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AN APPRAISAL OF BANKS COMPLIANCE WITH CORPORATE GOVERNANCE CODES IN NIGERIA

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Abstract

Regulatory institutions in Nigeria continues to redirect the affairs of the economic units operating in the financial sector towards desired growth and sustainability. Yet, ample empirical evidence is lacking on the extent of compliance with the provisions and principles of the different Codes of Corporate Governance established, especially for listed banks in Nigeria. Thus, ***this study closed this gap by providing empirical evaluation of the extent to which listed banks comply with the provisions and principles of corporate governance codes in Nigeria*** *using data from 12 deposit money banks listed on the Nigerian Exchange Group (NGX) over 13 years period of 2011 to 2023.*The data was analyses using inferential and descriptive approaches.

The research found that the level of compliance of the banks to provisions and principles of the different codes of corporate governance was very high. However, not all the banks fully acted in line with the codes and regulations, especially in the aspect of board diversity. It is therefore not unexpected that the discrepancy in the level of compliance of each bank to each corporate governance mechanism is likely to have occurred and with their different impact on sustainability and the financial performances of the respective bank during the period under consideration. It can also be deduced that the board diversity is not likely to have as much significant influence relative to other corporate governance mechanisms such as board size, board independence, and board diligence.

Key Words: ***Corporate Governance, Code, Compliance, Banks***

1. Introduction

Regulatory institutions in Nigeria continues to redirect the affairs of the economic units operating in the financial sector towards desired growth and sustainability. A major milestone was the establishment of corporate governance codes for the financial sector. This was after a series of reforms, consolidations, mergers, and acquisitions as well as recapitalization of many banks and insurance companies were carried out. All these are aimed at stabilizing the economy as a stable and strong financial system is expected to play crucial roles in providing funds to borrowers and stable economic growth (Diamond &Rajan, 2005). They were also intended to help improve economic growth by providing capital investment to large industries (Arif, Nauman &Anees, 2012).

Corporate governance refers to structures (internal and external), systems, processes, rules, regulations, and control mechanisms that govern the conduct of an organization for the benefit of all stakeholders (Tesgba& Herbert, 2013). Okoi, Stephen & Sani (2014)

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asserted that corporate governance requires judicious and prudent management of the resources or assets of a firm; ensuring ethical and professional standards and the pursuit of corporate objectives. As a result, many studies have empirically examined the effectiveness of corporate governance mechanisms on the financial performance of firms in different economic sectors or industries and across countries.

No doubt, good and effective corporate governance cannot be imposed; it must come from a changed social culture and taken down to the lower levels of a firm by capable and committed management and staff (Amanuddin, Chan, Nurul, Nurulain, Nurfarahnajwa, & Noor, 2017). In addition, appreciable differences exist in management structures, systems, and processes across organizations, which have widened the gap in the performances of various firms (Obiefuna, 2014). These show that an ineffective and inefficient management team would mean a low level of performance since the management team comprises employees, line managers, or directors who carry out operational plans in an organization, including the establishment and monitoring of a good and effective corporate governance system.

The examination of corporate governance mechanisms is critical, especially with the different codes of corporate governance models developed and established in different countries and for different industrial sectors to boost investors’ confidence and build the qualitative characteristics of financial information. However, most of the empirical evidence from previous studies has been very limited to its impact on firm performance using many financial accounting metrics such as return on capital employed, return on equity, and return on assets, which are measures of the operating efficiency of a firm.

Too much concentration on these measures of performance has indicated the absence of more equally important measures such as low cost of capital, efficient liquidity position, and high return to shareholders, especially in the context of the listed deposit money banks in Nigeria. Besides, ample empirical evidence is lacking on the extent of compliance with the provisions and principles of the different Codes of Corporate Governance established, especially for listed banks in Nigeria. Hence, objective of **this study is to provide empirical evaluation of the extent to which listed banks comply with the provisions and principles of corporate governance codes in Nigeria.** The rest of this Paper proceeds with literature review, methodology, results &discussions, and conclusion in sections two, three, four, and five respectively.

