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Corporate Governance and Financial Performance of Deposit Money Banks in Nigeria

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Abstract: *This study examined the effect of corporate governance on the financial sustainability of deposit money banks in Nigeria, focusing on board size, board composition, and audit committee effectiveness. A descriptive survey research design was adopted, with primary data collected from 153 employees across three purposively selected commercial banks in Abuja, Nigeria. Data were analyzed using descriptive statistics, Pearson correlation, and multiple regression analyses. Results indicate that board size ($\beta = 0.342$, $p = 0.001$), board composition ($\beta = 0.371$, $p < 0.001$), and audit committee effectiveness ($\beta = 0.388$, $p < 0.001$) all have significant positive effects on financial sustainability. Audit committee effectiveness exhibited the strongest influence on sustainability outcomes. The study concludes that robust corporate governance practices are essential for enhancing the long-term financial sustainability of banks. Recommendations include strengthening board oversight, promoting director independence, and enhancing audit committee effectiveness to ensure accountability and sustainable growth. These findings provide actionable insights for policymakers, regulators, and banking executives seeking to optimize governance and sustain financial performance.*

Keywords: corporate governance, financial sustainability, deposit money banks, board size, board composition, audit committee effectiveness, Nigeria, banking performance

INTRODUCTION

The corporate governance issue has been the focal point of administration and success of financial institutions worldwide and especially in the banking industry where accountability, transparency and risk management is a key element of stability and expansion. It is a system of regulations, habits, and procedures according to which organizations are governed and regulated so that the management could pursue the interests of shareholders and other stakeholders in the most effective manner possible. Corporate governance mechanisms in the deposit money bank include board structure, audit committees, ownership concentration, and regulatory compliance that have an impact on financial decision-making and organizational performance (Olowofela et al., 2025;

Nwankwo and Okafor, 2024). The banking industry in Nigeria is crucial in the growth of the economy as it gathers the savings, helps in investment, and aids in financial intermediation. It has been reported that the African banks including in Nigeria have registered huge growth in revenues and profitability due to financial innovation, digital transformation, and financial inclusion. This growth has however brought with it governance issues to the banks, such as weak internal controls, poor board control, and ethics, which can compromise financial performance and trust by stakeholders.

Empirical findings indicate that the presence of good corporate governance enhances financial performance by promoting sense of operational efficiency, minimizing agency problems and the practice of good risk management. In Nigeria, it has been demonstrated that the effectiveness of audit committee, independence of boards, and ownership structure are the governance mechanisms that can have significant impact on key performance indicators in form of return on assets (ROA), earnings per share (EPS), and profitability (Omole et al., 2024; Macaulay et al., 2025). On the same note, other research reports assert that the nature of corporate governance, such as the size and the composition of boards, is of critical significance in influencing the financial performance of deposit money banks. Although a part of the research studies suggests a positive correlation between governance practices and financial performance, the other research studies find that some correlations can be mixed or even negative, implying that the influence of governance mechanisms can be context-dependent, depending on such factors as regulatory environment, institutional quality, and managerial competence (Adediran et al., 2025; Kolawole et al., 2025).

Corporate governance in Nigerian deposit money banks still has a serious challenge despite the increasing amount of literature on the topic. Poor governance frameworks by the boards, poor transparency, ineffective enforcement of regulatory frameworks and insider abuses have continued to be raised questions on the efficiency of the structure of governance in assuring sustainable financial performance. The historical financial crises within Nigerian banks, as well as the current regulatory changes in the banking industry, implies that the good governance practices must be intensified to avoid financial turmoil and foster investor trust (Ayoola-Akinjobi & Atibioke, 2025). In addition, although a number of studies have explored the correlation between corporate governance and financial performance, many of them have shown variations in findings, with some stating a positive impact, others negative, and others showing no significant impacts. This contradiction implies that the relations between the governance system and financial performance are not simple and only partially known, especially in newly developed economies such as Nigeria in which the institutional systems vary as compared to the industrialized nations. Secondly, the existing literature has concentrated on several variables of governance or restricted time frames and a poor consideration has been made on a thorough analysis of corporation governance mechanisms and its cumulative impact on financial performance among deposit money Banks. The recent empirical evidence that indicates realities of the existing situation in the banking sector in Nigeria is also very limited particularly in terms of the changing regulatory reforms and technological changes.

