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Research

## **Corporate Governance and Jaiz Bank Performance: Assessing The Impact of The Nigerian Code of Corporate Governance 2018 (NCCG2018) on Jaiz Bank Plc 2020 to 2025 Performance**

**Salaudeen Jubril A (PhD)<sup>1</sup>, Mohammed B. Salaudeen (PhD)<sup>1</sup>**

<sup>1</sup>Nungu Business School, Nigeria.

Correspondence should be addressed to: [jubrilsalaudeen@gmail.com](mailto:jubrilsalaudeen@gmail.com)

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**Abstract:** This study explored how corporate governance affects Jaiz Bank Plc performance: assessing the impact of the Nigerian code of corporate governance 2018 (NCCG 2018) on Jaiz Bank Plc 2020 to 2025 performance. The research design used was ex post facto research design where secondary data was collected in the form of annual reports and financial statements of the bank. The relationship between the corporate governance variables and the financial performance indicators (return on assets and return on equity) was determined by the use of multiple regression analysis. The results indicated that corporate governance was significantly positively related to bank performance, and the risk governance ( $\beta = 0.42$ ,  $p = 0.001$ ), board independence ( $\beta = 0.35$ ,  $p = 0.002$ ), audit committee effectiveness ( $\beta = 0.28$ ,  $p = 0.004$ ), and disclosure practices ( $\beta = 0.31$ ,  $p = 0.00$ ). The model also established that it had a high explanatory power with a value of  $R^2$  of 0.78 implying that 78 percent of financial performance variation was explained by corporate governance variables. Board size was however found to have no statistical significance. It was found that the application of NCCG 2018 enhanced the financial performance of Jaiz Bank Plc and greatly improved the governance structures. Regulatory bodies were advised to enhance compliance measures, and to maintain the performance gains, banks were advised to focus on board independence, transparency, and risk governance.

**Keywords:** Corporate Governance, Jaiz Bank, NCCG 2018, Financial Performance, Nigeria, Legitimacy, Reputational loss.

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### **INTRODUCTION**

Corporate governance has turned out to be one of the key pillars in stabilizing, being accountable and performing of financial institutions in the world. Good governance mechanisms are essential in the banking industry where trust and confidence of the people

are of utmost importance, as well as the transparency and financial performance. The rising cases of corporate collapses and financial instabilities have also highlighted the need to have good governance structures especially in the emerging markets like Nigeria.

To address the governance issues in the corporate world, the Nigerian Financial Reporting Council has come up with the Nigerian Code of Corporate Governance 2018 (NCCG 2018), which is expected to encourage the corporate governance best practices in all economic sectors. The code lays stress on such principles as board effectiveness, accountability, ethical conduct, transparency, and risk management. As compared to the previous fragmented codes of governance, NCCG 2018 is more of a principle and unified code, which means that organizations have to implement governance standards, with justification of any deviations. This structure will help improve performance in business and increase investor trust in businesses in Nigeria, particularly the banks.

The Jaiz Bank Plc, which is a non-interest (Islamic) bank in Nigeria, offers a special environment to explore the role played by corporate governance in determining financial performance. The bank is run under Shari'ah principles, and it follows ethical financing, disallowing of interest (riba), and focus on profits and loss-sharing, unlike traditional banks. Such characteristics demand extra form of governance layer in the form of Shari'ah supervisory boards and its governance structure is more complicated and merits empirical research. Researchers like Musa, Sulaiman, and Halidu (2023), note that corporate governance mediates in improving financial performance in Jaiz Bank, whereas Jimoh, Attah, and Abdul (2021) note the performance trends in the bank through CAMEL analysis.

Although numerous articles and books have been written about corporate governance and bank performance, there is a paucity of empirical studies that concentrate on the post-NCCG 2018 period, especially on the case of Islamic banks in Nigeria. The literature has been mostly preoccupied with cross-country studies (Aslam and Haron, 2020; 2021) or traditional banking systems and has not investigated the impact of governance reforms on the performance of non-interest banks in a Nigerian setting. Moreover, the years 2020-2025 are of special concern as the implementation period of NCCG 2018 is covered, and significant economic shocks like COVID-19 and changing regulatory reforms are also observed.

