

REVISITING THE DETERMINANTS OF BANK PERFORMANCE IN NIGERIA: THE ROLE OF BANK SIZE AND MACROECONOMIC VARIABLES

OTAPO, Waliu Toyin PhD¹

Associate Professor,
Department of Finance
Adekunle Ajasin University,
Akungba-Akoko
toyin.otapo@aaua.edu.ng

DAODU, Babalola Julius²

M.Sc Student, Department of
Finance,
Adekunle Ajasin University,
Akungba-Akoko
daodubablo@gmail.com

ADEDAYO, Olawale Clement³

Ph.D Student, Department of
Finance,
Adekunle Ajasin University,
Akungba –Akoko
wadedayo16@gmail.com

Correspondence Author: Adedayo, Olawale Clement, Ph,D Student Department of Finance, Adekunle Ajasin University, Akungba-Akoko, Ondo State, Nigeria. Email: wadedayo16@gmail.com Phone Number: 08034387279

Abstract

This study investigated the deposit money banks' (DMBs) and financial performance in Nigeria during a 21-year span, from 2004 to 2024. The study specifically examined whether the bank size, monetary policy rate and inflation rate have a substantial impact on the financial performance of DMBs. Secondary data from the annual financial statements of eight chosen deposit money banks in Nigeria were used in the study. Panel regression analysis and ordinary least squares were used to analyze the data that were produced. The study revealed that bank size has a significant negative impact on financial performance of DMBs in Nigeria, monetary policy rate do not exert any significant impact on the financial performance of DMBs in Nigeria and inflationary pressures have no significant impact on the financial performance of DMBs in Nigeria. . In conclusion, the study established that bank specific factors such as bank size critically shapes bank financial performance, while the macroeconomic variables of monetary policy rates and inflation do not significantly affect bank performance. The policy direction is to therefore, improve internal efficiency and ensure optimal scale management rather than solely relying on macroeconomic conditions.

Keywords: Deposit Money Bank, Bank size, inflation rate, monetary policy rate.

Introduction

The primary focus of the banking sector around the world is on taking deposits from the general public and using those deposits to lend to credit-worthy borrowers for investments, and other purposes. Overdrafts, loans, advances, business funding agreements, local purchase order financing, etc. are all common forms of bank credit. Akinlo and Mofoluwaso (2014) observed that depository money banks' (DMBs) primary function is to give bank credit, also known as lending. Lending, which entails the risk that the borrower may not repay the loan as agreed, and paying a fixed rate of interest on term deposits, are two activities that make up the global banking industry. There is a chance that lending rates will decline, which would mean that the bank would earn less on investments than it would on deposits (Biabani et al., 2012).

The management of credit risk takes place in a setting that is unique to the banking sector and is both complex and unpredictable. However, banks provide loans and advances to people, businesses, and the government in order for them to carry out investments and other development activities. By doing this, banks help the economy expand and develop while also generating a profit that will meet shareholders' expectations. Unfortunately, DMB's profitability

in Nigeria has been severely and adversely impacted for some time due to the steadily rising loan quality of assets, high levels of non-performing loans (NPL), and significant provisions for loan losses. The economic growth and efficiency of the economy are hampered by these NPLs (Karim et al., 2010). A germane and researchable questions are; what are the effects of banks specific characteristics and macroeconomic variables on banks performance as measured in financial terms, consequently, the study's objectives are to ascertain the effect of bank size, monetary policy rate and inflation rate on the financial performance of banks in Nigeria. After this introduction, section 2 contains the literature review, section 3 discusses the methodology while Section 4 and 5 contain the results & discussions and conclusion respectively

Literature Review

Theoretical review

The study is grounded in agency theory because bank managers, who act as agents in this situation, may make self-serving decisions that could be detrimental to stockholder interests. Conflicts of interest and information asymmetry may arise because a variety of decisions impacting the resources of the principal's firm are delegated to the agents, according to agency theory (principal-agent dilemma). According to Rozina and Jewel (2017), when an agent chooses to act in his or her interests rather than that of their principal, this is known as a principal-agent issue (moral hazard). Due to the agent's insider trading and the control measures put in place by the principle to prevent the agent from pursuing personal interests, the principal is responsible for agency fees such as the costs incurred. Agency costs are necessary evils because they are less expensive than the costs associated with letting management pursue their own agenda at the expense of the primary. When one person (the principal) gives another person (the agent) permission to act on their behalf, an agency relationship is established. Understanding the interactions between agents and principals is done using agency theory. In a specific business transaction, the agent represents the principal and is responsible for acting in the principal's best interests, putting the interests of the principal before their own (Fadun, 2013).

