EAST AFRICAN FINANCE JOURNAL (EAFJ)
Volume 5 Issue 1 |2026 | pp 73-87

E-ISSN: 2959-9121

Growth Indices and Value of Ordinary Shares of Deposit Money Banks in Nigeria, 2013 to 2024

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Article DOI: 10.59413/eafj/v5.i1.6

Abstract:

The study examined the affinity between growth indices and the value of ordinary shares of deposit money banks in Nigeria. The specific objective of the study is to ascertain the alliance between total deposit growth, total asset growth, liquidity, profit growth share, and ordinary shares of deposit money banks in Nigeria. The study adopted an ex-post-facto research design, covering the period between 2013 and 2024. Secondary data were extracted from the annual report and accounts of the sampled deposit money banks listed on the Nigeria Exchange Group (NXG). The study purposively sampled 8 out of the 24 deposit money banks operating in Nigeria. Spearman rank order covariance technique was used for the test of hypotheses. The result revealed that total deposit growth has a negative and non-critical alliance with share price of deposit money banks in Nigeria with a coefficient value of -0.003849 and the p-value (0.3084 > 0.05) critical level. Total assets growth has a negative and noncritical alliance with the share price of deposit money banks in Nigeria with a correlation coefficient value of -0.001376 and the probability value (0.6580 > 0.05) critical level. Liquidity has a positive and critical alliance with the share price of deposit money banks in Nigeria with a correlation coefficient of 7.235332 and a p-value (0.00011 < 0.05) critical level. Profit growth has a negative and noncritical alliance with the share price of deposit money banks in Nigeria with a correlation coefficient of -0.032134 and a p-value of (0.9439 > 0.05) critical level. The study recommended, among others, that banks should focus on holistic financial management, including risk assessment, liquidity maintenance, and capital allocation. By demonstrating a balanced approach to growth and maintaining transparent communication about asset expansion strategies, banks can foster investor trust, positive sentiment, and potential upward movement in share prices.

Keywords: Deposit Growth, Liquidity and Profit growth, Exchange group, Spearman Rank order, Ordinary share

1. Introduction

Financial market is a platform through which business organizations and individuals sell and buy securities and raise long-term and short-term funds. The capital market is a financial market that includes the stock market and the bond market that plays a critical role in the economic success that drives capital development and

sustains economic growth. The stock market is not only a place to trade securities; but also works to facilitate investors and other parties by gathering funds, sharing risks, and transferring wealth.

Shares remain one of the major sources of long-term capital available to deposit money banks in Nigeria's capital market. These shares are bought and sold in bit by bit per a unit price. Stock prices fluctuates in the values based on endogenous and exogenous variables within the industry (Inyiama & Ozouli, 2014). The fluctuations in the market originated from government policies and market forces of demand and supply. Investors are known to be interested in making investments in firms that promise good returns. The way and manner of changes in stock prices point to the extent to which investors are willing to invest and generally, transact with a firm. Umar and Musa (2013) point out that the effectiveness and efficiency of management decisions could be examined in light of the implications on the firm's stock price.

1.2 Statement of the Problem

Publicly traded companies place significant importance on their share price as it serves as a clear sign of the corporation's overall financial position. Higher stock price is generally related with brighter prospects for the company. Share price is an indication investor perception regarding a company's ability to generate and increase income with time. When owners got satisfied and the organization performs better which is indicated through share prices.

Having share price has been a topic of debate, with many authors suggesting that financial performance indicators play a crucial role. Analysts assess the trajectory of stock prices to gauge performance of the firms. Firms rely upon the earning histories and ratios, that indicate if a firm's share price adequately reflects its earnings. These financial metrics assist experts and business men in evaluating a firm's durability. However, relying solely on financial performance to determine the movement of banks share price can be misleading.

Consequently, this work aims to evaluate the growth indices that determine the value of ordinary shares of deposit money banks in Nigeria, as measured by the share price. The goal is to ascertain the extent of the alliance among asset growth, deposit growth, and the share price of deposit money banks in Nigeria. By examining these growth indices, the study seeks to provide ideas into the factors beyond fund performance which effects the share prices. This broader evaluation can contribute to a more comprehensive understanding of the drivers of share price movement in the banking firms and provide valuable information for investors, analysts, and management in making informed decisions.

