

FINANCIAL ASSETS AND PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA

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ABSTRACT

This study determined the relationship between financial assets and performance of deposit money banks in Nigeria. Two research questions and two null hypotheses were formulated to guide the study. Secondary data adopted from United Bank for Africa Plc Annual Report - 31 December 2018 were employed for the period under review. The findings were subjected to linear regression using SPSS ver. 22 which showed that there is positive and significant relationship between cash equivalents and return on investment of deposit money bank. It also indicated that there is positive and significant cash equivalents and return on equity of deposit money bank and those financial assets have significant relationship with performance of deposit money banks in Nigeria. Conclusively, financial asset deals with non-physical asset whose value is derived from a contractual claim. Financial assets are usually more liquid than other tangible assets, such as commodities or real estate, and may be traded on financial markets. Financial assets are classified by deposit money banks into five major categories: cash and bank balances, financial assets held for trading, derivative assets, loans and advances to banks and loans and advances to customers. It is recommended that banks should make availability of cash and cash equipment as it is bedrock for bank sustainability; that criteria for loans and advances should comply with the CBN regulations in order to avoid bad debt; that collateral should be provided by the borrower in terms of failure to redeem the said loans and advances; that CBN should create atmosphere for easy accessibility of loans and advances to small and medium enterprises.

Keywords: *Financial Assets, Cash Equivalent, Return On Asset, Return On Equity.*

INTRODUCTION

Financial performance is the thrust of establishment of every deposit money banks all over the world. It is important because non-performing deposit money banks can lead to liquidation. The financial asset of deposit money banks is the strongest tool for financial performance indicators. Financial asset was described as the life blood of money deposit banks (Flanagan, 2005). Non-physical asset management is the handling of the current assets of a firm (Wisegeek, 2015). Any asset that a firm has that is the equivalent of cash or can be liquidated into cash in the period of a year is considered a current asset. International financial reporting standards adoption requires that financial assets are classified by deposit money banks into five major categories: cash and bank balances, financial assets held for trading, derivative assets, loans and advances to banks and loans and advances to customers. Again, financial assets held for trading comprise of treasury bills and government bonds. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Financial instruments included in this category are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in net gains (losses) from financial instruments at fair value in the statement of profit or loss (Morales, 2017). Interest income and dividend income on financial assets held for trading are included in interest income and other operating income respectively. The amount and quality of financial assets held for trading can improve the income of a bank and thus increase the bank's financial performance.

Cash and bank balances constitute the amount of cash available to the bank for daily operations. It comprises of cash in hand and demand deposits. Cash equivalents are short term liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents comprise deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For the purposes of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with central banks. Cash and balances with central banks include cash and restricted and non - restricted deposits with the central bank. The carrying amount of balances with other banks is a reasonable approximation of fair value which is the amount receivable on demand. The amount and quality of cash and bank balances can improve the income of a bank and thus increase the bank's financial performance (Ganesan, 2007).

Loans and advances to banks consist of placements with banks and discount houses, including balances with other banks within and outside Nigeria and short term placements. The carrying amount of balances with other banks is a reasonable approximation of fair value which is the amount receivable on demand (Kagan, 2020). The estimated fair value of fixed interest bearing placement is based on discounted cash flows using prevailing money-market interest rates for the debts. The carrying amount represents the fair value which is receivable on maturity. The amount and quality of loans and advances to banks can improve the interest income of a bank and thus increase the bank's financial performance.

Loans and advances to customers consist of overdraft, term loans, staff loans and commercial papers. The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and banks generally request that corporate borrowers provide it (Signoriello, 1991). The bank may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. Loans and advances to customers are net of charges for impairment. The estimated fair value of loans and advances represents the market value of the loans, arrived at by recalculating the carrying amount of the loans using the estimated market rate for the various loan types. The amount and quality of loans and advances to customers can improve the interest income of a bank and thus increase the bank's financial performance (Kolapo, Funso, Ayeni, Kolade & Oke, 2012).

