

EFFECTS OF CORONA VIRUS (COVID-19) PANDEMIC ON FINANCIAL PERFORMANCE OF NON-INTEREST BANKS IN NIGERIA

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Abstract

The paper seeks to examine the effects of Corona virus pandemic on the financial performance of Non-interest banks in Nigeria. Descriptive analysis was used based on secondary data of the unaudited quarterly report of Jaiz Bank Plc from Q1, 2019:Q3, 2020. Convenience sampling was used in identifying the selected bank. Simple tables, percentages and relevant ratios within the framework of the CAMEL model were used for the analysis. The study revealed that the bank's assets, deposits, income and profit after tax were affected by the pandemic because there was a marginal reduction in their performances. Likewise, the capital adequacy ratio (CAR) of the bank was also affected because there was a minimal reduction on its ratio, though the bank is still within the safe position. Furthermore, the findings revealed that the bank is still liquid and having improved earnings as evidenced in its return on asset (ROA) and return on equity (ROE) where their ratio exceeds the banking industry baseline. Additionally, the study shows that the bank management is efficient, owing to the fact that the bank was able to reduce its cost and operate a profit level despite the pandemic. The study therefore concluded that the corona virus pandemic has little or no effect on the financial performance of Non-interest banks in Nigeria which reveals the resilience nature of the banking model to shocks.

Keywords: Corona Virus, Non-Interest Bank, CAMEL, Nigeria, Pandemic

JEL Classification: I1; G2

1. Introduction

The spillover effect of the 2008 global financial crisis gave a new sense of direction to the monetary authorities of economies of the world which Nigeria is not an exception. This event triggered among such the introduction of the non-interest banking model into the financial landscape of Nigeria, although the model has skeletally been in existence in the 90s after the amendment of the Bank and Financial Institution Act (BAFIA). This gave birth to an Islamic window which was practiced by the defunct Habib bank (now Keystone bank). Subsequently, approval in principle (AIP) was granted further to the Jaiz International Bank in 2005 but little or no success was recorded before the recapitalization of banks in 2005.

However, as time evolves the non-interest banking model popularly referred to as "Islamic banking model" started gradually gaining attention around the globe, this led to the introduction of a new framework by the Central Bank of Nigeria (CBN) in 2011 so as to meet global best practices. This later pave way to the re-surfacing and emergence of more non-Interest banks in the country like Jaiz bank, Sterling Non-interest windows, Stanbic IBTC

and Taj bank. Though, these banking models are still at its infant stages but are gradually recording some level of business activities not as compared to her conventional counterparts. With the non interest banks current level of performance in which Jaiz Bank plc for instance grew its total assets from N14 billion to N167 billion, total deposit from N3.2 billion - N127 billion and Profit after tax from a loss position to N2.4 billion within 2012 to 2019 (Jaiz Bank Plc, 2019). Despite the significant progress recorded, the banking model is still been faced with different challenges ranging from its awareness, misconceptions, dearth of manpower, branch expansion, liquidity issues, inadequate comprehensive legal and regulatory frameworks to mention but a few (Adeniran, 2014;Adegbite, 2011).

Amidst these challenges, its operating environment recorded the outbreak of the Corona virus which affected its operations. This was a disease that was first recorded in Wuhan City of China in 2009. It is considered as a wild fire moving virus which has infected thousands of Chinese citizens initially before it spread out to other parts of the world. Though, it has recorded about 16,114,449 confirmed cases, 646,641 deaths as at the end of July 27, 2020 globally.

Additionally, Africa have about 712,920 confirmed cases and 11,900 death cases, South-East Asia-1,786,145 confirmed cases, 40,615 death cases, America-8,610,134 confirmed cases, 337,439 death cases, Europe-3,234,043 confirmed cases, 210,518 death cases, Eastern Mediterranean -1,482,315 confirmed cases, 37,932 death cases and Western Pacific – 288,151 confirmed cases, 8,224 death cases were recorded (World Health Organization, 2020). Similarly, the Nigeria state is of no exemption as there are 40,532 confirmed cases and 858 death cases recorded as at July 27. (National Centre of Disease and Control, 2020).

