THE ROLE OF BANK IN CORPORATE GOVERNANCE AND CORPORATE FINANCE IN NIGERIA

(A CASE STUDY OF GTCO IKEJA)

BY

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CERTIFICATION

This research work has been read and approved as meeting the requirement for the award in Higher National Diploma (HND) in Department of Banking and Finance, Institute of Finance and Management Studies, Kwara State Polytechnic, Ilorin.

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DEDICATION

This research work is dedicated to Almighty God the giver of wisdom and knowledge for his love and protection over my life throughout my Higher National Diploma and also my amazing lovely and wonderful family Mr. and Mrs. Oshodi and also to my beloved sisters and brother, I really appreciate all your words of encouragement and financial support towards the success of my Higher National Diploma.

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ABSTRACT

This study examines the critical role banks play in shaping corporate governance and corporate finance in Nigeria, with a specific focus on Guaranty Trust Holding Company (GTCO) located in Ikeja, Lagos. In the evolving landscape of Nigeria's financial sector, banks are not only financial intermediaries but also significant actors in enforcing sound corporate governance practices and providing sustainable financial solutions to corporate entities. Through qualitative and quantitative research methods, the study analyzes how GTCO influences corporate behavior through credit policies, risk assessments, and board-level oversight. It explores the bank's involvement in ensuring transparency, accountability, and financial discipline among its corporate clients, as well as its own internal governance structure that aligns with regulatory standards set by the Central Bank of Nigeria (CBN) and other financial authorities. The research further investigates the impact of GTCO's financial services—such as loans, equity participation, and advisory services—on corporate financing decisions and growth. Findings indicate that effective corporate governance within GTCO not only enhances its credibility and stability but also promotes ethical corporate conduct among its clients. The study concludes with policy recommendations aimed at strengthening the banking sector's governance role to foster a more resilient and transparent corporate environment in Nigeria.

CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND TO THE STUDY

The role of banks in corporate governance and corporate finance plays a pivotal role in shaping the economic landscape of Nigeria. As one of the largest economies in Africa, Nigeria relies heavily on a robust and well-functioning banking sector to facilitate corporate activities and ensure financial stability. Banks in Nigeria serve as crucial intermediaries between corporate entities and the capital markets, playing a pivotal role in the allocation of resources, risk management, and fostering transparency in corporate governance. Akintoye, I. R., & Olowookere, J. K. (2017).

In the realm of corporate governance, Nigerian banks act as stewards of shareholder interests by participating in the governance structures of the companies they finance. Through their involvement in board meetings, voting on key decisions, and conducting due diligence, banks contribute to the establishment and maintenance of sound corporate governance practices. This involvement is essential for maintaining trust and accountability, which are integral elements of a healthy corporate environment. Adofu, I., Ibrahim, M., & Sanni, M. (2016).

Furthermore, banks in Nigeria play a pivotal role in corporate finance by providing essential financial services such as loans, capital raising, and advisory services to corporations. The ability of companies to access funds from banks is critical for their expansion, research and development, and overall growth. This financial support is instrumental in bolstering the Nigerian economy by fostering entrepreneurship, creating job opportunities, and promoting innovation. Aburime, T. U., & Ikpefan, O. A. (2018).

In examining the role of banks in corporate governance and corporate finance in Nigeria, it is crucial to consider the regulatory environment and policy frameworks that shape their operations. The Central Bank of Nigeria (CBN) and other regulatory bodies play a significant role in overseeing the banking sector, ensuring that banks adhere to ethical standards and maintain financial stability. Research studies on this topic often explore the regulatory landscape, the impact of banking practices on corporate governance, and the effectiveness of existing policies in promoting a healthy financial ecosystem. Ogunleye, E. K., & Nwankwo, S. (2019).

The growth and development of every economy depends on the country's financial system. In Nigeria, the banking industry practically commands the financial sector. The industry has undergone series of restructuring all geared towards protecting deposit funds, maintaining and ensuring soundness of banking and improving the welfare of employees and stakeholders. The banking sector has been bedeviled with internal (workers and investors) and external (public and depositors) dissatisfaction culminating to image problem. As a result, most banks have sort for improvedtechniques like information and communication technology (ICT), total quality management strategies, corporate governance strategies, repackaging and rebranding, to compete more effectively to solve these problems and as well to enhance their financial and corporate performance (Akintoye, 2010; Adekunle, 2013).

