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RESEARCH ARTICLE **Open Access**

A COMPARATIVE ASSESSMENT OF THE PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA

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Abstract
Bank performance in terms of increase earnings has implication for the survival and growth of the sector, improving the financial results constitutes the most critical aspect of performance of banks. It is against this background that the study comparatively assessed the performance of some selected deposit money banks in Nigeria. Banking in Nigeria has undergone remarkable changes since 2005 bank consolidation. The era of armchair banking has gone. It has become a different ball game in terms of competition and its inherent strategies. This transition eventually brings the Nigerian banks to be in need of capital, asset creation, earnings, liquidity and the management to manage the risk exposure of the aforementioned. In this context, the present study assesses and compares the performance of the Nigerian banks from 2005 to 2015 through their liquidity, asset quality, profitability and share price. Moreover, the Nigerian banks are ranked based on their performance. The ranking result can be used to analyze the strengths and weaknesses of a bank compared to its competitors. Simple random sampling was used to obtain five out of the twenty-one deposit money banks using lottery method. Furthermore, data for the study was obtained from the annual audited reports of the selected banks and data was analyzed using analysis of variance (ANOVA) and it was found that there is a statistically significant difference in their various performance level with regards to liquidity, asset quality, profitability and share price. The significant differences among the banks in terms of the aforementioned, implies that the null hypothesis is thereby rejected and alternate hypothesis accepted, which can now be stated as; there is significant difference between the liquidity levels of the selected banks and their performances; there is significant difference between the asset quality levels of the selected banks and their performances; there is significant difference between the profitability levels of the selected banks and their performances; there is significant difference between the share price levels of the selected banks and their performances. The study concluded with recommendations as to how the various banks can reduce the level of non-performing loans which is cardinal to improvement in banks performance.

Keywords Banks in Nigeria, Deposit Money, growth of the sector, capital, asset creation, earnings.

INTRODUCTION

According to Ejem, Jombo and Oriko (2012), the banking sector in any economy serves as catalyst for growth and development. Banks are able to perform these roles through their crucial functions of financial intermediation, provision of an efficient payment system and facilitating the implementation of monetary policies. In intermediation, banks are involved in the mobilization of savings of the surplus economic units and channeling such funds to the deficit economic units particularly business

enterprises for the purpose of expanding productive capacity for economic growth and development. In operating the payment mechanism, the banking system liability serves as a medium of exchange. In execution of monetary policies, banks serve as agents through which the nations monetary policies are implemented. For effective performance of the above functions, banks have to maintain proper liquidity to keep their doors open in the short run. This would help maintain adequate profitability to enhance solvency in wooing their existing and new customers and shareholders. Apart from maintaining liquidity, banks are also profit oriented businesses.

The role of banks in the financial system of any economy cannot be overstressed as they facilitate the financial intermediation process of reallocating resources from the surplus to the deficit spending units. There is a common belief among economists that continuous growth and development of any countrys economy increasingly depends on its full integration into the local, regional and global market-place. The reason is that variety of investible funds will be sourced for development and increase of the productive capacity of its component real sectors such as the industrial/manufacturing sector, the agricultural sector including the housing sector etc, all things being equal. The banking system plays the all-important role of financial intermediation of insuring that adequate funds are mobilized and supplied to the real sectors of the economy for productive purposes. Banks accumulate/mobilize funds from various savers and lend to borrowers by way of provision of payment facilities, credit and capital to individuals, firms and governments for investment in the economy. It is also the duty of the banking system to inculcate banking habit at the household and micro-enterprise levels (Soludo, 2010).

Management of the banking sector is an integral part of management of the overall economy. Therefore, the performance of the sector is an important factor in determining how the overall economy performs. The reason is simple. The banking system is a component of the financial system while the financial system is the life wire of the economy and the entire nation. A commercial Banks performance is evaluated for several reasons depending on personal objectives. An entity like a bank regulator, for example, may need to identify and call attention to banks that are experiencing chronic financial problems in order that they may fix them before they get out of control. Such is the case with so called bank runs. Shareholders, on the other hand need to assess which banks they can deem suitable to financially invest in. Unsurprisingly, deposit money banks evaluate their own performance over a given period so that they may determine the efficacy and long term viability of management decisions or goals so that they can alter the course and make changes whenever it is appropriate. With a constant and routine monitoring of performance, underlying problems may remain invisible and lead to financial failures further down the line. The overall objectives of this research is to compare the performance of five deposit money banks using financial ratios that will indicates the performance developments over the period 2005-2015. Moreover, the study will make comparative assessment of the performance among the banks, furthermore; the research is going to measure the overall stability of each bank. To measure the financial performance and make a comparison on the banks, the research is going to use five deposit money banks. In each group, different ratios are going to be employed to measure the performance. The descriptive measurements are going to be used to measure the performance and the stability-variability of these ratios over the years 2005-2015

