COVID-19 PANDEMIC AND THE NIGERIA BANKING INDUSTRY

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APPROVAL

This project work titled "**COVID-19 PANDEMIC AND THE NIGERIA BANKING INDUSTRY"** has been assessed and approved by defense committee of Department of Banking and Finance, School of Business Studies, Auchi Polytechnic, Auchi.

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CERTIFICATION

We the undersigned hereby certify that this project work was carried out by **OLAWALE OLANIYI JOEL** with **Mat No: NO: SBS/2282060316** in the department of Banking and Finance, under our supervision and that it is adequate in scope and quality in partial fulfillment of the requirements for the award of Higher National Diploma (HND) in Banking and Finance.

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DEDICATION

This project work is dedicated to Almighty God for mercies upon my life and for seeing me through this stage of my academic pursuit. The project is also dedicated to my parents Mr. Olawale Olaniyi Joel.

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I want to acknowledge God Almighty the giver of life, the source of wisdom for the completion of my Higher National Diploma (HND). I also thank God for all the ways he has been keeping me safe and sound.

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ABSTRACT

This project work examining Covid-19 Pandemic and the Nigeria Banking Industry. The broad objective of the study is to ascertain the effect of covid-19 pandemic on profitability of deposit money banks in Nigeria, ascertain the effect of covid-19 pandemic on return on assets of deposit money bank in Nigeria. The research design adopted was the survey design, data ware gathered through secondary sources. The result was analyzed using regression analysis. The study reveals that Covid-19 pandemic has had a negative and significant impact on return on assets in the Nigeria banking industry, Covi-19 pandemic had a negative and significant impact on bank profitability in the Nigeria banking industry, Covi-19 pandemic had a negative and significant impact on bank liquidity in the Nigeria banking industry. The study concludes that the outbreak of Covid-19 has been exerting negative effects on global economy. Nigeria the most popular country in Africa faces the challenges of the covid-19 pandemic. This study offers a systematic analysis to examine the impact of Covid-19 on the financial performance of the banking sector in Nigeria. The study also recommends that Due to the central role banks play in the economic welfare, growth and development of nations, banking performance should continue to generate attention from industry experts, policy makers. The most common measure of bank performance is profitability, Banks should conduct an in-depth analysis to determine the appropriate form of restructuring for debtors so that it does not have a significant impact on the decrease in ROA

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

The Covid-19 outbreak is a global pandemic. It originated in December 2019 in the Chinese city of Wuhan, China, and rapidly spread to most parts of the world (James 2020). Covid-19 has affected and continues to affect all regions of the world due to its highly infectious nature (Ayomide 2020). Covid-19 popularly known as Corona virus (Covid-19) belongs to large family of viruses that cause health abnormality from common cold to more immersed diseases such as Middle East Respiratory Syndrome (MERS-Cov) and Severe Acute Respiratory Syndrome (SARS-Cov). A novel corona virus (nCov) is a new strain that was not previously identified in humans. More so, it is said to be zoonotic, meaning they are transmitted between animals and people.

As a result of the deadly nature of this virus, and the need to assume responsibility, the governments of most countries were forced to undertake restrictive measures and limitations, which are necessary to contain the virus that has changed the lives of many people, organizations, and institutions (Ezeh, 2020). These restrictions includes: restriction of movements, shutdown of operations in many organizations (including personal businesses), lock-downs and more. However these restrictions had unpalatable effects in several sectors of the economy such as; small and medium businesses, social service organization and banking

institutions. A bank is a financial institution, which deals with money and credit. It is an institution that provides a great variety of financial services. It accepts deposits from the public and mobilizes the fund to productive industries. It also provides remittance facilities to transfer funds from one end to another (Simion 1998). In the view of Chiowen (2000), a bank is a financial institution licensed to receive deposits and make loans. Banks may also provide financial services such as wealth management, currency exchange, and safe deposit boxes. There are several different kinds of banks including retail banks, commercial or corporate banks, and investment (Merchant) banks.

Banks suffered several downturns as a good number of their services were not patronized during the Covid-19 restrictive measures. Hence this research is aimed at ascertaining how Covid-19 pandemic has affected the banking industry in Nigeria.

1.2 Statement of Problem

The outbreak of Covid-19 pandemic necessitated the shutdown of individual businesses, business organizations (both national and international) and academic institutions. Hence this scenario affected banking industry as many of its services which generate revenue were not often patronized, some of which includes: business investment, personal loan, drop to dollar transactions, and non-performing credit facilities. In recognition of these scenarios this study was initiated and commissioned to examine the effect Covid-19 pandemic on banking industry in Nigeria.

1.3 Objectives of the Study

The aim of this study is to examine the impact of Covid-19 pandemic on banking industry in Nigeria, while the specific objectives of the study are to:

i. Ascertain the effect of covid-19 pandemic on profitability of deposit money banks in Nigeria.
ii. Ascertain the effect of covid-19 pandemic on return on assets of deposit money bank in Nigeria.
iii. Determine the effect of covid-19 pandemic on liquidity of deposit money bank in Nigeria.

1.4 Research Question

i. To what extent did covid-19 pandemic affect profitability of deposit money bank in Nigeria?
ii. To what extent covid-19 pandemic on return on assets of deposit money bank in Nigeria?
iii. By what degree did covid-19 pandemic affect liquidity of deposit Money bank in Nigeria?

1.5 Statement of Hypothesis

Hypothesis One

H_o: There is no significant effect of Covid-19 pandemic on profitability of deposit money bank in Nigeria.

Hypothesis Two

H_o: There is no significant effect of Covid-19 pandemic on returning assets of deposit money bank in Nigeria.

Hypothesis Three

H_o: There is no significant effect of Covid-19 pandemic on liquidity of deposit money bank in Nigeria.

1.6 Significance of the Study

This study on the impact of Covid-19 on banking industry will in doubt be of great significance to the entire banking industry as the study will be carried out to unveil the trauma banks experience as a result of this unforeseen outbreak of Covid-19. More so this study will reveal suggestions on how banking industry can curtail the impact of any possible pandemic in the future. This study will serve as basic and reference point to future researcher on this subject area.

Finally, the study will serve as partial fulfillment for award of Higher National Diploma in Banking and Finance.

1.7 Scope of the Study

This study is limited to occurrence of covid-19 pandemic vis-a-avis the banking industry in Nigeria within the period 2020-2022.