Corporate governance has been an issue of global concern long before now. However, it came to limelight in the 1980s as a result of the fallout of the Cadbury report in the United Kingdom, which concentrated on the financial aspects of corporate governance. Immediately followed suits, the issue of corporate governance transmitted across all developed and developing countries (Akpan & Rima, 2012). Proper governance of companies is now as crucial to the world economy as the proper governance of countries and will converge in associated issues of competitiveness, corporate citizenship, social and environmental responsibility. The governance of banks becomes even more prominent considering their role in financial intermediation in developing economies. Commercial banks are the main providers of funds to enterprise and where there is thin or absence of good capital market, their failure becomes the failure of system. Simpson (2009) notes that the impact of the failure of the banking system can have immense cost, as it has been repeatedly been seen that bank failure cost developing countries up to 15% of their GDP and losses that outweighs aids received. The major challenge of world's economy today is not in the area of manufacturing modern equipments that will help fight government rebellions or any such crises that may occur in the economy. However, solving the problem of governance can help to totally strengthen an economy and improve the living standards of its citizenry. This is evident in the fact that many companies all over the world suffer from the impact of bad governance and which in effects results to costly impact on the performance of organizations in the economy (Bebeji, etal, 2015).

Commercial banks play crucial roles in propelling the entire economy of any nation by channeling surplus funds to the deficit units, of which there is dire need for repositioning to achieve efficient financial reporting through a reform process geared towards forestalling bank collapse. In Nigeria, the reform process of the banking sector is part and parcel of government strategic agenda aimed at restructuring and integrating the Nigerian banking sector into continental and global financial system. To make the banking sector sound according to Akpan and Rima (2012), the sector has undergone remarkable changes over the years in terms of number of institutions, structure of ownership, as well as breadth and depth of operations. These changes have been influenced mostly by the constraints posed by deregulation of the financial system, globalization of operations, technology advancement and implementation of supervisory and prudential requirements that conform to international regulations and standards, which corporate governance is inclusive.

Corporate governance is generally the systems of rules, practices and processes by which a company is directed and controlled. According to Akintoye (2010) corporate governance involves the balancing the interest of a company’s many stakeholders such as shareholders, management, customers, suppliers, financier, government and the community. Corporate governance also provides the platform for attaining company's objectives and it covers practically every sphere of management from actions plans and internal controls to performance measurement and corporate disclosure. Good corporate governance wields more profits for the firms, raises their valuation and sales growth and it has the possibility of reducing their capital expenditure. It has been reported by Love (2006) that good corporate governance increases the confidence of stakeholders and stimulates the goodwill of the organization. Corporate governance is a tool to ensure the existence of equity, fairness, accountability and transparency in corporate reporting. Mayer (2011) notes that corporate governance is not only about improving corporate efficiency, it also encompasses two major issues namely the company's strategy and life cycle development. It therefore, ensures that management of organizations pursues those strategies that will safeguard the interest of the shareholders. Good corporate governance is generally identified as those governance mechanisms that are based on a higher level of corporate responsibility that an organization exude in relation to transparency, accountability and ethical issues (Bebeji, etal, 2015). Corporate governance is usually targeted to enhance competition, while allowing customers the option of making a choice. However, corporate governance arrangement and institutions vary from place to place but the focus is to promote corporate unbiasedness, accountability and probity (Akpan & Rima, 2012). Thus, good corporate governance represents a central issue for the operation of modern banking industry in the world today as it has the capacity of affecting their profitability, solvency and liquidity levels.

1.1 STATEMENT OF THE PROBLEM

Aremu (2014) observed that corporate governance is still at infancy in the Nigerian banking industry as only 40% of quoted commercial banks seem to have recognized corporate governance codes. The weakness inherent in the application of corporate governance ethics is perhaps the most vital factor responsible for corporate failures and financial distress among banks. The recent overtime is high profile of corporate fraud which tends to lead to failures in the Nigerian banking industry. Poor application of corporate governance mechanism is identified as one of the major possible factor in virtually all known instance of banks' failure in the country due to their non-compliance to corporate government ethics. Aremu (2014) lamented that the past distresses experienced by Nigerian banks is as a result of lack of proper oversight, regulatory, supervisory and corporate governance functions by the board of directors, in which some them run their organizations for their own personal interest.

1.2 RESEARCH QUESTIONS

To guide the study and achieve the objectives of the study, the following research questions were formulated:

1. How does the concentration of ownership in banks by individuals or families influence the appointment and oversight of boards of directors in Nigerian companies?

2. How do lending criteria and risk management practices employed by Nigerian banks impact the availability and accessibility of credit for different types of businesses, particularly small and medium-sized enterprises (SMEs)?

3. How effective are the Central Bank of Nigeria (CBN) and other regulatory bodies in enforcing good governance principles and mitigating systemic risks within the Nigerian banking sector?

