CENTRAL BANK OF NIGERIA BAILOUT POLICY AND BANKS PERFORMANCE: A T-Test ANALYSIS OF PRE AND POST BAILOUT OF BRIDGED BANKS IN NIGERIA

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DECLARATION

I declare that the work in this Thesis entitled "Central Bank of Nigeria Bailout Policy and Banks Performance: A T-Test Analysis of Pre and Post Bailout of Bridged Banks In Nigeria" has been performed by me in the Department of Accounting. The information derived from the literature has been duly acknowledged in the text and a list of references provided. No part of this thesis was previously presented for another degree or diploma at this or any other institution.

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CERTIFICATION

This Thesis entitled "Central Bank of Nigeria Bailout Policy and Banks Performance: A T-Test Analysis of Pre and Post Bailout of Bridged Banks In Nigeria" by Shehu Adamu Shika meets the regulations governing the award of the degree of Master of Science in Accounting and Finance of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

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Abstract

The establishment and promotion of Asset Management Corporation of Nigeria (AMCON) by the Central Bank of Nigeria is prompted by the need for a special purpose vehicle to free banks of their toxic asset burden and restore public confidence in the financial service industry. Hence, the establishment of AMCON constitutes the critical step towards the resolution of the problems hampering the performance of Nigerian banks. This study examined the impact of CBN Bailout Policy on the Performance of Bridged Banks in Nigeria. The study adopt experimental ex-post facto design to evaluate the impact of CBN bailout policy on the performance of bridged-banks in Nigeria. The sample size of this study consists of the three deposit money banks (Keystone, Enterprise and Mainstream banks) designated by the CBN as bridged or nationalized banks as at 2010. The study employed secondary sources of data due to the quantitative nature of the research and the design in use. Matched- sampled t-test was used to compare means obtained from the pre and post bail out data for a period of five years (2005-2009) years before and (2010-2014) after the policy. The study found that the CBN bailout policy has not significantly improved the performance of the bridged banks during the period of the study. Specifically, the results indicated that there is no significant improvement in public confidence in the banks, as indicated by the lower levels of customer deposits after the bailout policy. Moreover, the findings show that there is increase in the risk assets quality of the banks during the period, as shown by the significant decrease in the ratio of non–performing loans and advances after the bailout policy. Therefore, there is no significant evidence that the bailout has improved the other performance variables (capital adequacy, deposit mobilization, profitability and liquidity). The study, therefore, recommends that governments and regulatory agencies should increase efforts to restore the public confidence in the bridged banks. It is also recommended that, the banking public and investors should increase their patronage to the bridged banks, as there are adequate assurances that their monies are safe, because the banks are under direct government control and supervision. Lastly, the banks' management and regulators should embark on mass awareness about the current status of the banks to eliminate fear from the mind of customers about their wealth. Moreover, the managers of the banks should increase their efforts and adopt different strategies that could enhance their profitability.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Banking services are the life blood of financial system of any country and a vehicle of sound economic growth and development of any nation. Banks in theory and practice are financial intermediaries by mobilization of funds from surplus unit of the economy, allocate credits to the needy sectors of the economy, provide the payment and settlement system and implement monetary policies of government at all times (Sanusi, 2012). The major rationale behind banking business and even their economic successes is public confidence that they enjoy. Emeka (1997) sees confidence as the peoples' faith in the banks, that is, the extent to which people generally believe that their money is safe and that the possibility of loss is remote.

However, the Nigerian banking industry has witnessed crises of failures and default which include weaknesses in credit administration; distress and failure and unnecessary takeovers and mergers (Bello 2013). Similarly, banking crises in Nigeria have been a very long phenomenon; for instance, credit and liquidity crises was first reported in 1930, where over 21 banks failures were recorded between 1930 and 1958 (Emeka,1997). Moreover, Nigerian banking crises of 1990s has necessitated the transfer of government's deposits from licensed banks to the Central bank of Nigeria (CBN) and also led to the bail-out of 13 banks by the Nigerian Deposits Insurance Corporation (NDIC) and CBN.

An empirical examination of the Nigerian banking sector by Bello (2013) revealed that banks in Nigeria have recently suffered wide spread of financial malfeasances which led to declaration of many banks as distress, and takeovers and mergers have left a historical landmark in the history of financial service sector of the country. Sunusi (2012) added that this condition has necessitated the CBN to embark on second turnaround since 1998 banking crises, which include the rescue of 8 banks through capital and liquidity injections. He further

states that such actions became necessary to restore confidence in the banking public and bring sanity in the Nigerian banking system. This according to the CBN Deputy Governor, Financial System Stability, Dr. Kingsley Moghalu has led to the injection of over N3 trillion in resolving the banking crises that have seen 10 banks undergoing rigorous reforms including change of leadership in eight (CBN, 2013). The cost includes the N1.725 trillion spent by the Asset Management Corporation of Nigeria (AMCON) to acquire the non-performing loans of banks in the wake of the 2008 global financial crises. Before then, the apex bank had injected N620 billion to rescue 10 banks at the heat of the financial crises in 2009.

Similarly, the Financial System Stability report revealed that another N679 billion was expended by the AMCON to recapitalize the three Bridged- Banks (defunct Afribank, Bank PHB and Spring Bank) in August 2010. However, the Deputy Governor lamented that unlike other economies where financial stimulus and bailout packages came at huge cost to tax payers, the CBN, banks and AMCON established the Banking Sector Resolution Cost Fund (Sinking Fund) to absorb cost of crises. According to the terms and condition of the Fund the 24 banks in the country and the CBN have been designated to contribute 0.3% of their total assets and N50 billion per annum to the Fund (CBN, 2010).

The establishment and promotion of AMCON by the CBN in conjunction with the Federal Ministry of Finance was prompted by the need for a special purpose vehicle to free banks of their toxic asset burden. It is believed that the establishment of AMCON constitutes the first critical step towards the resolution of the non-performing loan problem in banks a process that would eventually facilitate further consolidation of Nigerian banks. As a bold step taking by the government in response to the persistent crises in the banking sector, Ikpepan and Mukoro (2012) opine that the establishment of AMCON was in part as a result of the steady growth of non-performing loans (NPLs) in the Nigerian banks, with the attendant undesirable

consequences on liquidity and solvency as well as the need to take proactive measures to facilitate the implementation of the current restructuring of the banking system. They further revealed that NPLs in the Nigerian banking system is alarming and has affected the performance and going-concern of some of the deposit money banks in Nigeria, particularly Afribank, BankPHB and Spring Bank among others.

However, the effectiveness of government intervention depends on the structure and viability of the entire bail-out policy. Dam and Koetter (2012) found that certain regulatory actions may limit or even reduce risk-taking and improve efficiency. According to them, existing empirical literature is inconclusive regarding the form of the optimal resolution program and the combination of mechanisms that would allow countries to minimize the negative consequences of government interventions. As a result of lack of adequate empirical evidence in this area, policymakers cannot properly understand and assess banking sector performances. For instance, a study by Philippon and Schnabl (2013) found that the optimal bailout program should include equity instead of cash injections. Additionally, they point that optimal bailout program should not include asset purchases and debt guarantees; otherwise, banks will have incentives to engage in opportunistic behavior. Bhattachrya and Nyborg (2012) argue that both equity injections and asset purchase programs are optimal in resolving banking sector problems. However, House and Masatlioglu (2010) find that debt guarantees exhibit the best performance. While these studies attempted to provide an insight into the bailout policy, their main interest lies in the determination of optimal strategies from the perspectives of cost and banking sector recovery, with risk and performance a minor concern.

The fundamental purpose of every business enterprise is to consistently outperform the competitors and deliver sustained superior returns to the owners while satisfying other stakeholders. The measurement of how successful firms are at achieving this purpose is a key issue for practitioners and researchers. From a practitioner's perspective, financial metrics are

important because they are the primary way performance of both firms and top leaders are evaluated and the inform decisions about the firm made by internal and external stakeholders, (Verberten and Bonns,2009). From a research perspective, financial metrics are important because they are extensively used as a criterion measure to evaluate the impact of firm performance on a diverse range of interventions, such as human resources practices or advanced manufacturing technologies.

This study is motivated by the need for optimal bailout policy that could improve the performance and enhance the stability of the entire financial system. The evaluation and determination of the optimal bailout policy is especially important and has been emphasized by the Bank of England (2009), European Commission, (2011), and World Bank, (2012) at present due to regulators' recent initiatives in implementing national directives regarding the resolution of systemic banking crises. Therefore, this study critically evaluates the effectiveness of the bailout policy in the Nigerian banking industry in relation to performance.

1.2 Statement of the Problem

The global economy was hit by an unprecedented financial and economic meltdown of 2007-2009, tipped into recession by the subprime crisis in the US in August 2007. This has led to the collapse of many world renowned financial institutions and resulted in the bankruptcy of some countries (CBN, 2010). According to the CBN, the Nigerian economy faltered and the banking system experienced a crisis in 2009, triggered by global events. The stock market on the other hand lost approximately 70 per cent of its value in 2008-2009 and many Nigerian banks had to be rescued. In order to stabilize the system and return confidence to the markets and investors, the CBN injected 620 billion Naira of liquidity into the banking industry and replaced the leadership of eight banks. This has led to a considerably stabilized banking sector.

While the global financial and economic crises have significantly affected the mode of operations of financial markets and the central banks regulations in most economies. However, there is an absence of adequate monitoring and control in the financial service industry. Consequently, the wave of global financial and economic crises together with the dramatic growth in the post consolidation has led to the creation of an extremely fragile Nigerian financial system. However, there were a series of government intervention to cushion the ugly state of the Nigerian banking sector during the last decade. This includes intervention in the form of government bailout with substantial amount of capital to save the industry and enhance performances. Similarly, the goal of government bailout programs is to stabilize the banking sector and stimulate lending by providing banks with emergency capital and purchasing so-called toxic assets. This is due to the fact that the periods of financial crisis are typically characterized by a dramatic decrease in lending due to decreases in deposits, increased loan losses, and the hesitancy of banks to lend (Ivashina & Scharfstein, 2010). Therefore, bailout programs typically aim to facilitate a recovery in lending through bank balance sheets recapitalization, providing managers with the financial support to resume lending.

