Board Components of Corporate Governance and Financial Index of Deposit Money Banks in Nigeria

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Abstract: *This study examined the impact of board components of corporate governance on the financial index of money deposit banks in Nigeria using econometric regression models. Financial index is used to track the performance of Nigerian banks over 10 years using Tobin's Q as a measurement proxy. The sample comprised thirteen money deposit banks that are listed on the Nigeria stock exchange market over the period between 2011 and 2020. The Panel Fixed Effect results showed that the p-value of the t-statistics calculated for board size was 0.0000, which is less than the critical value of 5%. This implied that board size has significant influence on the financial index of the selected banks and the p-value of the F-statistics computed for the variables for testing the overall fixed effect of the regression model of 0.000000 was less than the critical value of 5%. This suggested that there was a significant relationship between the financial index and board of directors' index of the deposit money banks in Nigeria. Board independence and the proportion of foreign directors in the total number of directors (as characteristics of corporate board composition) have a significant strong positive impact on firm performance (both contemporaneous and subsequent). The study therefore recommends that banks should have an adequate board that includes both executive and non-executive directors and to exercise caution in populating the board because it will be difficult for the stakeholders to control the board when it is too large.*

Keywords: *Board Component, Financial Index, Tobin's Q, Board Characteristic*
JEL Classification*:* G1, G2, G3, C21, C26

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1. Introduction

The financial performance of the banking sector of the economy in any country of the world depends greatly on the effectiveness of boards and the corporate governance practice. If these two are not effective, failure of such banks is inevitable. The concept of corporate governance of firms has been a priority on the policy agenda in developed market economies for over a decade. The concept has gradually become a priority in the African continent (Adegbie, Akintoye and Ashaolu, 2019). The development in corporate governance is playing an important role in developing and enhancing the global economy and business firms. This entails the patterns of behavior among different agents in a limited liability corporation; the way managers, shareholders, employees, creditors, key customers and communities interact with one another to form the strategy of the company. Financial institutions all over the world, whether big or small, are concerned about financial performance, increasing profitability and shareholders' return is usually a top priority. Corporate governance codes guarantee, if effectively implemented, that its owners or stockholders receive a fair return on their investment, while the expectations of other stakeholders are also met.

Effective corporate governance requires a clear understanding of the respective role of the board of directors (Aganga, 2011) and other collaborative agencies with corporate governance business. Board of Director Component of corporate Governance is although mutually inclusive of all other components, it is bound to have effect separate and define in effect more than other components of corporate governance, board of directors is evaluated on the basis of board composition, board size and director equity interest.

Poor corporate governance was identified as one of the major factors in virtually all known instances of bank distress in the country. Weak corporate governance was seen manifesting inform of weak internal control systems, excessive risk taking, override of internal control measures, non-adherence to limits of authority, disregard for cannons of prudent lending, absence of risk management processes, insider abuses and fraudulent practices remain a worrisome feature of the banking system (Adigwe, Nwanna and John, 2016). According to Sanusi (2010), the banking crisis in Nigeria, has been linked with governance malpractices within the consolidated banks which has therefore become a way of life in large parts of the sector. He further said that corporate governance in many banks failed because boards ignored these practices for reasons including being misled by executive management, participating themselves in obtaining unsecured loans at the expense of the depositors and not having the qualifications to enforce good governance on bank management. The boards of directors were further blamed for the decline in shareholders' wealth and corporate failure.

The main objective of this study is to empirically investigate the effect of the Board Component of Corporate Governance on the financial performance of Deposit Money Banks in Nigeria. Corporate governance is a strong pillar that plays an important role in the success and profitability of a bank and also, according to Isukul and Chizea (2017), is a performance measurement index which is used to test the viability of a business.

Hence, the existing literature reviews to identify the gaps mentioned above will be succinctly explained in the next paragraph. Then, the ex-post-factor research design which makes both the independent and dependent variables unmanipulated was adopted. Sources and instruments of data used in this study were secondary data, in which the analysis was done with the aid of TOBQ.

The recommendation and the conclusion were succinctly explained. The limitations of the research were elucidated to give future researchers directions.

