

CORPORATE GOVERNANCE IN THE NIGERIAN BANKING SECTOR- ISSUES AND CHALLENGES

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ABSTRACT: *In the banking sector good corporate governance practices are regarded as important in reducing risk for investors, attracting investment capital and improving the performance of companies. This paper examines the Issues and challenges around Corporate Governance in the Nigerian Banking Industry. Data were sourced from survey questionnaire. We found that lack of presentation of information is common banks in pre-consolidation than post-consolidation era, frauds, override of internal control and non-adherence to limit of authority in a bid to meet set targets and recapitalization of bank play a vital role in promoting effective corporate governance. In addition, lack of effective corporate governance results to the failure of banks in Nigeria. The study recommends that promoting the culture of whistle blowing, promoting business ethics through moral education, strengthen the financial system to encourage compliance with the code of corporate governance as well as establishing strong anti-fraud controls that would serve as deterrents to fraudsters at every level within the deposit money banks. On the whole, this paper makes a contribution to the existing literature on the state of corporate governance development in the Nigerian banking sector, the impacts of the banking regulations and the efforts put in place at ensuring that the banks are well governed.*

KEYWORDS: **Healthy, Rescued and Failure Banks, Recapitalization and Corporate governance**

BACKGROUND OF THE STUDY

The recent collapse of the stock market and uncovering of flagrant abuse of loans and perquisites in the banking sector and the high incidence of corruption in the Nigerian economy generally are enough to pose the question indeed of not corporate governance but actually its absence in this country. The massive fraud and cooking of the books in companies, a notable example of which is Cadbury, not to mention insider dealings and compromised boards in many companies as well as spineless shareholders' associations audit committees and rubber stamp Annual General Meetings suggest the collapse of corporate governance in Nigeria (Oyebode,2009).

There has been international wave of mergers and acquisitions sweeping the banking industry. Given the fury of activities that have affected the efforts of banks to comply with the various consolidation policies and the antecedents of some operators in the system, there

are concerns on the need to strengthen corporate governance in banks. This will boost public confidence and ensure efficient and effective functioning of the banking system (Soludo, 2004).

The current reforms which began in 2004 with the consolidation programme were necessitated by the need to strengthen the banks. The policy thrust at inception, was to grow the banks and position them to play pivotal roles in driving development across the sectors of the economy. As a result, banks were consolidated through mergers and acquisitions, raising the capital base from N2 billion to a minimum of N25 billion, which reduced the number of banks from 89 to 25 in 2005, and later to 24 (Sanusi, 2012).

In line with these changes, the fact remains unchanged that there is the need for countries to have sound resilient banking systems with good corporate governance (Uwuigbe, 2011). Several events are therefore responsible for the heightened interest in corporate governance especially in both developed and developing countries. The subject of corporate governance leapt to global business limelight from relative obscurity after a string of collapses of high profile companies. Enron, the Houston, Texas based energy giant and WorldCom the telecom behemoth, shocked the business world with both the scale and age of their unethical and illegal operations. These organizations seemed to indicate only the tip of a dangerous iceberg. While corporate practices in the United States companies came under attack, it appeared that the problem was far more widespread.

The Nigerian banking sector witnessed dramatic growth post-consolidation. However, neither the industry nor the regulators were sufficiently prepared to sustain and monitor the sector's explosive growth. Prevailing sentiment and economic orthodoxy all encouraged this rapid growth, creating a blind spot to the risks building up in the system. According to Wilson (2006), the implication for Nigeria post consolidation is that none of the 25 odd banks that sail through the Central Bank of Nigeria's #25 billion minimum capital hurdles is immune from failure if they operate in a poor corporate governance environment like Nigeria.

Prior to the crisis, the sentiment in the industry was that the banking sector was sound and growth should be encouraged. The IMF endorsed the strength of the banking system to support this growth. However, this sentiment proved misplaced (Sanusi, 2010). I believe eight (8) main interdependent factors led to the creation of an extremely fragile financial system that was tipped into crisis by the global financial crisis and recession. These eight (8) factors were –

- Macro-economic instability caused by large and sudden capital inflows
- Major failures in corporate governance at banks
- Lack of investor and consumer sophistication
- Inadequate disclosure and transparency about financial position of banks
- Critical gaps in regulatory framework and regulations
- Uneven supervision and enforcement
- Unstructured governance & management processes at the CBN/Weaknesses within the CBN

- Weaknesses in the business environment;
Each of these factors is serious on its own right. Acted together they brought the entire Nigerian financial system to the brink of collapse (Sanusi, 2010).

Statement of Problems

Generally, the financial system is more than just institutions that facilitate payments and extend credit. It encompasses all functions that direct real resources to their ultimate user. It is the central nervous system of a market economy and contains a number of separate, yet co-dependent, components all of which are essential to its effective and efficient functioning. These components include financial intermediaries such as banks and insurance companies which act as principal agents for assuming liabilities and acquiring claims. The second component is the markets in which financial assets are exchanged, while the third is the infrastructural component, which is necessary for the effective interaction of intermediaries and markets. The three components are inextricably intertwined.

Banks need payments system infrastructure to exchange claims securely and markets in which to hedge the risks arising from their intermediation activities. The banking system therefore functions more efficiently and effectively when there is a robust and efficient payments systems infrastructure. Moreover the concern to ensure a sound banking system by the Central Bank is underscored by the critical role of banks in national economic development. Banks for instance, mobilizes savings for investment purposes which further generates growth and employment. The real sector, which is the productive sector of the economy, relies heavily on the banking sector for credit. Government also raises funds through the banking system to finance its developmental programmes and strategic objectives. It is in view of these strategic roles of the banking system to national economic development that the issue of a sound banking system, through proactive reforms becomes imperative (Sanusi, 2012).

Banks and other financial intermediaries are at the heart of the world's recent financial crisis. The deterioration of their asset portfolios, largely due to distorted credit management, was one of the main structural sources of the crisis (Fries, Neven and Seabright, 2002; Kashif, 2008 and Sanusi, 2010) as quoted by Uwuigbe (2011). To a large extent, this problem was the result of poor corporate governance in countries' banking institutions and industrial groups. Quoting Schjoedt (2000) in (Uwuigbe 2011) observed that this poor corporate governance, in turn, was very much attributable to the relationships among the government, banks and big businesses as well as the organizational structure of businesses.

