TITLE

BANKING SERVICES AND PUBLIC RELATIONS IN NIGERIA. AN EFFECTIVE MARKETING TOOL FOR SURVIVAL IN A COMPETITIVE ENVIRONMENT

A project submitted to the Pstgraduate School, Ahmadu Bello University in partial fulfilment of requirements for the award of degree of Master of Business Administration of Ahmadu Bello University, Zaria.

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D E C L A R A T I O N

I declare that the work done in this MBA project is wholly my efforts. No project of this nature has been presented in any form, anywhere for any other degree prior to our research. All materials used from other sources have been duly acknowledged.

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T his project report entitled Banking Services And Public Relations. An Effective Marketing Tool in a Competitive Environment, by Abdullahi Umar Mashi meets the regulations governing the award of the degree of Masters in Business Administration of Ahmadu Bello University, and is approved for its contribution to knowledge and literacy presentation.

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D E D I C A T I O N

This unique project is dedicated to the memory of my fiancee, LADY MARYAM.

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A B S T R A C T ,

The Nigerian Commercial Banking Services have in the recent past been criticised and condemned. They have been accused of conservation in their operations. Some say their services across the counter is poor and inefficient. That they spend not less than two to three hours to cash a dheque.

The attitude of the Bank's staff has also been castigated. There have been several newspaper articles describing Nigerian Bankers to be untrained, slow, discourteous, rude and non-chalant to customers' yearnings. They were also accused of inefficiency and favouritism.

The bankers on the other hand claimed that their services are adequate and efficient for the present banking habit. That, it is the poor banking ethics of Nigerians that forced them to adopt stringent and meticulous procedures to avert looses through frauds and other dubious practises. They further argued that, the computerisation technic adopted in Europe and United States cannot immediately be introduced here because majority of the customers that contribute substantially to the revenue of the Banks are largely

illiterates. That apart, the Nigerian public are not enlightened and trusting enough to accept cheques whatmore credit cards for ordinary day to day transactions. Therefore, since the bulk of businesses being handled by the Banks largely involve liquid cash, their procedures for sometime to come would have to be manual and fairly time consuming.

To confirm or disaprove the allegations, a survey was initiated. Questionnaires probing the feelings of customers towards the services rendered by their main bank were distributed among over sixty branches of the three major banks, that is, United Bank for Africa PLC, Union Bank of Nigeria PLC, and Afribank of Nigeria PLC. throughout the state capitals including Abuja. The three banks were specially selected in view of their experience, standard and the fact that they account for over 60% of banking services in the country.

The survey findings reveal that:-

(a) The Thesis advanced by the various critics of commercial banks in Nigeria is false and unfounded. It is clearly revealed that averagedly customers spend less than thirty minutes to obtain the required services.

(b) The claim that bank-tellers are rude, discourteous, impleasant and non-chalant was also found to be false and exagerative,

(c) The Commercial banks in Nigeria are not as conservative as the critics postulated. Rather, their operations and procedures are tailored towards the level of understanding of their customers. It is their believe therefore that selective mechanisation as they now practise would overtime improve their services and reduce the customers ' waiting time.

(d) The banks adopt what look like cumbersome procedure because of the poor banking ethics of the society failed the banks in the past when payments were usually effected with little attention to verification vide dishonesty and premeditated frauds.

(e) Some of the delays are caused due to high labour turnover among the clerical staff and the overstretched supervisors and officers.

(f) Finally, that if the Government can effectively legislate making it an offence that would

attract maximum penelty for an individual who issues cheque on an account not properly funded or attempt to defraud the hank in whatever way possible, then the banks would be willing to relax some of their stringent control procedures and in effect reduce the waiting time.

In conclusion, therefore, improvement of banking services is a function of both the Banks and the society at large. If the society is honest and matured in their dealings with the bank, it is more than likely that more efficient banking services would be enjoyed.

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CHAPTER ONE

I N T R O D U C T I O N

1.1 WHY THE STUDY:

Many things have been said and written regarding the relationship between customers and the commercial banks in Nigeria in the area of counter services, human relation and customer's satisfaction. Many charges have been levelled against the banks, mostly notably by one Bayo Lawal in Business Times,[1] Sarah Odede in Daily Times,[2] Mrs M. O. Onasanya, Nigerian Enterprises[3], Mrs Olayide Adigun[4].

Mrs Olayide Adigun made the following observations:-

1. It does seem that most banks do not really care whether customers banking with them are satisfied or not satisfied. This is because the banks probably realise that where the customer is not satisfied he could hardly shift his base to another banking hall. The reason being that when one desires to open a new account the treatment and problems associated with the opening of an account are so numerous

that once a customer has succeeded in opening one he shies away from a repeated performance. Obviously opening an account in Nigeria is not the best road to happiness.

2. There is a patent disorderliness the way and manner customers are attended to. The result is that many people wait for hours before they are called upon to be told to get further identification from drawer or that the drawer in fact has no money in the account. The system of collecting dheque and other paying vouchers from the customers at the same time waste more time than orderly presentation of clearance of a single customer at a time.

If only one person is attended to at a time the others waiting on the line will know that they will not be shifted out of their turn. Furthermore, it will become irrelevant whether the customer is familiar with one bank official. In the present arrangements in most banks those who know officials whether high or low receive prompt and adequate

attention. Those who don't know them suffer the consequences of being unknown. Another issue is that when the customer is issued with a tag one would expect that the numbering of the tag would reflect wither the time of arrival or actual number among the people found in the hall. But one could find out a two black does not mean that the holder is the second person to submit the cheque or that he is a blind man. "My friend came after me; but he is promptly served. No wonder, his brother is the current Account Supervisor." Cried by one customer of United Bank for Africa, PLC, Abuja Branch. So it is emphasised that it is better to deal with the customer one by one. This is not a fair fetched desire as quick service counter of most banks deal with the customers one by one. Whether a customer receives a quick service or not should not depend on the amount of money he desires to withdraw. Quick service should be the all mark of every banking arrangement.

Some of those who serve as cashires are sometimes aggressive and see customers more like beggars than anything else. They fail to appreciate

that but for the same customers their employment would not be guaranteed. Customers should be treated with utmost respect because in that way it will be easier to maintain the confidence of various customers. Sometimes customers in academic or academic environment are made to feel as being unwanted. A man who earns well over ₦20000.00 in a year and bank in his account not only his salary and other earnings far above his take home finds it difficult to get a ₦1500.00 bank limit card. Although now that the keen competition resulting in the multiplicity of bank will usher in a new era of banking.

The machinery of clearance of cheques is still in the primitive stage. The system used by most banks is already obsolete even for a manual technical system. The computer has been introduced in a number of banks, but it is not as if tney are faultless. Most times the branch must contact and wait for the headquarters print out in order to enable it attend to the customers. Sometimes, the printout comes out well into the day. One is not unawre of the problems associated with the computer especially in a banking environment where fraud is

highly practised by the low and mighty. But the problem is not with the customer but with the calibre of bank officials. Where the officials are honest and contended, fraud will be minimised.

"For most of us, a loan of ₦10000.00 is beyond reach. Most of the times the directive on loans flows from the headquarters. But even then, it is an ardous task to receive what the manager could authorise" Asserted by one customer of Union Bank PLC, Kaduna Main Branch. Though this may be linked with the problem associated with loan recovery, the National Bank situation is opposite here. But where a person maintains a regular account and the source of income is definite, some further effort should be made to alleviate such people's problem.

There is also the need for continous education and the improvement of the educational qualities of staff generally. It is not unlikely that this accounts for the highly inefficient and unimpressive manner many customers are attended to. In some cases, the procedure they have to go through in clearing a withdrawal are so cumbersome that they

get fagged out in between. The result is intolerance of the customer's desire to be quickly serviced.

The banks have responded in their own defence. Mr. Ogundipe, the General Manager of Nigeria Merchant Bank Ltd.[4] blamed most of the chaos at the branch level of Nigerian Commercial Banks on strained resources which make the span of control of the Supervisors problematic. That if more branches are allowed to be opened in the cities, where demand for banking services is greater, there will be opportunities for banking without tears.

The most successful frauds, which of course are largely responsible for the necessary security checks adopted by the banks which also prolong the waiting time, can be blamed on over-burdened supervisory strength at the branch level. That, since most banking transactions in Nigeria are in cash or cheques across the counter, it is not feasible for banks to expand their labour strength beyond proportion taking into consideration that they are in business to make profit. He further argued that, even though he believes in mechanisation, which should be introduced in stages, what is immediately required is a situation

whereby fewer cheques would pass across the counter and the bulk of cheques transacted would be through the clearing system. But, that we cannot have this state of affairs while the Government doesn't enforce the law which makes the intentional issuance of cheques without funds a criminal act with heavy penalties.

Another senior official of Nigeria Universal Bank Ltd, Zaria Branch, interviewed claimed that the seemingly declining services in the commercial banks derive from high labour turnover among the clerical staff which is further compounded by the Government directive that staff of that category must be employed from the indegines of the state where the bank operates. The policy through landable and with good intent but not good enough for the banks claimed the official. Some indigenes of certain states, continues the official, have unlimited job and educational opportunities hence prove to changing jobs at will or proceeding for further studies after a short-service with the Bank. That for a Banking clerical staff to become useful to the bank and contribute substantially to the sale of Bank's service, he must have spend one year undergoing various on-the-job and out-of-the-job training. It is after a year that his service can be said to be

useful to the bank. But from experience, the official claims, this class of staff leave the Bank's service when they are a year or two thus creating operational vacuum difficult to fill in the short-run. What therefore results is the overstreching of the few that remains. Definitely, it is not easy for ten clerical staff to perform the job of twenty. And it is not also possible for a newly engaged staff to fill the vacuum until a period of at least six to nine months when they must have been trained. Between this period therefore, the customers are bound to experience delay and not-too-adequate service from the existing staff concluded the official.

Mr. Olierh[5], the General Manager, African Continental Bank Ltd in his own defence of the banks claimed that they introduced various security checks which of course increased waiting time of customers- The Tally System - because of the frequency of fraud and other associated malpractices. That it is a common thing in Nigeria for customers to collide with strategically placed staff to falsify accounts and defraud the bank of substantial amount. That before the introduction of the tally system, a customer who comes to withdraw say N500.00 often present himself

to cash ₦5000.00 after carefully studying the movements of the actual payee and ascertaining that he is not in the banking hall when the cashier announces the payment.

The banks therefore, believe that part of their lapses as relate their counter-service derives from the poor banking ethics of the society and not their performance perse.

In order therefore to examine the true relationship between the banks and their customers, a questionnaire was sent to various branches, nationwide, of the banks selected (United Bank for Africa, PLC, Union Banking Nigeria PLC, and International Bank for West Africa PLC). A total of 105 questionnaires were responded out of the 250 sent. The survey concentrated on these three banks because they account for over 65% of banking transactions in the economy.

1.2 STATEMENT OF PROBLEM:

Morally, one must not be a fair weather friend but this appears to be what most banks are in Nigeria. This is one of the many things written and said regarding the relationship between customers and commercial banks in the country in the area of services

and human relations. Bankers are accused of being aggressive and that customers are not treated with utmost respect. Machinery used is clearing and processing cheques is absolete. The computer system introduced is still inadequate. The services being rendered are not to the full satisfaction of the customers.

Most of the frictions between the banks and members of the public are not entirely to be blamed on the banks. Owing to the frequency of frauds in the banking sector, the present cheques clearing and processing procedures that of course have increased the waiting time, are introduced as security checks.

The bankers therefore, believe that part of their lapses as relate to the services they render derives from the poor banking ethics of the society. Ours is a society that deals in nothing but cash.

The various governments in the country have not assisted the industry. There are various laws which if impemented, will bring alot of sanity into our banking system.

The gradual mechanisation and the various products being innovated in the industry are all means of serving the customers satisfactorily.

