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Is Increasing Bank Capital the Solution to Improving Bank Liquidity and Preventing Bank Distress in Nigeria?

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Abstract This paper examined the relationship between bank liquidity ratio, asset quality, bank distress and bank minimum capital requirement in Nigeria for the period 1990-2006.The study used secondary data obtained from banks financial records, CBN statistical bulletin, NDIC report and International Financial Statistics 2010. The E-view 7 statistical software was used to analyse the data and test the hypotheses .The study found out that (i) there is a positive relationship between minimum capital requirement and liquidity ratio which is not statistically significant (ii)A positive relationship exist between minimum capital requirement and asset quality, though statistically insignificant (iii) A negative relationship exist between minimum capital requirement and number of distressed banks which is also not statistically significant. The study recommends that apart from increasing minimum capital requirement, a closer and regular examination of liquidity ratio and asset quality of banks is required. In addition, other components of banks regulatory reform such as enforcement of code of corporate governance, closer collaboration with anti graft agency (EFCC), zero tolerance on misreporting, adoption of risk-based supervision and host of others should be considered. A holistic reform of this nature is capable of stemming proactively the tide of banks failure/distress as well as improving liquidity ratio and asset quality.

Keywords Bank Minimum Capital, Liquidity Ratio, Asset Quality, Bank Distress

1. Introduction

In the Nigerian economy, banks occupy a dominant position in the overall financial architecture. Historical antecedents show that, banks predated the stock market and other financial intermediaries in the financial structure of the country. According to [32], the financial sector is one of the dominant economic sectors in Nigeria and banks are key players in any country's financial sector, they occupy a delicate position in the economic equation of any country such that their (good or bad) performance invariably affects the economy of the country. In this regard, the developmental support role of banks in the growth process can therefore, not be understated.

To fulfil this role effectively, the environment need to be stable otherwise there will be numerous daunting challenges that will impede the proper functioning of banks in the process of mobilisation and allocation of funds, including judicious investment of funds as well as making information available to users of banking services. [23] noted that the Nigerian economy amongst the developing nations of the world, cannot be said to be unique but surely exceptional in scope and persistence. Mass poverty, economic stagnation, endemic corruption, political instability, weak institutions and social conflicts are some common phenomena that can be found in Nigeria. Against this backdrop, it has been observed that the economic, social-political and regulatory environment in which the banks operate have remained unstable. These scenarios obviously indicate the grave nature of the Nigerian economy. As a pointer, several studies have shown that the banking sector which actually started in Nigeria in 1892 has been largely volatile with spates of banking distress/ failure experienced in most parts of the 1990s and in the early and mid 2000's [12, 24]. sums it up as "the turbulent nature of the country, poor governance and economic decay pose major challenges for commercial banking and in a bid to overcome these challenges, the banking sector reforms became necessary''.

One common strategy often adopted by the Central Bank of Nigeria (CBN) , the banking sector regulator to prevent the issue of bank distress and strengthens the soundness of banks' fundamentals has been the employment of capital regulation. History has shown that, the CBN over the years resorted to shoring up the capital base of Nigerian banks up to the year 2005 and beyond to improve their competiveness and soundness. Currently, proposals are being contemplated by CBN to further increase the minimum capital requirement in the light of new developments occasioned by recent global financial crisis, changes in technology and globalization. Concerns are raised that despite the upward increase in minimum capital requirement in Nigeria, liquidity ratio, asset quality have not improved tremendously and bank distress are common phenomenon.

In this light, the paper is aimed at investigating the potency of minimum capital regulation whether it has been successful in improving liquidity ratio, asset quality and prevented bank distress in Nigeria.

The remainder of this paper is organised as follows:- The next section gives a conceptual framework and literature review on Nigeria capital regulation and banks consolidation exercise, section 3 will deal with methodology, section 4will present the results and discussions while section 5 will conclude the paper.

2. Conceptual Framework and Literature Review

The notion of market failure as espoused by economists provided the theoretical argument that underline bank regulation. [16] put it this way "The theoretical argument for bank regulation depends on the notion of market failure- the interference with the market ideal of perfect competition that might arise. Regulation has been predicted on a number of reasons which include the prevention of monopoly or oligopoly, the presence of externalities and existence of asymmetric information. Writers like [14, 28] amongst others have identified four cardinal reasons why banks should be regulated. To them, the first is monetary policy- which affects the ability of banks to credit money. Second, banks are considered as channels of credit or investment in their role in credit allocation. Third, is to prevent banks from forming cartels by ensuring healthy competition and innovation. The fourth is prudential regulation reasons and the need to mitigate the problem of asymmetric information.