According to the fundamental nature of information asymmetry, the principal-agent models of agency theory can be broadly divided into three kinds. Models with ex-post asymmetric information fall under the first category. Following the signature of the contract between the principal and himself, the agent in these models receives certain private information. These models are called moral hazard models. Models with asymmetric ex-ante information are in the second class. Before the contract is signed, the agent in these models already knows confidential information. Adverse selection models are those that fit this description. The third class of signaling models is related in a close way. In these models, the informed agent may communicate his private information to the principal via a signal (Shadnam, 2014). Because the agent's ability to cover potential losses in the future is unpredictable, and because the principal is unaware of the needs and wants of the agents, the principal will design the contract to receive some profits from the agents. The principal wants to assign the contract in a way that increases his profit while paying the agent for carrying out the duty that is expected of him (Ibrahim et al., 2021).

The formula is expressed as the probability expected (prob.exp.) of the utility of the principal:

$$\text{Exp. } U_p = \text{Exp. } F(\text{capability})_a - F(\text{agent's cost}) \quad (i)$$

Where;

Exp. U_p : Expected Utility from the Principal

Exp. $F(\text{capability})_a$: Expected from the function of agent's capability

$F(\text{Agent's cost})$: The function of agent's cost.

Empirical Review

In order to conduct monetary policy inside an economy, Taiwan (2018) observes that monetary authorities employ the credit view and its sub-channels, the interest rate channel and the bank lending channel. For instance, an expansionary monetary policy that uses the interest channel would cut interest rates to lower the cost of capital, which would simultaneously raise investment and expenditure as well as aggregate demand and output. On the other hand, an expansionary monetary policy through the bank lending channel raises bank deposits and reserves, leading to a rise in the accessibility of bank loans, which promotes investment and consumer spending. This study is based on developing and putting into practice a viable framework for monetary policy which requires an understanding of the bank lending channel.

According to Mishkin (2019), the foundation of the bank lending channel is the unique function that banks perform within the financial system in addressing issues with asymmetric information and other flaws in credit markets. Banks frequently act as financial middlemen who provide money to particular borrowers who lack access to credit markets. The magnitude of the external finance premium, which is the difference between the costs of a firm's externally generated funds (via issuing equity or debt) and its internally generated funds, reflects the imperfections (retained earnings). This implies that banks provide indirect finance while serving as financial mediators between SSUs and SDUs, building on their unique function in directing funds for productive use. According to Gambacorta and Mistrulli (2004), only big businesses issue commercial papers as a result, during monetary contractions, small and large enterprises display different behaviors, which minimizes the significance of the bank lending channel.

The contrasts between small and large businesses during monetary contractions typically do not cut against the bank lending perspective. In this regard, Kashyap, et al (2013) noted that monetary authorities' contraction reduces the supply of loans to small businesses, and that small businesses expand their account payables in pursuit of alternative sources of financing. Large companies are simultaneously experiencing a surge in the demand for their account payables, which forces them to issue more commercial papers in order to secure additional external funding. Therefore, a rise in commercial papers would allow major companies to moderately and imperfectly replace banks' financial intermediation role. Despite the importance of the bank lending channel in directing capital toward productive uses, Kim and Sohn (2017) contend that loans do not play a crucial role since the initial impact of a monetary policy contraction on interest rates is felt through deposits rather than loans. In accordance with the banking theory of credit creation, this study challenges the claim made by the above scholars on the crucial function of loans, as banks do not lend existing money but instead generate new money.

Akinola (2022) investigated how bank size affected the financial results of listed deposit money banks (DMBs) in Nigeria. The relationship between bank size and financial performance was also explored, as well as the moderating impact of adequate internal control. The study used an ex-post facto research strategy since secondary data were taken from 10 DMBs' published annual reports in Nigeria for the 12-year period between 2006 and 2017. Descriptive and inferential statistics were used to analyze the data (multiple regression analysis). According to the analysis's findings, the proxies for bank size (total assets, personnel count, and client deposits) all had a cumulative impact on return on asset for financial performance. Also, the effectiveness of internal controls as a moderating factor improved the impact of bank size on financial performance. The study came to the conclusion that the combination of total asset, personnel count, and client deposits, which served as proxies for bank size had an impact on financial performance.

