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Effects of Institutional Ownership on Return on Assets of Nigerian Banks, 2004–2014

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ABSTRACT

This study examines the effects of Institutional ownership structure on performance of Nigerian banks, using Panel data model and focusing on 17 banks in Nigeria. The finding shows that Institutional owned banks out performed board owned banks in Nigeria with emphasis on return on assets. It is therefore recommended that banks be left in the hands of reputable Institutional investors who have greater investment to make and are capable of gathering, monitoring, interpreting financial statements and detecting deliberate misstatements by top managers of banks and preventing managers/ boards opportunistic behaviour especially in economies with the shape and size of Nigeria.

Keywords: ownership structure, institutional ownership and Nigeria Banks

INTRODUCTION

What ultimately matters for companies, policy makers and economist according to [1] is whether ownership structure affects corporate performance, and if so, how? Ownership structure is thought to be an important instrument in corporate performance to resolve the conflict of interests between share holders and managers. [2] argues that ownership structure is an important component of firm performance. [3] argues that researchers have been investigating the effects and value ownership structure has on firm performance in the developed and emerging economies. But not much has been heard in relation to banks. [4] posits that banks occupy an important position in the economic equation of any country such that their performance invariably affects their economies. [5] is of the view that ownership restrictions in banking sector are more pronounced than in other industries due to many considerations including the conflicts of interest, concentration of economic power and stability of the financial sector. [6] posits that better governed banks may have more efficient operations and better performance and reduced incidences and amount of related party transactions and other self- dealing practices since such transactions, they argue are sub-optimal from the efficient point of view and the reduction of such vices may translate into improved performance and lower cost of capital among others. Joining the debate, [7] then argues that ownership structure is undoubtedly a major factor that affects a firm's health. [8]; [9] do not agree any less as they posit that concern over corporate governance stems from the fact that sound governance practices by organizations, banks inclusive results in higher firm's market value, lower cost of funds and higher productivity. Evidently, the issue concerning ownership – performance relationship has been a hot topic for decades though scholars have however not reached an agreement on it [10]

The paper aims at rethinking the interplay between bank ownership structure and its performance in Nigeria with specific reference to return on assets.

Panel Least Regression analysis method which is a very common and ideal method in the conduct of research was adopted in this study. The results of the study provide further insight for policy-making in the financial system development in Nigeria. In addition, it contributes to the existing literature in financial structure interactions, especially in developing economies.

The work is arranged in the following order: Section two reviews related literature while section three presents data and method of empirical analysis. The next to the last section discusses the results and the last section concludes the study.

LITERATURE REVIEW

A firm's ownership and how ownership structure affects firm performance and value has been a topic investigated by researchers for decades; however, most of the studies were not directed to banks and more importantly there were done in the developed countries rather than developing economies as Nigeria. [11] addresses the underlying problems of banks leading to the deterioration of their asset portfolio. [12] linked it to poor credit management resulting from the problem of inconsistent regulatory policy on ownership of banks as weak corporate governance and erosion of confidence and sanity in banks are largely blamed on lack of clarity on ownership definition. A problem [13] traced to extreme weakness in corporate practices among banks.

Institutional shareholding represents the proportion of shares owned by institutions (foreign or local) to the total number of shares issued by a firm. Such institutions pool large sums of money together and invest in securities, real property and other investment assets. [14] posits that institutional shareholders have greater incentives to monitor corporate performance than scattered smaller groups. [15] argues that comparatively, institutional investors have additional capability of gathering and interpreting financial reports and detecting managerial opportunism over earning figures. [16] argues that it is more cost effective for institutions to invest, based on short – term performance, instead of valuing long – term prospects of firms in their diversified portfolio due to the information asymmetry between managers and investors. Opinions are however divided in their specific role in improving reporting quality with specific regard to capital market. The speculation argument is that institutional investors act as "tenders" rather than "owners". [3] posits that institutional investors help to resolve free rider problems commonly associated with corporations were shares are commonly held.

