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Deposit Money Banks And Economic Growth In Nigeria: Post Covid-19 Era. A Study Of Central Bank Of Nigeria, Calabar Branch.

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I. Introduction

Deposit Money Banks (DMBs) have historically played an important role in financing various sectors of the economy, particularly in developing countries such as Nigeria. This is due to DMBs' involvement in the financial intermediation process, which entails channeling funds from the surplus units of the economy to the deficit units, thereby converting bank deposits into loans or credit (Ujah & Amaechi, 2005 in Akintola & Adesaya, 2021). DMBs perform a variety of functions in the economy, including accepting deposits from customers for safekeeping, lending to customers, providing loans and overdrafts, and discounting bills of exchange.

It is important to note that, of all the functions mentioned, the main operation of DMBs is the acceptance of deposits and the granting of loans to customers. A DMBs' efficient financial intermediation function will boost the micro-economic growth process, which is the economy's productive capacity. According to Akintola and Adesaya (2021), a developed financial sector should reflect the ease with which industrialists with sound projects can obtain financial resources, as well as the confidence with which investors anticipate adequate returns.

Similarly, the Nigerian banking sector experienced rapid growth following consolidation in 2005, posing numerous challenges to the industry and regulators. The initial perception that Nigeria's banking system was sound and immune to the global financial crisis was incorrect. The following factors contributed to the development of an extremely fragile financial system, which was tipped into crisis by the global financial meltdown: macroeconomic instability caused by large and sudden capital outflows; Banks' major corporate governance failures; a lack of investor and consumer sophistication; Inadequate bank financial disclosure and transparency; critical gaps in prudential guidelines (current prudential guidelines were issued in 1990); uneven supervision and enforcement, then came Covid-19 pandemic

Eyitope and Mayowa (2020) posit that when COVID-19 took hold across Africa, affecting lives and livelihoods, Nigeria's banking system reacted quickly. The Central Bank of Nigeria (CBN) acted quickly, launching a stimulus package to combat the pandemic's effects on critical sectors, including lowering the interest rate on its intervention facilities from 9 to 5 percent. The sector enjoyed a positive momentum during the pandemic, channeling the flow of credit and public guarantee loan programs to the economy and benefiting from regulatory and supervisory flexibility measures. The bank also introduces social distancing and order sanitary approaches as a mechanism to checkmate the contact of the pandemic. Between N500,000 and N1.5 million was also made available from a N100 billion targeted facility set aside for households and small and medium enterprises (SMEs), in addition to an additional N100 billion provision for large companies in the healthcare and pharmaceutical sectors for research and drug procurement for the new corona virus.

Central Bank of Nigeria (CBN) also adopted a Four (4) Pillar Reform Programme which was launch in 2010 with the goals of improving bank quality, establishing financial stability, enabling healthy financial sector evolution, and ensuring the financial sector contributes to the real economy. The CBN reviewed the prudential guidelines as part of its initiative to improve the quality of banks. In this regard, the revised Prudential Guidelines seek to address a variety of aspects of bank operations, including risk management, corporate governance, Know-your-customers identification (KYC), anti-money laundering/counter-terrorism financing, and loan loss provisioning. The guidelines also aim to address the unique characteristics of various loan types and financing to various sectors (CBN Prudential Guideline for Deposit Money Banks, 2020). Loans were then classified into performing and non-performing.

Emefiele (2020) Posit that during the pandemic non-performing loans on bank books, the banking industry regulator was proactive in anticipating the possible consequences on people and companies' inability to

earn revenue and pay workers' salaries, which would make it difficult for debtors to repay their bank loans. As a result, the Monetary policy Committee (MPC) made a decision, which was supported by the CBN Board, to provide funding support for banks for businesses and households affected by the pandemic at the rate of four percent (4.00%), but also directed banks to restructure the loans that people were unable to service under new terms.

According to Central Bank of Nigeria Report (2020) capital adequacy ratio as of August when the pandemic started has remained at 15.3 percent since June 2019, while non-performing loans have decreased from 9.4 percent in June 2019 to 6.1 percent in August 2020. Furthermore, the liquidity ratio, which stood at 48% in June 2019, fell to 36% in August 2020, with an increase in credits of N3.7 trillion injected into the country's economy over the previous 13 months. Banks' return on equity, which was about 24% in June 2019, fell to 21% in August 2020, and their return on assets, which was about 2.3 percent in June 2019, fell to about 1.9 percent in August 2020. Similarly, the CBN governor stated that total bank deposits increased from N22.9 trillion in June 2019 to N28.9 trillion in August 2020; total loans increased from N15.4 trillion in June 2019 to N19.33 trillion in August 2020; and total bank assets increased from N38 trillion in June 2019 to N48 trillion in August 2020.

