Journal of Accounting
Vol. 11 (2) July – December 2022

EFFECT OF RECAPITALIZATION ON ASSET QUALITY OF QUOTED DEPOSIT MONEY BANKS IN NIGERIA

Ambrose A. Okwoli[1], Saratu L. Jim- Suleiman[2], and Godfrey Datong Daboer[3]

[1, 2 &3] Department of Accounting Faculty of Management Sciences University of Jos, Jos.

Corresponding Author: Daboergodfrey64@gmail.com

Abstract

The objective of this study was to examine the effect of bank recapitalization on asset quality of quoted Deposit Money Banks in Nigeria. Relevant literature were reviewed. Casual research design was adopted while secondary data in terms of the annual report of Nigeria Deposit Insurance Corporation (NDIC), Central Bank of Nigeria (CBN), and Deposit Money Banks in Nigeria were employed. The data were analysed using pooled regression analysis through STATA window 14 packages. The finding from the study shows that recapitalization does not improve asset quality of Deposit Money Banks in Nigeria. The implication of the finding is that recapitalization has not enhanced the asset quality Deposit Money Banks in Nigeria. The study therefore, recommends that bank management should develop and implement strategies to improve asset quality of the banks through setting up good credit policies that will reduce loan losses and non-performing loans and thereby increasing the earning of the banks.

Key Words: *Recapitalisation, asset quality, shareholders' fund, deposit money bank, and Ratio of non-performing loan to total loan.*

Introduction

Recapitalisation is an important variable of reform in Nigerian banking industry. It is a policy undertaken by the Federal Government through the Central Bank of Nigeria to increase the existing capital of the banking industry mainly to address the fundamental problems of general underperformance and develop strategies to improve its capacity for better performance. Thus recapitalisation is not a guess work, but an organized scheme of revitalizing a company to a better structure and focus. The three stages involved in the process of recapitalization include: (a) diagnosis-identification of the causes of the problem; (b) prescription to proffer appropriate solutions and (c) monitoring- monitor the implementation of proffered solutions (Akinsulire, 2005). Recapitalisation is expected to improve the banks' performance by ensuring adequate capital and earnings as well as enhancing the banks' intermediation capacity (Adah, 2012). It became inevitable in the light of the global dynamic exigencies and as a need to enhance the banking industry's competitiveness and capacity to play the fundamental role of investment and improving economic growth which it was created for (Ajede, 2011).

Recapitalisation as an aspect of reforms is designed to enable the banking system develop the required resilience to support the economic development of the nation by efficient performing of its functions as the fulcrum of financial intermediation. This is because recapitalisation involves a major change in the way a bank is funded. Recapitalisation is also seen as the act of beefing up the long-term capital of a bank to the level atleast required by the monetary authorities in order to ensure the security of shareholder's fund (equity plus reserve) (Kpefan, 2013). The effect of recapitalisation programme in Nigerian banking industry is the shrinkage of the number of banks from eight-nine (89) to twenty-five (25) through mergers and acquisition involving seventy-six (76) banks which altogether accounted for 93.5 percent of the deposit share of the market (Soludo, 2001)

Asset quality is a measurement index which is used to determine the strength of the bank and the level of banks' exposure to risk. It is of great concern for the financial supervisory authorities in every country throughout the world because it is an aspect of bank management which entails the evaluation of a firm's asset in order to facilitate the measurement of the level and size of credit risk associated with its operation. The asset quality of Deposit Money Banks in Nigeria are poor and this is due to inadequate management lending policies (Ogunleye, 2003). Deterioration in the asset quality of banks affects their operating and financial performance as well as the general soundness of the banking system. This problem has motivated the researchers to conduct this study on the effects of recapitalisation on financial performance of quoted Deposit Money Banks in Nigeria so that the problems of undercapitalization in Nigeria could be solved.

Bank asset quality not only affects the financial and operating performance but also further impinges on the soundness of the national financial system (Khalid, 2012). Poor asset quality and low level of liquidity are the major causes of bank distress and failure in Nigeria. Ogundina (1999) posits that the Nigerian financial system over the years has been under severe stress as a result of large amount of non-performing loans. Many financial institutions in Nigeria collapsed due to high rate of non-performing loans and extensive insider lending. Banks huge exposure to non-performing loans has affected their financial performances in Nigeria. Hence the need emerged for recapitalisation of these banks to solve the problems and make them efficient for better financial performance. Because of the incessant bank failure in the recent past particularly in 1990s through early 2000s in the country, the depositors and investors were refraining from placing and investing their hard - earned money into the bank and because of this the banks were not able to lend out money in order to earn more income and this has affected the earnings of the Nigerian banks. Therefore, recapitalisation appears to be the main driving force that can improve bank financial performance by ensuring solvency and earnings as well as enhancing financial intermediation capacity.

The main objective of this study is to evaluate the effect of recapitalization on asset quality of quoted Deposit Money Banks in Nigeria**.** the study covered fifteen (15) Deposit Money Banks that are quoted on the Nigerian Stock Exchange for a period of twelve (12) years (that is from 2005 to 2016). This period was selected because it was characterized by bank restructuring programmes and financial deregulation. Bank restructuring programmes such as mergers and acquisitions, recapitalization and proactive regulations through modification of unnecessary old-fashioned regulations which foster inefficiency in banking sector.

In line with the set objective, the study hypotheses that Shareholders' fund has no significant effect on asset quality of quoted Deposit Money Banks in Nigeria.

Review of Related Literature

Bank and Banking in Nigeria.

Banks are key players in any country's financial sector, they occupy a delicate position in the economic equation of any country such that their good or bad performance invariably affects the economy of the country (Wilson, 2006). Bank is a kind of business that keeps money for individuals, governments and companies, exchanging currencies, makes loans, and offers other financial services. Bank is an organization usually a corporation chartered by a state or federal government, which does most or all of the following: receives demand and time deposits, honour instruments drawn on them, and pays interest on the instrument , discounts notes, makes loans, and invests in securities, collects cheques, draft, and notes, certifies depositors cheques, and issues draft and cashier's cheques. In essence, Bank are straightforward institutions that take existing deposits (and loans to a small degree) and loan these funds, and, at the same time make new loans and create new deposits (New money) (Faure, 2013).

The 1952 Banking Ordinance defines a bank as any company carrying on banking business or using bank or banking as part of the title under which it carries on business (Okpara, 2011). According to Okwoli (2007) section two of the Bills of Exchange Act, 1882 defines a bank as "anybody of persons whether incorporated or not who carry on the business of banking". Banking is the business activity of accepting and safeguarding money owned by other individuals and entities and then lending out this money in order to earn profit. However various other services are being offered these days which include: issuance of debit and credit cards, providing safe custody of valuable items, lockers, ATM services and online transfer of funds across the country/world. The 1952 Banking Ordinance defines banking as the business of receiving from the public on current account money which is to be payable on demand by cheque and of making capital requirements for expatriate and indigenous banks (Okpara, 2011). A bank is an institution where one can place and borrow money and take care of financial affairs while banking is the business of managing a bank. These definitions are based on the role banks play in the economic development of any nation. The banking sector has been described as the engine of growth in any economy. Mohammed (2012) puts it that banking institution occupies a vital position in the stability of the nation's economy. It plays essential roles on fund mobilization, credit allocation, payment and settlement systems as well as monetary policy implementation. Yauri, Musa and Kaoje (2012) posit that banks are key players in the financial sector of any nation's economy and therefore sound macroeconomic management must ensure financial health of banks in order to guarantee economic stability and growth. It can therefore be said that the effective and efficient performance of the banking sector is an important foundation for the financial stability of any nation. The extent to which banks extend credit to the public for productive activities accelerates the pace of a nation's economic growth as well as the long-term sustainability of the banking industry (Kolap, Ayeni & Oke, 2012; Mohammed, 2012). But for the purpose of this study, commercial banks which are often referred to as deposit money banks are the main focus of this Study.

