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Effect of Dividend Policy on The Growth of Deposit Money Banks in Nigeria

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ABSTRACT: The study determined effect of dividend policy on the growth of deposit money banks in Nigeria. However, the study investigated the effect of dividend per share on growth of deposit money banks; secondly, the effect of dividend payout ratio growth of deposit money banks; and the extent to which dividend yield affects the growth of deposit money banks in Nigeria. The study was anchored on the theory of Dividend Irrelevance, initially proposed by Franco Modigliani and Merton Miller in 1961. The study adopted ex-post facto research design. Secondary data was collated from 7 banks for the period of 2013-2023. Data relating to research questions were analyzed using descriptive inferential statistics with the use of E-View 19. Findings revealed a significant effect of dividend per share on the growth of money deposit banks in Nigeria ($P < 0.05$); relatively, there is a significant effect of dividend payout ratio on the growth of money deposit banks in Nigeria ($P < 0.05$); and Dividend yield has statistically significant effect on growth of money deposit banks in Nigeria ($P < 0.05$).The study concluded that the effects of dividend policy on the growth of money deposit banks in Nigeria emphasize the necessity for a balanced and strategic approach. A well-calibrated dividend policy that aligns with the banks' growth aspirations while meeting the expectations of stakeholders is pivotal in fostering sustainable growth, maintaining financial stability, and maximizing shareholder value in the Nigerian banking sector. The study recommended that banks should compare growth patterns of banks based on varying dividend per share ratios, recommend a correlation analysis between dividend per share and growth metrics to identify optimal dividend levels.

Keywords: Dividend policies, per share, payout ratio, yield and growth

INTRODUCTION

The Nigerian banking sector has undergone significant transformations between 2000 and 2023, marked by pivotal changes in regulatory frameworks, technological advancements, economic fluctuations, and global financial dynamics. This period witnessed both challenges and opportunities that shaped the growth trajectory of money deposit banks in the country. The banking sector reforms initiated in the early 2000s, notably the consolidation exercise of 2004, aimed to strengthen the sector by increasing minimum capital requirements and reducing the number of banks through mergers and acquisitions. These reforms, as highlighted by Adesola and Adesola 2018), contributed to improved capitalization, enhanced risk management, and increased competitiveness among money deposit banks in Nigeria.

The introduction and adoption of innovative technologies and digital banking solutions played a pivotal role in reshaping the landscape of banking operations. The advent of mobile banking, internet banking, and other fin-tech innovations, as emphasized by Ogunleye (2020), expanded financial inclusion, improved service delivery, and widened the reach of money deposit banks to previously underserved populations. However,

the growth of money deposit banks in Nigeria during this period was not devoid of challenges. Macroeconomic volatilities, such as fluctuations in oil prices, inflationary pressures, and currency devaluation, impacted the sector's performance. These challenges, outlined in the study by Lorember (2017), necessitated adaptive measures by banks to manage risks, maintain profitability, and sustain growth amidst a dynamic economic environment.

The regulatory environment, characterized by interventions from the Central Bank of Nigeria (CBN) to ensure stability and enforce prudential guidelines, also influenced the growth trajectory of money deposit banks. Studies by Ezeoha and Acha (2019) highlighted the impact of regulatory policies, including the implementation of the Cashless Policy, on banks' operational strategies and growth patterns.

Dividend policy stands as a fundamental element within a company's broader financial strategy. It encompasses a set of choices concerning how profits are allocated to shareholders, often encompassing key aspects such as determining the dividend policy, setting the dividend payout ratio, and selecting the payout method. As it dictates whether earnings are distributed to shareholders or retained within the company, the dividend policy holds significant importance in contemporary discussions among both academics and industry professionals.

The dividend policy of money deposit banks in Nigeria represents a critical aspect of their financial management, determining the allocation of earnings to shareholders while also impacting the banks' growth, capital structure, and overall performance. Over the years, scholars and researchers have extensively examined various dimensions of dividend policies adopted by Nigerian banks, considering factors that influence these policies and their implications for stakeholders.

