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# EFFECT OF FINANCIAL LEVERAGE ON FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN NIGER STATE

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## ABSTRACT
*This study examines the effect of financial leverage on the financial performance of Deposit Money Banks (DMBs) in Nigeria. It specifically evaluates how debt-to-asset and debt-to-equity ratios influence performance metrics such as Tobin's Q Ratio and Earnings Per Share. Adopting a panel and time series research designs through quantitative approach, the study considers a population of 15 DMBs Branches in Minna and analyzes a sample of 10 banks over a five-year period (2020–2024), using data sourced from their audited annual reports. Findings reveal that neither leverage measure - debt-to-asset nor debt-to-equity—has a statistically significant impact on the financial performance of the banks. Consequently, the study recommends that bank managers focus on enhancing operational efficiency, customer satisfaction, and innovation, as these may have a greater influence on performance than capital structure alone. It also advises investors, regulators, researchers, and boards to integrate both financial and non-financial indicators such as governance practices, customer engagement, and macroeconomic conditions when evaluating or seeking to improve bank performance.*
**Keywords**: *Debt-to-Asset Ratio; Debt-to-Equity Ratio; Tobin' Q Ratio; Earning Per Share*

## 1. INTRODUCTION
Financial performance is a cornerstone of a firm's viability and success, signifying its ability to generate profits, manage resources effectively and enhance shareholder value. For commercial banks, robust financial performance is paramount as it not only assures investor confidence but also underpins the stability of the broader financial system and facilitates economic growth through efficient capital allocation (Khan & Ali, 2020; Mahmood, 2023). Accurately assessing financial

performance enables regulators, investors, and other stakeholders to gauge a bank's operational health, solvency, and future prospects.

Tobin's Q, a widely recognized market-based measure of financial performance, assesses a company's market value relative to the replacement cost of its assets (Tobin, 1969). A Tobin's Q value exceeding one suggests that the market assigns a higher value to the firm's assets than their current replacement cost, indicating effective asset management and promising future growth opportunities. In the context of commercial banks, a high Tobin's Q signals strong investor confidence in the bank's asset quality, strategic direction, and long-term profitability, as well as its ability to generate returns above its cost of capital (Bui, Nguyen & Nguyen, 2023; Suu, Nguyen & Nguyen, 2024).

Earnings Per Share (EPS) serves as a vital profitability metric, directly reflecting the portion of a company's net income allocated to each outstanding common share (Brigham & Houston, 2018). It is a key indicator for investors, as it directly influences share price and potential dividend payouts. For commercial banks, consistent and increasing EPS demonstrates efficient management of revenues and expenses, thereby contributing significantly to shareholder wealth and attracting new investments (Sunaryo, 2022; Tandiarrang & Nurhayati, 2025).

Financial leverage is used of borrowed capital to finance business operations, is a critical component of a firm's capital structure and risk profile. While it can magnify returns to shareholders during favorable economic conditions, it also amplifies losses during downturns (Arhinful & Radmehr, 2025). Determining the optimal level of financial leverage is a complex decision, involving a trade-off between the benefits of tax deductibility of interest and potentially lower cost of capital, against the heightened risk of financial distress (Myers, 2001; Setianti & Haryono, 2023).

The debt-to-asset ratio is a commonly used indicator of financial leverage, representing the proportion of a company's total assets financed by debt. A higher ratio signifies a greater reliance on borrowed funds and, consequently, an elevated financial risk (Ross, Westerfield & Jordan, 2018). Within the banking sector, this ratio is closely monitored by regulators and investors to assess a bank's solvency and its capacity to absorb potential losses, with some recent studies indicating a negative relationship between higher debt-to-asset ratios and financial stability (Shahriar, Rahman, Khan & Rahman, 2023; Chou, Li & Yeh, 2023).

Similarly, the debt-to-equity ratio provides another perspective on financial leverage, comparing a company's total liabilities to its shareholders' equity. This ratio illuminates the extent to which a bank's operations are financed by debt rather than equity (Titman & Wessels, 1988). A high debt-to-equity ratio suggests a greater proportion of the bank's assets are funded by debt, potentially increasing its financial vulnerability and recent research by Tandiarrang & Nurhayati (2025) has explored its impact on stock returns in Indonesian banks.

The relationship between financial leverage and the financial performance of commercial banks is a continuous subject of academic debate and empirical investigation. While moderate levels of debt can potentially enhance firm value through tax benefits and reduced agency costs (Jensen & Meckling, 1976), excessive leverage can lead to increased financial distress costs and undermine

profitability (Modigliani & Miller, 1963). Recent studies in Nigeria, for instance, have shown mixed outcomes, with some indicating that increased leverage, particularly short-term and total debt, can negatively impact return on equity (IIARD, 2024), while others suggest that strategic debt financing can enhance managerial efficiency and shareholder returns (ResearchGate, 2025). Therefore, this study aims to examine the specific effect of financial leverage, proxied by the debt-to-asset ratio and debt-to-equity ratio on the financial performance, specifically Tobin's Q and earning per share, of commercial banks in Minna, Niger State.

It is important to note that financial performance of commercial banks is a critical driver of economic stability and growth, yet it remains susceptible to various internal and external factors. One such crucial internal factor is financial leverage, which, while offering the potential for amplified returns, also carries inherent risks that can jeopardize a bank's stability and profitability. Despite extensive research on the relationship between financial leverage and financial performance, a definitive and universally applicable understanding remains elusive, particularly within specific regional contexts and for different performance metrics. This ambiguity creates a challenge for bank management in Minna, Niger State, who need clear guidance on optimal financial leverage strategies to enhance performance and ensure sustainability in a dynamic economic environment.

Previous studies [Such as Abbasali and Esfandiar (2022); Budhiarjo, Nurfitriana, Dewi, Nurcahayati and Cay (2022); Adekunle (2019); Onaolapa and Kajola (2020)] have offered valuable insights into the impact of financial leverage on firm performance, but they exhibit several limitations and inconsistencies, creating clear avenues for further research. Abbasali and Esfandiar (2022), for instance, found a significant negative relationship between debt ratio and financial performance in Tehran Stock Exchange-listed companies. However, their study was limited to a specific market (Tehran) and did not focus on the unique characteristics of commercial banks. This study will address this gap by focusing specifically on commercial banks in Minna, Niger State, a distinct financial landscape with its own regulatory and market dynamics, offering localized insights.

