EXPLORING THE LINK BETWEEN COMPETITIVE MARKETING AND FINANCIAL PERFORMANCE OF BANKS IN NIGERIA

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ABSTRACT

The study examined the relationship between competitive marketing and the performance of banking sector in Nigeria. Secondary data were sourced from the annual reports and statement of accounts of six commercial banks in Nigeria with international banking license which were purposively selected for the study. The period covered was from 2000 to 2015. The data collected were analyzed using generalized method of moment estimation technique with fixed effect. The overall regression was statistically significant as depicted by the F-statistics. The R-squared revealed that the dependent variable (ROA) was succinctly explained by the independent variables. The results of the analysis showed that there was a positive and significant relationship between the degree of competition and the level of performance of commercial banks in Nigeria. The study concluded that the competitive marketing experienced in the banking sector has brought about overall improvement in the performance of the Nigerian commercial banks. The study therefore recommends that regulatory authorities should continue to encourage healthy competition among banks.

Keywords: Commercial Banking, Competition, Marketing, Panel Regression

Introduction

Commercial banks represent a key segment in any financial market anywhere in the world, and they are globally recognized as performing the intermediation function in the economy. This intermediation function involves the pooling of savings from surplus units all over the country and making them available to borrowers (deficit units). For performing these important functions, the banks make their returns (profits) through the difference in the rate of interest (yield) it pays to savers (surplus units) and the rate it charges borrowers (deficit units). This provision of services in exchange for some expected returns correspond to the summary of the definition of marketing by Kotler and Armstrong (2008) as “creating and capturing value for customers”, thus emphasizing the relevance of marketing in the banking sector.

The introduction of the Structural Adjustment Programme (SAP) in 1986 prompted banks to engage in both product and price competition. The SAP created an environment whereby Nigerian banks had to actively market financial products to different consumers in an attempt to keep existing businesses and generate new ones. The management of banks is now faced with the major challenge of excising the entrepreneurship spark of providing customers with new financial products necessary to satisfy their continually changing financial needs. As the banking industry finds itself in a more volatile and competitive market as a result of the deregulation and globalization, bankers are going back to the drawing board to design and redesign appropriate strategies that would enable them swim safely in the increasingly turbulent waters of banking business. The
commercial banking sector in Nigeria, like its counterparts around the world has experienced transformations triggered by the forces of “globalization, structural and technological changes, as well as the integration of financial markets” (Anyanwu, 2010). Within the period 2004 – 2009, the sector experienced two successive reforms (largely tagged as consolidation), which led to substantial changes in the number and structure of the banks in the country, and subsequently affecting the nature and scope of competition in the industry. Prior to the consolidation exercise, competition in the Nigerian banking industry was driven along the two dichotomies of ‘high/low capitalized’ banks and ‘old/new generation’ banks, which influenced and reflected in the marketing practices and strategies adopted by the banks.

At the end of the 2005 recapitalization exercise however, 25 ‘large’ banks emerged, mostly through the processes of mergers and acquisitions, with a few ‘stand-alone’ banks, which raised additional capital through public offers. The number has subsequently reduced (through further mergers and acquisitions) to the present 22 commercial banks in operation in the country. These banks are considered as highly capitalized. Thus creating a level playing ground for the banks, and “…putting an end to the de-marketing powers and advantages formerly enjoyed by the few top leading banks during the pre-consolidation” period (Ernest, 2012). The extensive networks of branches deployed all over the country by each of these banks have also provided customers with limitless switching opportunities (Okpara & Onuoha, 2013), just as the ‘forced’ adoption of the cash-less banking policy by the regulatory authorities is gradually reducing the need for customers’ physical presence in banks and the need to move around with cash. These have certainly created opportunities and challenges for the banks in terms of marketing strategies development in order to cope with the competitive situation.

A market-focused organization first determines the potential customer’s desire, and then builds the services. Marketing theory and practice are justified in the belief that customers use a product or service because they have a need, or because it provides a perceived benefit. Two major factors of marketing are the recruitment of new customers (acquisition) and the retention and expansion of relationships with existing customers (base management). Marketers depend on insights from marketing research, both formal and informal, to determine what consumers want and what they are willing to pay for. Banks offer a wide range of financial services, to personal and business customers; some of these services which are bank account, guarantorship, and investment adviser are needed by an appreciable number of customers, but many other financial services such as import/export services, money transfers, credit cards etcetera have to be brought to the attention of potential users, who then must be persuaded to use them.

