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The Effect Of Deposit Money Banks Performance Indicators On Economic Development In Nigeria

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ABSTRACT
This study is designed to examine the money deposit money banks performance indicators on economic development in Nigeria. The expost facto research design was used, and secondary data was collected from the Central Bank of Nigeria annual statistical bulletin. The panel regression model was used to examine the effect of monetary policy which is proxy by cash reserve ratio, monetary policy rate and liquidity ratio on the liquidity of selected deposit money banks in Nigeria over a timeframe spanning from 2014 to 2023. The result from this study reveals that cash deposit mobilization and bank size do have a positive significant effect on the level of the gross domestic product in Nigeria. The result also reveals that profit after tax does have an inverse non-significant effect on the level of the gross domestic product in Nigeria. It is therefore concluded from this study that monetary policy does have a significant effect liquidity of deposit money banks in Nigeria. Therefore, it is recommended that the management of deposit money banks should continuously seek avenues to promote cash deposit mobilization.
Keywords: Bank Size, Cash deposit mobilization, Gross domestic product, Profit after tax

INTRODUCTION

Economic development reflects the welfare of an economy and shows the level of prosperity in terms of production capacity and value of a country. Currently on the scale of countries with the highest level of economic development, no African country is listed.

In addition to this, the advent of COVID-19 slowed down economies of the world due to shut down of movements to curb the spread of the virus which also influenced the economic activities with economies recording a negative gross domestic product of which Nigeria was not left out (Chen et al., 2020).

Economic development is important as it reflects not only the economic environment but also the wellbeing of the citizens found within the economy. In Africa, the average gross domestic product ranged from 3.5-45% for the year 2024 (IMF, 2024). In Nigeria however, the gross domestic product rate was reported at 3.4% from 2.79% which is below the average gross domestic product for Africa (CBN, 2024).

Furthermore, in Nigeria, asides the slow economic growth rate, the economy is marred by inflation and the effect of structural adjustments such the removal of subsidies from petrol and electricity consumption, the setting of the market rates to interact and rates determined from this interaction with minimal influence from the government (exchange rate liberalization) (Wang et Shao, 2022).

One tool used to manage the economy is the monetary policies which influence the financial industry made up of the banks, insurance firms, pension houses among others (Farzana et al, 2024). Of these categories of business that operate in the financial industry, the banks interact more with individuals and corporate entities because of the role they play as an aid to commerce by facilitating finance to enhance the operations of small, medium and large businesses (Pacifico, 2025). They also provide balance to the economy by channeling funds from surplus areas of the economy to the deficit area of the economy.

In effect, the performance of the deposit money banks in Nigeria is important due to the role they play. Various studies have been carried out to examine factors that contribute to the performance of deposit

money banks in Nigeria. However, there appears to be paucity of research in the direction of how the deposit money banks' performance influences the economic prosperity of the country. Hence, this study is designed to examine the effect of deposit money bank performance on economic development in Nigeria.

Objectives of the Study

The main objective of this study is to examine the effect of deposit money banks performance indicators on economic development in Nigeria. To achieve this, the following specific objectives will be met, which are to:

i. Assess the effect of cash deposit mobilization on the gross domestic product of Nigeria.
ii. Examine the effect of bank size on the gross domestic product of Nigeria.

Evaluate the effect of profit after tax on the gross domestic product of Nigeria

The main objective of this study is to examine the effect of deposit money banks performance indicators on economic development in Nigeria. To achieve this, the following specific objectives will be met, which are to:

i. Assess the effect of cash deposit mobilization on the gross domestic product of Nigeria.
ii. Examine the effect of bank size on the gross domestic product of Nigeria.
iii. Evaluate the effect of profit after tax on the gross domestic product of Nigeria.

Research Hypotheses

The following research hypotheses to be tested in this study are stated in their null form as shown below:

Hypothesis One

$H_0$1: Cash deposit mobilization does not have a significant effect on the gross domestic product of Nigeria.

Hypothesis Two

$H_0$2: Bank size does not have a significant effect on the gross domestic product of Nigeria.

