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OWNERSHIP STRUCTURE, BANK STABILITY AND THE FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN SOUTH SUDAN

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ABSTRACT: *Since independence in 2011 the Republic of South Sudan has witnessed growth in the financial systems and the overall economy. This has led to growth in the number of the financial institutions in the country. Central to this growth pattern are commercial banks both domestic and foreign-owned. However despite their presence within the country for the last half-decade there has been scant literature examining their stability in the face of the numerous internal factors and economic shocks. Hence the current research sought to determine the effect of ownership structure, bank stability and the financial performance of commercial banks in South Sudan. The study was primarily grounded on the CAMEL model and theory of the firm. The study further adopted the positivism philosophy which guided the research. The research employed a descriptive research design. The population for the study was all the 29 commercial banks in south Sudan from which the research targeted one senior manager. The research relied on a mixed methodology which encompassed both quantitative and qualitative data. Secondary data was collected for the period 2012-2017 from audited annual financial reports of individual banks and from the Central Bank of South Sudan reports while primary data was collected by use of a semi-structured questionnaire. The collected data was edited, sorted and coded into SPSS 23 for subsequent data analysis using SPSS 23 statistical analysis tool. The research utilized both descriptive and inferential statistical methods in the analysis. The statistical tests to be utilized in the study included t-tests, f-test, regression models and ANOVA models. The findings of the research were presented using frequencies, percentages, means, standard deviation, correlation coefficients, charts, tables and other statistical measures. The results of the study indicated there was a statistically significant moderating effect of ownership structure on the financial performance of commercial banks in South Sudan. The study recommends that the government should adopt better measures to safeguard public owned commercial banks to improve their efficiency and performance.*

KEYWORDS: *Foreign ownership, private-local ownership, public ownership, joint venture, financial performance*

INTRODUCTION

The main aim of commercial banks is to register better performance through sustained profitability and growth (Pearce & Robinson, 2011). However, attempts to realize such successes, are often affected by multiple operating market conditions such as the level of competition, stakeholders

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management, political landscape, business legal regime, the cost of doing business, new innovative products, internal organizational structure, emerging technologies, and effects of globalization (Kotler & Armstrong, 2013).

Banking is a critical sector in an economy and its performance should be monitored closely to safeguard the interest of a countries economy (Al Mamun, 2013). Banks are catalysts of economic growth through provision of financial services to the citizenry. Profitable performance of banks translates to economic growth and stability of an economy through financial sector stability (Beck, Hesse, Kick, & Westernhagen, 2009). Also a good performance of commercial banks is a key factor for a robust financial systems which can withstand volatility and shocks in the economy; however a poor performance can contribute to major financial crisis especially within emerging economies (Nimalathasan, 2008).

In recognition of the vital role the banking sector plays in economic development, there has been an upsurge of initiatives by Central Banks and Reserve Banks alongside other institutions worldwide such as the Basel Committee on Banking and Supervision and OECD to provide governance principles with a view of enhancing management and performance of this important sector. Most of these initiatives have prominently featured in developed nations such as: U.S.A., United Kingdom, Germany, Canada, and France among others with South Africa taking a lead in addressing corporate governance issues among developing nations in Africa (Elewechi, 2007).

According to World Bank (2013), there were over 10,000 operational commercial banks spread across the globe by December 2012. Out of these, 60% were located in developing countries which account for 80% of the total world population. Africa accounted for about 12% of this total, Asian country having 70%, and Latin America accounted for 17%. Ndoka, Islami, and Shima, (2017) acknowledged that commercial banks across the globe have been reeling from the chaos that erupted in the financial sector during the global financial crisis. This coupled with increasing internal pressures this has posed tremendous challenges on the financial soundness of commercial banks. Bekele (2015) further notes that poor financial risk management practices are lack of adequate internal controls have negatively impacted the financial performance of commercial banks. Jima and Raju (2015) concluded that external environment has been one of the main challenge that has been affecting the banking sector operations within commercial banks in East Africa.

In a study on the performance of commercial banks in Sri Lanka; Seelanatha (2010) indicated that the performance of commercial banks was dependent on the level of the institutional efficiency. On the other hand Jaber and Al-Khawaldeh (2014) sought to examine the factors contributing to positive profitability within the banks in Jordan. Findings from the study indicated that external factors such as inflation, Gross Domestic Product and the capital market capitalization have a strong impact on the performance of commercial banks. Nasserinia, Ariff and Fan-Fah (2014) studied how internal factors affect the performance of commercial banks in Japan. Findings from the study indicated that there was a negative relationship between capital adequacy, credit risk and performance of banks while management efficiency, liquidity and asset quality had a positive influence on the performance of commercial banks.

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Research Problem

Evidence from developing economies (Yener & David, 2008); indicate that a stable banking system is integral to promoting economical growth and development of institutions within the country. Abera (2012) indicates that internal bank specific factors are key to fostering the stability of commercil banking institutions. Beck, Hesse, Kick, and Westernhagen (2009) concluded that the stability of financial institutions is a key indicator of a well functioning economic system. Fang, Hasan, and Marton, (2014) indicate that a sound and stable financial sector in transition economies is essential for promoting institutional development and firm performance.