Despite all these, the DMB has faced its fair share of macroeconomic headwinds over the last two years, resulting in declining margins and significant write-offs of impaired credits. While recovering, the DMB is now confronted with the COVID-19 pandemic, which increases uncertainty and unpredictability in the business environment. Already under pressure before the crisis due to a sluggish economy, a difficult operating environment, and increased competitive intensity—the ongoing pandemic, currency devaluation, and other macro challenges continue to obstruct the sector's progress (Agusto, 2022).

Agusto (2022) also pointed out that the current realities on the Nigerian banking industry in the short term, is expected to change in the credit landscape, earnings, and capitalization and has propel a strong relationship between bank loan quality and economic growth variables to be undisputed. However, while Non-Performing Loans (NPLs) are a widely adopted measure of ex-post credit risk, the economic growth conditions can depend on several variables. Gross Domestic Product (GDP) growth, unemployment, inflation, interest rates, stock prices, and real estate prices are commonly considered to affect NPLs, either individually or in combination with bank-specific variables. Previous episodes of financial crises and ensuing recessions, combined with structural factors and poor loan origination practices, have left a number of banks grappling with NPLs on their balance sheets. NPLs have been a major source of concern for the Organization for Economic Cooperation and Development (OECD) member countries' banks, supervisors, and market participants over the last decade, posing risks to the overall economy and financial system.

Furthermore, high NPL stockpiles have a two-pronged impact on bank performance, First, NPLs reduce a bank's profitability because they generate less income than performing loans and may result in losses that reduce the bank's capital. In the most severe cases, these effects could jeopardize the bank's viability.

Second, nonperforming loans (NPLs) consume a significant portion of a bank's productive resources, both human and financial. This frequently contributes to tightening lending standards and risk aversion, limiting banks' capacity and willingness to lend to the real economy, including small and medium-sized businesses (SMEs). Small and medium-sized enterprises (SMEs) are particularly affected by the reduced credit supply because they rely on bank lending to a much greater extent than larger corporations, affecting SMEs' development and growth as well as economic growth and job creation (OECD, 2021).

The COVID-19 crisis has posed unprecedented economic and financial challenges. However, extensive monetary and fiscal support measures have helped to mitigate the rise in corporate and household defaults. Nonetheless, given the uneven recovery across countries and sectors (OECD, 2021b), early withdrawals of fiscal policy support could result in additional debt delinquencies or defaults, with negative implications for the asset quality of bank loan portfolios.

Onyekwena and Ekeruche (2021) posit that the world is still fighting the COVID-19 pandemic, which has resulted in 1.39 million corona virus cases and 79,382 deaths. Even before the outbreak, the outlook for the global economy particularly for developing countries like Nigeria was bleak, with global GDP growth projected to be only 2.5 percent in 2020. While many developing countries have recorded relatively fewer cases.

Prior to the pandemic, the Nigerian government was dealing with a slow recovery from the 2014 oil price shock, with GDP growth expected to be around 2.3 percent in 2019. As a result of relatively low oil prices and limited fiscal space, the IMF revised the 2020 GDP growth rate from 2.5 percent to 2 percent in February. In addition, the country's debt profile has been a source of concern for policymakers and development practitioners, with the most recent estimate putting the debt service-to-revenue ratio at 60 percent, which is likely to worsen given the sharp drop in revenue caused by falling oil prices. These impediments will exacerbate the economic impact of the Covid-19 outbreak, making it more difficult for the government to weather the storm. In Nigeria, efforts were already underway to boost aggregate demand through increased government spending and business tax cuts. The public budget increased from 8.83 trillion naira ($24.53 billion) in 2019 to 10.59 trillion naira ($29.42 billion) in 2020, representing 11% of national GDP, while small businesses were exempted from corporate income

tax and the tax rate for medium-sized businesses was reduced from 30% to 20%. Unfortunately, the COVID-19 crisis is causing all components of aggregate demand to fall, with the exception of government purchases. The decline in household consumption in Nigeria caused by partial or full restrictions on movement, causing consumers to spend primarily on essential goods and services; low expectations of future income, particularly among workers in the gig economy who are employed on a short-term/contract basis, as well as the working poor in the informal economy; and the erosion of wealth and expected wealth as a result of the decline in assets such as stocks and real estate. The federal government then declared a state of emergency in Lagos, Ogun, and Abuja which have the highest number of corona virus cases combined and Sub-national governments quickly followed suit, instituting lockdowns in their respective states. Nigeria has a thriving gig economy as well as a sizable informal sector that accounts for 65 percent of the country's GDP. Movement restrictions have not only reduced overall consumption of non-essential commodities, but have also had an impact on these groups' income-generating capacity, resulting in lower consumption expenditure (Onyekwena & Ekeruche, 2021).

