



Special Issue  
Research Article

## The COVID-19 Pandemic: Capital Importation to Banking Business

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**Received:** 23 March 2022; **Revised:** 8 June 2022; **Accepted:** 13 June 2022

**Abstract:** This paper investigated the decline of capital importation to Nigeria and specifically banking business in Nigeria in the pre-COVID-19 pandemic era and during the COVID-19 pandemic era. The investigation became necessary considering the high prevalence of the COVID-19 pandemic in most of the top countries with capital exportation into Nigeria and the sharp decline in the importation of capital. Bringing, liquidity and stability of the banking business into concern. Data on capital importation were extracted from the CBN Statistical Bulletin and analyzed using a test for equality of means with both the Anova and Welch F-tests. We found that there is statistically significant difference in the averages of the capital importation to the banking business and Nigeria as a whole between the two periods of concern. We recommend that this [the reduction in the capital importation] should be monitored intermittently to ensure survival, stability, liquidity and enhanced share premiums of the banks. Also, the regulating authorities should regulate towards promotion of liquidity and stability in the financial system by permitting certain policies to take effect, such as transforming from Plc. to HoldCo structure.

**Keywords:** COVID-19 pandemic, banking, capital importation, Nigeria

**JEL Codes:** G21, O16, C12

### 1. Introduction and background

In late December 2019, a new coronavirus code-named COVID-19 was discovered in Wuhan, China. The spontaneous rate of spreading of the virus, which is caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) made the World Health Organisation (WHO) declare it a global pandemic on March 11, 2020 (World Health Organization, 2020). Globally, over 280 million confirmed cases were recorded as of December 28, 2021 with over 5.4 million mortalities (World Health Organization, 2021). A virus very close to COVID-19, SARS was reported in China about two decades ago. The knowledge of SARS equally helped in providing prompt medical solutions to the pandemic but the dynamic of human-to-human transmission of COVID-19 was indeed scary and alarming compared to what has been witnessed before now.

The risk of the pandemic, at the onset, seemed minimal in Africa and Nigeria in particular until February 27, 2020 when the country reported the index case of the pandemic (Nigeria Centre for Disease Control (NCDC), 2020). Ever since, Nigeria has recorded 223,887 confirmed cases and 2,985 mortalities as of December 19, 2021. The minimality of COVID-19 records in the country was commonly related to the minimal availability of testing facilities. Another way round, the less severity of the contact of the virus among the populace cannot be denied because of the hazardous level of the virus, which no one can manage ordinarily. If the virus were present among the populace as mostly envisaged, the mortality rate would have revealed the fact as witnessed in some other countries in Asia and Europe. The index case of COVID-19 in Nigeria was by an Italian and the index case of Omicron in South Africa was by a foreigner to Africa (Nigeria Centre for Disease Control (NCDC), 2020). More so, the Omicron variant was already identified in Europe before South Africa made a public pronouncement of the variant (Omicron In Europe Before S. Africa Reported The First Cases, 2021). Adegboye et al. (2020) noted that “the risk of COVID-19 importation from Europe to Africa is higher than the risk of importation from China” though rapidity in the spread was observed in some West-Africa countries than in Europe (Martinez-Alvarez et al., 2020).

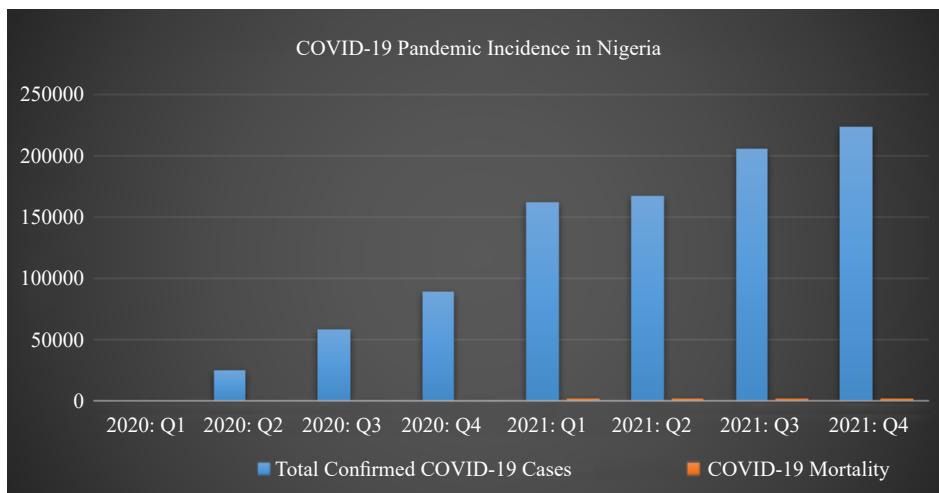
Due to the novelty of the pandemic, lockdown measure was imposed in all the affected countries as the understanding of handling the pandemic was vague at inception. The lockdown measure was severe, from banning international travel to inter-state travel in Nigeria. It was a standstill order generally felt in the sphere of life. At first, international airports were closed, shortly followed by the closure of public and private schools, universities, stores and markets. In addition, public gatherings, such as religious, party, clubs among others were suspended. March 30, 2020, marked the beginning of full-lockdown which was later reopened in three phases, while the last of the three phases is what is still in action. The first reopening phase started on May 4, 2020, and the second on June 2, 2020, while the third phase commenced on September 4, 2020.

