IMPACT OF CONSOLIDATION ON THE PERFORMANCE OF BANKS IN NIGERIA: PRE AND POST ANALYSIS

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BEING A DISSERTATION SUBMITTED TO THE GRADUATE SCHOOL IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF MASTERS OF SCIENCE (M.Sc) DEGREE IN BANKING AND FINANCE OF THE DELTA STATE UINIVERISTY, ASABA CAMPUS

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DECLARATION

I hereby declare that this thesis is my original work and has not been previously presented wholly or in part for the award of any other degrees.

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Date

CERTIFICATION

We the undersigned, certified that this research thesis the impact of consolidation on Bank Performances in Nigeria has been fully supervised and found worthy of acceptance in partial fulfillment of the award of Master of Science (M.Sc.) Degree in Banking and Finances.

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DEDICATION

I dedicated this work to God Almighty, the Author and Finisher of our faith, who despite my short falls decided to crown my effort with success. Lord you are Mighty.

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To God be the glory, I acknowledge the Almighty God who saw me from afar and brought me this far.

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ABSTRACT

This research determine the impact of consolidation on the performance of Banks in Nigeria. Data was sourced from secondary source that include annual reports, NIDC and Central Bank of Nigeria bulletin various years. The study adopts random sampling in selecting the banks use for the study. Four hypothesis was tested using student t-test and multiple linear regression model. The result show that a significance difference in performance of banks after the consolidation exercise. Also the result revealed that bank consolidation has a significant impact on the performance of deposit money banks. The study concludes that the result of consolidation in Nigeria is a replay of what happened in other countries which is government induced rather than market force induced and recommends that CBN's policies aim at providing financial system stability and efficiency should take into consideration the process of banking consolidation and increasing globalization of financial transaction.

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CHAPTER ONE

INTRODUCTION

1.2 RESEARCH BACKGROUND

Consolidation in the banking sector, is a major policy instructment used in correcting economic shortfalls and as well as fostering growth rate in the sector. The economic nationale for domestic consolidation is indisputable. According to (Ajayi, 2005) view consolidation as introduced to firm up bank capitalization because strong capital base helps curb losses arising from non performing loans and eliminate cost of overlapping branch network, personnel, processing of data and marketing.

From 2000-down the years, the financial industry experience significant problems reflected in excessive bank risk taking. These were period of banking crisis both in developed and developing countries. The financial industry in developing countries including Nigeria were faced with poor and weak corporate governance and high numbers of non performing loans. Authority are now faced with dilemma on how to maintain stability thereby offering protection to failing banks through consolidation. The reform was introduced to foster positive change in the Nigeria banking industry. According to Asikhia (2007) comment the new policy reposition the financial sector for the 21st century development challenges and hope to place the industry to compete globally as well as equip the banks to finance key sector which will foster economic growth and reduce over dependence on interbank fund and government.

According to Aminu (2007) he states (CBN) gained practical experience from the consolidation exercises carried out in Malaysia. Casey and Dostal (2008) argue that in policy learning and transfers, authorities must ensure when seeking a model, that there should be perceived similarities like economic, social development, infrastructure, and fundamentally whether such a model suit the needs of the adopting country.

In an attempt to correct economic short falls, authorities in Nigeria used consolidation as the main policy instrument in the 2004-2006 reforms. According to Soludo (2004 p. 1) said consolidation will bring about "a diversified, reliable and strong banking industry that will guarantee the safety of depositors money and play active developmental role in the economy and compete regionally and globally.

According to Aminu (2007), consolidation provides opportunities to diversify portfolios with higher return and to avoid the mistake of the past and prevent a return to financial crises and minimize recurrent financial crises, the strictly critically appraise the performance of banks using consolidation as a technique measuring performance.

1.2 STATEMENT OF THE PROBLEM

Right from the day the new policy was given to the banking industry players in July 2004, the atmosphere has never been the same. The development sparked off protest from several quarters but all doors for negotiations were shut. Banks had no other alternative than to re-adjust and re-strategies. Infact, Ago, (2004) observe that banks had the options of meeting up the 25 billion through new capital raising programmes, luring foreign equity participation: opening up for group consolidation and outright merger and acquision. However some banks were not able to meet the deadline due to the process involved. The CBN audit report of banks in 2009 revealed that some of the consolidated banks are still in poor state. Nine of the banks were declared failed and the failure of these banks necessitated the intervention of the CBN to bail them and safe guide shareholders funds.

Some of the problems that occasion the poor performance of the consolidated banks among others are;

i. The expensive nature of consolidation with its attendance cost in terms of funds required to prosecute expensive ventures the consolidation imposed on the banks

ii. Bank restructuring brought about job insecurity and many employee being thrown out into the labour market unprepared and unskilled thus bringing consequence both to the banks and employee because newly merged banks have to bear the liquidity pressure of paying off disengaged staffs.

iii. Corrupt practice among bankers is another impediment. It has to be discouraged and corrupt practices be severly punished because consolidated deals requires confidence and trust to promote consummation.

1.3 RESEARCH QUESTIONS

To effectively address the main issues of the study, the following research question were relevant;

(1) To what extend has loans and advances improved profit after tax of Banks in Nigeria?

(2) To what extend has shareholder fund improved profit after tax of Banks in Nigeria?

(3) To what extend has capital base of Banks improved profit after tax of Banks profit after tax of banks in Nigeria?

(4) How has traded volume of Bank stock improved profit after tax of Banks in Nigeria?

1.4 OBJECTIVES OF THE STUDY

The objective of this study is to examine the impact of consolidation on the performance of banks in Nigeria. Specifically the research seeks to;

(1) Review the extend to which loans and advances improved profit after tax of Banks in Nigeria.

(2) Empirically analyze the extend to which share holder fund has improved profit after tax of Banks in Nigeria.

(3) To investigate the extend to which capital base of Banks improved their profit after tax of Banks in Nigeria.

(4) To investigate the extend to which traded volume of Bank stocks has improved profit after tax of Bank in Nigeria.

1.5 STATEMENT OF HYPOTHESES

Based on the research objectives and questions, the following hypotheses were formulated;

1 HO: There is no significant relationship between loans and advance and profit after tax.

H1: There is significant relationship between loans and advances and profit after tax.

2. HO: There is no significant relationship between shareholder fund and profit after tax

H1: There is no significant relationship between shareholder fund and profit after tax

3. HO. There is no significant relationship between capital base of bank and profit after tax

H1: There is significant relationship capital base and profit after tax of bank

4 HO: There is no significant relationship between traded volume of bank stocks and profit after tax.

H1: There is significant relationship between traded volume of bank stocks and profit after tax.

1.6 SCOPE OF THE STUDY

The researcher is restricting the scope to the 25 banks that met the requirement of restructuring and the period cover from year 2000-2014, as these mark the period of commencement of consolidation. From year 2000 to 2014 is long enough to evaluate the impact of consolidation on Bank performance in Nigeria. The choice of this period is also as result of availability of data. The study is limited to the 25 banks that meet up with the consolidation exercise. The variables employed include loans and advances, shareholder funds, capital base of bank and traded volumes of banks stock.

1.7 SIGNIFICANCE OF THE STUDY

The study is significant because it will further advance knowledge, by listing challenges faced by managers implementing financial sector reforms. Thus, the study will seek to make an original contribution to knowledge and practice through the lesson learnt from the consolidation of the Nigerian banking industries from 2000 -2014.

1.8 LIMITATIONS OF STUDY

This research work is basically on the impact of consolidation on the performance of banks in Nigeria. The study is limited in scope to the period of 2000-2014 and limited to only the 25 banks. The study was constrained by financial and frequent policy changes of the central bank of Nigeria.

1.9 ORGANIZATION OF THE STUDY

This section provides an overview of all the chapters in this study.

The study consists of five chapters: Chapter 1 presents the research background, and highlights the rationale for focusing on banking consolidation as a technique used in resolving banking crises. The chapter also identifies the research questions and objectives of this study. The research approach and methodology are discussed.

Chapter 2 reviews existing literature on bank consolidation in Nigeria and by so doing highlights events leading to financial reform in the country. The essence here is to establish the context under which these countries deployed consolidation as a corrective measure to address systemic issues in the banking industry. The chapter also focuses on drivers of consolidation, objectives of consolidating authorities, policy instruments used by authorities, nature of consolidation and lessons for Nigeria. Chapter three deals the research design and procedures adopted for the study and chapter four present the result and findings of the study. The chapter also validated the hypothesis set in chapter one using relevant research techniques. Finally chapter five discuses the findings and conclude with policy recommendations.

1.10 OPERATIONAL DEFINITION OF TERMS

An Acquisition, on the other hand, is the purchase of one organization by another. Such actions can be hostile or friendly and the acquirer maintains control over the acquired firm.

Concentric Merger This involve firms which have different business operation patterns, though divergent, but may be highly related in production and distribution technologies. The acquired company represents an extension of the product lines, market participation, or technologies of the acquiring firm under Concentric M&A.

Conglomerate Merger CM occurs when unrelated enterprises combine or firms which compete in different product markets, and which are situated at different production stages of the same or similar products combine, to enter into different activity fields in the shortest possible time span and reduce financial risks by portfolio

Consolidation Is the transfer of ownership in a payment and settle context through merger and acquisitions and other development within the financial industry, such as alliances, joint venture and the out sourcing of payment processing that result in a higher degree of concentration of payment and security settlement activities. G-10 2001. It could also be a combination of business where two or more companies join to form an entirely new company. All of the combining companies are dissolved and only the new entity continues to operate

Horizontal Merger HM is the merger of two or more companies operating in the same field and in the same stages of process of attaining the same commodity or service In other words, a horizontal merger is the combination of firms that are direct rivals selling substitutable products within overlapping geographical markets

Mergers; A *merger* refers to the combination of two or more organisations into one larger organisation. Such actions are commonly voluntary and often result in a new organizational name (often combining the names of the original organisations).

Vertical Merger

VM is a merger in which one firms supplies its products to the other. A vertical merger results in the consolidation of firms that have actual or potential buyer-seller relationships

CHAPTER TWO

REVIEW OF LITERATURE

2.0 INTRODUCTION

This chapter contains a critical examination of events leading to the financial reforms in Malaysia, Indonesia and Nigeria. The essence here is to establish the context under which these countries deployed consolidation as a corrective measure to address systemic issues in the among Nigeria banking industry. The financial reform in Malaysia presents practical experience for consolidating authorities in Nigeria (Aminu 2007). Therefore, a detailed meaning of the impacts are achieved by focusing on drivers of consolidation, objectives of consolidating authorities, policy instruments used by authorities, nature of consolidation and lessons for Nigeria as shown by Malaysian and Indonesian cases. Secondly, this chapter revealed a detailed investigation of the challenges faced by these countries and highlights critical issues for managers implementing consolidation. Thus, the contents of key issues related to banking consolidation, through the experiences of these countries informs the primary research questions of this study.

2.1 CONCEPTUAL FRAMEWORK.

2.1.1 Banking Consolidation

In the last two decades Nigeria financial sector had seen a clear trend towards total removal of geographical restrictions on banks and the consolidation of financial intermediaries around the world. This is fuelling an active public policy debate on the effects of bank Merger on financial stability. The Group of 10 (G-10) (2001 p. 309) defines banking consolidation as "the change of ownership in fianceing and settlement of bank assets through mergers and buyback for effective developments within the financial industry, such as union, joint ventures and the outsourcing of material and payment processing, that result in a higher degree of concentration of payment and securities settlement activities".

Bank Consolidation is the fusion of banks assets and liabilities as a whole or in part as. two or more business organization unite to form a new established business establishments. This may lead to the decrease in the number of banks and other deposit institutions with imedated increase in size and concentration of the consolidated entities in the sector. Somoye (2008) stressed that bank or corporate merger can be achieved by way of coming together /or takeover, recapitalization and proactive regulation.

The driving motive for bank consolidation is technological innovations, deregulations of financial services, enhancing intermediation and increase emphasis on shareholders' value, privatization and international competition (De Nicole et al, 2003; Somoye, 2008).

Bank consolidation will enhance synergy; improve production and marketing efficiency through cost reduction thereby increasing revenue of banks on the long- run, reduce the industry's risk by eliminating non performing banks and buying over of smaller ones by the big and stronger banks as well as creating opportunities for greater diversification and financial intermediation. It will also induce investors focus, trigger productivity and welfare gains (Nnanna, 2005).

It can take two different perspectives namely: market driving and government led consolidation. The market driving consolidation that is more noticed in advanced countries is a way of broadening competitiveness with added corporate advantage in the global content and removing too much capacity, enhancing more efficiency than bank failure or other means of exist (Ajayi, 2005). While a government led consolidation, arise in view of the need to resolve problem of economic recession in order to prevent systematic crises and also to restrict inefficient banks from the sector (Ajayi, 2005). Bank consolidation in Nigeria was induced by government but not market driven (Somoye, 2008), because the banking system was highly oligopolistic with remarkable features of market concentration and leadership.

For instance, the best ten (10) banks make up more than 50 % of aggregate assets, 51% of aggregate deposit liabilities, and over 45 % of the aggregate credits (Lemo, 2005). Thus the system was characterized with generally small size banks with very high overhead cost, low capital base averaging less than $10 million or N 1.4 billion, heavy dependence on government backup. This is not inline with government intention. The regulatory agency felt that the backing sector should be clean enough to assure the mass of security and safety of their money

2.1.2 Mergers and Acquisitions

The terms mergers, acquisitions and consolidation denote different meaning to different people depending on the context of usage and hence used wrongly. However, each term has it own meaning . Mergers for instance, is of various types and so is acquisitions and consolidation be. A merger is in its strict term denote the combination of two or more firms into one larger entity. Such actions are commonly voluntary and often result in a new organization with name also. (sometimes the merging organization may decide to combine the names of the original enterprises). An acquisition , though look similar to merger is the purchase of one firm by a lager firm. Such actions can be detrimental and unfriendly the acquirer maintains control over the acquired firm. Mergers and acquisitions differ from a *consolidation*, which is a business combination where two or more companies join to form an entirely new company. All of the combining companies are dissolved and only the new entity continues to operate (Okonkwo, 2004). Gaughan (2007: 12) also discuss merger as 'a coming together of two or more corporations in which only one corporation survives' while Section 590 of Companies and Allied Matters Act 1990 of Nigeria identified merger as ''any amalgamation any part of the undertakings of one or more companies coming to form one or more bodies corporate''.

The G-10 report shows mergers and acquisitions as the first method of consolidation employed by banks, in which hitherto autonomous banks become commonly controlled by another bank. According to Lindgren *et al* (1999 p. 17) *"In a merger (or sale) of an institution, all the assets and liabilities of the firm are transferred to another institution".* Many academic commentators (for example: Boyd and Graham 1991; Broaddus 1998; Kwan 2004) tried to evaluate the generic drivers and economic forces behind banking consolidation as many wonder on the gains of consolidation. Kwan (2004 p. 1-2) suggests that *"economies of scale"*, *"economies of scope"*, *"potential for risk diversification"* and *"bank managements' personal incentives"* may be the four economic forces that makes banks to merge. The *"economies of scale"* is the relationship between the average production cost per unit of output and production volume. The *"economies of scope"* is a condition where the total joint costs of producing and distributing two complementary products are less than the combined costs of producing the two outputs separately. The *"potential for risk diversification"* suggests that geographic expansion would provide diversification benefits to banking sectors not only by reducing its portfolio risk on the asset side, but also by lowering the funding risk tied to the liability, as it spreads funding activities over a larger geographic area.

The *"bank managements' personal incentives"* may include the need to operate a larger bank and the need to maximize their own personal welfare. For example: Grinyer et al. (1991)

note that managers were likely to obtain satisfaction from their status, reputations and spheres of influence, and would other things being equal prefer larger streams of reported earnings to smaller streams.

Types of Mergers and Acquisitions

Previously past research on this theme 'Mergers and Acquisitions' had extensively discussed three types of M&As: Horizontal; Vertical; and Conglomerate mergers. However, Cartwright and Cooper (1992) and other writers has focused on a fourth type, which is Concentric mergers (Gaughan, 2007: 13; Brealey, et al., 2006: 871; Okonkwo, 2004:3).

Vertical Merger **(**VM) is a merger in which one firms relinquished its products to a second firm which results vertical consolidation of both firms that have actual or potential buyer-seller relationships (Coyle, 2000; Fitzroy, et al., 1998; Gaughan, 2007). Similarly, Horizontal Merger (HM) is the case of two or more companies operating in the same field and in the same stages of process of attaining the same commodity or service (see Brealey, et al., 2006). In this sense a horizontal merger is the combination of firms that are direct rivals selling substitutable products within overlapping geographical markets.

