Evaluation of the Effect of Financial Performance on Dividend Payout of Deposit Money Banks in Nigeria

Ubesie Madubuko Cyril
Odume Magnus Sunday
Nwachukwu Raphael Chikwute
Department of Accountancy
Facaulty of Management Sciences
Enugu University of Science and Technology
ubesiemadubuko@yahoo.com

D.O.I: 10.56201/ijebm.v8.no4.2022.pg49.90

Abstract

This study evaluates the effects of financial performance measures on the dividend payout of deposit money banks in Nigeria The specific objectives are to determine the effect of earnings per share on dividend per share of deposit money banks in Nigeria, to examine the effect of return on assets on the dividend per share of deposit money banks in Nigeria, to assess the effect of return on equity on dividend per share of deposit money banks in Nigeria and to evaluate the effect of profit for the year on dividend per share of deposit money bank in Nigeria from 2011 to 2020. The proxies for the independent variables, Financial performance, are earnings per share, return on assets, return on equity and profit for the year while the proxy for dividend payout is dividend per. The study adopted ex post factor research design. Secondary data were obtained from the annual audited reports of the banks from 2011 to 2020. Correlation coefficient was used to determine the strength of association among the variables while multiple regression analysis was used to analyze the data obtained. The finding of the study revealed that earnings per share and return on assets had significant positive effects on dividend per share; return on equity had insignificant positive effect on dividend per share while profit for the year had significant negative effect on dividend per share of deposit money banks in Nigeria. The researcher concluded that financial performance measures had significant positive effect on dividend per share except for profit for the year that had negative and significant effect on dividend per share of deposit money banks in Nigeria. It was recommended among others that Management should improve on their Earnings Per Share (EPS), Return on Assets (ROA) and Return on Equity (ROE) as they are of importance in determining the dividend payout of deposit money banks in Nigeria. Banks' management to design an optimum dividend policy that will enhance performance as well as shareholders' value by striking a balance between payout and retention ratio.

Keywords: *Return on assets, banks in Nigeria, deposit, earnings per share*

1.1 Background of the Study

Investors in Nigeria Banks are interested in the return on their investment. Akirisulire (2014) said that this return can come in the form of dividend which can be cash or additional stock. Return on investment can also come in the form of increase in share prices. No matter the form, it is important that the firm's objective of maximizing shareholders wealth is achieved either by increasing shareholder's purchasing power through cash dividend or increasing share price through reinvestment of retained earnings. According to Emekekwue (2002), retained earnings acts as a buffer to the future earnings capability of the firm and as such, a drop in the future retained earnings will precipitate a drop in the market value of the stock. This implies that dividend whether paid or retained has effect on the company's future growth.

The importance of the study of dividend policy of banks cannot be overemphasized because of its consequences on the future performance of banks. Akinsulire (2014) stated that dividend policy is extremely important because of its significant effect on the value of shares of companies. He added that a stable dividend policy is expected to lead to higher share prices because of the confidence of investors about the prospects of the company. In other words, investors are likely to invest more in a company that provides hope of regular dividend payments while at the same time expecting appreciation in the value of their investments through share price increases and wealth creation through investment diversification. This is a dilemma in the sense that achieving regular dividend payment may prevent the company from taking viable investment opportunities that will eventually result to increased profitability. Retaining all the profits for reinvestment will likely result to the loss of investors' confidence in the company and possible fall in share price.

It may be as a result of the above that Al-Najjar & Kilincarslan (2015) stated that dividend policy remains the most controversial topic in corporate finance despite all the great deal of academic research on the rationale behind dividend payments. This situation was described by Black (1976) as, ''dividend puzzle''. He stated further that the ''harder we look at the dividend picture, the more it seems like a puzzle , with pieces that just do not fit together''.
Never the less, Inyiama, Okwo & Inyiama (2015) defined dividend as the share of profit of a firm by the shareholders on a pro-rata basis that is determined by number of shares held by each shareholder. Zameer, Rasool, Igbal & Arshal (2013) defined dividend as the distribution of company's profit to its shareholders which depends on the shares one owns. In Olowe & Moyosore (2014), dividend policy is the payout policy that managers follow in deciding the size and pattern of cash distribution to shareholders over time.
Being aware of the proportion of the earnings to distribute as dividend and the form of the distribution does not proffer solution to this puzzle. Banks should understand in clear terms the reason behind dividend payment. Inyiam, et al (2015 quoting Gril, biger and Tibewala (2010) pointed out that dividend payment is important because of the fact that it provides certainty about the company's financial well being, attracts investors looking for current income and also helps to maintain the market value of the company's share.

On the order hand, Akinsulire (2014) stated that retained earnings are important because they are attractive source of finance for investment projects since investments can be undertaken without involving shareholders or any outsider to raise fund. They added that retained earnings have no associated costs, no issue costs and there is no possibility of change in control. The forgoing statements indicate that dividend payments and retained earnings are two opposing forces in the sense that the higher the retained earnings the lower the fund available for distribution as dividend to shareholders and vice versa.

The major challenge facing deposit money banks in Nigeria today is how to balance the two sides and arrive at a dividend payout policy that maximizes the shareholders' wealth without jeopardizing the confidence reposed on the banks by their shareholders and other investors. According to Dada, Malomo & Ojadiran (2015), dividend policy still remains a puzzle despite several academic discourses on the subject matter. The recent increasing competition among deposit money banks on profit declaration and dividend payments triggered a lot of comments from shareholders and the general public and also resulted too change in the perception of shareholders and the banking public about the various banks in Nigeria. The fact that banking sector is the second largest after the oil sector in Nigeria according to Dada et al (2015) suggests that care should be taken to study the interaction between financial performance measures and dividend payment policies of banks with a view to providing a guide for a stable and optimum dividend policies for the banks. This is so because the future of the baks depends partly on their dividend policies and we cannot underestimate the fatality the collapse of banking industry may bring upon Nigeria economy.

The study and understanding of the interplay of the various financial performance measures and the dividend payout will enable the corporate organizations to adopt dividend policies that guarantee their continuous existence by ensuring according to Stephen, Nneji & Nkamare (2015) that banks should be capable of maximizing the shareholders wealth through increase in share price /value. It is worthy to note here that it is the duty of the finance manger to decide whether to adopt higher payout ratio and then borrow to finance investment opportunities or low payout ratio and utilize the retained earnings to finance available viable investments. It should be noted that whichever option should depend on the prevailing economic situation.

1.2 Statement of Problem

The banking industry through its financial intermediation function plays an important role in Nigeria economy. Prior to the recapitalization of deposit money banks in Nigeria in December (2005) by the Central bank of Nigeria, there were several incidents of failed and distressed banks. The recapitalization required all deposit money banks to increase their capital base form N2billion to N25billion which resulted to merger and acquisition as banks struggled to beat the deadline, Olowe & Moyosore (2014). The recapitalization brought to bear stronger and reliable banks with increased branch network and profitability as well with regular dividend payout.

However, thereafter, the Central Bank of Nigeria has continued to exercise its supervisory power on these bank through continuous downward review of charges, fees and commission charged by banks , Central bank of Nigeria Circular (March 27, 2013). These and the effect of Covid-19 pandemic and its resultant drop in economic activities with increasing non performing loan ratios caused decline in banks' earnings as each bank struggle to survive. The consistent depreciation of Naira and high inflationary rate which has eroded the recapitalization of bank from N2billion to N25billion under Prof Chukwuma Soludo Led cental bank of Nigeria in December 2005 calls for concern as we examine the adequacy of the existing capitalization. This situation has put a lot of banks under pressure as they strive to meet the shareholders dividend payment expectation and at the same time meet the regulatory requirements on liquidity ratio; cash reserve ratio and capital adequacy ratio.

Based on the foregoing challenges, this study is set to evaluate the effect of financial performance measures on the dividend payout of Nigeria deposit money banks with a view to making recommendations on how to achieve optimum dividend payout policies for banks in Nigeria.

1.3 Objective of the Study

The main Objective of this study is to evaluate the effect of financial Performance Measures on dividend Payout of Deposit Money Banks in Nigeria. The specific objectives are:

1. To determine the effect of earnings per share on dividend per share of deposit money banks in Nigeria.
2. To examine the effect of return on assets on dividend per share of the deposit money banks in Nigeria.\
3. Assess the effect of return on equity on dividend Per share of deposit money banks in Nigeria.
4. To evaluate the effect of profit for the year on dividend per share of deposit money banks in Nigeria.

1.4 Research Question

The researcher in order to provide solution to the stated problems answered the following questions:

1. To what level does earnings per share affect dividend per share of deposit money banks in Nigeria?
2. To what extent does return on assets affects dividend per share of deposit money banks in Nigeria?
3. To what degree does return on equity affect dividend per share of deposit money banks in Nigeria?
4. To what extent does profit for the year affect dividend per share of deposit money banks in Nigeria.

1.5 Statement of Hypotheses

The following hypotheses were generated and tested

1. Ho_1: Earnings per share have no significant effect on dividend per share of deposit money banks in Nigeria.
2. Ho_2: Return on assets has no significant effect on dividend per share of deposit money

banks in Nigeria.

3. Ho_3: Return on equity has no significant effect on dividend per share of deposit money banks in Nigeria.
4. Ho_4 Profit for the year has significant effect on dividend per share of deposit money banks in Nigeria.

