

Impact of corporate governance on financial performance of listed deposit money banks in Nigeria (2008-2023)

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ABSTRACT

This study examined the impact of corporate governance on the financial performance of listed deposit money banks in Nigeria. Specifically, it investigated how board size, board composition and audit committee size affect financial performance. Using ex-post-facto research design, the study analysed panel data from the annual reports of seven selected banks between 2008 and 2023. The analysis employed descriptive statistics, Pearson matrix tests, Variance Inflation Factor (VIF) tests and panel regression models. The Hausman specification test was used to select the most suitable model, and the results favoured the fixed effect regression model. The findings showed that board size, board composition and audit committee size all had a positive and significant impact on the financial performance of banks. This led to the conclusion that the corporate governance elements examined in the study had a significant influence on the performance of deposit money banks in Nigeria. The study recommends the Financial Reporting Council of Nigeria's committee on corporate governance should establish a more comprehensive and flexible code of corporate governance. This would improve the performance of deposit money banks in the short-term and the Nigerian economy in the long-term.



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1. INTRODUCTION

The banking sector plays a vital role in the growth and development of any economy, serving as a catalyst for economic expansion and stability. In Nigeria, the banking sector has undergone significant transformations, particularly with the consolidation exercise of 2005-2006, which led to the emergence of stronger and more resilient banks. However, the global financial crisis of 2008 and the subsequent economic downturn in Nigeria exposed the vulnerabilities of the banking sector, highlighting the need for effective corporate governance practices. Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. It involves the relationships among stakeholders, including shareholders, management, employees, customers, and suppliers. Effective corporate governance is essential for ensuring that companies operate in a responsible and sustainable manner, creating long-term value for shareholders and contributing to the broader economy. In Nigeria, the banking sector has faced several corporate governance challenges, including weak board oversight, inadequate risk management practices, and poor disclosure and transparency. These challenges have contributed to the instability of the banking sector, undermining public trust and confidence. The financial performance of listed deposit money banks in Nigeria is a critical indicator of the health and stability of the banking sector. However, the relationship between corporate governance and financial performance is complex and influenced by various factors, including board composition, CEO duality, audit committee effectiveness, and ownership structure. This study aims to investigate the impact of corporate governance on the financial performance of listed deposit money banks in Nigeria, covering the period 2008-2023. The study seeks to contribute to the existing literature on corporate governance and financial performance, providing insights into the relationships between various corporate governance mechanisms and financial performance indicators.

1.1 Statement of the Problem

Corporate governance refers to the systems, processes and structures that guide the direction and management of an organization, with the ultimate goal of enhancing long-term shareholders' value. This is achieved by improving corporate performance, accountability, and consideration for the interest of various stakeholders (Ejura, Musa, Karim, Mubarak and Ahmed, 2023). Establishing plausibility, openness and accountability, and keeping an effective information flow that foster strong company performance are goals of corporate governance. Unfortunately, corporate governance has not been given adequate attention by most banks in recent times despite the requirements of Financial Reporting Council of Nigeria (FRCN), Central Bank of Nigeria and Security and Exchange Commission (SEC). In Nigeria studies such as Ejura, Musa, Karim, Mubarak and Ahmed

(2023), James and Aruwa,(2022); Okunola and Obara, (2022); Adegboyegun and Alabi, (2022); Olaifa, (2022) and Yahaya (2022) have investigated the empirical relationship between corporate governance and banks financial performance in Nigeria. However, these studies have mixed findings which are equivocal and inexhaustible. Hence, there is need for another study in this area in order to help and obtain sufficient proof on the level of interconnectedness between corporate governance and banks' financial performance in Nigeria. This therefore justified the imperative of this study. The investigation is for a period of sixteen (16) years, spanning from 2008-2023. 2008 was chosen as the base year due to major amendments on corporate governance practices in Nigeria's public companies. The study employed corporate governance components such as Board Size (BS), Board Composition (BC) and Audit Committee Composition (AUC); while financial performance was measured by Return On Asset (ROA) of the selected banks.

