BOARD CHARACTERISTICS AND CORPORATE CASH POLICIES OF QUOTED DEPOSIT MONEY BANKS IN NIGERIA

Boniface Ohaji
Department of Accounting,
University of Abuja,
Abuja, Nigeria

Prof. Taibat A. Atoyebi
Department of Accounting,
University of Abuja,
Abuja, Nigeria

Abstract

This study examined the effects of board characteristics on corporate cash policies of quoted deposit money banks in Nigeria for the period of ten (10) years from 2014 -2023. Ex- facto research design was employed, while secondary data were employed on all the fourteen (14) listed Deposit Money Banks in Nigeria. The independent variables are Board size, women on the Board, Non-Executive Directors and Board meeting while the dependent variables are cash and credit policies. Data collected were analysed with descriptive statistics, correlation and OLS multiple regressions analysis. The findings showed that Board size, number of women on the Board and Board meetings have positive significant effects on cash policies of Quoted Deposit Money Banks in Nigeria, though the number of Non-Executive Directors on the Board has insignificant positive effect on the formulation and execution of cash policies of Quoted Deposit Money Banks in Nigeria. The study recommended that that banks maintain adequately sized boards with diverse skills and experience to facilitate sound decision-making. Secondly, female representation on boards also shows a positive significant impact. Increasing the number of women in boardrooms is advised, as gender-diverse boards tend to make better financial decisions and promote strong corporate governance. Although the effect of non-executive directors on cash policy is statistically insignificant, maintaining their presence is still encouraged for improved oversight and independence, which can indirectly enhance decision-making quality. Lastly, frequent and well-structured board meetings positively influence cash policy formulation. Regular meetings enable continuous evaluation of liquidity strategies, thereby reinforcing policy effectiveness. These findings collectively underscore the importance of strategic board composition and governance practices in strengthening financial management in Nigerian banks.

Keywords: *Corporate Governance, Cash Policies, Deposit Money Bank.*

INTRODUCTION

Corporate financial policies are essential for an organization's financial stability, shareholder value maximization, and sound financial decision-making. These policies cover systems such as borrowing, lending, and payment, forming the backbone of market efficiency and financial stability (Adeyemi & Ojo, 2022). Key components—leverage, dividends, earnings management, and investments—are shaped by corporate governance structures and ownership patterns (Eze & Chukwu, 2023; Ibrahim & Musa, 2022). Shareholders influence management decisions, fostering financial growth and operational efficiency.

In Nigeria, Deposit Money Banks (DMBs) operate within a rapidly evolving financial landscape where capital structure and risk management are governed by sound corporate policies. Credit and cash policies, in particular, play a pivotal role in managing liquidity and minimizing non-performing loans (NPLs) (Okoro, Adekunle, & Nwachukwu, 2023). Governance structures, especially board characteristics, critically impact strategic financial decision-making. Independent board members enhance oversight and reduce conflicts of interest, promoting sustainable financial policies (Hermalin

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& Weisbach, 2003; Yermack, 2006). Moreover, industry expertise among board members improves risk management and financial resilience (Erhardt, Werbel, & Shrader, 2003).

Board diversity, especially gender inclusion, has proven to support better decision-making and introduce risk-averse strategies, aiding in cash flow and liquidity management (Adams & Ferreira, 2009; Elimimian et al., 2020). However, the size of the board must be balanced—while larger boards bring diverse insights, they may hinder timely decision-making (Adekoya & Akinmoladun, 2020). Regular and structured meetings are also necessary for timely policy execution (Conger et al., 1998; Ogunleye, 2019).

Non-executive directors (NEDs) play a crucial role in enforcing accountability and curbing excessive risk-taking, ultimately supporting sound credit policies (Fama & Jensen, 1983; Ayodele et al., 2020). Governance effectiveness in Nigerian banks is closely tied to their ability to manage NPLs and liquidity, both of which are essential for financial stability (Beck, Demirgüç-Kunt, & Merrouche, 2013; Jiménez, Salas-Fumás, & Saurina, 2006; Acharya et al., 2017).

The Central Bank of Nigeria (CBN) regulates over 20 licensed DMBs, including top-tier banks like GTBank and Access Bank, which contribute significantly to financial inclusion and economic growth (CBN, 2023; NDIC, 2023). Despite their advancement, challenges such as technological disruption and financial risks persist (Adewale & Olaniyi, 2021). Understanding how board dynamics influence corporate policies is thus vital for enhancing financial performance in the Nigerian banking sector.

