View metadata, citation and similar papers at core.ac.uk
brought to you by CORE
provided by Covenant University Repository

Journal of Internet Banking and Commerce

An open access Internet journal (http://www.icommercecentral.com)

Journal of Internet Banking and Commerce, April 2017, vol. 22, no. 1

IMPACT OF BANKING CONSOLIDATION ON THE PERFORMANCE OF THE BANKING SECTOR IN NIGERIA

LAWRENCE UCHENNA OKOYE

Department of Banking and Finance, Covenant University, Ota, Ogun State, Nigeria

Tel: +234 8037274426;

Email: **lawrence.okoye@covenantuniversity.edu.ng**

KEHINDE A ADETILOYE

Department of Banking and Finance, Covenant University, Ota, Ogun State, Nigeria

OLAYINKA ERIN

Department of Accounting, Covenant University, Ota, Ogun State, Nigeria

GRACE O EVBUOMWAN

Department of Banking and Finance, Covenant University, Ota, Ogun State, Nigeria

Abstract

Following the consolidation of the Nigerian banking sector in 2005, to among other things, develop a strong and reliable banking sector capable of supporting the development of the domestic economy, this paper examines the performance of the programme by comparing the pre- and post-consolidation performance of the sector. Two independent samples representing the 9-year period preceding the 2005 banking consolidation exercise and the corresponding 9-year post consolidation period were analyzed. Performance assessment indicators analyzed in the study are non-performing loans ratio (asset quality), return on assets (earnings/profitability), capital adequacy ratio (long-term liquidity) liquidity ratio (short-term liquidity), bank loans and advances ratio (credit delivery) and bank assets ratio (bank size). Levene's independent sample t-test was used to determine evidence of significant difference in banking sector performance between the pre- and post-consolidation periods. At 5 per cent level of significance, the study shows evidence of significant differences in asset quality, capital adequacy ratio and loans and advances ratio. However, there is no evidence that return on assets, liquidity ratio and bank asset ratio differ significantly between the pre- and post-consolidation periods. Based on the above results, we conclude that banking consolidation significantly impacted on banking sector performance in Nigeria. We therefore recommend introduction of adequate regulatory measures, by the relevant authorities, in the sector as well as implementation of robust human capital development initiatives as imperatives for nurturing and sustaining the gains of the exercise.

Keywords: **Banking Consolidation; Banking Sector; Performance Assessment Indicators**

© Lawrence Uchenna Okoye, 2017

INTRODUCTION

The banking sector is an essential component of the financial system that plays a pivotal role in national economic growth and development, particularly in developing economies with low level of stock market development. The importance of banks to national economic development is widely acknowledged in literature. Banks are, for instance, described as engine of growth and development [1]. Also, Osaze [2] avers that the economic health of a country is determined by the health of its banking system. Imala [3] identifies stability and enhancement of sustained economic development as basic objectives of a sound banking system.

To be better positioned to deliver on its growth and development functions, advocates of bank capital, like Cannan [4], argue that banks should be adequately capitalized to be able to absorb shocks and ensure stability of the financial system. In Nigeria, for instance, bank capital has been a major component of banking reforms since 1952. Okafor [5] posits that episodes of bank capitalization in Nigeria aim at achieving adequate capital base to drive credit as well as provide adequate cover for bank credits. Soludo [6] explains that the 2004/2005 upward review of bank capital, from two billion naira to twenty-five billion naira, was aimed at developing a diversified, strong and reliable banking sector capable of playing active developmental roles in the local economy and of being competent and competitive players in the African regional and global financial system. It pre-supposes that the sector will be properly fitted to deliver on its important role as driver of economic activities.

From the historical evolution of banking in Nigeria which dates back to 1892 to the present, issues of bank capitalization have featured in virtually all episodes of bank failure in the country and bank capitalization has become an integral part of almost every banking reform in Nigeria. From the first banking regulation in 1952 (the 1952 Banking Ordinance) to 2010, the banking sector in Nigeria has witnessed a record 12 capitalization episodes with an average rate of capital increase of 317.08 per cent and a range of 20 per cent in 1969 to 1,150 per cent in 2004. However, these episodes have often been met with serious implementation difficulties due, largely, to average high rates of capital increases and short compliance periods with adverse implications for banking stability. Common strategies often adopted to achieve new capital requirements include mergers and acquisitions (consolidation) and capital market offerings.