Roles of Deposit Money Banks in Economic Development

The commercial banks play a significant role in the economic growth of countries through their intermediation function banks play a vital role in the efficient allocation of resources of countries by mobilizing funds from the surplus sector of the economy for onward lending to the deficit sector. They transfer funds from those who don't have productive use of it to those

with productive venture. In addition to resource allocation good bank performance rewards the shareholders with sufficient return for their investment (Nsambu kijjambu Fredrick, 2015). The measurement of bank performance particularly deposit money banks is well researched and has received increased attention over the past years (Seiford and Zhu, 1999). However, little has been done on assessment of bank performance in Nigeria. With the deteriorating health of the banking institutions and the recent surge of bank failures as a result of the shrink in income sources and poor management, it is justified that bank performance receives increased investigation from both scholars and industry specialists when there is return there shall be an investment which, in turn, brings about economic growth. On the other hand, poor banking performance has a negative repercussion on the economic growth and development. Poor performance can lead to runs, failures and crises. Banking crisis could entail financial crisis which in turn brings the economic meltdown as happened in USA in 2007 (Marshall, 2009.).

In Nigeria, the challenges of inefficient liquidity management in banks were brought to the fore during the liquidation and distress era of 1980s and 1990s. The negative cumulative effects of banking system liquidity crisis from the 1980s and 1990s lingered up to the re-capitalization era in 2005 in which banks were mandated to increase their capital base from N2 billion to an astronomical high of N25 billion. This move by the apex bank was believed would stabilize and rectify liquidity problems that were prevalent in the economy. Barely five years of what was applauded and considered as a fortified repositioning of banks against liquidity shortage, Central Bank of Nigeria (CBN) in 2009 came on a rescue mission to save five illiquid banks, it injected N620b to save the affected five banks that were operating on negative shareholders funds. The use of unconventional measures became necessary as the regular monetary policy transmission mechanism got seriously impaired by the liquidity crisis that warranted the setting up an agency, Asset Management Corporation of Nigeria (AMCON) to buy out the bad debts of affected banks. Against this backdrop, this research study seeks to explore the efficacy of liquidity management and banking performance in Nigeria. Banking performance over the years has been measured in terms of three major indicators or variables namely Profitability, Return on Asset (ROA) and Return on Capital Employed (ROCE).

Profitability is the potential of a venture to be financially successful, the ability of an investment to make profit or the state or condition of yielding a financial profit or gain. Brealey, Myers and Marcus (2004; 458) affirmed that manager often measure the performance of a firm by the ratio of net income to total assets, otherwise referred to as Return on Asset (ROA). Return on Capital Employed (ROCE) in Accountancy is a common method of measuring and judging the size of the return which has been made on the funds invested in a business. Omorukpe (2003; 193), posits that ROCE is the ratio of an accounting entity for a period to capital employed in the accounting entity during that period usually expressed as a percentage. Various measures of profit and of capital employed may be used in calculating this ratio. Liquidity risk may arise from the possible inability of a bank to accommodate decrease in liabilities, thus affecting bank profitability, since it becomes hard to raise funds for increasing demand for loans. This implies that liquidity risk is a serious factor that has an impact on the performance of deposit money banks. That is why governments regulate the banking sector through their central banks to foster a sound and healthy banking system which avoid banking crisis and protect the depositors and the economy (Heffernan, 1996; Shekhar and Shekhar, 2007.).

