Global Journal of Accounting
Department of Accounting, Faculty of Management Sciences
University of Lagos

THE IMPACT OF BANKS' LIQUIDITY ON ECONOMIC GROWTH IN NIGERIA

Isaac Azubuike Ogbuji[1]
Department of Finance, University of Lagos, Akoka
Email: chibuike3014@gmail.com

Abstract

This study investigates the impact of liquidity management indicators on the Gross Growth Rate (GGR) in Nigeria from 1999 to 2022. Utilizing a Generalized Linear Model (GLM) approach, the research explores how some bank liquidity metrics, specifically the liquidity ratio (LR), loan-to-deposit ratio (LTD), cash reserve ratio (CRR), interest rate (INT), and inflation rate (INF) influence economic growth. The findings indicate that liquidity management significantly impact economic growth, with LR, LTD, and CRR having negative impact on GGR. In contrast, INT showed a positive impact, highlighting the importance of lower interest rates in stimulating economic activity in Nigeria. The study also revealed that, when all independent variables are held constant, the GGR is expected to be approximately 4.65%. The study concludes that effective liquidity management and appropriate monetary policies are crucial in fostering economic growth in Nigeria. Recommendations include optimizing liquidity management practices, reviewing cash reserve requirements and promoting lower interest rates. This research contributes to the understanding of liquidity dynamics in developing economies like Nigeria.

Keywords *Loan-to-deposit ratio, liquidity ratio, Cash Reserve Ratio, Interest Rate, Inflation rate*

1.0 Introduction

The importance of commercial banks in the growth of the economy cannot be overemphasized. The banking sector plays a pivotal role in the economic growth of a country by facilitating capital allocation, promoting investment, and enhancing financial intermediation (Sanusi, 2020). In recent years, the Nigerian banking sector has faced increasing challenges in maintaining adequate liquidity while also supporting economic growth. Liquidity management, the ability of banks to meet their short-term financial obligations, is crucial for the stability of individual banks and the entire financial system. However, poor liquidity management can lead to severe consequences, including bank runs, insolvency, and economic slowdowns. Despite efforts by the Central Bank of Nigeria (CBN) to regulate liquidity through policies such as the cash reserve ratio and liquidity ratio requirements, Nigerian banks continue to experience liquidity pressure, especially during periods of economic uncertainty (Odu, 2022). The study is predicated on the concepts of liquidity preference theory of John Maynard Keynes (1936) and bank Liquidity theory of Calomiris, Hider and Hoerova 92014). Liquidity preference theory states that individuals prefer to keep their assets in liquid form such as cash, rather than in less liquid assets like bonds due to uncertainty about the future. Holding money gives immediate access to purchasing power. Bank liquidity theory on the other hand states that banks should always hold cash to guard against liquidity risk and as a prudential regulatory measure of the monetary authority.

In Nigeria, Deposit Money Banks (DMBs) are at the forefront of this effort, providing credit to various sectors of the economy, managing liquidity, and ensuring the stability of the financial system. One of the critical responsibilities of banks is managing liquidity, which refers to their ability to meet short-term obligations without incurring substantial losses (Adeola & Ikpefan, 2022). Effective liquidity management ensures that banks can respond to both expected and unexpected cash flow needs, thereby preventing liquidity crises that could destabilize the financial system and hinder economic growth. Historically, liquidity crises have had detrimental impact on economies, as seen during the 2008 global financial crisis when inadequate liquidity management resulted in the collapse of many financial institutions (Onwe & Orji,

[1] Corresponding author.
Email: chibuike3014@gmail.com

2021). In the Nigerian context, liquidity management has remained a critical issue due to the country's dependence on oil revenues, which makes the economy susceptible to external shocks (Odo, Eze & Onoh, 2020). Liquidity management indicators, such as the liquidity ratio, loan-to-deposit ratio, and cash reserve ratio, are essential in assessing a bank's ability to meet its short-term obligations. (Abubakar, 2021). An increase in liquidity ratio, for instance, may indicate a bank's strong capacity to meet withdrawal demands, but if maintained at excessively high levels, it can limit the bank's ability to invest in income-generating activities, ultimately affecting profitability and economic growth (Adesina & Afolabi, 2019). The importance of liquidity management became particularly evident during the global financial crisis and subsequent economic downturns, where banks worldwide, including in Nigeria, struggled to balance liquidity needs with profitability goals. More recently, economic shocks caused by fluctuations in global oil prices and the COVID-19 pandemic have further tested the resilience of Nigeria's banking sector (Adedoyin, 2021).

