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IMPACTS OF DIVIDEND POLICY ON FINANCIAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA

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Abstract

This study investigated the effect of dividend policy on the financial performance of Deposit Money Banks (DMBs) in Nigeria. Specifically, the study examined the influence of dividend payout ratio (DPR), dividend yield (DY), dividend per share (DPS), and firm size (FSIZE) on Return on Assets (ROA). The study adopted a quantitative research design. Secondary data were sourced from the annual reports of listed DMBs in Nigeria for 10 years. Data were analyzed using descriptive statistics, Pearson correlation, and multiple regression analysis. The findings revealed that dividend policy practices varied significantly across banks. Correlation results showed positive relationships between DPR, DY, and ROA. However, regression results indicated that DPR ($\beta = -0.014$, $p = 0.837$) and DY ($\beta = -0.182$, $p = 0.505$) had no statistically significant effect on ROA. This implies that payout ratio and yield do not independently determine financial performance. In contrast, DPS had a positive and statistically significant effect on ROA ($\beta = 0.048$, $p < 0.001$), indicating it as the most influential dividend policy variable. Firm size also had a significant negative effect on ROA ($\beta = -0.080$, $p = 0.009$). The result supports the dividend signaling theory, suggesting that cash dividends per share serve as credible signals of financial strength. The study concluded that DPS is the key driver of financial performance among Nigerian DMBs. The study recommends that banks prioritize stable, sustainable dividend-per-share policies and address efficiency challenges associated with expansion.

Keywords: ***Dividend Policy, Financial Performance, DMB, DPR, DY, DPS;***

Introduction

The Nigerian banking sector has experienced significant transformation over the years due to regulatory reforms, technological advancements, and macroeconomic dynamics. These factors have jointly shaped the performance of Deposit Money Banks (DMBs), presenting both growth opportunities and operational challenges. A major turning point was the banking reforms of the early 2000s. The 2004 consolidation exercise, which mandated higher capital requirements, led to mergers and acquisitions that reduced the number of banks and strengthened the sector. Blessing and Nwokoye (2021) observed that these reforms improved capitalization and increased competitiveness among Nigerian DMBs. However, the sector remains exposed to external shocks. Macroeconomic instability, including volatility in oil prices and exchange rates, continues to affect bank profitability (Abaidoo et al., 2023). The COVID-19 pandemic further strained performance, with banking sector revenue declining by 6% in the third quarter of 2019 (Marcu, 2021).

Beyond external factors, internal financial decisions such as capital structure, risk management, and dividend policy significantly influence bank stability and earnings. Dividend policy is a critical aspect of corporate finance. It determines the proportion of earnings distributed to shareholders as cash dividends versus the proportion retained for reinvestment (Blessing & Nwokoye, 2021). For many investors, consistent dividend payments are more valued than capital gains from share price appreciation. Anuar et al. (2023) argued that dividend policy functions more as a wealth distribution mechanism than a wealth creation tool, because distributing earnings reduces funds available for expansion, investment, or debt repayment (Njoku & Lee, 2024). Nevertheless, a well-designed dividend policy can reduce cost of capital, attract investors, and enhance shareholder value (Balasubramanian, 2024). In emerging economies like Nigeria, banks must balance shareholder demands with the need for financial flexibility, particularly in a volatile environment. Thus, dividend decisions have direct implications for capital structure and long-term financial performance. Financial performance measures how effectively a firm utilizes its resources to generate returns for shareholders (Musa et al., 2020).

Profitability is central to long-term survival (Cyril & Emeka, 2020). In the banking sector, key indicators include Return on Assets (ROA), Return on Equity (ROE), Earnings Per Share (EPS), and the price-to-earnings ratio. ROA and ROE evaluate efficiency in using assets and equity, while EPS reflects profit attributable to shareholders (Nuruddeen et al., 2020). Given the

systemic importance of banks in maintaining financial stability and safeguarding depositor funds, the sector is highly regulated (Mustapha & Abdullahi, 2023). Regulatory requirements on capital and liquidity distinguish DMBs from firms in other sectors, making them a suitable context for examining dividend policy effects. In view of the foregoing, this study investigates the impact of dividend policy on the financial performance of selected Deposit Money Banks in Nigeria. The study focuses on First Bank of Nigeria Limited, Guaranty Trust Holding Company Plc, United Bank for Africa Plc, Zenith Bank Plc, and Access Bank Plc.

