DIVIDEND DECISIONS AND SUSTAINABLE DEVELOPMENT IN THE NIGERIAN BANKING INDUSTRY: AN EMPIRICAL ANALYSIS.

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Abstract - This study examines the effect of dividend policy on share price of banks in Nigeria. Specifically, the study examined the impact of dividend payout ratio on share prices of banks in Nigeria and also examined the effect of retention ratio on shares of banks in Nigeria and the extent to which these variables contributes to sustainable development of the country. The study made use of secondary data. A sample of two banks was chosen for the study. (Guaranty Trust Bank plc and United Bank for Africa Plc). The data collected covers 2001-2015. It was revealed that, there was an insignificant relationship between retention ratio and share prices of banks in Nigeria. It was also discovered that there was a positive but weak relationship between share prices and dividend payout ratio of banks in Nigeria. The study therefore recommends that banks should formulate good dividend policy that will be investor driven so as to maximize the shareholders' wealth. Also, the registrar of banks should be proactive enough to update the shareholders register so as to reduce the numbers of unclaimed dividends to shareholders in Nigeria.

Keywords - Dividend Policy, Investment Decision, Capital Structure, Market Prices, Dividend Payout Ratio, Shareholders' Wealth.