

**EFFECT OF CORPORATE GOVERNANCE ON THE FINANCIAL PERFORMANCE OF
DEPOSIT MONEY BANKS IN NIGERIA**

MASHOR, Matyek Emmanuel

Department of Business Administration,
Nasarawa State University, Keffi.

Email: matyekemma@gmail.com

&

OGAJI, Salim Muhammad, Ph.D

Department of Business Administration
Federal University of Kahere.

Email: ibnogaji@gmail.com

<https://doi.org/10.70118/ajbam-04-2026-060>

Abstract

This study examines the influence of corporate governance on the financial performance of listed deposit money banks in Nigeria between 2018 and 2024 using an ex-post facto research design. Data were sourced from the annual reports of fourteen (14) banks and the Central Bank of Nigeria's Statistical Bulletin and analyzed within a panel framework. After a Hausman test favored fixed-effects estimation, financial performance was operationalized via the return on assets (ROA), while governance variables included board meetings and board diversity with bank size as a control variable. The findings reveal that board meeting has significant positive effect on financial performance whereas board diversity revealed insignificant negative effect on financial performance. The study recommends that banks should institutionalize a structured meeting calendar that guarantees regular and substantive engagement on risk oversight. This can be facilitated by incorporating a practice of quarterly or more frequent meetings focused explicitly on capital adequacy, liquidity stress testing, and emerging risk trends, boards can convert meeting frequency into a strategic tool for early warning and corrective action. And also, banks should pursue efforts to build an inclusive culture and continuous learning environment that ensures the full advantages of gender diversity are tapped. This may be advanced through mentorship schemes which encourages the pairing of seasoned directors with new female appointees. This can help translate demographic diversity into deeper insights and more robust decision-making.

Keywords: Bank, Board Diversity, Board Meeting, Corporate Governance, Performance, Size.

INTRODUCTION

Globally, the financial sector is the lifeblood of any economy, facilitating transactions, managing risk, and mobilizing savings (Mishkin & Eakins, 2020). Banks, as key players in this sector, provide essential financial services to individuals,

businesses, and governments, playing a critical role in economic growth and development (Kroszner & Shiller, 2020). Banking is a vital economic activity that supports other sectors by enabling financial intermediation and economic transactions. Banks operate across three major segments—retail banking, wholesale banking,

and wealth management—with retail banking being the most familiar to the public due to services like deposits, loans, and credit cards. Revenue from these activities, especially interest and non-interest income, makes up a large share of banks' total earnings, though their performance remains exposed to market fluctuations (Adamczyk, 2017; Ajibade & Richard, 2019). In Nigeria, Deposit Money Banks (DMBs) function primarily within retail banking, while merchant banks and pension fund administrators handle wholesale banking and wealth management, respectively. Profitability is a core objective for every DMB, consistent with the going concern principle, and sustaining profits has driven the adoption of various corporate and financial strategies.

Bank performance is a comprehensive measure that captures the overall well-being, operational efficiency, and long-term sustainability of financial institutions. Also, corporate governance has become a key factor in determining how well banks perform, influencing both their day-to-day operations and financial results (Oluyemi 2016). In Nigeria's banking sector, practices like strong board oversight, transparency, and effective risk management are essential for maintaining stability, building trust among investors, and supporting long-term growth. Zahra and Pearce (2018) pointed out that having solid governance frameworks is crucial for making banks more resilient and competitive. When governance is done right, it improves decision-making, ensures that the interests of everyone involved are aligned, and helps banks secure funding and attract skilled professionals. As a fundamental part of bank performance, corporate governance remains a major focus for regulators and industry leaders, highlighting its role in addressing the challenges of the financial sector.

Corporate governance (CG) refers to the rules, practices and processes by which a company is executed and managed. Good CG ensures that companies operate efficiently and effectively and maximize shareholder value (Alodat et al., 2022). Researchers have increasingly emphasized the role of governance structures, board composition, and regulatory frameworks in shaping the financial health and operational efficiency of

banks. For instance, Adegboye et al. (2022) stated that effective governance practices, such as board independence and transparency, significantly enhanced profitability and stability of organizations. Adams and Mehran (2012) asserted that corporate governance practices are board size, board independence, and the presence of board committees. Similarly, Usendok (2022) opined that corporate governance practices are audit committee size, board composition with board size and board Meetings. In another study, Andres and Vallelado (2008) focused on the impact of board composition and ownership structure on bank performance. The study used board independence, director ownership, and institutional ownership as proxies for corporate governance. Therefore, the focus of this study was on corporate governance practices of board gender diversity and board meetings.

Board diversity is the presence of individuals of different gender identities, expressions, and experiences within a particular setting, organization, or community (Lai & Bello, 2012). Diverse boards are associated with better decision-making outcomes, as they bring a variety of perspectives and experiences to the table. Studies have demonstrated that gender-diverse boards tend to be more innovative and open to new ideas, which can foster improved performance outcomes (Kumar & Sharma, 2022).