2. Literature Review

The concept of the boards is derived from the attributes or incentives variables that play a significant role in monitoring and controlling managers and can be described as a bridge between company management and shareholders. Board composition refers to the number of independent non-executive directors on the board relative to the total number of directors. An independent non-executive director is defined as an independent director who has no affiliation with the firm except for their directorship (Isik and Ince, 2016). Board composition normally concerns issues related to board independence (including independence of board committees) and diversity (firm and industry experience, functional backgrounds, etc.) of board members. Board independence refers to a corporate board that has a majority of independent outside directors. Board diversity in terms of gender and age and board independence is of the prime focus on this research proposal.

Velte (2017) explained that the composition of listed companies needs diversity in order to have succession planning and think strategically in using proper skills analysis which needs to cover dimensions of characteristics from professional skills to emotional intelligence. The Financial Reporting Council of the United Kingdom emphasized that "dialogue which is both constructive and challenging is essential to the effective functioning of any board, which can only be promoted through greater diversity on the Board which is critical to good governance and great performance. The heart of any board lies in its composition, a board with a balance of differing backgrounds, skills and experience will have deeper and richer discussions and bring appropriate expertise to as many of the challenges that it faces. Being able to see with different eyes also makes it easier for a board to see all opportunities and risks facing the organizations and reduces the risks associated with group-links".

Board independence refers to the inclusion of outside executives on the board of an organization (Ayodeji and Okunade, 2019). They also influence a firm's performance in such matters as monitoring the operational processes. Fuzi, Adliana and Julizaerma (2016) encouraged managers to focus on long term performance rather than routine activities. Board composition refers to the number of all directors (independent directors, non-executive directors, and executive directors on the board relative to the total number of directors). Non-executive directors are those directors who do not get involved in the day to day running of the business. An independent non-executive director is defined as a director who has no affiliation with the firm except for their directorship (Clifford and Evans, 1997; Uadiale, 2010). However, there is an apparent presumption that boards with significant outside directors will make different and perhaps better decisions than boards dominated by insiders, while Fama and Jensen (1983) suggested that non-executive directors can play an important role in the effective resolution of agency problems and their presence on the board can lead to more effective decision-making, hence, improve firm performance.

Akhalumeh, Ohiokha and Ohiokha (2011) stated that Board composition is measured in terms of different degrees of heterogeneity. Common assessments of board composition are usually, insider/outsider director ratio, executive/non-executive directors' ratio, age and gender diversity among board members and board size. There are inconclusive findings between the relationship between board composition and firm performance. Board heterogeneity is associated with a trade-off between increased costs in terms of longer decision time and lower external costs. That is, a trade-off between increased information efficiency associated with heterogeneous boards and decision efficiency associated with homogenous boards. Heterogeneous boards tend to be better informed regarding issues outside the firm and thereby better equipped to question and discuss corporate strategic decisions, whereas homogenous boards to a larger extent is based on trust, cooperation, as well as shared experience and values.

Price (2017) opines that new best practices have a debate whether smaller groups of board directors are more effective than large board members. The Australian Institute of Company Directors indicated that large listed companies should have 8 to 12 directors, medium-sized listed companies 6 to 8 directors and small listed companies 4 to 6 directors. Price reported research by GMI Ratings which found out that smaller boards are producing stronger returns, have stronger oversight, always more favorable, He concluded that "while considering board numbers and composition, the boards need to serve the unique needs of their businesses. That the company's size, the type of industry, strategic needs and stage in the business cycle all factor into determining the smallest number of board directors that the company needs to still perform at its best.

However, corporations can influence and attract shareholder interest by being good corporate citizens, which involves caring for the communities in which they operate. Corporate citizenship also means that directors and executive officers must put shareholders' interests above their interests. One way to achieve this is to relate executive compensation to share price. However, this approach runs the risk of encouraging short-term decision-making to influence share prices when management focus should be on long-term shareholders' value. Strict policies against conflicts of interest and the role of independent directors in setting executive pay are other ways of influencing and retaining shareholder interest (Chirantan, 2018).

In accordance with the Central Bank of Nigeria (CBN) code of corporate governance for banks and other financial institutions in Nigeria, corporate governance is the process by which the business activities of an institution are directed and managed. Mansur and Tangl (2018) defined corporate governance as the relationship of the enterprise to shareholders or in the wider sense, as the relationship of the enterprise to society as a whole. Corporate governance is largely about organizational management performance to provide independence assurance for the organization.

