








“The relationship between dividend policy and bank size: Evidence from Jordan”

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THE RELATIONSHIP BETWEEN DIVIDEND POLICY AND BANK SIZE: EVIDENCE FROM JORDAN

Abstract

The growing need to comprehend how dividend policy affects bank size, particularly in emerging markets like Jordan, makes this study relevant. Bank size, often measured by total assets, is a key indicator of financial strength and stability. This study aims to examine the relationship between various measures of dividend policy – dividend per share, dividend yield, and dividend per share to earnings per share ratio – and bank size in Jordanian banks, using earnings per share as a control variable.

The study employs ordinary least squares regression analysis to investigate the relationship between these variables over a sample of Jordanian banks. Three regression models were constructed to evaluate the impact of each dividend measure on bank size. The results indicate a significant positive relationship between dividend per share and bank size, and between the dividends per share to earnings per share ratio and bank size. The results show that approximately 43.9% of the variance in bank size is explained by the Dividends per share and Earnings per share, and a significant positive correlation is observed between total assets (bank size) and dividend per share, with a coefficient of 53%. Dividend yield, however, showed no significant impact on bank size.

The results support that Jordanian banks with a sound dividend policy on dividend per share and its continuity with earnings exhibit higher asset growth. In this respect, bank growth appears to be highly dependent on a prudent dividend policy even from an emerging markets perspective.

Keywords

financial decisions, capital allocation, shareholder interests, earnings stability, profit distribution, corporate finance, strategic management

JEL Classification

G21, G32

INTRODUCTION

While dividend policy and bank size have traditionally been a matter of interest in financial theory, the concern remains most apt for the banking sector, as capital allocation decisions carry significant implications for stability and growth. Banking is a core sector in Jordan, where factors influencing dividend distribution policies in this industry must be carefully investigated. Decisions about the dividend policy, such as the size and frequency of its payout, reflect both the financial health and strategic priorities of banks. These decisions depend on the size of an institution, however. Larger banks may have more stable earnings and diversified streams of revenues, hence providing more predictable patterns in dividends, while smaller banks may frame more conservative policies due to their capital constraints and regulatory pressures.

The scientific problem addressed in this study is the lack of clarity regarding how dividend policy influences bank size, particularly in the context of emerging economies such as Jordan. While dividend policy is often considered a strategic financial decision, its role in shaping the growth and size of banks remains underexplored.

1. LITERATURE REVIEW

For a long time, dividend policy has been one of the vital subjects in corporate finance, and the arguments about what factors determine bank dividend decisions are endless. In sum, the classical theory of dividends suggests the various ways whereby a company pays out surplus earnings to shareholders. Modern research by several experts has augmented this knowledge to include institutional size, risk management, and regulatory frameworks (Mo. Shubita & M. Shubita, 2010). More recent studies have focused on dividends not only in their distributive mechanism but also as a means of signaling the company's financial health or the managerial confidence in the profitability of the firm in the future, as evidenced by Alrawashedh and Shubita (2024), Baker and Wurgler (2004), Carpenter and Petersen (2002), and Shubita (2023). With respect to banks, special regulatory pressures and requirements on capital add other dimensions to dividend decision-making.

Size has emerged as a critical variable in explaining dividend policy differences across firms. Research suggests that larger banks, due to their economies of scale, tend to have more stable income streams, allowing them to pay out more consistent dividends than smaller banks. Smaller institutions, on the other hand, are often more conservative in their dividend policies due to liquidity constraints and higher operational risks (Fama & French, 2001). These findings are consistent with studies (like Al-Matari, 2023; Saleh & Mansour, 2024) that examine how firm-specific characteristics, such as profitability, leverage, and growth opportunities, influence dividend policy across different sectors.

Shubita (2021) addresses the potential impact of dividend policy on bank growth, or how payout decisions affect the future, long-term expansion of these types of financial institutions. He finds that banks with higher growth opportunities tend to maintain more earnings instead of paying them out as dividends, especially in the early years of growth. One such study, by Shubita, set within the context of emerging market banks, identifies that growth-oriented banks generally forego dividend payout ratios to reinvest in expansion activities.

