ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

IMPACT OF OIL PRICE AND UNEMPLOYMENT ON THE PERFORMANCE OF LISTED DEPOSIT MONEY BANKS IN NIGERIA

AKUONU Onyinyechukwu Obiageli, Salihu Liman Mairafi & Mohammed Ibrahim
Email: onyikuons@ymail.com
Department of Banking and Finance, Nasarawa State University Keffi

Abstract

Efficient performance of the Nigerian banking sector is essential for a sound and viable financial system, yet sector indicators point to rising credit risk and weakening core profitability beneath headline results. This study examines the effects of oil price and unemployment on the performance of the Nigerian banking sector. Using quarterly data from 2007Q1 to 2024Q4 (72 observations), the study adopts the ex post facto research design. Return on assets (ROA) for the banking sector was obtained from the Central Bank of Nigeria; oil price is measured as the quarterly price of Bonny Light crude; and unemployment is the quarterly unemployment rate. The augmented Dickey–Fuller test, the ARDL bounds test for cointegration, and an error-correction ARDL model were employed. The bounds test indicated cointegration among the variables. In the short run, oil price was statistically significant only at the third lag, while unemployment was statistically insignificant at conventional levels. The error-correction term was negative and statistically significant, supporting convergence to long-run equilibrium. The study concludes that oil price dynamics matter for Nigerian banking-sector performance, while the evidence does not establish a statistically significant unemployment effect over the study period. Banks should treat oil-sector exposure as a risk-sensitive strategic consideration rather than an unconditional lending recommendation.

Keywords: Banking sector performance, Oil price, Unemployment, Return on assets, ARDL

Introduction

The banking sector occupies a central position in any financial system. Beyond intermediation, banks support economic stability through money creation, liquidity provision, and competition within the financial system (Ibrahim, 2022; Eze & Okoye, 2023). Sustained bank performance is therefore of direct concern to depositors, creditors, regulators, and the wider economy.

Recent evidence suggests that headline profitability in the Nigerian banking sector masks growing structural vulnerabilities. Non-performing loans rose sharply from about N1.29 trillion in 2023 to approximately N2.59 trillion in 2024, reflecting deteriorating asset quality amid tightening macroeconomic conditions (Nairametrics, 2025; TheBizHub, 2025). Cumulative loan

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

impairment charges among the ten largest listed banks rose to an estimated N3.77 trillion between 2023 and the first quarter of 2025. These developments suggest that reported profits were increasingly driven by valuation and accounting effects rather than improvements in core lending and intermediation.

Oil price movements provide a plausible channel to bank performance in Nigeria. Crude oil accounts for a substantial share of government revenue, foreign exchange earnings, and external reserves (Olaolu et al., 2022). Periods of falling oil prices typically reduce government revenue, delay public spending, depreciate the currency, and tighten domestic liquidity, all of which constrain banks' lending capacity and weaken borrowers' repayment ability (Nsirimovu, 2023; Wang, 2025). Oil price booms may temporarily improve liquidity and government spending, but can also fuel macroeconomic instability if not prudently managed (Momodu et al., 2024). For a mono-product economy such as Nigeria, oil price fluctuations therefore have far-reaching implications for bank credit portfolios, capital adequacy, and profitability through both fiscal and monetary transmission channels.

Unemployment provides a second channel. High unemployment, particularly among youths, reflects structural deficiencies such as limited industrial capacity, skills mismatch, and weak private-sector absorption (Ademola, 2023). Rising unemployment suppresses household income and consumption, weakens effective demand for credit, and increases the likelihood of loan defaults. For banks, this translates into deteriorating asset quality, rising non-performing loans, and reduced profitability (Ademola, 2023; Obieze & Okuji, 2025). Persistent unemployment therefore undermines both the demand and supply sides of financial intermediation.

