UKR Journal of Multidisciplinary Studies (UKRJMS)
Homepage: https://ukrpublisher.com/ukrjms/
Email: submit.ukrpublisher@gmail.com
Volume 1, Issue 10, 2025
ISSN: 3049-432X (Online)

Fiscal Variation and Commercial Banks Assets Quality in Nigeria

Dr Stella Nathan Omubo-Pepple

Rivers State University Department of Finance

***Corresponding Author**: Dr Stella Nathan Omubo-Pepple

DOI: *https://doi.org/10.5281/zenodo.18069328*

Article History

Original Research Article

Received: 10-12-2025

Accepted: 20-12-2025

Published: 27-12-2025

Citation: Dr Stella Nathan Omubo-Pepple, (2025). Fiscal Variation and Commercial Banks Assets Quality in Nigeria, UKR Journal of Multidisciplinary Studies (UKRJMS), Volume 1(10), 57-71.

Abstract

Listed commercial banks in Nigeria were the focus of this investigation of the correlation between fiscal policy volatility and the quality of their assets. To what degree does the dynamic of fiscal policy impact the quality of assets held by commercial banks was the intended examination. The listed commercial banks' annual reports and financial statements provided the panel data, while the Central Bank of Nigeria's statistical bulletins from 2014 to 2023 provided the time series data.We utilized panel ordinary least square methods to analyze the correlation between fiscal policy and the quality of assets held by the commercial banks that were quoted. R2 with adjustments, t-test, probability coefficient, Durbin-Watson statistic, and f-statistic. The model used tax revenue, recurrent spending, capital expenditure, deficit expenditure, and nontax revenue as its parameters to determine the quality of assets. According to the study's adjusted R2 value of 0.525390, which was derived from the table, the independent variables explain 52.5% of the variance in the quality of commercial banks' assets. The results showed that commercial banks' asset quality is negatively affected by taxes and capital expenditure, and positively affected by deficit financing, public debt, and capital expenditure, especially listed commercial banks. Public capital expenditure is significantly correlated with financial performance, recurrent expenditure is significantly correlated with asset quality, tax is not significantly correlated with financial performance, deficit financing is significantly correlated with asset quality, and public debt is significantly correlated with asset quality among Nigerian commercial banks, according to the study's conclusions. The study concludes that listed commercial banks' asset quality can be improved through the implementation of policies aimed at managing the fiscal environment.

Keywords: *Fiscal Variation, Commercial Banks, Asset Quality, Nigeria*

INTRODUCTION

Banks that take deposits into accounts that can be repaid on demand are known as commercial banks. These institutions also provide loans to borrowers and basic investment products. Lending money is a way for banks to generate new currency. Consequently, they are crucial to the functioning of a nation's economy and its financial system. Evaluation of the magnitude and severity of the credit risk linked to its functioning. The safety and success of commercial banks are micro-prudentially determined by the quality of their assets. The quality of a bank's loans, which generate revenue, is the subject of this section of the bank's balance sheet (Abata, 2014). When the BASEL Committee on Banking Supervision issued its 25 guiding principles for successful banking supervision in 1997, these seven were among them. Adherence to banking regulations and the thorough evaluation of loan applications are essential to maintaining high-quality assets. The health of the banking system and financial performance are impacted by low asset quality, which is a microdeterminant of profitability.

According to Lucky and Nwosi (2015), academics have been paying more and more attention to the problem of low-quality assets, also known as nonperforming assets, for a number of decades. Financial institutions in Nigeria consistently had declining asset quality. The unsteady macroeconomic climate, insider abuses, and lax credit regulations and practices all had a role. Some non-performing assets (NPA) in the late 1990s were more than 50% of gross credit, which was a very concerning level. As

a result, numerous key mortgage institutions, financing firms, and community banks went under in 1998, with over 30 banks going under. Ten banks, including the ones that were intervened in, had a nonperforming assets ratio of 54.2% in 2009. (Oni, 2012). If this is to be believed, a string of banking crises has hit Nigeria as a whole. The number of bankrupt financial institutions, a wave of bad assets, the debt-to-capitalization ratio, the drain on depositors' and investors' funds, and the overall impact on the economy are all indicators of the banking sector's failures over the past few decades (Iwedi, 2017). According to Nzotta (2004), Ohwofasa & Mayuku (2012), and Iwedi (2017), more than fifty-eight deposit money banks went out of business as a result of these crises that occurred between 1936 and 1968, 2000 and 2004, and 2004 and 2011.

Aggregate demand, wealth distribution, and the economy's production capacity are all impacted by fiscal policy. The size and pattern of demand for products and services can be affected by changes in spending in the short run. Investment in technological innovations, returns to factors of production, human capital development, capital spending allocation, and overall economic capacity are all impacted by this aggregate demand over time (Mureithi & Moyi, 2003).By manipulating tax revenues and expenditures, governments exert influence over the economy through fiscal policy (Afonso & Sousa, 2011). A tool for managing demand, fiscal policy has long been considered. Mankiw, Gregory, and Ricardo (2002) state that governments deploy fiscal policy to affect the amount of aggregate demand in the economy. This policy aims to accomplish economic goals such as full employment, price stability, and growth. Mankiw et al. (2002) state that fiscal policy impacts aggregate demand, wealth distribution, and the economy's ability to generate goods and services. In the near term, shifts in government expenditure or taxation can influence the size and trend of consumer demand. The allocation of resources and the economy's productive capability are both impacted by this aggregate demand over time. This is because it affects investments in technological innovation, capital expenditure allocation, returns to elements of production, and human capital development. The size and distribution of productive capacity are impacted by tax rates, which in turn affect net returns to labor, saving, and investment.

The amount of money that people and the government are able to spend on various things is affected by taxes, which in turn affects the economy. If the government wants to encourage spending, it can do things like cut taxes, which gives families more money. Then, they can spend it in various ways, which will boost the economy overall. Government debt management and the financing of budget deficits are two areas where fiscal policies interact directly with the banking system. Government involvement as a borrower or lender in financial markets, providing incentives through tax cuts and incentives, and regulating spending patterns all contribute to this direct relationship. Similarly, individuals and non-financial firms have an important and far-reaching role in the banking system's indirect interaction with fiscal policy. When considering the stability of the banking system, this indirect link can be more important than the direct ones. If fiscal policy threatens the functioning of the actual economy, it could indicate a threat to the stability of banks.

Fiscal policies that are expansionary during economic booms and contractionary during recessions are known as pro-cyclical policies, and they are usually believed to be harmful to welfare (Serven, 1998, IMF, 2005). A contractive fiscal strategy is one in which the government aims to reduce expenditure while simultaneously increasing taxes, according to Keynes (1936). According to the research that has been referenced above, pro-cyclical fiscal policies have negative effects on the economy, the poor, and the economy as a whole. A large number of scholars, including Keynes (1936) and others (Cohen and Follette, 2000; Taylor, 2000), have advocated for counter-cyclical fiscal policy, citing its stabilizing benefits. A company's asset quality rating is a reflection of the amount of current and future credit risk linked to its loan and investment portfolios, other assets, and off-balance sheet operations. It also shows how well management can spot, quantify, track, and manage credit risk. The sufficiency of the allowance for loan and lease losses and the exposure to counterparty, issuer, or borrower default under actual or implied contractual commitments should be considered when evaluating the quality of assets. The worth and saleability of an organization's assets are susceptible to a wide variety of hazards; these include operational, market, reputational, strategic, and compliance risks, among others.

