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The Concept of Banking Crisis and its Periods of Occurrence in Nigeria

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Abstract

The paper attempts to underpin the concept of banking crisis and identify its period of occurrence in Nigeria from 1986 till date. The study successfully underpins the meaning of banking crisis using its different shades which includes bank distress and bank failure. Using different banking crises dating databases, positions of financial experts and financial publications, the paper identifies the years from 1989 to 2014 as banking crisis period for Nigeria. The outcome of the study would facilitate robust measure of banking crisis, thus adequate policy lessons from banking crisis occurrence.

Keywords: Banking Crisis, Financial crisis, Bank Distress, Bank Failure, Nigeria.

1 Introduction

Banking crisis, a common phenomenon of banking systems of various countries in the world, requires operational concreteness to enable academics and policy makers identify, analyse and put up remedies to it. However, banking crisis is a somewhat subtle concept that is difficult to define to facilitate operational policy. This is perhaps due to the amorphous, complex and multifaceted nature of the concept. This has resulted in conceptual differentials; a universally agreed conception of banking crisis does not exist.

Like the definition of banking crisis, defining its period of occurrence is also fraught with difficulty as well as compromise. Thus, the identified period of banking crises of most countries like Nigeria as contained in different banking crises period databases differ. Therefore, most studies of banking crisis that have made attempts to underpin it, always state the crisis period of the country(ies) being investigated. This is usually done by adoption of dates from governmental and other sources. It would suffice to say at this point, that these dates, like bank ratings, could be compromised. This claim could be supported by Buiter and Sibert(2008) commissioned study on the causes of the financial problems faced by Iceland and its banks, whose result was forbidden to be placed as gotten on public domain. Next, an evaluatory look at Soludo(2004) statement:

> *The summary from the foregoing is that the Nigerian banking system faces enormous challenges which if not addressed urgently could snowball into a crisis in the near future. We don't have to wait for the crisis to explode before we act (p.4),*

suggests that as at 2004 there was no banking crisis in Nigeria. But, Ogunleye(2010) of NDIC maintains that there was banking crisis in Nigeria till 2006. It could therefore be asserted that government is either economical with the actual dates of banking crises or provides contradictory dates.

The use of inappropriate dating would act as drawback to econometric analysis and affect its output which would lead to inadequate policy coverage. Besides, this study is yet to come across a database of banking crisis in Nigeria that is comprehensive and took its multifaceted shades into account. In the light of the foregoing, the objective of this study is to provide an exploratory analysis of the meaning of banking crisis as well as identify its periods of occurrence in Nigeria since 1989.

Next, to this section on introduction is section 2 which deals with the underpinning of the meaning of the concept of banking crisis. Section 3 gives the banking crises periods in Nigeria since 1989 and section 4 provides the concluding remark.

2 The Concept of Banking Crisis

The definitions of banking crisis offered by various authors in most cases touch more than one of the following aspects of CAMEL, that is, capital adequacy, asset quality, management, earning and liquidity. It could therefore be inferred that the multifaceted nature of banking crisis has made it difficult to present the contents of the concept of banking crisis in the context of CAMEL categorization. However, the definitions are often given within the context of bank panic, bank run, banking crisis, financial crisis, bank distress and bank failure. Hence, to reduce monotony and unsystematic presentation of the contents of the concept of banking crisis this study would use the following approaches: banking crisis, financial crisis, bank panic and bank run, bank distress, and bank failure.

