Effects of Deposit Money Banks' Competitive Factors on Nigeria's Economic Growth

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Abstract: *Economic growth may be affected by banks competitive factors that include product innovation, number of branches, advertisement expenses, interest expenses, loan and advances, profitability, earnings per share, dividend per share and composition of board members. This study examines the effects of DMBs' loan and advances, interest expenses and dividend payout ratio on economic growth of Nigeria. This study adopts a descriptive and ex post facto research design. The population of study is 21 licensed DMBs by Central Bank of Nigeria (CBN). Simple random sampling technique was utilized to sample 5 banks from the population making use of Gay sample size rule of thumb. Secondary data were extracted from Annual Reports of sampled DMBs and various CBN Annual Reports (2007- 2013). Data extracted on the variables of the study were processed with the aid of SPSS version 20. The regression results reveal that DMBs' Interest Expenses (IE) has significant positive effect on GDP as a measure of economic growth. However, DMBs' Loan & Advances (LA) and Dividend per Share (DPS) as a measure of dividend payout ratios have insignificant negative effects on economic growth. Therefore, this study recommends that the managements of the selected DMBs should pay interests to their customers operating interest earning accounts accurately and promptly. This is because DMBs' interest expenses significantly affect economic growth of Nigeria.*
Keywords: *Credits, Dividend per Share, DMBs, Economic Growth and Interest Expenses*

1. Introduction

Economic growth is influenced by a number of competitive factors that include Deposit Money Banks (DMBs) credits, interest expenses and dividend payout ratios. Economic growth is number of domestic production of goods and services in a nation. There are two kinds of economy a nation may possess which are mono economy and mixed economy. Mono economy is a situation whereby a country relies on a particular resources or wealth to survive. For instance, Nigeria, Iran and Saudi Arabia rely on crude oil resources for survival. Mixed economy is a situation where by a country relies on more than one wealth to survive like Russia, Germany, Britain and United States of America (USA). Another classification is capitalism and communism economy. Capitalism economy is an economy in which private sectors control the factors of production, while in a communism economy government controls the factors of production (land, labour and capital).

Economic growth has a linkage with nations' resources such as natural endowment (minerals and oil resources, fertile land, water resources); capital formation (industries, infrastructural facilities and human capital) and technological advancement in terms of production methods (Dare, 2003 in **Adewuyi & Olowookere, 2011)**. Economic growth is mostly measured by Gross Domestic Product (GDP). Nigeria is real GDP annual growth rate were 5.5 percent in year 2013 and 6.3 percent in year 2014 (CBN, 2013 and World Bank Group, 2015). After economic growth is credit which is known as loans and advances. Credits are amounts of money borrowed by customers who promise to pay back the banker with interest. This credit may be secured with collateral securities like landed property, building, share certificate, salary and others. There are different types of credits Deposit Money Banks (DMBs) extended to their customers that include credit to core private sectors (Manufacturing and Agricultural sector), credit to governments (Federal, State and Local Government) and credits to other private sectors SMEs and individuals (CBN, 2013). Banks extend credit to customers and charge interest as a price for parting with liquidity as well as return on the investment policy. In Nigeria, growth rate of net aggregate credit to economy was -8.42 percent in year 2012 as against 3.5 percent in year 2013 (CBN, 2013).

The next independent factor is interest expenses. Interest expenses are cumulative amount of money banks paid to customers operating savings and fixed deposits accounts as well as other interest earning accounts.

Customers receive interest payment by banks as a return on savings. Interest payment is an inducement to customers making savings and expenses to paying banks. It is also a thing of competition among banks operating interest earning accounts. This is because a bank paying higher interest rates on deposit attracts more deposit than banks paying less. Interest rates are relatively regulated by Central Bank of Nigeria (CBN) creating a difference between savings and fixed deposits as well prime lending rate and maximum lending rate. In Nigeria, by year 2006, annual savings rate and fixed deposit rate were 3.3 percent and 7.5 percent respectively. But, by year 2013, annual saving rate and fixed rate dropped to 2.53 percent and 5.02 percent, respectively (CBN, 2013).

