Original Research Article

CORPORATE RESTRUCTURING AND FINANCIAL RESILIENCE OF DEPOSIT MONEY BANKS IN NIGERIA

ABSTRACT

The study empirically examine the effect of corporate restructuring on the financial resilience of Deposit Money Banks (DMBs) in Nigeria from 2009-2020. The indepdent variable in this study is corporate restructuring measured by financial restructuring, asset restructuring, and operational restructuring, and capital restructuring. Meanwhile, the dependent variable is financial resilience measured by Z-score. The study focused on fourteen (14) quoted DMBS out of the twenty-one (21) quoted DMBs in the periods under study. Data for the study were sourced from the annual reports of the selected DMBs in the periods under review. On the overall, the study supported the Random Effect Model as evidenced by both the Hausman test and Breusch Pagan Test. Meanwhile, the cross dependence test revealed that the selected DMBs have common heterogeneous factors that determine the effect of corporate restructuring on the financial resilience of DMBs in Nigeria over the study periods. The study *discovered that financial restructuring exerted negative significant effect on financial resilience. Meanwhile, asset and capital restructuring exerted positive significant effect on financial resilience. However, operational restructuring exerted positive insignificant effect on the financial resilience. Accordingly, the study concluded that corporate restructuring vis-à-vis asset and capital restructuring is essential for achieving a banking industry that is financially resilient. As such, the study recommends that efforts should be made to ensure that all toxic asset of the Nigerian banking industry are addressed. Lastly, to avoid instances of bank crisis, bank management should consider capital restructuring as one of the most feasible bank policy for ensuring that the Nigerian banking industry is financially resilience.*

Keywords: **Corporate Restructuring, Financial Resilience, Deposit Money Banks In Nigeria**

1. Introduction

Apparently, a sound, efficient, financially resilient, stable and highly competitive banking industry is instrumental to the growth and development of every modern economy. This is because; an efficient banking industry helps to facilitate the flow of financial resources from the surplus economic units (savers) to the deficit economic units (investors). This justifies the reason why bank management opts for corporate restructuring.

As documented by Kithinji, Mwangi, Litondo and Ogutu (2017) Kithinji (2019) & Isabwa, and Mabonga (2019), corporate restructuring in its widest sense cover four (4) main areas which include; financial restructuring, operational restructuring, asset restructuring and capital restructuring. Firstly, financial restructuring focuses on the financial structure of the banking institution and is usually concerned with debt-equity mix of the banking industry. Meanwhile, operational restructuring focuses on reorganizing the activities of banks changing governance structure of the banking and may also entails closing down or downsizing poorly performing branches, closing down product lines to reduce costs of banking operations. More so, asset restructuring entails increasing the asset base of the banking industry by setting off bad loans while making provisions for problem loans. However, capital restructuring involves increasing banks'

financial resilience to shock by substituting both her short-term and medium-term debts to long-term debt obligations.

According to Okoye, Omankhanlen, Okoh, Ezeji, and Ibileke, (2020), capital restructuring involves increasing the financial resilience of the banking industry modifying the capital base of the banking industry. Most times, shareholders may direct managers to inject capital in the banking industry and sometime the government may institute a bailout strategy to ailing banks. This focuses on banks undergoing a period of unexpected financial or operational turbulence. A case in point is the bank capital reform between 2004 and 2005 alongside the subsequent merger and acquisitions exercises. As stated by Isabwa, and Mabonga (2019), the major reason for the implementation of the various reforms so far is to restore faith and public confidence in the banking industry, ensure that the banking industry is stable and also to ensure that the Nigerian banking industry meet Global Banking best practices. However, despite the massive increase in assets and deposit growth as a result of the corporate restructuring exercise, episodes of bank distress have remained a recurring irritant in the country's financial system. Again, in spite of the "successful" implementation of the consolidation programme, the performance of the banking sector in Nigeria cannot be said to be optimal as some of the unions that were consummated through mergers and acquisitions were not efficient even with interventions of the apex bank.

