OWNERSHIP STRUCTURE AND FINANACIAL PERFORMANCE OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

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ABSTRACT
This study investigated the effect of ownership structure on the financial performance of listed deposit money banks in Nigeria. The population of the study consists of thirteen (13) listed deposit money banks in the Nigerian stock exchange as of 31st December 2023. The theoretical framework for examining the effect of ownership structure on the financial performance of listed deposit money banks in Nigeria encompasses several key theories that provide a comprehensive understanding of the mechanism and outcome of ownership structure. The sampling technique employed in this study was the extraction of secondary data from the annual reports and accounts of the sampled banks. The hypothesis was stated in null form, and multiple regressions were used to analyze the data. The Hausman test showed the random effect model as the appropriate model for the study. The result of the model one revealed that financial performance proxied by managerial ownership has an insignificant negative effect on return on equity (ROE), institutional ownership has a significant negative effect on return on equity (ROE), and foreign ownership has an insignificant positive effect on return on equity (ROE). The findings reveal that Managerial ownership and foreign ownership had a negative and insignificant effect on return on equity (ROE). This study discovered that the interaction between institutional ownership structure and financial performance was negative and significantly influenced financial performance. It can be concluded in the study that banks are increasing their Managerial ownership very rapidly, but their growth does not produce any outcome for the listed banks in Nigeria. It is recommended that institutional equity shareholders continue investing their resources and expertise to exercise control over management abuse of power, which can affect the financial performance of listed deposit money banks. Also, it is recommended that banks should reduce their managerial holdings because it is detrimental to financial performance.

KEYWORDS: *Financial Performance, Managerial Ownership, Institutional Ownership, Foreign Ownership, and Signaling Theory.*

1.0 Introduction

Financial performance of banks is crucial to the growth and development of any economy, and Nigeria is not an exception. Hence, a good bank's performance results in achieving strong competitiveness, high return on investment for shareholders, generating employment, and an increase in Gross Domestic Product (GDP) of an economy (Abdul Jamal, Abdul Karim, & Hamidi, 2012; Suffian, 2009). Conversely, poor corporate financial performance in the banking industry is capable of triggering a prolonged crisis that can adversely affect the industry's competitiveness, economic stability, and the relevant stakeholder returns (Abdul Jamal, Abdul Karim, & Hamidi, 2012; Suffian, 2009).

Ownership structure forms effects on the financial performance of firms have been of particular research interest in the literature of corporate finance. Generally, the interests of managers and shareholders are not aligned, which results in problems that reduce a firm's value and financial performance (Tatiana &Stela, 2013). Shareholders are always regarded as the corporate owners, while directors are agents or representatives of shareholders who are supposed to allocate business resources in a way to increase their wealth (Benjamin, Love, and Kabiru 2014). The fact that institutional owners have a large number of shares investment in the banks gives them a higher level of motivation to scrutinize managers, thus justifies the correlation between institutional ownership and firm

financial performance. Large institutional owners also have the capability to regulate, discipline, and control managers because to their size, resources, and influence. This institutional ownership monitoring of business conduct may lead to managers focusing more on successful business rather than opportunistic or self-serving behavior (Edmans and Manso, 2010). Executive directors' share of management shares is limited by the CBN in order to control in their excesses. At the same time, the code requires that institutional investors retain fair ownership, as well as ownership concentration, in order to ensure effective monitoring and control of managers' free-rider behavior (CBN, 2017).

Throughout the banking industry, increasing institutional ownership is seen as an important pathway for protecting minority shareholders against expropriation by dominating shareholders. Furthermore, it may be claimed that if a significant number of institutions possess a large percentage of a bank's equity shares, management may feel compelled to manipulate results to pacify these institutions (Hassan & Ahmed, 2012). Because institutional investors have the funds to buy and sell shares, they can help in maintaining banks solvency and liquidity.

The Nigerian banking sector has been plagued by the trickiest insider abuses. Poor corporate governance is more often identified as a major factor in virtually all instances of financial sector distress, making it even more important for banks to be held to the highest standards of ethical leadership at the top. Corporate governance and economic mismanagement by Nigerian Bank shareholders have hampered their performance and sustainability. Bank managers have been known to make securitized or fictitious loans to friends and family members, prioritizing their private interests over those of the bank. Shareholders often borrow funds beyond the capital they invested in the bank to start it, and they do so through companies that are directly related to them. Due to these activities, various banks have a significant increase in unsecured non-performing loans; these can be traced to the shareholders (directors) of these banks (Nweze, 2017). Recent incidents of a rapid growth in non-performing loans, as well as other corporate mismanagement and insider abuses, have raised many issues about the efficacy of commercial banks' existing ownership structure (Nweze, 2017).In view of these problems, the study basically investigated whether a significant relationship exists between ownership structure and financial performance of Nigerian multinational Banks. To achieve this objective, the study restricted its ownership structure to ownership Managerial Ownership, foreign ownership and Institutional ownership in Nigerian multinational

2.0 Literature Review

Ownership diversity of a firm connotes the distribution of control and ownership in the company. Control is the ability to affect decisions, and to shareholders, it is depicted by voting power. Ownership is seen as the right to cash income from a company, which is proportionate to the shareholdings (Sheh, 2012). Bijalwan and Madan (2013) opined that ownership structure is the distribution of equity with regard to votes and capital, and also by the identity of the equity owners. Ownership structures are the unit and value of shares held by directors/managers, other corporate organizations (institutions), foreign firms, the government, and family.