DATA AND METHOD

Data

Dataset for this study were drawn from the Central Bank of Nigeria Bulletin, banks individual annual reports and GBL plc financial reports on banks. Yearly reports from Augusto and Co were also used in the compilation of data. Annualized Panel data for eleven – year – period 2004 – 2014 were collated from the annual report of 17 banks out of 21 banks which show about 81%. Descriptive statistics and other diagnostic tests on both dependent variables such as test for stationarity, test for normality and test for linear association were used to compliment and validate the results.

Empirical model specification

The study sought to establish a nexus between Institutional ownership structure and performance of Nigerian banks with focus on Asset Base (ROA) of the studied banks. Institutional ownership (IO) structure represented the explanatory (Independent) variable of interest while Return on Asset(ROA) is the dependent variable. Government ownership (GO) and Board ownership (BO) are used in this equation as control variables. The aforementioned relationship is functionally captured thus:

$$ROA_{it} = \delta_0 + \delta_1 BO_{it} + \delta_1 IO_{it} + \delta_1 GO_{it} + \varepsilon_{it}$$

Technique of Data Analyses

Annualized Panel Data for eleven-year period 2004 – 2014 were collated from the annual reports of 17 banks out of 21 banks which show about 81%. Also the Panel Least Square version of the econometric model of Ordinary Least Square as adopted by [6] was adopted to test the hypotheses. Return on Assets was used as the dependent variable while Institutional ownership was used as independent variable. Descriptive statistics and other diagnostic tests on both the independent and dependent variables such as test for stationarity, test for normality, test for linear association and other relevant tests were used to compliment and validate the results. The choice of Panel Least Square in the analysis is that it is an unbiased estimator of linear association.

In terms of sequence, the techniques were applied as follows:

- Collation, tabulation and graphing of data
- Application and analyses of basic descriptive statistics
- Estimation and interpretation of Panel Data Regression
- Diagnostic testing and discussion
- Testing of hypotheses using validated results
- Drawing of empirical conclusions.

RESULT AND DISCUSSION

This section was done to point out the relationship between bank performance indicators (Total assets, Total deposits, Return on assets) and respective ownership structures (Government ownership, Board ownership and Institutional ownership). This among other things helped in justifying the choice of the requisite empirical and statistical estimation method used in this study.

Table 1 captures the yearly observations for banks performance index 2004 – 2014

Table 1: Yearly Observations for Banks Performance Index 2004 – 2014

Banks	Year	TD	TA	ROA	GO	BO	IO
Access	2004	22724.00	31342.00	4.7	1.00	9.95	6.70
Access	2005	52846.00	66918.00	2.5	1.00	9.95	6.70
Access	2006	145660.0	174553.0	2.2	1.00	9.95	6.70
Access	2007	300230.0	328615.0	2.3	1.00	9.95	6.70
Access	2008	873708.0	1045568.	2.3	1.00	9.95	6.70
Access	2009	525138.0	710326.0	2.4	1.00	9.95	6.70
Access	2010	485000.0	796000.0	0.9	1.00	9.95	6.70
Access	2011	1102000.	1629000.	1.2	1.00	9.95	6.70
Access	2012	1201000.	1745000.	2.3	1.00	9.95	6.70
Access	2013	1331000.	1835000.	2.0	1.00	9.95	6.70
Access	2014	1454000.	2104000.	1.3	1.00	9.95	6.70
Citi	2004	53874.00	66247.00	4.9	1.00	2.74	15.36
Citi	2005	58859.00	86979.00	4.1	1.00	2.74	15.36
Citi	2006	78459.00	112272.0	7.8	1.00	2.74	15.36
Citi	2007	100847.0	135879.0	5.6	1.00	2.74	15.36
Citi	2008	119833.0	157527.0	5.8	1.00	2.74	15.36
Citi	2009	139405.0	181866.0	2.4	1.00	2.74	15.36
Citi	2010	217175.0	258912.0	0.6	1.00	2.74	15.36
Citi	2011	327614.0	367136.0	0.6	1.00	2.74	15.36
Citi	2012	284114.0	323586.0	0.4	1.00	2.74	15.36
Citi	2013	290061.0	340321.0	0.7	1.00	2.74	15.36
Citi	2014	269112.0	360669.0	0.4	1.00	2.74	15.36
Diamond	2004	43391.00	69062.00	0.4	1.00	15.70	14.80
Diamond	2005	110505.0	131341.0	2.1	1.00	16.00	15.00
Diamond	2006	192629.0	227833.0	3.5	1.00	15.70	14.80
Diamond	2007	267696.0	320950.0	2.1	1.00	15.70	14.80