The empirical literature on the macroeconomic determinants of Nigerian bank performance has examined these variables largely in isolation, or has relied on nominal performance indicators that do not capture real effects. Karaye et al. (2026) used advanced econometric frameworks to show that crude oil price plunges degrade the asset quality of deposit money banks by expanding corporate non-performing loans. Eniekezimene and Nathan (2023), applying an ARDL bounds approach to 1980–2020 CBN data, modelled unemployment as the dependent variable and found that crude oil prices had an insignificant short-run but a significant negative long-run effect. However, limited empirical attention has been devoted to the combined influence of oil price

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

fluctuations and unemployment on Nigerian banking-sector performance over an extended recent period (Lyimo & Hussein, 2022; Ogunlokun & Adebisi, 2024).

The Nigerian banking sector has recorded strong nominal profits in recent years, yet underlying indicators reveal growing vulnerabilities. Non-performing loans more than doubled between 2023 and 2024, and loan impairment charges continued to rise. This divergence between headline profitability and underlying financial performance raises concerns about the resilience of the banking sector in an economy exposed to recurrent oil price volatility and high unemployment.

Oil price fluctuations transmit to the banking sector through fiscal, monetary, and liquidity channels, while unemployment affects credit demand and loan repayment capacity. Although these channels are theoretically plausible, empirical evidence on their combined effect on Nigerian banking-sector performance remains limited, particularly over an extended recent period. Existing studies have examined these variables in isolation, relied on static estimation methods, or focused on other countries. This study fills that gap by estimating the combined short-run and long-run effects of oil price and unemployment on Nigerian banking-sector performance.

Statement of the Problem

The Nigerian banking sector faces escalating vulnerabilities, with non-performing loans rising from N1.29 trillion in 2023 to N2.59 trillion in 2024, and impairment charges reaching N3.77 trillion, signaling that headline profitability masks deteriorating asset quality (Nairametrics, 2025; TheBizHub, 2025). While oil price and unemployment are plausible macroeconomic drivers, existing studies examine them in isolation. Karaye et al. (2026) focused solely on oil price effects on asset quality, while Eniekezimene and Nathan (2023) modelled unemployment as the dependent variable. Theoretically, prior studies lack a coherent risk-return transmission framework linking both shocks simultaneously to bank performance. Methodologically, they rely on static estimation, aggregate data, and samples ending by 2020, failing to capture recent volatility. This study fills these gaps by employing an ARDL framework to examine the combined short- and long-run effects of oil price and unemployment on Nigerian banking-sector performance.

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

Research Objectives

The main objective of this study is to examine the effects of oil price and unemployment on the performance of the Nigerian banking sector. The specific objectives are:

i. To evaluate the effect of oil price on the performance of the Nigerian banking sector.
ii. To examine the effect of unemployment on the performance of the Nigerian banking sector.

Research Questions

i. What is the effect of oil price on the performance of the Nigerian banking sector?
ii. What is the effect of unemployment on the performance of the Nigerian banking sector?

Research Hypotheses

Ho_1: Oil price has no significant effect on the performance of the Nigerian banking sector.

Ho_2: Unemployment has no significant effect on the performance of the Nigerian banking sector.

Literature Review

Sarkar and Rakshit (2024) investigated the effect of unemployment on banking performance using panel data from Indian commercial banks for 2001–2017, measuring performance with ROE and Net Interest Margin and estimating a dynamic panel GMM. They found a statistically significant adverse effect of unemployment on bank performance and recommended incorporating labour market indicators into banking regulation and credit-risk assessment. The study is country-specific.

Ogunlokun and Adebisi (2024) examined the relationship between macroeconomic variables, including unemployment, and Nigerian deposit money bank performance, using regression analysis on CBN data and bank financial statements. They found that higher unemployment was

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

negatively associated with bank performance, but their study is limited by aggregate data, static estimation, and a restricted set of performance indicators.

Saif-Alyousfi, Bitar, and Omran (2021) examined the impact of oil and gas price shocks on bank performance in oil-exporting GCC countries for 2000–2017, using dynamic panel GMM on bank-level and macroeconomic data. They found that oil price shocks significantly affect bank performance, with negative shocks exerting stronger effects than positive shocks. The study is limited by its regional focus and a sample ending in 2017.