1.2 Objectives of the Study

The broad objective of the study is to examine the impact of corporate governance on financial performance of listed deposit money banks in Nigeria (2008-2023). The study specifically sought to:

- Evaluate the impact of board size on financial performance of listed deposit money banks in Nigeria.
- Investigate the impact of board composition on financial performance of listed deposit money banks in Nigeria.
- Determine the impact of audit committee composition on financial performance of listed deposit money banks in Nigeria.

1.3 Research Questions

In line with the specific objectives, the following were raised to achieve the broad objectives of the study:

- To what length does board size impact on financial performance of listed deposit money banks in Nigeria.
- To what magnitude does board composition impact on financial performance of listed deposit money banks in Nigeria.
- To what extent does audit committee composition impact on financial performance of listed deposit money banks in Nigeria.

1.4 Research Hypotheses

In line with the specific objectives, the following statements of hypothesis were tentatively made in null forms to attain the main objectives of the study to guide the investigation

H₀₁: Board size has no significant impact on financial performance of listed deposit money banks in Nigeria.

HO₂: Board composition has no significant impact on financial performance of listed deposit money banks in Nigeria.

HO₃: Audit committee composition has no significant impact on financial performance of listed deposit money banks in Nigeria.

2. REVIEW OF LITERATURE

2.1 Concept of Corporate Governance

Due to the multifaceted and multi-dimensional nature, corporate governance has not lent itself to a single definition. Corporate governance is defined as a process of directing and controlling companies (Cadbury, 1992). It has two elements: corporate which refers to corporations and governance which deals with the process, ways or manner of governing. Solomon and Solomon (2004) defined corporate governance as the company's internal and external checks and balances that see to it that companies offset their accountability to all their stakeholders and act in a social responsible way in all facets of the business endeavours. According to Uwuigbe, (2013) corporate governance is an arrangement which entails a broad spectrum of activities (accounting standards, rules concerning financial disclosure, executive compensation, size and composition of corporate boards) and institutions that protect the interest of a corporation's owners. The Organization of Economic Cooperation and Development (OECD, 2004) sees a firm's governance as the structure of directing and controlling companies. The system of corporate governance points out the distribution of rights as well as responsibilities in the midst of non-uniform members who have connection with a company. For Hopt (2011), the development of the idea of corporate governance has had series, theories and models already taken up by commentators and researchers. The direction and control are the two fulcrums of the corporate governance mechanism which characterize the system to be either shareholder or stakeholder oriented. That is to say, it includes multiple apparatus that serve to protect shareholders' interests and whittle down agency conflicts emanating from the separation of ownership and control such as board independence, proper audits, nomination and remuneration committees; as well as capital structure and dividend payout policies (Fatimoh, 2012). Therefore, corporate governance brings to fore the policy support base and rules for respective individuals in the industry. As a result, corporate governance refers to ways and manner an enterprise is run according to plan enhancing adequate monitoring (Mmadus and Akomolafe, 2014).

Conventionally, corporate governance mechanisms are known to incorporate such variables as: Board composition, board size as well as audit committee size. While organizational framework refers to the board mix, which has to do with executive and non-executive director representation on the board, Board size is defined as the total number of individuals comprising the board. Finding the right balance in the board size to ensure its effectiveness has been a longstanding point of contention. Researchers have debated the ideal board size, with some advocating for smaller boards (Lipton & Lorsch, 1992; Yermack, 1996). They argue that larger boards are prone to social loafing and free riding, leading to decreased efficiency. Conversely, others support larger board, citing benefits such as enhanced monitoring and advisory capabilities (Adam & Mehran, 2003; Anderson, Mans and Reeb(2004). Additionally, Singh and Harianto(1989) suggest that larger board can improve performance by reducing CEO dominance, making it difficult to adopt golden parachute contracts that may not align with shareholder interests. The size of the audit committee refers to the number of auditors that comprise it. Researchers have reported conflicting views on the ideal size of the audit committee. Some studies suggested that larger audit committees are more effective in the detecting and preventing managerial misbehaviour leading to improved performance (Poundel & Martins, 2012). Nevertheless, other research has no positive correlation between audit committee size and firm performance. As a result, the relationship between audit committee size and firm performance remains inconclusive, with mixed evidence supporting both larger and smaller committee sizes.

