Nat. Volatiles & Essent. Oils, 2021; 8(5): 9425-9436

An Analysis of The Impact of Dividend Policy and Asset Structure on Firms' Value Among Selected Banks Listed in The Nigerian Capital Market.

MUNIRU HARUNA[1] ACA, ACTI, CPFA, and ZAYYANU YAHAYA KWANDA[2]

[1,2]Centre of Postgraduate Studies, Lincoln University College, Malaysia

Abstract

The study on the paper titled "An analysis of the impact of dividend policy and assets structure of listed Commercial banks in Nigeria" examines quantitatively, how dividend policy and asset structure significantly influence the value of firms in the Nigerian Stock Exchange. The research used secondary data sourced from the Annual Reports and Financial Statements of the selected listed banks in Nigerian. The information was gathered over a five-year period from the Nigerian Stock Exchange Facts book and individual company accounts (2015, 2016, 2017, 2018 and 2019). The study consists of three (3) major or key variables; dividend policy, firms' intrinsic value and the asset structure. Corporate performance indicators such as the dividend yield and market price to book value are used in measuring comparison with firms' value. The study discovered that consistent payment of dividend would ultimately have significant influence on the performance of banks in the security market and the structure and value of assets influence the share value of companies in Nigeria. The study finally recommend that potential investors in stock and shares need to engage the service of investment analyst when making a decision to buy shares. This will aid investors in making a good investment decision. Furthermore, investors need to determine their primary objective as to whether maximization of profit or optimization of shareholders wealth is their target.

Key Words: Dividend, Asset Structure, Market Value, Intrinsic Value, Dividend Yield.

1. Introduction

Certain Scholars made the proposition that dividend policy is unrelated to firms' value. Modigliani and Miller (1958) and Miller and Modigliani (1961) proved convincingly the irrelevance of dividend policy to firm valuation within an impeccable capital market without the existence of tax. Even after they established the theoretical foundations for dividend irrelevance, Miller and Modigliani (1966) gathered that dividend at the same time served as an income to the shareholders. Firm managers are habitually the biggest stakeholders and have the most to benefit from a substantial dividend policy in Nigeria. They also gathered that indirect changes in dividend convey a considerable amount of information at least about management's expectations of long-run future profits. This research will try to evaluate whether the proposition that firms are not properly valued in Nigeria because dividend is not considered as one of the key drivers of valuation is valid or not. If dividend serves as an income to the shareholders, then the ability of the firm to payout dividend should be a function of how profitable the firm is while the value of the firm is a function of how profitable and consistent dividend is payout to the shareholders. The answer to the question of whether corporate dividend policy has significant impact on the firm's value and assets structure still remains unclear. The results of researches on this topic varies considerably across diverse countries which gave researchers in this area to have huge space to discover certain issues in topic from different countries. A study by Budagaga, 2017 in Istanbul Stock Exchange (ISE) indicate that cash dividends per share and a firm's worth have a substantial positive association; also, book value and residual income (abnormal earning) have a large positive link with a firm's value. As a result, the results back up the relevance statement and are in line with the agency theory interpretation. Furthermore, the irrelevance principle does not apply to companies listed on the ISE. The purpose of this paper, therefore, is to evaluate the analysis of the impact of dividend policy and assets structure on firms value among selected commercial banks Nigeria. Subsections of the study include an abstract, introductions, literature review, methodology, significant results, discussion/analysis, and ultimately conclusion and suggestions.

The majority of companies consider dividend policy to be an important aspect of their overall strategy. This is because management often decides on the dividend size, payment schedule, and a variety of other influencing variables that affect dividend payments. This research aims to demonstrate how firms may effectively utilize the many dividend policy system options accessible to them in order to streamline their organizations' value for corporate survival. In doing as such, it is crucial to figure out if there is a link between dividend policy, business value, and corporate asset structure (using the corporate performances indicators of dividend yield and book value to value the sampled banks in Nigeria).

Another key gap identified in this study is that of inconsistency in the valuation of listed companies in Nigeria. If for instance, a company has a market price of 200 Naira/Share, an asset per share of 300 Naira today and tomorrow the market price risen to 450 Naira/Share because of a mere speculation, then something is misguiding in the entire process. The research want to find out if it will be more appropriate to value firms on the basis of its asset base and ability to pay dividend rather than a mere speculation. Companies can then be valued based on their operating results, not by short-term stock market fluctuations in the security market.

