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Research Article

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The Influence of Assets Management on Financial Performance of Some Selected Nigeria Deposit Money Banks

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ABSTRACT

The stability of Deposit Money Banks as whole in the economy depends on proper asset management structure. Asset liability management in Deposit Money Banks is determined by the ability of the banks to retain capital, absorb loans losses, support future growth of assets and provide returns to investors. The research work was embarked upon due to challenges observed to be facing financial institution; The impact of changes in the regulatory environment on banks is that banks are receiving less hands-on assessment by the regulators, less time spent with each institution, and the potential for more problems slipping through the cracks, potentially resulting in an overall increase in bank failures. The major aim of this study is to identify the best possible strategy to manage the composition of financial institutions', assets and liability management by controlling the various types of business strategies to maximize profitability and increase performance. Data used in this study was obtained from Central Bank of Nigeria (CBN) annual statistical bulletin and from audited financial statement of selected Nigerian Deposit Money Banks. The sourced data which consist of time-series and cross sectional data were analyzed using the econometric view (E-view) software to compute a descriptive statistic of the study variables and a panel data regression analysis was used to explore the relationship between AML and Financial performance. Findings showed that loans and advances are positively related to return on equity especially when profitability is measured as proxy of financial performance, while the liability variables are negatively related to the measure of bank performance adopted in this study. It was concluded that asset management has significant effect on financial performance of Nigerian deposit money banks. In conclusion, asset management positively and liability management negatively related to profitability of Deposits Money Bank. Recommendation, therefore that poor management of loans and advances should be avoided by banks as much as possible as this will see to it that the profitability of Deposits Money Bank in Nigeria increase given them competitive edge. Also, high cost of operations which has significant effects on profitability of Deposits Money Bank in Nigeria as found out in the study should be mitigated by banks as this will see to it that the issue of untimely death by banks is avoided.

KEYWORDS: ***Asset Management, Deposits Money Bank, Demand Deposit, Loans and advances, and Financial performance***

1. INTRODUCTION

Deposit Money Banks have always played major roles in the economic development and their operations are always affected by macroeconomic conditions (CBN news bulletin 2011).

A sound, progressive and dynamic banking system is a fundamental requirement for economic development. As an important segment of the tertiary sector of an economy, Deposit Money Banks act as the backbone of economic growth and prosperity by acting as a catalyst in the process of development. They inculcate the habit of saving and mobilize funds from numerous small households and business firms spread over a wide geographical area. The funds so mobilized are used for productive purposes in agriculture, oil and gas, industry and trade (Vossen, 2010) cited by Davis (2012). The stability of Deposit Money Banks as whole in the economy depends on proper asset liability management structures. Better asset liability management has the tendency to manage risks and shocks that Deposit Money Banks can face. Moreover, asset liability management is the prerequisite condition for the efficiency and growth of Deposit Money Banks. Asset liability management in Deposit Money Banks is determined by the ability of the banks to retain capital, absorb loan losses, support future growth of assets and provide return to investors. The largest source of income to the bank is interest income from lending activity less interest paid on deposits and debt. But it should be noted that banks cannot give out loans without deposit and banks primarily makes their profit through loan creation. This was affirmed by Obrimah and Ebere (2014). They were of the opinion that bank cannot make profit without credit administration, and there cannot be credit administration without deposit. For a bank to attain the same objectives then it has to ensure proper asset liability management, including liquidity risk management, interest rate risk management and credit risk management (Francis, 2007).

It is often argued that macroeconomic variables affect banks profitability (Sufian and Chong 2008). Profitability of a firm or an industry is very important as it shows the results achieved over a time period. The determinants of bank profitability are different in banks because of difference in operation, internal external factors and structural affiliation among others influences bank profitability Adenusi, Kolapo & Aluko (2014). Disregarding the profitability measures, most of the banking studies have noticed that the capital ratio, loan-loss provisions and expense control are important factors in achieving high profitability which are the internal factors. The focus on the determinants of profitability for the Deposit Money Banks is understood by the fact that Nigeria has a bank-based financial system. Because of the nature of her financial system, the success of these banks measured in terms of their profitability determines the level of financial development, which is a major prerequisite for economic growth.

A comprehensive Asset Liability Management policy framework focuses on bank profitability and long term viability by targeting the net interest margin (NIM) ratio, return on equity and Net Economic Value (NEV), subject to balance sheet constraints. Significant among these constraints are maintaining credit quality, meeting liquidity needs and obtaining sufficient capital. The function of ALM is not just protection from risk. The safety achieved through ALM also opens up opportunities for enhancing net worth. Interest rate risk (IRR) largely poses a problem to a bank's net interest income and hence bank performance. Changes in interest rates can significantly alter a bank's net interest income (NII), depending on the extent of mismatch between the asset and liability interest rate. Changes in interest rates also affect the market value or return on a bank's equity.

As the service sector continues to expand in today's economy, the financial services sub-sector also experiences rapid growth accompanied by a

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

heightened demand for good asset and liability portfolios. As asset portfolio's performance normally affects the profitability of a firm so as the expansion of the rises calls for more challenges to the financial sector. Therefore, growth in banking industries may be accompanied by increased risks. The volume and timing of assets and liabilities and the relationship between them may be of critical concern in profit maximization. Moreso, expansion in financial market activities may result in the value of a firm's liabilities exceeding the value of its assets. This phenomenon may indicate increased levels of risks associated with these portfolios which may be greatly magnified by unstable financial market activities and changes in interest rates.

The imperative that result from the simultaneous unstable financial markets and changes in interest rates make asset and liability essential in prudent portfolio management. The preceding development therefore put operators in the industry under considerable pressure to improve upon their net interest margin (NII) by finding effective strategies for managing their asset and liability portfolios.

This study sought to examine some best practices in the management of asset -liability and their influence on performance of banks taking into account the unique attributes of the Nigeria economy.

2. LITERATURE REVIEW

This section review some empirical findings of scholars starting from developed countries down to emerging economies Nigeria inclusive on the issues on the influence of assets management on financial performance of some selected Nigeria Deposit Money Banks.

Kosmidou (2008) applied a linear regression model on Greece 23 Commercial Banks data for 1990-2002 using ROA and the ratio of loan loss reserve to gross loans to proxy profitability and asset quality respectively. The results showed a negative significant impact of asset quality to bank profitability. But could the ratio of loan loss reserve to gross loans actually capture profitability and overall bank performances, even do it is a good variable to measure asset quality. In view of this, study as adopted ROE and NIM as a measure of bank performance in 10 Nigeria Deposit Money Banks data of 2009-2014.

Mihal (2009) did a study on how asset liability management in banks for the 2004 -2011 periods, using a panel of over 30 banks across Europe. The study concluded that in order to be effective in banks, the management of assets and liabilities must take into consideration the Earnings, liquidity, profit and the level of loans & deposits.

Altunbaset (2000) on bank capital augmentation in Spain, specified a panel regression model for growth in bank capital as a function of expected rate of return on capital, portfolio risk (measure as ratio of public sector securities to total assets), liquidity, deposit growth rate, interest sensitivity gap, ratio of non- performance loan, ratio of off-balance sheet to total asset (as a measure of innovation), and operating efficiency of a bank (measured as ratio of total cost to total income).

