



BOARD DIVERSITY AND ETHICAL CORPORATE GOVERNANCE IN NIGERIAN FINANCIAL SECTOR: A STUDY OF DEPOSIT MONEY BANK

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Abstract

This study examines the relationship between board diversity and ethics in corporate governance in Nigeria's financial sector. Focusing on Deposit Money Banks (DMBs), the study investigated three important dimensions of board diversity, which are gender, age, and ethnicity, and their effect on transparency, accountability, and compliance with regulatory requirements which are indicators of ethical corporate governance. The study employed survey research design to gather data from 230 boards of directors and executives of the 7 Nigerian DMBs with international presence, based on census sampling technique the entire population was used as sample. 215 questionnaires were retrieved and used for analysis. The hypotheses were tested with Pearson Product Moment Correlation Coefficient (PPMCC) analysis. Results showed a strong relationship between board diversity and ethical corporate governance in Nigerian DMBs. Specifically, our findings show that age diversity has positive effect on boards' transparency, gender diversity positively correlates with accountability, and ethnicity diversity positively affects compliance with regulatory requirements. The study hence conclude that board diversity is essential in promoting ethical corporate governance in Nigerian DMBs. Based on the findings, we recommend that The regulators, CBN and the SEC should implement rules that will promote board diversity to help reduce the risk of corporate failures. Policymakers in the Nigerian government should introduce policies that will encourage board diversity. Nigerian DMBs should prioritize board diversity as a means of improving their organisation's governance and reputation.

Keywords: board diversity, ethical corporate governance, age diversity, ethnicity diversity, Nigerian DMBs, compliance to regulatory bodies

1. INTRODUCTION

The financial sector, is among the major elements of the Nigerian economy and has observed notable transformation recently. The sector is made up of Deposit Money Banks (DMBs), microfinance banks, insurance companies, including asset management companies (Olunuga, & Akinrodoye, 2022; CBN, 2020). DMBs which is the focus of the study, play the fundamental role in driving economic growth in the country. For instance, DMBs are responsible for organising savings, energising commerce, facilitating all forms of transactions and investments, providing credit to businesses, as well as promoting financial inclusion (Edun, et al, 2025; schooldrillers.com). With the passage of time, the banking sector in Nigeria, particularly DMBs have been able to pull through factors such as technology advancement, policy reforms, including the varied demands of its growing population (Iwedi, 2024). Notwithstanding all of these getting, the sector faces increasing concern in terms of corporate governance and the challenges that are threatening its stability and sustainability.

Conversely, despite their importance, Nigerian DMBs and other financial institutions have faced substantial challenges in the recent times due to corporate governance failure. One of these challenges is board oversight and homogeneity or lack of diversity in board selection which often result in poor board decisions, and mismanagement, including abuse of power (Abiad et al., 2025; Sanusi, 2012). Poor risk management is another challenge that threatens financial stability, as DMBs engage in high risk lending practices due to poor board decisions and policies, it increases the number of non-performing loans. One more challenge, is the insider abuse and corrupt practices, which includes cases of insider trading, frauds, and other unethical lending practices that have compromised the financial



reliability of the financial institutions (www.manifieldsolicitors.com). Another factor that has constituted to governance failure in the financial sector is regulatory weaknesses (Muslim, 2025), lack of transparency and inability to effectively enforce regulation is a worrisome in the financial sector. It has led to lowering of standards and noncompliance to regulation. Increased dependence on technology has exposed the banking sector to cyber threats (Familoni, & Shoetan, 2024) which is another challenge that not only compromise customers and bank data but also trust of public. Economic volatility is also another gruesome challenge that has cut down the profitability and stability of financial institution (Manifold Solicitors, 2024; School Drillers, 2025). Responding to these challenges, the Apex bank, Central Bank of Nigeria (CBN) and other regulatory bodies like the Security and exchange commission (SEC) suggest board diversity and ethical corporate governance to maintain stability in the banking sector (Owoeye, 2025; CBN, 2014; CBN, 2024; SEC, 2018).