Banking has ceased to be an entirely arm-chair profession, because it is only those banks that can effectively monitor the environment and adequately satisfy the customers with their operational module that can survive. The primary forces that had significantly changed the environment of banking are political and economic power as well as the dynamic impact that technology has had on the banking industry. Many services offered by banks are also offered by ‘rival’ organizations. Building societies have developed customer accounts which are similar in many ways to a bank account. Thrift and cooperative societies provide lending services to their numerous members and indirectly to the society at large. Solicitors act as executors, and trustees and accountants give advice and so on. Banks not only compete with each other but also have to contend with challenges from other types of organization in the market. To do this successfully, bankers need an understanding of the process of marketing which will aid in improving banks performance.

The environment in which financial services are marketed is becoming more competitive, making the task of marketing financial services increasingly challenging and specialized. Financial services marketers are
challenged every day by the unique characteristics of the products they market. For example, often financial services cannot be visually communicated in advertisements as easily as consumer goods can. Furthermore, the relatively unexciting nature of financial services makes the task of attracting consumer attention and inspiring consumer desire a difficult one. However, the study of financial services marketing is in many ways far more fascinating than other areas of marketing. There are many predictable behaviors that consumers often exhibit in their dealings with financial services providers. The predictability of these behaviors and the abundance of data on existing and potential customers enable a uniquely scientific approach to developing and executing successful strategies for the marketing of financial services, much more so than in other markets (Ugwunta, Ani, Ugwuanyi & Ugwu, 2012). These two tendencies (competition and concentration) seem to contrast each other if we accept the theoretical proposition that a more concentrated market implies a lower degree of competition due to undesirable exercise of market power by banks. There are also more general reasons why the market conditions in the banking industry deserve particular attention. The soundness and stability of the financial sector may in various ways be influenced by the degree of competition and concentration.

Competition in the financial sector matters for a number of reasons. As in other industries, the degree of competition in the financial sector matters for the efficiency of production of financial services, the quality of financial products and the degree of innovation in the sector. The view that competition in financial services is unambiguously good, however, is more naive than in other industries and vigorous rivalry may not be the first best. Specific to the financial sector is the effect of excessive competition on financial stability, long recognized in theoretical and empirical research and, most importantly, in the actual conduct of (prudential) policy towards banks. There are other complications, however, as well. It has been shown, theoretically and empirically, that the degree of competition in the financial sector can matter (negatively or positively) for the access of firms and households to financial services, in turn affecting overall performance of banks in particular and the economic growth (Stijn, 2007). Accordingly, the broad objective of this study is to ascertain the relationship between competitive marketing and performance of commercial banks in Nigeria with particular reference to some selected banks in Nigeria.

Statement of Hypotheses: the hypotheses stated in null forms are

**Ho1:** There is no significant relationship between banks’ intermediation ratio and its financial performance in Nigeria.

**Ho2:** There is no significant relationship between banks’ total asset and its financial performance in Nigeria.

**Ho3:** There is no significant relationship between banks’ non-performing loan and its financial performance in Nigeria.

**Ho4:** There is no significant relationship between banks’ equity ratio in Nigeria and its financial performance in Nigeria.

**Ho5:** There is no significant relationship between banks’ Security level and its financial performance in Nigeria.

**Literature Review**

This section presents the literature review of scholars on competition and performance in commercial banks in Nigeria. Extant literature that demonstrates the conceptual clarification, theoretical framework and empirical studies are exposed.

**What is Competition?** Competition is, in general, a contest or rivalry between two or more organisms, animals, individuals, economic groups or social groups, etc., for territory, a niche, for resources, goods, for mates, for prestige, recognition, for awards, for group or social status, or for leadership and profit. It arises whenever at least two parties strive for a goal which cannot be shared, where one's gain is the other's loss (a zero-sum game). The financial institutions have changed the way people live and
experience the world today. The banking industry is a strategic sector that plays a fundamental role in the globalization of other industries as it promotes financial management, world trade, and foreign investment and, therefore leads to economic growth. However all commercial banks within the industry operate in a highly dynamic environment where various legal, social, technological and economic forces interact with each other, thus influencing their decisions and actions. The question is “what are the most feasible and attractive ways to enhance efficiency of competitive marketing access for commercial banks worldwide?” The ingredients come from the worlds of competitive marketing (Stijn, 2009).