To curtail the spread, resulted to the issuance of certain directives such as the use of hand sanitizers, hand washing, use of face masks, social distancing and finally the lockdown of the economy. These measures have affected the operations of these banks which is now considered as the “new normal” and as well as the patronage of banks by her customers thus having an effect on their financial performance. It is against this background that this study was carried out.

2. Literature Review

2.1 Conceptual Review

Corona Virus which is referred to as Corona virus disease 2019 is coined as “COVID-19”. It was first discovered in Wuhan, People’s Republic of China (PRC). The disease was initially called by World Health Organisation as “novel corona virus infected pneumonia (NCIP) and the virus itself had been named “2019 novel corona virus (2019-nCov). It belongs to the same family of corona viruses that caused the Severe Acute Respiratory Syndrome (SARS) and the Middle East Respiratory Syndrome (MERS) which originated from animal hosts and it’s been transmitted via human-to-human contact, thus making it to have a high infection rate when compared to SARS and MERS. Consequently, the corona virus disease (COVID-19) referred to as a “communicable respiratory disease caused by the new strain of corona virus that causes illness in humans” (Africa CDC, 2020).

Non Interest Bank: Non Interest Bank can be seen as a financial institution whose statute, rules and procedures expressly state its commitment to the principles of Islamic *Shariah* (Islamic jurisprudence) and forbids of the receipt and interest on any transaction (Ali & Sakar, 1995). Non-interest banking and finance models in the context of Nigeria according to the Central bank (2011) are divided into two: Non-interest banking and finance based on Islamic law and Non-interest banking and finance based on any other established non-interest. Consequently, to conceptualize this concept, it will be

limited to Non-interest banking and finance based on Islamic law which is popularly called “Islamic banks” and fully fledged Islamic banks.

Theoretical Framework

CAMEL Model

CAMEL model of accessing the banks performance was adopted. It is a globally recognized model with monetary authorities used in determining the performance of banks; CAMEL which means Capital Adequacy, Asset Quality, Management, Earnings and Liquidity. The Model was first developed in 1970s by the three federal banking supervisors of the United States. i.e., Federal reserves, the FDIC and the OCC as part of the Uniform Financial Institutions Rating system. The model was revised in 1996 where “S” which refers to sensitivity to market risk was added. Additionally, the model is structured on a rating scale of 1-5 where rank 1 and 5 implies strongest performance and weakest performance respectively. However, for the purpose of this study few financial ratios will be considered based on the works of Gonsel (2007) and Kolade (2012) which can be summarized as thus. Capital Adequacy Ratio = Shareholders funds to Total asset; Asset Quality = Total loans to Total Asset; Management Quality = Total Loans to Total Deposit; Operating Expenses Total Asset; Cost to income ratio, Earnings = Net Income to Total Asset; Net Income to Total Equity; Liquidity = Liquid Asset to Total Asset; Liquid Asset to Total Customer Deposits.

Empirical Review

Aldasoro, Fender, Hardy and Tarashev (2020) in their study on COVID-19 and its effect on the banking sector, revealed that it has a significant impact on the equity and debt market in which they likened its gravity to more than the financial crisis of 2007/08 witnessed. Specifically, it has resulted to a reduction in the value of stocks, its prices, banks with high credit risk recorded rise in their credit default swap and banks funding cost was on the increase. Boru (2020) revealed that the COVID 19 pandemic has a significant impact on the items of the income and balance sheet statement of banks in Ethiopia but the private banking was less affected. Thus, it recommends the injection of about Birr 17 billion to private banks so that they can meet up regulatory (NBE) liquidity requirement.

Similarly, the pandemic has affected the Nigeria banking system especially the income statement items which invariably lead to a decline in fee based transactions, huge credit losses thereby increasing the Non-Performing Loans of banks, deterioration of banks liquidity position and increase in cyber security breaches and weakening of IT and other related support services (Price Water Coopers Report, 2020).

