banks dividend policy. Furthermore, large profitable growing private commercial banks might not be herald for

possible higher fortune dividend in the private commercial banking sector of Bangladesh. But Dickens, Casey and Newman (2002) examined banks dividend policy and its variables in USA of 4,412 firms observation from 1998-2000.the study found among other findings; a positive relationship between size and dividend history.

Conclusively, most previous interactions assumed/asserted that correlation exist between company size and dividend payment. The large companies observed to pay high dividend and smaller size companies pay less dividend as the small companies always find it not easy to raise funds compared to large companies that normally have easier access to capital market. Thus, they are less dependent on the internal funds, consequently, making them having more capacity to pay dividend (Denis & Osobor, 2008).

2.2.3 Leverage and Dividend Pay-out

Equally empirical works had shown that leverage is a double edge-sword in its influence in dividend payment. It means, it can influence dividend payment positively as well negatively. The question is what are factors benefiting both situations. In the view of Abubakar and Adeyemi (2014) where they examined 44 firms listed on the Nigeria stock out of 180 population in 2013 using ordinary least regression to analyse the panel data. The result revealed that corporate tax and financial leverage have positive and significant in the dividend pay-out at 5% and 1% respectively. In same standing, Odesa and Ezekiel (2015) carried out a study to investigate dividend determinants by using cross-sectoral data from 131 quoted companies in the Nigeria stock exchange using descriptive correlation and regression model to analyse data. The result revealed that interest and opportunity is negatively correlated to dividend policy

while debt (leverage), ROE, shareholder structure have positive significant relationship with the dividend paid.

The opposing views on the above issue are constantly available. Uwuigbe (2013) used 50 firms listed on Nigeria Stock Exchange; data from 2006-200 of the firms were used to examine relationship between financial leverage, firms size and other factors on dividend payment using judgmental sampling techniques and regression model. Empirical findings from the regression analysis on the relationship between financial leverage (expressed in terms of debt-equity ratio) and the payment of dividend indicated that there was existence of significant inverse relationship between firms' financial leverage and payment of dividend decision of firms.

On the other hand, Anjana and Balasurbranian (2017) in their work carried out to determine some of the features that influence behavioural of firm dividend payment in Nigeria Stock Exchange between 2011 and 2017 using annual reports of the firms and questionnaires based survey of 50 listed firms. The variables of the study were leverage, profit, taxation policy, current earnings and growth. A combined analytical tools of ANOVA, Chi-square and correlation regression were used in analyzing the data. The study found out that financial leverage as determining factors of dividend pay-out of the listed firms among other variables. The study conclude that leverage influence dividend pay-out of listed firms.

According Dada, Malomo and Ojediran (2015), from their study where they used listed firms data from the Nigeria Stock Exchange (2008-2013) analysing them with the correlation and robustness test. They found out that there was a significant and positive relationship between firm debt position and the payment of dividend. They explained that this was in line or gave a credence to the fact that debt promote the firm

profitability due to the tax effect, this is based on the revised study of Modigliani and Miller (1961) and support the Traditionalist view on the use of debt but a study from Saudi –Arabia by Alzomania and Al-Khadiri (2013), resulted a contrary view. They run regression on a paneldata of 105 listed firms on the country stock exchange between 2004 and 2010. The variables in question are DPS, EPS, capital size, growth and debt to equity ratio. From their result, they maintained a position that high debt ratio is negatively related to dividends. They said, this means that firms with low debt ratios are willing to pay more dividends. This result is supported by the agency costs theory of dividend policy. Thus, firms with high leverage ratios have transactions costs and are in a weak position to pay higher dividends to avoid the cost of external financing.

Walter (1956) believes that the decision to distribute dividend has only a residual role since it comes after the decision on level of maintainable debt. For instance, IBM heavily indebted did not pay out dividend from 1944 to 1966. Their target was to increase all financial assets relying on shareholders equity rate necessary to follow the market growth (Odesa & Ekezie, 2015; Nivoix, 2004). Nivox study further reveals that firms resort to debt in a regular and quite important manner in order to use the distribution of dividend to control the level of availability of cash. Consequently, all companies with high levels of leverage tend to reduce the rate of distribution.

Furthermore, Uwaleke (2015) and Zubairu (2015) in their opinion on leverage effect on dividend posit that the quest for wealth maximization through more investment by management as their core responsibility could affect dividend payment. Also, Naceur, Goaied and Belances (2006) opined that ownership structure does not have any impact on dividend payment Oke and Afolabi (2008); Pandey (2005) both shared the view that capital structure affecting profit/dividend is a controversy. Yinka and Stanley (2014), Eriki (2004) stated that by the Taditionalist view, high leverage structured firm because

they enjoy interest which reduces weighted capital cost and increase in market value of company lead to dividend payment. But Eriki (2004) was quick to state that there is debt optimum size which is enhancing dividend and firm performance. That to say small size and very big leverage size is not beneficial. He further explained that borrowing in boom period/ good business circle in financing good investment is profitable and affect dividend positively but not in the reverse situations. He thereby strike the balance by saying that leverage can be favourable then it can influence dividend positively but it can also be unfavourable and it will influence dividend payment in that manner. Therefore, it means there is optimal position or business circle for leverage.

Mirza and Afza (2011) investigated the impact of Leverage (institutional ownership) and growth opportunities on dividend policy based on the sample of 120 Listed Companies of Karachi Stock Exchange (KSE), Pakistan, during 2002 to 2007. The estimated results, using OLS and Tobit regression models, suggest that dividend payouts are positively affected by growth opportunities/profitability but negatively affected by leverage.

Maladjian and El-Khoury (2014) did a study on determinants of dividend of Lebanese firms, 2005 to 2011 using regression on panel data, they had a mixed result their findings on leverage as dividend determinants. They stated that against all odds financial leverage has a positive relationship with the dividend policy, suggesting that banks might use debt to distribute dividends (Dhillion, 1986; Chang and Rhee (1990). Despite its positive sign, the financial leverage is insignificant, suggesting that the variable is not an essential factor influencing dividend payment in Lebanese. Al-Malkawi(2005); Gugler and Yortoghu (2003) had similar or same scenarios from their works.

Lastly, debt weigh the extent that organization rely on outside fund in financing its investments (Illaboya, 2005). The relationship that exist between debt level and dividend disbursement flowed from a Trader-off Theory and Pecking order Theory (Trang, 2012). Many researchers had literatured and analysed this relationship between dividend payment and leverage level but the result were still competing in ideas. Chang and Rhee (1990) supported a positive association between dividend and leverage when these researchers asserted that higher financial leverage exists in relation to lower shareholders tax rates, so it spur the management or organisation willingness to pay higher dividends.

Nuhu, Musah and Senyo (2014) examined the consistence of the determinants of dividend payout in financial and non- financial firms in Ghana. The sample for the study was drawn from listed firms on the Ghana stock exchange from 2000 to 2009.The study used ordinary least squares panel regression model to estimate the determinants of dividend payout. The results revealed that, out of the factors shown to have effect on dividend payout (i.e. profitability, board size, leverage and tax) leverage was found to influence dividend payment financial and non-financial firms in Ghana despite its inconsistency.

Osegbue, Ifurueze and Ifuruze (2014) analyzed the level of interpendency between dividend payment and corporate performance in the Nigerian banking sector. The study used a panel data set of banks listed on the Nigeria stock exchange between the year 1990 and 2010. The study developed five research hypotheses, which were applied to examine the extent and the level of significance of the relationship between the amount of dividend payment and corporate performance using regression models. The models considered the impact of free cash flows, current profitability, and financial leverage

among other variables. The research indicates that there is no significant relationship between dividend payout of banks in Nigeria and leverage among other explanatory variables. This result taken as a whole indicates that banks pay dividend in Nigeria with the intention of reducing the agency conflict and maintaining firms' reputation.

On the other hand, the view of Jensen, Solberg and Zion (1992) was different in that they believed financing form equity is more attractive to firms having high dividend ratios than debt, so lower ratios of long term debt to the book value of total of total assets often happen in these companies. Bebzuk (2005) agreed with the idea of Jensen, Solberg and Zorn (1992) in that they thought that firms with high leverage seem not to want to distribute high dividend and get more loans with the purpose of limiting default.

Al-kuwari (2009) had additional and solo finding when he examined first listed stock on Gulf corporation Council (GCC) country stock exchange using series of random effect Tobit Models to test impact of government ownership, free cash flow and financial leverage among others on dividend payment. He find out that financial leverage affect dividend and firms that government own higher proportion of their shares pay higher dividends compared to the companies owned completely by private sectors in that country.

2.2.4 Cash Bank Balance and Dividend Pay-out

Dividend are mostly Paid in cash as a result many researchers from their findings have posited that quick availability of cash in a firm or liquidity position of a firm affect dividend payment positively while other argue that liquidity / solvency does not influence dividend payment because there are situation where firms having a lot of cash and there is no history/ record of dividend payment.