Board diversity is an important aspect of corporate governance which refers to the mixed experiences, characteristics, abilities, and perspectives of members of the board of an organisation (Tahir, et al., 2024). In the context of Nigerian DMBs, board diversity comprises age, ethnicity, gender, expertise, to mention but a few. The structure of boards in Nigerian DMBs is a cause for concern. Appointment are based on influential connections rather than qualifications (Edun, et al., 2025). This has lent credence to critic's claims that board structures are often homogeneous and lack diversity, and hence affects the effectiveness of decisions. In decision making process, it is expected that a diverse board provide unique perspectives, ideas, experiences, skills that will support effectiveness in decision making and corporate governance. Lack of diversity in the aspect of gender is especially notable across boards in Nigeria DMBs, with women under-represented in board positions. Another concern is the lack of age diversity, as most board members are predominantly older, potentially sacrificing innovation, smart and fresh perspective despite their experiences (Edun, et al., 2025; Nwafor, & Nworie, 2025). Given Nigeria's rich and diverse cultural background, ethnicity diversity is important in its workplaces (Danso, et al., 2024). This will ensure that each ethnic group, region and culture is well represented in the board to avoid the snowball effect of the gruesome grudge of marginalisation. Conversely, variation in skill and knowledge is equally essential. When there is a mix of disciplines such as technology, finance, management, law, etc., it can improve strategic decision in the board (Safeei, et al., 2024; Vandebek, et al., 2024). We cannot overemphasise the relevance of board diversity to ethical corporate governance (Collecchio, et al., 2024).

Diversity in a board can make it better equipped to enhance transparency, accountability, and compliance which are essential elements of corporate governance. Diversity in a board is likely to expose board decisions to scrutiny, for instance, it could spur board members to challenge assumptions and demand more explanation which is more likely to enhance accountability. In addition, diverse boards can expedite compliance with regulatory requirements and industrial standards, which can as well reduce noncompliance with associated penalties. Ethical corporate governance, on the other hand, refers to the transparent, accountable, and fair system directing and controlling an organisation, while protecting the interests of stakeholders through integrity, supervision, and effective decision making.

Under normal circumstances, the Nigerian DMBs would be characterised by strong ethical corporate governance with diverse board members providing effective supervision, strategic guidance and decisions, which would eventually provide stability, transparency and public trust that strengthens them (Tahir et al., 2024). While forward thinking DMBs have acknowledged and adopted diversity in their boards to improve their decisions and ethical practices, some others are still struggling with lack of diversity in board structure. However, the present situation challenging sustainability and stability of the Nigerian DMBs is worrisome. The situation on ground reveals a concerning trend of ethical corporate governance failure, financial instability which has hindered economic growth, erosion of public trust due to repeated governance failure, and bank failures. The progression of Nigerian banking system has been roughened by scandals which include and resulted in the recent revoke of bank's licenses (2024 Heritage Bank's license revoke, including other financial institutions), and the 2009 bailout of some banks by CBN, the apex bank. Despite the relevance of board diversity, in corporate governance, many DMBs lack diversity in board structure which contributed to poor decisions and unethical practices. Hence, this paper investigates the effect of board diversity on ethical corporate governance in the banking sector with the aim of providing insight.

Research Objectives

The main objective of this study was to investigate the effect of board diversity on ethical corporate governance in Nigerian DMBs. The specific objectives are, to:

1. Examine the effect of gender diversity on transparency in Nigerian DMBs.
2. Assess the extent of relationship between age diversity and accountability in Nigerian DMBs.
3. Investigate the nature of effect ethnicity diversity has on compliance with regulatory requirements in Nigerian DMBs.

Research Questions

The following research questions were raised:

1. What is the effect of gender diversity on transparency in Nigerian DMBs?
2. What is the extent of relationship between age diversity and accountability in Nigerian DMBs?
3. Does ethnicity diversity have a positive effect on compliance with regulatory requirements in Nigerian DMBs?

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Board Diversity and Ethical Corporate Governance

Board diversity is an important factor in corporate organisations where board structure is constituted. This is so because diversity of the board constituent can bring different perspectives, experiences, and skills that will likely lead to better decision-making and supervision. To effectively facilitate boardroom success and reduce the risk of failures in corporate governance, encouraging diversity in board composition maybe essential (Wei, et al., 2025; Bagh et al., 2023). The concept of diversity in board composition has gained attention recently, and with different aspects namely: age diversity, gender diversity, ethnicity diversity, expertise diversity, and so on.

