

Board Characteristics and Financial Performance of Deposit Money Banks in Nigeria: Evidence from the Post-IFRS Period

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Received December 11, 2025; Revised April 13, 2026; Accepted April 24, 2026.

This study examines the influence of board attributes on the financial performance of quoted deposit money banks in Nigeria over the post-International Financial Reporting Standards (IFRS) period from 2012 to 2023. Drawing on agency theory, the study investigates how board size, board independence, board gender diversity, and board financial expertise influence bank performance, measured by return on assets (ROA). Using panel data from nine listed deposit money banks and employing robust Ordinary Least Squares estimation alongside diagnostic and robustness tests, the study provides recent empirical evidence from Nigeria's banking sector. The results indicate that board size, independence, and gender diversity do not exert a statistically significant effect on ROA. In contrast, board financial expertise is found to have a negative and statistically significant effect on financial performance, suggesting that excessive concentration of financially expert directors may be associated with conservative decision-making and reduced profitability. These results underscore the context of corporate governance mechanisms in emerging economies and suggest that board composition alone may not guarantee improved bank performance. The study contributes to the corporate governance literature by jointly examining multiple board attributes within a single framework and offers policy-relevant insights for regulators, bank management, and investors concerned with board effectiveness in the Nigerian banking sector.

Keywords: Corporate governance; board characteristics; financial performance; deposit money banks; Nigeria; return on assets.

INTRODUCTION

Effective corporate governance is widely recognized as a cornerstone of financial stability, investor confidence, and sustainable firm performance, particularly within the banking sector. Boards of directors are central to corporate governance, serving as the primary decision-making and oversight body responsible for strategic direction and accountability; consequently, their characteristics play a critical role in shaping firm performance and have attracted sustained scholarly and policy attention (Ahmed *et al.*, 2019; Haris *et al.*, 2019).

In developing economies such as Nigeria, weaknesses in corporate governance have been repeatedly linked to

episodes of financial distress and bank failures. The Nigerian banking sector has experienced several crises in which ineffective board oversight, weak ethical standards, and inadequate risk governance were identified as key contributing factors (Benvolio and Ironkwe, 2022). Given the systemic importance of deposit money banks as custodians of savings, providers of credit, and facilitators of payment systems, their financial soundness is critical to macroeconomic stability and economic development (King and Levine, 1993).

In response to these challenges, Nigerian regulators have introduced institutional reforms designed to formalize

and standardize board practices within the banking sector. Notably, the Central Bank of Nigeria and the Securities and Exchange Commission have issued governance codes that mandate specific structural requirements, including board size limits, a clear balance between executive and non-executive directors, along with a clear division of the roles of board chair and chief executive officer, and the establishment of key committees such as audit and risk management committees (SEC, 2018; CBN, 2021). These measures represent formal regulatory interventions aimed at strengthening oversight, enhancing transparency, and improving decision-making processes at the board level. (Di-Biase and Onorato, 2021).

To better understand how these governance mechanisms influence performance, theoretical insights are necessary. From a theoretical standpoint, agency theory offers a clear justification for examining board characteristics as governance mechanisms. The separation of ownership and control creates inherent conflicts of interest between shareholders (principals) and managers (agents), often leading to opportunistic behavior and agency costs (Jensen and Meckling, 1976). Within this framework, board attributes such as size, independence, gender diversity, and financial expertise are not merely structural features but theoretically grounded tools for mitigating agency problems—by strengthening monitoring, reducing information asymmetry, and aligning managerial actions with shareholders' interests. (Fama and Jensen, 1983).

Empirical research has extensively examined the influence of board characteristics on firm performance, though findings remain mixed and context-dependent. Board size, for instance, has been associated with both positive and negative performance outcomes. While smaller boards are often linked to more efficient communication and stronger monitoring, larger boards may provide broader expertise and diverse perspectives that support complex decision-making (Jensen, 1993; Lipton and Lorsch, 1992; Coles *et al.*, 2008). Similarly, board independence is widely regarded as a critical governance attribute that enhances objectivity and oversight, although empirical evidence on its direct impact on financial performance varies across institutional settings (Hillman and Dalziel, 2003).

Board diversity, particularly gender diversity, has gained increasing prominence in governance discourse. Diverse boards are argued to improve decision quality, reduce group think, and strengthen monitoring effectiveness (Carter *et al.*, 2003). Despite global advocacy for gender-inclusive boards, female representation on corporate boards in Nigeria remains relatively low, reflecting cultural and institutional constraints and the absence of enforceable diversity quotas (Okeyide, 2018; Ehiedu and Torra, 2022). Empirical findings on the performance effects of gender diversity are inconclusive, with studies reporting positive, insignificant, or context-specific relationships (Petrovic, 2025).