Nigerian Deposit Money Banks are commercial banks operating in Nigeria. Deposit Money Banks are resident depository corporation and quasi corporation which have any liabilities in the form of deposits payable on demand, transferable by cheque or otherwise useable for making payments (IMF, 2001). Deposit Money Banks exist because of the various services they provide to other sectors of the economy, for instance, information services, liquidity services, transaction cost services, maturity intermediation services, money supply transmission services, credit allocation services and payment services. Failure to provide these services or a breakdown in their efficient provision can be costly to both the ultimate sources (households) and users (firms) of savings, as well as to the overall economy (Cornett & Tehranian, 2004).

The banking sector in any economy serves as catalyst for growth and development and is therefore so sensitive and sacrosanct to the economy in terms of stability and growth that must not be let loose by the government.

It is not surprising in the light of this that governments, the world over, attempt to evolve an efficient banking system, not only for the promotion of efficient intermediation, but also for the protection of depositors' fund, encouragement of efficient competition, maintenance of public confidence in the system, stability of the financial system and protection against system risk and Collapse (Oladejo & Oladipupo, 2011).

Oke (2006) opines that the relevance of banks in the economy of any nation cannot be over emphasized because they are the cornerstone and the linchpin of the economy of a country. As the major holders of the national financial assets, the banking sector presents the largest potential risk for financial and reputational losses in the event of corporate failure and distress. An efficient banking system is a sine qua non for efficient functioning of a nation's economy. Thus, for the industry to be efficient, it must be regulated and supervised in view of the failure of the market system to recognize social rationality and the tendency of market participants to take undue risk which could impair the financial stability and solvency of their institutions (Thatcher, 2002: Onyido, 2O04 Lemo, 2005; Balogun, 2007; and Alao. 2010).

In view of the importance of banking sector in economic development, bank distresses are widely regarded as more disastrous to the economy than failures of other sectors. Oloyode (1994) observes that the banking industry is highly prone to volatility and fragility either arising from exogenous or endogenous shocks and are therefore amenable to regulation and supervision. It is in this regard that any government that wants to impact positively on the economy of its country cannot afford to play with regulation processes in the banking sector. Ademola (2008) posits that one of the objectives of a responsible government is to evolve a strong and virile economic and financial system in which all its citizens would participate without discrimination. Therefore government strives to eliminate imperfection and abuses that may be detrimental to the orderly development of the economic and financial system. This provides a justification for the frequent bank recapitalisations by federal government of Nigeria, through the Central Bank. According to Central Bank of Nigeria (2005), the following banks are in operation in Nigeria.

i. Central Bank of Nigeria:

The critical role of the Central Bank of Nigeria in management of the Nigerian economy is clearly spelt out in the provision guiding the operations of the bank in the 2007 Central Bank of Nigeria amended Act.

According to the Act, the Central Bank of Nigeria has been charged with the following responsibilities:

a. To ensure monetary and price stability. This is done through the formulation and implementation of monetary policy. The mandate gives the Central Bank of Nigeria the responsibility of maintaining stable prices and low inflation in the economy.
b. To issue legal tender currency in Nigeria. The Central Bank of Nigeria issues notes and coins which serve as legal tender for the promotion of trade and exchange.
c. To maintain external reserve to safeguard the International value of the legal tender currency. This mandate is to ensure that naira exchange rate is stable.
d. Promote a sound financial system in Nigeria. This mandate gives the Central Bank of Nigeria the power to protect the citizen by ensuring that the banks are safe and sound.
e. Act as banker and provide economic and financial advice to the federal government. The Central Bank of Nigeria offers banking services to the federal government and from time to time offers policy advice in order to ensure a stable economy.
f. To act as bankers to other banks and financial institution within Nigeria and abroad. The Central Bank of Nigeria acts as bankers to all Deposit Money Banks in the economy.

ii. Deposit Money Banks (Commercial Bank)

Deposit money banks are the most important savings, mobilization and financial resource allocation institutions. According to Olokoyo (2011) Deposit Money Bank grants loans and advances to individuals; business organizations as well as government in order to enable them embark on investment and development activities which contribute towards the economic development of a country. Okwoli (2007) posits that commercial banks provide four basic duties namely:

a. Receipt of deposit either on current account which bears interest and is drawable by cheque or on deposit account which bears interest and its withdrawal is by the use of pass book.
b. Discounting of bills which gives the customer the immediate use of cash resulting from such bills.
c. Granting of loans to customers at interest against various forms of security either on current or loan account.
d. Acting as agents for customers for the safe custody of valuables; collection and payment of coupon; stock and share transactions; other capacities such as that of a trustee attorney and executor, and cleaning agent.

Enunciating further, Faure (2013) explains that commercial banks are also called high street banks. They are the banks that provide all services the public associates with banking such as ATM withdrawal/deposit, cheque/current accounts, other deposit accounts, overdraft facilities, mortgage advances, leasing installment credit advances and a host of others.

iii. Development Banks

Most developing countries have development banks. Development banks are special banks set up to undertake special task of development in the economy. It is specially set up to provide financial loans for long and medium term expansion of the economy for the growth and general development. They are owned by government and are usually brought into being by separate status. The capital of development banks is voted by parliament, and when new funds are required the bond market is accessed. Most development banks are focused on specific areas such as agriculture, local authorities and industries (Faure, 2013).

iv. Co-operative Banks

These banks are geographic-specific, and small scale financial services intermediaries. Co-operative bank is a financial entity which belongs to its members, who are at the same time owners and customer of their banks. They are often created by person who belongs to the same local or professional community or sharing a common interest. They generally provide their members with a wide range of banking and financial services such as loans, deposits, saving and fund transmission to their members in rural areas not service by the mainstream banks. An example of cooperative bank is the saving and credit cooperative. They are also known as credit unions in some countries. These banks are owned and govern by members who have the same common bond: working for the same employer, belonging to the same Church, social fraternity or living/working in the same community. They are not-for-profit organizations, but maintain high prudential standards set down by the World Council of Credit Union (WOCCU). In some countries, cooperative Banks are formalized under a statue, for example the cooperative Bank Act in South Africa. The prudential requirement for this banks are the same as for main stream banks but the entry level capital requirement is substantially lower.

v. Micro-Finance Banks

It is the latest types of banking institutions in Nigeria and is also regarded as the repackaged version of the former community banks. Central Bank of Nigeria Supervision Annual Report (2008) states that:

> The principal objective of the Microfinance policy, Regulatory and Supervisory framework is to widen and deepen access to financial services for the larger productive segment of the population that had been under-served or excluded from the services provided by the formal financial system (p. 36).