Another is the dividend payout ratio measured by Dividend per Share (DPS). Dividend payout ratio is part of a company's earnings given to shareholders as return on their investments. There are two types of dividend payments namely cash dividend and bonus dividend payment. Cash dividend is money in form of notes and coins given to shareholders while bonus dividend is additional dividend distributed to shareholders. Bonus dividend may be paid cash or added to existing shares of the owners of an organization. Dividend payment is very essential to banks and a ratio of competition. Theories and empirical evidences have showed that dividend payment increases the value and wealth of a firm linking economic growth. Bassey, Atairet, and Asinya (2014) opine that the need to receive dividend forms part of the primary motive shareholders buy shares. The scholars further say that factors affecting dividend policy can be grouped into internal and external. Internal factors are firm specific such as profitability, liquidity, investment opportunities and stage of growth of firm. But, external factors include government policies, technology, stability of earnings, willingness to dilute ownership, nature of shareholders, dividend payout of rival firms etc. Therefore, the research gap this study wants to fill in the field of academic discourse is to examine the effects of Deposit Money Banks' competitive factors on economic growth of Nigeria. This study will be significant to banks managements, policy makers and potential academic researchers as well as contribution to knowledge.

1.2 Statement of the Problem

Economic growth may be affected by banks' competitive factors such as product innovation, number of branches, advertisement expenses, interest expenses, loan and advances, profitability, earnings per share, dividend per share and composition of board members.

Credit factor known as loans and advances are essential for survival and growth of Deposit Money Banks. Banks that cannot extend credit to their customers signal distress syndrome and customers will look elsewhere. Customers look forward for credit at a reasonable rate while banks want to charge high interest rate to cover cost of issuing and managing credit as well as return on the liquidity they part with. Credit disbursement and default fee may augment banks performance and economic growth. Another factor is interest expenses of DMBs which they paid to customers operating savings and fixed deposits accounts. Banks that pay reasonable amount of money as interest to customers may attract more deposits to savings and fixed deposits accounts. Interest payments are expenses to DMBs and income to customers operating interest earning accounts.

The next factor is dividend payout ratio which is one of the reasons a company is noticed to exist for the owners in business world. Dividend payment may add value to market price of a firm's share. Relevancy dividend policy theory by Walter, Gordon, Kirshman state that dividend payment has a relationship with the value of a firm. Though, irrelevancy dividend policy theory by Miller and Modigliani state that dividend payment has no relationship with value and wealth of a firm. The value of a firm is affected by the firm's earning as a result of investment decision (Pandey, 2010).

At this juncture, the studies on the main drivers of economic growth are inconclusive. This study wants to observe problems in DMBs' competitive factors. The problems are to what extent credits, interest expenses and dividend payout ratios affect economic growth of Nigeria. Thus, this study is conducted by adapting the work of Gul, Sajid, Iqbal and Khan (2012), Onuorah (2013), Nwakanma, Nnamdi and Omojefe (2014) and $Orji_1$, $Orji_2$ and Mba (2015) after slight modifications in their models.

1.3. Research Questions

The following research questions are developed based on the problem statement:

i. Do DMBs' loan and advances affect economic growth of Nigeria?
ii. Do DMBs' interest expenses influence economic growth of Nigeria?
iii. Do DMBs' dividend payout ratios affect economic growth of Nigeria?

1.4. Research Objectives

The basic objective of the study is to examine the effects of DMBs' competitive factors on economic growth of Nigeria. Specifically, the study intends to achieve the following objectives:

i. To investigate the effect of DMBs' loan and advances on economic growth of Nigeria.
ii. To examine the effect of DMBs' interest expenses on economic growth of Nigeria.
iii. To determine the effect of DMBs' dividend payout ratio economic growth of Nigeria.

1.5. Research Hypotheses

The above specific objectives are achieved through the following null hypotheses after testing.

***H_{01}**: DMBs' loan and advances has no significant effect on economic growth of Nigeria.*
***H_{02}**: DMBs' interest expenses have no significant effect on economic growth of Nigeria.*
***H_{03}**: DMBs' dividend payout ratio has no significant effect on economic growth of Nigeria.*

2. Literature Review and Theoretical Framework

2.1 Concept and Measurement of Economic Growth

This study operationalized the economic growth as number of domestic production of goods and services in a nation. Economic growth is also per capita income of citizens. It is also improvement in standard of living of people in a nation. Oluitan (2012) and Onuorah (2013) see economic growth as a positive change in the national income or the level of production of goods and services by a country over a certain period of time. Many scholars such as Oluitan (2012) and Gambo (2014) used real GDP growth rate to measure economic growth. Therefore, this study measures economic growth using real GDP growth rate because it is inflation adjusted.

