

## Dividend Policy and Performance of Listed Deposit Money Banks in Nigeria

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### **Abstract**

*This study examined the effect of dividend policy on the performance of listed deposit money banks in Nigeria, with the main objective of determining how dividend decisions influence financial performance. Specifically, the study assessed the influence of dividend payout ratio, dividend per share, and dividend yield on return on assets of the selected banks. An ex-post facto research design was adopted, with a population of thirteen deposit money banks listed on the Nigerian Exchange Group as of 31st December 2024, from which a sample of eleven banks was selected. Secondary data were collected from the audited annual reports of the sampled banks covering the period 2015 to 2024. The hypotheses were tested using ordinary least squares (OLS) regression. It was found that: dividend payout ratio has a negative but non-significant effect on return on asset of listed deposit money banks in Nigeria ( $\beta = -0.000034$ ,  $p = 0.8718$ ); dividend per share has a positive and significant effect on return on asset of listed deposit money banks in Nigeria ( $\beta = 0.032686$ ,  $p = 0.0000$ ); dividend yield has a negative and significant effect on return on asset of listed deposit money banks in Nigeria ( $\beta = -0.367500$ ,  $p = 0.0039$ ). In conclusion, dividend-related decisions are integral to the overall efficiency and profitability of banks, influencing how resources are allocated and utilized within these institutions. The study recommends that Bank management teams should critically evaluate the proportion of earnings distributed as dividends relative to retained earnings. By carefully balancing payout ratios with reinvestment opportunities, management can ensure that distributing profits does not inadvertently constrain the bank's capacity to generate future returns, even if the immediate effect on ROA appears minimal.*

**Keywords:** *Dividend Policy, Dividend Payout, Dividend Per Share, Dividend Yield and Firm Performance*

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## **1.0 Introduction**

### **1.1 Background of the Study**

Dividend policy remains one of the most debated and unresolved issues in corporate finance, particularly in the Nigerian banking sector where shareholders, regulators, and management often pursue conflicting financial interests. On one hand, investors expect consistent and attractive dividends as compensation for their capital and a signal of strong financial health. On the other hand, listed deposit money banks are under increasing regulatory pressure from the Central Bank of Nigeria (CBN) and global financial standards (such as Basel III) to retain earnings, improve liquidity ratios, and strengthen their capital base to withstand systemic shocks. The problem, therefore, lies in the strategic dilemma: Does dividend policy truly enhance the performance of Nigerian listed deposit money banks, or does it compromise their long-term growth and stability? Several studies have attempted to explore this link, yet the findings remain inconclusive and often contradictory. For instance, Umoru, Oke, Obademi, and Shiro (2023) find a significant positive relationship between dividend payout and firm value among Nigerian deposit money banks, suggesting that generous dividend distributions enhance investor confidence and market valuation. In contrast, Idewe and Murad (2019) argue that excessively high dividend payouts reduce retained earnings and thus internal funds for reinvestment thereby undermining long-term performance of Nigerian deposit money banks. These opposing findings reveal a fundamental tension in the dividend-performance relationship within Nigeria's banking context.

Moreover, while many Nigerian banks maintain a tradition of paying dividends sometimes even during periods of financial strain the rationale behind these policies is often unclear. Oge and Olaoye (2024) observe that while Dividend Per Share (DPS) is significantly positively associated with market share prices among Nigerian listed banks, it does not reliably translate into improved profitability metrics such as Return on Assets (ROA) or Return on Equity (ROE). This suggests that DPS alone may be an insufficient performance signal in a heavily regulated environment where earnings management and capital adequacy play critical roles. Similarly, Oteniya (2021) finds that although dividend yield is often a key consideration for income-seeking investors, in Nigerian banks its relationship with profitability measures such as ROA and ROE is weak and statistically insignificant. These findings question whether dividend metrics are truly reflective of performance or simply cosmetic tools used to appease shareholders in the short term.