Such a scenario upholds the expectation that a company's dividend policy in fact reflects its stage of development and strategic focus-natural developments that are more pronounced in Jordan's dynamic banking sector, as well as other related contexts. The strength of his conclusion is that he explains how bank size and its growth path interactively affect dividend decisions.

Aivazian et al. (2003) examine whether companies in emerging countries follow several dividend policies compared to developed economies, such as the United States. Their research shows that firms in emerging markets tend to be more conservative with dividend payouts, partly due to higher volatility in earnings and less access to capital markets. The study suggests that emerging market firms, including banks, often retain earnings to safeguard against future uncertainties and liquidity challenges. This highlights the cautious approach of emerging market institutions, such as those in Jordan, which may reflect the broader financial environment where firms operate with heightened risk aversion and limited external financing options.

Al-Debi'e and Al-Rai (2012) examine the connection between earnings retention and corporate growth, offering findings that are notably significant for the banking industry. Their research indicates that companies possessing elevated levels of retained earnings generally undergo more considerable growth over time, as the accumulation of internal capital facilitates increased investment in lucrative opportunities. This practice of not distributing earnings as dividends, but rather retaining them, is especially common in industries that enjoy high growth potential and where access to external finance is either expensive or hard to obtain. In the context of Jordanian banks, this would reveal a trade-off between retaining profits for future growth and distributing the same to shareholders in the form of dividends.

Recent literature has also focused on the corporate governance role in shaping dividend policies. Empirical studies indicate that sound governance mechanisms, like independent boards and good internal controls, often lead to more shareholder-oriented dividend policies (Jensen, 1986). On the other hand, weaker governance

structures indeed translate into lower dividends; it is argued that managers would retain earnings for internal projects. The relevance of governance to the banking sector cannot be overemphasized, where managerial and shareholder interests should align for the stability of the financial system (Adams & Mehran, 2003).

Market conditions and macroeconomic factors further complicate the relationship between bank size and dividend policy. Research shows that economic growth, inflation, and interest rates all have a vital impact on banks' dividend decisions (Al-Najjar & Kilincarslan, 2016). For instance, in periods of high economic growth, banks may increase dividend payouts due to stronger earnings performance, whereas high inflation may lead to reduced dividends as banks seek to retain more capital to maintain purchasing power (Amar et al., 2021).

In the context of Jordan, the interplay between dividend policy and the size of banks has not been extensively examined. Nonetheless, findings from various emerging markets indicate that the dimensions of financial institutions in developing countries significantly influence their dividend policies (Al-Debi'e & Al-Rai, 2012). Being a part of a relatively restricted and heavily regulated environment, banks in Jordan face unique challenges that may impact their dividend policies. These issues involve barriers to accessing capital markets and heavy regulatory oversight (Al-Twajjry, 2007).

Almanaseer (2019) investigated the relationship between dividend policy and firm size, by examining 20 insurance firms listed on the Amman Stock Exchange from 2008 to 2017. The outcomes after applying multiple regression analysis indicated that dividend yield significantly impacts share price volatility, with a more stable response for larger firms due to their financial stability and lower earnings volatility. At the same time, smaller firms demonstrated more volatility in dividend payouts, contributing to fluctuating share prices. The study also found that firm size has a significant impact in moderating the relationship between dividend policy and share price, as larger companies have a greater ability to maintain consistent dividend payments, thus stabilizing investor expectations.

Dewasiri et al. (2019) investigate the determinants of dividend policy in emerging and developing markets, focusing on the unique financial environments these markets present. Their research identifies several key factors influencing dividend policies, such as profitability, liquidity, and growth opportunities, which are often more volatile in emerging markets compared to developed economies. They highlight that firms in these markets are more likely to adopt conservative dividend policies due to regulatory pressures and less access to external financing. This resonates with the context of Jordan, where banks may face similar constraints, leading to cautious dividend distribution strategies. Their findings support the view that financial performance, particularly liquidity and profitability, plays a pivotal role in shaping dividend policy decisions in emerging market banks.

