OPERATIONAL PERFORMANCE OF FISCAL AND MONETARY POLICIES IN NIGERIAN FINANCIAL INSTITUTIONS

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ABSTRACT

The study assessed statutory functions of financial institutions as affected by fiscal and monetary policies in Nigeria. First bank, Access bank and Ecobank were Nigerian banks selected for the study. Questionnaires were administered on this survey and data analyzed using the Analysis of Variance and Regression. Results showed that fiscal and monetary policies had enhanced operational efficiency in the Nigerian financial institutions, by reducing financial indiscipline in the financial and fiscal systems. It was concluded that fiscal and monetary policies had galvanized government to committed budgetary management which would also address anomalies in the financial system.

Keywords: Economy Stabilization, Operational Performance and Financial Discipline.

INTRODUCTION

Monetary policy refers to the combination of measures designed to control the supply of money and credit conditions in an economy (Okigbo, 2008). The purpose of monetary policy includes macro-economic goals of full employment, economic growth, price stability, wealth distribution, efficient resource allocation, favourable balance of payment and industrial development (Ojo, 2002). A key function of Central Bank of Nigeria is to promote and maintain monetary stability and sound financial system (CBN Act, 2007). This function has facilitated long term planning, aid infrastructural development, attract foreign investments and engender economic growth (Adekunle, 2002). In Nigeria the Central Bank is responsible for the promulgation of sound monetary policies in order to aid the attainment of the set objectives. The formulation of fiscal policies, which also affects the achievement of the above objectives, however falls on the wider government, particularly the Ministry of Finance (CBN Act, 2007). Given that both monetary and

fiscal policies impact on economic growth and development, it is not surprising that they are entwined (Adekunle, 2002). Fiscal policy comprises taxation, public expenditure, reliefs, concessions and fiscal incentive policies. Government fiscal measures can be categorized into two which include Automatic Stabilizers and Discretionary Fiscal Policy Measures. The Automatic stabilizers are government spending or tax actions that take place without deliberate government control which tend to affect the business cycle (Okigbo). Whereas, discretionary fiscal policy are government spending and tax actions that are taken to achieve specified macroeconomic goals (Johnston, 2009).

According to Adekunle (2002) the argument about fiscal policy is dated back to Keynesian times, which predicted that expansionary fiscal policy (increasing government expenditure or decreasing tax) will increase disposable income, and raise the private consumption. However, investment will be partially crowded out because of increase in interest rate (Ott, 2003) and (Ojo, 2003). (Gabriel, 2004) and (Basci, 2004) have however shown that fiscal policy could have non-Keynesian effects. The study proposed permanent government expenditure reduction that leads to increase aggregate demand because permanent government expenditure reduction means future tax cut, and citizens will expect increase in future income, thus increase current consumption and aggregate demand. According to the studies of Denmark (1983-1986) and Ireland (1987-1989), contraction fiscal policy may have expansionary result. Basci (2004) observes that the initial debt level has positive influence on fiscal policy. High government debt level means that the probability of government carrying out contraction fiscal policy becomes necessary; hence citizens expect future tax reduction. Although, many studies have investigated the effect of fiscal policy, researches which focus on the effect of fiscal policy during financial crises are rare. Okonjo (2003) reports that countercyclical monetary policy could shorten recessions but its effectiveness is limited during financial crises. By contrast, expansionary fiscal policy seems particularly effective in shortening recessions associated with financial crises and boosting recoveries. However, its effectiveness is a decreasing function of the level of public debt. Hu (2001) investigated the effect of monetary and fiscal policies on output growth during sudden-stop balance of payments crisis in emerging markets and developing countries. The study found strong evidence buttressing that monetary tightening and discretionary fiscal contraction are significantly correlated with larger output losses following a sudden stop. Also, fiscal expansion is associated with smaller output losses following a sudden stop, but monetary expansion has no discernable effect. Kopits (2008) examined the effect of fiscal policy response in banking crises. He observes that timely countercyclical fiscal measures shorten the length of crisis episodes by stimulating aggregate demand.