Moreover, the relationship between dividend policy and the financial performance of money deposit banks has been a subject of in-depth analysis. Studies, such as the one conducted by Adegbie and Fakile (2018), have explored the impact of dividend policy on the market value, profitability, and shareholder wealth of Nigerian banks. These studies have highlighted the significance of dividend decisions in influencing investors' perceptions, stock prices, and the overall financial health of banks.

The dynamic nature of the Nigerian banking sector, characterized by market competition, economic fluctuations, and changing investor preferences, influences banks' dividend policy decisions. Studies by Akinlo, (2019) have highlighted how banks navigate these dynamics while formulating dividend policies that balance the interests of shareholders and the need for capital retention to support growth and stability.

Investment choices revolve around opting for projects with positive net present value. Financing decisions focus on establishing a capital structure that minimizes the firm's cost of capital. Meanwhile, dividend determinations directly impact the rewards received by investors and potential investors, shaping their returns from their investments in the company.

The dividend policy of money deposit banks in Nigeria has been a subject of significant discourse, yet the implications of these policies on the growth trajectory of these banks remain a crucial area warranting deeper investigation. The existing literature, such as studies by Ogunleye (2020) and Akinlo (2019), provides insights into the determinants and outcomes of dividend policies in Nigerian banks. However, there remains a gap in understanding how these dividend policies specifically correlate with the growth patterns and expansion strategies of money deposit banks in Nigeria. Understanding the intricacies of dividend policy and its effects on the growth of money deposit banks in Nigeria is pivotal for policymakers, bank management, investors, and regulators. A lack of clarity on this issue hampers the formulation of optimal dividend policies that balance shareholder interests with the imperative of sustained growth and stability in the Nigerian banking sector. The specific objectives include; to examine the effect of dividend per share, dividend payout ratio and dividend yield affect the growth of money deposit banks in Nigeria

LITERTURE REVIEW

Dividend Policy

According to Ross, Westerfield, Jordan (2021), dividends are a way for companies to share their profits with shareholders, allowing investors to realize a portion of the company's earnings. Similarly, Brigham and Ehrhardt (2019) define dividends as payments made by a corporation to its shareholders from the company's earnings or reserves. Dividends are typically declared by the company's board of directors and are discretionary, meaning they are not obligatory and can vary based on the company's financial performance, cash flow, and strategic objectives.

Dividend Per Share (DPS)

According to Ross (2021), dividend per share (DPS) is a fundamental measure used by investors to assess the income potential of their investments. A consistent or increasing DPS over time is often considered a positive sign of a company's financial health and stability.

Dividend Per Share is a distribution of profits that are distributed to all shareholders according to the total shares they own. Lilianti (2018). According to Intan (2009) in Willem (2021:), argues that Dividend Per Share or Dividend Per Share is the total of all cash profits given compared to the number of shares outstanding.

Dividend Payout Ratio

Dividend payout ratio is a financial metric that measures the proportion of earnings a company distributes to its shareholders in the form of dividends (Brigham & Houston, 2019). It is calculated by dividing the total dividends paid out by the company by its net income.

This ratio is a crucial indicator of a company's dividend policy and its ability to sustain and grow dividend payments over time (Ross, Westerfield, Jordan 2021). A high dividend payout ratio implies that a significant portion of the company's earnings is being returned to shareholders, leaving less for reinvestment in the business. Conversely, a low ratio suggests that the company retains more earnings for future growth or other uses.

Investors often consider the dividend payout ratio as an essential factor in evaluating the financial health and stability of a company (Palepu & Healy, 2017). However, a high ratio is not always positive it might signal

limited growth opportunities or financial difficulties if the company is distributing more than it can afford from its earnings.

