

UNCLAIMED DIVIDEND: MATTERS ARISING

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Abstract

One of the major essences of investment in the ordinary shares of an organization is the return on investment which could be in the form of capital appreciation or dividend. Dividends are payments made by company to its shareholders. It is an after tax profit appropriated to the members of the company (shareholders). Over the years the value of these dividends remaining unclaimed in the books of these organizations are becoming alarming. Various reasons are attributed to this increase in unclaimed dividends. Some of these reasons include: death of shareholders, change of address by investors, lost of dividend warrant on transit. In order to understand the dynamics of unclaimed dividend descriptive statistic was used to analyze data from First Bank of Nigeria (FBN) for the period of ten years. We discovered that unclaimed dividend is increasing geometrically.

Key words: Dividend, Unclaimed dividend, Status bare, Warrants, shareholders

Introductions

Privatization policy in the early 1970's unsuspectingly led to the surfacing of a plague refers to as unclaimed dividend in the history of the Nigerian Capital Market. The size of unclaimed as reported by some major new print in the country stood at N52 billion which is a very large amount that could mean a lot for the Nigerian economy. The Security and Exchange Commission (SEC), operators at the nation's stock market have expressed concern over the continued incessant rise in unclaimed dividends which is disadvantageous to the growth and development of an upcoming market that wants to achieve a world class market status and attract direct foreign investments.

Operators and Analysts have so far adduced countless reasons for the increase in unclaimed dividend. These reasons include but not restricted to issue of multiple applications for shares, to the complicity of registrars, ineffectiveness of the Nigerian postal service, and the actives of uninformed investors among others. The genesis of unclaimed dividends can be traced to the indigenization era of the administration of General Yakubu Gowon. During the exercise, those in position of power who had the finances acquired shares in the privatized companies with

fictional names of their house helps, their security guards, cooks and their late relations in such a way that when the dividends came, they could not remember the details used in the acquisition of those shares until dividend became statute barred. Invariably, they were not able to claim such dividend because there were not perfect fit for anybody to claim such dividend.

The regulation made some frantic efforts to curtail the incidences of claimed dividends. Example is the E-dividend system of payment introduced by the SEC in 2008 was meant to address the delay associated with the verification of proceeds of public offers as well as delay encountered by investors in getting returns on their investment and also reduce the incidence of unclaimed dividends but the way and manner it is being implemented by most of the registrars and shareholders to embrace the e-dividend initiative as a major reason that have continued to compound the woes of investors. Other analysts believe majority of the problem bedeviling the e-dividend dissatisfaction resulting from shareholders who are conservatively old fashioned and do not want to embrace the process of e-transaction by not completing e-dividend formalities presented to them thereby further compounding the problem.

The essence of any investment in the shares of a company is either profit taking i.e. taking advantage of fluctuation in the prices of shares invested in or taking part in profit sharing through dividend. Over the years, especially in Nigeria, investors for dividend face a lot of problems with regard to converting their dividend warrants to cash which leads to consistent increase in unclaimed dividend. This paper seeks to examine the various causes of unclaimed dividend in Nigeria and proffer possible solutions thereof.

RESEARCH QUESTIONS

The questions this paper seeks to answer are:

1. What are the major causes unclaimed dividend in Nigeria
2. How can incidences of increase on unclaimed dividend be checked
3. How can unclaimed dividend be used in the interest of the shareholders

STATEMENT OF THE PROBLEM

Over the years, the value of unclaimed dividend as reported by all the listed companies in Nigeria is in the increase and all strategies adopted by both the government, capital market regulators and various associations of shareholders seem not check the consistent increase in unclaimed dividend. This paper seek to examine the various causes of the increase in unclaimed dividend and to proffer possible solutions to curtail this increase in unclaimed dividend.

REVIEW OF RELATED LITERATURE

Dividend is defined in a variety of ways by various authors. Olowe (1997), defines dividend as a taxable payment declared by a company's board of directors and given to its shareholders out of the company's retained earnings, usually quarterly or yearly depending on the company. Dividends are usually given as cash (cash dividend) but it can also take the form of stock (stock dividend). Dividend is also defined as a share of the after tax profit of a company, distributed to its shareholders according to the number and class of shares held by them. (Akinselure, 2010). Unclaimed dividend refers to declared dividends warrants sent to the various shareholders' addresses that are returned unpaid for one reason or the other. (Ifuero&Osarobo, 2006). Unclaimed dividend is also defined by the Unclaimed Money Act 1891 of Australia as all dividend, bonuses, profit and sums of money whatsoever, which shall have been in the possession of a any company for a period of six years or upwards, and in respect where no claim shall have been made by the owner against the company and which shall arise out of any dealing had within a state by any owner or person with the company. Dividends are payments made by company to its shareholders. It is an after tax profit appropriated to the members of the company (shareholders).