These specialist banks lent small amount of funds to small entrepreneurs for the purpose of the purchase of tools (for production of goods), raw materials to be used for the production of other goods) or goods for resale. These banks are usually agencies of government departments, their capital is provided by the relevant departments.

Imala (2005) posits that the objectives of banking system are to ensure price stability and facilitate rapid economic development. Banks play a crucial role in propelling the entire economy of any nation, of which there is the need to reposition it for efficient financial performance through a recapitalisation process geared towards forestalling bank distress (Abdul-Rahman & Ayorinde, 2013).

The primary functions of banks in this country are to perform their traditional role of being financial intermediaries, mobilizations of savings and the channeling of such funds to economic agents that need them (Soludo, 2004).In the same vein Akintola (2004) expresses banks traditional roles to include financing of agriculture, manufacturing and syndicating of credit to productive sector of the economy. They also include playing active roles in the development of the Nigerian economy. Commenting specifically on the role of banks in the economic development of Nigeria Afolabi, (2004) postulates that Banks are the linchpin of the economy. They occupy central position in the country’s financial system and are essential agents in the development process. By intermediating between the surplus and deficit unit within an economy, banks mobilize and facilitate efficient allocation of national saving thereby increasing the quantum of investments and hence national output (p.3)

Furthermore, Kolapo, Ayeni and Oke (2012). Opine that the intermediation role of banks can be said to be a catalyst for economic growth and development as investment funds are mobilized from the surplus units in the economy and made available to the deficit units. In doing this, banks provide an array of financial services to their customers. Also the extent to which banks extend credit to the public for productive activities accelerates the pace of a nation’s economic growth as well as the long-term sustainability of the banking industry (p.1).

Over the years, there has always existed a symbolic relationship between Nigerian banks and the society. Beyond the financial intermediation role banks have consistently aided the economic, social, educational, political and other critical developmental needs of the country via various Corporate Social Responsibility initiatives (CSR) (Alabi, 2004). Still emphasizing on the role of banks in the development of Nigeria Alabi (2004) further stresses the benefit accruing from the benevolence of these banks on the entire Nigerian society as follows:

a. By associating itself with the values and concerns of the people as well as the national economic needs, banks in Nigerian have been able to project themselves not only as profit making organizations, but also have a sense of social responsibility to the people and the community.

b. Nigerian banks, apart from paying taxes and employing millions of people, both directly and indirectly have tremendously assisted government and other groups at various times to achieve their developmental targets.

c. Nigerian banks have done alot in transforming the country from primitive society (marked by trade by barter) to a modern and blooming one with sophisticated payment settlement system, amongst other technological innovations, in line with developments across the world. This has done well to launch Nigeria into the main stream of the global economy and facilitated both domestic and international business transactions.

d. In the realm of education, hardly is there any bank that does not annually support either through direct sponsorship or donation, scholarly activities in the primary, secondary or higher institutions. Apart from research and other academic endeavours, banks donate computers sets, books, laboratory equipment, organize quiz and debate competitions, likewise the building of class/lecture rooms, libraries, hostel, among others to enhance the performance of students.

e. Similarly, banks' frequent donations to the less privileged are now a veritable scour to this segment of the society.

f. The banks have assisted greatly in the areas of health, roads, security and others. In fact, the government recently invited banks to assist in improving the chaotic infrastructural situation in the nation's higher education institutions.

Banking is inevitable in any society where commerce and trades are in existence, whether in a rudimentary or advanced form. The importance of banking cannot be over emphasized.

Ayorinde (2014) states that the banking sector is very important to the survival and development of socio-economic system of every nation including Nigeria. It will be difficult, if not impossible to conceive a modern life with its intriguing socio-economic intricacies and dynamic complexities in total isolation of banking system. This is why in every nation of the world, government has stepped in with multifarious legislation to regulate banking operations and practice with a view to fostering a congenial atmosphere for banking business. In essence what becomes of a nation's economic welfare and development including her social economic status, to a great extent, is a function of how developed her banking industry is. Ayorinde (2014:2) stressing the importance of banks in any nation's economy observes that banks without exaggeration, constitute the hub on which our economic wheel rotates. Any defect in the hub renders the wheel wobbly.

Ayorinde (2014:2) further postulates that banking industry constitutes one of the pillars on which the economy of any nation can be erected. The grease that lubricates the economic machine of any nation when the banking industry sneezes, the entire economy catches cold. Furthermore, Jat (2006) sees banking sector as the life wire of any economy and the pivot on which economic growth revolves.

Banking is so strategic that underscores the rate of growth of all other sectors of the economy. Therefore, the researcher is of the opinion that the banking system plays a fundamental role in the growth and development of any economy and therefore its health determines the well-being of the economy.

The history of modern banking in Nigeria according to Okwoli (2007) could be traced to the 1890s when coins came to be used as a medium of exchange in the country. Abdulraheem (2006) opines that the modern banking in Nigeria dates back to 1892 with the establishment of a branch of the African Banking Corporation in Lagos, which was taken over in 1894 by the Bank of British West Africa (BBWA). BBWA later became Standard Bank of West Africa (SBWA) but now goes by the name First Bank of Nigeria PLC. According to Uche (1999) Barclays Bank also entered into financial operation in Nigeria in 1925, through merger between the Colonial Bank, the Anglo-Egyptian Bank and the National Bank of South Africa to create Barclays Bank which later changed its name to Union Bank in 1979. Both Standard Bank and Barclays Bank changed their names to First Bank and Union Bank in the face of the fight against apartheid in South Africa.

According to Okwoli (2007) the first indigenous bank to be floated in Nigeria was the Industrial and Commercial Bank Limited in 1929 which went into liquidation in 1930.

Its failure was attributed to mismanagement, accounting incompetence, embezzlement, and economic depression of that period. Nwankwo (1980) posits that the first surviving indigenous bank, the defunct National Bank of Nigeria Limited was established in 1933 followed by Agbonmagbe Bank (now Wema Bank Limited) in 1945. The establishment of the defunct National Bank of Nigeria marked the first serious attempt by Nigerians to own, operate and control a financial institution (Bosede, Olusegun and Olubukunola, 2013).In 1947, the Nigerian Farmers and Commercial Bank also came into existence and also in 1948 the British and French Bank for Commerce and Industry was established which later became the United Bank for African (Sklar, 2000).In 1949, Dr. Nnamdi Azikwe established a bank with an African heritage (the African Continental Bank) in the name of Pan Africanism because foreign banks discriminated against him and his group of companies.

According to Central Bank of Nigeria (2005) the spate of the indigenous bank establishment was worrisome and therefore the Nigerian government in 1948 appointed Mr. Paton, an official of the Bank of England to enquire generally into the business of banking in Nigeria, and to make recommendations to the government on the form and extent of control which should be introduced. The report of the enquiry was submitted in 1952. This formed the foundation for the establishment of the first Banking Ordinance Act that same year.

