# Impact of Firm Attributes on the Financial Performance of Listed Deposit Money Banks in Nigeria

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## Abstract

This study examines the impact of firm attributes on the financial performance of eight listed deposit money banks in Nigeria over the period 2010- 2021, using fixed effects model. The study utilized five firm attributes which include: firm age, firm size, leverage, growth, and managerial efficiency and used EPS to proxy the financial performance. The major findings reveal that firm age has a significant positive impact on the financial performance; firm size has a positive and significant impact on the financial performance; leverage has no significant impact on the financial performance; growth has a negative but significant impact on the financial performance and managerial efficiency has no significant impact on the financial performance proxy by EPS. The study concludes that although, firm attributes are very vital ingredients in the determination or the evaluation of banks' financial performance, other factors outside the organization also determine the financial performance. The influence of age as an internal attribute of the firm cannot be over-emphasized. Age is a very important factor to be considered when predicting the financial performance of banks. The study recommends among others that since banks that are older in age and larger in size appear more profitable, investors should invest in the shares of banks that fall under this category in order to get value for money.
**Keywords:** Firm attributes; Financial performance; Banks; Nigeria.

## 1. Introduction

Firm attribute is one of the major factors and drivers that enhance the success or otherwise of any company. A company that possesses a good and sound specific attributes stands a chance of a better performance than a company lacking in these specific attributes (Jibril and Idris, 2022).

Firms' financial performance has been of utmost concern to various stakeholders in all forms of businesses because of its implications on organizational health and ultimate survival. Therefore, its measurement and determining factors have gained increased attention, more especially in developing economies in the area of business and corporate finance literature (Dioha *et al.*, 2018). High performance reflects management effectiveness and efficiency in making use of firm's resources and this, in turn, contributes to the country's economy at large (Naser and Mokhtar, 2004).

Given the importance of firm attributes on the firm's financial performance and the fact that little attention in this area has been received by firms in the financial services sector, most especially the banking sub-sector, this study, therefore, investigates the impact of firm attributes on the financial performance, using panel data evidence from eight listed deposit money banks (DMBs) in Nigeria covering the period 2010- 2021.

The review of the empirical literature disclosed that most of the prior studies with the exception of Mustapha and Abdul-Qadir (2017) utilized return on asset (ROA) as a measure of the financial performance (e.g. (Ekadjaja *et al.*, 2021; Jibril and Idris, 2022). This study addresses this variable gap by adopting earnings per share (EPS) as an indicator of the financial performance. Mustapha and Abdul-Qadir (2017) also used EPS in their model, but their

study is on the listed agriculture firms which are significantly different from the listed DMBs utilized by the present study.

## 2. Literature Review
## 2.1. Concept of Firm Attributes

Firm attributes are firm characteristics or specific features that distinguish one company from the other. Firm attributes are numerous and could assume the size, profitability, leverage, industry type, geographical location, tangibility, and nature of business, corporate governance mechanisms and any other feature that distinct a company from the other (Akinsulire, 2011; Shuaibu *et al.*, 2019). Farouk *et al.* (2019) see firms' attributes as the structural elements that may either be controllable or uncontrollable factors, which may be internal or external to the company's strategic decision. The structural attributes include size, leverage and age.

### 2.1.1. Firm Age

Firm age refers to the number of years since when the firm was established and began operation in the business market (Ho, 2023). We measured age using the number of years since incorporation.

### 2.1.2. Firm Size

The total value of a company's assets that it uses in its operations is referred to as its size (Ezekwesili and Ezejiofor, 2022). A company's size can be classified as large or small depending on the size of its total assets or the total sales it generates (Oluwamayowa, 2020). In this study, we measured bank size using total asset.

### 2.1.3. Leverage

Leverage is the mixture of debt and equity in the capital structure of firms; it is the extent to which firms employ debt in the capital structure. The most popular and commonly used measures of leverage are debt ratio and debt-to-equity ratio. We adopt debt-to-equity ratio as a proxy for leverage which is measured using book values.