According to Olowe and Moyosore (2010), investigated dividend determinants of Nigeria banks between 2001 and 2006, using pooled regression techniques. The results show that liquidity/cash among the two factors that are statistically significant influencing dividend payment in the banking sectors. Ho (2003); Amidu and Abor (2006) studies in Australian and Ghana respectively also support the above views from their findings. State of cash balance of a firm could be important determinants of its ability to pay dividend. A firm with a poor cash position means it will be less generous in paying dividend due to shortage of cash to back its plan. Alii, Khan and Ramirez (1993) argued that dividend payments depend more on cash flows, which reflects the company's capacity to pay dividends than on current earnings which are heavily influenced by accounting practices. They posited that current earnings do not really reflect the firm's ability to pay dividends. Ani and Kapoor (2008) also found positive relationship between cash/liquidity and dividend payment.

On the contrary view Dada, Malomo and Odjediran (2015) in their study where they conducted appropriate diagnostic test on panel data of Nigerian banks from 2008-2013 using data skewness, Kurtois test, distribution normally while dependentship/ correlation among variables was resolved by panel least square regression analytical tool. The result showed that dividend payment is negatively correlated to cash/liquidity of banks.

On the same page, Zameer, Rasools, Igba and Arshad (2013) noticed that the availability of too much cash can cause agency problem. This for the fact that stakeholders believed that too much cash flow could make mangers to invest on project with Zero net present value (NPV) or even on project with negative net present value. They could as well get involved in empire building where the cash could be used for their comfort and leisure rather for the purpose of the business. Dang (2013) also argued

in favour of the above notion saying that company can purposely pay dividend just to reduce cash available to management and to as well mitigate agency issue or conflict. It means that cash availability leads to dividend payment in order to avoid agency control problem/cost.

Mirza and Afza (2014) investigated the how free cash flow affect corporate dividend payment in four emerging economies of South Asia. They include Bangladesh, India, Pakistan and Sri Lanka. The raw information/ data from 250 registered companies were extracted from their published annual reports within this period of 2006-2010. Based on the estimated results it was found that liquidity plays major role in distribution of cash dividend. It concluded that, in order to pay regular dividends firm needs to maintain strong cash reserves. They however opined that the degree of influence of cash flow / solvency on dividend pay-out vary from one country to another. But the study of Mehta (2012) did a study of all the sectors except banks in UAE and these firms were registered on the stock market of Abu Dhabi, UAE, with research period covering 2005-2001 The correlation and multiple regression analytical tool was employed on variables. The result provided evidence that cash/liquidity is insignificant and not correlated to dividend payment in that country.

In opposing position Baah, Tawiah and Eric (2014) who did investigation on industrial determinants of dividend in Ghana, twelve companies covering six sectors from 2001 to 2006 using panel data and SPSS regression tools. Found profit after tax, earning per share and cash/liquidity the main determinants of dividend in the manufacturing sector. Liquidity/cash is the ease at which an organization can pay for its daily financial obligations or the rate at which it can turn its liquid assets to cash (Atrill & Mclanery, 2002). Gupta and Banga (2010) using sample of 150 companies from 16 industries between 2001 and 2009 applying multiple regression. It was found out that liquidity,

leverage among other factors affect dividend payment. Britain (1966) argued that cash flow would be more important than net earnings in determining a firm's capacity to make dividend payment. Cash flow is considered the relevant measure of firms' disposable income.

Nyor and Adejuwon (2013) analyzed the determinants of dividend pay-out in the country banking industry. The period of the work is from 2001 to 2010 with five firms as samples. The work adopted profit after tax, shareholders fund and liquidity as dividend predicting variables / determinants. The empirical work result found all the variables to be affecting dividend payment in the sector but liquidity / cash was noticed to be most significant among all.

Thanatawe (2011) in his study of Thai listed companies over the period of 2002-2008, highlighted his view as that bigger and more profitable companies with higher free cash flows and retained earnings to equity are more likely to pay higher dividend. The view was contested by Myers and Bacon (2004) when they found out that corporation are likely to lessen dividends to spread liquid / cash over long period of time as a safety measure while Al-Najjar and Husseiney (2009) explained that position of cash was never relevant in dividend payment. They made this assertion when they differently stated/ proved that paying lower or higher dividends does not have to depend on good or bad cash/liquidity position.

Furthermore, Zameer, Rarsool, Igbal and Arshad (2013) who examined dividend determinants of 27 conventional and Islamic banks in Pakistan, applying step-wise regression analysis on the variables. In explaining their findings, they said 'liquidity' is the single variables that has a high significance (p.value of 0.05) but negative relationship with dividend pay-out, suggesting that the firms that have a better liquidity position pay low dividends. These findings were confirmed by the belief/notions which

states; high return on equity stimulates the firms to re-invest more as dividend payment reduce the amount of cash flows available for re-investment. Consequently, firms pay low dividends. Another sectoral reasons for the inverse relationship of cash and dividend is for the fact banks do have high need of liquid/cash as compared to other industries because their operation made up of cash payment/expense and banks need to lend to increase their returns in order to ensure smooth flow of operation. Myers and Bacon (2004); Edet, Atainet & Anoka (2014) are of the same opinions with the above views.

Musa (2009) investigated whether previous dividend, current earnings, cash flow among other variables would display significant aggregate as well as separate impact on dividend policy of quoted firms in Nigeria stock market. He applied the five variables parsimonious dividend model developed by Musa (2005). The study found out that previous dividend, earnings and cash flow have significant positive impact on dividend payment of Nigerian registered organisations. As a result the work findings shared same view with the following works Abor and Amidu (2006); Izedonmi and Eriki (1996); Eriki (2004); Adelegan (2003).

2.2.5 Previous Years Reserve and Dividend Pay-out

Accounting profit of quoted banks (firms) could be party/wholly paid-out as dividend, appropriate to reserve for organizational or legal purpose as well retained. That to say, the portion of profit that is not paid out as dividend is held bank in the firm in the form of retained earnings or reserve. It could also be referred to as unused dividend profit.

Thus, the question that arise is that can accumulated previous year profit (Prior year profit) affect the dividend pay-out in the current year or not? In other words do management of quoted banks make provision for reserve for future dividend payment? Soondur, Maurick and Sewak (2016) analyzed 30 companies selected on the stock

exchange of Mauritius using regression analysis between period of 2009 – 2013; both fixed and random effects was employed in order to empirically establish the effects of per value of earnings, net income, retained earnings, cash balance and debt to equity on the dividend payment using pay-out ratios and dividend per share as proxies of the of listed companies. The result of the research showed that there was a significant negative relationship between organizational dividend payment guidelines and the income that they retained. Thus, the study position is that retained earnings which represent/related to previous reserve does not influence dividend pay – out of firms.

In opposite view, the pioneer work of Lintner (1956) which is the roots of literature on dividend determinants; where he investigated American 28 corporations using exertion model find out that dividend payment pattern of banks/company is affected by the current year earning s and previous dividend/previous reserve. He established relationship between earnings and dividend/reserve. Previous year dividend is a function of amount of profit made and the proportion of retained profit in that year. By implication amount of profit retained in the previous years can affect current year dividend. Therefore, previous year reserve (retained earnings and other reserves) influence dividends pay-out of quoted banks.

But in the work of Hellstrom and Inagambaev (2012) examined relationship between dividends paid out ratios of companies selected factors of large and medium companies. The variables of the empirical work include cash flow, growth, leverage, risk and profit. A sample of 87 companies listed on Stockhom exchange between 2006 and 2010, both ordinary least squares and a Tobit regression model were used to examine the data. The result showed profit (previous reserve) has no positive and significant relationship with dividend paid out in both large and medium companies. But cash flow, growth and risk

showed significant relationship in large companies and dividend paid out ratios has positive relationship among the four variables (size) except profit in Sweden. Therefore previous year profit has no effect on dividend pay-out.

On the position that previous reserve as a determinant of dividend pay-out, the CAMA 1990 has made it clear and legally support the position. In section 380 (a,b,c) states that dividend should be paid from profit of using of property and/ or company asset and revenue reserve (sub-section c). By this management has legal backing to make provision for reserve with intention of paying dividend later year. With this legal authority, large position of previous year reserves can influence management declaring of dividend. Therefore, previous reserves determine dividend payment. More so, CAMA 1990, sub-section 2 makes provision for interim payment of dividend, considering the uncertainty of profit and company operation at that middle of business circle, the only thing inform the position of the law and firm paying interim dividend is the previous amount reserve/position already known to management. Consequently, previous reserve influence dividend decision of management.

Contrarily, Ahmed (2015) investigated the determinant of dividend in UAE Banking sector. On There 24 UAE national banks but information from 18 of the banks that covered 2005 to 2012 were used. The correlation and regression analysis were used to establish empirically the impact of liquidity and profitability on dividend payment of UAE. The main finding is that dividend paid-out has negative and insignificant relationship with profitability while liquidity has positive and significant relationship with liquidity.

The efficacy and possibility of previous reserve influencing dividend pay-out of firm has be given credence to by literatural authors' definitions. Aruwa (2015) defined

dividend as a payment made to shareholders from firms earnings (current earnings and previous reserves) whether they are generated in the current period or in the previous period. This holistic dividend definition asset clearly the certainty of previous reserve as dividend predictor and definition is informed by legal position on dividend payment.