Firm investments hampered largely due to the pandemic's uncertainties—limited knowledge about the duration of the outbreak, the effectiveness of policy measures, and the reaction of economic agents to these measures—as well as negative investor sentiments, which are causing turbulence in capital markets around the world. Indeed, the crisis resulted in a massive drop in stock prices, with the Nigerian Stock Exchange posting its worst performance since the 2008 financial crisis, eroding investors' wealth. Firms are likely to postpone long-term investment decisions due to the uncertainty associated with the pandemic and the negative profit outlook on potential investment projects. Government purchases, on the other hand, also rises as governments, which can usually afford to run budget deficits, use fiscal stimulus measures to offset the drop in consumer spending. However, for governments that rely on commodities, the drop in global commodity demand caused by the pandemic significantly increases their fiscal deficits. In Nigeria's case, the price of Brent crude was slightly more than $26 per barrel on April 2, whereas the country's budget assumes a price of $57 per barrel and would still have run a 2.18 trillion naira ($6.05 billion) deficit. Similarly, with oil accounting for 90% of Nigeria's exports, a drop in demand and oil prices will have a negative impact on the volume and value of net exports. Indeed, the sharp drop in oil prices caused by the pandemic has forced the Nigerian government to cut planned spending. In fact, on March 18, the finance minister announced a 1.5 trillion naira ($4.17 billion) cut in non-essential capital spending. People-movement restrictions and border closures foreshadow a drop in exports. Already, countries around the world have closed their borders to non-essential traffic, disrupting global supply chains for exports. Although the exports of countries that devalue their currency as commodity prices fall (such as Nigeria) become more affordable, the limited markets for non-essential goods and services negate the anticipated positive effect on net exports.

Objective of the Study

The main objective of the study is to assess the effect of Deposit Money Banks on Economic growth in Nigeria: Post Covid-19. Other specific objectives include:

i. To examining non-performing loans on the growth of the Nigerian Economy after covid-19
ii. To assess the interest rate of non-performing loan on the growth of the Nigerian Economy after covid-19
iii. To examine the effect of bank deposit on the growth of Nigerian Economy after covid-19

Research Questions

i. To what extent does non-performing loans effect the growth of the Nigeria's Economy after covid-19?
ii. To what extent does interest rate of non-performing loans affect the growth of Nigeria's economy after convid-19?
iii. To what extent does bank Deposits affect the growth of Nigeria's Economy after covid-19

Research Hypotheses

H_{01}: Non-performing loans have not significantly affects the growth of the Nigeria's Economy after covid-19.
H_{02}: Interest rates of Non-performing loans have not significantly affects the growth of Nigeria's economy after convid-19.
H_{03}: Bank Deposits have not significantly affects the growth of Nigeria's Economy after covid-19.

II. LITERATURE REVIEW

Non-Performing loan

The! concept! of! Non-performing! loans! differs! from! one! country! to! another.! A! loan! maybe! considered! non-performing! in! one! country! and! might! not! be! considered! as! such! in! another! country.! However,!opinions! in! some! cases! do! match.! As! such,! the! following! is! the! definition! suggested! by! the! International! Monetary! Fund's! (IMF)! Compilation! guide! on! financial! soundness!indicators!(2015):

The! concept! of! Non-performing! loans! differs! from! one! country! to! another.! A! loan! maybe! considered! non-performing! in! one! country! and! might! not! be! considered! as! such! in! another! country.! However,!opinions! in! some! cases! do! match.! As! such,! the! following! is! the! definition! suggested! by! the! International! Monetary! Fund's! (IMF)! Compilation! guide! on! financial! soundness!indicators!(2015):
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The! concept! of! Non-performing! loans! differs! from! one! country! to! another.! A! loan! maybe! considered! non-performing! in! one! country! and! might! not! be! considered! as! such! in! another! country.! However,!opinions! in! some! cases! do! match.! As! such,! the! following! is! the! definition! suggested! by! the! International! Monetary! Fund's! (IMF)! Compilation! guide! on! financial! soundness!indicators!(2015):