According to the Presidential Steering Committee on COVID-19 in the country, implementation guidelines for phase restriction of movement was communicated to the public on May 10, 2021, as a further means of precaution faced with a surge in the infection cases not basically in Nigeria, likely the anticipated fourth wave of the infection. Phase four maintained the restriction of mass gatherings outside workplace settings to a maximum of fifty people in enclosed spaces. Approved gatherings need to observe physical distancing measures. Also, specified mandatory requirements of a 7-day quarantine for all international passengers arriving from all countries and institutional quarantine for international passengers from specific high burden countries. Further, the phase mandate temperature checks and the “No-Facemask, No-Entry” policy in all public settings. More to this, civil servants below GL 12, that is, Level 12 cadre were restricted from resuming to work, while most official meetings were conducted virtually (Presidential Task Force on COVID-19, 2021). The stress response of the lockdown was too expensive for Nigeria because the country could not forget in haste the almighty ‘End SARS’ nationwide protest and the subsequent looting of warehouses for COVID-19 palliatives. In a nutshell, economic hardships brought about as a result of the COVID-19 pandemic lockdown was indeed severe. The pandemic lockdown era only gave room for skeletal services rendering that is for essential services. Schools were 100 percent locked up, markets were closed, social gatherings were cancelled, including religious activities, which the populace hardly joke with. Concerning the lockdown and religious activities, there were some instances of fracas between the worshippers and the taskforce team for the lockdown enforcement.

The health practitioners lament the overwhelming effect of the gradual easing of the lockdown because of the poor and inadequate health care facilities before the advent of the pandemic (Ibrahim et al., 2020). On the contrary the majority of the populace were lamenting the hardship imposed on them as a result of the lockdown. Fortunately for the country, the mortality incidence from the pandemic was somehow tamed and the fear of the medical practitioners did not come through, although, the infection rate increased at a very decreasing rate throughout the period but was manageable.

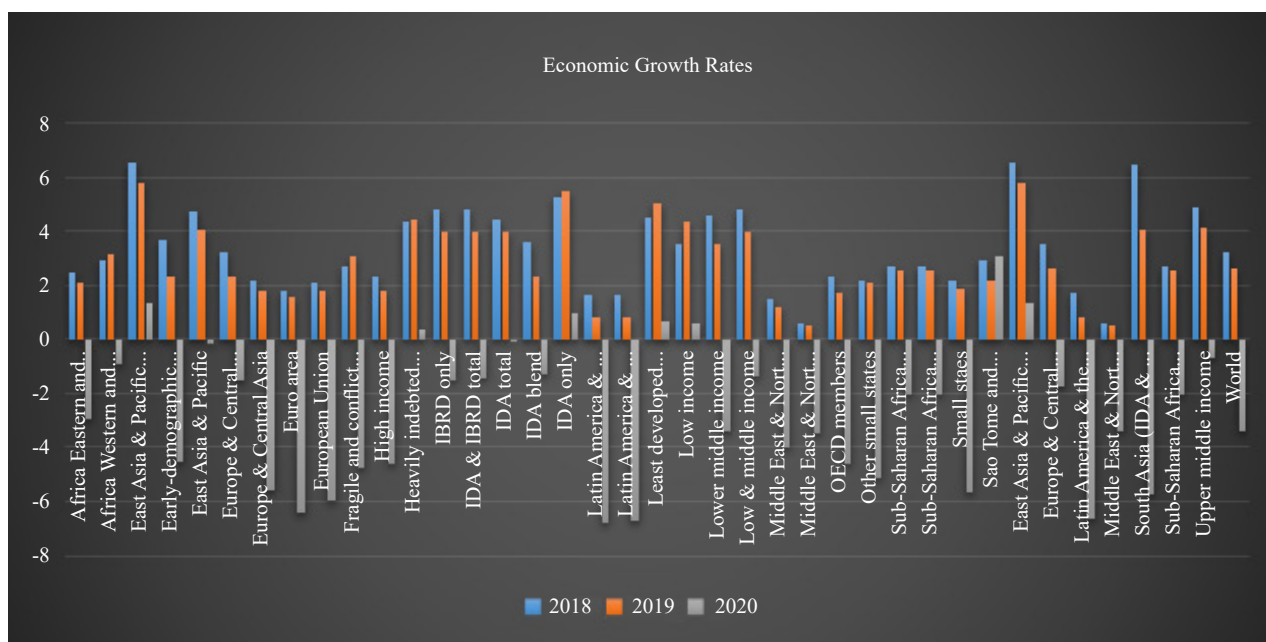
Macro perspectives of the situation confirmed the nosedived interest rate in most economies of the world. Most economies, irrespective of the categorisation recorded negative growth except for the People’s Republic of China and her cohorts in the East Asia & the Pacific, partly due to her massive production, especially, medical supplies and medical consumables such as face masks of different types among others to support the global need of such commodities. At the global level, growth, as well as trade, was dip. Export suffered greatly, and the import-oriented economies such as Nigeria imported more during the period, with non-corresponding export. Therefore, more countries experienced an unfavourable balance of trade and deficit economic growth (see Figure 1). The situation was the same at the continental