Therefore, it is put to summary that previous reserves affect dividend pay-out in quoted Nigerian banks. In addition, various Central Bank provisional guidelines enforce/encourage banks to make previous for reserve to safeguard against financial difficulties and promote financial exigency of management decisions.

2.3 Theoretical Framework

2.3.1 Dividend Relevancy Theory

The main proposition in this study is that dividend policy does matter therefore factors affecting dividend payment need to be considered seriously by corporate decisions makers for firm wealth maximisation.

Theoretically, there are two major school of thoughts (divergent views); dividend relevance and irrelevancy theories in the important of dividend (Osaze & Anao, 1990).Though, other theories have been developed from the one above on the dividend policy which will be used in underpinning the study.

Gordon and Walter both posited that dividend is indeed relevant in company value (Aruwa, 2015, Eriki, 2004; Pandey; 2005). They argued that there was correlation between dividend policy of firms and its market value. They asserted that ordinary shareholders do have a preference for current dividends and in general assertion investors prefer to avoid (tomorrow gain) and attach lower risk to current income as against future dividends/capital gain (Zubairu, 2015). Eriki, (2004) analysing Walter model on the relevance on value of firm explained the balanced dividend guideline depends on the relationship between the firms' internal rate of return (r) and cost of capital (K). Another opinion says that dividends do matter in the determination of share prices (Akintoye, 2007). Supporting the above position of dividend relevancy by Osaze and Anao (1990) "observed that another reason" is to enhance and strengthen the natural interest of conscious investors. Abdul (2014) stated that the assumption of this theory is that the firms financed all investment through retain income that is; debt or new equities were absent or not made by the company. Many other theories have developed from dividend relevancy as follows:

2.3.2 Bird-in-Hand Theory: It opposed the irrelevancy theory that due to the uncertainty of future cash flow; entrepreneurs would prefer cash dividend to related earning. As a result, higher dividend pay-out ratio would lead to decline in the required rate of return leading to increase in the firm value (Gordon, 1963; Linter 1956; Eriki, 2004, Eng, Yahaya & Hadi, 2013). Zubairu (2015) stated that because investors will be inclined to produce their home-made dividends by selling stock to reduce the uncertainty if dividend is not paid by management; therefore, it is important to pay dividend.

Apart from the fact that the bird-in-hand posit that nothing more futuristic than the future to shows the importance of dividend; also, the price of common stock has been influenced more by the dividend rate than by reported earnings since market values in most cases depends primarily on the dividends rate (Akintoye, 2007). No doubt, dividends are more certain compared to capital gain because managers can stabilize dividends disbursement/ payment situation but they will not able to guarantee the value of capital gain. So it's is clear dividend is important and indispensable to managers. If there is such hold spread agreement that dividend policy does not matter, why do managers believes it to be important by still paying some dividend or if generous dividend lead to generous tax, why do companies continue to pay dividend, it is because it is indispensable.

Joel and Donald (1998) supporting dividend pay-out information power and its relevant to stock price as well as firm value stated that "even casual observers of stock market will agree that large dividends increases are good news and strong positive relationship exist between dividend announcement and security. This is really caused by the information about the future earnings that management conveys to the market through announced changes in dividend policy (Akintoye, 2007).

2.3.3 Agency Theory: The agency is a management team who is in charge of firm management activities. It is posited/ assumed that if agency team is left alone, management will act in favour of their self, therefore, there will be conflict of interest between management team and shareholders. In order to solve this problem the firm incurs cost that is known as agency cost .Lowering cash position can help in agency control, in another scenarios high cash position can portray management as uniniative team (Simegn, 2013; Lloyd, Jaheva & Page, 1985; Jensen, Solberg & Zorn, 1992). Jensen & Mecking (1976) explained too much cash at disposal of management could lead them having the tendency to carry out unnecessary expanding of the company empire and investing the cash in even negative profit value profit for their personal interest.

2.3.4 The Clientele Theory: It asserts that dividend policy of a firm attracts an identifiable class of investors to it. According to this preposition, a particular pattern of dividend payments may suits one type of stock holder move than another, for example, a retiree may prefer to invest in a firm that provides a consistency high dividend yield than corporate and wealthy individual shareholders who may have opposite preference. In order to avoid marginal tax on income, if clientele exist for particular patterns of dividend payments, a firm may be able to maximise its stock price and minimise its cost of capital by catering to particular clientele / customers (Zubairu, 2015). Thus, dividend policy of a firm attract an identifiable class of investors to it. In other words, investors select firms because of consistent of its dividend payment not expected return.

2.3.5 Signaling Theory: It states that, for the fact management and shareholders don't have same information concerning the future and prospect of organization compared to management, so investors see dividend increase as a good prospect about the

organization while dividend decrease or absent as a sign of financial distress or bad management. Also, the work of Lintner (1956) demonstrated that market price of stock react to changes in dividend rate. Invariably increase in dividend announcement will signal increase in share price. Generally, the theory noted prices of stock per say respond or react to future good prospects about organization the news of dividend bring not the dividend rate of pay out itself (Petit, 1972; Ghosh &Woodridge, Allen & Rachim; 1988; Forte, 2006).

Conclusively, firms pay dividend not only because of reward for shareholders but equally for information and clientele effect. It also enhances the publicly of stock by management and maximise shareholders wealth (Pandey, 2005). It has image making potential, capable of influencing the market of company shares where there is no basic changes in earnings.

2.3.6 The Dividend Irrelevancy Theory

The chief proponents of dividend irrelevancy theory are Miller and Modiagliani (1961) asserted that under perfect market and absent of tax, dividend does not affect value of firm therefore it is not important. The above was view explained by Anao and Osaze (1990); Pandey (2005); Eriki (2004). They explained that when dividends are paid to shareholders, they gain in form of cash but lose in their shareholding, therefore they are not better off. They (M&M) they later reviewed part of their view, saying with tax and leverage on corporate performance, dividends do matter but they made u- turn and said dividend does not matter even under leverage condition. They argued that given two identical firms in all respects with different cost of capital and performance, it will lead to arbitrage due to rational thinking of investors until equality is restored. They maintain that market depends on earning which in turn depends on level of investment, not already earned profit with which dividend is paid that does not possess risk factor. Other

scholars; Black and Scholes (1974); Adefila, Oladipadu and Adeoti (2004) have provided strong findings in favour of dividend irrelevance theory and it does not support its relevant to stock prices.

Richard and Donald (1998) pointed that dividend policy does not matter. They stated that dividend policy has been mixed with other financing decision and investment decision ascribing all the benefits to dividends. The explanation to this is that some companies finance capital expenditure by borrowing thus releasing cash for dividends, in this case dividend is just a mere by- product of borrowing decision.

Dividend policy may not be important because money for new investment must come from somewhere, pay dividend and issuing new shares at higher cost is not favorable to the company especially in a situation the internal rate of return is higher than cost of capital (Eriki, 2004).

Another thing to note; a state with higher tax rate of dividend than other form of wealth, dividend payment would not be relevant.

Conclusively, considering the preceding discussion the main proposition here is that dividends do matter therefore dividend and factors influencing it need to be considered seriously for decision making. Consequently, the study align itself with main Theory of the work; "Dividend Relevancy Theory" which states that dividend is important as it affect firm value.

2.4 Summary

Dividend is income paid to shareholders according to their shareholding from the aggregate profit of the firms by managers. There are various pattern of paying dividend; it depends on the corporate environmental factors and management choice of action in order to satisfy stakeholder's expectations and interest.

Empirical records showed that they are various factors affecting dividends but they are different from environment to environment, industry to industry, techniques of analysis and that is why there are conflicting result within an industry.

Many theories showing relevance theory have supported importance of dividend. Apart from being a readily income, it also serves particular interest customers class, provide information to investors, and thereby increase prices of stocks. It put investors in safer edge financially and add to the publicly of stock.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The study employed descriptive as well as Ex-post Facto research design. This is for the fact that the research work is quantitative in nature; because the variables are secondary data and the event of study had already taken place. According to Cresswell (2009), in choosing research design, if the research work is to identify the factors that influence an outcome them the quantitative approach is best. Therefore, since the main objective of this study was to identify determinants of dividend pay-out of Nigerian listed banks quantitative research design/ex-post factor was used. Also, the descriptive design would allow the researcher to also describe the behaviour of various variables through the use of mean, minimum, maximum and standard deviation.

3.2 Population, Sample and Sampling Techniques

The population of this study is all the fifteen quoted Deposit Money Banks in Nigeria Stock as at 2017. The period of the study is from 2006 to 2017. Since the population is not too large, the study intended to make use of all the fifteen listed Banks of the Stock market of the country (NSE) for the period.

In order to have required data for all the years of the study a sample of twelve banks have been chosen. Purposeful sampling techniques was used in selecting the twelve banks. The criteria for selection was that a bank must have had required dividend pay-out record for at least six (6) years of the study.

The justification for the population and sampling technique was that publicly quoted banks data would be more reliable, objective and available documented record due to their advanced technological business operation. Thus, an empirical result from data

that were sourced from banking sector would result finding that is more reliable and effective.

