The Contribution of Listed Banks to Economic Development in Nigeria

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Abstract
Deposit Money Banks (DMBs) exert a vital role in funding economic projects in developing countries. Generally, DMBs assume an intermediary role between surplus and the deficit units. In the light of this, this research paper appraised DMBs as panacea to economic development in Nigeria using data drawn from the financial statements of eight banks from 2008 to 2015. The study took Gross Domestic Product as the dependent variable and used Employee Wages, Tax paid to government, Interest paid to Creditors, Dividends paid to shareholders and Retained Earnings as independent variables coupled with the use of correlation analysis and panel data regression technique. The paper revealed that the independent variables exert a positive effect on development of the economy, however, both wages paid to banks' employees and retain earnings exert significant positive effects on economic development. Hence, the paper recommends that DMBs should at least maintain the current wage rate and corporate retention policy in order to continue to contribute to economic development in Nigeria.

Introduction

Significant among the features of deposit money banks in Nigeria is the increased lending to the government for various purposes ranging from infrastructural development to settling recurrent expenditure, in addition to their services to private sector. Unfortunately, during this same period, the proportion of non-performing loans has increased as most borrowers (governments, organisations and individuals) had failed to pay back loans as and when due (Samson and Tarila, 2014).

The above has proved that the banks in Nigeria are faced with the challenge of lack of integrity and inept credit management. The Nigerian socioeconomic and political environment has also been discovered to contribute to this menace. Factors such as political instability, frequent changes in policies, vagaries within the industry, energy crisis and some other factors have affected the operators in the industry and indeed the growth of the nation as a whole. Meanwhile, it is contestable to opine that bank lending which increases finance can improve growth and lead to economic development.

Deposit Money Banks (DMBs) exert an imperative role in funding economic projects in developing countries. Generally, DMBs assume an intermediary role between surplus and deficit units in the economy. Normally, the major role to be played by DMBs is to spur the efficient extension of credit in a bid to facilitate investment and spur output, growth and development in the economy (Korkmaz, 2015). The provision of finance can impede or stimulate economic growth and development when such provision is repressed or liberalized. This study seeks to provide empirical evidence on how deposit taking banks create value, whilst playing their key role of intermediation and looks into the economic benefits from their activities.

Conceptual Literature

Deposit money banks (DMBs) perform a very crucial function in the growth and development of an economy. The major role performed by DMBs is to make sure that deficit sectors of the economy receive constant flow of funds while they also ensure that funds are maximally

moved among the economic units. Such movement of funds is known as intermediation which entails movement of funds from surplus units to deficit units (Ufort, 2004).

The activities of DMBs as engine of growth in the economy could better be seen through the performance of their main functions. These functions embraces taking of deposits from the general public, providing account keeping, money transmission services and lending facilities (Crockett, 1970). Furthermore, Crockett (1970) posited in a good financial system, the size of the intermediary relies heavily on the ability of the firm to get more funds although they are in competition with other firms. The ability to compete effectively for funds by the banks depends on the package of the services which includes the interest rate charged, the convenience in accounts management as well as the rendition of financial advice.

Furthermore, banks are vehicles through which monetary policies are implemented and the effects of such policies are diffused in the economy. This is because the assets and liabilities of banks are a crucial part of the total money supply in an economy (Samson and Abass, 2013). Also, Kaminsky and Schmukler (2002) posited that taking into cognisance the best coordination mechanism, there are contradicting views about which mechanism to adopt by banks. Ordinarily, the government (and its relevant agencies) participate in the banking system by restricting or regulating the operations of the banks and as such, improve the proper functioning of the banking sector.