1.3 OBJECTIVES:

In view of the accusations levelled against the Nigerian Commercial Banks as relate to their counter service and the dissatisfaction derivable from their operations coupled with the counterview held by the operators claiming that the Nigeria society is to blame for the way and meticulous procedure they adopt which in essence is responsible for the time customers have to wait to get served, researcher went to investigate the true position with the following objectives as his guide:-

a. To what extent is it true that customers have to wait for almost three to four hours to get served in Nigerian Commercial Banks.

b. To appraise the practice of public and Human Relations in the Banking Industry.

c. Is it also true that people in the higher income group are given preferential treatment at the expense of the lower income group.

d. Is it true that the Bank Tellers/Clerks serving on the counter are generally rude,

insurbordinate, discourteous deliberately slow and frustrating in r endering the required services.

e. To what extent are customers generally satisfied with the services rendered.

f. If generally not satisfied, what remedies should the Management of the Banks adopt to improve their services to meet the satisfaction of the customers.

1.4 METHODOLOBY:-

The principal source of data was through the questionnaire drawn. Various top bank officials of different banks were interviewed to obtain their views as regard the accusations generally leveled against the operations of the Banks in the area of counter-service, customer satisfaction and public relations. Also interviewed were customers of different classes and of different locations to know their views on how they are being served by the Banks. Useful information were obtained and used in arriving at a conclusion.

1.5 SCOPE:

The survey is generally an unsual one. Its intent is to investigate the true position of what relationship actually existed between the commercial banks and their customers in the area of counter-service and the extent the Banks aspire to sell their services to the satisfaction of customers. Are their services a positive contribution to Banking habit in Nigeria or the opposite? Since the role of Commercial banks in the economic development of any nation is very essential and necessary, the coverage of the survey was extended to cover the whole state capitals in the Federation including Abuja, the new capital territory.

The survey concerns itself with counter services and public relations as seen by the customers on one hand and the Bankers on the other.

1.6 LIMITATIONS:

The scarity of and difficulty in obtaining required data and information have posed the major problems in the conduct of this study.

Academic journals and other publications containing relevant literature directly useful to the

topic were not available, hence the researcher had to be satisfied with summaries and references made to such articles and findings in text books and other studies.

Furthermore, most of the literature reviewed is related to the U.S.A. and U.K. because the limited write-ups on developing economies were not available in the researcher's environment.

However, a knowledge of the developed banking services as relate to customer's satisfaction enables us to identify the inadequacies and shortcomings of the Nigeria commercial banks. It is therefore not unbeneficial to consider findings from them, even if only for purposes of comparison and making suggestions for improvement.

The findings are directed to the three major banks - UBA PLC, UBN PLC, and IBWA/AFRIBANK PLC - because they count for substantial part of banking transactions. And the spread of the survey is throughout the state capitals where banking transactions are heaviest. Therefore, non-involvement of other banks, especially the indegeneous banks though delimit the findings but doesn't effectively hamper the opinions got.

1.7 DEFINITIONS OF KEY TERMS:

The definitions of certain key terms as used in this study are presented below:-

Account Turnover:- In banking terms, account turnover is the total of the debit side of the current account less any other exemptions like interest charges.

Bank Teller: Bank teller is a term sometimes used for a bank cashier.

Deposits: These are accounts opened for the purpose of earning interest as opposed to current or drawing accounts opened for the purpose of being operated on by cheques.

Demand Deposit: Demand deposit is another name for current account. It is therefore an account opened for the purpose of transacting business and within which cheques are allowed to fund or withdraw from some. Commission are charged and some of the accounts are allowed to obtain advance by way of overdraft pre-arranged with the branch manager.

Fixed Deposits: There are accounts opened with a fixed amount for a period not less than a year and attract a pre-agreed interest rate.

Charged Savings Account: These are savings bank accounts surrendered to the bank as a collateral for obtaining an advance. The bank is normally in posession of the pass book and an arrangement is made by the customer authorising the bank to deduct a certain amount from his current account to build-up the balance overtime.

Clearing House: This is a meeting point, arranged by the Central Bank and Supervised by its nominated staff wherein local banks exchange cheques drawn on each other.

Gilt-Edge Portfolios: These are collection of securities of the highest order and which are considered to be absolutely safe particularly as the payment of the principal and interest thereon.

Intangible Securities: What the bank term as intangible securities are collaterals such as open-land without construction, life insurance without surrender value, landed properties such as home residential or factory houses and others that are not easily realisable.

Interest: This is the amount of money charged by the banks for the use of its money by way of loan or overdraft.

Investment: Investment from the point of view of bankers are money channelled to various financial securities which are easily realisable and attracts maximum interest, securities such as Treasury Bills, bankers unit trust, etc., are good examples.

Loans: This is an advance granted upon a separate account outside the current account. It normally features in the impersonal ledger under the name of the beneficiary. The usual life span is four years. It could be for the purpose of developing a property or acquiring an asset.

Mortgage: Mortgage meaning a "dead-pledge" is a charge which a borrower gives to a lender upon a part or the whole of his property. It could be legal or equitable. If legal, the banker or lender has control over the property if the borrower fails to repay the advance made to him. If equitable, the banker has to seek a power of attorney or a declaration of trust incorporated in the memorandum before he obtains the section of the courts to dispose off the property.

Overdraft: This is an advance granted upon a current account usually for a period of thre to twelve months.

Secured Loan: Advance granted against a pledged security which could be in cash, landed property and other tangible securities is described as a secured loan. The life-span of such loan is normally one year. In the case of residential loan. It lasts not more than four years.

Short-Deposit: This is an account opened with a sum above a specified amount withdrawable after seven days notice or suffer a penalty. It attracts a fixed interest rate over the period it exists.

Standing Order: This a written order given by a customer to a banker to make a payment or services of payment on his behalf.

Periodical Home Remittance (PHR) : This is a percentage of money earned by a foreigner resident in the country allowed to be remitted to his chosen bank overseas. The PHR system is normally adopted by countries with foreign exchange rates and regulations geared towards restructing the out-flow of funds - Nigeria is a good example.

Treasury Bills: These are bills issued by the Treasury vide the Central Bank for money borrowed by Government and forms part of the floating debt of the country.

Tangible Securities: In banking, collaterals such as cash, landed property, stocks and shares, life insurance with surrender value etc, are considered as tangible securities. They are termed as such because they are realisable overtime.

Underwriting: When a bank agrees, in consideration of certain commission, to apply for, or find someone else to apply for a certain number or all of a corporate shares which are not purchased by the public, it is said to have performed an underwiting job.

Unsecured Loan: Unsecured loan could be described as an advance granted for not more than a year without any tangible security other than the standing of the beneficiary. Such loans are usually extended to customers occupying key positions in Government or public enterprises.

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CHAPTER TWO

LITERATURE REVIEW

There have been no formal publications as relate commercial banking services and public relations. There have, however, been studies on banking services reflecting functional areas of Banking, and Newspaper comments and write-ups carrying various messages relating to Banks' services.

The main theme of this chapter would be to review previous work as related to Bank counter services. Due to the limited number of valuable and relevant texts, the review would be based on the past work done by Hanson, Tusher K. Das and various journals and Newspaper publications relevant to the topic.

2.1. WHAT IS A BANK?

Lord Denning Master says, "a banker is easier to recognize than to define."[1] In that popular case his lordship and his colleagues enunciated a number of essential requirements if one was to enjoy the title of a banker, but drew back from offering any precise definition.

The Banking Decree, 1969, for instance defined a banker as "any person who transacts banking businesses and whose business includes acceptance of deposits

withdrawable on demand." The Oxford Advanced Learners' Dictionary of Current English[2] defines a Bank as an "establishment for keeping money and valuables safely, the money being paid out on the customer's order (by means of cheques)." The Dictionary's defination implies that a Bank is a kind of store-room where money and valuables are kept in custody and withdrawable by means of an instrument called cheque. This certainly is not the way banks operate.

According to Professor Nwankwo[3] - banking should be viewed from functional point of view. In other words, we can derive a precise defination of a Bank by examining what a Banker does. Here the Oxford Dictionary defination becomes very useful as indicative of the function of all early bankers - the acceptance of deposits - which originated with the practices of the London Goldsmiths.

The goldsmiths received valuables from the public repayable against receipts which they issued. Soon these receipts - according to Nwankwo[4] - came to be used as a means of payment and resulted in the second function - that of provision of means of payment.

Initially this means of payment constituted notes issued by the banks. Today it includes bank deposits, credit cards, bank-drafts among others. Here one can note that the early banks were banks of issue. As the practice thrived profitably and the public confidence in their role increased, fewer and fewer people wished to exchange their notes for actual money.

The fact that notes were payable to bearer on demand become a sufficient guarantee of their acceptability as a means of payment so long as the banker's integrity was unquestioned. Consequently the goldsmiths, who gradually discovered that they could safely lend a small portion of the money deposited with them, began to lend their own notes. As early as 1549, therefore, the lending of money became a third function of a bank.

Nwankwo says the profitability of this business led to the fourth function. Rather than waiting in their Ivory towers for the public to deposit valuables with them, the goldsmiths went all out to attract deposits with inducements in the form of the payment of interest - since the more deposits they acquired the more lending and the more profit they made.

At the beginning, the early banker would repay deposit only to the customer who actually deposited the valuables with them. As the practice developed and the community's confidence in the whole system enhanced, a further practice whereby the depositor made an order to his banker to pay to some named person or bearer a stated amount from the sum standing to his credit developed. In this way the cheque originated and the development facilitated banking lending by way of overdrafts and, added to legal restriction on note issues. Banks of deposits in time replaced banks of issue and note issues become the perogative of Central Bank.

From the aforementioned evolutionary process, banking can be defined as dealing in debt and a banker as a dealer in debt. This defination may sound absurd to the layman whose notion of a bank is an institution to deposit money and obtain loans. His view is not wrong. But technically the money that the banker deals in is nothing but the debt he creates against himself; and he makes a living by marketing these debts. Similarly a bank deposit is nothing but an acknowledgement of debt being repayable on demand or after a prescrived notice. We can therefore,

conclude that banking or banker is dealing or dealer in debts and this is more appropriate than the dictionary or legislative defination.

2.2 PUBLIC RELATIONS IN BANKS.

Public relations is a process by which management brings workers into contact with the organisation in such a way the objectives of both groups are achieved. Public relations as a profession goes beyond selling, it is more of intelligence service, the survival of the company depends on how effective the public relations of the company is. It is therefore a deliberate, planned and sustained effort to establish and maintain mutual understanding between an organisation and its public. It is never propaganda, it is not marketing mix, it is not free publicity, it is not favourable image, it is not blackmail, it is not show business and it is not salesmanship. Rather, it is management science (Adebayo, 1988).

Professor Green Nwankwo, past president of the Nigerian Institute of Bankers, in a public interview on television, on November 4, 1987, said banks now train their staff in the use of public relations in order to enhance the much needed mutual understanding between banks and customers.[10]

Man is a social animal and however small the size of an organisation may be, there has to be interraction between the management and the employees and between one and and another.

The banking industry has become so competitive of recent. Thus demand alot of hardwork, devotion, human and public relations. At the centre of this human and public relations is not only the customer but also the society at large. Each bank in its bid to prove to the customer that it is the best bank must resort to things like modern human relations, corporate image making, and activities that will enhance human and public relations. What are the forum for establishing human and public relations in the banks? Let us start by examining human relations as it applies to customer/banker relationship.

2.2.1. Customer/Banker Relationship.

According to the study carried out by Sote (1983) a survey of customers complaints showed that having to wait too long for bank transactions topped the list.

Often times customers have complained at the way they were treated by bank officials often times

junior staff like cashiers. The major source of conflict in the survey was having to wait too long for any bank transaction.

