MULTINATIONAL BANKING AND VALUE ADDED TO THE BANK, BANKING SYSTEM, CUSTOMERS AND SHAREHOLDER

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Abstract

The banking system is one of the major drivers of the financial system of any economy. Therefore, development of the banking system is vital to economic growth and development, and the banking system develops through the activities of the banks. Thus, the major objective of this study is to look at the value banks add to itself, the banking system, the customers and shareholders. Panel data and questionnaires were used in carrying out the research on five top multinational banks in Nigeria. Results of the panel data analysis using random effect regression results also shows that both total equity and customer's deposits significantly improve profit before tax of the selected deposit money banks in Nigeria. However, the bank's investment in their subsidiaries exposed them to greater risk and possibility of decline in their profit before tax. Results of the secondary data shows that multinational banks significantly add value to the bank, banking system, the customers and the shareholders. Based on the of the random effect regression analysis, we recommend that the banks look into its investment in subsidiaries because it adversely affects profit after tax, the banks are advised to look into externalities that may affect investment in subsidiaries. Regulatory body should also bring up policies that would encourage the banks to go multinational, because multinational banking helps the banking system of a country and therefore grows and develops the financial system.

Keywords:* *Multinational Banking, Banking System, Profit After Tax, Investment in Subsidiaries, Deposit, Total Equity.

INTRODUCTION

The banking system has gone through different evolution over the years, one of which is multinational banking (MNB), which goes a long way in history. The definition of multinational banking (MNB) has been subjected to different interpretations and sometimes used interchangeably. International bank is used by World Bank to describe banks that have gone aboard, whether by subsidiaries or branches, while transnational bank is used by the International Monetary Funds (IMF) to describe multinational banks. In the study by Williams & Sturm (2010), a multinational bank can be classified as a banking institution through correspondent relationship, foreign direct investment or direct lending to customers from home offices that engages into cross country banking.

Multinational banks in general refers to banks that have physical presence in other countries, which infers that such banks have decided not just to be restricted to country where it first started its operations, but to also have functioning branches in other countries. Basically, for a bank to go multinational it must be of good financial standing. Such banks have to be sufficiently liquid and solvent to a level, whereby the banks outward expansion or going multinational would not have adverse effect on the bank's domestic finances. Banks do not just go multinational without any reason or purpose for doing so. Banks generally go multinational for three major reasons, as part of corporate goals or objective, to establish branches in different countries in the world. Banks also go multinational to follow their customers who trade intentionally. Another incentive for going multinational is profit maximization. Some banks in Nigeria can relate to these three core reasons for going multinational.

United Bank of Africa (UBA) in Nigeria is one of the largest multinational banks, its reason for going multinational is to connect people and business across Africa, through retail and corporate banking, innovative cross-border payments, trade-finance and investment banking. One of the business the bank focuses on is to maintain global presence across three different continents, to increase access to multilateral trade and position as the bank of choice, across African continent. UBA currently has 750 branches in 19 African countries with presence in New York, London and Paris. The presence of UBA in different countries, and many branches nationwide has made them easily accessible to customers.

Driven by the need to provide customers with exceptional services, Zenith bank decided to go multinational and this has provided them with the ability to easily provide letter of credit, import bill of collection, Non-valid for forex/advanced payment, export transaction, invisible remittance, e-services to customers, which has really added value to customer's trade, especially to importers. Zenith bank currently has branches in 5 countries.

The major reason Guaranty Trust Bank (GTB) went multinational, is to provide high quality financial services and be the best at all times, while adding value to all stakeholders. GTB currently has branches in 9 other countries. Whereas, Diamond bank has branches in 5 other countries, its major reasons for going multinational is to expand its market and be closer to its customers and also deliver superior values to the customers.

Large corporations become MNBs clients, due to the services they render. By providing services to their customers aboard, they add value to the business of those customers, especially in form of loan to expand the business, and customers can easily do transactions, because they are working with banks that they are familiar with both home and aboard. Borrowers information also play a role in the reasons why banks go multinational, and the value multinational banks add. It would be easier for a bank to go multinational and have branches aboard to monitor how money lent out for international trade is been used. Thus, the banks continually send delegates to check. This does not only make it easier for the check on the activities of the customers, but it helps them to also prevent bad debt. It goes a long way to prevent accumulation of bad debts which can lead to insolvency especially if the bank lends to Multinational Corporations (MNCs). This helps the banking system, as there would be no need for bailout or buyout of any bank due to insolvency arising from bad debts.