### 2.1.4. Firm Growth

Corporate growth is the change in the firm total assets, revenue and revenue generating capability and ability (Sri, 2013; Uzoka *et al.*, 2020). Firm growth has been measured in terms of annual changes in total asset (Kinde, 2013) and annual changes in the sales revenue (Ekadjaja *et al.*, 2021; Shuaibu *et al.*, 2019). We measured growth using annual changes in total asset.

### 2.1.5. Managerial Efficiency

Managerial efficiency is the extent of management's ability to utilize both a firm's tangible and intangible resources in generating revenue (Demerjian *et al.*, 2012). Management efficiency usually measured as the ratio of cost-to-income ratio is most commonly used in the financial industry. In this study, we measured managerial efficiency as the ratio of operating cost to operating income.

## 2.2. Concept of Financial Performance

Financial performance is widely and popularly measured by researchers using either accounting-based or stock market-based measures of profitability. The accounting measure of performance include ROA, ROE and ROS, while Tobin's Q and market return are used to represent the market-based measures of financial performance. Accounting measures are historical in nature and are based on the past or short-term financial performance, while market performance measures are futuristic and the reflections of long-term financial performance.

## 2.3. Review of Empirical Studies

Uzoka *et al.* (2020) and Haji and Mohd Ghazali (2018) reported that firm age has no relationship with financial performance, whereas Megawati and dan Dermawan (2019) found a significant negative relationship between firm age and financial performance.

Jibril and Idris (2022), Megawati and dan Dermawan (2019), Shuaibu *et al.* (2019), and Astutik *et al.* (2019) document a positive and significant relation between firm size and financial performance, while a negative and significant relation between firm size and financial performance was discovered by Mustapha and Abdul-Qadir (2017). Uzoka *et al.* (2020) did not confirm a significant link between firm size and financial performance.

Uzoka *et al.* (2020) and Mustapha and Abdul-Qadir (2017) reveal a negative and significant association between leverage and financial performance, while Jibril and Idris (2022) and Shuaibu *et al.* (2019) found that leverage has no significant effect on financial performance.

Shuaibu *et al.* (2019) and Mustapha and Abdul-Qadir (2017) unravel that growth is positive and significantly associated with financial performance. In contrast, Uzoka *et al.* (2020), Jonatan (2018), and Megawati and dan Dermawan (2019) show that growth does not impact financial performance.

Uzoka *et al.* (2020) and Osazefua (2019) uncover a negative ad significant relationship between managerial efficiency and financial performance. Astutik *et al.* (2019)) and Mustapha and Abdul-Qadir (2017) confirm that liquidity has a positive and statistical significant effect on financial performance. Conversely, Jibril and Idris (2022) found that liquidity has no significant relationship with financial performance.

## 2.4. Theoretical Framework

This research is guided by the Resource-based view (RBV). RBV theory was propounded by Birger Wernerfelt in 1984, in a publication that was anchored on the use of resources to distinguish the performance growth level of the firm. The RBV is a corporate strategic model used to assess and determine the core resource requirements that a firm needs to possess and exploit to foster its operational efficiency in order to achieve comparative and competitive advantage for its perpetual performance. This suggests that RBV theory asserts that firms have heterogeneous and somewhat dissimilar performance, which necessitates them to possess varied and assorted resources that require different firms to structure uniquely dissimilar strategic plans in the development, acquirement and utilization of different mixture of resources in the management of their organization (Taiwo *et al.*, 2022; Tang, 2017).

Wernerfelt (1984) Conceptualized that RBV of the firm is a strategic management approach employed to critically analyze the firm's specific internal resources. This theory emphasizes the need for firms to look inward within its internal resource variables to drive the achievement of its competitive advantage instead of focusing on competitive exogenous or external environmental factors (Taiwo *et al.*, 2022).