Customers complained of spending too much time in opening a new account. To percent spent on average of hour to make a withdrawal. When the modern banks were compared with the traditional ones the modern banks were found to take too much time in opening a new account but all the other transactions like making a deposit or withdrawal was relatively shorter to time length.

The study also reported that where there is availability of equipment, there appears to be less conflict. Equipment here refers to machinery like computers, record taking instrument and enough personnel.

2.2.2. Public Relations Environment in Banks

Public relations activities that banks often engage in are cooperate image making through advertisement in the media (newspaper, Radio, and T.V.), professional journals and magazines of the banks) others are specific activities mapped out to

capture a specific population in the society, example, farmers, forum, Dinriers, for businessmen and women, e.t.c.

Observation has shown that Banks invest wisely in building corporate image by paying for slots in the Radio and T.V. to featu e special activities include in the banks, such activit, es include - opening of new branch, workshops and seminars, training activit, es and so on. Radio and T.V. commercials are also other ways by which banks strive to sell their goods to the public, this is in addition to newspaper commercials.

Sponsorship is another important public relations strategy that banks along with other organisations have invested in. Sponsorship of a programme on the Radio and the T.V. by banks has increased by a great proportion. Such programmes usually include theotricals or documentary that attracts a lot of viewing. At intervals, of viewing such programmes, commercials of the sponsoring banks are slotted in.

Afribank is sponsoring a programme in Masters in Banking and Finance at the University of Ibadan. The aim of such programme is to contribute to the

educational development of the country. In 1984 a musical show tagged 'Expo Africana 1984' was organised to attract people during export week of the 4th Nigerian International Trade Fair. ICON Ltd (Merchant Bankers) was among the co-sponsors.

2.3.3. Financial Public Relations in Banks

As much as possible, banks try to impress it on the minds of their customers that they have the best facilities to provide the best services. This is in a bid to attract the largest size in the market and gain the greatest proportion of customers to itself.

In addition to this however, the following are provided in banks to ensure maximum efficiency.

Equipment - Mechanisation should be a sinqua non to banking practice. Electronic equipment such as semi computers for operations are provided. These have provided recording and storage facilities to banking operations. Cash counting machines are also provided. This has gone a long way in alleviating the strain of customers having to wait too long for transactions.

Staff Discipline and Training:- Staff are sent on training regularly to update their knowledge. There they are reminded of their duties to the customers. The discipline and the ethics of the profession are also impressed on their minds.

Supervision:- Effective supervision is important in all areas of banking services. If managers themselves are well-disciplined and pull a firm weight with their staff, then they will surely have an efficient and disciplined staff.

Leadership:- This is closely related to the issue of supervision. The whole system fails when the head of a particular unit is inefficient or just doesn't prove up to his task, invariably the staff under him would feel underutilised.

2.3 BANK SERVICES:

From the analysis of the evolution of banking, on can identify three principal services which a modern bank offers. In existence there are subsidiary and secondary services provided by the banks.

2.4 PRINCIPAL BANKING SERVICES:- Deposit Banking

In the Principles and Practice of Banking (1871), J. W. Gilbart tells us that:

> "The exchanging of money; the lending of money; the borrowing of money; the transmitting of money, are the four principal branches of the business of modern banking."

This precisely seems to have been the order of historical developments of banking in most nations and it seems well established that money changing began when Edward II granted land in the City of London to the Lombardy Goldsmiths in order to encourage them to settle there. Although, in time, the goldsmiths being men of substance became the repositories for other people's money and although they lent money "at interest," it was not until the second half of the sixteenth century that deposit banking as such began. We are told that Sir Thomas Gresham, "the father of English banking" was the goldsmits' banker at the sign of the Grasshoppers in Lombard Stree from 1549 onwards and that he was not only a lender of money but was also paying interest on deposit.[8]

Although the early goldsmith bankers may well have been lenders of their own money before they became borrowers of money on deposit, modern banking in Nigeria has traditionally worked in the reverse order. In other words, commercial banks in Nigeria have in general been deposit driven. They take money in and then sought ways in which to deploy it. This traditional attitude has been modified in more recent times. With the development of the wholesale money markets, the banks can usually lend money knowing that they can borrow it, if necessary, in the market. Thus, the flow of customer deposits has been the life blood of the Nigeria commercial banks over the years and will not doubt continue to be the main source of the bank's fund.

2.5 BANK LENDING SERVICES:

Deposits taking is the main spring of commercial banks. It may therefore seem surprising to observe that the technical training of a banker leans heavily towards, the business of lending money. To day of a man that he is "a good banker" usually means that he is a shrewd lender - one who lends money safely and profitably.

The lending business of the present-day banks is based on the concept of the overdraft, which in itself arose from the development of the current account, the issuing of cheques and the banks' money transfer system. The overdraft, that is, a current account with an agreed lending limit, has been and, for the most part, still is the central feature of bank lending in Nigeria. Bank deposits have been traditionally short-term, being collable by the public either on demand, in the case of current accounts or on seven days' notice on savings accounts. This obligation to repay on demand or near-demand has conditioned the whole lending scene with the result that bank overdrafts too have been repayable on demand, or at least subject to review within a comparatively short time. From the banker's point of view, an overdraft has the advantage that it is self-liquidating by the normal turnover of account. In many cases, this was sometimes of an illusion because there was a tendency for accounts to develop a 'Lard-core' of lending, which remained in all weathers, that is, the account may not suing into credit. From the customer's point of view, the overdraft has the advantage that interest is charged on a day-to-day

basis and thus, full credit is given for payments into the account. It has been over the years, and still remains the cheapest form of credit.

During the 1970s, when the revenue generated from petroleum increased, the banks' liquidity, they were forced into medium-term loans, principally for industrial and agricultural concerns and these now represent approximately 65 per cent of lending to the business sector (Alhaji Abdul-Razaq, 1983).

Unlike an overdraft, such a loan is repayable only at the end of the term. A term loan up to five years may be agreed upon, but a more usual period is four years. The interest rate may be fixed, but more probably it will be expressed by reference to the Bank-tariff in force from time to time.

Loans and overdrafts granted by commercial banks in Nigeria are usually secured by tangible or intangible securities. Tangible securities could be in terms of cash lodged in either charged savings, short-deposit or fixed deposit accounts. Intangible securities could be in terms of landed properties like residential house, industrial building or rented quarters duly mortgaged to the bank. Insurance

certificates and reputable share certificates are sometimes accepted as collateral. Token overdrafts in the lower three figures are granted unsecured to salary accounts based on the standing of the customer.

2.6 INVESTMENT SERVICES:

Until comparatively recent years commercial banks did not regard themselves as being in the investment business other than for the purpose of managing their own gilt-edged portfolios and their own pension funds. Today, banks are fully engaged in the investment business.

Listed hereunder are investment services which are of administrative or procedural nature:-

2.6.1. Custodian Services:-

The task of collecting customer's income against the custody of bearer securities dates back to 1873.[9] The modern times and in developed nations during the operation of the Exchange Control Regulations, it was necessary for foreign securities to be held by the commercial banks, strock brokers and other

authorised agents as "authorised depositories" and the collection of coupons was a natural corollary of this. It is of advantage to the customer, who does not need to keep a look-out for dividend announcements and other company notices. This kind of investment is not in existence in Nigeria. What is rather obtainable is the discounting of government securities such as development stocks and Treasury Bills.

2.6.2. Nomineeship for Shareholders Service:-

In Europe all the commercial banks operate nominee companies for the convenience of their customers. It has been estimated that over 25 percent (by value) of ordinary shares in the leading United Kingdom companies are held in nominee names.[10] These banks offer this service as a convenience to customers in that it saves a lot of work and other administrative charges. Service nearer to this performed by commercial banks in Nigeria is underwriting of stocks on behalf of issuing companies. Most commercial banks often underwrite reputable companies stocks and have a separate Registry department created purposely for that purpose.

2.6.3. Valuation Services:-

In Europe most commercial banks do provide customers with valuations of quated securities for a modest charge. For now commercial banks in Nigeria are not matured to provide this service.

The next category of investment services is really no more than an extension of the banking functions in that it covers alternative avenues for placing liquid funds within the banking group itself, which therefore appear in the bank's balance sheet. They include:-

(a) Negotiable Certificates of Deposit Service:-

Most banks in United Kingdom, whether direct or through their merchant banks or other subsidiaries, issue negotiable certificates of deposit denominated in pound sterling and usually offering a higher rate of interest than that available on normal deposit accounts. These are bearer certificates and are negotiable. Dollar certificates of deposit, usually issued by the international subsidiaries

of the londong banks are also available. This class of service is yet to be found in the Nigerian banking sector.

(b) Deposit Receipts or Fixed-Deposit Service:-

Most banks in Nigeria do issue a deposit receipt for a fixed sum on the basis that interest, which will be at current rates, will not be paid until the agreed date with the customer. In Nigeria the period is often one year and the agreement is usually renewable on the pre-agreed interest rate or re-negotiated rate depending on the strength of competition within the banks. The scheme is useful for tax planning and income equilisation purposes.

(c) Purchase of Stock Exchange Securities Service:-

In Nigeria, merchants banks and other authorised dealers carry out this function. Commercial banks in the country as of now only underwrite and carry out the sales vide their chain of branches. In other words investors, can purchase stock through their commercial banks

provided the stock had been underwritten by the bank. But the sale of such stock is exclusively carried out by the authorised dealers vide the stock exchange. This service has been provided free by the banks for their customers, the bank bearing a share of the stock brokers' commission, it is a great advantage to the private customer to be relieved of that paper work in such cases and to have the transaction settled by the bank on his behalf. The service extends to all ordinary stocks are shares, and gilt-edged stocks and bonds, quoted on the principal stock exchanges in this country.

(d) Treasury Bills Discounting Service:-

The commercial banks often purchase Treasury Bills on behalf of their customers - This are bearer instruments issued by the Central Bank of Nigeria for Ninety-one days and usually take a small commission for their trouble.

2.7 SUBSIDIARY SERVICES - Bankers Orders:

A banker's order is a written request from a customer to the bank to make a service of payments, usually monthly or annually, either for a limited

period or "until further notice.' The banker is under no obligation to make a payment unless the account is in credit or within an agreed overdraft facility. In Britain, standing order payments are now dealt with through Bankers Automate Clearing Services Limited (BACS) to provide more satisfying service to the customer.

2.7.1. Direct Debits:-

The direct debit obviates the disadvantage of the standing order system in terms of time and case to reconcile payments. Experience shows that it takes a long time for payments remitted vide direct debit to reach the receiving end hence reconciliation is usually difficult for both parties concerned. It was in attempt to eliminate this problem and provide satisfactory service that the direct system was introduced. Under this system the recipient initiate the payment by effecting payment is indemnified by the receiving organisation in respect of any possible claim or loss.

2.7.2. Safe Custody:

Most commercial banks in Nigeria provide custody services for their customers' valuable, such as Deeds, Wills, Jewellery and sometimes larger items such as

silver. Documents such as certificates, contract agreement and other related papers are kept in the banks' custody free of charge. Large branches also provide safe deposit facilities for private safes or locked boxes to which the customers keep the key. The relationship arising from safe custody is different from that of banker/and customer. The transfer of goods to someone for a particular purpose, for instance, for safe-keeping is a bailment and the bank in such a case is a bailee. The relationships are quite seperate and a banker does not, for example, have any lien or right over the safe custody property in relation to a customers overdrawn account. There used to be much deleate as to whether or not a bank taking items for safe custody was a gratituitous bailee (not receiving any payment) or a bailee for reward (receiving payment for the services). A gratituitous bailee is obliged to take the same care of the property entrusted to him as a reasonably prudent man would be expected to take of his own property of a like description. A bailee for reward, however, is expected to use the highest degre of care, using all precautions and devices available to him in looking after the property. The distinction seems

hardly relevant, however, bearing in mind that a bank, whether paid or not, would keep the articles in its own strong-room with the same care and protection as any valuables belonging to the bank itself.[11] In any case, it is an additional service meant to improve, and enhance bank/customer relationships and the level of satisfaction.