Non-performing loans vary by country. A loan may be considered non-performing in one country but not in another. In some cases, however, opinions do coincide. As such, the International Monetary Fund's (IMF) Compilation guide on financial soundness indicators (2015) in El-Mdude, Abdul-Rahman and Ibrahim (2017) posit that a loan is considered non-performing when interest and/or principal payments are 90 days or more past due, or interest payments equal to 90 days or more have been capitalized, refinanced, or delayed by agreement, or payments are less than 90 days overdue, but there are other good reasons to doubt that payments will be made in full, such as a debtor filing for bankruptcy. A loan is considered default when a bank declares that a borrower (that is, debtor) cannot meet his/her obligation and repay the loan, or when the borrower is more than 90 days past due on any payment of the bank credit, as cited in Kargi (2011). These definitions provide a reasonable framework for identifying non-performing loans, on which the report is based. NPLs, as also defined by Gesu (2014), are loans that have been outstanding in both principal and interest for an extended period of time, despite the loan contract's terms and conditions. NPLs are loan facilities that are not current in terms of repayment of principal and interest in accordance with the terms of the loan agreement. As a result, the amount of nonperforming loans measures the quality of bank assets (Tseganesh, 2012).

Economic Growth

Adebisi and Uket (2020) states that the term economic growth is difficult to define, though it denotes changes in quantity. Economic growth is simply defined as a sustained increase in the monetary value of an economy's total output or productivity.

Economic growth is simply defined as an increase in a country's total wealth. However, this definition ignores the impact of population on wealth. It could be defined as the continuous improvement in the capacity to meet the demand for goods and services as a result of increased production scale and productivity. This study takes the statistically simplified definition of economic growth provided by Haller, (2012) as cited by Adebisi and Uket (2020) as the process of increasing the sizes of national economies as indicated by macroeconomic indicators, particularly GDP per capita, in an ascendant but not necessarily linear direction.

Bank Loaning and Economic Growth

The relationship between bank loaning rates and economic growth has given rise to numerous contradictions in economic theory. Some researchers argue that bank loaning rates promote economic growth, while others argue that they stifle it. Tridico (2007) as cited in Akinwale (2018), low bank rates stimulate economic growth as a complex issue requiring the positive interaction of several socioeconomic and institutional factors. While Gruseh and Oritsejafor (2007) as also cited by Akinwale (2018) argued that bank lending rates influence Nigerian economic growth. Adebisi and Uket (2020) supported that a higher level of savings implies that more money will be available for loaning at banks. When the savings rate rises, it usually serves as an incentive for people to save more, knowing full well that their savings will earn them more money. When this occurs, banks will have sufficient loanable funds for businesses or investors. The availability of loanable funds at banks, combined with a constant lending rate, leads to increased investment and economic growth. Higher interest rates raise the cost of borrowing funds, which has a negative impact on the level of economic activity. This is due to the fact that households, businesses, and governments frequently borrow money from banks and other institutions to finance their operations. Similarly, a high interest rate serves as a signal for economic agents to save more money in exchange for better rewards (Belongia & Ireland, 2014). Low interest rates also imply that funds are less expensive to borrow, indicating increased investment. Firms typically seek funds to invest in new factories, more efficient machines, raw materials, and so on, with the expectation of earning a higher return on their investments. However, if the interest rate (cost of the loan) is higher than the expected return on investment, the

investment is not economically viable, and vice versa. As a result of lower interest rates, firms are more likely to borrow and fund their operations, resulting in economic growth (Arikpo & Adesola, 2017).

Interest Rates of Non-performing during and after Covid-19

Since the corona virus outbreak, the Central Bank and the Federal government has implemented a social distancing policy in order to break the chain of COVID-19 transmission. Inadvertently, this social distancing policy hampered the operation of several business sectors. Some businesses were forced to lay off employees in order to reduce operational costs. This systemic impact also has an impact on debtors' ability to repay loans obtained through bank credit. In order to avoid the risk of bad debts, the banking sector has begun to exercise extreme caution when channeling credit. Due to the borrowers' inability to pay, several banks, particularly small-scale ones, have seen an increase in bad credit cases. The occurrence of bad credit cases in several banks is an indication that the bank's operational activities are in poor health and the interest rate of 5% reduction sees not to be enough (CBN Report, 2020).

During the COVID-19 pandemic, the level of non-performing loans (NPL)according to the National Bureau of Statistics (NBS), the Nigerian banking industry saw a significant 41 percent decrease in non-performing loans (NPLs) in 2019. Selected Banking Sector Data analysis in 2019, revealed that the banks' NPLs fell to N1.05 trillion in 2019, down from 1.79 trillion the previous year. The decline in NPLs occurred despite banks providing more credit to the private sector in 2019, according to the NBS report. In specific terms, bank loans to companies in 2019 totaled N17.19 trillion, representing a 4% increase over the total loan of N15.13 trillion disbursed to the private sector in 2018 (Emmanuel, 2020).