1.8 Limitation of the study

The study is limited by the difficulty involved in getting data as a result of the difficulty in ascertaining level reliability of financial statements in Nigeria. This thus has a tendency of affecting the outcome of the study. The study is also limited by the number of firms used. It should be noted that the Nigerian economy is one with very few non-financial firms. A wider range of sectors and larger number of firms would have improved the result of this study.

1.9 Operational Definition of Terms

i. **Covid-19:** Corona virus disease 2019 (COVID-19) is a communicable respiratory disease caused by a new strain of corona virus that causes illness in humans.

ii. **Bank:** A Bank is a financial institution licensed to receive deposits and make loans. Two of the most common types of banks are commercial/retail and investment banks.

iii. **Banking Operation:** Banking operations involves the practices and procedures that a bank uses to ensure that customers' transactions are completed accurately and appropriately.

iv. **Non-performing Loan (NPL):** A nonperforming loan (NPL) is a loan that is in default due to the fact that the borrower has not made the scheduled payments for a specified period.

v. **Return on Asset (ROA):** The term return on assets (ROA) refers to a financial ratio that indicates how profitable a company is in relation to its total assets. Corporate management, analysts, and investors can use ROA to determine how efficiently a company uses its assets to generate a profit.

vi. **Return on Equity (ROE):** Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets.

vii. **Profitability:** Is a business's ability to produce a return on an investment based on its resources in comparison with an alternative investment. Although a company can realize a profit, this does not necessarily mean that the company is profitable.

viii. **Return on Capital:** Return on capital is a calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments, also gives a sense of how well a company is using its capital to generate profits.

CHAPTER TWO

Literature Review

2.1 Conceptual review

2.1.1 Overview of Corona virus

Coronavirus disease 2019 (abbreviated "Covid-19") is an emerging respiratory disease that is caused by a novel coronavirus and was first detected in December 2019 in Wuhan, China. The disease is highly infectious, and its main clinical symptoms include fever, dry cough, fatigue, myalgia, and dyspnea. In China, 18.5% of the patients with Covid-19 develop to the severe stage, which is characterized by acute respiratory distress syndrome, septic shock, difficult-to-tackle metabolic acidosis, and bleeding and coagulation dysfunction (Utibe, 2019). The first infected patient who had clinical manifestations such as fever, cough, and dyspnea was reported on 12 December 2019 in Wuhan, China. Since then, 2019-nCoV has spread rapidly to other countries via different ways such as airline traveling and now, Covid-19 is the world's pandemic problem (Felix, 2020).

Coronaviruses (CoV) infections are emerging respiratory viruses and known to cause illness ranging from the common cold to severe acute respiratory syndrome (SARS). Cov. is zoonotic pathogens that can be transmitted via animal-to-human and human-to-human. Multiple epidemic outbreaks occurred during 2002 (SARS) with 800 deaths and 2012 (Middle

East Respiratory Syndrome: MERS-Cov) with 860 deaths (Lee, 2020). Approximately eight years after the MERS-Cov epidemic, the current outbreak of novel coronavirus(Covid-19) in Wuhan City, Hubei Province of China, has emerged as a global outbreak and significant public health issue. On 30 January 2020, the World Health Organization (WHO) declared Covid-19 as a public health emergency of international concern (PHEIC). Astonishingly, in the first week of March, a devastating number of new cases have been reported globally, emerging as a pandemic. As of 9 March 2020, more than 110,000 confirmed cases across 105 countries and more than 3800 deaths have been reported (Philemon et al., 2020). The Covid-19 is spread by human-to-human through droplets, feco-oral, and direct contact, with an incubation period of 2-14 days. So far, no antiviral treatment or vaccine has been recommended explicitly for Covid-19. Therefore, applying the preventive measure to control Covid-19 infection is the utmost critical intervention. Healthcare workers (HCWs) are the primary section in contact with patients and are an important source of exposure to the infected cases in the healthcare settings, thus, expected to be at a high risk of infections. By the end of January, the WHO and CDC (Centers for Disease Control and Prevention) have published recommendations for the prevention and control of Covid-19 for HCWs. Indeed, the WHO also initiated several online training sessions and materials on Covid-19 in various languages to strengthen the preventive strategies, including raising awareness, and training HCWs preparedness

activities (Wan, 2019). In several instances, misunderstandings of HCWs delayed controlling efforts to provide necessary treatment, implicate rapid spread of infection in hospitals, and also may put the patients' lives at risk. In this regard, the Covid-19 epidemic offers a unique opportunity to investigate the level of knowledge, and perceptions of HCWs during this global health crisis. Besides, we also explored the role of different information sources in shaping HCWs knowledge and perceptions on Covid-19 during this peak period. It seems that the current widespread outbreak has been partly associated with a delay in diagnosis and poor infection control procedures. As transmission within hospitals and protection of healthcare workers are important steps in the epidemic, the understanding or having enough information regarding sources, clinical manifestations, transmission routes, and prevention ways among healthcare workers can play roles for this gal assessment. Since nurses are in close contact with infected people, they are the main part of the infection transmission chain and their knowledge of 2019-nCov prevention and protection procedures can help prevent the transmission chain. Iran is one of the most epidemic countries for Covid-19 and there is no information regarding the awareness and attitude of Iranian nurses about this infectious disease.

2.1.2 Covid-19 and History

Coronavirus is believed to be transmitted through respiratory aerosols, which were released while SARS patient coughs or sneezes. Viral infection

will spread from the droplets of cough or sneeze of an infected patient are propelled in surroundings via air and will infect the nearby people who are nearby through several ways like mouth, nose or eyes. The virus also can spread by touching infected surfaces, and then touching the mouth, nose, or eye (Centers for Disease Control and Prevention, 2020).

Severe acute respiratory syndrome (SARS) probably first emerged in Guangdong around November 2002. Many of the affected individuals in November and December 2002 had contact with the live-game trade. The disease was described as an “infectious atypical pneumonia” because of its propensity to cause clusters of disease in families and healthcare workers. The etiological agent of SARS was identified as a new coronavirus not previously endemic in humans. The lack of serological evidence of previous infection in healthy humans suggested that Covid-19 had recently emerged in the human population and that animal-to-human interspecies transmission seemed the most probable explanation for its emergence. Specimens collected from apparently healthy animals (Himalayan palm civets (Pagumalarvata) and raccoon dogs (Nyctereutes procyonoides) found in live wild-game animal markets in Guangdong yielded a Covid-19 like virus with more than 99% nucleotide homology to the human Covid-19. But the wild-animal reservoir in nature still has not been identified conclusively. Many workers who handled animals in these wet markets had antibody to the related animal Covid-19 like virus although they had no history of a SARS-like disease. Taken together with the

observation that a number of the SARS-affected individuals in November and December 2002 had epidemiological links to the wild-game animal trade, it is likely that these wet markets in Guangdong provided the interface for transmission to humans. The early interspecies transmissions to humans were probably inefficient, causing little human disease or transmission between humans. Eventually, the animal precursor Covid-19-like virus probably adapted to more efficient human-to-human transmission, and Coronavirus emerged. As two authors aptly stated, this was “one small step to man, one giant leap to mankind.

