Manuel L. Quezon University

SCHOOL OF GRADUATE STUDIES

STRUCTURE AND PERFORMANCE OF SELECTED MULTINATIONAL COMMERCIAL BANKS IN NIGERIA

A Ph.D. Dissertation In
Business Management (Banking and Finance)
Presented to
The Faculty of the Graduate School
Manuel L. Quezon University
Manila, Philippines

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In Partial Fulfilment
of the Requirements for the
Course entitled
"Dissertation Seminar"

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by

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November 1988

RECOMMENDATION FOR ORAL EXAMINATION

This Dissertation entitled STRUCTURE AND PERFORMANCE OF MULTINATIONAL COMMERCIAL BANKS IN NIGERIA, prepared and submitted by AMBASSADOR AHMED BEITA YUSUF, Ph.D., in partial fulfillment of the requirements for the degree of DOCTOR OF PHILOSOPHY with major in BUSINESS MANAGEMENT (BANKING AND FINANCE), has been duly examined and is accordingly recommended for ORAL EXAMINATION.

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D E D I C A T I O N

To dear Mallam, Hajiya Zainab; Sahalat;
Schamz, Saphinat, Zainab, Faizat, Hafiz,
Hannafi, Bappajo, Hansa'u and the
Other Members of the spritely,
promising, advancing Kiddy Gang.

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Manila, Philippines
November 1988

A C K N O W L E D G E M E N T

Producing a researched output of this magnitude could hardly be a one-person exertion. The author therefore wishes to express herewith his profound gratitude to God, to my professors and to those friends, associates and respondents that assisted in one form or the other to the definitive fruition of this humble Study.

In particular, the researcher would hereby isolate and extend his heartfelt appreciations to his Adviser, Prof. E. M. Zafra and to panelists, Prof. J. C. Rivera and General (Dr.) C. Oropesa, for their over-extended fraternal counselling and intellectual stimulation; to Dr. S. Chavez, Dr. F. Pagalunan, Dr. C.M. Pamintuan, Dr. E. Enriquez and Prof. L. Pamatmat for their untiring support and advice; and to the Philippine Justice Secretary Sedfrey Ordoñez, Dr. E. A. Cuizon, Dean Graduate School, and to Dr. M. Ordoñez, Vice-President, Academic Affairs, MLQU, for their continuous backing, firm amity, and constructive guidance to the definitive accomplishment of this Dissertation.

To his numerous banker friends in both Nigeria and the Philippines, the author also expresses hereby his enormous indebtedness for their honest assessments of their roles and those of their distinctive financial houses; to Dr. S. Adanza, Mrs. Yoly Montevirgen, Mr. Cesar Merza, Miss Anamer Corcuera, Mrs. Sonia Caro, and Mrs. Cristy Nato, the author similarly extends his unreserved appreciations for their secretarial contributions.

Finally, a wealth of gratitude is hereby extended to the Ministry of External Affairs and to the entire Nigerian Government, especially to President (General) Ibrahim B. Babangida, for affording the researcher such a unique opportunity not only to serve his Country abroad but also to engage in a constructive exercise for self-advancement through an infinite quest for knowledge, thereby meeting aspects of the embedded, inquisitive yearnings of a professional student.

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Manila, Philippines

November 1988

A B S T R A C T

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INTRODUCTION

From time immemorial, banking institutions have been playing a significant role in the socio-economic life of human communities, from the simple to the complex. As a medium of trusteeship, savings and disbursement of financial resources, the banks have today become, by far and away, the dominant institutions among all other known economic intermediaries. And out of all other modern categories of banking specializations, the commercial banks are rated, contemporaneously, as easily the most powerful sector of any nation's monetary activity, notably the capital market.

In modern-day Nigeria, one witnesses the simultaneous retention of both traditional and modern banking strategies. Indeed, inspite of the significant inroads made by commercial banking, pre-colonial thrift and trust schemes like the "adashi" (rotational saving), the "gayya" (communal cooperatives) and the "jingina"

(mortgage/pawnship) continue to be very much in great vogue particularly among low-scale businessmen, blue-collar workers and the rural peasantry. Indeed, if anything else, the traditional banking strategies more-than complement the modern, specifically in the rural areas.

In Nigeria, as in most other advancing or advanced Nations, the total assets of the 34 commercial banks far exceeds the net assets generated in 1987 by the totality of the financial intermediaries combined. Moreover, these commercial banks have, over the last three decades, become far more complex and diversified than the other categories of financial institutions.

Playing a very pivotal role, are the multi-national commercial varieties which, advantaged by a large, resourceful network of foreign linkages, maintain inter alia impressive loans and advances portfolios, manifest huge depository concessions, conduct transactions in foreign exchange, issuance of credit cards, loans syndication and specilized developmental trust schemes. Thus, in the last analysis, the multinational commercial banks (notwithstanding their stigmatic attributes of dollar-salting, profiteering, and imperialistic so commonly identified with all trans-national outfits worldwide) have been playing a very dominant role in Nigeria's economic growth, especially from the view-points of net assets and aggregate loans generation, depository capacity, employment generation, staff development and continuous expansion of branches nationwide.

STATEMENT OF THE PROBLEM

The study seeks to examine the structure and operational scope of ten multinational commercial banks in Nigeria. Specifically, the work has sought to explore answers to the following questions:

1. What are the distinguishing features of the ten (10) respondent commercial banks, with reference to the Big Five foreign-based, in terms of the following:

1.1 origin of the respondent banks,
1.2 head offices,
1.3 equity participation,
1.4 structure of board of directors of the banks,
1.5 structure of top management cadre,
1.6 number of years in operation since incorporation,
1.7 number of branches established, and
1.8 number of employees in the respondent banks?

2. What is the scope of operations of these respondent banks with specific reference to the type of services they offer under the following categories:

2.1 international banking and foreign exchange transactions,
2.2 loans and advances,
2.3 depository services, and
2.4 other banking services?

3. How far have these services, as mentioned above, contributed to the banks' profit maximization devices from 1983 to 1987?

4. How far have the above services, as mentioned above, contributed to the following indices of Nigeria's economic growth within the last five years (1983-1987):

4.1 net assets and liabilities,
4.2 total deposits,
4.3 aggregate loans and advances, including sectoral flow?

5. What are the major problems encountered by the ten (10) respondent commercial banks in realizing their primary objective of profit-making and the secondary objective of contributing to the nation's economic growth as per the following areas:

5.1 personnel,
5.2 government rules and regulations (virtual interference),
5.3 credit regulation, and
5.4 underbanking?

6. What are the customers' perceptions of the structure and performance of the ten (10) respondent banks in terms of:

   6.1 positive effects,
   6.2 negative effects, and
   6.3 formative suggestions for improvement of the operations of the banks?

METHODS OF RESEARCH

The researcher has utilized a composite of methods: statistical, descriptive survey, and historical-comparative, relying on both documentary and empirical data from archival sources, questionnaires and interviews. The researcher has also utilized two population parameters: (1) Top Executives of the ten respondent banks, which was a random sample of 80, and (2) the Customers of same banks, with a quota sample of 160 respondents.

The ten respondent banks constituted a purposive sample of 20 commercial foreign-based banks in Nigeria for the year 1987. Economic growth and sectoral injections were contained within a period of five years, from 1983-1987.

SUMMARY OF FINDINGS

The data generated from different sources, as spelt out in Chapters 3 and 4 above, were arranged according to the purposes of the study as stipulated in the Statement of the Problem. Below are basic summations of the researchers' investigations and observations:

1. The Structure or Distinguishing Features of the Ten (10) Respondent Banks. The general profile of the ten (10) respondent banks, in an effort to elicit their basic structural formation, was drawn from some selected variables.

