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Article

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Appraising Institutional Environment's Contribution to Financial Performance of Selected Banks in Pre and Post Tsa in Nigeria

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Abstract

Business environment where organizations operate involves forces and factors that can shape the strategic decisions of managers, and this has manifested several times in the banking sector of Nigeria banking sector with the advent of technological change and government policies. The eventual introduction and implementation of Treasury Single Account (TSA) the federal government of Nigeria has no doubt inspired commercial banks in Nigeria to engage in core banking activities that can enhance mobilization of funds and risks management since they are no longer managing the accounts of government agencies. The study was carried out to examine how the unified account system policy has impacted the performance of the selected Nigerian banks. The Five banks selected were based on the current bank ranking in Nigeria as reported by The Banker (2018). Secondary data was employed using six years financials (2012-2017) of the five selected banks representing 'Pre and Post TSA' to determine the performance indices of the selected banks regarding growth in bank deposits, asset quality (loan advances), and profitability. The findings revealed that TSA did not have negative impact on the performance indices of the selected banks. Therefore, the study concludes that intuitional environment has positive influence and contribution to the performance indices of the selected banks in Nigeria because the operators are now going into core banking businesses to mobilize fund and as well manage their risk. The study recommends that institutional structure should be more encouraged to curtail the attitude of engaging in non-core banking activities.

Key words

TSA, Bank Deposits, Asset Quality, Bank Profitability, Banks and TSA in Nigeria

JEL Codes: G2, G3, Mo

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1. Introduction

The economy of any nation largely depends on banking sector because of its impact on the mobilization of funds from surplus and makes them available to the deficit segment of the economy. However, every organization operates within an institutional structure and environmental forces that can shape the business fortunes of such enterprise. In every society, government makes policies to guide the operations of business organizations, but proactive managers consider this as a change and swiftly mobilize available resources to respond for survival. In view of this, the Treasury Single Account (TSA) is define as a unified bank structure policy implemented by the federal government of Nigeria that makes it possible to optimize cash resources in order to reduce leakage and eliminate embezzlement of government fund (Okerekeoti and Okoye, 2017), TSA is accessed through a platform by the public when making payment into federal government purse and there are institutional structures put in place to process every transaction and payments (Agbe, Terzungwe and Igbabee, 2017). It is a process of using one single pubic account for all federal government of Nigeria revenue collection and the monies collected or paid into the account is monitored by the central bank of Nigeria (Sailendra and Isreal, 2011).

Before the implementation of Treasury Single Account, Nigerian Banks were responsible for managing the accounts of government agencies, ministry and departments (MDAs). These funds were previously in the coffer of the Nigeria banks to boost their revenue base, but the resent policy in Nigeria (TSA) has made it impossible because it was purposely designed to curb corruption in the government establishments and proper management of public funds. Okwoli, (2014) opined that the issue of corruption and accountability were some of the major problems at the various level of government in Nigeria. The issues surrounding reoccurring lack of transparency, corrupt financial practices and lack of financial accountability led to the implementation of the Treasury Single Account policy of the federal government of Nigeria (Augustine, Abumchukwu and Josua, 2017). Consequently, TSA policy provides a platform for the federal government to tract every payment and receipt; get a consolidated view of the account and also with the possibility to know the amount of money in the account at any point in time for proper record and accountability (Eme and Chukwurah, 2015). Treasury Single Account is a policy implemented by the federal government of Nigeria to safeguard public funds and to ensure accountability and transparency in the management of public fund in Nigeria.

The huge challenge faced with the management of public fund and public finance and how it has adversely affected effectiveness and efficiency in the transparency, accountability and delivery of public service informed the decision and introduction of the Treasury Single Account policy (Esther and Henry, 2017). However, moving out government accounts from the banking sector has undoubtedly created crisis for managers of the banks in Nigeria because these funds were part of the accounts that generated huge returns in the banking system. The removal of federal government monies from commercial banks in Nigeria due to the TSA policy has led to losses, low performance and abnormal returns for the commercial banks shareholders (Moses *et al.*, 2017). TSA has come as an institutional change to the banking sector in Nigeria, but to survive requires strategic change management (Aljohani, 2016). Our argument is that since TSA policy has been implemented, and government agencies funds are no longer in the coffer of commercial banks, managers of banks are expected to strategically mobilize funds from core banking activities and as well manage their credit portfolio.