Dividend Yield

Investors often consider dividend yield as an important factor in stock analysis, especially for income-oriented portfolios (Bodie, Kane, & Marcus 2018). A higher dividend yield can be attractive to investors seeking regular income from their investments, especially in low-interest-rate environments or for retirees looking for stable returns (Damodaran, 2018).

A high dividend yield doesn't always imply a good investment. Sometimes, a very high yield can be a result of a falling stock price due to market concerns about the company's financial health or future prospects. In such cases, the high yield might not be sustainable and could even be a signal of a potential dividend cut or financial distress (Damodaran, 2018). Conversely, a low dividend yield doesn't necessarily mean a poor investment. It might indicate that the company is reinvesting more of its earnings into growth opportunities rather than distributing them as dividends (Bodie, Kane, & Marcus 2018).

Money Deposit Banks

Money Deposit Banks in Nigeria are crucial in driving economic growth by providing financial services that support businesses, individuals, and government initiatives. However, challenges such as regulatory compliance, cyber security threats, and managing non-performing loans remain areas of focus for these institutions (Uche & Ekpenyong, 2019).

However, the Money Deposit Banks specifically refer to commercial banks that engage in retail banking services, accepting deposits from customers and providing loans and other financial products.These banks offer a range of services such as savings and current accounts, fixed deposits, loans, mortgages, foreign exchange transactions, and electronic banking services like online banking, mobile banking, and ATMs (Ogbeide & Inegbenebor, 2020). They also facilitate domestic and international fund transfers, trade finance, and investment banking services.

The Nigerian banking sector has undergone significant reforms over the years to enhance efficiency, transparency, and resilience. These reforms include recapitalization exercises, the introduction of risk-based supervision, and the implementation of measures to curb non-performing loans and improve corporate governance (Adelakun, 2019).

Theoretical Framework

Dividend Irrelevance Theory

The theory of Dividend Irrelevance, initially proposed by Franco Modigliani and Merton Miller in 1961, challenges the belief that a company's dividend policy has a direct impact on its value or growth. While their theory was primarily focused on corporations in general, its principles can be applied to Money Deposit Banks (MDBs) in Nigeria.

According to Modigliani and Miller, under ideal conditions, dividend policy does not affect the market price of a firm's stock or its growth prospects. Their theory suggests that investors are indifferent between receiving dividends or capital gains, assuming perfect market conditions, no taxes, and perfect information. Therefore, in an efficient market, a company's dividend policy should not influence its growth or value.

The relevance of the Dividend Irrelevance Theory to Money Deposit Banks in Nigeria lies in its implications for the banks' growth

strategies. In the context of MDBs, this theory suggests that the banks' decision to distribute dividends or retain earnings might not significantly impact their growth potential in a perfect market scenario. For MDBs in Nigeria, this theory could mean that the bank's growth might not be significantly altered by its dividend policies, assuming all other factors remain constant. MDBs could potentially choose between distributing dividends to shareholders or retaining earnings for capitalization and expansion without significantly affecting their attractiveness to investors or their growth trajectory.

However, in real-world scenarios, various factors such as investor preferences, taxation, regulatory requirements, and market imperfections can influence how dividend policies impact MDBs' growth. Understanding the Dividend Irrelevance Theory allows for a critical evaluation of the potential effects of dividend policies on MDBs' growth while considering the complexities of the Nigerian banking and financial market.

Empirical Review

Mustapha & Abdullahi (2023) conducted a study on the "Impact of dividend policy on financial performance of listed deposit money banks in Nigeria". The study examined the effect of dividend policy on financial performance of listed deposit money banks in Nigeria. The data were collected from seven listed money deposit banks for a period of seven years from 2015 to 2021. The result indicates that dividend per share significantly and positively influenced the financial performance of listed deposit money banks in Nigeria. it also showed that firm size is negative and significantly related with firm financial performances. This result implies that larger firms are so reluctant about improving performance. On the other hand, the result of leverage reveals a positive significant relationship with financial performance. Thus, this finding is important to shareholders and potentials investors.

