



Effects of Bank Lending Rate on the Financial Performance of Deposit Money Banks in Nigeria

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Abstract: *This study analyzed the effects of bank lending rates on the financial performance of deposit money banks in Nigeria. The study used Prime Lending Rate as a proxy for Bank Lending Rate while Return on Assets (ROA), Return on Equity (ROE), and Net Interest Margin (NIM) were used as proxies for financial performance. The study used audited financial reported of five (5) banks quoted on the Nigerian Stock Exchange (NSE) from 2010 to 2019. Data collected were analyzed using Descriptive Statistics and Panel Least Square Regression. The findings revealed that the prime lending rate had a positive significant relationship on Return on Equity and Net Interest Margin while it had a negative influence on return on Assets of the selected banks. The study recommends that there is a dire need for deposit money banks in Nigeria to strengthen their lending rate policy through efficient and effective regulation. Also, there should be strong and efficient regulatory oversight of banks in Nigeria by the Central Bank of Nigeria aimed at reducing the rate of non-performance loans.*

Keywords: Banks, Lending rate, Performance, Finance, Nigeria

Introduction

The financial systems of the developed and developing nations have come under severe threat as a result of the global financial crisis of 2008 and this has led to a great international banking crisis (William, 2010). The global economic shocks largely affected all sectors of global business and the financial service industry badly affected due to the nature of their operations which largely involve risk-taking and non-payment of credit facilities granted to their customers.

Historically, bank lending practices globally could be traced to the time of the industrial revolution which led to the rise in the level of productive and commercial activities that call for the high demand of bank credit facility by the customers. The nature of bank lending from one continent to another varies following the need and demand of the customers which can be in form of short, medium, or long-term basis. As financial service providers, banks do grant loans and advances to individuals, corporate as well as governments at various levels to enable them embark on investment and developmental projects towards contributing to the economic development (Okoye & Eze, 2013).

Bank Lending forms part of the major function of the banking system, providing liquidity in the economy, the profitability of the banks through the interest charged as well as impacting on the economic growth rate and the business net worth of nations (Igwe et al., 2020). Okpara (2009) stressed that the banking sector assists in making credits available by mobilizing surplus funds from savers who have no immediate needs for such funds and thus, channel such funds in form of credits to the investors who have good investment ideas on how to create additional wealth in the economy but lack the necessary working capital to execute such ideas.

Banks are generally in the business for profit-making. He explains further that banks across the country are following increasingly differentiated pricing strategies aimed at maximizing profits since this is the ultimate goal of any business organization.

Bank lending in Nigeria still faces major challenges arising from different pricing policies due to frequent changes in government monetary policy in the area of Monetary Policy Rate (MPR) which form the basis of bank lending rate and institutional challenges both at local and international levels. Baum, Mustafa, and Neslihan (2009) opined that the volatility of interest rate harms the Net Interest Income of banks. Another challenge that has been faced by banks is the inability to predict with accuracy.

The broad aim of this study is to determine the effect of bank lending rate on the financial performance of Deposit Money Banks in Nigeria. To achieve this aim, the following are the specific objectives: investigate the effect of Bank Lending rate on the Return on Equity of Deposit Money Banks in Nigeria; determine the effect of Bank Lending Rate on the Return on Assets of Deposit Money Banks in Nigeria; establish the effect of Bank Lending Rate on Net Interest Margin of Deposit Money Banks in Nigeria

The focus of the study is limited to five (5) selected Deposit Money Banks quoted in Nigeria Stock Exchange which comprise of First Bank Nig. Plc (FBN), United Bank for Africa (UBA), Guaranty Trust Bank Nig. Plc. (GT Bank), Zenith Bank of Nigeria Plc. and Eco Bank Nig. Plc. These banks were randomly selected among the twenty-one (21) banks in Nigeria due to their huge Asset and Liabilities base in the financial system and they are international market financial leaders.