Bank operating expenses should be considered as a determinant and prerequisite for improving bank performance, since expenditures are controllable expenses and if efficiently managed can contribute positively to the performance of deposit money banks (Pasiouras and Kosmidou (2007). Thus, to

avoid the crisis due attention was given to banking performance. According to Nzongang and Atemnkeng in Olweny and Shipho (2011) balanced portfolio theory also added additional dimension into the study of bank performance. It states that the portfolio composition of the bank, its profit and the return to the shareholders is the result of the decisions made by the management and the overall policy decisions. From the above theories, it is possible to conclude that bank performance is influenced by both internal and external factors. According to This brief review will focus upon studies on Nigeria and other emerging economies. When looking to improve their performance, banks compare the performance of their peers and evaluate the trend of their financial performance over time. Tarawneh (2006) in his study measured the performance of Oman commercial banks using financial ratios and ranked the banks based on their performance. Berger & Humphrey (1997) assert that the whole idea of measuring bank performance is to separate banks that are performing well from those which are doing poorly. They further indicated that, evaluating the performance of financial institution can inform government policy by assessing the effects of deregulation, mergers and market structure on efficiency. Bank regulators screen banks by evaluating banks liquidity, solvency and overall performance to enable them to intervene when there is need and to gauge the potential for problems. On a micro-level, bank

Performance measurement can also help improve managerial performance by identifying best and worst practices associated with high and low measured efficiency".

More recent theoretical and empirical studies have focused on liquidity risk coming from the asset side of the banks balance sheet. Banks that make commitments to lend are exposed to the risk of unexpected liquidity demands from their borrowers. Credit control is described to maximize the value of the firm by achieving a trade - off. The purpose of credit control is to maximize sales while minimizing the risk of bad debt as far as possible. In fact the firm should manage its credit in such a way that sales are expanded to an extent to which risk remain within an acceptable limit. These costs include the credit administration expenses, bad debt losses and opportunity cost of the fund tied up in receivables. The aim of liquidity management should be to regulate and control these cost that cannot be eliminated together. Credit risk is a serious threat to the performance of banks which when unchecked would lead to the total collapse of banks. Liquidity risk also act as a snare to banks with an unsound risk assessment and control policy. In the face of current events in the banking sector, these two risks cannot be ignored as they have considerable bearing on the performance and survival of banks (Coyle, 2000). In order to reduce the combined effect of these risks on the overall default risk of banks, there is need for efficient credit and liquidity management policies to be formulated and fully implemented in banks. A liquidity risk is seen as a profit lowering cost, a loan default increases this liquidity risk because of the lowered cash inflow and depreciation it triggers. Diamond and Rajan (2005) opined that there is a positive relationship between liquidity risk and credit risk. This model is based on the premise that banks obtain money from unskilled depositors which is used for lending. Problems arise if too many economic projects funded with loans yield insufficient funds (or even defaults) and the bank cannot meet depositors demands. Due to this asset deterioration, more and more depositors will claim back their money. The bank will call in all loans and thereby reduce aggregate liquidity.

The result is therefore that higher credit risk accompanies higher liquidity risk through depositors demand. According to Acharya (2011), financial firms raise debts which have to be rolled over constantly and which is used to finance assets and as such more debt in the banking system yields a higher bank-run risk. In times of crisis when assets prices deteriorate, banks find it more difficult to roll over debt, this becomes a liquidity problem.

Performance of Deposit Money Banks

Performance can be described as a measure that reveals the position of an organization. It helps to tell how far and well an organization has improved in terms of its profitability as a result of its services delivery. Performance of a business can be identified using different proxies. The study by Abaenewe, Ogbulu and Ndugbu (2002), proxy performance using return on asset (ROA) and return on equity (ROE). However, it is important to note that firms profitability is not the only performance indicator of an organisation. Thus, studies like that of Ibukunle and James (2012), Olorunsegun (2010) and some others have identified performance in a different perspective; productivity, increase in sales, cost reduction, competitiveness, efficiency and effectiveness. Base on the above, the study makes a conclusion that performance of a business can be measured with any of these; profitability ratios, growth rates and profit margins. Performance is a multi-dimensional concept. On the most basic level, Borman and Motowidlo (1993) distinguish between task and contextual performance.

Task performance refers to an individuals proficiency with which he or she performs activities which contribute to the organizations technical core. This contribution can be both direct (e.g., in the case of production workers), or indirect (e.g., in the case of managers or staff personnel). Contextual performance refers to activities which do not contribute to the technical core but which support the organizational, social, and psychological environment in which organizational goals are pursued. Contextual performance includes not only behaviors such as helping coworkers or being a reliable member of the organization, but also making suggestions about how to improve work procedures.