Literature Review

Prakash and Navaneetha (2026) examined how firm-specific financial factors influence dividend distribution, dividend yield, and dividend per share among companies listed on India's BSE Sensex. Using a Fixed Effect Panel Regression Model on panel data from 2010 to 2025, the study found that profitability, firm size, and price-to-book value had significant positive effects on dividend payout. Conversely, leverage and growth opportunities had negative effects on dividend payments.

Njoku and Lee (2024) investigated the relationship between dividend policy, firm performance, and firm value in the Korean market, focusing on differences between Chaebol and non-Chaebol firms. Using a dataset of 5,478 observations from the Korean Composite Stock Price Index and advanced regression models, the study found that cash dividend payments had a significant positive effect on Tobin's Q and market-to-book ratios. For Chaebol firms, dividend policy variables consistently had positive effects on performance, supporting the interest alignment theory. For non-Chaebol firms, the effects were negative, supporting the managerial entrenchment theory. Tharanga et al. (2024) examined determinants of dividend policy among 51 listed Banking, Finance, and Insurance (BFI) firms in Sri Lanka using the Generalised Method of Moments (GMM). The results showed that investment opportunities, leverage, revenue changes, corporate tax, and firm size positively influenced the propensity to pay dividends. Dividend yield was positively related to revenue changes, firm size, liquidity, corporate tax, business risk, and profitability.

Anuar et al. (2024) studied factors influencing dividend policy choices of 83 Malaysian listed firms from 2013 to 2017. Using multiple regression analysis, the study found that leverage and liquidity, measured by debt-to-equity and current ratios, had no significant effect on dividend payout ratio.

Ali Taher and Al Shboul (2023) analyzed 411 top non-financial US firms to examine the effect of dividend policy on stock market liquidity. Using panel data regression, the study found a negative relationship between dividend payments and stock liquidity, supporting the liquidity-dividend hypothesis. The study also found asymmetric effects: reductions in dividends increased liquidity more than dividend increases reduced it. The Global Financial Crisis weakened the relationship between dividend payments and liquidity.

Laksmiwati et al. (2023) investigated the effect of dividend policy on firm value through financial performance for companies listed on the IDX 30 in Indonesia from 2017 to 2021. Using multiple linear regression, the study found that firm size affected dividend payout ratio, while financial leverage, Economic Value Added, and Market Value Added did not. Price-to-book value was influenced by financial leverage and Market Value Added.

Mustapha and Abdullahi (2023) examined the effect of dividend policy on the financial performance of listed Nigerian DMBs from 2015 to 2021. The study covered seven banks. Findings revealed that dividend per share had a significant positive effect on financial performance. Firm size had a significant negative effect on performance.

Blessing and Nwokoye (2021) studied the relationship between dividend policy and financial performance of 18 Nigerian DMBs from 2016 to 2020. Using ARDL regression and descriptive statistics, the study found mixed results. Dividend payout ratio had a significant negative relationship with Return on Equity, while dividend yield had no significant effect. In a related analysis of five quoted DMBs from 2012 to 2020 using pooled OLS and panel regressions, the study found that company income tax had a significant negative effect on dividend per share.

Udoka et al. (2022) assessed the role of dividend policy on the performance of Nigerian firms using panel data and descriptive statistics. The dividend payout ratio was statistically insignificant in both the short and long run without corporate governance as a moderator. With governance included, the dividend payout ratio became significant in both periods. Dividend per share was insignificant without the moderator. The study concluded that dividend payout ratio is the most important dividend policy variable affecting firm performance.

Cyril and Emeka (2020) examined the relationship between dividend policy and financial attributes of Nigerian consumer goods manufacturing firms from 2009 to 2018. Using Pearson correlation and Granger causality, the study found that dividend per share had a positive relationship with ROA, ROE, and EPS. Dividend payout ratio had a negative and insignificant relationship with ROA and ROE, but a positive relationship with EPS. However, Granger causality showed no directional relationship between dividend policy and financial

performance. The reviewed studies show mixed findings. While some studies report a significant positive effect of dividend per share on performance (Mustapha & Abdullahi, 2023; Cyril & Emeka, 2020), others find dividend payout ratio and dividend yield to be insignificant (Anuar et al., 2024; Udoka et al., 2022; Blessing & Nwokoye, 2021). Methodologically, most Nigerian studies use panel OLS, ARDL, or correlation, with few focusing specifically on the top five DMBs. This study therefore seeks to fill this gap by examining the effect of DPR, DY, DPS, and firm size on ROA of First Bank, GTCO, UBA, Zenith Bank, and Access Bank using recent data.