While the intervention by the government through the bailout policy has been a historical landmark in the banking sector and the entire financial system, there is absence of empirical studies that examined the effect of the policy on the performance of banks. This constituted the problem that this study attempt to investigate. To the best of the knowledge of the researcher, this is the first study that attempts to empirically assess the total impact of government bailout policy on the performance of bridged banks in Nigeria. Moreover, existing studies have examined the impact of government interventions on bank behavior, the studies have not related the intervention with performances and most of them are foreign based with the exception of few.

Gropp, Hakenes, and Schnabel (2011), Dam and Koetter (2012) and Fischer, Hainz, Rocholl, (2012) also investigated the role of government guarantees on bank behavior; Cordella and Yeyati (2003), Corsetti, Guimaraes, Roubini (2006) and Martin (2006) examine the impact of liquidity provisions; Berger, Bouwman, Kick, Schaeck (2011), Duchin and Sosyura (2013) and Mehran and Thakor (2011) examine the effects of capital injections; and Black and Hazelwood (2012), Bayazitova and Shivdasani (2012) and Harris et al. (2013), Ogboi and Kenneth (2013), Kuye, Ogundele and Andrew(2013) consider the effects of the Troubled Asset Relief Program (TARP). Recently, several studies like Bhattacharya and Nyborg (2012), Landier and Ueda, (2008), Veronesi and Zingales, (2010) have focused on the contributions of bailout programs to the cost of resolving the banking crisis but without reaching a definitive conclusion. Hence, several gaps and limitations regarding the resolution of banking crises are evident in the existing literature.

Moreover, the extant literature revealed that there are no bank-level empirical investigations of the total impact of bailout programs on banking sector performances. These could constraint policymakers on having clear guidance regarding how to respond to problems in the banking sector.

1.3 Research Questions

Based on the foregoing, this study attempts to provide answers to the following research questions

i. What is the impact of CBN bailout policy on the operating and financial performance of bridged-banks in Nigeria?
ii. How does the bail-out policy affect credit activities of the bridged-banks?
iii. To what extent does the bail-out policy affect deposit mobilization of the bridged-banks?
iv. How does the bail-out policy affect capital adequacy of the bridged-banks?

v. What is the effect of bail-out policy on the risk assets quality of the bridged-banks?

1.4 Objectives of the Study

The main objective of this study is to examine the impact of CBN bail-out policy on the performance of bridged banks in Nigeria. The specific objectives of the study are:

i. To assess the impact of CBN bail-out policy on the profitability of bridged banks in Nigeria.
ii. To investigate the impact of CBN bail-out policy on the capital adequacy of bridged banks in Nigeria.
iii. To examine the impact of CBN bail-out policy on the deposit mobilization of bridged banks in Nigeria.
iv. To investigate the impact of CBN bail-out policy on the risk assets quality (credit activities) of bridged banks in Nigeria.
v. To investigate the impact of CBN bail-out policy on the liquidity risk of bridged banks in Nigeria

1.5 Research Hypotheses

In line with the research questions and objectives of this study the following hypotheses are formulated in null form;

H_{01}: There is no any significant mean difference between pre and post bailout in profitability of bridged banks in Nigeria.

H_{02}: There is no any significant mean difference between pre and post bailout in capital adequacy of bridged banks in Nigeria.

H_{03}: There is no any significant mean difference between pre and post bailout in deposit mobilization of bridged banks in Nigeria.

H_{04}: There is no any significant mean difference between pre and post bailout in risk assets quality of bridged banks in Nigeria.

H_{05}: There is no any significant mean difference between pre and post bailout in liquidity risk of bridged banks in Nigeria.

1.6 Significance of the Study

The study is significant in revealing whether the government intervention through bailout policy in the financial service industry has significantly impacted on the financial performance of banks. The study is expected to benefit existing and potential shareholders, depositors, creditors, Managements, Regulators and researchers.

The findings of this study will be of importance to the banking public, in that, it will examine the effectiveness of the main government intervention in relation to the banks' performances.

The findings of this study are also expected to be useful to the management of banks, as the study will investigate the performance in relation to existing bailout policy, which will point the efficiency of the policy for further controls. Similarly, regulators such as SEC and CBN would also find this study useful as it will analyze a policy that has to do with the entire macroeconomic stability of the country. That is, the results of this study will provide them with empirical evidence on the effectiveness or otherwise of the recent government intervention in the financial system in order to take necessary actions.

Shareholders as owners, who are usually concern with maximization of their wealth, could also find this study useful. This is because the success of the banks is largely depended upon effective policy measures, and financial performances. Hence, this study is aimed at providing information on the effects of bailout policy on the performance, and offering logical recommendations from the findings, which could be relevant to the shareholders as owners.

Researchers and students are also part of the beneficiaries of this study, because they are usually interested in understanding how government policies affect corporate operations, activities and performance. This makes them the secondary consumers of findings of this

research of this nature. Hence, it will serve as a source of knowledge and point of reference to students and researchers.

1.7 Scope of the Study

The study focuses on the major government intervention through the bailout programs in relation to the performance of bridged-banks in Nigeria. The study therefore covers the commercial banks designated as national banks or bridged banks by the CBN. Bridge banks are banks that receive external intervention as a results of their inability to address their liquidity problems (Keystone, Enterprise and Mainstream banks). These banks are selected due to increasing concern from the general public, regulators and researchers about the huge tax-payers money invested in the banks in recent times.It also covers a period of ten years (2005-2014), with the year 2010 as a base; while five years (2005-2009) before the 2010 bailout and five years (2010-2014) post bailout.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers the review of relevant and related literature on the bailout policy and corporate performance. Specifically, the chapter critically reviews existing literature on the concept and evolution of bailout policy, concept of corporate performance, empirical literature on bailout and performance and the theoretical framework of the study.

2.2 The Concept of Bridge Bank

Bridge bank is defined by CBN (2010) as a bank that is temporary organized by the regulators to administer the deposits and liabilities of a failed bank. According to the CBN, under this arrangement, the Nigeria Deposit Insurance Corporation (NDIC) is authorized to operate a failed bank for a period until a buyer is found for its operations. The concept evolved in the banking industry as a tool of enhancing depositor protection and promoting confidence by ensuring seamless continuity of banking operations. In practice, where an NDIC-insured bank is in distress, a bridge bank should be created to:

i. Assume the deposits of the closed bank;
ii. Assume such other liabilities of the closed bank as the Deposit Insurance Corporation may determine to be appropriate;
iii. Purchase such assets of the closed bank as the Deposit Insurance Corporation may determine to be appropriate; and
iv. Perform any other temporary function which the Deposit Insurance Corporation may prescribe in accordance with the law.

Consequently, bridge banks must be chartered as national banks. To the extent possible, bridge banks are required to honor the commitments of the failed bank to its customers, and not to interrupt or terminate adequately secured loans.Bridge banks are authorized to seek to

liquidate failed banks, either by finding buyers for the bank as a going concern, or by liquidating its portfolio of assets, within two years, which can be extended by an additional year.

In Nigeria, the CBN on August 5, 2010, revoked the operating licenses of three banks; Afribank, Spring Bank, and Bank PHB, which according to it, did not show enough capacity and ability for recapitalization. The CBN through the NDIC established Bridge Banks and transferred the assets and liabilities of the three affected banks to the Bridge Banks as follows;

i. Mainstreet Bank Limited (Afribank),
ii. Keystone Bank Limited (Bank PHB), and
iii. Enterprise Bank Limited (Spring Bank).

Under the new arrangement, Main Street Bank Limited takes over the assets and liabilities of Afribank; Keystone Bank Limited assumes the assets and liabilities of Bank PHB, while Enterprise Bank Limited takes over that of Spring Bank. Consequently, AMCON immediately acquired from the NDIC, the three Bridge Banks. Accordingly, AMCON injected N679 billion into the Bridge Banks to meet the minimum capital base of N25 billion and the minimum capital adequacy ratio of 15 per cent (CBN, 2010).Main Street Bank, which assumed the assets of Afribank, received N285 billion, Keystone Bank, which assumed the assets of Bank PHB, received N283 billion and Enterprise Bank, which assumed the assets of Spring Bank, received N111 billion.

The acquisition and transfer of ownership of the Banks were effected through a subscription agreement with each of the three banks. By the subscription agreement, AMCON became the owners of the three banks, and provided sufficient capital to restore the banks to the level of capital adequacy stipulated for their operations.

2.3 The Concept of Bailout

Bailout is a concept mostly pronounced during economic and financial crises; hence it is logical to analyze the concept from financial distress perspective. Financial distress is defined as a situation in which "an institution's existence will be endangered without support measures" (Deutsche Bundes bank, 2007:75). In this context, support measures are either through restructuring, mergers or capital injections. When the concept of going concern is threatened, the ultimate risk faced by a bank becomes too high, and then the options left with the regulators are either a bankruptcy or a bailout (Faff, Parwada & Tan, 2010). In another perspective, Dam and Koetter (2011) advanced that many economies maintain deposit insurance schemes to protect depositors against losses when a bank fails to meet its debt obligations. As such, selected banks may receive capital from regulatory authorities or government when in distress in the form of bailout. Deposit insurance can help prevent bank runs and mitigate the potential spillover effects of bankruptcies (Diamon and Dybvig, 1983).

The financial safety theory for individual banks in this regard aims to reduce the social costs of bank failures due to systemic risks (Puri, Rocholl and Steffen, 2011) or bank competition (Gropp, Hakenes and Schnabel, 2011) and promote financial stability (Demirguc-Kunt and Detragiache, 2002).