The concept of Liquidity has been a source of worry to the management of firms of the uncertainty of the future. Liquidity is the ability to quickly convert an investment portfolio to cash with little or no loss in value. Today, most of this capital is credit, not cash. That's because the large financial institutions that do most investments prefer using borrowed money. High liquidity means there is a lot of capital because interest rates are low, and so capital is easily available. Why are interest rates so important in controlling liquidity? Because these rates really dictate how expensive it is to borrow. Low interest rates mean credit is cheap, so businesses and investors are more likely to borrow. The return on investment only has to be higher than the interest rate, so more investments look good. In this way, high liquidity spurs economic growth. Liquidity can be defined as the state or condition of a business organization which determines its ability to honor or discharge its maturing obligations. These maturing obligations are composed of current liabilities and long-term debts. Liquidity can also be defined as a measure of the relative amount of asset in cash or which can be quickly converted into cash without any loss in value available to meet short term liabilities. Liquid assets are composed of cash and bank balances, debtors and marketable securities. Liquidity is the ability of a firm to meet all obligations without endangering its financial conditions. Liquidity will help a firm to avoid a situation where a firm will be forced to liquidate with its attendant problems of selling assets at distressed prices and the extra fees paid to lawyers, trustees in bankruptcy and liquidators on liquidation. The definitions above imply that, as liquidity increases, the probability of technical insolvency is reduced. The definitions above went ahead to expand the views by recognizing two dimensions of liquidity namely the time necessary to convert an asset into money and the degree of certainty associated with the conversion ratio or price realized for the assets.

Functions of Banks

The primary function of a bank since the beginning of the business of banking to present, has remain mobilization of deposits in form of savings and to advance loans/credits to different sectors of the economy. This responsibility could be approached or understood in various ways; like by type of banking organization as discussed in the section

above. Essentially, the function of any type of banking business can be better appreciated within the framework of its balance sheet. The balance sheet is the monetary description of sources and applications of bank resources. It clearly indicates the items of bank assets and liabilities. Therefore, looking at the management of bank balance sheet is another way of looking at functions undertaken by a bank. Nwankwo (1991) defined bank balance sheet management in this way: Balance sheet management is the totality of funds management in banking which, broadly defined, includes all policies and approaches designed to obtain funds from deposits and borrowings and to allocate them to loans and investments. However, irrespective of the nature of the functions of any type of banking institution, one overriding function of banking is that it aims at solving human and societal financial problems.

The Banking Consolidation

In July 2004, the CBN announced a major banking sector reform policy requiring all deposit money banks licensed in Nigeria to raise their minimum paid-up share capital (capital base) to N25billion naira from N2billion within a period of 18 months ending December 31, 2005. The whole essence of the consolidation programme the CBN argued was to actualize the regulators vision of a sound and reliable banking structure for the 21st century characterized of absence of illiquidity and bad health. After initial arguments by stakeholders and financial analysts as to the desirability and feasibility of such high amount of capital base, the programme went on successful resulting to the pruning down of number of commercial banks in Nigeria from 89 to 25 by the end of December, 2005.

Soludo (2004) had listed the elements of the banking system consolidation programme to include:

The requirement that the minimum capitalization for banks should be N25 billion with full compliance by December 31, 2005.

The phased withdrawal of public sector funds from banks, starting in July 2004.

The consolidation of the banking institutions through mergers and acquisition.

The adoption of a risk-focused, and rule based regulatory framework;

The adoption of zero tolerance in the regulatory framework, especially in the area of data/information edition / reporting.

The automation process for the rendition of returns by banks and other financial institutions through the enhanced Financial Analysis and Surveillance System (e-FASS)

The establishment of a hotline, confidential internet address for all those wishing to share any confidential information with the Governor of the Central Bank on the operation of any bank or the financial system.

.The strict enforcement of the contingency planning framework for systematic banking distress.

The establishment of an Asset Management Company as an important element of distress resolution;

The promotion of the enforcement of dormant laws, especially those relating to the issuance of dud cheques, and the law relating to the vicarious liabilities of the Board members of the banks in cases of failing by the bank.

The idea of the consolidation is that a well capitalized bank will not have issues carrying out payment and clearing functions. Other objectives that the CBN intended to achieve with the consolidation policy according to Soludo (2004) include;

Creating a sound and more secure banking system that depositors can trust.