It is apt to conduct this study in Nigeria because it is a growing economy and there are a lot of differences in the situation faced by deposit money banks in developed and developing countries. Prior research focuses on the effect of working capital (current assets less current liabilities) management on financial performance (Afza & Nazir, 2009). Very few prior research works consider current assets management as a merit on its own. For deposit money banks, the quality of management of current assets can make or mar them and a study, therefore, on the association between current assets management and financial performance is apt and relevant. Bank managers would benefit from the study findings, conclusions and recommendations because current assets are the fulcrum of assets earning income. Non-current assets do not generate income as fast as current assets. This study will contribute to the limited literature on the effect of financial assets financial performance of deposit money banks in Nigeria.

The term, financial performance, is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. Financial performance refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms (Kenton, 2020).

There are many different ways to measure financial performance, but all measures should be taken in aggregation. All organizations have financial performance measures as part of their performance management, although there is debate as to the relative importance of financial and

non-financial indicators. Proponents of financial performance measures argue that they are necessary because of the primary objectives of firms (Kaplan Financial, 2015). Line items such as gross revenue from operations, operating income or cash flow from operations can be used, as well as return on total assets. Financial performance exists at different levels of the organization. This study is mostly concerned with measuring the financial performance of the organization as a whole. Traditionally, financial performance measures are split into the following categories: profitability, liquidity/working capital, gearing and investor ratios.

Glossary looks at financial assets which include cash equivalent, bank deposits, loans, stock (share equity). The major challenges associated with bank performance in respect with financial asset are revealed in the accounting treatment of financial asset under International financial reporting standard (IFRS).

Deposit money banks in Nigeria suffer a huge setback on exchange rates due to dollars fluctuation and as such could affect the financial assets with fixed or with determinable payments hold till maturity. This works in a developed nation, like USA, Canada, Germany, UK, etc.

It is practical noted that banks in Nigeria lack the uniformity in accounting treatment of financial assets held for trading which are acquired or incurred principally for the purpose of selling, or are part of a portfolio with evidence of short-term profit-taking, or are derivatives measured at fair-value (arms-length transaction) through profit or loss. This situation could not work in Nigeria due to paralytic conditions of Nigeria economy saddled with a lot of fluctuation in the stability of financial policies and regulations. Cash and cash equivalent at time do not work well in Nigeria due to economic instability in redeeming payment of after 90 days. So, often it proceeded more than 90 days.

One of the banks' crucial health indicators is its ability to generate cash and cash equivalents. So, a bank with relatively high net assets and significantly less cash and cash equivalents can mostly be considered an indication of non-liquidity which is a minus to bank profitability.

However, many deposit money banks in Nigeria today are making huge losses due to the problem of nonperforming loans in their books. The possibility of a bank to make losses as a result of loans defaults by debtors often happens in the financial sector especially banks. This is clearly a negative effect against the bank performance. Non-Performing Loans is the possibility of a borrower defaulting an unpaid loan either partly or in full (Basel Committee on Banking Supervision, 2001). For financial assets to be measured at fair value through profit or loss by designation, designation is only possible at the amount the asset was initially recognized at. This amount usually varies to poor economy. The gap this study seeks to cover is to evaluate the effectiveness of cash and cash equivalence, loans, bonds, stock (share equity) and returns on asset and investment respectively.

Research questions

- (i) What is the relationship between cash equivalent and return on assets of deposit money banks in Nigeria?
- (ii) What is the relationship the relationship between cash equivalent and return on equity deposit money banks in Nigeria?

Hypotheses

- (i) There is no significant relationship between cash equivalent and return on assets of deposit money banks in Nigeria.
- (ii) There is no significant relationship the relationship between cash equivalent and return on equity of deposit money banks in Nigeria

Literature Review

Financial Asset

Financial asset is a non-physical asset whose value is derived from a contractual claim, such as bank deposit, bonds and stocks. Charumathi (2008) defined financial asset as a dynamic process of planning, organizing, coordinating, and controlling the asset and liabilities: their mixes, volume, maturities, yield and costs in order to achieve a specified net interest income. In other words, it deals with the optimal investment of asset in view of meeting current goals and future liabilities. It is related to the management of the risk associated with liquidity mismatch, interest rates and foreign exchange movement. Financial assets are concerned with an attempt to match assets and liabilities in terms of maturity and interest rate sensitivity to minimize interest rate and liquidity risks (Zawalinska, 1999).

