CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

There has been a rapid growth of Pan African Banks (PAB) in Africa in the last two decades. PABs are large conglomerate financial institutions of African origin with extensions and significant presence across the African continent – that is, across borders. Many banks have extended their activities and presence outside their home countries by way of establishing at least one branch or subsidiary in another country, thus, engaging in cross border banking (CBB). Cross border banking has to do with the operation of banking activities across the borders of countries and or, any financial transactions or arrangements across national borders (Ajayi, 2014).

Normally, the activities of the banking industry comprise financial transactions or arrangements undertaken within national border (internally) and are two-pronged: the money market and the capital market. The money market is the market for short-term funds and securities, including treasury bills, one-year treasury paper, commercial and merchant bank savings and investment notes and other funds of less than one-year duration; while the capital market is one for longer term funds and securities whose tenure extends beyond one year. These include long-term loans, mortgage bonds, preference stocks, ordinary shares, Federal Government bonds (otherwise known as Eligible Development Stocks or Gilt-edged securities) and industrial loans and debentures (Osaze, 2007). The dawn of the mega banks seem to have added new dynamics to the banking industry in West Africa as local banks in Nigeria now have to compete with not just other national banks but other African banks as well (Leon, 2015).

The era of mega banking seemed to have been triggered between July 2004 and December 2005 when the Central Bank of Nigeria (CBN) through the then Governor, Soludo raised the minimum capitalization of Nigerian banks from two billion (N2,000, 000, 000) to twenty-five billion Naira (N25,000,000, 000) (Achimugu, Yunusa & Samson, 2015; Ajayi, 2014; Beck, Fuchs, Singer & Witte, 2014). Agu (2012) opined that this action put so much unplanned money into the coffers of banks that they had to go across the borders of Nigeria for proper utilization of the N25,000,000,000.

Thus, the banking sector underwent series of banking reforms. The year 2001, ushered in the Universal Banking (UB) model which allowed banks to diversify into non-bank financial businesses. Though later reviewed by the CBN with a view to directing banks to focus on their core banking business only.

After this was the Nigeria banking sector's recapitalisation of 2004 and 2005 which was born out of the several reforms, this lasted a while with lots of banks going under and merging. In 2010, the Asset Management Corporation of Nigeria (AMCON) came on board after the promulgation of its enabling Act by the National Assembly. It was solely aimed at addressing the issues of non-performing loans in the Nigerian banking sector. As part of its role, there was need for some banks to be rescued and to merge in order to strengthen their capital base and remain competitive in the market. Accordingly, five Transaction Implementation Agreements (TIAs) were signed among the banks.

The CBN issued a letter of no objection to the banks being acquired to proceed with the merger. The signing of the legally binding TIAs for the five banks and the full capitalization of the three new banks by AMCON resolved the issue of the combined negative asset value of the eight banks rescued by the CBN. Accordingly, the recapitalization of all the five rescued banks

that signed the TIAs was completed in 2011. Fadare (2010) in Jegede, (2014), argues that banks were able to shore up their shares, boosting both individual and corporate investments. Closely followed was the adoption of the International Financial Reporting Standards (IFRS) by end-2010. This was to enhance market discipline, and reduce uncertainties, which limit the risk of unwarranted contagion (Sanusi, 2012). In 2012, CBN through the Bankers' Committee declared it the year of "Women Empowerment" in the banking industry. They went as far as to ensure that a certain percentage of senior management and board seats are reserved for women. Following this was the presence of the female gender which hitherto was not a common occurrence but a laudable one. In spite of these reforms, that of the 2004 and 2005 still took the center stage as on going at the same time of this forced increase in the capital base of banks (or triggered by the efforts to raise the needed capital) were all forms of business re-organization, ranging from acquisitions, mergers to absorptions which culminated in the emergence of twenty-four (24) and afterwards eighteen (18) banks out of the then eighty-nine (89). This number was to be further reduced by more stringent policies implemented by the Central Bank (the single treasury account) owing to the ongoing recession in the Nigerian economy.

To survive the economic recession and reduced government patronage, many of these mega banks look to cross border opportunities to survive and grow. Thus, the bigger they got, the greater their appetite for international expansion – particularly within the West African sub-region. Many Nigerian banks (ten quoted money deposit banks, as at 2017) have solid geographic footprints on the continent thereby becoming economically significant beyond their home countries and jurisdictions (Ajayi, 2014; Beck, Fuchs, Singer & Witte, 2014).

Cross border banking activities have enhanced the presence of Nigerian deposit money banks in the African sub-region, but has it also increased their profitability? As the foremost

reason for business activities (including financial institutions) is to maximize shareholders' wealth, it is very imperative that strategic decisions of such magnitude as cross border banking be backed by solid indices of appreciable profitability. A study by Alade (2014) seems to suggest that this strategic move leads to greater profit opportunities for the banks. The questions that need to be asked are: has this move translated to greater profitability and if so, what has been the case with Nigerian banks that operate across her shores? There is need to investigate if such investments enhance the growth of the local economy in terms of expansion of commerce to other neighbouring countries, and enhancement of profit performances of these banks. Is there better liquidity for deposit money banks that operate cross border? Do their shares command better prices? And, is there evidence that the foray into regional waters have given them better administrative prowess and hence made management of branches at home more efficient and effective for attainment of stakeholders' objectives?

1.2 STATEMENT OF THE PROBLEM

The reasons for deposit money banks going cross border are numerous – ranging from increased opportunities for profitability, better competition and financial efficiency; financial deepening and outreach; stability. Cull and Beck, (2013) argue that the seeming opportunities for development via cross border banking often do not materialize as has been experienced in banks from developed climes, perhaps due to differences in geographical location and other factors. Therefore, for the Africa banks going CBB, will the expected benefits turn out to be a mirage as was the experience of banks from developed countries?

For instance on profitability and competition, a few empirical studies (Beck, Fuchs, Singer & Witte,2014; Alade, 2014) exist in Africa as regards CBB activities, such researches are not country based or bank specific so cannot be used for definitive pronouncements on a general

note. While on the various aspects of performance, the work of Beck et al, (2014) give credence to the assertion that Nigerian banks have made great strides in entries into foreign countries, but did not provide evidence of the effect of such entries on the overall performance of these banks; although it tends to point to the fact that such effects differ based on country specifics and timing. Also, the work of Hasan, Lozano-Viva and Pastor (2000) which aimed to determine the relative difference in performance across banks in Finland in terms of full national banks and those that go cross-border did not produce the needed definitive evidence that the fantastic benefits as show-cased theoretically were actually achieved in practical terms.

For the Nigeria situation, there is very little literature on the outcome of Nigerian banks that have cross border operations, especially on their profitability. While the dearth of evidence available, fails to link performance of deposit money banks cross border activities (both within the African sub-region and even on a wider spread across the African continent) performance index to justify the monies spent on same. It is therefore a gap that motivates this study and which it seeks to provide evidence on. The nagging question thus remain unanswered: is there evidence in terms of greater profitability, market share value of Nigerian banks and more efficient management of such banks that have gone cross border to justify the huge investments on cross border banking? This is the gap that needs to be filled.

From the available literature on the subject matter, there seem to be the suggestion that foreign-owned banks are relatively less efficient than their domestic counterparts (DeYoung & Nolle, 1996; Hasan &Hunter, 1996; Mahajan, Arvind, Rangan & Zardkoohi, 1996 in Classeans & Horen, 2009; Chang, Hasan &Hunter, 1996 in Cull & Beck, 2013; Peek, Rosengren & Kasiryen, 1999; Claessens & Horen, 2009). There seem to be evidence in light of a report by the

International Monetary Fund (IMF) (2015) which clearly stated that Nigerian banks with cross border presence might not be achieving their goals.

The work of De Haas (2014) gave another twist with the finding that foreign banks seem to be more interested in cherry–picking plum customers to do business with in foreign lands of cross-border branches than in providing customers with the full banking services provided in their home countries. If that is the strategy of the Nigerian banks that have gone cross-border, what are the indications that their activities are helping in the performance of the banks as a whole? Or, could it be that as found in the work of Atuanya (2014), it is impossible for foreign banks to be efficient as they are constantly struggling with local regulations and challenges which are alien to their mother countries?

Though there are very little works found on this subject, those of Boateng, Qian and Tianlel (2008); Lin, Lin and Wang (2016) suggest that share prices are facilitated by cross border activities while that of De Haas (2014) suggests that stock performance of stand-alone domestic banks may not be out-performed by their counterparts who go international. Therefore, there is the need to provide empirical evidence to substantiate any given stand.

Hence this work is motivated by the quest to investigate and explore the evidence to link performance of deposit money banks to either CBB or otherwise:(1) on the difference between cross border and their domestic counter parts; (2) the pre and post activities of CB banks; and (3) the relationship (if any) effect of CB activities on financial performance of such banks; and invariably, the effect of outcome (profitability) on the stock performance of such banks in the Nigeria economy. By so doing, this study presents a Nigerian perspective to this current trend that is on-going and shall contribute to bridging the existing gap in the literature.

1.3 OBJECTIVES OF THE STUDY

The broad objective of this study is to investigate whether CBB has effect on the profitability, share price and liquidity performances of quoted deposit money banks in Nigeria. The specific objectives are to:

1. Determine the differences in the profitability of cross border banks and their domestic counterparts in Nigeria from 2001 to 2016;
2. Ascertain the differences in the stock prices of CBB and their domestic counterparts in Nigeria from 2001 to 2016;
3. Ascertain the differences in the liquidity of cross border banks and their domestic counterparts in Nigeria from 2001 to 2016;
4. Examine the relationship between cross border banking activities and profitability performance of quoted deposit money banks in Nigeria; and
5. Examine the relationship between cross border banking activities and stock price performance of quoted deposit money banks in Nigeria.

1.4 RESEARCH HYPOTHESES

The following hypotheses formulated for the proposed study are stated in the null form.

Ho1: There is no significant difference in the profitability of Cross Border Deposit Money Banks and their domestic counterparts.

Ho2: There is no significant difference in the stock price performance of Cross Border Deposit Money Banks and their domestic counterparts.

Ho3: There is no significant difference in the liquidity of Nigeria Cross Border Deposit Money Banks and their domestic counterparts across Africa.

Ho4: There is no significant relationship between Cross border banking activities and profitability performance of Deposit Money banks in Nigeria.

Ho5: There is no significant relationship between Cross border banking activities and stock price performance of Deposit Money banks in Nigeria.

1.5 SCOPE OF THE STUDY

The concept of CBB is so broad, diverse and significant to the socio-economic scene of every nation with that of Nigeria being no exception. The study examines both CBB and domestic deposit money bank's performance (stock, performance and liquidity) quoted on the Nigeria Stock Exchange. These performance variables are indicators of a going concern that attract investors to companies.

Therefore the study examines the difference between Nigerian banks operating across Africa shores and her domestic counterparts. In this vein, references are made to the pre (i.e before going CBB) and post (i.e after going CBB) activities of banks with parent companies' headquarters in Nigeria with particular reference to their profitability, liquidity and stock performance, covering a period of 16years i.e. from 2001 to 2016(2001 – 2008 = **pre;** 2009 – 2016 = **post).**

The choice of the period is justified by the era of significant CB activities of the Nigeria banks across Africa, and the choice of 2009 as post CBB is informed by the fact that aggressive CBB began from 2009 (Lukonga & Chung, 2010). Consequently, the focus of the study is on the entire banks but for comparative analysis, ten (10) banks (five that are into CBB activities with close to a uniformity in their period of take-off of such activities; another five that are domesticated and not into CBB activities).

1.6 SIGNIFICANCE OF THE STUDY

Findings from the research study will be beneficial to the financial institutions especially the Central Bank of Nigeria (CBN); Securities and Exchange Commission (SEC) whom the findings can assist in the formulation of policies as well as in regulating the banking industry particularly in the area of CBB in Nigeria; The Board of Directors (BOD) and bank management will find it useful mostly in the area of strategy thereby leading to maximization of shareholders wealth. The study will influence the different tiers of government especially the federal and state who also will benefit in the area of their policy making and implementation. Further, bank shareholders, investors, analyst and the general public will not only be enlightened on CBB and its effect both on financial and stock performance and on how other sectors can benefit from CBB activities and its ripple effect through its accruing benefits and opportunities which in the long run is an aid to foster economic growth in Nigeria.

To the academic, researchers, and students, the work serves as a search light indicating areas for further research on this topic. This research work also serves as a turning point in the study of CBB, particularly as it concerns corporate performance. The unique contributions of this study is not just that it adds incrementally to the literature only, but the results of the study will enrich literature on CB activities. The justification is that in developed studies where related issues have been examined, these countries differ because of differences in economic, social and political factors like the legal system, usage of economic growth and development, enterprise ownership, activities of enterprises amongst others. Thus, the study provides a basis which allows researchers and professionals to have an insight into CBB activities together with its effect both on financial and stock performance.

1.7 LIMITATIONS TO THE STUDY

In the course of the research some of the draw backs which posed limitations to the study include: differences in the timing (pre and post) of capital base of the CB banks considered thus, making it not very easy to immediately spot any patter. Though this was ameliorated by taking cognizance of the average timing within which the CB's went cross border.

Another limitation is that the results of the research are limited to the choice of statistical tools used, compared to where a non-similar tool is used. Again this was managed by a careful choice of the most appropriate and conventional tool suggested in most studies as against others. Furthermore, the studied sample size results may be different in a situation where a larger or smaller sample size different from the one studied produced. Thus, the study used all the DB's and half the CB's thus giving a robust look to the sample.

1.8 OPERATIONAL DEFINITION OF TERMS

Cherry picking: where foreign banks concentrates only on the high-end customers.

Contagion: spread of shock (financial) from a part of an economy to another throughout the world.

Cross border (CB): activities that are outside the national boundaries and jurisdiction of a bank

Cross Border Bank (CBB): a bank with a commercial presence outside its home country, by way of at least one branch or subsidiary

Foreign bank: A bank which operates in another country either opening up a branch or a subsidiary with parent companies not headquartered in Nigeria.

Local bank/Domestic bank: this is a situation where a bank operates only in her (a single) Nation.

Mega bank: A very large, huge and rich bank.

Pan African Banks (PABS): large conglomerate financial institution or cross border commercial banks of African origin with extension and significant presence across the African continent.

Performance: growth change in the level of an activity both progressively and otherwise.

Regional bank: this is a bank that lies between the extremes of a local and global bank.

CHAPTER TWO

REVIEW OF LITERATURE

2.1 Conceptual Framework

2.1.1 Concept of Performance

Corporate performance is an important concept that relates to the way and manner in which financial, material and human resources available to an organization are judiciously used in order to achieve the overall corporate objective of an organization. It keeps the organization in business, ensures it remains afloat and creates a greater prospect for future opportunities (Onakoya, Ofoegbu & Fasanya, 2012).Performance can be seen as growth, a change in the level of an activity both progressively and otherwise. Therefore, in this context, it can be said to include the changes in the level of activity progressively and otherwise of the profit and shares of a bank as well as it being liquid.

The overall effect of cross border banking should be the strengthening of the bank's financial performance (Alade, 2014). In order to assess the success or otherwise of cross border banking in Africa and Nigeria in particular, there is need to evaluate these aspects of banks performance prior and after banking activities across the African shores. Given to the fact that the relationship between these variables (Cross border banking performance) should be established.

2.1.2 Concept of Cross Border Banking (CBB)

Cross Border Banking in Nigeria is relatively new and different literature assign meaning as it suits their operational usage to it. Reiche (2016) sees it as a consequence of globalization, to Twarowska and Kakol (2013) it is a (business) strategy, while Drogendijk and Hadjikhani

(2008); Massand and Gopalakrishna (2016) sees it as the internationalization of banks. Massand and Gopalakrishna (2016) gives (accepted) reasons for such as the liberalization of financial systems and formation of international organizations like World Trade Organization (WTO) and International Monetary Fund (IMF) that have contributed towards the establishment of foreign banks (Kim & Pant, 2010; Gormely, 2010 in Massand & Gopalakrishna, 2016).

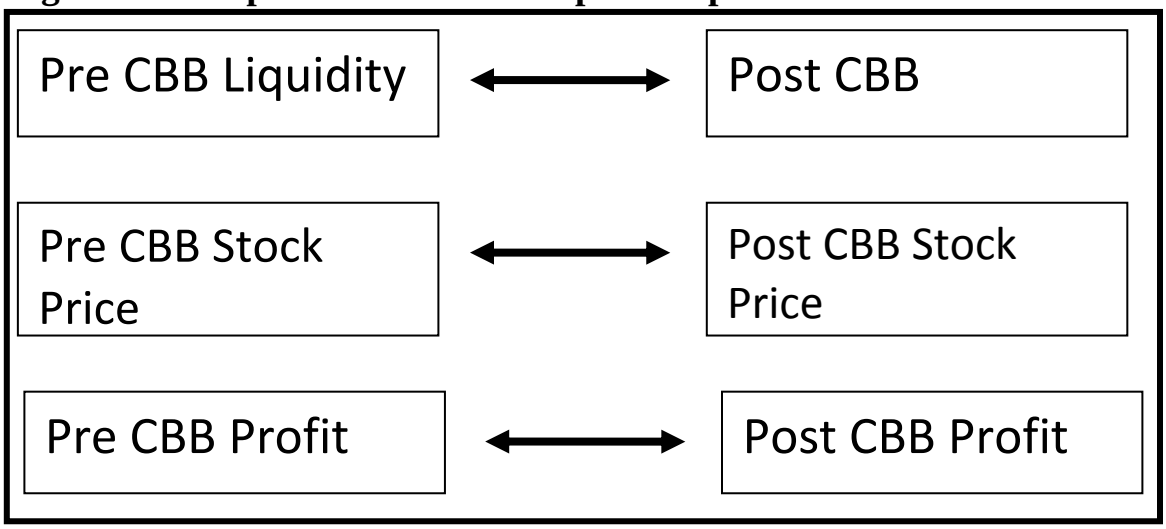
According to Ajayi 2014, cross border banking involves the operation of banking activities across the borders of countries. This may be said to exist when there are financial transactions or arrangements across national borders such as: cross border financing through bank mergers, letters of Credit, cross border loan arrangements and bankers' acceptances and so on.

Cross border banking refers to a deposit money bank with a commercial presence outside its home country by way of at least one branch or subsidiary (Beck et al, 2014). This may or not include the listing of the stocks of such banks in the countries of their cross border activities or the integration of the bank's financial activities across national borders (Ajayi, 2014). Though literature on cross border banking define such activity differently – ranging from such concepts as international banking, cross-border mergers and acquisition, multinational banking, global banking and so on, they all seem to agree on one thing – that it is a strategy for expansion with the aim of revenue maximization, cost minimization with the ultimate goal of maximizing shareholders wealth.

With the relentless march of globalization of commercial activities, cross border banking phenomenon is taking an increasingly important front row position with African banks since the last decade. African banks have not just noticeably increased their geographic footprints on the continent; they have also become economically significant outside their own home countries and

of systemic relevance in different jurisdictions. This growth and expansion of African banks has, in recent years almost completely undermined the relative relevance of traditional, mostly European, banks operating on the continent and has redefined the burden of managing and handling both risks and accrued benefits of cross-border banking from the traditional home countries in Europe to African policymakers.

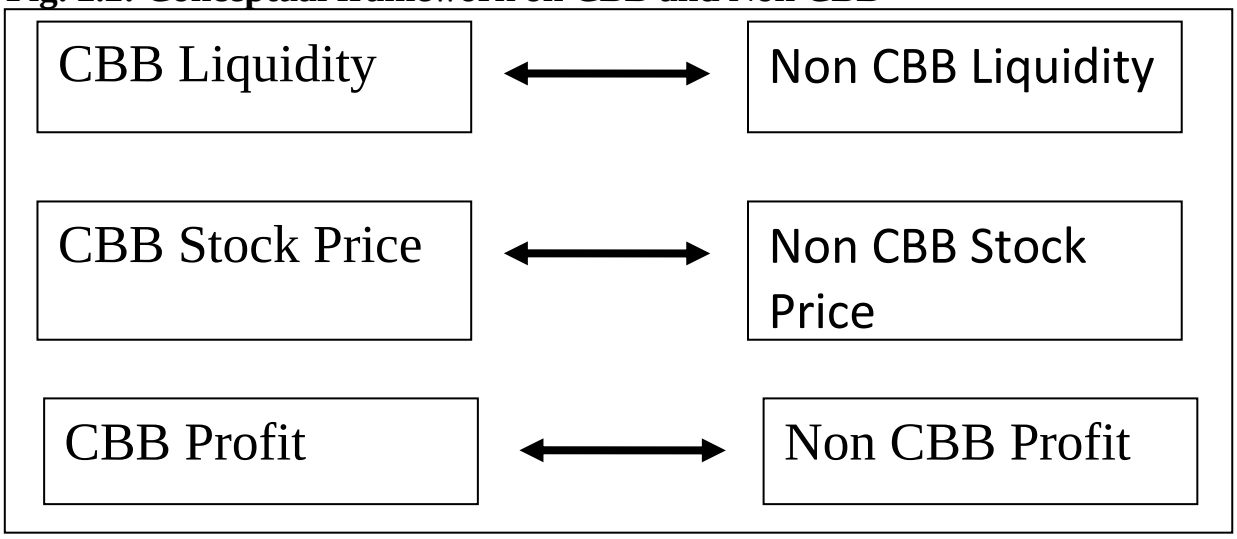
Fig. 2.1: Conceptual framework on pre and post CBB



Source: Researcher's idea (2017)

The above figure 2.1 depicts an enhanced performance position for a cross bordered bank. A situation where a bank goes outside her national boundaries, the tendency her increased customer base to attract more deposits is certain, and this will improve her liquidity performance prior to her cross border situation. Also is the performance of her stock price which will probably swing in the upward direction compared to her pre CB status performance. Similarly, all of the aforementioned variable performance will translate into a profit performance of such a bank as against the pre CB profit status.

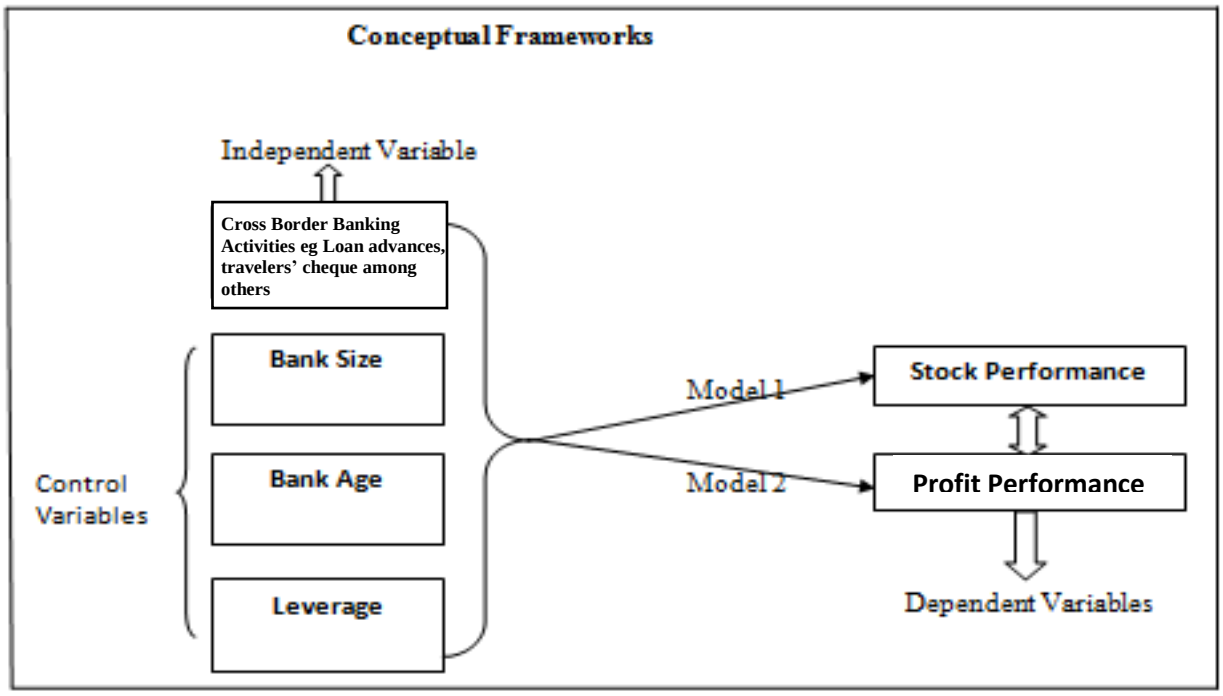
Fig. 2.2: Conceptual framework on CBB and Non CBB



Source: Researcher's idea (2017)

The fig 2.2 suggests a CBB to be more advantageous performance wise (liquidity, stock price and profit) than her domestic counterparts, for varied reasons. Amongst these are that the cross border status will attract more customers which in turn leads to more deposits and ultimately translates into a better liquidity position. The liquidity performance empowers the bank for more loan advances amongst other banking activities that will eventually put the shares of that bank in a favourable position there by leading to higher share prices. A situation where this is sustained, a high and better post CBB profit performance is inevitable compared to the pre CBB profit performance, thus leading to the maximization of share holder's wealth in the long run.

Fig. 2.3: **Conceptual Frame work of the study - Cross border banking and Performance**



Source: Researcher's Idea (2017)

The Fig 2.3diagrammatically describes the inter-relationship that exists among variables of the study: independent, dependent and control variables. The idea that the study explores is, whether CBB activity has effect on the financial and share performance of quoted deposit money banks in Nigeria that is, how far cross border banking (independent variable) influences the profit performance (dependent variables) of deposit money banks and relatively the stock price performance (dependent variable) of such banks in question. Where a bank pulls or pushes her banking operations across her national borders mostly into an underdeveloped banking system, it would have introduced a more skilled, better managed hand into the country. Where it is a developed banking system, a better funded competitor would be introduced and with a healthy competition either way, a significant positive impact and effect should occur on her profit base

inclusive of the stock prices. So it can be suggested from the fig 2.1 that cross border banking translates into both financial and stock performance.

Also, among other factors that are likely to influence and attract customers to a cross bordered bank will include our control variables such as the size of the bank. Most customers are prone to doing business with big banks, same with age of banks: some customers prefer doing businesses with banks that have existed for long and as it were, are old as they seem more prosperous and probably have a reputation to preserve compared to a new bank. Furthermore among the influencers is a leveraged bank which due to its tax implications translates into a positive performance.

It can be seen from the fig 2.3 that a cross bordered bank with a bank size factor, bank age factor and leverage factor is more likely to attract customers to her and this will likely impact on the profit performance level (model 1) and stock price performance (model 2).

2.1.3 Overview of Cross Border Bank in Africa

On a Global basis, first time of the practice of cross border banking is traceable to the Renaissance period when, in the 19th century banks engaged in 'trade financing' via lending to foreign kings (Arbuckle, 2016; Davis, 2010). With the advent of globalization this practice developed into closer regional and international economic integration of many nations through the financial services received by multinational companies operating in several countries (Ajayi, 2014). The emergence of Euromarkets in the 1960s and 1970s reformed and transformed the practice of trade financing into a more formal system of cross border banking (Glover, 1986).

Africa got engaged in cross border banking through her colonial history as nations automatically did what their colonial masters practiced in their home countries. For long time post-independence, the Africa banking sector was dominated by their colonial masters' banks which focused more on leeching the economic gains of the colonized countries to benefit the

mother countries than on the growth and development of the newly independent states. However, with more pan-African sentiments emerging owing to greater percentage of literate Africans, there has emerged a dramatic change over the past two decades; regional banks now have indigenes taking the reins of government of banks (Ukeje, 2012). Many such banks have been restructured to combat declining growth and increasing indebtedness of the African sub region to foreign economies; and thus forging alliances with nations that they hitherto had no economic dealings with. This was enhanced by the structural adjustment program which insisted on economic and financial liberalization (Ukeje, 2012).

As a result of the financial liberalization, sub-Saharan Africa and Latin America countries witnessed significant increase in the number of foreign banks setting up shop in their economic space from the early 1990s (Allen, Beck, Carletti, Lane, Schoenmaker &Wagner, 2011). Failing state-owned and private banks were sold mostly to global investors or multinational banks, while regional cooperation and integration programmes in different sub-regions were introduced thus broadening the space for cross border financial services trade between and among nations (Ukeje, 2012). This increased international integration, especially of financial services as well as a deregulation of financial practices to accommodate similar sets of rules across countries further increased the number of foreign banks in Africa, howbeit domesticated to look like local banks.

In Nigeria, Morocco and Kenya financial sector reforms at independence resulted in the (partial) nationalization of foreign banks, establishment of state-owned banks, and the growth of local banks owing to low entry requirements. A deregulation of the financial services sector made possible the entry of new foreign investors in the banking sub-sector of the financial services sector in most of the countries. Until the start of this century, Africa was the region with

the highest share of cross-border banks, especially of foreign banks coming into the continent. However, the global financial crisis of 2008 to 2009 forced many multinational European and American banks to downsize their presence in Africa, thus creating an opportunity for banks from other African to take advantage of such market share (Ukeje, 2014; Arbuckle, 2016).

Many Nigerian banks had spread across borders to other African countries and even beyond Africa more aggressively than the foreign banks did; with Nigerian banks establishing themselves in more than thirty African countries in just a few years. According to Alade (2012), in the fifteen years from 1995 to 2009 in Africa, the number of cross-border bank branches or subsidiaries almost doubled from 120 to 227, whereas the total number of banks stayed virtually the same (421 to 442). This showed a rise in the share of foreign banks from 29 to 51 percent. The average share of foreign banks across African countries during the same period increased from 39percent in 1995 to 55 percent in 2009, with foreign banks holding slightly over half of total banking sector assets in African countries (Ukeje, 2012).

Also, the number of bank branches increased in all countries. A study by Ukeje (2012) showed that branch network in Ghana increased from 595 in 2007 to 640 in 2008. Nigerian bank's contribution increase was in the region of 20% as they vied for market share with the local banks. For Sierra Leone, branch network increased from 44 in 2007, to 75 in 2011; with Nigerian banks contributing more than 26% of this increase. Ukeje (2012) further showed that the Gambia scenario was also not much different as her bank branches increased from 41 in 2007 to 64 in 2011, with Nigerian banks contributing about 35% by 2010 to this figure. As for Liberia, United Bank for Africa is the only Nigerian bank with a branch network in that country as of 2009 while Guaranty Trust Bank had seven branches in Sierra Leone (Alade,2014).

The goal of the Nigerian banks of bringing banking services to the unbanked was well articulated and energetically pursued; and bolstered by the excess capital that became available to them after recapitalization of 2004, the banks were motivated to look across national bothers to grow the economy like they were not able to do before the recapitalization (Alade, 2014). Though different banks have established presence in different parts of the sub region with varying degree of spread, three banks of African origin are particularly noted for now having a global presence, three more are recognized Pan African banks; while the remainder have some activities in their respective sub-regions - such as the Economic and Monetary Community of Central Africa (CEMAC), Southern African Development Community (SADC) and West Africa Monetary Zone (WAMZ) (Alade, 2014).

2.1.4 The Nigeria Experience

The Nigeria experience can majorly be traced to globalization on the one hand and on the other to her Central Bank change in policy of her capital base. The Central Bank of Nigeria (CBN) had drastically increased the minimum capital requirement from two (2) billion naira (around USD 14 million) at end of 2004 to twenty-five (25) billion naira (around USD 180 million) at end of 2005. This was with the aim of prompting consolidation and transforming the banking system from one dominated by many small and relatively unstable banks to one with a much smaller number of larger and more steadfast lenders. Consequently, a wave of mergers and acquisitions hit the air and this reduced the number of licensed commercial banks from eighty-nine (89) to twenty-five (25) within a year. The remaining banks raised large amounts of new capital, with some achieving capital levels of over one hundred (100) billion naira, thereby exceeding the decreed minimum level by a factor of four (Alade,2014).

Nonetheless the CBN danced to the trend and encouraged this development by promising to make banks that accumulated more than one hundred (100) billion naira in equity eligible to manage Nigeria's international reserves (Berg et al., 2012 in Alade, 2014).The Nigerian banks dived at this and deployed their capital to fund an explosive growth in the banks' loan portfolios. With their strong capital base, these banks started expansion into other African countries by opening subsidiaries. At this time, within the country, there were presently five foreign-owned banks: Citibank, Ecobank, Stanbic IBTC, Standard Chartered and Nedbank. Thus, Nigeria then had a financial system where the number of Nigerian banks operating branches in other African countries far exceeds that of the foreign banks operating in the domestic market.

The search for yield due to the large amount of "excess capital" available in the domestic banking system was also a determining push factor that drove the aggressive expansion of the Nigerian banks across the region. Yield was just one among the much fallout as the need to maximise profit and the value of shareholders' funds, engineered the bank's aggressive regional expansion. Additionally, based on the belief that banking systems in many African countries are still less developed and less capitalised than in Nigeria, and the significant opportunities in financing trade between these countries. Nigerian banks saw an opportunity to leverage their success, experience and technology platform to deliver services in these markets, where returns are expected to be at least as high as those in Nigeria.

At first, the banks' expansion was concentrated on Anglophone countries, suggesting that language and similarities in the legal environment played a role. It has since moved on to some Francophone countries (like Côte d'Ivoire, Burkina Faso and the Democratic Republic of Congo). A combination of financial reforms in the host countries and a favourable macroeconomic environment in Nigeria played a role in the expansion. This was so as, high oil

prices led to the accumulation of sizeable international reserves of $62 billion the highest in the history of Nigeria – at end of 2007 (Alade, 2014).Though the global financial crisis of 2008 may have affected the expansion plans of both African and even international banks alike but the European banks active in Africa were among the least affected; on the other hand, they may have become more reluctant to undertake further expansion.

This again, may have given an opening to both non-African emerging market and African banks to take a larger share in the growing financial systems across the continent. Among the systems whose expansion plans were affected are some Nigerian banks, such as United Bank of Africa and Access Bank, which scaled down their expansion plans in Africa due to the crisis, while Standard Bank, instead of investing outside the continent, reoriented its expansion plans to within Africa (Lukonga & Chung, 2010). However, anecdotal evidence suggests that the strategic focus of African cross-border banks on Africa is mostly driven by their assessment of the business opportunities in Africa in comparison to other regions (Ajayi, 2014; Ukeje, 2012).

The desire to establish themselves as regional banks following consolidation contributed to the expansion drive. In 2008, Nigerian banks ranked 1–15 in the African Business Survey (see *African Business* magazine, December 2008) in the category of the most capitalised businesses in Africa. Therefore, they were well positioned to play an increasing role in the sub-region's financial sector. Rather than depend on host countries to raise capital, many of the banks raised capital in Nigeria, contributing to foreign direct investment (FDI) in the host countries to which they expanded. The non-existence of capital markets in most sub-Saharan countries to which the Nigerian banks expanded suggests that the parent companies contributed to the host countries' banking systems by raising capital outside, thereby adding to the financial base in the host countries.

There are a few cases where partial ownership from the host country is involved. Nevertheless, the expansion has so far been funded by raising capital from the Nigerian market, and the model of expansion suggests that Nigerian shareholders have funded the expansion of the banks. Even after meeting the increased capital requirement after consolidation, some banks raised additional capital both domestically and internationally by issuing global depositary receipts (GDRs). Obviously, the Nigeria economy which seemed insulated as at then due to the fact that not much effect was felt in her economy while she bounced back and seemed to be doing so well has once again been slowed down in her activities by the ongoing recession (since the late 2015 till date) this is evidenced in the further reduction of her domestic banks which presently (2017) as it stands have been scaled to 15.