According to Peter (2019), ownership is the stockholding by shareholders and directors, which includes shares held by directors/managers, institutional shareholding, shares held by foreigners, concentrated shareholding, government shareholding, and family ownership. Managerial ownership is the sum of the proportion of managers, executives, directors, and their families' shares divided by the total share capital of the firm. It also means the number of shares either in value or unit of shares held by people who manage the affairs of the business and also act as the agent of the public (shareholders). The corporate finance literature has long suggested that managerial ownership is an important mechanism to reduce agency conflicts through the alignment of interests between management and shareholders. However, as the level of managerial ownership increases, control over the firm passes from external shareholders to the managers. At some point, managerial entrenchment occurs, where there will be no constraints on managerial behavior leading to an increase in managerial opportunism.

Additionally, Kalmi (2000) breaks down managerial ownership into two: insider ownership and outsider ownership. The insider ownership is defined as the ratio of shares held by the insider board members, which include executive directors and non-independent, non-executive directors, while outsider ownership is defined as the percentage of shares held by independent non-executive directors. In the Nigerian banking context, studies indicate a positive relationship between managerial ownership and financial performance.

Institutional ownership refers to the investment in a company by large financial entities such as mutual funds, pension funds, and endowments. These corporations often buy substantial blocks of a company's shares to gain significant influence over its management. Essentially, institutional ownership involves organizations that, while not part of the company itself, have a vested interest in it by owning shares and holding a meaningful percentage of ownership. In this study, we adopt the definition provided by Hashim (2008), who stated that institutional ownership is the ratio of shares held by the largest corporate investors

compared to the total number of shares outstanding. This ownership typically includes shares held by financial institutions, pension funds, and other large organizations. These investors generally have greater resources and expertise, allowing them to effectively impact management practices. The presence of institutional investors can enhance governance and accountability, ultimately leading to improved financial performance (Macey & O'Hara, 2003). Foreign ownership refers to the total or majority ownership and control of a business in a country by individuals who are not citizens of that country or by companies based outside that country. It implies that one or more foreign entities have the power to establish or direct the general policies or daily operations of a company. Generally, foreign control is assumed to be present when foreign individuals own 25 percent or more of the outstanding voting securities, unless a U.S. person controls an equal or larger percentage. Additionally, foreign ownership indicates the proportion of foreign owners in relation to the total share capital. It is calculated by dividing the number of foreign owners by the total number of shares issued. In Nigeria, foreign ownership in deposit money banks is often linked to improved financial performance, as it brings in expertise and international best practices (Kumar & Singh, 2020).

Theoretical Framework

Agency Theory

Agency Theory, introduced by Jensen and Meckling in 1976, suggests that conflicts of interest can arise between principals, such as shareholders, and agents, like managers, due to their differing goals and risk tolerances. In the banking sector, shareholders typically aim to maximize their wealth, while managers may focus on personal objectives, such as job security or bonuses. This discrepancy can lead to agency costs, which can negatively affect financial performance. Ownership structure is crucial in mitigating these agency costs. When managers hold a higher percentage of ownership, their interests are more likely to align with those of shareholders, potentially leading to improved financial outcomes (Fama & Jensen, 1983). In contrast, institutional and foreign ownership can enhance oversight and governance, reducing the likelihood of agency-related issues.

Empirical evidence supports these claims, indicating that banks with a balanced ownership structure often perform better (Boubakri et al., 2017). The theory emphasizes the separation of ownership and control, highlighting the relationship between principals (e.g., shareholders), agents (e.g., company executives), and managers. According to the theory, shareholders—who are the company's owners—hire agents to perform work. However, these agents may manage the business in ways that serve their interests, which can lead to agency problems. This issue can be exemplified by cases such as Adelphia, Enron, WorldCom, and Parmalat. Jensen and Meckling (1976) noted that the agency problem often relates to the consumption of perks by managers and other forms of empire building.

Signaling Theory

Signaling Theory, first introduced by Michael Spence in 1973, explains how individuals or organizations convey signals to reduce information asymmetry, particularly in labor markets. In the corporate sector, this theory posits that firms with high-quality management and strong financial prospects will communicate positive signals to the market. This helps to alleviate uncertainty for investors and other stakeholders. Conversely, firms that are perceived as less transparent or of lower quality may emit negative signals, which can deter investment or increase their cost of capital. In the context of Nigerian banks, the ownership structure can serve as a crucial signal regarding a bank's performance and future prospects. For instance, when a bank has a significant proportion of institutional or foreign ownership, it signals to investors that the bank is well-governed, transparent, and likely to achieve strong financial performance. Institutional investors are often viewed as more sophisticated, and their involvement in a bank's ownership structure can indicate a higher level of confidence in its operations (Kothari, 2001). Similarly, foreign ownership can signal international credibility and adherence to global best practices, suggesting that the bank is well-managed and positioned for growth (Gerin, 2017). On the other hand, government ownership may be interpreted as a signal of inefficiency and vulnerability to political interference, which could undermine investor confidence and lead to weaker financial performance (Nwachukwu & Eke, 2021).esting that the bank is well-managed and positioned for growth (Gerin, 2017). On the other hand, government ownership may signal inefficiency and susceptibility to political interference, potentially lowering investor confidence and leading to weaker financial performance (Nwachukwu & Eke, 2021).