# 3. Methodology

## 3.1. Data and Data Sources

The study population consists of the 10 listed DMBs on the main and premium boards of the banking sub-sector of the Nigerian Stock Exchange (NSE) daily official list (equities) for the period ending 31st December, 2021. From the 10 banks listed on the NSE as at 31st December 2021, Ecobank transnational incorporated and Jaiz bank Plc are dropped from the study because the annual report and financial statements of the latter was not complete over the study period, while the latter being a full-fledged non-interest bank, had a balance sheet structure different from other banks chosen for the study.

The annual report and financial statements of the selected banks, the NSE daily official list (equities) and the NSE fact books for the study period 2010- 2021 was used to collect data needed for the study.

## 3.2. Estimation Technique and the Model

Descriptive statistics and static panel technique were used as the main data analysis techniques. Descriptive statistics comprising mean, minimum, and maximum are used in the presentation of the data collected, while pooled ordinary least squares (POLS), fixed effects model (FEM) and random effects model (REM) are the static panel techniques adopted to investigate the impact of firm attributes on the financial performance of listed DMBs in Nigeria. Panel data techniques help to control for unobservable heterogeneity (Hsiao, 2003; Klevmarken, 1989). It produces more information, variability, efficiency and less collinearity among variables (Hsiao, 2003).

A functional relationship involving the independent variables i.e. the proxies of firm attributes (AGE, SIZ, LEV; GRT, MGE) and the dependent variable i.e. the financial performance proxy by EPS is as specified below:

EPS = f (AGE, SIZ, LEV; GRT, MGE) -　　　-　　　-　　　-　　　-　　　-　　　(1)

Where:

EPS = Earnings per share i.e. a measure of the financial performance, f = Function, AGE = Age, SIZ = Size, LEV = Leverage, GRT = Growth, MGE = Managerial efficiency

Implicitly, equation 1 can be re-written as follows:

$$EPS_{it} = \alpha_0 + \beta_1 AGE_{it} + \beta_2 SIZ_{it} + \beta_3 LEV_{it} + \beta_4 GRT_{it} + \beta_5 MGE_{it} + \varepsilon_{it} - \quad - \quad (2)$$

Where: $\alpha_0$ = intercept, $\beta_1 - \beta_5$ = coefficients of the independent variables, subscript i and t refer to each firm i in year t, $\varepsilon_{it}$ = stochastic error term.

# 4. Results and Discussion

## 4.1. Descriptive Analysis

This section provides the descriptive results of the data used in this study. Table 3 presents the descriptive results of the eight listed DMBs used in this study.

**Table-3.** Descriptive Statistics

| Variable | Mean | Median | Minimum | Maximum |
|----------|------|--------|---------|---------|
| AGE | 40.5 | 37.5 | 11 | 76 |
| SIZE | 1.81845e+009 | 1.07501e+009 | 1.29814e+006 | 9.66076e+009 |
| LEV | 1.29 | 0.78 | -1.12 | 44.6 |
| GRT | 26.21 | 0.15 | -1 | 1413.13 |
| MGE | 0.97 | 0.82 | 0.28 | 3.42 |
| EPS | 1.05 | 0.64 | -13.57 | 8.74 |

**Source:** Authors' Computation using GRETL

In table 3, the descriptive results show that average age of firms since incorporation stood at 41 years as against the minimum age of 11 years and maximum age of 76 years. Based on the age distribution, this study combines both young and older banks in the analysis. However, the mean age suggests that on the average, banks utilized in this study are categorized as old banks.

The descriptive results of size measured as the natural logarithm of total asset shows a mean of about ₦1.9 trillion and a minimum value of about ₦1.3 billion; implying that on the average, banks utilized in this study can be

considered as very large given the size of their total asset. The average size is quite above the ₦25 billion minimum capitalization required by the apex regulatory body of banks in Nigeria.

For leverage measured as the ratio of total debt to total shareholder equity, the mean value is 1.29 suggesting that banks used in this study employed more debt than equity in the capital structure since the ratio is greater than one. This is not surprising considering that banks are highly levered financial institutions; talk more that the banks utilized in this study are quoted and can raise money in the bond market.