Suzuki (2011) focused on financial reform, ownership and performance in banking industry: the case of India. The study was undertaken to investigate the performance of Commercial Banks after the implementation of significant financial reform. The results generated by regression models indicate that foreign ownership has a statistically significant positive impact on bank performance. It also found that private ownership has favorable impact on income efficiency, return on assets and non- performing loans, whereas, negative impact on cost efficiency.

Ziah, Zubi and Hani (2012) investigated the effects of Human Resource Policies on Organization's performance; and empirical study on Commercial Banks operating in Jordan. The results showed strong support for the model, indicating that human resource policies are positively related to organizational performance

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

and have a statistically strong significance on it; R square was (70.2%). It has been conclude from the research results that the most important effect of human resource policy on organizational performance is the employees' participation in decision making. Nevertheless, this policy is not widely implemented. This could be attributed to a cultural attitude that discourages employees' participation in decision making or because of the nature of banking jobs that seem to be critical, risky, and systematic. Thus, it is worthwhile to give more attention to the participation of employees in decision making.

Tamiru (2012) examined the effect of ALM on Deposits Money Banks profitability in the Ethiopian, he asserted that all assets except fixed assets, mainly loans and advances affect return on asset (ROA) positively while all liabilities mainly savings & fixed deposits and other liabilities and bank credit balances have a significant and negative effect on Deposits Money Banks ROA. However, in a Nigeria setting, where the economic policy might be different with CBN/NDIC statutory regulation, government intervention, geographical background, will the application of the above identified variables be significant on bank performance in Nigeria adopting ROE as a measure of profitability rather than ROA and NIM as another measure of bank performance.

Husni, (2011) examined the determinants of Commercial Banks performance: evidence from Jordan. The study model was tested on time series cross sectional bank level data in the context of Jordan over the 2000-2011. The empirical specification focuses on the reported determinants of Commercial Banks performance which is assumed to be a function of a set of bank characteristics. To control for the effect of internal and external factors on Commercial Banks performance, he used Pooled Ordinary Least Square. The analysis revealed that there is significant and positive relationship between return on asset and bank size, Total Liabilities/Total Asset, Total Equity/Total Asset, Net interest Margin and Exchange Rate of the commercial banks and there are significant and negative relationship between Return on Asset and Annual Growth Rate for Gross Domestic Product and Inflation Rate of the Deposits Money Banks . The study also found that there are significant and positive relationship between Return on Equity and the Bank Size, Total Liabilities/Total Assets, Net Interest Margin, Exchange Rate and Loan/Total Assets, and there are significant and negative relationship between Return on Equity and Annual Growth Rate for Gross domestic product, and Inflation Rate of the Deposit Money Banks.

Ali (2014) in his work the effect of liquidity management on profitability in the Jordanian Commercial Bank, improves on some of the existing researches, in that it uses a variety of liquidity and profitability indices in measuring the effects of liquidity management on profitability in the Jordanian Commercial Banks making use of different types of banks selected as his case study for the work. First Bank Nigeria Plc is the only selected sample for this work which was derived using the judgmental sampling techniques from the population for this study is the banking industry in Nigeria which is made up of the 25 financial institutions.

Kamau (2010) examined Commercial Banks in Kenya; his result revealed that capital adequacy affects profitability in the banking sector. He found out that the capital structure of banks is highly regulated. This is because capital played a crucial role in reducing the number of bank failures and losses to depositors when a bank fails as highly leveraged firms are likely to take excessive risk in order to maximize shareholder value at the expense of finance providers. To this extent, he concluded that banks with enough capital were more profitable than banks which were struggling to maintain the statutory capital adequacy requirement. While (Sujian and Ghong

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

2008) using the same proxy with (Kamau 2010) found a positive relationship between total non-interest income divide by total assets, a proxy for income diversification and bank profitability support the idea that banks involved in diversification activities expect some benefits.

Gyekyi (2011) used the goal programming method to study the effects of asset liability management on profitability of National Investment Bank in the New Juabeng Municipality in Ghana. His the major findings of the study were; the value of assets and liabilities of the bank had a direct effect on the profitability of the bank, decrease in assets value leads to increase in banking profitability. Increased or decreased in liability had direct effect on company's profitability, inflation rate has the direct effect on profitability, and Increase in inflation leads to increase in profitability and decreased in inflation, decreases the profit margin of the firm, Bank of Ghana base rate affects the strategic decisions of the banks, changes in the base rate have direct effect on the banking profitability and Bank of Ghana policies normally affect the decisions of the bankers.

A research done by Stephen and Edith (2012) carried out a study of the practice of the learning organization and its relationship to performance among Kenya Commercial Banks. The study found out that most of the Kenyan Commercial Banks had to a large extent adopted the practice of a learning organization. The practices adopted by the majority were: development of information systems designed to inform and empower, formative accounting and control, learning approach to strategy, participative policy making, reward flexibility and supportive leadership. On the other hand, the least adopted practices were: creating a learning climate, boundary workers as environmental scanners and development of enabling structures. Findings also indicate that some practices are viewed as more important towards improving overall organizational performance, especially in the short term. Findings also indicate that leadership within the commercial banking sector reinforces learning by demonstrating willingly to entertain alternative views. Leader also realizes the importance of spending time on problem identification, knowledge transfer and reflection, and finally engaging in active questioning and listening.

A study by Houssem and Ines (2011) investigated the relationship between board characteristics, performance and risk taking behaviors in Tunisian Banks. The empirical analysis was based on a sample of 11 large Tunisian Commercial Banks during 1997- 2006. They find that a small bank board is associated with more performance and with more bank risk taking, the presence of independent directors within the board of directors affects negatively the performance, but has no significant effect on the risk taking, a lower CEO ownership is associated with lower performance in Tunisian banks, banks with high charter value are associated with lower return on asset and return on equity and more bank risk and the small size banks institutions appear to assume lower risks. They concluded that bank board characteristics and structure play a crucial role in bank performance and bank risk taking.

Akindele (2011) finds that the saving and fixed deposits and other liabilities and credit balances variables significantly cost the profitability of 5 Nigerian Commercial Banks from 2005 to 2010. The significance of the cost of saving and fixed deposits relates to its greater amount in the Commercial Banks portfolio as a source of fund, therefore the performance of Commercial Banks relates to its ability to attract more deposits from individual, government and corporate depositors.

Junaidu and Aminu (2012) in their work 'An evaluation of the impact of liquidity the profitability of Deposits Money Banks ' data was mainly collected from secondary sources which was used for the analysis. The data utilized in their study is extracted from the income

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

statements and balance sheets of the sample banking firms attained from the annual report of Deposit Money Banks. In addition to this scholarly articles from academic journals and relevant textbooks were also used. On the other hand, for the purpose of my work primary and secondary data was used. Primary data by administering questionnaire to the selected sample population and the secondary data was collected from annual reports of the selected sample, newspaper, journals, CBN circulars.