2.2 Financial Performance

Financial performance, a crucial aspect of managerial research, encompasses the evaluation of a firm's success in achieving its objectives. It involves assessing how effectively a company utilizes its assets to generate profits. Financial performance measurements translates an organization's policies and operations into monetary value, reflecting its profitability, liquidity and leverage. By evaluating financial performance, decision makers can objectively assess the outcomes of business strategies and activities. Traditionally, financial performance evaluation, particularly in the banking sector, relies on analyzing key financial ratios, including:

3. Capital Assets Ratio
4. Growth Rate of Total Revenue
5. Cost and Income Ratio

These metrics provide valuable insights into a bank's financial health and performance. Despite the widespread use of financial ratios, a comprehensive model that fully integrates the analysis of bank operation's efficiency and performance evaluation has yet to be developed. To address this limitation, financial ratio analysis is often supplemented with qualitative evaluation measures, such as management quality, equity structure, competitive positioning, and others, to provide a more nuanced assessment of a firm's performance at a given time. One key financial ratio is Return on Assets (ROA), which serves as a proxy for a bank's profitability. Calculated as the ratio of income to total assets, ROA measures management's ability to generate income from the company's assets (Khravish, 2011). A higher ROA indicates that a company is more efficient in utilizing its resources to generate net income thereby reflecting the effectiveness of management in optimizing resource allocation.

2.3 Empirical Review

A recent by Ejura, Musa, Karim, Mubara and Ahmed (2023) investigated the relationship between corporate governance and financial performance in Nigeria's listed deposit money banks. The researchers aimed to assess the impact of board size, board composition and audit committee size on financial performance. They analysed secondary data from audited reports of 15 listed banks for the period ending December 31, 2021. Using descriptive statistics, the study found that board size, board composition and audit committee size had no significant effect on financial performances of listed money banks in Nigeria. The specific objectives of the study were to evaluate the impact of board size, board composition and audit committee on financial performance of listed deposit money banks in Nigeria. The study made use of secondary data extracted from the audited reports and accounts of 15 listed money deposit banks for the period, ending on 31st December, 2021. The study employed descriptive statistics to ascertain the features of the variables of interest of the study. The outcome of the analysis revealed that board size board composition and audit committee had no significant impact on the financial performance of listed deposit money banks in Nigeria. Oke and Nzekwe (2023), investigated the effect of corporate governance on the performance of Nigerian listed banks. Specifically, the study sought to evaluate the effect chief executive officer's age, tenure, board gender diversity and meetings on the performance of the listed banks proxied by earnings per share. The study made use of panel data extracted from the annual financial statements of 12 selected banks from a population of 22 listed commercial banks in Nigeria from 2011 to 2020. The first economics test conducted by the study was descriptive analysis which was aimed at determining the individual characteristics of the research variables. Secondly, Pearson correlation test was also performed to determine the strength and magnitude of the relationship and magnitude of the relationship between the independent and the dependent variables. Hausman test was used to select the most appropriate model between random effect and fixed effect, which favoured the fixed effect model since the study adopted panel regression model. Result from the fixed effect regression analysis showed that board gender diversity and meetings had negative and significant effect on banks' performance. The study also found that chief executive officer's age and tenure had no significant effect on the performance of the listed selected banks in Nigeria.