Zaoh, et al. (2025) posited that diverse boards, comprising a variety of perspectives and experiences, is likely to foster ethical behavior and reduce instances of fraud, which can by this means minimise agency costs (Bona-Sanchez, et al., 2024). Indeed, a diverse board is better equipped to challenge management decisions and provide a more comprehensive supervision function, which is essential for good corporate governance (Ariadi, et al., 2024; Achima, et al., 2025). Besides, the presence of varied demographic attributes, such as gender, age, and ethnicity contributes to a stronger ethical framework within the organisation (Akpokerere, & Obonofiemro, 2022). For instance, studies suggest that gender diversity on boards can enhance financial reporting quality and decrease errors in management, indicating a stronger ethical stance (Rimamshung, et al., 2023).

Furthermore, the presence of female directors can be related with increased diligence in monitoring management and the likelihood of encouraging stakeholders' interests, thus strengthening ethical behavior (Ibrahim, & Hamza, 2023). Likewise, board independence, often enhanced by the appointment of experienced non-executive directors, can positively influence financial performance and strengthens ethical supervision within organisations (Edun, et al., 2025; Oluwafela, 2025). In Furtherance, studies have argued that diversity in boards, commonly in terms of gender, introduce dynamics that can influence firm-level outcomes (Edun, et al., 2025; Tahir, 2024; Olaoye & Adewumi, 2020). Ethnic diversity, specifically joining representation from Nigeria's major ethnic groups, is also posited to enhance corporate governance systems, providing experiences and networking opportunities that could positively influence corporate performance and audit quality (Edun, et al., 2025; Oyetunji, 2024). Conversely, some research also suggests that certain aspects of board heterogeneity, while generally beneficial, must be carefully considered within the Nigerian context to maintain board cohesiveness and overall effectiveness (Ado, et al., 2024; Yahaya, 2024; Aernan, et al., 2023).

At its core, ethical corporate governance is about running a company in a way that's fair, transparent, and responsible. It's about considering the impact of decisions on everyone involved, from shareholders and employees to customers, suppliers, and the community at large (Aguilera & Ruiz-Castillo, 2025). Think of it like a balancing act, where companies need to weigh up different interests and make choices that work for everyone. Elements of ethical corporate governance include: transparency, accountability, compliance to regulations, fairness, integrity, board supervision, to mention but a few. Corporate governance within financial institutions in Nigeria is principally overseen

by the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), and the Nigerian Deposit Insurance Corporation (NDIC). These regulators enforce a raft of policies designed to foster the efficacious management of risk, ethical leadership, and accountability, thereby ensuring that financial institutions operate with probity and transparency (Manifold Solicitors, 2024; School Drillers, 2025). However, in the Nigerian context, the current state of corporate governance is rather alarming. To begin with, the regulatory frameworks are feeble, and enforcement is often lacking (Efunniyi et al., 2024). One major issue is the lack of diversity on corporate boards, they are often made up of people from similar backgrounds, with limited or no representation from women and minority groups (Nyongesa, & Osinde, 2025). This can lead to a narrow perspective and a lack of fresh ideas, which can hold organisations back.

2.1.2 Gender Diversity and Transparency

Gender diversity on the board in a nutshell refers to having a fine mix of men and women directors (Edun et al., 2025; Yahaya, 2024). Transparency, on the other hand, is about being open and honest in how a company operates and makes decisions (Bagh et al., 2023; Centinaio, 2023; Lin et al., 2025; Sanchez et al., 2025). Think about it, when you have a diverse group of people discussing and deciding on things, you are more likely to get a well-rounded view of the situation. And that can only be good for transparency. Studies have also found that organisations with more women on the board tend to share more information and have better financial performance (Bagh, et al., 2023; Centinaio, 2023). Even more recently, research has revealed that having women on the board can really make a difference in promoting transparency. Women can bring unique perspectives and experiences to the table. Hence, informing decision-making for better transparency. The presence of female directors on the boards have been linked to better decisions, better performance, especially financial reporting (Edun, et al., 2025; Yahaya, 2024; Lin et al., 2025; Sanchez, et al., 2025). Despite the existing literature on the topic, there is a need to examine the Nigerian context, where cultural and institutional factors may influence the relationship between gender diversity and transparency. Cultural and institutional factors can influence how things play out, which is why it's worth taking a closer look. Hence, the following hypothesis:

Hypothesis 1: Gender diversity has a significant effect on transparency in Nigerian DMBs

2.1.3 Age Diversity and Accountability

Age diversity on the board explains a board composition where we have directors in all working age bracket, which can bring a wealth of benefits (Edun et al., 2025). On one hand, older directors bring experience and wisdom gained from years of service, on the other hand, younger directors bring fresh ideas and energy, plus innovation (Guruuz, & Gurbuz, 2025; Jide et al., 2025). This mix of perspectives can improve accountability by ensuring that decisions are thoroughly scrutinised and debated. Furthermore, a balanced age demographic within the board can mitigate the risks associated with groupthink and foster a more dynamic environment for strategic supervision, which can strengthen corporate governance (Zhao et al., 2025). In the Nigerian context, age is an important factor, with cultural values often placing a high premium on age and experience. Specifically, older directors may be more inclined to disclose non-financial information due to their accumulated experience and heightened sensitivity to social and environmental concerns. Research has shown that age diversity on the board is positively linked to accountability and firm performance (Bagh, et al., 2023; Gardiner, 2022; Masi, et al., 2025; Zhao, et al., 2025). This makes it worth investigating. Hence, the hypothesis:

Hypothesis 2: There is a significant relationship between age diversity and accountability in Nigerian DMBs.

2.1.4 Ethnicity Diversity and Compliance with Regulatory Requirements

Oladejo & Alagbe, (2024) suggests that having directors from different ethnic backgrounds on the board can bring unique perspectives and ideas to the table. In a country like Nigeria, with its diverse ethnic makeup, this diversity can be a major strength. When you have boards that reflect the

country's ethnic diversity, you are more likely to have a deeper understanding of the needs and concerns of different communities (Udoyiu, & Uko, 2023). This is particularly relevant given Nigeria's multi-ethnic composition, where such diversity on boards may enhance understanding and adherence to regulations shaped by these varied local customs and values (Aifuwa, et al., 2022). Moreover, an ethnically diverse board can foster better communication and engagement with various stakeholders, eventually leading to improved compliance with regulatory requirements (Adiga, et al., 2015). This multidimensional understanding can translate into stronger internal controls and a proactive approach to regulatory changes, in so doing reduce the likelihood of noncompliance incidents and enhance the overall ethical structure of organisations (Edun et al., 2025). Such diversity is essential for circumventing Nigeria's complex regulatory landscape, as it can bring varied interpretations and understandings into compliance strategies, thereby strengthening corporate governance (Edun et al., 2025; Amanamah, 2024; Kabara et al., 2023).

Although existing literature highlights the importance of board diversity in promoting compliance with regulatory requirements Adiga et al., (2015), there is a dearth of research on the construct- ethnicity diversity and compliance to regulatory requirements, in the Nigerian context. Given Nigeria's unique cultural and institutional framework, it's necessary to examine how ethnicity diversity can affect compliance with regulatory requirements in Nigerian DMBs. This study aims to fill this gap by examining the construct in Nigerian DMBs. Hence, this hypothesis:

Hypothesis 3: Ethnicity diversity has a positive effect on compliance with regulatory requirement in Nigerian DMBs.

2.2 Theoretical Review

The study is supported by three major theories that help explain the relationship between board diversity and ethical governance in Nigerian DMBs. These are the Agency Theory, Resource Dependence Theory, and the Stakeholder Theory.