Methods

Research Design

This study adopts a panel data econometric design to examine the impact of dividend yield on the financial performance of listed Deposit Money Banks in Nigeria. The design combines cross-sectional and time-series data to control for firm-specific effects and improve estimation efficiency.

Population and Sample

The population comprises all DMBs listed on the Nigerian Exchange Group as of 2024. Using purposive sampling, five banks were selected: First Bank, GTCO, UBA, Zenith Bank, and Access Bank. Selection was based on the availability of complete annual reports for 2015 - 2024, continuous dividend payments, and active listing status.

Data and Sources

The study uses secondary data obtained from audited annual financial statements of the selected banks. Data were cross-checked with disclosures from the NGX, CBN, and SEC. The study covers 10 years, 2015–2024, to capture recent trends in dividend policy and performance post-recession.

Variables

- Dependent Variable: Financial Performance - Return on Assets (ROA)
- Independent Variables: Dividend Policy - Dividend Payout Ratio (DPR), Dividend Yield (DY), Dividend Per Share (DPS)
- Control Variable: Firm Size (FSIZE) - Natural log of total assets

Table 1. Description and Measurement of Variables

Variable	ID	Measurement
Dependent:		
Return on Assets	ROA	Net profit before tax divided by Total assets
Independent:		
Dividend payout ratio	DPR	Proportion of net income distributed as dividends
Dividend yield	DY	Return on investment based on the dividend paid relative to the stock's market price.
Dividend per share	DPS	Total dividends paid divided by the number of outstanding shares/EPS multiply by DPR
Control:		
Firm Size	FSIZE	Total assets or total sales revenue of the firm.

Model Specification

This research aims to investigate the impact of Dividend policy on the financial performance of selected deposit money banks in Nigeria. To meet the broad objectives of this study, the model of Blessing and Nwokoye (2021) was adapted. From their study of the Dividend policy and Financial Performance of deposit money banks in Nigeria, the model was specified as:

FP = f (DPO, DY)

Where:

FP = Financial Performance

DPO = Dividend Payout Ratio

DY = Dividend Yield

This study adapted the above model by extending the variables and the covered time. Therefore, this study presents this model as:

ROA = f (DPR, DY, DPS, FSIZE)

Where:

ROA = Return on Assets (Financial Performance)

DPR = Dividend Payout Ratio

DY = Dividend Yield

DPS = Dividend per Share

FSIZE = Firm Size

The econometric form of the function model is specified as:

$ROA_t = \beta_0 + \beta_1 DPR_t + \beta_2 DY_t + \beta_3 DPS_t + \beta_4 FSIZE_t + \mu_t$

Where:

β_0 = constant

β_1 - β_4 = Shift perimeters

t = time series

μ = Stochastic term

Results and Discussion

The data analysis comprises descriptive and inferential analysis. The descriptive analysis shows the summary statistics and correlation matrix of the study, while the inferential analysis shows the regression examining the impact of dividend policy on the financial performance of deposit money banks in Nigeria.

Descriptive analysis

Table 2. Summary statistics

Variable	Minimum	Maximum	Mean	Standard Deviation
ROA	0.01	0.66	0.0723	0.12575
DPR	0.07	1.18	0.4586	0.29983
DY	0.00	0.28	0.0869	0.07469
DPS	0.04	7.58	1.4461	1.72278
FSIZE	8.16	10.38	9.2835	0.64734

Source: Author's computation (2026)

Table 2 above shows the descriptive statistics for five variables used in the study. According to the table, Return on Assets (ROA), a measure of financial performance, has a mean of 0.0723, meaning that Nigerian deposit money banks typically make 7.23% profit before taxes on their total assets. The ROA ranged from a low of 0.01 to a maximum of 0.66. The comparatively high standard deviation of 0.12575 indicates that the profitability of the institutions under study

varied noticeably. This suggests that some banks had moderate performance while others had far larger returns on their assets.