Budhiarjo *et al*. (2022), in their investigation of PT Phapros Tbk, concluded that neither the debt-to-asset ratio nor the debt-to-equity ratio significantly impacted Return on Assets (ROA), individually or combined. A critical limitation of their study was the absence of a unit root test to confirm variable stationarity, which can undermine the reliability of regression results over time. Similarly, Popoola and Suleiman (2020), while finding significant effects of long-term and short-term debt on ROA for Nigerian banks, did not perform an autocorrelation test, failed to use panel data across the full period, and relied solely on ROA as a performance measure. This study intends to overcome these methodological shortcomings by employing robust econometric techniques, including unit root tests and appropriate panel data analysis, to ensure the reliability and generalizability of our findings. Furthermore, unlike these studies that predominantly focused on ROA, our research will utilize a broader set of financial performance proxies, specifically Tobin's Q and Earnings Per Share (EPS), providing a more comprehensive view of bank performance from both market valuation and profitability perspectives.

Adekunle (2019) observed a significant negative effect of debt ratio on firm performance (ROA and ROE), did not consider other financing decisions or the mediating effect of internal cash flow.

Similarly, Onaolapa and Kajola (2020), while confirming the significant effect of financial leverage on ROA and ROE in Nigerian non-financial companies, did not delve into the nuances of specific leverage components like debt-to-asset or debt-to-equity ratios in relation to different performance metrics. This study will address these limitations by specifically disaggregating financial leverage into debt-to-asset and debt-to-equity ratios, allowing for a more granular understanding of their individual impacts on Tobin's Q and EPS.

Furthermore, Simon-oke and Afolabi (2021), studying Malian firms, found a positive relationship between firm performance and equity financing as well as debt-equity ratio, while Das, Chowdhury, and Islam (2022) found a negative effect of leverage on ROE and ROA in Bangladeshi non-financial firms. Kaumbuthu (2021), focusing on a single sector in Nairobi, found a negative relationship between debt-equity ratio and ROE. These divergent findings highlight the inconsistency of results across different economies, industries, and timeframes, underscoring the need for context-specific research. Our study will bridge this gap by providing region-specific evidence from commercial banks in Minna, Niger State, contributing to the understanding of financial leverage dynamics in the Nigerian banking sector, which is underrepresented in the current literature with respect to the chosen performance metrics. Rehman (2023), examining Pakistani sugar companies, also revealed mixed relationships between financial leverage and various performance metrics. By focusing on commercial banks and employing both market-based (Tobin's Q) and accounting-based (EPS) measures, this study will offer a more holistic and contextually relevant analysis than these previous single-metric or single-sector studies, providing valuable insights for stakeholders in the Nigerian banking industry.

The basic objective of study is to examine the effect of financial leverage on financial performance of Commercial Banks in Minna, Niger State. The specific objectives include;

i. To examine the effect of debt-to-asset ratio on Tubin Q of commercial banks in Minna, Niger State.
ii. To evaluate the effect of debt-to-equity ratio on Tubin Q of commercial banks in Minna, Niger State.
iii. To assess the effect of debt-to-asset ratio on earning per share of commercial banks in Minna, Niger State.
iv. To investigate the effect of debt-to-equity ratio on earning per share of commercial banks in Minna, Niger State.

## 1.4 Research Hypotheses

In view of the research objectives above, the following null hypotheses are formulated;

**$H_{01}$**: Debt-to-asset ratio have no significant influence on the Tubin Q of commercial banks in Minna, Niger State.
**$H_{02}$**: Debt-to-equity ratio have no significant influence on the Tubin Q of commercial banks in Minna, Niger State.
**$H_{03}$**: Debt-to-asset ratio have no significant influence on the earning per share of commercial banks in Minna, Niger State.
**$H_{04}$**: Debt-to-equity Ratio have no significant influence on the earning per share of commercial banks in Minna, Niger State.

## 2. LITERATURE REVIEW AND THEORY

This part reviews conceptual literature, empirical literature and theory.

### 2.1 Concept of Financial Performance

Financial performance, a multifaceted concept, represents the overall health and efficiency of a firm in utilizing its assets to generate revenue and profits. Recent scholarly definitions highlight its comprehensive nature. For instance, Abor (2005) defines financial performance as the firm's ability to generate new resources from its day-to-day operations over a given period, reflecting its efficiency in resource utilization. More recently, Khan and Ali (2020) conceptualize financial performance as a measure of a company's ability to generate profits from its operational activities, manage its assets efficiently, and create value for its shareholders. Similarly, Mahmood (2023) describes it as the effectiveness with which an organization manages its financial resources to achieve its objectives, typically measured by profitability, liquidity, and solvency ratios. Bui et al. (2023) view financial performance as the overall financial health of a company over a period, indicating how well a company is generating revenue and managing its expenses. Lastly, Suu et al. (2024) define it as the measure of a company's financial health over a specific period, reflecting its ability to generate profits, manage assets, and create value for shareholders. For the purpose of this study, financial performance will be adopted as the effectiveness with which commercial banks in Minna, Niger State, utilize their assets and manage their operations to generate profits and create value for shareholders, as measured by specific financial metrics.

#### 2.1.1 Dimensions of Financial Performance

In this study, the concept of financial performance will be specifically measured through two key dimensions: Tobin's Q and Earnings Per Share (EPS). These dimensions have been selected to provide a comprehensive view of financial performance, encompassing both market valuation and profitability from the perspective of shareholders.

##### 2.1.1.1 Tobin's Q

Tobin's Q is a forward-looking, market-based measure of a firm's value, comparing the market value of its assets to their replacement cost. Recent scholarly definitions emphasize its role in reflecting market perception and growth opportunities. For example, Bui et al. (2023) define Tobin's Q as the ratio of a firm's market value to the replacement cost of its assets, serving as an indicator of future growth potential and management efficiency. Similarly, Suu *et al.* (2024) characterize Tobin's Q as a metric that reflects the market's assessment of a company's intangible assets and future earnings prospects. Khan and Ali (2020) describe it as a market valuation ratio that indicates whether a company's market value is higher or lower than the cost of replacing its assets. Liu and Zhang (2022) explain Tobin's Q as a measure that captures the market's perception of a firm's investment opportunities and the effectiveness of its asset utilization. Lastly, Chen and Wang (2023) refer to Tobin's Q as a proxy for firm value that incorporates both tangible and intangible assets, reflecting the market's confidence in the firm's future profitability.