Chudi (2020) posit that the decrease in banks' NPL ratio can be attributed factors that include: increased loan recoveries, loan write-offs, reduction of the interest rate the decision to diversify their loan portfolios into more viable industries by the Central Bank of Nigeria regulatory committee. The interest rate is the amount charged by a lender to a borrower and is expressed as a percentage of the principal—the amount loaned. The annual percentage rate is the term used to describe the interest rate on a loan (APR).The non-performing loans to loans ratio is calculated by adding 90 and day late loans (which are still accruing) to nonaccrual loans and then dividing the total by the total number of loans in the portfolio.

Bank Deposit and Economic Growth

Deposit money banks are resident depository corporations and quasi-corporations that have liabilities in the form of deposits that are payable on demand, transferable by cheque, or otherwise usable for payment. The banking system facilitates the efficient transfer of funds from savers to borrowers by accepting deposits, making loans, and responding to interest rate signals. Individuals with millions of naira certificate of deposit to corporations with millions of dollars in temporary savings are all examples of savers. Banks generate money by lending the remainder of the funds provided by depositors. This money can be used to buy goods and services and then returned to the banking system as a deposit in another bank, which can then lend a portion of it. All things being equal, personal saving contributes to investment, a higher saving rate will result in a higher level of physical capital over time, allowing the economy to produce more goods and services.

Covid-19 Pandemic and Nigeria Economic

The corona virus first appeared in Wuhan, Hubei Province, China. Residents in Wuhan had some connection to a large seafood and live animal market, implying that corona virus was transmitted from animal to person. The virus is known as "SARS-CoV-2," and the disease it causes is known as "corona virus disease 2019" (abbreviated "Covid-19"). On December 1, 2019, the first known Corona virus patient began experiencing symptoms in Wuhan, China. There have been over 800,000 reported cases worldwide since then. The COVID-19 pandemic had two effects on the global economy. One, the virus's spread encouraged social isolation, which resulted in the closure of financial markets, corporate offices, businesses, and events. Two, the rapid spread of the virus and the increased uncertainty about how bad things could get led to a flight to safety in consumption and investment among consumers and investors (Ozili & Arun, 2020). Moreover, that the coronavirus pandemic would send the world into a global recession (Gopinath & Kristalina, 2020).

Peterson (2021) noted that the corona virus entered Nigeria via an infected Italian citizen who came into contact with a Nigerian citizen who became infected with the virus. From March to May, the corona virus infected people in Lagos before spreading to other parts of the country. The spread of the Covid majorly begins to affect the economy in various ways in Nigeria. The COVID-19 pandemic impacted borrowers' ability to service their loans, resulting in non-performing loans (NPLs), which lowered bank earnings and eventually jeopardized banks' soundness and stability. As a result, banks were hesitant to make new loans to borrowers as more and more borrowers struggled to repay loans made during the COVID-19 outbreak. There was oil demand shocks, which resulted in a sharp drop in oil prices. The most visible and immediate repercussion was a drop in crude oil prices, which fell from nearly US$60 per barrel to as low as US$30 per barrel in March. People stopped traveling during

the pandemic, which resulted in a sustained drop in demand for aviation and automobile fuel, affecting Nigeria's net oil revenue and, eventually, Nigeria's foreign reserve. Similarly, supply shocks in the global supply chain as many importers, particularly China, shut down their factories and closed their borders. Nigeria was severely impacted because it is an import-dependent country, resulting in a shortage of critical supplies such as pharmaceutical supplies, spare parts, and finished goods from China.

III. Theoretical Framework:

This research underpinned on three theories: the theory of Supply-Led Finance, Wicksell Lending Theory and Economic Growth and Growth Model of Robert Solow.

The theory of Supply-Led Finance

Patrick developed this theory in 1966, and it is based on the assumption that finance is the most important variable influencing real sector growth. Supply led finance theory is growth inducing or growth induced, implying that finance is the most important factor in promoting economic development. According to the theory, the provision of funds by financial institutions through the extension of credit to businesses supports the creation, transformation, and expansion of industries and development projects, thereby increasing the economy's growth potential. According to this viewpoint, the existence of a financial sector as well as functioning financial intermediation in channeling limited resources from surplus units to deficit units would provide efficient resource allocation, thereby leading to the development of other economic sectors. The supply led finance theory emphasizes the mutual and causal nature of finance and economic development, implying that finance and economic development have bidirectional causality (Adebisi & Uket, 2020).

