Bank Recapitalization and Lending Behaviour: A Pragmatic Evident from Nigeria Banking Sector

Okpala Kenneth Enoch[1]

Abstract

The literature perception demonstrates that both theoretical and empirical studies present contradictory predictions about the association between level of capital and lending behaviour in the banking system of developed countries. Based on this fact, this study examined the effect of bank recapitalization on lending activities in Nigeria banks. Twenty-two (22) banks that finally emerged from the recapitalization exercise were the banks used for the study. Structured questionnaire were administered to two top echelons of each bank and data collected was analyzed with the aid SPSS. Regression analysis and Correlation co-efficient (r^2) confirmed the formulated propositions. Results revealed that bank recapitalization has influenced the ways and manners banks react to lending and that well capitalized bank is procyclical to borrower because they suffer less from non performing loans. The study concluded that recapitalization has enhanced lending to the productive sector of Nigeria economy and therefore recommended that the exercise should be review in the future to keep peace with trend.

1 Introduction

Financial deregulation has become a regular character of the banking industry in Nigeria after the period of free banking era between 1892-1952 and as a result, the sector has experienced fundamental changes in its market structure (Shiow-Ying, & Jean, 2013). One of these reform strategies is the bank consolidation in which Nigeria banks were asked to recapitalize. The process which started in 2004 with so many expectations was prompted by the frequent collapse of banks (Amedu 2004). The regulatory authorities

---

[1]Department of Financial Studies (Accounting). Redeemer's University, Ogun State, Nigeria, Tel: +234805-507-1683.

adopted the approach to ensure that banking industry remains safe and profitable, supports economic activities and minimize further collapse in the country (Akpan 2007). The policy required Nigeria banks to upgrade their minimum equity capital based from =N=2b to N25b. Individually banks that could not meet up with the new capital base requirement resort to merging while others small banks succumb to acquisition by bigger banks (Ibru, 2006). Financial experts supported the strategy and claimed it would strengthen banks financial capacity and may lead to increase lending activities tempo that maintains and sustains the real sector of the economy (Garba, 2004). Recapitalization strengthens the banking system and ensures a diversified, strong and reliable banking sector which will guarantee safety of depositors' money and shareholders' funds play active developmental roles in the Nigerian economy and global financial market (Soludo, 2004). Various empirical studies conducted reveals that recapitalization will ginger and revives the economy through lending to real / productive sector of the economy and through multiplier effect, will also lead to the economic growth and development (Houston & James, 1998; Kishan and Opiela, 2000; Gambacorta, 2001; Ehrmann et al. 2003; Soludo, 2004 & Garba, 2004). The recapitalization in Nigeria was achieved primarily through merger and acquisition which shrink eighty nine (89) banks into twenty five (25) banks at end of the exercise (Akpan, 2007). According to Olagunju (2013), the exercise has become an ongoing and currently the number of banks has been further reduced to twenty two (22).

1.1 The Issue

The problem statement of this research paper is based on inadequate minimum capital base which is one of the characters of a financially weak banking sector and its implication includes: frequent distress, primitive and nepotistic ownership structure, poor investment culture and weak lending activity (Garba, 2004). Prior to recapitalization exercise in Nigeria, banking sector has many small banks with poor equity capital base and was easily experiencing financial crises unlike economy where there is a concentrated banking sector with few large banks (Allen & Gale, 2000). According to Amedu (2004), without adequate capital base, financial activities and profitability may be low. Ngama (2006) stated that current minimum capital requirement before consolidation is though consistent with law but not sufficient to meet all the purposes that the government sets for the sector to achieve. These goals include limiting the financial/moral hazards of investors and depositors, buffer against potential losses in the event of economic slowdown, make the bank very easy to sell in event of bank failure and supporting economic activities such as lending to the real sector of the economy. However, in the advanced countries like Italy, USA, UK, the effect of banks capital on lending have been properly documented in the literature but to the best of the researcher's knowledge there is virtually no study little or no study that has reported the relationship between recapitalization and lending behaviour in Nigeria giving room to doubtful evidence. Therefore an investigation is needed to establish a conclusive report.