Compliance with new capital requirements often leads to capital restructuring. According to Pandy [7], capital restructuring refers to changes in ownership structure, business mix, asset mix and other alliances aimed at achieving enhanced shareholder value. At the conclusion of the 2004/2005 recapitalization exercise, 25 banks emerged from the 89 that existed before the exercise following series of mergers and acquisitions in the sector. The exercise led to “forced marriages” in the banking system as banks that could not, on their own, meet up with the new capital requirement either merged or out-rightly were acquired by bigger banks [8]. Fourteen banks which were unable to meet the recapitalization deadline and could not attract willing “suitors” had their operating licenses withdrawn.

According to the concentration theory of business, the 25 bigger, stronger and more diversified banks that emerged from the consolidation exercise are expected to record efficiency gains leading to enhanced operational performance. Following the success of the consolidation programme, bank deposits and credits grew four-fold, from 2004 to 2009, and banking assets grew at an average of 76 per cent [1]. The huge increases in capital and asset base of the consolidated banks as well as their liquidity levels, however, failed to guarantee some measure of stability in the sector as some major

players in the sector came under severe liquidity and capital adequacy threat within three years of recapitalization.
This study seeks to examine the performance of the Nigerian banking sector in the pre and post-consolidation period in order to provide empirical evidence on the impact of banking consolidation reform on the performance of the sector in Nigeria.

REVIEW OF RELATED LITERATURE

At the centre of bank capital reform is the need to strengthen the capacity of the banking sector to effectively play its traditional role of financial intermediation as well as its growth and development role required for enhanced productivity growth. Bank capital is a source of long-term fund for banks and when maintained at adequate levels are expected to enhance the capacity of the banking sector to finance real sector activities like manufacturing. Cannan [4] posits that bank capitalization is a major determinant of the credit delivery capacity of a bank because equity capital constitutes the backbone of a bank's long-term lending operations.

Soludo [6] attributes the inability of Nigerian banks to play a lead role in the development of the Nigerian economy to weak capital base, poor corporate governance, gross insider abuses, etc. He argues that low capitalization of banks in Nigeria not only accounts for the sector's inability to finance the economy but also renders it vulnerable to unethical and unprofessional practices. Against the background of weak capital base, the Central Bank of Nigeria, on July 6, 2004, raised minimum capital requirement for banks operating in Nigeria from N2 billion to N25 billion with a compliance period of 18 months. To achieve the new regulatory minimum capital within the stipulated time frame, most banks relied on offer and sale of new shares to existing and/or new shareholders as well as series of mergers and acquisitions (banking consolidation).

Contrary to the theoretical expectation that higher levels of bank capital promote banking sector performance, Shah [9] cited by Okafor [5] argues that high bank capitalization does not automatically translate to improved bank risk management. It depends, rather, on the optimality of the investment portfolio mix generated by the expanded capital base. Also, Asedionlen [10] posits that though recapitalization may enhance short-term liquidity levels, it does not guarantee a conductive macroeconomic environment necessary for the promotion of high asset quality and enhanced profitability levels. High implementation costs may also impair the capacity of enhanced bank capital to promote operational performance in banks. Okafor [5] explains that compliance to new capitalization requirements often involve huge costs and enormous marketing efforts and that a short transitional period does not offer affected banks ample time to evaluate all implementation options in order to choose the best and most cost effective option. It is important to recall that the 2004/2005 bank recapitalization exercise which raised bank capital from N2 billion to N25 billion (an increase of about

1,150 per cent) has a transition period of 18 months.

Proponents of concentration theory argue that banking consolidation promotes increased returns through revenue and cost efficiency gains. They aver that consolidation may also reduce industry risks by eliminating weak banks from the system and creating better opportunities for diversification [11]. Advocates of banking consolidation argue that larger banks can diversify more profitably so that banking systems characterized by a few large banks tend to be less fragile than those with many small banks [12]. Also, Beck et al. [13] contend that a few large banks are easier to monitor than many small banks so that corporate control of banks will be more effective and risk of contagion less pronounced in a concentrated banking system.

