



**AN EMPIRICAL INVESTIGATION OF THE IMPACT OF DIVIDEND POLICY ON
MARKET VALUE OF DEPOSIT MONEY BANKS IN NIGERIA.**

By

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Abstract

The study examines the impact of dividend policy on market value of listed deposit money banks in Nigeria. The study used a sample of fifteen deposit money banks listed in Nigerian Exchange Group that have published their audited annual financial report between 2016 and 2022. The data collected were subjected to descriptive analysis, correlation analysis and a panel multiple regression analysis to explore both trends and possible impact of dividend payout ratio, dividend yield and dividend per share on market value of deposit money banks in Nigeria. The results revealed that dividend payout ratio, dividend yield and dividend per share were found to have positive and significant impact on market value of listed deposit money banks in Nigeria. Therefore, it is recommended that management should always be conversant with the investors' preference when it comes to dividend payment in Nigeria. Under normal circumstances, investors in Nigeria will prefer dividend payment to capital appreciation. In addition, as observed in the study that a higher dividend payout ratio enhanced investors confident and managers can create more value by increasing dividends to an optimal level.

Keywords: deposit money banks, dividend payout ratio ,dividend per share, dividend policy , dividend yield, market value

1. Introduction

A management's decision on paying or not to pay dividend will largely depend on the prevailing circumstances. Dividend decision is paramount to the success of any organization and it is important that management consider the best alternative (Tesleem & Abubakar, 2014). Dividend policy is considered as strategic for the continuous growth and survival of firms globally. An effective dividend policy is extremely important for a company in its quest to maximize the wealth of its shareholders. Dividend policy is one of the most important factors to consider when taken critical investment decisions. The ultimate goal of any investment decision is enhancement of shareholder's wealth. The connection between dividend policy and share prices remains one of the burning issues in corporate finance literature. Dividend announcement by companies has brought about significant reactions from investing community. Sometimes, it diminishes shareholder's confidence while in other instances it has been observed that dividend announcement brought about appreciation of the shareholder's value (Koleosho, Akintoye & Ajibade, 2022).

Dividend policy is regarded as a deliberate action of managers to distribute portion of earnings to shareholders in proportion of their holdings in the firm called dividend; the distribution of earnings to



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shareholders can be in form of cash dividend, bonus or script dividend, repurchased stock etc. Inverse relationship is expected between dividend paid out ratio and retention ratio such that increase in retention ratio will bring about reduction in payout ratio of the firm, yet the duo works together for shareholder's wealth maximization and it is practically impossible to formulate one without affecting the other.

The classical perspective of the dividend decision holds that at a particular period of time the amount of cash distributed as dividend is more valuable than the retained cash. They are of the opinion that the early payment of dividend may not have any significant change on the corporation risk level rather it will change the perception of the shareholders about the corporation's risk level. Thus, dividends are more valuable than retained earnings.

Lintner (1956), pointed out that firms in the developed market target their dividend payout ratio with the help of current earnings and past dividends. Therefore, in order to reach such target various adjustment are made in the dividend policy of a firm and thus firms should have stable dividend policies. However, Miller and Modigliani (1961) opined that dividend policy is irrelevant as long as the firm investment policies remain the same. Their argument is based on the fact that value of the firm is not affected by the amount of dividend paid but rather by the earning power of the project in which the firm invested its money and its class of share. A lot of arguments have been ensued in the literature on the factors that determine dividend policies of firms but the critical question that remains unanswered is: does dividend payout ratio affect firm's performance.

Dividend decision is extremely important to company's valuation which practically translate to capital gain in share prices; shareholder's wealth maximization is a paramount objective of a finance manager; which serve as return-on-investment outlay as reflected in the value of the firm. Return consists of two components: dividends and bullish stock (capital gain). Despite the inverse relationship between dividend and earnings ratio, dividend and retained earnings have similar purpose towards maximizing shareholders interest (wealth). The unshared profit (retained earnings) is used to finance viable projects for expansion while dividend increases the bargaining power of stakeholders. However, finance managers often strive to increase the basic fundamentals of their company; the fundamentals of companies as opined by the fundamentalist are: earnings, earnings per share, dividend yield, dividend payout ratio, and dividend cover among others. Good fundamentals of firms are reflected in share price movement in the stock market which ultimately translates to shareholders wealth maximization.