Therefore, bailout is seen as capital diffusion to a firm with national or multinational footprint that is in danger of bankruptcy, insolvency or total liquidation (Harvey, 2012). According to him bail out is a financial aid in the form of debt, equity offerings, cash contributions, or some form of loan or line of credit, and is often accompanied by greater government oversight and regulation. On the other hand, Lawrence (2013) defined bailout as the rescue of an economic entity ("the rescued entity") from potential or actual insolvency, with the rescue performed by another economic entity ("the rescuer"). He further lamented with references to Economic Union (EU) bailout program that bailouts are ad hoc in general;

but the EU has a formal bailout program, termed "Rescuing and Restructuring Firms in Difficulty." In principle, either the rescuer or the rescued entity can be an individual, a company (either financial or non-financial), a government, or an international organization. The most common instances of bail out are is national government and/or central bank rescuing one or more domestic financial institutions, an international organization (the International Monetary Fund, IMF) rescuing member governments (Lawrence, 2013).

During the last decade, considerable resources were expended by governments worldwide on maintaining the economic viability of financial institutions to stage off the effects of the financial crisis of 2007 and 2009 (Faff, Parwada and Tan, 2010). There is a large body of research examining the effectiveness of financial rescue packages in addressing the risk of contagion. The majority of the research concentrates on credit markets, asking the question from the perspective of banks and their corporate lending clients (Slovin, Sushka & Polonchek, 1993; Giannetti & Simonov, 2010). Counterparty risk is probably one of the most dreaded potential consequences of the financial crisis. Thus, financial economists, regulators and the investing and taxpaying public are vitally interested in whether the bailouts reduced counterparty risks and avoid massive asset fire sales.

A number of researchers argue different causes of firm's financial distress which usually lead to bailout. Puri, Rocholl and Steffen, (2011) see systemic risks, while Gropp, Hakenes and Schnabel, (2011) see bank competition as the cause. Bailouts necessitated an expenditure of considerable resources by governments worldwide on maintaining the economic viability of financial institutions to stage off the effects of the financial crisis of 2007 and 2009 (Faff et al., 2010). However, there are some certain alternative to bail out in the literature. According to Sanni, and Adereti and Ebo (2012) the first, and most obvious, alternative to a bailout is to avoid government intervention and "let the market work." Let the mismanaged or weak institutions fail or be absorbed by stronger firms. Consistent with that prescription, Rosas

(2006) advocated provision of central-bank liquidity to solvent banks and not to insolvent banks, thus permitting the weakest banks to fail. In general, by not intervening, government allows economic agents to bear the consequences of their own actions and thus does not generate moral hazard, avoids putting taxpayer money at risk, and strengthens the sector of the economy in which the non-rescued firm is situated. Moreover, the failing firm could merge with, sell its assets to, or be taken over by another firm. This outcome is consistent with the market, providing the government does not assist the merger by bailout policies.

A second alternative is to undertake general macroeconomic policies. As Laeven and Valencia (2008) observe, inflation and currency depreciation are tried-and-true mechanisms by which debtors can be relieved. While it would be unwise to use macroeconomic policies for other than standard macroeconomic goals, at least in principle such policies are non-discriminatory. Under a systemic crisis, conventional macroeconomic policies should be tried before any bailout. Even if a bailout is adopted, it should be supplemented by such policies.

A third alternative is that firm loses some autonomy but remains in existence, Glowicka (2006), opine that the firm has an incentive to graduate from bankruptcy protection; because the bankruptcy is costly to the firm. However, over the past five years, much of the world narrowly sidestepped complete financial failure as lending slowed significantly and capital markets experienced a downturn second only to the Great Depression. Perhaps the most contentious element of government response to this and previous financial crises is the bailout of the banking sector. In the U.S alone, the Troubled Assets Recovery Program (TARP) cost taxpayers approximately 300 billion dollars and led to significant policy debate (Elliott, 2009). Banking sector bailout programs continue to remain an issue in Europe, with the European Financial Stability Fund (EFSF) proposing to recapitalize financial institutions well into 2016.

2.3.1 Bailout Policy Instruments

Bailout policy instruments came to light following the 2007 global economic and financial crises, as a result of subprime mortgage meltdown in the United States, which triggered a systemic banking crisis in many industrial countries, prompting the implementation of various strategies to rescue distressed banks. Generally, these policy instruments can be divided into two groups (Fahri & Tirole, 2012): systemic measures offered to all financial institutions, independent of how affected these institutions were by the crisis, and single-policy instruments aimed at rescuing individual banks. The first group of policy instruments is monetary in nature and generally involves interest rate management (in practice, shifting the interest rate toward zero). Its objective is to provide assistance to all financial institutions to enable them to weather a financial shock. In contrast, the individual measures address the distress of single institutions requiring significant public resources. Claessens, Pazarbasioglu, Laeven, Dobler, Valencia, Nedelescu (2011) summarize the range of bank-level regulatory mechanisms that are necessary at various stages of a banking crisis. These instruments include the following:

i. Blanket guarantees and liquidity provisions during the containment stage of a crisis;
ii. Capital injections in the next phase; and
iii. Debt-restructuring mechanisms Such as "Asset Management Companies" (AMCs) or "Bad Banks" in the final stage of a crisis.

Measures of the first type are used in the initial stage of a crisis when there is a loss of confidence in the financial system and substantial uncertainty. Distressed banks often face runs on their deposits during this period, which rapidly reduce the liquidity of affected banking institutions. More importantly, the risk of contagion to other, healthy institutions increases. Without a timely and effective intervention from the central bank, such a situation

may lead to a further deterioration in the value of banks' assets and ultimately bankrupt many institutions.

Hence, central banks tend to step in by offering blanket guarantees and injecting liquidity, with the goal of increasing confidence in the banking system. Interestingly, although these measures may target individual institutions, in severe crises, regulators often extend these measures to the entire banking sector. This occurs when fear of runs on healthy institutions is high or distress affects the entire banking sector (Diamond and Dybvig, 1983; Jacklin and Bhattacharya, 1988; Freixas et al., 2000; Acharya and Yorulmazer, 2007).

When a liquidity crisis becomes a capital crisis, government policies focus on rescuing insolvent institutions by recapitalizing them. Instruments employed for this purpose include government-assisted mergers and capital injections. In a government-assisted merger, the government helps a troubled bank find a partner willing to acquire the distressed institution. In practice, to increase the probability of success of such an intervention, the government participates in restructuring the bank's bad debt, often by taking it over. In addition, the government may guarantee the future losses of an acquired institution. In the crisis of 20072009, the most spectacular examples of this type of intervention were the acquisitions of Bear Sterns by JP Morgan and of Merrill Lynch by Bank of America. Sheng (1996) argues that government-assisted M&As are optimal when the government has limited funds to cover the closure of an insolvent institution or the financial industry as a whole has sufficient resources to absorb a failing bank (Acharya and Yorulmazer, 2007). Therefore, this type of intervention is often used in the initial phase of a crisis.

Another bailout option available to policymakers is to inject capital into a distressed institution. The majority of bailed-out banks in our sample received capital injections in exchange for ownership. The objective of nationalization is to save a bank from bankruptcy and thus limit the negative consequences of its distress for the banking sector. In recent years,

the types of institutions most frequently nationalized have been systemically important banks. However, this bailout instrument is very costly, requiring significant public resources. Moreover, many studies argue that capital injections should be accompanied by extensive restructuring of a bank's debt. Commonly employed restructuring mechanisms include writing off a bank's bad debt at a cost to taxpayers and creation of a restructuring fund in the form of a "Bad Bank" or AMC. Under the first strategy, the government takes over the bad debt of an institution in the amount by which its assets have decreased. This allows for the recapitalization of a bank, enabling the bank to survive. The strong assumption underlying this mechanism is that the government does not participate in any of the bank's operations; thus, the strategy requires market-disciplining mechanisms to function (Dell'Ariccia and Ratnovski, 2012). However, the AMC mechanism seeks to transfer non-performing loans from a distressed institution's balance sheet to a newly created fund. The role of the fund is to clean up the bank's balance sheet and restore its profitability. The fund then attempts to maximize the recovery of the bad debt through active restructuring. Importantly, to ensure the effectiveness of this mechanism, the AMC should be handled in the private sector, and the state should not dispose of the managed assets. In practice, however, the opposite is the case, with the state controlling the fund, which makes this restructuring mechanism less effective, creating bad incentives within the banking sector (Klingebiel, 2000).

2.4 Concept of Firm Performance

Banwo, (1997) and Sanni, (2006) see the concept of firm performance in terms of profitability, which connotes a situation where the income generated during a given period exceeds the expenses incurred over the same length of time for the sole purpose of generating income. According to the fundamental requirements here are that the income and the expenses must occur during the same period of time ('Matching Concept') and the income must be a direct consequence of the expenses. The period of time may be one week, three

months, one year etc. It is not immaterial whether or not the income has been received in cash nor is it compulsory that the expenses must have been paid in cash. For a profit-oriented organization, profit is the soul of business. Based on the profitability concept of performance, a firm remains in operation because it expects to make profits. Once that expectation is confirmed unattainable, the most rational decision is to close shop (Sanni, 2006).

In another view, experts agree that when conceptualizing performance, one has to differentiate between an action (that is behavioural) aspect and an outcome aspect of performance (Campbell, Mccloy, Oppler & Sager, 1993; Roe,1999). Accordingly, the behavioural aspect refers to the consequence or result of the individual behavior. The outcome aspect described behaviours which may results in outcomes such as number of engines assembled, pupil's reading proficiency, sales figures and so on. According to dictionary.com, financial performance is defined as a subjective measure of how well a firm can use asset from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period of time, and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. It can also be referred to as the business independent criteria to assess it overall outcomes, in relation to its own goals.

According to Zeitun and Tian (2007) performance measures are either financial or organizational. Financial performance such as profit maximization, return on assets, and maximizing shareholders wealth are core of firms' effectiveness (Chakravarthy, 1986). Operational performance measures such as growth in sales and growth in market share, provide a broad definition of performance as they focus on the factors that ultimately lead to financial performance (Hoffer & Sandberg 1987, as cited in Zeitun and Tian 2007). Another way of measuring firm performance according to Heng and San (2011) are productivity, profitability, growth or even customer satisfaction. They contend that these tools are closely

related. Barbosa and Louri, (2005), opine that financial measurement is one of the tools which indicate the financial strengths, weakness, opportunities and threats. These financial measurements are return on investment, residual income, earnings per share, dividend yield, price earnings ratio, book value per share and so on. However, it is important to note that how a firm performance can be measured may be affected by the objective of a firm that could affect its choice of performance measures and the development of the stock and capital market.