Similarly, the descriptive result of growth (GRT) reveals a mean value of 26.21 which suggests that on the average, banks utilized in this study recorded an annual growth of 26 per cent in total asset. This is quite good considering the challenges faced during the study period. There is the issue of hyperinflation, economic recession, deteriorating exchange rate, end special anti-robbery squad (SARS) protest and Covid-19 pandemic among others experienced during the study period 2010- 2021.

The descriptive results in table 3 also shows that managerial efficiency (MGE) measured as the ratio of operating cost to operating income has a mean value of 0.9697, which implies that operating cost falls short of operating income. This is fairly good but the ratio is just marginally away from one. This implies that the banks are not yet in the comfort zone as far as managerial efficiency is concerned.

In addition, the descriptive results of EPS as an indicator of bank's financial performance reveal a mean value of 1.05006 against the minimum value of -13.5700 and maximum value of 8.7400. The mean value portrays that for every one unit worth of investment in shares, about ₦1.05 is generated as returns for the shareholders. The results connotes on the average that investment in the shares of banks during the period 2010- 2021 is profitable.

## 4.2. Regression Analysis

EPS was regressed on the independent variables (AGE, SIZ, LEV; GRT & MGE) using POLS, FEM and REM panel estimators. Table 4 presents the regression results of the three panel estimators.

**Table-4.** Regression Results

| Dependent variable: EPS | | | |
|---|---|---|---|
| Variables | POLS | FEM | REM (GLS) |
| Constant | -8.81 (-2.36)** | -17.92 (-2.89)*** | -8.81 (-2.36)** |
| L_AGE | -0.40 (-0.89) | 4.85 (2.84)*** | -0.40 (-0.89) |
| L_SIZ | 0.59 (3.71)*** | 0.11 (0.66) | 0.59 (3.71)*** |
| LEV | 0.00 (0.09) | -0.00 (-0.05) | 0.00 (0.09) |
| GRT | -0.00 (-0.50) | -0.00 (-0.47) | -0.00 (-0.50) |
| MGE | -0.88 (-2.11)** | -0.83 (-2.08)*** | -0.88 (-2.11)*** |
| R-squared | 0.18 | 0.40 | 0.18 |
| F-statistic | 3.96 (0.00)*** | 4.59 (0.00)*** | 3.96 (0.00)*** |
| STD ERROR | 2.07 | 1.85 | 2.06 |
| D-W statistic | 1.82 | 2.28 | 1.82 |
| **Significant at 10% (*), 5% (**), 1% (***)** | | | |

**Note:** The values in parentheses for constant and variables are t ratios and the value against F-statistic is p- values.
**Source: Authors' Computation using GRETL**

The results in table 5 show that the F-statistic for the three panel techniques are significant at 1 per cent level, confirming the fitness and suitability of the three models for analysis. However, there is the need to choose the best out of the three models. This calls for the tests for best model selection. Table 5 presents the results of the Restricted F-test for best model between POLS and FEM. The null hypothesis is that the eight sampled banks have a common intercept i.e. POLS is adequate.

**Table-5.** Results of the Restricted F- Test

| Model Comparison | F-statistic | P-value | Remarks |
|---|---|---|---|
| **POLS- FEM** | 4.31 | 0.00** | FEM selected |

**Source:** Extracted from the GRETL Statistical Package Output

Since the p-value is statistically significant at 1 per cent level, the null hypothesis is rejected and we conclude that FEM is better than POLS. To choose between the FEM and REM, we conduct the Hausman specification test, and the results display in table 6. The null hypothesis is that REM estimates are consistent.