On the other hand, opponents of the theory contend that banking concentration could raise banks' propensity for risk-taking through increased leverage and off-balance sheet activities. They argue that undue emphasis on economy of scale may create larger and more complex entities that may not be efficiently managed [14]. Antagonists further argue that concentration will intensify market power and political influence of financial conglomerates, stymie competition in, as well as access to, financial services, reduce efficiency and destabilize financial systems as banks become too big to discipline and use their influence to shape banking regulations and policies [15-17].

Some studies have been undertaken to ascertain the role of bank capital on bank performance. Bakare [18] examined the growth implications of bank capitalization in Nigeria using regression analysis and sample test technique for difference between two means. The regression estimate shows that recapitalization has a significant effect on economic growth. He also finds evidence of a significant difference between pre and post recapitalization means. Data for the study covered the period 2001-2003 (pre consolidation) and 2005-2007 (post consolidation).

Sani [19] examined the impact of capitalization reforms on commercial banks' performance in Nigeria and finds significant positive effect of bank recapitalization on the performance of commercial banks. A similar study by Onaolapo [20] shows that recapitalization has significant positive impact on the financial health of banks. Studies by Kishan and Opiela [21], Ehramnn et al. [22] and Garba [23] show that recapitalization promotes economic growth through enhanced lending to the real sector. Okpala [24] finds that recapitalization significantly impacts on the capacity of the banking sector to support real sector activities.

Adegbaju and Olokoyo [25] studied the effect of bank recapitalization on bank performance in Nigeria using the statistical test of difference of means. Data on key profit performance indicators like yield on earning assets (YEA), return on equity (ROE) and return on assets (ROA) covering pre-consolidation period of 1998-2000 and post-consolidation period of 2002-2004 were analyzed. The result shows that the means of

YEA, ROE and ROA significantly differ between the periods. The study was based on the 2001 bank recapitalization exercise.
Owolabi and Ogunlalu [26] examined the effect of banking consolidation on the performance of selected banks in Nigeria using 5-year pre and post-consolidation data on net profit margin (NPM), return on assets (ROA) and return on capital employed (ROCE). Data were analyzed using the statistical test of equality of means to ascertain whether or not there exists evidence of significant difference between the means of these variables as a result of the exercise. Four banks were selected for the study and data over the period 2001-2010 were employed. They find evidence of significant difference between mean of ROCE in the pre and post-consolidation periods but not for NPM and ROA.

Emeri et al. [27] studied the impact of banking consolidation on the economic development of Nigeria using data, from1986 to 2011, on gross fixed capital formation (GFCF), bank credit (BC), GDP, bank investment (BINV) and bank profitability (BPROF). Using the ordinary least squares (OLS) method, they estimated three models: (i) GFCF and BC (ii) GDP and BINV (iii) BPROF and TINV. The study finds evidence of (i) significant positive impact of bank capital on GFCF (ii) significant positive impact of average bank investment on GDP and significant negative impact of gross bank investment on GDP (iii) positive but not significant impact of total bank investment on bank profitability. The study, however, did not provide a comparative estimate of bank performance before and after a consolidation/recapitalization programme.

Olayinka and Farouk [28] examined the impact of banking consolidation on bank performance in Nigeria using data from four deposit money banks. Data on return on assets, net profit margin and return on equity over the period 2000-2011 were employed for the study. They find that banking consolidation impacts positively and significantly on return on assets and net profit margin but significantly lowers return on equity. They conclude that banking consolidation in Nigeria has significant impact on the performance of the Nigerian banking sector.

Nwosu et al. [29] examined the impact recapitalization on the risk-taking behavior of commercial banks in Nigeria. The study shows that increase in bank capital promotes bank stability. The study also produced evidence that bank consolidation led to abnormal increase in bank lending. They recommend that implementation of bank capital reviews should be backed by adequate regulations to prevent incidents of moral hazard from dampening the positive effect of bank capitalization on bank stability. Chong [30] also finds that bank capitalization tends to increase the riskiness of bank portfolios.

