Educational Administration: Theory and Practice
2025, 31(1), 827-841
ISSN: 2148-2403
https://kuey.net/

Research Article

Capital Adequacy and Financial Growth of Listed Deposit Money Banks in Nigeria

Okwudili, Kennedy Onuwa[1*], Success Jibrin Musa[2], Mathias Ofili[3], Simon Odiba Paul[4]

[1*]Department of Accounting, Faculty of Management Sciences, Veritas University, Abuja, Email: kendilly@yahoo.com
[2]Department of Accounting, Faculty of Management Sciences, Veritas University, Abuja, Email: musas@veritas.edu.ng
[3]Department of Accounting, Faculty of Management Sciences, Veritas University, Abuja, Email: Ofili.u@nileuniversity.edu.ng
[4]Department of Accounting, Faculty of Management Sciences, Veritas University, Abuja, Email: Odibasimon1@gmail.com

Citation: Okwudili, Kennedy Onuwa, et al (2025) Liquidity and Financial Growth in Nigeria: Evidence from Listed Deposit Money, *Educational Administration: Theory and Practice*, 31(1), 827-841
Doi: 10.53555/kuey.v31i1.10633

ARTICLE INFO

ABSTRACT

This study examines the relationship between capital adequacy and Nigeria's financial growth, utilizing panel data from 12 listed deposit money banks spanning the period from 2014 to 2023. The study adopts an ex-post facto research design and utilizes secondary data sourced from the Nigerian Exchange Group and the Central Bank of Nigeria (CBN) Statistical Bulletin. Financial growth is proxied by earnings per share (EPS), while the explanatory variables include Capital Adequacy Ratio (CAR), Paid-Up Share Capital (PUSC), and Share Premium (SP). Using fixed effect model regression and relevant diagnostic tests, the findings indicate that CAR has a negative but statistically insignificant effect on EPS, while both PUSC and SP exert statistically significant negative effects on EPS. The results suggest that increases in equity capital components may not necessarily enhance financial growth in listed DMBs. The study concludes that capital adequacy elements should be more efficiently managed to optimize shareholder value. It recommends that banks review their capital structure strategies to ensure that capital accumulation directly supports profitability and shareholder returns.

Keywords: Capital Adequacy Ratio, Paid-Up Share Capital, Share Premium and Earnings per share

1.0 Introduction

The banking sector is fundamental to the financial system as banks primarily manage deposits and bridge the gap in accessing credit. One key role of monetary policy in Nigeria and other economies is to influence the financial stability of banks (Gbarawae et al., 2024) and the availability of bank loans and deposits (Umeaduma, 2024; Akpanke et al., 2022).

This is especially significant in Nigeria, where Small and Medium Enterprises (SMEs) are responsible for over 84% of employment and contribute 48.5% to GDP (Usman et al., 2024), which is mainly dependent on bank financing. Consequently, Banks must overcome significant obstacles, including inadequate credit risk management, ineffective credit risk structure, subpar credit rating system, oversight, and cost reductions, to maximise shareholder wealth (Ohonba & Aigienohuwa, 2023) and Ejura et al (2023). Nevertheless, increases in reserve requirements, interest rates, or other unfavourable financial events are capable of weakening banks' financial position, restricting their lending capabilities (Chalabi-Jabado & Ziane, 2024). In severe scenarios, this can trigger systemic banking crises, potentially collapsing even otherwise solvent banks and disrupting credit access (Wullweber, 2024).

However, guided by Basel requirements and relative to their risk-weighted assets, banks are required to pursue and maintain a minimum level of capital that can cushion them against operational, credit, and market risks (Bank for International Settlements [BIS], 2022). Odinaka et al (2024) and Musa et al (2023) assert that capital adequacy enables banks to finance long-term investments, thereby supporting their liquidity performance. This is consistent with the broader view that sufficient capital reserves ensure the continuity of financial intermediation during downturns (Krishnamurthy & Li, 2025). Thus, adequate capital in Nigeria's banking sector is central not only to risk mitigation but also to sustaining financial growth (Akinbola, 2024) and Musa et al (2014). Following this, the Central Bank of Nigeria (CBN) enforces a minimum Capital Adequacy Ratio (CAR) of 15% for internationally licensed banks and 10% for locally licensed ones (CBN, 2022) to give protection against risk and sustain lending operations (Adeyemi, 2018; Olawale & Obinna, 2023b). This

ensures banks remain financially resilient and aligned with their risk exposure. Furthermore, while credit risk significantly influences banks' profitability, the ability of the banks to manage risk is reflected by their Capital Adequacy Ratio (CAR) (Parlindungan et al., 2024) and Musa et al (2013).

Paid-Up Share Capital (PUSC) represents the actual capital shareholders bring into the company in exchange for shares issued, and it plays a vital role in determining the financial strength of listed Deposit Money Banks (DMBs) (Onyebuchi, 2024). A higher PUSC enhances the bank's capacity to undertake profitable lending and investment activities, thereby potentially increasing earnings. Since Earnings Per Share (EPS) is a key measure of financial growth and shareholder value, an increase in PUSC can lead to higher EPS if the capital is effectively utilized to generate income. However, inefficient use may dilute EPS despite higher capital (John et al., 2022).

Share Premium (SP) refers to the excess amount received by listed Deposit Money Banks (DMBs) over the nominal value of shares during issuance. It serves as an important component of equity that can be used for specific purposes, such as writing off preliminary expenses, issuing bonus shares, or strengthening reserves (Success et al 2022 and Fonchamnyo et al., 2023). When effectively managed, SP enhances the financial flexibility of banks, enabling them to invest in income-generating assets or expand operations, which can lead to improved profitability. Consequently, this can positively influence Earnings Per Share (EPS), thereby reflecting financial growth and increased value for shareholders (Musa et al 2016, Samuel et al., 2022). Hence, the study examined the extent to which capital adequacy ratio has affected Earnings per share of listed DMBs in Nigeria over the 10-year study period (2014-2023), using variables such as the Capital Adequacy Ratio (CAR), Paid-Up Share Capital (PUSC), and Share Premium (SP).

In a robust and efficient banking system, the capital structure, comprising capital adequacy ratio (CAR), paid-up share capital (PUSC), and share premium (SP), should serve as a solid foundation for sustainable financial growth and long-term shareholder value. When optimally structured and effectively managed, these capital components enable banks to absorb shocks, expand credit, invest in productive assets, and deliver enhanced earnings per share (EPS), a key indicator of financial growth and performance.

However, the current reality in Nigeria's banking sector presents a different picture. Despite meeting regulatory capital benchmarks established by the Central Bank of Nigeria, many listed deposit money banks (DMBs) continue to exhibit signs of undercapitalization and financial vulnerability (CBN, 2024; Cardoso, 2023; Musa et al 2025; Adegbite & Emeni, 2022).

Furthermore, financial resources raised through share premiums intended to enhance equity strength and fund strategic investments are often not optimally deployed. Studies reveal that these funds are either misallocated or remain idle, failing to generate value for shareholders (Le Manh, 2025; Onyebuchi, 2024; Onafowokan & Oduwaiye, 2021). Similarly, paid-up share capital, though fundamental to ownership and financial strength, may dilute shareholder returns if not matched by proportionate profitability (Usman et al., 2021). These inefficiencies call into question the role of equity structure in achieving meaningful financial growth, particularly as measured by EPS.

Based on the empirical literature, two key research gaps emerge that this study seeks to fill. First, while several studies (including Awwad, 2021; Success et al 2025; Pervez et al., 2023; Ibrahim et al 2022 & Ezu et al., 2023) have examined the relationship between capital adequacy and profitability using ROA or ROE, limited research has explored how the Capital Adequacy Ratio (CAR) affects Earnings Per Share (EPS), a more direct measure of shareholder value. This leaves a gap in understanding how capital buffers influence financial growth from the investors' perspective. Second, most studies on equity financing (e.g., Usman et al., 2021; Ibrahim et al 2022, John et al., 2022; Onyebuchi, 2024) focused on either Paid-Up Share Capital (PUSC) or Share Premium (SP) independently and produced mixed results. Few have jointly assessed the combined influence of CAR, PUSC, and SP on EPS of listed Deposit Money Banks in Nigeria, creating a gap in integrated capital structure analysis. Hence, to address these issues, it is essential to evaluate the effect of capital components (CAR, PUSC, and SP) on the financial growth of listed DMBs in Nigeria.