1.6 Scope of the Study

The study covers a period of ten years from 2011 to 2020. Seven banks were selected for the study namely Zenith Intl Bank PLC, UBA PLC, GTB PLC, First Bank Of Nigeria Ltd, Access Bank plc and Fidelity Bank PLC. These banks are classified by central Bank of Nigeria as Domestic Systematically Important Banks.

2.1 Conceptual Review

2.1.1 The concept of Dividend/ Dividend Policy

Inyiama et al (2015) stated that dividend could be viewed as the share of profit of a firm by the shareholders on a pro-rata basis which is determined by the number of shares held by each shareholder. According to Zameer et al (2013), dividend is distributions of a company's profit to its shareholders which depends on the share one owns. In other words, it is part of company's profit that is paid out to the shareholders in proportion to the number of shares held. Dividend policy decisions pose a lot of challenges to the management of organizations. According to Akinsulire (2014), dividend policy is concerned with the problem, which is better? 'The payment of dividend now or the retention of the earnings for capital gains'? 'or is there an optimum dividend payout ratio that maximizes the combined value of dividends paid and capital gains''?. The foregoing statements supports the fact that dividend police is a puzzle that cannot be resolved. It is the responsibility of every organizations management to ensure that try to strike a balance between what should be transferred to reserve and what is paid out as dividend,

Dividend policy is a policy that dictates the amount of profit of a company that should be paid out to the shareholders and the frequency of such payment. It also involves how much of the profits should be retained for investments and expansion. Sunday (2017 noted that dividend policy is primarily concerned with the decisions regarding dividend payout and retention. According Akinsulire (2014), ''Dividend policy is concerned with the problem, WHICH IS BETTER?, payment of dividend now or the retention of earnings for capital gains''. Given that some investors prefer cash dividend while others prefer capital gains through retained earnings , deposit money banks as well as other organizations try to adopt a dividend policy that seek to balance the two conflicting sides, so that while a proportion of the earnings are paid out as dividend, the remaining proportion is retained for future investments and growth. The essence is to arrive at optimum dividend policy that maximizes the combined value of dividends paid plus capital gains, Akinsurile (2014).

Dividend policy according to Pandy (2007) has objective of maximizing shareholders' returns so that the value of their investments are maximized. Dividend policy is made up of retention policy and pay out policy. While retention policy is the proportion of the profit that is retained for reinvestment, payout ratio is the proportion that is distributed to shareholders as dividend.

Striking a balance between the two is the concern of the dividend policy of every organization.

According to Brigham and Houston (2017), dividend policy of a firm depends on the willingness of the shareholders to forgo the amount of dividend payable to them in anticipation of a future return and their perception of the risk which is associated with the dividend postponed. Imeokpakaria and Ezeokoli (2017) noted that management can only retain income if they can reinvest those retained earnings at a higher return than what the shareholders could earn by themselves. The two way policy which is either retention or payout is therefore a function of what the shareholders stand to gain. It is the duty of the management of the firm to convince the shareholders they accept the part they are toeing.

2.1.2 Active and Passive Dividend policies

Proponents of active dividend policy according to Akinsurile (2014) argue that dividend payment is a critical factor in the determination of the value of the firm as well as shareholders wealth. Companies that follow active dividend policy treat retention as residue. In other words dividend payment is considered after the company has taken advantage of all available investment opportunities. On the other hands, passive dividend policy sees dividend payment as residual. This means that payment of dividend and how much to pay depends on the availability of profitable projects. This means that as long as a company has investment projects which returns are in excess of (or at least equal to) the required returns, it will continue to finance these projects and pay out nothing as dividend. Where the company has no profitable project, it can payout 100% of the profit available for distribution ad dividend.

2.1.3 Forms of Dividend

Akinsulire (2014) pointed out the following forms of dividends:

a. **Cash Dividends:** These are dividends recommended by the directors and approved and declared at the annual general meeting (AGM). They are subject to withholding tax and are normally paid out of cash. The declaration and payment sometimes put pressure on the company's liquidity.
b. **Scrip Dividends:** These are dividends also recommended by the directors and approved and declared at the Annual General Meeting (AGM). However, they are paid through issue of ordinary shares of the company; hence cash transfer is not involved. This type of dividend is essentially a transfer of additional equity shares to the shareholders as alternative to payment of cash dividend. It is a means of preserving company's liquidity. Scrip dividend attracts withholding tax just like cash dividend and it is optional.
c. **Scrip Issue:** This is the capitalization by issuing additional shares to the existing shareholders in proportion to their existing holdings, usually at no cost. It is also called Bonus Issue or capitalization issue. It has the effect of increasing the paid up capital of the company and reducing the reserve and surplus. It does not attract tax payment.

2.1.4 Factors Affecting Dividend Payment

ICAN Pack (2009) discussed the factors that shape the dividend policies of organizations. The factors are as discussed below:

a. **Legal Constraint:** The management of a company must recognize the existence of laws guiding payment of dividends. For instance, a company should not pay dividend out of capital and may only pay dividend, according to Companies and Allied Matters Act (CAMA 1990 as amended) out of:
   i. Profit arising from the use of company's property;
   ii. Revenue reserves; and
   iii. Realized profit on fixed assets sold.

CAMA also specified that dividend can only be declared on the recommendation of the directors, and any amount so recommended cannot be increased by general meeting, although it can be reduced.

b. **Future Financial Requirements:** Once the legal constraints have v=been cleared, management should consider its future financial needs including future profitable investment opportunities before deciding on the amount to be paid out as dividend.
c. **Liquidity:** Dividends are usually paid out of cash. Hence the amount of dividend paid by a company is largely dependent on available cash resources. Cash has alternative uses within a firm and management may therefore want to consider the alternative use rather than dividend payout.
d. **Capacity for Borrowing:** A firm must consider its ability to borrow at shot notice before deciding to pay dividend to shareholders. The ability of a firm to borrow especially at short notice, often largely influences its ability to meet its short term obligations as at and when due, including paying cash dividends
e. **Access to A Capital Market:** A large company with good access to the corporate bond market needs not bother about its liquidity situation for the purpose of paying cash dividends. This is because the company can easily raise fund by issuing bonds in the capital market to beef up its liquidity if need arises.
f. **Existence of restrictive Agreement:** If there is restriction on payment of dividend entrenched in an agreement to which the company is a party to, this will affect the firm's ability to pay dividend. For instance, in a loan agreement may include a clause restricting a firm from paying out dividend throughout the tenor of the loan.

2.1.5 Dividend per Share (DPS)

Igben (2009) defined dividend per share as the ratio which shows the amount of gross dividend declared on every ordinary share issued and ranking for dividend in the year. Dividend per share therefore is a measure of the amount each ordinary share outstanding will get. It is measured as Gross Dividend (Interim+final) divided by No. of Ordinary shares in issue ranking for dividend multiplied by one hundred. DPS = $\frac{\textbf{Gross dividend (interim+Final)}}{\textbf{No.of ordinary share in issue ranking for dividend}} \times \frac{\textbf{100}}{\textbf{1}}$

2.2 Financial Performance Measures

Eitan and Khalid (2019) stated that financial performance is used as a general measure of a company's overall financial wealth over a period of time which can be used to compare similar companies in the same industry and also to compare industries or sectors against each other.

Also Adeusi and Dada (2017) stated that financial performance of banks is expressed in terms of profitability and that profitability has no meaning except where it results to increase in the net asset of the banks, adding that profitability occurs when a bank earns reasonable profit on the owners' investment. In other words, we cannot talk about profit when the shareholders wealth is not increasing.

Usman and Olorunnisola (2019) explained that corporate performance involves measuring the result of the policies and operations of organizations in monetary terms. They added that firm performance can be measured by the amount of earnings generated by the company in terms of profitability. According to them, the results are revealed in organization's return on assets, return on equity, profit after tax, earnings per share, dividend per share, net assets per share, value added. For the purpose of this study, return on assets, return on equity, earnings per share and profit after tax shall be used as proxy for performance of deposit money banks in Nigeria.

2.2.1 Return on Assets (ROA)

Nwoha (1998) stated that return on assets measure how well the management managed the available total resources, adding that it focuses on the earning power of assets without regard to how they are financed. Abu & Okpe (2020) noted that Return on Assets measures how much the firm is earning after tax for each naira invested in the firms' assets. In other words, it measures how efficient the management of a company is at generating earnings with the available assets. The higher the return on asset the better it is for the company. It is measured Net Income (NI) divided by Total Assets (TA). ROA = $\frac{NI}{TA} \times \frac{100}{1}$

2.2.2 Return on Equity (ROE)

Imas & Rukmini (2018) stated that Return on Asset is one way of measuring the efficiency of a company by comparing the profit available to the owners of the capital with the available capital that generated the profit. Return on Equity according to Abu & Okpe (2020) is the ratio that indicates how the management team of a company is efficiently utilizing the money (capital) contributed by shareholders to generate profit. Put differently, it measures how good a company is in generating earnings from the investments received from its shareholders. This is calculated as Net Income (NI) divided by shareholders' equity (SE). ROE = $\frac{NI}{SE} \times \frac{100}{1}$

2.2.3 Earnings per Share (EPS)

Igben (2009) defined earnings per share as a ratio that gives an indication the amount of profit after tax and preference share dividend (but before taking into account the extra-ordinary incomes and expenses) attributable to each ordinary in issue and ranking for dividend during the period. Wood and Sangster (2009) stated that it is one of the frequently used ratios that indicates how much of the company's profit can be attributed to each ordinary share of the company. Earnings per share tells shareholders how much each one naira of their investment is earning for them. It is measured as Profit after tax minus preference dividend divided by number of ordinary shares ranking for dividend. EPS = $\frac{\textbf{profit after tax minus preference dividen}}{\textbf{number of ordinary share outstandin}} \mathbf{x} \frac{\mathbf{100}}{\mathbf{1}}$

2.2.4 Profit for the year (PFY)

Lucey (2003) Stated that Profit is a widely used absolute measure of performance and is one familiar to management and acceptable to them. The use of profit after tax as a measure of performance enables organizations to compare performance from one period to another period and also between or among companies operating within the same industry. Profit after tax is arrived at after deduction operational expenses and taxes. It is an important measure of performance in the banking industry. Most often, dividends are paid out of the year's profit, hence the higher the profit the more likely that a bank will pay dividend. This is also seen in the study of Zameer et al (2013) where they stated that dividend policy is affected by the profit stability, past dividend, current year's profit and projected profits. The log of profit after tax was used as proxy for profit after tax.