Unlike other board attributes with mixed evidence, board financial expertise has consistently been associated with improved governance quality and financial outcomes. Directors with accounting and financial expertise are better equipped to interpret financial reports, assess risk, and support informed strategic and investment decisions, thereby strengthening internal controls and financial oversight (Kor and Sundaramurthy, 2009). Empirical evidence across different contexts suggests a positive relationship between board financial expertise and firm performance (Adams and Kastrinaki, 2024; Rehana *et al.*, 2022).

Firm financial performance is commonly assessed using accounting-based measures such as Return on Assets (ROA), which captures managerial efficiency in deploying firm resources to generate earnings. Owing to its robustness and suitability for cross-firm and cross-period comparisons, ROA is widely adopted in corporate governance research (Akenga, 2017; Ross *et al.*, 2019). Despite the growing volume of research on corporate governance and bank performance, evidence from Nigeria remains inconsistent and inconclusive, largely due to reliance on outdated data, emphasis on non-banking sectors, or limited consideration of board variables. As a result, the combined influence of key board attributes—such as size, independence, gender diversity, and financial expertise—on bank performance in the post-IFRS period have not been sufficiently explored within the Nigerian context.

Against this backdrop, this study investigates the effect of selected board characteristics—board size, board independence, gender diversity, and board financial expertise—on the financial performance of listed deposit money banks in Nigeria over the post-IFRS period (2012–2023), with ROA adopted as the performance proxy. By providing recent, context-specific evidence, the study contributes to the corporate governance literature and offers policy-relevant insights for regulators, practitioners, and investors.

Research Questions

To achieve the objectives of this study, the following research questions are addressed:

1. To what extent does board size affect ROA of deposit money banks in Nigeria?
2. To what extent does board independence influence ROA of deposit money banks in Nigeria?

Research Hypotheses

Based on these research questions, the following hypotheses are formulated:

- Board size has no significant effect on ROA of deposit money banks in Nigeria.
- Board independence has no significant influence on ROA of deposit money banks in Nigeria.

Review of Related Literature

This section reviews conceptual, theoretical, and empirical literature relevant to the study.

Board Characteristics

Board characteristics capture the structural attributes, composition, and functional dynamics that shape how a corporate board operates and influences organizational outcomes. As a core component of corporate governance, the board of directors is responsible for ensuring that management acts in the best interests of shareholders and other stakeholders. Prior studies identify key attributes—such as size, independence, diversity, expertise, CEO duality, and tenure—as critical determinants of governance quality and firm performance.

Rather than treating these attributes in isolation, scholars conceptualize them as interrelated features that collectively define board effectiveness. For instance, Board characteristics can be understood as the interrelated dimensions of size, structure, composition, independence, diversity, and accountability that collectively shape how a board is constituted and functions, encompassing the arrangement of roles and responsibilities as well as the skills, experience, and professional backgrounds of directors, with their relevance varying across organizational contexts (Abubakar, 2019; Helen and Nasamu, 2017; Akingunola and Adesina, 2017).

Beyond structural considerations, diversity broadens the range of perspectives available for decision-making, while independence strengthens objectivity and limits managerial influence. Taken together, these characteristics shape the board's ability to provide strategic direction, effectively monitor management, and uphold accountability within the firm.

Board Size

The size of a board refers to the total number of directors responsible for oversight and strategic guidance. Optimal board size is not uniform but depends on firm-specific factors such as organizational complexity, industry, and governance requirements. Lipton and Lorsch (1992) suggest that boards comprising 8–10 members strike a balance between expertise and manageability.

Efficiency considerations often favor smaller boards, as they reduce coordination challenges and interpersonal conflicts, thereby enabling quicker decision-making. In contrast, larger boards offer a wider pool of expertise and diverse perspectives, which may benefit complex organizations but can also lead to slower decisions and weakened accountability. Jensen (1993) argues that excessively large boards may reduce monitoring effectiveness.

Firm characteristics further shape these preferences: multinational firms tend to maintain larger boards to accommodate diverse functional and geographical representation (Lehn et al., 2009), whereas smaller firms often prefer leaner boards for flexibility and cost efficiency. While compact boards enhance agility, they may lack the breadth of knowledge required for complex strategic decisions. In this study, board size is operationalized as the total number of directors on the board.