From the foregoing, will the present (on - going) recession not bring about contagion effect on the other countries with the Nigeria presence? This is important to know as the fact that the world is a global village cannot be swept under the carpet neither the world's inter-connectivity ignored.

Table 2.2: Sample of Nigerian banks' cross-border subsidiaries in other African countries (and beyond) as at end of 2014.

S/N	Bank	Countries in operation	Outside Africa
1.	Access Bank	Burundi, Côte d'Ivoire, Democratic Republic of Congo, The Gambia, Ghana, Rwanda, Sierra Leone, Zambia	London, UK China
2.	United Bank for Africa (UBA)	Angola,1 Benin, Burkina Faso, Cameroon, Chad, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Gabon, Ghana, Guinea, Kenya, Liberia, Mali,[1] Mozambique, Senegal, Sierra Leone, Uganda, Tanzania, Zambia	New York, US London, UK Paris, France
3.	Guaranty Trust Bank (GTB)	The Gambia, Ghana, Liberia, Sierra Leone	London, UK Hong Kong[2]
4.	Afribank/Mainstreet Bank	Ghana	London, UK South Africa
5.	Zenith Bank	The Gambia, Ghana, Sierra Leone	London, UK
6.	Diamond Bank	Benin, Côte d'Ivoire, Senegal, Togo	Dublin, Ireland
7.	Bank PHB / Keystone	The Gambia, Liberia, Sierra Leone, Uganda	
8.	Skye Bank	The Gambia, Ghana, Guinea, Sierra	
9.	FCMB Bank	The Gambia	London, UK South Africa
10.	First Bank	Democratic Republic of Congo	London, UK Paris, France
11.	Union Bank	Benin, Ghana [3]	London, UK South Africa

Source: Alade, (2014). Pp. 85. And modernized by author

1 Yet to commence operation. 2 Request for representative office in progress. 3 Union Bank has minority stake of 32.4% in HFC of Ghana.

2 UBA and Guaranty Trust Bank engaged in cross-border banking operations vis-à-vis a few countries starting in 2002.

2.1.5 Forms of Cross Border Banking

The General Agreement on Trade in Services (GATS) framework recognizes four forms of cross-border banking use or provision of (financial) services (Key, 2004). First is *the cross-border supply*; that is, the traditional trade in goods and services, which translates into capital flows. Next mode is the *consumption abroad* which occurs when obtaining some financial services while traveling. The third mode has to do with *commercial presence*, and it is the production of a good or service within the host country and market. The last mode concerns *delivery by the presence of persons in host country*, such as solicitation of insurance products by agents traveling to the country. Of all these, the first and third forms of cross border banking are the most common; that is, the consumption or delivery of financial services produced by a financial institution located abroad or produced domestically by a foreign-owned financial institution. Key (2004) in IMF (2015) asserts that these two forms that are most important trading services in financial sector.

2.1.6. Factors Influencing Cross Border Banking

The rapid expansion of cross border banking amongst African banks is attributable to many factors. The main driver can be said to be the pursuit of business opportunities abroad, normally through the bank following its larger corporate clients to such countries. In the language of Economics, these are the pull and push factors. Pull factors are those factors which attract the banks out from their own home environment into foreign environments. This is to say, pull factors are the benefits expected by a bank which attracts it to venture into a particular foreign market. This may be the language or large population. The push factors in contrast, are those circumstances in the home country that explain why banks decide to move beyond the borders of their home countries; that is factors that drive them from home. Chief among them are

declining opportunities in the home jurisdiction and stringent regulatory requirements (IMF, 2015).

One of the most powerful push factors propelling banks (especially African banks) to expand beyond their home markets is declining or smaller profit opportunities in the home economy, especially relative to opportunities in potential host markets. The end of apartheid in South Africa provided the impetus for cross-border expansion by South African banks by opening up investment opportunities they had been banned from owing to their apartheid status. Expansion thus helped them to leverage on the depth and capacity of the South African market.

Among pull factors, and probably the most often cited reason for banks to go cross border, is the need to follow their clients abroad. Following clients is how the first foreign banks were established during colonial times and this explains why British, French, and Portuguese banks got established in their respective former colonies. The pull of the client to go abroad with it is still a very powerful factor explaining the cross border adventures of African banks. For example, when South African Standard Bank acquired the operations of ANZ Grindlays in 1993, it was primarily to serve its South African corporate customers trading in the rest of Africa (Brownbridge & Harvey, 1998 in Claessans, 2006).

Another probable factor for cross border banking is to enable the diversification of risk and expand beyond the continent for this purpose. Business cycles across Africa are not synchronized, and by expanding into countries with different economic profiles, banks can minimize their exposure to risks due to business cycles. More generally, banking business across Africa has become increasingly attractive since Africa's economic development started taking off in the early 2000s. Improving business climates, including a more stable macroeconomic environment, a growing middle class, and large unbanked populations are luring both foreign

and local investors to some of the most promising growth markets in the world (Claessans, 2006).

Among other factors worthy of mention is client-customer preference. Some customers and firms operating in a foreign country may prefer a global bank that offers the broadest range of financial services and expertise within many foreign markets; and the ability to facilitate large deals. In situations where there are global banks, such may also provide superior stability because of their risk diversification and/or implicit government protections against closure. In other situations, other customer firms may prefer a local bank that may be more focused on establishing a close relationship with the firm or may be better able to offer specific information about doing business in the local market. Still others may find that the tradeoff between services offered by global and local banks lead them to choose the intermediate reach of a regional bank (Claessans, 2006).

Preferences for the range of services, financial stability, relationship services, and local knowledge offered by global, regional, or cash management services and so on from banks of different nationalities and the willingness and ability of these banks to supply and provide the desired services, influence customer bank selection based on these choices. In the words of Berger, Ongene and Smith (2003), banks can only expand across international borders to the extent that customers are willing to purchase services from foreign-owned banks. In extreme case where all customers preferred a host nation's banks for all their services, other competing banks might not cross any borders, and all services might be provided by only such local banks.

Another pull factor relates to availability of natural resources. The increasing importance of natural resources is a major pull for banks that have ventured into the Angolan and Mozambique markets as these have led to improving economies in both countries. There are also

increasing opportunities to finance infrastructure projects embarked upon by the local enterprises in sectors such as energy, water supply and treatment, and transportation. At the same time, relatively slower growth in home markets and improvements in local macroeconomic management, leading to less attractive yields on government securities and the crowding-in of bank lending, have pushed banks to cross border banking (Claessans, 2006).

2.1.7 Benefits of Cross Border Banking

The expansion of cross-border banking across the African continent (and Nigeria in particular) affords numerous benefits to her economies. Though evidence for the African case and Nigeria specifically is still very rudimentary compared to the developed economies, the benefits touted to accrue to participants are fantastic; and these include:

2.1.7.1 Competition and Efficiency

Cross border banking benefits the host country's banking sector by its introduction of increased competition, increased access to higher quality skills and expertise, a better access to capital, and economies of scale. Local banks are encouraged to grow to international standards; governments are steered to introduce international quality policies, regulations and structures while local businesses are introduced to world-class business practices. Notwithstanding, the final effect be it positive or otherwise, is dependent on the country's peculiarity and market structures. For instance in a busy and congested market the effects of higher competition might not show. In the Africa situation of underdeveloped banking systems, the coming of more skilled, better managed, and better funded competitors can have a significant positive impact and effect on her host economies (Claessans, 2006).

2.1.7.2 Financial Deepening and Financial Inclusion

Another laudable mark of cross border banking is that through its use of unique expertise from the home markets, CBB brings about financial inclusion in cases where they extend to markets that were previously underserved. On the other divide where these foreign banks concentrate on the high-end customers only (cherry-picking) or depend so much on formal information, thereby inhibiting the lower end of the market, this could result in limited impact on financial inclusion. However, studies on the effects of cross border banking do not give a consistent view; rather results and findings are based on countries as well as region specific and also the sources of data on such works (Berger, Ongene & Smith, 2003).

On the brighter side, it is worthy of mention to note that the unbanked areas of Africa can be reached through cross border banking. For instance, the Africa situation portrays an anecdotal proof that PABS are meeting the needs of under-banked areas of the population which have resulted to an increase in branches across the host countries. Nigerian banks in the West African Monetary zone are exporting innovative business models from their home markets to their cross border destinations such as Morocco and Keyan (Ajayi, 2014).

2.1.7.3 Financial Stability

Cross Border Banking ensures financial stability by means of diversification which has benefits both for banks and her customers, mostly in circumstances where business cycles are not synchronized. For instance where a foreign bank's entry is associated with more (and more efficiently delivered) credit, it has an advantage and this advantage may be (partly) offset if lending by global banks (that is banks from other parts of the world) is volatile and contributes to economic instability. Theory predicts that multinational banks reallocate capital to countries where banking capital is in short supply (for example, those experiencing a banking crisis) and

away from countries where investment opportunities are scarce, such as countries in a downturn (Morgan, Rime & Strahan, 2004; Kalemli-Ozcan, Papaioannou & Perri, 2013 in de Haas, 2014). Although such cross-border capital movements can cause instability in countries that experience a reduction in bank capital, available empirical evidence reveals that the destination countries benefit from financial stability. This stability comes thus: First, foreign banks have a stabilizing effect on aggregate lending during local bouts of financial turmoil. Compared with stand-alone domestic banks, foreign bank subsidiaries tend to have access to supportive parent banks that provide liquidity and capital if and when needed. De Haas and Van Lelyveld (2006) in De Haas, (2014) find such a stabilising role for foreign bank subsidiaries in emerging Europe and De Haas and Van Lelyveld (2010) for a broader set of countries.

Also, because multinational banks trade off lending opportunities across countries, foreign bank subsidiaries tend to be more sensitive to the local business cycle than domestic banks (Barajas &Steiner, 2002; Morgan & Strahan, 2004 in De Haas, 2014). However, where the population of foreign banks in a country is sufficiently diverse in terms of home countries, this diversity may make aggregate lending more stable. Supporting this, is Arena, Reinhart and Vázquez (2007) in De Haas (2014) who argue on the basis of a dataset comprising 20 emerging markets that the presence of foreign banks has contributed somewhat to overall bank lending stability in these countries.

2.1.7.4 Risk Diversification

A major advantage from embarking on CBB is its effects on risk diversification. Literatures on portfolio theory (Markowitz, 1952) evidences that an investor do reduce her risk in portfolio by holding a combination of assets instead of investing in a single one alone. Thus, CBB paves way for similar diversification gains, when a domestic bank invests abroad (for

example, by extending credit to borrowers in other countries or by acquiring foreign banks), it becomes less exposed to their domestic shocks (Beck, et al, 2014). This in turn reduces the variance of its asset portfolio. However, lower asset volatility, should in turn reduce the likelihood of bank collapse in the domestic economy (Allen, Beck, Carletti, Lane, Schoenmaker & Wagner, 2011).

Another beauty of this is that the exposure of domestic banks reduces the likelihood that these banks are faced with situations in which they have to cut back lending. In the same vein, just as it is that banks can reap cross-border diversification benefits on the asset side, they can reap benefits on the liability side. For instance, a bank that has established significant depositor bases in other countries will be insulated from a depositor panic. While the above discussed benefits may come from the cross-border activities of domestic banks, activities of foreign banks in the domestic economy may as well bring about diversification effects.

2.1.7.5 Forestalls Financial Shock

First of all, the presence of foreign banks allows domestic firms to have multiple lending relationships with domestic and foreign banks. When domestic banks are lending-constrained, firms can substitute domestic lending with finance from foreign banks. And in case they do not already have a relationship with a foreign bank, they may switch to a foreign bank that is present in the domestic market following a shock to the credit capacity of domestic banks. In addition, even if individual firms cannot obtain more financing from foreign banks following a domestic shock, there are still benefits. This is because lending to domestic firms overall will be less volatile as only the domestically financed firms are affected(Popov & Udell, 2012).

A follow up on the diversification benefits that comes along with CBB is the lowering of the risk factor of bank failures and stabilizes lending. Also CBB contributes to a better sharing of

an economy's risks amongst other countries mostly in situations where there is a close interconnectedness. Furthermore, the effects of local financial shocks are forestalled in instances of global financial shocks though the reverse may be the case in certain instances where such can be propagated. However, the effects of contagion again depends on the structure and peculiarities of such localities instances of the above is the global financial crisis and Eastern Europe and Latin America show (Popov & Udell, 2012; Kalemli-Ozcan, Papaioannou, & Perri, 2013; Cull & Peria, 2013; De Haas & Van Lelyveld, 2014 in IMF, 2015; Ajayi, 2014).

2.1.8 Challenges of CBB

2.1.8.1 Contagion Effect

The fact that CBB has numerous benefits that accrues to it does not insulate it from the challenges that go with such operations. Just as it insulates the domestic financial institution from domestic shocks, at the same time it exposes it to shocks from abroad which also brings about contagion effects. Also there are situations where stability may be affected indirectly from channels such as host countries stepping up the quality of their supervision and regulation induced by the foreign banks and their home supervisors, who very often introduce higher standards such as the International Financial Reporting Standards (IFRS) there by posing a threat to a potential benefit that should have accrued to it..

2.1.8.2 Supervision Challenge

A cross-border bank may be treated more leniently by regulation and supervision (Beck, Todorov &Wagner, 2010). This can undermine bank stability by intensifying risk-taking problems at banks. Again, Cross-border banks may not be easy to supervise, given to information factor as for efficient supervision to be in place, supervisors need to have access to information on banks' foreign operations which may not often be the case.

2.1.8.3 Country Risk

This is a collection of risks associated with investing in a foreign country. Risk is defined as a performance variance, whether it impacts the business operation positively or negatively. This risk is peculiar to the individual country due to environmental factors in other countries. The country risk means the potential risk that is likely caused by engaging in credit, investment and financial transaction across national borders (Meldrum, 2000). All businesses have some degree of risk not present in domestic risk thus, called country risk and thismay arise from:

1. Political risk;
2. Economic risk; and
3. Location/neighborhood risk

Political risk is the risk of a country's external relations has undergone significant changes for example where war has occurred with other countries or the occupation of territory. Though this may be internal instability environment but will lead to losses to the banks.

Economic risk is the risk caused by a country's refusal to pay external debt. The reasons of the payment refusing may be variety such as the slow national economic growth, the low investment willingness, the decreasing of the exporting revenues, the balance of payment deteriorated, and the shortage of foreign exchange.

Location/neighborhood risk. Meldrum (2000) states this type of risk as "spillover effects caused by problems in a region, in a country's trading partner or in countries with similar perceived characteristics". Several more sectors can also cause the local or neighborhood risk such as geographic position international business partner and trading institution and organisation.

2.1.8.4 Systematic Risk

Furthermore the formation of CBB tends to increase the complexity, interconnectedness and the size of institutions. This means that CBBs are more likely to be systemically relevant banks. Their shakings and or failure may thus impose significantly higher costs on economies than the failure of a purely domestic bank. CBBs may also increase systemic risk by increasing similarities among institutions which of course has adverse effects both on the domestic banks as well foreign. This is because international diversification exposes banks in different countries to the same shocks. Even though in an internationalised banking system there may be fewer individual bank failures (since banks will be better diversified), this may result in more joint failures of banks (Wagner, 2010a; Galant, 2003).

2.1.9 Implications of CBB for the Africa Continent

Literatures, theoretical and empirical alike on the effects of CBB leaves no proper trail and clear guidance on any of the discussed benefits in their dimensions – efficiency, financial deepening and broadening, stability and forestalling of financial shock– assessed rather, a conclusion from the varying and sometimes contradictory findings of different works of literature, is that foreign bank entry is certainly not a panacea for increasing access to financial services and stability. On the other hand, foreign bank entry is also not the scourge for low-income countries, like it has sometimes been made out to be. CBB of course can bring important and fantastic benefits for local financial systems, but these are usually context specific and depend critically on the host country conditions and policies.

Usually, to reap and maximize the accruing advantages of foreign bank entry, such local authorities need to be proactive in creating a framework conditions that make it more likely for foreign banks to contribute to increased efficiency and competition, financial access, and stability in the financial sector. Most especially factors impacting on (a) the cost of entry, such as

the availability of financial infrastructure, licensing requirements; (b) the cost of doing business for foreign banks for instance if the foreign subsidiaries are allowed to use home country IT and risk management systems; (c) maintaining an open policy towards employment of expatriate staff; and (d) establishing a level-playing field – example: applying sanctions even-handedly to domestic and foreign banks that fail to live up to prudential requirements – will all be important in determining the extent of foreign entry and whether such entry has limited or more pervasive impact.

Furthermore, the keeping of an open mind towards useful innovation brought in by foreign banks is also very important. This is so because some promising innovations and business models that may have been successfully exported to host countries, such host authorities could encourage and try the entry by such banks that have proven track record, in implementing particularly relevant product lines. This may include experience in servicing typically underserved client groups, including MSMEs and the rural sector. CBB in Africa have used different market strategies and degrees of engagement in host countries though difficult to generalize, but it can be inferred that only as the depth of their operations increases do foreign banks move towards deeper engagement in financial intermediation, thereby deploying more innovative business models and products that most likely are tried and tested in their home markets.

A closer look will suggest that the experience to date with CBBs in Africa suggests that where most banks are comfortable servicing their large corporate clients and perhaps targeting growth sectors, most often they are still reluctant to engage in the deepening process. The issue of how banks can be encouraged to deepen their level of engagement, and to pass on the efficiency gains associated with economies of scale to the end-users of financial services, is

another ball game entirely. Thus, the small scale of most African economies, with the resultant high fixed costs of financial service provision, shows that the potential benefits of financial integration are relatively large as a means of spreading and diminishing the burden of these fixed costs.

Again empirical findings reveal that a negative association of both country and bank size with interest margins and spreads (Beck, 2007; Beck & Hesse, 2009 in Beck et.al, 2014) is usually the case. What more, is that many African economies may suffer a relatively large part of their gross domestic product (GDP) being derived by a few companies involved in natural resource extraction, this is to say that promoting economic diversification and ensuring that the economic benefits that is associated with natural resource extraction are spread more evenly and this should be a major concern to policymakers in such countries with the financial sector ready to make an important contribution to achieving this objective (Beck, 2011 in Beck et al, 2014).

Another dimension to all of these is that a suitably innovative and outreach-focused bank can be an important catalyst in ensuring access to credit to local producers, strengthening local supply chains, and supporting the development of import-competing suppliers. While there might be no panacea in regards to deepening local production, opening up the local financial markets to foreign entry in a selective and targeted manner can provide an effective impetus to innovation and can help unleash a process of financial deepening in support of the broader economic diversification process. Even in instances where foreign entry do not meet up to delivering on the financial deepening agenda, foreign banks often contribute to the funding of larger corporations in countries with highly concentrated real sectors.

Another implication of the CBB on Africa is that of overcrowding and risky bank portfolios. This is because a situation of small number of companies and sectors invariably

translates into risky bank portfolios, and CBBs can contribute to hedging the consequent risks using their international statement of financial position (formally known as balance sheets). This notwithstanding, despite the potential gains from foreign bank entry in Africa, the benefits to date have been rather narrow, and have only occasionally encompassed the innovative banking models alluded it above. Indeed, in many cases, the opening of banking markets has led to the crowding of narrow markets already serviced by existing financial institutions, thereby increasing the overheads of banking systems that service a rather narrow client base.

Though a number of factors are at play here, not least of them is the rather reluctant commitment of country authorities to harmonize their banking regulatory and supervisory frameworks – as exemplified by reliance on subsidiary-based entry even among countries in the Central African CFA Franc and West African CFA Franc currency unions. Thus, where a (sub) regional financial market with a harmonized regulatory framework is created, it will obviously reduce the costs and encourage banks to operate across national boundaries. However, in determining host-country reluctance to enhance the engagement of foreign banks and use their comparative advantage to harness the financial deepening, there are concerns about the distribution of economic benefits arising from greater foreign bank penetration.

While the gains from local financial deepening and associated enterprise development and economic growth clearly more than outweigh the profits accruing to foreign banks, there are still concerns about whether the new generations of South-South banks are replicating the role of the colonial banks of the 1960s and 1970s. At the same time, as financial integration continues to increase, the burden will be on the authorities to mitigate the risks arising from new channels of contagion. While CBB has enhanced financial integration in recent years, the depth of the large

majority of financial systems across Africa remains relatively low, and by so doing, the potential for contagion remains confined.

On a broader perspective on financial system stability, Schnabl (2010) in Ukeje (2012), opines that the transition towards multinational rather than international banking that is, CBB has important implications for financial system stability, as credit provided through local subsidiaries and branches often have a longer maturity and are generally more stable than cross-border lending. Some CBBs are net cross-border liquidity providers relative to their home countries. For instance, the Nigerian banks abroad are known to borrow from the Eurodollar market and then place liquidity in their subsidiaries in Africa. Foreign and multinational banks may be involved in the carry trade, borrowing under low interest rates in Europe or the United States and then placing liquidity in countries with higher interest rates (for example, buying local treasury bills or other government papers).

Also, some banks may require capital to meet local CAR (capital adequacy ratio) or minimum capital requirements, and may book some of the capital flows temporarily as capital. The magnitude and volatility of cross-border liquidity flows may complicate the operation of monetary policy, and it highlights the need for supervisors to have a full understanding of the banks‟ activities outside the country. Therefore, close mutual cooperation with foreign supervisors is necessary for every country's Monetary Authority.

2.1.10 The Special Issues of Developing Countries with CBB

In many ways, financial services industries in all countries have been subject to similar trends up to their evolution of financial services industries. This can be observed irrespective of differences among countries. Certain factors (the state of the financial system, readiness of the telecommunications infrastructure and the quality of the regulatory framework) all have a much

commonality and convergence in the way their financial services industries are being reshaped. For example in securities markets where global trading is becoming the norm increased connectivity has accelerated the migration of securities trading and capital raising from emerging markets to a few global financial centers. Again the bank consolidation proceeding and integrated financial service markets are now the norm in these countries and around the world.

Despite these similarities, there remain large differences among countries in terms of overall development, the stages of their financial sector development, and the quality of their institutional frameworks. This raises the question whether there is a need to approach the issues of cross-border banking and competition policy differently by way of level of development. For different reasons countries are at different level of development in terms of their regulatory and supervisory capacity, quality of legal and judicial systems, and other institutional dimensions. As a result, reaping the full benefits of CBB can require at least a given minimum level of financial sector regulation and supervision.

Thus, many of the developing countries' deficiencies are being identified in the assessment of compliance with international standards. Deficiencies in each of these areas are expected to be addressed overtime in the follow-up and through general pressures associated with this process (such as through disclosure of deficiencies and pressures from peers and investors). These reforms for obvious reasons will definitely take time.

Furthermore, one has to acknowledge that there will often be deeper reasons why failures in regulation and supervision do not allow developing countries to reap the full benefits of their liberalization efforts. In particular, the failure of countries to take appropriate regulatory actions when liberalizing often relates to political economy reasons, involving often moral hazard and (too) extensive forms of deposit insurance. To change this will require achieving greater political

openness itself a gradual process in many cases (Barth, Caprio & Levine, 2005 in Claessens, 2006)

Nevertheless, one should consider how reforms in CBB could help overcome some of these political economy constraints, this is so because entry by foreign financial institutions will often bring with it not only foreign expertise, but can also reduce political pressures on the supervisory system. Similarly, broadening the scope of institutions able to provide financial services can reduce the political influence of incumbent banks. Beyond the need for a consistent approach in the three forms of liberalization and the need to handle political economy factors, arguably has no fixed precondition to allow effective internationalization of financial services. Countries with weak and strong regulation and supervision can both do well under large foreign entry; in the first case, foreign entry brings with it improved regulation and supervision, enhancing the quality of the overall domestic sector; in the second case, strong domestic regulation and supervision assure that entry does not lead to any concerns (Claessens, 2006).

It may be that the intermediate cases of moderately developed frameworks present the most risks as foreign financial institutions compete away franchise value of incumbents, thus creating incentives for imprudent behavior, and as domestic and foreign investors misjudge the stability of the system and the robustness of the regulatory response. In such cases, good closure rules for weak financial institutions and quantitative restrictions on financial exposures may be the most appropriate response while liberalizing. Country conditions surely have relevance, however, for the way in which competition policy, including the disciplines associated with GATS/WTO (World Trade Organisation), is conducted.

In spite of reforms, many developing countries' financial sectors are still characterized by a lack of "effective" competition. They may have a quite concentrated market structure,

extensive links between financial institutions and corporations, and a high ultimate ownership concentration of the financial sector. While in principle many developing countries are open today, entry by foreign financial institutions may be limited to some niche areas, in part because of country risk perceptions. Important, incumbent financial institutions may have a lock on networks essential for financial services provision. Existing incumbents may block new initiatives via a variety of means. The net results will be less pressure to reduce costs, to improve the quality of financial services and to move down the credit scale into lower-income retail and small-enterprise lending (Claessens, 2006).

While again it is difficult to generalize on how competition policy ought to be differentiated by level of development, it is likely more important for developing countries to include competition issues when designing reforms including changes to the payments system, credit information arrangements, and telecom regulatory and legal frameworks. Specifically, one needs to be careful in the design of networks, whether they involve financial service specific systems only or are telecom related as these can become important barriers to entry, including for foreign banks. In the area of retail payments, for example, the use of a third party provider (not a consortium of banks)for the provision of different forms of retail payment services could be more appropriate from a competition point of view when the market structure is very concentrated.

An effective competition commission is critical, but that will require adequate support, jurisdiction and backing vis-à-vis other supervisory agencies. In case of many developing countries, the overall capacity and independence of competition authorities is limited and proper enforcement tools are mission. Often, political support will be lacking and conflicts may exist between the competition policy agency and the agency that deals with prudential regulation.

Also, a case for more restrictions on cross-holdings can be made, particularly in smaller developing countries. Limits on groups and banking-commerce may be necessary to assure effective competition.

2.1.11 The Nigeria Experience and CB Supervision

In view of cross-border expansion, the CBN further instituted cross-border by creating a unit solely to the supervision of CB institutions in the Banking Supervision Department (BSD). A Framework for the Supervision of Cross-Border Institutions, this frame work sets as a precondition for the presence of Nigerian banks in other countries the execution of Memoranda of Understanding (MMoU) thus, fostering supervision with the host country. In Nigeria, irrespective of the bank type: whether local or foreign, are treated equally and are subjected to the same prudential and supervisory regulation (Ukeje, 2012). In events of liquidity crisis, the Central Bank of Nigeria is the lender of last resort to all banks. While the function of supervision of banks lies with the central bank, other agencies supervise nonfinancial institutions. Therefore the need for coordination between the central bank and other regulatory bodies is essential, which of course provides guidance on the supervision of cross-border Nigerian bank subsidiaries and supervisory cooperation with host countries, has been put in place since 2010 (Alade,2014).

The CBN has also entered into bilateral Memorandum of Understanding (MoUs) with significant number of jurisdictions, where Nigerian banking presence has been established. Among the MOUs are those with all English-speaking West African countries, Bank of Ghana, COBAC, China Banking and Regulatory Commission, Bank of Uganda, FSA, South Africa Reserve Bank, National bank of Rwanda, Bank of Zambia, Central Bank of Kenya, BCEAO, Central Bank of the Gambia, Bank of Mauritius, Bank of Sierra Leone, WAMZ (the Gambia, Ghana, Guinea, and Sierra Leone), Bank Negara Malaysia, Central Bank of Liberia, and Central

Bank of Guinea. The MoUs contain details on information sharing, on-site examination, confidentiality of shared information, and consolidated supervision.

There is now a College of Supervisors of the West African Monetary Zone (WAMZ), aimed at enhancing coordination, cooperation, and information exchange among supervisors in the WAMZ area. The CBN is a member of the College. The College of the WAMZ is generic and not aimed at strengthening the supervision of a specific bank or banks. The Financial Services Authority (FSA) has set up a core college for Standard Chartered Bank and the CBN participates in it. With relevant host countries, the CBN conducts joint examinations of Nigerian banks in West African countries (The Gambia, Ghana, Guinea, and Sierra Leone).

The initial experiences of the Bank with consolidated supervision of Nigerian cross border banks have been encouraging, but it faces some serious challenges in the area of language, differences in quality of supervision, reporting requirements, and off-site monitoring systems. Some of the Nigerian banks have expanded into jurisdictions where supervisory and enforcement capacity is weak, data reliability problematic, and prudential returns are not subject to rigorous supervisory scrutiny. The CBN has opened its supervisory training program for foreign inspectors. It is also actively promoting the harmonization of reporting requirements and off-site monitoring tools, through the adoption of Electronic Financial Analysis and Surveillance System (EFASS) (Ukeje, 2012).

2.2 Financial Performance

Financial performance(s) irrespective of its sector has drawn wide attention from all and sundry. The definition of (firm) financial performance could vary, depending on the context of its use (Marimuthu, Arokiasamy & Ismail 2009 in Osemwegie-ero & Eneh, 2016). For the sake of presentation, further on, we will drop the prefix firm where possible. A wide variety of

financial performance definitions have been introduced in different literature (Barney 2007). Financial performance is generally defined as a measure of the extent to which a firm uses its assets to run the business activities to earn revenues. It also examines the overall financial health of a business over a given period of time and can be used to contrast how well a company performed with another in an identical and similar industries or between industries in general (Atrill, Mclaney, Harvey & Jenner, 2009).

Financial performance can also be described as profitability growth level that is, the ability of a business entity to earn a reasonable amount of profit and maximize it sustainably. According to Pandey, 2008; Osamwonyi and Ogbeide, 2015, profit maximization causes the efficient allocation of resources under competitive market conditions and it is considered as the most appropriate measure of performance. It focuses on how an entity has been able to utilize its capital to earn returns within a given time frame. It also includes liquidity growth potentials and solvency of such entity. In assessing banks financial performance, Kumbirai and Webb (2009) opines that the Accounting approach which employs financial ratios and the econometrics technique can be used.

The other variants that tend to see ratios as financial performance measure believes that the main source of data for determining financial performance is the financial statements, the product of accounting. It consists of the statement of financial position (balance sheet) which shows the assets, liabilities and equities of a business, the income statement that records the revenues, expenses and profits in a particular period, the cash flow statement which exhibits the sources and uses of cash in a period, and the statement of changes in the owners' equity that represents the changes in owner's wealth. Financial performance is commonly reflected in the calculation of financial ratios that show the link between numbers in the financial statements.

The financial ratios may include the computation of the profitability, efficiency, liquidity, gearing, and investment of a particular firm.

Moreover, financial performance generally may also be reflected in market-based (investor returns) and accounting-based (accounting returns) measures (Griffin & Mahon 1997). Examples of market-based indicators to measure financial performance are price per share and Tobin's Q which indicate the market value or the share value of the company as well as the financial prospects of it in the future. Additionally, what the shareholders have perceived from the returns distributed by the firm is also the driver of the share price. This price may lead to the market value of the firm. Alternatively, accounting-based measures, including profitability, efficiency, liquidity, gearing, and investment ratios, are calculated using the figures from the financial reports and may represent financial performance.

According to Atrill et al. (2009), the ratios that may be utilized (as proxies) to calculate a company's profitability are the return on assets (ROA), return on equity (ROE) and return on investments (ROI). These ratios express the success of a firm in generating profits or returns from the resources owned. In contrast, the market-based measure is believed to be more objective because it relies on market responses to particular decision made by a firm (Griffin &Mahon 1997). The choice of whether to use accounting or market-based calculations for measuring financial performance depends upon the specific aims of the research. This is affirmed by the literature of Adebayo and Olalekan, (2012) which reveals that the use of the accounting ratios is high as compared to other approaches but it all depends on the exact motive that drives the research.

2.2.1 CBB and Financial Performance

Financial performance(s) irrespective of its sector has drawn wide attention from all and sundry. The definition of firm (financial) performance could vary , depending on the context of its use (Marimuthu, Arokiasamy & Ismail 2009 in Osemwegie-Ẹro &Eneh).The need to evaluate CBB as it relates to financial performance cannot be over emphasized. The underlying factor lies in the fact that if CBB should be embarked upon then, there should be a justification for it and key among such justification is its financial performance (profit).

But to establish this, there should be evidence of correlation or causation. Which the literature of Ajayi (2014) provides that bank and other financial institutions discovered how that CB (through mergers &acquisitions) would enable them access to novel product and services, thereby increasing their banking services and ultimately their profit base. Consequently, their venturing into CB activities which in Nigeria and other African economies their occurrences over the years has had an important role in both regional and sub-regional financial developments.

Therefore, improving on the financial performance as one of the main motive of CBB will be evaluated in line with several earlier mentioned ratios. These amongst them include:

a. Profitability: this has been one of the foremost concerns for banks going CBB. This usually is measured with any of the below performance indicators and ratios such as -

i. Return on assets: this shows how that the bank corporately has been able to utilize the assets of the bank in the profiting of the organization. It is a measure of corporate profitability the higher the bank ROA, the better. It relates the returns earned by the bank to other similar banks within the industry or sector. The profitability measure of ROA is

considered subject of disagreement among scholars in determining the numerator of equation. The return on assets is expressed in percentage form, it could either be: calculated as net income before securities gain and losses divided by total asset:

Return on assets =

a. $\frac{\text{Net income before securities gain and Losses}}{\text{Total assets}} \times 100$

Or,

b. $\frac{\text{Profit after tax}}{\text{Total assets}} \times 100$:(Atrill, McLaney, Harvey, & Jenner, 2009)

c. Net income reported for a period divided by total assets (Gitman &Zutter, 2012; Ehrhardt & Brigham, 2011; Ross, Westerfield, Jaffe & Jordan, 2011); in contrast,

d. Others use Earnings Before Interest and Taxes (EBIT) divided by total assets (Lindow, 2013) but this study chose that by Atrill, et.al, (2009).

ii. Return on equity (ROE): this shows and measure how the profit generated by management from funds entrusted to them by absentee owners (shareholders), it measures the return earned on the stockholders investment. Malm and Roslund, (2013) states that it indicates whether a firm is able to find profitable investment opportunities, and this is of great importance to banks if they must remain in a competitive state. The simplest way to calculate ROE is net income reported for a period divided by shareholders equity (Gitman & Zutter, 2012; Ehrhardt & Brigham, 2011; Ross et al., 2011). Though others use EBIT divided by shareholders equity (Lindow, 2013)

b. Liquidity: this is often used to analyse the bank's ability to pay up its current obligation. Therefore, where a high liquidity is in place, such bank will be able to meet its short term obligation and this implies a comfortable margin of safety. Where a bank goes CB, it has been said that such usually impacts on the liquidity position of the bank. And that there

exists a positive relationship between CBB and liquidity. This of course improves on financial stability and reduces liquidity risks (Adam, 2014; Hills & Hoggarth, 2013; Lukonga & Chung, 2010).

c. Solvency risk: this is the ability of a bank to meet up with its long term obligations (Yesilyurt, 2012 in Chukwuka, 2016). It is also known as capital adequacy ratio (CAR) and every bank is expected to meet up with the set limit by the CBN. A situation of CBB will ensure that one of its objective's which is risk diversification is attained. This as well gives strength and soundness to any bank and of course, assures confidence on the bank from the part of her stalk holders which ultimately, translates as a means to maximizing shareholders wealth.

d. Stock returns/Dividened per Share (DPS): this relates the dividend declared and paid per share to the ordinary shares

e. Market price per Share (MPS): market price per share also known as fair market value of a stock, is the price that a stock can be readily bought or sold in the current marketplace. In other words, the market value per share is the "going price" of a share stock.

