

TABLE OF CONTENT

TITLE PAGE

CERTIFICATION

DEDICATION

ACKNOWLEDGEMENT

ABSTRACT

LIST OF TABLE

LIST OF FIGURES

CHAPTER ONE

1.1 INTRODUCTION

1.2 BACKGROUND OF THE STUDY

1.3 STATEMENT OF THE STUDY

1.4 RESEARCH QUESTION

1.5 OBJECTIVES OF THE STUDY

1.6 SIGNIFICANCE OF THE STUDY

1.7 STATEMENT OF THE HYPOTHESIS

1.8 JUSTIFICATION OF THE STUDY

1.9 SCOPE OF THE STUDY

1.10 DEFINITION OF TERMS

CHAPTER TWO – LITERATURE REVIEW

2.1 INTRODUCTION

2.2 SMALL AND MEDIUM ENTERPRISES EQUITY INVESTMENT SCHEME

2.3 BENEFITS OF BANK RECAPITALIZATION TO SMEs

2.4 CONTRIBUTION OF BANK RECAPITALIZATION IN THE PROMOTION OF SMEs

2.5 ADVANTAGES OF RECAPITALIZATION ON SMEs

2.6 DISADVANTAGES OF BANK RECAPITALIZATION ON SMEs

2.7 SOURCES OF FINANCING SMEs

2.8 THE GROWTH OF SMALL SCALE INDUSTRIES AND CONTRIBUTIVE SCHEME

2.9 DEVELOPMENT OF NIGERIAN MONEY DEPOSITE BANKS AND THE CONSOLIDATION OF THE SECTOR

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

3.2 AREA OF STUDY

3.3 RESEARCH DESIGN

3.4 POPULATION OF STUDY

3.5 SAMPLE SIZE

3.6 SAMPLE/SAMPLING TECHNIQUE

3.7 RESEARCH INSTRUMENT AND INSTRUMENTATION

3.8 VALIDATION OF THE INSTRUMENT

3.9 ADMINISTRATION OF THE STUDY

3.10 METHOD OF DATA ANALYSIS

3.11 LIMITATION OF THE STUDY

CHAPTERFOUR –DATA, ANALYSIS, FINDINGS AND DISCUSSION

4.1 DATA PRESENTATION AND ANALYSIS

4.2 RESEARCH FINDINGS

4.3 DISCUSSION OF FINDINGS

CHAPTERFIVE- SUMMARY, CONCLUTION, RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

5.2 CONCLUTION

5.3 RECOMMENDATION

5.4 PROPOSAL FOR FUTHER STUDIES

REFERENCES

ABSTRACT

This study was on the study of recapitalized commercial banks and theirSME customers in Nigeria. This study was guided by the following objectives; to determine the relationship between Commercial Banks and theperformance Small Business Entrepreneurs in Nigeria. To determine whether bankrecapitalization led to increase in funds for financing SMEs. To examine theaccessibility of Small and Medium Enterprise Equity Investment Scheme (SMEEIS)funds to SMEs. The study employedthe descriptive and explanatory design; questionnaires in addition to libraryresearch were applied in order to collect data. Primary and secondary datasources were used and data was analyzed using the chi-square statistical toolat 5% level of significance which was presented in frequency tables andpercentage. The respondents under the study were 60 SME owners Port Harcourtbranch.

The study findings revealed that there is anegative significant relationship between commercial banks and the performanceof small business owners in Nigeria; based on the findings from the study, theNigerian banks and indeed all stakeholders should improve on the funds madeavailable to SMEs in Nigeria.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Smalland Medium Enterprises (SMEs) play a vital role in the development of nationaleconomy. Due to their importance and the crucial role they play in economicdevelopment and growth of the nation, much attention has been placed onfinancing of small and medium enterprises, since they are major contributors tothe economy of Nigeria. These enterprises are drivers of the economy; thereforepolicy attention has to be given to them especially in developing economies becauseof their impact on many sectors of the economy. Their impact is felt in thefollowing ways: Greater utilization of local

raw materials, employment generation, encouragement of rural development, development of entrepreneurship, mobilization of local savings, linkages with bigger industries, provision of regional balance by spreading investments more evenly, provision of avenue for self employment and provision of opportunity for training managers and semi skilled workers.

