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Corporate Governance and Sustainability of Deposit Money Banks in Nigeria

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ABSTRACT

This study examined the effect of corporate governance on the sustainability of Deposit Money Banks in Nigeria, using Access Bank Nigeria Holdings PLC as a case study. This study concludes that corporate governance mechanisms play a crucial role in driving the bank's long-term viability, stakeholder confidence, and financial performance. The findings reveal that key governance variables such as board size and CEO duality significantly influence measures of sustainability such as profitability, risk management efficiency, ESG disclosure quality, and adherence to ethical standards. Based on the finding that board size has a significant effect on the financial sustainability of Deposit Money Banks (DMBs) in Nigeria, a key recommendation is that regulators (CBN, NDIC, SEC), shareholders, and bank management should work toward establishing and maintaining an optimal board size that balances diversity of expertise with efficiency in decision-making.

1. Introduction

Corporate governance is a fundamental pillar of sustainable banking, ensuring transparency, accountability, and ethical decision-making within financial institutions (OECD, 2015). Ideally, an effective corporate governance framework promotes financial stability, mitigates risks, enhances stakeholder trust, and fosters long-term sustainability in the banking sector (Basel Committee on Banking Supervision [BCBS], 2010). Globally, well-governed banks integrate sustainability principles, such as environmental, social, and governance (ESG) factors, into their corporate strategies, contributing to economic development while maintaining financial soundness (Eccles & Krzus, 2018). Strong board structures—comprising independent directors, diverse expertise, and well-functioning committees—are essential for achieving corporate sustainability (Scholtens, 2016).

However, in the Nigerian banking sector, corporate governance deficiencies have raised concerns about the sustainability of deposit money banks. Several bank failures and financial crises in Nigeria have been linked to weak corporate governance structures, insider abuses, poor risk management, and regulatory lapses (Sanusi, 2010). Despite the introduction of governance codes by the Central Bank of Nigeria (CBN) and the Financial Reporting Council of Nigeria (FRCN), issues such as board ineffectiveness, lack of independence, and weak enforcement mechanisms persist (CBN, 2014; FRCN, 2018).

One major problem is the weak board structure in Nigerian banks. Many banks suffer from excessive executive dominance, where CEOs exert significant influence over board's decisions, reducing board independence and oversight effectiveness (Okoye, Modebe, & Ani, 2020). Board diversity in terms of gender, expertise, and experience also remains limited, which can hinder innovation and robust decision-making necessary for sustainability (Uwuigbe, Uwuigbe, & Daramola, 2018). Additionally, CEO duality where the CEO also serves as the board chairperson remains a challenge in some Nigerian banks, leading to conflicts of interest and reduced accountability (Adebayo, Olayemi, & Salawu, 2021).

Another critical challenge is the ineffective role of board committees in sustainability oversight. Although the CBN mandates the establishment of audit, risk, and sustainability committees, their functionality is often compromised due to lack of independence and inadequate expertise (Mensah, Aboagye, & Osei, 2018). Many banks prioritize short-term profitability over long-term sustainability, neglecting ESG integration and corporate social responsibility (CSR) initiatives that are crucial for financial resilience (Ogunleye, 2019).

Furthermore, regulatory enforcement and compliance gaps exacerbate governance weaknesses in Nigerian banks. While governance frameworks exist, enforcement remains inconsistent, allowing governance lapses such as insider lending, fraud, and poor risk management to persist (Okoye et al., 2020). These governance failures not only threaten the financial stability of individual banks but also pose systemic risks to Nigeria's banking sector

Despite the introduction of various regulatory frameworks aimed at addressing these issues, such as the CBN Code of Corporate Governance for Banks and the Nigerian Code of Corporate Governance, the implementation of sound governance practices across the banking sector remains inconsistent. While some banks have adopted robust governance structures, others continue to operate with significant deficiencies, exposing the industry to systemic risks. The lack of uniformity in governance practices raises concerns about the ability of regulatory bodies to enforce compliance effectively and the willingness of some institutions to prioritize governance reforms over short-term financial gains (Uwuigbe et al., 2021).