James and Aruwa (2022), evaluated the effect of corporate governance on asset quality of listed deposit money banks in Nigeria. The specific objectives of the study were to investigate the effect of board independence, board audit committee and board ownership structure on the asset quality of the listed deposit money banks in Nigeria. The data for the study were extracted from the audited annual financial statements of a deposit money banks for the period of eight (8) years, spanning from 2012 to 2019. The data were analyzed with the aid of STATA 15 software using descriptive test, Pearson correlation test, Heteroscedasticity test and Hausman specification test. Hausman specification test favoured random effect model. Findings from the random effect analysis indicated board independence had positive and significant effect on asset quality of the listed deposit money banks in Nigeria. However, board audit committee and board ownership structure had no significant effect on the asset quality of the listed banks. Bala et al. (2022) examined the effect of corporate governance on financial performance of deposit money banks in Nigeria. Specifically, the study sought to determine the effect of board size, audit committee, number of independent directors and directors' shareholding on the performance of deposit money banks in Nigeria. The study made use of descriptive statistics to determine the individual characteristics of both

the independent and dependent variables. The study also made use of panel unit root test to validate the data in order to avoid spurious regression results. Ordinary least square (OLS) panel regression model was employed as the baseline model to estimate the empirical relationship between the explanatory variables and banks' performance at 5% level of significance. Hausman specification test was performed to select the most suitable model between fixed effect and random effect model which favoured fixed effect. Hence findings of the study were centered on the fixed effect model analysis. Results of the study revealed that board size, audit committee, directors independence and directors the performance of deposit money banks in Nigeria. Olaifa (2022), investigated the effect of corporate governance on the financial performance of selected specialized deposit money banks in Oyo State, Nigeria. The study adopted ex-post facto research design which enabled secondary data to be extracted from the annual accounts and reports of Banks of Industry and Bank of Agriculture. The data was analyzed using simple linear regression model at 0.05 level of significance, findings from the regression analysis revealed that ethnic diversity and board had positive and significant effect on the financial performance of selected deposit money banks in Oyo State, Nigeria.

2.4 Gaps in Literature

Currently in Nigeria, many studies such as (Ejura, Musa, Karim, Mubara and Ahmed, 2023; Oke and Nzekwe, 2023; James and Aruwa, 2022; Alibi, 2022 and Olaifa, 2022) have examined the impact of corporate governance on the financial performance of listed deposit money banks. However, some of the studies, such as Ejura, Musa, Karim, Mubara and Ahmed, 2023 and Olaifa 2022 employed simple linear regression models anchored on ordinary least square (OLS) to estimate the empirical relationship between corporate governance variables and financial performance of the selected banks. This technique is grossly inadequate because the extracted data exhibited the features of fixed and random effect models which is the most appropriate for panel data. Moreover, other prior studies such as Oke and Nzekwe (2023), James and Aruwa (2022) and Alabi 2022 reported the outcome of Hausman specification test without reporting the results of the fixed effect and random effect regression analyses separately first; hence, lacks the scientific needs of a study of this nature. There is need to report both the pooled effect, random individual differences effect of the selected banks and their fixed effect features using Panel Regression Models as this will guide policy and decision making better than studies with incomprehensive results. This justified the need for this study.

2.5 Theoretical Framework

This study is grounded in the agency theory, first proposed by Jensen and Meckling in 1976. The theory explores the relationship between principals (shareholders) and agents (management) who act on their behalf. According to Jensen and Meckling (1976), an agency relationship is a contractual agreement where principals delegate decision – making authority to agents to perform tasks on their behalf. Theory assumes that the separation of ownership and management can lead to conflict of interests. Furthermore, it presumes that both principals and agents are rational economic individuals who can establish objective expectations about the impact of agency problems on their wealth (Barnea, Haugen, and Senbet, 1985). According to Jensen *et al* (1976), managers as agents of shareholders, are tasked with maximizing the returns to the shareholders. This theory is relevant to this study in that, it suggests that managers maximize their operations including reducing costs to ultimately maximize shareholders' wealth.

3. METHODOLOGY

The study employed *ex-post-facto* research design, which involves analyzing existing data. This design was deemed suitable for the study since the required data already existed prior to the commencement of the research, eliminating the need for experimental manipulation or real-time data collection. The scope of this study encompasses all banks listed on the Nigerian exchange group as at December 31, 2023. The study's population consisted of 25 deposit money banks listed on the Nigerian Exchange Group as of December 31, 2023. A sample of seven banks was selected based on data availability and accessibility. These seven banks collectively known as the "big seven" are:

1. United Bank for Africa (UBA)
2. First Bank of Nigeria PLC
3. First City Monument Bank PLC
4. Zenith Bank PLC
5. GTB PLC
6. Access Bank PLC
7. Union Bank of Nigeria PLC

The data for this study were sourced from the published annual reports and accounts of listed banks on the Nigerian Exchange Group covering a 15-year period from, 2008-2023.

