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Income Mix and Liquidity of Nigerian Deposit Money Banks: Evidence from Dynamic Panel Models

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Abstract
Liquidity crunch is one of the greatest challenges that deposit money banks are confronted with which negatively affect their strength and stability and ultimately leading to collapse of some. Arising from this, the study focused on the "effect of income mix on liquidity of Nigerian deposit money banks."The study adopted an *ex post facto* research design, while ten out of all the listed banks were purposefully selected. The study obtained secondary data from the annual reports and accounts of the sampled banks from 2008 to 2017. Series of preliminary analyses involving descriptive and correlation analyses were conducted while generalized method of moment was employed in testing the hypotheses. The study found that all the variables of interest on income mix individually exhibit no significant effect on liquidity (P > 0.05), in effect, ratio of interest income, fee and commission income, foreign exchange income and other income were found to influence liquidity negatively while investment income was found to exert positive effect on liquidity. The study's conclusion arising from the findings is that income mix has significant positive joint effect on liquidity management. Arising from the conclusion, the study recommends that bank should keep diversifying their income base as such strategy significantly improves liquidity, while also improving on the interest income, fee and commission income, foreign exchange income and other income.