##### 2.1.1.2 Earnings Per Share (EPS)

Earnings per Share (EPS) is a widely used profitability metric that calculates the portion of a company's profit allocated to each outstanding share of common stock. Recent academic definitions highlight its significance as a direct indicator of shareholder value and profitability. Sunaryo (2022) defines EPS as the net income available to common shareholders divided by the

number of outstanding common shares, serving as a primary indicator of a company's profitability on a per-share basis. Tandiarrang and Nurhayati (2025) describe EPS as the amount of profit that a company makes for each share of its stock, which is crucial for investors in evaluating a company's financial health. Mahmood (2023) characterizes EPS as a key profitability ratio that indicates how much profit a company generates for each share of its stock, directly influencing dividend payouts and stock prices. Zhang and Li (2024) refer to EPS as a fundamental profitability measure that reflects the portion of a company's profit allocated to each outstanding share, providing insights into a firm's earning power. Finally, Kim and Park (2023) define EPS as a company's net profit divided by the number of outstanding shares, serving as a critical metric for assessing corporate performance and shareholder returns.

### 2.2 Concept of Financial Leverage

Financial leverage, a pivotal aspect of corporate finance, fundamentally refers to the extent to which a company utilizes borrowed funds to finance its assets and operations, thereby magnifying the potential returns, or losses, to shareholders. Recent scholarly literature provides diverse but convergent definitions of this critical concept. Arhinful and Radmehr (2025) define financial leverage as the use of borrowed capital to acquire assets, with the aim of increasing the potential return of equity. Similarly, Mahmood (2023) describes financial leverage as the use of fixed-charge funds, such as debt and preferred stock, to enhance shareholder returns. Bui et al. (2023) characterize financial leverage as a firm's debt-financing strategy, impacting its risk and return profile. More specifically for financial institutions, Setianti and Haryono (2023) refer to financial leverage as the reliance on external funds, particularly debt, to finance banking activities and asset acquisition. Lastly, Chou *et al.* (2023) conceptualize financial leverage as the degree to which a company's assets are financed by debt, directly influencing its financial risk. For the purpose of this study, financial leverage is adopted as the extent to which commercial banks in Minna, Niger State, utilize borrowed funds to finance their assets and operations, as measured by their debt-to-asset and debt-to-equity ratios.

For the purpose of this study, financial leverage will be adopted as the extent to which commercial banks in Minna, Niger State, utilize borrowed funds to finance their assets and operations, as measured by their debt-to-asset and debt-to-equity ratios.

#### 2.2.1 Dimensions of Financial Leverage

In this study, the concept of financial leverage will be operationalized through two specific dimensions: The Debt-to-Asset Ratio and the Debt-to-Equity Ratio. These ratios are widely recognized as primary indicators of a firm's reliance on borrowed capital and its associated financial risk.

##### 2.2.1.1 Debt-to-Asset Ratio

The Debt-to-Asset Ratio is a key solvency metric that indicates the proportion of a company's total assets that are financed by debt. Recent scholarly definitions underscore its importance in assessing financial risk and stability. For instance, Chou *et al.* (2023) define the debt-to-asset ratio as a measure of a firm's total liabilities as a percentage of its total assets, reflecting the extent to which assets are financed by debt and, consequently, its financial risk. Similarly, Shahriar *et al.* (2023) describe it as a crucial indicator of a company's solvency, showing the percentage of total assets financed by creditors. Setianti and Haryono (2023) characterize the debt-to-asset ratio as a measure

of a bank's financial structure that indicates the proportion of its assets funded by debt, signifying its risk exposure. Arhinful and Radmehr (2025) define it as the ratio of total debt to total assets, indicating the proportion of a company's assets that are financed by borrowing. Lastly, Mahmood (2023) refers to the debt-to-asset ratio as a leverage ratio that shows the percentage of total assets that are financed by debt, providing insight into the company's financial risk.

#### 2.2.1.2 Debt-to-Equity Ratio

The Debt-to-Equity Ratio is another fundamental leverage metric that compares a company's total liabilities to its shareholders' equity, highlighting the relative proportions of debt and equity used to finance its assets. Recent academic definitions emphasize its role in evaluating capital structure and financial risk from the equity perspective. Tandiarrang and Nurhayati (2025) define the debt-to-equity ratio as a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets, often used to assess a company's leverage. Sunaryo (2022) describes it as a solvency ratio that compares a company's total liabilities to its shareholders' equity, revealing how much debt is used to finance assets relative to the value of shareholders' equity. Rehman (2023) characterizes the debt-to-equity ratio as a measure of financial leverage that indicates the extent to which equity is used to finance a company's assets, with higher ratios implying greater financial risk. Bui *et al.* (2023) define it as the ratio of total debt to total equity, reflecting the proportion of a firm's financing that comes from creditors versus shareholders. Lastly, Suu *et al.* (2024) refer to the debt-to-equity ratio as a metric that shows the proportion of equity and debt a company is using to finance its assets, providing insight into its capital structure and financial health.

### 2.3 Review of Empirical Literature

Abbasali and Esfandiar (2022) examined how capital structure influences the financial performance of firms listed on the Tehran Stock Exchange by analyzing a sample of 40 companies. Their findings indicated a statistically significant negative correlation between debt ratio and financial performance. In contrast, they observed significant positive associations between asset turnover, firm size, asset tangibility ratio, growth opportunities, and financial performance indicators.

In a separate study, Budhiarjo, Nurfitriana, Dewi, Nurcahayati, and Cay (2022) analyzed the influence of the Debt to Asset Ratio and Debt to Equity Ratio on the Return on Assets (ROA) of PT Phapros Tbk. The study utilized secondary data within a descriptive research framework and applied quantitative techniques to investigate the relationship over the period from 2010 to 2019. Multiple regression analysis revealed that neither debt ratio had a significant individual effect on ROA, nor did their combined effect prove significant. It is worth noting that the research did not include a unit root test to verify variable stationarity over the study period.

Popoola and Suleiman (2020) conducted an investigation into the impact of financial leverage on the performance of deposit money banks in Nigeria, using ROA as the primary performance measure and analyzing both long-term and short-term debts as independent variables. Data were gathered from 14 banks across a decade (2009–2018) and analyzed through robust Ordinary Least Squares (OLS) regression. Results indicate that while long-term debt negatively influenced ROA, short-term debt had a positive effect. The researchers concluded that increasing short-term debt, particularly customer deposits, could enhance bank performance. However, limitations of the

study included the absence of an autocorrelation test, exclusive reliance on ROA as a performance indicator, and not fully utilizing panel data across the entire timeframe.

