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COMPARATIVE ANALLYSIS OF EFFICIENT PERFORMANCE OF CONVENTIONAL AND NON-CONVERTIONAL BANKS IN NIGERIA 2012-2018

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Abstract
This study investigated the efficient financial performance of conventional bank and non-conventional bank in Nigeria.The study adopted ex-post factor research design. The population of this study comprised of one non-conventional bank (Jaiz Bank) in Nigeria and one conventional bank (GTB) in Nigeria. The study utilized secondary data which was obtained from the financial statement of Jaiz Bank and GTB in Nigeria. The data collected for this study was analyzed using T-test to test the efficiency of the financial performance of the conventional banks and non-conventional bank in Nigeria. The study found that there is a significant different of efficiency ratio such as asset utilization ratio (AU), income expense ratio (IER) and operating efficiency ratio (OER) between non-conventional bank (Jaiz Bank) and conventional banks (GTB) in Nigeria. The result shows that GTB has higher mean score on AU and OER while Jaiz bank has higher mean score on IER. This implied that GTB is more efficient compared to Jaiz bank in Nigeria.

Key words: Conventional Bank, Non-conventional Bank, Efficiency Ratio, Financial Performance

INTRODUCTION

The financial performance of traditional (conventional) banks is unique from Islamic (nonconventional) banks performance, and this could be attributed to differences in their efficiency ratio. However the problem that need to be address is to determine whether financial performance determinants such as efficiency ratio of nonconventional and conventional banks in Nigeria have any variation in terms of their asset utilization, income to expense ratio and operating efficiency or not.

There are a lot of disagreement or debate regarding the difference in financial performance between Islamic (non-conventional) banks and conventional banks all over the world, while some scholars argued that Islamic banks has better financial performance compared to conventional banks, other scholars argued contrary. For instance, according to Javaid, Anwar and Zaman (2011) Islamic banking has been established since long time, yet its financial performance is not on par with conventional banking. Similarly, El Massah and Al-Sayed (2015) argued that Islamic banking is outperformed by conventional banking and as a result placing the performance (in term of efficiency) of the Islamic banks below the conventional banks. Also, Fayed(2013) argued that conventional banks are better than Islamic Banks in terms of capital adequacy, asset quality, earnings quality, liquidity quality and management quality. On contrary, Manarvi and Muhammad (2001) and Momeneen and Jaffar (2001) as cited in Milhem, and Istaiteyeh (2015)argued that Islamic banks are better in processing adequate capital and present a better liquidity position compared to conventional banks. Similarly, Abdul-Hamid and Azmi (2011) argued that Islamic bank is relatively more liquid and less risky as compared to conventional banks.

Several studies done in this area focused on comparative study of financial performance of Islamic banks and non-Islamic banks.For example, Siraj and Pillai (2012)analyzed the differences in bank characteristics of Islamic and conventional banks in Malaysia, in terms of operational efficiency, profitability, liquidity, capital adequacy and asset quality, corporate governance issues and economic conditions. Fayed (2013) carried a comparative study between Islamic Banks and Conventional Banks in several Arab countries and used CAMEL framework. Abdul-Hamid and Azmi (2011) conducted a comparative study of financial performance between one Islamic bank and eight conventional banks in Malaysia, the study measured financial performance of the selected banks with profitability and risk and solvency. Akhter, Raza and Akram (2011) examined the efficiency of Islamic bank in relation to two conventional banks in Pakistan using profitability, liquidity risk and credit risk. Milhem and Istaiteyeh (2015) investigated the performance of Islamic banks versus conventional counterparts in

Jordan using financial ratios such as profitability, liquidity, risk and solvency, and efficiency.

No study has been carried out on a specific financial performance determinant such as efficiency ratio of conventional and non-conventional banks in Nigeria. It is in the light of the above that this study seeks to analyze the efficient performance of conventional and non-conventional banks in Nigeria, using Asset Utilization (AU), Income to Expense Ratio (IER), and Operating efficiency (OE).