1.3 The Study Goals

The main goal of this work was to evaluate the alliance between growth indices and the value of ordinary shares of deposit money banks in Nigeria. The following are other objectives:

- Evaluate the alliance between total deposits growth and share price of deposit money banks in Nigeria.
- Examine the association between total asset growth and share price of deposit money banks in Nigeria.
- Ascertain the connection between liquidity and the share price of deposit money banks in Nigeria.
- To find out the affinity between profit growth and the share price of deposit money banks in Nigeria.

 E-ISSN: 2959-9121

1.4 Research Questions

The study answered the following questions:

- Is there any alliance between Total Deposits Growth and the share price of deposit money banks in Nigeria?
- What is the association between Total Asset Growth and the share price of deposit money banks in Nigeria?
- How does growth in the Liquidity connect with the share price of deposit money banks in Nigeria?
- What is the affinity between profit Growth and the Share Price of deposit money banks in Nigeria?

1.5 Statement of the Hypotheses

- Total deposits growth does not have a positive and critical alliance with the share price of deposit money banks in Nigeria.
- Total asset growth does not have a positive and remarkable affinity with the share price of deposit money banks in Nigeria.
- Liquidity does not have a positive and critical association with the share price of deposit money banks in Nigeria.
- Profit growth has a non-critical alliance with share price of deposit money banks in Nigeria.

2. Literature Review

2.1 Conceptual Review

Firm Growth

Firm growth, as defined by Pass, Lowes, and Davies (2005), encompasses the expansion of a company's size over time. This growth entails various aspects such as increases in capital employed, turnover, profit, and the number of employees. Similarly, Kouser, Bano, Azeem, and Hassan (2012) describe firm growth as encompassing multiple dimensions, including revenue growth, asset expansion, increased profitability, employee growth, enhanced share value, expansion through mergers or acquisitions, product development, and business extension.

Total Deposits Growth

This is the sum of all types of deposits by customers. This includes all types of deposits such as savings accounts, checking accounts, certificate of deposits (CDs), money markets accounts and any other accounts where customers deposit funds with the bank. (Online copy, 2026)

Nigerian Banks grew their deposits by 11.5% in the first 9 months of 2021 as competition to grow deposits intensified. Data from Nairalytics Research show total customer deposits held in ten of Nigeria's largest banks topped N34. 4 trillion in the first 9 months of 2021 about N3.55 trillion higher than what was reported at the end of 2020 (Nairametrics, 2021).

Total Asset Growth

 E-ISSN: 2959-9121

Asset growth refers to the increase in the total value of a bank's assets over a specific period (Altunbaş, Carbo-Valverde, & Marqués-Ibáñez, 2011). Banks aim for asset growth to expand their lending activities, generate interest income, and increase their market presence. It can be driven by both organic and inorganic means, where organic growth involves internal activities, and inorganic growth involves mergers, acquisitions, or strategic partnerships (Evanoff & Fortier, 2013).

Managing asset growth is crucial for banks to maintain a healthy balance sheet and mitigate risks. Excessive asset growth without adequate risk assessment and underwriting practices can lead to a higher proportion of non-performing loans.

Liquidity

Liquidity refers to the ability of a company or an individual to settle short term liabilities easily and on time. It reflects how quickly and efficiently assets can be converted into cash without losing significant value (https://www.munich-business-school.de.2026)

Profit Growth

Profit growth demonstrates the company's success in generating higher earnings and creating value for shareholders. It is often a result of factors such as revenue growth, improved margins, effective cost controls, and operational efficiencies. By achieving sustainable profit growth, companies can enhance their financial stability, reinvest in their business, and provide returns to shareholders. It is a measure of the percentage increase in a company's earning over a specific period, serving as a key indicator of financial health, operation efficiency and management effectiveness. (https://www.captrade.com, 2026)

Share Price

A share price or stock price is the amount it would cost to buy one share in a company. The price of a share is not fixed, but fluctuate according to market conditions.

Conceptual Framework

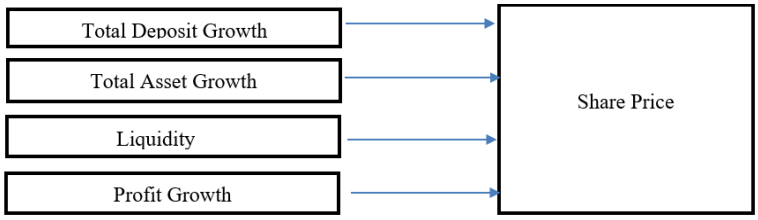

Figure 1: Conceptual Framework of the Study

Source: Author's Compilation, 2023

2.2 Theoretical Framework

The study was based on Efficient Market Hypotheses and Dividend Discount Model.