Further objectives of the study are as outlined below:
i. To establish whether dividend policy have significant influence on firms' value in Nigeria.
ii. To find out whether assets structure have significant influence on firms' value in Nigeria.

The following hypothesis will guide the analysis of this study.

H1: There is no significant correlation between dividend policy and the firms' Intrinsic Value among the listed companies in the Nigerian Capital Market.
H2: That the company's asset structure does not significantly affects intrinsic value in the Nigerian Capital Market.

2. Literature Review :

Generally, financial scholars use to make two classifications when discussing on the subject "dividend policy and its impact on the value of a firm". On one side, certain scholars believe that there is no relationship between dividends and a firm's value (referring to the irrelevance theory), while on the other side; researchers claimed that there is a correlation (referring to the relevance theory). Considering the latter category, there are also two groups, one that supposes that the relationship is always positive, and one which considers the relationship to be negative (Modugu,2013).

Irrelevance Theory: Two Nobel laureates in 1961, Merton Miller and Franco Modigliani (M&M), developed Irrelevance Theory, they proposed a theory, which, more than 50 years on, remains one of the most, respected in the canon of financial literature (Baker, 2009). They claimed that under ideal conditions, such as a flawless capital market, rational investor behavior, and complete certainty, a firm's worth is unrelated to its dividend payout. In other words, the irrelevance hypothesis presupposes that in an ideal corporate world, managers and shareholders have no conflicts of interest, that all information is accessible, and that all investors have equal access. Furthermore, there are no transaction costs for buying and selling shares in an ideal world, and there are no disparities in tax rates for dividends and capital gains. In this model, dividend policy follows investment decisions which become to be referred to as residual dividends policy. As a consequence, dividends have no effect on the value of a firm (Budagaga, 2017).

Chidinma, (2017) in Lease et al (2000) the dividend relevance hypothesis, according to this author, loosens the premise of flawless capital markets and rational investors. It examines the behavior patterns of dividend distributions and their consequences on the firm's value experimentally. Market frictions are not free in the actual world, and investors do not always act rationally. Despite the fact that this theory claims that dividends are important in the value of publicly traded corporations, it ignores the other asset structure as a basis for fair valuation.
The dividend irrelevance theory by Miller and Modigliani (1961) is based on the premise that a firms dividend policy is independent of the value of the share price and that the dividend decision is a passive residual. They believe that the firm's value is defined by its investment and finance decisions made within an appropriate capital structure, not by its dividend policy. Because dividend policy is unimportant in determining business value, a standard dividend policy should be able to service all enterprises (Chirkova, 2012). The basic premise of their argument is that firm value is determined by choosing optimal investments. The primary premise of their argument is that the value of a company is defined by making the best investments possible. The difference between profits and investments is known as the net payout, and it is just a residual. Because the net payment includes both dividends and share repurchases, a company's dividends may be adjusted to any amount by adjusting the number of shares outstanding. Dividend policy is unimportant to investors since any desired stream of payments may be mimicked by making suitable share purchases and sells. As a result, investors will not pay a premium for any dividend policy (Chirkova, 2012).

According to M & M, the total of the present value per share after dividend payments equals the current value per share before dividend payments. To put it another way, the current market price of a stock at the start of a period is equal to the present value of the dividend paid during the period plus the present value of the market price of the stock at the conclusion of the period (Baker et al 2007). As a result, investors are apprehensive about retained earnings and dividend payments (with concurrent fresh issue funding) in the future. As a result, present and future dividend decisions have no impact on shareholder wealth, which is totally dependent on the earning potential of the firm's assets (Chidinma, 2017 in Uddin and Chowdhury, 2005). The theory did not consider dividend policy and asset structure as a basis for the valuation of listed companies.