Conglomerate Merger on the other hand occurs when two or more unrelated firms come together or to enter into different activity fields in the shortest possible time span and reduce financial risks through portfolio diversification as observed by Gaughan, (2007) and emphases by Fisher, (2009). Concentric Merger was the ideal of Fisher, 2009; Sharma, 2010. According to their views the process involves firms which have different business operation patterns, though divergent, but may be highly related in production and distribution technologies. The acquired company represents an extension of the product lines, market participation, or technologies of the acquiring firm under concentric merger .

Stages of Merger and Acquisition

According Saudarsanam (2003: 3) a five-stage model can be used to explain the process underwent before a successful M&A:

a) Corporate strategy development;

b) Organising for acquisitions;

c) Deal structuring and negotiation;

d) Post-acquisition integration; and

e) Post-acquisition audit and organisational learning.

a. Corporate Strategy Development

Corporate strategy development is concerned 'with ways of increasing the portfolios of businesses that a firm currently owns, and explore how this assets can be processed to meet the need of stakeholders'

b. Organising for Acquisition

The firm mark out the conditions for potential acquisitions consistent with the strategic objectives and value creation logic of the firm's corporate strategy and business model. This is to ensure sustainability of the firm growth on the long run giving economic as well as environmental factors. It is not just enough for the merging firms to organized take over, many factors must be well examined.

c. Deal structuring and Negotiation

in the word of Saudarsanam (2003: 6), this stage of M&As involves: (a) valuing target companies, not forgetting how the acquirer plans to leverage its own assets with those of the target; kind of advisers to engage; (b) obtaining and evaluating as much intelligence as possible about the targeted firm either through insiders as well as other sources through due diligence; (c) determining the range of negotiation parameters including the walk-away price negotiating warranties and indemnities; negotiating the positions of senior management of both firms in the post-merger dispensation; and (d) developing the appropriate bid and defence strategies and tactics within the parameters set by the relevant regulatory regimes.

d. Post-Acquisition Integration

This stage involves the combination of the distinct organisations into one, resulting in changes in both the target and the acquirer, to deliver the strategic and value expectations that informed the merger (Saudarsanam, 2003).

2.1.3 Recapitalization

The issue of recapitalization is a major reform objective; recapitalization literarily means increasing the amount of long term finances used in financing the organization. Recapitalization is aimed at increasing debt stock and giving more shares to owners especially existing shareholders. It could mean the bringing in of new shareholders to improve the capital base of the banks.

In Asedionlen (2004) Recapitalization is the risk in the liquidity of the bank on the short run though this may not necessary improve the macroeconomic environment. Recapitalization could take the form of buying up of foreign companies or inflows of foreign direct investment.

Soludo (2004) said that low capitalization of the banks has made them less able to finance the economy, and more prone to unethical and unprofessional practices. As evidence from Europe and America poor loan quality often result from overtrading, abandoning the true function of bank to focus on quick profit investment such as trading in forex and tilting their funding support in favour of import-export trade instead of manufacturing; reliance on unstable public sector funds for their deposit base; forcing their female marketing staff in unwholesome conduct to meet unjustifiable targets in deposit mobilization; and high cost of funds.

Jika (2004), Aminu and Aderinokun (2004), both argued for the need to maintain and increase the capital base of banks in Nigeria. This would strengthen the bank in the process, deepen activities within the industry. "Growing the Nigerian economy is about the number of banks that have the capacity to operate in all the states of the federation, fund agriculture and manufacturing concerns, and in the process generate employment for Nigerians.

In the words of Alarape (2005), as reference in Ologbondiya and Aminu (2005), "there is a new bright future aside the 2007 years of profitability and exceptional growth of the Nigerian banking sector. The adjustments the banking sector made is a realignment of macro – economic indicator, including legal base that support proper way of doing business as seen globally especially retail banking.

History of recapitalization in Nigeria

History of recapitalization in Nigeria is not a new concept. Since 1958 following the first banking ordinance in 1952 the British government in Nigeria raised the capital base for banks from 200,000 pounds to 400,000 pounds. Nigerian around the globe have been yarning to witness better interdependence among national economies.

Recapitalization in Nigeria comes with every amendment to the existing banking laws. In 1969, capitalization for banks was N1.5m for foreign banks and N600,000 for local deposit money bank, then commercial banks. In 1979, when Merchant banks came on board the Nigerian adequacy recommended by the Basle Committee of the Bank for International Settlements in

1990. Before then, capital adequacy was measured by the ratio of adjusted capital to total loans and advances outstanding. The Central Bank of Nigeria in the year 1990 introduced a set of guidelines for licensed banks, this was to complementary both capital requirement and Statement of Standard Accounting Practices. The new guidelines, specified the condition to be used by bank in classifying non-performing loans. In 2001, the tune of the game changed to Universal banking in principle, the capital base was jerk up to N1billion for old bank and N2 billion for new banks. However, the new governor of CBN in July 2004 introduced a new capital base of N25 billion for all banks with deadline of December 2005.

In recognition of the fact that well-capitalized banks would strengthen the banking system for effective monetary management, the monetary authority increased the minimum paid-up capital of commercial and merchant banks in February 1990 to N50 and N40 million from N20 and N12 million, respectively. Distressed banks whose capital fell below existing requirement were expected to comply by 31st March, 1997 or face liquidation. Twenty-six of such banks comprising 13 each of commercial and merchant banks were liquidated in January, 1998. Minimum paid up capital of merchant and commercial banks was raised to a uniform level of N500 million with effect from 1st January, 1997, and by December 1998, all existing banks were to recapitalize. The CBN brought into force the risk-weighted measure of capital

2.2 EMPIRICAL LITERATURE

The empirical literature will be review under the following sub-theme:

i. Reform cycle in Nigerian banking sector

ii. Difficulties in bank consolidation

iii. After consolidation in Nigerian banks

iv. Effect of consolidation on Bank Credit

v. Effect of consolidation on efficiency, credit flow

vi. Competition effect of consolidation on banks performance in Nigeria

2.2.8 Reforms in the Nigerian Banking Sector

The reform in the banking industry is predicated upon the need for an efficient reorientation and repositioning of an existing status quo as a way of attaining effective and stable economy (Ajayi, 2005; Bernard 2006, Iganiga, 2010; Somoye, 2008).

Okeke (2007) opined that reforms are deliberate actions by government to fast track and jump-start improvement on specified sector of the economy to achieve needed objectives. Bank consolidation in Nigeria was carried out to correct the ills and problem in the sector and make it more stable and efficient. Somoye (2008) posits that consolidation of banks has been adopted as good policy tools for correcting inefficiencies in the financial sector.

Bank consolidation in the world over, are aimed on the need for putting existing bank in a better way of achieving efficient results. This is more common in developing countries like Nigeria where the financial sector provide the needed fund for the growth of the real sector. This make banking sector reforms inevitable giving the continuous change in macro-economic fundamental. Consequently, the banking sector as a key player in the economy needs transformation to enhance it role and capacity to carry out its function of providing financing investment in Nigeria. The Nigerian case show that changing the sector requires deepen the entire financial sector and realigned it for growth, to be interlinked with global financial hubs evolve a sector that is consistence with regional and international standards.

Bank consolidation is viewed as the reduction in the number of banks and other deposit-taking institutions with a simultaneous increase in size and concentration of the consolidated entities in the sector. It is mostly motivated by technological innovations, deregulation of financial services, enhancing intermediation and increased emphasis on shareholder value, privatization and international competition (Berger, N. Allen., (1998); De Nicolo and Gianni 2003; IMF, 2001). The relationship between consolidation and financial sector stability and economic growth is better explained looking at two polar options. those in support of consolidation based their argument on impact of size on bank returns the efficiency in cost and revenue gains. It was also argued to reduce industry risk by removing week banks from operation and creating better credit diversification opportunities opponents of this view reason, that consolidation is need to adjust the imbalance created by highly undercapitalized state financed banks, weakness of regulatory agent (CBN) and poor management practice resulting from lack of corporate governance behaviors of banks (Gyargy Szapáry, 2001). In Yugoslav, for instance, banking sector reform was motivated by the need to build a better banking sector that will provide sound intermediation role at a lower cost and provide services that will stratify world standards which can compete with foreign financial institutions; The main reason was to increase the capital base of banks that consolidate by way of mergers and takeover of indigenous banks and selection of strategic investors for additional capitalization. Specifically, foreign banks permeated the industry exclusively by providing additional capitalization through investment in the existing infrastructure, particularly new banking products and operating technologies and buying shares of the existing banks. The reform banks and consolidation in Japan took different form from that we experienced here. The structuring focus on the regulatory and supervisory framework, the safety net arrangements, as well as mechanisms to speed up attempts at resolution of banks' non-performing loans.

From the above, it is clear that the main objective of the exercise is geared towards achieving greater efficiency and effective status that will promote economic development. The forgoing has shown that consolidation has indeed increase the level of competition in banking and this will increase marketing activities in the Nigerian banking sector and that of other nation in the world.

2.2.9 Challenges of Bank Consolidation

The recent consolidation of the banking industry witnessed in Nigeria is not to be seen without odd. Bank megamergers pose new challenges to the regulatory authorities, particularly in the area of financial system stability. As Kwan (2004) puts it, ever-growing scale of bank mergers raises challenging policy questions that need answers. Ahumada and Marshall (2002) identified three effects of an increase in concentration: higher structural risk in the banking sector, and constraints for monetary policy. Other challenges posed by banking consolidation relate to negative consequences of consolidation for the competitive environment. ILO (2001) added that bank structuring raises major public policy concerns, notably with respect to employment.

In the first instance, bank mergers have the ability to raise antitrust concerns. The reason is simply because bank mergers can alter banking market size and because market structure influences banking competition and hence the price of banking services to customers. Research implies that the markets for many banking products and services has been local in form, despite of improvement in information technology and use electronic marketing (Rhoades, 2000). In view of this, and in consideration of the drive for globalization of world's finance, Kwan (2004) posits that where merger results in an unacceptably high level of concentration in local banking markets, regulatory authorities will face the challenge of preserving meaningful competition. Ahumada and Marshall (2002) however, conclude that the extent of competition in the bank strongly depends on the quality of supervision and enabling laws, international integration, degree of protection of the financial sector in the economy and overall economic stability.

The ongoing bank consolidation in Nigeria is expected to foster the emergence of large and few number of banks. Banks are commonly classified with complex risk matrix. From the CBN point of view, the major challenge face in banking consolidation is its effect on pattern of risk and financial sector stability. When banking activities are concentrated in a few very large banking companies, shock to these individual companies could have repercussions to the financial system and the real economy. Kwan (2004) adds that the increased potential of systematic risk created by megabanks also intensifies concerns about these banks being considered "too-big-to-fail" (TBTF). Zubairu (2006) adds clamour for low premium rates and overstretching of deposit insurance to cover non-banking activities of large banks.

Transition risk relates to dynamics of consolidation and industry restructuring. Rapid consolidation, through rapid growth or buy over seems to disrupt most institutions and pose challenges to banks being considered.

Further, Zubairu (2006) argues that one of the principal backlashes of the banking sector restructuring in Nigeria is the sheer number of bank employees that are thrown and are continuously being thrown out in the labour market, unprepared and unskilled. The consequences both to the banks and employees are many. Newly formed banks have to cope with the liquidity pressure of paying off workers that are disengaged as a result of consolidation. This had posed a serious threat in the past. ILO (2001) reports that employment in the banking sector in Nigeria dropped from 78,514 workers in 1990 – 1991 to 54,292 in 1999 – 2000. It is estimated that more than one-third of workers would loose their jobs between 2006 – 2007

Marketing challenges of the consolidation reform

Product challenges

A product made up of both tangible and intangible benefits giving to buyer in exchange for money or other forms of incentives, as in the case of bartering. It is anything that can be offered to a market to satisfy a want or need Kotler P. [1998]. The import of this is that product is anything capable of satisfying human wants and this can be broadly categorized into physical goods (tangible) and services (intangible). Because banking activities are intangible, we classify it as services. Just as physical good are capable of offering satisfaction to consumers, services are equally capable of offering satisfaction even though they are mere experiences or encounters. The production of product (be it goods or services), takes place in the context of certain controllable and uncontrollable environmental factors and as such, are both subject to the influence of those factors. For instance, just as government policies impact either positively or negatively in the marketing of tangible products, marketing of intangible products can equally be affected by government policies. It is on this note that the product challenges of the consolidation reform come handy.

First, the reform has shown the competitive pace of those banks that remain after the exercise. The process is likely to attract big level of international banks think of investing in Nigeria if such happen, it improve the future of banking in Nigeria. This will further intensify the competitive tempo of the operating banks. This means that the nature of services which Nigerian banks are expected to provide to their customers will improve if they are to retain their customers. According to Akpan [2009], to increase returns and optimize profitability in face of competitive challenges arising from bank consolidation programme, banks need to provide better servicises including new ways of delivering them. Corroborating this, Soludo [2008] affirmed that the competitive landscape of banking in Nigeria is something of great important in closing the gaps in resources and capability stock and allocations for the banks to build banking services.

Second, it helps in achieving the goal of consolidation, a number of risk factors are present during and after consolidation which have implications for industrial relations in the banking sector. The human risk element includes; downplaying of workers wellbeing in merger and acquisition, how tackle workers resistance to change in face of new reality, loss of job commitment, redundancy, and employee turnover with concomitant loss of key talents, treating human capital as cost, imbalance pay setting and post merger fits Omokhodion [2007]. The implication of the foregoing which is in contradiction to the formally held view is that the quality of services rendered to customers will be at stake. Employees who are battered by job insecurity cannot be expected to remain committed to the quality of services rendered to the customers. Since simultaneity is one of the basic features of services and the role of employees are very significant, the face to face interaction which is a basic element in the service production process has been seriously threatened by the challenges of the consolidation reform. According to Adeyemi [2009], once one two banks initiate move about forming a merger or total buy over, the employee of affected bank became jittery about job security which unfortunately will affect staff productivity.

Another product element challenge which the surviving banks have to battle with is the issue of branding. In this post-consolidation era, competition in the Nigerian banking industry will be at its peak. The monopoly, which the big banks used to enjoy, will be broken. It is a totally fresh start and the stakes are high, from the point of view of the mega banking. Serious efforts will be directed towards consolidating the new status and synergizing the relationship, in the case of mergers. All of these present a good business opportunity for branding. However, the challenges of building effective new product after the N25 billion consolidation exercise, is made more tough as new and image need to be protected well marketed. This requires a great deal of discipline, consistency, deliberate effort and processed thought to create an effective brand (2010)

Finally, in respect of the surviving banks that achieved the N25 billion recapitalization through a public offer, initial public offer, rights issue or private placement, the major branding challenge is that of consolidating the banks through strategic image enhancement machineries and brand projection via advertising.

Pricing challenges

Price is the amount of money needed to acquire something. It is the cost of owning something, whether product or service. On the other hand, pricing refers to the process of determining the price at which a product or service will sell. Going by the definition of consolidation, it is an exercise the gives birth to an entirely new business entity. Given that consolidation is effected through mergers and acquisitions, a major pricing challenge that arose was how to determine the valuing rate and method of the shares of each merger candidates to ensure equity in shares valuation. Due to the limited timeframe given to the banks by the CBN to meet the minimum capital base, there were many reported cases of hurriedly and unfriendly takeovers. According to Bello [2010], the change in the twenty-five banks that scaled the hurdle that acquisitions and takeovers were consummated, rather than the central bank want the people to believe in it. So there arise good evidences that the hostile takeover of most banks with an equaled asset base, liquidity, aid branches, ICT capability". Given these internal structural discrepancies, it is obvious that the prices at which the shares of the merging banks were valued were likely to be inequitable.

The banking industry is now oligopolistic in structure leading to the existence of few strong participants that will definitely refute the entry of new players. This has made the pricing of banking services skew in favour of the banks at the expense of the customers thereby degenerating into a sellers' market. This cannot be argued because new facts have not shown that the changes of Nigerian banks are commensurate with level of services they render. For instance, UBA's ATM users protest that the bank make irregular charges on the account irrespective of whether they withdraw through the ATM or not. Related cases of other pricing improprieties are still reported of other banks in the industry. These are blunders that cannot be excused in a pure competitive set-up. The consequential effects of these indiscriminate charges by banks are high rate of customer turnover and this has resulted in many dormant accounts. This racket has equally challenged banks to embrace the "Know Your Customer (KYC)" orientation as recently directed by the CBN.