Hypothesis Three

$H_0$3: Profit after tax does not have a significant effect on the gross domestic product of Nigeria.

2. LITERATURE REVIEW

Conceptual Review

Economic Development

Economic development can be described as a measure of both the production value and quality of life of a group of people. It is not only concerned with productive activity but also reflect the standard of living which includes health care access, income distribution, sustainable environmental practices among others. United Nations Development Programme (UNDP) (2021) describes economic development as the process of creating growth, progress, and improvement in the economic, political, and social well-being of people. Economic development covers concepts such as income growth, poverty reduction, human development, employment generation, sustainability among others.

The COVID-19 pandemic significantly impacted global development trajectories. It exposed structural inequalities and highlighted the need for resilience in development planning. The World Bank (2022) noted that global extreme poverty rose in 2020 for the first time in over two decades, reversing progress in many low-income countries.

Economic development has been linked with the existence of institutions which comprise of both formal (laws, regulations) and informal (social norms, trust). They play an important function in shaping development outcomes. Countries with strong, transparent institutions are more likely to experience more sustained and equitable development (Kose et al, 2024).

Acemoglu and Robinson (2021), opine that inclusive political and economic institutions foster innovation and equal opportunity, while extractive institutions hinder development by concentrating power and resources. It is important to note that economic development is important such that all government machinery is deployed to promote economic development.

Economic development in this study represents the dependent variable in this study which is measured by the change in the level of gross domestic product (GDP) (Kouadio et al, 2022).

Gross Domestic Product

Gross domestic products are described as the market value of all final goods and services produced in a country in each period (IMF, 2021). It represents the total monetary value of goods and services produced by an economy. It is commonly used as a proxy for measuring the economic performance of any economy.

However, due to the limitations in gross domestic products capturing the total welfare of individuals in an economy, other variants have been developed to capture the well-being of individuals and the impact of productive activities on the economy (Wu et al., 2025).

Gross domestic product can be measured using three approaches which are the production approach, the expenditure approach and the income approach. The production approach involves the summation of all value created at all levels of production while the expenditure approach involves the summation of individual consumption, investment, government expenditure and net export. Finally, the income approach involves the summation of all income (wages, rents, interests, profits) earned during production (Grashof, 2025). Gross domestic product is relevant in measuring economic growth movement, business cycle, economic productivity and in the setting of both fiscal and monetary policy objectives. Economic development is attained by sustained growth in the GDP which is closely linked to increasing income level, decreasing levels of unemployment and reduction in poverty.

Recent trend suggests that GDP declined in many economies after the COVID-19 pandemic which significantly disrupted global GDP growth. The IMF (2021) reported the deepest global contraction since the Great Depression in 2020, with recovery patterns varying across countries due to fiscal space, vaccination access, and digital infrastructure. In addition, the COVID-19 era stimulated the use of technology across borders to facilitate commerce and this has added to the complexity in the determination of gross domestic product accurately.

Stiglitz et al., (2020) argue that GDP should be seen as a tool, not a goal, and used in conjunction with broader indicators of well-being, equity, and sustainability.

In this study, gross domestic product is used as a proxy for economic development which is the dependent variable in this study.

Performance Indicators of Deposit Money Banks

Deposit money banks can also be referred to as commercial banks and perform a critical function in maintaining balance in the financial system by allocating cash from deficit areas and redistributing it to surplus areas. Hence, the health of this banks that perform this critical function in the financial system (Yıldırım & Ilkay, 2025). To assess the health of the banks, performance indicators are used to gauge their financial sustainability as the negative performance of banks or eventual wind-up has a negative consequence on the economy due to the critical role, they play in maintaining financial balance in the system.

Performance indicator measures involves both quantitative and qualitative measures. However, in this study the quantitative measures will be considered as they can be easily measured.

European Central Bank (ECB) (2021) states that performance indicators are important in ensuring transparency and early detection of risk in the banking system. Banking performance indicators are used to quantitatively measure profitability, solvency, efficiency, asset quality, capital adequacy level.