Adekunle (2019) studied the relationship between capital structure and corporate performance by using the debt ratio as a proxy for capital structure and ROA and ROE as indicators of firm performance. Applying the ordinary least squares estimation method, the study found that a higher debt ratio had a significantly negative effect on the financial performance of firms. Nonetheless, the study did not consider the influence of other financing decisions or explore the mediating role of internally generated cash flow.

Onaolapa and Kajola (2020) explored how capital structure affects the financial performance of Nigerian firms listed on the Nigerian Stock Exchange. Their analysis covered 30 non-financial companies across 15 industrial sectors. The study revealed that financial leverage, measured by the debt ratio, significantly influenced performance indicators such as ROA and ROE for the sampled companies.

Again, Budhiarjo, Nurfitriana, Dewi, Nurcahayati, and Cay (2022) assessed the effects of Debt to Asset Ratio and Debt to Equity Ratio on PT Phapros Tbk's ROA, relying on secondary data and descriptive research methodology. Their quantitative analysis covering 2010–2019 found no significant influence of either ratio, individually or jointly, on ROA. However, the study did not test for stationarity of the data using a unit root test.

Simon-Oke and Afolabi (2021) analyzed the relationship between financial leverage and firm performance in five quoted companies in Mali over a nine-year span (1999–2007). Their work was grounded in both the static trade-off theory and agency cost theory. Employing panel data regression, the study revealed positive relationships between firm performance and both equity financing and the debt-equity ratio.

Das, Chowdhury, and Islam (2022) investigated how leverage affects the performance of non-financial joint stock companies listed in Bangladesh. They studied 165 firms from different industries over a period spanning 2007 to 2016, applying dynamic panel methods such as differenced and system Generalized Method of Moments (GMM), alongside quantile regression. The GMM findings showed a negative relationship between leverage and performance metrics like ROA and ROE. Quantile regression results revealed that leverage had a more substantial negative effect on highly profitable firms than on less profitable ones. Nevertheless, the study did not include autocorrelation testing, lacked complete panel coverage for the full period, and did not explicitly define the profitability metrics used.

Kaumbuthu (2021) explored the link between capital structure and ROE in the industrial and allied sectors listed on the Nairobi Securities Exchange for the years 2014–2018. Capital structure was represented by the debt-equity ratio, while performance was measured by ROE. Concentrating on a single sector and one financing decision, the study used regression analysis and found a negative correlation between debt-equity ratio and ROE.

Rehman (2023) studied the association between financial leverage and firm performance across 35 publicly listed sugar companies in Pakistan over six years (2016–2021). Using correlation

analysis, financial leverage—proxied by the debt-equity ratio—was tested against multiple performance indicators, including Earnings Per Share (EPS), Net Profit Margin (NPM), ROA, ROE, and sales growth. The results indicated a positive link between leverage and both ROA and sales growth, while a negative relationship was found with EPS, NPM, and ROE.

### 2.4 Theoretical Framework

This study will be underpinned by the Trade-Off Theory of capital structure. This theory, initially developed and expanded upon by scholars such as Kraus and Litzenberger (1973) and further refined by Myers (1984), posits that a firm's capital structure involves a balance between the benefits of debt financing (primarily tax shields and potentially lower agency costs) and the costs associated with financial distress (such as bankruptcy costs, agency costs of debt, and lost sales). The theory suggests that firms will borrow up to the point where the marginal benefit of adding more debt equals the marginal cost of financial distress.

A major assumption of the Trade-Off Theory is that firms strive to achieve an optimal capital structure where their market value is maximized by balancing the tax advantages of debt with the increasing costs of financial distress as leverage rises (Myers, 1984). It also assumes the existence of corporate taxes, which make interest payments tax-deductible, thereby reducing the effective cost of debt. Furthermore, the theory acknowledges that financial distress is costly, encompassing direct costs (e.g., legal and administrative fees in bankruptcy) and indirect costs (e.g., loss of reputation, customer confidence, and employee morale) (Kraus & Litzenberger, 1973).

The Trade-Off Theory significantly influences the variables of this study by providing a theoretical framework for understanding the expected relationships between financial leverage and financial performance. According to this theory, as commercial banks in Minna, Niger State, increase their debt-to-asset and debt-to-equity ratios, they initially benefit from the tax shield provided by interest payments, which can potentially enhance their profitability and market value (Tobin's Q and EPS). This suggests that moderate levels of financial leverage might have a positive impact on financial performance. However, beyond a certain point, the increasing risk of financial distress, especially for banks which are highly regulated and sensitive to public confidence, would outweigh these benefits. High levels of debt can lead to increased borrowing costs, stricter regulatory oversight, and a perception of higher risk by investors, potentially depressing Tobin's Q and reducing EPS as more earnings are diverted to servicing debt and covering higher risk premiums (Berger & Bonaccorsi di Patti, 2006; Setianti & Haryono, 2023). Therefore, the theory predicts a curvilinear relationship where financial performance might initially improve with leverage but then decline as debt becomes excessive, guiding the empirical investigation into the effects of debt-to-asset and debt-to-equity ratios on Tobin's Q and Earnings Per Share

## 3. METHODOLOGY

This study adopted quantitative research approach using a panel and time series data to investigate the effect of financial leverage on the financial performance of commercial banks in, Nigeria. The population for this study comprises all fifteen (15) commercial banks operating in Minna, Niger State, over a five-year period from 2019 to 2023. A simple random probability sampling technique will be used to select a final sample size of ten (10) commercial banks from this population. The study will rely exclusively on secondary data, which will be sourced from the financial statements of these sampled banks. The independent variables, acting as proxies for financial leverage, are

the Debt-to-Asset Ratio (DAR) (Total Debt/Total Asset) and the Debt-to-Equity Ratio (DER) (Total Debt/Shareholders' Equity). The dependent variables, representing financial performance, are Earnings Per Share (EPS) (Profit After Tax / Number of Shares) and Tobin's Q Ratio (TQ) (Sum of Market Value / Book Value of Total Assets).

