



**DIVIDEND POLICY AND MARKET VALUE OF NIGERIAN LISTED DEPOSIT MONEY BANKS**

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**Abstract**

*The two obvious choices involving amount the bank need for investments as well as for dividends distribution have been an issue. In most regulations, dividend payment had been withheld in order to satisfy investment decision as if it is not essential. Therefore, this study investigated dividend policy's influence on listed Nigerian deposit money banks' market value. An ex post facto research design was utilised while a purposive sampling approach was applied to select 12 banks out of the total population of 14 banks that were listed consistently with available data within the period of examination. Detailed information as regards market value (Tobin Q and share price) as well as dividend policy (dividend payout, dividend per share, dividend yield) of Nigerian listed banks was obtained from their annual reports together with accounts that were made public between 2011 and 2022 as well as Nigerian Exchange Group Fact Book, 2022. Data collected were analysed using descriptive (mean, median, standard deviation) and inferential statistics (correlation and panel data estimation). The outcomes reveal that dividend policy represented by dividend payout had positive and significant influence on the market value. This suggested that paying dividend regularly to the shareholders led to high market value. This study concluded that dividend policy influence market value of listed deposit money banks in Nigeria. It was recommended that bank management should pay attractive dividend regularly to their respective shareholder. Also, there should be regulation as to paying dividend regularly.*

**Keywords:** Dividend policy, dividend yield, dividend per share, dividend payout, market value.

**JEL Classification Code:** G3, G32, G35

**INTRODUCTION**

The drive of the economy is the financial industry in which deposit money bank serves as an intermediary to the remaining sectors of the economy. The growth and development depend on the crucial role plays by deposit money bank that function as the heartbeat of a nation's economy (Oladejo, 2023 & Bagh, 2017). Deposit money bank employs resources and invest cash in profitable industries in order to increase profit (Bhattarai, 2019). According to Dia et al. (2020), banks are key contributors to every country's economy, indicating that supervision and regulation of banks are necessary to protect investors and clients as well as to maintain stability in the banking

industry. A bank is in a healthy state when it's sound financially and has a high value. The price of stock will increase when the corporate value of the bank is high through influx of investors, while the price of stock will decrease when a bank record poor performance financially (Harningsih et al., 2019). This can be achieved through appropriate decision of various financial management practices which dividend policy is among.

One of the most important financial decisions that management of large corporations, such as the banking sector, frequently make is dividend policy. Determining how much of the company's profit will be maintained for future investment and how much will be paid to shareholders is a function of finance management (Ayukun & Apiri, 2020). A large dividend payout implies that the bank is making fewer investments in its operations. High dividend banks typically draw investors who value the certainty of a consistent income stream over strong share price gain prospects. In contrast, a bank that pays out little in dividends is likely reinvesting its earnings in expanding the business to generate larger capital gains for investors in the future (Kumshe et al., 2021). Managers use dividend policy as a guide when deciding how much to pay out in dividends. It involves specifying how much money will be given to shareholders and how much will stay with the bank. It serves to sustain the market price of the bank's shares and includes pertinent information about the financial health, amount, and future income of shareholders (Adesola & Okowomg, 2009).

Saji (2019) expressed that market value has been the center of attention for financial study for quite some time. There are numerous options for determining market value, like examining share prices with regard to stocks. In addition to that, modern finance uses Tobin's Q. The cost of a share of listed bank directly reflects market sentiment, investors' perception of the bank's achievements, together with future growth prospects. The share price reflects the level to which prospective shareholders are ready to purchase shares in the bank which reflect its valuation. For example, when high value is attach to the bank by investors, the share price will be pressured as a result of the demand of the bank's share that is higher. This will in due course leads to a higher share price as well as value of bank that is higher. Also, The Tobin Q ratio, a measure of market value to replacement cost, provides insights into how efficiently banks utilise their assets to create value for shareholders. A higher Tobin Q indicates that the bank's market value exceeds the cost of its assets, reflecting an effective financial management strategy. Consequently, the value the prospective investor and shareholders attached to the bank is as a result of its share price. (Kusiyah & Arief, 2017).