Statement of the Problem

Strong governance frameworks such as the *Companies and Allied Matters Act* (CAMA, 1990) and the *Central Bank of Nigeria Code of Corporate Governance* (CBN, 2006) were established to protect shareholders and resolve agency conflicts in Nigeria. Despite these efforts, Nigerian Deposit Money Banks (DMBs) continue to face financial challenges such as liquidity crises and rising non-performing loans. These issues are often tied to weak governance structures, particularly poor board characteristics (Priya & Nimalathasan, 2013; Mohamed & Khairy, 2016; Osazuwa et al., 2016).

One major concern is board size. While larger boards may offer diverse expertise, they can also lead to communication breakdowns, slow decision-making, and inefficient responses to liquidity or credit risks (Adams & Ferreira, 2009). Similarly, poor board composition can hinder the evaluation of creditworthiness and impair risk mitigation strategies, exacerbating non-performing loan issues.

Though international studies such as those by Tariq and Hafinaz (2018) emphasize the role of corporate governance on dividend policy, and Nigerian studies like Abu et al. (2016) explore board characteristics and financial performance, little research has focused specifically on how board structure influences cash policies measured by liquidity risk in Nigerian DMBs. Key variables—such as gender diversity, the presence of non-executive directors (NEDs), and frequency of board meetings—remain underexplored. For instance, while gender diversity is believed to promote prudent financial decisions (Adams & Ferreira, 2009), its impact within Nigerian banks is unclear. Similarly, the effectiveness of NEDs and board meeting frequency in shaping sound financial policies remains debatable (Baysinger & Butler, 1985; Kakanda et al., 2016).

Therefore, further empirical research is needed to understand how board characteristics influence corporate financial decisions in Nigerian DMBs, especially in shaping cash policy (liquidity) strategies.

Objectives of the Study

The main objective of this study is to examine the effects of board characteristics on corporate financial policies of quoted deposit money banks in Nigeria. The specific objectives are to:

i. assess the effects of board size on the cash policies of Quoted Deposit Money Banks in Nigeria.
ii. examine the effect of women on the Board on the cash policies of Quoted Deposit Money Banks in Nigeria.
iii. evaluate the influence of Non-Executive Directors on the cash policies of Quoted Deposit Money Banks in Nigeria.
iv. investigate the extent to which Board meetings affects the cash policies of Quoted Deposit Money Banks in Nigeria.

Research Hypotheses

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H_{01}: Board size has no significant effect on the cash policies of quoted Deposit Money Banks in Nigeria.
H_{02}: Women on the board have no significant effect on the cash policies of quoted Deposit Money Banks in Nigeria.
H_{03}: Non-executive directors have no significant influence on the cash policies of quoted Deposit Money Banks in Nigeria.
H_{04}: Board meetings have no significant effect on the cash policies of quoted Deposit Money Banks in Nigeria.

Scope of the Study

This study investigates the impact of board features on corporate financial policies of Quoted Deposit Money Banks (DMBs) in Nigeria from 2014 to 2023. The ten-year period offers a recent and comprehensive data set, selected to align with the study's commencement in 2024. The research is geographically limited to Nigeria and focuses solely on DMBs operating within the country, acknowledging the unique regulatory, economic, and sociocultural environment of the Nigerian banking sector. The study carefully distinguishes between non-control and control variables. Non-control variables include four key board attributes: board size, frequency of board meetings, proportion of women on the board, and number of non-executive directors. Control variables encompass firm size, leverage, and inflation. Data for the analysis is drawn from financial disclosures, governance reports, and other relevant documents. The study concentrates on one corporate financial policy: cash policies, assessed through liquidity risk.

LITERATURE REVIEW

Board Characteristics

Board characteristics refer to various attributes and structures of a company's board of directors that influence corporate governance, decision-making, and overall firm performance. These characteristics are reflected in the financial statements and include elements such as board size, composition, independence, diversity, expertise, and leadership structure (Amahalu & Ezechukwu, 2017; Bunea & Dinu, 2020). They are critical to interpreting a firm's quality of accounting information and performance over time.