Before the consolidation, evidences show that some of the banks were not quoted in the Nigeria Stock Exchange. As a result of this, determination of the prices at which their shares will sell equally posed a major challenge more especially as what was consummated by banks was acquisitions and takeovers as opposed to the mergers and acquisitions initially proposed by the apex bank. There is no doubt therefore that prices of shares were haphazardly fixed, thus leading to overvalued and undervalued shares. The struggle to raise finances to meet the minimum capital base equally made the stock market to be flooded with a lot of issues which in turn led to the fall in the prices of shares more especially as the consolidation reform was implemented in the era of the global financial crises that led to crash in the prices of shares.

Finally, the reform of banks is sure to attract a high level of international entrance into Nigeria that will change the sector over time. This will bring about more confidence by the international community of the banking sector thereby attracting more foreign investment into the country. As the level of financial intermediation increases, interest rate is likely to fall and increase lending to the real sector that will generate employment and booster growth, thus contributing to increase in the pace of marketing activities.

Place challenges

Place marketing decisions deals mainly in making products widely available in the market. It concentrates more on how to reach and service customers at the right place, time, quality, quantity and condition. In a nut shell, it centers on customers' services. Already established is the fact that the role of customer service is to provide 'time and place utility' in the transfer of goods and services between buyers and sellers. Put another way, there is no value in a product or service until it is in the hands of the customer or consumer. Shows that creating the product or services 'available' is what, in essence, the place function of the business is all about.

The consolidation initiative for sure, creates some place mix marketing challenges. One of such is the increase in bank spread. Given the changing tastes and preferences of the consumers and the competitive profile that characterized the post-consolidation era, the surviving banks had no choice than to expand their branch network as wide as possible to meet the new challenges of the emerging market.

According to Asikhia [2007] as cited in Asikhia [2009], "customers say the banks of their choice are those with national presence whose network are nationwide such that withdrawal and deposits could be made anywhere in the country, as most Nigerians are gradually losing the desire to carry cash around. This also explains the reason most customers prefer banks with efficient online banking facilities, most of the banks that have these facilities would attract quite a sizable number of customers, which means if customers all come at the same time queuing is inevitable yet customers say they do not like to queue". This even complicated matters the more. Similarly, Kwan [2004] further reported that the lesson from bank recapitalization is that it often results in fewer banking institutions and more branches, which are likely to thrive if the loyalty of the customers to their respective banks is assured given different options that are likely to be available in different localities.

The impact of technology is now being felt with the new channels as opposed to the traditional brick-and-mortar. These channels include Automated Teller Machines (ATM), Internet, Point of Sale Terminal (POS), mobile phones, etc. Using these channels effectively to deliver additional products and services and managing their assets of service delivery to their retail customers may be a challenge Asikhia [2009].

Finally, present customers possess a higher level of education, are more discriminating in their purchases, and are more willing to try new products and services. Customer traits are constantly changing. Banks that fail to keep abreast with such changing customer demands are missing sales opportunity. To be successful, a business person must adapt to the needs and wants of customers, including staying open at hours which suit customers and offering the kind of goods and services that will attract them.

Promotion challenges

As stated before, looking at the meaning of consolidation, it is an exercise results to an entirely new business entity. The forming of a new company poses many irregularities that could lead to lost of public trust. Since the pre-consolidation period was characterized by myriad irregularities which led to the loss of public confidence in the industry, the new industrial players that emerged had to grapple with the problem of repositioning itself favourably in the minds of the consumers in order to restore the already betrayed confidence. With regards to branch implications, the new entities that survived the dust of the consolidation exercise will need to deal with brand-related issued such as:

i. Changing of name if two or more banks come together and decide not to adopt any of the participating bank names.
ii. Dropping the logos which were formally used by each of these banks and adopting another one.
iii. Evolving new brand culture for the emerging banks after consolidation.
iv. To achieve the aforesaid, the brand message of the consolidated banks had to also be changed.

For the banks that were not formerly quoted that wishes to embark on initial public offer, it became relatable that promotional campaigns be instigated to get the consumers become aware of their offers. This implies heavy investment in awareness creation advertisement campaigns. Printing of catalogues (prospectus) which is a document of notice issued by the company when inviting the members of the public to subscribe its shares or debentures in which it publishes information about itself and the terms and conditions for the purchases of such securities equally became inevitable. Promotional campaigns were equally highly needed to inform the general public about the prices at which the shares were selling per unit and to project the offerings of banks favourably in the minds of the investing public. With increasing consumerism and public awareness of social responsibilities, banks equally needed to employ public relations tools to let the general public in on their programmes for the society where they are operating.

Banks have likewise been compelled by the attendant confrontations of the consolidation reform to embark on many sales promotional activities to attract and retain customers. The Guaranty Trust Bank “i-think” Promo Asikhia [2007], the First Bank “Golden Promo” running from June 2010 to May 2011Guaranty Trust Bank [2010], the Skye Bank “Western Union Promo” running from October 15, 2010 to November 15 First Banl Plc [2010], the Wema Bank Promo running between September 24, 2010 to October 31, 2010, the “Naija Diamonds” promo powered by Diamond Bank Ibid [2010], the AfriBank saver’s Promo, to mention a few, are current examples of sales promotional campaign in the Nigerian banking industry. Equally, banks have been calling on both old and new customers to open savings account with a specified amount of money or maintain existing accounts to a particular savings ceiling to qualify for draws that will make them instant millionaires, become proud owners of brand new automobiles or win an all-expense-paid trips to Europe or America.

The place of ICT in the bank which has changed as a result of the reform demands the use of various points of purchase materials and window display promotional materials to guide customers on how to accomplish their transactions. Also, given that when new technology is invented, training becomes the first casualty, the need to train marketing staff on the use of the various innovative means such as Internet, contact managers, database technologies and websites to scout, attract, retain and keep the name of the company alive in the memory of the customers became readily pertinent. In this era of complex and competitive nature of business, increases challenges like bank marketing job as not been easy, but digital age communication tools will go a long way in taking care of this complex problem, overcome the competition and make more sales.

People challenges

For most services especially the banking epitome, people are a vital element of the marketing mix. This is attributed to the high-contact nature of such services as noted by Lovelock and Wright [2001]. The interaction between staff and customers can be the essential turning point between any decision making process. It is at the point of contact between the representatives of organizations (employees) and the customers better described as the "moment of truth" in services marketing parlance that determines the success or otherwise of the service encounter. This in turn implies that people are very vital in service production. This might be the reason Lovelock and Wright [2001] noted that the difference between service businesses often lies in the quality of employees serving the customers. The type of customers who patronize a particular service business helps to define the nature of the service experience and as such; people become part of the product in many services they further added. Means that controlling services encounters can be challenging especially when there are structural changes in way business is run. It is a fact that, Nigerian bank reform has its shortcoming as reflected in people marketing mix.

Okafor [2009] once stated: "The era of consolidation in the banking industry was a period of great anxiety and fear for bank workers as many are not sure how secured is their job at the end of the exercise. To most workers, consolidation of bank to the high sum of N25billion may have been accepted with apprehension". Further, most banks that approach the Stock Exchange to raise funds, did not consider the welfare of teaming staff, when it is clear that such efforts will not help in meeting the deadline as explained by Akanbi et al [2005]. The implication of the literature is that the consolidation reform proposal engendered job insecurity. Just as was noted earlier, it is not possible for an employee who is battered by job insecurity to give his or her best to its employer. It follows therefore that service encounters will be deeply affected and this is capable of marring the organization's overall productivity and profitability.

Another people marketing challenge on consolidation that confronted the consolidated banks according to Okafor [2009] is the issue of employees' remuneration, staff harmonization and placement. He further held that reports on banks in the post-consolidation period showed that management and workers union on several occasions spoilt for war wage reviews. Yet the time expended on ratifying this issue would have been utilized in executing other meaningful managerial tasks. Similarly, in many banks the changes in placements have resulted into serious job cuts and rationalization in both consolidated and nonconsolidated banks. This only serves to make bankers regard their jobs as unstable. Job lost is growing in the banking sector and this isn capable of lowering employees Moran and committed to the job as well as increase the already labour turnover Fanimo [2006].

Another matter that challenged the merged banks that linked people to marketing strategies is the unfriendly environment of industrial relations that befell the banking sector. Reacting to this issue, Olaosebikan [2006] as cited in Okafor [2009] stated: "The employer-employee relations in the banking industry has been the worst...banks attracted people into their organizations with fat salaries only to destroy and ravage their intellect. First class graduates were turned into zombie by these banks within a few years of employment. The bank made them embrace unsustainable and expensive life style and believed that the only thing that mattered was money. The staff were used and dumped at will without a care for them and the families they supported. Once a woman in their employment was married, she was as good as having lost her job. Even now most of the employees come to work each day unsure if they still had a job".

Loss of job commitment and wage disparity is yet another human resource challenge that characterized the post-consolidation epoch. Akpan [2009] reported: "The inability of the management to harmonize pay structure between these employees has breached industrial peace. The employees affected by the wage reduction were found to have reduced their productivity because they found themselves carrying out similar job description with new employees from acquired bank who had negotiated their pay through individual bargaining". On the overall, these people challenges that subsequently confronted the merged banks means that managing service encounters, especially those between customers and service employees which is a challenging task has been further complicated. Hence, amidst these human resource confrontations, management of service encounters will become harder than ever before for Nigerian banks and this has a negative implication for productivity and profitability for the merged banks since people are a vital element in any service-oriented enterprise.

Process challenges

"Creating and delivering product elements to customers requires the design and implementation of effective processes. A process describes the method and sequence in which service operating systems work. Badly designed processes are likely to annoy customers because of slow, bureaucratic, and ineffective service delivery. Similarly, weak process makes it difficult for top staffs to do their jobs efficiently, which often lead to poor output and increase chances of service failures" Wright [2001]. In spite of the nugget success coming out of the consolidation of banks, several challenges in the area of integration, lending, survival and future of the various mergers are parts of the technical and professional challenges in the sector. In the areas of integration, banks are finding it quite difficult to integrate disparate cultures, information technology processes and systems and staff harmonization. Many banks that merged in the area of integration are spurious. Banks that came out of the consolidation programme as a result of mergers are particularly finding it difficult to achieve seamless integration of their various identities. Several banks in the post-consolidation era are in this dilemma and are yet to solve this problem successfully. The effect of this is that business/trading cannot be carried out online and customers will have to face serious delay in service, even outright decline when making transactions Oyewale et. al [2006].

Another of this type of problem with consolidation practice is the need for the merged banks to change from their old ways of doing things. This has been largely supported by experts. For instance, Asikhia [2009] opined that experts currently predict change from the normal banking method to retail banking system in most banks. Previously, banks have not fund part of the market profitably and this has affected bank ability to deliver retail service, unless banks are able to deliver retail banking services in a very efficient manner, with technology playing a major role, they may not be able to keep their customers.

available literature show that traditional banking system may not hold in this new framework given the increasing competition now experience in the system, the banks that survived are those that can adjust to the new way of banking. So accepting this fact itself is a challenge the merge bank needs to face. The present state of technology and the changing dictates of consumers' needs and wants demand an accompanying change in the delivery process of banking services, a situation that has compelled banks to adopt different IT packages in accomplishing their banking operations. It is a well-known fact that different banks employ different banking applications software to gain competitive edge. The challenge here is that of

ICT. New package need to be learned, high cost of getting these technologies, cost of training staff on the new way, This will increase the cost of consolidation as all bank has to use less than one IT platform.

To merge or buy over a new business is one thing, but getting the institutions to work together is another problem. The post consolidation integration will pose more challenges in a consolidation case involving more than two institutions. The new organization may lack flexibility in responding quickly to changing market situation due to the large size. Additionally, every organization has its own corporate culture. When two or more organizations come together to form one company, there is bound to be culture conflicts. Such conflicts would be more where the style of management of the organizations differs. Thus, the integration of the operations, processes, procedures, people and products to let the consuming public see the emerging entity as one group is a daunting challenge which the consolidated banks have to contend with Adeyemi [2004].

The evidence from literatures show that with the differences in the operational structures and processes of the banks that consolidates which run separately before their integration and forming of new business, as well as getting to work as one group, there will be a long process marketing challenges for the consolidated Nigerian bank. This originate as resolving structural and cultural organizational differences is not an all comers affairs since its employer of the merged institutions will always prefer his or her own way of doing things in a new way.

Physical evidence challenges

Because of the intangible nature of a service this subsequently means that potential customers are unable to judge that service before it is consumed. An important element of marketing planning is therefore to reduce this level of risk by offering tangible evidence of the nature of the service Adrian (2005).The 2004 Bank Consolidation and Reform Programme, which had by 2006 seen the depletion of banks operating in Nigeria from 89 to 24 equally confronted some problems in this respect. Given that the consolidation reform is expected to drive down cost and improve the efficiency of the surviving banks while at the same time confronting varying cultural and structural discrepancies of these merged institutions, the need to invest in infrastructures that will assist in repositioning the new entities has been largely supported by authors.

Accordingly, Asikhia (2009) reflected, “achieving economies of scale, responding to customers emerging banking patterns and information needs in this dispensation cannot be overemphasized. Hence the need for banks to deploy assets or capabilities to match the prevailing needs of technology and other vital variables of the marketplace becomes inevitable”. Corroborating Soludo [2008], he further affirms that the competitive terrain of the Nigerian banking environment calls for filling crucial gaps in the resources and capabilities stock and allocations for the banks to develop effective banking services, structure transactions and drive down costs in the unveiling technology and regulations. More so, certain that several banking services delivery channels have gone virtual in counteraction of the formally extant traditional “brick and mortar” approaches as a result of technical dynamisms coupled with the recent bank mergers, the need to deploy new physical channels to reposition the newly merged banks in the minds of the customers is also challenging. This is so because the acquisition of these resources can be very costly.

2. 2 3. Pre- Consolidation structure of Banks

Historically, the Nigeria banking industry has undergone four stages of development phases. The first stage could be described as the unguided liaises fair phase 1930 to 1958, during which several poorly capitalized and unsupervised indigenous bank failed. before their tenth anniversary. The second stage was the control regime 1960 to 1985, during which the central bank of Nigeria ensured that only fit and proper banks were granted a license. The year 1986 witnessed tremendous change in the nation's financial landscape.

This was as a result of the economic reforms embodied in the structural adjustment programmed (SAP) that marked the introduction and commencement of neoliberal philosophy of free entry from being in operation which was over stretched and banking license were dispense by the political authorities on the basis of patronage . This reform as the case may be, as led to growth in number of banks, branch spread, product innovation and strength of operation among banks. This was the third stage also referred to the post-SAP, i.e. the era of 1986 to 2004 according to (Ekezie, 1997).

However, from 1987 to 1989, witnesses series of ups and down changes in foreign exchange and insider abuses in the Nigerian banking sector. The end result was the massive close down of banks that began to set in mainly due to poor corporate governance non- compliance with regulations, weak management and declining profits, capital efficiency, insolvency, high incidence of nonperforming loans/poor asset quality , and over reliance on foreign exchange market for income through round tripping of officially sourced foreign exchange (Yakubu, 2008).hence the need for a reform in the banking system.

Mergers and Acquisition which are divisions of consolidation are commonplace in developed countries of the world but are just becoming prominent in Nigeria especially in the banking industry. Before the recent consolidation, the Nigerian banks had not fully embraced mergers and acquisitions as expected because of their cultural background in terms of asset ownership, greediness, shame, fear of what people will say and lack of proficiency required for mergers and acquisitions, among other reasons. The case of mergers and acquisitions in banking industry started in October, 2003 under the formal governor of CBN (Charles Soludo). The CBN rolled out incentives to improve weaker banks to form mergers and acquisitions with other stronger banks. Among the incentives are concessionary cash reserve ratio, long term loan with concessionary interest and twenty-four month grace for the acquired bank to meet the minimum requirement.

The issue of bank consolidation and banks performance can best be traced to the emergence of banks concentration theories. Our understanding of the impact of consolidation on the performance of banks is found in many and varied models in the areas known as concentration theories, (Levine 1997), Boyd and Smith (1998), Huybens and Smith (1999) Demirgüç-Kuntz and Huizinga, (2001) Houston and Ryngaert (2002). These theories of concentration have built on the degree to which banking system structure matters for competition and performance, (Abrime, 2008). He noted that the outcomes of numerous researches have resulted in the existence of numerous bank concentration theories in the literature. According to him, we have pro-concentration theories and pro-de-concentration theories. However, our theoretical analysis of the impact of banks consolidation reform on the performance of Nigerian banks should be based on these theories. Demirguc-Kunt and Levine, (2000) the chief proponents of the pro-concentration theory argued that economies of scale give rise to bank mergers and acquisitions, hence, increased concentration goes hand-in-hand with banks efficiency improvements. In digging deep into this, Boyd and Runkle (2000) carried out a study on 122 U.S. bank holding companies and found an inverse relationship between size and the volatility of asset returns. However, these findings were based on situations in which the consolidation was voluntary, unlike the case in Nigeria where the exercise was made compulsory for all banks irrespective of size

Numerous studies have empirically examined whether mergers and acquisitions are solutions to bank problems. The studies of Carlelti, Hahtmaan, and Spagnolo (2002) and Szapery (2001) provides the foundation for a research on the linkage between bank mergers and acquisitions and profitability. The result from De-Nicolo (2003) and Caprion (1996) revealed how mergers and acquisitions could impact on the efficiency of the banks. Surprisingly, evidence from reviewed literature show that mergers and acquisitions as practiced in the United States banking sector have no positive influence on performance of the banks in area of efficiency.