Ayodele (2012) used a similar index to Kamau (2010) & Sujian and Ghong (2008) for bank performance and found that, activity diversification tends to reduce performance compared to bank that are more focused in their activities. Would these benefits captured and still have a positive/negative relationship between the total non-interest income divided by total assets in the case of Nigerian Commercial Banks where there's government policy, economic policy and social cultural difference? In view of this, study as adopted total Net Income Interest divided by Total assets as a measure for bank performance.

Mahammed (2012) considered the impact of corporate governance on Banks Performance in Nigeria. The study made use of secondary data obtained from the financial reports of nine (9) banks for a period of ten (10) years (2001-2010). Data were analyzed using multiple regression analysis. The study supported the hypotheses that corporate governance positively affects performance of banks. In conclusion, the study shows that poor asset quality (defined as the ratio of non-performing loan to credit) and loan deposit ratios negatively affect financial performance and vice visa.

A study by Akinola (2009) examined the quality control of services in the Nigerian Banking Industry. The study discovered among others that reliability, responsiveness, inexpensive waiting time, competence, courtesy, credibility and communication are major determinants of service quality. The study also showed that epileptic power supply, unstable economic policies, in conducive working environment, and network servers' failures constituted the major problems facing good quality services in the bank industry. The study recommended improvement on performances of servers, provision of standby generators and consistent on-the-job training for workers to ameliorate the problems. It concluded that appropriate economic and social policies are required to ensure good quality control services as well as provision of adequate protection for banking customers and clients are required to ensure good quality control services.

A research conducted by Ogbulu and Emeni (2012) examined corporate governance and bank performance in Nigeria. The result in the study showed that there is a negative correlation between Board composition and performance. It was also discovered in the study that there is a negative correlation between ownership structure and bank performance. Based on the findings of the study, it was recommended that, since board composition has no positive correlation with firm performance, board size should be limited in order to improve firm performance through cost reduction. Likewise, Okereke and Anyanwu (2011) examined the relationship between corporate governance practices in Nigeria Deposit Money Banks. The regression result indicated a significant relationship and positive correlation between corporate governance and banks' performance.

Ugwunta, Ani, Ugwuanyi and Ugwu (2012), examined the structure of the Nigerian Banking Sector and its impacts on Bank performance. A time-series regression analysis was applied to a ten-year data period (2001-2010) to evaluate the relationship and the impact of banking sector structure, other explanatory variables on bank performance. Significant findings include that the Nigerian banking sector is oligopolistic in structure and that market concentration positively

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

and significantly impacts on bank performance. These results suggest that market concentration is a major determinant of bank profitability in Nigerian.

A study by Ologunde and Agboola (2012), focused on business strategy as a measure of organization performance. The study revealed that the bank's mission was to invest in the best people, technology and environment to be able to achieve customer enthusiasm. The bank's major strategies are in the area of financing, marketing, human resources and information technology. The study concluded that the bank should continuously analysis its strength, weakness, opportunities and threats for an enduring adaptation to its dynamic environment characterized by political instability, government interference, corruption, sharp practice's and failing public infrastructures.

However, Davis (2014) study on how asset liability management affect performance of Ghana Deposits Money Banks 2000 -2013, concluded that effective management of ALM on banks improves profitability and performance using a different proxy for his study. In view of this, study as adopted demand deposit, loans and advances, savings & fixed deposits as a proxy for ALM on bank performances in Nigerian and check if the relationship will still remain the same in Nigeria.

Chibuzoh, Tella and Akingunola (2011), investigated the relationship between Regulation and Performance of Nigerian Commercial Banks. There was no significant relationship between regulation and banks' performance when the entire period, 1986-2004 was considered. In the period of increased regulation, 1996-2004, and in the period of deregulation, 1986-1995, however, the level of regulation depended on the level of banks' performance. This was attributable to the transactions based supervision used by the bank regulators in the period, which was done post mortem and based on the feedback system. They advised banks to be proactive rather than reactive which could be achieved using the risk based examination approach which predicts banks risks and devices means of mitigating them.

A study by Appah and John (2011) focused on Mergers and acquisitions in the Nigerian Banking Industry: An explorative investigation. The findings revealed that the consolidation (mergers and acquisitions) activities in Nigeria did not meet the desired objectives of liquidity, capital adequacy and corporate governance which have resulted to more troubled banks after the consolidation.

According to Gabriel (2005) Focused on The Impact of Liquidity Management on Commercial Bank Profitability a case study of oceanic bank international plc. Effurun, Delta State. This study revealed that Commercial Banks are faced with two conflicting objectives namely: liquidity optimization and profitability optimization to contend with. The researcher also showed that the problem of these two conflicting objectives became too complex in modern banking subsector which is characterized by competition. The result gotten from the study reveal the level of attachment of the Deposits Money Banks to the monetary policies (liquidity ratios) established by the government and these will help the government to set appropriate liquidity ratio's and cash ratio's that will not be harmful to the operation and survival of the Deposits Money Banks.

Dickson (2012) studied Risk Management and Project Appraisal in Nigerian Banking industry. It was observed from the findings that Nigerian banks make use of risk analytical techniques in their investment appraisal. It was also discovered that some risk analytical techniques are more popular in use than others among the users and that effective evaluation of risk plays a major role in enhancing investment performance. It is therefore recommended among others that: workers at management level should be educated on the importance of risk evaluation techniques in order to maximize returns on their shareholders investment. Also to be more dynamic in the use of

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

various risk analytical methods depending upon the conditions so as to guarantee high returns.

Aworemi, Odeyemi and Oyedokun (2012), carried out a study on efficacy of products marketing strategy on the performance of United Bank of Africa, Plc in the South Western Nigeria. The findings of the study revealed that there was a positive relationship between the product marketing strategy of UBA and UBA deposit profile, further findings revealed that the product marketing strategy has significant effect on the deposit base UBA. Following the findings of the study it was concluded that, UBA Products Marketing strategy was found to have significant relationship with the bank deposit base; asset finance package has the highest significant positive effect on the bank deposit base whilst, executive loan package, though significant had a low contribution on the bank deposit profile and the entire product market strategy were found to have accounted 84.8% variation on the bank deposit base.

Akinwale (2011) reveals in Nigeria within the same financial data set of years 2005-2009, the results shows that there is positive relationship between loans deposits and cashflows which may be significant and positive to bank performance. In view of this study, as adopted loans to deposits as a measure of ROE & NIM on 10 Nigerian Deposits Money Banks 2009-2014, will the expected results still be the same.