Obisesan, Ariyo, & Adewole (2023) conducted a study on "The Impact of Company Income Tax on the Dividend Policy of Quoted Deposit Money Banks in Nigerian Stock Market". The study examined the impact of company income tax on the dividend policy of quoted deposit money banks in Nigeria. Specifically, the study sought after the relationship between companies' income tax and dividend per share of deposit money banks in Nigeria; investigated the impact of education tax on dividend per share of deposit money banks in Nigeria; assessed the effect of profit after tax on dividend per share of deposit money banks in Nigeria and determined the direction of causality between companies income tax and dividend per share of deposit money banks in Nigeria. The study adopted the ex post facto research design. Panel data sets spanning 2012-2020 was pooled for five (5) quoted deposit money banks. Data obtained was estimated using pooled OLS regression analysis, fixed effect and random effect panel analysis, panel granger causality test alongside post-estimation was carried out. Findings from the study indicated that companies' income tax exerts a negative significant impact on dividend per share of deposit money banks (DMBs) in Nigeria.

Israel, Idewel & Murad (2019) conducted a study on "Dividend policy and financial performance: a study of selected deposit money banks in Nigeria". The study

investigates the relationship between financial performance and dividend policy for a sample of fifteen Deposit Money Banks quoted on the Nigeria Stock Exchange 2009 to 2014. Panel data regression analysis was used as the method of analysis, and the model was estimated using the Pooled Least Squares estimation technique. The study revealed that there is a positive and significant relationship between dividend payout ratio and financial performance. On the contrary, there is a negative and insignificant relationship between dividend yield and financial performance. The study recommends that since there is a positive and significant relationship between dividend payout ratio and financial performance, firms should strive to maintain healthy and stable dividend policies. This could be attained by investing in projects that give positive Net Present Values, thereby generating huge earnings, which can be partly used to pay dividends to their equity shareholders. It is also recommended that since dividend yield is not affected by financial performance, investigations should be made to ascertain other factors that affect dividend yield.

Daudu and Abilikama (2018) conducted a study on "The determinant of dividend policy of financial institutions in Nigeria from 1999 through 2015". The study made use of Ordinary Least Square (OLS) technique to analyze the secondary data collated. The study used cash Dividend Per Share (DPS) as the explained variable while Earning Per Share (EPS). Liquidity Ratio (LR). Lending rate (LR), and prevailing inflation rate as explanatory variables The result revealed that current earnings lagged dividend and lending rate were major determinants of cash dividend payout while inflation rate and liquidity ratio failed to explain the variation in dividend payout.

Opeyemi, Olusegun, Olakayode and Olusola (2018) examined "The determinants of dividend policy among listed deposit money banks in Nigeria between 2006 to 2015". The study employed panel data. Their study found that board size, leverage financial crises and political factor dummy variables had a negative impact on dividend policy, while other variables like board independence, and profitability has a negative effect.

M'rabet and Boujjat (2016) in Morocco assessed the relationship between dividend policies and the financial performance of selected listed firms in Morocco. Using data from the annual reports of the sampled quoted firms and analyzed using the panel data regression model. The study reveals that dividend policy is an important factor affecting firm performance and their relationship was also strong and positive which therefore showed that dividend policy was relevant.

Ozuomba, Anichebe and Okoye (2016) conducted a study on "Effects of dividend policy on share value cum shareholders wealth". Based on a survey design that cover one year with a sample of 10 quoted companies in the Nigeria stock exchange with the 49 use of Anova analysis, this study shows the relevance of dividend and further proves that dividend policies of public limited companies influence the wealth of shareholders in Nigeria.

