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CREDIT RISKS AND FINANCIAL PERFORMANCE OF LISTED DEPOSIT MONEY BANKS IN NIGERIA: AN EMPIRICAL INVESTIGATION

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Abstract

Deposit money banks in Nigeria have experienced a number of failures due to its financial performance resulting in poor returns, with non-performing loans (NPL) becoming the main precursor, they are now forced to adjust their loan-to-deposit ratio (LDR) and loan loss provision (LLP). However, in this study attempt was made to assess the effects of NPL, LDR and LLP on the financial performance of the DMBs in Nigeria, using both correlation and panel data multiple regression analyses at 5% level of significance using STATA 14 statistical software. In order to achieve this, this study used secondary data collected from a sample of 8 DMBs in Nigeria between 2019 and 2024 inclusively. The findings of this study reveals that there is an insignificant negative relationship between ROE and NPL (r = -0.215, p = 0.142), ROE and LDR (r = -0.129. p = 0.381) and ROE and LLP (r = -0.241, p = 0.099). It is therefore concluded that even though credit risk have negative effects, they are not significant enough to affect on financial performance of DMBs in Nigeria. This study recommends that, appropriate measures should be taken by the CBN to ensure DMBs comply with the current regulatory framework as regard credit and loan services provisions. In addition, the DMBs should also ensure that they reduce the level of NPL by placing strict and compliable regulations while providing credit facilities to clients and customers.

Keywords: Non-Performing Loan, Loan-to-Deposit, Loan Loss Provision, Return on Equity

1. Introduction

Deposit money banks (DMBs) play a critical role in financial systems of nations by mobilizing deposits from customers and extending credits to businesses entities and private individuals, and in doing these functions, they are exposed to various forms of risks (Obayagbona & Osagiede 2023). DMBs serve as agent of mobilization, distribution and redistribution of financial resources within the economic and financial system (Ukpong & Essien 2022). Financial performance is an evaluation of how an organization effectively fulfils its objectives, which typically involve financial, market, commercial and investor performance metrics. It indicates an organization's overall effectiveness, which is influenced by its internal capabilities and external environment in which it operates. In the financial realm, performance is often referred to as financial stability or financial health of the organization hence financial institutions often pay sufficient attention to their financial performance.

One of the most common risks among others that DMBs are exposed to that threaten their financial performance, is credit risk and it is particularly significant because it directly affects and long-term stability. DMBs can ensure their long-term viability and financial performance via prudent credit risk management, and they can help the economy as a whole by ensuring that capital is allocated and distributed effectively. Credit risks management entail the transferring of risks to other components, avoiding these risks if need it be, eliminating the unwanted effects of risks and accepting all or some of the consequences of certain risks (Obayagbona & Osagiede, 2023; Ukpong & Essien 2022).

Several DMBs have failed and some folded up and out of business as a result of over exposure to credit risks. Internationally, it is estimated that 70% of issues of failure of banks are related to credit risks (Kumshe, et al., 2024; Michael & Isaac, 2023). However, this figure is more significant in the countries of sub-Saharan Africa like Nigeria than in Europe and United States. In order to address this issue and sustain this capital requirement, DMBs retain certain amount of deposits within their vault. The loan-to-deposit ratio (LDR) is one of the most important liquidity indicators in the banking industry and is a vital tool that indicates whether domestic savings are sufficient to finance the loan demand in domestic markets. Another important measure is addressing the rate of non-performing loan this is because DMBs provides credits however, with higher credit facilities they are also likely to be exposed to higher non-performing loans (NPLs) influence their performance and also forced them incur more expenses in collection processes. Consequent of the tendency of NPLs, the DMBs make provisions for loan losses. Loan loss provision (LLP) may influence the financial performance of DMBs as capital that could be used to offer credits and anticipate benefits are tired to make such provisions.

The challenge for DMBs is to balance performance, liquidity needs, and regulatory requirements while managing the inherent credit risks associated with lending (Salifu, et al., 2026). Even though, credit creation remains a major source of income for DMBs, yet weaknesses such as loan defaults and rising NPLs are serious challenges. In Nigeria, these challenges have prompted reforms including recapitalization, stricter lending regulations, and adoption of global standards such as the Basel II Accord, which emphasizes stronger credit risk management practices (Suleiman & Taofik, 2025). However, challenges persist, high levels of NPLs, inadequate credit management, and weak internal controls continue to undermine financial performance and raise questions about the efficacy of credit risk practices in Nigerian DMBs (Kwashie et al., 2022).