3.1 Model Specification

The study used panel regression models to estimate a panel of 7 listed banks in Nigeria from 2008-2023. These models included the ordinary least square (OLS) pooled panel regression models, fixed effect and random effect panel regression models. The baseline panel regression model is specified. The fixed effect and random effects models were applied jointly because of the fact the sample used in the study exhibited the features of fixed and random effects. Whereas fixed model assumed that the effect.

3.2 Method of Data Analyses

To analyse the research variables, panel estimation techniques were employed. The data analysis involved two main components: descriptive tests and diagnostic tests. Descriptive statistics were used to identify the characteristics of dependent and independent variables. Correlation tests were then conducted to assess the direction and strength of the relationship between these variables. Next, baseline panel regression analysis was performed using three different models: pooled OLS, random effect and fixed effect. The Hausman specification test was used to determine the most suitable model. These estimations helped determine the statistical significance of the relationship between the variables. The results of the panel regression analysis were evaluated using probability values (p-values), t-statistics, and coefficient levels/directions, with the aid of E-views statistical software (10.0). The decision rule was based on the conventional p-values associated with panel regression analysis.

Decision Rule 1: If the p-value is below 5% level of significance, reject the null hypothesis and accept the alternative hypothesis. This indicates a statistically significant relationship, suggesting that the independent variable has a substantial impact on the dependent variable.

Decision Rule 2: If the p-value exceeds the 5% significance level, accept the null hypothesis and reject the alternative hypothesis. This suggests that there is no statistically significant relationship, indicating that the independent variable has no substantial impact on the dependent variable.

4. ANALYSES AND RESULTS

Table 1: Descriptive Statistics Results

	ROA	BS	BC	AUC
Mean	3.234056	0.98196	0.84297	2.24351
Median	2.303484	1.79185	0.750000	0.161012
Maximum	3.63994	2.79165	1.88006	0.86602
Minimum	2.89175	1.60941	0.38500	0.00766
Std. Dev.	0.23920	0.04189	0.10268	0.34626
Skewness	0.34793	0.74425	2.61685	1.36297
Kurtosis	1.60062	6.55712	4.81090	4.90158
Jarque-Bera	4.16911	312.38820	116.0134	21.63015
Probability	0.03073	0.00000	0.00000	0.00017
Sum	94.78106	25.43046	27.49344	9.01620
Sum Sq. Dev.	3.323380	2.06284	0.68184	212.16282
Observations	112	112	112	112

Source: Author's Computation 2024 from E-views, Version 10.0

Table 1(one) showed the descriptive results of return on asset (a proxy for financial performance); board size (BS); board composition (BC) and board audit committee (AUC) for the period of 16 years, spanning from 2008 – 2023. It showed the descriptive statistics for the individual variables with an observation of 112 (ie 7 banks & 16 years). The standard deviation shows the deviation or dispersion from the mean. It is a measure of risk, the higher the standard deviation, the higher the risk. Skewness indicates the symmetry of the distribution. A skewed distribution which is positive indicates scores that are clustered to the left; and the tail of the distribution extending to the right. However, negatively skewed distribution demonstrates scores that are clustered to the right and the tail of the distribution extends to the left. The maximum values for return on asset (ROA), board size (BS), board composition (BC) and board audit committee (AUC) stood at 3.63994, 2.79165, 1.88006 and 0.86602 respectively, while their minimum values were 2.89175, 1.60941, 0.38500 and 0.00766 respectively. The standard deviation values of 0.23920, 0.04189, 0.10268 and 0.34626 revealed the rate at which ROA, BS, BC and AUC deviated from their respective mean values. It was also found that ROA, BS, BC and AUC were positively skewed with skewness coefficient values of 0.34793, 0.74425, 2.61685 and 1.36297. The implication is that

the distribution of these variables (ROA, BS, BC and AUC) clustered to the left, but had long tail to the right. The probability values of ROA, BS, BC and AUC (0.03073, 0.0000, 0.0000 and 0.0017) respectively were less than 0.05 level of significance, hence, indicating that the null hypothesis of normal distribution was rejected.