Board Independence

Board independence refers to the extent to which directors—primarily non-executive members—are free from managerial influence and able to exercise objective judgment, defined as the capacity to make decisions without personal or financial ties that could compromise objectivity. Within corporate governance frameworks, such independence is essential for mitigating agency conflicts, as it enables directors to provide unbiased oversight, safeguard shareholder interests, and enhance objectivity in key areas such as strategy formulation, performance evaluation, and risk oversight (Fama and Jensen, 1983; International Corporate Governance Network, 2016; OECD). Consistent with this, regulatory frameworks in jurisdictions such as the United States, the United Kingdom, and Australia require boards to maintain a substantial proportion of independent non-executive directors.

Empirical evidence further supports this governance role, with studies suggesting that greater board independence enhances transparency and accountability (Hillman and Dalziel, 2003). In this study, it is operationalized as the ratio of non-executive directors to total board size.

Financial Performance

Financial performance denotes a firm's ability to achieve profitability, operational efficiency, and effective resource utilization. It reflects the financial outcomes of managerial decisions and strategic actions (Okechukwu and Ugwu, 2023). Common evaluation metrics include profitability, liquidity, and solvency ratios, all of which provide insights into an organization's financial health.

Standard-setting bodies offer closely aligned definitions of this concept. For example, the Financial Accounting Standards Board emphasizes financial performance as the generation of economic benefits through operations, while the International Financial Reporting Standards focus on the achievement of financial objectives as reflected in financial statements. Similarly, other perspectives, such as that of the Chartered Institute of Management Accountants, broadly interpret financial performance as an indicator of how efficiently organizational resources are

utilized to generate profit. Building on these perspectives, financial performance in this study is measured using Return on Assets (ROA), which captures the efficiency with which a firm utilizes its assets to generate earnings.

Theoretical Review

The study is anchored on agency theory.

Agency Theory

Agency theory, developed by Jensen and Meckling (1976), describes the relationship between shareholders (principals) and managers (agents) that emerges from the separation of ownership and control in modern firms. This division can lead to conflicts of interest, as managers may prioritize personal goals over shareholder wealth, resulting in agency costs.

Within this framework, board characteristics serve as critical governance mechanisms for mitigating such conflicts. Attributes such as board size, independence, diversity, and financial expertise enhance the board's capacity to monitor management, reduce information asymmetry, and align managerial actions with shareholders' interests (Fama and Jensen, 1983). Effective board oversight therefore plays a central role in constraining opportunistic behavior, strengthening accountability, and improving overall corporate governance outcomes.

Empirical Review

Board Size and Financial Performance

Ado et al. (2024) find that board size is positively and significantly associated with financial performance among listed deposit money banks in Nigeria, indicating that larger boards may improve outcomes, whereas board composition shows a significant negative relationship. This highlights the sensitivity of performance outcomes to specific board attributes within the Nigerian banking context.

Similarly, Nicholas et al. (2022) find that board independence negatively affects financial stability in African banks, with mixed implications for financial performance, and no significant relationship observed for board size and gender diversity. These findings suggest that the effectiveness of board characteristics may vary across institutional and regional contexts.

In contrast, Oluwadamisi (2021) documents no significant impact of board characteristics—including size, independence, and gender—on firm performance, indicating that governance attributes may not always translate into measurable financial outcomes.

Conversely, Farouk et al. (2022) provide evidence that board size positively and significantly influences firm performance, while board composition and nationality exert negative effects. This reinforces the argument that maintaining an optimal board size is crucial for enhancing performance, while other board features may have adverse implications.

Board Independence and Financial Performance:

Ngo et al. (2023) find that board independence interacts with market conditions, showing that while non-executive directors can enhance outcomes, the presence of strong market competition weakens their positive influence. The study also highlights the indirect role of governance structures, noting that CEO duality reduces the proportion of independent directors and may constrain board effectiveness.

Similarly, Islam and Islam (2022) explore the link between independence, ownership structure, and profitability, suggesting that governance outcomes are shaped by multiple interacting factors rather than board independence alone, and emphasizing the need for broader consideration of governance variables in explaining firm outcomes.

Focusing on the Nigerian banking sector, Nwanne (2020) reports mixed results, with board qualifications showing a positive and significant relationship with performance, while other governance variables—including independence—exhibit weak or negative effects. This suggests that the impact of independence may be limited in contexts where governance practices are still evolving.

