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Rebuilding confidence In Nigerian Banks: The challenge of good corporate governance and professionalism.

Uju M. Ogubunka
Chartered Institute of Bankers of Nigeria (CIBN), Lagos

REBUILDING CONFIDENCE IN NIGERIAN BANKS: THE CHALLENGE OF GOOD CORPORATE GOVERNANCE AND PROFESSIONALISM[4]

BY

'UJU M. OGUBUNKA, PhD

REGISTRAR, CHARTERED INSTITUTE OF BANKERS OF NIGERIA (CIBN), LAGOS

'Uju M. Ogubunka, PhD

1.0 Introduction

The Nigerian Banking Industry which is still evolving, has great potentials for positively impacting on the developing economy with over a hundred and forty million (140 million) people. Without a doubt, the industry has made noticeable progress and positive impact since its birth in the early 1890s, it would have achieved more had it not been bedeviled by occasional crisis. Each time a crisis ensued in the industry, many backward steps were triggered off thereby stunting the industry's capacity and capability to pursue and attain its accredited potentials. Indeed, after each crisis period, the industry engaged in attempting to rebuild, rehabilitate, reinvent or reinvigorate itself. Some years usually elapsed before it could find its feet again.

Incidences of bank crisis in Nigeria, like in other jurisdictions, had led to bank shake-ups, failures and subsequent liquidations. Those outcomes gave rise to serious erosion of stakeholders' confidence in banking institutions and the system with far-reaching negative consequences for banking habits and culture across the country. Confidence in banks being a vital ingredient for the survival and growth of banks usually attracts the attention of both regulators and operators.

Expectedly, banking crisis in Nigeria had also brought about different types of banking reforms championed by the Central Bank of Nigeria (CBN). In most cases, the reforms were aimed at mitigating the negative impact of the crisis, stabilizing the banks and the industry, restoring or rebuilding confidence in the institutions and catalyzing growth. While the collaborative efforts of regulators and operators may, within a short time, mitigate the impact of banking crisis and create some stability in the system, it is generally not a tea party to bring back consumers' confidence. And since banking can only thrive where there is confidence, the challenge of its restoration takes a centre stage in the practitioners' policies, strategies and implementation agenda.

Questions had been raised as to the causative factors of bank crises in Nigeria. Researches had been undertaken and findings point to the fact that banks get into trouble for numerous reasons, the major ones being poor risk management, unethical and unprofessional practices as well as lack of good corporate governance culture.

In this paper, we intend to discuss how corporate governance and professionalism can be employed to rebuild confidence in Nigerian banks.

2.0 Conceptual Issues

It is important to understand the two (2) main concepts that feature in the theme of this paper, that is, Corporate Governance and Professionalism.

2.1 Corporate Governance

Corporate governance has been described variously but presented, in the main, as a subject that deals with how organisations are directed and controlled. In the Bankers Committee's Code of Corporate Governance for Banks and other Financial Institutions in Nigeria (2003), it is said to refer to "the processes and structures by which the business and affairs of an institution are directed and managed in order to improve long-term shareholder value by enhancing corporate performance and accountability, while taking into account the interest of other stakeholders". Similarly, the organisation for Economic Co-operation and Development (OECD) defines corporate governance as involving *"a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.*

Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interest of the company and shareholders and should facilitate effective monitoring, thereby encouraging firms to use resources more efficiently".

As can be seen, the OECD succinctly captured a broad spectrum of what corporate governance entails. It has however been pointed out that corporate governance, overall is "about how to build trust and sustain confidence among the various interest groups that make up an organisation". (Sanusi, 2003). This perfectly aligns with the Commonwealth Association of Corporate Governance's description of corporate governance as being "essentially, about leadership: for efficiency, for probity,

[4]*The views expressed in the paper are those of the author and do not in any way represent the official position or thinking of the Central Bank of Nigeria nor the CIBN. The author acknowledges the comments and criticisms of anonymous reviewer*

with responsibility and leadership which is transparent and accountable". It also aligns with the statement which Anyaoku (2001), credits to Professor Colin Tricker (1984), that "if Management is about running business, governance is about seeing that it is run properly".