Dividend policy has been a subject of hot debate in corporate finance literature. Many researchers and academicians have come up with theoretical models to justify the factors that determine dividend policy for companies but no agreement has been reached on the extent to which dividend decision influence the value of the company and factors that determine dividend behavior of companies. Dividend policy is one of the top ten most difficult unresolved problems in corporate finance (Bealey and Mayer, 2005). This argument is in line with Black (1976) who stated that the harder we look at the dividend picture, the more it seems like a puzzle with pieces that don't just fit together. Therefore, it is imperative that companies make appropriate dividend decision on the proportion of earnings to be retained for growth and investment and what proportion should be distributed to shareholders as dividend. The decision to payout earnings in the form of dividend to shareholders as oppose retaining them for re-investment is regarded as dividend policy. A firm's decision to pay dividend will certainly reduce the amount retained in the firm which in effect affects the total amount for internal financing.



There is a school of thought that advocates that the higher the dividend payout ratio, the more attractive the share is to shareholders (Gordon, 1959; Ohlson, 1995; Bancel, Mittoo & Bhattacharya, 2005; Al-Kuwari, 2009). This is not always true as investors view some firms that retained higher proportions of their profits as firms with strategic investment opportunities. In this vein, another school of thought emanated in the literature suggesting that those firms who have viable investment opportunities should retain their profits and invest in such opportunities (Hakansson, 1982; Kalay, 1982; Nissim & Ziv, 2001; De-Angelo & Stulz, 2006). This is based on the premise that when a firm declares cash dividends, it indicates the lack of such investment opportunities and could be considered negatively thereby resulting in negative abnormal returns in the market share.

Over the years, there have been conflicting goal regarding stakeholders' wealth maximization and market valuation of the firm; many scholars believed that stakeholder's interest and market value of the firm are reflected in the company's earnings per share and capital gain in share price respectively. Scholars have also argued that companies' fundamentals do not impact positively on the value of the firm; the major proponent of this argument is Modgiliani and Miller's model which postulate that earnings is the predominant factor that affect the market value of a firm. However, conflicting interest of shareholders regarding dividend policy cannot be over-emphasize; every rational shareholder will consistently require that higher dividend be paid regardless of the investment decisions of the firm. Finance managers are in dilemma in harmonizing the both decisions (dividend and investment) since both decisions are very crucial to the worth of companies as shown in the growth of stakeholder's worth. This research work seems to breach the gap by portraying the significant effect of dividend policy on share valuation.

In spite of the various studies that have been conducted on dividend policy, mostly from developed economies, no consensus has been reached regarding the determinants of dividend policy of firms. In addition, there is dearth of literature on the impact of dividend policy on markets' value in an emerging market, particularly in Nigeria. Additional focus on the impact of dividend policy on market value can be gained which to the best of our knowledge is limited. Therefore, the study attempts to add to the existing literatures by examining the impact of dividend policy on market value of listed deposit money banks in Nigeria.

The main objective of this study is to examine the impact of dividend policy on market value of deposit money banks in Nigeria. The specific objectives are to: ascertain the extent to which Dividend per share, dividend yield and dividend payout ratio influence the market value of listed deposit money banks in Nigeria.

The study focuses on the listed deposit money banks in Nigeria. This is based on the grounds that deposit money banks constitute significant part of listed firms in Nigeria with consistent dividend payment. The study covers 2016-2022. The study period corresponds to the update of the Securities and Exchange Commission (SEC) Code of Corporate Governance. The dependent variable is market value which is represented by share price. The explanatory variables are dividend per share, dividend yield and dividend payout ratio. The study benefits a wide range of users. It contributes to the academic literature on the impact of dividend policy on market value. It benefits the regulatory bodies, both nationally and internationally, and the users of financial reports. The remaining part of this paper is divided into the review of empirical literature, methodology, results and discussion, conclusion and recommendations, and list references.