4.1 Correlation Test

Table 2: Correlation Matrix Test

	ROA	BS	BC	
ROA	1	0.8633	0.64279	0.1653
BS	0.86334	1	0.38462	0.2284
BC	0.64279	0.3846	1	
AUC	0.16531	0.2284	0.31565	1

Source: Author's Computation 2024 from E-views, Version 10.0

The study made use of Pearson correlation test to examine the strength and magnitude of the relationship between the explanatory variables and financial performance of the selected banks. The result of the correlation test is presented in table two. The Pearson correlation test in table two revealed that board size (BS) had a positive relationship with return on asset of the sampled banks. This implies that BS had a direct relationship with financial performance of the selected banks. The result of the correlation test also revealed that board composition (BC) had a positive relationship with the banks' performance. This is confirmed by the value of the coefficient estimate as presented in table 2. Similarly, result of the correlation result indicated that board audit committee had positive relationship with the financial performance of the selected banks. This is conformed by the value of the coefficient estimate as presented in table 2. The implication is that increase in effectiveness of the audit committee leads to improvement on return on assets of the sampled banks.

4.2 Multicollinearity Test

Table 3: Variance Inflation Factor (VIF) Result

Variables	Uncentered	Centered
ROA	3.782	NA
BS	2.251	1.011
BC	1.433	1.013
AUC	4.252	1.002

Source: Author's Computation 2024 from E-views, Version 10.0

We also checked to confirm that the problem of multicollinearity does not largely arise to affect the results. To achieve this purpose, Variance Inflation Factor (VIF) Test was performed. VIF test is one of the most conventional test that are reliable in measuring the level of multicollinearity. The benchmark is that the value of VIF should not exceed 10 (ten), as suggested by Gujarati (2003). The results are within the benchmarks, and as such, we concluded that they are acceptable and there is no presence of multicollinearity in the regression.

4.3 Test of Hypotheses

Table 4: Baseline Panel Regression Results

Series	Pooled OLS	FE OLS	RE OLS
C	7.7310 [0.000]	0.8500 [0.000]	0.9846 [0.0000]
BS	0.4418 [0.0023]	0.8142 [0.0000]	0.8948 [0.0022]
BC	0.3491 [0.0012]	0.6840 [0.0000]	0.7624 [0.2036]
AUC	0.5740 [0.0000]	2.6465 [0.0003]	1.4480 [0.0246]
Observations	112	112	112
R-squared	0.4888	0.6850	0.5578
Adjusted R-squared	0.5042	0.7099	0.5580
F-value	31.6241 [0.0000]	18.4382 [0.0000]	9.5650 [0.0000]
Hausman Test =		p-value =	0.0385

Source: Author's Computation 2024 from E-views, Version 10.0

The study employed OLS panel regression baseline model to estimate the relationship between components of corporate governance and banks' financial performance. The study pooled all the 112 observations together and ran the regression without considering features such as cross-section and time series nature of the data. From the results as shown in table 4, all the parameters such as board size (BS), board composition (BC) and board audit committee (AUC) had positive and significant impact on the financial

performance of the selected banks, as confirmed by their p-values (0.0023, 0.0012 and 0.0000) respectively.

However, the pooled regression analysis is unreliable due to its inability to accommodate the individual peculiarities of the selected banks. Hence, the researcher proceeded to run fixed effect regression analysis. The result of the fixed effect model revealed that the p-values of board size (BS), board composition (BC) and board audit committee (AUC) were [0.0000] [0.000] and [0.003] respectively indicating that all the parameters had significant influence on the financial performance of the sampled banks. In panel regression analysis, unobserved features in the fixed effect analysis are captured in the random effect regression analysis. To capture this into our analysis, the researcher proceeded to run the random effect regression as shown in table 4. Consequently, the result of the random effect regression revealed that only board size (BS) and audit committee (AUC) had significant influence on the financial performance of the sampled banks. This is confirmed by their p-values [0.0022] and [0.0246], respectively. However, board composition with p-value [0.2036] had no significant impact on the performance of the selected banks in Nigeria.