According to the IMF (2017) Article IV consultation press report; the republic of South Sudan has been experiencing macroeconomic imbalances which has dampened the ongoing macroeconomic stability endeavours and the structuring of the country's financial sector. The report further indicates that through regulatory mechanisms commercial banks have been required to adhere to statutory requirements on minimum capital which has reduced vulnerabilities in the banking sector. However despite setting up the minimum capital requirements for both foreign-owned and locally-owned banks only about half of the banks have been able to meet the requirements. The banking industry in the country is populated by regional banks mostly from Kenya which have been achieving relatively better performance than indigenous banking institutions in the country (FSNWG, 2015). The current study sought to examine how the ownership structure and bank stability affect the financial performance of commercial banks.

Objectives of the Study

i. To determine the influence of capital adequacy on the financial performance of commercial banks in South Sudan.
ii. To examine the influence of asset quality on the financial performance of commercial banks in South Sudan.
iii. To establish the influence of management efficiency on the financial performance of commercial banks in South Sudan
iv. To examine the influence of earnings on the financial performance of commercial banks in South Sudan.
v. To establish the influence of liquidity on the financial performance of commercial banks in South Sudan.
vi. To determine the moderating effect of bank ownership on the relationship between bank stability and the financial performance of commercial banks in South Sudan

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THEORETICAL FRAMEWORK

Table 1. Theoretical Underpinning

S/No	Theory	Objective supporting	Assumption of the theory	Limitations
Acharya and Yorulmazer, (2001)	Theory of systemic Risk	CAMEL framework	The theory holds that for a sound financial system the regulator should ensure that adequate prudential guidelines are put in place to assess the soundness of the entire sector not an individual entity.	The theorem is based on historical data which ignores the fact that future scenarios are shaped macroeconomic and geopolitical trends which are not observed hence limiting the theorem applicability in predicting future trends.
Jensen and Meckling (1976)	Theory of the firm	Ownership Structure	The theory sought to examine the ownership and control within a firm. The theory holds that dominant shareholders have enhanced control in decision making and management practices.	The theory fails to take into account how the environmental factors can limit the control exercised by owners of a firm.

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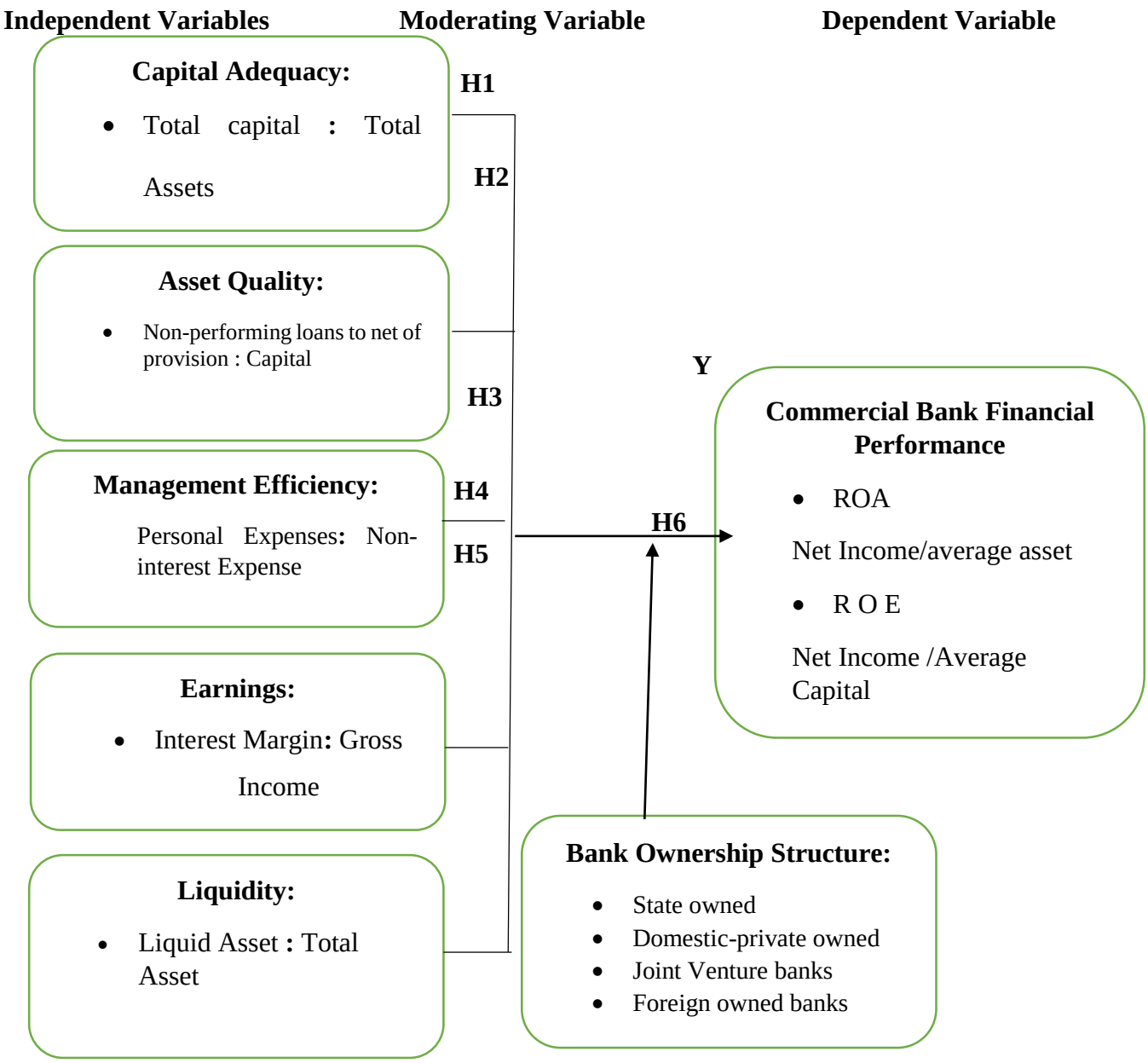
Conceptual Framework