2.1 *Banking Crisis Approach*

A series of concerted efforts have been made by different scholars to underpin the concept of banking crisis. One of such, luminaries was Veblon (1904) as cited by Sundararajan and Balino (1991). He defined banking crisis as "liquidation of credits that have been built up in a boom" (p.2). Long (1988) stated that "there is no crisis unless the market value of banks liabilities is greater than that of their assets, that is, the losses exceed the value of the equity" (p.6). In a similar way, Sundararajan and Balino (1991) defined banking crisis "as a situation in which a significant group of financial institutions have liabilities exceeding the market value of their assets, leading to runs and other portfolio shifts, collapse of some financial firms and government intervention" (p.3).
From money market perspective, Von Hagen and Ho (2007) deemed banking crisis "as a period in which there is excessive demand for liquidity in money market" (p.1037). On the other hand, Von Hagen and Ho (2009) maintained that banking crisis is a situation in which the demand for central bank reserves increase sharply and attributed it to the following:

1. a sharp decline in the quality of bank loans or an increase in non-performing loans,

2. a large-scale withdrawal of deposits by the non-bank public or drying up of interbank credit, and

3. a drying up of interbank lending.

This view of Von Hagen and Ho (2009) corroborates Oviedo's (2003) opinion of "banking crisis as the inability of the banks to honour their debts" (p.3).

Looking at banking crisis from capital erosion premise, Caprio and Klingebiel (2003) defined it as "much or all banks capital being exhausted (p.1)." Similarly, Reinhart and Rogoff (2009) stated that it is a situation in which "a large fraction of banking system capital has been depleted." Bordo, Eichengreen, Klingebiel, Martinez-Peria, & Rose (2001) stated that "for an episode to qualify as a banking crisis, we must observe financial distress resulting in the erosion of most or all of aggregate banking system capital" (p.55). Duttagupta and Cashin (2008) define banking crisis

> *as an episode involving banking sector problems that resulted in: exhaustion of much of the capital and closure, merger, large-scale nationalisation of banks; or extensive bank runs; or large scale liquidity support by the central bank to avoid a run on deposits (p.9).*

According to International Monetary Fund (1998) banking crisis is "a situation in which actual or potential bank runs or failures induce banks to suspend the internal convertibility of their liabilities or which compels the government to intervene to prevent this by extending assistance on a large scale" (p.74). Demirguc-kunt and Detragiache (2005) described banking crisis as a situation in which at least one of the following conditions should hold:

> *the ratio of non-performing assets to total assets in the banking system exceeded 10%; the cost of the rescue operation was at least 2 % of GDP; banking sector problems had led to a large scale nationalisation of banks; and extensive bank runs took place or emergency measures such as deposit freezes, prolonged bank holidays or generalised deposit guarantees were enacted by the government in response to the crisis (p.8).*

Still on the definition of banking crisis, Reinhart and Rogoff (2008a, 2008b) used run and no run to denote banking crisis as an event which shows either:

(i) bank runs that lead to the closure, merger or takeover by the public sector of one or more financial institutions, or

(ii) if there are no runs, the closure, merger, takeover or large-scale government assistance of an important financial institution (or group of institutions) that marks the beginning of a string of similar outcome for other financial institutions.

Lestano, Jacobs and Kuper (2009) declared that banking crisis refers "to evidences of bank runs or other portfolio reallocations, collapsing financial firms or massive government intervention" (p.8). Laeven and Valencia (2010) succinctly put the definition of banking crisis "as a situation in which there are significant signs of financial distress in the banking system-as evidenced by significant bank runs, bank losses and bank liquidations or significant policy intervention measures directed towards banks". Tilly (2009) stated that banking crisis is "a financial disturbance in which banks are significantly affected or an event with important consequence for banking policy" (p.78).

Perhaps from classification perspective, Caprio and Klingebiel (2003) as well as Kibritcioglu (2003) observed that banking crisis could be systemic and non-systemic (borderline). This perhaps, informed the earlier concern with respect to the degree of severity of crisis which Alashi (2002) identified as "a continuum from mild to severe" (p.49). Stating what constitutes "systemic banking crisis can be very difficult and error prone" (Frydl, 1999, p.40). Attempts have equally been made by some scholars to define systemic banking crisis. A good example is Caprio and Klingebiel (1996) that gave the definition of systemic banking crisis as a situation in which "the networth of the banking system has been almost or entirely eliminated" (p.6). Dziobek and Pazarbasioglu (1997) held that systemic banking problem is a situation where distress affects banks that hold at least 20 % of total deposit of the banking system. Meanwhile, Laeven and Valencia (2008) articulated systemic banking as a situation where:

> *a country's corporate and financial sectors experience a large number of defaults and financial institutions and corporations face great difficulties repaying contracts on time. As a result, non-performing loans increase sharply and all or most of the aggregate banking system capital is exhausted (p.5.)*

The CBN and NDIC (2002) referred to systemic banking crisis as a situation where at least two of the following occur.

i. The banks that are critically distressed control 20% of the total assets in the industry;

ii. 15% or more of total deposit are threatened, and

iii. 35% of the banking systems total loans are non-performing.

According to Hunt (2009), systemic crisis refers

> *to a major disruption in the process of financial intermediation that can result from both depositors and other creditors seeking to withdraw their funds from bank-the classic notion of a banking panic-or threats to insolvency from large declines in the loan portfolio (p.27).*

Demirguc-Kunt and Detriagiache (2002) gave a no less controversial definition of a systemic crisis as "a situation in which significant segments of the banking sector become insolvent or illiquid and cannot continue to operate without special assistance from the monetary or supervisory authorities" (p.1381), but Sanya and Mlachila (2010) mentioned that "a systemic crisis episode is characterised by large scale bank failures, the adoption of emergency measures by the government, significant bank runs, high levels of non-performing loans and significant bailout costs"(p.15).

Attempt at differentiating between systemic and non-systemic bank crisis was made by Lindgren, Garcia, & Saal (1996), when they distinguished between systemic crisis and banking problem by asserting that the former refers to bank insolvency and the latter is significant extensive unsoundness short of crises (localised crises or non-systemic episodes)- bank illiquidity. In a broader sense, Lestano, et al (2009) claimed systemic episodes as "when the entire banking system has zero or negative net worth while borderline episodes are defined as "evidence of significant bank problems such as bank runs, forced bank closures, mergers or government takeovers"(p.8).

It would suffice to note that Alashi (2002) posited that systemic bank crisis could be associated with a bank, a country or a region/continent. In addition, as mentioned earlier, bank crisis could be mild or severe. It is considered severe when a bank manifests most or all of the following:

i. gross undercapitalisation in relation to the level and character of business;

ii. high level of non-performing loans to total loans;

iii. illiquidity reflected in the inability to meet customers cash withdrawals and/or persistent overdrawn position with the CBN;

iv. low earning resulting in huge operational losses, and

v. weak management as reflected by poor asset quality, insider abuse, inadequate internal controls, frauds including unethical and unprofessional conduct, squabbles, high staff turnover *et cet era* (p.49).

2.2 *Financial Crisis Approach*

Situating banking crisis within the context of financial crisis, Mishkin (1996) used asymmetric information theory to provide an understanding of banking and financial crisis, by defining financial crisis as “a non-linear disruption to financial markets in which adverse selection and moral hazard problems become much worse, so that financial markets are unable to efficiently channel funds to those who have the most productive investment opportunities” (p.17). While Chan-Lau and Chen(1998) in the light of the Asian financial crises regarded financial crises as situations with the attribute of a huge fall in the volume of loans intermediation executed by the financial system, that is, huge capital outflow even amidst slight change in the economic fundamentals. In the same vein, Calomiris (2009) conveyed that:

> *banking crises a distinct subset of financial crises, consist either of panics, moments of temporary confusion about the unobservable incidence across the financial system of observable aggregate shocks, or severe waves of bank failures which result in aggregate negative net worth of failed banks in excess of one per cent of GDP (p.1).*

2.3 *Bank Panic and Bank Run Approach*

Bank panics are the contagious impact of runs. Oviedo (2003) conceived panic as a “circumstance where depositors attempt to withdraw their funds simultaneously” (p.3). A run as Garber (1981) puts it, is:

> *a speculative attack on an asset price fixing scheme which causes a discontinuous asset shift in private agents portfolios. The run occurs because of agents’ beliefs that the nature of the price fixing regime will change, thereby causing a discontinuous shift in asset rates return.*