Also, evidence supporting mergers and acquisitions to achieve cost saving and efficiency gain is sparse. Akvein, Berger and Humphrey (1997) discussed changes in profitability observed in the beginning same set of large mergers as confirmed by Berger and Humphrey (1997). Their result showed that banking organizations greatly improved their profit making ability after mergers. DeYoung (1997) had similar result that when the acquired and targeted bank were poor performance, mergers will improving their productivity.

Healy, Palepu and Ruback (1992) examine all commercial banks and bank holding company mergers and acquisitions occurring between 1982 and 1986. They found that mergers and As seen in the work of Aburime (2005), some theoretical arguments and country comparisons suggested that a less concentrated banking sector with many small banks is more prone to financial crises than a concentrated banking sector with a few large banks. This is partly because reduced concentration in a banking market results in increased competition among banks and vice-versa. Allen and Gale, (2003) submitted that concentrated banking systems enhance profit and thereby lower bank fragility as high profit provides a buffer against adverse shocks and increases the franchise value of the bank, hence, reduces incentives for bankers to take excessive risk. Ezeuduji, (2005) emphasized that a few large banks are easier to monitor than many small banks, so corporate control of banks is more effective and the risks of contagion less pronounced in a concentrated banking system. On the contrary, a study carried out by Rose and Hudgins, (2005) on the topic" *the impact of consolidation on banks' portfolios"* indicated that bank consolidation tends to increase the risk of banks' portfolios, hence decreased in return on investment (ROI).Proponents of banking sector de-concentration like Berger and Strachan, (1999) and Huygens and Smith (1999) also argue that concentration would intensify market power and political influence of financial conglomerates. This can occur by reducing efficiency and destabilize financial systems as banks become too big to discipline and can use their influence to shape or water banking regulations and policies.

2.2.10 Post-consolidation structure of Nigerian banks

The consolidation proposal which represents the latest attempt by the CBN to tackle the problem of bank distress and failure and restore investors' confidence through building an industry that is strong, safe and sound has altered grossly the structure of the Nigerian banking system. First, the size of banks in terms of number reduced from 89 to 25 banks and later 24 as the increased in minimum capital base of N25billion came into effect in December 2005 this mark the beginning of new banking era in Nigeria. Table 1 shows the list of banks that survived the test of the exercise and their capital base as well as the merged institutions and the number of branches. The number of bank branches has increased significantly from 3,300 as at July, 2004 Ezeoha (2007) to 5014 branches as at December 2009 as can be seen from table 1. This represents 34% increase. The proliferation in the spread of bank branches is accounted for mainly from the rise in the approved capital requirement which the apex bank mandated banks to have and the need to supply the demands of the current market. According to Okafor (2009 , the aggregate capital requirement of the banks which is currently N384 billion before consolidation has increased to 791.37 billion just after the consolidation exercise.

In terms the aspect of assets, the aggregate asset of 89 banks existing doing business in Nigeria before 2004 was N3, 753.28billon (US$28.25billion) and increase to N6400.78billion (US$49.88billon) before the completion of the consolidation exercise, the industry had an impressive growth rate of 70.54% in just one year after consolidation. The asset base of an average bank that was N42.172billion (US$0.3174 billion) grow geometrically to N267.482billion (US$2.0856billion) within a year after the consolidation, a growth rate of 534.27 percent in 2008.

In many banks, the changes in job schedule have resulted in serious job lost and repositioning of the consolidated and non-consolidated banks. This Only prompted banker to hold their job in high esteem as their position is unstable. Job cut and downsizing is still ongoing in the banking sector and this has the possibility of infusing fears in the employees mind and it can affect their committed as well as worsen their labour turnover (Fanimo 2006). For example, the thirteen non-consolidated banks were shutdown and their operating licenses withdrawn by the central bank of Nigeria. The impact of this is that at the end of the consolidation, many worker might have lost their job. The likely number of job lost that will result from the consolidation exercise, is put at about 45,000 employees, a number considered too high for an economy like Nigeria with saturated labour market and many unemployed graduates. Fanimo ***et. al*** (2004]) as pointed out in Okafor (2009). These structural changes caused by the consolidation change have some marketing implications for banks. First, the rise in the minimum capital requirement from the previous amount of N2 billion to N25 billion in implies that the ambience for operational economic of scale have been created. When firms enjoy returns to scale in their production process, they are likely to operate at lower cost which in turn translates to low retail prices leading to more customers base that result to increase in the pace of marketing activities. This efficiency argument was clearly illustrated by the former CBN governor Prof C C. Soludo in 2004 when he attest that the size of most of our banks, each with costly headquarters, separate investment in ICT software as well as hardwares, heavy fixed cost and operating overheads, and with bunching of branches in few commercial centers — lead to very high average cost for the industry. This in turn has implications for service delivery and efficient bank intermediation. The growing gaps between deposit and lending rates is another factor that puts undue pressures on banks to engage in sharp practices as means of survival.

The increased minimum capital base also helped to equilibrate competition among the survived banks after the exercise and this measures alone has put an end to the de-marketing powers and advantages formerly enjoyed by the few top leading banks during the pre-consolidation era. The upsurge in the size and strength of bank branches indicates a clear shift in paradigm from the conventional banking system to a better organized and ICT led retail banking. This became the case since consumers of banking services are gradually getting worried of carrying money about, instead prefers banks that have a wide network services which alow them to make transactions from anywhere in the country.

The consolidation exercise has seriously affected most employees' working conditions. As it is now common to see bank managers who are compelled by their respective banks to involve in marketing for their banks. Conventionally, this is not expected in any part of the world. It is quite outside their job description, but because of the accompanying unemployment scourge of the consolidation reform, which has increased the fear of employment in every sector of Nigerian economy. In the event of this, managers who have no other choice are now stretched beyond limit to even perform duties outside the common functions. The most nauseating aspect of this is that some of these managers are not trained marketers and in all sense may not do marketing job the way it should to be done. This apart from having negative effect on marketing practices it equally posed a serious concern for most managers as to how to adjust to the marketing job. This Implies that consolidation has affected the execution of marketing programmes as well as creating problems, inefficiencies and overstressed workforce.

2.2.11 Effect of Bank Consolidation on Bank Credit Reduction

Government policy-driven bank consolidation rather than market-driven consolidation has been the common process adopted by most developing countries in resolving systemic distresses in the banking sector. Government policy-promoted bank restructuring often mitigate financial crises by enhancing the banks policies towards achieving better performance. To this effect, Sawada and Okazaki (2004) in their research seek to investigated the effects of policy-promoted banks reforms on the stability of the financial system sourcing data on prewar Japan. They confirmed that policy-promoted reforms reduces the financial crises by enhancing the ability of the banks to collect deposits, under the condition that the financial system was exposed to serious negative shocks. This notwithstanding, policy-promoted consolidations are not risk-free. Policy-promoted consolidations may have it ills as it is often companied by high organizational cost that is capable eroding profitability of the bank. Also Shih (2003) observed that there is likely hold of credit risk increasing even in face of sound mergers Shih (2003) opined that the ideal behind consolidation promotion policy is that consolidation will reduce the rate of insolvency by diversification of bank asset.

Those in favour of bank consolidation assumed that increased in size of banks could significantly impact on bank returns, increased revenue and cost efficiency gains. They reasoned that it could still possibly reduce industry risks through the removal of weak banks and creating better investment opportunities (Berger, 2000). however, the critics of bank consolidation argued that consolidation is capable of creating banks' propensity toward risk taking which may be detrimental to its growth and service delivery because of increases in size, capital and leverage, as well as off balance sheet operations will affect bank final results.

The trend in consolidation has been affected by factors including risk reduction coming from improved management. Empirical evidence is static on the fact that the risk-reduction hypothesis and that efficiency claims may not after all improve due to greater risk diversification. Banks seeking to reduce major risk by way of increased bank size may prefer targets banks with lower credit risk. Acquiring banks prefer to acquire small and low risk targets. Post-merger risk-reduction is more likely in mergers involving high-risk and low-risk targets. However, Ogowewo and Uche (2006) report that more capital does not necessarily implied more safety for banks, and that since capital is costly to raise, the banks would be under pressure to generate higher returns from the additional capital, thereby forcing them to take on greater risks.

Therefore, the growth in the size of an institution per se seems to be related with a greater taste for risk, and thus higher probability of insolvency and credit risk. Also Shih (2003) argued that there is the possibility that credit risk could rise high in the event of a sound bank merging with an unsound bank. Shih (2003) pointed out that the idea underlying the consolidation promotion policy is that bank consolidations should reduce the risk of insolvency through the diversification of bank assets.

Studies like (Saunders and Wilson, (1999), Demstez and Strahan, (1997); and Benston *et al*, (1995) attested to the result that a risk sharing effect is possible to result from proper consolidation to the bank. This effect could come directly or indirectly as observed by Oladejo and Oladipupo (2011). They argued that governments over the world tries to build efficient banking system, for the promotion efficient intermediation and also strive to protect depositors fund and encourage health competition in the sector. They pointed out that while some economists differ on the level of government intervention in the economy, particularly on regulation imposed on the financial intermediaries. Oladejo and Oladipupo (2011) explore different implications of capital regulation by the apex bank on the performance of the Nigeria commercial banks with the view of providing solutions to problems facing the banking . They adopted mainly an exploratory design and reported that though reforms of banks are necessary, there is a limit to which banks should be regulated on the issue of capital adequacy.

The literature is saturated with studies on the implication of banks consolidation on the performance of banks and the economy. Vallascas and Hagendoff (2011) in analyzing the impact of European bank reforms on default risk of bank acquiring other banks using a sample of over 134 interested banks. They used Merton distance to default model to show that on average, bank mergers are risk neutral. They result point out that for the least risky banks, mergers produce high increase in default risk. This result is significantly important for cross-border trading deals as well as for deals completed under weak bank regulatory regimes. In addition, large deals which pose organizational and procedural hurdles, experience a merger-related increase in default risk. Therefore, the researchers are of the opinion that these results cast doubt on the ability of bank merger activity to exert a risk-reducing and stabilizing effect on European banking industry

2.2.12 Effect of Consolidation on Efficiency, Competition and Credit Flow

The financial services sector is transforming itself in response to fundamental changes in regulation and technology. Financial institutions react by trying to increase their efficiency through searching for new opportunities, increasing customers base , increasing the range of products and improving geographical spread of bank branches. After defining the concept of efficiency improvement, the effect of consolidation on the performance of banks and other financial institutions is pursued on the basis of a review of the evidence available for G10 countries regarding the effect of M&As on the efficiency of financial institutions.

How do we measure efficiency?

Efficiency is a broad concept that can be applied to many dimensions of a firm's activities. According to a narrow technical definition, a firm is cost-efficient if it minimises costs for a given quantity of output; it is profit-efficient if it maximises profits for a given combination of inputs and outputs. These definitions take size and technology as given and focus on how production factors are combined; they both measure managerial efficiency (the optimisation of existing resources), as opposed to the more comprehensive concept of technological efficiency.

Technological efficiency considers scale and scope economies: an efficient firm is one that reaches the optimal size for its industry (scale) and that produces the optimal mix of products given the prices of their production factors (scope). The minimum efficient size and optimal product mix vary with technologies, regulations and consumers' tastes. Therefore, there should be wide variations in firm structure across time, industries and countries if firms fully exploit scale and scope economies.

The definitions call for different measurement methodologies. The simplest approach consists of comparing balance sheet ratios that describe costs (eg operating costs over gross income) and profitability (eg return on assets or on equity). However, this methodology does not fully take into account the complexity of the financial industry. More complex explanation and models that measure managerial cost and profit gained by comparing firms in line with best practice of the industry, as determined by statistical methods, taking into account for each institution its inputs, outputs and the prices it faces. A frontier (a combination of the factors just mentioned) along which all efficient firms would operate is estimated, then the distance of each actual firm from the frontier is taken as a measure of its (in) efficiency.179

In order to evaluate economies of scale and scope, the shape of the frontier, given by the existing technologies, is investigated: if the performance of firms on the frontier (ie firms that optimally combine the existing resources) would improve by changing their size or product mix, then there is still room for exploiting economies of scale or scope.

The impact of M&As on firm-level efficiency can be gauged by comparing firms along different dimensions. For instance, various studies that examined the nexus of size and cost efficiency. Provide results that revealed that consolidation has both direct and indirect effects on banks performance after the mergers: if larger firms are more efficient, then presumably mergers will improve performance. This methodology suffers, however, from a weakness: it assumes that merged institutions are largely comparable to other larger firms; but the fact that some firms are involved in a merger while others are not is an indication that they may be different in several (possibly unobservable) ways. Analyses that focus on the performance of merged institutions compared with the performance of the non merged ones are more reliable and provide direct evidence on the relationship between M&As and efficiency.

The two approaches are complementary; both provide information on the consequences of the consolidation process on competition and efficiency. Research has usually been conducted by analysing indirect evidence, mainly because of problems of data availability.

2.2.13 Effect of Bank Consolidation on Banks Performance in Nigeria

The CBN's consolidation drive created an imperative for change in the Nigerian banking industry. Schmidt and Radaelli (2004) note that policy change itself generally follows from the discourse representing those pressures of economic imperative for change. They further state that the change imperative presents situations which require action to be taken urgently. Graetz (2000) believes that, other forces which would normally influence the change situation are drivers. Drivers impact the way business is done in organisations, however organisation would require enablers to help facilitate necessary changes (Graetz 2000). For the purpose of this study, the imperative, drivers and enablers for change in the Nigerian banking industry are highlighted in section 2.3. The framework outlined by O'Connor (1993) indicates that there are three basic varieties of change: "*Routine", "Improvement" and "Innovative"*. "*Routine"* change is planned and built into company procedures.

These changes are regular and provide a systemic aspect to work-flow and production, it is appropriate when organisations are merely responding to outcomes of previous iterations of a routine. "*Improvement"* refers to change which adds benefit or value to what the company already does. These changes build on existing procedures and activities rather than challenge them. Improvements best serve organisations in particular circumstances were internal or external forces advocate minor changes to existing practice. The "*Innovative*" kind of change basically alters the way in which the company does business. It requires staff to rethink the way in which they behave and to alter long-standing work patterns. In most circumstances organisations tend to alter long-standing work patterns in a crisis situation which necessitates new thinking and generation of ideas. The innovative change approach identified by O'Connor (1993), highlights the kind of change implemented in the Nigerian banking industry (section 2.2.3). The process of consolidation necessitated senior bank managers to alter the way banking was done and in order to explore this phenomenon; this study (through semi-structured face-to-face interviews) will probe industry actors on the level of alteration of work patterns required to implement banking consolidation.

Stace and Dunphy (2001) suggest change can be transformations in form of development, task-focused, charismatic and turnarounds. Kanter et al. (1992) argue that change can be achieved by either a bold stroke approach leading to rapid overall change or a long march approach leading to transformation over an extended period of time. Pettigrew et al. (1992) recognise that the kind of change embarked on by organisations is reflective of the scale and importance of the changes required. They argue that spans of small-scale operational changes may be relatively unimportant, while major strategic and structural changes may be of more importance to the organisation. Secondly, the urgency of change required will influence what approach managers apply in implementing change.

The consolidation reform is consistently predicted to engender some positive changes in the Nigerian banking industry. In line with this argument, Asikhia [2009] comments as follows, "This new policy has the intention of repositioning the Nigerian banking industry for the development challenges of the 21st century. It hopes to place the industry in a better stead to compete at the global level, more so that national barriers have been dismantled by Information and Communication Technology (ICT).