Financial assets are usually more liquid than other tangible assets, such as commodities or real estate, and may be traded on financial markets. Financial assets are contracts that do not contain contingency, that is irrespective of any conditions, generate financial claims having demonstrable value over which ownership rights are enforced, individually or collectively, and from which economic benefits can be derived by using or holding them. Examples of financial assets are monetary gold, currency deposits, and securities other than shares, borrowings, loans, shares, and other equity, other accounts receivable /payable, financial derivatives. Assets earn revenue for the banks and include cash, securities, loan and property and equipment that allow it to operate.

Cash Equivalents

These refer to the line item on the statement of financial position that reports the value of a company's assets that are cash or can be converted into cash immediately. It includes banks accounts, marketable securities, commercial paper, treasury bills and short term government bonds with a maturity date of three months or less. Marketable securities and money market holdings are considered cash equivalents because they are liquid and not subject to material fluctuations in value. One of the major services of a bank is to supply cash on demand, whether it is a deposit or withdrawing money or writing a cheque or a bank customer withdrawing on a credit line. Balance of payment manual (1993), a bank needs cash to pay bills, but while bills are predictable in both amount and timing, cash withdrawals by customers are not, hence, a bank must maintain a certain level of cash compared to its liabilities to maintain solvency (Takou & Ogakwu (2019).

Cash is money in form of currency. This includes all bills, coins and currency notes. A demand deposit is a type of account from which funds may be withdrawn at any time without having to notify the institution. Examples of demand deposits accounts include checking accounts and saving accounts. All currency balances as of the date of financial statements of deposit account are included in cash totals. Another source of cash is cash in the process of collection. When a bank receives a cheque, it must present the cheque to the bank on which it is drawn for payment, previously, this used to take several days but nowadays, cheques are being processed electronically and many transfers of funds are being conducted electronically instead of using cheques. So this category of cash is diminishing significantly and will probably disappear when all financial transactions finally become electronic (Hutchison, Farris & Anders, 2007).

Financial Performance

Financial results can be quantified through different measurement methods, such as return on asset, return on investment, return on equity, earnings per share, net profit margin. But for the interest of this work, we look at two ways: return on equity and return on asset.

Kwan (2003) also mentioned that the financial position report is a common indicator of the financial condition of an organization over a period of time and is used for comparison in a similar industry.

In fact, there are different ways to measure financial results. Efficiency can be measured using a variety of methods, such as billing technology, which includes return on capital, return on investment and return on investment.

Return on equity (ROE)

ROE is a significant indicator for financial results which reveals how best a firm put the resources to maximize profits. ROE is a ratio of the profitability of an enterprise in relation to the book value of equity, also known as net assets or assets less liabilities. The quota is computed as: Distribution of net income over equity (net income / equity). A low ratio may mean that the principal objective of the management (owner's rich maximization) is not established. A high ratio means that the management goals are set (<http://www.investopedia.com/terms/r/returnonequity.asp>) ROE is used in particular to compare performance between companies in a similar industry. ROE measures management ability and intensity to generate income from the available equity within its framework. (<http://www.investopedia.com/ratios/profitability-indicator/ratio4.asp>). In each case the profitability (capital income) is the division of the numerator and the denominator as contain the formula: Dividing by sales generates profit margins, dividing by shareholders equity produces ROE.

Return on Assets

Return on assets (ROA) is a financial ratio that earns the percentage of the company's earnings in relation to total assets. It is generally defined as net income divided by total assets. The net result is derived from the company's income statement and is the result after tax. Assets are read from the balance sheet and comprise liquid assets, inventory, land, capital utilization depreciated and the value of intellectual property, such as patents. Businesses acquired may also have a category called "goodwill" which pays extraordinary money to the company over its own book value at the acquisition date. Because assets will tend to fluctuate over time, average assets must be used for the period to be measured. Thus, ROA for the quarter should be based on quarterly earnings divided by average assets in the quarter. ROA is a ratio, but usually presented as a percentage (Bernstein et al., 2000). The more capital intensive a company is, the harder it will be pressure to achieve a high ROA. For example, a large equipment manufacturer will require very significant assets simply to do what it does; the same applies to a power station or a pipeline. A fashion designer, advertising agency, software company or publisher can only require minimal capital equipment and will thus produce a high ROA (Albrecht, et al., 2005). The difference between a highly capitalized company and a company that mainly rely on intellectual property or creative assets is that, in case of failure, the capital-intensive company still wants assets that can be converted into real money while a concept-based company will fail, When its art is no longer started, it will leave a few computers and furniture behind it. Therefore, ROA is used by investors as one of several ways of measuring a company within an industry and comparing it über die, playing the same rules (Baker, 2005).

