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## FIRM ATTRIBUTES AND DIVIDEND PAYOUT: STUDY OF DEPOSIT MONEY BANKS LISTED IN NIGERIAN.

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### **Abstract**

Nigerian financial sector especially deposit money banks serve as an engine for economic growth and development with it function as the intermediary between the surplus and the deficit unit of the economy. However, recent banking distress constrain these banks for distributing dividend to their investors which pores fair to so many investors both individual and institutional. Therefore, the study investigates the effect of firm's attributes on dividend payout in the Nigerian deposit money banks. A correlation research design was used for the study. The population of the study was all the listed Nigerian deposit money banks as at 2020 out of which 10 were arrived at, as the sample size, multivariate technique of data analysis was employed using multiple regression model, structured using longitudinal panel data. The findings of the study revealed that bank size, liquidity, and growth have a significant effect on the dividend payout of the Nigerian deposit money banks. Base on the findings of the study, it is therefore recommending among others that, the investors and portfolio analysts who want to select the dividend paying firms might have to look into the five mentioned attributes before selecting the investing bank. in other to have a promising and good investment.

**Keywords:** Firm attributes, Dividend, Payout, Deposit money banks & Nigeria

### **Introduction**

The practice of management in making dividend payout decisions, that is, the magnitude and pattern of cash payouts to shareholders over time, is referred to as dividend policy (Lease et al., 2000). However, despite the numerous studies conducted on the subject, particularly in developed countries, comprehensive digestion of the subject matter of dividend policy has proven difficult. As stated by Black (2016), the more we look at the dividend picture, the more it appears to be a puzzle with pieces that don't fit together. This puzzle has spawned a slew of opposing theoretical and empirical studies attempting to explain why corporations pay or don't pay dividends. The dividend program is still regarded as one of the best after two decades The dividend policy is still one of the top ten most important unresolved issues in the financial sector, with no consensus established (Brealey & Myers, 2013).

There are a variety of reasons why corporations should pay or not pay dividends; earnings might be invested in operational assets, used to acquire securities, used to retire debt, or delivered to shareholders as cash dividends. The goal of a company's dividend policy is to be compatible with its broader goal of maximizing shareholder value, because every investor wants a return on their investment.

The third important financial decision is whether or not to pay a dividend (Pandey, 2018). The firm's finance manager must determine whether to disperse all profits, keep a portion of them, or distribute a portion and keep the rest.

Dividend payouts should be calculated in terms of their impact on the value of the company's stock. The best dividend policy is one that optimizes the value of a company's stock. As a result, if shareholders are unconcerned about the firm's dividend distribution policy, the financial manager must establish the best payout strategy. The majority of productive businesses distribute cash dividends on a regular basis. Dividends, on the other hand, may be seen favorably by shareholders because they tend to improve their existing return.

Dividends, on the other hand, are a use of the firm's funds. The most prevalent type of payout is a cash dividend (Pandey, 2018). It's a dividend to the stockholders. Companies planning to pay such dividends will need to keep enough cash on hand in their bank accounts to make the payment. It is beneficial for a company to prepare cash budgets to determine which period would be best for paying cash dividends without jeopardizing the company's liquidity position, and if this is in jeopardy, the company should make arrangements to borrow funds to fill the gap left by cash dividend payments. Overall, paying cash dividends has the effect of diminishing the company's cash balance, and consequently overall assets and net value.

The classic work of Linter (2017) finds that the industry and firm's growth prospects, earnings, and cyclical variation in investment possibilities are all essential elements influencing the firm's dividend policies. Although firm-specific characteristics such as investment requirements and earnings fluctuation appear to influence dividend payouts, Linter (1996) hypothesizes that dividend policy is also influenced by an industry effect. This effect could be understood as common correlations with dividend payout determinants among companies in the same industry.

This intends to optimize the financing decision and dividend decision in the context of attaining the specified target, assuming good investment strategies are in place. The choice of an acceptable finance mix, as it pertains to the capital structure or leverage, is referred to as a financing decision. The composition of long-term debt capital and equity capital required to finance an investment proposal is referred to as capital structure. To provide reasonable financial leverage, there should be an optimal or balanced capital structure. This paper mainly concentrates on the exercise of financial leverage in the context of understanding its impact on dividend payout policy of Nigerian deposit money banks.