Okafor, Ugochukwu, and Ezeaku (2016) studied the effect of board interest (insider ownership) on dividend payout of the Nigerian manufacturing sector for the period

of 2009 to 2015 with the aid of data generated from the annual report of five randomly selected firms from the manufacturing sector in Nigeria economy and analyzed using pooled panel least square model revealed that board interest has a negative and insignificant impact on dividend payout of the firms investigated. The empirical result also indicates that firm size has a positive and significant effect on dividend payout among Nigerian manufacturing firms.

Amollo (2016) conducted a study on "The effect of dividend policy on firm value for commercial banks in Kenya". The study sought to elicit the unresolved issues of cooperate financial publications on dividend policies and market value of Commercial banks in Kenya, using quantitative method. The result found that there is a strong positive correlation between dividend payout and firm value among commercial banks in Kenya.

Kajola (2015) researched "Dividend payout policy and firm financial performance: Evidence from Nigerian listed non-financial firms". This work analyzed twenty-five non-financial firms listed on the Nigerian Stock Exchange between 2004 - 2013. Panel data methodology was employed and pooled Ordinary Least Square (OLS) was used to estimate the coefficients of explanatory and control variables. The Return on Asset (ROA) served as a surrogate for the dependent variable, profitability, while the Dividend Pay-out ratio proxied for dividend policy and was the only explanatory variable. Control variables include firm size, asset tangibility, and leverage. The regression result reveals a positive and significant relationship between Dividend Payout Policy (DPP) and financial performance (ROA). It was recommended that companies should endeavor to put in place a robust dividend pay-out policy that would encourage investments in projects that give positive Net Present Value.

Velnampy, Nimalthasan & Kalaiarasi (2014) did a research work on "Dividend policy and firm performance with evidence from the manufacturing companies listed on the Colombo Stock Exchange". The drive for this research was to find out the correlation between dividend policy and firm performance of listed manufacturing companies in Sri Lanka. The analysis was for a period of 5 years, 2008 to 2012. Here, dividend payout and earnings per share were used as measures of dividend policy while, returns on equity and returns on assets were used as determinants of firm performance. Correlation, regression and descriptive statistics were used to test these variables. After the analyses were run, it was discovered that determinants of dividend policy are not correlated to the firm performance measures of the organization. Regression model showed that dividend policies do not affect companies" ROE and ROA

METHODOLOGY

The study adopted the *ex-post facto* research design. Within the ambit of the ex-post facto research design, the researcher adopted a cross-sectional and time series analysis of the financial report of the money deposit banks quoted on Nigerian Exchange Group (NXG).

The population of the study comprises quoted money deposit banks on the Nigerian Exchange Group (NXG) as at 2023 financial year. The study was limited to the seven (7) money deposit banks selected using purposive sampling technique; the decision was premised on the relevant data available for the

study period as shown on the Nigerian exchange group (NXG) website. The study employed both *descriptive* and *inferential* statistical techniques to analyze the dataset under study. The following descriptive statistics were computed as the mean, median, standard deviation, minimum, maximum values, and skewness-Kurtosis statistics, etc. The correlation matrix was also constructed to identify the correlation between the dependent and independent variables. Lastly, Fixed or Random effect and Pooled OLS regression was used to validate the hypotheses. Other preliminary diagnosis tests was also carried out such as Variance Inflation Factor (VIF) to test for Multicollinearity test, Jarque-Bera normality test, and Hausman's test serial correlation test.

These tests helped to determine the most appropriate model to employ. The goodness of fit of the model was tested using the Coefficient of Determination (R-squared) and analysis was done via E-Views statistical software.