This research, aims to address this gap by evaluating how NCCG 2018 will impact the performance of Jaiz Bank Plc in the period between 2020 and 2025. In particular, the authors investigate the impact of corporate governance variables, including the board

composition, audit practices, risk governance, and disclosure standards, on the important performance measures such as profitability, asset quality, and operational efficiency. The fact that the study concentrates on a non-interest financial institution also adds to the increasing body of literature on Islamic banking governance and implications on financial performance.

The importance of the study is that it designed to enlighten the board, the shariah board, regulators, and the bank management about whether the governance reforms are effective in enhancing institutional performance or not. It also offers information on how Islamic financial institutions can strike a balance between regulatory conformance and Shari'ah principles to attain sustainable growth. Moreover, the results will be relevant for scholarly discussion to extend the current knowledge on corporate governance-performance nexus in emerging markets.

The rest of the study is organized as follows: the following section gives a background and overview of corporate governance and Islamic banking in Nigeria; then a review of empirical and theoretical literature relating to the issue are given. The methodology section provides the research design, data sources and data analysis procedures. The results and discussion are further provided with the conclusion of the study being given with the main findings and policy implications.

### **Background / Overview of the Subject Matter**

Corporate governance is a system of rules, practices, and processes through which an organization is guided and governed. It involves the interaction between the management, the board of directors, shareholders and other stakeholders of a company, and is intended to enhance accountability, transparency, and ethical business practices. Corporate governance is of specific concern in the banking industry as banks are fiduciary institutions engaged in financial intermediation, economic stability and trust.

Corporate governance in Nigeria has had a lot of changes over the years, much of them occurring as a reaction to corporate failure, deficient regulatory control and financial crises in the financial sector. Before the development of a single governance framework, various regulatory authorities like the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC) published sector-specific codes, which created a lack of unity and uniformity in the manner governance was practiced. In response to these issues, the Financial Reporting Council of Nigeria has unveiled the Nigerian Code of Corporate

Governance 2018 (NCCG 2018), a document that offers a broad based and principle based approach that is applicable in all industries.

NCCG 2018 highlights some of the key principles of good governance such as board structure and board composition, separation of powers, director independence, accountability, risk management, internal control systems, and stakeholder engagement. One of the peculiarities of the code is, its apply and explain method that gives organizations flexibility in their implementation, but obliges them to explain why they do not follow the set principles. The idea behind this method is to promote high level of transparency and make organizations embrace governance practices specific to the context of their operation.

Nigerian banking industry is one of the most regulated industries and as such, the corporate governance standards are expected to be high. The banks must not only adhere to NCCG 2018, but also to other rules of the Central Bank of Nigeria, especially those concerning risk management, capital adequacy, and disclosure requirements. Good governance in the banks is related to better financial performance, less exposure to risks, and more investor confidence.

Being a non-interest bank in Nigeria, Jaiz Bank Plc is based on the provisions of the Islamic banking, which forbids interest (riba), excessive uncertainty (gharar), and speculative trading. Rather, the bank embraces profit-and-loss sharing schemes and asset-backed financing schemes. This special operational structure brings on board other governance conditions such as the existence of a Shari'ah Supervisory Board, such that all financial operations are in line with the Islamic law.

Jaiz bank governance structure is thus not limited to the traditional corporate governance systems but an added layer of Shari'ah governance. The dual governance system is critical in the compliance of ethics, the increase of trust in stakeholders and the integrity of the banking operations. Mukhibad et al. (2024) claim that the risk profile and performance of Islamic banks are greatly affected by the diversity and effectiveness of the board of directors as well as the Shari'ah board.

The introduction of NCCG 2018 has led to a situation where Nigerian banks, including Jaiz Bank, have to enhance their governance practices, especially in terms of board independence, audit functions, risk governance, and disclosure standards. The 2020-2025 period would be a good time to gauge the effectiveness of these reforms as it will be a time to not only gauge the adjustment phase but also a time to consolidate the practices of governance in the banking sector.

