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Effect of Corporate Governance on Liquidity of Deposit Money Banks Listed on Nigeria Exchange Group Ltd.

Emmanuel Onyeka Ejiofor PhD[1], Prof. E.O. Nwadialor[2], and Sunday Lawrence Edeh PhD[3].
[1,2,3] Department of Accounting, Faculty of Management and Social Sciences,
Tansian University, Umunya Anambra State, Nigeria
[1]Emmaejiofor7@gmail.com, [2]Pr0fnwadialor@gmail.com,
[3]Lawrenceedeh65@gmail.com
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Abstract
This study investigates the effect of corporate governance on the liquidity of deposit money banks listed on Nigeria exchange group limited covering the period 2014 to 2023 financial years. The study specific objectives included to x-ray the effect of board gender diversity, board independence and board size on the liquidity of deposit money banks in Nigeria. The study was built on agency theory that buttresses opportunistic behaviour of managers and role of the Board to strike congruency on the divergent objectives. Ex post facto research design was used which allowed extraction of financial data from annual reports and accounts of the banks thirteen banks that were selected from the population of nineteen deposit money banks, on the basis of convenience of the researcher. The data was tested for normality while correlation and Ordinary least square regression estimation was employed on the generated data. The results imply that board independence and board gender diversity have both positively and statistically significant effect on liquidity of deposit money banks in Nigeria. While board size has positive no significant effect on liquidity of deposit money banks in Nigeria. The study therefrom recommends amongst others that shareholders should optimize the appointment of female gender to the board, to tap from their multi-task ability function that will enhance the liquidity of the deposit money banks listed on Nigeria exchange group.

Key Words: *Liquidity; Board Gender, Board Size, Board Size*

SECTION ONE- INTRODUCTION

Corporate governance protects corporate stakeholders. Odubuasi, Ofor, and Ilechukwu (2022) posit that corporate governance is an entity's rules, orders, and processes that affect corporate administration. The corporate governance framework will guide the company's basic orientation and direction. The problem of agency issue of Jensen and Meckling (1976) necessitates corporate governance to overcome conflicts of interest between managers and shareholders, also large shareholders and minority shareholders to reduce agency costs. Corporate governance if well implemented should be able to effects transaction cost and improves firm performance through permissible liquidity management. Poor corporate governance procedures are linked to inadequate financial and operational transparency and information disclosure, which can lead to liquidity issues. Weak corporate governance may erode investor confidence and deter outside investment.
Economic activity in every nation, developed and developing, relies on banking activities for its developmental activities. Thus, Yip, Pang and Yu (2024) saw banking as a cure for economic

stability. Bank stability, profitability, and liquidity are crucial for efficient financial intermediation. According to Berger and Bouwman (2009), banks use their power to attract deposits and other funding sources to finance loans and investments that boost economic growth. Banks must meet depositor withdrawal demands and comply with regulatory statutory reserves to properly intermediate funds.

Several Nigerian banks have failed due to liquidity problems caused by asset-liability mismatches (Almakura, Shiaki, Gambo, Muhammad, 2024). Global financial crisis of 2009 presented a compelling case for immediate liquidity erosion. Managers must make essential judgments about liquid resource management regardless of their enterprises. This is especially critical for cash-based institutions whose survival and stability depend on liquidity. An examination of the financial institutions in Nigeria reveals that the banking sector has faced significant liquidity challenges, leading to the collapse, distress, and takeover of numerous banks, including Bank PHB, Spring Bank, Afri Bank, and Skye Bank (Odubuasi, Ofor, and Ilechukwu, 2022). Most recently, in June 2024, the license of Heritage Bank was revoked.

Bank's operations are fraught with challenges, as deposits from clients, which the bank invests for profit maximisation, may be requested when the bank is unable to fulfil its financial responsibilities. Bearing in mind that banks have twin responsibilities to ensure optimum liquidity for their depositors and maximum profitability for their shareholders, it becomes imperative to investigate the corporate governance attributes that would ensure that bank maintains its liquidity alongside desired profitability

Extant literature show that insufficient studies on the relationship between corporate governance and liquidity of firms. Notwithstanding, literature indicate that more studies emanate from developed nations USA- the relationship between female CEO and the capital structure in USA (Huang et al., 2024); in Chinese economy, the link between corporate governance and liquidity of Chinese firms was investigated (Tang and Wang (2011); while in Nigeria, the relationship between liquidity and corporate governance using generalised method of moment technique was evaluated (Sanyaolu, Siyanbola & Innocent, 2020). This study in Nigeria utilised outdated data of 2018 and needed to be updated using recent event or data to know if significant change has occurred thereto. Therefore, the current study was set to investigate the effect of corporate governance on the liquidity of deposit money banks listed on Nigeria exchange group.