In essence, the aim of corporate governance is to ensure that in organisations, things are not only done right but that right things are done. When this is achieved, stakeholder trust and confidence is built and sustained.

2.2 Professionalism

The word 'professionalism' is a derivative of the word 'profession' which has been defined by Armstrong (2001), as "*a body of people who possess a particular area of competence, who control entry so that only members of the association can practice in that area, who unequivocally adopt the 'service ethic' and who are recognized by themselves and others as belonging to a profession*". The Encyclopedia of Banking and Finance defines profession as "any occupation that requires considerable education and specialized training as opposed to purely technical or manual skill". Armstrong (2001), goes further to define professionalism as "the practice of specific skills based upon a defined body of knowledge in accordance with recognized standards of behaviour".

From the above definitions, it is observed that professionalism is synonymous with possession of knowledge, skill and competence in a defined area of human endeavour; for example, banking, medicine, engineering, insurance e.t.c. It also connotes that professionals (those who practice the profession) must subscribe and adhere to certain code(s) of conduct and standards of behaviour acceptable, not only to members of the profession but also the society. In order words, apart from being an 'expert', the professional must necessarily be ethical in his/her practice. It is important to emphasize that all professions are anchored on the existence of professional bodies that emplace and warehouse the body of knowledge and ethical codes for their members. The Chartered Institute of Bankers of Nigeria (CIBN) represents such body in Nigeria's banking industry.

The society expects that a person who professes or holds himself out as a professional must display, at all times, the highest standard of competence, expertise and integrity.

In the business of banking where trust and confidence are very essential for the sustenance of the business, professionalism is therefore a major requirement for proper conduct of banking and the instilment of public confidence. That is why, over the years, as a result of the many financial scandals and failure of banks, occasioned, in the main, by unprofessional conduct and activities of board, management and staff of banks, renewed emphasis is being placed on the importance of practising the trade professionally.

3.0 THe Need for Confidence in Nigerian Banks

Banking business, from its earliest days, has been driven and sustained by the confidence users have in the persons and institutions that provide the service. This is imperative because banking is anchored, in the first instance, on safety of money and other valuables. It entails someone entrusting his or her money or valuables in the hands of another.

In the second instance, banking demands that the entrusted money or valuable must be returned to the owner by the banker, when the owner demands it. This means that the banker, at all times, must be ready to return the entrusted money or valuable immediately demand is made or as agreed by the parties at the onset of the relationship.

It is a settled understanding that no rational person will entrust his money into the hands of someone or institution he is unsure will safeguard and return same when demanded. Indeed, it will be foolhardy, to do so; like giving a dog meat to protect.

The major ingredient for a banking relationship is therefore 'confidence'. If such an ingredient is absent or lost in any manner, the relationship, while it may never be embarked upon in the first instance, will certainly collapse if it had earlier been established. In the absence of 'confidence' there is no banking. Like Sanusi (2003), points out "banks ...... can only continue to fund their operations, so long as they enjoy the confidence of the financial markets".

It is because banks' customers believe, not only that their money is secured but that, they will get it back upon demand that they have confidence in banks. For as long as this type of confidence is sustained, both the bank customer and the bank have nothing to worry about. However, if for any reason the contrary is the case, the scale of balance of confidence must tilt against the bank, leading to existing customers making frantic and desperate efforts to retrieve their money from the bank, while potential ones will not venture making deposits. A situation where many customers, for fear of loss of their deposits besiege the banks at the same time to withdraw their money, leads to a 'run' on the banks. Such a 'run' if not quickly contained, leads to bank crisis with the fate of the affected banking institutions and the banking sector in jeopardy and serious negative consequences for financial intermediation and economic progress.