Thus this study aims to fill these gaps by looking at the impact of corporate governance in the financial performance of deposit money banks in Nigeria. The purpose of the study is to offer more details on the responsiveness of governance mechanism on financial performance, which can help formulate policies, improve regulations, and improve corporate practices in the banking sector in Nigeria. The specific objectives are to:

i. Examine the effect of board size on financial sustainability of deposit money banks in Nigeria.
ii. Assess the influence of board composition (independence of directors) on financial sustainability of deposit money banks in Nigeria.
iii. Evaluate the effect of audit committee effectiveness on financial sustainability of deposit money banks in Nigeria.

The hypotheses of the study are as follows:
H_{01}: Board size does not have a significant effect on financial sustainability of deposit money banks in Nigeria.
H_{02}: Board composition (independence of directors) does not significantly influence financial sustainability of deposit money banks in Nigeria.
H_{03}: Audit committee effectiveness does not have a significant effect on financial sustainability of deposit money banks in Nigeria.

LITERATURE REVIEW

Corporate Governance

Corporate governance is the structure of regulations, cultures and procedures through which organisations are guided and managed. It establishes the interaction between the management and other parties such as the board of directors and shareholders, among other stakeholders in a firm and it also promotes accountability, transparency, and ethical decision-making (OECD, 2015). Corporate governance is especially important when it comes to the banking industry because of the fiduciary role played by banks over the money deposited by depositors and the fact that banks uphold the stability of financial systems. Corporate governance in Nigeria has become relevant after the banking crisis and failures that occurred because of lax regulations, inside abuse and inefficient risk management behaviors. Proper governance framework, including independence of the board, audit committees, adherence to regulations, and confidence by stakeholders are vital in stopping frauds, prudent management, and confidence by stakeholders (Ogege & Boloupremo, 2014) .

Board Size

Board size is the size of the board of directors of a company. It is very useful in imparting on the quality of decisions and effectiveness monitoring. Big boards can bring in different skills and experience to make strategic decisions but still, oversized boards can create coordination problems and ineffectiveness. There is empirical evidence that optimal board size boosts performance of firms by withholding managerial opportunism and increasing their oversight (Nwankol and Okafor, 2025) .. Board size in the banks of Nigeria is usually controlled to create a balance between efficiency and effectiveness.

Board Composition (Independence)
Board composition is defined as the ratio of the executive and non-executive directors in the board. Independent (non-executive) directors should offer independent control and mitigate agency differences between the management and shareholders. Research shows that increased independence of directors increases transparency and accountability and financial performance through effective monitoring mechanisms (Adediran et al., 2025)).. However, too much autonomy with too little firm-specific knowledge can be counterproductive.

Audit Committee Effectiveness
The audit committee would ensure the oversight of financial reporting, internal controls and regulatory compliance. Good audit committee boosts the financial integrity and minimizes chances of fraud and mismanagement. Audit committee effectiveness in the Nigerian deposit money banks has been associated with high-quality financial reporting and investor confidence, which eventually affects financial performance positively (Yahaya et al., 2021) ..

Financial Performance
Financial performance is the capacity of an organization to make profits and maximize the wealth of the shareholders. Some of the common indicators in banking are Return on Assets (ROA), Return on Equity (ROE), net interest margin and liquidity ratios. Corporate governance also has an effect on financial performance as it provides efficiency in allocation of resources, minimization of agency cost and enhancement of strategic decision making. Excellent governance structures promote profitability and sustainability within banks (Adeloye, 2021) ..

Corporate Governance Disclosure
Corporate governance disclosure means how much companies report on their practices, structure and policies of governance. Disclosure enhances transparency and lowers information asymmetry by increasing investor confidence. Banks that abide all governance disclosure regulations have high chances of performing better financially because of enhanced accountability and stakeholder confidence (Ogege & Booupremo, 2014) .