These studies provide valuable insights but share important limitations: Sarkar and Rakshit (2024) end in 2017; Ogunlokun and Adebisi (2024) rely on aggregate data and static methods; and Saif-Alyousfi et al. (2021) focus on GCC countries and end in 2017. Moreover, these studies analyse unemployment and oil price shocks separately and do not focus on the Nigerian banking sector over an extended recent period. The present study addresses these gaps by examining the combined short-run and long-run effects of oil price and unemployment on Nigerian banking-sector performance from 2007Q1 to 2024Q4 using an ARDL framework.

Theoretical Framework

This study is anchored on the Static Trade-Off Theory (STOT), which explains performance outcomes as a function of how firms balance the benefits and costs of financial risk under changing economic conditions (Kraus & Litzenberger, 1973). Within this framework, banks weigh income-enhancing opportunities against rising financial-distress costs arising from adverse macroeconomic shocks.

The pathway to the hypothesised relationships is as follows. Rising unemployment weakens household repayment capacity and firm creditworthiness, increasing non-performing loans and expected distress costs, and constraining banks' ability to sustain profitability. Oil price volatility affects government revenue, aggregate demand, liquidity conditions, and interest-rate pressures, all of which influence earnings stability and balance-sheet risk. Banks respond to these shocks by adjusting lending behaviour, capital buffers, and risk appetite, which in turn affects ROA.

The empirical model does not directly measure capital structure, leverage adjustment, or the trade-off mechanism. STOT is therefore used here as a broad organising framework for the risk–

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

return transmission from macroeconomic shocks to bank performance, not as a directly tested capital-structure model.

Methodology

The study adopted the ex post facto research design, since the data relate to past events. It is correlational in nature, seeking to establish relationships among variables (Kumar, 2013). The data are aggregate macroeconomic series, so population and sampling are not applicable. The study used secondary data on a quarterly basis from 2007Q1 to 2024Q4, giving 72 observations. Data on oil prices and unemployment rate were collected from the Central Bank of Nigeria (CBN). While data on aggregate return on assets for the banking sector were collected from audited financial reports.

The study employed the Augmented Dickey–Fuller (ADF) test for stationarity and the ARDL bounds-testing approach of Pesaran et al. (2001).

The ARDL model adopted for this study is given below:

Where:
ROA = Return on Asset
OILPRICE = Oil price
UNEMPLOY = Unemployment rate
= the first-difference operator

= intercept

= slope coefficients

= stochastic error term.

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

Table 1: Variables Measurement

S/N	Variable	Nature	Measurement	Source
1	Return on Assets (ROA)	Dependent	Ratio of profit after tax to total assets	Afolabi and Balogun (2020)
2	Oil price (OILPRICE)	Independent	Quarterly Nigerian Bonny Light crude price	Olalekan and Adeyemi (2021); Ibrahim (2022)
3	Unemployment rate (UNEMPLOY)	Independent	Quarterly reported unemployment rate	Eze and Okoye (2023)

Source: Author's compilation, 2026.

Results and Discussion

Table 2: Descriptive Statistics of Variables

Statistic	ROA	OILPRICE	UNEMPLOYMENT
Mean	2.40	80.11	4.17
Maximum	7.40	138.74	5.84
Minimum	−8.85	32.29	2.98
Std. Dev.	2.10	25.88	0.78
Skewness	−1.60	0.23	0.59
Kurtosis	13.87	2.18	2.43
Jarque–Bera	385.54	2.65	5.13
Observations	72	72	72

Source: EViews 13 output, 2026.

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

The mean values of OILPRICE and UNEMPLOYMENT are respectively greater than their standard deviations, while the mean of ROA (2.40) is greater than its standard deviation (2.10), indicating a relatively low level of dispersion around the mean for all three variables. The gap between the minimum and maximum values of UNEMPLOYMENT is small, indicating low variability in that series. The same relatively low difference between the maximum and minimum values is observed for ROA. By contrast, OILPRICE shows a wide gap between the minimum and maximum values, indicating substantial variability, which is consistent with the volatility of oil prices over the study period.