Thus, while banks may be involved in various activities and practices and get away with them, their death comes easily when they engage in things that can derobe them of their customers' confidence. Agusto (2009), advises banks to be mindful because "any acts by them that impair the confidence of depositors pose risks, not only to themselves but the banking system as a whole". A bank can arrive at a risky station when its credit worthiness is noticeably impaired as a result of illiquidity which is usually caused by poor governance and unprofessional practices, among others. Consequently, banks must, at all times inspire and sustain the confidence of the banking public.

Taking this discussion further, the primary relationship between banks and their customers is that of debtorcreditor. The customers are creditors to the banks when they make deposits in banks. The status changes when customers borrow money from banks; they become debtors. Neither the customers nor the banks will act in this relationship as creditors if confidence between them is lacking. No creditor lends money to a debtor he has no confidence that he will repay.

Even when the banker-customer relationship is described in terms of principal -agent and bailor bailee, there is still the need for confidence among the parties. Thus, no matter how their relationship is viewed, 'confidence' plays a key part in the initiation, nurturing and sustenance of it. Confidence is therefore central in the making of a successful bank and banking system. When it is present, the banks flourish in their financial intermediation services, but when it is lost, they are placed in danger. As observed by the Commonwealth Secretariat (2003), "given the importance of depositor and investor confidence to the stability of a banking system, any code of best practices for corporate governance applicable to the financial institutions would appropriately include reference to the need for bank directors to specifically take into account factors relevant to depositor and investor confidence". By virtue of the nature of banking services, whatever affects banks is necessarily of particular and general interest. Banks can therefore, hardly afford to play with the confidence of their stakeholders. Unfortunately, a myriad of factors get banks to situations where confidence of their stakeholders, especially depositors, is lost.

4.0 The State of Confidence in NigeRian Banks

Before the collapse of the Nigerian Capital Market in 2008/2009, financial services' consumers in Nigeria were only worried about the possibility of the financial crisis in America, Europe and other developed economies, affecting the country. The regulatory authorities persistently re-assured the populace that the country's banking and financial systems were not linked and integrated into the international financial system, hence there was no cause for worry.

Needless to state that, when the Nigerian Capital Market took an unprecedented downturn, with serious financial losses by investors, it was very predictable that players in the money market would have concerns. Indeed, while investors nursed their wounds, depositors in banks became noticeably very cautious as confidence in the financial system waned.

By August 14, 2009, when the Governor of the Central Bank of Nigeria (CBN) relieved some bank Chief Executives and Directors of their positions and appointed new ones, pointing out the grave situation the former executives had put their banks into, whatever remained of confidence in the banks was under threat. Within days of CBN's action, there was massive deposit withdrawal from banks a sign of depositors' loss of confidence in the system. But for CBN's injection of N620 billion fresh capital into the affected banks and its assurances that no bank would be allowed to fail, the rest would have been history by now for some Nigerian banks.

At the time the CBN intervened in August 2009, the Governor stated that the Bank needed to remove the principal cause of financial instability and "to restore confidence in the banking system" - a statement which confirms that confidence had taken flight off the system. Despite the two reasons stated by the CBN for its action, until today, many stakeholders believe that much is yet to be achieved about confidence restoration. Indeed, the Punch Newspaper in its Editorial of July 15, 2010, captured the prevailing situation when it stated that "*a combination of global meltdown, reforms, the scandals in the banks, credit squeeze and negative official comments have eroded confidence in the banking system*". The newspaper's statement while pointing out some of the causes of eroded confidence in the system, also affirmed that "what the system needs most at this time is renewed confidence that will encourage investment and employment". It is probably in recognition of this fact that the need for inclusion of this subject of rebuilding confidence in Nigerian banks in this programme was identified.

Some of the factors fueling the subsisting lack or erosion of confidence in Nigerian banks were highlighted by the Punch Newspaper cited earlier. There are also the general negative reports and publications about the banking industry by the Nigerian media. The worst of these include some advertorials that fail to take into account the sensitive nature of the industry and the sensibilities of stakeholders; rumour - based and unverified reports; sensational, alarming and destructive headlines in the newspapers. While bad news may be the news in the eyes of the media, some of such news serve no one any good. Things are made worse by the use of mobile phones to transmit bad news very quickly across the country. The pronouncements and comments of some highly placed individuals - policy makers and opinion leaders - also send the wrong, if not bad signals in the market.

