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COMMERCIAL BANK RISK ASSESSMENT, PRIVATE INVESTMENT AND CONTRIBUTION TO ECONOMIC GROWTH IN NIGERIA

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Abstract: Commercial banks face various risks that can impact their financial stability and profitability. Some of these risks and risks assessment considerations are credit risk, market risk, operational risk, liquidity risk and regulatory risk. Risk assessment process comprises of risk identification, risk analysis, risk evaluation, risk mitigation and risk monitoring. Commercial banks play crucial roles in the facilitation of private investment by providing various financial services and products. Commercial banks support private investment in the following ways. Provision of loans and credit facilities, brokerage services, provision of financial planning services, portfolio management services, investment advice, etc. Furthermore, commercial banks play a vital role in Nigeria's economic growth by providing essential financial services that stimulate investment, productivity and development. These they seek to achieve by mobilizing savings, providing capital, facilitating trade, encouraging investment and offering managerial advice. Commercial banks have contributed to Nigeria's economic growth by increasing access to capital, improving financial intermediation and enhancing economic efficiency. Also, they support the development of various sectors, including agriculture, manufacturing and services, which are crucial for Nigeria's economic diversification. The objectives of this research include to unravel the commercial banks assessment risks, to examine the commercial banks private investment, to identify the contributions of the commercial banks to economic growth in Nigeria and to proffer nations to the challenges commercial banks encounter in fostering economic growth in Nigeria. The research questions on the other hand, consist of what the commercial banks assessment risks are, whether commercial banks engage in private investment or not, whether commercial banks contribute to economic growth in Nigeria or not and finally it is used at verifying if there are solutions to the challenges commercial banks face as they strive to foster economic growth in Nigeria. The methodology used is the combination of quantitative and qualitative methods of data collection and analysis. The recommendations consist of risk assessment recommendations, private investment recommendations and regulating recommendations. Above all, this work is highly recommended for scholars in the fields of economics, business, finance and banking as a result of wealth of knowledge it embodies. In conclusion, commercial banks in Nigeria play a crucial role in the country's economy. Their risk assessment private investment and contribution to economic growth are essential for sustainable development.

Key notes: Risk Assessment, Finance, Commercial banks, Private investment, Economic growth.

Introduction

In project management, conflicts should be treated with utmost seriousness in order to save the project from delay and resultant dead lock (Crispin George, March 2022 The Management of Project conflicts through effective negotiation).

A commercial bank is a type of financial institution that provides basic banking services to individuals, businesses and government. These services include: deposit accounts, loans and credit, payment services, investment services.

The functions include financial intermediation, risk management and liquidity provision. Risk Assessment is the process of identifying, evaluating and prioritizing potential risks that could impact an organization, project or individual.

It involves analyzing the likelihood and potential impact of various risks to determine the most effective ways to mitigate or manage them. Steps in risk assessment include identifying risks, analyzing risks, evaluating risks, development of mitigation strategies, monitor and review.

Identifying Risks: Identifying potential risks that could impact the organization, project or individual.

Analyze Risks: this step is about the analysis of the likelihood and potential impact of each identified risk.

Evaluate Risks: this step is about the evaluation of risk based on the analysis and thus prioritizing the risks accordingly.

Monitor and Review: this step is about the continuous monitor and review of the risk assessment so as to ensure that it remains relevant and effective.

Private Investment: is all about the investment of funds or resources by individuals, companies or organizations in various assets, such as stocks, real estate, bonds, private enquiry and venture capital.

Stocks: This refers to investing in publicly traded companies through the stock market.

Real Estate: This implies investing in property such as rental properties, commercial building or real estate investment trusts (REITS).

Bonds: This can be described as investment in debt securities `issue by companies or government.

Private equity: This refers to investing in private companies or startups.

Venture capital: This on the hand, is the investment in early the stage companies with high growth potential.

Commercial bank contribution to economic growth in Nigeria can be seen as the commercial banks provision of essential financial services that stimulate investment, productivity and development. These contributions can be seen as follows: financial intermediation, supporting businesses and facilitation of trade.