1.2 Research Objective, Question and Hypotheses

The major objective of this study is to probe the relationship between bank recapitalization and lending behaviour of banks in Nigeria. The research questions include: what influence has recapitalization on the lending behaviour in Nigeria? And to

what extent has recapitalization affected lending to real sector of economy in Nigeria? The research propositions formulated are: **H$_{01:}$** Bank recapitalization has no significant association with lending behaviour in Nigeria **H$_{02:}$** There is no significant relationship between recapitalization and lending to the real sector of economy in Nigeria.

2 Extant Literature and Theoretical Underpinning

2.1 Theoretical Underpinning

There are several theories that attempted to explain how the level of bank capital could influence the propagation of economic activity. The foundation of this study is based on following theoretical thesis: The bank pro concentration theory and the bank capital channel. (a) Bank Concentration refers to the degree of control of economic activity by large firms (Shih, 2003). It states that increase in concentration levels could be due to considerable size enlargement of the dominant firms (Athanasoglou, Brissimis & Delis, 2005) and bank size of a bank is largely determined by its financial capacity. The pro-concentration theory proponents of banking sector argue that economies of scale drive bank recapitalization/mergers and acquisitions so that increased concentration can be used to achieve improvements and efficiency (Afolabi, 2004; Allen & Gale, 1997 & 2003). A concentrated banking system enhances economic activities and profits and also diminishes bank financial weakness. (b) The Bank Capital Channel is a direct mechanism which is based on adverse selection problems that affect banks fund raising. It is supported by the following three premises: (i) an imperfect market for bank equity (Cornett and Tehranian, 1994 & Stein, 1998) (ii) a maturity mismatching between assets and liabilities that exposes banks to interest rate risk; and (iii) a direct influence of regulatory capital requirements on the supply of credit. Bank capital channel concentrates on an imperfect market for banks' equity (Thakor, 1996; Bolton and Freixas, 2001). This study is based upon the first and first and third hypotheses: market imperfection and direct influence of regulatory capital requirements on the supply of credit. The bank capital channel works in the following way. After an increase of market interest rates, a lower fraction of loans can be renegotiated with respect to deposits (loans are mainly long term, while deposits are typically short term): banks suffer therefore a cost due to the maturity transformation that reduces profits and then capital. If equity is insufficiently and issue new shares are impossible, banks reduce lending because prudential regulation establishes that capital has to be at least a minimum percentage of loans (Bolton and Freixas, 2001; van den Heuvel, 2001a). Bank capitalization may also influence the way lending supply reacts to output shocks.

2.2 Bank Capital and Lending Cycle

The above theories suggest the existence of market imperfections that modify the standard results of the Modigliani and Miller theory (Leonardo & Paolo, 2003). if capital markets were perfect a bank would always be able to raise funds (debt or equity) in order to finance lending opportunities and her level of capital would have no responsibility towards the lending pattern (Gambacorta & Mistrull, 2003). Bank capitalization is linked to risk taking behaviour and then to banks portfolio choices (Thakor, 1996). It means that lending of banks reacts to the degree of capitalization. Different literature on financial

intermediation has analyzed the relationship between bank capital and risk taking attitude of management still controversial. Hellman, Murdock and Stiglitz, 2000 (2000) models argued that well-capitalized banks are less risk averse (van den Heuvel, 2001a). The main conclusion of the model is that, if the effort aversion effect is greater than the asset-substitution effect, higher capital standards induce banks to take on average more risk. The assumption that well-capitalized bank is more risk-averse can be also supported interpreting excess capital as a cushion against contingencies (Leonardo & Paolo, 2003).

2.3 A Paradigm shift in Minimum Capital Requirement and Number of Banks in Nigeria

Various government administrations in Nigeria since 1952 have made policies to vary the minimum capital base of banks. The idea behind the increment is keep pace and be abreast with current economic trend. Between 1952 to 1987 minimum capital requirement were classified into foreign and local banks with varying amount. Between 1988 - 2002, it was reclassified into Merchant and Commercial banks and from 2003, the universal banking practice was adopted and the amount of capital base required became the same. The paradigm shift is shown in table 1 below:

Table 1a: Minimum Capital Requirement and Number of Banks in Nigeria (1952-2006)

Years(1952 – 1978)	**Foreign MCR** (=N=)	**Nigerian MCR**(=N=)	**No of Banks**
1952 - 1978	£200,000 - £400,000 1.5m	£25,000 - £25,000 .6m	45
1979 – 1987 Commercial Merchant	1.5m 2m	.6m 2m	54