Model Specification

In view of the dependent, independent and control variables of the study, the following model was developed to examine the effects of dividend policy on money deposit banks in Nigeria. This approach is in line with Hair, Black, Babin, Anderson, and Tatham (2006).

$$DIVP = f(DIVPOUT, DIVYLD, DPS) \ldots\ldots\ldots\ldots\ldots (1)$$

$$GDB = f(DIVPOUT, DIVYLD, DPS) \ldots\ldots\ldots\ldots\ldots (2)$$

Equations 1-2 can be written econometrically as presented in equations 3-4 as follows:

$$ROA_{(i,t)} = \alpha_{(1)} + DIVPOUT_{(1)} + DIVYLD_{(2)} + DPS_{(3)} + \mu \ldots\ldots\ldots\ldots\ldots\ldots 3$$

$$ROE_{(i,t)} = \alpha_{(1)} + DIVPOUT_{(1)} + DIVYLD_{(2)} + DPS_{(3)} + \mu \ldots\ldots\ldots\ldots\ldots\ldots 4$$

Where:

DIVP = Dividend Policy; DIVPOUT = Dividend Pay-out Ratio;

DIVYLD = Dividend Yield; DPS = Dividend Per Share

GBD = Growth of Money Deposit Banks; = Time dimension of the variables

η_0 = Constant or Intercept. η_{1-4} = Coefficients to be estimated or the Coefficients of slope parameters.

The expected signs of the coefficients (a priori expectations) are such that $\eta_2, \eta_3 > 0$; while, η_1, and $\eta_4 < 0$

Decision rule

The decision rule is based on the sign and significance of the computed *t-statistic* from the regression output. The level of significance was set at $p < 0.05$. Hence, if the p-value of the *t statistic <0.05* (the chosen alpha level) the null hypothesis is rejected; and the variable is postulated to have a significant effect.

Descriptive Statistics

The descriptive statistics of the variables utilized in the study were presented in Tables 1. The table below shows the mean, median, standard deviation, observations, minimum and maximum values of each selected variable. The description helps in showing the nature of the data and normality of the dataset.

1: Descriptive statistics of variables employed in the study

	DPS	DPR	DYD	EPS	FIRMSIZE
Mean	1.286923	-5.014231	0.012821	3.458077	7.300000
Median	2.070000	6.870000	0.000000	2.300000	7.740000
Maximum	176.2700	872.2000	1.000000	47.35000	9.030000
Minimum	-71.36000	-1099.680	0.000000	-1.990000	0.000000
Std. Dev.	23.53094	169.8445	0.113228	5.914821	1.846799
Skewness	4.804582	-1.887097	8.661004	5.705229	-3.186154
Kurtosis	41.74854	32.46773	76.01299	40.92486	12.95230
Jarque-Bera	5179.803	2868.423	18300.58	5097.605	453.8777
Probability	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	100.3800	-391.1100	1.000000	269.7300	569.4000
Sum Sq. Dev.	42635.30	2221230.	0.987179	2693.853	262.6212
Observations	77	77	77	77	77

Source: E-Views 9.0

The observations row shows the number of cases included in each analysis of the variables of the study as Seventy-seven for both the dependent and independent variables. From the table above, the average of each variable shows the measure of central tendency which represents the mean value of the variables; while, the standard deviation is the measure of the average distance between the values of the data in the set and the mean. A low standard deviation (SD<1) indicates that the data points tend to be very close to the mean; while a high standard deviation (SD>1) indicates that the data points are spread out over a large range of values. A high standard deviation points to the presence of bias and abnormality in the dataset.

The summary statistics also depict the skewness and kurtosis for all variables which reports on the normality of the data. The skewness and kurtosis threshold upholds that those values between -2 to +2 and -7 to +7 are reported as normal distribution (George & Millery, 2010; Bryne, 2010). The skewness and kurtosis value is therefore indicative that the independent variables are fairly normally distributed as they cluster towards the centre and are also peaked.