The Government through the Central Bank of Nigeria (CBN) issues monetary policies with a view to regulating the Nigerian economy. But the issuance of these monetary policies has not been efficacious in the achievement of intended purpose (Altman, 2003). The existence of parallel market has affected the intended regulation of the Nigerian economy which the official issuing monetary policy seeks to achieve through the regulation of the financial institutions. This is

because some of the potential money market participants are participating in the activities offered by the parallel market (Oke, 2004). The Nigerian government has used some potent tools such as Open Market Operation (OMO), cash reserve requirement, interest rate policy, discount window operations, credit ceilings, stabilization securities, special deposit, sector credit allocation (Ndekwu, 2005). The goals of the CBN in 2011 inform series of restrictive policy measures. Of great importance is maintenance of single digit inflation, reduction of speculative demand for the US Dollar to keep exchange rate stable, achieving positive real return on fixed income securities among others. The CBN backs utilize aggressive system of the Open Market Operation (OMO) to reduce liquidity in the financial system (Johnston, 2009). This study is subdivided into the section 1 introductory background, section 2 deals with the review of extant literature, and section 3 on the methodology. While section 4 presents the data analysis and discussions, the last section 5 draws our conclusions and recommendations.

The Issue

Gabriel (2004) traced the debate on fiscal and monetary policy to IMF financial assistance programs for Thailand, Korea and Indonesia during the 1997–1998 Asian financial crises. IMF offers help to them on the condition that they should carry out fiscal and monetary tightening policies. IMF First Deputy Managing Director Stanley Fishcher argued that the prescription of tight fiscal and monetary policy is justified by the fact that any government that enters a crisis usually faces large budget deficits and high inflation. He observed that 'the macroeconomic parts of these programmes consist of a combination of tight monetary policy to restore confidence in the currency and a modest firming up of fiscal policy to offset part of massive costs of financial restructuring'. At the outset of the crisis, such countries need to tighten up finances, both to cover the costs of financial restructuring and depend on the balance of payments situation to reduce current account deficits, which form part of budget deficit (Fishcher 1998).

The Senior Vice President and Chief Economist of the World Bank is of the view that confidence in the financial system comes from a good macroeconomic environment not necessarily tight policy in the midst of financial crisis and accordingly 'maintaining tight monetary policies has led to interest rates that would make job creation impossible even in the best of circumstances' (Santomero, 2007). Analysis of a large data of currency crisis in 80 countries for the period 1980-1998, finds tightening monetary policy facilitates the reversal of currency undervaluation. Also that when the economy faces crisis, the result are not robust (Santomero, 2007). In contrast, Saunders (2004) proves that tightening monetary policy will significantly cause reduction in output, and monetary expansion has no discernable effect. (Alade, 2003) took some other factors into account. The study considers the relationship that exists between interest rate and exchange rate during currency crisis and concludes that the most important factor is short term bond yield. When the short term bond yield level of a country is low, increasing interest rate would guarantee exchange rate, this effect would decrease with an increase in short term bond yield (Ndekwu, 2005).

(Baunsgarrd, 2003) is of the opinion that, when the economy encounters currency crisis together with banking crisis, the policy is not effective. Many banking crises accordingly, especially in countries with fixed exchange rate turn out to be twin crises since currency depreciation exacerbating banking sector through foreign currency exposure of borrowers or banks. The opinion has suggested that banking crises often precede balance of payment and the collapse of the currency deepens the banking crisis, thereby activating a vicious spiral. The observations and the need to bring the context of Nigerian banking crisis to the forefront in a global economic meltdown and effect on stakeholders has informed this study. This study examines the relationship that exists among fiscal and monetary policy variables and operational performance of Nigerian financial institutions.

EXTANT LITERATURE

Theory of Monetary Policy

Monetary policy is the process by which the government apex bank and monetary authority in a country regulates the money supply, and cost of money to attain a set of objectives towards the growth and stability of the economy (Dixit, 2003). Monetary theory provides insight into achieving optimal monetary policy. Monetary policy rests on the relationship between the rates of interest in an economy, that is the price at which money can be borrowed, and the total supply of money. Monetary policy uses a variety of tools to economic growth, inflation, exchange rates with other currencies and unemployment. Where currency is under a monopolistic issuance, or where there is a regulated system of issuance of currency through banks which are tied to the apex bank, the monetary authority has the ability to alter the money supply and thus influence the interest rate to achieve policy goals (Furash, 2003). It is important for policy makers to make credible policies, if private agents (consumers and firms) will believe that policy makers are committed to lowering inflation and to anticipate general future lower prices. If an employee expects prices to be high in the future, wage contracts will draw up to match these prices. Hence, the expectation of lower wages is reflected in wage-setting behaviour between employees and employers (lower wages since prices are expected to be lower) and since wages are lower, there will be no demand pull inflation because employees will receive smaller wages; and there will be no cost push inflation because employers will pay out less in wages (Furash, 2003). A high wage will increase a consumer's demand (demand pull inflation) and a firm's costs (cost push inflation), so inflation arises.