LITERATURE REVIEW

Conceptual Clarification

Conventional Banks

According to Ljerka, Stella and Dario (2017) conventional bank are kind of financial institution that provides or offers services such as making business loans, acceptance of deposits, offering basic investment product and that deals with interest. In other words, Conventional Banks (CBs) are type's banks that borrow money from depositors at a low interest rate and lend them to borrowers at a high interest rate. Conventional banking follows traditional activity based principle, whereas, non-conventional banking is based totally on interest free precept and principle of earnings and loss sharing in performing their commercial enterprise as intermediaries (Miniaoui & Gohou, 2011)

Non-Conventional (Islamic) Bank

Moin (2011) defined Non-Conventional banking as banking in consonance with the ethos and value system of Islam and governed, in addition to the conventional good governance and risk management rules, by the principles laid by Islamic Shariah. Islamic banking, additionally recognized as non-interest banking, is a banking gadget that is based totally on the ideas of Islamic or Sharia regulation and guided by way of Islamic economics. Two vital concepts of Islamic banking are the sharing of earnings and loss, and the prohibition of the collection and price of interest by means of lenders

and investors. Islamic banking is interest free banking; making it compulsory to take active part in business profit and loss sharing. Islamic law prohibits gathering pastime or "riba." Islamic banking on the other hand, is the type of banking that is always consistent with the Principles of sharia. Islamic banking has different banking principles, equity structure, rules and regulation when compared to conventional banking system (Javaid, S., Anwar, J., & Zaman, 2011).

According to Halkano (2012) the predominant target of Islamic banking is to create surroundings which are empty from pastime based contracts. To get rid of the fixed return on capital there must be something instead that used to be by the advent of interest free financing. The Islamic law sharia prohibited the eradicated chance like activity financing, and the effort much less transactions. The merchandise provided based on Islamic law sharia are based totally on income and loss sharing because there is no danger free based. Islamic banks promote threat sharing practices to eradicate hobby based financing (Halkano (2012).

Financial performance

The "Performance" is a word originates from the old French word 'Parfournir'; whose meaning is to bring through, to carry out, to do or to bring forth. Performance is an act of performing, implementing, achieving, and fulfilling of the given tasks that needs to be measured against defined sets of precision, money, fullness and timing. In finance, it refers to the measurements of the company's policies, activities and operational results in financial terms. It is used to check a company's success, compliance and financial position. These results are reflected in the firm's return on investment, assets, equity, capital employed and profitability (Ibrahim, 2016). Financial performance is an extent to which a company financial health over a period of time is measured. In other words, it is a financial action used in order to generate higher sales, profitability and worth of a business entity for its shareholders through managing its current and non-current assets, financing, equity, revenues and expenses. Its main purpose is to provide complete to the point information to shareholders and stakeholders to encourage them in making

decisions. It can be used to evaluate similar companies from the same industry or to compare industries in aggregation. Managing risk and increasing profitability of a firm within the corporate governance compliance is an essence of making good decisions (Jaffar & Manarvi, 2011). In order to take timely decision, accurate information and proper analysis of the sector is necessary. The non-financial business region is a vital part of a country's financial system. For that purpose, a stable and sound work base is necessary for country economy wellbeing. One of the best ways of evaluating a sector financial performance is by the use of financial or ratio analysis. It shows the relation between one quantity or performance indicators over another, expressed mathematically and tries to summarize huge database for one eye view regarding the financial performance of a firm. According to Max Weber, the relationship between two or more things expressed mathematically is known as financial ratios (Havidz & Setiawan, 2015 and Ibrahim, 2015).

Efficiency

Efficiency Ratios: Efficiency ratios reflect the productivity of a bank in terms of how efficient and effective the banks are in managing its assets to generate the highest possible return in light of banks risk profile (Elsiefy, 2014).These ratios include the following ratios:

Asset Utilization Ratio (AU) = Total Revenue/Total Asset: It's an efficiency measure on how effectively banks are well in utilizing all of its assets (Moin, 2008; Widagdo and Ika, 2008 as cited in Elsiefy, 2014).

Income Expense Ratio (IER) = Total Income/ Total Operating Expenses: It is an efficiency measure showing the relationship between company income and total expense. The higher the income expense ratio, the higher is efficiency (Moin, 2008 as cited in Elsiefy, 2014).

Operating Efficiency Ratio (OE) = Total Operating Expense/Total Operating Revenue: This ratio indicates how efficiently firm uses its assets, revenues and in minimizing their expenses (Widagdo and Ika, 2008 as cited in Elsiefy, 2014 and Ljerka, Stella and Dario,

2017). Lower operating efficiency ratio is preferred over higher operating efficiency ratio as lower operating efficiency ratio indicates that operating expenses are lower than operating revenues (Moin, 2008 as cited in Ljerka, Stella and Dario, 2017).