Objectives of the study

The specific objectives of the study we
re to investigate;

1. The effect of board size on the liquidity of listed deposit money banks listed on Nigeria Exchange Group Plc.,
2. The effect of board independence on the liquidity of listed deposit money banks on Nigeria Exchange Group plc,
3. The effect of board gender diversity on the liquidity of deposit money banks listed on Nigeria Exchange Group Plc,

Hypotheses of the study

The study hypotheses are;

Ho1- Board size has no significant effect on the liquidity of deposit money banks listed on Nigeria Exchange Group Plc.

Ho2- Board independent has no significant effect on the liquidity of deposit money banks listed on Nigeria Exchange Group Plc.

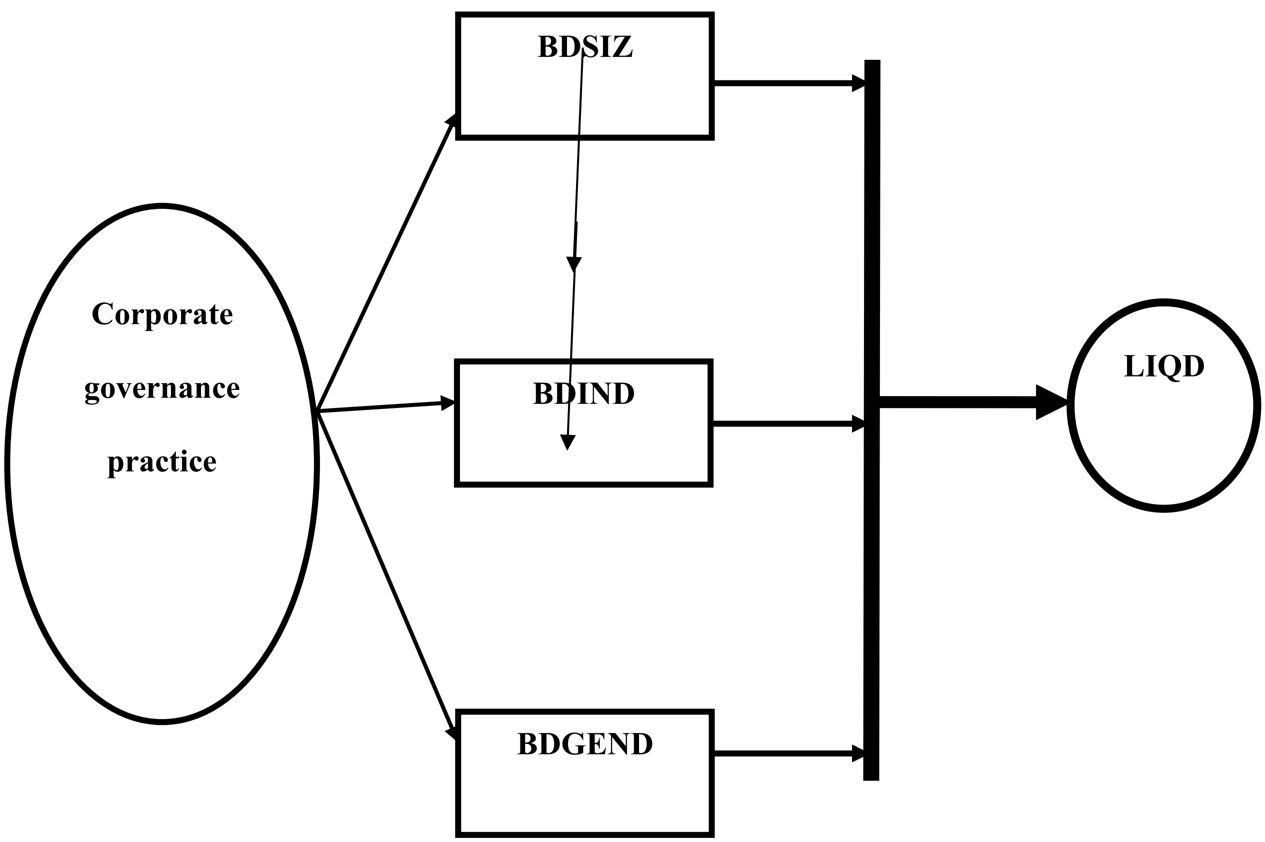
Ho3- Board gender diversity has no significant effect on the liquidity of deposit money banks listed on Nigeria Exchange Group Plc.