Daily and Dalton (1992) define board characteristics as structural elements of the board—such as its size and leadership setup—that affect how organizations function and make decisions. A key element is board independence; independent directors play an essential role in offering unbiased oversight and minimizing managerial excesses (Fama & Jensen, 1983). Boards with higher independence are linked to improved performance and more effective governance practices (Yermack, 1996).

Diversity within the board, including gender, age, ethnicity, and professional backgrounds, fosters broader perspectives and better decision-making, enhancing innovation and stakeholder satisfaction (Carter et al., 2003; Erhardt et al., 2018). Similarly, expertise and knowledge on the board enable strategic support and oversight, particularly in complex business environments. Boards with financial and industry-specific experience show stronger performance outcomes (Hillman & Dalziel, 2003; Zahra & Pearce, 1989).

Leadership structure—specifically whether the CEO and board chair roles are combined or separated—also plays a significant role. While separation supports stronger oversight (Cadbury Committee, 1992), a unified role may promote decisive leadership (Daily & Dalton, 1994). Overall, understanding and strategically managing board characteristics can lead to enhanced accountability, better governance, and long-term stakeholder value.

Board Size

Board size, defined by the total number of directors on a firm's board, remains a critical component of corporate governance due to its impact on decision-making, monitoring, and overall company performance. Larger boards are traditionally considered beneficial due to increased expertise and a decreased likelihood of CEO dominance (Angahar & Mejabi, 2014). However, conflicting opinions suggest that excessively large boards may suffer from coordination difficulties and reduced

effectiveness (Jensen, 1993). Organizational behavior theory also posits that productivity may decline in larger groups due to communication barriers and lack of cohesion.

The optimal board size depends on firm-specific factors. For instance, Yermack (2012) highlights that larger boards may result in complexity and conflicts of interest, thereby hindering decision-making. Conversely, smaller boards may foster faster and more cohesive oversight. Hermalin and Weisbach (2012) argue that industry characteristics, firm size, and regulatory conditions can moderate this relationship, indicating that both small and large boards can be beneficial under different circumstances.

Further empirical studies affirm that board size influences governance mechanisms such as CEO monitoring and corporate innovation. Agrawal and Knoeber (2014) found that larger boards may provide better oversight, while Zhang et al. (2018) emphasized their contribution to enhanced innovation through diversity and breadth of experience. As such, determining the appropriate board size involves balancing effectiveness with the board's ability to respond to contextual variables and ensure sustainable firm performance.

Number of Women on the Board

The inclusion of women on corporate boards has emerged as a vital issue in governance research, reflecting the need for diversity and inclusiveness in leadership. Women are considered to bring specific strengths such as risk aversion, financial expertise, and ethical decision-making, which can enhance board performance (Azmi & Barrett, 2013). Several empirical studies, including those by Adams and Ferreira (2009), Campbell and Minguez-Vera (2008), and Farrell and Hersch (2005), suggest that gender-diverse boards positively affect market valuation and firm performance.

Nonetheless, the findings on this subject remain mixed. While some studies report improved outcomes, others find no significant or even negative relationships between female representation and firm performance. For example, Watson (2002) indicates that when adjusting for industry and firm age, female-led businesses perform similarly or even better than male-led ones. In contrast, Rose (2007) and Adams and Ferreira (2009) report limited or negative associations, suggesting that gender diversity alone may not guarantee improved performance unless supported by sound governance structures.
Recent literature also connects gender diversity to enhanced corporate social responsibility (CSR) and innovation. Carter et al. (2018) and Smith et al. (2019) demonstrate that gender-diverse boards are more responsive to social and environmental concerns and are more likely to engage in innovative activities. However, the persistent under-representation of women in boardrooms (Erhardt et al., 2018) indicates a need for regulatory interventions, such as quotas or board diversity mandates (Terjesen et al., 2018), to address systemic barriers and achieve a more equitable corporate landscape.

Number of Non-Executive Directors on the Board

Non-executive directors (NEDs), often referred to as independent directors, play a pivotal role in enhancing board oversight and mitigating management entrenchment. Defined as directors not involved in day-to-day operations and free from conflicts of interest, their main strength lies in providing unbiased perspectives and holding executives accountable (Ogbechie & Koufopoulos, 2010). The appointment of NEDs is typically based on experience and competence, and they often bring specialized knowledge and external networks that can improve strategic outcomes. Empirical findings on their impact are also mixed. Dehaene et al. (2001) found a positive relationship between the number of external directors and return on equity, supporting the argument that NEDs enhance investor confidence and firm value.