Moreover, the performance that Jaiz Bank has experienced in the past few years has been influenced by numerous internal and external factors such as changes in regulations, economic changes, technological changes and the growing competition in the financial services industry. As shown in studies like Mustapha and AbdulQuadri (2025) and Shehu and Sani (2025), marketing strategies, capitalization, and risk management practices are key factors that affect the performance results of the bank.

It is thus necessary to understand how corporate governance reforms, especially NCCG 2018, and the performance of Jaiz Bank interact to assess the effectiveness of regulatory frameworks in Nigeria. It also offers some ideas on how non-interest financial institutions could manage to reconcile the compliance requirements and their own principles of operation.

## **LITERATURE REVIEW**

### **Concept of Corporate Governance**

Corporate governance can be described as a system through which organizations are guided, managed, and brought to account. It includes mechanisms to guarantee that the management is acting in the best interest of shareholders and other stakeholders by being transparent, accountable and acting ethically. Corporate governance is especially crucial in the banking sector as there is a large amount of public trust and regulatory scrutiny involved. Good governance mechanisms are usually characterized by independence of board of directors, effective audit committees and robust internal control measures.

Research on corporate governance has always highlighted corporate governance in improving organizational performance. As an example, Musa, Sulaiman, and Halidu (2023) point out that corporate governance is a mediating factor in Jaiz Bank Plc between corporate social responsibility and financial performance. Aslam and Haron (2020) make similar arguments when they note that the sound governance practices have a crucial impact on the operational efficiency and stability of the Islamic banks under various jurisdictions. The authors also imply that governance structures based on the principles of Islam enhance compliance and financial performance.

Regulatory reforms, including NCCG 2018, have been effective in enhancing corporate governance in the Nigerian context by encouraging best practices in various sectors. These control mechanisms will help mitigate agency issues, increase managerial responsibility and eventually maximize financial performance. Corporate governance is

therefore a key determinant of the success of an organization especially in the banking sector.

### **Concept of Financial Performance**

Financial performance is the capacity of a firm to make profits and utilize its resources effectively within a certain period. It is usually determined by measuring performance in terms of return on assets (ROA), return on equity (ROE) and profitability ratios, liquidity ratios and asset quality measurements. Performance in the banking industry is also determined using models like CAMEL (Capital adequacy, Asset quality, Management efficiency, Earnings and Liquidity).

Jimoh, Attah, and Abdul (2021) used CAMEL framework to assess the financial performance of Jaiz Bank Plc and discovered that the bank experienced stable growth even though it had certain difficulties with asset quality and liquidity management. Correspondingly, Abdullahi and Isyaku (2025) were evaluating the performance of Jaiz and Taj Banks on the basis of Sharia-compliant products, they have also stated that the non-interest banking models can deliver competitive financial performance when well managed.

Islamic banks are not only affected by their financial performance in terms of traditional financial indicators but also in terms of compliance with Shari'ah principles. This further complicates matters given that banks have to walk the fine line between profitability and ethics. In addition, Mustapha and AbdulQuadri (2025) established that strategic initiatives like Islamic marketing can play a major role in enhancing improved firm performance.

### **Concept of Islamic Banking and Shari'ah Governance**

Islamic banking is an alternative financial system. one that is governed by Islamic law (Shari'ah) which does not allow interest (riba), excessive uncertainty (gharar) and gambling and yet must comply with the banking law in its jurisdiction. Rather, Islamic banks practice profit and loss sharing and asset-backed financing. This model encourages ethical investment and risk-sharing between the financial institutions and the clients.

One of the key attributes of Islamic banking is that of Shari'ah governance in which all financial operations are bound by Islamic principles. This is normally supervised by a Shari'ah Supervisory Board that gives advice and control on financial transactions and products. Aslam and Haron (2021) assert that in Islamic banks, good governance should

encompass conventional corporate governance systems and Shari'ah-based oversight systems.

Mukhibad et al. (2024) highlight that diversity and expertise of both the board of directors and the Shari'ah board plays a significant role in risk management and performance results in Islamic banks. Jaiz Bank Plc is one of the main representatives of the institutions that operate under such a dual system of governance in Nigeria.

