Unclaimed Dividends and Performance of the Fixed Income Market in Nigeria

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ABSTRACT

This study investigated the effects of unclaimed dividends on the performance of the fixed income market in Nigeria from 1991 to 2021, with the specific objectives of determining the extent to which unclaimed dividends of less than 15 months, unclaimed dividends with registrars and unclaimed dividends with companies have affected market capitalization of the fixed income market in Nigeria. The study utilized 31 years annual time series data obtained from CBN and SEC statistical bulletins for 2021. Johansen co-integration, ECM estimation and granger causality techniques were used to ascertain the short and long run relationship among these variables. Results indicated that a long run relationship exist between unclaimed dividends and performance of the fixed income market, while the speed of adjustment in event of any distortion is about 62.5%. It was also revealed that only unclaimed dividends with companies have a positive effect on market capitalization of the fixed income market; while unclaimed dividends of less than 15 months, unclaimed dividends with registrars and unclaimed dividends with Companies have a joint significant effect of about 80% on market capitalization of the fixed income market. It was as such deduced that unclaimed dividends has a long run significant effect on the performance of the fixed income market in Nigeria. The study therefore suggested that there is need for sincerity on the part of the government, SEC and registered companies to reduce the volume of unclaimed dividends in Nigeria; as this will go a long way in boosting the performance of the Nigerian capital market.

Keywords: *Unclaimed Dividends, Fixed Income Market, Unclaimed Dividends with Registrars, Unclaimed Dividends with Companies*

INTRODUCTION

As an integral component of a financial system, the financial market encapsulates the equities and bonds (fixed income) markets. Fundamentally, the equities market in Nigeria is more popular than the fixed income market. This is partly because the equities market investors have a piece of ownership in a company with the potential to realize gains in their investment based on the company's future performance (Chen and Scott, 2020). Thus, equity holders are legally part owners of the companies whose shares they are holding, which gives them the right to attend AGMs (Annual General Meetings) and can vote to elect management of their companies. However, one major challenge of the equities market in this part of the world today is the issue of unclaimed dividend. According to Nnodim (2022), unclaimed dividends at Nigeria's capital market increased from N168bn in 2020 to N177bn in 2021. Untimely or non-receipt of dividend warrants, uninformed investors, death of shareholders and deliberate plans by companies not to pay dividend are some of the factors attributed for the geometric increase in the volume of unclaimed dividends in Nigeria.

Given the challenges associated with the equities market, the fixed income market provides investors an escape route. The fixed income market is a segment of the financial market where fixed income securities are bought and sold. In Nigeria, these securities include industrial loan/corporate bonds, FGN bonds and state/municipal bond (SEC, 2021). Thus, this market provides a platform for corporate entities and the government to raise long-term capital for financing new projects, expanding and modernizing industrial/commercial concerns. In other words, the fixed income market is an arrangement whereby monies can be borrowed by corporate entities without diluting the ownership structure of their organizations. Effective and efficient use of bond enhances the financial well-being of shareholders/bondholders.

From the foregoing, it can be deduced that one of the reasons why investors fancy investing in the equities market is that it gives them the opportunity to be part owners of a corporate entity, which qualifies them to periodic dividend payments at the end of every good business year. However, given the humongous volume of unclaimed dividends in Nigeria, the natural tendency is for these investors who are arbitrageurs to switch to other markets like the fixed income market (Nwachukwu, 2011). On the empirical side of the divide, the literature is awash with studies on unclaimed dividends (Ullah, Suliman, Nargas and Ullah, 2021; Adeiza, Sabo and Abiola, 2020; Ogbodo, 2017; Ekwueme and Ezelibe, 2017; Ezeudu and Orikara, 2017; Owolabi and Obada, 2013). However, a careful observation revealed that amongst the avalanche of empirical studies reviewed, none attempted to determine the remote impact of unclaimed dividends on the performance of the fixed income market. On these premises, one may be tempted to ask: what is the impact of unclaimed dividends on the performance of the fixed income (bond) market? This study as such is designed to fill the gap arising from the above question and other related issues bordering on the relationship between unclaimed dividends and the performance of the fixed income market in Nigeria.