The study is intended to provide an empirically structured result that will be of benefit to the Shareholders, Board of directors, Research scholars and International investors. We believe that the analysis and the result from this study will provide the stakeholders clue on the fundamental component of corporate governance mechanism that can guarantee liquidity and sustainability of firms in Nigeria.

The paper is structured such that the next section will bear the review of related literature, the following section three will accommodate the methodology, subsequent section four contain data analysis and interpretation, while lastly, section five shall be the recommendation.

SECTION TWO – REVIEW OF RELATED LITERATURE

Conceptual Framework



Conceptual framework

Corporate governance

Control and direction are provided by corporate governance to business enterprises. A company's board of directors is directed in its operational management by a framework consisting of rules, regulations, and practices. This framework is known as the corporate governance framework. Effective corporate governance increases shareholder value in a way that is legal, ethical, and sustainable, while simultaneously fostering equity and transparency among all stakeholders. These stakeholders include customers, employees, investors, vendor partners, the government, and the community (Odubuasi, Ofor & Ighosewe, 2022). The governance structure outlines the process by which decisions are made inside the corporation, as well as the allocation of rights and responsibilities among the board of directors, management, shareholders, creditors, auditors, and regulators (Lin & Lin, 2023). A board that operates efficiently reduces the risk of knowledge asymmetry and eliminates the possibility of insider trading. There are a number of elements that might have an impact on the effectiveness and efficiency of a board in terms of sustaining liquidity for the purpose of sustainability. These aspects include the size of the board, its independence, gender diversity, the frequency of board meetings, and share ownership.

Board size

Board size denotes the total number of individuals assigned to serve on an organization's board of directors. The Code of Corporate Administration (2011) posits that the dimensions and scope of organisational activities should align with the governance structure. The code indicated that the board will consist of approximately five (5) directors. The corporate governance code (2018) did not specify a maximum number of directors for a company. The CBN circular for banks and discount houses concerning the corporate governance code stipulates that the board size for any bank or discount house shall be a minimum of five (5) and a maximum of twenty (20). The bare minimum is modest, but a board needs to be big enough to prevent prejudice or coalitions from forming through an even distribution of insiders and outsiders (Danilov, 2024). Depending on the size of the company and the breadth of their duties, boards need to have a sufficient number of members.

Board independence

According to the literature on corporate governance, board independence is defined as the proportion of non-executive directors to the total number of directors. In order to accomplish its governing function and obligations in an objective, effective, and efficient manner, the Board of Directors is required by the Nigeria Code of Corporate Governance of 2018 to establish the direction of the organisation and to provide its approval to the processes that would bring about a diverse collection of knowledge, independence, experience, and skills. Under the Code, the Board is able to select its members according to the requirements of the firm. The circular issued by the Central Bank of Nigeria (CBN) in 2014 requires chief and non-leader board members to be listed on the boards of banks and discount institutions. The number of non-chief chiefs will be greater than that of leader chiefs. In addition, the framework stipulated that discount houses will have at least one independent non-executive director, while banks will have two of them. This is in accordance with the norms that the CBN has established for independent directors. Independent directors in a company greatly improve the openness of its sustainability reporting, claims Al Farooque, Buachoom & Sun (2020). Kaur & Singh (2021) found that Nigerian companies' environmental disclosure policies suffered in relation to the independence of boards of directors.

Board gender diversity

Following the heavy fighting for gender equality, a detailed analysis revealed that women exhibit higher levels of thoroughness, dynamism, and resilience against influence when they obtain specified high-level supervisory roles. This was found to be the case when women achieved these positions. The fact that they are afforded fewer opportunity to serve in such jobs does not change the reality that they are successful. This is the reason why. It is the percentage of women who are designated to hold executive posts on the board of directors that we are referring to when we talk about gender diversity on the board. Araoye and Olatunji (2019) claim that a great number of businesses, worldwide as well as in the United States, still find great worry over the absence of gender diversity on corporate boards. For many different kinds of companies, this poses a problem. Elyasiani et al., (2017), drew attention to the issue of under-representation of women on boards of directors in a variety of economic sectors when this was under development. They also raised awareness of the often undervaluation of their contributions. Based on the results of Alhassan and Mamuda's 2020 research, it has been noted that the percentage of women functioning in administrative roles has been rising worldwide.