Financial/Intermediation: financial intermediation consist of:

i. Mobilization of savings: commercial banks collect money from individuals and mobilize these funds for investment in various sectors.

ii. Provision of credit: they offer loans and credit facilities to businesses and individuals enabling them to finance their activities.

Support to businesses: this can be viewed as follows:

i. Financing of small and medium-sized enterprise (SMEs): commercial banks provide finances to SMEs, which are crucial for Nigeria's economic growth and job creation.

ii. Support to large corporations: they also provide finances to large corporations, enabling them to expand their operations and invest in new projects.

Facilitations to trade: this can be viewed as follows:

i. Letter of credit: commercial banks issue letters of credit, which facilitate international trade by providing assurances to sellers that they will be paid.

Foreign exchange services: in addition to the above, they provide foreign exchange services, enabling businesses to conduct international trade.

In general, commercial banks play a crucial role in Nigeria's economic growth and development and their contributions have a significant impact on the country's financial stability and sectoral development. The above contributions to the economic growth of Nigeria by commercial banks not withstanding there are certain challenges confronting the commercial banks as the strive to make this positive impact to the economic growth of Nigeria.

These challenges include poor access to credit, poor digitization, poor compliances with regulations, volatility of the monetary policy, cyber security risk, infrastructural challenges, staffing challenges etc.

i. Poor Access to Credit: This is a hindrance to the operationality of the commercial banks as many Nigerians businesses still lack access to credit, highlighting the need for commercial banks to expand their reach.

ii. Poor Digitization: the poor pace in the adoption of digital technologies present loss of opportunities for commercial banks to improve their services, increase efficiency and thus advance their reach.

iii. Poor Compliances with Regulations: This is a challenge in the operationally of commercial banks as they are expected to comply with various regulations, such as those related to anti-money laundering (AML), and know-your–customer (KYC)requirements.

iv. Volatility of the Monetary Policy: Frequent changes in the monetary policy such as interest rate, and reserve requirements can impact commercial banks, operation and profit ability.

v. Cyber security risks: commercial banks are vulnerable to cyber security ricks such as hacking and data breaches; and they affect the commercial banks adversely.

vi. Infrastructural Challenges: Poor infrastructure such as unreliable power supply and inadequate transportation network, can impact commercial banks operations adversely.

vii. Staffing Challenges: This is in the form of the challenges in attracting and retaining skilled staff.

The Conceptual Review

This is the visual representation of an expected relationship between variables. It is generally developed based on the literature review of existing studies and theories about the topic. Simply put, it is used to show relationships among these ideas and how they relate to the research study.

Conceptual Framework

The researcher's synthesis of how to identify, measure and manage the various types of risks is represented thus:

Risk Management

This is the systematic process of identifying, assessing and mitigating the potential risks that could impact an organizations assets, reputation and operations.

Crouhy M., Gala D., Mark R., defined risk management as the fundamental element that influences financial behavior. It involves proactively taking steps to minimize the impact of negative events and ensure business continuity.

Risk management helps protect an organization's financial assets, such as capital, earnings and other valuable resources. Also, it helps organizations make more informed decisions by providing a better understanding of potential risks and opportunities.

In summary, risk management is a crucial process for business of all sizes to identify, assess and mitigate potential risks, ultimately protecting their assets, ensuring business continuity and enhancing their overall performance.

Risk Identification

This is the process of identifying potential risks that could impact an organization's assets, reputation and operations. It is the process of discovering risks that affect the goals or objectives of an organization (Kasap and Kaymark, 2007; Tchankova, 2022). Only after risk has been identified that the subsequent process of risk management maybe performed (Schieg, 2006).

How can risk in an organization be treated without knowing what risk the organization is facing? Thus, risk identification is important for an organization. Risk identification is a challenging process in the management of project risks International Journal of Science and Research (IJSR) February 2020. Most project managers tend to spend less time in identifying risks and more time in risk mitigation, ignoring the fact that unidentified risks cannot be mitigated.