Furthermore, the choice of dividend is the approach conducted by bank's management to enable appropriate decision-making in business operation by using cash flows. The two obvious choices involving amount the bank need for investments as well as for dividends distribution (Pandey, 2013). Since the bank management's key objective is to optimise shareholder returns while boosting profitability; there hasn't been a harmonious combination of the two strategies to guarantee that the bank doesn't run out of money while satisfying investors. In order to successfully force banks to increase their capital buffers and avoid a systemic breakdown, the CBN in Nigeria issued a guideline in October 2014. This was done by preventing dividend payments from deposit money banks (DMBs) with a low capital base and a high percentage of non-performing loans (NPLs). By preventing banks from using their reserves to pay out cash dividends, this rule made sure they had sufficient capital buffers. The CBN introduced a line to its current dividend policy directive on January 31, 2018, which permits banks to keep a 75% payout ceiling if they maintain

a capital adequacy ratio (CAR) of at least 3% above the minimum requirement, a low composite risk rating (CRR), and non-performing loans (NPLs) between 5% and 10% (Adam et al., 2021). However, in Nigeria, the deposit money banks have been on a decline due to merger and acquisition as well as liquidation. This was as a result of inability of the management to take precise decision on dividend policy which influences the banks' market value in that, the existing investors sold their shares while prospective investors are not willing to invest. Few Researchers such as; Hanady (2021); Olanrewaju et al. (2019); examined dividend policy on ownership structure of listed companies. While several researchers such as; Masteven et al. (2020); Driver et al. (2020); Elias (2020); Abdullahi et al. (2020); Pinto and Rastogi (2019); Torbira and Otokwala (2019); Nadeema et al. (2018); Kathuo and Kimoro (2017) examining components that affect dividend policy of companies.

In another vein, other researchers such as; Akinlo and Olayiwola (2021); Kanakriyah (2020); Idewele and Murad (2019); Olarewaju et al. (2018) assessed the connection linking dividend policy as well as financial performance together. While several researchers such as; Ally (2022); Akinwumi and Akinola (2021); Nekesa et al. (2021); Lasisi et al. (2020); Budagaga (2020); Gitagia et al. (2020); Ayunku and Apiri (2020); Andabai (2020); Naseem (2019); Ahmad et al. (2019); Singh and Tandon (2019); Monoarfa (2018) assessed the connection amid dividend policy and market value of banks. These researchers did not consistently use dividend yield, dividend payout as well as dividend per share together as proxies to determine dividend policy. Also, most studies only use either Tobin Q or share price to measure market value. At the same time, they make use of smaller sample size and scope. Therefore, This study focuses on exploring the connection between market value together with dividend policy of listed Nigerian banks. In summary, the study investigated the effect of dividend yield; dividend payout and the relationship between dividend per share on Tobin Q and price of share of selected Nigerian banks.

## LITERATURE REVIEW

### Conceptual Review

#### *Dividend Policy*

The bank's dividend policy specifies how much will be paid out in dividends and how much would be retained to spend in new initiatives. As a result, The policy has to do with how the business divides its earnings between giving shareholders dividend and funding new initiatives. The amount paid per share dispersed to all classes of shareholders, as determined by management, is the dividend (Pauley, 2018).

#### *Market Value*

The degree by which goals as well as results can be attained is revealed by the array of nonfinancial and financial matrices. A bank's market value is influenced by investors' perceptions of management's ability to anticipate and adjust to changes in the company's economic environment in the future. Accounting practices and account manipulations have an impact on market-based performance measurements like Tobin Q, price to book value, and stock return which are widely used to assess firm success (Ersoy et al., 2022). The capability of a bank for future profits generation can be assessed by investors through Tobin Q which is a market based indicator. It shows market prediction for future profit and this makes it to be an excellent substitute for value of bank (Campbell & Minguez-Vera, 2008). While the share price reflects the level to which prospective shareholders are ready to purchase shares in the bank which reflect its valuation. The value the

prospective investor and shareholders attached to the bank is as a result of its share price. (Kusiyah & Arief, 2017).

## **Theoretical Review**

### ***Signaling Theory***

Dividend payments are signals to the market, according to Miller and Modigliani (1961) Signaling theory. It proposed that a business that pays out more dividends is viewed favorably by investors and tends to increase the stock's market value (Forti and Schoozer, 2015). Signaling theory is especially pertinent to Nigerian banking, where perception and market trust are crucial. In order to draw in investors and depositors, banks may utilize dividend payments as a symbol of their stability, health, and future possibilities. A high dividend payout can be seen as a show of confidence in the bank's ability to make ends meet.