Furthermore, the study in the determinant of dividend payout has been explored in different study and it provides different or divergent views Elisa, Abubakar & Damankah (2014), Pruitt & Gitman (2016), Rozeff (2016), Lloyd *et al.* (2013), Colins *et al.* (2013) and D'Souza (2015) have considered risk as a significant determinant of the dividend decision. On the other hand Al-Malkawi (2018), Kouki & Guizani (2019). However, considering the fact that most or all of the above study were conducted in developed nations with entirely different economic, social, political and legal background with developing nations Nigeria inclusive, a similar study may be promising. Similarly, the Nigerian financial sector, particularly deposit money banks, which serve as the engine for economic growth by acting as an intermediary between the surplus and deficit units of the economy, and the recent banking distress that has affected so many individual and institutional investors.

The study therefore examined the determinant of dividend payout in the Nigerian deposit money bank. In view of the above, the following hypotheses were formulated to navigate the study thus:

- Ho<sub>1</sub>: Profitability has no significant effect on the dividend payout of deposit money banks listed in Nigerian.
- Ho<sub>2</sub>: Firm size has no significant effect on dividend payout of deposit money banks listed in Nigerian.
- Ho<sub>3</sub>: Liquidity has no significant effect on dividend payout of deposit money banks listed in Nigerian.
- Ho<sub>4</sub>: Firm growth has no significant effect on dividend payout of deposit money banks listed in Nigerian.
- Ho<sub>5</sub>: Leverage has no significance effect on dividend payout of deposit money banks listed in Nigerian.

### **Empirical Review**

Amidu and Abor (2016) revealed that profitability is very negative and significantly related to dividend distribution, indicating that companies invest in their assets rather than paying dividends to shareholders.

Baker and Gandi (2017) stated that the higher the return on equity, the larger the company's retained earnings for reinvestment or the smaller the dividend distribution. Contrary to popular belief, there are plenty. According to Aivazian and Cleary (2003) and Kun Li and Chung-Hua (2012), large and profitable companies are more inclined to increase their dividends. Their research found that the dividend payout ratio has a favorable relationship with profitability. Profitable companies with more steady net earnings can afford to pay higher dividends since their free cash flows are larger. The company profitability ratio appeared to be a very strong and statistically significant factor of the dividend payment ratio in GCC countries, according to Alkuwar (2009). Furthermore, the flexibility of When looking at the dividend payout ratio in relation to firm profitability, it was discovered that a 10% increase in firm profitability would result in a 5.8% increase in the dividend payout ratio. This is in line with the finding that when a company's profitability rises, it pays a bigger dividend ratio.

Anupam (2012) looked at UAE companies from 2005 to 2009 and found that profitability, as defined by ROE, has a negative connection with dividend distribution, implying that the more profitable companies pay fewer dividends. The dividend payout ratio is inversely associated with profitability as assessed by ROA and EPS, but the results are not statistically significant. Turki and Ahmed (2013) investigated companies listed on Saudi Arabian stock exchanges, finding that earnings per share were considerable and had a positive association with dividends per share. When a result, as a company's profitability rises, so do its dividends per share. In their study on important elements influencing dividend policy decisions, Mohammed and Mohammed (2012) found that An empirical examination of industrial businesses listed on the Amman Stock Exchange came to the following conclusion Earnings per share (EPS) profitability has the greatest and most important impact on dividends.

Taher (2012) investigated the following factors that influence dividend payment policy: The data from Bangladesh showed that EPS was negatively related to dividend payout policies.

While EPS is a useful tool for comparing earnings across companies, it does not reveal how the stock is valued in the market. As a result, the P/E ratio is used in fundamental research to determine how much the market is ready to pay for a company's earnings. It was assumed that a company with a high EPS would have a lower dividend payout ratio and, as a result, a negative sign, as established by the estimation. As a result, the higher the payout ratio, the less certain the corporation is that it could have put the money to better use.

Hafeez and Attiya (2008) observed that the in results study on the determinants of dividend policy in Pakistan demonstrate a negative and substantial link between dividend payout and size. As a result, we fail to reject the null hypothesis that size has a negative connection with dividend payout because large-sized enterprises prefer to pay less dividends.

AL- Shabibi (2011) conducted research on companies listed on the Amman Stock Exchange between 2005-2009. He discovered that there is a strong and considerable positive association between the size of a company and the choice to pay dividends. As a result, large Jordanian enterprises are more diversified than smaller firms, and thus less likely to be less prone to financial difficulties and better able to pay dividends to shareholders. The transaction cost theory of dividend policy supports this relationship.

Eriotis (2015) investigated how Greek firms determine their dividend policies based on not just net distributed earnings but also dividend changes and firm size, with the empirical findings indicating that firm size was included as a signal concerning the firm's payout.