The financial performance of DMBs largely depends on the efficiency of their credit risk practices (Kwashie et al., 2022). According to the anticipated income theory, effective risk management allows banks to identify, evaluate, and mitigate potential credit losses while aligning risk-taking with profitability objectives. Despite this theoretical understanding, and a substantial body of empirical research conducted on credit risk and bank performance, with most studies conducted between 2010 and 2022 (Suleiman & Taofik, 2025; Kankpang, et al., 2023; Ugwuanyi, et al., 2022 etc) none of the studies focused return on asset as they predominantly focused on profitability indicators. Eventhough, these measures are useful and important, they do not directly capture the effect of credit risks (NPLs, LTR and LLP) on financial performance under the current realities especially in Nigeria.

To address this gap, the present study investigates the impact of credit risk on the financial performance of Nigerian DMBs using return on equity (ROE) as the performance indicator. ROE reflects the returns of the DMBs as a function of their volume of equity, making it a more precise measure of the financial consequences of credit risk. Furthermore, by incorporating recent financial data from 2022 to 2024, this study contributes updated empirical evidence to the existing literature.

Consequently, this study's specific objectives are to:

i. evaluate the effect of non-performing loans on financial performance of DMBs in Nigeria
ii. analyse the effect of loan-to-deposit ratio on financial performance of DMBs in Nigeria
iii. find out the effect of loan loss provision on financial performance of DMBs in Nigeria

2. Literature Review

The literature review of this study is presented under the following sub-headings: conceptual review, theoretical review and empirical review.

2.1 Conceptual Review

The relevant concepts are reviewed. These concepts include financial performance, credit risk, non-

performing loan, loan-to-deposit and loan loss provision

Financial Performance

The concept of financial performance has been presented from various perspectives. Financial performance is seen as the degree to which an organization's financial wellbeing over some undefined time frame is estimated. Financial performance refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished (Natufe & Evbayiro-Osagie, 2023). It is the process of measuring the results of a business's operations and policies in monetary terms. It is also used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation.

Credit Risk

Credit risk is also known as default risk. This means a situation where a borrower fails to fulfill his obligations to the lender either in part or in full. According to Kankpang et al. (2023) credit risks are losses occasioned by the failure of a bank customer to effect the payment of interest and principal amount owed on time and in full. Credit risk is an example of financial risk which arises when the possibility of repaying loans or bonds is impaired as a result of specific or general events that affect the expected cash flow that could have aided the repayment by borrowers to banks or any other financial institutions. According to Edor (2022) credit risk is the possibility of losing money due to the inability, unwillingness, or untimeliness of counterparty to honor a financial obligation. Consequently, credit risk management strategies are issues of concern in deposit money banks today and there is need to come up with improved strategies to deliver better results for future performance (Kumshie, et al., 2021).

Non-Performing Loans

Non-performing loans generally refer to loans which for a relatively long period of time do not generate income; that is the principal and/or interest on these loans has been left unpaid for at least 90 days (Nwosu, Okedigba & Anih, 2020). Non-performing loans are further defined as loans whose cash flows stream is so uncertain that the bank does not recognize income until cash is received, and those whose interest rate has been lowered on the maturity increase because of problem with the borrower (Nurul, et al., 2022). This represents the portion of a bank's loan portfolio that is past due or in default; a high percentage of non-performing loans (NPLs) could be a sign of inadequate credit risk mitigation and endanger the bank's bottom line.

Loan to Deposit Ratio

Loan to deposit ratio evaluates the banks' liquidity by comparing the total loans to its total deposits over a particular period of time (Michael & Isaac, 2023). According to Steven (2020) loan to deposit ratio is the ratio to measure composition on the amount of credit extended compared to the amount of public funds and capital used. The LDR represents the proportion of a bank's loans relative to its deposits. It reflects the bank's lending activities and liquidity position. A balanced LDR indicates prudent lending practices and a healthy asset-liability management strategy. The LDR gives an insight into the proportion of assets a bank can create from its liabilities. It also indicates the amount of income/profit a bank can generate. It is expected that the larger the deposits (liabilities), the larger the amount of assets (loans) it creates.