The role of banks as financial intermediaries is a serious consideration in the theory of bank regulation as shown on both the asset and liability sides of their balance sheets. Many writers such as [4, 20] and others have argued that on the asset side, banks as intermediaries monitor cash flow and screen the quality of investment for their customers. That, without intermediation, such monitoring would be duplicated by many investors involved in funding projects. The overall effect of intermediation is to reduce cost which may not be achieved if the banks are not regulated. On the liabilities side of the balance sheet, writers and particularly [11] using the Diamond-Dybvig model have argued that without banks and other such financial intermediaries, all investors would be locked up in illiquid long term investments, that will yield high pay-offs only to those who consume late. The intermediation by banks obviously leads to improve risk sharing and enhances the welfare of stakeholders in an economic system. In this dimension, regulation of banks will create uniformity and transparency in the discharge of their roles.

Apart from the arguments for bank regulation, it is also noteworthy to recognise some arguments put forward against it. [17] observed that, this relate to the four failings of regulation which include;

1) Regulation creates moral hazard. Drawing on this, [30] noted that some level of moral hazard has been created in the Nigerian banking system. For example, to facilitate bank consolidation, in 2005, over N40 billion was spent on debt forbearance for banks that were indebted to the CBN due to banks' executives and management ineptitude. In another dimension, [17] writes that according to the Regulatory Tax Hypothesis, banks tends to put some transactions off balance sheet, to avoid capital reserve and other regulatory requirements designed to make the system stable believing that government will ensure the safety of deposits and will always rescue banks from collapse hence banks tend to take greater risks in their operations.
2) Regulation results in agency capture- This could be seen when there is mobility of staff between banks and the regulatory bodies. A situation of this nature, have led to an ex-practitioner (now a regulator) sharing some information, judgements and values of a bank with an ex-regulator (now the practitioner), how the bank(s) had perpetrated irregularities in their activities and operations to cut corners in the financial industry. In the Nigerian context, occasions like this actually occurred with attendant positive effect on the Nigerian financial system. Such that former commercial bank workers joined the Central Bank of Nigeria (the regulator) and were very useful as they were able to discover, reveal and expose the irregularities hitherto covered by commercial banks in their books, records, monthly returns and financial statements.
3) Regulation creates compliance costs-It has been observed that banks in a bid to observe compliance directives, incur costs and such costs are usually passed on to the bank customers leading to higher banking charges.
4) Regulation increases the cost of entry into and exit from the banking sector. The consequence is that it has helped in creating and preserving monopoly and cartels to be more stable as argued in some quarters.

2.1. Bank Failure or Bank Distress

In the literature "bank failure or bank distress" concepts are used interchangeably. Both terms connote the inability of a bank to meet up with its financial obligation to its customer. [7] noted in technical terms, that banks are defined as financially distressed when they are technically insolvent and/or illiquid. According to [13], they looked at bank distress in financial terms and opined that to be insolvent means that a business is both unable to meet its current obligations and settle its outstanding debts. They argue that the term insolvency and financial distress/failure obviously are two different issues. This is so because distress or failure occurs when insolvency is officially recognised and the organisation is closed or measures are taken towards consolidation or merger.

The spate of bank distress or failure is not particular to Nigeria alone. The literature documents that the phenomenon of banking failure has had its tow on the economies of nations at a point in time. The history of bank distress/failure in Nigeria dates as far back as 1930s. Where, for instance over 21 banks failures were recorded between 1930 and 1958. The failure of banks during this period was attributed to the exclusive patronage by British firms [31] Between 1980 and up to 2004 more bank distresses were recorded in Nigeria. table 1 below illuminates the situation.