2.2.1 Agency Theory

The key proponents of this theory were Michael Jensen and William Meckling in 1976 (Blair & Stout, 2001). This theory explains the relationship between principals i.e. shareholders and the agents, which in this case is the "management" in organisations. Given that the shareholders or principals owns the business but are not involved in day-to-day running of the business, conflict of interests may arise between them and the agents (management) who runs the business. Agency theory assumes that boards of directors usually act as referees easing these conflicts and ensuring everyone play fair and the business stays on track (Lim et al., 2023). In the context of board diversity, agency theory suggests that a diverse board can enhance the effectiveness of monitoring function and they can do this by harnessing range of perspectives, background and experiences which can cut down on the possibility of managerial unscrupulousness or opportunism (Gopalan & Watson, 2014). For instance, a board with diverse expertise and backgrounds is better equipped to properly inspect management decisions, and protect shareholder interests. It is like having a team of experts with different superpowers, working together to ensure transparency and accountability in corporate practices. This diversity strengthens the board's independence, which is necessary in environments where external checks are lacking (Khatri, 2024). Furthermore, a diverse board is more likely to challenge managerial decisions that might not align with long-term organisational goals or ethical standards, and hence reduce agency costs and promote a culture of accountability (Onyekwere & Babangida, 2021). In essence, Agency theory suggest that board diversity= better supervision= better corporate governance, which supports the objective of this study highlighting how diversity in boards can contribute to more ethical corporate practices.

2.2.2 Resource Dependence Theory

Resource Dependence Theory (RDT) was born out of the work of Jeffrey Pfeffer and Gerald Salancik in 1978. They were trying to understand how organisations behave and interact with their environment, and what they found was quite insightful (Ojali et al., 2023). Essentially, Pfeffer and

Salancik argued that organisations aren't self-sufficient, they rely on external resources to survive and boards of directors play important role in securing these resources and managing external dependencies (Ojali et al., 2023). Think about it, they need things like finance, expertise, and networks to operate, and they get these from outside. RDT views directors as strategic assets, selected for their ability to provide access to vital external resources, including information, legitimacy, and connections (Onyekwere & Babangida, 2021).

This perspective highlights that diverse boards, with their varied networks and expertise, are better positioned to gather critical resources and sail across complex external environments, thus enhancing organisational resilience and performance (Gambo et al., 2018; Mensah et al., 2024). From a resource dependence perspective, diversity in board composition, such as varied professional backgrounds, industry experience, or socio-demographic characteristics can equip board members with a wider external linkages and insights, needed for steering complex market dynamics and regulatory landscapes (Castellini et al., 2020). By leveraging diverse networks, boards can more effectively secure important resources, influencing decisions to mitigate risks and foster sustainable growth (Mazumder, 2024; Akonor et al., 2024).

RDT supports the objectives of assessing the relationships between age diversity and accountability, and ethnicity diversity and compliance with regulatory requirements. So, in a nutshell, RDT says that organisations are like open systems, constantly interacting with their environment to get what they need to survive. It's a pretty straightforward idea, but it has some big implications for how we understand organisational behaviour. This theoretical framework emphasises the strategic importance of board diversity, as directors with varied backgrounds can offer unique pathways to essential resources and knowledge, thereby reducing organisational vulnerability to external pressures (Mensah et al., 2024).

2.2.3 Stakeholder Theory

Stakeholder Theory, developed from the work of Edward Freeman in 1984, posits that an organisation's success is contingent upon its ability to manage relationships with a variety of stakeholders, not just shareholders (Freeman et al., 2010). Stakeholder Theory, assumes that organisations have a moral obligation to consider the interests of a range of stakeholders, not just their shareholders (Freeman et al., 2010; Gutterman, 2024). This includes employees, customers, suppliers, the community at large, and anyone else who's impacted by the organisation's actions.

The theory suggests that these stakeholders have a legitimate stake in the organisation's decisions and outcomes, and that the organisation should strive to manage its relationships with them effectively. By doing so, the organisation can create value for all parties involved and achieve its objectives in a responsible and sustainable way.

In the context of board diversity and ethical corporate governance, Stakeholder Theory is particularly relevant. A diverse board, with a range of perspectives and experiences, is better placed to understand and address the needs of various stakeholder groups. This, in turn, can lead to more informed decision-making, greater transparency, increased accountability, and more public trust (Xu et al., 2025). Stakeholder Theory supports the objectives of examining the effect of gender diversity on transparency, age diversity and accountability and the nature of effect ethnicity diversity has on compliance with regulatory requirements. The theory suggests that diversity on the board can lead to increased empathy, integrity and understanding, ultimately enhancing transparency, accountability and compliance. Imagine a board that is able to tap into the insights and expertise of its diverse members to make decisions that balance the competing interests of different stakeholders. That is the kind of board that is likely to foster a culture of inclusivity, respect, and responsibility, which can eventually drive long-term success for the organisation.