1.1. Statement of the problem

Several papers have been written on treasury single account (TSA), but much has not been done to examine the reactions of banks in Nigeria towards this institutional change in terms of resource mobilization to cushion the effects. Some of the prior studies on TSA explored how it has been employed to reduce financial misappropriation in the civil services or government ministries, departments, and agencies such as: TSA has been classified as a means of enhancing financial prudence in the public sector (Aliyu and Bello, 2016; Isa 2016), public perception of TSA in Nigeria (Mboto, Offiong and Ibor, 2017), and TSA as a scheme in Nigeria (Nwankwo, 2017). It is against this backdrop that this study considered it necessary to examine the strategic decisions of banks in exploiting available resources to achieve better performance in the Nigeria business environment despite the reforms. In view of this, the questions to be addressed in this study are:

I. What impact does Treasury Single Account has on commercial bank deposits in Nigeria?

II. How does Treasury Single Account impact asset quality of commercial banks in Nigeria?

III. How does TSA affect the profit level of commercial banks in Nigeria?

1.2. Hypotheses

H_{O1}: TSA cannot significantly impact the deposits of commercial banks in Nigeria.

H_{O2}: TSA does not impact on the asset quality of Nigeria's commercial banks.

H_{O3}: TSA does not impact on the profit level of Nigeria's commercial banks.

2. Literature review

2.1. Institutional theory

Institutional theorists considered institutions as early as the 20th century to connote rules which predetermine pattern of doing things that can be commonly regarded as acceptable by the society and individuals (Burger and Luckman, 1967, Rutherford, 1996). Informal rules are usually expected as part and parcel of every system, these informal rules includes (written laws, regulations and standards). Zucker (1987) opines that firms tend to be influenced by normative pressures which sometimes could arise from external sources like government policy, while other times could come from within the organization. Institutional theorists' scholars argue that organizational participants can be affected by institutional arrangement disruptions or activities that are capable of limiting resource allocation and constraining some courses of actions (Powell and DiMaggio, 1991). The theory views organizations from rich and complex perspectives in the context of institutional environment (Zucker, 1987).

Institutional conditions are present outside the organization, and they can cause change, but organizations need to protect their technical activities for survival (Meyer and Rowan, 1977; Weick, 1976). However, institutional theory in terms of policy is also understudied by looking at more prescribed way through regulatory policy such as laws and regulations to induce organizations to do legitimate businesses, while the less prescribed way is done through cultural approach in carrying out business activities to avoid having negative impacts on the society (Hoffman and Jennings, 2015).

Prior literature has argued that institutional change can be an unintentional outcome (Lounsbury and Crumley, 2007), and it can result from certain policy to solve specific problems that seem to occur in daily activities without a plan to change institutions (Smets and Jarzabkpowski, 2013). For this reasons, operators in organizations take steps in accordance with the rules and regulation by deploying winning strategies capable of ensuring survival or winning in the society (North, 1992). The kind of institutional structures put in place by the federal government of Nigeria is the determining factor on how to operate and access the Treasury Single Account (TSA) (Innocent and Iheanacho, 2015). On this note, Treasury Single Account came as an institutional policy in the Nigerian banking system in 2015 to reduce and eliminate corruption and embezzlement of public funds in the federal government agencies, ministries and departments, but this has no doubt created challenges for bank operators in terms of mobilizing deposits from this market segment. However, in responding to this institutional change (TSA), management of banks in Nigeria are expected to map out strategies that can optimally utilize primary and core functions of banking for effective performance and survival.