If policymakers' policies regarding monetary policy are not credible, policy would not have the desired effect (Basci, 2004). If policymakers believe that private agents anticipate low inflation, they have an incentive to adopt an expansionist monetary policy (where the marginal benefit of increasing economic output outweighs the marginal cost of inflation). However, if private agents have rational expectations, they know that policymakers have this incentive. It is argued that to prevent pathology related to the time inconsistency of monetary policy implementation (in particular excessive inflation), the head of the Apex bank should have a larger distaste for inflation

than the rest of the economy on the average. Hence the reputation of the Apex bank is not necessary tied to past performance, but rather to particular institutional arrangements that markets can use to form inflationary expectations (Furash, 2003).

In Nigeria, the transition to market-based monetary control commenced in 1993 when the CBN adopted the Open Market Operations (OMO) as indirect monetary instrument. Before then, CBN had relied on a battery of direct controls for liquidity management. The direct control measures had included ceilings on domestic credit expansion, ceilings on interest rates, selective credit policies, fixed exchange rate, as well as cash and liquidity ratios. Supplementary reserve requirements were also imposed in the form of mandatory purchase of stabilization securities by banks as well as the demand for special deposits maintained by the banks. OMO aims to control the monetary base by focusing on bank reserves, which is a variable that the CBN can more readily control applying the instruments at its disposal. Targeting bank reserves is expected to keep the monetary base and ultimately, the broad money supply at desired non-inflationary levels. CBN regulates the optimal demand for total bank reserves followed by an estimation of the total supply of bank reserves to achieve the OMO target. If there is an excess supply of reserves, OMO will seek to mop up the excess reserves and if there is a shortage, the aim of monetary policy will be to inject reserves (Dixit, 2003). OMO is conducted using Treasury Bills as the sole intervention security and is implemented exclusively through licensed discount houses which constitute the secondary market for these securities. Auctions of securities take place once a week with written notices sent to all banks before the auction. The banks then submit open bids comprising the discount rate and the volume of subscription to the discount houses that in turn make bids to the CBN. The total bids received are collated and arranged in descending order of prices. In theory, the CBN accepts the highest bid price (lowest discount rate) for sales and the lowest prices offered (highest discount offer) for purchases. CBN had regulated cut-off yields at the auctions such that excessive high bidders often failed to get allocations. This suggests that the CBN systematically eliminated outliers in arriving at the final rates.

In 1999, the CBN raised the rates on treasury bills to an all-time high of 18%, indicating a greater willingness to make treasury bills competitive. The bidding process ends when discount houses allot treasury bills to dealers whose bids are accepted. Treasury bill holders who are pressed for funds can discount them with licensed discount houses, thereby assuring the necessary liquidity for these securities. In 1996, the CBN commenced repurchase transactions (Repos) with discount houses, involving the purchase or sale of government securities with an obligation to reverse the transaction on an agreed date. This move has served to further enhance OMO flexibility (Alade, 2003; Dixit, 2003). Prior to 1999, commercial banks enforced use of stabilization securities, non-negotiable instruments of CBN. It was mandatory for banks to buy from these instruments time to time. The use of the instruments which imposed significant costs on the banks was later discontinued. In April 1999, the authorities introduced Special Treasury Bills (STBs), which all

banks submitting bids for foreign exchange were compelled to buy. The aim of the STBs was to mop up the excess liquidity generated by the abolition of the retail banking functions of the CBN.

Economic Effect of Fiscal Policy

Governments use fiscal policy to influence the level of aggregate demand in the economy, in an effort to achieve economic objectives of price stability, full employment, and economic growth. Keynesian economics suggests that increasing government spending and decreasing tax rates are the best ways to stimulate aggregate demand, and decreasing spending and increasing taxes after the economic boom begins. Keynesians argued that this method could be used in times of recession or low economic activity as an essential tool for building the framework for a strong economic growth and working towards full employment (Ott, 2003). Governments can use a budget surplus to slow down the pace of strong economic growth and secondly to stabilize prices when there is inflation. Keynesian theory posits that removing spending from the economy will reduce levels of aggregate demand and contract the economy, thus stabilizing prices.