Moreover, Hausman specification test was applied to selected the most suitable model for discussion of the study. In line with the result in table 4, the Hausman statistical p-value was [0.0385], this is significant since it is less than 0.05 chosen level of significance. Hence, fixed effect model is desirable for prediction and its results were used in the discussions of the study.

4.4 Interpretation of Regression Results

The result of the fixed effect model in table 4 showed that the p-values of board size (BS), board composition (BC) and board audit committee (AUC) were [0.0000], [0.0000] and [0.0003] respectively. Based on these results, the researcher accepted the alternate hypothesis and concludes that BS, BC and AUC had positive and significant impact on the financial performance of the sampled banks in Nigeria.

5. DISCUSSION OF FINDINGS

The result presented in table 4 clearly indicated that the p-value of board size was to [0.0000] which is within the acceptable significant level of 5%. Hence, the study found that board size had positive and significant impact on the financial performance of the selected deposit money bank in Nigeria. However, this finding disagreed with the result of Adegboyegun, Igbekoyi and Alabi (2022) who examined the relationship between corporate governance and performance of deposit money banks in Nigeria. This prior study discovered that board size had no significant impact on financial performance of the banks. The result of the fixed effect model on table 4 revealed that the p-value of board composition (BC) was [0.0000]. This value [0.0000] falls within the acceptable significant level of 0.05. The implication is that BC had significant impact on the financial performance of the selected deposit money banks in Nigeria. This result is in conformity with the findings of Okunole and Ohera (2022) who found that board composition showed a positive and statistically significant impact on return on asset of listed deposit money banks in Nigeria. The outcome of the fixed effect regression analysis indicated that the p-value of audit committee (AUC) was [0.0003]. Since the p-value is less than 5%, it implies that it is within the acceptable significant level of 5%. Hence, the alternate hypothesis was accepted and the researcher concluded that AUC had significant impact on the financial performance of the sampled banks. This finding is inconsistent with the result of James and Aruwa (2022) who discovered that audit committee had no significant effect on asset quality of listed deposit money banks in Nigeria.

5.1 Summary of Findings

- Board size with a p-value of [0.0000] had positive and significant impact on financial performance of listed deposit money banks in Nigeria.
- Board composition with p-value of [0.000] had positive and significant impact on the financial performance of listed deposit money banks in Nigeria.
- Audit committee with p-value of [0.003] was found to have positive and significant on the financial performance of listed deposit money banks in Nigeria.

5.2 Conclusion

The study evaluated the impact of corporate governance on the financial performance of listed deposit money banks in Nigeria. In line with the findings, the study concluded that BS, BC and AUC had significantly influenced the financial performance of the selected deposit money banks in Nigeria.

5.3 Recommendations

- The board of directors should be of optimal size, meeting regularly to discharge their oversight duties.
- The board composition should comprise skilled and knowledgeable members who can contribute significantly to decision making and drive superior performance.
- Banks should adhere to Central Bank of Nigeria's guidelines on regular audit firm rotation, prioritizing quality services. Additionally, partnering with internationally experienced audit firms, especially with the adoption of International Financial Reporting Standards, can bring valuable expertise.