In Nigeria, credit has been recognized as an essential tool for promoting small and Micro Enterprises (SMEs), hence the need for recapitalization of commercial banks in Nigeria. Bank recapitalization which was effective from 2006 is aimed at making Nigerian banks stronger and better in order to finance all sectors of the economy including the major drivers of the economy - Small and Medium Scale Enterprises. About 70 percent of the population is engaged in the informal sector or in agricultural production. The Federal and State governments have recognized that for sustainable growth and development, the financial empowerment of the people is vital. If this growth strategy is adopted and the latent entrepreneurial capabilities of this large segment of the people is sufficiently stimulated and sustained, then positive multipliers will be felt throughout the economy. To give effect to these aspirations various policies have been instituted over time by the Federal Government to improve rural and urban enterprise production capabilities (Olaitan 2006)

The central Bank of Nigeria on July 6th 2004, announced the recapitalization of banking sector from N2 billion to N25 billion with effect from 1st January 2006. This was with a view to make the sector internationally competitive, sound and improve its ability to provide credit to all the productive sectors of the economy. In order to meet this obligation, banks embarked on strategies of merger and acquisition, floating of new shares and so on. At the end of the exercise, 25 new banks emerged.

It was hoped that the consolidation will make the banks stronger to be able to provide large amount of funds to productive sectors of the economy which is largely dominated by Small and Medium Enterprises, thereby making them grow into large firms with enough resources to contribute to the economic development.

Also, in December 2005, the CBN introduced new Micro-finance Policy (MFP) which was designed to be public and private sector driven.

The purpose of the policy was to strengthen community banks in order for them to be able to grant collateral and non collateral loans to finance microeconomic activities in the economy.

The policy also aims at providing many people with access to financial services who otherwise will have no access to these services.

Small and Medium Enterprises as said earlier have a crucial role to play in the development of an economy, they are training grounds for local entrepreneurs, they encourage local savings and ensure equitable distribution of wealth thereby reducing rural-urban migration of human resources.

To this end, government should collaborate with private sector in order to create an enabling and conducive environment for SME'S in order to contribute positively towards the development of the economy.

1.2 STATEMENT OF PROBLEM

Bank fraud, poor lending and credit management practices in the Nigerian banking sector forced the Central bank of Nigeria to revisit the capital structure of commercial banks in Nigeria. These among other things led the Central Bank of Nigeria (CBN) to give a directive that all banks should recapitalize from N2 billion to N25 billion with effect from 1st January 2006.

This development led to various financial activities in the Nigerian financial sector with most banks initially opting for additional source of fund from the capital market via floating of shares. Most banks at this stage started inviting members of the public to acquire new shares in order to meet up with the new minimum capital directed by the central bank of Nigeria. Notwithstanding, some banks were not capable of raising the new minimum capital by themselves, hence the need for mergers and consolidation of banks, reducing the total number of banks in Nigeria to twenty five (25).

However, the consolidation of the banking sector presented new challenges to the banks which require more efforts to control cost and increase their efficiency; this in turn has affected the volume of credit facilities granted to small and medium scale enterprises in Nigeria. A study conducted by Iloh et al (2012) reveals the gap between deposit money bank deposits (DMBD) and commercial bank lending to SMEs from year 2000 upward (the year that saw the end of merchant banks). There is a wide margin between the two variables and while deposit money bank deposits rose very high, commercial bank lending to SMEs declined from 2004 to 2010. The gap between commercial bank deposits and its lending to SMEs

reveals the shift in focus from lending to SMEs to lending to major investors (customers). One is made to ask, while the banking sector is said to drive any economy, has Nigerian commercial banks neglected SMEs, which is vital for the growth and development of the Nigerian economy? Notwithstanding, it is interesting to note that community/Microfinance bank (CMFB) lending to SMEs moved in the same trend with its bank deposit. This implies that as community/microfinance bank deposits increased, its lending to SMEs increased. Regardless of the direct impact of community/microfinance bank on SMEs, SMEs still cry for lack of funding and lending to SMEs in Nigeria is still poor. This is so because their capital, reserve and deposit are very small and insufficient to meet the needs of small and medium entrepreneurs.

1.3 OBJECTIVES OF STUDY

The primary objective of the study is to examine the effects of bank recapitalization on small and medium scale enterprises in Nigeria. Specific objectives of the study are:

1. To determine the relationship between Commercial Banks and the performance Small Business Entrepreneurs in Nigeria.
2. To determine whether bank recapitalization led to increase in funds for financing SMEs.
3. To examine the accessibility of Small and Medium Enterprise Equity Investment Scheme (SMEEIS) funds to SMEs.