Theoretical Review

Agency Theory
The agency theory describes the owner (shareholders) and the agent (managers) they represent, therefore, conflicts of interest that can occur due to the separation of ownership and control. Managers have the potential of addressing personal interests to disadvantage of the shareholders

resulting to inefficiencies. Corporate governance practices include board supervision, audit committees, and independent directors which greatly reduce agency problems as they check on the managerial activities. In the Nigerian banks, the agency theory is most applicable since there are past records of mismanagement by the managers and inadequate internal controls. Good systems of governance lead to low agency costs as well as financial performance through the alignment of the actions undertaken by the managers and the interests of the shareholders (Jensen and Meckling, 1976; Ogege and Boloupremo, 2014) .

Stakeholder Theory

According to stakeholder theory, the interests of every stakeholder are important when considering them by the organization; it involves such stakeholders as the employees, customers, regulators, and the society rather than restricting it to shareholders only. The theory is especially applicable in the banking sector since the bank industry operates in a highly controlled environment and it has diverse stakeholders. The corporate governance ensures that banks strike a balance between all stakeholders, good ethical practices and regulatory requirement. It results in better reputation, customer confidence, and sustainability (Freeman, 1984; Adediran et al., 2025) .

Stewardship Theory

The theory of stewardship presupposes that managers are responsible custodians of organizational resources, and they are driven more by organizational success than by personal benefits. It focuses on trust, collaboration and intrinsic motivation unlike agency theory. When applied to the reality of the Nigerian banks, the stewardship theory proposes that efficient management teams will be empowered by the intervention of well-grounded governance, which will help in improving the decision-making, and financial performance. Good leadership with governance supervision will bring about better results within the organization (Davis et al., 1997).

Resource-Based View (RBV)

The Resource-Based View postulates that competitive advantage is gained by the organizations based on resource that possess value, rare and inimitable and which cannot be replaced. Corporate governance structures may be examined as strategic resources that promote organizational capabilities. Skilled boards, effective committees, and compliance systems are some of the governance mechanisms used in the banking sector to enhance the process of decision-making and financial performance. Banks that have well established governance structures stand in better positions to attain sustainable competitive advantage (Barney, 1991).

Empirical Review

Corporate governance and financial performance studies conducted by empirical studies in the Nigerian banks have yielded varied yet mostly positive outcomes. A research conducted by Nwankwo and Okafor (2025) indicated that board size, board composition, and audit committee size have significant positive implications on the financial performance of the deposit money banks in Nigeria. In the same light, Adediran et al. (2025) have indicated that board size has a positive impact on financial performance but executive director dominance among others could negatively affect performance, a case, which demonstrates the complexity of the governance structures. Ogege and Boloupremo (2014) concluded that disclosure of corporate governance and board features have critical impacts on the performance of banks, and the notions of transparency and compliance to regulations are significant. Adeloye (2021) also developed major connection between corporate governance mechanism, e.g. board accountability and diversity, and financial performance in the financial institutions of Nigeria. As discovered by Yahaya et al. (2021), corporate governance practices and regulatory capital have a strong positive influence on the performance of deposit money banks, specifically in a high-profitability and within a stable environment.

Additional evidence provided by Oshatimi et al. (2022) suggests that board size, managerial ownership and female diversity have a positive impact on the return on assets and board independence is possibly two-sided. The significance of governance structures was supported by Akinjobi and Atibioke (2025), which revealed that the features of corporate governance are crucial when determining the choice of financial decisions and the performance outcomes at the level of Nigerian banks. Akode et al. (2023) identified that corporate governance interprets a significant ratio of the differences in bank performance, which implies that the governance systems play a significant role in defining financial performance. Nwani (2025) also found that the board traits of independence, hardworking, and diversity have a strong influence on the financial performance indicators, including the return on assets and liquidity. Nevertheless, certain findings imply mixed outcomes, which can be explained by the influence of the context (regulatory environment, firm size, and economic conditions) on the effect of corporate governance (Muktar et al., 2024)) on it..

Gap in Literature

The available literature on corporate governance and financial performance has mostly been done in developed economies and comparatively there is a low number of literature on the Nigerian banking sector. The majority of the existing research also yields mixed results suggesting the inconsistencies in the governance-performance relationship. Also, the majority of the studies focus on independent governance variables, e.g. board size, or independence, and do not study governance mechanisms as a system. The recent empirical evidence is also limited and does not reflect current regulatory changes and technological development among banks of Nigeria. Moreover, the contextual issues like regulatory adherence, market equilibrium, and institutional systems are generally under-studied but they are an important determinant of corporate governance performance. This research thus aims at giving a more insightful and more up-to-date study of corporate governance and financial performance of some deposit money banks in Nigeria.