Table 1. shows the total number of banks and distressed banks in Nigeria from 1986 to 2007

Year	Number of Bank	Number of Distressed Banks	Ratio of No. of Distressed banks to total No of banks
	(a)	(b)	c = (b/a)
1986	30	8	26.67
1987	33	6	18.18
1988	41	7	17.07
1989	47	7	14.49
1990	58	9	15.52
1991	65	15	23.31
1992	66	16	24.24
1993	66	38	57.58
1994	65	46	70.77
1995	64	51	79.69
1996	64	47	73.44
1997	64	47	73.44
1998	51	22	43.14
1999	57	13	22.81
2000	88	7	7.95
2001	90	11	12.22
2002	90	20	22.22
2003	89	23	25.84
2004	89	41	46.07
2005	25	13	52. 00
2006	25	NA	-
2007	24	NA	-

Source: CBN Annual Reports 1986-2007; NDIC Annual Reports 1990-2004

A critical look at the table shows systematic increase in the number of distressed banks over the year. Starting from 1986, as the numbers of banks were increasing, the number of distressed banks plummeted up to 1989. Beyond 1989, it was the era of banking liberalisation in Nigeria. The number of banks further increased including the number of distressed banks while the ratio of distressed banks to total number of banks increased up to the year 1995 when the ratio peaked at 79.69. Some remedies were put in place which improved the ratio dropping it slightly to 73.44 in 1996 and 1997. The year 1998 witnessed a slight decrease in the number of banks to 51 and the number of distressed banks to 22, while the ratio of banks distressed to total number of banks dropped to 43.14.

Beyond 1998 and up to 2002, the numbers of banks were on the increase but was reduced to 89 in 2003 and 2004, while the number of distressed banks reduced to 11 in 2001 and later increased from 20 to 41 in the year 2004. On the other hand, the ratio of distressed banks to total numbers of banks for the period hovered between 43.14 and 46.07. Due to the bank recapitalisation exercise in 2005, the total number of banks reduced drastically from 89 in 2004 to 25 in 2005, while the number of distressed banks dropped from 41 in 2004 to 13 in 2005.

2.2. Reasons why there is Financial Distress in Nigerians Banks

A number of reasons have been identified as contributing to the spate of banking distress in Nigeria. One notable cause is the issue of bad loans. [22] observed that one single, biggest contributor to the bad loans of many of the failed banks in Nigeria was insider trading. Insider loans on close scrutiny accounted for 65% of the total loans of the four banks liquidated in Nigeria in 1995 which were unrecoverable. These insider loans were invested in speculative projects such as real estate development and were extended to projects which could not generate short-term returns (such as hotels and shopping centres) and they were large loans that also breached large-loan exposure limits. The consequence was that there was a mismatch between maturities of bank's assets and bank's liabilities. According to [7], many of the bad debts were attributable to moral hazard, the adverse incentives on bank owners to adopt imprudent lending strategies, in particular insider lending and lending at high segments of the credit markets contrary to the interests of the bank's creditors (mainly depositors or government if it explicitly insures deposits) which if unsuccessful, would jeopardize the solvency of the bank. [29] assessment also indicated some factors. To him, the banking industry was characterised by low and weak resource base and it was heavily dependent on public sector deposits. The public sector accounted for over 20% of aggregate deposits with poor asset quality and as high as 19.8% incidence of non-performing loans. The system was non-supportive to the real sector of economy.

2.3. Bank Capital Adequacy Regulation

Minimum capital standards imposition by regulators on financial institution has been one important development in the 20th century. To the regulators, capital adequacy is seen as a critical means of strengthening the safety and soundness of the banking industry. Three arguments flow from this perspective. One, capital adequacy regulation is needed for prudential reasons, but most advocates of this position take the argument no further to explain why prudential 'need' is there in the first place [26]. The second argument is hinged on the fact that capital regulation is needed to counter moral hazard problems created by the regulators themselves [6]. While the third and final argument is that capital adequacy regulation is needed to protect small depositors [9].

According to [25], capital adequacy is a quantum of fund, which a financial institution should have and plan to maintain in order to conduct its business in a prudent manner. [3] puts it this way, 'adequate capital is regarded as the amount of capital that can effectively discharge the primary function of preventing banking industries' failure by absorbing looses'. It provides the ultimate protection against insolvency arising from the risk in the banking sector. It is the least amount necessary to inspire and sustain confidence in the banks, keep it open and operating so that time and earnings can absorb losses without being forced into costly liquidation and enables the banking industry to take full advantage of its profitable growth opportunities. [19] emphasised that the key to management of capital is striking a balance between risk and profitability.