In Nigeria, before the consolidation exercise, the banking industry had about 89 active players whose overall performance led to sagging of customers' confidence. There was lingering distress in the industry, the supervisory structures were inadequate and there were cases of official recklessness amongst the managers and directors, while the industry was notorious for ethical abuses (Akpan, 2007). Poor corporate governance was identified as one of the major factors in virtually all known instances of bank distress in the country. Weak corporate governance was seen manifesting in form of weak internal control systems,

excessive risk taking, override of internal control measures, absence of or non-adherence to limits of authority, disregard for cannons of prudent lending, absence of risk management processes, insider abuses and fraudulent practices remain a worrisome feature of the banking system (Soludo, 2004).

This view was supported by Wilson (2006) as per CBN code of corporate governance which shows that corporate governance was at a rudimentary stage, as only about 40% of quoted companies including banks had recognized codes of corporate governance in place. This, as suggested by the study may hinder the public trust particularly in the Nigerian banks if proper measures are not put in place by regulatory bodies. The Code of Corporate Governance for banks in Nigerian post consolidation (2006) stated that the industry consolidation poses additional corporate governance challenges arising from integration processes, Information Technology and culture. The code further indicate that two-thirds of mergers world-wide failed due to inability to integrate personnel and systems and also as a result of the irreconcilable differences in corporate culture and management, resulting in Board of Management squabbles.

Most importantly, the emergence of Mega banks in the post consolidation era is bound to task the skills and competencies of board and management in improving shareholders values and balance same against stakeholders' interest in competitive environment. It is interesting to observe that prior to the introduction by the CBN of the new code of corporate governance there were in existence disparate codes of corporate governance regulating the activities of banks in Nigeria but as admitted by the CBN these codes were manifestly ineffective and inadequate. It cannot however be said that the new CBN code of corporate governance is sufficient in itself or in combination with others exiting codes to address the issues of corporate governance that inevitably arose in this post consolidation era.

This is in view of the fact that despite all these measures, the problem of corporate governance still remains un-resolved among consolidated Nigerian banks, thereby increasing the level of fraud. Akpan (2007) disclosed that data from the National Deposit Insurance Commission report (2006) shows 741 cases of attempted fraud and forgery involving N5.4 billion. Soludo (2004) also opined that a good corporate governance practice in the banking industry is Imperative, if the industry is to effectively play a key role in the overall development of Nigeria.

The series of widely publicized cases of accounting improprieties recorded in the Nigerian banking industry in 2009 (for example, Oceanic Bank, Intercontinental Bank, Union Bank, Afri Bank, Fin Bank and Spring Bank) were related to the lack of vigilant oversight functions by the boards of directors, the board relinquishing control to corporate managers who pursue their own self-interests and the board being remiss in its accountability to stakeholders (Uadiale, 2010) as quoted by (Uwuigbe, 2011). Against this background, the pertinent research question is that does there any relationship between effective corporate governance in the banking sector and disclosure, fraud, and recapitalization of banks in Nigeria?

Concept of Consolidation and Corporate Governance of Bank

The consolidation of the banking industry in Nigeria started in 2004 when the CBN mandated all commercial banks to meet the N25 billion minimum paid-up capital by 31st December, 2005. Basically, banks used various mechanisms to comply e.g. mergers and acquisition, initial public offerings (IPOs), foreign equity participation, group consolidation etc. (Orji 2005) as quoted by Donwa and Odia (2011). Almost all the banks went to the capital market to raise funds in order to meet the new capital base. Soludo (2006) reports that about \$650 million were invested in the banking sector in 2005. Al Faki (2006) according to Donwa and Odia (2011) puts the figure that was raised from the capital market by the banks to meet the minimum capital requirement of N25 billion as over N406.4 billion. Out of the N198.19 billion worth of securities raised in 2004, N128.58 billion was for the banking sector. In 2005, banks' new issues were worth N517.6 billion. This amount represented about 75% of the total new issues value of N692.86 billion.

Therefore, banking sector reform and its sub-component, bank consolidation, has resulted from deliberate policy response to correct perceived or impending banking sector crises and subsequent failures. A banking crisis can be triggered by the preponderance of weak banks characterized by persistent illiquidity, insolvency, under capitalization, high level of non-performing loans and weak corporate governance among others, as observed in the Nigeria case (Uchendu, 2005) as cited by Abdullahi (2007).

Furthermore, Soludo, (2004) as cited by Jafaru and Iyoha (2012) also captured some of the unethical practices as "spate of frauds, ethical misconduct and falsification of returns by the banks to the Central bank", the unprofessional use of "female staff, some of whom have been reported to offer sex to win new customers" and banks which were not really banks at all, but "traders in foreign exchange, government treasury bills and direct importation of goods through phony companies."

According to Soludo cited in Adedipe (2005) as quoted by Jafaru and Iyoha (2012) "there were a total of 1,036 reported cases of fraud in 2003 with a total loss in the sum of N9.3 billion." In 2004 and 2005 financial years, the total sum lost to fraud cases in the banks were N11 billion and N12 billion respectively. These amounts put together are no doubt, colossal when viewed against the background of the capitalization of some of the banks in 2003. Broadly speaking corporate governance generally refers to the processes by which organizations are directed, controlled, and held to account, and is underpinned by the principles of openness, integrity, and accountability. Governance is concerned with structures and processes for decision-making, accountability, control and behavior at the top of organizations (IFAC, 2001).

According to the code of corporate governance for licensed pension operators issued by the National Pension Commission RR/P&R/08/13 dated June, 2008 Corporate Governance deals with the manner in which companies are to be run to meet the owners required return on invested capital and thus contribute to economic growth and efficiency and ethical behavior in the society. It refers to the process and structure by which the business and affairs of the company are directed and managed in order to enhance long term shareholder value through

enhancing corporate performance and accountability, whilst taking into account the interests of other stakeholders.

The Code of corporate governance for Banks and Discount Houses in Nigeria dated May 2014, the term corporate governance refers to the rules, processes, or laws by which institutions are operated, regulated and governed. It is developed with the primary purpose of promoting a transparent and efficient banking system that will engender the rule of law and encourage division of responsibilities in a professional and objective manner. Effective corporate governance practices provides a structure that works for the benefit of stakeholders by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as formal laws.

Good corporate Government therefore embodies both enterprise (performance) and accountability (compliance concerns), (Alaribe, 2014). Sir Adrian Cadbury described Corporate Governance “As the way organizations are directed and managed. Corporate Governance therefore ensures that due process, transparency and accountability are displayed in the management of the affairs of an enterprise.