Risk Measurement

According to Elton G. McGoun, in his work the history of risk measurement, in economics, finance and accounting, risk is measured probabilistically. Relative frequency probabilities however, are subject to a number of severe problems that make their use as measures of risks very questionable. From the current literature in economics, finance and accounting, one would never know that these problems existed, but the historical record is quite different. By 1930, early enthusiasm for the potential application of probability to economic issues was extinguished as economists acknowledged the insurmountable problems. But in 1930, mathematicians who had crossed over into economics began side-stepping, these problems and by 1950, they had been largely forgotten. To admit the problems now would mean abandoning modern portfolio theory and the asset valuation models which form the core of much of finance and capital markets research in accounting, despite their dismal empirical record.

The history of risk suggests that probabilistic calculation was very important to the emergence of the practical apparatus of risk management in insurance and financial (Bernstein 1966; Mc Goun, 1995). Summarily and concisely, risk measurement is the process of assigning a numerical value to a risk to qualify it's potential impact and likelihood.

Internal Control

Internal control refers to the processes, policies and procedures implemented by an organization to ensure the accuracy, reliability and integrity of it's financial and operational information.

According to Will Kenton 2024, internal controls are accounting and auditing processes used in a company's finance department so as to ensure the integrity of financial reporting and regulatory compliance. Internal controls help companies to comply with laws and regulations so as to prevent fraud. They can also help improve operational efficiency by ensuring that budgets are adhered to, policies are followed, capital shortage are identified and accurate reports are generated for leadership.

Internal controls are typically comprised of control activities such as authorization, documentation, reconciliation, security and the separation of duties. They are broadly divided into preventative, detective, corrective and control activities.

Preventive control is designed to prevent errors or irregularities from occurring such as authorization and approval procedures.

Detective controls on the other hand, is designed to detect errors or irregularities after they have occurred, such as audits and reviews. Finally, corrective controls is designed to correct errors or irregularities after they have been detected, such as procedures for correcting accounting errors.

Internal control is of great importance because it helps in accurate financial reporting, prevention of fraud and errors, compliance with laws and regulations, as well as operational efficiency. The importance and usefulness of internal control notwithstanding there several challenges that hinder the effectives implementation of internal control.

They include:

1. Cost and resource constraints: implementation of internal control can be costly and will require significant resources.
2. Complexity: internal control can be complex, especially in large and complex organizations.
3. Human error: internal control is not foolproof and can be susceptible to human error.

Risk Appetite

This refers to the amount of risk that an organization is willing to accept in pursuit of its objectives. It is a key concept in risk management and is used to guide decision-making and ensure that risks are taken in a controlled and informed manner.

Gabriella Lamanda and Zsusaanna Tamasne Voneki (2015) are of the opinion that risk appetite has a framework for operational risks, highlighting the importance of identifying and measuring risk appetite in strategic planning and risk management.

Again, Geert Bekaert, along with Eric C. Engston and Nancy R. Xu (2022) in their paper "The Time Variation in Risk" were of the opinion that risk appetite and uncertainty can inform investment decisions, risk management strategies and monetary policy. They were able to arrive at their findings by developing a dynamic no-arbitrage asset pricing model that incorporates time-varying risk aversion and economic uncertainty.

Furthermore, Prasanna Gai and Nicholas Vause (2005) argued that there is a new method for measuring investor risk appetite, which is based on a comparison of risk-neutral probabilities of future returns with corresponding subjective probabilities.

This Prasanna Gai et al (2005) modality succeeded in distinguishing risk appetite from risk aversion.

Theoretical Framework

Theories reflect previous studies and analysis that have been conducted in your field. They propose explanations for phenomena that occur in an area of study. Over time theories are re-examined, refined and sometimes discarded in favor of new ones, always with the purpose of providing ever more accurate explanations for the dynamics that operate in our world.

This study is guided by three risk assessment, theories and models, (2) five private investment theories (3) and three economic growth theories.

(1) The three risk assessment theories include Expected Utility Theory (EUT) Prospect Theory (PT), and Modern Risk Assessment Models. (2) The private investment theories consist of Net Present Value (NPV),

internal Rate of Return (IRR) theory, the payback Period Theory (PBP), Real Options Theory, and the capital Asset Pricing Model. (3) The Economic Growth Theories on the other hand, comprises of Classical growth theories, the Neoclassical growth theory and the endogenous.