Diamond	2008	508414.0	625670.0	3.0	1.00	16.00	15.00
Diamond	2009	493642.0	650757.0	0.8	1.00	15.70	14.80
Diamond	2010	431521.0	548402.0	0.2	1.00	15.70	14.80
Diamond	2011	630443.0	722965.0	1.2	1.00	15.70	14.80
Diamond	2012	951820.0	1059137.	1.1	1.00	15.70	14.80
Diamond	2013	1105331.	1234648.	1.1	1.00	15.70	14.80
Diamond	2014	1493000.	1933000.	1.5	1.00	16.00	15.00
Eco	2004	33229.00	37642.00	2.8	1.00	0.48	1.00
Eco	2005	41890.00	67653.00	3.2	1.00	0.48	1.00
Eco	2006	102770.0	132092.0	3.7	1.00	0.48	1.00
Eco	2007	276574.0	311396.0	3.4	1.00	0.48	1.00
Eco	2008	400710.0	432466.0	3.4	1.00	0.48	1.00
Eco	2009	7770958.	9006523.	3.5	1.00	0.48	1.00
Eco	2010	9174261.	10466871	1.0	1.00	0.48	1.00
Eco	2011	2622281.	2744870.	1.1	1.00	0.48	1.00
Eco	2012	2774810.	3114132.	1.1	1.00	0.48	1.00
Eco	2013	3268648.	3698136.	1.1	1.00	0.48	1.00
Eco	2014	1571846.	17729222	1.6	1.00	0.48	1.00
Fidelity	2004	19340.00	27552.00	1.3	1.00	9.30	1.00
Fidelity	2005	23640.00	34953.00	4.1	1.00	9.30	1.00
Fidelity	2006	94126.00	119986.0	4.1	1.00	9.30	1.00
Fidelity	2007	187818.0	218332.0	2.8	1.00	9.30	1.00
Fidelity	2008	398270.0	535480.0	3.5	1.00	9.30	1.00
Fidelity	2009	376561.0	506267.0	0.3	1.00	9.30	1.00
Fidelity	2010	343574.0	478020.0	1.4	1.00	9.30	1.00
Fidelity	2011	603158.0	739508.0	0.9	1.00	9.30	1.00
Fidelity	2012	752905.0	914360.0	2.6	1.00	9.30	1.00
Fidelity	2013	917762.0	1081.217	1.1	1.00	9.30	1.00
Fidelity	2014	1892651.	3135003.	1.3	1.00	9.30	1.00
First Bank	2004	207181.0	312490.0	2.2	1.00	4.66	1.00
First Bank	2005	421034.0	470839.0	3.1	1.00	4.66	1.00
First Bank	2006	552547.0	614840.0	3.1	1.00	4.66	1.00
First Bank	2007	827800.0	911427.0	2.7	1.00	4.66	1.00
First Bank	2008	1176380.	1528234.	3.0	1.00	4.66	1.00
First Bank	2009	1672509.	1771456.	0.7	1.00	4.66	1.00
First Bank	2010	2037209.	1957258.	1.4	1.00	4.66	1.00
First Bank	2011	2471438.	1103229.	2.0	1.00	4.66	1.00
First Bank	2012	2770674.	1253177.	2.5	1.00	4.66	1.00
First Bank	2013	3246577.	3364227.	2.0	1.00	4.66	1.00
First Bank	2014	9590000.	3668618.	2.2	1.00	4.66	1.00
FCMB	2004	18019.00	23736.00	1.7	1.00	5.13	12.86
FCMB	2005	44060.00	51318.00	2.1	1.00	5.13	12.86
FCMB	2006	81691.00	106368.0	2.6	1.00	5.13	12.86
FCMB	2007	235231.0	262535.0	3.5	1.00	5.13	12.86
FCMB	2008	333686.0	467337.0	4.1	1.00	5.13	12.86
FCMB	2009	386546.0	515602.0	0.8	1.00	5.13	12.86
FCMB	2010	395437.0	530073.0	1.6	1.00	5.13	12.86
FCMB	2011	475900.0	593273.0	-1.7	1.00	5.13	12.86
FCMB	2012	776530.0	890313.0	1.3	1.00	5.13	12.86
FCMB	2013	864573.0	1008280.	4.6	1.00	5.13	12.86
FCMB	2014	1008999.	1169364.	4.1	1.00	5.13	12.86
Guaranty	2004	74222.00	119698.0	4.9	1.00	7.14	10.91
Guaranty	2005	151178.0	185151.0	3.4	1.00	7.14	10.91
Guaranty	2006	271852.0	308411.0	3.5	1.00	7.14	10.91
Guaranty	2007	436505.0	486491.0	3.3	1.00	7.14	10.91
Guaranty	2008	572349.0	735693.0	4.2	1.00	7.14	10.91
Guaranty	2009	780688.0	962722.0	2.3	1.00	7.14	10.91
Guaranty	2010	866858.0	1083304.	3.4	1.00	7.14	10.91