2.2. Overview of TSA in Nigeria

The policy of Treasury Single Account was first introduced in Nigeria on the 11th of August, 2015 in Nigeria but effective in September, 2015 (Aliyu and Bello, 2016; Mboto *et al*., 2017). Before it began, the federal government did a pilot study in the year 2012 using Two hundred and seventeen (217) agencies of the federal government to examine its relative significance in managing public funds (CBN, 2015). The study reveal that the policy will guide against corruption and institutional leakages been recorded in the public sector as over 500 billion naira was saved during the period of the pilot study (CBN, 2015). Therefore, all banks in Nigeria were mandated to strictly adhere to the implementation of the TSA policy and ensure transfer of federal government monies from the commercial banks to the TSA account open with the Central Bank of Nigeria (Mboto *et al*., 2017). This process now ensures the timely flow of all federal government revenue from all government through the commercial banks to the unified account known as TSA and housed at the Central Bank of Nigeria (CBN, 2015).

However, the TSA policy is a global recommendation stating that no government or government agencies should operate several accounts outside a unified system (Innocent and Iheanacho, 2015). The unified accounts policy is mainly conceived and designed to block leakages, corruption and embezzlement and to ensure all government monies in the commercial banks in Nigeria are remitted to the federal government through the unified system of TSA thereby ensuring effective cash management, transparency and accountability (Pattanayak and Fainburn, 2010). In the opinion of Onyekpere (2015), the efficient cash management, optimal utilization of federal government resources and reduction in corruption are things that has been achieved by the current government in Nigeria due to the implantation of the unified account. It is a means of effective cash management by the federal government which gives room for efficient utilization of resources (Eme *et al.,* 2015). Chukwu (2015) opines that the policy still gives federal government agencies the opportunity to still maintain their various accounts with the commercial banks but daily funding of these government agencies must still be made from the unified account domiciled with the Central Bank of Nigeria and their closing balance of the day must also be transferred to the unified account. Central Bank of Nigeria (2016) also adopts the position of Pattanayak and Fainburn, (2010) that enforcing and implementing the unified account policy will resolve issues relating to effective and efficient cash management among the federal government agencies and that it should receive the highest attention in the management of public fund. Therefore, the unified account policy was conceived and implemented to block financial leakages, ensure transparency and accountability by government agencies in the management of public funds (Mboto *et al.,* 2017).

2.3. Banks and TSA in Nigeria

Banking sector plays an intermediary role between surplus and deficit economy, thereby making it a hub that drives and propel economic development of any nation of the world. The major task in the banking industry is to mediate between depositors and borrowers. It is a conduit for mobilization of funds, and achieving success in this operational area has great influence that goes beyond banking industry (Ostadi and Sarak, 2014). Before the introduction of the unified account, many of the commercial banks in Nigeria were the custodians of federal government funds. While the commercial banks were in charge of keeping the funds of the federal government before the unified account, it was estimated that the banks were having over N2.2 trillion naira of Nigeria's public fund in the first quarter of 2015, and it was noticeable in the Nigerian banking sector when this huge amount of money was moved to a unified single account (Kanu, 2016).

Reform in the Nigerian banking sector became a norm in the nineties and this has led to a lot of policy formulation, some of the policies were favourable to some banks which led to their continued growth and survival while some of the policies were not so favourable as expected to some banks which led to their death or take over by other bigger banks (Ndubuaku, Ohaegbu and Nina, 2017). Many emerging and developing economy in the world are witnessing continuous bank reforms and Nigeria is not left out in the reforms in its quest to ensure viability and stability in the banking and financial sector in Nigeria (Gidigbi, 2017). TSA as a unified account system has led to a lot of reforms in the banking sector in Nigeria, because the system nearly became unprofessional with the way banks were formerly flooded with liquidity as a result of federal government monies been paid into the commercial banks but begin to have liquidity issues the moment federal government withdraw such monies for other spending or developmental purposes (Kanu, 2016).