Therefore this paper aims at empirically examines the effect of bank lending rates on the financial performance of Deposit Money Banks in Nigeria for a period of 2010 – 2019 and the following null hypotheses were formulated to achieve the objectives of this paper: Bank lending rates do not have any significant effect on the Return on Equity (ROE) of Deposit Money Banks in Nigeria; Bank lending rates do not have any significant effect on the Return on Assets of Deposit Money Banks in Nigeria; Bank lending rates do not have any significant effect on the Net Interest Margin (NIM) of Deposit Money Banks in Nigeria.

Review of Relevant Literature

Concept of Bank Lending

Lending is one of the oldest and major services rendered by banks to their various customers who demanded such facilities (Ikotun, 2002). The surplus deposits of various customers will in turn be advanced as loans and overdraft to the needy customers to execute various business projects. Ikotun, (2002) stressed that the ability of a banker to lend successfully to customers will depend on its ability to appraise, control, monitor and recover the credit facilities.

The credit request of customers may look similar in terms of purpose, sources and period of repayment, and other factors taking into consideration, but circumstances surrounding the general evaluation of customers' loan requests may differ (Ikotun, 2002). Lending by bankers to their customers is not an activity involving the sharing of the national cake as presumed by some unguided customers. Therefore prudent lending involves observing all cannons of good lending and adherence strictly to bank internal rules and regulations when appraising the financial needs of customers. Banking operations are been guided on three principles which are liquidity, profitability, and solvency (Ikotun, 2002). Deposit Money Banks' roles towards the economic development of any nation cannot be overemphasized; hence the activities and operations of these banks were majorly controlled, monitored, and regulated by the monetary authorities (Ikotun, 2020). Eke and Inyang (2015) also supported this position by stating that commercial banks' operations are highly regulated and supervised, either directly or indirectly in virtually all the countries of the world.

Bank decision making about lending is characterized by several factors such as loanable funds, environmental factors such as legal constraint, CBN policies, and internal policies of banks, and willingness of the customers to demand and support their credit proposal with tangible securities. Olokoyo (2011) posited that Deposit Money Banks' ability to lend out funds in form of loans and overdraft can also be influenced by other

variables such as prevailing interest rates, the volume of bank deposits, the composition of banks' domestic and foreign investments, liquidity ratio and cash reserve requirements as specified by the CBN.

Lending practices before Nigeria attained her independence were biased and discriminatory and the period of Structural Adjustment Programme (SAP) of 1986 witnessed strict regulation of banks' operation which was under close surveillance by supervisory bodies to instill discipline, safety, and confidence into the banking industry (Olokoyo, 2011). The enactment of Bank and other Financial Institutions Act, 1991 as Amended placed some restrictions on certain activities of the banks most especially in the area of lending of depositors' funds to customers and placement of restriction on the total value of credit facility that can be granted to a single customer to 33 1/3 percent of the shareholders' funds unimpaired by losses.

Concept of Interest Rate

The fee or price paid by someone for the use of another person's money is known as the interest rate (Ngunjiri, 2016). In the same vein, CBN, (1997) states that interest rate is the rental payments for the use of credit by borrowers and return for parting with liquidity by lenders. Makinde (2016) posits that interest rate is the rate paid on either savings or money lent to customers and this is subject to fluctuation following the prime lending rate. This rate is usually expressed in the annual percentage of money deposited by the customers and the principal amount lent to customers.

Banks in Nigeria borrowed funds from the Central Bank of Nigeria who serves as lender of last resort and this fund is to be repaid at a particular interest rate known as Monetary Policy Rate (MPR). Meanwhile, the MPR drive other rates in the financial market banks inclusive, thus affect the bank lending rate positively or negatively and in the short run affect overall financial performance and in the long run, affect the asset value of the bank. (Gilchris, 2013).

Similarly, Ngugi (2014) stressed that low-interest rates and small spread promote economic growth. He opined further that a high bank lending rate will reduce the Net Interest Income of banks as they are required to pay the high-interest rate on deposits and have reduced demand for a credit facility.