One of the major problems, that multinational banks might face is importing financial crisis from their overseas branches to domestic branches. The fact that most Nigerian profit driven banks have decided to go multinational, which necessitates examining the value, such Nigerian multinational banks adds to the banking system.

Multinational banks are rapidly becoming very popular in Nigeria, with over five Nigerian multinational banks. This shows a level of development in the Nigerian banking system. Banks are established not just only to add value to itself, but also to add value to the banking system. Banks go multinational for particular reasons, some of which has been mentioned in the background of study. The financial statement of five selected banks, shows that some of the subsidiaries incur loses, which affected the profit of the banks. Diamond bank became multinational in 2011 and form 2011-2015 the loss incurred by the subsidiaries amounted to 3,815,079,000, Zenith bank incurred 4,768,000,000 loss from 2010-2015 from its subsidiaries, UBA incurred a loss of 3,283,000,000 in 2010 and in 2011 the entire bank recorded a total loss of 7,966,000,000, Access bank recorded a total loss of 2,219,970,000 from its subsidiaries from 2010-2015, GTB have not recorded any from its subsidiaries. All these losses are detrimental to the banks, because the bank invest a substantial amount of money in its subsidiaries every year. This study seeks to examine to examine multinational banking using five selected multinational bank. It seeks to examine the value multinational banking. The reality of the situation is that some banks are going multinational, but what values have these banks added to itself, the banking system and its customers.

Bank for international settlement (1988) and Fry (1995), in their work assert that MNB entry increases market discipline, the efficiency of domestic banks, and thereby financial intermediation and the supply of credit. These are value addition, which means there would be an increase in business, improvement in the banking system and the economy.

The study of Christian and Mark (2000) on the impact of multinational banks on development finance concluded that the influence of MNB on domestic bank credit supply depends on the domestic bank net worth. If a bank has a net worth that is above the safety level the bank would not increase its loans based on the entry of MNB. If the net worth is below the safety level the bank would increase its loan due to the entry of MNB, particularly for very risky project. They went further to say that, the financial competition from MNB limits the ability of domestic banks to raise their net worth. This will make domestic banks restrict their loans if their net worth is above their safety.

Multinational banking has effects on the activities of the bank which in turn affects the banks domestic depositors. A bank going multinational is a development to the bank. It is important that a bank adds value to the banking system. This would bring about development and growth to the system. Nigeria banks would not want to go multinational, and would not focus on extending their branches beyond its national shores, if there are no benefit attached to it. In terms of increasing their total profit after tax, net worth and other benefits attached to it.

The banking world is evolving and multinational banking is part of this evolution. The general objective and purpose of this study is to study the value multinational banks adds to the banking system

While the specific objectives of this study are as stated below

1. To provide an on what explanation on multinational bank operates
2. To examine if banks have achieved the reason for going multinational
3. To examine if the activities of multinational banks affects its domestic branches
4. To examine the value multinational banks adds to its customers

This study looks at the benefit multinational banks has on the bank and the banking system at large which directly or indirectly affects the economy. It looks at the value multinational banks adds to the banking system. Using five multinational banks, United Bank for Africa (UBA) which has branches in 22 other countries, Zenith bank has branches in 5 other branches, it also has representative office in South Africa and China, Guaranty Trust Bank (GT Bank) it has branches in 9 other countries, Diamond Bank has 5 branches in other countries, Access bank it has branches in 8 other countries. The work is to cover 5 years of each banks statement of account.

Based on objectives this study and research problems provided in the previous sections, the following research questions were set out:

1. What types of values do multinational banks derive from the establishing abroad?
2. What values do multinational banking add to the domestic banking system?
3. How do values MNBs generate translate to benefits to their customers?
4. What effects do the activities of multinational banks have on its domestic branches?

In order to provide answers to the research questions, the following hypothesis will be used;

Hypothesis 1
$H_{0;}$ Multinational banks do not significantly add value to the domestic banking system in Nigeria and that of the host country
Hypothesis 2
H_0; Nigerian Multinational banks do not add specific benefits to the domestic customers
Hypothesis 3
$H_{0;}$ The activities of multinational banks do not add any specific value to the particular bank.