Secondly, Nigeria banking sector has been very active in the economy, large dividend pay-out and it has been considered second largest sector after oil sector (Dada. Malomo & Ojediran, 2015). .It has also been top selling sector in shares in Nigerian Stock Exchange and the sector contributed 59.92% to the Nigeria GDP in 2011 (Zubairu, 2014). Therefore the data reflect corporate and financial characters of the Nigeria economy.

All the banks in the population ought to be used in the study but purposeful sampling technique is used to selectively remove the three banks that had incomplete dividend payment for long period of the years under study. Twelve banks were selected as the sample size while other few ones were removed using purposeful sampling technique to avoid distortion their inclusion would bring to the study. Therefore purposeful sampling techniques was good for selectively removal of unfit sample or without required criteria.

3.3 Methods of Data Collection

The data for the empirical work were gotten from the Nigerian Stock Exchange as a secondary data. The data were extracted from Annual Financial Statements of Deposit Money Banks for the period of the study; covering 2006 to 2017. As a result, the study relied completely on the secondary source of data collection. Data collected were further analyzed and ratio into proxy for appropriate variables. This study ensured only banks with complete and continuous data/dividend payment were selected.

3.4 Technique for Data Analysis and Model Specification

In this area of the research work, the raw data collected through secondary source were further put on the same ratios of per share Naira value. The various ratios were

calculated for each sampled bank and analyzed into proxy of various variables as follow:

The time series cross-sectional data were analysed using Ordinary Least Multiple Regression (OLS) with the aid of E-View. The variables of the study are many therefore it fit into this model or analytical tool with its BLUE character for efficient result. The OLS is used to examined the linear relationship between dependent variable and independent variables.

Variables Measurement

DPS: Dividend paid for the years divided by number of shares ranked for dividend

TAPS: Total Naira value of assets of the bank divided by number of shares. It is used here interchangeable with net asset. It is believed that the larger the (Naira worth per share value of asset) of company the more dividend paid as a result of more return on capital employed

EPS: This is earnings available for ordinary share holder divided by the number of ordinary shares ranked for dividend or outstanding. It is given in Naira ratio. It is believed that higher earnings per share high dividend pay-out.

LPS: This is total debts divided by number of ordinary shares. It is Naira worth obligation of every share. It is believed that more debt obligation lesser shareholders will be paid dividend.

CBBPS: This is total Cash Bank Balance (closely related to current assets but comprises of only liquid asset) divided by number of shares outstanding of the year dividend. This is solvency/liquid per share Naira value. In other words, it is acid-test per share of current asset. It is believed that higher cash available higher dividend to be paid.

PRPS: This is the total of previous years' reserves which is related to pervious years profit / retained earnings (part) apart from capital reserves and premium reserves divided by ordinary shares ranked for dividend.

It is worthy to note that all the variables / presumed factors are ratio per Naira value of share to put them on the same level. Ratioing data variables into per share value can be veritable in fine-tuning (counteract) the effect of any variation in the quantity or structure of capital and figure (Naceur, Goaied & Belances, 2006; Trang, 2012). Multiple regression of ordinary Least Square was used to analyze the variables to determine their effect.

In the view of the above framework, choice of the Model rely heavily, on variable type data, mathematical and statistical techniques. The multiple regression analysis tool was used with application of E-VIEWS 9 Econometrics software on data, to examine effect of the independent variables on amount of dividend paid in a given year taken as the dependent variable and amount of dividend was a continuous function of Earning, Size, Leverage, Cash Bank Balance and Previous Years Reserves.

The distribution normality of data as well as goodness of fit of the data were resolved through testing position of skewness alongside with the Kurtosis Test. Therefore, the exertion Model of Lintner, (1956) was used and equation Model is stated as follow; (Dada, Malomo & Ojediran, 2015).

DPS = F(EPS, TAP,LPS, CBBPS.) .

$DPS_{it} = B_0 + B_1, EPS_{it} + B_2TAPS_{it} + B_3LPS_{it} + B_4CBBPS_{it} + B_5PRPS_{it} + e_{it}$

DPS= is the dividend pay-out (per share) for the current period.

Therefore, dividend per share value was analyzed in line with the predicting variables. This is explained in equation here under.

$DPS_{it} = B_0 + B_1, EPS_{it} + B_2TAPS_{it} + B_3LPS_{it} + B_4CBBPS_{it} + B_5PRPS_{it} + e_{it}$

Where:

DPS; is dividend pay – out per share

$B_{0;\ is}$ the constant

B_1 is the regression coefficient of the independent variable that explain effect of their independent variable on the dependent.

it; is the panel effect / panel data effect function.

The table here under show the variables specification, their proxy and how they are calculated in the work.

Table 1: Measurement.

Variable	Proxy	Measurement	Sources
Dividend paid per share	DPS	Dividend pay-out/number of shares	Income statement of DMB annual account/Ratio
Profitability	EPS	Profit after tax/number of shares	Income statement of DMB annual account/Ratio
Size	TAPS	Total asset value/number of shares	Statement of financial position of DMB annual account/Ratio
Leverage	LPS	Total debts/number of shares	Statement of financial position of DMB annual account/Ratio
Cash Bank Balance	CBBPS	Total cash bank balance/number of shares	Statement of financial position of DMB annual account/Ratio
Previous Years Reserves	PRPS	Total of previous years reserves/number of shares	Statement of financial position of DMB annual account/Ratio

3.5 Justification of Methods

The choice of regression (OLS) to analyze the data and the design adopted was due to following justifications:

i. The nature of the data, the data collected were secondary in nature.

ii. The size of the data is fairly large and the study is considering a period of twelve years; as a result only regression method will produce a reliable result.

iii. Also, the number of variable this study considered were five independent variables, which could have only /easily fit into Multiple Regression Method; because it is an efficient estimator of large data compare to Chi – Square etc (Agbonifoh &Yomere, 2004).

It has provision for panel data effect, to take care of variation in banks figure from different years and from different banks; because of the nature of data being used.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Data Presentation

The section presents data on Dividend Paid Per Share (DPS), Earnings Per Share (EPS), Total Assets (TAPS), Leverage (LPS), Cash Bank Balance (CBBPS) and Previous Years Reserves Per Share (PRPS).

Data of twelve deposit money banks; **Referred to Appendix 3**

4.2 Data Analysis and Results

Post Diagnostic Tests

Table 4.1 .

Variance Inflation Factors

Date: 07/28/18 Time: 14:15

Sample: 1 144

Included observations: 144

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.204981	188.5181	NA
EPS	0.001342	4.823005	1.251706
TAPS	0.022459	300.3730	2.727128
LPS	0.040244	499.3751	3.802670
CBBPS	0.012255	90.00973	2.859832
PRPS	0.000885	4.608883	1.123862

Table above presents the variance factor (VIF) and tolerance coefficients of each of the explanatory variables. The collinearity revealed a variance inflation factor (VIF) fairly lower than 10, a tolerance higher than 0.2. This shows absence of threat of multicollinearity or independent errors. Researchers suggested that multicollinearity will not automatically cause a problem when the VIF is not higher than 10 and when the tolerance for each of the variable is above 0.2 (Wasserman & Kutner, 1990).

Breusch-Godfrey Serial Correlation LM Test

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	8.905764	Prob. F(2,112)	0.2202
Obs*R-squared	16.667919	Prob. Chi-Square(2)	0.1202

The Breush-Godfrey serial correlation LM test as shown in the above table result was performed on the residuals and the results revealed observed R-squared of 0.1202 which is in excess of 0.05, which lead us to reject the presence of serial correlation in the residual.

Breusch-Pagan Heteroskedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.820659	Prob. F(5,114)	0.5370
Obs*R-squared	4.158454	Prob. Chi-Square(5)	0.5268
Scaled explained SS	5.145644	Prob. Chi-Square(5)	0.6775

The Breush-Pagan-Godfrey test for Heteroskedasticity as shown above in table above was performed on the residuals and the results showed observed R-squared of 0.5268 which is in excess of 0.05, which lead us to reject the presence of heteroskedasticity in the residual.

Descriptive Statistics of Variables

Table 4.2: Descriptive Statistics

	DPS	EPS	TAPS	LPS	CBBPS	PRPS
Mean	1.451374	1.701152	3.796103	3.659162	2.780695	2.069300
Median	1.477121	1.949390	3.792602	3.693199	2.841359	2.352183
Maximum	2.380211	2.919078	4.877688	4.127105	3.828660	3.184691
Minimum	0.301030	-2.096910	2.778151	2.245513	1.431364	-3.001734
Std. Dev.	0.517526	1.010660	0.364640	0.321659	0.505492	1.179237
Skewness	-0.100968	-2.326894	0.259357	-1.230068	-0.536953	-2.921161
Kurtosis	2.095496	8.170735	4.257498	5.170684	2.717038	11.66694
Jarque-Bera	5.117650	288.3491	11.02509	64.13629	7.348653	650.9399
Probability	0.077396	0.000000	0.004036	0.000000	0.025366	0.000000
Sum	207.5465	243.2647	542.8427	523.2602	397.6393	295.9099
Sum Sq. Dev.	38.03231	145.0436	18.88068	14.69200	36.28409	197.4652
Observations	144	144	144	144	144	144

Table 4.2 above shows that the mean of dividend paid per share (DPS) of 1.451374 as well as standard deviation of 0.517526, the minimum and maximum values of 0.301030 and 2.380211 respectively. It implied the average value of dividend paid per share (DPS) of listed deposit money banks in Nigeria is 1.451374 to 2.380211 and the deviation from both sides of the mean is 0.517526. This suggests that the data are not widely dispersed from the mean, the reason is that the standard deviation is not more than the value of the mean.