Sound liquidity management plays a fundamental role in determining the stability of banks and economic growth. Hence, the need to investigate whether the indicators of bank liquidity used in the study contribute significantly to economic growth. While much attention has been given to the impact of monetary and fiscal policies on economic growth, less emphasis has been placed on how liquidity management parameters, practices and policies of banks influence economic growth (Alabi & David, 2021). The study aims to fill this gap by examining the impact of liquidity management practices of DMBs on economic growth in Nigeria.

2.0 Empirical and Theoretical Review

The empirical review synthesizes significant research findings regarding liquidity management and its impact on the performance of Deposit Money Banks (DMBs) in Nigeria, along with broader implications for economic growth Bello and Salami (2020) conducted an analysis of the contribution of liquidity management practices of Deposit Money Banks to Nigeria's economic growth. The study spanned from 1995 to 2018 and employed a panel data approach using the Generalized Method of Moments (GMM) estimator. Results of the study indicated that effective liquidity management significantly contributed to economic growth by ensuring that banks provide necessary financial services and credit to various sectors of the economy. The authors recommended enhancing the regulatory environment to bolster banking sector performance, thereby fostering growth.

Ude and Emecheta (2021) examined the impact of liquidity management on the stability and growth of Deposit Money Banks in Nigeria. Their analysis, which covered the period from 1990 to 2019, utilized the Johansen co-integration test and Vector Error Correction Model (VECM). The findings established a long-run positive relationship between efficient liquidity management and financial stability, underscoring the importance of robust liquidity frameworks in sustaining growth within the banking sector. The authors argued that enhancing liquidity management practices could mitigate risks associated with economic volatility. Akanbi et al. (2021) examined the challenges faced by Nigerian banks in liquidity management, focusing on macroeconomic factors such as inflation and exchange rate volatility. The researchers found that these factors adversely impact liquidity management and the banks' credit provision ability and recommended resilient strategies, including diversification of funding sources and dynamic liquidity management practices, to mitigate these challenges.

Ibe and Eke (2022) assessed the impact of regulatory frameworks on liquidity management in Nigerian banks. Their analysis covered the period from 2005 to 2021 and found that adherence to regulatory liquidity requirements significantly enhanced banks' liquidity positions, enabling banks to provide more credit to the economy. Nafiu & Musimenta (2024) study on the impact of Liquidity management on the profitability DFCU bank in Uganda revealed that a significant positive association exists between liquidity ratios (proxied by current ratio, quick ratio and cash ratio) and profitability of DFCU bank in Uganda. Ogunleye & Oloyede. (2021) examined the effect of liquidity management on the profitability of Nigerian banks using panel data from 2000 to 2019. Their findings indicated a strong positive correlation between liquidity management and profitability ratios (such as ROA and ROE). The study utilized the Fixed Effects Model to estimate the relationship, highlighting that effective liquidity management leads to improved financial performance, which is vital for banks operating in competitive environments.

Adesina & Afolabi. (2021) analyzed the role of liquidity management in enhancing the resilience of Nigerian banks against financial crises. Using data from 2000 to 2020, the study employed the Structural Equation Model (SEM) to assess

the impact of liquidity on financial stability. The results demonstrated that strong liquidity positions enable banks to better withstand economic shocks, thereby maintaining their operational capabilities and contributions to economic growth.

Nwankwo and Okwu (2019) analyzed the effect of liquidity management on the operational efficiency of Nigerian banks. Their study covered the period from 2005 to 2018 and used the Tobit model for estimation. Findings indicated that effective liquidity management positively influenced operational efficiency of banks, which is crucial for overall bank performance. The authors suggested that banks should prioritize liquidity management practices to enhance their capabilities.