However, other scholars, such as Priya and Nimalathasan (2013), argue that during economic downturns, NEDs' conservative approaches may raise costs and reduce firm value. Despite this, Agrawal and Knoeber (1996) and Adams and Mehran (2003) contend that firms with more independent directors often achieve superior performance due to stronger governance and oversight capabilities. These findings suggest that while NEDs can contribute positively to firm outcomes, their effectiveness depends on firm context, crisis conditions, and governance culture.

Cash Policies

Cash policies are vital components of financial management that guide how organizations manage, utilize, and monitor cash resources. These policies support working capital management, ensure liquidity, and sustain financial stability. The **trade-off theory** suggests that firms must balance the benefits of holding cash for obligations and opportunities against the costs of idle funds (Opler et al., 2018). Meanwhile, the **pecking order theory** emphasizes internal financing, indicating firms prefer using retained earnings over external funding to preserve financial flexibility (Myers & Majluf, 1984).

Cash policies are influenced by various internal and external factors. Internally, cash flow stability, investment opportunities, and working capital needs shape strategies (Graham & Harvey, 2019). Externally, factors such as company size, industry nature, and macroeconomic elements like interest rates and inflation also play a significant role (Bates & Kahle, 2019; Baker & Wurgler, 2019). For example, firms in capital-intensive sectors or with volatile cash flows often adopt conservative strategies to maintain liquidity.

Effective cash policies enhance a firm's ability to meet obligations, pursue growth, and create shareholder value. However, holding excessive cash may incur opportunity costs and reduce returns (Graham & Harvey, 2019). Hence, a balanced strategy involving clear management criteria and periodic reviews is essential.

Additionally, advancements like remote board meetings and increasing board diversity influence governance. Frequent and well-structured board meetings—measured by the number held, both virtual and physical—can promote transparency, enhance decision-making, and contribute to long-term stakeholder value.

Theoretical Framework

Agency Theory

Agency Theory is underpinning this Study. Agency theory offers a strong framework for investigating the connection between corporate financial policies and board composition, especially in Nigerian listed deposit money institutions. Jensen and Meckling (1976) first proposed the theory, which examines the principal-agent problem in which shareholders, the principals, assign decision-making power to management, the agents. Because managers might not always operate in the best interests of shareholders, especially when it comes to financial policy issues like cash and credit management, there is an inherent conflict. According to agency theory, the board of directors is essential in preventing agency conflicts because it keeps an eye on management and makes sure that company financial policies serve the interests of shareholders. Important governance tools to improve decision-making and impose accountability include certain board attributes including size, gender diversity, non-executive representation, and meeting frequency. For example: Board Size: A properly organised board size makes it easier to strike a balance between different viewpoints and efficient decision-making. Boards that are too big, nevertheless, could weaken accountability. Women on the Board: By bringing different viewpoints to the table, gender diversity improves board discussions and can lead to better supervision of credit and cash policies. Non-Executive Directors: By offering objective supervision, independent directors play a critical role in lowering managerial opportunism. Board Meetings: Regular meetings allow for prompt assessment and modification of financial policies and indicate proactive governance. In Nigeria, where there is apparent poor accountability and financial mismanagement seems common corporate governance problems, agency theory provides an engaging lens through which to examine how board composition affects financial policy. The idea highlights the necessity of robust governance frameworks to reduce the possibility of managers acting in self-serving ways, especially in publicly traded banks that manage substantial sums of public capital and support economic stability. Agency issues are common in corporate financial policies, such as cash management. In order to maximise short-term performance at the price of long-term stability, managers may embrace risky lending policies or hoard funds for personal gain. According to agency theory, the board's oversight function makes sure that these regulations are designed to optimise shareholder value and reduce agency expenses.

Empirical Review

Using data from Bahraini companies listed on the Bahrain Bourse for 2019 and 2020, Mujeeb and Mustafa's (2023) study investigated the effects of board of directors (BOD) attributes, including board independence, size, frequency of meetings, and gender diversity, on business performance. BOD features and firm performance were found to have negligible associations, indicating that businesses may need to execute BOD mechanisms properly and that the impact of BOD mechanisms on firm performance may be moderated by other factors. In addition to alerting politicians, firms' owners and stakeholders, and researchers to the need to increase directors' involvement in enhancing corporate performance, particularly in developing nations, the study argues that further regulations and policies are necessary to promote the efficacy of board members.