Austrian Economics theory, the main rival of Keynesian theory, believes that government deficits do not grow the economy but that debt or deficits weigh down economic output. According to Ott (2003), Austrian Theory suggests that government deficits have adverse effects on growth, and proposes a combination of spending cuts and tax cuts, arguing that government spending in the public sector does not create higher production, but that investment in the private sector does. This implies that the Apex Bank should include specific initiatives to increase tax cuts for those who are likely to be most affected by the lack of credit availability—small and medium-sized businesses who have their entire livelihood sunk in the availability of credit. (Salomon, 2005) While this will certainly cause a great deal of grumbling, small and mid-sized businesses do form an important core of our economy and as it stands, they are already paying quite a bit of their earnings in taxes, despite cuts aimed at helping them to thrive. Austrians see Keynesian theory as simply a 'Boom-Bust' model that does not create sustainable economic growth, but only short turn economic bubbles, such as the sub-prime mortgage crisis which they blame in part on the excess availability of credit due to low interest rates from the Federal Reserve. Economists debate the effectiveness of fiscal stimulus. The argument mostly centres on crowding out, a phenomenon where government borrowing leads to higher interest rates that offset the simulative impact of spending. When governments run budget deficits, funds will need to come from public borrowing (the issue of government bonds), overseas borrowing, or monetizing the debt. When governments fund a deficit with the issuance of government bonds, interest rates can increase across the market, because government borrowing creates higher demand for credit in the financial markets (Okorounmu, 2007). This causes a lower aggregate demand for goods and services, contrary to the objective of a fiscal stimulus. Neoclassical economists generally emphasize crowding out while Keynesians argued that fiscal policy can be effective especially in a liquidity trap where, they argue, crowding out is minimal. Austrians argue against almost any government distortion in the market economy (Ott, 2003).

Some classical and neoclassical economists argue that crowding out completely negates any fiscal stimulus; this is known as the Treasury View, which Keynesian economics rejects. The Treasury View refers to the theoretical positions of classical economists in the British Treasury, who opposed Keynes' call in the 1930s for fiscal stimulus. The same general argument has been repeated by some neoclassical economists up to the present. Austrians say that Fiscal Stimulus such as investing in roads, bridges, does not create economic growth or recovery, pointing to the case that unemployment rates do not decrease because of fiscal stimulus spending, and that it only puts more debt burden on the economy many times pointing to the American Recovery and Reinvestment Act of 2009 as an example. In the classical view, the expansionary fiscal policy also decreases net exports, which has a mitigating effect on national output and income. When government borrowing increases interest rates attract foreign capital from foreign investors (Bloom, 2009). This is because, other things being equal, the bonds issued from a country executing expansionary fiscal policy offer a higher rate of return. In other words, companies wanting to finance projects will compete with their government for capital so they offer higher rates of return. To purchase bonds originating from a certain countries, foreign investors obtain foreign currency. Therefore, when foreign capital flows into the country undergoing fiscal expansion, demand for that country's currency increases (Oduyemi, 2003). The increased demand causes that country's currency to appreciate. Once the currency appreciates, goods originating from that country will cost more to foreigners than they did before and foreign goods will cost less than they did before. Consequently, exports decrease and imports increase (Obinyeluaku, 2006). Other possible problems with fiscal stimulus include the time lag between the implementation of policy, detectable effects in the economy, and inflationary effects driven by increased demand. In theory, fiscal stimulus does not cause inflation when it uses resources that would have otherwise been idle.

METHODOLOGY

The research design for the study was survey research. The design was used because of its ability to capture widely and in detail questions raised in the study (Saunders, 2004; Bhattacharya and Thakor, 2005). The study investigated three selected banks namely First bank, Ecobank and Access Bank. The banks represent both the old and new generation banks with solid capital base as affirmed by the CBN. Questionnaires were administered on 180 respondents from the selected banks. Out of which 172 were properly filled, returned and analyzed through statistical tools. The predictor variable is the fiscal and monetary policies while the criterion variable was operational performance. The scale for measurement of Fiscal and monetary policies comprised 16 items and tested for reliability that yielded a co-efficient determination of 0.89; and also tested for face and content validity. The response format was the 5-point Likert scales rating The instrument reported an internal consistency of 0.76. The scale measured effectiveness of fiscal and monetary policy from banks managers' point of view. The instrument was checked and validated by experts in psychometrics and the study reported Cronbach's Alpha of 0.78. The study was undertaken using a

total of one hundred and eighty (n=180) bank managers from the selected banks. The participants were 78(65%) males and 42 (35%) females. Their ages ranged from 34 years to 55years old with the mean of 27 and standard deviation of 70.