Competition is often considered to be the opposite of cooperation, however in the real world, mixtures of cooperation and competition are the norm. Optimal strategies to achieve goals are studied in the branch of mathematics known as games theory. Ahmed (2009) describes competition in business as "the effort of two or more parties acting independently to secure the business of a third party by offering the most favorable terms". It was described by Adam Smith in The Wealth of Nations and later economists as allocating productive resources to their most highly valued uses and encouraging efficiency. Critics have also argued that competition can be destabilizing, particularly competition between certain financial institutions. Also competition inside a company is usually stimulated with the larger purpose of meeting and reaching higher quality of services or improved products that the company may produce or develop (Akeju & Adesanya, 2010).

**The concept of Competitive Marketing:** Competitive marketing is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage (Ivatury, Gautam, and Ignacio, 2008). There have been substantial changes in the Nigerian banking industry in the recent past, and these changes have called for efficient and effective use of marketing strategies in determining the performances of Nigerian banking businesses.

According to Kotler (2008), marketing is seen as a social and managerial procedure by which individuals and groups get what they need and want by creating mutually satisfying exchange relationships using products, services or ideas. The parties involved in this exchange process could be individuals, insurance and non-insurance organizations, product-oriented organization or service-oriented organizations (such as banks) among others. The intense competition that exists in the market for financial services presents a big challenge to the profitability of retail banking institutions of all sizes. The competition and saturation in the banking industry requires banks to be more customer focused. Customers are exposed to diversified choices and they are much concerned about the value for money. This means that there are unlimited switching choices. Banks need to identify factors that influence the choice of commercial banks selection and work on improving them. There are other complications, however, as well. It has been shown, theoretically and empirically, that the degree of competition in the financial sector can matter (negatively or positively) for the access of firms and households to financial services, in turn affecting overall performance of the banking sector.

**Financial performance indicator:** Return on Assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. Return on assets is a popular measure of firm performance in financial literature. ROA also is less vulnerable to the kind of short-term gaming that can occur on income statements since many assets, such as property, plant, and equipment, and intangibles, involve long-term asset decisions that are more difficult to tamper with in the short term. The long-term trajectory of ROA, rather than a snapshot in any given quarter or year, reveals how effective a company is, over time, at
harnessing business opportunities in a highly uncertain environment.

**Theoretical foundation of the study:** As a first-order effect, one expects increased competition in the financial sector to lead to lower costs and enhanced efficiency of financial intermediation, greater product innovation, and improved quality. Even though financial services have some special properties, the channels are similar to other industries. A plethora of theories implicate workforce diversity and corporate performance. However this work drew heavily from the Social Identity theory in line with Ugwuzor (2014). The Social identity theory asserts that group membership can enhance ways individuals behave within the in-group, but often at the expense of those considered as those in the out-group. The theory is concerned with the existence of multiple identities, the variability of the degree to which people identify with a social group and the role of the social context in social identification. This theory does not only explain one’s self concept, but it also address the ways in which people view others. As group members are motivated to maintain their social identities, they tend to exhibit a favorable bias towards others who appear to have similar characteristics. It is the quests for positive distinctiveness which social identity theory proposes that underlies many of the behavioural, evaluative and perceptual biases which are frequently observed in inter group contexts.

**Empirical review:**

Ajisafe & Akinlo (2014) studies the relationship between competition and efficiency of commercial banks in Nigerian for the period 1990 to 2009. Secondary data were sourced from the annual reports and statement of accounts of fifteen commercial banks in Nigeria which were purposively selected for the study. The data collected were analyzed using pooled least square and dynamic panel generalized method of moment estimation technique with fixed effect. The results of the analysis showed that there was a positive and significant relationship between the degree of competition and the level of efficiency of commercial banks in Nigeria.