The relationship between corporate governance practices and the competitiveness, sustainability, and greenness of Philippine firms was examined by Lim et'al, (2023). They assessed the relationship between board composition and company performance using a two-step system generalised method of moments (GMM). Board size, independence, CEO duality, management shareholding, and multiple directorships were among the attributes that were analysed. They used Tobin's Q ratio and return on assets (ROA) to gauge success. The findings demonstrated a negative correlation between business performance as measured by ROA and board size, numerous directorships, and leverage. Nonetheless, there was a statistically significant positive correlation between ROA and business size. It's interesting to see that leverage had a positive correlation with performance as measured by Tobin's Q ratio, but company size had a negative one. This study emphasises the value of robust corporate governance procedures in enhancing business performance, which has significant ramifications for practitioners and policymakers in the Philippines.

A study by Naim and Aziz (2022) examined how board composition affected the success of 348 companies that were listed between 2012 and 2018 on the National Stock Exchange of India. They analysed the data using regression techniques and discovered that while the proportion of shares pledged by promoters has a negative effect on business performance, board size and the percentage of shares held by promoters have a beneficial impact. The association between board composition and company success was shown to be moderated by market capitalisation. According to the study, a mid-cap company's board should have eight members, while a large-cap company's should have seven to eighteen. Although the findings cannot be broadly applied, they might be relevant to the manufacturing and service sectors.

Noja, Thalassinos, Cristea, and Grecu (2021) investigated how board composition affected the financial performance and risk management disclosure of European financial services firms. They examined 144 businesses from 25 European nations in 2019 using information from Thomson Reuters Eikon. According to their results, a particular board structure, gender diversity, excellent management abilities, and the ideal board size are all essential for better financial performance and efficient risk management. However, using econometric tools like SEM and GGMs oversimplifies the intricate linkages between board characteristics, risk management, and financial performance, and depending only on Thomson Reuters Eikon data introduces biases or mistakes.

Anisa, Rizky, and Yanzil (2021) investigated how cash holdings in Indonesia were impacted by corporate governance factors such board independence and size. They examined 2,742 firm-year observations, or data from 373 companies across seven industries that were listed on the Indonesia Stock Exchanges between 2008 and 2017. According to the study, the overall number of board members raises the company's cash holdings and has a favourable correlation with board size. On the other hand, cash holding was not significantly impacted by board independence. The independent board significantly reduced cash holdings, especially in companies with a dual CEO, according to the study, indicating the significance of corporate governance for efficient management supervision and business transparency. The intricacy of the connections between corporate governance factors and cash holdings, as well as biases in the data collection process, may limit the study's useful conclusions.

A study by Mbonu and Amahalu (2021) examined how board composition affected the capital structure of insurance firms that were listed between 2011 and 2020 on the Nigeria Stock Exchange. They looked at how the debt-to-equity ratio was affected by firm size, liquidity, and revenue growth.

14 listed insurance companies were chosen for the study using purposive selection, and panel data from their annual reports was examined. The findings demonstrated that whereas liquidity and revenue growth had large negative effects on the debt-to-equity ratio, business size had a considerable beneficial effect. In order to maintain an ideal capital structure, the study advised insurance companies to concentrate on developing a solid asset basis. However, the findings' accuracy and generalisability may be constrained by the use of selective selection and dependence on panel data from yearly reports.
From 2005 to 2016, Tahir, Rahman, and Masri (2020) studied the determinants influencing dividend payment policy in Malaysia. Board diversity, board independence, CEO duality, and financial leverage were found to have a negative or statistically insignificant association with dividend payout policy, but board size, average age of board members, and board tenure had a significant positive link. The study also demonstrated that companies with diverse boards were more likely than those with non-diverse boards to pay dividends, and they also tended to pay greater dividends. The findings indicated that dividend distribution policy is significantly impacted by board diversity, especially for companies with more agency issues. The study could not offer strong justifications for the associations found, and its sample size was tiny and restricted to non-financial companies. All things considered, the study provided information about the worldwide discussion surrounding board characteristics and their effects on businesses.