It revels the value that the market currently assigns to each share of a company's stock. Though this market value ratios are not applied to the share of privately-held entities since there is no accurate way to as sign a market value to their shares. This is calculated as:

$$\frac{\text{Total Market value of business}}{\text{Total number of shares outstanding}}$$

f. Earnings per Share (EPS): this refers to earnings per ordinary share. It is a performance indicator that is primarily of interest to existing and potential shareholders and their advisers. The resulting multiple is used to evaluate whether the shares re overpriced or underpriced in comparison to the same ratios results for competing companies. It

measures the relationship between earnings per and the market price per share it is calculated:

$$\frac{\text{Profit after Tax and preference dividend}}{\text{Ordinary Share Capital}}$$

Or,

$$\frac{\text{Profit after tax}}{\text{No. of Ordinary shares (the study adopts this measure)}}$$

2.2.2 Stock Performance

2.2.2.1 Stock and share

Stock implies part ownership while share is a unit, a subset of a stock. The holding of shares, qualifies the shareholder to have a share and partaking in the profit made inclusive of the loss suffered by an organization. Share price is the present estimation of future streams of income of an organization. This implies that the future earnings and performance of an organization determines the offer price of its shares. Most often at times, organizations do have much investment in their shares even at the moderate interest they give because their capacity of profit is worthwhile. That is not to say that organistions that lose cash today cannot have a high share cost since price depends on future income of the organization. Though no business is ever willing to lose cash, as they hope that at some point in time, the business will obviously make profit sometime in the nearest future. So long as there is the promise for future income streams to the shareholders, the likelihood that someone out there will pay a value for such a share (Obodos, 2007 in Igbashio, 2016), is inevitable.

2.2.2.2 CBB and Stock Performance

Stock performance is the ability of the stock prices to sway in the upward direction of prices thereby causing a change in wealth of shareholders positively. It is becoming important for companies to measure the value they create for their shareholders and this can be achieved by keeping track of the valuę created on a year-on-year basis. By so doing, companies are able to evaluate past decisions and make decisions that will improve on the shareholders value.

A situation where a company goes CBB it is assumed that this will directly impact on its share value and maximizes the shareholders wealth (Becalli, Casu & Girardone, 2006; Aftab, Ahamad, Ullah & Seikh, 2011). This is implied from the report of IMF (2015b) where it was revealed that about 10% of the total customers deposit that is a significant share of the total bank deposit are accounted for by CBB within the economy. In line with this finding is that of Boateng, et.al (2008) and Lin, et.al (2016) who found a relationship between CBB (merger and acquisition) and share price growth with evidence from china.

Most stock exchanges worldwide are run on Automated Trading System (ATS) (NSE, 2006; Eriki & Idolor, 2010 in Igbashio). Each trading day, Brokers representing the interest of investors go to the floor of the exchange with their bid prices (pb) and offer prices (po) for various quantities (q) of any stock. Therefore the ATS makes allocation to buyers according to bid prices (pb) with particular to offer prices.

Hence, for any particular trading day all traded securities would have a range of prices for which they changed ownership. These prices ranges from high to low technically this are the market price mechanism. Thus, the market price mechanism functions through the interplay of buyers and sellers who all collectively influence the price movement in the bourse (stock exchange). This is to say, where a bank goes CB and reap its antecedent benefits; the tendency

for the increase in demand for such a share which will reflect on the share price in an upward swing is inevitable. This view is also shared by different researchers (Boateng, et.al, 2008; IMF 2015b; Lin, et.al, 2016 and Onyuma, Mugo & Karuiya, 2012).

2.2.2.3 Fundamental Analysis

The fundamental analysis is a consistent and efficient way to deal with evaluating the future profits and share cost. It depends on the notion that share cost is dictated by various factors in the economy, business sector or industry and organization. Consequently, these factors must be considered in analyzing stock for investment purpose. Therefore these are factors that are most likely to influence the performance of the organization (Kelvin, 2001 in Igbashio, 2016). Every offer is accepted to have a financial worth in view of its present and future procuring limit.

Again the above analysis can be linked or better still related to the study from the perspective of the fundamental analysis, in that the mere fact a bank goes CB might among several other factors in the interplay of its organisations performance, necessitate the possible (sudden) push or rise in its stock price in the economy.

2.3 Control Variables

Prior literatures on the concept of cross border banking and bank performance suggested some other factors aside our hypothesized variable as possible influencers of quoted money deposit banks' performances. Therefore, to control for these other factors, this study has included the three most widely suggested factors (bank size, bank leverage and bank age) as control variables for this study. According to Clarke, Cull, Peria and Sanchez (2003),bigger banks are more likely to attract more customers and render professional services that most likely enhance the financial and stock performances of the organization. Bank age is also included in the study

as a control variable due to the assumption that older banks are often more prosperous and would likely wish to preserve their reputation by rendering higher quality services which would reflect in their performance - profit and stock wise.

Also, Clarke, Cull, Peria and Sanchez (2003); Schmautzer (2006) and Liao (2009)found bank leverage as an important factor in improving the performances in quoted deposit money banks, which has the advantage of tax implications and translate into a positive performance. Hence, for such banks in to cross border activities, the franchise value theory is probable to hold sway and is more likely to encourage businesses, attract customers and give greater assurance of safety to shareholders and stakeholders fund (Ilaboya, 2008), thereby improving the performances of such quoted deposit money banks.

2.4 Theoretical Framework

2.4.1 Franchise Value Hypothesis

The franchise value hypothesis as used by Warien Buffet in 2006, (in Chen, Doerpinghaus &Yu, 2010) is the present value of the future profit that a firm is expected to earn as a going concern. The franchise value is also known as word-of-mouth reputation, or intangible assets or charter value. Its basic assumption is that situations where banks are into the competition for deposit, and such is intense, the deposit rates rise and lending rates fall. A consequence is an erosion of their franchise value. It plays a particularly important role in banking in that it helps to mitigate the "moral hazard problem" associated with the federal safety net (Demsetz, Saidenberg & Strahan, 1996). Usually, the federal safety net (Federal Reserve's discount window, federal deposit insurance, and extensive supervision and regulation of banks) which insulates bank payables (creditors) from losses limits their incentive to restrain risk taking. Usually, insured depositors will have little or no caution towards risk by demanding interest

equal to bank risk or by withdrawing deposits when banks become riskier. The Franchise value mitigates this by increasing banks' incentives to operate safely, thereby aligning their interests with those of the deposit insurer and bank supervisor (Demsetz, Saidenberg & Strahan, 1996).

From the perspective of CBB, it is expected that where a bank goes CB, especially terrains that are unexplored and or without stiff competition or such banks has a competitive advantage, the franchise value that is, reputation value; name recognition; brand loyalty will increase. In other words, the CB status should gain customers confidence, attracts investors and ultimately lead to increase in profits and share prices thereby, culminating into the maximization of shareholders wealth. Overall we expect that (insurer profitability) increases with franchise value given these two effects, reputation effects and solvency effects (Chen, et. al, 2010).

2.4.2 Follow the Customer Hypothesis

The follow the customer theory as depicted in Goldberg and Sainders (1981); Gray & Gray (1981), assumes that institutions such as banks do enlarge their operational activities outside their shores with the desire to follow large clients abroad and tighten their grasp of domestic franchise in order to have a competitive advantage. This holds true for CBB as these deposit money banks move outside their shores, following large clients and establishing presence both geographical and otherwise in order to increase their market share.

2.4.3 Portfolio Theory

Modern Portfolio Theory (MPT) is a hypothesis put forth by Harry Markowitz in his paper "Portfolio Selection," in the year 1952 and published by the Journal of Finance. It is an investment theory based on the idea that risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of investment. This is to say, they will prefer a less risky portfolio to a riskier one for a given level of return. This implies that an

investor will take on more risk only if he or she is expecting more reward. it also states that an investor can reduce the risk in his portfolio by holding a combination of assets instead of investing in a single one alone.

The above theory can be linked or better still related to the study from the perspective of portfolio, in that CBB allows for similar diversification gains. When a domestic bank invests abroad (for example, by extending credit to borrowers in other countries or by acquiring foreign banks), it becomes less exposed to domestic shocks. Such a situation will reduce the variance of the asset portfolio thereby lowering asset volatility which in turn, reduces the probability of the bank failure in the domestic economy.

A careful look and selection from among the above theories, the most suitable and appropriate the study adopts are: follow the customer hypothesis and portfolio theory. It is upon these theories that the work will be hinged as most banks do follow their customers outside their shores in order to grow customer's deposit. Also is the diversification of risks, insulation from domestic shocks and many more which reduces the likelihood of bank failures in the economy. Furthermore are the fact that stock prices are influenced and dictated by many factors; profits inclusive hence, the justification and rationale for CBB activities across Africa.

2.5 Review of Empirical Literature

Although the surveys of theoretical write-ups gave mixed insights into the effects of CBB and different variables such as profitability growth, financial performance, stock performance; competition, intermediation and so on, the empirical findings are fairly clear. IMF (2015) conducted a study on CBB and profit growth using regression. Findings were that CBB operations spurs growth.

Also Agbeja, Adelakun and Udi (2016) in a study of bank performance, investigated the effect of counterparty risk and exchange rate risk on the profitability of deposit money banks in Nigeria. This was done with secondary data using auto-regression conditional model for seven banks for a period: 2009-2013 (five years) on a cross-sectional basis. Their findings revealed that counterparty risk and exchange rate risk have significant effect on bank performance-profitability.

In a similar study Massand and Gopalakrishna (2016), investigates the impact of foreign banks' penetration on the performance of domestic banks in India. A correlation analysis was conducted using a set of financial data by forming a panel data set of 44 Indian commercial banks for the period of 1999 to 2014. Findings are that there is a positive effect of bank internationalization on the performance of domestic commercial banks in India; foreign banks bring about a healthy competition in the sector. Also, the foreign banks activities spurs commercial banks into more profitability in spite of dampening margins, they reduce costs, and improve asset quality of Indian commercial banks. Thus, for more of such benefits, competition from the foreign banks should be encouraged in India.

The study of Berger, Dai, Ongena and Smith (2003) explored bank nationality and bank reach using data from twenty (20) European banks in an analysis of the econometric model, was revealed that banks can only expand across international borders to the extent that customers are willing to purchase services from foreign owned banks. And that banks headquartered in the home nation are preferred and this in turn has effect on profit and coverage.

Interestingly, there is contrary evidence to this finding with results indicating that foreign banks′ international activities are not necessarily more profitable (DeYoung & Nolle, 1996; Chang, Hasan & Hunter, 1998 in Claessens 2006. Also in a similar study involving some cross-

subsidies (evidence from Japanese banks) revealed that diversification into CBB activities may lower profitability (Peek, Rosengren & Kasirye, 1999 in Harvey& Lundblad (2011)and still be attractive (Berger, DeYoung, Genay & Udell, 2000).

In line with this is the World Bank (2013) report which revealed that cross-country comparisons generally have a positive association between foreign bank entry and efficiency (profit wise). And the report also states that EAC headquartered banks are more efficient than the private domestic banks or subsidiaries of foreign banks headquartered outside of the region.

In terms of development, efficiency and competition, Agénor, (2001) in Harvey et. al (2011); Classeans, (2006) found that CB activities through capital flows has led to lower cost of capital for borrowers, higher rates of return for lenders; that is to say, lower margins and lower costs of financial intermediation are part of its resultant effects. Thus, it is revealed that the effects of CB on capital flows are found to be positive and favorableas international financial integration allows for greater international specialization and diversification this, is also in line with the findings of Obstfeld, 1998 in Harvey et.al., 2011.

The study of Martinez-Peria and Mody, (2004) in Harvey et. al (2011) found some evidence of a better quality of financial intermediation as a result of CBB activities and that there are less loan-loss provisioning with more foreign entry. In another dimension on CBB study and effect of foreign bank entry on the banking sector, Denizer (2000) in Schmautzer (2006)investigates foreign bank entry in Turkey’s banking sector where it was revealed that the net interest margin, overhead expenses and returns on assets are related to foreign ownership.

Still on foreign bank entry, Liao (2009) used Data Envelopment Analysis (DEA) to estimate the efficiency of domestic and foreign banks as well as the dynamics of efficiency change in Taiwan. Their results revealed that the foreign banks are not more efficient than

domestic ones, but their productivity growth is better than that of domestic banks. This finding implies that less efficient banks have a higher incentive to use new technology to improve efficiency. He concludes that CBB (foreign bank entry) has a strong competitive effect on the banking sector.

Also is the study of Claessens and Horen, (2009) where they studied the performance of foreign banks amongst their domestic counterparts. They employed the regression analysis and the period was from 1999 to 2006. Their findings revealed that foreign banks are a better performer when from a high income country especially with limited competition in host country.

In a similar study, Hasan and Marton (2000) in Harvey et. al (2011) investigates the Hungarian banking sector during the transitional process, and concluded that banks with higher foreign bank ownership involvement are associated with higher efficiency. In another vein, Goldberg et al (2002) studied the role of foreign banks in determining the health of domestic financial systems in Argentina and Mexico, Their findings is that health of banks, and not ownership, is the critical determinant in the growth, volatility and cyclicality of bank credit. But again, diversity in ownership tends to contribute to greater stability of credit in times of crisis and domestic financial system weakness. They further added that banks that expand internationally are typically more efficient, better capitalized and come from countries with a more developed banking system.

Based on this, it is expected that the efficiency of a less developed host country banking system should improve as a result of the entry of foreign banks. Recent findings (Becalli, & Frantz, 2009) do not support the traditional view that argues against giving access to foreign banks as they might worsen the allocation of credit and increase the risk to financial crisis and business cycle sensitivity of lending. But Focarelli and Pozzolo (1999); Goldberg (2002), used

regression explanatory with evidence from the European economy, and found that foreign bank entry is beneficial for host countries' economies. They argue that because of the drive for market share, foreign banks help to increase the amount of credit available and improve the efficiency of local banks, thus reducing interest margin, as new entrants charge lower interest to gain market share.

Also is the study of Clarke, Cull, Peria and Sanchez (2003) who explored a large number of studies and found efficiency benefits for developing countries are self evident compared to the foreign entry which poses a risk in terms of the scope of service provision and overall sector stability and that the foreign banks do more than merely follow their domestic client abroad. In line with this argument are Bayraktar and Wang (2005) in Drogendijk and Hadjikhani (2008) who found CB to have improved overall welfare in the host country through the inflow of foreign investment. In another vein, Leon (2015) worked on CBB and competition using data of ninety-two (92) banks in an econometrics. It was revealed that foreign banks play a role in the host country efficiency stability and that expansion of regional banks has promoted competition.

Still on bank type is the work of Cull and Beck (2013) in a working paper where they used data from Sub Sahara Africa in a comparison between low, lower-middle income countries they compared GDP with cross country regressions to bench mark. They discovered Africa banks are shallow but stable. A quick look at CBB and the oil sector reveals that CBB lending exerts a significant positive effect on economic growth in the African region as a whole. But a significant and negative impact in oil exporters where weak institutions leave these countries exposed to international banking risks (Macias et al, 2009).

Not so far from this findings is that of Schoenmaker and Wagner (2011) though not in the oil sector, their study was on CBB and financial stability, using data from international

settlement (BIS) and European Central Bank (ECB) with selection from twenty-seven (27) countries and used the time series analysis. They concluded that CBB benefits outweighs the cost suffice the cost is kept at bay, the benefits can be maximized. Also, those countries with large banking centers are well diversified.

In a theoretical model, Besanko and Thakor (1992) in Drogendijk and Hadjikhani (2008) analyzed the allocation consequences of relaxing entry barriers and found that equilibrium loan rates decline while deposit interest rates are increased, even when allowing for differentiated competition. In turn, by lowering the cost of financial intermediation, and lowering the cost of capital for non-financial firms, more competitive banking systems lead to higher growth rates. Additionally, Giannetti and Ongena (2005) in Berger (2013) find that the presence of foreign banks led to more entrepreneurial activities; however, access to finance by "connected" firms may be reduced, and therefore could lower the probability of "insider lending" and strengthen the stability of the system.

Berger et al (2001) also suggest that foreign banks rely on hard information to initiate lending as they study their new and unfamiliar environment. Thus, insider lending is reduced due to better screening of borrowers.

Furthermore, Berger, El Ghoul, Guedhami and Roman (2013) in their study examined the correlation between foreign and domestic assets of banks using data from the quarterly call reports for a period of 1986-2010. From their analysis of correlation it was revealed that bank internationalization is significantly associated with greater bank risk. That is to say, international banks with greater foreign assets (ratio) are more risky.

Not so far from these findings is that of Popov, Udel, and Gregory (2011) who worked on CBB credit access and the financial crisis. They confirmed the sensitivity to negative shocks and

that financial conditions at foreign parent banks existed. This was with evidence from over sixteen (16) countries with different sectors using a regression model.

Kodongo (2016) investigates drivers of bank foreign expansion in East Africa. The study covers 2002-2012 using Poisson regression model and checking for robustness with Poisson quasi-maximum likelihood (QML) estimator. Data was sourced from Kenya and three East African countries: Rwanda, Tanzania and Uganda as host countries. Findings reveal that that follow-the-client hypothesis is relatively muted in the East African banking arena. Also, the desire for greater earnings does not seem to motivate banks regionalization decisions; rather, there is weak evidence that banks, with relatively weaker market power seem to be expanding abroad as a means to survive the competitive pressures exerted by relatively larger, perhaps more efficient banks in the domestic market.

Also, Hasan, Lozano-Viva and Pastor (2000) aimed to determine the relative difference in performance across banks in Finland in terms of full national banks and those that go cross-border. Their results were mixed as it did not produce the needed definitive evidence that should be used in practical terms.

The work of Atuanya (2014), which sets out to find out the performances of foreign banks compared to their host countries. Findings were that it is impossible for foreign banks to be efficient as they are constantly struggling with local regulations and challenges which are alien to their mother countries.

On cross border banking and share performance is the work of Boateng, Qian and Tianlel (2008); Lin, Lin and Wang (2016) whose findings suggest that share prices are facilitated by cross border activities.

But contrary to the above findings is the work of De Haas (2014) who suggests that stock performance of stand-alone domestic banks may not be out-performed by their counterparts who go international or cross border.

Still on standalone banks and foreign banks are the works of De Haas and Van Lelyveld (2006) in De Haas, (2014) whose findings reveal that foreign banks have a stabilizing effect on aggregate lending during local bouts of financial turmoil. Compared with stand-alone domestic banks, foreign bank subsidiaries tend to have access to supportive parent banks that provide liquidity and capital if and when needed. Their work was on emerging Europe.

Karolyi, Sedunov and Taboada (2017) examined the effect of cross-border bank flows and systemic risk among 114 recipient countries. They used secondary data in a sample period of year 2000 to 2014. The statistical techniques they employed include descriptive statistics, correlation matrix and multiple regression analysis. They found that heightened cross border bank flows are associated with lower systemic risk in the bank systems of recipient countries. They explained that the increased cross-border flows and reductions in marginal expected shortfall (MES) (i.e. proxy for systemic risk) are concentrated among banks that are larger, profitable, and more efficient. While the decline in MES is concentrated among banks in developed markets and those in countries with banking sectors that are larger and have lower capital bases. They conclude that solidifying the evidence that cross-border bank flows help to reduce systemic risk (MES), by improving recipient-country bank asset quality, efficiency, and profitability.

Brei and Peter (2017) examined the distance effect of banking and trade among inter-trading countries from 1980 to 2012. They specifically estimated the effect of cross-border distance relative to that of domestic (internal) distance to show the short-fall differences over

time. The study used historical data extracted from online global banking databases. They employed several statistical tests like the panel fixed effect model estimation, the OLS and the Poisson pseudo-maximum likelihood (PPML) procedure. They found that the distance effect in global banking is immaterial when comparing cross-border positions with domestic banking. However, they conclude that the role of distance remains substantial for trade.

Emter, Schmitz and Tirpak (2017) examined the incidence of cross-border banking in the European Union (EU) before and after the global financial crises. The study noted that there was great increase in cross-border baking prior to the financial crises and a sharp decline was experienced in the aftermath of the crisis. Specifically, they focused on identifying the structural drivers of the changes in EU cross-border banking between the pre-crisis period (2005-2007) and the post-crisis period (2013-2015). Using a multiple regression model via OLS estimation, they found high non-performing loans in source countries as an important impediment to cross-border banking within the EU after the financial crisis. Their results also show that macro-prudential policy stringency in source countries is significantly associated with reduced lending to the foreign non-bank sector. They also find evidence that bank levies and lower institutional quality in source countries act as a push factor for cross-border lending to the non-bank sector.

Ajay and Gopalakrishna (2016) examined the impact of bank internationalization on Indian economy. Specifically, they investigated the impact of the presence of foreign banks (foreign banks' penetration) on the performance of domestic banks' businesses in India as well as the impact of foreign direct investment into Indian domestic banks. The study used secondary financial data by forming a panel data set of 44 Indian commercial banks for the period of 1999 to 2014. With the aid of graphs and multivariate analyses, they found a positive effect of bank internationalization on the performance of domestic commercial banks in India. This implies that

the presence of foreign banks make Indian commercial banks more profitable and also improves asset quality of Indian commercial banks.

Leon (2016) examined the expansion of regional cross-border banking in Africa and its effect on bank competition. Specially, he examined the changes in competition in the banking industry of seven African countries highly affected by the entry of African cross-border banks over the last 10 years (mid-2000s to 2015). The study made use of secondary as obtained from the annual individual banks' balance sheets and bank income statements published in the Banking Commission's annual reports. The data analysis was conducted using multivariate analysis and Panzar-Rosse H-statistic. The results show an intensification of competition in the banking sector during the mid-2000s which corresponds to the era of rapid expansion of regional cross-border banks in Africa. This indicates that the expansion of regional cross-border banks has promoted competition, efficiency and stability in the banking sectors in Africa.

Akin and Bayyurt (2016) examines the performance of cross-border foreign banks in relation to their mode of entry in foreign countries. The study focused on Turkish banking industry. The used secondary data from 2002 to 2013 as extracted from the websites of the banks association. The used profitability and relative efficiencies to measure the performance of banks, while employing the Tobit and multivariate regressions to detect the performance differentials between the banks groups (i.e. cross-border and takeover banks). Their finding reveals that cross-border banks have superior performance over the takeover banks in terms of only profitability. However, their mode of entry (either merger or takeover) does not have a statistically significant effect on efficiency. They also showed evidence that there are no efficiency or profitability gains for takeover banks after acquisition.

Mulyaningsih, Daly and Miranti (2015) conducted a study on foreign participation and banking competition, focusing on the Indonesian banking industry. They specifically examined the competitive behavior of foreign and local banks as well as the role of modes of entry of foreign banks on competition, either through the establishment of foreign de novo banks or the acquisition of local banks. They argued that the foreign banks behave more competitively than local banks, and their penetration is therefore important in creating a contestable market. Using selected sample of Indonesian banks in a descriptive analyses, they found that in terms of assets, on average foreign de novo banks were smaller, more efficient, and had lower overhead costs, so they could offer lower loan rates and disburse more loans. More directly, they found that the entry of foreign banks has increased competition and has captured 45 percent of the banking market by 2010 in Indonesia.

Li, Xu and Yuan (2015) examined the spillover effects of foreign bank entry in China's banking sector. They particularly examined the foreign financial institutions' spillover effects in China's banking sector through three channels, foreign strategic investment, employee turnover, and competition using qualitative and quantitative analyses. The sample focused on the 26Chinese banks which introduced foreign strategic investment from foreign banks during 2001–2008. Through comparing the Chinese banks performance between pre-and post-foreign strategic investment using the OLS regression analyses, they found that the foreign strategic investment did benefit Chinese banks, but the impact of strategic investment is not very obvious. Employee turnover gives Chinese banks opportunity to learn from foreign banks, but the employee mobility from Chinese banks to foreign banks benefit foreign banks more. Although Chinese banking sector is open to foreign banks, the growth of foreign banks in China is restricted, and the competition effects are not very obvious.

Achimugu, Yunusa & Samson (2015) examined the effect of cross-border (globalization) banking on banking operations in Nigeria. They limited their enquiry to Zenith bank Nigeria PLC. They explored data from secondary sources focusing on economic variables such as Foreign Direct Investment, Gross Domestic Product and Profitability. They performed the analysis using regression tool with the aid of SPSS. Their result revealed that globalization and cross-border activities have integrated and improved the efficiency of banking operations in Nigeria.

Luo, Dong, Armitage and Hou (2015) examined the impact of foreign bank penetration on the domestic banking sector from China. They adopted a foreign bank branch networks index (FBBNI) to capture bank-level exposure to competition from foreign banks in terms of geographical proximity. The index takes account of the rapidly expanding branch networks of both foreign and domestic banks in China. Their analysis was based on data from a sample of three types of Chinese commercial banks from 2002 to 2011. Using descriptive and inferential statistics, they found that exposure to the branch networks of foreign banks is associated with improved profitability at domestic banks, higher efficiency, and increased non-interest income, consistent with knowledge transfer from foreign banks.

Serbes (2014) conducted a study on "The Effects of Cross-Border Mergers and Acquisitions on the Performance of Turkish Banks". Specifically, he analyzed the effects of foreign bank entry to the Turkish banking sector through cross-border mergers and acquisitions over the period 2005–2008. He explored the performance change between the pre- and post-merger periods for nine Turkish banks that merged with or were acquired by foreign banks. He compared the performance of target banks with domestic banks, which did not engage in an M&A deal, in the post-merger period and around the 2008 global crisis. He employed the

difference-in-differences analysis and random effects regressions. His empirical results show that cross-border M&As may improve Z-score and net interest margins of target banks, yet their impact on return on assets is never significantly positive due to high overhead costs. The results also indicate that cross-border M&As have no major impact on cost to income and loan loss provisions to total loans ratios.

Awolusi and Onikoyi (2014) examined the impact of cross-border mergers and performance of multinational Nigerian manufacturing firms. They adopted a survey approach using questionnaires. Their sample was made-up of 462 senior and management staff of 13 Nigerian manufacturing companies quoted on the Nigerian stock exchange. They employed factor and regression analysis as data analysis techniques. Their findings revealed that strategic motives towards cross-border positively affected international business performance of Nigerian manufacturing firms involved in cross-border mergers and acquisitions.

Kowalewski (2014) examines cross-border (multinational) banks and the performance of their subsidiaries abroad. He specifically investigated whether or not foreign subsidiaries outperform their parent banks in terms of profitability and what determines this outcome. The study sample was limited to 62 multinational banks from the US, Western Europe and East Asia, and 288 subsidiaries in developed and developing countries. In all, the study had a sample of 1,533 observations making up an unbalanced panel covering the period between 1989 and 2008. Using inferential statistics, the study shows that, on average, foreign subsidiaries are less profitable than their parent banks; while foreign subsidiaries tend to perform better than their parent banks if they are well capitalized, have low overhead costs and loss low provision. His findings also show that foreign subsidiaries tend to perform better than their parent banks if the latter are underperforming in the home market. While, the legal distance between host country

and host country is an important determinant of the profitability of the subsidiary in relation to its parent bank, to a lesser extent, are the host market's characteristics. Finally, his result also show that cross-border banks are more likely to outperform their parent banks in developing markets than in developed countries. However, different bank and host country determinants influence the profitability of the subsidiaries in these countries.

Bruno and Shin (2014) examined the effect of cross-border banking and liquidity of the host nations. They limited the sample for their panel investigation on secondary data from 46 countries, encompassing both developed economies and emerging/developing economies. Their major aim is to determine whether or not foreign (cross-border) banks play an economically significant role in the country's financial system. The study employed the panel regression model. Their finding shows that while local factors account for only a modest amount of the variation in stability, global factors account for an overwhelming part of the variation. By this, their finding implies that cross-border banking contributes significantly in the stability of host economies.

Zhan (2014) examined the determinants of domestic and cross-border bank mergers in European countries over the period 2001-2010. Specifically, he tries to ascertain the bank characteristics that make a target more attractive to the acquirer (either cross-border or domestic) and which is more profitable between cross border merger banks and domestic banks. His sample consists of sixty-nine (69) banks which includes 48 domestic bank M&As and 21 cross-border M&As. In the M&A sample, the target are from 18 European countries including Italy, Portugal, France, Austria, Bulgaria, Cyprus, Denmark, Germany, Greece, Iceland, Norway, Poland, Sweden, Switzerland, Turkey and United Kingdom over the period from 2001 to 2010. Using the multiple regression model estimation, he found that banks that were involved in cross-

border bank M&As were more profitable. He also found that bank size does not show a significant effect on the probability of being a target in both domestic and cross-border M&As, while profitability is a significant determinant.

Ukaegbu and Oino (2014) examined the impact of foreign bank entry on domestic banking in a developing country of Kenyan. The study used secondary data extracted from the reports of 19 banks from 2001 to 2009. They used univariate (descriptive and correlation and multivariate (regression) analyses and found that the entry of foreign banks impacts the profitability of domestic banks negatively, but at the same time improves the efficiency of domestic banking including the reduction of lending rates. Their result also shows that the entry of foreign banks' entry improves credit access to all firms. They concluded that the entry of foreign banks has a direct positive relationship with Tier 1 capital which enhances financial stability.

Seo, Chao and Park (2013) conducted an empirical study on the impacts of the Chinese banking industry by foreign banks' entry. The specifically studied the impact of foreign banks on Chinese domestic banks from 1999 to 2008. They sampled four (4) state-owned China's commercial banks, and seven (7) joint-stock banks on three selected variables: net profit margin (NP), ratio of non-interest income to operating income (NIOI), and ratio of operating costs to total cost OE (OE = OC / TC). They used secondary data collected from the "China Financial Yearbook"(Volume 2009 to Volume 2000) and "China Statistical Yearbook" (Volume 2009 to Volume 2000). Using descriptive and inferential statistics, they claimed that even though the entry of foreign banks boosts competition and efficiency in the Chinese banking market, it affects profits of domestic banks negatively.

Osamor, Akinlabi and Osamor (2013) analyzed the impact of globalization on performance of Nigerian commercial banks in post-consolidation period. They argued that globalization has brought a rapid increase in cross-border social, cultural and technological exchanges around the world, Nigeria inclusive. The study sampled eight (8) commercial banks in a six-year period from 2005 to 2010. They employed secondary panel data econometrics in a pooled regression, where time series and cross-sectional observations were combined and estimated. Their panel regression analysis confirmed that cross-border banking have positive effects on the profit after tax of banks. However, the magnitude of such effects is indeterminable because they discovered variations in the data for performance of the banks understudied.

Onyuma, Mugo and Karuiya (2012) examined whether cross-border listing affects firm's financial performance in Eastern Africa. The study employed secondary data for three (3) financial years before and after (pre and post) cross-listing focusing on three (3) Kenyan firms between 2001 and 2011. The study employed financial ratio analyses to compute the ratios. For the hypotheses test, they employed correlation matrix and paired sample t-test to check for differences in mean values of the computed rations among the sample. Their results show a low positive financial performance in terms of liquidity upon cross-listing of the companies, while the market confidence (measured by P/E ratio) also improved. They also found that profitability and gearing ratios improved in absolute terms in the post cross-listing, but it was not statistically significant for the they covered.

Dele (2012) conducted an empirical assessment of critical factors influencing the internationalization of Nigerian service firms. Specifically, he investigated the Critical Influencing Factors (CIFs) of internationalization by Nigerian service firms, as well as, examined the specific relationships between the CIFs and Perceived International Business Performance

Measure (PIBPM). The study adopted a survey approach using a total of 567 management staff of 15 Nigerian service firms, with international presence selected from a business-to-business database maintained by a national list provider. He employed three major pattern of analyses - reliability and validity analysis, factor analysis and regression analysis. Overall, he found that internationalization significantly improve international business performance, meaning that successful international entry decisions can positively affect international business performance. He also found that company (firm) size has significant positive relationship with business performance.

Ghosh (2012) investigated whether the foreign banks entry in India is an asset or a liability. He specifically examined the impact of foreign banks' entry from 1996-2007, considering both public as well as private banks in India. Using a multiple regression model on a total of twenty-nine (29) foreign banks with 273 branches; he found that the presence of foreign banks boosts the profitability and improves asset quality of domestic banks. However, it reduces the spreads. However, his study did not find any sign of improved efficiency of domestic banks in India due to the foreign bank's entry.

Claessens and Horen (2012) conducted a study themed "Being a Foreigner among Domestic Banks: Asset or Liability? Specifically, they studied the performance of foreign banks relative to domestic banks in a large number of countries including ten (10) low income countries, 26 lower middle income and 15 countries in the upper middle income cadre. They used balance sheet data from many developing countries including India in the period 1999-2006 and run using regression analyses, they found that foreign banks tend to perform better when from a high income country and when competition in the host country is limited. They also perform better when they are large and rely more on deposits for funding. They also claim that

foreign banks improve their performance over time, possibly as they adapt to the local institutional environment. Also, foreign banks from home countries geographical or cultural close to the host country perform better than distant foreign banks, while institutional familiarity does not help (improve) foreign banks' performance.

Jeon, et al. (2011) conducted a study on whether or not foreign banks increase competition in emerging Asian and Latin American banking markets. They specifically examined the impact of foreign bank penetration on the competitive structure of domestic banking sectors in host emerging economies. They focus their analysis on Asia and Latin America during the period 1997–2008. Using bank-level panel data to identify foreign banks and to estimate measures of banking competition, they were able to provide empirical evidence that an increase in foreign bank penetration enhances competition in these host countries' banking sectors. They also found that this positive foreign bank penetration and banking competition link is associated with a spillover effect from foreign banks to their domestic counterparts, while the spillover effect becomes stronger when more efficient and less risky foreign banks enter into less concentrated host country markets. Their study also showed that the spillover effect is greater when foreign banks enter in the form of 'de novo (fresh start-up) penetration' than through mergers or acquisitions of domestic banks (M&A penetration).

Schoenmaker and Wagner (2011) examined the impact of cross-border banking on financial stability in US and EU. The study adopted a cross-country empirical approach. The secondary data were on a quarterly basis covering the period from 2000 Q1 to 2010 Q1 and 2001 Q4 to 2009 Q4. Using statistics of indices and graphical presentations, their results suggest that the countries with the largest banking centers, UK and Germany, are well diversified, and while the EU banking system is weakly diversified, with an overexposure to the US and an

underexposure to Japan and China. On the financial stability, they concluded that cross-border banking, though desirable, may not pose significant impact unless it takes place in a way that maximizes its benefits while keeping the costs at bay.

Kilic (2011) empirically examined the cross-border bank acquisitions and banking sector performance of Turkish banking sector. He specifically analyzed the performance of the banking sector in Turkey in order to determine the effects of cross-border bank acquisitions between 2002 and 2009. The study employed secondary data approach utilizing a non-parametric approach DEA (Data Envelopment Analysis). The finding shows that the cross-border bank acquisitions did not affect the performance of the banking performance significantly. He concludes that the performance of the banking sector increased in those years (2003 – 2009) because of some other reasons beside the cross-border acquisitions.

Li (2011) examined the effect of foreign banks entry on efficiency of Chinese commercial banks. They selected secondary data of 20 banks in total as a sample, including four (4) state-owned commercial banks, ten (10) joint-stock banks and six (6) city commercial banks. Their sample period was from 1999 to 2009, during which the data of all the 20 banks were complete and available. There are 220 observed values in the sample data as derived from Bankscope database and Almanac of China's Finance and Banking. They employed descriptive and balanced panel data regression using Frontier 4.1 software. Her results showed a U-shaped relationship between the efficiency of domestic banks and market share of foreign banks, that is, the efficiency does not increase significantly in the early stage of foreign bank entry, even falls to some extent, and begins rising when foreign banks' market share expand to a certain level. She also found that share-holding of foreign banks to domestic banks has positive effects on the bank efficiency.