Growth Theory

1. **Risk Assessment Theories**

These are theories that guide how commercial banks, make investment decisions. These theories include:

a. Expected Utility Theory: This is a fundamental concept in decision theory and economics that describes how individual make choices under It can implore the use of mathematical structure just as Grant and Van Zandt did in their paper "expected utility theory" published in 2007. This theory is a guide to this research because it helps commercial banks in arriving at an optimal decision in the time of risk and uncertainty.

Mathematically: Expected Utility Formula (EU)=

(EU) = £ (P*U) where:

EU = Expected Utility

P= Probability of each outcome

U= Utility of each outcome

This is a behavioral economic theory that describes how people make decisions under uncertainty. It was developed by Daniel Kahneman and Amws Tversky in 1979, it challenges the traditional expected utility theory (EUT) by incorporating psychological and emotional factors into decision-making. This theory is also important to this study because it helps in proper decision making when confronted with risk and uncertainty.

b. **Modern Risk Assessment Models:** These models have evolved so as to address the complexities of today's business landscape. Modern risk assessment models can be used individually or in combination to create a comprehensive risk management strategy. By leveraging these models, commercial banks, organizations, can better navigate the complexities of today's business landscape and achieve their objectives. Some of these models are

bi. Probability and Impact Matrix Model: This model evaluates and prioritizes risks based on their likelihood of occurrence and potential impact.

bii. Risk Data Quality Assessment Model: This model assesses the reliability and credibility of risk data, ensuring that risk management decisions are based on accurate information.

biii. SWOT Analysis Model: The modality of this classic model is the identification of the internal strengths and weaknesses, as well as the external opportunities and threats.

biv. Root Cause Analysis Model: This model goes for the underlying causes of risks, allowing for more effective mitigation strategies.

bv. Artificial Intelligence and Machine Learning Model: Particularly useful for managing complex, interconnected risks. This model use advanced analytics to identify potential risks, predict future risks and optimize risk mitigation strategies.

2. Private Investment Theories

These are theories that explain how businesses and individuals make investment decisions. These theories comprises of:

a. Net Present Value (NPV) Theory: Net Present Value is also a theory guiding this research because it helps commercial banks in making more informed investment decisions. Net Present Value (NPV), a widely used metric in finance and economics is used to evaluate the profitability of an investment or project. It calculated the present value of future cash flows from an investment; the formular for NPV = E (CFt/(1+r)t)^-1

Where= CFt= cash flow at time t

r= discount rate

t= time period

i= initial investment

NPV can be positive, negative or zero.

Positive NPV: This implies that investment is expected to generate value.

Negative NPV: Which NPV negative, investment will yield to loss of wealth

Zero NPV: Zero NPV is the breakeven point of any investment. Above this point, the NPV is positive while below this point, the NPV is negative.

Internal Rate of Return (IRR) Theory: The understanding of the IRR help the commercial banks to make more informed investment decisions as they evaluate the potential profitability of different opportunities.

By definition, internal rate of return is a metric used in finance and economics to evaluate the profitability of an investment or project. It is that discount rate at which the net present value (NPV) of an investment equals zero.

The formula for IRR is given as

O=£ (CFt/(1+IRR)^t)-1 where

CFt= cash flow at time t

IRR= Internal Rate of Return

t= time period

I= Initial investment

IRR can be high, low, greater than cost of capital or less than cost of capital

High IRR: investment is more attractive when IRR is high.

Low IRR: investment is less attractive when IRR is low.

IRR> cost of capital: this implies that investment is expected to generate value.

IRR< cost of capital: this implies that investment is not going to yield profit.

Payback Period Theory (PBP): This is also measure used in finance and economics to evaluate the attractiveness of an investment to generate cash flows that equal its initial cost.

The formula for PBP= $\frac{\text{Initial investment}}{\text{Annual cash flow}}$

The understanding of the PBP helps the commercial banks to make informed investment decisions as well as to be able to evaluate the potential liquidity of different opportunities.

Real Options Theory: This is a frame work used to evaluate investments and strategic decisions, recognizing that they often involve flexibility and uncertainty. Concisely, real options theory, applies financial options pricing models to real-world investment decisions, considering the value of flexibility and uncertainty. This theory is useful to commercial banks because it has some advantages embedded in it which include:

i. Consideration for Uncertainty: This implies that the theory recognizes the uncertainty inherent in investment decisions.

ii. Values Flexibility: This theory quantifies the value of flexibility in investment decisions.

iii. Improves Decision Making: Real options theory provides a framework for evaluating investment decisions under uncertainty.

