Dividends Policy and Corporate Performance in Selected Quoted Deposit Money Banks in Nigeria

[1]OGBEIFUN, Isaac Esezobor, Ph.D, [2]AKINOLA, Akinwumi Olusegun

[1]Department of Accounting, Achievers University, Nigeria

[2]Department of Accounting, Achievers University, Nigeria

Abstract: **This study is on dividends policy and its impact on performance of quoted Nigerian Deposit Money Banks. The study sought to evaluate the impact of dividends policy on the profitability of Nigerian deposit money banks quoted on the Nigerian Stock Exchange. The study is predicated on the dividends signalling theory, residual theory of dividends and stakeholder's theory. Data were obtained from annual reports of the quoted deposit money banks in Nigeria. The multiple regression i.e. Ordinary Least Square (OLS) was used to test how dividends policy affects the performance of deposit money banks in Nigeria. The result shows that dividends policy significantly influences financial performance of deposit money banks measured by return on asset (ROA). This can also be explained to mean that dividends policy in deposit money banks has a significant impact on the returns gotten from total assets. The study concluded that dividends policy exerts a significant influence on the performance of quoted deposit money banks in Nigeria between the periods specified. The study then recommends that Banks should pay attention to their dividends pay-out ratio in order to maintain and sustain their shareholders and attract prospective investors.**

Keywords: **Deposit Money Banks, Dividends Policy, Dividends Signalling Theory, Return on Asset, Stakeholder's Theory.**

1. INTRODUCTION

Nwude (2003) defined dividends policy as the guiding principle for determining the portion of a company's net profit after taxes to be paid out to the residual shareholders as dividends during a particular financial year; the purpose of a dividends policy being to maximize shareholders' wealth, by which is dependent on both current dividends and capital gains. Emekekwue (2005) said that the need for dividends policy is to determine what portion of firms' earnings or net income that will be paid out as dividends or retained. Retained earnings are one of the major sources of financing of firms' projects.

Arif, Abrar, Khan, Kayani, and Ali Shah, (2011), opined that discretionary accruals do not significantly influence dividends policy. This shows that earnings management is not the only tool for dividends avoidance, but there can be several other reasons for this strategy. The investor while making investment decision with a hope to have dividends should not focus on the earnings management as a signal for the dividends policy formulation. Nwamaka and Ezeabasili, (2017) opined that dividends policies differ among companies. Some vary with the business cycle while others do not. The so called growth firms usually pay out paltry amounts to shareholders and use what is left to address the financial needs of the firm.

However, the objective of providing funds to build up reserves in order to finance expansion projects, service and retire existing obligations and consequently, enhance the earnings power of the firm is at variance with putting disposable income in the hands of shareholders (Obamuyi, 2013). A substantial portion of retained profits results to a lower amount

of dividends pay-out to investors. Also, if a large portion of net income is paid out as dividends, the firm will not have enough funds to service its operating activities and existing obligations, and certainly, for re-investment. Since retained earnings act as a savings to the future earnings capacity of the firm, it is usually argued that a reduction in the value of retained earnings will cause a fall in the share price (Hunjra, Ijaz, Chani, Hassan and Mustafa, 2014).

Therefore, it is in the light of this crisis that the researcher deemed it necessary to examine the effect of dividends policy on the profitability of selected Nigerian deposit money banks quoted on the Nigerian Stock Exchange.

2. REVIEW OF LITERATURE

2.1 Conceptual Review

Concept of Dividends and Dividends Policy

As corporate finance reminds us, there are two operational decisions that a finance manager is faced with: capital budgeting and financing decisions. Capital budgeting decisions are those which are concerned with the assets that a firm must acquire, while financing decisions focus on how to finance these assets. When a company starts generating profits, another decision may be raised: whether to distribute a portion of the earnings to the shareholders or reinvest in the business (Al-Malkawi, 2008).