Given the interdependence of fiscal policy, monetary policy, and bank profitability, it is critical to comprehend how fiscal policy impacts the asset quality of Kenyan commercial banks. Kithandi (2022) argues that commercial banks are crucial to the future of any economy or nation because of the function they play in distributing risk and providing access to capital. The study's author continues by saying that a country's business cycle is helped along by a well-functioning banking sector, which in turn increases growth and welfare. The quality of commercial banks' assets is, hence, critically important. But new policies that help commercial banks function are necessary if they are to turn a profit. When monetary policy and fiscal policy are used together, they help achieve economic goals and steer the economy in a certain direction. Therefore, the banking industry is directly affected by monetary policy. All parts

of Nigeria's financial sector are worried about the declining performance of commercial banks, according to Kithandi (2022). As an example, the scholar notes that commercial banks' profitability in Nigeria has been on the slide from 2012 to 2016, with interest rate regulations being a major contributor to this trend.

According to Alper et al. (2019), the goals of implementing interest rate regulations were to make borrowing money cheaper, boost savings rates, and make credit more accessible. Micro, small, and medium-sized businesses have seen a collapse in credit, financial intermediation has decreased, and small banks' loan books have shrunk, according to the authors, who assert that the law had the opposite effect. Since the CBN lifted its interest rate regulations, commercial banks have been warned not to charge punishing interest rates above 20%. Lenders are also required to provide reasons for the margins they use in their calculations (Guguyu, 2022). Fiscal policy is directly related to interest rates. As a result of higher interest rates and the displacement of some private investment due to fiscal expansion, the share of production attributable to private investment declines. Additionally, in a liberal economy, interest rates rise as a result of government borrowing, which attracts foreign capital, and the trade balance and exchange rates are directly affected by fiscal policy. Commercial banks benefit from these features of expansionary fiscal policy. According to Maigua and Mouni (2016), commercial banks' performance is positively affected by exchange rates, inflation rates, and discount rates. After the financial crisis of 2008 and the violence in 2007 hit the Kenyan economy hard, the government adopted an expansionary fiscal policy, as previously stated. According to Mathias (2021), who looked at how the pandemic affected commercial banks' performance, the profitability of these institutions took a hit. The government responded during that time. Economic Stimulus Package was one of the first financial and policy measures implemented during COVID-19, according to Owino (2021), with the goals of accelerating the economy's recovery and providing a safety net for companies and individuals who were particularly susceptible to the pandemic's effects. This research looked at how different types of fiscal policy affected the asset quality of publicly traded commercial banks in Nigeria.

LITERATURE REVIEW

Fiscal Variation

Variation in fiscal policy measures over time is known as fiscal variation. To achieve macroeconomic goals including full employment, price stability, and economic growth, the government can alter its intervention tool—the spending and tax system—through fiscal variation, as outlined by Ubi-Abai and Bosco (2017). The automatic stabilizers are a group of fiscal policy tools that, when used as intended, can smooth out fluctuations in a country's economy without further parliamentary approval. Financial and economic systems can be stabilized by policies known as automatic stabilizers, which are set to activate on a regular basis without further intervention from the government. For example, during an economic boom, tax revenues naturally rise and benefit spending lowers, which limits the amount of growth in the economy. Governments use automatic fiscal stabilizers during recessions to spend more on extra claims and to encourage growth, which is different from discretionary fiscal policy. If it turns out the automatic stabilizers aren't cutting it, though, the government can always bump up spending.

To influence economic activities or achieve certain desirable macroeconomic goals, fiscal policy determines the amount and pattern of expenditure and the methods for obtaining revenue (such as taxes) (Chukuka, 2013). It is the process by which the government aims to increase the economy as a whole by spending money (Expenditure) and collecting money (Revenue). It explains how a country's revenue and expenditure plans work together to accomplish its economic goals. By utilizing the tools of taxation and spending, deficit financing, and the determination of transfers of funds from higher to lower governmental levels, fiscal policy is able to influence both aggregate demand and aggregate supply. According to Hughes (2008), changes in government spending and taxes are the tools of fiscal policy. If the economy is in a slump, he says, the government should cut taxes and increase spending to boost aggregate demand. When combined, they tend to counteract the depressing effects of the economy by stimulating demand. Government spending cuts and tax hikes are responses to inflationary pressures. A lower level of aggregate demand is the result of these. Inflation will be reduced and prices and economic activity will be stabilized as a result of all of these.

Government Spending

In order to temporarily alleviate economic downturns, the Keynesian total expenditure model proposes that the government should spend money to encourage company production expansion. Aigheyisi and Oaikhenan (2014) cite Ram's (1986) Growth Accounting Model, which lends credence to the idea that government spending has a positive externality influence on growth and, by extension, on economic success. Stock market growth is influenced by government spending because it influences private sector decisions and actions (Razin, 1987). If everything else is equal, companies with heavy government support may see an uptick in turnover, which, depending on the company's expenses and dividend policy, might lead to higher profits

and larger dividend payouts for shareholders. Stock exchange-listed companies are more desirable and have more demand on the trading floor when their profitability improves and their payouts are noteworthy. Assuming a market that is both functional and efficient, this causes stock prices and market capitalization to rise, which in turn increases the market capitalization of the entire stock exchange and the value of transactions. Government spending has an effect on government employees' income (wages, salaries) via a second channel that influences the development of the stock market. Workers for the government have the option to put some of their salary into stock market assets, but this decision is contingent upon their outlook on the market, their ROI expectations, and the rate of return on other investment options. Government recurrent expenditure includes wages and salaries.

Government Debt

To finance infrastructure development and other projects, the government issues domestic debt instruments like development bonds. The instruments gain liquidity (and hence value) from the stock market, which facilitates trading on them. All else being equal, the value of stock market transactions might rise if bond coupon rates are attractive enough to encourage more trading in the securities. Having said that, if the national debt causes banks to raise interest rates, it could have a negative effect on the growth of the stock market. This is because quoted companies might have trouble getting business loans at higher rates, which would raise their interest expenses and reduce their profits. As a result, stock prices and market activity could dip. The growth of the stock market may also be influenced by the level of government debt.

Capital Expenditure

A lack of effective demand can occur even in a highly flexible modern market economy. Government spending has the potential to directly increase effective demand, setting the stage for market forces to stimulate output. The goal of these types of government spending is not to simultaneously increase supply in the market. All it is is a mechanism for distributing money to increase effective demand. Due to the fact that real revenue is dependent on the utilization of actual resources, this method can only be successful when employment is below full capacity. Inflationary pressures will result from pushing demand beyond full employment. He could have also mentioned that inflationary pressures could start to build up even with less than Ml of employment.