Capital Asset Pricing Model: To the commercial banks in Nigeria, Capital Asset Pricing Model is useful in the following ways aim applications:

1. Portfolio Management: (CAPM) is used to construct and manage portfolios.
2. Investment Analysis: CAPM is used to evaluate individual investments and compare their expected returns.
3. Capital Budgeting: CAPM is used to evaluate investment projects and determine their expected returns.
4. Capital Assets Pricing Model (CAPM): is a widely used financial model that describes the relationship between the expected return of an investment and it's risk.

3. Economic Growth Theories

These are the theories from economic school of thoughts, and they provide alternative explanations for economic growth. These economic growth theories provide different perspectives on the drivers of economic growth and development, and is very useful to commercial banks because they can be used to inform policy decisions and investments in various sectors.

According to Nwokoye (2024) in her lecture on business cycle theories, there are basically three of these theories which formed the foundation for other business cycle theories. These 3 foundational business cycle theories include the classical, the Keynesian and the monetary business cycle theories.

i. The Classical Theory: The Classical Theory argue that business cycle should not be controlled by the government but should be controlled by the market forces. To them, business cycle will achieve equilibrium at that price where quantity demanded equates the quantity supplied. By adapting the classical theory commercial banks can control the economy by adopting the policy of Laissez Faire which according to the classicals, is concerned with the control of money supply. Being in control of the economy by being in control of the money supply will help the commercial banks in evaluating business decisions. This is because the level of money supply determines the viability of any business. Business tends to thrive when the level of money supply is relatively higher and vice versa.

ii. The Keynesian Theory: The Keynesians condemned the Laissez Faire principle of the classical and argue that government control of business cycle is a pre-requisite to the smooth running of the economy. They are of the opinion that government should look for ways of improving aggregate demand so as to stimulate the efficient level of outputs which will in turn, improve aggregate demand. Consequently, the government should adopt the expansionary fiscal policy, which consist of reduction in taxation, increase in the levels of transfer payments, etc., as well all these will help improve the business activities of the commercial banks.

The Keynesian economic growth theory is a guide to this research because to the commercial banks, expansionary fiscal policy will bring about an increased injection to the circular flow with the consequent reduction in taxation, which will amount to a huge reduction on the expenditure of the commercial banks, meaning that the banks will be left with more money at their disposal for investment projects.

iii. The Monetarism: This school of thought is led by Milton Friedman and holds that the economy can be controlled if money supply can be controlled. They are different from the Keynesians because they opine that all economic problems arise from or as a result of mismanagement of money supply. They advocate for monetary policy in the place of fiscal policy.

This policy is a guide to this study because expansionary monetary policy measures will be taken especially during the time of deflation so as to boost the level of money supply. To the commercial banks in Nigeria, a boost on the level of money supply will bring about increase in the level of profitability of investments. Conversely, contractionary monetary policy will be undertaken during the time of inflation so as to checkmate the excesses in the volume of money supply in the economy. To the commercial banks loss in the purchasing power of money will be put in check because inflation is already being controlled.

Research Methodology

Research Design

The research design used was descriptive survey. The descriptive survey design encompassed quantitative and qualitative methods of data collection and analysis. Kothari (2002) asserts that descriptive survey is a method of collecting information or administering a questionnaire to sampled individuals. The choice was considered appropriate because the study requires the opinion of people to describe the prevailing circumstances.

According to Magenda and Mugenda (2003), survey design is the most suitable type of design when it comes to exploring the existing status of variables and is a useful scientific tool to employ when investigation is made into the opinion of representative sample of the target population so as to have the rough perception of the entire population. Survey research design was suitable because it sought to obtain information that describes existing phenomena by asking respondents about the commercial bank risk assessment, private investment and contribution to economic growth in Nigeria.

The respondents for this study were from the Fidelity Bank of Nigeria, it's supposed to be carried out in all the branches of the banks in the country. However, as a result of time constraints only their regional offices at Nnewi were studied and used as the control for all the branches in the country. The population is 150.