2.3 Theoretical Framework

Akinsurile (2014) stated that there are two major theories of dividend. They are the dividend Irrelevancy theory and the dividend supremacy/relevancy theory. This study will be anchored on the dividend supremacy/relevancy theory.

2.3.1 Dividend Irrelevancy Theory

According to Akinsurile (2014), the irrelevancy theory was first suggested by Modigliani and Miller (M & M) in 1961. M & M (1961) argued that under perfect market condition, shareholders are indifferent between dividend and capital gains; hence the value of the company is not dependent on dividend payment, rather on the earnings power of assets and investments. The contention is that as long as the company has capital project with positive Net Present value, it should continue to invest in them as the action will increase the value of the firm. The assertion of M & M (1961 was based on the assumption of perfect capital market where there are:

a. No transaction cost,
b. No floatation cost,
c. No taxes,
d. Non existence of risk of uncertainty and
e. Certainty about the future earnings of the firm.

The following points appear to form the basses of Modigliana and Miller (1961) argument:

i. If profits were distributed (instead of being retained) and external equivalent equity finance had to be raised to finance investment, the possibly reduced value of the share after financing plus the dividends paid will be exactly equal to the value of the share before financing, dividends payments, according to Modiglian and Miller (1961), thus have no effect on share value. The value of the share would have reduced because more shares were issued.

ii. If shareholders were expecting dividends and they did receive the dividends, they could replace exactly these dividends by selling shares and receiving cash. Thus, by this action, they could manufacture "homemade" dividends. If on the other hand, the company paid them dividends, when in fact they did not need such cash, they could use the "free" cash to buy shares of the company on the stock market. Given this scenario, the company is not doing for the shareholders anything they cannot do themselves. It is therefore not creating value. Based on the above, the fact that a company pays dividend or does not pay dividend, according to Modiglian and Miller (1961) is therefore immaterial to the investors. The existence of market imperfection provided basis for the development of various theories in contrary to the dividend irrelevance theory as stated in Malajam and Khoury (2014).

2.3.2 Dividend Supremacy/Relevance theory

According to Akinsurile (2014), the proponents of this theory Professor James E. and M.J Gordon (1959) argued that all that matters in determining share prices are dividends. The theory assumes that:

a. The market value of company shares depends on
   i. The size of dividend paid
   ii. The growth rate in dividend and
   iii. The shareholders' required rate of return.
b. The growth rate in dividends depends on how money is reinvested in the company, and also on the rate of earnings retention.
c. Shareholders will want their company to pursue a retention policy that maximizes the value of their shares.

The following sub theories are put forward to support then relevance of dividends.

a. The bird-In –Hand Theory

This is also referred to as dividend relevance theory on which this study will be anchored. Gordon (1959) argued that investors are risk averse and would prefer income now to future capital gain. In the words of Zameer (2013), ''a bird in hand is worth more than two in the bush'', referring to bird as dividend payment and bush as future capital gains which is not guaranteed.

b. The Residual Theory

Akinsurile (2014) stated that the residual theory purports that dividends are paid if all projects with positive net present value are fully undertaken and there are funds left over. Sunday (2017) stated that firms under residual policy follows net present value rule and can only distribute excess cash, which he described as internally generated cash flow less desirable capital expenditure, Ozuomba, Anichebe & Okoye (2016) noted that essence of the residual theory of dividend policy is that the firm will only pay dividends from residual earnings from earnings left over after they must have financed all suitable (positive NPV) investment opportunities. This implies that payment of dividend depends on the availability or otherwise of projects with positive net present value.

c. Dividend Signaling and Information Asymmetry Theory

Inyiama, et al (2014) stated that this theory assumes that managers have access to more information relating to the value of the firms' assets than other outside agent sand investors. Basil & Erhan (2018) stated that signaling theory is the most widely studied explanation and managers according to them use dividends to signal superior information about the current situation and the future prospects of the firm. In other words, dividend payment sends a signal to investors that a particular firm is making profit and there is worth investing in.

2.4 Empirical Review

2.4.1 The effect of Earnings per Share on Dividend payout of Deposit Money Banks in Nigeria.

Abu & Okpe (2020) assessed the effect of dividend policy on the profitability of listed agro allied companies in Nigeria. Secondary data was obtained from audited statements of all the listed agro-allied firms from 2005 to 2018. The ex-post facto research design was adopted while regression and descriptive analysis were used to determine the effect of explanatory variables. The result revealed that return on assets had positive and significant effect on dividend policy of listed agro-allied companies in Nigeria while return on equity had a negative and insignificant effect on dividend policy of agro-allied companies in Nigeria. Earnings per share were found to have a negative and insignificant effect on dividend policy of agro-allied companies in Nigeria. They concluded that dividend policy had probability of influencing the profitability of listed agro-allied companies in Nigeria.

Usman & Olorunisola (2019) studied the effect of dividend policy on corporate performance of Deposit Money Banks in Nigeria. They used purposive sampling method to select seven Deposit Money Banks based on the size of their capitals. Secondary data obtained from the annual reports of the selected banks from 2009 to 2018 were analyzed using both descriptive and inferential statistics. Panel regression analysis was used to assess the effect of dividend policy on corporate performance of Nigeria Deposit Money Banks. The result showed that Retained earnings, Earnings per share and dividend per share had positive and significant effect on corporate performance.

Simon-Oke & Ologunwa (2016) evaluated the effect of dividend policy on performance of corporate firms in Nigeria. They used time series data generated from secondary sources through publications in Nigeria Stock Exchange and company financial statements. Ordinary least square multiple regression technique was used to establish relationship among the variables of dividend policy and corporate performance of firms in Nigeria. The findings revealed that dividend policy is a function of strong variables such as return on investment, earnings per share and dividend per share.

Inyiama, *et al.,* (2015) examined the effect, causalities, co-integration, magnitude and strength of the relationships between dividend payout policies and other financial performance indicators such as Total Assets, earnings per share, retained earnings, market, and price per share and Net Asset value per share of Nigerian Brewery Sector. They found that dividend per share is positively and significantly influenced by earning per share and market price of equity shares.

On the other hand, Net Asset Value per share and Total Asset have negative and insignificant influence on dividend per share.

Applying ordinary least square regression technique to study the determinants of dividend policy of financial institutions in Nigeria, Bassey, Elizabeth and Asinya (2014) found that earnings per share, dividend per share in the preceding year and lending rate are positively and significantly related to dividend payment; hence they are the major determinants of dividend payout. Lending rate and liquidity exert insignificant influence and therefore did not influence dividend payment.

Imeokparia & Ezeokoli (2017) examined the effect of dividend payout on financial performance of Deposit Money Banks in Nigeria from 2007 to 2016. They applied random sampling to select ten banks listed on the Nigerian Stock Exchange. The secondary data was obtained from the annual reports of the selected banks and analyzed using pooled ordinary least square regression model, descriptive statistics and correlation analysis. The result showed that there was a significant relationship between firm performance and dividend payout variables. There was a positive significant relationship between earnings per share and firm size.

Torbira & Olokwala (2019) examined the determinants of dividend policy decision of Deposit Money Banks in Nigeria. Secondary data from 2000 to 2015 were used to conduct the study. They employed the dynamic multivariate model specifications for the panel data. The Johansen-fisher panel co-integration techniques were employed to estimate the adjusted long run parameters among the variables. Vector error correction method was used to estimate the joint and individual short run and long run dynamic influence of the variables. The result showed that leverage ratio, liquidity ratio, earnings per share and dividend payout interact in the long run. Individual dynamic short run test result shows that there is a short run causality running from leverage ratio, liquidity ratio and earnings per share to dividend payout ratio.

Mohammed, Ademola, & Olatunde (2015) examined the determinants of dividend payout among Listed Banks in Nigeria. Secondary data obtained from the annual reports of five selected banks from 2001 to 2010 were analyzed using multiple regression analysis. The result of the analysis revealed that earnings per share, return on investments, net asset turnover, corporate tax and growth in sales did not have significant influence in determining dividend payout among the selected quoted banks. However, holding other variables constant, earnings per share and corporate tax show a positive value meaning that increase in any of the two would result to increase in dividend payout ratio by the same value.

