

## **CORPORATE GOVERNANCE STRUCTURES AND COST OF DEPOSITS OF NIGERIAN BANKS.**

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### **ABSTRACT**

This study investigates corporate governance structures and cost of deposit of Nigerian banks. The study employed secondary sources of data. Data were gotten from the audited annual reports and accounts of commercial banks in Nigeria such as First Bank plc, Guaranty Trust Bank plc and First City Monument Bank and Zenith Bank Nigeria Plc, over the period 2012–2020. This study used estimated technique of Descriptive statistics, Pearson Product Moment Correlation analysis and Ordinary Least Square- Multiple regression method with the aid of using E-view 9 to analyse the data. The study utilized both -Multiple Regression method with the aid of using E-view 9 to analyse the data. This period was chosen so as to determine the pattern in which the corporate governance (CG) has been influence on Return on Assets of banks in Nigeria for five years financial summary. The study found that corporate governance structures relatively affects cost of deposit of Nigerian banks. It established that there is a relationship between corporate governance and the performance of banks in Nigeria. The board of directors and its characteristics hold many implications for the value of a firm. The degrees of qualifications or skills possessed by persons appointed to these boards and various committees can influence their performance in a dynamic business environment.

**Key words:** Corporate Governance, Structures, Cost of Deposit, Banks.

### **INTRODUCTION**

Over the years, emphasis has been placed on the use of effective governance to ensure corporate discipline in maximizing the interests of all relevant stakeholders of an organization.

Nevertheless, success of procedures globally entails transparency, accountability, and regard for the set down rules. In the section (1) of the Corporate Governance Code for Nigerian banks following the consolidation process of 2019, it was affirmed that the consolidation of industry creates more disputes regarding corporate governance given rise from the process of integration, culture and information technology Adepoju, (2017). An indication from the code reveals that about 70 percent of mergers globally are not successful because of lack of ability to integrate systems and personnel as well as due to the contradictory variances in management and corporate culture, which gives rise to in Board of Management arguments. All these measures notwithstanding, the corporate governance challenge still lingers unsolved amid banks in Nigeria and resulting into an increase in fraud by so doing (Schjoedt, 2010).

The banking crises of 2019 in Nigeria has been related to unprofessional conduct of governance among the consolidated banks, this has incessantly become a norm majorly in the banking sector. In several banks, corporate governance failed due to misconduct of boards to these practices on the basis of issues including misleading attitudes by executive management, participation in acquiring loans that are not secured to the detriment of depositors and also their incompetence in enforcing excellent governance in managing the bank.

Corporate governance is an important concept that relates to the way in which financial, material and human resources available to an organization are judiciously used to achieve the overall corporate objective of an organization Adeusi, et al., (2019). It keeps the organization in business

and creates a greater prospect for future opportunities. The overall effect of good corporate governance should be the strengthening of investor's confidence in the economy of Nigeria. Corporate governance is therefore about building credibility, ensuring transparency and accountability as well maintaining an effective channel of information disclosure that would foster good corporate performance (Onakoya, et al,2018)

Corporate Governance generally refers to the process or mechanism by which the affairs of businesses and institutions are directed and managed, with a view to improve long term value of shareholders while taking into account the interests of other stakeholder interested in the well-being of an entity (Sanda, et al,2015; Central Bank of Nigeria, 2019; Chuku,2019) as cited in (Yauri, Muhammad and Kaoje 2019)

Yauri, et al (2019) opined that the central issue in corporate governance from the perspective of the agency theory is whether managers can be trusted to carry out the function of the firm in the best interest of shareholders. Sanda et al (2015) further explains that, corporate governance is concerned with ways in which all parties interested in the well-being of the firm attempt to ensure that managers and other insiders take measures or adopt mechanism that safeguard the interest of stakeholders.