Spending by the government is random. This is due to the fact that developed economies may have a number of rigidities that prevent the effective demand that arises from public expenditures from stimulating greater production in a proportional manner. When it comes to unused excess capacity, for example, certain businesses might not even have any. A rise in demand might lead to monopolistic activities and the rise of militant trade unions. There are a variety of technical constraints and other forms of rigidities that can make it difficult for the economy to properly react to rising demand. This could lead to an inflationary spiral if output is partially increased but falls short of effective demand. In a developing country, where saving and investment are minimal, things are a little different. In order to fix the emerging economy's demand shortfall, policymakers can either direct public savings or investment or encourage private savings and investment. Basic industries, trained workers, capital equity, and social overheads are all lacking in emerging economies.

Taxation

Taxes are mandatory levies levied by various levels of government on various entities, including individuals, groups of individuals, corporations, and other legal bodies. Because there are legal consequences for nonpayment or evasion, the assessed is obligated to pay all assessed sums. The tax base is a legal definition of the subject of taxation, in this case income, and it is used to determine the amount of tax that is due. In addition to being a crucial tool for transferring resources from the private to the public sector of the economy, taxes are significant revenue generators for the government. Authorities claim that taxes fulfill all five governmental functions: allocating, distributing, regulating, coordinating, and stabilizing (Agiobenebo, Onuchuku & Ajie, 2000). The distribution of funds between public and private sectors, as well as between investment and consumption, are all aspects of taxes' allocate function. Taxes' capacity to reduce inequality and even out resource distribution is the basis of their distribution function. Financial Sector For example, the goal of progressive taxes is to get the wealthy to fork up a larger portion of their income than the poor do. The wealth gap is another target of wealth taxes.

Functions of Fiscal Policy

Although particular tax and expenditure measures affect the economy in so many ways and may be designed to serve a variety of purposes, several or less distinct policy objectives may be set forth which now rank as the functions of fiscal policy. These functions would be discussed using the following sub-headings (a) Allocation function: This refers to the provision of social goods or process by which total resources used is divided between private and social goods and by which the mix of social goods is chosen. The basic reason for market failure in the provision of social goods is the need for such goods being felt collectively whereas, that of private goods is felt individually, while people's preference an influenced by their social environment in lost

last wants and preference are experienced individually and not by society at large. The linkage therefore between producers and consumers is broken and the government must step in to provide for such goods. This is the political process entering the picture as a substitute for market mechanism. b. Distribution function: The distribution of income based on the distribution factor endowment is determined by the process of factor pricing, which in a competitive market, sets factors returns equal to the value of the marginal product. But even if all factors prices including wage and other returns personal services were determined competitively, the resulting pattern of distribution might not be acceptable. c. Stability function: Having dealt with the bearing of budget policy on matter of allocation and distribution, we must now examine its role as an instrument of macro-economic policy. Fiscal policy must be designed to maintain or achieve the goods of high employment, a reasonable degree of price level stability, slowness of foreign account, an acceptable rate of economic growth and development. Without the economic trends to be subjected to substantial fluctuations and it may suffer from sustain period of unemployment or inflation (Varghese, 2002).

Fiscal policy instruments are broadly classified into two namely: (a) Automatically fiscal stabilizers: Are among the most interesting instruments in the government antitypical kits or those ingenious devices that help to bring the economy back to an even level without a deliberate action on the part of anyone. These are designed to function in a countercyclical fashion to improve the performance of the economy. b. Discretional fiscal policy measure: Are those actions which have been designed by a legislative or executive action in order to deal with the problem at hand. Their effectiveness is impaired by inaccurate economic forecast as well as lack of promptness on the part of the legislature to enact discretionary measures and the time it takes the executive to put them into effect. Thus, discretionary measures require speed of decision and effect and can be successful in temporal and reversible fiscal changes for stabilization purposes are distinguished from permanent and structural changes. Discretionary fiscal policy includes: Tax transfer scheme: Attempts to help one group of individuals often have unintended consequences on the other group „incentive matter" and it is necessary to have some idea of how behaviour is likely to change when the incentive structure changes.

A levy on consumer products is another fiscal tool for redistributing wealth from high-to low-income families. Value added tax (VAT) is the standard form for this. Vat is a value-added tax that is applied to goods and services. Financial forecasting relies on budgets, which are comprehensive statements of estimations (in numerical terms) of the scope of operations within a certain activity phase and time period. All of the government's income and expenditure for a given fiscal period are detailed in the budget, making it a tool of fiscal policy.

Fiscal Policy Problems in Nigeria

The effective implementation of fiscal policy in Nigeria is hindered by the following primary issues: i. Timing issue: As we will see under the following topic, there are several delays between the formulation and execution of fiscal policy in Nigeria, making it extremely difficult to schedule any given program at the optimal time. ii. The recognition lag: Depicts the duration between when an issue first arises and when it becomes apparent in statistical patterns. Umoh (1993) claims that the serious lack of a reliable statistical infrastructure and database in Nigeria makes the situation even worse. iii) The administrative lag: This is the time it takes to go from realizing there's an issue to deciding to do something about it. The democratic method of decision-making is largely to blame for this delay.

Asset Quality

Reviewing and evaluating the credit risk associated with any particular asset that generally demands the payment of interest, such as investment and loan portfolios, is what the banking sector conceptually calls asset quality. Asset quality was described by Ombaba (2013) as the overall risk associated with a financial institution's diverse assets. Many banks and other financial institutions use it to calculate the percentage of their assets that could go bankrupt and the amount of money they should set aside in case something goes wrong. Loans and advances are the most typical types of bank assets that necessitate a rigorous assessment of asset quality. The return on investment for financial institution loans will rise and failure costs will fall as a result of improved loan quality; however, this improvement will come at a cost that banks will need to carefully monitor (Khalid, 2012). One of the most important features of a bank is its support for asset quality (Gulia 2014). When studying financial institutions, one of the most important factors to consider is the quality of their assets (Chisti 2012). Another factor that could affect the type of credit rating is the effectiveness and efficiency with which the bank's management monitors and controls credit risk.

The low quality of their assets is the main reason why most banks go down. Most loan losses occur from overdue loans, making loans the most risky asset for a bank. To evaluate the state of an asset, the most reliable metrics are its non-performing loan ratio and its provision to loan losses reserve. In order to protect themselves from bad loans, financial institutions must have a sufficient loan loss reserve and adhere to regulatory requirements. Frost, 2004 A bank's assets, which include its investments and loans,

are evaluated according to their quality, which measures their financial strength and risk. The degree to which assets pose a credit risk is reflected in their quality. One of the most critical parts of determining the bank's present status and future sustainability is doing a thorough assessment of asset quality. The CAMELS rating takes asset quality into account, which is dependent on the bank's capacity to detect and recover hazardous assets as well as the quantity, quality, diversity, trend, and comparison of the bank's loans and investment portfolios (Grier, 2007). The profitability ratio is a useful tool for assessing a company's performance, which in turn helps potential investors make investment decisions. Profitability is the financial and accounting metric that this research used to evaluate business success.

Similarly, asset quality is an aspect of bank management that comprises assessing a company's assets to help determine the extent to which the bank's operations provide a credit risk (Abata, 2014). In addition, it draws attention to the seriousness of the current and future credit risk associated with the development and investment portfolios, other assets, and diverse assets, as well as a few transactions that do not appear on the balance sheet. Among the indicators of asset quality is the ratio of bad assets, or non-performing advances, to total credits. A better indicator of the character of investors' credit decisions is the ratio of gross nonperforming credits to gross advances. A higher GNPA indicates that the credit decisions were not well-thought-out (Manoj 2010).