Arising from the foregoing problem, the study seeks to answer the following questions:

I. To what extent does the Capital Adequacy Ratio (CAR) affect the earnings per share of listed deposit money banks in Nigeria?

ii. What is the effect of Paid-Up Share Capital (PUSC) on the earnings per share of listed deposit money banks in Nigeria?

iii. How does Share Premium (SP) affect the earnings per share of listed deposit money banks in Nigeria?

1.1 Research Objectives

The main objective of this study is to examine the relationship between the capital adequacy ratio and the financial growth of listed Deposit Money Banks (DMBs). Specifically, the study aims to:

i. Examine the effect of Capital Adequacy Ratio (CAR) on the earnings per share of listed deposit money banks in Nigeria;

ii. Assess the effect of Paid-Up Share Capital (PUSC) on the earnings per share of listed deposit money banks in Nigeria.

iii. Investigate the effect of Share Premium (SP) on earnings per share of listed deposit money banks in Nigeria.

1.2 Hypotheses of the Study

The following null hypotheses are formulated in line with the research objectives:

H_{01}: Capital Adequacy Ratio (CAR) has no significant effect on the earnings per share of listed deposit money banks in Nigeria.
H_{02}: Paid-Up Share Capital (PUSC) has no significant effect on the earnings per share of listed deposit money banks in Nigeria.
H_{03}: Share Premium (SP) has no significant effect on the earnings per share of listed deposit money banks in Nigeria.

2.0 Literature Review

The capital adequacy of deposit money banks is crucial to the financial stability of any banking system, as it supports efficient financial intermediation and improves the amount of profit assigned to each share of stock in a company. This section critically reviews the existing literature to provide a conceptual and theoretical foundation for understanding how the capital adequacy of deposit money banks affects the financial growth of listed deposit money banks, particularly earnings per share. The review is structured into three key components: conceptual review, theoretical framework, and a synthesis of empirical evidence, which collectively establish the rationale for the study's hypotheses.

2.1 Conceptual Review

To adequately frame the discussion, this section clarifies the key concepts that underpin the study: capital adequacy ratio, paid-up share capital, share premium and earnings per share. These concepts are essential for delineating the mechanisms through which banking operations may influence financial growth.

a. Capital Adequacy Ratio

Capital adequacy, as prescribed by the Basel Accords, requires that a certain percentage of a bank's assets be held as capital to mitigate risks, including operational, credit, and market risks (BIS, 2022). For Banks in Nigeria, the Central Bank of Nigeria (CBN) mandates a minimum capital adequacy ratio (CAR) of 15% for banks with international licenses and 10% for banks operating locally (CBN, 2022). Igbinosa & Naimo (2020) explained that with the right level of capital adequacy, well-capitalized banks become better positioned to withstand financial stress, thereby contributing to overall financial stability. Financial instability, particularly in developing economies like Nigeria, often stems from weak capital structures. Liquidity risks, solvency issues, and eventual bank failure are more prevalent among undercapitalized banks (Owolabi, 2017a). Having faced bank failures, liquidity crisis and other significant challenges in the past, maintaining an adequate capital buffer remains imperative for the long-term stability of the Nigerian banking sector. The Capital Adequacy Ratio (CAR) can be defined as a bank's capital expressed as a percentage of its risk-weighted assets (Mili et al., 2017). This is supported by research on the impact of CAR on financial performance, as demonstrated in Safitri's (2022) findings. Hosted by Arama (2020), Sunaryo (2020) stated that CAR has a positive effect on financial performance. However, previous research by Kusumastuti (2019), Irawan (2019), and Soares (2018) found that CAR negatively affects financial performance.

b. Paid Up Share Capital (PUSC).

Paid-up share capital represents the capital for which a company has received complete funds from its shareholders (Merton & Bodie, 2023). It is permanent because, once contributed by shareholders, it remains stable and secure (Brigham & Ehrhardt, 2023).

Once paid by shareholders, this capital becomes a fixed contribution unless altered through capital restructuring initiatives such as rights or bonus issues (Gupta, 2021). One of the key features of paid-up share capital is that it reflects the actual financial commitment of shareholders, forming the foundation for the company's operational and investment activities (Singh, 2022). It provides stability to the capital structure, which enhances investor and creditor confidence. In many jurisdictions, companies, particularly banks and financial institutions, are mandated to maintain a minimum level of paid-up capital to operate legally and protect the interests of creditors (Owolabi & Ajibade, 2020). A higher paid-up share capital increases shareholder equity and enhances the company's ability to secure external funding. However, issuing new shares may dilute existing ownership, control and governance (Mahmood, 2019). Furthermore, a substantial paid-up capital base can support dividend distributions if the company generates sufficient profits (Adams, 2020). Companies may also raise additional capital through public or rights issues, providing them with the flexibility to meet evolving financial requirements (Khan, 2021).

c. Share Premium (SP)

Share premium refers to the amount received by a company over and above the nominal (or face) value of its shares during issuance. When shares are at a price higher than their par value, the excess amount is recorded as a share premium and reported in the company's equity section of the balance sheet, typically in a separate "Share Premium Account" (Brigham & Ehrhardt, 2023; Kieso, Weygandt & Warfield, 2023). This reserve is considered part of the company's capital and is not distributable as dividends; however, it can be used for specific purposes permitted by law. The share premium account is often used for bonus shares issues, preliminary expenses or commission write-offs, and sometimes for buying back shares (Gupta, 2021). The share premium strengthens the financial base of a company without increasing its liabilities, as it reflects the capital contributed by investors above the minimum requirement (Merton & Bodie, 2023). In addition to providing additional capital, share premium enhances a company's creditworthiness by increasing shareholder

equity. This, in turn, can improve access to credit and reduce borrowing costs (Singh, 2022). However, legal restrictions are imposed on its usage to protect creditors, as it cannot be freely distributed like retained earnings (Owolabi & Ajibade, 2020). Share premium is usually observed where investors pay a premium due to the strong reputation or growth prospects of a company during initial public offerings (IPOs), rights issues, or private placements (Adams, 2020). The amount reflects investor confidence and can signal the perceived value of the company above its book value.

d. Earnings per share (EPS)

Earnings Per Share (EPS) is a critical financial performance indicator that captures the portion of a company's net income allocated to each outstanding share, serving as a reflection of profitability and a determinant of shareholder value. Scholars such as Shikumo (2021) argue that EPS boosts shareholder confidence, while Almeida (2019) maintains that higher EPS attracts investors due to its role in signalling potential returns. According to Arsal (2021), EPS has also been linked to stock price movements, reporting a significant relationship. Gharaibeh et al (2022) reinforce this by highlighting that EPS not only indicates firm profitability but also affects investor interest and market demand for shares.

2.2 Review of Empirical Studies

Awwad (2021) conducted an empirical study in Palestine to explore the relationship between capital adequacy and profitability indicators of six local banks listed on the Palestine Stock Exchange from 2010 to 2019. Using simple linear regression analysis, the independent variable was the capital adequacy ratio (CAR), while the dependent variable was profitability, proxied by return on equity (ROE). The results revealed a negative relationship between CAR and ROE, suggesting that although Palestinian banks maintain high capital buffers exceeding Basel III minimums (10.5%), this may reduce profitability. The study implies that excessive capital may constrain income-generating activities, thereby potentially affecting earnings per share (EPS) negatively. It suggests that optimal capital levels—not merely higher ones—are crucial for balancing stability and financial growth.

Shikumo (2021) assessed the effect of share capital on the financial growth of 45 non-financial firms listed at the Nairobi Securities Exchange (NSE) in Kenya from 2008 to 2017. The study adopted an explanatory design, using panel data analysis. Share capital served as the independent variable, while financial growth was the dependent variable, proxied by earnings per share (EPS) and market capitalization. The findings showed that share capital positively and significantly influenced financial growth, explaining 32.73% and 11.62% of the variation in EPS and market capitalization, respectively. These results suggest that equity financing, particularly through share capital, enhances firm growth and profitability. The study recommends that firms pursue equity-based financing to fund major expansions and improve EPS, indicating a clear positive linkage between paid-up capital and financial performance.