1.1 Foreign Origins of Respondent Banks. Sixty percent of the respondent banks hailed from either Europe (U.K. and France) or the United States. Forty percent

of the respondents have Middle Eastern or Asian Origins, specifically, Arab, Pakistani and Indian derivations in terms of initial foreign capitalization and top management personnel needed to start-off banks within Nigeria. This latter category of financial institutions are new comers, reflecting the relative influence of Asians and Middle Easterners into the Nigerian financial system from early 1970's, more specifically to exploit the novel opportunities offered by Nigeria's oil boom era.

1.2 Head-Offices location. All but two of the ten (10) respondent banks have their head-offices located in Metropolitan Lagos; the exceptions are Habib Bank (Kaduna) and BCCI (Kano). This arrangement accords well with the stipulations in Nigerian Banking statutes; it also proves fairly convenient for the banks themselves since Lagos has for long been Nigeria's administrative capital in addition to being the foremost commercial city, and the most populeus metropolis harbouring the busiest sea and air ports in the country.

1.3 Equity Structure of Respondent Banks. As of late 1987, 100 percent of all foreign interests in the respondent banks have been below 40 percent with Nigerian equity participation ranging between 60 percent and 100 percent in the different respondent banks. This trend has been observed since 1977 when the Federal Government of Nigeria promulgated the indigenization decree which forced public subscription of all banking stocks, and consequently reduced foreign interests to bare 40 percent or below. Within the Nigerian equity structure, private interests in each of the ten respondent banks have ranged from as high as 75 percent in some banks, while government participation has ranged between 30 percent to a maximum of 51 percent.

1.4 Structure of Boards of Directors. The chairmanship of each of the ten respondent banks has been the monopoly of Nigerian citizens, in accordance with the government's indigenization policy; but vice-chairmanhips, with but two (2) exceptions, are normally reserved for expatriate interests. However, 68.3 percent or 56 of the total number of directors (82 as of late

1987) of the respondent banks comprised Nigerian citizens, thus conceding approximately 31.7 percent or 26 (of 820) of the corpus of directorships to foreign interests.

Though small in relative number, the expatriate board members command a great say in the day-to-day running of these foreign-based banking houses.

1.5 Structure of Top Management Cadres. The middle and lower management, the supervisory grades and the other junior employees of all the respondent banks had been significantly composed of Nigerian citizens since 1977. Twenty percent or 2 of the respondent banks had expatriate managing directors as of late 1987, and that 27 or 18.24 percent of the deputy managing directors, general managers and other cognate categories of senior executives consisted of foreign personnel.

1.6 Number of Years in operation. Three of the respondent banks or 30.00 percent had put in less than 10 years in operation; four (4) or 40.00 percent had spent between eleven (11) and 20 years; and one (1) bank had spent between 21 to 30 years. This implies that 50.00 percent or one half of the respondent banks had spent between 11 and 30 years as active banking houses in Nigeria. Only 2 ot 20 percent of the banks had scaled over to have been operative for 60 years and above.

1.7 Number of Branches established. Five of the respondent banks or 50.00 percent had established between 6 and 20 branches in both rural and urban communities; 2 or 20 percent had been maintaining 21 to 40 branches nationwide, thus bringing a total of 7 banks or 70.00 percent as having established between 6 and 40 branches throughout Nigeria. The highest growth rate was in 1984, then 1986, and in 1987 where rate increased nearly 63 percent over the 1983 figure of 480. The 1984 growth rate was approximately 25 percent over the 1983 units.

When examined in terms of number of branches established, one discovers a direct correlation between transnationalism-cum-old age and the number of branches established worldwide. In otherwords, the older a trans-

national bank, the greater the likelihood of its establishing a vigorous wider network, and larger number, of branches worldwide. Thus, the oldest, First Bank, has continued to expand, branching, much faster than any of the banks in Nigeria for the five-year period under review.

At the same time, the respondent banks combined have been registering a fairly steady growth in the establishment of branches, especially rural ones, between 1983 to 1987. Besides, the four overseas branches they maintain have been handling more value in transactions than the six (or 60 percent) other branches being run by the non-foreign-based commercial banks. Thus, once you add the huge array ofexternal correspondents retained by the respondent banks (e.g. UBA with more than 200 units) one could easily visualize the enormous external influence these foreign-based banks do have at their immediate disposal.

2. Services Offered by Respondent Banks.

2.1 International Banking Services. All of the respondent banks sell and purchase foreign currencies, participate in the Lagos fortnightly forex market biddings, and run domiciliary/autonomous accounts for foreign currencies; assist in the collection of foreign drafts and cheques usually through and/or on behalf of overseas branches and correspondent or associate banks; issue and accept letters of credit; and finance exports andimports; maintain close linkages with external financial houses, in some instances liaising with over 200 correspondent banks worldwide.

Eight or 80 percent of the respondent banks maintain industrial guarantee and loan funds; half of them participate in foreign consortium or syndication guarantee schemes; 40 percent or 4 banks have departments each for international trade and credit formation, and business advisory services; whereas only 3 banks, sharing 4 units, maintain international branch-offices between London and New York.

2.2 Loans and Advances. All of the respondent banks have been granting personal loans for commercial,

agricultural, industrial and housing purposes; and in corporate categories, they finance loans for imports and domestic trade, and for industrial, mining, quarrying and hotel services. The loans are mainly 70 percent short-term, 25 percent for medium-term and 5 percent for long-term. Eight or 80 percent of the banks grant loans for real estate and constructions (housing); 60 percent for agricultural purposes; whereas 50 percent of the banks participate in domestic loan syndication.

2.3 Depository Services. All the respondent banks maintain counters or departments for Savings Account, Checking/Current Accounts (or Demand Deposits), Time (Fixed) Account and Domiciliary/Autonomous Accounts for foreign exchange services. On the other hand 7 or 70.00 percent and 6 or 60.00 percent engage respectively in automatic transfer scheme, inter-bank deposits and money market.

2.4 Other Services. All the respondent banks maintain computer services, manager's checks and domestic mail/telegraphic transfer in order to enhance efficient services to their individual customers; an equal number render trust services, relating to private/corporate trusts, safe deposit boxes, estate administration, agency and investment. Between 50 percent to 80 percent extend various forms of public enlightenment or educational programmes, run technical and agricultural advisory services; maintain payroll and armoured car services; serve as collection and clearing houses; participate actively in rural banking, and extend credit information to customers. Only between 10 to 20 percent extend services like credit scheme for rural women, save-as-you earn programme for employees from other firms, special educational savings scheme, self-employment financing scheme for college/university graduates, and credit cards.

In sum, even though none of the respondent banks has yet introduced modern electronic teller services, for obvious reasons, it is easily deducible that the totality of respondent banks have been moving with the times, progressive and innovative enough for any banking environment worldwide. In particular, they have demonstrated their receptivity to changing financial techniques while.

promoting inter-banking competitions not only to enhance their individual earnings but also to offer Nigerian customers more alternative choices relative to each bank's incentives promotion.

3. Profits from Services. During the five-year period under review, the totality of respondent banks have illustrated appreciable growth in their annual after-tax profits, inspite of the tight economic recession the country has been experiencing since 1984. Returns from high interest rates, foreign exchange biddings, import/export transactions and domestic trade are held to have contributed variously to the upsurge of bank profits especially between 1985 and 1987.