In most developing countries and Nigeria in particular, financial services reach 25 per cent while 75 per cent are left to money lenders and families because they are not served by commercial banks in Nigeria (Kanu and Oyims, 2015). Many citizens in Nigeria are still not served by commercial banks as access to banks and financial services is still limited and many do not have opportunity to invest or save (Kanu, 2016). The major cause of this is that banks in Nigeria prefer easy money with little or no stress from government agencies rather than focusing on core banking practices of funds mobilization from the real depositors. However, with the TSA, banks are now having inadequate financial availability and poor revenue generation resulting from the withdrawal of federal government funds from the commercials to the unified account thereby leaving the commercial banks with the headache of sourcing other means of generating and mobilizing deposit (Kanu, 2016).

2.4. The study conceptual framework

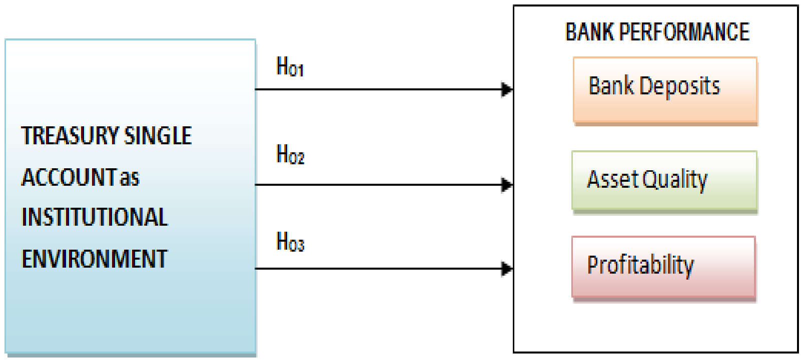

Figure 1. TSA as Institutional Environment's Contribution to Banking Performance

Source: Researchers (2018) as advanced by literature

2.5. Bank profitability

Return on Asset (ROA), Return on equity (ROE) and net interest margins has been identified by literature as the major measure used to measure bank profitability and these measures are usually supported by the bank's policy, government regulations and factors outside the control of the banks (Olalekan and Adeyinka, 2013). The ability of an investment to earn return over a period of time is what is termed (Harward and Upton, 1991); management efficiency is seen when firm make profit from the business activities they engage in using available resources in the environment (Olalekan and Adeyinka, 2013). Profitability could be enhanced if bank managers have the ability and capacity to display efficiency in their operations to cushion the effect of TSA in Nigeria.

2.6. Asset Quality (Loan Advances)

Banking business entails mobilizing from the areas considered as surplus for onward lending to areas considered as deficit within the economy using it as a means for loans and advances. This primary banking approach can lead to increased asset formation for the banks to ensure continuous survival and development in order to shape the fortune of banks in both the short and long run of business process (Adeolu, 2014; Omolumo, 1993). Asset quality is usually measured by the volume of performing loans given out by the banks and the volume of nonperforming loan is usually used in comparison to performing loan to actually determine asset quality (Kadioglu *et al.*, 2017). Management and evaluation of firm asset are usually done to facilitate and measure credit risk that is associated with the banks operation (Adeolu, 2014). Therefore, the quality of asset has significant importance on the level of profitability usually recorded by the banks (Kadioglu *et al.*, 2017), government funds are no longer in the coffer of commercial banks, and it is expected of them to think about strategic approaches that can assist in managing credit risks.

2.7. Bank Deposits

Financial institutions like banks strive to attract people, businesses and other liabilities that are financial in nature. This alone has made banks to play a special role regarding mobilizing deposit and giving loan to businesses and individuals at a statutory rate (core deposit), lending the deposit to "bank-dependent" (borrows), and these two primary functions of banks are interwoven (Black *et al.*, 2007; Ostadi and Sarak, 2014). Core deposits (comprising total time deposit, non-transaction savings and transaction accounts) allow commercial banks to enter clear and well known contract agreement between the banks and the lenders to pay market-sensitive rates for such funds (Black *et al.,* 2007). Banks mobilize deposits and make the deposit economically viable thereby having the ability to transfer wealth from the banks to businesses and individuals (Ostadi and Sarak, 2014). Deposit is empirically seen as being relatively on the low-cost side and seen as a protitable line of business for the banks and availability of this deposit creates opportunities for banks to reduce the burden of high interest rate on depositors (Black *et al.,* 2007).