2. Literature Review

2.1 Corporate Governance

The emergence of corporate governance differs from country to country and region to region. Similarly, the definition of it also varies from country to country depending on the background and the customs of the people (Farrar, 1999). An example is the King Report

(2002), which identified seven features of corporate governance as discipline, transparency, independence, accountability, fairness, and social responsibility as the major elements of corporate governance. However, the Australian Stock Exchange identified ten principles of corporate governance such as management oversight, ethical and responsible decision-making, board structuring, integrity in financial reporting, timely and balanced disclosure, shareholders' rights, identifying and risk management, enhancing performance, fair remuneration, and stakeholders' interests.

These sets of principles focus on the nature and management of an organization as a whole, and how the activities of a corporation are handled through the formation of corporate governance. This shows that the principles of corporate governance differ according to the needs of corporations and the society in which the businesses operate. Therefore, corporate governance is a flexible process that could change over time. Mismanagement of organizational resources is one of the reasons that led to the formation of corporate governance. Some organizations view corporate governance as the shield against economic ups and downs (crisis), to enjoy economic benefits, which prevent insolvency and aid business continuity. Corporate governance is used to direct the affairs of an organization such that the entity can maximize shareholders' wealth while dealing with issues relating to the welfare of all stakeholders (internal and external) of the business. In a narrow sense, it was referred to as the way a corporation is governed or the technique by which companies are directed. It was also recognized as the inter-activity among various stakeholders (shareholders, board of directors, and a company's management) in shaping a corporation's performance and the way it is proceeding towards it such that it can maximize shareholders' wealth.

According to the Organization for Economic Co-operation and Development-OECD (2004), corporate governance is the process by which business entities are controlled and directed. The structure prescribes the distribution of responsibilities between various participants in the organization, in terms of shareholders, board, managers, and other stakeholders, and elucidates the regulations and procedures for making decisions in an organization. This point of view presents the structure through which the company's objectives are set and the means of attaining those objectives while keeping track of performance.
Corporate governance controls how well the interests of stakeholders are being preserved, demonstrating the need for accountability in managing financial resources and the ways of commercial activities. It aims to improve corporate transparency and accountability (Thapa, 2008). According to Giannakopoulou, Thalassinos, &Stamatopoulos (2016), the requirement of corporate governance is about how owners of firms can safeguard its assets and the returns generated by those assets and how they are used efficiently in their best interests by managers who are given the authorities to operate those assets.

In a similar view, Jensen &Meckling (1976) opined that corporate governance is the means through which shareholders reduce the cost between principals (shareholders) and agents (managers) to agency theory. In a modest view, the necessity of corporate governance came as a result of conflicts between the board and the chief executive officer (CEO), as stressed in the agency theory, where the major argument is the protection of mass shareholders' interests in a business by monitoring CEO (Fama & Jensen, 1983).In essence, corporate governance ensures that the relationship between the owners of a company and the management is healthy and that there is a very minimal conflict between the owners and management, if there is any at all. Corporate governance is a set of apparatus based on the institution and market to guide an organization's self-interest controller to make decisions that maximize the value of the corporate shareholder (Denis & McConnell, 2003).

Corporate governance is also the process under which people in power and those delegated with authority in an organization monitor, direct, and lead the organization to a desired destination. Therefore, corporate governance deals with the provision of fair returns on investments to shareholders, ensures that the organization is value-oriented, ensures transparency, and makes the decisions that can promote the achievement of the organization's interests and the achievement of the social-economic goals of the business.

2.2 Corporate Governance Mechanisms

Corporate governance comprises a group of mechanisms to confirm that suppliers of funds get an adequate return on their investment. To describe corporate governance practices, it is important to concentrate on a set of mechanisms, whichconsist of board composition, board independence, board size, board diligence or meetings, and CEO duality role. These are discussed in the following subsections.

2.2.1 Board Composition

The regulatory architecture for corporate governance in Nigeria is enshrined in the Companies and Matters Allied Act (2021) as amended. It is stipulated therein that the zenith governing body of any organization within its scope is the board of directors. This board decides the regulatory and functional atmospheres within the organization concerning control, management, and achieving organizational objectives. Evident in the Companies and Matters Allied Act (2021), as amended, is the quota of two directors, at least without a maximum representation. Based on the recommendations of the Committee on Corporate Governance of Public Companies in Nigeria, board composition should be designed to admit directors' diversities yet, reckoning with ethical standards and independence of mind. In addition, a blend of executive and non-executive directors was recommended and championed by the chairperson not exceeding fifteen directors in all.