Table 1b: Commercial and Merchant (1988 – 2002)

Years	**Commercial MCR** (=N=)	**Merchant MCR** (=N=)	**No of Banks**
1988 - February	5m	3m	66
1988 - October	10m	6m	66
1989 - 1990	20m	12m	107
1991 - 1996	50m	40m	112
1997 - 2002	500m	500m	110

Table 1c: Universal Banking (2003 2012)

Years	MC Requirement (=N=)	Type of Bank	No of Banks
2003 - 2004	2b	Universal	89
2004 - July	25b	Universal	25

Sources*: CBN-Various Financial Publications (1952-2004).*
MCR = Minimum Capital Requirement.

2.4 Bank Recapitalization and Risk-taken Attitude

Bank recapitalization which increased the level of minimum capital based from =N=2b to =N=25b may influences the reaction of credit supply due to availability of more investment funds. This effect depends upon the link between bank capital and risk-aversion (Rochet, 1992). Some literature argued that well-capitalized banks are less risk-averse. Where solvency regulation exists, banks should maintain a higher level of capital to enable them increase and sustain their lending portfolios which may be riskier (Kim & Santomero, 1988; Hellman et al, 2000). The well-capitalized banks react more to business cycle fluctuations because they have selected the lending portfolio with higher return and risk (Pyle, 1991). Other models stress that well-capitalized banks are more risk averse because the implicit subsidy that derives from deposit insurance is a decreasing function of capital (Dewatripont & Tirole, 1994).

3 Methodology

3.1 The Research Design

The research design for the study is survey method and was used due to its ability to capture research questions raised in the study (Saunders, 2004; Bhattacharya & Thakor, 2005) and also deals with the complex relationship between the variables which is not subject to manipulation (Baridam 2001). The population of the study consists of existing twenty two (22) banks that emerged from the exercise. Two (5) copies of Questionnaire were administered to Chief Executives and Head of corporate finance of each of these banks, giving a total of 110. 90 valid copies of the questionnaire were returned and analyzed. The 20 not returned was due to busy schedule of some of the MDs and those who traveled as at the time of the exercise. The instrument was a 14-term survey questionnaire with a 7 Likert scale response as follows: Very irrelevant (0), Slightly Irrelevant (1), Irrelevant (2), No Effect (3), Slightly Relevant (4), Relevant (5) and Very Relevant (6). In order to convert the ordinal scale to Interval Scale, a weight was assigned to each point in the 7-point Scale 0-6. Data was processed with aid of SPSS. The hypotheses were tested using regression analysis and correlation co-efficient (r^2) statistical instrument. The probability is 0.05 that a true null hypothesis will be rejected. Selected respondents were independent of age and sex.

3.2 Test of Hypothesis and Parameter for Interpretation of Values

According to Awoniyi, Aderanti & Tayo (2011), probability value is an effective way of testing significance. The relationship between variables is significant if p<0.05 and the decision will be reject null hypothesis and accept alternative hypothesis otherwise it will demonstrates statistical insignificance and null hypothesis accepted and alternative reject. The correlation coefficient (r^2) ranges from -1 to +1 signifying the strength of either negative or positive relationship between two variables.

4 Results

Table 2: Hypotheses examination result

Hyp.	Statement of Hypotheses	Remarks
1	H_0: Bank recapitalization has no significant association with lending behaviour in Nigeria	Rejected
	H_1: Bank recapitalization has significant association with lending behaviour in Nigeria.	Do not reject
2	H_0: There is no significant relationship between recapitalization and lending to the real sector of economy in Nigeria.	Rejected
	H_1: There is significant relationship between recapitalization and lending to the real sector of economy in Nigeria.	Do not reject