According to Al-Twaijry (2007), large enterprises are more likely to be mature, have easier access to capital markets, and should be able to pay higher dividends. Anupam (2012) investigated UAE companies from 2005 to 2009 and found that the firm's size is considerably and positively associated to the firm's dividend distribution in the UAE. This investigation, like previous studies, concludes that the when compared to smaller companies, larger companies pay out higher dividends. Large corporations have easier access to the capital market and are thus less reliant on internal money, allowing them to pay higher dividends.

Alkuwar is a word that can be translated as "(2019) The size of the company was also revealed to be a statistically significant factor in dividend policy. The firm size and dividend ratio have a positive relationship, according to this finding. It's worth noting that this coefficient's value was quite low. Nonetheless, this finding shows that the dividend ratio rises with the size of the company. Mundati (2013) investigated the factors that influence dividend payout for Karachi Stock Exchange-listed non-financial enterprises. According to the regression results, out of the six explanatory factors under consideration, the size of the company has a substantial impact on dividend payout. The probability was within a 5-percentage-point margin of error. As a result, in Pakistan, the dividend payout is heavily influenced by the company's size. T-Statistics' observed value was also higher than the expected value. The observed value of TStatistics was similarly higher than the tabulated t-statistics, confirming the level of probability significance. As a result, a 1% change in business size can result in a 5 percent change in dividend payout. The dependent variable of dividend payout was found to have a positive association with size.

The findings suggest that dividend payout and size have a negative and substantial association. This finding indicates that large corporations tend to pay lower dividends;

Hafeez and Attiya (2008) found this in their study of the dynamics and drivers of dividend policy in Pakistan, using data from the Karachi stock market for non-financial listed companies. The findings suggest that dividend payout and size have a negative and substantial association. This finding indicates that huge corporations choose to pay less dividends.

Alli et al. (2015) and Mahapatra and Sahu (2013) argued that dividend payments depend more on cash flows than on current earnings, Amidu and Abor (2014), Afza and Mirza (2015), and Thanatawee (2016) find out that a positive relationship exist between cash flow and dividend payout ratio. This is because relatively liquid firms with stable cash flows tend to pay higher dividends as compared to firms with unstable cash flows. However, Barclay et al. (2175) find negative relationship between liquidity and payout ratio suggesting that increase in payout ratio reduces firm's liquidity level, therefore lowering dividend payments. This finding is supported by Ahmed & John (2018); Ongeru (2019) a Nairobi stock exchange study, Manegi, Ondiek, Musiega, Maokomba & Egassa (2013) also found negative and insignificance relationship between the variables in a study of 50 UK non-financial firms between the period of 2007-2011. While Adedeji (2015) does not find any relationship between liquidity and dividend policy.

In order to strengthen its equity foundation, a heavily leveraged company is expected to return more money. Because highly leveraged companies have more debt and interest obligations to meet, they are more likely to pay a low dividend payout ratio. According to Jensen (1996), highly leveraged corporations have a low payout ratio because debt holders watch them, reducing management's ability to pay dividends. He also recommended that levered may be used instead of the dividend payout ratio to cut agency costs.

Gugler and Yurtoglogly (2013) discovered a negative link. The debt total assets ratio is used as a proxy for leverage in the study. It is projected that leverage and dividend policy will have a negative relationship. According to Rozeff (1982), enterprises with substantial financial leverage have low payout ratios to reduce the transaction costs connected with external funding. Al-Malkawi (2007) revealed that the firm's financial leverage is considerably and negatively associated to its dividend policy, however Kania and Bacon (2005) discovered a strong positive relationship, highlighting the fact that the firms have larger debt funds to pay off dividends. Also, according to Koki et al. (2019), the factors have a negative connection.

The relationship between a company's shareholders and management is one of agency, with the shareholders acting as principals and the managers acting as agents. The management are in charge of acting in the best interests of the shareholders (Agent). However, there is a chance that the two parties will have competing interests. In many circumstances, a firm's management make decisions that are in their best interests, which may be at odds with the interests of the shareholders and the entity. Lloyd et al. (1985) and Jensen et al. (1986) are two empirical investigations that support agency theory on dividends (1992). As a result, paying a dividend is considered as a way of lowering the amount of money available to managers that may not be utilised. in the best interests of the company's stockholders As a result, agency theory is employed in this research.