Prime Lending Rate: Prime lending rate is the minimum interest rate approved by the Central Bank of Nigeria (CBN) which the Deposit Money Banks in Nigeria charge their most creditworthy customers. The utmost lending rate is that rates at which banks extend credit to perceived risky customers. Prime lending rate is influenced by liquidity position of banks, rate of economic growth, reactions from the open market and monetary authority's policies. Prime rate is charged to least of risky customers due to low probability of default. Prime lending rate is lowered by the CBN to encourage economic growth and increased to control inflation. In the period of excess liquidity, borrowers can take this advantage to negotiate for lower lending rates, effect of which will be negative on the Net Interest Margin.

Deposit Money Banks and Interest Rate Policy in Nigeria: From the history of Nigeria, the interest rate was first used as an instrument of monetary policy in 1962 following the introduction of money market instruments (Eregha, 2010). He affirmed that in the past decades which covered the last quarter of 1986, most especially during the period of deregulation of the financial market, the monetary authorities through the CBN Monetary Policy Committee have formulated various interest policies, such as the deregulation of interest rate which form the basis of other rates.

Various governments in Nigeria have used different approaches to control and manipulate prevailing interest rate (Prime Lending Rate) among which is deregulation, regulation, and guided regulation (Ene, Atong and Ene, 2015). They further affirmed that the approach chosen by the government to control and regulate interest rates depends on the prevailing global economic situation, inflationary and deflationary variants in the economy, and the government monetary policy.

In a bid to attract customers, maintain a market lead and operate within the ambit of laws regulating

banking industries, banks were forced to keep their charges in terms of lending rates, handling fees, and commission in a competitive manner (Igweemma et. al., 2020).

Effect of Bank Lending Rate on Financial Performance

Lending rates are fees and interest charged by the bank payable by the borrowers or customers on loans granted to them to improve their working capital needs and boost their ability to acquire modern fixed assets. Financial performance of any organization, banks inclusive is a function of the operating earnings as proxied by Return on Assets, Return on Equity, Return on Total Assets, and Net Interest Margin. Gilchris (2013) opined that financial performance can be evaluated by using Operating Income, Earnings before Interest and Taxes, and Net Asset Value. The financial performance of banks serves as a pointer to all stakeholders such as investors, lenders, and shareholders to assess its financial viability, the sustainability of good corporate governance, and ability to make prudent decisions (Panayiotis et al., 2006).

The performance of Deposit Money Banks (DMBs) is largely affected by the lending rates on loans granted to individuals and corporate customers which formed the major part of banks' portfolio assets. Favorable interest rates on bank loans will have positive effects on bank performance, level of production, employment, and Gross Domestic Production (Branko, 2014). Similarly, Adesina et al. (2018) posit that high lending rate will discourage investment as a result of the high cost of obtaining funds, thus reducing the amount of loans DMBs can grant to customers and in return reduce the banks' loan portfolio from which interests or earnings can be earned.

Srivastava and Srivastava (2015) added that any increase in interest rate will lead to a decline in the bank's Net Interest Income (NII) and vice versa. Hayes (2013) also affirmed that when interest rates increase, banks Net Interest Margin/Net Interest Expenses (NIM/NEE) tend to decline and vice versa. This was collaborated by Ponniah and Shenbagavalli (2014) that changes in interest rates affect the underlying value of banks' assets, liabilities, and off-balance sheet instruments as a result of the present value of future cash flows.

Therefore, the lending rate has different effects on customers (borrowers) and the banks. Banks, customers, investors, government, and everyone those laid low with lending rate have in recent times reacted variedly to changes in prime rate and rate of interest, fees, and commissions (Igweemma et al., 2020). They stressed further that any fluctuation in the lending rates which is on the high side will scare away borrowers and other investors. Okafor (2011) stressed that daily reports by banks' customers in Nigeria revealed that in a bid to maximize the spread of banks' margin concerning their lending rate, banks in Nigeria have not been responsive to adjusting or reversing high-interest rate earlier charged on customers' loans due to positive regulatory action of the CBN (reduction in interest rate) towards reducing the burden of the interest rate. This has subjected many customers to a higher interest rate regime.