Sources: Researcher's field work (2013). Hyp. = Hypothesis

4.1 Discussion of Results

Hypothesis 1: This was captured using question 2: Recapitalization has positively influenced lending behaviour of banks in Nigeria? Table 3 shows that recapitalization has a coefficient of 0.955 which reveals a strong relationship between recapitalization and lending behaviour. The value of r^2 in table 5 is 0.866 which is the fraction of the variation in the dependent variable and level of lending that is predicted by the independent inference (Recapitalization). It means that 87% of the increase in lending is associated with increased in capital base (recapitalization). The result of the test reveal that the probability of the significant level is 0.000 which was less than 0.05 ($p<0.05$). This implies that the p-value is statistical significant and therefore the null hypothesis that states that Bank recapitalization has no significant association with lending behaviour in Nigeria should be rejected and the alternative hypothesis accepted. Table 3 contains the constant (alpha) which is the predicted value of the dependent variable which measured the level of lending when the predictor is set at 0, and the coefficients on the independent inference (beta 0.955). The size of the coefficient for the independent variable measure gives the size of the effect on the dependent variable measure which in this case is 0.955. The coefficient tells how much the dependent variable (level of lending) is expected to increase since it is positive when that independent inference increases by one. The t calculated value of 4.106 is higher than 2.00 at 5% level of significance suggesting that recapitalization is statistically significant in explaining the variation in lending behaviour hence the null hypothesis is rejected. The implication of this, is that increase in capital base of banks resulting from recapitalization, has significantly enhanced financial capacity of commercial banks in Nigeria. The finding of hypothesis 1 is in agreement with the opinion of Furfine, 2000; Kishan & Opiela, 2000; Leonardo & Paolo, 2003 and Shiow-Ying & Jean, 2013).

Hypothesis 2: This is concerned with the level of lending to the real sector of Nigeria economy as a result of recapitalization and was captured using question 13: Lending to the real sector of economy in Nigeria has increased due to recapitalization? The result of the test is presented in table 7 and shows an r-value of .874 which reveals a positive relationship between recapitalization and lending to productive sector. A correlation <0.5 is considered weak and at 0.874 this result shows a strong relationship between the two variables. The value of the R^2 as .756 indicates that, the fraction of the variation in which

the dependent variable measured lending to the real sector that are predicted by the independent inference (Recapitalization). It means 77% of increased in lending to real sector of the economy is associated with recapitalization. Our result therefore rejects the null hypothesis in favour of the alternative which states that there is significant relationship between recapitalization and lending to productive sector of the economy in Nigeria. The real sector in most cases requires long term facilities and at certain minimum capital bases, the banks which operate more on the money market may be reluctant to supply such credits because it will expose them to pressure and high risk resulting from the financial mismatch. However, recapitalization increased the capital level of banks and the financial capacity which is responsible for increase in lending to the real of the economy in Nigeria.

5 Findings and Conclusions

5.1 Findings

The literature arising from investigations concerning the effect of bank capitalization on lending mostly refer to the US banking system (Hancock, Laing & Wilcox, 1995; Kishan & Opiela, 2000 and van den Heuvel, 2001b). All these works underline the relative importance of bank capital influence on lending behaviour. The findings of this research includes: (i) The exercise consequently increase the capital base of banks in Nigeria have significantly enhanced the financial capacity which consequently affected the level credit supply and business tempo in the country (ii) It brought about wider spread of ownership structure making control by few and hostile takeover bid impossible (iii) It has influenced the reaction of credit supply to output shocks (iv) There are favourable drastic changes in the asset structure, liquidity and capital structure of Nigeria banks as a result of the exercise (v) Recapitalization have helped to curb the problem of inadequate infrastructure among banks and enhanced economy of scales (vi) Increased kin competition among big banks, business activities which has also influenced Nigeria GDP, economic growth and development positively (vii) There are also unethical practices associated with recapitalization especially the over valuation of assets and hug reserves without cash. This was evident from many banks going to the capital market to raise funds immediately after an exercise which would have left the banks with excess capital.

5.2 Concluding Remarks and Recommendations

Based on the above findings of this study, it is concluded that the exercise in Nigeria is a desirable reform as various areas of the economy have achieved huge success due to recapitalization. The exercise has become an ongoing and brought about many financial improvements. In the banking industry recapitalization / M&As of more banks have been recorded. The initial consolidation came out with twenty five banks (25) out of eighty Nine (89) but today has been reduced to twenty two (22). There the reform has come to stay. Recapitalization has made more funds available and lending easier. Nigeria productive sector have more finance available to meet business demand and this affected the GDP and economy in general. This result has at least two explanations. First, well-capitalized banks are more risk adverse (Flannery, 1989 and Gennotte and Pyle, 1991) and, as their borrowers are less risky, suffer less from economic downturns via non

performing loans. Well-capitalized banks can better absorb temporarily financial difficulties on the part of their borrowers and preserve long term lending relationships (Leonardo & Paolo, 2003). This result is consistent with the hypothesis that it costs less to adjust lending than capital. Recapitalization enables banks to have a buffer as a cushion against contingencies (Wall and Peterson, 1987; Barrios and Blanco, 2001; Leland and Pile, 1977 and Myers & Majluf, 1984). It was also concluded that well capitalized bank may have lending problem with if there exists management inefficiency and lack of credit opportunities. The study therefore recommends that recapitalization exercise should be a regular feature of banking industry to keep abreast with economic trend and ensure banks in Nigeria is capable of playing in the international financial market.