The financial manager must take careful decisions on how the profit should be distributed among shareholders. It is very important and crucial part of the business concern, because these decisions are directly related with the value of the business concern and shareholder's wealth. Like financing decision and investment decision, dividends decision is also a major part of the financial manager functions. When the business concern decides dividends policy, they have to consider certain factors such as retained earnings and the nature of shareholder of the business concern. Dividends are payments by the company to those who provide it with equity finance- the shareholders. From the point of view of these shareholders, dividends represent compensation for postponing consumption. The dividends policy of the firm relates to various decisions as a major aspect of the financing decision of the firm (Paramasivan & Subramanian, 2012).

Pandey (2008) opined that dividends mean the money that a company pays out to its shareholders from the profits it has made. Dividends also refer to the amount payable to shareholders from profits. Usually these payouts are made in cash, but sometimes companies will also distribute stock dividends whereby additional shares are distributed to shareholders. Dividends are a part of net profits distributed to stockholders in proportion to their ownership of company shares. Dividends therefore, are distribution of profits to shareholders and to the business in the form of re-investment. Dividends can be used to communicate quality managerial information about their interpretation of newest company's performance and their evaluation of future performance.

Dividends policy refers to the practice that management follows in making dividends pay-out decisions. It can also mean the size and pattern of cash distributions over time to equity holders. It is a decision that considers the amount of earnings to be retained by the company and that which is to be distributed to the shareholders of the company. Dividends policy helps to reduce the conflicting interests of the capital providers and managers because shareholders are interested in getting dividends, but managers prefer to retain profit. Managers want to retain profit for maintaining more control over the resources of the business concern (Mirza & Afza, 2014).

Dividends policy is the regulations and guidelines that a company uses to decide to make dividends payments to shareholders (Nissim & Ziv, 2001). The dividends policy decisions of firms are the primary element of corporate policy. Thus, Miller and Rock, (1985) suggest that firms dividends pay-outs policies are designed to reveal the earnings prospects to investors.

2.2 Theoretical Review

Dividends Signalling Theory

Theory of dividends signalling proposes that, there is positive future prospect in a company that declares high dividends payment in a period. The theory suggests that market value of shares tends to increase not because of high dividends pay-out but as a result of the information available to the investor in terms of changes in dividends levels, thereby having positive impact on corporate value (Bhattacharya, 1979). John and Williams (1985) believed that dividends payment

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announcement calms information imbalance between the management and shareholders by a means of conveying crucial information about the company's future progress.

Residual Theory of Dividends

This theory of dividends policy states that a business organization should distribute dividends to shareholders from outstanding profit after all available investment projects have been financed. This means that dividends should be paid after the most favourable level of capital expenditures has been incurred. Consequently, companies pay dividends from residual profits. In residual theory of dividends, the major aim of the company is on investment opportunities and thus dividends policy decision is a passive variable (Walter, 1963). Corporate Value is a true function of its investment decisions, thereby making dividends decisions irrelevant. The significance of this theory is that companies will only allocate dividends incomes to shareholders from the retained profits, that is outstanding earnings after all appropriate investment projects with positive net present values have been financed. Therefore, retained profits are the major vital source for most organizations for financing investment projects (Baker, Powell & Theodore, 2007).

Stakeholder's Theory

According to Freeman (1994), stakeholder theory emphasizes that some individuals or groups are very important for the survival of the organization. This explanation is seen as organisation oriented explanation, but in an earlier research freeman reported that stakeholder theory refers to any group or individual who can affect or who is likely to be affected by the achievement of the organisation objective. The stakeholder in most organisations usually includes shareholders, employees, customers, lenders, suppliers, local charities, various interest group and government.

Stakeholder theory attempts to describe, prescribe, and derive alternatives for corporate governance that included and balanced a multitude of interests. The theory has drawn considerable attention and support since its early formulation. Stakeholder theory incorporates the executive power model, which claimed that the purpose of a corporation is the maximisation of corporate wealth. However, this intensified the problem of directors acting in their own self-interest, as they support policies that led to the protection of their positions and powers in the company (Kay & Silberston, 1995).

