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Ownership Structure, Financial Performance and Dividend Payout Ratio of Listed Commercial Banks in Nigeria

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Abstract: *Aim/Purpose*–It is becoming clear that the existing ownership structure in commercial banks in Nigeria is inefficient because it fails to protect the owners' interest as a result of dwindling financial performance leading to little or no payment of dividend. Based on this, the study investigates the effect of ownership structure and financial performance on dividend pay-out ratio of Nigerian listed commercial banks. *Design/methodology/approach* – The research design is causal comparative design. The population is fourteen listed commercial banks in Nigeria as at 31st December, 2017. The period covered is from 2009 to 2017 and secondary data source was employed. Data were retrieved from the banks' annual statement of accounts. The study adopted the generalized least square techniques of regression for the analysis. *Findings* – The study documented that share owned by managers (managerial ownership) and shares owned by foreigners (foreign ownership) have negative but significant impact on dividend pay-out ratio of commercial banks in Nigeria. Concentrated ownership was reported to have negative and insignificant influence on dividend pay-out ratio of banks. Furthermore, shares owned by institutional investors have positive and significant effect on dividend pay-out ratio of banks. Also, after moderation with financial performance, managerial ownership and shares owned by foreign investors (foreign ownership) significantly influence dividend pay-out ratio positively

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except for ownership concentration which has positive effect but weak effect on dividend pay-out ratio of commercial banks. Meanwhile, after moderation institutional ownership now negatively, but significantly impact on dividend pay-out of banks. *Research implications/limitations* – The implication of the findings is that ownership structure and financial performance is a driver to increased dividend payout ratio of listed deposit money banks in Nigeria. *Originality/value/contribution* – Listed commercial banks are one of the most active sectors in Nigeria which help maintain liquidity in the Nigerian system. This sector which plays vital roles has experienced crises such as withdrawal of government fund into Treasury Single Account (TSA) and thus created a liquidity problem. These happenings cannot be disconnected from the banks' ability or inability to continuously pay dividend to their shareholders.

Keywords: DivdendPayout, Ratio, Financial Performance, Ownership Structure, Agency Theory.

JEL Classification: D21, G34, G21, M41

1. Introduction

Dividend is seen as a reward to the shareholders as a result of their contribution towards raising finances for a business and also bearing the associated risks. Following this, the top echelon of a company creates a policy on dividend on how to appropriate and share earnings amongst the stakeholders most especially the shareholders for their stake in the business. Dividend policy has a vital effect on the value of business due to the fact that the business need maintain equilibrium state between satisfying the company's growth policies and also the policies of dividend pay-out. A little mistake in maintaining this equilibrium can dissatisfy shareholders as such hinders the opportunity for company to experience growth (Dandago, Farouk & Muhibudeen, 2015). Cash dividend is one of the control mechanisms used by firms to lessen the possible conflict of interest between shareholders and managers.

In another dimension, Profits ploughed back into business is seen as the greatest major source of long term finance for achieving long term growth of firm. Therefore, a firm is a combination of various parties with conflicting expectations. These parties include; the firm, the owners (shareholders) and creditors (bondholders and others) and are recognized as major stakeholder when firm's is making decision in relation to dividend (Dandago, Farouk &Muhibudeen, 2015). The implication of this is that, when a firm decides to plough back large percentage of its earnings, this will unfavorably affect the other two members (owners and creditors). Low percentage of payout to members whose interest is dividend payment is a function of higher retained earnings by firm. A high retained earnings ratio implies low net cash flow due to the association between dividend payment and cash flow. Low net cash flow lessens the rate of firms' solvency, and thus implies that the firms' ability to pay its debts when they fall due is at stake. Therefore, firms must strike a balance to resolve and satisfy these various conflicting interests.

Dividend pay-out policy is believed to be driven by the structure of ownership in a firm. The relationship between dividend policy and ownership structure is first documented in the study by Jensen and Meckling (1976). The separation of ownership from control brought about the need for ownership structure, resulting to an interrelationship, interdependent and interconnection among owners, managers, creditors, employees, government and other stakeholders.