Aworemi, Odeyemi and Oyedokun (2012) examine the efficacy of Product Marketing Strategy on the performance (bank deposit) of UBA Plc. The secondary data was generated from the records of the published of UBA Brochure in the selected branches. Both descriptive and inferential statistics were used to analyse the data generated from the published brochure, using table multiple presentations and regression technique. The association between the product marketing strategy and the bank deposit profile showed a significant positive relationship with a Multiple R-value of 92%.

Akinyele (2011) investigates the impact of strategic marketing and firms performance of the Nigerian oil and gas industry. This study adopted a survey research methodology to examine strategic marketing and firms performance of Nigerian oil and gas marketing companies in an attempt to attain their desired level of performance. One hypothesis was formulated from the statement of research problem. Analysis of Variance, Pearson Moment Correlation Analysis, Factor Analysis among other statistical tools were used in testing the hypotheses. The overall results suggest that strategic marketing is a driver of organizational positioning in a dynamic environment, and that it helps to enhance the development of new product/service for existing markets. These findings, along with other interesting findings of the study, are discussed. From the empirical and anecdotal managerial evidence as well as from the literature implications are drawn for the efficient and effective strategic marketing in the Nigerian oil and gas industry.

Kosile & Ajala (2012) use descriptive survey and regression analysis statistics in investigating the relationship between marketing and bank performance in Nigeria. The study found out that there is positive and significant relationship between relationship marketing and bank performance indicators in Nigeria. It was also found that direct and
internal marketing are insignificant predictors of bank performance in Nigeria.

METHODOLOGY
The ex-post facto design was adopted. Data used in this study were derived from annual banks reports covering the period of 2000 to 2015 sourced from the Nigeria stock exchange publications. The variables used to analyze major findings are bank’s Return on Assets (ROA) which served as proxy for bank performance, net interest income, non performance loans and advances giving during the period under review, Banks security, bank equity and intermediation ratio of banks declared during the periods under review.

Model specification
To estimate of the effect competitive marketing on the banking sector performance in Nigeria from 2000-2015: a study of six deposit money banks using total banks’ ROA as a proxy for performance could be stated as follows:

\[ \text{RASSETS} = \alpha_0 + \alpha_1 \text{INTEREST} + \alpha_2 \text{EARNING} + \alpha_3 \text{NONLOAN} + \alpha_4 \text{SECURITY} + \alpha_5 \text{EQUITY} + \alpha_6 \text{RATIO} + U_i \]  

where
\( \mu_i = \text{Error term} \)

Set definition
ROA = Return on Assets
INTEREST= Net interest income
EARNING= Total earnings per share
NONLOAN= Nonperformance Loans and advances giving during the period
SECURITY= Total banks security measures
EQUITY= Total bank equity declared during the period
RATIO = Banks intermediation ratio

Estimation procedure: The ROA model is estimated within a Generalized Linear Model (GLM) framework. First, it is assumed that strict exogeneity of explanatory variables exists, conditional on unobserved within a general linear model (GLM) framework. In this study, a Generalised Least Square (GLS) estimation procedure is adopted. The fixed effects models are considered. The fixed effects model is simpler to conduct and is defined according to the following regression model:

\[ Y_t = \alpha + \beta' X_t + \varepsilon_t \]  

(3)

where \( i = 1 \ldots N; t = 1 \ldots N \)

Y_t indicates the dependent variables while X_t determines the vector of k explanatory variables. \( \alpha_i = 1 \ldots N \) are constant coefficients specific to each institutions (banks). Their presence assumes that differences across the considered banks appear by means of differences in the constant term. These individual coefficients are estimated together with the vector of coefficients \( \beta \).

The fixed effects specification: In order to validate the fixed effects specification, the question is to prove, according to the empirical application, that the individual coefficients \( \alpha_i = 1 \ldots N \) are not all equal. This corresponds to the following joint null hypothesis:
Ho: $\alpha_i = \ldots \alpha N = \alpha$ ......................... (4)

It is rather the acceptance of the alternative hypothesis which is interesting if we want to differentiate between the situations in each bank considered in the sample and confirms the existence of significant heterogeneity across banking sector. The assumption made about the intercept variable ($\alpha_i$) had implications for the consistency and efficiency properties of estimates of $\beta'$ in equation (3).

In the ROA equation, the group-specific term reflects idiosyncratic preferences or characteristics of each banks. If the banks specific effect is assumed constant (but allowed to differ across units) a fixed effects (FE) model is generated.

