Ayodeji Ogbola

RECAPITALISATION OF BANKS AND ITS EFFECTS ON THE NATIONAL ECONOMY

Comparative Analysis of Nigerian and Finnish Banks

Thesis
CENTRIA UNIVERSITY OF APPLIED SCIENCES
Business Management
September 2020

ABSTRACT

Centria University of Applied Sciences	Date September 2020	Author Ayodeji Ogbola
Degree programme Business Management		
Name of thesis RECAPITALISATION OF BANKS AND ITS EFFECTS ON THE NATIONAL ECONOMY: Comparative Analysis of Nigerian and Finnish Banks		
Instructor Karin Kallis		**Pages** 30+3
Supervisor Paula Tornikoski		

Recapitalization is one of the trending issues when it comes to studies and research pertaining to finance. The drive for banks to revitalize their capital base in order to improve their balance sheet has grown over the years as crises upon crises have erupted due to one financial downturn or the other, causing distress in the financial sectors of a nation. The revitalization of the banking system in a bid to save it from bankruptcy or any financial embarrassment centers on the bank's ability to reorganize its approaches and strength so as to be revived from such financial crisis.

From the comparative analysis done on the effects of recapitalization on the national economy of Finland and Nigeria, it can be deduced that recapitalization has produced positive effects on the economy of both countries by increasing the return on assets, return on equity, net profit ratio, capital investment ratio and basic earnings per share, thereby helping in the reduction of operating cost, enhancement of available fund, investment possibilities of international standard, prospecting of generating more funds from the Stock Exchange Market and adequacy of cash mobilization strategy.

Recapitalization is a correlate of national development which is spurred from the various economic modalities put in place by the government through the promulgation of banking policies that will help sustain and improve the national economy significantly.

Key words

Balance sheet, Banks, Debt, Equity, Liquidity, Recapitalization,

ABSTRACT

CONTENTS

1 INTRODUCTION

Worldwide, there have been various crises that have bedeviled the human race as a whole; these crises are not peculiar to a particular race or part of the world and may vary in the degree of their occurrences depending on the location and the way of life of the people experiencing such crisis. Research has it that one of the peculiar and common crises experienced by many countries of the world is the economic crisis. However, the economic crises have drastic effects on the economies of the countries where it ensue, and countries being affected find a way out of the crisis by devising methods to tackle the crisis collectively or individually. Therefore, it will be helpful to place side by side the various effects of the methods being devised on the national economies of different countries, so as to be informed on the effectiveness and flaws of methods being used to solve the crisis.

The financial sector of a country is one of the prevailing sectors in the economy; this is as a result of its participation in the elevation of that country's economic growth and development. In order to ensure the effective functioning of any nation's economy, there is a dire need of an efficient and effective financial system which is very important and widely accepted as a necessary condition. In other words, a responsive banking system is vital to the accomplishment of a sound economic base and its economic performance which in turn has far reaching effects on the political atmosphere of a nation.

A bank, being a financial institution that is licensed to offer a variety of services to the public, serves as an agent which facilitates capital and enhances productivity, thereby promoting economic growth. Not only that, but also it accepts deposits, loans and render other financial services which include currency exchange, wealth management, storage of cash and credits which are crucial parts of a nation's economy. Therefore, banks are vital players in the financial sector because of their unique role as financial agents, work hand in hand with other financial institutions to thrive on process savings and transactions to make the distribution of available resources sustainable (Raji, Bamgbose, Olusegun, & Abidoye 2017, 20425).

According to Raji, et-al (2017, 20425) banking industries play an indispensable role in the economy of a nation based on financial intercession (through transmission savings from surplus sector of the economy to the property sector of that economy). This is a bid to make the economy of such a nation maintain a balance and established, able to withstand pressure that may arise in future. In the same vein, Nnanna (2012) cited in Eyenubo (2015, 26) corroborated Raji et-al (2017) by affirming that the role of the banking sector in developing an economy cannot be overemphasized, the role it plays in developing an economy ranges from financial intervention, provision of an efficient payment system, serving as a medium for the implementation of monetary policies, enhancing savings and channeling funds in an efficient and effective manner to ensuring that viable projects are not frustrated due to lack of funds.

An efficient and effective financial system is not only vital for the promotion of efficient intervention but also for the protection of depositors, commendation of healthy entity, maintenance of certainty in stability of the economic system, and protection against system risk and collapse. They further opined that the degree of success of banks and other financial institution in performing the above functions depends on the financial grass root of the banks. Therefore, it is only through competent capital base that banks can regain balance and be on normal earning structure. (Raji et-al (2017, 20425-20426)

Adedeji, Babatunde and Adekanye (2015, 2) posited that to ensure that the banking system is efficient and operationally effective, the government of every country does exert some regulatory controls. One form of such control is the regulation of the bank capital base through capital requirement policy. This means the government will formulate policies that will help widen and improve the capital base of banks by stating the minimum amount a bank should have in its capital base so as to prevent it from going bankrupt.

The Banking sector has been responsive to the frequency of the crisis and the post-crisis operating atmosphere. Globally, banks have been re-evaluating and regulating their business strategies, including their growth plans, balance sheet positions, cost bases, organizational structures, scope of undertakings and geographic presence. Adjustments have also affected less visible aspects of their business, including governance and risk management practices. (Bank for International Settlements 2018).

This connotes that for a bank to be on its feet and still in business, it must have put various modalities in place in order to defeat all forms of impending financial distress that may arise in the process of executing its business operation. The bank is also required to adjust to various policies that are introduced by the government to assist or regulate the operation of banks and other financial institutions, so as the ensure the smooth running of the financial sector of the economy and make it meaningful.

A banking crisis normally starts with the bank's inability to meet its financial commitments to its stakeholders. This, in most cases, hinges on the banks, which makes these banks and their customers participate in huge credit recalls and withdrawals which sometimes necessitate the Central Bank liquidity support to the affected banks (Adegbaju & Olukoyo 2008, 2). According to Igoni (2013, 2) a bank will manifest the following characteristics in time of crisis: insufficient capital compared to the sophistication of the firm; increased non-performing loans to total loans; illiquidity manifested in the bank's inability to meet depositors' cash withdrawals needs, and/or a persistent desire to overdraw from the Central Bank window. He further affirmed that the crisis of the bank is also manifested in poor receipts arising from substantial losses from a bank's operations; and poor corporate governance, including inadequate corporate control mechanism and insider abuse, fraud, corrupt and unprofessional behaviour, board crises, poor human capacity and low staff morale, as well as high staff turnover, among others (Igoni 2013, 2). This connotes that crises being experienced in the banking sector are fuelled by internal incompetence and/or unethical engagements in the operational management of the banks.