It also hopes to equip the Nigeria banking sector to finance the key sectors of the economy and better growth and development that will foster growth in per capital income , reduce unbridled competition among banks and over dependence on government and interbank funds". Kwan [2004] and Oyewole [2008] also stressed that bank recapitalization will encourage the growth of mega banks that attracts hidden subsidy referred to as 'too-big-to-fail". These are subsidy due to the market's perception that things have changed for good , government will provide for the mega bank in times of crisis. "Experts equally predict a change from the usual banking method to retail banking by most banks. Previously, banks have not witness this segment of the market profitable and one doubts if things would ever improve significantly, unless banks are able to deliver retail banking services and operate in a more efficient manner, with technology playing a major role, they may not be able to keep their customers" [2009].

Although the consolidation programme sounded attractive at the onset, experts have argued that the exercise is policy induced rather than market-driven and as such may encounter difficulties in realizing the anticipated goals. According to Somoye [2008], the Government policy-promoted bank consolidation rather than market mechanism has been the process adopted by most developing or emerging economies and the time lag of the bank consolidation varies from nation to nation and as such. "There are for instance, high degree of suspicions among the antagonists that the consolidation policy lacks critical consideration of the realties on ground, and that the authorities may have adopted it to disempower certain group of bank owners who were recently linked to various forms of economic crimes and financial improprieties" Ezeoha et. al [2004]. A great concern for the consolidation exercise, despite its good intents, has been the level of controversy it generated since the CBN announced it in July 2004. In the remarks of Akpan [2009], maximizing returns and optimizing profitability became the challenge for banks immediately after the consolidation exercise where banks were required to significantly increase their level of returns and at the same time manage costs, to realize this, banks will have to offer innovative products and services to the marketplace including new ways of delivering them. As it is globally the general economic reforms that are concurrently taking place in the Nigeria and African in general is centered more on the structure and the implementation mechanism, and not on the desirability of the exercise.

2.3. THEORETHICAL REVIEW

This study is anchor on the following theories:

The Value-Increasing Theories

In view of the value increasing school, mergers occur, broadly, as mergers generate 'synergies' between the two banks or firm trying to acquirer and merge, and synergies, in turn, rises the value of the firm (Hitt et al., 2001). The model of efficiency suggests that mergers will only occur when there are expectation form both organization to generate enough realizable impacts to make the deal beneficial to both parties; it is the symmetric expectations of gains which results in a 'friendly' merger being proposed and accepted. If the expected gain in value to the target was not positive enough, it is suggested, the target firm's owners would not sell or submit to the acquisition, and if the gains were negative to the bidders' owners, the bidder would not complete the deal. Hence, if we observe a merger deal where the people expectation are not positive, efficiency theory predicts value creation with positive returns to both the acquirer and the target will be discussed in the bidding deal. Banerjee and Eckard (1998) and Klein (2001) support this suggestion, we must, however, distinguish between 'operative synergies' – or 'efficiency gains' achieved through economies of scale and scope – and 'allocative synergies' – or 'collusive synergies' resultant from increased market power and an improved ability to extract consumer surplus – when commenting on value creation in mergers and acquisitions.

Most of the current literature on the issue concludes that operating synergies are the more significant source of gain (Devos et al.2008; Houston et al., 2001; Mukherjee et al., 2004), although it does also suggest that market power theory remains a valid merger motive. Increased 'allocative' synergies is said to offer the firm positive and significant private benefits (Feinberg, 1985) because, ceteris paribus, firms with greater market power charge higher prices and earn greater margins through the appropriation of consumer surplus. Indeed, a number of studies find increased profits and decreased sales after many mergers (Prager, 1992; Chatterjee, 1986; Kim and Singal, 1993; Sapienza, 2002; Cefis et al., 2008) - a finding which has been interpreted by many as evidence of increasing market power and allocative synergy gains (see e.g., Gugler et al., 2003).

From a dynamic point of view too, market power is said to allow for the deterrence of potential future entrants (Motta, 2004; Besanko, 2006; Gugler et al., 2003), which can in revise afford the firm a significant premium and increase service delivery, and so offer another long-term source of gain. In an efficient merger, the theory of corporate control provides a third justification, beyond simply synergistic gains, for why mergers must create value. It suggests that there is always another firm or management team willing to acquire an underperforming firm, to remove those managers who have failed to increased their capital base and grab the opportunities to create synergies, and thus to improve the performance of its assets (Weston et al.2004).

Managers who provide the highest value to the shareholders , will take over the right to manage the new firm until they themselves are replaced by another team that can deliver higher value for the owners assets.

Consolidation models

The different consolidation models were labled after the country in which they are first operated. Among the common once are; The Lebanon Model, The Goldman Sachs model, Malaysian Model. The Malaysian and Singaporean model provide great lessons for the Nigerian situation, as these economies have, at some time faced similar challenges such as import-dependence, foreign financing of project composing agriculture as the largest contributor to GDP in the banking sectors of these economies, we also see similarities in challenges: high interest rates, liquidity issues and declining asset quality following reforms stimulate by regulators these economies, viable banking industries have emerged, capable of supporting the overall growth of these nations.

Malaysian model

The Malaysian banking sectors reform, which resulted from the Asian financial crises in 1990s generated tremendous public research interest because of the extent of the resilience of the financial system and the economy as a whole in withstanding its impact. To ward off the contagious effects, Malaysian initiated policy measures in

April and July of 1997 to curtail banks exposure to the real estate sub-sector and capital markets, and aggressively defended the national currency (ringgit) exchange rate, which it eventually floated.

This was followed by the series of other policy interventions in 1998 and 1999, which included institutional blanket guarantee for all bank deposits, establishment of Assessment

Company and bank structuring and recapitalization agency, as well as introduction of capital controls. Accordingly, between 1999 and 2001, 54 banking institutions were consolidated into ten banking groups. banking sector financing exposure. In summary, Deloitte (2005) concluded that bank consolidation in Asia is such that competitive and market forces are creating an atmosphere where many banks simply cannot afford to have weak balance sheets and inadequate corporate governance. The results in Nigeria cannot be farther from this, in that, any financial reform that is induced by government, uncertified balance sheets and not market driven is bound to witness some failure.

Other general models of consolidation and bank performance are;

The Resource Based View (RBV)

This model recognizes the importance of a firm's internal organizational resources as determinants of the firm's strategy and performance (Grant 1991; Wernerfelt 1984,). Grant (1991) defines the term internal organizational resources as all assets, capabilities, organizational processes, firm attributes, information, knowledge, that are controlled by a firm and that enable it to envision and implement strategies to improve its efficiency and effectiveness. Although the RBV recognizes that a firm's physical resources are important determinants of performance, it places primary emphasis on the intangible skills and organizational resources of the firm (Collis, 1991). Some intangibles resources of the firm are the market-assets such as customer satisfaction and brand equity.

The Dynamic Capabilities Model

The Dynamic Capabilities view strengthens the RBV, it emphasis on how combinations of resources and competences (Teece et al., 1997) can be developed, deployed and protected. The factors that determine the essence of a firm's dynamic capabilities are the organizational processes where capabilities are embedded, the positions the firms have gained (e.g. assets endowment) and the evolutionary paths adopted and inherited. Based on this perspective, the marketing factors that determine the competitive advantage are marketing efficiency resulting from the marketing organizational process and the endowments of market assets that has generated such as customer satisfaction and brand equity, i.e. marketing positions.

In the context of global competition, RBV and Dynamic capabilities theory suggest that historical evolution of a firm (accumulation of different physical assets and acquisition of different intangible organizational assets through tacit learning) constrains its strategic choice and so will affect market outcomes (Collis, 1991). According to Douglas and Craig (1989), the development of a Marketing Strategy is carried out during the stage of global rationalization. It means that the firm has had to take the step of initial foreign market entry and expansion of national markets during its process of internationalization. Consequently, in the two previous stages, the firm learned and accumulated not only different physical assets but also different intangible organizational assets; likewise, it faced and took risks in different and complex market contexts. This process of learning affected its performance.

Marketing Impact Model

The need for measuring marketing impact is intensified as firms feel increasing pressure to justify their marketing expenditures (Gruca and Rego 2005; Rust et al., 2004; Srivastava et al., 2001). Accordingly, marketing practitioners and scholars are under increased pressure to be more accountable for showing how marketing activities link to shareholder value. It is important to know that marketing actions, such as packaging, brand name, density of the distribution channel, advertising, permanent exhibitions, sponsoring, press bulletins, among others (Van Waterschoot and Van den Bulte, 1992) can help build long-term assets or positions as brand equity and customer satisfaction (Srivastava et al., 1998). These assets can be leveraged to deliver short-term profitability and shareholder value.

CHAPTER THREE

RESEARCH METHODOLOGY

3.8 INTRODUCTION

The term research methodology describes all activities involved in the collection of all the necessary data and information required for the research work. According to Asika (1990) research methodology is the arrangement of conditions for collection and analysis of data in a manner that aimed at combining relevance of the research. The objective of this chapter will be determine the appropriate research method and procedures, that will be used in carrying out the research.

The research method of this study will be combination of descriptive and quantitative research method. Random sampling procedure was used in collecting data. Quantitative data was collected from Banks annual report and used in testing the hypothesis formulated in the previous chapter. The purpose is to conduct a crealible research, make valid statement and reliable conclusion from the study.

3.9 RESEARCH DESIGN

According to Baridom (1995.50) "Research design is not the specific method of data collection e.g questionnaire, interview, or direct observation but rather a fundamental question of how the study subject will be employed to yield the required result. Every research work scientifically conducted has a specified frame work for controlling data collection. The research design forms the nucleus of the entire research work. It determines the success or otherwise of the whole project. It is the basic plan which guides the collection and analysis of data. The purpose of the research design is to obtain accurate objectives and valid information.

3.10 POPULATION OF THE STUDY

Population refers to all items whose members or units possess the characteristics of interest to the study. According to Osuala (2005), population comprises all possible observation which we are concerned in the content of this research, population here refers to 25 existing banks after the 2005 consolidation exercise.

3.11 SAMPLING DESIGN AND PROCEDURES

According to Ologbosaye (2001), a sample is any group of observation from which information is obtained for a research study. Popoola (1998), states that sample should be large as a researcher can obtain information within a reasonable time. This study is relied on published data of central bank of Nigeria and corporate annual report of selected banks. The sample size for the study was selected based on purposeful sample giving the objective of the study to assess the impact of consolidation on performance of deposit money banks, top ten banks were randomly selected and used for the study

3.5 SELECTION OF SAMPLES AND SIZE

Sapsford and Jupp (1996) define a sample as a set of elements selected from a population. They suggest that the aim is to save time and effort, but also to obtain consistent and unbiased estimates of the population of whatever is being researched. There are different forms of sampling, such as; simple random, systematic, stratified random, cluster, and multi-stage (Sapsford and Jupp 1996). In case study research, samples are normally purposive.

To address the likely issues resulting from generalisation, this study collected relevant archival samples from ten banks out of the 25 existing banks in Nigeria through a secondary data which include: the CBN statistical bulletin (in some cases individual bank records were not readily available), individual banks annual report, online reports, and other publications on the

Nigerian banking industry. Based on purposeful sampling techniques ten (10) banks out of the 25 existing banks in Nigeria.

3.6 DATA ANALYSIS

The aim of this study will be achieved using one models. Student t –test analysis was used in comparing the performance of the banks under two period (pre and post consolidation era). in doing this, hypothesis one which state that there is no significant relationship between loans and advance and profit after tax: will be tested using the t-test for pre and post consolidation period, Linear regression analysis will be applied to examine the relationship between shareholders forms and performance in Nigeria and access the overall impact of bank consolidation on Nigerian economy. The result obtained will be used to validate hypothesis 3 and Hypothesis 4.

3.7 **MODEL SPECIFICATION**

In line with the approach adopted by Rubi, et al (2007) and Adegbagu & Olokoye (2008) this research made use of handpicked data from the balance sheet and income of the ten sampled banks. This study employed the Ex Post Facto research design to compare two periods i.e. pre and post consolidation exercise.

The model for the study was structured to enhanced comparism of pre and post era, and to bring out whether any significant relationship exist between the pre and post operational variable. The Ratio of Loan Loss Reserves to Gross Loans and Advances was used as the proxy to measure credit risk or the asset quality of banks.

Model 1

T-test was used in comparing performance of pre and post consolidation; and examined if performances improved

The functional model is specified below.

$$\textbf{LLRGLA} = \frac{\textbf{LLP}}{\textbf{GLA}} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \ (1)$$

Where; LLRGLA = Ratio of Loan Loss Reserves to Gross Loans and Advances.

LLP = Loan Loss Provision/reserve includes general and specific reserves.

GLA = Gross Loans and Advances.

Also the study examined the effect of bank consolidation on operational efficiency of the Nigerian banking sector using shareholder fund. Here a linear regression model of the form below will be use in testing the operational efficiency of the banking industry.

PAT = f (CAB + SHF +TAS+LOA +SBIX +TSTOCK) -- (2)

where :

PAT = profit after tax (a proxy for efficiency)

CAB = capital base of bank

SHF = Shareholders fund

TAS = Total Asset of bank

LOA = loan and advances

SBIX = size of Board

TStock = Traded volume of bank stock. The function form of the model will be

PAT = f (a+b_1CAB + b_2SHF +b_3TAS+b_4LOA +b_5SBIX +b_6TStOCK + Ut)---------------------(3)

b_1,b_2-------------b_6 are parameters to be determined

u_t is the stochastic variable

The above equation enable the researcher to capture long term effect of bank consolidation on performance of banks in Nigeria. The result will help in validating the hypothesis 3 of the study. Logically if the performance of banks improves the general economy will be affected positively ,hence our equation 3 can be extended to include economic growth when banks give loans to key sector like agriculture.

The impact of consolidation on economic growth can be established using linear regression model as:

GDP= f (PAT + SHF+ Ut)---(4)

where GDP= growth of economy (GDP)s

PAT = Profit after tax

SHF = Shareholders fund

Ut = stochastic variables

The above linear regression model was used to evaluate the relationship between recapitalization in the banking sector and growth performance of the Nigeria economy.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 INTRODUCTION

Data analysis and presentation will be the centre piece of this chapter. Empirical data was collected and examined; tables were used to summarize data because of the size and type of study.

Deposit Money banks operating in Nigeria from year end 31st December 2000 to 31st December 2014 were studied. The period was segmented into two sub periods, a pre-consolidation period (2000- 2005) and a post-consolidation period (2006-2014). Data were collected from the annual reports and accounts of the Central Bank of Nigeria as well as the summary from the operating statistics of 10 of the 25 banks that recapitalized. The variables on which data were collected include total asset and total liabilities of the banks as well as the income statement. The techniques of data analysis adopted comprised descriptive, quantitative, qualitative and comparative approaches, while the statistical tool applied in testing the hypothesis is the t-test. The test statistic was used to determine whether there is significant difference in the level of performance of banks before and after consolidation.

A number of ratios will be employed in the analysis as explained previously in chapter three. Data will also be sought from corporate annual reports of ten selected banks namely; UBA, Ecobank Skye Banks sterling Bank, Access Bank unity Bank, First Bank, Zenith Bank, Diamond Bank and Union Bank . These banks were chosen because they are major players in the industry and lead in risk assets portfolio, profitability and branch network.

For a better understanding of this chapter, it will be divided into three parts; - First, presentation of Data, which will express the value of dependent and independent variables extracted from Banks annual reports. Second, analysis of data to examine the spread and distribution of these pooled time series data; and Third, testing of hypothesis.

4.1 PRESENTATION OF DATA

Table4. 1: AGGREGATE BALANCE SHEET STRUCTURE OF THE BANKING SYSTEM PRE CONSOLIDATION

ASSETS	30TH September 2005		31sth December 2004	
	N Billion	%	N Billion	%
Cash and due from banks	1,034	23.56	935	27.56
Call and placement	230	5.24	102	3.01
Government security	65	15.15	573	16.89
Short-term funds	238	5.42	104	3.07
Advanced/Leases (Net)	1477	33.65	1,133	33.39
Investments	194	4.42	105	3.09
Other Assets	368	8.38	281	8.28
Fixed Assets	183	4.17	160	4.72
Total (Net)	4,389	100	3,393	100
Liabilities				
Total Deposits	2,546	58.01	1,797	52.96
Money at call and taking	70	1.59	54	1.59
Due to other banks	57	1.30	47	1.39
Other borrowed funds	67	1.53	61	1.80
Other liabilities	1,090	24.86	1,080	31.89
Long-term loans	4	0.09	3	0.09
Paid up capital	171	3.90	141	4.16
Reserves	383	8.73	210	6.19
Total	4,399	100	3,393	100
Off balance sheet items	859	100	664	19.57
Number of banks	10		10	

Source: Bank Annual Report of various years.

