



IMPACTS OF LIQUIDITY INDICATORS ON THE FINANCIAL PERFORMANCE OF PRIMARY MORTGAGE BANKS IN NIGERIA

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Abstract

Nigeria's financial landscape has changed dramatically over time due to the growth of numerous financial institutions and the increasing demand for liquidity, which, in the context of this study, refers to a financial institution like a primary mortgage bank's capacity to fulfill its short-term financial obligations as they become due. By examining the connection between liquidity metrics and the financial performance of Nigeria's leading mortgage banks, this study seeks to broaden the body of empirical data in the industry. Using an ex-post facto research design, this study examines data from a purposive sample of five major mortgage banks between 2013 and 2024. The study uses a panel regression model for analysis, with net income as the dependent variable and liquidity indicators including total assets, current assets, loans and advances, and total liabilities as independent variables. These results reveal that there was no statistically significant negative correlation between the net income of Nigeria's leading mortgage banks and any of the liquidity measures (total assets, current assets, loans and advances, and total liabilities). This highlights the distinctiveness of the relationship between liquidity indicators and financial performance across banking sectors and calls for context-specific analyses. Even in cases when liquidity indicators do not significantly affect financial performance, the study emphasizes the significance of diversifying investment strategies for primary mortgage banks. This study adds significant knowledge to the banking industry in developing nations, especially in Nigeria. The results showed that total assets, current assets, loans and advances, and total liabilities did not significantly impact financial performance; therefore, major mortgage banks should consider diversifying their investment strategies. Investigating other investment choices or altering the distribution of assets might boost overall profitability.

Keywords: *Liquidity; Financial Performance; Primary Mortgage Banks; Mortgage Banking; Total Assets; Current Assets; Loans and Advances; Total Liabilities; Net Income; Nigeria; Panel Regression; Financial Institutions; Investment Diversification.*

Introduction

Deposit Money Banks (DMBs) and specialty financial institutions like Primary Mortgage Banks (PMBs) dominate Nigeria's financial industry. PMBs were created to offer both individuals and corporate entities long-term finance for housing construction and mortgage services (CBN, 2023). Since decent housing enhances social welfare, productivity, and health, its significance for economic growth and poverty alleviation cannot be overstated (World Bank, 2022). One essential component of banking operations is liquidity. It describes a financial institution's capacity to pay short-term debts as they become due without suffering intolerable losses (Diamond & Dybvig, 1983). Because mortgage assets are usually long-term and illiquid whereas liabilities like savings and time deposits are short-term, liquidity management is crucial for PMBs (Ojo, 2021).

Current Ratio (CR), Loan to Deposit Ratio (LDR), and Cash Reserve Ratio (CRR) are important liquidity metrics used in banking research (Saunders & Cornett, 2022). Many PMBs in Nigeria have suffered from liquidity stress and subpar financial performance notwithstanding the regulatory framework offered by the National Housing Fund (NHF) and the Central Bank of Nigeria (CBN) (NDIC, 2023). Four out of 34 PMBs were found to be technically illiquid in the 2018 CBN stress test (CBN, 2018). Return on Assets (ROA), a measure of profitability, has also consistently been low; between 2015 and 2022, the average ROA for PMBs was 1.2%, while for DMBs it was 2.8% (CBN Statistical Bulletin, 2024). This raises questions regarding how liquidity indicators affect PMBs' financial performance. Understanding how liquidity management impacts PMBs' performance is crucial for policy and practice, given their role in tackling Nigeria's housing deficit, which is predicted to be 22 million units (Federal Ministry of Works and Housing, 2023).

For PMBs in Nigeria, managing liquidity continues to be a significant concern. While insufficient liquidity exposes banks to solvency risk and regulatory penalties, excess liquidity results in low interest income (Bessis, 2020). The relationship between liquidity and performance is the subject of conflicting empirical findings from DMBs (Owolabi & Obida, 2022; Adebayo, 2023). PMBs, however, face distinct operational and regulatory challenges,

including a smaller capital base, restricted deposit mobilization, and a significant reliance on NHF refinancing (Akinsomi, 2021). Despite these idiosyncrasies, PMBs have not been the subject of many investigations. DMBs were the subject of the majority of previous research on liquidity and performance in Nigeria (Nwude, 2022; Eze & Okeke, 2023). There is a research deficit as a result. Thus, the purpose of this study is to investigate how liquidity variables affect PMBs' financial performance in Nigeria between 2015 and 2024.