**Table-6.** Results of the Hausman Specification Test

| Model Comparison | Chi-square | P-value | Remarks |
|---|---|---|---|

| FEM- REM | 31.87 | 0.00 | FEM selected |
|----------|-------|------|--------------|

**Source:** Extracted from the GRETL Statistical Software Output

The results of Hausman test in table 6 show that chi-square statistic is significant at 1 per cent level as revealed by the p-value of 0.00. Therefore, the author rejects the null hypothesis and concludes that FEM is more preferable to the REM. Thus, on the basis of the outcomes of the Restricted F-test and the Hausman specification test, the FEM appears to be best model among the three panel estimators. Hence, analysis, discussion, conclusion and recommendations are done using the FEM.

However, collinearity, autocorrelation and heteroskedasticity tests are the three diagnostics test conducted.to ensures that the basic assumptions of a regression model are not ignored. Collinearity test is very crucial in discovering whether two independent variables have high correlation coefficient big enough to a pose a problem. Multicollinearity occurs when two explanatory variables have a high correlation of at least 0.9 (Swain, 2008). The existence of multicollinearity in a model is a violation of a regression assumption and it is capable of biasing the regression results. There are two commonly used procedures for testing multicollinearity i.e. the correlation matrix and variance inflation factor (VIF). Table 7 shows the correlation results of the independent variables employed in this study.

**Table-7.** Correlation Results

| L_AGE | L_SIZ | LEV | GRT | MGE | |
|-------|-------|-----|-----|-----|---|
| 1 | -0.09 | 0.17* | -0.01 | 0.17 | L_AGE |
| | 1 | -0.1101 | 0.09 | 0.06 | L_SIZ |
| | | 1 | 0.01 | 0.15 | LEV |
| | | | 1 | -0.04 | GRT |
| | | | | 1 | MGE |

'*' implies significant at 10%
**Source: Authors' Computation using GRETL**

A careful examination of the correlation results from table 7 show that no any two combinations of independent variables has a high correlation coefficient to pose a multicollinearity problem. It can be safely concluded on the basis of the correlation technique, that our model is free from the problem of multicollinearity. Since the correlation matrix is a rule of thumb, we employ VIF to corroborate the correlation method. Table 8 provides the results of the VIF for each of the independent variables.

**Table-8.** Variance Inflation Factor

| Independent variables | VIF |
|-----------------------|-------|
| L_AGE | 1.060 |
| L_SIZ | 1.035 |
| LEV | 1.011 |
| GRT | 1.061 |
| MGE | 1.055 |

**Source:** Authors' Computation using GRETL

The result of the VIF in table 8 shows that the VIF of each of the independent variables is substantially below five; implying from the assertion of Hair  *et al.* (2011), that our model is free from multicollinearity problem. This indicates that the VIF results are consistent with the correlation matrix on the absence of collinearity problem.

Following the multicollinearity test, autocorrelation test is carried out to uncover whether there is independence of errors. To do this, the D-W statistics is used. The D-W statistic for the FEM our most preferred model is 2.28 (see table 4). Since the D-W statistic is above 2, this value according to (Field, 2009; Swain, 2008) suggests the presence of autocorrelation in our model.

Additionally, heteroskedasticity is test conducted to ascertain whether one of the assumptions of a regression model i.e. the error term has a constant variance is not violated. Heteroskedasticity is a violation of this assumption. To detect if the variances of the listed DMBs used in this study have equal variances, Distribution Free Wald test for heteroskedasticity was conducted. The null hypothesis is that there is homoskedasticity i.e. the units have a common error variance. Table 9 presents the results of Distribution Free Wald test for heteroskedasticity.

**Table-9.** Results of the Test for Heteroskedasticity

| Model | Chi-Square | P-value |
|-------|-----------|---------|
| FEM | 17138 | 0.00 |

**Source:** Extracted from GRETL

The heteroskedasticity test in table 9 has a chi-square of 17138 with a corresponding p-value of 0.00 which is statistically significant at a 1 per cent level; therefore, this study rejects the null hypothesis of homoskedasticity and concludes that heteroskedasticity is present in our FEM. To surmount and overcome the problems of autocorrelation and heteroskedasticity disturbing our FEM, the study applies Robust (HAC) standard errors which are robust in the presence of these two aforementioned diagnostic problems. Table 10 presents the results of the FEM with the application of the Robust (HAC) standard errors.