2. Literature Review and Theoretical Framework

The market value of any entity refers to the value per share of the entity at the end of each trading day. While the market prices change during any trading day, the price at the close of trading on any particular day represents the price at the end of that day (Nigerian Exchange Group, 2021). From a total value perspective, when the value per share is multiplied by the number of outstanding shares in any particular period, it gives the market capitalization.

Dividends are included in the key decisions made by financial managers and represent the outstanding amount paid to the equity holders. According to Brealey and Myers (1996), dividends are often entangled with other financing and investment decisions. Some firms pay low dividends because of the management's future expectations regarding the firm's value and the need to retain earnings for future growth and expansion. Dividend decisions are considered where the company have no pressing strategic needs to drive business growth (Pandey, 2000). The information released by companies on dividends plays an important role in the valuation of the companies' shares (Brealey & Myers, 1996). Harley and Duro (2017) see dividends as the distribution of past or present earnings in real assets among the various equity holders based on their holding structure.

Studies have used various proxies to explain dividend policy. Ugwu, Onyeka, and Okwa (2020) used a multiple regression analysis to examine the effect of dividend policy and corporate financial performance within companies listed on the consumer goods sector of the NGX. Data were collected randomly from 10 companies listed in the consumer goods sectors for the period between 2015 and 2019. In the study, the dividend payout ratio (DPR) and dividend per share (DPS) were used to represent dividend policy, while return on equity (ROE) was used to measure corporate financial performance. The results revealed that the proxies for dividend policy are positively related to ROE. Only DPS showed a positive effect on corporate performance, while DPR and earnings per share showed a statistically insignificant effect.

Hossin and Ahmed (2020) examined the impact of dividend policy on stock price volatility within the Bangladesh capital market between 2009 and 2017. An experimental analysis approach was adopted using the fixed and random effects models on the data collected from 10 companies. One of the variables used is the dividend payout ratio, differentiating between cash and stock dividends. Both types of dividends were examined against the stock price volatility, and the analysis showed that both cash dividends and stock dividends have a positive impact on stock price volatility. The study further concluded that investors in the Bangladesh market.

In a related study, Koleosho, Adegbe, and Ajayi-Owoeye (2020) examined whether there is a significant relationship between dividend per share and market price per share from an informational efficiency perspective. Data for 57 companies were collected for the period between 2008 and 2019, and the fixed effects model was used to analyze the pooled data. The study concluded that dividend is an important factor in predicting the movement in stock prices. Hence, it was recommended that dividend payments should be paid and information announced in a timely manner to enhance the sustainability of shareholders' wealth.

Ohiaeri et al. (2019) examined the impact of dividend policy on the share prices of quoted companies on the NGX between 2009 and 2017. One of the proxies used in the analysis was dividend per share, and



data were collected across 10 Nigerian companies within the period. Using secondary data, Hausman's test was used through the multiple panel least squares estimation, and it was concluded that dividend per share exerted a positive impact on the market price per share within the period reviewed.

In a related study, Uniamikogbo et al. (2019) empirically analyzed the influence of accounting information on stock price volatility in Nigeria using 22 companies listed on the NGX. Data were analyzed through the ordinary least squares (OLS) regression method, and the study concluded that dividend per share had a negative and significant effect on stock price volatility in Nigeria. Data selected were from 2005 to 2014 from selected listed manufacturing companies in Nigeria. The fixed effects model was used to analyze the data, and they concluded that dividend per share has a positive effect on stock price volatility.

Aribaba, Ahmodu, Ogbeide, and Olaleye (2017) examined the effect of dividend per share on stock price changes between 2008 to 2014 using data collected from 15 companies quoted on the NGX. Using a regression analysis on the adopted estimated generalized least squares method, the study concluded that dividend per share has a negative effect on the stock price changes, and the effect is statistically insignificant over the period. Hence, dividend is important, and investors prefer dividend payments in cash rather than capital gains in the future. The study emphasized the bird-in-hand theory as well as the signaling theory. However, there is a time gap in this study, and only the stock price changes effect was considered.