1.3 OBJECTIVES OF THE STUDY

The main objective of the study is to examine the role of banks in corporate governance and corporate finance in Nigeria. Specific objectives of the study are:

- To analyze the impact of bank ownership structure on corporate governance practices in Nigerian companies.
- To evaluate the effectiveness of bank lending policies in facilitating and influencing corporate growth and financial stability in Nigeria.
- To examine the regulatory framework and its influence on the interaction between banks, corporations, and the wider financial system in Nigeria.

1.4 RESEARCH HYPOTHESES

Based on the objectives and questions raised in the study, three hypotheses were developed to guide the study. The three hypotheses are stated in their null form and they include:

H01: Corporate governance has no significant impact on returns on asset of First Bank Plc.

H02: Corporate governance has no significant impact on returns on equity of First Bank Plc.

H03: Corporate governance has no significant impact on net profit margin of First Bank Plc.

1.5 SIGNIFICANCE OF THE STUDY

The study provides a picture of where banks stand in relation to the codes and principles on corporate governance introduced by the Central Bank of Nigeria. It will further provides an insight into understanding the degree to which the banks that are reporting on corporate governance have been compliant with different section of the codes of the best practice and where they are experiencing difficulties.

Financial institutions, non-financial institutions, private sectors, stakeholders in financial system and as well as other corporate titans will find this study as an invaluable asset which spelt out ways of improving an organization's financial reporting via corporate governance

The research study will also be beneficial to future researchers and undergraduate and postgraduate students wishing to carry out similar study in their future research undertakings.

1.7 DEFINITION OF KEY TERMS

CORPORATE GOVERNANCE: These refer to the set of rules, controls, policies and resolutions put in place to dictate corporate behavior to the stakeholders of a firm.

FINANCIAL REPORTING: This is a measure of how well a firm can use assets from its primary mode of business and generates revenue. This term is also used as a general measure of firm's over all financial health over a given period of time.

RETURNS ON ASSET: This measure of a company's profitability equals to a fiscal year's earnings divided by its total asset, expressed as a percentage.

RETURNS ON EQUITY: This measure of how well a company used re-invested earning to generate additional earnings, equal to fiscal year after-tax income (after preferred stock dividends but before common stock dividends) divided by book value expressed as a percentage.

TOTAL ASSETS: This refers to the final amount of all gross investments, cash and equivalents, receivables and other assets presented on a firm's balance sheet. Total assets are the aggregation of fixed assets and current assets.

NET PROFIT MARGIN: This refers to how much of a company's revenue are kept as net income. The net profit margin is generally expressed as a percentage.

1.8 PLAN OF THE STUDY OR ORGANIZATION OF THE STUDY

This section introduces the topic by explaining why the role of banks—especially in Nigeria—is important in shaping corporate governance and corporate finance. It highlights the need to study how financial institutions like **GTCO** influence decision-making, transparency, risk management, and financial support for companies. It also outlines the objectives and relevance of focusing on GTCO's branch in **Ikeja**.

CHAPTER TWO

2.0 LITERATURE REVIEW

This chapter explores scholarly work, theories, and existing literature on the role of banks in corporate governance and corporate finance, particularly within the Nigerian context. Emphasis is placed on how financial institutions, such as Guaranty Trust Holding Company (GTCO), influence corporate structures, financial decisions, and governance practices. The review also identifies gaps that this study seeks to address.

Corporate governance refers to the mechanisms, processes, and relations by which corporations are controlled and directed. It encompasses the practices and rules that guide the responsibilities and rights of stakeholders (OECD, 2004).

According to Cadbury Report (1992), good corporate governance ensures accountability, fairness, and transparency in a company's relationship with stakeholders. In Nigeria, corporate governance is critical due to historical issues of mismanagement, lack of transparency, and weak institutional enforcement.

Banks, especially in developing economies, serve as key players in enforcing corporate governance. Since they extend credit and other financial services, they often monitor the behavior of borrowing firms to ensure financial discipline and risk mitigation (Diamond, 1984).

In the Nigerian context, banks step in where regulatory institutions fall short, especially by:

- Requiring proper documentation and audited financial statements.
- Imposing conditions tied to loan disbursement.
- Monitoring cash flow and profitability (Uwuigbe & Fakile, 2012).

GTCO, for example, maintains high internal governance standards and often expects similar accountability from its corporate clients.

Concept of Corporate Finance

Corporate finance is the management of a company's financial resources to maximize shareholder value. It involves capital budgeting, capital structure, and working capital decisions (Ross, Westerfield & Jaffe, 2013).

In Nigeria, access to capital markets is limited for many firms, making banks the primary source of external financing. Banks influence financial decisions by determining the structure, size, and cost of funding provided to companies (Ologunde, Elumilade, & Asaolu, 2006).