Empirical Review

Saidu and Gidado (2018) investigated the effect of managerial ownership on the financial performance of listed manufacturing firms in Nigeria. The researchers employed a non-survey method, gathering data from the annual reports and accounts of these firms. The study focused on the 40 manufacturing firms listed on the Nigeria Stock Exchange (NSE) as of December 31, 2016, selecting a sample of 10 firms for analysis. For the analysis, correlation and ordinary least squares (OLS) regression techniques were used. The findings indicated that managerial ownership has a negative and significant impact on the financial performance of the listed manufacturing firms in Nigeria. The study concluded that managerial ownership adversely affects financial

performance because managers may manipulate financial statements to achieve personal gains. Consequently, the study recommends that the board of directors of Nigerian manufacturing firms should limit the shareholding of insider managers to prevent excessive ownership, ultimately improving the performance of these firms.

Hideaki and Naoki (2020) examined the influence of institutional investors on shareholder and stakeholder orientation in Japan. The study sample comprised 500 publicly traded companies in Japan from 2010 to 2016. The research revealed that institutional shareholders, particularly foreign ones, play an effective oversight role in Japanese firms. Additionally, it was demonstrated that their monitoring functions can enhance organizations by increasing growth potential. These findings suggest that institutional owners can improve long-term business performance by establishing robust governance processes within a stakeholder-oriented framework. The findings can be categorized into three key areas. First, it was noted that institutional and foreign shareholders in Japanese companies are just as effective as monitors as domestic shareholders, especially stable stockholders, are also expected to contribute to oversight. This indicates that the increasing influence of institutional investors serves as a monitoring mechanism that complements the role of local and stable shareholders. Second, the monitoring actions of institutional and international shareholders are projected to strengthen firms with higher growth potential. The research utilized data from 2,924 firms across Japan. Since the study was conducted in Japan, the findings may not be applicable to Nigeria. Shareholders in Japanese companies are just as effective as monitors as domestic shareholders, especially stable stockholders, are also expected to contribute to oversight. This indicates that the increasing influence of institutional investors serves as a monitoring mechanism that complements the role of local and stable shareholders. Second, the monitoring actions of institutional and international shareholders are projected to strengthen firms with higher growth potential. The research utilized data from 2,924 firms across Japan. Since the study was conducted in Japan, the findings may not be applicable to Nigeria.

Huthaifa, Ashraf, and Mohamed (2019) examined how capital structure and institutional ownership can help Jordanian real estate businesses improve their financial performance. Their study included all 34 Jordanian real estate companies listed on the Jordan Stock Exchange during the period from 2015 to 2017. The key findings of the study indicate a positive relationship between capital structure and institutional ownership in enhancing the financial performance of Jordanian real estate companies, as measured by Return on Assets (ROA), Return on Equity (ROE), and Earnings Per Share (EPS). Additionally, there is a positive correlation between company size, measured by total assets, and financial performance in these firms. Based on these findings, the researchers made several recommendations. They emphasized the need for private investment firms to promote investments in Jordanian real estate companies by increasing institutional ownership or property ratios to boost the capital levels in these organizations. It is important to note that while this study focused on Jordanian real estate companies, the results may not be applicable to Nigeria due to differences in socio-economic conditions and financial policies between the two countries.

Ibrahim and Ahmed (2020) conducted a study examining the impact of executive salaries and stock ownership on the financial performance of Nigeria's publicly traded deposit money banks. The study categorized executive remuneration through the pay of the Chief Executive Officer (CEO), the Chairman, and the highest-paid director, while stock ownership was represented by the proportion of shares owned by executives. The researchers assessed financial performance using the net interest margin. The analysis was performed using the robust Ordinary Least Squares (OLS) regression approach, and the data was processed with STATA 13. The data were obtained from the annual reports and accounts of the banks for the period from 2007 to 2018, serving as a secondary source. The findings were validated through several robustness tests, including tests for normality of the error term, multicollinearity, and heteroscedasticity. The study's results indicated that CEO pay significantly enhances bank financial performance, whereas the compensation for chairs and the highest-paid directors negatively affects bank financial success. Additionally, increasing executive stock ownership within the banking sector is an effective strategy for improving financial performance. Consequently, it is recommended that bank CEOs be compensated based on their performance. Regulators, such as the Central Bank of Nigeria and the Securities and Exchange Commission, should advise bank management against raising the compensation levels for chairmen and directors without corresponding increases in their share ownership, as this may lead to complacency in promoting enhanced financial outcomes. It is important to note that this research was conducted in 2018, and the findings may not be relevant in 2021.

Enshima, Isaac, and Nnenna (2022) assessed the effect of ownership structure on the financial performance of listed deposit money banks in Nigeria. The researchers adopted an ex post facto research design, relying on secondary data from the annual reports of listed firms. They employed a purposive sampling technique to select 13 out of 15 deposit money banks operating in Nigeria for the financial years

2011 to 2020. To achieve their objective, the researchers utilized panel regression estimation with a fixed effects model, verified by the Hausman test, and analyzed the data using Eviews 10. The findings indicate that both managerial ownership and institutional ownership have a significantly positive effect on the capital adequacy of deposit money banks in Nigeria. The study concludes that managerial and institutional ownership significantly enhance the financial performance of these banks. The researchers recommend that financial regulatory bodies in Nigeria, such as the Central Bank of Nigeria (CBN), the Nigeria Deposit Insurance Corporation (NDIC), and the Securities and Exchange Commission (SEC), ensure that a reasonable degree of ownership concentration is maintained by all banks due to its potential benefits in improving financial performance in Nigerian banks.