Guaranty	2011	1289347.	1523527.	3.8	1.00	7.14	10.91
Guaranty	2012	1333777.	1620317.	1.6	1.00	7.14	10.91
Guaranty	2013	1574719.	1904365.	5.6	1.00	7.14	10.91
Guaranty	2014	1757077.	2126608.	5.0	1.00	7.14	10.91
Skye	2004	23045.00	25997.00	2.6	12.36	1.00	7.51
Skye	2005	27545.00	31990.00	1.6	12.36	2.00	7.51
Skye	2006	148110.0	174193.0	2.3	12.36	3.00	7.51
Skye	2007	416673.0	447992.0	1.8	12.36	4.00	7.51
Skye	2008	693919.0	790708.0	2.6	12.36	5.00	7.51
Skye	2009	542081.0	632511.0	1.2	12.36	6.00	7.51
Skye	2010	594006.0	705859.0	1.2	12.36	7.00	7.51
Skye	2011	777245.0	876527.0	1.2	12.36	8.00	7.51
Skye	2012	966934.0	1071311.	1.1	12.36	9.00	7.51
Skye	2013	992558.0	1080820.	1.5	12.36	10.00	7.51
Skye	2014	995236.0	1107868.	4.2	12.36	11.00	7.51
Stanbic	2004	23775.00	31612.00	5.7	1.00	12.00	1.00
Stanbic	2005	23289.00	39151.00	9.3	1.00	13.00	1.00
Stanbic	2006	80396.00	113226.0	7.4	1.00	14.00	1.00
Stanbic	2007	109911.0	151290.0	5.9	1.00	15.00	1.00
Stanbic	2008	269877.0	315107.0	4.1	1.00	16.00	1.00
Stanbic	2009	253441.0	351253.0	3.1	1.00	17.00	1.00
Stanbic	2010	300240.0	387218.0	3.7	1.00	18.00	1.00
Stanbic	2011	472729.0	554507.0	2.5	1.00	19.00	1.00
Stanbic	2012	554171.0	676819.0	1.9	1.00	20.00	1.00
Stanbic	2013	665412.0	763046.0	1.5	1.00	21.00	1.00
Stanbic	2014	830267.0	944542.0	4.0	1.00	22.00	1.00
Standard Ch	2004	29764.00	34724.00	5.1	1.00	23.00	1.00
Standard Ch	2005	41883.00	68536.00	6.3	1.00	24.00	1.00
Standard Ch	2006	56781.00	89140.00	9.0	1.00	25.00	1.00
Standard Ch	2007	97211.00	130450.0	7.9	1.00	26.00	1.00
Standard Ch	2008	124950.0	160279.0	7.8	1.00	27.00	1.00
Standard Ch	2009	88176.00	205640.0	6.1	1.00	28.00	1.00
Standard Ch	2010	185259.0	259579.0	5.9	1.00	29.00	1.00
Standard Ch	2011	261613.0	309266.0	5.1	1.00	30.00	1.00
Standard Ch	2012	359448.0	434056.0	5.0	1.00	31.00	1.00
Standard Ch	2013	4736276.	5470470.	2.5	1.00	32.00	1.00
Standard Ch	2014	5907727.	6597079.	1.3	1.00	33.00	1.00
Sterling	2004	16955.00	22585.00	2.7	1.00	34.00	18.39
Sterling	2005	18607.00	21342.00	-2.2	2.00	35.00	18.39
Sterling	2006	87113.00	131297.0	-0.5	3.00	36.00	18.39
Sterling	2007	128509.0	16736.00	1.4	4.00	37.00	18.39
Sterling	2008	218406.0	249847.0	2.7	5.00	38.00	18.39
Sterling	2009	183498.0	221000.0	-4.2	6.00	39.00	18.39
Sterling	2010	233.2590	277000.0	1.9	7.00	40.00	18.39
Sterling	2011	463474.0	504427.0	1.5	8.00	41.00	18.39
Sterling	2012	533584.0	580226.0	1.4	9.00	42.00	18.39
Sterling	2013	644339.0	707797.0	1.4	10.00	43.00	18.39
Sterling	2014	772468.0	824539.0	1.4	11.00	44.00	18.39
UBA	2004	195991.0	212024.0	2.9	12.00	9.50	13.90
UBA	2005	234840.0	250419.0	2.8	13.00	9.50	13.90
UBA	2006	842170.0	884137.0	1.5	14.00	9.50	13.90
UBA	2007	1022964.	1191042.	2.8	15.00	9.50	13.90
UBA	2008	1478129.	1672990.	3.3	16.00	9.50	13.90