The asset quality of a bank is correlated with the balance sheet's left side. The quality of the loans given to customers is typically the primary concern of the bank's top management, as it directly impacts the bank's earnings. There is a lot of interchange between the terms "asset quality" and "loan quality," which mean the same thing. Creditworthiness of assets since it impacts banks' costs and their ability to take advantage of economies of scale (Bernstein, 1996). Non-Performing Loans are more likely to occur with assets that have poor quality. Bad debts that have gone into default or are about to go into default are typically known as non-performing loans. As a stand-in for asset quality, the provision for bad debt to advances ratio is used. This metric shows how the creditworthiness and overall condition of the bank's loan portfolio have changed over time. Banks' credit risk is thus further indicated by this. The danger that a loan or asset would become unrecoverable due to complete default or a delay in servicing the debt is known as credit risk (Heffernan, 1996). Financial collapse may result from credit risk's domino effect (Bessis, 2002). Unpaid loans and interest accrue at a faster rate and credit risk increases when the provision for bad debt to advances ratio rises. The asset's present value also falls, which is bad for a bank's solvency. High levels of risk ought to be correlated with high levels of profitability, according to the Risk-Return Hypothesis. Kosmidou (2008) argues that low-quality assets can hurt banks' bottom lines by cutting into interest income and driving up provision costs.

A company's asset quality rating is a reflection of the amount of current and future credit risk linked to its loan and investment portfolios, other assets, and off-balance sheet operations. It also shows how well management can spot, quantify, track, and manage credit risk. The sufficiency of the allowance for loan and lease losses and the exposure to counterparty, issuer, or borrower default under actual or implied contractual commitments should be considered when evaluating the quality of assets. The worth and saleability of an organization's assets are susceptible to a wide variety of hazards; these include operational, market, reputational, strategic, and compliance risks, among others.

Among other things, the following evaluation parameters are used to rate the asset quality of banks:

i. The adequacy of underwriting standards, soundness of credit administration practices, and appropriateness of risk identification practices.
ii. The level, distribution, severity, and trend of problem, classified, nonaccrual, restructured, delinquent, and nonperforming assets for both on- and off-balance sheet transactions.
iii. The adequacy of the allowance for loan and lease losses and other asset valuation reserves.
iv. The credit risk arising from or reduced by off-balance sheet transactions, such as unfunded commitments, credit derivatives, commercial and standby letters of credit, and lines of credit.
v. The diversification and quality of the loan and investment portfolios.
vi. The extent of securities underwriting activities and exposure to counterparties in trading activities.
vii. The existence of asset concentrations.
viii. The adequacy of loan and investment policies, procedures, and practices.
ix. The ability of management to properly administer its assets, including the timely identification and collection of problem assets.
x. The adequacy of internal controls and management information systems.
xi. The volume and nature of credit documentation exceptions.

Ratings

1. Strong credit administration and high-quality assets are indicated by a rating of 1. In comparison to capital protection and management's abilities, the identified flaws are of a moderate nature, and the risk exposure is minimal as well. Such institutions' asset quality is not a major issue for supervisors.
2. A score of 2 shows that the credit administration processes and asset quality are satisfactory. A moderate amount of supervision is necessary due to the seriousness and quantity of classifications and other deficiencies. The degree of risk is proportional to the degree to which capital is protected and the competence of management.
3. When the quality of assets or credit administration methods is not up to par, a grade of 3 is given. Depending on the trend, it can be steady, show an increase in risk, or show that asset quality is declining. An elevated degree of supervisorial concern is necessary due to the extent and severity of classified assets, other vulnerabilities, and dangers. In most cases, better methods of managing risks and administering loans are required.
4. Banks with poor credit administration operations or asset quality are given a grade of 4. Banks have substantial risk and problem assets that are not well managed, putting their viability at jeopardy due to the possibility of losses.
5. A grade of 5 indicates that the institution's viability is imminently threatened by severely flawed credit administration processes or asset quality.

Fiscal Policy in Keynesian Theory

Keynes's 1936 book, The General Theory of Employment, Money, and Interest Rates contributed significantly to the field. He took aim at traditional ideas like a balanced budget and the idea of a neutral government. Since monetary policy relies on lowering the interest rate—which is already extremely low—in a recession, monetary policy is helpless, according to Keynes. A system for adjusting revenue drives the price adjustment mechanism as well. As a result of a drop in income, consumers and businesses alike cut back on spending and conserving during economic downturns. Investment and production are likely to fall as a result of this. This means that full employment won't happen because the price adjustment process will lead to further recession.

If the government wants to rescue the economy from a slump, Keynes has a plan. According to him, there are measures that the government may enact that will have a beneficial impact on the economy. To rephrase, Keynes thinks the government ought to play a more active role in the economy. From his vantage point, the economy must not be entrusted to the helpless price adjustment system. Because we all die in the end, he says, there's no purpose in waiting for a recovery. Aggregate demand, which is influenced by public and private economic decisions, is a central notion in Keynesian theory.

Fiscal Policy in the Neoclassical Theory

Prices and salaries are flexible in neoclassical models; workers can adjust their expectations to the point where real prices match expected prices; the market is perfectly competitive and has full employment; and in the short run, the supply curve has a negative slope. Fiscal policy will not be enough to stabilize the economy, according to the above-mentioned assumptions. Both the short-term and long-term effects of completely anticipated fiscal policy are zero, says Lucas (1975), but the government's surprise or poor information can cause unforeseen fiscal policy, which can impact growth in the short-term. So, changes in aggregate demand do not drive fluctuations in output; rather, shocks to the supply side are the culprits. According to Perotti (2007), people's wealth is negatively affected by fiscal growth because they cut back on private consumption and boost the labor supply to make up for the hit to their permanent income. When it comes to systematic approaches to macroeconomics, the Classical school was there first. The price mechanism was advocated for by classical economists such as Adam Smith, Jean Baptist Say, David Ricardo, Pigou, etc. According to this view, government planning and intervention are unnecessary in a perfectly competitive market because of the inherent flexibility that allows for efficient allocation of resources and the protection of economic freedom for everyone (Ekabem & Iyoha, 1999). Nevertheless, there are a number of restrictions and inefficiencies that cause what is known as market failure. The market's inability to distribute income and wealth fairly prevented it from achieving a reasonable degree of societal wellbeing (Ogiji, 2004).

The market economy's inadequacy was underscored by the Great Depression of 1930, which paved the way for the development of Keynesian economics. Once again, traditional economists hold that debt forever funds government deficit spending, which in turn discourages private investment and slows down the economy. Classical economics hold that private savings are unaffected by public debt issuance (Tchokote, 2001). Equally, they argued that, all else being equal, a decrease in the price of securities and an increase in real interest rates result from funding a deficit through expanding the supply of securities, which in turn discourages private investment.

Rational Expectations View of Fiscal Policy

Realistic agents' expectations of future income are affected by long-term shifts in fiscal policy, but they are unaffected by short-term shifts. The importance of short-term repercussions is magnified when agents bring the future consequences of fiscal policy into the present. Specifically, the fiscal multiplier can turn negative if agents anticipate that the initial rise in interest rates and/or the appreciation of the exchange rate, which occurred after fiscal expansion, would persist or perhaps get stronger (Krugman & Obstfeld, 2000). In this case, the transmission to aggregate demand via the permanent income hypothesis is crucial to a weak Keynesian effect, and the effects of policy actions must be persistent.