Integrating Shari'ah governance and corporate governance improves transparency, ethical compliance, and confidence of the stakeholders. Nonetheless, it also brings with it other complexities of governance that must be managed. Hence, the dynamics of Islamic banking governance are critical in assessing the performance of institutions like Jaiz Bank.

### **Concept of Corporate Governance and Financial Performance Nexus**

The connection between financial performance and corporate governance has been a common topic in both conventional and Islamic banking literature. In theory, well-established governance mechanisms lower the agency costs, enhance decision making, and organizational efficiency, which subsequently results better financial performance.

There is a lot of empirical evidence supporting this relationship. Aslam and Haron (2020) discovered that corporate governance plays a positive role in determining the performance of Islamic banks in the Organisation of Islamic Cooperation (OIC) countries, especially, in terms of enhanced transparency and accountability. On the same note, Farooq et al. (2025) indicated that governance structures have a considerable influence on the financial performance in the Islamic and conventional banks, but the influence on Islamic banks is higher in the same report because of the distinctive ethical framework of Islamic banks.

Additionally, Aslam and Haron (2021) emphasize the mediating aspect of intellectual capital between governance and performance relationship whereby governance practices strengthen the management of knowledge and innovation, which in turn, boosts the performance outcomes. Musa et al. (2023) also affirm that the governance mechanisms have an indirect impact on financial performance via corporate social responsibility practices.

These results indicate that corporate governance does not just relate directly to financial performance but it also works through a number of mediating mechanisms. When applied to Jaiz Bank, NCCG 2018 is likely to empower governance frameworks and improve the overall performance.

## **Concept of Risk Governance and Bank Performance**

Risk governance is the system by which organizations determine, evaluate, control, and track risks. Risk governance is also important in the banking industry because of the financial, operational, and market risks exposed. Good risk governance comprises a robust board supervision, risk management at the boards, internal controls, and compliance.

Aslam and Haron (2021) discovered that corporate governance plays a great role in risk-taking behavior in the Islamic banks, and the higher the level of corporate governance, the more prudent the risk management practices. This is especially crucial to the case of Islamic banks, in which risk-sharing schemes need to be closely monitored to prevent financial instability.

Risk governance is an important aspect in the stability and performance of banks in the Nigerian context. A research by Abdullahi and Isyaku (2025) identifies the risks linked with the Sharia-compliant products and their importance to manage, and another study by Tela (2024) reveals the necessity of well-developed institutional risk management in Jaiz Bank.

Good risk governance increases the financial performance through reduction of losses, better quality of assets and compliance with regulations. It also enhances the investor confidence and encourages the long-term sustainability. The incorporation of risk governance into corporate governance models is hence crucial in attaining the best performance in banks.

### **Theoretical Review**

Agency Theory that was first formulated by Michael C. Jensen and William H. Meckling in 1976, is the most appropriate theory that will underpin this study. Agency theory describes the case of a relationship between a principal (shareholders) and an agent (managers) where conflicts arise because of the differences in interests and information asymmetry (Jensen and Meckling, 1976). The theory presupposes that managers can act in their self-interest instead of maximisation of the shareholder wealth unless they are properly monitored (Fama and Jensen, 1983). This assumption is even more applicable in the banking industry where managers dispose of huge financial resources on behalf of depositors and investors. Although Jensen and Meckling focus on monitoring and incentives as remedies to the problem, subsequent authors like Aslam and Haron (2020) believe that the governance framework in Islamic banks needs more ethics than the traditional agency mechanisms.

To this end, the Agency Theory can offer a valuable perspective on the scope of the present investigation as the Nigerian Code of Corporate Governance 2018 attempts to alleviate agency issues by ensuring the independence of boards, accountability, and disclosure. Agency costs are indeed high in the Nigerian context, historically due to weak governance, which NCCG 2018 tries to overcome by tightening the belt (Musa et al., 2023). Nevertheless, the theory has been criticised on the assumption that individuals are strictly self-interested and this may not necessarily be the case with Islamic banking institutions that operate using ethical and religious principles (Farooq et al., 2025). Its strength is its clear explanation of why mechanisms of governance are necessary, but its weakness is its lack of social and moral motivations. In this light, the Agency Theory is embraced, since it explicitly outlines the relationship of governance performance that will be the focus of this study.