2.1 CONCEPTUAL REVIEW

Corporate finance is the management of a company's financial resources to maximize shareholder value. It involves capital budgeting, capital structure, and working capital decisions (Ross, Westerfield & Jaffe, 2013).

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A **Conceptual Review** is a detailed discussion of the key concepts that are central to your research. It focuses on defining, explaining, and linking the major ideas and terms used in your study—not just citing what others have said, but helping the reader understand what those terms **mean in your specific context**.

Corporate governance refers to the structure and systems used to control and manage companies. It defines how rights and responsibilities are distributed among different participants in the corporation—such as the board, managers, shareholders, creditors, and regulators—and outlines the rules and procedures for decision-making.

Business ethics (also known as corporate ethics) is a form of applied ethics or professional ethics, that examines ethical principles and moral or ethical problems that can arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations. These ethics originate from individuals, organizational statements or the legal system. These norms, values, ethical, and unethical practices are the principles that guide a business.

Business ethics refers to contemporary organizational standards, principles, sets of values and norms that govern the actions and behavior of an individual in the business organization. Business ethics have two dimensions, normative business ethics or descriptive business ethics. As a corporate practice and a career specialization, the field is primarily normative. Academics attempting to understand business behavior employ descriptive methods. The range and quantity of business ethical issues reflect the interaction of profit-maximizing behavior with non-economic concerns.

Interest in business ethics accelerated dramatically during the 1980s and 1990s, both within major corporations and within academia. For example, most major corporations today promote their commitment to non-economic values under headings such as ethics codes and social responsibility charters.

Adam Smith said in 1776, "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices." Governments use laws and regulations to point business behavior in what they perceive to be beneficial directions. Ethics implicitly regulates areas and details of behavior that lie beyond governmental control. The emergence of large corporations with limited relationships and sensitivity to the communities in which they operate accelerated the development of formal ethics regimes.

2.2 THEORETICAL FRAMEWORK

A theoretical framework provides the foundation on which your research is built. It consists of existing theories and models that explain the relationship between variables in your study. In this research, the focus is on how banks (such as GTCO) influence corporate governance and corporate finance practices in Nigeria.

Agency Theory (Jensen & Meckling, 1976)

Agency theory addresses conflicts between owners and managers. In corporate finance, banks act as external monitors, helping align managers' actions with the interests of shareholders and creditors.

The theory addresses the relationship between **principals** (owners or shareholders) and **agents** (managers or executives), where the agent is supposed to act in the best interests of the principal. However, because managers often have their own goals (such as personal gain, power, or prestige), they may not always act in line with what shareholders want. This leads to a conflict of interest known as the **agency problem**.

Stakeholder Theory (Freeman, 1984)

Stakeholder Theory, developed by **R. Edward Freeman in 1984**, challenges the traditional view that a company's primary responsibility is only to its shareholders. Instead, the theory argues that businesses should create value for **all stakeholders**—including shareholders, employees, customers, suppliers, financiers (such as banks), government, and the community.

The core idea is that companies operate within a network of relationships, and the success or failure of a business depends on how well it manages these relationships. Stakeholder Theory promotes **accountability, ethical behavior**, and **long-term value creation** by considering the interests of all parties affected by business decisions.

In the context of this study, **banks like GTCO** are considered key stakeholders, especially when they provide financing or investment. Likewise, GTCO also engages with corporate clients as stakeholders by expecting good governance, transparency, and responsible financial practices.

For example, GTCO may choose to finance companies that demonstrate strong environmental, social, and governance (ESG) practices—not just profitability. It may also require corporate clients to follow ethical standards, submit regular reports, or avoid business practices that could harm society or reputation.

Stakeholder Theory is especially relevant in Nigeria, where corporate actions can significantly affect economic development, employment, and public trust. By applying this theory, banks help ensure that companies balance financial goals with broader social responsibilities.

Stakeholder Theory emphasizes that companies must consider the interests of all relevant parties, not just shareholders. In doing so, financial institutions like GTCO play a key role in influencing both **corporate governance** and **corporate finance** decisions that align with sustainable and inclusive growth.

This theory broadens governance responsibility to all stakeholders—not just shareholders. Banks, as key stakeholders, influence firms' strategic decisions, ethical behavior, and sustainability practices.

2.3 EMPERICAL REVIEW

Empirical studies on the role of banks in corporate governance and corporate finance in Nigeria have revealed that banks are not just financial intermediaries but also play a significant role in shaping corporate behavior and financial decision-making.