This research work will be useful to all banks, as it would help them know if opening branches outside its domestic boarders adds value to the banks and the banking system. For banks that are not multinational this study would be important in helping them decide, whether to go multinational or not. It also helps to decide if going multinational would add value to them. This study would also be important for banks that are already multinational as it would help them decide whether to increase, the branches overseas or not. It would also be useful for banks that are multinational to establish policies that would help them develop their multinational branches if necessary. This study is also important to the government as it would help them know the way multinational banks functions when. The Central Bank of Nigeria would also find this study useful for policy formulation for banks.

This research is targeted at examining the multinational banking and the value multinational banks add to the banking system. One of the problem this study is the availability of data to use in analysing the study. Time is also a limiting factor for this research.

LITERATURE REVIEW

Conceptual literature

Multinational means involving or including several countries or individuals of several nationalities. Banks are financial institutions licensed to receive deposits and make loans. Banks many also provide financial services, such as wealth management, currency exchange and safe deposits. In Nigeria, there are the money deposit banks, non-interest banks, merchant banks and the foreign bank representative. This study is focused on the money deposit banks. Banking is the business conducted or services offered by banks. It is the business of keeping money for savings and checking accounts or for exchange or for issuing loans and credit.

Robinson (1972), defined Multinational banking as operating a bank in, and conducting banking operations that derive from, many different countries and national system. He went further to say that; multinational banks can be compared to a multinational company. It can be classified as a financial multinational corporation, because they enjoy similar advantages and disadvantages in host countries. However, this definition and description of multinational banks, can only be applied to commercial banks that engage in domestic banking activities in the host country. Hence, they compete with the native banks. According to Weller (2002), multinational banks are those that physically operate in more than one country.

Multinational banking in Nigeria

Banking Supervision Department has a unit dedicated to supervise the activities of multinational banks in Nigeria, this was created by the Central Bank of Nigeria (Alade,2012). A Framework for the Supervision of Cross-Border Institutions, which provides guidance on the supervision of cross-border Nigerian bank subsidiaries and supervisory cooperation with host countries, was put in place (Ukeje, 2012). The CBN has entered into bilateral Memorandum of Understanding (MoUs) with a significant number of jurisdictions, where Nigerian banking presence has been established. Among the MOUs are those with all English-speaking West African countries, Bank of Ghana, COBAC, China Banking and Regulatory Commission, Bank of Uganda, FSA, South Africa Reserve Bank, National bank of Rwanda, Bank of Zambia, Central Bank of Kenya, BCEAO, Central Bank of the Gambia, Bank of Mauritius, Bank of Sierra Leone, WAMZ (the Gambia, Ghana, Guinea, and Sierra Leone), Bank Negara Malaysia, Central Bank of Liberia, and Central Bank of Guinea. The MoUs contain details on information sharing, on-site examination, confidentiality of shared information, and consolidated supervision (Ukeje, 2012).

West African Monetary Zone (WAMZ) now have a college of supervisors, aimed at enhancing cooperation, coordination, and information exchange among supervisors in the WAMZ area. The CBN is a member of this college. The College of the WAMZ is generic and not aimed at strengthening the supervision of a specific bank or banks (Ukeje, 2012). A joint examination conducted on Nigerian banks in West African countries (such as Gambia, Ghana, Guinea, and Sierra Leone etc.) by CBN, with the presence of relevant host countries. Ukeje (2012), stated that "the initial experiences of the Bank with consolidated supervision of Nigerian multinational banks have been encouraging, but it faces some serious challenges in the area of language, differences in quality of supervision, reporting requirements, and off-site monitoring systems". While international banks engage in cross-border operations and do not set up operations in other countries, for example Zenith bank giving loan to a bank in Poland is considered international banking.