Frankel and Sun (2018) focus more on the capability of the cash flow properties to predict accruals, and hence indirectly link cash flows and dividend payouts through their relation to earnings management. They argue that a firm with more predictable cash flow is better at managing earnings, thereby supporting a stable dividend policy. The predictability of cash flow usually goes in concert with the institution size and market conditions in the banking industry; therefore, the researchers' findings suggest that larger banks can support stable dividend distributions. It also investigates some macro-implications of financial management for the long-term earning capabilities that conform to dividends, an important factor for Jordanian banks as they try to balance growth objectives with shareholder expectations. Kanakriyah (2020) explores the relationship between dividend policy and financial performance, finding that firms with strong financial performance tend to have more flexible dividend policies. The study concludes that profitability, return on equity (ROE), and earnings per share (EPS) significantly influence dividend decisions. This supports the notion that well-performing banks, particularly those with higher profitability and stable earnings, are more likely to reward shareholders with dividends. For Jordanian banks, this implies that profitability metrics may be a stronger determinant of dividend policy than size alone, highlighting the importance of firm-specific performance indicators in shaping payout decisions.

In their work, Pattiruhu and Paais (2020) observe the impact of liquidity, profitability, leverage, and firm size on the development of the dividend policy, concluding that all these factors significantly impact the decisions of dividends. Precisely, their results show that more liquid and more profitable firms tend to distribute dividends. On the contrary, the firm with high leverage can be conservative and eventually decline in paying out dividends since the business is strained to repay the debt incurred. Thereby, wider organizations with higher capitalization and diversified activities have been shown to adopt a more regular dividend policy as explained above. The finding of this study agrees with the expectation that the size of a firm would highly influence the dividend policies of banking institutions, particularly in Jordan, since an increased size enhances its capacity to maintain dividend payments even in the worst situation.

Zhou and Ruland (2006) present an analysis of the relationship between dividend payout and growth in future earnings that runs counter to the traditional view that higher dividend payout constrains growth by reducing capital available for reinvestment. Their results show that high-dividend-payout firms have higher future growth in earnings since dividends can act as a signal of managerial confidence in future profitability for the company. That would indicate that the dividends of Jordanian banks also convey a signaling role, whereby the higher the dividends, the better the signal regarding financial health and growth prospects. This adds another dimension to how one might understand dividend policy – the use of dividends by banks as a strategic tool in communicating stability and growth potential to investors.

As a result of these insights, it is clear that the relationship between dividend policy and bank size is influenced by a wide array of factors, including firm-specific characteristics, regulatory constraints, governance mechanisms, and market conditions. This study aims to contribute to this body of knowledge by exploring how these dynamics play out within the Jordanian banking sector.

In summary, the existing literature highlights that dividend policy is influenced by a variety of factors, including firm size, growth opportuni-

ties, regulatory constraints, governance mechanisms, and market conditions. While large and well-established banks may be more regular in paying dividends, small or growth-oriented banks retain a substantial fraction of their earnings to expand. Such a dynamic tends to be significantly accentuated in emerging markets, where access to external capital remains limited. Although bank size can relate to dividend policy, little, if any, research has considered this particular relationship within the Jordanian banking sector.

The study looks into the relationship between dividend policy and the size of banks in Jordan. Therefore, the study tries to establish how bank size can influence bank decisions about dividends given the prevailing regulatory and market conditions in Jordan.

To achieve the study goal, the hypotheses are formulated:

H01: There is no relationship between dividend per share and bank size.

H02: There is no relationship between dividend yield and bank size.

H03: There is no relationship between dividends per share to earnings per share ratio and bank size.