Alfadhli and Al Ali (2021) examined how Kuwaiti banks' financial performance was affected by their size. According to the study's analysis, the number of employees, the number of bank-owned branches, and customer deposits have a negative association with financial success, however shareholder ownership has a positive link. Kachumbo (2020) used panel data analysis to examine the factors influencing the financial performance of commercial Fintech banks in Kenya. The capital adequacy ratio, customer size, and the amount of loan advances given to customers served as proxies for the independent variable, and return on equity served as a proxy for the

dependent variable. According to the findings, there is a negative and significant association between capital sufficiency and client volume and financial performance.

In their study of the financial performance of Kenya's quoted banks, Nyabaga and Wepukhulu (2020) examined the impact of business characteristics. The study's results utilizing regression analysis show that adequate capital and bank size have a considerable favorable impact on return on equity and return on asset. The return on equity and return on asset are negatively impacted by asset adequacy. Other studies operationalized financial performance using proxies like ROA and ROE (Aladwaini, 2015; Jaouad & Lahsen, 2018). Only ROA was employed in this study as a stand-in for financial performance. The literature review is therefore founded on bank size and financial performance. Al-Homaidi, et al (2018), on the other hand, used a panel data analytic methodology to assess the effect of bank-specific characteristics on the profitability of 60 Indian banks. The results demonstrate that asset size and client deposits, which represent the size of the bank, had a favorable impact on profitability as evaluated by ROA and ROE. Using panel data from 43 banks from 2007 to 2016, Mwangi, et al (2014) determined the impact of bank size (total asset) on the financial performance of commercial banks in Kenya. The study's findings demonstrated that total assets had a favorable impact on ROA and ROE. The study also discovered that a bank's financial performance increases with its size.

Al-Amin, et al (2021) examined the effect of non-performing loans (NPLs) on the financial performance of all Bangladeshi listed banks. In order to determine the impact of the non-performing loan ratio (NPLR), capital adequacy ratio (CAR), inflation (INF), and provision maintenance ratio (PMR) on the return on asset, the study examined data from the preceding 23 years, from 1997 to 2019. The study used the OLS and VAT models, the Test of Heteroscedasticity, the Test of Normal Distribution, and the Unit Root Test to analyze the OLS regression. It discovered that all independent variables, including NPLR, CAR, INF, and PMR, are statistically significant in explaining the dependent variable.

Ibitomi and Micah (2021) study investigated how non-performing loans affect the liquidity of Nigeria's deposit money banks. In order to examine the relationship between the explained variable (banks' liquidity) and Non-Performing Loans (NPL), a panel regression analysis was conducted on data of 15 quoted DMBs from 2009 to 2019. In addition, the explanatory variables Capital Adequacy Ratio (CAR), Bank Size (BS), Loan Growth (LG), Monetary Policy Rate (MPR), Gross Domestic Product (GDP), and Inflation were considered. Only four variables were found to be significantly correlated with banks' liquidity in the study: Non-Performing Loans, Capital Adequacy Ratio, Bank Size, and Inflation. The other three, Gross Domestic Product, Loan Growth, and Monetary Policy Rate, were found to be negligible. The finding also revealed that NPLs has negative effect on banks' liquidity while CAR, BS and INF showed positive relationship.

In their study, Kipkoech and Bogongo (2023) examined the impact of credit management on the financial performance of commercial banks in Eldoret, Kenya. The primary objective of this research as to examine the impact of lending terms, credit criteria, and collection policies on the financial performance of commercial banks in the Eldoret region. The research used a descriptive survey approach, focusing on a target population of 30 licensed commercial banks operating in Eldoret. The sample for this study consisted of 177 respondents, namely branch managers and credit officers from various commercial banks. Each respondent was considered as a unit of observation. The research used a census methodology, in which all units of observation were included. The research used both primary and secondary data sources. Primary data was acquired via the use of questionnaires, while secondary data was obtained from printed sources using a secondary data collecting form. The data that was gathered underwent analysis using both descriptive and inferential statistical methods. The research conducted has established that lending terms, credit criteria, and collection policies have a notable and meaningful impact on the financial performance of commercial banks in Eldoret. The beta values for the variables under consideration are 0.336, 0.404, and 0.304, with corresponding significance values of 0.000, 0.000, and 0.003 respectively.