Most of the empirical studies covering countries like Ethiopia, Ghana, Greece, India, Jordan, Malaysia, and Russia, reviewed dealt largely on the strategic measures on bank profitability. While some examined the effect of risk management variables on bank performance, others employed other variables such as credit balance, deposit in other banks, and increase in bank risks, liquidity level, and cash flows. Empirical literature revealed that, limited research has been done in Nigeria in terms of examining the influence of asset liability management on bank financial performance. However, Ayodele (2012), 'found a negative relationship between total non-interest income divide by total assets, a proxy for ALM and bank profitability". Ugwunta, Ani, Ugwuanyi and Ugwu (2012),'findings include that the Nigerian banking sector is oligopolistic in structure and that market concentration positively and significantly impacts on bank performance. These results suggest that market concentration is a major determinant of bank profitability in Nigerian'; Akindele (2011), 'the findings shows that, the performance of Deposit Money Banks is related to its ability to attract individual depositors and how significantly affect negatively on the performance of Nigerian banks';Gabriel (2005), 'The result gotten from the study reveal the level of attachment of the Deposit Money Banks to the monetary policies (liquidity ratios) established by the government will help the government to set appropriate liquidity ratio's and cash ratio's that will not be harmful to the operation and survival of the Deposits Money Banks '. Obrimah and Ebere (2014), they were of the opinion that bank cannot make profit without credit administration, and there cannot be credit administration without deposit. In all the studies, none examined the effect of loans and advances, savings & fixed deposits, demand deposit and deposit in other banks as a determinant of ALM on ROE in Nigerian Deposit Money Banks.

It is envisaged that this studies on completion will add to existing literature and therefore enriching knowledge by enabling scholar's to understand that effective AML process within Deposit Money Banks that are closely monitor, equalize both the assets and liabilities management, since asset liability management is the prerequisite condition for the efficiency and growth of Deposits Money Banks .

3. METHODOLOGY

The data was obtained from CBN statistical bulletin and audited financial statement of

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

selected banks in Nigeria. The data was analyzed using an appropriate methodology. The data collected are then arranged in a panel data, namely a fusion between the dimension of time (time series) and (cross section) so that it can provide a lot more information needed in this study. Panel data also has the advantage mainly because it is robust to some violations of the Gauss Markov assumptions, namely heteroskedasticity and normality (Wooldridge, 2010). In addition, by using panel data can provide detailed information that helps in studying the behavior of each bank are examined over time and across space (Baltagi, 2005; Gujarati, 2003).

Model Specification

The model was adapted from Asiri (2007) for the study. The model below is used for empirical analysis and investigation of the relationship between the variables.

Bank Performance = f (Asset Liability Management)

Functional Form:

ROE = F (LA, DD, SFD)

Econometric Model

Transforming the above function to a model equation gives:

$$ROE_{it} = \beta_0 + \beta_1 LA_{it} + \beta_2 DD_{it} + \beta_3 SFD_{it} + \mu \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\text{i}$$

Where:

ROE= Return on Equity

LA = Loans and Advances

DD= Demand Deposit

SFD= Savings & Fixed Deposit

i= ith subject

t = time period for variables

μ= error term

In the above equation β_0 is constant and β is coefficient of variables while μ_{it} is the residual error of the regression.

The sourced data which consist of time-series and cross sectional data were analyzed using the Econometric view (E view) software to compute a descriptive statistics of the study variables and a panel data regression analysis was used to explore the relationship between AML and Financial performance. With the aid of (E-view) software, R^2, and t-statistics was analyzed.

Model Estimation and Evaluation Technique

There are two several estimation techniques to address panel data regression model, this are:

- Fixed effects model (FEM) and
- The Random effects model or error components model (ECM)

How to decide when it's Random Effects or Fixed Effects

The Hausman test was used to decide between fixed effects model and random effects model. Hausman test for the Erogeneity of the Unobserved Error Component. The multiple regression models were employed to obtain numerical values of the model coefficient. The student t-test with P-values was used to evaluate the estimated numerical values of the coefficient for statistical significance at 5% level. The f – stat. will be used to evaluate aggregate effect of the predictor variables on the dependent variables.

Apriori Expectation

The economic priori criteria refer to the sign and size of the parameters and the economic relationship between the variables. The apriori expression of this regression model is that $\beta_1>0$, $\beta_2>0$, $\beta_3>0$; a positive sign is expected from the coefficient of the relationship between loans and advances with ROE in that risk – return should be positive while demand deposit, savings and fixed deposit should be positive with ROE.

4.0 DATA ANALYSIS, RESULTS AND DISCUSSION OF FINDINGS

4.1 Descriptive Analysis

This section of the analysis provides an overview on the data set while attempt is also made to describe the main features of the data. The study tries to evaluate the influence of asset and liability management on financial performance of some

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

selected Nigerian Deposit Money Banks. The description of the data series is based on mean, maximum, minimum and standard deviation of ratios of asset and liability management compared to ratio of financial performance of Nigerian Deposit Money Banks. The summary statistics of pooled series of the asset and liability management and financial performance are shown in the table below:

4.1 Descriptive Analysis

	LA	DD	SFD	ROE
Mean	.4321208	.4434508	.3863707	.3280200
Median	.40007553	.25509301	.289111.0	.0895500
Maximum	.7112780	.7502309	.5867308	.5654327
Minimum	.0609000	.0776500	.00803421	.1216574
Std. Dev.	.0206708	.0297806	.0177622	.0212843
Skewness	1.0002334	0.303345	0.801069	0.962892
Kurtosis	.3798341	.6056064	.2971015	.1026664
Jarque-Bera	.1855412	.5697502	.1481468	.2120415
Probability	.0000094	.000000	.000607	.000000
Observations	60	60	60	60

Source: “Researchers Survey” 2015

From Table 4.1 the mean value in percentage (%) of all sampled 10 banks for loan and advance (LA), demand deposit (DD), and saving & fixed deposit (SFD), stood at 43.2%, 44.3% and 38.6% respectively. These figures are high compared with the regulators requirement of the Central Bank of Nigeria. This therefore means that the Nigerian banking industry remained strong despite the challenges that bedeviled the sub-sector as a result of the global meltdown. However, the standard deviation of LA, DD and SFD are 20.7%, 20.8% and 10.8% which shows a high significant contribution to the profitability between the various Deposit Money Banks.

Conclusively, the minimum value derived for ROE is 12.1% while for SFD, DD and LA are 0.08%, 0.78% and 0.61% respectively. ROE which is the measure of the amount of net income returned as a percentage of shareholders equity. The ROE had a mean of 32.8% with an average dispersion of 02.1% represented by the standard deviation. This means that depositors and investors money are secured as only as 32.8% of banks total assets. It shows how much profit a bank generates with the money shareholders have invested.

Kurtosis: it measures the flatness of the distribution of the series. For kurtosis, the normal distribution is 3, but if it exceeds this value, the distribution is assumed to be peaked (leptokurtic) relative to normal, but if it is less than 3, the distribution is flat (platykurtic) relative to the normal. The kurtosis value of the variables are below the thresh hold of 3, implying that they are platykurtic i.e relative to normal.

Jarque-Bera: this is a text statistics for normal distribution. The null hypothesis for the text is that the series is normal not that there are three conventional levels of statistical significance in econometrics namely 1%, (0.01), 5%, (0.05) and 10% (0.10).

Therefore, if the computed probability value for the text is greater than 10%, (0.10), we do not regret the null hypothesis otherwise we reject it. The Jarque-Bera value of the variables and the corresponding p-values makes for the rejection of the null hypothesis that the residual is normal while the alternative hypothesis that the residual is not normal is accepted.