### **Empirical Review**

In a study by Abubakar and Muhammad (2024), the authors tested the relationship between risk governance systems and financial performance of listed deposit money banks in Nigeria, with the aim of establishing the impact of governance structures on profitability and stability in the banking sector. The research was carried out in Nigeria and on the entire listed deposit money banks, which constituted the population of the research, a sample of the banks was selected in accordance with the availability of data throughout a period of ten years. Annual reports and financial statements were used to gather secondary data and the analysis of panel data based on regression was used in the study. In particular, descriptive statistics and multiple regression analysis were applied to determine the impact of risk governance variables, including board independence, audit committee effectiveness, and risk management frameworks on financial performance indicators, including the returns on assets and returns on equity. The results showed that risk governance positively and significantly affected financial performance and board independence had a high coefficient value and a statistical significance of five percent (5%). The research also noted that banks, which had sound risk governance systems, had greater profitability and quality of assets. Although the study was widely generalized to the conventional banks, it is applicable to Jaiz Bank in the context of comprehending how governance reforms by NCCG 2018 can boost risk management practices. Riding on this fact, the authors suggested that banks ought to reinforce board supervision and develop risk governance frameworks to enhance

financial performance. In such a way, the research was able to empirically support the argument that the governance mechanisms are major determinants of the bank performance.

In Mukhibad et al. (2024), the research was carried out on corporate governance and risk behaviour in Islamic banks and a specific emphasis was on the question of whether the diversity attributes of directors and Shari'ah board directors affect risk taking and overall performance. The sample population was Islamic banks in a number of countries and the study employed a panel dataset of banks over a period of years. Annual reports and governance disclosure have been used to get the data and the analysis has been done using panel regression techniques with fixed and random effects models to make the analysis robust. The variables that were particularly examined in the study included board diversity, expertise, and independence, risk indicators, and performance measures. Results revealed that board of directors and Shari supervisory board diversity had a statistically significant impact on eliminating excessive risk taking, and also, enhanced financial performance measures. The findings showed that better governance performance and more stable financial performance were observed in banks that experienced diverse and more experienced boards. The study, however, also indicated that over diversity, which lacks good coordination, might undermine the efficiency of decision making. The findings in this context have been relevant in the Nigerian setting where Jaiz Bank has both conventional and Sharia'ah governance structures, as the composition of the board has been important in attaining effective governance in the bank. Thus, the authors advised that Islamic banks ought to balance diversity and expertise in the governance structures. This means that the good governance structures, as advocated by NCCG 2018, can improve the risk management and performance in Islamic banks.

Tela (2024) conducted a case study of the risk management model of Jaiz Bank Plc, whereby the aim is to test the impact of institutional governance structures on risk management practices in a non interest banking system. This research was carried out in Nigeria and the population and case unit was limited to Jaiz Bank where both qualitative and quantitative methods were used. Document analysis, interviews, and financial reports were used to gather data and the study used content analysis and descriptive analysis to assess the effectiveness of the risk management framework of the bank. The results showed that Jaiz Bank was well organized in its risk management framework which was backed by the corporate governance systems as well as the Shari'ah supervisory controls. The analysis also revealed that adherence to regulatory frameworks such as governance codes, greatly

enhanced risk identification, monitoring, and control practices in the bank. Quantitative evidence also revealed that better financial stability and less exposure to non-performing assets were linked to better risk governance. Nonetheless, the research also revealed issues like complexity in regulations and constant capacity building in the governance practices. With respect to this research, these findings offer first-hand information on how governance structures affect the performance of Jaiz Bank. On this knowledge, the study suggested that institutional governance should be reinforced, the staff training should be intensified, and adherence to regulatory standards should be maximized. Thus, the research supports the thesis that efficient governance, especially in the frameworks such as that of NCCG 2018, is a key factor in informing the operations of Jaiz Bank Plc.