Given the fury of activities that have affected the efforts of Banks to comply with the various consolidation policies and the antecedents of some operators in the system, there are concerns on the need to strengthen corporate governance in Banks. This will boost public and investors confidence and ensure efficient and effective functioning of the banking system (Soludo, 2014a). Heidi and Marleen (2019) viewed that, the banking supervision cannot function well if sound corporate governance is not in place. Consequently, banking supervisors have strong interest in ensuring that there is effective corporate governance at every banking organization.

Mayes, et al, (2018) opined that the changes in bank ownership during the 2010s and early 2010s substantially altered governance of the world's banking organization. These changes in the corporate governance of banks raised very important policy research questions. The fundamental question is how do these changes affect bank performance?

Corporate governance is therefore, about building credibility, ensuring transparency and accountability as well as maintaining an effective channel of information disclosure that will foster good corporate performance. Corporate governance is the system of checks and balances, both internal and external to companies, which ensures that companies discharge their accountability to all their stakeholders and act in a socially responsible way in all areas of their business activities Muhammed, (2019) cited in (Onakoya, et al 2018)

Return on assets is a profitability ratio that provides how much profit a company is able to generate from its assets. It measures how efficient a company's management is in generating earnings from the economic resources or assets on their statement of financial position (Adepoju 20107). Return of assets is an important indicator of the performance of the bank since it determine the profitability of the banks. It is defined by net income to total asset McRitchie, (2018). Therefore, Pitt and Tucker (2018) see organizational performance as a vital sign of the organization, showing how well activities within a process or the outputs of a process achieve a specific goal". It is also defined as "process of assessing progress towards achieving pre-determined goals, including information on the efficiency by which resources are transformed into goods and services, the quality of these outputs and outcomes, and the effectiveness of organizational objectives" (Amaratunga & Baldry, 2019)

### **Statement of the Problem**

Poor corporate governance has resulted in decline in shareholders' wealth and corporate failure. The sequence of cases that are extensively publicized regarding misconduct of accounting procedures witnessed in the banking industry in Nigeria relate to the absence of cautious

supervisory functions by the boards of directors, the board delegating management to corporate managers who follow their own selfish motives and these persists without check due to the negligence of the board and their persistent inability to be accountable to stakeholders. Nigerian Banks are faced with myriad of problems despite the mandatory action of banks consolidation pronounced by CBN in 2015 so as to make banks more effective and strengthen their performance Bino and Tormar, (2010). However, several banks collapses resulting from weak systems of corporate governance and internal control system have highlighted the need to improve and reform corporate governance at an international level. (Onakoya, et al 2018)

The corporate governance problems in the Nigerian banking sector include: weak internal control system and non-compliance with laid down internal control and operational procedure, ignorance of and non-compliance with rules, laws and regulations guiding banking business; passive shareholders, disagreement between board and management giving rise to board squabbles; ineffective board oversight function; fraudulent and self serving practices among members of the board, management and staff; over bearing influence of chairman or MD/CEO; non-challant attitude of owners, poor risk management practices, resulting in large quantity of non-performing loans including insider-related credit; sit tight directors-even where such directors fail to make meaningful contribution to the growth and development of the banks; succumbing to pressure from other stakeholders like shareholders appetite for high dividend and returns and depositors quest for high interest on deposits, technical incompetence, poor leadership and administrative inability, inability to plan and respond to changing business circumstance as at when due and ineffective management information system.

(Yauri, et al 2020) corporate governance was seen manifesting in form of weak internal control system, excessive risk taking, override of internal control measures, absence of or non-adherence to limits of authority, disregard for cannons of prudent lending, absence of risk management processes, insider abuses and fraudulent practices remain a worrisome feature of the banking system (Soludo, 2014b).

Several researches have been undertaken in this area and each researcher gave a different view and results. Emeka and Alem (2019) studied empirical investigated the effects of corporate governance on bank's financial performance in Nigeria for period of 2014-2019.

Due to this fact, several reforms of corporate governance have been distinctively highlighted regarding the required changes needed to be made to the board of directors relating to the structure, composition and size.