What constitute structure of ownership in any organisation could been seen as insider ownership otherwise refer to as managerial ownership or directors ownership, institutional ownership, block holding (concentrated ownership), foreign ownership, ownership by state and other ownership that are dispersed. However, in Nigeria, there are four major forms of ownership (ownership by management, ownership by institutions, ownership by concentration and ownership by foreign nationals) which can easily be represented and measured in the financial statements of companies, while others are not pronounced.

In another dimension, financial performance is considered a rallying point for all stakeholders of firm, be it management, shareholders, government, regulators, potential investors and regulators. These groups of people will be interested in the structure and combination of ownership that seems to drive higher financial performance which will eventually translate into high dividend payment to the stakeholders who have stake in the organisation. With this interrelationship, interdependent and interconnected nature of these variables, it is expected that increased financial performance and ownership structure will be useful in enhancing dividend pay-out of banks. It is based on this that financial performance is deployed to moderate the link between structure of ownership and dividend pay-out ratio of listed commercial banks in Nigeria.

Listed commercial banks is one of the most active sector in Nigeria which help maintain liquidity in the Nigerian system, it keeps deposit of customers and also serve as a medium of payment between individuals and companies. This sector which plays these vital roles has experienced crises such as withdrawal of government fund into Treasury Single Account (TSA). This withdrawal created a liquidity problem, such that some of these banks have no option than to lay off some of their staff in order to survive. These happenings cannot be disconnected from the banks' ability or inability to continuously pay dividend to their shareholders.

The main aim of this study is to investigate the moderating effect of financial performance on the relationship between ownership structure and Dividend payout of listed commercial Banks in Nigeria. While the rest part is organized thus; Section two discussed prior works and developed hypotheses. The methodologies adopted are discussed in section three and this was followed with the presentation, interpretation, analysis and discussion of results in section four. The paper ends with conclusion and recommendations from the findings in section five.

2. Literature Review

Many literatures contended in different ways about the role of a manager's in ownership of firm. Free cash flow problem may be eliminated through the ownership on the heads of managers and which could support the common interest of the shareholders and management. Therefore, if higher shares are assigned to the managers, the expectation is that, high pay-out ratio will be achieved (Fenn& Liang, 2001). Studies have recommended payment of dividend as a tool to control the extent of management since their ownership offers express opportunity to channel internal funds to unprofitable ventures. With this attitude of management, negative association is anticipated between managerial ownership and dividend payout (Short, Zhang & Keasey, 2002).

Al-Qahtani and Ajina (2017) results showed that managerial ownership enhances the sharing of dividends which is a tool for control of management. Okafor, Ugwuegbe, Ugochukwu and Ezeaku (2016) output showcased that interest owned by board members has negative but insignificant effect on payout of dividend by firms investigated.Sindhu, Hashmi and Haq (2016) analysis of data shows that share owned by management exact significant but negative effect on dividend payout. This implies that as the level of shares owned by management rises, their preference is for them to retain the profit instead of distributing it. Ibrahim and Shuaibu (2016) documents that interest owned managers have significant but negative effect on dividend policy of listed banks in Nigeria.Aliyu, Musa and Shika (2016) reported that shareholding by management has no significant effect on dividend policy of deposit money banks listed in Nigeria. Dandago, Farouk and Muhibudeen (2015) findings shows that management shareholdings have negative and significant effect on dividend payout of Chemical and Paints firms listed in Nigeria. This study then hypothesized that:

Ho_1: Managerial ownership has no significant impact on dividend payout ratio of commercial banks listed in Nigeria

Investors who are from other institutions play a significant and active role in monitoring firms' management better than the single investors. This is because of the size of investment and resources at the institutions' disposal. Also, the institutional investors are highly incentivized and have competencies to obtain and appraise information in respect to their interests. The institutional investors possess the influence to restrain management and equally help achieve the needed changes when the management perform poorly (Stouraitis& Wu, 2004). Therefore, since institution investors have large pool of funds and their investment is higher; they usually assign certain amount/resources to monitoring in other to avoid risk (Shleifer & Vishny, 1986).