While some of these high earnings have managed to have been salted away to overseas branches or head offices of the respondent banks, the bulk (80 percent to 90 percent) of these profits are usually plowed back into the Nigerian economy.

The high profit margins themselves are partly due to relatively elevated degrees of efficient management, tight financial control, effectively vigilant loans-recovery programmes and intensive promotional techniques and research, so prevalent among the respondent banks relative to the indigenous.

It should also be pointed out that as a result of the depressed Nigerian economy and the high interest rates between 1986 and 1987, several of the respondent banks suffered massive cases of bad and doubtful debts; in so many demonstrable instances, bank debtors either fold up because of the deep recession or else simply fail to pay up loans, as and when due, thus compelling the banks to prop up some unusually high provisions of funds against bad and doubtful debts at the beginning of each financial year.

Moreover, between 70% to 90% of the annual profits of the younger banks since 1986 have derived largely from the forex transactions.

4. Contribution to Nigeria's Economic Growth. Just as commercial banks have been featuring increasingly as the focal point of any modern nation's financial system, so have the ten respondent banks, notably the Big Five, been constituting themselves as the vital

nerve-centre or nucleus of Nigeria's money market at least for the researched years 1983 to 1987. In this manner, they have amply demonstrated their capacity to inject measurable investment funds into the Nigerian economy for agricultural, industrial, commercial and other developmental purposes.

4.1 Net Assets/Liabilities Generated. All the respondent banks posted a continuous growth for the five-year period. The Big Five showed a total of 47 percent, 43 percent, 38 percent and 40 percent of the total assets, respectively from 1983 to 1987, generated by all the country's commercial and merchant banks put together; and within the same time-frame, annual returns amounted to 51 percent, 48 percent, 40 percent, 45 percent, and 49 percent of the total assets. The ten respondent banks combined posted a net assets-worth equivalent to 60 percent, 61 percent, 58 percent, and 62 percent respectively from 1983 to 1987.

4.2 Total Deposits Generated. The ten respondent banks accumulated 14.6, 16.4, 17.9, 19.7 and 22.4 billion naira worth of deposits, respectively, from 1983 to 1987. This contrasted with the figures of 11.7, 12.43, 14.5 and 17 billion naira for the Big Five during the same time-frame.

4.3 Aggregate Loans and Advances Generated. The aggregate loans and advances extended to different sectors of the Nigerian economy by the ten banks over the years amounted to 6.7, 7.2, 7.1, 8.5 and 10.4 million for the years 1983 and 1987 respectively, representing approximately from 25 to 33 percent increase over total loans and advances injected into the economy by the Big Five with ₦5.33, ₦5.41, ₦5.34, ₦6.44, and ₦7.33, respectively for the same period. The same aggregate loan portfolio extended during the same period of review, represents an average increase of a minimum of 42 percent and a maximum of 49 percent of the composite loans and advances from 1983 to 1987.

5. Problems Encountered by the Respondent Banks Like any other dynamic socio-economic institution, the ten respondent banks under reference, with all the huge

earnings they have been reaping these years, similarly face certain basic problems typically inimical to their collective goals and objectives of day-to-day operations.

As rank-ordered by the respondent banks themselves, on the basis of degrees of seriousness, four fundamental problem-areas stand out, namely: personnel, government rules and regulations (virtual interferences), credit evaluation, and underbanking. Below is a brief run-down of these four problem-categorizations:

5.1 Personnel. There were 56 of the respondents or 70 percent who averred that there were too many corrupt personnel resulting in high rate of defalcation, and 32 respondents or 40 percent who revealed that there prevailed poor quality of junior and senior personnel in the bank.

5.2 Government Rules and Regulations. Considered most important problems and experienced by all the respondent banks were undue government interference and demands for political patronage, while the same proportion of respondents pointed out periodic devaluation of the local currency in terms of foreign denominations like the dollar and the pound sterling. Other problems in the same category included the issues of shifting, inconsistent CBN rules and directives in relation to non-stable interest rates, dollar-salting, non-enforcement of laws relating to credit ceilings and forex biddings.

5.3 Credit Evaluation. All the respondent banks claimed that unattractive collaterals and poor repayments of loans resulted in an increasing volume of bad and doubtful debts.

5.4 Underbanking. Underbanking was also viewed as an important problem by 16 of the top executives or 20 percent of the group. In the same vein, competition within the banking industry itself has been detrimental to the growth of indigenous banking, to the advantage of the respondent banks, thus ideally recommending for the establishment of more branches of the existing commercial banks, rather than licensing new banks which, in recent years, have tended to neglect actual banking per se and concentrate more on the forex biddings for reaping easy profits.

6. Customers' Perception of the Structure and Roles of the Respondent Banks. The relative perceptions of a sampling of the clients of the respondent banks were categorized into (1) Positive Effects; (2) Negative Effects, and (3) Formative Suggestions that are considered vital for the improvement of the operations of not only the respondent banks but also the entire banking industry.

6.1 Positive Effect. There were only two positve effects pointed by the respondents of the study, particularly the customers. All the customer-respondents revealed that the respondent banks, through domestic investments, net assets and aggregate loans have obviously been contributing towards Nigeria's aggregate economic development. A significant sample of the respondents also revealed that the banks have been influencing the nation, culturally and politically.

6.2 Negative Effects. More negative effects were reflected in the responses of the customers. All the respondents revealed that the respondent banks extended undue preferential treatment to multinational corporations and to the rich local clients against the indigenous customers, especially the low-income earners and the rural folks. Furthermore, as claimed by 96 of the customers or 60 percent of the respondents, it is evident that the banks imposed mediocre expatriate personnel and directors at phenomenal costs, thus giving rise to "apartheid" speculations or accusations by the indigenous segment of the bank executives. They are also accused by some as meddlers in local politics; and corruptive, culturally and economically, in addition to being promoters of inter-ethnic and inter-religious dissent.

6.3 Suggestions for the Improvement of the Operations of the Banks. There were only two suggestions pointed out by the clients. Eighty-eight (88) respondents or 55 percent of the customers suggested that expatriate participation on boards and senior management should be indigenized while forty (40) or 23 percent of them proposed that government should hands-off shares in relevant respondent banks and transfer same to private Nigerian citizens.

RECOMMENDATIONS

On the basis of the foregoing corpus of findings and conclusions, the researcher humbly advances herewith the following recommendations:

1. The Central Bank of Nigeria should come up with an elaborate scheme which would oblige the commercial banks to incorporate salient aspects of traditional banking strategies into modern banking operations. In other words, to get more Nigerians to transact with the commercial banks, an effort should be made to integrate these banks with the populace, so that they would be visibly felt in the rural areas, thereby getting wider Nigerian public to repose increasing confidence in banking generally. For example, bank officials serving as commissioned brokers or full-time employees could undertake to organize, improve upon, and administer thrift schemes like the "adashi" or "gayya" modalities in particularistic rural or semi-urban areas.

2. Nigeria being presently a relatively "cashless society", the monetary board should consider compelling all commercial banks to commence minimal "weekend banking". With selective, mandatory weekend banking, the Nigerian public will consequently get to face less risks in terms of precarious conservation of transacted cash, say from late Friday till Sunday, before rushing to deposit same in the banks Monday morning. Such a measure would encourage greater use of the banks and thereby reduce inherent risks.

3. The Central Bank should ensure consistent and lawful adherence to the letter of Decree No. 24 of 1986 which inter-alia seeks to check inherent fraud, abuse and corruptive tendencies being perpetrated increasingly, with impunity, by the banks and bankers alike.