REVIEW OF RELATED LITERATURE

Concept of Unclaimed Dividend

According to Ifuero and Osarobo (2006) unclaimed dividend refers to declared dividends warrants sent to the various shareholders' addresses that are returned unpaid for one reason or the other. The Unclaimed Money Act 1891 of Australia defines unclaimed dividend as all dividend, bonuses, profit and sums of money whatsoever, which shall have been in the possession of any company for a period of six years or upwards, and in respect where no claim shall have been made by the owner against the company and which shall arise out of any dealing within a state by any owner or person with the company. The Nigerian Securities and Exchange Commission (SEC) defines unclaimed dividend as dividends due to shareholders fifteen (15) months after initial payment. Such dividend which remain unclaimed after fifteen months of being declared are supposed to have been returned to the company from which the beneficiary/ investor may make claim not later than (12) years afterwards. Subsequently, such unclaimed dividends are considered statute barred and thus forfeited by the shareholders. In such a case, it is assumed that the dividends have been forwarded by the registrar/company to the beneficiary but same have been returned as unclaimed. Year after year, huge dividend payouts are pronounced but a reasonable percentage of that money are not being claimed by shareholders for one or more reasons only known to the shareholders (Kighir, 2016). Succinctly put, when dividends are not claimed by shareholders for any reason, it gives rise to the issue of unclaimed dividends; which has remained a recurring decimal in Nigeria. In the words of Owolabi and Obada (2013), the problem of unclaimed dividend can be traced to 1972 and 1977 when the Nigerian Stock Exchange (NSE) came into existence and subsequent indigenization of Nigerian companies. During those periods, there were no sufficient means of keeping track of share certificate and signatures and with 12 years ultimatum by Companies and Allied Matters Acts (CAMA) to declare dividend status barred marked the beginning of the growth of unclaimed dividend in Nigeria.

The Fixed Income Market

According to Hayes (2021), the fixed income market, which is also known as the bond market or credit market, is the collective name given to all trades and issues of debt securities. Corporate organizations and government at all levels issue bonds in order to raise capital to go into new lines of business, execute capital projects or pay debts owed. Equally, publicly owned companies issue bonds (also known as debenture) when they need to finance business expansion projects or maintain ongoing operations. Thus, the bond market basically describes a market place where investors buy debt securities that are brought to the market by either governmental entities or corporate entities. Bonds like shares are either issued in the primary market, which rolls out new debt, or in the secondary market, in which investors may purchase existing debt via brokers or other third parties. Bonds tend to be less volatile and more conservative than equity investments, but also have lower expected returns. The primary market is frequently referred to as the new issues market in which transactions strictly occur directly from the bond issuers and the bond buyers. In essence, the primary market yields the creation of brand-new debt securities that have not previously been offered to the public. In the secondary market, securities that have already

been sold in the primary market are then bought and sold at later dates. Investors can purchase these bonds from a broker, who acts as an intermediary between the buyer and selling parties. The secondary market issues may be packaged in the form of pension funds, mutual funds or life insurance policies (Hayes, 2021). In Nigeria, the bond market has grown in terms of number of listed securities, number of deals, value of deals and market capitalization.

Miller and Modigliani (M-M) Irreverence Theory

Miller and Modigliani (1961) are the front runners of the dividend irrelevance argument. According to them, under a perfect market situation, the dividend policy of a firm is irrelevant, as it does not affect the value of the firm. They argued that the value of the firm depends on the firm's earnings that result from its investment policy. As such, when investment decision of the firm is given, dividend decision which is the split of earnings between dividend and retained earnings is of no significance in determining the value of the firm. In other terms, Miller and Modigliani (MM for short) came up with the assertion that dividend policy of a firm is irrelevant as it does not affect the wealth of the shareholders rather it is the investment policy of the firm that affects shareholders wealth (Onuigbo, 2012).