3. Methodology of research

This study critically looks at the significant impacts of the unified accounting system called TSA on the performance indices of the five top commercial banks in Nigeria. According to the Banker (2018) reports, Zenith Bank, GTBank, First Bank, Access Bank, and UBA maintained the top five banks. Annual reports of these five banks were used from 2012 to 2017 to determine if TSA really has significantly influenced deposits, loan and profit margin of banks in Nigeria. The top five banks were selected to justify the significance of being strategic in carrying out core banking activities in terms of fund mobilization from the surplus areas to other area of deficit in order to propel economic development rather than waiting for government fund all the time in the banking system. This study also examines if public fund was the major reason why Nigerian banks survived before the introduction and eventual implementation of the unified accounting policy in Nigeria.

Annual reports of the top five banks were used from 2012-2014 representing pre-TSA policy and financial reports for another three years from 2015-2017 representing post-TSA performance of these banks. The figures for customers' deposit, loan offered to customers and profit before tax were extracted to examine the performance of banks by comparing their core revenue drive strategies before the introduction of the policy and after the policy. Therefore, regression analysis was used to establish if the introduction of TSA actually affects the revenue base and profitability since all government agencies have been directed to move out monies in their commercial bank accounts to a single account under CBN.

4. Data analysis

The analysis involves the profitability, deposits and asset quality (Loans) of the 5 top banks in Nigeria to know their post TSA performance as illustrated the tables 1 to 5.

Table 1. Multiple regression – Impact of Post TSA on the performance of Zenith Bank Plc

Model	R	R Square	Adjusted R	Std Error of the Est.
1	.751ª	.681	.679	2.724

Model	B	F	t.	Sig
1 Constant		20.022		
Profitability	.106		1.052	.011
Deposits	.325		5.814	.000
Loan	.318		5.217	.001

Dependent Variable: Bank Performance-Zenith Bank Plc (*P*<0.05)

Source: Researchers' field survey (2018) supported by the Zenith Bank Financials 2012-2017

This study looks at the impact of the introduction of the unified accounting system in the Nigerian banking firms looking at post performance of five leading banks in Nigeria on the basis of their profitability, deposits and loan respectively. Therefore, table 1 reveals the results of multiple regressions by signifying the combined effect of profitability, deposits, and loans as predictor variables on the performance indices of Zenith Bank Plc in Nigeria. Determination coefficient of R^2 shows that 68.1% variation in the performance of Zenith Bank Nigeria Plc as a result of combined effect of profitability, deposits, and loans.

The 'standard error estimate' indicates that Zenith Bank Plc observed performance scores digress from the predicted line by an average of 2.724 and this is attributable to measurement error in predictor variables and other factors not mentioned in this study. The separation of predictor variables (profitability, deposits, and loans) in the table 1 reveals that the relative contribution of deposit was the strongest predictor of Zenith Bank Plc performance with (β=.325 t=5.814; $p<0.05$), followed by loan (β=.318, t=5.217; $p<0.05$), then profitability (β=.106, t=1.052; $p<0.05$). Therefore, this shows that except deposits and loans, the profitability of Zenith Bank Plc does not have significant impact on the performance after the introduction of TSA, though; it statistically indicates positive relationship in the three predictor variables.

The table 2 reveals the results of multiple regressions by indicating the combined effect of profitability, deposits, and loans as predictor variables on the performance of GTBank Plc in Nigeria. The determination coefficient of R^2 shows that 31.2% variation in the GTBank Plc performance is as a result of combined effect of profitability, deposits, and loans. The 'standard error estimate' indicates that GTBank Plc observed performance scores digress from the predicted line by an average of 2.517 and this could be attributed to measurement error in predictor variables and other factors not observed in this study.