2.2 Concept and Measurement of Credit

The operational definition of credit known as loans and advances is amount of money borrowed by a customer who promises to pay back the banker with interest. Business Dictionary (2015) defines loan as a written or oral agreement for a temporary transfer of a property (usually cash) from a banker (lender) to a customer (borrower) who promises to return it according to the terms of the agreement, usually with interest for its use. Measurement of banks credit can either be credit to private sectors or domestic credits to economy. This study measures credit (loans advances) as Deposit Money Banks credit to economy.

2.3 Concept and Measurement of Interest expenses

The operational definition of interest expenses is the cumulative amount of money banks paid to customers operating savings and fixed deposits accounts as well as other interest earning accounts. Interest rate is the price of money paid for deposits known as deposit rate or credit known as lending rate. Jhingan (2004) defines interest rate as the reward not only for saving money but the reward for parting with liquidity for the specific period of time. This study measures interest expenses as aggregate interest payment by banks to customers operating savings and fixed deposit accounts.

2.4 Concept and Measurement of dividend Payment

Dividend payment is part of a company's earnings given to shareholders. Garrison (1999) in *Ashamu, Abiola and Bbadmus (2009)* defines dividend payout as payments made to stockholders from a firm's earnings or profits. Pandey (2010) defines dividend payout ratio as dividend per share or percentage of earnings per share. Bassey *et al.* (2014) see dividend payout as the share of company's earnings that are paid out to investors in cash. This study operationally defines dividend payout as cash and bonus dividend

given to shareholders.
Many research scholars such as *Ashamu et al. (2009),* Ardestani1, Abdul Rasid, Basiruddin and Mehri (2013), *Dhungel (2013) and* Bassey *et al.* (2014) measured dividend payout ratio using Dividend per Share (DPS). This study also measures dividend payout ratio making use of DPS. The DPS is amount of money declared as dividend over total number of outstanding shareholders. It is also the percentage of earnings per share.

2.5 Theoretical Framework

This study discusses four theories that have relationships with dependent and independent variables. These theories are endogenous growth theory, loanable funds theory, liquidity preference theory and dividend policy theory.

2.5.1 Theories of Economic Growth

This study has economic growth as a dependent variable. Therefore, it underpinned endogenous growth theory or new growth theory that state policy measures can have an impact on the long-run growth rate of an economy. For instance, financial development can affect growth in three ways that include raising the efficiency of financial intermediation, increasing the social marginal productivity of capital and influencing the private savings rate. This discloses that a financial institution can affect economic growth by efficiently carrying out its functions, among which is the provision of credit (Adenuga & Donatus, 2013 and Yakubu &Affoi, 2014).

2.5.2 Theories of credit

This study has loans and advances (credit) as an independent variable. Thus, it underpinned loanable funds theory. The loanable funds theory states that demand for the loanable funds comes from governments, businessmen and consumers for the purposes of investment, hoarding and consumption. The government borrows funds for constructing public works or for war preparation. The businessmen borrow funds for the purchase of capital goods and for starting new investment projects. The consumers borrow funds for the purchase of durable goods like automobiles and houses. These borrowings are interest elastic. But, the supply of the loanable funds comes from savings and dishoarding. Private individuals and corporate organizations are the main source of savings. If the interest rate is high it will act as a deterrent to borrowing and thus encourage savings. Though, the loanable funds theory is in determinant unless the income level is already known (Vaish, 2008).

2.5.3 Theory of interests

According to John Maynard Keynes liquidity preference theory in Jhingan (2004), individuals, firms and governments demand for money for three purposes namely, transactions, precaution and speculative. Money demanded for transactional purpose to purchase goods and services is a function of income level. Also, money demanded for precautional purpose to cater for emergencies and contingencies or unexpected expenditure is a function of income level. But, money demanded and kept in cash, bond, equity etcetera for speculative purpose is a function of interest. This is because interest rate sometimes is not stable; it may fluctuate up and down. The theory also states that interest rate is determined by demand and supply of money. The theory emphasizes that the rate of interest is a purely monetary phenomenon determined by forces of demand and supply. This study has interest expenses as an independent variable and underpinned speculative purposes of keeping money which is a function of interest.