2.4.2 Effect of Return on Assets of Dividend Per Share of Deposit Money Banks in Nigeria.

Abdullahi, Adebayo & Aliyu (2020) evaluated the determinants of dividend policy of listed Deposit Money Banks in Nigeria. They used secondary data of the nine selected Deposit Money Banks from 2013 to 2019 and adopted Ex-Post facto research design and panel data analysis technique to analyze the data. The result showed a positive significant effect of profitability on dividend per share while return on assets and risk has a negative significant effect on dividend per share. Firm size and growth had negative and insignificant effect on dividend per share while return on equity had positive insignificant effect on dividend per share.

Imas & Rukmini (2018) carried out a study to examine if there is a significant effect of financial performance on dividend payout ratio of manufacturing companies listed on Indonesia Stock Exchange. Secondary data collected from the financial statements of the manufacturing companies listed on Indonesia Stock Exchange from 2013 to 2015 were used. They adopted descriptive analysis, multiple linear regression, correlation coefficient and coefficient of determination to analyze the Data. The result showed that return on assets, return on investment and profit margin had significant positive relationship with dividend payout ratio.

In a similar study, Enekwe, Nweze & Agu (2015) investigated the effect of dividend payout on performance evaluation of quoted companies in Nigeria from 2003 to 2014. They used secondary data obtained from the financial statements of selected cement companies in Nigeria. They employed ordinary least square techniques as panel estimation while descriptive research method and simple linear regression were used to analyze data. The findings showed that dividend payout ratio had positive relationship with return on capital employed, return on assets and return on equity. They further found that dividend payout ratio had statistically significant effect on return on capital employed and return on assets of quoted cement companies while at the same time maintained a statistically insignificant effect on return on equity of quoted cement companies in Nigeria.

Pradip (2020) evaluated the impact of dividend policy on financial performance of selected companies registered on Bombay Stock Exchange. They adopted correlation matrix and regression model for analysis of data. The result of their study showed a low positive association of price earnings ratio and dividend payout ratio. They also found that there existed strong association between return on assets and return on equity.

Anh, Cuong, Nga, Trang, Hieu & Tu (2021) investigated the effect of dividend payout on firm's financial performance. They for the study was obtained from the financial statements of 450 firms listed on the stock market of Vietnam from 2008 to 2019. Descriptive analysis, correlation test, multicollinearity, f-test and hausman test were conducted on the data. Data analysis were done using ordinary least square regression. Findings showed that dividend payment had negative impact on Vietnamese firms' performance using accounting based performance such as return on assets and return on equity

2.4.3 **Effect of Return on Equity on Dividend Per Share of Deposit Money Banks in Nigeria.**

James & Iwedi (2020) examined the relationship between dividend policy and return on investment of selected Nigerian quoted manufacturing firms from 1985 to 2014. Multidimensional data were sourced from Nigeria Stock Exchange fact book and financial statements of the quoted manufacturing firms. Ordinary least square analysis with the e-view software were conducted. Co-integration test, granger causality test and augmented Dickey fuller unit root test were used to analyze stationarity and long-run relationship between the dependent and the independent variables. They found that Dividend Payout Ratio, retention ratio and dividend yield have positive but insignificant relationship with Return on Investment

Idewele & Murad (2019) investigated the effect of dividend policy on financial performance of selected Deposit Money Banks in Nigeria. They used panel data regression analysis on a sample of fifteen Deposit Money Banks quoted in Nigeria Stock Exchange from 2009 to 2014. Pooled least square estimation technique was used to estimate the model. The findings revealed that there existed a positive and significant relationship between dividend payout ratio and financial performance (Return on Equity) while negative relationship existed between dividend yield and financial performance.

Uwuigbe (2013) examined the determinants of dividend policy: A study of selected listed firms in Nigeria. The author sampled fifty firms listed under Nigeria Stock Exchange from 2006 to 2011. Data from corporate annual reports were analyzed using regression analysis method. Findings revealed a significant positive relationship between firms' financial performance (Return on Equity), firm Size, financial leverage and board independence on dividend payout decisions of listed firms in Nigeria.

Yusuf (2015) studied the effect of dividend payout ratio on performance of Deposit Money Banks in Nigeria. Explanatory research design was adopted while correlation analysis and multiple regression were used to analyze the data. It was found that dividend payout ratio is negatively related to banks' leverage and profitability (Return on Equity).

Marakinyo, David, Adeleke & Omojola (2018) investigated the determinants of dividend policy of listed Deposit Money Banks in Nigeria. . Secondary data obtained from the annual reports of selected fifteen Deposit Money Banks in Nigeria from 2006 to 2015 were analyzed using panel data regression model. it was found o that board size, leverage, financial crises and political factor dummy variables had negative impact on dividend policy while firm size, profitability (return on Equity) and board independence had positive impact on dividend policy of deposit Money banks in Nigeria.

2.4.4 Effect of profit for the year on Dividend Per Share of Deposit Money Banks in Nigeria.

Dada, Malomo & Ojediran (2015) while evaluating the determinants of dividend policy of banking industry in Nigeria and using panel data found that dividend payment has significant positive relationship with profitability as measured by earnings per share, leverage, last year dividend. Liquidity was found to be negatively related with dividend payment.

Sunday (2017) carried out a study on the determinants of dividend policy of Nigerian quoted companies. Secondary date from 2002 to 2016 were obtained from twenty sampled quoted companies Nigeria Stock Exchange publication, Central Bank of Nigeria statistical bulletins, the Securities and Exchange Commission bulletins and published annual accounts of the companies. Panel data methodology was employed while random effect model was used as estimation technique at 5% level of significant. The result of the findings showed that profitability and historical dividend were positively related to dividend payout while liquidity and state of the economy had a negative relationship with dividend payout.

Maladjian and Khoury (2014) investigated the factors that determine the dividend payout ratio. Such as profitability, liquidity, leverage, firm size, growth, firm risk and previous year's dividend of Lebanese listed Banks. They used OLS and the dynamic panel regression to analyze their data and found that dividend payout policies are positively affected by the firm size, risk and previous year's dividends, while growth and profitability have negative influence.

Wasike and Jagongo (2015) studied the determinants of dividend policy in Kenya. Using ordinary least square regression, they found that profitability, corporate tax and liquidity or cash flow have positive and statistically significant relationship with dividend payout. Growth in sales and market to book value were found to have statistically significant negative association with dividend policies.

Md (2016) applied both pooled ordinary least square and dynamic panel regression model on secondary data obtained from sample of ten listed commercial banks in Bangladash to studythe determinants of dividend payout policy of listed private commercial banks of Dhaka Stock Exchange Limited. The results revealed that leverage, liquidity, firm growth, previous year's dividends and profitability were key determinants of dividend payout of listed private commercial banks in Bangladash. While dividend payout ratio was positively and significantly affected by liquidity, firm growth, previous year's dividends, they are negatively affected by leverage and profitability.

Abubakar and Nasiru (2015) examined the determinants of dividend payout in Nigerian banking industry. They applied multiple regressions analysis and found that profitability and liquidity had significant and positive relationship with dividend payout. Size and leverage had negative relationship with dividend payout.

Odawo & Ntoiti (2015) studied the determinants of dividend policy in public banks in Kenya. They used secondary data obtained from published result of CFC Stanbic Bank from 2003 to 2013. They adopted descriptive research design while descriptive and inferential statistics were used to analyze data. They found that while profitability, firm size and leverage had significant positive relationship with dividend payout, liquidity had insignificant negative relationship with dividend payout.

Zameer et al, (2013) investigated the determinants of dividend policy of Pakistani Banking sector. They applied stepwise regression analysis an found that last year dividend, profitability and ownership structure had positive effect on dividend payout while liquidity had negative effect. Size, leverage, agency cost, growth and risk were found to have insignificant relationship with dividend payout.

2.4.5 Summary Of Review

S/N	Year	Author(s)	Topic of Study	Area	Methodology	Findings
1	2021	Anh,Cuong, Nga, Trang, Hieu & Tu	The Effect of Dividend Payout on Firm's Financial Performannce:An Empirical study of Vietnam	Vietnam	Secondary data, Correlation test, multicollinearity test, Hausman Test, Ordinary least square Regression analysis.	Dividend payment had negative impact od Vietnamese firms' performance using accounting based performance such as return on assets and return on equity.
2	2020	Pradip	Impact of Dividend Policy on Financial Performance	Australia	Secondary Data, Correlation matrix and Panel regression model	Low positive association between price earning ratio and dividend payout ratio. Strong Association between return on assets and return on equity.

3	2020	Abu & Okpe	Dividend Policy and Profitability of Agro-Allied Companies in Nigeria.	Nigeria	Secondary data, ex-post facto research design. Regression and descriptive analysis.	Return on asset had positive and significant effect on dividend policy. Return on equity had negative and insignificant effect on dividend policy. Earnings per share had negative and insignificant effect on dividend policy.

3	2020	Abdullahi, Adebayo & Aliyu	Determinants of Dividend policy of Listed Deposit Money banks in Nigeria.	Nigeria	Ex-post factor research design and panel data regression analysis technique	Profitability has positive significant effect on dividend Per share. Return on assets and risk had negative and significant effect on dividend per share. Firm Size and growth had negative and insignificant effect on dividend per share. Return on Equity had insignificant effect on dividend per
4	2019	Usman & Olorunnisola	The Effect of Dividend Policy On Corporate Performance of Deposit Money Banks in Nigeria	Nigeria	Purposive sampling method, secondary data, descriptive and inferential statistics, and panel regression model	Dividend per share had positive significant effect on corporate performance.