Banking crises according to Laeven & Valencia, 2008 [Igoni 2013, 2] entail banking sector runs affecting particular banks; panics, affecting several institutions; while systemic banking crises involve a country- wide impact on the failure of a large number of banking institutions and corporation with many of them facing serious challenges in meeting their obligations. In other word, this implies that banking crises could be peculiar to a particular bank and/or be general crises that affect the banking system in totality.

However, to combat crises that are experienced by the banking system, there is a series of reforms made by the government of a country, so as to cushion or/and eliminate the negative effects of the crises on the national economy. Therefore, banking sector reforms are part of the government struggles to constitute thoughtful and insightful policy response to amend observed or forthcoming banking sector crises and failures that are consequential if not promptly and properly attended to. A banking crisis or failure can be triggered by a weakness in the banking system as a result of persistent illiquidity, insolvency, undercapitalization, high level of non-performing loans and weak corporate governance among others. It is essential that banks must have sufficient capital to provide adequate cushion for absorbing possible loan losses, expansion, fund internal needs and act as backup for depositors' fund (Spong, 1990 [Oluitan, Ashamu & Ogunkenu 2014, 82])

Banking reforms have been a current occurrence around the world right from over three decades ago. Nonetheless, it is more strengthened in recent time because of the influence of globalization which is triggered by continuous integration of the world market and economies. Banking reforms encompass several elements that are unique to each country based on economic, historical and Institutional requirements (Alalade, Adekunle & Oguntodu 2016, 2).

In view of the considerable changes in banking over the past decade, the Committee on the Global Financial System (CGFS) founded a Working Group to study trends in bank business models, performance and market structure, and assess their implications for the stability and efficiency of the banking markets. The Group was also saddled with the responsibility of considering the drivers of trends in banking and the degree to which the changes observed may be provisional or lifelong.

According to Kokane and Nerlekar (2007, 84) recapitalization is a change in a company's long-term financing mix. They were of the opinion that post subprime crises banks have lost money, that is, their liabilities are greater than their assets. In other words, this means that banks after the incidence of any financial crisis record a huge loss which could in turn have negative effects on their operation and may even lead to bankruptcy. In the same vein, recapitalization involves a key change in the way a bank is funded; this could come about through issuing new shares or loan from the government. This increases the banks' bank balance and prevents them from going bankrupt. Therefore, if a bank is provided with loan, it can help improve liquidity, but it doesn’t improve their balance sheet, because they still owe the extra money received, that is, the money shows up as an asset, but also as liability because the bank has to pay it back. Recapitalization would inject money without creating a liability. (Kokane & Nerlekar 2007.84)

Recapitalization of banks has been considered the way forward in ensuring that banks in developing countries are able to compete with those in other parts the world especially the developed countries. Research also has it that recapitalization is a means to an end, that is, it has been one of the measures put in place to strengthen the financial base of any ailing financial and non-financial institution. The rationale behind this topic is to make a comparative analysis of the effects of recapitalization of banks (financial institution) between the Nigerian banks and the Finnish banks. That is, to know the effects of recapitalization on the national economy obtainable in the Nigerian banking system and what is obtainable in the Finnish banking system.

2 DEFINING RECAPITALIZATION

In a bid to get a clearer understanding of what recapitalization entails, it is pertinent to understand what capitalization really is. Capitalization is a vital constituent of reforms in the banking sector of any country's economy, due to the fact that a bank with a strong capital base has the ability to clear losses arising from non-performing liabilities. Realizing capitalization requirements may be accomplished through consolidation of existing banks that are about to hit the rocks to become a bad bank or raising funds through the capital market. The quantity of capitalization required by a bad bank is essentially determined by two factors: operating costs and acquisition costs. When a low price is paid for the acquired troubled assets, this not only reduces the risk of imminent losses but also keeps the initial capital requirements of the bad bank reduced to the bare-minimum (Schafer and Zimmermann, 2009, 15).

Therefore, recapitalization simply refers to a kind of mutual reorganization that encompasses ample change in a company's capital organisation to recuperate its financial stability and servicing its financial structure. Recapitalization is used as an approach to tackle the insolvency of banks and prevent future possibilities of financial difficulty. There are so many reasons recapitalization is considered in the reorganization of a financial sector, significant amongst is replacing debt with equity or vice versa.

For the purpose of this study, a vivid and in-depth analysis will be done on bank recapitalization. As the name implies, the recapitalization of banks involves revitalizing banks with brand new capital in order to improve their balance sheet to save them from distress which may result into bankruptcy if not attended to, that is, fortifying their statement of assets, liabilities and business capital which spells out the balance of income and expenditure over a period. When distressed banks are not recapitalized, they are likely to lend less or engage in zombie lending, which leads to depressed growth (Caballero, Hoshi, & Kashyap 2008; Peek & Rosengren 2005 [Homar 2016, 12]).

Recapitalization is a major reform objective which literarily means increasing the amount of long term finances used in financing the organization. It is believed to be a major driving force of bank reforms (Omoruyi, 1991 [Oluitan, Ashamu & Ogunkenu

2014, 6]) and this involves expanding the debt stock of the company or releasing additional shares through existing shareholders or new shareholders or a combination of the two. It could even take the form of merger and acquisition or foreign direct investment. Nevertheless, whichever form it takes, the end result is that the long term capital stock of the organization is increased substantially to sustain the operational activities of the business which is capable of impacting positively on the economy (Oluitan, Ashamu & Ogunkenu 2014, 5).

Recapitalization can also simply be referred to as the restructuring of bank debt and equity mixture, most often with the aim of making bank capital structure more stable (Jimmy 2008, [Raji et-al 2018, 20426]). He further buttressed that recapitalization occurs when banks change their capital unit by improving bank's debt/equity ratio. It can also be defined to be the major change in the way a bank is being funded. This usually surfaces when a bank's liabilities are somewhat higher than its assets. For instance, the money deposited into banks by customers is a liability and it will be paid back to the customers at any required time. Owing to this fact, their balance sheet reduces and banks find it challenging to raise capital from an open market. In spite of this, a bank raises capital by partnering with other banks. Hence, there is an asset and liability difference as well as general instability in the banking sector which has required the Central Bank to invoke increase in capital requirements.

3 TYPES OF RECAPITALIZATION

Recapitalization of banks takes various forms, the form this may take hinges on the rationale behind the bank's disadvantaged end. According to Readyratios 2009, types of recapitalization include leveraged recapitalization, leverage buyout, equity recapitalization, and capital/nationalization infusion amongst others. These are further expatiated to give a proper understanding of how they operate.