The Central Bank should in particular demonstrate greater consistency and firmness in the pegging of interest rates, in the observance of credit ceilings.

4. In an especially depressed economy with least financial discipline, government should continue with the current level of equity participation. The government should retain its equity levels in all the

affected commercial banks and should ensure an injection of those qualified management executives and board members that would enhance government interests while simultaneously promoting greater efficiency and effectiveness within the larger banking industry.

5. The Country, indeed, should proceed to invite multinational banking concerns and their foreign credit guarantees and capital-inflows; but only to supplement, and not entirely supplant, aspects of the local banking sector. The multinational finance houses should, therefore, sustain their endeavour especially in those areas where Nigerian capital or expertise is neither willing nor capable to penetrate. However, after a while, they should be gradually phased out with increasing reduction in both equity and management participation, once the establishment approaches ten to fifteen years in active operation.

6. Transnational banking presence should similarly be seen primarily as foreign efforts to stimulate, but not to overwhelm, local banking entrepreneurship, ideally invigorating them through healthy competition with ultimate goals of the Nation's economy in terms of loans granting and assets generation.

7. The foreign-based banks should continue to operate and generate domestic growth, specifically more as partners and not as masters in progress. They should be welcomed within the first ten to twenty years where practicable, primarily as loans, and secondarily as joint ventures, that are to be indigenized with time.

8. The banks should continue recruiting the most qualified and efficient employees and continue to maintain the highest standards in efficiency and integrity among the staff.

9. Efforts should be made to prohibit directors, officers, stock-holders and related interest (DOSRI) of affected banks from direct borrowing of money from their particularistic banks, especially for purposes of commercial undertakings.

10. In view of abuses in the bidding and consequential sales of foreign exchange through the forex market, it is obviously advisable that new commercial banks, specifically multinationals, should not be allowed to participate in the bidding. Such new banks should ideally operate for a minimum of five years before allowed participation in the forex market.

11. To further enhance a healthy banking climate, the upcoming banking legislations would need to raise the minimum requirement and the paid-up share-capital to between thirty million and fifty million naira respectively for merchant and commercial houses.

12. It would be more viable to set up visible branches or departments of existing banks in strategic places to cater expressly for particularistic interests of women, children and students and the Nigerian manufacturers' association. In otherwords, it could pay more to open branches of existing banks than licence new commercial or merchant banks.

13. On the other hand, where feasible, the foreign-based banks, in specifics, should be encouraged to set up more external branches so as to cater for inflowing remittances and also augment the nation's sources of foreign exchange and credit guarantee.

14. Efforts should be made by the Central Bank to ensure that every commercial bank initially has the capacity, and continues thus, to offer a fundamental corpus of standard, international and domestic services.

15. In line with government's recent policy on equity participation and diversification into non-banking sectors, more of the respondent banks should seek to be listed on the Nigerian stock exchange, and thus engage directly in selected businesses.

16. To fully guarantee depositors' welfare and guard effectively against bank failures, including bad and doubtful debts, the Central Bank should strengthen and stiffen the relevant legislations on bank frauds, poor collaterals, in-frequent repayment returns, and above all, bad and doubtful debts arising from nepotic loans and guarantees.

17. Banks and all other financial houses should evolve and consequently enforce a centralized policy of blacklisting all employees that have been dismissed, suspended, or disqualified by other financial institutions throughout the country.

18. The Government should impose heavy taxes on any bank's excessive profits generated largely at a time when the Nigerian economy is going through a succession of unprecedented recessionary convulsions.

19. Banks should be encouraged to raise their loans and depository portfolio without necessarily violating the relevant statutes which initially demarcated

the maximum range of credit disbursements and depository attraction.

20. If Government opts for the establishment of more banks, then depository accounts or savings should attract higher interest rates; and that every current or chequing account should invite a mandatory, minimal interest rate of between 2.00 to 3.00 percent.

21. Finally, Government should come up with a compulsory formula that would oblige participating banks to inject at least 2.00 to 3.00 percent of their declared profits, as derived from specific communities, towards the upliftment of the vital survival areas of the immediate neighbourhoods where the financial houses are locationally operative.

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Chapter 1

THE PROBLEM AND ITS BACKGROUND

Introduction

From time immemorial, banks or banking institutions have been playing a very significant role in the economic life of human communities, be they simple or complex. As a medium of trusteeship, saving and disbursement of economic resources, the banks in whatever nature have today become by far and away the dominant institutions among all other known financial intermediaries.

Out of all other modern categories of banking institutions, the commercial banks are today rated as the most dominant and easily powerful sector of any nation's monetary activity, particularly the capital market which is nowadays considered the principal economic indicator of the performance of any governmental framework. In Nigeria, as in most other countries, the total assets of commercial banks far exceeds the total assets of the entire non-bank financial intermediaries combined (savings and loan associations, securities

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exchange, insurance companies, private pension funds and merchant and trust savings banks).

Furthermore, commercial banks in Nigeria have over the years become far more complex institutions than the other financial intermediaries. In addition to maintaining large savings departments and offering demand or checking accounts, banks are also active in many other areas, such as serving as agents for their customers in buying and selling securities; and many also underwrite and sell municipal bonds issued in their towns, cities, metropolis and states.

The larger commercial banks, especially the multinational types with indepth foreign linkages, maintain trust departments which administer investment portfolios of wealthy individuals or giant corporations; they also conduct transactions in foreign exchange, issuance of credit cards, equipment leasing and loans syndication.

The motive for placing emphasis on multinational commercial banks than on other financial varieties, however, does not derive from the sheer magnitude or diversity of services supplied by the foreign-based

commercial banks. Thus, the researcher's concern here stems primarily from the central role of these institutions in:

(1) the money supply process;
(2) the capital market transactions;
and (3) economic development of Nigerian society at large.

Through the process of lending and investing, borrowing abroad and facilitating inflow of capital, the multinational commercial banks, often in joint interaction with other financial sectors collectively create money; in this manner they constitute one of the primary conduits through which Central Bank monetary policies influence the nation's supply of money and credit conditions. Also, as the principal gateway to external financial resources, multinational commercial banks have been serving as the nation's pivotal foreign financial guarantors, quite additional to their domestic contribution, along with other economic intermediaries, in providing the domestic investment needs of agriculture, industry, business and commerce.

Indigenous Banking Strategies

As of August 1988, there were fifty-seven (57)

banks in Nigeria (Appendix I). This is in addition to the Central Bank. Of this number, more than three-fifths or thirty-seven (37), as in Appendix 2, could be categorized as commercial banks, and about one-half of that (17) as having, or having had, a multinational/ transnational base (Appendix 3).

Before the establishment of the first, modern, foreign-owned commercial bank in 1892, Nigerian societies have variously evolved some traditional banking techniques which are still in vogue throughout the country. These traditional banking systems, which actually find parallels in many parts of the world, are:

1) The Piggy Bank or Bedroom (Vault) Saving Device

This is a technique of keeping cash and related movable coins, currencies, jewels and other valuables below beds, within pillow cases, in earthen piggy banks, in strong vaults or huge but elaborately concealed barrels, drums or storage pots. The valuables stored in this manner are often preserved as non-transactive items; but invariably most of it goes into regular public conversions for other forms of assets and properties. Held in this form, vault valuables come in handy

as speculative, precautionary or transactive "money" as elaborated by Keynes (1980:113-138).