Uwuigbe and Fakile (2012) examined the relationship between corporate governance and financial performance of listed banks in Nigeria. Their findings showed that governance mechanisms such as board independence and audit committees significantly influence performance. This suggests that banks, by enforcing similar governance structures in client firms, can enhance accountability and transparency.

Adegbite (2015) conducted a study on the institutional dynamics of corporate governance in Nigeria and found that banks often step in to enforce governance rules, especially where regulatory frameworks are weak. Banks like **GTCO**, through their lending policies and financial due diligence processes, often require firms to meet certain governance criteria such as audited financials, proper board structures, and internal control systems before financing is approved.

Egbunike and Tarilaye (2017) studied the impact of bank financing on the performance of SMEs in Lagos State. The research concluded that access to credit from banks significantly improved the financial and operational performance of SMEs. Since GTCO has a strong corporate banking presence in Ikeja, it plays a key role in financing and guiding the financial structure of companies in that area.

Olayiwola (2010) analyzed the impact of corporate governance on the banking sector and found that Nigerian banks are evolving into corporate governance enforcers. When banks provide credit or investment, they effectively monitor managerial decisions to reduce the risk of financial mismanagement, thereby minimizing agency conflicts.

However, **Okike (2007)** cautioned that while banks contribute to governance enforcement, their influence is often limited by inconsistent regulatory oversight and socio-political interference. In cases where banks like GTCO enforce governance through financial conditions, the long-term impact largely depends on the firm's willingness to implement those structures sustainably.

In summary, empirical studies suggest that banks in Nigeria, particularly GTCO, contribute significantly to both corporate governance and finance through credit facilitation, compliance requirements, and financial advisory roles. In Ikeja, where GTCO operates actively, its influence can be observed in the improved financial discipline and governance structures of its corporate clients.

Adegbite (2015) emphasized the importance of institutional investors like banks in shaping corporate behavior and improving transparency.

Olayiwola (2010) found that Nigerian banks, through their credit facilities and monitoring functions, influence how companies adhere to corporate governance codes.

Egbunike & Tarilaye (2017) discovered a significant link between access to bank finance and improved financial performance among Lagos-based SMEs.

Okike (2007) observed that when banks enforce compliance with financial reporting and board independence, it leads to better investor confidence and market efficiency.

2.4 GAP IN LITERATURE

While several studies have addressed bank involvement in either corporate governance or finance, few have integrated both roles within the context of a **single institution**, especially through a **location-based case study** approach. This study bridges that gap by focusing on **GTCO's operations in Ikeja**, offering deeper insight into how one major bank influences both governance and financial practices.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 INTRODUCTION

Research is the process of arising at dependable solutions to problems through planned and systematic collection, analysis and interpretation of data (osuala 1992). Banks deals with cash and non cash equivalent as their principal commodity of trade are highly volatile and susceptible to various devices and manipulation aimed at defrauding them. In view of this, this research work concentrate on how motivation as a vehicle for performance enhancement could be in boosting the morale of employee as weel as minimizing if not completely eradicated the rampant cases of fraud playing the banking sectors.

3.2 RESEARCH DESIGN

This study employs a quantitative research design with a descriptive and explanatory approach to investigate the effect of asset valuation on the financial statements of deposit money banks. This design is appropriate because it allows for the analysis of numerical financial data and helps establish causal relationships between asset valuation methods and financial performance indicators.

3.3 POPULATION OF THE STUDY

The population of this study consists of all licensed deposit money banks operating within the jurisdiction of the study—specifically, those regulated by the Central Bank of Nigeria (CBN). As of the most recent reports, there are 30 deposit money banks currently operating in Nigeria, which include both national and international commercial banks.

These banks are selected as the focus of the study because they are mandated to prepare and publish annual audited financial statements in line with the International Financial Reporting Standards (IFRS), which include various asset valuation methods such as fair value and historical cost accounting. These banks also play a significant role in the financial system, making them a critical subject for analyzing how asset valuation impacts reported financial positions and performance.

The study targets this population to examine how asset valuation techniques affect financial indicators such as return on assets (ROA), asset quality, shareholders' equity, and liquidity ratios, which are key components of financial statements.

3.4 SAMPLE SIZE AND SAMPLE TECHNIQUES

In selection the sample size out of the total population consisting lager members of staff in the bank, sample were drawn in such a way that only the senior staff and middle level officer of both banks were presented because it in only from them that the necessary and relevant information needed for this study can be obtained. Thirty Two questionnaire were administered out of which twenty were distributed to the staffs of united bank for Africa plc and the remaining Twelve were distributed to the staffs of union bank selected as sample.