Descriptive Statistic for Individual Banks

Zenith Bank Plc

Table 4.1.1 Descriptive Statistics of Zenith Bank Plc.

	LA	DD	SFD	ROE
Mean	.317900	.1024048	.5319942	.1728667
Median	.7817275	.1086510	.1358255	.1790000
Maximum	.6235786	.3245786	.7806700	.3205634
Minimum	.1478600	.1588810	.1716200	.0190530
Std. Dev.	.0280920	.0354687	.0421567	.0318307
Skewness	.0612819	-.0623993	-.0379883	.0362491
Kurtosis	.1601748	.1966226	.1936986	.1480861
Jarque-Bera	.0864324	.0656540	.0426811	.0708345
Probability	.000104	.0000169	.0005428	.0000054
Observations	6	6	6	6

Source: “Researchers Survey” 2015

Everant

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

From Table 4.1.1, Zenith bank mean value in percentage (%) for loan and advance (LA), demand deposit (DD), and saving & fixed deposit (SFD) stood at 31.7%, 10.2% and 53.2% respectively. These figures are high compared with the regulators requirement of the Central Bank of Nigeria. This therefore means that the Nigerian banking industry remained strong despite the challenges that bedeviled the sub-sector as a result of the global meltdown. However, the standard deviation of LA, DD and SFD are 02.8%, 03.5% and 04.3% which shows a high significant contribution to the profitability and financial performance of Zenith Bank.
The minimum value derived for ROE is 0.19% while for SFD, DD and LA are 14.8%, 15.8% and 17.2% respectively. ROE which is the measure of the amount of net income returned as a percentage of shareholders equity. The ROE had a mean of 17.3% with an average dispersion of 03.2% represented by the standard deviation. This means that depositors and investors money are secured as only as 17.3% of banks total assets. It shows how much profit a bank generates with the money shareholders have invested.
The maximum value of the ratios is high which support the fact that Zenith Bank is highly geared.

Access Bank Plc

Table 4.1.2 Descriptive Statistics of Access Bank Plc.

	LA	DD	SFD	ROE
Mean	.3507900	.4024048	.4119942	.1567347
Median	.4317275	.2986510	.1358255	.2349000
Maximum	.6635786	.6445786	.8806700	.3720000
Minimum	.1278600	.1288810	.1416200	.1050000
Std. Dev.	.0480920	.0354687	.04321567	.0118307
Skewness	-.0612819	.0323993	.0379883	.0362491
Kurtosis	2.160748	3.166226	2.136986	3.140861
Jarque-Bera	.0864324	.0656540	.0426811	.0708345
Probability	.0000004	.0000069	.0000028	.0000054
Observations	6	6	6	6

Source: "Researchers Survey'' 2015

From Table 4.1.2, Access bank mean value in percentage (%) for loan and advance (LA), demand deposit (DD), and saving & fixed deposit (SFD) stood at 35.1%, 40.2% and 41.2% respectively. These figures are high compared with the regulators requirement of the Central Bank of Nigeria. This therefore means that the Nigerian banking industry remained strong despite the challenges that bedeviled the sub-sector as a result of the global meltdown. However, the standard deviation of LA, DD and SFD are 04.8%, 03.5% and 04.3% which shows a high significant contribution to the profitability and financial performance of Access Bank.
The minimum value derived for ROE is 0.18% while for SFD, DD and LA are 14.2%, 14.8% and 16.8% respectively. ROE which is the measure of the amount of net income returned as a percentage of shareholders equity. The ROE had a mean of 15.7% with an average dispersion of 01.9% represented by the standard deviation. This means that depositors and investors money are secured as only as 15.7% of banks total assets. It shows how much profit a bank generates with the money shareholders have invested.
The maximum value of the ratios is high which support the fact that access bank is highly geared.

Sterling Bank Plc

Table 4.1.3 Descriptive Statistics of Sterling Bank Plc.

	LA	DD	SFD	ROE
Mean	.1570910	.4540481	.5209942	.1918367
Median	.0817275	.2486510	.2658255	.1790000
Maximum	.1935786	.5245786	.6806700	.2200000
Minimum	.0354700	.0477410	.0275200	.0070000
Std. Dev.	.0250910	.0354268	.0561237	.0118307
Skewness	.0612819	.0623993	.0379883	.0362491
Kurtosis	.1601748	.1966226	.1193698	.1480861
Jarque-Bera	.0864324	.0656540	.0426811	.0708345
Probability	.0000101	.0000121	.0000426	.0000214
Observations	6	6	6	6

Source: "Researchers Survey" 2015

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

From Table 4.1.3, Sterling bank mean value in percentage (%) for loan and advance (LA), demand deposit (DD), and saving & fixed deposit (SFD) stood at 15.7%, 45.4% and 52.1% respectively. These figures are high compared with the regulators requirement of the Central Bank of Nigeria. This therefore means that the Nigerian banking industry remained strong despite the challenges that bedeviled the sub-sector as a result of the global meltdown. However, the standard deviation of LA, DD and SFD are 02.5%, 03.5% and 03.7% which shows a high significant contribution to the profitability and financial performance of Sterling Bank.

The minimum value derived for ROE is 0.17% while for SFD, DD and LA are 02.8%, 04.8% and 03.6% respectively. ROE which is the measure of the amount of net income returned as a percentage of shareholders equity. The ROE had a mean of 19.2% with an average dispersion of 01.2% represented by the standard deviation. This means that depositors and investors money are secured as only as 19.2% of banks total assets. It shows how much profit a bank generates with the money shareholders have invested. The maximum value of the ratios is high which support the fact that Sterling Bank is highly geared.

First Bank Plc

Table 4.1.4 Descriptive statistics of First Bank Plc.

	LA	DD	SFD	ROE
Mean	.2207900	.3204044	.3313942	.1338667
Median	.2417275	.1086510	.1358255	.1790000
Maximum	.3123786	.1245786	.1806700	.5200000
Minimum	.0678600	.0481810	.0416200	.0050120
Std. Dev.	.0480920	.0354687	.0421567	.0318307
Skewness	1.061281	0.523943	0.64722	1.02491
Kurtosis	.1601748	.1966226	.1936986	.1480861
Jarque-Bera	.0864324	.0656540	.0426811	.0708345
Probability	.0000301	.0000169	.0000032	.000044
Observations	6	6	6	6

Source: "Researchers Survey" 2015

From Table 4.1.4, First bank mean value in percentage (%) for loan and advance (LA), demand deposit (DD), and saving & fixed deposit (SFD) stood at 22.1%, 32% and 33.1% respectively. These figures are high compared with the regulators requirement of the Central Bank of Nigeria. This therefore means that the Nigerian banking industry remained strong despite the challenges that bedeviled the sub-sector as a result of the global meltdown. However, the standard deviation of LA, DD and SFD are 04.8%, 03.5% and 04.2% which shows a high significant contribution to the profitability and financial performance of First Bank.

The minimum value derived for ROE is 00.5% while for SFD, DD and LA are 06.8%, 04.1% and 04.1% respectively. ROE which is the measure of the amount of net income returned as a percentage of shareholders equity. The ROE had a mean of 13.4% with an average dispersion of 03.2% represented by the standard deviation. This means that depositors and investors money are secured as only as 13.4% of banks total assets. It shows how much profit a bank generates with the money shareholders have invested.