Gordon Theory

This theory is associated with the traditional school of thought, which was founded by Graham and Dodd (1934). However, Gordon (1959) came up with a very articulate argument and explanation that has come to be known as the Gordon theory. His theory introduced the concept of dividend relevance when ascertaining the market value of shares. The main argument here is that the motive to pay dividends is to increase share market prices of the companies making the dividend payment. The theory is known for its mathematical models in calculating the market value of a company's share. It states that the market value of a company is equal to the present value of future streams of dividend. To determine the market value of a company, the variables considered include dividend, the cost of fund and expected growth rate (Adesina, Uwuigbe, Uwuigbe, Asiriuwa and Oriabe, 2017).

Residual Theory

This theory was advanced by the imperfect market school of thought. It holds that dividends are paid only after internal investment opportunities have been exhausted. Even if the available investment opportunities are more than the firm's earnings, the firm should borrow in order to cater for all the investment opportunities. If no earnings remains after the investment decisions have been made, then, no dividend is paid. The essence of the residual theory of dividend policy is that the firm will pay dividend from residual earnings that is from earnings left over after all suitable investment opportunities have been financed; i.e. the decision to pay dividends is purely residual. Here shareholders prefer capital gains to dividend payments and as such retained earnings are the most important source of financing for most companies. According to Weston and Brigham (1972), the starting point in the theory is that investors prefer to have the firm retain and reinvest earnings rather than pay them out as dividend if the return on reinvested earning exceeds the rate

of return the investor could, himself obtain on the investments of comparable risk. Thus, the residual theory of dividends considers dividend policy as a residual or passive decision.

Two factors that lend support to this theory are the tax bias in favour of capital gains and the presence of dividend payout costs which make dividend payments less attractive as a means of compensation. Thus, according to this theory, a firm should have a stable level of dividend policy irrespective of whether it experienced a boom or gloom in terms of profit realized. As such the firm saves more during periods of high profit in order to cater for the payment of dividends during periods of losses (Duke, Ikenna and Nkamare, 2015).

Theoretical Framework

This work will be anchored on dividend irrelevance as given by Miller and Modigliani (1961). The M-M theory of dividend irrelevance has it that the dividend policy of a company is irrelevant for the market value of its shares. The adoption of this theory is due to the fact that companies have their own share of blame when it comes to the mountain top volume of unclaimed dividends in Nigeria today. This as such will no doubt discourage investment in the equities market, while encouraging investment in other segments of the financial market like the fixed income (bond) market. This is simply because nature abhors vacuum and investors are always on the lookout for better investment options that promises better returns at all times. Secondly, given that these unclaimed dividend end up being re-invested one way or the other, there is no need declaring it in the first place; rather they should be re-invested by the companies involved in investment alternatives that promises returns that will be higher than the prevailing cost of capital. This move will no doubt reduce the issue of unclaimed dividends in the country and further enhance the market value of shares, which investors can at will sell without the hassles of dividend collection.

Empirical Review

Ogbodo (2017) examined the effect of unclaimed dividend on the financial statement of selected commercial banks in Nigeria by using time series data and survey research design. Data for the study were primarily and secondarily sourced. Primarily data was sourced through questionnaires, while secondary data were sourced from 2008 to 2012 annual reports and accounts of selected commercial banks in Nigeria. To test stated hypotheses, Z-test statistical tool was used for data analysis. Findings from the analysis revealed basically that unclaimed dividend directly affects the financial positions of financial institutions by increasing their total liabilities.

Ezeudu and Orikara (2017) examined the implications of large value of unclaimed dividends on the economic growth of Nigeria from 2005 to 2015. To increase the robustness of the study, earnings per share (EPS) was introduced as one of the explanatory variables. The study used the Ordinary Least Square (OLS) multiple regression technique to investigate the relationship among the variables. The study revealed that there exist a positive and significant relationship between unclaimed dividend and real gross domestic product in Nigeria. Furthermore the study showed that there exists a positive and significant relationship between earnings per share and real gross domestic product in Nigeria.