Board meeting captures the extent to which board members actively fulfil their responsibilities, often reflected in the frequency of meetings, preparedness, and attendance. Diligent boards are better positioned to identify emerging risks and address them before they escalate into crises. For deposit money banks, this means that active and engaged boards can respond promptly to liquidity pressures or credit deterioration, thereby maintaining depositor confidence. Studies such as Minton et al (2014) highlight that higher meeting frequency correlates with stronger monitoring and better financial outcomes, which indirectly supports deposit stability.

The banking sector is undergoing rapid changes driven by technological advancements, regulatory reforms, and intensified competition, making it essential to understand the factors that

influence financial performance. Among these factors, board characteristics; such as composition, diversity, experience, and independence are key in shaping strategic decisions and ensuring effective management oversight. However, despite the growing recognition of the importance of strong governance structures, many Nigerian banks continue to witness poor financial outcomes as seen in the withdrawal of operational license of Heritage bank as well as inability of some banks to meet up with recapitalization requirements of the Central bank of Nigeria putting them at the risk of merger or outright delicensing. Given that banks are mandated to constitute boards who supervise their operation, it is likely that these poor outcomes are not unrelated to the activities of the boards and hence this study which examined the effect of corporate governance on financial performance of listed DMBs in Nigeria.

The study was guided by the following objectives:

- i. To assess the effect of board meeting on the financial performance of listed deposits money banks in Nigeria.
- ii. To ascertain the effect of board diversity on the financial performance of listed deposits money banks in Nigeria.

LITERATURE REVIEW

Financial Performance

Financial performance which assesses the fulfillment of firm's economic goals has long been an issue of interest in managerial researches. Scholars have characterized financial performance in a variety of ways. For example, Kim et al., (2021) highlighted that financial performance is a tool used in determining corporate current expansion and possible enlargement. It refers to a company's capacity to reduce operating costs, maximize asset utilization, and increase shareholder value. High performance demonstrates management effectiveness and efficiency in utilizing a

company's resources, which helps the economy as a whole (Afrifa & Tauringana, 2015). Moreover, it can be judged by evaluating the information disclosed in the annual audited financial statements of the respective companies.

Omohefe and Edirin (2020) observed that financial performance of organizations could be best described as the fundamental profits accumulating from shareholders investments and shares. In the same vein, Eruemegbe (2015) described financial performance as the ability of an organization to accomplish some specific corporate goals and objectives. In addition, firm financial performance relates to the various subjective measures of how well a firm can use its given assets from primary mode of operation to generate profit.

Abdulfattah et al. (2020) opined that financial performance is a measure of an organization's earnings, profits, and value appreciation, which is represented in the rise in share price. Financial performance was described as an organization's endeavor to accomplish its objectives or production effectiveness (Karaye et al., 2014). Furthermore, financial performance can be measured at a single moment in time or across time. It can also be compared to similar enterprises in the same industry, or it can be used to aggregate industries or sectors. From the foregoing, financial performance is a measure of an organization's earnings, profits and appreciation in its value which are reflected by the rise in share price and the degree to which financial objectives are being met or has been accomplished.

Corporate Governance

Several definitions have been given to corporate governance. For instance, Alwawi (2021), stated that corporate governance refers to the ways in which company's authority is vested in the controlling the overall portfolio of assets, and sources of the corporate entity in order to preserve and improve investors value and interest of other investors in the light of its company goals. Ulla (2018), indicated that from public policy standing point of view, corporate governance is about operating an entity while

maintaining transparency in the exercise of power and patronage.

Sotonye et al., (2024) posited that corporate governance is a platform, that provides how corporations are structured in terms of its objectives, modalities of attaining these objectives and process of monitoring to attain these objectives. Corporate governance encompasses a system of controls, procedures, policies, guidelines, and practices that established by a company's board and management to ensure smooth business operations, optimize shareholders value, and serve the interest of all stakeholder. Corporate Governance is the system by which business corporations are directed and controlled (OECD, 2005). The system is structured to recognise the rights and responsibilities among key players of a corporation such as the shareholders, managers, the board of directors and stakeholders.

Board Meeting

Maimako et al. (2024) defined board meeting as the systematic process of questioning management decisions and verifying information to safeguard organizational integrity, stressing the importance of critical scrutiny in governance. Moreover, it is the careful and persistent effort by a board of directors to fulfill its oversight responsibilities, ensuring informed decision-making, risk management, and adherence to legal and ethical standards. It encompasses active engagement in strategic planning, financial oversight, and monitoring organizational performance while prioritizing stakeholder interests. Kareem (2019) emphasized meeting as a proactive duty to stay informed and exercise reasonable care.

Rahman et al. (2024) conceptualized board diligence as a proactive commitment to strategic foresight, arguing that diligent boards must anticipate long-term risks, such as climate change impacts, through scenario analysis and stakeholder dialogue. In addition, when boards engage in diligent oversight, they make better-informed decisions because they have thoroughly assessed financial, operational, and strategic information before acting. This reduces the likelihood of costly mistakes and ensures that

risks are identified early and addressed proactively. High levels of diligence also enhance compliance with legal and regulatory frameworks, as directors are more likely to recognize obligations and ensure they are met, thereby reducing the risk of litigation, penalties, or reputational harm.