Loan Loss Provision

In principle, LLP allows banks to recognize in their profit and loss statements the estimated losses from loan portfolios, even before the actual losses can be determined with accuracy and certainty as events unfold and are actually written off (Ozili, 2022). However, LLP ratio is the loan loss provisions of DMBs to its total loans and advances. The essence of employing this ratio is to examine the ability of DMBs to build reserves for expected and/or unexpected losses. Consequently, a

high ratio shows that DMBs have enough funds to cover loan losses (Uwaleke & Akinnagbe 2023). Hence, the higher this ratio, the lower the earnings of a DMB suffering problems because it will have enough funds to provide for its losses.

2.2 Theoretical Review

This study is anchored on credit risk theory and anticipated income theory.

The concept of credit risk theory is crucial in risk management, particularly in the financial industry, where it is a key area of concern for regulators and risk managers (Quoc, 2021). This theory addresses the complex challenge of accurately measuring credit risk, with the goal of determining the appropriate capital levels needed to cover potential losses and effectively manage credit risk portfolios. Credit risk theory delves into the dynamics of risky debt yields and the probability of default, providing crucial insights for comprehending and managing credit risks. Credit Risk Theory provides important perspectives on various aspects of credit risk management, including credit spreads, loss distribution, and credit portfolio management. To minimize the dangers encountered by lenders, it is advised that financiers regularly conduct credit evaluations on potential borrowers, verifying they possess adequate collateral and suitable insurance for their liabilities (Bulbul, Hakenes & Lambert, 2019).

Anticipated income theory posits that loan repayment schedules should be based on a borrower‘s expected future income streams rather than on the assets pledged or the specific use of funds (Salifu, *et al.*, 2026). It acknowledges that borrower defaults - whether arising from mismanagement, negligence, or intentional refusal to repay - pose significant threats to a bank‘s financial performance. Therefore, credit decisions must align repayment plans with realistic expectations of the borrower‘s income capacity. When properly applied, this approach enables banks to support lending without compromising liquidity, as expected cash inflows form the basis for meeting future obligations.

The combination of credit risk and anticipated income theories are adopted in this study because they provides useful lens for understanding how banks evaluate and manage credit risk based on future income expectations. In the Nigerian DMB context, the relevance of credit risk and anticipated income theories are particularly strong because they operate in an environment marked by fluctuating economic conditions, irregular income patterns among borrowers, and elevated credit risk resulting from weak financial discipline among many borrowers and volatile business cycles. Also, by evaluating loan applications via the lens of cash flows projections rather than solely on collateral, banks can better assess creditworthiness and reduce the incidence of non-performing loans. Thus, these theories provide robust framework for examining how expectations of borrower income influence credit risk practices and the overall financial performance of DMBs in Nigeria.

2.3 Empirical Review

Salifu, *et al.* (2026) investigated the effect of credit risk management on the financial performance of Ghanaian banks, with emphasis on how non-performing loans influence profitability. Using panel data from 17 commercial banks from 2012 to 2021, the study employs a quantitative design with a fixed-effects model to capture the unique dynamics within each bank. The findings revealed that non-performing loans exert a significant negative influence on profitability, underscoring the threat that poor asset quality poses to bank earnings and stability. In addition, Byamukama and David (2025) examine the role of credit risk management on the financial performance of saving and credit cooperatives in Uganda. The study employed a quantitative and qualitative research approach utilizing across-sectional survey design. The study collected data through structured, questionnaires and analysed using regression analysis. The results indicated that there is a positive but insignificant impact of cash management on financial performance and also indicated a very weak but positive correlation between credit risk management and financial performance which is statistically significant.

Suleiman and Taofik (2025) examined the impact of credit risk management on bank profitability, focusing on the non-performing loan ratio (NPLR) and loans and advances ratio (LAR) for 14 listed DMBs in Nigerian at the year ended 2024. The study used panel regression, including random effects regression, correlation tests and descriptive statistics guided by Hausman tests, the results showed that LAR has a strong and statistically significant positive effect on profitability while NPLR is negatively but insignificantly affects profitability. The findings indicate that effective asset allocation and lending are important drivers of bank profitability. Similarly, Ayieko and Aluoch (2025) analysed how credit risk management impacts the profitability of commercial banks in Nairobi City using descriptive research design targeting group consisted of the 38 commercial banks. Questionnaire was used to collect primary data, while a data collection sheet was used for secondary data. Using a multiple regression model, the findings revealed that collateral policies, has strong link with asset quality and profitability; highlighting that high-quality collateral enhances bank profitability. There was also a strong consensus on the importance of borrower payment history as a function of credit eligibility, with stringent restrictions as means of improving profitability and reducing default risks.