2.5.4 Theories of Dividend Policy

Dividend policy theories are classified into relevancy dividend policy and irrelevancy dividend policy. Relevancy dividend policy theory postulates that there is a relationship between dividend payout and the value of a firm or market value of a firm's shares. Professor James Walter - relevancy dividend policy argues that the choice of dividend policies affect the value of a firm. Its model assumes internal financing, constant return and cost of capital, 100 percent payout or retention ration, constant earning per share and dividend per share and infinite time. However, the simplicity nature of the model (e.g no external financing and constant cost of capital) is criticized because its conclusions cannot be generalized (Walter, 1963 in Pandey, 2010 and Ardestani1, *et al.* 2013). Also, Myron Gordon relevancy dividend policy theory say that dividend policy affects the market value of a firm's share. The model assumes all equity firm, no

external financing, constant internal return, constant cost of capital, perpetual earning, no corporate taxes, constant retention ratio and cost of capital greater than growth rate. Gordon concludes that dividend policy affects the value of share because of uncertainty and risk, investors prefer cash dividend than future capital gain (Gordon, 1962 in Pandey, 2010). In addition, Kirshman John-Bird in the hand relevancy dividend policy theory states that investors are risk averse and therefore, they have preference for current dividend payment than future dividend payment (Kirshman, 1969 in Pandey, 2010).

Irrelevancy dividend policy theory states that there is no relationship between dividend payout ratio and the market value of a firm's shares. M & M irrelevancy dividend policy theory affirms that under perfect market situation, the dividend policy of a firm is irrelevant since it does not affect the value of a firm. The scholars argued that the value of a firm is affected by the firm's earning as a result of investment decision. They further argued that a firm that pays dividends will have to raise funds externally to finance investment plan. The theory assumes perfect capital market, no taxes, fixed investment policy and no risk (Miller & Modigliani, 1961 in Pandey, 2010 and Ardestani1, *et al.* 2013). This study underpinned relevancy dividend policy theory because it affects the wealth of shareholders. If the shareholders invested the wealth into productive venture, it also affects the economic growth of a nation.

2.6 Review of Related Empirical Studies

The related empirical literatures include the following studies. *Ashamu, et al. (2009) investigated d*ividend policy as strategic tool of financing in public firms from 1988 to 2008 in Nigeria. The regression results show that changes in dividend payout ratio of a company significantly determine the changes in the value of the company. Though, the study was conducted in Nigeria, it fails to look at the effect of DPS on economic growth. Also, Oluitan (2012) investigated bank credit and economic growth from 1970 to 2005 in Nigeria. The results of bivariate regression and granger causality test indicate that there is no significant relationship between real private sector credit growth and real gross domestic product growth. It also finds that oil exports have negative relationship with credit while non-oil exports have positive relationship with credit. Credit is also positively linked to capital inflows and imports. But the study utilizes credit to private sector and time series data stop in year 2005. Gul *et al.* (2012) examined the relationship between dividend policy and shareholder's wealth on samples of 75 companies listed in *Karachi Stock Exchange from 2005 to 2010 of* Pakistan. *There is significant influence of dividend policy (dividend per share) on wealth of shareholders' as far as the dividend paying companies are concerned. However, the study looked at the influence of DPS on shareholders' wealth not the wealth of a nation by measured GDP.*

In addition, Ihsan and Anjum (2013) investigated the Money Supply (M2) and GDP from 2000 to 2011 in Pakistan. The result indicates that money supply (M2) caused by Consumer Price Index (CPI) and interest rate have significant effects on GDP while inflation rate is insignificant. But, the study considers lending rates to borrowing customers not deposits rates that increase the wealth of saving customers. Onuorah (2013) examined bank credits and economic growth from 1980 to 2011 in Nigeria. The regression results show that all the bank credits (measured as total production bank credits, total general commerce bank credits, total services bank credit, and other banks credit) did not granger cause GDP instead GDP exerted influencing factor on them. More so, short run relationship exited between bank credits and GDP. The paper recommends total supervision and overhauling of the banks' credit activities towards encouraging investors to Nigeria for economic growth. Nevertheless, the paper fails to investigate the effect of banks' interest expenses and dividend payout ratio on economic growth. Besides, *Dhungel (2013) studied the i*mpact of dividend on share pricing in Commercial Banks from 2004 to 2011 in Nepal. The regression result reveals that there is no significant impact of dividend payment on share pricing of most of the banks. The finding is not significant though and cannot be generalized.