Hypothesis Testing and Interpretation of Parameter Values

Probability value is the very efficient test of significance (Awoniyi *et al.*, 2011). If the probability value is greater than 0.05 (p>0.05), it means that the relationship is not significant. The decision is then to reject alternative hypothesis and accept null hypothesis. If otherwise, less than 0.05 (p<0.05) it shows statistical significance. The decision is to reject null hypothesis and accept alternative hypothesis. Concerning the measurement of goodness of fit of regression estimate, coefficient of correlation (R) was computed. The coefficient of correlation 'R' ranges from -1 to +1 and it shows if there is a relationship between two variables and the strength of such relationship.

DISCUSSIONS

The result of the Hypothesis 1 tested reveal that the probability of the significant level is 0.000 which was less than 0.05 (p<0.05). This implies that the p-value is statistical significant and therefore the null hypothesis that states that there is no significant relationship between fiscal and monetary policy and macroeconomic stabilization should be rejected and the alternative hypothesis be accepted. This is in accordance with the opinion of Ott (2003) that government can use fiscal and monetary policy to influence the level of aggregate demand in the economy. Keynesian also suggested that government spending and taxes can be used in time of recession or low economic activity as an essential tool for building the framework for strong economic growth and working towards full employment. In order to further test the goodness of fit of the regression estimate, the data were subjected to coefficient of correlation (R) test. The result of coefficient of correlation (R) test show positive relationship between fiscal and monetary policy and macroeconomic stabilization. On the strength of this positive relationship, conclusion is drawn that macroeconomic stabilization can be achieved through efficient formulation and implementation of fiscal and monetary policies.

The results of coefficient of determination (R^2) show 0.902 or 90%. This implies that there was a 90% level of degree of determination between fiscal and monetary policy and macroeconomic stabilization. The degree of determination was very high while the adjusted R^2 also showed this at almost the same percentage of about 0.901. This indicates that a variation or change in dependent variable in response to a positive change in the independent variable is to the range of 90%. Therefore, the acceptance of alternative hypothesis was confirmed as fiscal and monetary policy will stabilize the economy. The probability value of the Hypothesis 2 shows 0.000 which is less than 0.05(p<0.05). The implication of the result is that the p-value is statistically significant and therefore the null hypothesis was rejected and the alternative hypothesis that states that there is a significant relationship between fiscal and monetary policy and financial discipline in the financial

system. The result of regression and correlation analyses shows that the relationship is positive and significantly different from zero. This result was in agreement with the opinion of (Yonder, 2005), that a fiscal policy makes sense, given a complete absence of tradition of fiscal indiscipline. A fiscal rule commits government to a certain level of conduct in budgetary management; it assists to build credibility and promotes strong fiscal financial discipline in all the tiers of government and reduces corruption and misappropriation.

The test of goodness of fit of the regression estimate shows that the value of R was 0.883 which implied a strong positive relationship between the variables. It can therefore be concluded that fiscal and monetary policy has facilitated to reduce corruption and financial indiscipline to certain level. The result of coefficient of determination (R^2) shows 0.789 or 79%. This indicates that there was 79% level of degree of determination between fiscal and monetary policy and financial discipline in the financial institutions. The degree was high while the adjusted R^2 was 0.787. This showed the variation or change in the dependent variable brought about by positive result in predictor variable to the range of 0.787. Hence, acceptance of the alternative hypothesis was established as financial indiscipline and corruption have been minimized through efficient formulation and implementation of fiscal and monetary policy.

The study confirms that the relationship between the variables of interest was significant and positive. It revealed that the relationship was significantly different from zero. It indicates that there was a significant and positive relationship between fiscal and monetary policy and macroeconomic stabilization in Nigerian financial institutions. This showed that the null hypothesis was rejected while the alternative hypothesis was accepted for the first hypothesis using regression analysis. The second hypothesis also revealed that there exist a positive relationship between fiscal and monetary policy and financial discipline in the financial institutions. The analysis further showed that the degree of fiscal and monetary policy and operational performance in the financial institutions was positive and high. These results were in line with apriori expectations that-there were significant positive relationships between fiscal and monetary policy and macroeconomic stabilization and financial discipline in the Nigerian financial institutions. The results of the two hypotheses formulated and tested were in agreement with the opinions of Yonder (2005) and Ott (2003).

