Incidence of Unclaimed Dividends: A Panel Data Analysis of the Role of Quoted Companies in Nigeria

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Abstract: - The objective of this paper is to examine the incidence of unclaimed dividends and the role of quoted companies in Nigeria. The rising trend of unclaimed dividends has been a serious concern to government, stakeholders, and supervisory authorities like the Securities and Exchange Commission, (SEC), and Nigerian Stock Exchange (NSE). There has been some policies put in place to reduce unclaimed dividends over the years. Some of the policies and measures include Companies and Allied Matters Act (CAMA), Investment and Securities Act (ISA), Central Securities and Clearing System (CSCS), Bank Verification Number (BVN), and e-dividend payment system respectively. Despite, these measures, unclaimed dividend figures have risen from 30 billion Naira in 1996 to 130 billion Naira in 2017. Studies done to address unclaimed dividends attributed various factors, some of which are: investors not giving their correct addresses, non-delivery of dividend warrants to investors, and Registrar not doing their work. However, one area that has not been addressed is the role of quoted companies in the rising trend of unclaimed dividends in Nigeria. Some large quoted companies have set up registrars but are really departments, with no separate boards from the mother firm. In Nigeria, registrars are statutorily charged with the processing of dividends from the time a quoted firm declared dividends and when the dividends fund is finally transferred to the registrars in Nigeria. But an emerging trend that has not been addressed is that quoted companies are now warehousing unclaimed dividends as reported by the reports of Securities and Exchange Commission (SEC). In other words, the dividends that have been declared and paid are still held and managed by the same quoted companies that paid the dividend. It is this trend that has prompted SEC to make proposal to the National Assembly for the review of CAMA law, to prevent quoted companies from exploiting the law. The quoted firms hitherto took advantage of the loop hole in CAMA to manage their already declared and paid dividends, months after payment through their owned established registrars. Though, about six shareholders associations have rejected the intervention of SEC in unclaimed dividend issues. But one of the principal functions of the SEC is to ensure is investor's protection. It is against this background that the study investigate the quoted companies as a contributory factor in the rising trend of unclaimed dividends in Nigeria. The study used panel data analysis to run the quarterly data of unclaimed dividends amount with the quoted companies, the unclaimed dividend amounts with the registrars responsible for managing dividends, and the aggregate unclaimed dividends amount from 2012 to 2019. The study found that there was no difference between the role of quoted companies and the registrars in terms of managing unclaimed dividends in Nigeria. The study recommends a review of government policy that will continuously audit and sanction quoted companies that manage the unclaimed dividends through their subsidiaries or registrars and use it as working capital.

Keywords: shareholders, Nigerian stock exchange, quoted companies, Unclaimed dividend, company registrars.

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1 Introduction

The history of unclaimed dividends dates back to early 1970s when Nigeria pursued a policy of indigenization of its companies. Many Nigerian investors took undue advantage to buy shares of most quoted companies that were affected with fictitious names and addresses. There was little or no means of detecting these anomalies. The result of this led to the rising figures of unclaimed dividends in Nigeria. The incidence of rising unclaimed dividend volume and value in Nigeria have remained the major capital market issues that have continued to dominate the financial and accounting sectors till date.

From 1986 to 1996, for example, the figure of unclaimed dividends stood at N4 billion, from 1996 to 2006 it increased to N40 billion, Owolabi and Obida [1], from 2006 to 2016 it rose to N80 billion and as at 2018 it stood at N130 billion, and still counting, Olowokeere [2]. There have been efforts policies made by government to address the rising trend of unclaimed dividends in Nigeria. They include, setting up the Companies and Allied Matters Act of 1990,(which was reviewed in 2004), the introduction of Central Securities and Clearing System (CSCS), the establishment of Investment and Securities Act of 2007, and recently, the introduction of e-dividends payment system. This is in addition to the introduction of Bank Verification Number introduced to capture the profile of Nigerians that have anything to do with banks. Despite these measures, a lot of arguments have been put forward as to how to deal with the rising unclaimed dividends in Nigeria. This problem had attracted the attention of the National Assembly for the past 10 years, and had led to a proposal by the National Assembly to set up a committee to manage the unclaimed dividends but this was rejected by the Shareholders` Association of Nigeria. Many stakeholders have taken different positions in terms of what causes the rising trend of unclaimed dividends and how the rising unclaimed dividends could be resolved. There are existing extant laws that guide the treatment of dividend payments and unclaimed dividends in Nigeria. Specifically, the Companies and Allied Matters Act (CAMA) of 1990, Investments and Securities Act (ISA) 2007, had made provisions for investment and how unclaimed dividends should be treated. In 2006, the Securities and Exchange Commission, SEC, proposed to the National Assembly to establish the Unclaimed Dividend Trust Fund (UDTF), but this was rejected by the National Assembly. This opened the gate for the argument for and against management of unclaimed dividends in Nigeria among SEC, shareholders associations, and the quoted companies themselves.