Ezike and Oke [31] investigated the relationship between capital adequacy standards, Basle accord and bank performance in Nigeria using a sample of selected banks. Employing the technique of the ordinary least squares, they find significant negative

impact of bank capital (proxied as shareholders fund) on bank performance. They recommend that the CBN should not rely solely on bank capitalization as a way of boosting bank performance but should also emphasize efficient and effective bank supervision and risk management.

Heimeshoff and Uhde [32] investigated the relationship between banking consolidation and financial stability in Europe. Using bank balance sheet data from commercial banks classified as MFIs across the EU-25 for the period 1997-2005, they find that increasing market concentration has a negative impact on banking stability as measured by the Z-score technique derived from Nicolo [33]. They conclude that higher equity capital often perceived as higher risk-buffer creates an incentive for banks to engage in risky investments.

Donwa and Odia [34] analyzed the effect of bank consolidation on the development of the Nigerian capital market based on chi-square and analysis of variance (ANOVA) techniques. Primary data was sourced using the questionnaire method. The study shows that bank consolidation raised public awareness on the operations of the capital market. The study also shows significant positive impact of banking consolidation on market capitalization and all-share index.

METHODOLOGY

Quantitative research technique based on ex-post facto design was adopted for the study. Secondary data on the research variables (non-performing loans, return on assets, capital adequacy ratio, liquidity ratio, total loans and advances, total banking sector assets and GDP) over the period 1996-2014 were sourced from the annual reports of the Nigeria Deposit Insurance Corporation (NDIC) and the Central Bank of Nigeria (CBN). Analytical techniques of both descriptive statistics and independent sample test were adopted for the study. The t-test was used to ascertain evidence of statistically significant difference in banking sector performance indicators (ratio of non-performing loans to total loans, return on assets, capital adequacy ratio, liquidity ratio, ratio of loans and advances to total banking assets and ratio banking sector assets to GDP) between pre and post-consolidation periods.

Analysis of Data, Results and Discussion

Non-Performing Loans

Table 1: Descriptive Statistics.

	Years	N	Mean	Std. Deviation	Std. Error Mean
Non-performing	Pre-consolidation	9	25.0356	6.28294	2.09431

loans	Post consolidation	9	9.4189	9.51660	3.17220

Table 1 shows the descriptive statistics for non-performing loans in the pre and post consolidation periods. The result shows a decrease in the performance of non-performing loans from a mean of 25.036 to 9.419 per cent for the pre- and post-consolidation periods. The observed reduction in non-performing loans suggests an evidence of a better credit administration policy in the post consolidation period. This implies an improvement in asset quality of the sector after the consolidation exercise.

Table 2: Independent Samples Test.

		Levene's Test for Equality of Variances		t-Test for Equality of Means						
		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Non-performing loans	Equal variances assumed	0.327	0.575	4.108	16	.001	15.61667	3.80118	7.55852	23.67482
	Equal variances not assumed			4.108	13.861	.001	15.61667	3.80118	7.45624	23.77709

Following an independent sample test of equality of means conducted to determine evidence of significant difference in the pre- and post-consolidation means, the result shows that at 5 per cent level of significance, there is a significant difference between pre- and post-consolidation means of non-performing loans ($p(0.001<0.05)$). The null hypothesis of no statistical significance is thereby rejected.

Return on Assets

Table 3: Descriptive Statistics.

	Years	N	Mean	Std. Deviation	Std. Error Mean
Return on Assets	Pre-consolidation	9	2.9311	0.98170	0.32723
	Post consolidation	9	1.0911	4.13137	1.37712

The descriptive statistic for return on assets in the pre- and post-consolidation periods presented in Table 3 shows a decrease in the mean values of return on assets from 2.9311 to 1.0911 per cent for the pre- and post-consolidation periods respectively. This suggests a decrease in the profitability of earning assets of the banking sector due to implementation of the consolidation programme. This implies an erosion of capital from

the banking sector and may partly explain observed instability and liquidity crisis in the sector which necessitated the banking sector reform of 2009-2010.

Table 4: Independent Samples Test.