It is important to also mention that happenings in the banks do not help matters, especially the prevailing unprofessional and bad/poor corporate governance practices. Furthermore, a situation where small amounts of credit cannot be accessed by customers, who deem themselves good for such services, is a minus. The incessant losses associated with the use of Automated Teller Machines (ATMs) and other forms of frauds impact on the credibility, integrity and image of banks. Even the unending disengagement of employees which is hinged on restructuring exercises is contributing to the poor image banks are being associated with and hence, lack of public confidence. As it were, for every disengaged bank employee, many dependants are adversely affected.

Perhaps, a very significant factor in banks' inability to restore public confidence is the uncertainty that prevails as to whether or not some banks would be sold by the Central Bank of Nigeria, as has variously been promoted by the Bank. Indeed, many stakeholders, while suspicious of CBN's intent in 'meddling' in what is felt to be the right of shareholders, are not sure how the 'power play' will eventual end and the effects on the banks. Consequently, there is general impression that it pays to be cautious in times of uncertainty.

In the very recent past, a key publication which further drove confidence afar from banks was the report that was credited to Standards and Poor, a rating agency based in the United States of America. The rating agency was said to have declared that banks in Nigeria are very risky. The publication's negative impact on confidence in banks cannot be over-emphasised.

One way to appreciate, without extensive and costly research exercise, the status of confidence of the public in banks and the banking system, is to open up a discussion with a group of people about Nigerian banks and bankers. The experience of listening to what follows can be demoralizing and heart-breaking. The good thing though is that, no one group of persons is held responsible for the parlous state of affairs that cause evaporation of public confidence. Fingers point at regulators, operators, investors and even consumers alike. But can confidence be rebuilt in Nigerian banks so that they can effectively play their roles in the economy? Many (including regulators of the banking system) believe that confidence can return if the banks would strictly adhere to good corporate governance and professionalism.

5.0 The state of Corporate Governance and Professionalism in the Nigerian Banking Industry

There are three (3) Codes of Corporate Governance in the Nigerian banking industry viz: Code of Best Practice on Corporate Governance in Nigeria by the Nigerian Securities and Exchange Commission; Code of Corporate Governance for Banks and Other Financial Institutions by the Bankers Committee (2003) and the Code of Corporate Governance for Banks in Nigeria Post Consolidation by the Central Bank of Nigeria (2006). There are also Codes of Ethics and Professionalism in the industry. These various codes aim at ensuring proper and effective governance of banking institutions and the practice of banking ethically and professionally. In other words, adhering to the contents of the codes, promises to produce safe, sound, stable and growing banking institutions and system with positive effect on building and sustaining public confidence need to be ensured. While the 2003 corporate governance code encompasses ten (10) principles for best practice, the 2006 code goes further to highlight fifteen (15) identified weaknesses in corporate governance in banks, sixteen (16) challenges of corporate governance and eighteen (18) principles of best practice for banks, post consolidation. On the other hand, the relevant code of professionalism indicates nine (9) areas of unprofessional practices, a framework for handling reported cases and four (4) types of sanctions that may be imposed.

Notwithstanding the existence of the codes and intendments, the governance in banks has been acknowledged, at the highest regulatory and operational levels of leadership, to have failed. Sanusi (2009), the Governor of the Central of Bank of Nigeria (CBN), confirms that "Corporate Governance in many banks failed". He equally adduced some reasons including the fact that "boards ignored these practices (good corporate governance) for reasons including being misled by executive management, participating themselves in obtaining unsecured loans at the expense of depositors and not having the qualifications to enforce good governance on bank management".