A leveraged recapitalization (recap) is when a corporation (public or private) turns to the debt markets to issue bonds and uses the proceeds to buy back shares or distribute equity dividends to investors. While turning to debts markets may seem counterproductive, a company's decision to repay debt, buy company stock, or reward investors from proceeds gained by debt instead of using earned profits may be driven by a number of incentives, both macroeconomic as well as micro (internal company developments) (Paley 2012, 2). In the same vein, Paley (2012, 1) also posited that leverage recapitalization equals Cheap Debt plus Reasonably Priced Equities plus Possible Sunset on Favorable Dividend Tax Rate.

A leverage buyout means the acquisition of a company or a part of another company financed with a considerable measure of funds that are borrowed. In the acquisition of a company, the assets of the target or acquired company are mortgaged by the acquiring company to borrow funds to acquire the target company. Recapitalization is said to be an outcome of leveraged buyout but not the reason for it. In the same vein, the acquiring company does not necessarily have the aim of changing the capital structure of the target company. Nevertheless, as a result of the borrowings by the acquiring company, the debt obligation of the acquired company tends to increase and the capital structure automatically changes, thus, giving birth to recapitalization (Readyratios 2009).

An equity recapitalization symbolizes an alternate to a complete sale of a company. In this situation, the original owner can continue as a partner and/or manager of the company, while the new partner is a private equity firm that shares the business owner's culture and vision for the future. That is, the new partner never alters the business owner's culture and vision. Unlike some strategic acquirers who purchase with a view towards eliminating overhead dismissals, private equity firms prefer a more passive or board level involvement and a collaborative relationship with the existing owner and management. As partners, these private equity firms are able to bring strategic opportunities to the company that were not previously available, and can provide strategic management experience in order to assist the company to its next level of growth. (Readyratios 2009; Oluitan, et-al 2014; Tiovanev 2010)

Capital infusion refers to the process of transferring money from a successful unit, division or subsidiary of a company to another unit that is not doing well with the aim of injecting new life into that unit (Misquitta & Sharma-Singhania, 2017). In this method, the government of a country infuses capital in private companies by buying a substantial chunk of the company's equity. A typical example of this is the Troubled Asset Relief Program (TARP) that was introduced in the United States of America. It was introduced in a bid to lift the country's banks in the troubled time of depression. Furthermore, nationalization infusion is done with the main aim of changing the capital structure. Misquitta and Sharma-Singhania (2017) in other word posited that capital infusion refers to the process whereby funds are injected into startup companies or large companies by an investor with a financial interest in the company. Nationalization is usually done when big conglomerate affecting a nation's economy is facing bankruptcy. Consequently, the government sometimes uses nationalization as an instrument to acquire highly profitable companies so as to save the economy.

According to Gopar & Eba (2019, 57-58) the benefits of recapitalization in Nigeria include the bigger size of banks which will enhance the capitalization of the banks as well as relatively larger capital extensive projects which may have been ignored due to insufficient capital; the emergence of stronger banks which provides an indication of stability to depositors who can now be confident of the safety of their deposits or funds, low and sustainable interest rates due to banks larger capital as well as the expected ability of banks to mobilize cheaper funds from the general public; the large capital base of the banks will enhance the liquidity position of the banks and increase their loss bearing capabilities to enhance their ability to bear risks which serves as a buffer for operating losses and insolvency; repositions Nigerian banks to play active part in the global financial system with structural effects on the economic development of the country; it brings to the fore the prospects of saving due to economic of scale the elimination of duplication as well as increased profits due to the synergies created by the mergers; and with regards to enormity investment, the recapitalization process also successfully transformed many Nigerians from their skepticism, changing their statuses to profit oriented and risk taking shareholders. In the light of the aforementioned, it is worthy of note that there is some positivity that spur from the recapitalization of banks.

3.1 Reasons for Recapitalization

The banking and nonbanking institutions embark on recapitalization for various purposes. (Tiovanev 2010, 4) opined that crises in banking sectors occur from time to time and generally incur negative effects and expenses for the whole national economy. In recent times, the financial strength of many finance base sector of economies have globally degraded owing to the United States sub-prime crisis, which has in turn intensified market opinion, made banks cautious to lend to each other and straitened lending policies in interbank markets. As instability is highly undesirable, it is vital to understand the functioning of interbank markets, the risks involved and the transmission tool of such risks (Tiovanev 2010, 4).

There has been a wave of restructuring and consolidation of the banking sector around the globe, particularly in the developed and the emerging market economies. This wave of restructuring has been driven mainly by globalization, structural and technological changes, as well as the integration of financial markets (Idolor 2012 [Eyenubon 2015, 26]). Banking sector alliance has become more noticeable in most of the developing markets, as financial institutions struggle to become more competitive and resistant to shocks. It is also promoted by the desire to reposition corporate operations to cope with the challenges of an increasingly globalized banking system. It was based on the above premise that banking sector consolidation, through mergers and acquisitions, was embarked upon in Nigeria in 2004 (Olaiton 2012 [Eyenubon 2015, 26]). Bank consolidation is implemented to strengthen the banking system, embrace globalization, improve healthy competition, exploit economies of scale, adopt advanced technologies, raise efficiency and improve profitability. Eventually, the goal is to strengthen the intermediation task of banks and to guarantee that they are able to achieve their progressive roles of enhancing economic growth, which consequently leads to upgraded overall economic.

Furthermore, Research has also shown various factors that have led to the need for banks to recapitalize, that is, factors that prompted and necessitated the increasing capital requirements of these banks. The reasons are not farfetched as they include and are not limited to: competition from the foreign banks that is seemingly biased, possession of a poor capital base by these banks, overtrading, inadequacy and/or lack of regulation and control by the government or stakeholders, and funds mishandling among others.

Moreover, there are four rationales that have been identified by research to be behind the banking system reform. These also include low capital base of banks, a large number of small banks with relatively few branches, the dominance of a few banks and poor rating of a number of banks (Imala, 2005; Onaolapo, 2008; Soyinbo & Adekanye, 2008). Adedipe (2005) [Nhuta 2014, 24] argued that the most fundamental reason for increase in capital requirements was due to a growing distress in the industry which was identified as the real threat of imminent bank failures. The aforementioned connotes that the government of a nation releases policy mandating the baking system to beef up their capital base in order to save them from imminent future financial distress or current financial crisis they may be faced with which may have significant effects on the economy of the nation negatively.

There are several other reasons that motivate companies to recapitalize, they include: dramatic fall in stock price, to reduce financial burden, to prevent hostile takeover, reorganization during bankruptcy (corporate finance institute, 2020,).