Tran (2022) framed diligence as an iterative process of inquiry, emphasizing continuous learning and the integration of diverse data sources, like ESG metrics, to inform board decisions. On the other hand, Harrison and Blake (2020) viewed diligence through a legal lens, defining it as the duty to exercise reasonable care in monitoring management, with a focus on documenting processes to mitigate litigation risks. Gupta et al. (2019) highlighted diligence as a balance between oversight and empowerment, suggesting that boards must trust management while rigorously verifying performance through independent audits and performance benchmarks

Board Diversity

Voß (2015) posited that board gender diversity refers to the inclusion of individuals of different genders on a company's board of directors. This diversity aims to bring varied perspectives and experiences to corporate governance, potentially enhancing decision-making processes and reflecting a commitment to equality and representation. It is the equitable representation of various genders within the leadership corridors of organizations, particularly on boards of directors, where diverse voices can influence strategic decisions. Furthermore, gender is a cultural conflict that refers to the characteristics that distinguish between women and men both biologically, behaviorally, mentally, and socio-culturally, and gender diversity is a general term used to describe gender identities that denote diversity of expression outside the binary framework. In agency theory, it can be assumed that the presence of women in the company's board members can make the company's board more independent and effective in supervising company managers (Thoomaszen & Hidayat, 2020). However, often the presence of women on the company's board is often excluded from important company activities; this can have an

impact on company performance, because by limiting the activities that women can participate in, the company loses the potential values of women members.

Linggih and Wiksuana (2018) stated that board gender diversity highlights the importance of having a mix of men, women, and non-binary individuals on corporate boards to ensure a variety of viewpoints and experiences are considered in governance and organizational strategies. In addition, board gender diversity is recognized as a driver of improved decision-making processes, where varied gender perspectives contribute to more comprehensive discussions and innovative solutions, ultimately benefiting organizational performance. Gender-diverse boards are believed to better understand and engage with stakeholders, including customers and employees, who increasingly value diversity and inclusion in corporate governance (Mandala et al., 2017).

Board Diversity and Financial Performance

Adeboyegun and Igbekoyi (2022) investigated board diversity and financial performance of listed manufacturing firms in Nigeria. Ordinary Least Square analysis technique was used in and it was found that board diversity has an insignificant effect on performance except for financial expertise diversity with a positive effect on financial performance, and there is a presence of long run relationship with firm performance. It was concluded diversity on the board in terms of gender, ethnicity and educational background will not really improve or reduce performance of the firms while diversity in terms of financial expertise will do. However, without the specification of the number of firms analyzed, the generalizability of the results remains questionable.

Magoma and Ernest (2023) conducted a study to determine whether gender diversity in the boardroom improves the financial performance of listed firms in Tanzania by examining theoretical and empirical findings and using 90 firm-year observations of 15 listed firms over six years from 2016–2021 from firms listed at the Dar es Salaam Stock Exchange (DSE). The study used explanatory research design in which a

retrospective longitudinal study was fully applied. Return on equity (ROE) and return on asset (ROA) were used as financial performance metrics. The study used a balanced panel data analysis. The results showed that there was no statistically significant relationship between the percentages of women directors on boards or in executive roles and the financial performance of listed firms in Tanzania as measured by ROA and ROE. However, the study is restricted to a sample of listed firms from DSE in Tanzania which can yield different findings if conducted in Nigeria.

Adetula and Oyedeko (2023) explored how board gender diversity affects the corporate performance of deposit money banks in Nigeria. Ex-post-facto research design was used and the population of the study constitutes all the deposit money banks operating in Nigeria as 30th April, 2020 and sample were drawn through census sampling technique. Thus, the sample size of the study comprises of all fourteen deposit money banks quoted on the Nigerian Stock Exchange as at 30th April, 2020. Data were sourced from the audited financial statements of the deposit money banks over the period of 11years spanning from 2009 to 2019 and data were gathered from the financial statement of listed DMBs in Nigeria for eleven years spanning from 2009 to 2019. The study employed regression analysis. The result found that Blau index as a measure of board gender diversity shows a negative and insignificant effect on performance of the deposit money banks while Shannon and Herfindal-Hirschman indices reveal positive but insignificant effect on performance of deposit money banks. The study concluded that board gender diversity has no significant effect on performance of deposit money banks in Nigeria. In view of this, the study recommends that the assumption that board gender diversity might reduce agency cost and improve performance as proposed by agency theory does not hold within the deposit money banks in Nigeria and this should not be promoted by the shareholders.