Egbeonu et al. (2016) carried out a cointegration analysis of dividend policy and share price volatility of companies listed on the Nigerian capital market as of December 31, 2015. Fifty companies were used with a focus on 2015. The results of the Granger causality test revealed that investors are only interested in stocks with stable and consistent dividend policies and are less interested in companies with low dividend payouts. The result of the analysis showed that dividend per share has a positive relationship with stock price volatility and, as such, dividend payment is important in determining the volatility of the stock price. The study concluded that investors could make more profit during a period of volatility due to the announcement effect of dividends. While the study emphasized the ability to make more profit during volatility, the effect of the dividend policy on other measures of shareholders' wealth was not considered. Also, the moderating effects of the number of shares outstanding, ownership structure, and firm size were not considered in the study.

Fama and Babiak (1968), analyzed the lintner model on dividend policy and argued that company will attempt to increase the dividend only when they can be sustained in the future. This means that the higher dividend would only be announced if the company can sustain it in future. Furthermore, Black (1996) opined that companies don't know which dividend policy they must adopt as they are not aware of how many irrational investors are there in the market but a rational investor can maximize his profit by choosing the right dividend policy.

Mahira (2012) explores the determinants of dividend payout ratio of non-financial firms of Karachi Stock Exchange, earnings, firm size, growth, profitability, corporate tax and financial leverage were analyzed to see their impact on the dividend payout ratio. The results show that corporate size and firm size had significant impact on dividend payout. The rest of the explanatory variables were found to be insignificant in the context of Pakistani market. Similarly, Rehman and Haruto (2012) examined the



factors that determine the dividend payout ratio in Pakistan's capital market. The authors use the cross-sectional data of 50 listed firms in Karachi stock exchange for the year 2009. The results show that the profitability, debt to equity to ratio and market to book value ratio are significant determinants of dividend payout ratio. Relation of debt-to-equity ratio, profitability, current ratio and corporate tax were found to be positive with dividend payout ratio while operating cash flow per share and market to book value has a negative relationship with dividend payout ratio.

Custau and Cairatjon (2012) conducted another research regarding the determinants of dividend payout policy for large and medium firms in Sweden. The results indicated that the dividend payout ratio of large firms have a significant relationship to free cash flow, growth and risk value. Also from their study, it was deduced that the dividend payout ratio for medium firms have significant relationship to free cash flow, leverage and size.

In a comprehensive study on non-financial firms of Nairobi Securities Exchange, Maniagi *et al.* (2013) observed that business risk is also a strong determining factor of dividend policy. They are of the opinion that size of firms and business risk increase the precision of the significant variables hence among the major determinants of dividend payout. Anil and Kapoor (2008) examined the determinants of dividend payout ratio of the Indian Information Technology sector. The results show that cash flows, corporate tax, sales growth and market-to-book value ratio has no significant impact on the dividend behavior of the Information Technology sector. However, liquidity was found to have significant impact. In a similar study, Malkawi (2007) explored the determinants of corporate dividend policy in Jordan for the period 1989-2000. The findings from the study show that firm size, age and profitability of the firm are significantly influencing corporate dividend policy in Jordan. The study is in line with the agency cost hypothesis and is broadly consistent with pecking order assumptions.

Muhammad (2010) study tests the semi-strong form of market efficiency by investigating the reaction of stock prices to dividend announcements in Pakistan. His study analyzed cash, stock, and simultaneous cash and stock dividend announcements of 79 companies listed on the Karachi Stock Exchange from July 2004 to June 2007; and evaluated abnormal returns from the market model for statistical significance using the t-test and Wilcoxon Signed Rank Test. The findings from his study suggested negligible abnormal returns for cash dividend announcements, which inferred that the reaction of stock prices to cash dividend announcements in Pakistan is statistically insignificant. His findings were consistent with that of Baskin (1989); but added more substance to the findings of Ball, Brown, Finn and Officer (1979).

In Nigeria, many studies were conducted in the area of dividend policy and its relationship with liquidity, earnings and stock market returns. The inferences in the studies of Oyejide (1975) and Mohammed and Hui (2008) examined the profitability and liquidity as determinants of dividend payout and found that profitability and liquidity are significant variables in determining the dividend payout and companies which are more profitable and liquid are in a better position to pay dividend. In a related study, Uwuigbe (2013) in his study observed that there is a significant positive relationship between firm's financial performance, size of firms and board independence on the dividend payout decisions of listed firms in Nigeria.