### ***Bird-in-Hand Theory***

Lintner (1956) and Gordon (1963) presented this theory first by explaining that the value of firms can be determine by dividend in contrast the theory of (Modigliani & Miller, 1958) the cost of capital. The model reveals that the whole value of equity depend on the growth of earning in the future as well as the dividend. The capital gain in the future depends on earnings in the future and this resulted to uncertainty. Occasionally, firm may go bankrupt when it loses value. The estimation as well as accuracy is hard to guarantee. Consequently, it is revealed that capital gain that is undecided is less valuable while dividend is more valuable (Nizar Al-Malkawi, 2007).

## **Empirical Review**

### **Dividend Policy and Market Value**

Adesanya and Adejuwon (2024) investigated the relationship between the restriction on dividend payments outlined in Section 17 of the Banks and Other Financial Institutions Act (2007) and the dividend policy and share price volatility of listed deposit money banks in Nigeria. The study set out to determine the correlation between market value of shares, earnings per share, profit after taxes, and the dividend pay-out ratio. Secondary data were used in the panel data study design methodology. It came from the 10 quoted deposit money banks' yearly reports. To examine the association between the variables for the years 2018–2022, multiple regressions and the Least Squares approach were employed. The findings demonstrated that the dividend policy choice significantly and favorably affects the share price of Nigerian deposit money banks (p-value = 0.035, coefficient of D yield = -3.0365). The study came to the conclusion that dividend policy is an important aspect of corporate finance and a financial policy choice that has an impact on the share price of deposit money banks in Nigeria from the perspectives of stakeholders like staff and regulatory agencies, in addition to the shareholders of the banks. Therefore, the study suggested that in order to maintain the banks' profitability, the management of the quoted deposit money banks should take the appropriate actions. They should be mindful of their dividend payout in order to maintain the wealth of their shareholders and draw in new investors.

Shahriar (2024) evaluated how peer pressure affects companies' dividend policies. This study used a fixed effect regression model on a sample of 29 companies from 2014 to 2020 and found that Bangladeshi companies changed their dividend policy in reaction to their peers. In reaction to their counterparts, companies modify their dividend payout ratio (DPR) by 5.6 percent. Peer influence on a firm's dividend policy is explained by social learning theory, reputation-based model of peer

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influence, persuasion bias, and rivalry-based theory of imitation. The results indicating favorable peer influences on dividend policy hold up well when compared to dividend yield, another proxy for dividend policy. As a result, the study suggested that managers' choices about the dividend policy are influenced by those of peer companies. Depending on the industry's general dividend policy, investors can modify their expectations for a company's dividend policy.

Mustapha and Abdullahi (2023) looked at how Nigerian listed deposit money banks' financial performance is affected by their dividend policy. Over the course of seven years, from 2015 to 2021, data were gathered from seven listed money deposit institutions. The outcome shows that the financial performance of Nigeria's listed deposit money banks was considerably and favorably impacted by dividend per share. Additionally, it demonstrated a negative and substantial relationship between firm size and financial performance. This finding suggests that larger businesses are hesitant to enhance performance. However, the outcome of leverage shows a strong positive correlation with financial performance. Therefore, this discovery holds significance for both current and prospective investors.

Ally (2022) assessed how dividend policy influences the volatility of the price of share as regards banks within GCC markets. Information was obtained from the selected sampled banks' yearly financial reports as well as accounts. The review utilized fixed effect regression model as panel data analysis. The outcomes showed that dividend payout as well as dividend yield doesn't influence share price in the market of GCC. Consequently, share price of GCC banks is not affected by them. Therefore, in this study, the outcomes support irrelevant theory of dividend policy.

Ali (2022) assessed G-12 nation evidence on corporate dividend policy during the COVID-19 pandemic. The sample consisted of 8889 enterprises traded in the G-12 nations. Logit regression outcomes of the review suggest that corporate profitability, earnings forecast, debt together with size seem to be major factors in deciding dividend policy choices throughout the pandemic. The outcomes demonstrate that while the fraction of reduction in dividends in addition to omissions is much greater throughout the pandemic, most corporations have the ability to maintain or increase dividends.