Basically, corporate governance in the banking sector requires judicious and prudent management of resources and the preservation of resources (assets) of the corporate firm; ensuring ethical and professional standards and the pursuit of corporate objectives, it seeks to ensure customer satisfaction, high employee morale and the maintenance of market discipline, which strengthens and stabilizes the bank (Okoi, Stephen and Sani, 2014)

Corporate governance is designed to promote a diversified strong and reliable banking sector which will ensure the safety of depositor's money as well as play active developmental roles in Nigeria's economy. Corporate governance is used to monitor whether outcomes are in accordance with plans and to motivate the organization to be fully informed in order to maintain organizational activity. It is also seen as a mechanism by which individuals are motivated to reconcile their actual behaviors with the overall objectives of the organization. It ensures that the values of all stakeholders are protected and also minimizes asymmetric information between bank's managers, owners and customers.

Corporate governance is a crucial issue for the management of banks, which can be viewed from two dimensions. One is the transparency in the corporate function, thus protecting the investors' interest (reference to agency problem), while the other is concerned with having a sound risk management system in place (special reference to banks) (Jensen and Meckling, 1976) as cited by (Uwuigbe, 2011).

The Basel Committee on Banking Supervision (1999) states that from a banking industry perspective, corporate governance involves the manner in which the business and affairs of individual institutions are governed by their boards of directors and senior management. This thus affect how banks:

- i) Set corporate objectives (including generating economic returns to owners);

- ii) Run the day-to-day operations of the business;
- iii) Consider the interest of recognized stakeholders;
- iv) Align corporate activities and behaviors with the expectation that banks will operate in safe and sound manner, and in compliance with applicable laws and regulations; and protect the interests of depositors.

The Committee further enumerates basic components of good corporate governance to include:

- a) The corporate values, codes of conduct and other standards of appropriate behaviour and the system used to ensure compliance with them;
- b) A well articulated corporate strategy against which the success of the overall enterprise and the contribution of individuals can be measured;
- c) The clear assignment of responsibilities and decision making authorities, incorporating hierarchy of required approvals from individuals to the board of directors;
- d) Establishment of mechanisms for the interaction and cooperation among the board of directors, senior management and auditors; strong internal control systems, including internal and external audit functions, risk management functions independent of business lines and other checks and balances;
- f) Special monitoring of risk exposures where conflict of interests are likely to be particularly great, including business relationships with borrowers affiliated with the bank, large shareholders, senior management or key decisions makers within the firm (e.g. traders);
- g) The financial and managerial incentives to act in an appropriate manner, offered to senior management, business line management and employees in the form of compensation, promotion and other recognition;
- h) Appropriate information flows internally and to the public.

According to Abdullahi (2007), in studies carried out by Akhavein, et al(1997) and Berger (1998) viewed the concept of consolidation through bank mergers as not just about adjusting inputs to affect cost; but also involves adjusting output (product) mixes to enhance revenues. Bank mergers tend to be associated with improvement in overall performance, partly, because banks achieved high valued output mixes through a shift toward higher yielding loan away from securities. These studies revealed also that merged banks tend to experience a lowering of their cost of borrowed funds without needing to increase capital ratios. The lower cost of funds is in line with a decline in the overall risk of the combined bank, compared with that of the merger partners taken separately.

A country's economy depends on the safety and soundness of its financial institutions. Thus the effectiveness with which the Boards of financial institutions discharge their responsibilities determines the country's competitive position. They must be free to drive their institutions forward, but exercise that freedom within a framework of transparency and effective accountability. This is the essence of any system of good corporate governance.

Corporate Governance Mechanism:

Corporate governance mechanisms and controls are designed to reduce the inefficiencies that arise from moral hazard and adverse selection. There are both internal monitoring systems and external monitoring systems. Internal monitoring can be done, for example, by one (or a few) large shareholder(s) in the case of privately held companies or a firm belonging to a business group. Furthermore, the various board mechanisms provide for internal monitoring.

External monitoring of managers' behavior occurs when an independent third party (e.g. the external auditor) attests the accuracy of information provided by management to investors. Stock analysts and debt holders may also conduct such external monitoring. An ideal monitoring and control system should regulate both motivation and ability, while providing incentive alignment toward corporate goals and objectives. Care should be taken that incentives are not so strong that some individuals are tempted to cross lines of ethical behavior, for example by manipulating revenue and profit figures to drive the share price of the company up (www.wikipedia.org).

According to Julie (2014) effective corporate governance is essential if a business wants to set and meet its strategic goals. A corporate governance structure combines controls, policies and guidelines that drive the organization toward its objectives while also satisfying stakeholders' needs. A corporate governance structure is often a combination of various mechanisms as state below:

Internal Mechanism:

The foremost sets of controls for a corporation come from its internal mechanisms. These controls monitor the progress and activities of the organization and take corrective actions when the business goes off track. Maintaining the corporation's larger internal control fabric, they serve the internal objectives of the corporation and its internal stakeholders, including employees, managers and owners. These objectives include smooth operations, clearly defined reporting lines and performance measurement systems. Internal mechanisms include oversight of management, independent internal audits, structure of the board of directors into levels of responsibility, segregation of control and policy development.

External Mechanism

External control mechanisms are controlled by those outside an organization and serve the objectives of entities such as regulators, governments, trade unions and financial institutions. These objectives include adequate debt management and legal compliance. External mechanisms are often imposed on organizations by external stakeholders in the forms of union contracts or regulatory guidelines. External organizations, such as industry associations, may suggest guidelines for best practices, and businesses can choose to follow these guidelines or ignore them. Typically, companies report the status and compliance of external corporate governance mechanisms to external stakeholders.

Independent Audit

An independent external audit of a corporation's financial statements is part of the overall corporate governance structure. An audit of the company's financial statements serves internal and external stakeholders at the same time. An audited financial statement and the accompanying auditor's report helps investors, employees, shareholders and regulators determine the financial performance of the corporation. This exercise gives a broad, but limited, view of the organization's internal working mechanisms and future outlook. This positions were also supported in the works of (Hermalin and Weisbach, 1991; McConnell and Servaes, 1990; Morck et al.,1988), (Shleifer and Vishny, 1986), (Welch, 2003) Fama and Jensen (1983), (Boo and Sharma, 2008; Bushman et al., 2004), (Kent and Stewart, 2008)

(Chiang, 2005; Haniffa and Hudaib, 2006), (Anderson et al., 2004; Williams et al., 2005), (Abbott et al., 2004; Klein, 2002), (Kent and Stewart, 2008), Kim et al. (2003), Krishnan (2003), DeAngelo (1981), Dye (1993) and Craswell et al. (1995) as cited by Azim(2012).