2.4. Asset Quality

Asset quality as the literature documents bring to the fore several perspectives. According to Michael et al (2006), asset quality is a critical determinant of sound functioning of the banking system. An asset can turn into a non performing asset when the borrower defaults on his repayment of interest and/or principal on agreed terms. Asset quality impairment is caused by several reasons. According to [21], business cycle is a primary reason for banks' non-performing loans. [18] argued that the potential for banks to experience substantial losses on their loan portfolios increases towards the peak of the expansionary phase of the cycle..However, towards the top of the cycle, banks appear to be relatively healthy; non-performing loans are low and profits are high, reflecting the fact that even the riskiest of borrowers tend to benefit from buoyant economic conditions. While the risk inherent in banks lending portfolios peaks at the top of the cycle, this tends to be realized during the contraction phase of the business cycle. At this time, banks non-performing loans increase; profit decline and substantial losses to capital may become apparent. [10] averred that the herd behaviour of bank managers can lead to a deterioration of credit standards during economic booms, as credit mistakes are judged more leniently. [15] submits that the causes of Non-performing assets can be classified into political, economic, social and technological reasons. He observed that neglect of proper credit appraisal, lack of follow-up and supervision, recessional pressures in economy, change in government policies, infrastructural bottlenecks, and diversion of funds are the major causes of non-performing loans. [27] however, notes that the problem of non-performing assets is not mainly because of lack of strict prudential norms, but due to legal impediments and time consuming nature of asset disposal process, postponement of the problem by the banks to show higher returns and manipulation by the debtors using political influence. [2] in their study noted that improper selection of borrowers' activities, weak credit appraisal system, industrial problems, inefficient management, slackness in credit management and monitoring, lack of proper follow-up, recessions and natural calamities and other uncertainties are the major reasons for non-performing assets. Non Performing Assets (NPA) affects the operational efficiency, which in turn affects profitability, liquidity and solvency positions of banks. [5], contends that the consequences of NPAs would be reduction in interest income, high level of provisioning, stress on profitability, gradual decline in ability to meet steady increase in cost, increased pressure on net interest margin thereby reducing competitiveness, steady erosion of capital resources and increased difficulty in augmenting capital resources. Non-performing assets generate a vicious cycle of effects on the sustainability and growth of the banking system, and if not managed properly could lead to bank failures.

2.5. Asset Quality of Nigerian Banks

Ebong (2005) opine that Asset Quality of Nigerian banks worsened progressively since 2002 as shown in the table 2 below.

Table 2. Asset Quality of Nigerian Banks from 1990-2004

Year	Ratio of non-performing credits to total credits (%)	Ratio of non-performing credits to Shareholders' funds(%)
1990	44.10	344.00
1991	39.00	222.00
1992	45.00	299.00
1993	41.00	380.86
1994	43.00	567.70
1995	32.90	496.00
1996	33.90	419.80
1997	25.81	253.09
1998	19.35	89.20
1999	-	-
2000	21.5	92.2
2001	16.9	77.1
2002	21.3	85.9
2003	21.6	89.7
2004	23.08	105.3

Source :Nigeria Deposit Insurance Corporation, Annual Reports and Statement of Accounts ,[8].

The analysis of the table above reveals that the ratio of non-performing credit to total credit declined from 45% in 1992 to 23.08% in 2004.This indicate that for every N100.00 that was lent out during these years, the banks lost an average of N30.60.The losses are huge and they contributed in a great deal to the reduction of the shareholders funds. The non-performing loans(bad debts) accounted for 567.7%, 419.8% and 105.3% of shareholders' fund in 1994,1996 and 2004 respectively. A cursory look at 1990 to 1997 shows that shareholders' funds had been seriously impaired by non-performing loans. Ebong (2005) notes that the factors responsible include inadequate appraisal of credit proposals, unfavourable environmental factors which adversely affected the cash flow of clients' businesses, sheer unwillingness of clients' to repay credit borrowed and the ineffectiveness of the rule of law to catch up with pathological loan defaulters who were moving from one bank to another.

The degree of deterioration of asset quality of Nigerian banks was further confirmed using the CAMEL parameters by CBN from 2001-2004 as shown in table3 below:

3. Research Methodology

The main objective of this paper is to investigate whether increases in minimum capital requirement by Central Bank of Nigeria, has helped to improve banks liquidity, asset quality and prevented bank distress. As a guide to achieve the objective of this paper, the following research questions have been constructed.