Chen and Liao (2011) conducted a study themed "Are Foreign Banks more Profitable than Domestic Banks: The Home and Host-Country Effects of Banking Market Structure, Governance, and Supervision". They specifically tested (empirically) the various effects of home and host country variables on foreign banks from 70 countries in the period of 1992-2006. They also identified the cross-country determinants of bank profitability in domestic versus foreign banks with respect to bank characteristics, macroeconomics environment, country risk, banking regulation, and supervision across countries as well as paper investigated the joint influences of differences in macroeconomic condition, and institution between host and home country on foreign banks. Using a balanced panel of banks from 70 countries spanning the period 1992 to 2006, they found that foreign banks are more profitable than domestic banks in the countries whose banking sector is less competitive.

Nnadi and Tanna (2010) analyzed the domestic and cross-border mega-M&As of European commercial banks that occurred during the period 1997-2007. They distinguished distinguishing between domestic and cross-border transactions based on a sample of 62 bank mega-mergers with transaction values over £1 billion. They adopted an event study methodology using a market model with an estimation period of 100 days to determine the abnormal returns to shareholders. Their result showed that cross-border bank mergers have been more frequent in recent years, reflecting a growing trend of banking sector consolidation in the EU. However, while the cross-border mergers yielded significant negative returns, domestic deals have marginally positive but insignificant returns. The operational cost efficiency and capital strength of acquiring banks are found to be the main significant factors influencing excess returns.

Slager (2009) examined the profitability of internationalized banks. Specifically, he examined internationalization of bank patterns and calculated the difference between foreign and

domestic profitability. He tested for the relationship between internationalization and total profitability, and also examined the effect of internationalization on profitability smoothing. The study used a novel data set of the 44 largest banks that were internationally active between 1980 and 2003 in analyzing internationalization and profitability patterns. Analytically, he employed the one sample t-test to estimate the difference between foreign and domestic profitability per bank. He equally used the ordinary least squares dummy variable estimation. His results suggest that foreign banks' profitability is on average lower than domestic banks' profitability, implying that an increase of the degree of internationalization is negatively related to the bank's profitability. Also, he found that geographical diversification benefits, such as less variability in profitability over time, were not found. However, his major finding is that there is an overall negative relationship between the degree of bank internationalization and bank profitability.

Bruno and Hauswald (2009) examined the real effect of Foreign Banks in Indian economy. They specifically assessed the impact of foreign-bank entry on firm performance, they also examine whether local industries which depend more heavily on external finance grow faster as a result of their presence. They used secondary data drawn from two principal data sources: the UN Industrial Statistics compiled by the UN Industrial Development Organization (UNIDO) and the World Bank's database. Their sample frame consists of 22 advanced and 59 developing countries which have both bank-ownership and value-added data from 1995 to 2003. The eventual sample size comprises of 3,111 financial institutions. Using a linear regression model, they found that foreign banks alleviate the consequences of financial constraints for firm performance and increase real growth net of the competitive reaction of local lenders. They also mitigate the adverse consequences of banking crises on firms but do not significantly affect real economic activity in advanced countries with well-functioning financial markets. Their results

also suggest that foreign banks help to overcome informational and legal obstacles to lending, especially in developing countries, whose companies often lack access to alternative sources of finance.

Lehner and Schnitzer (2008) studied the entry of foreign banks and their impact on host countries. In particular, they enquired how these effects interact and how they depend on the competitive environment of the host banking market. Using selected banks in Eastern Europe and Latin America, in a broad-based comparative analysis, they found positive effects due to competition from foreign banks in the host banking market. Specifically, they found that a larger number of banks operating in the market leads to declining repayment rates as well as to smaller market shares and, thus, tends to decrease the incentives of domestic banks to invest in screening. They conclude that investment incentives for domestic banks are higher in case of acquisition than in case of Greenfield entry.

Lozano-Vivas and Weill (2008) examined how cross-border activities affect the EU banking markets. Specifically, they investigated whether cross-border activity really promotes competition and cost efficiency (measured using return on assets) on the EU banking markets. The study used descriptive statistics and multiple regression analysis – where return on assets (profitability) was used as dependent variable. The study sampled commercial, cooperative and savings banks of ten EU member countries covering the period 1994-2005, i.e. banks from Austria, Belgium, Denmark, France, Germany, Italy, Netherlands, Portugal, Spain and the United Kingdom (UK). Their result shows that cross-border banking exerts a positive impact on cost efficiency and on competition, while showing an inverse relation on return on assets.

Correa (2008) conducted a study to find out if there is any performance effect in cross-border banking and acquisitions among selected cross-border banks in the United States,

Germany, France, Brazil, Argentina and Panama. The study used historic data and bank balance sheet information for 220 cross-border acquisitions between 1994 and 2003 to analyze the characteristics and performance effects of cross-border takeovers on target banks. Using a binary regression model and t-test, the result showed that cross-border post-acquisition performance for target banks does not improve in the first two years relative to domestically-owned financial institutions. The result was arrived at due to a decrease in the banks' net interest margin in developed countries and an increase in overhead costs in emerging economies.

Wu, Chen and Lin (2007) examined the effect of foreign bank entry on the operational performance of commercial banks in the Chinese transitional economy, placing particular emphasis on the unique features of China's banking industry as it undergoes the process of transformation. The study employed the pooled cross-section (banks) and time series data for the empirical estimation, with the sample comprising 14 Chinese banks and the period 1996-2004. Both fixed effects and random effects models were estimated. Their empirical results show that the return on assets (ROA) for those Chinese banks that have foreign shareholders is, on average, lower than the ROA for banks that do not have foreign shareholders. Thus, the longer a bank has been in existence, the lower its ROA will be. Also, they found that non-interest income have a negative impact on ROA, reflecting a continuing emphasis on traditional lending business. Moreover, an increase in the depth of foreign bank participation does not affect the operational performance of Chinese banks. They conclude that ROA of domestic banks having foreign capital in their balance sheet is lower than the domestic banks without having foreign capital.

SchAafer and Talavera (2007) examined the impact of foreign banks entry on domestic banks' profitability in a transition economy. Specifically, they analyzed the effects of foreign banks entry on the behavior of domestic banking sector in Ukraine. They used secondary data as

collected from National Bank of Ukraine. They focused on detailed statistics of 160 banks during 2003-2005. Using dynamic panel data estimator, they found that the banks' profitability is generally associated with foreign banks' presence. They also showed evidence that when a foreign bank enters Ukrainian banking sector, the performance of domestic banks decreases. However, there was also a positive relationship between domestic banks' profitability and share of foreign banks assets in Ukraine. They conclude that cross-border banks foster competition, and also have a positive spillover effects in the banking sector.

Boateng, Qian and Tianle (2006) conducted a study on the cross-border M&As by Chinese firms: An analysis of strategic motives and performance. Specifically, they considered the strategic motivation and performance of Chinese cross-border M&A activities of 27 deals which took place in Shanghai and Shenzhen stock markets in the period of 2000 – 2004. The sample consists of Chinese listed companies engaged in cross-border mergers and acquisitions over the 5 year period from 2000 – 2004. They used all the 27 companies were actively traded in Shanghai and Shenzhen stock exchanges within those periods. They used secondary data relating to share prices collected from the securities transaction analysis system on the website of Bank of China International and the website of China Securities Regulatory Commission. With the aid of graphs and descriptive computations, they found that cross border M&As formation by Chinese firms are primarily motivated by market development, that is, increasing market share, to enable faster entry into new markets, diversification and to obtain foreign advanced technology and other resources. In terms of wealth creation, the study found that cross border M &As create value for Chinese acquiring firms.

Uiboupin (2004) examined the effects of foreign (cross border) banks entry on bank performance in the Central and Eastern European (CEE) countries. The study sampled a total of

219 banks from ten CEE countries (Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia, and Slovakia). Annual financial data was used from 1995 to 2001 of ten (10) countries. The study employed the ordinary least squares regression technique. The research results show that foreign banks entry negatively affects domestic banks' revenues from interest-earning assets, non-interest income, and profitability. He also found that cross-border banks entry can also raise the overhead costs of the local banks in short term. He concludes that cross-border (foreign) banks entry is likely to increase competition in the host country.

Altunbas and Ibanez (2004) examined the performance effect of cross-border mergers and acquisitions in European banks. Their data include registered banks involved in cross-border taking place in the European Union banking sector between 1992 and 2001. The study used descriptive statistics and hierarchical regression analysis. We find that, on average, bank mergers in the European Union resulted in improved return on capital. By making the assumption that balance-sheet resource allocation is indicative of the strategic focus of banks, we also find significantly different results for domestic and cross-border mergers. For domestic deals, it could be quite costly to integrate dissimilar institutions in terms of their loan, earnings, cost, deposits and size strategies. For cross-border mergers and acquisitions (M&As), differences of merging partners in their loan and credit risk strategies are conducive to a higher performance whereas diversity in their capital, cost structure as well as technology and innovation investments strategies are counterproductive from a performance standpoint.

Amihud, DeLong and Saunders (2002) the effects of cross-border bank mergers on bank systematic risk and bank value (abnormal stock returns). They specifically analyzed the changes (in terms of risk and value) in cross-border banks before and after (one year before and after)

going global. They focused on 214 mergers between 1985 and 1998. The sourced the secondary data for the individual banks from DataStream. They employed the OLS regression technique. They found that overall; the acquirers' risk neither increases nor decreases and going cross-border. In particular, on average they found that neither their total risk nor their systematic risk falls relative to banks in their home banking market. They also found that the abnormal returns to acquirers are negative and significant, but are somewhat higher when risk increases relative to banks in the acquirer's home country.

Lee (2002) analyzed the impacts of financial liberalization and foreign bank entry on competitiveness and soundness of domestic banking system as well as credit growth in association with financial sector development, focusing on MENA (Middle East and North Africa) region's comparative benchmarking performances with those of middle -income countries. They used secondary data from income statement & balance sheet and ownership information of 220 commercial banks over 17 countries from the BvD's BankScope database. The resulting data for the whole sample was 1157 commercial banks over 45 countries which amounted to a pooled sample of cross-sectional time series of 1760 total banking observations over the period of 1993 to 2000. Using graphical and inferential statistics, they found that financial sector development is positively related to foreign bank presence and financial depth has been driven mainly by expansion of domestic credit to private sector, rather than to public sector. They also found that financial liberalization, accelerated by foreign bank entry and privatization of domestic state -owned banks, contributes to net profitability and better capitalization for domestic banks.

Crystal, Dages and Linda (2002) analyzed whether the entry of foreign banks in Latin America led to sound domestic banks between 1995 and 2000. They employed quantitative

approaches in evaluating the soundness of individual domestic and foreign banks within Latin American countries. They also compared the performance of foreign banks with those of domestic banks by sorting the results of both the ratings-based analysis and the CAMEL analysis by type of bank ownership—foreign, private domestic, and state-owned. Using descriptive and graphical expressions, their result shows that local banks acquired by foreign shareholders fared only marginally better than those that remained domestic. They also found that is foreign owned showed more robust loan growth, a more aggressive response to asset quality and greater ability to absorb losses. They concluded that while foreign banks differed little from their domestic counterparts in overall financial condition, they (foreign banks) showed more robust loan growth, a more aggressive response to asset quality deterioration, and a greater ability to absorb losses - characteristics that could help to strengthen the financial systems of their host countries.

Hermes and Lensink (2001) examined the impact of foreign bank entry on domestic banking markets of less developed countries (LDCs). Specifically they queried the argument of Claessens et al (2001) that foreign bank entry reduces income, profits and costs of domestic banks. They used macroeconomic data of twenty-seven (27) LDCs from the website of the World Bank from 1990-1996 periods. They employed the non-linear relationship model and found that foreign entry leads to increases of income, profits and costs. This suggests that foreign bank entry may have a different impact on domestic banking markets in developed and developing countries. They also found evidence for an inverted U-shaped relationship between foreign bank entry and domestic bank performance, indicating that for banks in these countries, competition and efficiency effects only take place after the extent of foreign bank entry has reached a certain minimum level. They conclude that foreign entry improves the functioning of

national banking markets through increased market competition and improved efficiency of domestic banks.

Berger, DeYoung, Genay and Udell (2000) evaluated the globalization of financial institutions drawing clue from cross-border banking performance and efficiency in France, Germany, Spain, the U.K., and the U.S. during the 1990s. They used secondary data from 1991 to 1999. Using descriptive and inferential statistics, they found that domestic banks in the above named countries have both higher cost efficiency and higher profit efficiency than foreign banks operating in that country - a result they claimed supports the home field advantage hypothesis. However, this result did not apply to the U.S. where banks operate with relatively high efficiency both at home and abroad. They conclude that domestic banks may be more efficient than cross-border banks from most foreign countries.

Hasan et al (2000) examined cross-border performance in European banking. The study was basically a cross-country analysis which focused on both CB and domestic banks from ten (10) leading European countries. The study used use the 1993 data of the 10 European banking industries which they obtained from the Bank Scope International Bank Database. Using descriptive and inferential statistics, their results indicate that adverse (advantageous) environmental conditions are a positive (negative) factor for the home banking industry. The finding also indicates that technical efficiency is a significant deterrence to foreign competition.

Furthermore, is that the relatively higher inflation in the foreign country is a deterrent to banks (Kenyan) foreign expansion activities. And deeper financial markets at home present fewer opportunities for Kenyan banks to serve the domestic market hence "pushing" them into the foreign markets. Lastly, the desire for greater earnings, economic integration, and follow-the-client hypothesis do not explain banks' foreign expansion decisions.

Buch (1999) in a similar study investigated the determinants of foreign activities of German banks. He used time series panel data of 38 host countries for a period of 18years and used cointegration framework. Findings revealed that foreign activities are positively related to demand conditions on the local market, foreign activities of German firms, and the presence of financial centers. This supports the hypothesis that German banks follow their customers abroad.

2.6 Summary of Literature Review

CBB has become an important financial concept in global banking of which Africa continent has aligned herself with in order to be a part of current practices. The literature dealt with several sections in which the works of different authors related to the research study was examined. Concept and meaning of CBB is examined, an overview, its benefits and challenges of deposit money banks going CB. Other areas include: forms of CBB, factors influencing CBB decision generally. Also, CBB as it relates to financial and stock performance alongside their different measures were discussed as examined by previous researchers.

Furthermore, is the review of related theories: franchise value, follow the customer and the portfolio theory. The study adopts both follow the customer and portfolio theories as the most relevant for the work. The justification lies in the fact that CBB activities are usually built around these theoretical footings.

But, it was observed that some certain areas were not given sufficient attention to and as a result, left certain gaps which the researcher majored on as part of the strength in her research work. This includes: focusing on the Africa continent as against developed countries, thereby increasing available evidence specifically for the Nigeria case by creating empirically grounded data upon which further research can be based. Also is the use of secondary data which has the advantage of high authenticity and reliability as against some theoretical works in this area.

2.7 Gap in the Literature

A careful review of the above literatures and other studies reveals that certain stones were left unturned which this study intends to give attention to. Thus, observed gaps are filled and contribution to literature made in three ways. Firstly, there is paucity of research on CBB in developing countries mostly those in the Africa continent. The major works that have been done have been on developed countries particularly the Western World, For example, most studies: Clarke et al (2003) and others attest to the obvious that most literatures have focused on the developed and not developing countries. It is hoped that this work increases the literature base on the developing countries especially the Nigeria context.

Secondly, careful look at few studies which have been conducted in emerging economies are based more on old data and timing effect definitely do have implications on findings of such researches. For instance, Besanko & Thakor, (1992) in Alade, (2014); DeYoung & Nolle, (1996); Hasan & Hunter, (1996); Chang, Hasan &Hunter (1996) in Cull & Beck (2013); Denizer, (2000); Berger, DeYoung, Genay & Udell (2000) in Clarke, Cull, Peria & Sanchez (2003);Peek, Rosengren & Kasirye (1999) in Bos & Kool, (2014); thus, the study uses latest data from the period 2001 to 2016. This, is a sufficient time to capture activities of the pre and post CBB, and thereby give a present outlook and lift on CBB using evidence from the Nigeria country for the Africa continent.

Thirdly, the study adopted the earnings per share (EPS) as one of the measures of stock performances as against the popular opinion of the market price per share (MPS). The EPS measure is one which most researchers had not explored for varied reasons. Accordingly, the study has been able to provide evidence to the subject area by using the EPS measure to substantiate our result findings.

Fourthly, the scanty evidence on CBB financial and stock performance generally is high and relatively to Africa and the Nigeria situation in particular, is alarmingly high. The work thereby fills a major gap in this wise by using secondary data as against the primary data used by some of the studies. Thus, carrying out an assessment of the resultant effect CBB has on financial and stock performance using the Paired t-test method, ANOVA and multiple binary regression analysis as against the analytical method used by some of the various reviewed works. As is observed, most works have used the regression analysis but in addition to this, the Paired t-test and ANOVA were used perhaps a different finding may emerge.

This is to say that the study examines the performances of quoted Nigeria cross border banks together with that of her domestic counterparts for differences in their corporate performances. It also ascertains if the CBB activities has a possible relationship effect on the stock of such deposit money banks.

Table 2.3 Summary of Reviewed Empirical Studies

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
1.	Brei and Peter (2017)	Examined the distance effect of cross-border and domestic banking among inter-trading countries	European countries	Used historical data from online global banking databases. Employed panel fixed effect model estimation, and the OLS.	They found that the distance effect in global banking is immaterial when comparing cross-border positions with domestic banking
2.	Emter, Schmitz and Tirpak (2017)	Analyzed the incidence of cross-border banking in the European Union (EU) before and after the global financial crises	European Union (EU)	Examined pre-crisis period (2005-2007) and the post-crisis period (2013-2015). Using a multiple regression model via OLS estimation	They found that high non-performing loans in source countries was an important impediment to cross-border banking within the EU after the financial crisis.
3.	Karolyi, Sedunov and Taboada (2017)	Examined the effect of cross-border bank flows and systemic risk among recipient countries in EU	European Union	Secondary data from year 2000 to 2014. Employed descriptive statistics, correlation matrix and multiple regression analysis.	They found that heightened cross border bank flows are associated with lower systemic risk in the banking system of recipient countries
4.	Agbeja, Adelakun & Udi (2016)	Effect of counterparty risk and exchange rate risk on the profitability of deposit money banks	Nigeria	Secondary data were used for a period of five years from 2009-2013, for seven banks. The study employed auto-regression conditional model.	Findings revealed that counterparty risk and exchange rate risk have significant effect on bank performance-profitability.
5.	Ajay and Gopalakrishna (2016)	Examined the impact of bank internationalization on Indian economy	India	Panel data set of 44 Indian commercial banks for the period of 1999 to 2014. Used graphs and multivariate analyses	They found a positive effect of bank internationalization on the performance of domestic commercial banks

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
6.	Akin and Bayyurt (2016)	Examined the performance of cross-border foreign banks in relation to their mode of entry in foreign countries.	Turkey	They used secondary data from 2002 to 2013. Employed Tobit and multivariate regressions	Their finding reveals that cross-border banks have superior performance over the takeover banks in terms of only profitability.
7.	Kodongo (2016)	investigates drivers of bank foreign expansion in East Africa.	Kenya, Rwanda, Tanzania and Uganda	Secondary data, analysis was with Poisson regression model.	Follow-the-client hypothesis is relatively muted in the East African banking arena. The desire for greater earnings does not motivate banks regionalization decisions; rather, there is weak evidence that banks, with relatively weaker market power expand abroad as a means to survive the competitive pressures exerted by relatively larger, perhaps more efficient banks in the domestic market.
8.	Leon (2016)	Examined the expansion of regional cross-border banking in Africa and its effect on bank competition.	Seven African countries	Secondary data for ten (10) years 2006-2015. The data analysis was conducted using multivariate analysis and Panzar-Rosse H-statistic.	He found that the expansion of regional cross-border banks has promoted competition, efficiency and stability in the banking sectors in Africa.

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
9.	Massand & Gopalakrishna (2016)	investigates the impact of foreign banks' penetration on the performance of domestic banks	India	Secondary data were used for a period of five years from 1999 – 2014 for forty-four banks. Correlation analysis was conducted by forming a panel data.	Positive effect of bank internationalization on the performance of domestic commercial banks
10.	Achimugu, Yunusa & Samson (2015)	Examined the effect of cross-border (globalization) banking on banking operations in Nigeria.	Nigeria	Sampled on Zenith bank Nigeria Plc and performed analysis using regression tool via SPSS	They found that globalization and cross-border activities have integrated and improved the efficiency of banking operations in Nigeria.
11.	Leon (2015)	Cross border banking and efficiency in host economy.		Secondary data. Econometrics analysis for ninety-two banks	Foreign banks play a role in the host country efficiency stability and that expansion of regional banks has promoted competition.
12.	Luo, Dong, Armitage and Hou (2015)	Examined the impact of foreign bank penetration on the domestic banking sector from China.	China	Data was based on a sample of three types of Chinese commercial banks from 2002 to 2011. Used descriptive and inferential statistics.	They found that exposure to the branch networks of foreign banks is associated with improved profitability and higher efficiency at domestic banks.
13.	Li, Xu and Yuan (2015)	Examined the spillover effects of foreign bank entry in China's banking sector	China	Sampled 26 Chinese foreign banks during 2001–2008. Used OLS regression	The growth of foreign banks in China is restricted, and the competition effects are not very obvious (significant).

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
14.	Mulyaningsih, Daly and Miranti (2015)	Foreign participation and banking competition, focusing on the Indonesian banking industry	Indonesia	Selected sample of Indonesian banks for 2010. Using descriptive analyses	Foreign banks were smaller, more efficient, and had lower overhead costs, so they could offer lower loan rates and disburse more loans.
15.	Atuanya (2014)	performances of foreign banks and their host countries		Secondary data	Findings were that it is impossible for foreign banks to be efficient as they are constantly struggling with local regulations and challenges which are alien to their mother countries.
16.	Awolusi and Onikoyi (2014)	Examined the impact of cross-border mergers and performance of multinational Nigerian manufacturing firms	Nigeria	Adopted survey method. Sampled 462 senior management staffs of 13 manufacturing companies quoted on NSE. Used regression analysis	They found that strategic motives towards cross-border positively affected international business performance of Nigerian manufacturing firms involved in cross-border mergers and acquisitions.
17.	Bruno and Shin (2014)	Examined the effect of cross-border banking and liquidity of the host nations	Europe	Used secondary data from 46 countries. The study employed the panel regression model.	Their finding implies that cross-border banking contributes significantly in the stability of host economies.

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
18.	De Haas (2014)	Stock performance of stand-alone domestic banks and foreign banks.		Secondary data	Stock performance of stand-alone domestic banks may not be out-performed by their counterparts who go international or cross border.
19.	De Haas and Van Lelyveld (2006) in De Haas, (2014)	standalone banks and foreign banks efficiency	Europe	Secondary data	Foreign banks have a stabilizing effect on aggregate lending during local bouts of financial turmoil. Compared with stand-alone domestic banks, foreign bank subsidiaries tend to have access to supportive parent banks that provide liquidity and capital if and when needed.
20.	Kowalewski (2014)	Examines cross-border (multinational) banks and the performance of their subsidiaries abroad.	U.S., Western Europe and East Asia	Used a sample of 1,533 observations in an unbalanced panel covering the period between 1989 and 2008. Used inferential statistics.	He found that cross-border banks are more likely to outperform their parent banks in developing markets than in developed countries.
21.	Serbes (2014)	Analyzed the effects of foreign bank entry to the Turkish banking sector through cross-border mergers and acquisitions from 2005–2008.	Turkey	Secondary data (2005 to 2008). Employed the difference-in-differences analysis and random effects regressions.	He found that cross-border M&As may improve liquidity and net interest margins of target banks, while its impact on return on assets is not significantly positive due to high overhead costs.

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
22.	Ukaegbu and Oino (2014)	Examined the impact of foreign bank entry on domestic banking in a developing country.	Kenya	Secondary data of 19 Kenyan banks from 2001 to 2009. Used univariate AND multivariate analyses	The entry of foreign banks' entry improves credit access to all firms, has a direct positive relationship with Tier 1 capital which enhances financial stability.
23.	Zhan (2014)	Examined i) the determinants of domestic and cross-border bank mergers; ii) which is more profitable between cross border merger and domestic banks.	18 European countries.	Sampled sixty-nine (69) banks (48 domestic bank M&As and 21 cross-border M&As) from 2001 to 2010. Used multiple regression model estimation	He found that banks that were involved in cross-border bank M&As were more profitable.
24.	Berger, El Ghoul, Guedhami and Roman (2013)	assets of foreign and domestic banks		Secondary data for a period of twenty-four years, 1986-2010, Correlation analysis.	Bank internationalization is significantly associated with greater bank risk. That is to say, international banks with greater foreign assets (ratio) are more risky.
25.	Cull and Beck (2013)	Bank efficiency in developing countries.	Sub Sahara Africa	Secondary data. regression analysis and also compared the GDP of low, lower-middle income countries	They discovered Africa banks are shallow but stable.
26.	Giannetti and Ongena (2005) in Berger (2013)	Foreign banks and entrepreneurial activities in host countries.		Secondary data	Foreign banks led to more entrepreneurial activities; however, access to finance by "connected" firms may be reduced, and therefore could lower the probability of "insider lending" and strengthen the stability of the system.

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
27.	Osamor, Akinlabi and Osamor (2013)	Analyzed the impact of globalization (cross-border activities) on performance of Nigerian banks in the post-consolidation period.	Nigeria	Sampled eight (8) commercial banks in from 2005 to 2010. Employed secondary panel data econometrics in a pooled regression model	They found that cross-border activities have positive effects on the profitability of banks. However, the magnitude of such effects is indeterminable due to observed data variations.
28.	Seo, Chao and Park (2013)	Impacts of the Chinese banking industry by foreign banks' entry	China	Secondary data, 11 banks, 1999 to 2008 Using descriptive and inferential statistics.	Even though the entry of foreign banks boosts competition and efficiency in the Chinese banking market, it affects profits of domestic banks negatively.
29.	Dele (2012)	Assessment of critical factors influencing the internationalization of Nigerian service firms	Nigeria	Survey approach using a total of 567 management staff of 15 Nigerian service firms. factor analysis and regression analysis	Internationalization significantly improves international business performance; successful international entry decisions can positively affect international business performance.
30.	Onyuma, Mugo and Karuiya (2012)	Examined whether cross-border listing affects firm's financial performance in Eastern Africa.	Eastern Africa	Secondary data for three (3) financial years before and after (pre and post) cross-listing from 2001 and 2011. Correlation matrix and paired sample t-test	Profitability and gearing ratios improved in absolute terms in the post cross-listing, but it was not statistically significant
31.	Claessens and Horen (2012)	Being a Foreigner among Domestic Banks: Asset or Liability?	India	Secondary data, 51 coys for the period 1999-2006 using regression analyses	Foreign banks perform better when from a high income country, when competition in the host country is limited and when they are large and rely more on deposits for funding.

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
32.	Ghosh (2012)	Investigated whether the foreign banks entry in India is an asset or a liability.	India	Sampled 29 foreign banks with 273 branches from 1996-2007. Multiple regression model	The presence of foreign banks boosts the profitability and improves asset quality of domestic banks.
33.	Chen and Liao (2011)	"Are Foreign Banks more Profitable than Domestic Banks: The Home and Host-Country Effects of Banking Market Structure, Governance, and Supervision"	Asia and Europe	Foreign banks from 70 countries in the period of 1992-2006. Balanced panel	Foreign banks are more profitable than domestic banks in the countries whose banking sector is less competitive.
34.	Hasan & Marton (2000) in Harvey et. al (2011)	Transitional banking process in Hungary	Hungary		Banks with higher foreign bank ownership involvement are more efficient.
35.	Jeon et al (2011)	Whether or not foreign banks increase competition in emerging Asian and Latin American banking markets	Asia and Latin America	Using bank-level panel data 1997–2008.	An increase in foreign bank penetration enhances competition in these host countries' banking sectors.
36.	Kilic (2011)	Analyzed the performance of the banking sector in Turkey in order to determine the effects of cross-border bank acquisitions	Turkey	Secondary data approach between 2002 and 2009. Employed a non-parametric approach (Data Envelopment Analysis).	He found cross-border bank acquisitions did not affect the performance of the banking sector significantly
37.	Li (2011)	Examined the effect of foreign banks entry on efficiency of Chinese commercial banks.	China	Secondary data of 20 banks from 1999 to 2009. Descriptive and balanced panel data regression	Efficiency does not increase significantly in the early stage of foreign bank entry, even falls to some extent, and begins rising when foreign banks' market share expand to a certain level

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
38.	Martinez-Peria and Mody, (2004) in Harvey et. al (2011)	CBB activities and financial intermediation.		Secondary data	a better quality of financial intermediation as a result of CBB activities and that there are less loan-loss provisioning with more foreign entry.
39.	Peek, Rosengren & Kasirye, 1999 in Harvey & Lundblad (2011); Berger, DeYoung, Genay & Udell, 2000	Foreign banks' international activities.	Japan	Secondary data were used, and it was on cross-subsidies.	Diversification into CBB activities may lower profitability but it's still more attractive.
40.	Popov, Udel, and Gregory (2011)	CBB credit access and the financial crisis		Secondary data from sixteen (16) countries with different sectors using a regression model	They confirmed the sensitivity to negative shocks and that financial conditions at foreign parent banks existed.
41.	Schoenmaker and Wagner (2011)	CBB and financial stability.	Europe.	Secondary data from twenty-seven countries. Used time series analysis.	A CBB benefit outweighs the cost of venturing into such. Suffice the cost is kept at bay, the benefits can be maximized. Also, countries with large banking centers are usually well diversified.

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
42.	Schoenmaker and Wagner (2011)	Examined the impact of cross-border banking on financial stability in US and EU in a cross-country empirical approach.	U.S. and EU	Secondary quarterly data from 2000-2010. They used statistics of indices and graphical presentations for the analyses.	They found that, although cross-border banking is desirable, it may not pose significant impact on profit-performance unless its executed in a way that maximizes its benefits while keeping the costs at bay.
43.	Nnadi and Tanna (2010)	Analyzed the domestic and cross-border mega-M&As of European commercial banks	Europe	Based on a sample of 62 bank mega-mergers with transaction values over £1 billion that occurred during the period 1997-2007.	They found that cross-border mergers yielded significant negative returns, while domestic deals have marginally positive but insignificant returns
44.	Bruno and Hauswald (2009)	Examined the real effect of Foreign Banks in Indian economy	India	Sampled 22 advanced and 59 developing countries, sample size = 3,111 financial institutions from 1995 to 2003. Using a linear regression model,	Foreign banks alleviate the consequences of financial constraints for firm performance and increase real growth net of the competitive reaction of local lenders.
45.	Claessens and Horen, (2009)	performance of foreign banks and their domestic counterparts.		Secondary data. They employed the regression analysis and the period was from 1999 to 2006.	Their findings revealed that foreign banks are a better performer when from a high income country especially with limited competition in host country.
46.	Liao (2009)	efficiency of domestic and foreign banks	Tawan	Secondary data. used Data Envelopment Analysis (DEA).	Results revealed that the foreign banks are not more efficient than domestic ones, but their productivity growth isbetter than that of domestic banks.

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
47.	Macias et al, (2009)	CBB and the oil sector	African countries	Secondary data	CBB lending exerts a significant positive effect on economic growth in the African region as a whole. But a significant and negative impact in oil exporters where weak institutions leave these countries exposed to international banking risks.
48.	Slager (2009)	Examined the internationalization of bank patterns and the difference between foreign and domestic profitability.	Eurpoe	Novel data set of the 44 largest banks that were internationally active between 1980 and 2003. OLS	Foreign banks' profitability is on average lower than domestic banks' profitability; an increase of the degree of internationalization is negatively related to the bank's profitability.
49.	Bayraktar and Wang (2005) in Drogendijk and Hadjikhani (2008)			Secondary data	Cross border banking helps improve overall welfare in the host country through the inflow of foreign investment.
50.	Besanko and Thakor (1992) in Drogendijk and Hadjikhani (2008)	consequences of relaxing entry barriers for foreign banks		Secondary data, and use of theoretical model in analysis.	Equilibrium loan rates decline while deposit interest rates are increased. In turn, by lowering the cost of financial intermediation, and lowering the cost of capital for non-financial firms, more competitive banking systems lead to higher growth rates.

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
51.	Boateng, Qian and Tianle (2008)	Conducted a study on the cross-border M&As by Chinese firms	China	27 companies engaged in cross-border mergers and acquisitions over the 5 year period from 2000 – 2004. Used descriptive computations	Cross border M&As are primarily motivated by market development, that is, increasing market share. In terms of wealth creation, they found that cross border M &As create value for Chinese acquiring firms.
52.	Correa (2008)	Investigated if there is any performance effect in cross-border banking and acquisitions among selected cross-border banks.	United States, Germany, France, Brazil, Argentina and Panama.	Used historic data for 220 cross-border acquisitions between 1994 and 2003. Employed the binary regression model and t-test	Shows that cross-border post-acquisition performance of target banks does not improve in the first two years relative to domestically-owned financial institutions.
53.	Lehner and Schnitzer (2008)	Studied the entry of foreign banks and their impact on host countries.	Eastern Europe and Latin America	Selected banks on a broad-based comparative analysis.	They found positive effects due to competition from foreign banks in the host banking market.
54.	Lozano-Vivas and Weill (2008)	Investigated whether cross-border activity really promotes competition and cost efficiency (measured using return on assets) on the EU banking markets	European	Sampled commercial, cooperative and savings banks of ten EU member countries covering the period 1994-2005.	Their result shows that cross-border banking exerts a positive impact on cost efficiency and on competition, while showing an inverse relation on return on assets.
55.	SchAafer and Talavera (2007)	Examined the impact of foreign banks entry on domestic banks' profitability in a transition economy.	Ukraine	Secondary data of 160 banks during 2003-2005. Used dynamic panel data estimator.	Banks' profitability is associated with foreign banks' presence. They also showed evidence that foreign banks' entry in Ukraine decreased the performance of domestic banks.

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
56.	Wu, Chen and Lin (2007)	Examined the effect of foreign bank entry on the operational performance of commercial banks in the Chinese transitional economy	China	Pooled cross-section and time series data with a sample comprising 14 Chinese banks and the period 1996-2004. Both fixed effects and random effects models	The return on assets (ROA) for those Chinese banks that have foreign shareholders is, on average, lower than the ROA for banks that do not have foreign shareholders
57.	Agénor, (2001) in Harvey et. al (2011); Classeans, (2006)	Investigates CB activities through capital flows.		Secondary data	revealed that the effects of CB on capital flows are found to be positive and favorable as international financial integration allows for greater international specialization and diversification
58.	Denizer (2000) in Schmautzer (2006)	investigates foreign bank entry in Turkey's banking sector	Turkey	Secondary data	It was revealed that the net interest margin, overhead expenses and returns on assets are related to foreign ownership.
59.	DeYoung & Nolle, (1996); Chang, Hasan &Hunter, (1998) in Claessens (2006).			Secondary data.	Foreign banks' international activities are not more profitable.