The table also reveals a minimum value of earnings per share (EPS) of -2.096910, and maximum value of 2.919078. The mean value 1.701152 with standard deviation of 1.010660. It implies that the average value of earnings per share (EPS) of listed deposit money banks in Nigeria is 1.701152 to 2.919078, and the deviation from both sides of the mean is 1.010660. This implies that the data are not widely dispersed in a far position to the mean, this for fact that the standard deviation is less than the value of the mean.

Table also indicates that the mean of bank size (TAPS) is 3.796101 having standard deviation standing at 0.364640, the minimum and maximum values of 2.778151 as well as 4.877688 respectively. It implies that the average value of bank size (TAPS) of listed deposit money banks in Nigeria is 3.796103 to 4.877688, and the deviating from both sides of the mean is 0.364640. This portrays that the data are not widely dispersed from the mean, the reason is that the standard deviation is less than the value of the mean.

Table also indicates that the mean of leverage (LPS) is 3.659162 having standard deviating of 0.321659, the minimum and maximum values of 2.245513 and 4.127105 respectively. It implies that the average value of leverage (LPS) of listed deposit money banks in Nigeria is 3.659162 to 4.127105, and the deviation from both sides of the mean is 0.321659. This suggests that the data are not widely dispersed from the mean, this adduced to standard deviation was lesser than the value of the mean.

Table also reveals a minimum value of 1.431364 for cash bank balance (CBBPS), and maximum value of 3.828660. The mean value 2.735154 having standard deviation of 0.505492. It implies that the average value of cash bank balance (CBBPS) of listed deposit money banks in Nigeria is 2.780695 to 3.828660, and the deviating from both sides of the mean at 0.505492. This implies that the data are not widely spread apart of

the mean, for the reason that standard deviation is not of higher figure compared to the mean value.

Table also indicates that the mean of previous reserves per share (PRPS) is 2.069300 having standard deviation of 1.179237, the minimum and maximum values of -3.001734 and 3.184691 in that order. It implies that the average value of reserve (PRPS) of listed deposit money banks in Nigeria is 2.069300 to 3.184691, and it is deviating from both sides of the mean at 1.179237. It thus portrays that the data are not widely dispersed from the mean, for the reason that the standard deviation is also lower value compared to the value of the mean.

The probability value of Jarque-Bera test of profit per share (EPS), total assets (TAPS), leverage (LPS) and reserve (PRPS) are 0.0000, 0.004036, 0.000 and 0.000 respectively, they are all less than 5%. It indicates that they are not normally distributed. But Jarque-Bera test of dividend paid per share (DPS) and cash bank balance (CBBPS) is normally distributed as the probability value of Jarque-Bera test of 0.077396 and 0.065366 respectively are more than 0.05. Also, the skewness value of all the variables is close to zero, it means that the distribution of the variables is symmetric in nature. The Kurtosis values of all the variables are also close to 3, it indicates that the shape is a normal distribution, except earnings per share (EPS) and previous reserves (PRPS) that are not close to 3. Though the above event notwithstanding because the Guasian theorem (1929) and Shao (2003) position that normality of data actually do not in any way impede the inferential statistics estimate of the BLUE.

Correlation Matrix and Multicollinearity Analysis

The correlation matrix was carried out in determining the correlation between the independent variables of the work. That table here under represents the correlation matrix for the sample observations.

Table 4.3: Correlation Matrix

	DPS	EPS	TAPS	LPS	CBBPS	PRPS
DPS	1.000000	0.537054	0.380874	0.457118	0.348163	0.389130
EPS	0.537054	1.000000	0.319731	0.421224	0.360839	0.257631
TAPS	0.380874	0.319731	1.000000	0.781752	0.708159	0.235213
LPS	0.457118	0.421224	0.681752	1.000000	0.690173	0.272459
CBBPS	0.348163	0.360839	0.708159	0.790173	1.000000	0.284277
PRPS	0.389130	0.257631	0.235213	0.272459	0.284277	1.000000

Table above presents the correlation matrix of the independents variables. It could be seen that there is fairly correlation among the variables, which is (between 0.70 and 0.23). That no presence of correlation coefficient higher than 0.8, as a result problem of multicollinearity of data does not exist.

4.2.1 Profit / Earnings and Dividend Pay-out

Ho_1: Earnings per share of deposit money bank have no significant effect on the dividend pay- out of deposit money banks in Nigeria.

Panel Regression Analysis

H_0: Random effect is appropriate

H_1: Fixed effect is appropriate

Based on the result of the Hausman test, this study accepts alternative hypotheses which states that Fixed effect is appropriate (see appendix 1 for the result of Hausman test)

Table 4.4: Result of Fixed Effects

Dependent Variable: DPS
Method: Panel Least Squares
Date: 07/28/18 Time: 14:14
Sample: 2006 2017
Periods included: 12

Cross-sections included: 12

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.850490	0.572782	1.484840	0.1401
Earnings Per Share (EPS)	0.194770	0.034167	3.651717	0.0004
Total Assets Per Share (TAPS)	-0.114090	0.190451	-0.599053	0.5502
Leverage Per Share (LPS)	0.223277	0.211997	1.053211	0.22943
Cash Bank Balance Per Share (CBBPS)	-0.120376	0.105076	-1.145604	0.2541
Previous Reserves Per Share (PRPS)	0.164041	0.043689	3.754732	0.0253

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.620252	Mean dependent var	1.451374
Adjusted R-squared	0.572030	S.D. dependent var	0.517526
S.E. of regression	0.338562	Akaike info criterion	1.782983
Sum squared resid	14.44269	Schwarz criterion	1.135209
Log likelihood	-38.98329	Hannan-Quinn criter.	0.926111
F-statistic	12.86244	Durbin-Watson stat	1.814850
Prob(F-statistic)	0.000000		

Table above also presents the results of Fixed Effects model. The result shows that the P-value of F- statistics is 0.000 which is less than 5%, this shows that the model is fit and that the model is statistically significant as it implies that all the independent variables are statistically significant. The R square value of 0.62 means that independent variables contribute 62% to the dependent variable. It also indicates that 62 percent of the variation in dividend paid per share (DPS) was responsible for their variability in profit per share (EPS), total assets (TAPS), leverage (LPS), cash bank balance (CBBPS) and previous reserves per share. The adjusted R square of 0.57 /57% indicates that any

variations that can occur as a result of the introduction of additional independent variable are taken care of and can only influence the R square to the point of .57%. Durbin-Watson value of 1.814850 shows there is no serial or auto correlation. Durbin (1970), asserted that if the Durbin Watson statistic value is above 0.5 or 50 percent, independent of predicting variables exist. In other words, there was no auto correlation among the residuals of the study. The Durbin Watson statistic value of 1.8148 therefore indicates that there is no autocorrelation among the residuals of this study.

The regression line shows that dividend paid per share (DPS) = -0.850490 + 0.194770EPS–0.114090TAPS+0.223277LPS-0.120376CBBPS+0.164041PRPS. It shows that for every N1 increase in profit per share (EPS), dividend paid per share (DPS) increases by 19kobo approximately. The p - value of 0.0004 was lower than t - value of 0.05; that is, it is significant at zero percent. This simply means that alternative hypothesis is accepted that earnings per share of deposit money banks are having significant positive influence on the dividend pay- out of deposit money banks in the country.

4.2.2 Size of Firm and Dividend Pay-out

Ho_2: Referred to Table 4.4

The Fixed Effect panel regression shows that (DPS) = -0.850490 + 0.194770EPS–0.114090TAPS + 0.223277LPS - 0.120376CBBPS + 0.164041PRPS, it indicates that for every N1 increase in firm size (TAPS), dividend paid per share (DPS) reduces by 11 kobo. The p-value of 0.5502 was higher i than t-value of 0.05. This simply means that the null hypothesis is accepted that size of quoted deposit money banks has no significant effect on dividend pay-out per share of deposit money banks in Nigeria.

4.2.3 Leverage and Dividend Pay-out

Ho_3: Referred to Table 4.4

The regression line also reveals (DPS) = -0.850490 + 0.194770EPS–0.114090TAPS + 0.223277LPS - 0.120376CBBPS + 0.164041PRPS, it means that for every N1 increase in leverage (LPS), dividend paid per share (DPS) increases by 22 kobo. The p-value of 0.2943 was higher in figure compared to t-value of 0.05. This simply means that the null hypothesis is accepted that leverage of banks do not have significant impact on dividend pay-out of listed banks in Nigeria.