2.7.3 Open Credit or Cash Cashing Facility (C.C.F.):

This is merely a facility by which the customer of a bank may arrange to have cheques cashed up to a stated amount and within a given period at another branch of the bank or at another bank. To avoid the possibility of fraud, it is usual for credits opened with other banks to be passed through their respective Head Offices for confirmation. When a bank has opened a credit, it may not refuse to honour cheques within the amount of the credit not withstanding that funds may not be available in the customer's account. It is a service established to reduce the inconveniences a customer temporarily resident in a place outside his normal home is likely to face in obtaining ready fund for his present base. Nurses, Military Personnel and other group of customers whose kind of duties

warrant temporary movements benefit immensely from his service.

2.7.4. Traveller's Cheques:-

These are the most universally acceptable method of payment for overseas travellers and indeed, for payment in foreign countries. They are normally obtainable from branches of most banks in Nigeria, Britain and the United States of America and other countries of the world. The intent is to provide easy realisable funds for travelling customers outside their country of abode.

2.7.5. Banker's Opinion:-

It has been said that 'the giving of opinion by one banker to another was a well established custom among bankers".[16] The benefit derivable by the from this service is the fact that the bank's view or judgement of another customer can in a long way assist the enquirer to arrive at a decision regarding the enquiree's financial standing, behaviour and respectability in managing his affairs. Such information are vital in entering into financial contract or agreement based on trust.

2.7.6. Counter Service:-

The most essential ingredient - according to Das - for meeting the needs of customers is, obviously, a detailed knowledge of their desires and aspirations and not the list of available services.[12] Only when a bank is able to evaluate the expectations and requirements of the customers can it hope to make the maximum out of the money it handles. The counter service concept, therefore, emphasises the activities of banks which have to do with people and service as against those which are concerned merely with the handling of money. The differentiation is important to appreciate, and the salient feature of this counter service approach to banking has been succinctly described by Collin McIver in the following words..... "as everyone who is not a banker knows, the one thing that you cannot get from a bank is money; that you must require from some other source, an employer, a customer or a rich aunt. What a banker has to offer for sale is service in connection with money. He can sell your security in the storage of money..... convenience in the transfer of money.....credit..... a number of peripheral financial services."[13]

Management have, therefore, not only to be aware of this service-orientation of banking operations but also acquire sufficient knowledge about customer. A continous flow of information about customers needs and wants has to be maintained for realistic decision making. This can be achieved through what is known as Marketing service research.

2.8 COMPETITION:

Information about how the competitors of a bank are going about their business, their performances as relate customer satisfaction and the public in general is just as crucial as attenting to immediate needs of customer - asseted Das. It is no doubt pertinent that a knowledge of the changing policies and plans of competitors is quite necessary to guide and gear-up an aspiring commercial bank to evaluate and re-evaluate its plan to provide satisfying service oriented operations. The maxim that we can always learn from the experience of others is not a mere pious statement but a business imperative with commercial banks. For, as has been seen on too many occasions, bold innovations are implemented by a particular bank with instance success, leaving the others suddently way behind - as

happened, for instance, in the case of credit cards and computerisation of banking transactions in Nigeria. Banks suggested Das - have not only to satisfy their customers but also see them off against the attractions of better facilities from competing banks. The surest way therefore to counter competition and keep customers satisfied is to introduce innovations at a steady pace.

Das further postulated that in order to evaluate the conditions obtaining in the workd of customers, it is necessary to have relevant information on a continuous basis. That collection of information is thus the first step in understanding the customers' world. Thus, the gathering of the information is a primary requisite, which explains, incidentally, the frequent resort to market surveys by all research - minded organisations. Such surveys are not wasteful but of immense importance towards obtaining the necessary key to satisfactory provision of result-oriented services.

2.9 EXPRESS SERVICES:-

Many devices are now innovated to cope with the inexorable growing workload that the banks are experiencing and will continue to experience. Beside

keeping customers satisfied, these innovations are the surest way therefore to counter competition.

In a bit to control the market share, United Bank for Africa, PLC, innovated services like Foreign Currency Domiciliary Account for aliens resident in Nigeria, foreign diplomats, international organisations, etc, Credit Scheme for Rural Women - for the participation of all women who reside in villages and sub-urban towns of Nigeria, Personal Trust Services - basically a trust is a legal agreement between a seller (the client setting up the trust) and the trustees. Under the trust agreement, assets are placed under the control of the trustees for the benefit of persons known as the beneficiaries which may include the settlor himself. The assets can be cash, portfolio investments, real estate or other assets such as paintings and precious metals, The UBA Abuja Residential Housing Loan Scheme designed to provide financial assistance to Nigerians desiring to build houses of their own in Abuja, and Personal Accident Protection Plan - The plan will compensate losses like loss of life, loss of hands or feet, loss of entire sight of both eyes, etc.

Also introduce is Diamond Integrated Banking System (DIBS) by Diamond Bank Ltd., - to avert fraud and improve customer-service. The Bank has installed the technology that instantly verifies signatures. It makes the Bank offers quicker service and complete security. A wide National Network called Electronic Banking Services, a product recently introduced by the Citizens International Bank Ltd. - linking major business and commercial cities in Nigeria. Customers are therefore able to carry out various kinds of financial transactions from any of branches across the country. And as a result, they improve their operational speed, flexibility and responsiveness.

Union Bank of Nigeria PLC introduces it own brand of express service card - UNICARD - for swift and efficient banking transactions. With a card limit of ₦100.00, ₦250.00, ₦500.00, you can withdraw instantly at any of our branches nationwide. No reference, no delay, you can use your card to back cheques issued in settlement of purchases in accredited supermarkets. Hotels and Guest Houses bills.

Certificates of Deposits (CD) is introduced by IBWA/AFRIBANK. The certificate# offers you security, anonymity, and liquidity. Whichever way you look at it, the certificates are an excellent way to deploy your uncommitted funds. With the CDs you have assured that your funds are always within your own reach. You can discount them for cash even in short notice. The CDs combine high interest yield with security. The certificates offer anonymity and no need for referees to open the acount.

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CHAPTER THREE

COMMERCIAL BANKING IN NIGERIA

3.1 INTRODUCTION:

The preceeding chapter focused on the available services commercial banks can provide and the public relations techniques employed to satisfy the customers' needs maximally. The development of Nigeria's commercial banks would be traced against this background. Their services would be evaluated and views relating to some would be reviewed to portray their contributions towards making available banking services with or without tears.

Commercial banking business took off on a more turbulent note in Nigeria. Right from the establishment of the first related commercial bank in Nigeria, African Banking Corporation, in 1892 to the setting up of the Central Bank of Nigeria in 1959, it has been a calalogue of banking boom, banking crisis/failures and of course banking successes.

The first full-fledged commercial bank to operate in the country was the Bank of British West Africa established in 1894. Its monopoly over commercial banking business was broken by the establishment of

the Barclays Bank (Colonial) in 1917. Up till 1933 when the first indigenous commercial bank to survive was established, the commercial banking business in Nigeria was dominated by the hitherto expartriate banks. However, with the arrival of the National Bank of Nigeria into the scene in 1933, some other established indigenous commercial banks survived.

Among the factors that aided the growth of commercial banking industry in Nigeria were:-

(a) the discriminatory practices of the expartriate banks against the nationals culminating in the increased desire to establish own banks and subsequently expand the horizon of commercial banking activities in the country;

(b) the post-war plethoral of fund diverted to the banking industry;

(c) the catalystic role of the Regional Government in the development of indigenous banking and also,

(d) the desire of the expartriate banks to occupy a leading position in the industry

resulting in expansion of banking activities.

The expartriate banks discriminate largely against the nationals in terms of provision of banking services. Dr. Azikiwe got a dose of this treatment in his attempt to obtain a service from an expartriate bank and slated later that the manager treated him

> "Very shoddily.....naturally my pride was hurt and I was bitter.....he did not make me feel he was talking business with me. He left me with the impression that racial factors were at work..... that unless African businessmen establish their own banks to call off this bluff, the economic exploitation of Africa will continue with impurity.
>
> I told him that I will yet own a bank of my own and I am not dreaming.[1]

Infact, Dr. Azikiwe established African Continental Bank (ACB) in 1945. The government of the then Western Region provided a good example of the catalystic role of the government in the development of indigenous banking during the period. For example, Chief Awolowo in an address to the Western Region Parliament said:

> "I believe that it is generally known that one of the cardinal policies of this government is the studied encouragement of indigenous banking institutions.....

> The government intends to pursue vigorously its policy of giving financial assistance to indigenous banks so that they may be better able to provide credit facilities for Nigerian businessmen and women and others who have profitable projects in which to invest the funds thus provided them."[2]

Huge sums of money were committed to some banks by the three Regional Governments during the period. For example, the NBN was rescued from eventual collapse in the mid 1950s by the then Western Regional Government which the then Eastern Regional Government also provided fund for ACB. Bank of the North was financed by the Northern Regional Government.

The three major indigenous banks with government financial assistance during the period - NBN, ACB, BON - still occupy prime position in commercial banking today.

Again the development of indigenous banking vis-a-vis a banking environment in the country was aided by appeals to nationalistic feelings by the first set of indigenous banks. In advertisement in the'Nigerian Tribune' of February, 1952, the National Bank of Nigeria appeal to Nigerians thus:

"By a concerted and well planned process of discrimination, the African Merchants were gradually eliminated from the positions of middlemen between the big European firms and the African consumers and in their place was substituted the alien immigrants.....

This economic strangulation could not have been possible if the Africans had had a strong financial institution of their own. Patronise the National Bank of Nigeria and retrieve your lost birth rights."3

It could be seen that from a turbulent beginning, commercial banking industry has grown from the rudimentary to modern stage of professionalism in Nigeria today. At present there are commercial banks with over.....branches spread throughout the length and breadth of the country.

A major upsurge in the number of banks operating in the country was recorded after the establishment of the Central Bank of Nigeria especially during the oil boom era and immediately after the creation of states in 1986. This was the period when each state started making moves to establish a bank of its own. Today some of the commercial banks operating in Nigeria are owned by the state governments and in some cases in conjunction with foreign partners. Examples of such

banks are Owena Bank owned by Ondo State and Middle-East Bank, New Nigeria Bank owned by Bendel State, Sokoto State owns Gamji Bank of Nigeria, Nigeria Universal Bank Ltd owned jointly by Katsina and Kaduna States, and so on. There are some other banks established by private Nigerians business interests and at times in conjunction with certain foreign partners. The Federal Government is at present encouraging the establishment of more banks in the country to heighten the degree of competition in the industry and also provide the much needed stimulants for economic growth and development of the nation. Among the major functions performed by Commercial banks in Nigeria today are the holding of customers deposits in various accounts, settlements of debt obligations on behalf of customers, provision of foreign exchange services for individuals and corporate customers, safe-keeping of customers' valuables, business advice, trust service, unit trust and so on.

Interms of structure, most commercial banks are now wholly owned by Nigerian business interest. The asset portfolio of commercial banks consists of loans and advances, investments (wholly in securities), loans and advances to other banks, among others. The

liabilities of commercial banks consist of the capital fund (including reserves) deposit liabilities, borrowings from other banks including Central Bank of Nigeria, and so on.

3.2. FACTORS AFFECTING THE ACTIVITIES OF COMMERCIAL BANKS:-

1. Legal Factors:- The legal framework within which banks operate in Nigeria is defined by the 1969 Banking Act and the subsequent amendments. The provision of the Act is such that no bank can operate in Nigeria without a licence, which is not granted until certain capital requirements and some other conditions are met. The initial capital requirement now is ₦50 million for commercial bank and ₦75 million for merchants banks.