According to Okwoli (2007) the other indigenous banks were the Co-operative Bank limited established in 1953 at Ibadan and Bank of the North Limited in 1959 at Kano which led to proliferation of banks in the country. (Boasede, Olusegun & Olubukunola, 2013). In essence, about twenty-six (26) indigenous commercial banks were established between 1929 through 1959. However, due to poor management, inexperience and numerous internal control problems, most of these banks could not withstand intense competition from the expatriate banking institutions. The number of banks in Nigeria between 1959 and 1978 was forty-five (45). The number further increased to fifty-four (54) between 1979 and 1987, and rose to one hundred and twelve (112) between 1988 and 1996. The number dropped to one hundred and ten (110) and later to eighty-nine (89) bank. As a result of bank consolidation recapitalisation of 2004/2005, the number of banks reduced to twenty-five (25) and later to twenty four (24) banks in Nigeria (Ogbuabor & Malaolu, 2013). Presently there are twenty-one (21) deposit money banks in Nigeria.

Bank Recapitalisation

The Central Bank of Nigeria (2005:16) puts it thus: "recapitalisations are usually introduced either in response to the challenge posed by factors and developments such as systemic crisis, deregulation, globalization and technological innovations or as proactive measures both to strengthen the banking system and prevent systemic crisis".In an address delivered at a special meeting of Bankers' Committee for the Chief Executive Officer's (CEO's) of all the commercial banks in the country, Soludo (2004) asserts that:

> The goal of the recapitalisation is to help you become stronger players and in a manner that will ensure longevity and hence higher returns to your shareholders over time and greater impacts on the Nigerian economy. We strongly believe that the ultimate beneficiaries of this policy shift would be the Nigerian economy-the ordinary men and women who can put their deposits in the bank and have a restful sleep; the entrepreneurial Nigerians who can now have stronger financial system to finance their businesses; and Nigerian economy which will benefit from internationally connected and competitive banks that would also mobilize international capital for Nigerian development (p. 1).

In the same vein, Nwude (2005) postulates that recapitalisations are designed to enable the banking system develop the required flexibility to support the economic development of the nation by efficiently performing its functions as the pivot of financial intermediation. Bank recapitalisation involves systematic review of rules and regulations governing banking practice with a view to achieving systematic stability and sustainability while conscientiously creating meaningful wealth for shareholders (Adams, 2005).

Bank recapitalisations, according to Okafor (2011:5) refers to 'changes or shift in banking processes and practices imposed on banks by banking system regulators". Sheng (1996:65) also defines banking sector recapitalisation or restructuring of banks as 'the package of macro-economic, microeconomic, institutional and regulatory measures taken to restore fragile banking systems to financial solvency and discipline". Rahman (2012) Opines that banking sector recapitalisation is an inevitable process when the existing structure of bank cannot fulfill the desired level of economics of scale in operation.

Bank recapitalisations are the processes undertaken by the federal government of Nigeria to ensure that every part of the economy functions efficiently in order to ensure the achievement of macro-economic goals of price stability, full employment, high economic growth and internal and external balances (Sanusi, 2011). Banking Sector recapitalisations can also refer to beneficial change more specifically to restore or improve banking system by making changes to it.

Abdul-Rahman and Ayorinde (2013) further explain that banking sector recapitalisation is part and parcel of government strategic agenda aimed at repositioning and integrating the Nigerian banking sector into the African and global financial system. Adeyemi (2007) conceptualizes bank recapitalisations as those activities that ensure the safety of depositors' money, position banks to play active developmental roles in the economy and become major players in the sub-regional and global financial markets.

In addition, Ojong, Ekpuk, Ogar and Emori (2014:167) postulate that banking sector recapitalisation is "an integral part of the overall economic recapitalization programme undertaken to reposition the banking industry to be able to play it's critical intermediation and developmental roles, and by so doing reposition the Nigerian economy to achieve its objectives of becoming one of the twenty largest economies by the year 2020".

Bank recapitalisations are measures taken for improvement by alternation or correction of defects in the banking sector and putting it into better condition for efficient service delivery and development of the Nigerian economy.In the view of Gunu (2009) the Central Bank of Nigeria's resolves to carry out recapitalisations in the Banking sector was borne out of the past failures of the nation's banking industry. It is in response to these bank failures that banking sector recapitalisation was initiated with the aim of strengthening the growth potentials of the Nigerian banks as well as develop it's absorptive capacity in case of any eventuality, as in the recent global financial crises.

Okafor (2011) opines banking recapitalisation can be categorized into systemic and big-bang recapitalisations. He went further to assert that the systemic banking recapitalisation refers to a recapitalisation designed to resolve a combination of banking sector or economy wide problem(s). He gave examples of systemic banking recapitalisation as liberalization, recapitalisation and deregulation of interest and credit operation while the big-bang recapitalisations is targeted at achieving a particular course. The2004/2005 bank recapitalisation exercise is a good example of the big-bang recapitalisation. Bank recapitalisations therefore involve the articulation of robust policies that will deepen the financial system to enable banks play their roles most efficiently.

In the opinion of Abdulraheem (2006) Bank recapitalisation is not peculiar to Nigeria alone, it is a global phenomenon. It involves several elements that are unique to each country based on historical, economic and institutional imperatives (Sornoye, 2008). He went further to give example of countries that have carried out bank recapitalisations and their reasons for such recapitalisations.

According to him, in Hungary, the recapitalisations in the banking sector was due to highly undercapitalization of some state-owned banks, weakness in the regulatory and supervisory and deficiencies in the corporate governance behaviour of banks. Also the banking recapitalisation in the Yugoslav economy was motivated by the need to establish a virile banking sector that would effectively play its role of intermediation and provide world-class financial service (Aluko & Okagbue, 2004).

Furthermore, the Banking sector recapitalisations in Japan was the recapitalisation of regulatory and supervisory framework, the safety net arrangements as well as mechanisms to speed up attempts at resolution of banks non-performing loans (Somoye, 2008). Again Malaysian banking sector recapitalisation was centred on beefing up Prudential's regulation and the establishment of Dana modal National Berhad and Danahala National Berhad to consolidate (Somoye, 2008).

Bank recapitalisations arc deliberate actions taken by the government to address issues such as risk management, governance, and operational inefficiencies in the banking sector. According to Sanusi (2011).

> Banking recapitalisations the world over is focused on the need to increase risk management procedures and enhance corporate governance in order to strengthen and reposition the banking industry to enable it contribute effectively to the development of the real sector through its intermediation process. It also involves a comprehensive process of substantially improving the regulatory and surveillance framework; fostering healthy competition in banking operation; ensuring an efficient framework for monetary management; expansion of saving mobilization base, enforcement of capital adequacy, and the promotion of investment and growth through market-based interest rates and increasing sophistication of the global financial products (p.3).

All these make it imperative for banking sector to be recapitalized. Enunciating further Sanusi (2011:3) posits that "good recapitalisations engender clear market entry and exit conditions; ensure the ability of banks to function according to market principles without state intervention in their decision making; guarantee central bank independence and establish independent bank oversight" All these actions are geared towards promoting strong competition in the financial system which improves the efficiency of intermediation through the dismantling of monopolies in the financial system.

According to Ojong, Ekpuk, Ogar and Emori (2014) the first attempt at banking sector recapitalization in Nigeria was the enactment of the 1952 Banking Ordinance which prescribed the minimum capital base for all indigenous and expatriates banks as £25,000 and £200,000 respectively for the establishment and operation of banks in Nigeria as against the period of unregulated scenario which caused the incessant banking failures.

