

Dividend Policy and Share Price Volatility of Deposit Money Banks in Nigeria

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Certification

This is to certify that Adewale Abdul, Adesanya with matriculation number LCU/PG/002034 carried out this research work titled ‘Dividend Policy and Share Price Volatility of Deposit Money Banks in Nigeria’ in the Department of Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan, Oyo State for the Award of Master Degree in accounting and that this has not been previously submitted.

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Date

Dedication

This research work is dedicated to God Almighty the Father of our Lord Jesus Christ who created the Heaven and the Earth.

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Acknowledgement

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Even though the above mentioned institutions and persons have assisted in the process of this research work, I alone stand responsible for the errors, if any, found in the work.

Abstract

Dividend policy and Share price are critical decision area, these are one of the most important financial policies decision, not only from the viewpoint of financial institutions, but also from that of the shareholders and other stakeholders. This Thesis examined the impact of dividends policy and share price volatility of quoted deposit money banks in Nigeria in relation with the restriction of dividend payments as spelt out in Section 17 of the Banks and Other Financial Institutions Act (2007). The objectives of the study were: to ascertain the relationship between dividend pay-out ratio; earnings per share; profit after tax; and market value of shares. The panel data research design methodology was adopted using secondary data. The secondary data were obtained from annual reports of the ten quoted deposit money banks. The multiple regressions and Least Square method was used to test the relationship between the variables for the period 2017-2021. The results showed that dividend policy has a positive significant impact on share price of deposit money banks in Nigeria (coefficient of $D_{yield} = -3.0365$, $p\text{-value} = 0.035$). The study concluded that dividend policy is a pertinent corporate finance function and financial policy decision which affects the share price of deposit money banks in Nigeria not only from the view point of the banks' shareholders but also from that of stakeholders such as employees and regulatory bodies. The study therefore recommended that, managements of quoted deposit money banks should take all necessary steps to ensure that they remain profitable. They should pay attention to their dividend pay-out in order to sustain their shareholders' wealth and attract prospective investors.

Keywords: Dividends policy; Share price; market value; deposit money banks.

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Abbreviation	Meaning	Page
LCU	Lead City University	iv
NSE	Nigerian Stock Exchange	iv
LASPOTECH	Lagos State Polytechnic	iv
DMB	Deposit Money Banks	6
COVOD-19	Corona Virus Diseases	11
DPS	Dividend Per Share	11
EPS	Earning Per share	11
CSST	Capital Structure Substitution Theory	17
DDM	Dividend Discount Model	17
DY	Dividend Yield	17
POR	Dividend Payout Ratio	17
PAT	Profit After Tax	21

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