EFFECTS OF BANK CONSOLIDATION ON COMMERCIAL BORROWER WELFARE IN NIGER DELTA REGION

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Abstract

Effects of bank consolidation on commercial borrower welfare in in Nigeria's Niger Delta region were studied. Questionnaire and interview instruments were employed to collect data, which were subjected to analysis. Results showed that bank consolidation exercise had significant negative effects on commercial borrower welfare in Nigeria's Niger Delta region (X_{c2} = 45.56 > X_{t2} = 21.0 at 12 degrees of freedom and 0.05 level of significance) in areas of worker job satisfaction, attractive interest rates among others, contrary to the general view that the larger the size of banks, its ability to lend increases and less interest rates would apply. The study recommended conscious attempt by commercial bank managers in the region to lower the cost of borrowing.

Keywords: *Commercial bank, Consolidation exercise, Commercial borrower welfare, Nigeria's Niger Delta region*

Introduction

The banking system consolidation is a global phenomenon, which started in the advanced economies. Two notable examples of countries experiencing a wave of mergers and consolidation in the banking industry in recent times are the United States of America (USA) and Japan (Hall, 1999). According to Kwan (2004), since the enactment of the Riegle-Neal Act, which allows interstate branch banking beginning from 1997, the number of large bank mergers in the USA has increased significantly. Further research on mega mergers in the USA suggests that merged banks experienced higher profit efficiency from increased revenues than did a group of individual banks, due to the fact that they provide customers with high value added products and services (Akhavin et al, 1997). Furthermore, consolidation may allow a mega bank to enjoy a hidden subsidy which Kwan (2004:5) refers to as "too-big-to-fail" subsidy due to the market's perception of an illusion of government backing of a mega bank in times of crisis. The Japanese experience also shows that the consensus has been that significant economies of scale existed in the banking industry before the onset of the crisis and subsequent reforms in the '90s at all levels of output throughout the industry (Fukuyama, 1993; McKillop et al, 1996).

Consolidation in financial services in the USA and other industrialized countries has occurred along three lines, namely: within the banking industry, between banks and other non-bank financial institutions, and across national borders. In the USA, most of the consolidation that took place occurred within the banking sector (McKillop et al, 1996). For instance, in that country, the number of banking organizations fell from about 12,000 in the early '80s to about 7,000 in 1999, a decrease of over 40 per cent. In the USA and Canada, there has been a trend towards consolidation of commercial banks and investment or merchant banks, whereas in Europe, where the universal banking model is more prevalent, the trend has been to combine banking and insurance business. While most of the bank consolidations in the developed economies have occurred within the domestic front, there are signs of increased cross-border activities. Such cross-border activities have been facilitated in Europe with the launch of the Euro (Fukuyama, 1993).

A review of the banking system as at June, 2004, reveals that marginal and unsound banks accounted for 19.2% of the total assets, 17.2% of total deposit liabilities, while industry non-performing assets were 19.5% of the total loans and advances. The implication of this unsatisfactory statistics as noted by Lemo (2005) is that there existed threat of a systemic distress judging by the trigger points in the CBN Contingency Planning Framework of December 2002, which stipulated a threshold of 20% of the industry assets, 15% of deposits being held by distressed banks and 35% of industry credits being classified as nonperforming. From the foregoing, it was apparent that a reform of the banking system in Nigeria was inevitable; it was only a question of time (Lemo, 2005).

Consolidation may be an efficient way to eliminate the widely documented excess capacity in the banking markets (Davis and Salo, 1998). In the presence of excess capacity, some banks are below efficient scale, have an inefficient product mix, or may be inside the efficient frontier. Consolidation may help solve these problems more efficiently than outright bankruptcies because they preserve the franchise values of the merging firms.

This study is an attempt to fill the gap by investigating the impact of bank consolidation on the key stakeholders of financial institutions in the Nigerian banking industry. This is especially important given the need to boost the productive base of the Nigerian economy and at the same time empower the Nigerian citizens. The Niger Delta region until recently has witnessed youth restiveness which has necessitated government to introduce several policies aimed at empowering the youths as well as expanding the economy of the region given the region's contribution to the nation's economy. Banks through their intermediation functions are expected to play a significant role in the process. This process cannot be achieved without the banks' ability to give out loans and advances to the deficit units of the region for productive investment.

Kahn et al (2000) estimate the impact of bank merger announcements on borrowers' stock prices for publicly traded Norwegian firms. Borrowers of target banks lose about 0.8% in equity value, while borrowers of acquiring banks earn positive abnormal returns, suggesting that borrower welfare is influenced by a strategic focus favoring acquiring borrowers. Bank mergers lead to higher relationship exit rates among borrowers of target banks. Larger merger-induced increases in relationship termination rates are associated with less negative abnormal returns, suggesting that firms with low switching costs switch banks, while similar firms with high switching costs are locked into their current relationship (Karceski et al, 2005).