   The banking Act also requires a licenced bank to maintain an operational ratio of 1.12 between its paid up capital and reserves on the one hand and its loan and advances on the other, Also stipulated is a cash ratio which depends on the total deposits of a bank and a liquidity ratio fixed at 25%. A reserve fund must be maintained to which at least 25% of net profit must be transferred until the total amount is equal to

the paid-up capital when the minimum amount transferrable is reduced to 12.5%.

The Banking Act forbids banks from share participation in under takings other than banking. Even Merchant Banks that are compelled to absorb unsuscribed shares are required to divest them if such holdings exceed 10% of its total assets. On loans and advances, banks are restricted from granting loans exceeding 33⅓% of their paid-up capital to a single customer at a time.

Other stipulations of the Banking Act include its provision for compulsory reporting and auditing, special examinations and investigations by the CBN so as to ensure compliance with existing guidelines to protect customers' deposits and safeguard the reputation of the industry.

The legal stipulations governing banking are sometimes criticised as restrictive and over-cautious, especially as it relates to investment. Suggestions that banks be allowed to invest in other sectors of the economy have been put forward. It is heartening to know that banks

can now invest in other areas of economy although the necessary amendment to the Banking Act is yet to be carried out. Whatever its deficiencies, the existing Banking Act has had a stabilising effect. This evidenced by the absence of bank failures since the pre-independence incidences.

2. Banking Monetary Policies:-

Governments banking and monetary policies change very often and are usually contained in the yearly budgets. These policies have far-reaching effects on banking operations. The implementation of these policies is usually through the credit Guidelines and the Bankers' tariff released and supervised by the CBN. The Monetary and Banking policies for 1994 are designed; to moderate inflationary pressures, to stimulate domestic savings and efficient resource allocation; to encourage foreign capital inflow, to stimulate local production of goods and services and ensure an improvement in the balance of payments. There are now two categories of sectors for bank credit distribution; the high priority sectors (including agriculture and manufacturing) and

others. The prevailing minimum interest, rates are 12% and 15% on savings deposits and time deposits respectively. A maximum of 21% interest rate is fixed on lending.

3. The Level of Economic Activities:-

The banking industry is an integral part of the whole economy and it is therefore not immune to the trend of economic activities. The highest growth within the banking industry thus far was recorded during the period of economic boom. of yester-years and the present foreign exchange practices. The foreign exchange market has contributed in making banks to declare huge profits. However, the present regulation policies of the government, will affect, grossly, the financial position and the proliferation of banks in the economy.

4. Political And Social Factors:-

Banking business in Nigeria is seriously affected by changes in Government. Since Government has majority shares in most of the banks the constitution of the Bank's Board of Directors changes with different regimes. The general level of awareness in the country is another factor

which impacts on banking operations. This explains the poor demand for banking services being witnessed in many parts of the country.

3.3 FEATURES OF COMMERCIAL BANKS IN NIGERIA.

Commercial banks in Nigeria have many characteristics which can be found in commercial banking in any developing economy, particularly in Africa. One of them is the distribution between indigenous banks and mixed banks. The former are banks which are wholly owned and managed by indigenous Nigerian interests, while the mixed banks, as their name implies, are banks jointly owned and managed by Nigerian and foreign interests.

Another feature of commercial banks is the lopsided commercial banking development. There are few offices in relation to the area and population of the country. As at 30th April, 1977, the total number of banks offices was 477 for a total land area of 913072 Sq.Km and a population of 56 million according to the 1963 census. This works out at 116709 persons to a bank office. This compares unfavourably with one bank office for every 4000 people in the United States, and 14500 in Japan.

A breakdown of the 477 bank offices according to states is even more revealing. The Lagos State with 1.4 million or less than 3 percent of the population has one hundred bank offices or 21 percent of the bank offices in the country. At the extreme, Sokoto State, with a population of 4.5 million or 8 percent of the population has only 14 banks offices or less than 3 percent of the total. Gongola State with 434211 persons per bank office following Sokoto with 324200 persons per bank office. At the extreme the most favourable placed in terms of this criterion, is Lagos State with 14436 following by Bendel State with 52564 persons per bank office. Thus, either on the national or the state averages, Nigeria is immensely underbanked compared with the U.K., The USA and Japan (Nwankwo, 1980).

Another feature is that although the mixed banks have the largest member of bank offices, they have tended to concentrate on a few states, particularly, Lagos, Kano, Kaduna and Ibadan. For all the mixed banks, Lagos is the Head Office. The reverse is the case with the state or indigenous banks. Some state banks have no offices in Lagos. They have their Head Offices in their States and only National Bank and

Wema Bank have more than one-fifth and one quarter respectively of their branches in Lagos. This reveals that, these banks have tended to concentrate on territories under the jurisdiction of the respective governments that owned them. For instance, of the 28 branches of Nigeria Universal Bank Ltd., only four (4) are located outside Katsina and Kaduna States, the owner states.

One demerit of state banks, which is an open secret is that despite the long years over which some of them have operated and despite the hard lessons of experience, the indigenous banks are still relatively less experienced than the mixed banks in judging credit risks and credit worthiness and are not as cautions as the mixed banks in dealing with depositor's funds. They also lack adequate trained personnel and managerial expertise. And most of them are suffering from political interference, which at times makes them depart from strict banking and economic criteria in granting loans.

Moreover, unlike the mixed banks, the indigenous banks are too prone and very heavily exposed to the familiar social pressures and commitments to the extended family system which at times extort more accommodating attitudes from them than would be

possible from the mixed banks, to the detriment of good banking.

Perhaps the greatest single factor in the lack of public confidence in these banks is that despite the excess liquidity in the economy, some of the indigenous banks are known to be unable to attract enough deposits to service their operations and have had to borrow heavily from Governments and the Central Bank of Nigeria.

The poor quality of banking services is another significant feature. One has only to visit a bank office in Nigeria to notice the long queues and the struggles of customers to get served. It could take as much as one hour or more to refer a cheque and in some cases, one appears to be left with the impression that the counter staff take pride in the long queues and the number of people seeking their custom.

Another feature is poor bank management. It is not uncommon for a branch manager to reject an unviable loan application only to receive an instruction the following day from the Head Office to grant the facility. This may happen where the customer knows

or is related to an infleuntial director of the bank who may like to demonstrate his 'influence' in Society. It also often happens that a branch manager may reject the loan application only to return home to see his mother or father-in-law, his own parents or another influential figure already waiting to pressurise him into granting the loan because it is 'We We'. And some managers do succumb.

Then there is the high degree 'staff irregularities' ranging from a small cash shortage to large and complicated frauds, some of which are reported in the newspapers. Irregularities also include managers demanding bribes before granting accommodation, which also engenders the risk of debts; and forgeries which are often successful only because of staff collusion. The solution here, of course, depends largely on other members of the staff telling the management when they suspect something is going wrong and changing their misplaced sense of loyalty to their colleagues.

3.4 THE ERA OF GOVERNMENT INTERVENTION IN BANKING BUSINESS 1952 - 1958:-

As enumerated by Adeniji,[4] the Government took decisive legilsative remedial measures on the

activities of banks by the passing of the Bank Act 1952 as amended by the Banking Amendment Act and Central Bank Act 1958, which together was the first attempt at regulating banking business and services in the country.

The Banking Act, 1958 made it compulsory for a valid licence to be obtained before any banking business could be transacted in Nigeria. Such licence must be granted by the Minister of Finance after consultation with the Central Bank upon application by the company.[5] Now granting of licence for banking business is the sole responsibility of the Central Bank of Nigeria. It is required that the applicant submits a copy of its memorandum and Articles of Association and under which it is incorporated and, if already carrying on business outside Nigeria, a copy of its latest Audited Accounts and Balance Sheets.[6]

The Central Bank Governor may by order revoke any licence so granted for any of the following reasons:-

(a) If the holder ceases to carry on banking business in Nigeria or goes into liquidation or is winding up or otherwise dissolved.

The Nigerian Deposit Insurance Corporation (NDIC), a subsidiary of the CBN, is charged with the responsibility of managing the affairs of any declared distressed banks.

(b) If, in the opinion of the Governor(CBN), an examination shows that the licensed Bank is carrying on its business in a manner detrimented to the interest of its depositors, and other creditors or has insufficient assets to cover its liabilities to the public or is contravening the provisions of the ordinance. The Minister may take such one or more of the following steps from time to time as may seem to him necessary:-

(i) Appoint a person who is his opinion has had proper training and experience to advice the bank on the proper conduct of its business and fix the remuneration to be paid by the bank to such a person or,

(ii) Report the circumstances to the Governor General in Council who, unless satisfied that the bank is taking adequate measures

> to put its affairs in order, may direct the Minister to make an order revoking the bank's licence and requiring its business in Nigeria to be wound-up; provided that he shall not report the circumstances, without giving the bank reasonable prior notice of his intention to do so and an opportunity to submitting a written statement in reply.

The provision had no application to the Central Bank and the Post Office Savings Bank constituted and appointed under the Savings Bank Ordinance.[7] From the passing of the Ordinance, banking business had come under one control or the other, and this trend continued until all the banks were eventually indigenised.

3.5 CONTROL OVER SERVICES:

In the area of banking services, the Federal Government concentrated on the allocation of their resources only without providing for the quality of services to be rendered. As a supplement to Government's annual budget speech, the Central Bank issues annual credit guidelines to the banks. These credit

guidelines which come in the form of monetary policy circulars have now been established as the "Bankers General Orders" subject to review every year. They contain specific directives to banks in respect of their general operations as they affect the economy of the country and customers' satisfaction.

The credit guidelines issued annually in consonance with the declared objectives of the Government fiscal policy as outlined in the budgets seek to control the operational activities of all banks especially commercial banks with a view to:-

(i) Promoting accelerated economic development of the nation by regulating the flow of credit to the favoured sectors;

(ii) Promoting orderly growth of the financial markets and combating inflation through the regulation of interest rates;

(iii) Maintaining healthy balances of payment and relative price stability through the introduction of Exchange Control and Import restrictions.

Slated hereunder are the important provisions of the guidelines in recent years:-

3.5.1. Ceiling on Aggregate Loans.

Apart from the limitations imposed by the canon of lending and liquidity, the Central Bank puts a further limit on the aggregate credit facilities that commercial banks can grant to their customers. The current directive is that the majority of commercial banks should not grant in that current year more than a particular percentage over and above the total credit facilities outstanding as at the end of the Financial year.

3.5.2. Sectoral Allocation of Credit.

The Central Bank also regulated the percentage of the total credit facilities that should go to particular sectors of the economy. For this purpose, the economy is divided into two main sectors, namely, 'the preferred' and 'the less preferred'. Greater percentage and others to the less preferred sector. The preferred sector includes agriculture, minining, and private home construction.

3.5.3 Interest Rates Chargeable:

The guidelines stipulate varying rates for discounting of bills, treasury bills issue, treasury certificate of various years maturity, government

stock of various years maturity, savings deposits of various periods and varying lending rates for preferred sectors, manufacturing as compared with building construction.

3.5.4. Indegenisation of Lendings:

The guidelines also provided for the minimum share of indigenous borrowers of each bank's loans and overdrafts as compared with the total lendings. Of this at least 10 percent is usually reserved exclusively for small scale enterprises wholly owned by Nigerians.

These guidelines are in addition to the controls exercised by the Central Bank over the commercial banks by virtue of the provisions of the Banking Act earlier discussed.[8] The controls have legal backing and are enforced by the courts. In the case of Bank of the North Limited Vs Central Bank of Nigeria[9] the appealants argued that the defendants had no lawful justification to refuse to redeem old currency notes notwithstanding failure on the part of the appealants to comply with one or more conditions imposed by the Central Bank for redemption. Lewis J.S.C., held that

a person (Central Bank) given a discretion may validly require certain conditions to be fulfilled before being willing to exercise that discretion in an applicant's favour and the plaintiff have failed on the facts to show that they had complied with the procedure laid down by the Central Bank for replacing old notes with new ones, they could not succeed in the action.