Akinleye and Olaniyi (2023) investigated the impact of ownership structure on the financial performance of listed consumer goods companies in Nigeria from 2013 to 2022. The study specifically focused on how managerial ownership and foreign ownership influence the return on assets of these companies. Using secondary data collected from the financial reports of ten listed consumer goods companies, the researchers employed panel regression analysis. They deemed the fixed effect model to be the most appropriate estimator for the data. The findings revealed that managerial ownership positively affects return on assets, with a coefficient of 0.502224 and a statistically significant p-value of 0.03057 < 0.05. Similarly, foreign ownership also positively influences return on assets, with a coefficient of 0.383082 and a statistically significant p-value of 0.04110 < 0.05. Based on these findings, the study concluded that both managerial and foreign ownership positively impact the financial performance of the selected consumer goods companies in Nigeria. Consequently, it recommended that the management of these companies enhance their insiders' ownership.

3.0 Methodology.

The study employs a quantitative research design, which is suitable for examining the relationships between variables. This design facilitates the statistical analysis of numerical data, allowing the researcher to draw generalizable conclusions regarding the effects of managerial ownership, institutional ownership, and foreign ownership on financial performance. The population for this study includes all listed deposit money banks on the Nigerian Stock Exchange (NSE). As of the most recent data, there are 15 licensed deposit money banks in Nigeria. A purposive sampling technique is used to select banks that have consistently reported financial data over the past 11 years (2013-2023). This timeframe is chosen to ensure the analysis reflects stable performance trends and ownership structures. Consequently, a sample of 13 banks is selected for this study, representing a mix of managerial, institutional, and foreign ownership. Statistical analyses will be conducted using software such as STATA, which effectively handles data and performs regression analysis.

4.0 Data Presentation

The data collected for this study includes Institutional Ownership, Managerial Ownership, Foreign Ownership, and Return on Equity (ROE) for the listed deposit money banks examined. There are three independent variables (IO, MO, FO) and one dependent variable (ROE), covering a period of 11 years from 2013 to 2023. The details of the data used were obtained from the annual reports and accounts of the 13 banks studied, and these are attached as

Robustness Test The study conducted several diagnostic tests, including tests for multicollinearity, heteroscedasticity, and the Hausman specification test, to ensure the reliability of the statistical regression results. The findings from these diagnostic tests are presented below:

Variables	**Statistics**	**P-Values**
Model		
Hausman Test	4.42	0.2198
R^2	0.2130	
F-Statistic (Wald)	3.78	0.2860
Hettest	8.91	0.0028
Mean VIF: Chi2		

Sources: Output generated using STATA 13 (2024)

Regression results and hypotheses testing

The (R^2 value of 0.2130) coefficient of determination, which is explained around 21% of the total variation in the dependent variable. Hence, the result of R^2 signifies that 21% of total variation in the financial performance measured by ROE is caused by Institutional ownership, managerial ownership, and foreign ownership. R^2 value between 0.10 and 0.50 is acceptable when some of the explanatory variables are statistically significant (Ozili, 2023).

Variables	Coefficient	Z-Value	P-Value	Hypothesis
IO	-0.0469*****	-194	0.053	Reject
MO	-0.0168	-0.90	0.368	Fail to reject
FO	0.0018	0.09	0.927	Fail to reject
Constant	0.1115*******	3.61	0.000	

Sources: Output generated using STATA 13 (2024)

***** p<0.01, ** p<0.05, * p<0.1, Denotes Significance at 1%, 5% & 10%**

The choice of significance levels seems arbitrary and depends more on convention and, occasionally, on the desire

of an investigator to reject or accept a hypothesis". The Fisher's theory of significance testing is intended for small samples, stating that "Fisher does not discuss what the appropriate significance levels are for large samples". It is highly unlikely that the level of significance that Fisher has adopted for his small sample analysis is appropriate for modern finance research in which large or massive data sets are widely used. it is a convention to set the level at 0.05, while 0.01 and 0.10 levels are also widely used. However, researchers should be reminded that this choice is only a convention, based on Fisher's (1930) argument that a one in twenty chance represents an unusual sampling occurrence (Moore and McCabe, 1993); and that there is no scientific basis for it, while a popular benchmark, it is well-known that a conventional level is arbitrary and has no scientific justifications. It is a key input to hypothesis testing with a consequential impact on statistical decisions. We shall not often be astray if we draw a conventional line at 0.05% since Fisher made this statement 60 years ago. However, many authors have raised serious concerns that mindless and mechanical use of a conventional level has often misled statistical decisions with serious social costs. The conventional levels of significance (1%, 5%, 10%) are exclusively used. None of the surveyed papers adopt other levels. There are five papers which do not explicitly mention the chosen level of significance, although it appears that they implicitly assume the conventional levels for their analysis (Jae-Hoon Kim&In Choi, 2019).

Considerable studies have been carried out on the significance level of 10% 5% & 1% threshold(Nguyen, and Dang, 2020),(Adeola ,2020) ,(Murtala, 2021), (Zeeshan, Muzffar, & Shadman, 2023), (Cornelius, Anthony, Godfred & Williams, 2023), (Bayelign & Ayalew, 2022),(Jae-Hoon,&In Choi, 2019), (Jae, & Philip, 2019).However, this study is also set on the significance level of 10% 5% & 1% threshold.

Test of Hypothesis

H_{o1}: Institutional Ownership has no significant influence on the Financial Performance of Listed Deposit Money Banks in Nigeria.