Kighir (2016) investigated on the impact of dividend payout and unclaimed dividends on stock price in Nigeria by adopting a survey research design and using cross-sectional secondary data from 55 companies quoted on the Nigerian Stock Exchange. In addition, questionnaires, interviews and group discussions were used to collect the primary data. Basically, regression technique was used for data analysis and this was done using statistical package for social sciences. Accordingly, the study revealed that there is a positive relationship between paid cash dividends and current stock price; there is a positive relationship between unclaimed dividends and current stock price. The study also revealed that 50% of impact of declared dividends on stock price in the banking industry, 33.3% in the manufacturing industry and 50% in Nigeria as a whole are as a result of inbuilt slack of unclaimed dividends.

Ekwueme and Ezelibe (2017) examined the effect of unclaimed dividend on profitability and firm value of selected deposit money banks (DMBs) quoted in the Nigerian Stock Exchange (NSE). The population of the study constituted of all the quoted deposit money banks (DMBs) in the Nigerian Stock Exchange for a period of 5 years, which is between 2012 and 2016 covered. However, only nine of these banks were selected for the study. Ordinary Least Square (OLS) statistical tool was used in the analysis of data. The study found that there is no significant relationship between unclaimed dividend and profitability. Similarly, it was also observed that no significant relationship exists between unclaimed dividend and firm value of the selected banks.

Uzoagba and Udagba (2020) examined dividend policy in an era of indigenization. They also reviewed the relationship between dividend policy and return on investment of selected Nigerian quoted manufacturing firms from 1985 to 2014. They sourced multi-dimensional data from the Stock Exchange Fact Book and financial statement of the selected quoted manufacturing firms within the period covered in the study. Multiple regression models having return on investment (ROI) as dependent variables; and dividend payout ratio (DPR), retention ratio (RR) and dividend yield (DY) as independent variables were formulated. Based on availability of data required, 18 manufacturing firms were selected for the study while the generated data was subjected to series of analysis using E-views statistical packages. Results revealed that dividend payout ratio, retention ratio and dividend yield have positive but insignificant relationship with return on investment. Co-integration analysis revealed a long-run relationship between the variables while granger causality test revealed a bi-directional relationship running through the variables.

Ullah, Suliman, Nargas and Ullah (2021) examined dividend policy and its impact on shareholders wealth with focus on Chemical, Oil and Gas Sector Companies Listed in Pakistan Stock Exchange (PSX). A sample of 25 companies from the Pakistan Stock Exchange was selected and this included companies from the chemical sector, oil, and gas sector. To depict the relationship between shareholders wealth and dividend policy, a multiple regression model was specified. Shareholders' wealth was measured with the market price of shares, and stood as the dependent variable of the model. Dividend per share, retained earnings per share, lagged price-earnings ratio and return on equity were used as independent variables. The Ordinary least square statistical technique was adopted as the tool for analysis. Result from the analysis carried out showed that there is a strong relationship between shareholders' wealth and dividend policy; shareholder's wealth is increased by dividend policy in the case of Pakistan.

Gap in Literature

i. None of the reviewed studies considered the effects of unclaimed dividends on the performance of the fixed income market.

ii. This study introduces a model that captures "less than 15 months" unclaimed dividend, unclaimed dividends with registrars and unclaimed dividends with companies as dimensions of unclaimed dividends in Nigeria.

iii. The entire gamut of unclaimed dividends as given by the Securities and Exchange Commission (SEC) in Nigeria was considered in this study, and not just a fraction of unclaimed dividends from a cross section of companies, as has been the norm.

METHODOLOGY

In a bid to achieve the objectives of this study, the ex-post-facto research design was adopted. This is because according to Anyiwe, Idahosa and Ibeh (2013), ex-post-facto research design is a design for measuring or ascertaining the impact of one variable on another or the relationship between one variable and another. In addition, the design is suitable for variables that are inherently non-manipulative. In other words, its manifestation has already occurred (Agbonofoh and Yomere, 2011).

For this study, only secondary data was used. These data were on unclaimed dividends of less than 15 months duration, unclaimed dividends with registrars, unclaimed dividends with companies, and market capitalization of the fixed income securities traded in the Nigerian stock exchange. These data were collected from the Securities and Exchange Commission (SEC) and Central Bank of Nigeria (CBN) statistical bulletins for various years.