Financial Hierarchy Theory

The financial hierarchy theory established by Donaldson (1961) was rationalized by Myers and Majluf (1984) in respect of financial approach to theory. Regarding this theory, scholars are interested in the relationship between liquid assets and the value of the firm. Also, how these liquid assets optimize capital structure of the firm in the long run (Kytonen, 2002). Financial theory reflects the liquidity management problem on the basis of optimizing the capital structure of a firm. Kytonen suggested that cash management can be linked to financial theory by considering its relevance in an imperfect / under developed market. In other words, adding cash balances to such financial theoretic models as capital asset pricing model (CAPM) or Modigliani-Miller (M&M) model links cash management to the financial theory. The effects of the inclusion of cash balances in these theoretical models show the significance of liquid assets for the value of the firm.

The financial hierarchy theory is also called the Pecking Order Theory of Liquidity (behavioral theory of corporates), otherwise, Pecking Order theory of cash management adopting financial approach to theory. It evolved as a result of imperfections (emphasizes is on information asymmetry problem) in the capital market. In reality, management of firms does possess insider information which the investors, financial analysts, and general public do not have. The theory was postulated by Myers and Majluf (1984) claiming that managers would in most instances finance capital deficit via the public offer of new securities. According to the theory, in the event where retained earnings and other internal source of financing will be low to invest, then, manager will issue debt and only issue new equity as a last recourse. To achieve manufacturing firms' profit optimization objective, optimal / adequate cash and cash equivalents (financial slack) must be maintained to prevent transaction and other costs inherent in sourcing financing from outside. The theory insinuates the non-existence of an optimal level of cash holdings given that an optimal level of debt does not exist.

Empirical Review

Abata (2014), examined financial assets and performance in Nigeria using secondary data obtained from the annual reports and accounts of the six largest banks listed on the Nigeria stock exchange based on the market capitalization with a simple interval of fifteen years period from 1999 to 2013. the study adopted the use of ratio as a measure of bank performance and asset quality since it is a verifiable means for gauging the level of activities while the data were analyzed using the Pearson correlation and regression tool of the SPSS 17.0. The findings reveal that asset quality had a statistically relationship and influence on bank performance. Based on the findings the study recommends policies that would encourage revenue diversification, minimize credit risk, and encourage banks to minimize their liquidity holdings.

Onyeka, Nnado & Iroegbu, (2018) studies examined the relationship between cash (including liquid substitutes) and profitability of listed firms in the manufacturing sector of the Nigerian Stock Exchange. Expost-facto research approach via quantitative panel methodology was employed to evaluate the effect of the cash and cash equivalents on the dependent variable. Data were collated from the audited annual reports of thirty-six (36) manufacturing firms listed on the Nigerian Stock Exchange for the fifteen year period: 2003-2017. Diagnostic tests were carried out on the collated data using Levin-Lin-Chu panel unitroot test which confirmed their stationarity and Westerlund Panel Cointegration Tests that depicted the variables were not cointegrated in the long run. Further, Hausman test confirmed the consistency and suitability of the Fixed Effects (FE) multiple regression model. Hypothetical statements tested portrayed the existence of a significant positive influence of cash and cash equivalents on return on assets of the sampled firms. These results imply that optimizing firms' profits necessitate striking the best liquidity profitability trade-offs, otherwise firms keeping insufficient liquid assets may be forced to borrow from external sources at exorbitant costs or become illiquid. The study concurred that Nigerian manufacturing firms' profitability is significantly influenced by the adequacy of cash holdings.

Mihail (2009) did a study on how asset liabilities management affects profitability of banks. The main goal of this paper was to analyze the asset-liability management in bank for the 2004-2011 periods, using a panel of over 30 banks across Europe. The analysis was carried using the canonical correlations where she tested for a linear dependency between two variables, that is, (the structure of assets and liabilities). The study concluded that in order to be effective in banks, the management of assets and liabilities must take into consideration the risk level, liquidity, profit, solvency, the level of loans and deposits.