2.4 *Bank Distress Approach*

Alashi (2002) attempted to link bank distress and bank crisis by stating that “a bank that is illiquid or insolvent or both is distressed and therefore in crisis” (p.49). But Molokwu (1994) earlier came up with the fact that distress manifests in different degrees of intensity, that is, some banks are marginally distressed and are known as problem banks, some are consistently illiquid while others are technically or actually insolvent. However, CBN/NDIC (1995) enunciated the meaning of a distressed financial institution “as one with severe financial, operational and managerial weaknesses which have rendered it difficult for it to meet its obligations to its customers, owners and the rest of the economy as and when due (p.32)”. Also, CBN/NDIC (1995) proceeded to advance that:

> *while a technically insolvent bank could remain sufficiently liquid long after it became insolvent particularly if it has a large and stable deposit base, a bank could run into liquidity problems arising from a mismatch between the maturity profiles of its assets and liabilities(P.32).*

Ahmad (1999) defined a distressed bank as a bank that “cannot meet its obligations to depositors, customers and shareholders or perform its roles in the financial system”; and that “the distress could be manifested in the form of illiquidity and or solvency” (pp.60-61). In the same view, Ebhodaghe (1996a) expressed that “banking distress occurs when a bank or some banks in the system experience illiquidity or insolvency resulting in a situation where depositors fear the loss of their deposits and a consequent breakdown of contractual obligations” (p.20). Ebhodaghe (1995) in the Financial Sector Distress Sub-committee Report came out with the definition of distressed financial institutions as "one whose performance has to a large extent and on a continuous basis not conformed favourably with established parameters for evaluating the financial health of such an institution". It could perhaps be in this light that Alashi (2002) outlined the typology of banking crisis as "illiquid but solvent; insolvent but liquid; and illiquid and insolvent" (p.49).

To Ebhodaghe (1997) a bank is illiquid when it can no longer meet its liabilities as they mature for payment, that is, it is in breach of contractual obligations. It is insolvent when the value of its realisable assets is less than the total value of its liabilities, implying a case of negative networth. The distress could become systemic if a sizeable number of banks are involved, resulting in bank runs as depositors lose confidence in the system and attempt to avoid capital losses in which case the country is said to be experiencing a banking crisis. More specifically, systemic crisis occurs when a fairly reasonable proportion of banks in the system are unable to meet their obligations to their customers, their owners and the economy as a result of weaknesses in their financial, operational and managerial conditions which have rendered them either illiquid and/or insolvent.

Kama (2010) avouched that the system is insolvent when the value of realisable assets are less than the value of its liabilities which results from depletion of the banking sector capital because of loan losses. However, when a bank is insolvent but liquid, we say it is distressed and a distressing situation has effect that resembles those of crisis but in less accurate form (Sundararajan and Balino, 1991). It is perhaps, the reason Umoh (1999) asserted that "a bank is distressed when it is technically insolvent implying that the bank liabilities exceed the assets (negative network)". However, Central Bank of Nigeria (2011) affirmed that distressed banks "are banks with problems relating to illiquidity, poor earnings and non-performing assets. The extreme case of distress is referred to as insolvency which implies that a bank's liabilities are more than its assets" (p.205).This therefore means that, the distinction between insolvency and crisis is that tne former is a degree of crisis which is ascribed to be severe.

Ekezie (1994) sees a distressed bank as a sick, ailing and /or liquidating bank or a bank that has a precarious financial position over time. Molokwu (1994) contended that, one of the key characteristics of a distressed bank is that, it persistently does not meet capitalisation requirements as such, it has no cushions to fall back on and has poor asset quality. Also, the Economics Department of the United Bank for Africa (1994) insisted that, a distressed bank "is usually known by its inability to meet its obligations to its customers and it is promptly barred from the clearing house, the foreign exchange market and interbank market" (p.1).