level in Africa and the globe. Several economies whose globalisation base were not strongly exposed to the severely affected economies (especially in Europe and the Americas) with regards to the pandemic and those economies who are attitudinal with beggar-thy-neighbour (bilateral and multilateral institutions in this case) syndrome narrowly escaped the dip (see Figure 2).



Source: Authors using data from NCDC

Figure 1. COVID-19 pandemic incidence in Nigeria



Source: Authors' computation using WDI data (The World Bank, 2020)

Figure 2. Economic growth rates 2018-2020

The COVID-19 pandemic, in a brief period, ushered in economic and financial crises that gulped huge financial resources in the affected economies to bounce back. In Europe, a whopping sum of EUR 672.5 billion was earmarked as a Recovery and Resilience Facility (RRF) in loan and grants with 70 percent disbursement in 2021 and 2022, while

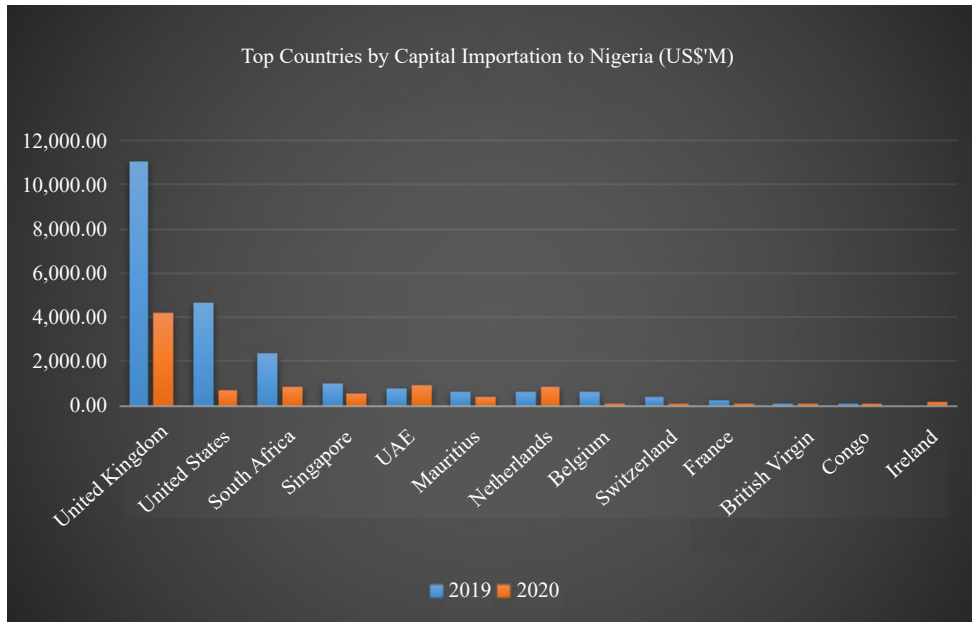
the remaining 30 percent is set for disbursement in 2023 (Guillamón et al., 2021). The financial resources channelled as a stimulus package to revive the economy was huge when compared to the average stimulus package expended towards the 2008-2009 global financial crisis. Table 1 exhibits this fact. It was only Transition economies that went in the opposite direction if not all others spent more than what they expended then (Carpentier et al., 2020). Little wonder, fiscal space has become so tight for some developing economies that some of them are now on the verge of default. Nigeria is not exempted in this quagmire, as the government total debt has now increased to ₦32.9 trillion (US\$86.39 billion) in December 2020 from ₦27.4 trillion (US\$84.05 billion) in December 2019 (Debt Management Office (DMO), 2020). A brouhaha of Nigeria's debt service to revenue ratio became a concern as the AfDB president asserted that the ratio is high (Daka, 2021). Although, the DMO baseline projection based on 2019 DSA projected the debt-GDP ratio to still be under the ideal threshold of 55 percent.