According to the residual theory of dividend policy, the firm will only pay dividends from residual earnings, which means that dividends should only be paid if funds remain after the optimum level of capital expenditures has been incurred, i.e. after all suitable investment opportunities have been financed. Because the firm's major concentration is on assets with a residual dividend policy, dividend policy is a passive choice variable. Dividend policy is unimportant because a company's worth is a direct reflection of its investment decisions (Miller & Modigliani, 1961). The researcher will be concerned with other researchers' ideas on dividend policies by examining their findings and applying them to real-world situations, allowing the researcher to arrive at the reality in the research questions. The researcher will attempt to hypothesize designations to such practical representativeness for identification, which might be referred to as abstract perception (Obamuyi, 2013).

Oliver et al, 2016, in their empirical study, the empirical result in their analysis revealed that dividend per share have an inverse relationship with the share price in the Nigerian Stock Market; this result is in agreement with the empirical analysis done by so many scholars in the field of finance supporting the irrelevance dividend theory.

On the other hand, Chidinma and Ezeabasili (2017) discovered in their analysis that there is a 0.99 connection between dividend policy and business value, which is virtually perfect (close to 0.1). and 0.1, demonstrating a perfect connection. Their findings reveal that dividend policies have a disproportionately large impact on the value of Nigerian public limited enterprises.

2.1 Concept of Dividend Policy :

In general, research academics are divided into two categories when they analyze dividend policy and its impact on the value of companies and the asset structure. The first category of researchers believes that there is no relationship between dividends and the value of a company (popularly known as the theory of irrelevance), while the other category of academics states that there is a correlation (popularly known as the Theory of relevance). Surrounded by the latter category, there are also two groups, one that infers that the relationship is positive, and one that considers the relationship to be negative.

In his study "Dividend Payment and its Impact on the Value of Firms Listed on the Istanbul Stock Exchange: A Residual Income Approach," Budagaga concluded that there is a significant positive relationship between cash dividends per share and a firm's value; additionally, book value and residual income (abnormal earning) are significantly related to firm value. As a result, the results back up the relevance statement and are in line with the agency theory interpretation. Furthermore, the irrelevance principle does not apply to companies listed on the ISE (Budagaga, 2017).

2.2 Concept of Share Prices :

The stock price is the value of the company‘s common stock at the stock market, which in turn, is a function of the company’s investment, financing and dividend decisions (Nwamaka & Ezeabasili, 2017). The price of stock is used to measure the primary goal of maximizing shareholders’ wealth (Nwamaka & Ezeabasili, 2017). When the major components of value are addressed, the intrinsic value of a share is the price that is justified. In other words, it is the stock's true value, as opposed to the present market price of the stock. It's a subjective value in the sense that it's determined by the analyst's personal background and talents, and estimations of intrinsic value will differ from one analyst to the next (Murtaza, Iqbal, Ullah, Rasheed, & Basit, 2018)

3.0 Methodology :

The study relied on secondary data from the Annual Reports and Financial Statements of selected Nigerian listed banks. The information was gathered over a five-year period from the Nigerian Stock Exchange Facts book and individual company accounts (2015, 2016, 2017, 2018 and 2019). Commercial banks listed on the Nigerian Stock Exchange (NSE) make up the research population, and five banks were chosen as a sample based on the availability of data for the study period. On this study, the researchers actively constructed an economic tool for modeling and assessing exposure as well as conducting a risk exposure assessment.

3.1 Research variables :

Dividend policy, intrinsic value of enterprises, and asset structure are the three (3) primary or essential factors in the research. In comparing the worth of companies, corporate performance metrics such as dividend yield and market price to book value are utilized.

Table 1: Constructs and their roles

Construct name	Independent variables	Dependent variables
Dividend Policy	X	
Intrinsic Value		X
Asset Structure	X	

Source: Researchers field study, 2021

3.1 Experimental Modelling :

The purpose of this study is to evaluate the impact of dividend policy and the structure of activities in the banks listed in Nigeria. For this reason, the researcher used the following economic model to create a dividend performance margin to perform an analysis of the comparability index procedures. The objective of this model is to have quantifiable dimensions of the effects of a number of variables on the profitability of construction companies in Nigerian economy.