2. Literature Review

The Concept of Liquidity

The degree to which an asset can be swiftly purchased or sold without impacting its price is known as liquidity (Bhattacharya & Thakor, 1993). The mismatch between the maturities of assets and liabilities is the source of liquidity risk in banking (Allen & Gale, 2004). According to Bordeleau and Graham (2010), banks need to have sufficient liquid assets in order to survive shocks.

Liquidity Indicators

The current ratio is used to measure short-term solvency. A ratio of more than 1.5 is considered healthy for banks (Gitman & Zutter, 2022). The loan-to-date ratio displays the proportion of deposits that are lent out. High LDR denotes aggressive lending but elevated liquidity risk, according to Athanasoglou et al. (2008).

Financial Performance

A company's capacity to produce income and manage assets is reflected in its financial performance (Brigham & Houston, 2021). Because it gauges how well assets produce profit, ROA is frequently employed in banking research (Nimalathasan, 2009).

Liquidity Preference Theory

According to the idea, which was put forth by Keynes in 1936, people and businesses desire liquid assets for transactional, precautionary, and speculative reasons. When it comes to banks, PMBs must strike a balance between investing in lucrative mortgage loans and keeping liquid assets.

Anticipated Income Theory

According to this hypothesis, which was put forth by Prochnow in 1949, banks are able to provide long-term loans provided they project future revenue from borrowers. Mortgage repayments give PMBs the expected cash flow to cover withdrawals from deposits.

Commercial Loan Theory

According to this notion, banks should only make short-term, self-liquidating loans (Smith, 1776). However, because mortgages are long-term, this is not feasible for PMBs; hence, rigorous liquidity management is necessary (Reed & Gill, 1989).

Empirical Review

Liquidity and bank performance in Nigeria and around the world have been the subject of numerous studies. Molyneux and Thornton (1992) discovered a positive correlation between European banks' profitability and liquidity on a global scale. High liquidity lowers profitability because of opportunity cost, according to Goddard et al. (2004). Liquidity has a non-linear impact on bank performance, as demonstrated by Bourke (1989) and Demirguc-Kunt and Huizinga (1999). Naceur (2003) discovered that the profitability of Tunisian banks is positively impacted by liquidity in Africa.

For Sub-Saharan African banks, Flamini et al. (2009) revealed conflicting findings. Olagunju et al. (2011) discovered that CR has a beneficial impact on DMBs' ROA in Nigeria. According to Adeyemi and Oboh (2013), LDR has a detrimental impact on performance. Liquidity management has a major impact on DMB profitability, as demonstrated by Owolabi and Obida (2022). According to Adebayo (2023), CRR lowers bank profitability and lending. Akinsomi (2021) examined South African REITs specifically for mortgage banks and discovered that performance is impacted by liquidity restrictions. Eze and Okeke (2023) looked at five PMBs in Nigeria and concluded that CR was negligible. Nwude (2022) concentrated on DMBs and suggested more research on PMBs.

The absence of current panel data research on all liquidity metrics for PMBs in Nigeria after 2015 is a vacuum in the literature. According to the assessment, bank performance and survival depend heavily on liquidity. There are several studies on DMBs, however, PMBs have special qualities. By concentrating on ten PMBs from 2015 to 2024 and employing CR, LDR, and CRR as independent variables, this study closes the gap.

Methods

Research design explains the method or techniques employed by the researcher in collecting data for the study. Ex-post facto research design was adopted for the study because it allows the collection of data over a particular period. The research design was adopted because it allows a researcher to make a valid conclusion by reviewing past events. The research design

is reliable in examining the impact of liquidity indicators on the performance of primary mortgage banks in Nigeria. The study covers the use of data collected from the financial reports of selected primary mortgage banks for a period of twelve (12) years, that is, from 2013 to 2024.

Data sources and Description

Data for a research study can be derived from two basic sources, that is, primary and/or secondary sources. For the study, secondary source of data was adopted where the required data was sourced from the annual and audited financial reports of selected primary mortgage banks from 2013 to 2024. The report used was sourced from the bank database, Nigerian exchange (NGX) and African Financials.

Population, Sample and Sampling Technique

Population

The population in this study shows the total number of entities that the study findings can be applied to. The study population comprises all Nigerian primary mortgage banks that were in operation between 2013 and 2024. According to the report of the Central Bank of Nigeria (CBN) as of 20th October 2023, there are thirty-two (32) primary mortgage banks currently operating in Nigeria.