The Companies and Allied Matters Act (CAMA) 1990, states that dividends which remain unclaimed after fifteen months of being declared are supposed to have been returned to the company from which the beneficiary/investor may make a claim not later than twelve years afterwards. It was this provision that SEC made a fresh proposal in 2017, to establish a Nigerian Capital Market Development Fund, NCMDF to the National Assembly as follows: that Pursuant to the provisions of Section 313(1)(n) of the Investments and Securities Act (ISA) 2007. companies and registrars in custody of dividends which remain unclaimed by shareholders for 12 years, after the date of declaration or subsequently attain the 12 years threshold, shall upon the coming into effect of this rule, transfer such monies into the coffers of the Nigerian Capital Market Development Fund (NCMDF). The proposal also stated that all companies and registrars shall not later than 30 days, after the end of every calendar year, forward to the Commission a report of unclaimed dividends in their custody. Companies shall disclose details of compliance in their annual reports, Egwuatu [3]. The main argument of SEC was that most unclaimed dividends are being used as working capital by companies contrary to CAMA's provision, that it should be invested outside the company. Dividends, once declared, belonged to shareholders and should not be ploughed back into the companies. SEC believes that with such free money, it would distort the company's actual financial position and make their performance measurement very difficult. And when such quoted firms fail or are liquidated, the investors would not be able to claim their dividends and the dividends were not being managed by the registrars. This practice has negative implications for market growth and development. SEC further argued that the bulk of the unclaimed dividends that are more than 12 years belongs to people who are dead; multiple applicants who do not have bank account in their names, or small amounts of money that is not worth claiming. Someone that has not claimed his or her dividend in 12 years is unlikely to do so. And that since such unclaimed dividends are statute barred, and thus forfeited by the shareholders in accordance with sections 379 – 386 of CAMA.

Sections 379-386 states that: (a) Where dividends are returned to the company unclaimed, the company shall send a list of the names of the persons entitled with notice of the next annual general meeting to the members. (b) After the expiration of three months' notice, the company may invest the unclaimed dividend for its own benefit in an investment outside the company and no interest shall accrue on the dividends against the company. (c) Such dividends are to be regarded as special debts due to and recoverable by shareholders within 12 years and actionable only when declared. This was the lacuna that the firms exploited and which SEC hinged its proposal for the establishment of a trust fund.

On the other hand, all the six shareholders associations in the capital market disagreed with SEC. They argued that once dividend has been declared and paid by the companies it becomes the rights of the shareholders, it should not be used for any purpose. The Standard Shareholders Association of Nigeria, (SSAN) wondered why SEC should be interested in shareholders' money when it does not protect their interests. And why it would not use its own fund to develop the capital market, that most funds managed by government in the past were misappropriated or mismanaged.

Renaissance Shareholders Association of Nigeria argued that CAMA has already made adequate provision for the treatment of unclaimed dividends; even the volume of unclaimed dividend is insignificant with most of these already statute barred.

Independent Shareholders Association of Nigeria (ISAN) argued that the money involved is not public money but private investors' money and that because government does .not respect private sector's money, it will be mismanaged. Furthermore, even if the fund were to be allowed to be used for other purpose other than it being paid to the owners, the composition of the Board member of the Fund will not reflect representative of the entire stakeholders. And that since most investors used their hard earned money to invest, 12 years is enough to track down someone's investment.