Efficiency gains may be largest when a well-run bank acquires a mismanaged institution to improve the operations of the institution. How a bank merger impacts on customer depends on a variety of factors, including the reason for the merger, the source of potential efficiency gains, and the ease with which customers can switch banks if dissatisfied. According to traditional thinking, mergers that result in increased market power should raise prices or diminish service quality, resulting in a decline in customer welfare, while gains to efficiency should reduce prices or raise the quality of services, enhancing customer welfare. The welfare implications are straightforward. Mergers harm customers if increased market power offsets the efficiency gains that are passed on to borrowing firms.

However, there are exceptions to this standard trade-off. For instance, bank market power may actually benefit certain types of borrowers. Pautler (2001) argue that concentrated credit markets are required for financing firms with highly uncertain future cash flows, characteristically small and young firms. Having some market power enables a bank to take losses early in a lending relationship and recoup these losses later on by charging higher prices. A competitive market prevents such intertemporal subsidization by forcing banks to break even every period. Hence, according to Perry (1986:47-57), small and young borrowers can be “competed” out of the loan market. With no alternative form of financing, these customers suffer welfare losses. Likewise, even within a competitive market, merger-related efficiency gains need not lead to welfare enhancement for all types of customers.

For example, in an acquisition in which the target bank is considered undervalued because it is poorly run, target bank borrowers may be receiving mispriced loans at below-cost rates. Part of the reason for the target bank's poor performance is that it makes negative net present value loans. Efforts by new management to improve efficiency could result in higher loan rates to borrowers that had received below-cost loans or denial of credit altogether.

Even when borrowers are profitable to their banks, consolidating banks may exploit efficiencies that negatively impact certain types of borrowers. Berger and Udell (1996:559-627), Peek and Rosengren (1996:12), and Straham and Weston (1996:25) find that as banks grow in size, they tend to focus more on financing larger firms. Stewart et al (1985:293-312) provides a theoretical explanation for this "size effect in lending", that is, where large banks lend to large firms and small banks lend to small firms. Large, hierarchical banks optimally rely on "hard" information, such as audited financial statements, because this type of information is credibly transferred up to the various levels of management of large banks. However, small firms typically do not generate reliable, hard information. On the other hand, the organizational structure of small, decentralized banks is well suited to loan decisions based on "soft" information, such as trust and reputation, which is critical in lending to small firms. If bank consolidation leads to greater organizational complexity, Stein's argument implies that merging banks will seek efficiency gains by shifting their emphasis to large-firm lending. Consequently, without alternative sources of financing, small borrowers of merging banks could be harmed as banks become larger and more complex.

Predicting the welfare impact of a merger becomes more complicated when switching costs vary across different types of customers. For instance, hold-up models imply that high switching costs can result in borrowers being locked into their incumbent bank relationship. The literature typically assumes these borrowers are smaller and younger firms, the same types that are predicted to be squeezed out when banks become too competitive (Pitts, 1977) or too large (Siems, 1996). On the one hand, theories predict that these borrowers will suffer welfare declines when they cannot exit a relationship in which they are unsatisfied because of high switching costs. On the other hand, the same types of borrowers could suffer welfare declines by being forced to exit the relationship because they have no alternative source of financing. This second approach essentially assumes that switching costs are the same for all borrowers.

Methodology

Onwumere (2005) sees research design as a blueprint crafted to address problems of scientific enquiry. The researcher is expected to map out a broad view of the research questions and provide themes and areas for investigation in depth through interview. The survey research design was adopted for this study and oral interview was used to complement results obtained using questionnaire.

Both primary and secondary data were utilized in this study. Primary data, according to Kotler (1997:55), are data gathered for a specific research. They are first-hand information obtained for the purpose of the study. Primary data were obtained through survey using oral interview and questionnaire. Secondary data used for this research were obtained from books, internet, articles and journal literature from corporate bodies, which focus on ideas and cases initiated in the research questions and hypotheses.

The population of this study comprised all consolidated bank branches in the Niger Delta including their commercial borrowers and shareholders. The population of 1569 staff represents Deposit Money Banks in the Niger Delta region (State capitals alone) from which sample of management and non-management staff of these banks was selected. Commercial borrowers and shareholders in Nigeria's Niger Delta region also appear as elements of the population of this study. However, their exact number could not be determined. Table 9.4.1.1 presents a breakdown of the population of the Deposit Money Banks in the Niger Delta region (State capitals only).