EMPIRICAL REVIEW

Sharma, and Arora, (2016) conducted a study Performance of Indian Banks: A Camel Model Approach. The study utilized data from 8 public sector banks and 7 private sector banks. The study further adopted a descriptive research design with only secondary data being utilized. The results of the study revealed that based on the CAMEL model indicators private banks were better ranked than public sector banks. In an IMF working paper, Robert, Maria, Martinez, and Jeanne, (2017);

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examined the bank onwership; trends and implications within countries across the world. The findings of the review indicated that foreign owned banks are more performing than domestically owned banks within developing countries. However due to imported external shocks by foreign banks the foregn-owned banks may not be always better performing. The findings also indicated that government owned banks had fewer benefits within developing countries due to corruption, bureaucracy and poor reform processes.

James and Shaban, (2017) examined the effects of ownership change on bank performance and risk exposure: Evidence from Indonesia. The study sampled 60 commercial banks in Indonesia and utilized panel data for the period 2005-2012. The study utilized multiple linear regression methods to estimate the effects of ownership on the perfomance and risk exposure of commercial banks. The resulst of the regression indicated that state-owned banks tend to be less profitable and more exposed to risk than private and foreign banks. The findings of the study further indicated that Non-regional foreign acquisition is associated with a reduction in risk exposure. Acquisition by regional foreign investors is associated with performance gains. Akhigbe, McNulty, and Stevenson, (2017) conducted a study exploring whether the form of ownership affect firm performance? Evidence from US bank profit efficiency before and during the financial crisis. The study utilized panel data to examine the differences between privately held and publically traded bank holding companies (BHCs). The findings indicated that there were small differences between privately held and publicly held banking companies during the pre-crisi period howver during the crisi period there was no statisticaly significant differences.

Garba and Mohamed (2017) conducted a study examining the impact of foreign ownership on the going-concern of Nigerian Listed Banks. Data was collected from the annual reports and financial statement of 15 listed commercial banks from 2011 to 2015. The analysis of the collected data was conducted using descriptive statistics, Pearson correlation, along with fixed-effect and random-effect generalized least square (GLS) regression techniques. The results of the analysis indicated that there was a significant positive relationship between the foreign ownership and going concern of listed Banks in Nigeria.

Ermias (2016) examined the financial performance of private commercial banks in Ethiopia using a CAMEL approach. The research utilized a fixed least square method for estimation for the considered banks only. The results of the study indicated that the CAMEL model aspects had a comparative influence of 67.5% of influence on the bank profitability. In another study Kijjambu and Ddumba-Ssentamu (2015) examined increased foreign commercial banks and performance of domestic commercial banks in Uganda. The study utilized descriptive statistics for the period 2000-2011 with the performance trend divided into periods. The findings of the study indicated that with increased foreign-owned commercial banks enhanced the liquidity position, deposits and interest income for domestic banks. The study findings also indicated that policy implications brought forward by foreign-owned banks enhanced the commercial banking sector development. Kiruri (2013) examined the effects of ownership structure on the bank profitability in Kenya. The study utilized data from Kenyan commercial banks for the period 2007-2011 and conduted a multiple regression model. The study found out that state ownership had significant negative influence on the profitability of commercial banks. The study findings also indicated that foreign ownership and domestic ownership was highly correlated to positive and significant influence on bank profitability. In general the study

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indicated that higher concentration of ownership and state ownership was associated with lower profitability.

RESEARCH METHODOLOGY

Research philosophy

Research philosophy refers to the assumptions and beliefs that govern the way we view the world (Saunders et al., 2007). This research was grounded on positivism research philosophy. This kind of philosophy calls for the research problem to be structured around a methodology that enabled the research to generate quantifiable observations and undertake manipulation of the data by use of statistical methods.

Research Design

According to Sekaran (2003) research design is a set of decision that makes up the master plan specifying the methods and procedures for collecting and analyzing the needed information. This study adopted a descriptive survey research design.