**Table 1.** 2020 COVID-19 stimulus package compared to 2008/09 global financial crisis stimulus package

S/n	Categorization	Average of 2008-2009 stimulus package in % of GDP	Average of 2020 stimulus package in % of GDP	% Change
1	Developed	2.63	9.73	270
2	Developing	4.62	5.46	18
3	HIC	7.65	8.40	10
4	UMIC	6.04	6.42	6
5	LMIC	2.50	3.76	50
6	LIC	2.00	3.30	65
7	Transition economies	13.20	3.40	-74

Source: Adapted from Carpentier et al. (2020)

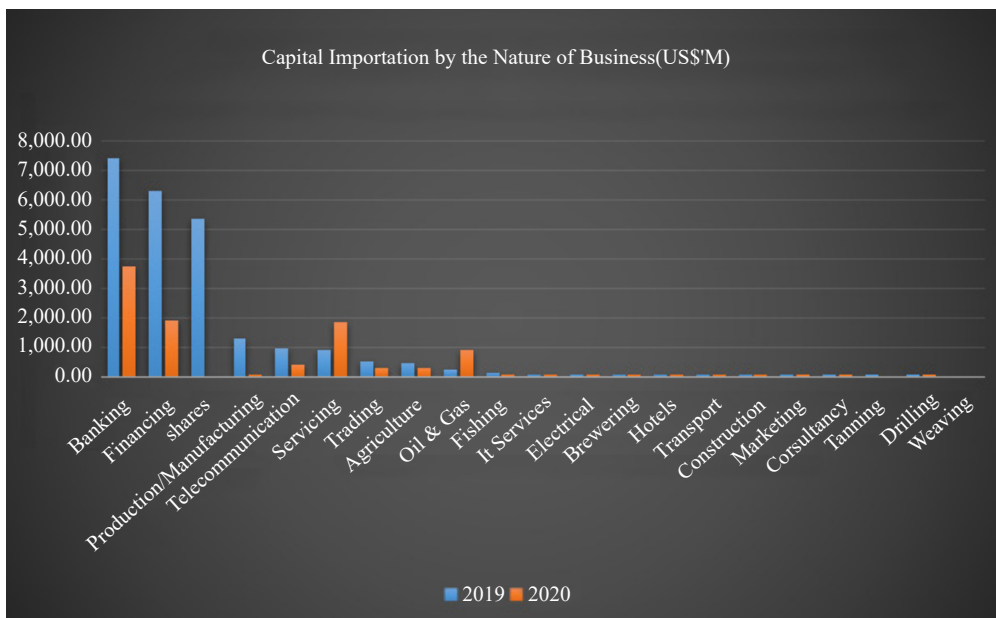
Furthermore, the COVID-19 pandemic worsened the unemployment situation, brain drain in the health sector was more pronounced as some Eldorado economies opened their borders for the medical practitioners to freely migrate, oil price in the global market fell sharply, complicated forex generation and import restriction, although, the country's importation bill still surpassed exportation in the year. The economic hardship within the period was global and generic. Thus, every facet of the Nigerian economy was equally affected. On this basis, it is in the interest of this paper to examine a micro-part, which is centred on capital importation concerning banking, of this multi-dimension of the COVID-19 pandemic effect on the economy. Considering that most of the top capital exporting countries to Nigeria were drastically affected by the COVID-19 pandemic. They equally imposed lockdown and experienced a heavy mortality rate. Comparing the capital importation to Nigeria between 2019 and 2020, the United Kingdom, which used to be the top country exporting capital to Nigeria, had more than half a reduction of capital importation in 2020 when compared with 2019. Likewise, South Africa, while the United States of America was having an almost third-fourth reduction in 2020 (see Figure 3). Thereby, it is in the interest of this paper to test that this reduction in capital importation as warranted by the COVID-19 pandemic is statistically significant and not a mere chance occurrence. This test is with a particular interest in banking when considering capital importation by the nature of business. Capital importation into the banking business became the focus of this paper, considering it as the business category most attracted to capital importation (see Figure 4).