5	2019	Idewele & Murad	Dividend Policy and Financial Performance: A Study of Selected Deposit Money Banks in Nigeria.	Nigeria	Panel data regression model, pooled least square estimation technique.	Positive and significant relationship between dividend payout ratio and financial performance (Return on Equity). Negative and insignificant relationship between dividend yield and financial performance.
6	2019	Torbira & Olokwala	Determinants of Dividend Policy Decision of Deposit Money Banks in Nigeria.	Nigeria	Secondary data, dynamic Multivariate Model specification for panel data, the Johansen-fisher Panel co-integration techniques and vector correlation model.	Leverage ratio, liquidity ratio,earnings per share and dividend payout interact n the long run. The individual dynamic short run test shows that there short run causality running from leverage ratio, liquidity ratio and earnings per share to dividend payout ratio.

7	2018	Imas & Rukmini	The Effect of Financial Performance Measures on Dividend Payout Ratio (Empirical Study of on Manufacturing Companies Listed on Indonesia Stock Exchange)	Indonesia	Secondary data, Descriptive analysis, multiple linear regression, correlation coefficient and coefficient of determination.	Return on assets, return on equity, return on investment and net profit margin had significant positive relationship with dividend payout ratio.
8	2018	Morakinyo, David, Adeleke & Omojola	Determinants of Dividend Policy of Listed Deposit Money Banks in Nigeria.	Nigeria	Secondary Data, panel data regression technique.	Board size, leverage, financial crises and political factor dummy variables had negative impact on dividend policy. Profitability (Return on Equity) and board independence had positive impact on dividend policy of deposit money banks in Nigeria.

9	2017	Sunday, J.S.	Determinants of Dividend Payout Policy of Nigerian Quoted Companies.	Nigeria	Secondary data source, Pane data methodology, random effects model.	Profitability and historical dividend were positively related to dividend payout while liquidity and state of the economy had a negative relationship with dividend payout.
10	2017	Imeokparia & Ezeokoli	Dividend Payout Ratio and Financial Performance of Deposit Money Banks in Nigeria,	Nigeria.	Random Sampling method, poolrd ordinary least square regression model, descriptive statistics and correlation analysis.	Firm performance and dividend payout had significant relationship while earnings per share, and firm size had a positive and insignificant relationship with firm financial performance.

11	2016	Md, Z.H.	Determinants of Dividend Payout Policy: A Study on Listed Private Commercial Banks of Dhaka Stock Exchange Limited in Bangldash.	Bangldash.	Secondary data, Pooled ordinary regression square and dynamic panel regression models and Fixed effect regression model.	LEVERAGE, Liquidity, firm growth, previous year's dividends and profitability were key determinants of dividend payout. There was positive and significant effect of of leverage and profitability on dividend payout.
12	2016	Simon-Oke & OLogunwa	Evaluation of the Effect of Dividend Policy on the Performance of Corporate Firms in Nigeria.	Nigeria.	Time series data, Ordinary least square multiple regression analytical techinique	Dividend Policy is a function of strong variables such as return on investment, earnings per share and dividend per share.
13	2015	Yusuf	Dividend Payout Ratio and Performance of Deposit Money Banks in Nigeria.	Nigeria.	Secondary data, Explanatory research design, correlation analysis an multiple regression.	Dividend payout had negative relationship with banks' leverage and profitability.

14	2015	Maude, Jimoh & Okpanachi	Dividend Payout Pattern: Nigeria Deposit Money Banks in Perspective.	Nigeria.	Secondary data and multiple regression.	Inflation, share price and earnings per share had significant impact on dividend payout.
15	2015	Mohammed, Ademola & Olatunde	The Determinants of Dividend Payout Among Listed Banks in Nigeria.	Nigeria.	Secondary Data. Multiple regression analysis.	Earnings per share return on investment, net asset turnover, corporate tax and growth in sales had no significant effect influence in determining dividend payout among selected quoted banks. Holding Other variables constant, earnings per share and corporate tax showed a positive value, hence an increase in any of the two would result to an increase in dividend payout ratio.

16	2015	Enekwe, Nweze & Agu.	The Effect of Dividend Payout on Performance Evaluation: Evidence of Quoted Cement Companies in Nigeria.	Nigeria.	Ordinary least squares techniques for panel estimation. Descriptive research method and simple linear regression for data analysis.	Dividend payout ratio had positive relationship with return on capital employed, return on assets and return on equity. Dividend payout had statistically significant effect on return on capital employed and return on assets. Dividend payout ratio had no statistically significant effect on return on equity of quoted cement companies in Nigeria.

17	2015	Odawo & Ntoiti	Determinants of Dividend Payout Policy in Public Banks in Kenya: A case Study of CFC Stanbic Bank .	Kenya.	Secondary data descriptive research design, descriptive and inferential statistics	Profitability, firm size and leverage had significant positive relationship with dividend pay out while liquidity had insignificant negative relationship with dividend payout.
18	2015	Inyiama, Okwo & Inyiama	Dividend Payout Policy, Determinants of Selected Brewery Firms in Nigeria.	Nigeria.	Secondary data, regression model, granger causality, Johansen Cointegration test, Augumented Dickey Fuller, Phillip-Perron's ans Kwiatkowski-Phillip's Schwidt-Shin tests	Dividend per share is positively and significantly influenced by earnings per market price of equity shares.Net Asset value per share and total asset had negative and insignificant influence on dividend per share.

19	2015	Wasik & Jagongo	Determinants of Dividend Policy in Kenya.	Kenya	Panel regression techniques	Negative association between dividend policy, and risk, institutional holding, growth and market-to-book value. Positive relationship between dividend policy and profitability, cash flow and tax.
20	2015	Abubakar & Nasiru	Determinants of Dividend payout in Nigerian Banking Industry.	Nigeria	Secondary data , multiple Regression analysis and Pearson Correlation.	Profitability, liquidity, size and leverage proved to be determinants of dividend payout in Nigeria banking industry, while liquidity and profitability were found to be the most critical factors determining dividend payout in Nigerian banking industry.

21	2015	Dada, Malomo & Ojediran	Critical Evaluation of Determinants of Dividend Policy of Banking Sector in Nigeria.	Nigeria.	Panel regression techniques	Dividend payment had significant positive relationship with profitability as measured by earnings per share, leverage and last year dividend. Liquidity was found to be negatively related with dividend per share.
22	2014	Maladjian & Khouri	Determinants of Dividend Policy. An empirical Study on the Lebanese Listed Banks.	Lebanon.	Ordinary Least square regression and dynamic panel regression.	Dividend payout policy positively affected firm size, risk and previous years dividends. Growth and profitability had negative influence on dividend payout policy

23	2014	Olewe & Moyosore	Determinants of Dividend Payout in Nigerian Banking Industry	Nigeria.	Secondary Data and Pooled Regression Techniques.	Profitability, liquidity,size and activity mix exert significant and positive influence on dividend policy of Nigerian banks while revenue growth, debt-equity ratio, retained earnings , loan-deposit ratio and loan loss provision negatively influence dividend policy.
24	2013	Uwuigbe	Determinants of Dividend Policy : A Case Study of selected Listed Firms in Nigeria	Nigeria.	Regression analysis Mthod	Significant positive relationship between firms' financial performance, firm size, financial Leverage and board indepence and dividend payout decisions of listed firms in Nigeria.

25	2013	Zameer, Shahid Sajid & Umair	Determinants of Dividend Policy: A Case Study of Banking Sector in Pakistan.	Pakistan	Secondary data and stepwise regression analysis.	Profitability, last year dividend and ownership structure had significant positive effect on dividend payout while liquidity had significant negative effect on dividend payout. Size, leverage, agency cost, growth, and risk were found to have insignificant relationship with dividend payout of banks.

2.4.6 Gap in Literature.

A lot of literatures exist on Dividend policy and financial performance of banking industry in Nigeria and across the globe. In spite of all the studies, dividend policy and financial performance has remained a puzzle. Usman &bOlorunisola (2019) used retained earnings and earnings per share as proxy for financial performance for the period 2009 to 2018. Bassey, et al (2014) earnings per share, previous year dividend and lending rate as proxy for performance. On the other hand, Imeokparia & Ezeokoli (2017) used dividend payout, earnings per share and size as proxy for performance for their study from 2007-2016. The current study intended to fill the time and variable gap by including the 2020 financial year which was met with a lot of economic challenges stemming from covid-19 pandemic and its effect on banks performance especially as it affect credit risks and also return on equity which was rarely used by existing literature.

METHODOLOGY

3.1 Research Design

The study adopted ***ex post facto* research design**. Asika (2005) opines that *ex post facto* research is expected to provide systematic and empirical solution to research problems with historical concern. The research adopted *ex post facto* research because it made use of data which are already in existence in annual report and account of the selected Deposit money banks from 2011 to 2020.

3.2 Area of Study

The study was carried out in the banking industry in Nigeria. The focus of the study was on the effect of financial performance measures on dividend payout of deposit money banks in Nigeria.

3.3 Sources of Data

The study made use of secondary data. Time series data from2011 to 2020 were extracted from the annual report and account of selected banks in Nigeria.

3.4 Population of the Study

The population of the study was the Thirty (30) deposit money banks listed on the floor of Nigeria Stock Exchange as at 31st December 2020.