Table 9.4.1.1: Distribution of the population of Deposit Money Banks in Niger-Delta region (state capitals only)

S/No	Deposit Money Banks	Managerial Cadre	Non-Managerial Cadre	Total
1.	Access Bank Plc	16	48	64
2.	Diamond Bank Nig Plc	21	65	86
3.	Ecobank Nigeria Plc	25	75	101
4.	Enterprise Bank Plc	28	76	104
5.	Fidelity Bank Plc	18	48	66
6.	First Bank Nigeria Plc	40	68	108
7.	First City Monument Bank Plc	17	47	64
8.	First Inland Bank Plc	17	53	70
9.	Guranty Trust Bank Plc	23	69	92
10.	Keystone Bank	19	56	75
11.	Main Street Bank	19	46	65
12.	Skye Bank	18	49	67
13.	Stanbic-IBTC Bank Plc	14	42	56
14.	Standard Chartered Bank Nig Plc	13	39	52
15.	Sterling Bank	18	41	59
16.	Union Bank of Nigeria Plc	41	89	130
17.	United Bank for Africa	30	91	121
18.	Unity Bank Plc	18	61	79
19.	Zenith Bank Plc	29	81	110
	Total	425	1144	1569

Source: Field Survey, 2012

A pilot survey has been conducted by the researcher, with 30 copies of the questionnaire distributed twice to a random sample of individuals in listed banks in each state of the Niger Delta region, specifically to management and non-management staff of these Commercial Banks' State offices within the Niger Delta Region of Nigeria. The pilot survey was designed to help the researcher determine the sample size to be used in this study and test the reliability of the research instrument. To generate the p and q for the sample size formula, the participants in this pilot study were requested to give their general impression of the post-consolidation era. Twenty-eight (0.933) of the respondents returned positive rating, while only 2 (0.067) gave negative rating. No 'undecided' cases.

The accuracy of statistical inference based on sample depends on the adequacy of sample and sampling method. The problems of estimating the characteristics of a population would be very simple if the data were uniform and having the same pattern as the population. Since it is normally impossible for the researcher to reach the entire population, the Freund and Williams formula as cited in Nwabuokei (2001:76) was used to determine the sample size of both management and non-management staff (managers and non-managers) of these commercial banks.

The Freund and Williams formula as cited in Nwabuokei (2001:77) is given as:

$$n = \frac{Z^2pq}{e^2}$$

Where: n is sample size

P is percentage of positive response

q is percentage of negative response
e is margin of error
Z is level of confidence

From the result of the pilot study, the p (0.933) and the q (0.067) were generated. At a =0.025 (margin of error), Z = 1.96. Thus, we have:

$$n = \frac{(1.96)^2(.933)(.067)}{384.22}\ (.025)^2$$

This is considered low for a study at this level (Unyimadu, 2005); "the larger a sample becomes, the more representative of the population it becomes and so more reliable and valid the results based on it will become" (Nwana, 1992:71). To this end, the researcher depending on a suggestion by Israel (1992) decided to add 10% (i.e. 39 copies) to cater for persons that the research may or may not reach; the researcher will also be required to provide for additional 30% (116 copies) to take care of non-respondents in line with Nwana's view (1992). This will ensure that the desired levels of confidence, precision and validity are attained (Israel, 1992:1-7).

Thus the sample size drawn from the key population was arrived at as follows:

Using Freund and Williams formulan = 385
10% to take care of inaccessible respondents = 39
30% to take care of non-responses = 116
Sample size for bank staff = 540

This number, 540, was allocated proportionally to banks' key employees (managers and non-managers), while in view of the researcher's non-accessibility of the population of commercial borrowers and shareholders in the region, about a third of it (190) was judgmentally added to this number and allocated evenly to commercial borrowers and shareholders to reflect their position in this study. The allocation was made as follows:

Commercial Borrowers	95
Bank shareholders	95
	190

Thus, the total sample size for this study was 730, considered good enough to represent the elements of the population of Deposit Money Banks in Niger Delta Region as well as their commercial borrowers and shareholders. In sum, a total of 144 were allocated to bank managers, 397 to non-managers in the banks, 95 to commercial borrowers and 95 to bank shareholders all picked at random.

Table 9.4.1.2 shows the proportional stratification and allocation of the sample 540 to Bank employees (manager and non-managers). One hundred and ninety (190) copies of a questionnaire designed for Bank shareholders and commercial bank borrowers were distributed.