Dozie (2003), had mildly acknowledged the failure of governance in banks by stating that "it would appear that much needs to be done" (about corporate governance conformance), asserting that "the industry (banking) stands to be indicted in the arena of public opinion for a multiplicity of misdemeanours, ranging from insider abuses both at the board and management/staff levels, foreign exchange violations, questionable people management and ethics, ...".

The past banking crises the country has witnessed were found to have occurred as a result of weaknesses or failures in governance and unprofessional activities of practitioners. Indeed, the industry's regulators and supervisors continuously finger the failure of corporate governance and professionalism as major culprits in banking crises in the country. In 2010, the Governor, Central Bank of Nigeria removed some executives of banks for "acting in a manner detrimental to the interest of their depositors and creditors". Their acts, according to the Bank, manifested in "excessively high level of non-performing loans ...... attributable to poor corporate governance practices ....".

The other manifestations of failure of corporate governance in banks include incessant board and management squabbles, ineffectiveness of board committees, rendition of inaccurate returns, lack of or non disclosure of vital information to stakeholders, non compliance with statutory and regulatory provisions, general lack of transparency and accountability. It is important to re-emphasise that in section two (2) of the Code of Corporate Governance for Banks in Nigeria Post Consolidation, fifteen (15) evidences of 'weakness', not failure, of corporate governance in banks were highlighted. It was to address the issues and prevent new ones from rearing their heads that the subject code was made mandatory for compliance.

In addition to governance issues, professionalism in the industry is at unacceptable level. Many practitioners lack the requisite professional knowledge and skill to accomplish tasks desirably. Even where the knowledge exists, banking is not being professionally practised. Incompetence and deliberate violation of professional codes persist in the industry. This situation accounts, in the main, for the majority of consumer disaffection and loss of confidence in banks. As typified by the happenings in the Sub-committee on Ethics and Professionalism, which is an alternative dispute settlement mechanism for the industry, the number of petitions against banks by their customers is on the upward trend. Cases of excess charges, multiple and unauthorized fees and breaches of agreements abound. There have also been cases of conflict of interest, unfair treatment of employees, non-conformity with standards and guidelines and misuse or abuse of confidential information as well as abuse of trust/office. Banks are equally scored very low, if any marks at all, for unprofessional use of their personnel in marketing, assignment of unachievable and very burdensome financial targets and increasing incidences of cheating, fraud and other malpractices.

Perhaps, the key issues which the banking industry will, for a long time, continue to be vilified for are the turning of a known conservative banking profession into showmanship and flamboyance, and the very high annual profits and monthly pay cheques bankers have become associated with despite widespread belief that the industry's performance claims are unjustifiable and unsustainable in an economy where the real and other sectors are near prostrate.

The state of professionalism and ethics has for long been a burden for Nigerian banks such that in 2001, the Bankers Committee published the Code of Ethics and Professionalism in the industry. The Code identified practices considered unethical and unprofessional and made provisions for the code's compliance and enforcement. The Code is expected to "bring about discipline and professionalism in the industry" and "uphold the integrity of the profession in order to instill public confidence in the banking system".

6.0 The Challenge of Good Corporate Governance and Professionalism in RebuildinG Confidence in Nigerian Banks

Both codes of Good Corporate Governance and Ethics and Professionalism that exist in the Nigerian banking industry have significantly provided for how banks should be governed and how practitioners should practise banking in order to achieve a safe, sound and stable banking environment. The contents of the codes are products of experiences gained locally and internationally in the governance and practice of banking. Generally, it has been widely acknowledged that if banks are indeed governed and bankers practice along the lines codified, the troubles that banks get into which jeopardize confidence in them, will be substantially reduced, if not eliminated.