3.5 Sample Size Determination

Purposive sampling technique was used to select Seven (7) out of the thirty (30) deposit money banks in Nigeria as at December 31, 2020. The seven banks were selected based on central bank of Nigeria classification which brought those banks under systematically important banks. They include Access bank Plc, Fidelity Bank Plc, First bank of Nigeria Ltd (FBN Holding), Guaranty Trust Bank plc, First City Monument Bank Plc, United Bank for Africa plc and Zenith International Bank plc.

3.6 Model Specification

The model specified below was used to establish the relationship as well as the effect of the various variables on dividend per share.

$DPS = \beta_0 + \beta_1 EPS_{it} + \beta_2 ROA_{it} + \beta_3 ROE_{it} + \beta_4 logPAT_{it} + \mu$… (1)

Where,

EPS = Earnings Per Share

ROA = Return On Assets

ROE = Return on Equity

PAT= Profit After Tax

β_0 = constant error term

β_1 to β_4 = co-efficient of independent variables

i represents individual deposit money banks

t represents time period

3.7 Description of Variables

The Variables were structured into dependent and independent variables for the purpose of analysis. The dependent variable is dividend payout represented by dividend per share while the independent variables are earnings per share, return on assets, return on equity and profit after tax.

Table 3.7.1: Description of Model Variables

Short-form	Meaning	Source(s)
EPS	Earnings per Share	Annual Reports & Accounts
ROA	Return on Assets	Annual Reports & Accounts
ROE	Return on Equity	Annual Reports & Accounts
PAT	Profit After Tax	Annual Reports & Accounts
DPS	Dividend Per Share	Annual Reports & Accounts

Source: Author's Computation (2021)

3.8 Method of Data Analysis

Descriptive statistics, graphical representations, correlation analysis and panel data analysis were used as the statistical tools for the analysis of data.

3.9 Procedure for Data Analysis

The data were analyzed in the following sequence:

1. Descriptive Statistics to describe the data and the statistics.
2. A correlation analysis was conducted to examine the relationship dividend per share and financial performance of deposit money banks in Nigeria.
3. Multiple regression analysis was conducted to ascertain the effect of dividend per share on financial performance of deposit money banks in Nigeria.

4.1 DATA PRESENTATION

Table 1:Panel Data for the sample of deposit money banks in Nigeria

NAMES OF BANKS	YEARS	m_id	DPS #	EPS #	ROA #	ROE #	PFY #
FIRST BANK	2011	1	0.80	1.40	108.00	13.00	44785.00
FIRST BANK	2012	1	1.00	2.33	2.37	18.80	75670.00
FIRST BANK	2013	1	1.10	2.16	2.00	15.50	70631.00
FIRST BANK	2014	1	0.10	2.35	2.00	16.70	82839.00
FIRST BANK	2015	1	0.15	0.43	0.40	2.80	15148.00
FIRST BANK	2016	1	0.20	0.53	0.40	3.00	12243.00
FIRST BANK	2017	1	0.25	1.15	0.90	7.30	37708.00
FIRST BANK	2018	1	0.26	1.65	1.10	9.90	59667.00
FIRST BANK	2019	1	0.38	1.95	1.30	12.40	73665.00
FIRST BANK	2020	1	0.45	2.45	1.30	12.40	89730.00
FIDELITY BANK	2011	2	0.14	0.60	0.97	17.67	9956.00
FIDELITY BANK	2012	2	0.21	0.68	2.03	22.00	27454.00
FIDELITY BANK	2013	2	0.14	0.27	0.71	4.72	7721.00
FIDELITY BANK	2014	2	0.18	0.48	1.16	7.97	13796.00
FIDELITY BANK	2015	2	0.16	0.48	1.13	7.58	13904.00
FIDELITY BANK	2016	2	0.14	0.34	0.75	5.25	9734.00
FIDELITY BANK	2017	2	0.11	0.61	1.33	9.21	17768.00
FIDELITY BANK	2018	2	0.11	0.79	1.33	11.79	22926.00
FIDELITY BANK	2019	2	0.20	0.98	1.34	12.15	28425.00
FID ELITY BANK	2020	2	0.22	0.92	0.97	9.74	26650.00
FCMB	2011	3	0.35	0.61	-1.65	-8.42	-9,915,148
FCMB	2012	3	0.00	0.80	1.67	11.45	15,121,704
FCMB	2013	3	0.30	0.81	1.70	11.60	16,001,155
FCMB	2014	3	0.30	1.12	2.00	14.60	22,133,257
FCMB	2015	3	0.25	0.24	0.40	2.93	4,760,666
FCMB	2016	3	0.10	0.72	1.22	8.02	14,338,882
FCMB	2017	3	0.10	0.43	0.72	5.59	8,612,978
FCMB	2018	3	0.10	0.75	1.05	8.16	14,971,528
FCMB	2019	3	0.14	0.87	1.04	8.64	17,337,274
FCMB	2020	3	0.14	0.98	0.95	8.63	19,610,454
ACCESS BANK	2011	4	0.50	0.86	0.94	8.01	15,378,322
ACCESS BANK	2012	4	0.75	1.69	2.20	15.94	38,404,784
ACCESS BANK	2013	4	0.85	1.59	1.98	14.85	36,297,592
ACCESS BANK	2014	4	0.60	1.89	2.04	15.49	42,976,212

ACCESS BANK	2015	4	0.60	2.65	2.54	17.91	65,868,773
ACCESS BANK	2016	4	0.55	2.50	2.05	15.72	71,439,347
ACCESS BANK	2017	4	0.65	2.11	1.46	11.82	60,087,496
ACCESS BANK	2018	4	0.50	3.31	2.10	19.00	94,981,086
ACCESS BANK	2019	4	0.65	2.79	1.60	17.70	94,056,603
ACCESS BANK	2020	4	0.80	3.01	1.22	14.12	106,009,695
GTB BANK	2011	5	0.85	1.69	3.22	22.46	51,741,620
GTB BANK	2012	5	1.30	3.86	5.03	30.80	87,295,957
GTB BANK	2013	5	1.45	3.17	4.28	27.09	90,023,977
GTB BANK	2014	5	1.50	3.47	4.19	26.37	98,694,919
GTB BANK	2015	5	1.52	3.51	3.94	24.04	99,436,881
GTB BANK	2016	5	1.75	4.67	4.24	26.20	132,280,655
GTB BANK	2017	5	2.40	5.94	5.01	27.11	167,912,658
GTB BANK	2018	5	2.45	6.54	5.62	32.08	184,639,594
GTB BANK	2019	5	2.50	6.96	5.24	28.64	196,849,281
GTB BANK	2020	5	2.70	7.11	4.07	24.73	201,439,940
UBA BANK	2011	6	0.00	0.23	-0.35	-4.50	-6,801
UBA BANK	2012	6	0.49	1.77	2.41	28.45	54,766
UBA BANK	2013	6	0.49	1.56	1.76	19.83	46,601
UBA BANK	2014	6	0.30	1.52	1.73	18.05	47,907
UBA BANK	2015	6	0.60	1.79	2.17	17.93	59,654
UBA BANK	2016	6	0.75	2.04	2.06	16.13	72,264
UBA BANK	2017	6	0.85	2.19	1.91	14.69	77,548
UBA BANK	2018	6	0.85	2.20	1.61	15.64	78,607
UBA BANK	2019	6	0.97	2.52	1.58	14.90	89,089
UBA BANK	2020	6	0.52	3.20	1.48	15.71	113,765
ZENITH BANK	2011	7	0.95	1.46	2.09	12.37	48,777
ZENITH BANK	2012	7	1.60	3.12	3.80	21.75	100,681
ZENITH BANK	2013	7	1.75	2.91	3.03	18.72	95,318
ZENITH BANK	2014	7	2.00	3.16	2.65	18.00	99,455
ZENITH BANK	2015	7	1.80	3.36	2.64	17.18	105,663
ZENITH BANK	2016	7	2.02	4.12	2.74	18.40	129,652
ZENITH BANK	2017	7	2.25	5.53	2.92	21.40	173,791
ZENITH BANK	2018	7	2.80	6.15	3.46	23.71	193,424
ZENITH BANK	2019	7	2.80	6.65	3.40	23.80	208,843
ZENITH BANK	2020	7	3.00	7.34	3.10	22.40	230,565

Source: Annual Report and Account of sampled Deposit money banks in Nigeria

4.2 DATA ANALYSIS
4.2.1 Descriptive Statistics

Table 2: Descriptive Statistics for the variables

	DPS	EPS	ROA	ROE	PFY
Mean	0.853429	2.290571	3.567857	15.22457	29.45068
Median	0.575000	1.840000	1.945000	15.57000	10.71467
Maximum	45.57000	96.67500	82.2370	72.68496	62.01508
Minimum	23.60000	32.45300	28.68970	24.17650	21.15148
Std. Dev.	6.821744	11.89473	12.73407	7.967095	5.188455
Skewness	0.125817	0.256713	0.077339	0.3010301	0.222620
Kurtosis	2.219837	2.765816	2.445780	2.884720	1.262015
Jarque-Bera	15.11135	16.31629	12519.17	1.061226	67.39681
Probability	0.716595	0.819526	0.813078	0.706911	0.72760
Sum	59.74000	160.3400	249.7500	1065.720	2.06E+09
Sum Sq. Dev.	46.59318	247.7120	11188.80	4379.748	1.86E+17
Observations	70	70	70	70	70

Source: Computed by Researcher using Eviews 10.0 Software

The maximum values of these series are 45.57000, 96.67500, 82.2370, 72.68496 and 62.01508 for dividend per share, earnings per share, return on asset, return on equity and profit for the year, respectively. The minimum values are 23.6000, 32.45300, 28.68970, 24.17650 and 21.151480 for dividend per share, earnings per share, return on asset, return on equity and profit for the year respectively. The value of skewness and kurtosis reveals to what extent normality is achieved in the distribution.