Element of Corporate Governance in Banks:

Banks generally are expected to set strategies which have been commonly referred to as corporate strategies for their operations and establish accountability for executing these strategies. g these strategies. According to Uwuige (2011) quoting El-Kharouf (2000), as stating that while examining strategy, corporate governance and the future of the Arab banking industry, pointed out that corporate strategy is a deliberate search for a plan of action that will develop the corporate competitive advantage and compounds it.

The concept of good governance in banking industry empirically implies total quality management, which includes six performance areas (Klapper and Love, 2002) in the work of Uwuigbe (2011). These performance areas include capital adequacy, assets quality, management, earnings, liquidity, and sensitivity risk. Klapper and Love argued that the degree of adherence to these parameters determines the quality rating of an organization. Akinsulire (2011) position is in tandem with this position.

Moreover, the truth about bank regulation is that governance in banks must be concerned with not only the interests of owners and shareholders but with the public interest as well. Additionally, regulation and its agent (the regulator) have a different relationship to the firm than the market, bank management or bank owners. However, as observed in the banking firm, there exists another interest; that of the regulator acting as an agent for the public interest. This interest exists outside of the organization and is not necessarily associated, in an immediate and direct way, to maximization of bank profits (Uwuigbe, 2011).

The mere existence of this outside interest will have a profound effect on the construction of interests internal to the firm (Freixas and Rochet, 2003) as quoted by Uwuigbe (2011). Thus, because the public interest plays a crucial role in banking, pursuit of interests internal to the firm requires individual banks to attend to interests external to the firm. This implies a wider range of potential conflict of interests than is found in a non-bank corporation. In bank corporations, the agent respond not only to the owner's interest, but also to the public interest expressed by regulation through administrative rules, codes, ordinances, and even financial prescriptions.

In summary, the theory of corporate governance in banking requires consideration of the following issues:

- Regulation as an external governance force separate and distinct from the market
- Regulation of the market itself as a distinct and separate dimension of decision making within banks
- Regulation as constituting the presence of an additional interest external to and separate from the firm's interest
- Regulation as constituting an external party that is in a risk sharing relationship with the individual bank firm.

Therefore, theories of corporate governance in banking, which ignores regulation and supervision, will misunderstand the agency problems specific to banks. This may lead to prescriptions that amplify rather than reduce risk. In Nigeria, the regulatory functions, which is directed at the objective of promoting and maintaining the monetary and price stability in the economy is controlled by the Central Bank of Nigeria while the supervisory bodies are Nigeria Deposit Insurance Corporation and the Central Bank of Nigeria (CBN, 2006).

In other words, if one accepts that regulation affects the banking sector in an important way, one must also accept the fact that this has important implications for the structure and dynamics of the principal agent relationship in banks (Uwuigbe, 2011).

The Combined Code of Corporate Governance (2003)

The Combined Code originally issued in 1998 drew together the recommendations of “Cadbury, Greenbury, and Hampel reports” (Mallin 2004, p.23) in Uwuigbe (2011). The new Combined Code (2003) incorporates a number of key issues as addressed by the Higgs Report (2003) relating to corporate governance principles; the role of the board and chairman; the role of non-executive directors and audit and remuneration committees. These recommendations include a revised Code of Principles of Good Governance and Code of Best Practice; relating to the recruitment, appointment and professional development of nonexecutive directors. Also included is “Related Guidance and Good Practice Suggestions for nonexecutive directors, chairman, performance evaluation checklist; as well as a summary of the principal duties of the remuneration and nomination committees. Some of the main reforms included that at least half of the board of directors should comprise of non-executive directors, the CEO should not be the chairman of the board and should be independent, board and individual directors” performance evaluation should be regularly undertaken, and that formal and transparent procedures be adopted for director recruitment.

The Organization for Economic Cooperation and Development (OECD)

The OECD Principles of Corporate Governance were first published in 1999. These principles were intended to provide guidelines in assisting governments in improving the legal, institutional and regulatory framework that underpins corporate governance (OECD 1999). In addition they provided guidance for stock exchanges, investors, companies, and other parties. These principles were not binding, but rather provided guidelines for each country to use as required for its own particular conditions. These principles were published as the first international code of corporate governance approved by governments. Since then, they have been widely adopted.

In 2002, the OECD brought together representatives of 30 countries as well as other interested countries in reviewing the existing five principles. The new principles (released in May 2004) were reworked from five to six principles. The principles cover the following areas:

- a. Ensuring the basis for an effective corporate governance framework,
- b. The rights of shareholders and key ownership functions,
- c. The equitable treatment of shareholders,
- d. The role of stakeholders in corporate governance,

- e. Disclosure and transparency,
- f. The responsibilities of the board.

The new principles were issued in response to the numerous corporate failures that have occurred throughout the world. These scandals have undermined the confidence of investors in financial markets and company boardrooms. The revised principles emphasize the importance of a regulatory framework in corporate governance that promotes efficient markets, facilitates effective enforcement and clearly defines the responsibilities between different supervisory, regulatory and enforcement authorities.

According to Idornigie (2010) as cited by Demaki (2011) discloses that Nigeria have multiplicity of codes of corporate governance with distinctive dissimilarities namely;

- i. Security and Exchanged Commission (SEC) code of corporate governance 2003 addressed to public companies listed in the Nigeria Stock Exchange (NSE);
- ii. Central Bank of Nigeria (CBN) Code 2006 for banks established under the provision of the bank and other financial institution ACT (BOFIA).
- iii. National Insurance Commission (NAICOM) Code 2009, directed at all insurance, reinsurance, broking and loss adjusting companies in Nigeria.
- iv. Pension Commission (PENCOM) Code 2008, for all licensed pension operators.
- v. Corporate Affairs Commission (CAC).

Other non-governmental organizations that are in the vanguard of promoting good corporate governance in Nigeria includes but not limited to:

- Chartered Institute of Bankers of Nigeria (CIBN)
- Institute of Chartered Accountants of Nigeria (ICAN).
- Financial Institutions Training Centre (FITC).