1. Whether the increased banks' minimum paid up capital over the years impacted positively on banks liquidity ratio in Nigeria.
2. Whether the increased banks' minimum paid up capital over the years impacted positively on asset quality of banks in Nigeria.
3. Whether the result of I and II above has helped to prevent distress in the Nigerian banking sector.

3.1. Data

The data required to achieve the objective of this study are

1) Banks minimum paid up capital
2) Banks' liquidity ratio and
3) Banks' asset quality over the period covered in this research paper.

3.2. Data Sources

The data sources available for data collection are secondary sources which are the banks' financial records, CBN various statistical bulletin, NDIC Report and International financial statistics 2010.

3.3. Data Description

1. Banks' minimum paid up capital: This is the Mandatory minimum paid up capital required to be met by commercial banks as prescribed by banks' regulators in order to continue operation. This is expressed as the capital required as authorised by CBN over the years.
2. Liquidity ratio: This is described as the ratio of total specified liquid assets to total current liabilities.
3. Asset quality: This is measured by the ratio of loan portfolio to capital base.

The entire commercial banking sub sector has been chosen as an appropriate sample for the entire banking sector in Nigeria. This subsector is the most dominant in the Nigerian banking sector. According to [1], a study of commercial banks within the overall financial services industry is considered sufficient because the commercial banking sector accounted for 91.21 percent of total assets of the financial services industry in 2001. Therefore, the relative dominance of the commercial banking sub-sector over the years is sufficient in size and capacity as a sample to represent the entire population of the banking industry in Nigeria.

Table 3. Rating of Banks Using the CAMEL Parameters from 2001-2004

Year	2001		2002		2003		2004	
Category	No.of Banks	% of Total	No.of Banks	% of Total	No.of Banks	% of Total	No.of Banks	% of Total
Sound	10	11.1	13	14.4	11	12.6	10	11.5
Satisfactory	63	70.0	54	60.1	53	60.9	51	58.6
Marginal	8	8.9	13	14.4	14	16.1	16	18.4
Unsound	9	10.0	10	11.1	9	10.4	10	11.5
Total	90	100	90	100.0	87	100	87	100

Source: Central Bank of Nigeria, Annual Report and Statement of Accounts, 2004.

3.4. Model Specification

Since the paper is concerned with establishing relationship between minimum capital requirement, liquidity, asset quality and bank distress an econometric model would be appropriate. The econometric model used in this research is expressed as:

MINCAREG=C+LIQRATIO + ASQUA –NODISTBANKS + U

Where: MINCAREG = Minimum capital requirement.

C = The intercept of the equation

LIQRATIO = Banking sector liquidity ratio

ASQUA = Asset quality of banks

NODISTBANKS =The number of distressed banks

U= The error term that captures other factors not considered in the model

The minimum capital requirement is the dependent variable, while banking sector liquidity, asset quality and number of distressed banks are the independent variables.

Apriori Expectation: Minimum capital requirement for banks is expected to have a positive relationship with liquidity ratio and asset quality and a negative relationship with number of distressed banks.

The result of the econometric model will be used to achieve the research objectives as shown in research questions1,2 and 3.

3.5. Data Presentation and Analysis

Below is the data used for the research; Minimum capital requirement, liquidity ratio, asset quality and number of distressed banks in Nigeria for the period 1990-2006.

Year	MINIMUM CAPITAL REQUIREMENT (MINCAREQ)	LIQUIDITY RATIO (LIQRATIO)	ASSET QUALITY (ASQUA)	NO.OF DISTRESSED BANKS (NODISTBANKS)
1990	20	44.3	44.1	9
1991	50	38.6	39.0	15
1992	50	29.1	45.0	16
1993	50	42.2	41.0	28
1994	50	48.5	43.0	45
1995	50	33.1	32.9	60
1996	50	43.1	256.81	58
1997	500	40.2	19.35	47
1998	500	46.8	54.58	22
1999	500	61.0	21.50	10
2000	500	64.1	16.90	13
2001	500	52.9	21.30	15
2002	500	52.5	21.60	14
2003	2000	50.9	23.08	23
2004	2000	50.5	24.60	10
2005	2000	50.2	30.50	13
2006	25000	55.7	40.90	0

