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## Public Perception of Electronic Dividend on the Nigerian Capital Market Development

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# Public Perception of Electronic Dividend on the Nigerian Capital Market Development

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**Abstract-** This study surveys the public perceptions of e-dividend and payment system in the Nigerian capital market. After offering a brief overview of the topic and statement of the problem, the study presents a theoretical discussion which was anchored on the 'diffusion of innovation developed by (Everett Rogers, 1962) and the 'technological determinism theories (Marshal McLuhan 1962). The study explains why the two theories are suitable frameworks for effective implementation of the electronic dividend in the Nigerian capital market. The sampling size for the study was purposively chosen from 100 investors from where the primary data were elicited towards unearthing public opinion on e-dividend payment system in the Nigerian capital market. Data were collected from both primary and secondary sources. The major data collection instrument is the questionnaire and interviews. The data were presented in tables as frequency distribution. In the analysis, the techniques of percentage and frequency were used. On presentation and analysis of data, the study found among other things that awareness of e-dividend payment system in the Nigerian capital market among the stakeholders was sufficient. This was evidence in the perception of investors in the Nigerian capital market where 60% of respondents affirmed that there is sufficient dissemination of information on the e-dividend policy. From the findings of the study, the researcher draws its conclusions and make recommendations.

## I. BACKGROUND OF THE STUDY

In an increasingly competitive global financial system in which countries try to out-compete one another for investment inflows, governments across the world are launching reforms to strengthen their regulatory regimes. Because investors consider the strength and independence of the regulator, amongst other factors before making an investment decision, thus emerging markets are empowering their financial system regulatory agencies to give investors adequate protection, ensure fair, efficient markets, and reduce systemic risk.

In pursuance of the aforementioned objectives, the Nigerian capital market regulator, the Security and Exchange Commission (SEC), In November 2015, launched the E-Dividend Mandate Management System (E-DMMS) in collaboration with the Central Bank of Nigeria, Nigerian Interbank Settlement System (NIBSS) and other stakeholders.

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Mounir Gwarzo (2016), the migration from manual warrant dividend to e-dividend system was aimed at addressing the alarming accumulation of unclaimed dividend in the capital market and to help reduce the amount which stood at N117 billion as at December 31, 2016. Out of this figure, N86 billion was in the custody of the paying companies while N13.7 billion was in the custody of the registrars. From November 2015 when the SEC flagged-off the campaign on e-dividends to February 2017, about N42.2 billion has been paid to investors from the backlog of unclaimed dividends Mounir Gwarzo (2016). About 2.2 million investors have so far mandated their bank accounts for direct payment of dividends through the e-dividend platform with about Nine million investors yet to join electronic-dividend system where dividends will be paid directly by corporate registrars to the bank accounts of investors SEC (2017),

There are more than 12 million investors in the stock market. Of this number, Minority retail investors account for more than 80 per cent of the domestic investors' base, although they account for lower turnover. Institutional investors, including pension fund administrators (PFAs), insurance companies, investment banking firms, stockbrokers, dealers and high net worth individual investors among others, account for the larger percentage of transactions Taofik Salako (2017).

This study therefore focuses on the public perceptions of the e-dividend in the Nigerian capital market development. By surveying public perceptions, this research aims to determine and reveal the level of awareness of e-dividend platform and payment system among the investing public and how they perceive the policy.

## II. STATEMENT OF THE PROBLEM

There are growing concerns by investor over the increasing amount of unclaimed dividend in the Nigerian capital market and the challenges involved in collecting dividend. This concern arises from draw back in the old dividend payment such as poor logistic management, inadequate update of shareholders personal data, inability of investors to maintain regular signature to collect dividends and multiple applications during public offering.

This has resulted to large amount of unclaimed dividend which is a bad omen to both local and foreign investors, since one of the factors to be considered by

investors before deciding on whether or not to invest in a country is the ability to recover return on investment.

All of that will be addressed with the electronic dividend and payment system where dividends are paid directly into the investor's bank account.

### III. OBJECTIVES OF THE STUDY

This research work is generally aimed at ascertaining public perception of the electronic dividend and payment in the Nigerian capital market. Other objectives are:

- a. To determine the level of awareness of the e-dividend platform in the Nigerian capital market among the investing public.
- b. To establish public opinion on the e-dividend payment platform in the Nigerian capital market.
- c. To find out factors responsible for growing unclaimed dividend in the Nigerian capital market.
- d. To ascertain the place of e-dividend payment in the development of the Nigerian capital market.
- e. To suggest possible ways of enhancing investor's protection in the Nigerian capital market.