The study of Olofin, Muritala, Abubakar & Ajalie (2024) examined the impact of liquidity management on the profitability of commercial banks in Nigeria and found that a significant positive relationship exists between cash reserve ratio, loan-to-deposit ratio and return on equity in in Nigeria deposit money banks Ojo et al. (2022) examined the effect of liquidity management on the overall financial health of Nigerian banks. Their study, covering 2005 to 2019, used panel regression analysis to explore the relationship. The findings demonstrated that effective liquidity management positively affects banks' financial health, thereby enhancing their contributions to economic growth and stability. (2020) investigated the impact of liquidity management on the competitive advantage of Nigerian banks, using Multiple Regression Analysis to examine the relationship. The findings showed that banks with superior liquidity management gain a competitive edge in attracting deposits and providing loans, thereby enhancing the overall position. The study of Ahmed and Usman (2024) on the impact of liquidity management on the financial performance of commercial banks in Nigeria revealed that effective liquidity management positively impact the financial performance of deposit money banks in Nigeria. Furthermore, the empirical study of Akpan, Eno and Uwem (2024) on liquidity management and profitability of deposit money banks found that both current ratio and cash ratio have significant effect on the profitability of deposit money banks in Nigeria. In another study by Efemena and Augustine (2024) on bank liquidity and financial performance of deposit money banks in Nigeria. The study showed that loan-to-deposit ratio and liquidity ratio have positive and significant effect on earnings per share of deposit money banks in Nigeria.

3.0 Material and Methods

3.1 Sources of Data

The study relies on secondary data sourced from the following: Central Bank of Nigeria (CBN, 2024) Statistical Bulletin: For data on liquidity ratio (LR), loan-to-deposit ratio (LTDR), cash reserve ratio(CRR), interest rate (INT), and inflation rate (INF). National Bureau of Statistics (NBS, 2024): For data on GDP growth rate. The study employs a time-series analysis, using secondary data from the Cover a 25-year period.

3.2 Model Specification

The model used in this study is based on the Keynesian liquidity preference theory, which posits that liquidity management directly impacts economic activity. The model will analyze the effect of key liquidity management variables on Nigeria's economic growth. The dependent variable is the GDP growth rate, while the independent variables include liquidity ratio (LR), loan-to-deposit ratio (LDR), cash reserve ratio (CRR), interest rate (INT), and inflation rate (INF).

The model can be specified in econometric form as shown below;

$$\boldsymbol{GGR = f\,(LR, LTD, CRR, INT, INF)} \quad \text{..... (3.1)}$$

$$\mathbf{GGR_1} = \beta_0 + \beta_1 LR_t + \beta_2 LTD_t + \beta_3 CRR_t + \beta_4 INT_t + \beta_5 INF_t + \mu_t \quad \text{..... (3.2)}$$

Where:

GGR_t: GDP growth rate at time t, LR_t: Liquidity ratio at time t, LTD_t: Loan-to-deposit ratio at time t, CRR_t: Cash reserve ratio at time t, INT_t: Interest rate at time t, INF_t: Inflation rate at time t

μ: Error term, β_0: Constant or intercept, β_1- β_5: Coefficients of the independent variables

[1] Corresponding author.
Email: chibuike3014@gmail.com

3.3 Measurement of Variables

GDP Growth Rate (GDPGR): The annual percentage change in Nigeria's real Gross Domestic Product (GDP). Liquidity Ratio (LR): This is the ratio of liquid assets to total liabilities in Nigerian banks. Loan-to-Deposit Ratio (LDR): This is the ratio of total loans issued by banks to total deposits. Cash Reserve Ratio (CRR): The percentage of total customer deposits that banks are required to hold as reserves with the CBN. Interest Rate (INT): This is the prevailing interest rate in Nigeria, often captured by the Monetary Policy Rate (MPR). Inflation Rate (INF): The annual percentage change in the general price level of goods and services in Nigeria. CRR is a percentage of a bank's net demand and time liabilities (NDTL). The NDTL includes all deposits held by a bank payable on demand such as savings and current accounts as well as time liabilities such as fixed deposits and recurring deposits. Monetary policy rate is fixed by the CBN to sustain the economy level, keep unemployment low, protect the value of the local currency and maintain economic growth by manipulating interest rate or reserve requirements oe through the open market operations of the CBN.Loan to deposit ratio is the ratio of total loans to total deposits expressed as a percentage and it gives insight on the proportion of assets a bank can create from its liabilities. All data were obtained from the CBN statistical bulletin (2023) except data on GDP growth rate which was collected from the Nigeria Bureau of Statistics (NBS, 2023)