Meanwhile, Central Bank of Nigeria (CBN) Code 2006 for banks has just been replaced effective 1st October 2014 with CBN code of corporate governance for banks and discount houses in Nigeria, 2014). Although all the Nigerian codes contain the under listed key elements of corporate governance, there are disparities in the content of their provisions and enforcement mechanisms. The key elements of corporate governance are:

- a. Composition of board of directors
- b. Independent directors
- c. Multiple directorships
- d. Board of directors committees
- e. Accountability and transparent reporting
- f. Mandatory and self-regulatory requirements of the provisions of the codes.

Critical Elements of Banking Reform in Nigeria

The current reforms which began in 2004 with the consolidation programme were necessitated by the need to strengthen the banks. The policy thrust at inception, was to grow the banks and position them to play pivotal roles in driving development across the sectors of the economy. As a result, banks were consolidated through mergers and acquisitions, raising

the capital base from N2 billion to a minimum of N25 billion, which reduced the number of banks from 89 to 25 in 2005, and later to 24 (Sanusi, 2012).

Beyond the need to recapitalize the banks, the regulatory reforms also focused on the following:

- Risk-focused and rule-based regulatory framework;
- Zero tolerance in regulatory framework in data/information rendition/reporting and infractions;
- Strict enforcement of corporate governance principles in banking;
- Expeditious process for rendition of returns by banks and other financial institutions through e-FASS;
- Revision and updating of relevant laws for effective corporate governance and ensuring greater transparency and accountability in the implementation of banking laws and regulations, as well as;
- The introduction of a flexible interest rate based framework that made the monetary policy rate the operating target. The new framework has enabled the bank to be proactive in countering inflationary pressures. The corridor regime has helped to check wide fluctuations in the interbank rates and also engendered orderly development of the money market segment and payments system reforms, among others.

Moreover, Sanusi (2012) argues that the Bank has over the years identified key priority sectors and developed tailored interventions to support and promote their growth.

Some of the key interventions in the real sector include:

- N200 Billion Refinancing/Restructuring of SME/Manufacturing Fund
- N300 billion for long term funding of Power and Aviation
- Commercial Agricultural Credit Scheme (CACS)
- The Small and Medium Enterprises (SME) Credit Guarantee Scheme (SMECGS)
- In addition the Nigerian Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) was established. The programme is a demand-driven credit facility that would build the capacity of banks to engage and deliver loans to agriculture by providing technical assistance and reducing counterparty risks facing banks.

It also seeks to pool the current resources under the CBN agricultural financing schemes into different components of the programme. Furthermore, the Bank has been collaborating with the Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE), to reduce the cost of transactions, particularly bond issues, so as to diversify funding sources away from banks as well as attract more foreign portfolio investors into the sector.

In 2010, the Asset Management Corporation of Nigeria (AMCON) was established following the promulgation of its enabling Act by the National Assembly. It is a special purpose vehicle aimed at addressing the problem of non-performing loans in the Nigerian banking industry, among others. In line with its mandate, AMCON recently acquired the non-performing risk assets of some banks worth over N1.7 trillion, which is expected to boost their liquidity as well as enhance their safety and soundness. With the intervention of AMCON, the banking

industry ratio of non-performing loans to total credit has significantly reduced from 34.4 per cent in November 2010 to 4.95 per cent as at December 2011 (Sanusi 2012).

In order to ensure that AMCON achieves its mandate, the CBN and all the deposit money banks have signed an MOU on the financing of AMCON. The CBN shall contribute N50 billion annually to AMCON, while each of the participating banks shall contribute an amount equivalent to 0.3 per cent of its total assets annually into a sinking fund as at the date of their audited financial statement for the immediate preceding financial year. Therefore, the cost of the resolution to the Nigerian taxpayer is significantly minimized.

To further engender public confidence in the banking system and enhance customer protection, the CBN established the Consumer and Financial Protection Division to provide a platform through which consumers can seek redress. In the first three months of its operation, the Division received over 600 consumer complaints, which was a manifestation of the absence of an effective consumer complaints resolution mechanism in the banks. The CBN has also issued a directive to banks to establish Customer Help Desks at their head offices and branches.

In addition, the CBN has commenced a comprehensive review of the Guide to Bank Charges with a view to making the charges realistic and consumer friendly. The CBN has taken steps to integrate the banking system into global best practice in financial reporting and disclosure through the adoption of the International Financial Reporting Standards (IFRS) in the Nigerian banking sector by end-2010. This should help to enhance market discipline, and reduce uncertainties, which limit the risk of unwarranted contagion.

The Universal Banking (UB) model adopted in 2001, allowed banks to diversify into non-bank financial businesses. Following the consolidation programme, banks became awash with capital. Some operators abused the laudable objectives of the UB Model with banks operating as private equity and venture capital funds to the detriment of core banking practices. To address the observed challenges, the CBN reviewed the UB Model with a view to directing banks to focus on their core banking business only. Under the new model, licensed banks will be authorized to carry the following types of business:

- Commercial banking (with either regional, national and international authorization);
- Merchant (investment) banking; Specialized banking (microfinance, mortgage, non-interest banking (regional and national)); and
- Development finance institutions.

Sanusi (2012) stated that the introduction of the non-interest banking in Nigeria is expected to herald the entry of new markets and institutional players thus deepening the nation's financial markets and further the quest for financial inclusion. In fact, the first fully licensed non-interest bank in the country (Jaiz Bank Plc.) started business on Friday, January 6, 2012. Similarly, the importance of Microfinance in a growing economy cannot be over-emphasized, given its potential in addressing the challenges of excluding a large population from full

participation in economic activities. As at December 2011 there were 24 deposit money banks with 5,789 branches and 816 microfinance banks bringing the total bank branches to 6,605. The ratio of bank branch to total population is 24,224 persons, indicating a high level of financial exclusion.

METHODOLOGY

This section focuses on the research techniques adopted and used for this study with the aim of achieving the research objectives.

The Sources of data and Sample of the study

A total of one hundred and twenty five (125) questionnaires were shared amongst the respondents (stakeholders of corporate governance in the banking sectors) but a sample size of one hundred (100) questionnaires were filled and returned by the respondents. The method of data analysis (technique) used for this research work as per the primary data gathered via the survey questionnaire is Statistical Package for the Social Sciences (SPSS).