2.5 *Bank Failure Approach*

Ebhodaghe (1996b) aptly concluded that "failed banks will not only include the liquidated ones but also the problem banks that have exhibited some form of weaknesses in their financial, operational and managerial conditions which have rendered them either illiquid and/or insolvent"(p.25). On the other hand, Kibritcioglu (2003) considered bank failure as:

> *a situation in which the excessively rising liquidity, credit, interest rate or exchange rate risk pushes the bank to suspend the internal convertibility of its liabilities. If the bank failure problems undermine an entire banking system, the crisis turns out to be systemic (p.1).*

Further, NDIC (2009) upheld that a bank failure is seen to "have occurred when the value of total liabilities of a bank exceeds the value of its assets. It is a situation, which is evident in negative network (ie technical insolvency)" (p. 98). NDIC (2009) went further to point out that an insolvent bank may be liquid which makes the identification of a failed bank opaque. NDIC (2009) also made a distinction between bank failure and systemic failure. It defines bank failure as a situation "where bank failure is limited to one or few banks and the failure does not erode public confidence in the banking system" (p.98) while "systemic failure is a situation where the failure of a bank or a few banks erodes public confidence in the banking system" (p.98).

2.6 *Synthesis of the Definitions*

From the definitions given above, it could be said that, there is no unanimous definition of banking crisis. The definitions also reveal that bank crisis, distress and failure refer to varying degrees of the health status of the bank. Put differently, the terms are used to describe the severity of the stress a bank or banking system is enmeshed in. In addition, bank crisis, distress and failure are different from financial stability which CBN (2010) defined as "the resiliency of the financial system to unanticipated adverse shocks while enabling the continuing smooth functioning of the financial system intermediation process" (p.viii). Thus, like Ogunleye (2003), it would not be out of place to use the terms bank crisis, bank distress and bank failure interchangeably.

The concepts of banking crisis as given by CBN/NDIC (1995), Mishkin (1996), Chan-Lau and Chen (1998), Ahmad (1999), Alashi (2002) and CBN (2011) could be used to constitute operational definition of banking crisis. In addition, this paper conceptualises banking crisis as a situation in which a bank, some banks or banking system because of financial incongruity, operational misalignment and managerial ineptitude is/are incapacitated to properly discharge its extant responsibilities to the depositors and other creditors, shareholders, the financial system, the government and the entire economy. In the circumstance, it is characterised by any or some of the following: inadequate financial resources, illiquidity, insolvency, poor or false earning, capital inadequacy, increasing non-performing loans, poor asset quality reflected in evidence of increasing ratio of non-performing loan to total loan and poor credit quality reflected in ratio of credit to private sector to banking system assets and undercapitalisation *vis-à-vis* capital requirement.

3 Banking Crises Period in Nigeria since 1989

Kaminsky and Reinhart (1999), Glick and Hutchison (1999) as well as Hardy and Pazarbasioglu (1998), noted that the dating of banking crisis with precision is not possible. The dating of banking distress is somewhat arbitrary and could be got by combining the dating scheme of different studies, reports and information from financial institutions (Hutchison and Mcdill, 1999). Similarly, Reinhart and Rogoff (2008b) revealed that they relied on existing studies of banking crisis and on the financial press to execute their identification and dating of banking crisis, that is, establish banking crisis and non-banking crisis period for respective countries.

In the same vein, Bordo and Landen-lane (2010) in an attempt to identify periods of financial crisis for their studies assembled information from multiple sources. In essence, Bordo and Landen-lane aggregated all the crisis reported by different authors into their database and did not distinguish between major or minor banking crisis. Also, Furceri and Zdzienicka (2009) on the effect of banking crisis on human capital used databases for banking crisis which included Laeven and Valencia (2008) and stated that the data set was built by aggregating quantitative indicators of measuring banking sector distress with subjective assessments. Bordo and Eichengreen (1999) identified “currency and banking crisis from a survey of the historical literature” (p.10). Demirguc-kunt and Detriagache (1998) identified and dated banking crisis episodes by applying previous studies as well as personal judgment. In the same direction, Kibritcioglu (2003) submitted that the crisis episodes in most studies are adapted from the databases of Caprio and Klingebiel (1996, 2003), and Lindgren et al (1996). Again, the years assigned to crisis as reviewed in the literature also include those which finance experts that are familiar with the countries have more or less generally agreed on (Caprio & Klingebiel, 2003).