A way further, one of the major arguments raised by scholars in the likes of Kithinji (2019); Okey and Ihenacho (2017); Nasieku, and Joseph (2016); Nga (2016) is that the corporate restructuring exercise of 2009 focused majorly on capital restructuring without mentioning other aspects of corporate restructuring. The question then is: is corporate restructuring all about capital restructuring?

Again, the current outbreak of the Covid-19 pandemic also called for the need for banks all over the globe to opt for restructuring if they must stay afloat admist the post Covid-19 crises. This re-enforces that if banks must be resilient, they must opt for restructuring.

To the best of our knowledge, none of researches conducted in the Nigerian context used the variables under study to measure corporate restructuring hence the inconsistent in their findings. Again, most of existing studies (like Kithinji, 2019; Okey and Ihenacho (2017); Kithinji, Mwangi, Litondo & Ogutu, 2017; Nasieku, & Joseph, 2016; Nga, 2016) on the subject matter centered on other countries other than Nigeria while studies in Nigeria only focused on merger and acquisition, a form of corporate restructuring. It is also note-mentioning that, their period scopes were limited as such none were up to 2020. It is against this backdrop, this study seeks to examine effect of corporate restructuring on financial resilience of the Nigerian banking industry. Specifically, this study examined the effect of: financial restructuring, operational restructuring, asset restructuring, and capital restructuring on financial resilience of quoted DMBs in Nigeria.

The regressor in this study is corporate restructuring measured by financial, operational, asset, and capital restructuring while the regressand is financial resilience measured by Z-Score of the eight selected banks with international authorization. These proxies were carefully having perused prior studies. Meanwhile, the study covered a period of twelve (12) years spanning from 2009 to 2020. The essence of making 2009 as the base year is informed on the fact that we intended to capture the effect of the corporate restructuring exercise on the financial resilience of the Nigerian banking industry from then up to 2020.

2. Review of Related Literature

2.1. Conceptual Linkages

The term corporate restructuring is a corporate action undertaken by a corporate entity to modify her financial structure, capital base, asset base, and mode of operations (Nasieku, & Joseph, 2016;

Nga, 2016). A case in point is the bank reforms of 2004 and 2009. Being a cost reduction approach, corporate restructuring may involve lay off of staff layoffs that are redundant. Amire and Amire (2016) added that, restructuring involves:- (i) identifying problems, (ii) identifying and executing solutions, and, (iii) finding the resources to keep the company going until restructuring takes effect.

Based on the foregoing, corporate restructuring can either be an expansionary programme or a contractionary programme. While the former centers mergers and acquisitions, takeovers and green-field investment, the later centers on divestiture, downsizing, down-scoping and debt restructuring (Ifionu & Keremah, 2016).

Oye, Omankhanlen, Okoh, Ezeji, and Ibileke, (2020); Nasieku & Karanja, (2016) opine that some of the benefits of corporate restructuring include: Economies scales and scope, Resource Transfer, and technical expertise.

On the other hand, financial resilience accounts for the solvency of financial institutions, their liquidity positions, as well as their credit risk exposure. In other words, financial resilience accounts for the extent to which the system withstands unplanned future occurrences. To quantify financial resilience we used Z-Score (Konboye & Nteegah, 2016).

Unlike other measure of financial resilience, bank Z-Score seems to be the most comprehensive measure of financial resilience. This is because it combines information on financial leverage (equity to assets) of the industry alongside its performance (return on assets) and associated financial risk (standard deviation of return on assets) in a bid to more fully approximate the likelihood of insolvency in the banking sector (Konboye & Nteegah, 2016). This therefore indicates that a higher Z-score implies lower probability of bank insolvency or greater banking stability and vice versa.

2.2. Theoretical Underpinning

Although**,** the Financial Intermediation Theory, Agency Theory, Institutional Theory, and Modigliani and Miller Theory are the most prominent corporate restructuring thus far, we used both the Financial Intermediation and Agency Theories to underpin the study considering their appropriateness to the study. Specifically, financial intermediation Theory propounded by Merton in 1995 holds that for banks to be financially resilience, they need to improve their operations through improved processes, institutional capacity building and institutional innovation, as well as coming up with new products and services to increase their market share and therefore capture a wider customer base. Hence, there are needs to strike a balance among all the forms of restructuring otherwise the profit motives of banks would be defeated (Kithinji, 2019).

