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AN APPRAISAL OF THE PERFORMANCE OF NIGERIA BANKING INDUSTRY IN POST CONSOLIDATION ERA

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BEING A PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF MASTERS IN BUSINESS ADMINISTRATION DEGREE IN BANKING AND FINANCE.

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ABSTRACT

The current credit crisis and financial turmoil have questioned the effectiveness of bank consolidation programme as a remedy for financial stability and monetary policy in correcting the defects in the financial sector for sustainable development. The project attempts to examine the performances of banks induced bank consolidation and macroeconomic performance in Nigeria in a post consolidation period. The work further analysis published audited account of twenty (20) out of twenty – five (25) banks that emerged from the consolidation exercise and data from Central Bank (CBN), that is, the researcher made use of secondary sources of data for the study. The research employed the use of ordinary least square distribution in the test of two hypotheses formulated. Hypothesis 1, 2, 3, 't' test distribution were used by the researcher and all hypotheses were accepted, while only ordinary least square analysis was used in hypothesis two, which showed that non performing assets of Banks has negative effect on the performance of banks in the post consolidation exercise. More so the use of simple percentage conversion were used in measuring or determining the macroeconomic variables on the yearly basis which covers the pre/post consolidation era 2004-2005 for the research analysis in chapter four; the following result/conclusion emerged from research project work: That consolidation programme has not improve the overall performance of banks significantly, and also has contributed marginally to the growth of the real sector for sustainable development; The bank sector is becoming competitive and market forces are creating an atmosphere where many banks simply cannot afford to have weak balance sheets and inadequate corporate governance; That consolidation of banks may not necessarily be sufficient tool for financial stability for sustainable development and we recommend that bank consolidation in the financial market must be market driven to allow for efficient process.