The other banking sector 'recapitalisations include: the establishment of Banking Ordinance of 1958 when the colonial government raised the capital requirement for the foreign commercial banks from two hundred thousand pounds (£200,000) to four hundred thousand pounds (£400,000) while that of indigenous commercial banks remained at twenty five thousand pound (£25,000). It was carried out in order to beef up the capital base of the banks for intermediation role. In 1969 capitalization for bank was raisedto one million five hundred thousand pounds (£1,500,000)for foreign commercial banks and six hundred thousand pounds (£600,000) for indigenous commercial banks (Yauri, Muhammad & Kaoje,20 13).

In 1979 merchant bank came on board which was as a result of increased tempo of economic activities in the country. The capital base of foreign commercial banks, indigenous commercial banks and merchants banks were raised to one million five hundred thousand naira (₦ 1.5 million), six hundred thousand naira (₦ 600,000) and two million naira (₦2,000,000) respectively.

In 1988, there was a further increase in capital base of Nigerian banks. This was to comply with the liberalization of financial system and also the introduction of Structural Adjustment Programme (SAP) in 1986. Specifically in February 1988, the Central Bank of Nigeria increased the capital base of indigenous bank to five million naira (₦ 5,000,000,) while that of merchant bank to three million naira (₦3,000,000). Also in October 1988 that same year, the capital bases of the bank were increased to ten million naira (₦10,000,000) and six million naira (₦ 6,000,000) for indigenous commercial banks and merchant banks respectively. The intent of the sudden increase was to restore confidence in depositors and customers. In October 1989, the capital base of indigenous commercial banks was raised to twenty million naira (₦20,000,000) while that of Merchant bank was also raised to twelve million naira (₦ 12,000,000) which was mainly to enhance bank performances. (Yauri, Muhammad & Kaoje 2013).

In February 1991, there was another bank recapitalization which raised the capital base of indigenous commercial bank to fifty million naira (₦50,000,000) and Merchant banks to forty million naira (₦40,000,000). It was in recognition of the fact that well capitalized banks would strengthen the banking system for effective monitoring management, that monetary authority increase the minimum paid-up capital of the banks.

Another recapitalisation in the banking sector occurred in 1997 in which commercial and Merchant banks were merged and the capital requirement increased to five hundred million naira (₦500,000,000).

In 2001another bank recapitalisation occurred in which existing banks were to raise their capital based to one billion Naira (₦1 billion) while new banks were to raise their capital based to two billion Naira (₦2 billion). Also universal banking was introduced which allowed banks to diversify into non-banking model. The recapitalisation directed all licensed banks to undertake the following types of businesses:

(i) Commercial banking (either regional, national and international authorization)

(ii) Merchant (investment) banking.

(iii) Specialized banking (microfinance, mortgage, non-interest banking at regional and national), and

(iv) Development finance institutions.

The consolidation of the banking industry in Nigeria started in 2004 when the Central Bank of Nigeria announced that all commercial banks to meet the ₦25 billion minimum paid-up capital by 31st December, 2005 or operate as community banks which resulted in the shrinkage of the number of banks from eighty-nine (89) to twenty-five (25) and later to twenty-four (24) through mergers and acquisitions.

Table 1: BANKING SECTOR RECAPITALISATION IN NIGERIA SINCE 1952.

S/N	YEAR	RECAPITALISATION
1	1952	First Banking Ordinance
2	1958&1959	Second Banking Ordinance Recapitalisation of foreign commercial banks from £200,000 to £400,000 Establishment of Central Bank of Nigeria
3	1969	Recapitalisation (₦1.5m for foreign banks ₦600,000 for indigenous banks)
4	1979	Introduction of merchant Banking and recapitalisation of foreign commercial banks, indigenous commercial banks and merchant banks to the tune of ₦ 1.5 million, ₦ 600,000 and ₦ 2,000,000 respectively
5	Feb,1988	Recapitalisation (₦5million for commercial banks ₦3million for merchant banks).
6	Oct, 1988	Recapitalisation (N10million for commercial banks, N6million for merchant banks).
7	Oct, 1989	Recapitalisation (N20 million for commercial banks N12 million for merchant banks)
8	Feb, 1991	a. Recapitalisation (N50 million for commercial banks, N40 million for merchant banks). b. Prudential guideline for licensed bank. c. Statement of Accounting standard and principles
9	1997	Recapitalisation (N500 million for both commercial and merchant banks)
10	2001	a. Introduction of universal banking and Bank recapitalisation (1 billion for existing banks, N2 billion for new banks)
11	2004/2005	Bank consolidation (N25 billion for all conventional banks)

Source: Odeleye (2014)

Asset Quality as a measure of financial performance

The quality of assets is an important parameter to gauge the strength of a bank. The main purpose of measuring asset quality is to ascertain the component of non-performing assets as a percentage of the total assets. It indicates the types of advances the bank has made to generate income (Reddy & Prasad, 2011).

Asset quality is an aspect of bank management which entails the evaluation of a firm asset in order to facilitate the measurement of the level and size of credit risk associated with its' operation (Abata, 2014). It is a measurement index which is used to determine the strength of banks and the level of a bank's exposure to risks. Tseng and Huang (1997) emphasis that asset quality is of a general concern for the financial supervisory authorities in every country throughout the world. No wonder Khalid (2012) reports that the Basel committee on Banking supervision in 1997 issued an important document, "core principles for effective banking supervision" which present a comprehensive set of twenty five (25) core principles. of these, one fourth are designed to address the relevant issues of bank asset quality. The quality of assets held by bank depends on exposure to specific risks, trends in non-performing loans and the health and earningsof bank borrower (Baral, 2005).

According to Olweny and Shipo, (2011) poor asset quality and low levels of liquidity are the two major causes of bank failures in Kenya in early 1980s. The Central Bank of Nigeria has observed the rising trends of non-performing loans in the banking industry and in order to ensure that the non-performing loans does not exceeds the prudential limit of five percent (5%), banks and discount houses are directed to observe prudent underwriting and monitoring standard. This means that the maximum non-performing loan allows for healthy bank is 5% in order to examine the asset quality of the banking sector. The following ratios to determining the asset quality: (a) Ratio of non-performing loan to total loan, (b) Ratio of non-performing loans to equity, and (c) Ratio of non-performing loans to loan loss reserves. For the purpose of this study, the ratio of non –performing loan to total loan will be used to represent asset quality.

Empirical Review

Kithinji (2010) assessed the effect of credit risk management on the profitability of Deposit Money Banks in Kenya. Data on the amount of credit level of non – performing loans and profits were collected for the period 2004 to 2008. The findings revealed that the bulk of the profit of Deposit Money Banks are not influenced by the amount of credit and non- performing loans therefore it suggested that other variable other than credit and non- performing loans impact on profits.

Kargi (2011) examined the impact of credit risk on the profitability of Nigerian Banks. Financial ratios and credit risk were collected from the annual reports and accounts of sampled banks from 2004 to 2008.

The data were analysed using descriptive, correlation and regression techniques. The findings revealed that credit risk management has a significant impact on the profitability of Nigerian banks. It concluded that banks' profitability is inversely influenced by the levels of loans and advances, non-performing loans and deposits thereby exposing them to great risk of illiquidity and distress.