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
60.	Uiboupin (2004)	Examined the effects of foreign (cross border) banks entry on bank performance	Central and Eastern European (CEE) countries	Used annual financial data from 1995 to 2001 of ten (10) countries from CEE. Employed OLS	Foreign banks entry negatively affects domestic banks' revenues from interest-earning assets, non-interest income, and profitability. Increases competition in the host country.
61.	Altunbas and Ibanez (2004)	Examined the performance effect of cross-border mergers and acquisitions in European banks.	European Union	Secondary data between 1992 and 2001. Used descriptive statistics and hierarchical regression analysis.	On average, bank mergers in the European Union resulted in improved return on capital.
62.	Berger, Dai, Ongena and Smith (2003)	Explored bank nationality.	European banks	Secondary data were used. The analysis was done using econometric model.	Banks headquartered in the home nation are preferred and this in turn has effect on profit and coverage.
63.	Clarke, Cull, Peria & Sanchez (2003)	Foreign bank entry and efficiency		Secondary data.	Efficiency benefits for developing countries are self evident compared to the foreign entry. foreign banks do more than merely follow their domestic client abroad.
64.	Amihud, DeLong and Saunders (2002)	Examined the effects of cross-border bank mergers on bank systematic risk and bank value (abnormal stock returns).	Europe	Focused on 214 mergers between 1985 and 1998. Secondary data from DataStream. Employed the OLS regression technique	They found that overall; the acquirers' risk neither increases nor decreases by going cross-border.

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
65.	Crystal, Dages and Linda (2002)	Whether the entry of foreign banks in Latin America led to sound domestic banks between 1995 and 2000	Latin American	Using descriptive and graphical expressions.	That local banks acquired by foreign shareholders fared only marginally better than those that remained domestic.
66.	Focarelli and Pozzolo (1999); Goldberg (2002)	Effect of foreign bank entry on the economy.	European countries	Secondary data. Using regression analysis.	Foreign bank entry is beneficial for host countries' economies. Foreign banks help to increase the amount of credit available and improve the efficiency of local banks, thus reducing interest margin, as new entrants charge lower interest to gain market share.
67.	Lee (2002)	Impacts of financial liberalization and foreign bank entry on competitiveness and soundness of domestic banking system	Middle East and North Africa	Time series of 1760 total banking observations over the period of 1993 to 2000. Using graphical and inferential statistics	Financial liberalization, accelerated by foreign bank entry and privatization of domestic state-owned banks, contributes to net profitability and better capitalization for domestic banks.
68.	Berger et al (2001)	foreign banks entry and insider dealings		Secondary data	Insider lending is reduced due to better screening of borrowers.
69.	Hermes and Lensink (2001)	The impact of foreign bank entry on domestic banking markets of less developed countries (LDCs)	LDCs	Macroeconomic data of twenty-seven (27) LDCs from 1990-1996 periods. Non-linear relationship model	Foreign entry improves the functioning of national banking markets through increased market competition and improved efficiency of domestic banks.

S/N	Author (s)	Objective(s)	Country/ Region	Methodology	Major finding(s)
70.	Berger, DeYoung, Genay and Udell (2000)	Evaluated the globalization of financial institutions drawing clue from cross-border banking performance and efficiency.	France, Germany, Spain, U.K., and the U.S.	Used secondary data from 1991 to 1999. Employed descriptive and inferential statistics.	The domestic banks in the sampled countries have both higher cost efficiency and higher profit efficiency than foreign cross-border banks operating in that country
71.	Goldberg et al (2000)	role of foreign banks in determining the health of domestic financial systems	Argentina and Mexico	Secondary data	They found out that health of banks, and not ownership, is the critical determinant in growth, volatility and cyclicality of bank credit. Though diversity in ownership tends to contribute to greater stability of credit in times of crisis and domestic financial system weakness.
72.	Hasan et al (2000)	Examined cross-border performance in European banking	Europe	1993 data of 10 European banking industries. Using descriptive and inferential statistics	Their results indicate that adverse (advantageous) environmental conditions are a positive (negative) factor for the home banking industry
73.	Hasan, Lozano-Viva and Pastor (2000)	CBB and bank performance of banks in Finland	Finland	Theoretical review	Mixed results

CHAPTER THREE
METHODOLOGY

This chapter presents the methods and procedure it employed in carrying out this study. The approaches are presented in the following headings: Research Design, Population, sampling technique, types and sources of data, data analysis plan, analytical framework and Diagnostics test model specification.

3.1 Research Design

The study adopts the ex-post-facto design because the performances of CBB the researcher investigates have already taken place. Thus, the research is termed descriptive as well as an exploratory one given to the fact that the concept of CBB is relatively new in Nigeria. The study covers a 16year period (2001-2016) as mentioned earlier in the scope of the study. Years 2001 to 2008 represent the pre CBB activities, while years 2009 to 2016 captures the post CBB periods where the African continent witnessed a significant increase in CBB. Thus the study specifically examines:

(a). determine if there is significant difference between the performances of Nigeria cross border deposit money banks and their domestic counterparts.

(b) inferences from the pre and post activities of CBB and;

(c) if the cross border activities have a relationship on their profit and stock.

3.2 Population

The population of this study consists of all Deposit Money Banks quoted on the Nigerian Stock Exchange (NSE). As at 2016 they were fourteen (14), though only ten (10) of these banks in Nigeria have embarked in universal banking business. Banks with parent companies not

headquartered in Nigeria are excluded from the sample because the study is focused on indigenous quoted deposit money banks.

3.3 Sample and Sampling Technique

The census method was employed by sampling the entire fourteen (14) quoted DMBs as at year ended 2016. However, only nine (09) of these banks are into the activities that relate to CBB activities, thus, five out of these nine were statistically selected together with five domestic banks. Consequently, for comparative purpose (on the difference), the focus is on ten (10) banks: five (5) that are into CBB activities; another five (5) that are not into CBB(domestic banks) thereby giving a sample of ten (10) banks. This constitutes 77% of the population which is a good representation for generalization on the CBB (headquartered) in Nigeria. While for the overall performance of the banks, (CBB and DB's) the entire quoted deposit money banks were used.

A Justification for the selected ten (10) banks, is attributed to the comparative test which needs an equal sample representation in both categories of the deposit money banks quoted on the NSE. In other words, they were selected both judgmentally and statistically. Judgmentally (this is in line with Ola, 2002) from the population due to the fact that the entire banks used were subject to data availability, more so a close-to-uniformity year of going cross border (2007 and 2008) was considered. Also, the choice of 2009 as post CBB is informed by the fact that aggressive CBB began from 2009 (Lukonga & Chung, 2010). Scientifically, the simple random sampling method was used to further determine the five out of nine (09) CB banks for the comparative study.

Table 3.1 Sampled banks

No.	Name of Bank	Bank type	Year of incorporation	Year of cross-border
1.	Access Bank	CB	1989	2007
2.	Diamond Bank	CB	1990	2008
3.	Skye bank	CB	1989	2007
4.	Guaranty Trust Bank	CB	1996	2007
5.	Zenith bank	CB	1990	2013
6.	Fidelity Bank Plc	Domestic	1988	Nil
7.	Unity Bank Plc	Domestic	2006	Nil
8.	Wema Bank Plc	Domestic	1990	Nil
9.	Sterling Bank Plc	Domestic	1992	Nil
10.	Stanbic IBTC	Domestic	1991	Nil

Source: Researcher's compilation (2017)

3.4 Method of Data Collection/Access to Data

During this research study, secondary data was used. They were gathered from the published bank specific reports as well as their annual reports downloaded from the various official websites as well as share performance history were retrieved from the NSE, the NSE Factbook, CBN publications.

Thus, the hiccup of data challenges or the inaccessibility to data and organisational institutions were brought to a minimum as the researcher mostly made use of internet facilities with exception to a few data.

The choice of secondary data lies in the fact that it is (i) easily accessible (ii) enhances comparability (iii) they are reliable.

3.5 Data Analysis

Descriptive and inferential statistics alongside different graphs are employed in analysing the data collected. The former consists of mean, median, range, standard deviation and Jacque-Bera test. The latter includes the Pearson movement correlation and regression analysis often used to determine the direction, strength, and significance of a bivariate relationship (though also

used for multivariate relationship). Specifically, the Paired sample T-test is used in analyzing research hypotheses one to three (**Ho1** to **Ho3**). The justification for this lies in the fact that the Paired t-test is usually used to determine the prior and post performance of an activity(see Onyuma, Mugo and Karuiya, 2012) also used paired sample t-test (including correlation matrix). This permits the researcher to estimate a population variance from the sample statistics, irrespective of the sample size (Owie, 2013:47). It also checks for changes in behaviour before and after a course of action that is, a pre and post activity in a sample.

Also, correlation matrix(also see Onyuma, Mugo and Karuiya, 2012), multivariate (panel regression)analysis were used to test hypotheses four and five (**Ho4** and **Ho5**) to determine the (positive or negative) significant relationship where such exists between the dependent and independent variables. All these tests were conducted using the Statistical Package for Social Sciences (SPSS) software version 22 and the E-views version 9.

Decision Rule:

Where the probability (p-value) is less than 0.05 (5%) significant level of confidence, we rejected the formulated null hypothesis therefore implying the acceptance of the alternative of a significant difference (this decision rule applies to hypotheses 1-3 for the Paired T-test).

3.6 Regression diagnostics test:

Heteroskedasticity test, normality test, serial correlation test, model specification error test.

3.7 Model Development

The Analytical framework for the study is as presented in the conceptual frameworks. The frameworks are depicted by both the schematic representation of the causal relationship

proposed by the study (earlier in chapter two) and the theoretical analysis for such expectations culminating into the necessary model specifications.

The study adopted the widely used multiple regression model for cross border banking activities. The nature of the variable is dichotomous (dummy) in that banks can either fall between CBB (**1**) or Not CBB (**0**) otherwise (Sanyaolu, Iyoha, & Ojeka, 2017). The multiple regression models require that the outcome falls in one and only one category of a set of contiguous integers and this is the nature of the independent variable for this study. The multiple regression analysis is adopted as the data analysis method.

3.8.1 Rationale for the Model

The models for the study are specified taking cognizance of the nature of the relationship between the dependent and independent variables. They are such that it matches the data type and the investigation purpose which helped in the (new) discoveries of the study.

3.8.2 Justification of Variables

As stated in chapter one of the study, the choice of the dependent and independent variables are due to the fact that performances are mostly defined and measured in terms of profitability and stock price. These measures appear to be good indicators of a going concern which attracts investors to companies, specifically the banking sector.

3.8.3 Model Specification

In respect to hypotheses 4 and 5, the researcher employed a multiple regression equation approach in testing the hypothesized relationship between the cross boarder banking (CBB) and financial/stock performance of Nigeria deposit money banks. To this effect, below are the

following econometric models specified taking cognizance's of the three earlier stated control variables:

Model One:

Bank Profitability = *f* (Cross boarder banking, Size, Leverage, Age)……Equ (3.1)

Where - *Cross boarder banking* (the independent variable) is expected to explain the variations in the dependent variable (Bank Profitability).

Econometrically, the empirical model is represented below:

$BPF = \beta_0 + \beta_1 CBB + \beta_2 SIZE + \beta_3 LEV + \beta_4 AGE + e_t$.....Equ. (3.2)

Where:

β_0 = Intercept

β_1= Parameter to be estimated

BPT = Bank Profitability (Dependent variable) to be proxied using Return on Asset (ROA)

CBB = Cross Boarder Banking activities

SIZE= Size of money deposit bank

LEV = Bank leverage of money deposit bank

AGE = Age of money deposit bank

et = Stochastic error term

Our apriori expectation is: β_1, β2, β3, β4>0 which means that the study expects that an increase in cross boarder banking and each of the controls will lead to an increase in bank profitability.

Model Two:

Stock Performance = *f* (Cross boarder banking, Size, Leverage, Age)……. Equ (3.3)

Where - *Cross boarder banking* (the independent variable) is expected to explain the variations in the dependent variable (Stock Performance).

Econometrically, the empirical model is represented below:

$STP = \Upsilon_0 + \Upsilon_1 CBB + \Upsilon_2 SIZE + \Upsilon_3 LEV + \Upsilon_4 AGE + \mu$.....Equ. (3.4)

Where:

Υ_0 = Intercept

Υ_1= Parameter to be estimated

STP = Stock Performance (Dependent variable) to be proxied using Earnings per Share (EPS)

CBB = Cross Boarder Banking activities

SIZE= Size of money deposit bank

LEV = Bank leverage of money deposit bank

AGE = Age of money deposit bank

μ = Error term

Our apriori expectation is: Υ_1, $\Upsilon 2$, $\Upsilon 3$, $\Upsilon 4>0$ which means that an increase in cross boarder banking and each of the controls most likely leads to an increase in banks' stock performance.

3.9 Variable Measurement

Ratios mostly are used to measure the financial and stock performance of the banks. The main research variables that formed the first three out of the five (5) research hypotheses are defined as follows:

Table 3.2: Operationalization of Variables (for the OLS estimation)

S/N	Variable	Proxy	Type	Measurement	Source
1	Bank Profitability indicator	ROA = Profit after tax scaled by total asset	Dependent	Profit after tax / Total assets	Atrill et al. (2009)
2	Stock Performance	EPS =To be proxied using Earnings Per Share (EPS)	Dependent	Net Profit – Interest – Tax – Preference dividend before extraordinary items / No. of Ordinary shares ranking for dividend	Ilaboya, (2008)
3	Liquidity indicator	Current ratio	Dependent	Current assets / Current liabilities	Ilaboya, (2008)
4	Stock price growth	Price earnings (P/E)	Dependent	Share price / Earnings per share	Allam, Adel & Sameh (2013) in Imobhio& Ndifreke (2015)
	Cross Boarder Banking activities	CBB =A dichotomous (dummy) variable if **1** for each year a bank is engaged in CBB and **0** otherwise	Independent	A dichotomous (dummy) variable if **1** for each year a bank is engaged in CBB and **0** otherwise	Sanyaolu, Iyoha,&Ojeka, (2017)
5	Stock returns	Dividend per share (DPS)		Total ordinary dividend (interim & final) / No. of ordinary shares ranking for dividend	Ilaboya, (2008)
6	Bank Size	SIZE	Control	Natural Log of Total Asset	Dogan (2013)
	Bank Leverage	LEV	Control	Total Debt / Total Assets	Osemwegie-Ero & Eneh, (2016)
	Bank Age	AGE	Control	Current Year **minus** Year of Incorporation	Oribi-kalio (2018)

Source: Researcher's Compilation, 2017.

Table 3.3: Operationalization of Variables (for Paired Sample T-test)

S/N	Variable	Ratio Measurement	Ratio Formula	Source
1	Bank Profitability indicator	ROA = Profit after tax scaled by total asset	$\frac{\text{Profit after tax}}{\text{Total assets}}$	Atrill et al. (2009)
2	Stock Performance	To be proxied using Earnings Per Share (EPS)	$\frac{\text{Net Profit – Interest – Tax – Preference dividend before extraordinary items}}{\text{No. of Ordinary shares ranking for dividend}}$	Ilaboya, (2008)
3	Liquidity indicator	Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	Ilaboya, (2008)
4	Stock price growth	Price earnings (P/E)	$\frac{\text{Share price}}{\text{Earnings per share}}$	Allam, Adel & Sameh (2013) in Imobhio& Ndifreke (2015)
5	Stock returns	Dividend per share (DPS)	$\frac{\text{Total ordinary dividend (interim \& final)}}{\text{No. of ordinary shares ranking for dividend}}$	Ilaboya, (2008)
6	Cross Boarder Banking activities	A dichotomous (dummy) variable if **1** for each year a bank is engaged in CBB and **0** otherwise	A dichotomous (dummy) variable if **1** for each year a bank is engaged in CBB and **0** otherwise	Sanyaolu, Iyoha,&Ojeka, (2017)

Source: Researcher's Compilation, 2017.

Table 3.4: Control Variable Measurements

S/N	Variable	Measurement	Source
1	Bank Size	Natural Log of Total Asset	Dogan (2013)
2	Bank Leverage	Total Debt / Total Assets	Osemwegie-Ero & Eneh, (2016)
3	Bank Age	Current Year **minus** Year of Incorporation	Oribi-kalio (2018)

Source: Researcher's Compilation, 2017.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSES

This section presents the analysis and interpretation of data gathered from the annual financial statements of the (sampled) banks (see appendix for data). Two broad objectives underpins the entire analyses (i) to find out if there are significant differences between the performances (profit, share price and liquidity) of Nigeria Cross-border and domestic banks; and (ii) to examine if cross-border banks activities have a relationship (effect) on their profit and stock performance. In achieving these two core objectives, the study employed comparative analysis via the paired sample t-test (using SPSS 22) and panel regression (using Eviews 9) analysis respectively. The descriptive statistics of the study area are shown in Table 4.1.the input are depicted in Appendix II.

Table 4.1 Descriptive Statistics of the variables for CBBs and DBs (2001 – 2016)

		ROA	EPS	CR	P/E	DPS	SP
CB BANKS	**Mean**	0.038720	1.077423	1.397584	17.14524	0.445454	9.444750
	Maximum	0.811681	4.670000	5.712000	225.0000	2.000032	46.09000
	Minimum	-0.352478	-2.9900	0.109000	-60.000	0.000000	0.500000
	Std. Dev.	0.127809	1.304259	0.836091	32.64550	0.543656	8.749026
	Skewness	3.292559	0.419423	2.640495	3.585471	1.416414	1.557512
	Kurtosis	21.02128	3.750461	12.33606	22.64999	4.160696	5.905154
	Jarque-Bera	1227.101	4.222852	383.5030	1458.482	31.24044	60.47765
	Probability	0.000000	0.121065	0.000000	0.000000	0.000000	0.000000
	Observations	80	80	80	80	80	80
DOMESTIC BANKS	**Mean**	0.017442	0.305530	1.253487	12.45289	0.177683	3.407750
	Maximum	0.226040	2.930000	3.507000	177.0624	1.291200	27.00000
	Minimum	-0.064252	-2.44000	0.000000	-4.848485	0.000000	0.000000
	Std. Dev.	0.038423	0.645078	0.614314	22.95332	0.246274	5.127112
	Skewness	2.249474	0.592741	1.020747	5.113084	2.126229	2.571271
	Kurtosis	13.97717	10.44879	6.239232	35.06310	8.362328	9.735612
	Jarque-Bera	469.1292	189.6326	48.86773	3775.390	156.1265	239.3807
	Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
	Observations	80	80	80	80	80	80

Source: Researchers Computation via Eviews 9, 2018

Where: ROA= Return on assets; EPS= Earnings per share; CR= Current ratio; P/E= Price earnings; DPS= Dividend per share; SP= Share price.

The descriptive statistics of the variables earmarked for the comparative tests are presented in Table 4.1. The table summarizes the sixteen (16) years descriptive characteristics of the variables encompassing profitability, liquidity, and stock performance indicators. As shown, the entire profitability, liquidity and stock performance variables of the cross-border banks (CBB) showed higher mean values when compared to those of the domestic banks. Specifically, the average of share price of the five CB banks in the sixteen year period stood at N9.45k, while that of the five domestic banks cumulatively stood at N3.41k. In terms of profitability, as represented by the return on assets, the CB banks have a mean value of 0.0387 while that of the domestic banks is 0.017 on average. The average liquidity indicator value, represented by current ratio, of the CB banks (1.398) slightly edged that of the domestic banks at 1.253. The trend continues in the remaining stock performance variables (i.e. EPS, P/E and DPS).

However, despite the observed differences in the mean values, which further tests will ascertain whether or not they are significant, all the standard deviation values are considerably low and exhibits significant clustering around the mean values. Also, all the mean values for the sixteen year-periods were positively skewed showing that the profitability, liquidity and stock returns during the period are tailed to the right side.

Flowing from the above, our descriptive statistics results on profitability agrees with findings of Zhan (2014)who found that banks that were involved in cross-border bank (M&As) were more profitable; Osamor, Akinlabi and Osamor (2013)also found that cross-border activates have positive effects on the profitability of banks; Ghosh (2012) discovered the presence of foreign banks boosts the profitability. While SchAafer and Talavera (2007) findings

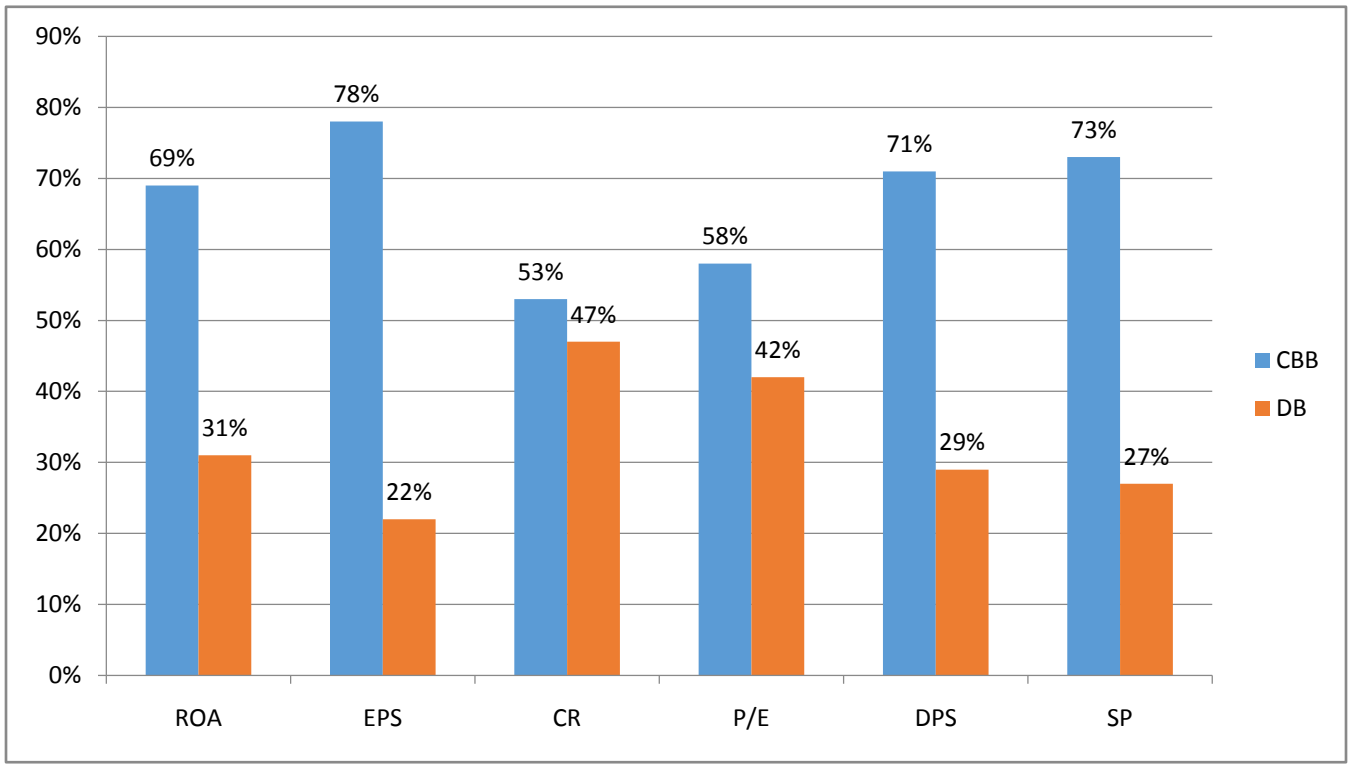
is that banks' profitability is associated with foreign banks' presence. They also showed evidence that foreign banks' entry in Ukraine decreased the performance of domestic banks.

On liquidity, the works of Serbes (2014) concurs with our results findings. In his study, he found that the cross-border (M&As) banks may improve liquidity and net interest margins of target banks. While the outcomes of De Haas (2014)countered the descriptive statistics results on share price. His findings revels that the stock performance of stand-alone domestic banks may not be out-performed by their counterparts who go international or cross border.

Furthermore on the kurtosis, the kurtosis coefficients (of both CB and domestic banks) which is a measures of thickness of the tails of the distribution were all greater than the benchmark value of '3' and are considered to be very high which indicates that there is a of massive deviation from normality. According to Engle and Patton (2001), kurtosis values ranging from 4 to 50 are considered to be very extreme deviation from normality. Therefore, only the kurtosis coefficient of EPS in CB banks (with a value of 3.75) appears to be normally distributed.

Further, it was also observed that the Jarque-Bera test results of all the variables in both CB and domestic bank showed high values (except for EPS in CB bank with a value of 4.22 and a corresponding probability value of 0.12) which are an indication of significant departure from normality. These can be attributed to the small nature of the sample observation (i.e. 80) considering the limited number of CB banks which was equally matched with same number of domestic banks. However, according to the Central Limit Theorem as cited in Ghasem and Zahediasl (2012), with large enough sample sizes (> 30 or 40), the violation of the normality assumption poses no major problem in panel data analysis.

Figure 1: Overall Performance of Cross-border (CB) and Domestic banks (2001 – 2016)



Source: Researchers Computation via Excel (2018)

Where: CBB= Cross-border banks; DB= Domestic banks (the acronyms representing each of the variables remained the same as in table 4.1)

Figure 1 shows the graphical representation of the entire variables as depicted in table 4.1. Here, the mean values were converted to percentages in order to have an overview of the differences between the performance of the two categorized form of banks (CBBs and DBs). As shown, there were observable higher performance in all the variables in favour of the CB banks. Howbeit, the differences appear not to be much with respect to Price earnings (P/E) and current ratios (CR). The widest observable margin is on earnings per share (EPS) and share price (SP) which are both proxies for stock performance.

Table 4.2 Paired Sample *t*-tests of CB vs DB performance variables

	Performance Variables (CBBs vs DBs)	Mean	Std. Deviation	Std. Error Mean	T	Df	Sig. (2-tailed)	Decision
Pair 1	Cross-Border Bank ROA – Domestic Bank ROA	0.0213	0.1326	0.0148	1.436	79	0.155	**n.s.**
Pair 2	Cross-Border Bank EPS – Domestic Bank EPS	0.7719	1.4404	0.1610	4.793	79	0.000	**sig.**
Pair 3	Cross-Border Bank P/E – Domestic Bank P/E	4.7380	40.360	4.5120	1.050	79	0.297	**n.s.**
Pair 4	Cross-Border Bank DPS – Domestic Bank DPS	0.2678	0.5760	0.0644	4.158	79	0.000	**sig.**
Pair 5	Cross-Border Bank SP – Domestic Bank SP	6.0370	9.7746	1.0928	5.524	79	0.000	**sig.**
Pair 6	Cross-Border Bank CR – Domestic Bank CR	0.1194	1.2043	0.1346	.886	79	0.378	**n.s.**

Source: Researchers Computation via SPSS version 22 (2018)

Where:

n.s. = Not statistically significant at 5% level of confidence

sig. = Statistically significant at 5% level of confidence

The Table 4.2 displayed the paired-sample t-test of the CB and DB performance variables. Based on the content of table 4.2, the financial performance (proxied using ROA), liquidity and price earnings of CB banks and that of their counterparts (domestic banks) do not differ significantly; while those relating to stock performance (EPS, DPS and SP) differs significantly among the two groups.

Table 4.3 Pre and Post Descriptive Statistics of the CBBs variables

		ROA	EPS	P/E	DPS	SP	CR
Before (PRE)	**Mean**	0.017366	0.655463	8.789580	0.178152	8.373250	1.233429
Cross-border	**Maximum**	0.049967	3.830000	81.66667	0.712318	46.09000	1.446477
(2001-2008)	**Minimum**	-0.03402	-1.03000	-29.23077	0.000000	0.500000	0.608000
	Std. Dev.	0.017320	0.866756	18.27649	0.235033	9.884485	0.139702
	Skewness	-0.571765	1.368549	2.790992	1.039013	2.080875	-2.081862
	Kurtosis	3.842015	5.797916	12.75400	2.722286	7.395399	11.13467
	Jarque-Bera	3.361082	25.53340	210.4985	7.325530	61.06616	139.1825
	Probability	0.186273	0.000003	0.000000	0.025661	0.000000	0.000000
	Observations	40	40	40	40	40	40
After (POST)	**Mean**	0.060075	1.499383	25.50091	0.712755	10.51625	1.561739
Cross-border	**Maximum**	0.811681	4.670000	225.0000	2.000032	26.75000	5.712000
(2009-2016)	**Minimum**	-0.352478	-2.99000	-60.0000	0.000000	0.500000	0.109000
	Std. Dev.	0.178477	1.526206	41.00658	0.629998	7.415894	1.158114
	Skewness	2.105366	-0.286127	2.944741	0.691940	0.627235	1.604719
	Kurtosis	10.23132	3.467455	15.62572	2.254215	2.287966	5.822952
	Jarque-Bera	116.7038	0.909982	323.4913	4.118863	3.467811	30.44925
	Probability	0.000000	0.634454	0.000000	0.127526	0.176593	0.000000
	Observations	40	40	40	40	40	40

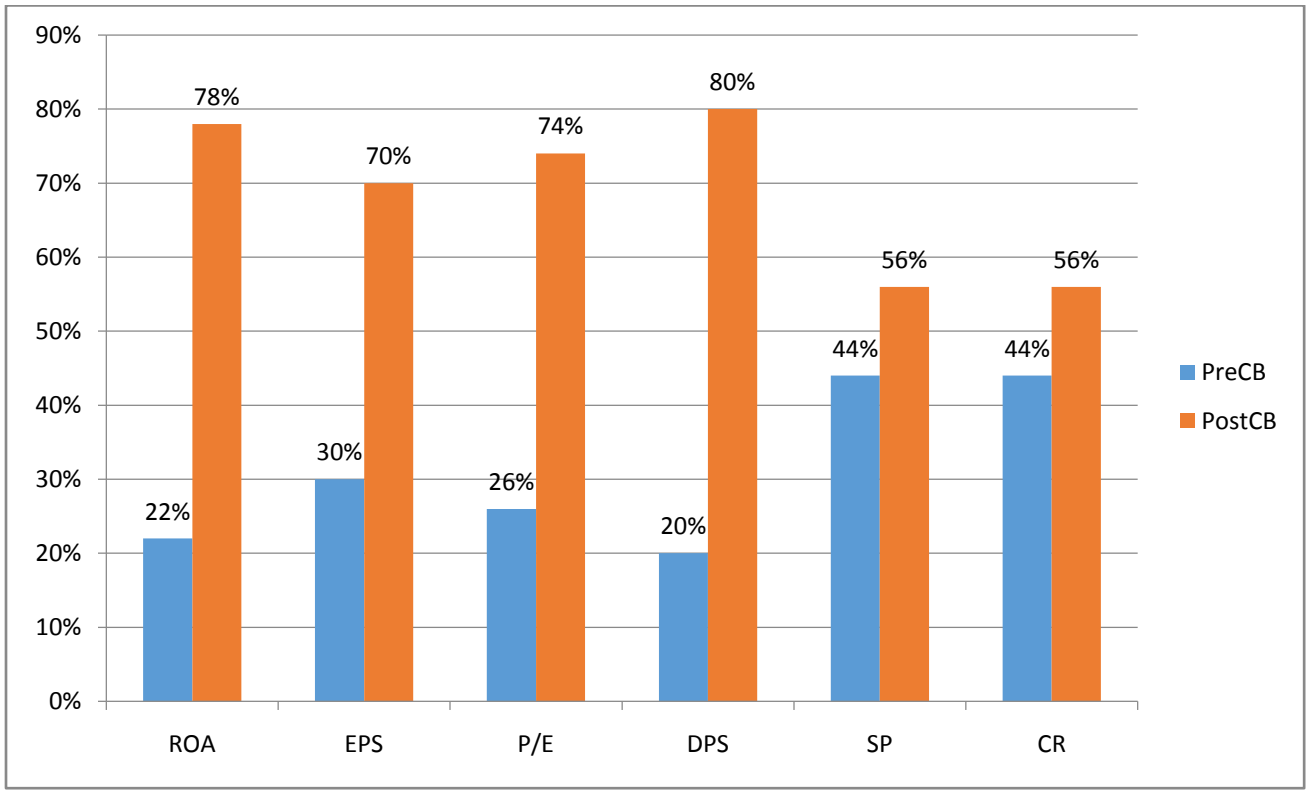
Source: Researchers Computation via Eviews 9, 2018

The Table 4.3 revealed the pre and post descriptive Statistics of the CBBs variables. And, figure 2 displayed the overall performance of CB banks on a pre and post CB basis. In Table 4.3, the study deployed the descriptive statistics in order to observe the changes that occurred in the performance variables of the cross-border banks before and after engaging in cross-border banking. Hence, only the information of the CBBs was used in computing the table. To that effect, year 2001 to 2008 was taken as the pre-CB period; while 2009 to the latest year of the study (2016) was considered as the post-CB period in line with previous studies (see Lukonga & Chung, 2010).

As shown in the table, there were observable increases in each of the performance (profitability, stock and liquidity) variables in the post-CB eras. This suggests that, on average, majority of the banks that engaged in cross-border activities were better-off profit-wise since after engaging in cross-border activities. However, further tests will be deployed to ascertain if the observed increases could be attributed to the engagement in cross-border activities. On the condition of the data sets in terms of its normality, the Jarque Bera values of ROA (on Pre-CB), EPS, DPS and SP (on Post-CB) were largely small with the corresponding probability values all greater than 5% meaning that the indexes of the aforementioned variables significantly aligned to normality. This can also be observed by the corresponding skewness and kurtosis coefficient values which did

not disperse much from the benchmark of 0 and 3 respectively. However, the remaining variables did not achieve normality owing to their large Jarque Bera values but poses no major problem based on the Central Limit Theorem – in relation to the sample size of just 40 observations.

Figure 2: Overall Performance of Cross-border (CB) banks on a Pre and Post CB basis



Source: Researchers Computation via Excel (2018)

Where: Pre CB = Before engaging in cross-border banking activities; Post CB = After engaging in cross-border banking activities; (the variables represented by the acronyms remains ditto as in table 4.3)

In Figure 2, the graphical representation of the pre and post-CB performance of the cross-border banks is presented. The figure is basically the conversion of the respective mean values of each of the variables in table 4.3 into percentages in order to have an overview of the degree of changes in the performance of the cross-border banks since after the banks' engagements in cross-border activities. As shown, there are observable improved performance in all the variables during the post-CB era. However, the margin of the increases varies among the individual variables. For example, the changes in the share prices (SP) and current ratio (CR) in the post-CB era appears not to disperse much from what is was in the pre-CB period. The widest margin

of changes can be observed in return on assets (ROA) and dividend per share (DPS). This suggests that majority of the CB banks had observable increases in ROA and DPS in the post-CB banking activities era.

Table 4.4 Paired Sample *t*-tests of pre and post CB banks

	Performance Variables (CBBs vs DBs)	Mean	Std. Deviation	Std. Error Mean	T	Df	Sig. (2-tailed)	Decision
Pair 1	ROA (Pre Cross-border) vs ROA (Post Cross-border)	0.0427	0.1796	0.0284	1.50	39	0.141	**n.s.**
Pair 2	EPS (Pre Cross-border) vs EPS (Post Cross-border)	-0.8439	1.3114	0.2074	-4.07	39	0.000	**sig.**
Pair 3	P/E (Pre Cross-border) vs EPS (Post Cross-border)	16.750	34.313	5.425	3.09	39	0.004	**sig.**
Pair 4	DPS (Pre Cross-border) vs DPS (Post Cross-border)	-0.5346	0.4939	0.0781	-6.85	39	0.000	**sig.**
Pair 5	SP (Pre Cross-border) vs SP (Post Cross-border)	-2.1430	10.862	1.7175	-1.25	39	0.220	**n.s.**
Pair 6	CR (Pre Cross-border) vs CR (Post Cross-border)	0.2951	1.2627	0.1997	1.48	39	0.147	**n.s.**

Source: Researchers Computation via SPSS version 22 (2018)

Where:

n.s. = Not statistically significant at 5% level of confidence

sig. = Statistically significant at 5% level of confidence

The Table 4.4 displayed the Paired Sample *t*-tests of pre and post CB banks performance variables. As a follow-up to table 4.3, the study determined to ascertain whether or not the changes that occurred in each of the performance variables (before and after CBB) was statistically significant. To that effect, the pre and post mean values of each of the variable was subjected to a paired sample t-test. The outcome, as summarized in table 4.4, shows that only the changes in EPS, P/E and DPS (all stock performance variables) among the CB banks differs significantly on the pre and post CBB basis. This suggests that the profitability and liquidity of

CB banks did not differ significantly after going cross-border, save for stock performance variables.