Muhammad and Rizwan (2020) stressed that the COVID-19 pandemic has grossly affected the Bahrain Banking system because it has resulted to a decline in banks profitability especially the Islamic whole sale banks, fee-based income especially from bank transfer service (outside the country), commissions for issuing Islamic credits, and safe custody services. More so, it has resulted to a decline in the bank's assets quality which could invariably have impact on their capital adequacy owing to the fact that the ratio of their asset quality has weakened due to increase in NPLs. Also, it has further deteriorated the banks liquidity coverage and as well as their credit ratings.

Subsequently, the corona virus pandemic have grossly effected the banking especially the retail segment because it has necessitate the need for a paradigm shift from the tradition goal from a shareholder return objectives to societal role, it has led to high cost of banking funds, focus on short term investment due to high credit risk, new forms of banking framework especially in new normal era, high need for IT modernization and adoption (Deloitte, 2020).

KPMG (2020) in their study revealed that the pandemic has affected Nigeria banks financial statement especially the interest and non-interest items. This is due to huge provisioning and loan restructuring. More so, this has invariably affected their capital adequacy due to credit loss, poor asset quality and deteriorating deposit position. Additionally, it has necessitate the need for a change in banking operating model from the traditional bricks and wall banking to modern banking where customers will have a new test services and embrace digital banking where banking application and internet form of banking will be the other of the day.

Aliyu and Amina (2020) in their study revealed that the pandemic has affected the normal operations of Islamic banks couple with the fact that the capital and money markets were temporarily shut down. More so, banks profitability were not left out as there were decline which was a result of spillover of economic lockdown because key fee/income banking transactions were not forthcoming. NPLs were also on the increase due to poor cash flow turnover from borrowing customers and lack of payment of salaries recorded from states and some university staff. Likewise in a related study which revealed that the COVID-19 caused banks to temporary shut down their offices, deteriorate their liquidity and capital management positions, reduction in fees/incomes and increase the appetite for bank and customers to adopt ICT for their services. (Baret, Relner, Reilly & Shilling, 2020)

Mohammad and Norizan (2020) in their study conducted in Bangladesh revealed that the pandemic has significantly affected Islamic and the conventional bank in virtually same direction because it has weakened their liquidity position thereby weakening their lending capacity, created poor asset quality due to increase in NPLs resulting from poor servicing and cash flows from borrowing customers. More so, it has negatively affected banks operational efficiency and equity capital.

Rababah, Al-Haddad, Sial, Chunmei, Cherian (2020), analyzed the effects of COVID-19 pandemic on the financial performance of Chinese listed companies. The study revealed that small- and medium-sized companies (SMEs) are most affected by this pandemic and this has resulted to decline in financial performance as compared to other industries as evidence in the decline of their overall revenue, profitability, and investment. More so, most severe hits are the travel and tourism, transport and other companies. Also, it further revealed a negative rate of return which indicates the cutting down of business operation, sales, and production. This also created a tension in the financial markets, leading to a reduction in the prices of stock and other securities. However, from the reviewed works carried out, most of the studies tried to link COVID-19 to the general banks performance as little or no studies have tried to link COVID-19 pandemic to the financial performance and specifically to Non-Interest Banks in Nigeria.

3. Research Methodology

Descriptive research method was adopted which was anchored on secondary data obtained from the unaudited financial report of Jaiz Bank Plc from Q12019:Q2020. Convenience sampling was adopted in selecting the Jaiz bank because it operates full pledge NIB according to Islamic jurisprudence; therefore, making it less cumbersome to obtain data when compared to Non-interest bank windows.

More so, simple table and percentages was used in presenting the data obtained on the major variables considered such as total assets, total deposit, operating expenses (OPEX), total income and profit after tax (PAT). The data was analyzed using the horizontal and vertical technique of analyzing financial statement. Additionally, financial ratios within the CAMEL Model such as Return on Asset (ROA), Return on Equity (ROE), and total loans (Investment) to Assets to mention but a few was used in analyzing the financial statement.