Based on the Higgs Report (2003), the non-executive directors will serve as checks and balances on the activities of the executive directors, and to this extent, board composition should admit directors on account of professionalism, competence, and integrity, among other factors, across diverse fields of relevance. The non-executive members are expected to retain their independence in the course of executing their responsibilities without fear or intimidation. To this end, the body of shareholders retains their power to approve directorship.

According to Kesner (1988), due to the complexities surrounding the overall responsibilities of the board, the board's responsibilities are further standardized though, not limited to the four committees: executive, audit, remuneration, and nomination committees, which were corroborated with the recommendations of the Committee on Corporate Governance of Public Companies in Nigeria. These committees are expected to give prompt and feasible recommendations to the board and the majority of the committees should be headed by non-executive directors who are expected to give unbiased opinions; and with stakeholders' interests at heart.

2.2.2 Board Size

Consequent to corporate governance relations with holistic, effective, and efficient decision-making regarding the goals and objectives of a corporate entity is the board size. There has been no compromise as to the number of members that should consist of the board and this has categorized scholars into opposing views viz-a-viz positive-negative and large-small perspectives to board size. Empirical findings showed that when a board size is between seven and ten members, it poses a challenge as to how timely decisions can be made (Florackis, 2008). This is a result of exposure to dissension of opinions, which curtails the effectiveness of information flow among large board members, and resolutions to attain a consensus are always almost nearly impossible, invariably this hurts the organization's performance (Jensen, 1993; Shao, 2019; and Kao, Hodgkinson, & Jaafar, 2019). So, it is believed among the supporters of this proposition that board size is inversely related to the board's efficiency and in turn, corporate performance (Afrifa & Tauringana, 2015).

However, Al Farooque, Buachoom, & Sun (2020) and Al-Matari (2020) advocated that there is a positive relation between larger board sizes and the attainment of overall organizational objectives. Board membership is believed to be a pool of professionals or experts' resources with relevant dexterity, sufficient knowledge, and result-oriented core competencies, designed to steer the wheel of corporate performance through effective information systems to achieve comprehensive organizational objectives. With this standing setup, Valenti, Luce, & Mayfield (2011) and Coles, Daniel, & Naveen (2008) contended that having a robust board size will give wider and more appreciable performance likewise it will accommodate operational monitoring strategy.

However, the work of Ahmed &Duellman (2007) suggested that having numerous board members creates a free-riding dilemma where management activities are under close watch through the interdependent efforts of board members. This instigated a preference for smaller board sizes by other authors because it abolishes this predicament and facilitates quick decisions that are concise, well-moderated, and free from any impediment that may be posed by larger board sizes (Majeed, Aziz, & Saleem, 2015).

2.2.3 Independent Directors or Board Independence

This is often used as a metric for assessing the strength of corporate governance in an organization. According to the recommendations of the Committee on Corporate Governance of Public Firms in Nigeria, an independent director is expected to be among board members who will be non-executive that is, not an employee of the organization but those who represent the interests of the shareholders on the board. One major function of the independent directors, as agreed to by scholars, is that they serve as a monitoring mechanism to call to order the activities of the board when there is a deviation from maximizing shareholders' wealth.

The essence of independent directors is often to bridge the gap between shareholders and the board, which is common in an agency contract. They help to curtail the excesses of executive directors when they are implementing managerially-biased strategies that would be an opportunity to exploit the shareholders. So, their oversight function is expected to command weights on the path of a good governance structure.

Some authors posited that the independence of directors in the long run yields stable returns and increases the value of a firm as well as builds corporate reputation (Mak & Kusnadi, 2005). The work of Booth, Cornett &Tehranian (2002) also suggests two criteria for the measurement of board independence: firstly, whether or not the Chief Executive Officer is also the chairperson (CEO duality role), and secondly, the ratio of external directors to internal directors. This was the position that Marra, Mazzola &Prencipe (2011) took, emphasizing that external, non-executive, and independent directors will bridge the agency theory problem.

The independent directors are not necessarily on the board to fight against the executive directors but rather, to mitigate opposing tensions between the agent (management) and the principal (shareholders). So, they are there to protect the interests of the shareholders and to ensure executive members are well remunerated. However, in recent studies, the independence of the non-executive directors is being questioned, which stems from the disparity witnessed between corporate performance and board independence.