In recent time, post-2020, the global banking sector has undergone rapid digitalization, tighter regulatory scrutiny, and increased exposure to economic shocks (e.g., COVID-19, inflation, geopolitical instability), necessitating a more robust framework for evaluating bank performance. Recent developments have led to the introduction of new areas of performance measurement such as digital banking metrics which include online transaction volume, digital customer growth among others. In addition, environmental, social, and governance (ESG) performance, cybersecurity readiness indicators, customer experience/satisfaction indexes among others.

According to KPMG (2023), banks are increasingly integrating non-financial KPIs into performance dashboards to align with stakeholder expectations and sustainability goals. However, for the purpose of this study, performance indicators will be focused on financial metrics.

Cash Deposit Mobilization

Cash deposit mobilization refers to the strategies and processes employed by financial institutions, particularly deposit money banks, to attract and retain customers' cash deposits (Villar-Roldan et al, 2025). These deposits form a critical component of a bank's funding base, enabling credit creation, investment, and liquidity management. Effective deposit mobilization enhances financial inclusion, supports economic development, and strengthens the stability of the banking sector.

These deposits are raised through various classes of account offered by the banks which include savings account, current (demand) deposit account and fixed deposit account.

According to World Bank (2022), deposit mobilization is essential for expanding financial intermediation and supporting credit delivery, especially in developing economies. It is important as it provides banks with stable funding for lending, serves as basis on which interest income are generated, it serves as channel to enhance cross-selling, serves as a platform to gauge customer loyalty and is a cheap source of raising funds compared to borrowing.

Raising cash deposit is important and some of the strategies that can be used to achieve raising cash deposits include establishing branches to improve the network and bring the bank closer to the people. In addition, the creation of digital financial services enhances convenience and acts as a booster in driving cash deposits (Sowrov, 2024). Furthermore, offering tiered interest rates, loyalty programs, and personalized savings plans can also boost deposits level. In addition, the championing of financial literacy level and the development of strong customer relationship management can have an impact on the less educated and the endear clients to the bank such that deposits are channeled towards the banks (Sowrov, 2024).

Several internal and external factors affect a bank's ability to mobilize deposits. These factors include higher rates which tend to attract more deposits, inflation which reduces the real value of savings, potentially discouraging deposits, customer confidence in the banking system, the reputation of the bank and the level of digitalization. Okonkwo and Nwokocha (2021) pointed out that mobile banking adoption significantly improved deposit mobilization among Nigerian commercial banks.

Despite the strategies that exist to promote deposit mobilization level, their exist limitations such as low banking penetration in rural areas, informal financial practices and cash economy dominance, digital divide affecting access to mobile banking, competition from fintech and microfinance institutions, economic shocks and uncertainty among others.

Bank Size

Bank size refers to the scale or magnitude of a bank's operations, typically measured by its total assets, capital base, number of branches, employee size, or market share. The size of a bank has important implications for its risk profile, efficiency, profitability, and systemic importance within the financial system. Bank size is a multifaceted concept, commonly assessed through total assets, market capitalization, number of branches, number of employees, total deposit and total loan. However, according to European Banking Authority (EBA) (2021), total assets remain the most consistent and comparable indicator of bank size across jurisdictions.

The size of a bank has implications in several key areas such as economies of scale as larger banks often benefit from cost advantages due to spreading fixed costs over a broader asset base and offering a wider range of services. According to Djalilov and Pasiouras (2021), bank size positively correlates with operational efficiency in many emerging markets. Furthermore, banks size determines the stability of the banks as large banks are classified as too big to fail (TBTF) meaning their collapse could trigger systemic financial crises.

A study by Chen et al. (2020) found that bank size significantly influenced profitability during the COVID-19 pandemic, with larger banks better able to absorb shocks and continue lending. The post-pandemic era has brought renewed focus on the advantages and drawbacks of large bank sizes.

Bank size is a proxy for performance indicator in this study and its influence on cash mobilization is to be examined in this study. It is important to note that bank size in this study is measured by total asset.