4. Results and Discussions

Table 4.1: Quarterly Unaudited Report for FY 2019 and 2020

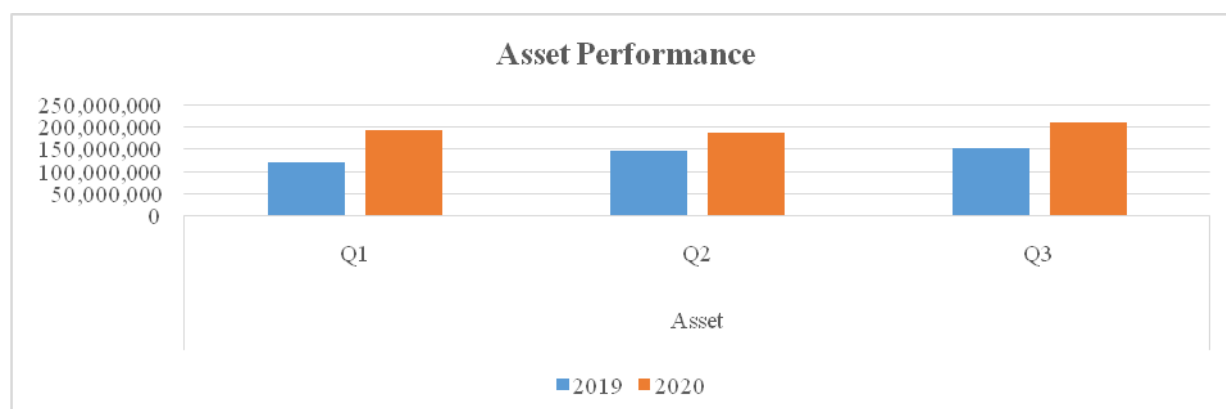
Key Performance Indicator (KPI)	Quarter	Year		Percentage Change (%)
		2019 (N'000)	2020 (N'000)	
Asset	Q1	120,127,559	193,215,536	61
	Q2	144,002,215	186,625,432	30
	Q3	151,945,196	210,214,383	38
Deposit	Q1	93,535,767	144,429,058	54
	Q2	106,489,811	137,823,865	29
	Q3	114,215,868	156,517,179	37
Total Income	Q1	2,321,091	3,002,839	29
	Q2	4,821,624	3,231,410	-33
	Q3	7,670,477	9,703,278	26
Operating Expenses	Q1	-1,844,627	-2,366,146	28
	Q2	-3,914,702	-2,521,547	-35
	Q3	-6,199,638	-7,577,168	22
Profit After Tax	Q1	428,684	553,923	29
	Q2	815,648	617,580	-23
	Q3	1,250,214	1,849,716	48

Source: Jaiz Bank Plc, 2019 &2020

Asset Performance: Table 4.1 showed the assets performance during the period under review. From Q1-Q3, 2019, the bank recorded a steady increase in its asset size between 5-20% as shown in figure 4.1. However, when compared on YoY basis (i.e., Q1, 2019 and 2020),

the bank recorded an increase in its asset size by 61% which is attributed to assets created through *Murabaha* (67%), *ijarah*(64%) and invest held for sale and *sukuk* respectively.