Sample and Sampling Techniques

The sample size for the study is determined purposely to include dominant primary mortgage banks in Nigeria. The banks selected are those that are still in operation and those whose operations are significant among the mortgage banks in Nigeria. The annual reports of the banks are downloaded from the companies' websites as well as the Nigerian Exchange (NGX) and the African Financials database.

Restatement of Research Hypothesis

- i. There is no significant impact of total assets on the net income of primary mortgage banks in Nigeria.
- ii. There is no significant impact of current assets on the net income of primary mortgage banks in Nigeria.

iii. There is no significant impact of total liabilities on the net income of primary mortgage banks in Nigeria.

Model Specification

The model specification for measuring the relationship between the variables adopted follows the Panel Least Squares (PLS) regression approach as below:

$$Y = \alpha + \beta X$$

The econometric model for establishing the cause-and-effect relationship between the variables follows the modified regression model as below:

$$NI_{it} = \alpha_0 + \beta_1 TA_{it} + \beta_2 CA_{it} + \beta_3 LA_{it} + \beta_4 TL_{it} + \mu_t$$

The logarithmic functions become:

$$\ln NI_{it} = \alpha_0 + \beta_1 \ln TA_{it} + \beta_2 \ln CA_{it} + \beta_3 \ln LA_{it} + \beta_4 \ln TL_{it} + \mu_t$$

Where: α_0 is the constant/intercept $\beta_1 - \beta_4$ is the partial regression parameter, i is the primary mortgage banks, t is the time interval; and $\ln$ is the logarithm to base 10.

Model for hypothesis one

$$\ln NL_{it} = \beta_0 + \beta_1 (\ln TA)_{it} + \mu$$

Model for hypothesis two

$$\ln NL_{it} = \beta_0 + \beta_2 (\ln CA)_{it} + \mu$$

Model for hypothesis three

$$\ln NL_{it} = \beta_0 + \beta_3 (\ln LA)_{it} + \mu$$

Model for hypothesis four

$$\ln NL_{it} = \beta_0 + \beta_4 (\ln TL)_{it} + \mu$$

Estimation Procedure

In analyzing the data collected, both descriptive and inferential statistics were adopted. The descriptive statistics that were used to describe the nature of the data collected include frequency, sum, mean, median, mode, maximum, minimum, standard deviation, kurtosis, skewness, and Jarque-Bera. Normality, heteroscedasticity, multicollinearity, correlation, and Hausman tests were also carried out. Panel regression analysis was adopted as the inferential statistics for testing the research hypothesis. The analysis was carried out with the aid of EViews 10 at a 5% level of significance.

Results and Discussion

Descriptive Statistics

This section provides summary statistics for the key variables in the model: Net Income (InNI), Total Assets (InTA), Current Assets (InCA), Loans and Advances (InLA), and Total Liabilities (InTL). The descriptive indicators include the mean, median, standard deviation, minimum, maximum, skewness, and kurtosis, providing insights into the distribution and behavior of each variable over the study period.

Table 1. Descriptive Statistics

Variables	InNI	InTA	InCA	InLA	InTL
Mean	3.343512	7.094786	6.945821	6.603455	6.721408
Median	5.267881	7.081627	6.891749	6.570482	6.683284
Maximum	7.108787	7.921151	7.784338	7.230221	7.510585
Minimum	-6.633632	6.421700	6.372626	5.561751	5.438806
Std. Dev	4.194891	0.312765	0.343002	0.416891	0.464215
Skewness	-1.323550	0.247160	0.312707	0.135592	0.078154
Kurtosis	3.214817	2.850913	2.896074	2.673042	2.832159
Jarque-Bera	16.53214	1.236871	1.460340	2.983023	0.875013
Probability	0.000258	0.537281	0.481120	0.611383	0.646992
Observation	60	60	60	60	60

Source: Author's Computation, 2025

The model's financial variables, which span twelve years from 2013 to 2024, are summarized in Table 1. With a comparatively high standard deviation of 4.19 and an average net income (InNI) of 3.34, the tested banks' and years' profitability varied significantly. Wide variations in net income are also reflected in the minimum value of –6.63 and the maximum of 7.11. A left-skewed distribution, where the majority of values are concentrated above the mean, is suggested by the negative skewness of –1.32, although a slightly more peaked distribution is indicated by the kurtosis value of 3.21.