### IV. RESEARCH QUESTIONS

In the light of the above, the following research questions have been specified to guide the direction of the study. They are as follows;

- 1) Are you aware of the of e- dividend payment system in the Nigerian capital market?
- 2) Do you think electronic dividend payment system will reduce the unclaimed dividend in the Nigerian capital market?
- 3) Are there any problems associated with the old warrant dividend payment?
- 4) Are you satisfied with the present capital market regulations.

#### a) *Scope of the Study*

This study focused on the public perceptions of e- dividend payment system in the Nigerian capital market; it is also within the scope of the study to determine the roles of the SEC in the development of Nigerian capital market vis-a vis the e-dividend policy.

#### b) *Significance of the Study*

This study will be of immense benefits to investors and intending investors as it will serve as guide for investing decision in the Nigerian capital market. The findings of this study will also be useful to Nigerian capital market regulators as it will serve as a reference point for policy decisions. It will also serve as a source especially to researchers and students who may wish to undergo further research on the topic. Through this study, the future researcher would be able to arrive at dependable conclusion and make recommendation of meaningful contribution towards the development of Nigerian capital market.

#### c) *Conceptual Clarifications*

*Dividend:* Dividend is that portion of a company's net earnings which the directors recommend to be paid to the shareholders in proportion to their shareholdings in the company. It is usually expressed as a percentage of nominal value of the company's ordinary share capital or as a fixed amount per share. According to William and Scott (2006), dividend is referred to as a periodic cash payment that firms make to investors who holds the firms' preferred or common stock. It is the distribution of profits to a company's shareholders. The primary purpose of any business is to create profit for its owners and the dividend is the most important way the business fulfils this mission. When a company earns a profit some of this money is typically reinvested in the business and called retained earnings, and some of it can be paid to its shareholders as a dividend, paying dividend reduces the amount of cash available to the business, but the distribution of profit to the owners is after all, the purpose of the business Pandey (2011).

The amount of the dividend is determined every year at the company's annual general meeting where profit and loss are declared as either a cash amount or a percentage of the company's profit. The dividend is the same for all share of a given class that is preferred shares or common stock shares, once declared a dividend becomes a liability of the firm.

*Unclaimed Dividend:* This is a return on investment that has been declared and has not been claimed by the investor

*E-dividend:* This is online payment of dividends due to investors through a direct credit into a nominated bank account rather than issuance of cheque or dividend warrant Mounir Gwarzo (2016).

*Capital market:* Country's capital markets are the markets in which companies, governments and their institutions raise capital publicly and 'where securities representing claims to capital are traded Ahmed, Bello (2015). The market provides facilities for mobilising and dealings in medium and long term funds. The players on the capital market are the operators who act as intermediaries between the providers of the funds and the fund users. They include, Securities Exchanges, Brokers/Dealers, Issuing Houses, Registrars and Investment Advisors.

*Stock Exchange):* This is the Nigerian trading floor for stock.

*Security and Exchange Commission (SEC):* This is the corporate body that regulates the activities of the Nigerian capital market and ensuring fair dealing in securities and protection of investors.

### V. THEORETICAL FRAMEWORKS

This study is anchored on the 'diffusion of innovation (DOI) developed by (Everett Rogers, 1962)

and the technological determinism theories (Marshal McLuhan 1962).

Diffusion is defined as the process by which an innovation is communicated through certain channels over time among the members of a social system (Everett Roger, 1962); a social system is "a set of interrelated units engaged in joint problem solving to accomplish a common goal. The theory explains how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social system. The end result of this diffusion is that people, as part of a social system, adopt a new idea or behaviour. Adoption means that a person does something differently than what they had previously used to. The key to adoption is that the person must perceive the idea or product as new or innovative. It is through this that diffusion is possible.

Technological determinism theory on the other hand holds that technology more than any other factor influences social behaviour to change. It was propounded by Canadian Marshal McLuhan (1962). Neil Postman, a prominent technological determinist (Neil Postman, 1995), suggests we ask the following questions when adopting any new technology:

What is the benefit of the technology?

Whom does it benefit?

What are we giving up in order to gain this new benefit?

The two theories are relevant to this study because diffusion of innovation is relating to dissemination of information about a new ideal which is the e-dividend policy while, technological determinism entails change in technology which in this case is change from warrant dividend to electronic dividend.