Usman et al. (2021) examined the effect of equity capital financing on the financial performance of 14 listed Nigerian DMBs from 2009 to 2018. Share capital, retained earnings, and other reserves were independent variables, while ROA was used as the dependent variable. Robust OLS regression was applied. The study found that share capital had a positive but insignificant effect on ROA, while retained earnings and other reserves had positive and significant effects. These results imply that while PUSC may contribute to financial growth, its impact is limited unless combined with other internal equity sources. The findings are relevant for understanding the marginal role of PUSC in driving EPS growth in listed banks.

Bornfas and Githira (2022) explored the relationship between financial structure, specifically leverage and share capital, and financial intermediation efficiency among 174 deposit-taking SACCOs in Kenya from 2017 to 2021. Using descriptive design and panel data analyzed via STATA, the study considered share capital and leverage as independent variables, and financial intermediation efficiency as the dependent variable. While leverage had a positive and significant effect, share capital showed a positive but statistically insignificant effect on financial intermediation efficiency. This suggests that although share capital contributes to efficiency, its impact may be limited compared to other financial structure elements. The findings highlight that maintaining adequate share capital helps SACCOs support credit expansion and financial operations, although it may not directly or strongly affect performance indicators like EPS unless complemented by other capital components.

Samuel et al (2022) examined how financial structure components, including share capital, influence the financial growth of 21 financial firms listed at the Nairobi Securities Exchange over the 2010–2017 period. Using a descriptive research design and guided by theories like Modigliani-Miller and Trade-off Theory, the study analyzed the effect of short-term debt, long-term debt, retained earnings, and share capital on financial growth. The dependent variable, financial growth, was proxied by profitability indicators. The findings revealed that share capital had a positive and significant effect on financial growth, implying that increases in paid-up capital enhance firm performance. Additionally, firm size significantly moderated the relationship between financial structure and financial growth. The study supports the assertion that equity-based financing contributes positively to earnings performance, validating the relevance of share capital to EPS growth in listed financial institutions.

John et al. (2022) assessed the role of equity financing in the financial performance of Nigerian Deposit Money Banks using an ex-post facto design. The study used share premium as a key independent variable and return on assets (ROA) as the dependent variable, drawing secondary data from CBN and NDIC sources. Although the specific period was not clearly stated, the analysis revealed that share premium shocks accounted for

approximately 41% of the variation in ROA, indicating a strong and positive relationship between share premium and bank performance. The study recommended greater reliance on equity over debt financing. This underscores the relevance of SP as a contributor to financial growth, which supports the notion that increased SP may improve EPS through enhanced financial flexibility and retained earnings capacity in DMBs.

Pervez et al. (2023) conducted a panel regression study on 65 Indian banks (private, public, and foreign) between 2005 and 2018 to examine the effect of capital adequacy and risk on performance. Capital adequacy ratio (CAR), net non-performing assets, and bank-specific factors served as independent variables, while profitability measures like ROA/ROE were dependent. The study found a negative relationship between CAR and performance, indicating that excessive capital buffers may constrain profitability. Additionally, non-performing assets negatively affected lending capacity and earnings. These findings challenge the assumption that high CAR always benefits bank performance, implying that optimal capital allocation, not just high CAR, is crucial for sustaining EPS and bank growth.

Ezu et al. (2023) evaluated the role of capital adequacy in the efficient performance of Nigerian deposit money banks using data from listed banks with national and international authorization. The study, covering an unspecified recent period, used OLS regression in E-Views, with total capital to risk-weighted assets, debt-to-equity ratio, and capitalization to credit as independent variables, and ROA as the performance proxy. The findings showed a significant, inverse linear relationship between capital adequacy and bank efficiency. This implies that while capital adequacy is important, excessively high levels might hinder bank efficiency and earnings. The study concluded that regulatory updates are needed to align capital thresholds with current economic realities, indicating that CAR may negatively impact EPS when inefficiently managed.

Fonchamnyo et al. (2023) conducted a study on the effect of capital structure on the financial sustainability of 15 microfinance institutions (MFIs) in Bamenda, Cameroon, using data from 2014 to 2020. Employing Generalised Least Squares and quantile-on-quantile regression, the study examined how debt, equity (including share capital), grants, and retained earnings affected sustainability, measured by Operational Self-Sufficiency. While debt and grants showed a statistically significant adverse effect, retained earnings had a positive and significant effect. Share capital (as a proxy for equity) had a positive but statistically insignificant effect on sustainability. Although the study focused on sustainability rather than EPS, the findings suggest that equity capital, including share capital, can support financial performance when efficiently utilized, albeit with limited direct impact unless backed by retained earnings or operational strategies that ensure profitability.

Odinaka et al (2024) investigated how financial risk affects liquidity performance of Nigerian Deposit Money Banks (DMBs), considering capital adequacy as a mediator. The study, conducted in Nigeria, used capital adequacy as a mediating variable and operational, market, and credit risks as independent variables, with liquidity performance as the dependent variable. Ten listed DMBs were purposively sampled from 2010 to 2022. Using structural equation modelling, the findings revealed that capital adequacy does not significantly mediate the relationship between financial risks and liquidity performance. The study emphasized the need for DMBs and regulators to implement more robust capital adequacy frameworks to manage liquidity risks better and improve financial disclosures. Although the findings do not show a direct link with EPS, the insight into capital adequacy provides valuable context for understanding its broader financial implications.

Onyebuchi (2024) examined the effect of equity structure on the financial performance of listed food and beverage firms in Nigeria between 2014 and 2023. The study focused on ordinary share capital, share premium, and retained earnings (independent variables) and earnings per share (EPS) as the proxy for financial performance (dependent variable). Using an ex-post facto design, six out of eight firms were sampled, and panel least squares regression was used for data analysis. The findings revealed a negative and significant effect of ordinary share capital on EPS, a positive but insignificant effect of share premium, and a negative and significant effect of retained earnings. The study concluded that equity structure significantly influences financial performance and recommended optimizing equity financing components to enhance EPS. These findings are relevant for understanding how PUSC and SP may differentially affect EPS in Nigerian financial institutions.

Akinbola (2024) explored the relationship between capital adequacy and financial stability in Nigerian banks using data from 2005 to 2020. The study employed an ex-post facto design, with capital adequacy ratio (CAR), firm size, and nonperforming loans (NPL) as independent variables, and ROA/ROE as proxies for financial stability. The population covered by Nigerian commercial banks was analysed using OLS regression. Findings revealed that CAR and firm size had a positive effect on financial stability, while NPLs and loan-to-asset ratios had negative effects. The results suggest that higher capital adequacy supports resilience and long-term performance, which may translate into higher EPS if maintained. This supports the study's objective by affirming a positive relationship between CAR and financial growth.

Wike et al. (2024) investigated the effect of capital adequacy ratios on the return on equity (ROE) of quoted microfinance banks in Nigeria from 2013 to 2021. The independent variables were various CAR measures, including Tier I/II to total capital and capital-to-risk assets ratio. The dependent variable was ROE. Using cross-sectional data and OLS regression via E-Views, the study found that Tier 1 capital-to-total capital ratio and capital-to-risk asset ratio had positive effects, while Tier 2 capital and adjusted capital ratios had negative relationships with ROE. The model explained 64% of the variation in performance. These results suggest that specific types of capital adequacy ratios enhance financial growth, supporting the positive influence of CAR on EPS when optimally structured in Nigerian banking institutions.

Success et al (2024). This study examines the relationship between capital adequacy and Nigeria's financial growth, utilizing panel data from 12 listed deposit money banks spanning the period from 2014 to 2023. The study adopts an ex-post facto research design and utilizes secondary data sourced from the Nigerian Exchange Group and the Central Bank of Nigeria (CBN) Statistical Bulletin. Financial growth is proxied by earnings per share (EPS), while the explanatory variables include Capital Adequacy Ratio (CAR), Paid-Up Share Capital (PUSC), and Share Premium (SP). Using fixed effect model regression and relevant diagnostic tests, the findings indicate that CAR has a negative but statistically insignificant effect on EPS, while both PUSC and SP exert statistically significant negative effects on EPS. The results suggest that increases in equity capital components may not necessarily enhance financial growth in listed DMBs. The study concludes that capital adequacy elements should be more efficiently managed to optimize shareholder value. It recommends that banks review their capital structure strategies to ensure that capital accumulation directly supports profitability and shareholder returns.