2.2.4 Board Diligence

As an avenue for the board to perform its statutory responsibilities of monitoring, oversight, and protection of owners' interests, meetings of the board help to pull the resources required to advance the course of an organization to achieve objectives. A board meeting is the level where matters concerning corporate governance are dealt with. Studies have shown a lack of a clear-cut relationship between organizational performance and board meetings. However, Chen & Wu (2016) affirmed that the frequency of meetings is a way of vindicating the activities of the management whether or not they have not deviated from the strategic objectives and vision of the organization. Also, board meeting helps to minimize costs and problems associated with the agency, to ensure there is proper communication of information, and to minimize managerial opportunism (Chou, Chung, & Yin, 2013). Certain authors cautioned that the frequency of meetings, however, should be done rationally. That is, a poorly performing corporate entity would resort to more board meetings, compared to a healthy organization.

3. Methodology

This research is scoped on banks, which remains the most potent and critical segment of the financial system in Nigeria. This is because banks, especially the deposit money banks dominated the financial system of Nigeria with wider influence in diverse productive sector of the country's economy (Central Bank of Nigeria, 2017). The data series collected on each variable were sourced from the annual audited accounts and reports of 12 purposively selected listed banks over the years 2011 to 2023. The data was analyses using inferential and descriptive approaches.

To accomplish the set objective, the research subjected corporate governance mechanisms data to descriptive statistics. This was to obtain evidence on the extent to which the banks complied with the provisions and principles of the different codes of corporate governance for financial institutions in Nigeria. Data on corporate governance mechanisms such as board size (measured as the ratio of the number of directors in a board to the maximum number statutory required by the Codes); board independence (ratio of independent directors in a board to the number statutorily required), board diligence (ratio of number of board meetings held in a year to the number of meetings statutorily required), and board diversity (measured as the ratio of female representation in a board to board size), were obtained from the sampled banks' annual reports and accounts. The results indicated the extent of the banks' compliance with the required provisions and principles of governance for banks, as contained in the various codes developed by the Central Bank of Nigeria (CBN), 2006; the Security and Exchange Commission (SEC), 2011; the Nigerian Code of Corporate Governance (NCCG), 2018; and the Company and Allied Matter (CAMA) Act, 2020.

Table 1. Variables Definition

Variable	Definition/Measurement	Sources
Board Size (BSZ)	This is the ratio of the number of members in a board	Pillai & Al-Malkawi,

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	to the maximum recommended by the codes and regulations of 20 members.	2017; Song et al., 2021
Board Independence (BID)	This is the ratio of the number of independent directors to the total number of board members.	Naciti, 2019; Guo & Kumara, 2012
Board Diligence (BDL)	This is the ratio of number of meetings held by the board in a year compared to the minimum number of meetings prescribed by the code.	Al-Farooque et al., 2020; Koji et al., 2020
Board Diversity (BDV)	This is the ratio of female directors to the total number of directors in the board.	Naciti, 2019

4. Results and Discussion

4.1 Sample Profile

The sample selected for this research consisted of 12 deposit money banks listed on the Nigerian Exchange Group (NGX) as of December 2023. All the banks were established and had been operating for more than 13 years and none of them was listed on the NGX less than 13 years ago, indicating they were all matured and have attained a certain level of growth in the industry with much experienced management team running the affairs of the banks. In addition, most of the banks had undergone or experienced a series of reorganizations, consolidations, or mergers and acquisitions at one time or the other. Some had even changed names and transformed into their current sizes, in terms of total assets board size and management size. Table 4.1 provided more information on the profile of the selected banks.

Table 2: Profiles of Sampled Listed Banks

S/N	Banks	Year of Estab.	Year of Listing	Board Size	Mgt. Size	Bank Size (N'billion)
1	Access Bank	1989	1998	10	48	26,688.83
2	Guaranty Trust Bank	1992	1996	6	55	9,691.26
3	Zenith Bank	1991	2004	14	107	20,368.46
4	Fidelity Bank Plc	1989	2005	14	56	6,234.69
5	First Bank of Nigeria Limited	1895	1971	12	45	16,937.68
6	First City Monument Bank	1989	2004	10	72	4,423.90
7	Ecobank Nigeria Limited	1989	2006	14	44	25,917.40
8	Stanbic IBTC Bank	1990	2011	14	75	4,974.30
9	Sterling Bank Plc	1960	2006	7	381	2,531.09
10	Union Bank Plc	1917	1970	8	25	4,235.20
11	United Bank for Africa Plc	1961	1970	15	119	20,653.20
12	Wema Bank Plc	1945	2004	11	42	2,248.24

Note: Estab.= Establishment, Mgt. = Management
Source: Author's computations from the banks' 2023 audited accounts using *E-views* 12 (2025).