2.3 Empirical Review

Extant empirical research attests that the diversification of boards, incorporating ethnic, age, and gender heterogeneity, amongst other aspects, can have a strong positive influence on organisational outcomes. Such outcomes like, fiscal performance (Bagh et al., 2023; Erhardt et al., 2003), corporate social responsibility (Gardiner, 2022; Lin et al., 2025), and adherence to regulatory stipulations (Xu et

al., 2025). For instance, numerous studies highlight a direct correlation between board diversity and enhanced financial performance, suggesting that varied perspectives lead to better decisions and innovation (Bagh et al., 2023; Edun et al., 2025).

Notwithstanding the merits of these studies, a notable gap persists, in that the majority of research has been conducted within the context of developed economies, using constructs peculiar to those environs. This ontological gap stresses the need for investigation within emergent markets, such as Nigeria, and the organisational outcomes relevant thereto. Ergo, this study seeks to address this gap by examining the relationship between board diversity and ethical corporate governance within Nigerian DMBs, using tailored constructs apposite to this context.

Also, the methodologies deployed in preceding studies evince some variation, with some researchers employing structural equation model (Edun et al., 2025), some, meta analysis (Adiga et al., 2015), case study, regression analysis, and others opting for content analysis (Hashim & Hassan, 2023). Whilst these investigations may afford valuable perspicacity, their generalisability to the Nigerian banking sector is circumscribed by dint of cultural and institutional dissimilitude. This study endeavours to bridge this gap by adopting a survey research design, thereby providing a new perspective on the subject matter and contributing to the extant literature in manifold ways.

3 METHODOLOGY

This study adopted a survey research design to investigate the effect of board diversity on ethical corporate governance in the Nigerian banking sector. Specifically, the study focused on the DMBs in Enugu metropolis. The study population consisted of board members, executives and management employees in the DMBs with international presence, totaling 230. The entire population was used as the sample size based on exhaustive or census sampling method. Structured survey questionnaire was used to collect quantitative data which was randomly administered to respondents. A total of 215 valid questionnaires were retrieved from a distribution of 230 across the DMBs, indicating a 93% response rate and forming the empirical basis for the data analysis. Pearson product moment correlation coefficient analysis was used to analyse the research hypotheses with the aid of SPSS.

4. RESULTS

Hypothesis One

H₁: Gender diversity has a significant effect on transparency in Nigerian DMBs

Table 1: Gender Diversity (GD) and Transparency

Correlations

		Gender Diversity	Transparency
Gender Diversity	Pearson Correlation	1	.752**
	Sig. (2-tailed)		.000
	N	215	215
Transparency	Pearson Correlation	.752**	1
	Sig. (2-tailed)	.000	
	N	215	215

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

From the analysis in Table 1, level of significance (sig.) = 0.000. This shows that board diversity in terms of gender can account for 75% transparency among board members. Since level of significance is less than 0.005, then the null hypothesis is rejected and alternative hypothesis accepted. Base on this result, we conclude that GD has a significant effect on transparency in Nigerian DMBs

Hypothesis Two

H₂: There is a significant relationship between Age Diversity and Accountability in Nigerian DMBs.

Table 2: Age Diversity (AD) and Accountability Correlations

		Age Diversity	Accountability
Age Diversity	Pearson Correlation	1	.798**
	Sig. (2-tailed)		.000
	N	215	215
Accountability	Pearson Correlation	.798**	1
	Sig. (2-tailed)	.000	
	N	215	215

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

From the analysis in table 2, level of significance (sig.) = 0.000. Which shows that diversity in the board, in terms of age can contribute to 79 or 80% of accountability amongst board members in the Nigerian DMBs. Since level of significance is less than 0.005, then we reject null hypothesis and accept alternative hypothesis. Base on this result, we conclude that there is a significant relationship between Age Diversity and Accountability in Nigerian DMBs.