3.2 Recapitalization of Non-bank Financial Institutions

Recapitalization is not only a remedy for helping the banking institutions in time of distress, but it also spreads across all spheres of influence as it is applicable to non-bank financial institutions such as the finance companies, community (microfinance) banks, bureau de-change, discount houses, development financial institutions, insurance companies, venture capitalist and primary mortgage institutions among others. These institutions resort into recapitalization to improve their balance sheet and revitalize their capital base so as to make them remain in business and to enable them to keep their mission and vision for operation intact. It is worthy of note that the appropriate degree of capitalization of the non-bank financial institutions is one of the most important concerns of the financial sector during any financial economic crisis and downturns. Therefore, adequate capitalization permits the non-bank financial institution to offset the risk of financial activities and obtain an appropriate level of profit under uncertainty that is even when the odds are against the economy as a whole.

4 RECAPITALIZATION OF BANKS IN NIGERIA AND FINLAND

According to (Omoruyi 1991 [Ugwu 2012, 9]) recapitalization appears to be the main driving force behind banks' reforms. It focuses mainly on reconstructing, rebranding and refurbishing the banking system to accommodate the challenges of bank liquidation. The deteriorating capital status of banks has a number of results with feedbacks that could be somewhat weakening for the financial markets and the economy as a whole. Further to this, supervisory authorities saddled with the responsibilities of regulating and ensuring financial stability within a nation are forced to close any bank whose core capital quota falls below a stipulated percentage. The threat of imminent bank closures is a source of insecurity for market participants and isolates the affected banks from capital flows. In addition, as a result of the aforementioned, the banks are forced to limit the amount of credit they provide if they lack the necessary equity capital. This increases the chances that companies outside the banking sector will have excessive difficulty obtaining credit for their operations (Schafer and Zimmermann, 2009, 5.)

4.1 Recapitalization of Banks in Nigeria

Recapitalization policy in the Nigeria banking system can be dated back to the 50s. From 1952 till date the country has subsequently embarked on recapitalization whenever the need arose. One major cause of the distress in the banking sector was that the increase in the number of banks exceeded the limit of existing human resources capacity of banks which led into many problems such as financial crimes, poor credit appraisal system, and gathering of poor asset quality among others (Sanusi 2002 [Yauri, Musa & Kaoje 2012, 299]). Corroborating this, Madichie (2018,1) asserted that the Nigerian banking sector has undergone several reforms in the past but it is still plagued with an entrenched malady whose symptoms include: (i) a pervading low capital base; (ii) high incidence of non-performing loans; (iii) worrisome concentration of activities in just a few banks; (iv) overdependence on public funds, and; (v) poor corporate governance. The aforementioned reasons result in the failure of most banks in Nigeria caused by non-performing loans. Arrears affecting more than half the loan wallet were typical of the failed banks.

According to Eyenubo (2015, 27) further investigation by the Central Bank of Nigeria (CBN) identified eight interdependent factors as the main origin of the crisis in the banking sector. These independent factors include sudden capital inflows and macro-economic instability; poor corporate governance and character failure; lack of investor and consumer sophistication; inadequate disclosure and lack of transparency; critical gaps in regulatory framework and regulation; uneven supervision and enforcement; weaknesses within the CBN; and weaknesses in the business environment.

Recapitalization is not only capable of reviving insolvent banks but also strengthening them. Many of the bad debts were attributable to moral hazard such as the adverse incentives on bank owners to take up foolish lending strategies, most especially insider lending and lending at high interest rates to borrowers in the most risky sections of the credit markets contrary to the interests of the bank's creditors which, if unsuccessful, would endanger the wealth of the bank (Yauri et-al 2012, 299). In light these, the CBN began the recapitalization programme which led to an increase in the minimum capital requirement of commercial banks from N600,000 in 1978 to N25,000,000,000. Therefore, banks that failed to meet up with this requirement were made to lose their licenses while new ones must totally comply and meet up with the condition before they can be given licenses to operate (Biodun, 2010 [Eyenubo 2015, 27).

Recapitalization takes mostly the form of merger and acquisition. Since 1892, the Nigerian banking industry has been through various stages and periods of merger and acquisition history which ranged from changeovers, takeovers to buyouts (Raji et-al 2018, 20426). According to Raji et-al, these stages include the embryonic phase, expansion phase, consolidation/reform stage and the fourth stage.

The embryonic phase From inception, the African Banking Corporation with its headquarter in South Africa pioneered the Nigerian banking system in 1892 after which the British Bank for West Africa now known as First Bank of Nigeria Plc, while Barclays Bank D.C.O. now known as Union Bank of Nigeria Plc. and the British and French Bank now United Bank for Africa Plc. were established in 1925 and 1949 respectively (Danjuma, 1993; Ebhodaghe, 1990; Ibru, 2006 [Raji et-al, 20426]). The story of local banking in Nigeria started in February 1993 with the creation of the National Bank of Nigeria Limited and the Agbonmagbe Bank Limited now known as the Wema Bank Plc.

In 1945, the African Development Bank Limited was founded and later became African Continental Bank Plc in 1948. The creation of these indigenous banks ushered in the period that saw the constant control earlier enjoyed by the foreign owned banks opposed (CBN, 2008; Ebhodaghe, 1990 [Raji et-al 2018, 20426]).

The expansion phase In 1987 the sequence in Nigerian banking system moved up to stage two which ushered in the increase of the Nigerian banking sector to the Rural Banking Scheme, with the establishment of the People’s Bank in 1989, and Community Banks (now Microfinance Banks) in 1990 created to backup community development associations, farmers' groups, trade groups, cooperative societies, patriotic unions, and other local organizations, especially in rural areas so as to nurture formal banking methods. Between 1985 and 1991, the number of banks in the country rose from 40 to 120 (Agbaje, 2008; Bichi, 1996; Ebhodaghe, 1990,1995; Mordi, 2004 [Raji et-al 2018, 20426]) owing to the liberalization of the banking system.

In the Consolidation/Reform stage the Nigerian eighty-nine (89) banks shrunk to twenty-five (25) in January 1, 2006 that was when the third phase started. The consolidation exercise however required banks to raise their minimum capital base from N2 billion to N25 Billion which must meet the deadline set as 31st December, 2005. Other financial institutions included government-owned specialized development banks: the Nigerian Industrial Development Bank, the Nigerian Bank for Commerce and Industry, and the Nigerian Agricultural Bank, as well as the Federal Savings Banks and the Federal Mortgage Bank. Moreover, numerous insurance companies, pension funds, and finance houses as well as leasing companies were active in Nigeria.

The fourth stage of merger is still being craved for, with the proposition of having only three banks. The banks comprising one indigenous while the other two should come through Foreign Bank Penetration (FBP) from the United States and Europe correspondingly, thirst only for management construct regarding merger and acquiring owing to the fact that this strategic integration was not without much success in the developed countries.