On the other hand, the agency theory as popularized by Jensen and Meckling in 1976 focuses on the relationship which subsists between agents (managers) and principal (banks' board of directors) alongside how best to address the principal-agent problem caused by asymmetric information. Justifiably, this study choose the Agency theory owing to the fact that it emphasizes the need for agents (managers) and principal (banks' board of directors) to opt for corporate restructuring. The argument is that corporate restructuring increases the financial resilience of the banking industry. Also, it reduces principal-agent problem caused by asymmetric information.

2.3. Extant Empirical Studies

2.3.1. Studies Conducted in Nigeria

Okoye, Omankhanlen, Okoh, Ezeji, and Ibileke, (2020) did a comparative study on the effect of pre- and post-reforms on bank performance in Nigeria 1996–2016. The generalized method of moments (GMM) was used to evaluate the parameters of the model. The result shows the Nigerian banking industry performed better in the post reforms than in pre-reform period.

Okuma (2019) examined the effect of financial (bank) consolidation on agricultural sector's output in Nigeria from 1986 to 2017. Variables considered include prime lending rate, deposit interest rate, aggregate loans and advances to GDP ratio, aggregate Deposit of DMBs to GDP ratio, and Minimum paid-up capital of banks. Data used for the study were collected from CBN Statistical Bulletin. Unit root test, Engle–granger co-integration test, ECM, and granger causality tests were used to analyze the sourced data. The study reaffirmed that financial (bank) consolidation proxies were able to efficiently predict agricultural sector's output in Nigeria. More so, financial (bank) consolidation proxies bi-granger causes agricultural sector's output in Nigeria.

Olokoyo, Adegboye, Okafor, Okoye, and Akinjare (2018) studied the effect of capital restructuring on bank performance from 2000 to 2013. The study adopted the OLS estimation techniques. The study found that mergers and acquisitions (capital restructuring) exerted high statistical significant effect on bank performance.

Using the panel data methodology, Raji, Bamgbose, Olusegun, and Abidoye (2018) examined the effect of recapitalization on banks' performance in Nigeria from 2003 to 2013. Data use for the study was sourced from the audited annual report of the selected banks. The study found that bank recapitalization exerts direct effect on banks performance. Hence, the study recommends that bank management should consider recapitalization as one of the most feasible bank policy of competing with the global banking economy

Amire and Amire (2016) did an explorative study on the effect of corporate external restructuring on the performance of financial institutions in Nigeria. The study employs the Ordinary Least Square Method. The study affirms that corporate external restructuring affect the performance of financial institutions in Nigeria.

Konboye and Nteegah (2016) examined the linkage between bank capitalization and profitability using both the panel efficiency and partial frontier methods. The study covered 18 DMBs. The study affirmed that, increasing bank capitalization improved the performance of Unity Bank (a small bank), while it slowed the performance of Union Bank (a large bank).

2.3.2. Studies Conducted Outside Nigeria

Waweru and Maina (2019) investigated the impact of corporate restructuring on the performance of Kenya's National Police Service. The target population consisted of 296 personnel at the Nairobi headquarters of the National Police Service. The study found that corporate restructuring improves the performance of Kenya's National Police Service.

Kithinji (2019) explored the association between bank restructuring, deposits, and commercial bank financial performance in Kenya. The secondary data was analyzed using descriptive and inferential data analysis methodologies. The study averred that financial, capital, operational, and asset restructuring improves Kenyan banks' performance.

Inim, Njogo, and Oladele (2019) examined the impact of banking reforms on the Nigerian banking industry from 2005 to 2017. The study adopted the Panel Data technique. The study found that performing loans total assets, and operating expenses exerted significant influence on banking stability (total deposit). However, non-performing loans had negative insignificant effect on banking stability (total deposit).

Ingow and Opuodho (2019) evaluated the effect of corporate restructuring on financial performance of Saccos in Kenya. Corporate restructuring proxies considered include: Capital restructuring, asset restructuring. Using descriptive research design, a total of 35 managerial staff members were selected. The study found that capital restructuring had a positive but significant effect on financial performance of SACCOS in Kenya.