From the lender perspective, banks tend to argue that their operational cost and cost of providing efficient services to their customers are increasing daily and there is a need for them to recover these costs by adjusting their lending rate maximally to stay in business. In the same vein, Gilchris (2013) asserted that it is difficult to prove the direction of the relationship between bank lending rates and financial performance and conclude that interest rates instability has generally been associated with poor commercial banks financial performance in elastic loan markets since interest rates reduce the loan demand.

Interest Rate Regulation: The interest rate is an important economic variable that needs to be guided and regulated through the Monetary Policy action of the Central Bank of Nigeria (CBN) who are saddled with the responsibility of formulating Monetary Policy Rate (MPR) in place of Minimum Rediscount Rate (MRR) to control the movement of market interest rate by benchmarking it against the MPR (Ikechuwu, 2014). The Central bank of Nigeria through its Monetary Policy Committee is mandated to set the minimum rate which will form the basis of prevailing bank lending rate to the customers (Aliu, Shehu, Zubair and Dawood, 2017).

The CBN uses MPR which is the anchor rate for bank lending rate and any variation or change in MPR will automatically affect the cost of borrowing by Deposit Money Banks, the burden which will be passed to the borrowers in form of a rise in the interest rates on loans and overdraft extended to them (Aliu et al., 2017). They

further stressed that MPR which supposed to bring an improvement to the level of economic and business activities in Nigeria seems not to be productive to its fullest due to the underdeveloped nature of the Nigeria financial market.

Bank Financial Performance

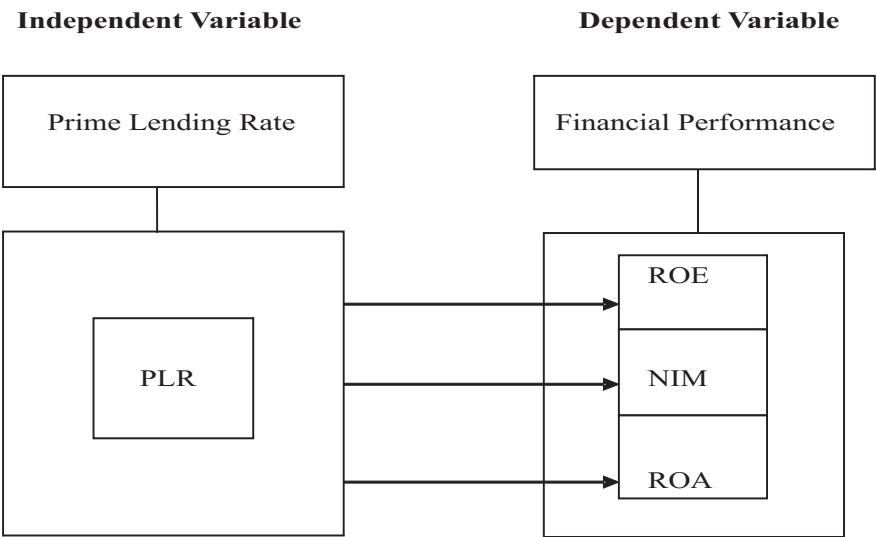
The financial performance serves as an indicator of the ability of an organization to generate revenue concerning the level of its operations and total assets (Irungu, 2013). Also, Ikotun (2019) affirmed that financial performance measures the result of a firm's policies and operations in monetary terms. This can be measured by Return on Asset (ROA), Return on Equity (ROE), and Net Interest Margin (NIM) as proxies for financial performance. Okafor (2012) posits that bank financial performance depends on the level of efficiency, innovation, good corporate governance, and material resources available to a bank.