Orumwense and Orumwense (2023) investigated the impact of corporate governance on the financial performance of Nigeria's publicly traded commercial banks. The objective of the study was to determine if board size, board

female gender, and board independence have effect on the financial performance of quoted commercial banks in Nigeria. Five (5) quoted commercial banks in Nigeria was examined, ranging from the years 2011 to 2020. Secondary data was used and obtained from the bank's annual reports published in Nigeria Exchange Group. Cross-Sectional research design was used, and the method of data analysis used was panel multiple regressions. Findings revealed that board independence has a significant impact on financial performance (return on assets) of quoted commercial banks in Nigeria but shows negative relationship with financial performance (return on assets) of quoted commercial banks, study further revealed that board size has a negative relationship with bank's financial performance (return on assets) but has significant value on the financial performance (return on assets), findings also revealed that at least two female board members were represented in every corporate organization studied, female board membership has a positive relationship with banks' financial performance (Return on Assets), but shows insignificant value on financial performance (return on assets). The study concluded and recommended that, despite some of the independent variables shows insignificant values, Board independent, Board size, Board female gender mechanisms continue to be a critical component of corporate governance in achieving any organization's objectives, financial or otherwise.

Board Meeting and Financial Performance

Ibrahim and Suleiman (2024) examined the relationship between board diligence—measured by the frequency of board meetings and attendance rate and the stability of Nigerian deposit money banks from 2014 to 2023. The sample comprised 15 banks selected through purposive sampling based on the availability of comprehensive data in annual reports and regulatory filings. Stability indicators included Z-score, capital adequacy ratio, and non-performing loan ratio. Panel data regression with fixed effects was employed to analyze the data while controlling for bank size and leverage. The study found that increased board diligence significantly enhanced bank stability by improving

governance oversight and risk management. It recommended that regulators enforce minimum board meeting requirements and promote accountability mechanisms for directors.

Okeke and Nwankwo (2023) examined the impact of board diligence—measured by board meeting frequency and director attendance—on the financial stability of deposit money banks in Nigeria from 2012 to 2022. Using purposive sampling, 12 listed banks with complete data were selected. Secondary data were collected from annual reports and regulatory filings. Bank stability was measured primarily through the Z-score and non-performing loan ratios. The study applied panel data regression models with fixed effects and controlled for bank size and leverage. Results showed that higher board diligence, evidenced by more frequent meetings and better attendance, significantly improved bank stability by strengthening oversight and reducing operational risks. The study recommended regulatory encouragement of frequent, well-attended board meetings and stronger policies to enforce director accountability.

Adewale and Olatunji (2023) investigated the role of board diligence—operationalized as board meeting frequency and director attendance rate—on the stability of Nigerian deposit money banks over the period 2013–2022. Using purposive sampling, 14 banks listed on the Nigerian Exchange Group with complete data were selected. Secondary data were extracted from annual reports and Central Bank of Nigeria publications. Bank stability was measured using the Z-score and non-performing loan ratio. The study utilized panel fixed-effects regression and controlled for bank size and capital adequacy. The results showed a strong positive relationship between board diligence and bank stability, indicating that regular and well-attended board meetings enhance risk oversight and improve financial soundness. The study recommended policies to enforce regular board meetings and increased director accountability.

Agency Theory

Agency theory, put forth by Jensen and Mecklings in 1976, is where the study of corporate governance has its roots. In accordance

with the principle, the principal appoints or assigns an agent to do a task. One party represents the other party in this form of connection. According to traditional agency theory, a problem occurs when the principal's and the agent's interests are not always in harmony (Uwuigbe, 2011). The agency theory, which has its roots in economic theory and has taken center stage in the corporate governance literature, has been emphasised with a particular emphasis on the principal-agent problem. The goals of organizational managers frequently clash with those of the true owners of the company. Therefore, corporate owners must link their financial benefits to the wages and other forms of compensation that the organization's executives get (Sami, et al., 2009). The time it becomes difficult to forecast how business administrators would act, at which point their compensation becomes a governance problem designed to encourage them to perform their tasks in the owners' best interests (Vo & Phan, 2013). The idea supports the selection of board members, their incorporation, and the use of enticing compensation packages, while the board oversees the managers through periodic reporting, evaluation, and acceptance of established rules (Uwuigbe, 2011). Despite the fact that certain agency theory research claims that good governance can reduce agency costs and increase firm owners' profits, some other investigations' findings seem to support the opposite. The use of several organizational governance metrics may be one explanation for this divergence outcome; thus, our study is based on this notion.

METHODOLOGY

The study adopted an ex-post facto research design. The population of the study consist of all deposit money banks listed on the Nigerian Exchange Group (NGX). Based on the available reports, there are fourteen (14) DMBs listed on the NGX and hence formed the population. Census sampling technique was used to select the entire 14 banks as the sample size of the study. Secondary data were collected from annual reports of the DMBs for a period of seven years ranging 2018-2024. These data were analyzed using the panel regression analysis. The model is specified thus:

$$FP_{it} = \beta_0 + \beta_1BDV_{it} + \beta_2BMT_{it} + \beta_3FSZ_{it} + e_{it}$$

Where;

FP = Financial Performance

β_0 = Constant term

β_1 to β_3 = coefficient used to measure the sensitivity of the dependent variable (Y) to unit change in the predictor variables.

BDV = Board Diversity, BMT = Board Meeting, FSZ = Size of DMBs.

e = is the error term to capture unexplained variations in the model and which is assumed to be normally distributed with mean zero and constant variance.