When a person or corporate being invests in shareholdings of a company, the motive is either to be receiving returns from the investments in terms of dividends or capital gains he will be receiving from growth of his investment. Because of the agency relationship between the owners of the company called the shareholders and the management of the company, the management who are expected to run the organization in a cost effective and efficient manner so that at the end of the period their stewardship will produce positive result by way of profit. It is this after tax profit that the directors will decide the portion to be distributed as dividend. By law a company cannot declare dividend when it is consistently at a loss.

Dividend may take any of the following forms

- Cash Dividend: Before the advent of the electronic fund transfers, these were mostly done by sending of dividend warrants to the shareholders, who in turn deposit the warrants to their bank accounts. Most banks accept dividend warrant deposits only to current accounts. The dividends are paid to the shareholder net of withholding tax (WHT)
- Stock or Scrip Dividends: these are paid in form of bonus shares to the shareholders. It is issued in proportion to shares owned by the investors. It enable the company to retain the cash to take advantage of other growth opportunities
- Property Dividend: this is in the form of paying dividend in kind. This is not common in Nigeria. It may take the form of giving the owner securities of other companies held by the company or in the form of products for services.
- Interim Dividend: these are dividend payments made before the annual general meeting and final annual report. It accompanies interim financial report.

Dividend Date:

Approval of dividend declared is by the company's board of Directors. When investing in dividend stocks, there are a few dates to keep in mind. These dates will tell an investor when they will receive the dividends and whether or not they are eligible to receive the latest dividend.

The important dates to remember regarding dividends are:

- **Declaration Date:** This is the day the board of directors announces its intention to pay a dividend. On this day, a liability is created and the company records that in its books. The company now owes the money to the shareholders. On the declaration date, the board will also announce a date of record and a payment date.
- **In-Dividend Date:** This is the last day, which is one trading day before the ex-dividend date.
- **Book Closure Date:** Whenever a company announces a dividend pay-out, it also announces a date on which the company will ideally temporarily close its books for fresh transfers of stock
- **Record Date:** Shareholders registered in the stockholders record on or before the date of record will receive the dividend, shareholders who are not registered as of this date will not receive the dividend
- **Payment Date:** This is the day when the dividend cheques will actually be mailed to the beneficiary or credited to their accounts.

Key Operators in the Stock Exchange Market

The Government: The government plays a regulatory function by establishing the security and exchange commission, the Nigerian Stock Exchange (NSE) and the Central Security Clearing System (CSCS) which is an arm of the Security and Exchange Commission (SEC).

There should be strong ties between stock brokers, registrars and investors in a capital market. The investors must also have the confidence that the capital market is disciplined, fair, transparent and efficient. The investors must also believe that the regulatory system can effectively protect them.

The international organization of securities commission (IOSC) in 1998 set up 3 major objectives with respect to security market regulations. They are:

1. Investors protection
2. Ensuring that market are fair efficient and transparent.
3. Reduction of systematic risk.

The roles of key operators are:

The investor

This is a person or corporate being who buys the shares of company. He believes on the wealth maximization policy of investments. The investor may or may not be sound enough to know or determine the profitability of a particular investment, hence he may choose to rely on the advice

of expert/professionals in the field like, the stock brokers, accountants and bankers etc. for an enlightened investor, he will perceive that the capital market is discipline, fair, transparent and efficient as earlier mentioned.

The investor in return to his investment in shares will expect dividends as well in growth in his investments. It is therefore imperative to mention here that the incidence of unclaimed dividends do not give encouragement to both existing and intending investors.

