

**IMPACT OF CREDIT BUREAUS, ACCOUNT HOLDINGS AND LOAN
PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA FOR A PERIOD OF 10
YEARS (2009-2019)**

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SEPTEMBER, 2021

**IMPACT OF CREDIT BUREAUS, ACCOUNT HOLDINGS AND LOAN
PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA FOR A PERIOD OF 11
YEARS (2009-2019)**

BY

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
MASTER OF SCIENCE (M.Sc.) DEGREE IN FINANCE IN THE DEPARTMENT OF
BANKING AND FINANCE, COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES,
COVENANT UNIVERSITY, OTA, NIGERIA.**

SEPTEMBER, 2021

ACCEPTANCE

This is to attest that this dissertation is accepted in partial fulfillment of the requirements for the award of the degree of Master of Sciences in Finance in the Department of Finance, College of Management and Social Sciences Covenant University, Ota, Nigeria

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DECLARATION

I, NWANNUNU, Chidera Promise (13AB014601) declare that this research was carried out by me under the supervision of Prof. Ikpefan Ochei of the Department of banking and finance, College of Management and Social Sciences, Covenant University, Ota, Nigeria. I attest that the dissertation has not been presented either wholly or partially for the award of any degree elsewhere. All sources of data and scholarly information used in this dissertation are duly acknowledged.

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CERTIFICATION

We certify that this dissertation titled **‘IMPACT OF CREDIT BUREAU, ACCOUNT HOLDINGS AND LOAN PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA (2009-2019)’** by **NWANNUNU, Chidera Promise (13AB014601)** in the Department of Finance, College of Management and Social Science, Covenant University, Ota, Ogun State, Nigeria under the supervision of Prof. Ikpefan Ochei. We have examined and found this work acceptable as part of the requirements for the award of Master of Science in Finance.

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DEDICATION

This project is dedicated to almighty God for helping me throughout this program and for enablement towards the completion of this project to him alone is the Glory. To my Father Kennedy Nwannunu, I also dedicate this work to my Mother for the unquantifiable support. To my lovely Fianceé, Olukokun Kanyinsola who provided all the support I needed in every phase, thank you so much darling. I also want to thank my project supervisor, Prof. Ikpefan Ochei for his continuous support and patience throughout this thesis.

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ABSTRACT

Good Loan Performance and Profit making is an important objective of deposit money banks in Nigeria. Much emphasis has been laid on the importance of credit management and good loan performance in the present-day financial sector. Credit bureaus not only increase the chances of reducing Non-performing loan ratio of deposit money banks but also better equips management of banks with appropriate and sufficient information when lending. In light of this fact, the recent decline in the loan loss provisions and non-performing loan ratios in Nigeria constitutes a challenge to the source of growth. In this study, attempts were made to explain the impact credit bureaus have had on account holders with multiple accounts and how it has impacted the loan performance of deposit money banks. The central argument is that credit bureau improves loan performance of deposit money banks and therefore, reduces the non-performing ratio. This argument derives from the Credit Scoring Systems theory which states that all customers and their past credit history should be rated and ranked. It states that financial institutions should rank their customer based on credit rating through credit bureaus. Hence, greater investments in credit bureaus and legally assessing the credit information of a customer would lead to better decisions. Based on this expectation, the study specifically sought to uncover the effects of loan loss provisions and non-performing loan ratios over the years on loans and advances and to determine the nature of causality existing between loan performance indicators and deposit money banks. The study employed data from financial statements and the central bank of Nigeria bulletin from 2009 to 2020 using Hausmann tests. The methodology employed in this study was panel data, the study showed that the variables influenced by credit bureaus (Non-performing loan ratio and loan loss provisions) have a statistically significant influence on loan performance both in the short-run and in the long run. Monetary policy rates were found to have a significant negative effect on loan and advances in the short-run as well as in the long-run. The findings also established the propositions of the cost plus loan pricing model since a higher credit reserve ratio was found to lead to lower loan loss provisions as deposit money banks were more careful with their funds. Profit after tax was found to have lead to an increase in loans and advances. The study recommends improvement on existing credit bureaus information by increasing the range of information to collateral, links to defunct companies and related parties. Efforts should also be made to improve the quality of information on particular customers for there to be full disclosure to make paramount decisions. Finally, efforts should be made by credit bureaus, asset management corporation of Nigeria and the central bank of Nigeria to be able to integrate a portal in which banks can view records of collaterals that has been utilized by borrowers in the past