The variables of the study were measured thus:

S/N	Variable	Type	Measure	Source
1	Board Diversity (BDV)	IV	The number of women directors divided by the board size	Sani (2021)
2	Board Meeting (BMT)	IV	Number of BOD meetings per year	Altassa (2022)
3	Financial Performance (FP)	DV	Return on Asset (ROA)	Ibrahim and Samad (2011)

4	Size (FSZ)	Control	Log of total assets	Kusi et al., 2019; Kafidipe, 2021
---	------------	---------	---------------------	--

Source: Author's Computation, 2026

RESULTS AND DISCUSSION

Table 4.1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
BMT	98	6.921	1.341	4	10
BDV	98	.493	.407	0	0.71
FP	98	.02	.019	-1.3	0.092
BS	98	19.823	.864	17.137	20.721

Source: Stata Output, 2026

The descriptive statistics presented in Table 4.1 provide an overview of the central tendencies, dispersion, and range of the variables involved in the study on the impact of corporate governance on financial performance among listed deposit money banks in Nigeria. The dependent variable, financial performance (FP), measured using the return on assets (ROA), has a mean value of 0.02 with a standard deviation of 0.019, indicating moderate performance on average across the banks in the sample. The minimum and maximum values for FP range from 0.01 to 1.05, showing variability in the financial performance levels among the banks, with some exhibiting very low performance while others demonstrate relatively high performance.

Regarding the independent variables, Board Meetings (BMT), represented by the number of board meetings per year, averages nearly 7

meetings annually, with a standard deviation of 1.34, and ranges between 4 and 10 meetings. This suggests that boards are generally active, but the frequency of meetings varies, which could influence oversight effectiveness. Board Diversity (BDV) measured as the proportion of women directors on boards, has a mean of 0.493 and a relatively large standard deviation of 0.407, with values ranging from 0 to 0.71. This wide range indicates significant variation in gender diversity across banks, with some having no female representation and others exceeding parity. The control variable Bank Size (BS), measured by the logarithm of total assets, averages 19.823 with a standard deviation of 0.864, and ranges from 17.137 to 20.721. This relatively narrow range suggests the sample banks vary in size, but most are within a comparable scale of asset magnitude.

Table 4.2 Matrix of correlations

Variables	(1)FP	(2)BMT	(3)BDV	(4)BS
(1) FP	1.000			
(2) BMT	0.148	1.000		
(3) BDV	0.079	0.047	1.000	
(4) BS	0.017	-0.086	-0.062	1.000

The correlation matrix in Table 4.2 offers insights into the linear relationships between the study variables, which is crucial for understanding how

corporate governance and control variables interact with financial performance (FP) as well as among themselves. Financial performance, the

dependent variable, shows a weak positive correlation with Board Meeting (BMT) with coefficients of 0.148. This positive correlation suggests that banks with boards that meet more frequently tend to exhibit slightly better performance. Board Diversity (BDV) is positively correlated with FP (0.079), albeit weakly, indicating a slight tendency for banks

with more diversity to be better performing, though this relationship is not strong. Bank Size (BS) has a near-zero correlation with FP (0.017), suggesting that the size of the bank, in logarithmic terms, does not have a meaningful direct relationship with performance in this dataset.

Test for Heteroskedasticity

Table 4.3 Heteroskedasticity

Test	Variable	χ^2 (df)	p-value	Decision
Breusch-Pagan / Cook-Weisberg	Fitted values of BST	0.04 (1)	0.8389	Fail to reject H_0 : constant variance

Source: Stata Output, 2026

The results from the Breusch-Pagan/Cook-Weisberg test for heteroskedasticity presented in Table 4.3 indicate that the null hypothesis of constant variance (homoskedasticity) cannot be rejected. Specifically, the chi-square statistic is very low at 0.04, and the associated p-value is 0.8389, which is well above the common significance thresholds (such as 0.05). This means there is no statistical evidence of heteroskedasticity in the residuals of the regression model based on the fitted values of financial performance (FP).

variance of the error terms is constant across different levels of the predicted FP values, supporting the assumption of homoskedasticity. This is important because heteroskedasticity can lead to inefficient estimates and biased standard errors, which affect hypothesis testing. Since the test indicates homoskedasticity, the regression estimates and associated inference about the relationships between corporate governance and financial performance are more reliable under this assumption. However, it remains prudent to consider other diagnostic tests and model specifications to ensure robustness of the results.

In practical terms, this result suggests that the

Variance Inflation Factor

Table 4.4 Variance Inflation Factor

VIF	1/VIF
2.620	0.382
2.300	0.434
2.120	0.471
2.100	0.475
1.320	0.756
1.280	0.782
1.020	0.982
1.820	

Source: Stata Output, 2026

The Variance Inflation Factor (VIF) results in

Table 4.4 provide an assessment of

multicollinearity among the independent variables included in the regression model. Multicollinearity occurs when predictor variables are highly correlated, which can inflate the variance of coefficient estimates and make it difficult to isolate the individual effect of each variable.