Epure & Lafuente (2012) evaluated bank performance in the presence of risk for Costa- Rican banking industry during 1998 to 2007. The results showed that performance improvement follows regulatory changes and that risk explains differences in banks and non-performing loan negatively affect efficiency and return on asset while the capital adequacy ratio has a positive impact on the net interest margin.

Research Methodology

The purpose of this study is to examine the effect of recapitalization on asset quality of Deposit Money Banks in Nigeria. The study adopted casual research design while secondary data in terms of the annual report of Nigeria Deposit Insurance Corperation (NDIC), Central Bank of Nigeria (CBN) Deposit Money Banks in Nigeria (DMB) and the Nigeria stock Exchange fact Book.

The data collected were estimated by fixed- effects, random- effect and pooled regression. Model selection criteria applied was the Hausman Specification test to choose between the random and fixed effect. The study covered the period from 2005 to 2016. This period was selected because it was characterized by bank restructuring programmes and financial deregulation. A sample of fifteen (15) banks that are quoted on the Nigeria stock Exchange (NSE) were used for the study which compromises of both the old and new generation so as to have full cover of the entire sector.

Data Presentation and Analysis

The raw data for this study are collected from the financial statements of the sampled banks, bank supervision annual report, Nigerian Deposit Insurance Cooperation annual report and the fact book of the Nigerian Stock Exchange for the period from 2005-2016.

To be sure that the data being used are clean, we conducted tests of cleanness by the use of unit root test as follows:

Method: Levine, Lin and Chu unit root test

Model: $\Delta y_{it} = \alpha y_{it-1} + \Sigma\beta_{ij}\Delta y_{it-j} + X_{it}\delta + \nu_{it}$

Where y_{it} refers to the pooled variable, X_{it}' represents exogenous variables in the model such as country fixed effects and individual time trends, and V_{it} refers to the error terms which are assumed to be mutually independent disturbances.

Test of hypothesis

H_0: Shareholders' fund has no significant effect on Asset Quality of Deposit Money Banks in Nigeria.

Choice between Fixed and Random Effects

In choosing the most appropriate method between fixed effect and random in this research work, the researcher adopts Hausman Chi-square test to select whether the Fixed or Random should be used.

Method: Hausman Specification Test

Model: $\chi 2 = (\hat{}\beta c - \hat{}\beta e)\ [\mathrm{var}\ (\beta c) - \mathrm{var}\ (\beta e)^{-1}]\ (\hat{}\beta c - \hat{}\beta e)$

Where: ˆβc is the Instrumental Variable estimate and ˆβe is the Ordinary Least Square estimate.

Table 9: Hausman Test

	(b) fixed	(B) random	(b-B) Difference	sqrt(diag(V_b-V_B)) S.E.
recap	6.61e-08	-8.23e-09	7.43e-08	5.98e-08
gdp	-7.29e-07	-5.81e-07	-1.48e-07	1.18e-07

b = consistent under Ho and Ha; obtained from xtreg

B = inconsistent under Ha, efficient under Ho; obtained from xtreg

Test: Ho: difference in coefficients not systematic

$\chi^2(2)$ = (b-B)'[(V_b-V_B)^(-1)](b-B)

= 1.55

P-Value = 0.4618

Source: Generated from STATA Window 14

The table shows the result of the Hausman specification test. The Hausman test indicated that the
chi-square value of 1.55, with a p-value of 0.4618 at 5% significance level.

Decision

The random effect method (REM) was adopted because the result of the Hausman test showed that the random effect is the best estimator. The REM is applied when there is the individual effects and no correlation among regressors.

Model for Hypothesis

$\boldsymbol{RNPLTL_{it}}$ **=** 0.1212371-8.23e-09$\boldsymbol{RCAP_{it}}$-5.81e-07$\boldsymbol{GDP_{it}}$

Decision Rule for the model:

If the p value is greater than the level of significance of 0.05, the null hypothesis is rejected while the alternate hypothesis is accepted. If the p value is less than the significance level of 0.05, the null hypothesis is accepted and the alternate hypothesis is rejected.

Reject H_o if $P < 0.05$

Accept H_o if $P > 0.05$

The data for the estimation of the stated model above is attached as appendix B4

Table showing the result of Pooled Regression, Fixed Effect and Random Effect

	Expected sign	Panel A Pooled coefficient	P-value	Panel B Fixed coefficient	P-value	Panel C Random coefficient	P-value
$RCAP_{it}$	+	-1.07e-07	0.205	6.61e-08	0.575	-8.23e-09	0.935
GDP_{it}	+	-3.88e-07	0.290	-7.29e-07	0.052	-5.81e-07	0.100
CONSTANT		0.1249693	0.000	0.118389	0.000	0.121237	0.000
R^2		0.027		0.0076		0.0199	
N		180		180		180	
F*		2.49	0.0857	2.27	0.1062	4.23	0.0209
Corr(Ui, X)		-	-	-0.1144	-	0	-

Dependent Variable: $RNPLTL_{it}$

Source: Generated from STATA Window 14

The result for model two indicated it is robust, has a correct functional form, normally distributed and homoskedastic. Therefore, the results reported are valid for reliable interpretation**.**

Interpretation

From the pooled result in *Panel A,* recapitalisation has a negative effect on asset quality with a coefficient value of -1.07e-07. For *Panel B,* recapitalisation has a positive effect on asset quality with a coefficient value of 6.61e-08. Panel A and B are not used in this study because the Hausman test indicated that random effect model is the best estimator. More so, in *Panel C,* recapitalisation affects asset quality negatively with a coefficient value of -8.23e-09. This implies that recapitalisation brought about a decreasing effect on asset quality among the money deposit banks in Nigeria.

Furthermore, the result from table 11 shows that the control variable, GDP is negative for all the estimation techniques (pooled, fixed and random effects). This indicated that GDP which represented the level of productivity and economic activity in the country have negatively affect the level of asset quality of banks in Nigeria.

The coefficient of determination r^2= 0.0199 shows that a 1.99% change in ***$RNPLTL_{it}$*** is as a result of the changes inbank recapitalisation and GDP. The F- test with a value of 4.23 and p-value of 0.0209 shows that there is a strong linear dependency existing between indicators of bank *$RNPLTL_{it}$* and recapitalisation economic growth.

The estimated result is heteroscedastic because the Breusch-Pagan / Cook-Weisberg test indicated the absence of heteroscedasticity.

Decision

Given that the p-value is 0.935 is greater than the level of significance of 0.05, we do not reject H_0. Therefore, the null hypothesis is accepted while alternate hypothesis is rejected. Thus, it is concluded that Bank capitalization has no significant effect on Asset quality of Nigerian Deposit Money Banks.

Results and Discussion

In this hypothesis, the null hypothesis is not rejected. This means that recapitalisation does not lead to increase in asset quality of Deposit Money Banks in Nigeria. The likely cause of this finding is attributed to the fact that the banks do not maintain high credit standard and the apex bank and other regulatory agencies do not maintain high surveillance on banks' credit operations. It is also as a result of none observation of prudential guidelines and monitory standard The result is in support of the findings of Osinubi (2006) that bank recapitalisation has no significant effect on asset quality. However, the result does not corroborate with the findings of Alajekwu and Obialor (2014) that asset quality is dependent on recapitalisation.