Research Population

Kothari (2008) indicates that the population of a research represents all the items, objects or individuals who are of relevance to the research study. In the current study the unit of analysis was the individual commercial bank organizations operating in South Sudan. There are 29 indigenous and foreign banks operating in South Sudan.

Data Collection Methods and Tools

Baxter and Jack (2008) define data collection as the precise, systematic gathering of information relevant to the research sub-problems, using methods such as interviews, participant observations, focus group discussion, narratives and case histories. Secondary data was collected from government records, banks financial reports and other official publications. The secondary data was sourced from the financial year 2012-2017 to ensure that the records formalization since 2012 marked the first financial year since Independence of South Sudan was in 2011.

Data Analysis Methods

Quantitative data was analyzed using descriptive analysis and inferential analysis techniques with the help of Statistical Packages for Social Sciences (SPSS Version 23). Descriptive analysis included percentage, frequencies, means and standard deviations on the research variables. Inferential statistics will include multiple regression analysis and correlation to estimate the level of association between the research variables. The analyzed data was presented using charts and tables as well as other infographics deemed appropriate.

The regression equation was as follows;

Basic Model

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon}$$

Where;

Y = Dependent variable (Financial Performance of Commercial banks in South Sudan – ROA, ROE)

α = the model intercept

β_{1-5} = Coefficient of independent variables

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X_1 – Capital adequacy
X_2 – Asset quality
X_3 – Management efficiency
X_4 – Earnings
X_5 – Liquidity
ε = Error Term

Moderating Variable Analysis

The moderated multiple regression model was;

$$Y = \alpha + bX + cZ + dX^*Z + \varepsilon$$

Where;

Y= Financial Performance
X= Aggregate influence of bank stability on financial performance
Z= Hypothesized moderation of ownership structure on the relationship between bank stability and the financial performance of South Sudan Banks
dX*Z = The composite influence of bank stability, ownership structure on the financial performance of South Sudan Banks
ε = Error term

RESULTS AND DISCUSSION

Descriptive Analysis

South Sudan Banking Industry Analysis

The study sought to establish the link between the bank stability and the financial performance of commercial banks in South Sudan. The research utilized the CAMEL model as the indicators of the financial performance of commercial banks and the return on assets and return on equity as the measures of financial performance of commercial banks. The study was conducted across 24 commercial banks in South Sudan for the period 2012-2017. From the 24 commercial banks the study was able to obtain 137 observations within the 6 year period the research data was collected.

Capital Adequacy of Commercial Banks

Table 2 Capital Adequacy

Year	2012	2013	2014	2015	2016	2017
Mean	30.399	43.15	43.8	32.64	27.97	30.23
Std. Dev	0.1961	0.258	0.2972	0.3048	0.257	0.2648
Max	67	96	96.5	93.7	83.1	76.9
Min	-9	4.5	-9	-41.6	-26	-9.5

The results of the study on Table 4.8 indicates that the capital adequacy of commercial banks within South Sudan has been moderately stable as shown by a mean of 30.399 in 2012 which steadily rose to 43.8 in 2014. This further changed slightly to an average of 32.64 and fluctuated to 27.97 in 2016 and rose slightly in 2017 to an average of 30.23. The standard deviation ranges between 0.2292and 0.3048 indicating minimal variation in the capital adequacy of commercial banks. These results are consistent with the economic outlook by IMF (2017) which indicated that there was slight movement in the average capital adequacy across commercial banks in South Sudan.

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Asset Quality of Commercial Banks

The study sought to examine the asset quality of commercial banks within South Sudan. Asset quality was computed by **Level of non-performing loans to net of provision: Capital.**

Table 3 Asset Quality

Year	2012	2013	2014	2015	2016	2017
Mean	3.42	1.6	1.13	1.59	1.19	0.57
Std. Dev	0.0545	0.035	0.319	0.492	0.365	0.28
Max	15.2	12.5	12.2	24.2	16.7	14.3
Min	0	0	0	0	0	0

The findings of the study on Table 4.9 examined the average asset quality across commercial banks in South Sudan. The findings of the study indicated that asset quality across commercial banks stood at 3.42 in the year 2012 and decreased to 1.6 in 2013. The research results further showed that the mean average asset quality was at a 1.13 in 2014 and rose to 1.59 in 2015; which dropped in the period 2016 to 2017 as shown by an average asset quality of 1.19 and 0.57 respectively. The stability in the asset quality noted within the study period can be attributed to the fact that most commercial banks in South Sudan do not offer loans and concentrate on foreign exchange trading as indicated by the Minister of Finance Report (2014) on the performance of the bankinhg sector in South Sudan.