Empirical Review

In his review of the literature, Orodi (2022) looked at how taxation, public expenditure, and the national budget all affected the performance of Kenyan banks. Government spending is a good fiscal policy indicator when looking at the success of commercial banks, according to the literature. However, corruption is a problem that undermines the effectiveness of government spending controls, which are essential for ensuring that government programs are well-funded. There is no conclusive evidence that budgeting influences the performance of commercial banks, notwithstanding the budget surplus and its beneficial effect on lending. Infrastructure development is critical for increased corporate performance, and taxes play a significant part in this. Nevertheless, additional research is required to fill in the gaps in the existing literature. Investigating how fiscal policy impacted the efficiency of Nigerian banks was the focus of Cosmos, Odumusor, and Idor (2020). Using return on equity as a surrogate for bank performance, the objective was to determine the factors that affected the performance of the banking sector. The research included 26 years, from 1990 to 2015, using a combination of chosen indicators and the OLS regression approach. They looked at a number of measures of bank performance, including GTEXP and GTR, and they evaluated the premise that ROE and these measures do not correlate significantly. Bank performance in the Nigerian economy, as assessed by return on equity, was found to be positively and significantly affected by government total expenditure (GTEXP) and government tax revenue (GTR), although economic policy as a whole has a substantial effect on bank profitability. This led researchers to the conclusion that fiscal policy significantly affects the amount of profit made by Nigerian banks. Better fiscal policies to promote bank economic development should be developed by the government and its monetary authorities. While the previous research looked at the relationship between fiscal policy and the success of commercial banks, the current study looked at the same relationship between insurance companies.

For seven insurance firms traded on the Kuwait Stock Exchange, AlAli and AlForaih (2019) looked into the correlation between internal variables and profitability. There is a negative correlation between insurers' profitability and leverage and age, they found. Conversely, size and tangibility have a positive effect. Fiscal policy and the performance of quoted insurance corporations in Nigeria is not the primary subject of this study. To study how fiscal policy tools affected Nigeria's economic growth, Morakinyo, David, and Alao (2018) analyzed time series yearly data from 1981–2014. Their study employed a vector error correction technique and the Ordinary Least Square approach to examine secondary data taken from the CBN annual statistical bulletin. Spending on fixed items and public domestic debt are inversely related to GDP growth over the long term, while spending on capital goods and external debt are positively related. In the near term, GDP (GDP) is positively correlated with all variables with the exception of REC (recurrent expenditure). The current study made use of panel data, whereas the previous one relied on time series data.

Using data from 20 different insurance firms in Zimbabwe, Mazviona, Dube, and Sakahuhwa (2017) investigated what variables influence these businesses' performance. They employed a total of nine independent variables: growth, claims ratio, liquidity, size, expense ratio, inflation, retention, and leverage. Using panel data from multiple linear regression and factor analysis, they discovered that liquidity positively affects insurance company profitability, whereas expense ratios, claims ratios, retention ratios, company size, and equity capital negatively affect profitability. Finding the association between fiscal policy and financial performance of listed insurance corporations was the subject of the current study, which concentrated on three independent variables rather than the nine in the previous study. Finding a correlation between national debt and stock market performance was Fredrick and Willy's (2016) primary objective. Finding out the effects of central overdraft, commercial bank advances to the government, treasury bills, and treasury bonds on the Kenyan stock market was the primary objective of the study. The study found that while treasury bonds and bills had a little negative effect on stock market performance, commercial bank advances to the government and central bank overdrafts had a large favorable effect. The entire model was deemed significant at a 5% level. Instead of looking at how fiscal policy affects the performance of publicly traded insurance companies in Nigeria, this study concentrated on how fiscal policy affects the financial performance of publicly traded insurance companies in Nigeria.

Both Okoye et al. (2016) and Agu et al. (2015) centered on the relationship between fiscal policy and economic growth. Dumičić (2019) investigated the connections between fiscal policy and financial instability, whereas Thach, Oanh, & Chuong (2018), Adegoriola (2018), and UbiAbai & Bosco (2017) examined the interplay between the two. Research on the relationship between government spending and GDP growth has shown that According to Aero and Ogundipe (2018), fiscal deficits, economic growth, and financial depth in Nigeria are significantly inversely related. Furthermore, a 5% cutoff was set, which is considered to be an advantageous level for economic growth with a one-year lag. Consequently, it was decided that the economy is characterized by persistent budget deficits, which hinder economic growth. Using a dynamic panel ARDL approach, Neem (2019) examined ten nations from 2002 to 2014 and found that fiscal policy is a fundamental tool for economic growth. The connection between fiscal policy and financial instability was investigated by Dumičić (2019). The correlation between fiscal policy and financial instability was identified and characterized in the study. Considerations such as the government's funding costs and their impact on private sector funding costs, the degree to which financial institutions are exposed to the government, and the sustainability of public debt management were among the many aspects of public debt that were investigated in relation to financial stability. Fiscal strategies linked to election cycles have varied temporal horizons for various policymakers due to their unique difficulties, according to the study. Consequently, the ability of those nations to withstand economic downturns is diminished. It also showed that the macro prudential capacity of fiscal policy can be a hot topic for future studies and policy initiatives. The impact of fiscal policy actions on important macroeconomic objectives in Nigeria from 1980 to 2013 was the primary emphasis of Ubi-Abai & Bosco (2017). While fiscal policies did boost output growth in the short term, they had no discernible influence in the long run, according to the findings.

According to Thach et al. (2018), who looked at the effects of fiscal and macro-prudential policies on financial stability in Vietnam during 2008 and 2009, the combination of the two had a significant impact. In 2015, Agu et al. examined how various fiscal policy instruments affected the economy of Nigeria. Government revenue grew at a slower rate than spending, suggesting weak economic growth, although aggregate government expenditures rose in tandem with government revenue. The study also discovered that government spending leads to economic growth. According to Alińska (2016), the foundation for post-crisis macro-financial stability heavily relies on fiscal policy. The research proved that public attention was diverted from public finances due to the banking system crisis, and that the financial system collapsed as a result of heightened fiscal risks. Excessive increases in asset prices and credit should be better managed with a robust countercyclical perspective, according to the results. Many scholars have examined the relationship between fiscal policy and economic growth (e.g., Matallah & Matallah, 2017; Neem, 2019), while others have focused on the connections between fiscal policy and financial stability (e.g., Adegoriola, 2018; Thach et al., 2018; Ubi-Abai & Bosco, 2017).

Literature Gap

In their analysis of the relationship between the capital market and fiscal policy, Agnello et al. (2015) found that rising stock prices affect fiscal variables. Using data from 1960 to 2004, Laopodis (2009) analyzed the relationship between US government budget deficits and stock market performance metrics. Using quarterly data from 1960 to 1984, Darrat (1988) investigated if present stock returns completely reflect all previous fiscal policy measures of the Canadian government. According to Ezirim et al. (2010), public expenditure growth is positively and significantly correlated with sustained price increases in the US, UK, and Kenya, but not in Nigeria. Using quarterly data and the simultaneous equation approach, Rad (2003) investigated the impact on prices of Iran's government revenue and expenditure. This research contrasted with previous works that looked at the relationship between fiscal policy and GDP growth by examining the relationship between fiscal policy and the quality of assets held by Nigerian commercial banks.