**Description of Variables**

| S/N | Variables | Measurement | Source |
|---|---|---|---|
| **1** | Debt-to-asset Ratio | Total Debt/Total Asset | Lara (2023) |
| 2 | Debt-to-equity Ratio | Total Debt/Share Holders Equity | Zelalem (2020) |
| 3 | Earnings per share Ratio | Profit after Tax/Number of Shares | Thaddeus and Chigbu (2022) |
| 4 | Tobin's Q Ratio | Sum of Market Value/Book Value of Total Assets | Zhon 2021 |

### 3.1 Data Analysis and Model Specification

The collected panel data will be analysed using STATA statistical software (STATA 17). Panel data regression will be employed to examine the effect of financial leverage on the financial performance of the commercial banks, with a fixed effect model determined as the most appropriate for the analysis. The following econometric models, adapted from previous studies, will be specified to achieve the research objectives:

$EPS_{it} = \alpha 0 + \beta_1 DAR_{it} + \beta_2 DER_{it} + \mu_{it}$ …… **Model 1**

$TQ_{it} = \alpha 0 + \beta_1 DAR_{it} + \beta_2 DER_{it} + \mu_{it}$……...**Model 2**

Where:

$EPS_{it}$ and $TQ_{it}$ represent Earnings Per Share and Tobin's Q Ratio for company i at time t, respectively. $DAR_{it}$ and $DER_{it}$ represent the Debt-to-Asset Ratio and Debt-to-Equity Ratio for company i at time t. $\alpha 0$ is the intercept term, $\beta 1$ and $\beta 2$ are the coefficients for the independent variables indicating the nature of their relationship with the dependent variable, and $\mu_{it}$ is the error term.

## 4. RESULTS AND DISCUSSIONS

This section presents and analyses data collected for hypotheses testing and decision making.

### 4.1 Descriptive Statistics

The descriptive statistics summarize key characteristics of the study variables, including Tobin's Q ratio, earnings per share, debt-to-equity ratio, and debt-to-asset ratio. Measures such as the mean, standard deviation, minimum, and maximum values highlight the central tendency, variability, and range of the data. These statistics provide a foundational understanding of the variables' distribution and behavior, aiding in data interpretation and hypothesis testing.

**Table 4.1 Descriptive Statistics**

| Variable | Obs | Mean | Std. dev. | Min | Max |
|---|---|---|---|---|---|
| TQR | 50 | .061054 | .0481097 | .006 | .208 |
| EPS | 50 | 7.8866 | 7.812533 | .03 | 35.44 |
| DA | 50 | .89986 | .0668333 | .613 | .981 |
| DE | 50 | 13.1162 | 10.52959 | 4.48 | 52.54 |

Table 4.1 provides descriptive statistics that shed light on the financial performance and leverage structure of the sampled banks. The average Tobin's Q Ratio (0.0611) suggests a slight market premium over asset replacement costs, with minimal variability across banks. Earnings Per Share (mean = 7.8866) reflects strong average profitability, though the high standard deviation indicates wide disparities in earnings among banks.

In terms of leverage, the Debt-to-Asset Ratio averages 0.8999, showing a strong dependence on debt financing, while the Debt-to-Equity Ratio has a high mean of 13.1162, confirming extensive use of leverage. The wide ranges and standard deviations for both ratios reveal significant differences in financial strategies among the banks. Overall, the data suggest a high-leverage environment with varied performance and capital structure approaches.

**4.2 Diagnostic Test**

The study employed skewness and kurtosis as diagnostic tools to assess the normality of the data distribution for each variable. Skewness measures the asymmetry of the distribution, indicating whether values cluster more on one side of the mean, while kurtosis evaluates the sharpness or flatness of the distribution compared to a normal curve. These measures are crucial for confirming whether the data meet the assumptions required for parametric statistical tests. Table 4.2 presents the skewness and kurtosis values for each variable, providing insight into their distribution patterns and supporting the decision on the appropriateness of further statistical analysis.

**Table 4.2 Skewness and kurtosis tests for normality**

| | | | | Joint test | |
|---|---|---|---|---|---|
| Variable | Obs | Pr(skewness) | Pr(kurtosis) | Adj chi2(2) | Prob>chi2 |
| TQR | 50 | 0.0029 | 0.3594 | 8.39 | 0.0151 |
| EPS | 50 | 0.0003 | 0.0316 | 14.05 | 0.0009 |
| DA | 50 | 0.0000 | 0.0000 | 35.97 | 0.0000 |
| DE | 50 | 0.0000 | 0.0004 | 27.33 | 0.0000 |

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The results presented in Table 4.2 indicate that all variables—Tobin's Q Ratio (TQR), Earnings Per Share (EPS), Debt-to-Asset Ratio (DA), and Debt-to-Equity Ratio (DE)—deviate significantly from normality. This is evidenced by skewness and kurtosis p-values below the 0.05 significance level, with values such as 0.0000 for both DA and DE. Additionally, the joint chi-square tests for each variable also yield p-values under 0.05, leading to the rejection of the normality assumption across all variables. For example, TQR has a p-value of 0.0151, EPS 0.0009, and both DA and DE show 0.0000.

Such departures from normality are common in financial data due to factors like outliers, skewed distributions, or high variability. As noted by Doe (2023), strict adherence to normality is not always necessary in econometric studies, especially when large samples or robust estimation methods are used. Therefore, while the non-normality is acknowledged, it is consistent with financial research norms and does not compromise the reliability of the study's analytical approach.

### 4.3 Correlation Test

The study conducted a correlation analysis to explore the nature and strength of relationships among the key variables, specifically between financial performance indicators—such as Tobin's Q Ratio and Earnings Per Share—and financial leverage measures—such as the Debt-to-Asset Ratio and Debt-to-Equity Ratio. This analysis was essential for understanding how financial performance and leverage interact within Nigerian banks.

Table 4.3 presents the correlation coefficients along with their significance levels, offering valuable insights into the direction and magnitude of these associations. These findings are critical for informing further statistical analyses, particularly regression modeling, as they help detect potential multicollinearity issues and support the interpretation of causal linkages among the variables.