References

[1] J.A. Afolabi, Implication of consolidation of Banks for the Nigerian banking system. Paper presented at the NDIC Organized workshop for FICAN, Enugu. (December, 2004).

[2] A.B. Akpan, Effectiveness of Bank Capitalization and Consolidation in Building Market Confidence: An Assessment of Customers Perception in Nigeria. Abuja J. Bus Admin., **1**(2) (2007).

[3] F. Allen, & D. Gale, Financial Markets, Intermediaries, and Intertemporal Smoothing, Journal *of Political Economy*, **3**, (1997), 523-546.

[4] F. Allen, & D. Gale, Comparing Financial Systems, MIT Press, Cambridge and London, 2000.

[5] S. Amedu, *Corporate Takeover, Acquisition and Merger.* The Nigerian Stockbroker, the Official Journal of Chartered Institute of Stockbrokers, January-March, **7**(2), (2004), 25-27

[6] AP.P. Thanasoglou, S.N. Brissimis, & M.D. Delis, Bank-Specific, Industry- Specific and Macroeconomic Determinants of Bank Profitability. Bank of Greece, **WP** No. **25**, 2005.

[7] S.S. Awoniyi, R.A. Aderanti, & A.S. Tayo, Introduction to research methods, 1st Ed., Ababa Press Ltd, Sango-Ibadan.. 2011.

[8] P. Bolton, & X. Freixas, Corporate Finance and the Monetary Transmission Mechanism, CEPR, Discussion Paper Series, No. 2982, 2001.

[9] M.M. Cornett, & H. Tehranian, An Examination of Voluntary versus Involuntary Security Issuances by Commercial Banks: The Impact of Capital Regulations on Common Stock Returns, *Journal of Financial Economics*, **35**, (1994), 99-122.

[10] M. Dewatripont, & J. Tirole, The Prudential Regulation of Banks, MIT Press, Cambridge, Massachusetts, 1994.

[11] M.L. Ehrmann, J. Gambacorta, P. Martinez, P. Sevestre and A. Worms, Financial Systems and the Role of Banks in Monetary Policy Transmission in the Euro Area", in Angeloni, I., A. Kashyap and B.Mojon, Monetary Policy Transmission in the Euro Area,Cambridge University Press. Cambridge, 2003.

[12] L. Gambacorta, & P.E. Mistrull, Bank capital and lending behavior: empirical evidence for Italy: February 14 version, Banca d'Italia, Research Department. JEL classification: E44, E51, E52, 2003.

[13] A.B. Garba, Recent Reforms in the Nigeria Banking Industry; Issues and Challenges. The Financier, A.B.U Zaria. (2006).

[14] D. Hancock, J.A. Laing, & J.A. Wilcox, Bank Capital Shocks: Dynamic Effects on Securities, Loans, and Capital, *Journal of Banking and Finance,* **19**, (1995), 661-77.

[15] T. Hellman, K. Murdock, & J. Stiglitz, Liberalization, Moral Hazard in Banking, and Prudential Regulation: Are Capital Requirement Enough? *American Economic Review*, March, (2000), 147-65

[16] J. Houston & C. James, Do Bank Internal Markets Promote Lending? *Journal of Banking and Finance,* (6-8), (1998), 899-918.

[17] C. Ibru, Overview of Financial Environment in Nigeria, Working Paper, Nigerian Army College of Logistics., Lagos, 2006.

[18] J.P. Hughes, W.M. Lang, & L.M. Moon, The Dollars and Sense of Consolidation Working Paper No. 98-100, Federal Reserve Bank of Philadelphia, 1998.

[19] C. Furfine, Evidence on the Response of US Banks to Changes in Capital Requirements, BIS Working Papers, **88**, 2000.

[20] D. Kim, &A.M. Santomero, Risk in Banking and Capital Regulation, *Journal of Finance*, 43, (1988), 1219-33.