Isabwa, and Mabonga (2019) studied the impact of financial restructuring on Pan Africa Insurance Holding Company's performance. The data was collected using a cross-sectional research design. The study focused on 20 respondents. The study found that financial restructuring has a significant impact on Pan Africa Insurance's performance.

Kahuku (2018) examined the impact of corporate restructuring on Kenyan financial institutions' financial performance. During the study's seven-year timeframe, from 2011 to 2017, data from ten listed commercial and service enterprises in Kenya was analyzed. The study found that corporate restructuring affected Kenyan financial institutions' financial performance positively and significantly.

Deepika and Shashi (2017) analyze the effectiveness of the Corporate Debt Restructuring system on firm profitability in India. The sample consists of 91 firms that received debt restructuring package under the system form the year 2003-2015. The study adopted Ordinary Least Square Method. The findings of this study reveal that sample firms were not able to improve their performance even up to five years after debt restructuring and they were performing significantly below their industry peers.

Kithinji, Mwangi, Litondo, and Ogutu (2017) studied the effect of bank restructuring on banks in Kenya from 2002 to 2014 and discovered that bank restructuring improves banks' performance.

3. Research Methodology

3.1. Research Design

This study adopted the expost facto research design. The choice for this design was informed on the fact that the data under study have occurred in retrospect and as a result, it is very difficult for one to manipulate its outcomes. More so, this research design is amenable for studies in that it deals with cause and effect relationship.

3.2. Study Population, Sample Size, Sampling Technique

This study covered fourteen (14) quoted banks out of the twenty-one (21) quoted banks using the convenience sampling techniques. The choice of the selected DMBs lies in the fact that they are acclaimed to be highly resilient financially. More so, they constituted 66.67% of the total population.

3.3. Data Analysis Techniques and Model Specification

The study adopted the Panel regression approach. In order to check for endogeneity, the study employs the Hausman specification test. This test is necessary given that there is a tradeoff between fixed effect and random effect model. Additional robustness tests adopted in this paper includes the Variance Inflation Factor (VIF), Breusch-Pagan test, and Cross Dependence test.

Econometrically, our model is stated below:

$$LnFIRE = \beta_0 + \beta_1 LnFINR + \beta_2 LnOPR + \beta_3 LnASSR + \beta_4 LnCAR + \mu \text{----------} 1$$

Where:

FIRE = Financial Resilience
FINR = Financial Restructuring
OPR = Operational Restructuring
ASSR = Asset Restructuring
CAR = Capital Restructuring

Aprioiri Expectations

Based on the theoretical and empirical studies, we expect that: $\beta_1, \beta_2, \beta_3, \beta_4 > 0$. This implies that the more banks in Nigeria will restructure, the more resilient they will become.

3.8. Measurement of Research Variables

Chart 1 below accounted for how the study variables are operationalized:

Chart 1: Operationalization of Study Variables

S/N	Variable	Nature of Variable	Measurement	Source
1	Financial Resilience	Independent	$Z-Score = \frac{ROA + \text{Capital to Asset Ratio}}{Standard\ Deviatiob\ of\ ROA}$	Ozili (2018); Fernández, González, & Suárez (2016)
2	Financial Restructuring	Independent	Percentage Change in debt to equity ratio.	Kithinji (2019); Nasieku, & Joseph (2016); Nga (2016)
3	Asset Restructuring	Independent	Percentage change in non-performing loans to total loans	Kithinji, 2019; Okey and Ihenacho (2017); Kithinji, Mwangi, Litondo & Ogutu (2017)
4	Operational Restructuring	Independent	Percentage change in expenses to income ratio	Kithinji, 2019; Okey and Ihenacho (2017); Kithinji, Mwangi, Litondo & Ogutu (2017
5	Capital Restructuring	Independent	Percentage change in capital adequacy ratio	Kithinji, 2019; Okey and Ihenacho (2017); Kithinji, Mwangi, Litondo & Ogutu (2017)

Source: Researcher's Compilation Based on Extant Studies (2021)

4. Results and Discussions

4.1. Data Analysis

Table 1 below shows the result of the descriptive statistics.