**Table-10.** FEM Regression Results using Robust (HAC) Standard Errors

| | Dependent variable: EPS |
|---|---|
| Constant | -17.92 (-2.31)** |
| Independent Variables | |
| L_AGE | 4.85(2.28)** |
| L_SIZ | 0.11(2.20)** |
| LEV | -0.00(-0.41) |
| GRT | -0.00(-1.80)* |
| MGE | -0.83(-1.04) |
| R-squared | 0.40 |
| Adjusted R-squared | 0.31 |
| F-statistic | 4.59 (0.00)*** |
| Standard Error | 1.84 |
| Durbin-Watson | 2.28 |
| **Significant at 10% (*), 5% (**), 1% (***)** | |

**Source:** Author's Computation using GRETL

**Note:** The values in parentheses for constant and variables are t ratios and the value against F-statistic is P-value.

Table 10 shows the results of the FEM after the application of the Robust (HAC) standard errors occasioned by the presence of autocorrelation and heteroskedasticity problems. The results demonstrate some variations from the regression results in table 4 which was without the application of the Robust (HAC) standard errors. The t-ratios for the constant and the independent variables changed, while the R-squared, F-statistic and its p-value, D-W statistic and the standard error of regression remain unaltered. Specifically, firm age that was significant at a 1 per cent level became significant at a 5 per cent level; firm size that was not significant became significant at a 5 per cent level; growth that was not significant became significant at a 10 per cent level and managerial efficiency that was significant at a 5 per cent level became insignificant after the application of the Robust (HAC) standard errors. These revelations confirm the dangers of the autocorrelation and heteroskedasticity in a regression model.

The regression results in table 10 indicate that firm age (AGE) is positively and significantly related to the financial performance proxy by EPS. This position is evidenced in the significant positive t-ratio of 2.28. The results of the FEM also reveal that natural logarithm of firm size (L_SIZ) has a significant and positive impact on the EPS, as portrayed by the positive t-value of 2.21 which has a 1 per cent level of significance. Conversely, the results also show that leverage (LEV) is not significantly and statistically linked to EPS, as confirmed by the non-significant t-value of -0.41.

In table 10, the FEM results also indicate that growth (GRT) has a negative and statistical significant impact on the EPS, as revealed by the negative t-value of -1.80 which has a 10 per cent level of significance. Additionally, managerial efficiency (MGE) does not show any significant impact on the EPS as a measure of the financial performance. This assertion stemmed from the non-significant t-value of -1.04 attached to the MGE.

The FEM has an R-squared of 0.40 and the adjusted R-squared of 0.31 with an F-statistic of 4.59 which is statistically significant at a 1 per cent level of significance as supported by the p-value of 0.00. This implies that our model can be used for drawing valid conclusions and policy direction.

## 4.3. Discussion of Research Findings

Findings indicate that firm age has a positive and significant impact on the financial performance represented by the EPS. The coefficient of age suggests that a 1 per cent increase in firm age is associated with about 4.85 per increase in the value of the financial performance. The implication of this finding is that it supports the firm age theory which predicts a positive association between age and the financial performance, since as firms grow older; they became more experienced in their operations. In support of this position, asserts that the more established and matured firms tend to achieve higher financial performance, as they acquired market experience and survived throughout the years. Lending support to the positive relationship between age and financial performance, observes that older firms achieve experience-based economies and can avoid the liability associated with newness. This finding is in tandem with the result of Mgeni and Nayak (2016), but contrary to those of Ekadjaja *et al.* (2021), Megawati and dan Dermawan (2019), Dioha *et al.* (2018), Haji and Mohd Ghazali (2018), Uzoka *et al.* (2020) and Taiwo *et al.* (2022) that reported either significant negative or no significant relationship between firm age and financial performance.