The credit view literature of monetary policy suggests that the implementation of monetary policy measures such as recapitalization may directly affect performances by impacting lending depending on how bank managers choose to allocate deposits between the loan market and marketable securities (Bernanke, Gertler, & Gilchrist, 1996). If banks expand their new deposits mostly by offering to supply more loans rather than investing in securities, recapitalization should stimulate new spending by the bank dependent sector. Theoretical work on government interventions presents mixed results. The primary argument advanced by proponents of government intervention is that regulatory actions are necessary to restore confidence in the banking sector and credit system, thereby preventing the economy from falling into prolonged recession. More importantly, the proponents of regulatory intervention argue that such actions do not negatively affect the banking sector.

A standard argument in this literature is that regulatory actions help distressed banks recover, and banks' restored charter values then discipline the banks' behavior. Formal support for this view is presented in Cordella and Yeyati (2003), Berger et al. (2011), Hackenes and Schnabel (2010) and Mehran and Thakor (2011). In addition, strong regulatory actions restricting the banking business may also impose discipline on bank management (Dam and Koetter, 2012). Government interventions are also likely to strengthen banks' monitoring incentives (Dell'Ariccia and Ratnovski, 2012; Mehran and Thakor, 2011).

Opponents of government intervention, however, argue that these actions cause the banking sector more harm than good. An argument commonly advanced is that government interventions increase moral hazard due to a decline in market discipline and banks' anticipations of bailouts (Flannery, 1998; Sironi, 2003; Gropp & Vesela, 2004; Dam & Koetter, 2012). Furthermore, Gropp et al. (2011) document that such action undermines competition in the banking sector, increasing the risk faced by non-assisted banks. Other researchers argue that government interventions are influenced by political interests and that politically connected institutions are more likely than others to receive financial support (Tahoun and van Lent, 2010; Duchin and Sosyura, 2012). As a result, risk to the banking sector increases (Shleifer and Vishny, 1994; Iannota and Sironi, 2007; Berger et al., 2011).

Paradoxically, there is substantial evidence documenting that regulatory interventions are not effective in restoring banks' charter values. Bonaccorsidi Patti and Kashyap (2009) argue that only one-third of banks recover after receiving regulatory support. This low figure may be attributed to the fact that rescue packages are not sufficiently large to greatly improve distressed banks' financial conditions or that regulators do not have the proper incentives to restructure a distressed banks' balance sheet efficiently (Kane, 1989; Klingebiel, 2000; Hoshi & Kashyap, 2010; Igan et al., 2011; Giannetti & Simonov, 2013). These impaired banks have substantial incentives to provide funding for highly risky investments, as the Japanese experience has demonstrated (Hoshi & Kashyap, 2010). In addition, Fehri and Tirole (2012) demonstrate that systemic regulatory policies lead to a collective moral hazard problem. This problem arises because such actions generally grant banks access to cheaper capital, incentivizing them to increase their borrowing and reduce their liquidity. In such cases, it is "unwise for some banks to play safely, when all other banks start to gamble". In a similar vein, some studies document that larger banks, which might be perceived as "too big to fail",

are more strongly incentives than smaller banks to pursue risky strategies (Boyd & Runkle, 1993; Schnabel, 2004, 2009).

2.5 Review of Empirical Studies on Bail-out and Bank Performance

There are many researchers that examined government interventions in many countries of the world. However, the studies are mostly foreign with very few conducted in Nigeria, and the findings are mostly mixed and inconclusive. The existing literature indicates that there is a large body of research examining the effectiveness of financial rescue packages in other countries. Most of the researches focus on credit markets, asking the question from the perspective of banks and their corporate lending clients (Slovin, Sushka & Polonchek, 1993; Giannetti & Simonov, 2010).

Also, Faccio, Masulis, and McConnell (2006) use data from 35 countries over 1997-2002 to show that politically connected firms are more likely to be rescued than their "non-connected peers." Further, they find that the former firms exhibit worse operating performance than the latter, both at the time of the bailout and subsequently. Rosas (2006) analyzes 46 banking crises in 38 countries over 1980-1994 and concludes that the "bailout propensity of governments" is limited by transparency and by central-bank independence. Glowicka (2006) studies EU bailouts of 79 firms over 1992-2003 and finds that "the probability of exit (the firm failing) increases in the first four years (after the bailout)." Based on the foregoing studies, the empirical evidence suggests that it would be wise for governments to avoid bailouts and use alternative policy. The research gaps here include that all the studies are conducted abroad and that the methodologies used did not clearly show the performance before and after the bailouts, which this study intends to address.

Gropp, Hakenes, and Schnabel (2011) and Fischer, Hainz, and Rocholl (2012) find that this effect only holds ex-post. Ex-ante government protection provides cheaper access to capital for protected banks, improving their charter values and discouraging such institutions from

risk-taking. Cordella and Yeyati (2003) obtain similar results for liquidity provisions. However, Naqvi (2010) argues that the central bank's role as Lender of Last Resort (LoLR) spreads moral hazard. This effect occurs because liquidity support goes not only to illiquid institutions but also insolvent institutions, which then tend to gamble (Goodhart & Huang, 1999; Rochet & Vives, 2004).

Dam and Koetter (2012) and Hoshi and Kashyap (2010) argue that the effects of government interventions on bank behavior depend on the mechanisms used to assist banks. The existing literature broadly examines the relationship between the individual policy measures applied to banks and banks' risk behavior. With respect to the mechanisms in the containment stage of the crisis, Demirguc-Kunt and Detragiache (2002) examine the effect of deposit insurance on bank behavior, documenting that it is associated with moral hazard. These studies focused on bailouts in form of deposit insurance in advanced economy, which could not be applicable to Nigerian situation.

On the other hand, Dam and Koetter (2012) document that regulatory intervention may also serve to discipline bank behavior because the regulatory authority is authorized to impose restrictions on banking operations, often resulting in more careful monitoring of these banks. Similarly, the LoLR's provision of liquidity to banks signals to the market which banks are distressed, which in turn may strengthen market-monitoring mechanisms (Dell'Ariccia & Ratnovski, 2012; Mehran & Thakor, 2011). Although these studies examine Ex-ante government intervention, they did not take into account some operating performance variables like deposit mobilization, risk assets quality and profitability.

Inconclusive results are also obtained regarding the effects of bank bailout mechanisms on bank risk. Berger et al., (2011) examine the effect of capital injections on bank behavior and find that this instrument is effective in improving capital ratios for small and large banks without increasing risk. However, Duchin and Sosyura (2013) show that although capital

injections are effective in restoring bank capital, they are associated with increased risk to the economy. This relation is observed because rescued banks tend to engage in regulatory arbitrage. Similarly, Rose and Wieladek (2012), using bank-level data on UK banks, examine the effect of public capital injections and nationalizations. The authors find that these measures were successful in restoring market confidence during the mortgage crisis in the UK. However, Phillipon and Schnabl (2013) document that nationalization is a more efficient approach than pure capital injections. The authors argue that the distribution of a bank's upside potential via the government should discourage opportunistic bank behavior. By contrast, empirical studies find that state-owned banks tend to be less profitable and less efficient and therefore more willing to take on additional risk (Shleifer and Vishny, 1994; Baumann and Nier, 2006; Iannota and Sironi, 2007). Similarly, Brei et al., (2013), examining rescue packages in Western economies during the period 1995-2010, find that recapitalization only helps banks recover once injected capital exceeds a critical threshold and a bank's balance sheet is sufficiently strong.

Harris et al. (2012) examine the effects of capital injections provided by the TARP on the operational efficiency of commercial banks. The authors find that such restructuring methods decrease the operational efficiency of funded banks while improving asset quality, thereby increasing moral hazard. In addition, Black and Hazelwood (2010) document that the risk levels associated with participation in the TARP program differ for small and large banks. Whereas small banks decreased their risk, large banks significantly increased it. The authors thus conclude that the TARP induced moral hazard in large banks. With respect to debt-restructuring programs, Kane (1989), Klingebiel (2000) and Hoelscher (2006) criticize the AMC instrument due to its political dominance, unregulated form and the insufficient expertise of the politicians running such a firm. As a result, banks' debt recovery rates are low, and banks' incentives to transfer future toxic debt to such a vehicle are high. This

situation increases risk in the banking sector and the costs of crises. However, House and Masatlioglu (2010) argue that debt-restructuring programs tend to perform better than capital injections in providing liquidity to the banking sector. The authors argue that transferring debt from a distressed bank tends to improve the bank's ability to raise capital in the inter-bank market on favorable terms.

Mariassunta and Andrei (2013) study Japanese banking crisis of the 1990s as a laboratory, by investigating the effects of bank bailouts on the supply of credit and the performance of banks' clients. Consistent with recent theories, the findings indicate that the size of capital injections relative to banks' initial financial conditions is crucial for the success of bank bailouts. Capital injections that are large enough to reestablish bank capital requirements increase the supply of credit and spur investment. In contrast, not only do capital injections that are too small fail to increase the supply of credit, but they also encourage the ever greening of non-performing loans and favor investment by unviable "zombie" firms.

Michael Koetter and Felix Noth (2015) investigate if the Troubled Asset Relief Program (TARP) distorted price competition in U.S. banking. Political indicators reveal bailout expectations after 2009, manifested as beliefs about the predicted probability of receivingequity support relative to failing during the TARP disbursement period. In addition, the TARP affected the competitive conduct of unsupported banks after the program stopped in the fourth quarter of 2009. The risk premiums required by depositors were lower, and loan rates were higher for banks with higher bailout expectations. The interest margins of unsupported banks increased in the immediate aftermath of the TARP disbursement but not after 2010. These effects are economically very small though. No effects emerged for loan or deposit growth, which suggests that protected banks did not increase their market shares at the expense of less protected banks.