Success et al (2025). This study examines the effect of liquidity on the financial growth of listed Deposit Money Banks (DMBs) in Nigeria, specifically focusing on the relationship between Liquidity Ratio (LR) and Earnings Per Share (EPS). Using secondary panel data from 12 listed DMBs in Nigeria over a ten-year period (2015–2024), the study employs a Panel EGLS (Cross-section weights) regression model to explore how liquidity influences profitability. The results reveal a moderate positive correlation between liquidity ratios and earnings per share, indicating that higher liquidity is associated with better financial performance. This finding aligns with both Liquidity Preference Theory and the Trade-Off Theory of Liquidity, which suggest that while liquidity ensures financial stability and mitigates risks, its balance with profitability is crucial. However, the study also acknowledges that excessive liquidity can lead to idle funds, reducing returns, while insufficient liquidity may expose banks to financial distress. Thus, the study recommends that Nigerian DMBs maintain an optimal liquidity ratio that allows them to meet short-term obligations and seize profitable opportunities. It further suggests that liquidity management should be dynamically integrated with broader financial strategies, including risk management and operational efficiency. Future research should explore the impact of other macroeconomic factors on liquidity management and financial growth, using more advanced econometric models to deepen understanding of liquidity dynamics in Nigeria's volatile banking sector.

Success et al (2024). This studied is on effect of corporate governance on risk management by deposit money banks in Nigeria. Selected deposit money banks base on FOBES list were selected to address the effect in question. The questions asked to which answers were provided among others includes: To what extent (if any) does board strength, shareholders influence and management efficiency influence or affect capital risk, credit risk and liquidity risk of banks in Nigeria. The study is limited to six randomly selected listed commercial banks in Nigeria over the period of six years. In carrying out the analysis, the panel data regression analysis method was adopted. The variables used for this analysis are: the board index and management influence as proxies for corporate governance; capital risk, credit risk and liquidity risk all as proxy variables for risk taking by banks. The data were sourced from the audited financial statements of the sample banks. The estimated result revealed a negative relationship between capital risk and corporate governance which invariably means that the capital risk goes up as Corporate Governance disclosure increases. The result further shows that the more the corporate governance disclosure, the less the credit and liquidity risk taking by the banks in Nigeria.

2.3 Gap in Literature

Despite the extensive literature on bank capital and financial performance, significant gaps remain. Most existing studies (including Awwad, 2021; Pervez et al., 2023; Ezu et al., 2023) have focused on Return on Assets (ROA) and Return on Equity (ROE) as proxies for performance, with limited attention to Earnings Per Share (EPS), a direct indicator of shareholder wealth. Furthermore, research addressing the joint impact of Capital Adequacy Ratio (CAR), Paid-Up Share Capital (PUSC), and Share Premium (SP) on EPS is scarce, particularly within the Nigerian banking sector (Usman et al., 2021; Onyebuchi, 2024), leaving a critical gap in integrated capital-performance analysis.

2.4 Theoretical Framework: Financial Intermediation Theory

The Financial Intermediation Theory provides a foundational perspective on the role of financial institutions in promoting economic development by facilitating the efficient allocation of resources. This theory was initially articulated by John G. Gurley and Edward S. Shaw in their seminal work of 1960, Money in a Theory of Finance. Prior to their contribution, financial systems were predominantly viewed as passive channels through which savings were merely transferred from surplus units to deficit units. Gurley and Shaw challenged this notion by emphasising that financial intermediaries actively shape the flow of funds by assessing risk, screening borrowers, mitigating information asymmetries, and minimising transaction costs. In this way, intermediaries such as banks, insurance companies, and mutual funds play a dynamic role in economic systems by enhancing credit allocation and improving overall market efficiency.

Financial intermediaries reduce the frictions inherent in direct finance by performing several transformative functions. One of the most critical is risk transformation. Through pooling deposits and extending loans to a diversified set of borrowers, banks can mitigate idiosyncratic risks that would otherwise expose individual savers to significant financial losses. This process stabilizes the financial system and fosters public trust Success et al (2023). Another essential function is maturity transformation. Financial intermediaries mobilize

short-term savings while providing long-term loans, thereby balancing the liquidity preferences of savers with the long-term capital needs of borrowers. In doing so, they enhance capital formation and stimulate investment. Additionally, financial institutions perform size transformation by aggregating small deposits from numerous savers into sizable loanable funds, which are then deployed into large-scale investments and productive ventures that individual savers could not finance on their own.

Contemporary scholarship has built upon the foundational model of Gurley and Shaw. Diamond and Dybvig (1983) extended the theory by introducing the concept of bank runs and underscoring the role of deposit insurance in safeguarding financial stability. Their model demonstrated how the absence of institutional mechanisms could lead to panic withdrawals and systemic failure, even in fundamentally solvent banks. More recently, Allen and Santomero (1998) emphasized the evolving complexity of financial instruments and markets, arguing that modern financial intermediaries are not merely lenders but also facilitators of risk transfer and innovation within the financial ecosystem. They contend that intermediaries have become increasingly central actors in the risk management processes that underpin financial globalization.

In the context of developing economies such as Nigeria, the Financial Intermediation Theory remains especially relevant. Financial institutions play a pivotal role in addressing capital scarcity, a common constraint in emerging markets. By channelling funds from surplus sectors to underfunded productive sectors, banks contribute to employment generation, income redistribution, and overall financial growth. Nguyen (2021) and Liang et al. (2020) affirm that banks' ability to diversify portfolios and manage risk through sophisticated credit appraisal techniques contributes significantly to economic resilience, especially during periods of macroeconomic volatility.

Moreover, the theory underscores the importance of regulatory oversight in maintaining the confidence of depositors and investors. Ariffin and Kassim (2021) emphasize that sound prudential regulation, including capital adequacy requirements and stress testing, is crucial for preventing systemic risks and ensuring long-term financial stability. Cuza (2009) further adds that the modern financial intermediation framework not only examines the operational roles of banks but also considers the influence of monetary policy and regulatory interventions on intermediation efficiency. This perspective is particularly relevant in light of the Central Bank of Nigeria's recent policy, which mandates the recapitalisation of Deposit Money Banks by 2026. This measure aims to strengthen their liquidity base and enhance their capacity to support national development objectives.

3.0 Methodology

The study adopted an ex-post facto research design, which is appropriate for evaluating historical relationships among variables where the researcher cannot manipulate the independent variables. The research relied on secondary panel data obtained from the published annual reports of 12 listed Deposit Money Banks (DMBs) in Nigeria, as of December 31, 2023. The panel dataset covers ten years from 2014 to 2023.

The population of the study includes all deposit money banks operating in Nigeria. However, the sample was restricted to those that are publicly listed on the Nigerian Exchange Group (NGX) and for which complete and consistent data were available over the study period. The study examined the effect of bank capital adequacy indicators on the Financial growth of deposit money banks, measured by Earnings per share. The key explanatory variables include the listed deposit money banks' Capital Adequacy Ratio (CAR), Paid-Up Share Capital and Share Premium.

Given the panel nature of the data, the study employed panel data econometric techniques. The initial analysis involved descriptive statistics to summarize the distributional properties of the variables. Diagnostic tests were conducted to ensure the validity of the regression estimates. These included a Variance Inflation Factor (VIF) test to assess multicollinearity among the explanatory variables and the Breusch-Pagan-Godfrey test to detect potential heteroscedasticity.

To examine the relationship between bank capital adequacy ratio and financial growth, the study applied Pooled Ordinary Least Squares (OLS) regression. Although the data structure qualifies for advanced panel estimation techniques (such as Fixed Effects or Random Effects models), pooled OLS was used due to the absence of significant unobserved heterogeneity across banks, as suggested by preliminary diagnostics.

All statistical tests were conducted at the 5% significance level, and model estimation was performed using EViews 13 software.