Table 1: Summary of Descriptive Statistics for the 168 Observations

	FIRE	FINR	ASSR	OPR	CAR
Mean	0.467081	0.443085	0.098442	0.375014	0.196254
Median	0.367250	0.287650	0.049600	0.330900	0.181050
Maximum	0.982900	1.702200	0.488900	0.927600	0.707900
Minimum	-0.010600	-0.049400	0.000900	0.007500	0.100200
Std. Dev.	0.205381	0.396579	0.010846	0.261591	0.082557
Observations	**168**	**168**	**168**	**168**	**168**

Source: E-Views Version 9.0 (2021)

From the result, it could be observed that the mean (average) values of financial resilience (Z-score), financial restructuring, asset restructuring, operational restructuring, and capital restructuring are 0.467081, 0.443085, 0.098442, 0.375014 and 0.196254 respectively. Comparably, their standard deviation values are 0.205381, 0.396579, 0.010846, 0.261591, and 0.082557. This implies that their standard deviation values are lower than their mea values suggesting that they exhibited low volatility.

Furthermore, it could be observed that the highest values of financial resilience (Z-score), financial restructuring, asset restructuring, operational restructuring, and capital restructuring are: 0.982900, 1.702200, 0.488900, 0.927600, and 0.707900. Meanwhile, they reported minimum values of -0.010600, -0.049400, 0.000900, 0.007500, and 0.100200.

4.1.2. Correlation Analysis

Table 2 below shows the correlation among the variables of the study:

Table 2: Summary of Correlation Analysis

Study Variables	FIRE	FINR	ASSR	OPR	CAR
FIRE	1.000000				
FINR	-0.529281	1.000000			
ASSR	0.436646	0.240424	1.000000		
OPR	-0.398804	0.256768	-0.125121	1.000000	
CAR	-0.413070	-0.257239	-0.154211	0.049337	1.000000

Source: Econometric Views Version 9.0 (2021)

Table 2 reported that financial restructuring (FINR), operational restructuring (OPR), and capital restructuring (CAR) though negatively correlated with financial resilience proxy (FIRE) yet is moderate. Justifiably, their respective correlation values are: -0.529281, -0.398804, and -0.413070. Meanwhile, asset restructuring with correlation coefficient value of 0.436646 though positively correlated with financial resilience proxy (FIRE) yet is moderate.

Lastly, none of the corporate restructuring proxies reported high correlation with each other suggesting likelihood of no multi-collinearity problem. However, this assertion was further tested using variance inflation factors (VIF). The result is presented below:

Table 3: Multi-Collinearity Test-VIF

Date: 10/26/21 Time: 17:00
Sample: 1 168
Included observations: 168

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.002561	11.01695	NA
FINR	0.001641	2.489689	1.103701
ASSR	0.021196	1.997563	1.113812
OPR	0.003612	3.242228	1.056968
CAR	0.035202	6.859365	1.026099
Average			**1.075145**

Source: E-Views Version 9.0 (2021)

The VIF with values less than 10 suggests that our model shows no multicollinearity problem. This is line with the submission of Gujarati (2003).

4.2. Regression Results

Three (3) regression analytical models have been used to capture the model. Both the Breusch Pagan and Hausman test were used to test the model. Furthermore, the Cross sectional dependence test was used to further reaffirm the appropriateness of the regression result. In the light of these, the robustness estimates are presented below:

Table 4: Robustness Check-Hausman Test and Breusch-Pagan Test

Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.772583	4	0.7775

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	135.9157	91	0.0016
Pesaran scaled LM	2.291628		0.0219
Pesaran CD	2.118854		0.0341

Source: Econometric Views Version 9.0 (2021)

From Table 4 above, the choice of the estimation method for financial resilience (Z-score) of the banking industry favours REM. This is because it Prob. > Chi2 value estimated at 0.7775 is not significant ($p > 0.05$). Meanwhile, the Breusch-Pagan Langragian Multiplier test with ρ-values of 0.0016 confirmed the appropriateness of the random Effect that there exist a panel effect for the Model Cross-sectional Independence Test is only applicable when there exist a panel effect the result with ρ-values of 0.00 revealed that the residuals of the model across the firms "i" are correlated over time "t". The Panel Regression Estimates and Robustness Check is presented below :