Efficient Market Hypotheses (EMH)

 E-ISSN: 2959-9121

Efficient Market Hypotheses proposed by Professor Eugen Fama. It suggests that financial markets, including stock markets, are efficient and reflect all that one needed to know. This theory shows that price of shares already incorporates needed relevant ideas of a firm's performance.

In the context of the association between growth indices and the value of ordinary shares of deposit money banks in Nigeria, the Efficient Market Hypothesis implies that if the market is efficient, the growth indices such as profitability, asset quality, capital adequacy, and liquidity of banks would already be reflected in the prices of their shares. In other words, any positive or negative changes in these growth indices would be quickly reflected in the market value of the shares of deposit money banks.

By anchoring this study to the Efficient Market Hypothesis, researchers can explore whether the Nigerian stock market efficiently incorporates growth indices in the valuation of deposit money banks. They can analyze the association between various growth indices and the corresponding changes in the value of ordinary shares over a specific time period. The study can also investigate the rate at which the market adjusts to new information regarding growth indices and how it impacts the stock prices.

The EMH offers a well-established theoretical foundation in finance and has been extensively studied, making it a solid framework for your research. By aligning with the EMH, the study can assess market efficiency and whether share prices accurately reflect growth indices. This has implications for investor behavior and decision-making, as well as practical implications for investment strategies and regulatory policies. Additionally, anchoring the study on the EMH allows for empirical testing and contributes to the existing body of evidence on market efficiency.

2.3 Empirical Review

Total Deposit Growth and Share Price

Magdalena Marpaung and Leriyanti (2023) examined the influence of Company Profit, Operating Cash Flow, and Book Value Equity on share prices. The study focused on mining companies found on the Indonesia Stock Exchange, having a large population of about 47 firms. The sample consisted of nine companies with stable share prices. Multiple linear regression method was used, with hypothesis testing done. The results reveal that company profit and paper value equity had a favourable and critical effect on share prices, while operating cash flow did not have a significant influence.

Total Asset Growth and Share Price

Syaugi and Rahmah (2021) analyzed the outcome of investment results of Total Asset Growth (TAG) on Price shares.This research adopted time-series data from 2014 to 2020 to examine seven companies selected using purposive sampling. The results indicated that the Total Asset Growth variable has no impact on share Price.

Liquidity and Share Price

Eze and Agu (2020) carried out a study on liquidity management and performance of deposit money banks in Nigeria using six banks with international affiliation. Descriptive statistics and regression analysis were conducted using the E-View 10.0 as an instrument for the analysis. Findings showed a strong good connection between capital adequacy and return on equity.

 E-ISSN: 2959-9121

Profit Growth and Share Price

Magdalena, Marpaung, and Leriyanti (2023) examined the effect of company profit, operational cash flow and book value of equity on stock price. company profit, operating cash flow, and book value equity role as independent variables, while the share price plays a role as a dependent variable. Results of the study show that company profit and book value Equity are positively and significantly influenced by Share Prices. Whereas Operating Cash Flow no had influence positive and significant on Share Prices.

3. Methodology

3.1 Research Design

This work employed an ex post facto research design. This was chosen as a result of reliance on existing data found in the annual records and accounts of banks in Nigeria. In an ex post facto design, researchers analyze data that have already been collected.

This design enabled the researchers to examine the existing data to draw inferences and make connections between the variables of interest. One advantage of adopting an ex post facto design is that it allows researchers to investigate phenomena or relationships that are not possible to manipulate directly

3.2 Nature and Sources of Data

The study relied on secondary sources of data to gather the necessary information. The source of data was the annual reports and accounts of the selected banks in Nigeria. These reports are comprehensive documents that provide detailed financial and operational information about the banks, including their growth indicators and share prices.

Panel data from the years 2013 to 2024 were gotten from the annual records and accounts of the selected banks. Panel data refers to data collected over multiple periods for the same set of entities, in this case, the selected banks. This longitudinal data allows for the analysis of trends and patterns over time.

Using secondary data has several advantages, including cost-effectiveness, availability of historical data, and the ability to analyze large datasets.