Profit After Tax

Profit After Tax (PAT) is also referred to as net income or net profit. It represents the amount of earnings a company retains after all expenses, including operating costs firm's profitability and financial health and is widely used in performance analysis, dividend policy decisions, and investment evaluations (Nguyen, et al., 2025).

In the post-2020 economic climate marked by disruptions such as the COVID-19 pandemic, inflationary pressures, and evolving tax regulations, PAT has gained renewed importance as a performance metric and indicator of corporate resilience (Hasan et al., 2024).

According to PwC (2021), PAT is one of the most significant indicators for assessing a company's bottom line performance and long-term viability, especially in volatile economic environments. There are several internal and external factors that influence PAT which includes level of revenue, cost efficiency level, interest and debt levels, tax policies, macroeconomic factors among others. OECD (2021) reported that consistent PAT growth reflects effective management, while volatility may indicate underlying operational or financial instability.

A study by KPMG (2022) found that firms with agile cost structures and digitalized operations showed higher PAT growth during the COVID-19 recovery phase compared to those with rigid expense models. The global economy has shifted since 2020 which have reshaped the PAT landscape.

Despite the usefulness and the importance, profit after tax faces peculiar limitations just like the regular accounting ratios. For instance, it is subject to accounting manipulations, it cannot be used to predict cashflow as it not a cash metric and its interpretation varies among industries which makes comparison and decision making a lilted bit difficult due to industry peculiarities (Nguyen, et al., 2025).

Hence, analysts often complement PAT with cash flow statements, EBITDA, and other financial ratios for a more holistic performance assessment.

Profit after tax is used in this study as a proxy to the independent variable (performance indicators of deposit money banks in Nigeria) and the relationship between it and economic development will be tested in this study.

Theoretical Review

Financial Intermediation Theory

Financial intermediation theory is credited to have been developed by John G. Gurley and Edward S. Shaw in their work titled "money in a theory of finance" which was done in the year 1960. Further contributions were also made by Douglas W. Diamond and Philip H. Dybvig in the year 1983 in their research work titled "bank runs, deposit insurance and liquidity". The theory explains the role of financial intermediaries such as banks, insurance companies, investment firms among others in maintaining an efficient allocation of resources in the economy. It shows how financial intermediaries reduce transaction costs, manage risk and reduce information asymmetries (Gurley & Shaw, 1960). The theory is premised on the existence of information asymmetries which suggests the financial market is not perfect as borrowers are assumed to have more knowledge about their business, investment or project than lenders. The theory also is premised on the role of financial intermediaries as managing information at various levels to ensure that the right borrowers are given fund. The theory also assumes that financial intermediaries act as risk diversifier as they gather funds and are responsible for allocation to less risky individuals based on the information, they can gather such that depositors' funds are kept safely (Diamond & Dybvig, 1983).

It is also assumed that financial intermediaries reduce the cost of transaction through economies of scale and their specialization and that they aid in preserving liquidity of depositors until when needed (Leland & Pyle, 1977). The theory is however critiqued for focusing on traditional financial institutions such as banks and insurance companies and did not cover the increasing function of the capital market and fintech. In addition, the theory is also criticized for not identifying the issue of systematic risk which

happens because of the interventions from the financial intermediaries and will lead to a distortion of the system, this is evidenced in the global financial crisis witnessed in the year 2008.

Furthermore, the theory is further critiqued for failing to recognize government policies and other forms of regulation on the financial market and how it influences the outcome of the financial market. Finally, critique posit that the agency problem might persist where agents (financial intermediaries) might follow their different objective which is in variance with the principal (depositors) (Allen, & Santomero, 1997; Levine, 2005).

Despite the criticisms, proponents argue that the theory led to the framework of what is known as modern banking and that the theory gives explanation to the workings of the financial system which allows policy makers to be able to predict outcome of policies to be made. The study is also credited to be valid as the roles of financial intermediaries are carried out by them. Finally, the theory is also credited to show the fundamentals of other variations of financial institutions such as microfinance banks and Fintech and has shaped the financial system in various economies of the world (Mishkin, 2015).