In contrast, Sanni (2019) provides evidence of a positive and significant effect of board independence, indicating that a reasonable proportion of independent directors can enhance decision-making and strengthen oversight, although risk factors may simultaneously exert adverse effects. Consistent with this positive perspective, Tulung and Ramdani (2018) document that both board size and independence contribute positively to bank performance, supporting the argument for larger and more independent boards in improving governance outcomes. However, Helen and Nasamu (2017) report only weak and statistically insignificant relationships for both independence and board composition, reinforcing the broader pattern of inconclusive findings.

METHODOLOGY

Research Design

This study adopts an ex post facto research design, appropriate for examining the relationship between board characteristics and financial performance using non-manipulated, historical firm-level data.

Table 1. Descriptive statistics.

	ROA	BS	BIND	BGD	BFEXP
Mean	0.023	15.406	0.643	1.694	0.661
Median	0.015	15.000	0.688	0.244	0.290
Maximum	0.654	21.000	0.947	154.000	38.000
Minimum	-0.345	10.000	0.094	0.061	0.130
Std. Dev.	0.081	2.502	0.220	14.934	3.662
Skewness	3.405	0.054	-0.640	10.149	10.139
Kurtosis	39.663	2.689	2.525	104.001	103.874
Jarque-Bera	6141.641	0.478	8.229	46875.14	46758.16
Probability	0.000	0.787	0.016	0.000	0.000
Sum	2.421	1633.000	68.110	179.605	70.060
Sum Sq. Dev.	0.697	657.557	5.105	23418.86	1408.402
Observations	108	108	108	108	108

Researcher's computation (2024).

Data Sources and Sample Selection

The study relies on secondary data obtained from the audited annual reports and financial statements of deposit money banks in Nigeria for the period 2012–2023, with 2012 marking Nigeria's adoption of International Financial Reporting Standards (IFRS) and 2023 representing the most recent year with available data. The population comprises all 13 deposit money banks listed on the Nigerian Exchange Group (NGX) as at 31 December 2023, from which a filtering technique was applied to exclude banks with incomplete or unavailable data, resulting in a final sample of nine (9) listed and active banks and a balanced panel dataset. The data are considered reliable and valid, having been extracted from audited financial statements prepared in line with statutory and regulatory requirements and verified by external auditors, making them suitable for empirical corporate governance analysis.

Analytical Technique

Data analysis was conducted using descriptive and inferential statistics with the aid of Stata version 15, where descriptive statistics summarized variable characteristics and inferential methods examined the relationship between board characteristics and financial performance. Robustness was ensured through diagnostic tests including Pearson correlation (association), Shapiro–Wilk (normality), Variance Inflation Factor (multicollinearity), Breusch–Pagan/Cook–Weisberg (heteroskedasticity), Breusch–Pagan Lagrangian Multiplier (random effects), and the Hausman specification test (model selection).

Model Specification

The study follows the panel data modelling approach commonly applied in corporate governance research (Nwanne, 2020). The functional relationship between board characteristics and firm performance is specified as:

$$ROA = f(BS, BIND, BGD, BFEXP)$$

To facilitate empirical estimation, the econometric model is specified as:

$$ROA_{it} = \alpha + \beta_1 BS_{it} + \beta_2 BIND_{it} + \beta_3 BGD_{it} + \beta_4 BFEXP_{it} + \varepsilon_{it}$$

Where:

- ROA_{it} = Return on Assets of bank i at time t (proxy for financial performance);
- BS_{it} = Board size;
- $BIND_{it}$ = Board independence;
- BGD_{it} = Board gender diversity;
- $BFEXP_{it}$ = Board financial expertise;
- α = intercept;
- β_1 – β_4 = coefficients of the explanatory variables;
- ε_{it} = error term;
- i = cross-sectional units (banks);
- t = time period.

Measurement of Variables

Financial performance is measured using Return on Assets (ROA), defined as profit for the year divided by total assets and widely used in banking and governance studies for capturing managerial efficiency, while board size is measured as the total number of directors, board independence as the proportion of non-executive directors, board gender diversity as the proportion of female directors, and board financial expertise as the proportion of directors with accounting or finance-related qualifications or experience, with all measures consistent with prior empirical studies (Magoma and Ernest, 2023; Ngo et al., 2023; Nicholas et al., 2022; Adegboyegun and Igbekeyi, 2022; Kabara et al., 2022; Afolabi et al., 2022).

RESULTS AND DISCUSSION

The results of the analysis are presented below.