The above was further concretised when Von Hagen and Ho (2007) itemised those who identified banking crisis dates and their sources. Von Hagen and Ho stated that:

i. Caprio and Klingebiel (1996) used published sources or interviews with experts familiar with individual episode to compile their data sets.

ii. Demirguc-kunt and Detriagache (1998) employed the following sources: Caprio and Klingebel (1996), Drees and Pazarbasioglu (1995), Kaminsky and Reinhart (1996), Lindgren, et al (1996), and Sheng (1996).

iii. Glick and Hutchison (2001) utilised the following sources: Caprio and Klingebiel (1996), Demirguc-kunt and Detriagache (1998).

iv. Bordo and Schwartz (2000) compiled their crisis dates using IMF (1998).

v. Bordo, Eichengreen, Klingebiel, Martinez-Peria & Rose (2001) data set was built using information from the following sources: Caprio and Klingebiel (1996, 1999) and IMF (1998).

vi. Kaminsky and Reinhart used information from various issues of American Banker and Wall Street Journal, and Sundararajan & Balino (1991).

Bordo, et al (2001) aptly pointed out that “sometimes, crises come in waves, with a new one breaking out before recovery from its predecessor is completed and that successive crises that erupt before recovery from a first crisis is completed are therefore scored as one event” (p.55). It is the contention of this study that this description is not far from the banking crises pattern in Nigeria.

According to Central Bank of Nigeria (1994) as cited in Ndekwu (1999), the phenomenon of bank failure is not new to Nigeria, but the post-1987 crisis has been the most wide spread and intense in the history of financial system crises in Nigeria. To CBN, as cited in Ndekwu, the banking sector experienced portfolio shift in late 1988 when the CBN gave directive to banks to move the back-log of naira backing for foreign exchange applications yet to be approved to the CBN. The situation worsened in 1989 when several banks became illiquid and some of them either suspended deposit withdrawals altogether or placed limits on amounts that could be withdrawn. This created some panic in the banking system.

Chete (2001) reported that by 1989, the banking industry in Nigeria had one of the worst cases of crisis. To Central Bank of Nigeria (n.d), “systemic distress re-surfaced in the Nigeria Banking industry between 1989 and 1998” (p.12). But Caprio and Klingebiel (1996) identified 1990s as crisis period while Lindgren et al (1996) identified 1991 to 1995 as significant. Bordo et al (2001) as well as Caprio and Klingebiel (2003) identified 1991 to 1995 as a period of insolvent bank crises for Nigeria. Ogubunka (2003) confirmed 2000 to 2002 as a period of banking crisis in Nigeria. Also, Nigeria Deposit Insurance Corporation (2009) reported that “the country experienced a number of bank failures between 1994 and 2006” (p.105). Sanusi (2010) commenting on the crisis situation before the 2004 Soludo Bank consolidation exercise, stated inter alia: “the consequence was a mass distress that laid the foundations for the bank consolidation exercise in 2004” (p.2). This implies there was mass distress till 2005 when the consolidation exercise came to an end.

Again the maiden edition of the CBN’s Financial Stability Report, January 2009 to June 2010 aptly concluded: “the responsibility has however, attained added importance in recent times as a result of events in the financial system, especially the crises that have affected the Nigerian banking system between 2007 and 2009” (CBN, 2010, p.77). Another evidence that there was also banking crisis in 2008 could be seen in Sanusi’s (2012) statement that, “following the banking crisis of 2008, the Central Bank of Nigeria articulated a blue print known as The Project Alpha Initiative for reforming the Nigerian financial system in general and the banking sector in particular” (p.4).