Role of stock broker

The stock broker activities are guided by the companies and Allied Matter Act, 1990 (CAMA), Banks and other financial institutions Act 1991 (BOFIA), Insurance Act of 1997, Investments and Securities Act of 1999, Rules and Regulations pursuant to investments and securities Act issued by SEC and rules and registrars governing listing of securities on the Nigeria Stock Exchange issues by the NSE, and also the chartered Institute of Stock Broker Act. The main functions of the stock broker are:

1. He acts as the principal intermediary between the company, its adviser and the stock exchange
2. He facilitates the listing of securities after the application and registration requirements of SEC have been complied with.
3. The stock broker vets and authenticates all claims made therein.
4. At the secondary market transactions, he takes to the floor of the exchange the shares of an investor who wants to sell or buy.

The role of registrar

Registrar is one who keeps or maintains a register in a company. A registrar maintains the register of its shareholders.

Section 84 (b) of CAMA 1990 as amended provided that the company arranges with some other person making up of the register to be undertaken on behalf of the company by that person, it may be kept at the office of the other person at which work is done". It is based on this section of the Act, that some companies outsource the registrar's functions while some create an in-house registrar department. Many companies outsource this function to specialize firms to enable the organization concentrate on its core business. Some firm's like banks have incorporated registrar's firm as a subsidiary of their companies.

The major functions of a registrar are:

1. The registrar update the accounts and sends dividend and bond, which may be directly credited to the shareholders banks account and CSCS (Central Securities Clearing System) account respectively if the owner has e-payment.
2. Where shares are to be sold the certificate goes to the registrar for verification.
3. Where shares are lost, the owner has to go to the registrar for replacement.
4. If a shareholder fails to receive a dividend cheque/warranty or a bonus or other share certificate, the shareholder has to settle this with the registrar.

5. Where a dividend warrants gets stale, it is the registrar that re-validates if it is reported to him.

Furthermore duties of a registrar were enumerated in the case of UBN Plc,

(Registrars Dept) V. SEC (2004) IISLRI as follows:

1. In matter relating to stock market securities trading, the registrar deals with stock broking firm acting on behalf of investors/ shareholder
2. Verify/authenticate investors' claims (i.e certificates and transfer forms) as presented through the broking firms.
3. Send/verify certificate and signed transfer form (s) with two copies of certificate deposit form (s) to the CSCS within 48 hours.
4. Receive recycled de materialized share certificates from the CSCS and alert the CSCS of any abnormality promptly.
5. Receive transaction up dates from CSCS and apply it by affecting the necessary debit and credit in their books, raises claims where necessary for instance share certificate earlier verified by them.

The Central Securities Clearing System (CSCS)

This was incorporated in July 29, 1992 as a subsidiary of Nigeria stock Exchange. For transaction in shares listed on the stock exchange.

The functions are:

1. Central depository for share certificate, of quoted companies
2. Sub-registry for all quoted securities (in conjunction with registrar of quoted companies)
3. Issuer of central securities identification numbers to stock brokers investors.
4. Clearing and settlement of investors.

The regulatory function of SEC

The regulatory function of the Securities and Exchange Commission is apex regulatory to the capital market operation in Nigeria. It was establish by section 1 of the Investment and Securities Act (ISA) no. 29 of 2007 as amended.

Section 13 of the Act as amended (2007) gives SEC the authority to carry out the functions and exercises all the powers prescribed by the act

Some of the functions are:

1. To regulate investments and securities business in Nigeria as defined by the act
2. To register and regulate corporate and individual capital market operates as define in the Act.
3. To protect the integrity of the securities market against all forms of abuse including inside dealings.

4. To intervene in the management and control of capital market operate which it considers has failing or is in crisis, including entering into the premises and doing whatever the commission deems necessary for the protection on investors.
5. To enter and seal up the persons illegality carrying on capital market operations.
6. In furtherance of its role of protecting the integrity of the securities market, seek judicial orders to freeze the assets (including bank account) of any person whose assets were derived from the violation of the Act, or any securities law or regulations in Nigeria or other jurisdictions.
7. To prevent fraudulent and unfair trade practices relating to the securities industry.
8. To disqualify persons considered unfit from being employed in any arm of the securities industry.