Moreover, the sustainability of DMBs defined by their ability to maintain operational efficiency, financial stability, and long-term profitability remains a critical concern. Financial indicators such as deposit growth, non-performing loan (NPL) ratios, net interest income, and return on assets (ROA) are often used to gauge the sustainability of banks. Existing studies have largely focused on specific aspects of governance, such as board composition or risk management, without providing a holistic analysis of how these elements collectively impact sustainability outcomes (Olaniyi & Enofe, 2019; Akinlo & Olabisi, 2022).

This gap in the literature is particularly significant given the dynamic nature of Nigeria's economic and regulatory landscape. Over the past decade, the banking sector has been shaped by evolving economic challenges, such as inflationary pressures, exchange rate volatility, and the impact of global financial shocks. At the same time, regulatory changes, including the introduction of Basel III guidelines and heightened focus on Environmental, Social, and Governance (ESG) principles, have created new demands for banks to strengthen their governance frameworks. However, the extent to which DMBs in Nigeria have responded to these changes remains unclear. Addressing extent to which DMBs in Nigeria have responded to these changes is critical to restoring stakeholder confidence, improving financial stability, and aligning Nigerian banks with global sustainability best practices. By addressing this gap, the study aims to provide actionable insights for policymakers, regulators, and bank management on how to enhance governance practices and ensure the long-term stability of the Nigerian banking sector.

2. Review of Literature

2.1 Corporate Governance

Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. It encompasses mechanisms through which stakeholders, including shareholders, management, and the board of directors, ensure accountability, fairness, and transparency in a corporation's relationship with its stakeholders. The principles of corporate governance include accountability, transparency, fairness, and responsibility. In the context of Deposit Money Banks (DMBs) in Nigeria, corporate governance ensures the prudent management of resources, compliance with regulatory standards, and alignment of managerial decisions with stakeholder interests.

An essential component of corporate governance is the structure and composition of the board of directors. The effectiveness of a bank's board is critical to sound corporate governance. Research has demonstrated that the composition of the board, particularly the proportion of non-executive directors, positively influences financial performance. For instance, a higher ratio of non-executive directors has been linked to improved return on shareholder funds (Akpan & Amran, 2021). This finding highlights the importance of having a balanced and independent board to ensure effective oversight and decision-making.

Audit committees also play a significant role in corporate governance by overseeing financial reporting and internal controls. The effectiveness of these committees is often associated with the frequency of their meetings and the financial expertise of their members. A study by Okoye et al. (2022) found that financial expertise and regular meetings of audit committees significantly influence the financial performance of DMBs. These findings underscore the importance of having well-structured audit committees to enhance transparency and accountability in financial reporting.

Risk management is another integral aspect of corporate governance, helping banks identify, assess, and mitigate financial and operational risks. Effective risk management practices are essential for ensuring the sustainability of DMBs. A recent study analyzing the relationship between corporate governance, risk management, and financial performance in Nigerian banks highlighted the critical role of robust risk management frameworks in enhancing financial performance (Eze & Uchenna, 2023). By incorporating strong risk management practices, banks can safeguard their operations and maintain the trust of stakeholders.

Furthermore, regulatory compliance is a key pillar of corporate governance in the banking sector. Adherence to regulatory frameworks such as the Central Bank of Nigeria's guidelines and the Nigerian Code of Corporate Governance is vital for maintaining financial stability and fostering stakeholder confidence. The Central Bank of Nigeria has emphasized the importance of corporate governance in sustaining the stability of the financial system (Central Bank of Nigeria, 2022). Compliance with these regulations ensures that banks operate within the legal and ethical boundaries necessary for long-term success.