Progressive Shareholders Association of Nigeria (PSAN), argued that this area of unclaimed dividends still remains a no-go-area. The unclaimed dividends belong to the shareholders and must remain with the companies until the amendment of the law. The stock of unclaimed dividends would continue to increase unless Section 383 of Companies and Allied Matters Act (CAMA) were amended. The issue of unclaimed dividends would be resolved once shareholders are allowed to claim their dividends at any given time. They argued that the duty of SEC should be to ensure market vibrancy, not threatening investors' confidence, that SEC should avoid over –regulation of the market, as over -regulation was going to kill the market, and that SEC should concentrate more on increasing retail investors' participation to avoid the experience of 2008 near market- crash.

Nigeria Shareholders Solidarity Association (NSSA), argued that the entire stock of unclaimed dividends belonged to shareholders and not the Federal Government nor its agency. That SEC therefore should look at the problems of the unclaimed dividends critically and not on ways to disburse the funds. That SEC should come out with reforms aimed at addressing the problems of unclaimed dividends and stop looking at how to spend the money.

Some quoted firms also mobilised their shareholders to reject SEC proposal even though unclaimed dividend had risen to over N80 billion. They argued that the quoted firms were comfortable with the existing CAMA provision, and were in agreement with the shareholders stand who were ready to resist SEC proposal. In the midst of this unclear positions, in 2019, SEC introduced the e-dividend policy. Eboh [4]. In all of these arguments, it must be noted that the registrars don't have direct interface with shareholders, but only payment of dividends to investors. But the Registrars are statutorily established to manage the payment of dividends to shareholders once the quoted companies have declared dividends. Once the companies have declared the dividends, they pay the dividend funds to the registrars, which in turn pay the shareholders by means of dividend warrants. This functions are clearly restricted to the registrars. They are to function according to the extant laws stipulated in CAMA as stated above. Despite all these measures, proposal, argument for and against some measures, the trend of unclaimed dividends was still on the increase.

2 Materials Studied and Area Description

Over the years, there have been tremendous increases in the amount of unclaimed dividends in Nigeria. There is a listing requirement for companies to be quoted on the Nigerian Stock Exchange (NSE). One of the requirements is that shareholders must receive their dividends when declared according to their shareholdings and so the possibility of unclaimed dividends would be minimal. However, this has not been the case in Nigeria. Unclaimed dividend has assumed a rising dimension that has called for concern.

Many analysts have adduced many reasons for unclaimed dividends in Nigeria. Kighir [5], and Akhter [6] analyzed dividend payout and unclaimed dividends in Nigeria and attributed rising unclaimed dividends to some factors which include: the shareholders, the quoted companies, companies Registrars, and the regulatory authorities themselves. Other reasons adduced are the lack of postal services, investors changing their addresses without notice to registrars, and the Indigenization decree of 1972, when some investors used fictitious names to buy shares which later could not claim their dividends. The Companies and Allied Matters Act (CAMA) [7], Section 382, subsection (1), and Corporate governance code (2018) state that the decision to pay dividend rests on the board of directors of companies, and the legal position of unclaimed dividend is that after 15 months, unclaimed dividends are expected to be returned to the company from which investors or beneficiaries will make claim not later than twelve years afterward. The implication of this is that dividends declared by any large quoted companies that has its own established registrar can still retain its funds as working capital, thus playing the role of the registrar. Registrars that are independent do not have this advantage. From the above, there is an unexplained lacuna between the rising pattern of unclaimed dividends and the quoted companies in Nigeria today which has been ignored or not investigated. This is the focus of the study.

In recent time, efforts have been made by the Federal government to stem the tide of increasing unclaimed dividends pattern by introducing the Central Security Clearing System CSCS), and thereafter, the e-dividend payments by firms to their shareholders. Despite these efforts, the amount of unclaimed dividends was still on the increase. Many investors, especially the low-level investors would lose their returns on their investments and could discourage potential investors in Nigeria. This could erode confidence in the capital market and could have a debilitating effect on the Nigerian Stock Exchange.