The above powers given to SEC are predicted on the objectives of protecting the integrity of the market and sustaining investors' confidence

UNCLAIMED DIVIDEND IN NIGERIA

The problems of unclaimed dividend can be traced to as far back as 1972 and 1977 when the Nigerian Stock Exchange (NSC) came into existence and subsequent indigenization of Nigerian companies (Vanguard, May 14, 2012). During those periods, there were no sufficient means of keeping track of share certificate and signatures and with 12 years ultimatum by Companies and Allied Matters Acts (CAMA) to declare dividend status barred marked the beginning of the growth of unclaimed dividend in Nigeria. There are other reasons attributable to the increase in unclaimed dividend. According to Nwachukwu (2011), Mgboji (2011) and Akinkugbe (2011) the following are the major causes of the increase of unclaimed dividend in Nigeria:

Non-Receipt of Dividend Warrant Timely

Shareholders ordinarily expect returns on their investment. Companies do declared dividends during annual general meetings and expected this to be distributed within a reasonable period of time. These dividends warrant sometimes gets to the beneficiaries very late and others times the warrant missed on transit. These situations are blamed on the inefficiency of the Nigerian Postal Services, the use of wrong postal addresses by investors and to some extend the deliberate efforts of some companies to deprive investor from claiming the dividend.

Uninformed Investors

During the capital market boom, in Nigeria, a lot of people venture into investment in the capital market without adequate knowledge of how the market operates. Many acquire share in various companies on the advice of friends or family members who themselves have no clue on how the market operates. This factor contributes to the increase of unclaimed dividend as most of these investors hardly know that they need to lodge the warrant into their bank account or they may not even know what the warrant is.

Deliberate Plans by Companies

There are also deliberate actions by companies to deny investors their benefits through various schemes by some registrars and companies who lack the funds to back up their dividend declarations. Most companies use unclaimed dividend as working capital against the provision of CAMA which provided that unclaimed dividend be invested outside the company in the interest of the shareholders. This serves as a cheap source of financing the company's operations.

Death of a Shareholder

The death of shareholders also contributes to the increase in unclaimed dividend. Many family members are unaware that their deceased relatives have holdings in the shares of so many companies. In the event of death of a shareholder, if he has not included his share in a will or has died intestate, shares and dividends may be lost. Even when this information has been provided, the processes are somewhat cumbersome in making the claims and sometimes serve as a deterrent. Several cases exist where protracted legal battle over the administration of the estate of a deceased shareholder has resulted in dividends remaining unclaimed for several years.

Meagre Amount/Non-Presentation of Dividends

The amount paid as dividend, depending on the number of shares in holding by the shareholder, may be too little for the shareholder to cash. Sometime the cost of transportation to the bank is more than the value of the dividend warrant therefore abandoning the claim is not worth the effort. When such warrant is stalled, the shareholder would prefer to ignore the warrant than to go through the pains of renewing the warrant at a cost greater than the value of the warrant itself. Yet it is the sum of thousands of such warrants that have accumulated to the billions of naira outstanding today.

No Bank Account

Operating a current account is a basic prerequisite for cashing dividend warrants, yet some investors such as students and low-income earners do not have bank accounts. This makes it difficult for these classes of investors to cash their warrant as such contributing to ever increasing level of unclaimed dividend in Nigeria.

Inefficiency of the Registrars

Many shareholders/investors usually lodge complaints to the registrar and more often than not, they are not being attended to within a reasonable time. It is a popular phenomenon that out of frustration, many shareholders abandoned and ignored the warrants and left the dividend unclaimed.

Defective Postal System/Unstable Addresses of the Shareholders

Several dividend warrants in the post got lost in-transit due to high defective postal system. Also, many shareholders operate erratic and multiple addresses which makes it difficult for them to be located.

LEGAL POSITION

The Company and Allied Matters Act (CAMA) 1990, stipulate that dividends, which remain unclaimed after 15 months of being declared, should be returned to the firm from where the beneficiary/investor may make a claim not later than 12 years. Afterwards, such unclaimed dividend are considered statute-barred and thus forfeited by the shareholders.

Section 382 of CAMA states thus

- (1) Where dividends are returned to the company unclaimed, the company shall send a list of the names of the persons entitled with the notice of the next annual general meeting to the members.
- (2) After the expiration of three months of the notice mentioned in subsection (1) of this section, 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.
- (3) Where dividends have been sent to members and there is an omission to send to some members due to the fault of the company, the dividends shall earn interest at the current bank rate from three months after the date on which they ought to have been posted.
- (4) For the purpose of liability, the date of posting the dividend warrant shall be deemed to be the date of payment and proof of whether it has been sent is a question of fact.