Source: Authors, using data from the National Bureau of Statistics (NBS) (2020; 2021)

**Figure 3.** Top countries by capital importation to Nigeria

The positioning of the banking business as the most attractive business outfit to the capital importation is revealed in Figure 4. Aggregately in 2019 and 2020, respectively, the banking business was the leading business in terms of capital importation attraction. It was followed by financing, then, next to it, is shares but unfortunately, shares recorded zero value in 2020. This is a show of real destabilization brought by the COVID-19 pandemic.



Source: Authors, using data from the CBN Statistical Bulletin (2020)

**Figure 4.** Capital importation by the nature of business

Also, in making sure that the sudden decline in capital importation is not a continuum issue but temporary and that it was as a result of the COVID-19 pandemic. This paper used a test for the equality of the means to confirm this position and found that the decline in capital importation is not a chance event but rather a reflection of the pandemic as envisaged. This gives concern as to how to reverse the trend, control and stimulate its growth, as it relates to the survival, liquidity position, stability, credit provision and share premiums among other factors. The rest of the paper is further divided into three sections viz: the review of relevant literature, methodology and analysis, result, and lastly, discussion and conclusion.

## 2. Review of relevant literature

This paper adopts the theoretical perspective of Heckscher-Ohlin (HO) in international trade under a theory of the comparative advantage. The theory posited that countries with relatively plentiful capital and relatively scarce labour will export capital-intensive products and import labor-intensive products. Though, there was a Leontief Paradox to this Heckscher-Ohlin position. However, what is holding and obtainable in the case of capital importation in Nigeria is the perspective of Heckscher-Ohlin theory, whereby the country mostly received capital inflows from other countries of the world. HO theory of the comparative advantage is considered as a way of compensating for the unequal productive factor resources among countries or geographical locations through international commerce (Leamer, 1995). Stylish admission of the HO theory in the exchange of productive commodity is profiting for the indirect factor arbitrage as Leamer (1995) rightly posited that it is the process of transferring immobile factors of production from the abundant locations to relatively scarce locations, thereby, earning a factor price as high as that is obtainable in the relatively scarce locations. Furthermore, it was noted that the process eliminates the factor-price differences between locations of relatively abundant and scarce.

Though, there were several convincing cases against the Heckscher-Ohlin theory, starting with Leontief (1953), who asserted that U.S. imports in 1947 were more capital intensive than her exports. Also, Grubel and Lloyd (1975), who empirically asserted that trade among the industrial economies is increasing far above the output, despite the similarity in the factor endowment of these countries. Regarding the quantum of new theories and publication by the foremost trade theorist, HO theory still found footing in the academic discourse. Then, it was still found useful pedagogically, politically and empirically (Leamer, 1995). Thereby, the discourse of this paper adapted the HO theory as the basis of its investigation.

According to the National Bureau of Statistics in Nigeria, cumulative capital importation in 2020 dropped significantly by 59.65 percent as the inflows stood at US\$9,680.49m and US\$23,990.05m for 2020 and 2019 respectively. The size of the capital inflow has been in this order of the portfolio in 2020, Other investment category being the highest with a total value of US\$783.26m (73.22%), followed by the Foreign Direct Investment (FDI) categories totalling US\$251.27m (23.49%), and Portfolio Investment with a sum of US\$35.15m (3.29%) of the total capital importation in the fourth quarter of the 2020 (National Bureau of Statistics, 2021).

The majority of the countries which are top capital exporters to Nigeria were severely plagued by the COVID-19 pandemic, thereby the quantum of capital importation in 2020 was drastically reduced compared to what was obtainable before the advent of the pandemic, especially in the ultimate quarterly periods before the pandemic. This is not a surprising effect because globalization is expected to be reversed, financial globalization inclusive (Razin et al., 2020). Furthermore, Razin et al. (2020) had noted that “the growing COVID-19 pandemic could strengthen nationalism and isolationism and accelerate the retreat from globalization”. It is factual that the line of thought of Razin et al. (2020) was exactly what happened to the capital importation to Nigeria. Earlier discussed and depicted in Figure 3. The pandemic made the capital importation with respect to shares (equity) equals zero in 2020. It was possible for the business category to receive nothing in the era due to its possible individualism and scale. The pandemic had signalled a retreat to globalization and deceleration of financial integration and promoting protectionism structure on the basis of national health concerns. The COVID-19 has not been the only issued threatened the globalisation in the recent decades but it has a severe effect within the short period and hoping for the better structure.