Apart from resuscitating the already dying credibility of the Nigerian banking industry, the introduction of the minimum capital base was to warrant other functions such as provision of fixed assets of banks that is, provides funds for furniture, building, operational tools, and vehicles for banks; serving to conform to the requirements of the supervisory authorities of the Central Monetary Authority; serving to provide cushion to absorb possible losses so that depositors will be fully protected at all times; serving to assure the public, including business enterprises and other banks of its solvency and to continue to serve the community even under conditions that cause losses on loans and sales of investment at a loss; helping to reduce the losses which depositors and other creditors would otherwise bear fully because where liquidation becomes unavoidable, bank capital is still important, and provision of some regulatory functions. A bank inspires confidence in depositors and the regulatory authorities if it successfully obtains a banking license of which a paid-up minimum capital is one of the most important pre-requisite, like under the Nigeria Banking Decree (Sasaki 2002 [Eyenubo 2015,27]).

Alajekwu and Obialor (2014, 48) in their own view posited that bank capitalization has no significant effect on bank profitability and asset quality, whereas liquidity and financial deepening were significantly influenced by the recapitalization. They further posited that profits maximization drives of Nigerian banks have had a counterproductive effect on bank capitalization. They also affirmed that, efforts of banks to maintain quality assets and remain in business normally erode their capital. Strategies to increasing bank capitalization can be used to boost loans and advances to the productive sector of the economy.

For example, between 1952 and 2005, there were ten diverse phases of recapitalization within the nation's banking system. Detail of this is expressed in the table 1 below.

Table 1 showing the phases of recapitalization from year 1952 t0 2006

S/N	Year	Bank Type(s)	Amount
1	1958	Commercial	£400,000:00
2	1969	Foreign and Indigenous	₦1.5Million & ₦ 0.6 Million
3	1979	Commercial Bank	₦ 2.0 Million
4	1988	Commercial and Merchant	₦ 5.0Million & ₦ 3.0Million
5	1988	Commercial and Merchant	₦10.0Million & ₦ 6.0Million
6	1989	Commercial and Merchant	₦ 20.0Million & ₦ 12.0Million
7	1990	Commercial and Merchant	₦ 50.0M & ₦ 40.0M
8	1997	Commercial and Merchant	₦ 500.0M for all banks
9	2001	Existing and New	₦ 1.0Billion & ₦ 2.0Billion
10	2006	Commercial	₦ 25.0Billion

According to the Banks and other Financial Institutions Act (BOFA) 1991 and the Central Bank of Nigeria (CBN) Act of 1991, the CBN has enormous powers to regulate banks including approval of consolidation of banks and changes in the structure and management of any bank. The banks recapitalization reform which took place in the Nigerian banking industry in 2005 was powered by the need to fortify the banking sector and reposition the banks to become strong enough to meet up with the current financial and business globalization best practices (Oleka & Mgbodile 2014, 1). Oleka & Mgbodile (2014, 1) further stressed that "the exercise was deemed necessary owing to the fact that a bank with a strong capital base has the ability to absorb losses arising from non-performing loans and advances".

The banking reform is always designed to resolve a combination of problems associated with the banking sector or economy. The reform usually takes the forms of recapitalization, liberalization, and deregulation of interest and credit operations (Okafor, 2011 [Alajekwu & Obialor 2014, 49]). The banking sector reforms in Nigeria are driven by the demand to expand the nation's financial sector and reposition the Nigerian economy for growth, in order to become incorporated into the global financial structural design and develop a banking sector that is in harmony with the regional integration requirements and international best practices, meeting the international standards. The reforms also aimed at tackling issues such as risk management, operational inefficiencies and governance among others. The main purpose of the reforms is around solidifying the capital base of banks (Ajayi, 2005 [Adegbaju & Olokoyo 2008, 3]).

Reforms do not just happen in the banking sector of a nation, they spur from the need for the reorientation, repositioning and reviving of the prevailing situation that hinders the smooth running and growth of the financial sector. The active nature and doubt in human activities call for revolution and reform directed at addressing weak corporate governance, operational inefficiencies, risk management, and undercapitalization among others in order to meet the rising global economy requirements (Okpara 2011,142). In the same vein, Lemo (2005) cited in Alajekwu & Obialor [2014, 48] pointed out that reforms are designed to enable the banking system developing the required strength to support the economic development of the nation by efficiently performing its functions as the support of financial intermediation. Therefore, the reforms were to ensure the safety of customers who deposit money, put the banks on a pedestal where they play active developmental roles in the Nigerian economy at large, and become major players in the sub-regional, regional and global financial markets (Adeyemi 2007 [Alajekwu & Obialor 2014, 48]).

In the year 2004, the Nigerian banking system experienced a reorganization, which necessitated the CBN, to announce a 13-point reform agenda that was designed to empower the banking system in order to develop the needed capability to support the economic development of the nation by effectively carrying out its function as the pivot of financial intermediation. According to Adegbaju and Olokoyo (2008,3) the reforms were to ensure a diversified, strong and reliable banking industry where there is safety of depositors' money and position banks to play active developmental roles in the Nigerian economy.

According to Raji et-al (2018, 20425) the CBN's new policy was indeed bitter pills for many banks to swallow and in no time, heated debates both within and outside the financial circle began to surface over the attribute of the policy in relations to Nigerian banking system. In spite of the live and cry of certain negatives quarters, the CBN's recapitalization directives was not without its own honest segment of supporters which included one of the former presidents of Nigeria in the person of Chief Olusegun Obasanjo, who openly supported the N25billion capital base for banks.

According to Adegbaju and Olokoyo (2008, 4) the key elements of the 13-point reform programme include minimum capital base of N25 billion with a deadline of 31st December, 2005; consolidation of banking institutions through mergers and acquisitions; phased withdrawal of public sector funds from banks, beginning from July, 2004; adoption of a risk-focused and rule-based regulatory framework; zero tolerance for weak corporate governance, misconduct and lack of transparency; accelerated completion of the Electronic Financial Analysis Surveillance System (e-FASS); the establishment of an Asset Management Company; promotion of the enforcement of dormant laws; revision and updating of relevant laws; closer collaboration with the Economic and Financial Crimes Commission (EFCC) and the establishment of the Financial Intelligence Unit.

From the 13-point reform agenda formed, the issue of increasing shareholders' fund to ₦25 billion (twenty-five billion naira) with a regulatory option to mergers and acquisitions and the need to adhere to the regulations before the end of year 2005 generated quite a considerable controversy especially among the stakeholders in the industry. A number of strategies were employed by banks in Nigeria in their bid to comply with the CBN minimum capital directive. The strategies include right issues for existing shareholders and capitalization of profits; public offers through the capital market and/or private placement; mergers and acquisitions; and a combination of the aforementioned strategies (madichie 2007, 12). Therefore, the 2004 banking system reform agenda thereby resulted in the consolidation of some banks, with the primary objective to guarantee an efficient and complete financial system. Prior to this development, the Nigerian banking system was largely characterized by small-sized and minor players with very high overhead costs and a small capital base (Soludo 2004 [Alajekwu & Obialor 2014, 48]).