2.3 Empirical Review

Jatmiko (2016) aimed at finding the effect of tax rate and dividends policy on the stock price, the effect of tax rate on the stock price, the effect of dividends policy on the stock price, and the effect of tax rate on the dividends policy using a secondary data involving fourteen (14) firms during the period of 2001-2014. The data collected were analyzed using path analysis; the results indicated that the tax rate and dividends policy had a significant positive effect on the stock price for about 76.8per cent. The tax rate had a significant positive effect on the stock price for about 32.6per cent, on the other hand, dividends policy had a significant positive effect on the stock price for about 17.5per cent, while the tax rate had a significant positive effect on the dividends policy for about 31.3per cent. It can however be deduced that a positive relationship exist between tax rate, dividends policy and stock price.

Salman, Lawal and Anjorin (2015) investigated the impact of dividends policy on the share price of 10 selected quoted firms in Nigeria stock exchange from 1997 to 2012. The panel data were analyzed using least square method. The results of their study shows that the earning streams of companies under the study have a greater impact than their dividends payouts in shaping the price of their shares in the market.

Odesa and Ekezie (2015) investigated the determinants of dividends pay-out of selected quoted companies in Nigeria using cross sectional data of 131 companies and employing multiple and linear regression techniques. The results reveal that investment opportunity is negatively related to dividends pay-out while debt, profitability, shareholding structure and last dividends paid have a positive and significant relationship with dividends pay-out ratio.

Osegbue, Ifurueze and Ifurueze (2014) analyze the relationship between dividends pay-out and corporate performance of Nigerian listed banks for the period 1990 – 2010. Results indicate that there is no significant relationship between dividends pay-out of the banks and all the explanatory variables (free cash flow, current profitability, financial leverage, business risk and tax paid used in the study. Supporting the dividends relevant hypothesis, the study also affirmed that dividends pay-out increases stock price performance.

In the work of Amidu (2007), dividends policy was found out to affect firm performance measured by the return on assets. The results showed a positive and significant relationship between return on assets, return on equity, growth in sales and dividends policy. This showed that when a firm has a policy to pay dividends, its profitability is influenced. The results also showed a statistically significant relationship between profitability and dividends pay-out ratio.

Schematic diagram of dividends policy and performance in the quoted deposit money banks in Nigeria
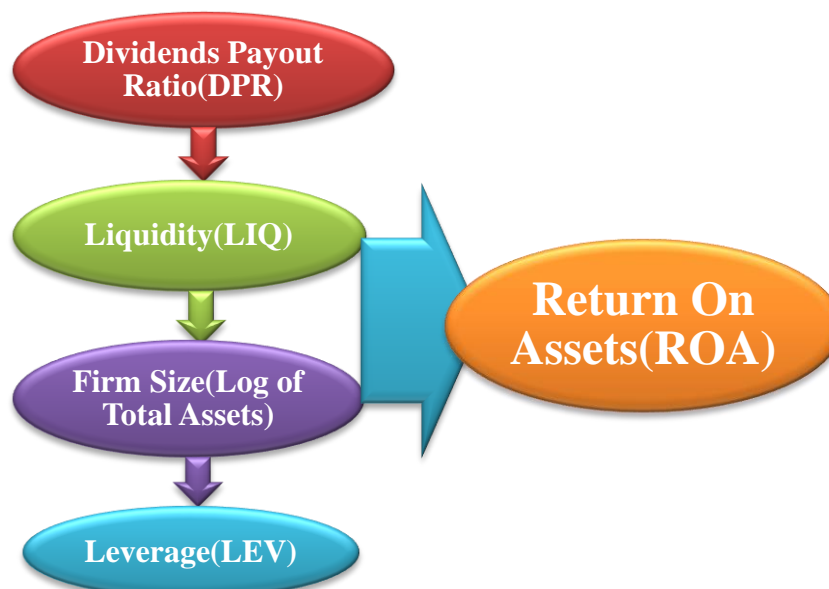
Source: Researcher's Conceptual Model, 2019.