The establishment of in house Registrars by some large companies as subsidiaries, and the fact that companies now warehouse unclaimed dividends instead of registrars, who are authorised to do so in the first instance has created a lacuna in determining the causes of rising unclaimed dividend in Nigeria. This gap has not been completely explored

This study covers the aggregate quarterly amount of unclaimed dividends, the amount of unclaimed dividends with the registrars, and the amount of unclaimed dividends with the companies that paid the dividends between 2012 to 2919, after the statutory period allowed for dividends to become unpaid. There is an emerging data pattern in unclaimed dividend figures reported by SEC which showed that unclaimed dividends amount have been with the quoted companies for some years. In other words, both the companies themselves and the Registrars have unclaimed dividends written against them, either by default or intentionally. This has to do with the involvement of quoted companies with unclaimed dividend when all dividends ought to be in the records of the Registrars for at least one and a half years. There is therefore, need to examine the role of quoted companies in the rising trend of unclaimed dividends in Nigeria.

3 Research Questions

The study specifically seeks to provide answers to the following research question: what is the impact of unclaimed dividends with quoted companies on the aggregate amount of unclaimed dividends in Nigeria?

4 Objective of the Study

The objective of this study is to determine the impact of unclaimed dividends with quoted companies on aggregate unclaimed dividends in Nigeria.

The few researches that have been done in this area identified reasons for the rising unclaimed dividends in Nigeria Among the reasons adduced are ineffective postal services in Nigeria, issues of multiple applications for shares, and uninformed investors Osamwonyi and Osarobo [8] attributed the problems of unclaimed dividend to the parties involved in the process of dividends payment and receipts: shareholders, institutions, the stockbrokers, and lapses on the part of the registrars. Similarly, Suleyman [9] identified the problems to be multidimensional and associated the problem of unclaimed dividend on the part of the shareholders, the companies, the stock brokers and most especially the registrars. The study further claimed that some company registrars deliberately deny investors their benefits through various schemes.

The major concern is that many shareholders especially the small investors are not getting their dividend from their investment. This is happening despite the fact that the Securities and Exchange Commission (SEC) had introduced the Electronic-Dividend Mandate Management System (E-DMMS) in collaboration with the Central Bank of Nigeria (CBN), Nigerian Interbank Settlement System (NIBSS), with other stakeholders. According to Olowokeere (2) shareholders Association of Nigeria has argued that both companies and the Registrars have deliberately slowed down the process of the e-dividend system. According to the shareholders, registrars employ tactics of selective payments and distribution of electronic dividend (e -dividend) while exploring loopholes in the rules and enforcement by SEC. They argued that among other requirements, the registrars ask for a bank account, official identity card, signatures, and utility bills, in filling the Know Your Customer (KYC) form. They further explained that the argument was the differing ways registrars and shareholders embraced e-dividend initiative which is a major concern to investors. The information demanded by registrars are already contained in investors Bank Verification Number (BVN), which are already with the stockbrokers, where they bought their shares and who are the custodians of the information. They wondered why an investor is tossed from one end to another when it comes to dividend payment, Olowokeere [2].

Many studies have focused on the problems of unclaimed dividends generally and made suggestions. Opara and Emenike [10] opined that the most important policies in corporate findings are dividend policy because shareholders normally utilize their resources while corporate managers use the dividend to send profit or signal to the capital market. Osaze and Anao [11] gave two major reasons for the payment of dividends. The first reason is that the payment of dividend sends a signal to investors in the capital market and it creates an impression that the company is doing well, and will likely continue in the future. If a company decides to pay out hundred percent dividends without any reserve, it creates a negative signal to investors and the general public because it may seem as if the company lacks investment ideas and this would eventually bring down the company's stock price. Another reason is that most investors believe in investing with a company that has a high dividend payout ratio so that the investors can receive regular rewards for their investments.

Hence in Nigeria, investors are dividend –driven, Osaze, Osamwonyi and Tafamel [12] and this has created a lot of worries to the regulatory authorities (Securities and Exchange Commission and Nigerian Stock Exchange (NSE), company registrars, and the company's executives. If dividend remains unclaimed in a company, it may erode investors' confidence in the affected companies. Unegbu [13] argues that if dividend declared remains unclaimed after so many years, it could become a disincentive to investment and may erode investors' confidence.