Aside the acceleration to digitalisation adoption reinforcingly prompted by the pandemic as much as possible in almost all sectors of the economy as reviewed with respect to trade flows in Nigeria during the pre- and post-COVID-19

pandemic era (Bello & Gidigbi, 2022). The pandemic was recorded to have a negative effect when directly related to the economy. Bello and Gidigbi (2021) affirmed this position when they investigated whether COVID-19 pandemic does matter for the positive relationship between trade and economic growth in Nigeria. They concluded that trade could not stimulate growth during the pandemic period. Again, the direct relationship has been a negative one, while the positivity so far seen manifested as a means of combating the imposed inhibition to economic activities by the pandemic, such as, digitalization acceleration earlier mentioned.

In the economies like Poland, a large retail banking business is said to be less affected compared to the medium-sized ones with relatively rich corporate portfolios (Bernardelli et al., 2021). If the resistance to the COVID-19 pandemic by the business is influenced by their size, then, capital base and inflow into the business category will be very relevant to its survival. According to Bernardelli et al. (2021), there are several channels for the impact of the COVID-19 pandemic in the banking sector; it touches the contingency fund through liquidity, and profitability; as non-bank solutions were often resorted to in the pandemic era. Also, Demirguc-Kunt et al. (2020) using sample data of 896 commercial banks from 53 economies found a large decrease in the shares of banks with low liquidity buffers coupled with the liquidity premium in the interbank market. Furthermore, Acharya et al. (2020) asserted that improved liquidity performance enhanced the bank's balance sheets, credit provisions and was closer to the capital adequacy requirement. In another study, which considered 13 commercial banks in Poland using the Hellwig method and the TOPSIS method, confirmed that the largest banks conducting their operations in the country are the most resistant banks to the effect of the COVID-19 pandemic. Thus, it considered the management of the financial system stability risk (Korzeb & Niedziółka, 2020). A pandemic driven economy is well known to witness a massive withdrawal of deposits and deterioration of the credit portfolio, thereby, making the financial institutions vulnerable (Goodell, 2020). Aldasoro et al. (2020) investigated 118 banks from 28 different countries found that all banks investigated, be highly capitalized or well-profitable ones, were significantly affected, especially in the first month of the COVID-19 pandemic, and there was a growth CDS.

Similarly, Chowdhury et al. (2020) investigated the impact of COVID-19 on the global stock markets and economic activities using the 12 selective countries from four different continents, namely, Africa, Asia, Europe and North America. The study covered a period of four months starting from January to April, 2020. The VAR result of the study indicated a negative impact on stock markets, with the European markets suffering the most. They recommended the combating of the pandemic impact through multiple fronts, from regulatory authority, policymakers and government at large. In the same vein, Chowdhury et al. (2022) studied the volatility of the US stock market and business strategy during COVID-19. They deployed an event study approach using Stepwise Regression, and VAR models in their analysis. Three phases of the pandemic events were analysed, which are pandemic announcements inside the US, outside the US and the whole world. They found a negative impact on the cumulative abnormal returns in the market in the instance of announcement of new cases and mortality but a positive response from the market to the bailout or stimulus package. They concluded that the US Stock market is more exposed to the COVID-19 pandemic compared to other markets.

### 3. Methodology and analysis

The period of the COVID-19 pandemic is still short. Thereby, heavy time-series data are yet to be available, especially, annual data. Therefore, there is a bit of limitation to the analysis that can be carried out in this line. A simple analysis was carried, by testing the equality of means arrived at in the first five quarters before the recording of the COVID-19 pandemic and five quarters after the recording of the pandemic. Similarly, several studies on the COVID-19 pandemic applied a light methodology as well. Korzeb and Niedziółka (2020) simply applied TOPSIS analysis for their work. Alternatively, some studies like Chowdhury et al. (2020) and Chowdhury et al. (2022) employed panel data in carrying out their analyses, through which they were able to circumvent the problem of insufficient observations. However, a simple analysis like that is deployed in this paper is appropriate, especially when data were not spread out to enhance the quantum of observation that may be possibly needed; as such, this paper adopted the Anova F-test and Welch F-test to achieve the objectives of this paper.