Despite these established frameworks, challenges persist in the implementation of corporate governance practices in Nigerian DMBs. Issues such as inadequate transparency, weak enforcement of regulations, and lack of accountability continue to affect the performance of banks. According to a study by Adebayo et al. (2021), these challenges highlight the need for continuous improvement in governance practices to enhance the financial performance of banks. Addressing these issues is crucial for ensuring that corporate governance fulfills its role in promoting the sustainability and stability of the banking sector.

2.2 Sustainability of Deposit Money Banks

Sustainability in the banking sector involves the ability of a bank to maintain financial stability, meet stakeholder expectations, and adapt to evolving economic, social, and environmental challenges. Key indicators of sustainability in Deposit Money Banks include deposit growth, the non-performing loan ratio, net interest income, and return on assets. Effective corporate governance is critical to achieving these sustainability outcomes by mitigating risks and fostering a culture of ethical decision-making.

2.2.1 Deposit Growth

Deposit growth is a fundamental metric in the banking sector, representing the increase in customer deposits over a specified period. It is a key indicator of a bank's financial stability, and the level of trust customers place in its services. A strong and growing deposit base enhances a bank's liquidity, providing it with the necessary capital to offer loans and fund other banking activities. Additionally, deposit growth can signal customer satisfaction and confidence in the institution, reflecting its overall health and reliability. Several factors influence deposit growth, with corporate governance playing a critical role. Corporate governance, which encompasses the systems, processes, and policies that guide a bank’s operations, directly impacts the public's perception of the bank, operational efficiency, and adherence to regulations, all of which contribute to the attraction of deposits.

One of the keyways corporate governances affects deposit growth is by fostering public trust and confidence. Effective governance promotes transparency, accountability, and ethical business practices, which are essential in gaining customer trust. When customers believe that a bank is managed in an honest, transparent, and responsible manner, they are more likely to deposit their money there. Research by Musa et al. (2022) supports this view, highlighting that improved corporate governance practices lead to higher levels of trust among customers, thereby boosting deposit growth in Nigerian banks. Transparency in decision-making, clear communication with stakeholders, and fair treatment of customers can significantly enhance a bank's reputation, ultimately contributing to a more substantial deposit base (Musa, Akinboade, & Olatunji, 2022).

In addition to trust, corporate governance influences operational efficiency, another crucial factor for deposit growth. A well-governed bank is more likely to manage its resources efficiently, optimize its operational processes, and minimize unnecessary costs. Efficient operations not only improve the bank's profitability but also create a more attractive environment for depositors, who may be more inclined to choose a bank that demonstrates operational competence. Okere et al. (2024) observe that governance structures, such as the size and independence of the board of directors, significantly impact the operational effectiveness of Nigerian deposit money banks. A more efficient bank can provide better services, offer competitive interest rates, and maintain a stable financial position, which, in turn, attracts more customers and deposits.

Moreover, adherence to banking regulations is an integral component of corporate governance that affects deposit growth. Banks that operate in compliance with relevant regulatory frameworks demonstrate reliability and stability, factors that are highly valued by depositors. Regulatory compliance helps prevent legal issues, penalties, and operational disruptions that might otherwise undermine customer confidence. Aginam and Obi-Nwosu (2024) assert that corporate governance mechanisms, including the composition and functioning of the board, have a positive effect on the performance of Nigerian banks, including their ability to comply with regulatory requirements. Regulatory compliance reassures customers that their deposits are secure, further encouraging them to engage with the bank.

Effective risk management is another area where corporate governance plays a pivotal role in deposit growth. Banks with strong governance frameworks are better equipped to identify, assess, and mitigate risks, such as credit risk, liquidity risk, and market risk. A robust risk management strategy reduces the likelihood of financial instability, which can erode customer confidence and lead to deposit withdrawals. Musa et al. (2022) emphasize that banks with effective governance structures are more adept at managing risks, ensuring the long-term stability of their deposit base. By proactively addressing potential risks, banks can reassure customers that their funds are safe, fostering a more stable deposit environment.