The separation of predictor variables (profitability, deposits, and loans) in the table 2 indicates that the relative contribution of profitability was the strongest predictor of GTBank Plc performance with (β=.307 t=3.013; $p<0.05$), followed by loans (β=.106, t=0.458; p<0.05), and deposits (β=.102, t=0.342; p<0.05). Therefore, this shows that except deposits and loans, the profitability of GTBank Plc has significant impact on the performance after the introduction of TSA, while all the predictor variables shows a positive relationship with the performance indices of the bank.

Table 2. Multiple regression – Impact of Post TSA on the performance of GTBank Plc

Model	R	R Square	Adjusted R	Std Error of the Est.
1	.431ª	.312	.309	2.517

Model	B	F	t.	Sig	
1 Constant		3.528			
Profitability	.307		3.013	.002	
Deposit	.102		0.342	.085	
Loan	.106		0.458		.081

Dependent Variable: Bank Performance-GTBank Plc (*P*<0.05)
Source: Researchers' field survey (2018) supported by the GTBank Plc Financials 2012-2017

Table 3. Multiple regression – Impact of Post TSA on the performance of First Bank of Nigeria Plc (FBN)

Model	R	R Square	Adjusted R	Std Error of the Est.
1	.341ª	.323	.317	2.623

Model	B	F	t.	Sig	
1 Constant		2.984			
Profitability	.215		1.511	.068	
Deposit	.117		1.241	.073	
Loan	.123		1.347		.071

Dependent Variable: Bank Performance-First Bank of Nigeria (*P*<0.05)
Source: Researchers' field survey (2018) supported by the FBN Plc Financials 2012-2017

The table 3 reveals the results of multiple regressions by statistically showing the combined effect of profitability, deposits, and loans as predictor variables on the performance indices of First Bank of Nigerian Plc. The determination coefficient of R^2 shows that 32.3% variation in the First Bank Nigeria Plc performance is as a result of joint effect of profitability, deposits, and loans. The 'standard error estimate' indicates that First Bank Nigeria Plc observed performance scores digress from the predicted line by an average of 2.623 and this could be attributed to measurement error in predictor variables and other factors not observed in this study.

The separation of predictor variables (profitability, deposits, and loans) in the table 3 indicates that the relative contribution of profitability was the strongest predictor of First Bank Nigeria Plc performance with (β=.215 t=1.511; p<0.05), followed by loans (β=.123, t=1.347; p<0.05), and deposits (β=.117, t=1.241; p<0.05). However, statistically, this shows that none of the predictor variable has impacted on the performance indices of First Bank Plc after the eventual introduction of TSA, though; they have insignificant positive relationship with the observed variable.

Table 4. Multiple regression – Impact of Post TSA on the performance of Access Bank Plc

Model	R	R Square	Adjusted R	Std Error of the Est.
1	.882ª	..843	.837	2.316

Model	B	F	t.	Sig	
1 Constant		10.561			
Profitability	.319		5.832	.003	
Deposit	.357		6.271	.000	
Loan	.364		6.412		.000

Dependent Variable: Bank Performance-Access Bank Plc (*P*<0.05)
Source: Researchers' field survey (2018) supported by the Access Bank Financials 2012-2017

The table 4 reveals the results of multiple regressions by statistically showing the combined effect of profitability, deposits, and loans as predictor variables on the performance indices of Access Bank Nigeria Plc. The determination coefficient R^2 reveals that 84.3% variation in the Access Bank Plc level of performance is a result of joint effect of profitability, deposits, and loans. The 'standard error estimate' indicates that the observed performance indices of Access Bank Plc scores deviated from the predicted line by an average of 2.316 and this was attributable to measurement error in predictor variables and other factors not considered in this study.