In 2010, the National Assembly Committee on Capital Market sponsored a bill titled “Unclaimed Dividends and Abandoned Property Trust Fund” to the National Assembly. The Trust Fund if finally approved is expected to draw its membership from: the Federal Ministry of Finance, Corporate Affairs Commission, Securities and Exchange Commission, Share Holders Association of Nigeria, Central Bank of Nigeria, and Representative from the six geopolitical zones. The Fund is to take over and manage unclaimed dividend from all quoted companies.

The establishment of this fund attracts mixed feelings from various stake holders. Several investors have expressed their oppositions to the law, describing it as “selfish and designed to enrich some individuals”. According to Ugwu (2012), majority of stakeholders including shareholders have voiced strong opposition to the proposed fund contending that it was an indirect way by the government to control the fund and as a private sector problem it should be resolved by the private sector, adding that any fund that government initiates or is in anyway involved in would be mismanaged. In the other hand, there are few stakeholders who supported the establishment of UDTF explained that most unclaimed dividends were being used as working capital by companies contrary to CAMA’s provision that it should be invested outside the

company. According to them, this tends to distort the company's actual financial position as it is difficult to forecast their performance without such free funds. Moreover, whenever such companies go under, the unclaimed dividends will also be lost. The effect of these on the investor when dividends cannot be claimed is that they are deprived of their rightful earnings. This could dampen their enthusiasm about investing in the capital market with severe implication for the economy (Ifeakandu, 2012).

REGULATORS POSITION

The Security and Exchange Commission (SEC) New Consolidated Rules and Regulation 2011 (Rule 137) with regard to payment of dividend states as follows:

1. A separate interest yielding escrow account shall be opened pursuant to these Rules and Regulation by a Registrar within 24 hours of the approval of dividends at a general meeting (for final dividends) or a board meeting (for interim dividends) and evidence of such opening forwarded to the commission and the company within 24hours of the account being opened.
2. The total dividend declared by the company shall be paid em-bloc into the said account within 24hours after the opening of the account and evidence of such payment forwarded to the Commission and Registrar within 24hours.
3. The Registrar shall be responsible for effecting dividend payment either by way of electronic transfer or by issue and distribution of dividend warrant to the beneficiaries within the time limit prescribed in these Rules and Regulations.
4. Upon receipt of the notice of and money for dividend/ interest from the company, the Registrar shall prepare and dispatch warrants to security holders within 20 working days from the date of receipt thereof.
5. The dividend/interest warrants shall be signed by the registrar or any other person duly authorized by the company to act as Registrar.
6. A statement of all unclaimed dividend/interest warrant shall be submitted by the Registrar to the Commission in such form and at such time as the Commission shall prescribe
7. The Registrar shall make the list of unclaimed dividends available for inspection by shareholders or their representative in his offices and such list shall be attached to the annual report of the company.
8. The Registrar shall forward a monthly statement of account certified by the bank to the commission.
9. Failure to open and fully fund the account by the company shall attract a penalty of N1 million per day and further penalty of 5% above the MPR on the amount declared.
10. In the event of failure to effect dividend payment either by electronic transfer or dispatch of dividend warrant to beneficiaries within the time stipulated by these Rule and Regulations, the Registrar shall be liable to a penalty of N1M for every day of default.

UNCLAIMED DIVIDEND IN OTHER COUNTRIES

The issue of unclaimed dividend is not peculiar to Nigeria alone as other countries that operate capital market also faces even worse situations than Nigeria.

KENYA:

In Kenya, according to Kirimi (2012) the volume of unclaimed assets are valued by both Accountants and Actuaries to stand at 9.2 billion shillings and 200 billion shillings respectively. He said the commercial banks are responsible for about 7.4 billion shillings, listed companies have 1.4 billion shillings, National Social Security Fund (NSSF) have 243 million shillings in unclaimed contribution and insurance companies have 200 millions in unclaimed life policies. The Barclay bank of Kenya alone have unclaimed dividend of 573 million shillings, 384 million shillings and 148 million shilling in 2011, 2010 and 2009 respectively.

In order to ensure that unclaimed assets and dividend are traced to their rightful owner, the Kenyan government on the 16th of December, 2011 established the Unclaimed financial Assets Authority Board with a mandate to value unclaimed financial assets, conduct inventories and give recommendation for an appropriate legal, regulatory and institutional framework to govern these assets.