### 3.1 Data sources

We extracted data on capital importation from the Central Bank of Nigeria (CBN) (2020) Statistical Bulletin and the National Bureau of Statistics (NBS) capital importation reports for 2020 and 2021. Since the interest of this paper resides in capital importation to the banking business, then, total capital importation data were extracted as well as the capital importation attracted to the banking business. The value for the variables extracted were recorded in millions of the United States Dollar (US\$). The variables are simply capital importation to the country (where one is total capital inflow and the other particular to the banking sector) Nigeria precisely. However, each of the variables is a combination of the two periods, that is, pre-COVID-19 pandemic period and during-COVID-19 pandemic period. As applicable to the economy of concern to this paper, the variables were divided into two equal parts, a part representing capital importation in pre-pandemic era and the other part representing capital importation during the pandemic.

### 3.2 Method of data analysis

Mean equality test refers to the single-factor test between-subjects. This is approached by Analysis of Variance (ANOVA) and Welch (1951). The test is premised on the idea that the subgroup averages are equal and as well as the variability within groups.

$$F = \frac{SS_B / (G - 1)}{SS_W / (N - G)} \quad (1)$$

Where:

$N$  - total number of observations

$G$  - number of observations in a group

$SS_B$  - sums of squares between group

$SS_W$  - sums of squares within group.

Where  $SS_B$  and  $SS_W$  is defined in (2) and (3) respectively:

$$SS_B = \sum_{g=1}^G ng (\bar{x}_g - \bar{x})^2 \quad (2)$$

$$SS_W = \sum_{g=1}^G \sum_{i=1}^{n_g} (x_{i_g} - \bar{x}_g)^2 \quad (3)$$

Where:

$\bar{x}_g$  - sample mean within the group

$\bar{x}$  - overall sample mean.

However, Welch F-test for equality of mean becomes relevant when there are heterogeneous variances in subgroup, F-test becomes

$$F^* = \frac{\sum_{g=1}^G \omega_g (\bar{x}_g - \bar{x}^*)^2 / (G - 1)}{1 + \frac{2(G - 2)}{G^2 - 1} \sum_{g=1}^G \frac{(1 - h_g)^2}{n_g - 1}} \quad (4)$$

Where:



$$h_g = \omega_g / \left( \sum_{g=1}^G \omega_k \right) \quad (5)$$

And

$$\bar{x}^* = \sum_{g=1}^G h_k \bar{x}_g \quad (6)$$

That is, normalized weight, and weighted grand mean respectively. Both ANOVA and Welch F-tests were estimated in an instance of possible heterogeneous variance among the subgroup. Still both tests concurred to same decision, that is, acceptance of the null hypothesis.

## 4. Results

### 4.1 Descriptive statistics

Table 2 depicts the descriptive statistics for the capital importation to banking business (BNK) and Total Capital Importation (TCI). Both variables were in the same unit covering a total period of 10 quarters starting from 2018Q3 to 2020Q4. As the simple test of equality of mean was targeted the main concern is the normality of the distribution. Relying on the Jarque-Bera Statistic (JB-Stat) and its probability value both variables were normally distributed. Thereby, it is feasible to apply a parametric test, which we did. We applied the F-test based on Anova and Welch, which statistically test the difference in the average capital importation in total and to the banking sector in the country.

**Table 2.** Descriptive statistics

Variable	Mean	Max	Min	JB-Stat	Prob.
BNK	1391.44	2990.21	140.18	0.83	0.65
TCI	4170.48	8485.49	1045.31	0.55	0.75

Source: Authors' using EViews 10

### 4.2 Estimation results

The analysis result for the test for equality of means is reported in Table 3. The Anova F-test and Welch F-test were applicable because of the normality of the data. If not a test around means will not be applicable. Both test results reported in the table test for the same hypothesis. The test null hypothesis ( $H_0$ ) stipulated that: There is a statistically significant difference between the means of the two groups. In this case, the mean of capital importation attracted to the banking business in the pre-COVID-19 pandemic era and the mean of capital importation attracted to the banking business during the COVID-19 pandemic era. The Anova F-test statistical value of 74.75 with a probability value of less than 5 percent threshold implies acceptance of the null hypothesis. Likewise, the Welch F-test statistic of 105.49, which is computed based on the deviations observed from the data, with the probability value less than 5 percent threshold of acceptance implies the acceptance of the null hypothesis as well. Both tests reported in the table concurred on the acceptance of the null hypothesis. We thereby conclude that the difference in the capital importation attracted to the banking business in Nigeria is statistically significant at a 5 percent significance level. This implies that the difference in the averages/variances of capital importation attracted to the banking business in the pre and during COVID-19 pandemic is not due to chance, rather it is a reflection of the hardship brought about by the pandemic.