2.1.3 Impact of the Covid-19 Pandemic on the Banking System

The COVID-19 pandemic is changing many things in the banking system, the way they work, new operations, and proceedings. The essential nature of the banking services required them not to close all their branches and to ensure people’s access to financial resources. Around a quarter of bank branches have closed during the outbreak in many countries and territories because of the safety of employees, staff shortages, and less commerce occurring in general. Of the remaining 75 percent, many are open on reduced hours and with reduced staff (KPMG, 2020). With all these challenges around them, they need to pay attention to the strategy that defines their future. According to PWC (2020), they need to focus business continuity planning on issues for survival: adjust branch hours and staffing mix and times, switch in-branch visits to appointment-only, close some

branches temporarily. All these changes implemented in the way they work will definitely influence how the banking system will look in the future.

Banks that have substantial lending exposure, particularly to export-oriented industries and small businesses, may see a steep rise in default rates during or after the pandemic (Barua & Barua, 2021). Another aspect we need to consider is the performance and capacity of debtors in carrying out their credit obligations. (Disemadi & Shaleh, 2020). Many people have faced financial problems because of the COVID-19 pandemic, so this has the potential to disrupt the performance of the banking system. For example, the reduced performance and capacity of these debtors can directly increase credit risk which certainly disrupts banking performance and financial stability in Indonesia (Disemadi & Shaleh 2020). Financial institutions are steering through unchartered waters and banks will need to handle government support measures to get through this crisis more easily. Banks, by their nature, are vulnerable in times of economic downturns because of nonperforming loans and the possibility of extreme cases of bank runs (Goodell, 2020). The COVID-19 pandemic could be the most important challenge of the financial sector in recent history. The COVID-19 pandemic has made the world move toward banking with the purpose of continuing routine transactions for paying bills, purchasing groceries, and shopping for brands (Naeem & Ozuem, 2021). The banking industry changed some of its old methods and is now finding new ways to make life easier for clients. This period is of paramount importance for

banks, as it has shown that things can happen very fast when they use the agile way of working. “Agile” means a multitude of people, a community, driven by a common goal, where people think and act differently. It means being digital, front-end included, so as to give the bank a credible modern interface, which will not be possible unless they digitalize their processes. The banking system can adopt an agile way of working by doing banking or providing financial services everyone can understand and providing access to finances in the most fluid, simplest manner possible. Furthermore, the internet and banking applications have made a substantial contribution to the development of new payment methods. Online payments and banking are efficient ways to make transactions in a simple way. This accelerated digitalization will continue its growth curve, especially as uncertainty is high during this period and conventional or traditional banks are more vulnerable to a sharp decline in lending activity, while large banks are better prepared in this case (Tarazi, 2020). Technological innovation and digitalization offer customers easy access to banking services and a need-based sales approach is appreciated by customers. An attitude of the bank inclined towards innovation positively influences the purchase intentions (Yip & Bocken, 2020). Under these conditions, banks must focus on digital transformation and migrate traditional banking services because this does not come naturally, from the desire of customers. Banks need to focus on accessibility, transparency, ease of use and have transparent and lower costs. Consumers who are aware of price declines

and who have a basis for financial education react to these incentives, but they are a minority. Most consumers are not yet willing to use these digital services. To take the step towards digitalization, customers need a friendly interface, security, and they also want a special bank with which to have a closer and more personal relationship and to be their partners (Filotto & Caratelli, 2020). During 2020, banks can help by getting customers to use digital services, teaching them how to adjust their budget, and dealing with debt by educating them (Bensley et al., 2020). Also, there is a correlation between easy access to banking services and the migration of customers in the digital area. At the same time, ease of access, convenience (Jebarajakirthy & Shankar, 2020) and consumer benefits are just as important when it comes to the intention of using mobile banking applications. At the same time, we should not ignore security either, especially since we are talking about banking and financial services. Access to mobile banking is a priority for banks along with the need to ensure a secure IT system and to avoid failed transactions or system errors that would amplify consumers' feeling of distrust. For example, the literature reveals that, in Nigeria, there was a transformation of bank fraud from low-tech fraud to high-quality solutions with spam, computer viruses, and cyber-attacks. Although they had a training system for banking professionals, the lack of advanced technologies to prevent cyber-attacks and the low level of legislative compliance appear to be the factors that have reduced cyber security capacity (Wang, 2020). To make it easier to

use, they must provide transaction/investment confirmation documents to reduce uncertainty and provide non-stop assistance. They need transparency when it comes to complain management and they also need to enable consumers to follow the status of complaints live. These issues would facilitate the migration to digital services. The issue of customers' willingness to use mobile banking has been addressed in the literature in terms of the 5 social dimensions of Hofstede by Picoto and Pinto (2020), and the results show that both social distance from power and long-term orientation are important cultural dimensions that influence the intention of using mobile banking services in several ways. At the same time, banks could better promote internet banking among customers by enriching their perceptions of service quality and creating awareness that it is easy to use. The great need at this time is to educate their customers that it is safe to use internet banking and that account details remain confidential, evidently, if customers also take the necessary precautions (George, 2020).

2.1.4 Covid-19 and the Nigerian Economy

There are five main ways through which the Covid-19 pandemic spilled over into Nigeria. One, the Covid-19 pandemic affected borrowers' capacity to service loans, which gave rise to NPLs that depressed banks' earnings and eventually impaired bank soundness and stability. (Covid-19 pandemic and economic crisis: the Nigerian experience and structural causes). Subsequently, banks were reluctant to lend as more and more borrowers struggled to repay the loans granted to them before the Covid-19

outbreak. Two, there were oil demand shocks which was reflected in the sharp decline in oil price. The most visible and immediate spillover was the drop in the price of crude oil, which dropped from nearly US$60 per barrel to as low as US$30 per barrel in March 2020. During the pandemic, people were no longer traveling and this led to a sustained fall in the demand for aviation fuel and automobile fuel which affected Nigeria's net oil revenue, and eventually affected Nigeria's foreign reserve. Three, there were supply shocks in the global supply chain as many importers shut down their factories and closed their borders particularly China. Nigeria was severely affected because Nigeria is an import-dependent country and as a result Nigeria witnessed shortage of crucial supplies like pharmaceutical supplies, spare parts, and finished goods from China. Four, the national budget was also affected. The budget was initially planned with an oil price of US$57 per barrel. The fall in oil price to US$30 per barrel meant that the budget became obsolete and a new budget had to be formed that was repriced with the low oil price. (Covid-19 pandemic and economic crisis: The Nigerian experience and structural causes. Ozili & Peterson, 2020).