Efficient Financial Performance of Conventional Banks and Non-conventional Bank

Ashikur, Thurai and Shazali (2016) examined he financial performance of Islamic banks and non-Islamic banks from 2003 to 2010 in Malaysia by applying the theory of Sharī'ah Conformity and Profitability model. The study used accounting ratios which included profitability ratio, liquidity ratio and credit risk ratio to measure the financial performance of the Malaysian banks. The study sampled two Islamic banks and five non- Islamic banks in Malaysia. The data used for the study were collected from the annual report of each bank which is already posted in the respective company's web site. And t-test statistics was used to analyze the data collected for the study. The study found that conventional banks perform better in profitability, while Islamic banks perform better in liquidity and credit risk. In t-test of the return on asset (ROA) and total equity to net loans, there are no major difference between Islamic banks and non-Islamic banks. In the return on equity and common equity to total assets, there are statistically significant differences in these two groups. The statistically significant difference was shown in the area of liquidity which means that the Islamic banks liquidity performance has major difference with the non-Islamic banks. The study focused on profitability ratio, liquidity ratio and credit risk ratio as financial performance determinant which differs from the present study that focus on efficiency as financial performance determinant and used asset utilization (AU), income to expense ratio (IER), and operating efficiency (OE). Also the study did not state clearly the research design adopted, which differs from the present study that used ex-post factor research design.

Milhem and Istaiteyeh (2015) investigated the performance of Islamic banks versus conventional counterparts in Jordan over the period (2009-2013) using financial ratio analysis. A total of 16 banks (13 conventional and 3 Islamic) were considered. A

comparative study is undertaken based on performance indicators, 13 financial ratios were estimated to measure performances in terms of profitability, liquidity, risk and solvency, and efficiency. The data were obtained from banks annual financial statements in order to assess banks performance. In addition, the study utilized data collected from secondary sources such as annual reports of commercial banks in Jordan for the period of (2009-2013). T-test was used in determining their significance. The study found that there are differences in performance between Islamic and conventional banks in Jordan during study period in terms Islamic banks are less profitable, more liquid, less risky, and less efficient comparing to conventional banks. The study also found that there was no significant difference in profitability ratios, but there was a significant difference in liquidity ratios and risk and solvency ratios between conventional and Islamic banks. The study focused on financial performances in terms of profitability, liquidity, risk and solvency, and efficiencywhich is different from the present study that focus on efficiency as financial performance determinant and used asset utilization (AU), income to expense ratio (IER), and operating efficiency (OE).

Abduh and Pananjung (2013) investigated the efficiency and performance of five Islamic banks in Bangladesh. The study adopted exploratory research design. The data used for the study were collected through the published annual reports of the five banks from the year of 2006 to 2010. To measure the efficiency and performance, the study used ratio analysis for measuring the performance and data envelopment analysis with Malmquist Index to measure the efficiency of the Islamic bank. The result concludes that Shajalal Islamic bank has performed better than other Islamic banks in terms of ratio analyzed. The result of Data envelopment analysis reveals that the trend of all Islamic banks was on the rising stage during year 2006 to year 2010, suggesting that the Islamic banks have improved their efficiency over the study period. The study focused on efficiency of only Islamic banks in Bangladesh which is different from the present study that focused on efficiency of both Islamic and non-Islamic banks in Nigeria.

Abdul-Hamid and Azmi (2011) conducted a comparative study of financial performance between one Islamic bank eight conventional commercial banksin Malaysia for the period 2000-2009. The financial measurements used in this research are based on the criteria such as profitability, risk and solvency, and community involvement. The study evaluated inter-temporal and interbank performance of the pioneer of Islamic banking in Malaysia using. T-tests was used in determining their significance. The study used data for one Islamic bank for the period of 2000-2009 while the data used for eight conventional banks was from 2005 to 2009. The study found that while there is no significant difference in profitability during these two periods, Islamic bank is relatively more liquid and less risky as compared to conventional banks. This study was done in Malaysia and focused on profitability, risk and solvency as financial performance measurement which is different from this study that was done in Nigeria and focused on efficiency using utilization (AU), income to expense ratio (IER), and operating efficiency (OE) as financial performance measurement