Figure 4.1: Asset Performance from Q1:2019- Q3:2020

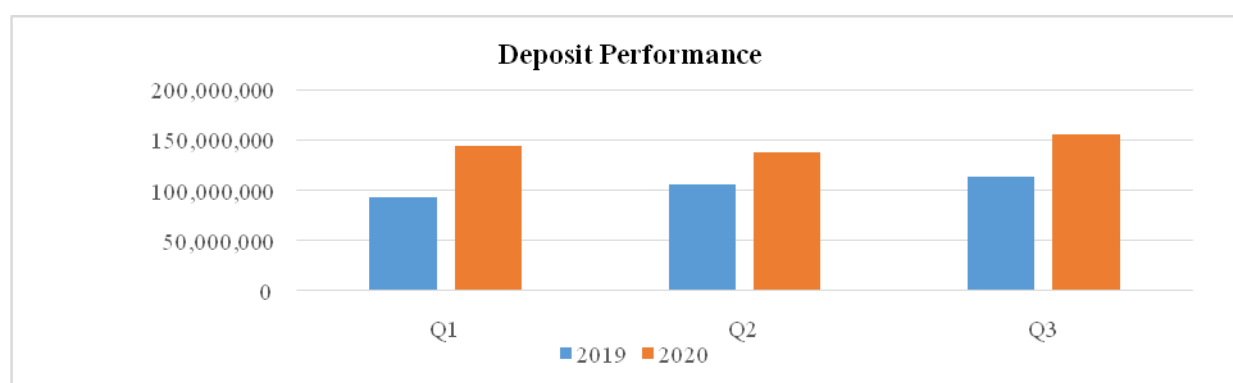


Source: Jaiz Bank Plc, 2019, 2020

More so, with the outbreak of COVID-19 and its associated control measures it had a toll on the bank's assets when viewed from the horizontal technique of analysis as it has reduced by 31% but on YoY basis, total assets recorded an increase in asset by 29%. In the Q3, total assets increased by 38% but when viewed in the current year (i.e., FY2020) under consideration, it increased by 8%. This performance is attributed to the relaxation of the COVID-19 related control measures which has led to the restoration of normal banking operations. Additionally, this change was due to increment in *sukuk* investment by 73%, *Baimuajjal* by 205%, *murabahah* by 48%, *Istisna* by 141% and *ijarah* by 20%. Consequently, on the assets performance of the bank, one can conclude that the pandemic has a marginal impact on the assets of the bank during the period under review.

Deposit Performance: The banks performance in 2019 for all quarters recorded an upward trajectory but when compared on YoY quarterly basis as depicted on figure 4.2. Total deposit recorded an increase by 54% which is majorly attributed to an increase in the bank's current deposit and unrestricted investment account. During, the Q2 on YoY basis (2019 and 2020), deposit recorded 29% increment which depicts a 25% reduction when compared to Q1 of 2020. This performance was attributed to the fact that during the Q2, 2020, the pandemic was at its peak in the country whereby business activities were shut down and banks were meant to operate skeletally. This invariably affected their demand deposit and investment account by 8% and 1% respectively.

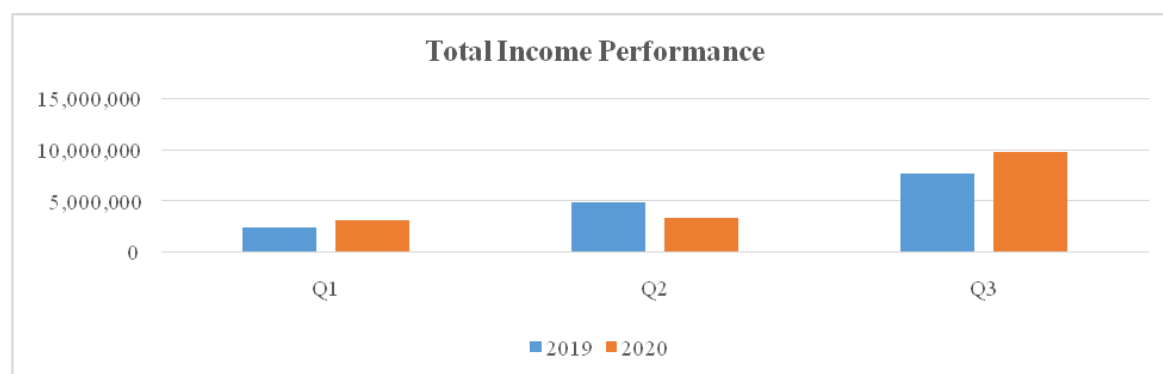
Figure 4.2: Deposit Performance from Q1:2019- Q3:2020



Source: Jaiz Bank Plc, 2019, 2020

Subsequently, Q3 on YoY, it depicts an increase in deposit liabilities by 37% and also 12% increased when juxtaposed to Q2:2020. This performance was due to the fact that within this period COVID-19 restriction was relaxed and normalcy gradually returned. This translated to an increment in demand deposit and investment account by 21% and 5% respectively. Therefore, one can conclude that COVID-19 has little impact on the banks deposit performance.

Total Income: NIB total income for 2019 on quarterly basis recorded a positive performance of 107% and 84% for Q2 and Q3, 2019 respectively. However, when compared on YoY basis in Q1,2020, the bank recorded 29% increment which was attributed majorly to gross income from financial transaction which increased by 45% while fees and commission improved by 38% (See figure 4.3). Though, during this period the country is yet to witness the outbreak of COVID-19.