Descriptive Statistics

Table 1 presents the descriptive statistics for Return on Assets (ROA), board size (BS), board independence

Table 2. Correlation matrix.

	ROA	BS	BIND	BGD	BFEXP
ROA	1.000				
BS	0.030	1.000			
BIND	0.070	-0.006	1.000		
BGD	0.009	-0.093	0.062	1.000	
BFEXP	-0.447	0.095	-0.119	-0.009	1.000

Researcher's computation (2024) using STATA15

(BIND), board gender diversity (BGD), and board financial expertise (BFEXP) for the sampled deposit money banks.

ROA records a mean value of 0.023, with values ranging from -0.345 to 0.654, indicating substantial variation in bank performance over the study period. Board size averages approximately 15 members, consistent with regulatory recommendations, with a minimum of 10 and a maximum of 21 directors. Board independence shows a mean of 0.643, suggesting that non-executive directors constitute a significant proportion of board membership. In contrast, gender diversity and financial expertise display relatively low mean values alongside high dispersion, reflecting uneven representation across banks.

Skewness and kurtosis statistics indicate departures from normality for most variables, a result further confirmed by the Jarque–Bera statistics. These distributional properties justify the use of robust estimation techniques in subsequent analyses.

Correlation Analysis

Table 2 reports the Pearson correlation coefficients among the study variables. Board size, board independence, and board gender diversity exhibit weak positive associations with ROA, while board financial expertise shows a moderate negative correlation with financial performance. The correlations among the explanatory variables are generally low, with no coefficient exceeding the conventional threshold of 0.80, indicating the absence of serious multicollinearity concerns.

Table 3. Shapiro-Wilk W. test for normal data.

Variable	Obs	W	V	Z	Prob>z
BS	108	0.995	0.468	-1.689	0.954
BIND	108	0.939	5.363	3.741	0.000
BGD	108	0.074	82.180	9.827	0.000
BFEXP	108	0.084	80.640	9.780	0.000

Researcher's computation (2024) using STATA15.

Diagnostic Tests

A series of diagnostic tests were conducted to validate the suitability of the estimation approach (Tables 3–5). The

Table 4. Ramset test using power of the fitted values of ROA.

Type of test	F(2, 101)	P>f
Ramsey	1.83	0.165

Researchers' computation (STATA 15), 2024.

Table 5. VIF (Multicollinearity) test.

Variable	VIF	1/VIF
BFEXP	1.02	0.977
BIND	1.02	0.982
BS	1.02	0.982
BGD	1.01	0.988
Mean VIF	1.02.	

Researcher's computation (2024) using STATA15.

Shapiro–Wilk test confirms non-normality for most explanatory variables, except board size (Table 3). The Ramsey RESET test indicates no evidence of model misspecification, suggesting that relevant variables were not omitted (Table 4). Multicollinearity diagnostics using the Variance Inflation Factor (VIF) reveal mean VIF values close to unity, confirming that multicollinearity does not distort the regression estimates (Table 5).

The Breusch–Pagan/Cook–Weisberg test fails to reject the null hypothesis of homoscedasticity, indicating constant error variance (Table 6). Furthermore, the Breusch–Pagan Lagrangian Multiplier test for random effects is insignificant, implying that the random-effects model is inappropriate (Table 7). Consequently, the Ordinary Least Squares (OLS) estimator with robust standard errors is adopted as the preferred estimation technique.

Table 6. Breusch-Pagan/Cook-Weisberg test.

Type of test	Chi2 (1)	P>Chi2
Heteroscedasticity	0.46	0.50

Researcher's computation (2024) using STATA15.

Table 7. Breusch and Pagan Lagrangian multiplier test result.

Type of test	Chibar2 (01)	P>Chi2
BPLMT	0.00	0.486

Researcher's computation (2024) using STATA15.

Regression Results

Table 8 presents the results of the robust OLS regression. The model explains approximately 20.6% of the variation

Table 8. Result of linear regression robust analysis.

ROA	Robust Coef.	T	P >[t]
BS	0.002	1.14	0.256
BIND	0.006	0.36	0.719
BGD	0.000	1.03	0.304
BFEXP	-0.010	-28.69	0.000
Cons	-0.011	-0.29	0.773
F (4, 103)	2906.61		
Prob >F	0.000		
R-square	0.206		

Researcher's computation (2024) using STATA15.

Table 9. Result of Panel Corrected Standard Errors (PCSEs).