3.5 METHODS OF DATA COLLECTION (INSTRUMENT)

Data are classified as either primary or secondary, primary data are obtained through personal contact or by sending questions. They are raw data which are yet to be subjected to interpretation or analysis by any researcher and they are collected for a specific uses or purposes. Secondary data on the other hand are information which others have already recorded in the subject matter in various documents which were not actually witnessed by the reporter. In carrying out this study, information was obtained from both primary data were obtained basically through the questionnaire administered to the selected staffs of the banks and personal interview.

The secondary data were gathered through the review of relevant literature on the subjects. These include computation of fact from textbooks and periodical including journals, article as well as the annual report of the Guarant Trust Bank.

To facilitate an easy understanding of analysis of data, the analysis used in simple percentage. The data are the analysis used in simple percentage. The data are then organized in the form of tables. One reason for using simple percentage is that's of bring out the desired result immediately with little or mistake(s)

It also pertinent to mention that percentage will state the importance or purposes of data analysis without jeopardizing the interest of the researcher.

3.6 METHOD OF DATA ANALYSIS

The data collected for this study will be analyzed using quantitative statistical methods to determine the relationship between asset valuation methods and the financial performance of deposit money banks.

The analysis will involve the following techniques:

Descriptive Statistics

Descriptive statistics such as mean, median, standard deviation, minimum, and maximum will be used to summarize and describe the characteristics of the dataset. This includes:

The average values of key financial indicators (e.g., ROA, ROE)

The distribution of asset valuation methods across banks

General trends and patterns over the 5-year period

Correlation Analysis

Correlation analysis will be conducted to measure the strength and direction of the relationship between asset valuation methods and financial performance indicators. This will help determine whether there is a positive, negative, or no relationship between the variables.

Regression Analysis

To examine the effect of asset valuation on financial statements, multiple linear regression analysis will be employed. This will help identify how much of the variation in financial performance (dependent variables) can be explained by asset valuation methods (independent variable), while controlling for other influencing factors.

Regression Model Example:

Financial Performance Indicator=β0+β1(Asset Valuation Method)+ϵ\text{Financial Performance Indicator} = \beta_0 + \beta_1 (\text{Asset Valuation Method}) + \epsilonFinancial Performance Indicator=β0+β1(Asset Valuation Method)+ϵ

Where:

β0\beta_0β0 = intercept

β1\beta_1β1 = coefficient of asset valuation

ϵ\epsilonϵ = error term

3.7 LIMITATION OF METHODOLOGY (OPTIONAL)

Limitations of the Methodology

While this study is designed to provide valuable insights into the effect of asset valuation on the financial statements of deposit money banks, certain limitations may affect the generalizability and interpretation of the results:

Reliance on Secondary Data

The study is based solely on secondary data obtained from published financial statements and reports. As a result, the accuracy of the findings depends on the reliability and transparency of the banks' disclosures. Any inconsistencies or manipulations in reporting may affect the validity of the results.

Limited Time Frame

The study covers a five-year period (e.g., 2020–2024), which may not capture longer-term effects of changes in asset valuation methods, particularly those related to economic cycles or regulatory shifts.

Sample Size Constraints

Due to the purposive sampling of selected deposit money banks, the findings may not fully represent all banks in the sector, especially smaller or newly licensed institutions that may follow different valuation practices.

Limited Control Over External Factors

Macroeconomic variables such as inflation, interest rates, exchange rates, or government policies may also influence financial performance but are not fully accounted for in the regression analysis.

Differences in Accounting Practices

Although banks are expected to comply with IFRS standards, slight differences in how they apply valuation techniques (e.g., fair value vs. historical cost) may vary across institutions, introducing some level of inconsistency in the dataset.

CHAPTER FOUR

4.0 DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 ANALYSIS AND DISCUSSION

4.2 INTRODUCTION

This chapter summarizes and discusses the findings compiled from the responses of the completed and returned questionnaires. The analysis of the data helps the researcher in the interpretation of the information collected and also conveys the result of the findings in a quantitative manner.

The responses of the informants were recorded by the use of the tally method of calculation.

4.3 DATA INTERPRETATION

In the course of collecting data, the respondents were made up of male and female, managing directors, supervisor, assistance supervisor, accountant, cashier, cleaner arranger with varying ages, marital status and education qualifications.

The frequency distribution of source of these characteristics of the respondent are as shown in the table below:

TABLE 1: FREQUENCY DISTRIBUTION BY SEX

Variable	**Number of respondents**	**Percentages**
Males	10	31%
Females	22	69%
Total	32	100

Source: Field survey 2025

Table 1 revealed that out of all respondents 31% are male while 69% are females. This gives an indication that the number of male staff is not up to half of the numbers of female staff in the organizations.