The average value of the Dividend Payout Ratio (DPR), which calculates the percentage of profits given to shareholders, is 0.4586. This indicates that banks distributed dividends equal to 45.86% of their net profits on average. The payout ratio, which varies from 0.07 to a high of 1.18, shows that certain banks used reserves or held earnings to pay out more than 100% of their earnings. The sampled banks' dividend distribution policies vary moderately, as indicated by the standard deviation of 0.29983.

With values ranging from 0.00 to 0.28, Dividend Yield (DY), which represents the return shareholders receive in relation to the stock's market price, has a mean of 0.0869 (or 8.69%). This implies that certain banks offered returns of up to 28% annually, while others paid no dividends at all. The standard deviation of 0.07469 indicates that dividend yield levels differ significantly between banks and time periods, possibly because of dividend announcements and stock market prices.

With a mean of 1.4461, a top of 7.58, and a minimum of 0.04, Dividend Per Share (DPS) exhibits a wide range. The tested banks' dividend payments per share varied significantly, as seen by the standard deviation of 1.72278. This illustrates how different banks have different levels of profitability, aggressive dividend policies, and stable earnings.

The logarithm of total assets, or Firm Size (FSIZE), has a mean of 9.2835 and a range of 8.16 to 10.38. The banks' operational scale varies moderately, as indicated by the standard deviation of 0.64734. Bigger companies may have more resources to influence investor expectations or pay dividends, which supports their inclusion in the model as a control variable.

Correlation analysis

Table 3: Pearson correlation

Variable	ROA	DPR	DY	DPS	FSIZE
ROA	1.000	0.480	0.403	0.628	-0.490
DPR	0.480	1.000	0.248	0.357	-0.737
DY	0.403	0.248	1.000	0.778	-0.017
DPS	0.628	0.357	0.778	1.000	-0.156
FSIZE	-0.490	-0.737	-0.017	-0.156	1.000

Source: Author’s computation (2026)

Table 3 presents the Pearson correlation matrix for the study variables. The results show that Return on Assets (ROA) has significantly positive relationships with all dividend policy indicators. ROA is moderately and significantly correlated with Dividend Payout Ratio ($r = 0.480$, $p < 0.01$) and Dividend Yield ($r = 0.403$, $p < 0.01$). A stronger positive and significant correlation exists between ROA and Dividend Per Share ($r = 0.628$, $p < 0.01$). This implies that banks with higher dividend payouts, yields, and dividends per share tend to record better financial performance. Conversely, ROA has a moderate negative and significant relationship with Firm Size ($r = –0.490$, $p < 0.01$). This suggests that larger banks may experience lower returns on assets, possibly due to operational complexities or conservative strategies. Among the independent variables, DPR is strongly and negatively correlated with FSIZE ($r = –0.737$, $p < 0.01$), indicating that larger banks are more likely to retain earnings than distribute them. DPR is also moderately and positively correlated with DPS ($r = 0.357$, $p < 0.05$), but its relationship with DY is weak and insignificant ($r = 0.248$, $p = 0.082$). Dividend Yield is strongly and significantly correlated with DPS ($r = 0.778$, $p < 0.01$), which reflects their direct mathematical relationship. However, DY shows a weak and insignificant relationship with FSIZE ($r = –0.017$, $p = 0.908$). Similarly, DPS has a weak and insignificant negative correlation with FSIZE ($r = –0.156$, $p = 0.278$).

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.747	0.557	0.518	0.8731	1.652
a. Predictors: (Constant), DPR, DY, DPS, FSIZE					
b. Dependent Variable: ROA					

Source: Author's computation (2026)

Table 4 presents the regression model summary. The multiple correlation coefficient (R) of 0.747 indicates a strong positive relationship between the dependent variable, Return on Assets (ROA), and the combined independent variables: Dividend Payout Ratio (DPR), Dividend Yield (DY), Dividend Per Share (DPS), and Firm Size (FSIZE).

The R-squared value of 0.557 shows that 55.7% of the variation in ROA is explained by the independent variables. The Adjusted R Square of 0.518 indicates that 51.8% of the variance in

ROA is accounted for after adjusting for the number of predictors and sample size. This suggests that the model has moderate explanatory power. The Standard Error of the Estimate is 0.08731, indicating that the model's predictions are relatively accurate and close to the observed values. The Durbin-Watson statistic of 1.652 falls within the acceptable range of 1.5 to 2.5. This implies that there is no serious problem of autocorrelation in the residuals and the assumption of error independence is satisfied.