Akhter, Raza and Akram (2011) examined the efficiency of Islamic bank in relation to two conventional banks in Pakistan. The study adopted ex post factor research design. The study used the financial ratios to measure profitability, liquidity risk and credit risk for the years 2006-2010. The study also used trend analysis to check the trends of the balance sheet and income statement numbers. The study obtained data from the annual report and financial statement of the selected banks. The found that no significant difference is observed between the two types of banks in respect of profitability and a divergence in liquidity and credit performance. The trend analysis showed a good trend of balance sheet of the Islamic bank while in income statement, there was no meaningful difference. The study was done in Pakistan and focused on profitability, liquidity risk and credit risk ignored efficiency ratio and other financial performance indicators. The present study was done in Nigeria and focused on efficiency using utilization (AU), income to expense ratio (IER), and operating efficiency (OE) as financial performance measurement.

METHODOLOGY

The study adopted ex-post factor research design. The population of this study comprised of one non-conventional bank (Jaiz Bank) in Nigeria and one conventional bank (GTB) in Nigeria and covered the period of 2012 to 2018. The study used secondary data which was obtained from the financial statement of Jaiz Bank and GTB in Nigeria. The data collected for this study was analyzed using T-test to test the efficiency of the financial performance of the conventional banks and non-conventional bank in Nigeria. Specifically, the financial performance of GTB and Jaiz bank in Nigeria. Efficiency ratios measure how effectively and efficiently the firm is managing and controlling its assets. Higher value of these ratios is taken as good indicator which means firm is doing well. Ratios used to measured efficiency of the selected banks were: Asset Utilization (AU), Income to Expense Ratio (IER), and Operating efficiency (OE).

Model Specification

T-test model used was expressed as follows:

Efficiency Variables;

Asset Utilization (AU),

Income to Expense Ratio (IER), and

Operating efficiency (OE)

$$t = \frac{\overline{CBEr_I} - NCBEr_I}{\sqrt{\frac{SCBEr_i}{n-1} + \frac{SnCBEr_i}{n-1}}}$$

$$SCEr_{it} = \sum (CBEr_{it} - CBEr_{it})^2$$

$$SNCEr_{it} = \sum (CBEr_{it} - \overline{NCE}r_{it})^2$$

RESULTS AND DISCUSSION

The efficient financial performance of conventional bank and non-conventional bank are presented below

Efficiency Ratios

Efficiency Ratio was measured by Asset Utilization Ratio (AU), Income Expense Ratio (IER) and Operating Efficiency Ratio (OER).

Asset Utilization Ratio (AU) = Total Revenue/Total Asset

Table 1 Group Statistics for Asset Utilization Ratio (AUR)

	Group	N	Mean	Std. Deviation	Std. Error Mean
AUR	JAIZ	7	.0167	.01720	.00650
	GTB	7	897.4993	1645.49459	621.93850

Source: Researcher's Computation

Table 1 above show the group statistic of non-conventional bank (Jaiz Bank) and conventional bank (GTB) in Nigeria for Asset Utilization Ratio (AU = Total Revenue/Total Asset) as one of the proxy for Efficiency Ratio. The AUR of both sets of bank show different results in the different years. The results show that Non-conventional (Jaiz) bank has the mean value of 0.0167, std. deviation of 0.01720 and std. Error Mean of 0.0650 and conventional (GTB) banks has the mean value of 897.4993, std. deviation of 1645.49459 and std. Error Mean of 621.93850. Moreover, statistically there is difference between the means, std. deviation and std. Error Mean values of the two banks. The result show that GTB bank has higher mean, std. deviation and std. error values compared to that of Jaiz bank.