METHODOLOGY

In order to get the most out of the evidence that is already accessible, this method integrates theoretical thinking (a prior criterion) with practical observation. As a result, we can see how the independent factors affect the dependent ones. The goal of any research project is to provide answers to the issues that motivated it, and one way to do this is through data collection (Flick, 2009). We shall go to the Nigeria Securities Exchange for secondary data. According to Cooper and Schindler (2006), secondary data is defined as information that will be gathered by other parties. In order to conduct this study, data will be collected for a duration of 10 years, from 2014 to 2023. Theory, empirical research, and conceptual analysis of fiscal policy's impact on commercial banks' performance in Nigeria formed the basis of the model utilized in this study. Hence, the model is described in the following way:

AQ= f (CEXP, REXP, TAXR, NONTAXR, DB) (1)

$$AQ = \alpha_0 + \alpha_1 CEXP + \alpha_2 RCEXP + \alpha_3 TAXR + \alpha_4 NONTAXR + \alpha_5 DB + \mu \quad (2)$$

AQ	= Asset quality measured by nonperforming loans to total bank loan
CEXP	= Capital expenditure
REXP	= Recurrent expenditure
TAXR	= Tax revenue
NONTAXR	= Nontax revenue
DB	= Deficit budget
α_0	= Intercept
$\alpha_1 - a_7$	= coefficient of independent variables to the dependent variable.
et	= error term

A-Priori Expectation of the Result

If the explanatory variables are increased, the dependent asset quality should also rise, according to the a-priori expectation of the variables. Hence, the following can be expressed mathematically: a_1, a_2, a_3

Data Analysis Method

Multiple linear regressions with the ordinary least squares approach will be employed to analyze the data in this investigation. As a quantitative method, this strategy makes use of tables and tests hypotheses with Econometric View regression analysis at a significance level of 5%. Also, we used the student T-test and the F-test to conduct a statistical evaluation of our analytical model and find out how reliable the results were, as well as the regression coefficient of correlation (r) and the coefficient of determination (r^2).

RESULTS AND DISCUSSION OF FINDINGS

Table 1: Correlated Random Effects - Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	9.738194	5	0.0000

Source: Computed from E-View 9.0

To find out if fixed or random effects models were better, we consulted the Hausman (1978) specification. The regression model of the dependent and independent variables has a value of p=0.0000, as shown in the table that presents the results of the Hausman specification test. Since the null hypothesis is accepted, it can be inferred that the random effect model is more suitable. Hence, when the P-value is not significant and the probability of chi-square is greater than 0.05, fixed effects are the better choice.

Table 2: Regression results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CEXP	-0.014729	0.011071	-1.330355	0.1859
REXP	33.50698	3.351597	9.997318	0.0000
TAXR	21.88182	3.407635	6.421410	0.0000
NONTAXR	16.64597	2.935978	5.669650	0.0000
DB	-13.84028	4.886447	-2.832381	0.0054
C	-256.7175	38.88056	-6.602721	0.0000
R-squared	0.524046	Mean dependent var		50.56119
Adjusted R-squared	0.504540	S.D. dependent var		13.97678
S.E. of regression	9.838108	Akaike info criterion		7.456145
Sum squared resid	11808.18	Schwarz criterion		7.589834
Log likelihood	-471.1933	Hannan-Quinn criter.		7.510463
F-statistic	26.86548	Durbin-Watson stat		3.322328
Prob(F-statistic)	0.000000			

Source: Computed from E-View 9.0

With an adjusted R^2 of 0.504540, as shown in the table, the independent variables explain 50.4% of the variance in the commercial banks' asset quality. This indicates that exogenous variables account for 49.6% of the variance in the quality of assets held by the commercial banks that are cited. A significance level of 50.4% was found for the independent variable values, indicating that they significantly affect the quality of commercial banks' assets. This further suggests that additional factors impact the variances in asset quality. The regression model fitted the data, indicating goodness of fit, with an F-statistic (Fisher statistics, a measure of the overall goodness of fit of regression) of 26.86548 and a probability of 0.000090. Additionally, the D-W statistics revealed noteworthy values. The absence of autocorrelation in the regression equation is further supported by the DW statistics value

range of 3.322328. Therefore, significant conclusions can be drawn from the results. According to the research, commercial banks' asset quality is negatively impacted by taxes and capital expenditure, and positively impacted by deficit financing, nontax revenue, and capital expenditure. This is especially true for listed commercial banks.

Table 3: Regression results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CEXP	-0.016619	0.012185	-1.363822	0.1754
REXP	33.45213	3.527177	9.484107	0.0000
TAXR	21.95475	3.589024	6.117192	0.0000
NONTAXR	16.67673	3.090743	5.395702	0.0000
DB	-13.61006	5.162249	-2.636459	0.0096
C	-257.3321	40.92164	-6.288410	0.0000
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.525390	Mean dependent var		50.56119
Adjusted R-squared	0.452042	S.D. dependent var		13.97678
S.E. of regression	10.34621	Akaike info criterion		7.640817
Sum squared resid	11774.84	Schwarz criterion		8.041884
Log likelihood	-471.0123	Hannan-Quinn criter.		7.803772
F-statistic	7.162905	Durbin-Watson stat		3.329788
Prob(F-statistic)	0.000000			

Source: Computed from E-View 9.0

With an adjusted R^2 of 0.525390, as shown in the table, the independent variables explain 52.5% of the variance in the quality of commercial banks' assets. This indicates that exogenous variables account for 47.5% of the variance in the quality of assets held by the commercial banks that are cited. A significance level of 50.4% was found for the independent variable values, indicating that they significantly affect the quality of commercial banks' assets. This further suggests that additional factors impact the variances in asset quality. Goodness of fit was shown by the regression model's 7.162905 F-statistic (Fisher statistics, a measure of the overall goodness of fit of regression) and 0.000090 probability. Additionally, the D-W statistics revealed noteworthy values. The absence of autocorrelation in the regression equation is further supported by the DW statistics value range of 3.322328. Therefore, significant conclusions can be drawn from the results. According to the research, commercial banks' asset quality is negatively impacted by taxes and capital expenditure, and positively impacted by deficit financing, nontax revenue, and capital expenditure. This is especially true for listed commercial banks.