DMBs perform many functions. They gratify and galvanise the financial needs of all the sectors of the economy such as agriculture, industry, trade, communication, etc. and as such perform important functions in a process of meeting economic and social needs. The roles played by banks are becoming more customer inclined and are widening by the day. Broadly, the roles played by banks can be categorised into two, namely the primary and secondary functions. DMBs perform various primary functions which are listed below:

- DMBs receive various types of deposits from the public, especially its customers. These include saving account deposits, recurring account deposits, and fixed deposits. The deposits are payable after a certain time.
- DMBs make loans and advances available in various forms, including an overdraft facility, cash credit, bill discounting, money at

call, etc. They also give demand and term loans to all types of clients against proper security.

• Credit creation is the most significant function of DMBs. While approving a loan to a customer, they do not provide cash to the borrower. Instead, they open a deposit account from which the borrower can withdraw. In other words, while providing credits, they create loans.

Aside from the primary functions, DMBs perform several secondary functions, which can be divided into agency functions and utility functions. The agency functions include the collection and clearance of cheques, dividends and interest warrants and the making of payments of rent, insurance premium, etc., dealings relating to transactions in foreign exchange, purchasing and selling securities, acting as trustee, attorney, correspondent and executor, and accepting tax proceeds and tax returns. The utility functions include providing safety locker facility to customers, providing money transfer facility, issuing travellers' cheque, acting as referees, accepting various bills for payment (phone bills, gas bills, water bills, etc.), providing merchant banking facilities and various cards.

The growths of the banking system as well as the growth of contemporary economies appear attached. The factors determining the growth and development of an economy include the natural resource endowment, supply of skilled labour and, of course, capital. Capital is a critical factor required in the process of economic development. This includes real capital such as machineries (and equipment) and financial capital. Due to the significant portion of financial capital required before there could be any meaningful economic development, there is need for banks. An individual's savings are not usually large enough to obtain all his needed resources for development. The saver may not also possess the ability and the initiative needed for investment to take place.

The banks amass small savings of the individuals and dissuade them from consumption, thereby encouraging investment. Thus, investment in great physical projects is conceivable because qualified investors have right to use the substantial stock of funds that are in temporary residence with the banks. This intermediation function of the banks aids development as it stimulates savings and investments both of which are economically very rewarding. Banks also influence the quantum of acquiring power available for investment and consumption expenditures. The banks do this through their power to expand or contract credit. By their activities, banks also affect the direction of

funds to alternative uses (e.g. the prices of the various financial claims). The banks regulate whether credit will be available for financing investment in agriculture, industry or consumption. How banks perform this role affects the pace and pattern of expansion in different sectors of the economy. Banks are very different from other financial mediators because of the "high degree of liquidity" of their demand deposits, as well as their ability to "create" and "destroy" money. In a modern economy, the greater portion of the money supply is deposit money created by commercial banks. Banks, therefore, exist as dealers of money.

According to Mandal and Goswami (2008), the survival, stability and growth of an entity within a society depend on the wealth it creates through the collective efforts of its stakeholders. The measurement of the wealth created or the value added by an entity is presented in the Statement of Value Added (SVA). Only few countries mandated the preparation and inclusion of the SVA in the annual financial statements, Nigeria and the UK inclusive. The SVA shows gross earnings and the deductible bought-in materials and services before arriving at the value added. Then, the value added is shared amongst the contributory stakeholders. According to Subramaniyam and Nimalathasan (2011), the outcome had been used as basis for negotiating reward for labour in the UK, bringing up the Value Added Incentive Payment Scheme (VAIPS), the profit-sharing schemes, and value-based performance analysis.

The financial statements would contain the Statement of Accounting Policies (SAP), the Statement of Financial Position (SFP), the Statement of Profit or Loss and other Comprehensive Income (SCI), the Statement of Cash Flows (SCF), the Statement of Changes in Equity (SCE), and the Statement of Value Added (SVA). The SAP shows the various underlying policies that formed the basis upon which the accounts were prepared. The SFP shows the assets and liabilities, that is, the state of affairs of the firm, at the reporting date. The SCI presents the financial performance of the firm showing the net earnings attributable to the ordinary shareholders. The SCF shows the movement of cash in and out of the firm. The SCE shows movements in the share capital of the firm during the reporting period. The SVA shows the wealth created by the firm and how the wealth is distributed among the stakeholders. Aruwa (2009) had recommended that SVA should be used

to construct value added ratios useful as diagnostic and predictive tools and for making performance comparison.