Management Efficiency of Commercial Banks

The study sought to examine the management efficiency of commercial banks within South Sudan. Management efficiency was computed by **Personal Expense: Non-Interest Expense.**

Table 4 Management Efficiency

Year	2012	2013	2014	2015	2016	2017
Mean	29.88	33.24	23.53	23.25	20.1	18.83
Std. Dev	0.1283	0.1321	0.959	1.111	1.505	1.477
Max	60.0	60.0	40.9	49.9	54.5	60.6
Min	12.0	18.0	3.6	7.4	0.9	0.9

Research findings on Table 4.4 examined the management efficiency of commercial banks in South Sudan. The management efficiency within the commercial bank sector was at its highest between 2012 and 2013 with an annual average of 29.88 and 33.24 respectively. The findings of the study indicated that in 2014 commercial banks had an average management efficiency mean of 23.53; in 2015 the efficiency slightly declined to 23.25 and sharply fell to an average low of 18.83 in 2017. These results are not in line with the observations made in the investment conference proceedings by SSIC (2013) that there is a shortage in adequate human capital which limits quality of management personnel in commercial banks. The observation made in the current research shows that there is a positive growth in the quality of management staff which can be noted in the positive efficiency scores.

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Earnings of Commercial Banks

The study sought to examine the earnings of commercial banks within South Sudan. The earnings were computed by **Interest Margin: Gross Income.**

Table 4.5 Earnings

Year	2012	2013	2014	2015	2016	2017
Mean	24.5	16.52	13.55	17.68	8.98	16.71
Std. Dev	0.1819	0.176	1.751	1.678	1.335	7.7028
Max	65.0	74.0	58.8	51	44.5	68.4
Min	0	0	0	-1.5	-5.9	0

The study results on Table 4.11 examined the earnings across commercial banks in South Sudan between 2012 and 2017. The average earnings within the South Sudan commercial banks stood at 18.04 which was supported by the economic optimist post the referendum period which slightly dropped to 16.52 in the year 2013. The mean average earnings in 2014 stood at 13.55 which rose to 17.68 in 2015. The earnings across commercial banks dropped in 2016 to a low of 8.98 and sharply rose in 2017 to a high of 16.71. These results are in line with IMF (2017) Article IV report which showed that earnings within commercial banks in South Sudan have been minimal due to lack of diversification in the product and service offering.

Liquidity of Commercial Banks

The study sought to examine the liquidity of commercial banks within South Sudan. Liquidity was computed by **Liquid Asset: Total Asset.**

Table 4.6 Liquidity Descriptive

Year	2012	2013	2014	2015	2016	2017
Mean	78.75	74.64	71.96	71.41	69.33	71.48
Std. Dev	0.1332	0.1199	0.12929	0.1306	0.198	0.2261
Max	96	96	97.4	94.7	97.9	98.1
Min	54.0	49.5	45.4	45	18.3	12.6

The study also sought to examine the liquidity of commercial banks in South Sudan. The results indicated high liquidity levels across commercial banks as shown by an average mean of 78.75 in 2012 which dropped to 74.64 and 71.96 percentage points in 2013 and 2014 respectively. The findings of the study showed a sharp decrease in liquidity to 69.33 in the FY 2016 and slightly rose to 71.48 in 2017. This is in agreement with IMF (2017) report that shows liquidity has been decreasing within the period in examination.

Financial Performance of Commercial Banks

The study sought to examine the financial performance of commercial banks within South Sudan. The financial performance of commercial banks was assessed by both **ROA (***Net Income/Average Assets***)** and **ROE (***Net Income/Average Capital***).**

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Table 4.7 Financial Performance

Year	2012	2013	2014	2015	2016	2017
		ROA				
Mean	5.17	8.69	-1.67	-0.57	2.59	-26.23
Std. Dev	0.126	0.0739	0.1293	0.0659	0.1872	0.99
Max	28	21	39.2	10.8	81.6	63
Min	-16.00	-10.0	-23.4	-20	-20.3	-484.9
		ROE				
Mean	46.25	29.23	0.64	1.96	24.35	4.58
Std. Dev	0.5378	0.3406	0.7024	0.36	1.6498	1.2064
Max	212	112	101.6	116.8	762.9	274.9
Min	-20.0	-24.0	-276.1	-77.1	-288.1	-389.9

The study further examined the financial performance of commercial banks in terms of Return on Assets (ROA) and the Return on Equity (ROE). The results of the study showed that in the six year period under review the highest return on Asset in the period under review was noted in 2013 at 8.69 while the lowest return on assets was attained in 2017 at -26.23 and in the year 2014 at -1.67. The performance only stabilized to 2.59 average in year 2016. This erratic financial performance noted in the study is consistent with industry reports which indicated that volatility and structural imbalances in the South Sudan economy have ripple effects on the financial sector performance (IMF, 2017).
The results of the study also indicated moderately high positive performance in terms of return on equity as noted by the mean average of 46.25 in the financial year 2012, which slightly dropped to 29.23 in the FY 2013. In general the return on equity across the commercial bank sector was largely stabilized across the sector with a positive return of 4.58 across commercial banks. This largely shows that there is potential positive outlook for investors as noted by the positive return on equity average performance.