3.3 Model Specification

The study employed a correlation model because it can ascertain the relationship between growth indices and the value of ordinary shares of deposit money banks in Nigeria. Correlation analysis measures the relationship between two or more variables. Since the study is a relationship study, the correlation technique was the most appropriate technique for the analysis and test of hypotheses. The correlation model was specified as follows:

$$r_{xy} = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum(x_i - \bar{x})^2 \sum(y_i - \bar{y})^2}}$$

Where:

rxy is the correlation coefficient of the linear relationship between the data item x and y

xi is the value of the x-data item in the sample

$\bar{x}$ is the mean of the values of the x-data item

y1 is the value of the y-data item in the sample

$\bar{y}$ is the mean of the values of the y-data item

x represents Share Price

y represents other variables (Total Deposit Growth, Total Asset Growth, Liquidity & Profit Growth) taken separately in each case.

3.4 Description of Model Variables

Dependent variable

Share Price:The share price is the data itme of interest and serves as the dependent data item because it is influenced by various factors and is expected to be affected by changes in the independent data item. It reflects the market perception of the banks' financial performance, growth prospects, and overall value.

Independent variables.

Asset Growth: Asset growth measures the increase in the total assets of the banks over a specified period, indicating the expansion of their financial resources. The formula for calculating asset growth is: Asset Growth = (Current Year's Total Assets - Past Year's Total Assets) / Past Year's Total Assets This formula measures the percentage increase or decrease in total assets from one period to another. It compares the total assets at the current year (e.g., Year 2) with the total assets at the past year (e.g., Year 1). The difference between the two is divided by the total assets at the past year and multiplied by 100 to express the result as a percentage.

Deposit Growth: Deposit growth captures the growth in customer deposits, which signifies the banks' ability to attract and retain funds from depositors. The formula for calculating deposit growth is: Deposit Growth = (Current Year's Deposits - Past Year's Deposits) / Past Year's Deposits This formula calculates the percentage change in deposits from one period to another. It compares the deposits at the current year (e.g., Year 2) with the deposits at the previous year (e.g., Year 1). The difference between the two is divided by the deposits at the previous year X 100 to express the result as a percentage. Calculating deposit growth allows you to assess the rate at which a company's deposits are increasing or decreasing over time. It provides insights into the company's ability to attract and retain funds from customers, which is crucial for its liquidity and financial stability.

Liquidity: Liquidity refers to the banks' ability to meet short-term obligations and is an important indicator of their financial stability. There are several ratios that can be used to assess liquidity, including the loan-to-depsoit ratio. The loan-to-deposit ratio is calculated as:

Loan-to-Deposit Ratio = Total Loans / Total Deposits

The loan-to-deposit ratio is a financial metric used to assess the proportion of a bank's loans (credit extended to borrowers) in relation to its deposits (funds collected from customers and held as liabilities). This ratio is significant for evaluating a bank's lending activities and its capacity to fund those loans using its available deposits.

Profit Growth: Profit growth indicates the growth in profitability, reflecting the banks' ability to generate earnings over time. The formula for calculating profit growth is: Profit Growth = (Current Year's Net Profit -

Past Year's Net Profit) / Past Year's Net Profit This formula calculates the percentage change in net profit from one period to another. It compares the net profit in the current year (e.g., Year 2) with the net profit in the past year (e.g., Year 1). The difference between the two is divided by the net profit in the previous year X 100 to express the result as a percentage.

3.5 Test of Hypotheses

The test of hypotheses followed the following procedure:

Step 1: Restatement of the Hypothesis in Null and Alternate Form

Step 2: Statement of Decision Criteria

Step 3: Presentation of Test Results

Step 4: Decision

3.6 Statement of Decision Criteria

The decision rule regarding the correlation coefficient (r) is as follows:

- If the calculated correlation coefficient (r) is greater than 0.7, the Null Hypothesis is rejected.
- If the calculated correlation coefficient (r) is less than 0.7, the Null Hypothesis is accepted.

In other words, if the correlation coefficient between two variables exceeds 0.7, it suggests a strong positive relationship between those variables, leading to the rejection of the Null Hypothesis, which typically assumes no significant relationship between the variables. On the other hand, if the correlation coefficient is below 0.7, it indicates a weaker positive relationship, and the Null Hypothesis is retained, indicating no significant relationship between the variables.