The detachment of predictor variables (profitability, deposits, and loans) in the table 4 signifies that the relative contribution of loans was the strongest predictor of Access Bank Plc performance with (β=.364 t= 6.412; p< 0.05), followed by deposits (β=.357, t= 6.271; p< 0.05), and profitability (β=.319, t=5.832; p<0.05). However, all the predictor variables (Profitability, Deposits, and Loans) have positive impact on the performance indices of Access Bank Plc after the eventual introduction and implementation of the unified accounting system in Nigeria.

Table 5. Multiple regression – Impact of Post TSA on the performance of UBA in Nigeria

Model	R	R Square	Adjusted R	Std Error of the Est.
1	.325[a]	.318	.314	2.515
Model	B	F	t.	Sig
1 Constant		2.762		
Profitability	.133		1.211	.072
Deposit	.197		1.193	.090
Loan	.228		1.523	.059

Dependent Variable: Bank Performance-UBA (*P*<0.05)

Source: Researchers' field survey (2018) supported by the UBA Financials 2012-2017

The table 5 reveals the results of multiple regressions by statistically showing the combined effect of profitability, deposits, and loans as predictor variables on the performance indices of United Bank for Africa (UBA). The determination coefficient of R^2 shows that 31.8% variation in the UBA performance is as a result of joint effect of profitability, deposits, and loans. The 'standard error estimate' indicates that UBA Nigeria observed performance scores deviated from the predicted line by an average of 2.515 and this is attributable to measurement error in predictor variables and other factors not observed in this study.

The disjointing of predictor variables (profitability, deposits, and loans) in the table 5 signifies that the relative contribution of loans was the strongest predictor of performance of UBA in Nigeria with (β=.197 t=1.5193; p<0.05), followed by deposits (β=.197, t=1.193; p<0.05), and profitability (β=.133, t=1.211; p<0.05). However, statistically, this shows that none of the predictor variable has impacted on the performance indices of UBA after the eventual introduction and implementation of the unified account system, though; they have insignificant positive relationship with the observed variable.

5. Conclusions and recommendations

5.1. Conclusions

This empirical study looks at the significant impacts of the introduction and implementation of the Unified Account system on the performance indices of banks in Nigeria. Every business operates to achieve superior performance by carrying out its primary activities as germane to the purpose of its existence. For this to be possible, institutional environment where such business is being carried is also very important. It is established that banking system in Nigeria used to be "money keeper" for government ministries, departments and agencies since huge amount of money could be mobilized from this sector, and this made it easy for government workers, and political office holders to mismanage public funds. However, the introduction of TSA has changed the strategic thinking of banks in Nigeria by engaging more in primary activities of bank in terms of mobilizing funds from the real depositors, and as well channels the money to the real sector with effective risk management.

The study revealed that the introduction of TSA did not have much impact on the profitability, deposit and loan portfolio of the top five banks in Nigeria, because their annual reports showed that they generated more profit, mobilized more deposits, and experienced increase in loan portfolio even after the implementation of TSA. The deposit, loan and profitability of banks were expected to drop after the implementation of TSA because this policy caused serious panic for bank managers in 2015. However, these three indicators were at upward trend for these banks after the eventual introduction of the unified account system showing that the selected Nigerian banks have now focused on core banking services to mobilize, manage risk, enhance service quality and improved relationship management. Therefore, it is concluded that institutional environment has impact on the performance indices of the selected banks in Nigerian because the bank operators are now going into core banking businesses to mobilize fund and as well manage risk.

5.2. Recommendations

1. Relationship management should be continuously enhanced for customers to retain their patronage with the bank.

2. There should be adequate security for depositors' fund for customers to have more confidence in the Nigerian banking system.

3. Institutional structure should be more encouraged to curtail the attitude of engaging in non-core banking activities.

4. There should be a continuous improvement in service quality to encourage more deposits.

5. The products/services of banks or alternate channels should be increased than the conventional way of banking for the purpose of mobilizing more funds from the surplus regions or markets.

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