2. METHODS

In conducting this research into the relationship between dividend policy and bank size, the research methodology will provide a structured approach in which size and other factors affecting the dividend decisions of banks in Jordan will be tested. This paper is a quantitative study based on secondary data gathered from financial statements among Jordanian banks. The data used in this study were sourced from annual reports available through the ASE and the respective banks' websites. This covers a total period of ten years from 2010 to 2021, which allows for analyzing the trends in addition to testing the longitudinal effects. The time period is chosen in such a way that the research covers

stable and volatile market conditions to provide an insightfully meaningful understanding of dividend behavior over the period considered.

The sample for this study includes all listed banks on the ASE, ensuring that the research captures both large and small financial institutions. The choice of banks is motivated by their significant contribution to Jordan's financial sector and the availability of reliable financial data. The variables used in the study include bank size (measured by total assets), dividend policy (measured by dividend per share ratio, dividends yield, and dividends per share to earnings per share), and profitability as a control variable (measured by earnings per share). These variables were chosen based on their relevance to both academic literature and the specific dynamics of the Jordanian banking sector.

In this regard, the panel data regression model is employed to investigate the relationship between bank size and dividend policy. Given that the database contains elements of cross-sections and time series, the methodology will be relevant for analyzing temporal fluctuations and controlling for the different bank characteristics. In the regression model, bank size was considered the dependent variable, dividend payout was taken as the independent variable, and profitability was included as a control variable to determine how bank size may influence various dividend-related decisions. Control variables are necessary to add factors that could also affect dividend payout and, therefore, provide further clarity on the exact effect of bank size.

Data analysis is conducted using statistical software to estimate the regression coefficients and test the significance of the relationships between variables. Robustness checks are performed by running the regression with different variable specifications and time lags to ensure the stability of the results. Additionally, diagnostic tests such as the Hausman test are applied to determine whether fixed or random effects models are more appropriate for the data. These procedures help ensure the reliability and validity of the findings.

The study models are as follows:

$$Size_{it} = A_0 + A_1DPS_{it} + A_2EPS_{it} + \varepsilon_{it}, \quad (1)$$

$$Size_{it} = A_0 + A_1DY_{it} + A_2EPS_{it} + \varepsilon_{it}, \quad (2)$$

$$Size_{it} = A_0 + A_1DPE_{it} + A_2EPS_{it} + \varepsilon_{it}, \quad (3)$$

where A_0, A_1, A_2 = OLS regression coefficients; $Size_{it}$ is the measure of the bank's size and equals the total assets natural logarithm for bank i in year t . DPS is dividend per share which equals dividends over total shares. DY is dividend yield which equals dividends over market share price. DPE is dividends per share to earnings per share. EPS is earning per share; t is year; i is bank; ε = OLS regression error.

These models documented the significant differences between large and small banks, these subsamples of the banks motivated by the findings of many studies (e.g., Kim & Kross, 2005; Senan, 2019; Alhasnawi et al., 2024; Alshdaifat et al., 2024; Ogneva, 2012).

3. RESULTS

The descriptive statistics are provided in Table 1.

Table 1. Descriptive statistics

Statistics	Assets	DPS	DY	DPE	EPS
N (Valid)	156	156	156	156	156
N (Missing)	0	0	0	0	0
Mean	9.3742	0.1046	4.5111	53.6506	19.3082
Std. Deviation	0.40412	0.09099	3.15156	44.69404	14.16340
Minimum	8.53	0.00	0.00	0.00	-3.01
Maximum	10.44	0.45	12.66	352.73	67.65

Table 1 presents descriptive statistics for the key variables in the study: total assets (as a proxy for bank size), dividend per share (DPS), dividend yield (DY), dividend payout to earnings per share (DPE), and earnings per share (EPS). These statistics provide an overview of the data distribution for each variable, with all 156 observations being valid and no missing values.