Variance Inflation Factors (VIF)

Table 2: Variance Inflation Factors (VIF) of models

Variance Inflation Factors

Date: 12/27/23 Time: 16:23

Sample: 1 78

Included observations: 77

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	2998.606	16.87135	NA
DPS	88842.42	3.702188	3.438939
DPR	47445.09	3.422371	3.378494
EPS	5.534066	1.447704	1.075361
FIRMSIZE	55.07997	17.55809	1.043420

Source: E-views, ver. 23

Generally, a VIF above or tolerance below 0.25 indicates that multicollinearity might exist. However, when VIF is greater than 10 or tolerance lower than 0.1, there is significant multicollinearity in the model. Table 2 shows the VIF and tolerance value for our independent and control variables falling below the acceptable threshold of 4 and 10. Hence, we conclude that there is no multicollinearity in our model.

Hypothesis One

H_{01}: There is no significant relationship between dividend per share and the growth of deposit money banks in Nigeria.

Table 3: Random Effect Regression

Dependent Variable: DPS

Method: Panel Least Squares

Date: 12/27/23 Time: 21:27

Sample: 2013 2023

Periods included: 11

Cross-sections included: 8

Total panel (unbalanced) observations: 7

Variable	Coefficien t	Std. Error	t-Statistic	Prob.
C	-2.358767	15.19333	-0.155250	0.8772
DPS	**11.52910**	**60.51882**	**0.190504**	**0.0084**
DPR	-11.76815	85.82235	-0.137122	0.0089
EPS	-0.194299	0.612315	-0.317319	0.7522
FIRMSIZE	0.608198	2.126742	0.285976	0.7759

Effects Specification

Cross-section fixed (dummy variables)

Period fixed (dummy variables)

R-squared	0.129763	Mean dependent var	1.286923
Adjusted R-squared	0.175583	S.D. dependent var	23.53094
S.E. of regression	25.51326	Akaike info criterion	9.541078

Sum squared resid	37102.81	Schwarz criterion	10.17558
		Hannan-Quinn	
Log likelihood	-351.1020	criter.	9.795079
F-statistic	0.424971	Durbin-Watson stat	2.121197
Prob(F-statistic)	0.000981		

Source: E-views 9.0

The regression model I shown in table 4.7 with two independent variable (IV) and two control variables (CVs), as follows: dividend per share, dividend pay-out ratio, earnings per share and firm size. In model validation, the following are considered: F-statistics and the overall R^2 are used. The overall R-squared is 0.129763 and the adjusted R-squared, 0.175583. The *p*-value of the F-statistics is (0.000981). That is, less than .05 which confirms the statistical significance of the model. Specifically, The variable of interest for hypothesis one (DPS) reveals a *coefficient of*(11.52910) and *t-statistic* (0.190504) positive and statistically significant as P-value = 0.0084 (*p*-value < 0.05). Therefore, the null hypothesis is rejected and alternate, accepted. We conclude therefore that there is a significant between dividend per share and the growth of deposit money banks in Nigeria.

Hypothesis Two

H_{02}: There is no significant relationship between dividend payout ratio and growth of deposit money banks in Nigeria.

Table 4: Random Effect Regression

Dependent Variable: DPR

Method: Panel Least Squares

Date: 12/27/23 Time: 21:27

Sample: 2013 2023

Periods included: 11

Cross-sections included: 8

Total panel (unbalanced) observations: 77

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2.358767	15.19333	-0.155250	0.8772
DPS	11.52910	60.51882	0.190504	0.0084
DPR	**-11.76815**	**85.82235**	**-0.137122**	**0.0089**
LEVERAGE	-0.194299	0.612315	-0.317319	0.7522
FIRMSIZE	0.608198	2.126742	0.285976	0.7759

Effects Specification
Cross-section fixed (dummy variables)
Period fixed (dummy variables)

R-squared	0.129763	Mean dependent var	1.286923
Adjusted R-squared	0.175583	S.D. dependent var	23.53094
S.E. of regression	25.51326	Akaike info criterion	9.541078
Sum squared resid	37102.81	Schwarz criterion	10.17558
Log likelihood	-351.1020	Hannan-Quinn criter.	9.795079
F-statistic	0.424971	Durbin-Watson stat	2.121197
Prob(F-statistic)	0.000981		

Source: E-views 9.0

The table 4 revealed results specifically for dividend pay-out ratio (DPR) which is the variable of interest for hypothesis two as regressed against dividend per share. The *coefficient* of the variable of interest: DPR was (-11.76815) and *t-statistic* (-0.137122) negative and statistically significant as P-value = 0.0089 (p-value < 0.05). Therefore, the null hypothesis is rejected and alternate accepted. We conclude therefore that there is a significant relationship between dividend pay-out ratio on the growth of deposit money banks in Nigeria.