Table 4: Regression results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CEXP	-0.014729	0.011643	-1.265022	0.2083
REXP	33.50698	3.524693	9.506355	0.0000
TAXR	21.88182	3.583625	6.106058	0.0000
NONTAXR	16.64597	3.087609	5.391216	0.0000
DB	-13.84028	5.138811	-2.693284	0.0081
C	-256.7175	40.88857	-6.278465	0.0000
Effects Specification				
			S.D.	Rho
Cross-section random			0.000000	0.0000
Idiosyncratic random			10.34621	1.0000
Weighted Statistics				
R-squared	0.524046	Mean dependent var		50.56119
Adjusted R-squared	0.504540	S.D. dependent var		13.97678
S.E. of regression	9.838108	Sum squared resid		11808.18
F-statistic	26.86548	Durbin-Watson stat		3.322328
Prob(F-statistic)	0.000000			
Unweighted Statistics				

R-squared	0.524046	Mean dependent var	50.56119
Sum squared resid	11808.18	Durbin-Watson stat	3.322328

Source: Computed from E-View 9.0

There is a 52.4% explanatory power for the independent variables in the modified R^2 value of 0.524046 obtained from the table, which pertains to the quality of commercial banks' assets. This indicates that exogenous variables account for 47.6% of the variance in the asset quality of the listed commercial banks. This shown that the values of the independent variables significantly affect the asset quality of the commercial banks at a level of 50.4%. This further suggests that additional factors impact the variances in asset quality. The regression model fitted the data, indicating goodness of fit, with an F-statistic (Fisher statistics, a measure of the overall goodness of fit of regression) of 26.86548 and a probability of 0.000090. Additionally, the D-W statistics revealed noteworthy values. The absence of autocorrelation in the regression equation is further supported by the DW statistics value range of 3.322328. Therefore, significant conclusions can be drawn from the results. The study found that listed commercial banks' asset quality was positively affected by capital expenditure, deficit financing, and nontax revenue, and negatively affected by tax and capital expenditure.

Discussion of Findings

A unit increase in the value of capital expenditure reduces the assets quality of the quoted commercial banks by 13.6% and 0.1%, respectively, according to the regression results shown in table 3. Similarly, tax expenditure has a negative effect on asset quality. Fiscal policy goals and the study's initial assumptions are at odds with the factors' negative effects. Furthermore, the results disprove the fiscal policy theory put out by Keynes. Possible causes of the variables' negative effects include fiscal policy conundrums and shocks to the operating environments of the banks. This finding runs counter to previous empirical research on the topic, including that of Punita and Somaiya (2013), which found that a decrease in lending rates would have a negative impact on bank profitability, Okoye and Eze (2013), which found that the lending rate and monetary policy rate significantly and positively affect the profitability of deposit money banks in Nigeria, and Isek, Friday Cosmos, Odumusor, Charles Joseph, and Idor, Roy Michael (2020). Findings indicate that fiscal policy impacts bank profitability on a macro and micro level. In the Nigerian economy, using return on equity as a proxy, it was found that government total expenditure (GTEXP) and government tax revenue (GTR) had a positive and significant impact on bank performance. The value of transactions on the Nigerian Stock Exchange is unaffected by the federal government's recurrent expenditure, domestic debt, and external debt in the short and long terms, according to Aigheyisi and Edore (2012).

Return on equity increases by 33.4%, 21.9%, and 16.6% within the periods, respectively, due to recurrent expenditure, nontax revenue, and deficit financing's positive and significant effects on commercial banks' asset quality. This finding confirms our prior expectations and the goal of fiscal policy, according to Keynesian economists. In contrast to previous research by Fredrick and Willy (2016), which found that treasury bonds and treasury bills had a negative but insignificant impact on stock market performance, this variable's positive effect confirms the findings of Emmanuel and Frank (2016), who found a significant positive relationship between real stock market returns and real budget deficit for both samples. Governments whose economies are highly dependent on the stock market for funding expenditures may be subject to increased demands for monetary and fiscal tightening, particularly in situations where the stock market's market capitalization is relatively low (Mosley 2003), as investors react to policies and institutions (Imran 2009, Jensen 2008).

CONCLUSION AND RECOMMENDATIONS

Conclusion

The purpose of this research was to analyze the connection between the fiscal policy dynamic and the quality of the assets held by Nigerian commercial banks. With an adjusted R2 value of 0.525390, the study concluded that the independent factors explain 52.5% of the variance in the quality of commercial banks' assets. Goodness of fit was shown by the regression model's 7.162905 F-statistic (Fisher statistics, a measure of the overall goodness of fit of regression) and 0.000090 probability. Additionally, the D-W statistics revealed noteworthy values. Further evidence that the regression equation does not suffer from autocorrelation is provided by the study's DW statistics, which fall within the range of 3.322328. Therefore, significant conclusions can be drawn from the results. The study's results showed that commercial banks' asset quality is negatively affected by taxes and capital expenditure, and positively affected by deficit financing, nontax revenue, and capital expenditure, especially among quoted commercial banks.

The analysis finds a significant association between public capital expenditure and the asset quality of commercial banks in Nigeria, as indicated by the P-Value = 0.0096 < 0.05 at a 5% level of significance. Moreover, the analysis found a significant association between recurrent

expenditure and the asset quality of Nigerian commercial banks (P-Value = 0.0000 < 0.05 at 5% level of significance), supporting the second hypothesis. The analysis concludes that there is no significant association between tax and the asset quality of commercial banks in Nigeria based on hypothesis three, with a P-Value of 0.1754 > 0.05 at a 5% level of significance. The p-value, which is less than 0.05, is 0.0000. The study found a significant association between deficit financing and the asset quality of commercial banks in Nigeria at the 5% level of significance. The study concludes that commercial banks in Nigeria have a significant association between nontax revenue and asset quality, as the P-Value is 0.0000 < 0.05 at a 5% level of significance.

Recommendations

i. The decision-making process of commercial bank management should incorporate fiscal policy actions, or more specifically, incorporate information and/or warnings about the increasing size of government final consumption expenditure, because this has significant financial consequences.

ii. Considering the proven impact of fiscal volatility on the financial performance of listed commercial banks, it is necessary for the government to align its fiscal policy actions with their operations.

iii. With the goal of improving performance, monetary authorities should improve fiscal policy to boost banking sector savings and investment. A large portion of the annual budget, especially the capital budget, often goes unused in Nigeria due to the country's fiscal framework. As a result, the research suggests that the annual budget should be better executed.

iv. In order to improve the efficiency of economic agents, the study suggests that public funds should be allocated to productive economic endeavors. The government should lower the corporate income tax rate, which will decrease the tax burden, and insurance company management should establish internal and external procedures to minimize the outflow of cash due to tax liabilities.