Table 9.4.1.2: Proportional Stratification & Allocation of Sample to Bank Employees

S/No	Deposit Money Banks	Proportion of 'n' & Allocation per bank		Allocation of sample based on Proportion			
				Managerial		Non-Managerial	
1.	Access Bank Plc	.04	.22	.01	5	.03	17
2.	Diamond Bank Nig Plc	.05	30	.01	7	.04	23
3.	Ecobank Nigeria Plc	.06	35	.02	9	.05	26
4.	Enterprise Bank Plc	.07	36	.02	10	.05	26
5.	Fidelity Bank Plc	.04	23	.01	6	.03	17
6.	First Bank Nigeria Plc	.06	37	.02	14	.04	23
7.	First City Monument Bank Plc	.04	22	.01	6	.03	16
8.	First Inland Bank Plc	.04	24	.01	6	.03	18
9.	Guranty Trust Bank Plc	.06	32	.02	8	.04	24
10.	Keystone Bank	.05	26	.01	6	.04	20
11.	Main Street Bank	.04	22	.01	16	.03	16
12.	Skye Bank	.04	23	.01	6	.03	17
13.	Stanbic-IBTC Bank Plc	.04	19	.01	5	.03	14
14.	Standard Chartered Bank Nig Plc	.03	18	.01	4	.02	14
15.	Sterling Bank	.04	20	.01	6	.03	14
16.	Union Bank of Nigeria Plc	.08	45	.03	14	.05	31
17.	United Bank for Africa	.08	42	.02	10	.06	32
18.	Unity Bank Plc	.05	27	.01	6	.04	21J
19.	Zenith Bank Plc	.07	38	.02	10	.05	28
	Total	.98	541	.27	144	.72	397

Source: Field Survey, 2012

For the purpose of this study, the researcher used the questionnaire as the major instrument for collection of primary data. The researcher designed the questionnaire with structured questions. A total number of 29 questions, structured using 5-point Likert scale, provided respondents with possible answers. Seven hundred and thirty copies of the questionnaire were distributed. Interviews to key persons in the field were also conducted to have their impressions of the core issues of this study. The responses were used to complement data generated with questionnaire.

Validity refers to how well a specific research method measures what it is supposed to measure. To increase validity for this research, the researcher decided to interview both junior and senior staff of the commercial banks in the region. The probability sampling method of stratified sampling was used. The questionnaire was vetted by researcher's supervisor in terms of language, relevance and coverage of the topic under study for quick validation. This is in line with the general belief that content validity of an instrument is necessary based on judgement. According to Polit and Hungler (1987), experts in the content area may be called upon to analyse the items to see if they represent adequately the hypothetical content universally in the correct proportions. The same version of the research instrument was administered to all the respondents. This gave the instrument content validity.

This is seen as a major criterion for assessing a measuring instrument's quality and adequacy. We are referring to the degree of consistency with which it measures the attribute it is supposed to measure. Reliability can be equated with the stability, consistency, or dependability of a measuring tool (Polit and Hungler, 1978). Thus, the instrument has reliability if it can be repeated several times and the results turn out to be the same or almost the same. To this end, to test the reliability of the research instrument, it was subjected to test twice and the Spearman's Correlation Coefficient was applied. This is stated as follows:

$$r = 1 - \frac{6\sum di^2}{n(n^2 - 1)}$$

Where
di = difference in responses in the two periods
n = number of respondents.

$$r = 1 - \frac{6(44)}{20(400\text{-}1)}$$

$$1 - \frac{264}{7980}$$

$$1 - 0.0331$$

$$r = 0.9669$$

Entries under Time 1 and 2 represent the scores for the responses ranging from 5 to 1 for each response.

For presentation and data analysis, tables and percentages were used while the Normal Distribution and the Chi-square (X^2) statistic were used to test the hypotheses.

Table 9.4.1.3: Data for Test-Retest of the Questionnaire

S/No	Time 1	Time 2	Di	di^2
1.	86	85	+1	1
2.	82	83	-1	1
3.	92	90	2	4
4.	85	83	2	4
5.	90	88	2	4
6.	78	77	1	1
7.	76	74	2	4
8.	74	72	2	4
9.	82	84	-2	4
10.	81	82	-1	1
11.	80	81	-1	1
12.	79	80	-1	1
13.	75	76	-1	1
14.	68	67	1	1
15.	83	84	-1	1
16.	66	64	2	4
17.	69	68	1	1
18.	78	77	1	1
19.	77	78	-1	1
20.	88	86	2	4
				44

Presentation and analysis of data

From the seven hundred and thirty (730) copies of questionnaire distributed to stakeholders (managers, non-managers, commercial borrowers and bank shareholders) of commercial banks in the Niger

Delta region, a total of six hundred and seventy-three (673) copies of the questionnaire were correctly filled and returned by the stakeholders (managers, non-managers, commercial borrowers and shareholders) of commercial banks in the Niger-Delta region. Table 9.4.1.4 presents the response rate of questionnaire distributed to the groups of stakeholders.

Table 9.4.1.4: Response rates

Stakeholders	Copies of Questionnaire Distributed	Copies of Questionnaire Returned	Percentage Response (%)	Overall Percent
Bank Managers	144	139	97	21
Non-Bank Managers	395	369	93	55
Commercial Borrowers	95	82	86	12
Shareholders	95	83	87	12
Total	730	673	92	100

Source: Field Survey, 2012

From Table 9.4.1.4, it was revealed that six hundred and seventy-three (673) copies of the questionnaire distributed to the various stakeholders of commercial banks in the Niger-Delta Region (managers, non-managers, commercial borrowers and shareholders) were correctly filled and returned representing 92% performance and 21% of total returned questionnaire distributed.