Liquidity

Fauzi & Locke (2012) define liquidity as the ability of an asset to be always changing from one form into another. The definition of liquidity most usually recognised is the ability to convert shares into cash and vice versa without influencing the market or with least effect on the price. One of the features defining liquidity is a great degree of transaction activity. Liquid assets in the context of finance are those that could be purchased or sold with rather simplicity. Adegbie and Adesanmi (2020) define liquidity as the simplicity with which one may trade a security. This makes liquidity among the most crucial elements an investor will take into account in determining whether or not to make an investment. Liquidity helps orders to be executed promptly and enables capacity to turn into cash at the lowest possible cost. Danilov (2024) claims that having a small board of directors enhances firm performance and has a good impact on investor behaviour, therefore impacting the company's value. It is hypothesized that agency issues including directors free-riding will become more common inside the board when the size of the board is unduly big. The results of Eze and Agu (2020) show that the size of the board of directors has a negative relationship with corporate success. On the other side, Odubuasi, Ofor and Ilechukwu (2022) found that the performance of the company corresponds positively with board size.

Theoretical Review

Agency Theory

This study is anchored on the theory of agency because of its relevance to the oversight function of the Board of Directors on management. When discussing research on corporate governance, it is impossible to place enough emphasis on the significance of agency theory. According to Yusoff and Alhaji (2012), the majority of the research that have been conducted on agency theory are taken from the principles of corporate governance. When Beile and Means first began their research on corporate governance, the primary focus of their attention has been on the separation of ownership and management. This process resulted in the formation of pedals, which eventually evolved into the principal-agent relationship because to the fact that ownership was distributed elsewhere. Yusoff and Alhaji (2012) regarded corporate governance as a channel, in which the board of directors and top management were both thought to be watchdogs employed to reduce conflict surrounding the principal-agent relationship. This was the perspective that served as the basis for their analysis.

According to Abdul (2016), from this point of view, the top administrators of an organisation are the agents, the owners are the principals, and the board of directors is the apparatus that is responsible for supervising the organisation.

Empirical review

Agbaje et al. (2024) conducted an investigation into the impact that corporate governance has on the accomplishments of publicly traded companies that were part of the Nigerian exchange group between the years 2013 and 2021. An ex-post facto research approach was utilised, and secondary data was extracted from the annual reports of 153 firms that were listed on the Nigerian Exchange Group (NGX). The study opted for purposive sampling as the method of sample selection. Ten companies from a variety of industries were selected as the sample size, and the data were retrieved and analysed using both descriptive and inferential statistical methods. The findings of the empirical study indicate that the size of the board of directors has a large positive impact on return on assets, whereas the number of non-executive directors has a considerable negative impact on return on assets.

Specifically focussing on Hong Kong and Shenzhen stock exchange, Yip et al. (2024) conducted an investigation into the impact that corporate governance has on the success of companies that are listed in the technical sector in the Greater Bay Area (GBA) where China is located. It does this by utilising information from the Hang Seng TECH Index as well as the SME ChiNext Tech 100 Index, which covers the years 2016 through 2022 on the financial calendar. Uutilised the ordinary least square regression estimation method, the study found that no substantial association exist between the corporate governance methods of these organisations and the financial outcomes of these businesses.

In their study, Sotonye et al. (2024) investigated the impact of corporate governance on the performance of publicly traded manufacturing companies in Nigeria, paying particular attention to the size of the board of directors and the independence of the audit committee. The study focused primarily on the impact that the size of the board and the independence of the audit committee had on performance factors such as return on capital employed and net profit after taxes. Through the utilisation of the secondary source of data the regression result demonstrated that the size of the board of directors and the independence of the audit committee have a considerable and favourable influence on the return on capital employed and the net profit after taxes.

When taking into consideration the level of compliance with the national corporate governance framework, Atugeba and Acquah-Sam (2024) conducted research to determine the impact that corporate governance has on the performance of publicly traded companies in Ghana from 2013 to 2022. Through the use of principal component analysis, a new national governance quality index was constructed. This index is comprised of elements that were collected from world governance indicators as well as a corporate governance index. A regression technique known as Huber M-estimation Robust Least Squares (HMRLS) was utilised in the research procedure which found that corporate governance policies have a negative impact on the level of performance of the company. In spite of this, the findings of the study indicate that compliance with national governance and institutional frameworks has a substantial moderating influence in the relationship between corporate governance and individual company performance.