Balagobei (2017) results reveal that ownership by institutional has no effect on dividend policy of firms. Mossadak, Fontaine and Khemakhem (2016) found institutional ownership is not significantly associated with dividend policy. Lundgren and Lantz (2016) findings showed that institutional ownership has significant and positive effect on dividend payout and as well dividend yield. Aliyu, Musa and Shika (2016) found that institutional shareholding had significant and positive effect on dividend policy of listed commercial banks in Nigeria for the time investigated. Balagobei and Thiruchchenthurnathan (2016) discovered that institutional ownership has no significant correlation with dividend payout ratio. Also, Ibrahim and Shuaibu (2016) result showed that ownership by institutional have likely significant positive effect on dividend policy adopted by listed commercial banks in Nigeria. The study hypothesized therefore that:

Ho_2: Institutional ownership has no significant effect on dividend payout ratio of listed commercial banks in Nigeria

Trienvinh and Tranghuyen (2017) findings showed that higher level of shares held by block-holders lessens the level of dividend payout. Aliyu, Musa and Shika (2016) found that block shareholding had significant and positive effect on dividend policy of listed banks in Nigeria. Largest shareholdings has no significant effect on dividend pay-out policy of firm as documented by Tahir, Sohail, Qayyam and Mumtaz (2016).

Okafor, Ugwuegbe, Ugochukwu and Ezeaku (2016) empirical findings shows that concentration of ownership had positive and insignificant influence on dividend payout of listed manufacturing firms in Nigeria. Ibrahim and Shuaibu (2016) result showed that concentration of ownership have significant but negative effect on dividend policy of Nigerian listed banks.Bushra and Mirza (2015) found that ownership concentrated within institutions has negative effect on the payout ratio of firms. Bako (2015) found that shares held in block had positive but weak effect on dividend per share of firms.

Ho_3: Concentrated ownership has no significant effect on dividend payout ratio of listed commercial banks in Nigeria

Trienvinh and Tranghuyen (2017) document that firms where foreign and state has the largest share ownership experienced increased dividend payment than firms whose largest share owners are local investors and managers. Balagobei and Thiruchchenthurnathan (2016) findings revealed that ownership by foreign investors has positive and significant influence on dividend payout ratio of listed Plantation companies. Ibrahim and Shuaibu (2016) revealed that shares owned by foreign investors do not significantly affect dividend policy of listed commercial in Nigeria.

Sakinc and Gungor (2015) found a negative effect of foreign ownership on dividend payout ratio of companies. Dandago, Farouk and Muhibudeen (2015) findings revealed positive and significant effect of foreign shareholdings on dividend payout ratio of listed firms. Aydin and Cavdar (2015) record positive and significant effect of foreign ownership on dividend policy of firms. Al-Nawaiseh (2013) documents a positive but significant influence of foreign ownership on dividend policy of firms. Warrad, Abed, Khriasat and Al-Sheikh (2012) found that foreign ownership have significant relationship effect on dividends policy of firms.Uwalomwa, Olamide and Francis (2015) in their study documented that a significant and positive effect of ownership structure on dividend payout of the sampled firms used in the study.

Ho_4: Foreign ownership has no significant effect on dividend payout ratio of listed commercial banks in Nigeria

Trienvinh and Tranghuyen (2017) revealed that firms pay higher dividends to shareholders when there is decrease in profits or their growth opportunities improved. Ehikioya (2015) result of regression revealed that there is a significant and positive effect of dividend payout on financial performance of firms. It was also found that dividend policy of firm has positive and significant effect on the profitability of firm.

In another study, the results showed that profitability has significant and positively influence on dividend payouts of firms (Ehsan, Tabassum, Akram & Nasir, 2013).Uwuigbe (2013) also found a significant but negative effect of financial leverage on dividend payout ratio of firms. In another study by Uwuigbe, Jafaru, and Ajayi (2012), they found a significant and positive effect of firm performance on the dividend payout of firms in Nigeria. Kowalewski, Stetsyuk, and Talavera (2007) in their findings, they revealed that large firm that is more profitable pays a higher dividend.

Abuhommous (n.d.) revealed that firms' profitability and leverage have positive effect on dividend policy, which implies that firms with increased access to credit is most likely to pay dividends. This also further connotes that companies plough back profit to increase their investment. Juhandi, Sudarma, Aisjahand Rofiaty (2013) showed that profitability does no significantly affect company's value but affect their dividend policy.