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APPENDIX (RAW DATA)

	Year	ROA	BS	BC	AUC
UBA PLC	2008	0.8	9	5	5
	2009	0.8	9	5	5
	2010	0.7	7	7	5
	2011	0.7	7	7	5
	2012	0.6	7	7	5
	2013	0.9	7	7	5
	2014	0.3	9	7	5
	2015	0.4	9	7	5
	2016	0.5	9	7	7
	2017	0.5	9	5	7
	2018	0.6	9	5	7
	2019	0.5	9	5	7
	2020	0.6	7	5	7
	2021	0.7	7	9	7
	2022	0.5	9	9	7
	2023	0.7	9	9	7
FBN PLC	2008	0.4	11	9	7
	2009	0.3	11	9	7
	2010	0.3	13	9	7
	2011	0.4	13	9	7
	2012	0.5	11	9	7
	2013	0.6	11	11	7
	2014	0.5	9	11	7
	2015	0.3	9	9	7
	2016	0.8	9	9	7
	2017	0.7	9	9	7
	2018	0.7	9	9	7
	2019	0.5	9	9	7
	2020	0.4	11	9	7
	2021	0.6	9	11	7
	2022	0.6	9	11	7
	2023	0.6	9	11	7

Source: Extracted from NEG, Fact Book, 2023

		ROA(₦ in M)	WMC (₦ in M)	FRC (₦ in M)	EHSC (₦ in M)
FCMB PLC	2008	0.6	9	7	5
	2009	0.69	9	7	5
	2010	0.85	9	7	5
	2011	0.7	11	7	5
	2012	0.69	9	7	5
	2013	0.76	11	7	5
	2014	0.73	11	7	5
	2015	0.76	9	7	5
	2016	0.79	9	7	5

	2017	0.79	11	7	5
	2018	0.81	9	7	5
	2019	0.83	11	9	5
	2020	0.92	11	9	5
	2021	0.65	13	9	7
	2022	0.49	13	9	7
	2023	0.55	13	9	7
	2008	0.6	13	9	5
ZENITH PLC	2009	0.44	13	9	3
	2010	0.37	9	9	3
	2011	0.38	11	9	3
	2012	0.19	11	9	3
	2013	0.29	11	9	3
	2014	0.59	11	9	3
	2015	0.57	11	7	3
	2016	0.53	11	7	3
	2017	0.63	11	7	3
	2018	0.56	11	7	5
	2019	0.71	11	7	5
	2020	0.68	11	7	5
	2021	0.42	9	5	5
	2022	0.75	9	5	5
	2023	0.89	9	5	5

Source: Extracted from NEG, Fact Book, 2023

	Year	ROA	BS	BC	AUC
GTB PLC	2008	0.7	9	9	5
	2009	0.6	9	9	5
	2010	0.6	9	9	5
	2011	0.6	9	9	5
	2012	0.5	9	7	5
	2013	0.4	9	9	3
	2014	0.4	9	9	3
	2015	0.4	9	9	3
	2016	0.4	7	7	3
	2017	0.3	7	7	3
	2018	0.4	7	7	3
	2019	0.4	7	7	5
	2020	0.4	7	7	5
ACCESS BANK PLC	2021	0.7	9	9	5
	2022	0.70	9	9	5
	2023	0.6	9	9	5
	2008	0.4	9	5	3
	2009	0.4	9	5	3

	2010	0.4	11	5	3
	2011	0.4	11	5	3
	2012	0.3	11	5	3
	2013	0.3	13	5	5
	2014	0.3	13	5	5
	2015	0.4	11	5	5
	2016	0.4	11	5	5
	2017	0.5	11	5	5
	2018	0.4	11	3	3
	2019	0.4	11	3	3
	2020	0.4	13	3	3
	2021	0.5	9	3	3
	2022	0.5	9	3	3
	2023	0.5	9	3	3

Source: Extracted from NEG, Fact Book, 2023

UNION BNK	Year	ROA	BS	BC	AUC
	2008	0.5	9	3	3
	2009	0.5	9	3	3
	2010	0.4	9	3	3
	2011	0.4	9	3	3
	2012	0.4	9	3	3
	2013	0.3	11	3	3
	2014	1.1	9	3	3
	2015	0.5	9	3	3
	2016	0.5	9	3	3
	2017	0.5	9	3	3
	2018	0.5	9	5	3
	2019	0.4	9	5	3
	2020	0.6	9	5	3
	2021	0.9	11	5	3
	2022	0.8	11	5	3
	2023	0.9	11	5	3