The results of the regression analysis indicate that institutional ownership does not have a significant influence on the financial performance of listed deposit money banks in Nigeria. The beta coefficient (β) for institutional ownership is -0.0469, with a p-value of 0.053, which is significant at the 10% level. Therefore, the null hypothesis was rejected, leading to the conclusion that institutional ownership has a significant negative effect on bank financial performance. This suggests that an increase in institutional ownership will result in a 5% increase in the financial performance of the bank, particularly reflected in a rise in Return on Equity (ROE). These findings contrast with those of Onyekwelu, Chukwuani, and Onyeka (2018), who identified a positive significant relationship. However, they contradict the study by Mohiuddin and Shafir (2018), which reported a negative insignificant relationship with financial performance.

H_{o2}: Managerial Ownership has no significant effect on the Financial Performance of Listed Deposit Money Banks in Nigeria.

The beta coefficient (β) for Managerial Ownership is -0.0168, with a p-value of 0.368, indicating that it is not statistically significant at any level. Therefore, the null hypothesis is accepted, concluding that Managerial Ownership has an insignificant negative effect on bank financial performance. The lack of a significant relationship between Managerial Ownership and financial performance may stem from the banks' inability to increase Managerial Ownership. This suggests that a decrease in Managerial Ownership could lead to a decline in the bank's financial performance by approximately 10%. Specifically, lower Managerial Ownership may result in reduced Return on Equity (ROE), which is used as a proxy for financial performance. These findings contrast with the results of Sheilla & Nagib (2018), who reported an insignificant negative effect on financial performance. In contrast, Al-Malik (2020) found a significant relationship with financial performance, while Adekunle (2020) reported a positive significant effect on profitability. Additionally, Ogunjobi (2018) indicated a positive effect on profitability.

H_{o3}: Foreign Ownership has no significant influence on the Financial Performance of Listed Deposit Money Banks in Nigeria.

The beta coefficient (β) for Foreign Ownership is 0.0017, with a p-value of 0.927. This result indicates a positive effect that is statistically insignificant. Therefore, we accept the null hypothesis, concluding that Foreign Ownership has an insignificant positive effect on bank financial performance. This suggests that an increase in Foreign Ownership is associated with an increase in the financial performance of banks. This finding aligns with Ogundu's (2022) report of a positive relationship with performance and Saidu and Abdallah's (2018) positive relationship with performance. However, it contradicts Desta's (2020) study, which reported a negative insignificant relationship with performance.

5.0 Conclusion and Recommendation

This study concluded that there is a significant negative interaction between institutional ownership structure and financial performance. This indicates that the structure of institutional ownership can control the financial performance of banks. In contrast, managerial ownership was found to have an insignificant negative relationship with financial performance. This suggests that while institutional

ownership can significantly enhance the financial performance of banks, managerial ownership has a little to no impact on the return on equity. The findings imply that managerial ownership has a slight negative effect on the return on equity of the banks studied in Nigeria. Although these banks are rapidly increasing their managerial ownership, this growth does not yield any positive outcomes for the listed banks in Nigeria. Furthermore, it was found that lower levels of managerial ownership reduce the return on equity, likely due to decreased investment from the banks' customers. Additionally, the study shows that foreign ownership has a positive but insignificant influence on financial performance. This implies that lower levels of foreign ownership are associated with decreased financial performance in the banks.

Recommendations

In line with the findings of the study the following recommendations are made:

i. Findings reveal that the institutional ownership structure has a negative and significant effect on the financial performance of listed deposit money banks. This study recommends that institutional equity shareholders continue to invest their resources and expertise to exercise control over management, preventing any abuse of power that could negatively impact financial performance. Institutional investors should increase their shareholdings in listed deposit money banks to enhance financial performance. Policymakers and regulatory agencies should design policies that not only promote higher institutional ownership but also improve governance structures and the financial performance of banks. Institutional ownership structure is one of the factors that has been empirically shown to positively influence a bank's financial performance in this study. Therefore, institutional owners are encouraged to regularly apply their experience, expertise, and professionalism in the banks to achieve better financial outcomes. In summary, increasing institutional ownership is preferable to other ownership structures for improving financial performance.

ii. In the face of Managerial ownership structure on financial performance, it is therefore recommended that the regulatory agency should encourage the inclusion of more institutional equity holder stake of banks. Also, recommended is that the banks should reduce their managerial holdings because it is detrimental to financial performance.

iii. Foreign shareholding of listed deposit money banks proves that foreign directors' share of management shares should be limited by the central bank in order to control their excesses. At the same time, it should be required that institutional investors retain more ownership, in order to ensure effective monitoring and control of managers' free-rider behavior.

Suggestion for Further Research

The areas for further research are as follows:

i. It is suggested that the bank should be grouped and studied base on the asset, equity, and investment to find their extent of financial performance in a comparative study.

ii. The study suggested that moderating variables such as, managerial ownership structure, foreign ownership structure, and ownership concentration.

iii. The study further suggested that other sectors should be considered such as insurance firm, pension administrators, conglomerate, manufacturing firms.