The Model is presented as follows:

The equation for the base model of the research may follows as:

Model 1:
Intrinsic value of banks is a function of the Dividend policy in Nigerian.

$$\boldsymbol{Intrinsic\ value = f(Dividend\ policy)}$$

$$\boldsymbol{Intrv_{it} = \beta_0 + \beta_1 Dp_{it} + \epsilon_{it}} \ldots \quad (1)$$

Where Dp_{it} the dividend policy of banks at time t, $intrv_{it}$ is the intrinsic value of the banks at time t, and ϵ_{it} is an error term.

Model 2:

That the Intrinsic value of banks is also a function of asset structure of banks in Nigeria:

$$\boldsymbol{Intrv_{it} = f(Bv)}$$

$$\boldsymbol{Intrv_{it} = \beta_0 + \beta_1 Bv_{it} + \epsilon_{it}} \ldots \quad (2)$$

Where Bv_{it} the book value of banks at time t, $intrv_{it}$ is the intrinsic value of the banks at time t, and ϵ_{it} is an error term.

Note: β_0, and β_1 are the parameters of the model, representing the intercept and slope of the algebraic relationship. The intercept term tells us what the dividend and asset structure would be if the intrinsic value were zero.

Otherwise, the researcher can simply adopt a multiple regression model that entails having one dependent variables as function of all other independent variables.

$$\boldsymbol{intrv_{it} + roa_{it} = \beta_0 + \beta_1 Dp_{it} + \epsilon_{it}}$$

4. Results and Discussions :

The influence of dividend policy and price to book value on the stock price of banks listed on the Nigerian Stock Exchange was explored experimentally in this study. Below are the findings of the descriptive statistic, correlation matrix, and multiple regressions.

Table 2: Comparability index between Market Prices and Dividend Per Share

Years		2019			2018			2017			2016			2015		
Banks	Sub Sector:	Market Price	Dividend	% of Dividend to Market Price	Market Price	Dividend	% of Dividend to Market Price	Market Price	Dividend	% of Dividend to Market Price	Market Price	Dividend	% of Dividend to Market Price	Market Price	Dividend	% of Dividend to Market Price
		N'000	N'000	%	N'000	N'000	%	N'000	N'000	%	N'000	N'000	%	N'000	N'000	%
ACCESS BANK PLC	Financial Service	10.00	0.50	**5.00%**	6.80	0.65	**9.56%**	10.45	0.65	**6.22%**	5.87	0.55	**9.37%**	4.15	0.47	**11.44%**
FBN HOLDINGS PLC	Financial Service	6.15	0.38	**6.18%**	7.95	25.00	**314.47%**	8.80	25.00	**284.09%**	3.35	0.20	**5.97%**	3.93	0.15	**3.82%**
STERLING BANK PLC	Financial Service	1.99	0.03	**1.51%**	1.90	-	**0.00%**	1.08	0.02	**1.85%**	0.76	-	**0.00%**	1.70	0.09	**5.29%**
UNITED BANK FOR AFRICA PLC	Financial Service	7.15	1.00	**13.99%**	7.70	0.85	**11.04%**	10.30	0.85	**8.25%**	4.50	0.75	**16.67%**	2.89	0.60	**20.76%**
ZENITH BANK PLC	Financial Service	18.60	2.80	**15.05%**	23.05	2.80	**12.15%**	25.64	2.70	**10.53%**	14.75	2.02	**13.69%**	12.61	1.80	**14.27%**
Gross Margin		**43.89**	**4.71**	**10.73%**	**47.40**	**29.30**	**61.81%**	**56.27**	**29.22**	**51.93%**	**29.23**	**3.52**	**12.04%**	**25.28**	**3.11**	**12.32%**