Figure 4.3: Deposit Performance from Q1:2019- Q3:2020

Source: Jaiz Bank Plc, 2019, 2020

However, in Q2, 2019 and 2020, total income recorded a negative change by 32% which was majorly from gross income from financial transaction and fees and commission by 25% and 40% respectively. This is attributed to the fact that COVID-19 outbreak is at its peak couple with its related measures. Though, a reduction of about 62% was recorded in Q2, 2020 when compared to Q1, 2020. But on YoY basis, there was a reduction by 32%. This is linked to fee based related transactions especially in e-income due to huge patronage in the banks e-channels platforms.

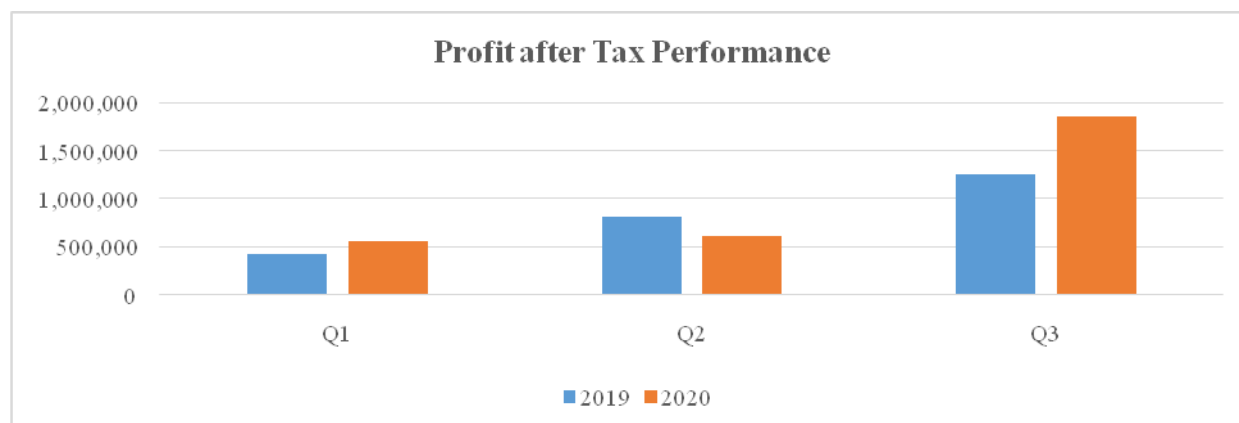
Additionally, in Q3 when the restriction was relaxed and business activities began to return to normal, the total income of the bank increased by 26% on YoY basis which depicts 59% recovery from the negative performance when compared to Q2, 2020. Although, under this period, gross income from financial transaction which increased by 46%. Consequently, one can conclude that the pandemic has a significant negative impact on the banks income especially in Q2 when compared on YoY basis.

Operating Expenses: OPEX is considered as a very important index for accessing the cost at which the bank is operating. The OPEX of the bank in Q1 on YoY basis increased by 28% which was attributed to increase in staff cost (promotion, new hires to mention but a few.)

But in Q2 when the outbreak was recorded, the bank recorded a decline in the banks OPEX by 35%. This was due to the fact that the bank was not operating on a full scale but there was an increase by 6% when compared from Q1:Q2, 2020. This can be trace to the fact that because of the COVID-19 related directives, it has introduced health related cost on the expense line of the bank.

Subsequently, in Q3, with the relaxation of the COVID-19 directives, it increases the bank OPEX on YoY by 22% and from Q2:Q3 2020, the bank OPEX increases by 200%. This can be attributed to the fact that during this period under reviews, normalcy has returned in the bank's operations. Therefore, one can conclude that COVID-19 has marginally increased the expense of the bank especially in Q2.