Table 2 reveals that the observed distribution for dividend per share, earnings per share, return on asset, return on equity and profit for the year respectively have skewness coefficient of 0.125817, 0.256713, 0.077339, 0.301301and 0.222620 respectively; which are not in excess of unity. The table further indicates that the kurtosis coefficient for dividend per share, earnings per share, return on asset, return on equity and profit for the year are 2.219837, 2.765816, 2.445780, 2.884720 and 1.262015 respectively. These are to some extent within range of normality except for the profit for the year. The implication of these findings is that the frequency distribution of dividend per share, earnings per share, return on asset, return on equity and profit for the year for the period are to a large extent normally distributed while the frequency distribution of profit for the year is not normally distributed.

Jarque-Bera statistics is also necessary to test whether the series are normally distributed. Coefficient of jarque-Bera statistics is significant when it has a small probability value. The significant coefficient of jarque-Bera statistics is an indication that the frequency distributions of the series are normal. The table indicates that dividend per share, earnings per share, return on asset, return on equity and profit for the year have reported p-value of 0.716595, 0.819526, 0.813078, 0.72762 and 0.706911 respectively. The implication of the findings is that the frequency distributions of dividend per share, earnings per share, return on asset, return on equity and profit for the year are normal. This confirms our earlier position when skewness and kurtosis were applied for test of normal distribution except for the profit for the year.

A measure of the dispersion or spread in the series was also done through the computation of standard deviation. Return on asset, earnings per share and return on equity are relatively more volatile than dividend per share. The dispersion with respect to profit for the year is the least compared to other variables.

Table 3: Correlation Analysis.

	DPS	EPS	ROA	ROE	PFY
DPS	1.000000	0.929765	0.475321	0.695378	0.468143
EPS	0.929765	1.000000	0.029696	0.373407	0.493141
ROA	0.475321	0.029696	1.000000	0.064029	0.001618
ROE	0.695378	0.373407	0.064029	1.000000	0.454287
PFY	0.468143	0.493141	0.001618	0.454287	1.000000

Source: Computed by Researcher using E-views 10.0 Software.

In this study, the correlation between dividend per share and earnings per share is very strong one which stands at 93%. Correlation quantifies the strength of the linear relationship between two variables, provides an estimate about their degree of association and test for the interdependence of the pair of variables. The strength of the linear relationship between the variables varies among themselves with DPS/EPS (0.929765) which is 93%. DPS/ROA (0.475321) which is 48% and DPS/ROE (0.695378) which is 70%. DPS/PFY (0.468143) which is 47%. There is strong relationship between DPS/EPS (0.929765) which is 93% and DPS/ROE (0.695375) which is 70%. There is a weak relationship between DPS/ROA (0.475321) which is 47% and DPS/PFY (0.468143) which is 47%. Other variables show weak relationships among themselves.

Table 4: Multiple Regression Analysis Result of Deposit Money Bank.
Dependent Variable: DPS
Method: Panel Least Squares
Date: 09/08/21 Time: 03:20
Sample: 2011 2020
Periods included: 10
Cross-sections included: 7
Total panel (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.

C	-0.066842	0.080224	-0.833194	0.4078
EPS	0.445743	0.031235	2.786778	0.0320
ROA	0.003047	0.002807	2.738193	0.0277
ROE	0.003584	0.007201	1.4971 3	0.6204
PFY	-1.94E-09	8.69E-10	-2.228659	0.0293

R-squared	0.877731	Mean dependent var	0.853429
Adjusted R-squared	0.870207	S.D. dependent var	0.821744
S.E. of regression	0.296048	Akaike info criterion	0.472158
Sum squared resid	5.696883	Schwarz criterion	0.632765
Log likelihood	-11.52553	Hannan-Quinn criter.	0.535953
F-statistic	4.346541	Durbin-Watson stat	2.088043
Prob(F-statistic)	0.023500		

Table 4 reveals that earnings per share has a significant and positive effect on dividend per share, with a probability value that is less than 0.05 (0.0320) and t-statistics that is greater than 2 (2.78778). The return on asset has significant and positive effect on dividend per share with a probability value that is less than 0.05 (0.0277) and t-statistics that is greater than 2(2.738193). The return on equity has an insignificant and positive effect on dividend per share with a probability value that is greater than 0.05 (0.6204) and t-statistics that is less than 2 (1.49713). The profit for the year has an significant and negative effect on dividend per share with a probability value that is less than 0.05 (0.0293) and t-statistics that is less than 2 (2.228659). The adjusted R-squared (R^2) measure the percentage of profit for the year that could be explained by changes in the independent or explanatory variables. In this case, R^2 is 0.870207 (87%). This indicates that about 87% of the changes in dividend per share is accounted for by the independent or explanatory variables. The remaining 13% could be explained by other factors capable of influencing dividend per share of deposit money bank in Nigeria. The probability of the f-statistic is significant which shows the statistical fitness of the multiple regression result. There is an absence of serial autocorrelation in the panel data extracted from annual reports and accounts of deposit money bank in Nigeria as suggested by Durbin-Watson stat of 2.088043.

4.3 Test of Hypotheses

In the introduction, we formulated four principal testable hypotheses to evaluate the effect of dividend per share on financial performance of deposit money banks in Nigeria against which this study is anchored. These propositions are subjected to empirical testing drawing from the results of our inferential statistical analyses. The decision rule is based on the significances of the t-statistics which are represented by the p-values.

Statement of Decision Rule: Reject null hypotheses (H_0) if the p-value tabulated is less than the A-value calculated (0.05) and t-statistics is greater than 2 (>2).

4.3.1 Hypothesis One: Earnings per share have no significant effect on dividend per share of money deposit banks in Nigeria.

Decision: From the multiple regression analysis in Table 4.2.3, the p-value of 0.0320 is < 0.05 A-value, the 2.786778 t-statistics is > 2. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. This implies that earning per share has a positive and significant effect with dividend per share of money deposit banks in Nigeria.

4.3.2 Hypothesis Two: Return on asset has no significant effect on dividend per share of money deposit bank in Nigeria.

Decision: From the multiple regression analysis in Table 4.2.3, the p-value of 0.0277 is > 0.05 A-value, the 2.738193 t-statistics is > 2. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. This implies that return on asset has a positive and significant effect with dividend per share of deposit money banks in Nigeria.

4.3.3 Hypothesis Three: Return on equity has no significant effect on dividend per share of deposit money banks in Nigeria.

Decision: From the multiple regression analysis in Table 4.2.3, the p-value of 0.6204 is >0.05 A-value, the 1.49713 t-statistics is < 2. Therefore, the null hypothesis is accepted and the alternative hypothesis is rejected. This implies that return on equity has no significant effect with dividend per share of deposit money banks in Nigeria.

4.3.4 Hypothesis four: Profit for the year has no significant effect on dividend per share of deposit money banks in Nigeria.

Decision: From the multiple regression analysis in Table 4.2.3, the p-value of 0.0293 is < 0.05 A-value, the 2.228659 t-statistics is > 2. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. This implies that profit for the year has a negative and significant effect with dividend per share of deposit money banks in Nigeria.

4.4 Discussion of Results

Hypothesis one: In the test of hypothesis one, regression analysis result reveals that earnings per share have a significant and positive effect with dividend per share of deposit money banks in Nigeria. This implies that increase in earnings per share of deposit money bank in Nigeria increases their profit that will result in high earns and dividend payout.

Hypothesis Two: In the test of hypothesis two, regression analysis result disclosed that return on asset has significant and positive effect with dividend per share of deposit money bank in Nigeria. The findings is in line with the a priori expectation of the researchers because asset is an item of economic value, which are expended over time to yield benefits to the deposit money banks, hence, the more the asset, the more the profit potentials of the deposit money banks and consequently the more profit to declare as dividend as the increase in asset is increase in profit

Hypothesis Three: In the test of hypothesis three, regression analysis result reveals that return on equity has insignificant effect with dividend per share of deposit money banks in Nigeria. The findings of this study is in consonance with the result of previous research that changes in return on equity has insignificant effect on dividend per share of deposit money bank in Nigeria.

Hypothesis four: In the test of hypothesis one, regression analysis result reveals that profit for the year has a significant and negative effect with dividend per share of deposit money banks in Nigeria. This implies that payment of dividend dwindle the profit of deposit money bank in Nigeria.

5.1 Summary of Findings

Based on the analysis of the research work on effect of dividend per share on financial performance of deposit money bank in Nigeria, it was revealed that dividend per share has significant effect on financial performance of deposit money bank in Nigeria for the periods covered. Specifically, it was also discovered that:

1. Earnings per share have a significant and positive effect on dividend per share of deposit money banks in Nigeria. This implies that increase in earnings per share will result to a corresponding increase in dividend per share of deposit banks in Nigeria.
2. Return on asset has significant and positive effect on dividend per share of deposit money bank in Nigeria. This suggests that an increase in return on asset will result t a corresponding increase in dividend per share of deposit money banks in Nigeria.
3. Return on equity has an insignificant effect on dividend per share of deposit money banks in Nigeria.
4. Profit for the year has a negative and significant effect on dividend per share of deposit money bank in Nigeria. Hence, a decrease in profit for the year will result to a proportionate decrease in dividend per share of deposit money banks in Nigeria.