Assuming heterogeneity across units in equation (1) implies that the effect of all omitted variables is the same for a given cross sectional unit through time but varies across cross-sectional units for a given point in time. The appropriate statistic of the test is a Fisher distributed one with

$$N - 1, \sum_{i=1}^{N} T_i - N - K$$

degrees of freedom under the null hypothesis and is defined as follows:

$$F = \frac{SSR_0 - SSR_1 \sum_{i=1}^{N} T_i - N - K}{SSR_1 N - 1}$$ ................. (5)

where SSR$_0$ and SSR$_1$ are, respectively, the sum of squared residuals provided by the estimation of the constrained model (under the null hypothesis that no individual specific coefficients are considered) and the sum of squared residuals relative to the fixed effects model (equation (3)) is obtained.

### Descriptive statistics

The descriptive statistics of the variables used in this study are shown in the table below.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>1297971.</td>
<td>576591.</td>
<td>4.186962</td>
<td>161163.</td>
<td>6776953.</td>
<td>2.21E+08</td>
<td>940320.7</td>
</tr>
<tr>
<td>Median</td>
<td>1037383.</td>
<td>169332.</td>
<td>0.280500</td>
<td>3530.00</td>
<td>3275474.</td>
<td>1.07E+09</td>
<td>69216.50</td>
</tr>
<tr>
<td>Maximum</td>
<td>4263102.</td>
<td>75819628</td>
<td>248.0000</td>
<td>1299981.</td>
<td>7.13E+08</td>
<td>1.07E+10</td>
<td>7162121.</td>
</tr>
<tr>
<td>Minimum</td>
<td>9533.00</td>
<td>0.294000</td>
<td>0.112000</td>
<td>4.900000</td>
<td>13234.00</td>
<td>150.0000</td>
<td>850.0000</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>974500.2</td>
<td>15017901</td>
<td>25.30305</td>
<td>308610.3</td>
<td>1.29E+08</td>
<td>1.10E+09</td>
<td>1982565.</td>
</tr>
<tr>
<td>Skewness</td>
<td>0.894830</td>
<td>3.410019</td>
<td>9.464977</td>
<td>2.227399</td>
<td>9.081410</td>
<td>2.237742</td>
<td></td>
</tr>
<tr>
<td>Kurtosis</td>
<td>3.924073</td>
<td>14.69163</td>
<td>91.69874</td>
<td>7.492525</td>
<td>12.78925</td>
<td>86.65073</td>
<td>6.574229</td>
</tr>
<tr>
<td>Jarque-Bera</td>
<td>16.22719</td>
<td>732.8283</td>
<td>32903.24</td>
<td>160.1120</td>
<td>518.6441</td>
<td>29309.33</td>
<td>131.2202</td>
</tr>
<tr>
<td>Probability</td>
<td>0.000299</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
<td></td>
</tr>
</tbody>
</table>

Observations | 96 | 96 | 96 | 96 | 96 | 96 | 96 |

Cross sections | 6 | 6 | 6 | 6 | 6 | 6 | 6 |

From the table above, the result indicate that all the variables have positive mean values with 96 observations. The standard deviation showed that the highest standard deviation of (974500.2) is recorded by the RASSETS while the least standard deviation of (1.10E+09) is recorded by EQUITY. The probabilities of Jarque-Bera test of normality for the variables indicates that seven of the variables have values greater than 5% level of significance. The skewness statistics from the table revealed that all the variables are positively skewed. The kurtosis coefficients showed that all of the variables are leptokurtic, suggesting that the distributions are high relative to normal distribution.
The panel regression result
Dependent Variable: RASSETS
Method: GLS (Cross Section Weights)
Date: 03/25/17   Time: 18:48
Sample: 2000 2015
Included observations: 16
Number of cross-sections used: 6
Total panel (balanced) observations: 96