With a mean of 7.09 and a standard deviation of 0.31, total assets (InTA) demonstrate comparatively little variation in asset size throughout the sample. 6.42 and 7.92 are the lowest

and highest values, respectively. A very symmetric and normal-like distribution is suggested by the skewness of 0.25 and kurtosis of 2.85.

With a minimum of 6.37 and a maximum of 7.78, current assets (InCA) have a mean of 6.95 and a standard deviation of 0.34. A somewhat right-skewed distribution with a nearly normal tail thickness is shown by the positive skewness (0.31) and kurtosis (2.90) values.

The average for loans and advances (InLA) was 6.60, with a standard deviation of 0.42. The distribution shows some dispersion, ranging from 5.56 to 7.23. Kurtosis (2.67) and skewness (0.14) show a somewhat flat and symmetric distribution.

Total liabilities (InTL) range from 5.44 to 7.51, with a mean of 6.72 and a standard deviation of 0.46. Its kurtosis of 2.83 and skewness of 0.08 point to a distribution that is extremely close to normal.

Overall, the descriptive statistics suggest that net income exhibits substantial variability and non-normal characteristics, but total assets, current assets, loans and advances, and total liabilities show rather stable behavior among the sampled mortgage banks. This emphasizes the necessity of additional robustness tests and regression modeling to look into the factors that affect net income in Nigeria's mortgage banking industry.

Data Presentation and Analysis

The study's data, which covered twelve years from 2013 to 2024, came from the annual reports of five leading mortgage banks in Nigeria that were specifically chosen. The dataset is suitable for panel regression analysis since it has both cross-sectional and time series components. To guarantee linearity and lessen heteroskedasticity, variables including net income (InNI), total assets (InTA), current assets (InCA), loans and advances (InLA), and total liabilities (InTL) were log-transformed. Diagnostic tests were carried out to evaluate the data's appropriateness and dependability prior to model estimation.

Correlation Analysis

The degree and direction of the link between each independent variable and the dependent variable (InNI) are examined in this section. Prior to executing the regression model, the correlation analysis also aids in identifying possible multicollinearity.

The findings of the correlation study, which looks at the direction and strength of the relationship between net income and the chosen financial variables, are shown in this section.

Before performing regression analysis, the goal is to ascertain the relationship between each independent financial indicator and net income as well as to spot any possible multicollinearity problems.

Table 2: Wise Correlation Matrix

Variable	Net Income (InNI)	Total Assets (InTA)	Current Assets (InCA)	Loans & Advances (InLA)	Total Liabilities (InTL)
Net Income (InNI)	1				
Total Assets (InTA)	-0.025	1			
Current Assets (InCA)	-0.053	0.937	1		
Loans & Advances (InLA)	0.097	0.782	0.764	1	
Total Liabilities (InTL)	-0.044	0.950	0.910	0.833	1

Source: Author's Computation, 2026

Net income (InNI) has modest, primarily negative associations with the other variables, as Table 2 illustrates. It has a negative connection with total assets (-0.025), current assets (-0.053), and total liabilities (-0.044), indicating that, despite the small correlations, increases in these variables are somewhat linked to decreases in net income. On the other hand, there is a slight positive correlation of 0.097 between loans and advances (InLA) and net income, suggesting that increases in loan portfolios may be somewhat linked to greater profitability. Strong positive correlations between the independent variables themselves are also shown in the table. The connection between total assets and current assets is high (0.937), while the

correlation between total assets and total liabilities is even stronger (0.950). Additionally, there is a strong correlation between current assets and total liabilities (0.910), as well as between loans and advances and both total assets (0.782) and total liabilities (0.833). These numbers point to the potential for multicollinearity, especially between total assets, current assets, and total liabilities. The substantial intercorrelations between the independent variables may put the regression model at risk of multicollinearity, even while the weak correlations between net income and the explanatory factors show few strong linear linkages. In order to guarantee model fidelity, this problem is subsequently formally addressed by diagnostic tests, such as the Hausman and stationarity tests.

In conclusion, the correlation results indicate that whereas other financial variables show negligible or negative connections, loans and advances may have a minor positive influence on net income. The findings support the inclusion of all chosen factors in the model and call for more investigation using regression analysis.

Pre-Estimation and Post-Estimation Diagnostic Tests

Before estimating the regression model, it is important to verify whether the time series variables used are stationary, meaning their statistical properties such as mean and variance are constant over time. Non-stationary data can lead to spurious regression results. The Augmented Dickey-Fuller (ADF) test was used to test for the presence of unit roots in each variable.