A breakdown of the returned copies of questionnaire revealed that of the one hundred and forty four (144) copies of questionnaire distributed to managers of commercial banks in the region, one hundred and thirty-nine (139) copies of the questionnaire were correctly filled and returned representing 97% performance and 55% of total returned questionnaire. Three hundred and ninety-five (395) copies of questionnaire were distributed to non-managers of commercial banks in the region and three hundred and sixty-nine (369) copies of the questionnaire were correctly filled and returned representing 93% performance and 55% of total returned questionnaire. Ninety-five (95) copies of questionnaire were distributed to commercial borrowers of commercial banks in the region and eighty-two (82) copies of the questionnaire were correctly filled and returned representing 86% performance and 12% of total returned questionnaire. Lastly, ninety-five (95) copies of questionnaire were distributed to shareholders of commercial banks in the region and eighty-three (83) copies of the questionnaire were correctly filled and returned representing 87% performance and 12% of total returned questionnaire. Therefore, based on the number of questionnaire correctly filled and returned, the response rate could be seen as very satisfying.

Objective: To Determine the Effect of Bank Consolidation on Commercial Borrower Welfare in Commercial Banks in the Niger Delta Region of Nigeria

Tables 9.4.1.5-8 analyse the response from stakeholders based on questions related to objective six of this study.

Table 9.4.1.5 reveals that eighty (80) respondents representing 12% of stakeholders strongly agreed that bank consolidation greatly improved commercial borrowers' welfare. A breakdown indicates that twenty-two (22) of the respondents were managers of commercial banks; forty-one (41) respondents were non-managers of commercial banks; twelve (12) respondents were commercial borrowers and five (5) were shareholders of commercial banks in the Niger-Delta region of Nigeria. Ninety-eight (98) respondents representing 15% of stakeholders agreed that bank consolidation greatly improved commercial borrowers' welfare. A breakdown indicates that twenty-one (21) of the respondents were managers of commercial banks; fifty-nine (59) respondents were non-managers of commercial banks; eleven (11) respondents were commercial borrowers and seven (7) were shareholders of commercial banks in the Niger-Delta region of Nigeria. Sixteen (16) respondents representing 2% of stakeholders were undecided that bank consolidation greatly improved commercial borrowers' welfare. A breakdown indicates that one (1) of the respondent was a managers of a commercial bank; twelve (12) of the respondents were non-managers of commercial banks; two (2) respondents were commercial borrowers and one (1) respondent was a shareholder of a commercial bank in the Niger-Delta region of Nigeria.

Table 9.4.1.5: Bank Consolidation has Greatly Improved Commercial Borrowers Welfare

Stakeholders	Managers	Non-Managers	Commercial Borrowers	Shareholders	Tota L	%
Strongly agree	22	41	12	5	80	12
Agree	21	59	11	7	98	15
Undecided	1	12	2	1	16	2
Disagree	59	173	45	56	333	49
Strongly	36	84	12	14	146	22
Total	139	369	82	83	673	100

Source: Field Survey, 2012

Three hundred and thirty-three (333) respondents representing 49% of stakeholders disagreed that bank consolidation greatly improved commercial borrowers' welfare. A breakdown indicates that fifty-nine (59) of the respondents were managers of commercial banks; one hundred and seventy-three (173) respondents were non-managers of commercial banks; forty-five (45) respondents were commercial borrowers and fifty-six (56) respondents were shareholders of commercial banks in the Niger-Delta region of Nigeria. Lastly, one hundred and forty-six (146) respondents representing 22% of stakeholders strongly disagreed that bank consolidation greatly improved commercial borrowers' welfare. A breakdown indicates that thirty-six (36) respondents were managers of commercial banks; eighty-four (84) respondents were non-managers of commercial banks; twelve (12) respondents were commercial borrowers and fourteen (9) were shareholders of commercial banks in the Niger-Delta region of Nigeria.