Profit after Tax (PAT): The bank recorded a steady increase in PAT by 90% from Q1:Q2 2019, and 53% from Q2:Q3 2019 as shown in table 4.4. However on YoY basis, the bank recorded an increase in PAT by 29% but a reduction by 24% was witnessed in Q2, 2020. Although when compared to Q1:Q2 performance, there was a positive increment by 11%. This means that despite the lockdown measures put in place and the skeletal operations made by the bank there still operate at a positive level.

Figure 4.4: PAT Performance from Q1:2019- Q3:2020

Source: Jaiz Bank Plc, 2019, 2020

However, in Q3 on YoY basis, the bank recorded a positive growth in PAT by 47% and from Q2:Q3 2020 it witnessed about 200% growth in her PAT. This is attributed to increase in its total income especially from

Gross income from financing transactions and other fee-based transactions. This performance was further supported by the relaxation of the COVID-19 measures thus making the bank to operate its normal operations.

Table 4.0. CAMEL Model-Financial Ratio analysis

Model	Financial Ratio	Q1		Q2		Q3		Avg	
Capital Adequacy Ratio		2019	2020	2019	2020	2019	2020	2019	2020
	Equity to Total asset	10.91	8.03	9.10	8.34	8.63	6.98	9.55	7.78
Asset Quality	Total loans to Total Asset	39.66	34.85	29.67	33.91	23.12	28.58	30.82	32.45
Management Quality	Total Loans to Total Deposit	50.93	46.62	40.13	45.92	30.76	38.39	40.61	43.64
	Operating Expenses Total Asset	-1.54	-1.22	-2.72	-1.35	-4.08	-3.60	-2.78	-2.06
	Cost to Income	-	-427.16	-	-	-	-	-	-415.03
Earnings		430.30		479.95	408.29	495.89	409.64	468.71	
	Net Income to Total Asset(ROA)	0.36	0.29	0.57	0.33	0.82	0.88	0.58	0.50
	Net Income to Total Equity(ROE)	3.27	3.57	6.22	3.97	9.54	12.60	6.34	6.71
Liquidity	Liquid Asset to Total Asset	71.06	56.84	74.61	77.94	74.14	77.93	73.27	70.90
	Liquid Asset to Total Customer Deposits	91.26	76.04	100.89	105.54	74.14	77.93	88.76	86.50

Source: Authors' Computation (2020);Jaiz Bank Plc, 2019, 2020

Capital Adequacy: This measures the position of capacity of the bank to withstand shocks or risk. The capital adequacy ratio for the bank in 2019 and 2020 stood at 9.55% and 8% respectively on the average. This shows a marginal reduction by 1.55%. This ratio could have a rating of 2 (CAR between 8% -11%) based on the works of Majithiya and Pattani 2020; Babar and Zeb, 2011; Sarwar and Asif; 2011; Masngut and Abdulrahman, 2012 which indicates average performance and further implies a sound and relatively safe operations of the bank (Trautman, 2006). Although, the performance flawed a little the minimum CBN prudential requirement of 10% (CBN, 2010) especially in 2020. This invariably means that the COVID-19 marginally has a negative impact on the banks CAR.

Assets Quality: This parameter enables the bank to comprehend its risk based on their exposure to debtors. Under this parameter, the bank's total loan to assets was considered so as to measure the extent of deployment of asset in earning asset. The ratio of it stood at 32.45% in 2020 which is a slight increase of 1.63% when compared to 30.82% in 2019. Thus, a high ratio indicates that the bank has more loans and it's more risky because the bank is at the mercy of the defaulters. More so, it will weaken the liquidity position of the bank. Consequently, we can say that with this ratio the bank is less risky owing to its fewer ratios thereby making it to have high liquidity. That is, the pandemic has a positive impact on the banks asset quality.

Management Quality: This deals with the efficiency of the executive management in taking right decision on the affairs of the bank. On the total loans to deposit ratio, it stood at 40.61% and 43.64% averagely for 2019 and 2020 respectively. This depicts a marginal increase of 3% despite the pandemic. The bank was able to improve its LDR. Though, the performance is fair but however, less than the LDR ratio of 65% as stipulated by the Central bank of Nigeria (2019) for all Deposit Money banks.