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Return on Assets	Equal variances assumed	3.354	0.086	1.300	16	0.212	1.84000	1.41547	-1.16066	4.84066
	Equal variances not assumed			1.300	8.901	.226	1.84000	1.41547	-1.36747	5.04747

However, given that the significance value (0.212) of the test is greater than 0.05, the result of this study therefore suggests that the average difference of 1.84 percent in the performance of return on asset for the pre and post-consolidation periods is not significant. The study therefore does not reject the null hypothesis that there is no significant difference in return on asset between the pre (1996-2004) and post (2006-2014) consolidation periods.

Table 5: Descriptive Statistics

	Years	N	Mean	Std. Deviation	Std. Error Mean
Capital Adequacy ratio	Pre-consolidation	9	36.4444	12.78271	4.26090
	Post consolidation	9	17.4489	8.53486	2.84495

Table 5 shows the descriptive statistic for capital adequacy ratio in the pre- and post-consolidation periods. The means for capital adequacy ratio between the respective periods show a decline from 36.4444 to 17.4489. This is a further evidence of sub-optimal investments in the post-consolidation period.

Table 6: Independent Samples Test.

	Levene's Test for Equality of Variances		t-test for Equality of Means					
	F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference

									Lower	Upper
Capital Adequacy ratio	Equal variances assumed	1.521	0.235	3.708	16	0.002	18.99556	5.12338	8.13447	29.85664
	Equal variances not assumed			3.708	13.950	0.002	18.99556	5.12338	8.00332	29.98779

From the independent sample test presented in Table 6, the difference in the means between the two periods was shown to be significant at 5 per cent level of significance

Table 7: Descriptive Statistics.

Liquidity ratio

	Years	N	Mean	Std. Deviation	Std. Error Mean
Liquidity ratio	Pre-consolidation	9	51.5000	7.68863	2.56288
	Post consolidation	9	56.2378	9.48707	3.16236

The descriptive statistics for liquidity ratio in the pre- and post-consolidation periods shows an increase in liquidity ratio from 51.5000 pre-consolidation to 56.2378 post-consolidation. The increase in the liquidity level of the banking sector in the post consolidation period was largely due the liquidity surfeit that attended the implementation of the consolidation programme.

Table 8: Independent Samples Test.

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Liquidity ratio	Equal variances assumed	1.463	.244	-1.164	16	.262	-4.73778	4.07048	-13.36682	3.89126
	Equal variances not assumed			-1.164	15.342	.262	-4.73778	4.07048	-13.39701	3.92145

The independent sample test presented in Table 8, however, shows that the observed difference in the means of the samples is not significant. The null hypothesis is therefore not rejected.

Loans and Advances

Table 9: Descriptive Statistics.

	Years	N	Mean	Std. Deviation	Std. Error Mean
Loan and Advances	Pre-consolidation	9	9.5444	2.23501	.74500
	Post consolidation	9	21.4222	7.17091	2.39030

The descriptive statistics for loans and advances shows an over two-fold increase from the pre-consolidation value of 9.5444 to 21.4222 in the post-consolidation period. The standard deviation shows an over three-fold increase from 2.23501 to 7.17091 in the corresponding periods. This is understandable because in the aftermath of consolidation exercise, the banking sector was awash with liquidity and in an effort to transform the idle capital into earning assets, undue emphasis was placed on credit marketing leading to over exposure to high risk sectors or investments and other forms of sub-optimal project evaluation decisions. These developments largely account for the high level of loans and advances as well as the high level of risk associated with those credits.

Table 10: Independent Samples Test.

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Loan and Advances	Equal variances assumed	3.647	0.074	-4.744	16	0.000	-11.87778	2.50371	-17.18541	-6.57014
	Equal variances not assumed			-4.744	9.540	0.001	-11.87778	2.50371	-17.49310	-6.26246

Table 10 which presents the independent sample test for equality of means shows a statistically significant difference between the pre- and post-consolidation mean at 5 per cent level of significance. The result implies a rejection of the null hypothesis.

Bank Asset ratio

Table 11: Descriptive Statistics.