Study on the recapitalization of banks in Nigeria will be incomplete without mentioning the probable causes of distress in the Nigerian banking sector. The causative factors to mention a few that could be responsible for banks distress include economic and policy change; capital shortage; bad management; indiscriminate employment of inexperienced and incompetent staff; corrupt banking practices; staff over-indebtedness; resources mismatching; and induced shock among others (Imala 2005; Adegbaju & Olokoyo 2008; Tiovanev 2010; Alalade, Adekunle and Oguntodu 2016)

However, it is obvious that the shareholders could be made poorer after recapitalization and many Nigerian investors do not realize this. In the last recapitalization exercise witnessed, many Nigerian banks were running off to the capital market to raise funds which made many of the shares to be over subscribed to by Nigerian investors. Therefore, unless calculative steps are taken by the bank management to increase profitability, the recapitalization will result in loss of fund for the shareholders (Adegbaju & Olokoyo 2008, 14)

4.2 Recapitalization of Banks in Finland

History has it that there has always been a high connection between financial crises and downturns in the economic activity of any nation. The latest worldwide financial catastrophe has led to the commonest banking crises after the Great Depression. Nevertheless, unlike previous crises that have occurred, the financial crisis mostly had influence on the industrialized countries of the world, with constant adverse effects. This called for a new concern about the causes and effects of crises in the banking system, and the possible strategy to solve the problem.

Banking crises simply refers to a situation when there is a significant disorder in a country’s banking industry. In Finland, banking crises have occurred many times throughout history with one or more risks that the banking system is saddled to face at each time this crisis occur. According to Igoni (2013, 1) financial analysts and macroeconomists have posited that banking crises are not new and are inherent in the business cycle and are the outcome of the tendencies of market participants for absurd reaction and narrow-minded anticipation. This connotes that distress is an inevitable reaction in the financial sector as the sector comprises various stakeholders and people with different motives which may include investment, profit making either normally or by crook.

Therefore, banking sector crisis in its proper assessment entails either a fear or waves of bank failures. Panic in the banking system basically refers to moments of momentary misconstruction about the distorted cumulative shocks that are worrisome, to give rise to joint action by banks and regulators (Calomiris & Gorton, 1991 [Igoni 2013, 1])); while waves of banking collapse are those rising from total negative net worth of failed banks in excess of one per cent of Gross Domestic Product (GDP).

Finland like other countries of the world has faced various challenges in her banking sector and efforts were made to rescue it. Among the modalities used in the rescue, to mention a few include, banks consolidation, capital base enlargement, recapitalization. Anderson (2009, 1) confirmed that during the early 1990s, Norway, Finland, and Sweden all experienced severe banking difficulties. Although, events in each country differ from one another but each had a common “two stage” sequence: rapidly increasing economic growth accompanied by financial liberalization and the introduction of new financial instruments, followed by sharp recession and financial crisis (Anderson 2009, 1). Ostrup, Oxelheim and Wihlborg (2009, 7) affirmed that four Nordic countries (Denmark, Finland, Norway, and Sweden) experienced severe financial crises from the mid-1980s to the beginning of the 1990s. In each of these countries, the crisis was characterized by a large prior increase in lending from banks and other financial institutions but the shocks that triggered the crises were different, these include: large drops in real estate values while the Finnish crisis was largely attached to a great decline in Finnish exports resulting from her break-up from the Soviet Union.

In Finland, loan losses were 0.5 percent in 1989 and increased to 4.7 percent in 1992, therefore the crisis in the banking sector became more noticeable on 19th September, 1991, when Skopbank was unable to obtain instant funding. This prompted, the Bank of Finland to acquire it and invested some FIM 3.5 billion in the bank. The Skopbank’s failure added to the general pessimism, as more bad news was accumulating causing a decline in Industrial production and increase in bankruptcies, unemployment and the public deficit (Eglund & Vihriälä 2009, 177).

This crisis necessitated a more strengthened integration of the four Nordic countries (Denmark, Finland Sweden and Norway) to make headway into combating the financial crisis, because none of the Nordic countries was left out in the financial mess. The banking crisis in the Finnish region in the early 1990s was caused by some common components comprising financial liberalization and a consequent boom-bust economic cycle (RCG 2016, 4).

Finland in a bid to escape from the financial crises according to RCG (2016, 6) started with the merger of Merita Bank (Finland) and Nordbanken (Sweden) into MeritaNordbanken in 1997; MeritaNordbanken then merged with Unidanmark (Denmark) in 2000, acquired Christiania Bank og Kreditkasse (Norway) in late 2000 and Postgirot Bank (Sweden) in 2001. Nordea bank was established in the year 2001 and started operations with its headquarters in Helsinki, Finland. The emergence of large, systemically important Nordic banks with significant activities in Sweden, Finland, Denmark and Norway created potentially new and important sources of contagion during a crisis. Central banks are responsible for Emergency Liquidity Assistance (ELA). Several issues related to providing liquidity in a crisis follows from the emergence of large cross-border banks (RCG 2016, 6; Eglund & Vihriälä 2009, 177).

In particular, the effects of liquidity management within a cross-border bank could potentially require more comprehensive and frequent sharing of information and coordinated preparations for crisis resolution between central banks. Therefore, the Nordic bank resolution is widely regarded among the most successful in history. In all three countries, the final net cost of assistance to the banks (net of liquidation of assets and including appreciation in the value of government shares) was far lower than the initial cost—for Sweden and Norway, near zero, for Finland, an eventual 5.3 percent of 1997 GDP versus initial outlays of 9 percent of GDP (RCG 2016, 6).

