



**BABCOCK**  
**UNIVERSITY**

ILISHAN-REMO, OGUN STATE, NIGERIA

# COLLEGE OF POSTGRADUATE STUDIES

## 2022/2023 PhD Thesis Abstract

### Department of Accounting

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**RT:** Liquidity Management and Performance of Deposit Money Banks Quoted in Nigeria

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**AB:** The performance of banks guarantees their growth, sustainability and attracts interest of investors and other stakeholders. However, poor performance and collapse have been noted amongst banks due to poor liquidity management. Studies have shown that despite the importance of liquidity management policies in the banking sector, some banks in Nigeria have not fully implemented liquidity management practices that can enhance the performance of Deposit Money Banks. The study examined the effect of liquidity management on the performance (return on asset, return on equity, net interest margin, Tobin's q, ratio of non-performing loan to shareholders fund, ratio of non-performing loan to deposit liabilities) of deposit money banks quoted in Nigeria.

The study adopted *ex-post facto* research design. The population of the study was the 13 deposit money banks listed on the Nigeria Exchange group as at 31<sup>st</sup> December, 2021. Twelve deposit money banks were selected purposively based on availability of data. Data were extracted from the annual reports of the deposit money banks for the period 15 years (2007 to 2021). Reliability of the data was premised on the statutory audit of the financial statements of the banks, certified by Financial Reporting Council of Nigeria and approved for use by the Central bank of Nigeria. Data were analyzed using descriptive and inferential (multiple regression) statistics at 5% level of significance.

The findings revealed that Liquidity management had significant effect on return on assets ( $Adj.R^2 = 0.12$ ,  $F(5, 186) = 85.88$ ,  $p < 0.05$ ), return on equity ( $Adj.R^2 = 0.38$ ,  $F(5, 186) = 3.18$ ,  $p < 0.05$ ), Net interest margin ( $Adj.R^2 = 0.45$ ,  $F(5, 186) = 32.43$ ,  $p < 0.05$ ), Tobin's Q ( $Adj.R^2$

= 0.07,  $F(5, 186) = 83.85$ ,  $p < 0.05$ ) and ratio of non-performing loan to shareholders fund ( $Adj.R^2 = 0.38$ ,  $F(5, 186) = 2.99$   $p < 0.05$ ) of deposit money banks quoted in Nigeria. Liquidity management had no significant effect on ratio of non-performing loan to depositors liabilities ( $Adj.R^2 = 0.06$ ,  $F(5, 186) = 10.31$ ,  $p > 0.05$ ) of the banks. Overall, liquidity management exerted significant effect on performance of deposit money banks quoted in Nigeria ( $Adj.R^2 = 0.11$ ,  $F(5, 186) = 37.00$ ,  $p < 0.05$ ).

The study concluded that liquidity management enhanced performance of deposit money banks quoted in Nigeria. The study recommended that the management of banks should pay close attention to their liquidity management policies that will in turn improve the performance.

**Keywords:** Liquidity management, Net profit margin, Performance, Return on asset, Return on equity, Tobin's Q

**Word Count:** 396

**Abbreviations:** *RFN: Researcher's Full Name, RD: Researcher's Department, RS: Researcher's School, RE: Researcher's Email, RAE: Researcher's Alternate Email, RP: Researcher's Phone Contact, RT: Registered Title, MS: Main Supervisor, ME: Main Supervisor's E-mail Address, SP: Main Supervisor's Phone Contact, CS: Co-Supervisor, CE: Co-Supervisor's E-mail Address, CP: Co-Supervisor's Phone Contact, AB: Abstract*

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