Furthermore, Gambo (2014) studied the effect of Deposit Money Banks' credit on Nigerian Economic Growth from 1994 to 2010. The OLS regression result indicates that Deposit Money Banks' credit to economy has positive and insignificant effect on real GDP growth rate. The paper recommends that banks should be willing to give both short and long term loans for productive purposes. However, the time series data stops at year 2010. Yakubu and Affoi (2014) empirically analyzed commercial banks' Credit on economic growth from 1992 to 2012 in Nigeria. The OLS regression result indicates that the commercial

bank credits to private sector has significant effect on the economic growth in Nigeria. The paper recommends better and stronger credit culture should be promoted and sustained. Though, the research paper made use of commercial banks total credit to private sector. Nwakanma *et al.* (2014) studied bank credits to the private sector and economic growth of Nigeria from 1980 to 2011. The regression result indicate that there is a significant long run relationship between bank credits to the private sector and economic growth measured by real gross domestic product. But, the study made use of bank credit to private. Lastly, Orji *et al.* (2015) investigated financial liberalization and output growth from 1986-2011 in Nigeria. The OLS regression result shows that financial liberalization proxied by credit to private sector/GDP has a negative relationship with output growth (RGDP). However, the study used loans and advances to private sector and this study uses DMBs loans and advances to domestic economy.

3. Methodology

3.1 Research Design

This study adopts descriptive and ex post facto research design. In this type of research design, data were extracted from Annual Reports of selected DMBs and various CBN Annual Reports from 2007 to 2013. Data extracted in respect of dependent variable is GDP. But, data extracted in respect of independent variables are loan and advances, interest expenses and dividend payout ratio of selected DMBs. These data are processed in Statistical Package for Social Sciences (SPSS) version 20 and the correlation and regression results are analyzed and the hypotheses tested.

3.2 Population, Sampling Technique and Sample Size

The population of study are 21 licensed DMBs in Nigeria that include Access Bank PLC (Acquired Intercontinental Bank PLC), Citibank Nigeria Limited, Diamond Bank PLC, Ecobank Nigeria PLC (Acquired Oceanic Bank PLC), Enterprise Bank Limited (Formerly Spring Bank PLC), First City Manument Bank PLC, Fidelity Bank PLC, First Bank of Nigeria plc, Guaranty Trust Bank PLC, Keystone Bank Limited (Formerly Bank PHB PLC), Haritage Banking Company Ltd, Mainstreet Bank Limited (Formerly Afribank Nigeria PLC), Stanbic IBTC Bank PLC, Skye Bank PLC, Standard Charted Bank Nigeria Limited, Sterling Bank PLC, United Bank of Africa PLC , Union Bank of Nigeria PLC, Unity Bank of Nigeria PLC, Wema Bank PLC, Zenith Bank PLC (CBN, 2015**)**.

The simple random sampling technique was used to pick 5 DMBs from the Population. The selected 5 DMBs are Zenith Bank, Guaranty Trust Bank, Diamond Bank, Fidelity Bank and United Bank for Africa. The 5 sample of DMBs representing 24% [5/21 = 0.2381 or 24%] are adequate representation of the population. This is because Gay sample size rule of thumb *suggests that* 10% sample for larger population [$\geq$ 100 elements] and 20% sample for smaller population [99 elements] are adequate representation(*Yount, 2006)*.

3.3 Model Specification

This is a multiple regression model. In this model, the dependent variable is the GDP while the independent variables are loan and advances, interest expenses and dividend payout ratio to shareholders of DMBs. This study adapts the analytical framework of Gul *et al.* (2012), Onuorah (2013), Nwakanma *et al.* (2014), Orji *et al.* (2015).

$\mathbf{GDP = + B_1LA + B_2IE + B_3DPS + e}$ Where:

GDP = Real GDP growth rate in percent per annum as measure of economic growth.
LA = Loans and Advances (money borrowed by customers or DMBs credit to economy). That is percentage changes in the loans and advances to customers.
IE = Interest Expenses (interest paid to customers operation savings and fixed deposits accounts as well as other interest earning accounts). That is percentage changes in interest expenses.
DPS = Dividend per Share (Dividend per share is amount of money declared as dividend over total number of outstanding shareholders) as a measure ofdividend payout ratio. That is percentage changes in dividend per share.
α = Constant or Intercept.
$B_1 \ldots B_3$ = Regression Coefficients.
e = Error term.