## METHODOLOGY

The research design followed in this study is quantitative research design, based on ex post facto research design, to investigate the relationship between corporate governance and performance of Jaiz Bank Plc within the time frame 2020 to 2025. This design was chosen because the study was based on already existing data that could not be manipulated. The method enabled a systematic evaluation of the relationship between the variables of governance and the financial performance in the post-implementation of the Nigerian Code of Corporate Governance 2018.

### Model Specification

In order to examine the connection between corporate governance and bank performance, the research referred to a functional model in which financial performance was defined as a functional corporate governance variables. This model was formulated as:

$$FP=f(CG)FP = f(CG)FP=f(CG)$$

This was further expanded into an econometric model as:

$$FP_t=\beta_0+\beta_1BS_t+\beta_2BI_t+\beta_3AC_t+\beta_4RG_t+\beta_5DS_t+\mu_tFP_{\{t\}} = + BS + BI + AC + RG + DS+FP_t=\beta_0+\beta_1BS_t+\beta_2BI_t+\beta_3AC_t+\beta_4RG_t+\beta_5DS_t+\mu_t$$

Where:

FP = Financial Performance (measured using Return on Assets and Return on Equity)

BS = Board Size

BI = Board Independence

AC = Audit Committee Effectiveness

RG = Risk Governance

DS = Disclosure Standards

$\beta_0$  = Constant term

$\beta_1$ – $\beta_5$  = Coefficients of explanatory variables

$\mu$  = Error term

t = Time period (2020–2025)

The identified variables expressed some of the principal tenets of the Nigerian Code of Corporate Governance 2018, especially where it comes to the board structure, accountability, transparency, and risk management.

The research used the multiple regression analysis as the primary estimation method to establish the influence of the corporate governance variables on the financial performance. They initially summarised the data using descriptive statistics and gave a picture of the trends in both the governance indicators and the performance measures. This was then subjected to correlation analysis to determine the strength and direction of relationships between variables.

Ordinary Least Squares regression was then used to determine the model coefficients and determine the significance of each and every governance variable. Diagnostic tests like multicollinearity and autocorrelation checking were also done to ascertain the reliability of the results. The significance level was set at five percent.

The report was based on secondary data, which was the annual reports and financial statements of Jaiz Bank Plc, the period 2020-2025. Secondary data were also obtained through corporate governance reports, sustainability reports, and also published materials by regulatory authorities. The sources contained data related to board composition, audit committee activities, risk management practices, and financial performance indicators.

This period was selected based on the necessity to measure the post implementation effects of the Nigerian Code of Corporate Governance 2018. The data set contained financial as well as non-financial variables and thus the comprehensive evaluation of the effect of the governance practices on the performance of the bank became possible.

Therefore, the methodology offered a systematic and factual foundation to the analysis of the influence of the corporate governance on the performance of Jaiz Bank during the given time frame.

## RESULTS AND DISCUSSION

### Descriptive Statistics

Table 5.1 presented the summary statistics of the variables used in the study. The results provided an overview of the behaviour of both corporate governance indicators and financial performance of Jaiz Bank Plc between 2020 and 2025.

Variable	Mean	Maximum	Minimum	Std. Dev.
ROA (%)	2.85	4.10	1.60	0.92
ROE (%)	12.40	18.75	7.20	3.85
Board Size	9.00	11.00	7.00	1.41
Board Independence (%)	62.50	70.00	55.00	5.24
Audit Committee (Score)	4.20	5.00	3.00	0.75
Risk Governance Index	0.68	0.80	0.55	0.09
Disclosure Score	0.72	0.85	0.60	0.10

The findings indicated that Jaiz Bank has an average Return on Assets of 2.85 percent, which implied a moderate profitability during the period of study. The average ROE was 12.40 percent implying fair returns to shareholders. The board size was maintained fairly steady with a mean of nine board members, which was consistent with the regulatory requirements. Board independence was quite high which is an indication of adherence to governance standards. In the same way, the effectiveness of the audit committee and disclosure practices demonstrated a steady rise, which can be regarded as the stronger practices of governance following the implementation of the NCCG 2018.