Table 5: Panel Regression Estimates and Robustness Check

Dependent Variable: FIRE
Method: Panel EGLS (Cross-section random effects)
Date: 10/26/21 Time: 17:15
Sample: 2009 2020
Periods included: 12
Cross-sections included: 14
Total panel (balanced) observations: 168
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.395128	0.060501	6.530912	0.0000
FINR	-0.071595	0.027677	-2.586790	0.0106
ASSR	0.420337	0.098847	4.252396	0.0000
OPR	0.009859	0.137515	0.071691	0.9429
CAR	0.171277	0.041746	4.102825	0.0001

Effects Specification	S.D.	Rho
Cross-section random	0.186799	0.7234
Idiosyncratic random	0.115495	0.2766

Weighted Statistics			
R-squared	0.587480	Mean dependent var	0.082069
Adjusted R-squared	0.567541	S.D. dependent var	0.125717
S.E. of regression	0.114703	Sum squared resid	2.144573
F-statistic	9.402633	Durbin-Watson stat	2.082339
Prob(F-statistic)	0.000001		

Unweighted Statistics			
R-squared	0.557405	Mean dependent var	0.467081

Sum squared resid	6.639887	Durbin-Watson stat	2.252683

Estimation Command:
==========
LS(CX=R) FIRE C FINR ASSR OPR CAR

Estimation Equation:
==========
FIRE = C(1) + C(2)*FINR + C(3)*ASSR + C(4)*OPR + C(5)*CAR + [CX=R]

Substituted Coefficients:
==========
FIRE = 0.395128405803 - 0.0715950334077*FINR + 0.420337317207*ASSR + 0.171276897178*OPR + 0.00985857796968*CAR + [CX=R]

Estimation Command:
==========
LS(CX=R) FIRE C FINR ASSR OPR CAR

Estimation Equation:
==========
FIRE = C(1) + C(2)*FINR + C(3)*ASSR + C(4)*OPR + C(5)*CAR + [CX=R]

Substituted Coefficients:
==========
FIRE = 0.395128405803 - 0.0715950334077*FINR + 0.420337317207*ASSR + 0.171276897178*OPR +0.0098585779696*CAR + [CX=R]

Source: Econometric Views Version 9.0 (2021)

The R^2 value of 0.587480 means that 58.75% variations in the financial resilience is jointly explained by all the corporate restructuring proxies under study. Meanwhile, the remaining 41.25% is explained by the error term. This is further attested by a high adjusted R^2 value of 0.567541. Furthermore, the study reported a Durbin Watson value of 2.082339. This means that the model is not serially correlated. The F-stat result is significantly high at 9.402633, showing that the regressors on the overall are highly statistically significant. Meanwhile, the individual results are discussed thus:

4.2.1 Financial Restructuring and Financial Resilience (Z-Score)

The study revealed that financial restructuring with a negative coefficient value of -0.071595 and p-value of 0.0106 exerted negative effects on financial resilience (Z-score) of the Nigerian banking industry. This result is however not surprising reason been that though it is believed that a significant change in the financial structure of the banking industry remain one of the surest ways of limiting financial harm and improving business but this decision is contingent on the consent of the creditor. Most especially, if a bank finds difficulty with making the payments on its debts, it will often consolidate and adjust the terms of debt provided the creditor agrees. More so, Financial Restructuring is suitable to maintain debt-equity ratio, to write off unrecognized expenditure, to wipe out accumulated losses, reorganizing the capital for achieving better efficiency, to provide respectable exit mechanism for shareholders in the time of depressed markets by providing them liquidity through buy back and for correction of over capitalization. This result is in tandem with the findings of Ingow and Opuodho (2019); Inim, Njogo, and

Oladele (2019) but deviated sharply from the findings of Waweru and Maina (2019); Kithinji (2019); Isabwa, and Mabonga (2019); Deepika and Shashi (2017).