Table: 3.1 Descriptive Statistics for the Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Deposit (Disclosure)	100	1.00	5.00	4.00	1.08
Performance(Disclosure)	100	1.00	5.00	4.00	1.04
Code_Inefficient(Disclosure)	100	1.00	5.00	4.00	1.02
Information(Disclosure)	100	1.00	5.00	4.00	1.06
Development(Disclosure)	100	1.00	5.00	4.24	.86
Merger_Acq(Healthy Bank)	100	1.00	5.00	4.00	1.15
Internal_Control(Healthy Bank)	100	1.00	5.00	4.00	.90
Risk_Mgt(Healthy Bank)	100	1.00	5.00	4.00	.89
Mega_Bank(Healthy Bank)	100	2.00	5.00	4.10	.96
Risk_Assets(Healthy Bank)	100	1.00	5.00	4.00	1.06
Effective_Code(Sound CG)	100	2.00	5.00	4.00	.86
Regulatory_Agency(CG)	100	1.00	5.00	4.00	.95
Fraud_Poor (CG)	100	1.00	5.00	4.00	1.08
Accountability(CG)	100	2.00	5.00	4.00	.84
Obligation(CG)	100	1.00	5.00	4.00	.93
Instruments(Bank Failure)	100	1.00	5.00	4.00	.99
Shock(Bank Failure)	100	1.00	5.00	4.00	1.00
Record(Bank Failure)	100	1.00	5.00	4.00	1.10
Failure(Bank Failure)	100	2.00	5.00	4.19	.87
Portfolio(Bank Failure)	100	2.00	5.00	4.29	.80
IT(Recapitalization)	100	1.00	5.00	4.00	.99
Mechanism(Recapitalization)	100	2.00	5.00	4.00	.87
Financial_Intermediation(Recapitalization)	100	1.00	5.00	4.00	.90
Economic(Recapitalization)	100	1.00	5.00	4.00	1.07
Stakeholder(Recapitalization)	100	1.00	5.00	4.00	.98
Valid N (list wise)	100				

Source: Authors Analysis Using SPSS, 2015.

Characteristics of Respondents

In order to obtain our required information we set our questions format on variables that are closely related. Under this section, the background information concerning the each respondent was adequately captured.

The characteristic features of the respondent per section A of the questionnaire is summarized in the tables below:

Variable	Number	Percentage (%)
Regulators	1	1
Accountant/Auditor	26	26
Individual Investor	36	36
Bank Employee	34	34
Institutional Investor	3	3
Total	100	100

Source: Author's Research, 2015

Education

Variable	Number	Percentage (%)
Ordinary Level	16	16
NCE/ND	10	10
HND/BSC	32	32
Master	28	28
PHD		
Professional	14	14
Total	100	100

Source: Author's Research, 2015

Type of Banks

Variable	Number	Percentage (%)
Liquidated	17	17
Rescued	24	24
Healthy	59	59
Total	100	100

Source: Author's Research, 2015

Sex

Variable	Number	Percentage (%)
Male	61	61
Female	39	39
Total	100	100

Source: Author's Research, 2015

Knowledge on Corporate Governance

Variable	Number	Percentage (%)
Low	3	3
Medium	58	58
High	39	39
Total	100	100

Source: Author's Research, 2015

Result of the Corporate Governance Disclosure Analysis

Table 4.1: Showing the Corporate Governance Disclosure for the Mean, Standard Deviation and Frequency in Section B of the Survey Questionnaire.

Statement	Variable	Mean	Standard Deviation	% Frequency
Detailed disclosure of corporate governance by deposit money banks enhances their performances.	Deposit (Disclosure)	4.00	1.08	25-SA 47-A
The performance of bank is determined by the level of disclosure required of her corporate governance code.	Performance (Disclosure)	4.00	1.05	21-SA 45-A
Existence of disparate codes of Corporate Governance regulating the activities of banks in Nigeria was manifestly ineffective, disjointed and inadequate.	Code_Inefficiency (Disclosure)	4.00	1.03	15-SA 39-A
Lack of adequate presentation of information regarding Corporate Governance was prominent in the pre-consolidation era as compared to the post consolidation era.	Information (Disclosure)	4.00	1.07	25-SA 39-A
Good Corporate Governance practice in the banking industry is Imperative, if the industry is to effectively play a key role in the overall development of Nigeria.	Development (Disclosure)	4.24	0.87	45-SA 40-A

Source: Author's Research, 2015

Result shows that 72% of the respondents think that detailed disclosure of corporate governance by deposit money banks enhances their performances. The mean disclosure is about 4.00 with standard deviation of approximately 1.08. This means that the disclosure can deviate from mean to both sides by 1.08. 66% agrees that the performance of bank is determined by the level of disclosure required of her corporate governance code. The mean disclosure is about 4.00 with standard deviation of approximately 1.05. This means that the level of disclosure required by the corporate governance code can deviate from mean to both sides by 1.05. The response highlights that 54% of the respondent affirms that the existence of disparate codes of Corporate Governance regulating the activities of banks in Nigeria was manifestly ineffective, disjointed and inadequate. The mean and standard deviation here were

4.00 and 1.03 respectively. 64% agrees that lack of adequate presentation of information regarding Corporate Governance was prominent in the pre-consolidation era as compared to the post consolidation era. The mean and standard deviation for these stands at 4.00 and 1.07 respectively. Finally, 85% of the respondents suggested that Good Corporate Governance practice in the banking industry is imperative, if the industry is to effectively play a key role in the overall development of Nigeria. The mean disclosure is about 4.24 with standard deviation of approximately 0.87, what this means is that the importance of corporate governance in the playing her intermediation role can deviate from mean to both sides by 0.87.

Healthy and Rescued Bank Analysis

Table 4.2: Showing Healthy and Rescued Banks Mean, Standard Deviation and Frequency in Section C of the Survey Questionnaire.

Statement	Variable	Mean	Standard Deviation	% Frequency
Incompatible mergers and acquisitions amongst banks affected their performances.	Merger_Acquisition (Healthy Bank)	4.00	1.18	37-SA 32-A
Override of internal control and non-adherence to limit of authority in a bid to meet set targets are more pronounced with the rescued banks.	Internal Control (Healthy Bank)	4.00	0.90	29-SA 48-A
Absence of risk management processes in some banks resulting in the taking of excessive risk and its attendance consequence were more visible in the rescued banks.	Risk_Management (Healthy Bank)	4.00	0.89	31-SA 44-A
The emergence of mega banks placed enormous demand on the skills and capabilities of the management staff and board of the banks.	Mega_Bank(Healthy Bank)	4.10	0.97	42-SA 36-A
Provisioning for risk assets delinquencies are more prominent amongst the rescued bank.	Risk_Assets (Healthy Bank)	4.00	1.06	24-SA 42-A

Source: Author's Research, 2015

69% of the respondent agrees that incompatible mergers and acquisitions amongst banks affected their performances. The mean incompatibility is about 4.00 with standard deviation of approximately 1.18. This means that the incompatibility can deviate from mean to both sides by 1.18. 77% thinks override of internal control and non-adherence to limit of authority in a bid to meet set targets are more pronounced with the rescued banks. The mean and standard deviation of this is 4.00 and 0.90 respectively. 75% feels that absence of risk management processes in some banks resulting in the taking of excessive risk and its attendance consequence were more visible in the rescued banks. The mean and standard deviation here is 4.00 and 0.89 respectively. Of the total respondents 78% thinks that the emergence of mega banks placed enormous demand on the skills and capabilities of the management staff and board of the banks. The mean is 4.10 and the standard deviation is

0.97. While 66% agrees that provisioning for risk assets delinquencies are more prominent amongst the rescued bank. The mean is about 4.00 whereas the standard deviation is 1.06.