TABLE4.2: AGGREGATE BALANCE SHEET STRUCTURE OF THE BANKING SYSTEM POST CONSOLIDATION

ASSETS	31st Dec. 2010		31st Dec. 2009		31st Dec. 2008		31st Dec. 2007		31st Dec. 2006	
			NB	%	NB	%	NB	%	NB	%
Cash & due from banks	3,342	21.2	2,688	17.93	2,891	18.84	1802	17.21	2066	30.66
Call and placement	2313	8.9	1320	8.8	1224	7.98	438	4.18	135	2.00
Government securities	986	7.8	722	4.8	792	5.16	1584	15.13	1048	15.55
Short-term loans	1023	9.2	840	5.6	929	6.05	491	4.69	263	3.90
Advanced/leases (Net)	6023	41.2	5,880	39.23	6170	40.21	3802	36.32	2081	30.88
Investments	1678	9.9	1140	7.6	1356	8.84	892	8.52	430	6.38
Other Sssets	2123	14.89	1890	12.6	1411	9.20	1006	9.61	450	6.68
Fixed Assets	678	4.8	540	3.6	570	3.72	454	4.34	265	3.93
Total (Net)	1652	100	14990	100	15343	100	10469	100	6738	100
Liabilities										
Total Deposits	8179	65.3	7607	54.13	8703	56.72	5363	51.23	3442	51.08
Money at call and taking	823	5.80	615	4.38	567	3.70	254	2.43	57	0.85
Due to other banks	407	1.78	206	1.47	226	1.47	198	1.89	689	10.23
Other borrowed funds	1	0.01	1	0.01	1	0.01	1	0.01	67	0.99
Other liabilities	4120	28.2	3320	23.6	2740	17.86	2685	25.65	1441	21.39
Long-term loans	214	0.98	115	0.82	317	2.07	257	2.45	1	0.01
Paid up capital	432	1.76	230	1.64	211	1.38	153	1.46	170	2.52
Reserves	1089	16.2	1958	13.94	2578	16.80	1558	14.88	871	12.93
Total	16234	99.8	14052	100	15343	100	10469	100	6738	100
Off balance sheet items	5190	26.71	4818	25.54	3918	25.54	2581	24.65	1380	20.48
Number of bands	24		24		25		25		25	

Source: Central Bank of Nigeria Annual Reports and Statement of Accounts 2006-2010. *Note: NB = Naira billion*

Analyses of the data in tables 1 and 2 indicate that total assets of the 87 banks operating in Nigeria in 2004 prior to the consolidation programme was N3393 billion. After the consolidation, it rose to a peak of N15,343 billion in 2008 before dropping to N14,990 billion in 2009. The annual growth rates of the assets were 22.58% in 2004, 29.35% in 2005, 53.52% in 2006 and 55.37% in 2007, while rate of drop was 46.56% in 2008 and 46.44% in 2009. However, the average asset size per bank which was N36 billion in 2004 grew astronomically to N639 billion in 2008 within four years after the consolidation exercise. This was an impressive performance.

The tables also indicate that total deposits was N1797 billion in 2004, N2546 billion in 2005, N3442 billion in 2006, N5363 billion in 2007, N8703 billion in 2008 and N7607 billion in 2009, representing annual growth rates of 53.3%, 58%, 60.5%, 71% , 71% and 77% respectively.

Five key indicators were adopted in evaluating the relative performance of the banks over the two periods. The measures are (i) the trend in the level of aggregate bank credit (ii) the ratio of aggregate bank credit to deposits (iii) the ratio of non-performing credit to total credit (iv) the ratio of bad debts provision to total credit, (v) profit and asset utilization efficiencies as indicated by the return on equity and return on assets. The trend in these indicators is presented in table 3.

Table 4.3: PERFORMANCE INDICATORS OF NIGERIAN COMMERCIAL BANKS (2011-2014)

SELECTED PERFORMANCE INDICATORS OF DMBS FOR A PERIOD OF 4-YEARS

S/N	DETAILS	2011	2012	2013	2014
1	Total Assets (OBS Inclusive) (₦ Trillion)	21.89	24.58	28.79	32.20
2	Total Deposit (₦ Trillion)	12.33	14.39	16.77	18.02
3	Total Loans & Advances (₦ Billion)	7,273.75	8,150.03	10,042.73	12,626.96
4	Non-performing loans (₦ Billion)	360.07	286.09	321.66	354.84
5	Profit Before Tax (₦ Billion)	(6.71)	458.78	539.97	601.02
6	Adjusted Shareholders' Fund (Tier 1 Capital) (₦ Billion)	1,934.93	2,150.32	2,418.75	2,440.20
7	Earning per share	1.50	1.50	2.00	1.30
	RATIOS	(%)	(%)	(%)	(%)
8	Debt equity ratio	38.40	33.56	40.30	29.30
9	Non-performing Loans/Total Loans	4.95	3.51	3.20	2.81
10	Non-performing Loans/Shareholders' Fund	17.13	14.34	13.35	12.01
11	Capital Adequacy	17.71	18.07	17.18	15.92
12	Average Liquidity Ratio	69.29	68.01	50.63	53.65
13	Loans/Deposit Ratio	55.95	54.29	57.95	68.11
14	Return on Assets	(0.04)	2.62	2.33	2.29
15	Return on Equity	(0.28)	22.20	20.71	20.34
16	Net Interest Margin (NIM)	-	-	8.11	7.16
17	Efficiency ratio	-	-	61.88	48.14

Source: CBN Statistical Bulletin, 2014

Table 4.4KEY MACROECONOMIC INDICATORS

Macroeconomic indicator	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gross domestic product (₦ Billion) at current market price)	18,222.80	22,907.30	23,842.10	25,487.40	55,469.35	63,713.36	72,599.63	81,009.96	90,13s6.98
Fourth quarter real GDP Growth rate for the year (%)	-	-	7.10	7.67	8.36	7.76	6.99	6.77	5.94
No of banks	25	24	24	24	24	20	20	24	23
Inflation (%)	8.5	6.6	15.1	12.0	11.8	10.8	12.1	8.7	8.0
Total deposit of banks ((₦ Billion)	3,412.30	5,357.20	8,702.00	9,989.80	10,837.14	12,330.00	14,386.00	16,771.59	17,996.00
Ratio of total deposits to GDP (%)	18.9	23.29	33.34	39.19	19.54	19.35	19.82	20.70	19.97
Total Assets of Banks inclusive of off balance sheet (OBS) engagements (₦ Billion)	8,140.20	13,011.60	19,261.02	17,522.86	18.661.27	21,891.56	24,584.65	23,169.00	26,233.00
External reserve (US$ Million) as at 31 December	42,298.1	51,333.2	53,000.4	42,382.5	32,339.3	32,639.3	43,830.4	42,847.3	34,468.6

*GDP figures from year 2010-2014 are rebased GDP figures.

Sources: National Bureau of Statistics, Bank returns to NDIC and CBN 2014

Source: Computed from tables 1 and 2 and NDIC Annual Reports and statement of Accounts for the various years.

Analyses of the data in tables 1 and 2 indicate that total assets of the 87 banks operating in Nigeria in 2004 prior to the consolidation programme was N3393 billion. After the consolidation, it rose to a peak of N15,343 billion in 2008 before dropping to N14,990 billion in 2009. The annual growth rates of the assets were 22.58% in 2004, 29.35% in 2005, 53.52% in 2006 and 55.37% in 2007, while rate of drop was 46.56% in 2008 and 46.44% in 2009.

However, the average asset size per bank which was N36 billion in 2004 grew astronomically to N639 billion in 2008 within four years of post consolidation exercise. This was an impressive performance.

The tables also indicate that total deposits was N1797 billion in 2004, N2546 billion in 2005, N3442 billion in 2006, N5363 billion in 2007, N8703 billion in 2008 and N7607 billion in 2009, representing annual growth rates of 53.3%, 58%, 60.5%, 71% , 71% and 77% respectively.

Five key indicators were adopted in evaluating the relative performance of the banks over the two periods. The measures are (i) the trend in the level of aggregate bank credit (ii) the ratio of aggregate bank credit to deposits (iii) the ratio of non-performing credit to total credit (iv) the ratio of bad debts provision to total credit, (v) profit and asset utilization efficiencies as indicated by the return on equity and return on assets. The trend indicators is presented in table 4.3.

A close examination of table 4.3 and some aspects of tables 4.1 and 4.2 indicates as follows:

(i) Total bank credit showed a positive trend in the post consolidation era though not consistent. It improved from N1133 billion in 2004 to N1477 billion in 2005, to N2081 billion in 2006, N3802 billion in 2007 to N6170 billion in 2008 and dropped to N5881 billion in 2009.

(ii) Aggregate credit ratio to aggregate deposits was 55.5% in 2004, 58.5% in 2005, and 60.5% in 2006, and was flat at about 71% between 2007 and 2008 and further increased to 77% in 2009. The levels however indicated increased, but was below the maximum recommended ratio of 80%.

(iii) Non-performing credits was worsened in post consolidation era. It grew from N316 billion in 2004 to N357 billion in 2005 representing an average of N337 billion in pre consolidation era as compares to N222 billion in 2006, N388 billion in 2007, N464 billion in 2008 and N620 billion in 2009. The trend between 2008 and 2009 is certainly worrisome.

(iv) Provision for bad and doubtful debts grew from N256 billion in 2004 to N390 billion in 2009. Similarly, non-performing credits to total net credit grew from 2.9% in 2004 to 10.5% in 2009 while the ratio of bad debt provision to total credits was 22.6% in 2004, 19.1% in 2005, 6.3% in 2006, 8.1% in 2007, 6.1% in 2008 and 6.63% in 2009.

These ratios indicate a steady decay in the quality of bank assets as represented by total credit.

(v) The table also indicates, the profit efficiency and asset utilization was not impressive, though banks improved marginally on gross earnings from their pre consolidation performance. Banks profit and asset utilization efficiencies ratings declined in the post consolidation era. For instance, the industry return on equity declined from 27.35% in 2004 to 10.6% in 2006 while return on asset declined from 3.12% to 1.61 within the same period.

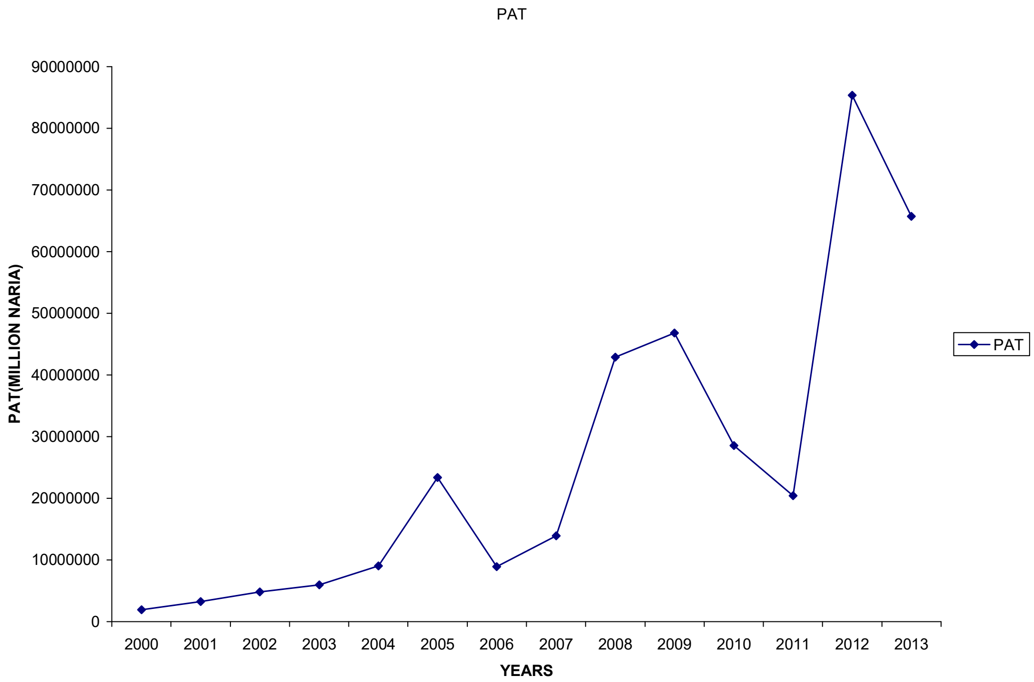
Profit After Tax

Table 4.5 in Appendix 1 show the profit After tax of ten sampled banks.

The data was the aggregate mean value of extract from the Ten selected banks .it was extracted from corporate annual report of the selected banks for various years from 2000 to 2014. The data show some interesting feature as in table 4.2. From table 4.5: Pooled data of selected banks. Profit after tax was N130,079 (million) in 2000 before decreasing to N77,743 (million) in 2001, PAT maintained steady growth rate between 2001-2004 from n55,245 to N637,473 (million) which represent about 23.4% growth rate before declining in 2005 from an impressive N637,473 to 50,515 (million). The drop in value of profit after tax of banks in 2005 is occasion by the consolidation reform understanding in the banking sector between 2004-2005 financial year. There was increase in profit of banks between 2006 to 2013, PAT increase from N737,144 to

N26,211,844 (million) in 2013. This reflect an improvement in bank performance due to adherence to bank prudential policy As shown by the fig 1 below

Fig 1: A line graph showing growth rate of Profit After Tax from 2000-2013

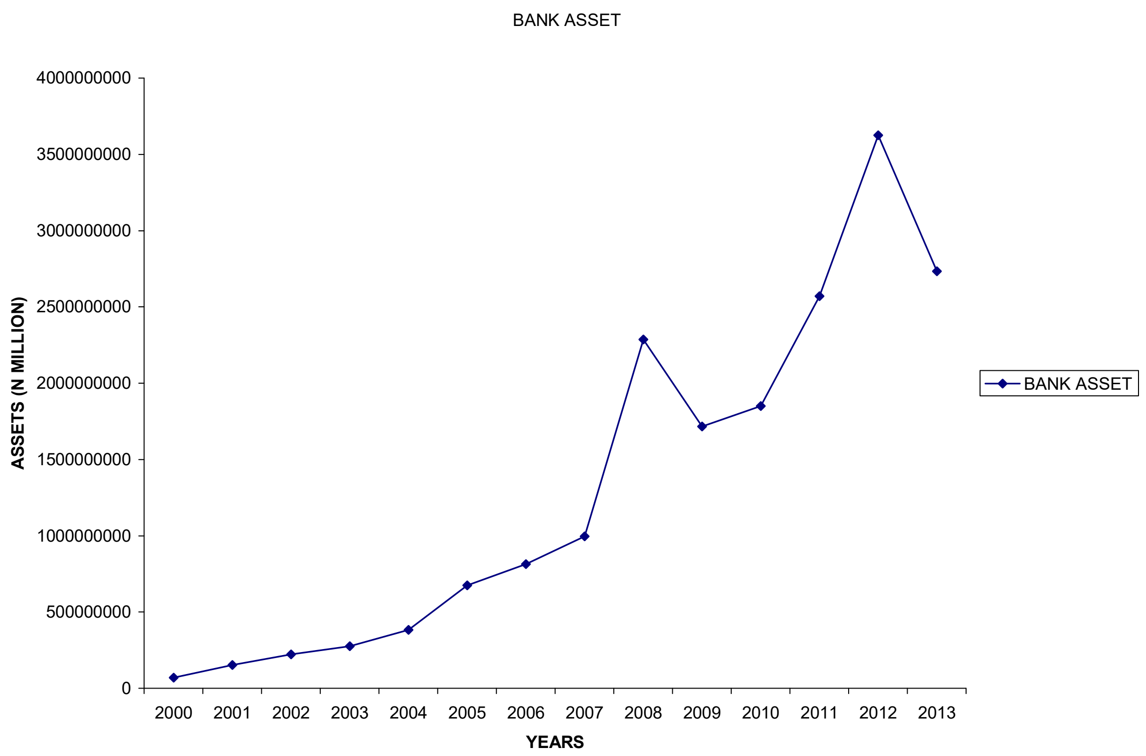


TOTAL ASSET OF BANKS

Table 4.2 in Appendix 1 show extracted date for Total asset of Ten Sampled banks which in this study represent performance indicator of the banks. The study show steady growth of total assets between 2006-2013 preceding the consolidation era. Total asset grew from N8,434,560 (million) to N8,027,957 about 7.8% drop in value. It increase from N8,027,957 to N11,342,941 (million) in 2001 to 2002 respectively. Total asset maintained its increase from N22,582,040 to N31,341,507, N66,918,315, N174,553,866, N328,615,194 and N1,031,842,021 from 2003,2004, 2005, 2006, 2007 and 2008 respectively.