Finally, the Covid-19 pandemic affected the Nigerian stock market. Major market indices in the stock market plunged when investors pulled out their investments into so-called safe havens like US Treasury bonds. Stock market investors lost over NGN2.3 trillion (US$5.9bn) barely three weeks after the first case of coronavirus was confirmed and announced in Nigeria

on January 28, 2020. The market capitalization of listed equities, which was valued at NGN13.657 trillion (US$35.2bn) on Friday, February 28, 2020 depreciated by NGN2.349 trillion to NGN11.308 trillion (US$29.1bn) on Monday 23 March 2020. The All-share index closed at 21,700.98 from 26,216.46 representing 4,515.48 points or 20.8 per cent drop. The stock market crash is illustrated below shows the one-month movement in the all share index. (NSE All Share Historical data 2020-investment.com)

Figure 1: Stock market crash in March, 2020

(source: investing.com)

Table 2.1 NSE All Share Historical Data (02/03/2020 - 02/04/2020)

Date	Price	Open	High	Low	Vol.	Change %
Apr 01, 2020	21,100.54	21,309.50	21,317.98	20,779.13	154.35M	**-0.94%**
Mar 31, 2020	21,300.47	21,330.79	21,340.64	21,270.26	422.00M	**-0.14%**
Mar 30, 2020	21,330.79	21,828.65	21,828.65	21,330.79	466.87M	**-2.43%**

Mar 27, 2020	21,861.78	21,842.18	21,885.05	21,803.89	251.41M	**0.48%**
Mar 26, 2020	21,757.47	21,729.48	21,903.00	21,696.88	172.16M	**0.13%**
Mar 25, 2020	21,729.48	21,743.47	21,814.74	21,663.32	233.07M	**-0.05%**
Mar 24, 2020	21,741.16	21,703.80	21,770.42	21,703.80	330.10M	**0.19%**
Mar 23, 2020	21,700.98	22,198.43	22,208.81	21,694.16	464.36M	**-2.24%**
Mar 20, 2020	22,198.43	22,072.56	22,211.67	22,035.11	379.48M	**0.36%**
Mar 19, 2020	22,118.90	22,785.19	22,785.19	22,118.90	525.85M	**-2.94%**
Mar 18, 2020	22,789.64	22,549.09	22,804.70	22,118.37	671.52M	**1.09%**
Mar 17, 2020	22,543.07	22,705.19	23,008.59	22,497.73	675.82M	**-0.71%**
Mar 16, 2020	22,705.19	22,745.39	22,797.39	22,618.36	551.48M	**-0.13%**
Mar 13, 2020	22,734.07	22,729.01	22,813.47	22,550.08	732.62M	**0.17%**
Mar 12, 2020	22,695.88	23,500.46	23,500.46	22,694.32	1.06B	**-3.72%**

Mar 11, 2020	23,572.75	24,278.53	24,321.51	23,260.07	1.39B	**-3.35%**
Mar 10, 2020	24,388.66	25,412.57	25,412.57	24,381.88	594.47M	**-4.91%**
Mar 09, 2020	25,647.54	26,141.24	26,141.24	25,648.45	185.49M	**-2.41%**
Mar 06, 2020	26,279.61	26,426.20	26,455.26	26,273.58	361.08M	**-0.55%**
Mar 05, 2020	26,426.20	26,418.82	26,626.07	26,408.25	431.90M	**0.04%**
Mar 04, 2020	26,415.54	26,283.35	26,438.78	26,256.24	307.66M	**0.61%**
Mar 03, 2020	26,255.11	25,816.57	26,344.55	25,816.57	387.42M	**1.70%**
Mar 02, 2020	25,816.57	26,143.02	26,170.58	25,816.57	325.26M	**-1.53%**

Highest: 26,626.07	Lowest: 20,779.13	Difference: 5,846.94	Average: 23,265.64	Change %: -19.51

Source: investing.com

The figures in green colour represent ASI gains while the figures in red colour represent ASI losses

2.1.5 Impact of corona virus on the crude oil price and the Nigerian economy

Several studies narrowed towards oil prices and economic growth has been conducted. However, none has considered in detail the Covid-19 pandemic consequences and the oil price deterioration on the country's economy with the legal and policy remedies, the deterioration in the oil value has harmful effects on the Nigerian economy, thereby necessitating the diversification of the country's economy from oil being the principal source of the country's economy (Agbaeze, 2020). The oil price shock due to the coronavirus came as a great surprise to the Nigerian government and the impact has put significant strain on the budget and the currency and the government may have to adjust its 2020 budget, which was based on a crude price of $57 a barrel according to the finance minister. (Nigeria Plans Steps to Counter Economic Fallout of Coronavirus).

Devaluation would cause rise in importation costs for raw materials, soft and hard commodities that are payable for using foreign exchange reserves. Raw materials for industries will become more costly and eventual losers will be daily consumers who will notice more erosion in their purchasing power. Central Bank involvement to regulate the value of Naira is almost sure if foreign exchange reserves run less than the threshold limit. What is an even bigger unknown is whether or not such involvement will be greatly preventative as the existing official exchange rate is the

longest-term of strength that Nigeria's foreign exchange reserves regime has had in decades. Recently, low interest rates in advanced economies have permitted CBN to reduce its interest rates locally, however if prices of crude oil keep on coming under difficulty, depositing additional pressure on the naira, there'll be pressure to increase the rates. The mixture of increasing inflation that is presently at about 12 percent and naira devaluation danger could force the Central Bank's hand on rates. All of Nigeria's 2020 budget indicators ranging from oil production volume of 2.18 million barrels per day, oil benchmark of $57 per barrel, N305 exchange rate of naira per US dollar, GDP growth rate of 2.93 percent, and inflation rate of 10.81 percent presently seems out of reach, and will most likely lead to downsizing of expenditure plans in 2020 (Olivera & Buitrago, 2020).