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTEREST_ECO</td>
<td>-0.005857</td>
<td>0.003879</td>
<td>-1.509895</td>
<td>0.1369</td>
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<tr>
<td>INTEREST_FIRST</td>
<td>-1.643415</td>
<td>7.203182</td>
<td>-0.228151</td>
<td>0.8204</td>
</tr>
<tr>
<td>INTEREST_GTBANK</td>
<td>0.009225</td>
<td>0.012423</td>
<td>0.742574</td>
<td>0.4610</td>
</tr>
<tr>
<td>INTEREST_UBA</td>
<td>0.012863</td>
<td>0.030096</td>
<td>0.427414</td>
<td>0.6708</td>
</tr>
<tr>
<td>INTEREST_UNION</td>
<td>0.587927</td>
<td>0.518133</td>
<td>1.134703</td>
<td>0.2615</td>
</tr>
<tr>
<td>INTEREST_ZENITH</td>
<td>0.002372</td>
<td>0.002485</td>
<td>0.954639</td>
<td>0.3440</td>
</tr>
</tbody>
</table>

From the table the coefficient of the variable INTEREST indicates a positive sign for the four banks under study which include GTBANK, UBA, UNION and ZENITH bank. This implies that during the period under review interest on loan contributed positively to the ROA and hence the overall competitive performance of the banks under review. This implies that during the period under review a one unit increase in interest on loan is expected to increase banks’ return on asset to 0.009225, 0.012863, 0.587927 and 0.002372 units respectively. However, the coefficient of the variable INTEREST for two of the banks, ECO, FIRST bank show negative signs. The negative sign of the net interest income of the banks indicate low contribution to the ROA and low competitiveness of the banks during the period under consideration.

Dependent Variable: RASSETS
Method: GLS (Cross Section Weights)
Date: 03/25/17   Time: 18:48
Sample: 2000 2015
Included observations: 16
Number of cross-sections used: 6
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<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>EARNING_ECO</td>
<td>-1101293.</td>
<td>435829.9</td>
<td>-2.526888</td>
<td>0.0145</td>
</tr>
<tr>
<td>EARNING_FIRST</td>
<td>-1980460.</td>
<td>2454530.</td>
<td>-0.806859</td>
<td>0.4233</td>
</tr>
<tr>
<td>EARNING_GTBANK</td>
<td>-14856484</td>
<td>5843556.</td>
<td>-2.542371</td>
<td>0.0139</td>
</tr>
<tr>
<td>EARNING_UBA</td>
<td>1003.683</td>
<td>1173.892</td>
<td>0.855004</td>
<td>0.3963</td>
</tr>
<tr>
<td>EARNING_UNION</td>
<td>4.058754</td>
<td>382.0158</td>
<td>0.010625</td>
<td>0.9916</td>
</tr>
<tr>
<td>EARNING_ZENITH</td>
<td>686.4642</td>
<td>1374.249</td>
<td>0.499520</td>
<td>0.6194</td>
</tr>
</tbody>
</table>

The variable EARNING (which represent earning per share price of the banks) indicate positive sign for the following banks: UBA, UNION and ZENITH bank. The coefficient of EARNING for other banks which include, ECO, FIRST, GTBANK indicate negative sign. The positive coefficient implies that there was a huge increase in the amount paid to shareholders of the banks during the period under review hence contributing to the bank’s ROA and as well their overall competitiveness. The positive coefficient implies that a unit increase in the banks earning holding other variables constant, leads to 1003.683,4.058754 and 686.4642 units
increase in the ROA of the banks under consideration.

Dependent Variable: RASSETS?
Method: GLS (Cross Section Weights)
Date: 03/25/17   Time: 18:48
Sample: 2000 2015
Included observations: 16
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<table>
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<tr>
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<th>Prob.</th>
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<tbody>
<tr>
<td>NONLOAN_ECO</td>
<td>-102411.9</td>
<td>17790.38</td>
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<tr>
<td>NONLOAN_FIRST</td>
<td>-2189.917</td>
<td>3813.056</td>
<td>-0.574321</td>
<td>0.5681</td>
</tr>
<tr>
<td>NONLOAN_GTBANK</td>
<td>-0.072557</td>
<td>0.849517</td>
<td>-0.085410</td>
<td>0.9323</td>
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<tr>
<td>NONLOAN_UBA</td>
<td>-1.358334</td>
<td>1.479803</td>
<td>-0.917915</td>
<td>0.3627</td>
</tr>
<tr>
<td>NONLOAN_UNION</td>
<td>-1.261513</td>
<td>0.202602</td>
<td>-6.226567</td>
<td>0.0000</td>
</tr>
<tr>
<td>NONLOAN_ZENITH</td>
<td>-45.36104</td>
<td>4.725989</td>
<td>-9.598211</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