UBA	2009	1213160.	1400879.	0.3	17.00	9.50	13.90
UBA	2010	1244902.	1432632.	0.2	18.00	9.50	13.90
UBA	2011	1483738.	1666053.	0.4	19.00	9.50	13.90
UBA	2012	1712748.	1933065.	2.4	20.00	9.50	13.90
UBA	2013	1957879.	NA	2.0	21.00	9.50	13.90
UBA	2014	2056925.	NA	1.8	22.00	9.50	13.90
Union	2004	241585.0	367798.0	3.0	20.00	0.95	1.00
Union	2005	200511.0	398271.0	2.7	20.00	0.95	2.00
Union	2006	275457.0	517564.0	2.2	20.00	0.95	3.00
Union	2007	417406.0	619800.0	2.4	20.00	0.95	4.00
Union	2008	649337.0	907074.0	3.6	20.00	0.95	5.00
Union	2009	1175140.	921230.0	-5.8	20.00	0.95	6.00
Union	2010	981125.0	845231.0	-4.2	20.00	0.95	7.00
Union	2011	664203.0	843763.0	2.9	20.00	0.95	8.00
Union	2012	714797.0	886468.0	3.8	20.00	0.95	9.00
Union	2013	803400.0	1002800.	4.7	20.00	0.95	10.00
Union	2014	786900.0	1009100.	2.5	20.00	0.95	11.00
Unity	2004	554.0000	25702.00	5.1	10.00	0.29	24.29
Unity	2005	459.0000	33179.00	4.7	10.00	0.29	24.29
Unity	2006	100263.0	131003.0	2.3	10.00	0.29	24.29
Unity	2007	171194.0	203234.0	0.4	10.00	0.29	24.29
Unity	2008	345286.0	365861.0	-3.6	10.00	0.29	24.29
Unity	2009	247991.0	257936.0	-8.2	10.00	0.29	24.29
Unity	2010	260842.0	304044.0	4.8	10.00	0.29	24.29
Unity	2011	329105.0	372926.0	0.9	10.00	0.29	24.29
Unity	2012	344262.0	395702.0	4.3	10.00	0.29	24.29
Unity	2013	337041.0	403629.0	1.1	10.00	0.29	24.29
Unity	2014	357416.0	413305.0	4.0	10.00	0.29	24.29
Wema	2004	55072.00	71424.00	4.3	10.00	30.00	1.00
Wema	2005	61285.00	97909.00	2.7	10.00	30.00	2.00
Wema	2006	85605.00	120109.0	1.2	10.00	30.00	3.00
Wema	2007	125476.0	165082.0	1.8	10.00	30.00	4.00
Wema	2008	NA	NA	1.8	10.00	30.00	5.00
Wema	2009	188284.0	142785.0	-5.8	10.00	30.00	6.00
Wema	2010	188307.0	203144.0	7.1	10.00	30.00	7.00
Wema	2011	214888.0	222238.0	-1.9	10.00	30.00	8.00
Wema	2012	244426.0	245704.0	1.0	10.00	30.00	9.00
Wema	2013	289477.0	330872.0	1.1	10.00	30.00	10.00
Wema	2014	338793.0	382562.0	1.0	10.00	30.00	11.00
Zenith	2004	175255.0	193321.0	3.3	1.00	6.60	23.00
Zenith	2005	287534.0	329717.0	3.5	1.00	6.60	23.00
Zenith	2006	518499.0	619341.0	3.3	1.00	6.60	23.00
Zenith	2007	856509.0	972822.0	3.2	1.00	6.60	23.00
Zenith	2008	1441214.	1787832.	3.2	1.00	6.60	23.00
Zenith	2009	1243152.	1578912.	1.7	1.00	6.60	23.00
Zenith	2010	1441770.	1798679.	2.8	1.00	6.60	23.00
Zenith	2011	1797056.	2169073.	2.9	1.00	6.60	23.00
Zenith	2012	1998883.	2436886.	3.9	1.00	6.60	23.00
Zenith	2013	2406071.	2878693.	3.2	1.00	6.60	23.00
Zenith	2014	3202626.	3755264.	2.9	1.00	6.60	23.00