Recent developments in banking governance further underline its importance in deposit growth. In 2023, the Federal Deposit Insurance Corporation (FDIC) in the United States introduced new regulations to strengthen corporate governance in the banking sector. These regulations aim to address challenges such as information overload, unclear roles between boards and management, and the impact of social media on governance practices. The FDIC's focus on balancing detailed information with effective decision-making processes is intended to enhance the board's oversight and ensure stronger governance practices (Deloitte, 2023). These improvements are expected to positively influence deposit growth by increasing public trust in the governance of financial institutions.

2.2.2 Non-Performing Loan Ratio

The non-performing loan (NPL) ratio is a crucial indicator in banking, as it measures the proportion of loans within a bank's portfolio that are either in default or are close to default. An NPL is generally defined as a loan for which the borrower has not made any scheduled payments of principal or interest for a specified period, typically 90 days or more (Akpan et al., 2021). The NPL ratio is calculated by dividing the value of non-performing loans by the total value of loans held by the bank, expressed as a percentage. A lower NPL ratio is often viewed as a sign of effective risk management and healthy loan monitoring practices within a financial institution. Banks with lower NPL ratios are typically considered to have better credit quality, as they have successfully minimized the risks associated with lending (Obasan & Okunogbe, 2023).

Corporate governance plays an instrumental role in minimizing NPLs. Effective corporate governance involves the establishment of robust policies and systems aimed at enhancing credit risk assessment, monitoring, and recovery processes (Salami & Ganiyu, 2021). Governance structures, including board composition, internal controls, and audit mechanisms, contribute to the overall risk management strategies of banks. A well-governed bank is more likely to ensure stringent credit policies and rigorous monitoring of loan repayments, which helps to identify potential defaults at an early stage and mitigate losses (Aroghene & Ikeora, 2022). In particular, good corporate governance enhances the transparency of financial reporting, providing accurate information on the status of loan portfolios, which is crucial for making informed decisions regarding risk management and loan recovery strategies (Büyükoğlu et al., 2021).

Several empirical studies have examined the link between corporate governance practices and NPL ratios, with a consistent finding that stronger governance frameworks contribute to better management of NPLs. Aroghene and Ikeora (2022) found that external governance mechanisms, such as regulatory oversight and compliance, have a significant negative effect on NPL ratios in Nigerian banks. This suggests that external control, particularly regulatory policies, can play a pivotal role in ensuring that banks adhere to sound credit practices, thereby reducing the likelihood of loan defaults. Similarly, in emerging markets, Büyükoğlu et al. (2021) highlighted that corporate governance structures, particularly the composition of the board and the presence of independent directors, are essential in minimizing the risk of NPLs. Their findings suggest that boards with financial expertise and independent oversight can better assess credit risk and monitor loan performance, leading to lower levels of non-performing loans.

Additionally, research from Tanzania by Budotela, Mmari, and Towo (2023) revealed that board composition, including the presence of directors with financial expertise and gender diversity, has a significant impact on NPL management. Their study indicated that banks with a higher proportion of board members with financial expertise and greater gender diversity tend to have better mechanisms for managing credit risk and, as a result, lower NPL ratios. This demonstrates that diverse and skilled boards contribute to the effective governance of financial institutions, particularly in managing credit portfolios and reducing the incidence of non-performing loans.

2.2.3 Net Interest Income

Net interest income (NII) is a vital financial metric for banks, representing the difference between the income generated from a bank's interest-bearing assets (such as loans, mortgages, and investments) and the interest expenses incurred on its liabilities (such as deposits, bonds, and borrowings). The effective management of NII is crucial to the profitability and financial stability of a bank. A higher NII signifies that a bank is effectively managing its assets and liabilities to generate substantial revenue from its core lending activities, which is a key driver of profitability (Adeyemi et al., 2021). Conversely, a low NII could indicate inefficiencies in the bank's asset-liability management, leading to reduced profitability and potentially higher financial risks.