5 Concept of Unclaimed Dividends

Dividends are distributable earnings of a company from the operation in one year, and dividends not distributed could be regarded as retained earnings. The decision on whether to distribute dividends lies in the hand of the board of directors of companies. Olowe [14] stated that dividend is a taxable income of payment declared by the board of directors to shareholders, and the payment could be quarterly or yearly depending on the type of company. Payment of dividend maximizes shareholders wealth, and dividend not claimed by shareholders or investors give rise to the issue of unclaimed dividends. Dividend declarations are made by quoted companies and dividends are paid by the registrars of the respective companies to the respective shareholders Osaze and Anao [11]. Dividend, therefore, is a product of the financial accounting and auditing processes undertaken by the company registrars to ensure that all investors whose names are in the registers of the firms, as at the date of payment of dividends, receive their dividends appropriately when due. When this is not done transparently, there is bound to be unclaimed dividend issues. The financial statement of a company is the reflection of the company's shares. When there is improvement or update on a company's bank account, it can help in adjusting unclaimed dividend, because it wills also reflect in the financial position of the company concerned, Unegbue [13]. This does not only benefit the stockbrokers but also the people in the environment because the number of shares a company owes is the reflection of the company's own worth or value.

However, there are three financial decisions a company must undertake, among these decisions are dividend policy, financing policy, and investment policy. The dividend policy adopted by a firm determines the amount to be paid to shareholders as dividends, which is very instrumental in achieving the objectives and profit of shareholders wealth Ekwueme and Ezelibe [15] Dividends are vital to both companies and investors. The importance of dividend explains why the issue of unclaimed dividend is persistent. Registrars of companies are expected to be a vital organ of the company's management policy to maximize shareholders wealth and also create a sustainable dividend policy.

Dividend could be broadly known as returns on investment in financial assets. The investors usually expect a reward from their investment and this reward comes in the form of a dividend. Normally, a warrant is issued to investors and not all investors receive their warrants. Warrants not received becomes an unclaimed dividend. The issue of unclaimed dividend has been existing in Nigeria and the factors that give rise to unclaimed dividend include change of address without proper communication, death without proper information, loss of dividend warrant by investors, lack of awareness on the part of the general public among others. Although, there are speculations that companies and registrars are now beneficiaries of unclaimed dividends, and this has created more concern on the part of investors. To what extent this is true is yet to be verified. This is the main thrust of the paper.

The issue of unclaimed dividends is not peculiar to Nigeria alone. Some countries have made adequate provisions for the appropriation of unclaimed dividend. An example of such a country is Kenya. According to Kirimi [16], unclaimed dividend assets amounted to 148 million shillings in 2009, 384 billion Shillings in 2010, and to 573 billion Shillings, in 2011 respectively. And the government of Kenya to introduced an Appropriation Bill in Parliament, which was called unclaimed financial assets authority board, to carry out unclaimed financial assets. The bill was passed and sent to the President but the Parliament that deals with this bill abandoned the property.

In the United Kingdom, the unclaimed dividend was properly estimated between 15 billion pounds and 20 billion in 2012 and 2013 respectively. And in Malaysia, the 1965 Act that governs the administration of unclaimed dividend presents a claim to company registrars for payment of unclaimed dividend and when the dividends are not claimed after one year, it is expected that the shareholders reapply to the registrars, Okpaleke, Emele and Gambo [17]

According to Akinkugbe [18] the issue of unclaimed dividend has been prevalent in the Nigerian stock market. The investors, shareholders are interested in the issue despite the effort made by regulatory agencies, but integrity seems to be the prevailing question in the management of unclaimed dividend. Odejayi [19] further explained that a bill was being passed to manage the increase in unclaimed dividend but this bill did not pass because of the concerns of the investing public. And this has constituted to be a serious problem to both shareholders and investors because the distribution of earnings forms part of public expectation. Dividend decision has to do with the firm's ability to decide a certain amount that will be given to shareholders. This will enable the firm to actualize the objective of profit and shareholder's maximization. The major problem of unclaimed dividend can be traced as far as 1972 to 1977 during the period of indigenization. Records were not properly kept during this period; the issue was addressed with the provision of CAMA 1990. Several other reasons that contributed to unclaimed dividend in Nigeria include delay in postal services, change in address of house location by investors, and poor identification of house number of streets, failure to effect changes in shareholders account, mistake as a result of commission or omission, and failure to post dividend warrant to shareholders in other to manipulate figures by registrars.