There are also some provision in the Kenyan laws with regards to unclaimed dividend. Section 137 (1&2) of the law of Kenya state as follows:

(1) Where the trustee, under any bankruptcy composition or scheme pursuant to this Act has under his control any unclaimed dividend which has remained unclaimed for more than six months, or where, after making a final dividend, he has in his hands or under his control any unclaimed or undistributed money arising from the property of the debtor, he shall forthwith pay it to the bankruptcy estates account at the prescribed bank; and the official receiver shall furnish him with a certificate of receipt of the money so paid, which shall be an effectual discharge to him in respect thereof.

(2) Where any unclaimed or undistributed funds or dividends in the hands or under the control of any trustee or other person empowered to collect, receive or distribute any funds or dividends under the Deeds or Arrangement Act have remained or remain unclaimed or undistributed for six month after the become claimable or distributable, or in any other case for two years after the receipt thereof by the trustee or other person, the trustee or other person shall forthwith pay them to the bankruptcy estates account at the prescribed bank; and the official receiver shall furnish the trustee or other person with a certificate or receipt of the money so paid, which shall be an effectual discharge to him in respect thereof.

SOUTH AFRICA:

In South Africa, some companies may include in their article of association measures to handle unclaimed dividend. In the memorandum of association of Mondi Limited a South African company with registration number 1967/013038/06. The Company may cease to send any cheque or other means of payment by post for any dividend on any shares which is normally paid

in that manner if in respect of at least two consecutive dividends payable on those shares the cheque, warrant or order has been returned undelivered or remains uncashed but, subject to the provisions of this MOI, shall recommence sending cheques, warrants or orders in respect of the dividends payable on those shares if the holder of or the person entitled to them claims the arrear of dividend and instructs the Company to pay future dividends in some other way. The Company shall retain all unclaimed dividends or other monies payable on or in respect of a share indefinitely, which unclaimed dividends or other monies payable on or in respect of a share, shall be held by the Company in trust, but subject to the laws of prescription.

INDIA:

In India, according to Mathew (2011) where declared dividend remained unclaimed for seven years, the unclaimed dividend is transferred to government account. Between 2009 and 2010, over Rs 800 crore is lying as unclaimed dividend with the government accounts.

Under the current law, if dividends declared by the companies are not been paid or claimed within 30 days, companies transfer the total amount into a new bank account called the Unpaid Dividend Account. The investors can claim that amount from this account anytime during the next seven years. If it remains unclaimed for seven years, it gets transferred to the government account, primarily to the Investor Education and Protection Fund (IEPF), a fund which is managed by the ministry. IEPF also gets its corpus from other sources including grants and donations given by the central and state governments, companies and other institutions. While the current law requires the investor to approach the ministry to claim such unpaid or unclaimed dividends from the government exchequer, the proposed Companies Bill 2011, calls for the setting up of an authority to manage IEPF and also settle the claims for these unclaimed dividend.