In Indonesian banks, Dewi and Badjra (2020) assessed the impact of NPL, LDR, and Operating costs of operating income (BOPO) on return on income. According to the report, BOPO is the most important component that has a substantial impact on bank profitability. The inferential study shows that BOPO and NPL both have a negative and considerable impact on profitability or return on assets. The study makes the suggestion that if banks experience increased profitability, policymakers should improve their management and operational effectiveness. Nyarko-Baasi (2018) evaluated the effects of nonperforming loans on the profitability of a few chosen commercial banks in Tanzania and Ghana, respectively. The panel regression model with fixed effects was utilized in the investigation. The findings indicated a link between non-performing loans and banks' degree of profitability. The outcome supported the information asymmetry theory and the theory of poor management. Using a straightforward regression model for data analysis, Akter and Roy (2017) investigated the effects of bank-specific characteristics on non-performing loans (NPLs) in the banking sector. The study discovered that while return on equity and the ratio of loans to assets had a negative but significant impact on non-performing loans, the capital adequacy ratio had a negative but minor relationship with NPLs. Their research also revealed a substantial positive association between non-performing loans and total loan and net interest margin (NPLs).

Methodology

The complete population of this study consists of the 19 recognized Deposit Money Banks in Nigeria that have been granted international and domestic authorization by the Central Bank of Nigeria. Access Bank Plc, Fidelity Bank Plc, First City Monument Bank Plc, First Bank of Nigeria Plc, Guaranty Trust Bank Plc, Union Bank of Nigeria Plc, United Bank for Africa Plc, and Zenith Bank Plc are some of these as international authorization. While the following deposit money institutions are licenced by the government, to engage in banking business Citi Bank Nigeria Limited, Eco Bank Nigeria Plc, Globus Bank Limited, Keystone Bank Limited, Polaris Bank Plc, Stanbic IBTC Bank Plc, Standard Chartered Bank Ltd, Sterling Bank Plc, Titan Trust Bank Limited, Unity Bank Plc, and Wema Bank Plc (CBN, 2024).

The study adopts eight (8) international licensed deposit money banks as sample of the study out of the nineteen (19) deposit money banks in Nigeria for the period 2004 to 2024. These include Access Bank Plc, Fidelity Bank Plc, First City Monument Bank Plc, First Bank of Nigeria Plc, Guaranty Trust Bank Plc, Union Bank of Nigeria Plc, United Bank for Africa Plc and Zenith Bank Plc. This is due to their official annual data on the variables of the study can be accessed from the appropriate designated government agencies including the Central Bank of Nigeria (CBN) and National Bureau of statistics (NBS) for the period covered by the study, 2004 to 2024. Again, the paid up capital of the selected banks are relatively higher than others. The case studies for the study were chosen using judgmental sampling approaches. The Fully Modified Ordinary Least Square (FMOLS) and Panel Data Regression techniques were utilized in the study to analyze the data. The eight (8) chosen banks were covered using panel data regression while the pooled OLS covered the individual variable data. The goal of the two methods is to compare their output. Additionally, panel data approach was used in the study. As a result, when discussing an estimator for the regression model's coefficients, the term fixed effect estimator' is employed. The fixed effect model is provided in its generalized form by;

$$Y_{it} = \delta_0 + \beta x_{it} + \mu_{it} + v_{it} \text{ ----- (i)}$$

Where;

Y_{it} = dependent variable

δ_0 = intercept

βx_{it} = vector of explanatory variable

μ_{it} = individual specific effect

v_{it} = error term

The Hausman Test was used to determine if the Fixed Effect Model or Random Effect Model is more appropriate for the investigation. The fixed effect model's generalized form is provided by;

$$Y_{it} = \delta + \beta x_{it} + \epsilon_i + \epsilon_{it} \quad (ii)$$

Where;

ϵ_i = cross sectional error term

ϵ_{it} = individual observational error term

As a functional form of the following equations, the researchers propose the panel information model below:

MODEL 1

$$ROA = f(BKS, MPR, INF) \quad (iv)$$

MODEL II

$$ROE = f(BKS, MPR, INF) \quad (v)$$

While the econometric form of the model is:

$$ROA_{it} = \beta_0 + \beta_1 BKS_{it} + \beta_2 MPR_{it} + \beta_3 INF_{it} + \epsilon_{it} \quad (vi)$$

$$ROE_{it} = \beta_0 + \beta_1 BKS_{it} + \beta_2 MPR_{it} + \beta_3 INF_{it} + \epsilon_{it} \quad (vii)$$

i = cross-sectional variables from 1, 2, 3, -----21

t = time series variables from 1, 2, 3, -----21

e = error term

Where;

ROA_{it} = Return on Assets of bank i at the end of year t proxy for bank performance.