In the year 2024, Huang, Kabir, and Thijssen investigated the influence that successful female CEOs have on the capital structure of companies in the United States. The framework of Finkelstein (1992) was utilised in this study, and various power dimensions were identified for the purpose of conducting an analysis of a sample of 418 chief executive officers of non-financial listed companies in the United States over the period of time spanning from 2007 to 2015. The findings show that the leverage of companies that are led by female CEOs may be compared to that of companies that are led by male CEOs. However, there is some indication that there is an increase in debt when companies undergo a transition from male to female CEOs. When compared to their successful male counterparts, female CEOs who possess structural power because to the low frequency of board meetings and reputation power due to the fact that they received their education from a prestigious university have a tendency to employ more debt.

From 2019 to 2021, Bui and Krajcsak (2023) investigated the effects of corporate governance on the performance of businesses. They did this by applying theories and methods to empirical data of annual reports from Vietnam from 2019 to 2021. Descriptive statistics and generalised methods of moments were the methods that were utilised for the purposes of data analysis and estimate. The findings of the study revealed that there is a positive association between corporate governance and the size of the organisation, as well as a favourable relationship between transparency disclosure and financial performance. A fall in transparency and information index ratings in 2021 compared to 2019 and 2020 was caused by the COVID-19 pandemic. This was owing to the fact that General Meetings of Shareholders were postponed as a result of the pandemic. The research did not uncover any correlation between the shareholder rights index and the responsibility of the board of directors and the performance of the company's finances.

The effect of corporate governance on the capital buffer of Deposit Money Banks in Nigeria was investigated by Akinlo et al. (2023). The population for this study consisted of twenty-four listed deposit money banks in Nigeria from 2010 to 2021; however, the sample size for eleven of the banks was determined by using a purposive sampling approach. The descriptive statistics, correlation, and regression estimation techniques were utilised in order to conduct an analysis on the secondary data that was gathered. Board Independence, Female Directorship, Institutional Ownership, Chairman's Share, Leverage, and Authorisation all have a negative and statistically significant impact on capital buffer, On the other hand, Firm Size has a positive and considerably impactful impact on capital buffer.

An empirical research was carried out by Agha (2023) to investigate the impact of corporate governance and liquidity risk on the sustainable growth rate of banking industries in Nigeria from the 2008 to 2021 fiscal years. The selection of twelve banks from the total of fourteen banks that were listed on the Nigeria Exchange Group was accomplished through the application of the purposive sampling technique. This study made use of the Feasible Generalised Least Squares (FGLS) regression technique which found that the sustainable growth rate (SGR) of banks was considerably affected by the interaction between corporate governance variables and factors such as liquidity risk, dividend payout ratio, bank size, asset quality, and operating margin.

Using a representative sample of Canadian companies that are included in the S&P/TSX Composite Index, Lin and Lin (2023) investigated the influence that corporate governance has on the management of working capital. Descriptive statistics, the Pearson correlation, and the multivariate regression estimation approach were utilised in the analysis. The findings indicate that cash holdings do not have any positive or negative correlation with the factors that pertain to corporate governance. On the other hand, cash conversion efficiency has a substantial negative association with the shareholding and compensation index, while it has a positive association with the disclosure index. According to the findings of this study, there is some evidence that there is a connection between corporate governance and working capital; however, the direction of the link is not clear because it is dependent on the governance traits that were examined.

Researchers Odubuasi, Ofor, and Ilechukwu (2022) evaluated the combined effect of enterprise risk management (ERM) and risk management committee (RMC) on the profits capacity of banks that are listed on the Nigeria Stock Exchange, the South African Stock Exchange, and the Ghana Stock Exchange. Panel data was gathered from the annual reports of the 17 banks that were sampled starting in 2009 and continuing through the 2018 fiscal year. Descriptive statistics, correlation, and panel data regression analysis were the analytical methods that were utilised. The results of the research showed that the combination of ERM and RMC has a significant influence on the performance of the sample banks. This was demonstrated by the findings. To be more explicit, the comparison result that was carried out demonstrates that the implementation of ERM and RMC yields the best result when it comes to boosting the performance of Nigerian banks. ERM and RMC produced a relatively poor result on Ghana banks, according to the results, whereas South African banks have a reasonable performance, ranking next to Nigeria on the productivity of ERM and RMC. In the meantime, the results suggested that Ghana banks had a relatively poor performance.