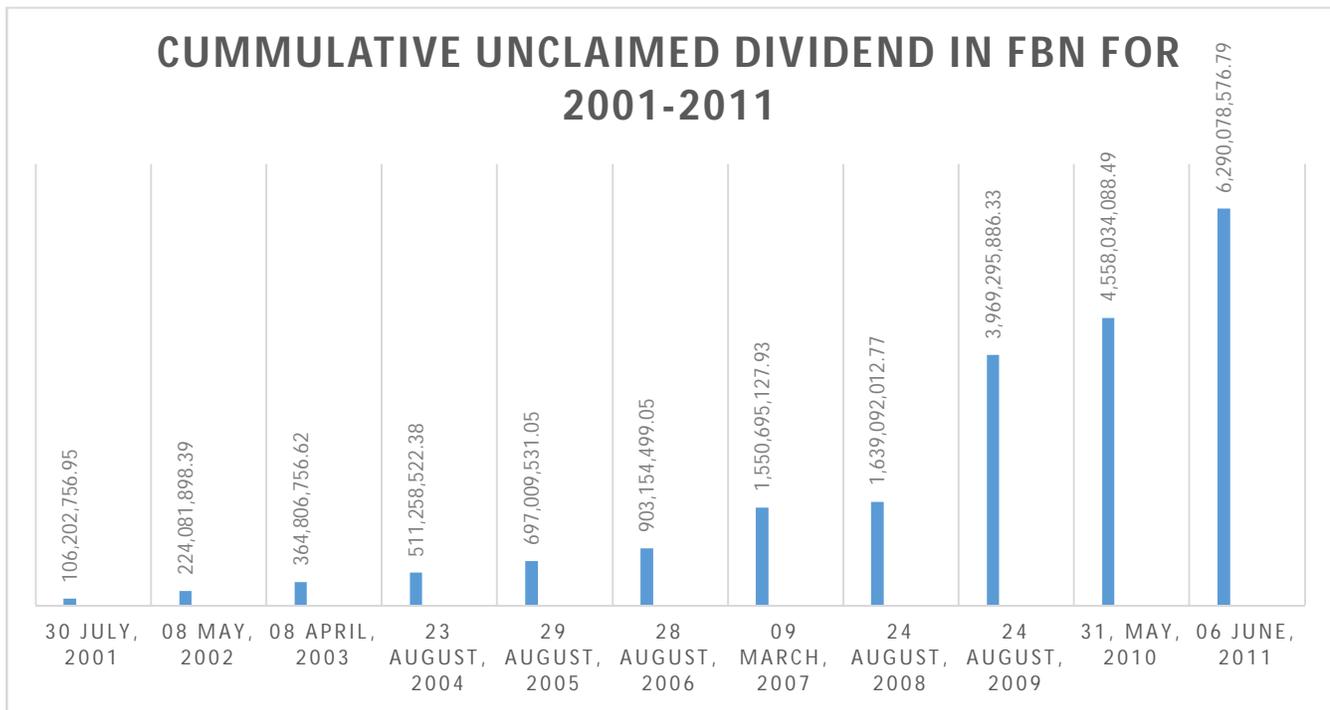
UNITED STATE AND UNITED KINGDOM

The position of law in the United State of America according to Agbana (2011) is that unclaimed dividend after certain number of years (between 3 to 7 years) will be transfer to the state of the shareholders last known address for safekeeping until the shareholder claims the fund.

In the United Kingdom, there are provisions for special public account (e.g. Investment Accounts and Insolvency Account) into which unclaimed dividend are kept for the benefit of the public.

METHODOLOGY

The method adopted for this work is historical analysis of unclaimed dividend history of Nigeria First Bank of Nigeria (FBN) for the period of 2001 - 2011. We adopted descriptive analysis method using tables, graphs and percentage interpretation. This is found adequate as this kind of study requires simple analysis of easy comprehension in line with the available data.



TABULAR REPRESENTATION OF 10 YEAR DIVIDEND HISTORY IN FIRST OF NIGERIA

Date Cleared	Total Div. Amt(N)	Net Div. Amt Unclaimed	Cum. Unclaimed Dividend	Source
30 July, 2001	2,113,785,913.2	106,202,756.95	106,202,756.95	FBN Plc Annual Report and Accounts 2011
08 May, 2002	2,640,065,847.9	117,879,141.44	224,081,898.39	„
08 April, 2003	3,811,263,675.0	140,724,858.23	364,806,756.62	„
23 August, 2004	5,513,901,111.80	146,451,765.76	511,258,522.38	„
29 August, 2005	6,403,122,540	185,751,008.67	697,009,531.05	„

28 August, 2006	5,239,237,558	206,144,968	903,154,499.05	„
09 March, 2007	10,479,845,385	647,540,628.88	1,550,695,127.93	„
24 August, 2008	21,481,234,960.68	883,796,884.84	1,639,092,012.77	„
24 August, 2009	30,207,986,658.9	2,330,203,873.56	3,969,295,886.33	„
31, May, 2010	2,610,566,748.54	588,738,202.16	4,558,034,088.49	„
06 June, 2011	17,621,325,552.24	1,732,044,488.30	6,290,078,576.79	„

DISCUSSION

The chart and table above shows a continuous growth in yearly unclaimed dividend in First Bank of Nigeria Plc. despite the various efforts by government and other regulatory bodies to reduce the incidence of unclaimed dividend in Nigeria. This corroborate the submission of Osundolire (2011) that the list of unclaimed dividend recorded by quoted companies yearly has continued to attract the attention of shareholders and other stakeholders. According to the fourth quarter report released by Security and Exchange Commission show that the value of unclaimed had risen to N33.929 billion (N33, 929,435,751.27) as at December 2010. This figure has since been raised to N52.2 billion by December 2011 (Ifeakandu 2012).

In addition, the issue of unclaimed dividend in Nigeria may be discouraging to the investors because if the unclaimed dividends are resulting from the deliberate actions of the Registrars and payment media which currently are major challenges. In a situation where investors are not sure of the return and also have limited access to their returns will be counterproductive and retarded the ongoing development of the Nigeria capital market.