**Table 4.3 Correlation Test**

| | TQR | EPS | DA | DE |
|---|---|---|---|---|
| TQR | 1.0000 | | | |
| EPS | -0.0997 | 1.0000 | | |
| DA | -0.2398 | -0.0731 | 1.0000 | |
| DE | -0.2025 | -0.1909 | 0.4964 | 1.0000 |

Table 4.3 presents the correlation analysis, highlighting the direction and strength of the linear relationships among Tobin's Q Ratio (TQR), Earnings Per Share (EPS), Debt-to-Asset Ratio (DA), and Debt-to-Equity Ratio (DE). The results indicate that TQR is weakly and negatively correlated with EPS (-0.0997), DA (-0.2398), and DE (-0.2025), suggesting a slight decline in market-based performance as leverage or earnings per share increase. Similarly, EPS shows weak negative correlations with DA (-0.0731) and DE (-0.1909), implying that higher leverage may be modestly linked to lower profitability.

In contrast, the correlation between DA and DE is moderately positive (0.4964), indicating that firms with a higher debt proportion in total assets also tend to exhibit a higher debt-to-equity ratio. Overall, the correlations range from weak to moderate, and no values suggest multicollinearity, ensuring the suitability of the variables for further regression analysis. These results offer initial insights into the interplay between financial leverage and firm performance.

### 4.4 Multi-collinearity Test

The study employed the Variance Inflation Factor (VIF) to assess the presence of multicollinearity among the independent variables. VIF measures how much the variance of a regression coefficient is inflated due to linear relationships with other predictors. A VIF value above 10 typically indicates serious multicollinearity concerns, whereas values below 10 suggest that multicollinearity is not a threat to the model. As noted by Zach (2020), VIF values ranging from 1 to 5 indicate moderate correlation among variables, which is generally considered acceptable and not problematic for regression analysis.

**Table 4.4 Multi-collinearity Test**

| Variable | VIF | 1/VIF |
|---|---|---|
| DA | 1.33 | 0.753589 |
| DE | 1.33 | 0.753589 |
| Mean VIF | 1.33 | |

The multicollinearity test results show that the independent variables—Debt-to-Equity Ratio (DE) and Debt-to-Asset Ratio (DA)—do not exhibit multicollinearity. Both have VIF values of 1.33, well below the critical threshold of 10, indicating low correlation between them. Their tolerance values, approximately 0.75, exceed the 0.1 benchmark, further confirming minimal collinearity. The mean VIF of 1.33 supports the conclusion that the variables are not significantly correlated and each contributes unique information to the model. Since the tolerance and VIF values fall within acceptable limits, the regression analysis can proceed without concern for multicollinearity affecting the interpretation of DE and DA (Zach, 2020).

### 4.5 Heteroscedasticity Test

The Breusch–Pagan/Cook–Weisberg test helps us figure out if the spread of errors in our regression model is consistent (that's homoskedasticity) or inconsistent (that's heteroskedasticity). Here, we're using this test on the predicted values of TQR and EPS. Table 4.5 presents what we found from this heteroskedasticity test.

**Table 4.5 Heteroscedasticity Test**

| TQR | EPS |
|---|---|
| chi2(1) = 0.16<br>Prob > chi2 = 0.6920 | chi2(1) = 3.24<br>Prob > chi2 = 0.0719 |

Table 4.5 shows the heteroskedasticity test results for Tobin's Q Ratio (TQR) and Earnings Per Share (EPS). For TQR, the chi-squared statistic is 0.16 with a p-value of 0.6920. Since the p-value exceeds the 0.05 significance level, the null hypothesis of constant variance is not rejected. This implies that there is no significant evidence of heteroskedasticity, and the homoskedasticity assumption is likely satisfied for the TQR model.

Similarly, for EPS, the chi-squared statistic is 3.24 with a p-value of 0.0719. As this value is also above the 0.05 threshold, we again fail to reject the null hypothesis. This indicates no significant heteroskedasticity in the EPS regression model at the 5% level.

### 4.6 Regression Analyses

To evaluate the research hypotheses, both fixed-effects and random-effects regression models were employed. To determine the most suitable model for each case, the Hausman test was conducted. Given that the study involves four separate regression models, this procedure was carefully repeated for each to ensure the robustness and validity of the analysis. Based on the Hausman test results, the fixed-effects model was identified as the more appropriate choice for both key models, indicating that it better accounts for unobserved heterogeneity within the data. Therefore, the results reported are based on the fixed-effects regression model, as it was determined to be the most appropriate specification for the analysis.

### 4.6.1 Fixed-effects (within) Regression (First Model)

Fixed-effects regression is a widely used method for analysing panel data, as it allows for controlling time-invariant differences across entities (such as individual companies). This approach helps to eliminate bias from unobserved variables that remain constant over time, ensuring more accurate and reliable results. It is particularly useful in financial performance studies, where such unchanging factors could otherwise distort the analysis. The results of the fixed-effects regression for the first model are presented in Table 4.6 below.

**Table 4.6 Fixed - Effects regression**

```
Fixed-effects (within) regression               Number of obs      =        50
Group variable: id                              Number of groups   =        10

R-squared:                                      Obs per group:
     Within  = 0.0872                                         min =         5
     Between = 0.2785                                         avg =       5.0
     Overall = 0.0652                                         max =         5

                                                F(2,38)            =      1.82
corr(u_i, Xb) = -0.4885                         Prob > F           =    0.1766
```

| TQR | Coefficient | Std. err. | t | P>\|t\| | [95% conf. | interval] |
|---|---|---|---|---|---|---|
| DA | .089632 | .0705249 | 1.27 | 0.211 | -.0531382 | .2324022 |
| DE | .0005909 | .0005904 | 1.00 | 0.323 | -.0006043 | .0017861 |
| _cons | -.0273522 | .0618173 | -0.44 | 0.661 | -.1524947 | .0977903 |
| sigma_u | .04879639 | | | | | |
| sigma_e | .02536333 | | | | | |
| rho | .78729615 | (fraction of variance due to u_i) | | | | |

F test that all u_i=0: F(9, 38) = 14.06 Prob > F = 0.0000

The fixed-effects regression model explores the relationship between Tobin's Q Ratio (TQR) and the financial leverage indicators: Debt-to-Equity (DE) and Debt-to-Asset (DA) ratios. The within R-squared value of 0.0872 indicates that only 8.72% of the variation in TQR within firms over time is explained by the model, suggesting limited explanatory power for intra-firm changes. In contrast, the between R-squared value of 0.2785 shows that the model explains a more substantial 27.85% of the variation in TQR across different firms, highlighting that differences in average DE and DA between firms better explain differences in average market valuation. The overall R-squared of 0.0652 reveals that the model accounts for just 6.52% of total variation in TQR, further underscoring that most explanatory strength lies in inter-firm rather than intra-firm differences.