The theory is considered useful to this study as it speaks to the independent variable in this study and attempts to create an understanding of the roles that they perform.

Schumpeterian Theory of Economic Development

Schumpeterian theory is propounded by Joseph Alois Schumpter in the year 1911 in the seminal research work titled "the theory of economic development". It was later translated into English in 1934. The theory identifies entrepreneurs as innovators and a catalyst in contributing towards economic development. The theory describes economic development as not a smooth or continuous process but driven by entrepreneurial innovation and links economic development closely to innovation (Schumpeter, 1934).

The theory is premised on the assumption that the entrepreneur is a major determinant of economic development. The entrepreneur is responsible for the coordination of the other factors of production. The theory not only assumes the significance of the entrepreneur but also assumes that innovation needs to exist for economic development to take place. The theory places emphasis on the importance of bank credit to fund innovation of the entrepreneurs. The theory assumes that there is a cycle in economic movements as innovations leads to economic development and later recession after the market has adjusted. The proponent of the theory assumes that innovation displaces the old structure (Schumpeter, 1942).

The theory is however critiqued for being narrowly focused on only innovation as there exist other factors that influences economic development such as government policy, foreign trade activities, institutions among others (Furthermore, among the human elements, there are other workers, managers among others that play a role or the other to enable innovation to happen (Fagerberg, 2003).

Empirical Review

This section shows some of the related studies carried out on the theme of this study. This is to guide us in identifying a gap in literature and directing this research to make meaningful contributions to literature. Various studies have been conducted, for instance, Nguyen, et al. (2025) examined how income levels shape innovation performance across countries (2010–2021) using SGMM. They discovered that determinants like research and development and patent output vary significantly by income bracket, suggesting tailored innovation policies.

Grashof (2025) used spatial econometrics to link economic growth, industrial clusters, and objective well-being in EU regions. The study reveals that beyond GDP, cluster strength and spatial patterns significantly impact regional quality of life. Yıldırım and Ilkay (2025) developed an index of quality growth and financial development across EU nations and links it to environmental sustainability. The study revealed a composite index better suited than GDP alone.

Villar-Roldan et al (2025) analyzed development paths in Sub-Saharan Africa using MCDM to assess the roles of conflict, state capacity, and convergence clubs. They revealed that state capacity and conflict levels do significantly influence economic development in the region. Profiroiu et al., (2025) carried out a

study to assess how green growth strategies affect socioeconomic dynamics in 203 economies. The outcome of the study concludes that internalizing sustainable development costs enhances performance. Wu et al., (2025) explored long-term links between development and environmental quality, emphasizing a spatial tradeoff between agglomeration economies and spatial dispersion. Hasan et al., (2024) applies system GMM on a panel of 71 countries to identify short-term GDP drivers. They highlighted factors such as COVID-19 vaccination coverage and digitalization as significant determinants of growth.

3. RESEARCH METHODS

The research design employed in this research is the *expost facto* research design. This is preferred to survey research design as it doesn't allow room for the manipulation of any of the study variables. Furthermore, *expost facto* research design enables the study of variables over a longer period more easily than survey research design.

The population for this study is made up of all Deposit money banks and non-interest banks listed by the Central Bank of Nigeria (CBN) on April 26, 2024. The total number of deposit money banks are Thirty (30). They comprise seven (7) Deposit money banks with international authorization, fifteen (15) Deposit money banks with national authorization, four (4) Deposit money banks with regional authorization, and four (4) non-interest banks.

List Of Deposit Money Banks As At April 26,2024.