Sample and Sampling technique of the study

This refers to the process of selecting respondents that are true representative of the total population of the study Modum (1995). In order to determine the sample size of the Fidelity Bank, Access Bank and Zenith Bank staff and customers, managers, the researcher made use of the simple random sample technique. This technique is easier to use and as a result, Taro Yamane formula was used and is illustrated as:

n= $^{N}/_{HN\,(e)}{}^{2}$, where

n= sample size

N =population size

e= level of significance (5% or 0.05)

1= constant value

Therefore, by Taro Yamane

N = $^{N}/_{1}+N(e)^2$

= $150/1+150(0.05)^2$ =150/1+150(0.025)

150/1+0.375= 150/1.375 = 109.09 -109

Therefore, the sample size= 109

Instrument of data collection

The data for this research was collected by the use of the questionnaire in collecting the data, the questionnaire was administered on the following sets of respondents.

1. Staff of Fidelity bank, Zenith bank and Access Bank.
2. Mangers of the above selected banks and
3. Some customers of these banks.

Oral interview was also used to elicit the necessary information that the respondents did not find easy to provide on the questionnaire.

Secondary data was also used. The secondary data used were sourced from relevant print outs such as textbooks, magazines, journals, conference papers, newspapers, paper published online, etc.

Validity of the Instrument

According to Nachimias and Nachimias (1996), validity is the degree to which results obtained actually represent the phenomenon under study. Assistance was sought from the supervisor in validating the value content of the instrument, that is whether the questions in the instruments actually measured what they were intended to measure. Modification of the themes were made where necessary. Any item found to be ambiguous in eliciting relevant information was corrected.

Reliability of the instrument

Reliability is the measure of the degree to which a research instrument yields consistent results after repeated trial (Kombo &Tromp, 2020). The reliability of the instruments was established by pilot study administered to Fidelity Bank manager, 5 Access Bank staff and 10 Zenith Bank customers. The test-retest method was applied. This involved administering the same questionnaire at an interval of one week to the same group, and then comparing the two scores. This was aimed at verifying if the results would be consistent.

The Pearson Product Moment curriculum coefficient (r) was used to estimate the correlation coefficient of the two tests. It gave a correlation of 0.812, according to Gay (1992) reliability level of an instrument is acceptable if it ranges from .07 and above. Therefore, the instruments used in this study where reliable.

Method of Data Analysis

The researcher chooses to represent the data collected in the tables of frequency, using simple percentage method of analysis. Thus:

= Number of Responses /Total Population x 100

Data Presentation and Analysis

This is about the presentation and analysis of the data obtained with the questionnaire. Analysis of data is discussed in line with the research questions of the study. The procedure adapted entails the presentation of the research questions with the corresponding responses in a table and subsequently analyzing them using the simple percentage method.

Research Question One

What are the commercial banks assessment risks?

Responses	No of Respondents	Percentage
Liquidity Risks: That is the ability or inability to access cash	34	31.19 %
Market Risks: This arises from banks activities in capital market	20	18.35 %
Credit Risks: This arises when borrowers fail to meet contractual obligations	35	32.11 %
Operational Risks: Occurs as a result of loss, interruptions or damages caused by people, systems or processes	20	18.35 %
Total	109	100%

Source: field survey, 2025

The table above shows that 34 respondents representing 31.19% of the sample agree that market risks are commercial banks assessment risks.35 respondents representing 32.11% of the total sample agree that credit risks are commercial banks assessment risks.

Finally, 20 respondents representing 18.35% of the sample agree that operational risks, constitute commercial banks assessment risks.

Research question 2

Do commercial banks engage in private investment?

Responses	No of respondent	Percentage
Yes	40	36.70%
No, instead they focus on providing financial services to individuals and businesses	60	55.05%
Not sure, they do	9	0.08%
Total	109	100%

Source: field survey 2025.

The above table shows that 40 respondents representing 36.70% 36.70%of the sample, agree that commercial banks does engage in private investment. On the other hand, 60 respondents representing 55.05% of the sample, argue that commercial banks do not engage in private investments but instead, does engage in providing financial services to individuals and businesses.