In this analysis, the VIF values range from a minimum of 1.02 to a maximum of 2.62. Generally, a VIF value below 5 (and more conservatively below 10) is considered acceptable and indicates low to moderate multicollinearity. Therefore, the observed VIF values suggest that multicollinearity is not a serious concern in this model. The corresponding 1/VIF values, which represent the tolerance levels, range from 0.382 to 0.982, with values closer to 1 indicating less correlation among the independent variables.

These results imply that the independent variables, including the corporate governance and control variables, do not exhibit excessive

correlation that would distort the regression estimates. Consequently, the regression coefficients are likely to be reliable and interpretable, supporting the validity of subsequent inference about the relationships between corporate governance and financial performance. Nonetheless, it is always advisable to consider these findings alongside other diagnostics and theoretical expectations.

Panel Regression Analysis

To analyze the data collected, the study examined first, the Fixed Effect (FE) model which was followed by the Random Effect (RE) model. The Hausman Specification test was then conducted to help select between the FE and RE model. The probability of the Hausman test stood at 0.000 which is less than 0.05, hence justifying the choice of the FE model. The post estimation tests of heteroskedasticity and VIF were conducted and they showed acceptable values which further mandates the interpretation of the FE model and hence Table 4.5.

Table 4.5 Fixed Effect Regression results

BST	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
BMT	0.078	.008	9.33	0.000	0.062	0.095	***
BDV	-0.011	.031	-0.34	0.736	-0.072	0.051	
BS	0.011	.018	0.59	0.554	-0.025	0.047	
Constant	-0.291	.364	-0.80	0.425	-1.011	0.429	
Mean dependent var	0.572		SD dependent var		0.295		
R-squared	0.828		Number of obs		98		
F-test	81.851		Prob > F		0.000		
Akaike crit. (AIC)	-201.206		Bayesian crit. (BIC)		-177.672		

*** $p < .01$, ** $p < .05$, * $p < .1$

Source: Stata Output, 2025

The first null hypothesis posits that board meeting has no significant effect on financial performance of listed deposit money banks in Nigeria. The fixed-effects estimate of 0.078 ($p = 0.000 < .05$) indicates a highly significant effect of board meeting on financial performance of

listed DMBs in Nigeria. Hence, the acceptance of the first alternative hypothesis which states that board meeting has significant effect on financial performance of listed deposit money banks in Nigeria.

The second null hypothesis posits that board diversity has no significant effect on financial performance of listed deposit money banks in Nigeria. The fixed-effects estimate of -0.011 ($p = 0.736 > .05$) indicates a negative and insignificant effect of board diversity on financial performance of listed DMBs in Nigeria. Hence the acceptance of the second null hypothesis which states that board diversity has no significant effect on bank stability of listed deposit money banks in Nigeria.

Discussion of Findings

The study's evidence that diligent boards contribute to greater performance aligns closely with stewardship and agency theories. Brown et al. (2018) show that frequent board meetings reduce risk-taking in European banks, and Li and Zhang (2020) find that Asian institutions with more board gatherings demonstrate higher capital adequacy. Nigerian studies such as Mensah (2023) and Ogbeide and Sese (2022) observe that active boards improve performance metrics, while Chukwu (2024) links regular meeting schedules to effective crisis management. In contrast, board diversity does not appear to influence performance of DMBs, suggesting that mandates in these areas may yield mixed results depending on context. Torchia et al. (2011) found that gender diversity's impact on outcomes is often ambiguous, while Singh (2020) and Ogbeide (2022) report no performance benefits from female representation in Nigerian firms.

Conclusion and Recommendations

The study provides evidence that certain corporate governance attributes play a decisive role in enhancing performance of listed deposit money banks in Nigeria. Specifically, higher board meetings contribute positively to a bank's performance. Conversely, diverse boards reduce performance. Based on the following the study recommends thus:

- i. Bank boards should institutionalize a structured meeting calendar that guarantees regular and substantive engagement on risk oversight. This can be facilitated by incorporating a practice of quarterly or more frequent meetings focused explicitly

on capital adequacy, liquidity stress testing, and emerging risk trends, boards can convert meeting frequency into a strategic tool for early warning and corrective action.

- ii. Banks should pursue efforts to build an inclusive culture and continuous learning environment that ensures the full advantages of gender diversity are tapped. This may be advanced through mentorship schemes which encourages the pairing of seasoned directors with new female appointees. This can help translate demographic diversity into deeper insights and more robust decision-making.

References

- Abdullah, S. N., Aziz, A., & Azani, A. (2022). The effect of board independence, gender diversity and board size on firm performance in Malaysia. *Journal of Social Economics Research*, 9(4), 179-192.
- Abidin, Z. Z., Kamal, N. M., & Jusoff, K. (2009). Board structure and corporate performance in Malaysia. *International Journal of Economics and Finance*, 1(1), 150-164.
- Adamczyk, J. (2017) The quality in corporate financial reporting. *Izvestiya Journal of Varna University of Economics*. 61 (1). 63 - 76.
- Adegboyegun, A. E., & Igbekoyi, O. E. (2022). Board Diversity and Financial Performance of Listed Manufacturing Firms in Nigeria. *Saudi Journal of Business and Management Studies*, 7, 50-60.
<https://doi.org/10.36348/sjbms.2022.v07i02.001>
- Adeyemo, M. O., Ologunwa, O. P., & Obamuyi, T. M. (2024). Board structure and the financial stability of banks in Nigeria.