The maximum value of the ratios is high which support the fact that First Bank is highly geared.

Stanbic IBTC Bank Plc.

Table 4.1.5 Descriptive Statistics of Stanbic IBTC BankPlc.

	LA	DD	SFD	ROE
Mean	.335460	.5235048	.343542	.114657
Median	.3956975	.4597710	.1358255	.206042
Maximum	.5575786	.762966	.1806700	.3178093
Minimum	.0573400	.0673810	.0162100	.0708500
Std. Dev.	.027980	.0432187	.032451	.0136547
Skewness	0.42329	0.421321	-0.822153	0.482201
Kurtosis	1.040728	.935256	.286216	.682751
Jarque-Bera	.0864324	.0656540	.0426811	.0708345
Probability	.0000215	.0000232	.0001784	.0000374
Observations	6	6	6	6

Source: "Researchers Survey" 2015

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

From Table 4.1.5, Stanbic IBTC bank mean value in percentage (%) for loan and advance (LA), demand deposit (DD), and saving & fixed deposit (SFD) stood at 33.5%, 52% and 34.4% respectively. These figures are high compared with the regulators requirement of the Central Bank of Nigeria. This therefore means that the Nigerian banking industry remained strong despite the challenges that bedeviled the sub-sector as a result of the global meltdown. However, the standard deviation of LA, DD and SFD are 02.7%, 04.3% and 03.2% which shows a high significant contribution to the profitability and financial performance of Stanbic IBTC bank.

The minimum value derived for ROE is 07.1% while for SFD, DD and LA are 03.2%, 04.3% and 02.8% respectively. ROE which is the measure of the amount of net income returned as a percentage of shareholders equity. The ROE had a mean of 11.5% with an average dispersion of 01.4% represented by the standard deviation. This means that depositors and investors money are secured as only as 11.5% of banks total assets. It shows how much profit a bank generates with the money shareholders have invested.

The maximum value of the ratios is high which support the fact that Stanbic IBTC Bank is highly geared.

Diamond Bank Plc

Table 4.1.6 Descriptive Statistics of Diamond Bank Plc.

	LA	DD	SFD	ROE
Mean	.4899201	.5500014	.384610	.1838340
Median	.7817275	.1086510	.1358255	.1790000
Maximum	.712846	.997686	.612241	.217340
Minimum	.0059812	.0035429	.053765	.0052419
Std. Dev.	.064350	.021356	.0734512	.085742
Skewness	.078452	-.083542	-.048769	.067321
Kurtosis	.1601748	.1966226	.1936986	.1480861
Jarque-Bera	.0864324	.0656540	.0426811	.0708345
Probability	.000765	.0000345	.0000012	.0000111
Observations	6	6	6	6

Source: "Researchers Survey" 2015

From Table 4.1.6, Diamond bank mean value in percentage (%) for loan and advance (LA), demand deposit (DD), and saving & fixed deposit (SFD) stood at 49%, 55% and 38.5% respectively. These figures are high compared with the regulators requirement of the Central Bank of Nigeria. This therefore means that the Nigerian banking industry remained strong despite the challenges that bedeviled the sub-sector as a result of the global meltdown. However, the standard deviation of LA, DD and SFD are 06.4%, 02.1% and 07.3% which shows a high significant contribution to the profitability and financial performance of Diamond Bank.

The minimum value derived for ROE is 00.5% while for SFD, DD and LA are 05.4%, 00.3% and 00.6% respectively. ROE which is the measure of the amount of net income returned as a percentage of shareholders equity. The ROE had a mean of 18.3% with an average dispersion of 08.5% represented by the standard deviation. This means that depositors and investors money are secured as only as 18.3% of banks total assets. It shows how much profit a bank generates with the money shareholders have invested.

The maximum value of the ratios is high which support the fact that Diamond Bank is highly geared.

Skye Bank Plc

Table 4.1.7 Descriptive statistics of Skye Bank Plc.

	LA	DD	SFD	ROE
Mean	.349586	.358967	.456781	.145786
Median	.298643	.443129	.447255	.1790000
Maximum	.543879	.765895	.773421	.341760
Minimum	.0004325	.0048765	.055674	.003876
Std. Dev.	.045873	.089765	.037564	.045976
Skewness	.0896453	-.068754	-.0.21768	.047856
Kurtosis	.1601748	.1966226	.1936986	.1480861
Jarque-Bera	.0864324	.0656540	.0426811	.0708345
Probability	.0000407	.0005021	.0000001	.0000756
Observations	6	6	6	6

Source: "Researchers Survey" 2015

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

From Table 4.1.7, Skye bank mean value in percentage (%) for loan and advance (LA), demand deposit (DD), and saving & fixed deposit (SFD) stood at 35%, 36% and 46% respectively. These figures are high compared with the regulators requirement of the Central Bank of Nigeria. This therefore means that the Nigerian banking industry remained strong despite the challenges that bedeviled the sub-sector as a result of the global meltdown. However, the standard deviation of LA, DD and SFD are 04.6%, 08.9% and 03.7% which shows a high significant contribution to the profitability and financial performance of Skye Bank.

The minimum value derived for ROE is 00.4% while for SFD, DD and LA are 05.6%, 00.5% and 00.1% respectively. ROE which is the measure of the amount of net income returned as a percentage of shareholders equity. The ROE had a mean of 14.6% with an average dispersion of 0.55% represented by the standard deviation. This means that depositors and investors money are secured as only as 14.6% of banks total assets. It shows how much profit a bank generates with the money shareholders have invested.

The maximum value of the ratios is high which support the fact that Skye Bank is highly geared.

Unity Bank Plc.

Table 4.1.8 Descriptive Statistics of Unity Bank Plc.

	LA	DD	SFD	ROE
Mean	.357460	.5835048	.403542	.194657
Median	.3956975	.4597710	.1358255	.206042
Maximum	.5575786	.762966	.1806700	.3178093
Minimum	.0573400	.0673810	.0162100	.0708500
Std. Dev.	.029980	.0522187	.036451	.0146547
Skewness	0.42329	0.421321	-0.822153	0.482201
Kurtosis	1.040728	.935256	.286216	.682751
Jarque-Bera	.0864324	.0656540	.0426811	.0708345
Probability	.0000245	.0000267	.0001884	.0000394
Observations	6	6	6	6

Source: "Researchers Survey" 2015

From Table 4.1.8, Unity bank mean value in percentage (%) for loan and advance (LA), demand deposit (DD), and saving & fixed deposit (SFD) stood at 35.7%, 58% and 40.4% respectively. These figures are high compared with the regulators requirement of the Central Bank of Nigeria. This therefore means that the Nigerian banking industry remained strong despite the challenges that bedeviled the sub-sector as a result of the global meltdown. However, the standard deviation of LA, DD and SFD are 02.9%, 05.2% and 03.6% which shows a high significant contribution to the profitability and financial performance of Unity Bank.