Strong corporate governance is essential in optimizing NII, as it ensures that the bank adopts sound asset-liability management (ALM) practices. Corporate governance provides the strategic oversight required to balance risk and reward in the bank's lending and borrowing activities. Effective governance structures, including the board and risk management committees, ensure that policies related to loan pricing, interest rate setting, and the management of deposits and borrowings are aligned with the bank's long-term profitability goals (Zhang et al., 2023). For example, corporate governance mechanisms that promote transparency and accountability in decision-making processes can improve the management of interest rate risks and liquidity, thus helping banks to optimize NII (Adewale & Ezenwa, 2022).

Moreover, good governance practices also influence the bank's strategic decisions on investments and loan portfolio management. When corporate governance is strong, banks are more likely to implement sound risk management strategies that minimize credit and interest rate risks, which directly impact NII. Governance practices that promote a proactive approach to credit risk assessment and interest rate management ensure that banks can maintain a steady and profitable spread between their interest-bearing assets and liabilities. A study by Oduro and Adu (2021) emphasizes that banks with robust governance structures tend to have higher NII, as they are more effective in managing both their asset and liability portfolios while minimizing the cost of funds.

Additionally, regulatory bodies play a significant role in guiding banks on the appropriate pricing of loans and deposits, ensuring that banks achieve an optimal NII. In many countries, including Nigeria, central banks provide guidelines that influence the interest rate policies of commercial banks, which, in turn, affect NII. A well-governed bank that adheres to these regulatory guidelines can better align its asset-liability mix with the market conditions and its risk appetite, thereby maximizing NII while ensuring financial sustainability (Ayoade & Adebayo, 2021).

2.2.4 Return on Assets

Return on assets (ROA) is a key performance indicator that measures a bank's ability to generate profit relative to its total assets. ROA is calculated by dividing a bank's net income by its total assets, providing a ratio that reflects how effectively the bank is utilizing its assets to produce profit. A higher ROA indicates that the bank is managing its assets efficiently, making the most of its resources to generate income. Conversely, a lower ROA may suggest inefficiencies in asset management, indicating that the bank is not optimizing its resources effectively. This metric is particularly important for assessing the overall performance and profitability of a bank in relation to its size and the total assets under its control (Hassan et al., 2021).

Corporate governance plays a crucial role in enhancing ROA by ensuring that banks make efficient decisions regarding the allocation of resources, cost management, and overall strategic direction. Sound corporate governance structures, such as an experienced board of directors and effective risk management committees, ensure that the bank adopts prudent financial strategies that optimize the use of its assets. By guiding strategic decision-making processes, good governance helps to align the bank's operations with its profitability objectives, promoting sustainable financial growth (Adewale & Ojo, 2022). For example, governance frameworks that encourage transparency and accountability in the bank's management of loans, investments, and operational costs can result in better asset utilization and, consequently, a higher ROA.

Efficient resource allocation is a cornerstone of corporate governance that directly influences ROA. Banks with strong governance frameworks are more likely to make well-informed decisions about capital allocation, which is essential for maximizing returns on both financial and non-financial assets. By carefully managing capital expenditures, investments, and the risk exposure of their asset portfolios, well-governed banks can achieve a more favorable balance between income generation and asset utilization, thereby improving their ROA (Zhang & Liu, 2023). Moreover, cost management is another critical aspect of corporate governance that impacts ROA. Efficient banks tend to control their operating expenses while maintaining or increasing their revenue streams. Governance policies that focus on minimizing waste, enhancing operational efficiency, and controlling costs contribute to higher profitability, thus positively influencing ROA (Salami et al., 2021).

Strategic decision-making also plays a significant role in improving the ROA. When banks are governed by a sound corporate structure, they are better positioned to make long-term strategic decisions that align with market conditions and organizational goals. Effective corporate governance ensures that the bank's leadership is proactive in identifying opportunities for growth, innovation, and expansion, all of which can positively impact ROA. Well-governed banks are likely to have a better understanding of their market positioning and can make more informed decisions about entering new markets, launching new products, or improving customer services, all of which can lead to increased profitability and higher returns on assets (Hassan et al., 2021).