	Years	N	Mean	Std. Deviation	Std. Error Mean
Bank Assets ratio	Pre-consolidation	9	33.5578	10.79191	3.59730
	Post consolidation	9	45.9111	15.70624	5.23541

The mean of total banking sector asset ratio shows an increase from the pre-consolidation value of 33.5578 to 45.9111 post-consolidation. The result also shows that the risks associated with these assets also increased from 10.79191 to 15.70624 between the pre- and post-consolidation periods. The huge increase in bank capital in the post-consolidation was, to a large extent, invested in high risk ventures thereby raising the level of banking assets but at the same compromising the quality of those investments. This relationship follows the trend in the movements of liquidity ratio and loans and advances discussed previously.

Table 12: Independent Samples Test.

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Bank Assets ratio	Equal variances assumed	2.525	0.132	-1.945	16	0.070	-12.35333	6.35218	-25.81935	1.11268
	Equal variances not assumed			-1.945	14.177	0.072	-12.35333	6.35218	-25.96145	1.25479

The result of the independent sample test for equality of means of bank asset ratio shows non-significant difference between the pre- and post-consolidation means at 5 per cent level of significance. Based on this result, the null hypothesis is not rejected.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

The independent t-test conducted to ascertain significance or otherwise of the mean difference among the independent samples under investigation produced mixed results as follows:

There is significant improvement in asset quality in Nigerian banking sector following the implementation of the consolidation programme as shown by a reduction from pre-consolidation mean of 25.0356 to 9.4189 in the post-consolidation period.

There is a significant increase in capital adequacy ratio between the periods, an indication of enhanced capacity of the sector to support growth of the real sector.

The study also shows a significant increase in loans and advances to economic agents between the pre- and post-consolidation periods.

The second and third outcomes lend support to the cloakroom theory of banking that lending capacity is largely a function of equity capital.

There is however no evidence of significant difference for the means of return on assets, liquidity ratio and banking sector assets ratio between the periods.

Based on the above findings, the study concludes banking consolidation has the potential to promote the performance of the banking sector, particularly with regard to delivery of its core mandate of driving economic growth through credit operations.

It is recommended that adequate regulatory measures be put in place to sustain the benefits of banking consolidation as well as contain the incidence of sharp practices in the sector. It is also important to ensure that the exercise does not produce banks that may become too influential and thereby difficult to be effectively supervised as this may threaten banking sector stability. Lastly, there should be adequate internal capacity building, particularly in the area of human capital, to enhance the capacity of the sector to respond to managerial challenges associated with size.

ACKNOWLEDGEMENT

The authors duly appreciate Covenant University, Ota, Nigeria for the full sponsorship of this publication.

REFERENCES

1. Sanusi LS (2011) Growing Nigeria's real sector for employment and economic development: The role of the Central Bank of Nigeria, Paper delivered at the inaugural memorial lecture in honour of Late Professor Uzoaga WO, the University of Nigeria, Enugu Campus, Nigeria.
2. Osaze BE (2000) The Nigerian capital market in the African and global financial system, Bofic Consulting Group Limited, Benin City.

3. Imala OI (2005) Challenges of banking sector reforms and bank consolidation in Nigeria, Bullion.
4. Cannan E (1921) Cloakroom theory of banking, Economical Paper.
5. Okafor FO (2011) Fifty years of banking sector reforms in Nigeria (1960-2010): Past lessons: Future imperatives, First Bank of Nigeria Research Chair Report, Nnamdi Azikiwe University, Awka, Ezu Books Limited, Enugu.
6. Soludo CC (2004) Consolidating the Nigerian banking industry to meet the development challenges of the 21st century, An address presented at the Bankers Committee Meeting held on July 6 at the CBN Headquarters, Abuja.
7. Pandy IM (2005) Financial management, Vikas Publishing House PVT, Ltd, New Dehli.
8. Ibru C (2006) Overview of the financial environment in Nigeria, Working Paper, Army College of Logistics, Nigeria.
9. Shah (1996) cited by Okafor FO (2011) Fifty years of banking sector reforms in Nigeria (1960-2010): Past lessons: future imperatives, First Bank of Nigeria Research Chair Report, Nnamdi Azikiwe University, Awka, Ezu Books Limited, Enugu.
10. Asedionlen (2004) For the economic and financial interest of Nigeria, Niger world.
11. Berger AN (2000) The integration of the financial services industry: Where are the efficiencies, FEDS Paper, 36.
12. Allen F, Gale D (2003) Competition and financial stability, Journal of Money, Credit and Banking 36: 433-480.
13. Beck T, Demirgue-kunt A, Levine R (2003) Bank concentration and crises, NBER Working Paper, 1921, Retrieved December 20, 2015. http://www.nber.org/paper/W9921
14. De Nicolo G, Bartholomew P, Zaman J, Zephirin M (2003) Bank consolidation, Internationalization and conglomeration: Trends and implications for financial risk, IMF Working Paper, 3.