3. RESEARCH METHODOLOGY

Research Design

This study utilized the panel data design which can be seen as a combination of both cross-sectional and time-series design properties. The panel design is a method of studying sample units periodically observed over a defined time frame. The annual reports of quoted deposit money Banks were used in determining their financial performance and the ratios over the years 2013– 2017 (5years).

Population of the Study

The population in this research work constitute all deposit money banks listed in the Nigerian Stock Exchange.

List of quoted deposit money banks in nigeria.

1. Access Bank

2. Diamond Bank

3. EcoBank of Nigeria

4. Fidelity Bank

5. First Bank of Nigeria

6. First City Monument Bank

7. Guaranty Trust Bank.

8. Jaiz Bank Plc

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9. Stanbic IBTC

10. Sterling Bank

11. Union Bank

12. United Bank of Africa

13. Unity Bank

14. Wema Bank

15. Zenith Bank

Sample Size and sampling techniques

The sample deposit money banks were selected from the division of banks into three strata based on their asset sizes as follow: large banks, medium banks and Small banks. Large banks are banks with total assets greater than or equal to ₦1.5 trillion, medium banks are banks with total assets greater than or equal to ₦1 trillion but less than ₦1.5 trillion and small banks have total assets of less than ₦1 trillion. This is according to the CBN Financial Stability Report, December 2017 banks' size classification using their total assets. The table below shows the banks selected according to their total assets in their 2017 annual reports. These banks were chosen according to the ratio of the total sample in relation to the population.

Summary of Sample

S/N		Deposit money Banks	Total Assets
1	**Large Bank**	Access Bank	₦ 4,102,242,820,000
2	**Large Bank**	Eco Bank	₦ 1,829,761,000,000
3	**Large Bank**	Zenith Bank	₦ 5,595,253,000,000
4	**Medium Banks**	United Bank of Africa	₦ 1,068,798,000,000
5	**Small Banks**	Wema Bank	₦ 388,153,526,000

Source: Annual Report of Quoted Banks, (2017).

Sources of Data

The data for this study was obtained from secondary sources. In order to investigate the dividends Policy and Performance of quoted deposit money banks in Nigeria, information from their annual financial statements concerning; Return on Asset (ROA) as a proxy for banks' performance, also; Dividends Payout Ratio(DPR), Liquidity(LIQ), Firm Size(FSz) and Leverage(Le) of the 5 quoted deposit money banks in Nigeria covering the the period of years 2013-2017 (5years) will be used. Other Secondary Sources of data are relevant journals and newspapers.

Method of Data Analysis

Ordinary Least Square technique i.e Regression analysis was adopted to obtain interpretable findings. The relationship between the independent variables i.e dividends policy indicators Liquidity (LIQ), Dividends payout Ratio (DPR), Firm Size (F Size) and Leverage (LEV) and dependent variable i.e banks performance proxied by Return on Asset (ROA) was examined using the multiple regression analysis.

Model Specification

The univariate and multivariate specifications are presented below. However, the researcher took into consideration the most relevant characteristics expected to influence dividends policy in the Nigerian environment and dis-aggregated the models into univariate and multivariate specifications. These models are specified as follows:

$ROA_{it} = \partial_0 + \partial_1 DPR_{it} + \mu_{it}$...(1)

$ROA_{it} = \partial_0 + \partial_2 LIQ_{it} + \mu_{it}$...(2)

$$ROA_{it} = \partial_0 + \partial_3 FSize_t + \mu_{it}\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(3)$$

$$ROA_{it} = \partial_0 + \partial_4 LEV_{it} + \mu_{it}\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(4)$$

$$ROA_{it} = \partial_0 + \partial_1 DPR_t + \partial_2 LIQ_{it} + \partial_3 FSize_{it} + \partial_4 LEV_{it} + \mu_{it}\ldots\ldots\ldots\ldots(5)$$

Where;