The variable NONLOAN (which represents non-performing loans and advances giving to customers during the period under review) indicate negative signs for all the banks under study. The negative sign could be attributed to huge bad loans recorded by the banks during the period under study which affects the ROA of banks. In addition, as bank loans are the principal source of income, we expect that non-interest bearing assets impact negatively on profits (Naceur, 2003). Loans are the largest segment of interest bearing assets and are expected to have a positive relationship with bank performance. Other things being constant, the more the deposits that are transformed into loans, the higher the level of profit will be. However, it could be the case that banks that are rapidly increasing their loan books have to pay a higher cost for their funding requirements, and this could lead to a negative impact on profitability.

Dependent Variable: RASSETS?
Method: GLS (Cross Section Weights)
Date: 03/25/17   Time: 18:48
Sample: 2000 2015
Included observations: 16
Number of cross-sections used: 6
Total panel (balanced) observations: 96

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECURITY_ECO</td>
<td>-0.002201</td>
<td>0.001535</td>
<td>-1.433735</td>
<td>0.1574</td>
</tr>
<tr>
<td>SECURITY_FIRST</td>
<td>-3.059296</td>
<td>5.573913</td>
<td>-0.548860</td>
<td>0.5854</td>
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<tr>
<td>SECURITY_GTBANK</td>
<td>-0.000416</td>
<td>0.001654</td>
<td>-0.251432</td>
<td>0.8024</td>
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<tr>
<td>SECURITY_UBA</td>
<td>0.039633</td>
<td>0.027516</td>
<td>1.440389</td>
<td>0.1555</td>
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<tr>
<td>SECURITY_UNION</td>
<td>-0.563878</td>
<td>0.521943</td>
<td>-1.080344</td>
<td>0.2848</td>
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<tr>
<td>SECURITY_ZENITH</td>
<td>0.012955</td>
<td>0.001135</td>
<td>11.41065</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

From the table the coefficient of the variable SECURITY indicates a positive sign for the two banks under study which include UBA and ZENITH bank. This implies that during the period under review the banks security measures contributed positively to their ROA and hence the overall competitive performance. However, the coefficient of the variable SECURITY for four of the banks, ECO, FIRST, GTBANK and UNION bank show negative signs. The negative sign of the banks Security indicate low contribution to the ROA and low competitiveness of the banks total during the period under consideration.
The variable EQUITY (which represents total equity of the banks) shows a positive sign for four of the banks under consideration. This implies that total equity of the banks contributed positively to the banks' competitiveness and hence profitability during the period under considerations. Hence for a unit increase in the bank’s equity, the ROA of banks are expected to increase by 0.000880, 2.123070, 0.510398 and 0.013084 units respectively.

From the table the coefficient of the variable RATIO indicates a negative sign for one of the banks under study which is ECO. The negative sign of the intermediation ratio of the bank indicates low contribution to the ROA and low competitiveness of the banks during the period under review. This imply that during the period under review, a unit decrease in the banks’ intermediation ratio holding other things constant, is expected to decrease the overall return on assets of banks by -0.311535 units.

On the effect of the overall competiveness of individual banks under consideration, the fixed effect coefficients of the individual banks indicates positive for FIRSTBANK, GTBANK, UNION and ZENITH banks. The implication is that holding other things constant, the higher level of competitions enjoyed by the banks increases their ROA margin to 1810058, 1468769, 196705.6 and 4404743 units respectively. On the other hand the
fixed effect coefficient of ECO and UBA banks show negative signs. The implication is that holding other things constant, a decrease in the level of competitions enjoyed by the banks decreases their ROA margin to -6148064 and -5599.660 units respectively.