Table 9.4.1.6: Commercial Borrowers are Dissatisfied with the Post-Consolidation Lending Practices

Stakeholders	Managers	Non-Managers	Commercial Borrowers	Shareholders	Total	%
Strongly agree	9	18	73	45	145	22
Agree	15	72	3	23	113	17
Undecided	0	16	2	2	20	3
Disagree	39	196	4	10	249	37
Strongly	76	67	0	3	146	21
Total	139	369	82	83	673	100

Source: Field Survey, 2012

Table 9.4.1.6 reveals that one hundred and forty-five (145) respondents representing 22% of stakeholders strongly agreed that commercial borrowers are dissatisfied with the post-consolidation lending practices. A breakdown indicates that the nine (9) of the respondents were managers of commercial banks; eighteen (18) respondents were non-managers of commercial banks; seventy-three (73) respondents were commercial borrowers and forty-five (45) were shareholders of commercial banks in the Niger-Delta region of Nigeria. One hundred and thirteen (113) respondents representing 17% of stakeholders agreed that commercial borrowers are dissatisfied with the post-consolidation lending practices. A breakdown indicates that fifteen (15) respondents were managers of commercial banks; seventy-two (72) respondents were non-managers of commercial banks; three (3) respondents were commercial borrowers and twenty-three (3) were shareholders of commercial banks in the Niger-Delta region of Nigeria. Twenty (20) respondents representing 3% of stakeholders were undecided that commercial borrowers are dissatisfied with the post-consolidation lending practices. A breakdown indicates that none of the respondents were managers of commercial banks; sixteen (16) respondents were non-managers of commercial banks; two (2) respondents were commercial borrowers and two (2) were shareholders of commercial banks in the Niger-Delta region of Nigeria.

Two hundred and forty-nine (249) respondents representing 37% of stakeholders disagreed that commercial borrowers are dissatisfied with the post-consolidation lending practices. A breakdown indicates that thirty-nine (39) of the respondents were managers of commercial banks; one hundred and ninety-six (196) respondents were non-managers of commercial banks; four (4) respondents were commercial borrowers and ten (10) respondents were shareholders of commercial banks in the Niger-Delta region of Nigeria. Lastly, one hundred and forty-six (146) respondents representing 21% of stakeholders strongly disagreed that commercial borrowers are dissatisfied with the post-consolidation lending practices. A breakdown indicates that seventy-six (76) respondents were managers of commercial banks; sixty-seven (67) respondents were non-managers of commercial banks; no respondents was a commercial borrowers and three (3) were shareholders of commercial banks in the Niger-Delta region of Nigeria.

Table 9.4.1.7 reveals that one hundred and twenty-seven (127) respondents representing 19% of stakeholders strongly agreed that bank consolidation led to a decline in customers' welfare. A breakdown indicates that three (3) of the respondents were managers of commercial banks; forty-five (45) respondents were non-managers of commercial banks; sixty-seven (67) respondents were commercial borrowers and twelve (12) were shareholders of commercial banks in the Niger-Delta region of Nigeria. One hundred and nine (109) respondents representing 16% of stakeholders agreed that bank consolidation led to a decline in customers' welfare. A breakdown indicates that four (4) of the respondents were managers of commercial banks; fifty-two (52) respondents were non-managers of commercial banks; eight (8) respondents were commercial borrowers and forty-five (45) were shareholders of commercial banks in the Niger-Delta region of Nigeria. Fifteen (15) respondents representing 2% of stakeholders were undecided that bank consolidation led to a decline in customers' welfare. A breakdown indicates that two (2) of the respondents were managers of a commercial bank; nine (9) of the respondents were non-managers of commercial banks; three (3) respondents were commercial borrowers and one (1) respondent was a shareholder of a commercial bank in the Niger-Delta region of Nigeria.

Table 9.4.1.7: Bank Consolidation has Led to a Decline in Customer Welfare

Stakeholders	Managers	Non-Managers	Commercial Borrowers	Shareholders	Total	%
Strongly agree	3	45	67	12	127	19
Agree	4	52	8	45	109	16
Undecided	2	9	3	1	15	2
Disagree	77	128	2	21	228	34
Strongly	53	135	2	4	194	29
Total	139	369	82	83	673	100

Source: Field Survey 2012

Two hundred and twenty-eight (228) respondents representing 34% of stakeholders disagreed that bank consolidation led to a decline in customers' welfare. A breakdown indicates that seventy-seven (77) of the respondents were managers of commercial banks; one hundred and twenty-eight (128) respondents were non-managers of commercial banks; two (2) respondents were commercial borrowers and twenty-one (21) respondents were shareholders of commercial banks in the Niger-Delta region of Nigeria. Lastly, one hundred and ninety-four (194) respondents representing 29% of stakeholders strongly disagreed that bank consolidation led to a decline in customers' welfare. A breakdown indicates that fifty-three (53) respondents were managers of commercial banks; one hundred and thirty-five (135) respondents were non-managers of commercial banks; two (2) respondents was a commercial borrowers and four (4) were shareholders of commercial banks in the Niger-Delta region of Nigeria.