Within the context of India's public banking sectors, Kotte and Reddy (2022) investigated the influence that corporate governance and working capital management have on public banking sector performance. Longitudinal design was employed and Secondary data was acquired from the website of the governmental publications, websites of banks, and annual reports of economic and corporate governance of chosen banks from 2011 to 2019. Specifically, it found that Indian public sector banks had to take into consideration both short-term and long-term data. In addition, it demonstrates that the management of working capital and the performance of corporate governance are both critical components in determining the effectiveness of financial performance in Indian public sector banks.

The purpose of the study conducted by Altarawneh, Shafie, Ishak, and Ghaleb (2022) was to investigate the impact of CEO characteristics on the discretionary accrual of companies that were listed on the Malaysian stock exchange between the years 2012 and 2016. A total of 1957 company year observations were derived from secondary data that was gathered from the annual reports and accounts of the companies from the years 2012 to 2016. This analysis was carried out with the assistance of descriptive statistics, correlation analysis, and regression analysis on the data that was generated. The results reveal that the tenure of the CEO, the CEO network, and the presence of a female CEO all had a statistically significant negative effect on discretionary accrual. Discretionary accruals, on the other hand, are not much impacted by the skill of the CEO or the age of the CEO.

Using Saudi Arabian publicly traded enterprises as a case study, Ghardallou (2022) explored the impact of corporate sustainability on company performance from the perspective of the moderating function of CEO education and tenure. They took a representative sample of 34 Saudi publicly traded companies between the years 2015 and 2020, and the data for these companies came from the Bloomberg database as well as the annual reports of the companies that were chosen. OLS regression analysis shows that companies who engage in CSR efforts have higher financial performance. The moderating of the link between firm financial performance and corporate sustainability, principal executive officer education, and tenure demonstrates a positive trend. Even more so, the data suggest that chief executive officers who have a background in engineering have a beneficial influence on the connection between corporate social responsibility and business performance. When the chief executive officer earns a master's degree in business administration, the relationship between the two parties is improved. Again, the findings indicate that a longer term for the CEO has effectively tempered the relationship between corporate social responsibility and the financial performance of the companies that were sampled.

SECTION THREE – METHODOLOGY

This study used *Ex-post facto* research design. *Ex-post facto* research design is an experimental design in which the researcher examines the effect of a naturally occurred event. The population of this study consisted of all the nineteen (19) Money deposit banks with international and national authorizations that are listed on the Nigerian Exchange Group as at 31st January 2023 from which thirteen (13) of these banks were sampled. Secondary data was sourced from the annual reports of the banks from 2014 to 2023 financial years. The data was analysed using Stata 14 version, which assisted the use of some analytical techniques; Descriptive statistics like measures of central tendency checked the distribution pattern of the data, correlation analysis assessed the level and the direction of relationships among the variables, panel regression analysis of random effect (RE) and fixed effect (FE) models, alongside Hausman effect test which indicated the better model that should be interpreted between RE and FE models. Variance inflation factor checked the multicollinearity, Heteroscedasticity, check for the presence of an outlier, it checks if the residual of the error term is constant. The validity of the models was tested with the help of F-test and P-value, R^2 measured the overall impact of the independent variables on the dependent variable, a test that assesses the goodness of fit of the model, while the significance of the individual independent variables was tested with t-test, all at 95% confidence level.

Model Specification

The model was adapted from the study of Agha (2023) which we modified to suit our study. The adapted model is presented thus;

LDR = f(BID, BSI, BMT, ACM*)*------ equ (1)

In the course of amending the model, we removed the variables (ACM, Audit Committee Meeting) which is not part of our variables and formed suiting model as below;

$LIQD_{it} = \beta_0 + \beta_1 BDSIZ_{it} + \beta_2 BDIND_{it} + \beta_3 BDGEND_{it} + \mathcal{E}r$-------Equ (3)

Where; LIQD = bank liquidity; BDSIZ = board Size; BDIND = board independence; BDGEND = board gender diversity; β_0= Constant; β_{1-3} = Regression Coefficients; $\mathcal{E}$r = Error term;

Table 3.8 - Operationalisation of Variables

Variables/ specifications	Expected signs	Measurements	Authors
Liquidity of banks (LIQD)		Loan to deposit ratio.	Agha (2023)
Board Size (BDSIZ)	-	Total number of Directors in the Board.	Agha (2023)
Board Independence (BDIND)	+	The percentage of non-executive directors to total of directors in the Board.	Agha (2023)
Board Gender Diversity (BDGEND)	-	The percentage of female to the total number directors in the Board	Odubuasi, Ofor and Ilechukwu (2022)