DEPOSIT MONEY BANKS LICENCE WITH INTERNATIONAL AUTHORIZATION

SN	NAME OF INSTITUTION
1	ACCESS BANK LIMITED
2	FIDELITY BANK PLC
3	FIRST CITY MONUMENT BANK LIMITED
4	FIRST BANK NIGERIA LIMITED
5	GUARANTY TRUST BANK LIMITED
6	UNITED BANK OF AFRICA PLC
7	ZENITH BANK PLC

DEPOSIT MONEY BANK LICENCE WITH NATIONAL AUTHORIZATION

SN	NAME OF INSTITUTION
1	CITIBANK NIGERIA LIMITED
2	ECOBANK NIGERIA LIMITED
3	HERITAGE BANK PLC
4	GLOBUS BANK LIMITED
5	KEYSTONE BANK LIMITED
6	POLARIS BANK LIMITED
7	STANBIC IBTC BANK LIMITED
8	STANDARD CHARTERED BANK LIMITED
9	STERLING BANK LIMITED
10	TITAN TRUST BANK LIMITED
11	UNION BANK OF NIGERIA PLC
12	UNITY BANK PLC
13	WEMA BANK PLC
14	PREMIUM TRUST BANK LIMITED
15	OPTIMUS BANK LIMITED

DEPOSIT MONEY BANKS LICENCE WITH REGIONAL AUTHORIZATION

SN	NAME OF INSTITUTION
1	PROVIDUS BANK LIMITED
2	PARALLEX BANK LIMITED
3	SUNTRUST BANK NIGERIA LIMITED
4	SIGNATURE BANK LIMITED

NON-INTEREST BANKS LICENSE WITH NATIONAL AUTHORIZATION

SN	NAME OF INSTITUTION
1	JAIZ BANK PLC
2	TAJ BANK LIMITED
3	LOTUS BANK LIMITED
4	ALTERNATIVE BANK LIMITED

Deposit money banks and non-interest banks are selected as being easily reachable to individual customers at the retail level unlike other forms of deposit money banks that deal at large trade level.
Secondary source of data will be used for this study as the study is focused on examining events that have already taken place. The data collection instrument for this study are the annual statistical bulletin of the Central Bank of Nigeria (CBN) and the annual report of the Nigerian Deposit Insurance Commission (NDIC). The data will be collected over a time frame of ten years which spans from 2014 to 2023.
The research instrument to be used in this study will be subjected to both validity and reliability tests to confirm that the correct data is being collected for this study which will influence the outcome from this study. The details of the tests are shown below
Validity of research instrument shows that the research instrument shows a true measurement of the data. In this study, both construct and face validity are used to determine the validity of the research instrument. Construct validity reveals that cash deposit, firm size and profit after tax can serve as proxies to measure the performance of deposit money banks. On the other hand, economic development is measured by gross domestic products which are also used widely in extant literature.
Reliability of research instruments checks the correctness of the research instrument to capture data accurately such that it produces same research data overtime.

4. DATA PRESENTATION AND ANALYSIS

Data is analyzed in this study using both descriptive and inferential statistics. The descriptive statistics will involve the use of mean, median and mode in order to describe the nature of the data collected also Inferential statistics will also be used to further process the data collected in this study.

Table 4.1. Descriptive Analysis

	Cash Mobilization	Bank Size	PAT	GDP
Mean	38,067.67	1,012,346,209.30	96,202,152.70	142,543.77
Median	33,795.25	93,281,803.00	72,325,221.50	135,973.66
Std. Deviation	17,509.47	1,060,140,637.06	53,126,699.00	46,972.65
Minimum	20,451.73	30,970,000.00	15,000,000.00	89,043.62
Maximum	79,252.46	2,523,176,580.00	174,929,190.00	229,912.94
N	10.00	10.00	10.00	10.00

Source: Researcher's Analysis (2025)

The result is shown in Table 4.1 reveals that cash mobilization averaged N38 billion under the period considered in this study. Similarly, the bank size of deposit money banks averaged N1.012 trillion while profit after tax averaged N96 trillion. The gross domestic product averaged N142 billion for the same period.

The result further shows that cash mobilization ranged between N20.4 billion and N79.252 billion. While bank size spanned between N30.97 billion and N2.523 trillion. Furthermore, the profit after tax for the period considered ranged between N15 billion and N174.929 billion. In the same direction, the gross domestic product for the period spanned between N89.043 billion and N229.912 trillion.