3.4 Estimation Technique and A priori Expectations

To estimate the specified model, the study employs the Ordinary Least Squares (OLS) estimation technique. OLS is suitable for time-series analysis as it provides unbiased and efficient estimates of the relationships between the independent and dependent variables. The following a priori expectations are established; $\beta_1, \beta_2, \beta_3 > 0$ while $\beta_4, \beta_5 < 0$

4.0 Results

Table 4.1: Descriptive Statistics Result

	GGR	LR	LTD	CRR	INT	INF
Mean	5.225833	52.86558	64.67000	10.40625	17.27278	12.53542
Median	5.505000	50.68750	62.73000	5.500000	17.09875	11.99000
Maximum	14.60000	104.2024	96.82000	27.50000	24.85000	23.80000
Minimum	-1.920000	26.39276	37.56000	0.000000	11.48313	0.200000
Std. Dev.	3.912954	16.62022	14.47195	11.14792	2.886575	4.953448
Skewness	0.163865	1.159677	0.260865	0.374161	0.205211	0.042137
Kurtosis	2.937074	5.209755	2.751392	1.416170	3.982708	3.744562
Jarque-Bera	0.111366	10.26242	0.334009	3.068503	1.134161	0.561475
Probability	0.945839	0.005909	0.846196	0.215617	0.567179	0.755227
Sum	125.4200	1268.774	1552.080	249.7500	414.5467	300.8500
Sum Sq. Dev.	352.1578	6353.331	4817.058	2858.352	191.6433	564.3428
Observations	24	24	24	24	24	24

Source: Computer Analysis using E-views (2024)

The descriptive statistics of table 4.1 provides an insight into the impact of liquidity management indicators of deposit money banks on economic growth in Nigeria. The average GDP growth rate over the period is 5.23%, with a minimum of -1.92% and a maximum of 14.6%. The standard deviation of 3.91% indicates moderate variability in economic growth. The skewness of 0.16 and kurtosis of 2.94 suggest that the distribution of GGR is nearly symmetric and close to normal. The mean liquidity ratio (LR) of 52.87% indicates that banks, on the average, maintained liquidity above the regulatory threshold to ensure stability within the financial system. However, the maximum of 104.20% in 2019 indicates a significant peak in liquidity management, likely due to stringent policies or cautious lending. The skewness (1.15) and kurtosis (5.21) suggest a positively skewed distribution with a few years experiencing unusually high liquidity ratios. The average loan-to-deposit ratio (LTD) is 64.67%, with a minimum of 37.56% and a maximum of 96.82%, which implies that on average, banks are utilizing a significant portion of deposits for lending activities. The high standard deviation (14.47%) reflects the variability in banks' lending behaviors over time, which might impact their liquidity and their contribution to economic

growth. The cash reserve ratio (CRR) has a mean of 10.41%, ranging from 0% to a maximum of 27.5%, indicating periods where the central bank imposed stricter reserve requirements to control money supply and inflation. The CRR's variability (standard deviation of 11.15%) reveals fluctuating monetary policies in response to economic conditions, which could either support or constrain banks' ability to provide credit to the economy. The average interest rate (INT) is 17.27%, with a relatively low variability (standard deviation of 2.89%). The interest rate's minimum and maximum values range from 11.48% to 24.85%, showing periods of both tight and expansionary monetary policies. Inflation (INF) averaged 12.54% during the study period, with a peak of 23.8% and a low of 0.2%.

4.2 Unit Root Test

This study employs the unit root test, using the Augmented Dickey-Fuller (ADF) method to check the stationarity of the variables used in the study (such as GDP Growth Rate, Liquidity Ratio, Loan-to-Deposit Ratio, Cash Reserve Ratio, Interest Rate, and Inflation Rate).