Result of the Corporate Governance Analysis

Table 4.3: Showing Sound Corporate Governance for the Mean, Standard Deviation and Frequency in Section D of the Survey Questionnaire.

Statement	Variable	Mean	Standard Deviation	% Frequency
The reinvention of Corporate Governance codes help to strengthen the banks within the financial sector.	Effective_Code (Sound Corporate Governance)	4.00	0.87	26-SA 49-A
Despite the measures introduced by the regulatory agencies the problem of poor corporate Governance remained unresolved amongst the consolidated banks.	Regulatory Agency (Sound Corporate Governance)	4.00	0.96	11-SA 48-A
The increasing level of fraud amongst consolidated banks is largely due to poor Corporate Governance practices.	Fraud_Poor (Sound Corporate Governance)	4.00	1.09	34-SA 38-A
Inadequate oversight and accountability of the board affects the Corporate Governance strength of the banks.	Accountability (Sound Corporate Governance)	4.00	0.84	28-SA 48-A
Inability to meet maturing obligations without recourse to the use of Expanded Discount Window as well as board squabbles were some of the issues faced by some of the recapitalized banks.	Obligation (Sound Corporate Governance)	4.00	0.94	31-SA 37-A

Source: Author's Research, 2105

75% of the respondents think that the reinvention of Corporate Governance codes help to strengthen the banks within the financial sector. The mean for sound corporate Governance is 4.00 while the standard deviation is 0.87. This means that the mean can deviate from sound corporate governance to both sides at 0.87. 59% feels that despite the measures introduced by the regulatory agencies the problem of poor corporate Governance remained unresolved amongst the consolidated banks. The mean and standard deviation is 4.00 and 0.96 respectively. 72% says the increasing level of fraud amongst consolidated banks is largely due to poor Corporate Governance practices. The mean and standard deviation is 4.00 and 1.09 respectively. Also, 76% feels that the inadequate oversight and accountability of the board affects the Corporate Governance strength of the banks. The mean of sound corporate governance is 4.00 and the standard deviation is 0.84. This means that the deviation of sound corporate governance from mean from both sides is 0.84. 68% thinks inability to meet

maturing obligations without recourse to the use of Expanded Discount Window as well as board squabbles were some of the issues faced by some of the recapitalized banks. The mean for this statement is 4.00 while the standard deviation is 0.94.

Result of the Prevention of Bank's Failure Analysis

Table 4.4: Showing Prevention of Bank's Failure for the Mean, Standard Deviation and Frequency in Section E of the Survey Questionnaire.

Statement	Variable	Mean	Standard Deviation	% Frequency
The deployment of Special purpose vehicles makes the ascertainment of true position of banks tasking/onerous.	Instruments (Bank Failure)	4.00	0.99	20-SA 41-A
The post consolidated banks are well positioned to withstand possible shock that might arise.	Shock (Bank Failure)	4.00	1.01	24-SA 48-A
The consolidation exercise has further engendered good records keeping for banks.	Record (Bank Failure)	4.00	1.11	23-SA 39-A
Poor Corporate Governance makes banks susceptible to failure and possible collapse.	Failure (Bank Failure)	4.19	0.87	41-SA 45-A
Efficient management of risk portfolio of banks prevents possible failure.	Portfolio (Bank Failure)	4.29	0.81	48-SA 36-A

Source: Author's Research, 2015

61% of the respondents think that the deployment of Special purpose vehicles makes the ascertainment of true position of banks tasking/onerous. The mean and standard deviation is 4.00 and 0.99 respectively. 72% feels that the post consolidated banks are well positioned to withstand possible shock that might arise. The mean and standard deviation is 4.00 and 1.01 respectively. Meanwhile, 62% agrees that the consolidation exercise has further engendered good records keeping for banks. The mean and standard deviation is 4.00 and 1.11 respectively. Similarly, 86% thinks poor Corporate Governance makes banks susceptible to failure and possible collapse; the mean is 4.19 and standard deviation is 0.87. Also, 84% agrees that efficient management of risk portfolio of banks prevents possible failure; the mean and standard deviation is 4.29 and 0.81 respectively.

Result of the Recapitalization of Bank Analysis**Table 4.5: Showing Recapitalization for the Mean, Standard Deviation and Frequency in Section F of the Survey Questionnaire.**

Statement	Variable	Mean	Standard Deviation	% Freq.
Recapitalization in the banking industry proposes additional Corporate Governance challenges arising from integration processes, information technology and culture.	IT (Recapitalization)	4.00	0.99	35-SA 38-A
The recapitalization in the banking industry has further strengthened the Corporate Governance mechanism of banks operating in Nigeria.	Mechanism (Recapitalization)	4.00	0.88	24-SA 46-A
Recapitalization exercise has assisted the banks to truly play their intermediation roles for which they were established.	Financial Intermediation (Recapitalization)	4.00	0.91	21-SA 45-A
Economic activities have been positively enhanced as a result of recapitalization exercise.	Economic (Recapitalization)	4.00	1.08	19-SA 40-A
The risks posed by the consolidation exercise were adequately mitigated by measures put in place by the relevant stakeholders within the banking sector.	Stakeholder (Recapitalization)	4.00	0.99	14-SA 42-A

Source: Author's Research, 2015

It was observed 73% of the respondents think recapitalization in the banking industry proposes additional Corporate Governance challenges arising from integration processes, information technology and culture; the mean is 4.00 and standard deviation is 0.99. 70% feels that the recapitalization in the banking industry has further strengthened the Corporate Governance mechanism of banks operating in Nigeria; mean of 4.00 and standard deviation of 0.88. 66% feels recapitalization exercise has assisted the banks to truly play their intermediation roles for which they were established; the mean is 4.00 and standard deviation is 0.91. It was observed that 59% of the respondents think economic activities have been positively enhanced as a result of recapitalization exercise; the mean is 4.00 and standard deviation is 1.08. And 56% thinks the risks posed by the consolidation exercise were adequately mitigated by measures put in place by the relevant stakeholders within the banking sector; the mean is 4.00 and standard deviation is 0.99. This means that the effect of recapitalization can deviate from mean to both sides by 0.99.