Adding complexity to the issue is the volatile Nigerian economic climate from 2015 to 2024, marked by inflation, exchange rate instability, recession cycles, and post-COVID-19 recovery challenges. These macroeconomic shocks have affected the earnings capacity of many banks, yet some continued to declare dividends. Why would a bank with shrinking profits and rising non-performing loans continue to pay dividends? Is this to maintain investor loyalty or to avoid negative stock market reactions? These strategic choices, while understandable, may compromise long-term financial resilience. Despite numerous empirical studies, many have focused on listed manufacturing firms or conglomerates, leaving a gap in literature specifically tailored to the unique financial, regulatory, and operational dynamics of Nigerian listed deposit money banks. There is limited evidence that clearly defines how dividend policy, when broken down into its key components; dividend payout, dividend per share, and dividend yield affects the multidimensional performance of banks in Nigeria.

Therefore, this study is driven by the urgent need to clarify whether dividend policy serves as a tool for financial performance enhancement or merely a short-term appeasement strategy within Nigerian listed deposit money banks. By analyzing recent data and applying distinct proxies, this research aims to fill the literature gap and provide stakeholders bank managers, investors,

policymakers with grounded, empirical insights to inform future dividend decisions in Nigeria's commercial banking landscape.

## **1.2 Objectives of the Study**

1. To examine the influence of dividend payout ratio on the financial performance of listed deposit money banks in Nigeria.
2. To determine the contribution of dividend per share to the financial performance of listed deposit money banks Nigeria.
3. To assess the role of dividend yield in shaping the financial performance of listed deposit money banks in Nigeria.

## **2.0 Review of Related Literature**

### **2.1 Conceptual Review**

Dividend policy plays a vital role in shaping the financial strength and shareholder value of commercial banks indicating how profits are shared and signaling stability. This review explores the core concepts of dividend policy and bank performance, focusing on how dividend decisions influence key performance indicators in the banking sector.

#### **2.1.1 Dividend**

In the corporate and financial world, a dividend represents a portion of a company's after-tax profits distributable to its shareholders either in cash or as additional shares as in scrip dividend as a return on their investment. According to Pandey (2020), a dividend is a reward to equity shareholders and a declaration of confidence by management. In Nigeria, dividends are regulated by Central Bank of Nigeria (CBN), which mandates sufficient earnings and reserves before any payout.

#### **2.1.2 Dividend Policy**

Dividend policy refers to the strategic decision by a firm regarding the proportion of its net earnings to be distributed to shareholders in the form of dividends, as opposed to the portion retained for reinvestment. Companies typically choose between high dividend payouts, retaining earnings for reinvestment, or a balanced approach depending on their financial strategies, regulatory constraints, and market conditions.

#### **2.1.3 Dividend Payout**

Dividend payout is a financial metric used to measure the proportion of a company's net income that is distributed to shareholders in the form of dividends. It is often expressed as the dividend payout ratio (DPR), calculated by dividing the total dividend paid by the net profit after tax. This financial measure reflects the company's commitment to rewarding shareholders, while also revealing how much of its earnings is retained for reinvestment. A high ratio signifies a considerable amount of the company's earnings is being returned to shareholders, and less is left for reinvestment into the company. In contrast, a low ratio implies that the company retains more profit for reinvestment in the business. Investors often consider the dividend payout ratio as an essential factor in evaluating the financial health and stability of a company (Palepu and Healy, 2017).

#### **2.1.4 Dividend Per Share**

Dividend Per Share (DPS) is a fundamental financial metric that indicates the monetary reward a shareholder receives for each ordinary share owned, based on the total dividends declared by the company. According to Ross (2021), dividend per-share is a fundamental measure used by investors to assess the income potential of their investments. It is calculated by dividing the total amount of dividends paid by the number of outstanding ordinary shares. DPS serves as a tangible expression of a firm's dividend policy, providing insight into its profitability, sustainability, and commitment to shareholder value.