Empirical framework

The banking system is a network of institutions that provide financial services, multinational banks are established not just to add value to itself, but also the banking system. There is different view on the entry on multinational banks. Some support multinational banks while others don't. In a study by Demiguc-Kunt & Detragiache (1998), they opined that, the entry of MNB may make domestic banks to lend more, but for risker projects because they become less prudent in their activities under mounting competitive pressure, which will pose a big problem for the banking system. Which means that, the increase of loan by domestic banks due to the entry of MNB might lead to greater financial instability in the banking system, which would affect the banking system, and the economy in the long run. Since domestic banks would involve in giving out riskier loans, because of the entry of a greater financial competition which are the MNBs, which might result in bad debt to the domestic banks, and can have effect on the banks liquidity and solvency at the long run, due to accumulating bad debts.

Mullienux & Murinde (2003), in their study opined that multinational banking business can be a capital consuming scheme, especially in the light of increasing importance of information technology investment and capital adequacy requirements. It is expressed in their study that due to the access of lower cost capital large banks may have additional comparative advantages in offshore markets, therefore it may decide to take advantage of its capital, asset strength and size by expanding its business offshore. McCauley & Zimmer (1991), found a significant difference in the bank's cost of capital incurred by commercial banks in different countries. In the US market, they found that the increase in market share of MNBs ca be explained by the differences in the cost of capital in the MNBs domestic market.

Ralph & Iman (2014), examined multinational banks and the global financial crisis. comparing the lending of 199 subsidiaries of 48 largest multinational banking groups during the great recession and with the lending of 202 domestic banks, results of the standard deviation, mean, median, and panel regression analysis shows that compared to previous crises, the parent banks did not strengthen its subsidiaries during 2008-2009. Multinational banks compared to other domestic banks had to slow down its credit growth three time more, particularly multinational subsidiaries that relied more on wholesale funding.

DATA AND METHODOLOGY

Data Collection

This study employed primary and secondary data. The secondary data were extracted from the annual financial statement of five multinational deposit money banks in Nigeria for the financial period 2010-2015. This period is used due to the date the banks became multinational. The instrument for data collection for primary data is a self-structured questionnaire. The objectives and hypotheses of the study are also considered. Each section of the questionnaire will evaluate the variables.

The sections of the questionnaires are as follows;

Section A: Socio demographic factors like Gender, Age, Educational attainment

Section B: Multinational banking value addition to the bank and banking system will consist of ten Likert questions. The variable will be measured on a 30-point rating scale

Section B: Multinational banking value addition to the customers and shareholders consist of six Likert questions. The variable will be measured on an 18-point rating scale.

Model Specification

Secondary data

$$PAT = f(IIS, DEP, LOA, RA, TE) \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots \dots . (i)$$

Where;
PAT – Profit after tax as the explained variable
IIS – Investment in Subsidiaries
DEP – Customer Deposits
LOA – Bank Loans to Customers
RA – Real Assets of Banks
TE – Total Equity
This study assumes a non-linear model structured in its explicit form as;

$$\mathbf{PAT = A.\ IIS^{\beta 1}.\ DEP^{\beta 2}.\ LOA^{\beta 3}.\ RA^{\beta 4}.\ TE^{\beta 5}.\ \mu_{it} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ (ii)}$$

$\beta 1, \beta 2, \beta 3, \beta 4, \beta 5$ are parameters to be estimated; **t** = 2010 – 2015; μ_{it} = stochastic term.
Explicit form therefore illustrates;

$$PAT_{it} = \beta_0 + \beta_1 IIS_{it} + \beta_2 DEP_{it} + \beta_3 LOA_{it} + \beta_4 RA_{it} + \beta_5 TE_{it} + \mu_{it} \dots \dots \dots \dots \dots (iii)$$

Primary data

$$\mu = \frac{\sum_{i=1}^{N} x_i}{N}$$

μ = Population Mean
∑ = summation sign
X_i = value of element i of the sample
N = population size

$$\sigma = \sqrt{\frac{\sum (x_{i-}\ \mu)^2}{N}}$$

μ = population mean/ true value
x_i = individual measurement
N= total number of measurement
σ = population standard deviation

Estimation Technique

The primary data obtained from the questionnaires will be collated and be analysed using Statistical Package for Social Science (SPSS) version 22 using mean and standard deviation to check for the expected value, that is the number or percentage of people that answered the question toward the expected answer and the deviation from the expected value either high or low. The study employed the multiple regression model for the secondary data to assess effect banks going multinational has on the bank, the customer, shareholders and banking system. The process adopted are pool regression, fixed effect regression, random effect regression, Durbin-Wu-Hausman test.