The minimum value derived for ROE is 07.1% while for SFD, DD and LA are 01.6%, 06.7% and 05.7% respectively. ROE which is the measure of the amount of net income returned as a percentage of shareholders equity. The ROE had a mean of 19.4% with an average dispersion of 01.4% represented by the standard deviation. This means that depositors and investors money are secured as only as 19.4% of banks total assets. It shows how much profit a bank generates with the money shareholders have invested.

The maximum value of the ratios is high which support the fact that Unity Bank is highly geared.

UBA Bank

Table 4.1.9 Descriptive statistics of UBA Bank Plc.

	LA	DD	SFD	ROE
Mean	.345870	.2083478	.1275964	.153584
Median	.7817275	.1086510	.1358255	.1790000
Maximum	.4575186	.5245786	.1806700	.3265600
Minimum	.0677400	.0488810	.0416200	.0067000
Std. Dev.	.0280920	.0363877	.047957	.0256207
Skewness	.0500753	-.0334542	-.0332186	.0363445
Kurtosis	.1601748	.1966226	.1936986	.1480861
Jarque-Bera	.0864324	.0656540	.0426811	.0708345
Probability	.0000221	.0000142	.0000521	.000006
Observations	6	6	6	6

Source: "Researchers Survey" 2015

From Table 4.1.9, UBA bank mean value in percentage (%) for loan and advance (LA), demand deposit (DD), and saving & fixed deposit (SFD) stood at 34.5%, 20.8% and 12.8% respectively. These figures are high compared with the regulators requirement of the Central Bank of Nigeria. This therefore means that the Nigerian banking industry remained strong despite the challenges that bedeviled the sub-sector as a result of the global meltdown. However, the standard deviation of LA, DD and SFD are 02.8%, 03.6% and 04.8% which shows a high significant contribution to the profitability and financial performance of UBA Bank.

The minimum value derived for ROE is 00.6% while for SFD, DD and LA are 04.1%, 04.8% and 06.8% respectively. ROE which is the measure of the amount of net income returned as a percentage of shareholders equity. The ROE had a mean of 15.4% with an average dispersion of 02.6% represented by the standard deviation. This means that depositors and investors money are secured as only as 15.4% of banks total assets. It shows how much profit a bank generates with the money shareholders have invested. The maximum value of the ratios is high which support the fact that UBA Bank is highly geared.

Guaranty Trust Bank Plc.

Table 4.1.10 Descriptive Statistics of Guaranty Trust Bank Plc.

	LA	DD	SFD	ROE
Mean	.5557600	.4535448	.2431752	.199274
Median	.7817275	.1086510	.1358255	.179000
Maximum	.1235786	.1245786	.1806700	.520000
Minimum	.0578600	.0488810	.0416200	.010500
Std. Dev.	.0510950	.054537	.0214467	.0431837
Skewness	0.061819	-1.01193	-0.734883	0.21438
Kurtosis	.1601748	.1966226	.1936986	.148081
Jarque-Bera	.0864324	.0656540	.0426811	.070835
Probability	.0000114	.0000021	.00000017	.000004
Observations	6	6	6	6

Source: "Researchers Survey" 2015

From Table 4.1.10, GTB mean value in percentage (%) for loan and advance (LA), demand deposit (DD), and saving & fixed deposit (SFD) stood at 55.5%, 45.3% and 24.3% respectively. These figures are high compared with the regulators requirement of the Central Bank of Nigeria. This therefore means that the Nigerian banking industry remained strong despite the challenges that bedeviled the sub-sector as a result of the global meltdown. However, the standard deviation of LA, DD and SFD are 05.1%, 05.4% and 02.1% which shows a high significant contribution to the profitability and financial performance of GTB.

The minimum value derived for ROE is 01.1% while for SFD, DD and LA are 04.2%, 04.9% and 05.8% respectively. ROE which is the measure of the amount of net income returned as a percentage of shareholders equity. The ROE had a mean of 19.8% with an average dispersion of 04.3% represented by the standard deviation. This means that depositors and investors money are secured as only as 19.8% of banks total assets. It shows how much profit a bank generates with the money shareholders have invested.

The maximum value of the ratios is high which support the fact that GTB is highly geared.

4.2 Empirical Analysis

Table 4.2.1.Panel regression result

$ROE_{it} = \beta_0 + \beta_1 LA_{it} + \beta_2 DD_{it} + \beta_3 SFD_{it} + \mu$ .... (1)

Dependent Variable: ROE
Method: Panel Least Squares
Date: 16/09/15 Time: 09:30
Sample: 2009-2014
Periods included: 6
Cross-sections included: 10
Total panel (balanced) observations: 60

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.538060	2.008303	1.761716	0.0046
LA	4.987608	2.581508	1.932052	0.0098
DD	-3.824308	1.982408	-1.929122	0.0002
SFD	-2.702508	3.085308	-0.875928	0.0052

Source: "Researchers Survey" 2015

R – Squared = 0.359247
Adjusted R – Squared= 0.18376
Prob (F-statistics) = 0.027613
F-statistics =3.17792
Durbin Watson = 2.963980

The table 4.2.1 present, the result of regression with their Durbin- Watson statistics. The result Durbin Watson statistics would be used for interpretation because it gives the best result for this model.

$ROE_{it} = \beta_0 + \beta_1 LA_{it} + \beta_2 DD_{it} + \beta_3 SFD_{it} + \mu$

$ROE_{it} = 3.538060 + 4.987608 - 3.824308DD - 2.702508SFD$

The panel regression of the above estimates showed that return on equity (ROE) is positively impacted by loans and advances and negatively impacted by demand deposit and saving & fixed deposit for the sampled banks. The loans and advances have a positive correlation (4.987608) to the ROE especially when performance is measure as return on equity.

LA are derivatives of DD and SFD given out to borrowers at agreed interest rates and other charges. LA constitutes the single most important earning asset in the books of banks. A priori expectation is that there will be a positive relationship between ROE, LA, DD and SFD, meaning that 1% increase in demand deposit and saving and fixed deposit will give rise to an increase in return on equity (ROE). However, based on the result of this research, the relationship between them is negative. This negative relationship is traceable to the fact that deposits are cost generating items in the books of banks. Such expenses as interest cost, insurance costs, holding charges on liquidity/ cash reserves requirements impact negatively on bank performance.

Test of the Results

The model has R-squared 35.9% in variations of ROE attributable to the independent variables which is 63.1% variations in ROE of the sampled banks were caused by other factors not included in the model.

The F-statistic p-value showed 0.027613%. This means that the panel regression result is statistically significant at the 5% level because it is lower than 5%. The coefficients showed that one unit change in asset liability management ratio will cause a negative unit changes in financial performance ratio. This indicates that saving and fixed deposits, demand deposits, loans and advances all have a significant effect on bank performance as defined.

The Durbin Watson value of 2.96 showing that there is an evidence of positive serial correlation. The Durbin Watson statistics indicates the presence of serial correlation of the residuals in the model, and an adjusted R-square of 18.4% meaning that variability in asset management and financial performance is coming from other factors not observed in this model.