More so, on the cost to income ratio of the bank, it stood at -468.71 in 2019 while in 2020 it was - 415.03. This means that about 415% is spent by the bank for every N1 earned leaving a reduction by 53% when compared to 2019. Although, a low cost ratio is better for the bank. Furthermore, the bank operating expense to total asset stood at 2.78% in 2019 where as in 2020 it is 2.06% which was a marginal reduction of 0.62%. This means that on every assets of the bank, the bank spent about 2.06%. Therefore, we can see that the bank management was effective in its cost management.

Earnings: This parameter tries to measure the profitability and productivity of the bank (Mohammed, 2016). The bank ROA as at 2019 averagely stood at 0.58% while in 2020 it was 0.50% which implies a marginal reduction of 0.08%. Though, the performance is still within the Nigeria banking industry baseline of 0.18% for ROA (CBN FSS Report, 2018).

More so, the banks ROE averagely stood at 6.34% in 2019 and 6.71% in 2020 which reflects an increment despite the pandemic which affected their operations. With this ROE, it has exceeded the banking industry baseline for ROE of 2.44. Consequently, we can say that the pandemic has little or no negative effect on the earnings of the bank.

Liquidity: This tries to measure the extent to which the bank can meet up its financial obligations especially in the short-term without external influence. The liquidity to total asset ratio was considered and it shows that there was a marginal decrease by 0.02% when compared to 2019 and 2020 which recorded an average of 73% and 71% respectively. More so, the banks liquid asset to customers deposit also reduced from 89% in 2019 to 87% in 2020. Consequently, both ratios considered under the liquidity parameter are high which is recommended for the bank to meet up its obligations as at when due. Therefore, we can say that despite the COVID year, the bank was still liquid, thus reflecting that the pandemic has little or no impact on the banks liquidity.

Summary of Major Findings

Firstly, the finding revealed that the bank's assets, deposits, income and profit after taxes was affected by the spillover effect of the pandemic especially in Q2 as there was a marginal reduction in its performance. This outcome is in line with the works of Mohammad and Norizan (2020); Boru (2020); Muhammad and Rizwan (2020); Aliyu and Amina (2020).

Secondly, the study revealed that the bank's capital adequacy ratio (CAR) was affected as it recorded a marginal reduction especially in FY 2020. Though, it's still within the safe position. This outcome corroborates with the works of KPMG (2020).

Thirdly, the findings revealed that the bank is still liquid and having improved earnings despite the spillover effect from the pandemic as evidenced in the banks ROA and ROE where their ratio exceeds the banking industry baseline. This outcome contravene the works of Muhammad and Rizwan (2020); Baret, Relner, Reilly and Shilling (2020).

Fourthly, the study shows that the bank management is effective owing to the fact that they were able to reduce cost and operate at a profit level despite the pandemic,

this outcome contravene the works of Rababah, Al-Haddad, Sial, Chunmei, Cherian. (2020)

5. Conclusion and Recommendations

The outbreak of COVID-19 pandemic has not only impacted on the health sector but also the banking sector as it has led to the “new normal phenomena” which has tremendously triggered the adoption of digitalization by organization especially banks. This scenario has its toll on the Non-interest banks. Therefore, on the overall basis, the study concluded that COVID-19 has a marginal effect on the bank’s assets, deposit liabilities, operating expenses, total income, Profit after tax and other ratios within the CAMEL model especially in Q2:2020. This further revealed the resilience nature of the bank to withstand external shocks owing to the fact that all the indices under consideration have turn around their performance.

Based on the findings, the study recommends as thus

- i. There is need for the bank to create more loans so as to boost its assets performance and aid recovery of the economy which will invariably have positive impact on their books.
- ii. Non-interest bank needs to divert their investment to other shariah compliant business so as to avoid the concentration risk especially from the *sukuk*.
- iii. Improve and sustain their campaign on the patronage of their e-products as this will boost their fee income.
- iv. There is need to roll out more shariah complaint products so as to meet the needs of their target market as this will boost their deposit mobilization drive.
- v. There is need to reduce their operational expenses so as to improve their profit after tax performance.
- vi. There is need for the bank and its staff to comply with the COVID-19 directives despite its cost so as to reduce personnel risk.

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