### Methodology

Because of its ability to describe a statistical link between variables, the correlation research design was chosen for the investigation. It is thus the most appropriate for this study. Between 2012 and 2020, 22 deposit money banks were listed on the Nigerian stock exchange. After filtering out companies that were merged or acquired, as well as those that were in crisis throughout the study period, the final number was 8. Only since it is a quantitative study with a positivist paradigm and the data needed for analysis can be sufficiently collected from the audited financial reports and accounts of the selected banks within the period, longitudinal balanced panel data from secondary sources was employed. The study's model was examined using the multiple linear regression technique.

The result of the robustness test (multicollinearity, serial correlation and the test of heteroscedasticity) conducted in other to improve the validity and reliability of the statistical inferences of the study reveals favorable. The longitudinal balanced panel model of the study is presented as follows:

$$DPO_{it} = \alpha_0 + \beta_1 PROF_{it} + \beta_2 SIZE_{it} + \beta_3 LQDTY_{it} + \beta_4 GRWT_{it} + \beta_5 LEV_{it} \epsilon_{it}$$

The explained and the explanatory variables are define and measured as follows:

**Table 1 Variable definition and measurement**

Variable	Definition	Measurement
DPO (DV)	Dividend pay out	Dividend per share/Earnings per share
PROF	Profitability	Net Profit after Preference Dividend/Number of Equity Shares outstanding
SIZE	Size of the firm	Natural log of total asset
LQDTY	Liquidity	Current asset/Current liability
GRWT	Firm Growth	(Current Revenue - previous Revenue)/previous sales
LEV	Leverage	Total Debt/Total Assets

Source: by Author 2022

Where: i=firm t=time  $\alpha$ =constant  $\beta_1, \beta_5$ =coefficient  $\epsilon$  = stochastic term error

### Result and Discussion

This section of the study presents the result of the regression model, where it present and discuss the normality of the data, the correlation matrix which shows the relationship between the variables and finally the summary of the regression between the variables is presented.

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**Table 2: Descriptive statistics**

<b>Variables</b>	<b>DPO</b>	<b>PROF</b>	<b>SIZE</b>	<b>LQDT</b>	<b>GRWT</b>	<b>LEV</b>
<b>Mean</b>	-0.070315	-0.0158966	0.0337326	0.1391393	0.0129263	0.
<b>Stad Dev</b>	0.440822	0.4212962	0.1279766	0.7615594	0.2349954	0.9528478
<b>Min</b>	-1.43131	-3.07663	-0.2434173	-0.2961091	-0.8941562	0.0006917
<b>Max</b>	0.847725	0.50067	0.5861427	5.814223	0.5611203	5.839315

Source: STATA Output 2022

From table 2 above the mean value of dividend payout is -0.070315 for banks, while profitability, size, liquidity, growth and leverage have an average value of -0.0158966, 0.0337326, 0.1391393, 0.0129263 and 0.1715096 respectively. The minimum value of dividend payout stood at -1.43131, while having a maximum value of 0.847725. profitability, size, liquidity, growth and leverage has a maximum values of 0.50067, 0.5861427, 5.814223, 0.5611203 and 5.839315 respectively together with respective minimum values of -3.07663, 0.2434173, -0.2961091, -0.8941562 and 0.0006917 respectively It is observed that leverage has the highest standard deviation of 0.9528478 and it's therefore has the lowest contribution to the dividend payout in the Nigerian listed deposit money banks.

**Table 3: Correlation Matrix**

	<b>DPO</b>	<b>PROF</b>	<b>SIZE</b>	<b>LQDT</b>	<b>GRWT</b>	<b>LEV</b>
<b>DPO</b>	1.0000					
<b>PROF</b>	-0.0833	1.0000				
<b>SIZE</b>	-0.3620	-0.0575	1.0000			
<b>LQDT</b>	-0.3387	0.1317	-0.0749	1.0000		
<b>GRWT</b>	0.4085	-0.0620	-0.1166	0.0645	1.0000	
<b>LEV</b>	0.1059	0.0166	0.0510	-0.0840	-0.0672	1.0000

Source: STATA Output 2022

Table 3 shows the relationship between all pairs of variables in the regression model. The result reveals a negative correlation between profitability, size and liquidity with the dependent variable dividend payout while growth and leverage appeared to have a positive correlation with the dividend payout. Hence the behavior between the endogenous variables and themselves are mostly in an opposite direction except for profitability and liquidity, profitability and leverage, size and leverage and liquidity with growth that goes in the same direction, but that is not strong enough to course for collinearity. More so, to further check for collinearity another robustness check was conducted. The test for multicollinearity using the variance inflation factor (VIF) and tolerance value (TV) reveals the absence of multicollinearity as all factors are below 10 and tolerance values are below 1.0.