Data Analysis Techniques

Unit Root/Stationarity Test

The stationarity process of each of the economic time series data utilized in this work was captured using the Augmented Dickey Fuller (ADF) approach to unit root test as proposed by Dickey and Fuller (1981). This stationarity approach was applied in testing the null hypothesis of a unit root against the alternative hypothesis of no unit root at the conventional 5 percent level. For each of the variables included in the unit root model, it is expected to be $I(0)$ or $I(1)$, but not $I(2)$. Thus, we accept H_0 (null hypothesis) and reject H_1 (alternative hypothesis) if the absolute value of ADF test statistic is less than the absolute critical value at 5% level; otherwise, reject H_0 and accept H_1.

Co-integration Test/Analysis

After the unit root test, the researcher delved into co-integration analysis. This is because according to Granger and Newbold (2012), to test for co-integration, we must ensure that the variables involved are stationary at first difference only. The essence of this analysis is to find out if there is co-integration among variables, to determine the number of co-integration equations and to define normalization of equations (Emanakuku, 2010). The test procedure adopted for the co-integration analysis was Johansen-Juselius (JJ) technique, which is used to find a possible correlation between

time series processes in the long term. In other words, the choice of the Johansen-Juselius (JJ) technique for co-integration analysis was because it allows for more than one co-integrating relationship and it is subject to asymptotic properties (large sample size), since a small sample size will produce unreliable results (Engel and Granger, 1987). This technique utilizes two test statistics to determine the number of co-integrating vectors. These are trace and maximum eigenvalue test statistics. To test for co-integration, we compare the value of likelihood ratio to the critical value at 5 percent. If the likelihood ratio test value is greater than the critical value at 5%, Cardiff (2013) advised that we accept the null hypothesis (H_1) and conclude that there is co-integration among the variables.

Model Specification

CAPFM = f(LUD, UDR, UDC) ..………………………………...……………1
CAPFM = $B_0 + B_1LUD + B_2UDR + B_3UDC + e$ ….……………….…………..2

Where:

CAPFM	=	Market Capitalization of the Nigerian fixed income market
LUD	=	Less than 15 months Unclaimed Dividends
UDR	=	Unclaimed Dividends with Registrars
UDC	=	Unclaimed Dividends with Companies
B_0	=	Intercept term of the model
B_1	=	Regression slope of LUD
B_2	=	Regression slope of UDR
B_3	=	Regression slope of UDC
f	=	Functional notation
e	=	Error term of the model

A priori Expectations (Test)

B_1, B_2, $B_3 > 0$; this implies that we expect a positive relationship between "less than 15 months", unclaimed dividends with registrars, unclaimed dividends with companies and market capitalization of the Nigerian fixed income market.

ANALYSIS AND INTERPRETATION OF RESULTS

Table 1: ADF Unit Root Test Results

Variables	ADF Statistic	5% Critical Value	P-Value	Order of Integration
CAPFM	-3.706169	-2.967767	0.0052	I(1)
LUD	-5.561220	-2.967767	0.0001	I(1)
UDR	-7.697521	-2.967767	0.0000	I(1)
UDC	-6.617354	-2.971853	0.0000	I(1)

Source: Researcher's Compilation based on E-Views Output

The above table showed that at first difference, the value of ADF test statistic for each of the variables are in absolute terms, greater than the Mackinnon statistic at 5% level of significance. This therefore confirms that the variables are integrated at order one (1), which further qualifies the research model for co-integration and error correction model analyses.

Table 2:Co-integration Analysis

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None*	0.423248	32.21906	7.85613	0.0001
At most 1*	0.271393	16.25909	9.79707	0.0039
At most 2	0.203304	7.077104	15.49471	0.5687
At most 3	0.016616	0.485921	3.841466	0.4858
Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None*	0.423248	15.95997	7.58434	0.0092
At most 1*	0.271393	9.181987	9.13162	0.0175
At most 2	0.203304	6.591183	14.26460	0.5386
At most 3	0.016616	0.485921	3.841466	0.4858

Source: E-Views Output
From table 2, given that there are two co-integrating equations at 5% level of significance, it follows that there is a long-run relationship among the variables considered to necessitate for analysis of ECM (Error Correction Mechanism).