The mean value of total assets, represented as the natural logarithm, is 9.3742, with a standard deviation of 0.40412. This indicates moderate variation in the size of banks in the sample. The smallest bank has a log asset value of 8.53, while the largest reaches 10.44. The average dividend per share

is 0.1046, showing that, on average, banks distribute about 10.46% of their dividends relative to total shares. The standard deviation is 0.09099, signaling some variability across banks, with DPS values ranging from 0 (indicating no dividends) to a maximum of 0.45. The mean dividend yield is 4.5111, with a relatively higher standard deviation of 3.15156. This suggests significant variability in how banks' dividends relate to their market share price, with yields ranging from 0 to a maximum of 12.66%.

DPE measure has the highest variability, with a mean of 53.6506 and a substantial standard deviation of 44.69404. The minimum value is 0 (indicating no dividends relative to earnings in some cases), while the maximum value reaches 352.73, highlighting outliers where banks distribute far more dividends relative to their earnings. The average earnings per share is 19.3082, with a standard deviation of 14.16340. The range of EPS is broad, with the lowest value being -3.01, indicating losses in some banks, while the highest EPS recorded is 67.65.

In summary, the descriptive statistics reveal considerable variation in dividend policy and bank size among the sampled Jordanian banks, with significant differences in how dividends are paid out relative to earnings and share price. The high standard deviations in DY and DPE, in particular, suggest diverse dividend strategies within the banking sector.

The correlation analysis in Table 2 reveals several notable relationships between the variables under study. The size of the banks, represented by their total assets, shows a strong positive correlation with both dividend per share (DPS) and earnings per share (EPS), with coefficients of 0.626 and 0.616, respectively, both of which are significant at the 0.01 level. This suggests that larger banks tend to have higher dividend payouts per share and earnings.

Table 2. Pearson correlation coefficients

Correlations	Assets	DPS	DY	DPE	EPS
Assets	1	0.626**	0.014	0.301**	0.616**
DPS	0.626**	1	0.453**	0.460**	0.756**
DY	0.014	0.453**	1	0.641**	0.125
DPE	0.301**	0.460**	0.641**	1	0.015
EPS	0.616**	0.756**	0.125	0.015	1

Note: ** Correlation is significant at the 0.01 level (2-tailed).

Dividend per share also exhibits significant positive correlations with other variables, including dividend yield (0.453), dividend payout to earnings per share (0.460), and EPS (0.756). The strong relationship between DPS and EPS indicates that banks with higher earnings tend to pay more in dividends per share.

Interestingly, dividend yield (DY) has a moderate positive correlation with both DPS (0.453) and dividend payout to earnings (0.641), but its relationship with other variables, such as bank size (0.014) and EPS (0.125), is relatively weak and statistically insignificant. This suggests that while dividend yield is associated with payout behavior, it is less directly linked to the overall size of the bank or its earnings.

Finally, the correlation between DPE and other variables such as bank size (0.301) and dividend yield (0.641) suggests that banks with higher dividends relative to earnings also tend to be larger and have higher yields, although the relationship between DPE and EPS is weak at 0.015. Overall, the results highlight the interconnectedness between dividend policy and bank size, as well as the influence of earnings on dividend distributions.

In Table 3, the Spearman correlation coefficients offer valuable insights into the relationships between bank size, dividend policy variables, and earnings per share.

Table 3. Spearman correlation coefficients

Variable		Assets	DPS	DY	DPE	EPS
Item	Assets Correlation Coefficient	1.000	.533**	.004	.230**	.563**
	DPS Correlation Coefficient	.533**	1.000	.501**	.575**	.754**
	DY Correlation Coefficient	.004	.501**	1.000	.724**	.168*
	DPE Correlation Coefficient	.230**	.575**	.724**	1.000	.065
	EPS Correlation Coefficient	.563**	.754**	.168*	.065	1.000

Note: ** Correlation is significant at the 1% level (2-tailed). * Correlation is significant at the 1% level (2-tailed).