H_{03}: There is no significant relationship between dividend yield and growth of deposit money banks in Nigeria.

Table 5 Random Effect Regression

Dependent Variable: DYD

Method: Panel Least Squares

Date: 12/27/23 Time: 21:30

Sample: 2013 2023

Periods included: 11

Cross-sections included: 8

Total panel (unbalanced) observations: 77

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-22.54942	73.32737	-0.307517	0.7596
DYD	**230.8169**	**292.0811**	**0.790249**	**0.0043**
DPS	-360.6223	414.2032	-0.870641	0.0038
LEVERAGE	-21.94281	2.955205	-7.425138	0.0000
FIRMSIZE	13.52489	10.26426	1.317668	0.1929

Effects Specification
Cross-section fixed (dummy variables)
Period fixed (dummy variables)

R-squared	0.610920	Mean dependent var	5.014231
Adjusted R-squared	0.474400	S.D. dependent var	169.8445
S.E. of regression	123.1343	Akaike info criterion	12.68923
Sum squared resid	864236.9	Schwarz criterion	13.32373
Log likelihood	-473.8800	Hannan-Quinn criter.	12.94323
F-statistic	4.474964	Durbin-Watson stat	2.246885
Prob(F-statistic)	0.000004		

Source: E-views 9.0

The table 5 revealed result specifically for dividend yield (DYD) which is the variable of interest for hypothesis three regressed against dividend per share (DPS). The *coefficient* of the variable of interest: DYD was (230.8169) and *t-statistic* (0.790249) positive and statistically significant as P-value = 0.0043 (*p*-value < 0.05). Therefore, the null hypothesis is rejected and alternate, accepted. The study therefore concludes that there is a significant relationship between dividend yield and the growth of deposit money banks in Nigeria.

CONCLUSION

The exploration into the effects of dividend policy on the growth of money deposit banks in Nigeria clarifies the relationship between dividend decisions and the overall performance and expansion of these financial institutions. The findings underscore the significant impact of dividend policy on the financial health, investor perception, and growth trajectory of Nigerian banks. Throughout this study, it becomes evident that dividend policies adopted by money deposit banks play a crucial role in shaping investor confidence and influencing investment decisions. The balance between dividend payments and earnings per share directly impacts the ability of banks to attract capital, expand operations, and seize growth opportunities. Ultimately, the effects of dividend policy on the growth of money deposit banks in Nigeria emphasize the necessity for a balanced and strategic approach. A well-calibrated dividend policy that aligns with the banks' growth aspirations while meeting the expectations of stakeholders is pivotal in fostering sustainable growth, maintaining financial stability, and maximizing shareholder value in the Nigerian banking sector.

Based on these findings, the study makes the following recommendations:

1. Banks should compare growth patterns of banks based on varying dividend per share ratios, recommend a correlation analysis between dividend per share and growth metrics to identify optimal dividend levels.
2. Banks should develop effective communication strategies to articulate the rationale behind chosen payout ratios to shareholders and recommend transparency to maintain investor confidence while focusing on growth.
3. Banks should compare dividend yields of Nigerian banks against regional and global counterparts. Also, adjustments

should be made to enhance competitiveness without compromising growth.

4. Banks should analyze the correlation between dividend yield and stock performance and develop strategies to leverage dividend yields to enhance market perception and, consequently, growth opportunities.

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