Finally, 9 respondents representing 0.08% of the sample are not sure if commercial banks do engage in private investment.

Research question Three

Do commercial banks contribute to economic growth in Nigeria?

Response	No of respondents	Percentage
Yes	109	100%
No	0	0%
Not sure	0	0%
Total	109	100%

Source: field survey 2025

The above table shows that 109 respondents, representing 100% of the total sample, agree that commercial banks contribute to the economic growth in Nigeria. On the other hand, 0 respondents representing 0% of the product on sample believe that commercial banks do not contribute to economic growth in Nigeria.

Lastly, 0 respondents representing 0% of the population sample, are not sure that commercial banks contribute to economic development in Nigeria.

Research question 4

Are there solutions to the challenges commercial banks face as they strive to foster economic growth in Nigeria?

Responses	No of respondents	Percentage
Short Term Solutions: This constitute the solutions commercial banks face as they strive to foster economic growth and are in the form of upgrade in digital technology, development of strategic partnership, and enhancement of risks assessment and monitoring to reduce non-performing loans.	24	22.02 %
Medium Term Solutions: This constitute another set of solutions, and are in the form of expanding lending to key sectors like agriculture, manufacturing, renewable energy. Also. It is in the form of encouraging innovation and entrepreneurship within the bank and among customers, provision of training and development programs for staff to improve skills and knowledge.	25	22.94 %
Long Term Solutions: This category of solutions is in the form of fostering collaboration with other stakeholders to promote economic growth and development, education of customers and the general public on financial literacy and planning	60	55.05 %
Total	109	100%

Source: Field Survey, 2025.

The above table shows that 24 respondents representing 22.02% of the sample, are of the opinion that short-term solutions consist the solutions to the challenges commercial banks face as they strive to foster economic growth in Nigeria. 25 respondents, representing 22.94% are proponents for medium term solutions, while 60 respondents, representing 55.05% argue that long term solutions are the solutions to the challenges which commercial banks face as they strive to foster economic growth in Nigeria.

Summary of Research Findings

Summarily, the analysis revealed that liquidity risks, market risks, credit risks and operational risks are commercial banks assessment risks. In addition to the above, the analysis revealed that commercial banks do engage in private investment, but also, they do focus on providing financial services to individuals and businesses.

Furthermore, it was verified that commercial banks do contribute to economic growth in Nigeria.

Finally, the solutions to the challenges commercial banks face as they strive to foster economic growth in Nigeria were verified to be categorized into short term solutions, medium term solutions and long-term solutions.

Conclusion

In conclusion, commercial banks in Nigeria play a crucial role in the country's economy. Their risk assessment impact, private investment activities, and contribution to economic growth are essential for sustainable development.

By adopting effective risk assessment strategies, investing in private sector project and supporting entrepreneurship, commercial banks in Nigeria can contribute significantly to the country's economic growth and development.

Recommendation

Having conducted thorough research on commercial Banks risk assessment, private investment and contribution to economic growth in Nigeria, the following recommendations should be made so as to improve their risk assessment, private investments and contribution to economic growth.

Risk Assessment Recommendation

1. Implementation of Robust Risk Management Frameworks: Commercial banks should adopt comprehensive risk management framework that identify, access, monitor and mitigate risks.

2. Use Advanced Risk Assessment Tools: Banks should leverage advance risk assessment tools such as credit scoring models, stress testing and sensitivity analysis.

3. Enhance Credit Risk Assessment: Banks should improve their credit risk assessment processes to reduced non-performing loans.

Private Investment Recommendations

The commercial banks should implement the following measures in order to improve their private investment.

1. Increase Investments in key sectors: Commercial banks should increase their investment in key sectors such as agriculture, manufacturing and infrastructural development.

2. Support Small and Medium Enterprises (SMESs): Banks should provide financing and advisory services to SMEs to support their growth and development.

Regulatory Recommendations:

1. Promotion of Transparency and Disclosure: Regulatory authorities should ensure the promotion of transparency and disclosure by commercial banks so as to enhance accountability and trust.

Finally, this work in highly recommended for scholars in the field of economics, business, finance and banking. This is because the research is an embodiment of useful knowledge that will be helpful to scholars in the above disciplines.

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