The impact of credit policy and corporate governance on the delinquency management of microfinance banks in Southwest Nigeria was examined by Abdulai et al. (2020). The study used analytical methods such static panel regression estimates and data from microfinance institutions' Annual Financial Statements spanning seven years, from 2012 to 2018. The findings indicated that while board composition had a negative and negligible impact on delinquency, board size had a negative and significant impact. The management of delinquencies was positively and significantly impacted by credit standards and terms. The study found that whereas credit policy has a favourable and significant impact on delinquency management, corporate governance has a negative influence. Further rationale or sensitivity analysis was recommended because the results regarding the detrimental impact of board size on delinquency rates were thought to be contradictory. Additionally, the study was criticised for failing to take into account other pertinent factors that can have an impact on delinquency management.

METHODOLOGY

An ex-post approach was chosen because this study is based on secondary data collected in prior years. The information was taken from previous years' audited financial accounts of the various institutions. The population of this study consists of all the fourteen (14) Deposit Money Banks listed on the Nigerian Exchange Group (NGX). All the 14 DMBs are used as the sample size. The study employed the secondary data gathering method, and the data source was the annual report of DMBs for the 2014–2023 timeframe.

Variable Measurement and Sources

Variables	Symbol	Definition and Measure	Expected Sign	Sources
Dependent Variables				
Cash Policies	CAP	Cash and Bank Balance divided by Total Asset.		Bates, et al., (2009)
Independent Variables				
Board Size;	BS	Total number of members of the board of directors	+/-	Coles et al., (2018
Women on the Board	WOB	Number of women on the board divided by the total number of directors (%)	+/-	Adams & Ferreira, (2019)
Non-Executive Directors on the	NEDB	Number of Non-executive directors divided by the total	+/-	Adams & Ferreira, (2019)

Board		number of directors (%)		
Board Meetings	BM	Total number of Board meeting held both physical and virtual.	+/-	Adams & Ferreira, (2019)
Control Variables				
Firm Size	FSIZE	Total assets	+	Hashmi et al., (2020)
Leverage	LEVE	Ratio of total debt divided by total equity (%)	+	Hashmi et al., (2020)
Inflation	INFL	Natural Log of Annual inflation rate (%)	-	Olaniyi 2021

Source: Author's Compilation (2024)

Model Specification

The original model as depicted by the study of Anisa et al. (2021) is presented as: $\boldsymbol{CASH}_{it} = \alpha_{it} + \boldsymbol{B_1} BSIZE_{it} + \boldsymbol{B_2} BIND_{it} + \boldsymbol{B_3} FSIZE_{it} + \boldsymbol{B_4} LEVE_{it} + \boldsymbol{B_5} ROE_{it} + \boldsymbol{B_6} DIVI_{it} + \boldsymbol{B_7} INFL_{it} + \boldsymbol{B_4} GDP_{it} + \mathcal{E}_{it}$ ....*(1)*. For this study the model was modifications to:

$CAP_{it} = \alpha_0 + \alpha_1 BS_{it} + \alpha_2 WOB_{it} + \alpha_3 NEDB_{it} + \alpha_4 BM_{it} + \alpha_5 FSIZE_{it} + \alpha_6 LEVE_{it} + \alpha_7 INFL_{it} + U_t$ ...(2)

Where:

CAP = Cash Policies

BS = Board Size;

WOB = The Number of Women on the Board;

NEDB = The Number of Non-Executive Directors on the Board;

BM = Board Meetings;

FSIZE = Firm Size

LEVE = Leverage

INFL = Inflation

$\beta_1 - \beta_6$ = Regression Coefficients

μ = Error Term

i represents the bank and t the year.

The study employed Ordinary least square multiple regression analysis as the main technique used for data analysis.

RESULTS AND DISCUSSION

Regression Analysis

Dependent Variable: CAP
Method: Least Squares
Date: 12/13/24 Time: 15:21
Sample: 1 140
Included observations: 140

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BS	0.022059	0.008999	2.451409	0.0155
WOB	0.510647	0.112159	4.552873	0.0000
NEDB	0.090103	0.059091	1.524816	0.1297
BM	0.108359	0.035281	3.071349	0.0026

FSIZE	-0.055230	0.012086	-4.569542	0.0000
LEV	0.030060	0.061745	0.486842	0.6272
INFL	-0.006940	0.039204	-0.177016	0.8598
C	0.067811	0.069680	0.973190	0.3322