METHODOLOGY

The research design of this kind of study was descriptive survey research as the researcher intended to investigate the impact of corporate governance on financial sustainability of deposit money banks in Nigeria. The research design is suitable in that it will help the researcher to gather primary data through respondents and examine relationships between the variables without manipulating the study environment. It can also be generalized in the other banking sector. This research took place in the Abuja city, which is the capital of Nigeria but the study within the city targets the locale of Abuja Municipal Area Council. The reason AMAC was chosen is that it is the commercial and administrative centre of Abuja and the financial institutions, corporate organizations, and other banking operations remain at high concentration levels. This renders it a perfect place to research on corporate governance, practices, as well as financial sustainability in banks. The research sample included employees employed in various departments that dealt with corporate governance, including, but not limited to, audit, compliance, risk management, and operations and the department in a few deposit money banks. Three major commercial banks in Nigeria with robust presence in Abuja including Access Bank Plc, Zenith Bank Plc, and First Bank of Nigeria Limited were picked as they are Tier-1 banks with high-level of network of branches and strong corporate governance arrangements in Abuja. Based on internal estimates and accessible staff distribution within branches in AMAC, the total population was approximated as follows:

Bank	**Estimated Employees (AMAC)**
Access Bank Plc	120
Zenith Bank Plc	110
First Bank of Nigeria Limited	130
Total (N)	360

The sample size was determined using the Taro Yamane (1967) formula:
$n = N/\{1 + N(e)^2\}$ Where:
n = sample size
N = population size (360)
e = margin of error (0.05) $n = 360/\{1 + 360(0.05)^2\}$ $n = 360/\{1 + 360(0.0025)\}$
$= 360/\{1 + 0.9\}$
$= 360/1.9$ $n \approx$
189

Thus, the sample size for the study is 189 respondents. A simple random sampling technique was employed to select respondents from the population. This ensures that every employee in the selected banks within AMAC has an equal chance of being selected, thereby reducing bias and improving representativeness. Primary data were collected through a structured questionnaire administered to employees of the selected banks. The questionnaire was divided into sections:
Section A: Demographic information; Section B: Board Size; Section C: Board Composition; Section D: Audit Committee Effectiveness; Section E: Financial Sustainability
Responses were measured using a five-point Likert scale ranging from:

1 = Strongly Disagree to 5 = Strongly Agree
The instrument was subjected to face and content validity by experts in banking, finance, and research methodology to ensure that it measures what it is intended to measure. Reliability was tested using Cronbach's Alpha, and all variables recorded values above 0.70, indicating acceptable internal consistency. Data collected were analyzed using the Statistical Package for Social Sciences (SPSS). The following techniques were employed: Descriptive Statistics: Frequencies, percentages, and mean scores; Inferential Statistics: Pearson Correlation Analysis; Multiple Regression Analysis The model used is:

$$FS = \beta0 + \beta1BS + \beta2BC + \beta3ACE + \varepsilon$$

Where:
FS = Financial Sustainability
BS = Board Size
BC = Board Composition
ACE = Audit Committee Effectiveness Statistical significance was tested at $p < 0.05$.
The study adhered to ethical standards by: Obtaining informed consent from respondents; Ensuring confidentiality and anonymity; Using data strictly for academic purposes; Allowing voluntary participation

RESULTS AND ANALYSIS

This chapter presents the analysis and interpretation of data collected from respondents on the effect of corporate governance on financial sustainability of deposit money banks in Nigeria. A total of 189 questionnaires were distributed, out of which 153 were valid and used for analysis, representing a response rate of 81.0%. The data were analyzed using descriptive statistics (frequency, percentage, mean, and standard deviation) and inferential statistics (correlation and regression analysis), as commonly applied in quantitative research analysis.