4.2 Inferential Statistics

In order to address the second specific objective of the study, this sub-section provides the assessment of the Pearson movement correlation and ordinary least squares which lead to the testing of hypotheses four and five of the study. The onus is to explain the behavior of cross-border banking (CBB) and its individual impact on financial and stock performance (proxied here using ROA and EPS respectively) of quoted deposit money banks in Nigeria. To this extent, the study developed two (2) regression models using CBB (dummy variable: see the works of Sanyaolu, Iyoha,&Ojeka,2017) as independent variable in both models. Both models also have bank size, leverage and bank age as controlling variables in a panel data comprising 208 observations in a sixteen-year period, 2001 to 2016. The analyses of the correlation and regression outputs are presented in the following table 4.5.

Table 4.5 Correlation Analysis

-Correlation
-Probability (Sig) 2 Tailed

	Model 1**: (PAT) Financial Performance (2001 -2016) 208 Observations**					Model 2: **(EPS) Stock Performance (2001 -2016) 208 Observations**					
	PAT	**CBB**	**SIZE**	**LEV**	**AGE**		**EPS**	**CBB**	**SIZE**	**LEV**	**AGE**
PAT	1.000					**EPS**	1.000				
(Sig)	-----					(Sig)	-----				
CBB	0.256	1.000				**CBB**	0.215	1.000			
(Sig)	0.00**	-----				(Sig)	0.00**	-----			
SIZE	0.317	0.585	1.000			**SIZE**	0.385	0.536	1.000		
(Sig)	0.00**	0.00**	-----			(Sig)	0.00**	0.00**	-----		
LEV	-0.024	0.210	0.255	1.000		**LEV**	0.136	0.210	0.237	1.000	
(Sig)	0.732	0.00**	0.00**	-----		(Sig)	0.05*	0.00**	0.00**	-----	
AGE	0.089	0.445	0.506	0.141	1.000	**AGE**	0.075	0.447	0.444	0.141	1.000
(Sig)	0.202	0.00**	0.00**	0.04*	-----	(Sig)	0.278	0.00**	0.00**	0.04*	-----

Source: Researchers Compilations via Eviews 9 (2018)
**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table 4.5 presents the correlation analysis of variables from both models. As observed from the result of *model one*, a strong positive correlation exists between the dependent variable

(PAT) and the independent variable, CBB, (r=0.256). This implies that CBB (engagement in cross-border banking) and financial performance (PAT) moves in the same direction, an increase in one will most likely lead to an increase in the other. Among the three control variables, only SIZE has a strong association with PAT, the other two control variables (LEV and AGE) have weak negative and positive correlation respectively. Also, on the inter-associations among the explanatory variables, CBB is observed to be strongly and positively associated with SIZE, LEV and AGE. This suggests that CB activities or the engagement in CB is strongly associated with larger (SIZE), older (AGE) and highly levered (LEV) banks.

On the correlation matrix of *model two*, which is a replica of *model one* except for the dependent variable – EPS (proxy for stock performance), all the explanatory variables showed positive association with EPS. Specifically, CBB showed strong positive association with EPS at r=0.215 and p-value 0.0001. What this suggests is that CBB and EPS move simultaneously in the same direction. Thus, an increase in CBB will most likely trigger a significant corresponding increase in EPS. As in the outcome of model one, CBB also has positive association with all the three control variables at 1% levels. It was observed from the table that there is no high-correlation among the variables which would have raised the issue of a possible multicollinearity problem among the series. The highest correlation coefficient in the output is 0.585 (i.e. CBB and SIZE). Hair, Black, Babin and Anderson (2010) suggest that multicollinearity problem is likely present when and if the correlation coefficient is above 0.90 (this shows the absence of such a problem).

Table 4.6 Variance Inflation Factors (VIF) tests

Model 1 Variable	Coefficient Variance	Uncentered VIF	Centered VIF	**Model 2** Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	2.586269	380.7889	NA	C	3.750606	380.7889	NA
CBB	0.044133	2.874101	1.602864	CBB	0.064002	2.874101	1.602864
SIZE	0.007473	442.3858	1.759898	SIZE	0.010838	442.3858	1.759898
LEV	0.045055	4.159469	1.076162	LEV	0.065338	4.159469	1.076162
AGE	7.87E-05	8.842964	1.410510	AGE	0.000114	8.842964	1.410510

Source: Eviews 9 (2018)

In spite of an indication of the unlikeliness of multicollinearity problem owing to the low correlation (r) values evident in table 4.5, a further test was performed, the Variance Inflation Factors (VIF) test for multicollinearity to confirm the assumption. As observed from the table 4.6, all the VIF values are very close to the value of '1' and far below the benchmark of 10. This connotes the indication of an absence of multicollinearity among the variables.

4.2.1 Multivariate Analyses

This sub-section presents the regression results conducted using Eviews 9 econometrics computer software. The panel data estimation procedure was employed in both models due to the combination of cross-sectional and time-series nature of the data. The Pooled OLS, Fixed Effect and Random Effect techniques were all estimated in order to provide a comprehensive overview of the results. However, only the Fixed Effect and the Random Effect was presented due to the fact that they recognize the heterogeneity or individuality that may exist among the sampled companies while the Pooled OLS does not. However, in order to make the decision on the choice of the model to adopt, the Hausman test was thus employed to help determine the most appropriate model between fixed and random effect models.

Table 4.7 Hausman Tests

Model One:	**Financial Performance**		
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.228578	4	0.5203

Model Two:	**Stock Performance**		
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	8.961064	4	0.0621

Source: Researchers Compilation via Eviews 9 Output (2018)

The two (2) Hausman test results in table 4.7 were performed on the panel data to determine the most desirable model between Fixed Effects and Random Effects. The following hypothesis applies:

H_O: Random Effect Model is consistent

H_1: Fixed Effect Model is consistent

Decision Rule: If p-value is less than 5 percent we can accept alternative hypothesis that fixed effect is consistent.

Based on the outcome of the results, the probability value of each of the results exceeded the critical p-value of 5 percent, which confirms the appropriateness of the random effect model in capturing the relationships among the panels.

Table 4.8 Panel Regression Results of Model One

Dependent Variable: PAT

Periods included: 16 (2001–2016)

Cross-sections included: 13

Total panel (balanced) observations: 208

	FIXED EFFECT				**RANDOM EFFECT**[1]		
Variables	**Coefficient**	**t-Statistic**	**Prob.**	**Variables**	**Coefficient**	**t-Statistic**	**Prob.**
C	6.329359	3.834608	0.0002	C	7.024400	3.985910	0.0001
CBB	0.419815	1.845053	0.0666*	CBB	0.495401	1.835228	0.0679*
SIZE	0.467938	4.471024	0.0000***	SIZE	0.453089	4.565739	0.0000***
LEV	-0.242501	-1.085346	0.2791	LEV	-0.035662	-0.170063	0.8651
AGE	0.016254	0.618050	0.5373	AGE	0.008260	0.484289	0.6287
R^2			0.632	**R^2**			0.281
Adjusted R^2			0.601	**Adjusted R^2**			0.266
F-stat (p-value)			20.5(0.00)	**F-stat (p-value)**			19.8(0.00)
Durbin Watson			1.156	**Durbin Watson**			1.76

Source: Researcher's Computation via EViews 9 (2018) [1]*The most desirable model*

*** Significant at the 0.01 level. ** Significant at the 0.05 level. *Significant at the 0.1 level.

From table 4.8, the statistical significance of the model is assured at the 5% level owing to the f-statistic value (19.8) of the random effect model. On the percentage of the variation in financial profitability (proxied using PAT) that was accounted for by the independent (CBB) and controlling variables taken together, the result showed a total of 28.1%. The adjusted R-squared - which controls for the effect of the inclusion of successive explanatory variables on the degrees of freedom stood at 26.6%. This implies that the remaining proportion of about 73.4% was not captured by the model and has been taken care of by the error term.

A look at the slope coefficients of the explanatory variables shows the existence of a positive relationship between cross-border banking (CBB) and financial performance (PAT). Similarly, two among the control variables (SIZE and AGE) are also positively related to financial performance (PAT). On the other hand, the control variable of leverage (LEV) has negative relationship with profit after tax (PAT). These coefficients signs appeared same on both models, and also did not differ in term of significance levels. On the level of significance, it could be observed that LEV and AGE failed the significance test at all levels, while SIZE passed the significance test at 1% level of confidence. On the variable of CBB, the probability value of 0.0679 is greater than 0.05 but can be considered significant at 10% since the probability (p-value) is less than 0.1 as obtainable in applied statistics and used in most previous studies (see Al-Daoud, Ismail & Lode, 2014). What this implies is that a percent increase in CBB will lead to about 49.5% increase on PAT (financial profitability). Also, the Durbin-Watson statistic value of 1.76 suggests that stochastic dependence between successive units of the error term (autocorrelation) is not inherent among the series

Table 4.9Panel Regression Results of Model Two

Dependent Variable: EPS

Periods included: 16 (2001–2016)

Cross-sections included: 13

Total panel (balanced) observations: 208

	FIXED EFFECT				**RANDOM EFFECT**[1]		
Variables	**Coefficient**	**t-Statistic**	**Prob.**	**Variables**	**Coefficient**	**t-Statistic**	**Prob.**
C	-4.258327	-1.612978	0.1084	C	-6.954480	-3.448887	0.0007
CBB	0.161063	0.402399	0.6878	CBB	0.147691	0.523982	0.6009
SIZE	0.213422	1.309211	0.1920	SIZE	0.393719	3.594692	0.0004***
LEV	0.284396	0.872719	0.3839	LEV	-0.273267	-1.070043	0.2859
AGE	0.018785	0.454844	0.6497	AGE	0.016675	1.291759	0.1979
R^2			0.241	**R^2**			0.114
Adjusted R^2			0.177	**Adjusted R^2**			0.097
F-stat (p-value)			3.79(0.00)	**F-stat (p-value)**			6.53(0.00)
Durbin Watson			2.632	**Durbin Watson**			2.421

Source: Researcher's Computation via E-views 9 (2018) [1]*The most desirable model*

*** Significant at the 0.01 level.

The regression result of model two is presented in table 4.9. Although both the fixed and random effect outputs are presented, the outcome of the Hausman test (from table 4.7) suggests that the random effect model is most appropriate for the estimation. Hence, as observed from the random effect model output, the coefficient of determination showed that the model has a fairly low explanatory power at 11.4 (11.4%). This goes to show that the included explanatory variables, taken together, accounted for only about eleven percent of systematic variations in the dependent variable (EPS). Further, the F-statistic value (6.53) also passes the 5% significance

test which shows that a strong linear relationship exists between the dependent variable and explanatory variables put together. The Durbin-Watson value of 2.42 is still within the acceptable range indicating the absence of serial auto-correction in the model.

On the coefficient signs and values which determine the direction and contribution of each explanatory variable to the behaviour of earnings per share (EPS) for the period studied, it can be observed from table 4.9 that the coefficients of CBB, SIZE and AGE have positive coefficient signs. However, only the variable of SIZE passed the significance test at 1% level of confidence; while CBB and AGE are not statistically significant. What this implies is that a unit increase in CBB will most likely lead to an insignificant 0.114 increases in EPS. On the other hand, the variable of leverage (LEV) has a negative sign and equally not significant at all levels. Based on the outcome of the model, only the variable of SIZE significantly affects EPS, while CBB can cause a positive effect on earnings per share (EPS) in line with the apriori expectation, but not significantly.

4.3 TEST OF HYPOTHESES

In order to answer the research questions raised in the study, the five (5) formulated hypotheses were tested in this sub-section. For the comparative test, the cumulative mean values of each variable (profitability, stock performance and liquidity) in the two groups (Cross-border banks vs Domestic banks) were computed and subjected to paired sample t-test in order to ascertain if their differences differ significantly in terms of cross-border and (versus) non-cross border. On the other hand, in order to ascertain whether or not cross-border banking (CBB) is a significant determinant of bank profitability and stock performance, the OLS estimation technique was employed. On that, the paired sample t-test was employed in testing hypotheses one (Ho1), two (Ho2), and three (Ho3), while the calculated t-statistics from the regression results in table 4.8

and 4.9 were used in testing hypotheses four (Ho4) and five (Ho5). The decision rules are given below.

- **Decision Rule (Paired Sample T-test):**

If p-value (Sig.) is less than 0.05, we reject the null hypothesis and accept the alternative- meaning that the particular performance variable of both groups (CB banks and Domestic banks) do in fact differ significantly; or the null hypotheses that they do not differ would be rejected.

- **Decision Rule (Panel regression estimation):**

The null hypothesis will be rejected if the calculated t-statistic is greater than the t-critical value, otherwise the null shall be accepted and the alternative rejected. The t-critical value is 1.67 at 79 degree of freedom at 0.05 (5%) level of significance under the 2-tailed test.

Table 4.10a Summary of Hypotheses Testing (Paired Sample T-Test)

		Variables (CBBs vs DBs)	T	Df	Sig. (2-tailed)	Decision
Ho1	Pair 1	Profitability (Cross-border vs Domestic banks)	1.50	79	0.141	**Accept null**
Ho2	Pair 2	Stock Performance (Cross-border vs Domestic banks)	-4.07	79	0.000**	**Reject null**
Ho3	Pair 3	Liquidity (Cross-border vs Domestic banks)	1.48	79	0.147	**Accept null**

Source: Researchers Compilation via SPSS version 22 output (2018)

**.Significant at 1% (99%) level of confidence

Hypothesis One:

Ho1: There is no significant difference in the profitability of cross border deposit money banks and their domestic counterparts.

As shown in table 410a, the p-value of profitability has a value of 0.141 which is greater than 0.05 under the 2-tailed test. Based on the decision rule, we do not have enough evidence to reject

the null hypothesis. This implies that bank profitability (measured as return on assets) of CB banks and domestic banks do not differ significantly within the periods covered by the study.

Hypothesis Two

Ho2: There is no significant difference in the stock price performance of Cross Border Deposit Money Banks and their domestic counterparts.

As shown in table 4.10a, the p-value of stock performance has a value of 0.000 which is lesser than 0.05 under the 2-tailed test. Based on that, we have enough evidence to reject the null hypothesis which states that stock performance of CB banks and domestic banks does not differ significantly. Thus, the null hypothesis in hereby, rejected.

Hypothesis Three

Ho3: There is no significant difference in the liquidity of Nigeria Cross Border Deposit Money Banks and their domestic counterparts across Africa.

From table 4.10a, the p-value of liquidity has a value of 0.147 which is greater than 0.05 under the 2-tailed test. As a result of the decision rule, we do not have enough evidence to reject the null hypothesis that liquidity indicator of cross-border and domestic banks do not differ significantly; thus the null hypothesis in hereby accepted. This implies that there is no significant difference between the liquidity indicator ratios of cross-border banks when compared to that of the domestic banks within the period covered by this study,

Table 4.10b Summary of Hypotheses Testing (Panel Regression)

	Dependent Variable(s)	**Independent Variable**	**t-statistics**	**p-value (Sig.)**	**Significant or not**	**Decision**
Ho4	Bank Profitability (PAT)	Cross-border banking (CBB)	1.835228	0.0679*	Sig	Reject null
Ho5	Stock Performance (EPS)	Cross-border banking (CBB)	0.523982	0.6009	NSig	Accept null

Source: Researcher's Compilation via Eviews version 9 output (2018)

*Significant at 10% (90%) level of confidence

Hypothesis Four

Ho4: There is no significant relationship between Cross border banking (CBB) activities and profitability performance of Deposit Money banks in Nigeria.

It was observed from table 4.10b that CBB with a calculated t-value of 1.835 which is greater than the critical t-value of 1.67 at 5% level of significance under the two-tailed test. Hence, we can reject the null hypothesis and accept the alternative form. This implies that there is a significant relationship between cross-border banking (CBB) and bank profitability.

Hypothesis Five

Ho5: There is no significant relationship between Cross border banking (CBB) activities and stock price performance of Deposit Money banks in Nigeria.

Also from table 4.10b, it can be observed that CBB with a calculated t-value of 0.6009 is lesser than the critical t-value of 1.67 at 5% level of significance under the two-tailed test. Hence, we accept the null hypothesis and reject the alternative. Hence, it can be concluded that there is no significant relationship between cross-border banking and stock performance.

4.4 DISCUSION OF FINDINGS

The broad objective of this study is to investigate the effect of cross-border banking (CBB) on the financial and share performance of quoted deposit money banks in Nigeria. The study was necessitated due to the recent increased interest on the activities of cross-border banks especially as empirical uncertainty still surrounds the extent to which the perceived gains of engaging in international banking affiliations have been achieved by Nigerian cross-border banks. Considerable attention were thus given to: (i) determining whether or not there are differences in performances between Nigeria cross-border banks and their domestic

counterparts(in terms of profitability, liquidity and stock performance); and (ii) to examine if cross-border banks activities have a relationship (effect) on their profit and stock performance.

Relatedly, the study also tries to ascertain whether the CB banks are more profitable before (pre) or after (post) going cross-border. In achieving these objectives, the study relied on secondary data obtained from the annual financial reports of quoted deposit money banks in Nigeria - focusing on variables such as return on assets, profit after tax (for profitability), earnings per share, dividend per share and price earnings (for stock performance); and current ratio (for liquidity).

Using comparative analyses via the paired sample t-test, the study found that the cross-border banks' stock performance differs significantly when compared with the stock performance of the domestic banks. However, on profitability and liquidity, the outcome showed that the CB banks have marginally higher performance but was not statistically significant for the period covered by the study.

On the pre and post performance of the cross-border banks, all the indices pertaining to all observed variables suggests that cross-border banks had better performance records in the post-CB periods in terms of profitability, stock performance (EPS, DPS, P/E, SP) and liquidity (see table 4.3). However, when each of the variables was subjected to a comparative analytical tests via paired sample t-test (see table 4.4), the outcome showed that only the stock performance variables appeared statistically significant. Specifically, the profitability and liquidity measures were statistically insignificant when scaled on a pre and post CB basis. What this suggests is that the profitability and liquidity of the cross-border banks did not change significantly even after

engaging in cross-border banking, while the stock performance measures such as EPS, DPS and P/E were significantly higher in the post CB periods.

This finding reinforces the argument of Onyuma et al (2012) that cross-border banking increases the firm's investor confidence which replicates to increased market confidence and implicationally, stronger stock performance. However, in agreement to our current finding, they did not find significant difference in profitability and liquidity of CB banks upon engaging in cross-border. The result also corroborates the position of Serbes (2014) who conducted a difference-in-differences analysis and found that cross-border improves Z-score (firm value) and net interest margins of target banks, yet their impact on return on assets (ROA) is never significantly positive due to high overhead costs.

From the outcome of the hypotheses tests, the study found that the profitability of cross-border banks (in terms of return on assets) did not differ significantly when compared with that of the domestic banks. Although the former was more profitable as the indices portrayed, the marginal differences were insignificant. This led to the acceptance of the first null hypothesis. The result appears to lend credence to the argument of Hasan et al (2000) that it would be harder for banks from other countries to establish profitable networks in most European countries due to adverse environmental conditions.

This position is also the view of Berger, Young, Genay and Udell (2000) who found that, on average, domestic banks have higher profit efficiency than foreign banks due to what they termed 'home field advantage' and organizational diseconomies which may work against the cross-border banks. However, our finding did not suggest that domestic banks are more profitable (as Berger et al, 2000 suggests) because the underlying assumption is that most CB banks are more "connected" and have stronger assets and client base. This agrees with the

findings of most recent studies such as Akin and Bayyurt (2016) and Luo et al (2015) which found evidence that CB banks have superior performance over the takeover local banks in terms of only profitability. On the insignificance nature of the difference in profitability, the result towed the line of Brei and Peter (2017) who found that the distance effect in global banking is immaterial when comparing cross-border positions with domestic banking in terms of performance.

On the second hypothesis, our result shows that a significant difference exists between the stock performance of cross-border banks and that of domestic banks. This led to the rejection of the second null hypothesis. What this suggests is that the stock performance of cross-border banks, in terms of earnings per share, dividend per share, stock prices and price earnings ratio, differs significantly from those of their domestic counterparts. This outcome was envisaged as extant literature (Boateng, Qian and Tianlel, 2008; Lin, Lin and Wang, 2016) suggests that improved investors confidence is among the advantages (pros) of engaging in international affiliations as stock prices are often facilitated by cross border activities.

Thus, a banks engagement in cross-border banking and affiliations is assumed to directly impact on its share value and enhancement of the shareholders wealth, more than local banks. This position is in tandem with De Haas (2014) which suggests that stock performance of stand-alone domestic banks may not be out-performed by their counterparts who go international. The significant difference between the stock prices and overall stock performance of CB banks compared to domestic banks also supports most previous findings such as Aftab et al (2011); and Becalli et al (2006). It also agrees with the position of Lin et.al, (2016) as well as the 2015 reports of the IMF that an upwards swinging of stock price is almost inevitable when a bank goes

cross-border due to the increased tendency of an upsurge in the demand of its share upon going CB.

The outcome of the third hypothesis test showed no significant difference between the liquidity of cross-border banks and that of the domestic banks in Nigeria. The result reported a t-value of 1.48 and an insignificant probability value of 0.147 (>0.05) which led to the acceptance of the third null hypothesis. What this implies is that, during the periods covered by the study, the changes in the liquidity indicator (measure using current ratios) of cross-border banks did not differ much from that of non-CB banks. This result appear to contradict the position of most extant studies such as De Haas, (2014); DeHaas and Van Lelyveld (2010) and Leon (2016) which suggests that cross-border banks tend to have access to stability and supportive aid from parent banks that often provide liquidity and capital if and when needed.

Foreign bank subsidiaries also have a stabilizing effect on aggregate lending in case of local bouts of financial turmoil - compared with stand-alone domestic banks. If that be the case, then its most likely that the liquid assets of CB banks would be sufficient to meet the company's obligations when they become due. The expectation of a significant difference between the liquidity indicator of CB and domestic banks is supported by Bruno and Shin (2014) which examined the effect of cross-border banking and liquidity and found a significant relationship.

However, irrespective of the insignificant nature of the liquidity variable, the result is still with most previous findings such as Onyuma et al (2012) and Schoenmaker and Wagner (2011). The former sampled the Eastern African countries and found that most performance ratios such as gearing ratios improved in absolute terms in post cross-border periods, but the improvements were not statistically significant. Similarly, the latter examined the impact of cross-border banking on financial stability and liquidity and concluded that cross-border banking, though

desirable, may not pose significant impact on liquidity unless it takes place in a way that maximizes its benefits while keeping the costs at bay.

In the test of the fourth hypothesis, the outcome revealed that a positive relationship exists between cross-border banking and bank profitability (measured using profit after tax). This led to the rejection of the fourth null hypothesis. The decision was informed because the independent variable of CBB (cross-border banking) reported a t-value of 1.835 and a probability value of 0.0679 (<0.1) which is significant at 10% level of confidence. The result is in tandem with our apriori expectation of a positive relationship between cross-border banking and bank profitability. The outcome further implies that engagement in cross-border banking contributed to about 28% of the variations in profit after tax of the sampled banks in the period covered by the study.

The result is consistent with the positive relationship reported in extant literature between cross-border affiliations and increased profitability of quoted firms (Awolusi and Onikoyi, 2014; Serbes, 2014; Luo et al, 2015; Akin and Bayyurt, 2016; Onyuma et al, 2012; Kowalewski, 2014; and Zhan, 2014). On the significant nature of the variable, howbeit at 10% levels, the result directly confirms the outcome of Osamor, Akinlabi and Osamor (2013) who found that cross-border banking have positive effects on the profit after tax of Nigerian quoted banks. On the other hand, not all studies found a significant relationship between CBB and firm profitability. On that, our finding negates those of Kilic (2011) and Lozano-Vivas and Weill (2008) where the former found that cross-border banking did not affect the banking performance significantly and the latter found evidence of an inverse relation between cross-border banking and return on assets (also a measure of profitability). The contradictions between the findings of this study and

some extant studies can be attributed geographical. In this study profit after tax was used as a proxy for profitability in line with most previous studies like Ibe (2013).

In respect of the fifth hypothesis, the outcome in table 4.10b shows the presence of an insignificant positive relationship between CBB (cross-border banking) and stock performance (proxied using earnings per share). There from, the fifth null hypothesis was accepted as stated. The decision was made as a result of the t-value of the independent variable (CBB) which stood at 0.5234 as well as the corresponding probability value of 0.6009 (>0.05) which is not statistically significant at all levels. Although the positive coefficient sign is in agreement with our apriori expectation of a positive relationship between cross-border banking and bank stock performance, the insignificant nature of the relationship negates the position of most previous studies such as Berger et al (2000); Boateng, et.al (2008); and Kowalewski (2014).

The non-significant relation appears not in tune with economic theory which suggests that cross-border banking expansions provide stronger risk diversification and profit opportunity for shareholders. It is thus expected that CB banks would benefit from the increased migration of clients from domestic banks due to their stronger assets base and opportunities to offer innovative products and services. Moreover, their (CB banks') presence in other climes would strengthen the investors' confidence and most likely lead to stronger stock performance. This position is supported by Aftab et al (2011); Lin et.al (2016) and Onyuma et al (2012). However, apart from the studies that support a significant positive relationship between CBB and stock performance, the findings of Amihud et al (2002) and Correa (2008) equally support our result of an insignificant relationship.

Specifically, Amihud et al (2002) found that cross-border banks' risks neither increases nor decreases after going cross-border. This connotes that the perceived advantage of risk

diversification which would most likely lead to better stock performance is not certain. Similarly, Correa (2008) found evidence of no significant improvement in performance of CB banks in the early years of going cross-border. This suggests that the timing of executing a study of this nature can disrupt the outcome as most performance measures may take several years to become observable and significant.

On the control variables, which had banks size, leverage and firm age, the outcome shows that only bank size (measure as the natural logarithm of total assets) was statistically significant in both models. This goes to show that among the three firm characteristics variables employed as controlling variables in the study, only company (bank) size came out significant as a major determinant of bank profitability and stock performance. This finding is expected because larger banks are more diversified and engages more in CB activities which attracts new clients attention and increases efficiency, all these translates to stronger profit and stock performance. However, our result of bank size is at variance with Zhan (2014) who found that bank size does not show a significant effect on the probability of cross-border bank mergers and acquisitions (M&As).

Expectedly, and in consonance with our aprori expectation, the result showed found an inverse relationship between leverage and the two dependent variables (profitability and stock performance). The implication of the result is that highly leveraged firms may likely be associated with limited performance in respect of PAT and EPS. Similarly, the control variable of bank age showed a positive coefficient sign (for both models) in conformity with literature but was also not significant. This implies that age is not a significant determinant of bank profitability and stock performance. This result is at variance with Mousa, Desoky, & Sanusi, 2012) who suggest that older banks have larger market shares, high clientele patronage, customer

loyalty and well established logistic channels. Thus, they tend to be more profitable due to their well-established operational strategies than younger banks with lower patronage.

From the above, it is clear that the results of our findings agrees with the franchise value hypothesis also known as word-of-mouth reputation and that of the portfolio theory. The assumptions as stated in the work, holds sway. This is evidenced in hypothesis one, three and four. ACBB status gains customers confidence and also attracts investors. This increases the liquidity base and ultimately translates into profitability for the bank. This again affirms the assumptions of the portfolio theory that the CBB lowered their risk by not investing in a single portfolio (home bank) alone, but did diversify by crossing border.

While the third theory (follow- the-client hypothesis) did not get much credence from our results. Supporting the above is Kodongo (2016) whose findings showed that Follow-the-client hypothesis is relatively muted in the East African banking arena. And that the desire for greater earnings does not motivate banks regionalization decisions; rather, there is weak evidence that banks, with relatively weaker market power expand abroad as a means to survive the competitive pressures exerted by relatively larger, perhaps more efficient banks in the domestic market.

4.5 Cross Border Banking and Bank Performance

Cross border banking can enhance a bank's performance in different ways. A major one is that of the protocol understanding. Already, there is a protocol understanding amongst countries in the central African CFA Franc and West African CFA for currency unions. This move towards common currency integration and its implementation is ear marked for 2020. Therefore there is the need for every bank that is proactive and desires a strategic position to go for cross border banking since this is a plan already on ground. There is no doubt that such bank that embraces it will be strategically placed as the plan will afford cross border banks a market share especially

with the advantages that the technology of a cashless system presents. Part of this advantage is cost efficiency and effectiveness. Thus cross border banks are better off and well positioned in attracting customers and in their services rendered to the public.

Again, our result findings and literature reviewed shows cross border banks has so much to offer both to the Accountant as a professional and the banks themselves. Cross border banking as a strategic tool can position a bank better off by deepening and strengthening the banks root for better performances both in terms of competitiveness and otherwise. For instance, the Africa situation portrays an anecdotal proof that PABS are meeting the needs of under-banked areas of the population which have resulted to an increase in branches across the host countries. Particularly, the Nigerian banks in the West African Monetary zone are exporting innovative business models from their home markets to their cross border destinations such as Morocco and Keyan. This is a very good one and laudable which has made these banks better well positioned both to themselves, and their customers as well as the host countries.

Furthermore, a cross border bank would at the end of the day justified the monies its shareholders have invested in her venturing abroad, as our result findings revealed the share values of cross border banks increased significantly after going cross border therefore implying a value added to share holders wealth.

Having established this fact, it can be seen that true to the Franchise Value Hypotheses also known as word of mouth reputation, such banks attracts customers and gains increased reputation such that brand loyalty also increases, obviously this may be a strong factor that accounted for increase in share price value as can be observed from the graphs and result findings as against the other variables.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter presents a summary of the major findings of the study from where it drew its conclusion. The chapter also provides the recommendations in terms of policy implication and future research. The major contributions of the study to existing knowledge were also highlighted accordingly.

5.1 Summary of Findings

From the empirical analyses and the detailed discussion of findings in the previous chapter, the key findings of this study are summarised below:

1. The cross-border banks have significantly higher performance in terms of stock performance in the post CB periods, but not on profitability and liquidity which did not differ significantly on a pre and post CB basis.
2. There is no significant difference between the profitability of Nigerian cross-border banks and their domestic counterparts. This implies that the profitability (measured as return on assets) of cross-border and domestic banks do not differ significantly within the period covered by the study.
3. There is a significant difference between the stock performance of Nigerian cross border banks and their domestic counterparts. This means that the stock performance (measure using the cumulative average of EPS, DPS, P/E and SP) of cross-border and domestic banks differs significantly within the period captured by this study.

4. There is no significant difference between the liquidity of Nigerian cross-border banks when compared to that of domestic banks. What this implies is that liquidity (measured using current ratio) of cross-border and domestic banks do not differ significantly.
5. Cross-border banking (CBB) has a positive and statistically significant relationship with bank profitability among quoted deposit money banks in Nigeria. This suggests that cross-border banking is a strong determinant of bank profitability in Nigeria;
6. Cross-border banking (CBB) has a positive but non-significant relationship with stock performance measured with earnings per share. This implies that, although CBB caused a positive change in stock performance all things being equal, its impact will likely not be significant.

5.2 Conclusion

The findings generally showed that while most studies conducted in foreign countries such as Akin and Bayyurt, (2016), Kowalewski, (2014), Bruno and Shin, (2014), and Zhan, (2014) have shown superior significant differences in the overall performance of CB banks over stand-alone domestic banks, our result did not show any significant difference in both profitability and liquidity, save for stock performance. Hence, it could be asserted that different bank and host country determinants, as well as timing, may influence the outcome of studies of this nature. Thus, as far as the comparison of the performance of the Nigerian CB banks is concerned - either with their domestic counterparts or before and after they engaged in cross-border banking, it can be concluded that all the performance indices employed in this study (including profitability, stock performance and liquidity) improved in absolute terms in favour of CB banks as well as on the post cross-border era. However, these improvements were only significant in terms of stock performance. Therefore, the gap which was identified and stated in

the study has been filled from our result findings and the research objectives achieved together with the formulated hypotheses either accepted or rejected based on the decision rules. Categorically, it can be argued therefore that no significant difference exists with respect to the profitability and liquidity ratios of CB and non-CB banks in Nigeria, except for stock performance.

5.3 Implication of the findings

Based on our analyses so far, it appears that a clear evidence of increased profitability and liquidity of cross-border banks has not been empirically substantiated. Save for the clear evidence of significant increase in stock value creation to shareholders and overall stock performance, which was apriori expected as cross-border banking often leads to increased stakeholder confidence due to the risk diversification effect. Nonetheless, the uncovered marginal increase in virtually all the indices observed in the study is a clear indication of an imminent benefit on a long-run. Thus, if such results continue to hold in the near future, the implication is that financial institutions' international expansions and affiliations (i.e. going cross-border) by Nigerian banks may experience an upwards trend due to the predictable fiscal benefits. Howbeit, there may be hesitations in choosing destinations for such affiliations due to regulatory imbalances by most host countries which could be among the reasons some earlier engaged cross-border affiliations did not achieve full significant potentials.

5.4 Recommendations

1. Since the performance of the domestic banks appeared not to have exceeded that of the CB banks in all the variables studied (on the comparative terms), the government through its relevant agencies (such as CBN) should formulate workable macroeconomic policies on the

banking sector that will enable the domestic banks to compete favourably with their CB counterparts.

2. Cross-border banks should fine-tune their strategies and criteria for engaging in cross-border banking activities. The inherent benefits of expanding to another particular country should be properly weighed as there are enormous costs to be incurred in situations of engaging in cross-border by companies. Thus, maintaining an additional cross-border presence will generate extra overhead costs like fees for the stock exchange, manpower transfer and additional reporting requirements. These extra costs may end up outweighing the profit available as a result of the cross-border expansion.
3. One of the possible difficulties of engaging in cross-border banking is the challenge of complying with multiple regulations, both at home country and the host country. This may pose a threat to profit maximization due to the implications of corporate policies conflicts between different host countries. It is thus recommended that financial institutions (both domestic and cross-border banks) should avoid hasty implementation of cross-border policies in order not to fall prey to unfavourable host country's fiscal regulations.
4. Considering the observed positive increases in all the performance indices studied, though not all were significant, there is a clear possibility the engagement in CB banking would enhance the overall performance of Nigerian banks, all things being equal. The study therefore recommends that the management of cross-border Nigerian banks should sustain their presence in foreign countries where they are more profitable in order to maximize their risk diversification potentials and overall performance of the bank.
5. The fact that there was a significant increase in stock price performance is a clear indication that share holders value is enhanced in the long run by CB activities. The study recommends

that companies interested in CB ventures should be encouraged. Given the fact that maximization of shareholders wealth is the core objective of businesses, and where it is being achieved, such move should be applauded.