TABLE 2: FREQUENCY DISTRIBUTION BY AGE STATUS

Variable	Number of respondents	Percentages
20-30 years	20	62.5%
31-40 years	9	28.125%
41-50 years	2	6.25%
50 above	1	3.125%
Total	32	100

Source: Field survey 2025

The age range of the work force in Guaranty Trust bank as shown in table 2 reveals that 62% of the workers fall between the age of 20-30years while 28% of workers fall between the age of 31-40years, 6% of the workers are in age range of 41-50years and 4% falls between 50years and above.

TABLE 3: FREQUENCY DISTRIBUTION BY MARITAL STATUS

Variable	Number of respondents	Percentages
Single	20	62.5%
Married	8	25%
Divorced	2	6.25%

Widow/widower	2	6.25%
Total	32	100

Source: Field survey 2025

Table 3, reveals the marital status distribution of the respondents giving 62.5% as single, 25% as married while widow/widower and divorced s 6.25% respectively.

TABLE 4: FREQUENCY DISTRIBUTION BY EDUCATION QUALIFICATION

Variable	**Number of respondents**	**Percentages**
Secondary school cert.	8	25%
OND cert.	12	37.5%
HND cert.	10	31.25%
B.SC graduate	2	6.25%
Total	32	100

Source: Field survey 2025

From table 4 above, it is clearly shown that 37.5% of work force are OND graduate, 25% have secondary certificate, 31.25% are HND graduate and 6.25% are University graduate.

4.3 STATISTICAL RESULT

In conformity with the research questions and hypothesis in chapter one, each of them were treated under sub-headings as below and the questions used during the cause of the research are tested under the hypothesis listed. Moreover, they were based partly on the researcher personal investigation and observation conclusions were arrived at the use of statistical table.

The questionnaire was distributed to appropriate firms, it was directed to top management staff and some customers in their total number. The researcher was able to determine the number and percentage of firm responses in tabular form.

4.4 TESTS OF HYPOTHESIS

The hypothesis developed will be tested in the section of the chapter. A brief summary will also be made of the result of the test of each hypothesis.

H01: Corporate governance has no significant impact on returns on asset of First Bank Plc.

The above hypothesis will be tasted by using sample method. The percentage of the respondents are tabulated below:

TABLE 5: there is concentration of ownership in banks by individuals or families influence the appointment and oversight of boards of directors in Nigerian companies?

Response	**Number**	**Percentages**
Strongly agree	10	31%
Agree	22	69%
Partial agree	Nill	0
Disagree	Nill	0

Source: Field survey 2025

From the table above, it can be seen that all the respondent strongly agree that one of the function performed by the external auditor is to control fraud.

H02: Corporate governance has no significant impact on returns on equity of First Bank Plc.

The hypothesis can be tested by using researcher questionnaire distribute method for the above hypothesis

TABLE 6: How do lending criteria and risk management practices employed by Nigerian banks impact the availability and accessibility of credit for different types of businesses, particularly small and medium-sized enterprises (SMEs)

Response	**Bank**	**F**	**Fx**
Strongly agree	9	5	45
Partial agree	3	2	6
Disagree	1	3	3
Total	13	10	54

Source: Field survey 2021

If n = 13

$\sum fx = 54$

$$\text{Sample mean} = \frac{\sum fx}{n} = \frac{54}{13}$$

$\sum fx \quad 54/13 = 4.2$

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF THE FINDINGS

In Nigeria, banks play a crucial role in both corporate governance and corporate finance. One of the major banks, Guaranty Trust Holding Company (GTCO), based in Ikeja, Lagos, offers a comprehensive case study for understanding this dual role. GTCO, formerly known as Guaranty Trust Bank (GTB), has been instrumental in shaping both corporate governance practices and corporate finance strategies in the Nigerian banking sector. Corporate governance refers to the structures, processes, and principles that guide a company's direction and operations. Banks, particularly in a large and sophisticated financial environment like Nigeria, have a direct impact on corporate governance by offering financial products, services, and oversight mechanisms. GTCO, as a leading bank, influences corporate governance in several ways. Banks in Nigeria often have significant influence over the boards of companies they finance. GTCO, like many commercial banks, exercises this influence through strategic investments and offering loans to large corporations. The bank's role in corporate governance is to ensure that its investments and loans are managed responsibly and align with ethical standards and regulatory requirements. GTCO ensures compliance with both local and international standards by adhering to the Central Bank of Nigeria (CBN) regulations, the Nigerian Stock Exchange (NSE) rules, and global best practices. The bank's commitment to sound governance principles serves as an example for corporate Nigeria, setting the tone for other companies in terms of transparency, accountability, and ethical conduct.