4. Results and Findings

4.1 Data Analysis

Table 1 Descriptive Statistics

	SP	TDPG	TAG	LTDR	PFTG
Mean	10.54288	15.18633	14.71464	0.617966	0.305983
Median	7.650000	0.152184	0.161581	0.610939	0.087948
Maximum	40.75000	1202.563	1164.729	0.967071	5.992961
Minimum	0.760000	-0.099178	-0.085102	0.000598	-0.964449
Std. Dev.	9.354714	134.4333	130.2031	0.156178	0.884352
Skewness	1.244474	8.775674	8.775676	-1.148950	4.062147
Kurtosis	3.638990	78.01252	78.01255	4.788295	24.14268
Jarque-Bera	22.01058	19783.10	19783.11	12.28354	1710.057
Probability	0.000017	0.000000	0.000000	0.002151	0.000000
Sum	843.4300	1214.906	1177.171	49.43729	24.47861
Sum Sq. Dev.	6913.343	1427712.	1339275.	1.926928	61.78414
Observations	80	80	80	80	80

Source: E-views 10 software, 2025

Table 1 above reveals the variable description of the 80 observations of the panel data for sampled deposit money banks in Nigeria. The normality of the distribution of the data series is judged by the outcome of the coefficients of Skewness, Kurtosis, and Jarque-Bera Probability. From Table 1, the probability of the Jarque-Bera Statistics for all the variables (focal and explanatory) has a significant p-values as follows share price (0.000017), deposits growth (0.000000), total assets growth (0.000000), liquidity (measured by loan-to-deposit ratio) (0.002151), and profit growth (0.000000). The significance of p-values depicts a non-normal distribution for all the variables. This was further confirmed by the skewness coefficients which are greater than one in all the variables share price (1.244474), deposits growth (8.775674), total assets growth (8.775676), liquidity (measured by loan-to-deposit ratio) (1.148950), and profit growth (4.062147). The kurtosis coefficient provides a second level of confirmation that all the variables are non-normally distributed except share price (3.638990), deposits growth (78.01252), total assets growth (78.01255), liquidity (measured by loan-to-deposit ratio) (4.788295), and profit growth (24.14268).

4.2 Regression Results (OLS)

After the application of the ordinary least square (OLS) estimation method on the model earlier suggested in the previous chapter, the following results shown in the table below was obtained.

Table 2: Spearman Rank Order Covariance Analysis

Variable	Coefficient	Standard Error	t-Stat	p-Value
TDPG	-0.003849	0.003749	-1.026558	0.3084
TAG	-0.001376	0.003094	-0.444755	0.6580
LTDR	7.235332	3.814099	-1.896996	0.00011
PFTG	0.032134	0.455282	0.070581	0.9439
C	16.03894	10.11292	1.585985	0.1175
R2 = 0.89, Adjusted R2 = 0.87, F-Stat = 41.91240, Prob(F-stat) = 0.0000, D.W. Stat. = 1.46				

Source: E-views 10 software

Total Deposit Growth: Total deposit growth has a coefficient of -0.003849 which shows that a unit increase in total deposit growth increases the share price of deposit money banks in Nigeria by 0.38%, and the probability value (0.3084 > 0.05) shows that total deposit growth has a negative and non-significant relationship with share price of deposit money banks in Nigeria.

Total Asset Growth: Total asset growth has a coefficient of -0.001376 which shows that a unit increase in total asset growth increases the share price of deposit money banks in Nigeria by 0.14%, and the probability value of (0.6580 > 0.05) shows that total asset growth has a non-significant relationship with share price of deposit money banks in Nigeria.

Liquidity growth: Liquidity Growth has a coefficient of 7.235332 which shows that a unit increase in liquidity growth decreases the share price of deposit money banks in Nigeria by 7.24%, and the probability value of

 E-ISSN: 2959-9121

(0.00011 < 0.05) shows that liquidity growth has a significant effect on the share price of deposit money banks in Nigeria.

Profit Growth: Profit growth has a coefficient of 0.032134 which shows that a unit increase in profit growth increases the share price of deposit money banks in Nigeria by 0.03%, and the probability value of (0.9439 > 0.05) shows that deposit growth has a non-significant relationship with share price of deposit money banks in Nigeria.

4.3 Test of Hypotheses

Step 1: Restatement of the Hypothesis in Null and Alternate Form

Step 2: Statement of Decision Criteria

Step 3: Presentation of Test Results

Step 4: Decision

Statement of Decision Criteria

The decision rule regarding the correlation coefficient (r) is as follows:

If the calculated correlation coefficient (r) is > 0.7, the Null Hypothesis is rejected.