In view of the highlighted challenges, this study focused the impact of corporate governance systems on the financial performance of deposit money banks in Nigeria and aimed to answer questions such as: to what extent (if any) what is the relationship between board members size and Return on Assets. What is the relationship between board independence size and Return on Assets. What is the relationship between board of composition size and Return on Assets. What is the relationship between proportion of shareholders and Return on Assets. What is the relationship between board management meeting and bank size and Return on Assets.

### **Aim and Objectives of the Study**

The main objectives of this study is to investigate corporate governance structures and cost of deposit of Nigerian banks. Other specific objectives are as follows to;

1. investigate the relationship between corporate governance measured as (board members size, board independence size, board of composition size, proportion of shareholders more than 10,001 share, board management meeting and bank size) and cost of deposit measured as Return on Assets.

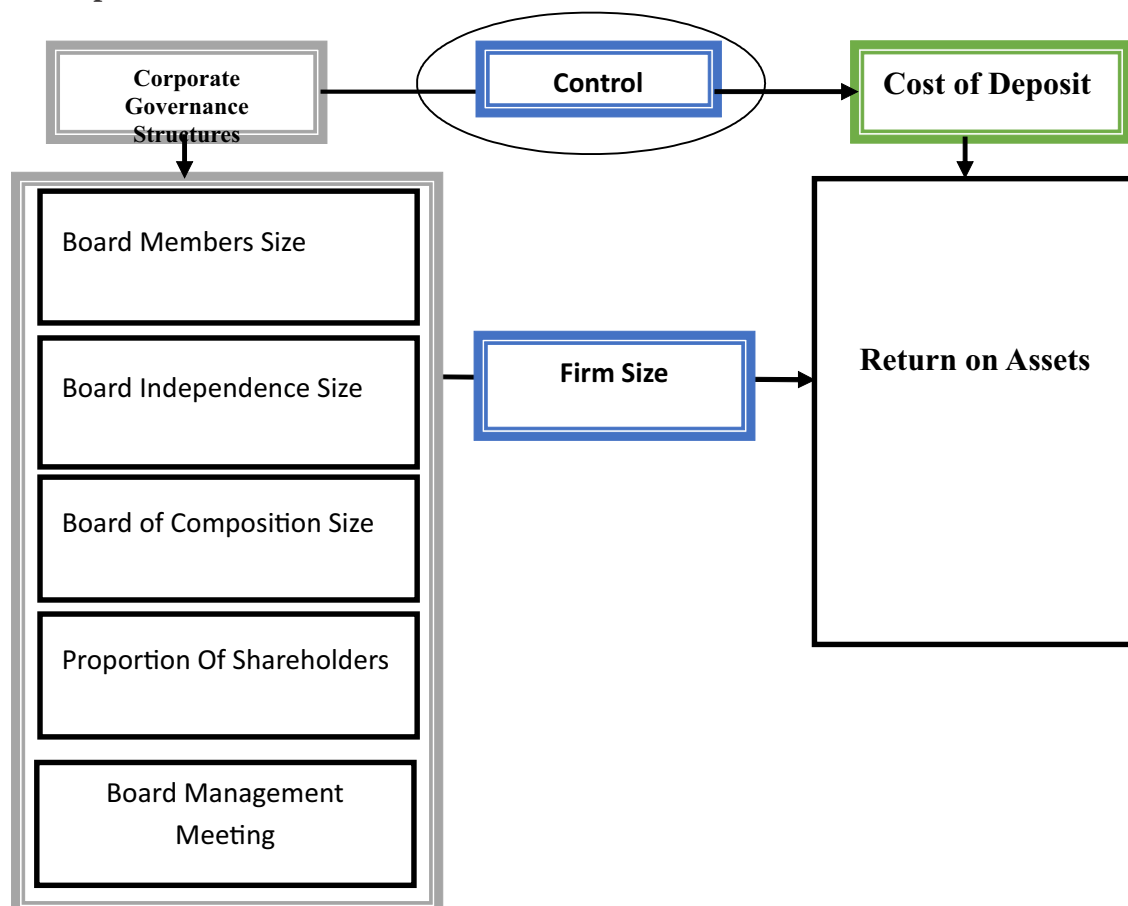
### Research Questions

1. What is the relationship between board members size and Return on Assets.
2. What is the relationship between board independence size and Return on Assets.
3. What is the relationship between board of composition size and Return on Assets.
4. What is the relationship between proportion of shareholders and Return on Assets.
5. What is the relationship between board management meeting and bank size and Return on Assets?

### Hypotheses

- H01:** There is no significant relationship between board members size and Return on Assets.  
**H02:** There is no significant relationship between board independence size and Return on Assets.  
**H03:** There is no significant relationship between board of composition size and Return on Assets.  
**H04:** There is no significant relationship between proportion of shareholders and Return on Assets.  
**H05:** There is no significant relationship between board management meeting and bank size and Return on Assets.

### Conceptual Framework



Sources: Pandey (2019)

**Figure 1.1:** Conceptual framework of the relationship between corporate governance structures and cost of deposit of Nigerian banks.

### **Corporate Governance Structures**

Kwakwa and Nzekwu (2019) sees governance as a ‘vital ingredient in the balance between the need for order and equality in society; promoting the efficient production and delivery of goods and services; ensuring accountability in the house of power and the protection of human right and freedoms’. Governance is, therefore, concerned with the processes, systems, practices and procedures that govern institutions, the manner in which these rules and regulations are applied and followed, the relationships created by these rules and nature of the relationships (Akingunola, et al, 2015). Corporate governance, on the other hand, refers to the manner in