Return on Assets (ROA): This measures the ability of a company to utilize its assets towards generating income for the benefit of all the stakeholders. Enyioko (2012) asserted that an increase in interest rate results in a reduction in net assets and this will automatically affect the financial performance of the banks.

Return on Equity (ROE): This reveals what proportion of profit a company earned compared to the whole amount of shareholders' funds. This is calculated as Profit After divided by Shareholders' Funds. The higher the return, the more comfortable the shareholders will be.

Net Interest Margin: This is the total revenue generated by banks from their operations after taking into consideration the interest payment on liabilities and interest earned on assets. Net Interest Margin may not be stable as a result of instability in the economic, financial, liquidity market cycles, and CBN monetary policy. Any rise in the bank lending rate will lead to a decline in the Net Interest Margin and vice versa.

Conceptual Model.



Researcher’s Model. 2020

Theoretical Review

This section considers two (2) theories which consist of Loanable Fund Theory and Credit Market Theory. The underpinning theory of this paper is the Loanable Fund Theory due to its peculiarity to the bank lending rate.

Loanable Fund Theory: This is a market rate theory propounded by Wickcell in 1930 and states that the interest rate is determined by the forces of demand for and supply of loanable funds. The theory explained the relationship between demand for loanable funds and interest rate. The theory is trying to identify the proximate causes of interest rate variation by analyzing the demand and supply of bank credit. The theory asserts that an investment objective for taking a loan by an investor can only be actualized if the interest rate is low to the expected return on investment and if the interest is high, demand for bank credit will be reduced and at the same time affect Net Interest Margin negatively (Stiglitz & Weiss, 1981). The theory posits that banks cannot increase the interest rate on loans arbitrarily to maximize the Net Interest Margin without considering the borrower's future business risk (Chodecai et al., 2016). This theory takes into consideration both real and monetary factors affecting bank credits (Ene et al., 2015). The critics of this theory opined that credit supply and investment decisions are not influenced by savings decisions but by banks' decisions and the financial policy of the government (Giancarrio, 2009). Also, it was affirmed that the theory completely ignores the effects of investment on income (Ene et al., 2015).

Credit Market Theory: The theory is based on the premise that the terms of credits clear the market and if collateral, and other loan restrictions or covenants remain constant, the interest rate is the only price mechanism. The theory posits that when there is an increasing demand for credit with a given customer supply, the interest rates will rise, and vice versa (Olokoyo, 2011). Therefore, the theory believed that the higher the failure risk of the borrower, the higher the interest premium. (Ewert, 2000).

Empirical Review

Ogunbiyi and Ihejirika (2014) investigated how interest rates affect the profitability of deposit money banks in Nigeria. The estimated results show that the most lending rate, Real charge per unit, and savings deposit has negative and significant effects on the profitability of Nigerian Deposit Money Banks. Wambari and Mwangi (2017) applied a study on the effect of rate on the financial performance of economic banks in Kenya and found out that lending rate ratio influence the financial performance of economic banks in a very positive way; deposit interest ratio on other hand negatively affects the performance of economic banks; liquidity management influence performance positively and negatively respectively

Khan and Sattar (2014) administered a study on the impact of rate changes on the profitability of four major commercial banks in Pakistan and located out that there's a powerful and positive correlation between the rate of interest and commercial banks' profitability. Kipngetich (2011) examined the effect of interest rates on the performance of commercial banks in Kenya and also the study found that there's a positive relationship between interest rates and also the financial performance of business banks in Kenya.

Methodology

Data for this study were sourced from secondary sources from the audited annual financial statement of five (5) Deposit Money Banks in Nigeria covering the period between 2010 and 2019. These banks were randomly selected among the twenty-one (21) banks in Nigeria due to their huge Asset and Liabilities base in the financial system and they are international market financial leaders.