Decision

Therefore, from the above panel regression estimates, bank financial performance is positively affected by loans and advances while demand deposit and saving & fixed deposit have a significant negative effect on bank financial performance. Thus, the null hypothesis is rejected, research question one and two are answered, and research objective one and two achieved.

4.3 Discussion of Findings

The dependent variable (ROE) is a proxy of financial performance. Model corresponds to cross-section fixed effects. The model is estimated using a panel of 60 observations for the period

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

2009-2014 derived from 10 Nigerian Deposit Money Banks. The estimated coefficients are also assigned for the banks with the aim of capturing the influence of specific characteristics of each individual bank.

The regression result shown in the table above reveals that while the coefficients of DD and SFD, representing asset liability management ratio are significant at 1%, the coefficient of DD, which represents demand deposit, an indicator of asset management, is significant at 5%.

The regression result reveals negative and significant relationship between bank financial performance ratio and asset management ratio with a coefficient -3.824308% and -2.702508%. This means that, 1% increase in assets management ratios of a bank (holding other variables constant), bank financial performance will decrease by either 38.2% or 27% respectively. This result provides the basis for us to fail to accept the first statement of hypothesis which states that there is no significant relationship on increase in SFD or DD inducing a decrease in bank financial performance. The results of this analysis supports the findings of Tamiru (2012) who examined the effect of ALM on Deposits Money Banks profitability in Ethiopia, he asserted that all assets except fixed assets, mainly loans and advances affect return on asset (ROA) positively while all liabilities mainly savings & fixed deposits and other liabilities and bank credit balances have a significant and negative effect on Deposits Money Banks ROA.

Similarly, there is a negative significant relationship between DD, SFD and ROE in that every 1% increase in demand deposit increased ROE ratio by -2.027608 and -1.934560 indicates that loans and advancesare positively related to return on equity (ROE). While the liability variables are negatively related to the ROE adopted in these study. These results provide empirical evidence consistent with the view that, the better managed the asset and liability is, the better the financial performance. This is also in line with the opinion that banks which fail to monitor their deposit tend to be less profitable than those which pay particular attention to assets quality.

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This study investigated the effects of Assets and liability Management on Financial performance of some selected Nigerian banks. Much work has been done on the effect of capital adequacy on the performance of banks while less research has been done on effect/ influence of ALM on Financial Performance on banking sector in Nigeria. This was observed as one of the gap of the study. Thus, this work's uniqueness is its ability to examine the effects of Assets and liability Management variables and variables of Financial Performance in Nigerian banks.

This study was structured into five chapters. Chapter one looked into the background of the study identified the problems of the study, objectives of the study were defined, appropriate research questions and hypotheses to guide the investigation were formulated. The chapter also highlighted the justification and significance of the study, described its scope as well as identified and operationalized the study variables based on their contextual use in the work. In summary the chapter serves as introduction to the study.

The chapter two dealt with three basic components of the study. There are: the conceptual literature which emphasized on the, components of asset liability management, objectives of ALM, bank financial performance indicator; the theoretical literature emphasising on the Loan Pricing theory, Commercial Loan theory, Market Power theory, Deposit Insurance Theory, Portfolio regulation theory, Expense theory. The empirical review, summary of empirical review and gaps in literature concluded the chapter.

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

Chapter three presented the methodology for the study. The population is described; an appropriate sample was determined and selected using purposive sampling method. The chapter equally described the type and sources of data and techniques for data analysis

In chapter four, the data were analysed in three parts, demographic characteristics of the sampled financial statements, descriptive and empirical analysis using multiple regression. The descriptive analysis examined the mean, standard deviation, maximum, minimum, and skewness of ratios of capital adequacy and risk management. The empirical analysis made attempts to establish the effect of ALM on financial performance in Nigerian banks using the multiple regression models. The numerical values of the model's coefficients and intercepts were obtained through the linear regression models that were evaluated for the validation of the aprior expectation and establishment of statistical significance of the effect of ALM on financial performance in Nigerian banks and the acceptance and rejection of the hypotheses.

The empirical findings of this study provide evidence that the profitability of Deposit Money Banks in Nigeria is positively affected by assets management. Specifically, loans and advances have significant effect on the profitability of Deposit Money Banks when profitability is measured as the return on equity.

From the liability variables, the saving and fixed deposits and demand deposit significantly cost the profitability of Deposit Money Banks. The significance of the cost is related to its greater amount in the Deposit Money Banks books as source of funds, making them to be highly liquid, whereby it should have been converted to income generating asset. But it will be worthy to note that the performance of Deposit Money Banks is still related to its ability to attract individual, government and corporate depositors, to effectively perform their role as financial intermediaries.

In general, assets management, mainly loans and advances, contributes positively for the profitability of Deposit Money Banks. While liability management, particularly saving and fixed deposits and other liabilities and credit balances, cost negatively the profitability of Deposit Money Banks. Therefore, in the Nigerian financial market, assets management positively impacts shareholder wealth and liability management negatively impact shareholder wealth maximization.

This chapter five gives the summary of the study as well as findings and their implication, conclusions were drawn and recommendation made. Finally, the chapter highlighted the limitations of the study, the study's contribution to knowledge and suggestion for further research.

5.2 Conclusion

The study examined the effect of assetliability management on financial performance of some selected Nigerian Deposit Money Banks. It also looked at the effects between the variables of asset liability management with variables performance. The results indicate that loans and advances are positively related to return on equity (ROE). While the liability variables are negatively related to the measureof bank performance of (ROE) adopted in these study. These results provide empirical evidence consistent with the view that, the better managed the asset and liability is, the better the financial performance. This is also in line with the opinion that banks which fail to monitor their deposit tend to be less profitable than those which pay particular attention to assets quality. The results explains the objective of the effect of management strategy on performance indicates that any time the company decreases its assets value; the profit margin increases and this indicate that decreases asset value increases profitability. Also, that anytime the company

Volume 2 Issue 4 April 2017
DOI: 10.18535/afmj/v2i4.04
Page : 652-674

increases its assets, the liability of the company also increases as the profit margin reduces and this analyze the objective of the coordination between asset and liability and its effect on performance and profitability as a whole. The result of this study is consistent with Asiri (2007) who also found out that assets management positively and liability management negatively relate to the profitability of Deposit Money Banks.

5.3 Recommendations

Poor management of loans and advances should be avoided by banks as much as possible as this will see to it that the profitability of Deposit Money Banks in Nigeria increase given them competitive edge.

High cost of operations which has significant effects on profitability of Deposit Money Banks in Nigeria as found out in the study should be mitigated by banks as this will see to it that the issue of untimely death by banks is avoided.

Investing in unprofitable projects which leads to large outflow of liquidity that is prone to have effect on the profitability in Deposit Money Banks in Nigeria should be checkmated as this will see to it that banks increase its profitability rate and financial base.

Finally, since it has been found that there is negative effect of demand deposit and saving & fixed deposit on financial performance in Deposits Money Banks in Nigeria, Deposits Money Banks should work CBN letting them know the reason for effective monetary policy enactment and how it can strengthen or improve their financial performance.

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Volume 2 Issue 4 April 2017
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Page : 652-674