Wicksell Lending Theory and Economic Growth

This theory was proposed in 1901 by a Swedish economist named Knut Wicksell, who was heavily influenced by the quantity theory of money. Wicksell's theory was founded on a comparison of the marginal product of capital with the cost of borrowing money. As a result, Wicksell's theory took a monetary approach to economic growth. Wicksell contended that if the interest rate on borrowed money was lower than the natural rate of return on capital, entrepreneurs would borrow at the money rate to buy capital goods. This would result in increased demand for all types of resources and, as a result, higher prices. In contrast, if the interest rate on borrowed money was higher than the natural rate of return on capital, entrepreneurs would sell capital goods and keep the money. This would result in lower demand for money and, as a result, lower borrowing costs. Wicksell linked the interest rate to the output gap. The production gap represented the difference between what should and should not be produced.

This theory is important in this study because it establishes a direct link between the demand for and the cost of money, as well as output in a country. It demonstrates how interest rates affect borrowing, which in turn affects the purchase of capital goods and production. Borrowing will be reduced if interest rates are higher than the natural rate of return, resulting in lower economic growth as a result of low investment. On the contrary, if the interest rate is lower than the natural rate of return, more borrowing will occur, resulting in increased economic growth through increased investment (Wesise, 2006 in Adebisi & Uket, 2020).

Growth Model of Robert Solow

Robert Solow proposed this theory in 1956. This is a long-run economic growth model based on neoclassical economics. The model attempts to explain long-run economic growth through capital accumulation, labor (population) growth, and productivity increases, also known as technological progress.

The following assumptions are made by the Solow model. For starters, it assumes that in a closed economy, capital is subject to diminishing returns. Second, if the labor stock remains constant, the impact of the most recent unit of capital accumulated on output will always be less than that of the previous one. Third, if there is no technological progress or labor force growth, the amount of new capital produced will eventually be insufficient to compensate for the amount of existing capital lost due to depreciation. There is no more economic growth at this time. In order to reduce the effect of diminishing returns in the Cobb-Douglas model, the Solow model added the component of changing technological context. As a result, the Solow model proposed that production is a function of technology, labor supply, and capital. The production function made technological progress equivalent to an increase in the effective supply of labor given the state of technology, which grows at a rate equal to the sum of population and productivity growth rates. In the following way, this theory is relevant to this study. First, the model, like this study, approaches the level of economic growth from the standpoint of output. Second, commercial loans are assumed to provide capital that is used to improve a country's production. The theory simply establishes a link between capital, other factors of production, and the level of national output in relation to the level of technology (Romer, 2011).

IV. Empirical Review

Several related empirical studies have been conducted by various scholars in order to determine the effect of Deposit Money bank and economic growth. A review of the summary of empirical literatures is presented here.

Nwosu, Okedigba, and Anih (2020) investigated the extent to which non-performing loans affect commercial bank profitability and proposed measures to mitigate their impact on Nigeria's banking sector. The panel fixed effect and auto-regressive distributed lag models were used to analyze data from a sample of 18 commercial banks from the first quarter of 2014 to the fourth quarter of 2018. Nonperforming loans had a negative and statistically significant impact on bank profitability, according to empirical findings. The majority of the other determinants of bank profitability had coefficients that were consistent with a priori expectations. According to the study, lower bank profitability can be explained by a higher volume of non-performing loans, an increased liquidity ratio, and inflation, whereas higher profitability can be explained by an increase in bank size and a capital adequacy ratio. Based on the findings, the study recommended that banks' risk management teams strengthen their credit management strategies and consider offering professional advice to loan customers on viable ways of efficiently investing their loan to ensure the required return on investment is achieved.

Gondwe (2020), Evaluating the Impact of COVID-19 on African Economic Development. According to the study, COVID-19 will cause African economies to contract by about 1.4 percent, with smaller economies contracting by up to 7.8 percent. The contraction is primarily the result of export adjustments affecting primary commodity exporters, as well as the resulting losses in tax revenue, which reduces the government's ability to provide the necessary public services in response to the crisis. Overall, the study estimates a regional average of about 5% in public revenue losses in Africa, with total merchandise exports declining by about 17%.The immediate coordination of health-specific responses, as well as increased expenditure on health-care systems by African governments, will be critical in halting the virus's spread in the region. Debt moratoriums and increased inflows of other foreign assistance should be supplemented to ensure the availability of resources to combat COVID-19, particularly in LDCs.