Also, Jolaiya (2025) examined the impact of credit risk on the performance of DMBs in Nigeria from 1994 to 2024 using nonperforming loan (NPL), loan loss provision (LLP), loan and advance (LA) and total asset units of measurement. The study adopted the ex-post facto research design to take into account the trends in the time series data set and data were analysed using ordinary least square (OLS) model. The findings revealed that, NPL do not have significant positive effect on the performance whereas, LLP, and LA has positive and significant effect on the performance of DMBs in Nigeria.

Aliyu *et al* (2024) examined the effect of credit risk on the financial performance of listed DMBs in Nigeria. The study adopted correlational research design and used secondary data sourced from from 2014 to 2023. The data collected were analysed using generalized least square (GLS) regression analysis. The findings reveal that credit risk had a positive effect on the financial performance of DMBs in Nigeria.

Kankpang, *et al.* (2023) examined credit risk and profitability of DMBs in Nigeria. The study adopted ex-post facto research design and used secondary data sourced from CBN's statistical bulletin and Nigeria's Bureau of Statistics. OLS multiple regression techniques was used for the analysis. The finding revealed the existence of significant influence of credit risk (liquidity risk and non-performing loans) on profitability of DMBs in Nigeria. In the same vein Edor (2022) examined the risk management implications on the performance of DMBs in Nigeria focusing on risk management practices and bank's financial performance. Secondary data sourced was based on 7 years continuous financial statements and annual reports of 5 major banks. The vector error correction model was adopted to analyze the data collected and revealed a significant relationship between banks performance and risk management. Finally, Kwashie, *et al.,* (2022) examined the impact of credit risk focusing on NPLs on financial performance of commercial banks in Ghana. The study used Panel data spanning from 2013 to 2018 across 15 banks and the result indicated that the NPL has a significant positive effect on measures of financial performance.

3. Methodology

3.1 Research Design

The research study used an explanatory study because the ultimate goal is to test the relationship that exists between credit risk and financial performance of DMBs in Nigeria. Quantitative research design was adopted because this study involves the collection of data from a secondary source.

3.2 Data and Sources

This study used secondary source data that is, financial statement of the DMBs. Data were therefore sourced from the annual accounts, reports and/or financial statement of the DMBs selected in the sample.

3.3 Methods of Data Collection

This study adopts the model of Aryal (2023) with modification to fit the variables of this study, hence the measurement variables are defined in table 1.

Table 1: Variable's Definition and Measurement

Variable definition	Variable measurement and Source	Apriori
Return on Equity (ROA)	*Total profit after tax* / *Total Asset* Salifu, *et al.* (2026)	
Non-performing loan (NPL)	*Total non-performing loans X 100* / *Total credit* (Suleiman & Taofik 2025)	$\beta_1 > 0$
Loan-to-deposit ratio (LDR)	*Total loan and advances* / *Total deposit* (Ayieko & Aluoch 2025)	$\beta_2 > 0$
Loan loss provision (LLP)	*Loan-loss provision* / *Total loan and advances* (Uwaleke & Akinnagbe 2023)	$\beta_3 > 0$

Source: Researcher's Computation, (2026)

The functional relationship between the credit risks (CR) and financial performance (FP) is shown in equation 1.

$FP = f(CR)$ … (1)

The model for this study functionally becomes as shown in equation 2

$ROE = f(NPL, LDR, LLP)$ ……(2)

The econometric equation for the model are specified as shown in equation 3:

$$ROE_{it} = \beta_0 + \beta_1(NPL)_{it} + \beta_2(LDR)_{it} + \beta_3(LLP)_{it} + \mu_{it} \quad \dots (3)$$

Where; β_0 = Constant parameter; $\beta_1 – \beta_3$ = Coefficients of independent and moderating variables; μ = Error term; i = 8 DMBs; t = time dimension of the variables (6 years)

The expected signs of the coefficients (apriori expectations) are such that β_1, β_2 and $\beta_3 > 0$.