A substantial percentage of Nigerians, indeed some 70 percent of businessmen, government workers and housewives have implicit faith in this mode of banking which of course entails a great deal of risks in the face of burglaries and internal thefts. For the businessmen, in particular, the resort to vault banking was re-inforced by the dramatic freezing, to outright seizure, of some bank accounts by the erstwhile General Buhari regime (1984-1985) which was bent on retrieving ill-gotten wealth from government officials and doubtful entrepreneurs. Up to late 1987, the bulk of Nigerians have not fully recovered from the Buhari shocks to develop sufficient confidence and courage to transfer their vault assets into the modern banking sector.

2) The "Adashi" or Thrift Institution

Variously called "Ajo" (Yoruba) or "Esusu" (Ibo), the "Adashi" is a kind of thrift/saving technique indigenous to pre-colonial Nigeria and very much in visible practice today among various rural or urban classes of the Nigerian society: literate, non-literate,

working class, cronies, housewives and small-to-medium scale entrepreneurs, such as market women, and so forth.

In a typically "adashi" ambience, a set of people, usually within a ward, a fairly defined community, or social class, pool together and contribute specified equal amounts of money at defined periods, usually on a weekly, fortnightly or monthly basis. The whole contribution, or part thereof, is then drawn by one member at the end of the prescribed pooling period.

The pooling resources or capabilities usually vary with the relative income and numerical size of the loose, impersonalized associated members. In a typical form, however, if 100 persons contribute ₦500 each every month, the common pool will have a total of ₦50,000. This amount is then withdrawn by one member, usually on a rotational basis; but often depending on sudden social crisis, an individual can be privileged to jump the queue with the consent of other members. The following month, it will be another member's turn to collect the total pool contributed by the entire associates, until each member has had his turn before the procedure is repeated again.

The "adashi" thrift or trust scheme usually has a treasurer who makes rounds to collect, save and disburse the individual contributions in turns. Some treasurers do employ some assistants and may utilize sophisticated accounting techniques depending on the complexity of the organization in question. By tradition, the treasurer earns a specified commission for his services and may have an implied or unwritten leeway of investing aspects of the pooled resources before withdrawal by the next contributor.

The "adashi" system is entirely based on mutual trust, with fraud or defalcation recorded on very rare instances.

As a thrift device, it effectively serves as a kind of grassroots banking system whereby individuals collect interest-free loans, often twenty times the actual size of one's total periodic savings. Moreover, no physical security or collateral is required for this type of advance.

Several persons have rightly recommended the institutionalization of this indigenous scheme (see Yusuf, 1975; Ajayi, 1984:26) largely because of its

tremendous contribution to money supply and investments particularly within the low-income, peasant sector of the economy.

3) Cooperative Societies ("Gayya")

Most traditional and, by extension, modern-day African societies have evolved a highly communal if not cooperative spirit. Hunters and gatherers in Nigeria and other African societies are known for pooling hunted resources, or foodstuffs, for overall group welfare. More significantly, farmers are known to team up together to render free services on one another's farm lots until every participant's lot or lots have been fully cultivated and harvested. In modern parlance, rural peasants contribute, out of their surplus savings, to a common fund within their agricultural vicinages. From this central fund, often kept with a responsible community "treasurer", interest-free investment monies are withdrawn and allocated to deserving areas, such as the contruction of market stalls, post offices, schools and so forth, for the good of the entire community. Individuals also can withdraw such interest-free loans to finance personalized projects with advance arrangements

on repayment modalities. Instances of fraud are very rare since defaulting or embezzling persons could easily face stiff opprobriums from the larger community membership. PAWNING

4) Jingina or Pledge or Mortgage

This is also a pre-colonial loan device whereby an individual or group members enter a usually unwritten contract in which a household chattel e.g. a hoe or garment may be exchanged or bartered temporarily for some financial outlay or foodstuff. The garment or implement thus tendered usually serves as a kind of security which should more or less be equivalent to the actual value of the funding collected from the lender.

A time frame is frequently underlined and once violated, light penalties may ensue on a compound basis until the loan is fully retrieved and security item collected by the borrower. Also, by customary law, the lender is often not expected to utilize the implement or household wares pledged. And where the lender is obligated to use the item pledged to him, such a use should not result in the waring out or depletion of the pledged property.

In more advanced instances, a landed property such as a farm land, undeveloped plot of land or even a house could be mortgaged in order to secure a loan of money's worth, thus granting to the creditor the immediate possession of and invariably the usufruct rights to the property until the debt is finally and fully discharged (Elias; 1960:240).

5) Money-Lending ("Bashi da Ruwa")

The advent of the use of cowries and other convertible currencies, particularly with the intensification of the 13-16th century Trans-Saharan Trade, with the Arabs from North Africa and the Mediterranean, resulted in the spread of money-lending as a principal loan device in many pre- and post-colonial Nigerian societies. Wealthy Arab/Lebanese businessmen, and subsequently well-off Nigerians, live by loaning out money to needy individuals often at unusually high interest rates. This kind of loan does not ordinarily require any collateral, since it is based specifically on personalized mutual trust. But the loan draws a high interest of between 20 percent - 50 percent at instances, depending on the credit-worthiness of the

borrower.

Several low-salaried employees patronize this kind of loan device, for the fact that in Nigeria wages are paid on a monthly basis. Besides, most low-income earners, even in modern-day Nigeria, do not as yet embrace the full value potentials of patronizing bank savings facilities.

Each of the above five pre-colonial banking devices is still much in force, in varying degrees, from community to community in Nigeria, and will undoubtedly continue to play some vital role in money supply, capital formation and investment scales for quite some time to come. And because of their growing relevance, there is the need to have them formally institutionalized and incorporated where necessary within our modern banking strategies.

Modern Banking System

Modern Banking system in Nigeria goes back to 1892 when the earliest bank, the African Banking Corporation, was established with its headquarters in Lagos. As in most other colonized countries, the first major banks to be set up in Nigeria were foreign-owned

commercial banks, with original roots planted in Great Britain.

In 1952, the Banking Ordinance (1952) was introduced to enable banks to come into formal existence. Before that period and inspite of the existence of the African Banking Corporation which in 1894 merged with the Bank of West Africa to become the Standard Bank, private Money Lenders had been serving as the principal sources of investment loans. Before 1952 also, European firms had been acting as bailee of capital for safe custody and also credit guarantors to their customers mostly associated with foreign-based mercantile houses, such as the United Africa Company, SCOA, Paterson Zochonis, Lever Brothers and A.J. Leventis. A few years later, specifically in 1958, when Nigerians gradually gained a better grasp of their economy, the Central Bank of Nigeria was established by a Statute dated same year.

In the next few paragraphs, the author shall briefly distinguish the salients of the primary banking categories in Nigeria since 1958; namely, the Central Bank, the Commercial Banks, the Merchant Banks and the

Development Banks.

1) The Central Bank of Nigeria (CBN)

This was established by the 1958 Central Bank of Nigeria Act (Cap. 30), under Laws of the Federation of Nigeria and Lagos Colony. Its principal functions and objectives pertain to the issuance of new currencies or coins, along with the overall supervision and regulation of the entire banking system, relating to money supply and distribution, throughout the Federation (later the Federal Republic, after 1960 and 1963).

Thus, the Central Bank has the primary duties of (i) serving as government's banker, agent and adviser; (ii) co-operating with other banks (as Custodian of cash reserves) in the country to ensure full compliance with governmental monetary policies in the interest of the Nation; and (iii) promotion of monetary stability and a sound financial base for Nigeria.