Source: Field Survey (Nigerian Stock Exchange) 2021

Market prices of all the selected banks were obtained from the analysis of table 2 above and compared to the company dividend per share to arrive at the dividend yield that was used in analysis hypothesis 1. The study assume an industry average being a minimum of 5% dividend yield. It can be confirm from the table that Sterling bank having the least dividend pay-out of 8kobo, 2kobo and 9kobo for 2019, 2017 and 2015 with no dividend in the years 2018 and 2016 has maintain the least in market value among all the listed banks in Nigeria. It can also be observed that only Zenith Bank PLC attained the highest dividend pay-out among the selected banks. The bank had paid dividend in the sum of 2.80 Naira, 2.80 Naira, 2.70 Naira, 2.02 Naira and 1.80 Naira for the years 2019 to 2015 respectively and has manage to retain the highest in market capitalization of 18.60 Naira, 23.05 Naira, 25.64 Naira, 14.75 Naira and 12.61 Naira for years 2019 to 2015 respectively. Furthermore, FBN Holdings PLC follows this with dividend of 0.38 Naira, 25.00 Naira, 25.00 Naira, 0.20 Naira and 0.15 Naira with a corresponding market price of 6.15 Naira, 7.95 Naira, 8.80 Naira, 3.35 Naira and 3.93 Naira for the years 2019 to 2015 respectively. Access Bank PLC paid dividend of 0.50 Naira, 0.65 Naira, 0.65 Naira, 0.55 Naira and 0.47 Naira with corresponding market prices of 10.00 Naira, 6.80 Naira, 10.45 Naira, 5.87 Naira and 4.15 Naira respectively for 2019 to 2015. United Bank for Africa also paid 1.00 Naira, 0.85 Naira, 0.85 Naira, 0.75 Naira and 0.60 Naira with corresponding market price of 7.15 Naira, 7.77 Naira, 10.30 Naira, 4.50 Naira and 2.89 Naira for the respective years. Going by the trends above, the study concluded that the intrinsic value of banks is a function of the Dividend policy in Nigerian and that there is a significant relationship between dividend policy and firms' market value among the listed banks in the Nigerian Stock Exchange.

Table 3: Comparability index between Market Prices and Book Value per Share

Years		2019			2018			2017			2016			2015		
Banks	Sub Sector:	Market Price	Book value per share	Market Price to book value	Market Price	Book value per share	Market Price to book value	Market Price	Book value per share	Market Price to book value	Market Price	Book value per share	Market Price to book value	Market Price	Book value per share	Market Price to book value
		N'000	N'000	%	N'000	N'000	%	N'000	N'000	%	N'000	N'000	%	N'000	N'000	%
ACCESS BANK PLC	Financial Service	10.00	18.77	**187.69%**	6.80	15.24	**224.09%**	10.45	16.08	**153.90%**	5.87	14.50	**246.94%**	4.15	12.46	**300.23%**
FBN HOLDINGS PLC	Financial Service	6.15	7.43	**120.88%**	7.95	7.30	**91.88%**	8.80	7.30	**82.93%**	3.35	7.72	**230.42%**	3.93	7.75	**197.20%**
STERLING BANK PLC	Financial Service	1.99	4.14	**208.28%**	1.90	3.40	**179.17%**	1.08	3.53	**326.76%**	0.76	2.98	**391.59%**	1.70	3.32	**195.26%**
UNITED BANK FOR AFRICA PLC	Financial Service	7.15	13.06	**182.60%**	7.70	10.66	**138.45%**	10.30	11.72	**113.80%**	4.50	11.43	**254.00%**	2.89	9.89	**342.21%**
ZENITH BANK PLC	Financial Service	18.60	24.81	**133.40%**	23.05	21.50	**93.28%**	25.64	22.23	**86.71%**	14.75	19.46	**131.93%**	12.61	17.42	**138.15%**
Gross Margin		**43.89**	**68.22**	**155.42%**	**47.40**	**58.11**	**122.59%**	**56.27**	**60.86**	**108.16%**	**29.23**	**56.08**	**191.86%**	**25.28**	**50.84**	**201.10%**