4.2.4 Cash Bank Balance and Dividend Pay-out

Ho_4: Referred to Table 4.4

The regression line also reveals that (DPS) = -0.850490 + 0.194770EPS–0.114090TAPS + 0.223277LPS - 0.120376CBBPS + 0.164041PRPS, it reveals that for every N1 increase in cash bank balance (CBBPS), dividend paid per share (DPS) reduces by 12 kobo. The p-value of 0.2541 was more in value compared to t-value of 0.05. This simply implies the null hypothesis is accepted that cash bank balance of quoted bank has no significant effect on the dividend payment in deposit money banks in Nigeria.

4.2.5 Previous Reserves and Dividend Pay-out

Ho_5: Referred to Table 4.4

The regression line also reveals (DPS) = -0.850490 + 0.194770EPS–0.114090TAPS + 0.223277LPS - 0.120376CBBPS + 0.164041PRPS, it means that for every N1 increase in reserves (PRPS), dividend paid per share (DPS) increases by 16 kobo. The p–value of 0.0253 is less than t-value of 0.05. This simply means that the alternative hypothesis is accepted that previous years reserves of listed banks of have significant positive effect on dividend pay-out of deposit money banks in Nigeria.

4.3 Discussion of Findings

It was revealed in this study that earnings per share of deposit money banks had significant positive influence on the dividend pay- out of deposit money banks in the country. This findings agrees with the research works of Kania and Bacon (2005); Trang (2012); Zameer, Rasool, Igba and Arsheed (2013); Eng, Yahya and Hadi (2013); Uwuigbe (2013); Zaman (2014); Abubakar and Adeyemi (2014); Edet, Atainet and Anoka (2014); Dada, Malomo and Ojediran (2015); Odesa and Ekezie (2015), but contradicts that of Ho (2003); Firer, Gilbert and Maythan (2008); Ahmed and Javid (2009); Osegbue, Furueze and Furueze (2014); Maladjian and Khoury (2014). EPS was significant at zero percent as determinant of dividend pay-out of listed banks, therefore stands that accounting profit is major and strongest dividend predictor. Board of directors declared dividend based on the level of profit reported. In the other hands, shareholders expect more dividend when higher profit is reported; management knows this they react proactively by paying dividend according to level of profit for shareholders interest. The above finding also show that dividend are paid by listed banks in line with the CAMA criteria of profit among others on dividend payment. Therefore dividend are paid by deposit money banks base on Nigeria legal procedure. The above explanations are in line the spirit of Relevance, Clientele etc. dividend Theories.

The result of the study indicates that size of quoted deposit money banks has no significant effect on dividend pay-out per share of deposit money banks in Nigeria. This position is in line with the study of Olantundun (2000); Zaman (2014); Adeyemi and Abubakar (2014) and contradicts the study of Casey and Newman (2002); Ho (2003); Al-Malkawi (2007); Ahmed and Javid (2009); Olowe and Moyosore (2010); Mehta (2012); Reddy (2013); Alzomania and Al-khadiri (2013); Aruwa (2015). This

finding suggests that a size of listed banks does not commensurate with the size of dividend they paid to shareholders compare with smaller banks. In other words, the growth in proportionate total asset per share (investment take) lead to decrease or lower growth of dividend per share (shareholders take).More profit listed banks make, the more they invest in profitable investment opportunities for future gains. That is, they make more use of their profit/ retained earnings in financing option. This in line with the pecking order Theory and above literatures. Though they can pay more dividend in the future period. The increase in size of asset without increase in size of dividend pay-out it could be as a result non-performing loans and advances.

It is exposed by this study that leverage of banks do not have significant impact on dividend pay-out of listed banks in Nigeria. The finding is in line with the study of Naceur, Goaied and Belances (2006); Osegbue, Ifurueze and Ifurueze (2014), but contrary to the study of Nuhu, Musah and Senyo (2010); Mirzq and Afza (2011); Uwuigbe (2013); Alzomania and Al-Khadiri (2013); Abubakar and Adeyemi (2014); Maladjian and El-Khoury (2014); Odesa and Ezekiel (2015); Dada, Malomo and Ojediran (2015). The findings suggest that the risk shareholders bear per Naira loan/ leverage is higher than or does not commensurate to the divined / dividend per share they received. That means borrowing are not done efficient and profit driven enough. Therefore, loans/ debt should be efficiently, effectively, project- profit and cost benefit net plus driven. Also borrowing time should be appropriate (boom business circle and cost of debt should be minimal.

The study findings show that cash bank balance of quoted bank has no significant effect on the dividend pay-out of deposit money banks in Nigeria. This share the same view with the study of Al-Najjar and Husseiney (2009); Mehta (2012) and oppose the views of Ho (2003); Adelegan (2003); Eriki (2004); Musa (2005); Ani and Kapoor (2008);

Olowe and Moyosore (2010); Gupta and Banga (2010); Nyor and Adejuwon (2013); Baah, Tawiah and Eric (2014); Dada, Malomo and Ojediran (2015).The study position that availability of cash bank balance does not mean the readiness/ willingness of the bank management to use those cash to pay dividend but among other things to boost liquidity.(ratios) In other words, availability of cash bank balance does not translate to automatic dividend payment or power. It suggests there is trade-off between cash bank balance availability and dividend pay-out, also presence of idle cash and lack of idea by management to scan through profitable business opportunities for those cash/ monies to be invested. It can be agency measures and strategy to reduce excessive monitoring or control by principals on the management. This is line with the Agency Theory and literatures above.

The study outcome indicates that previous reserves has significant positive effect on the dividend pay-out of deposit money banks in Nigeria. This is in line with the study/ legal position of CAMA 1990; Lintner (1956); Aruwa (2015). The study therefore, share opposite view with study of Soondur, Maurick and Sewak (2016); Hellstrom and Inagambaev (2012); Ahmed (2015). The findings of this work further agree with position of CAMA on Nigeria legal approved condition on dividend payment. Therefore, deposit money banks in Nigeria pay dividend in adherence to the law, either to avoid sanction or to show as law compliance sector. In agreement with Dividend Relevancy Theory, the study also suggests that listed banks make provisions for reserves with future intention to be used as dividend in the time of profit distress. Other implication is that already boosted reserves can encourage or give management operational confidence to pay dividend from the current year profit.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Dividend policy of a firm which determine how much of profit is paid as dividend as well retained had attracted interest of various scholars over the world because of the important of its determinants and its implication to stakeholders. Though, various factors influence dividend pay-out but the study focused per share value of five variables (EPS, TAPS, LPS CBBPS PRYPS and DPS as dependent) of listed banks among other criteria for a period of ten years. This period covered banks re-organisations / capitalisation and post capitalisation period of the listed banks in Nigeria, with major objective of examining the significant effects of these variables on dividend pay-out of quoted banks in the country.

Dividend is a reward to shareholders for their investments as a result management or board of directors carry out dividend payment by designing various pay-out procedure and guidelines (dividend policy) to suit shareholders expectations /class, organisational operation/needs, market consideration etc. Dividend are of various types; having cash dividend as most common and there are various period of dividend payment but annual payment period is popularly practised among listed banks. The choice of form of dividend and time of payment is chosen by management considering stakeholders interest and financial needs.

From the previous empirical work reviewed and their findings across the globe revealed conflicting and same findings among the five variables with performance having more consistency of positive and significant influence on dividend payment. Researchers had adduced reasons for these conflicting findings to differences in data used, environmental factors, methodology, time etc. There have been two major dividend Theories

(Relevance and Irrelevance); the study therefore outlined itself with dividend Relevance Theory which says that dividend is important.

The study adopted descriptive/expo facto research design and purposeful sampling technique was used for selection of the sample of the listed banks. Multiple Regression Analytical Tool (E-view 9) was used to analyse the data of the five variables to ascertain their effects on dividend pay-out. The justifications for the above choices were that; the data were secondary data of past event, sampled listed banks were by criteria, the data were large and the variables for the study were more than two variables.

Fixed Effect was adopted as determined by the Hausman Test Result and the regression result showed that; ordinary shareholders profit and previous years reserves were significant with positive effects while total assets (size), leverage and cash bank balance were not significance. Therefore, listed banks in Nigeria should ensure earnings quality and prudent operations to promote increase in profit for consistent dividend pay-out.

5.2 Conclusion

Accounting profit is the major and most significant of dividend determinants of listed banks in Nigeria. The more earnings quoted deposit money banks in Nigeria make, the more they pay dividend. The study therefore concluded that as earnings per share increases dividend pay-out per share of quoted deposit money banks in Nigeria also increases in a significant proportion.

Bank size do not serve as a strong influence on dividend pay-out A proportionate growth of total assets per share (size) does not attract a corresponding proportionate increase in dividend per share to shareholders of listed banks. The swell up of size of asset could also be as a result of non-performing loans and advances. The study

concluded that the more opportunity the banks have to increase their size through earnings, the more they are likely/ hope to pay dividend in the future.