According to Ogunleye (2010) and Cook (2011), bank distress still pervades the Nigerian banking landscape despite the 2004 banking consolidation exercise. The implication of this is that from 2005 till date, distress still decorates the Nigerian banking system. Adeyemi in 2010 stated that “Nigeria is currently in the midst of one of the worst financial crisis since independence” (p.7). Laeven and Valencia (2012) in their systemic banking crisis database update from 1970 to 2011 put the banking crisis period for Nigeria as between 1991 to 195/9 (Sic 1995/1999). Also, another systemic episode identified by the authors commenced in 2009 with no specific terminal date. Meanwhile, Laeven and Valencia (2013) crisis update put 2009 to 2011 as systemic banking crisis period for Nigeria.

Obinagwan (2014) reported that in Nigeria, most deposit money bank’s capital adequacy fell short of the 16% minimum international requirement. In addition, CBN mandated full compliance to the 16% minimum international requirement, Basel ii and Basel iii by June, 2014. This is ample evidence that the banking system is still faced with crisis. This evidence of crisis has again been supported by Nnodim (2014) who reported that the non-performing loans of deposit money banks in Nigeria rose from N344.20b in August 2013 to N400.57b in August, 2014, which is an increase of N56.31b. This means, impaired bank loans increased by 16.36% for the period under report. This increasing non-performing loan being witnessed and Nnodim’s further statement that two banks have capital requirement below 10% of the minimum regulatory requirement are overwhelming evidence that in 2013 to August 2014, crisis still abounds in the Nigerian banking system.

In addition to the foregoing, it is an open secret in research circles that when there is availability of data for a variable or proxy used to capture an event, it indicates the occurrence of the event. Since there are available data for increasing non-performing loan, the ratio of capital equity to total banking system assets as well as non-performing loans to total loans for 1989Q1 to 2014Q2, it implies that there was banking crisis within this period. Further, a cursory look at Figure 1, derived from data as contained in NDIC quarterly,1992 to 1997 and NDIC annual reports and statement of accounts,1989 to 2014, revealed that, the ratio of non-performing loan to total loan put in percentage hovered between 30% and 55% from 1989Q1 to 1989Q2. From 1997Q2 to 2005Q4 the percentage was swinging between 20% and 27% except for 1997Q3, 1997Q4, 1998Q4 and 2001Q2 to 2001Q4 when it was between 17% and 19%. From 2006Q1 to 2009Q2 it was between 4% and 10%. This reduction likely stemmed from the 2005 bank consolidation exercise. The value jumped from 8% in 2009Q2 to 21% in 2009Q3 and increased to 36% in 2010 from where it started decreasing and got to 4% in 2014Q2. It should be pointed out that the decrease in the percentage figure from 2011 may be as a result of the banks toxic assets acquired by the Asset Management Company of Nigeria (AMCON)**.**

The banking crisis period in Nigeria as identified by this paper is therefore 1989Q1 to 2014Q2. The above is summarised and shown in Table 1.

4 Concluding Remarks

From the definitions given in section 2, it could be said that, there is no unanimous definition of banking crisis. However, it would suffice to point out that most studies do not distinguish between systemic and non-systemic (borderline) crisis (Kibritcioglu, 2002). In other words, the degree of severity of the crisis is not taken into account. Again, both forms of crisis, systemic and non-systemic, could be injurious to the banking system and the economy. In fact, an isolated bank failure can lead to the collapse of other banks through ripple effects within the financial sector (Eichengreen and Portes, 1987, and Obioma and Adam, 2002). In the same vein, Taskin (2009) maintained that "any insolvency in a bank spreads to the whole banking system and subsequently influences all the economy" (p.1). Therefore, it may be meaningful for any study to consider banking crisis in its entirety

This paper took into account the view of literature that dating of banking crisis is somewhat arbitrary and that it could be carried out for a country by simply aggregating the dating scheme of different sources which include and not limited to journals and financial press. On this strength, this paper established crisis period for Nigeria since 1989 to be 1989Q1 to 2014Q2. Finally, it is the contention of this paper that the adequate conception of banking crisis and dating given would provide the basis for its adequate measure and coverage respectively and when used in future studies of banking crisis, it would produce adequate results from which realistic policies could be taken.