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APPENDIX I

Table 3.1: Sample of Selected Banks

Bank Name	Year Established	Ownership Type
First Bank of Nigeria	1894	Mixed
Zenith Bank	1990	Mixed
Guaranty Trust Bank	1990	Mixed
Access Bank	1989	Mixed
United Bank for Africa	1961	Mixed
Fidelity Bank	1988	Mixed
Stanbic IBTC Bank	1989	Mixed
Ecobank Nigeria	1989	Mixed
Union Bank of Nigeria	1917	Mixed
Wema Bank	1945	Mixed
Unity Bank	1987	Mixed
Fcmb	1982	Mixed
Sterling Bank	1960	Mixed

APPENDIX II

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Sorted by:
     Note:  dataset has changed since last saved

. summarize

    Variable |       Obs        Mean    Std. Dev.       Min        Max
-------------+--------------------------------------------------------
          id |       143           7    3.754809         1         13
        year |       143        2018    3.173393      2013       2023
         roe |       143   .0916818   .1096676    -.1068      .5417
          io |       143   .3911783   .3149963         0      2.3842
          mo |       143   .1139028   .1945823         0       .8468
-------------+--------------------------------------------------------
          fo |       143   .2085007   .3056961         0          1



             |      roe       io       mo       fo
-------------+------------------------------------
         roe |   1.0000
             |
             |
          io |  -0.3632*  1.0000
             |   0.0000
             |
          mo |  -0.3025*  0.0911   1.0000
             |   0.0002   0.2794
             |
          fo |  -0.1831*  0.5257* -0.2416*  1.0000
             |   0.0286   0.0000   0.0036
             |

. regress roe io mo fo

      Source |       SS       df       MS              Number of obs =     143
-------------+------------------------------           F(  3,   139) =   12.54
       Model |  .363692233     3  .121230744            Prob > F      =  0.0000
    Residual |  1.34413833   139  .00967006            R-squared     =  0.2130
-------------+------------------------------           Adj R-squared =  0.1960
       Total |  1.70783056   142  .012026976           Root MSE      =  .09834

------------------------------------------------------------------------------
         roe |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
          io |  -.0965209   .0319312    -3.02   0.003    -.1596546   -.0333872
          mo |  -.1713695    .045315    -3.78   0.000    -.2609653   -.0817736
          fo |   -.039747   .0337664    -1.18   0.241    -.1065092    .0270152
       _cons |   .1572454   .0138179    11.38   0.000     .1299249    .1845659
------------------------------------------------------------------------------

. vif

    Variable |       VIF       1/VIF
-------------+----------------------
          fo |      1.56    0.639132
          io |      1.49    0.673130
          mo |      1.14    0.875890
-------------+----------------------
    Mean VIF |      1.40

. xtset id year, yearly
       panel variable:  id (strongly balanced)
        time variable:  year, 2013 to 2023
                delta:  1 year

. hettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
         Ho: Constant variance
         Variables: fitted values of roe

         chi2(1)      =     8.91
         Prob > chi2  =   0.0028

. xtreg roe io mo fo, fe

Fixed-effects (within) regression               Number of obs      =       143
Group variable: id                              Number of groups   =        13

R-sq:  within  = 0.0138                         Obs per group: min =        11
       between = 0.2027                                        avg =      11.0
       overall = 0.1192                                        max =        11

                                                F(3,127)           =      0.59
corr(u_i, Xb)  = 0.2987                         Prob > F           =    0.6204

------------------------------------------------------------------------------
         roe |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
          io |  -.0357641    .028078    -1.27   0.205    -.0913253    .0197972
          mo |   .0031302   .0434028     0.07   0.943    -.0827561    .0890165
          fo |   .0058067   .0328073     0.18   0.860    -.059113     .0707264
       _cons |   .1041047   .0142464     7.31   0.000     .0759137    .1322957
```

```
-------------+----------------------------------------------------------------
    sigma_u |  .09546042
    sigma_e |  .05672657
        rho |  .73903097   (fraction of variance due to u_i)
------------------------------------------------------------------------------
F test that all u_i=0:     F(12, 127) =    24.23            Prob > F = 0.0000

. estimate store fe

. xtreg roe io mo fo, re

Random-effects GLS regression                   Number of obs      =       143
Group variable: id                              Number of groups   =        13

R-sq:  within  = 0.0126                         Obs per group: min =        11
       between = 0.2704                                        avg =      11.0
       overall = 0.1699                                        max =        11

                                                Wald chi2(3)       =      3.14
corr(u_i, X)   = 0 (assumed)                    Prob > chi2        =    0.3701

------------------------------------------------------------------------------
         roe |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
          io |  -.0469443   .0271757    -1.73   0.084    -.1002078    .0063191
          mo |  -.0168667   .0417471    -0.40   0.686    -.0986895    .0649561
          fo |   .0017757   .0314324     0.06   0.955    -.0598307    .0633822
       _cons |   .1115963    .028346     3.94   0.000     .0560392    .1671534
-------------+----------------------------------------------------------------
    sigma_u |  .08944762
    sigma_e |  .05672657
        rho |  .71316818   (fraction of variance due to u_i)
------------------------------------------------------------------------------

. estimate store re

. hausman fe re

                ---- Coefficients ----
             |      (b)          (B)            (b-B)     sqrt(diag(V_b-V_B))
             |       fe           re         Difference          S.E.
-------------+----------------------------------------------------------------
          io |  -.0357641    -.0469443        .0111802        .0070607
          mo |   .0031302    -.0168667        .0199969        .0118737
          fo |   .0058067     .0017757        .004031         .009398
------------------------------------------------------------------------------
                           b = consistent under Ho and Ha; obtained from xtreg
            B = inconsistent under Ha, efficient under Ho; obtained from xtreg

    Test:  Ho:  difference in coefficients not systematic

                  chi2(3) = (b-B)'[(V_b-V_B)^(-1)](b-B)
                          =        4.42
                Prob>chi2 =      0.2198

. xttest0

Breusch and Pagan Lagrangian multiplier test for random effects

        roe[id,t] = Xb + u[id] + e[id,t]