Socio-Demographic Characteristics of Respondents

Table 4.1: Distribution of Respondents by Gender

Gender	Frequency	Percentage (%)
Male	89	58.2
Female	64	41.8
Total	**153**	**100.0**
Source: Researcher's Computation, 2026		

The table shows that out of the total 153 respondents, 89 (58.2%) are male, while 64 (41.8%) are female. This means that the sample is composed of a larger percentage male respondents. Nonetheless, the gap is not very large, which implies that the gender balance in the sampled banks is rather balanced. This means that the research also covers the views of both male and female workforce and as such, there is an increased representativeness and credibility of the results, especially in the interpretation of corporate governance behaviors between the genders.

Table 4.2: Distribution of Respondents by Age

Age Group	Frequency	Percentage (%)
Below 25	14	9.2
25–35	59	38.6
36–45	47	30.7
46–55	21	13.7
Above 55	12	7.8
Total	**153**	**100.0**
Source: Researcher's Computation, 2026		

The age distribution indicates that the majority of the respondents who are 59 (38.6% in the 25-35 years age range) represent the biggest section of respondents. Next there is the respondent of 36 years to 45 years (30.7% of the number), and the 13.7 percent of 46 years to 55 years. The employees under 25 years are 9.2% and the aged people over 55 years are 7.8%. This means that it contains a high percentage of young to middle-aged workers which is a strong and active employee group. This type of a demographic is generally more flexible to organizational practices and policies of governance, implying that the respondents are in a good position to inform their positions on financial sustainability as well as governance structures.

Table 4.3: Distribution by Educational Qualification

Qualification	Frequency	Percentage (%)

O'Level	9	5.9
OND/HND	23	15.0
B.Sc.	63	41.2
Master's	41	26.8
Ph.D.	17	11.1
Total	**153**	**100.0**
Source: Researcher's Computation, 2026		

This table shows that the largest number of respondents, 63 (41.2% community), have a Bachelor of Degree (B.Sc.). This is then followed by the Master degree holders (26.8%) and the Ph.D holders(11.1%). All the respondents with OND/HND qualifications are 15.0 and those with O Level are 5.9%. This distribution indicates that the respondents are well educated with a major percentage having tertiary and postgraduate education. With such an educational attainment, this would make them understand and interpret complex matters about corporate governance mechanisms and financial sustainability therefore making the responses given in the question of corporate governance mechanisms and financial sustainability to become more credible.

Table 4.4: Distribution by Years of Experience

Years of Experience	Frequency	Percentage (%)
Below 2 years	17	11.1
2–5 years	44	28.8
6–10 years	56	36.6
Above 10 years	36	23.5
Total	**153**	**100.0**
Source: Researcher's Computation, 2026		

The data indicates that 56 (36.6%) respondents are between 6-10 years of work experience and make the largest group. Others that have been with the company 2-5 years and those with 10 years and above are next at 28.8% and 23.5% respectively. The number of respondents who have less than 2 years of experience is 11.1%. It means that most of the respondents have a moderate or a broad work experience, which means that they are familiar with banking operations and practices of corporate governance. Having good personnel will also increase the quality and reliability of the data because such personnel stand more chances of being practical with the structures of governance and how the structure affects the sustainability in the given area (financially).

Analysis of Research Variables

Corporate Governance Variables

Table 4.5: Board Size and Financial Sustainability

Statement	N	Mean	Std. Dev
Board size improves decision-making	153	3.86	0.79
Larger boards enhance monitoring	153	3.82	0.83
Statement	N	Mean	Std. Dev
Board size influences performance outcomes	153	3.88	0.77
Overall Mean		**3.85**	
Source: Researcher's Computation, 2026			

According to the table, the respondents tend to hold a positive opinion about the relationship between the board size and the financial sustainability because, the overall mean of the 3.85 is above the benchmark average of 3.0. In particular, the statement about board size having an impact on the performance outcomes followed by the highest mean (3.88), the decision making (3.86), and the monitoring (3.82). The standard deviation numbers are relatively low which means that there is the consistency of responses. This implies that board size is viewed as a key governance system by the respondents that can help in the effective decision-making, better oversight, and financial sustainability of banks.