which the power of a corporate is exercised in accounting for corporation’s total portfolio of assets and resources with the objective of maintaining and increasing shareholders’ value and the satisfaction of other stakeholders while attaining the corporate mission (Kwakwa et al, 2019). In other words, corporate governance refers to the establishment of an appropriate legal, economic and institutional environment that allows companies to thrive as institutions for advancing long-term shareholders’ value and maximum human centered development Okoye, et al., (2017). The corporation has to achieve this while remaining actively conscious of its responsibilities to other stakeholders, the environment and the society at large Ojeka, et al., (2017).

Thus, corporate governance is also concerned with the creation of a balance between economic and social goals on one hand and between individual and communal goals on the other hand Yung, (2019). To achieve this, there is the need to encourage efficient use of resources, accountability in the use of power as well as the alignment of the interest of the various stakeholders, such as; individuals, corporations and the society Corporate governance structure entails the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders and spells out the rules and procedures for making decisions on corporate affairs and other matters Yermack, (2019). This provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance.

Rachinsky, (2018) affirmed that the corporate governance is to investigate how to secure or motivate efficient management of corporations by the use of incentive mechanism, such as contracts, organizational design and legislation. This is often limited to the question of improving financial performance i.e profitability, for example, how the corporate owners can secure or motivate so that corporate manager will deliver a competitive rate of return? Pandey (2019) asserts that corporate governance implies that the company would manage its affairs with diligence, transparency, responsibility and accountability and would maximize shareholders wealth. Akinsulire (2019) corroborated that, corporate governance as a term covers all the general mechanism by which management are led to act in the best interest of the company owners Asaolu, (2015). A perfect system of corporate governance would give management all the right incentives to make value maximizing investment and financing decision and would assure that cash is paid out to investors when the company runs out of viable projects i.e. investment with positive NPV In general terms, however, corporate governance deals with the way corporate bodies utilize their funds to generate financial wealth for shareholders and social wealth for the community in which they are located (Uwuigbe, 2018). It is therefore observed that corporate governance deals with issues of accountability and fiduciary duty, in the main advocating the implementation of policies and mechanisms to ensure good behaviour and protect shareholders.