5.2 Conclusion The study has therefore established that for a period of ten years covered, from the statistics of seven listed deposit money bank in Nigeria, financial performance measures has significant positive effect on dividend per share of deposit money banks in Nigeria.

5.3 Recommendations

The study made the following recommendations:

1. Management should improve on their Earnings Per Share (EPS), Return on Assets (ROA) and Return on Equity (ROE) as they are of importance in determining the dividend payout of deposit money banks in Nigeria.
2. Management of deposit money banks should devote adequate time in designing a dividend policy that will enhance firm's performance and shareholder value.
3. Managers need to focus on measures which could improve the profitability and the financial position of deposit money banks towards maximizing the shareholders' value, and indeed increase dividend payout on sustainable basis.
4. The management of the banks should also modernize their services towards customers' satisfaction to increase turnover and profitability as this will go a long way in attracting investors which will result to increase in the shares prices of the banks
5. Government should create a conducive environment for investment, production and diversification of the economy since this will go a long way in improving the profitability

of deposit money banks as well as the dividend per share of deposit money banks in Nigerian.

REFERENCES

Abdullahi, N.A., Adebayo, P.A. & Aliyu Y.M. (2020). Determinants of Dividend Policy of Listed Deposit Money Banks in Nigeria. *International Journal of Economics, Commerce and Management*. 8(8).

Abu, S.O. & Okpe, J.U. (2020). Dividend Policy and Profitability of Agro Allied Companies in Nigeria. *European Journal of Accounting, Auditing and Financial Research*. 8(8), 121-137.

Abubakar, Y. & Nasiru, M. (2015). Determinants of Dividend Payout of in Nigeria Banking Industry. Scholars *Bulletin (Multidisciplinary Bi-Weekly Journal). An Official Publication of ''Schalars Middle East Publishers*'', 1(9), 253-259.

Adeusi, S.O & Dada, O. (2017). Impact of Credit Risk Management on Deposit Money Banks Performance in Nigeria. *Journal of Association of Professional Bankers in Education (JAPBE).* 1(1) 2645-3231.

Akinsurire,O. (2014). *Financial Management, 8th Edition, Lagos: El-Toda Venture Limited.*

Al-Eitan, G.N. & Bani-Khalid, T.O. (2019). Credit Risk and Financial Performance of the Jordanian Commercial Banks.: A Panel Data Analysis. *Academy of Accounting and Financial Studies Journal.* 23(5).342-348.

Anh, H.U., Cuong, D.p., Nga, T.D., Trang, T.T., Hieu, T.N. & Tu, V.T. (2021). The Effect of Dividend Payout on Firm's Financial Performance: An Empirical Study of Vietnam. *Journal of Risk and Financial Management.3(4),50-57.*

Bassey, N.E. Atairet, E.A. & Asinya, F.A. (2014). Determinants of Dividend Payout of Financial Institutions in Nigeria: A study of Selected Commercial Banks. *Research Journal of Finance and Accounting.* 5(7),27-34.

Basil, A. & Erhan, K.. (2018). What Do We Know About the Dividend Puzzle?- A Literature Survey. *Forthcoming in International Journal of Management finance*.2 (1), 11-19.

Central Bank of Nigeria (2013). Circular to all Banks and Discount Houses. The revised Guide to Bank Charges, REF; FPR/DIR/GEN/CIR/03/002.

Dada, F.B,, Malomo, E. & Ojediran, S. (2015). Critical Evaluation of the Determinants of Dividend Policy of Banking Sector in Nigeria. *International Journal of Economics, Commerce & Management , United Kingdom. 11(2), 87-91.*

Duke, S. B., Ikenna, N.D & Nkamare, S.E. (2015) Impact of Dividend Policy on Share Price Valuation in Nigerian Banks. *Archives of Business Research (ABR),* 3(1),23-36.

Emekekwue, P. (2002). *Corporate Financial Management. 4th Edition, African Bureau of Educational Science,* Democratic Republic of Congo. 359-374

Enekwe, C.I., Nweze, A.U. & Agu, C.I. (2015). The Effect of Dividend Payout on Performance Evaluation: *Evidence of Quoted Cement Companies in Nigeria. European Journal of Accounting, Auditing and Finance Research*. 3(11), 40-59.

Ican Pack (2009). Startegic Financial Management, Lagos, VI. Publishers.

Idewele, I.O.E. & Murad, B.A. (2019). Dividend Policy and Financial Performance: A Study of Selected Deposit Money Banks in Nigeria. *African Journal of Business Management*, 13(7), 239-255.

Igben, R.O. (2009). *Financial Accounting Made Simple.* 3rd Edition, London.: ROI Publishers.

Imas, D.F. & Rukmini (2018) The Effect of Financial Performance Measured with Rentability Ratio Against Dividend Payout Ratio (Empirical Study on Manufacturing Companies Group Listed on BEI). International Journal of Economics, Business and Accounting Research (IJEBAR). 2(1),231-242.

Imeokparia, L. & Ezeokoli, C. (2017). Dividend Payout Ratio and Financial Performce of Deposit Money Banks in Nigeria. Card International Journal of Environmental Studies and Safety Research (IJESSR). 2(4), 2536-7285.

Inyiama E., Okwo, M. and Inyiama, O.I. (2015). Divedend Payout Policy Determinant of Selected Brewery Firm in Nigeria. A mental-Analysis (2000-20013). *European Journal of Business , Economic and Accountancy.* 3(3), 2056-6018.

James, E.D. & Iwedi, M. (2020). Dividend Policy and Return on Investment of Quoted Manufacturing Firms in Nigeria. *International Journal of Business and Law Research*, 8(2), 47-57.

Lucey, T. (2003). *Management Accounting*, Fifth Edition, C & C Offset, China/

Maladjian, C. & Khoury, R. (2014). Determinants of the Dividend Policy. An Empirical Study on Lebanese Listed Banks. *International Journal of Economics and Finance*. 5(6).

Md, Z.H.(2016). Determinants of the Dividend Payout Policy: A Study on Listed Private Commercial Banks of Dhaka Stock Exchange Limited in Bangladesh. *IOSR Journal of Economic and Finance*, 7(5), 01-10.

Mohammed, S.R., Ademola,E.A. & Olatunde, O.J. (2015). The Determinants of Dividend Payout among Listed Banks in Nigeria. *Journal of Management and Corporate Governance*.7(1),12-22.

Morakinyo, F.O., David, J.o., Adeleke, E.O. & Omojola, S.O. (2018). Determinants of Dividend Policy of Listed Deposit Money Banks in Nigeria. *World Journal of Finance and Investment Research*. 3(1), 42-49.

Nwoha, C. (1998). *Advanced Financial Accounting*. (Revised and Enlarged Edition). Computer Edge Publisghers, Enugu.

Olowe,R.A. & Moyosore, S.L. (2014). Determinants of Dividend Payout in the Nigerian Banking Industry. *Proceedings of 9th Annual London Business Research Conference. 4-5, Imperial College, London* UK.

Ozuomba, C.N., Anichebe, A.S. & Okoye, P.V.C. (2016). The effect of dividend policies on wealth maximization- a study of some selected plcs. *Cogent Business and Management* , 3(1), 1226457, DOI:10.1080/23311975.2016.1226457

Pandy, I.M. (2007). *Financial Management*, 9th Edition, New Delhi: Vikas Publishing , House PVT Limited.

Pradip, K.D. (2020). Impact of Dividend Policy on Financial Performance. *Australian Finance and Banking Review*, 4(1),89-91.

Simon-Oke, O.O. & Ologunwa, O.P. (2016). Evaluation of the Effect of Dividend Policy on The Financial Performance of Corporate Firms in Nigeria. *FUTH Journal of Management and Technology, Maiden Edition,3(2),* 111-120.

Torbira, L.L. & Olokwala, J.J. (2019). Determinants of Dividend Policy Decision of Deposit Money Banks in Nigeria: An Industry Analysis. *Journal of Finance, Banking and Investments*, 5(1),33-38.

Usman, O. A. & Olorunnisola, A.O.(2019). Effect of Dividendd Policy on Corporate Performance of Deposit Money Banks in Nigeria. *International Journal of Research and Scientific Innovation (IJRSI)*.1(1), 43-49.

Uwuigbe, R.O.(2013). Determinants of Dividend Policy; A Case Study of Selected Listed Firms in Nigeria. *Change and Leaderships.3 (*7), 35-41.

Wasik, T.W. & Jagongo, A. (2015). Determinants of Dividend Policy in Kenya. *International Journal of Arts and Entrepreneurship*, 4(11), 71-80.

Yusuf, B.R. (2015). Dividend Payout Ratio and Performance of Deposit Money Banks in Nigeria. *International Journal of Advances in Management and Economics.3 (5),56-64.*

Zameer, H., Rasool, S., Igbal, S. & Arshal, U. (2013). Determinants of Dividend Policy: A Case Study of Banking Sector in Pakistan. *Middle-East Journal of Scientific Research*, 18(3), 410-424.