Wilson and Wu (2010) find that banks' voluntary participation in a preferred stock recapitalization does not necessarily guarantee that the capital infusion and the taxpayer subsidy will induce the banks to make good loans. Hence, the banks may still choose to shift the risk to their creditors. This suggests that the size of the capital injection and the lack of any leverage-increasing prohibitions may have caused the inefficiency in the TARP program. Our paper is most closely related to that of Duchin and Sosyura (2011), who use different data sources to analyze the effect of TARP on bank lending and risk-taking. Similar to our findings, the authors find no evidence of greater credit origination by TARP participants relative to non-participants with similar characteristics. The results also indicate that the TARP banks approve riskier loans, even after controlling for the selection of TARP banks based on political connections.

2.6 Theoretical Framework of the Study

The study can be well analyzed from the agency theory and the financial intermediation theory. The function of banks in the economy is financial intermediation treat banking business from microeconomic theory of banking in a wider perspective, which is applicable in the financial world of the agency theory and the theory of asymmetric information of adverse selection and moral hazard (Scholtens and Wensveen, 2003).

Financial intermediation present and explain several behaviors financial intermediaries in the market in their relation to savers and to investor. It based on the paradigm of the classical idea of perfect market introduced by Marshall and Walras. According to the paradigm, financial intermediaries have a function only because financial markets are not perfect. Therefore they exist because of the market imperfections, but as soon as markets are perfect, banks are redundant. They have lost their function because savers and investors dispose of the information needed to find each other directly immediately and without any impediments, so without costs, and deal at optimal prices (Diamond and Rajan, 2001).

Moreover, financial intermediation is based on the notion that intermediaries serve to reduce transaction costs and informational asymmetries (Scholtens & Wensveena, 2003). It is therefore, considered as a value-creating economic process, according to them it is risk and risk management that drives this value creation. They conclude that absorption of risk is the central function of banks, where the risk function bridge a mismatch between the supply of savings (liquidity) and the demand for investments (assets) as savers are on average more risk averse.

In this regard, banks according to financial intermediary are not only agents who screen and monitor on behalf of savers they are active counterparts offering a specific product that cannot offered by individual investors to savers, that is, cover for risk (Scholtens and Wensveen, 2003). Allen (1991), Bhattacharyon and Thakor (1993), Van Damme (1994) and Garton and Winton (2002) describe the three doctrines and reasons of the theory of financial intermediation, which are information problems, transaction costs and regulatory factors. This study adopts regulatory aspect of financial intermediation theory that is the legal based view of banks. This view according to Fama (1980) and Mankiw (1986), financial intermediaries are based on the regulation of money production and of saving in and financing of the economy. Regulation in this regard affects solvency and liquidity with the bank; that is, bank capital affects bank safety, the ability of bank to refinance, and the ability of bank to extract repayment from borrowers or its willingness to liquidate them (Diamond and Rajan, 2000). The legal based view of financial intermediation sees regulation as a crucial component that shapes the financial economy; and is exogenous to the financial industry (Laporta, Lopez, Sheifer, and Vishny 1998). The regulatory and legal based view of financial intermediation theory therefore takes a form of bail out in the event of failure and distress, which is expected to restore confidence of the banking public and improve the performance of the banks.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the research methodology which deals with systematic process of conducting research including planning and techniques used in drawing conclusions and reporting findings. The essence is to structure researcher's actions according to the objectives of the study and the nature of the questions at hand. The chapter begins with research design, then population and sample of the study, sources and method of data collection for the study and the technique of data analysis. It also presents and discusses the models of the study as well as the techniques used in the study.

3. 2 Research Design

The study adopt experimental ex-post facto design (after event) to evaluate the effect of CBN bail-out policy on the performance of bridged-banks in Nigeria. This research design is chosen because of its effectiveness in comparing and explaining two situations as a result of a certain intervention. Thus, this is consistent with the objective of this study, as it provides a plan and procedures of a study to arrive at valid conclusion on the effect of bail-out policy on the performance of banks in Nigeria. Therefore, the design will involve collecting performance data of the banks before and after the bail-out policy.

Specifically, the design involves pre and post study of performances using the major 2009 government intervention as a basis. That is, the study compares the performances of the bridged-banks five years (2005-2009) before the government intervention and five years after (2010-2014) the intervention.

3.3 Population of the Study

The population of this study consists of all the three deposit money banks (Keystone, Enterprise and Mainstream banks) designated by the CBN as bridged or nationalized banks as

at 2010. This population is chosen because the banks have recently received huge amount of money from the government under the bailout policy. Thus, it is necessary and logical to examine bailout policy in relation to performance of the deposit money banks in Nigeria. The study of this population is also informed by increasing concern from the general public, regulators and researchers about the huge tax-payers money invested in the banks in recent times. The study covers the period of ten (10) years (2005-2014).

3.4 Sample of the Study

The sample size of the study is three banks recently nationalized under the CBN bailout policy (Keystone, Enterprise and Mainstream banks). The sample period covers the period of five years (2005-2009) before the government intervention and five years after (2010-2014) the bailout intervention.

3.5 Sources and Method of Data Collection

This study employs secondary sources of data due to the quantitative nature of the research and the design in use. Therefore, the method of data collection for the study involves the financial statements of the bridged-banks for all years covered by the study (2005-2014). Another source of the data is CBN statistical bulletin and AMCON report.

3.6 Technique of Data Analysis

This study employs paired-sample t-test as the technique of data analysis. The matched-samples t-test (also called related- or paired- or non-independent samples t-test) is used to compare means obtained from two sets of related data. The most common way to obtain related sets of scores occurs when the same subjects are measured twice (before event and after the event). This technique is adopted because the technique is very powerful in statistical comparison, thus, consistent with the objective of assessing the impact of the bail-out policy on the performance of bridged-banks in Nigeria. The analysis will be conducted using (STATA 13.0).

3.7 Variables Measurement and Model Specification

The variables of this study are the major performance variables measure by; profitability (Return on Assets (ROA)), credit activities, deposit mobilization, capital adequacy and toxic assets quality. The measurement of the variables is presented in Table 3.1 as follows;

Table 3.1: Variables Measurement

Variables	Measurement
Profitability	Is define as returns on assets and is measured as a ratio of profit before tax to total assets
Credit Activities/Risk Assets Quality	Define as the quality of risk assets and is measured as a ratio of non-performing loans to total bank loans and advances outstanding
Deposit Mobilization	Is measured as a total customers deposits outstanding, scaled by total assets
Capital Adequacy	Measured as a ratio of equity to total assets
Liquidity Risk	Measured as a ratio of total debt to total assets

Source: STATA OUTPUT

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents and analyzes the descriptive and inferential statistics generated from data collected and the test of hypotheses. It also covers the discussion of major findings and the policy implication of the findings.

4.2 Descriptive Statistics

This section presents and discusses the descriptive results of the data collected for the study. The descriptive statistics of the data collected are presented in Table 4.1;

Table 4.1: Descriptive Statistics

Variables	Mean	SD	Min	Max	Skew.	Kurt.	N
Pre Bailout							
ROA	-0.479	0.2383	-0.9065	0.0368	-3.4373	12.910	15
CAR	0.1132	0.1427	-0.3599	0.2450	-2.5902	9.3661	15
RAQ	0.1859	0.1485	0.0214	0.5245	1.0703	3.2549	15
DMB	0.7099	0.1211	0.4237	0.8573	-0.8833	3.1779	15
LIQ	0.3087	0.1504	0.0459	0.5013	-0.5790	1.9129	15
Post Bailout							
ROA	0.0069	0.0257	-0.0375	0.0682	0.6678	3.5740	15
CAR	0.1259	0.0480	0.0221	0.2291	0.2165	3.6660	15
RAQ	0.0661	0.0401	0.0215	0.1790	1.6546	5.4792	15
DMB	0.6768	0.1258	0.4856	0.7956	-0.6350	1.5243	15
LIQ	0.2699	0.0611	0.1406	0.3628	-0.3717	2.6124	15

Source: STATA OUTPUT

Table 4.1 presents the descriptive statistics of the data on the performance of the bridged-banks both before and after the bail-out policy. The table shows that the average profitability of the bridged-banks in terms of returns on assets (ROA) before the bail-out policy is -0.0479 (-4.79% of total assets), with standard deviation of 0.2383, and minimum and maximum values of -0.9065 (-90.65%) and 0.0368 (3.68%) respectively. The Table on the other hand indicated that the average profitability of the banks in terms of ROA after the bail-out policy is 0.0069 (0.69% of total assets), with standard deviation of 0.0257, and minimum and maximum values of -0.0375 (-3.75%) and 0.0068 (0.68%) respectively. However, the

standard deviation of 0.0257 implies that the performance after the bail-out policy deviate from the mean value from both side by 2.57%, implying that the data is widely dispersed from the mean value. This implies that on average the profitability of the bridged banks has improved after the introduction of the bail-out policy (from the mean ROA of -4.79% to 0.69%). That is, from average loss of -4.79% to a profit of 0.69% returns on assets after the AMCON interventions. Table 4.1 also indicated that the data for ROA for the two period did not follow the normal distribution as indicated by the coefficients of skewness and kurtosis of -3.4373 (negatively skewed; most of the data are on the left-hand side of the normal curve) and 12.9102 respectively before the policy; while the skewness and kurtosis after the bail-out policy are 0.6678 (positively skewed; most of the data are on the right-hand side of the normal curve) and 3.5740 respectively.

Table 4.1 revealed that the average capital adequacy ratio (CAR) of the sample banks before the bail-out policy is 0.1131 (11.31% of the total assets), with standard deviation of 0.1427, and minimum and maximum values of -0.3599 (-35.99%) and 0.2450 (24.50%) respectively. Moreover, the table shows that the data for CAR before the policy did not follow the normal distribution as indicated by the coefficients of skewness and kurtosis of -2.5902 (negatively skewed; most of the data are on the left-hand side of the normal curve) and 9.3661 respectively. Conversely the average CAR of the banks after the bail-out policy is 0.1259 (12.59% of the total assets), with standard deviation of 0.0480, and minimum and maximum values of 0.0221 (2.21%) and 0.2291 (22.91%) respectively. The data for CAR after the policy also did not follow the normal distribution as indicated by the coefficients of skewness and kurtosis of 0.2165 (positively skewed; most of the data are on the left-hand side of the normal curve) and 3.666 respectively. This analysis provides evidence that the adequacy of the capital of bridged banks has improved after the introduction of the bail-out policy (from

the mean of 11.32% before the policy to 12.59% after the policy). However, this is despite the fact that the minimum equity of the banks was negative before the bail-out policy.