Eluyela et al. (2018) examined how profitability responds to board meetings and observed that more frequent board meetings correlate positively with firm performance (proxied as Tobin's Q). The authors also reported a non-robust positive relationship between firm performance and board size. Further evidence from the study reveals a strong positive correlation between firm size and performance. Erena and Tehulu (2012) posited that the proposition of board composition is to help reduce agency problems. From this position, a positive relationship is expected between firm performance and the proportion of outside directors sitting on the board. Conflicting empirical evidence has evolved with respect to board composition in the recent past. There exist mixed results from empirical studies on the effects of board composition and performance. Faleye (2017) concluded that duality has no significant effect on company performance in a section of the study concerning the structure of corporation leadership. Chen et al. (2015) studied the partnership structure, company performance and dividend policies in companies operating in Hong Kong and found a negative relation between duality and Tobin Q (for large companies). But no relation has been found between duality and ROA or ROE. Peng et al. (2017) found that duality has a positive effect on company performance when concluding their study on the relationship between duality and company performance in China. Chen et al. (2015) investigated the relation between duality and company performance. According to the results of the empirical research, no significant relation has been found between duality and company performance. Ehikioya (2019) analyzed the structure of corporation governance and company performance in developing economies in the case of Nigeria. According to the results of empirical study, a negative relation has been found between duality and company performance indicators (ROA, ROE, price-earnings ratio - PE, TOBIN's Q). But this result was not statistically significant. Ajala, Amuda and Arulogun (2012) wrote on the effects of corporate governance on the financial performance of the Nigerian banking sector with the aim of assessing the impact of corporate governance on firms' performance. They found that a negative but significant relationship existed between board size and the financial performance of the banks while a positive and significant relationship was also observed between directors' equity interest, level of corporate governance disclosure index and performance of sample banks. Mwanzia and Ochenda (2017) studied the relationship between economic value added, market value added, and cash value added as value-based performance indicators and corporate governance. The results showed that the three mentioned performance indicators would augment when the chairman is at the same time, a Board member. Furthermore, ownership concentration had a significant relationship with economic value added and cash value added, while internal ownership was not a significant variable in the performance growth.

The theory that anchored this study is agency theory which was propounded by Jensen and Mecklings in 1976. According to the theory, the principal hires or delegates an agent to perform work. In this kind of relationship, one party acts on behalf of the other party. According to classical agency theory, a dilemma arises due to the fact that the interest of the principal and of the agent is not necessarily aligned. There has been a focus on the agency theory with emphasis on the principal-agent problem (Sami, Wang and Zhou, 2009); the theory which has its foundation in economic theory has become dominant in the corporate governance literature (Uwuigbe, 2011). The theory asserts that most of the time, the objectives of the organizational administrators do conflict with those of the real owners of the business. This means that business owners have to connect their economic rewards with salaries and other remuneration of the organization's administrators. The moment it becomes difficult to predict the way business administrators would behave, and then their remuneration becomes a governance issue geared towards motivating them to carry out their duties in the best interest of the owners (Vo and Phan, 2013). The theory agrees with the designation and absorption of members of the board and the utilization of encouraging remuneration packages, while the board monitors the managers by means of periodic reporting, evaluation and the adoption of laid down guidelines (Uwuigbe, 2011). Managers were employed to run the day-to-day affairs of the firm. Managers had become a small group, sitting at the head of enormous organizations, with the power to build communities to generate great productivity, wealth and also to control the distribution of that wealth, without regard for those who elected them (the stockholders) or those who depend on them (the larger public) (Berle and Means, 1932). Agency theory revolves around a contractual relationship whereby one or more persons (the principals) engage another person (the Agent) to execute a service on their behalf which involves delegating some decision-making authority to the agent (Jensen and Meckling, 1974).

In Nigeria, existing studies have been carried out on various components of corporate governance and the performance of non-financial quoted companies, all of which sought to establish a relationship between components of corporate governance and the performance of quoted companies. However, none has ever been done on board components of corporate governance and financial index of deposit money banks in Nigeria. It is the humble attempt of this study to fill this gap.

Hence, the need to empirically examine the effect of board components of corporate governance and financial index of deposit money banks in Nigeria.