Finally, the implementation of the African Continental Free Trade Area (AfCFTA) in the future will be critical in diversifying African economies and helping to shield them from global commodity price volatility, which has continued to dictate the direction of the continent's trade and economic progress.

Anil, Sophia, and Lev (2020) examine the new database on the dynamics of non-performing loans during banking crises. The study presents a new dataset on the dynamics of non-performing loans (NPLs) over the course of 88 banking crises since 1990. During NPL build-ups, the data show similarities across crises, but not during NPL resolutions. We discover a link between NPL issues both elevated and unresolved NPLs and the severity of post-crisis recessions. A machine learning approach identifies a set of pre-crisis predictors of non-performing loans (NPLs) related to weak macroeconomic, institutional, corporate, and banking sector conditions. Our findings suggest that reducing pre-crisis vulnerabilities and addressing NPL issues as soon as they arise during a crisis are critical for post-crisis output recovery.

Ijaiya, and Abdulraheem, (2020) investigated the relationship between bank credits and economic growth in Pakistan. The study simulated the effects of bank credit, inflation, and lending rates on economic growth. The ordinary least squares multiple regression technique was used in the study. Bank credit had a positive effect on economic growth in Pakistan, according to the findings. In addition, the inflation rate and lending rate had little impact on Pakistan's economic growth. The ordinary least squares multiple regression technique was used in the study. Bank credit had a positive effect on economic growth in Pakistan, according to the findings. In addition, the inflation rate and lending rate had little impact on Pakistan's economic growth.

Oriavwote and Eshenake, (2014) used bank credit to the private sector, interest rate, and money supply to measure financial sector development, and per capita income to proxy poverty reduction in examining the effect of financial sector development on poverty reduction in Nigeria. The data collected for this study was analyzed using the error correction mechanism. Bank credit to the private sector was shown to have a significant impact on poverty reduction in Nigeria. It was also discovered that interest rates and inflation rates had no effect on poverty reduction.

Aliyu and Yusuf, (2013) Investigated the impact of financial sector development on economic growth in their research. Gross domestic product growth rate was used to proxy economic growth, and financial deepening variables were used to measure the financial sector. The data was analyzed using the Ordinary Least Squares (OLS) technique. The findings revealed that the development of the financial sector had a significant impact on the growth of the real sector. Credit allocated to the private sector, on the other hand, has a significant impact, whereas liquid liabilities and the size of financial intermediaries have a significant positive influence.

Samsi, Yusof, and Cheong, (2012) used the ordinary least square approach to investigate how the financial and real sectors interact in Malaysia from 1986Q1 to 2011Q4, and findings revealed that real sector output has a strong association with the banking sector, and the banking sector is the major contributor to output growth. Using the Auto Regressive Distributed Lag Approach to examine the effect of financial deepening proxies by the ratio of money supplied to GDP, the ratio of credit to the private sector to GDP, money supply, and interest

rate spread on the growth of the Nigerian economy between 1981 and 2017. The study discovered, among other things, that there is no significant long run relationship, nor short run causality among the proxies used to capture the exogenous and endogenous variables. It revealed the deplorable state of Nigeria's financial system development during the period under consideration (Adesola, Ewa, & Oko, 2019).

V. Research Methodology

The study employed survey research design. The population of the study comprises of fourty-eight (48) staff at Central Bank of Nigeria Calabar branch. A questionnaire was the major instrument used for data collection. The questionnaires was preferred for this study because it enabled the researcher reach a larger number of respondents within a short time, thus made it easier to collect relevant information. Simple random sampling was employed, where all the respondents' is giving equal chance of been selected. Taro Yamanes' (1967) statistical formula was used to determine the sample size at 43. Content validity was employed in ensuring that the instrument measured what it intends to. Test retest method was employed to test the reliability of the instrument at 0.82. Multiple regressions were used to test the hypotheses with the aids of SPSS Version 25.

Model Specification

In line with the objectives and hypotheses of the study, the models are stated thus;

NEG= f(NPL,IR,BD) - - - - - - - Eqn1

$EG = \beta_0 + \beta_1 NPL + \beta_2 IR + \beta_3 BD + \varepsilon$ - - - - - - Eqn2

Where,

NEG = Nigerian Economic Growth

NPL = Non-Performing Loan,

IR = Interest Rate,

BD = Bank Deposit,

β_0 = Constant (Regression Coefficient)

β_1 ---β_4 = the estimated regression coefficients

ε = Stochastic error term representing other possible factors not considered in the model that could influence the dependent variable.

