

**Title:** Predicting Banks Failure in Nigeria: A Test of Altman's Score Model.

**Author(s):** Ben-Caleb, E

**Outlet:** African Journal of Management and Administration, volume 4, Number 3 pp 154-160

**Date of Publication:** 2011

**Abstract:** Banks represent the nerve center of any modern economy, and its failure could induce a collapse of the payments system and cause severe dislocation of the real sector among others. The recent credit crises and near collapse of one-third of commercial banks in Nigeria has agitated the minds of people on the possibility of predicting the potential of their failure. This paper was set out to test the validity of the Altman's Z-score model in predicting the potential of failure of Nigerian banks. Z-score multivariate model and the t-statistics were used to analyze eight commercial banks' data. The result provided us with evidence of some level of validity of the model, but not sufficient to conclude that the failure potentials of banks in Nigeria can be accurately predicted by the Z-score model. However, the result reveals that Z score could portend a warning signal against reckless investment decision.