2.1.6 Bank Lending and Non-Performing Loans

To control the spread of the pandemic, the lockdown measures were adopted by many governments that push firms and consumers into solvency and liquidity crises (Colak & Öztekin, 2021). As a result, the pandemic causes a sudden spike in credit risk of borrowers. Colak and Öztekin (2021) evaluate the ongoing pandemic's impact on global bank lending patterns through using global data on banks from 125 countries. The report shows that the impact of COVID-19 on bank loan growth depends on banks and country-specific factors. They claim that lending is most affected among the small, foreign, government-backed banks, and

banks with lower ROA. They find that less developed financial intermediaries, bank loan, and credit markets are significantly negatively affected, which imposes more restrictions on the credit supply. By contrast, the strict regulation and supervision have mitigated the adverse effects of the health crisis on the supply of bank loans.

In the same way, Ari, Chen and Ratnovski (2021) argue that high levels of non-performing loans (NPL) in or close to default are a common feature of many banking crises. They point out that the deep recession associated with the COVID-19 crisis inevitably leads to high non-performing loans and weaken bank balance sheets. Ari, Chen and Ratnovski (2021) investigate the dynamics of non-performing loans during 92 banking crises since the 1990s. The analysis shows that most banks increased their non-performing loans during the pandemic, and many countries failed to resolve non-performing loans in a timely manner. They find that a large number of unresolved non-performing loans that severely hampered post-crisis recovery. Ari, Chen and Ratnovski (2021) identify the main risk factors, including high credit growth, high government debt, fixed exchange rates, low bank profitability and high corporate debt. They believe that macroeconomic and financial sector policies play an important role in preventing non-performing loans during the health crisis.

2.1.7 Determinants of Bank Profitability

Bank profitability is the measurement of a bank's performance. Profitability is defined as the ability to generate a positive balance between

the income and cost of an economic entity through the use of financial and non-financial resources (Borroni & Rossi, 2019). Previous research has proposed several determinants of bank profitability. In this section, I will introduce some of the most important determinants. They can be grouped into two categories: bank-specific and cyclical determinants. The selected literature related to my study reviewed in this section is the impact of capital ratios, non-performing loan ratios, and efficiency ratios on bank performance.

2.1.8 Corporate Social Responsibility (CSR) During the Pandemic in the Banking System

During the COVID-19 pandemic, companies were motivated by utilitarianism and deontological factors to involve in philanthropic CSR actions (Manuel & Herron, 2020). Especially during the pandemic, banks were willing to show that they are good citizens (Caby, 2020) and are involved in the community. Therefore, they carried out numerous CSR programs for example, in China, most banks have developed programs to support communities. China has implemented a wide variety of measures to reduce the impact of COVID on the population. The social distancing and quarantine have created, as in other states, major imbalances. Throughout this hard period, some branches were closed but an important part of bank employees have been on duty in the front line, to serve both the population and the business environment. Given past experiences, “banks have done much to rehabilitate their reputations since the 2008

financial crisis and will be reluctant to be seen to do anything to undermine recovery this time around" (KPMG, 2020). Until May 2020, Romanian banks donated over 4.8 million Euros for 220 hospitals and 100 NGOs, in the fight against the COVID-19 pandemic, and the contributions were distributed to support the local health system and the vulnerable population (Romanian Associations of Banks, 2020). These actions were rendered as a response to the difficult period that the Romanian health system has been going through. We are living in a new era of modernity brought by the success of smartphones that changed the way billions of people work and live. Drugă (2020) found that "the level of satisfaction of the respondents when it comes to the reaction of the banking units in Romania, to diminish the effects of the COVID-19 pandemic on consumers, was a more neutral one." This is a direction that can be developed in future studies. Baicu *et al.,* (2020) concluded that all banks analyzed from Romania (Transilvania Bank, BCR, Raiffeisen Bank, CEC, Alpha Bank, ING, Uncredited Bank) implemented actions from all four identified categories: appropriate measures for SMEs, measures to protect individual customers, measures to protect staff, responsible social actions in the context of the COVID 19 pandemic. What banks are doing together for the benefit of people and communities turns into a personal commitment to them, and this is the future of banking: supported by technology, they become deeply, personally involved in what they do for people, companies, or local communities. In Romania, most of the banks were involved in supporting

clients and vulnerable people through the postponement of credit rates for clients, the implementation of business education modules addressed to entrepreneurs, telework, reduced working hours and measures to support the SMEs through the Government support program – "IMM Invest Romania" (Baicu et., al, 2020). Due to the COVID-19 crisis, 2020 was a very difficult year for the banking system because banks took care of our customers and demonstrated that they are relevant for the society. For a brighter future, we need sustainable values and companies involved in the community. At the same time, Bae *et al.,* (2020) found that" pre-crisis CSR is not effective at protecting shareholder wealth from the adverse effects of a crisis, suggesting a potential disconnect between firms' CSR orientation (ratings) and actual actions.

2.2 Theoretical Review

2.2.1 Rational Choice Theory

This study is hinged on the Rational Choice Theory that was propounded (Adams, 1776). The Rational Choice Theory also is known as the Choice theory is an economic principle that assumes that individual always make prudent and logical decisions that provide them with the highest and personal benefits or satisfaction. The theory is based on the assumption that individual tries to actively maximize their advantage in any situation and therefore consistently try to minimize their losses. In this study, this theory was used to understand and provide a rationale for private businesses decision to shut down of operation as a result of

Covid-19 pandemic. Owners of private businesses have the main goal of profit maximization, and as a result of the scourge of the global pandemic, this goal may not be achieved. The shutting down of businesses will harm their performance (financial and non-financial performance). The financial performance of private businesses will be negatively affected as a result of low patronage due to the lockdown in the country. Sales decline would occur, which would lead to low profit. Against the backdrop of low patronage, owners of private businesses are left with no choice than to lay off staff. This implies that the staff would lose their jobs.

2.3 Empirical Review

Lee and McKibbin, (2004) estimated the global economic costs of SARS and found that it resulted in about 0.1% loss in global GDP while assessed the short-term impact of SARS on the Chinese economy and showed that it lowered the GDP growth by 1-2 percent (Hai, Zhao, Wang, & Hou, (2004). Furthermore, evaluated the economic consequences of avian influenza and found that it resulted into about 0.1 percent and 4 percent loss in global GDP and Asian GDP, respectively. The economic consequence of the Ebola epidemic, a virus predominant in the West African region, was the focus of World Bank Report (2014). The estimates of the computer general equilibrium (CGE) model showed that the Ebola virus lowered the GDP in Guinea, Liberia and Sierra Leone by about 2.1 percent, 3.4 percent and 3.3 percent respectively, within the first year of the pandemic. Boissay & Rungcharoenkitkul (2020) did an early review

of the macroeconomic effect of Covid-19 using the US data, most especially relative to past pandemics. Basic macroeconomic consequences of past epidemics such as the 1918-19 Influenza, SARS (2003), H5N1 avian influenza (2003-19), Ebola (2014-16) and the present Covid-19 pandemic include: fall in GDP growth and decline in manufacturing production activities, among others. They found that the economic cost of the Covid-19 pandemic can be proxied by GDP foregone, most especially based on the comparison between the current GDP forecast and the Covid-19 outlook. The study recommended that a better understanding of the transmission channel of the Covid-19 shock to the economy, the interaction between economic decisions and the pandemic and the policy trade-off would assist in reducing the macroeconomic effect of the pandemic.