A significant positive correlation is observed between total assets (bank size) and dividend per share (DPS), with a coefficient of 0.533. This suggests that larger banks tend to distribute more

dividends per share, reinforcing the idea that size influences payout policies. There is also a positive and significant relationship between bank size and earnings per share (EPS), as indicated by a correlation of 0.563. This implies that larger banks tend to have higher earnings, which is consistent with their ability to sustain or increase dividends.

DPS also correlates significantly with other variables, notably dividend yield (DY) and dividend payout to earnings per share (DPE), with coefficients of 0.501 and 0.575, respectively. These positive relationships highlight the interdependence between a bank's dividend distribution and its financial ratios. Banks that pay higher dividends relative to their earnings (DPE) also tend to have higher dividend yields, suggesting a coherent dividend policy where payouts are reflective of both earnings performance and share price.

Dividend yield itself exhibits a strong correlation with DPE (0.724), indicating that banks with higher yields are likely to distribute more dividends relative to their earnings. However, DY shows only a weak correlation with both bank size (0.004) and EPS (0.168), suggesting that while dividend yield may be linked to payout behaviors, it is less directly connected to the scale or profitability of the banks.

The correlation between EPS and other variables, especially DPS (0.754), is quite strong. This reinforces the idea that banks with higher earnings are more likely to pay higher dividends per share.

However, the relationship between EPS and DPE (0.065) is weak, indicating that earnings per share alone may not fully explain the variability in dividends relative to earnings. Overall, the results suggest that bank size, dividend policies, and earnings are intricately linked, but the strength of these relationships varies depending on the specific aspect of dividend policy being examined.

The regression analysis results for the model where bank size (measured by total assets) is regressed on dividend per share (DPS) and earnings per share (EPS) as a control variable are summarized in Tables 4 to 6.

The regression results show that the model has a reasonably strong fit, as indicated by an R-value of 0.663 and an R-squared value of 0.439. This means that approximately 43.9% of the variance in bank size is explained by the independent variables (DPS and EPS). The F-statistic of 59.901 is highly significant ($p < 0.001$), suggesting that the model as a whole is statistically significant and a good fit for the data.

Both DPS and EPS have significant positive relationships with bank size. Dividend per share has a coefficient of 1.657 ($p < 0.001$), meaning that for each unit increase in DPS, the natural logarithm of total assets increases by 1.657 units, holding EPS constant. Similarly, EPS has a positive coefficient of 0.010 ($p < 0.001$), indicating that an increase in EPS leads to a slight increase in bank size,

Table 4. First model results

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
Model	0.663	0.439	0.432	0.30462	0.503

Table 5. First model Anova

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Regression	11.117	2	5.558	59.901	0.000a
Residual	14.197	153	0.093	–	–
Total	25.314	155	–	–	–

Table 6. First model coefficients

Coefficients	Unstandardized B	Std. Error	Standardized Beta	t	Sig.	Tolerance	VIF
Constant	9.017	0.042	–	216.990	0.000	–	–
DPS	1.657	0.411	0.373	4.032	0.000	0.428	2.337
EPS	0.010	0.003	0.334	3.606	0.000	0.428	2.337

Table 7. Second model results

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
Model	0.619	0.384	0.376	0.31934	0.587

Table 8. Second model Anova

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Regression	9.711	2	4.855	47.612	0.000a
Residual	15.603	153	0.102	–	–
Total	25.314	155	–	–	–

Table 9. Second model coefficients

Coefficients	Unstandardized B	Std. Error	Standardized Beta	t	Sig.	Tolerance	VIF
Constant	9.067	0.054	–	167.280	0.000	–	–
DY	–0.008	0.008	–0.064	–1.002	0.318	0.984	1.016
EPS	0.018	0.002	0.624	9.756	0.000	0.984	1.016

though the effect is smaller compared to DPS. The tolerance and VIF values suggest there are no major multicollinearity concerns in the model.

The regression results for the second model, where bank size (measured by total assets) is regressed on dividend yield (DY) and earnings per share (EPS), are summarized in Tables 7-9.