ROA= Return on Asset

DPR= Dividends payout ratio

LIQ= Liquidity

FSize= Firm Size

LEV= Leverage

4. DATA PRESENTATION AND ANALYSIS

Data was utilized from the annual reports of quoted deposit money banks on Return on Asset as a proxy for banks' performance, also; Dividends Payout Ratio (DPR), Liquidity (LIQ), Firm Size (FSz) and Leverage (Lev) for the period 2013-2017 (5years). The data generated for the study from the annual reports was analysed using linear regression. Excel software helped us to convert the variables into a suitable format for analysis, after which the E-views statistical package was utilized for data analysis.

Table 4.1: Descriptive Statistics

	ROA	DPR	LIQ	FSize	LEV
Mean	-0.086400	0.510800	21885992	2.86E+08	0.787200
Median	0.090000	0.000000	3797909.	2.03E+08	0.840000
Maximum	1.800000	5.000000	1.53E+08	1.52E+09	0.970000
Minimum	-2.900000	0.000000	0.500000	540129.0	0.080000
Std. Dev.	0.951446	1.085518	49658250	3.61E+08	0.208197
Skewness	-1.724541	3.099196	2.307340	1.882314	-2.279830
Kurtosis	6.955777	12.91857	6.385860	6.622223	7.832027
Jarque-Bera	28.69203	142.4980	34.12429	28.43014	45.97812
Probability	0.000001	0.000000	0.000000	0.000001	0.000000
Sum	-2.160000	12.77000	5.47E+08	7.15E+09	19.68000
Sum Sq. Dev.	21.72598	28.28038	5.92E+16	3.13E+18	1.040304
Observations	25	25	25	25	25

Source: Computer Output Eviews 7, (2019)

The descriptive statistics of the above variables are shown in the table 4.1.

The Return on Asset (ROA) has a mean of -0.086400, which can be attributed to the negative ROA computed in some banks for some years. It can be observed from table 4.1 that the minimum ROA in the observations is 0.012000 and the minimum ROA is -2.900. The independent variable, Dividends Payout Ratio (DPR) has a mean value of 0.510800, while the mean value of Liquidity (LIQ) is 21885992. The Firm Size (FSize) has a value of 2.86E+08. Leverage (LEV) show the following statistics; Mean= 0.787200, Standard Deviation= 0.208197, Max= 0.97000 and Min= 0.0800.

The standard deviation of 0.95145, 1.08552, 49658250, 3.61E+08 and 0.208197 shows the level at which the ROA, DPR, LIQ, FSize, LEV deviate from the mean respectively. As regards skewness, ROA and LEV are negatively skewed at -1.724541 and -2.279830 respectively. This means that their means are less than the median. DPR, LIQ and FSize are positively skewed at 3.099196, 2.307340 and 1.882314 correspondingly. The means of these variables are more than the median and this accounted for their positive skewness. All variables under study have a leptokurtic distribution (i.e a distribution that displays a positive value of excess kurtosis). This is because their kurtosis is greater than 3 and they have a very high peakedness. It can also be seen that all the variables have 25 observations. This can be attributed to availability of information on the variables used in the study.

Table 4.2: Correlation Matrix of sampled deposit money banks

	ROA	DPR	LIQ	FSize	LEV
ROA	1.000000				
DPR	-0.143079	1.000000			
LIQ	0.482099	0.077257	1.000000		
FSize	0.067811	0.006878	0.123156	1.000000	
LEV	0.375390	-0.003161	0.178371	-0.087336	1.000000

Source: Computation from Eviews 7, (2019).

The correlation matrix table shows the correlation coefficients between the variables under study. Each cell in the table shows the correlation between two variables.

The table 4.2 briefly shows the association the variables have with each other. ROA is inversely related to DPR. Liquidity has positive relationship with ROA. This means that the higher the value of Liquidity, the higher the ROA of the banks. The FSize and LEV have positive relationships with the ROA. This means that their increase will also increase the ROA of banks in the proportion of 6.8 per cent and 37. 5 per cent respectively. The table also shows that, in general, correlations between independent variables are low and high correlations with the dependent variables; an indication of a reduced multi-colinearity problem usually associated with time series data.