Again, many studies were conducted in the area of dividend policy and its relationship with liquidity, earnings and stock market returns. The inferences in the studies of Oyejide (1975) and Soyode (1975) revealed the drastic change in the dividend policy of firms in Nigeria in the era of indigenization. From the era of indigenization and afterwards, firms in Nigeria continue to alter their dividend policies in order to ensure continual survival and maximize share price returns. Izedonmi and Eriki (1996) and Adelegan (2000) studied dividend policy of firms in Nigeria and how it is affected by cash flow and other factors. Their studies were able to unveil the significant impact of cash flow to dividend changes and the other factors that jointly determined the dividend policy of firms in Nigeria.

Musa (2009) examined whether current earnings, previous dividend, cash flow, investment and net current assets have significant aggregate as well as separate impact on the dividend policy of firms quoted on the Nigerian Stock Exchange. He used the five- variable parsimonious dividend policy model developed by Musa (2005). The study concluded that earnings, previous dividend and cash flow all have significant positive impact on the dividend policy of the quoted firms in Nigeria. The conclusion from the study further corroborated the works of Oyejide (1976), Izedonmi and Eriki (1996) and Adelegan (2000).

Okpara and Chigozie (2010) examined the determinants of dividend payout ratio in Nigeria using factor analysis and econometric techniques as determining factors. The study concluded that the current ratio, profitability and last year dividends are the significant determinants of dividend payout.

From the foregoing discussions and research findings, the literature on dividend policy has produced a large body of theoretical and empirical research, especially following the publication of the dividend irrelevance hypothesis of Miller and Modigliani (1961). However, general consensus has yet emerged after several decades of investigation; and scholars often disagree even about the same empirical evidence (Al-Malkawi, Rafferty & Pillai, 2010).

The study adopts the “Bird in Hand” Theory to underpin the work on the impact of dividend policy on market value of listed deposit money banks in Nigeria. The theory is based on the fact that dividends affect the company's value and this assumption is represented by the popular 'bird in hand theory'. The theory is developed based on observation that dividends are positively correlated to the company's value. It is based on the expression that 'a bird in the hand is worth more than thousand in the bush'. The theory emphasized that investors are more willing to invest in stocks that pay current dividend rather than to invest in stocks that retain earnings and pay dividend in the future. The theory was first mentioned by Lintner (1962) which came up with a model. The underline assumption of Gordon's model is based on the idea of what is available today compared to what may be available in the future (Khan and Jain, 2008). This is evidence on the fact that there is uncertainty in the future regarding capital gains and future dividend.

3. Methodology

This study employed correlation research design. This is concerned with the collection of data for the purpose of describing and analyzing the impact of dividend policy on market value of quoted deposit money banks in Nigeria. The data for this study were obtained mainly from secondary sources which were extracted from the audited annual reports and accounts of quoted DMBs in Nigeria from 2016 to 2022. The share price is collected from the website of Cash-craft asset management limited. The study



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population consist of all the fifteen Deposit Money Banks listed on the Nigerian Stock Exchange as at 31st December, 2016 and remain listed up till 2022. Using census approach, all the fifteen listed Deposit Money Banks in Nigeria as at 31st December, 2022 were used for the analysis due to availability of their annual reports and accounts needed for the extraction of the data. In analyzing the data for this study, a multiple regression technique and descriptive statistics was used.

In the light of the methodological knowledge gathered and empirical literature in our previous sections, a panel data multiple regression model is specified. By the dependent variable the study used market price per share as a proxy for market value. For independent variables, the study used dividend per share, dividend yield and dividend payout ratio to represent dividend policy. To test the hypotheses $MVS_{it} = \beta_0 + \beta_1 DPS_{it} + \beta_2 DY_{it} + \beta_3 DPR_{it} + \varepsilon_{it}$ Equation 1 specified in econometric form as shown below:

Where: MVS is Market value per share; DPR is Dividend per share; DY is Dividend Yield; DPR is Dividend Pay-out ratio; ε_{it} is error term; it is Banks and Time.