The results from this regression model show that the fit is moderate, with an R-value of 0.619 and an R-squared value of 0.384. This means that 38.4% of the variance in bank size is explained by the independent variables, dividend yield (DY) and earnings per share (EPS). The F-statistic of 47.612 is highly significant ($p < 0.001$), indicating that the model is statistically significant.

Regarding the individual predictors, dividend yield (DY) does not have a statistically significant relationship with bank size, as evidenced by a coefficient of –0.008 and a p-value of 0.318. This indicates that DY has no significant effect on bank size in this model. On the other hand, earnings per share (EPS) shows a strong and significant positive relationship with bank size, with a coefficient of 0.018 and a p-value of 0.000. This suggests that banks with higher earnings per share tend to have larger sizes.

The regression results for the third model, which examines the relationship between bank size (total assets) and the ratio of dividends per share to earnings per share (DPE), along with earnings per share (EPS), are presented in Tables 10-12.

Table 10. Third model results

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
Model	0.682	0.465	0.458	0.29751	0.554

Table 11. Third model Anova

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Regression	11.772	2	5.886	66.497	0.000a
Residual	13.542	153	0.089	–	–
Total	25.314	155	–	–	–

Table 12. Third model coefficients

Coefficients	Unstandardized B	Std. Error	Standardized Beta	t	Sig.	Tolerance	VIF
Constant	8.895	0.049	–	180.661	0.000	–	–
DPE	0.003	0.001	0.292	4.944	0.000	1.000	1.000
EPS	0.017	0.002	0.612	10.345	0.000	1.000	1.000

The regression model indicates a strong fit, with an R-value of 0.682 and an R-squared value of 0.465. This means that 46.5% of the variation in bank size is explained by the independent variables DPE and EPS. The F-statistic is 66.497, which is highly significant ($p < 0.001$), indicating that the model overall is statistically significant.

In terms of individual predictors, both DPE and EPS have significant positive relationships with bank size. The coefficient for DPE is 0.003 ($p < 0.001$), and for EPS, it is 0.017 ($p < 0.001$). This means that an increase in the ratio of dividends per share to earnings per share (DPE) and earnings per share (EPS) is associated with an increase in bank size.

Across all three models, the VIF values are well below the threshold for concern. This means that multicollinearity is not an issue, and the results for DPS, DY, DPE, and EPS are not distorted by their relationships with each other. Therefore, the regression coefficients can be trusted to reflect the true relationships between the variables and bank size.

In terms of hypothesis testing, the first hypothesis (*H01: There is no relationship between dividend per share and bank size*) is rejected. The results show a statistically significant positive relationship between DPS and bank size, with a p-value of 0.000, far below the conventional threshold of 0.05. Thus, the evidence supports the conclusion that higher dividend payouts per share are associated with larger bank sizes in the sample studied.

Regarding the second hypothesis (*H02: There is no relationship between dividend yield and the size of banks*), this hypothesis cannot be rejected because the p-value for dividend yield has been recorded at 0.318, which is greater than the usually accepted level of 0.05. Therefore, it can be deduced that dividend yield does not have a significant effect on bank size in the sample under consideration.

The third hypothesis (*H03: There is no relationship between dividends per share to earnings per share and bank size*) is rejected, as the p-value for DPE is 0.000, which is less than 0.05. This suggests a significant positive relationship between the ratio of dividends per share to earnings per share (DPE) and bank size.

4. DISCUSSION

The results from this study reveal the significant relationship between dividend policy measures and the dimensions of Jordanian banking institutions. This not only supports certain elements in the existing body of literature but also provides new insights into how these variables interact in the Jordanian banking industry. The results from the first model, testing the relationship of dividend per share versus bank size, reported positive and significant findings. This is coherent with prior studies that emphasize dividends as a relevant indicator reflecting the financial health of an enterprise (Salahaldin & Atua, 2022; Sharif et al., 2023). Higher dividends per share suggest a bank's strong financial position, which likely attracts more assets and facilitates growth, as reflected by the significant positive coefficients found in this model.