Table 1: *Variable, Measurement and Sources*

S/N	Variable Name	Type	Measurement	Proxy	Source
1	Capital Adequacy Ratio	Independent	Total capital divided by total deposit	CAR	Gupta (2021)
2	Paid Up Share Capital	Independent	Paid-Up Share Capital divided by total equity capital	PUSC	Gupta (2021)
3.	Share Premium	Independent	Share Premium divided by total equity capital	SP	Gupta (2021)
3	Earnings per share	Dependent	Net income divided by average outstanding shares.	EPS	Saleh (2023)

Source: Researchers' Tabulation

3.1 Model Specification

To examine the relationship between CAR and financial growth, the study adopts an econometric model used by Akinbola (2024) to investigate capital adequacy and financial stability: A study of Nigerian banks' resilience in a volatile economy. The functional form of the model of this study is specified as:

EPSt = (CAR, PUSC, SP) ---------- (1)

EPSt =β0 + β1CARt + β2PUSCt + β3SPt + εt----------(2)

Where:

EPSt = Earnings per share at time t,

CARt = Capital Adequacy Ratio at time t,

PUSCt = Paid Up Share Capital at time t,

SPt = Share Premium at time t,

β0 = Constant term,

β1, β3 = Coefficients of independent variables,

εt = Error term.

The model is justified as it is grounded in financial theory and incorporates key variables influencing financial growth. Drawing on Akinbola (2024), this study examines the impact of the capital adequacy ratio, paid-up share capital, and share premium on EPS. The model's linear regression framework enables empirical analysis, hypothesis testing, and informed conclusions, making it suitable for investigating the impact of capital adequacy indicators on the financial growth of listed deposit money banks in Nigeria.

4.0 Data Presentation and Analysis

This research begins with the presentation of descriptive statistics for the key variables, as shown in Table 2. The descriptive statistics provide insight into the distribution and characteristics of the key variables used in this study.

Table 2: *Descriptive Statistics*

	EPS	CAR	PUSC	SP
Mean	2.398	0.180	0.024	0.242
Median	0.990	0.180	0.020	0.210
Maximum	21.550	0.340	0.090	0.890
Minimum	-5.359	0.060	0.006	0.030
Std. Dev.	3.826	0.050	0.018	0.157
Skewness	2.888	0.301	1.871	1.861
Kurtosis	13.226	3.006	6.536	7.369
Jarque-Bera	689.646	1.817	132.532	164.676
Probability	0.000	0.403	0.000	0.000
Observations	120	120	120	120

Source: E-View 13 Output

Earnings Per Share (EPS):

The descriptive statistics for EPS reveal a mean of 2.398, indicating that, on average, shareholders of listed Deposit Money Banks (DMBs) in Nigeria earn about ₦2.40 per share. The median value of 0.990 is significantly lower than the mean, suggesting a right-skewed distribution. This skewness is confirmed by a high skewness value of 2.888 and a kurtosis of 13.226, indicating a distribution with heavy tails and extreme values. The maximum EPS is 21.550, while the minimum is -5.359, showing significant variation in financial performance across banks. The standard deviation of 3.826 also reflects substantial variability. The Jarque-Bera test statistic of 689.646 and a p-value of 0.000 confirm that the EPS data is not normally distributed. These findings highlight that while some banks perform well, others may be experiencing financial distress, justifying further analysis of capital-related factors influencing EPS.

Capital Adequacy Ratio (CAR):

The mean CAR is 0.180, and the median is also 0.180, suggesting a symmetric distribution around the central value. The minimum and maximum values range from 0.060 to 0.340, reflecting moderate variability across banks. The standard deviation is 0.050, indicating relatively low dispersion. A skewness of 0.301 and a kurtosis of 3.006 imply an approximately normal distribution.

The Jarque-Bera statistic is 1.817 with a p-value of 0.403, confirming normality of the distribution. This suggests that most banks maintain a relatively stable capital adequacy ratio, aligning closely with regulatory benchmarks, and providing a reasonable basis for examining their influence on financial growth.

Paid-Up Share Capital (PUSC):

PUSC shows a mean of 0.024 and a median of 0.020, indicating a slightly right-skewed distribution. The maximum and minimum values are 0.090 and 0.006, respectively, with a standard deviation of 0.018, showing modest variability across DMBs. The skewness of 1.871 and kurtosis of 6.536 indicate a non-normal distribution with a long right tail and a sharp peak. The Jarque-Bera statistic of 132.532 and a p-value of 0.000 confirm a significant departure from normality. This suggests that while most banks have low paid-up capital relative to total assets, a few outliers may possess substantially higher levels, warranting investigation into its differential effect on earnings.

Share Premium (SP):

The average SP is 0.242 with a median of 0.210, indicating a moderate right-skewed distribution. The maximum value of 0.890 and minimum of 0.030 reflect a wide range, while a standard deviation of 0.157 shows substantial variability. A skewness of 1.861 and kurtosis of 7.369 confirm a non-normal, positively skewed distribution with heavy tails. The Jarque-Bera statistic of 164.676 and a p-value of 0.000 reinforce this finding. These results suggest significant disparities in how listed DMBs utilize share premium funds, with implications for their capacity to finance growth and enhance shareholder value through earnings.

Given that the descriptive statistics revealed non-normal distributions for EPS, Paid-Up Share Capital (PUSC), and Share Premium (SP), as evidenced by their high skewness, kurtosis, and significant Jarque-Bera test results, a log transformation was applied to these variables to normalize their distributions and ensure the validity of subsequent regression analyses.

Table 3: *Correlation Analysis.*

	EPS	CAR	PUSC	SP
EPS	1			
CAR	0.0946	1		
PUSC	0.046	0.03	1	
SP	0.1757	0.03	0.1208	1

Source: E-view 13 Output

Table 3 presents the correlation analysis between Earnings Per Share (EPS) and selected banking indicators: Capital Adequacy Ratio (CAR), Paid-Up Share Capital (PUSC), and Share Premium (SP). Prior to the analysis, a base-10 logarithmic transformation (Log10) was performed on variables that significantly deviated from normality. Since EPS included non-positive values, a constant was added to ensure all values were positive before transformation. As expected, EPS shows a perfect correlation with itself (r = 1.000). The correlation between EPS and CAR is 0.0946, indicating a very weak positive relationship. EPS also has a weak positive correlation with PUSC (r = 0.046) and SP (r = 0.1757). These results suggest that while there is a slight positive linear relationship between EPS and the independent variables, particularly Share Premium, the relationships are generally weak and may not independently drive changes in financial growth (EPS) without further multivariate analysis.

Table 4: *Multicollinearity Test*

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.052833	58.90216	NA
CAR	0.362801	14.10681	1.0018
PUSC	0.002327	40.93929	1.0156
SP	0.002504	8.127074	1.0156

Source: E-View 13 Output

Table 4 presents the results of the multicollinearity test using the Variance Inflation Factor (VIF) to assess the degree of correlation among the independent variables: Capital Adequacy Ratio (CAR), Paid-Up Share Capital (PUSC), and Share Premium (SP). The analysis focuses on the Centered VIF values, which are more reliable indicators for detecting multicollinearity. CAR has a centred VIF of 1.0018, PUSC has 1.0156, and SP also has 1.0156. These values are all very close to 1 and well below the commonly accepted threshold of 10, indicating no evidence of multicollinearity among the predictor variables. Therefore, the independent variables can be reliably used together in the regression model without concern for multicollinearity distorting the results.

Table 5 presents the results of the heteroskedasticity test using the Residual Cross-Section Dependence Test. The test statistics for the Breusch-Pagan LM (359.9512), Pesaran scaled LM (25.58517), and Pesaran CD (6.283605) are all statistically significant with p-values of 0.0000. This strongly indicates the presence of cross-sectional dependence and heteroskedasticity in the residuals, thus violating the classical linear regression assumption of constant variance. To address this problem, a White cross-section robust standard error was used to correct for heteroskedasticity and improve the reliability of the model estimates.

Table 5: *Heteroscedasticity Test Results*

Residual Cross-Section Dependence Test
Null hypothesis: No cross-sectional dependence (correlation) in residuals
Equation: EQ01
Periods included: 10
Cross-sections included: 12
Total panel observations: 120
Note: non-zero cross-section means detected in data
Cross-section means were removed during the computation of correlations

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	359.9512	66	0.0000
Pesaran scaled LM	25.58517		0.0000
Pesaran CD	6.283605		0.0000

Source: E-view 13 Output.