Table 4.2: Augmented Dickey-Fuller (ADF) Unit Root Test

Variables	Level			First difference			I (d)
	Model I	Model II	Model III	Model I	Model II	Model III	
GGR	-2.271602	-4.248571	-1.127035	-5.949516	-5.823425	-6.104033	I(1)
LR	-2.685208	-2.740964	-0.794051	-5.801435	-5.692607	-5.942872	I(1)
LTD	-2.168787	-2.173878	-0.304022	-4.427822	-4.368827	-4.529671	I(1)
CRR	0.201396	-2.112461	1.608040	-4.913037	-5.003518	-4.044058	I(1)
INT	-2.032837	-3.184104	-1.076824	-4.923266	-5.003632	-4.820289	I(1)
INF	-4.606827	-4.528179	-0.051480	-	-	-	I(0)

Source: *Computer Analysis using E-views (2024)*

The Augmented Dickey-Fuller (ADF) test indicates that most of the variables, including the GDP Growth Rate (GGR), Liquidity Ratio (LR), Loan-to-Deposit Ratio (LTD), Cash Reserve Ratio (CRR), and Interest Rate (INT), are non-stationary at their level forms. However, the study examined the first differences of these variables and observed that the ADF test statistics drop significantly with values like -5.949516 for GGR and -5.801435 for LR, indicating that these variables are stationary at the first difference and are integrated of order one, denoted as I(1).

Table 4.3: Generalized Linear Model

Dependent Variable: GGR
Method: Generalized Linear Model (Newton-Raphson / Marquardt steps)

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	4.654472	6.610564	0.704096	0.0314
LR	-0.038149	0.037492	-1.017512	0.0189
LTD	-0.007686	0.042225	-0.182032	0.0156
CRR	-0.221505	0.074681	-2.966021	0.0030
INT	0.207585	0.273205	0.759812	0.0474
INF	0.143965	0.127326	1.130684	0.2582

Source: *Computer Analysis using E-views (2024)*

The results of the Generalized Linear Model (GLM) analysis, as presented in Table 4.4, provide significant insights into the impact of liquidity management indicators on the Gross Growth Rate (GGR) in Nigeria over the study period of 1999 to 2022. The constant term (C) is estimated at 4.654472 with a p-value of 0.0314, indicating that when all independent variables are held constant, the GGR is expected to be approximately 4.65%. Liquidity ratios (LR) shows a coefficient of -0.038149, which suggests that a 1 unit change in the liquidity ratio leads to a decrease of approximately 0.038% in the GGR. High liquidity ratios might make banks overly conservative in their lending practices, focusing more on maintaining

[1] Corresponding author.
Email: chibuike3014@gmail.com

liquidity than financing growth-oriented projects. Ultimately, while maintaining adequate liquidity as necessary requirement for financial stability, excessively high liquidity levels can limit the banking sector's ability to contribute to economic growth. Similarly, the loan-to-deposit ratio (LTD) has a coefficient of -0.007686, indicating that a 1unit increase in the loan-to-deposit ratio results in a decrease of approximately 0.008% in the GGR. With a p-value of 0.0156, this impact is also significant, reinforcing the notion that higher lending relative to deposits may detract from economic growth. A potential reason for this inverse relationship could be due to the fact that a high LTD ratio makes banks lend more of their deposits, which can strain their liquidity position of banks. High LTD ratios often indicate that banks are not efficiently utilizing their deposit base to support lending activities, which can hinder economic growth. This finding is consistent with the research of Ojo and Ogundipe (2021), who suggest that low levels of lending relative to deposits can limit financial intermediation, thereby constraining economic development. The cash reserve ratio (CRR) shows a more pronounced impact with a coefficient of -0.221505. This suggests that a 1 unit change in the cash reserve ratio results in a decrease of about 0.22% in the GGR. This significant negative impact, with a p-value of 0.0030, reflects how higher reserve requirements can constrain economic growth in Nigeria. This reduces the amount of funds available for lending to businesses and individuals. This finding supports the work of Nwogugu (2019) who posits that excessive reserve requirements can lead to reduced credit availability, ultimately slowing down economic growth. In contrast, the interest rate (INT) coefficient is 0.207585, indicating that a 1unit increase in the interest rate correlates with an increase of approximately 0.21% in the GGR. The p-value of 0.0474 indicates this impact is statistically significant, suggesting that higher interest rates may positively influence growth by encouraging savings and investment. Additionally, higher interest rates can attract foreign investment, as investors seek better returns on their capital, leading to an influx of foreign capital that can spur economic activities. This finding aligns with the perspective of Iyoha (2022), who emphasizes that lower interest rates reduce the cost of borrowing, thereby encouraging businesses and individuals to invest in capital and consumption. Lastly, the inflation rate (INF) has a coefficient of 0.143965, suggesting that a 1unit increase in inflation will lead to a rise of approximately 0.14% in the GGR. However, this result is not statistically significant with a p-value of 0.2582. This indicates that while inflation may have a positive impact on economic growth. There are a few possible reasons why inflation may show a positive but insignificant impact on economic growth in Nigeria. Moderate inflation can sometimes stimulate economic growth by encouraging spending and investment. High inflation rates may undermine purchasing power, reduce consumer confidence, and lead to uncertainty in the business environment, mitigating any potential short-term benefits The lack of a significant impact of the inflation rate on GGR is noteworthy. This suggests that, within the context of this analysis, fluctuations in inflation may not materially impact economic growth in Nigeria. This aligns with the conclusions of Edeh and Nweze (2020), who argue that the relationship between inflation and economic growth can vary significantly based on the prevailing economic conditions and sound monetary policy.