The skewness values for OILPRICE and UNEMPLOYMENT are positive, indicating distributions with a longer right tail. ROA records negative skewness, indicating a longer left tail. The kurtosis values for the two independent variables are below the threshold of 3, indicating platykurtic (flat) distributions. ROA has a kurtosis value above 3, indicating a leptokurtic (peaked) distribution. The Jarque–Bera statistic for ROA is 385.54, which is far above the critical value at conventional levels, indicating that the ROA series is not normally distributed. The Jarque–Bera statistics for OILPRICE and UNEMPLOYMENT are 2.65 and 5.13 respectively, and their normality should be interpreted against their corresponding p-values from the EViews output.

Table 3: ADF Unit Root Test Results

Variable	ADF Test Statistic	Order of Integration	Stationarity
ROA	−4.43***	I(0)	Yes
OILPRICE	−7.91***	I(1)	Yes
UNEMPLOYMENT	−3.60***	I(1)	Yes

*Source: EViews 13 output, 2026. *** denotes significance at the 1% level.*

The ADF test rejected the null hypothesis of a unit root in the level values of ROA at the 1% level of significance, indicating that ROA is stationary at levels and integrated of order I(0). The null hypothesis of a unit root could not be rejected at levels for OILPRICE and

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

UNEMPLOYMENT, but was rejected at first difference for both variables, indicating that both are integrated of order I(1). This mixed order of integration I(0) for ROA and I(1) for OILPRICE and UNEMPLOYMENT satisfies the precondition for the ARDL bounds-testing framework, provided that no series is I(2). The ARDL model is appropriate because it captures short-run and long-run dynamics simultaneously.

Table 4: Variables Correlation Matrix

	ROA	OILPRICE	UNEMPLOYMENT
ROA	1.00		
OILPRICE	0.02	1.00	
UNEMPLOYMENT	−0.20	−0.51	1.00

Source: EViews 13 output, 2026.

The absolute minimum bivariate correlation between the dependent variable ROA and the regressors is −0.20 for UNEMPLOYMENT, and the maximum correlation with ROA is 0.02 for OILPRICE. The association between OILPRICE and UNEMPLOYMENT is −0.51. All pairwise correlations are below the threshold of 0.7 advocated by Hair et al. (2017), suggesting that multicollinearity is unlikely to threaten the estimated coefficients.

Table 5: Variance Inflation Factors Test Results

Variable	Centered VIF
OILPRICE	1.35
UNEMPLOYMENT	2.40
Mean VIF	1.88

Source: EViews 13 output, 2026.

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

The centered VIF values for OILPRICE and UNEMPLOYMENT are 1.35 and 2.40 respectively, with a mean VIF of 1.88. All VIF values are well below the threshold of 5.0 recommended by Brooks (2014), confirming the absence of multicollinearity among the explanatory variables.

Table 6: Bounds Test Results for Variables' Cointegration

Statistic	Value	I(0) Bound	I(1) Bound	Decision
F-bounds statistic	9.32	3.79	4.85	Long-run cointegration
t-bounds statistic	−5.19	−2.86	−3.53	Long-run cointegration

Source: EViews 13 output, 2026.

The bounds test was conducted at the 5% level of significance under the specification of a constant with no trend. The F-statistic of 9.32 exceeds the I(1) upper bound of 4.85, and the absolute t-statistic of 5.19 exceeds the absolute I(1) upper bound of 3.53. Both results reject the null hypothesis of no cointegration, indicating a long-run relationship among ROA, oil price, and unemployment. The estimated ARDL model therefore includes a long-run error-correction term.

Table 7: Results for Optimum Lag Selection

Lag	LR Statistic	FPE Statistic	AIC	SC	HQ
0	—	3.22	4.01	4.11	4.05
1	10.18*	2.82*	3.87*	4.01*	3.93*
2	1.20	2.85	3.88	4.05	3.95
3	0.18	2.93	3.91	4.11	3.99
4	0.50	2.99	3.93	4.17	4.02

*Source: EViews 13 output, 2026. * denotes the selected lag.*

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

The lag selection criteria LR, FPE, AIC, SC, and HQ all select lag 1 as the optimal lag order. The estimated model is therefore an ARDL(1, q_1, q_2) specification, where the oil-price and unemployment lags are determined by the software's automatic selection. The specific ARDL order is reported in Table 8.