DATA PRESENTATION AND ANALYSIS

Table 2: Fixed Effect Regression

Dependent Variable: InPat	Coefficient	P-value
InIIS	-1.685212	0.0857
InDEP	0.814773	0.4627
InRA	-0.155322	0.8668
InTE	2.038680	0.0179**
Constant	-3.804349	0.7165
Adjusted R^2 = 0.654		
F-stat = 6.68		
Prob(F-statistic) = 0,000**		

Source: Researcher's computation (2017) from E-view (8.0) NOTE: (**) denotes rejection of hypothesis at 5% significance level

Interpretation

The fixed effect regression estimated results presented in Table 2 indicate that the independent variables (investment in subsidiaries, customer's deposits, real assets of banks and total equity) jointly explained 65.4 percent variations in the dependent variable (profit after tax). Also, the probability of F-statistic of 0.000 is less to 0.05 which indicate that the fixed effect model is statistically significant at 5 percent. Thus, there is linear relationship between the independent variables and the dependent variable.

The probability values of investment in subsidiaries (LIIS), customer's deposit (LDEP) and real asset (LRA) are individually more than 0.05. Thus, investment in subsidiaries, customer's deposit and real asset are statistically insignificant 5 percent significance level. However, total equity (LTE) is statistically significant at 5 percent significance level.

Specifically, 1 percent increase in investment in subsidiaries (LIIS) insignificantly induce 1.68 percent decline in profit after tax (LPAT) while 1 unit increase in customer's deposit insignificantly induce 0.81 percent rise in profit after tax. Also, 1 percent increase in total equity (LTE) significantly induce 2.04 percent improvement in profit after tax but 1 percent increase in real assets (LRA) insignificantly induce 0.16 fall in profit after tax.

Table 3: Random Effect Regression

Dependent Variable: InPat	**Coefficient**	**P-value**
InIIS	-1.024470	0.0299**
InDEP	1.286306	0.0253**
InRA	-1.134389	0.1541
InTE	2.063740	0.0010**
Constant	-7.068149	0.2577
Adjusted R^2 = 0.637		
F-stat = 11.54		
Prob(F-statistic) = 0,000**		

Source: Researcher's computation (2017) from E-view (8.0) NOTE: (**) denotes rejection of hypothesis at 5% significance level

Interpretation

The random effect regression estimated results presented in Table 3 indicate that the independent variables (investment in subsidiaries, customer's deposits, real assets of banks and total equity) jointly explained 63.7 percent variations in the dependent variable (profit after tax). Also, the probability of F-statistic of 0.000 is less to 0.05 which indicate that the random effect model is statistically significant at 5 percent. Thus, there is linear relationship between the independent variables and the dependent variable.

The probability values of investment in subsidiaries (LIIS), customer's deposit (LDEP) and total equity (LTE) are individually more than 0.05. Thus, investment in subsidiaries, customer's deposit and total equity are statistically significant 5 percent significance level. However, real asset (LRA) is statistically insignificant at 5 percent significance level.

Specifically, 1 percent increase in investment in subsidiaries (LIIS) significantly induce 1.02 percent decline in profit after tax (LPAT) while 1 unit increase in customer's deposit significantly induce 1.29 percent rise in profit after tax. Also, 1 percent increase in total equity

(LTE) significantly induce 2.06 percent improvement in profit after tax but 1 percent increase in real assets (LRA) insignificantly induce 1.13 fall in profit after tax.

Table 4: Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.001153	4	0.2872

Source: Researcher's computation (2017) from E-view (8.0)

Interpretation

The decision on whether the random effects (RE) model or fixed effects (FE) model was an appropriate model for this study depended on whether the individual effect was fixed or random. A comparison of the consistent fixed-effects with the efficient random-effects estimates using the Hausman specification test, accept null hypothesis of random-effects estimates at $p<0.05$ and reject the fixed-effects model. Since the p-value of Chi-square (0.287) presented in table 4 is more than 0.05. This suggests that variance across the selected banks is not zero with significantly random difference across unit (that is there is panel effect). Therefore, the discussions of this study are based on the random-effects regression estimate results.