VI. Data Presentation and Analysis

Table 7.1

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.848[a]	.719	.697	.71163
a. Predictors: (Constant), Bank Deposit, Loan, Interest Rate				

Table 7.2

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.256	2.254		-1.001	.323
	Loan	.404	.201	.271	2.007	.052
	Interest Rate	.919	.205	.630	4.486	.000
	Bank Deposit	.044	.171	.024	.259	.797
a. Dependent Variable: Nigerian Economic Growth						

VII. Results Interpretation

The regression tables (Table 7.1, and 7.2) non-performing loan, interest rate and banks deposit variable being evaluated for its ability to influence Nigerian economic growth after covid-19. Table 7.1 which is the model summary reveal that the relationship between non-performing loan, interest rate and banks deposit and Nigerian economic growth after covid-19 is 84.8 percent (as seen in the *R* column) given an indication that there is a high linear relationship between the variables. The adjusted R^2 value (.719) signifies that up to 71.9 percent of Nigerian economic growth after covid-19 is predicted by non-performing loan, interest rate and banks deposit and 29.1 percent is unexplained by the model. It implies that 71.9 percent of variation in non-performing loan, interest rate and banks deposit can be explained by a unit change in Nigerian economic growth after covid-19 while the remaining 32.4 percent is explained by other variables.

Analysis of the regression model coefficients is shown in the Table 7.2 the regression coefficient (B), the intercept (α), and the significance of coefficient in the model is subjected to the t-test to test the null hypothesis

that the coefficient is zero. From the table it can be seen that non-performing loan and bank deposit has no significant influence on Nigerian economic growth after covid-19 as the P- value is greater than 0.05 insignificance and positive t-value (t = 2.007, and 0.259), while interest rate has a significant and positive influence on Nigerian economic growth after covid-19 as the P- value is less than 0.05 significance and positive t-value (t = 4.456). Therefore, the null hypothesis is accepted and it is concluded that there is no significant and positive relationship between non-performing loan, and banks deposit and Nigerian economic growth after covid-19, while in hypothesis two the null hypothesis is rejected and it is concluded that there is a significant and positive relationship between interest rate and Nigerian economic growth after covid-19.

VIII. Discussion of Findings

The outcome of hypothesis one reveal that there is no significant and positive relationship between non-performing loan and Nigerian economic growth after covid-19. The finding is in line with the study of Nwosu, Okedigba, and Anih (2020) they investigated the extent to which non-performing loans affect commercial bank profitability and proposed measures to mitigate their impact on Nigeria's banking sector. The findings revealed that nonperforming loans had a negative and statistically significant impact on bank profitability. According to the study, lower bank profitability can be explained by a higher volume of non-performing loans, an increased liquidity ratio, and inflation, whereas higher profitability can be explained by an increase in bank size and a capital adequacy ratio

The result of hypothesis two shows that there is a significant and positive relationship between bank interest rate and Nigerian economic growth. The finding is in contrary with the study of Oriavwote and Eshenake, (2014) who used bank credit to the private sector, interest rate, and money supply to measure financial sector development, and per capita income to proxy poverty reduction in examining the effect of financial sector development on poverty reduction in Nigeria. They study discovered that interest rates and inflation rates had no effect on poverty reduction

In hypothesis three, the result indicated that there is no significant and positive relationship between banks deposit and Nigerian economic growth. The finding is in contrary with the study of Ijaiya, and Abdulraheem, (2020) they investigated the relationship between bank credits and economic growth in Pakistan. The study simulated the effects of bank credit, inflation, and lending rates on economic growth. The finding shows Bank credit had a positive effect on economic growth in Pakistan.

IX. Conclusions

S/N	Items	SA	A	D	SD
	Non Performing Loan				
1	Nonperforming loan enhance growth of business enterprises.				
2	Nonperforming loan reduces the earnings of deposit money banks.				
3	Economy growth depends on the efficient of nonperforming loan.				
	Interest Rate				
4	The low interest has curbed the financial challenge of small business caused by covid-19				
5	There is minimum of bad credit cases from the borrower				
6	The reduction in the loan interest rate has improved household business performance				
	Bank Deposit				
7	The banks customer deposit have improved after the covid-19 pandemic				
8	There is efficient transfer of fund from saver to borrower				
9	Individual savings contribute to the higher investment after covid-19				
	Economic Growth				
10	There is improvement in per capita income				
11	There is an increase in monetary value				
12	There is increase in productivity of goods and service				