However, multi-co linearity is a problem, if any correlation exceeds 0.8. From the correlation matrix table above, the pair-wise variables are all less than 0.8 (Gujarati, 2004). Thus, we conclude that multi-collinearity exist between them.

4.1.1 Unit Root Test

Unit root test involves testing the order of integration of the individual series under consideration. This is necessary because, most time series are not stationary. One of the most popular unit root test is the Phillip-Perron (PP) test developed by Phillip and Perron (1988). The unit root test is then carried out under the null hypothesis $\alpha = 0$ against the alternative hypothesis of $\alpha < 0$. Once a value for the test statistics is computed, it is compared with the relevant critical value for the Phillip-Perron Test. If the test statistic is less (in absolute value) than the critical values at 10per cent, 5per cent or 1per cent level of significance and the probability less than 0.05 threshold, then the null hypothesis is accepted and unit root is present. If the variables are non-stationary at level form and integrated of the same order, this implies evidence of co-integration in the model.

Thus, in this study, the Phillip-Perron (PP) unit roots test was employed to test for the time series properties of model variables. The null hypothesis is that the variable under investigation has a unit root against the alternative that it does not. The choice of lag length was based on Akaike and Schwartz-Bayesian information criteria. The decision rule is to reject the null hypothesis if the PP statistic value exceeds the critical value at a chosen level of significance (in absolute term).

These results are presented in the table below:

Table 4.3: Unit Root Test Results

Summary			
Phillip-Perron(PP) Fisher			
	Intercept and Trend	**At Level**	**I(d)**
ROA	-2.7000	0.0052	I(0)
DPR	-2.3299	0.0000	I(0)
LIQ	-3.1131	0.0002	I(0)
FSize	-2.3212	0.0078	I(0)
LEV	-2.9474	0.0030	I(0)

**5per cent level of significance

Source: Extract from Eviews 7 Output.(2019)

The results from the table and appendix shows that all the variables have unit root i.e they are stationary at level I(0) since their PP values are less than the critical values at 1per cent, 5per cent and 10per cent. This indicates that they will not be affected by shock in the short or long run. It also means that the variables can be used in making future decisions affecting dividends policy and financial performance.

4.2 Test of Hypotheses and Discussion of Findings

The hypothesis was tested using the E-Views 7 Statistical Package for linear regression,

The model used in the study is re-specified as follows:

$$ROA_{it} = \partial_0 + \partial_1 DPR_t + \partial_2 LIQ_{it} + \partial_3 FSize_{it} + \partial_4 LEV_{it} + \mu_{it}$$

Hypothesis One

H_0: Dividends Policy has no significant impact on return on asset (ROA) of deposit money banks.

The apriori expectation of this hypothesis is that all components of dividends policy (Dividends Payout Ratio(DPR), Liquidity(LIQ), Firm Size(FSz) and Leverage(Le) has a positive and significant impact on the financial performance of deposit money banks proxied by Return on Asset (ROA).

Table 4.4: Regression Test Result

Dependent Variable: ROA
Method: Least Squares
Date: 01/04/19   Time: 23:16
Sample: 1 25
Included observations: 25

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DPR	0.097985	0.001560	-0.610269	0.5486
LIQ	0.135456	0.028560	-2.199650	0.0398
FSize	0.010000	0.000050	-0.231103	0.8196
LEV	-0.397005	0.853608	-1.636588	0.1174
C	1.269079	0.715181	1.774487	0.0912

R-squared	0.333079	Mean dependent var		-0.086400
Adjusted R-squared	0.199695	S.D. dependent var		0.951446
S.E. of regression	0.851161	Akaike info criterion		2.692425
Sum squared resid	14.48950	Schwarz criterion		2.936201
Log likelihood	-28.65532	Hannan-Quinn criter.		2.760038
F-statistic	2.497145	Durbin-Watson stat		2.095508
Prob(F-statistic)	0.015389			

Source: Researcher's E-Views Output, (2019).