Variables	Proxy	Type	Definition and Measurements
Market Value	MVS	Dependent	Share prices – exactly three months after the publication of the audited annual accounts
Dividend per Share	DPS	Independent	Dividend paid divided by the number of ordinary shares in issues
Dividend Yield	DY	Independent	Dividend per share divided by market price per share
Dividend Payout Ratio	DPR	Independent	Dividend paid for the year divided by profit after tax
Financial Leverage	FLEV	Control	Measured as the ratio of total debts to total assets
Firm Size	FSIZE	Control	Log of total assets.

Source: Authors' Compilation, 2024

4. Results and Discussion

In this section, the study results are presented and discussed. The descriptive statistics are first presented in table 2, followed by the correlation analyses and then the regression result.

Table 2
Descriptive Statistics

Variables	Observations	Mean	Std.deviation	Minimum	Maximum
MVS	105	8.340762	8.341092	0.5	29.44
DPS	105	0.070609	0.168792	0.00	0.831
DY	105	0.350561	0.213325	0.038	0.802
DPR	105	0.325857	0.220939	0.006	0.881

Source: Extracted from the Stata output



The descriptive statistics of data collected for the period as presented shows the mean market value represented by share price to be N8.34 while the standard deviation is 8.3, with the minimum and maximum being N0.5 and N29.44 respectively. Dividend per share has a mean value of N0.07 and a standard deviation of N0.17 with a minimum of 0.00 and a maximum of 0.83. Dividend yield also has a mean value of N0.35, a standard deviation of N0.21, a minimum of N0.038 and a maximum of No.802. The result from the descriptive statistics also reveals that the mean value of dividend payout ratio is 0.32 with a standard deviation of 0.22. The maximum amount of dividend payout ratio during this period is 0.88 while the minimum is 0.006.

Table 3
Correlation Analysis

	MVPS	DPR	DY	DPS
MVPS	1.0000			
DPR	0.4059***	1.0000		
DY	0.1932***	0.5033	1.0000	
DPS	0.3077***	-0.1735	-0.5580	1.0000

***Correlation is significant at the 0.01 level (2-tailed)

**Correlation is significant at the 0.05 level (2-tailed)

Correlation matrix shows the relationship between explanatory variables and explained variable and also the relationship among the individual variables themselves. The results from Pearson correlation indicates a positive and significant association between market value per share and all the explanatory variables used in the study with the exception. Amongst the independent variables, the relationship was a very weak one as expected which may not pose any multicollinearity problem. Gujarati (2004) opines that correlation above 0.8 between variables is a concern as it indicates excessive correlation.

Table 4
Regression Results

Variable	Coefficient	Std. Err.	t-value	p-value
DPR	7.0103	1.9402	3.61	0.000***
DY	10.408	3.4340	3.03	0.003***
DPS	0.8846	0.1545	5.72	0.000***
Constant	-67.988	16.352	-4.16	0.000***
Adj R²	0.35			
F-Stat	19.73			
F-Sig	0.000			

10% levels of Significance *

5% levels of Significance **

1% level of Significant ***

Source: Author: Author's computation.



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The table 4 above reports the static panel regression results of the effect of dividend policy on market value of quoted deposit money banks in Nigeria. The adjusted R², which measures the proportion of the changes in the market value per share as a result of changes in dividend yield, dividend payout ratio and dividend per share, explains about 35% of the changes in the market value of the quoted deposit money banks in Nigeria, while the remaining 65% are explained by other factors not captured in the model. The F-statistic is 19.73 which is significant at one percent. This suggests that the model of the study is fit in explaining the impact of dividend policy on market value of quoted deposit money banks in Nigeria.

From the results presented in table 4 above, dividend payout ratio was found to be positively and significantly influencing market value of quoted deposit money banks with a coefficient of 7.01 and t-value of 3.61 which is significant at 1%. This suggests that a N1 increases in dividend payout ratio results in about 7% increase in market value. More clearly, the coefficient of dividend payout ratio suggests that for each N1 reported as dividend payout, there would about 7% additional value to the investors. This result provides sufficient evidence to reject the null hypothesis 1 which states that: dividend payout ratio has no significant impact on market value of listed deposit money banks in Nigeria.