Hypothesis Testing

H_0: Multinational banks do not significantly add value to the domestic banking system in Nigeria and that of the host country

Frequency, mean and standard deviation was used to test this hypothesis, results showed that 4 (5.6%) of the respondent believes that multinational banks does not add any value to the banking system, 6 (8.5%) of the respondent also disagree that multinational banking add a lot of benefit and value to the banking system of the host country, while 43 (60.6%) agrees to the view and 18 (25.4%) strongly agree. Statistical analysis shows that respondent scored above average on believe towards how bank going multinational add a lot of value and benefit to the entire banking system in the host country (2.06 ± 0.75) 68.67%, which implies that a higher percent of the respondent believes that multinational add a lot of value and benefit to the entire banking system in the host country. 2 (2.8%) of the respondent strongly that disagrees that Banks going multinational adds value to the domestic banking system in Nigeria, 8 (11.3%) of the respondent disagree, while 54 (76.1%) agree and 7 (9.9%) strongly agree. Statistical analysis shows that more than average number of the respondent believes that banks going multinational adds value to the domestic banking system in Nigeria (1.93 ± 0.569) 64.33%. which gave total mean of 3.99, a total standard deviation of 1.14, and a percentage of 66.5%.

The test shows that multinational bank significantly add value to the domestic banking system in Nigeria and that of the host country (3.99 ± 1.14) 66.5%, therefore the null hypothesis is thereby rejected.

	SD	D	A	SA	Mean	SD	Percentage (%)
Banks going multinational add a lot of value and benefit to the entire banking system in the host country	4 (5.6%)	6 (8.5%)	43 (60.6%)	18 (25.4%)	2.06	0.754	68.67%
Banks going multinational adds value to the domestic banking system in Nigeria	2 (2.8%)	8 (11.3%)	54 (76.1%)	7 (9.9%)	1.93	0.569	64.33%
VALUE ADDITION TO THE BANKING SYSTEM MEASURED ON A 6 POINT RATING SCALE					**3.99**	**1.14**	**66.5%**

H_0: Multinational banks do not significantly add value to the domestic banking system in Nigeria and that of the host country

Based on the result of regression analysis, the pool regression indicates that the total equity is statistically significant at 5 percent significance level, and a percent increase in total equity would result in would induce 2.06 percent improvement in profit after tax. The fixed effect regression results also show that a 1% increase in total equity significantly induce 2.04% improvement in profit after tax. The random effect also shows that 1% increase in total equity induce 2.06% improvement in profit after test. Since the discussion is based on the random effect as a result of Hausman test we reject the null hypothesis. Therefore, it can be said that increase in total equity increases the bank's profitability, and since total equity is the value left in the bank after deducting total liabilities from total assets, it can be said that the bank as a result of been multinational does not just add value to the bank, but it also adds value to the banking system.

H_0: Nigerian Multinational banks do not specific benefits to the domestic customers

Results shows that, none of the respondent strongly disagree with the notion that, the value derived from been a multinational bank translates to benefit for the customers, 8 (11.3%) of the respondents disagree with the notion, while 55 (77.5%) agrees and 8 (11.3%) strongly agree. Statistically analysis shows that more than average of the respondent believes that the value derived from been a multinational bank translates benefit to the customers (2 ± 0.478) 66.67%. which implies that a large number of the respondent believes the value derived from been a multinational bank translates benefit to the customers. 4 (5.6%) of the respondent strongly disagree that shareholders fund have increased as a result of going multinational, 5 (7%) disagree, while 52 (73.2%) agree 10 (14.1%) strongly agree.

Statistically analysis shows that above average believes that shareholders fund has increased as a result of going multinational (1.96 ± 0.664) 65.33%. which implies that a large number of the respondent believes that shareholders fund has increased as a result of going multinational. None of the respondent strongly disagree that going multinational has helped MNC customers to operate optimally, 16 (22.5%) of the respondent disagree while 42 (59.2%) of the respondent agree and 13 (18.3%) strongly agree. Statistically analysis shows that above average believes that going multinational has helped MNC customers to operate optimally (1.94 ± 0.63) 64.67%. 2 (2.8%) strongly disagrees that multinational banks help customers improve international trade thereby providing more profit to the bank, 8 (11.3%) of the respondent disagree while 41 (59.2%) agree that multinational banks help customers improve international trade thereby providing more profit to the bank, 19 (26.8%) of the respondent strongly agree.