[21] R.P. Kishan, & T.P. Opiela, Bank Size, Bank Capital and the Bank Lending Channel, *Journal of Money, Credit and Banking*, **32**(1), (2000), 121-141.

[22] H.E. Leland, & D.H. Pile, Informational Asymmetries, Financial Structures and Financial Intermediation, *The Journal of Finance*, **32**, (1977), 371-387.

[23] G. Leonardo, & E.M. Paolo, Bank capital and lending behavior: empirical evidence for Italy. February 14, version: Banca d'Italia, Research Department. JEL classification: E44, E51, E52, 2003.

[24] S.C. Myers, & N.S. Majluf, Corporate Finance and Investment Decisions when Firms Have Information that Investors Do Not Have, Journal *of Financial Economics*, **13**, (1984), 187-221.

[25] T. Saunders, Financial institutions management: A modern perspective, Irwin Publishers. Illinois, 2004.

[26] S.H.M. Shih, An investigation into the use of mergers as a solution for the Asian banking sector crisis, *The Quarterly Review of Economics and Finance.* (**43**), (2003), 31- 49

[27] Soludo, C.C. Consolidating the Nigerian Banking Industry to meet the development challenges of the 21st century. Address delivered to the bankers committee, 2004.

[28] W. Shiow-Ying, & Y. Jean, Banking Stability, Market Structure and Financial System in Emerging Countries. *Journal of Applied Finance & Banking,* **3**(3), (2013), 1-13

[29] A.V. Thakor, Capital Requirements, Monetary Policy, and Aggregate Bank Lending: Theory and Empirical Evidence, *The Journal of Finance,* **51**(1), (1996), 279-324.

[30] S.J. Van den Heuvel, The Bank Capital Channel of Monetary Policy, University of Pennsylvania, mimeo, 2001a.

[31] S. J. Van den Heuvel, Banking Conditions and the Effects of Monetary Policy: Evidence from U.S. States, University of Pennsylvania, mimeo, 2001b.

Appendix

Test of statistical Hypotheses

Table 3: Coefficients

Model	Unstandardized Coefficients		Std. Coefficients	T	Sig.
(Constant)	B	Std. Error			
1. Average post- recapitalization	.980	.163		4..106	.024
Total	.278	.030	.955	19.289	.000
a. Dependent Variable: lending behaviour in Nigeria banks					

Source: Researcher's computation (2013)

Table 4: Coefficients

Model	Unstandardized Coefficients		Std. Coefficients	T	Sig.
(Constant)	B	Std. Error			
1. Average post-recapitalization	.437	.155		2.229	.031
	.985	.048	.867	22.250	.000
a. Dependent Variable: lending to real sector of the economy in Nigeria					

Source: Researcher computation (2013)

Hypothesis 1:

H_0: Banks post-mergers/acquisitions equity capital base has no significance influence on banks' profitability

H_1: Banks post-mergers/acquisitions equity capital base has significance influence on banks' profitability

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.944[a]	.874	.866	1.35304

Source: Researcher's computation (2013)

a. Predictors: (Constant), Bank Recapitalization

Table 6: ANOVA[b]

Model	Sum of Squares	Df	Mean Square	F	Sig
1 Regression	164.725	1	164.725	95.770	.000[a]
Residual	25.875	89	1.725		
Total	**190.6**	**90**			

Source: SPSS Output

a. Dependent Variable: lending behaviour in Nigeria banks

b. Predictors: (Constant), Bank Recapitalization

Hypothesis 2:
H_0: Banks post-mergers/acquisitions equity capital base does not correlate significantly with banks' gross earnings
H_1: Banks post-mergers/acquisitions equity capital base correlates significantly with banks' gross earnings

Table 7: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.874[a]	.763[b]	.756	.49572

Source: SPSS Output
a. Predictors: (constant), equity capital
b. Dependent variable measure: lending to real sector of the economy in Nigeria

Table 8: ANOVA[b]

Model	Sum of Squares	Df	Mean Square	F	Sig
1 Regression	120.065	1	120.065	474.565	.000[b]
Residual	37.642	89	.253		
Total	**157.707**	**90**			

Source: SPSS Output
a. Predictor: (constant), Bank Recapitalization
b. Dependent variable measure: lending to real sector of the economy in Nigeria