1.4 RESEARCH QUESTIONS

In order to achieve the above stated objectives, the researcher formulated the following research questions:

1. What is the relationship between commercial banks and the performance small business entrepreneurs in Nigeria?
2. Does bank recapitalization increase funding for SMEs?
3. How accessible are Small and Medium Enterprise Equity Investment Scheme Funds to SMEs?

1.5 HYPOTHESIS OF THE STUDY

The following hypotheses are formulated in line with the objectives and research questions of the study:

1. Ho: There is no significant relationship between Commercial bank and the performance of

Small Business Owners in Nigeria.

Hi: There is a significant relationship between Commercial banks and the performance of Small Business Owners in Nigeria.

2.Ho: Bank Re-capitalization has not led to the increase of funds to SMEs

Hi: Bank recapitalization has led to the increase of Funds to SMEs

3.Ho: Small and Medium Enterprise Equity Investment Scheme funds are not easily assessable to SMEs

Hi: Small and Medium Enterprise Equity Investment Scheme funds are easily assessable to SMEs

1.6 SIGNIFICANCE OF THE STUDY

Robust economic growth cannot be achieved without putting in place well focused programmes to reduce poverty through empowering the people by increasing their access to factors of production, especially credit. The latent capacity of the poor entrepreneurs would be significantly enhanced through the provision of microfinance services to enable them engage in economic activities and be more self-reliant; increase employment opportunities, enhance household income, and create wealth.

However, the lack of required financial support from the microfinance banks to Micro Business operators in Port Harcourt state has become a major concern in Nigeria. Hence, this study shall be relevant to policy makers in the areas of finding out the impact of microfinancing on the small scale investors. Also, this study shall enhance further research in the subject area.

1.7 SCOPE OF THE STUDY

The scope of this research work is the recapitalized commercial banks and their SME customers in Nigeria. However, due to the fact that there are many SME's in Nigeria, the research is limited to SME owners in Port Harcourt.

1.8 LIMITATIONS OF THE STUDY

Time and financial constraints were the major limitations of the study. Since the researcher could not afford the cost of reaching out to more banks, money became a challenge. The researcher was also engaged in other school activities which also limited the time used for the project.

1.9 DEFINITION OF TERMS

·Economy:An economy is the total sum of product and service transactions of value between two agents in a region, be it individuals, organizations or states. An economy consists of the economic system, comprising the production, distribution or trade, and consumption of limited goods and services between two agents, the agents can be individuals, businesses, organizations, or governments.

·Mergers and Acquisitions: Mergers and acquisitions (abbreviated M&A) is an aspect of corporate strategy, corporate finance and management dealing with the buying, selling, dividing and combining of different companies and similar entities that can help an enterprise grow rapidly in its sector or location of origin, or a new field or new location, without creating a subsidiary, other child entity or using a joint venture.

·Recapitalization:Recapitalization is a sort of a corporate reorganization involving substantial change in a company's capital structure.

·SMEs:Small and Medium Enterprises

·SMEEIS:Small and Medium Enterprise Equity Scheme

REFERENCES

·Olaitan, L. 2006. An empirical evaluation of the corporate strategies of Nigerian companies. *Journal of African Business*, 2(2), 45-75.

·Iloh V. C. 2012. *The Effect of Bank Consolidation on Small and Medium Scale Enterprises in Nigeria*. Port Harcourt: Longman Nigeria Plc.

The effects of banks recapitalisation on the performance of small and medium scale enterprises

The complete project material is available and ready for download. All what you need to do is to order for the complete material. The price for the material is NGN 3,000.00.

Make payment via bank transfer to Bank: Guaranteed Trust Bank, Account name: Emi-Aware technology, Account Number: 0424875728

Bank: Zenith Bank, Account name: Emi-Aware technology, Account Number: 1222004869

or visit the website and pay online. For more info: Visit <https://researchcub.info/payment-instruct.html>

After payment send your depositor's name, amount paid, project topic, email address or your phone number (in which instructions will sent to you to download the material) to +234 70 6329 8784 via text message/ whatsapp or Email address: info@allprojectmaterials.com.

Once payment is confirmed, the material will be sent to you immediately.

It takes 5min to 30min to confirm and send the material to you.

For more project topics and materials visit: <https://researchcub.info/> or For enquiries: info@allprojectmaterials.com or call/whatsapp: +234 70 6329 8784

Regards!!!