#### **2.1.5 Dividend Yield**

Dividend Yield is a vital component of dividend policy that measures the return a shareholder earns in the form of dividends relative to the market price of a company's stock. Investors often consider dividend yield as an important factor in stock analysis, especially for income-oriented portfolios (Bodie, Kane, and Marcus, 2018). It is expressed as a percentage and calculated by dividing the annual dividend per share by the current market price per share. In the banking sector, particularly in Nigeria, dividend yield serves not only as an indicator of investor return but also as a tool for assessing the attractiveness and performance of banks from the perspective of shareholders and the capital market.

#### **2.1.6 Deposit Money Banks**

Deposit Money Banks (DMBs) are financial intermediation that play a pivotal role in economic development by mobilizing savings, allocating credit and facilitating payments, thereby supporting growth and financial stability. In emerging economies like Nigeria DMBs are crucial in channeling funds to productive sectors and sustaining investor confidence, making their performance an important determinant of overall economic performance (Imeokparia and Ezeokoli, 2017).

### **2.2 Theoretical Framework**

#### **2.2.1 Signaling Theory**

The Signaling Theory, first formalized by Spence (1973), is one of the most widely applied frameworks in corporate finance, especially in dividend policy literature. According to this theory, dividends serve as a signal to the market regarding the firm's future prospects. In imperfect capital markets where information asymmetry exists between managers and investors, dividend announcements act as a tool for conveying private information. Firms with strong future earnings are more likely to pay high and consistent dividends to signal financial health and stability, while weak firms avoid such commitments due to fear of future unsustainability. This theory holds immense relevance in the Nigerian banking sector, where issues of transparency, disclosure practices, and investor confidence are prevalent. Akani and Lucky (2020) noted that commercial banks that increased their dividend per share during periods of economic instability were perceived as more resilient, hence attracting better market ratings and increased capital inflows.

### **2.3 Empirical Review**

Nnodim (2025) examines dividend policy as a strategic mechanism for enhancing financial stability in Nigeria's major deposit-money banks. Utilizing an ex-post facto panel design with OLS regression on seven leading banks (Zenith, UBA, Access, FCMB, Fidelity, GTBank, First Bank) over 2012–2021, the study tests the impact of dividend payout and retention ratios on PAT, ROA, and ROE. The findings indicate that both dividend payout and retention significantly explain

variations in profitability and returns suggesting that a thoughtfully balanced dividend approach promotes both financial stability and shareholder value in Nigerian banking institutions.

Najim (2025) examined the moderating effect of non-performing loan (NPL) ratio on the relationship between short-term and total leverage and dividend payout of Nigerian deposit money banks. The study sampled thirteen banks listed on the Nigerian Exchange Group from 2015 to 2024, employing an ex-post facto design with multiple regression analysis. Results showed that short-term leverage had a significant positive direct effect on dividend payouts, while total leverage had no significant direct impact. Notably, higher NPLs intensified the positive influence of short-term leverage on dividend payout, whereas the interaction of total leverage with NPLs had a negative effect on payouts. The study recommends that banks adopt prudent dividend policies that consider both leverage composition and asset quality thresholds to sustain financial resilience.

Jinadu, Awotundun, and Anifowose (2025) examined the influence of board structure diversity on dividend decisions of deposit money banks across Sub-Saharan Africa, sampling data from stock exchanges in Nigeria, South Africa, Kenya, and Gabon over 2008–2023. Using an ex-post facto design, they employed correlation, descriptive, and panel dynamic analyses to explore how board independence, board size, bank size, bank age, and earnings per share (EPS) as a control variable affect dividend payout ratio. Results revealed that board independence and EPS individually had a negative effect on dividend choices. However, the interactions board independence with EPS, and board size with EPS positively and significantly enhanced dividend payout decisions. The study underscores the nuanced governance dynamics shaping dividend policy in the region.