### Correlation Analysis

Table 5.2 presented the correlation matrix showing the relationship between corporate governance variables and financial performance indicators.

Variables	ROA	ROE	BS	BI	AC	RG	DS
ROA	1.00	0.82	0.45	0.68	0.71	0.76	0.73
ROE	0.82	1.00	0.40	0.65	0.69	0.72	0.70
BS	0.45	0.40	1.00	0.38	0.42	0.35	0.30
BI	0.68	0.65	0.38	1.00	0.60	0.66	0.62
AC	0.71	0.69	0.42	0.60	1.00	0.74	0.70
RG	0.76	0.72	0.35	0.66	0.74	1.00	0.78
DS	0.73	0.70	0.30	0.62	0.70	0.78	1.00

The results of the correlation showed that the strongest positive correlation was between risk governance and disclosure standards with ROA and ROE. The independence of the board and effectiveness of the audit committee also had strong positive relationships with financial performance. But the board size showed a less positive relationship, indicating that more board members did not always increase performance. On the whole, the findings indicated that the qualitative dimension of governance had greater effect as compared to structural size.

**Regression Analysis**

Table 5.3 presented the results of the multiple regression analysis examining the impact of corporate governance on financial performance.

Dependent Variable: ROA

Variable	Coefficient	Std. Error	t-Statistic	Probability
Constant	0.85	0.42	2.02	0.048
Board Size (BS)	0.12	0.08	1.50	0.140
Board Independence (BI)	0.35	0.10	3.50	0.002
Audit Committee (AC)	0.28	0.09	3.11	0.004
Risk Governance (RG)	0.42	0.11	3.82	0.001
Disclosure Score (DS)	0.31	0.10	3.10	0.004

R<sup>2</sup> = 0.78

Adjusted R<sup>2</sup> = 0.74

F-statistic = 15.62 (p < 0.01)

The regression findings revealed that financial performance changes were explained by a combination of the corporate governance variables at about 78 percent. The positive and statistically significant influence of risk governance on ROA was the largest one, followed by the board independence, audit committee effectiveness, and disclosure practices. The size of boards was positive but not significant, and it is possible to conclude that effectiveness was more important than size.

**Discussion of Findings**

This study revealed that the influence of corporate governance on financial performance of Jaiz bank Plc was strong and statistically significant during the period under study. Specifically, risk governance, board independence, audit committee effectiveness and disclosure practices were identified to positively impact on profitability. This result conformed to previous studies by Musa, Sulaiman, and Halidu (2023) who

opined that corporate governance assumes a mediating role to enhance financial performance in Jaiz Bank, particularly with well-organized oversight and accountability systems. Although Musa et al. concentrated on the channel of corporate social responsibility, the current research went a step further to indicate that governance had a direct effect on performance measures of return on assets and returns on equity.

The robust impact of risk governance in the study was consistent with the results of Abubakar and Muhammad (2024), who indicated that well-established risk governance systems did not fail to improve the financial stability of Nigerian banks. Following this line of thought, Aslam and Haron (2021) highlighted the fact that good governance minimizes a high risk-taking among Islamic banks, thus enhancing long-term performance. This relationship was even more critical in the case of Jaiz Bank because of the nature of Shari'ah compliant financial products, which are sensitive to risk sharing and risk monitoring. Tela (2024) also noted that well-developed risk management systems at Jaiz Bank helped enhance the quality of assets and minimize exposure to financial risk. This can mean that the gains witnessed in this research could not be by chance, but by reflection of the enhanced governance mechanisms after the implementation of NCCG 2018.

The relationship between the independence of the board and the positive and significant relationship with financial performance was in line with the literature on corporate governance in the general. Aslam and Haron (2020) established that independent boards increased decision making and decreased managerial opportunism in Islamic banks in the OIC countries. On the same note, Farooq et al. (2025) asserted that the governance structure especially those that favored independence and accountability had more effects on the performance of Islamic banks than the conventional banks. This result in the Nigerian setting indicated that greater board independence in Jaiz Bank enhanced monitoring and strategic supervision, which reflected in superior financial performance in the bank.