Table 9.4.1.8: Bank Consolidation has Enhanced Customer Welfare

Stakeholders	Managers	Non-Managers	Commercial Borrowers	Shareholders	Total	%
Strongly agree	35	33	2	11	81	12
Agree	22	65	7	15	109	16
Undecided	5	13	1	2	21	3
Disagree	47	194	56	38	335	48
Strongly	30	64	16	17	127	21
Total	139	369	82	83	673	100

Source: Field Survey, 2012

Table 9.4.1.8 reveals that eighty-one (81) respondents representing 12% of stakeholders strongly agreed that bank consolidation enhanced customers' welfare. A breakdown indicates that thirty-five (35) of the respondents were managers of commercial banks; thirty-three (33) respondents were non-managers of commercial banks; two (2) respondents were commercial borrowers and eleven (11) were shareholders of commercial banks in the Niger-Delta region of Nigeria. One hundred and nine (109) respondents representing 16% of stakeholders agreed that bank consolidation enhanced customers' welfare. A breakdown indicates that twenty-two (22) of the respondents were managers of commercial banks; sixty-five (65) respondents were non-managers of commercial banks; seven (7) respondents were commercial borrowers and fifteen (15) were shareholders of commercial banks in the Niger-Delta region of Nigeria. Twenty-one (21) respondents representing 3% of stakeholders were undecided that bank consolidation enhanced customers' welfare. A breakdown indicates that five (5) of the respondents were managers of a commercial bank; thirteen (13) of the respondents were non-managers of commercial banks; one (1) respondent was a commercial borrower and two (2) respondents were shareholders of a commercial bank in the Niger-Delta region of Nigeria.

Three hundred and thirty-five (335) respondents representing 48% of stakeholders disagreed that bank consolidation enhanced customers' welfare. A breakdown indicates that forty-seven (47) of the respondents were managers of commercial banks; one hundred and ninety-four (194) respondents were non-managers of commercial banks; fifty-six (56) respondents were commercial borrowers and thirty-eight (38) respondents were shareholders of commercial banks in the Niger-Delta region of Nigeria. Lastly, one hundred and twenty-seven (127) respondents representing 21% of stakeholders strongly disagreed that bank consolidation enhanced customers' welfare. A breakdown indicates that thirty (30) respondents were managers of commercial banks; sixty-four (64) respondents were non-managers of commercial banks; sixteen (16) respondents was a commercial borrowers and seventeen (17) were shareholders of commercial banks in the Niger-Delta region of Nigeria.

Table 9.4.1.9 depicts the consolidated responses for objective six of this study; it was revealed that four hundred and thirty-three (433) respondents representing 16.08% of stakeholders strongly agreed that the bank consolidation policy of the Central Bank of Nigeria had significant negative effect on commercial borrowers' welfare in the

Niger Delta Region of Nigeria. A breakdown indicates that sixty-nine (69) of the respondents were managers of commercial banks; one hundred and thirty-seven (137) respondents were non-managers of commercial banks; one hundred and fifty-four (154) respondents were commercial borrowers and seventy-three (73) were shareholders of commercial banks in the Niger-Delta region of Nigeria. Four hundred and twenty-nine (429) respondents representing 15.94% of stakeholders agreed that the bank consolidation policy of the Central Bank of Nigeria had significant negative effect on commercial borrowers' welfare in the Niger Delta Region of Nigeria. A breakdown indicates that sixty-two (62) of the respondents were managers of commercial banks; two hundred and forty-eight (248) respondents were non-managers of commercial banks; twenty-nine (29) respondents were commercial borrowers and ninety (90) were shareholders of commercial banks in the Niger-Delta region of Nigeria. Seventy-two (72) respondents, representing 2.67% of stakeholders were undecided that the bank consolidation policy of the Central Bank of Nigeria had significant negative effect on commercial borrowers' welfare in the Niger Delta Region of Nigeria. A breakdown indicates that eight (8) respondents were manager of a commercial bank; fifty (50) respondents were non-managers of commercial banks; eight (8) respondents were commercial borrowers and six (6) were shareholders of commercial banks in the Niger-Delta region of Nigeria.

One thousand, one hundred and forty-five (1145) respondents representing 42.53% of stakeholders disagreed that the bank consolidation policy of the Central Bank of Nigeria had significant negative effect on commercial borrowers' welfare in the Niger Delta Region of Nigeria. A breakdown indicates that two hundred and twenty-two (222) of the respondents were managers of commercial banks; six hundred and ninety-one (691) respondents were non-managers of commercial banks; one hundred and seven (107) respondents were commercial borrowers and one hundred and twenty-five (125) were shareholders of commercial banks in the Niger-Delta region of Nigeria. Lastly, six hundred and thirteen (613) respondents representing 22.77% of stakeholders strongly disagreed that the bank consolidation policy of the Central Bank of Nigeria had significant negative effect on commercial borrowers' welfare in the Niger Delta region of Nigeria. A breakdown indicates that one hundred and ninety-five (195) of the respondents were managers of commercial banks; three hundred and fifty (350) respondents were non-managers of commercial banks; thirty (30) respondents were commercial borrowers and thirty-eight (38) were shareholders of commercial banks in the Niger-Delta region of Nigeria.