3. METHODOLOGY

3.1. Research Design

This study will adopt ex-post-facto research design which aims at finding the effect of the board of directors' component of corporate governance on the financial index of deposit money banks in Nigeria. This method of research design is an empirically based investigation which does not involve researchers' direct control over the independent variables, as they have already created an effect which can no longer be manipulated. This design has been used in several accounting and corporate governance studies (Mwanzia et al. (2017), Akhalumeh et al. (2011), Subhara and Zeghal (1997), Olsson (2001)).

3.2 Population and Sample Size

The population for this study consists of all the deposit money banks in Nigeria. Presently, there are thirteen listed Deposit Money Banks on Nigeria Stock Exchange which are: Zenith bank, First Bank of Nigeria, Guaranty Trust Bank, Access Bank, Unity Bank, Union Bank, United Bank for Africa, Eco Bank, First City Monument Bank, Polaris Bank, Wema Bank, Stanbic IBTC Bank, Sterling Bank. This represents the overall population of all listed deposit money banks in Nigeria that are readily available throughout the study periods and because of their contribution to the national economy.

3.3 Sources and Instruments of Data

This study makes use of secondary data. The secondary data were derived from the audited financial statements of the selected banks listed on the Nigerian Stock Exchange (NSE) during 2011 - 2020. Data relating to Board Component of corporate governance and financial indices were generated from the published annual financial statements which include: Board Composition (representing the number of directors sitting in the board) (Akhalumeh et al., 2011), Director Equity Interest (director interest/total equity interest), and Tobin's Q.

3.4 Model Specification

The study develops an empirical panel model on the relationship between Board Components of corporate governance and financial indices of DMBs in Nigeria.

$$\text{Financial indices} = f\,(\text{Board Component}) \tag{1}$$

$$TOBQ_{it} = f\,(BDCOMP_{it} + DEI_{it}) \tag{2}$$

$$Yfi = \beta_0 + \beta_1 BDCOMP_{it} + \beta_2 DEI_{it} + \varepsilon_{it} \tag{3}$$

Where:

Y_{Fi} represents the financial index variable which is TOBIN'S Q

TOBQ = is a ratio of company's total market value and its total asset value;

$BDCOMP_{it}$ = the board composition

DEI_{it} = the Directors Equity interest

Et, = the error and correction term.

3.5. Method of Analysis

The study employs both two main techniques Descriptive Statistics and Panel (OLS) Regression which is Fixed Effects Model (FE) in estimating equation 3. All analyses were conducted at 5% level of significance using E-Views 10 as statistical software.

1. Presentation of Results

The data obtained from various sources on the variables of interest were analyzed as stressed in the methodology section with E-Views 10 software using 130 observations. The 130 observations resulted from multiplying the number of years by the number of cross-sectional units which are 13 sampled banks. The results of Descriptive statistic and Fixed Effect panel model regression analyses are presented in Table 1 and Table 2, below.

Table 1. Descriptive Statistics

	TOBQ	BSIZE	DEI
Mean	0.832364	13.75385	348.1118
Median	0.795150	14.00000	363.3367
Maximum	2.550800	25.00000	452.5379
Minimum	0.090000	7.000000	181.0000
Std. Dev.	0.289758	2.801056	67.42459
Skewness	3.227763	0.372989	-0.701510
Kurtosis	18.77980	4.146311	2.709295
Jarque-Bera	1574.495	10.13194	11.12028
Probability	0.000000	0.006308	0.003848
Sum	108.2073	1788.000	45254.53
Sum Sq. Dev.	10.83081	1012.123	586443.7
Observations	130	130	130

Table 1 presents the descriptive statistics result on the Board component of Corporate Governance and Financial Index of 13 listed Deposit Money Banks in Nigeria. From the table, the average Tobin's Q (TOBQ) in percentage of the selected banks was 0.832364 with maximum and minimum value of 2.550800 and 0.090000 respectively. The median value of TOBQ for the selected banks was 0.795150. The median value obtained for the combined TOBQ of the banks of 0.795150 was somewhat closer to the mean. This revealed that there was not much variation in the performance of the selected banks on the basis of Tobin's Q (TOBQ). The standard deviation computed for TOBQ was 0.289758 which does not indicate a serious dispersion from the mean. In fact, the moment coefficient of skewness and Kurtosis computed for TOBQ were 3.227763 and 18.77980 respectively. These coefficients revealed that TOBQ at the selected banks usually skewed to the right. The mean Board Size (BSIZE) in percentage of the selected banks was 13.75385 with maximum and minimum value of 25.00000 and 7.000000 respectively. The median value of BSIZE for the selected banks was 14.00000. The median value obtained for the combined BSIZE of the banks of 14.00000 was somewhat closer to the mean. This revealed that there was not much variation in the performance of the selected banks on the basis of BSIZE. The standard deviation computed for BSIZE was 2.801056 which does not indicate a serious dispersion from the mean. In fact, the moment coefficient of skewness and Kurtosis computed for BSIZE were 0.372989 and 4.146311 respectively. This implied that the non-executive directors were positively skewed to the right. The p-value of the Jarque-Bera coefficient obtained of 10.13194 was greater than the critical value of 5%. This suggested that the board size of the selected deposit money banks would continue to be on the decrease purposely due to the fact that they were non-salaries receivable directors except their sitting allowances.