Source: Field Survey (Nigerian Stock Exchange) 2021

From the analysis of table 3 above, market prices of all the selected banks were obtained and compared with the company's book value per share in arriving at the index that was used in testing hypothesis 2 in the research study. The study does not make any assumption of an industry average benchmark on this index. It can be confirm from the table that Sterling bank again having the least book value per share of 4.14 Naira, 3.40 Naira, 3.53 Naira, 2.98 Naira and 3.32 Naira for 2019, 2018, 2017, 2016 and 2015 has maintain the least in market value among all the listed banks in Nigeria. It can also be observed that only Zenith Bank PLC attained the highest book value per share among the selected banks. The bank had asset book value per share in the sum of 24.81 Naira, 21.5 Naira, 22.23 Naira, 19.46 Naira and 17.42 Naira for the years 2019 to 2015 respectively and has manage to retain the highest in market capitalization of 18.60 Naira, 23.05 Naira, 25.64 Naira, 14.75 Naira and 12.61 Naira for years 2019 to 2015 respectively. Furthermore, United Bank for Africa PLC follows this with book value per share of 13.06 Naira, 10.66 Naira, 11.72 Naira, 11.43 Naira and 9.89 Naira with a corresponding market price of 7.15 Naira, 7.77 Naira, 10.30 Naira, 4.50 Naira and 2.89 Naira for the years 2019 to 2015 respectively. Access Bank PLC had book value per share of 18.77 Naira, 15.24 Naira, 16.08 Naira, 14.50 Naira and 12.46 Naira with corresponding market prices of 10.00 Naira, 6.80 Naira, 10.45 Naira, 5.87 Naira and 4.15 Naira respectively for 2019 to 2015. FBN Holdings PLC book value per share represents the sum of 7.43 Naira, 7.30 Naira, 7.30 Naira, 7.72 Naira and 7.75 Naira with a corresponding market price of 6.15 Naira, 7.95 Naira, 8.80 Naira, 3.35 Naira and 3.93 Naira for the years 2019 to 2015 respectively. Going by the trends above, the study concluded that the intrinsic value of the selected banks is a function of the assets per share value in Nigerian and that there is a significant relationship between book value and firms' market value among the listed banks in the Nigerian Stock Exchange.

4.1 Descriptive Analysis :

Table 2: Comparability index of Market Value and Dividend Per Share Margin ratio

Companies	ACCESS BANK PLC	FBN HOLDINGS PLC	STERLING BANK PLC	UNITED BANK FOR AFRICA PLC	ZENITH BANK PLC	5 Companies Sum	Average Per Company
Years	%	%	%	%	%	%	%
2019	5.0000	6.1789	1.5075	13.9860	15.0538	41.7262	8.3452
2018	9.5588	314.4654	0.0000	11.0390	12.1475	347.2107	69.4421
2017	6.2201	284.0909	1.8519	8.2524	10.5304	310.9457	62.1891
2016	9.3697	5.9701	0.0000	16.6667	13.6949	45.7014	9.1403
2015	11.4366	3.8168	5.2941	20.7612	14.2744	55.5832	11.1166
5 Years Sum	41.5852	614.5221	8.6535	70.7053	65.7010	801.1671	160.2334
5 Years Mean	8.3170	122.9044	1.7307	14.1411	13.1402	160.2334	32.0467
DY Industry Average	5.00	5.00	5.00	5.00	5.00		5.00
Minimum	5.0000	3.8168	0.0000	8.2524	10.5304	41.7262	8.3452

Maximum	11.4366	314.4654	5.2941	20.7612	15.0538	347.2107	69.4421

Source: Extracted from IBM SPSS v20 Output, 2020.

Table 2 above compares the average percentage of dividend yield of the five selected banks in Nigeria over the research period of five years (2015 – 2019) under review. A review of the comparison shows that Access Bank PLC had an average of 8.31%, FBN Holdings PLC had 122.90%, Sterling Bank PLC had 1.73%, United Bank for Africa PLC had 14.14% and Zenith Bank PLC had 160.23%. The average for the five banks over the period of five year equals 32.05% which is over and above the industry average. This signifies that consistency in dividend declaration significantly affect the intrinsic value of banks in Nigeria.

Furthermore, the maximum percentage of dividend yield for the five selected banks over the period of five years shows that Access Bank PLC had maximum of 11.44%, FBN Holdings PLC had maximum of 314.47%, Sterling Bank PLC had maximum of 5.29%, United Bank for Africa PLC had maximum of 20.76% and Zenith Bank PLC had maximum of 347.21%. With this, all the five selected banks had on average exceeded the minimum industry average of 5% representing 100% of the total of the selected banks in Nigeria in Nigeria.