Leverage of quoted deposit money banks have no strong effect in determining their dividend pay-out. In other words, the risk per share shareholders bear in leverage does not correspond to the dividend each receive. The study concluded that increase in leverage could have a positive influence on dividend pay-out in the future.

Availability of Cash bank balance does not automatic translate to dividend payment or power; as it does not increase dividend pay-out of quoted deposit money banks in Nigeria, there is observed trade-off between dividend pay-out and cash bank balance. It is concluded that increase in cash bank balance could reduce dividend pay-out of quoted deposit money banks in the long run. Secondly, keeping increase cash position only serves liquidity ratio purpose.

Previous years reserves influence dividend pay-out listed banks positively because it is part of profit not used previously. Listed banks make provision for reserves with the intention to use it to pay dividend in the time of necessity. Therefore, the study concluded that size of reserves of listed banks in Nigeria have positive and significant influence on their dividend pay-out.

5.3 Recommendations

i. Quoted deposit money banks in Nigeria should continue to improve on their earnings quality, operational prudent, revenue drive and block all revenue leakages from fraud in order earn more profit to pay more regular dividends to shareholders.

ii. Listed banks should ensure high asset quality, improvement on non-performing loans; cost and benefits analysis of assets should be maintained by quoted

deposit money banks in Nigeria to discourage acquisitions of assets with no net plus effect and Central bank of Nigeria should ensure strict adherence to asset quality.

iii. Management of quoted deposit money banks in Nigeria should ensure optimum combination of debt and owners fund in order to make the banks not to be too levered but liberal to mitigate the possibility of pressure on management when proposing for financing. Borrowing cost should be minimum and plan only for projects with surplus returns.

iv. Cash bank balance / idle cash / monies should be reduced by ensuring that loans, cash/ monies and advances are channeled into productive sectors of the economy, thereby increasing profitability and ability of quoted deposit money banks to pay dividend.

v. Central Bank should make provisions for reserves a statutory concern and listed banks in particular should make more provisions for various reserves /regularly to boost liquidity and to ensure regular payment of dividend in the future especially in the period of profit adversity.

5.4 Limitations of the Study

All quoted deposit money banks would have been used for the study but few of them had serious problem of incomplete records of data for many years of the study while few others had no record for dividend per share for average of one year. Though purposeful sampling technique was used to remove those listed banks with serious problem of incomplete data while zero figure was used in the few listed banks in the year without record of dividend per share.

5.5 Suggestions for Further Studies

Considering the previous discourse of the major outcomes, the research work conclusions and the limitations identified; there are possible ways in which future research can build upon this type of study.

This work is limited to quoted deposit money banks in Nigeria. It is recommended that a similar study can be carried out in other sectors of the economy of Nigeria, such as pharmaceutical and insurance sector, manufacturing sector, oil and gas sector and agricultural sector using per value of variables.

In another hand, a comparative study that cut across all the sectors can also be carried out. However, future researcher can also increase the scope of the study because this study only covers 2006 to 2015.

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Appendix 1: **Random Effect**
Dependent Variable: DPS
Method: Panel EGLS (Cross-section random effects)
Date: 07/28/18 Time: 14:14
Sample: 2006 2017
Periods included: 12
Cross-sections included: 12
Total panel (unbalanced) observations: 144
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.619035	0.409639	-1.511175	0.1330
EPS	0.183194	0.031956	5.732720	0.0000
TAPS	0.113029	0.136131	0.830294	0.4078
LPS	0.407555	0.177625	2.294467	0.0233
CBBPS	-0.138466	0.096464	-1.435408	0.1534
PRPS	0.107935	0.027374	3.943009	0.0851

Effects Specification	S.D.	Rho
Cross-section random	0.049979	0.0213
Idiosyncratic random	0.338562	0.9787

Weighted Statistics

R-squared	0.377729	Mean dependent var	1.293091
Adjusted R-squared	0.355018	S.D. dependent var	0.490486
S.E. of regression	0.393897	Sum squared resid	21.25620
F-statistic	16.63225	Durbin-Watson stat	1.306741
Prob(F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.377729	Mean dependent var	1.451374
Sum squared resid	22.62561	Durbin-Watson stat	1.227651

Correlated Random Effects - Hausman Test
Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	53.446707	5	0.0000

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
EPS	0.194770	0.183194	0.000146	0.0000
TAPS	-0.114090	0.113029	0.017740	0.0882
LPS	0.223277	0.407555	0.013392	0.1113
CBBPS	-0.120376	-0.138466	0.001736	0.6641
PRPS	0.164041	0.107935	0.001159	0.0994

Fixed Effect Test

Dependent Variable: DPS
Method: Panel Least Squares
Date: 07/28/18 Time: 14:12
Sample: 2006 2017
Periods included: 12
Cross-sections included: 12
Total panel (unbalanced) observations: 144

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.850490	0.572782	1.484840	0.1401
EPS	0.194770	0.034167	3.651717	0.0004
TAPS	-0.114090	0.190451	-0.599053	0.5502
LPS	0.223277	0.211997	1.053211	0.2943
CBBPS	-0.120376	0.105076	-1.145604	0.2541
PRPS	0.164041	0.043689	3.754732	0.0253

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.620252	Mean dependent var	1.451374
Adjusted R-squared	0.572030	S.D. dependent var	0.517526
S.E. of regression	0.338562	Akaike info criterion	0.782983
Sum squared resid	14.44269	Schwarz criterion	1.135209
Log likelihood	-38.98329	Hannan-Quinn criter.	0.926111
F-statistic	12.86244	Durbin-Watson stat	1.814850
Prob(F-statistic)	0.000000		

BANK	ID	YEAR	DPS	EPS	TAPS	LPS	CBBPS	PRPS
UBA	1	2006	2	2.2695	4.14	4.1149	2.9685	2.4183
	1	2007	2.0792	2.382	4.1271	4.0567	2.8921	2.4048
	1	2008	2	2.4843	4.0641	4.0067	2.8633	2.4843
	1	2009	1.6021	1.7782	4.8143	3.7518	2.2553	2.4829
	1	2010	1	1.4472	4.6679	3.6179	3.0286	2.3181
	1	2011	0	-1.079	4.7149	3.6645	3.0402	2.2923
	1	2012	1.5682	2.1584	4.7262	3.6896	3.255	2.2175
	1	2013	1.699	2.1492	4.8358	3.7419	3.243	2.4314
	1	2014	1.699	2.0864	4.8777	3.8347	3.3835	2.6395
	1	2015	1.7782	2.1335	4.7329	3.6609	3.1587	2.5843
	1	2016	1.5682	2.3096	3.7924	3.7330	3.1290	2.7986
	1	2017	1.9294	2.0755	4.0755	4.0149	3.4193	2.9420
FIRST BANK	2	2006	2	2.4298	4.0710	4.0212	2.9868	2.9294
	2	2007	2.0792	2.1931	3.9394	3.8976	2.7709	2.7482
	2	2008	2.0492	2.3483	3.9858	3.9325	2.7931	3.1847
	2	2009	1.6435	2.1492	3.9114	3.8319	2.7559	3.1367
	2	2010	1.7782	1.9494	3.8603	3.7789	2.3802	2.9823
	2	2011	1.9031	1.9031	3.942	3.8825	2.7853	2.6021
	2	2012	2	2.3747	3.9969	3.933	2.9685	2.4771
	2	2013	2.0414	2.3345	4.0689	4.0128	3.2504	2.7076
	2	2014	1	2.3711	4.1261	4.0127	3.3324	2.7853
	2	2015	1.1761	1.6335	4.0729	4.0083	3.3079	2.8808
	2	2016	1.2304	1.5910	4.2787	4.1271	3.3422	2.9863
	2	2017	1.3979	2.0828	4.1640	4.1032	3.2524	2.9657
FIDELITY BANK	3	2006	1.0414	1.301	2.7782	2.699	1.8865	1.5315
	3	2007	1.2041	1.4624	3.1173	3 .0414	2.0755	1.8062
	3	2008	0	1.6628	3.2765	3.1461	2.0334	1.8451
	3	2009	0.8451	1.1761	3.1875	3	1.9243	1.8451
	3	2010	1.5185	1.301	3.233	3.0792	1.9445	2.0792
	3	2011	1.4472	1.1461	3.5315	3.415	2.5599	2.1239
	3	2012	1.6628	1.7924	3.4548	3.3802	2.5682	2.1584
	3	2013	0.301	1.4314	3.5575	3.4857	2.8414	2.2014
	3	2014	0.7782	1.6532	3.618	3.5502	2.9557	2.3032
	3	2015	1.2041	1.6812	3.6286	3.5586	2.8055	2.3365