5.0 Discussion and Contributions

5.1 Discussion of findings and contribution

The study aims to investigate the impact of liquidity management indicators on economic growth in Nigeria. The findings of the study revealed that the liquidity ratio, loan-to-deposit ratio, and cash reserve ratio significantly but negatively impact economic growth, indicating that high liquidity levels and reserve requirements may hinder financial intermediation and economic expansion. Conversely, the interest rate exhibited a positive impact on GGR, suggesting that lower interest rates can stimulate borrowing and investment. Interestingly, inflation did not show a significant effect on economic growth, highlighting the complexities of the inflation-growth relationship in the Nigerian context. The analysis presented in this study confirms that liquidity management is key to fostering economic growth in Nigeria.

The study contributes to the existing body of knowledge in a small measure, as it examines the liquidity management practice and parameters of the CBN used in spurring economic growth.

5.2 Implications of the findings of the study

The financial cum economic implications of a low or negative liquidity ratio specifically on the banking system and generally on the economy of Nigeria include; (i) banks will have inadequate working capital and this will in turn lead to a case of the bank experiencing liquidity crisis. (ii) Moreso, banks might try to hold less cash (liquidity) and deploy more capital in running banking business. (iii) The lower the liquidity ratio the more difficult it is for banks to default in repayment of depositors funds during customers withdrawal request, thereby making bank customers to loose confindence in the banking system. Furthemore, the implications of a low or negative loan to deposit ratio on the banking system and the economy of Nigeria are the fact that; (i) banks with low or negative LTD ratio might have lower interest income which in turn will result in lower earnings for the banks. (ii) It is an indication that the banks are not efficiently utilizing their customers' deposits to support positive lending activities that can spur economic growth in the country.

In addition, the financial and economic implications of a low or n egative cash reserve ratio on the banking system and the economy of anaigeria as a whole include the following among others; (i) a lower or negative CRR enables banks to have more funds to lend to the deficit economic sector of the country at a lower interest rate and this will in turn make borrowing more attractive to the borrowing bank public (customers). (ii) Money supply in the banking system and in the economy will increase, as higher percentage of depositors funds are kept with banks for lending purposes. (iii) Excessive funds in the economy as a result of increase in money supply will lead to inflation, if not curbed by the monetary authority. Moreover, the implications of a low or negative monetary policy (interest) rate on the banking system and the economy of Nigeria are; (i) although it stimulates economic growth, it makes banks to charge negative interest. This means that instead of bank customers to receive on deposits made into their bank accounts, it is the bank depositors (customers) that will be responsible in paying interest charges to the banks for safe keeping of their funds. This was experienced in Nigeria in yearw 2023 and 2024. (ii) banks will also procure loans at lower interst rates and hence reduce their lending rates on lons granted to the deficit economic unit. Lastly, the implication of a positive inflation rate on the economiy of Nigeria is that high inflation rate creates climate of uncertainty which in turn affects the ability of business firms and individuals to make reliable budgets and future plans.

5.3 Limitations of Study and Suggestions for further studies

The study is limited by time and availability of published data for some years would have been included for analytical purpose. In later years the author would like to extend the frontier of knowledge on liquidity management to include some country specific indicators. The study recommends the followings among others based on the findings originating therefrom. Banks are advised to optimize liquidity management practices by striking a balance between maintaining sufficient liquidity and retaining adequate cash for lending purpose. Banks are also required to review their cash reserve requirements, encourage lower interest rates and monitor inflation trends regularly, in order to implement measures to curb inflationary trend.