The total assets decreased in 2009 from N1,031,842,021 in 2008 to N647,574,719 in 2009. The total asset of bank pick up in 2010 from N726,960,580 to N1,704,094,012 respectively as shown in fig 2

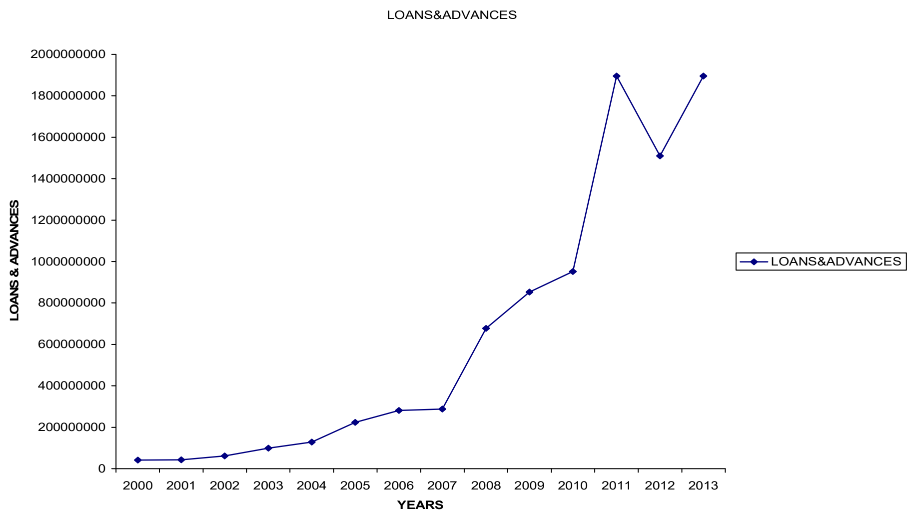
Fig 2: A line graph showing growth rate of Bank Assets from 2000-2013



LOAN AND ADVANCE

Table 4.3 in Appendix 1 show the extracted data for loan and advance for ten banks. In year 2000 it was N3,127,024 but decreased to N2,794,614. In 2002 there was sharp increase from N2794,614 in 2001 to N4,248,697 in 2002 which is about 50% increase this is due to the banks response to increase capital employed for the period. It maintained steady growth rate over the period and increased from N6,505,420 to N11,461,571, N16,183,353, N54,111,173, N107,750,570 and N244,595,061 in 2003, 2004, 2005, 2006, 2007, and 2008 respectively. The growth in value of loan and advances continues to 2013 and increase from N367,293,632 in 2009 to N736,300, 741 in 2013 as shown in fig 3Fig 3: A line graph showing growth rate of Loans and Advances from 2000-2013

Fig. 3: Line graph showing trend of loan and advanced from 2000-2013.



Shareholders fund

Table 4.4 in Appendix 1 present the Shareholder fund for the ten(10) selected banks . the table show shareholder fund to be N5,942,609 in 2000 before decrease to N1,823,659 in 2001 but increase to N12,857,675 in 2002. The growth rate of shareholders fund was not stable between (2000-2013). The was an increase in the value of shareholders fund in 2004, before the banking sector reform of 2005. The value was N5,779,220 before dropping to N2,966,726 in the year of the reform 2005. Shareholders fund grow form N26,319,328 in 2006 to N28,384,891 in 2007 and N171,002,026 in 2008 and drive down to N154,291,861, in 2009 and 172,776,710 in 2013 as shown in fig 4.

Fig 4. A line graph showing growth rate of Shareholders Funds from 2000-2013

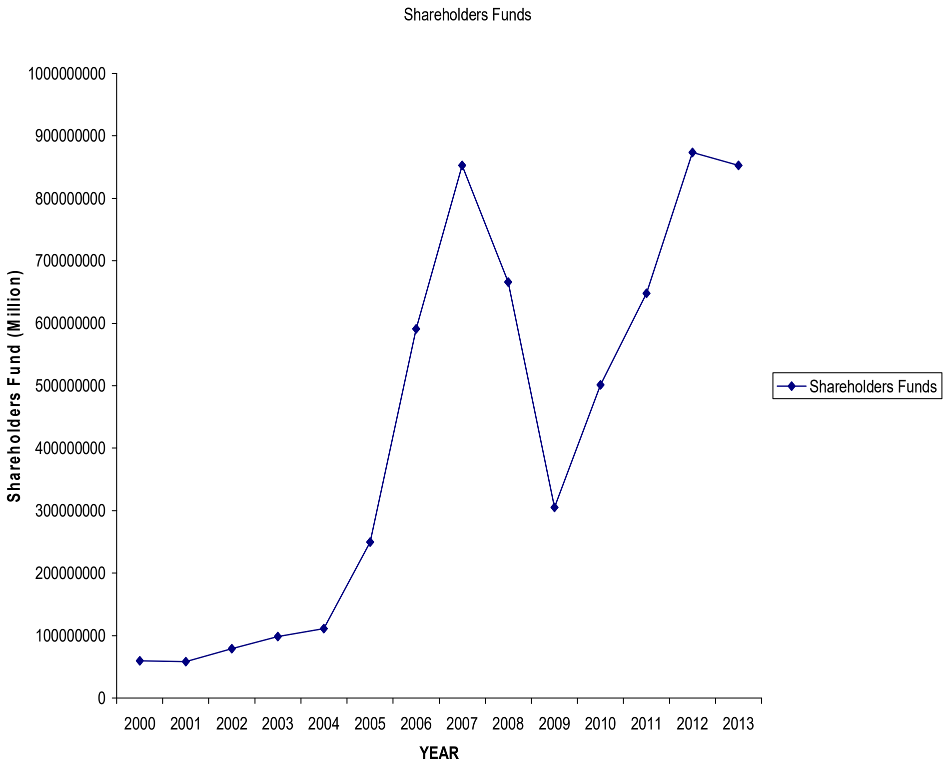


TABLE 4.5 PAT, TOTAL ASSET,LOAN &ADVANCE SHAREHOLDERS FUND AND CAPITAL BASED OF BANKS

YEARS	PROFIT AFTER TAX (N Million)	TOTAL ASSET	LOAN & ADVANCE	SHAREHOLDER FUND (N Million)	CBS
		(N Million)	(N Million)		(N Million)
2000	1913651	70608291	41525873	59404587	258190
2001	3226912	152483149	42915404	57971327	281720
2002	4822385	222101977	62 242588	79001299	393590
2003	5957801	275239706	98403851	98391315	242650
2004	9054054	383805371	128262731	110856841	323040
2005	23380490	675210534	223994250	249382647	3522500
2006	8907541	814810027	281301171	591263586	345970000
2007	13940142	995160071	287818978	852538785	296430000
2008	42912934	2286467484	676988810	666066937	263480000
2009	46836427	1717158705	852968967	305298484	234960000
2010	28580407	1850921180	952384419	501489161	247180000
2011	20424973	2569940453	1896042256	648167864	266320000
2012	85342029	3624101667	1509594202	873428715	258420000
2013	65719024	2733677337	1896042256	852944993	317680000

Sources : computed By Researcher from Annual Report of Selected Banks (2000-2013)

4.2 ANALYSIS OF DATA

Table 4.6 Descriptive statistics of PAT, Loan & Advances, Shareholders funds, Capital Base and Traded Volumes of bank stock

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
PAT	14	139401.00	905405.00	475685.2857	268159.94466
TVS	14	70608291.00	3624101667.00	1312263282.2857	1147454845.35422
LOANS	14	41525873.00	1896042256.00	639320411.1429	684174029.60393
SHFUNDS	14	57971327.00	873428715.00	424729038.6429	321898116.78441
CBS	14	23496.00	39359.00	29156.2857	4807.87217

Table 4.7: Regression model summary PAT, Loan and Advance

Model	Coefficient	Std. error	t-stat	Sig.
R2	Constant: 187109.88	23646	-0.079	0.938
0.673	Loan & Adv. 0.036	36.73	4.970	0.000

NB R = 0.820, R^2 = 0.673, AdjR^2 = 0.646, Dw = 2.35, F-Stat. 24.69

Result Interpretation

The study adopted a multiple linear regression model to establish the nature and strength of relationship between bank's consolidation and performance in the banking sector.

Analysis of Comparative study of effect of consolidation on banks performance using T-test analysis of two period (Pre-consolidation and Post Consolidation)

using the data in table 4.5 in Appendic2

The linear regression result is as shown below

From the result of the analysis, R = 0.820, R^2 = 0.673 Adjusted R^2 = 0.646, F-statistics 24.699, Durbin-Watson = 2.353 and P-value 0.000. Loans and advances has not significantly improved the profit after tax of Bank of Nigeria Banks. An R^2 of 0.673 implies that 67.3% variation in banks performance is accounted for by changes in amount of loan and advances issued out by the bank . The F-sat of (24.69) show that the variable for the study is well fitted and there is no presence of serial correlations as the Durbin-Watson value (2.353)is above 2 and falls within the acceptable limit.

The estimated coefficient show beta (β) 0.036 and t-value 4.970 which reflect the degree of relationship between banks loan and Advances and Profit after tax in Nigeria. The result implies that a 100 unit change in loan and advance will bring about 3.6% increase in profit after tax. While the P-value 0.000 is <0.05 (Alpha). This is a negation of the null hypothesis in favour of the alternative (H1).

Table 4.8: Regression model summary of PAT and Shareholder funds

Model	Coefficient	Std. error	t-stat	Sig.
R2	Constant = -393401.28	2632253.21	-0.149	0.884
0.988	Shareholders fund 0.110	0.024	4.540	0.001

NB R = 0.895, R^2 = 0.632, AdjR^2 = 0.601, Dw = 1.651, F-Stat. 20.61

The result is represented according to the four research objectives that guide the study. shareholder fund of banks in Nigeria and profitability of banks.

From the result of the analysis, R = 0.895, R^2 = 0.632 Adjusted R^2 = 0.601, F-statistics 20.611, Durbin-Watson = 1.651 and P-value 0.001. There is a significant relationship between shareholder fund and profit after tax. An R^2 of 0.632 implies that 63.2% variation in banks profit After Tax is accounted for by changes in shareholder fund of bank . The F-sat of 20.61 show that the variable for the study is well fitted and there is no serial correlations between the variables as Durbin-Watson value of 1.651 can be approximated to 2.00.

The estimated coefficient show beta (β) 0.110 and t-value 4.540 which reflect the degree of relationship between shareholder fund and Profit after tax of banks in Nigeria. The result implies that a 100 unit change in shareholder fund will bring about 11.1% increases in profit after tax. While the P-value 0.001 is <0.05 (Alpha). This is a negation of the null hypothesis in favour of the alternative (H1).

Objective Two : In analyzing the extent to which shareholders fund has improved profit after tax in Nigeria.

Table 4.9: Regression model summary of PAT and Capital Base of Banks

Model	Coefficient	Std. error	t-stat	Sig.
R2	Constant -960353.88	1568903.16	-6.612	0.552
	Capital based 0.017	0.002	8.517	0.000

NB R = 0.926, R^2 = 0.858, AdjR^2 = .846, Dw = 2.74, F-Stat. 72.53

The result is represented according to the four research objectives that guide the study. Capital Base of banks in Nigeria and Profit After Tax of banks in Nigeria.

From the result of the analysis, R = 0.926, R^2 = 0.858 Adjusted R^2 = 0.846, F-statistics 72.537, Durbin-Watson = 2.747 and P-value 0.000. There is a significant relationship between capital Base and profit after tax. An R^2 of 0.926 implies that 92.6% variation in Profit after tax is accounted for by changes in Capital base of banks. while the F-sat of 72.53 show that the variable for the study is well fitted and show absence of serial correlations as the Durbin-Watson value is above 2.00 (2.747).

The estimated coefficient show beta (β) 0.017 and t-value 8.517 which reflect the degree of relationship between Capital base of banks and Profit after tax of banks in Nigeria. The result implies that a 100 unit change in Capital base will bring about 1.7 % increase in profit after tax. While the P-value 0.000 is <0.05 (Alpha). This is a negation of the null hypothesis in favour of the alternative (H1).

Objective Three: To investigate the extent of how capital base of banks improved their profit after tax of banks in Nigeria.

Table 4.10: Regression model summary of PAT and Traded Volume of Bank stock

Model	Coefficient	Std. error	t-stat	Sig.
R2	Constant	435617.28	0.516	0.532
	TVB 0.017	0.017522	0.928	0.000

NB R = 0.912, R^2 = 0.832, AdjR^2 = 0.818, Dw = 2.48, F-Stat. 72.53

From the result of the analysis, R = 0.912, R^2 = 0.832 Adjusted R^2 = 0.818, F-statistics 59.33, Durbin-Watson = 2.484 and P-value 0.000. There is a significant relationship between Traded volumes of bank stock and profit after tax. An R^2 of 0.912 implies that 91.2% variation in banks in profit After Tax is accounted for by changes in Treaded Volume of bank stocks .While the F-sat of 59.33 show that the variable for the study is well fitted and show absence of serial correlations as the Durbin-Watson value is above 2.00 (2.484).

The estimated coefficient show beta (β) 0.026 and t-value 7.703 which reflect the degree of relationship between Traded volumes of bank stocks and Profit after tax of banks in Nigeria. The result implies that a 100 unit change in Traded volumes of banks stock will bring about 2.6% increase in profit after tax. While the P-value 0.000 is <0.05 (Alpha). This is a negation of the null hypothesis in favour of the alternative (H1).

4.3 TEST OF HYPOTHESIS

The hypothesis set in chapter three will be tested using the result of the linear regression result. The hypothesis will be tested using the value of P-value and the R^2

Decision Rule: Accept the alternative hypothesis HO if P-value obtained is greater than alpha 0.05 if otherwise reject HO.ie reject HO when P<0.05

4.3.1 Restatement of Hypothesis

For proper understanding, there is need to restate the study hypothesis; Four hypothesis were formulated in chapter one. Data was collected from annual report of the ten selected banks and analysis to validate the hypothesis.

Based on the research objective and question, the following hypotheses were formulated;

1. HO: Loans and advances has not significantly improved the profit after tax of Bank of Nigeria Banks.

   H1: Loans and advances has significantly improved the profit after tax of Nigeria banks.

2. HO: Shareholder fund has not significantly improved the profit after tax of Banks in Nigeria.

   H1: Shareholder fund has significantly improved the profit after tax of bank in Nigeria.

3. HO. There is no significant relationship between capital base of Banks and profit after tax of banks in Nigeria.

H1: There is significant relationship between capita base of Banks and profit after tax of Banks in Nigeria.

4 HO: There is no significant relationship between traded volume of Banks stocks and profit after tax of Banks in Nigeria.

H1: There is significant relationship between traded volume of banks stocks and profit after tax of Bank in Nigeria.

Hypothesis One

HO1: : Loans and advances has not significantly improved the profit after tax of Bank of Nigeria Banks.

the result in table 4.8 the p-value obtained 0.000 since the p-value 0.000<0.05 we reject the null hypothesis and accept the alternative that : Loans and advances has significantly improved the profit after tax of Bank of Nigeria Banks.

Hypothesis Two

3. H02: : There is no significant relationship between capital base of Banks and profit after tax of banks in Nigeria. From the result in table 4.13 the p-value obtained 0.001 since the p-value 0.001<0.05 we reject the null hypothesis and accept the alternative that: There is a significant relationship between capital base of Banks and profit after tax of banks in Nigeria

Hypothesis Three

H03 there is no significant relationship between bank consolidation and availability of credit to the private sector. From the result in table 4.16 the p-value obtained 0.000 since the p-value 0.000<0.05 we reject the null hypothesis and accept the alternative that there is a significant relationship between bank consolidation and availability of credit to the private sector. Based on the decision rule and the value of r-square of 0.858 we reject the null hypothesis.

Hypothesis Four

There is no significant relationship between traded volume of banks stocks and profit after tax of Bank in Nigeria. From the result in table 4.16 the p-value obtained 0.089 since the p-value 0.089>0.05 we accept the null hypothesis which state that There is significant relationship between traded volume of banks stocks and profit after tax of Bank in Nigeria.

CHAPTER FIVE

DISCUSSION OF FINDINGS, CONCULSION AND RECOMMENDATIONS

5.0 DISCUSSION OF FINDINGS

Five key indicators was adopted in evaluating Banks performance over the two periods. The measures are (i) the level of Banks aggregate credit (ii) Banks aggregate credit to depositors (iii) non-performing credit ratio to total credit (iv) provision of bad debt ratio to total credit, (v) asset utilization efficiencies as indicated by the return on equity.

The models analysis shows shareholders earn more return on investment before the recapitalization of the 2005 but left them worse off. This will continue to decline until banks generate higher profit. The t-test shows the pre mean and the post mean at a significance level of 0.05. This means shareholders earning dropped after recapitalization when compared with the period before consolidations.