If the calculated correlation coefficient (r) is < 0.7, the Null Hypothesis is accepted.

Hypothesis One

H_{01}: Total deposits growth does not have a good alliance with the share price of deposit money banks in Nigeria.

H_{01}: Total deposits growth has a good alliance with the share price of deposit money banks in Nigeria.

Step 2: Statement of Decision Criteria

The decision rule regarding the correlation coefficient (r) is as follows:

If the calculated correlation coefficient (r) is greater than 0.7, the Null Hypothesis is rejected.

If the calculated correlation coefficient (r) is less than 0.7, the Null Hypothesis is accepted.

Step 3: Presentation of Test Results.

Using table 2, this implies that increase in total deposit growth results in a statistically non-insignificant increase in the share price of deposit money banks in Nigeria. This also implies that total deposit growth does not have a strong relationship with share price and cannot be used to predict the Share Price in the Nigerian banking industry.

Hypothesis Two

Step 1: Restatement of the Hypothesis in Null and Alternate Form

H_{02} Total growth does not have a good association with the share price of deposit money banks in Nigeria.

H_{02}: Total growth has a good association with the share price of deposit money banks in Nigeria.

Step 2: Statement of Decision Criteria

The decision rule regarding the correlation coefficient (r) is as follows:

 E-ISSN: 2959-9121

If the calculated correlation coefficient (r) is greater than 0.7, the Null Hypothesis is rejected.

If the calculated correlation coefficient (r) is less than 0.7, the Null Hypothesis is accepted.

Using table 2, this implies that increase in total asset growth results in a statistically non-significant increase in the share price of deposit money banks in Nigeria. This also implies that total asset growth does not have a strong relationship with share price and cannot be used to predict the Share Price in the Nigerian banking industry.

Hypothesis Three

Step 1: Restatement of the Hypothesis in Null and Alternate Form

H_{03}: Liquidity does not have a strong relationship with the share price of deposit money banks in Nigeria.

H_{03}: Liquidity has a strong relationship with the share price of deposit money banks in Nigeria.

Step 2: Statement of Decision Criteria

The decision rule regarding the correlation coefficient (r) is as follows:

If the calculated correlation coefficient (r) is greater than 0.7, the Null Hypothesis is rejected.

If the calculated correlation coefficient (r) is less than 0.7, the Null Hypothesis is accepted.

Table 1 was used to test hypothesis three. The result implies that increase in liquidity (measured by loan-to-deposit ratio) results in a relatively significant increase in the share price of deposit money banks in Nigeria. However, it also implies that liquidity (measured by loan-to-deposit ratio) have a relatively strong relationship with share price and can be used to predict the share price in the Nigerian banking industry.

Hypothesis Four

Step 1: Restatement of the Hypothesis in Null and Alternate Form

H_{04}: Profit growth does not have a good association with the share price of deposit money banks in Nigeria.

H_{04}: Profit growth has a good association with the share price of deposit money banks in Nigeria.

Step 2: Statement of Decision Criteria

The decision rule regarding the correlation coefficient (r) is as follows:

If the calculated correlation coefficient (r) is greater than 0.7, the Null Hypothesis is rejected.

If the calculated correlation coefficient (r) is less than 0.7, the Null Hypothesis is accepted.

Table 2 was used to test hypothesis four. It then implies that an increase in profit growth results in a statistically non-significant increase in the share price of deposit money banks in Nigeria. Also, profit growth does not have a strong relationship with share price and cannot be used to predict the Share Price in the Nigerian banking industry.

4.4 Discussion of Findings

Relationship between Total Deposit Growth and Share Price

The test of hypothesis one revealed that total deposit growth has a negative and non-critical alliance with share price of deposit money banks in Nigeria. The study is in tandem with the a priori expectations of the researcher

 E-ISSN: 2959-9121

because increase in total deposits signals to the investors that the banks are doing well and have potential to make return on investment.

Relationship between Total Asset Growth and Share Price

The test of hypothesis two revealed that total asset growth has a negative and non-significant association with share price of deposit money banks in Nigeria. The study is in tandem with the a priori expectations of the researcher in terms of direction because increase in total assets for a bank should signal to the investors that the banks are doing well and have potential to make return on investment.