### **Corporate Governance and Banks**

Corporate governance is a crucial issue for the management of banks, which can be viewed from two dimensions. One is the transparency in the corporate function, thus protecting the investors’ interest (reference to agency problem), while the other is concerned with having a sound risk management system in place (special reference to banks) (Uwuigbe, 2018) The Basel Committee

on Banking Supervision (2019) states that from a banking industry perspective, corporate governance involves the manner in which the business and affairs of individual institutions are governed by their boards of directors and senior management. This thus affect how banks:

- i) set corporate objectives (including generating economic returns to owners);
- ii) run the day-to-day operations of the business;
- iii) consider the interest of recognized stakeholders;
- iv) align corporate activities and behaviours with the expectation that banks will operate in safe and sound manner, and in compliance with applicable laws and regulations; and protect the interests of depositors.

### MEASURES OF CORPORATE GOVERNANCE

- a. **Board members size:** A board of directors is an executive committee that jointly supervises the activities of an organization, which can be either a for-profit or a nonprofit.
- b. **Board independence size:** An Board independence size is a size of the member of a board of directors who does not have a material or pecuniary relationship with company or related persons.
- b. **Board of composition size:** Board Composition. Means that for so long as at least 25% percent of the initially issued shares of Preferred Stock remain outstanding.
- c. **Proportion of shareholders:** The amount of shareholders' funds can be calculated by subtracting the total amount of liabilities on a company's balance sheet from the total.
- d. **Board management meeting:** is an executive committee that jointly supervises the activities of an organization.

### THEORETICAL FRAMEWORK

The theoretical focus for the study. The theories were treated; namely follows:

#### **The agency theory: .**

This theory sees shareholders as the principals and management as their agents. Agents will, however, act with rational self-interest as employee directors of a company, they will aspire to maximize their monetary compensation, job stability and other perks, and do no more than seek to appease shareholders. They cannot, in other words, be expected to act in the interests of the shareholders. They need, instead, to be monitored and controlled to ensure that the principals' best interests are served. This theory is the basis for most of today's corporate governance activity.

#### **The stewardship theory**

This upholds that, because people can be trusted to act in the public good in general and in the interest of their shareholders in particular, it makes sense to create management and authority structures, because they provide unified command and facilitate autonomous decision making, enable companies to act (and react) quickly and decisively to market opportunities. This approach leads, for instance, to the combination of the roles of chairman and CEO, and for audit committees to be either non-existent or lightweight. Resistance to the modern corporate governance movement to a day tends to be based on this theory.

### Empirical Review

Kyereboah-Coleman et al (2019) examined how corporate governance indicators such as board size, board composition and CEO duality impact financing decisions of 47 firms listed on the Nairobi Stock Exchange. They found that firms with larger board sizes employ more debt and the independence of a board correlates negatively and significantly with short-term debts.

Uwuigbe (2018) examined Corporate Governance and financial performance of Banks in Nigeria. He measured variables for corporate governance as board size, the proportion of non-executive directors, directors' equity interest and corporate governance disclosure index. Financial performance of the banks measures as return on equity (ROE) and return on asset

(ROA). His study revealed that a negative but significant relationship exists between board size, board composition and the financial performance of these banks, while a positive and significant relationship was also noticed between directors' equity interest, level of governance disclosure and performance.

Adeusi, et al, (2019) studied Corporate Governance and firm financial performance used a sample of 10 selected banks' annual reports covered 2015-2010. They used return on asset, board size, board composition that is, number of executive directors and number of non-executive directors. They discovered that improved performance of the banking sector is not dependent on increasing the number of executive directors and board composition.. They concluded that there is a need for increase in board size and decrease in board composition as measured by the ratio of outside directors to the total number of directors in order to increase the bank performance.