Performance signifies power to survive, resist stress and grow. According to Bhandari (nd), existence is possible without making profits but survival is impossible without adding value. Thus, he proved that the SVA provides a picture of the firm's operating results accruing to each class of resource and how such value is shared amongst the various stakeholders, during an accounting period. It is therefore regarded as an integral part of socioeconomic responsibility accounting and reporting (Subramaniyam and Nimalathasan, 2011). It is a measure of performance that will give earlier signal of down sliding performance in contribution by any of the stakeholders and thus the future ability of the bank to survive, resist stress and grow. But this measure of performance is relegated to the background in financial statements presentation and analysis by operators and regulators of the banking industry. The SVA is even at the tail end of the financial reports of banks, whereas it is the place to check to know whether a firm is performing well or otherwise. It is thus the aim of this study to investigate value-added (or wealth created) by banks and their distribution to contributors as determinants of their input into the development of the Nigerian economy.

Theoretical Literature

There are several theories in economics and finance literature that offers theoretical explanation on the link between deposit money banks and economic development. The Financial intermediation theory, as propounded by McKinnon (1973) and Shaw (1973), considered financial markets as performing a very important function in economic development, accrediting the variations in economic growth across countries to the quantity and quality of services provided by financial institutions. This is not in correspondence with the position of Robinson (1952), who argued that financial markets are essentially handmaidens to the domestic industry, and respond passively to other factors that produced cross-country differences in growth. "There is a general tendency for the supply of finance to move with the demand for it. It seems to be the case that where enterprise leads, finance follows. The same impulses within an economy, which set enterprises on foot, make owners of wealth venturesome, and when a strong impulse to invest is

fettered by lack of finance, devices are invented to release it… and habits and institutions are developed" (Robinson, 1952).

The Robinson school of thought therefore assumes that economic growth determines the expansion of the financial sector. He attributed the positive relationship between financial development and economic growth to the positive consequence of financial development on efficient use of capital. In addition, the process of growth has feedback effects on financial markets by generating inducements for further financial expansion. The position of McKinnon (1973) is premised on the complimentary proposition, which is in disparity with the neo-classical monetary growth theory. He posited that there exists complementarity between money and physical capital, which is revealed in money demand. According to McKinnon (1973), complementarity links the demand for money directly and positively with the process of physical capital accumulation because "the conditions of money supply have a first order impact on decisions to save and invest". In addition, positive and high interest rates are necessary to inspire agents to accrue money balances, and complementarily with capital accretion will exist as long as real interest rate does not surpass the real rate of return on investment.

Shaw (1973) puts forward a debt intermediation hypothesis, whereby the increased financial intermediation between savers and investors which is an offshoot of financial liberalization and development increase the incentive to save and invest. As a result, investment is stimulated coupled with an increased supply of credit which raises the average efficiency of investment. McKinnon (1973) and Shaw (1973) argued that policies leading to repression of financial markets reduce the incentives to save. They described the key elements of financial repression as high reserve requirements on deposit; legal ceilings on bank lending and deposit rates; directed credit; control of foreign currency capital transactions; and restriction on entry into banking activities.

The McKinnon-Shaw framework influenced the structure of reforms within the financial sector in many developing countries. Although the framework explains some of the quantitative changes in savings and investments at the aggregate levels, it fails to consider the micro-level interactions in the financial markets and among financial institutions. These interactions are known to affect the supply of savings and the demand for credit by economic agents and they consequently

affect economic growth. Three economic growth models developed from these postulations.