Table 4.2. Regression Result

Estimation Techniques	**Regression Result**			
Dependent Variable: GDP	**Coeff.**	**Std. Err**	**T-Stat**	**Prob**
Constant	67411.25	0	8.55	0.001
CSD	0.61	0.2	8.42	0.001
FZD	0.51	0	5.27	0.002
PAT	-0.12	0	-1.44	0.201
Adjusted R^2	0.97			
F-Stat	$F_{(3, 10)} = 94.37$ (0.001)			

Source: Researcher's Analysis (2025)

The result from Table 4.2. can be used to express the study model as shown below:

GDP = 67411.25 + 0.61(X) + 0.51 (X) -0.12 (X) + ζ_i

The result on Table 4.2. shows that cash deposit mobilization and bank size do have a positive significant effect on the level of the gross domestic product in Nigeria. This means that the larger the cash deposit mobilized and the larger the asset base of the banks increase, the higher the level of gross domestic product in Nigeria. The result also reveals that profit after tax does have an inverse non-significant effect on the level of the gross domestic product in Nigeria. This means that the larger the profit after tax that is made, the lower the level of gross domestic product in Nigeria.

The result further reveals that the variable in this study explains 97% of the factors that influence the gross domestic product in Nigeria. This is represented by the adjusted R square as presented in this study.

DISCUSSION OF FINDINGS

Research Question One: How does cash deposit mobilization affect the gross domestic product of Nigeria?

The result from this study shows that cash deposit mobilization does have a positive significant effect on the level of the gross domestic product in Nigeria. This position is in tandem with the position of Villar-Roldan et al (2025) who opined that the activities of actors within a state contribute positively to the overall development of the state. The role of increased cash deposit mobilization provides the bank with the ability to direct funds into the deficit sectors of the economy to stimulate economic activities that will lead to economic growth.

Research Question Two: To what extent does bank size affect the gross domestic product of Nigeria?

The result from this study reveals that bank size does have a positive significant effect on the level of the gross domestic product in Nigeria. The result from this study agrees with the position of Yıldırım and Ilkay (2025) who pointed out that quality of growth of actors within an economy leads to the development and the sustainability of the economy.

Research Question Three: What is the effect of profit after tax on the gross domestic product of Nigeria?

The result from this study also reveals that profit after tax does have an inverse non-significant effect on the level of the gross domestic product in Nigeria. This position contrasts with the view of Chen and

Zhang (2022), who posited that the activities within an economy are aggregated to become economic development. However, profit after tax of banks increases from the result of the analysis has an inverse effect on the level of gross domestic product. This could suggest more tax avoidance schemes have been created by banks to manage taxes to be minimal and thereby there is low revenue in the form of taxes available to the government to stimulate the economy.

5. CONCLUSION AND RECOMMENDATION

The study was designed to examine the effect of money deposit bank performance on the level of economic development in Nigeria. The result from this study reveals that cash deposit mobilization and bank size do have a positive significant effect on the level of the gross domestic product in Nigeria. The result also reveals that profit after tax does have an inverse non-significant effect on the level of the gross domestic product in Nigeria.

Finally, it can be concluded from the study that money deposit bank performance does have a significant effect on the level of economic development in Nigeria.

RECOMMENDATIONS

Based on the findings from this study, the following recommendations are given:

i. The management of deposit money banks should continuously seek avenues to promote cash deposit mobilization.
ii. The management of banks are encouraged to pursue strategies that will promote growth in asset size of their banks. While the Central Bank of Nigeria (CBN) should ensure that they put in place policies that will promote banks to grow their asset base.
iii. Although profit after tax is a measure for gauging the performance of banks, liquidity should be given preference.

Contribution to Knowledge and Future Research

This study contributed to knowledge in the following ways

Theoretical Contribution: The study validated the relevance of endogenous growth theory and financial intermediation theory with the output of the analysis done in this study.

Practice Contribution: The study contributes to practice by guiding management on strategies to follow to contribute meaningfully to the economy.

Academic Contribution: The outcome of this study will serve as a guide to future researchers as they can reference the information from this study and use the methodology as a guide in carrying out their studies.

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