Tinungki et al. (2022) investigated how corporate dividend policy was altered by COVID-19 Pandemic in Indonesia: The Panel Data Techniques that are Static and Dynamic. Information from companies that are listed between 2014 and 2020 on the IDX were collected using the purposive sampling technique, and both dynamic as well as static panel data approaches were utilized to examine the results. The outcomes demonstrated that the pandemic-connected problem increased the SYS-GMM dividend distribution. Companies also continued to pay dividends, which served as an excellent sign to investors as well as improved the stock market's slow trading conditions. Profitability and dividends paid in prior years altered dividend policy positively as well as significantly.

Nekesa et al. (2021) reviewed the influence choice of dividend have on the Nairobi Securities Exchange's market performance of traded commercial banks' share prices. For the target market of 12 Kenya's commercial banks, a research design of descriptive approach was employed. The annual figures of the bank released on the website of the Nairobi Stock Exchange served as the review's secondary data source. The software SPSS was utilized in the study to analyze the data

that had been gathered. The findings indicate that the two primary essentials affecting the market outcomes of prices of share are the dividend payout ratio consistency along with the residual dividend policy. The market effect of a discriminatory dividend policy resting on the performance of bank share prices is small.

Akinwumi and Akinola (2021) investigated the association amid dividend policy as well as share's value of Nigerian traded banks. The methodology adopted was panel data research design utilizing secondary information. The information was extracted within the yearly reports of the 10 scheduled banks. The method of Panel Least Square which is multiple regressions was utilized to check the association amid the variables for 17 years (2001-2017). The outcomes revealed the existence of positive significant influence between dividend policy as well as market worth of traded Nigerian banks. In a nutshell the shares' market worth of traded Nigerian banks in question is influenced by choices of financial policy together with dividend policy, a crucial aspect of corporate finance.

Andabai (2020) investigated dividend policy as well as its effect on market worth of traded Nigerian banks for 23 years (1996-2019). As of the Central Bank of Nigeria's 2019 Statistical Bulletin; secondary data are extracted. In the study, stock/equity price was substituted for market value of Nigerian listed banks; as well as applies that as the dependent variable; in contrast, dividend yields, retained earnings, dividend payout as well as earnings per shares are utilize as independent variables to determine dividend policy. The study reveals that a positive as well as significant impact exists among dividend payout together with market value of Nigerian commercial banks. Also, there exists significantly positive influence between retained earnings, dividend yields, earnings per share as well as Nigerian banks' market worth. The conclusion was that the worth of market of Nigerian banks is significantly affected by dividend policy.

Lasisi et al. (2020) investigated the influence of volatility of share price along with dividend policy of Nigerian quoted commercial banks. The review utilized data generated from annual report as well as account of 12 Nigerian banks within the period of 5 years (2014-2018). The volatility of share price is the depended variable as the independent variables are earnings per share, bank size as well as dividend per share. Correlation analysis, regression model analysis as well as descriptive were engaged for data analysis. The empirical outcome of this review was through the analysis of random effect regression, the outcomes explain that earnings per share as well as dividend per share have an influence that is significantly positive of volatility of Nigerian banks. The outcomes also depict the relevance of signaling theory since investors are particular about dividend; they so much believed the content of dividend policy decision.

Ahmad et al. (2019) assessed the potential impact of policy on dividend resting on the price of share of traded banks on the Pakistan Stock Exchange. From 2014 to 2017, 17 traded deposit money banks were included in the study. The method employed was multiple regression analysis with Stata to examine secondary data. The model's independent variables were (DY) dividend yield, (ROE) return on equity, (EPS) earnings per share together with (MP) market price per share. Data were subjected to descriptive statistics in order to determine the mean, median, maximum, and minimum values. The study's outcome disclose that EPS reveal an influence that is highly significant as well as positive on share MP as well as other three independent variable retention

ratio, return on equity in addition dividend yields reveal an influence on the share MP that is negative and significant.

Singh and Tandon (2019) investigated the influence of price of stock together with dividend policy: Facts from the Indian Market. The purpose of the current review is to ascertain how dividend policies have altered share prices of 50 businesses quoted on the National Stock Exchange (NSE) between 2008 and 2017. Models of regression - multiple panel data, entailing fixed effect, pooled regression, as well as random effect models, were utilized to analyze the data. The most excellent regression model has been recommended utilizing the Hausman test. This test's findings show that the model - random effect is more suitable for capturing the connection involving the provided variables. The outcomes of the model - random effect regression uphold the pertinent dividend policy methods. As an outcome, the conclusion was that policy on dividend has a major influence on company price of share.