4.2 Compliance with Codes of Corporate Governance

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The descriptive results for each corporate governance mechanism presented in Table 3 showed that the average size of the board for all the sampled banks during the period was 13.622 (about 14 directors), on the average, and that there was a wide deviation from the mean of 3.017 (3 directors) in the variable across the banks. The minimum and maximum board sizes during the period were 6 and 20 directors, respectively. The results suggested that most of the banks complied with both the minimum and maximum board sizes of 5 and 20 members, as mandated by the CBN, SEC, NCCG, and CAMA.

The average board independence was 3.109 (about 3 directors) across the banks. This implied that 3 directors, on average, in the boards of the selected banks were independent directors. The results also recorded a minimum of zero and a maximum of 10 independent directors in the boards of the banks during the period. These overall results provided evidence of compliance by most of the sampled banks with the provisions and requirements of the CBN of a minimum of 2 independent board members and other corporate governance codes of at least 1 independent director on a board.

In addition, the diligence of board members (number of board meetings held in a year) was considered and results revealed that board members met at least 4 times annually, on average, with a standard deviation across the banks of 1.53 (about 2 meetings). The average number of meetings recorded was 5.86 (about 6 meetings held by a board per year). Based on the diligence range of between minimum of 3 meetings and maximum of 11 meetings, there was no year that the boards of the banks did not meet to deliberate on the policies and decisions of the management during the period covered by this study.

Unlike before when gender diversity in boards was not mandated and banks did not have enough female members on their boards, the results on board diversity provided evidence of compliance of the banks with female inclusion, on average, of 3.14 (about 3 female directors), which represents about 23% (that is, 3.14/13.62*100) of board members. The result was therefore, on average, inconsistent with the CBN guidelines, which required a minimum of 30 percent female representation in a bank's board.

Table 3: Descriptive Statistics of Board Attributes

Statistics	BSZ	BID	BDL	BDV
Mean	13.622	3.109	5.891	3.135 (23%)
Standard Dev.	3.017	2.332	1.518	1.516
Minimum	6.00	0.00	3.00	0.00
Maximum	20.00	10.00	11.00	8.00
Observation	156	156	156	156
CBN Regulation	5	2	4	30%
Other regulations	5	1	4	-

Note: BSZ-board size, BID-board independence, BDL- board diligence, BDV- board diversity. Figure in () is the percentage of female directors to total number of directors in a board during 2011-2023.
Source: Author's computations using *E-views* 12 (2025).

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4.3 Compliance of Individual Bank with Corporate Governance Codes

In addition, analysis of the individual banks as to their average levels of compliance to each of the corporate governance mechanisms (board size, board diligence, board diversity, and board independence) was carried out. This is to ascertain on the average, how the banks outperformed each other during the period covered in this study in the aspect of compliance with the provisions of the codes.

4.3.1 Board Size

Results in Table 4 showed the compliance level of each bank with regard to the minimum board size of 5 for listed banks in Nigeria. The results showed that all (100%) of the sampled banks completely acted in line with different provisions and regulations, especially of the CBN and other regulatory bodies in Nigeria. The results suggested that the banks had more than enough board members. However, none of them currently had, on the average, up to the maximum number of 20 directors on their boards. Specifically, 42 percent (5) of the banks had average board sizes higher than the industry average of about 14 directors while 4 banks (33%): Guaranteed Trust bank, FCMB, Stanbic IBTC and Wema bank had average number of board directors less than 12 directors on their boards, each during the period.