Hypothesis Three

H₃: Ethnicity diversity has positive effect on compliance with regulatory requirement in Nigerian DMBs

Table 1: Ethnicity Diversity (ED) and Compliance with Regulatory Requirement (CRR) Correlations

		Ethnicity diversity	compliance with regulatory requirement
Ethnicity diversity	Pearson Correlation	1	.852**
	Sig. (2-tailed)		.000
	N	215	215
compliance with regulatory requirement	Pearson Correlation	.852**	1
	Sig. (2-tailed)	.000	
	N	215	215

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

From the analysis on table 3, level of significance (sig.) = 0.000. Showing that board diversity in terms of ethnicity can influence 85% of compliance with regulatory requirement in the Nigerian DMBs. Since level of significance is less than 0.005, then the null hypothesis is rejected while the alternative hypothesis is accepted. Base on this result, we conclude that ethnicity diversity has a positive effect on compliance with regulatory requirement in Nigerian DMBs.

5. Findings

After the analysis, the study reveals thus:

1. Gender diversity has a significant effect on transparency in Nigerian DMBs. This result highlights the relevance of gender mix in fostering transparent corporate governance in aspects of credible financial reporting and stakeholder communication. This is in alignment with prior studies (Centinaio, 2023; Mazumder, 2024; Sanchez et al., 2025). This finding further corroborates the idea that increased female representation on boards can lead to improved governance practices and financial performance within the banking sector (Tahir et al., 2024; Achima, et al, 2025). This positive correlation is particularly evident in studies focusing on Nigerian banks, where increased gender diversity on boards has been linked to improved financial performance, suggesting that integrating more women into leadership roles can have tangible economic benefits (Onyekwere & Babangida, 2021; Oyetunji, et al., 2023).



2. There is a significant positive relationship between Age Diversity and Accountability in Nigerian DMBs. This is in alignment with the works of previous authors, demonstrating that age diversity enhances board monitoring capacity, and positively influences non-financial outcomes such as answerability and responsibility, thereby burnishing the bank's reputation and engendering trust amongst stakeholders. (Danso et al., 2024; Gardiner, 2022; Bagh et al., 2023; Collevocchio et al., 2024; Gardiner, 2022; Gurbuz & Gurbuz, 2025). This also implies that a balanced age distribution within the Nigerian bank boards can provide inclusive decision-making, and improved ethical conduct due to a wider range of experiences and perspectives, as well as the blend of youthful energy with seasoned wisdom birthing better accountability.
3. Ethnicity diversity has a positive effect on compliance with regulatory requirements in Nigerian DMBs. This outcome highpoints the relevance of ethnic mix in promoting adherence to regulatory standards within corporate governance. This is consistent with prior empirical studies demonstrating that ethnic diversity enhances board monitoring capacity, mitigates agency costs, and promotes adherence to regulatory stipulations (Adiga et al., 2015; Xu et al., 2025). It also corroborates arguments that diverse perspectives, particularly those stemming from varied ethnic backgrounds, can enrich strategic discussions and bolster an organisation's capacity to navigate complex regulatory landscapes, thereby mitigating risks associated with non-compliance (Adiga et al., 2015; Aernan et al., 2023; Ado et al., 2024; Zhao et al., 2025).

6. CONCLUSION

The empirical findings presented herein substantiate a statistically significant correlation between these research variables, intimating that banks characterised by a diverse board composition including age, gender, and ethnicity, tend to evince greater transparency, accountability, and compliance with regulatory stipulations.

Ergo, it is reasonable to infer that the cultivation of a diverse board, incorporating a broad spectrum of skills, experiences, and perspectives, constitutes essential determinant of ethical corporate governance within the Nigerian banking sector. As such, policymakers, regulators, and banking institutions would do well to prioritise the promotion of board diversity as a means of fostering a culture of transparency, accountability, and responsible governance, thereby engendering trust and confidence amongst stakeholders and contributing to the long-term sustainability of the sector.

7. RECOMMENDATIONS

Based on the findings, the study recommends thus:

1. Regulators, particularly the CBN and SEC, should promote board diversity to enhance corporate governance and reduce the risk of corporate failures.
2. Policymakers in the Nigerian government should consider introducing policies to encourage board diversity, such as quotas or incentives for diverse directors. For instance, they should require Nigerian DMBs to ensure their boards reflect Nigeria's ethnic diversity, with at least 50% of directors from different ethnic groups.
3. Nigerian DMBs should prioritise board diversity to enhance their governance and reputation. For example, they should target at least 30% female representation on their boards within the next 3-5 years.

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