Based on the model specification, the following hypotheses stated in the null forms are raised for this study:

H_{01}: NPL has no significant effect on ROE of DMBs in Nigeria

H_{02}: LDR has no significant effect on ROE of DMBs in Nigeria

H_{03}: LLP has no significant effect on ROE of DMBs in Nigeria

3.4 Population of the Study

The population of the study includes the entire DMBs have been listed on the floor of the Nigerian Stock Exchange as at 31st December, 2014. Based on this therefore the population of the study is twenty-four (Nigerian Stock Exchange, 2025).

3.5 Sampling Techniques and sample size

However, just like the study of Aryal (2023), this study used a purposive sampling technique to select 8 DMBs as the sample of this study.

3.6 Method of Data Analysis

In order to analyze the data for the study and to test the research hypotheses, the study made use of STATA statistical software version 14. Descriptive statistics was used to summarize the data for the study into more meaningful form. Correlation and panel data multiple regression analysis was used for the analysis and to test the formulated hypotheses at 5% level of significance.

4. Results and Discussion

4.1 Pre-estimation analysis

Pre-estimation analysis of the data collected according to the identified variable measurement approached highlighted above were conducted which include: reliability, multicollinearity and autocorrelation. The reliability analysis using Cronbach Alpha shows a reliability of 46.0% which is high enough to establish the dependability of the findings of the research (Kankpang, *et al.*, 2023). The data also shows no problem multicollinearity, that is, non-existence of multicollinearity between the independent variables was confirmed when computing the variance inflation factors (VIFs) for each of the explanatory variables used in the study of which the tolerance value indicated values less than 1.0 as shown in Table 2. Also in the analysis, the Durbin-Watson statistic is calculated to be 2.125, which is above the ideal value of 2 also suggests that there is no significant autocorrelation present in the residuals of the regression model.

Table 2: Collinearity Statistics

Tolerance	1/VIF
0.978	1.022
0.981	1.019
0.975	1.026

Source: Researcher's compilation, 2026

4.2 Descriptive Analysis

The summary of the data was presented using descriptive statistics which include mean, standard deviation (std), minimum and maximum values as presented in Table 3.

Table 3: Summary Statistics

	Mean	Std. Dev.	Minimum	Maximum
ROE	0.1093	0.1086	-0.2134	0.3711
NPL	0.1499	0.2097	0.0065	.96887
LDR	0.6608	0.1968	0.0551	1.23971
LLP	0.3954	0.8104	0.0018	4.86050
Valid N	48			

Source: Researcher's compilation, 2026

The descriptive statistics of the data in table 3 shows the measure of central tendency and dispersion of the data used for the analysis. The ROE has an average value of 0.1093 and std of 0.1086, means that the ROE value of DMBs in Nigeria, is about 0.109% with low variations around the mean which is an indication that ROE values of the DMBs in Nigeria is high enough. NPL has an average value of 0.1499 and std of 0.2097, means that the NPL value of DMBs in Nigeria, is about 14.99% with very high variations. In this case, the average NPL of DMBs is high above the regulation, which is put at maximum of 5%. The LDR has an average value of 0.6608 and std of 0.1968, means that the LDR value of DMBs in Nigeria, is about 66.1% with low variations around the mean which is an indication that LDR values of the DMBs in Nigeria is little higher than the 65% allowed by CBN in 2024. Finally, LLP has an average value of 0.3954 and std of 0.8104, means that the NPL value of DMBs in Nigeria, is about 39.54% with very high variations which is also higher than the minimum provided by the regulatory body.

4.3 Correlation Analysis

The correlation analysis provides the relationship between the variables that are used in this study as show in Table 4.

Table 4: Correlations Analysis

	ROE	NPL	LDR	LLP
ROE	1.000			
NPL	-0.215 0.142	1.000		
LDR	-0.129 0.381	-0.081 0.582	1.000	
LLP	-0.241 0.099	-0.114 0.439	-0.101 0.493	1.000

Source: Researcher's compilation, 2026

From Table 4, there is an insignificant negative relationship between ROE and NPL (r = -0.215; p = 0.142); ROE and LDR (r = -0.129; p = 0.381) and ROE and LLP (r = -0.241; p = 0.099). These results gives an indication that credit risks has insignificant negative association with financial performance of DMBs in Nigeria. This finding of this study is inconsistent with the studies of Kankpang, *et al.* (2023); Jolaiya (2025) but partially agrees with Byamukama and David (2025) and Salifu, *et al.* (2026) in the direction of the effects.