Gamayuni (2015) tests empirically the relationship between intangible assets, financial policies, and financial performance on the firm value at going-public company in Indonesia. Path analysis was used to ascertain the relationship between intangible assets, financial policies, financial performance, and firm value at going-public company in Indonesia in the year 2007 to 2009. This

study also provides empirical evidence that Intangible assets, financial policies, financial performance have significant influence to the firm value simultaneously. Intangible assets have no significant influence to financial policies, but has positive and significant influenced to financial performance (ROA) and firm value. Debt policies and financial performance (ROA) influenced firm value positive and significant. Financial statements limitation in measuring and disclosing intangible assets is the cause of significant difference between book value equity and market value equity. Measurement and disclosure of intangible assets (intellectual capital) precisely and accurately is very important, because intangible assets have a positive and significant effect on the firm value.

METHODOLOGY

The researcher employs the correlational research design. The study made use of time series and secondary procedure in estimating the effect of financial assets on the performance of banks in Nigeria. The study area comprised of only United Bank for Africa (UBA) out of nineteen (19) deposit money banks in Nigeria as population of the study. The data used for the research were extracted from the Annual Financial Reports of CBN Bulletin of 2019.

The functional representation of the model is as follows.

$$FA = F(BD, BO) \dots\dots\dots(1)$$

Statistically given as

$$PLA = a_0 + a_1CE + a_2BDt + Ut \dots\dots\dots(2)$$

The estimated equation will be

Where, FA = Financial asset; CE = Cash equivalent a_0 = Constant or intercept ; a_1 – a_2 = coefficient of the independent variables or slope; A priori expectations.

Method of data analysis

Linear regression was adopted for the analysis of the secondary data from 2012 to 2018 to determine the relationship between the independent and dependent variables. The formula of the regression equations (R) and the coefficient of determination (R^2) are described mathematically below: Regression formula; $y = a + bx$

$$\text{Slope (b)} = (NSXY - (SX)(SY)) / (NSX^2 - (SX)^2)$$

$$(i) \quad \text{Intercept (a)} = (SY - b(SX)) / N$$

$$(ii) \quad \text{The transposing of Eqn (i) into (ii)}$$

$$r = \frac{N \cdot XY - (\cdot X)(\cdot Y)}{N \cdot X^2 \sqrt{(\cdot X)^2 \cdot (N \cdot Y^2 - (\cdot Y)^2)}} \quad (i)$$

RESULTS AND DISCUSSION

Data Presentation

Table 1: Financial Assets and Financial Performance UBA (2012-2018)

Years	Cash and Cash Equivalent (N'b)	Return on Asset (N'b)	Return on Equity (N'b)
2012	714,115	2,272,923	192,467
2013	716,803	2,642,296	235,036
2014	812,359	2,762,573	265,406
2015	655,371	2,752,622	332,621
2016	760,930	3,504,470	448,069
2017	890,142	4,677,802	589,113
2018	945,201	5,200,976	642,902

Source: Adopted from United Bank for Africa Plc Annual Report - 31 December 2018.

For the purpose of this study a fragment of financial asset and financial performance of UBA were extracted for the analyses using descriptive statistics. The cash and cash equivalent of 2012 were valued at N714,115, with a corresponding value of return on asset and equity at N2,272,923,000b and N192,467,000b respectively, this shows bank profitability under review. In 2013 there was an increase of +cash equivalent at N716,803,000b with corresponding return on asset and return on equity valued at N2,642,296,000b and N235,036,000b respectively.

The activities of 2014 showed an increase of cash equivalent compared to 2013 at N812, 359,000b with corresponding return on asset and return on equity at N2, 762,573,000b and N265, 406,000b. In 2015 cash equivalent has a shape downward deviation of N655,371,000.with returns on asset and equity at N2,752,622,000b and N332,621,000b respectively. The financial assets of 2016 revealed a cash equivalent of N760,930,000b with return on asset and return on equity at N3,504,470,000b and N448,069,000b which is significant compared to other years.

The financial assets of 2017 indicated a cash equivalent of 11.2% increase at N890,142,000b with corresponding value of return on asset and return on equity at N4,677,802,000b and N589,113,000b respectively which is significant compared to other two previous years. The financial assets of 2018 maintained a cash equivalent of N945,201,000b with corresponding value of return on asset and return on equity at N5,200,976,000b and N642,902,000b respectively which is significant compared to other years. This activities ratio revealed that UBA financial assets is very profitable using return on asset and return on equity as an indices of financial performance of UBA using trend data for analysis.