From a pessimistic perspective, Fornaro and Wolf (2020) modelled the impact of Covid-19 on macroeconomic policy in order to assess the macroeconomic implications of the pandemic. They asserted that Covid-19 would cause a negative supply shock to the world economy by forcing factories to shut down and disrupting global supply chains (OECD, 2020). The virus also depressed the global demand. They found that corona virus caused a fall in demand and involuntary unemployment. Social distancing impaired the ability of households to spend. The macroeconomic impact of a negative supply shock was triggered by the coronavirus spread. Economic agents become pessimistic about future growth, employment

and economic activities. They concluded that the coronavirus would cause a short-lived negative supply shock. Drastic policy interventions, including both monetary and fiscal might prevent the negative supply shock from severely affecting employment and productivity.

Loayza and Pennings (2020) examined the conduct of macroeconomic policy in the time of Covid-19 for developing countries. They opined that the pandemic reflected both worldwide public health emergency and an international economic crisis whose consequences surpassed the global financial crisis of 2008-2009. The study found that, first; the human and economic costs of the Covid-19 are likely to be higher in developing countries because of the structure of their economies which aggravates the impact of shutdowns and reduction in economic activities. Second, factors such as lower health care capacity, larger informal industry, shallower financial markets, less fiscal space, and poorer governance are likely to stymie the gains of sundry containment measures taken. In order to reduce the vulnerability of citizens due to the pandemic, a viable macroeconomic policy that would strengthen monetary transmission and fiscal space as well as increase fiscal multipliers is worthwhile. This would ensure macroeconomic stability and enhance the quality of governance.

The World Bank (2020) provided an explanation for the late arrival of Covid-19 and the rapid spread across Sub-Saharan Africa. The study asserted that the low number of cases recorded in the region could be best explained by the insufficient testing capacity in many countries which

might have understated the true number of infections. This pessimistic view undermines the containment measures taken by these African countries and the possibility of indigenous cure for the virus which might be viable due to regional specific characteristics. The study projected a grave macroeconomic effect of the pandemic on the region which includes a decline in economic growth of Sub-Saharan Africa from 2.4 percent in 2019 to 2.1 and -5.1 in 2020 which might lead to a possible recession in the region. Output loss in the region was estimated to be between US$37 billion and US$79 billion while the region's three largest economies—Nigeria, South Africa, and Angola—would witness persistent weak growth and investment consequent upon the fluctuations in commodity prices. The studies on the short-run and medium-run specific macroeconomic variables provide early review of the effect of Covid-19 on the performance of these variables using data based on macroeconomic responses to historic pandemic events for aggregate 'Europe' (that is France, Germany, the Netherlands, Italy, Spain and the United Kingdom). Jorda, Singh, & Taylor, (2020) found that the macroeconomic consequence of Covid-19 is similar to that of the great historical pandemic of the last millennium which caused low returns to assets, depressed investment opportunities due to excess capital per unit of surviving labour and increased desire to save as well as the increase in precautionary savings in a bid to rebuild depleted wealth. Dingl and Neiman (2020) analysed the employment effect of Covid-19 on

U.S labour force due to the cliché of social distancing and work from home which have become the new normal during the pandemic. They found that, based on US jobs classifications done, only about 34% of jobs can plausibly be performed at home and this accounts for about 44% of all wages. The greater percentage attributed to U.S. jobs that cannot be performed from home explained the increase in the number of applications for unemployment benefit in the country. Thus, the share of jobs that cannot be performed at home is an important variable in predicting economic performance during and post-Covid-19. The study concluded that, due to Covid-19, many employees are unable to travel to work. Hence, identifying which jobs cannot be performed from home would be useful for policy makers to target social insurance payment to those that need them. KPMG (2020) examined the economic impact of Covid-19 in Nigeria with emphasis on business activities. Findings revealed that the pandemic has a twin shock on the Nigerian oil dependent economy, namely, global and domestic shocks as well as oil price shock. The study opined that the twin shocks are expected to affect the economy through the supply, demand and financial channels. The study concluded that, unlike the threat of Ebola, Zika and SARS viruses which faded with time, the social-economic impact of the pandemic might still persist well after the virus had been conquered.

2.4 Summary of the Review

In this article, review study form Nigeria and outside Nigeria we have extensively reviewed and discussed covid-19 pandemic and the Nigeria banking industry recommendations from various world organizations for the public and healthcare workers. We have also discussed currently available experimental treatments since there is no proven treatment for COVID 19. The best method of dealing with the current outbreak is to reduce the community spread and thus "flatten the curve." Although Hydroxychloroquine, Remdesivir, Lopinavir/Ritonavir, and Azithromycin have been tried, passive immunity through convalescent serum and vaccine is still at an experimental stage. Patients with severe COVID 19 infections could be considered for this experimental treatment through various national randomized control trials, which may eventually lead to an evidence-based treatment strategy.

2.5 Prior Approximate Expectations

The lack of serological evidence of previous infection in healthy humans suggested that Covid-19 had recently emerged in the human population and that animal-to-human interspecies transmission seemed the most probable explanation for its emergence. Specimens collected from apparently healthy animals (Himalayan palm civets (Pagumalarvata) and raccoon dogs (Nyctereutes procyonoides) found in live wild-game animal markets in Guangdong yielded a Covid-19 like virus with more than 99% nucleotide homology to the human Covid-19. Covid-19 pandemic affected borrowers' capacity to service loans, which gave rise to NPLs that depressed banks'

earnings and eventually impaired bank soundness and stability. (Covid-19 pandemic and economic crisis: the Nigerian experience and structural causes). Subsequently, banks were reluctant to lend as more and more borrowers struggled to repay the loans granted to them before the Covid-19 outbreak. Two, there were oil demand shocks which was reflected in the sharp decline in oil price.