The descriptive statistics table also indicated that the average credit activities (in terms of risk assets quality (RAQ)) before the bail-out policy is 0.1859 (18.59% Non-performing loans), with standard deviation of 0.1485, and minimum and maximum values of 0.0214 (2.14%) and 0.5245(52.45%) respectively. The table also shows that the data for RAQ before the policy did not follow the normal distribution as indicated by the coefficients of skewness and kurtosis of 1.0703 (positively skewed; most of the data are on the right-hand side of the normal curve) and 3.2549 respectively. Similarly, the average risk assets quality of the banks after the bail-out policy is 0.0661(6.61% Non-performing loans), with standard deviation of 0.0401, and minimum and maximum values of 0.0215 (2.15%) and 0.1790 (17.9%) respectively. However, the standard deviation of 0.0401 implies that the performance after the bail-out policy deviate from the mean value from both side by 4.01%, implying that the data is widely dispersed among the banks. The table shows that the data for RAQ after the policy did not follow the normal distribution as indicated by the coefficients of skewness and kurtosis of 1.6546 (positively skewed; most of the data are on the right-hand side of the normal curve) and 5.4792 respectively. This analysis implies that on average the performance of the bridged banks has improved after the introduction of the bail-out policy which is reflected by a fall of non-performing loans from the mean RAQ of 18.59% to 6.61%.

The table also showed that the average performance of the bridged banks in terms deposits mobilization (DMB) before the bail-out policy is 0.7099 (70.99% of the total assets), with standard deviation of 0.1211, and minimum and maximum values of 0.4237 (42.37%) and 0.8573 (85.73%) respectively. The table shows that the data for DMB before the policy did not follow the normal distribution as indicated by the coefficients of skewness and kurtosis of -0.8833 (negatively skewed; most of the data are on the left-hand side of the normal curve)

and 3.1779 respectively. It further indicated that the average performance of the banks in terms of DMB after the bail-out policy is 0.6768 (67.68% of the total assets), with standard deviation of 0.1258, and minimum and maximum values of 0.4856 (48.56%) and 0.7956 (79.56%) respectively. The table shows that the data for DMB after the policy did not follow the normal distribution as indicated by the coefficients of skewness and kurtosis of -0.6350 (negatively skewed; most of the data are on the left-hand side of the normal curve) and 1.5244 respectively. This implies that on average the performance of the bridged banks in terms of DMB has not improved after the implementation of the bail-out policy (i.e a decrease from the mean of 70.99% to 67.68%). However, it can be deduced that there is still an issues of banking public confidence after the bail-out policy in the bridged banks.

Lastly, Table 4.1 shows that the average liquidity position (LIQ) of the bridged-banks before the bail-out policy is 0.3087 (30.87% of total assets), with standard deviation of 0.1504, and minimum and maximum values of 0.0459 (4.59%) and 0.5013 (50.13%) respectively. The table shows that the data for LIQ before the policy did not follow the normal distribution as indicated by the coefficients of skewness and kurtosis of -0.5790 (negatively skewed; most of the data are on the left-hand side of the normal curve) and 1.9129 respectively. The Table on the other hand indicated that the average performance of the banks in terms of LIQ after the bail-out policy is 0.2699 (26.99% of total assets), with standard deviation of 0.0611, and minimum and maximum values of 0.1406 (14.06%) and 0.3628 (36.28%) respectively. However, the standard deviation of 0.0611 implies that the performance after the bail-out policy deviate from the mean value from both side by 6.11%, implying that the data is widely dispersed from the mean value. The table shows that the data for LIQ after the policy did not follow the normal distribution as indicated by the coefficients of skewness and kurtosis of -0.3717 (negatively skewed; most of the data are on the left-hand side of the normal curve) and 2.6124 respectively. This implies that on average the profitability of the bridged banks

has not improved after the implementation of the bail-out policy (from the mean LIQ of 30.87% to 26.99%). That is, liquidity has decreased from average liquidity of 30.87% to 26.99% after the AMCON interventions.

In view of the quantitative methodology adopted in this study, in which parametric tool of analysis is used, we subjected the data to normality test. Shapiro-Francia is applied in the test as follows;

Table 4.2: Normal Data Test

Variables	W	V	Z	P-Values	N
PRE_ROA	0.3498	12.608	5.012	0.0000	15
PRE_CAR	0.6625	6.544	3.715	0.0001	15
PRE_RAQ	0.8781	2.364	1.701	0.0444	15
PRE_DMB	0.9215	1.521	0.830	0.2033	15
PRE_LIQ	0.8835	2.258	1.611	0.0536	15
POST_ROA	0.9582	0.810	-0.416	0.6614	15
POST_CAR	0.9089	1.765	1.123	0.1307	15
POST_RAQ	0.8092	3.700	2.587	0.0048	15
POST_DMB	0.7577	4.698	3.060	0.0011	15
POST_LIQ	0.9725	0.533	-1.246	0.8936	15

Source: STATA Output

Shapiro-Francia (W) tests the null hypothesis that 'the data is normally distributed'. Table 4.2 indicated that data from five variables (PRE_RAQ, PRE_CAR, POST_RAQ, POST_DMB, and PRE_ROA) of the study are not normally distributed because the P-values are significant at 1% and 5% levels of significance (p-values of 0.0444, 0.0001, 0.0048, 0.0011 and 0.0000 respectively). On the other hand, variables from PRE_DMB, POST_CAR, PRE_LIQ, POST_LIQ and POST_ROA; which are not statistically significant at 5% and below levels of significance (p-value of 0.2033, 0.1307, 0.0536, 0.8936 and 0.6614 respectively) are normally distributed. Therefore, the null hypothesis (that, the data is normally distributed) is rejected for PRE_RAQ, PRE_CAR, POST_RAQ, POST_DMB, and PRE_ROA while not rejected for the PRE_DMB, POST_CAR, PRE_LIQ, POST_LIQ and POST_ROA. Although problem of normal distribution may affect parametric tools of analysis, the effect on small sample is moderate and usually ineffective.

4.3 Inferential Statistics and Hypotheses Testing

In this section, the paired sample t-test results of the variables before and after the bail-out policy are presented and analyzed. The hypotheses formulated for the study are also tested in this section.

4.3.1 Bail-Out Policy and Profitability

The effect of bail-out policy on the performance in terms of profitability of bridged-banks is examined in this section. The results of the analysis are presented in Table 4.3 as follows;

Table 4.3: Paired Sample t-test Results of Profitability

Variables	Mean	P-value
Pre-Bail Out	-0.0479	
Post-Bail Out	0.0069	
Mean Difference	0.0548	
t-statistic	0.9369	0.3647
Df (n-1)	14	

Source: STATA Output

A paired t-test was run on a sample of 3 banks for 5 years period (15 observations) to determine whether there was a statistically significant mean difference between profitability of bridged-banks before the bail-out policy compared to profitability after the policy. Therefore, the study test the null hypothesis (H0: mean diff = 0), that is, there was no significant difference in terms of profitability before and after the bail-out. Table 4.3 shows that the performance in terms of profitability (ROA) of the bridged-banks is higher after the bail-out policy (-0.0479 as against 0.0069 ROA); the mean difference is 0.0548 with t-statistic of 0.9365 at 14 degree of freedom. Although the ROA has increased in absolute terms, the mean difference as well as the test statistic is not statistically significant at all levels of significance (p-values 0.3647), implying that there is no significant difference in the profitability of bridged-banks after the bail-out policy at 14 degrees of freedoms. Based on these evidences, the study failed to reject the null hypothesis one (H_{01}) which states that there is no any significant mean difference between pre and post bailout in profitability of bridged

banks in Nigeria. The study therefore infers that the CBN bailout policy has not significantly impacted on the profitability of bridged banks during the period under review.

4.3.2 Bail-Out Policy and Capital Adequacy

The effect of bail-out policy on the performances in terms of capital adequacy of bridged-banks is examined in this section. The results of the analysis are presented in table 4.4 as follows;

Table 4.4: Paired Sample t-test Results of Capital Adequacy

Variables	Mean	P-value
Pre-Bail Out	0.1131	
Post-Bail Out	0.1259	
Mean Difference	0.0128	
t-statistic	0.3964	0.6978
Df (n-1)	14	

Source: STATA Output

A paired t-test was run on a sample of 3 banks for 5 years period (15 observations) to determine whether there was a statistically significant mean difference between performances in terms of capital adequacy of bridged-banks before the bail-out policy compared to capital adequacy after the policy. Therefore, the study test the null hypothesis (H0: mean diff = 0), that is, there was no significant difference in terms of capital adequacy before and after the bail-out. The result in Table 4.4 shows that the performance in terms of capital adequacy ratio (CAR) of the bridged-banks is higher after the bail-out policy (0.1259 as against 0.1132 capital adequacy ratio); the mean difference is 0.0128 with t-statistic of 0.3964. The mean difference and test statistic is not statistically significant at all levels of significance (p-values 0.6978), supporting that there is no significant difference in the capital adequacy of bridged-banks after the bail-out policy at 14 degrees of freedoms. Based on this evidences, the study failed to reject the null hypothesis two (H_{02}) which states that there is no any significant mean difference between pre and post bailout incapital adequacy of bridged banks in Nigeria. The study therefore infers that the CBN bailout policy has not significantly impacted on the capital adequacy of bridged banks during the period covered by the study.