2a Independent Samples Test for AUR

		Levene's Test for Equality of Variances		t-test for Equality of Means	
		F	Sig.	T	Df
AUR	Equal variances assumed	5.625	.035	-1.443	12
	Equal variances not assumed			-1.443	6.000

Source: Researcher's Computation

2b Independent Samples Test

		t-test for Equality of Means			
		Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference
					Lower
AUR	Equal variances assumed	.175	-897.48254	621.93850	-2252.57012
	Equal variances not assumed	.199	-897.48254	621.93850	-2419.31122

Source: Researcher's Computation

2c Independent Samples Test

		t-test for Equality of Means
		95% Confidence Interval of the Difference
		Upper
AUR	Equal variances assumed	457.60503
	Equal variances not assumed	624.34614

Source: researcher's computation

Tables 2a, 2b and 2c above show the independent sample test computed of non-conventional bank (Jaiz Bank) and conventional bank (GTB) in Nigeria forAsset Utilization Ratio (AU = Total Revenue/Total Asset) as one of the proxy for Efficiency Ratio. If the sing. Value is greater or larger than 0.05, it means that the first line in the table, which refers to Equal variances assumed should be used to determine the difference between the two groups. And in determine the difference between the two groups, if the value of sig (2-tailed) column is equal or less than .05, it means there is significant difference between the two groups. While, if the value of sig (2-tailed) column is above or greater than .05, it means there is no significant difference between the two groups. Therefore, from the independent sample test computed above, the sing.

value and sing. (2-tailed) value is 0.035 and 0.199 respectively. Since the sing value (0.035) is less than .05 then, equal variances not assumed was used to determine the difference between the two groups. But since from the table the value of sing (2-tailed) which is 0.199 is larger or greater 0.05 it means there is no significant difference of asset utilization ratio (AUR) between Jaiz Bank and GTB.

Income Expense Ratio (IER)

Income Expense Ratio (IER) = Total Income/ Total Operating Expenses

Table 3 Group Statistics for Income Expense Ratio (IER)

	Group	N	Mean	Std. Deviation	Std. Error Mean
IER	JAIZ	7	10.3643	11.25887	4.25545
	GTB	7	.2130	.44889	.16966

Source: Researcher's Computation

Table 3 above show the group statistic of non-conventional bank (Jaiz Bank) and conventional bank (GTB) in Nigeria for income expense ratio (IER = Total Income/ Total Operating Expenses) as one of the proxy for efficiency Ratio. IER of both sets of bank show different results in the different years. The results show that Non-conventional (Jaiz) bank has the mean value of 10.3643, std. deviation of 11.25887 and std. Error Mean of 4.25545 and conventional (GTB) banks has the mean value of 0.2130, std. deviation of 0.44889 and std. Error Mean of 0.16966. Moreover, statistically there is difference between the means, std. deviation and std. Error Mean values of the two banks. The result show that Jaiz bank has higher mean, std. deviation and std. error values compared to that of Jaiz bank.

4a Independent Samples Test for IER

		Levene's Test for Equality of Variances		t-test for Equality of Means	
		F	Sig.	t	Df
IER	Equal variances assumed	5.526	.037	2.384	12
	Equal variances not assumed			2.384	6.019

Source: Researcher's Computation

4b Independent Samples Test

		t-test for Equality of Means			
		Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference
					Lower
IER	Equal variances assumed	.035	10.15133	4.25883	.87213
	Equal variances not assumed	.054	10.15133	4.25883	-.26166

Source: Researcher's Computation

4c Independent Samples Test

		t-test for Equality of Means
		95% Confidence Interval of the Difference
		Upper
IER	19.43053	-0.33254
	20.56432	0.33683

Source: researcher's computation

Tables 4a, 4b and 4c above show the independent sample test computed of non-conventional bank (Jaiz Bank) and conventional bank (GTB) in Nigeria for income expense ratio (IER = Total Income/ Total Operating Expenses) as one of the proxy for Efficiency. If the sing. value is greater or larger than 0.05, it means that the first line in the table, which refers to Equal variances assumed should be used to determine the difference between the two groups. And in determine the difference between the two groups, if the value of sig (2-tailed) column is equal or less than .05, it means there is significant difference between the two groups. While, if the value of sig (2-tailed) column is above or greater than .05, it means there is no significant difference between the two groups. Therefore, from the independent sample test computed above, the sing. value and sing. (2-tailed) value is 0.037 and 0.034 respectively. Since the sing value (0.037) is less than .05 then, equal variances not assumed was used to determine the difference between the two groups. Similarly, since from the table the value of sing (2-tailed) which is 0.34 is less than 0.05 it means there is a significant difference of income expense ratio (IER) between Jaiz Bank and GTB.

Operating Efficiency Ratio (OER).