#### a) *Review of Related Literature*

It is only wise to build upon the works of other scholars for better understanding of the topic under investigation. Though research conducted on the broad field of public perceptions, particularly in relation to electronic dividend is relatively few as it is an emerging development in the Nigerian capital market. Most of the literature relevant to this topic is in form of scholarly studies; include both quantitative and qualitative data. Other relevant literature includes, company annual reports, journals of Capital market, newspapers, capital market regulatory sources etc. The literature review will be built around the following sub-titles. They are: Objectives of Capital market Regulation in Nigeria, Nigerian Capital market development, Problem of unclaimed dividends in the Nigerian Capital Market, Statutory and regulatory approaches to unclaimed dividends problems, Electronic Dividend Option.

#### b) *Objectives of Capital market Regulation in Nigeria*

The prime objective of capital market regulation is investor protection. Creative accounting, insider dealings and misuse of client money are some of the

vices that investors need to be protected from. Capital market regulation has as its core objectives the following:

- a. Protection of investors.
- b. Ensuring that the markets are fair, efficient and transparent.
- c. The reduction of systemic risk. In sum, regulation of the capital market is meant to protect public interest which operates on the need to promote economic development and confidence which in turn should bolster inward investment (Adewale 2011).

Under Section 313(1) of the Investments and Securities Act 2007, the Securities and Exchange Commission (SEC) is empowered to make Rules and Regulations for effective regulation of the Nigerian Capital market.

#### c) *Problem of Unclaimed Dividends in the Nigerian Capital Market*

Mounir Gwarzo (2016), the migration policy from manual warrant dividend to e-dividend system was also aimed at addressing the alarming accumulation of unclaimed dividend in the capital market and to help reduce the amount which stood at N117 billion as at December 31, 2016 Mounir Gwarzo (2016). Out of this figure, N86 billion was in the custody of the paying companies while N13.7 billion was in the custody of the registrars. From November 2015 when the SEC flagged-off the campaign on e-dividends to February 2017, about N42.2 billion has been paid to investors from the backlog of unclaimed dividends.

About 2.2 million investors have so far mandated their bank accounts for direct payment of dividends through the e-dividend platform with about Nine million investors yet to join electronic-dividend system where dividends will be paid directly by corporate registrars to the bank accounts of investors (SEC 2017).

There are more than 12 million investors in the stock market. Of this number, Minority retail investors account for more than 80 per cent of the domestic investors' base, although they account for lower turnover. Institutional investors, including pension fund administrators (PFAs), insurance companies, investment banking firms, stockbrokers, dealers and high net worth individual investors among others, account for the larger percentage of transactions Taofik Salako (2017).

Transactional report by the Nigeria Stock Exchange (May 2017) indicated that retail domestic investors account for 38.5 per cent of total transaction value by domestic investors. Many sources in the know said the large number of unregistered investors for the e-dividend might have been responsible for the extension of the June 30, 2017 deadline for the cessation of dividend warrants and adoption of the full e-dividend option by SEC.

SEC had announced the extension of the deadline from June 30, 2017 to December 31, 2017, citing numerous requests received from the investing public. In a circular seen by the researcher, SEC asserted that the deadline of December 31, 2017 "will mark the end of conventional issue of physical dividend warrants to shareholders of public companies in the Nigerian capital market. With a view to ensuring that all investors benefit from the free e-dividend programme, it had committed to pay the cost of enrolment had resulted in getting about 48 per cent of investors to enrol for the e-dividend payments.

According to Gwarzo the free registration for e-dividend underscored its strong focus on market development and enhancement of investor confidence. These are part of commitment to ensure that the era of stale dividends and huge unclaimed dividends in the market become a thing of the past Mounir Gwarzo (2016). "In this country, we have never had this kind of initiative that has reduced unclaimed dividends like we had today. Apart from the investor getting his dividends where ever he is, that investor will be able to get dividends that in the last five years he has not been able to get. The e-dividend is for the interest of retail investors,"

Gwarzo (2016). listed the benefit of electronic dividend to include:

- It is convenient, secure, online means of paying dividends directly to the investor
- Shareholders will receive their dividends promptly, without the hassles of lodging or cashing their cheques or warrants in banks.
- Increase transparency and efficiency in the administration of dividend payment.
- Investors will be able to monitor and tract dividend payments more effectively.
- Faster and more secured dividend payments- shareholders will get credit for dividend declared within 24 hours of payment.
- More investors will be attracted into the capital market.
- More satisfied investors as dividends are received promptly.
- It implies same day clearance for dividend payment, following which a confirmation letter of the dividend payment is then sent to the shareholder through the Registrars.
- No more waiting for the dividend warrant in the mail or queuing to pay in the bank.
- Eliminate the forfeiture of dividends in the future.
- Enhance ability of shareholders to immediately access and utilize the proceeds of their investments for reinvestment.