Table 8: ARDL Model Results

Variable	Coefficient (Standard Error)	t-Statistic
ROA(−1)	0.49 (0.10)	4.93***
OILPRICE	−0.01 (0.01)	−0.71
OILPRICE(−1)	0.01 (0.02)	0.83
OILPRICE(−2)	−0.03 (0.02)	−1.53
OILPRICE(−3)	0.03 (0.01)	2.41***
UNEMPLOYMENT(−1)	−0.00 (0.33)	−0.01
ECT(−1)	−1.14 (0.25)	−4.48***
R-squared	0.27	
Durbin–Watson statistic	2.03	
F-statistic	5.87***	

*Source: EViews 13 output, 2026. Figures in parentheses are standard errors. *** denotes significance at the 1% level.*

The first lag of the dependent variable ROA has a positive and significant short-run effect of 0.49 on current ROA. Among the oil-price terms, the first and second lags are statistically insignificant, while the third lag of OILPRICE has a positive and statistically significant effect on ROA at the 1% level. The first lag of UNEMPLOYMENT is statistically insignificant.

The error-correction term ECT(−1) has a coefficient of −1.14 with a t-statistic of −4.48, significant at the 1% level. The negative and significant coefficient indicates that deviations from

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

the long-run equilibrium are corrected over time, supporting the existence of a long-run relationship among the variables. The coefficient magnitude exceeding −1 in absolute value suggests that the adjustment process may involve oscillation around the equilibrium; this should be interpreted alongside the stability diagnostics.

The R-squared of 0.27 indicates that the explanatory variables explain approximately 27% of the variation in ROA. The Durbin–Watson statistic of 2.03 is close to the rule-of-thumb value of 2, suggesting no first-order serial correlation. The F-statistic of 5.87 is significant at the 1% level, indicating that the model is jointly significant.

Table 9: Model Serial Correlation LM Test Results

Test Statistic	Value
F-statistic	1.11
Obs*R-squared	2.38

Source: EViews 13 output, 2026.

The F-statistic of 1.11 and the Obs*R-squared statistic of 2.38 are both statistically insignificant at conventional levels, indicating that the null hypothesis of no serial correlation in the residuals cannot be rejected. The residuals are therefore free from serial correlation.

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

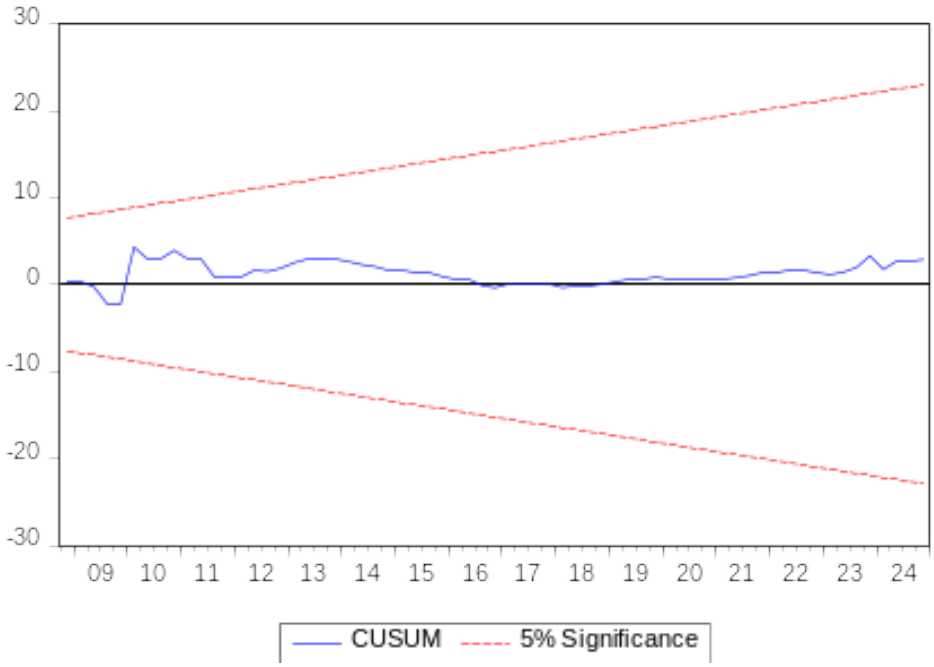


Figure 1; CUSUM Test Results

It can be seen from Figure 1 that the CUSUM plot for the model lies conveniently within the upper and lower bound plots at the 5% level of significance. This implies that the model is dynamically stable and therefore does not suffer from any form of structural break. The stability of the model also suggests that the model does not suffer from any form of mis-specification.