Table 5. ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.432	4	.108	14.163	.000[b]
	Residual	.343	45	.008		
	Total	.775	49			
a. Dependent Variable: ROA						
b. Predictors: (Constant), FSIZE, DY, DPR, DPS						

Source: Author's computation (2026)

Table 5 presents the regression coefficients showing the effect of each independent variable on Return on Assets (ROA). The constant term is 0.770 and is statistically significant ($p = 0.012$), indicating that ROA would be positive even when all predictors are zero. Among the dividend policy variables, Dividend Per Share (DPS) has a positive coefficient of 0.048 and is statistically significant ($p < 0.01$). This implies that a unit increase in DPS leads to a 0.048 increase in ROA. The standardized beta of 0.659 further shows that DPS has the strongest positive influence on ROA among all variables.

Dividend Payout Ratio (DPR) has a negative but insignificant coefficient of -0.014 ($p = 0.837$). Similarly, Dividend Yield (DY) has a negative and insignificant coefficient of -0.182 ($p = 0.505$). This indicates that DPR and DY do not have a significant effect on ROA in this study. Firm Size (FSIZE) has a negative coefficient of -0.080 and is statistically significant ($p = 0.009$). This suggests that larger banks tend to have lower ROA, possibly due to scale inefficiencies. The standardized beta of -0.413 confirms a moderately strong negative effect.

Table 6: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.770	.294		2.621	.012
	DPR	-.014	.067	-.033	-.206	.837
	DY	-.182	.271	-.108	-.672	.505
	DPS	.048	.012	.659	4.022	.000
	FSIZE	-.080	.030	-.413	-2.719	.009
a. Dependent Variable: ROA						

Source: Author's computation (2026)

Table 6 above presents the overall significance of the regression model assessing the impact of dividend policy and firm size on the financial performance (measured by Return on Assets, ROA) of deposit money banks in Nigeria. The table shows that the regression model explains a total sum of squares of 0.432, representing the portion of the variance in ROA that is accounted for by the four independent variables: Dividend Payout Ratio (DPR), Dividend Yield (DY), Dividend Per Share (DPS), and Firm Size (FSIZE)**.** In contrast, the residual sum of squares is 0.343, indicating the proportion of ROA variation not explained by the model. The total variation in ROA across the dataset is 0.775, which is the sum of both explained and unexplained variations. With four degrees of freedom (df = 4) attributed to the model (corresponding to the number of predictors), and 45 degrees of freedom (df = 45) for the residuals (derived from the total number of observations minus the number of predictors and the intercept), the F-statistic is calculated as 14.163**.** This F-value indicates the ratio of the model mean square to the residual mean square and tests the null hypothesis that all regression coefficients are jointly equal to zero. Importantly, the p-value associated with the F-statistic is 0.000**,** which is statistically significant at the 1% level**.** This means that there is strong evidence to reject the null hypothesis and conclude that the model provides a significantly better fit than a model with no predictors. In conclusion, the results from the ANOVA table demonstrate that the combined effect of dividend payout, dividend yield, dividend per share, and firm size has a statistically significant impact on the return on assets of the sampled banks. The model,

therefore, is valid and meaningful in explaining variations in financial performance among deposit money banks in Nigeria.

Discussion of Findings

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

The mean Dividend Payout Ratio (DPR) of 45.86% indicates that Nigerian deposit money banks distributed nearly half of their earnings as dividends during 2015–2024. The wide range, from 0.07 to 1.18, shows considerable variation in payout policies. While some banks adopted conservative payout strategies to retain earnings, others paid dividends exceeding current earnings, possibly from retained reserves. Correlation results show a moderate positive and significant relationship between DPR and ROA ($r = 0.480$, $p < 0.01$). This suggests that banks with higher payout ratios tend to record better asset returns. Within signaling theory, this implies that higher payouts may signal managerial confidence and financial strength. However, regression results show a different pattern. DPR has a negative and insignificant coefficient ($\beta = –0.014$, $p = 0.837$). This means that when controlling DY, DPS, and FSIZE, DPR does not significantly influence ROA. Thus, payout ratio alone is not a key driver of performance in Nigerian DMBs. This finding is consistent with Udoka et al. (2022), who reported that DPR was only significant with corporate governance as a moderator. It also aligns with Anuar et al. (2024), who found no significant effect of DPR on performance among Malaysian firms.