Statistically analysis shows that above average believes that multinational banks help customers improve international trade thereby providing more profit to the bank (2.10 ± 0.7) 70%. Which gave a total mean 8, total standard deviation of 1.66, and the percentage 66.67%,

therefore, we reject the null hypothesis.

	SD	D	A	SA	Mean	SD	Percentage (%)
The value derived from been a multinational bank translates benefit to the customers	_	8 (11.3%)	55 (77.5%)	8 (11.3%)	2	0.478	66.67%
Shareholders fund have increased as a result of going multinational	4 (5.6%)	5 (7%)	52 (73.2%)	10 (14.1%)	1.96	0.664	65.33%
Going multinational has helped MNC customers to operate optimally	_	16 (22.5%)	42 (59.2%)	13 (18.3)	1.94	0.630	64.67%
Multinational banks help customers improve international trade thereby providing more profit to the bank	2 (2.8%)	8 (11.3%)	41 (59.2%)	19 (26.8%)	2.10	0.7	70%
VALUE ADDITION TO THE CUSTOMERS MEASURED ON A 12 POINT RATING SCALE					**8**	**1.66**	**66.67%**

H_0: The activities of multinational banks do not add any specific value to the particular bank

Results shows that, 4 (5.6%) of the respondent strongly disagree with the notion that, their banks have achieved the reason for going multinational. 11 (15.6%) disagree, while 43 (60.6%) agrees 13 (25.4%) strongly agree. Statistically analysis shows that above average believes their banks has achieved the reason for going multinational (1.92 ± 0.75) 64%. Results on increase in the bank profit has a result of going multinational shows that 7 (9.9%) of the respondent strongly disagree, 10 (14.1%) of the respondent disagree while 43 (60.6%) of the respondent agree and 11 (15.5%) of the respondent strongly agree.

Statistical analysis shows that above average of the respondent believes that the banks profit has increased has a result of going multinational (1.82 ± 0.816) 60.67%. 5 (7%) of the respondent strongly disagree with the opinion that banks going multinational has helped retain international customers, which would not have been possible otherwise, 12 (16.9%) disagree, 38 (53.5%) agrees while 16 (22.5%) strongly agree. Statistically analysis shows that above average of the respondents believes that going multinational has helped banks retain international customers, which would not have been possible otherwise (1.92 ± 0.824) 64%. 10 (14.1%) of the respondents strongly disagree that banks going multinational have helped to prevent bad debts from MNC who they service, 22 (31%) of the respondent disagree, 34 (47.9%) agree and 5 (7%) of the respondent strongly agree.

Statistical analysis shows that below average of the respondent believes that banks going multinational have helped to prevent bad debts from MNC who they service (1.48 ± 0.826) 49.33%. 8 (11.3%) strongly agree that banks going multinational have helped to reduce overhead cost related to international customers, 33 (46.5%) disagree, 27 (38%) agree and 3 (4.2%) strongly agree. Statistical analysis shows that below average of the respondent believes that banks going multinational have helped to reduce overhead cost related to international customers (1.35 ± 0.739) 45%. 1 (1.4%) of the respondent strongly disagree that the benefit derived from going multinational outweighs the risk 15 (21.1%) disagree, 46 (64.8%) agree and 9 (12.7%) strongly agree. Statistical analysis shows that (1.89 ± 0.622) 63% of the respondent believes that the benefit derived from going multinational outweighs the risk. The analysis shows a total mean of 10.37, a total standard deviation of 2.54 and a standard deviation of 57.6%, which is above average so we regret the null hypothesis.

	SD	D	A	SA	Mean	SD	Percentage (%)
It can be said that the reason for going multinational has been achieved by your bank	4 (5.6%)	11 (15.6%)	43 (60.6%)	13 (25.4%)	1.92	0.751	64%
Going multinational has helped banks achieve a level of profit that could not have been realized otherwise	7 (9.9%)	10 (14.1%)	43 (60.6%)	11 (15.5%)	1.82	0.816	60.67%