Discussion of Findings

The estimates indicate that oil price is statistically significant only at the third lag. This lagged pattern is consistent with a time-varying transmission from crude oil price movements to banking-sector performance. A plausible mechanism is that oil price increases raise government revenue and liquidity, which in turn supports borrowers' repayment capacity and bank asset quality. However, this mechanism is not directly tested in the reported model; it should be presented as a plausible interpretation, not as an established causal channel. The finding is broadly consistent with Olalekan and Adeyemi (2021) and Ibrahim (2022), who reported that favourable oil price movements improve banking-sector performance in oil-dependent economies. Alternative explanations, including omitted macroeconomic variables and coincident fiscal and monetary conditions, should be acknowledged.

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

The estimates show that unemployment is statistically insignificant at conventional levels. This should be described as an absence of statistically significant evidence, not as evidence that unemployment has no effect. The insignificant result may reflect measurement limitations (including the interpolation of annual values to quarterly frequency), the short sample, or the indirect channel through which unemployment affects bank performance. It is inconsistent with Afolabi and Balogun (2020) and Eze and Okoye (2023), who found that high unemployment weakens financial-sector performance, and this inconsistency should be discussed rather than asserted away.

Conclusion and Recommendations

This study examined the effects of oil price and unemployment on Nigerian banking-sector performance using quarterly data from 2007Q1 to 2024Q4 and an ARDL bounds-testing framework. The evidence indicates that oil price dynamics are significantly associated with banking-sector performance at the third lag, while unemployment is not statistically significant at conventional levels. The error-correction term is negative and significant, confirming a long-run relationship among the variables. The study therefore concludes that oil price dynamics matter for Nigerian banking-sector performance, whereas the evidence does not establish a statistically significant unemployment effect over the study period.

Based on the study's findings, the study recommends that banks and regulators should treat oil-sector exposure as a risk-sensitive strategic consideration rather than recommending unconditional increases in oil-sector lending. Prudential policy should monitor oil price movements as an early-warning indicator for asset quality and liquidity. Banks should strengthen credit-risk assessment for oil-related exposures and maintain adequate capital buffers against oil-price-driven shocks.

REFERENCES

Afolabi, A. A., & Balogun, O. A. (2020). Unemployment and bank performance in Nigeria. *Journal of Banking and Finance in Africa*, 4(2), 55–72.

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

Akinsola, M. O., & Odhiambo, N. M. (2020). Oil price shocks and macroeconomic performance in oil-exporting countries. *Energy Economics*, 85, 104–118. https://www.sciencedirect.com

Brooks, C. (2014). *Introductory econometrics for finance* (3rd ed.). Cambridge University Press.

Eniekezimene, F. A., & Nathan, E. (2023). Crude oil price and unemployment rate: Evidence from Nigeria. *YEDI Journal of Economic and Development Issues*, 2(1), 159. https://www.fuotuoke.edu.ng

Eze, O. M., & Okoye, L. U. (2023). Macroeconomic instability and bank profitability in Nigeria. *Journal of Banking and Finance in Africa*, 7(1), 33–49. https://www.ajol.info

Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2017). *A primer on partial least squares structural equation modeling (PLS-SEM)* (2nd ed.). Sage.

Ibrahim, M. (2022). Oil price fluctuations and banking sector performance in Nigeria. *Nigerian Journal of Economic and Financial Studies*, 9(1), 22–41.

International Monetary Fund. (2022). *Global financial stability report*. https://www.imf.org

Karaye, A. I., et al. (2026). An investigation into the impact of fluctuations in oil prices on non-performing loans in Nigeria. *Journal of Financial and Economic Studies*, 14(3), 45–58. https://www.researchgate.net

Kraus, A., & Litzenberger, R. H. (1973). A state-preference model of optimal financial leverage. *Journal of Finance*, 28(4), 911–922.