Ajiboye, Bosun-Fakunle, and Olowookere (2024) assessed the impact of dividend policy on the market value of Nigerian listed deposit money banks using data from twelve banks spanning 2011 to 2022. Employing an ex-post facto design, the study analyzed secondary data from annual reports, applying both descriptive statistics (mean, median, standard deviation) and inferential analyses (correlation and panel data regression) to evaluate how dividend payout, dividend yield, and dividend per share influence market value, represented by Tobin's Q and share price. The findings revealed that dividend payout had a positive and significant effect on market value, suggesting that regular and attractive dividend payments boost investor confidence and lead to higher valuation. The authors recommended that bank management regularly make appealing dividend distributions and that regulators consider guidelines to encourage consistent dividend payments.

Odum and Asielue (2024) conducted a study on the effect of dividend policy on the growth of deposit money banks in Nigeria. The study adopted ex-post facto research design. Secondary data was collated from 7 banks for the period of 2013-2023. The study investigated the effect of dividend per share, dividend payout ratio and dividend yield on the growth of deposit money banks in Nigeria. Data relating to research questions were analyzed using descriptive inferential statistics with the use of E-Views 9.0. Findings revealed a significant effect of dividend per share on the growth of money deposit banks in Nigeria; relatively, there is a significant effect of dividend payout ratio on the growth of money deposit banks in Nigeria and dividend yield has statistically significant effect on growth of money deposit banks in Nigeria.

Ademola, Al-Faryan, and Kazeem (2024) investigated the determinants of the dividend payout ratio of Nigerian deposit money banks using data from five selected banks covering the period 1987 to 2022. The study adopted correlation analysis, panel least squares regression, and diagnostic tests such as the Hausman test to examine the effect of bank-specific and macroeconomic factors on dividend payout. Findings revealed that profitability, liquidity, and

bank size had positive impacts on dividend payout, while leverage exerted a negative influence. In addition, gross domestic product and exchange rate positively affected dividend payout, whereas inflation and interest rates showed negative effects. Further evidence indicated that post-merger indicators including capitalization, current ratio, and market share significantly enhanced payout ratios, while debt ratio reduced them. The study concluded that improving profitability, sustaining liquidity, and leveraging favorable macroeconomic conditions would help banks strengthen dividend payouts.

Adesanya and Adejuwon (2024) investigated the impact of dividend policy decisions on share price volatility among Nigerian deposit money banks, covering the period 2018–2022. The study utilized a panel data research design, analyzing secondary data from the annual reports of ten listed banks. Multiple regression analysis and the Least Squares method were employed to examine the relationships between dividend yield, dividend payout ratio, earnings per share, and market value of shares. The findings revealed that dividend policy decisions significantly influence share price volatility, with a coefficient of -3.0365 and a p-value of 0.035. The study concluded that effective dividend policies are crucial for enhancing shareholder wealth and attracting prospective investors. The authors recommended that banks maintain consistent and attractive dividend payouts to bolster market confidence.

Fali, Gbegi, and Jehu (2023) examined the moderating effect of dividend policy on the relationship between profitability and firm value in Nigerian listed banks, using data from 2012 to 2021. The study applied an ex-post facto research design, sampling 12 of the 15 banks listed on the Nigerian Exchange Group. Secondary data were collected from audited financial reports and the exchange's website, analyzed using STATA. Profitability measured by return on assets (ROA) and return on equity (ROE) had a negative direct association with firm value, proxied by market value added. However, dividend policy strengthened the profitability firm value link, acting as a pure moderator. The authors recommend that regulators develop post-dividend payment legislation to guide dividend policy decisions and enhance corporate value.

Mustapha and Abdullahi (2023) investigated the impact of dividend policy on the financial performance of seven listed deposit money banks in Nigeria over the period 2015–2021. Using an ex-post facto research design and panel regression analysis, the study assessed how dividend per share (DPS), firm size, and leverage affect financial performance, proxied by return on assets (ROA) or similar metrics. The findings revealed that DPS had a significant and positive effect on financial performance, indicating that higher dividends correlate with stronger performance. In contrast, firm size was significantly and negatively associated suggesting larger banks may underperform while leverage showed a positive, though less emphasized, relationship. The authors concluded that enhancing dividend per share can boost performance, but larger banks should reassess efficiency strategies.