It can be deduced from the Ordinary Least Square (OLS) output in the table above that the coefficient of determination (R-squared) has a value of 0.336432 which is a portrayal that the endogenous variables constitute about 34per cent of the elements that predict the exogenous variable, implying that the stochastic (unobserved) features in the model constitute about 66per cent. The adjusted R-squared hovers around 20per cent. The Durbin-Watson is 2.1 shows absence of serial correlation. In addition, the standard error of the regression 0.033784 indicates the variability between the point estimate and the population mean. The F-statistic shows a probability of 0.015389, which is below the 0.05 significrnce level. This shows that the probability is significant and model is successful.

With respect to the coefficients, the constant (c) has a value of 1.269079, whose implication is that if all the explanatory variables are held constant or pegged at zero(0), the explained variable, bank performance measured by ROA will increase by 1.269079 units. This shows that regardless of change on the explanatory variables, bank performance will be elevated. The variable-leverage (LEv) shows a negative coefficient of 0.397005, implying that where other predictor variables are constant, a 1 unit change in Leverage will precipitate a 0.40 unit decline of the bank performance.

Dividends pay-out ratio (DPR), shows a positive direction as it possesses coefficient of 0.097985 indicating that, where other variables are held at zero, a unit increase in DPR will boost bank performance by 0.10. This reveals that dividends pay-out ratio has material impact on financial performance of listed deposit money banks in Nigeria. Thus, the result supports the dividends relevance theory of Gordon, (1959) and Lintner, (1956).

Liquidity has a positive direction as it possesses coefficients of 0.13545. This shows that liquidity has an affirmative influence on the financial performance of listed deposit money banks such that a unit upsurge in Liquidity resulted to 0.14 unit increase in financial performance.

Firm Size measured by log of total assets shows a positive direction as they possess coefficients of 0.01000 indicating that where other variables are held at zero, a unit increase in firm size will boost bank performance by 0.01.

Liquidity, which has a P-value of 0.0398, is statistically significant. The Dividends Pay-out ratio, Firm Size and Leverage are not statistically significant as their P-values amount to 0.5486, 0.8196 and 0.1174, respectively. The Prob(F-statistic) is statistically significant. This is because 0.015389 is less than the accepted level of significance, which is 0.05. This purports that the null hypothesis should be rejected.

Therefore, the result shows that dividends policy has significant influence on financial performance of deposit money banks measured by return on Asset (ROA). This can also be explained to mean that dividends policy in deposit money banks has a significant impact on the returns gotten from total asset of quoted deposit money banks in Nigeria.

5. SUMMARY, CONCLUSION AND RECOMMENDATION

The findings established that dividends policy in Nigeria is influenced by dynamic factors mentioned in the analysis. From the Ordinary Least Square analysis of the impact of dividends policy on the performance of quoted deposit money Banks in Nigeria between 2013 and 2017, it was established that the variables which strongly affect the performance of the banks include increases in dividends payout ratio, liquidity and Firm Size.

The study also concludes that the variables are correlated, which means the activities of each variable are related to those of others. Moreover, there is a strong long relationship among the variables with slight variations.

Therefore, the summary of the conclusion from the study is that dividends policy exerts a significant influence on the performance of quoted deposit money banks in Nigeria between the periods specified. Based on this conclusion, the study recommends that:

Market forces should be allowed to determine dividends and policy formulators should not. An optimal dividends policy that maintains an appropriate balance between dividends earnings and retained earnings should be undertaken to promote financial health of the banks.

Deposit money banks should invest in profitable assets that will yield higher returns in the future to enhance their performance. These banks should also pay as at when due the dividends accrued to the shareholders in order to reward their patronage and they should pay attention to dividends pay-out in order to maintain and sustain their shareholders and attract prospective investors.

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