

## **AN APPLICATION OF AHP TO INVESTMENT PORTFOLIO SELECTION IN THE BANKING SECTOR OF THE NIGERIAN CAPITAL MARKET**

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### **ABSTRACT**

The importance of investment to the individual, a nation and world economy cannot be over emphasized. Investment involves the sacrifice of immediate consumption to achieve greater consumption in the future. Western economies has emphasized saving and investment as the engine of economic growth.

The Nigerian banking sector has made tremendous success in the recent past. All the banks that approached the capital market via public offers and right issues to raise their capital base recorded huge success. Apart from the fact that banks are experiencing structural expansion and high –posted profits, the investors in bank stocks are also enjoying high returns on investment, despite the slow growth in the nation's economy. However, the recent financial crisis that started in America, which has caused economy meltdown in many nations of the world and sudden fall in share prices, has brought about a higher risk than envisaged on investors, particularly those investing in bank stocks. Hence, great care and monitoring is required on the part of investors to ensure that fund invested does not go down the drain.

This paper applies the Analytic Hierarchy Process to determine the importance of the various criteria, factors and alternatives that are very essential to successful investment decisions in the face of the current recession.

**Keywords:** Application, AHP, investment, portfolio selection, capital market.