Table 9.4.1.9: Consolidated Responses for Objective (Effect of Bank Consolidation on Commercial Borrower Welfare in Commercial Banks in the Niger Delta Region)

Significantly Negative	Managers	Non-Managers	Commercial Borrowers	Shareholders	Total	%
Strongly	69	137	154	73	433	16.08
Agree	62	248	29	90	429	15.94
Undecided	8	50	8	6	72	2.67
Disagree	222	691	107	125	1145	42.53
Strongly	195	350	30	38	613	22.77
Total	556	1476	328	332	2692	100

Source: Field Survey, 2012

Respondents from the personal interview conducted were generally of the opinion that bank consolidation had significant negative effect on commercial borrowers' welfare in the region. Reasons advanced by respondents suggest that this could be attributed to banks inability to leverage on their larger size. It has been argued in literature that size of financial institutions often connotes more fund thus increasing their ability to lend however as opined by respondents, the reverse was the case in the Nigerian banking industry.

Test if Hypotheses

The hypotheses stated were tested using three steps; step one involved the restatement of the hypotheses in null and alternate forms, step two was presentation of table for analysis and analysis of SPSS results while step three involved decision.

Step One: Restatement of Hypothesis in Null and Alternate Forms

H_o: Bank consolidation has no significant negative effect on commercial borrowers' welfare in commercial banks in Nigeria's Niger Delta region

H_a: Bank consolidation does have significant negative effect on commercial borrowers' welfare in commercial banks in Nigeria's Niger Delta region.

Step Two: Presentation of Table and Analysis of SPSS Results

Table 9.4.1.10: Consolidated Responses for Objective Six

Significantly Negative	Managers	Non-Managers	Commercial Borrowers	Shareholders	Total	%
Strongly agree	69	137	154	73	433	16
Agree	62	248	29	90	429	16
Undecided	8	50	8	6	72	3
Disagree	222	691	107	125	1145	43
Strongly	195	350	30	38	613	22
Total	556	1476	328	332	2692	100

Source: Field Survey, 2012

Table 9.4.1.11: SPSS Chi-Square Tests Results for Hypothesis

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-	45.560	12	.05
Square	45.467	12	.05
Likelihood Ratio	17.859	1	.05
Linear-by-Linear	2692		
Association			
N of Valid Cases			

Source: SPSS Results.

From Table 9.4.1.11, stakeholders' (managers, non-managers, commercial borrowers and shareholders of commercial banks) perception in Nigeria's Niger Delta region from the results revealed that, bank consolidation has significant negative effect on commercial borrowers' welfare in commercial banks in Nigeria's Niger Delta region (X_{c2} = 45.56 > X_{t2} = 21.0 at 12 degrees of freedom and 0.05 level of significance).

Step Three: Decision

The null hypothesis is rejected while the alternate hypothesis is accepted. Thus, bank consolidation has significant negative effect on commercial borrowers' welfare in commercial banks in Nigeria's Niger Delta region.

Conclusion and recommendations

Karceski, Ongena, and Smith (2005) estimated the impact of bank merger announcements on borrowers' stock prices for publicly traded Norwegian firms. Borrowers of target banks lose about 0.8% in equity value, while borrowers of acquiring banks earn positive abnormal returns, suggesting that borrower welfare is influenced by a strategic focus favoring acquiring borrowers. Bank mergers lead to higher relationship exit rates among borrowers of target banks. Larger merger-induced increases in relationship termination rates are associated with less negative abnormal returns, suggesting that firms with low switching costs switch banks, while similar firms with high switching costs are locked into their current relationship. However one may still ask why publicly traded borrowers, which produce and disclose a large amount of financial data and can raise capital through the equity market, are influenced by a merger involving their bank. The traditional thinking in finance is that firms of adequate size, reputation, or transparency will abandon bank financing in favor of raising cheaper capital in public markets. The findings of this study, thus confirmed that bank consolidation have a significant negative effect on commercial borrowers in Nigeria's Niger Delta region. This is in line with the works of Karceski, Ongena, and Smith (2005), La Porta et al. (2002) and Sapienza (2004).

From the findings of this study, and again in line with the objectives of the study, the following recommendation is made. Lastly, commercial borrowers are interested in interest rates that will attract them to borrow. The recent bank consolidation exercise as observed from this study has a significant negative effects on commercial borrowers' welfare notwithstanding the general view that the larger the size of banks, its ability to lend increases and less interest rates given to borrowers, commercial borrowers are yet to experience this. Thus the study recommends that a conscious attempt should be made by commercial bank managers in the region to lower the cost of borrowing.

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