Emeka and Alem, (2019) investigated the effects of Corporate Governance on Bank's Financial Performance in Nigeria, covered years 2014- 2019. They discovered that there were effects of relative size of non-executive directors and the board size on return on investment (ROA). They found that the relationship between corporate governance and bank performance in Nigeria is quite significant as a unit change in the board size and the relative size of non-executive directors increases the return on assets.

Dzingai and Fakoya (2017) assessed the effect of corporate governance structures on firm financial performance in Johannesburg Stock Exchange (JSE). They used panel data analysis of the random effects model to determined the relationship between board independence and board size and the return on equity (ROE) for the period 2010–2015. They found that a weak negative correlation between ROE and board size but positive correlation between ROE and board independence. They further disclosed that there is a positive, but weak, correlation between ROE and sales growth, but a negative and weak relationship between ROE and firm size. They suggested that, effective corporate governance through a small effective board and monitoring by an independent board result in an increased firm financial performance

Akingunola, et al (2015) examined the corporate governance and banks' performance in Nigeria. They used earnings, return on equity and return on assets as variables. They employed the ordinary least squares regression method to analyze their data. They revealed that bank deposits mobilized and credits created over this period increased over the years but were more positively related to bank performance during the period of consolidation although not significant. They concluded that, to minimize financial and economic crime in the system, banks must embrace fiduciary duty which includes transparency, honesty and fairness (corporate governance codes) in dealing with all its stakeholders.

## **METHODOLOGY**

The study employed secondary source of data. Data were gotten from the audited annual report and accounts of commercial banks in Nigeria which is, First Bank plc, Guaranty Trust Bank plc and first City Monument Bank and Zenith Bank Nig Plc, over the period 2012– 2020 Soludo, (2014). This period was chosen so as to determine the pattern in which the corporate governance (CG) has been influence on Return on Assets of banks in Nigeria for five years financial summary. This study used estimated technique of Descriptive statistics, Pearson Product Moment Correlation analysis and Ordinary Least Square- Multiple regression method with the aid of using E- view 9 to analyse the data.

## **MODEL SPECIFICATION**

This study adopted the models used by Duke & Kankpang (2018); the models seek to link corporate governance and financial report reliability with firm performance. Thus, the models are specified as follow:

$$ROA = f(CG) \text{-----}.(1)$$

Where;

ROA :Return on Assets

CG : Corporate Governance

Equation (1) presents the functional relationship between ROA) and (BOS), (BIS ), size (BCS), (SMT), (BMM) (BAS).

The above equation can be re-specified in an explicit form as shown below;

$$ROA = f( BOS, BIS, BCS, SMT, BMM, BAS, \epsilon) \text{-----}(2)$$

$$ROA_t = \beta_0 + \sum_n \beta_1 BOS_t + \beta_2 BIS_t + \beta_3 BCS_t + \beta_4 SMT_t + \beta_5 BMM_t + \beta_6 BAS_t + \epsilon \text{-----}(3)$$

Where; ROA = Return on Assets

CG= is a vector of corporate governance variables which include board members size (BOS), board independence size (BIS ),board of composition size (BCS), proportion of shareholders more than 10,001 share (SMT), board management meeting (BMM) and bank size(BAS) represent natural Logarithm of total assets of each bank ,  $\beta_0$  = Constant Parameter,  $\beta_1 - \beta_6$  = Coefficient of explanatory variables ,  $\sum$  = Summation, e = Error Term , i = Cross section , t = Time series

A priori Expectations:  $\beta_1$  to  $\beta_6$  +/-

Thus, the method of analysis adopted is the panel regression involving ordinary least square estimation techniques. The correlation coefficient is used to measure the degree of association between the governance variables and profitability indices; while a robust estimator panel corrected standard error (PCSE) for the regression analysis is used to investigate the impact of corporate governance indices on banks' financial performance.

### Presentation of Results or findings

This section deals with the analysis of data analysis and presentation of results.