As a result, the Central Bank of Nigeria today serves as the ultimate banking or monetary clearing house, solely responsible for the sanctioning of banking licences or charters for any new financial enterprise, thereby serving towards the systematic regulation of,

and controlling and maintaining, the operations of the financial houses through periodic checks and issuance of monetary policies.

Until early 1988, the Central Bank has always been under the Federal Minister of Finance. However, for some perceptible administrative convenience, the Central Bank is now (effective January 1988) directly under the office of the President. As a consequence, the Governor of the Central Bank and other Directors that help formulate and administer the nation's monetary policy guidelines through the other categories of Banks, no longer have to go through the Federal Minister of Finance. Similarly, the granting of a banking licence (charter) which used to rest finally with the Minister who actually grants the charter of any new bank after due clearance with the Central Bank, now becomes the prerogative of the latter after due consultation with the Office of the President (see Figures 1 and 2 below).

The Central Bank also has the important role of supervising and controlling securities or other financial instruments, both within and without Nigeria,

Figure 1

FISCAL/MONETARY POLICY FLOW CHART (1958-1987)

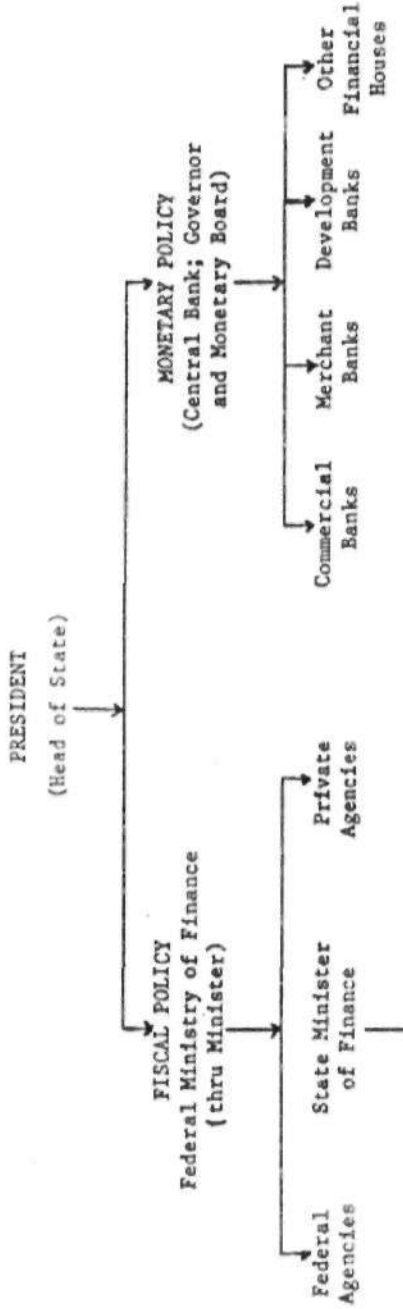


Figure 2

FISCAL/MONETARY POLICY FLOW CHART (AFTER JANUARY 1988)

through the medium of the commercial banks and their foreign associates. Through the securities exchange markets, based on the 1962 Exchange Control Act and the 1986/87 Second Tier Foreign Exchange Markets (SFEM), the Central Bank ensures that dividends owned by aliens are invested locally with a portion of it allowed to be taken out of the country. Heavy profits are invariably retained for re-circulation in the local market, even though several multinational corporations working in unhealthy concert with foreign-dominated banks continually scheme methods of salting out aspects of the locally-derived profits.

Thus, very much like the Philippine Central Bank or the American Federal Reserve System, the Nigerian Central Bank functions primarily (i) as a bank of issue regulating money supply and issuing monetary policies; it thereby serves as (ii) the national and state governments' banker, agent and adviser; (iii) the custodian of cash reserves of all the banks chartered within Nigeria; (iv) the custodian of the nation's reserves of international currency and the ultimate internal regulator of these foreign denominations

through the exchange markets; (v) the bank of rediscount, and lender of last resort; (vi) the bank of central clearance and settlement; and finally (vii) the bank for regulating and controlling credit facilities internally and externally. This obtains largely by means of monetary regulatory tools (Fajardo et al, 1987: 31-49), such as open market operations, interest rate policy, rediscounting, reserve facilities and coordination with international financial institutions like the IMF, the World Bank and the African Development Bank (Drake 1980; de Cock 1969; Ajayi 1984).

2) Non-Commercial Banking

Within the Nigerian context, two major categories of non-commercial banking systems could be identified. These are (i) the Merchant banks, and (ii) the Development banks which are often lumped together with other financial houses that engage primarily in trusteeship or investment financing. Some 20 or 37 percent of the 54 banks operating in Nigeria in 1987 can be categorized under non-commercial banks, as per the Banking Decree of 1979 which amended the 1969 Banking Decree with the objective of adequately providing for

merchant banking in particular.

It should be pointed out that the distinction between commercial and non-commercial is often vague, arbitrary, depending largely on the operational guidelines and demarcations drawn by a nation's central banking environment. In the case of the Philippines for example, Miranda (1978: 10-42) has identified the following operational spheres as the sole prerogative of non-commercial banking houses: mutual savings houses, savings and loan associations, stock savings, cooperative savings, postal savings; development houses, agricultural and industrial loans and investment facilities; rural banking; investment portfolio houses; trusteeship or corporate fiduciary; land banking and specialized financial houses like the Veteran's bank and the Amanah banking, mainly for Moslem interest-free loans.

In Nigeria, however, only two financial institutions, namely merchant and development banks, could be classified under non-commercial banking per se inspite of the fact that the actual functions of the merchant institutions in particular overtly over-lap

with those of the commercial banks in a number of fundamental respects.

a) Merchant Banks

According to the Banking Decree No. 88 of 1979, Section 41(1)(e), a merchant bank is defined as

> "..... any person ..... engaged in wholesale banking, medium and long-term financing, equipment leasing, debt factoring, investment management, issues and acceptance of bills and management of units trust."

From the above definition, therefore, and from the view of practical operations, merchant banks are not primary institutions for deposits of savings for safe custody and interest, and other "over-the-counter" banking business. Besides, they loan out mainly to corporate bodies, unlike commercial banks that grant advances to private individuals with weaker financial status-sets.

Typically, most merchant banks in Nigeria maintain the following functional departments: Domestic and International Banking, Corporate Finance, Trade Finance, Loans and Overdrafts, Financial Services, Money Markets, Portfolio Management and Legal and Credit Market.

The term merchant banking came into the Nigerian financial scene in 1960 with the formation of a corporation called the Philip Hill (Nigeria) Limited which subsequently merged with the present-day Nigerian Acceptances Limited or NAL to become the only bona fide Merchant Bank. In 1973, the Union Dominion Trust Bank (UDT) was granted a merchant banking charter before the others followed, namely the Investment Company of Nigeria (ICON) which was later indigenized in 1984 and reconstituted into a development bank. As of 1987, there were approximately 12 merchant banks (Appendix 4) operating in Nigeria. And more than three-fourths of these banks have foreign origins including NAL and ICON which were subsequently indigenized with the Federal Government's systematic displacement of the major external partners in equity participation and management control.

The merchant banks were established primarily to cater for the much-needed medium and long-term loans which the older commercial banks were not providing. They feature quite prominently in the early Lagos Stock Exchange transactions and in the management of the

country's largest and oldest stock brokerage firms. And most recently, they have been playing a key role in the newly introduced (1987) Second-Tier Foreign Exchange Market (SFEM), thus contributing substantially to capital formation and to the development of capital market (Ajayi 1984: 98-99).