Table 4.6: Board Composition and Financial Sustainability

Statement	N	Mean	Std. Dev
Independent directors improve governance	153	3.90	0.81
Board independence enhances transparency	153	3.87	0.84
Board composition affects sustainability	153	3.85	0.80
Overall Mean		**3.87**	
Source: Researcher's Computation, 2026			

The findings indicate that of the respondents, there is a high perceptions of the board composition contributing enormously to financial sustainability with mean of overall 3.87. Of the items, the highest mean was high among independent directors enhancing governance (3.90), enhanced transparency (3.87) and overall sustainability impact (3.85). This implies that having independent and non-executive directors reinforces governance frameworks by enhancing accountability, transparency and objective decision making leading to financial sustainability.

Table 4.7: Audit Committee Effectiveness and Financial Sustainability

Statement	N	Mean	Std. Dev
Audit committees improve financial control	153	3.91	0.78
Audit oversight enhances accountability	153	3.88	0.82
Statement	N	Mean	Std. Dev
Audit effectiveness improves sustainability	153	3.86	0.80
Overall Mean		**3.88**	
Source: Researcher's Computation, 2026			

The table indicates that the audit committee effectiveness positively affects the financial sustainability with the mean of financial sustainability being the highest with the overall mean of 3.88 on all the governance variables. Enhancing financial control recorded the highest mean (3.91) to the statement audit committees as opposed to enhancing accountability (3.88) and enhancing sustainability (3.86). It implies that effective audit committees are significant in maintaining financial discipline, internal control, and transparency, which are very crucial to the long term financial performance in the bank. **4.3.2 Financial Sustainability**

Table 4.8: Financial Sustainability

Statement	N	Mean	Std. Dev
Bank maintains long-term financial stability	153	3.84	0.81
Bank achieves sustainable growth	153	3.82	0.83
Bank maintains consistent financial performance	153	3.86	0.79
Overall Mean		**3.84**	
Source: Researcher's Computation, 2026			

Based on the table, the respondents have conceded that the selected banks are usually characterized by financial sustainability, indicating that the overall mean score is 3.84. Of the indicators, the highest mean was maintained at the financial performance consistency (3.86), with long-term financial stability coming next (3.84) and sustainable growth (3.82). This means that this is moderate to high financial sustainability by the banks in terms of performance, growth, and sustainability. The fact that the standard deviations are rather low also suggests the consensus among the respondents, which supports the reliability of the results even further.

Test of Hypotheses

Correlation Analysis

Table 4.9: Correlation Matrix

Variables	Financial Sustainability (r)	Sig. (p)
Board Size	0.601**	0.001
Board Composition	0.624**	0.001
Audit Committee Effectiveness	0.642**	0.000
*Source: Researcher's Computation, 2026. (**Significant at p < 0.01)*		

All corporate governance variables show positive and significant relationships with financial sustainability ($p < 0.01$).

Regression Analysis

Table 4.10: Multiple Regression Results

Predictor Variable	Beta	t-value	Sig. (p)
Board Size	0.298	3.52	0.001
Board Composition	0.332	3.98	0.000
Audit Committee Effectiveness	0.361	4.21	0.000
R^2	**0.59**		
Source: Researcher's Computation, 2026			

The regression model shows that corporate governance explains 59% of the variation in financial sustainability ($R^2 = 0.59$).
All variables are statistically significant ($p < 0.05$).

DISCUSSION OF FINDINGS

This paper aimed to analyze the relationship between corporate governance practices, including board size, board composition (independence of directors), and the effectiveness of the audit committee and financial sustainability of the deposit money banks in Abuja Municipal Area Council through primary data collected on 153 employees in a bank in Abuja. The results indicate that the respondents tend to think that corporate governance is composed of a positive effect on financial sustainability and this is consistent with the previous empirical studies. In particular, the findings suggest that the size of the board has a positive influence on the financial sustainability, which means that a sufficiently large board can offer more control, expand the range of knowledge, and enhance the situation with strategic decision-making. This confirms previous research that boards that are properly structured enhance firms in achieving better decisions and promote accountability, hence encouraging financial performance in the long term (Azeez and Abimbola, 2020; Ismail and Abdullahi, 2021).