The percentages mean and median values obtained for director equity share holding were 34.8 and 36.3 respectively. Also, the maximum and minimum equity share holding of the directors in the selected deposit money banks were 452.5379 and 181.0000 respectively. The standard deviation computed for equity holding of directors was 67.42459 which showed higher dispersion from the mean. Furthermore, the moment coefficient of skewness obtained for director equity shareholding was -0.701510 which was negative. The implication of this was that director equity shareholding might fall below the current holding but could not exceed permissible level. The coefficient of kurtosis calculated for director equity interest of 2.709295 was positive. This indicated a skewed to the right. In fact, the Jarque-Bera coefficient obtained of 11.12028 was significant due to the fact that the p-value of the statistics computed of 0.003848 was less than the critical value of 5%, hence, it might be deduced that the data set obtained for director equity interest was normal and good to explain the equity holding of the directors.

Table 2. Panel Fixed Effect results

Dependent Variable: TOBQ
Method: Pooled Least Squares
Date: 09/11/22 Time: 19:05
Sample: 2011-2020
Included observations: 130
Cross-sections included: 3
Total pool (balanced) observations: 390

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.051259	0.096630	10.87923	0.0000
BSIZE	-0.030755	0.005023	-6.122693	0.0000

DEI	0.000586	0.000209	2.809639	0.0052
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.099667	Mean dependent var		0.832364
Adjusted R-squared	0.090313	S.D. dependent var		0.289012
S.E. of regression	0.275653	Akaike info criterion		0.273387
Sum squared resid	29.25399	Schwarz criterion		0.324235
Log likelihood	-48.31055	Hannan-Quinn criter.		0.293544
F-statistic	10.65494	Durbin-Watson stat		0.800055
Prob(F-statistic)	0.000000			

2. Interpretation and Discussion of Results

Table 2 is the result of Fixed Effect panel model regression. It shows that the p-value of the t-statistics calculated for board size was 0.0000, which is less than the critical value of 5%. This implied that board size was significant on the financial index of the selected banks. It could be deduced that there was a significant relationship between director equity interest and financial indices of the selected banks. This inferred was based on the fact that the p-value of the t-statistics calculated for percentage of equity interest shareholding by directors was 0.0000, which is less than the critical value of 5%.

Regression coefficient result shows that board size and director equity interest of -0.030755 and 0.000586 respectively, this implies that if this was that a unit increase in board size might lead to a more than a unit reduction in financial index of the selected banks because of the negative result, while Director equity interest which is positive this was that a unit increase in director equity interest of the selected deposit money might lead to a more than a unit improvement in the reported Tobin's Q (TOBQ) of the selected banks. Therefore, the p-value of the F-statistics computed for the variables for testing the overall fixed effect of the regression model was 0.000000, which is less than the critical value of 5%. This implied that there was a significant relationship between the financial index and board of directors' index of the deposit money banks in Nigeria.

The coefficient of determination (R^2) computed for the fixed panel effect estimation of 0.099667 revealed the fact that 9.97% of financial index in the deposit money banks was explained by the index of the board of directors. Therefore, it could be asserted that indexes of the board of directors were good explanatory variables for the financial index of the deposit money banks.