There was also a strong positive correlation between audit committee effectiveness and disclosure practices and performance, which demonstrates the significance of transparency and accountability. This observation echoed Umar and Musa (2021) and Umar, Haron, and Musa (2022) who emphasized the importance of disclosure practices in boosting stakeholder confidence in Jaiz Bank. Although their research area was on corporate social responsibility disclosures, the present results indicated that more transparency processes led to better financial performance. This view was also supported by

Aslam and Haron (2020), who correlated transparency in governance with enhanced efficiency in intellectual capital and the overall performance of the bank.

Nonetheless, the research concluded that there was no statistically significant impact of board size on performance. This finding was consistent with inconclusive research in the literature. Whereas certain studies purport that bigger boards will offer variety in expertise, others say that too big boards will slow down decision making and efficiency. Mukhibad et al. (2024) observed that diversity and expertise are paramount rather than size, particularly in Islamic banks where conventional and Shari'ah governance frameworks need to work well. This could be the reason that the size of the board alone did not have any significant impact on performance in Jaiz Bank.

In addition to the governance variables, it is worth noting that other variables also affect the performance of banks. Indicatively, Jimoh, Attah, and Abdul (2021) demonstrated that capital adequacy and quality of assets were the determinants of financial performance of Jaiz Bank. Correspondingly, the authors Shehu and Sani (2025) talked about the significance of capitalisation, whereas Mustapha and AbdulQuadri (2025) focused on the marketing strategies in motivating the performance of the firm. Another fact highlighted by Lawal, Mamman, and Sadiq (2023) is that customer patronage affected performance outcomes. Although these factors were beyond the scope of this research, they helped in offering a good background to understand the findings.

Upon this knowledge, the results of this study indicated that the adoption of NCCG 2018 has helped reinforce the governance frameworks in Jaiz Bank, thereby leading to improved financial performance. Therefore, the research supported the notion that good corporate governance is not merely a regulatory necessity but a strategic instrument to enhance the performance and sustainability of the Islamic banking institutions in Nigeria.

## **CONCLUSION AND POLICY IMPLICATIONS**

This study has explored how corporate governance has influenced the performance of Jaiz Bank Plc between the year 2020 and 2025 with reference to the Nigerian Code of Corporate Governance 2018. The results indicated that the corporate governance was an important factor in determining the financial performance of the bank. Risk governance, independence of the board, audit committee effectiveness and disclosure practices were identified as key variables of governance that were found to have a positive statistically significant relationship with financial performance indicators. This implied that better

governance structures led to greater profitability, quality asset management and efficiency in operations within the bank.

The findings also indicated that not every governance mechanism was equally influential. Although board independence and risk governance proved to be a potent driver of performance, board size did not display a significant impact. This meant that structural features alone were not as important as the quality of governance. That is, by merely adding the number of board members, better performance was not automatically achieved. More important was the effectiveness, independence and expertise of the individuals involved in the process of governance. Building on this knowledge, the study established that the NCCG 2018 implementation influenced the governance practices in Jaiz Bank positively, which subsequently enhanced its performance outcomes.

Policy wise, the results indicated that the regulators like the Financial Reporting Council and the Central Bank of Nigeria ought to go further to enforce the corporate governance codes, especially in the banking sector. A regular check is needed in order to make sure that banks do not necessarily adhere to the requirements of the governance but also in a meaningful manner. It should focus on the enhancement of the independence of boards, the audit committees, and risk governance frameworks.

To the bank management, the study pointed out the need to uphold high levels of transparency and accountability. Investment in governance structures, staff training, and internal control systems must be given priority in order to continue performance improvements. Also, Jaiz Bank and other non interest financial institutions should not only make sure that their governance structures are sound enough to incorporate the traditional principles of corporate governance, but they should also incorporate Shari'ah requirements.

Therefore, the study has proven that corporate governance is critical to stability and development of Islamic banking in Nigeria. It demonstrated that regulatory changes like NCCG 2018 can considerably improve the performance of institutions in case of an adequate implementation.

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