Table 6:

Redundant Fixed Effects Tests
Equation: EQ01
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	11.968283	(11,105)	0.0000
Cross-section Chi-square	97.515193	11	0.0000

To determine the appropriate model between the Pooled Ordinary Least Squares (OLS) regression and the Fixed Effects Model (FEM), a Redundant Fixed Effects Test was conducted, as presented in Table 6. The results show that both the Cross-section F-statistic (11.9683, p = 0.0000) and the Cross-section Chi-square statistic (97.5152, p = 0.0000) are highly significant. These results lead to the rejection of the null hypothesis that cross-sectional effects are redundant. Therefore, the Fixed Effects Model is preferred over the Pooled OLS model, as it accounts for unobserved heterogeneity across the cross-sectional units (banks) in the panel data.

Table 7: *Fixed Effect Regression Result*

Dependent Variable: LOG(EPS)
Method: Panel Least Squares
Date: 07/30/25 Time: 05:54
Sample: 2014 2023
Periods included: 10
Cross-sections included: 12
Total panel (balanced) observations: 120
White cross-section standard errors & covariance (d.f. corrected)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.691655	0.156798	10.78873	0.0000
CAR	-0.321081	0.365059	-0.879533	0.3811
LOG(PUSC)	-0.081543	0.037545	-2.171877	0.0321
LOG(SP)	-0.142959	0.051608	-2.770094	0.0066

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.573755	Mean dependent var	2.181870
Adjusted R-squared	0.516923	S.D. dependent var	0.330479
S.E. of regression	0.229696	Akaike info criterion	0.012345
Sum squared resid	5.539805	Schwarz criterion	0.360781
Log likelihood	14.25932	Hannan-Quinn criter.	0.153846
F-statistic	10.09553	Durbin-Watson stat	1.082519
Prob(F-statistic)	0.000000		

Source: E-view 13 Output

Table 7 presents the results of the fixed effects panel regression estimating the impact of Capital Adequacy Ratio (CAR), Paid-Up Share Capital (PUSC), and Share Premium (SP) on the financial growth of listed Deposit Money Banks, measured by the log of Earnings Per Share (LOG(EPS)). The R-squared value of 0.5738 indicates that approximately 57.38% of the variation in EPS is explained by the model, while the adjusted R-squared of 0.5169 accounts for model complexity, still showing a good fit. Among the predictors, CAR has a negative but statistically insignificant effect (β = -0.3211, p = 0.3811) on earnings per share of listed deposit money banks in Nigeria. LOG(PUSC) also shows a negative and statistically significant effect (β = -0.0815, p = 0.0321) on earnings per share of listed deposit money banks in Nigeria, while LOG(SP) has a stronger negative and significant effect on EPS (β = -0.1430, p = 0.0066) on earnings per share of listed deposit money banks in Nigeria. The F-statistic of 10.096 (p = 0.0000) confirms the overall significance of the model. However, the Durbin-Watson statistic of 1.083 suggests the presence of positive autocorrelation, indicating that further diagnostic tests and possible corrections may be needed for robustness.

5.0 Discussion of Findings.

The negative but statistically insignificant effect of Capital Adequacy Ratio (CAR) on Earnings Per Share (EPS) suggests that although capital adequacy is essential for ensuring financial stability, it does not directly translate into improved profitability for shareholders in the short term. A high CAR indicates that a bank holds a larger buffer of capital relative to its risk-weighted assets, which may limit the amount of funds available for lending and other income-generating activities. This conservative posture, though beneficial for long-term solvency and regulatory compliance, may reduce earnings potential in the immediate term. Additionally, the insignificance of the result could imply that other internal or external factors have a more dominant influence on EPS than CAR in the Nigerian banking context. The finding that the Capital Adequacy Ratio (CAR) has a negative but statistically insignificant effect on EPS aligns with Awwad (2021), Pervez et al. (2023), and Ezu et al. (2023), who reported negative impacts of high CAR on profitability. However, it disagrees with Akinbola (2024) and Wike et al. (2024), who found positive effects, suggesting that outcomes may depend on capital composition and regulatory alignment.

The negative and statistically significant relationship between Paid-Up Share Capital (PUSC) and EPS indicates that increasing paid-up share capital does not necessarily lead to higher earnings for shareholders of listed Deposit Money Banks in Nigeria. This could be due to dilution of earnings when new shares are issued, thereby spreading profits over a larger number of shares. Additionally, if the increased capital is not efficiently deployed into profitable ventures or lending activities, the anticipated financial benefits may not materialize. The result may also reflect inefficiencies in capital utilization, weak investment strategies, or high operating costs that undermine the productivity of additional capital. Thus, higher PUSC may lead to reduced returns per share, as reflected in lower EPS. The negative and significant effect of Paid-Up Share Capital (PUSC) on EPS contradicts the findings of Shikumo (2021), Samuel et al. (2022), and Usman et al. (2021), who reported positive associations between share capital and financial performance. However, it aligns with Onyebuchi (2024), who also observed a negative and significant effect, implying that excessive equity without efficiency may depress returns.

The finding that Share Premium (SP) has a stronger negative and statistically significant effect on EPS suggests that the excess capital raised over the nominal value of shares may not be efficiently utilized to generate immediate earnings. In many Nigerian banks, funds from share premium accounts are often reserved for future strategic expansion, mergers, or compliance with regulatory capital requirements rather than income-generating activities. Moreover, the accumulation of SP could signal past equity financing rather than earnings growth, which might dilute current shareholders' value if returns on investment are slow or uncertain. The stronger negative effect implies that the way SP is deployed matters significantly for shareholder value, and inefficient use of such capital may lead to reduced EPS. The result showing a stronger negative and significant effect of Share Premium (SP) on EPS contradicts John et al. (2022), who found a strong positive effect, and Onyebuchi (2024), who found a positive but insignificant result. This suggests that while SP can offer financial flexibility, its inefficiency or misallocation may lead to diminished shareholder value.

5.1 Conclusion and Recommendations.

The findings of this study provide important insights into the relationship between capital structure components and the financial growth of listed Deposit Money Banks (DMBs) in Nigeria, as measured by earnings per share (EPS). The negative but statistically insignificant effect of Capital Adequacy Ratio (CAR) on EPS indicates that while capital adequacy is crucial for financial stability, it may not directly influence shareholder earnings in the short term. The significant negative impact of Paid-Up Share Capital (PUSC) suggests that increasing equity without commensurate returns could lead to dilution of profits, thereby lowering EPS. More critically, the stronger negative and significant effect of Share Premium (SP) underscores the need for efficient utilization of excess capital raised through equity financing to enhance profitability. Overall, the study concludes that although capital strength is essential, its components must be strategically managed to drive financial growth, highlighting the importance of optimal capital allocation and utilization in Nigerian DMBs. Based on this, the following recommendations are proposed.

i. Regulators should adopt a dynamic risk-based approach to capital adequacy requirements, ensuring banks maintain optimal capital levels without overburdening profitability. In the Nigerian context, this would involve revising capital buffers to reflect macroeconomic conditions and operational realities of DMBs, thereby enhancing financial stability while preserving banks' ability to generate earnings for shareholders.
ii. Banks should match capital increases with productive investments that generate returns to avoid profit dilution. In Nigeria, this can be achieved by linking capital expansion to lending targets in sectors like agriculture and manufacturing, which offer higher returns and developmental impact, ensuring that shareholders benefit through increased earnings per share.
iii. DMBs should channel share premium reserves into revenue-generating activities such as fintech partnerships and digital banking innovations. In the Nigerian context, this strategy can boost operational efficiency, attract a younger customer base, and enhance earnings, ensuring that excess equity capital contributes meaningfully to shareholder value and sustainable financial growth.
Future studies should explore the moderating or mediating roles of macroeconomic variables such as inflation, interest rates, and exchange rates on the relationship between capital structure components and the financial growth of deposit money banks. Researchers may also adopt a comparative approach between commercial banks and microfinance banks in Nigeria to deepen insights. Additionally, employing alternative performance indicators like return on assets (ROA) or return on equity (ROE) could provide a broader understanding of financial growth dynamics.