3.4 Method of Data Collection and Analysis

Data are collected from selected DMBs annual reports and CBN annual reports in Nigeria. Data collected are processed in Statistical Package for Social Sciences version 20. Pearson correlation coefficient and regression results are analyzed and the hypotheses tested. Correlation tests the degree of association (-1 r 1) while regression tests the relationship/effect of independent variables on the dependent variable.

The hypotheses of this study were tested at 1% and 5% significance level. The researcher therefore, rejects the null hypotheses if the results of this study are 1% (0.000 – 0.005), and 5% (0.006 – 0.050) significance level. Otherwise, the researcher accepts the null hypotheses because no sufficient reasons for rejection.

4. Results and Discussions

4.1 Results of the Null Hypotheses Testing

Table 1 presents summary information of competitive factors and GDP of selected DMBs in Nigeria.

Table 1.1: Summary of Regression Results

Model	Coefficients β	Standard Error	T	Significance Level
Constant (α)	6.142**	0.497		0. 000
Loan and Advances (LA)	-1.852	1.141	12.359	0.115
Interest Expenses (IE)	1.973*	0.923	-	0.040
Dividend Per Share (DPS)	-1.298	0.884	1.623	0.152
R	0.449			
R^2	0.201		2.139	
Adjusted R^2	0.124		-	
F Statistics	2.607*		1.469	
Significance of F (P -alpha value = 0.069)	→ 1.569	→		0.069
Durbin Watson			→	

Source: *Author Computation using SPSS, 2015.*
Dependent variable: GDP
Significance Level: 1% (**), 5% (*)

Table 1.1 shows the values of estimated linear regression coefficients of selected DMBs' loan and advances, interest expenses, dividend per share with constant β value of 6.142. DMBs' interest expenses have highest significant positive coefficient β value of 1.973 with standard error of 0.923, t - value of 2.139 and significance level of 0.040 (5%). Thus, DMBs' interest expenses have significant positive effect on GDP. This reveals that DMBs' loan and advances will significantly rise with economic growth. This result is similar with the findings of Ihsan and Anjum (2013) that showed significant effects of interest rate on GDP.

However, DMBs' dividend per share has insignificant negative coefficient β value of -1.298 with standard error of 0.884, t - value of -1.469 and significance level of 0.152. Therefore, DMBs' dividend per share has insignificant negative effect on GDP. This means DMBs' dividend per share will insignificant decline with economic growth. This result is similar with the findings of *Ashamu, et al. (2009) and* Gul, *et al.* (2012) that revealed *significant influence of dividend per share on wealth of shareholders.* Also, DMBs' loan and advances has insignificant negative coefficient β value of -1.852 with standard error of 1.141, t - value of -1.623 and significance level of 0.115. Hence, DMBs' Loan and Advances has insignificantly negative effect on GDP. This discloses that DMBs' loan and advances will insignificant decline with economic growth. This result is similar with findings of Gambo (2014) who found Deposit Money Banks' credit to economy has positive and insignificant effect on real GDP growth rate.

In diagnose test of the model, the values of R, R^2 and adjusted R^2 are 0.449, 0.201 and 0.124 respectively. The R^2 value is the coefficient of correlation that explains the relationship between the dependent and independent variables which is a strong positive relationship. In addition, the R^2 value shows that 20.1 percent of the variation in the dependent variable (GDP) is explained by the independent variables of the model. On the other hand, the adjusted R^2 statistic corrects the R^2 value to provide a better estimate of the true population. If you have a small sample you may wish to consider reporting adjusted R^2 that is better than normal R^2 value (Pallant, 2001). The F statistic value (P-alpha) is 2.607 with significance level of 0.069 (5%). If the significance of F statistic value is less than 0.005 ($p < 0.005$) it means independent variable contributes to the prediction of the dependent variable (Pallant, 2001). But, the Durbin Watson (DW) value is 1.569 which is an evidence of relative serial correlation. If the value of DW is less than one (1) as rough rule of thumb, there may be cause for alarm (Montgomery, Peck & Vining, 2001 and Khrawish[a], Siam & Khrawish[b], 2011). This means there are dual standards of testing the model fitness and DW statistical value indicates that this model is fit for this study.

4.2 Discussion of Major Findings

The section discusses summary of findings in respect of the independent variables that affected economic growth (GDP) in Nigeria.