In the second model, which focused on the relationship between DY and bank size, there was a significant deviation. While EPS remained a statistically significant predictor, the association between dividend yield and bank size had become insignificant. This result is consistent with the study by Brawn and Šević (2018) which indicates that dividend yield may not consistently offer straightforward implications for the size of firms, particularly within banking sectors where fluctuations in the market can influence share prices and subsequently, dividend yields. It is conceivable that the prevailing conditions in the Jordanian market, characterized by variable stock prices, diminish the effect of dividend yields on asset accumulation, thereby elucidating the non-significant outcome.

The third model, testing the correlation of DPE and EPS with the dimensions of banks, has been highly significant with a strong association. For this, DPE and EPS have been two strong bank size determinants. This supports the idea that banks with a higher proportion of dividends relative to earnings signal robust financial performance, which in turn attracts more investors and capital (Mansour et al., 2024; Lutfi et al., 2024). This is in line with studies such as Salahaldin, and Hussein (2022) and Al-Anezi et al. (2021), who found that a consistent dividend

payout relative to earnings can foster investor confidence and ultimately contribute to firm growth.

The general implications of these models are that even though dividend policy measures across different dimensions differentially affect bank size, dividends and earnings remain two of the most important indicators not only of the current position of a bank's health but also of its future growth possibilities. The insignificance of the dividend yield coefficient implies that further research into market-specific factors is required which may influence the relationship between dividend yield and firm size. It also emerges from the findings that, with regard

to Jordan's financial institutions, the balance between dividends and earnings assumes tremendous significance from a growth perspective. This may also inspire further research into exactly how such dynamics function in time or within alternative economic contexts.

Looking ahead, future research could focus on expanding the sample size beyond the Jordanian banking sector or considering macroeconomic variables such as inflation or interest rates to see how they affect the relationship between dividend policies and firm size. Additionally, a longitudinal study could help identify whether these relationships hold steady over time or fluctuate during periods of financial instability.

CONCLUSION

The present study has focused on discussing dividend policy in relation to the size of a bank within the Jordanian banking industry. The magnitude of the effect of each of these variables on the extent of banks, as reflected by the total assets, may be ascertained in conjunction with the earnings per share and three essential dividend indicators: dividend per share, dividend yield, and the ratio of dividends per share to earnings per share. Therefore, the analysis gave enough evidence that dividend per share and the ratio of dividends to earnings are positively and significantly related to the size of the bank, hence this evidences that these factors of dividend are needed for growth and expansion.

The findings reveal that banks that distribute higher dividends per share tend to attract more assets, likely due to their perceived financial health and ability to generate consistent returns for shareholders. Similarly, the positive relationship between the ratio of dividends per share to earnings per share and bank size underscores the role of profitability in shaping a bank's growth prospects. Investors tend to favor institutions that maintain a stable balance between dividends and retained earnings, perceiving them as financially sound and growth-oriented. These results align with established theories in corporate finance that associate dividend payouts with firm performance and investor confidence. From a practical standpoint, these insights suggest that banks should focus on maintaining a strong dividend policy in line with their earnings to support long-term growth. A balanced approach, where dividends are optimized without sacrificing reinvestment in the bank, appears to be an effective strategy for asset accumulation and expansion in the Jordanian context. Policymakers and bank managers might consider revising their dividend strategies to maximize shareholder value while ensuring sustainable growth.

In conclusion, this study has explained the role of dividend policy in determining a bank's size and growth. It was noted that dividend per share and the ratio of dividend to earnings are the crucial factors that have influenced asset build-up in Jordanian banks, while the influence of dividend yield was relatively negligible. These findings add to the growing literature that investigates the role and impact of dividend policies in emerging markets. They further provide a ground for further investigation of other broader economic and sectoral variables, which may impact the relation between the dividend policy and corporate growth. The research design can be expanded to other regions and sectors, which will also produce other important results in terms of generalizing these findings universally.

AUTHOR CONTRIBUTIONS

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