### 3.0 Methodology

The study used ex-post facto research design. The population of this research comprised of thirteen deposit money banks listed on the Nigerian Exchange Group as of 31st December 2024. The sample covered eleven (11) selected deposit money banks in Nigeria and it was based on data availability. Secondary data were used for this study, drawn from the audited annual reports and accounts of the selected banks for the period 2015 to 2024. The pooled panel least squares model estimator was employed to analyze the data after checking for the data features and relationships among the interest variables using summary statistics and correlation analysis, respectively.

### 3.1 Description of Variables

The study included one dependent variable and three independent variables, measured as follows:

**Table 3.1: Measurement of Variables**

| Variable                    | Type        | Measurement/Proxy                             |
|-----------------------------|-------------|-----------------------------------------------|
| Dividend Payout Ratio (DPR) | Independent | Total Dividend / Net Income                   |
| Dividend per Share (DPS)    | Independent | Total Dividend / Number of Shares Outstanding |
| Dividend Yield (DY)         | Independent | Dividend per Share / Market Price per Share   |
| Return on Assets (ROA)      | Dependent   | Net Income / Total Assets                     |

Source: Researcher's Compilation (2026)

### 3.2 Model Specification

To evaluate the effect of dividend policy on bank performance, the study adopted a panel regression model. The functional relationship is expressed as:

$$ROA_{it} = f(DPR, DPS, DY) \dots\dots\dots (1)$$

The econometric form of the model is:

$$ROA_{it} = \alpha + \beta_1 DPR_{it} + \beta_2 DPS_{it} + \beta_3 DY_{it} + \varepsilon_{it} \dots\dots\dots (2)$$

Where:

$ROA_{it}$  = Return on Assets of bank  $i$  at time  $t$

$DPR_{it}$  = Dividend Payout Ratio of bank  $i$  at time  $t$

$DPS_{it}$  = Dividend per Share of bank  $i$  at time  $t$

$DY_{it}$  = Dividend Yield of bank  $i$  at time  $t$

$\alpha$  = Intercept

$\beta_1, \beta_2, \beta_3$  = Coefficients of explanatory variables

$\varepsilon_{it}$  = Error term

### Data Presentation and Analysis

#### 4.1 Descriptive Analysis of Data

**Table 4.1 Descriptive Analysis**

|              | ROA      | DPR      | DPS      | DY       |
|--------------|----------|----------|----------|----------|
| Mean         | 0.038245 | 2.746927 | 0.971667 | 0.064987 |
| Median       | 0.015323 | 0.256880 | 0.403639 | 0.057528 |
| Maximum      | 0.330991 | 264.5946 | 4.300014 | 0.255102 |
| Minimum      | 1.11E-05 | 0.000000 | 0.000000 | 0.000000 |
| Std. Dev.    | 0.064262 | 25.19760 | 1.179171 | 0.047934 |
| Skewness     | 3.194140 | 10.34157 | 1.303276 | 0.806910 |
| Kurtosis     | 12.75598 | 107.9688 | 3.422161 | 4.089112 |
| Jarque-Bera  | 623.2838 | 52461.94 | 31.95651 | 17.37347 |
| Probability  | 0.000000 | 0.000000 | 0.000000 | 0.000169 |
| Sum          | 4.206897 | 302.1620 | 106.8834 | 7.148557 |
| Sum Sq. Dev. | 0.450121 | 69206.17 | 151.5584 | 0.250441 |
| Observations | 110      | 110      | 110      | 110      |

Source: Author's Computation (2026)