**Table 1:** Descriptive statistics

	<b>ROA</b>	<b>BOS</b>	<b>BIS</b>	<b>BCS</b>	<b>SMT</b>	<b>BMM</b>	<b>BAS</b>
<b>Mean</b>	3.807333	12.20000	2.800000	6.600000	23.48267	4.933333	2.764667
<b>Median</b>	3.670000	12.00000	3.000000	7.000000	24.58000	4.000000	2.440000
<b>Maximum</b>	6.590000	16.00000	4.000000	8.000000	30.10000	7.000000	3.480000
<b>Minimum</b>	1.670000	9.000000	2.000000	6.000000	16.03000	4.000000	2.330000
<b>Std. Dev.</b>	1.527891	2.274078	0.774597	0.632456	5.456381	1.162919	0.508469
<b>Skewness</b>	0.231520	0.461711	0.343622	0.490990	-0.334918	0.695354	0.625696
<b>Kurtosis</b>	1.954384	1.948338	1.846939	2.357143	1.506356	1.943216	1.478582
<b>Jarque-Bera</b>	0.817325	1.224189	1.126158	0.860969	1.674783	1.906788	2.425434
<b>Probability</b>	0.664539	0.542214	0.569453	0.650194	0.432838	0.385431	0.297388
<b>Sum</b>	57.11000	183.0000	42.00000	99.00000	352.2400	74.00000	41.47000
<b>Sum Sq.</b>							
<b>Dev.</b>	32.68229	72.40000	8.400000	5.600000	416.8093	18.93333	3.619573
<b>Obs</b>	15	15	15	15	15	15	15

**Source:** Authors' computation Using E-view 9

Table 1 provides the summary of descriptive statistics of ROA, BOS, BIS, SMT, BMM and BAS for the study. Given the scope of the study (2012-2020) and the frequency of the annual data, all the variables have 15 observations. As shown in Table 1, the sum, range, mean, maximum and minimum, standard deviation and variance as well as the skewness and kurtosis of our variables of interest are evident Mak and Kusnadi, (2015). The various statistics indicate that, the variables

have different distributions. The skewness and kurtosis statistics provide useful information about the symmetry of the probability distribution of various data series as well as the thickness of the tails of these distributions respectively Kama, (2019). These two statistics are particularly of great importance since they are used in the computation of Jarque-Bera statistic, which is used in testing for the normality or asymptotic property of a particular series. All of the variables in the study are positively skewed showing that they have a long right tail and SMT which is negatively skewed indicates a long left tail. Kurtosis statistics of the all variables are less than 3 implying the extent of flatness of the distribution of the data series relative to normal.

	<b>ROA</b>	<b>BOS</b>	<b>BIS</b>	<b>BCS</b>	<b>SMT</b>	<b>BMM</b>	<b>BAS</b>
<b>ROA</b>	1.000000						
<b>BOS</b>	-0.583674	1.000000					
<b>BIS</b>	-0.139296	-0.300070	1.000000				
<b>BCS</b>	0.412758	-0.735019	0.554051	1.000000			
<b>SMT</b>	-0.284168	0.878461	-0.550304	-0.800491	1.000000		
<b>BMM</b>	-0.782005	0.815688	-0.174449	-0.621545	0.691315	1.000000	
<b>BAS</b>	0.850069	-0.163947	-0.398258	-0.000444	0.184985	-0.468130	1.000000

Source: Authors computation

Using E-view 9 From result table 2, the independent variables of board members size (BOS), board independence size (BIS ), proportion of shareholders more than 10,001 share (SMT) and board management meeting (BMM) were negative correlated while board of composition size (BCS) and bank size(BAS) were positive correlated hence multi-collinearity in the result with the dependent variable (ROA) constant with 1.The interpretation was that the level of multi-collinearity between the independent variable was not very high which meant that the influence of each variable in the regression equation could be isolated easily.