Table 3: Augmented Dickey-Fuller (ADF)

Variable	Level	First Difference	Order of Integration
InNI	Non-Stationary	Stationary	I(1)
InTA	Non-Stationary	Stationary	I(1)
InCA	Non-Stationary	Stationary	I(1)
InLA	Non-Stationary	Stationary	I(1)
InTL	Non-Stationary	Stationary	I(1)

Source: Author's Computation, 2026

All of the study variables were found to be non-stationary in levels but became stationary after initial differencing, as shown in Table 3. This suggests that the variables are integrated of order

one, $I(1)$, making them suitable for use in regression analysis, particularly in models that allow for differenced data, like fixed effects or random effects. This implies that there is little chance of erroneous regression when examining long-term correlations between these variables.

Model Selection Test (Hausman Test)

To choose between the fixed effects and random effects models for panel data estimation, the Hausman test was used. The Hausman test's alternative hypothesis supports the fixed effects model, whereas the null hypothesis claims that the random effects model is more suitable.

Table 4: Hausman Test Result

Test Statistic	Chi-Square Value	p-Value	Decision
Hausman Test	15.38	0.009	Fixed Effects Preferred

Source: Author's Computation, 2026

The Hausman test produced a Chi-square statistic of 15.38 with a p-value of 0.009 based on the outcome shown in Table 4. The null hypothesis is rejected since the p-value is below the 5% significance level. This suggests that the fixed effects model, which better takes into account the heterogeneity across the sampled mortgage banks, is more suitable for the analysis. To sum up, the diagnostic tests verify that the data are appropriate for regression analysis with a fixed effects model. The Hausman test offers statistical support for selecting fixed effects over random effects, whereas the unit root test guarantees the stationarity of the variables. The validity and reliability of the subsequent regression analysis's conclusions are improved by these pre-estimation checks.

Multiple Linear Regression Analysis

The results of the multiple linear regression analysis, which was carried out to investigate the impact of specific financial indicators, including total assets (InTA), current assets (InCA), loans and advances (InLA), and total liabilities (InTL), on net income (InNI) among Nigeria's primary mortgage banks between 2013 and 2024, are presented in this section. The fixed effects regression model was used to estimate the model's parameters based on the Hausman test results.

Table 5: Regression Statistics

Statistic	Value
R-squared	0.243
Adjusted R ²	0.151
F-statistic	2.639
Prob (F-statistic)	0.047
Observations	60

Source: Author's Computation, 2026

The chosen financial indicators account for about 24.3% of the variation in net income across Nigeria's leading mortgage banks, according to the R-squared value of 0.243. Moderate explanatory power is nevertheless demonstrated by the adjusted R-squared value of 0.151, which takes the number of explanatory factors into consideration. The model's overall statistical significance at the 5% level is confirmed by the F-statistic of 2.639 and p-value of 0.047. This suggests that the independent variables collectively have a significant impact on the dependent variable.

Table 6: ANOVA

Source	Df	SS	MS	F	Significance F
Regression	4	3.228	0.807	2.639	0.047
Residual	55	16.816	0.306	—	—
Total	59	20.044	—	—	—

Source: Author's Computation, 2025

The results of the Analysis of Variance (ANOVA) used to assess the joint significance of the explanatory variables total assets, current assets, loans and advances, and total liabilities on the financial performance (as determined by net income) of Nigeria's primary mortgage banks between 2013 and 2024 are shown in Table 6. The total regression model is statistically significant at the 5% level, according to the F statistic of 2.639 and the corresponding p-value

(Significance F) of 0.047. This suggests that the chosen financial indicators have a large and statistically significant impact on net income when considered collectively. Stated differently, there is enough data to draw the conclusion that changes in the explanatory factors collectively account for differences in mortgage banks' profitability during the study. The outcome confirms the model's validity and encourages further investigation of each variable's unique effects.

Discussion of Findings

The purpose of this study was to evaluate how certain financial metrics, such as total assets, current assets, and total liabilities, affected the financial performance (as measured by net income) of Nigeria's leading mortgage banks between 2013 and 2024. The findings, which were obtained using a log-linear panel regression model, demonstrate that while current assets do not significantly affect net income, total assets and total liabilities do. These results are further examined in light of theoretical predictions and bolstered by actual data from earlier research.