Since, despite the existence of the codes, banks are still being operated in manners that put them at grave risk with negative consequences for public confidence, the challenge is therefore on how the practice of good governance and professionalism can be employed to rebuild an already destroyed or collapsed public confidence in Nigerian banks. We propose the following:

i. **Acknowledgement of the Need for Confidence Rebuilding**
Board, management and staff of banks need to formally acknowledge the importance of consumer/public confidence for the survival of banks. They should also acknowledge that confidence in their banks and the system needs rebuilding in the interest of all stakeholders and the economy.

ii. **Acceptance of Responsibility to Rebuild Confidence**
Board, management and staff must accept the primary responsibility of rebuilding confidence in the banks. Such a responsibility must include an acceptance to operate the institutions in line with good governance practices and professionalism. There must be evident willingness and strong character to comply with the codes, rules and regulations in the industry.

iii. **Identification of stakeholders and Understanding of their Interests**
Board and management should clearly identify their institutions' stakeholders, understand their interests and make every necessary effort to cater for such interests. A situation where the interest of shareholders is the dominant concern of Boards and management of banks should be checked. It is likely to be the main reason banks are ever willing to cheat their customers to foster the interest of investors.

iv. **Demonstration of Empathy**
Board, management and staff of banks should demonstrate empathy in dealing with all stakeholders. They should try to 'walk in the shoes of the other interest groups' in order to build trusting relationship.

v. **Recognition of Contribution of Various Stakeholders**
It is not only shareholders and employees that sustain banks. Depositors and other consumers make much more contributions, especially as banks are highly leveraged institutions. Consequently, it is necessary for all contributors to be availed their due recognition and benefits in the interest of continued mutual relationship without suspicion.

vi. **Proper Power-Sharing**
Power and authority in banks must be shared evenly among the interest groups, especially, between Board and management with clear-cut checks and balances. Power domination must be avoided to prevent damaging conflicts and squabbles.

vii. **Culture and Behaviour Change**
If corporate governance and professionalism must contribute to rebuilding confidence in banks, the need for culture and behaviour change by all categories of practitioners cannot be over-emphasised. The banker-customer relationship should be re-established and fostered. The current spirit of 'we' and 'them' should be rested. When banks realise the interdependence that should exist between them and other parties, they may begin to re-culture themselves and confidence can be rebuilt because each would know that the other is part of the whole without which it cannot survive.

viii. **Accountability and Disclosure**
Banks must become accountable to all stakeholders not just their shareholders. The stakeholders should therefore be the ones to hold banks accountable. This is wider in scope and of greater implication than when it is only the shareholders, some of whom are directors and managers that demand accountability. This also necessitates banks disclosing fully their activities. Their reports should address the concerns of all interest groups. The CBN's policy on full disclosure and transparency should be enforced. The proposed adoption

of International Financial Reporting Standards (IFRS) should be pursued.

ix. Living The Values

There is no bank in Nigeria that does not propagate some form of Corporate Values, such as integrity, customer care, honesty, fear of God and excellence. All the values espoused by banks sound good enough, but living them is the challenge. This is the time to ensure that what is professed is what is done. As Kouzes and Posner (2002), correctly point out, "Values set the stage for action". However, actions must foster and not destroy trust and confidence for them to be meaningful.

x. Continuous Learning

Banking is a dynamic subject. Those engaged in the practice must continuously update themselves on contemporary issues and best practices. This is particularly important at strategic levels such as Board and management where policies and strategies are developed. Consumers are getting more sophisticated. Those that serve them should, at least, be steps ahead in knowledge and skills. The Compulsory, Continuing Professional Development (CCPD) programme of the CIBN should be strengthened and patronised.

xi. Leading with Integrity and by Good Example

All Boards and management must lead with integrity and by good examples. They should 'walk the talk' and promote credibility which is the foundation for trust and confidence. Directors and top management of banks and companies in which they have interest should not be allowed to borrow money from the banks they lead.

xii. Discipline and Commitment

Indiscipline and lack of commitment to the welfare of consumers are rife in the banking industry. For corporate governance and professionalism to inspire confidence, there is the need for individual and corporate discipline and commitment to the ideals of the banking profession and banker-customer relationship. Flamboyant life style should take leave of bankers.