Building domestic banks that investors can rely upon to finance investments in the Nigerian economy;

Encouraging industry consolidation and reducing systematic risk;

Fighting corruption and white-collar crimes through improved transparency and

accountability, and insisting on sound corporate governance practices in the financial services sector;

Driving down cost structure of banks, improving banks efficiency and encouraging competition with the goals of lowering interest rates and providing large cheap credit to the economy; and

Meeting international benchmarks and minimum requirements for the integration of regional financial systems.

Source: Central Bank of Nigeria-Various Financial publication (1970-2006) and financial markets.

Liquidity Management and Deposit Money Banks Performance

Bank Liquidity simply means the ability of the bank to maintain sufficient funds to pay for its maturing obligations. It is the banks ability to immediately meet cash, cheques, other withdrawals obligations and legitimate new loan demand while abiding by existing reserve requirements. Liquidity management therefore involves the strategic supply or withdrawal from the market or circulation in the amount of liquidity consistent with a desired level of short-term reserve money without distorting the profit making ability and operations of the bank. It relies on the daily assessment of the liquidity conditions in the banking system, so as to determine its liquidity needs and thus the volume of liquidity to allot or withdraw from the market. The liquidity needs of the banking system are usually defined by the sum of reserve requirements imposed on banks by a monetary authority (CBN 2012). In recent time, the Federal Government of Nigeria (FGN) and the Central Bank of Nigeria (CBN) have perennially wanted permanent measures that would improve the profitability and stability of banks operating in the Nigerian banking industry. Regrettably, they have never completely succeeded in achieving this feat. For instance, from 1987-1991 financial sector reforms (intended to enhance competition in the sector, mobilize savings and lead to a more efficient allocation of resources) were implemented, encompassing elements of liberalization (such as the decontrolling of interest rates) and measures to enhance prudential regulation and tackle bank distress (Oluranti, 1991) Through the financial intermediation role, the commercial banks reactivate the idle funds borrowed from the lenders by investing such funds in different classes of portfolios. Such business activity of the bank is not without problems since the deposits from these fund savers which have been invested by the banks for profit maximization, can be recalled or demanded when the latter is not in position to meet their financial obligations. Considering the public loss of confidence as a result of bank distress which has bedevilled the financial sector in the last decade; and the intensity of competition in the banking sector due to the emergence of large number of new banks, every deposit money bank should ensure that it operates on profit and at the same time meets the financial demands of its depositors by maintaining adequate liquidity (Adebayo, 201l).

Deposit money banks are faced with problem of how to select or identify the optimum point or the level at which they can maintain its assets in order to optimize these two objectives since each of the liquidity has a different effect on the level of profitability. This problem becomes more pronounced as good numbers of deposit money banks are engrossed with profit maximization and as such they tend to neglect the importance of liquidity management. However, the profit maximization becomes a myth as the resulted liquidity can lead to both technical and legal insolvency with the consequence of low patronage, deposit flight, erosion of asset base. On the other hand, some recent study claimed that liquidity is endogenously determined and the question on the impact of liquidity on performance cannot be studied without controlling for endogeneity. This study employed a dynamic panel system generalized method of moment estimation to analyze the impact of deposit money banks liquidity on their performance. In Nigeria,

Adebayo. (2011) studied the impact of liquidity management on commercial banks profitability. The study concluded that a significant relationship exist between liquidity and profitability, thus banks profitability is determined by their level of liquidity management. In a similar study, on the impact on financial ratio on profitability, Saleem and Rehman (2011) found that financial ratios have significant effect on the financial positions of enterprises with differing amounts and liquidity accounts for the differing amount. Banks have traditionally provided liquidity on demand both to borrowers with open lines of credit and un-drawn loan commitments and to depositors in the form of checking and other transactions account. In fact the combination of these two products in a single firm constitutes working definition of a bank.