Table 4: Average Board Size of Individual Bank (2011-2023)

S/N	Institutions	BSZ	CBN REG.	OTHER REG.	COMPLIANCE STATUS
1	Access Bank	15.308	5	5	Full
2	Guaranty Trust Bank	11.846	5	5	Full
3	Zenith Bank	12.462	5	5	Full
4	Fidelity Bank Plc	15.231	5	5	Full
5	First Bank of Nigeria Limited	14.923	5	5	Full
6	First City Monument Bank	11.231	5	5	Full
7	Stanbic IBTC Bank	11.00	5	5	Full
8	Sterling Bank Plc	13.462	5	5	Full
9	Union Bank Plc	14.846	5	5	Full
10	United Bank for Africa Plc	17.308	5	5	Full
11	Wema Bank Plc	11.923	5	5	Full
12	Ecobank Nigeria Plc	13.923	5	5	Full
	Industry Average number of directors	13.622			100%
	Number and percentage of compliance	12 banks			

Note: BS = Board size and REG = Regulations. Figures are the average number of directors in the board of each bank during 2011-2023.

Source: Author's computations using *E-views* 12 (2025).

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4.3.2 Board Independence

The results in Table 5 indicated that all the listed banks complied with both the CBN and other regulations on board independence. A high percentage (58.3%) of the banks, on the average, had 2 or more independent directors who monitored the effectiveness of the banks' governance practices to ensure transparency in financial reporting. The remaining 41.7% (5 banks) did not therefore comply with the CBN and other regulations as well as provisions of the codes of corporate governance on minimum of 2 independent directors. The leading banks in the category of banks that complied were Ecobank, Wema, Guarantee Trust bank, and Zenith bank with about 8, 7, 4 and 3 independent directors, respectively. In addition, only 33 percent (4) of the banks had more than the industry average number of independent directors of 3. This showed that not all the listed banks in Nigeria complied with the Central Bank's regulations to have, at least, 2 independent directors on their boards.

Table 5: Average Board Independence (2011-2023)

S/N	Banks	BID (%)	CBN REG.	OTHER REG.	COMPLIANCE STATUS
1	Access Bank	2.833	2	1	Full
2	Guaranty Trust Bank	3.75 (4)	2	1	Full
3	Zenith Bank	3.25 (3)	2	1	Full
4	Fidelity Bank Plc	2.083	2	1	Full
5	First Bank of Nigeria Ltd.	1.583	2	1	None
6	First City Monument Bank	2.50 (2)	2	1	Full
7	Ecobank Nigeria Plc	7.75 (8)	2	1	Full
8	Stanbic IBTC Bank	1.667	2	1	None
9	Sterling Bank Plc	1.667	2	1	None
10	Union Bank Plc	1.833	2	1	None
11	United Bank for Africa	1.583	2	1	None
12	Wema Bank Plc	6.75 (7)	2	1	Full
	No. and percentage of compliance	7			58.3%
	Industry average for the period	3.11			

Note: BID = Board independence, REG. = Regulations. Figures indicated average number of independent directors in the board of each bank during 2011-2023. Figures in () are the number of independent directors in each bank.

Source: Author's computations using *E-views* 12 (2025)

4.3.3 Board Diligence

Results on the diligence of the directors (number of board meetings) of the banks was reported in Table 6 and 100 percent compliance was recorded for the banks on this corporate governance mechanism. Notably at the fore front of compliance was Ecobank,

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First bank and Access bank whose boards held, on average, far more than the minimum of 4 board meetings required per year. Compared to the industry average of about 6 meetings held per year, 6 banks (50%) held lower number of meetings during the period covered by this study. The results suggested that all the banks fully complied with the different governance codes and relevant regulations, which required board directors to meet, at least, once every quarter in a year, that is, 4 times a year. The results showed increased capacity of boards for monitoring activities and functions of the banks' management through formalized board meetings.

Table 6: Average Board Diligence of the Banks (2011-2023)

S/N	Banks	BDL	CBN REG.	OTHER REG.	COMPLIANCE STATUS
1	Access Bank	7.154	4	4	Full
2	Guaranty Trust Bank	6.077	4	4	Full
3	Zenith Bank	6.385	4	4	Full
4	Fidelity Bank Plc	4.769	4	4	Full
5	First Bank of Nigeria Limited	7.231	4	4	Full
6	First City Monument Bank	5.000	4	4	Full
7	Stanbic IBTC Bank	5.077	4	4	Full
8	Sterling Bank Plc	4.538	4	4	Full
9	Union Bank Plc	5.308	4	4	Full
10	United Bank for Africa Plc	6.154	4	4	Full
11	Wema Bank Plc	5.077	4	4	Full
12	Ecobank Nigeria Plc	7.538	4	4	Full
Number and percentage of compliance		12			100%
Industry average of meetings held		5.859			

Note: BD = Board diligence and REG. = Regulations. Other regulations include the provisions of the Corporate Affairs Commission. Figure in () is the average number of meetings held by the board of each bank during 2011-2023.
Source: Author's computation using *E-views* 12 (2025).