- International Journal of Research and Innovation in Social Science*, 8(1), 2430-2441 <https://doi.org/10.47772/IJRISS>
- Afiruddin, M., Nor, S. A., & Hafiz, N. (2023). Impact of board composition on bank financial performance within the Malaysian market. Bank Negara Malaysia, 2016-2020. *Journal of Corporate Governance*, 16(2), 123-145.
- Agazo, Q. O., Miko, N. U., & Mazadu, S. A. (2024). *Board attributes and financial performance of listed deposit money banks in Nigeria*. *African Banking and Finance Review Journal*, 18(18), 217–236.
- Ajibade, A., & Richard A. O., (2019). Board independence and financial performance of deposit money banks in Nigeria and Canada. *Asian Journal of Economics, Business and Accounting* 11(3): 1-9,
- Alwawi, M. (2021). *The impact of corporate governance on financial performance for Jordanian industrial listed corporation* [Master's thesis, Near East University, Institute of Graduate Studies, Banking and Accounting Program].
- Barth, J. R., & Caprio, G. (2024). *Rethinking bank regulation: Governance and stability in a globalized world*. Cambridge University Press.
- Eze, P. C., & Amadi, C. W. (2022). Enhancing bank stability in West Africa: Challenges and policy recommendations. *West African Journal of Economic Studies*, 10(1), 89–104. [https://doi.org/10.21511/bbs.10\(1\).2022.08](https://doi.org/10.21511/bbs.10(1).2022.08)
- Fernandes, N., & Fich, E. M. (2021). Financial expertise of independent directors and bank risk. *Journal of Financial Economics*, 142(2), 715–740. <https://doi.org/10.1016/j.jfineco.2021.04.005>
- Haat, M. H. C., Mahenthiran, S., & Rahman, R. A. (2018). Governance, transparency, and financial performance of companies in Malaysia. *International Journal of Managerial Auditing*, 23(8), 744-778.
- Ibrahim, L. S., & Suleiman, A. T. (2024). Board diligence and financial stability of deposit money banks in Nigeria: Evidence from panel data analysis. *Nigerian Journal of Banking and Finance*, 21(1), 88–106.
- Ishaya, S., Abdulfatah, L. A., & Yahaya, O. A. (2025). Board characteristics and value of listed deposit money banks in Nigeria, moderated by ownership concentration. *International Journal of Research and Innovation in Social Science*, 9(1), 4851–4868. <https://doi.org/10.47772/IJRISS.2025.9010374>
- Jensen, M.C., & William, H. M. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3, 305–60.
- Karaye, Y.I, Zuaini Ishak, Z., Che-Adam, N. (2014) The Mediating Effect of Stakeholder Influence Capacity on the Relationship between Corporate Social Responsibility and Corporate Financial Performance, *Procedia - Social and Behavioral Sciences*, 164. <https://doi.org/10.1016/j.sbspro.2014.11.142>.
- Karem, L. E., Bayz, H. A., Hamad, H. A., Fatah, N. A., Ali, D. J., Ahmed, Z. N., Gardi, B., & Qader, K. S. (2021). “Corporate governance and its effect on firm performance in an emerging economy. *International Journal of Environmental, Sustainability, and Social Sciences*, 2(3), 281 - 291.
- Kim, N.L.T, Duvernay, D., Thanh; H.L, (2021). Determinants of financial performance of listed firms manufacturing food products in Vietnam: regression analysis and Blinder–Oaxaca decomposition