ROE_{it} = Return on Equity of bank i at the end of year t proxy for bank performance.

BKS_{it} = Bank Size

MPR_{it} = Monetary policy rate

INF_{it} = Inflation rate

$$Inflation = \frac{CCP\ Index - HCP\ Index}{CCP\ Index} \times 100$$

Theoretical expectation is depicted as: $\beta_2, \beta_3 < 0$ and $\beta_1 > 0$

β_0 is to take care of the Constant Variable.

β_1 is the coefficient of Bank Size (BKS) which is expected to be greater than zero ($\beta_1 > 0$). That is a positive relationship with the Return on Assets (ROA) and Return on Equity (ROE) in Nigeria is expected. β_2 is the coefficient of Monetary Policy Rate (MPR) which is expected to be less than zero ($\beta_2 < 0$). That is a negative relationship with the Return on Assets (ROA) and Return on Equity (ROE) in Nigerian is expected. Finally, β_3 is the coefficient of Inflation Rate (INFL) which is expected to be less than zero ($\beta_3 < 0$). That is a negative relationship with the Return on Assets (ROA) and Return on Equity (ROE) in Nigerian is expected.

This study will use Return on Assets and Return on Equity to capture its dependent variable depicting banks' performance in Nigeria. The measurement, for the calculation of Return on Assets is as follows:

$$ROA = \frac{\text{Net Profit After Tax}}{\text{Total Assets}}$$

Total Assets

$$ROE = \frac{\text{Net Income}}{\text{Total Equity}}$$

Total Equity

While, the independent variables of this study can be measured thus:

- i. Bank Size = Total Assets.
- ii. Monetary Policy Rate = Overnight rate banks charges one another to borrow funds.
- iii. Inflation Rate = $\frac{CCP\ Index - HCP\ Index}{CCP\ Index} \times 100$.

RESULTS

Regression results

Question: To what extent is the influence of bank size, monetary policy rate and inflation rate on performance of deposit money banks in Nigeria (ROA)?

The results of the fixed and random effects model for return on assets as the bank performance variable a one unit are presented in Table I.

Table 1: Panel Regression Result for the ROA Equation

Variable	<i>Fixed effects</i>				<i>Random effects</i>			
	Coeff.	Prob.	Coeff.	Prob.	Coeff.	Prob.	Coeff.	Prob.
Constant	10.534	0.00	8.965	0.00	8.952	0.02	7.504	0.05
BKS	-0.920	0.00	-0.875	0.00	-0.838	0.01	-0.754	0.02
MPR	-0.046	0.27	-0.046	0.27	-0.073	0.53	-0.076	0.49
INFL	-0.035	0.29	-0.001	0.97	0.021	0.82	0.037	0.67
R-sq.	0.634		0.66		0.062		0.085	
Adj. R-sq.	0.603		0.63		0.027		0.045	
F-stat.	21.502		20.49157		1.761		2.134	

Source: Author’s computations, 2025.

It can be seen that the goodness of fit statistics has improved drastically over the pooled OLS estimates in each of the estimations. The goodness of fit statistics values are also better in the fixed effects estimates than in the random effects estimates. The adjusted R-squared value in the fixed effects estimates shows that about 60 percent of systematic variations in ROA for the banks are captured in the model with control, while 63 percent is captured in the model without control. Thus, the focus of the analysis in this study is on fixed effect estimations. The focus is on the particular contribution of the individual variables to return on asset (ROA) of the banks. A one unit increase in bank size, reduces bank performance by 0.920 units, implying that mere increase in physical bank branch does not translate into efficient credit allocation and intermediation. Similarly, a one unit increase in the monetary policy rate reduces the bank performance by 0.046 units while a one unit increase in inflation reduces bank performance by 0.035, furthermore bank size is significant with a probability of 0.02, but the monetary policy rate and inflation are not significant with probabilities of 0.49 and 0.67 respectively.

Question: To what extent is the influence of bank size, monetary policy rate and inflation rate on performance of deposit money banks in Nigeria (ROE)?

The section presents the results of the estimates of the impact of NPL and other variables on ROE of the banks. The results of the estimates are contained in table 2.