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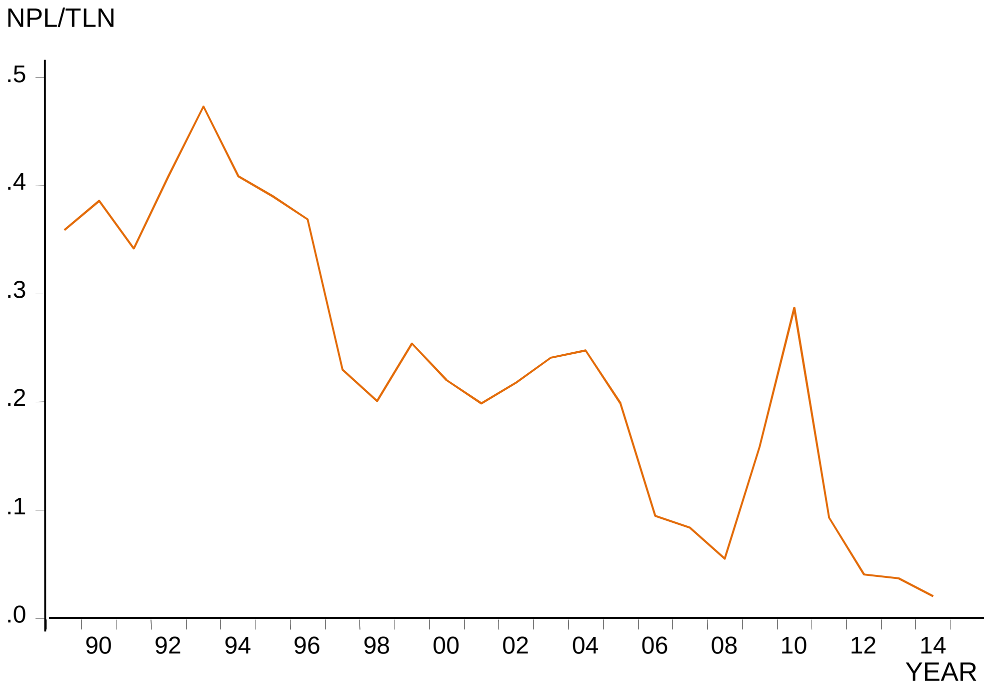
Figure 1

Ratio of Non-Performing Loan to Total Loan



NPL/TLN means ratio of non-performing loan to total loan

Sources: Author's plot with data from NDIC Quarterly (1992-1997) and NDIC Annual Report and Statement of Accounts (1989-2014).

Table1: Dates and Sources of Banking Crises in Nigeria

Source(s)	Years
Lindgren, Garcia and Saal (1996)	1991-1995
Caprio and Klingebiel (1996)	1990s
Demirguc-kunt and Detriagachie (1998, 2002,2005)	1991-1995
Glick and Hutchison (2001)	1993-1997
Bordo,Eichengreen,Klingebiel,Martinez-Peria&Rose (2001)	1991
Hagen and Ho (2007)	1989,1996
Caprio and Klingebiel (2003)	1991-1995
Leaven and Valencia (2008, 2010, 2012)	1991-1999, 2009-…
Leaven and Valencia (2013)	2009 -2011
Cook (2011)	2005-...
Osuka and Mpamugoh (2007)	1989
Chete (2001)	1989
CBN (n.d)	1989-1998
Ogubunka (2003)	2000-2002
NDIC (2009)	1994-2006
Sanusi (2010)	...-2005
Sanusi (2012)	2008
Ogunleye (2010)	2005-…
CBN (2010)	2007-2009
Obinagwan(2014)	2013-2014
Nnodim(2014)	2013-2014

Source: Author's compilation from the sources indicated in the first column of the Table.