Naseem (2019) looked into how policy on dividend affected the market worth of Islamic as well as deposit money banks traded on Jordanian Amman Stock Exchange. Every Jordanian bank that was quoted on the Amman Stock Exchange within 20 years (2008 – 2018) comprises the review population. Information was put together from the sample banks' annual reports. Following data collection, descriptive analysis, correlation analysis together with analysis of multiple regression was utilized to examine the information. The outcomes disclose a dividend policy impact that was significant, indicating that the dividend policy had an influence on the market worth of Islamic deposit money banks traded on Jordanian Amman Stock Exchange between 2008 and 2018. The findings also revealed that the corporations' dividend policies varied, and that there were asymmetries in the banks' payout policies during the study period.

## METHODOLOGY

The design of the review that was adopted was the expo facto. The Nigerian Exchange Group's of fourteen listed banks comprise the investigation's population as of 31st December, 2022. A purposive sample approach was applied to select 12 specified deposit money banks, which accounts for 85.7% of the total population. Only deposit money banks that have been listed since 2011 and have regularly published their annual reports that were selected. The study dropped Ecobank that reported in dollar and Jaiz bank that was listed after 2011. Detailed information as regards market value (Tobin Q and share price) as well as dividend policy (dividend yield, dividend per share, together with dividend payout) of Nigerian listed banks in question were obtained from their annual reports and accounts that were released from 2011 to 2022 as well as Nigerian Exchange Group Fact Book, 2022. The choice of year 2011 as a base year was because of the post Asset Management Corporation of Nigeria (AMCON) establishment that was signed into law on July 19, 2010 in order to evolve healthy financial sector after the distress experienced. The choice of 2022 was based on the availability of data as at the time of data analysis. Data from the secondary source were analyzed utilizing inferential statistics and descriptive statistics. Descriptive statistics includes; mean, sum, maximum, minimum, kurtosis, skewed, standard deviation as well as Jarqu-bera to know the normality distribution of data. Inferential statistics include; panel data regression as well as correlation analysis.

### *Model Specification*

The model specification used was adapted from the study of Harrison and Muiro (2021) on effects of selected financial management practices on financial performance of commercial banks in Kenya. Where Financial Performance = Y, Constant =  $\beta_0$ , Liquidity Management =  $X_1$ , Capital Structure Management =  $X_2$ , Credit Risk Management =  $X_3$ , Working Capital Management =  $X_4$ . The adjustment introduce in Y or the regression coefficient by each independent variable are  $\beta_1 - \beta_4$  and the accounting random error term is  $\varepsilon$  for additional variables that impact financial performance but not in the model. This study substituted X as well as Y in the Linear regression model below:

$$TQ_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \varepsilon_{it}$$

The econometrics as well as functional forms was used for models representation:

- TQ = (DIVP, CV) i
- SP = (DIVP, CV) ii
- DIVP = (DPS, DY, DPO,) iii
- CV = (BS, BA, BRG) iv

The equations iii and iv are re-stated below as:

- TQ = f(DPS, DY, DPO, BS, BA, BRG) v
- SP = f(DPS, DY, DPO, BS, BA, BRG) vi

$$TQ_{it} = \gamma_0 + \gamma_1 DPS_{it} + \gamma_2 DY_{it} + \gamma_3 DPO_{it} + \gamma_4 BS_{it} + \gamma_5 BA_{it} + \gamma_6 BRG_{it} + \varepsilon_{it}$$

$$SP_{it} = \phi_0 + \phi_1 DPS_{it} + \phi_2 DY_{it} + \phi_3 DPO_{it} + \phi_4 BS_{it} + \phi_5 BA_{it} + \phi_6 BRG_{it} + \varepsilon_{it}$$

Where

- TQ = Tobin Q
- SP = Share price
- Dividend per share = DPS; Dividend yield = DY; Dividend payout = DPO
- BRG = Bank revenue growth; BA = Bank age; BS = Bank size
- $\gamma_1 - \gamma_6$  = Coefficients of parameter;  $\phi_0 - \phi_6$  = Coefficients of parameter

Error term =  $\varepsilon$ ; Bank = i; Time = t

Table 1: Variables Definitions

Variables	Proxies	Variable Labels	Measurement	Sources	Expected Sign
Dependent Market Value	Tobin Q	TQ	Market Value of Equity + Total Debt)/Total Asset	Khelif et al., 2015	
	Share Price	SP	The stock price at the end of the fiscal year.	Kusiyah& Arief, 2017	
Independent					
Dividend Policy	Dividend per share	DPS	Entire dividends divided by the number of shares outstanding.	Tinungki (2022)	+