Empirical evidence of decreasing asset quality of Deposit Money Bank is an indication that recapitalisation has no effects on the assets quality of the bank since recapitalisation does not support the finding of Alajekwu and Obiator (2014) who found that recapitalisation has effect on asset quality. Asset quality is one of the most critical areas in determining the overall condition of a bank. The primary factor affecting overall asset quality is the quality of the loan portfolio and the credit administration program. Loans typically comprise a majority of a bank's assets and carry the greatest amount of risk to their capital. Securities may also comprise a large portion of the assets and also contain significant risks. Other items which can impact asset quality are real estate, other assets, off-balance sheet items and, to a lesser extent, cash and due from accounts, and premises and fixed assets. The result of the finding is largely consistent with the theory of public interest even though the finding shows that bank recapitalisation has no effect on asset quality of Deposit Money Banks in Nigeria, the fact still remains that banks are regulated to ease the efficient functioning of the banks so that they can issue loan and advances to the public for their needs. Furthermore, the role of banks involve bringing together people who have money and those who need the money which is of great interest to the public.

The implication of the finding is that there was no strict observation of prudential guidelines and monitory standard on issue of loans and also the inflation rate and interest rate have reduced the value of loans which affected the performances of the banks. Despite the recapitalisation of 25 billion naira, most of the commercial banks still face the challenge of non-performing loans which has led to some of them changing management team and others acquired by other banks.

Summary of Findings, Conclusion, and Recommendation

Summary of Findings

Shareholders' fund had no significant effects on asset quality of quoted Deposit Money Banks in Nigeria.

Conclusion

The banking sector is the engine of any economy which influences performance of other sectors but there are evidences that capital base of Deposit Money Banks in Nigeria has not been adequate and this has accounted for their poor performance. This challenge has led to the implementation of recapitalization policy by the Nigerian regulatory authority (Central Bank of Nigeria).

This study examined the effect of recapitalization on asset quality of quoted Deposit Money Banks in Nigeria. From the finding of this study, it can be concluded that recapitalisation has not increased the asset quality of quoted Deposit Money Banks in Nigeria. Since asset quality does not depend on recapitalization, it follows that recapitalization has not improved the asset quality of the banks.

Recommendation

The bank management should develop and implement strategies to improve asset quality of the banks. This can be done by setting up credit policy that will not affect the earnings of their banks. A good credit policy may reduce loan losses and none performing loans and therefore increasing profitability that lead to the quality of its assets.

References

Abata, M.A. (2014). Asset Quality and bank performance: A Case study of Commercial banks in Nigeria. *Research journal of Finance and Accounting* 5(18), 39-44.

Abdulraheem, A. (2006). Economic and political challenges of Banking Recapitalisation. in *Democracy and Development in Nigeria*(Ed) Vol.2. Lagos: Concept publication.

Abdul-Rahman, O. A,& Ayorinde, A. 0(2013) Post-merger performance of selected Nigerian Deposit Money Banks-An Economic perspective. *International Journal of management sciences and Business Research. 2*(8).49-59

Adah, A. (2012) Impact of recapitalisation on the financial performance of Deposit Money Banks in Nigeria. PhD thesis. Ahmadu Bello University Zaria.

Adam, J.A. (2005). Banking Sector recapitalisations: The Policy Challenges of bank Consolidation in Nigeria. *Nigerian Journal of Economics 46*(15), 2-13.

Adedeji, L.O., Babatunde, A.,& Adekanye, T. (2015) Recapitalisation policy and performance of banks in Nigeria (2006 – 2013). *International journal of Economics, Commerce and Management,* 3(4), 1-12.

Adegbaju, A.A.,& Olokoyo, F. O. (2008). Recapitalisation and Banks' performance: A case study of Nigerian Bank. *African Economics and Business Review 6*(1). 1-17.

Ademola, F. (2008). Merger and Acquisition: The Performance of Nigerian Banks. Available at www.google.com extracted on 28th November, 2010.

Aderinokun, O. (2004) Market structure and earningsin the banking industry of CFA countries. The case of commercial banking in Cameroon, available at w.w.w.jsd-africa. com. accessed 4th July 2008.

Adeyemi, K. S. (2007). Banking sector consolidation in Nigeria: Issues and challenges. Union Digest. *Union Bank Publication*.

Afolabi, J.A. (2004). Implications of the Consolidation of Bank for the Nigerian Banking System. Being paper presented at the NDIC organized workshop for FICAN Enugu, Enugu state

Ajede, S.A. (2011, January). Bank recapitalisation and man power planning and control. A paper presented at the 6th Ilero (IIRA) African regional congress at University of Lagos Akoka, Lagos state

Ajayi, M. (2005). Banking Sector Recapitalisations and bank Consolidation: Conceptual framework.*A Bulion Publication of the CBN* 29 (2), 2-15.

Akhalumeh, P.B. (2011). Bank Capitalization and Economic Crisis: What lesson can Nigerian learn? *Research Journal of financial and Accounting*, 2(6), 13 – 22.

Akintola, S. (2004, July 23).Banks Move Against Soludo.*Nigerian Tribune*, p.24.

Akinsulire, O. (2005). *Financial Management.*(5th Ed) Lagos: El-Toda ventures limited.

Alabi, L. (2004, July 27). How Banks touch lives. *This Day*, P. 15.

AlaJekwu, U. B. & Obialor, M. C. (2014). Nigerian bank recapitalisationeffect on the Banks and the Economy (2000-2012). *International Journal of managerial studies and Research (IJSR)* 2(2)., 48-56.

Alao, R. (2010). Mergers and acquisitions in the Nigerian Banking Industry: An Advocate of the three mega banks. *European Journal of Social Sciences 15*(4).554-563.

Aluko, T.B.and Okagbue, B. (2004). Banking Sector Recapitalisations in Nigeria. *A publication of George Okolie and Okagbue Firms*.

Ayorinde, B. (2014, July). The Future workforce of the Nigerian Banking industry. Being a paper presented at the induction programme for members of the Chartered Institute of Bankers of Nigeria, Lagos state

Balogun, E.D. (2007). Banking Sector Recapitalisations and the Nigerian Economy: Performance, Pitfalls and future policy options" MPR paper No 3084. University of Munich, Germany.

Baral, J.K. (2005). Health check-up of commercial banks in the framework of CAMEL. A case study of joint Venture banks in Nepal. *Journal of Nepalese Business Study* 2(1): 41-55.

Bosede, A.F., Olusegun, O.,& Olubukunola (2013). Returns on investment of Deposit Money Banks in Nigeria. *Journal of Applied Finance and Banking* 3(3), 195-206.

Central Bank of Nigeria banking supervision Annual Report (2005), Abuja. CBN.

Central Bank of Nigeria Supervision Annual report (2008). Abuja CBN.

Cornett, M.M. & Tehranian, H. (2004). An overview of commercial banks: performance, regulation and market value. *Review of financial economics* 13, 1-5.

Epure, M & Lafuente, I. (2012). Monitoring Bank Performance of Nigerian banks. Ahmadu Bello University, Zaria. Nigeria.

Faure, A.P. (2013). Banking: An introduction Quoin Institute (pty) Limited and book boon com.