The first is the neo-classical model and the major theories here include the Solow model and the Harold Domar Model which holds that various steady state rates of growth are all autonomous of the rate of savings, even though the levels of the variables are affected by savings. Thus, any increase in growth rates consequential from increased saving is only provisional, as under the framework, only through technological progress can continuous economic growth be achieved. Furthermore, Solow argued that exogenous technological improvement and capital accumulation drive economic growth.

The second is the endogenous model of growth, which proposed that financial development can improve growth in three ways which includes increasing the efficiency of financial intermediation, increasing the social marginal productivity of capital and influencing the private savings rate. This pets well-functioning financial markets at the essential heart of endogenous technical progress because a well-functioning financial system improves the efficiency of the human capital, as well as the physical capital. Moreover, productive financial service improves and expands the scope of innovative activity. These have been confirmed by various studies. Levine (1991) stressed the informational role of financial intermediation in an endogenous growth model and argues that its role is crucially related to productivity growth of capital. Furthermore, Bencivenga and Smith (1991) argued that through its lessening of liquidity risks, efficient financial intermediation arouses savers to hold their wealth increasingly in productive assets, contributing to productive investment and growth. Levine (1991) followed the same line of thought, but stressed the importance of stock markets in stimulating the financing of investment in less liquid investment projects, as well as the diversification of portfolio risk. In addition, he explicitly modelled a two-way relationship between financial markets and economic growth. Saint-Paul (1992) also emphasized the development of a well-functioning stock market in stimulating economic growth, especially as it affects the sharing of risks of entrepreneurs. The endogenous growth model provides an understanding of the importance of financial development in economic growth: a point often obscured in the neoclassical growth models.

The third is the financial repression hypothesis which was popularised by McKinnon (1973) and Shaw (1973). It assumes that

financial development contribute most significantly to economic growth if the authorities will not meddle in the operations of the financial institutions. As a result, the theory attributes poor performance by banks and other financial institutions to interest rate regulation, ceilings on deposits and loan rates and official guidelines pertaining to lending operations. Such meddling results in a low and often negative real rate of return on financial assets and subsequently, in poor savings mobilization as well as declining investment projects (Agu, 1988). The advocates of this hypothesis therefore proposed positive real interest rate as well as financial liberalization. Furthermore, the free market forces were considered as effective mechanisms to ensure an ideal financial structure for development and eradicate the division of markets which is tantamount to financial duality and all the attendant distortions of the proper operation of the market mechanism. Also, the financial repression hypothesis further emphasized that government legislation and policies may alter the actions of the market contrivances in determining the "prices" of financial resources. As the major effects of such repression are limited savings because of interest ceilings, the hypothesis can be ultimately reduced to official interest rate policies. However, Galbis (1981) posited that financial repression may also stem from portfolio regulation, as well as oligopolistic financial markets. The financial repression hypothesis also recognised the level of interest rates on the savings instruments accessible by the public vis-à-vis the rate of inflation such that if real rates of interest have been positive over a period, it may be deduced that there has been no financial repression, but financial deepening.

Empirical Literature

Okafor, Ezeaku and Ugwuegbe (2016) employed the Vector Autoregressive model and Granger causality to evaluate the causal relationship between DMB credit and economic growth in Nigeria for the period 1981 to 2014. The study used Real Gross Domestic Product as explained variable, private sector credit (PSC) and broad money supply (M2) as independent variables. The study showed a unidirectional causality running from PSC and M2 to economic growth. This result confirms the significance of financial development to economic growth. The study recommends that credit should be channelled, at concessionary costs, to the private sector of the Nigerian economy since their activities is proven to stimulate economic growth.

Also, Okereke and Kurotamunobaraomi (2016) investigated the effect of corruption in DMBs on economic growth in Nigeria. The study employed Ordinary Least Square regression techniques to analyse the effect. The study discovered that corruption (CORA) has no significant impact on economic growth in Nigeria, and recommends that the stakeholders should take practical steps to strengthen the anti-corruption agencies and encourage private sector participants in order to enforce compliance with ethical standards in the DMBs.