Table 3: Comparability index of Market Value and Book Value per Share Margin ratio

Banks	**ACCESS BANK PLC**	**FBN HOLDINGS PLC**	**STERLING BANK PLC**	**UNITED BANK FOR AFRICA PLC**	**ZENITH BANK PLC**	**5 Companies Sum**	**Average Per Company**
Years	**%**	**%**	**%**	**%**	**%**	**%**	**%**
2019	**187.69**	**120.88**	**208.28**	**182.60**	**133.40**	**832.84**	**166.57**
2018	**224.09**	**91.88**	**179.17**	**138.45**	**93.28**	**726.86**	**145.37**
2017	**153.90**	**82.93**	**326.76**	**113.80**	**86.71**	**764.09**	**152.82**
2016	**246.94**	**230.42**	**391.59**	**254.00**	**131.93**	**1254.88**	**250.98**
2015	**300.23**	**197.20**	**195.26**	**342.21**	**138.15**	**1173.04**	**234.61**

5 Years Sum	1112.85	723.31	1301.05	1031.06	583.45	4751.72	950.34
5 Years Mean	222.57	144.66	260.21	206.21	116.69	950.34	190.07
Minimum	153.90	82.93	179.17	113.80	86.71	726.86	145.37
Maximum	300.23	230.42	391.59	342.21	138.15	1254.88	250.98

Source: Extracted from IBM SPSS v20 Output, 2020.

Table 3 above compares the average percentage of Price to book value of the five selected banks in Nigeria over the research period of five years (2015 – 2019) under review. A review of the comparison shows that Access Bank PLC had an average of 222.57%, FBN Holdings PLC had 144.66%, Sterling Bank PLC had 260.21%, United Bank for Africa PLC had 206.21% and Zenith Bank PLC had 116.69%. The average for the five banks over the period of five year equals 190.07%. This signifies that consistency in book value significantly affect the intrinsic value of banks in Nigeria.

Furthermore, the maximum percentage of dividend yield of the five selected banks over the period of five years shows that Access Bank PLC had maximum of 300.23%, FBN Holdings PLC had maximum of 230.42%, Sterling Bank PLC had maximum of 391.59%, United Bank for Africa PLC had maximum of 342.21% and Zenith Bank PLC had maximum of 138.15%.

5.0 Summary of Key Findings :

1. The study discovered that consistent payment of dividend would ultimately have significant influence on the performance of banks in the security market.
2. That the structure and value of assets also influence the share value of companies in Nigeria.

5.0 Conclusions and Recommendations :

As discussed under table two and three above, the study indicated that dividend policy and price to book value has a positive and significant association to stock price of banks listed in the Nigerian Stock Exchange. The inference for the result is that, a number of investors (value and growth) can use either of dividend policy or price to book value to appraise stock and possible future price increase. Therefore, the study conclude that the combination of dividend yield and price to book value have important effect in predicting stock price due the positive nature of their combine and individual relationship.

The study will therefore, recommends as follows:

1. That the potential investors in stock and shares of banks in Nigeria need to engage the service of investment analyst when making a decision to buy shares. This will aid investors in making a good investment decision.

2. Furthermore, in deciding on whether to use dividend policy or price to book value, investors need to determine their primary objective as to whether maximization of profit or optimization of shareholders wealth is their target.

3. The study also recommends further research that will include more banks, data and possibility of carrying out this study on all the listed companies in the Nigerian Stock Exchange.

References :