Kumar, R. (2013). *Research methodology: A step-by-step guide for beginners* (4th ed.). Sage.

Lyimo, B. J., & Hussein, S. (2022). Oil price shocks and bank performance in Sub-Saharan Africa. *African Journal of Economic Review*, 10(2), 88–107.

Mensah, J. T., & Ofori, I. K. (2020). Oil price movements and fiscal sustainability in resource-dependent economies. *Resources Policy*, 68, 101–114. https://www.sciencedirect.com

Momodu, A. S., Salami, H. O., & Yusuf, A. T. (2024). Commodity booms and macroeconomic volatility in Nigeria. *Journal of African Development*, 26(1), 89–110. https://www.africametrics.org

Morgan, J., Patel, R., & Singh, A. (2021). Expectations and volatility in oil markets. *Energy Economics*, 94, 105–121. https://www.sciencedirect.com

Nairametrics. (2025). *Rising non-performing loans signal banking sector vulnerabilities*. Nairametrics Research Reports. https://www.nairametrics.com

Narayan, P. K. (2005). The saving and investment nexus for China: Evidence from cointegration tests. *Applied Economics*, 37(17), 1979–1990.

ISSN: 2971-7760 | VOL 9, ISS 1 | 26 OCTOBER 2026
https://doi.org/10.5281/zenodo.23671934
NASARAWA STATE UNIVERSITY, KEFFI, NIGERIA

Nsirimovu, A. A. (2023). Oil price volatility and financial sector risk in Nigeria. *Nigerian Journal of Economic Policy*, 10(2), 61–80. https://mpra.ub.uni-muenchen.de

Obieze, C. C., & Okuji, J. E. (2025). Unemployment and financial intermediation in Nigeria. *Journal of African Economic Studies*, 11(1), 44–63.

Ogunlokun, A. D., & Adebisi, T. A. (2024). Macroeconomic variables and deposit money bank performance in Nigeria. *Journal of Banking and Economic Research*, 12(2), 101–118. https://www.unilag.edu.ng

Olaolu, A. A., Adekunle, W. A., & Lawal, M. A. (2022). Oil revenue dependence and macroeconomic vulnerability in Nigeria. *Journal of Energy and Development Studies*, 5(3), 77–94. https://www.jstor.org

Olalekan, A. O., & Adeyemi, A. M. (2021). Oil price and banking sector performance in Nigeria. *Journal of Economics and Sustainable Development*, 12(4), 61–74.

Pesaran, M. H., Shin, Y., & Smith, R. J. (2001). Bounds testing approaches to the analysis of level relationships. *Journal of Applied Econometrics*, 16(3), 289–326.

Sadiq, I. A., & Musa, A. S. (2021). Commodity price shocks and financial sector resilience in Sub-Saharan Africa. *African Development Review*, 33(4), 610–624. https://onlinelibrary.wiley.com

Saif-Alyousfi, A. Y. H., Bitar, M., & Omran, M. (2021). Oil price shocks and bank performance: Evidence from GCC countries. *Energy Economics*, 93, 105–124. https://doi.org/10.1016/j.eneco.2020.105124

Sarfraz, M., Raza, S. A., & Mohd, S. (2023). Inflation-adjusted bank performance and financial stability. *Journal of Financial Stability*, 65, 100–118.

Sarkar, S., & Rakshit, D. (2024). Unemployment and bank performance: Evidence from Indian commercial banks. *Journal of Banking Regulation*, 25(1), 45–63.

TheBizHub. (2025). *Nigeria banking sector outlook: Asset quality concerns rise*. TheBizHub Economic Reports. https://www.thebizhub.ng

Trading Economics. (2024). *Nigeria banking and macroeconomic indicators*. https://www.tradingeconomics.com

Wang, Y. (2025). Oil price shocks, exchange rate pressures, and banking sector stability. *Journal of International Financial Markets, Institutions & Money*, 86, 102–118. https://doi.org/10.1016/j.intfin.2025.102118

World Bank. (2024). *World Development Indicators*. https://databank.worldbank.org