The data was analysed using Eview.7 statistical software and the results are presented below:

Dependent Variable: MINCAREQ				
Method: Least Squares				
Date: 03/11/14 Time: 22:13				
Sample: 1990 2006				
Included observations: 17				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	528.9001	10336.23	0.051170	0.9600
LIQRATIO	78.81226	189.0964	0.416783	0.6836
ASQUA	17.50733	31.09302	0.563063	0.5830
NODISTBANKS	-129.6495	107.6421	-1.204450	0.2499
R-squared	0.170745	Mean dependent var		2018.824
Adjusted R-squared	-0.020621	S.D. dependent var		5964.632
S.E. of regression	6025.818	Akaike info criterion		20.44782
Sum squared resid	4.72E+08	Schwarz criterion		20.64387
Log likelihood	-169.8065	Hannan-Quinn criter.		20.46731
F-statistic	0.892242	Durbin-Watson stat		1.094764
Prob(F-statistic)	0.471107			

4. Discussion of Results

The results presented above show that the econometric equation is

MINCAREG=528.9001+78.81226LIQRATIO+17.50733 ASQUA–129.6495NODISTBANKS.

This confirms the a priori expectations as the coefficients of the variables were rightly signed.

The result indicates a positive relationship between minimum capital requirement and banking sector liquidity ratio. This shows that a unit change in minimum capital requirement will bring about a 78.81226% positive change in banking sector liquidity. The relationship is not statistically significant according to the probability of.06836. However, this agrees with the theory that increases in minimum capital requirement is a panacea for improving liquidity ratio.

The relationship between minimum capital requirement and asset quality was positive although not statistically significant given the probability of 0.5830. However, the relationship shows that a unit change in minimum capital requirement is capable of increasing asset quality by 17.50733% positively. No wonder when asset quality parameters are threatened by impairment, one serious consideration by bank regulators is the increase in minimum capital requirement.

The result also show that there is a negative relationship between minimum capital requirement and number of distressed banks which is not statistically significant given the probability of 0.2499..The relationship is shown by -129.6495%.This indicates that a unit change in minimum capital requirement has the ability of reducing the number of distressed banks in the banking sector. This agrees with the argument that increasing minimum capital requirement is a precondition for reducing bank distress/failure.

The R-squared indicate that 17.08% changes in minimum capital requirement is explained by the position of liquidity ratio, asset quality and number of distressed banks in Nigeria while the remaining 82.92% is accounted for by other factors not considered in this model. Such factors include adjusting shareholders funds, Profitability, inspection and supervision, market discipline, observance of corporate governance etc. However, overall, the f-statistic shows that 89.22% variation in the model was well explained.

5. Conclusions and Recommendations

This study examined the relationship between bank minimum capital requirement, liquidity ratio ,asset quality and bank distress. The main objective of the paper was to establish whether bank capital regulation is the solution to either improving liquidity or preventing bank distress amongst commercial banks in Nigeria. The findings of the study show that there are positive relationships between bank minimum capital requirement with liquidity ratio and asset quality while there is a negative relationship between bank minimum capital requirement and bank distress. The relationships according to the results are all statistically insignificant. These findings provide a greater understanding that when reforming the banking sector, increasing bank minimum capital requirement should not be considered alone; rather efforts should be intensified to consider other banking regulatory factors. It is the belief of this paper, therefore, that the recent effort of the Central Bank of Nigeria to strengthen soundness of the banking sector through minimum capital requirement and a host of other regulatory measures could have been anchored on this realisation.

Against this background, this study recommends amongst others, increase in bank minimum requirement (capital regulation) , stricter enforcement of code of corporate governance, closer collaboration with anti graft agency such as the Economic and Financial Crimes Commission, adoption of zero-tolerance on misreporting and infractions on rules and regulations, strengthening of risk management systems, ensuring risk – based supervision, strengthening of the asset management company which has been established as a resolution mechanism for bank distress. Ensure serious enforcement of all anti-money laundering laws as well as the dormant laws relating to vicarious liabilities of banks' board members with respect to bank failure or distress.

To this end, in reforming the banking sector, the CBN should be proactive, take a holistic view of regulatory reforms and implement them to the letter .These measures, in the opinion of the paper are capable of stemming the tide of banks failure/distress, improve liquidity ratios as well as asset quality of banks.

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