6 Management of Unclaimed Dividend in Nigeria

Many reasons have been advanced for the rising amount of unclaimed dividends over the years. It ranges from legal issues to the problem of corporate governance issues Unegbu [13]. Arising from this increase of unclaimed dividends, most companies usually declare non-cash backed dividends and get away with it, the declared dividends are not immediately taken off. Companies now tend to present a false impression in their annual report performances and misinformed investors as well as the general public, Unegbu [13]. Other issues on corporate governance are those that relate to operational mechanism of registrars and unclaimed dividends. There is a conflict of interest between public companies and registrars due to some benefits at the expense of the shareholders because these interests are not transferred to the shareholders. Most times, companies make piecemeal dividend payment to investors after the dividend has been declared. This is because the dividend declared don't have enough cash backing and most times the company resort to borrowing, or source for funds or use subsequent profits to pay up dividend (Suleyman [9], Bassam, Hikmat and Osamam [20]). Companies and Allied Matters Act (CAMA (7) states that dividend that is 15 months old should be remitted back to the company and the company is expected to use such money without any interest. And if the fund is unclaimed up to 12 years it becomes statute barred. Another issue is that most companies don't publish unclaimed dividends in their annual reports, and it is mandatory for all public companies to do so because this makes it easy for the companies and registrars to conceal the status of unclaimed dividends. Companies could separate unclaimed dividend funds from their operation funds, but this would make the firm to look highly liquid. These various issues have heightened the current problem of unclaimed dividends in Nigeria.

There is an emerging data pattern in unclaimed dividend figures reported by SEC. Some unclaimed dividends amount have been reported to be with the quoted companies for some years. In other words, both the companies themselves and the registrars have unclaimed dividends written against them, either by default or intentionally. This has to do with the involvement of quoted companies with unclaimed dividend when all dividends ought to be in the records of the Registrars for at least one and a half years.

7 Significance of the Study

The findings of this study will enhance our understanding of how unclaimed dividends could be addressed. The study specifically addressed the defaults or the warehousing of unclaimed dividends by both the companies which declared the dividends and the registrars statutorily charged with the management of dividends in Nigeria. Potential users of this study such as investors or shareholders, regulatory authorities, academicians, management of companies, and the general public will find this study useful. The study will add to existing knowledge, and it will be beneficial to government, accountant, professional accounting bodies, researchers, and the Nigerian society who are concerned with the rising unclaimed dividends in the country. This research will be significant to government because it will enhance government knowledge on the involvement of the principal institutions charged with dividends payments to investors in reducing unclaimed dividend in Nigeria, particularly in the business world.

8 Statutory Roles of Companies Registrars

Every publicly quoted company appoints a registrar that maintains shareholders` record. Some companies appoint internal registrars and such internal registrars may take up mandate from other public companies to serve as registrars to them. Therefore, registrars are companies in charge of processing declared dividends, bonus issues, shareholders cheque or dividend warrant, so that each investor gets entitlement or benefit. When an investor invests in a company, the utmost desire is to gain profit through dividend payment or bonus issues. In order to receive a dividend, appropriate documentation must be put in place, but unfortunately, many shareholders have problems getting their dividend return on their investments, even after the proper documentation with the registrars. The e-dividend mandate system made it possible for the dividend to be paid directly to an investor`s account, be it current or savings account in any bank of their choice. Direct payment is made possible when a person has an account in a bank. Registrars and accredited outlets upload the completed e-dividend mandate management system forms to shareholders who apply for e-dividend payment. The forms are stamped, verified by the bank and forwarded through electronics to the relevant registrar via a portal. The registrar then goes ahead to register investor's names, house address, house numbers, and other important details to ensure that there is no mistake. The e-dividend mandate form would then be uploaded by the registrar which can easily be assessed by the shareholder. The shareholder may reject the uploaded mandate if there was a discrepancy. Once the process is completed, the shareholders may not need to meet the registrar since the process is done electronically.