Impact of Dividend Yield on the Performance of Deposit Money Banks in Nigeria

The mean Dividend Yield (DY) was 8.69%, with a wide range from 0% to 28%. This variation reflects differences in dividend attractiveness across banks, driven by fluctuations in share price, payout consistency, and investor confidence. While a high DY may appeal to income-focused investors, it can also indicate share price undervaluation or underlying financial challenges. Correlation analysis shows a positive and significant relationship between DY and ROA ($r = 0.403$, $p < 0.01$). This suggests that banks offering higher dividend returns relative to market price tend to have better financial performance. In line with signaling theory, higher DY may enhance investor perception and attract capital inflows. However, regression results present a different outcome. DY has a negative and insignificant coefficient ($\beta = –0.182$, $p = 0.505$). This implies that when controlling for DPR, DPS, and FSIZE, DY does not significantly influence ROA. The divergence between correlation and regression results may be due to external factors such as stock price volatility, inflation, and investor sentiment that weaken the

direct effect of DY on performance. This finding is consistent with Blessing and Nwokoye (2021) and Murimi and Mungai (2021), who found no significant effect of DY on performance in Nigerian and Kenyan financial firms. It also aligns with Ali Taher and Al Shboul (2023), who noted that the effect of dividend payouts on market indicators is asymmetric and context-dependent.

Analyzing the Effect of Dividend Per Share on the Performance of Deposit Money Banks in Nigeria

Dividend Per Share (DPS) measures the actual cash amount distributed to shareholders per unit of equity. The descriptive statistics show a mean DPS of ₦1.45 with a maximum of ₦7.58, indicating substantial variation in dividend generosity among banks. This heterogeneity likely reflects differences in earnings stability, regulatory requirements, and dividend signaling strategies. Among all dividend policy variables, DPS had the strongest relationship with financial performance. Correlation results show a strong positive and significant association between DPS and ROA ($r = 0.628$, $p < 0.01$). This implies that banks paying higher dividends per share tend to achieve higher returns on assets. This supports dividend signaling theory, which posits that actual cash dividends serve as credible signals of firm strength and future earnings. The regression result further confirms this. DPS has a positive and significant coefficient ($\beta = 0.048$, $p < 0.01$). This indicates that a ₦1 increase in DPS leads to a 0.048 increase in ROA, holding DPR, DY, and FSIZE constant. The standardized beta of 0.659 also shows that DPS has the largest effect on ROA among the predictors. This finding aligns with Mustapha and Abdullahi (2023) and Cyril and Emeka (2020), who found DPS to be a stronger predictor of performance than DPR or DY. It is also consistent with Blessing and Nwokoye (2021) and Laksmiwati et al. (2023), who reported that DPS positively influences profitability and market valuation

Conclusion and Recommendations

Based on the empirical findings, Dividend Per Share (DPS) is the most significant component of dividend policy influencing the financial performance of Nigerian deposit money banks. The actual amount paid to shareholders serves as a credible signal of financial strength and directly enhances investor confidence and profitability. Although Dividend Payout Ratio (DPR) and Dividend Yield (DY) are positively correlated with ROA, they do not have a significant effect on performance when other factors are controlled. This suggests that banks should prioritize

the consistency and number of dividends over payout ratios or yield percentages. Firm Size (FSIZE) has a significant negative effect on ROA, indicating that larger banks may face intern Considering the findings and conclusions drawn, the following recommendations are proposed:

- Stable and reasonable dividend per share policies should be a top priority for banks to boost financial performance and preserve investor confidence. This will be a sign of managerial power and profitability.
- Long-term sustainability should be the primary consideration when developing dividend policy; excessively high payout percentages could jeopardise future development prospects and reinvestment.
- Bank boards and regulatory bodies should keep an eye on how company growth affects profitability. It is important to make sure that expansion is accompanied by increased productivity and value generation.
- To ensure that dividend decisions are in line with financial reality and shareholder expectations, banks should implement corporate governance systems that balance stakeholder interests and offer oversight.
- To assist shareholders in correctly interpreting dividend signals and making well-informed investment decisions based on reliable financial data, investor education is crucial.

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