        Estimated results:
                     |       Var     sd = sqrt(Var)
             ---------+-----------------------------
                 roe |    .012027       .1096676
                   e |   .0032179       .0567266
                   u |   .0080009       .0894476

        Test:   Var(u) = 0
                           chibar2(01) =   265.48
                        Prob > chibar2 =   0.0000

. xtreg roe io mo fo, re robust

Random-effects GLS regression                   Number of obs      =       143
Group variable: id                              Number of groups   =        13

R-sq:  within  = 0.0126                         Obs per group: min =        11
       between = 0.2704                                        avg =      11.0
       overall = 0.1699                                        max =        11

                                                Wald chi2(3)       =      3.78
corr(u_i, X)   = 0 (assumed)                    Prob > chi2        =    0.2860

                                  (Std. Err. adjusted for 13 clusters in id)
------------------------------------------------------------------------------
             |               Robust
         roe |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
          io |  -.0469443    .024248    -1.94   0.053    -.0944696    .0005809
          mo |  -.0168667   .0187251    -0.90   0.368    -.0535671    .0198337
          fo |   .0017757   .0193933     0.09   0.927    -.0362344    .0397859
       _cons |   .1115963   .0308954     3.61   0.000     .0510425    .1721502
-------------+----------------------------------------------------------------
    sigma_u |  .08944762
    sigma_e |  .05672657
        rho |  .71316818   (fraction of variance due to u_i)
------------------------------------------------------------------------------.
```

APPENDIX III

	BANKS	YEAR	IO	MO	FO	ROE
FCMB	1	2013	0.3806	0.0105	0.6274	-0.0842
	1	2014	0.4600	0.0106	0.4154	0.1145
	1	2015	0.4340	0.0106	0.3872	0.1113
	1	2016	0.3605	0.0107	0.3150	0.1380
	1	2017	0.3212	0.0112	0.2890	0.0293
	1	2018	0.2680	0.0114	0.2562	0.0802
	1	2019	0.2578	0.0210	0.2589	0.0498
	1	2020	0.2043	0.0212	0.1349	0.0816
	1	2021	0.2369	0.0205	0.1407	0.0922
	1	2022	0.2029	0.0217	0.1218	0.0822
	1	2023	0.2767	0.0205	0.1981	0.0432
FIDELITY	2	2013	0.0000	0.0443	0.0000	0.0390
	2	2014	0.0000	0.0120	0.0000	0.1127
	2	2015	0.0658	0.0160	0.0000	0.0472
	2	2016	0.0324	0.0178	0.0000	0.0797
	2	2017	0.0000	0.0154	0.0000	0.0758
	2	2018	0.0000	0.0131	0.0000	0.0525
	2	2019	0.0000	0.0152	0.0000	0.0927
	2	2020	0.0000	0.0174	0.0000	0.1179
	2	2021	0.0000	0.0092	0.0000	0.1232
	2	2022	0.0000	0.0070	0.0000	0.1932
	2	2023	0.0000	0.0087	0.0000	0.1332
FIRST	3	2013	0.0000	0.0160	0.1798	0.1225
	3	2014	0.0000	0.0154	0.2168	0.1724
	3	2015	0.4420	0.0232	0.1473	0.1497
	3	2016	0.4204	0.0229	0.0836	0.1584
	3	2017	0.4403	0.0243	0.1056	0.0262
	3	2018	0.0000	0.0250	0.1468	0.0210
	3	2019	0.4849	0.0301	0.1669	0.0705
	3	2020	0.0000	0.0324	0.0768	0.1126
	3	2021	0.0000	0.0263	0.0928	0.1311
	3	2022	0.0000	0.0324	0.0128	0.1261
	3	2023	0.0324	0.0324	0.0790	0.1511
UBA	4	2013	0.0041	0.0100	0.0000	-0.0567
	4	2014	0.0454	0.0544	0.0000	0.2845

	4	2015	0.1890	0.0612	0.0000	0.1983
	4	2016	0.1750	0.0621	0.0000	0.1805
	4	2017	0.2120	0.0702	0.0000	0.1793
	4	2018	0.1630	0.0691	0.0000	0.1613
	4	2019	0.1478	0.0712	0.0000	0.1484
	4	2020	0.1155	0.0713	0.0000	0.1564
	4	2021	0.1226	0.0714	0.0000	0.1476
	4	2022	0.1136	0.0723	0.0000	0.1576
	4	2023	0.1226	0.0704	0.0000	0.1488
ZENITH	5	2013	0.1674	0.0950	0.0000	0.1162
	5	2014	0.1628	0.0952	0.0000	0.2120