Control	Dividend yield	DY	The ratio of the share price at closing to the dividend per share.	Hanady (2021)	+
	Dividend pay out	DPO	Dividend per share annually compared to earnings per share of the enterprise.	Ayunku and Apiri (2020)	+
	Bank Size	BS	Natural log of the entire asset value	Ozcan et al., (2017)	+
	Bank Age	BA	Dissimilarity involving years of enterprise as well as observation.	Islam and Iqbal (2022)	+
	Bank growth	BG	Variations in earnings across time	Ahmed et al. (2015)	+

Source: Author's Computation (2024)

## RESULTS AND DISCUSSION

Table 2: Descriptive Statistics of Variables

	TQ	SP	DY	DPS	DPO BS	BA	BRG	
Mean	1.017	9.631	5.546	0.587	27.027	25.397	26.167	649.629
Median	0.953	5.950	5.493	0.216	21.600	25.725	23.000	9.922
Maximum	3.053	49.150	19.047	3.643	156.927	28.000	51.000	89695.920
Minimum	0.232	0.520	0.000	0.000	-77.325	21.927	5.000	-99.885
Std. Dev.	0.267	10.415	4.512	0.835	30.476	1.436	14.518	7475.197
Skewness	4.483	1.700	0.314	1.889	1.277	-0.430	0.316	11.861
Kurtosis	31.256	5.644	2.285	5.893	7.027	2.220	1.655	141.796
Jarque-Bera	5272.82							118962.37
Probability	3	111.315	5.434	135.860	136.428	8.101	13.238	8
	0.000	0.000	0.066	0.000	0.000	0.017	0.001	0.000
		1386.93	798.63			3657.2	3768.00	
Sum	146.507	2	4	84.589	3891.853	30	0	93546.598
Sum Sq. Dev.	10.171	15512.4	2910.9	99.639	132816.3	294.92	30140.0	79906346
Observations	144.000	65	76		74	3	00	07.247
		144.000	144.000	144.000	144.000	144.000	144.000	144.000

Source: Author's Computation, 2024

The presented upshot of Table 2 explained the statistics variables' summary the study employed. It was established that 1.017 in the company of a maximum of 3.05 as well as minimum of 0.2322 is the banks' average Tobin's Q. While it specifies 9.631 in the company of a maximum of 49.15 as well as minimum of 0.520 as the banks' average share price. The dividend yield is found to be averaged 5.546 in the company of a maximum as well as minimum of 19.047 together with 0 respectively. The mean value of dividend per share is found to be 0.587 with a minimum of 0 and

maximum of 3.643. In addition, the average dividend payout of the banks chosen is 27.927 alongside a standard deviation, minimum and maximum of 30.476, -77.325 and 156.927 respectively.

In considering the variables under control, the outcomes establish that the sample banks' average age is 26.167 years in the company of maximum, minimum as well as standard deviation of 51, 5 and 14.518 years respectively. Additionally, the banks' average size is established to be 25.40 in the company of maximum, minimum as well as standard deviation of 28, 21.93 and 1.44 years respectively. Again, the sample banks' average revenue growth is established to be 649.63 with its matching standard deviation, minimum together with maximum of 7475.197, -99.89 and 89695.92 per cent.

Table 3: Estimated Correlation Matrix

Correlation	TQ	SP	DY	DPS	DPO	BS	BA	BRG
TQ	1.000							
SP	0.076	1.000						
DY	-0.227	-0.174	1.000					
DPS	-0.048	0.179	0.498	1.000				
DPO	0.013	0.297	0.434	0.406	1.000			
BS	-0.112	0.151	0.355	0.267	0.383	1.000		
BA	0.170	-0.252	-0.302	-0.290	-0.369	-0.023	1.000	
BRG	-0.040	-0.066	0.058	-0.046	0.006	-0.049	-0.102	1.000

Source: Author's Computation, 2024.