REFERENCES

1. Abata, M. A., (2014). Assets Quality and Bank Performance: A Study of Commercial Banks in Nigeria. *Research Journal of Finance and Accounting, 5 (18), 39 – 44.*
2. Adegoriola, A.E. (2018). An Empirical Analysis of Effectiveness of Monetary and Fiscal Policy Instruments in Stabilising Economy: *Evidence from Nigeria. Social Sciences, 7, 133-140.*
3. Afonso, A., & Sousa, R. M. (2008). The macroeconomic effects of fiscal policy. *ECB Working Paper.*
4. Agiobenebo, T. J, O. L. Onuchuku, H. A. Ajie (2000), *Public Sector Economics: Theories, issues and application* Port Harcourt, Lima Computers.
5. Agnello, L., Castro, V., Jalles, J.T. and Sousa, R.M., 2015. What Determines the Likelihood of Structural Reforms? *European Journal of Political Economy, 37, 129-145.*
6. Agu, S., Okwo, I., Ugwunta, O., & Idike, A. (2015). Fiscal policy and economic growth in Nigeria: Emphasis on various components of public expenditure. *Sage Open, 5*(4), 2158244015610171. Available at: https://doi.org/10.1177/2158244015610171.
7. Aigheyisi, O. S. and Oaikhenan, H. E. (2014). An Econometric Investigation of the Determinants of Commercial Banks' Loans and Advances to the Private Sector in Nigeria. *African Journal of Microfinance and Enterprise Development, 4(2), 46-66*
8. AlAli, M. S., AlSalem, A. S., AlAwadhi, K. M., AlForaih, E. O., & AlSabah, A. M. (2019). Examining the nexus between internal factors and profitability of insurance companies listed at Kuwait stock exchange. *Kuwait Chapter of the Arabian Journal of Business and Management Review, 8(1), 30-37.*
9. Alińska, A. (2016). Fiscal sustainability and financial stability–challenges and experiences during a time of financial crisis. *Structural Changes in Public Sector Units, 70*(5), 13-24.
10. Alper, C. E., B. Clements, N. Hobdari, & R. Moyà Porcel, (2019). Do Interest Rate Controls Work? Evidence from Kenya. *IMF Working Papers, WP/19/119.*
11. Bernstein, D .(1996) Asset quality and scale economies in banking. *Journal of Economics and Business,* **1996,** 48, 157-166.
12. Chukwuka Chudi-Orji (2013). Privatization and commercialization in Nigeria; Policies economic-impact. Retrieved on 20/12/2016 from (www.doublegist.com/privatization)
13. Cohen, D., & Follette, G. (2000). The Automatic Fiscal Stabilizers: Quietly Doing Their Thing.

Federal Reserve Board, FEDS Working Paper No. 2000-35

14. Cosmos, I. F.,Odumusor, C. J., &Idor, R.M. (2020). Effect of Fiscal Policy on the Performance of Banks in theNigerian Economy. *IOSR Journal of Economics and Finance (IOSR-JEF)11(1), 55-60.*

15. Cosmos, I. F.,Odumusor, C. J., &Idor, R.M. (2020). Effect of Fiscal Policy on the Performance of Banks in the Nigerian Economy. *IOSR Journal of Economics and Finance (IOSR-JEF)11(1), 55-60.*

16. Darrat, A.F. (1988) Have large Budget Deficits Caused Rising Trade Deficits? Southern Economic Journal,54, 879-887. http://dx.doi.org/10.2307/1059523

17. Ezirim, C. B., Muohgalu, M. I., Elike, U., & Amuzie, A. E. (2010). Public expenditure growth, inflation and cointegration: evidence from Nigeria. *International Journal of Business and Behavioural Sciences' Research,1*(1), 1-14.

18. Guguyu, O. (2022). Receiver managers turning hangmen for struggling businesses: Business Daily, online version

19. Heffernan, S., (1996). Modern banking in theory and practice, John Wiley and Sons, Chichester

20. IMF (2005) Microfinance: A View from the Fund. IMF, Washington DC

21. Iwedi, M., (2017). Bank Failure in Nigeria: Evidence of Prudential Regulator Laxity. *Frontiers in Management Research*, *1(4), 141-150.*

22. Keynes, J. M. (1936). *The General Theory of Employment, Interest, and Money*. Houghton Mifflin Harcourt.

23. Khalid, A.C., (2012). The impact of asset quality on profitability of private banks in India: A case study of JK, ICICI, HDFC & YES *Banks Journal of African Macroeconomic Review of Accounting Studies, 2(1): 127-143.*

24. Kithandi, C. K. (2022). Monetary Policy and Financial Performance of Commercial Banks in Kenya. *The International Journal of Business & Management, 10*(6), 40-46.

25. Kosmidou, K. (2008). The Determinants of Banks' Profits in Greece during the Period of EU Financial Integration. *Managerial Finance, 34, 146-159.*

26. Krugman, P. & Obstfeld, M. (2000). *International Economics: Theory and Policy. 5th Edition,* Sultan Qaboos University, Muscat

27. Laopodis, N. T. (2009), Fiscal policy and stock market efficiency: evidence for the United States. *The Quarterly Review of Economics and Finance, 49(2), 633-650.*

28. Lucky, A. L., & Nwosi, A. A., (2015). Asset quality and profitability of commercial banks: Evidence from Nigeria. *Research Journal of Finance and Accounting, 6 (18), 27 – 34.*

29. Maigua, C., & Mouni, G. (2016). Influence of Interest Rates Determinants on the Performance of Commercial Banks in Kenya. *International Journal of Academic Research in Accounting, Finance and Management Sciences, 6, 121-133.*

30. Mankiw, N. Gregory, and Ricardo Reis. (2002). Sticky information versus sticky prices: A proposal to replace the new Keynesian Phillips curve. *Quarterly Journal of Economics 117(4):1295-132*

31. Manoj. (2010). Determinants of Profitability and Efficiency of Old Private Sector Banks in India with Focus on Banks in Kerala State: An Econometric Study. *International Research Journal of Finance and Economics ISSN 1450-2887 Issue 47*, pp 7-21.

32. Mazviona, B. W., Dube, M., & Sakahuhwa, T. (2017). An analysis of factors affecting the performance of insurance companies in Zimbabwe. *Journal of Finance and Investment Analysis, 6(1), 1-21.*

33. Nzotta, S.M. (2004). *Money, Banking & Finance: Theory and Practice,* Owerri: Hudson-Jude Nigeria Publishers.

34. Ohwofasa, B.O., & Mayuku, J.G. (2012). Determinants of Bank Distress and effect on Nigerian Economy, 1986 – 2010. *An Empirical Analysis. European Journal of Humanities and social sciences, 17(1), 23-44.*

35. Okoye, L. U., Evbuomwan, G. O., Modebe, N. J., & Ezeji, F. N. (2016). Macroeconomic performance and government fiscal deficits-Evidence from Nigeria. *Nigerian Journal of Management Technology & Development, 7*(2), 1-8.

36. Ombaba K.B.M., (2013). Assessing the factors contributing to non-performance Loans in

Kenyan Banks, *European Journal of Business and Management, 5(32), 13-20.*

37. Owino, O. B. (2021). An empirical analysis of value added tax on economic growth. Evidence from Kenya data set. *Journal of Economics, Management, and Trade*, 22(3), 1-14.

38. Razin, A. (1987). Fiscal policies and the stock markets: international dimensions. Working Paper Series, No.2389, National Bereau of Economic Research, September.

39. Serven, Luis. (1998). Macroeconomic Uncertainty and Private Investment in LDCs: An Empirical Investigation. The World Bank

40. Taylor, J. B. (2000). Low Inflation, Pass-Through, and the Pricing Power of Firms. *European Economic Review, 44,* 1389-1408.

41. Thach, N., Oanh, T., & Chuong, H. (2019). The interaction between fiscal policy, macroprudential policy and financial stability in Vietnam-An application of structural equation modeling. In Structural Changes and their Econometric Modeling 12 (pp. 275-288). Springer International Publishing. https://doi.org/10.1007/978-3-030-04263- 9_21

42. Ubi-Abai, I., & Bosco, I. (2017). Fiscal policy and macroeconomic stability in Nigeria. *North Asian International Research Journal of Social Science and Humanities, 3*(5), 3-23.