Statistically, the t-statistic of the variable under consideration is interpreted based on the following decision rule: If the t-values of the variables under consideration is greater than positive two or less than negative two \((-2 \leq t \leq 2\), it shows that the variable is statistically significant otherwise it is not. From the panel result, the t-statistics of the INTEREST variables under consideration indicates that t-values of the six of the banks are insignificant statistically. The t-values of the variable EARNING indicates that three coefficients of two banks are significant statistically. For the NONLOAN variable, the t-statistics of three banks, ECO, UNION and ZENITH are statistically significant. For the SECURITY variable, the t-values indicate statistical significant for ZENITH bank. While for the variable EQUITY it shows that t-statistics of the one banks under consideration ZENITH, is significant statistically. The RATIO variable indicates significant for three banks which include, GTBANK, UBA and ZENITH banks while for others, it is insignificant.

<table>
<thead>
<tr>
<th>Weighted Statistics</th>
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</thead>
<tbody>
<tr>
<td>R-squared</td>
<td>0.999601</td>
<td></td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.999297</td>
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<tr>
<td>S.E. of regression</td>
<td>451219.1</td>
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<td>Loglikelhood</td>
<td>-1194.758</td>
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<tr>
<td>Durbin-Watson stat</td>
<td>2.186807</td>
<td>0.000000</td>
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<tr>
<td>Mean dependent var</td>
<td>10364123</td>
<td></td>
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<tr>
<td>S.D. dependent var</td>
<td>17020872</td>
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</tr>
<tr>
<td>Sum squared resid</td>
<td>1.10E+13</td>
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</tr>
<tr>
<td>F-statistic</td>
<td>3860.741</td>
<td></td>
</tr>
<tr>
<td>F-ratio</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The F-statistic is interpreted using weighted statistics with the following decisions rule: if F-calculated is greater that the F - tabulated = F-cal> F-tab, reject otherwise accept. It follows the following assumptions:

\[
V1 = K - 1
V2 = N - K
\]

where \( K \) = number of parameters
\( N \) = number of observation

For the variable under consideration:
\( K = 6 \),
\( K - 1 = 6 - 1 = 5 \)
\( N = 96 \),
\( N - K= 96 - 6 = 90 \)

The F-cal (5, 90) = 3860.741 while the F- tabulated (5, 90) 2.29.

Decision: Since the F-calculated is greater than the F-tabulated, it shows that the overall estimate of the regression have a good fit and is adequate statistically. The \( R^2 \) - (R-squared) which measures the overall goodness of fit of the entire regression shows the value as follows: 0.999601= 99 %. The adjusted \( R^2 \) value is 0.999297= 99%. It shows that the independent variables explain the dependent variable to the tune of 99 %. The Durbin Watson statistics result with a value of DW (2.186807) indicates that there is no auto correlation among the variables under consideration and the overall regression is significant statistically.

CONCLUSION AND RECOMMENDATIONS

Marketing is undoubtedly, the cornerstone of banking activities in Nigeria and elsewhere.
How well an organization performs is a function of the intensity of its marketing efforts because in the long run, the business that translates to profit emanated from serious marketing activities. Based on the findings of this study, the following conclusion and recommendations were reached. From the regression result, the coefficient of the variable Equity signed positive for four banks but was negative for two banks. Non-performing loans signed negative with ROA for all the banks under study as expected. Banks security level signed negative with ROA for two banks out of the six banks while the rest had positive relationship with ROA, also Intermediation ratio signed negative with ROA for two banks but four banks enjoyed positive relationship and interest rate signed negative for two banks while others exerted positive signs with ROA for the period under study. Empirical evidences show that this variable has a combined effect on profitability. A positive relationship indicates that the bank enjoys economies of scale, while a negative relationship implies that the bank suffers from diseconomies of scale when it expands to a larger size. Although from the analysis of the relationship that exists at individual bank level yet the results were mixed as some showed negative signs while others exerted positive signs as expected. The overall result of the regression was positively statistically significant as depicted by the F-statistics. The R-squared of 99% revealed that the dependent variable (ROA) was succinctly explained by the independent variables. The results of the analysis showed that there was a positive and significant relationship between the degree of competition and the level of performance of commercial banks in Nigeria. The study concluded that the competitive marketing experienced in the banking sector brought about overall improvement in the performance of the Nigerian commercial banks. The study therefore recommends that regulatory authorities should continue to encourage healthy competition among banks.

References
Akinyele, S.T. (2011). Strategic marketing management on performance of firms in the downstream sector of Nigerian oil and gas industry, Business Intelligence Journal, 10(6), 303-311