**Table 3.** Test for equality of means of capital importation to banking

Method	df	Value	Prob.	Decision
Anova F-test	(2, 5)	74.75	0.00	Accept H <sub>0</sub>
Welch F-test*	(2, 2.89)	105.49	0.00	Accept H <sub>0</sub>

\*Test allows for unequal cell variances  
Source: Authors' using EViews 10

Furthermore, the test for the equality of means of total capital importation is reported in Table 4. The Anova F-test reported in the table test for the statistical significance of the means between the total capital importation in the pre-COVID-19 era and total capital importation during the COVID-19 era. The null hypothesis of the test stipulates that 'there is a statistically significant difference between the means of the total capital importation in the pre and during COVID-19 eras'. The Anova F-test statistic value of 188.12 with a probability value less than 5 percent acceptance threshold implies an acceptance of the null hypothesis at the 5 percent significance level. An implication is that there is a statistically significant difference between the means of the total capital importation in the pre and during COVID-19 eras. We, thereby, conclude that the difference in the averages of the total capital importation in Nigeria in both periods is not due to chance but a reflection of the untold hardship imposed on the economy by the COVID-19 pandemic.

**Table 4.** Test for equality of means of total capital importation

Method	df	Value	Prob.	Decision
Anova F-test	(4, 3)	188.12	0.00	Accept H <sub>0</sub>

Source: Authors' using EViews 10

## 5. Discussion and conclusion

Interestingly, the sharp decline in capital importation within the period of the analysis is not in isolation to the COVID-19 pandemic. But this is rather a reflection of the pandemic. Although, the experience is different from one economy to another. In some economies, large size bank was less impacted negatively by the pandemic while only the middle-size and small ones have borne much of the brunt (Bernardelli et al., 2021). Meanwhile, in some other economies, all banks irrespective of size and liquidity level were affected the same (Aldasoro et al., 2020). This study agrees with the findings of these extant studies. This shortfall in capital importation to the banking business may constraints and compound liquidity issues in the banking business, meanwhile, liquidity of the business is very important to maintain the stability of the system, Credit Default Swap (CDS), response to the usual cases of massive withdrawal and/or bank runs, and survival of the system among other factors (Bernardelli et al., 2021; Demirguc-Kunt et al., 2020; Acharya et al., 2020; Korzeb & Niedziółka, 2020).

We hereby conclude that COVID-19 pandemic has a statistically significant [negative] influence on capital importation to Nigeria and the banking business. Intermittent checking of this development at a reasonable interval will help in averting possible stability issues that may arise in the banking business in Nigeria. This will also help in checking the liquidity concern and enhance or restore the ebbing away of the bank shares. Monitoring measures in place should continually be a focus and seeing that banks' liquidity does not deteriorate as a result of the decline in capital importation as a way of enhancing their balance sheets, enhancing their credit provisions capability and as well maintaining capital adequacy. The impact is partially becoming evident as some banks validated their move in transforming their business structure to "HoldCo [A Holding Company (HoldCo) is defined as "any corporation that owns controlling shares in another company (subsidiary) or companies (subsidiaries) to influence decision making process" ... Such HoldCo parent is empowered to carry out a range of activities ranging from commercial

banking activities, merchant banking activities, insurance, asset management company and other permissible financial institutions (OFIs). (See CBN Circular to all Banks on Definition and Structure of Holding Companies in Pursuance of the New Banking Model dated December 30, 2011 for details). <https://www.cbn.gov.ng/OUT/2011/CIRCULARS/GOV/HOLDCO%2520CIRCULAR.PDF>]” from “Plc”. As a means of permitting them to divest into different areas they have been previously restricted by the apex bank’s regulation. We recommend further and more elaborate studies in this area and specifically concerning the banking business, which has limited attention so far. Especially, when more data about capital importation during the pandemic is readily available from the government bodies in charge, as this study could not extend its data beyond fourth quarter of 2020. Also, regulating authorities should position regulations in a way to enhance banking sector liquidity and stability. Transformation to a holding company is one of the ways, and more means of sustainability should be tolerated in averting crisis in the sector.

## Conflict of interest

We declare no conflict of interest.

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