Ownership Structure in Commercial Banks

The study further sought to examine the commercial bank ownership structure in South Sudan. This was examined in accordance to the ownership category presented by the central bank of South Sudan. In the current study ownership was assessed on the basis of the composition of major shareholders who control the board and the decision making across individual commercial banks within South Sudan. The regulator categorize banks into Joint Venture, Private local owned, Public owned and foreign owned. The findings of the study indicated that the majority of the commercial banks 38% (n=9) 48 observations (6 of the banks were not in operation in 2012) were from Joint Ventures, 29% (n=7) 42 observations were foreign owned, 25% (n=6) 36 observations were private-local owned respectively while only 8% (n=2) 11 observations were from public owned commercial banks (One of the banks was not in operation in 2012). This indicates that commercial banking sector within South Sudan is predominantly controlled by foreign and local investors with minimal government-owned banks in the sector as shown in Figure 2 below.

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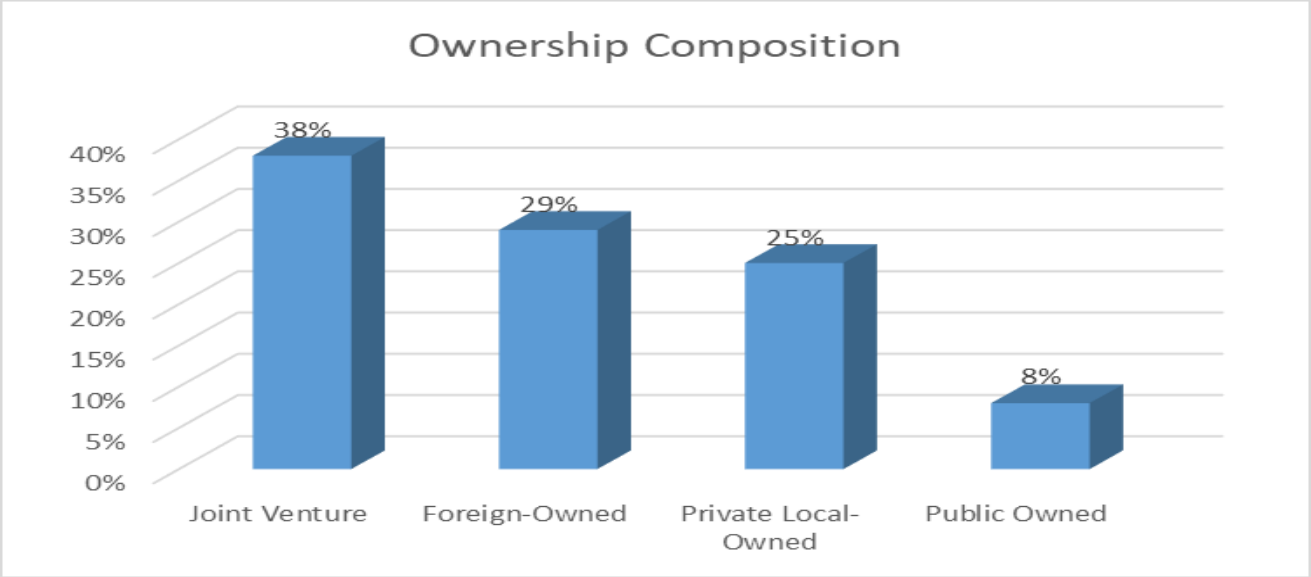

Figure 2 Ownership Structure Distribution

Inferential Analysis

Regression Results

The main objective of the research was to examine the effect of bank stability on the financial performance of commercial banks in South Sudan. The regression summary results indicated that;

Table 4.8 Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.734[a]	.539	.525	1.83089

a. Predictors: (Constant), CAMEL

The study sought to estimate the relationship between bank stability and the financial performance of South Sudan. The results of regression analysis indicated that 53.9% variation in the financial performance of the banks can be explained by the CAMEL model indicators R^2= .539. These results are in agreement with (Bekele, 2015; Kabir & Dey, 2014) who indicated that CAMEL model components can explain the financial performance of commercial banks.

Table 4.9 ANOVA for Bank Stability and Financial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	395.280	1	131.70	39.306	.000[a]
	Residual	338.567	4	3.352		
	Total	733.848	5			

a. Dependent Variable: Financial Performance

From the ANOVA model the study found out that F- (critical f; 1.162) = 39.306, sig = .000 indicating that the research model was statistically significant in indicating there is a positive and significant effect of bank stability on the financial performance of Commercial Banks. These findings are in agreement with previous work by (Mohiuddin, 2014; Tripathi, Meghani, & Mahajan, 2014) who indicated there is statistically significant relationship between the CAMEL model indicators and the financial performance of commercial banks.

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Tests for Moderation

Moderating Effect of Joint Venture Ownership on Bank Stability and Financial Performance

The study run a regression analysis to determine the moderating effect of joint venture ownership structure on the relationship between bank stability and the financial performance of commercial banks. The equation for the interaction was;

$\mathbf{Y = \beta_o + \beta_1}$ **(**Joint Venture * Bank Stability**) +** $\mathbf{\beta_2}$ **(**Joint Venture Ownership**) +** $\boldsymbol{\varepsilon}$

Table 4.10 Model Summary of Joint Venture Ownership Structure and Bank Stability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Without Moderator	.734[a]	.539	.525	1.83089
With Moderator	.773[b]	.598	.578	2.09871

a. Predictors: (Constant), CAMEL

b. Predictors: (Constant), CAMEL, Joint Ownership Structure

In line with the above results the regression model summary indicates that bank stability without the moderating variable explains 53.9% (R^2= .539) variations in the financial performance of commercial banks. With the moderating variable factored in the effect improves to 59.8% (R^2= .598). This implies that the joint ownership structure has a positive effect on the relationship between bank stability and the financial performance of commercial banks in South Sudan. Lawrence (2017) pointed out that consolidation of commercial banks into larger ventures was positively related with increased financial performance of commercial banks.