Ho_5: Financial performance has no significant moderating effect the relationship between ownership structure and dividend payout ratio of listed commercial banks in Nigeria

Many theories in accounting literature explain the link between ownership structure and dividend. Researchers commenced debate after irrelevance theory of Miller and Modigiani (1961) about dividend policy to firm value. The argument is that, it has no effect on both the value of the firm and its cost of capital but rather affected by the firms' investment policies under perfect market assumption, (Irrelevant theory). Gordon and Walter (1963) negated the argument of (M&M) by presenting their (Bird in hand theory/Relevant theory). Higher dividends could increase shareholders wealth because of market uncertainty and imperfect information (Gordon & Walter, 1963).

Jensen and Meckling (1976) posited that principal-agent relationship happens only when the owners engage the management to do certain duties on their behalf. Therefore, Short et al (2002) contended that dividend policy crucially reduce agency costs arisen from conflict of interests of both parties. In another dimension, Jensen (1986) argued also that payment of dividend might cause conflicts between the agents and owners as agents (managers) are more of retaining the resources rather than paying them as dividends to shareholders (owners). Easterbrook (1984) argued also that "Agency cost theory" proposed that higher dividends payment is an effective tool to lessen agency problems. He posited that dividends payment help reduces over investment problem due to free cash flows and because dividends payment may increase the rate at which companies may have to approach equity markets to raise additional capital. Therefore, companies subject their selves to discipline and monitoring of the market in the process of attracting new equity and as such agency cost is lowered. This study adopts agency theory due to its relevance in resolving conflict of interest that may arise between agent and principal of the firm.

3. Research Methodology

Correlational research design is adopted because it assists in investigating cause and effect relationship. Secondary sources of data were utilized and data was obtained from the audited financial statement of the banks from 2009-2017.

The population of study is fourteen (14) commercial banks listed on the Nigerian Stock Exchange (NSE) as at year ended 31st December, 2017. All the fourteen banks were used for the analysis adopting census approach.

Selection of this period is considered imperative because the period under review has continued to attract clamour for increase financial performance that will result in high dividend payment to shareholders.

Stata 13 and Generalized Least Square (GLS) regression was adopted as tool and technique for the data analysis. Random effect result was analysed after testing for hausman specification test and langrange multiplier test. The study also conducted test of significance difference which shows that there was a significant difference between the moderated variable and the ones not moderated. Normality test were also conducted which shows a tolerably mild results. Heteroskedasticity result indicates its presence and hence reason for conducting GLS.

Dividend payout ratio was measured as Dividend declared divided by total number of ordinary shares in issue. Financial Performance measured as Ratio of Profit after tax to total assets. Managerial Ownership measured as Ratio of shares held by directors to total amount of ordinary shares in issue. Institutional Ownership measured as Ratio of shares held by institutions to total amount of ordinary shares in issue. Ownership concentration was measured as Ratio of shares held by those with 5% shares or more to total amount of ordinary shares in issue. Foreign Ownership was measured as Ratio of shares held by foreign directors to total amount of ordinary shares in issue. While the control variable liquidity and leverage were measured as Ratio of current assets to current liability and Ratio of total liabilities to total assets respectively.

The multiple regression equation is represented as follows:

$$DPAY_{it} = \beta_0 + \beta_1 MGO_{it} + \beta_2 INO_{it} + \beta_3 OCO_{it} + \beta_4 FRO_{it} + \beta_5 MGO_{it}*PERF + \beta_6 INO_{it}*PERF + \beta_7 OCO_{it}*PERF + \beta_8 FRO_{it}*PERF + \beta_9 PERF_{it} + \beta_{10} LQ_{it} + \beta_{11} LV_{it} + \mu$$

Where DPAY = Dividend Payout Ratio, MGO = Managerial Ownership, INO = Institutional Ownership, OCO = Ownership Concentration, FRO = Foreign Ownership, PERF=Financial Performance, LQ = Liquidity, LV = Leverage, $\beta_{1-}\beta_{11}$= Coefficients of variables, β_o= Intercept, μ = Error Term.

4. Research Findings/Results

The descriptive statistics was first presented in Table 1 where the maximum, minimum, standard deviation and mean values presented and described. Also, the Shapiro wilk and Jacque bera statistics test for ascertainment of normality of the data used in the study were also presented and discussed.