	3	2016	1.3802	1.5315	3.8305	3.7637	3.0334	2.5477
	3	2017	1.0414	1.8129	3.6771	3.6078	2.9680	2.2455
ZENITH BANK	4	2006	2.0374	2.2856	3.9548	3.8757	3.3464	2.6128
	4	2007	2	2.3075	3.9825	3.9191	3.1847	2.6232
	4	2008	2.3243	2.5832	4.0942	3.9978	3.2355	2.7559
	4	2009	0	1.9138	3.8471	3.7009	2.6628	2.3802
	4	2010	1.9294	2.0719	3.8136	3.7252	3.6823	2.5051
	4	2011	1.9777	2.1206	3.8151	3.7575	3.8287	2.5051
	4	2012	2.2041	2.4843	3.8351	3.8071	3.0187	2.7243
	4	2013	2.243	2.4249	3.9615	3.8838	3.2627	2.8062
	4	2014	2.243	2.4698	4.0269	3.9562	3.3541	2.8751
	4	2015	2.3075	2.4983	4.089	4.017	3.3788	2.9605
	4	2016	2.3053	2.6149	4.1262	4.0563	3.2760	1.0413
	4	2017	2.3054	2.7528	4.2439	4.1020	3.4773	3.1323
UNION BANK	5	2006	2	2.2041	4.0253	3.9542	2.959	2.3802
	5	2007	2	2.1004	3.8621	3.7896	2.4914	1.2041
	5	2008	2	2.3304	3.9899	3.9385	2.5682	1.1139
	5	2009	0	-0.699	3.9628	3.938	2.7152	1.0414
	5	2010	2.1239	2.9191	3.9143	3.8609	2.5911	2.2989
	5	2011	0.301	-2.097	3.738	3.6335	2.7482	-2.1
	5	2012	1.2553	1.3802	3.7243	3.6325	2.9345	-2.121
	5	2013	1.3222	1.5051	3.7143	3.6096	2.4928	-2.127
	5	2014	1.415	2.0828	3.7	3.5922	2.5051	-2.064
	5	2015	0.4771	2.0212	3.7926	3.6577	2.5092	-3.002
	5	2016	0.3010	1.9638	3.7577	3.6517	2.7945	-2.7860
	5	2017	0	1.9085	3.9296	3.8118	2.9186	2.8921
GTB	6	2006	1.8451	2.1614	3.7042	3.6421	2.7101	2.4314
	6	2007	2.0128	2.2122	3.7789	3.7322	2.6128	2.6785
	6	2008	1.8451	2.2742	3.7875	3.6932	2.7007	2.6294
	6	2009	2	2.1072	3.738	3.6493	2.2718	2.5079
	6	2010	1.6628	2.2175	3.6677	3.571	2.9872	2.9335
	6	2011	1.9138	2.2279	3.7177	3.6452	3.0278	3.0342
	6	2012	2.1461	2.4814	3.7444	3.6568	2.8543	2.1931
	6	2013	2.2878	2.5011	3.8114	3.7289	2.891	2.2718
	6	2014	2.3222	2.5403	3.8582	3.7753	2.7396	2.2672

	6	2015	2.2553	2.5453	3.95	3.8723	2.9996	2.2601
	6	2016	2.2648	2.6693	3.9650	3.8775	2.9169	2.4281
	6	2017	2.3802	2.7803	4.0738	3.9842	3.3560	2.9850
ECOBANK	7	2006	0	1.4314	2.9773	2.8921	1.8261	0.699
	7	2007	1.3802	1.5315	3.4166	3.3659	2.0334	2.0043
	7	2008	0	-0.477	3.7803	3.7474	2.4183	2.3541
	7	2009	0	-1.806	3.6955	3.6611	2.1239	2.2095
	7	2010	1.6021	2.2625	4.1673	3.8739	3.5281	2.8075
	7	2011	1.6021	1.7782	4.0107	3.9605	3.3365	2.5514
	7	2012	1.6021	1.2041	3.9827	3.9299	3.4955	2.6812
	7	2013	0	1.7782	4.0195	3.9657	3.4669	2.8062
	7	2014	1	2.2625	4.0418	3.9859	3.5478	2.8698
	7	2015	1.301	1.4472	4.0846	4.0353	3.506	2.8254
	7	2016	0	1.4623	3.9061	3.8496	3.0697	2.5821
	7	2017	0	2.3424	3.9581	3.8896	2.8215	2.5922
ACCESS BANK	8	2006	0	-1.079	3.2193	3.1408	2.6425	1
	8	2007	0	1.9395	3.6715	3.6323	2.6385	1.3617
	8	2008	1.4771	2.238	4.0481	3.9668	2.5682	1.0792
	8	2009	1.8261	2.1492	3.6425	3.507	2.5038	1.9868
	8	2010	1.699	1.8573	3.7498	3.6244	2.1335	2.316
	8	2011	1.699	2.2279	3.666	3.5707	2.8692	2.0645
	8	2012	1.9294	2.2355	3.8769	3.8028	3.1495	1.2304
	8	2013	1.7782	2.2014	3.8933	3.8261	3.2594	1.9031
	8	2014	1.7782	2.2742	3.9117	3.8472	3.2605	2
	8	2015	1.7853	2.3747	3.9799	3.9144	3.2723	2.1644
	8	2016	1.6532	2.3979	4.0018	3.9411	3.3134	2.1732
	8	2017	1.8129	2.3385	4.1517	4.0200	3.5183	2.9112
DIAMOND BANK	9	2006	0	-0.301	3.518	3.4522	2.6702	2.4829
	9	2007	1.7404	1.9494	3.6032	3.5207	3.0056	2.5403
	9	2008	1.7482	2.0414	3.7493	3.6556	2.7474	2.6599
	9	2009	0.9542	1.6812	3.654	3.57	2.5416	2.8837
	9	2010	1.1761	1.6532	3.5454	3.4456	2.2455	2.85
	9	2011	0	-1.964	3.6378	3.5834	2.5198	1.9445
	9	2012	0	2.2014	3.8803	3.8339	2.946	1.959
	9	2013	1.4771	2.3139	3.9549	3.9078	3.1351	1.8388

	9	2014	1	2.1584	4.0502	3.9959	3.2679	2.4249
	9	2015	0.9031	1.2304	3.7473	3.6822	3.058	2.3522
	9	2016	0	1.1761	3.7358	3.6849	2.9425	2.2577
	9	2017	0	-1.5910	3.5696	3.5111	2.8162	2.1702
STERLING BANK	10	2006	0	-0.954	3.0249	2.2455	1.4314	-1.204
	10	2007	0	0.7782	3.1717	3.0856	2.2405	1.8513
	10	2008	0.4771	1.716	3.2984	3.24	2.1106	1.8692
	10	2009	0	-1.724	3.2458	3.2024	1.8325	2.0043
	10	2010	0	1.5185	3.3137	3.2652	1.7404	1.301
	10	2011	1	1.7243	3.5874	3.5504	2.4502	1.8388
	10	2012	1.301	1.6435	3.5643	3.5199	2.6042	1.9638
	10	2013	1.3979	1.716	3.6482	3.6074	2.7846	2.1004
	10	2014	0.7782	1.6232	3.585	3.5379	2.9112	2.0607
	10	2015	0.9542	1.5563	3.3595	3.3042	2.5211	2.1106
	10	2016	0	1.2552	3.4637	3.4166	2.5752	1.9956
	10	2017	0.3010	1.4771	3.5696	3.5215	2.6294	1.9956
FCMB	11	2006	1.1139	1.5563	3.1307	3.0073	1.7782	1.7634
	11	2007	1.5441	1.7853	3.4412	3.3867	1.699	1.6812
	11	2008	1.699	2.0899	3.6141	3.4747	1.8633	1.6721
	11	2009	0.699	1.3222	3.6155	3.4738	1.8633	2.1461
	11	2010	0.6021	1.6902	3.5219	3.3969	2.2878	2.017
	11	2011	0	-1.785	3.5684	3.4739	2.5877	2.0492
	11	2012	1.5563	1.8865	3.6653	3.6792	2.798	1.1139
	11	2013	0	1.9085	3.7098	3.648	3.0065	1.8692
	11	2014	0	2.0492	3.7735	3.7094	2.8062	1.9731
	11	2015	1.6021	1.3802	3.7752	3.7086	2.968	2.25527
	11	2016	0.9031	1.8573	3.6603	3.5884	2.8488	2.1613
	11	2017	1	1.6812	3.7818	2.9832	2.7242	2.5092
STANBIC	12	2006	1.4772	1.5185	3.0060	2.8088	1.7075	2.5051
	12	2007	1.4772	1.6232	3.2304	3.1058	1.8388	2.4031
	12	2008	0	1.8062	3.2707	3.1572	1.7924	2.3784
	12	2009	1.6020	1.6335	3.2543	3.1370	1.6128	2.5729
	12	2010	1.3979	1.5563	3.3071	3.2003	1.7243	2.5933
	12	2011	1	1.6989	3.3228	3.3282	2.1335	2.5211
	12	2012	1	1.6989	3.5229	3.4658	2.7209	2.5428
	12	2013	1.9030	2.3010	3.8363	3.7720	3.0350	2.8488

	12	2014	2.0644	2.5011	3.9378	3.8807	3.1195	2.9590
	12	2015	1.9777	2.1909	3.8849	3.8246	3.2393	2.9590
	12	2016	0.6989	2.3909	3.9585	3.8961	3.4148	2.6618
	12	2017	2.0413	2.6628	4.1397	4.0774	3.6013	3.1186