Findings also indicate that size measured as the natural logarithm total asset has a positive significant impact on the financial performance surrogated by EPS. The coefficient of the size indicates that a 1 per cent increase in the size of the banks will result in about 0.11 per cent increase in the EPS of the banks during the study period 2010-2021. The descriptive results confirm the banks utilized in this study are large given the size of their total assets. The implication of this finding is that banks are using economies of scale to enhance their financial performance. This finding is supported by the following empirical studies: Jibril and Idris (2022), Megawati and dan Dermawan (2019) and Dioha *et al.* (2018). However, this finding is in disagreement with the results of Uzoka *et al.* (2020) and Ho (2023).

Furthermore, the results also indicate that leverage measured as the ratio of total debt to total shareholder equity has no significant impact on the financial performance measured by EPS.  This is confirmed by the non- significant coefficient of leverage which is -0.00. Even though, the coefficient of leverage is negative, its value of 0.00 is a further testimony that leverage does not impact on financial performance. This finding suggests that banks were able to trade-off the high cost of debt financing with the tax shield benefits associated with it. Additionally, given older age and large size of the banks, they are able to suppress the bankruptcy cost and threat associated with the high usage of leverage in the capital structure. This finding concurs with that of Shuaibu  *et al.* (2019). However, this finding contradicts that Mustapha and Abdul-Qadir (2017).

In addition, the results of the FEM also reveal that growth (GRT) measured by the annual change in total asset has a negative and significant impact on the financial performance proxy by EPS. The coefficient of GRT indicates that a 1 per cent increase in growth will result in about 0.00 per cent decline in the financial performance. This implies that growth in the size of firms had no impact on the financial performance in the short run, but may exert a negative impact on the financial performance in the long run. A frim pursuing growth may decide to plough back earnings for future investment instead of paying dividends. In other words, a firm pursuing growth may report low dividend pay-out ratio which may impact negatively on the firm's earnings and consequently its EPS, as investment in the shares of the firm may also decline due to the postulations of Bird-in-the- Hand and Signally theories. This finding agrees with that of Megawati and dan Dermawan (2019), but opposed to the result of Jonatan (2018).

The regression result also shows that managerial efficiency (MGE) measured as the ratio of operating cost to operating income has no significant impact on the financial performance as confirmed by the negative non-significant t-value. The result suggests that changes in the ratio will not altered or affect the EPS. Although, the t-value is not significant, but it has a negative sign as expected. The implication is that the higher the ratio the lower will be the operating income in comparison to operating cost, and the lower will be the earnings. Even though, the descriptive results reveal that operating cost is slightly lower than the operating income, the management of the banks need to do more in terms of the efficient management of resources as the high operating cost may injure financial performance in the long run. This finding is contrary to the result of Osazefua (2019).

## 5. Conclusion

The study concludes that although, firm attributes are very vital ingredients in the determination or the evaluation of banks' financial performance, other factors outside the organization also determine financial performance. The influence of age as an internal attribute of the firm cannot be over-emphasized. Age is a very important factor to be considered when predicting the financial performance of banks.

Based on the major findings, the following recommendations are provided:

i.   Banks that are older in age and larger in size appear more profitable. Therefore, investors should invest in the shares of banks that falls under this category in order to get value for their money.

ii.   Banks should check their leverage levels. High debt in the capital structure is capable of declining or eroding their earnings in the long run and consequently, the financial performance.

iii.   Banks should improve the dividend pay-out ratio even as they pursue growth. Regular payment of dividends will attract prospective investors and by extension, enhance the financial performance.

iv.   Banks should cut-down operating cost in order to improve or enhance the financial performance. Branches that recorded low operating expenses among their peer should be rewarded and recognized so that it will spur other branches to follow suit.

Given the scope and limitations of the study, further research should considered the incorporation other internal attributes such as liquidity, ownership structure and dividend pay-out and macro-economic variables too. The current study only adopted EPS as a measure of financial performance; future studies should involve other emerging proxies like the ratio of Marris and the total Q which appears very scarce and uncommon in many empirical literatures.

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