Table 2 Basic Descriptive Statistics of the Level Series Data

	YEAR	TD	TA	ROA	GO	BO	I0
Mean	2009.000	821163.8	975131.0	2.440642	5.080000	11.32481	9.692620
Median	2009.000	390991.5	469088.0	2.400000	1.000000	7.140000	9.000000
Maximum	2014.000	9590000.	17729222	9.300000	22.00000	44.00000	24.29000
Minimum	2004.000	233.2590	1081.217	-8.200000	1.000000	0.290000	1.000000
Std. Dev.	3.170767	1334745.	1824082.	2.337551	6.295018	11.05323	7.661740
Skewness	8.84E-18	4.196055	5.795644	-0.721981	1.254618	1.260710	0.383546
Kurtosis	1.780000	24.32953	46.05552	6.908897	3.245040	3.604011	1.995641
Jarque-Bera	11.59712	4071.667	15242.37	135.2984	49.52623	52.37860	12.44459
Probability	0.003032	0.000000	0.000000	0.000000	0.000000	0.000000	0.001985
Sum	375683.0	1.53E+08	1.79E+08	456.4000	949.9600	2117.740	1812.520
Sum Sq. Dev.	1870.000	3.30E+14	6.09E+14	1016.331	7370.669	22724.34	10918.62
Observations	187	186	184	187	187	187	187

Source: Author's Computation (2016)

The descriptive statistics in this table shows the basic aggregative averages like mean, median and mode for all the observations. The spread and variations in the series are also indicated using standard deviation. Significantly, Kurtosis which shows the degree of peakedness and skewness which is the reflection of the degree of departure from symmetry of the given series were utilized. We also used Jacque Bera Statistics which shows that all the distributions are not normally distributed

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Table 3: Correlation Matrices of the Variables