The Finnish banking market consists of about 360 individual credit institutions. Several of these institutions are, however, part of a larger consolidated corporation. According to their balance sheets, the main banking groups in Finland are: Nordea Bank Finland, Danish bank, OP-Pohjola Group, savings banks (incl. Aktia), local cooperative banks and Bank of Åland plc. The Finnish banking sector is highly concentrated, as the three main players account for more than 90% of the total market. Nordea (Nordea Bank Finland) is part of the Nordea Group, which has presented a strong result in 2009 despite the financial crisis. The Nordea Group is confident and well prepared for the future due to strong profitability, high quality in the credit portfolio, strong capital base and a diversified funding base. (RCG 2016, 6; Eglund & Vihriälä 2009, 177)

However, many new credit institutions such as Tapiola Bank have been established in Finland in recent years. Although these new banks are rather small players on the market, they have been able to expand their business steadily. In addition, the business of mortgage banks has increased (Tiovanev 2010, 8). Stock markets played a limited role, with capitalization remaining under 10 per cent of GDP in Finland. In Finland, lending rates were constrained to the maximum, that is, there have been restrictions on cash mobilization and deposit rates were required to be linked to the central bank's base rate in order for interest income to be tax exempt for depositors. Lending was not explicitly regulated, but the central bank issued guidelines, requiring priority of business investment over consumption loans. Eyenubo (2015, 28) opined that with proper deployment of the assets of the banks and increase in banks' lending rate to the real sector of the economy, the effect of the recapitalization exercise will be much more felt in the country's economy.

According to Aisen & Franklin (2010, 3), in year 2008, another distress in the banking industry emerged in Finland, this time, the crisis was rare in terms of damage it did to wealth which was estimated at US$ 50 trillion an equivalent of a year GDP of world, in association with a severe fall in the value of stocks, property, bonds, and other assets. Furthermore, the crisis was unique in its global scale and severity by hindering credit access to businesses, households and banks, and obstructing economic activity (Aisen & Franklin 2010, 3). According to the Nordea Bank Finland Group (2009, 5) the year 2009 has been another challenging and extreme year in the global financial market. The financial distress continued from the penultimate year and remained during the first half of year extended by the macroeconomic downturn globally and in the Nordic countries, where there have been considerable uncertainty and risks both in the financial markets and about the macroeconomic growth.(Nordea Bank Finland Group 2009, 5)

In general, the financial crisis of 2008/2009 exposed the weakness of the full memorandum of understanding (MoU) for crisis resolution in a real crisis situation, where national interests tend to lead and the need to find quick solutions leads to less cooperative decision modes. This experience was a key driver responsible for the global efforts after the financial crisis to develop more realistic principles for cross-border banking resolution. With the background of this proposal and the lessons learned in the 2007 exercise, the Nordic-Baltic countries adopted a MoU in 2010, which encompassed the establishment of the Nordic-Baltic Stability Group (NBSG). The MoU is a non-legally binding agreement between the finance ministries (Ministry for Business and growth in Denmark), central banks and financial supervisory authorities in Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden (Eglund & Vihriälä 2009, 178-179).

Honkapohja (2009) cited in Anderson [2009, 1-2] offered some recommendations, based on the Nordic experience, for policy responses to financial crises. The recommendation made encompassed building a bilateral political consensus to brace the actions required to uphold trust in the banking system. The bilateral political consensus comprised the establishment of a new crisis resolution organization saddled with the responsibility of handling both communication with the public and restructuring of bank. The success of such instituted organization can reduce the conflicts of interest or territory fights amongst other agencies whilst providing capital and liquidity to banks, even if another agency (such as the central bank) provides funding. This agency may also be well placed to moderate usual attempts by bank owners to secure for themselves a greater share of the largesse actions that can weaken public support for crisis resolution (Anderson 2009, 2); looking for private solutions, comprising mergers and acquisitions, and avoidance of possible liquidations; and to be very clear regarding support actions.

In the Nordic case, public confidence was constant and bank runs evaded through a highly visible public government guarantee for the responsibilities of banks, including both deposits and borrowings. Anderson (2009, 2) further opined that the Nordic bank resolution is generally considered to be among the most flourishing historically. In all three countries, the final net cost of assistance to the banks (net of liquidation of assets and including appreciation in the value of government shares) was far smaller than the initial cost—for Sweden and Norway, near zero, for Finland, an eventual 5.3 percent of 1997 GDP versus initial outlays of 9 percent of GDP (Anderson 2009, 2).

The objective of the agreement between these countries is to ensure that the parties are prepared to deal with financial crisis situations by agreeing in advance on procedures for cooperation, sharing of information and assessments, as well as for the crisis management and resolution of cross-border crises. The main tasks of the NBSG are to implement and efficiently apply the provisions of the agreement, with the aim of fostering an efficient and sufficiently detailed process for cooperation in financial crisis management and resolution (Anderson 2009, 2 and Eglund & Vihriälä 2009, 179)

5 CONCLUSIONS

Over the years, there have been crises in all the banking system globally. However, as these crises erupt, various countries of the world proffer different correctional measures to combat the crisis and/or solution that will curb evolving financial crises. The degree and intensity of the solution proffered is usually based on each country's capabilities economically, financially, intellectually and strategically. Sometimes, an economic crisis arises as a global challenge, thereby threatening the economy of the world. In this case, the world economy stakeholders meet to proffer a global solution to the crisis so as to revive the economy of the world as a global village.

From time immemorial, one of the long-lasting measures that has always been adopted and used to save the banking system in times of crises is recapitalization. This has been seen in the case of Nigeria and Finland. In this case, a bank recapitalizes to revitalize the banking system by improving its balance sheet through the increase of its capital base and putting in place the modalities that can help maintain its capital base. These modalities to mention a few are not limited to restrictions on lending, sales of shares, recruitment of experienced and qualified staff, ethical banking practices or proper management among others.

Moreover, research has shown that for banks to be able to broaden their capital bases so as to be able to stand on their feet when there comes a need for recapitalization most especially through government policies, they must have a considerable number of assets which will serve as a cushion against the backdrop of any government policies for recapitalization either friendly or unfriendly. The yields on earning assets can also serve as one of the ways banks improve their capital bases so as to prevent them from requesting money from the public through shares and/or treasury bills among others.

Worthy of note also is that banks as financial institutions strive to increase their Return on Equity which hinges on improved turnover on assets through the diversification of funds to generate more profits on their acquired assets. This enlarges the bank's capital base, thereby improving their balance sheet. Therefore, in a nutshell, having introduced the effects of recapitalization of banks in both Nigeria and Finland, comparisons that can be made from these introductions are that as these countries thrive to reduce their liabilities to the barest minimum in such a way that when the liabilities have been deducted from the bank's return on assets, the return on equity which is the profitability of any business will be such a substantial one. That is, recapitalization increases return on equity which certainly has a positive effect on the national economy

Another vital comparison which could be somewhat positive that can be drawn from the introduction made on the effects of the recapitalization of banks on the national economy of Nigeria and Finland is that it ensures the operational effectiveness and efficiency of the banking system through moves by the government of these countries to exercise some regulatory controls in the banking sector so as to help the country maintain balance financially. One of such control methods is the regulation of the banking institution level of capital through capital requirement policy. This means the government will formulate policies that will widen the capital base of banks by stating the minimum amount a bank should have in its capital base so as to prevent them from going bankrupt. In the light of this, all banks in the country are obliged to comply with this regulatory requirement which in turn has positive effects on the national economies of these countries.