Gwarzo also listed problems of warrant divided to include:

- Shareholders without a will (intestate) have died and did not indicate any information on their next of kin.
- Deliberate act to deny investors their benefit through various schemes by companies who lack liquidity to pay and/or have to borrow to pay.
- Poor logistics management and inadequate update of personal data on the part of shareholders.
- Wrong or incomplete mailing addresses of shareholders kept by Registrars because shareholders have not notified Registrars of change of mailing addresses.

Small dividends are abandoned for not being worth the effort to collection.

#### d) *Regulatory and Statutory Approaches to Unclaimed Dividend Problems*

In the past, different approaches have been proposed by the SEC and other stakeholders to address the problems of Unclaimed Dividends in the capital market.

One of such is proposal (SEC, 2016) to transfer unclaimed dividend of 12 years and above into what its call the Nigerian Capital Market Development Fund (NCMDF), while companies and registrars shall not later than 30 days after the end of every calendar year forward report of unclaimed dividends to the commission.

In pursuant to the provisions of Section 313(1) (n) of the Investments and Securities Act (ISA) 2007, the Commission had proposed that: companies and registrars in custody of dividends which remain unclaimed by shareholders 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 NCMDF. "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, which shall specify compliance with Sub Rule (1) of this Rule. "Companies shall disclose details of compliance with this rule in their annual reports.

The position of the law on unclaimed dividend is that where dividends are returned unclaimed, the Company and Allied Matters Act (CAMA, 1990) empower an issuing company to take custody of the dividends, while awaiting shareholders to claim not later than twelve years afterwards; subsequently, such unclaimed dividends are considered statute-barred and thus forfeited by the shareholders. But who shall it be forfeited to? CAMA was silent on who should have custody of the dividends beyond this period of 12 years. Thus, SEC through a legislature is advocating the removal of the 12-year Statute of Limitation on Unclaimed Dividends to enable shareholders claim their dividends in perpetuity.

What do other jurisdictions do with their unclaimed dividends? In India the Investor Education

Protection Fund (IEPF) was created to receive, among others, unclaimed dividends which have stayed with a company for a period of seven years from the day it is due. In Australia all unclaimed dividends are transferred to the Australian Securities and Investment Commission (ASIC) within a period of six years from the day it is due Mounir Gwarzo (2016).

But market investors suggested that instead of creating a trust fund for the unclaimed dividends, there should be a little fine-tuning of the existing law, simplifying letters of administration for the deceased family, and making the process of claims less cumbersome and rigorous; this will reduce the high level of unclaimed dividend to the barest minimum Olufemi Timothy (2016). Arguing in same line of thought, the National Coordinator Emeritus, Independent Shareholders Association of Nigeria Sunny Nwosu (2016) averred the need for reviewing of existing law on unclaimed dividend.

The issues of unclaimed dividends got the attention of the Senate in 2016 where it directed its committee on capital market to look into the problem with a view to finding a solution to it. Muhammad Shitu (2016) through a motion asked the senate to determine the Status of Unclaimed Dividends in the Nigerian capital market and recommend the amendment of the 12 year ban on unclaimed dividend as provided for by section 383 of the Companies and Allied Matters Act 1990. The incidence of unclaimed dividends constitute a serious problem (mainly to the investing public) because distribution of earnings (i.e. cash dividend) forms part of the major expectations of the investing public, some of whom may be orphans still in school (for school fees), widows, retirees use it as a means of livelihood; thus, income from such investments goes a long way in cushioning the effect of economic hardship being faced by these sets of Nigerians Shitu (2016).

#### e) *Electronic Dividend Option*

As the legislative approach which is considered as one of the options to addressing the problem of unclaimed dividend in the market is being worked on, the SEC introduces electronic dividend Policy also seen by stakeholders as a veritable option on unclaimed dividend.

A stock broker George Okafor, while giving kudos to the SEC for the initiative emphasizes the need for awareness to make the system work better and at least put an end to the issue of stale dividend and pains of revalidating of dividend warrants.