Table 2: Panel Regression result for the ROE equation

Variable	Fixed Effects				Random Effects			
	Coeff.	Prob.	Coeff.	Prob.	Coeff.	Prob.	Coeff.	Prob.
C	0.985	0.00	0.947	0.00	1.152	0.06	1.171	0.07
BKS	-0.030	0.09	-0.025	0.16	0.022	0.67	0.021	0.69
MPR	-0.008	0.22	-0.008	0.22	-0.011	0.54	-0.011	0.54
INFL	0.004	0.39	0.005	0.32	0.014	0.33	0.014	0.35
R-squared	0.469		0.473		0.144		0.144	
Adj.R-squared	0.425		0.425		0.112		0.106	
F-statistic	10.476		9.806		4.505		3.840	

Source: Author's computations, 2025

The adjusted R-squared values for the fixed effects estimates are also larger than those of the pooled OLS and the random effects estimates. This again justifies the efficiency of the fixed effects approach to the estimation for this study. The important focus of the analysis is on the coefficients of the explanatory variables. The coefficient of both monetary policy rate and inflation rate also fail the significance tests at the 5 percent level. This shows that, just like ROE, the external macroeconomic factors do not have significant impact on the return to equity of DMBS in Nigeria. . Bank size (-0.30) and monetary policy (-0.008) rate has negative association with return on equity while inflation (0.004) has a direct or positive association with the return on equity. All the variables in this case are not significant at 10% level.

Discussion of Findings

This finding support previous studies by Olaoluwa and Shomade (2017) and Kim and Sohn (2017) where the role of interest rate was demonstrated to be more related to deposits rather than to loans in the Nigerian and developed country context. In the same vein, inflation rate was found to have no impact on financial performance of DMBS in Nigeria. Thus, external or macroeconomic factors do not explain the financial performance of DMBS in Nigeria, especially in terms of ROE and ROA. This outcome is crucial and shows that financial performances of banks in Nigeria are essentially disconnected from macroeconomic occurrences in the country. In particular, the result indicates that whether the banks charge higher or lower interest rates, the operational efficiency of the banks do not change significantly.

Moreover, rising price level in the economy (or economic instability) also do not influence the financial profitability of the banks. This outcome portends both positive and negative implications. In the first place, it shows that banks in Nigeria may not necessarily fail or run into serious balance sheet even when inflationary pressures are high. Thus, these banks appear to be effectively shielded from the external macroeconomic factors in terms of their operational activities. On the other hand, this result suggests that the banking system is not linked to the real sector in Nigeria. Thus, when the real sector is facing price decimation, the banking system, which is expected to bear the brunt of the real sector financial woes, is not essentially affected. Thus, the banking system does not appear to be playing its financial roles effectively in the economy.

Conclusion

Though banks offer many services, most of them are related to credit and cash management which are critical aspects of liquidity among the banks. A major risk of systemic failure is characterized by the rate of non-performing loans in the banking system. Thus, proper focus on its main activities from both the policy and operational perspectives are essential. These perspectives particularly involve appropriate strategies for the management of lending activities that are geared towards contributing greatly to bank performance, productivity and long run stability of the system. In this study, the role of deposit money banks and other related aspects of the banking system in Nigeria were examined in relation to their impacts on the financial performance of these banks. It has been shown that indeed, bank size has a significant negative impact on financial performance of DMBs in Nigeria, monetary policy rate does not exert any significant impact on the financial performance of DMBs in Nigeria and inflationary pressures have no significant impact on the financial performance of DMBs in Nigeria. In conclusion, the study established that bank specific factors such as bank size critically shapes bank financial performance, while the macroeconomic variables of monetary policy rates and inflation do not significantly affect bank performance. The policy direction is to therefore, improve internal efficiency and ensure optimal scale management rather than solely relying on macroeconomic conditions.

Recommendations

Arising from the analysis and findings, the following recommendations were offered;

- i. firstly, bank size has a significant negative impact on DMBs' financial performance in Nigeria. Banks should ensure they maintain capital adequacy and liquidity management to impact on bank performance.
- ii. Secondly, the monetary policy rate adopted by Central Bank through its prudential guidelines must make sure that their monetary policies measures address the financial system in order to influence bank performance.
- iii. From the foregoing the regulatory agencies in Nigeria have more responsibilities to carry out in terms of guiding the banks in their loan policies and operations more properly. It is known that much dependence on loan strategies that are high-risk tends to result in higher loan defaults in the banking system.
- iv. Hence, the regulatory agencies need to regulate the lending visa-visa the deposit and liquidity stance of banks on a regular basis. Lastly, Government through central banks should embark on fiscal/monetary policies that targets reduction of high inflation rate through adoption of contractionary/expansionary measures.

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