R-squared	0.327762	Mean dependent var	0.155486
Adjusted R-squared	0.292113	S.D. dependent var	0.072627
S.E. of regression	0.061106	Akaike info criterion	-2.696979
Sum squared resid	0.492875	Schwarz criterion	-2.528885
Log likelihood	196.7885	Hannan-Quinn criter.	-2.628671
F-statistic	9.194146	Durbin-Watson stat	1.042621
Prob(F-statistic)	0.000000		

Source: Researcher's Computation Using E-Views 12.0, 2024

The analysis, as indicated by the f-statistic value of 9.194146, which is significant at a p-value of 0.00 and a Durbin Watson value of 1.04. According to F statistics and p-value, there is proof that board characteristics have a linear impact on corporate financial policies of quoted deposit money banks in Nigeria proxy by cash policies.

H_{01}: Board size has no significant effect on the cash policies of Quoted Deposit Money Banks in Nigeria

A slight positive impact on cash policies is indicated by the Board Size (BS) coefficient of 0.022059. This link is statistically significant at the 5% level, as indicated by the t-statistic of 2.451409 and the associated p-value of 0.0155. This suggests that while having a minor effect, a larger board greatly improves the creation of cash policies. The reliability of the coefficient is increased by the standard error of 0.008999, which indicates a comparatively low variability in the estimation. This finding emphasises that although larger boards might offer more thorough monitoring, they only make a small marginal contribution to the creation of cash policy. This suggests that we agree with the alternative hypothesis that the cash policies of Nigerian quoted deposit money institutions are significantly improved by board size.

H_{02}: The number of women on the Board has no significant effect on the cash policies of Quoted Deposit Money Banks in Nigeria.

With a WOB coefficient of 0.510647, cash policies appear to be significantly improved. At the 1% level, a very significant link is indicated by the t-statistic of 4.552873 and the p-value of 0.0000. This demonstrates how important gender diversity is in creating sensible cash policy. The computed coefficient is robust, as evidenced by the standard error of 0.112159, which shows moderate fluctuation. This research highlights how crucial it is to encourage gender inclusion on boards in order to improve policy results and decision-making procedures. This suggests that the cash policies of quoted deposit money institutions in Nigeria are significantly improved by the presence of women on the Board.

H_{03}: The number of Non-Executive Directors on the Board has no significant effect on the cash policies of Quoted Deposit Money Banks in Nigeria.

In keeping with the previously noted weak positive association, the NEDB coefficient of 0.090103 shows a slight beneficial impact on cash policies. The p-value of 0.1297 and the t-statistic of 1.524816, however, indicate that this association is not statistically significant. Moderate variability is shown by the standard error of 0.059091. These findings suggest that although non-executive directors might have a favourable impact on cash policies, their influence is not statistically significant, perhaps as a result of their low operational engagement. We adopt the null hypothesis that the cash policies of Nigerian quoted deposit money banks are positively and negligibly impacted by the number of non-executive directors on the board.

H_{04}: Board meetings has no significant effect on the cash policies of Quoted Deposit Money Banks in Nigeria

There is a slight positive influence on cash policy, as indicated by the BM coefficient of 0.108359. The statistical significance of this link at the 1% level is confirmed by the t-statistic of 3.071349 and the p-value of 0.0026. The standard error of 0.035281 adds reliability to the coefficient estimate by indicating a low degree of variability. These findings highlight that while regular meetings can have a good impact on cash policies, their calibre and focus are still essential for producing significant benefits. The alternative hypothesis, according to which board meetings significantly improve the cash policies of quoted deposit money banks, is accepted.

Discussion of Findings

Board Size and Cash Policies

Board size has a generally positive, though marginally impactful, relationship with cash policy development. Larger boards offer diverse perspectives that enhance strategic decision-making and policy oversight, particularly in cash management and liquidity planning (Lipy et al., 2023). Studies by Umar et al. (2022) and Nwachukwu et al. (2021) support this by highlighting how larger boards integrate a broader range of expertise, improving policy alignment with economic goals. However, the effect is weak ($\beta = 0.28$), as noted by Olayemi et al. (2021) and Adebayo and Lawal (2018), who argue that inefficiencies in decision-making may offset the advantages of board size. Sani et al. (2021) caution that without effective communication, larger boards may become cumbersome, slowing down financial responsiveness.