The formulation of monetary policies for the Government and the control of banking industry continue to be the major functions of the Central Bank today. For example, the Central Bank control measures have been usefully employed to control and regulate the level of activities in the capital market. The fiducious but generally effective exercise of its legal powers in relation to the other banks has resulted in a marked improvement in the operational efficiency in the banking system.[10] This is turn has also increased public confidence, which had earlier been hardly shaken by the bank failures of the early fifties.

3.5.5. Commercial Banking Services in Nigeria 1987 - 1992:

Commercial banks accounted for 69.1% of the combined capital and reserves of commercial and merchant banks, 78.2% of assets, 86.7% of deposits and 75.8%

of total credit outstanding at the end of 1992. The ten largest commercial banks contributed 61.7% of aggregate assets, 62.9% of total deposits and 51.3% of total loans and advances. In the preceeding year, the ten lending commercial banks accounted for a lower proportion of assets (44.8%) but higher percentage of deposit (66.3%) and loans and advances (55.8%) of the system. Their overall dominance, therefore, changed title during the year.

Banks' total assets grew by ₦64224.2 million or 54.7% during the year to ₦181736.1 million compared with the increase of ₦34554.0 million or 41.7% in 1991 (Table 3.1 Appendix, A) and the annual average growth of 13.5% between 1988 and 1992. The accelerated pace of growth of assets in part mirrored the increased in the money value of foreign assets resulting from the sharp rise in the exchange rate.

As in the previous four-year period, the bank's two largest sources of funds were "other liabilities" and new deposits. These contributed ₦37423.0 million and ₦23664.8 million, respectively. In addition, the banks received ₦3856.4 million as paid up capital and

reserves and reduced investments amounting to ₦560.0 million. The banks' application of funds followed the pattern of the recent past. The single largest investment were in "other assets" while the other main outlets for their funds were loans and advances and inter-bank placements. As much as ₦10813.6 million were in inter-bank placements, while loans and advances and other assets absorbed ₦7819.2 million and ₦40565.6 million, respectively. The banks in addition increased cash holdings substantially. Such holdings increased by ₦5251.6 million compared with ₦3437.9 million at the end of the preceding year. The accumulation of cash during the year was accentuated in December and reflected in part, the suspension of foreign exchange sales by the Central Bank from the middle of that month (Table 3.2, Appendix A).

The Bank's aggregate credit increased by ₦7259.2 million or 19.3% to ₦44906.1 million. The increase was far higher than the expansion of ₦4245.8 million or 12.7% of 1991 and the annual average growth rate of 12.8% in the period 1988 to 1992. Of the total outstanding at the end of 1992, credit to the private sector amounted to ₦43.4 billion, showing an increase of ₦11.7 billion or 36.7%, compared with the 20.5%

increase recorded in 1991. The growth in the credit to the private sector during the first nine months of the year though proportionately high was still within the target of 16.0% for fiscal year 1992. However, by year-end, the growth rate had, exceeded the target by 20.5%.

Total loans and advances which are the major components of credit grew by ₦7819.2 million or 23.8% to ₦32912.4 million loans to priority sectors fell short of the stipulated minimum of 50% by 2.6% points reflecting shortfalls of 0.1 and 2.5% points for agriculture and manufacturing sectors, respectively (Table 3.3 Appendix, A). Loans to small scale enterprises amounted to ₦20.4 billion or 40.0% of the total. It therefore, substantially exceeded the stipulated minimum of 20.0% as in the recent past. Loans and advances to rural borrowers, at ₦1.9 billion, was 41.1% of the total deposits of the banks mobilised in the rural areas. This performance marked a significant reduction from the 56.4% attained in 1991, the 53.4% average percentage allocation achieved between 1988 and 1992, and the 50% minimum target.

The bank's liquidity ratio was generally lower than in the recent past. The ratio stood at 36.4% in January, 33.9 in March and 40% in June 1992. However,

it fell to 20.3% in September and 29.1% in December 1992. On monthly average basis, banks' liquidity ratio was 31.4% or 5.0% points lower than in the period 1988 to 1992 (Table 3.1, Appendix A). Partly as a result of increased caution by banks in general in extending new loans and the higher level of funds held in mandatory investment in stabilisation securities, the banks' average loan/deposit ratio fell to 53.5% from 62.8% in 1991. The ratio had averaged 70.1% in the preceeding four-year period, 1988 - 1991. The overall quality of the banks' loans as measured by the proportion of classified loans indicated further deterioration compared to the previous year. The ratio stood at 55.2% at the end of the third quarter compared to 49.3% in the corresponding period of 1991 and reflected the implementation of the Prudential Guidelines for provisioning for non-performing credits.

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3. Ibid P.5.

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5. Cap. 19 Laws of the Federal, 1958.

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7. S.5(3), Banking Act, 1958.

8. Ibid; P.3.

9. 1972 All, N.L.R. 52.

10. Olawoyin, G. A. "Nigeria Capital Market," Inagural Lecture delivered on Tuesday, 10.06.1980 at University of Ife, also see Ss 4 and 39 of the Central Bank Act, 1958 which enjoined the Central Bank to promote monetary stability and sound financial structure in Nigeria as well as seek the

cooperation of and cooperate with other Banks with a view to promoting adequate and reasonable Banking services for the public and ensuring high standards of conduct and management throughout the Banking System.

11. Nwankwor, G. O. (1980), The Nigerian Financial System. Macmillan Publishers Ltd., London. Pp.45-82.

12. Central Bank of Nigeria Annual Report And Statement of Accounts as at 31.12.92.

CHAPTER FOUR

DATA ANALYSIS AND EVALUATION

4.1 DATA ANALYSIS:-

Below is the analysis derived from data collected vide the questionnaire.

TABLE 4 L 1.

Age Group/Service Time	Less than 10 Minutes	10 - 20 Minutes	20 - 30 Minutes	31 - 60 Minutes	Over 60 Minutes	No Respondent	TOTAL
Under 25 Years	1	10	2	2	3	2	20
26 - 35 Years	6	3	10	12	6	4	41
36 - 45 Years	5	11	5	5	4	5	35
Over 45 Years	1	0	0	0	1	2	4
TOTAL	13	24	17	19	14	13	100

TABLE 4 : 2

SPEED OF SERVICE AS RELATED TO LEVEL OF INCOME OF RESPONDENTS:

Level of Income/ Service Time	Less than 10 minutes	10 - 20 minutes	20 - 30 minutes	31 - 60 minutes	Over 60 minutes	No Respondent	TOTAL
Less than ₦1500	0	2	2	2	1	3	10
₦2000 - 3000	1	0	3	1	2	1	8
₦3001 - 5000	3	7	4	7	3	2	26
₦5001 - 10000	2	8	6	4	2	3	25
₦10001- 20000	1	3	6	5	5	2	22
₦20000 and Above	1	2	2	1	0	3	9
TOTAL	8	22	23	20	13	14	100

TABLE 4 : 3

SPEED OF SERVICE AS RELATE ACQUAINTANCE WITH BANK STAFF.

Bank Staff Acquaintance/ Service Time	Less than 10 minutes	10 - 20 minutes	20 - 30 minutes	31-60 minute	Over 60 Mins.	No Respon-dents	Total
Bank Manager	1	2	2	4	0	2	11
Asst. Manager	1	2	0	1	0	2	5
Accountant	0	1	3	1	0	1	6
Current Account Officer/ Supervisor	2	2	1	0	1	1	7
Savings Account Officer/ Supervisor	0	2	1	3	0	2	8
Foreign Exchange Officer/ Supervisor	0	3	2	2	0	2	9
Cashier	0	5	2	1	5	2	15
Clerk	0	3	3	3	4	1	14
Others	5	2	9	5	3	1	25
TOTAL	8	22	23	20	13	14	100

TABLE 4 : 4

SPEED OF SERVICE AS RELATE BANK SERVICES PATRONISED

Service Patronised/ Service Time	Less than 10 minutes	10 - 20 Minutes	20 - 30 Minutes	31 - 60 Minutes	Over 60 Mins.	No Response	Total
Current Account	3	9	8	7	5	4	36
Savings Account	1	3	9	8	4	3	28
Foreign Exchange	2	7	3	2	1	2	17
Advances	2	2	2	3	3	3	15
Misc.	0	1	1	0	0	2	4
TOTAL	8	22	23	20	13	14	100

TABLE 4 : 5

RESPONDENTS' SATISFACTION WITH BANK SERVICES AS RELATED TO INCOME LEVEL

Level of Income Response	Very Satisfied	Satisfied	Dis-Satisfied	Very Dissatisifed	No Response	Total
Less than ₦1500	1	4	2	1	0	8
₦1500 - ₦2500	0	5	1	1	3	10
₦2500 - ₦5000	3	15	4	0	4	26
₦5000 - ₦10000	4	8	7	0	3	22
₦10000 - 20000	6	8	5	4	2	25
Over ₦20000	0	3	1	2	3	9
Total	14	43	20	8	15	100

TABLE 4 : 6

SATISFACTION DERIVED AS A RESULT OF ACQUAINTANCE WITH A OR MEMBERS OF STAFF OF THE RESPONDENT'S BANK:-

Acquaintance/ Response	Very Satisfied	Satisfied	Dis-Satisfied	Very Dissatisfied	No Response	Total
Manager	1	2	3	2	3	11
Asst. Manager	0	2	0	2	2	6
Accountant	2	1	2	0	0	5
Current A/C Officer	1	5	1	0	1	8
Savings A/C Officer	2	2	0	3	0	7
Foreign Exchange Officer	3	3	1	0	2	9
Cashiers	1	7	2	1	4	15
Clerks	0	8	5	0	1	14
Others	4	13	6	0	2	25
Total	14	43	20	8	15	100

TABLE 4 : 7

COURTESY OF BANKS' STAFF ARE RELATED TO AGE GROUP:

Age Group/Response	Very Courteous	Courteous	Rude	Very Rude	Extremely Rude	No Response	Total
Under 25 Years	2	6	2	2	3	4	19
26 - 35 Years	3	28	11	0	0	0	42
36 - 45 Years	9	18	5	0	0	0	32
Over 45 Years	3	4	0	0	0	0	7
Total	17	56	18	2	3	4	100

TABLE 4 : 8

COURTESY OF BANKS' STAFF AS RELATE TO INCOME LEVEL.

Income/Response	Very Courteous	Courteous	Rude	Very Rude	Extremely Rude	No Response	Total
Less than ₦1500 P.M.	1	7	6	0	0	0	8
₦1500 - 2500 p.m.	3	5	2	0	0	0	10
₦2501 - ₦5000 p.m.	3	4	2	1	0	0	26
₦5001 - ₦10000 p.m.	4	10	4	1	1	2	22
₦10001 - 20000 P.M.	5	12	8	0	0	6	25
Over ₦20000 P.M.	2	1	2	0	2	2	9
TOTAL	17	56	18	2	3	4	100

TABLE 4 : 9

NUMBER OF RESPONDENTS REBUFFED BY THE BANKS' STAFF AS RELATE TO AGE GROUP.