9 Methods and Techniques

The population of the study is the aggregate amount of unclaimed dividends of all the companies quoted on the Stock market as at December, 2018. The study examined unclaimed dividends arising from only ordinary shares of quoted companies in the Nigerian Stock market, from September 2012 to December, 2018, making a period of seven years. The choice of the period is the availability of data for all the variables. Returns or interests from Government bonds, States revenue bonds, and other investment assets are not considered in the study. The population of the study is total of the quarterly amount of unclaimed dividends with the 19 registrars during the period, and the total quarterly amount of unclaimed dividends with the quoted companies, and the aggregated unclaimed dividends amount during the period of study. The aggregated unclaimed dividends are from all the 264 companies quoted on the Nigerian Stock Exchange during the period. The method adopted in this study is the balanced panel data analysis. The method is adopted because all the data used are quarterly data. The three variables used are the total or aggregate amount of unclaimed dividends (UDTOT) during the period, the amount of the unclaimed dividends with the quoted companies (UDCOY), and the amount of unclaimed dividends with the registrars (UDREG) during the period. All the data are quarterly data.

10 Model Selection Results

The procedure for running panel data was adopted in the study as outlined in the subsequent section: first is to run the pooled data, followed by the Fixed Effect and the Random Effect respectively. The Housman Test was then carried out to identify the appropriate model to use. See tables 1 to 5 below.

Table 1. Pooled data result. Independent variable: UDTOT

Variable	coefficient	-------------	prob
UDCOY	1.106018	(0.008803)	0.0000**
UDREG	0.828016	(0.011947)	0.0000**
C	1.100000	(9.24E+08)	0.0000**
R	0.941272		
Adj R	0.941220		
S.E	5.777778		
SS	7.533333		
LL	-54190.95		
F-stat.	18151.22		
Prob(F-stat)	0.000000		
MD Var	1.044444		
S.D Var	2.388889		
AIC	47.79008		
SIC	47.79765		
HIC	47.79284		
DW STAT	2.260507		

Notes ** significant at 5 percent.

The pooled data result in table 1. above showed that UDCOY and UDREG are significant at 5 percent. The UDCOY has a t value of 125.6341 while UDREG has a t value of 69.30752 respectively. The t value is obtained by dividing the coefficients of a variable by the standard error of the variable. For example, the coefficient of UDCOY is 1.106018 divided by its standard error of 0.008969. This gives 125.6341. Thus the result revealed that all the 19 registrars are the same, or that all the companies are the same , and since they are all significant, the Fixed Effect model was introduced (see table 2).

Table 2. Fixed effect model. Independent variable: UDTOT

Variable	coefficient	-------------	prob
C	1.10E+ 10	9.42E+08	0.0000**
UDCOY	1.106018	0.008969	0.0000**
UDREG	0.828016	0.012172	0.0000**
effects specification			
Cross-section fixed (dummy variable)			
R	0.941272		
Adj. R	0.938984		
S.E	5.888889		
SS	7.533333		
LL	-54190.95		
F-stat	411.4370		
Prob(F-stat)	0.000000		
MD Var	1.044444		
S.D	2.388889		
AIC	47.86327		
SIC	48.08042		
HIC	47.94250		
DW STAT.	2.260507		

Notes:

****significant at 5 percent.**

From table 2, FIXED EFFECT MODEL, the two variables, UDCOY and UDREG, are again significant. The UDCOY has a t value of 123.3107 while UDREG has a t value of 68.02579 with each having a probability of 0.0000 respectively. The Random Effect Model is adopted (table 3)

Table 3. Random effect model. Independent variable: UDTOT

Variable	coefficient	-------------	prob
C	1.10E+ 10	9.42E+08	0.0000**
UDCOY	1.106018	0.008969	0.0000**
UDREG	0.828016	0.012172	0.0000**
effects specification			
Cross- section random	0.000000	0.0000	
Idiosyncratic random	5.888889	1.0000	
weighted statistics			
R	0.941272		
Adj.R	0.941220		
S.E	5.777778		
F-stat	18151.22		
Prob(F-stat)	0.000000		
MD Var	1.044444		
S.Dt Var	2.388889		
SS	7.533333		
DW STAT	2.260507		

Notes: ** significant at 5 percent

From the result of the Random effect model in table 3 above, we find again that the two Variables are significant. The UDCOY has a t value of 123.3107 while the UDREG has a t value of 68.02579 respectively. The probability of each was 0.0000 respectively. To decide which of the two models is more appropriate, the HAUSMAN TEST was adopted.