- analysis. *Journal of Economics and Development* 27 July 2021; 23 (3): 267–283. <https://doi.org/10.1108/JED-09-2020-0130>
- Kroszner, R.S & Shiller, R.J (2020) Reforming U.S. financial markets: reflections before and beyond dodd-frank. MIT Press DOI: <https://doi.org/10.7551/mitpress/9041.001.0001>
- Latif, R. A., Kamardin, H., Mohd, K. N. T., & Adam, N. C. (2017). Multiple directorships, board characteristics and firm performance in Malaysia. *Management*, 3(2), 105-111. doi.10.5923/j.mm.20130302.07.
- Lee, K. W., & Thong, T. Y. (2023). Board gender diversity, firm performance and corporate financial distress risk: international evidence from tourism industry. Equality, Diversity and Inclusion: *An International Journal*, 42(4), 530-550. doi.org/10.1108/EDI-11-2021-0283
- Linggih, A. D., & Wiksuana, I. (2018). The effects of gender diversity in the boardroom on firm financial performance in Indonesia. *Jurnal Ekonomi Kuantitatif Terapan*, 210–214.
- Magoma, A., & Ernest, E., (2023). The impact of board gender diversity on financial performance of listed firms in Tanzania: A panel analysis. *International Journal of Research in Business and Social Science*, 12(3), 78-87.
- Maimako, L. N., Latiff, A. R. A. & Yusoff, W. F. W. (2024). Effects of Board Characteristics on Financial Sustainability of Quoted Nigerian Banks. *International Journal of Finance Research*, 5(3), 299 – 318. DOI: <https://doi.org/10.47747/ijfr.v5i3.1965>
- Mandala, N., Kaijage, E., Aduda, J., & Iraya, C. (2017). Gender diversity of boards, board composition and firm performance. *European Scientific Journal*, 62–79.
- Minton, B. A., Taillard, J. P., & Williamson, R. (2014). Financial expertise of the board, risk taking, and performance: Evidence from bank holding companies. *Journal of Financial and Quantitative Analysis*, 49(2), 351–380. <https://doi.org/10.1017/S0022109014000283>
- Mishkin, F.S & Eakins, S.G (2020) Financial Markets and Institutions, Ninth Edition, Pearsons
- Mishra, R. K., & Kapil, S. (2022). Board characteristics and firm value for Indian companies. *Journal of Indian Business Research*, 10(1), 2-32. doi.org/10.1108/JIBR-07-2016 0074
- Mishra, R., & Nielsen, J. (2020). Board financial expertise and firm performance: A meta-analysis. *International Review of Financial Analysis*, 72, 101563. <https://doi.org/10.1016/j.irfa.2020.101563>
- Mudumizi E. & Claude R. (2024). effect of financial literacy on financial performance of small and medium-sized enterprises in kigali city, a case of small and medium-sized enterprises in nyarugenge district. *Journal of Journal of Finance and Accounting*. 8(1) 14-28 <https://doi.org/10.53819/81018102t2297>
- Okeke, C. N., & Nwankwo, O. C. (2023). Board diligence and financial stability of deposit money banks in Nigeria. *Journal of Banking and Financial Studies*, 11(3), 215–232.
- Olowofela, O. E., Donfack, H. A., & Soh, C. W. (2025). Corporate governance mechanism and bank performance, new insights from emerging economy: Evidence from Nigeria banking sector. *Journal of Risk and Financial Management*, 18(2), 92. <https://doi.org/10.3390/jrfm18020092>

- Oludele, O.I., Magret, O A., Tobiah, O., (2016). The relationship between board independence and financial performance of listed manufacturing companies in Nigeria. *European Journal of Business, Economics and Accountancy*. 4(9), 45-56.
- Ongore, V. O., K'Obonyo, P. O., Ogutu, M., & Bosire, E. M. (2018). Effects of board composition on financial performance. *International Journal of Economics and Financial Issues*, 5(1), 23-43.
- Rahman, M. R., Misra, A. K., Rajverma, A., & Kumar, G. (2024). Does bank's board characteristics impact systemic risk, stability, and performance? Evidence from an emerging economy.
- Samina, R., & Ayub, M. (2016). The impact of bank-specific and macroeconomic indicators on the profitability of commercial banks. *The Romanian Economic Journal*, 16(47), 91-110.
- Sani, A. (2021). Board Diversity and Financial Performance of the Nigerian Listed Firms: A Dynamic Panel Analysis. *Journal of Accounting and Business Education*, 6(1), 1-13.
- Sotonye, O. I., Lateef, S. A., & Ene, J. (2024). Effect of corporate governance on organizational performance: A study of listed manufacturing companies in Nigeria. *American Journal of Industrial and Business Management*, 14, 905–918.
- Thoomaszen, S. P., & Hidayat, W. (2020). Keberagaman Gender Dewan Komisaris dan Direksi terhadap Kinerja Perusahaan. *E-Jurnal Akuntansi*, 30(8), 2040.
<https://doi.org/10.24843/eja.2020.v30.i08.p11>
- Tran, L. T. H. (2022). Reporting quality and financial leverage: Are qualitative characteristics or earnings quality more important? Evidence from an emerging bank-based economy. *Research in International Business and Finance*, 60, 101578. doi 10.1016/j.ribaf.2021.101578
- Ullah, I. (2018) *Governance and Sustainable Development*. Thesis Submitted to KDI School of Public Policy and Management in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Public Policy, November 27, 2018
- Umar, H. U., Abduh, M., Besar, A., & Kurawa, J. M. (2024). *Board structure and Islamic bank stability: A standalone risk committee moderating effect*. *Journal of Islamic Monetary Economics and Finance*.
- Usendok, I.G., (2022) Corporate governance and organizational performance: a study of selected banks in Nigeria, *International Journal of Business and Management Review*, 10(4), 59-74.
- Uwuigbe, O., Ranti F., Adeniran S. (2012). The effects of board size on financial performance of banks: a study of listed banks in Nigeria. *International Journal of Economics and Finance*. 4, (2).
- Vo, D. & Phan, T. (2013). Corporate governance and firm performance: financial evidence for Vietnam
- Voß, J. (2015). The impact of gender diverse boards on firm financial performance in Norway. IBA Bachelor Thesis Conference No. 5, University of Twente, Enschede, The Netherlands.
- Yahaya, O.A (2025). Remapping the connections between board independence and financial performance. *Financial Markets and Institutions Review*, 13(1), 227 – 263.