REFERENCES

1. Adah, A. (2018). An appraisal of CAMEL as parameters to predict distress in Nigerians' banks. *Standardizer of the Nigerian Academics*, 5(1), 96–101.
2. Adams, R. (2020). *Corporate finance and dividend policy*. Palgrave Macmillan.
3. Adegbite, F. O., Oke, M. O., & Lawal, A. I. (2022). Bank capital structure and economic development in Nigeria. *Journal of Banking and Finance*, 14(1), 44–58.
4. Adegbite, T. A., Ogunmuyiwa, M. S., & Ojo, O. O. (2022). Capital structure and performance of deposit money banks in Nigeria: An empirical assessment. *Journal of Finance and Economic Research*, 9(1), 55–68. https://doi.org/10.20547/jfer0901105
5. Adeyemi, K. S. (2016). Banking sector consolidation in Nigeria: Issues and challenges. *Journal of Banking and Finance*, 4(7), 32–39.
6. Akinbola, O. (2024). Capital adequacy and financial stability: A study of Nigerian banks' resilience in a volatile economy. *GSC Advanced Research and Reviews*, 21(1), 1–12.
7. Akpanke, S. A., Antai, G. O., Iheanacho, L., & Aboh, P. B. (2022). Credit, securities and consumer credit in Nigeria: Impacts, challenges and prospects. *The Calabar Law Journal*, 18(1), 1–16.
8. Aliyu, A. A., Abdullahi, N. A., & Bakare, T. O. (2020). Capital adequacy and financial performance of deposit money banks with international authorization in Nigeria. *International Journal of Financial Research*, 11(4), 35–47.
9. Almeida, H. (2019). Is it time to get rid of earnings-per-share (EPS)?. *Review of Corporate Finance Studies*, *8*(1), 174-206.
10. Alnajjar, M., & Othman, A. H. (2021). The impact of capital adequacy ratio on Islamic banks' performance in MENA countries. *International Journal of Islamic Banking and Finance Research*, 5(1), 24–34.
11. Amanda, R. I. (2019). The impact of cash turnover, receivable turnover, inventory turnover, current ratio and debt-to-equity ratio on profitability. *Journal of Research in Management*, 2(2), 14–22. https://doi.org/10.32424/jorim.v2i2.66
12. Arsal, M. (2021). Impact of earnings per share and dividend per share on firm value. *ATESTASI: Jurnal Ilmiah Akuntansi*, *4*(1), 11-18.
13. Awwad, B. A. (2021, November). Capital adequacy and profitability indicators: An empirical study on Palestinian banks. In *International Conference on Business and Technology* (pp. 145-160). Cham: Springer International Publishing.
14. Azeez, B. A., & Bello, M. A. (2020). Shareholders' fund and sectoral output performance in Nigeria: A causality approach. *Journal of Economics and Sustainable Development*, 11(12), 95–104.
15. Babatunde, M. A., & Fredrick, O. E. (2022). Capital adequacy, asset quality and performance of the Nigerian banking sector. *Nigerian Journal of Economic and Financial Studies, 10*(2), 111–126.
16. Bank for International Settlements (BIS). (2022). *Basel III: Finalising post-crisis reforms*. https://www.bis.org/bcbs/basel3.htm
17. Barth, J. R., Lin, C., & Wihlborg, C. (2012). Regulatory constraints and bank performance: International evidence. *Journal of Financial Services Research, 42*(3), 163–188. https://doi.org/10.1007/s10693-011-0113-8
18. Bornfas, S. L., & Githira, C. (2022). Relationship between leverage and share capital and financial intermediation efficiency of deposit taking saccos in Kenya. *International Academic Journal of Economics and Finance, 3 (8), 203*, *224*, 2.
19. Brigham, E. F., & Ehrhardt, M. C. (2023). *Financial management: Theory & practice* (16th ed.). Cengage Learning.

20. Cardoso, Y. M. (2023). Keynote address at the Chartered Institute of Bankers of Nigeria.
21. Central Bank of Nigeria (CBN). (2022). *Guidelines for the regulation of banking operations*. https://www.cbn.gov.ng
22. Chalabi-Jabado, F., & Ziane, Y. (2024). Climate risks, financial performance and lending growth: Evidence from the banking industry. *Technological Forecasting and Social Change, 209*, 123757.
23. Ejura, B.,E, Musa, S., J, Karim,I., B, Mubarak, M.,S, & Ahmed Z,(2023) Impact Of Unsystematic Risk On Financial Performance Of Quoted Nigeria Insurance Firms. Baltic Journal of Law & Politics 16 (3), 2908-2918
24. Ejura, S., B, Musa, S., J, Karim, M., I,Victoria, M, & Mubarak, A., D., L, (2023). Moderating Impact of Firm Size on Board Structure and Financial Performance of Quoted Insurance Companies in Nigeria Journal of Data Acquisition and Processing 38 (3), 2534-2545
25. Ezu, G. I., Udeh, S. N., & Okafor, C. E. (2023). Capital Adequacy and the Performance of Deposit Money Banks in Nigeria. *Journal of Accounting and Financial Studies, 15*(1), 45–59.
26. Fonchamnyo, D. C., Anyangwe, T., Chantal, N. N., & Dinga, G. D. (2023). Capital structure and financial sustainability: stakes of microfinance institutions in Bamenda, Cameroon. *Future Business Journal*, *9*(1), 41.
27. Gbarawae, N. C., Chinaka, N. K., & Maureen, O. C. (2024). Monetary policy and performance of deposit money banks in Nigeria. *International Journal of Intellectual Discourse, 7*(3).
28. Gharaibeh, A. T., Saleh, M. H., Jawabreh, O., & Ali, B. J. (2022). An empirical study of the relationship between earnings per share, net income, and stock price. *Appl. Math*, *16*(5), 673-679.
29. Gupta, A. (2021). *Capital structure and financial strategy*. Excel Books.
30. Gurley, J. G., & Shaw, E. S. (1960). *Money in a theory of finance*. Brookings Institution.
31. Hastuti, R. T. (2018). Analisis komparasi model prediksi financial distress. *Jurnal Ekonomi, 20*(3), 446–462. https://doi.org/10.24912/je.v20i3.405
32. Ibrahim, K., M. & Musa, S. J. (2022). Agency theory and corporate governance: A comparative study of Board diversity and financial performance in Nigeria. *Journal of Positive School Psychology, 10364–10372-10364–10372*
33. Ibrahim, K., M. & Musa, S. J. (2022). Effect of corporate governance on risk management of selected deposit money banks in Nigeria. *International Journal of Health Sciences, 6 (S6), 6193–6203.*
34. Igbinosa, E., & Naimo, P. (2020). Financial stability and capital adequacy: Implications for the Nigerian banking sector. *International Journal of Financial Studies, 8*(1), 101–115.
35. Imran, K., & Nishat, M. (2013). Determinants of bank credit in Pakistan: A supply side approach. *Economic Modelling, 35*, 384–390. https://doi.org/10.1016/j.econmod.2013.07.022
36. Irawati, N., Maksum, A., Sadalia, I., & Muda, I. (2019). Financial performance of Indonesian's banking industry: The role of good corporate governance, capital adequacy ratio, non-performing loan and size. *International Journal of Scientific and Technology Research, 8*(4), 22–26.
37. John, O. N., Osakwe, C. I., George, E., & Anugwu, C. C. (2022). Importance of Equity Financing on the Financial Performance of Deposit Money Banks in Nigeria. *Journal of Accounting and Management Sciences Volume*, *3*(2).
38. Khan, M. Y. (2021). *Financial management*. Tata McGraw-Hill Education.
39. Khan, T., & Akhtar, R. (2024). *Policies for economic development in emerging markets*. Oxford University Press.
40. Kieso, D. E., Weygandt, J. J., & Warfield, T. D. (2023). *Intermediate accounting* (18th ed.). Wiley.
41. Krishnamurthy, A., & Li, W. (2025). Dissecting the Mechanisms of Financial Crises: Intermediation and Sentiment. *Journal of Political Economy, 133*(3), 000–000.
42. Kusumastuti, W. I., & Alam, A. (2019). Analysis of the impact of CAR, NPF, and BOPO on the profitability of Islamic banks (Year 2015–2017). *Journal of Islamic Economic Laws, 2*(1), 30–59. https://doi.org/10.23917/jisel.v2i1.6370
43. Le Manh, A. (2025). Accounting standards for equity capital management and dividend distributions in France. *Accounting, Economics, and Law: A Convivium, 15*(s1), s289–s305.
44. Mahmood, A. (2019). *Corporate governance and shareholder value*. Oxford University Press.
45. Merton, R. C., & Bodie, Z. (2023). *Finance*. Pearson Education.
46. Mili, M., Sahut, J. M., Trimeche, H., & Teulon, F. (2017). Determinants of the capital adequacy ratio of foreign banks' subsidiaries: The role of the interbank market and regulation. *Research in International Business and Finance, 1*, 1–22. https://doi.org/10.1016/j.ribaf.2016.02.002
47. MS Jibrin, & SB Ejura (2014) the public procurement reforms in Nigeria: implementation and compliance challenges. *Journal of Asian Business Strategy 4 (12)*
48. MS Jibrin, SB Ejura, & NI Augustine (2015) System of payroll in the public sector administration. *Asian Development Policy Review 3 (1)*
49. MS Jibrin, Blessing, & SB Ejura (2016) Effect of Personal Income Tax on Internally Generated Revenue in Kogi State. *Lafia Journal of Economics and Management Sciences 1 (1)*
50. MS Jibrin, IS Meshack, & SB Ejura (2013) The Impact of Monetary and Fiscal Policies on the Naira Exchage Rate Bewteen 1990 And 2009. *Asian economic and financial review 3 (9), 1214*