Deposit Money Bank as Liquidity Creators

To understand liquidity creation, picture a firm in need of long-term financing in a world without banks. In such a world, savers would directly finance the funding needs of the firm, and they would end up with an illiquid claim against the firm. In contrast, in a world with banks, it is the bank that provides the long-term loan to the firm, and the bank is able to offer savers demand deposits. So it is the bank that holds the illiquid claim against the firm and savers end up with a liquid claim against the bank. Because of this difference in liquidity between what banks do with their money and the way they finance their activities, banks are said to create liquidity. Inherent in the liquidity creation in these models is maturity transformation; see Bhattacharya and Thakor (1993) and Hellwig (1994) for discussions on this topic. Formal models of banks as liquidity creators in this sense were developed by Bryant (1980) and Diamond and Dybvig (1983). In those models, depositors can suffer interim liquidity shocks, so being able to hold liquid (demand) deposit claims improves welfare. In Diamond and Dybvig (1983), this liquidity creation exposes banks to withdrawal risk. Fear that other depositors may rush in to withdraw their deposits prematurely even though they may not have liquidity needs can cause all depositors to withdraw, precipitating a bank run as one of two possible equilibria. It is impossible for the bank to provision for such an event, short of practicing 100% reserve banking, i.e., keeping all deposits as cash in vault. But such an institution would be merely a safe-deposit box, rather than a bank that creates liquidity. Diamond and Dybvig (1983) argue that federal deposit insurance can eliminate bank runs, thereby ridding banks of the prospect of the large-scale deposit withdrawals that characterize such runs. But of course, the intent of deposit insurance is to help banks deal with panic runs, not substitute for the liquidity banks need to keep on hand to meet day-to-day routine deposit withdrawals. Thus, even with deposit insurance, banks need to worry about having enough liquidity on hand to meet the normal liquidity needs of depositors.

Because the level of even routine withdrawals on any given day is stochastic, the liquidity reserves a bank keeps may either be too high or too low in light of the realized level of withdrawals. Moreover, absent panic runs and financial crises, the daily withdrawal levels across banks will not be perfectly correlated, suggesting gains from diversification. To take advantage of these diversification gains, an interbank market in trading cash reserves emerged, called the federal funds market. In addition to the fed funds market, deposit money banks can also avail of short-term borrowing at the discount window to meet their short-term liquidity needs. The Federal Reserves willingness to provide banks with discount window access is an important potential source of liquidity for banks. Banks face costs in accessing the federal funds market and in borrowing at the discount window. One of these costs is that eligible collateral must be posted. Accessing the discount window may in addition be associated with a stigma such borrowing may be perceived as a sign of weakness, which may make banks reluctant to obtain funds. Banks thus have an incentive to keep some cash on hand to deal with the liquidity risk that is an unavoidable companion to the banks basic

economic. While the financing of banks through liquid demand deposits leads to withdrawal risk for banks, it also provides an opportunity for banks to provide liquidity to borrowers off the balance sheet. This was formalized by Kashyap, Rajan, and Stein (2002) who argue that banks face a demand for liquidity from their depositors as well as from customers who purchase loan commitments that can be exercised in the future, thereby obligating the bank to lend when customers exercise these commitments. This means that a pool of liquid assets that the bank keeps on hand can serve two purposes meeting the liquidity needs of borrowers as well as those of depositors. And there are diversification benefits associated with this costly holding of liquidity if the liquidity needs of borrowers and depositors are not perfectly correlated.

CONCLUSIONS

Based on the findings of this study, it concluded that there is a statistically significant difference in their various performance level with regards to liquidity; that there is a significant difference between the selected banks across the years of study; Adebayo, (201l) who reported that commercial banks act independently and relatively different in their liquidity, business activity of the bank is not without problems since the deposits from these fund savers which have been invested by the banks for profit maximization, can be recalled or demanded when the latter is not in position to meet their financial obligations. That UBA Plc of was rated the highest with a total percentage of 91.8% raking first (1st) while Zenith Bank Plc followed with a total percentage of 8.56% ranked 2nd with regards to asset; as reported by Kolade (2012) on a comparative performance evaluation of money deposit bank also found out that the series for the total loans and advances/total assets ratios in order to assess the banks‟ ability in earning return on their assets. He reported that Zenith Bank Nigeria Plc has average ratio of 82.59% which is highest amongst its group members and is thus ranked first on the parameter of loans and advances to total asset ratio as of 1990 – 2005. Also it was concluded that Access bank plc, Zenith bank plc and GTB bank plc had ranked 1st 2nd and 3rd with regards to profit after tax which reveals the performances of the banks when compared and; that there is a significant difference between the liquidity levels of the selected banks and their performances. Which implies that the null hypothesis is thereby rejected and alternate hypothesis accepted, which can now be stated as; there is a significant difference between the liquidity levels of the selected banks and their performances. The regression result of this research also found out that there is a significant difference between the liquidity levels of the selected banks and their performance and; that there is a significant difference between the asset quality and the performance of the selected banks.

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