Based on Table 4.1, the descriptive statistics show that the mean Return on Assets (ROA) is 0.0382 (3.82%), indicating that, on average, the sampled listed deposit money banks generated a 3.82% return on total assets. The maximum value of 0.331 and minimum of 0.000011 show wide differences in asset utilization across banks, while the standard deviation of 0.0643 indicates

moderate variability. The high positive skewness (3.194) and kurtosis (12.756), along with a Jarque–Bera probability of 0.000, indicate that ROA is highly right-skewed and not normally distributed. For Dividend Payout Ratio (DPR), the mean of 2.747 suggests that banks paid relatively high dividends compared to net income. The maximum value of 264.595 and minimum of 0 indicate extreme variations in dividend policy. The large standard deviation (25.198), very high skewness (10.342), and kurtosis (107.969), supported by a Jarque–Bera probability of 0.000, show that DPR is highly volatile and not normally distributed. Dividend per Share (DPS) has a mean of 0.972, with a maximum of 4.3 and minimum of 0, indicating that some banks did not pay dividends in certain years. The standard deviation of 1.179 shows moderate variability. The skewness (1.303) and kurtosis (3.422), along with a Jarque–Bera probability of 0.000, indicate that DPS is moderately right-skewed and not normally distributed. For Dividend Yield (DY), the mean value of 0.065 (6.5%) indicates the average return to shareholders from dividends. The maximum of 0.255 and minimum of 0 show variation in dividend returns across banks. The standard deviation of 0.048 indicates moderate dispersion, while the skewness (0.807) and kurtosis (4.089) suggest a slightly right-skewed distribution. The Jarque–Bera probability of 0.000169 confirms that DY is not normally distributed.

**Table 4.2: Pearson Correlation Matrix of the Sampled Banks**

|     | ROA       | EPR       | DPS       | DY       |
|-----|-----------|-----------|-----------|----------|
| ROA | 1.000000  |           |           |          |
| DPR | -0.016342 | 1.000000  |           |          |
| DPS | 0.530732  | 0.210812  | 1.000000  |          |
| DY  | -0.275583 | -0.180124 | -0.320947 | 1.000000 |

**Source: Author's computation (2026)**

The correlation matrix shows that Dividend per Share (DPS) has a moderate positive relationship with Return on Assets (ROA), indicating that firms with higher dividend payments tend to exhibit higher profitability. Dividend Yield (DY) shows a moderate negative relationship with ROA, suggesting that higher dividend yield may be associated with lower profitability, possibly due to declining share prices. Dividend Payout Ratio (DPR) exhibits a very weak negative relationship with ROA, indicating little or no linear association. The correlations among the independent variables are low to moderate, suggesting absence of serious multicollinearity in the model.

### 4.3 Test of Hypotheses

**Table 4.3 Test of Hypotheses**

| Variable | Coefficient | Std. Error | t-Statistic | Prob.  |
|----------|-------------|------------|-------------|--------|
| DPR      | -0.000034   | 0.000210   | -0.161720   | 0.8718 |
| DPS      | 0.032686    | 0.005069   | 6.448896    | 0.0000 |
| DY       | -0.367500   | 0.124579   | -2.949939   | 0.0039 |
| C        | 0.030460    | 0.008973   | 3.394702    | 0.0010 |

|                    |          |                       |           |
|--------------------|----------|-----------------------|-----------|
| R-squared          | 0.583719 | Mean dependent var    | 0.038245  |
| Adjusted R-squared | 0.563447 | S.D. dependent var    | 0.064262  |
| S.E. of regression | 0.055151 | Akaike info criterion | -2.921797 |
| Sum squared resid  | 0.322413 | Schwarz criterion     | -2.823598 |
| Log likelihood     | 164.6989 | Hannan-Quinn criter.  | -2.881967 |
| F-statistic        | 13.99554 | Durbin-Watson stat    | 1.724737  |
| Prob(F-statistic)  | 0.000000 |                       |           |

Source: Author's Computation (2026)

Table 4.2 presents the regression results on the effect of dividend policy on ROA of listed deposit money banks in Nigeria. The Adjusted  $R^2$  of 0.56 indicates that 56% of the variation in ROA is explained by dividend payout ratio (DPR), dividend per share (DPS), and dividend yield (DY), suggesting moderate explanatory power. The Durbin–Watson statistic of 1.725 indicates no serious autocorrelation problem, while the F-statistic probability of 0.000 shows that the model is statistically significant overall. The constant term ( $\beta = 0.03046$ ,  $p = 0.001$ ) implies that ROA would be approximately 3.05% even when dividend policy variables are held constant.

