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## THE IMPACT OF CREDIT AND LIQUIDITY RISKS ON THE FINANCIAL PERFORMANCE OF SOUTH AFRICAN BANKS LISTED ON THE JSE A PRE- AND POST-COVID-19 ANALYSIS

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### ABSTRACT

The paper aims to examine the impact of credit- and liquidity- risk on the profitability of five major South African banks listed on the Johannesburg Stock Exchange over a six-year period spanning 2017 to 2022. Data were sourced from Bloomberg. The methodology employed both t-test analysis and multiple regression. The paired t-test was utilised to account for any significant effects COVID-19 had on the sampled data, given that the period encompassed the pandemic. The results of the descriptive paired t-test statistics indicated statistically significant differences in means before and during the pandemic, and during and after the pandemic, for both Return on Assets and Return on Equity. Specifically, significant mean differences were observed for credit- and liquidity risk before and during the pandemic. Multiple regression revealed that both credit- and liquidity risk had a significant negative effect on the profitability of banks, as measured by Return on Equity. Conversely, credit risk showed an insignificant negative effect on Return on Assets while liquidity risk exhibited a positive but insignificant effect on Return on Assets.

**Key Words:** Credit Risk, JSE, COVID-19, Liquidity Risk, Multiple Regression, Paired t-test, Return on Assets, Return on Equity.