4.3.3 Bail-Out Policy and Risk Assets Quality

The effect of bail-out policy on the risk assets quality of bridged-banks is examined in this section. The results of the analysis are presented in Table 4.5 as follows;

Table 4.5: Paired Sample t-test Results of Risk Assets Quality

Variables	**Mean**	**P-value**
Pre-Bail Out	0.1859	
Post-Bail Out	0.0661	
Mean Difference	-0.1198	
t-statistic	-2.9628	0.0103
Df (n-1)	14	

Source: STATA Output

A paired t-test was run on a sample of 3 banks for 5 years period (15 observations) to determine whether there was a statistically significant mean difference between performances in terms of risk assets quality of bridged-banks before the bail-out policy compared to risk assets quality after the policy. Therefore, the study test the null hypothesis (H0: mean diff = 0), that is, there was no significant difference in terms of risk assets quality before and after the bail-out. Table 4.5 shows that the performance in terms of risk assets quality (RAQ) of the bridged-banks is higher after the bail-out policy (0.0661 as against 0.1859 non-performing loans ratio); the mean difference is -0.1198 with t-statistic of 2.9624. The mean difference and the test statistic is statistically significant at 99% confidence level (p-values 0.0103), indicating that there is a statistical significant difference in the risk assets quality of bridged-banks after the bail-out policy at 14 degrees of freedoms. Based on these evidences, the study rejects the null hypothesis three (H_{03}) which states that there is no any significant mean difference between pre and post bailout inrisk assets quality of bridged banks in Nigeria. The study therefore infers that the CBN bailout policy has significantly impacted on the non-performing assets of bridged banks during the period under review.

4.3.4 Bail-Out Policy and Deposit Mobilization

The effect of bail-out policy on the performance of bridged-banks in terms of deposit mobilization is examined in this section. The results of the analysis are presented in table 4.6 as follows;

Table 4.6: Paired Sample t-test Results of Deposit Mobilization

Variables	Mean	P-value
Pre-Bail Out	0.7099	
Post-Bail Out	0.6768	
Mean Difference	-0.0331	
t-statistic	-0.6484	0.5272
Df (n-1)	14	

Source: STATA Output

A paired t-test was run on a sample of 3 banks for 5 years period (15 observations) to determine whether there was a statistically significant mean difference between performances in terms of deposit mobilization of bridged-banks before the bail-out policy compared to deposit mobilization after the policy. Therefore, the study test the null hypothesis (H0: mean diff = 0), that is, there was no significant difference in terms of deposit mobilization before and after the bail-out. Table 4.6 shows that the deposit mobilization of the bridged-banks is lower after the bail-out policy (0.6768 as against 0.7099); the mean difference is -0.0331 with t-statistic of -0.6484. The mean difference and test statistics are not statistically significant at all levels of significance (p-values 0.5272), implying that there is no significant difference in the deposit mobilization activities of the bridged-banks after the bail-out policy at 14 degrees of freedoms. Based on these evidences, the study failed to reject the null hypothesis four (H_{04}) which states that there is no any significant mean difference between pre and post bailout in deposit mobilization of bridged banks in Nigeria. The study therefore infers that the CBN bailout policy has not significantly impacted on the banking public confidence in the bridged banks during the period under review.

4.3.5 Bail-Out Policy and Liquidity

The effect of bail-out policy on the performances in terms of liquidity of bridged-banks is examined in this section. The results of the analysis are presented in Table 4.7 as follows;

Table 4.7: Paired Sample t-test Results of Liquidity

Variables	Mean	P-value
Pre-Bail Out	0.3087	
Post-Bail Out	0.2699	
Mean Difference	-0.0388	
t-statistic	-0.8678	0.4001
Df (n-1)	14	

Source: STATA Output

A paired t-test was run on a sample of 3 banks for 5 years period (15 observations) to determine whether there was a statistically significant mean difference between performances in terms of liquidity position of bridged-banks before the bail-out policy compared to deposit mobilization after the policy. Therefore, the study test the null hypothesis (H0: mean diff = 0), that is, there was no significant difference in terms of liquidity before and after the bail-out. Table 4.7 shows that the liquidity of the bridged-banks is lower after the bail-out policy (0.2699 as against 0.3087); the mean difference is -0.0388 with t-statistic of -0.8678. The mean difference and test statistics are not statistically significant at all levels of significance (p-values 0.4001), implying that there is no statistical significant difference in the liquidity positions of the bridged-banks after the bail-out policy at 14 degrees of freedoms. Based on these evidences, the study failed to reject the null hypothesis five (H_{05}) which states that there is no any significant mean difference between pre and post bailout in liquidity of bridged banks in Nigeria. The study therefore infers that the CBN bailout policy has not significantly impacted on the liquidity of the bridged banks during the period under review.

4.4 Discussion of Major Findings

Emanating from the above analysis, this research found that the CBN bail-out policy has not significantly improved the performance of the bridged-banks during the period of the study. Interestingly, the study provides evidence that there is no improvement in the banking public

confidence in the banks, as indicated by the lower levels of customer deposits after the bail-out policy. The study also shows that there is an increase in the risk assets quality of the banks during the period, as shown by the significant decrease in the ratio of non-performing loans and advances after the bail-out policy. However, there is no significant evidence that the bail-out has improved the other performance variables (capital adequacy, liquidity, deposit mobilization and profitability) examined. This on one hand implies that, the customers of the bridged banks are yet to recover from the loss of confidence from the banks, and on the other hand, the regulators and the government need to do more to the banks in order to improve their performance which could ensure the going concern of the banks.

These findings are consistent with the paradox, that regulatory interventions are not effective in restoring banks' charter values, which is in line with Bonaccorsidi Patti and Kashyap (2009) who argue, that only one-third of banks recover after receiving regulatory support. The results also support the findings of Rochet and Vives, (2004) Faccio, Masulis, and McConnell (2006), Black and Hazelwood (2010) and Naqvi (2010)who show firms exhibit worse operating performance both at the time of the bailout and subsequently. Moreover, the results do not support the conclusions of Berger et al., (2011) that bail-out has effect of capital injections on bank behavior and that the instrument is effective in improving capital ratios for small and large banks without increasing risk

The findings on the other hand are in line with Dam and Koetter (2012); Dell'Ariccia & Ratnovski, (2012) and Mehran & Thakor, (2011) document that regulatory intervention may also serve to discipline bank behavior because the regulatory authority is authorized to impose restrictions on banking operations, often resulting in more careful monitoring of these banks. While it contradict those of Duchin and Sosyura (2013), Harris et al. (2012), Rose and Wieladek (2012), Phillipon and Schnabl (2013), Baumann and Nier (2006), Iannota and Sironi (2007), and Brei et al., (2013)

With respect to risk assets quality and capital adequacy, the findings are consistent with Kane (1989), Klingebiel (2000), Hoelscher (2006) and Masatlioglu (2010) who concluded that banks' debt recovery rates are low, and banks' incentives to transfer future toxic debt to such a vehicle are high and as such the situation increases risk in the banking sector and the costs of crises.

4.5 Policy Implications of Findings

The findings from this research have important implications to many constituents. First and foremost, the findings implied that much need to be made to restore the public confidence in the bridged banks, as there is not enough evidence of increase in deposit mobilization after the bail-out policy. Moreover, the findings implied that government has to find other instruments for supporting the financial market as the bail-out policy does not seem to yield the desired outcome after five years.It is also implied that, the banking public are yet to recover from the loss of confidence from the bridged-banks, and therefore, the regulators and the government need to do more to the banks in order to improve their performance which could ensure the going concern of the banks.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The establishment and promotion of AMCON by the CBN in conjunction with the Federal Ministry of Finance was prompted by the need for a special purpose vehicle to free banks of their toxic asset burden. It is believed that the establishment of AMCON constitutes the first critical step towards the resolution of the non-performing loan problem in banks a process that would eventually facilitate further consolidation of Nigerian banks. This study examined the impact of CBN bail-out policy on the performance of bridged banks in Nigeria. Specifically, the study assessed the impact of CBN bail-out policy on the profitability, risk assets quality, deposit mobilization and capital adequacy of bridged banks in Nigeria.

Matched-samples or two groups test was used to compare means obtained from the pre and post bail-out data for a period of five years before and after the policy. The study found that the CBN bail-out policy has not significantly improved the performance of the bridged-banks during the period of the study. Specifically, the findings from the study indicated that there is no improvement in the banking public confidence in the banks, as indicated by the lower levels of customer deposits after the bail-out policy.

Moreover, the findings show that there is increase in the risk assets quality of the banks during the period, as shown by the significant decrease in the ratio of non-performing loans and advances after the bail-out policy. However, there is no significant evidence that the bail-out has improved the other performance variables (liquidity, capital adequacy, deposit mobilization and profitability).

5.2 Conclusion

Emanating from the analysis conducted on the data together with the results of the hypotheses tests, the study concludes that:

i. CBN bail-out policy has not significantly improved the performance of the bridged-banks during the period covered by the study.

ii. CBN bail-out policy has significantly improved the risk assets quality of the banks during the period under review.

iii. There is no significant statistical difference in performance in terms of deposit mobilization, liquidity, capital adequacy and profitability before and after the bail-out policy. That is the policy has not significantly improved the levels of deposit mobilization, capital adequacy and profitability of the banks during the period covered by the study.

5.3 Recommendations

Based on the findings and conclusions from this research, the study recommends that:

i. Governments and regulatory agencies should increase efforts to restore the public confidence in the bridged banks, as there is not enough evidence of increase in deposit mobilization after the bail-out policy.

ii. Government should introduce other instruments and strategies to support the financial market as the bail-out policy does not seem to yield the desired outcome after five years.

iii. The banking public and investors should increase their patronage to the bridged banks, as there are adequate assurances that their monies are safe, because the banks are under direct government control and supervisions.

iv. The banks management and regulators should embark on mass awareness about the current status of the banks to eliminate fear from the mind of customers about the banks. Moreover, the managers of the bank should increase their efforts and adopt different strategies that could enhance the profitability of the banks.