Source: Researcher's compilation (2025)

SECTION FOUR – DATA ANALYSIS AND HYPOTHESIS TESTING

4.1 – Data Analysis

Table 4.1 Descriptive Statistics

	BDSIZ	BDGEND	BIND	LIQD
Mean	12.69231	17.972	62.94715	64.04
Minimum	6	0	36.84	17.8
Maximum	21	50	93.75	91.9
Std. Dev.	3.303384	10.73128	12.41151	11.80029
Observations	130	130	130	130

Source: Authors' Compilation (2025)

Table 4.1 illustrates that board size (BDSIZ) possesses a mean value of 12.68, accompanied by a standard deviation of 3.30%. The minimum value recorded is 6, while the maximum reaches 21. The standard deviation of 3.30% indicates that the data did not deviate from the mean value on both sides by 3.30%, suggesting a no dispersion of the data around the mean. The table also illustrates that board independence (BIND) possesses a mean value of 62.95% with a standard deviation of 12.41%, alongside minimum and maximum values of 36.84% and 93.76%, respectively. This indicates that the data was not dispersed around the mean in the given banking examples. The table above shoes that mean value of board gender diversity (BDGEND) is 17.97% with a standard deviation of 10.73%. The minimum and maximum values of BDGEND, as shown on the table are 0 and 50 respectively. This indicates that the data in the example banks was not dispersed. Table 4.1 further illustrates that the minimum and maximum values of the bank liquidity are 17.8 and 91.9 respectively, with a mean value of 64.04 and a standard deviation of 11.8. This suggests that the data is normally distribute around the mean.

4.2 Correlation Analysis

In examining the relationship between our dependent our independent variable we employed the correlation coefficient and the result is presented in table 4.2 below.

Table 4.2 Correlation matrix

	BDSIZ	BDGEND	BIND	LIQD
BDSIZ	1.0000			
BDGEND	0.2286	1.0000		
BIND	-0.4655	-0.0704	1.0000	
LIQD	-0.0275	0.0918	0.2201	1.0000

Source: Authors' Compilation (2025)

The correlation matrix displayed in Table 4.2 shows the degree of statistical relationships among the variables. The observation indicates a weak relationship between board size and board gender diversity with liquidity of banks listed on Nigeria exchange group Ltd at a coefficient -0.027 and 0.091 respectively, while board independence exhibit a moderate positive association with liquidity of the banks sampled (BIND/LIQD = 0.220). Furthermore, there is a strong negative correlation between board size and board independence (BDSIZ/BDIND= -0.465) while an observable negative but low relationship exists between board independence and board gender diversity (BDIND/BDGEND = -0.070). Finally, there is positively moderate relationship between board gender diversity and board size (BDGEND/BDSIZ = 0.2286). The result show no sign that a high collinearity exists since no correlation coefficient was up to 0.6.

4.3 Ordinary Least Square Regression (OLS) Result

In reference to Table 4.3, our econometric approach is structured around a three-step procedure. Initially, we analyse the linear impact of board characteristics on sustainability reporting. Next, the analysis incorporated year dummies to leverage heterogeneities across the panels, thereby enhancing efficiency, increasing degrees of freedom, and minimising the incidence of multicollinearity among the variables. Column [3] evaluated the robustness option by incorporating the cross-sectional and time series characteristics of the sampled companies, recognising the unique heterogeneities in the data and acknowledging that cross-sectional units and groups differ from one another. Consequently, our analysis will concentrate on column 3.

Table 4.3 Ordinary Least Square Regression (OLS) Result (Dependent Variable: LIQD).

regress LIQD BDSIZ BDGEND BIND

Source	SS	df	MS		
				Number of obs =	130
				F(3, 126) =	2.87
Model	1147.75103	3	382.583677	Prob > F =	0.0393
Residual	16815.0809	126	133.453023	R-squared =	0.0639
				Adj R-squared =	0.0416
Total	17962.8319	129	139.246759	Root MSE =	11.552

LIQD	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
BDSIZ	.2583085	.356783	0.72	0.470	-.4477546	.9643717
BDGEND	.1029599	.0974434	1.96	0.029	-.0898778	.2957975
BIND	.2474896	.092675	2.67	0.009	.0640886	.4308906
_cons	43.33231	8.871867	4.88	0.000	25.77514	60.88947

Note: *** p<0.01; ** p<0.05; * p<0.1
Source: Authors' Computation (2025)

Test of hypotheses and result discussion

The model diagnostics indicate that the R-squared value, which falls between 0.064% reflects the proportion of variation in the outcome variable that can be attributed to the independent variables. The F-statistic of 2.87% and P-value of 0.0393 indicate that corporate governance is statistically significant at the 5% level in explaining liquidity within the sample. Furthermore, the detailed results of the explanatory variables are presented below.