Consequently, the Durbin Watson statistics obtained for the test variables of 0.800055 indicated the existence of a minimal auto-correlation among the variables of the study, hence, it could be deduced that the study variables had a long run effect/relationship on the dependent variable. The result of the panel least square above indicated the fact that the panel fixed effect test estimation was a perfect fit for the regression model. The panel fixed effect implied the utilization of panel data in accordance with cross-sectional arrangement. Therefore, these effects running from board component of corporate governance to financial index of banks through Fixed Effect model are statistically significant as the probability values of the predictors were found to be less than the study adopted 5% level of significance (p-values > 0.05).

Summary of the Findings

The main objective of this study was to determine the effect of the board component of corporate governance on the financial index of deposit money banks in Nigeria. In order to achieve this objective of the study, an expo-facto design was adopted to gather data for specific periods from the financial statement of the selected deposit money banks. The data covered the period 2011-2021. In addition, the population for this study consists of all the deposit money banks in Nigeria, presently, there are thirteen listed Deposit Money Banks on Nigeria Stock Exchange. Also, both descriptive and inferential statistical tools were used to analyze the data obtained for the study.

The result of descriptive statistics of the study revealed that there was a significant relationship between Board Component and financial index of the deposit money banks. This assertion was premised on the fact that the standard deviation computed for the Tobin's Q (TOBQ) of the thirteen selected banks did not show a greater dispersion from their mean. This is in line with the work of Adegbayibi (2021). As a consequence, the performance of the selected deposit money banks on the basis of TOBQ was significantly the same and the result skewed right. Also, the results of Panel Fixed Effect showed that the p-value of the t-statistics calculated for board size was 0.0000 which is less than the critical value of 5%. This implied that board size has significant influence on the financial index of the selected banks and the p-value of the F-statistics computed for the variables for testing the overall fixed effect of the regression model was 0.000000, which is less than the critical value of 5%. This suggested that there was a significant relationship between the financial index and board of directors' index of the deposit money banks in Nigeria. The coefficient of determination (R^2) computed for the fixed panel effect estimation of 0.099667 revealed the fact that 9.97% of financial index in the deposit money banks was explained by the index of the board of directors. The Durbin Watson statistics obtained for the test variables of 0.800055 indicated the existence of a minimal auto-correlation among the variables of the study, hence, it could be deduced that the study variables had a long run effect/relationship on the dependent variable.

The result of the Panel Least Square above indicated the fact that the Panel Fixed Effect test estimation was a perfect fit for the regression model. Therefore, these effects running from board component of corporate governance to financial index of banks through Fixed Effect model are statistically significant as the probability values of the predictors were found to be less than the study adopted 5% level of significance (p-values > 0.05). This could be corroborated with the work of Olayiwola (2015).

Conclusion

The analysis revealed that there was a significant relationship between the financial index and board of directors' index of the deposit money banks. Therefore, based on the obtained results, the following conclusions can be drawn:

i. Financial index and index of the board of component in the listed deposit money banks were significantly related. That revealed that index of the board of component such as board size and director equity interest had significant impact on the financial index of the selected deposit money banks;
ii. The effect of board size on the financial index of the selected banks was negative and significant. This implies that a unit increase in board composition in the selected banks might have a negative impact on financial index of the banks and
iii. Director equity interest had a positive influence on the financial index of the selected deposit money banks.

Limitations of the study:

This study makes use of secondary data available in the financial statement of the listed deposit banks in Nigeria within the time frame from 2011- 2020. Hence, the banks selected were limited to listed deposit banks in the Nigeria stock exchanges around the time of conducting this research. Future research could analyze all the 33 commercial and deposit banks in Nigeria and adopt different methodologies to mine the data.

Recommendation

Based on the findings of our analysis, we therefore recommend that:

i. The banks should have an adequate board that include both executive and non-executive directors, but they also had to exercise caution when it came to the size of the boards. An excessively sized board could negatively affect the bank's profits. This was because it might be necessitated to pay board wages and allowances out of money that would have otherwise been declared as profit.
ii. Likewise, when a board size is large, it will be difficult for the stakeholders to control the board and decisions reached by the board are seen to have originated from sound and constructive arguments, therefore, the board size should not be more than enough.

iii. The management of the selected banks had to adhere to the corporate governance principles that govern bank operations and activities in Nigeria as outlined in the country's banking code of ethics. This was important due to the possibility that any rejection of the corporate governance principle for banks could have a negative impact on the financial performance of Nigerian banks.

iv. One of the keys to improving the performance of these banks is requiring directors to own a reasonable percentage of equity in the banks they oversee.

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