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The summary of the regression result obtained from the model of the study ( $DPO_{it} = \beta_0 + \beta_2 PROF_{it} + \beta_5 SIZE_{it} + \beta_6 LQDT_{it} + \beta_1 GRWT_{it} + \beta_7 LEV_{it} + e_{it}$ ) is presented in Table 4 below:

**Table 4: Regression Summary**

	<b>Coeff</b>	<b>T-val</b>	<b>Sig</b>	<b>VIF</b>	<b>TV</b>
<b>PROF</b>	-0.426753	-0.38	0.704	1.02	0.976116
<b>SIZE</b>	-1.219281	-3.31	0.002	1.03	0.975189
<b>LQDT</b>	-0.189264	-3.05	0.004	1.03	0.975189
<b>GRWT</b>	0.659696	3.29	0.002	1.03	0.973103
<b>LEV</b>	0.558998	1.14	0.261	1.01	0.985663
<b>CONST</b>	-0.052054	-0.86	0.394		
<b>R<sup>2</sup></b>	0.3987				
<b>Adj R<sup>2</sup></b>	0.3430				
<b>F-Stat</b>	7.16				
<b>F-Sig</b>	0.0000				
<b>Hetest</b>	2.17				
<b>Het. Sig</b>	0.1410				

**Source: STATA Output 2022**

The regression result reveals that the profitability of banks has a coefficient of -0.426753 with a t-value of -0.38 which was found to be insignificant either at 1% level or 5% level of significance, this result shows that profitability has no significant influence on the dividend payout of listed deposit money banks in Nigeria. The implication is that when there is an increase in the level of profitability of Nigerian deposit money banks the dividend paid out of such banks will be negatively influenced. This is surprising as it contradicts our priory expectation, but it may be as a result of political, economic and financial sector instability of the country and the current central bank of Nigeria financial policies to banks that obliged these banks to use surplus earnings to allocate into retention for the plugging back for harsh economic periods. On the other hand surplus earnings are being allocated mostly for growth opportunities of the banks so that the banks can open new branches in different locations of the where they found projects with positive NPV. The findings also support the agency theory which argued that conflict of interest usually occurred between the owners of firm (principals) and the managers (agent). The result of this study fails to support the researcher's intention of rejecting the first null hypothesis of the study. This finding support the finding of Amidu & Abor (2006), Baker & Gandi (2007) & Christopher & Rim (2014), Anupam (2012), Taher (2012) contrary to Aivazian, & Cleary (2003), Kun Li & Chung-Hua (2012), Alkuwar (2009), Turki and Ahmed (2013) and Mohammed & Mohammed (2012).

Furthermore, Bank size was found to have a coefficient value of -1.219281 and a t-value of 3.3. Looking at the relation between bank size and dividend payout, a negative relation emerged and this has been supported statistically at 1% level of significance. This negative and significant relation shows that, the size of the bank has a strong influence on dividend payout and thus implying that if there is an increase in the total asset acquired by Nigerian deposit money banks that will course a decrease in the dividend paid by such a bank. This result is surprising because the expectation before was that a larger bank with big size in terms of asset may have an incentive to payout dividend to their shareholders which is contrary to the findings of this study, but it may be as result of the surplus earnings normally generated by this banks are used to finance growth opportunities, service and maintain their asset.



In addition larger firm especially Nigerian deposit money banks are old generation banks with a history of reputation and sustainability and so they might not bother to pay dividend frequently because they already win the heart of their investors or shareholders. The second explanation to this finding is that most investors of these larger firms are market sensitive with capital appreciation motive. The result also validates the agency theory which the study is based on. This finding serves as an evidence of rejecting the null hypothesis of the study with regards to firm size. The result of this variable support the study of Hafeez & Attiya (2008) and contradict that of (AL- Shabibi, 2011; Eriotis 2005; Al-Twajjry 2007; Anupam 2012; Alkuwar 2009 & Mundati 2013).