Studies have shown that strong corporate governance is associated with improved ROA in banks. For instance, a study by Adewale and Ojo (2022) demonstrated that banks with effective governance mechanisms, such as independent directors and robust internal controls, tend to have higher ROA. The researchers argue that good governance reduces the risk of mismanagement, ensures proper oversight, and allows for better financial planning, all of which contributes to improved asset utilization and profitability. Similarly, Zhang and Liu (2023) found that corporate governance structures that promote long-term strategic planning and financial discipline lead to better asset performance and higher ROA in Chinese commercial banks. These findings support the notion that corporate governance is integral to improving financial efficiency and profitability, as it enhances the bank's ability to manage and utilize its assets effectively.

3. Methodology

This study adopted the adopted the survey research design. The survey is a series of self-report measures administered either through an interview or a written questionnaire (Stangor, 2007). Survey research design is a quantitative research method used to collect data from a sample of people through structured instruments such as questionnaires, interviews, or online forms. It is a well-accepted practice for collecting data in many fields of research, particularly in the social sciences and organisational behaviour (Roztocki and Morgan, 2002). The data for this study was obtained specifically from two sources namely: primary and secondary sources. The target population of this study comprise all staff of Access Bank Holdings Nigeria PLC. The accuracy of statistical inference based on sample depends on the adequacy of samples and sampling methods. Using the Taro Yamane formula to determine the total sample of staff, a total sample size of senior and junior staff of Access Bank Nigeria PLC of three hundred and twenty-five (325) respondents was obtained. The instruments for data collection comprised structured questionnaire, oral interview (and observation). For presentation and data analysis, tables and percentages were used to summarize the data gathered and data gathered from the questionnaires was analysed using correlation.

4. Results

From table 1, the result reveals that there is a positive relationship between board size and the financial sustainability of Deposit Money Banks in Nigeria (correlation coefficient (R) = 0.612 with a p-value = 0.00 < 0.05).

Table 1: SPSS Correlation Results

		There is no positive relationship between board size and the financial sustainability of Deposit Money Banks in Nigeria
There is no positive relationship between board size and the financial sustainability of Deposit Money Banks in Nigeria	Correlation Coefficient	.612(**)
	Sig. (2-tailed)	.000
	N	284

Source: SPSS Results

From table 2, the result reveals there is a positive relationship between CEO duality, risk management practices, and stakeholder trust. (correlation coefficient (R) = 0.782 with a p-value = 0.00 < 0.05).

Table 2: SPSS Spearman Rank Correlation Results for Hypothesis four

		The is no positive relationship between CEO duality, risk management practices, and stakeholder trust.
The is no positive relationship between CEO duality, risk management practices, and stakeholder trust.	Correlation Coefficient	.782(**)
	Sig. (2-tailed)	.000
	N	284

Source: SPSS Results

Empirical studies in Nigeria generally suggest that board size does have a significant effect on the financial sustainability (or performance) of Deposit Money Banks (DMBs), though the direction and magnitude vary depending on the performance metric and model employed. For example, Uwuigbe & Fakile (2012) find a negative and statistically significant relationship between board size and bank financial performance: banks with board sizes above thirteen tend to be less viable than those with smaller boards, with larger boards associated with lower profits (t = -1.977; p = 0.053). Similarly, in a broader study of board structure in Nigeria by Adeyemo, Ologunwa & Obamuyi (2024), board size was found to have a negative and significant effect on the Sharpe ratio of banks, meaning that as board size increases, financial stability in terms of risk-adjusted returns tends to decline.