The displayed results of Table 3 stated that the outcomes establish a weak correlation coefficient of 0.076 among share price as well as Tobin Q meaning that there exists a positive connection between share price as well as Tobin Q. It was further uncovered that dividend yield is negatively connected with share price as well as Tobin Q given the relevant estimated weak correlation coefficients of -0.174 as well as -0.227. Furthermore, the outcomes revealed that dividend per share are negatively connected with the Tobin Q whereas it is positively connected with the price of share when the respective associated weak and strong correlation coefficients is -0.048 as well as 0.179. Also, the respective weak correlation coefficients of 0.013 as well as 0.297 revealed that dividend payout is positively connected with Tobin Q as well as share price respectively.

In considering the control variables, the outcomes established that there exist a positively connection between the size of the banks as well as price of share as establish by the strong estimated coefficients of 0.751. The individual weak correlation value of -0.252 specify negative connection between age of the bank as well as share price. Also, there is an existence of negative connection between the bank growths as well as with price of share as reflected in the estimated weak correlation coefficient -0.066.

Table 4: Variance Inflation Factor

	VIF	1/VIF
DPS	2.301	0.435
BS	2.041	0.490
DY	1.634	0.612
DPO	1.629	0.614
BA	1.333	0.750

BRG	1.024	0.977
Mean VIF	1.660	.

Source: Author's Computation, 2024

The results in Table 4 contain of the Variance Inflation factors of the variables used. From the results, the highest VIF is 2.301 recorded by the dividend per share followed by 2.041 recorded by the bank size and 1.634 recorded by the dividend payout while bank age and bank revenue growth respectively had VIF of 1.629, 1.333 and 1.024. The implication of these VIF results is that the model is free of multicollinearity issues since none of the VIF is close to the threshold of 10 for multicollinearity to exist.

Table 5: Serial Correlation and Heteroscedasticity Outcomes

Test	Test Type	Value	P value	Conclusion
Autocorrelation	Wooldridge	19.68	0.000	Presence of serial correlation
	Test			
Heteroskedastic	Breush-Pagan /	165.4	0.000	Presence of heteroscedasticity
	Cook-Weisberg			

Source: Author's Computation, 2024

The diagnostic test outcome for serial correlation as well as heteroscedasticity as specify in the model are presented in Table 5 where it was established that no proof of serialized correlation whereas; proof of heteroscedasticity was noted. Hence, the results for the model are obtained with substantial standard error to correct for the breach of the traditional linear regression's presumptions.

Table 6: Estimated Linear Panel Regression Results (Dependent=TQ)

Variables	Coeff (1)	Tstat (2)
DPS	0.00192	(0.0463)
DY	-0.0112	(-1.679)
DPO	0.00174**	(2.036)
BS	-0.0383	(-1.502)
BA	0.00371	(1.434)
BRG	-8.47e-08	(-0.0319)
Constant	1.908**	(2.999)
Observations	144	
R-squared	12	
Number of fid	0.205	
Chow F	5.20	
Chow P val	0.000	
Hausman Chi	10.58	
Hausman P val	0.0604	

Strong t-statistics in parentheses

\*\* p<0.05

Source: Author's Computation, 2024

In table 6, based on the Hausman test; the outcome of panel regression - random effect for the influence of dividend payout on Tobin Q was established to be positive and significant at 5% ( $t=2.036$ ;  $p<0.05$ ). This suggests that banks with higher level of dividend payout have increasing tendency of recording higher market value as revealed by Tobin Q. Also, dividend per share on Tobin Q was established to be positively but insignificant at 5% level ( $t=0.0463$ ;  $p>0.05$ ). It implies that the banks' Tobin Q is sensitive to the changes in their dividend per share. The outcomes also reveal that dividend yield exerts negative impact that is insignificant on the Tobin Q ( $t = -1.679$ ;  $p>0.05$ ). This specifies that dividend yield does not affect the banks' market value as revealed by Tobin Q. In considering the influence of control variable, the derived outcomes show that there exist a positive but insignificant influence ( $t=1.434$ ;  $P>0.05$ ) involving bank age together with Tobin Q; while a negative and insignificant influence between size of the banks, bank revenue growth as well as Tobin Q ( $t=-1.502$ ;  $P>0.05$ ) together with ( $t=-0.0319$ ;  $p>0.05$ ) respectively.