Table 4.6 Pearson's Correlation Co-efficient (Extracts).

	Governance Disclosure	Internal Control	Fraud	Banks Failure	Financial Intermediation
Pearson Correlation	.393**	.395**	.418**	.377**	.441**
Sig(2-tailed)	.000	.000	.002	.000	.000
N	100	100	100	100	100

**Correlation is significant at the 0.01 level (2-tailed).

Source: Computed by researcher using data from the questionnaire, 2015.

Using Pearson correlation, from the analysis, the correlation between governance disclosure and their performance has a coefficient of 0.393 indicating a positive medium correlation. We also observed that the positive correlation between the studied variables is significant at 1% and 5% respectively.

Also from the analysis, the correlation coefficient of 0.395 is positively moderate as per override of internal control and non-adherence to limit of authority with respect to the rescued banks. The positive correlation noticed between the studied variables is significant at 1% and 5% respectively.

Similarly, we observed a moderately positive correlation coefficient of 0.418 with respect to increasing fraud amongst the consolidated banks. The positive correlation noticed between the studied variables is significant at 1% and 5% respectively.

In addition, we observed a moderately positive correlation coefficient of 0.377 considering susceptibility to failure by banks due to poor corporate governance. The result also shows that the positive correlation noticed between the studied variables is significant at 1%.

The analysis shows a moderately positive correlation coefficient of 0.441 with respect to the significance of the effect of recapitalization of banking industry on corporate governance. The result also shows that the positive correlation noticed between the studied variables is significant at 1% and 5% respectively.

On the whole, based on the results of the analysis there is positive relationship between effective corporate governance disclosure, fraud, internal control and recapitalization of banks in Nigeria.

SUMMARY OF THE FINDING FOR THE STUDY

- The need for strong internal control system was emphasized, this is to reduce and eliminate the activities of fraudsters within and outside the bank. Override of internal control and non-adherence to limit of authority in a bid to meet set targets are more pronounced with the banks that were rescued from being liquidated. Our analysis revealed that over 77% of the respondent agrees with this fact. The mean position is approximate 4.00 with a standard deviation 0.90.
- Also, proper risk management was strongly agreed to by the respondents in ensuring good corporate governance. This is in view of the fact that improper/poor management of risk results into non-performing loans. In the analysis over 75% of the respondents believes that absence of risk management processes in some banks especially the rescued ones leads to taking of excessive risk resulting to unpalatable experiences.
- The increasing level of fraud amongst consolidated banks is due largely to poor corporate governance practices. This is in view of the fact that despite measures introduced by the regulatory agencies the problem of poor corporate governance remained unresolved

amongst the banks. The analysis of data provides the basis for this finding as over 72% of the respondents supports this position.

- From the research work, ownership of banks by family members, over expansion of banks and corruption of bank officials were agreed to be key factors why banks fails. There is prevalence of unethical practices by the management of the affected banks.

There was lingering distress in the industry, the supervisory structures were inadequate and there were cases of official recklessness amongst the managers and directors, while the industry was notorious for ethical abuses (Akpan, 2007). Over 61% of the respondents agree that the deployment of special purpose vehicles (SPVs) makes the ascertainment of true position of banks onerous.

- Sound Corporate Governance helps to build a better reputation for banks, increase profitability and thus, instil confidence in the public. This is because over 84% of the respondents suggest that poor corporate governance makes banks susceptible to failure and possible collapse.

- There were clear cases of Incompatible mergers and acquisitions amongst banks which ultimately affected their performances. Anyone who witnessed the consummation of the merger of the six banks that led to the birth of Spring Bank would attest to the fact that the marriage was doomed to fail. A hail of controversy trailed the negotiations that led to the merger. Members of the merger group struggled against one another for vantage position in the budding the bank.

CONCLUSION

In view of the above analysis, Corporate Governance is necessary to the proper functioning of banks as intentional override of internal control systems at the strategic level, poor risk managements or absence of risk management frameworks and various unethical practices by banks put the banks in grave situation and leading to near-collapse of some banks if not for the swift interventions of the apex bank in salvaging the situation through various means such as establishment of bridge banks, regulatory-induced mergers and acquisitions, liquidity injections amongst other strategies.

RECOMMENDATIONS

Having critically summarized the findings as well as draw conclusion, the following are therefore recommended for necessary action:

- The regulatory authorities should increase their oversight functions and scope of examination of deposit money banks (DMBs) to encourage compliance with laid down rules and regulations. Cases of internal override of internal control at every level within the banks should not be treated with kid-gloves going forward but people found culpable sanctioned without fear or favour. In another vein, the use of bankruptcy prediction model for determining the current and potential bank's failure proves handy and appropriate. This will afford effective resource management instead of distress classification or liquidation that amounts to medicine after death.

- The deposit money banks should be encouraged to strengthen their risk management framework to reduce to the barest minimum cases of non-performing loans. This they should do by ensuring only those who qualify and have the capacity to pay back as well as the character are avail loans and overdrafts.
- Promoting the culture of whistle blowing, establishing special courts within the judiciary for the trying of corporate offences, promoting business ethics through moral education. The system should provide protection for whistle blowers to avoid being persecuted for reporting issues that are unethical.
- The management staffs have important roles to play in ensuring that there exists a sound internal control system in their banks and that laid down procedures are reviewed regularly. This will help to frustrate the activity of the fraudsters while also leading by examples. Strong anti-fraud controls that would serve as deterrents to fraudsters at every level within the deposit money banks (DMBs) should be established. On no account should the system left vulnerable for frauds to easily sail through.
- It is also, recommended that the new code of corporate governance for banks should be strictly adhered to by all banks in the country, as this will enable banks to operate in a safe and sound manner and as such, lead to restoration of public confidence in the banking system. Thus, ensuring a better economy in the country. In another vein, a situation whereby DMBs are owned by a family or a few individual leading to having uncontrolled influence on the activities of the organization should be discouraged. Oceanic Bank was a victim of family-owned.

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