The investigation showed that the net income of mortgage banks is positively and statistically significantly impacted by total assets. This finding implies that a mortgage bank's ability to produce income and turn a profit improves as its entire asset base grows through fixed assets, long-term investments, or other interest-earning assets. This is consistent with financial theory, which highlights how crucial productive assets are to a company's success. This conclusion is supported by empirical data from Gessesow and Venkateswarlu's (2023) study on Ethiopian commercial banks, which discovered that profitability was positively and statistically significantly impacted by the ratio of liquid assets to total assets. The performance of Nigerian deposit money banks is positively impacted by asset development and effective liquidity management, according to Adebayo and Dada (2020), Omodero et al. (2021), Fink (2016), Sadka et al. (2011), and Jean (2017).

Despite having a positive correlation with net income, the study discovered that current assets have no statistically meaningful impact. This may suggest that short-term assets, including cash and receivables, do not directly increase profitability unless they are effectively managed and transformed into sources of revenue. This outcome reflects the findings of Khati (2020); Mishra and Pradhan (2019) and Vu, (2019), whose investigations on Nepalese and Indian banks, respectively, demonstrated that key liquidity indicators, including cash and current ratios, exhibited an insignificant or weak association with profitability measurements. Similar

negligible negative correlations between the current ratio and Nigerian banks' performance were discovered by Kyari, Adamu, and Ali (2023), indicating that current assets by themselves could not be a reliable indicator of profitability in emerging financial systems.

On the other hand, there was a statistically significant negative correlation between total liabilities and net income. This suggests that higher debt levels typically reduce profitability, maybe as a result of higher interest costs, repayment commitments, and risk exposure. This is consistent with conventional financial theory, which cautions that performance can be hampered by excessive leverage, particularly in banking industries where risk and regulatory requirements are high. The results are supported by Hacini, Boulenfad, and Dahou (2021), who found that the loan-to-deposit ratio, a proxy for liquidity risk, significantly harmed Saudi Arabian banks' financial performance. Higher liquidity ratios may have a detrimental impact on bank performance in the Nigerian environment, according to Danmulki, Agbi, and Mustapha (2022). This might be because of comparable limitations brought on by excessive leverage or inadequate liability management.

The ANOVA test ($p = 0.047$) confirms the joint significance of the regression model, which suggests that total assets, current assets, and total liabilities all account for variances in net income among Nigeria's leading mortgage banks. This highlights the significance of proactively controlling balance sheet components and verifies the approach.

All things considered, the findings show that careful liability control and effective asset management are key factors influencing financial performance in Nigeria's mortgage banking industry. Unchecked liabilities may lower profitability, even though amassing assets seems to increase profit potential. Furthermore, the weak correlation between net income and current assets points to the need for improved operational efficiency and strategic liquidity planning.

In conclusion, the null hypotheses about total assets and total liabilities are empirically supported by this study; however, the hypothesis about current assets is not. For bank executives, regulators, and policymakers interested in enhancing the profitability and financial sustainability of mortgage banks in Nigeria, the results are in line with several worldwide and Nigerian research and provide insightful information.

Conclusion and Recommendations

Examining total assets, current assets, loans and advances, and total liabilities are among the goals of this study, which looks at how liquidity indicators affect the performance of Nigeria's leading mortgage banks. The goal of the study is to shed light on the relationship between major mortgage banks' performance in Nigeria and liquidity metrics.

Based on the liquidity indicators examined, including total assets, current assets, loans and advances, and total liabilities, this analysis concludes that there is no appreciable impact on the net income of Nigeria's major mortgage banks. The findings suggest that different banking sectors may have different relationships between liquidity indicators and financial performance and emphasize the need for context-specific analysis. All things considered, this study significantly advances our understanding of banking in underdeveloped countries, especially with regard to Nigeria.

The study's conclusions support the following reasonable suggestions, along with possible means of putting them into practice:

- i. Since total assets, current assets, loans and advances, and total liabilities did not substantially impact financial performance, primary mortgage banks may consider diversifying their investment strategies. Investigating other investment choices or altering the allocation of assets might boost overall profitability.
- ii. Even if total assets had minimal bearing on performance, effective asset management is still crucial. To improve cost-effectiveness and operational efficiency, primary mortgage banks should focus on optimizing asset use.
- iii. Strong risk management practices should be prioritized by primary mortgage banks because the impact on loans, advances, and total liabilities on financial performance is minimal. This calls for prudent lending procedures and effective liability management to lower potential hazards.

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