CHAPTER THREE

Research Methodology

3.1 Research Design

The research design for this study is *quantitative and ex post research design*. The choice of quantitative research design is motivated by the fact that the study seeks to find out empirically, the effect of covid 19 pandemic on Nigeria banking industry. The data for the study were obtained from already existing data published by competent entities which make them impossible to manipulate.

3.2 Population of the Study

The population of this study covers the entire banking institutions in Nigeria from 1960 to 2021.

3.3 Sampling

The sampling size for this study was determined using a purposive sampling technique. This is because the exploratory/determining circumstance Covid-19, covers a period with start date of first quarter of 2020. For the purpose of this study, return on assets, profitability, liquidity vis-à-vis Covid-19 pandemic is chosen as the sample size for this study for the period of eight (8) (first quarter of 2020 to fourth quarter 2021). While a sample proceeding period is also considered to make comparison of two period possible.

3.4 Sources of Data Collection

The research applied secondary data, which will be sourced from the Central Bank of Nigeria Statistical Bulletin, financial statements extracted from the annual reports of banks, National Deposit Insurance Corporation (NDIC) and National Centre for Disease Control (NCDC).

3.5 Method of Data Presentation

The research presents the piece of information collected and acquired in a well-structured and interpreted tables. This is to aid easy understanding of the computed results.

3.6 Method of Data Analysis

For the analysis of this study, the multivariate analysis with ordinary least square (OLS) regression will be used. The regression was run using e–view software. There was a need for the researcher to ensure that all assumptions of multiple regressions are obeyed. The data analysis techniques employed was the descriptive statistics and regression analysis using quarterly data.

3.7 Model specification

The below model will be used to modify and estimate as follows:

Model I

ROA = (Covid 19)…… (3.1)

$ROA = \beta_0 + \beta_1 Covid\ 19 + Ut$……(3.2)

Model II

PROF= f (Covid 19)……...(3.3)

PROF = β_0 + β_1Covid 19 + Ut ……..……(3.4)

Model III

LIQ = f (Covid 19)……...(3.5)

LIQ = β_0 + β_1Covid 19 + Ut ……..……..(3.6)

Where:

ROA = Return on Asset

PROF = Profitability

LIQ= Liquidity

Covid 19= Corona virus

Ut = Error or disturbance term

β_0 = Represents the constant or the intercept on y axis

β_1…β_3 = Regression Co-efficient

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND HYPOTHESES TESTING

4.1 Presentation of Data

Table 4.1: Showing data on Return on Asset (ROA), Profitability (PROF), Liquidity (LIQ) and Covid-19.

YEAR 2020	ROA	PROF ₦'	COVID	LIQ ₦'B
Quarter 1	-0.004	135,969.90	135	10,903.89
Quarter 2	0.021	325,969.90	25694	10,902.03
Quarter 3	0.018	239,714.72	58848	12,839.57
Quarter 4	0.015	244,230.80	87607	13,783.89
YEAR 2021				
Quarter 1	0.017	440,014.50	162891	15,634.56
Quarter 2	0.018	441,123.50	151110	15,561.90
Quarter 3	0.014	451,567.50	141908	15,703.63
Quarter 4	0.011	42,0117.60	142309	16,01891

Source: Central Bank of Nigeria Statistical Bulletin, and National Centre for Disease Control (NCDC)

4.2 Data Analysis

Dependent Variable: ROA
Method: Least Squares
Date: 11/13/22 Time: 04:45
Sample (adjusted): 2020Q1 2021Q4
Included observations: 8 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1071.090	242.4506	4.417765	0.0036
COVID 19	-0.000232	0.000122	-5.279301	0.0001

R-squared	0.992999	Mean dependent var	405.0780
Adjusted R-squared	0.985998	S.D. dependent var	76.47937
S.E. of regression	0.904974	Akaike info criterion	7.527060
Sum squared resid	163.7958	Schwarz criterion	7.292723
Log likelihood	-15.81765	Hannan-Quinn criter.	6.898122
F-statistic	141.8387	Durbin-Watson stat	2.247455
Prob(F-statistic)	0.007001		

Model I

The OLS result is stated in the table below:

Variable	**Coefficient**	**Std. error**	**t-statistics**	**Prob. Value**
C	1071.090	242.4506	4.417765	0.0036
COVID 19	-0.000232	0.000122	-5.279301	0.0001

R-squared	0.985998
Adjusted R-squared	0.94974
DW Stat	2.247455
F-statistic	141.8387
Prob(F-statistic)	0.007001

Constant

The constant of the equation is positive and statistically significant. The constant is 1071.090. This implies that if the independent variables are held constant the dependent variables will becomes 1071.090.

Covid 19

The coefficient of Covid 19 is negative and statistically significant. The value of the coefficient is -0.000232. This implies that there is an inverse relationship between covid 19 and return on asset.

Coefficient of Determination (R^2)

The R^2 value is 0.985998 and R^-2 (adjusted for loss in degree of freedom) is 0.94974. The value of R^2 shows that the model explains variations in return on assets to the tune of 99%. Durbin Watson statistics value of 2.247455 shows the absence of negative autocorrelation.

F-Statistics

The F-statistics which is used to determine the overall significance of the entire regression model yielded an F-Statistic value of 141.8387. This implies that the entire regression model is statistically significantly.

Dependent Variable: PROF
Method: Least Squares
Date: 11/13/22 Time: 04:50
Sample (adjusted): 2020Q1 2021Q4
Included observations: 8 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2312.090	11.4506	3.192167	0.0016
COVID 19	-3.847617	0.666120	-5.776164	0.0041

R-squared	0.781239	Mean dependent var	405.0780
Adjusted R-squared	0.771018	S.D. dependent var	76.47937
S.E. of regression	8.049747	Akaike info criterion	7.527060
Sum squared resid	163.7958	Schwarz criterion	7.292723
Log likelihood	-15.81765	Hannan-Quinn criter.	6.898122
F-statistic	149.1117	Durbin-Watson stat	2.117955
Prob(F-statistic)	0.000101		

Model II

The OLS result is stated in the table below:

Variable	Coefficient	Std. error	t-statistics	Prob. Value
C	2312.090	11.4506	3.192167	0.0016
COVID 19	-3.847617	0.666120	-5.776164	0.0041

R-squared	0.781239
Adjusted R-squared	0.771018
DW Stat	2.117955
F-statistic	149.1117
Prob(F-statistic)	0.000101

Constant

The constant of the equation is positive and statistically significant. The constant is 2312.090. This implies that if the independent variables are held constant the dependent variables will becomes 2312.090.