Judging from the profitability ratio of banks and test of equality of the pre and post mean of 2005 recapitalization exercise, the study found out that only capital will not make for good performance. But economic environment has to be conducive as these will deepen the financial structure of the economy.

It is obvious shareholders were made worse- off after recapitalization as many Banks ran to the capital market to raise fund and making these shares over subscribed by the Nigerian investors. Recapitalization alone will result to lost of funds except bank management take calculative step to increase profitability. CBN knowing the implication of raising fund from the capital market never suggested it but insist on consolidation through mergers and acquisition. From data collected it was discovered majority of investment component of bank total asset are in short term and this will not help their profitability stance. Hence there is need to diversify and change to long term investment.

5.1 CONCLUSIONS

The consolidation result in Nigeria shows, it is a replay of what happened in other countries. That is government induced rather than market forces which merely create cosmetic changes in the balance of Bank without improving performance. The structure of Nigerian banks improved in terms of asset size, deposit base and capital adequacy but did not impact positively on profit performance and asset utilization efficiencies which declined since the conclusion of the programme. The analyses suggest that the primary goal and profit expectation was not achieved. Competition and with increase activities of market forces will force many banks to work extra hard to improve their balance sheets and adhere to good corporate governance principles. The research posits further that consolidation of banks may not necessarily be a sufficient tool for engineering financial stability for sustainable development.

5.3 RECOMMENDATIONS

The study recommends that researchers should advance functional and realistic framework for financial sector stability rather than rely solely on the consolidation model. Unnecessary cost and expenses will be cut down and the profit will increase.

Consolidation as a tool for creating stability in the economy is good but government should look at the way banks raise funds to meet up recapitalization so as not to make shareholders worse off than they were before the recapitalization.

Effective intermediation drive by Bank management to bring small savers to the government purview should be embarked upon. CBN said Banks have neglected the informal sector which have the bulk of money in circulation, bringing this fund through effective intermediation drive will provide a cheap source of fund for the banks which they can use to generate more interest income that will eventually increase profit and ROE will increase for the better. A good regulatory environment will enable bank expand their scope of business and make more profit but strictly within the financial service industry. With a good regulation and supervision corporate governance will be enhance,

Government too has a role to play in providing necessary infrastructure to ensure the cost of doing business in Nigeria is reduced significantly to allow the banks to make more profit. Good corporate governance by banks will allow for transparency and minimize fraud in the bank. The shareholders have the responsibility of choosing their directors, and in turn management that will run the affairs of the banks. Good management in place will protect their investment and increase profitability for the banks.

The regulating authorities in Nigeria, should recognize the peculiar operating environment and develop a indigenous financial services industry, which integrated seamlessly with the traditional banking system. In this regard, most of the monies outside the government purview will be brought back and the government monetary policy will achieve its set objective.

I recommend that CBN's polices aim at providing financial system stability and efficiency should take into consideration, the process of banking consolidation and increasing globalization of financial transaction.

5.4 CONTRIBUTION TO KNOWLEDGE

Okafor once stated: "The consolidation of the Nigerian banking sub-sector of (July 2004-December 2005) created anxiety and concerns for employees in the banks. This is because on the long run they are at the receiving end. To many employees, the news of consolidation of banking sub-sector to the tune of N25 billion was greeted with apprehension". Further, some banks that went to Stock exchange to source funds, relegated the welfare and working conditions of workers to the background, while gearing all its efforts towards attracting any available funds they could muster to meet the target and deadline. The implication of the consolidation reform proposal engendered job insecurity. Just as was noted earlier, it is not possible for an employee who is battered by job insecurity to give his or her best to its employer. It follows therefore that service encounters will be deeply affected and this is capable of marring the organization's overall productivity and profitability.

It was evident from this study, there would not have been need for the 2005 forced merger/acquisition if the various banks have gotten their corporate governance right. Bad financial management was responsible for weaknesses of the 89 banks before 2005 that merged into 25 banks and later 24 banks. Corporate governance is regarded as a system of checks and balances that value is created by the organization in ethical ways to ensure firms achieve its strategic objectives and meet their specified obligations in an appropriate manner. Good corporate governance therefore, should be enforced by the regulatory authorities with stringent penalties. This will definitely build financial confidence that will help the firms to achieve their strategic objectives, and that of shareholders. Good corporate governance is enough strategy to enhance desired productivity and performance in the banking sector if all the cow-boys directors who do not uphold the tenets and fundamental principle of banking are shown the way out and pave way for an effective and efficient banking sector in Nigeria.

Finally, since the boards of directors are responsible for implementing corporate governance in any firm, the shareholders should better organize themselves (with their votes) to always ensure selections that will respect integrity, professionalism, probity and accountability. Complete end should come to an era of very powerful Managing Directors that can put the banks in their pockets. To avoid controversies that trailed the sack of the five managing directors by CBN in 2009, shareholders should be alive to their responsibilities by protecting their wealth through spontaneous reaction (in the future) to any banks' Managing Directors that are found culpable of bad corporate governance. This will rather save us from hastily approaching merger/acquisition without a specific objective.

5.5 SUGGESTION FOR FURTHER STUDY

In view of the reviewed literature and observed limitation in the study, the researcher made bold to suggest the following topics as area for further research:

- Managing bank consolidation in the face of global financial crisis in Nigeria
- Managing employee's resistance of bank reforms in Nigeria banking sector.
- Bank consolidation and the challenges of unemployment in Nigeria banking Industry.
- The productivity effect of consolidation of Nigerian banks of Nigerian economy.

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APPENDIX

Table 4.1 PROFIT AFTER TAX OF TEN SAMPLED BANKS

BANKS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
UBA	1056	1183	1361	2989	4185	4653	1526	3075	5849	2996	1793	3754	50909	46483
ECO	18115	12829	16567	30214	40427	1668174	3559	40002	12889	64600	131819	206840	286732	23570728
SKYE	23842	27345	355821	576004	610318	492719	1961371	142124	15126	1130	5517	2465	493	476
STERLING	23487	90890	147851	164799	1669739	4820558	961645	620658	6523153	6660406	478492	6908598	6953539	8274864
ACCESS	130079	77743	55245	556573	637473	501515	737149	6083439	16056464	12088034	7727399	5248866	35815611	26211844
UNITY	212346	356287	38946	41000	48800	1370490	409606	72100	13242136	15855855	12415412	2693859	6180061	6051973
FIRST	4221	4679	3979	10323	11096	4830558	961615	18355	30473	35074	26936	32123	47462	51657
ZENITH	1483920	2418243	3504013	4424186	5190768	7155926	11489	17509	46524	18365	33335	41301	95808	91888
DIAMOND	12354	232678	693876	145113	833498	2526522	3849545	6930754	6930754	12088034	7727399	5245866	35815611	1328655
UNION	4231	5035	4726	6600	7750	9375	10036	12126	49566	21933	32305	41301	95803	90456
TOTAL	1913651	3226912	4822385	5957801	9054054	23380490	8907541	13940142	42912934	46836427	28580407	20424973	85342029	65719024

Table 4.2 Total Assets of Ten Sampled Banks

BANKS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
UBA	1933065	187248	198680	187226	187352	248428	851241	1102348	1520091	1400879	14
ECO	895824	23680193	24071810	27794739	37642066	67652618	132092	311396	432466	355662	104
SKYE	599334	312568	12631958	20934490	25977586	31990861	173690446	406114	784878	622164	7
STERLING	918714	11280062	21500921	28502040	22504546	19435289	109664427	145974674	236502923	205640827	259
ACCESS	8434560	8027957	11342941	22582040	31341507	66918315	174553866	328615194	1031842021	647574719	7269
UNITY	221211	142765	217891	2712845	3002113	33179373	131031671	203234002	364080837	255175346	3040
FIRST	180553	212901	266356	320578	312490	675911	710089	762881	1165461	1667422	19
ZENITH	53212990	60,190,393	95562897	112534638	193321489	329716511	610769	883941	1680032	1573196	17
DIAMOND	4190213	48073421	55788723	59344036	69114931	124994957	223047862	313249721	647551701	602041711	5420
UNION	21827	375641	519800	327074	401291	398271	517564	619800	907074	1106779	17
TOTAL	70608291	152483149	222101977	275239706	383805371	675210534	814810027	995160071	2286467484	1717158705	18509

Table 4.3 Loan and Advances of Sampled Banks

BANKS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
UBA	20,209	23,106	40,135	46,076	56,136	67,610	107,194	320,229	405,540	543,289	557,224	552,526	570
ECOBANK	4521160	5266764	5,726	8,269,888	11,063,134	19,130,959	52279	116181	144917	183719	5,264,184	2,359,940	9,440
SKYE	2,432,162	3,216,121	4,985,198	8,212,450	10,165,590	12,122,680	71,717,297	112,854	246,390	26,072	28,671	31,902	34
STERLING	612,206	781,200	826,303	916,105	305,813	1,722,857	38,945,948	45,957,335	65,878,520	78,140,098	99,312,070	162,063,156	229,420
ACCESS	3,127,024	2,794,614	4,248,697	6,505,420	11,461,571	16,183,353	54,111,173	107,750,570	244,595,061	367,293,632	428,605,827	490,877,501	554,592
UNITY	18,856,671	16,928,998	18,666,566	32,540,841	23,218,455	11,281,676	37,023,358	36,590,002	51,882,213	87,817,499	116,688,894	117,875,258	189,04
FIRST BANK	34,981	46,111	61,918	56,046	78,040	89,069	1,098,169	219,185	437,768	1,022,486	1,017,411	1,128,857	1,32
ZENITH	11,512,678	12,619,952	20,144,168	27,290,021	53,391,209	122,494,396	199,708	218,306	417,073	669,261	667,860	827,035	89
DIAMOND	103,967	1,201,613	13,218,391	14,512,444	18,444,445	40,822,966	77,929,985	96,384,940	312,736,983	316,871,365	299,534,692	344,397,331	523,374

UNION	31,815	36,925	45,486	54,560	78,338	78,684	116,060	149,376	244,345	401,546	707,586	827,035	89
TOTAL	41,252,873	42,915,404	62,242,588	98,403,851	128,262,731	223,994,250	281,301,171	287,818,978	676,988,810	852,968,967	952,384,419	1,896,042,256	1,509,59

Table 4.4 Shareholders Funds of sampled Banks

BANKS	2000	2001	2002	2003	2004	2005	2006	2007	20
UBA	7,642	8,427	9,782	13,767	18,059	17,702	48,535	167.719	188,1
ECOBANK	2,342,780	2,522,540	2,945,733	3,578,887	4,413,327	25,462,863	132092110	311396456	4324664
SKYE	9,412,817	10,092,520	10,579,427	18,592,110	23,044,888	27,543,592	148,110,655	112,854	246,3
STERLING	5,942,609	1,823,659	12,857,675	5,629,061	5,779,220	2,966,726	26,319,328	26,800,395	30,238,8
ACCESS	841,750	919,493	1,943,784	2,365,356	2,702,830	14,071,924	28,893,886	28,384,891	171,002,0
UNITY	779812	901234	1312446	4126799	2912771	2,759,144	30,967,784	171,194,245	18,794,2
FIRST BANK	180,553	212,901	266,356	320,578	312,490	10,162,712	1,165,461	1,667,422	1,772,4
ZENITH	82,611	774,458	199,881	4,091,138	2,190,527	41,004,756	100,401	112,833	341,7
DIAMOND	39,601,211	40,501,210	48,611,021	59,344,036	69,114,931	124,994,957	223,047,862	312,249,721	10,109,4
UNION	212802	214,885	275,194	329,583	367,798	398,271	517,564	619,800	907,0
TOTAL	59,404,587	57,971,327	79,001,299	98,391,315	110,856,841	249,382,647	591,263,586	852,538,785	666,066,9

Table 4.8 Annual Data on GDP PAT and SHF

BANKS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2
UBA	2143	3006	6512	3218	5360	6121	3412	3412	4113	2213	3
ECO	2104	3215	7138	5716	6981	5816	2181	3172	1876	2132	2
SKYE	1002	2128	923	1912	2134	1021	5613	6628	3126	3821	3
STERRING	2316	3245	1826	921	312	912	2816	2100	3412	2191	1
ACCESS	2820	2179	7081	1012	928	1307	3411	1980	2121	2881	2
UNITY	1973	2921	3128	2114	1241	982	2184	2181	1897	1679	1
FBM	2143	4291	7182	4218	6821	4321	2666	3193	3211	2114	2
ZENITH	3161	1130	1552	3216	5624	9612	4813	3671	2412	1896	3
DIAMOND	2029	2136	1826	1012	1822	3312	5312	2189	1996	2670	2
UNION	6128	3921	2191	926	1081	1821	2189	1117	2184	1899	1
TOTAL	25819	28172	39359	24265	32304	35225	34597	29643	26348	23496	24

Table 4.5 Capital Base of Banks 2000-2013

Years	GDP	PAT	SHF
2000	4727522	1913651	594045
2001	5374339	3226912	579713
2002	6232244	4822385	790012
2003	6061700	5957801	983913
2004	11411067	9054054	1108568
2005	15610882	23380490	2493826
2006	18564595	8907541	5912635
2007	23280715	13940142	8525387
2008	63425154	42912934	6660669
2009	67220242	46836427	3052984
2010	71897722	28580407	5014891
2011	77552539	20424973	6481678
2012	82053605	85342029	8734287
2013	90895429	65719024	8529449
2014	11678123782	7.63E+08	93467547

APPENDIC II

RESULT OF STATISTICAL ANALYSIS

Descriptive Statistics

	Mean	Std. Deviation	N
Gross Domestic Product	**814828769.1333**	**3005417648.08107**	**15**
Profit After Tax	**74967242.6000**	**192068074.05512**	**15**

Shareholder Funds	**1019530750.9333**	**2324446867.02688**	**15**

Correlations

		Gross Domestic Product	Profit After Tax	Shareholder Funds
Pearson Correlation	Gross Domestic Product	**1.000**	**.993**	**.992**
	Profit After Tax	**.993**	**1.000**	**.995**
	Shareholder Funds	**.992**	**.995**	**1.000**
Sig. (1-tailed)	Gross Domestic Product	**.**	**.000**	**.000**
	Profit After Tax	**.000**	**.**	**.000**
	Shareholder Funds	**.000**	**.000**	**.**
N	Gross Domestic Product	**15**	**15**	**15**
	Profit After Tax	**15**	**15**	**15**
	Shareholder Funds	**15**	**15**	**15**

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	**.994**[a]	**.988**	**.986**	**359906017.04349**	**1.725**

a. Predictors: (Constant), Shareholder Funds, Profit After Tax

b. Dependent Variable: Gross Domestic Product

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	**-414909956.863**	**110421808.152**		**-3.758**	**.003**
	Profit After Tax	**8.852**	**4.784**	**.566**	**1.851**	**.089**
	Shareholder Funds	**.555**	**.395**	**.429**	**1.405**	**.185**

Result 1

Descriptive Statistics

	Mean	Std. Deviation	N
Profit After Tax	**74967242.6000**	**192068074.05512**	**15**
Shareholder Funds	**1019530750.9333**	**2324446867.02688**	**15**
TotalA	**3707238805.7333**	**9341371546.77827**	**15**
LOA	**1879064312.2667**	**4846558873.60648**	**15**
CBS	**30109.6667**	**5924.40264**	**15**

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	**.999[a]**	**.998**	**.997**	**11195876.23392**	**2.198**

a. Predictors: (Constant), CBS, LOA, Shareholder Funds, TotalA

b. Dependent Variable: Profit After Tax

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	**515208554550947840.000**	**4**	**128802138637736960.000**	**1027.559**	**.000[b]**
	Residual	**1253476446452208.000**	**10**	**125347644645220.800**		

	Total	**516462030997400060.000**	**14**			

a. Dependent Variable: Profit After Tax

b. Predictors: (Constant), CBS, LOA, Shareholder Funds, TotalA

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	**515208554550947840.000**	**4**	**128802138637736960.000**	**1027.559**	**.000**[b]
	Residual	**1253476446452208.000**	**10**	**125347644645220.800**		
	Total	**516462030997400060.000**	**14**			

a. Dependent Variable: Profit After Tax

b. Predictors: (Constant), CBS, LOA, Shareholder Funds, TotalA

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	**-14056802.354**	**18711087.742**		**-.751**	**.470**
	Shareholder Funds	**-.021**	**.018**	**-.249**	**-1.154**	**.275**
	TotalA	**.034**	**.008**	**1.672**	**4.406**	**.001**
	LOA	**-.017**	**.011**	**-.435**	**-1.535**	**.156**
	CBS	**496.409**	**658.027**	**.015**	**.754**	**.468**