Moreover, Akakabota (2015) studied the effect of financial sector reforms on Economic Growth in Nigeria between 1986 and 2012. The study uses interest rate, DMBs credit claims and total deposit of deposit money bank as an explanatory variables to explicate economic growth in Nigeria coupled with the use of panel data techniques to estimate the effect. The study showed that there is a positive relationship between DMB credit claims and economic growth. Based on the findings, the study recommended that management of banks in Nigeria should enhance their capacity in credit analysis and loan administration. Similarly, Fapetu and Obalade (2015) investigated the sectoral allocation of DMBs loans and advances on economic growth in Nigeria during intensive regulation, deregulation and guided deregulation regimes using the ordinary least square regression method for each of the three regimes. The study show that only the credit allocated to government, individuals and corporations have significant positive contributions on economic growth during intensive regulation. The study conclude that bank credits generally do not contribute significantly to economic growth during deregulation, the introduction of guided deregulation appears to be successful as commercial bank's loans and advances to production and other subsector are both positive and significant in determining growth. Based on the findings, the study suggested that Nigerian DMBs should be more favourably disposed to extending more credits to production and other subsectors namely agriculture, manufacturing, mining and quarrying, real estate and construction, government, individuals and corporations at reasonable interest rate. Finally, monetary authorities are to ensure the continuance of guided deregulation as opposed to intensive regulation or total deregulation.

In 2012, Okwo, Mbajiaku and Ugwunta investigated the effect of bank credit to the private sector on economic growth in Nigeria from 1981 to 2010. The study used Gross Domestic Product (GDP) as the

exogenous variable and bank credit to private sector, inflation and interest rates as control variables coupled with the use of Augmented Dickey Fuller statistic and Ordinary Least Square to ascertain the impact. The study reveals that bank credit to private sectors has a statistical strong positive relationship with GDP and bank credit to the private sector has statistically significant effect on economic growth. The study recommended that the CBN should reduce its minimum rediscount rate to a reasonable level that will enable banks fix low interest rates on their loanable funds while adopting direct credit control to favour preferred sectors like agriculture and manufacturing.

Saba (2016) investigated the causal effect of banks major activities on economic growth of Pakistan from 1961 to 2013 using Johansen Co-integration test and Granger Causality on time series data. The study reveals that two major activities of banking sector (that is, savings and lending) do not have any short, nor long run causal effect on economic growth. Hence, the study recommends that the Government and central bank should make policies that will improve the activities of banks in Pakistan. Likewise, Alkhuzaim (2014) used Johansen Co-integration method of analysis and granger causality technique to investigate the relationships between financial development and economic growth in Qatar. The study revealed that there is positive long run relationship between financial development indicators and GDP growth rate in Qatar. Also, there is unidirectional causal relationship running from domestic credit provided by the banking sector to GDP growth in the long run. The study concluded that there is no causal relationship between bank credits to private sector and GDP growth rate in both the long and short runs. In the same vein, Priyanka and Jyota (2014) examined the role of commercial banks in economic development of India. The study is based on descriptive analysis and empirical research that used secondary data to analyse various research studies that are related to the same field. Based on the findings, the study concluded that banks should consider investing in agricultural facilities like irrigation, processing and storage.

Also, Aurangzeb (2012) investigated the contributions of the banking sector to the economic growth of Pakistan. The data employed in his study span through 1981 and 2010 on ten banks. Augmented Dickey Fuller and Philip Perron unit root test, Ordinary least square and Granger-Causality test were used. Unit root test confirmed the stationarity of all variables at first difference. Regression results

indicated that deposits, investments, advances, profitability and interest earnings have significant positive impact on the economic growth of Pakistan. The Granger-Causality test confirmed the bidirectional causal relationship of deposits, advances and profitability with economic growth. In addition, it was observed that unidirectional causal relationship of investments and interest earnings with economic growth runs from investments and interest earnings to economic growth. It was recommended that the policy makers should make policies to boost the banking sector in Pakistan, because banking sector is significantly contributing to the economic growth of the country.