5.4 Limitation of the Study

Although the findings and conclusions from this study are robust and reliable, the study has some limitations. For instance, the study focuses on quantitative research method complementing the study with qualitative evidence from the bridged banks and the regulatory agency could improve the results. Moreover, there are several performance measures but the study is limited to ROA, though its one of the most significant measure of firm performance both from internal and external perspectives. Also the study is limited to the bridged banks covering more sectors would have shown a wider picture on the entire performance of the deposit money banks in Nigeria

5.5 Areas of Further Research

Future studies on the CBN bailout policy and the performance of the bridged banks should adopt both qualitative and quantitative methodologies in their studies. Similarly more performance measures should be used by future empirical works in this area. Hence there may be need to examine how regulation of the banking industry can help minimize the tendencies for declining performance in the banking sector.

Moreover, there may be need to look at the CBN bailout policy and the performance of the entire banking industry because presence of the bailout policy in the bridged banks will definitely affect the activities and the performance of the other banks negatively or positively.

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APPENDIX

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. su  pre_roa pre_car pre_raq pre_dmb pre_liq post_roa post_car post_raq post_dmb post_liq, deta
> il

                          pre_roa
-------------------------------------------------------------
      Percentiles      Smallest
 1%       -.9065         -.9065
 5%       -.9065         -.0353
10%       -.0353         -.0006       Obs                  15
25%       -.0001         -.0001       Sum of Wgt.          15

50%        .0204                      Mean            -.04798
                        Largest       Std. Dev.      .2382508
75%        .0278          .0278
90%        .0325          .0281       Variance       .0567634
95%        .0368          .0325       Skewness      -3.437261
99%        .0368          .0368       Kurtosis       12.91023

                          pre_car
-------------------------------------------------------------
      Percentiles      Smallest
 1%       -.3599         -.3599
 5%       -.3599          .0122
10%        .0122          .0953       Obs                  15
25%        .1039          .1039       Sum of Wgt.          15

50%        .1389                      Mean           .1131467
                        Largest       Std. Dev.      .1426949
75%        .1826          .1826
90%        .2234          .2061       Variance       .0203618
95%         .245          .2234       Skewness      -2.590232
99%         .245           .245       Kurtosis       9.366135

                          pre_raq
-------------------------------------------------------------
      Percentiles      Smallest
 1%        .0214          .0214
 5%        .0214          .0399
10%        .0399          .0472       Obs                  15
25%        .0521          .0521       Sum of Wgt.          15

50%        .1469                      Mean             .18592
                        Largest       Std. Dev.      .1484763
75%        .2653          .2653
90%        .4558          .3107       Variance       .0220452
95%        .5245          .4558       Skewness       1.070322
99%        .5245          .5245       Kurtosis       3.254969

                          pre_dmb
-------------------------------------------------------------
      Percentiles      Smallest
 1%        .4237          .4237
 5%        .4237           .539
10%         .539          .5927       Obs                  15
25%        .6433          .6433       Sum of Wgt.          15

50%        .7133                      Mean           .7098867
                        Largest       Std. Dev.      .1210642
75%        .8125          .8125
90%        .8405          .8296       Variance       .0146566
95%        .8573          .8405       Skewness      -.8832728
99%        .8573          .8573       Kurtosis       3.177964
```

pre_liq

Percentiles		Smallest		
1%	.0459	.0459		
5%	.0459	.0528		
10%	.0528	.1507	Obs	15
25%	.1584	.1584	Sum of Wgt.	15
50%	.3879		Mean	.3086667
		Largest	Std. Dev.	.1503909
75%	.4285	.4285		
90%	.4421	.4358	Variance	.0226174
95%	.5013	.4421	Skewness	-.5790332
99%	.5013	.5013	Kurtosis	1.912958

post_roa

Percentiles		Smallest		
1%	-.0375	-.0375		
5%	-.0375	-.0183		
10%	-.0183	-.0156	Obs	15
25%	-.0142	-.0142	Sum of Wgt.	15
50%	.0037		Mean	.00686
		Largest	Std. Dev.	.0256678
75%	.0203	.0203		
90%	.0396	.0279	Variance	.0006588
95%	.0682	.0396	Skewness	.6677827
99%	.0682	.0682	Kurtosis	3.574045

post_car

Percentiles		Smallest		
1%	.0221	.0221		
5%	.0221	.0957		
10%	.0957	.1007	Obs	15
25%	.1043	.1043	Sum of Wgt.	15
50%	.1177		Mean	.1259533
		Largest	Std. Dev.	.0480207
75%	.1689	.1689		
90%	.1898	.1689	Variance	.002306
95%	.2291	.1898	Skewness	.2165122
99%	.2291	.2291	Kurtosis	3.66602

post_raq

Percentiles		Smallest		
1%	.0215	.0215		
5%	.0215	.0273		
10%	.0273	.0274	Obs	15
25%	.0476	.0476	Sum of Wgt.	15
50%	.0675		Mean	.0660933
		Largest	Std. Dev.	.0400899
75%	.0675	.0675		
90%	.1269	.0707	Variance	.0016072
95%	.179	.1269	Skewness	1.654649
99%	.179	.179	Kurtosis	5.47918

post_dmb

Percentiles		Smallest		
1%	.4856	.4856		
5%	.4856	.5072		
10%	.5072	.5072	Obs	15
25%	.5137	.5137	Sum of Wgt.	15
50%	.7571		Mean	.67678
		Largest	Std. Dev.	.1258271
75%	.7739	.7739		
90%	.7904	.7765	Variance	.0158325
95%	.7956	.7904	Skewness	-.6350084
99%	.7956	.7956	Kurtosis	1.524399

post_liq

Percentiles		Smallest		
1%	.1406	.1406		
5%	.1406	.1878		
10%	.1878	.2245	Obs	15
25%	.2364	.2364	Sum of Wgt.	15
50%	.277		Mean	.26986
		Largest	Std. Dev.	.0610864
75%	.3163	.3163		
90%	.3557	.3213	Variance	.0037316
95%	.3628	.3557	Skewness	-.3716565
99%	.3628	.3628	Kurtosis	2.612355

```
. swilk pre_roa pre_car pre_raq pre_dmb pre_liq post_roa post_car post_raq post_dmb post_liq
```

Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
pre_roa	15	0.34975	12.608	5.012	0.00000
pre_car	15	0.66249	6.544	3.715	0.00010
pre_raq	15	0.87809	2.364	1.701	0.04443
pre_dmb	15	0.92154	1.521	0.830	0.20334
pre_liq	15	0.88354	2.258	1.611	0.05359
post_roa	15	0.95821	0.810	-0.416	0.66138
post_car	15	0.90899	1.765	1.123	0.13065
post_raq	15	0.80919	3.700	2.587	0.00484
post_dmb	15	0.75768	4.698	3.060	0.00111
post_liq	15	0.97253	0.533	-1.246	0.89359

```
. ttest post_roa == pre_roa
```

Paired t test

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	Interval]
post_roa	15	.00686	.0066274	.0256678	-.0073543	.0210743
pre_roa	15	-.04798	.0615161	.2382508	-.1799189	.0839589
diff	15	.05484	.0585324	.2266949	-.0706994	.1803794

```
    mean(diff) = mean(post_roa - pre_roa)                         t =   0.9369
Ho: mean(diff) = 0                                     degrees of freedom =       14

 Ha: mean(diff) < 0           Ha: mean(diff) != 0           Ha: mean(diff) > 0
 Pr(T < t) = 0.8177         Pr(|T| > |t|) = 0.3647          Pr(T > t) = 0.1823
```

```
. ttest post_car == pre_car

Paired t test
```

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	Interval]
post_car	15	.1259533	.0123989	.0480207	.0993604	.1525463
pre_car	15	.1131467	.0368437	.1426949	.0341249	.1921685
diff	15	.0128067	.0323066	.1251229	-.0564841	.0820974

```
    mean(diff) = mean(post_car - pre_car)                     t =   0.3964
Ho: mean(diff) = 0                             degrees of freedom =       14

 Ha: mean(diff) < 0           Ha: mean(diff) != 0           Ha: mean(diff) > 0
 Pr(T < t) = 0.6511         Pr(|T| > |t|) = 0.6978          Pr(T > t) = 0.3489

. ttest post_raq == pre_raq

Paired t test
```

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	Interval]
post_raq	15	.0660933	.0103512	.0400899	.0438923	.0882944
pre_raq	15	.18592	.0383364	.1484763	.1036965	.2681435
diff	15	-.1198267	.0404442	.1566396	-.2065708	-.0330825

```
    mean(diff) = mean(post_raq - pre_raq)                     t =  -2.9628
Ho: mean(diff) = 0                             degrees of freedom =       14

 Ha: mean(diff) < 0           Ha: mean(diff) != 0           Ha: mean(diff) > 0
 Pr(T < t) = 0.0051         Pr(|T| > |t|) = 0.0103          Pr(T > t) = 0.9949

. ttest post_dmb == pre_dmb

Paired t test
```

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	Interval]
post_dmb	15	.67678	.0324884	.1258271	.6070993	.7464607
pre_dmb	15	.7098867	.0312587	.1210642	.6428435	.7769298
diff	15	-.0331067	.0510589	.1977501	-.142617	.0764037

```
    mean(diff) = mean(post_dmb - pre_dmb)                     t =  -0.6484
Ho: mean(diff) = 0                             degrees of freedom =       14

 Ha: mean(diff) < 0           Ha: mean(diff) != 0           Ha: mean(diff) > 0
 Pr(T < t) = 0.2636         Pr(|T| > |t|) = 0.5272          Pr(T > t) = 0.7364

. ttest post_liq == pre_liq

Paired t test
```

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	Interval]
post_liq	15	.26986	.0157725	.0610864	.2360315	.3036885
pre_liq	15	.3086667	.0388308	.1503909	.225383	.3919504
diff	15	-.0388067	.0447164	.1731859	-.1347138	.0571005

```
    mean(diff) = mean(post_liq - pre_liq)                     t =  -0.8678
Ho: mean(diff) = 0                             degrees of freedom =       14

 Ha: mean(diff) < 0           Ha: mean(diff) != 0           Ha: mean(diff) > 0
 Pr(T < t) = 0.2001         Pr(|T| > |t|) = 0.4001          Pr(T > t) = 0.7999
```