With the onset of the indigenization policy, known as the Enterprises Promotion Decrees of 1972 and 1977, the Federal Government acquired a controlling 50 percent to 60 percent equity in all foreign banks. As a result, many dissatisfied foreign partners, such as the First National City Bank of New York, and J.P. Morgan, surrendered their banking charters and withdrew from the country. Others such as the First National Bank of Chicago changed its name to International Merchant Bank.

With the government take-over of 50 percent to 60 percent equity in the banks, including the commercial ones, Nigerians have since 1976 been holding majority board memberships of the boards, with foreign participation reduced to below 20 percent in many banks. The NAL and the ICON for example have no more expatriate

board members, as is the case today with many of the once-foreign dominated commercial banks.

b) Development Banks

As of 1986, there were no more than five development banks in Nigeria, namely the government-owned Nigerian Industrial Development Bank (NIDB), the Nigerian Bank of Commerce and Industry (NBCI), the Nigerian Agricultural and Cooperative Bank (NACB), the Federal Mortgage Bank of Nigeria (FMBN) and the Federal Savings Bank (Appendix 4).

These public financial institutions are 100 percent government-owned and were set up principally to provide funds for projects with long gestation. The NBCI for example has been established to assist small to medium-scale entrepreneurs, whereas the NIDB assists larger corporations with heavy capitalization.

Thus, the development banks also contribute to the equity of some companies, in addition to granting technical advice, appraisal of proposals for long-term credits and the undertaking of feasibility studies on the projects that are to be funded.

The NACB is famous for specialization in agri-

culture and cooperatives capitalization. Whereas the FMBN is known to provide loans to companies, groups and individuals for purposes of real estate development in the form of housing, office and storage programs. The FMBN also accepts and grants long-term deposits and credits.

Some specialized Cooperative Banks, set up in some states of the Federation, such as the Kano State Cooperative Bank and the Kaduna State Cooperative Bank, are by law enjoined to deal specifically with rural/urban cooperatives, whether they bank with them or not; they are specifically enjoined to grant more commensurate credits to cooperative societies that approach them.

In actual practice however many cooperative banks, such as the one in Kano, have tended to transact more with all categories of customers including high level businessmen, granting in the process all available forms of short-to-medium term loans for every kind of entrepreneurial investment. At the same time, they accept deposits, thus operating typically as any normal commercial banking system.

3) Commercial Banking

Commercial banking, which is the main thrust of this thesis, basically dominates the entire financial intermediation in Nigeria. Indeed, quite conceptually, the two types of banking systems identified as (i) and (ii) above are often justifiably lumped under commercial banking. In other words, the distinction is one of operational degree, a matter of operational convenience for the affected banking milieu; their basic roles and functions have, as a result, a tendency to overlap inspite of governmental legal demarcations confining each chartered bank to distinctive financial spheres of transaction. Indeed, there is a growing tendency in Nigeria and presumably in many other financial banking circles world-wide that the longer a bank develops and expands the greater the likelihood of adopting one or more activities which are initially outside its original charter of financial operations. In the case of Nigeria, the above assertion is vividly validated by two governmental special reports: the Industrial Enterprises Panel (1977) and the Financial System Review Committee (1978) which jointly concurred that the totality of both

commercial and non-commercial banking institutions in Nigeria have tended to duplicate one another's role, thus wholly compounding any attempts to draw any distinctive definitional or operational compartments between the two seemingly-different spheres.

Nonetheless, for the primary purpose of this essay, the researcher would hereby adopt the current banking distinctions provided under the extant Nigerian statutes. Also, for purposes of a convenient academic framework, the researcher would hitherto accept the feasibility of such a demarcation in the manner extrapolated by Goldfeld and Chandler (1986:121) when they presented a somewhat controversial classification of Permissible and Prohibited Commercial Banking Activities: the prohibited being the statutory spheres for the non-commercial banks (also see Miranda 1978). In their schema, Goldfeld and Chandler (1986:121) allotted 27 "permissible" transactive spheres for the commercial; and fourteen (14) other areas of activity implicitly "prohibited" to commercial banks but "permissible" to non-commercial banking institutions.

The earliest banks ever established in Nigeria, dating back to late 1809's, were technically commercial

in nature and operational emphasis. And by mid-1988 out of a total of 57 banks, about 37 (Appendix 2) are actually commercial finance houses. As a result, commercial banks have for a long time predominated the entire money supply and capital market scenario in Nigeria, indeed handling about 70 percent of the aggregate financial transactions internally, and almost 86 percent of the externally-induced exchanges.

The Banking Act of 1958, as subsequently amended by the Banking Decrees of 1969 and 1979, sets out the guidelines for banking operations in Nigeria. Most of these guidelines, excepting Section 41(1)(e) of the 1979 Decree, basically appertain to commercial banking. In other words, by statutory definition and practical operations, Nigerian commercial banks engage in all types of depository, and loan and advances transactions especially of a short to medium retailing nature; and have consequently avoided wholesale banking and related specialized spheres like equipment/machinery leasing and operational lease. Of recent however they have begun to delve into syndicated loan strategies, the traditional territorial imperative of the merchant

banks.

4) Multinational Commercial Banking

As alluded to above, the earliest banks in Nigeria were foreign-based, mostly from Europe, Britain in particular. After Nigeria's Independence in 1960, other western-based financial houses, as from the United States, began to inject their interests in both commercial and merchant domains.

Initially, equity participation and control of top management were foreign-dominated. By 1977, with the full-scale dramatization of the Nigerian indigenization programs, all foreign-based banks were compelled inspite of themselves to contend with an equity ratio of 40 percent or less, with government and capable Nigerian nationals acquiring 60 percent of the total equity participation. As a consequence, the composition of the board of directors and top management cadres of the affected banks had to change also, reflecting relatively the new equity participation strength of the Nigerian sector.

At about the same time, the foreign-dominated banks (Appendix 3) were forced in 1970 to raise the

ratio of their lending to Nigerians from 20 percent to 40 percent of their total lending capacity. In this manner, the government through the CBN has contributed immeasurably in regulating the flow of investment money more towards the indigenous entrepreneur than ever before. Hithertofore, the foreign-dominated banks had tended to favour the European-based corporations in the grant of loans, advances and related financial services fully to the detriment of the indigenous investor.

With the progressive full implementation of the indigenization revolution within the banking system in particular, is it then possible to talk of multi-national commercial banking? Very probably so, for the simple reason that, today, the best managed, well-financed and vividly stable commercial banks are those that initially enjoyed substantive foreign derivations in terms of initial capitalization, foreign correspondence strength and top managerial expertise.

For his investigative purposes, the author has focussed attention on ten Respondent Banks (Appendix 3b), with special emphasis as occasion warrants on the Big Five foreign-based commercial banks, namely, First Bank,

IBWA, Savannah Bank, Union Bank and the United Bank for Africa.

Conceptual Framework

Commercial banking is basically an institution attuned to the minds of the people they serve. The role the institution plays, would thus depend on the attitude of the organizers and the prevailing regulations of the Central Bank as in the case of Nigeria, the Philippines and other countries with centralized Reserve Systems.