Moreover, from the reviews done on the effects of recapitalization of banks on Nigeria and Finland economies, comparison that can also be educed indicates that the recapitalization of banks provides the government of these nations with the drive which gears them to crave for the demand to expand the nations' financial sector and reposition their economies for growth, in order to be incorporated into the global financial structural design and develop banking sectors that are in agreement with the global financial integration requirements, international best practices and meeting up to the international standards combating any local or/and international financial crises.

From the deductions from the findings of the comparisons made on the effects of the recapitalization of banks on the economy of Nigeria and Finland, one can boldly say that recapitalization of banks in these countries not only results in a rapidly increasing economic growth which is accompanied by financial liberalization but also gives room for the introduction of new financial instruments, however, followed by severe recession and financial crisis which could be termed the aftereffect of recapitalization. This recession could be due to the bid of all the various parts of the country's economy that are financially based trying to find a foothold to acquaint themselves with the effects of the recapitalization policies promulgated by the government.

It can also be educed that recapitalization of banks in Nigeria and Finland positively affects the nations' economy by giving rise to a merger of somewhat financially weak banks that cannot meet up with the government stipulated capital base amount to amalgamate with one or more banks in the same shoes to form a formidable financial entity whose merger will give rise to a stable bank.

On the contrary to the positive effects of the recapitalization of banks on the national economy of Nigeria and Finland, research has it that the recapitalization of banks in both countries makes banks reduce their lending capacity which has drastic effects also on the rate of industrialization, employment in relation to the economic growth of the nations at large.

REFERENCES

Adedeji L. O., Babatunde M. A. & Adekanye T. 2015. Recapitalization Policy and Performance of Banks in Nigeria (2006 - 2013). International Journal of Economics, Commerce and Management. Volume. III, Issue 4, http://ijecm.co.uk/ ISSN 2348 0386 pp. 1-12

Adegbaju A. A & Olokoyo F. 2008. Recapitalization and banks' performance: A case study of Nigerian banks. African Economic and Business Review Volume 6 No. 1, Spring 2008. pp. 1109-5609

Aisen A. &Franken M. 2010. Bank Credit during the 2008 Financial Crisis: A Cross-Country Comparison. International Monetary Fund working paper. JEL Classification Numbers: E32, E52, G21

Alalade, S. A., Adekunle O. A. & Oguntodu J. A. 2016. Empirical Investigation of Impact of Recapitalization of Banks as a Predicate of Bank Performance: A Case of Nigeria. International Journal of Advanced Academic Research | Social Sciences and Education | ISSN: 2488-9849 Volume 2, Issue 2 (February 2016)

Anderson R. G. 2009. Resolving a Banking Crisis, the Nordic Way. Economic synopses short essays and reports on the economic issues of the day. Number 10

Englund P & Vihriälä V. 2009. Banking Crises in the North: A Comparative Analysis of Finland and Sweden, The Great Crises in the North. Macroeconomic Performance and Economic Policies in Finland and Sweden in the 1990s, forthcoming.

Eyenubo A. S. 2015. Bank Recapitalization and Economic Prosperity: A Case of Nigeria Banking Industry. Research Journal of Finance and Accounting. ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online) Volume 6, No.17, pp. 26-29

Gopar J. Y. & Eba O. A. 2019. Effect of Recapitalization on the Growth of Deposit Money Banks in Nigeria. International Journal of Banking and Finance Research ISSN 2695-186X Volume 5 No. 1 pp. 53-63

Homar T. 2016. Bank recapitalizations and lending: A little is not enough. European Systemic Risk Board (ESRB), Working Paper Series No. 16, June 2016

Igoni P. 2013. Understanding Monetary Policy Series Central Bank of Nigeria: Causes of Banking Crises. Monetary Policy Department 10th Anniversary Commemorative Edition.

Imala O.I 2005, Bank Reforms and inherent challenges. Bullion Publication of the Central Bank, Volume 29, No5. www.corporatefinanceinstitute.com: (What is Recapitalization, 2020) pp. 1-4

Jimmy, J. 2008. An Evaluation of Organic growth, and Mergers and Acquisitions as Strategic Growth options in the Nigerian Banking Sector,MA Thesis, The University of Nottingham.

Kokane S. & Nerlekar S. Recapitalization of public sector banks - Will it reduce the Non-performing asset levels? IOSR Journal of Economics and Finance (IOSR-JEF) e-ISSN: 2321-5933, p-ISSN: 2321-5925. PP 84-91

Madichie N. O. 2018. The Nigerian Banking Recapitalization Experiment: Corporate governance faux pas?

Misquitta S. 2017. Capital Infusion and Reporting Requirements

Okpara, G. C. 2011. Bank Reforms and the Performance of the Nigerian Banking Sector: An Empirical Analysis. International Journal of Current Research, 2(1),142-153, Retrieved from http://www.journalcra.com.

Oluitan, R.O., Ashamu, S.O. & Ogunkenu, O.S. The effect of recapitalization on bank performance in Nigeria. International Finance and Banking ISSN 2374-2089. Retrieved from:http://dx.doi.org/10.5296/ifb.v2i1.pp.7 hfvy nb9- 90

Paley S. 2012. Leveraged recapitalization. Scura Paley & Company Market Intelligence Peter Wright 1-617-454-1030 pp. 1-13

Raji, S., Bamgbose, F., Olusegun, B., & Abidoye, M. 2017. Effect of recapitalization on banks' financial performance in Nigeria. International Journal of Contemporary Research and Review, 9(1), pp. 20425-20435.

Regional Consultative Group Europe. 2016. Nordic experience of cooperation on cross-border regulation and crisis resolution. Report from a RCG Europe Working Group http://www.fsb.org/wp-content/uploads/rcg.pdf , pp. 1-31

Schafer D. &Zimmermann K. F. 2009. Bad Bank(s) and Recapitalization of the Banking Sector. German Institute for Economic Research

Soyinbo A. & Adekanye F. 2008. The Nigerian Banking System in the context of policies of Financial Regulation and Deregulation. AERC Res. Paper No. 17.

Tiovanev M. 2010. Financial interlinkages and risk of contagion in the Finnish interbank market. University of Vaasa Department Of Economics Working Papers 11. 1-20

Ugwu E. I. 2012. An Appraisal of the Impact of Recapitalization of Banking Industry on Economic Growth of Nigeria. University of Nigeria virtual library. Unpublished Thesis.

Yauri N. M. Musa J. & Kaoje N. A. (2012). Bank Recapitalization in Nigeria: Resuscitating Liquidity or Forestalling Distress? International Journal of Business and Social Science. Volume. 3 Number 10