15. Demirgue-Kunt A, Levine R (2000) Bank concentration: cross country evidence, Retrieved December 19, 2015. http://www.globalpolicy.org/socecon/tncs/mergers/imfbankcons.htm.
16. Beck T, Demirgue-Kunt A, Levine R (2004) Bank concentration and fragility: Impact and mechanics, NBER Paper, Retrieved from http://www.nber.org/books/risk/beck-et-al-12-15-04.pdf.
17. Bank for International Settlements (2001) The banking industry in the emerging market economies: competition, consolidation and systematic stability, BIS Paper, 4.
18. Bakare AS (2011) The trend and growth implications of bank recapitalization in Nigeria, African Journal of Business Management, 5.
19. Sani TA (2004) The impact of bank reform on commercial banks' performance in Nigeria, Journal of Economic Thought 1: 31-33.
20. Onaolapo AA (2008) Implications of capitalization on bank financial health, Journal of Economic Theory 71: 291-299.
21. Kishan RP, Opiela TP (2000) Bank size, bank capital and the lending channel, Journal of Money, Credit and Banking 32: 121-141.
22. Ehramnm ML, Gambacorta J, Martinez P, Sevestre P, Worms A (2003) Financial systems and the role of banks in monetary policy transmission in the euro area, Monetary policy transmission in the Euro Area. In: Angeloni I, Kashyap A, Mogan B (ed.) Cambridge University Press, Cambridge.
23. Garba AB (2004) Recent reforms in the Nigerian banking industry: Issues and challenges, The Financer, Zaria: ABU.
24. Okpala KE (2013) Bank recapitalization and lending behaviours: A pragmatic evidence from Nigerian banking sector, Journal of Finance and Investment Analysis 2: 185-195.
25. Adegbaju AA, Olokoyo FO (2008) Recapitalization and banks' performance: A case study of Nigerian banks, African Economic and Business Review 6: 1-12.

26. Owolabi SA, Ogunlalu AE (2013) Banking industry consolidation and financial performance of selected quoted banks in Nigeria, Journal of Applied Finance and Banking 3: 219-238.
27. Emeri E, Nkamere S, Nneji I (2014) The impact of banking consolidation on the economic development of Nigeria, Research Journal of Finance and Accounting 5: 113-119.
28. Olayinka TT, Farouk MA (2014) The impact of consolidation on the performance of banks in Nigeria, Global Advanced Journal of Management and Business Studies 3: 479-485.
29. Nwosu EO, Amadi FN, Mba PN (2012) Bank consolidation and bank risk-taking behaviours: A panel study of commercial banks in Nigeria, Research Journal of Finance and Accounting, 3: 68-78.
30. Chong BS (1991) Effect on interstate banking on commercial risk and profitability, Review of Economics and Stabilization 73: 78-84.
31. Ezike JE, Oke MO (2013) Capital adequacy, standards, basle accord, and bank performance: The Nigerian experience, Asian Economic and Financial Review 3: 146-159.
32. Heimeshoff U, Uhde A (2009) Consolidation in banking and financial stability in Europe: Empirical evidence, Journal of Banking & Finance 33: 1299-1311.
33. De Nicolo G (2000) Size, character, value, and risk in banking: An international perspective, FSB International Finance Discussion Paper, 689.
34. Donwa P, Odia J (2011) Effects of the consolidation of the banking industry on the Nigeria capital market, Journal of Economics 2: 57-65.