Test of Hypothesis

Linear regression results containing model summary have shown in tables 3 to 4 using SPSS Ver. 22 for test of hypotheses 1 to 2 respectively.

Table 2: Model Summary of cash equivalent and return on assets (ROA) Output

Change Statistics									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change Durbin-Watson
1	.886 ^a	.784	.741	5.71044E5	.784	18.175	1	5	.008 2.875
a. Predictors: (Constant), CASH_EQUIVALENT									
b. Dependent Variable: RETURN_ON_ASSET									

Table 2 revealed the relationship between cash equivalent and return on assets (ROA) at $r = .886$ and $r^2 = .784$ which are greater than the p -value of 0.05 level of significant, therefore, we uphold that there is positive and significant relationship between cash equivalent and return on assets of UBA bank as contained in the analysis of research question one using the extract of 2012 to 2018 UBA Annual financial performance. Here, the Durbin-Watson of 2.875 showed the presence of autocorrelation between the independent and dependent variables.

Table 3: Model summary cash equivalent and return on equity (ROE)

Change Statistics									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change Durbin-Watson
1	.803 ^a	.645	.574	1.15710E5	.645	9.097	1	5	.030 2.410

a. Predictors: (Constant), CASH_EQUIVALENT

b. Dependent Variable: RETURN_ON_EQUITY

Table 3 indicated the relationship between cash equivalent and return on equity (ROE) at $r = 0.803^a$ and $r^2 = 0.645$ which are greater than the p-value of 0.05 level of significant, therefore, we uphold that there is positive and significant relationship between cash equivalent and return on equity of UBA bank as contained in the analysis of research question two using the extract of 2012 to 2018 UBA Annual financial performance. Here, the Durbin-Watson of 2.410 revealed the presence of autocorrelation between the independent and dependent variables.

DISCUSSION OF FINDINGS

Cash equivalent and return on assets (ROA) of deposit money banks in Nigeria

Table 2 revealed the relationship between cash equivalent and return on assets (ROA) at $r = 0.886$ and $r^2 = 0.784$ which are greater than the p-value of 0.05 level of significant, therefore, we uphold that there is significant relationship between cash equivalent and return on assets of UBA bank as contained in the analysis of research question one using the extract of 2012 to 2018 UBA Annual financial performance. The result of this present study falls within the survey of Coleman (2014) which shows the relevance of cash and cash equivalent on the performance of banks using 999 employees of zenith bank. He also factored that fund in cash and equivalent help secure financial position of banks. Onyeka, Nnado & Iroegbu (2018) studies examined the relationship between cash (including liquid substitutes) and profitability of listed firms in the manufacturing sector of the Nigerian Stock Exchange.

Cash equivalent and return on equity (ROE) of deposit money banks in Nigeria.

Table 3 indicated the relationship between cash equivalent and return on equity (ROE) at $r = 0.803$ and $r^2 = 0.645$ which are greater than the p-value of 0.05 level of significant, therefore, we uphold that there is positive and significant relationship between cash equivalent and return on equity of UBA bank as contained in the analysis of research two question using the extract of 2012 to 2018 UBA Annual financial performance. The work of Sathyamoorthi & Dzimiri (2020) on examination of the impact of liquidity (cash) management on the financial performance of deposit money banks in Botswana agrees with the present study.

CONCLUSION

In conclusion, financial asset deals with non-physical asset whose value is derived from a contractual claim. Financial assets are usually more liquid than other tangible assets, such as commodities or real estate, and may be traded on financial markets. Financial assets are classified by deposit money banks into five major categories: cash and bank balances, financial assets held for trading, derivative assets, loans and advances to banks and loans and advances to customers. Cash, stocks, bonds, mutual funds, and bank deposits are all are examples of financial assets.

RECOMMENDATIONS

From the results, the following were recommended;

- i. That banks should make availability of cash and cash equipment as it is bedrock for bank sustainability.
- ii. That criteria for loans and advances should comply with the CBN regulations in order to avoid bad debt.
- iii. That collateral should be provided by the borrower in terms of failure to redeem the said loans and advances.
- iv. That CBN should create atmosphere for easy accessibility of loans and advances to small and medium enterprises.

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