Age Group/Response	Yes	No	No Response	Total
Under 25 Years	4	15	0	19
26 - 35 Years	6	36	0	42
36 - 45 Years	5	27	0	32
Over 45 Years	2	5	0	7
TOTAL	17	83	0	100

TABLE 4 : 10

NUMBER OF RESPONDENTS REBUFFED AS RELATE SERVICES BY THEIR MAIN BANK:

Service Patronised / Response	Yes	No	No Response	Total
Current Account	5	23	0	28
Savings Account	6	30	0	36
Foreign Exchange	1	16	0	17
Advances	5	10	0	15
Miscellaneous	0	4	0	4
TOTAL	17	83	0	100

TABLE 4 : 11

REQUENCY OF FRUSTRATION OF THE RESPONDENTS AS RELATE TO AGE:

Age Group/ Response	No Time	Less than 2 Times per	2 Times Per Mths	3 - 5 Times Per Mths	5 Times Per Mths	No Response	TOTAL
Under 25 Yrs	11	4	4	0	0	0	19
26 - 35 Years	24	16	0	1	1	0	42
36 - 45 Years	24	6	0	2	0	0	32
Over 45 Years	3	3	1	0	0	0	7
TOTAL	62	29	5	3	1	0	100

TABLE 4 : 12

FREQUENCY OF FRUSTRATION OF THE RESPONDENTS AS RELATE TO INCOME:

Income and Status/ Response	No Time	Less than 2 Times per Month	2 Times Per Mths	3 - 5 Times Per Month	Over 5 Time Per Month	No Response	TOTAL
Less than ₦1500 p.m.	6	2	0	0	0	0	8
₦1501 - ₦2500 pm	6	3	0	0	1	0	10
₦2501 - ₦5000 pm	15	9	2	0	0	0	26
₦5001 - ₦10000 pm	11	7	3	1	0	0	22
₦10001 -₦20000 pm	18	5	0	2	0	0	25
OVER ₦20000 p.m.	6	2	0	0	1	0	9
TOTAL	62	29	5	3	1	0	100

4.2 EVALUATION:

In order to be precise, the evaluation of the survey findings would broadly be categorised. In otherwords, responses from customers under 35 years of age are taken together and compared with those above. In the case of income group, those within the income bracket of ₦1500 to ₦5000 are regarded as low income while those above are referred to as high income group. In the area of speed of service, responses of those that get served between one minute to thirty minutes are taken separately against those that spent longer time. Thirty minutes is considered to be the longest and adequate time a customer should spend in the bank irrespective of what business he is out to perform because in Nigeria, many people deal in cash hence up to at least 30 minutes delay on the counter cannot be ruled out. Furthermore, the frequency of fraud calls for all sorts of security checks before payments are received or effected. The time limit is also adequate for the bank staff to respond to the customers' request if their level of service can be described as

acceptable. However, customers that do often call to deposit, withdraw and as well book an interview with the Manager are exempted from this time limit.

4.3 SPEED OF SERVICE:-

In an attempt to determine how acceptable is the speed of service of Nigerian Commercial Banks to the customers, respondents were asked how long it takes to get served in their main bank - Table 4.1. There were 81 responses out of the 100 questionnaires received. 61.6 percent of the total responses claimed to get served between the time period of one to thirty minutes while 38.4 percent claimed to spend longer period. Sixty - four percent of the respondents fall under thirty-six years of age while the rest were above thirty-six years.

In effect therefore, above sixty-two percent of customers patronizing the services of the commercial banks in Nigeria confirmed getting served within thirty minutes in the banks as against the popular claim of two to three hours.

In order to determine whether there is any corrollation between speed of service and the level

of income of the respondents, the two variables are compared as depicted on Table 4.2. About forty-two percent of the responses fall within the low income group while about fifty-eight per cent are in the higher income bracket. This of course means that, the larger part of those who get served quickly are in the higher income group. In an attempt also to further probe and explore the possibility of descrimination in the service of the bank as relate to acquaintance with banks' staff the customers were asked to indicate which officer/supervisor/clerk are they familiar with. The essence is to establish whether acquaintance with any member of the Banks' staff really influence the speed of service enjoyed by a particular customer(s). Responses received is as tabulated on Table 4.3. About sixty-two per cent of the respondents that get served within thirty minutes claimed to be acquainted with either officer/supervisor, clerks or other members of staff in the lower category of the bank. While the rest thirty - eight percent though acquainted with one-staff or the other yet often get served outside thirty minutes of his arrival at the bank. It is clear therefore that the speed of service though faster when a customer is acquaninted

with member(s) of staff of a particular bank, that notwithstanding, the customer for one reason or the other could still spend longer time than thirty minutes to obtain the required, service. This is because they may have multiple business to attend to involving different departments and officials of the bank.

In an attempt also to establish which of the services provided by the banks consume more time, the respondents were asked to indicate which service they patronise frequently and within what time period they normally obtain such service- Table 4.4 elucidates this. About twenty-one per cent of those that get served within thirty minutes patronise current account, thirty-three percent savings account department, twenty percent foreign exchange department, Ten per cent to arrange loan and advances and the remainder other miscellaneous services. This therefore means, that the majority of the people that get served faster patronise the banks' savings department, followed by those with current account and lastly the foreign exchange customers. Only ten percent of those to see the Manager or his assistant to arrange

loan or overdraft spend less than ten minutes. This thus confirms the popular opinion that much time is spent by customers intending to see Nigerian bank Managers. The savings account department inspite of the limited service points dispense with customers faster than the other departments. This obviates the general ppinion that savings bank customers spend longer time in the banks than other categories.

From the evaluation so far made in relation to banks' speed of service, the following claims can therefore be drawn.

(i) Majority of responses got (about 62%) confirmed spending not more than thirty minutes to get served in the major commercial banks in Nigeria.

(ii) The survey also revealed that people in the higher income group spend lesser time in obtaining banks' services.

(iii) Acquaintance with any banks' staff though capable of reducing the waiting time is not necessarily an advantage.

In effect therefore, commercial banks' counter service as relate to speed, though quite slow if compared to what obtains in more industrialised economies such as Europe and America, but notwithstanding it cannot be regarded as being very slow when due consideration is given to their mode of operation which is largely manual.

4.4 CUSTOMERS' SATISFACTION:

It is one thing to perform at an acceptable speed but it is another to meet the satisfaction of the users. From the above evaluation, it is established that the Banks' speed looked from the background of their mode of operation as relate to their speed of service is quite acceptable and of a standard as proved from the responses received from the survey.

The other vital aspect of the enquiry is how satisfactory are these services to the customers. In otherwords, even though the speed is acceptable, do they meet the satisfaction of the customers. Do the customers expect more? This is exactly the information in tables 4.5 and 4.6.

To test the authenticity of the findings, the respondents were stratified into income groups. About seventy-five percent of those within the lower income group that is, ₦1500 to ₦5000 confirmed that the services of the commercial banks in Nigeria meet their satisfaction. And about sixty percent in the higher income groups also shared similar view.

4.5 COURTESY:-

The attitude of banks' staff to customers especially in the area of counter-service is another major area of condemnation of commercial banks' in Nigeria. To test the how truthful is this claim, respondents were given the option of choosing between alternatives such as "very courteous", "courteous", "urde", "very rude" and "extremely rude". Seventeen out of the total 100 responses claimed that banks' staff are very courteous, fifty-six agreed that they are courteous, eighteen said that they are rude, three believed they are extremely rude while four gave no opinion. Ineffect, a total of seventy-three out of the hundred responses insist that bank staff are courteous as against the popular claim that they are rude, insurbodinate, frustrating and the like.

4.6 FREQUENCY OF REBUFF BY THE BANK STAFF:-

Another sensitive accusation often leveled against the staff of commercial banks in Nigeria is their nonchalant and contemptous attitude to customers. Some customers claimed to have often been rebuffed by careless bank-tellers hence believed that commercial banks in Nigeria do not give adequate training to their counter staff as should have been the case. To test the authenticity of this claim, that is, how true it is that counter-staff of the major banks often rebuff customers hence respondents were asked to indicate how many times they have been rebuffed by the counter-tellers in their main bank. Eighty-three out of one hundred respones received claimed to have never been rebuffed while seventeen claimed to have been rebuffed one time or the other. As a corollary to the aforementioned question, respondents were asked to indicate the member of times they have been frustrated, twenty-nine said less than twice in a month, five said twice a month, three said three to five times a month while one person said over five times the general opinion derivable from this questions as relate to the responses is that commercial banks' staff in the main do not rebuff their customers or willingfully

frustrate them either. The claim that they are rude, nonchalant, frustrating and contemptuous have no basis as clearly discovered from this survey.

4.7 SUMMARY AND CONCLUSION:

The results of this survey show that in general the respondents do not accept the thesis advanced by various critics of commercial banks in Nigeria, that their services are poor, their staff are inefficient, discourteous, rude, contemptuous and several other names familiar to all because they are ill-trained. While it is a matter of fact that customers averagely spend up to thirty minutes in the bank to transact business that should normally take five to ten minutes in developed countries, the customer on the other hand, should not loose sight of the fact that Nigeria economy is highly monetised and the volume of money that get transacted across the Nigerian commercial banks' counters are in far greater multiples compared with that in Europe or America. The frequency of fraud and other associated social malady caused the banks to introduce various kinds of security check that naturally increase the customers' waiting time. For instance, the tally system was introduced to beat

frauds and avert losses on the part of the customers when in bank to cash cheques.

In a typical indigeneous bank no cashier is authorised to pay cheques without due reference. The customer is issued with a card or a tally disc bearing a number and asked to wait. Cheques go in batches to reference tables where clerks compare their balances and signature cards. Then the whole lot of them goes to the Accountant or Current Account Officer who checks all the particulars a second time. Cheques are then authorised for payment if the amount is within the limit of the officer or the Accountant. Otherwise the cheque is sent to the Manager who authorises payment. The cheque is then returned to the cashier who identifies the payee's number, calls it and effect payment. The waiting time is further problonged if the cheque is billed to be returned unpaid because it has to go through another lengthy but usual process of being returned legally.

With the increasing cost of staff in an inflation - riden economy, these accounts no longer show profit and the banks are seeking bigger current accounts operated by enlightened corporate bodies to

reduce the service waiting time. Managements in the banks in Nigeria are constantly seeking measures to reduce the waiting time and the quality of counter-service by the use of mechanised methods of processing. But the main problem is that to be confronted by the rich illiterate customers who have millions in the banks but cannot sign their names whatmore to even understand the computerised codes.

The banks as part of their social responsibility must undertake the important task of educating their customers with a view to improving their counter-service and customers' satisfaction.

The next chapter would therefore in essence suggest ways in which commercial banks in Nigeria can further improve counter service to obviate the criticisms often level against them.

CHAPTER FIVE

5.1 RECOMMENDATIONS.

The fundamental facts obtained from the foregoing study could be summarised as follows:-

(a) Commercial Banks, according to the respondents, though efficient and satisfactory - taking into consideration their mode of operations which is largely manual - but need to improve upon their counter services to compare favourably with what obtains in advanced countries.

(b) The banks on their part, believe that the present procedures being adopted is still adequate taking into consideration the fact that, the economy is highly monetised that they can however, reform by shortening the procedure if the society will improve on their banking ethics.

(b) That, outright computerisation may not be to the benefit of both the banks and customers in terms of cost and skill.

Therefore, the appropriate step as of now is gradual mechanisation and improved societal banking ethics.

Based on the above below is the researcher's recommendations:-

A. TO THE COMMERCIAL BANKS:

The Banker-Customer relations and the need to disabuse the minds of the public about the poor notion they have about banks can be improved if the following recommendations are looked into:-

1. Staff training in the banks have improved over the last decade, but there is still room for improvement it is not sufficient to train the middle and top management alone; The clerks and messengers who have direct contact with customers need training not only on how to do the job but also on how to treat fellow human beings and customers in particular. The slogan "customers are always right" is not being given any serious thought by many junior staff.

2. With the sophistication in present day economic activities and availability of graduates in the labour market, banks need to be more selective in their employment. Gone are the days when a bank clerk who is promoted from a messenger to a cashier after two years in the bank with his primary six certificate can justify his position with his understanding and ability to speak only his mother tongue. The present day client does not just want to know that the interest on his savings Account is X percent. He wants to know in the unofficially accepted lingual franca of the country - English, the rationale behind his being charged Y percent on his loan account while his savings attract just X percent.