Table 4.11 ANOVA Summary for Joint Venture Ownership Structure and Bank Stability

Model		Sum of Squares	df	Mean Square	F	Sig.
Without moderator	Regression	395.280	1	131.70	39.306	.000[a]
	Residual	338.567	4	3.352		
	Total	733.848	5			
With Moderator	Regression	362.002	1	131.001	29.476	.000[b]
	Residual	371.846	2	4.405		
	Total	733.848	3			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), CAMEL, Joint Ownership Structure

The results of the ANOVA summary sought to examine the statistical significance of the moderating effect of joint ownership structure on the relationship between bank stability and the financial performance of the commercial banks. The F-statistic with the moderator variable was 29.476 which is greater than the f-critical value. The significance of the model was p=.000<.005. This shows that the coefficients in the model were not equal to zero and the model was fit.

Moderating Effect of Foreign Ownership on Bank Stability and Ownership Structure

The study run a regression analysis to determine the moderating effect of foreign ownership structure on the relationship between bank stability and the financial performance of commercial banks. The equation for the interaction was;

$\mathbf{Y = \beta_o + \beta_1}$ **(**Foreign Ownership * Bank Stability**) +** $\mathbf{\beta_2}$ **(**Foreign Ownership**) +** $\boldsymbol{\varepsilon}$

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Table 4.12 Model Summary of Foreign Ownership Structure and Bank Stability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Without Moderator	.734[a]	.539	.525	1.83089
With Moderator	.856[b]	.733	.720	1.71017

a. Predictors: (Constant), CAMEL
b. Predictors: (Constant), CAMEL, Foreign Ownership Structure

In line with the above results the regression model summary indicates that bank stability without the moderating variable explains 53.9% (R^2= .539) variations in the financial performance of commercial banks. With the moderating variable factored in the effect improves to 73.3% (R^2= .733). This implies that the foreign ownership structure has a positive effect on the relationship between bank stability and the financial performance of commercial banks in South Sudan. Abdallah, Amin, Sanusi, and Kusairi (2014) also indicated that foreign ownership of commercial banks had a positive effect on the financial performance of commercial banks in South Sudan.

Table 4.13 ANOVA Summary for Foreign Ownership Structure and Bank Stability

Model		Sum of Squares	df	Mean Square	F	Sig.
Without moderator	Regression	395.280	1	131.70	39.306	.000[a]
	Residual	338.567	4	3.352		
	Total	733.848	5			
With Moderator	Regression	321.99	1	160.600	54.912	.000[b]
	Residual	411.858	2	2.925		
	Total	733.848	3			

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), CAMEL, Foreign Ownership Structure

The results of the ANOVA summary sought to examine the statistical significance of the moderating effect of foreign ownership structure on the relationship between bank stability and the financial performance of the commercial banks. The F-statistic with the moderator variable was 54.192 which is greater than the f-critical value. The significance of the model was p=.000<.005. This shows that the coefficients in the model were not equal to zero and the model was fit.

Moderating Effect of Private-Local Ownership on Bank Stability and Financial Performance

The study run a regression analysis to determine the moderating effect of private-local ownership structure on the relationship between bank stability and the financial performance of commercial banks. The equation for the interaction was;

$\mathbf{Y = \beta_o + \beta_1}$ **(**Private local * Bank Stability**) +** $\mathbf{\beta_2}$ **(**Private local Ownership**) +** $\boldsymbol{\varepsilon}$

Table 4.14 Model Summary of Private Local Ownership Structure and Bank Stability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Without Moderator	.734[a]	.539	.525	1.83089
With Moderator	.869[b]	.756	.743	1.63590

a. Predictors: (Constant), CAMEL
b. Predictors: (Constant), CAMEL, Private Local Ownership Structure

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In line with the above results the regression model summary indicates that bank stability without the moderating variable explains 53.9% (R^2= .539) variations in the financial performance of commercial banks. With the moderating variable factored in the effect improves to 75.6% (R^2= .756). This implies that the private local ownership structure has a positive effect on the relationship between bank stability and the financial performance of commercial banks in South Sudan. Sharma, and Arora, (2016) also pointed out that private owned commercial banks had better financial performance.

Table 4.15 ANOVA Summary for Private Local Ownership Structure and Bank Stability

Model		Sum of Squares	df	Mean Square	F	Sig.
Without moderator	Regression	395.280	1	131.70	39.306	.000[a]
	Residual	338.567	4	3.352		
	Total	733.848	5			
With Moderator	Regression	331.140	1	165.570	54.912	.000[b]
	Residual	402.708	2	2.676		
	Total	733.848	3			

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), CAMEL, Private local Ownership Structure

The results of the ANOVA summary sought to examine the statistical significance of the moderating effect of private local ownership structure on the relationship between bank stability and the financial performance of the commercial banks. The F-statistic with the moderator variable was 54.912 which is greater than the f-critical value. The significance of the model was p=.000<.005. This shows that the coefficients in the model were not equal to zero and the model was fit.