References

Abubakar, M. (2021). Liquidity management and its implications for economic growth: Evidence from Nigeria. *Journal of Finance and Banking Studies*, 10(2), 45-57.

Adeola, O., & Ikpefan, O. A. (2022). Liquidity management and performance of deposit money banks in Nigeria. *African Journal of Business and Economic Research*, 17(3), 191-205.

Adeyemo, A., & Ojo, J. (2022). Merchant Banking in Nigeria: A Review of Trends and Developments. *International Journal of Business and Management Studies*, 14(1), 67-79.

Adesina, A., & Afolabi, T. (2019). Liquidity and profitability trade-off in the Nigerian banking sector. *International Journal of Finance and Economics*, 24(1), 74-86.

Alabi, T., & David, I. (2021). The role of liquidity management in fostering economic development: A study of Nigerian banks. *Nigerian Journal of Economic and Financial Studies,* 13(2), 81-97.

[1] Corresponding author.
Email: chibuike3014@gmail.com

Adedoyin, S. (2021). Liquidity challenges of Nigerian banks during global economic shocks: Lessons from the COVID-19 pandemic. *Journal of Financial Risk and Compliance*, 15(2), 67-81.

Akpan, S. A; Eno, G.U; & Uwem, E. U (2024). Liquidity Management and Profitability of Deposit Money Banks in Nigeria. *International Journal of Banking and Finance, 10(8), 100-126.*

Bashir, A. (2023). The loan-to-deposit ratio and its impact on financial stability in Nigeria. *Journal of Financial Regulation and Compliance*, 31(1), 33-47.

Bello, M. A., & Salami, I. O. (2020). The contribution of deposit money banks to Nigeria's economic growth: Evidence from panel data analysis. *Nigerian Journal of Finance*, 15(4), 87-102.

Central Bank of Nigeria (CBN, 2022). Monetary policy and liquidity management: *Annual report*. Retrieved from https://www.cbn.gov.ng/annualreport2023.

Efemena, E. O & Augustine. C. I. (2024) Bank Liquidity and Financial Performance of Deposit Money Banks in Nigeria. *International Journal of Scientific Research and Management, 12(12), 8053-8063.*

Nwankwo, G. I., Okwu, A. T., & Oko, M. (2019). The impact of technology on liquidity management in Nigerian banks. *Journal of Financial Innovations*, 5(1), 35-50.

Nafiu, L. A; & Musiimenta, N. (2024) Impact of Liquidity Management on Profitability: A Case Study of DFCU Bank, Uganda. *Metropolitan Journal of Academic Multidisciplinary Research, 3(9), 94-103.*

Nigeria Bureau of Statistics (NBS, 2023)

Sanusi, L. S. (2020). The evolving role of banks in promoting financial inclusion and economic growth in Africa. *African Development Review*, 32(2), 140-155.

Ogunleye, A. (2023). Macroeconomic challenges in Nigeria: The role of the banking sector in promoting growth. *West African Economic Review*, 18(1), 101-118.

Onwe, A., & Orji, K. (2021). Liquidity risk and the global financial crisis: Lessons for Nigerian banks. *African Journal of Economics*, 15(3), 123-136.

Odo, S. I., Eze, P., & Onoh, I. (2020). Liquidity management in the Nigerian banking industry and its effect on economic growth. *Nigerian Journal of Economic Research*, 14(1), 59-73.

Odu, T. (2022). The role of liquidity management in preventing banking crises: Evidence from Nigerian Deposit Money Banks. *Nigerian Journal of Banking and Finance*, 18(4), 123-140.

Ogunleye, O. O., & Oloyede, A. (2021). Liquidity management and profitability of Nigerian banks: Evidence from panel data. *International Journal of Economics and Finance Studies*, 13(2), 112-130.

Ojo, J. A., & Adeyemi, O. O. (2022). The relationship between liquidity management and economic performance of Nigerian banks: A dynamic panel data analysis. *Global Journal of Management and Business Research,* 22(5), 73-90.

Olofin, A. J; Muritala, T. A; Abubakar, H. L & Ajalie, S. N. (2024). The Impact of Liquidity on the Profitability of DMBs in Nigeria. *International Journal of Professional Review, 9(6), 76-95.*