Banks going multinational has helped retain international customers, which would not have been possible otherwise	5 (7%)	12 (16.9%)	38 (53.5%)	16 (22.5%)	1.92	0.824	64%
Banks going multinational have helped to prevent bad debts from MNC who they service	10 (14.1%)	22 (31%)	34 (47.9%)	5 (7%)	1.48	0.826	49.33%
Banks going multinational have helped to reduce overhead cost related to international customers	8 (11.3%)	33 (46.5%)	27 (38%)	3 (4.2%)	1.35	0.739	45%
The benefit derived from going multinational outweighs the risk	1 (1.4%)	15 (21.1%)	46 (64.8%)	9 (12.7%)	1.89	0.622	63%
VALUE ADDITION TO THE BANK MEASURED ON A 18 POINT RATING SCALE					10.37	2.54	57.6%

From the first table result of the regression analysis, the hypothesis will be tested.

H_0: The activities of multinational banks do not add any specific value to the particular bank.

Based on the results on of the regression analysis, pool regression result shows that all the independent variables jointly explained 63.7% variation on the dependent variable. The probability of F-statistic of 0.000 is less to 0.05 which indicate that the pool regression model is statistically significant. Which indicates there is a linear relationship between the independent variables (investment in subsidiaries, customer's deposits, real assets of bank and total equity) and the dependent variable (profit after tax). The investment in subsidiaries (IIS), which indicates the amount that is invested in the subsidiary per year shows an insignificant relationship with profit after tax, this result may be due to some externalities, as results showed that a 1% increase in IIS significantly leads to 1.02% decline in profit after tax. Fixed effect regression shows that 1% increase in investment in subsidiaries insignificantly results to 1.68% decline in profit after tax. The random effect also shows that that 1% increase in investment in subsidiaries significantly induce 1.02% percent decline in profit after tax. The random-effect regression estimate shows that 1% increase in total equity would result to 2.06% improvement in profit after tax. The results also show that one percent increase in deposit results to 1.29% increase in profit after tax. Based on this we reject the null hypothesis and advance the banks to reduce their investments in subsidiaries or make sure that their investment doesn't have advice effect on the bank due to externalities.

DISCUSSION OF FINDINGS, CONCLUSION, RECOMMENDATION

Discussion of Findings

Major findings from this study shows that multinational banks actually add value to the bank, banking system, the customer and shareholder. From the analysis of the primary data it shows that above average of the respondent believes that banks going multinational actually adds value and benefit to the bank, the banking system the customers and shareholders. The secondary data using random effect regression results also shows that both total equity and customer's deposits significantly improve profit before tax of the selected deposit money banks in Nigeria, which implies that banks should focus on increasing the total equity and customers deposit in other to maximize profit. Moreover, total equity of the banks exerts the most increasing effect on profit before tax. However, the bank's investment in their subsidiaries exposed them to greater risk and possibility of decline in their profit before tax. Real asset on the other hand exert not significant influence on their profit before tax.

Conclusion

Banks going multinational is a form of achievement to the bank, as there are different reasons why different banks go multinational. Banks going multinational involves a lot of risk and high level of financing, therefore it is important to check if by going multinational the bank has actually added value to itself, the banking system, the customers and shareholders who they service. Using regression analysis along with annual panel data of five, and also with the use of questionnaire we analysis was done to determine the value multinational banks add. The result obtained shows that multinational banking adds value to the bank, the banking system the customers and the shareholders who they service.

Recommendation

Based on the results gotten from the analysis done on the subject matter the following recommendations are given:

- First the secondary data shows that the amount invested in subsidiaries by bank over the years leads to a significant decrease in the profit after tax, which is not supposed to be the case. It is therefore important for the banks to look into externalities which caused this problem like mismanagement of funds, improper investment. Although it can be said that some economic factor that are beyond the control of the bank might have contributed to this, it is still very important for the bank to look into who the investment in his subsidiaries are been managed.
- Secondly the primary data it is seen that below average of the respondent believes that going multinational as has helped to reduce the overhead cost related to international customer which the bank services it is important for the bank to look, into the cost incurred through servicing of international customers in their multinational branches.
- Banks are advised to go multinational because it does only help them in retaining customers it also helps them in maximizing profit from the analyse done.
- The regulatory body should also bring up policies that would encourage the banks to go multinational, because multinational banking helps the banking system of a country and therefore grows and develops the financial system.

- The host countries are should also bring also bring up policies that would enable banks establish its branches, because it helps financial system to grow.

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