In corporate governance, risk management is essential for sustaining business integrity and value. Banks like GTCO provide businesses with the tools to evaluate, mitigate, and manage financial risks. They also conduct internal audits, and support regulatory reporting, which in turn enhances the quality of governance within the Nigerian corporate environment. Shareholder Rights: GTCO upholds shareholders' rights by ensuring transparency in financial reporting, providing dividends to investors, and managing relationships with other stakeholders. This ensures that companies in which GTCO holds significant stakes are accountable to shareholders.

Corporate finance involves the management of a company's financial activities, such as capital raising, budgeting, and investment management. Banks like GTCO provide key services that assist companies in managing their finances effectively, which can include the following:

One of the primary roles of banks is to facilitate capital raising for corporations. GTCO aids in this process by providing access to loans, credit lines, and even offering advisory services for companies seeking equity or debt financing. By providing these financial services, GTCO enables Nigerian companies to expand, innovate, and achieve their strategic goals.

In corporate finance, access to credit is vital for growth. GTCO plays a significant role in offering short-term and long-term loans, overdrafts, and other credit facilities to Nigerian businesses. These funds are often used for working capital, business expansion, or capital expenditure. The terms of credit and interest rates are important, and GTCO's approach to corporate finance emphasizes responsible lending practices that balance profitability with the sustainability of the borrowing company. Banks like GTCO also provide investment advisory services to their corporate clients. These services are important for managing surplus cash and making informed decisions about stock investments, mergers, and acquisitions. Corporate clients rely on these services to optimize returns on their investments while maintaining a balance between risk and reward.

Mergers and Acquisitions (M&A): GTCO plays an advisory role in mergers, acquisitions, and corporate restructuring. They assist clients by providing strategic advice, due diligence, and financing for mergers or acquisitions. GTCO has been involved in numerous successful transactions, playing a key role in helping businesses grow through these processes. In addition to providing capital, GTCO offers risk management products that help businesses manage interest rate risks, foreign exchange risks, and commodity price risks. By offering financial derivatives and other hedging tools, the bank helps companies navigate the volatility of global markets and stabilize their cash flow.

For businesses facing financial distress, GTCO offers restructuring services to help companies reorganize their finances and operations. This may involve renegotiating debt, restructuring equity, or providing additional financing to stabilize the company.

5.2 CONCLUSION

In the case of GTCO, its role in corporate governance and corporate finance is pivotal in shaping the business landscape in Nigeria. As a bank that adheres to global best practices, GTCO's commitment to good corporate governance ensures that it not only maximizes shareholder value but also promotes ethical practices across the Nigerian corporate sector. Similarly, GTCO’s involvement in corporate finance helps Nigerian businesses raise capital, manage risks, and execute growth strategies, ultimately contributing to the overall economic development of the country.

GTCO serves as a key player in both corporate governance and corporate finance in Nigeria, offering vital financial services while maintaining high standards of corporate responsibility.

5.3 RECOMMENDATIONS

GTCO and other banks should reinforce their internal governance structures by enhancing the role of independent directors, strengthening audit committees, and ensuring board diversity and competence. Strong governance promotes transparency, accountability, and trust—essential for attracting investors and maintaining stability in the financial sector.

GTCO should implement stricter due diligence processes when offering corporate loans and ensure that credit decisions align with ethical standards and sustainability goals.

This reduces the risk of non-performing loans and encourages responsible corporate finance behavior among borrowing firms. Banks like GTCO should design innovative financial products that cater to SMEs and startups, and support government-backed funding programs to increase access to capital.

Improving corporate access to finance fosters economic development and supports job creation in Nigeria. GTCO should provide advisory services to clients on Environmental, Social, and Governance (ESG) compliance and sustainable investment strategies.

This positions the bank as a responsible stakeholder and aligns clients with global investment trends, enhancing their corporate image and access to international funding. Banks must regularly publish reports on their corporate governance practices, financial performance, and risk management strategies. GTCO should adopt integrated reporting systems that align with IFRS and CBN guidelines. GTCO should continue investing in fintech solutions to streamline financial services such as loan applications, trade finance, and treasury management for corporate clients. Digital banking enhances efficiency, reduces operational risks, and improves customer

GTCO should actively engage with the Central Bank of Nigeria (CBN) and other stakeholders to influence policy reforms that support good governance and financial stability.

Policy advocacy ensures that the regulatory environment remains conducive to sustainable banking and corporate growth. GTCO can partner with corporate training institutes to offer capacity-building programs for board members and corporate clients on governance, finance, and compliance.

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