Operating Efficiency Ratio (OER) = Total Operating Expense/Total Operating Revenue

Table 5 Group Statistics for Operating Efficiency Ratio (OER)

	Group	N	Mean	Std. Deviation	Std. Error Mean
OER	JAIZ	7	2.0183	3.26794	1.23516
	GTB	7	405.2342	676.02294	255.51265

Source: Researcher's Computation

Table 5 above show the group statistic of non-conventional bank (Jaiz Bank) and conventional bank (GTB) in Nigeria for operating efficiency ratio (OER = Total Operating Expense/Total Operating Revenue) as one of the proxy for efficiency ratio. OER of both sets of bank show different results in the different years. The results show that Non-conventional (Jaiz) bank has the mean value of 2.0183, std. deviation of 3.26794 and std. Error Mean of 1.23516 and conventional (GTB) banks has the mean value of 405.2342, std. deviation of 676.02294 and std. Error Mean of 255.51265.

Moreover, statistically there is difference between the means, std. deviation and std. Error Mean values of the two banks. The result show that GTB bank has higher mean, std. deviation and std. error values compared to that of Jaiz bank.

6a Independent Samples Test for OER

		Levene's Test for Equality of Variances		t-test for Equality of Means	
		F	Sig.	t	Df
OER	Equal variances assumed	26.301	.000	-1.578	12
	Equal variances not assumed			-1.578	6.000

Source: Researcher's Computation

6b Independent Samples Test

		t-test for Equality of Means			
		Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference
					Lower
OER	Equal variances assumed	.141	-403.21594	255.51564	-959.93670
	Equal variances not assumed	.166	-403.21594	255.51564	-1028.43311

Source: Researcher's Computation

6c Independent Samples Test

		t-test for Equality of Means
		95% Confidence Interval of the Difference
		Upper
OER	Equal variances assumed	153.50481
	Equal variances not assumed	222.00122

Source: Researcher's computation

Tables 6a, 4b and 4c above show the independent sample test computed of non-conventional bank (Jaiz Bank) and conventional bank (GTB) in Nigeria for operating efficiency ratio (OER = Total Operating Expense/Total Operating Revenue) as one of the proxy for efficiency ratio. If the sing. Value is greater or larger than 0.05, it means that the first line in the table, which refers to Equal variances assumed should be used to determine the difference between the two groups. And in determine the difference between the two groups, if the value of sig (2-tailed) column is equal or less than .05, it means there is significant difference between the two groups. While, if the value of sig (2-tailed) column is above or greater than .05, it means there is no significant difference between the two groups. Therefore, from the independent sample test computed above, the sing. value and sing. (2-tailed) value is 0.000 and 0.166 respectively. Since the sing value 0.000 is less than .05, then, equal variances not assumed was used to determine the difference between the two groups. Similarly, since from the table the value of sing (2-tailed) which is 0.166 is larger or greater 0.05 it means there is no significant difference of operating efficiency ratio between Jaiz Bank and GTB.

From the analysis computed for efficiency ratio which was measured by asset utilization ratio (AU), income expense ratio (IER) and operating efficiency ratio (OER). The result indicated that there is significant different between efficiency ratio of non- conventional (Jaiz Bank) and conventional bank (GTB) in Nigeria. In other words, the study found that there is a significant different of efficiency ratio such as asset utilization ratio (AU), income expense ratio (IER) and operating efficiency ratio (OER) between non-conventional bank (Jaiz Bank) and conventional banks (GTB) in Nigeria. GTB has higher mean score on AU and OER compared to Jaiz bank that has higher mean score on IER. This implied that GTB more efficient compared to Jaiz bank in Nigeria. The finding is in line with the finding of Al-Mamun (2014) who examined financial performance of Islamic banks and Conventional banks from 2003 – 2010 in Malaysia and found that conventional banks perform better in profitability, while Islamic banks perform better in liquidity and credit risks.

CONCLUSION AND RECOMMENDATIONS

Based on the findings from this study, given the data obtained for this purpose it was therefore concluded that there was significant different of efficiency ratio between conventional banks (GTB) in Nigeria and non-conventional bank (Jaiz Bank). The study therefore recommend that the government (policy makers) and the operators or managers of both non-conventional bank and conventional banks in Nigeria should always consider good policy with regard to efficiency ratio in order to keep improving the overall financial performance of their banks and to maintain the interest of both present and potential investors as well as present and potential customers.

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