51. MS Jibrin, OT Nkechi, & SB Ejura (2016) Auditing Procedures and Process in the Public Sector. *Financial Risk and Management Reviews. 2(2) 43-50.*

52. MS Jibrin, SB Ejura, & I Danjuma (2014) The effect of public expenditure on private investment and economic growth in Nigeria. *Journal of empirical economics. 3(2) 90-9*

53. Musa, S. J., Moses, I. K., & Success, B. E. (2022). Effect of corporate governance on risk Management of selected deposit money banks in Nigeria. International Journal of Health Sciences, 6(S6), 6193– 6203. https://doi.org/10.53730/ijhs.v6nS6.10970

54. Naceur, S. B., & Kandil, M. (2009). The Impact of Capital Requirements on Banks' Cost of Intermediation and Performance: The Case of Egypt. *Journal of Economics and Business, 61*(1), 70–89. https://doi.org/10.1016/j.jeconbus.2007.12.001

55. Odinaka Frank, I., Gloria Ogochukwu, O., & Chinedu Jonathan, N. (2024). Financial Risk, Capital Adequacy and Liquidity Performance of Deposit Money Banks in Nigeria. *International Journal of Trend in Scientific Research and Development*, *8*(1), 175-186.

56. Okoye, L. U., & Onyeka, V. N. (2021). Capital adequacy and credit creation: Evidence from Nigerian deposit money banks. *International Journal of Financial Studies, 9*(3), 33.

57. Onyebuchi, O. M. (2024). Equity Structure and Financial Performance of Listed Food and Beverage Firms in Nigeria. *Canada Journal of Accounting, Economic and Management, 9*(2), 113–127.

58. Onyebuchi, O. M. (2024). Equity structure and financial performances of listed food and beverages firms in Nigeria. *Canada Journal of Accounting, Economic and Management*, 9(2), 113-132.

59. Owolabi, K. (2017). Undercapitalization and bank failure in Nigeria. *African Review of Economics and Finance, 6*(3), 45–62.

60. Owolabi, S. A., & Ajibade, A. T. (2020). Regulatory capital and corporate solvency: Evidence from Nigeria. *Journal of Financial Regulation, 8*(1), 45–58.

61. Parlindungan, S., Dewi, I. V., Widyarini, M., Soei, C. T. L., & Candraningrat, I. R. (2024). Marketing Performance Improvement Model through Digital Innovation of Banking Products: The Moderating Role of Digital Literacy. *Jurnal Riset Bisnis dan Manajemen, 17*(2), 143–155. https://doi.org/10.23969/jrbm.v17i2

62. Pervez, A., Naveenan, R. V., Alyamoor, A. H., Bansal, R., Gupta, A., & Titus, T. J. (2023). Impact of capital adequacy and risk on bank performance: An empirical study. *Journal of Banking and Finance Review, 9*(2), 101–115.

63. Razavi, H., Jamali, M. R., Emsaki, M., Gholian-Jouybari, F., Bonakdari, H., & Hajiaghaei-Keshteli, M. (2023, September). Statistical and data analytics approaches to parameter tuning for enhancing QoS of e-banking transactions: A case study of Sample Bank. In *2023 IEEE Canadian Conference on Electrical and Computer Engineering (CCECE)* (pp. 516–521). IEEE.

64. Razavi, H., Sarabadani, H., Karimisefat, A., & Lebraty, J. F. (2019, February). Profitability prediction for ATM transactions using artificial neural networks: A data-driven analysis. In *2019 5th Conference on Knowledge Based Engineering and Innovation (KBEI)* (pp. 661–665). IEEE.

65. Safitri, M., & Oktavia, V. (2022). The role of interest rates on the effect of non-performing loans and capital adequacy ratio on banking profitability. *Jurnal Cakrawala Ilmiah, 1*(7), 1785–1796.

66. Saleh, B. A. (2023). The effect of financial ratios, firm size, and cash flows from operating activities on earnings per share. *International Journal of Professional Business Review: Int. J. Prof. Bus. Rev.*, *8*(6), 13.

67. Samuel, K., Ndede, F., & Atheru, G. (2022). Financial structure and financial growth of financial firms listed at the Nairobi Securities Exchange, Kenya. *Journal of Finance and Accounting*, *6*(1), 28-45.

68. Sanusi, L. S. (2012). *Banking reform and its impact on the Nigerian economy*. Speech delivered at the University of Warwick's Economic Summit, UK.

69. Shikumo, D. H. (2021). Effect of share capital on financial growth of non-financial firms listed at the Nairobi Securities Exchange. *arXiv preprint arXiv:2108.10244*.

70. Singh, R. (2022). *Principles of financial accounting*. Himalaya Publishing House.

71. Success, J. M. Mathias, O.U., & Ekpo, E. B. (2023)**.** Gender diversity and tax aggressiveness in listed Nigerian deposit money banks. Veritas Journal of Accounting and Management Sciences. Vol 4 (March).

72. Success, J. M., Nwachukwu, Mary, & Odiba , P.S.(2023). Impact of agency cost on the dividend policy of listed pharmaceutical companies in Nigeria. Veritas Journal of Accounting and Management Sciences. Vol 4 (September).

73. Success, B.E., Musa, S.J., & Ibrahim, K.I. (2024). Capital Adequacy and financial growth of listed deposit money banks in Nigeria. *IRASS Journal of Multidisciplinary Studies.* 1(2), 55-66

74. Success, B.E., Musa, S.J., & Ibrahim, K.I. (2025). Effect of liquidity on financial growth of listed deposit money banks in Nigeria. *MRS Journal of Accounting and Business Managemen*t. 2(6), 44-53

75. Taylor, B. (2023). *Economic cycles and policy responses: A global perspective*. Palgrave Macmillan.

76. Uchenna, E. M., & Bamidele, A. O. (2023). Financial Regulation and Economic Development in Emerging Economies. *Journal of Economic Development Research, 18*(2), 112–129.

77. Umeaduma, C. M. G. (2024). Impact of monetary policy on small business lending, interest rates, and employment growth in developing economies. *International Journal of Engineering Technology Research Management*.
78. Usman, A., Mohammed, H., & Gidado, A. M. (2024). Effects of Fuel Subsidy Removal on Micro, Small, and Medium Enterprises (MSMEs) in Northeast Nigeria. *Journal of Arid Zone Economy*, 12–23.
79. Usman, S., Popoola, A., & Yahaya, A. O. (2021). The effect of equity financing on the financial performance of listed deposit money banks in Nigeria. *Journal of Financial Research,* 18(4), 105–121.
80. Wike, O. T., Okon, B. E., & Agwu, P. U. (2024). Capital Adequacy Ratios and Performance of Quoted Microfinance Banks in Nigeria. *African Journal of Finance and Economic Research, 17*(1), 60–74.
81. World Bank. (2021). *Nigeria economic update*. https://www.worldbank.org/en/country/nigeria/publication/nigeria-economic-update
82. World Bank. (2023a). *Nigeria economic update: Nigeria's economy faces a fragile recovery*. https://www.worldbank.org/en/country/nigeria/publication/nigeria-economic-update
83. World Bank. (2023b). *Nigeria economic update: Turning the corner?* World Bank Group. https://www.worldbank.org/en/country/nigeria/publication/nigeria-economic-update
84. Wullweber, J. (2024). *Central bank capitalism: Monetary policy in times of crisis*. Stanford University Press.