	TD	TA	ROA	GO	BO	I0
TD	1.000000	0.704755	-0.095204	-0.107739	-0.126660	-0.171154
TA	0.704755	1.000000	-0.081332	-0.105812	-0.134587	-0.155604
ROA	-0.095204	-0.081332	1.000000	-0.238523	-0.007707	-0.189890
GO	-0.107739	-0.105812	-0.238523	1.000000	-0.064985	0.132438
BO	-0.126660	-0.134587	-0.007707	-0.064985	1.000000	-0.050346
I0	-0.171154	-0.155604	-0.189890	0.132438	-0.050346	1.000000

The correlation matrix above shows a test of the linear association of the variables under study. As could be seen, while some of the variables are positively correlated, others are negatively correlated. There are however no cases of no correlation. affect their total assets
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Table 4: Panel Least Squares Result for Hypothesis

Total panel (balanced) observations: 187

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.401165	0.342571	9.928342	0.0000
BO	-0.006690	0.015022	-0.445382	0.6566
GO	0.080243	0.026596	-3.017168	0.0029
I0	-0.049225	0.021848	-2.253097	0.0254
R-squared	0.682092	Mean dependent var		2.440642
Adjusted R-squared	0.667044	S.D. dependent var		2.337551
S.E. of regression	2.257832	Akaike info criterion		4.487846
Sum squared resid	932.8987	Schwarz criterion		4.556960
Log likelihood	-415.6136	Hannan-Quinn criter.		4.515851
F-statistic	5.455443	Durbin-Watson stat		1.695545
Prob(F-statistic)	0.001295			

Source: Author's Computation (2016)

From table 4 above, GO is used as the moderating variable. Board ownership and Institutional ownership of banks represented by (BO and IO), were used as the explanatory variables; and Return on Assets (ROA) served as the Dependent variable. While IO showed a negative and significant impact on the

Return on Assets of Nigerian banks, BO showed negative and non-significant impact on the dependent variable. This is indicated by their respective t-values and associated p-values as shown below:

	Coefficient	Std. Error	t- Statistic	Prob.
BO	-0.006690	0.015022	-0.445382	0.6566
IO	-0.049225	0.021848	-2.253097	0.0254

The R^2 which is a show of goodness of the fit of the model is 68%, which means that 68% of variation in ROA is explained by the regressors and about 32% of the relationship is explained by factors not captured by the model. The adjusted R^2 of about 66% takes account of more numbers of regressors if included and it still explains 66% variation in the dependent variable, [8]. The F-statistic (5.455443, p value 0.01295) which is a test for the significance of the overall regression also shows that the regression is significant and can be used for meaningful analyses. The Durbin Watson statistic which is a test for autocorrelation is also good though autocorrelation is not much of a problem in panel data. It is approximately 2, hence, there is no suspicion of autocorrelation.

From the foregoing, we accept the alternative hypothesis for two and reject the null. While institutional ownership positively affects bank performance with emphasis on return on assets, board ownership does not.

We therefore conclude that institutional ownership performed better than board ownership with emphasis on return on assets.

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CONCLUSION

This study set out to investigate the nexus between ownership structure and assets performance of banks in Nigeria. It has the design of addition to bank – performance debate, which has developed several theories and postulations over time. Several debates and evidences have been in the public domain on the effects ownership has on firms. An attempt to contribute to these streams of arguments motivated this study, which has a grand design of establishing a logical argument on this issue of the performance of the assets of banks based on their ownership. Specifically, the study attempts to unravel the effects of institutional owned banks on their return on assets.

The Durbin Watson statistic which is a test for autocorrelation shows that there is no problem in panel data. Empirical evidences emanating from this study supports and lend credence to the positions of prior authors like [9] which posits that institutional shareholders have greater incentives to monitor corporate performance than scattered, smaller groups of which return on assets is a critical performance indicator.

In definite terms, the overriding argument is that ownership structure should be one of the important considerations in the performance of firms as emphasis are placed on the quality, experience and integrity of the equity holders of such banks.

It is strongly believed that this finding can further the awareness and research interest on the form of ownership structure practiced in emerging economies in particular and also on a global scale.

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