	5	2015	0.2037	0.0953	0.0000	0.1798
	5	2016	0.2673	0.0955	0.0000	0.1800
	5	2017	0.2673	0.1464	0.0000	0.1778
	5	2018	0.1806	0.1659	0.0000	0.1840
	5	2019	0.1806	0.1670	0.0000	0.2166
	5	2020	0.0487	0.1665	0.0000	0.2371
	5	2021	0.0327	0.1365	0.0000	0.4517
	5	2022	0.0297	0.1465	0.0000	0.1917
	5	2023	0.0227	0.1325	0.0000	0.5417
GTB	6	2013	0.3383	0.0026	0.0000	0.2043
	6	2014	0.3744	0.0025	0.0000	0.3080
	6	2015	0.3643	0.0026	0.0000	0.2709
	6	2016	0.3852	0.0023	0.0000	0.2589
	6	2017	0.4211	0.0018	0.0000	0.2404
	6	2018	0.3491	0.0019	0.0000	0.2620
	6	2019	0.3346	0.0019	0.0000	0.2727
	6	2020	0.2196	0.0019	0.0000	0.3208
	6	2021	0.2065	0.0013	0.0000	0.2981
	6	2022	0.2265	0.0024	0.0000	0.3081
	6	2023	0.1907	0.0019	0.0000	0.2181
STANBIC	7	2013	0.6063	0.0192	0.5444	0.0812
	7	2014	0.6066	0.0072	0.5447	0.1186
	7	2015	0.6066	0.0072	0.5446	0.2128
	7	2016	0.6066	0.0072	0.5447	0.2866
	7	2017	0.3662	0.0043	0.5435	0.1465
	7	2018	0.6535	0.0036	0.6729	0.2026

	7	2019	0.6570	0.0033	0.6560	0.2612
	7	2020	0.6702	0.0034	0.6817	0.3106
	7	2021	0.6751	0.0036	0.6867	0.2483
	7	2022	0.6515	0.0034	0.5767	0.1983
	7	2023	0.5551	0.0036	0.6167	0.2183
STERLING	8	2013	0.3048	0.3775	0.1814	0.0069
	8	2014	0.4927	0.2816	0.3881	0.0129
	8	2015	0.3970	0.3373	0.3880	0.0132
	8	2016	0.4472	0.3129	0.3694	0.0130
	8	2017	0.4473	0.3143	0.3694	0.0138
	8	2018	0.3990	0.2940	0.3694	0.0072
	8	2019	0.3990	0.2939	0.3694	0.0080
	8	2020	0.3887	0.3057	0.3694	0.0086
	8	2021	0.4450	0.3073	0.3629	0.0090
	8	2022	0.4110	0.2907	0.2829	0.0087
	8	2023	0.3950	0.3052	0.3129	0.0077
UNION	9	2013	0.8504	0.0002	0.6500	- 0.1068
	9	2014	0.8228	0.0002	0.8589	0.0088
	9	2015	0.8589	0.0002	0.8589	0.0038
	9	2016	0.8589	0.0006	0.8589	0.0275
	9	2017	0.8932	0.0029	0.8932	0.0139
	9	2018	0.9037	0.0032	0.9037	0.0126
	9	2019	0.9068	0.0029	0.9068	0.0107
	9	2020	0.9068	0.0061	0.9052	0.0126
	9	2021	0.9108	0.0058	0.8752	0.0109
	9	2022	0.8168	0.0040	0.6752	0.0219
	9	2023	0.7707	0.0052	0.8122	0.0287
WEMA	**10**	2013	2.3842	0.0000	0.0000	- 0.0424
	10	2014	0.8097	0.0000	0.0000	- 0.0201
	10	2015	0.6981	0.0002	0.0000	0.0059
	10	2016	0.5411	0.0454	0.0000	0.0081
	10	2017	0.5427	0.0454	0.0000	0.0077
	10	2018	0.5625	0.0454	0.0000	0.0077
	10	2019	0.5944	0.2125	0.0000	0.0078
	10	2020	0.5980	0.7865	0.0000	0.0098
	10	2021	0.5980	0.8468	0.0000	0.0094
	10	2022	0.5780	0.7968	0.0000	0.0088

	10	2023	0.4980	0.8168	0.0000	0.0094
UNITY	**11**	2013	0.1916	0.3471	0.0000	0.0083
	11	2014	0.6729	0.3014	0.0000	0.0163
	11	2015	0.6751	0.7160	0.0000	- 0.0833
	11	2016	0.5850	0.7160	0.0000	0.0330
	11	2017	0.5850	0.7160	0.0000	0.0053
	11	2018	0.5831	0.4743	0.0000	0.0037
	11	2019	0.5214	0.4771	0.0000	- 0.0910
	11	2020	0.4531	0.4772	0.0000	0.0060
	11	2021	0.5631	0.5217	0.0000	0.0037
	11	2022	0.4731	0.6117	0.0000	0.0040
	11	2023	0.6431	0.2777	0.0000	0.0054
ACCESS	**12**	2013	0.3535	0.0971	0.0874	0.0124
	12	2014	0.3637	0.0702	0.0603	0.0246
	12	2015	0.2090	0.1083	0.0639	0.0204
	12	2016	0.2279	0.0992	0.1189	0.0247
	12	2017	0.1820	0.0978	0.0819	0.0290
	12	2018	0.1646	0.0533	0.0531	0.0259
	12	2019	0.1589	0.0438	0.0660	0.0195
	12	2020	0.1198	0.0462	0.0694	0.0208
	12	2021	0.1522	0.0467	0.0693	0.0161
	12	2022	0.1332	0.0517	0.0573	0.0145
	12	2023	0.1422	0.0487	0.0613	0.0271
ECO	**13**	2013	0.4250	0.0000	1.0000	- 0.0039
	13	2014	0.7646	0.0000	1.0000	0.0039
	13	2015	0.8236	0.0000	1.0000	0.0098
	13	2016	0.9179	0.0000	1.0000	0.0192
	13	2017	0.8800	0.0000	1.0000	0.0086
	13	2018	0.7436	0.0000	0.0000	- 0.0054
	13	2019	0.6890	0.0000	0.0000	0.0129
	13	2020	0.4727	0.0000	0.0000	0.0165
	13	2021	0.3477	0.0000	0.0000	0.0166
	13	2022	0.5168	0.0000	0.0000	0.0145
	13	2023	0.4127	0.0000	0.0000	0.0170