Moderating Effect of Public Ownership on Bank Stability and Financial Performance

The study run a regression analysis to determine the moderating effect of public ownership structure on the relationship between bank stability and the financial performance of commercial banks. The equation for the interaction was;

$\mathbf{Y = \beta_o + \beta_1}$ **(**Public Ownership * Bank Stability**)** $\mathbf{+ \beta_2}$ **(**Public Ownership**)** $\mathbf{+ \varepsilon}$

Table 4.16 Model Summary of Public Ownership Structure and Bank Stability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Without Moderator	.734[a]	.539	.525	1.83089
With Moderator	.785[b]	616	.559	1.04452

a. Predictors: (Constant), CAMEL
b. Predictors: (Constant), CAMEL, Public Ownership Structure

In line with the above results the regression model summary indicates that bank stability without the moderating variable explains 53.9% (R^2= .539) variations in the financial performance of commercial banks. With the moderating variable factored in the effect improves to 61.6% (R^2= .616). This implies that the public ownership structure has a positive effect on the relationship between bank stability and the financial performance of commercial banks in South Sudan. These results were not consistent with James and Shaban, (2017) who indicated that public owned banks were less profitable than other financial institutions.

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Table 4.17ANOVA Summary for Public Ownership Structure and Bank Stability

Model		Sum of Squares	df	Mean Square	F	Sig.
Without moderator	Regression	395.280	1	131.70	39.306	.000[a]
	Residual	338.567	4	3.352		
	Total	733.848	5			
With Moderator	Regression	357.129	1	111.815	10.830	.000[b]
	Residual	376.719	2	1.091		
	Total	733.848	3			

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), CAMEL, Public Ownership Structure

The results of the ANOVA summary sought to examine the statistical significance of the moderating effect of public ownership structure on the relationship between bank stability and the financial performance of the commercial banks. The F-statistic with the moderator variable was 54.912 which is greater than the f-critical value. The significance of the model was p=.000<.005. This shows that the coefficients in the model were not equal to zero and the model was fit. Mwangi and Murigu, (2015) also were of the view that public ownership of firms constrained the decision making and operational management which negatively influence the firm financial performance.

SUMMARY CONCLUSION AND RECOMENDATIONS

Summary

The general premise of the study was to interrogate the effect of bank stability on the financial performance of commercial banks in South Sudan. This was specifically examined through the adoption of the CAMEL model as indicators of bank stability. The research further examined the effect of ownership structure; constructed as a moderating variable, and how it affects the relationship between the bank stability and the financial performance of commercial banks in South Sudan. The results of the research indicated that there was a positive and significant effect of ownership structure, bank stability and the financial performance of commercial banks.

Conclusions

The findings of the study indicated that CAMEL components had a statistically positive effect on the financial performance of commercial banks. The study concludes that strengthening the CAMEL components can foster the soundness of commercial banks in South Sudan. The research further concludes that commercial banks should ensure there is regular examination of the CAMEL components to ensure the institution meets the optimal CAMEL model rating scores. The study found that a unit increase in foreign ownership would lead to increase financial performance of commercial banks. Further to a varying degree the study established that domestic ownership of the bank significantly affect the financial performance of commercial banks. The study further noted that most private-local and public owned commercial banks had significant problems in raising their core capital, had poor asset quality and were unable to generate sufficient earnings. The study concludes that from a regulatory standpoint the CBSS should come with new policy changes that are geared towards improving the financial status of public owned and private local banking institutions to limit the growing dominance of foreign institutions and joint venture firms.

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Recommendations

The study recommends that there is need for commercial banks to improve their performance in terms of their ROEs and ROAs. There has been a general erratic behaviour in the performance on these two specific ratios and it is clear that the overall performance has been sliding down; hence banks should undertake measures that will counter any negative impact on their overall financial performance.

The study further recognizes that the nascent development of the banking institutions within the South Sudan sector has been noticed by the Bretton woods institutions. The study recommends that through bilateral engagements the Central Bank of South Sudan could engage the IMF and World Bank experts in designing better statutory policies as well as seeking extended cushionary reserves injection that will help in expanding the growth and operation of indigenous banking institutions.

In respect to the ownership levels of commercial banks the study notes that the South Sudan banking industry has come of age has witnessed by the increasing proliferation of foreign banking institutions within the sector. The study recommends that the regulator should develop a comprehensive policy that will guide the setting up of foreign banking institutions in the country.

The study recommends that due to their advanced capacity and growth foreign banking institutions should be compelled to shed part of their equity to local individual investor or institutional investor to develop a sense of ownership within the country. Further the government should develop policies that will support local banking institutions to be able to comprehensively compete with the larger foreign owned banks.

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