Table 1.2: Summary of Findings

S/N	Variables		Regression		Decision Criteria
	Independent Variable	Dependent Variable	Coefficient value	Significant level	
i.	DMBs' loan and advances	GDP	-1.852	0.115	Accept
ii.	DMBs' interest expenses	GDP	1.973*	0.040	Reject
iii.	DMBs' dividend p er share	GDP	-1.298	0.152	Accept

Significant level 1% (**) 5% (*)
Tail test (two)
Source: Author computation using SPSS, 2015

The summary regression results in the Table 1. 2 reveal that DMBs' interest expenses have positive and significant effect on GDP at 5% significant level. But, DMBs' loan & advances and dividend per share have insignificant negative effects on GDP. Therefore, the researcher rejects the null hypothesis (Ho_1) because the result is significant. However, the researcher accepts the null hypotheses (Ho_1 and Ho_2) because no sufficient reasons for rejection. That means DMBs' interest expenses will significantly rise with economic growth while DMBs' loan & advances and dividend per share will significantly decline with economic growth. Thus, this result is new and contributes to existing knowledge by revealing that DMBs' interest expenses has significant positive effect on economic growth of Nigeria.

5. Conclusion and Recommendation

There are different kinds of factors that affect the economic growth of a nation. Some of these factors are internal and things of competition among Deposit Money Banks. The competitive factors include DMBs' loan and advances, interest expenses and dividend per share. The managements of the selected DMBs must prepare policies on variables that affect the banks significantly as well as the economic growth. This is because DMBs' interest expenses have significant positive effect on the economic growth of Nigeria. This result is similar with the findings of Ihsan and Anjum (2013) that showed significant effects of interest rate on economic growth. Therefore, this study recommends that managements of the selected DMBs should pay interests to their customers operating interest earning accounts accurately and promptly. This is because DMBs' interest expenses significantly affected economic growth of Nigeria.

5.1 Suggestion for Further Studies

This study made use of DMBs' credits, interest expenses and dividend payout ratio as a measure of competitive factors affecting economic growth of Nigeria. Further studies should focus on other competitive factors like product innovation, advertisement expenses, investment securities, number of branches, number of shareholders, number of customers, composition of board members and profitability.

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Appendix
Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation
Gross Domestic Product	35	3.80	4.20	8.00	6.0571	1.15791
Loan and Advances	35	.73	.00	.73	.1887	.17189
Interest Expenses	35	.87	.02	.88	.3278	.20721
Dividend per Share	35	.76	.02	.78	.2943	.21744
Valid N (listwise)	35					

Correlations

		Gross Domestic Product	Loan and Advances	Interest Expenses	Dividend per Share
Gross Domestic Product	Pearson Correlation	1	-.134	.318	-.215
	Sig. (2-tailed)		.443	.063	.215
	N	35	35	35	35
Loan and Advances	Pearson Correlation	-.134	1	.227	-.248
	Sig. (2-tailed)	.443		.189	.150
	N	35	35	35	35
Interest Expenses	Pearson Correlation	.318	.227	1	-.112
	Sig. (2-tailed)	.063	.189		.523
	N	35	35	35	35
Dividend per Share	Pearson Correlation	-.215	-.248	-.112	1
	Sig. (2-tailed)	.215	.150	.523	
	N	35	35	35	35

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.449[a]	.201	.124	1.08364	.201	2.607	3	31	.069	1.569

a. Predictors: (Constant), Dividend per Share, Interest Expenses, Loan and Advances

b. Dependent Variable: Gross Domestic Product

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.142	.497		12.359	.000
	Loan and Advances	-1.852	1.141	-.275	-1.623	.115
	Interest Expenses	1.973	.923	.353	2.139	.040
	Dividend per Share	-1.298	.884	-.244	-1.469	.152

a. Dependent Variable: Gross Domestic Product

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.183	3	3.061	2.607	.069[a]
	Residual	36.403	31	1.174		
	Total	45.586	34			

a. Predictors: (Constant), Dividend per Share, Interest Expenses, Loan and Advances

b. Dependent Variable: Gross Domestic Product

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	5.0571	7.3056	6.0571	.51970	35
Residual	-2.30191	2.94286	.00000	1.03473	35
Std. Predicted Value	-1.924	2.402	.000	1.000	35
Std. Residual	-2.124	2.716	.000	.955	35

a. Dependent Variable: Gross Domestic Product