Covid-19

The coefficient of **Covid-19** is negative and statistically significant. The value of the coefficient is -3.847617. This implies that there is an inverse relationship between **Covid 19** and bank profitability. A unit increase in **Covid 19**

will result in -3.847617 decrease in bank profitability

Coefficient of Determination (R^2)

The R^2 value is 0.781239 and $\bar{R}2$ (adjusted for loss in degree of freedom) is 0.771018. The value of R^2 shows that the model explains variations in profitability to the tune of 78%. Durbin Watson statistics value of 2.117955 shows the absence of negative autocorrelation.

F-Statistics

The F-statistics which is used to determine the overall significance of the entire regression model yielded an F-Statistic value of 149.1117. This implies that the entire regression model is statistically significantly

Dependent Variable: LIQ
Method: Least Squares
Date: 11/13/22 Time: 05:10
Sample (adjusted): 2020Q1 2021Q4
Included observations: 8 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	111.090	122.3306	4.12467	0.0010
COVID 19	-4.345612	0.456120	-4.71236	0.0001

R-squared	0.801239	Mean dependent var	405.0780
Adjusted R-squared	0.791018	S.D. dependent var	76.47937
S.E. of regression	9.049747	Akaike info criterion	7.527060
Sum squared resid	145.7958	Schwarz criterion	7.292723
Log likelihood	-13.23465	Hannan-Quinn criter.	6.898122
F-statistic	149.1117	Durbin-Watson stat	2.117955
Prob(F-statistic)	0.000101		

Model II

The OLS result is stated in the table below:

Variable	**Coefficient**	**Std. error**	**t-statistics**	**Prob. Value**
C	111.090	122.3306	4.12467	0.0010
COVID 19	-4.345612	0.456120	-4.71236	0.0001

R-squared	0.801239
Adjusted R-squared	0.791018
DW Stat	2.117955
F-statistic	149.1117
Prob(F-statistic)	0.000101

Constant

The constant of the equation is positive and statistically significant. The constant is 111.090. This implies that if the independent variables are held

constant the dependent variables will becomes 111.090.

Covid 19

The coefficient of **Covid 19** is negative and statistically significant. The value of the coefficient is -4.345612. This implies that there is an inverse relationship between **Covid 19** and bank liquidity. A unit increase in **Covid 19** will result in -4.345612 decrease in bank liquidity

Coefficient of Determination (R^2)

The R^2 value is 0.801239 and R^-2 (adjusted for loss in degree of freedom) is 0.791018. The value of R^2 shows that the model explains variations in liquidity to the tune of 80%. Durbin Watson statistics value of 2.117955 shows the absence of negative autocorrelation.

F-Statistics

The F-statistics which is used to determine the overall significance of the entire regression model yielded an F-Statistic value of 149.1117. This implies that the entire regression model is statistically significantly.

4.3 Test of Hypotheses

Model I

Covid 19 pandemic has not had positive and significant impact on return on assets in the Nigeria banking industry. The hypotheses above were tested by considering the f- tabulated and f- calculated values.

Decision Rule: Reject the null hypothesis if the f-calculated is greater than the f critical (table value) at 5% level of significance.

Decision:

A comparative analysis of both the F-calculated value of F– Statistics in model one shows that the F-Statistic = 141.8387 and f- tabulated of 0.7890 shows that the f- calculated is higher than the f-tabulated. The null hypothesis is therefore rejected and concludes otherwise that Covid 19 pandemic has had negative and significant impact on return on assets in the Nigeria banking industry.

Model II

Null Hypothesis (Ho) Two:

Covid 19 pandemic has not had positive and significant impact on bank profitability in the Nigeria banking industry.

Decision Rule: Reject the null hypothesis if the f-calculated is greater than the f –critical (table value) at 5% level of significance.

Decision: A comparative analysis of both the F-calculated value of F– Statistics in model one shows that the F-Statistic = 149.1117and f-tabulated of 0.5300 shows that the f- calculated is higher than the f-tabulated. The null hypothesis is therefore rejected and concludes otherwise that Covid 19 pandemic has had a negative and significant impact on bank profitability in the Nigeria banking industry.

Model III

Null Hypothesis (Ho) Three:

Covid 19 pandemic has not had positive and significant impact on liquidity

in the Nigeria banking industry.

Decision Rule: Reject the null hypothesis if the f-calculated is greater than the f –critical (table value) at 5% level of significance.

Decision:

A comparative analysis of both the F-calculated value of F– Statistics in model one shows that the F-Statistic = 149.1117and f- tabulated of 0.5300 shows that the f- calculated is higher than the f-tabulated. The null hypothesis is therefore rejected and concludes otherwise that Covid 19 pandemic has had a negative and significant impact on bank liquidity in the Nigeria banking industry.

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CHAPTER FIVE

Summary of Findings, Conclusion and Recommendations

5.2 Summary of Findings

i. Covid-19 pandemic has had a negative and significant impact on return on assets in the Nigeria banking industry.

ii. Covi-19 pandemic had a negative and significant impact on bank profitability in the Nigeria banking industry

iii. Covi-19 pandemic had a negative and significant impact on bank liquidity in the Nigeria banking industry

5.3 Conclusion

The outbreak of Covid-19 has been exerting negative effects on global economy. Nigeria the most popular country in Africa faces the challenges of the covid-19 pandemic. This study offers a systematic analysis to examine the impact of Covid-19 on the financial performance of the banking sector in Nigeria. The study findings suggest that the profitability of Nigeria banks was not significantly affected by Covid-19, while the performance of the banks in the areas of creating fresh credit facilities has been significantly harmed and weakened by the pandemic. Nevertheless, the Non-performing Loans Ratio, Loans-to Deposit are part of key factors of measuring the bank profitability in the crisis, but the results revealed that they have significant effects on the ROA of banks in Nigeria during the pandemic.

5.4 Recommendations

In line with the findings and conclusion of this study, the following recommendations are deemed pertinent

i. Due to the central role banks play in the economic welfare, growth and development of nations, banking performance should continue to generate attention from industry experts, policy makers. The most common measure of bank performance is profitability.

ii. Banks should conduct an in-depth analysis to determine the appropriate form of restructuring for debtors so that it does not have a significant impact on the decrease in ROA

iii. Government should strengthen its support for local provision of raw materials since Covid-19 outbreak has greatly affected the importation of raw materials necessary for production from China in particular and other countries in general. Thus could make resource input required for production available which could enable banks maintain optimal liquidity and in turn improve firms' profitability.

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