A critical appraisal of First Bank Nigeria Plc disclosed that unclaimed dividend rose from N106,202,756.95 to N6,290,078,088.49 translating to an increase of N6,183,875,331.84 in ten years. This suggest that there is an annual average increase of N618,387,533.18 in unclaimed dividend of the shareholders of First Bank of Nigeria. It is an incredible geometrical increase of 5,823% within 10 years, despite various reforms, professional pronouncements and legislations that have been promulgated and pronounced. This trend equally repeats itself in the most sectors of the Nigerian economy.

RECOMENDATIONS

Unclaimed Dividend Data Base

During the process of this research we discover that there is no readably available data base of unclaimed dividend as maintained by all the quoted companies in the Nigerian stock exchange. There should be a platform maintained by either Security and exchange commission or other regulatory bodies where detail information about the value of unclaimed dividend by all the quoted companies could be accessible. The platform should make provision for individual investor to trace their unclaimed dividend in all the quoted companies on yearly basis. This will help investors and financial analyst determined the history of unclaimed dividend in all the listed company.

Extend the Expiry Date of Dividend Warrant

One of the major reason attributable to continues increase in unclaimed dividend is the issue of dividend warrant getting to the shareholders few days to the expiry date or in some cases after the expiry date on the warrant. Currently the dividend warrant expires six (6) month after the date payable. The expiry date should be extended to the period of 12 months to allow for time lost in process of mailing the dividend warrant to investors.

Cashing Dividend Warrant over the Count

The dividend warrant could be redesign to allow investor cash their warrant over the counter at any bank anywhere in the country. This may reduce the level of unclaimed dividend attributable to petty investors who do not maintain a bank account. Most of these petty investor jump into buying companies shares on the advice of friends or family member who themselves may not too conversant with requirement for investment in shares. Those of them than maintain bank accounts could maintain current account for the fear of charges associated the keeping a current account.

Process of Renewing Dividend Warrant to be Made Easy

The process of renewing dividend warrant should be made simple to enable investors to revalidate their warrant with ease. Investors should be able to revalidate their warrant online without having to travel long distance for an amount that may not worth the effort. Provisions should be made for investor without access to the internet to be able to renew their warrants without having to spend more than the value on the dividend warrant.

Legal Issues

The period of statue barre that is pronounced by CAMA may need a quick review. It is suggested that the period be extended to 19 years whereby the survivor of a deceased shareholders would have grown to a level of asking, query and challenge some actions of the Trustee, Registrars and Administrators of the decease property.

Trust Fund

The issue of Trust Fund may be a process of transferring private property to the public sector which is not a culture that can be properly, efficiently and effectively managed in Nigeria like other nations. The issues of integrity and corruption are still on the high pedestal. The question that one may have to address is that who is the residual owner of the companies and who are the legitimate owners of the unclaimed dividend? The authors answer, until further discovery is the shareholders of the company.

Disclosure of Unclaimed Dividend as a Liability to the Company

Many stakeholders are of the opinion that some of the listed companies are deliberately making it impossible for investors to claim their dividend so that they will in turn use the unclaimed dividend as working capital thereby increasing the value of unclaimed dividend in possession of most of the listed companies (Ekeoba, 2011). Companies should show unclaimed dividend as liability held by them in trust for their shareholder and also a detail disclosure of the value of unclaimed dividend on yearly basis as maintained by the company.

Other Recommendations

1. Section 383 of CAMA which states that unclaimed dividend will be forfeited after 12 years. That portion should be expunged. This is because an orphan, whose parents have invested in his or her name or in their names, will not be able to reclaim the benefit of such investments when he becomes of age because it is statute barred after 12 years;
2. Interest payment on such dividend whenever the beneficiary comes for it;
3. Unnecessary delay in dividend warrants issued to the shareholders should stop
4. The postal system should be improved efficiently and operationally
5. A computerized application form of beneficiary should show extensive information such as telephone number and Next- of-Kin
6. Intensify drive towards e-dividend and e-bonus should be highly embraced
7. Security and Exchange Commission should show surveillance over formulating principles and protecting the investors;
8. Another aspect of unclaimed dividend is the simplification of the procedures and processes for replacement of lost or expired dividend warrants as well as transmission of shares.

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