None of these empirical works, good as they are, made use of the value-added by the banks to measure their contribution to the economy of the countries they studied. This is the very gap that this study intends to fill. Value addition is an accepted concept at all levels, and this is the reason governments collect value added tax in most countries. The purpose of this study therefore is to use the relationship between the value-added by the sample listed DMBs and the GDP to measure the contribution of the banks to the economic development of Nigeria.

Research Methods

The study adopted an economic approach in the analysis of DMBs as a contributor to economic development considering eight banks selected at random from the fifteen listed banks in Nigeria, namely: Wema Bank, Guaranty Trust Bank, Access Bank, United Bank for Africa, Diamond Bank, Stanbic-IBTC Bank, Zenith Bank and Ecobank. An econometric approach of the classical Panel data Ordinary Least Square technique will be adopted to test for the relationship between the variables. The study made use of cross sectional data spanning from 2008 to 2015. The study adopted secondary data relating to the firms from their annual reports and CBN Statistical Bulletin, and the data was analysed using the E-Views 9 statistical package.

The objective of the study is to investigate DMBs contribution to economic development in Nigeria. Hence, the model formulated for the study is stated as:

Economic Dev. = f (Employee Wages + Lenders' Interests + Shareholder's Dividends + Government Tax + Assets' Depreciation + Retained Earnings)

$$GDP = \alpha + \beta_1 WAG + \beta_2 INT + \beta_3 DIV + \beta_4 TAX + \beta_5 DEP + \beta_6 RTE + \varepsilon$$

Where:

WAG	=	Wages paid to employees
INT	=	Interests paid to lenders (Long Term Creditors)
DIV	=	Dividends paid to shareholders
TAX	=	Tax paid to government
DEP	=	Depreciation on Non-current Assets
RTE	=	Retained earnings (Reserves)
α	=	constant
β	=	the degree of variability or slope of each independent variable
ε	=	error term.

The required analysis covered eight years for eight out of the fifteen listed banks. Evidence was based on panel data.

In this study, we use Gross Domestic Product (GDP) as the dependent variable. It is the proxy for economic development, to measure the contributions of DMBs in the development of the Nigerian economy. The independent variables adopted for the study are Employee Wages, Lenders' Interests, Shareholder's Dividends, Government Tax, Assets' Depreciation and Retained Earnings. They are a measure of what the DMBs contribute to the economy through the various stakeholders.

Analysis and Discussion of Results

The data for the eight banks and eight years were collated and tested for correlation, to know which of the independent variables may not explain the dependent variable. The results are shown in table 1 no. below.

Table no. 1 shows that five (WAG, TAX, INT, DIV and RTE) out of the six independent variables show significant correlation with the dependent variable (GDP). The one variable that fails the test (DEP) fell below 5%. Therefore, depreciation of Non-current Assets (DEP) is not relevant in this analysis. Thus, it was excluded from the regression equations. This can be explained from its a priori behaviour: depreciation is a fixed expense that must be charged irrespective of the level of activity in any organisation.

Table no. 1. CORRELATION ANALYSIS							
	WAG	*TAX*	*INT*	*DIV*	*DEP*	*RTE*	*GDP*
WAG	1						
TAX	0.39	1					
INT	0.13	0.03	1				
DIV	0.65	0.51	0.10	1			
DEP	0.20	0.02	0.05	0.13	1		
RTE	0.32	0.71	0.11	0.29	-0.04	1	
GDP	0.38	0.23	0.29	0.15	-0.02	0.42	1

Source: Computation by author (2018) using MS Excel 2013

Thus, the regression equations became:

Economic Dev. = Employee Wages + Government Tax + Interest to Creditors + Shareholder's Dividends + Retained Earnings

$GDP = f(WAG + TAX + INT + DIV + RTE + \mu)$

$GDP = \alpha + \beta_1 WAG + \beta_2 TAX + \beta_3 INT + \beta_4 DIV + \beta_5 RTE + \mu$

Regression analysis was conducted using E-Views 9.