ROA	Panel-corrected Coef.	z	P >[z]
BS	0.002	0.90	0.370
BIND	0.006	0.25	0.799
BGD	0.000	0.74	0.457
BFEXP	-0.010	-8.23	0.000
Cons	-0.011	-0.24	0.807
Wald chi2 (4)	71.39		
Prob >chi2	0.000		
R-square	0.206		

Researcher's computation (2024) using STATA15.

in ROA, and the overall F-statistic is statistically significant, indicating good model fit.

Board size, board independence, and board gender diversity exhibit positive but statistically insignificant effects on ROA. In contrast, board financial expertise shows a negative and statistically significant effect on financial performance at the 1% level. This suggests that higher financial expertise among board members is associated with lower ROA for Nigerian deposit money banks during the study period.

Robustness Check

To confirm the stability of the results, a robustness check using Panel Corrected Standard Errors (PCSEs) was conducted (Table 9). The PCSE estimates closely mirror the OLS robust results in both magnitude and statistical significance. In particular, board financial expertise remains negative and significant, while the other board characteristics remain insignificant. This consistency confirms the robustness and reliability of the main findings.

DISCUSSION OF FINDINGS

Board Size and Financial Performance

The findings indicate that board size has a positive but insignificant effect on ROA. This suggests that while larger

boards may enhance deliberation and diversity of expertise, their influence on bank profitability is not strong enough to be statistically meaningful. This result aligns with Ado *et al.* (2024) and Tulung and Ramdani (2018), but contrasts with studies reporting negative performance effects associated with large boards (Farouk *et al.*, 2022; Aernan *et al.*, 2023).

Board Independence and Financial Performance

Board independence also exhibits a positive but insignificant relationship with ROA. This implies that although independent directors may enhance monitoring and reduce agency costs, their presence alone does not significantly translate into improved financial performance. The finding supports Sanni (2019), Tulung and Ramdani (2018), and Helen and Nasamu (2017), but differs from studies reporting negative or significant effects in the Nigerian context.

Board Gender Diversity and Financial Performance

The analysis reveals that board gender diversity has no significant effect on ROA. The insignificance may reflect the low representation of female directors on bank boards, limiting their ability to influence strategic decisions. This finding is consistent with Amos and Alexandra (2023), Afolabi *et al.* (2022), and Kabara *et al.* (2022), and underscores the need for more substantive rather than symbolic inclusion of women in boardrooms.

Board Financial Expertise and Financial Performance

Contrary to a priori expectations, board financial expertise exhibits a negative and statistically significant effect on ROA. This suggests that increased financial expertise among board members does not necessarily enhance profitability and may be associated with overly conservative decision-making or excessive risk aversion. While this result aligns with Abubakar *et al.* (2019), it contradicts findings from Adegboyegun and Igbekoyi (2022), Rehana *et al.* (2022), Adams and Kastrinaki (2024), and Nwanne (2020), highlighting the context-specific nature of governance mechanisms in emerging economies.

Conclusion and Policy Implications

This study examines the effect of board characteristics on the financial performance of deposit money banks in Nigeria over the period 2012–2023, using ROA as the performance proxy and focusing on board size, board independence, board gender diversity, and board financial expertise. The findings indicate that board size, independence, and gender diversity have positive but statistically

insignificant effects on performance, suggesting limited direct influence on profitability, while board financial expertise exhibits a negative and significant effect, implying that higher concentrations of financially expert directors may constrain performance through conservative decision-making and increased risk aversion.

These results underscore the context-specific nature of governance mechanisms in emerging economies and highlight that board attributes do not uniformly translate into improved financial outcomes. Accordingly, banks are advised to maintain a balanced board structure that combines efficiency with diversity of perspectives, ensuring that board size remains optimal to support timely decision-making, independent directors are retained for effective oversight, and gender inclusion is meaningfully pursued to strengthen governance quality. In addition, the composition of financial experts should be moderated to avoid excessive conservatism, with emphasis placed on a balanced mix of skills to enhance strategic flexibility and performance outcomes.

Limitations and Directions for Future Research

Despite its contributions, the study is limited by its reliance on secondary data and its focus on listed deposit money banks in Nigeria, which may restrict the generalizability of the findings. Future research could extend the analysis to other sectors of the financial system, such as insurance or microfinance institutions, or examine alternative performance measures and governance attributes, including ownership structure and risk management practices. Cross-country comparative studies may also provide deeper insights into how institutional environments shape the governance–performance relationship.

CONFLICT OF INTEREST

The author declares that there is no conflict of interest.

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