11 Hausman Test Results

We state our hypothesis,

ho: random effect model is appropriate
h1: fixed effect model is appropriate

The probability value assumed by the test statistic of the Hausman test is 1.000O, which is greater in value when compared to the 5 percent significance level. This result showed that we cannot reject the null hypothesis that the random effect model is appropriate. Given a probability value of 1.0000, there is enough evidence to reject the fixed effect model since it appears inappropriate. We, therefore, resolve to use the random model for our analysis acknowledging that the random model is considered heteroscedasticity and autocorrelation consistent (HAC) in standard errors, Asongu and Nwachukwu [21]. The probability of the F-statistic, which serves as an indication of overall model significance is 0.000 (F-Stat = 411.437) and Prob (F-statistic) = 0.000000, which is lower than the 5 percent level of significance. This implies a rejection of the null hypothesis of overall model insignificance. As such, we observe that overall, at 5 percent level of significance, our model is significant in explaining the variability between the quoted companies and registrars in terms of the unclaimed dividends they control. Hence, the joint effects of all variables included in the model, namely, unclaimed dividends with the quoted companies and the registrars are significant

The results, using a panel regression analysis, the random effects model, show that the role of quoted companies housing unclaimed dividends have significant positive impact on the growth of unclaimed dividends in Nigeria

We further observe that although efforts have been made to introduce e-dividend payment by government as a measure of reducing the rates of growth of unclaimed dividend, which has brought some short result, there is still need to focus on the quoted companies on a long term to ensure that the quoted companies do not have access to the dividends they had earlier declared and paid to shareholders.

From the result of the Random effect model in table 3 above, we find again that the two Variables are significant. The UDCOY has a t value of 123.3107 while the UDREG has a t value of 68.02579 respectively. The rule is still violated. Then the next step is to choose which of the two models is appropriate for our analysis. This was done by running the HAUSMAN TEST to decide which of the models was appropriate.

12 Discussion

Recall, that our stated hypothesis is that there is no significant impact of the role of quoted companies on unclaimed dividends in Nigeria. The study revealed that there is no difference between the significant impacts of both the quoted companies and the registrars, in terms of warehousing unclaimed dividends in Nigeria. Yet the registrars are statutorily responsible for the management of the process of payment of declared dividends and not that of the quoted companies that declared the dividends. Furthermore, most of the registrars are established by the large quoted companies as their subsidiaries (known as in-house registrars) with no separate boards to manage them. This has implications for the rising trend of unclaimed dividends in Nigeria because there is doubt about the transparency in the management of unclaimed dividends between the in house registrars and the quoted companies that established them in Nigeria. The supervisory authorities like the Securities and Exchange Commission (SEC), Nigerian Stock Exchange (NSE), should introduce a tougher measure to bar quoted companies from having access to free funds from unclaimed dividends. The present practice where quoted companies get back the dividends they have paid would continue to be a conduit pipe for quoted companies to deny investors their hard earned investment returns and reinvest such funds. The unclaimed dividends would become working capital to the quoted companies. It is clear from the study that despite the introduction of e-dividend payment in 2015, unclaimed dividend figures are still on the rise. It indicates that quoted companies could be contributory a contributory factor to the rising trend of unclaimed dividends in Nigeria. The study would fill the gap which other previous studies did not address.

13 Conclusion

There is need for the supervisory authorities to review and amend the Companies and Allied Matters Act to extend the number of years beyond twelve years and that investors could claim their dividends any time. The idea of twelve years as a period in which unclaimed dividends would be statute barred is the reason for the quoted companies to have access to the unclaimed dividend funds and use the funds as working capital to the detriment of the investors. In addition, the unclaimed dividends could be used for public good, by taking the funds from the quoted companies and investing it on a defined projects in the society. This will go a long way to resolve the issue of unclaimed dividends in Nigeria. A situation where large companies set up their own registrars (in-house registrars) and these in house registrars now dominate the market calls for a review of CAMA.

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