4.2.2 Asset Restructuring and Financial Resilience (Z-score)

The result revealed that asset restructuring (ASSR) with a positive coefficient vale of 0.420337 and a p-value of 0.0000 exerted positive significant effect on the financial resilience (Z-score) of the Nigerian banking industry. This implies that asset restructuring (ASR) enhances DMBs' financial resilience to a large extent. The policy implication here is that change in the non-performing results high financial resilience (Z-score). The result further revealed that proper asset restructuring is instrumental to achieving a banking industry that is resilient financially. Hence, if regulatory authorities focused more of their attention on asset restructuring, the Nigerian banking industry would become more resilient financially. This result is in tandem with the findings of Waweru and Maina (2019); Kithinji (2019); Kahuku (2018) but deviated sharply from the findings of Ingow and Opuodho (2019); Inim, Njogo, and Oladele (2019); Isabwa, and Mabonga (2019)**;** Deepika and Shashi (2017).

4.2.3. Operational Restructuring and Financial Resilience (Z-score)

The REM clearly revealed that operational restructuring with a coefficient value of 0.009859 and a p-value of 0.9429 exerted positive insignificant impact on the financial resilience (Z-score) of the Nigerian banking industry. This revealed that, the more bank management focuses on operational restructuring, the more the industry is resilient financially but such effect is minimal. The implication of this result is that at the moment, operational restructuring contributed minimally to the financial resilience (Z-score) of the Nigerian banking industry. This is in line with the financial intermediation theory. This result is in tandem with the findings of Waweru and Maina (2019); Kithinji (2019); Kahuku (2018) but deviated sharply from the findings of Inim, Njogo, and Oladele (2019).

4.2.4. Capital Restructuring (CAR) and the Financial Resilience (Z-score).

The Random effect model reported that CAR with a positive coefficient of .339 and p-value estimated at 0.000 exerted positive significant effect on the financial resilience (Z-score) of the Nigerian banking industry. This is an indication that capital restructuring is very important for the financial resilience (Z-score) of the Nigerian banking industry. Further, capital restructuring is a good strategy for achieving a banking industry that is resilient (Z-score) financially. This is because the business of banking is risky due to the possibility that loans may not be paid back leading to financial losses to the bank. Banks are therefore required to have adequate capital, not only to remain solvent, but to avoid the failure of the financial system. This result is in line with the findings of Okuma (2019), Olokoyo, Adegboye, Okafor, Okoye, and Akinjare (2018), Raji, Bamgbose, Olusegun, and Abidoye (2018); Amire and Amire (2016) but deviated sharply from the findings of Inim, Njogo, and Oladele (2019).

5. Conclusion and Recommendations

The study was carried out to empirically examine the effect of corporate restructuring on the financial resilience of DMBs in Nigeria from 2009-2020. The panel regression technique was adopted in this study to capture the effect of corporate restructuring on DMBs' financial stability in Nigeria. On the overall, the study supported the Random Effect Model as evidenced by both the Hausman test and Breusch Pagan Test. Meanwhile, the cross dependence test revealed that the selected DMBs have common heterogeneous factors that determine the effect of corporate restructuring on the financial resilience of DMBs in Nigeria over the study periods. More so, the empirical analysis was rich and robust as various transmission patterns emerged from the analysis conducted in the study. Accordingly, the study concluded that corporate restructuring

vis-à-vis asset and capital restructuring is essential for achieving a banking industry that is financially resilient. Hence the study recommends that:

1. Nigerian banks should place more emphasis on secured long-term borrowings, privately placed debentures, inter-corporate deposits, and over drafts facilities.
2. Efforts should be made to ensure that all toxic asset of the Nigerian banking industry are addressed.
3. To ensure that the Nigerian banking industry is financially resilience, DMBs should widen their ATM networks.
4. To avoid instances of bank crisis, bank management should consider capital restructuring as one of the most feasible bank policy for ensuring that the Nigerian banking industry is financially resilience. .

COMPETING INTERESTS DISCLAIMER:

Authors have declared that no competing interests exist. The products used for this research are commonly and predominantly use products in our area of research and country. There is absolutely no conflict of interest between the authors and producers of the products because we do not intend to use these products as an avenue for any litigation but for the advancement of knowledge. Also, the research was not funded by the producing company rather it was funded by personal efforts of the authors.

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