Table 1 shows that on average,, the dividend payout ratio showed a mean value of 29.11 implying that the shares holders of the banks receive an average of twenty nine naira and eleven kobo per share held. The

Table I: Descriptive Analysis

Variables	*Min*	*Max*	*Mean*	*Std.*	*Dev.Skew*	*Sktest*
DPAY	0	116.7	29.106	26.72	0.8605	0.0016
MGO	0.01	0.55	0.0910	0.1174	1.8279	0.0000
INO	0	0.76	0.2330	0.1801	0.6691	0.0131
OCO	0.15	0.88	0.3430	0.1613	1.2111	0.0000
FRO	0	0.86	0.1138	0.2011	2.2759	0.0000
PERF	-9.23	29.64	1.4681	3.5602	3.5077	0.0000
LQ	0.78	2.48	1.2452	0.1695	3.1060	0.0000
LV	0.69	0.92	0.8453	0.0502	-0.9899	0.0004

Source: Result output from Stata 13

minimum value for dividend payout ratio is zero (0), while maximum value recorded is₦116.7 for banks.

Managerial ownership has a mean of 0.0910 implying that on average, most of banks have about 9% of total shares being held by directors. The minimum percentage for managerial ownership is 1%, while the maximum percentage is 55% percent. The high value of standard deviation to mean implies that the average ratio of managerial ownership do not represent the true mean.

Also, the institutional ownership has an average value of about twenty three percent (23%). This shows that 23% of shares held by shareholders of the banks mostly belong to the institutional investors. This implies that banking operations is also financed from the shares contributed by other similar institutions. The institutional investors pulled a minimum percentage of zero (0) and its maximum percentage within the study period stood at seventy six percent. This implies that within the study period, there was a certain year in which the banks do not have institutional investors, while the highest percentage of shares controlled by the institutions was about 76%.

The concentrated ownership stood at an average of thirty four percent for all the banks within the study period. It however, recorded minimum value of fifteen percent, while the highest percentage for all the banks is eighty eight percent. The foreign ownership has an average of 0.1138, indicating that, on the average, most of the banks have foreign investors who had shares to the tune of about 11%. The minimum foreign ownership for all banks stood at zero (0), while the highest percentage ownership by foreigners stood at about 86%.

The moderator variable which is financial performance has mean value of 1.4681 for all the banks within the study period implying that, majority of the banks' were able to efficiently and effectively utilize their assets and as such had a higher return from investment. The minimum value for return on assets stood at -9.23 implying that there was a bank that had decreased performance, while the maximum value stood at 29.64.

For liquidity of the banks, it recorded a minimum value of seventy eight percent implying that current assets divided by current liabilities is seventy eight percent, while the maximum value stood at two hundred and forty eight percent. The mean value for the entire firm is about one hundred and twenty five percent within the study period. Leverage also used as control variable has mean value of 0.8453 within the study period implying that, majority of the banks' total liability to equity is about 85%. This further connotes that majority of the banks activities is financed with debt rather than equity which is just about 15%. The minimum value stood at sixty nine percent and the maximum value stood at one ninety two percent.

Table II shows the correlation between explanatory and the explained variables of the study. The asterisk shows the level of significance of the relationship between variables.

Table II: Correlation Analysis

	DPAY	*MGO*	*INO*	*OCO*	*FRO*	*PERF*	*LQ*	*LV*
DPAY	1							
MGO	-.0285	1						
INO	-.0543	-.0500	1					
OCO	-.1000	-.0067	.7801*	1				
FRO	.1330	.0766	.7486*	.5870*	1			
PERF	.1959*	-.1812*	.1659	.1699	.1506	1		
LQ	.1546	-.1923*	.3387*	-.2474*	.2474*	.2302*	1	
LV	-.1842*	.0996	-.0162	-.0177	-.0909	-.2128*	-.3809*	1

Source: Result output from Stata 13

*. Correlation is significant at 0.01 and 0.05 level (2-tailed)

Table 2 indicates that dividend payout ratio is 3%, 5% and 10% negatively correlated with institutional ownership, managerial ownership and ownership concentration respectively. This implies that the relationship between them is weak and that their relationship moves in two opposite direction and different level of association. However, ownership by foreign nationals is positively associated with dividend payout ratio of banks and has about 13% level of correlation. This level of relationship can be regarded as weak correlation but positive as they move in the same direction but at different magnitude.