Table 3: Error Correction Estimates

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-5.16E-07	2.75E-07	-1.878706	0.0715
D(LUD)	-26.97028	3.33E-09	-8.10E+09	0.0302
D(UDR)	-214.2951	2.26E-08	-9.46E+09	0.0043
D(UDC)	85.74154	2.57E-09	3.34E+10	0.0410
ECM(-1)	-0.625451	1.71E-11	5.84E+10	0.0000
R-squared	0.870600	Mean dependent var		3676.565
Adjusted R-squared	0.801040	S.D. dependent var		5289.433
S.E. of regression	3.42E-07	Akaike info criterion		-26.78968
Sum squared resid	3.05E-12	Schwarz criterion		-26.55839
Log likelihood	420.2400	Hannan-Quinn criter.		-26.71428
F-statistic	1.79E+21	Durbin-Watson stat		2.073934
Prob(F-statistic)	0.000000			

Source: E-Views Output
The ECM estimates revealed that the error correction term for fixed income market equation is properly signed with a negative coefficient of -0.625451 and a t-statistic of 0.0000. This implies that about 62.5% of disequilibrium in the relationship between unclaimed dividends and performance of the fixed income market is corrected every year by changes in unclaimed dividends. The table equally showed that amongst the components of unclaimed dividends considered, only unclaimed dividends with companies has a positive effect on the market capitalization of the fixed income market; while all strata of unclaimed dividend were statistically significant. Finally, the table revealed that these classes of unclaimed dividend have a combined influence of about 80% on the market capitalization of the fixed income market in Nigeria.

Granger Causality Test
Granger causality test (see appendix) revealed that:

a. Market Capitalization of the Nigerian fixed income market granger cause unclaimed dividends with registrars;
b. Unclaimed dividends with registrars granger cause "less than 15 months" unclaimed dividends;
c. Unclaimed dividends with companies granger cause "less than 15 months" unclaimed dividends; and
d. Unclaimed dividends with companies granger cause unclaimed dividends with registrars.

Diagnostics Tests
Table 5: Diagnostic Test Results

Test Statistics	F-statistics	P-value
Heteroskedasticity (X^2ARCH)	3.065872	0.0909
Ramsey Reset (X^2 RESET)	0.417783	0.4375
Multicollinearity (VIF)	1.803639, 2.550424, 3.289630	-

Source: Researcher's Compilation based on E-Views Output
The results of our diagnostic tests in table 4.6 showed that our model is free from heteroscedasticity and multicollinearity since the p-value of ARCH statistic is greater than 0.05; and the values of VIF are less than 5. Similarly, the result of the Ramsey RESET also report a p-value greater than 0.05, which implies that the functional form of the model is correctly specified and the coefficients are stable over time.

Discussion of Findings

The Augmented Dickey Fuller (ADF) unit root test criterion was used to examine the order of integration of the variables used in this study. Results here revealed that the variables were stationary at first difference at 5% level of significance. This qualified the research model for co-integration and error correction model analysis. Johansen co-integration test revealed that there is a long run equilibrium relationship between unclaimed dividends and performance of the fixed income market in Nigeria.

ECM analysis nonetheless revealed that in an event of any disequilibrium in the said relationship, the speed of convergence, which is engineered by unclaimed dividends, is about 62.5% per annum. This speed of adjustment of the model is considered to be strong as shown by the significant (0.0000) error correction term. Further investigation revealed that unclaimed dividends with companies have a positive and significant effect on the market capitalization of the fixed income market in Nigeria, which aligns with our a priori expectation whereby compounding issues of unclaimed dividend in the equities market will naturally force investors to consider other markets like the fixed income market, and this reflects in the capital base of the market. However, "less than 15 months" unclaimed dividends and unclaimed dividends with registrars have negative but significant influences on the capital base of the bond market. This may not be unconnected with the fact that statutorily, in Nigeria, 90% of unclaimed dividends of over 15 months from the