5.4.1 Recommendations for Further Studies

The findings have opened up a number of avenues for future research, both theoretical and empirical. Below are such avenues:

1. The results of this study are based on archival data of deposit money banks quoted in the Nigeria Stock Exchange. This implies that it is a country-specific study, which may only be generalised in the Nigerian case. Extending the study beyond the frontiers of Nigeria to other West African countries will no doubt enhance the extent of its generalisation and also help bridge the seeming knowledge gap arising from the paucity of empirical studies from this area of study in Africa. Against the above backdrop, a study incorporating data from other West African countries is recommended.
2. Future studies can examine the 'determinants of cross-border banking in Nigeria'. Such studies will be highly informative as the ulterior motive of several banks going cross-border may likely not go beyond prestige and branding, especially as empirical evidence have shown that the cross-border expansion does not yield instant benefit in terms of profitability and liquidity.
3. Further studies on the effect of cross-border banking on firm performance should incorporate "country type" as a moderator variable in a multivariate analysis. This line of research will no doubt expand the vista of researches in this direction. The inclusion of "country type" as an interaction variable will help to test the impact of going cross-border to either developing or developed countries. The 'type of country effect' is considered a vital factor in the success

or failure of cross-border expansion especially as a certain Nigerian bank still collapsed even with presence in seven African countries at the time.

4. The study adopted the earnings per share (EPS) as one of the measures of stock performances as against the opinion of other schools of thought on the preferred measure of the market price per share (MPS). According to them, it provides a more objective view. It is therefore recommended that future studies should adopt the market price per share (MPS) to see if a similar or different findings will emerge.

5.5 Contributions to Knowledge

1. This study contributes to the accounting literature by adding to the empirical purview of firm performance determinants. Firm performance, in accounting literature, has generated a lot of concern lately due to the several business collapse and inconsistencies that greeted the Nigerian banking sector in the recent past. Since the core motive of engaging in any business activity or strategy is to maximize profit, contributing to the firm performance enquiry by examining how cross-border banking expansions affects accounting performance indices is considered a unique input in the accounting literature.
2. This study specifically examines both the differences and effect of cross-border banking on the performance of Nigerian banks using both a comparative test and regression estimation. it is expected that our empirical results will facilitate further in-depth analysis of the issues regarding engaging in cross-border banking, most especially since the pros and cons were exposed.
3. The findings of this study have also contributed especially in the bid to reconciling the conflicting evidences in most previous studies regarding whether or not cross-border banks are more profitable than domestic banks. This is expected to be of great benefit to concerned stakeholders and no doubt act as a good reference point for further studies.

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APPENDIX I

List of CBB in Africa

No.	Name	Origin	Location of Headquarters	Majority Ownership/Largest Minority Shareholder	Number of African Countries
1.	Ecobank	African	Togo	South Africa	32
2.	United Bank for Africa (UBA)	African	Nigeria	Nigeria	19
3.	Standard Bank Group (Stanbic)	African	South Africa	South Africa	18
4.	Banque Marocaine du Commerce Exterieur (BMCE)	African	Morocco	Morocco	18
5.	Societe Generale	Non-African	France	France	17
6.	Citigroup	Non-African	USA	USA	15
7.	Banque Sahelo-Saharienne-pour I'Investissement et le Commerce (BSIC)	African	Libya	Libya	14
8.	Standard Chartered	Non-African	UK	UK	14
9.	BNP Paribas	Non-African	France	France	13
10.	Attijariwafa Bank	African	Morocco	Morocco	12
11.	Banque Centrale Populaire du Maroc (BCP)	African	Morocco	Morocco	11
12.	Barclays Africa Group	African	South Africa	UK	10
13.	Access Bank	African	Nigeria	Nigeria	9
14.	Bank of Baroda	Non-African	India	India	9

15.	Guaranty Trust Bank Ltd.	African	Nigeria	Nigeria	9
16.	Libyan Foreign Bank	African	Libya	Libya	9
17.	Afriland First Bank	African	Cameroon	Cameroon	8
18.	Banque Regionale de Solidarite (BRS)	African	Niger	USA	8
19.	BGFI Bank	African	Gabon	Gabon	8
20.	First National Bank (FNB)	African	South Africa	South Africa	8
21.	First Bank of Nigeria	African	Nigeria	Nigeria	7
22.	Kenya Commercial Bank (KCB)	African	Kenya	Kenya	6
23.	NedBank	African	South Africa	South Africa	6
24.	Orabank	African	Togo	USA	6
25.	Access Holding	Non-African	Germany	Unknown	5
26.	*Albaraka Bank (Group)	Non-African	Bahrain	Bahrain	5
27.	BancABC	African	Botswana	Zimbabwe	5
28.	Diamond Bank	African	Nigeria	Nigeria	5
29.	Equity Bank	African	Kenya	Kenya	5
30.	HBL Pakistan (Habib Bank Ltd.)	Non-African	Pakistan	Tanzania	5
31.	International Commercial Bank (ICB)	Non-African	Switzerland	Malaysia	5
32.	Keystone Bank Group	African	Nigeria	Nigeria	5

33.	Rabobank	Non-African	Netherlands	Netherlands	5
34.	Diamond Trust Bank	African	Kenya	Switzerland	4
35.	First International Bank Liberia Ltd.	African	Liberia	Unknown	4
36.	HSBC Bank	Non-African	UK	UK	4
37.	I & M Bank Group	African	Kenya	Kenya	4
38.	Mauritius Commercial Bank	African	Mauritius	Mauritius	4
39.	Skye bank	African	Nigeria	Nigeria	4
40.	Zenith Bank	African	Nigeria	Nigeria	4
41.	Arab Bank Plc	Non-African	Jordan	Various	3
42.	Banco Espirito Santo	Non-African	Portugal	Portugal	3
43.	Bank of India	Non-African	India	India	3
44.	Credit Agricole	Non-African	France	France	3
45.	Groupe Banque Populaire	Non-African	France	France	3
46.	NIC Bank Group	African	Kenya	Kenya	3
47.	Advans Bank	Non-African	Luxembourg	Luxembourg	2
48.	African Banking Corporation (ABC Bank)	African	Kenya	Kenya	2
49.	Banco Africano de Investimentos (BAI)	African	Cape Verde	Angola	2

50.	Bank of China	Non-African	China	China	2
51.	Bank of Khartoum Juba	African	Sudan	Sudan	2
52.	Banque Pour le Commerce et I'Inestissement en Mauritanie	African	Mauritania	USA	2
53.	Barclays Bank PLC	Non-African	UK	UK	2
54.	Byblos Bank S.A.L.	Non-African	Lebanon	Various	2
55.	Capital Bank / FMB	African	Malawi	Malawi	2
56.	Commercial Bank of Africa	African	Kenya	Kenya	2
57.	Commercial Bank of Ethiopia	African	Ethiopia	Ethiopia	2
58.	Coris Bank	African	Burkina Faso	Burkina Faso	2
59.	Deutsche Bank	Non-African	Germany	Germany	2
60.	Exim Bank	African	Djibouti	Tanzania	2
61.	Habib Bank AG Zurich (HBZ)	Non-African	Switzerland	Switzerland	2
62.	Imperial Bank	African	Kenya	Various	2
63.	Investec Bank (Mauritius) Ltd.	African	South Africa	South Africa	2
64	Kingdom Bank Africa Ltd	African	Zimbabwe	Zimbabwe	2
65	Millenium (bim) Bank	Zimbabwe	Mozambique	Portugal	2

66	Opportunity International	Non-African	USA	USA	2
67	ProCredit	Non-African	Germany	Germany	2
68.	State Bank of India (SBI)	Non-African	India	India	2
69	State Bank of Mauritius	African	Mauritius	Mauritius	2
70.	The Hongkong and Shanghai Banking Corporation Ltd.	Non-African	UK	UK	2
71.	Union Bank Nigeria	African	Nigeria	UK	2
72.	*ADIB Egypt	African	Egypt	United Arab Emirates	1
73.	Ahli United Bank (Egypt) SAE	Non-African	Bahrain	Bahrain / Kuwait	1
74.	Algeria Gulf Bank	Non-African	Algeria	Kuwait	1
75.	Arab Banking Corporation	Non-African	Bahrain	Libya/Kuwait/United Arab Emirates	1
76.	*Arab Tunisian Bank	African	Tunisia	Jordan	1
77.	*Banco Commercial do Atlantico	African	Cape Verde	Portugal	1
78.	*Banco Commercial e de Investimentos (BCI)	African	Mozambique	Portugal	1
79.	*Banco de Fomento - Angola (BFA)	African	Angola	Portugal	1
80.	*Banco Internacional de Sao Tome e Principe (BISTP)	African	Sao Tome	Portugal	1
81.	*Banco Millennium Angola SA	African	Angola	Portugal	1

82.	*Banco Totta de Angola SARL	African	Angola	Portugal	1
83.	*Banco Unico	African	Mozambique	Portugal	1
84.	*Bank of West Africa (Banco da Africa Ocidental)	African	Guinea – Bissau	Portugal	1
85.	*Bank VTB Africa	African	Angola	Russia	1
86.	*Banque de Depot et Credit de Djibouti (BDCD)	African	Djibouti	Switzerland	1
87.	*Banque Internationale pour I'Afrique au Congo (BIAC)	African	Congo, Democratic Republic	Luxembourg	1
88.	*Banque Internationale Pour I'Afrique au Niger SA (BIA)	Non-African	Burkina Faso	Belgium	1
89.	*Cairo International Bank (CIB)	African	Uganda	Egypt	1
90.	*China Construction Bank	Non-African	China	China	1
91.	*Commercial Bank Group	African	Cameroon	Luxembourg	1
92.	**Cooperative Agricultural and Credit Bank	African	Djibouti	Yemen	1
93.	Dahabshiil Bank International S.A.	Non-African	United Arab Emirates	United Arab Emirates	1
94.	Dubai Bank Kenya Ltd.	Non-African	Kenya	United Arab Emirates	1
95.	*Finance Bank Zambia Ltd.	African	Zambia	Netherlands	1

96.	*Finibanco Angola	African	Angola	Portugal	1
97.	*Islamic Bank of Senegal (Banque Islamique du Senegal)	African	Senegal	Saudi Arabia	1
98.	JPMorgan Chase Bank	Non-African	USA	USA	1
99.	*Mercantile Bank Ltd.	African	South Africa	Portugal	1
100.	Royal Bank of Scotland	Non-African	UK	UK	1
101.	*Saba Islamic Bank (SIB)	African	Djibouti	Yemen	1
102.	UBS	Non-African	Switzerland	Switzerland	1
103.	*Union National bank-Egypt SAE	African	Egypt	United Arab Emirates	1
104.	Warka Bank	Non-African	Iraq	Iraq	1

Source: Beck,et.al., (2014). Pp. 60-66

*Banks of African origin with non-african owners are included as CBBs even if only represented in one African jurisdiction.

**The Cooperative Agricultural and Credit Bank is a joint venture of several Egyptian banks. (Notes: This table includes all international and African cross-border banks present in Africa December 31, 2013. Presence in a country by way of representative offices is not considered).

Appendix II

List of Deposit Money Banks in Nigeria as at 2016

No.	Name of Bank	Bank type	Year of incorporation	Year of cross-border
1.	Access Bank	CB	1989	2007
2.	Diamond Bank	CB	1990	2008
3.	Skye bank	CB	1989	2007
4.	Guaranty Trust Bank	CB	1996	2007
5.	Zenith bank	CB	1990	2013
6.	Fidelity Bank Plc	Domestic	1988	nil
7.	Unity Bank Plc	Domestic	2006	nil
8.	Wema Bank Plc	Domestic	1990	nil
9.	Sterling Bank Plc	Domestic	1992	nil
10.	Stanbic IBTC	Domestic	1991	nil
11.	First Bank	CB	1971	2001
12.	First City Monument Bank	CB	1982	2010
13.	Union bank	CB	1971	2001
14.	UBA	CB	1970	2007

Source: Researcher's compilation (via www.nigeriagalleria.com

Appendix III

LIST OF BANKS AND THE DATA

Fiscal year	Company name	Share Price	Earnings Per Share	Dividend Paid Per Share	Total Asset	Profit After Tax	Current Ratio	Total Debt	AGE
2001	Access Bank	0.90	0.03	0.00	68,738,453	785,756	2.59	12,242,000	13
2002	Access Bank	1.00	0.04	0.00	61,680,614	327,425	1.873	12,477,000	14
2003	Access Bank	1.20	0.90	0.05	34,286,830	458,905	0.297	12,570,054	15
2004	Access Bank	1.50	0.70	0.10	19,627,505	980,418	1.173	18,390,486	16
2005	Access Bank	2.01	0.08	0.00	31,314,482	987,433	0.736	17,810,987	17
2006	Access Bank	6.96	0.07	0.00	52,153,878	737,149	1.13	145,659,980	18
2007	Access Bank	20.51	0.87	0.40	328,615,194	6,083,439	1.07	300,230,303	19
2008	Access Bank	7.07	1.71	0.30	1,045,568,437	15,853,101	1.18	873,707,772	20
2009	Access Bank	7.60	-0.26	0.67	693,783,938	4,402,166	1.26	525,437,890	21
2010	Access Bank	9.34	0.63	0.20	804,823,772	11,068,121	1.24	629,453,315	22
2011	Access Bank	4.72	0.95	0.55	1,629,003,195	15,378,322	1.12	1,436,938,447	23
2012	Access Bank	8.89	1.72	0.48	1,745,471,745	44,893,636	1.15	1,504,481,260	24
2013	Access Bank	9.60	1.59	0.82	1,835,466,000	37,497,651	1.15	1,592,752,060	25
2014	Access Bank	6.60	1.88	0.60	2,104,361,000	43,063,000	1.26	1,826,950,000	26
2015	Access Bank	4.85	2.65	0.53	2,591,330,151	65,868,773	1.36	2,223,528,684	27
2016	Access Bank	5.87	2.50	0.55	3,483,865,564	71,439,347	1.41	3,029,370,984	28
2001	Diamond Bank	3.00	-0.05	0.02	62,052,500	997,102	1.116	20,261,496	11
2002	Diamond Bank	4.50	0.02	0.04	78,146,600	740,700	3.796	20,265,239	12
2003	Diamond Bank	2.80	0.05	0.07	52,254,800	373,500	1.422	17,360,887	13
2004	Diamond Bank	3.40	0.06	0.02	61,340,000	147,500	2.119	29,488,313	14
2005	Diamond Bank	5.00	0.11	0.00	84,147,700	957,000	2.209	40,871,729	15

2006	Diamond Bank	7.47	0.59	0.00	87,185,300	3,977,059	1.17	192,629,158	16
2007	Diamond Bank	18.51	0.91	0.00	320,419,399	7,086,770	1.18	266,328,897	17
2008	Diamond Bank	6.78	1.18	0.32	625,669,618	12,821,074	1.22	508,948,745	18
2009	Diamond Bank	7.49	-0.56	0.09	650,395,601	-8,174,413	1.17	544,302,530	19
2010	Diamond Bank	7.35	0.09	0.01	594,795,137	1,328,655	1.21	488,165,935	20
2011	Diamond Bank	2.05	-0.91	0.14	714,063,959	-13,940,985	1.18	629,927,525	21
2012	Diamond Bank	4.63	1.59	0.00	1,178,103,754	22,108,084	1.11	1,069,501,310	22
2013	Diamond Bank	7.35	1.97	0.00	1,518,856,431	28,544,492	1.12	1,380,156,247	23
2014	Diamond Bank	5.58	1.66	0.28	1,933,123,374	25,485,219	1.16	1,724,098,607	24
2015	Diamond Bank	2.30	0.24	0.10	1,753,232,280	5,656,623	1.21	1,538,622,825	25
2016	Diamond Bank	0.88	0.15	0.00	2,049,798,756	3,498,965	1.24	1,823,090,793	26
2001	Fidelity Bank	0.77	0.09	0.00	240,894,093	967,010	0.929	4,301,986	14
2002	Fidelity Bank	1.04	0.10	0.00	330,656,000	978,102	0.873	4,016,035	15
2003	Fidelity Bank	1.11	0.12	0.09	205,553,000	100,565	0.656	4,248,745	16
2004	Fidelity Bank	2.04	0.08	0.15	215,290,000	100,570	1.184	3,861,404	17
2005	Fidelity Bank	2.00	0.14	0.10	288,709,000	282,900	1.492	3,836,670	18
2006	Fidelity Bank	2.15	0.20	0.09	121,089,359	3,218,617	1.22	95,247,723	19
2007	Fidelity Bank	11.99	0.29	0.11	218,332,100	4,714,283	1.12	188,230,813	20
2008	Fidelity Bank	4.69	0.46	0.09	535,479,544	13,356,310	1.30	398,270,325	21
2009	Fidelity Bank	2.40	0.05	0.30	506,276,251	1,430,757	1.28	376,857,581	22
2010	Fidelity Bank	2.69	0.21	0.06	481,615,000	6,108,000	1.32	345,437,000	23
2011	Fidelity Bank	1.46	0.09	0.14	737,894,000	2,584,000	1.19	591,821,000	24
2012	Fidelity Bank	2.29	0.63	0.14	914,360,000	18,200,000	1.17	752,905,000	25
2013	Fidelity Bank	2.49	0.27	0.21	1,081,217,000	7,721,000	1.23	917,762,000	26
2014	Fidelity Bank	1.62	0.48	0.14	1,187,025,000	13,796,000	1.28	1,013,914,000	27
2015	Fidelity Bank	1.50	0.48	0.18	1,231,722,000	13,904,000	1.31	1,048,206,000	28
2016	Fidelity Bank	0.84	0.34	0.16	1,298,141,000	9,734,000	1.32	1,112,739,000	29
2001	First Bank Holding	9.00	0.11	1.30	126,743,000	28,200,000	2.334	26,913,976	31
2002	First Bank Holding	8.90	0.09	1.30	260,262,871	28,200,000	2.229	22,894,404	32

2003	First Bank Holding	9.50	0.20	1.50	363,851,281	23,800,000	0.179	16,339,022	33
2004	First Bank Holding	12.00	0.45	1.55	562,567,684	23,900,000	0.782	17,067,181	34
2005	First Bank Holding	14.55	0.98	1.60	210,300,286	33,211,000	0.546	20,117,152	35
2006	First Bank Holding	33.50	2.94	1.00	616,824,000	17,383,000	0.97	616,824,000	36
2007	First Bank Holding	43.51	1.78	1.91	911,427,000	20,636,000	1.11	827,800,000	37
2008	First Bank Holding	21.11	2.67	0.77	1,527,542,000	36,540,000	1.31	1,171,908,000	38
2009	First Bank Holding	14.05	0.17	1.16	2,174,058,000	4,901,000	1.14	1,862,788,000	39
2010	First Bank Holding	13.73	1.02	0.09	2,305,258,000	33,411,000	1.15	1,964,632,000	40
2011	First Bank Holding	8.90	0.60	0.63	2,860,169,000	18,636,000	1.29	2,491,589,000	41
2012	First Bank Holding	15.72	2.33	0.80	3,186,129,000	75,670,000	8.82	2,747,282,000	42
2013	First Bank Holding	16.22	2.16	1.01	3,871,001,000	70,631,000	1.16	3,399,224,000	43
2014	First Bank Holding	8.80	2.55	1.00	4,342,666,000	82,839,000	1.23	3,819,776,000	44
2015	First Bank Holding	5.13	0.43	0.10	4,166,189,000	15,148,000	1.22	3,587,389,000	45
2016	First Bank Holding	3.35	0.53	0.17	4,736,805,000	17,141,000	1.21	4,154,230,000	46
2001	First City Monument Bank	1.80	-0.08	0.09	73,510,815	-880,752	0.566	19,177,693	20
2002	First City Monument Bank	1.85	0.01	0.03	33,168,011	12,931,441	0.554	17,278,081	21
2003	First City Monument Bank	2.63	0.02	0.00	79,537,141	13,660,448	1.978	16,131,708	22
2004	First City Monument Bank	2.50	0.09	0.00	49,193,566	35,815,611	2.482	9,586,000	23
2005	First City Monument Bank	3.50	0.16	0.03	97,305,134	26,211,844	2.636	12,022,000	24
2006	First City Monument Bank	4.05	0.36	0.04	106,673,991	2,833,278	1.26	80,283,769	25
2007	First City Monument Bank	17.45	0.63	0.35	262,841,089	5,948,679	1.14	231,737,504	26
2008	First City Monument Bank	6.00	1.35	0.50	467,336,930	15,109,091	1.39	333,703,800	27
2009	First City Monument Bank	7.16	0.05	0.00	463,641,243	564,338	1.30	334,048,199	28
2010	First City Monument Bank	7.50	0.49	0.05	538,590,882	7,934,971	1.27	403,820,372	29
2011	First City Monument Bank	4.18	-0.57	0.44	601,780,418	-9,243,550	1.24	484,222,966	30
2012	First City Monument Bank	3.75	0.80	0.10	908,545,756	15,121,704	1.16	776,530,353	31
2013	First City Monument Bank	3.14	0.81	0.00	1,008,280,170	16,001,155	1.21	864,573,441	32
2014	First City Monument Bank	2.49	1.12	0.30	1,169,364,784	22,133,257	1.30	1,008,999,353	33

2015	First City Monument Bank	1.69	0.24	0.25	1,159,534,176	4,760,666	1.40	997,142,889	34
2016	First City Monument Bank	1.10	0.72	0.10	1,172,778,078	14,338,882	1.48	993,905,084	35
2001	Guaranty Trust Bank	0.50	0.95	0.28	49,207,900	39,941,126	3.219	1,019,659	6
2002	Guaranty Trust Bank	0.66	0.12	0.50	33,813,800	-4,883,446	0.185	1,459,122	7
2003	Guaranty Trust Bank	1.20	0.10	0.25	27,816,200	6,522,455	0.109	1,729,764	8
2004	Guaranty Trust Bank	3.69	0.13	0.35	62,948,100	-22,187,848	0.316	2,134,016	9
2005	Guaranty Trust Bank	7.00	0.15	0.35	62,042,600	23,073,427	0.429	1,795,263	10
2006	Guaranty Trust Bank	18.15	1.42	0.70	308,410,742	8,306,779	1.15	267,652,432	11
2007	Guaranty Trust Bank	34.63	1.62	0.50	486,491,079	13,193,759	1.23	436,505,430	12
2008	Guaranty Trust Bank	9.46	1.85	0.63	962,722,264	29,913,704	1.29	780,688,364	13
2009	Guaranty Trust Bank	15.50	1.27	0.83	1,066,503,717	28,603,078	1.28	874,258,689	14
2010	Guaranty Trust Bank	17.76	1.63	0.84	1,152,000,000	38,346,000	1.45	941,174,311	15
2011	Guaranty Trust Bank	14.25	1.69	0.83	1,611,880,000	49,887,000	1.37	1,373,100,000	16
2012	Guaranty Trust Bank	23.00	3.06	1.14	1,734,877,860	86,686,880	1.32	1,454,319,610	17
2013	Guaranty Trust Bank	26.75	3.17	1.61	2,102,846,415	90,023,977	1.33	1,775,576,922	18
2014	Guaranty Trust Bank	25.18	3.47	1.77	2,355,876,526	98,694,919	1.36	1,981,543,978	19
2015	Guaranty Trust Bank	18.18	3.51	1.83	2,524,594,000	99,437,000	1.37	2,111,032,000	20
2016	Guaranty Trust Bank	24.70	4.67	1.86	3,116,393,439	32,280,655	1.33	2,611,490,604	21
2001	Skye Bank	1.00	0.05	0.00	65,240,257	29,754,522	4.093	72,183,459	11
2002	Skye Bank	0.93	-1.03	0.00	60,996,039	22,057,198	1.51	60,417,789	12
2003	Skye Bank	1.44	0.09	0.05	49,963,442	3,465,812	2.36	64,217,270	13
2004	Skye Bank	1.86	0.14	0.00	78,641,788	7,322,322	1.698	157,922,287	14
2005	Skye Bank	2.55	0.20	0.04	83,231,413	-11,567,744	0.388	160,185,737	15
2006	Skye Bank	4.13	0.26	0.00	173,690,446	1,961,371	1.11	148,110,655	16
2007	Skye Bank	17.19	0.76	0.00	447,992,000	5,732,000	1.11	418,616,000	17
2008	Skye Bank	8.59	1.81	0.30	790,708,000	15,826,000	1.17	695,954,000	18
2009	Skye Bank	5.49	0.07	0.79	632,511,000	-123,000	1.09	542,081,000	19
2010	Skye Bank	8.80	0.78	0.00	705,859,000	10,432,000	1.16	594,582,000	20
2011	Skye Bank	3.84	0.20	0.40	914,265,000	2,639,000	1.21	814,159,000	21

2012	Skye Bank	4.30	0.95	0.25	1,073,828,000	12,644,000	1.22	966,934,000	22
2013	Skye Bank	4.02	1.21	0.50	1,116,636,000	16,023,000	1.09	996,221,000	23
2014	Skye Bank	2.66	0.75	0.29	1,421,112,000	9,741,000	1.17	1,288,856,000	24
2015	Skye Bank	1.58	-2.99	0.00	1,199,397,000	-40,804,000	1.29	1,095,214,000	25
2016	Skye Bank	0.50	0.35	0.09	1,104,818,000	10,354,000	0.608	1,154,783,000	26
2001	Stanbic Ibtc Holding	0.20	0.09	0.08	130,104,200	5,012,200	1.351	18,108,562	10
2002	Stanbic Ibtc Holding	0.35	0.10	0.06	131,200,000	6,027,752	1.538	18,566,031	11
2003	Stanbic Ibtc Holding	0.50	0.18	0.00	87,600,000	5,396,908	0.459	19,477,047	12
2004	Stanbic Ibtc Holding	1.13	0.22	0.00	65,900,000	2,296,799	3.507	26,973,754	13
2005	Stanbic Ibtc Holding	3.40	0.35	0.07	93,000,000	5,828,000	2.785	31,190,891	14
2006	Stanbic Ibtc Holding	7.05	0.33	0.10	113,183,308	3,987,183	1.40	80,353,773	15
2007	Stanbic Ibtc Holding	19.89	0.47	0.34	158,870,045	5,762,144	1.48	109,490,703	16
2008	Stanbic Ibtc Holding	10.90	0.64	0.25	269,907,000	11,993,000	1.44	189,243,000	17
2009	Stanbic Ibtc Holding	7.47	0.43	0.40	259,789,000	8,138,000	1.40	179,309,000	18
2010	Stanbic Ibtc Holding	9.20	0.50	0.31	384,541,000	9,455,000	1.18	299,415,000	19
2011	Stanbic Ibtc Holding	8.30	0.57	0.77	554,225,000	6,643,000	1.24	469,506,000	20
2012	Stanbic Ibtc Holding	11.00	0.50	1.02	676,819,000	10,157,000	1.24	591,168,000	21
2013	Stanbic Ibtc Holding	20.00	1.86	0.46	665,412,000	20,773,000	1.24	567,778,000	22
2014	Stanbic Ibtc Holding	27.00	2.93	0.69	944,542,000	32,065,000	1.23	830,267,000	23
2015	Stanbic Ibtc Holding	16.53	1.55	1.29	937,564,000	18,891,000	1.30	808,597,000	24
2016	Stanbic Ibtc Holding	15.00	2.46	0.00	1,053,523,000	28,520,000	1.31	912,725,000	25
2001	Sterling Bank	0.56	0.02	0.00	101,100,000	5,959,000	1.529	2,049,602	10
2002	Sterling Bank	0.60	0.06	0.00	120,634,000	17,924,000	1.943	1,931,021	11
2003	Sterling Bank	0.59	0.10	0.00	121,683,000	7,721,000	2.155	1,934,550	12
2004	Sterling Bank	1.60	0.85	0.00	278,904,000	13,796,000	2.894	1,813,794	13
2005	Sterling Bank	1.45	0.81	0.00	606,320,000	23,848,061	3.042	1,867,400	14
2006	Sterling Bank	4.00	0.10	0.00	111,765,461	1,073,782	1.17	85,581,365	15
2007	Sterling Bank	7.28	0.18	0.00	128,509,070	1,938,009	0.94	128,509,070	16
2008	Sterling Bank	2.42	0.52	0.00	218,405,764	6,583,879	1.21	186,964,707	17

2009	Sterling Bank	1.23	-0.72	0.10	183,498,833	-9,019,602	1.22	161,356,839	18
2010	Sterling Bank	2.31	0.40	0.00	233,259,036	5,044,543	1.25	206,938,549	19
2011	Sterling Bank	1.01	0.53	0.00	462,990,877	6,908,600	1.16	421,933,541	20
2012	Sterling Bank	1.73	0.44	0.12	533,583,546	6,953,540	1.16	486,941,152	21
2013	Sterling Bank	2.28	0.52	0.15	644,339,285	8,274,860	1.18	580,881,389	22
2014	Sterling Bank	2.54	0.42	0.25	824,539,426	9,004,970	1.17	739,824,141	23
2015	Sterling Bank	1.83	0.36	0.06	799,451,417	10,292,577	1.23	703,885,670	24
2016	Sterling Bank	0.76	0.18	0.09	834,189,950	5,162,365	1.26	748,529,927	25
2001	Union Bank Of Nig	1.34	0.10	1.50	142,785,723	36,511,628	0.978	34,282,620	29
2002	Union Bank Of Nig	1.50	0.12	1.25	142,785,723	47,980,889	0.761	34,285,202	30
2003	Union Bank Of Nig	1.60	0.09	1.35	222,238,550	85,263,826	1.808	56,784,766	31
2004	Union Bank Of Nig	2.80	-0.32	1.40	245,704,597	85,545,510	1.663	64,528,530	32
2005	Union Bank Of Nig	3.44	0.56	1.40	330,872,475	93,431,604	2.881	62,374,335	33
2006	Union Bank Of Nig	8.00	1.20	1.00	382,562,312	6,258,000	2.821	54,368,843	34
2007	Union Bank Of Nig	9.75	1.45	0.15	157,319,600	7,811,000	1.095	55,282,929	35
2008	Union Bank Of Nig	15.20	2.22	0.80	1,003,627,000	26,855,000	1.11	878,364,000	36
2009	Union Bank Of Nig	6.00	-2.08	1.55	1,389,683,000	-281,173,000	0.90	1,618,660,000	37
2010	Union Bank Of Nig	4.20	8.30	1.23	1,116,479,000	106,472,000	0.98	1,232,267,000	38
2011	Union Bank Of Nig	10.60	-12.66	1.45	1,054,734,000	-82,551,000	1.21	855,362,000	39
2012	Union Bank Of Nig	7.35	0.61	1.61	1,033,047,000	7,375,000	1.22	838,649,000	40
2013	Union Bank Of Nig	10.00	0.37	1.43	1,002,756,000	6,074,000	1.26	803,413,000	41
2014	Union Bank Of Nig	8.50	1.57	1.25	1,009,157,000	26,562,000	1.35	786,923,000	42
2015	Union Bank Of Nig	6.90	0.82	1.25	1,046,892,000	13,890,000	1.37	802,971,000	43
2016	Union Bank Of Nig	5.50	0.90	1.80	1,252,682,000	15,391,000	1.34	981,012,000	44
2001	United Bank For Africa	7.60	0.48	0.25	287,869,300	4,048,000	0.428	6,124,194	40
2002	United Bank For Africa	8.00	0.75	0.30	342,381,900	1,053,000	1.055	9,037,693	41
2003	United Bank For Africa	8.70	1.00	0.45	504,163,720	8,337,000	0.812	10,456,071	42
2004	United Bank For Africa	9.20	1.50	0.60	478,020,000	13,136,000	0.669	12,555,753	43

2005	United Bank For Africa	14.00	1.45	0.60	739,508,000	6,660,406	3.221	10,743,245	44
2006	United Bank For Africa	25.31	1.87	1.00	884,137,000	11,550,000	1.02	835,302,000	45
2007	United Bank For Africa	38.00	2.61	0.86	1,022,964,000	21,441,000	0.95	1,022,964,000	46
2008	United Bank For Africa	13.15	3.14	1.28	1,478,052,000	40,825,000	1.10	1,284,592,000	47
2009	United Bank For Africa	10.80	0.10	0.54	1,361,948,000	2,375,000	1.09	1,175,119,000	48
2010	United Bank For Africa	9.15	0.03	0.11	1,438,270,000	598,000	1.08	1,258,844,000	49
2011	United Bank For Africa	2.59	-0.29	0.04	1,769,495,000	-8,665,000	1.15	1,618,555,000	50
2012	United Bank For Africa	4.56	1.66	0.01	2,080,456,000	51,477,000	1.13	1,887,989,000	51
2013	United Bank For Africa	7.70	1.52	0.51	2,642,296,000	46,601,000	1.11	2,407,260,000	52
2014	United Bank For Africa	4.30	1.56	0.51	2,762,573,000	47,907,000	1.16	2,497,167,000	53
2015	United Bank For Africa	3.38	1.79	0.30	2,752,622,000	59,654,000	1.20	2,420,001,000	54
2016	United Bank For Africa	4.50	2.04	0.61	3,504,470,000	72,264,000	1.25	3,056,401,000	55
2006	Unity Bank	2.50	0.03	0.01	131,031,671	1,370,490	1.10	100,263,887	1
2007	Unity Bank	8.80	0.05	0.00	203,234,002	720,843	1.06	171,194,245	2
2008	Unity Bank	2.86	0.80	0.01	346,494,190	-12,895,474	0.96	327,211,591	3
2009	Unity Bank	0.84	1.01	0.00	250,776,974	-16,112,863	0.89	243,864,975	4
2010	Unity Bank	1.20	0.38	0.00	261,193,024	12,487,550	1.10	217,291,896	5
2011	Unity Bank	0.55	0.08	0.05	260,842,956	2,693,859	1.27	217,021,273	6
2012	Unity Bank	0.50	0.18	0.00	344,262,498	6,180,061	1.06	292,804,816	7
2013	Unity Bank	0.53	0.59	0.00	403,629,290	-22,582,339	1.14	375,416,650	8
2014	Unity Bank	0.50	0.17	0.00	413,305,111	10,692,476	1.30	337,041,116	9
2015	Unity Bank	1.12	0.12	0.00	443,321,012	4,689,157	1.40	360,746,481	10
2016	Unity Bank	0.55	0.19	0.00	492,681,647	2,183,798	1.38	409,574,667	11
2001	Wema Bank	0.38	0.04	0.25	1,525,010,483	12,899,000	0.774	5,191,540	26
2002	Wema Bank	0.44	0.09	0.45	1,620,317,223	2,167,000	0.272	6,211,668	27
2003	Wema Bank	0.50	0.10	0.00	1,904,365,795	-16,385,000	0.736	7,521,510	28
2004	Wema Bank	0.85	-2.44	0.25	2,126,608,312	47,375,000	0.841	8,766,566	29
2005	Wema Bank	1.20	0.85	0.10	205,640,827	46,483,000	2.604	7,395,256	30