In addition, the regression result reveals that liquidity has a coefficient value of -0.189264 and a t-value of -3.05. This is statistically significant at 1%. This shows that liquidity has a negative and strong significant impact on dividend payout of Nigerian deposit money banks. The implication of this finding is that when the liquidity of the banks increases their dividend payout decreases within the period of the study. Surprisingly the findings but mostly liquid firms use their excess liquidity in financing growth project especially in hard economic situation. On the other hand introduction of new financial policies coupled with the introduction of treasury single account (TSA) by the Nigerian government contribute immensely to this development as the banks are afraid distributing their excess liquidity which have a greater consequences on their day to day operation and their liquidity position by the central bank of Nigeria. On the other hand banks may shun off dividend payment in other to avoid being distress. Hence the third null hypothesis is hereby rejected base on the above finding. This result support the result of Barclay et al. (1995), Ahmed & John (2010), Onger (2012), Manegi, Ondiek, Musiega, Maokomba & Egassa (2013) and does not agree with the finding of Alli et al. (1993), Mahapatra & Sahu (1993), Amidu and Abor (2006), Afza & Mirza (2010), and Thanatawee (2013). Whereas Adedeji (1998) was indifferent.

However, our regression result reveals that firm growth measured by changes in revenue divide by previous sales found to be positively, strongly and statistically significant in influencing the dividend payout of listed deposit money banks in Nigeria as it recorded a coefficient value of 0.659696 and a t-value of 3.29. Meanwhile, a positive and significant relationship was found between bank growth and dividend payout. This implies that when there is an increase in change in revenue divide by the previous sales growth has been experienced and increases or encourages Nigerian listed deposit money banks to payout dividend. This finding is not surprising considering the measure of the growth used in this study which is unique and different with mostly used changes in total deposit. Consequently the fourth hypothesis of the study which states that growth has no significance influence on dividend payout of listed Nigerian deposit money banks is hereby rejected. Arnott & Asness (2003), Gwilym et al. (2006), Ping & Ruland (2006), Vivian (2006) and Manegi et.al.(2013) also support the finding of this study while study by Higgins (1972), Rozeff (1982), Lloyd et al. (1985), Collins et al. (1996), Amidu & Abor (2006), and Gill et al. (2010) gives a contrary view.

The result in respect of leverage and dividend payout shows a coefficient value of - 0.558998 and a t-value of 1.14 which is statistically insignificant at any acceptable level. This shows that leverage has no significant influence on dividend payout meanwhile a bank which debt dominate its capital has no incentive to payout dividend. On the hand financial leverage has a positive relationship with the dividend policy, implying that listed deposit money banks in Nigeria might use debt to distribute dividend but despite its positive sign, the financial leverage is explaining that the variable is not an important factor in influencing dividend payments in Nigerian. However highly levered firm have debt and interest obligation to service therefore discouraging their motive dividend distribution. The other explanation for this is that highly levered firms are expected to be monitored by their creditors or lenders which may constrain their desire to payout dividend even when they financially sound for that may question the confidence of their creditors for the safety of their funds. This result gives us an evidence for failing to reject the last hypothesis formulated in null form for the study. However the result is in agreement with the result of Jensen (1996) and Rozeff (1982), also disagree with Kania and Bacon (2005).

The cumulative association between dependent variable and all the independent variables is 0.3987 (see table 4) indicating that the relationship between dividend payout and firm attributes used in this study is 40% which is positively good. This implies that for any changes in firm attributes of listed deposit money banks in Nigeria, their dividend payout policy will be directly affected. Hence, it signifies 40% of total variation in dividend payout of listed deposit money banks in Nigeria is caused by their, level of profitability, size liquidity, growth and leverage. Hence, it signifies 34% of the total variation in dividend payout of listed deposit money banks in Nigeria is caused by their, level of profitability, size, liquidity, growth and leverage. This indicates that the model is fit and the explanatory variable are properly selected, combined and used as evidenced by the Fisher's statistics of 7.16 which is significance at 1%.

The results of robustness tests conducted in order to improve the validity and reliability of all statistical inferences revealed favorable to the data collected and used for the study. These tests include; multicollinearity test, heteroscedasticity test, cross-sectional dependence test, test of serial correlation, Hausman specification test and Breusch and pagan lagrangian multiplier test for random effects.

### **Conclusion and Recommendation**

Finally, the study has presented both empirical and statistical evidence on the value of five business attributes, namely profitability, size, liquidity, growth, and leverage, in explaining and predicting dividend payment policy of Nigeria's listed deposit money banks. The report stated that the business variables examined in this study had a significant impact on the Nigerian banking sector's dividend payment policy. What remains is for investors and portfolio analysts who want to identify dividend-paying companies to consider the five characteristics outlined above before choosing an investment bank. Consequently, the board of directors of the Nigerian listed deposit money banks should give consideration to the earlier mentioned five features when setting the dividend policy as they are found to be important to dividend policy.

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