The link between liquidity and dividend payout ratio is found to be positive and about 15%. This implies that the level of correlation is weak. Also, liquidity and dividend payout ratio move in same direction but at different level of magnitude.

The significant correlations amongst the independent variables is not enough to conclude that there exist multicolinearity among the explanatory variables used for the study until the VIF and tolerance values are ascertained. The variance inflation factor (VIF) and tolerance estimated were consistently lesser than ten and one, which indicate that multicolinearity is not a threat to the validity and inferences to be made from the result (Cassey& Anderson, 1999).

5. Discussion

This section presents the regression result where the coefficient and the probability statistics were analysed. In addition, the cumulative result such as R^2, Fisher Exact test and the test of significance difference were interpreted.

Table III: Summary of Result (Robust OLS)

Variables	*Coefficient*	*Z-Statistics*	*Prob. Value*	*Cumulative Results*
Constant	1.588	2.08	0.000	
MGO	-.2923	-2.14	0.033	
INO	.6163	3.59	0.000	
OCO	-.0874	0.63	0.531	
FRO	-.4251	-2.77	0.006	
MGOPERF	.1063	2.28	0.022	
INOPERF	-.1351	-2.93	0.003	
OCOPERF	.0180	1.11	0.265	
FROPERF	.1532	2.73	0.006	
PERF	-.0041	-0.49	0.623	
LQ	.0004	0.66	0.509	
LV	-.4506	-1.46	0.145	
R^2Within				0.2506
R^2Between				0.3157
R^2 Overall				0.2590
Wald Chi^2				39.42
Wald-Sig				0.0000
Test of Significance Difference (F)				2.27
Probability F				0.0000

Source: Result output from Stata 13
*Coeff = Coefficient, Stat = Statistics, Prob = Probability, Cum. R = Cumulative Result

The R^2 overall of 0.2590 signifies that 25.90% of the total variation in dividend payout ratio of listed commercial in Nigeria is accounted for by the percentage of their institutional ownership, managerial ownership, foreign ownership, ownership concentration, liquidity, financial performance and leverage used in the study.

The significance increase in the level of significance level and change in direction of the variables towards encouraging dividend payment shows that the moderator variable (financial performance) actually moderated the relationship between ownership structure and dividend payout ratio of banks. This implies that, the moderated variable explain the behavior of dividend payout ratio better in relation to the variables that were not moderated. On the other hand, the test for significance difference which recorded F-value of 2.27 and p-value of 0.0338 (see Appendix B) shows that there was a significant difference recorded between the variables moderated and variables that were not moderated.

The Wald Chi^2 value of 39.42 which is significant at 1% indicates that ownership structure, financial performance and dividend payout ratio model is fit. It implies that for any change in ownership structure and financial performance of listed commercial banks in Nigeria; their dividend payout ratio is directly affected. The probability value of the Wald chi^2 which is significant at a level of 1%implies that there is 99.9 percent likelihood that the link among the two extreme major variables are not due to chance and as such the independent variables reliably predict the explained variable of the study.

From the Table 4, the result signifies that managerial ownership has significant negative effect on dividend payout ratio of banks when not moderated with financial performance, however, when managerial ownership is moderated with financial performance, it exact positive effect on the level of dividend payout ratio. The result is expected because an improved financial performance in an organization, gives room for more dividend payout.

This findings is line with the deductions of Short, Zhang & Keasey (2002), Sindhu, Hashmi and Haq (2016), Ibrahim and Shuaibu (2016) and Dandago, Farouk and Muhibudeen (2015) for managerial ownership that is not moderated but contrary to those of Al-Qahtani and Ajina (2017).

In view of the above result reported in respect of managerial ownership showing that the variable is significant in affecting the dividend payout ratio, there is, therefore, sufficient evidence of rejecting null hypothesis one (1) of the study.