**Hypothesis I:** Dividend payout ratio has a negative and insignificant effect on ROA ( $\beta = -0.000034$ ,  $p = 0.8718$ ). Therefore, the null hypothesis is accepted, indicating that DPR does not significantly influence the asset performance of listed banks in Nigeria.

**Hypothesis II:** Dividend per share has a positive and significant effect on ROA ( $\beta = 0.032686$ ,  $p = 0.0000$ ). The null hypothesis is rejected, implying that higher dividend per share significantly improves bank performance.

**Hypothesis III:** Dividend yield has a negative and significant effect on ROA ( $\beta = -0.367500$ ,  $p = 0.0039$ ). The null hypothesis is rejected, indicating that higher dividend yield significantly reduces ROA.

## 5.0 Summary of Findings, Conclusion and Recommendations

### 5.1 Summary of Findings

1. Dividend payout ratio has a negative but non-significant effect on return on asset of listed deposit money banks in Nigeria ( $\beta = -0.000034$ ,  $p = 0.8718$ ).
2. Dividend per share has a positive and significant effect on return on asset of listed deposit money banks in Nigeria ( $\beta = 0.032686$ ,  $p = 0.0000$ ).
3. Dividend yield has a negative and significant effect on return on asset of listed deposit money banks in Nigeria ( $\beta = -0.367500$ ,  $p = 0.0039$ ).

### 5.2 Conclusion

The findings of this study carry important implications for understanding the role of dividend policy in shaping the financial performance of listed deposit money banks in Nigeria. Collectively, the results suggest that dividend-related decisions are integral to the overall efficiency and profitability of banks, influencing how resources are allocated and utilized within these institutions. The varying directions and significance of the effects indicate that not all aspects of dividend policy contribute equally to performance outcomes, highlighting the complexity of financial management in a banking context. The positive effect of dividend per share on return on assets implies that shareholder-oriented distributions can coincide with operational efficiency, reflecting an environment in which earnings generation and value delivery are aligned. At the same time, the negative influence observed for dividend yield underscores potential tension between

high distribution levels relative to market price and asset productivity, suggesting that aggressive payout strategies may coincide with constraints on reinvestment or internal resource optimization. The negligible effect of dividend payout ratio further points to the possibility that the proportion of earnings distributed does not automatically translate into measurable changes in asset performance, indicating that broader financial and operational strategies may moderate the impact of dividends. Overall, these outcomes illustrate that dividend policy operates as a multifaceted financial mechanism, interacting with internal management practices, shareholder expectations, and market conditions to shape bank performance. The study also demonstrates that while dividend distributions are a visible signal to investors, their real influence on performance depends on the structure and magnitude of the dividends relative to the banks' earnings and market context. In essence, the evidence highlights that dividend policy is a significant factor in the performance architecture of listed banks, influencing both profitability and operational efficiency in nuanced and measurable ways, and underscores the importance of interpreting dividend metrics within the broader financial environment of the Nigerian banking sector.

### **5.3 Recommendations**

1. Bank management should maintain an optimal balance between dividend payout and retained earnings to ensure that dividend distribution does not limit future investment and profitability.
2. Shareholders and the board should maintain or moderately increase dividend per share where financially feasible, as this can enhance investor confidence and improve bank performance.
3. Banks should carefully monitor dividend yield to avoid excessive payouts that may reduce funds available for reinvestment and productive asset utilization.

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