xiii. Controlling and Managing Risks

Effective control and management of risks in banks whereby issues of fraud, abuses and non-performing assets, e.t.c. can become a thing of the past, is important for confidence. For as long as banks are placed at risk, so long will confidence depart.

xiv. Develop Standards

Performance is better evaluated against established standards. For all those involved in leading in banks and ensuring confidence rebuilding, there is need for establishment of standards expectations to guide action performance monitoring and evaluation. They will encourage compliance, especially if verification and sanction mechanisms are included.

xv. Compliance Mechanism

Just because people know what to do and how to do things, does not mean they will do them. There must therefore be ways to ensure compliance. Experience in Nigerian banks suggests that willing compliance is unachievable, hence, the need for enforcement. If compliance cannot be achieved, every other effort becomes a waste and detracts from confidence rebuilding. Copies of reports of Chief Compliance Officers and Chief Inspectors of banks should be forwarded to the regulators. These officers should be held responsible for unreported violations in their banks.

xvi. Zero Tolerance Enforcement

The policy on zero tolerance of unprofessional and unethical practices as well as poor corporate governance should be strictly enforced at both individual and corporate levels to serve as deterrent. Making 'whistle blowing' effective to ensure timely exposure of malpractices, should be pursued.

xvii. Regulatory Governance

The regulators should govern their own institutions along the lines they expect of the banks, thus, leading by example. They should also always supervise and examine banks properly and timely to prevent anything that leads to crisis. Regulators who fail to do their job well must be held responsible and penalized where necessary.

xviii. 'Fit and Proper Persons'

It is a necessary requirement that only 'fit and proper persons' should be allowed to manage banks. All those who mismanaged banks were cleared by the CBN. Can this mean that they were not properly screened before clearance? It makes case for a review and strengthening of the criteria and process for confirming persons for bank management. At present, this policy is restricted to Board and top management. It should encompass all staff from supervisor level. The Human Capital Databank for the industry being proposed by The Chartered Institute of Bankers of Nigeria (CIBN) should be supported and implemented to reduce human capital risk.

xix. Consumer Protection and Education

Much effort needs to be put by operators and regulators in the protection and education of the consumers who incidentally have the greatest financial stake in banks. Financial literacy and appropriate banker-consumer relationship programmes are needed. Mechanisms for listening to complaints from consumers and quickly settling them are also needed. The prevailing situation where banks shield themselves from consumer feedback is unhealthy and unsupportive to confidence restoration.

xx. Consumer Advocacy Group

Shareholders and directors in banks have advocacy groups. Consumers do not. Banks therefore erroneously pay less attention to consumers because no one speaks for their collective interest. Emergence of such group will redefine the situation and regenerate consumers' confidence when their interest is taken into reckoning.

xxi. Self-Regulation

Although, statutory regulation abounds in the banking industry, for banks to inspire and promote confidence, they must exhibit excellent self-regulation characteristics. They should be able to set their own confidence boosting parameters, self-audit themselves and make amends. This will reinforce the way they relate with their publics and attract trust and confidence.

xxii. Co-operation and Collaboration

While they compete, banks should collaborate and co-operate among themselves and with the regulators in making the industry safe to inspire public confidence. There should be diversification of channels for making the public have a better banking experience, especially through good governance and professionalism. Sharing of information can save banks from fraudulent customers. Getting Credit Bureaus and the recently approved Asset Management Corporation work effectively will depend on the co-operation of regulators and operators.

xxiii. Board Committees

Board Committees must perform their statutory and regulatory functions effectively for the health of the institutions. They should take ownership and be held accountable. This will make meaningful, the principle of effective Board oversight. However, they cannot perform without understanding what is involved or from detached positions. The challenge therefore, is ensuring that directors and management possess the knowledge, skill, experience and character to make them perform creditably. This calls for a review and strengthening of the criteria and process for committee appointments.

xxiv. Self-Reinvention

No bank can ideally strive to rebuild confidence without first reinventing itself, especially in terms of why it is in business and for whose interest it serves. Banks should appreciate who makes them thick and cater for their welfare and interests. Soul searching and self-reinvention are important.