4.3.4 Board Diversity Compliance

Regulations on female inclusion or representation on the board of listed banks in Nigeria was a mandate from the CBN in 2022, which required a minimum of 30% female representation and that of the NCCG of 2018, which required that no bank shall have a board that consists of only one gender. Results on compliance levels to these regulations using descriptive statistical tools to analyze data were presented in Table 6. The data in the table showed that only 1 bank (8.3 percent) that is, Ecobank Nigeria Plc complied, on the average, with the provisions and regulations on gender diversity.

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The remaining 11 banks (91.7 percent) did not comply with codes on board diversity, on the average with Zenith Bank (18.5%) and First Bank (18.6%) having the least average number of female directors, on the average, during the period. With the industry average compliance level of about 23%, it could be inferred that the banking sector was not ready for financial inclusion with regard to board gender diversity. The results therefore indicated that majority of the sampled banks needs to be made to comply with the provisions, regulations and mandate of relevant codes, laws and regulations on gender balance.

Table 7: Average Compliance Levels with Board Gender Diversity (2011-2023)

S/N	Banks	BDV (%)	CBN REG.	COMPLIANCE STATUS
1	Access Bank	4.308 (28.1%)	30%	NO
2	Guaranty Trust Bank	2.308 (19.5%)	30%	NO
3	Zenith Bank	2.308 (18.5%)	30%	NO
4	Fidelity Bank Plc	3.769 (24.8%)	30%	NO
5	First Bank of Nigeria Limited	2.769 (18.6)	30%	NO
6	First City Monument Bank	2.615 (23.3%)	30%	NO
7	Stanbic IBTC Bank	2.462 (22.4)	30%	NO
8	Sterling Bank Plc	2.615 (19.4%)	30%	NO
9	Union Bank Plc	2.846 (19.2%)	30%	NO
10	United Bank for Africa Plc	3.923 (22.7%)	30%	NO
11	Wema Bank Plc	3.154 (26.5%)	30%	NO
12	Ecobank Nigeria Plc	4.333 (31.1%)	30%	YES
Number and percentage of compliance		1		8.3%
Industry average compliance level		3.115 (22.9%)		

Note: BDV = Board diversity, REG. = Regulations. Figures indicate the average number of female directors in a board while figures in parenthesis indicate percentage of female directors to total number of directors on a board during 2011-2023.

Source: Author's computation using *E-views* 12 (2025).

5. Conclusion

Findings from this study revealed that the listed banks significantly complied with the provisions and principles of the different codes of corporate governance in Nigeria but guidelines on board gender diversity were not fully complied with. Only 1 (8%) out of the 12 banks fully complied with the guideline. It is therefore likely that board gender diversity could have a differing significant effect on the different measure of financial performance of the banks in dissimilar ways. Results from the analysis of the individual bank's compliance with different codes of corporate governance and guidelines from the CBN showed that some banks were at the forefront championing the course of board attributes during the period covered by this study.

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"AN APPRAISAL OF BANKS COMPLIANCE WITH CORPORATE GOVERNANCE CODES IN NIGERIA"

Strong and quality corporate governance practices were expected to lead to better liquidity position (low level of liquidity risk), reduced cost of capital, and increased return on assets. In this study, board attributes such as board independence, board diligence, board size and board diversity were found to have played a crucial role influencing financial performance in one way or the other. This may not be possible if the corporate governance practices of the banks were poor. This suggested that when the boards of the banks are not effective, board attributes will not drive financial performance and sustainability.

This study contributed significant knowledge to business practice and research by establishing the level of compliance of the listed banks in Nigeria over the years 2011-2023 to the different codes of corporate governance, regulations, and guidelines from the CBN. This study established that most of the banks under study did not fully comply with the CBN directive on board independence and gender diversity of the board and that board diversity was a critical corporate governance mechanism in predicting the financial performance of listed banks in Nigeria. In a bid to address the conflicting and inconclusive findings in previous studies future studies should empirically examine the threshold of the management size and diversity that should be adopted to promote the influence of the management team characteristics in the relationship between corporate governance mechanisms and financial performance.

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