The study employed linear Regression and descriptive statistics for data analysis. The descriptive statistics include, Means, Maximum, Minimum, Standard Deviation, and Skewness of the variables. The Panel Least Square Regression was conducted to examine the effect of Bank Lending Rate on the Financial Performance of Deposit Money Banks in Nigeria.

Model Specification

This study used the following econometric model to examine the relationship between the dependent variable of the financial performance of deposit money banks in Nigeria proxy by Return on Equity, Return of Assets, and Net Interest Margin and independent variable which is bank lending rate.

To measure the relationship between the dependent and independent variables, an econometric model adopted

from the study of Onuora and Ifeacho (2017) are specified below. The model is specified on a functional and stochastic form as follows:

Model 1

$$ROE = f(PLR, \mu) \dots\dots\dots (1)$$

$$ROE_{it} = \beta_0 + \beta_1 PLR_{it} + \mu_{it} \dots\dots\dots (2)$$

Model 2

$$ROA = f(PLR, \mu) \dots\dots\dots (3)$$

$$ROA_{it} = \beta_0 + \beta_1 PLR_{it} + \mu_{it} \dots\dots\dots (4)$$

Model 3

$$NIM = f(PLR, \mu) \dots\dots\dots (5)$$

$$NIM_{it} = \beta_0 + \beta_1 PLR_{it} + \mu_{it} \dots\dots\dots (6)$$

Where;

β_0 is intercepts,

β_1 are estimated coefficients of the independent variables

ROE= Returns on equity

ROA= Return on assets

NIM= Net Interest margin

PLR= Prime lending rate

μ_{it} = Error terms

Note the subscription index “it”

i = i_{th} cross sectional unit, $i = 1, \dots, N$

t = t_{th} time period, $t = 1, \dots, T$

Presentation and Analysis of Data

This section provides the analysis of return on equity, return on assets, net interest margin and prime lending rate of the selected deposit money banks.

Table 1.

Descriptive Statistics

	ROA	ROE	NIM	PLR
Mean	2.690420	15.36696	6.045400	16.48900
Median	2.120000	14.20000	5.290000	16.64500
Maximum	14.59000	32.62000	8.460000	17.70000
Minimum	-0.990000	0.008000	3.330000	14.99000
Std. Dev.	2.359839	8.148939	1.624944	0.761945
Skewness	2.621045	0.011953	0.395572	-0.404615
Kurtosis	14.03382	2.261449	1.697776	2.448391
Jarque-Bera	310.8847	1.137561	4.836861	1.998179
Probability	0.000000	0.566216	0.089061	0.368215
Sum	134.5210	768.3480	302.2700	824.4500
Sum Sq. Dev.	272.8732	3253.855	129.3816	28.44745
Observations	50	50	50	50

Source: Authors' Computation (2020)

Table 1 provides the summary of descriptive statistics of ROA, ROE, NIM, and PLR, for the study. As shown in the table, the sum, mean, maximum and minimum, standard deviation, and variance as well as the skewness and kurtosis of the variables of interest are evident. The various statistics indicate that the variables have different distributions. The skewness and kurtosis statistics provide useful information about the symmetry of the probability distribution of various data series as well as the thickness of the tails of these distributions respectively.

Table 2.*Summary of Pooled OLS Regression Results of Models***Model 1**

Dependent Variable: ROA

Total panel (balanced) observations: 50

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.431495	6.774166	0.654176	0.5164
PLR	-0.105590	0.410400	-0.257286	0.7982
R-squared	0.227408			
F-statistic	2.590226	Durbin-Watson stat		2.132825
Prob(F-statistic)	0.038743			

Model 2

Dependent Variable: ROE

Total panel (balanced) observations: 50

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	17.42770	16.71564	1.042599	0.3028
PLR	-0.124977	1.012686	-0.123411	0.9023
R-squared	0.605500			
F-statistic	13.50670	Durbin-Watson stat		1.299185
Prob(F-statistic)	0.000000			