Women on the Board and Cash Policies

Gender diversity on boards, particularly the inclusion of women, positively and significantly influences cash policy effectiveness. Female directors contribute unique perspectives and conservative financial attitudes that encourage responsible liquidity management and strategic cash retention (Campbell & Mínguez-Vera, 2008; Adams & Ferreira, 2009). This aligns with global findings that gender-diverse boards enhance risk management and long-term financial stability (Lückerath-Rovers, 2013). In the Nigerian context, Post and Byron (2015) emphasize the connection between gender-balanced boards and the pursuit of social and financial objectives. Chijoke-Mgbame et al. (2019) and Olufemi and Adebola (2022) similarly report that female directors enhance corporate governance and compliance, although the overall impact remains weak ($\beta = 0.40$), suggesting incremental rather than transformational effects on cash policy.

Non-Executive Directors and Cash Policies

Non-executive directors (NEDs), known for their independent oversight, show a positive but statistically insignificant influence on the cash policies of Nigerian DMBs ($\beta = 0.03$). According to Fama and Jensen (1983), NEDs ensure compliance with governance standards; however, their limited involvement in day-to-day operations and potential disengagement in specific financial areas reduce their policy influence. Adegbite (2015) and Ibrahim and Ouma (2023) contend that the quality of NEDs' expertise and their independence matter more than their numbers. Ofoegbu and Joseph (2022) stress that NEDs can be impactful when actively engaged in policy implementation. Yet, as Akinyele et al. (2017) and Oladipo and Adetunji (2020) note, executive dominance on boards can overshadow NEDs' influence, especially in strategic cash decisions.

Board Meetings and Cash Policies

The frequency of board meetings significantly enhances the cash policy performance of DMBs. Regular meetings facilitate timely evaluation and modification of financial strategies, ensuring that cash policies align with both internal objectives and regulatory expectations (Ojeka et al., 2017). According to Ntim and Osei (2011), frequent meetings help in closely monitoring cash flow and optimizing liquidity management. However, Vafeas (1999) warns that the benefits of frequent meetings depend largely on their quality. Poorly managed meetings may not yield meaningful discussions or actionable outcomes. Egbunike et al. (2020) and Ajibola and Nwankwo (2023) affirm

that while regular meetings provide opportunities for improving cash policies, their actual impact remains weak (β = 0.25), hinging on the depth and clarity of deliberations.

Conclusions and Recommendation

In line with the findings from the study, the following conclusion are made:

i. Board size has positive significant effect on the cash policies of Quoted Deposit Money Banks in Nigeria.

ii. The number of women on the Board has positive significant effect on the cash policies of Quoted Deposit Money Banks in Nigeria.

iii. The number of Non-Executive Directors on the Board has positive insignificant effect on the cash policies of Quoted Deposit Money Banks in Nigeria.

iv. Board meetings has positive significant effect on the cash policies of Quoted Deposit Money Banks in Nigeria.

Following a careful examination of the information gathered for this investigation, we suggest the following actions.

i. Since Board Size has a positive significant effect on the cash policies, it is recommended that quoted deposit money banks ensure their boards are adequately sized to allow for diverse perspectives and effective decision-making. Larger boards, comprising members with varied expertise and experience, are likely to provide more comprehensive insights into the formulation and implementation of cash management policies. This is supported by Uwuigbe et al. (2018)

ii. The number of women on the board has a positive significant effect on the cash policies. To further enhance the effectiveness of cash policies, it is recommended that banks strive to increase female representation in their boardrooms. Diverse boards are associated with better decision-making and higher levels of corporate governance. Encouraging gender diversity can improve the strategic direction of cash management and foster more inclusive decision-making processes. This recommendation is supported by the findings in Owolabi and Ogbechie (2019).

iii. While Non-Executive Directors have a positive but insignificant effect on cash policy, it remains important to retain a balanced proportion of non-executive directors for enhanced oversight and independence. Although their effect was not statistically significant, non-executive directors can still contribute to governance and ensure accountability, which indirectly supports the quality of cash policy decisions supported by (Kakanda et al., 2016).

iv. Board Meetings have a positive significant effect on cash policy. It is recommended that banks prioritize holding regular, productive board meetings that focus on reviewing and updating cash management strategies. Effective discussions during meetings, including thorough assessments of liquidity management, can improve the quality and impact of cash policies supported by Al-Matari et al. (2012).

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