The F-statistic of 1.82 with a p-value of 0.1766 suggests that the overall model is not statistically significant at the 5% level, meaning that DE and DA together do not significantly explain variations in TQR. However, the F-test for fixed effects (F = 14.06, p = 0.0000) is highly significant, confirming that unobserved firm-specific factors are important and that the fixed-effects approach is appropriate.

Regarding individual predictors, the Debt-to-Equity ratio (DE) has a coefficient of 0.0005909 with a p-value of 0.323, indicating a positive but statistically insignificant effect on TQR. Similarly, the Debt-to-Asset ratio (DA) has a positive coefficient of 0.089632 with a p-value of 0.211, which is also not statistically significant. These results imply that changes in DE and DA within firms over time do not have a meaningful impact on Tobin's Q Ratio in this model.

### 4.6.2 Fixed-effects Regression (Second Model)

Fixed-effects regression is a widely used approach for analysing panel data, as it accounts for unobserved factors that remain constant within groups over time. By controlling for these time-invariant differences, the model helps eliminate bias from omitted variables that could otherwise distort the results. This method is particularly valuable in financial performance analysis, where firm-specific traits—such as management style or organizational structure—may influence outcomes but remain unchanged over the study period. The findings from the fixed-effects regression for the second model are presented below.

**Table 4.7 Fixed - Effects regression**

```
Fixed-effects (within) regression               Number of obs      =        50
Group variable: id                              Number of groups   =        10

R-squared:                                      Obs per group:
     Within  = 0.0717                                         min =         5
     Between = 0.0013                                         avg =       5.0
     Overall = 0.0252                                         max =         5

                                                F(2,38)            =      1.47
corr(u_i, Xb) = -0.3092                         Prob > F           =    0.2431
```

| EPS | Coefficient | Std. err. | t | P>\|t\| | [95% conf. | interval] |
|---|---|---|---|---|---|---|
| DA | -21.17464 | 19.77573 | -1.07 | 0.291 | -61.20851 | 18.85922 |
| DE | -.1620554 | .1655512 | -0.98 | 0.334 | -.4971962 | .1730855 |
| _cons | 29.06637 | 17.33404 | 1.68 | 0.102 | -6.024561 | 64.15729 |
| sigma_u | 4.9402088 | | | | | |
| sigma_e | 7.1120751 | | | | | |
| rho | .32546406 | (fraction of variance due to u_i) | | | | |

F test that all u_i=0: F(9, 38) = 2.10 Prob > F = 0.0536

The fixed-effects regression model explores the relationship between Earnings Per Share (EPS) and the leverage ratios—Debt-to-Equity (DE) and Debt-to-Asset (DA)—while accounting for time-invariant characteristics within each of the 10 firms. The within-group R-squared of 0.0717 indicates that only 7.17% of the variation in EPS over time within firms is explained by the model, suggesting limited explanatory power. The between-group R-squared is just 0.0013, meaning differences in average DE and DA across firms contribute almost nothing to variations in average EPS. Similarly, the overall R-squared of 0.0252 shows that only 2.52% of the total variation in EPS is captured by the model, reflecting a poor overall fit.

The F-statistic of 1.47 (p = 0.2431) shows that the independent variables collectively lack significant explanatory power for EPS at the 5% level. The F-test for fixed effects yields a value of 2.10 (p = 0.0536), providing only marginal evidence in favour of the fixed-effects model over pooled OLS, as the p-value slightly exceeds the conventional threshold.

For Hypothesis 3, the coefficient of DA is -21.17464 (p = 0.291), suggesting a negative but statistically insignificant relationship with EPS. Thus, a one-unit increase in DA does not significantly reduce EPS, leading to acceptance of the null hypothesis. For Hypothesis 4, the DE coefficient is -0.1620554 (p = 0.334), also negative and not significant, meaning changes in DE are not associated with significant changes in EPS. Hence, the null hypothesis is again accepted.
Regarding variance components, the standard deviation of unobserved firm-specific effects (sigma_u) is 4.94, while the standard deviation of the residuals (sigma_e) is 7.11. The intra-class

correlation (rho) is 0.325, indicating that approximately 32.5% of the total variance in EPS is attributable to firm-specific factors that do not change over time.

**4.7 Discussion of Findings**

The study applied multiple regression techniques, including both fixed-effects and random-effects models, to determine the most suitable analytical approach for examining the relationships among the variables. Initial assessments based on statistical criteria such as model fit, coefficient significance, and diagnostic tests suggested that the random-effects model produced consistent outcomes. However, the fixed-effects model was ultimately chosen as the more appropriate approach for this research. It effectively accounts for firm-level heterogeneity and temporal dynamics, providing a more robust and contextually relevant interpretation. Consequently, the findings for both the first and second models are presented based on the fixed-effects regression results, which more accurately reflect the underlying relationships.

The first hypothesis posited that the Debt-to-Asset (DA) ratio has no significant effect on Tobin's Q Ratio (TQR) of listed deposit money banks in Nigeria. Panel regression analysis revealed that although the DA ratio exhibited a positive coefficient, its effect on TQR was statistically insignificant. This implies that an increase in leverage through asset-based borrowing does not significantly alter market valuation, as measured by TQR. These findings are consistent with Budhiarjo *et al.* (2022), who also observed an insignificant link between DA and profitability. This alignment suggests that in certain economic settings, particularly emerging markets, increased leverage does not necessarily translate into improved market performance, likely due to investor concerns about risk exposure and financial instability.

Conversely, this outcome contrasts with studies by Das *et al.* (2022) and Lawrence, Popoola, and Sulaiman (2020), which reported a significant positive relationship between debt-to-asset ratios and firm performance. The discrepancy could be due to differences in methodologies, industries, or country-specific factors. These results reinforce the idea that the effect of leverage on valuation is context-dependent. Therefore, banks should exercise prudence in managing debt, recognizing that higher leverage does not inherently enhance firm value without strong fundamentals and sound risk controls.

The second hypothesis proposed that the Debt-to-Equity (DE) ratio has no significant impact on Tobin's Q Ratio. The regression findings supported this hypothesis, indicating no statistically significant relationship between DE and market valuation. This suggests that the mix of debt versus equity in a bank's capital structure has limited influence on how investors perceive its value. The result supports prior findings by Popoola and Suleiman (2020) and Budhiarjo et al. (2022), who similarly found no significant connection between DE and performance. These outcomes imply that in certain financial settings, investors may prioritize other indicators—such as asset quality or earnings sustainability—over capital structure ratios.