1. Adefila, J.J. (2008), *Research Methodology in Behavioural Sciences*, Kaduna, Aprin Publication.
2. Baker, H., Powell, E. and Theodore, V. (2007). Revisiting the dividend Puzzle: Do All the Pieces Now Fit? *Review of Financial Economics II* (4), 241-261
3. Bini M, (2018) Implied Cost of Capital: How to Calculate It and How to Use It, *Business Valuation OIV journal, 2018*
4. Black, Fischer, and Myron S (1974). "The effects of dividend yield and dividend policy on common stock prices and returns." *Journal of financial economics 1, no. 1 (1974): 1-22.*Budagaga A, (2017) Dividend Payment and its Impact on the Value of Firms Listed on Istanbul Stock Exchange: *A Residual Income Approach, International Journal of Economics and Financial Issues, 2017, 7(2), 370-376*. Retrieved from http://www.econjournals.com
5. CFA (2019) intrinsic-value, Retrieved from http://www.bwts.com.au/downloacl/articles/nl-114-intrinsic-value.pdf
6. Chidinma O.N and Ezeabasili P, (2017) Effect of Dividend Policies on Firm Value: Evidence from quoted firms in Nigeria, *International Journal of Management Excellence Volume 8 No.2 February 2017, 2292-1648*
7. Chirkova, E (2012) Why is It that I am not Warren Buffett*?, American Journal of Economics 2012, 2(6): 115-121,* Pokrovski Boulevard 11, Moscow, 109028, Russia
8. DeAngelo, H., and DeAngelo, L. (2006). Special Dividends and the Evolution of Dividend Signaling, *Journal of Financial Economics*, 57, 309-354.
9. Fischer H. E, Boone W. J and Neumann K (2015) Quantitative Research Designs and Approaches, retrieved from https://www.researchgate.net/publication/266323766.
10. Halsey R. F (2001), Using the Residual-Income Stock Price Valuation Model to Teach and Learn Ratio Analysis, *Issues in Accounting Education, Vol. 16, No. 2, May 2001*
11. Kaleem, Ahmad, and Chaudhary S (2006). "Impact of dividend announcement on common stock prices at Lahore Stock Exchange (Pakistan)." *South Asian Journal of Management 13, no. 2 (2006): 86.*
12. Miller, M. H., & Modigliani, F. (1961). Dividend policy, growth and the valuation of shares. *The Journal of Business*, 411-433.
13. Miller, Merton H., and Myron S. S (1982). "Dividends and taxes: Some empirical evidence." *Journal of Political Economy 90, no. 6 (1982): 1118-1141.*
14. Murtaza M, Malik M. I, Zia U, Haroon R, and Abdul B (2018) An Analytical Review of Dividend Policy Theories, *Journal of Advanced Research in Business and Management Studies 11, Issue 1 (2018) 62-76,* Retrieved from http://www.akademiabaru.com/arbms.html.

15. Modigliani, F., & Miller, M. H. (1958). The cost of capital, corporation finance and the theory of investment. *The American Economic Review*, 261-296.
16. Modigliani, F., & Miller, M. H. (1963). Corporate income taxes and the cost of capital: a correction. *The American Economic Review*, 433-443.
17. Modugu K. P (2013), Capital Structure Decision: An Overview, *Journal of Finance and Bank Management, 2013, 1(1) pp.14-27*. Retrieved from http://www.aripd.org/jfbm
18. Njonge, P.N. (2014) *The effect of dividend policy on share prices of companies listed at the Nairobi securities exchange,* University Press, University Of Nairobi
19. NSE (2018) annual report and statement of account of listed companies in Nigeria
20. Murtaza, M., Iqbal, M. M., Ullah, Z., Rasheed, H., & Basit, A. (2018). An Analytical Review of Dividend Policy Theories. *Journal of Advanced Research in Business and Management Studies*, *1*(1), 62–76.
21. Nwamaka, O. C., & Ezeabasili, P. (2017). Effect of Dividend Policies on Firm Value: Evidence from quoted firms in Nigeria. *International Journal of Management Excellence*, *8*(2), 956. https://doi.org/10.17722/ijme.v8i2.290
22. Obamuyi, T. M. (2013). Factors Influencing Investment Decisions in Capital Market: a Study of Individual Investors in Nigeria. *Organizations and Markets in Emerging Economies*, *4*(1), 141–161. https://doi.org/10.15388/omee.2013.4.1.14263
23. Oliver E.C, Daniel S.E and Iniviei E.S (2016) Effect of Dividend Policy on the Value of Firms (Emperical Study of Quoted Firms in Nigeria Stock Exchange), *Research Journal of Finance and Accounting 2222-1697 Vol.7, No.3, 2016,* Retrieved from http://www.iiste.org.
24. Songul K. A (2015) The Determinants of Capital Structure: Evidence from the Turkish Manufacturing Sector*, International Journal of Economics and Financial Issues Vol. 5, No. 1, 2015, pp.158-171*, Retrieved from http://www.econjournals.com
25. The law dictionary (2019), *intrinsic-value*, Retrieved from http://thelawdictionary.org/intrinsic-value/