The results presented in table 4 above indicates that dividend yield has a coefficient value of 10.41 and a t-value of 3.03 which is significant at 1% level of significant. This implies that dividend yield has a positive significant impact on market value of listed deposit money banks in Nigeria. Therefore, the result indicates that an approximately N1 increase in dividend yield results in about 10% increase in market value of listed financial in Nigeria. This result provides sufficient evidence to reject the null hypothesis 2 which states that: dividend yield has no significant impact on market value of listed deposit money banks in Nigeria.

The results presented in table 4 indicates that dividend per share has a coefficient value of 0.88 and a t-value of 5.72 which is significant at all levels of significance. This implies dividend per share have a significant impact on market value of listed deposit money banks in Nigeria. The result indicates that, as the deposit money banks increase their dividend per share by N1, the market value will increase by about approximately 1%. The result provides sufficient evidence to reject the null hypothesis (H_{03}), which states that: dividend per share has a significant impact on market value of listed deposit money banks in Nigeria.

Based on the result of the analysis in this study, a number of key findings are documented. The findings are presented based on each variable and how it affects the market value of quoted deposit money banks in Nigeria. The findings of the study provide empirical evidence which indicate that the dividend payout ratio, dividend yield and dividend per share have positive effect on share prices and this is in line with our priori expectation. relationship with share price volatility, while dividend yield, dividend per share and financial.

From the summary of regression result in table 4, dividend payout ratio was found to be positively and significantly influencing market value of listed deposit money banks in Nigeria. The positive association between market value per share and dividend payout implies that higher dividend payout attracts more investors confident which will reflect in the value of the firm. This corroborate the fact



that dividend payment is an important factor that enhance the value of the firm. More clearly the finding of this study suggests that investors attached more value to firms which paid higher dividends over the period of the study. The finding of this study is in line with the several extant studies (Koleosho et al. 2022, Alajekwu and Ezeabasili, 2020) who conclude that dividend payout ratio has a positive and significant influence on share price volatility of selected companies in the Nigerian Exchange group. On the other hand, this study provides contrary evidence to the study conducted by Araoye, Aruwaji and Ajya (2019), who provided empirical evidence that dividend payout inversely affects the volatility of stock prices.

Furthermore, the result provided empirical evidence that dividend yield and dividend per share were positive and significantly influencing the market value of quoted deposit money banks in Nigeria. This positive impact implies that investors and market react positively to higher dividend payments. The study confirms the arguments provided by Lintner (1956) and Gordon (1962), that dividend policy, positively affects the market value of shares.

5. Conclusion and Recommendations

Dividend policy has taken a center stage of discussions among researchers, investors and regulators. This study examines the impact of dividend policy on market value of listed deposit money banks in Nigeria. To facilitate the understanding of the study topic under review, the concept of dividend policy (proxy by dividend payout ratio, dividend yield and dividend per share) and market value were discussed. In addition, relevant empirical literatures were reviewed to recognize gaps and ascertain theoretical support. The study collected data covering a period of 7 years between 2016 and 2022 from 15 deposit money banks listed on the Nigerian Exchange Group. The panel data used for the study included a total of 105 firm year observations. The dependent variable in this study is market value (market price per share) while the independent variables are dividend payout ratio, dividend yield and dividend per share.

Using a panel data multiple regression model, this study provides strong evidence that dividend policy has significant impact on market value of listed deposit money banks in Nigeria. The dividend payout ratio, dividend yield and dividend per share were found to be positive and significantly influencing the market value of listed deposit money banks in Nigeria. Thus, the findings support the theoretical prediction by Lintner (1956) and Gordon (1962).

From the results and findings of this study, a number of conclusions were reached. Firstly, the results revealed dividend policy strongly explain the systematic variation in market value of listed deposit money banks in Nigeria. Specifically, the results reveal that dividend payout ratio, dividend yield and dividend per share were positively and significantly influencing the market value of listed deposit money banks in Nigeria.

In line with the findings and conclusion of this study, the following recommendations are provided:

- i. Banks should always be conversant with the investors' preference when it comes to dividend payment Nigeria. Under normal circumstances, investors in Nigeria will prefer dividend payment to capital appreciation.
- ii. Understand that the higher dividend payout ratio enhanced investors confident and managers can create more value by increasing dividends to an optimal level.



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