Farouk Umar, another shareholder was of the opinion that the returned money as a result of over subscription of initial public offer should be returned to investors through this means. Explaining further he said that these means would hasten the process of returning the money to shareholders and allow them make use of their money on time instead of being tied down

unnecessarily. Also, on the uniqueness of the e-dividend which involves investors having either saving or current account, he said that 95% of those in the northern part of the country do not have bank accounts and greater percentage of them can neither read nor write. This is also part of the reason SEC should make it mandatory for anyone that wants to invest in shares to first of all open a bank account Farouk Umar (2016).

Managing Director of Ideal Security Limited said that if the options adopted that it would be better because it allows the dividends to go straight into one's account even as it allows for easy cash flow management. He also said that everybody is interested in reducing man hours, noting that anything that would make people to save time is a welcome development and we are all working forward to a day where most things will be electronically done.

For the managing director of PIPC Securities, Mr. Audytacus, "We should all be looking forward to growth and development. Everybody should embrace modernism; we need to migrate from issues that tend to hold us down. If you're going to participate in the industry you must embrace the element of modernism."

Sonny Nwosu (2016) applauded SEC urging the commission to create awareness for shareholders to go and claim their dividend and also go extra mile in publishing the list of registrars attached to the company where to go.

## VI. RESEARCH METHODOLOGY

Survey research design was employed for this study. Survey in Eze, Ozoemenam (2013) is considered useful because it is important in obtaining from the population about their opinion, attitude and behaviour towards a subject. Sobowale (1983) also opined that survey technique is the most commonly used research method by behavioural scientists. Survey does more than merely uncovering data; it synthesizes and interprets data and points out the implications and interrelationships. It also allows for the standardization of data collection as it involves drawing up a set of questions on various or on various aspects of a subject to which selected members of a population are requested to react.

#### a) *Population of the Study*

Population of study refers to all the members of elements whether human beings, events, or animals of a defined group Nworgu in Eze (2013). Thus the population of this study is all the investors in the Nigerian capital market with a total population of about 12 million investors. The sampling size was purposively chosen from 100 investors from where the primary data were elicited. The respondents were composed of 70 males and 30 females. Using questionnaire and interviews as the primary instrument for data collection,

secondary source like books, journals, newspapers and magazines formed the core literature.

#### b) Method of Data Collection

The researcher used a well-organized and structured questionnaire as an instrument for this research work. The questionnaire was developed based on the researcher's knowledge of the researched topic and the results of the survey conducted. In both, open-ended question were used, this is to enable the respondents express their views freely where it was deemed necessary. Out of which 336 questionnaires were distributed, 330 copies were completed and returned.

#### c) Presentation of Findings

During the presentation and analysis of the data gathered from the field, simple table and percentage were adopted while the researcher personally administered the questionnaire in order to ensure reliability and validity of instrument. The face-to-face approach adopted in instrument distribution aided a high percentage return rate and make sure that only those 100 targeted respondents were reached and the questionnaire administered were returned.

The Data presentation and analysis are as follows:

**Table 1:** Research Question One: Are you aware of the of e-dividend payment system in the Nigerian capital market?

Response Distribution	Frequency	Percentage
Yes	60	60
No	34	34
Can't say	6	6
	100	100

The table above reveals the awareness of e-dividend payment system in the Nigerian capital market among the stakeholders. It shows that investors in the Nigerian capital market are aware of the e-dividend payment system. 60 respondents representing 60% of sum total says yes, 34 respondents representing 34% answers no, while 6 (6%) gave neither yes or no.

**Table 2:** Research Question Two: Do you think electronic dividend payment system will reduce the unclaimed dividend in the Nigerian capital market?

Response Distribution	Frequency	Percentage
Yes	64	64
No	28	28
Can't say	8	8
	100	100

The table aboveshow that electronic dividend payment system will reduce the unclaimed dividend in the Nigerian capital market. It shows that investors in the Nigerian capital market believed thee- dividend payment

system will curb the rate of unclaimed dividend in the Nigerian capital market. 64 respondents representing 64% said yes, 28 respondents representing 28% answers no, while 8 (8%) did not respond.

**Table 3:** Research Question Three: Are they any problems associated with the old warrant dividend payment?

Response Distribution	Frequency	Percentage
Yes	70	70
No	25	25
Can't say	5	5
	100	100

The table above indicates they are problems associated with the old warrant dividend in the Nigerian capital market. It shows that investors in the Nigerian capital market have problems with the warrant dividend. 70 respondents representing 70% of sum total says yes, 25 respondents representing 25% answers no, while 5 (5%) of the 100 respondents had no option.