CONCLUSIONS AND RECOMMENDATIONS

The study concludes that a fiscal policy rule could make sense in Nigeria, given a complete absence of a tradition of fiscal indiscipline. Fiscal rule commits government to a level of conduct in fiscal and budgetary management, as it facilities the building of government credibility in fiscal management and over time, promotes strong fiscal discipline across all tiers of government (Baunsgarrd, 2003). Until the fiscal recklessness of Government is checked, the use of fiscal and monetary policies to achieve macroeconomic stability and financial indiscipline will remain an illusion. Predictably, officials offering broad plans for fiscal and monetary policies to alleviate the

crisis in the Nigerian financial institutions are numerous but there is yet any one governmental or private sector individual to step forth with a direct and sustainable plan of action. In line with the capacity for wavering in these troubled times, a few propositions for monetary and fiscal policies are offered in this study, however it is discovered that there is no solution that can possibly be permanent. Generally speaking, the best approach for Federal Government in the face of growing inflation caused by increased prices in materials and supply/demand imbalance is to remain conservative until sound fiscal policy can support an agreed solution.

The study showed that the best way to address this issue of extreme (if not historic) macroeconomic importance in the economy is to take a two-tiered policy approach that combines elements of both fiscal and monetary policy. In terms of monetary policy, the Federal Government through the apex bank should cut interest rates which presumably will allow credit markets to loosen up again. While it is recognized that this is merely a short-term solution, in this current crisis, this is the only feasible option as the government has already allocated billions of naira in bailouts that have yet to reach the credit markets enough to cause a significant change. While interest rate cuts will add to the current deficit, currently this problem seems miniscule when compared with the burden that the bailouts have added to such a deficit and for the short-term, this might be a way to enliven lenders enough, at least in some sectors, to help small businesses avoid closure. This is not a panacea, but a temporary palliative measure in such an unprecedented crisis.

To further compliment the Austrian Theory, cut in current interest rates as part of a broader monetary policy, the fiscal policy approach on the part of Apex Bank should include specific initiatives to increase tax cuts for those who are likely to be most affected by non-availability of credit to small and medium-sized businesses who have their entire livelihood sunk in the availability of credit. While this will certainly cause a great deal of grumbling, small and mid-sized businesses do form an important core of our economy and as it stands, they are already paying quite a bit of their earnings in taxes, despite cuts aimed at helping them to survive. The fiscal policy will be designated as a short-term solution and will last as long as credit markets remain frozen for the most part. It is recognized that both of these efforts will further deprive the federal government of much-needed funds, but this is necessary and seems, quite frankly fair, considering the billion-naira bailout packages that have yet to produce any kind of observable effect. These suggested changes can be accounted for, if Nigerians come to terms with the fact that we are entering into a new era of monetary and fiscal policy and that once we emerge from crisis status, much efforts should be made to increase the federal coffers. Therefore, banking institutions and other stakeholders in Nigeria should welcome the fiscal and monetary policy as long as stakeholders' interest is reasonably protected by the government.

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Table-1. Coefficients[a]

Unstandardized Coefficients		Standardized Coefficients		
B	Std. Error	Beta	t	Sig.
.470	.125		3.766	.000
.910	.030	.950	30.062	.000

a. Dependent Variable: Operational performance in financial institution is on the increase

Table-2. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.880	.185		4.748	.000
	The adoption of fiscal and monetary policy in the country is eminent	.860	.045	.888	19.133	.000

a. Dependent Variable: Corruption in financial institution could be put at bay

H_0 – There is no significant relationship between fiscal and monetary policies and operational performance of Nigerian financial institutions.

Table-3. Model Summary

R Square	Adjusted R Square	Std. Error of the Estimate
.902	.901	.30271

a. Predictors: (Constant), Adoption of Fiscal and Monetary policy in the country is eminent

Table-4. ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	82.810	1	82.810	903.717	.000[a]
	Residual	8.980	98	.092		
	Total	91.790	99			

a. Predictors: (Constant), The adoption of fiscal and monetary policy in the country is eminent

b. Dependent Variable: Operational Performance of financial institution is on the increase

Hypothesis Two

H_0 – There is no significant relationship between fiscal and monetary policy and financial discipline in the Nigerian financial institutions

Table-5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.888[a]	.789	.787	.44949

a. Predictors: (Constant), The adoption of fiscal and monetary policy in the country is eminent

Table-6. ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	73.960	1	73.960	366.065	.000[a]
	Residual	19.800	98	.202		
	Total	93.760	99			

a. Predictors: (Constant), The adoption of fiscal and monetary policy in the country is eminent

b. Dependent Variable: Corruption and financial discipline in financial institutions