2006	Wema Bank	3.20	-0.66	0.45	120,109,067	-6,601,961	1.10	99,569,066	31
2007	Wema Bank	5.00	0.25	0.55	139,898,827	2,554,098	1.10	114,716,122	32
2008	Wema Bank	3.00	0.18	0.65	259,579,230	1,566,084	1.32	116,453,120	33
2009	Wema Bank	0.93	-0.66	0.35	196,774,212	-7,530,298	2.48	242,612,183	34
2010	Wema Bank	1.29	1.63	0.55	201,215,091	17,455,655	1.43	185,445,781	35
2011	Wema Bank	0.57	-0.36	0.35	214,888,911	-4,228,926	0.96	208,620,780	36
2012	Wema Bank	0.52	-0.42	0.27	244,426,282	-5,040,629	1.27	243,147,967	37
2013	Wema Bank	1.10	0.08	0.12	289,477,324	1,596,531	1.45	248,082,173	38
2014	Wema Bank	0.96	0.06	0.32	382,562,312	2,372,445	1.31	338,793,663	39
2015	Wema Bank	0.54	0.06	0.44	396,743,314	2,327,275	1.27	350,679,204	40
2016	Wema Bank	1.00	0.07	0.45	424,043,580	2,560,579	1.19	375,572,847	41
2001	Zenith Bank	6.50	0.12	0.00	504,427,737	14,008,790	2.941	146,694,797	10
2002	Zenith Bank	6.00	0.08	0.00	580,225,940	14,326,320	3.022	109,713,365	11
2003	Zenith Bank	6.85	0.34	0.00	707,797,181	16,554,650	5.712	197,652,741	12
2004	Zenith Bank	7.50	0.69	0.00	824,539,426	19,330,650	0.773	213,690,013	14
2005	Zenith Bank	10.00	1.32	0.00	460,081,094	23,388,580	0.849	255,850,435	15
2006	Zenith Bank	24.40	1.93	0.45	619,341,183	11,619,227	1.18	518,679,522	16
2007	Zenith Bank	46.09	2.02	0.71	972,822,129	18,779,805	1.12	856,367,473	17
2008	Zenith Bank	22.00	3.83	0.68	1,787,000,000	51,993,000	1.24	1,440,383,000	18
2009	Zenith Bank	13.60	0.82	1.13	1,659,703,000	20,603,000	1.23	1,321,910,000	19
2010	Zenith Bank	15.01	1.19	0.36	1,531,466,000	37,414,000	1.28	1,170,224,000	20
2011	Zenith Bank	12.18	1.54	0.85	1,932,427,000	48,704,000	1.23	1,540,845,000	21
2012	Zenith Bank	19.49	3.19	0.95	2,141,548,000	100,681,000	1.24	1,681,864,000	22
2013	Zenith Bank	21.55	2.91	1.60	2,633,882,000	95,318,000	1.24	2,128,646,000	23
2014	Zenith Bank	18.41	3.16	1.75	3,755,264,000	99,455,000	1.29	3,202,626,000	24
2015	Zenith Bank	14.05	3.36	2.00	4,006,842,000	105,663,000	1.42	3,412,489,000	25
2016	Zenith Bank	14.75	4.12	1.80	4,739,825,000	129,652,000	1.42	4,035,360,000	26

Appendix IV (Results)

T-Test (Overall CB and Domestic banks) 2001-2016

Notes

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Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax		T-TEST PAIRS=cb_ROA cb_EPS cb_PE cb_DPS cp_SP cp_CR WITH d_ROA d_EPS d_PE d_DPS d_SP d_CR (PAIRED) /CRITERIA=CI(.9500) /MISSING=ANALYSIS.
Resources	Processor Time	00:00:00.02
	Elapsed Time	00:00:00.03

[DataSet1]

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	cb_ROA	.0387197	80	.12780958	.01428955
	d_ROA	.017439	80	.0384242	.0042960
Pair 2	cb_EPS	1.077423	80	1.3042590	.1458206
	d_EPS	.305530	80	.6450784	.0721220
Pair 3	cb_P/E	17.18	80	32.620	3.647
	d_P/E	12.44	80	22.917	2.562
Pair 4	cb_DPS	.445454	80	.5436560	.0607826
	d_DPS	.177683	80	.2462742	.0275343
Pair 5	cp_SP	9.444750	80	8.7490263	.9781709
	d_SP	3.407750	80	5.1271118	.5732285
Pair 6	cp_CR	1.390796	80	.8862158	.0990819
	d_CR	1.271437	80	.6746627	.0754296

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	cb_ROA & d_ROA	80	.024	.834
Pair 2	cb_EPS & d_EPS	80	.025	.824
Pair 3	cb_P/E & d_P/E	80	-.027	.815
Pair 4	cb_DPS & d_DPS	80	.091	.422
Pair 5	cp_SP & d_SP	80	.081	.474
Pair 6	cp_CR & d_CR	80	-.176	.119

Paired Samples Test

		Paired Differences			
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference
					Lower
Pair 1	cb_ROA - d_ROA	.02128100	.13258008	.01482290	-.00822325
Pair 2	cb_EPS - d_EPS	.7718925	1.4403724	.1610385	.4513533
Pair 3	cb_P/E - d_P/E	4.738	40.360	4.512	-4.244
Pair 4	cb_DPS - d_DPS	.2677702	.5760453	.0644038	.1395776
Pair 5	cp_SP - d_SP	6.0370000	9.7745936	1.0928328	3.8617708
Pair 6	cp_CR - d_CR	.1193590	1.2043400	.1346493	-.1486538

Paired Samples Test

		Paired Differences	t	df	Sig. (2-tailed)
		95% Confidence Interval of the Difference			
		Upper			
Pair 1	cb_ROA - d_ROA	.05078525	1.436	79	.155
Pair 2	cb_EPS - d_EPS	1.0924317	4.793	79	.000
Pair 3	cb_P/E - d_P/E	13.719	1.050	79	.297
Pair 4	cb_DPS - d_DPS	.3959628	4.158	79	.000
Pair 5	cp_SP - d_SP	8.2122292	5.524	79	.000
Pair 6	cp_CR - d_CR	.3873717	.886	79	.378

T-Test (Pre [2001-2008] & Post [2009-2016] for only CB banks i.e. 5)

Notes

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Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax		T-TEST PAIRS=preROA preEPS prePE preDPS preSP preCR WITH postROA postEPS postPE postDPS postSP postCR (PAIRED) /CRITERIA=CI(.9500) /MISSING=ANALYSIS.
Resources	Processor Time	00:00:00.02
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[DataSet1]

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	preROA	.0173655	40	.01731990	.00273852
	postROA	.0600740	40	.17847706	.02821970
Pair 2	preEPS	.655463	40	.8667558	.1370461
	postEPS	1.499382	40	1.5262056	.2413143
Pair 3	preP/E	8.80	40	18.253	2.886
	postP/E	25.55	40	40.967	6.477
Pair 4	preDPS	.178152	40	.2350333	.0371620
	postDPS	.712755	40	.6299979	.0996114
Pair 5	preSP	8.373250	40	9.8844847	1.5628743
	postSP	10.516250	40	7.4158941	1.1725558
Pair 6	preCR	1.243229	40	.1038529	.0164206
	postCR	1.538364	40	1.2391288	.1959235

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	preROA & postROA	40	-.017	.915
Pair 2	preEPS & postEPS	40	.514	.001
Pair 3	preP/E & postP/E	40	.558	.000
Pair 4	preDPS & postDPS	40	.703	.000
Pair 5	preSP & postSP	40	.237	.141
Pair 6	preCR & postCR	40	-.187	.247

Paired Samples Test

		Paired Differences			
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference
					Lower
Pair 1	preROA - postROA	.04270850	.17961498	.02839962	-.01473516
Pair 2	preEPS - postEPS	-.8439200	1.3114318	.2073556	-1.2633362
Pair 3	preP/E - postP/E	16.750	34.313	5.425	5.776
Pair 4	preDPS - postDPS	-.5346030	.4939892	.0781066	-.6925884
Pair 5	preSP - postSP	-2.1430000	10.8622383	1.7174707	-5.6169124
Pair 6	preCR - postCR	.2951348	1.2627179	.1996532	-.1087020

Paired Samples Test

		Paired Differences	t	df	Sig. (2-tailed)
		95% Confidence Interval of the Difference			
		Upper			
Pair 1	preROA - postROA	.10015216	1.504	39	.141
Pair 2	preEPS - postEPS	-.4245038	-4.070	39	.000
Pair 3	preP/E - postP/E	27.724	3.087	39	.004
Pair 4	preDPS - postDPS	-.3766176	-6.845	39	.000
Pair 5	preSP - postSP	1.3309124	-1.248	39	.220
Pair 6	preCR - postCR	.6989716	1.478	39	.147

T-Test

Notes

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Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax		T-TEST PAIRS=CCB_StockP WITH DM_StockP (PAIRED) /CRITERIA=CI(.9500) /MISSING=ANALYSIS.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.03

[DataSet1]

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	CCB_StockP	7.028217	80	8.3079248	.9288542
	DM_StockP	4.085963	80	6.2506280	.6988415

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	CCB_StockP & DM_StockP	80	-.001	.992

Paired Samples Test

		Paired Differences			
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference
					Lower
Pair 1	CCB_StockP - DM_StockP	2.9422543	10.4022269	1.1630043	.6273521

Paired Samples Test

		Paired Differences	t	df	Sig. (2-tailed)
		95% Confidence Interval of the Difference			
		Upper			
Pair 1	CCB_StockP - DM_StockP	5.2571564	2.530	79	.013

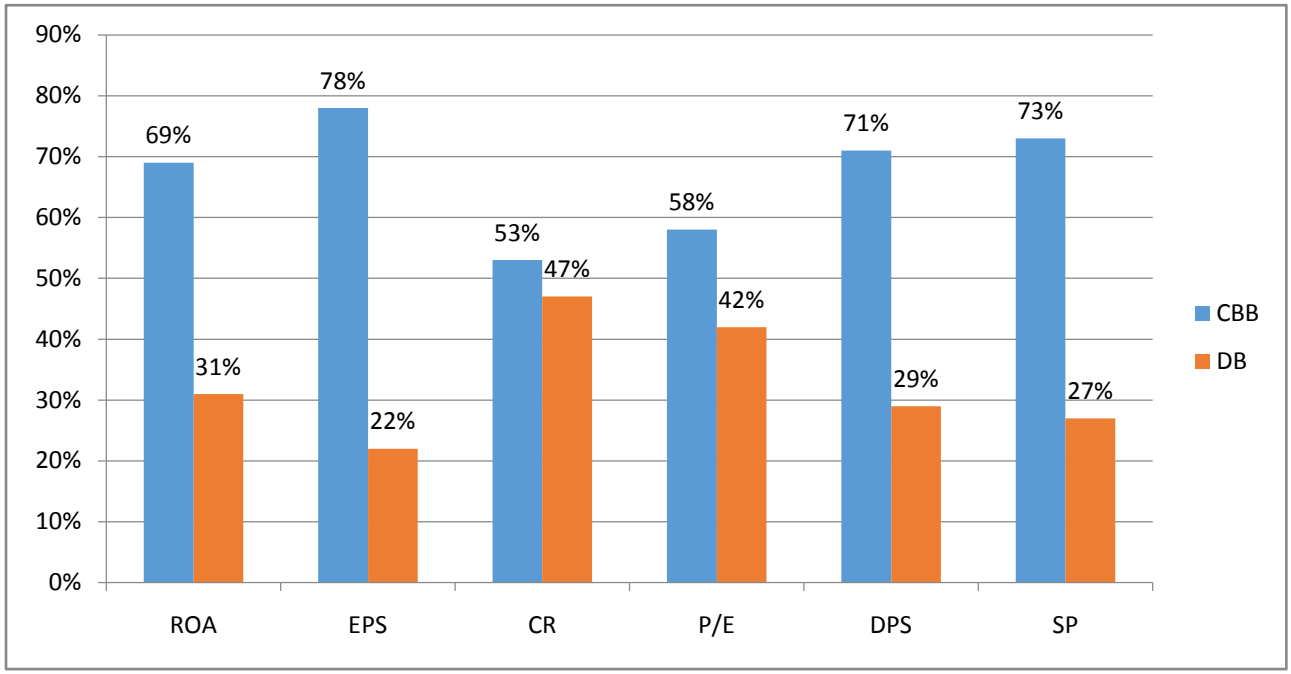
Comparative Results (10 Banks)
CCB 2001 – 2016

	ROA	EPS	CR	P_E	DPS	SP
Mean	0.038720	1.077423	1.397584	17.14524	0.445454	9.444750
Median	0.020222	0.845000	1.224423	8.170522	0.287253	6.905000
Maximum	0.811681	4.670000	5.712000	225.0000	2.000032	46.09000
Minimum	-0.352478	-2.990000	0.109000	-60.00000	0.000000	0.500000
Std. Dev.	0.127809	1.304259	0.836091	32.64550	0.543656	8.749026
Skewness	3.292559	0.419423	2.640495	3.585471	1.416414	1.557512
Kurtosis	21.02128	3.750461	12.33606	22.64999	4.160696	5.905154
Jarque-Bera	1227.101	4.222852	383.5030	1458.482	31.24044	60.47765
Probability	0.000000	0.121065	0.000000	0.000000	0.000000	0.000000
Sum	3.097607	86.19380	111.8067	1371.620	35.63629	755.5800
Sum Sq. Dev.	1.290482	134.3862	55.22483	84192.59	23.34939	6047.091
Observations	80	80	80	80	80	80

DOMESTIC 2001 – 2016

	ROA	EPS	CR	P_E	DPS	SP
Mean	0.017442	0.305530	1.253487	12.45289	0.177683	3.407750
Median	0.011804	0.180000	1.229022	5.973810	0.092098	1.370000
Maximum	0.226040	2.930000	3.507000	177.0624	1.291200	27.00000
Minimum	-0.064252	-2.440000	0.000000	-4.848485	0.000000	0.000000
Std. Dev.	0.038423	0.645078	0.614314	22.95332	0.246274	5.127112
Skewness	2.249474	0.592741	1.020747	5.113084	2.126229	2.571271
Kurtosis	13.97717	10.44879	6.239232	35.06310	8.362328	9.735612
Jarque-Bera	469.1292	189.6326	48.86773	3775.390	156.1265	239.3807
Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	1.395359	24.44240	100.2790	996.2312	14.21467	272.6200
Sum Sq. Dev.	0.116630	32.87396	29.81320	41621.54	4.791428	2076.695
Observations	80	80	80	80	80	80

Overall Performance of Cross-border (CB) and Domestic banks (2001 – 2016)



CB BANKS (PRE AND POST)

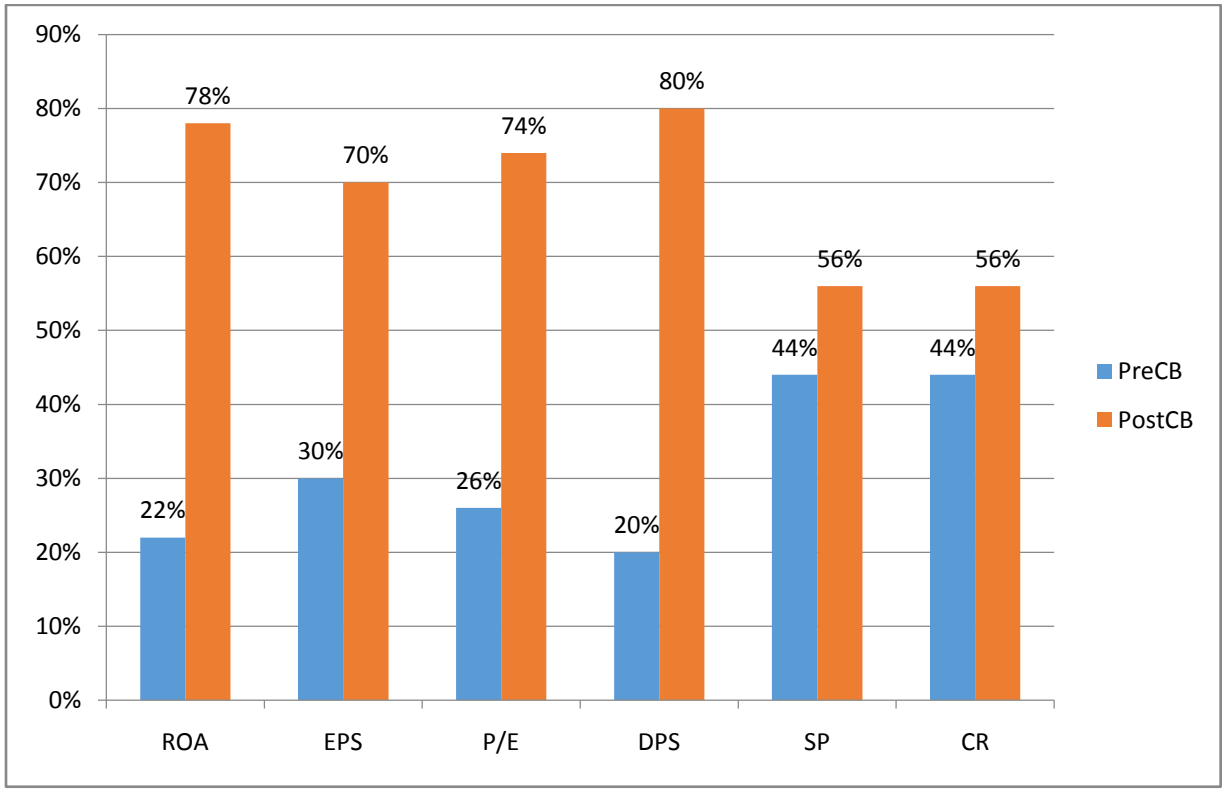
PRE: (2001-2008)

	ROA	EPS	P_E	DPS	SP	CR
Mean	0.017366	0.655463	8.789580	0.178152	8.373250	1.233429
Median	0.018780	0.230700	5.557514	0.041500	5.500000	1.238556
Maximum	0.049967	3.830000	81.66667	0.712318	46.09000	1.446477
Minimum	-0.034020	-1.030000	-29.23077	0.000000	0.500000	0.608000
Std. Dev.	0.017320	0.866756	18.27649	0.235033	9.884485	0.139702
Skewness	-0.571765	1.368549	2.790992	1.039013	2.080875	-2.081862
Kurtosis	3.842015	5.797916	12.75400	2.722286	7.395399	11.13467
Jarque-Bera	3.361082	25.53340	210.4985	7.325530	61.06616	139.1825
Probability	0.186273	0.000003	0.000000	0.025661	0.000000	0.000000
Sum	0.694625	26.21850	351.5832	7.126087	334.9300	49.33715
Sum Sq. Dev.	0.011700	29.29936	13027.18	2.154386	3810.418	0.761145
Observations	40	40	40	40	40	40

POST: (2009-2016)

	ROA	EPS	P_E	DPS	SP	CR
Mean	0.060075	1.499383	25.50091	0.712755	10.51625	1.561739
Median	0.021304	1.565000	15.89977	0.551263	8.200000	1.176486
Maximum	0.811681	4.670000	225.0000	2.000032	26.75000	5.712000
Minimum	-0.352478	-2.990000	-60.00000	0.000000	0.500000	0.109000
Std. Dev.	0.178477	1.526206	41.00658	0.629998	7.415894	1.158114
Skewness	2.105366	-0.286127	2.944741	0.691940	0.627235	1.604719
Kurtosis	10.23132	3.467455	15.62572	2.254215	2.287966	5.822952
Jarque-Bera	116.7038	0.909982	323.4913	4.118863	3.467811	30.44925
Probability	0.000000	0.634454	0.000000	0.127526	0.176593	0.000000
Sum	2.402982	59.97530	1020.036	28.51021	420.6500	62.46954
Sum Sq. Dev.	1.242302	90.84284	65580.04	15.47899	2144.824	52.30794
Observations	40	40	40	40	40	40

Overall Performance of Cross-border (CB) banks before (2001-2008) and after (2009-2016) going CB:



Here, the differences in the mean values were converted to percentages and presented in order to have an overview of the changes that has occurred overtime since after the banks' engagements in cross-border activities.

Model One Results

(13 banks - excluded Unity bank for incomplete data as it was founded in 2006)

POOLED OLS

Dependent Variable: PAT
Method: Panel Least Squares
Date: 01/12/18 Time: 10:22
Sample: 2001 2016
Periods included: 16
Cross-sections included: 13
Total panel (balanced) observations: 208

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.244095	1.608188	3.882690	0.0001
CBB	0.652977	0.210079	3.108239	0.0022
SIZE	0.495543	0.086449	5.732179	0.0000
LEV	-0.174206	0.212261	-0.820720	0.4128
AGE	-0.008096	0.008869	-0.912768	0.3624

R-squared	0.315565	Mean dependent var	16.12536
Adjusted R-squared	0.302079	S.D. dependent var	1.422732
S.E. of regression	1.188574	Akaike info criterion	3.207131
Sum squared resid	286.7799	Schwarz criterion	3.287360
Log likelihood	-328.5416	Hannan-Quinn criter.	3.239572
F-statistic	23.39877	Durbin-Watson stat	0.770432
Prob(F-statistic)	0.000000		

FIXED EFFECT

Dependent Variable: PAT
Method: Panel EGLS (Cross-section weights)
Date: 01/12/18 Time: 10:24
Sample: 2001 2016
Periods included: 16
Cross-sections included: 13
Total panel (balanced) observations: 208

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.329359	1.650588	3.834608	0.0002
CBB	0.419815	0.227535	1.845053	0.0666
SIZE	0.467938	0.104660	4.471024	0.0000
LEV	-0.242501	0.223432	-1.085346	0.2791
AGE	0.016254	0.026299	0.618050	0.5373

Effects Specification
Cross-section fixed (dummy variables)

Weighted Statistics			
R-squared	0.632062	Mean dependent var	19.60898
Adjusted R-squared	0.601240	S.D. dependent var	8.884889
S.E. of regression	1.029523	Sum squared resid	202.4444
F-statistic	20.50681	Durbin-Watson stat	1.156309
Prob(F-statistic)	0.000000		

Unweighted Statistics			
R-squared	0.496975	Mean dependent var	16.12536
Sum squared resid	210.7687	Durbin-Watson stat	1.054542

RANDOM EFFECT

Dependent Variable: PAT
Method: Panel EGLS (Cross-section random effects)
Date: 01/12/18 Time: 10:26
Sample: 2001 2016
Periods included: 16
Cross-sections included: 13
Total panel (balanced) observations: 208
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.024400	1.762308	3.985910	0.0001
CBB	0.495401	0.269940	1.835228	0.0679
SIZE	0.453089	0.099237	4.565739	0.0000
LEV	-0.035662	0.209696	-0.170063	0.8651
AGE	0.008260	0.017056	0.484289	0.6287

Effects Specification			
		S.D.	Rho
Cross-section random		0.635475	0.2713
Idiosyncratic random		1.041536	0.7287
	Weighted Statistics		
R-squared	0.280579	Mean dependent var	6.113979
Adjusted R-squared	0.266403	S.D. dependent var	1.213721
S.E. of regression	1.039555	Sum squared resid	219.3770
F-statistic	19.79286	Durbin-Watson stat	1.640200
Prob(F-statistic)	0.000000		
	Unweighted Statistics		
R-squared	0.307543	Mean dependent var	16.12536
Sum squared resid	290.1415	Durbin-Watson stat	1.760944

HAUSMAN TEST

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.228578	4	0.5203

Cross-section random effects test comparisons:

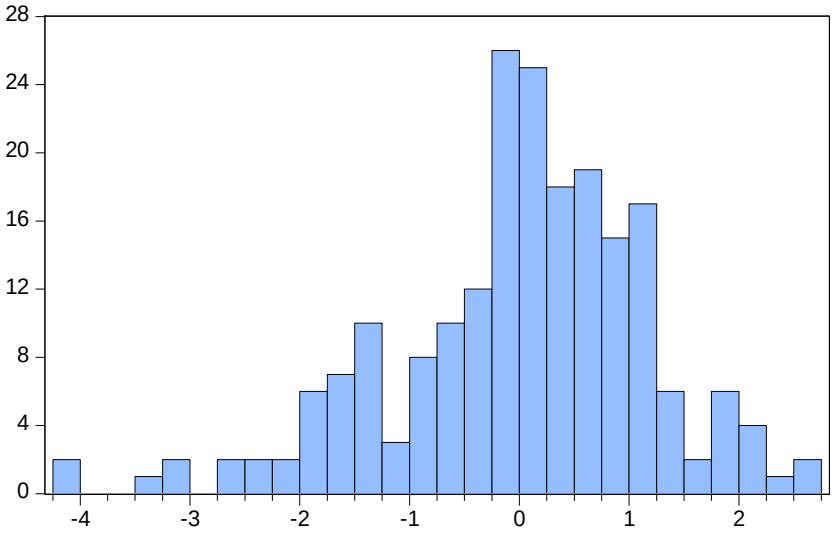
Variable	Fixed	Random	Var(Diff.)	Prob.
CBB	0.442752	0.495401	0.018207	0.6964
SIZE	0.479129	0.453089	0.005259	0.7195
LEV	0.129615	0.035662	0.016397	0.4631
AGE	-0.019926	-0.008260	0.000679	0.6543

Cross-section random effects test equation:
Dependent Variable: PAT
Method: Panel Least Squares
Date: 01/12/18 Time: 10:27
Sample: 2001 2016
Periods included: 16
Cross-sections included: 13
Total panel (balanced) observations: 208

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.758071	1.990542	3.395091	0.0008
CBB	0.442752	0.301785	1.467109	0.1440
SIZE	0.479129	0.122911	3.898185	0.0001
LEV	0.129615	0.245702	0.527531	0.5984
AGE	-0.019926	0.031139	-0.639893	0.5230

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.505501	Mean dependent var	16.12536
Adjusted R-squared	0.464077	S.D. dependent var	1.422732
S.E. of regression	1.041536	Akaike info criterion	2.997467
Sum squared resid	207.1962	Schwarz criterion	3.270246
Log likelihood	-294.7366	Hannan-Quinn criter.	3.107765
F-statistic	12.20311	Durbin-Watson stat	1.068790
Prob(F-statistic)	0.000000		

NORMALITY TEST



Series: Standardized Residuals
Sample 2001 2016
Observations 208

Mean	5.74e-15
Median	0.109718
Maximum	2.527730
Minimum	-4.059666
Std. Dev.	1.183913
Skewness	-0.684513
Kurtosis	3.912570
Jarque-Bera	23.46082
Probability	0.000008

DESCRIPTIVES

	PAT	CBB	SIZE	LEV	AGE
Mean	17912714	0.442308	20.01098	0.681764	25.33173
Median	10750061	0.000000	20.23151	0.836533	23.00000
Maximum	1.30E+08	1.000000	22.27927	2.792889	55.00000
Minimum	-2.81E+08	0.000000	16.79244	0.003080	6.000000
Std. Dev.	34888249	0.497859	1.267721	0.403748	11.06199
Skewness	-2.266800	0.232321	-0.386908	0.595497	0.646066
Kurtosis	28.88351	1.053973	2.282503	6.921066	2.616840
Jarque-Bera	5984.415	34.69191	9.651132	145.5413	15.74229
Probability	0.000000	0.000000	0.008022	0.000000	0.000382
Sum	3.73E+09	92.00000	4162.284	141.8068	5269.000
Sum Sq. Dev.	2.52E+17	51.30769	332.6730	33.74365	25330.11
Observations	208	208	208	208	208

CORRELATION

Covariance Analysis: Ordinary
Date: 01/12/18 Time: 10:37
Sample: 1 208
Included observations: 208

Correlation t-Statistic Probability	PAT	CBB	SIZE	LEV	AGE
PAT	1.000000				

CBB	0.256432	1.000000			
	3.807815	-----			
	0.0002	-----			
SIZE	0.317372	0.584781	1.000000		
	4.803472	10.34674	-----		
	0.0000	0.0000	-----		
LEV	-0.023908	0.209550	0.255466	1.000000	
	-0.343242	3.075907	3.792467	-----	
	0.7318	0.0024	0.0002	-----	
AGE	0.088820	0.446908	0.506456	0.140580	1.000000
	1.279870	7.170219	8.430120	2.037939	-----
	0.2020	0.0000	0.0000	0.0428	-----

VIF

ariance Inflation Factors
Date: 01/12/18 Time: 10:41
Sample: 1 208
Included observations: 208

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	2.586269	380.7889	NA
CBB	0.044133	2.874101	1.602864
SIZE	0.007473	442.3858	1.759898
LEV	0.045055	4.159469	1.076162
AGE	7.87E-05	8.842964	1.410510

Model Two Results

POOLED OLS

Dependent Variable: EPS
Method: Panel Least Squares
Date: 01/12/18 Time: 10:44
Sample: 2001 2016
Periods included: 16
Cross-sections included: 13
Total panel (balanced) observations: 208

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-7.865372	1.936648	-4.061333	0.0001
CBB	0.156499	0.252987	0.618604	0.5369
SIZE	0.445569	0.104106	4.279957	0.0000
LEV	0.190098	0.255613	0.743693	0.4579
AGE	-0.019591	0.010681	-1.834186	0.0681

R-squared	0.133805	Mean dependent var	0.753446
Adjusted R-squared	0.116737	S.D. dependent var	1.522984
S.E. of regression	1.431332	Akaike info criterion	3.578832
Sum squared resid	415.8882	Schwarz criterion	3.659062
Log likelihood	-367.1986	Hannan-Quinn criter.	3.611273
F-statistic	7.839575	Durbin-Watson stat	2.313476
Prob(F-statistic)	0.000007		

FIXED EFFECT

Dependent Variable: EPS
Method: Panel Least Squares
Date: 01/12/18 Time: 10:45
Sample: 2001 2016
Periods included: 16
Cross-sections included: 13
Total panel (balanced) observations: 208

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.258327	2.640041	-1.612978	0.1084
CBB	0.161063	0.400256	0.402399	0.6878
SIZE	0.213422	0.163016	1.309211	0.1920
LEV	0.284396	0.325873	0.872719	0.3839
AGE	0.018785	0.041300	0.454844	0.6497

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.240899	Mean dependent var	0.753446
Adjusted R-squared	0.177309	S.D. dependent var	1.522984
S.E. of regression	1.381381	Akaike info criterion	3.562242
Sum squared resid	364.4690	Schwarz criterion	3.835021
Log likelihood	-353.4732	Hannan-Quinn criter.	3.672540
F-statistic	3.788334	Durbin-Watson stat	2.632147
Prob(F-statistic)	0.000004		

RANDOM EFFECT

Dependent Variable: EPS
Method: Panel EGLS (Cross-section random effects)
Date: 01/12/18 Time: 10:46
Sample: 2001 2016
Periods included: 16
Cross-sections included: 13
Total panel (balanced) observations: 208
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.954480	2.016442	-3.448887	0.0007
CBB	0.147691	0.281863	0.523982	0.6009
SIZE	0.393719	0.109528	3.594692	0.0004
LEV	0.273267	0.255379	1.070043	0.2859
AGE	-0.016675	0.012909	-1.291759	0.1979

	Effects Specification		S.D.	Rho
Cross-section random			0.284718	0.0408
Idiosyncratic random			1.381381	0.9592

	Weighted Statistics		
R-squared	0.114040	Mean dependent var	0.581347
Adjusted R-squared	0.096582	S.D. dependent var	1.470999
S.E. of regression	1.398159	Sum squared resid	396.8343
F-statistic	6.532467	Durbin-Watson stat	2.421351
Prob(F-statistic)	0.000058		

	Unweighted Statistics		
R-squared	0.132216	Mean dependent var	0.753446
Sum squared resid	416.6512	Durbin-Watson stat	2.306187

HAUSMAN TEST

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	8.961064	4	0.0621

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
CBB	0.161063	0.147691	0.080758	0.9625
SIZE	0.213422	0.393719	0.014578	0.1354
LEV	0.284396	0.273267	0.040975	0.9562
AGE	0.018785	-0.016675	0.001539	0.3661

Cross-section random effects test equation:
Dependent Variable: EPS
Method: Panel Least Squares
Date: 01/12/18 Time: 10:46
Sample: 2001 2016
Periods included: 16
Cross-sections included: 13
Total panel (balanced) observations: 208

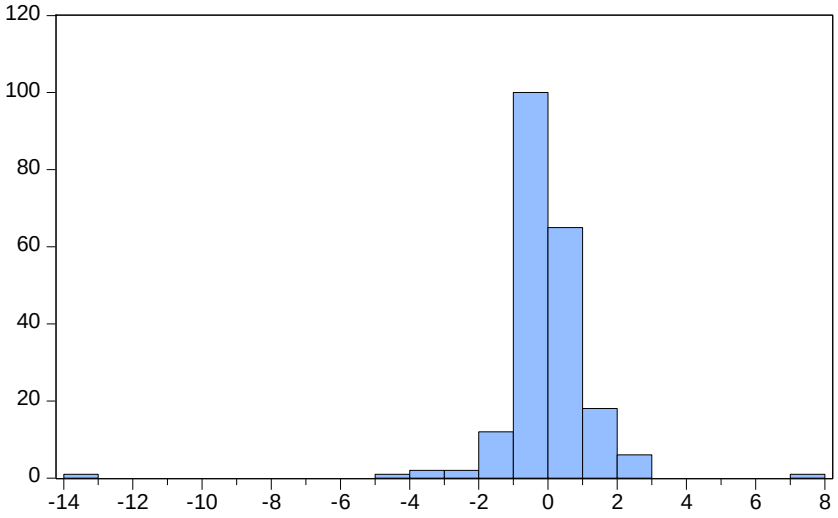
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.258327	2.640041	-1.612978	0.1084
CBB	0.161063	0.400256	0.402399	0.6878
SIZE	0.213422	0.163016	1.309211	0.1920
LEV	0.284396	0.325873	0.872719	0.3839
AGE	0.018785	0.041300	0.454844	0.6497

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.240899	Mean dependent var	0.753446
Adjusted R-squared	0.177309	S.D. dependent var	1.522984
S.E. of regression	1.381381	Akaike info criterion	3.562242
Sum squared resid	364.4690	Schwarz criterion	3.835021
Log likelihood	-353.4732	Hannan-Quinn criter.	3.672540
F-statistic	3.788334	Durbin-Watson stat	2.632147
Prob(F-statistic)	0.000004		

NORMALITY



Series: Standardized Residuals
Sample 2001 2016
Observations 208

Mean	-1.62e-16
Median	-0.059142
Maximum	7.506105
Minimum	-13.34362
Std. Dev.	1.393011
Skewness	-3.606550
Kurtosis	46.11573
Jarque-Bera	16561.96
Probability	0.000000

DESCRIPTIVES

	EPS	CBB	SIZE	LEV	AGE
Mean	0.753446	0.442308	929326328.1	0.681764	25.33173
Median	0.480000	0.000000	611572000	0.836533	23.00000
Maximum	8.300000	1.000000	4739825000	2.792889	55.00000
Minimum	-12.66000	0.000000	19627505	0.003080	6.000000
Std. Dev.	1.522984	0.497859	988759962.6	0.403748	11.06199
Skewness	-2.442680	0.232321	1.708654	0.595497	0.646066
Kurtosis	33.37439	1.053973	5.885800	6.921066	2.616840
Jarque-Bera	8202.744	34.69191	173.3839	145.5413	15.74229
Probability	0.000000	0.000000	0.000000	0.000000	0.000382
Sum	156.7168	92.00000	193299876245	141.8068	5269.000
Sum Sq. Dev.	480.1322	51.30769	2.02E+20	33.74365	25330.11
Observations	208	208	208	208	208

CORRELATIONS

Covariance Analysis: Ordinary
Date: 01/12/18 Time: 10:52
Sample: 2001 2016
Included observations: 208

Correlation t-Statistic Probability	EPS	CBB	SIZE	LEV	AGE
EPS	1.000000 ----- -----				
CBB	0.215015 3.159949 0.0018	1.000000 ----- -----			
SIZE	0.384882 5.985150 0.0000	0.535500 9.100708 0.0000	1.000000 ----- -----		
LEV	0.135861 1.968227 0.0504	0.209550 3.075907 0.0024	0.237297 3.505994 0.0006	1.000000 ----- -----	
AGE	0.075491 1.086597 0.2785	0.446908 7.170219 0.0000	0.444320 7.118453 0.0000	0.140580 2.037939 0.0428	1.000000 ----- -----

VIF

Variance Inflation Factors
Date: 01/12/18 Time: 11:06
Sample: 1 208
Included observations: 208

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	3.750606	380.7889	NA
CBB	0.064002	2.874101	1.602864
SIZE	0.010838	442.3858	1.759898
LEV	0.065338	4.159469	1.076162
AGE	0.000114	8.842964	1.410510