**Table 4:** Research Question Four: Are you satisfied with the present capital market regulations?

Response Distribution	Frequency	Percentage
Yes	57	57
No	30	30
Can't say	3	3
	100	100

The table above reveals that investors the Nigerian capital market are satisfied with the present capital market regulations. 57 respondents representing 57% of sum total of respondents says yes, 30 respondents representing 30% answers no, while 3 (3%) claimed can't say.

## VII. DISCUSSION OF FINDINGS

Based on the presentation and analysis of data of this study, it is evidence the awareness of e-dividend payment system in the Nigerian capital market among the stakeholders is sufficient. This was the perception of investors in the Nigerian capital market where 60% of respondents affirmed that there is sufficient dissemination of information on the newly introduced e-dividend policy. This is line with 'Diffusion of Innovation Theory' (DOI) developed by (Everett Rogers, 1962) who sees diffusion as the process by which an innovation is communicated through certain channels over time among the members of a social system. The theory explains how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social system. The end result of this diffusion is that people, as part of a social system, adopt a new idea, behaviour, or product. The e-dividend policy of the Nigerian capital market is an innovation and has

been affirm members of a social system (investor) to have been properly dissemination.

Adoption of a new idea, behaviour, or product does not happen simultaneously in a social system; rather it is a process whereby some people are more apt to adopt the innovation than others. There are more than 12 million investors in the stock market Taofik Salako (2017), out this figure, findings in the Nigerian capital market, shows that about 2.2 million investors have so far mandated their bank accounts for direct payment of dividends through the e-dividend platform with about Nine million investors yet to join electronic-dividend system. The researchers in line this theory have found that people who adopt an innovation early have different characteristics than people who adopt an innovation later.

Further investigation confirmed that electronic dividend payment system will reduce the unclaimed dividend in the Nigerian capital market. This study reveals that 64% respondents/ investors in the Nigerian capital market are of the opinion the e- dividend payment system will curb the rate of unclaimed dividend in the Nigerian capital market which stood at N117 billion as at December 31, 2016. Out of that figure, from November 2015 when the SEC flagged-off the campaign on e-dividends to February 2017, about N42.2 billion has been paid to investors from the backlog of unclaimed dividends.

Again, the study found they are problems associated with the old warrant dividend in the Nigerian capital market. It shows that investors in the Nigerian capital market have problems with the warrant dividend with 70% responding in affirmative.

Furthermore, the study established that investors the Nigerian capital market are satisfied with the present capital market regulations. Investor satisfaction in regulatory authority is essential in restoring and sustaining investors' confidence in the market operations. Thus 57 respondents representing 57% of sum total of respondents agrees they are pleased with the regulator.

## VIII. CONCLUSION

The objective of this study was to ascertaining public perception of the e-dividend policy in the Nigerian capital market development and to among things identified variables that influence the accumulation of unclaimed dividend. All the reviewed variables in the literature provided some useful insights into the causes and problems of the old dividend warrant. The study also established a link between electronic dividend and the Nigerian capital market development.

## IX. RECOMMENDATIONS

Based on the findings of the study, the following recommended are made toward Nigerian capital market development.

1. To ensure a conducive legal and regulatory framework for deepening and developing of the Nigerian capital market, stakeholders should intensify action in ensuring the repealing of the CAMA Acts.
2. To make investment in the Nigerian capital market attractive to investors, capital market transaction must be competitive in comparison to other jurisdictions.
3. SEC should continue to improve the competitiveness and attractiveness of the capital market by removing drawbacks such as factors responsible for unclaimed dividend in the market.
4. Also processes which eliminate delays in transaction processing such as e dividend system should be encouraged and be sustained.
5. The national assembly through its committee on capital market should, as a matter of priority expedite action on the repeal of the relevant sections of the CAMA Acts 1990 to allow speedy development of the market.
6. The SEC has identified the key to the remodelling of the capital market, which is a favourable regulatory framework and proper corporate governance initiatives which are required to facilitate an enabling environment. Out of 140 countries, Nigeria is currently ranked 47th on the World Economic Forum Global Competitive Index 2015-2016 for regulating its securities exchange and 55th for the strength of our investor protection measures. However, it is 109th for the burden of regulation. These rankings, particularly that of our regulatory environment, will need to be improved to boost investor confidence and increase the number of sizeable investments made through the capital markets.

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