Table no. 2. Regression Result

Dependent Variable: GDP

Variables	Coefficient	Std. Error	T-Stat.	Prob.
WAG?	0.862585	0.264627	3.259631	0.0021
TAX?	0.190503	0.604260	0.315266	0.7540
INT?	1.087163	1.099180	0.989067	0.3278
DIV?	0.077309	0.305008	0.253464	0.8010
RTE?	0.379197	0.151885	2.496609	0.0162
C	38799.61	5295.189	7.327332	0.0000
Fixed Effects (Cross)				
WEMA	21011.79			
ZENITH	-27218.12			
ACCESS	-1824.325			

DIAMOND	6628.954			
STANBIC	19687.29			
GTB	-12956.63			
UBA	-12230.17			
ECO	-1105.874			
R-squared	0.521785			
Adjusted R-squared	0.397033			
F-statistic	4.182584			
Prob (F-statistic)	0.000199			
Durbin-Watson stat	0.621396			

Source: Output of data analysis by author (2018) using E-Views 9

The relationship between the dependent variable and the independent variables can be expressed mathematically as:

$$GDP = 38799.61 + 0.862585_{WAG} + 0.190503_{TAX} + 1.087163_{INT} + 0.077309_{DIV} + 0.379197_{RTE} + \mu$$

From the table above, the regression result reveals that the independent variables exert a positive effect on the development of the economy. However, both wages paid to employees and retain earnings were found to exert significant effects on economic development. This is possible as the wages paid consistently to the employees will be channelled to other sectors of the economy as they purchase the necessities of life in line with the circular flow of income. Also, retained earnings will improve the investment portfolio of the banks affecting their capability to add further value, and eventually affecting other sector of the economy in the long-run. Interestingly, the model was found to be significant because of the values of the R-Squared, Probability of the F-Statistics and the Durbin Watson Statistics which showed that the findings of the study can be relied upon for policy recommendations.

Conclusion

This paper has shown to some extent, the role played by the DMBs in economic development. According to the Central Bank of Nigeria, DMBs remained the most significant depository institution in the financial system as it they are responsible for 95.2 per cent of the total financial savings in 2014. In May 2016 the total assets and liquid assets of DMBs in Nigeria had risen to N28.4 trillion and N6.8 trillion respectively. And the DMBs had extended N18.17 trillion credits to the domestic economy (CBN, 2014, 2016). All these appear commendable. Yet, the Nigerian political and socioeconomic environments have not helped matters. Political unrest, frequent changes in policy, industrial unrest, energy crisis, etc., have affected the operators and indeed the growth of the Nigerian economy. We cannot help but wonder whether the banks' credits irrespective of wherever channelled, would give financial impetus that stimulates economic growth. The challenges of instability and corruption seem to create leakages that dramatically reduced the economic impacts of the credits.

This study had appraised DMBs as a contributor to economic development in Nigeria between 2008 and 2015 using eight banks as a case study. The study took GDP as the dependent variable and used Employee Wages, Government Tax, Interests paid to Creditors, Dividends paid to shareholders and Retained Earnings as independent variables coupled with the use of panel data regression technique. The study revealed that the independent variables exert a positive effect on the development of the economy, however, both wages paid to banks' employees and retained earnings exert significant positive effects on economic development. Hence, it is recommended that the current pace of wage rate and retention policy should be maintained. It may, however be argued that the managers take care of themselves at the expense of the shareholders. It could even be inferred that the significant retention observed was a deliberate policy to ensure that the banks keep growing in a bid to keep feeding the managers. This argument would suggest agency issues, which may become the subject of further research.

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