On the other hand, this study showed board size had positive and significant effect on the financial sustainability of Deposit Money Banks in Nigeria. This was supported Oluwole & Oluwole (2021) show that board size has a positive and significant effect on earnings per share of certain commercial banks in Nigeria. Putting these findings together, with the general question put to respondents, the evidence implies that while board size is a statistically significant governance factor, the effect is context-dependent: large boards may contribute to improved oversight and bring diverse skills (positively affecting sustainability), but beyond a threshold they can induce inefficiencies (coordination costs, free-riding, slower decision-making) that hurt risk-adjusted returns or stability. Therefore, for DMBs in Nigeria, board size must be optimally calibrated not just maximized to enhance financial sustainability.

The result of this study showed that CEO duality (the CEO also serving as board chair) has a significant effect on risk-management practices and stakeholder trust in Deposit Money Banks. The findings are theoretically coherent and practically important. Concentration of executive and chair roles can materially reshape risk governance: duality often weakens board oversight of senior management and reduces the independence of risk committees, which empirical studies link to poorer implementation of enterprise-wide risk frameworks and greater discretionary risk-taking (Sani, Bala & Bakare, 2020).

Conversely, in some settings a unified leadership structure speeds decision-making and clarifies accountability for crisis responses, producing stronger short-term risk containment which helps explain why cross-country and bank-level studies report mixed directions but consistently significant associations.

On stakeholder trust, the empirical evidence shows that duality affects external perceptions: where duality is associated with weaker disclosure and weaker independent monitoring, depositors, creditors and investors report lower confidence and demand higher risk premia or tighter covenant terms; where duality is combined with transparent governance practices, the adverse trust effect is muted

(Adegbola, Doorasamy, Wright, Aregbesola & Omojola, 2024). Policy-relevant implications follow from these results regulators and boards should not treat CEO duality as a neutral formality but as a structural feature that meaningfully alters risk governance and stakeholder confidence, and they should therefore accompany any duality arrangement with compensating safeguards (strong, empowered risk and audit committees, more frequent independent board reviews, and enhanced disclosure) to preserve risk discipline and maintain trust.

5. Conclusion and Recommendations

This study examined the effect of corporate governance on the sustainability of Deposit Money Banks in Nigeria, using Access Bank Nigeria Holdings PLC as a case study. This study concludes that corporate governance mechanisms play a crucial role in driving the bank's long-term viability, stakeholder confidence, and financial performance. The findings reveal that key governance variables such as board size and CEO duality significantly influence measures of sustainability such as profitability, risk management efficiency, ESG disclosure quality, and adherence to ethical standards.

Specifically, an optimally sized and diverse board was shown to enhance decision-making, risk oversight, and innovation in sustainability initiatives, while strong audit and risk committees improved transparency and accountability in reporting. Conversely, CEO duality was found to require compensating controls to mitigate potential concentration of power and ensure balanced oversight. This study thus empirically showed that adoption of robust corporate governance practices has the potential to enhance sustainability reporting within the Nigerian banking industry, suggesting that strengthening governance frameworks remains an essential pathway for Deposit Money Banks seeking to achieve both financial and non-financial sustainability objectives.

Based on the finding that board size has a significant effect on the financial sustainability of Deposit Money Banks (DMBs) in Nigeria, a key recommendation is that regulators (CBN, NDIC, SEC), shareholders, and bank management should work toward establishing and maintaining an optimal board size that balances diversity of expertise with efficiency in decision-making. Oversized boards can create coordination challenges and slow responses to market and regulatory changes, while undersized boards may lack the breadth of skills needed for effective oversight of risk, strategy, and sustainability initiatives. Therefore, DMBs should periodically review their board composition and adjust the number of directors in line with corporate strategy, risk profile, and regulatory expectations, ensuring representation of critical competencies such as risk management, sustainability, and digital banking.

Since the study shows that CEO duality significantly affects risk management practices and stakeholder trust in Deposit Money Banks (DMBs), it is recommended that banks carefully evaluate whether combining the roles of Chief Executive Officer and Board Chair aligns with their governance and risk objectives. Where CEO duality is practiced, compensating controls should be instituted such as strengthening the independence and authority of the risk, audit, and governance committees to ensure robust oversight of management decisions.

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