Table 3: pooled OLS result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
<b>C</b>	-1.863917	3.248096	-0.573849	0.5818
<b>BOS</b>	-0.157389	0.168857	-0.932080	0.3786
<b>BIS</b>	-0.078174	0.232648	-0.336017	0.7455
<b>BCS</b>	0.447293	0.365895	1.222464	0.2563
<b>SMT</b>	0.015420	0.094576	0.163046	0.8745
<b>BMM</b>	-0.257406	0.276028	-0.932536	0.3783
<b>BAS</b>	2.085569	0.528816	3.943850	0.0043
<b>R-squared</b>	0.946231			
<b>Adjusted R-squared</b>	0.905905			
<b>S.E. of regression</b>	0.468679			
<b>Sum squared resid</b>	1.757284			
<b>F-statistic</b>	23.46425			
<b>Prob(F-statistic)</b>	0.000115			
<b>Durbin-Watson stat</b>	1.525160			

Table 3 presents summary of the estimated regression model:

$$ROA = -1.86 - 1.60BOS - 0.08BIC + 0.45BCS + 0.02SMT - 0.26BMM + 2.09BAS$$

From the table 3 , it was observed that, the coefficient of determination for the regression as

depicted by the R2 value of 0.91 suggests that about 91 percent of the systematic variation of the dependent variable is accounted for by the explanatory variable.

There are positive impact of some variables of proportion of shareholders more than 10,001 share (SMT), board of composition size (BCS) and bank size (BAS) on Return on Assets, while Board Members Size, (BMS) Board Independence Size (BIS), and Board Management Meeting (BMM) have negative influence on Return on assets. However, it was only (BAS) that has significant influence on ROA at 5% significance level.

These findings concur with those of Dhar and Bakshi (2019) who found that independence directors have negative effect on ROA of listed banks in Indian. Nguyen, et al (2017) disclosed that firm size affects positively firm performance while number of employees has a negative impact on profitability.

The Durbin Watson statistics of 1.53 which fall within the value of 1.5 to 3.5 shows absence of serial correlation in the model

### **DISCUSSION OF FINDING**

The study found that corporate governance structures relatively affects cost of deposit of Nigerian banks. The research analysis comes from the regression of components of corporate governance disclosure based on the analysis of annual audited report and account of Zenith Bank plc, Guaranty Trust Bank plc and United Bank for Africa plc over a period of 2012-2020. The work analyzed the descriptive statistics and used panel data econometrical approaches to verify whether corporate governance disclosures could influence Return on Assets. Findings revealed that the proportion of shareholders more than 10,001 share, board of composition size and bank size exert a positive and considerable relevance to return on assets of quoted banks in Nigeria.

### **CONCLUSIONS**

The study examined corporate governance structures and cost of deposit of Nigerian banks. It establishes that there is a relationship between corporate governance and the performance of banks in Nigeria. The board of directors and its characteristics hold many implications for the value of a firm. The degrees of qualifications or skills possessed by persons appointed to these boards and various committees can influence their performance in a dynamic business environment. The research work infers that econometric tests be implemented on a set of data that is greater and covers more firms for a longer range of time for an external corporate governance model. This may lead to a new viewpoint on the association amid the efficiency of a firm and corporate governance, alongside new policy implications. For a least developed nation like Nigeria to attain growth and development in the economy that is rapid, there is need for a solid, secure financial system, and to retain the stability of this system and maintain high competitiveness, it calls for firms that are governed well to achieve maximal resource utilization and peak performance.

### **RECOMMENDATIONS**

It was recommended that:

1. regulatory authorities must persuade firms to sustain a realistic size of board because an excessively outsized board could be unfavorable to the performance of the firm.
2. The regulatory agencies should reconsider the processes for the selection of directors to the board so as to ensure uniform standards; transparency, accountability and stability exist in these financial markets.
3. It is important that structures and agencies are set up to ensure that corporate laws and standards set in place are strictly complied with to achieve effective governance of financial firms.
4. The board of director's size of quoted banks in Nigeria should not be too large and should be meeting regularly to effectively and efficiently carry out their oversight functions and responsibilities.

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