xxv. Due Process and Best Practice

Practitioners regulators and operators must follow due process and best practice in all their activities. These are embodiments of professionalism and good governance which boost confidence

xxvi Information Management

Information management should include availing consumers, indeed all stakeholders relevant, correct, adequate and timely information while maintaining confidentiality in line with law and practice. It goes with the issues of disclosure and transparency which are key to the building of trust and confidence. Information leakage, especially to inappropriate quarters, affects confidence adversely.

xxvii. Safety Nets

Most confidence issues derive from the worry about what happens should a bank get into trouble. When the public knows that the available safety nets offer good protection, they will not panic much. The available safety nets should be promoted for awareness and made responsive enough in times of need, provided they do not engender serious moral hazards.

xxviii. Sanction Mechanisms To Work

The CIBN's Tribunal which is meant to consider reported cases of unethical and unprofessional practices of its members needs to be put to work. Members who have infringed on the ethical and professional code should be reported, tried and outcome published. Similarly, activities of the Sub-committee on Ethics and Professionalism where cases bordering on unethical and unprofessional activities against banks are settled, should be strengthened and publicized in a way that affected banks would not be hurt. There is however, the need for a framework for handling violations of Code of Good Governance. This is missing, despite the fact that compliance is mandatory.

xxix. Public Communication

In communicating with the public on banking matters, regulators and operators should be mindful of the impact of their statements. Confidence will better be rebuilt if positive issues are made public while negative ones are internally handled. An appreciation that the failure of a bank threatens the entire system and the economy should be an incentive for cautious reporting of issues that may impact negatively on public perception and confidence in banks.

xxx. Banking Education

It is a well known fact that many employees and Board members of banks know little or nothing about the basics of banking and bank management. The CIBN which is the professional body for bankers is there to avail them educational and training services. Yet, bank officials are not willing to undergo the curriculum of the Institute. The only reason this is the situation is because there has not been statutory or regulatory compulsion on anybody to be professionally qualified before managing banks. To equip bank workers appropriately, time has come for professional qualification in banking to be made compulsory. Apart from advancing knowledge and capacity, it brings individuals into the catchment of ethics and professional tenets. The CBN and NDIC have realized this need and have started by requiring top management and staff of Microfinance banks to be professionally certified. This should be extended to the conventional banks. If the curriculum of the CIBN does not appear robust enough, the regulators and operators can upgrade it. The banking professional certificate should be a priority in the industry.

7.0 Concluding Remarks

Confidence is important and necessary in banks. Every effort must be made by all stakeholders to sustain it. Where it has been destroyed, it must be rebuilt. Experience has shown that confidence evaporates when banks are improperly governed. As a result, issues on how best practices can be adopted in banks' management have been raised, prompting the emplacement of industry-wide codes of good corporate governance and professionalism, respectively. Adherence to the codes by practitioners in the banking industry will resolve the crisis-precipitating factors that destroy confidence in the institutions.

The challenge in using good governance and professionalism in rebuilding confidence in banks is multiple but rests essentially on getting all stakeholders, especially operators and regulators, to willingly commit themselves to best practice which majorly includes due process, compliance with laws, rules, regulations and guidelines. Achieving such objective will greatly depend on individuals and corporate organisations living their values with accountability to a broader spectrum of stakeholders and not just shareholders.

However, where willing compliance is sure to be unachievable as has been the case in Nigeria, forced compliance, with commensurate penalties, can only be neglected at the continued detriment of the banking sector in particular and the economy in general. Needful to add, that the duty of confidence rebuilding in banks is a matter for all stakeholders. Each must therefore contribute, no matter how little, particularly by avoiding confidence destroyers. That way, we protect the economy which banks, by their nature and functions, play immense strategic roles in its growth and development.

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Dreisbach D. A. for Directors and Corporate Counsel, American Bar Association, U.S.A.