Table 7: Estimated Linear Panel Regression Results (Dependent=SP)

Variables	Coeff (1)	Tstat (2)
DPS	5.176**	(6.191)
DY	-0.325**	(-2.487)
DPO	0.0385**	(2.384)
BS	4.028**	(6.795)
BA	-0.0730	(-0.636)
BRG	-7.70e-07	(-0.0168)
Constant	-90.95**	(-6.042)
Observations	144	
R-squared	0.840	
Number of fid	12	
Chow F	7.39	
Chow P val	0.000	
Hausman Chi	12.16	
Hausman P val	0.0327	

Strong t-statistics in parentheses

\*\*  $p<0.05$

Source: Author's Computation, 2024

The outcomes obtained in table 7 using panel regression – fixed effect based on Hausman test revealed that dividend payout established a positive effect that is however significant at 5% on the banks' price of share ( $t=2.384$ ;  $p<0.05$ ). Also, as regards dividend yield, the outcomes established a negative influence that is however significant on the banks' price of share ( $t = -2.487$ ;  $p < 0.05$ ). This specifies that when dividend yield increases, banks share price will be on the decrease. Also, as regards dividend per share, the outcomes established a positive influence that is however significant on the banks' price of share ( $t=6.191$ ;  $p<0.05$ ). It indicates that when dividend per share increases, there will also be an increase in the selected banks' price of share. The established outcomes as regards control variables show that there exist an influence that is positively significant between bank size as well as price of share ( $t = 6.795$ ;  $p < 0.05$ ). Whereas age of bank ( $t = -0.636$ ;  $p > 0.05$ ) as well as revenue growth of banks ( $t = -0.017$ ;  $p > 0.05$ ) affect the banks in question positively and insignificantly.

### ***Discussion of Findings***

The panel regression established outcomes out of the objectives showed that only dividend payout exhibits a positive significant effect on the market value (Tobin Q as well as the share price) of listed deposit money banks in Nigeria. By implication, firms that pay high and consistent dividend have higher Tobin Q and thus attract better valuation in the market. It reveals that dividends were important to investors, specifying the importance of signaling theory, and the transferred information on decision of dividend policy was believed by investors. It also, aligns with Bird-in-Hand Theory which explains that the value of firms can be determined by dividend in contrast to the theory of (Modigliani & Miller, 1958) the cost of capital. However, the findings recorded are against the dividend irrelevant theory and instead affirm the relevance of dividend to the valuation of an enterprise. The outcomes established here align with the conclusion in some other related empirical literature of Adesanya and Adejuwon (2024); Tinungki et al. (2022); Akinwumi and Akinola (2021); Nekesa et al. (2021); Ayunku and Apiri (2020). While Ally (2022); Olayiwola (2021); Budagaga (2020); Murniati et al. (2019) outcomes did not concur with the outcome of the study.

The economic implications of dividend payout on the market value of listed banks in Nigeria are multifaceted among are; dividends can serve as signals to investors about a bank's financial health and profitability. A stable or increasing dividend payout might indicate strong earnings, which can enhance investor confidence and subsequently increase the market value of the bank. Many investors, particularly those seeking regular income, may invest in banks with consistent dividend payouts. This preference can drive demand for the bank's shares, contributing to an increase in market value. In a thriving economy, consistent dividends may boost market valuation. The practical implications of dividend payouts on the market value of listed banks in Nigeria are significant. These include consistent dividends signal stability and profitability, attracting investors and increasing demand for shares, which can boost market value. High dividend payouts can limit funds for reinvestment. Banks must balance rewarding shareholders with maintaining sufficient liquidity for growth, which impacts long-term stock performance. Reliable dividend payments can enhance market sentiment and reduce stock volatility. In summary, dividend payouts impact investor behavior, cash flow strategies, regulatory decisions, and overall market perceptions, shaping the market value of listed banks in Nigeria

### **CONCLUSION**

This study emphasised on how dividend policy used by manager plays a role that is essential in enhancing the Nigerian listed banks' market worth. This study employed panel regression analyses to investigate three principal research objectives, all of which were designed to comprehend dividend policy' influence on the worth of market as regards deposit money banks that are listed in Nigeria. It was asserted that increase in dividend per share, consistent and attractive dividend payment to shareholders contributes positively to market valuation without ruling out investment opportunities. In summary, this study concluded that dividend policy influence Nigerian traded deposit money banks' market worth. These recommendations were made that dividend policy must be strengthen, in that the management should increase dividend per share from time to time and also pays attractive dividend regularly to their respective shareholder. Also, there should be regulation by the regulators as to paying dividend regularly.

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