The research also established that financial sustainability is boosted tremendously by board composition especially the availability of independent directors. The respondents affirmed that the independent directors facilitate transparency in their operations, checks and balances, and reduce agency issues that may arise due to the conflict between the management and the shareholders. This can be attributed to the stakeholder theory, according to which the interests of a number of stakeholders are safeguarded by diversified boards including independent directors (Freeman, 1984) and that diversified boards can result in better performance and governance (Uwuigbe et al., 2021). It also supports empirical research of Nigerian financial institutions indicating that independent board members play a crucial role in increasing governance and financial performance (Ogege & Osemeke, 2022; Anichebe and Agu, 2023). Moreover, effectiveness of audit committee was the highest positive determinant of financial sustainability in this research. The respondents indicated that audit committees which are effective in ensuring compliance with financial reporting and control over internal activities assist in ensuring accuracy, enhancing accountability, and also curbing financial abuse. This is in line with the agency theory, which assumes that agency cost and information asymmetry is minimized and the organizational performance is improved through monitoring systems like audit committees (Jensen and Meckling, 1976). Empirical studies also confirm that effective audit committees enhance transparency and internal financial control, which results in better financial performance and sustainability of the banks (Adegbite et al., 2020; Eze and Okoye, 2024).

The general tendency of the findings- positive correlation and a large effect of regression- speaks in favour of the notion that the presence of solid corporate governance mechanisms jointly lead to the financial sustainability in the banking industry. Governance practices contribute to institutions being resistant to financial shocks and mismanagement and, thereforZSe, demonstrating a steady performance in the short and long term (Soludo & Alawode, 2022). The joint R square of 0.59

insinuates that the corporate governance factors provide information on how the given financial sustainability varied among the chosen banks, which is significant in the social science study where the role of human factors and organizational dynamics cannot be overlooked. All in all, the results substantiate the fact that corporate governance is not simply a procedure, but is also strategically relevant to the maintenance of performance in the competitive and complex banking sector in Nigeria. Hence, with suitable governance systems in place successful banks with boards of directors that are adequately sized, independent directors, and effective audit committees are more likely to enjoy long-term financial sustainability and stakeholder confidence.

CONCLUSION AND RECOMMENDATIONS

As a result of the findings, this paper concludes that the influence of effective corporate governance on the financial sustainability of Nigeria deposit money banks is huge. Effective governance frameworks (especially, well-comprised boards, independent directors, and effective audit boards) aid superior surveillance, enhance financial oversight frameworks, lessen agency difficulties, and aid long-term fiscal security and development. Such findings support the conceptual association between corporate governance and the performance of the organization, and agree with the agency theory and the stakeholder theory, which also emphasize the significance of governance systems in coordinating the managerial activities with stakeholder interests and sustainable performance. Therefore, good governance in banks is likely to ensure financial performance, economies withstands, and stakeholder confidence. Resting on the findings and conclusions, it is possible to offer the following recommendations:

i. In order to foster transparency and accountability, banks are expected to maintain a balanced composition of the board should have a greater number of independent directors.
ii. The boards are supposed to be of great size so that there can be variety of expertise in them and at the same time it is efficient in operations and effective management.
iii. To enhance financial sustainability, banks are supposed to invest in enhancing the capacity of audit committees by training, setting of clear mandates to the mandates, as well as, effective internal audit systems.
iv. Central Banks like the Central Bank of Nigeria (CBN) ought to promote frequent governance audits to determine the suitability of corporate governance systems in banks.
v. Banks ought to enhance disclosure, involve the stakeholders by reporting on the governance practices on a regular basis to build trust and ensuring sustainable financial results.

Suggestions for Further Studies

- It might be discussed in future research whether the impact of corporate governance on the financial sustainability of microfinance banks, the insurance companies, and the investment banks can be used as well to define whether the similar governance system can be used to explain financial sustainability in various financial fields.

- A longitudinal study would have been used to assess the effect of the corporate governance practices in the long run. This would give information regarding the impact of changes in board structures, composition or effectiveness of an audit committee in the long run on the financial sustainability.
- Further research might incorporate other governance elements of the corporate environment, including executive compensation, risk management, internal control system and ownership structure so as to give a more encompassing insight into how these factors affect financial sustainability.
- Future studies may assume either a qualitative or mixed-method research design, interviewing board members, regulators and executives as well to understand more about these governance practices and how they practically affect financial sustainability.
- Studies may investigate the impact of corporate governance on non-financial, e.g., corporate social responsibility, innovation, or employee-engagement that may indirectly have an effect on financial sustenance.

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