payable date of a declared dividend, goes to the companies that declared them while only 10% are sent to the registrars of the capital market, who are the paying agents (Olajide and Otaru, 2016). In addition, pair-wise tests revealed that a unidirectional relationship subsists between market capitalization of the fixed income market and unclaimed dividends with registrars in Nigeria; which is a testament that unclaimed dividends with registrars is not large enough to dictate happenings in the fixed income market. Finally, diagnostic tests showed no presence of heteroscedasticity and multicollinearity; thus a pointer to the validity and reliability of our model.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The topic studied was unclaimed dividend and performance of the fixed income market in Nigeria. Hence, the main concern of this study was to determine the effects of unclaimed dividends on the performance of the fixed income market in Nigeria. The nature of the topic informed the decision to use secondary, yearly, time series data. These data were on unclaimed dividends of "less than 15 months" duration, unclaimed dividends with registrars, unclaimed dividends with companies and market capitalization of the fixed income market. These data were exposed to series of tests like the unit root test, using ADF technique; co-integration test, using Johansen technique; ECM (Error Correction Model) estimation as the main statistical tool; pairwise granger causality test and diagnostic tests, which checked for the presence of heteroscedasticity, multicollinearity and the state of the functional form of the model using ARCH, VIF (Variance Inflation Factor) and Ramsey RESET test criteria respectively. ADF unit root test showed that all the variables were stationary at first difference, which informed the need to adopt Johansen co-integration test technique as the major tool of analysis. The Johansen test, on its own, revealed that there is a long run relationship between unclaimed dividends and performance of the fixed income market. Going forward, it was observed that unclaimed dividends of less than 15 months have a negative and significant effect on market capitalization of the fixed income market; unclaimed dividends with registrars have an inverse but significant effect on market capitalization of the fixed income market; there is a positive and significant relationship between unclaimed dividends with companies and the market capitalization of the fixed income market; unclaimed dividends have about 62.5% capacity yearly to correct any distortion in the long run relationship between unclaimed dividends and performance of the fixed income market; and market Capitalization of the Nigerian fixed income market dictates the pace of its relationship with unclaimed dividends with registrars. Finally, diagnostic tests results showed that the errors of our model have constant variance (homoscedastic), there is no correlation between the explanatory variables of our model, and the functional form of our model is correctly specified and the coefficients are stable over time. Sequel to the forgoing, it was deduced that unclaimed dividends have a long run significant effect on the performance of the fixed income market in Nigeria. On this noted, it was suggested that there is need for sincerity on the part of all parties involved on the operations of the Nigerian capital market; there is the need to massively develop the fixed income market in Nigeria; and all hands must be on deck to ensure that the current state of insecurity in Nigeria is improved to encourage investment in the fixed income market in particular and the capital market in general.

The main aim of this work was to determine the effects of unclaimed dividends on the performance of the fixed income market in Nigeria for the period 1991-2021 based on data collected from the statistical bulletins of the CBN (Central Bank of Nigeria) and SEC (Securities and Exchange Commission). Results revealed that only unclaimed dividends with companies has a positive effect on market capitalization of the fixed income market while other classes of unclaimed dividends considered were statistically significant. It was also revealed that a long run relationship exist between variables. On these bases, it was deduced that unclaimed dividends has a long run significant effect on the performance of the fixed income market in Nigeria.

Recommendations

i. There is need for sincerity on the part of the government, SEC and registered companies to reduce the volume of unclaimed dividends in Nigeria as this will go a long way in boosting the performance of the Nigerian capital market.

ii. There is a need to develop the fixed income market by way of increasing the number of listed securities, degree of liquidity (ease of buying and selling assets), improved institutional framework and checkmating the fraudulent attitude of market operators.

iii. Financial investments across all divides tend to flow away from environments where there is instability, uncertainty and insecurity of lives and properties. As such, there is urgent need for the relevant authorities to ensure that the current state of insecurity in the country is arrested in order to attract more investors to the Nigerian capital market.

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