Hypothesis one - Board size has no significant effect on the liquidity of deposit money banks listed on Nigeria Exchange Group Plc.

The table 4.3 above presents a report that board size has positive and no significant effect on liquidity of deposit money banks in Nigeria at a statistics (β=0.258, P>/t/=0.47). The result shows that more persons serving on the board will be able to bring dynamism and difficult to be influenced by the management although their impact will change the liquidity position of the banks materially. The outcome led to the acceptance of null hypothesis that board size has no significant effect on liquidity of deposit money banks listed on Nigeria exchange group Ltd. However, the result in agreement with that of Agbaje et al. (2024), who found that the size of the board of directors has a large positive impact on return on assets on publicly traded companies that were part of the Nigerian exchange group.

Hypothesis two - Board independent has no significant effect on the liquidity of deposit money banks listed on Nigeria Exchange Group Plc.
The result on the table 4.3 also shows that board independence has coefficient of 0.247 and t statistics of 2.67, with an accompanying P value of 0.009, indicate that board independence have statistical significant positive effect on liquidity of deposit money banks. This implies that for every one unit increase in independent director, the liquidity position of the banks will be improved by 0.247 units, supposing all other variables are held constant. For this reason the study refuse to reject alternate hypothesis which upholds that board independence has significance effect on liquidity of deposit money banks on Nigeria exchange group ltd. The finding supports that work of Akinlo et al. (2023) that board Independence have statistically significant impact on capital buffer of Deposit Money Banks in Nigeria. Additionally, Agbaje et al. (2024) found that number of non-executive directors has a considerable impact on return on assets of publicly traded companies in Nigerian exchange group

Hypothesis three - Board gender diversity has no significant effect on the liquidity of deposit money banks listed on Nigeria Exchange Group Plc.
Board gender diversity is shown on the table to have statistical significantly affect liquidity of the banks sampled on the statistics; coefficient of 0.182 and P-value of 0.029. The result shows that increase in the number of female on board of directors would help maintain and improve the liquidity of the banks sampled. Sequel to this finding, the study accepts alternate hypothesis that maintains that board gender diversity has statistical significant effect on the liquidity of deposit money banks listed on Nigeria exchange group. In effect, this result corroborates the finding by Altarawneh, Shafie, Ishak, and Ghaleb (2022) that presence of a female CEO has a statistically significant effect on discretionary accrual on companies that were listed on the Malaysian stock exchange

SECTION FIVE - CONCLUSION AND RECOMMENDATION

Conclusion

The study critically evaluated the effect of corporate governance on the liquidity of deposit money banks listed on Nigeria exchange group from the financial year 2014 to 2023. Empirical basis was secondary data sourced from the annual financial statements of the banks. Among all the variables for measuring corporate governance, only board gender diversity, board independence and board size were chosen for proxy. The study was necessary to reduce the recurrence of liquidity crises in banks that have led many to liquidation and others to being taken over and delisted from the Nigeria exchange group. The investigation provided empirical outcome that supported the conclusion that non-executive directors and board gender diversity (appointing female directors) are important factors that should be considered when nomination persons to the Board of of their bank.

Recommendation

Sequel to the findings made, the study presented the under listed conclusions;

1. Adequate number of directors that are suitable to the dynamics of the business structure and culture of the banks is encouraged to be constituted by the shareholders. However, involving too large a number will not change the liquidity status although may increase its position on the banks in Nigeria.
2. The shareholders should maximise the usefulness and opportunity of engaging skilful and experienced none executive directors to the Board, who will not only be difficult for the Chief Executive Officers to influence but will also add their wealth of knowledge to the management of the banks.
3. The shareholders of the banks should optimize the appointment of female gender to the board, to tap from their multi-task ability function that will enhance the liquidity of the deposit money banks listed on Nigeria exchange group.

Suggestion for further study

Having concluded the task of investigating the effect of corporate governance on liquidity of deposit money banks listed on Nigeria exchange group, from which the total power of degree of effect of the model is 6.4% as demonstrated by R square (R^2), the study therefore suggest that more independent variables be added to the model to raise the determinant strength of the level of liquidity amongst deposit money banks in Nigeria.

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