Gunu, U. (2009). The impact of the Banking Industry Recapitalisation on Employment in Nigerian Banks' *European Journal of Social Sciences* 11(3), 486-495

Imala, O.I. (2005). Challenges of Banking Sector Recapitalisations and Bank Consolidation, in Nigeria. *Bullion*, 29(2), 26-37.

Jat, R.B. (2006) Impact of Market structure on corporate performance: A study of the Nigerian banking industry (2000-2004). *A Doctorate of Philosophy thesis*. University of Jos.

Kanu, C.,&Isu, H.O. (2013). "The impact of capitalization on bank performance in Nigeria 1970 – 2010: An assessment. *International review of management and Business research*. 2(3), 643 – 652.

Kargi, H.S. (2011). *Credit Risk and the Performance of Nigerian Banks,*Zaria Ahmadu Bello University Press.

Khalid, A. C. (2012). The Impact of Asset Quality on Earningsof Private Banks in India. A Case Study of JK, ICICI, HDFC and YES Banks. *Journal of African Macro Economics Review*. 2(1), 126-146

Kitthinji, A.M. (2010). *Credit risk management and earningsof commercial banks in Kenya*. school of Business Nairobi. University of Nairobi, Kenya.

Kolapo, T.F., Ayeni, R.K., & Oke, M.O. (2012). Credit risk and commercial banks' performance in Nigeria: A panel model approach. *Australian Journal of Business and management Research.* 2 (2). 31-38

Lemo, T. (2005, June). Regulatory over sight and stake-holders protection. A paper presented at the BGL mergers and acquisition interactive Seminar held at EKO Hotel and suit, Victoria Island, Lagos state.

Mohammed, F (2012). Impact of Corporate Governance on Banks' Performance in Nigeria". *Journal of Emerging Trends in Economics and management Science (JETEMS), 3*(3). 257-260

Nwanko, G.O. (1980). *The Nigerian Financial system*. Hong Kong: The Macmillan press Ltd.

Nwude, O. (2015). Bank Recapitalisation: The imperative, implications, Options and strategies for banks. *The Nigerian Bankers* Lagos. The CIBN Press Ltd.

Ogbuabor, J.E., & Malaolu, V.A. (2013). Size and causes of informal sector of the Nigerian Economy: Evidence from Error correction Mimic Model. *Journal of Economics and Sustainable Development*. 4(1).

Ogunleye, G.A. (2003). The cause of Bank failure and persistent Distress in the Banking Industry. NDIC *Quarterly Publication* 13 (4), 21-41.

Ojong, C.M., Ekpuk, A., Ogar, A.,& Emori, E.G (2004). Banking Sector Recapitalisation in Nigeria: A Regulatory Imperative for a sustainable Banking Industry. *Research Journal of Finance and Accounting.* 5(13). 166-189

Okafor, F.O. (2011). *50 years of Banking sector recapitalisations in Nigeria (1960-2010). Past lesson: Future imperatives*. Enugu: Ezu Books Ltd.

Oke, O.A. (2006). Banking Consolidation in Nigeria and Strategies for generating better Returns. Search Wap.com, Wednesday, June 28th, 2006

Okpara, G.C. (2011). Bank Recapitalisations and the performance of the Nigerian banking Sectors: An Empirical Analysis. *International Journal of current Research* 2(1), 142-153.

Okwoli, A.A. (2007). *Principles of financial Accounting.* Third Edition Jos: Go-Go International Limited.

Oladejo, M.O.,& Oladipupo, A.U. (2011). Capital regulation and the performance of the Nigerian banks. Need for review. *Journal of emerging trend in economics and management Science* (JETEMS) 2(3), 215-224.

Olokoyo, F.O., (2011). Bank Recapitalisations and Performance of banks in Nigeria.*International Journal of Education and research* 1(9), 1-10.

Oloyode, A. (1994). Banking Regulation in Nigeria: An analytical perspective. Lagos: *Central Bank of Nigeria Economic and financial Review* 32(3). 279-291.

Olweny, T.,& Slupho, T.M. (2011). Effects of banking sectoral factors on the earningsof commercial banks in Kenya. *Economics and Financial review* 1 (5), 1-300.

Onyido, B.C. (2004). The role of the central Bank of Nigeria in the Nigerian financial system. *Central Bank of Nigeria Bullion* 28 (11), 13 – 19.

Osinubi, I.S. (2006). Structural recapitalisations in Nigerian Banking Industry: Effects of recapitalisation on financial performance of selected banks. 1st National conference 15-17. 2006 (eds). Publication by Department of Banking and Finance, Olabisi Onabanjo University Ago-Iwoye, pp. 395-406.

Rahman, M.M. (2012). Banking Sector Recapitalisations in Bangladesh and its impact:*A thesis submitted in partial fulfillment of the Requirement for the Degree of professional Masters in Banking and Finance,* school of management, Thailand.

Reddy, D.M.,& Prasad, K.V.N (2011). Evaluating Performance of Regional Rural Banks: An application of CAMEL model. *Journal of Arts, Science and Commerce*, 2(4) 61-67.

Sanusi, L. S. (2011, March). Banks in Nigeria and National Economic Development: A critical review. Being a Keynote address at the Seminar on: Becoming an Economic Driver while applying Banking regulation". Organized by the Canadian High Commission in Joint Collaboration with the Institute of Bankers of Nigeria (CIBN) and the Royal Bank of Canada (RBC), Canada

Sheng, A. (1996). *Bank Restricting: Lesson from the 1980s*. Washington: The world Bank.

Sklar, R. (2004). *Nigerian political parties power in an emergent African nation.* First Edition African World Press.

Soludo, C.C (2004, July). Consolidating the Nigerian Banking Industry to meet the Development challenges of the 2l Century. Being an address delivered to the special meeting of the Banking committee held at Central Bank of Nigeria headquarter Abuja, Federal Capital Territory.

Soludo, C.C. (2004, March). Consolidating the Nigerian Banking Industry to meet the Development challenges of the 2l Century. An address delivered to the special meeting of the Bankers' committee at St. Catherine College University of Oxford, UK

Somoye R.O.C. (2008). The performance of commercial banks in post consolidation period in Nigeria: An empirical Review". *European Journal of Economic and finance, and Administrative Sciences* (14), 62-73.

Thatcher, M. (2002). Delegation to independence. Regulatory Agencies; Pressure, functions and Contextual Mediation. *West European Politics* 25(1). 125-127.

Tseng, C. P. & Huang, C. P. (1997) in Khalid, A. C. (2012). The impact of asset quality on profitability of private banks in India: A case study of JK, ICICI, HCGC & YES banks. *Journal of African Macroeconomic Review,* 2(1), 125 – 146.

Wilson, I. (2006). Regulatory and institutional challenges of corporate governance in Nigeria post banking Consolidation. *Nigerian Economic Submit Group* (NESG) *Economic Indicators*, 12 (2), 1-2.

World Bank (1986): World development report 1986. World Bank Washinton.

Yauri, N. M., Muhammad, K.,& Kaoje, N.A. (2012). Bank Recapitalisation in Nigeria. Resuscitating liquidity or forestalling Distress. *International journal of Business and social science. 3*(10). 298-205.