Relationship between Liquidity and Share Price

The test of hypothesis three revealed that liquidity measured by loan-to-deposit ratio has a relatively strong and negative relationship with share price of deposit money banks in Nigeria. The study is in tandem with the a priori expectations of the researcher in terms of direction because increase in loan-to-deposit ratio can potentially result to a decrease in share price due to various reasons related to risk perception and market sentiment. The result tallies with the findings of Adelowotan and Oshadare (2017), who found a positive relationship between deposit growth and performance.

Relationship between Profit Growth and Share Price

The test of hypothesis four revealed that profit growth has a negative and non-significant association with share price of deposit money banks in Nigeria. The finding contradicts the a priori expectations of the researcher because profit growth should signal to investors that the bank is doing well which should result to a rise in the demand for its shares and increased share price. There are several justifications to the findings: The finding collaborates with the findings of Thomas and Ilat (2021) and Haque (2021) who found a positive association between asset growth and share price.

5. Conclusion and Recommendations

5.1 Summary of Findings

The findings of this research work are summarized as follows:

- Total deposits growth has a negative and non-significant alliance with share price of deposit money banks in Nigeria with coefficient value of -0.003849 and the probability value (0.3084 > 0.05) significant level
- Total assets growth has a negative and non-significant association with the share price of deposit money banks in Nigeria with correlation coefficient value of -0.001376 and the probability value (0.6580 > 0.05) significant level.
- Liquidity has a positive and significant relationship with the share price of deposit money banks in Nigeria with correlation coefficient of 7.235332 and probability value (0.00011 < 0.05) significant level
- Profit growth has a negative and non-significant association with the share price of deposit money banks in Nigeria with correlation coefficient of -0.032134 and probability value of (0.9439 > 0.05) significant level.

 E-ISSN: 2959-9121

5.2 Conclusions

This study examined the effect of growth indices on the value of ordinary shares of deposit money banks in Nigeria. Theoretically, these indices are expected to be positively related to the ordinary share price of deposit money banks. A weak positive correlation between total deposit growth and share price aligns with expectations, indicating that increased deposits are viewed positively by investors. However, other factors influence share prices, urging caution in solely attributing changes to deposit growth. A weak positive correlation between total asset growth and share price supports the hypothesis that expanded assets signal improved financial strength and potential profitability to investors which always lead to a rise in the price of shares. Nevertheless, share prices are influenced by macro trends, sentiment, and decisions beyond asset growth.

5.3 Recommendations

The following recommendations were made by the researchers:

- It is recommended for banks to focus on sustaining and enhancing their deposit growth strategies. However, since the relationship is not exceedingly strong, banks should also diversify their efforts to improve other aspects of their financial performance, such as operational efficiency, asset quality, and customer satisfaction. By maintaining a healthy deposit growth trajectory alongside prudent risk management and strategic planning, banks can attract investor confidence and contribute to positive share price movements. Moreover, transparent communication with investors about the bank's growth strategies and overall financial health is essential to align expectations and foster positive sentiment.
- Banks should focus on holistic financial management, including risk assessment, liquidity maintenance, and capital allocation. By demonstrating a balanced approach to growth and maintaining transparent communication about asset expansion strategies, banks can foster investor trust, positive sentiment, and potential upward movement in share prices.
- Banks should prioritize liquidity management as a key driver of investor confidence. While higher loan-to-deposit ratios might be necessary for certain banking operations, banks should aim to strike a balance that ensures financial stability and risk mitigation. Transparently communicating liquidity management strategies and demonstrating proactive risk assessment can reassure investors about the bank's ability to meet short-term obligations.
- Banks should focus on delivering sustainable and high-quality profit growth. This includes transparently communicating the sources of profit growth, avoiding reliance on non-recurring items, and aligning growth strategies with long-term sustainability.

5.4 Contribution to Knowledge

The contributions to knowledge within this research are significant and encompass the following:

- This study furnishes empirical evidence regarding the connections between critical independent variables, namely, total deposit growth, total asset growth, liquidity, and profit growth, and the fluctuations in share prices within the Nigerian deposit money banking sector. These empirical insights offer a deeper comprehension of how these variables interplay and exert influence on share price movements.

- Through the analysis of weak, strong, positive, or negative relationships among these variables and share prices, this research illuminates the manner in which investors perceive and respond to different financial and operational aspects of deposit money banks. Consequently, this augments the understanding of market sentiment and the decision-making processes of investors.

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