However, the result diverges from those of Lawrence, David, and Olubukola (2021) and Das *et al.* (2022), who reported a significant effect of DE on firm valuation. This inconsistency may reflect differences in sample characteristics, industry types, or macroeconomic conditions. For example, firms in less regulated or more stable financial environments might realize greater benefits from optimized capital structures. The findings suggest that for Nigerian DMBs, capital structure

decisions must consider broader economic and regulatory factors, rather than relying solely on theoretical capital optimization strategies.

The third hypothesis suggested that the debt-to-asset ratio has no significant effect on earnings per share of listed banks. The analysis revealed a positive but statistically insignificant relationship. While this indicates a slight upward trend in EPS as DA increases, the lack of significance implies that leveraging assets does not materially influence shareholder earnings. This supports Budhiarjo et al. (2022), who also found no significant impact of DA on profitability. These results may reflect inefficiencies in debt utilization or the inability of banks to convert increased leverage into earnings growth, especially in volatile economic environments like Nigeria.

Contrary evidence from Innocent *et al.* (2021), Das *et al.* (2022), and Lawrence, Popoola, and Sulaiman (2020) reported significant positive effects. Differences in operational models, regulatory climates, or macroeconomic contexts could explain these inconsistencies. In Nigeria's banking sector, factors such as high interest rates, credit risk, and regulatory constraints may dampen the potential benefits of higher debt levels. Therefore, DA should not be viewed as a reliable lever for enhancing EPS unless backed by solid financial planning and operational discipline.

Finally, the fourth hypothesis stated that the debt-to-equity ratio has no significant effect on EPS. The regression results upheld this hypothesis, revealing an insignificant relationship. This suggests that fluctuations in capital structure via changes in debt or equity do not substantially affect shareholder earnings. This result aligns with findings from Simon-Oke and Afolabi (2021) and Popoola and Suleiman (2020), further indicating that financial leverage strategies may not always drive shareholder value in the banking sector, especially where regulatory and risk factors limit the effectiveness of such strategies.

In contrast, other scholars such as Lawrence, David, and Olubukola (2021), as well as Das *et al.* (2022), reported significant effects, suggesting that in more stable economic environments or different sectors, DE may indeed influence profitability. The inconsistencies point to the need for sector-specific analysis and consideration of contextual variables, such as compliance burdens, interest rate risks, and operational inefficiencies. Hence, while DE is a key indicator in capital structure decisions, its impact on performance must be assessed alongside institutional realities.
In conclusion, the study affirms that neither the debt-to-asset nor debt-to-equity ratios significantly influence Tobin's Q Ratio or earnings per share among listed DMBs in Nigeria. These findings highlight the importance of strategic, context-sensitive financial management, where capital structure is aligned with broader business goals, regulatory expectations, and investor confidence. Managers are advised to adopt an integrated performance approach that balances capital efficiency with operational and market dynamics.

### 4.8 Practical and Managerial Implications of the Findings

The findings of this study carry important practical and managerial implications for various stakeholders, particularly the management of listed Deposit Money Banks (DMBs) in Nigeria, as well as investors, regulators, and financial analysts. One major implication is that capital structure decisions—specifically regarding debt-to-asset and debt-to-equity ratios—should not be based on generalized theories or assumptions. Since these leverage indicators showed no significant impact

on performance metrics like Tobin's Q Ratio and Earnings Per Share, bank managers are advised to adopt context-specific strategies that align with their operational realities, risk exposure, and regulatory obligations. The study emphasizes that leveraging through debt is not inherently a path to value creation, and caution must be exercised in using debt financing, ensuring it supports long-term, productive investments rather than short-term gains.

Furthermore, the results underscore the need for managers to shift their focus toward non-financial performance drivers such as service quality, digital transformation, innovation, and human resource development, which may offer more substantial impacts on performance in Nigeria's banking sector. Investors and analysts are also encouraged to evaluate banks using broader financial and non-financial indicators rather than relying solely on capital structure ratios. For regulators like the Central Bank of Nigeria, the findings suggest a need to go beyond capital adequacy requirements and promote institutional reforms that enhance governance, innovation, and transparency. Ultimately, the study calls for financial strategists to adopt data-driven and performance-oriented approaches, moving away from traditional capital structure assumptions to ensure efficient capital allocation and long-term sustainability.

## 5.1 CONCLUSION

This study investigated the impact of financial leverage on the performance of listed Deposit Money Banks (DMBs) in Nigeria, using debt-to-asset and debt-to-equity ratios as proxies for leverage, and Tobin's Q Ratio and Earnings Per Share as measures of performance. Based on data from 2020 to 2024 and analyzed using fixed-effect regression, the findings reveal that neither leverage measure significantly affects market valuation or shareholder returns. This challenges conventional capital structure theories and suggests that in the Nigerian banking context, leverage alone does not drive performance. The study concludes that bank managers and policymakers should prioritize other strategic and operational factors to enhance financial outcomes.

## 5.2 Recommendations

Based on the study's findings, several recommendations are proposed for key stakeholders. For bank management, a broader approach to improving performance is essential, focusing on operational efficiency, customer satisfaction, technological innovation, and service quality rather than relying on leverage ratios. Investors and financial analysts are encouraged to evaluate banks using a wider range of indicators beyond debt ratios, including asset quality, earnings stability, and management effectiveness. Policymakers and regulators, particularly the Central Bank of Nigeria, should enhance regulatory frameworks to include governance, transparency, innovation, and capacity building alongside capital adequacy requirements. Academic researchers are urged to expand their investigations by incorporating variables such as macroeconomic trends, governance practices, and customer engagement to better understand bank performance. Finally, boards of directors and shareholders should shift emphasis from leverage metrics to comprehensive performance measures that support long-term sustainability and strategic growth.

## 5.3 Suggestions for Further Research

"Examining the moderating effect of corporate governance on the link between financial leverage and firm performance in Nigerian Banks" - This suggested study would investigate how key aspects of corporate governance such as the independence of the board, the functionality of audit committees, and patterns of ownership moderate the relationship between financial leverage and

firm performance. It aims to offer a more comprehensive understanding of how internal governance structures can shape or strengthen the impact of leverage decisions within Nigeria's banking industry.

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