4.4 Model Analysis: Regression

The F-value of 2.579 indicates that the regression is significant. The result reveals that error across the entities are homogeneous and in other to choose the best model from either the fixed effect or random effect estimate, hausman specification test was carried out. However, the null hypothesis is that random effect estimate is appropriate while alternate hypothesis is that fixed effect estimate is appropriate. Based on the result of hausman test, random effect result was used for study. The regression model is the tool for the testing of the hypotheses of the study. The model of the regression is represented in the table 5 below:

Table 5: Model for Regression

	Coef.	Std. Err.	t-value	p-value	Decision
NPL	-0.136	0.073	-1.870	0.068	Accepted
LDR	-0.099	0.078	-1.283	0.206	Accepted
LLP	-0.039	0.019	-2.054	0.046	Rejected
Constant	0.211	0.057	3.707	0.001	
Overall r-squared	0.387	**Number of obs**	48		
F-Stat	2.579	**Prob > chi2**	0.000		
R-squared within	0.342	**R-squared between**	0.619		

Source: Researcher's compilation, 2026

From Table 5, the value of R square = 0.387 shows that the credit risk ratio considered have fair effect (38.7%) on the financial performance of the DMBs. However, R-square within indicates that 34.2% of the variability of the financial performance of the DMBs can be explained by the credit risk ratio considered.

Firstly, the Table 5 which indicates the regression analysis shows p-values of 0.068 (i.e p > 0.05) for NPL

which indicates that the regression is statistically insignificant. This means that the null hypothesis (H_{01}) is accepted which is an indication that NPL has insignificant negative effect on financial performance of DMBs in Nigeria. This finding is inconsistent with Kankpang, *et al.* (2023) and Jolaiya (2025) which revealed that NPL has significant negative effects of financial performance of DMBs.

Secondly, the Table 5 which indicates the regression analysis shows p-values of 0.206 (i.e $p > 0.05$) for LDR which indicates that the regression is statistically insignificant. This means that the null hypothesis (H_{02}) is accepted which is an indication that LDR has insignificant negative effect on financial performance of DMBs in Nigeria. Similarly, this finding is inconsistent with Salifu, *et al.* (2026), Kankpang, *et al.* (2023) and Jolaiya (2025) which revealed that LDR has significant negative effects of financial performance of DMBs.

Thirdly, the Table 5 which indicates the regression analysis shows p-values of 0.046 (i.e $p < 0.05$) for LLP which indicates that the regression is statistically significant. This means that the null hypothesis (H_{03}) is rejected which is an indication that LLP has significant negative effect on financial performance of DMBs in Nigeria. This finding is consistent with Salifu, *et al.* (2026), and Jolaiya (2025) which revealed that LLP has significant negative effects of financial performance of DMBs.

5. Conclusion and Recommendations

The findings of this study reveals that credit risks ratio currently affect financial performance negative as suggested by the negative association between credit risk with financial performance. Based on these findings, an increase in credit risk management practices will improve the financial performance of DMBs. While still statistically insignificant, the correlation implies that credit risk management might have a negligible direct impact on financial performance. This study provides that NPL of the DMBs in Nigeria insignificantly plays role on the ROE of the banks and does have negative effect on it in both short and long-run. The implication of this is that NPL, if not controlled may sufficiently lead to banks financial failures in future. In addition, this study provided the LDR does not significantly influence the ROE of the DMBs. However, because of its negative tendencies, the DMBs need to reduce the amount of credits/loans in the short-term to ensure a reduction in the negative effects of NPLs. Finally, the study concludes that LLP has significant negative effect on financial performance of DMBs in Nigeria. This is an indication, the margin of LLP across the DMBs in Nigeria is wide and need to be adjusted.

Based on this, it is therefore recommended that, appropriate measures should be taken by the CBN to ensure DMBs comply with the current regulatory framework as regard credit and loan services provisions. In addition, the DMBs should also ensure that they reduce the level of NPL by placing strict and compliable regulations while providing credit facilities to clients and customers.

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