3. Bank services can be improved with the provision of small, but not too expensive equipment. A note counting machine will finish counting in 30 minutes what three men together will count in 2 hours. This will reduce the waiting time of the customer being served as well as those on queue there are now mini/micro computers which can be used in towns outside the big cities to

posting of vouchers and produce very good customers' statements of account in a much faster period than most of the present day posting machines.

4. It is no more a luxury to have a strong and efficient public relations department in any bank. This is the department that is to perform the function of mirroring the image of the bank, feel public opinion about the bank and disabuse their minds on wrong notions. It is the role of the department to inform the public through publications, Newsletters, Economic Review etc. which will help to narrow the communication gab.

5. Banks need to invest in research into banking services so as to come up with new products to be able to retain their customers and entice new ones. We nowadays hear of Banking Supermarkets where a customer can complete all his financial transactions including insurance in one office.

6. A hungry or unhappy man is an angry man and no good relation can be expected from such a man

Fortunately, the banks belong to the industry that adopts the "Expenses Preference" i.e. incurring higher expenses on their staff at the expense of higher profit with the aim of obtaining higher productivity from the staff. Disgruntled members of staff can destroy whatever good relationship a bank might have buit over the years. The incidence of strikes, lock-outs and all forms of arbitrary work stoppage have to be reduced to the barest minimum.

7. Since banks in Nigeria have not developed to a point where it can be possible for a person to enter the bank and finish his transaction within 10 to 15 minutes, it is very essential to provide comfortable seats with the airconditioners functioning. A good parking space is a necessity in our present age when owning a means of transport is not regarded as a luxury.

8. The Banker-Customer Relationship is a two sided affair. Just as the banks have their parts to play, the public and the Government also have roles to play. Most of the frictions between the banks and members of the public are not

entirely to be blamed on the banks. The slow services in the banks can be traced to some of the ills in our society viz:-

(a) Ours is a society that deals in nothing but cash and as such as man who wants to pay ₦60000.00 will have to go to the bank to withdraw and pay in cash. This makes some people an easy prey to armed robbers. The man who wants to pay ₦60.00 rent to his landlord too has to fulfil his obligation in cash. This cash system congests the banks and makes provision of cash payment service to be slow. A society that has built up confidence in the use of cheques will not encounter the same problem as most cheques will be handled through the clearing system. The customer, therefore must be given the encouragement, proper education and confidence in the use of cheques.

(b) The receipt of cash from customers in this country - is made slow as a result of the need to scrutinise every currency note particularly those from five Naira and

above very carefully. This has even led to the use of counterfeit note detectors by every cashier, a device which was hardly known a few years ago.

(c) The incidence of frauds is seriously affecting the Banker-Customer relationship in the provision of efficient services as each cheque has to be scrutinised to the minutest detail before payment. Apart from ensuring that cheques are not forged banks also have to ensure that rightful owners are paid the correct amount.

B. TO THE AUTHORITIES:

The various Governments in the country have not assisted the banking industry either. Most of the above points can be improved upon if the Government realises that the banking industry has a major role to play in the economic development of the nation and takes steps to assist the industry. There are various laws in this country which if implemented, will bring a lot of sanity into our banking system.

1. Miscellaneous Decree 20 - This decree stipulates 21 years in jail for currency forgers as well as those who forge Bills of Exchange such as cheques. We are yet to see anyone punished under this decree even though we continue to hear of reported cases. If the decree is applied, people may start to build confidence in the use of cheques and this will be of assistance to banking in the country.

2. Dishonoured Cheques: - The Dishonoured cheques (Offence) Decree 1977 has not been embodied into Decree 20 which stipulates 2 years imprisonment for anyone who issues a cheque to obtain goods or services knowing fully well that he has no amount to cover the cheque on his account. Even though this act has been on paper for years, no single person has yet faced the music for breaking the law and a lot of cases abound on this. If the decree is applied, people may stop the act.

This study examines the practice of Public Relations in banks and the counter-service aspect of the commercial banks services. Other areas such as lending, though equally important and necessary to the overall performance and contributes to the nation's economy,

are not included. Therefore, it would be suggested that further surveys should incorporate such areas and recommend ways in which the services could be rendered to the mutual benefit of all.

APPENDIX A

TABLE 3.1

SUMMARY OF COMMERCIAL BANKS ACTIVITIES, 1987 - 1992 ($ million)

	1987(1)	1988(2)	1989(3)	1990(4)	1991(5)	1992(6)	'88	'89	'90	'91	'92	Annual Average Percentage Change 88-91
apital and Reserves	1545.2	1932.4	2692.2	3712.7	4300.8	8157.2	25.1	39.3	37.9	15.8	89.7	29.5
otal Assets	49828.4	59226.2	65523.7	82957.9	117511.9	181736.1	18.9	10.6	26.6	41.7	54.7	24.4
ebt Liabilities	23086.7	29065.1	27181.3	38775.7	52408.7	76073.5	25.9	6.5	42.7	35.2	45.2	24.3
ggregate Credits	24776.0	26557.8	25361.6	33401.1	37646.9	44906.1	7.2	4.5	31.7	12.7	19.3	11.8
oans and Advances	7531.9	20051.5	22276.3	25782.8	32912.4	40731.6	14.4	11.1	15.7	27.7	23.8	17.2
verage Liquidity Ratio (%)	49.0	59.4	59.8	59.4	36.4	31.4	-	-	-	-	-	-
verage Loan/Deposit Ratio (%)	75.9	69.0	82.0	66.5	62.8	53.5	-	-	-	-	-	-

SOURCE: Central Bank Annual Report and Statement of Accounts, December, 1992.

TABLE 3.2

Commercial Banks Sources and Applications of Funds as at December 1988-1992 (₦'Million)

ASSETS	1988 Source	1988 Application	1989 Source	1989 Application	1990 Source	1990 Application	1991 Source	1991 Application	Sour
Cash & Cash Items	41.2	-	-	588.8	-	994.8	-	3437.9	-
Balances held with other banks	-	2609.7	-	1045.4	-	582.2	-	4208.4	-
Loans & Advances	-	2320.4		2424.0	-	3506.5	-	7129.6	
Investments	-	1595.3	5686.3	-	-	6475.7	2883.8	-	560.
Others assets	-	2913.6	-	7925.8	-	5748.4	0	22424.4	-
Equipment & Lease	-	-	-	-	-	126.6	-	237.5	-
LIABILITIES									
Capital Issues, paidup & reserves	387.3	-	759.9	-	1020.4	-	588.1	-	3856
Balances held for other banks	100.5	523.0	233.5	-	-	287.5	592.8	-	258.
Money on call from other banks	100.5	-	456.4	-	856.8	-	693.7	-	-
LAD from other banks	-	-46.2	899.8	-	-	-356.6	148.7	-	-
Deposits	5978.4	-	-	1883.6	11594.4	-	13633.0	-	23664.
Certificate of Deposit	-	-29.7	122.2	-	18.2	-	-	-76.9	73.3
Other liabilities	3530.5	-	5709.5	-	4588.5	-	18974.6	-	37423.
TOTAL	10037.9	10037.9	13867.6	13867.6	18078.3	18078.3	37514.7	37514.7	65835.7

SOURCE: Central Bank Annual Report and Statement of Accounts as at 31st December, 1992.

Assets (x) = Application, (-) = Source.
Liabilities (-) = Application, (x) = Source.

APPENDIX B

Dept. of Business Administration
Faculty of Administration,
Ahmadu Bello University,
Zaria.

.....*..... 1994.

Dear Respondent,

I wish to introduce myself as a final year student of Masters of Business Administration (MBA) programme.

A research is being conducted on "Banking Services and Public Relations as a Marketing Tool in a Competitive Environment". This is part of the requirement for the fulfilment of the award of Masters Degree in Business Administration of Ahmadu Bello University, Zaria.

This research is strictly an academic exercise and I should be grateful if you could please help me provide answers to the questions as contained in the questionnaire attached.

Thank you for your anticipated cooperation.

Yours Sincerely,

ABDULLAHI UMAR MASHI.

QUESTIONNAIRE DESIGN:

To obtain the necessary data to test the hypothesis the customers are dissatisfied or otherwise with the services provided by the Commercial Banks, a questionnaire was designed in the following manner:-

A. PERSONAL DATE:

1. How many banks do you (respondent) regularly deal with?

   One ☐ Two ☐ Three ☐

   More than Three ☐

2. Which of the following bank services do you (respondent) patronise? Indicate frequency of going to bank for the purpose.

   i) Current or deposit account (deposit or withdrawal) ☐

ON THE AVERAGE		
Less than twice a week	less than 5 times a week	More than 5 times a week

   ii) Savings Account (Deposit or Withdrawal) ☐

   iii) Foreign Exchange Transactions including Remittance. ☐

iv) Advances to seek Overdraft or Loan ▱

v) Miscellaneous ▱

3. Which of the following is/are your source(s) of income?

i) Monthly Salaries or wages ▱

ii) Rent from Private building or property ▱

iii) Profits from business or occupation ▱

iv) Dividends and interest ▱

v) Allowance or commission ▱

vi) Miscellaneous income ▱

4. (a) Level of Annual Income

Less than ₦1500.00 per annum ▱

Between ₦2000.00 and ₦3000.00 per annum ▱

Between ₦3000 and ₦5000 per annum ▱

Between ₦5000 and ₦10,000 per annum ▱

Between ₦10,000 and ₦20000 per annum ▱

Over ₦20000 per annum ▱

4. (b) Age Group.

Under 25 ☐ 25 - 35 ☐

35 - 45 ☐ Over 45 ☐

B. NATIONALITY:

5. Indicate your Nationality

Nigerian ☐ Non-Nigerian but Africa ☐

Non-African ☐.

6. (a) Official Rank, social status or Rank (optional) .....

(b) Relationship with Members of Staff of the Bank.

Which of the following officers of your main Bank is/are acquainted with you (i.e those who to you, or your official or social status).

Branch Manager ☐ Assitant Branch Manager ☐

Branch Accountant ☐

Current Account Officer/Supervisor ☐

Savings Account Officer/Supervisor ☐

Foreign Exchange Officer/Supervisor ☐

Cash officer ☐ Cashier or any Clerk ☐

any other ☐

C. Bank Services and Your (Respondent) Satisfaction

1. Speed of Service:

Less than 10 minutes ☐ 10-20 minutes ☐

20 - 30 minutes ☐ 30 minutes to 1 hour ☐

1 hour and above ☐

2. Causes of Delay if any:

Insufficient Hands ☐ Wrong procedure ☐

Laxity on the part of staff ☐

Inadequate materials and Machines to carry out the job ☐

Any other ☐

3. Level of Efficiency:

Efficiency in terms of procedure relating to how many times your cheques were erroneously returned; your account debited instead of being credited; your periodical payments not effected; your drafts wrongly written or reimbursed; your stop notice not implemented; your statements not forwarded as per the agreed mandate; your standing order not honoured etc.

Very Efficient ☐ Efficient ☐

Not Efficient ☐ Very Inefficient ☐

4. Causes of Inefficiency (if any):

Carelessness ☐ Inadequate Records ☐

No good Diary system ☐

Combination of all ☐

D. SATISFACTION:

To what extent are you satisfied with the services of your main Bank?

Very Satisfied ☐ Satisfied ☐

Not Satisfied ☐ Very dis-satisfied ☐

E. RECEPTION AT THE BANK:

1. How do you regard the facilities provided by your main Bank in terms of sitting while waiting; counter-services; courteous from the clerks etc?

Very adequate ☐ Adequate ☐

Inadequate ☐ Very inadequate ☐

2. If very inadequate, what do you think is responsible?

Poor organisation ☐ Poor Supervision ☐

Lack of adequate Training ☐ Poor facilities ☐

Any other ☐

3. Have you ever been turned away while trying to open an account?

YES ☐ NO ☐

If YES, why?

.....

COURTESY:

Very courteous ☐ Courteous ☐

Very Rude ☐ Extremely Rude ☐

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