Model 3

Dependent Variable: NIM

Total panel (balanced) observations: 50

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.897995	2.651523	2.601522	0.0126
PLR	-0.051707	0.160638	-0.321886	0.7491
R-squared	0.750358			
F-statistic	26.45048	Durbin-Watson stat		1.318366
Prob(F-statistic)	0.000000			

Source: Authors' Computation (2020)

The result of model 1 in Table 2 showed that there was a significant relationship between return on asset and prime lending rate as confirmed by ($F = 2.590$; $p < 0.05$). This means that the null hypothesis was rejected. It was also observed that the coefficient of determination for the regression as depicted by the R^2 value of approximately 0.23 suggests that 23% of explanatory variables accounted for the variation in the return on assets. The remaining 77 percent is caused by variables that are not included in the model, which is accounted for by the stochastic error term. However, the prime lending rate had a negative influence on the return on assets of the selected banks. This finding has supported the study of Ogunbiyi and Ihejirika (2014) who found that real interest rate and savings deposit have negative and significant effects on the profitability of Nigerian Deposit Money Banks

The result of model 2 in Table 2 showed that the prime lending rate was a predictor of return on equity ($F = 13.506$; $p < 0.05$). This shows that the model of the study is well fitted and it was enough evidence to reject the null hypothesis. This implied that the prime lending rate had a significant relationship with return on equity.

The results also showed that the prime lending rate had a negative influence on the return on equity of selected banks. It was also observed that the coefficient of determination for the regression as depicted by the R^2 value of approximately 0.61 suggests that 61% of explanatory variables accounted for the variation in the return on equity. The remaining 39 percent is caused by variables that are not included in the model, which is accounted for by the stochastic error term.

Model 3 in Table 2 revealed that the prime lending rate was a predictor of net interest margin ($F = 26.450$; $p < 0.05$). This shows that the model of the study is well fitted and it was enough evidence to reject the null hypothesis. This implied that the prime lending rate had a significant relationship with the net interest margin.

The results also showed that the prime lending rate had a negative influence on the return on equity of selected banks. It was also observed that the coefficient of determination for the regression as depicted by the R^2 value of 0.75 suggests that 75% of explanatory variables accounted for the variation in the return on equity. The remaining 25 percent is caused by variables that are not included in the model, which is accounted for by the random error term. The result corroborated the study of Srivastava and Srivastava (2015) who affirmed that any increase in interest rate will lead to a decline in the bank's Net Interest Income (NII) and vice versa. Similarly, Hayes (2013) also affirmed that when interest rates increase, banks Net Interest Margin/Net Interest Expenses (NIM/NEE) tend to decline and vice versa.

Conclusion and Recommendations

The study concluded that interest rates in all segments of the money market reflected the liquidity position of the banking system and determines the financial performance of banks in Nigeria. Similarly, mal-management of prime lending rate policy by the monetary authority (CBN) could negatively affect the overall performance of banks which will in return retard the economic growth and development of Nigeria.

Additionally, the study has shown that the prime lending rate has a positive relationship on Return on Equity and Net Interest Margin but a negative influence on return on Assets of the selected banks. The implication of the findings of this study suggests that the financial performance of the banking sector is a function of changing interest rates.

From the conclusion drawn, it is imperative to recommend that:

- i. Having seen that there exists a positive significant relationship between prime lending rate, return on equity, and net interest rate, the government should adopt a stable monetary policy that will assist deposit money banks in Nigeria to improve on the level of their financial performance.
- ii. There is a dire need for banks to strengthen their lending rate policy through efficient and effective regulation.
- iii. There should be strong and efficient regulatory oversight of banks in Nigeria by the Central Bank of Nigeria aimed at reducing the rate of non-performance loans.
- iv. Banks in Nigeria should improve in their deposit mobilization drive to enhance their lending ability to their customers.
- v. Banks can improve their financial performance by charging moderate lending rates as against maximum rates.

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