The regression results revealed that institutional ownership have significant and positive effect on dividend payout ratio when not moderated with financial performance. This implies that for every increase in the percentage of shares held by the institutional investors, their dividend payout ratio increases significantly by the coefficient value. This finding may be due to the fact that institutional investors are more interested in short term return on investment and due to that they tend to drive payment of dividend positively without consideration of present performance by the banks.

This finding is in line with those of Lundgren and Lantz (2016), Aliyu, Musa and Shika (2016), Ibrahim and Shuaibu (2016), Sindhu, Hashmi and Haq (2016), but contrary to the work of Santosa and Nugroho (2014) whose study documented a positive effect of institutional ownership on dividend payout.

In line with the above result reported on institutional ownership which shows that the variable is strong in affecting the dividend payout ratio of banks. This therefore, provides evidence to reject null hypothesis two (2) of the study.

Concentrated ownership variable shows that, concentrated ownership before moderation has negative but weak effect on dividend payout ratio of banks. While, concentrated ownership after moderation with financial performance was found to have positive but insignificant effect on dividend payout ratio of listed commercial banks in Nigeria. These connote that, an increase in rate of concentrated ownership in banks, decreases dividend payout ratio insignificantly when not moderated, but improve the level of dividend payout ratio of banks in Nigeria when there is a commiserate increase in their financial performance.

This finding is in line with Trienvinh and Tranghuyen (2017), Ibrahim and Shuaibu (2016), Bushra and Mirza (2015), Aydin and Cavdar (2015), however in contrast to those of Aliyu, Musa and Shika (2016), Okafor, Ugwuegbe, Ugochukwu and Ezeaku (2016), Bako (2015).

Following the discussion above as regards concentrated ownership showing that it is significant in influencing the dividend payout ratio of banks, thus providing evidence to reject null hypothesis three (3) of the study.

The result in respect of foreign ownership indicates that foreign ownership has negative but significant effect on dividend payout ratio of banks when not moderated with financial performance. Conversely, when financial performance moderates the relationship between foreign ownership and dividend payout ratio, they exact positive influence on the level of dividend payout ratio of banks. These results imply that for every increase in the percentage of shares held by foreigners, there is significant decrease in the level of dividend payout ratio of banks. But when there is a commiserate increase in the level of financial performance of banks, when foreign ownership also increases, the level of dividend payout ratio also increases. This output is not surprising because foreign investors are long term investors who may not just be interested in the immediate return on the investment but rather the growth of their investment which will eventually drive higher return on investment after a reasonable number of years.

This finding is in line with Sakinc and Gungor (2015), Warrad, Abed, Khriasat and Al-Sheikh (2012), while other researches such as Trienvinh and Tranghuyen (2017), Balagobei and Thiruchchenthurnathan (2016) are in contrast with the finding.

With respect to the result above, foreign ownership showing that it is statistically significant in driving dividend payout ratio of the banks, there is therefore, enough evidence to reject the null hypothesis four (4) of the study.

6. Conclusions

As a result of the foregoing discussion and analysis in section four, this study concludes as follows:

It is concluded that financial performance serve as a better moderator and it does moderate the relationship between ownership structure and dividend payout ratio significantly.

Based on the conclusion, the following recommendations are proffered to be implemented by the management of the banks, owners and the regulators. They should ensure that:

i) The percentage of managerial ownership should be increased to an average of 9% as effort is also made toward increasing the financial performance of the banks through effective and efficient utilization of the shares contributed to enable it enhance the dividend payout ratio of banks in Nigeria.

ii) The percentage of shares held by institutions should be increased to an average of 23% in order to encourage dividend payment to other investors within the banking sector who may not be able to do so.

iii) The level of shares in the hands of concentrated shareholders should be increased to an average of 34%, while effort should also be made by increasing the level of financial performance for the banks in order to increase the chances and the level of dividend payment to investors.

iv) For foreign ownership, it is recommended that the proportion of shares held should be increased to an average of 11% for all the banks as this is expected to increase the financial performance and hence encourage high payment of dividend to shareholders of the banks.

v) Bank should continually increase their financial performance through effective and efficient utilization of the investment in shares from shareholders of the banks as this will go a long way in enhancing the potentials of dividend payment in the listed deposit money banks in Nigeria.

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