As a general operational rule, and all things being equal, the larger commercial banks tend to expand often exponentially, broadening further the formative scope of their services. The smaller banks on the other hand tend to specialize in the kinds of business in which they can compete most effectively. But they too, depending on opportunity openings, and the ability to fully exploit a given opportune financial environment, are likely to expand their services, consolidating further to become huge conglomerates. Such developments normally arise from the thrusts of attendant environmental competition. Thus a rapidly expanding economy (as lately in Taiwan, Thailand, Hong Kong, Singapore,

Japan, the U.S.A. and South Korea), added to the factors of a growing population, improvement in transportation and communication, the integration of business into large national corporations have jointly and severally called for numerous new and improved banking services. Besides, like most other business enterprises the commercial banks are forced today to compete with one another and with other financial institutions to render the banking and financial services demanded by all the segments of the public. And this competitive atmosphere seems to prevail even in under-banked monetary systems like Nigeria which had barely fifty-four (54) banks to service its 120 million people as of late 1987.

Commercial banks live and work on a vision that goes beyond but does not totally ignore customary growth and profit goals. The span or scope of a bank's ownership base, the relevance of its business to development, the character of its market and the uniqueness of its history, all make commercial banking fit to meet increasing demands and undaunted by uncertainty and adversity.

A series of commercial banking services common

today, from syndicated loans, credit cards, electronic tellers to bank reconciliation were unheard of fifty years back. The extension of credit is, of course, the basic banking service, but the forms and varieties of loan arrangement, from term loans to credit cards, have multiplied beyond the wildest financial imagination of any past generation of commercial bankers. This feature or trend is bound to continue evolving and expanding so as to effectively attend to the needs of the correspondingly diversifying economic dynamism around. In short, the commercial banking system's basic structure and scope of operations need constant flexibility to always adjust to the equally changing socio-economic environment that encapsulates it.

The most receptive of all the categories of financial institutions in most colonial settings, such as Nigeria, are the multinational or foreign-dominated commercial banks. Together with indigenous or indigenized commercial banks, they jointly offer the Nigerian public a vast array of banking services, providing clients with deposit services, loan services, international foreign exchange services, trust services and

advisory services. In the broadest sense, the commercial banking structure, including the foreign-dominated variety, encompasses the whole complex of financial intermediaries through which the liquid funds and savings of the public and the private sectors as well are channelled into convertible loans and developmental investments, thus re-inforcing the credit and growth base of the economy.

Besides, very much like other forms of banking, multinational commercial banks can be reasonably expected to perform a very useful role in the economic life of once-colonized nation-states like Nigeria. This is in addition to the economic functions they perform within the financial system as a whole.

Through the savings process, purchasing power is diverted from current consumption into the market for capital goods. As savings are invested in plant and equipment, in homes or through government schools, roads, and productive capacity, therefore the real wealth of the economy gets augmented and diversified. The multinational banking sector in particular doubly injects confidence in the economy through guaranteeing

of foreign inflow of goods, services and capital into the domestic economy.

In this vital process, therefore, the multinational commercial banks play three fundamental roles: they help channel savings into productive uses; they supplement or provide for liquidity, capital formation and investments through short-term credit facilitation; they equally contribute towards financing both exports and imports through the medium of the Central Bank.

Commercial banks constitute the primary sources of industrial and commercial loans in most national economies; and because they operate the payments or check collection system, they have little competition for deposits that represent purely working balances. This is the bread and butter business of the commercial banking system anywhere. Production, distribution, consumption, investments and the needs of government are also frequently financed through commercial bank loans.

The attitude of bankers, particularly the top-to-middle level management, shapes the overall conception and operational directions of the commercial

banks within the context of the national economy. The banker's attitudes, and behavioural patterns, often times are guided by conservative and aggressive banking, depending on the community being served.

From the foregoing, one could safely summarize herewith that the basic theoretical framework of this Dissertation focusses on the structure and operational scope of multinational commercial banks in Nigeria. This enquiry necessarily entails a brief exposition on the origins and present-day external linkages of these types of banks, as well as an assessment of the nature of adjustments by these banks after, for example, the introduction of the indigenization programs in 1972 and 1977. The understanding of the structural composition of these banks would also entail the examination of the boards of directors of the banks, the management cadres and the ordinary bank employee in relation to how these officials discharge the basic services normally identified with commercial banking locales.

In the process of assessing the structure and functions of these banks, one will also examine, albeit briefly, the salient problems faced by the banks in

their basic operations. The author similarly explores the extent to which the ten (10) respondent commercial banks contribute to Nigeria's economic growth especially from the point of view of the following developmental indices: foreign credit guarantee, capital formation, capital inflow and capital investments, personnel development and employment generation, more specifically in terms of net assets and liabilities, total deposits, aggregate loans and advances, including sectoral flow; and likewise, how the operations of the banks, with specific reference to the types of services they offer such as: international banking and foreign exchange transactions; loans and advances; depository services and others, contributed to the banks' profit-maximization for a period of five (5) years, were determined.

Statement of the Problem

The main objective of this research is to assess the relative configuration and functioning of selected multinational commercial banks in Nigeria. In this regard, the essay will attempt to seek answers to the following problem-areas:

1. What are the distinguishing features of the ten (10) respondent commercial banks, with special reference to the Big Five foreign-based banks, in terms of:

1.1 origin of the respondent banks,

1.2 head offices,

1.3 equity participation,

1.4 structure of board of directors of the banks,

1.5 structure of top management cadre,

1.6 number of years in operation since incorporation,

1.7 number of branches established, and

1.8 number of employees of the respondent banks?

2. What is the scope of operations of these respondent commercial banks, with specific reference to the type of services they offer under the following categories:

2.1 international banking and foreign exchange transaction,

2.2 loans and advances,

2.3 depository services, and

2.4 other banking services?

3. How far have these services as mentioned above contributed to the banks' profit-maximization devices from 1983 to 1987?

4. How far have the above services as mentioned above contributed to the following indices of the country's economic growth within the last five years (1983 - 1987):

4.1 net assets and liabilities,

4.2 total deposits, and

4.3 aggregate loans and advances, including sectoral flow?

5. What are the major problems encountered by the ten (10) respondent commercial banks in realizing their primary objective of profit-making and the secondary objective of contributing to the nation's economic growth as per the following suggested areas:

5.1 personnel,

5.2 government rules and regulations,

5.3 credit evaluation, and

5.4 underbanking?

6. What are the customers' perceptions of the

structure and roles of the ten (10) respondent banks in terms of:

6.1 positive effects,

6.2 negative effects, and

6.3 suggestions for improvement?

Basic Assumptions of the Study

This piece of research is premised on the following primary assumptions:

1. That the structure and performance of the respondent banks are well-understood by the customer-respondents of the study.

2. That the assessments of the respondent-customers or their perceptions of the operations of the multinational banks on the economic development of Nigeria are made to the best of their abilities and can therefore be taken as per se for valid inferences.

Scope and Delimitations of the Study

This piece of research work focusses attention primarily on the following areas:

a) Subject-Matter Delimitation

As earlier spelt out under Statement of the

Problem, this study confines itself largely to the investigation of the structure and operational dimensions of the multinational banks and the modes of banking services offered by these banks with specific relevance to international banking services, depository and loan services, trust services, technical advice services and other banking performances. The study also describes the extent of the banks' contribution to the nation's economic growth in terms of net assets and liabilities, total deposits, and aggregate loans and advances, using a five year period from 1983 to 1987.

The types of major problems encountered in the course of these banks' operational activities were also examined based on perceptions of the representatives of the ten (10) respondent banks, while virtual effects of the structure and roles of the same banks on the economic development of the country as perceived by customers were likewise considered.

For this investigation, the researcher focused attention on ten (10) respondent banks with special emphasis as decision warrants on the Big Five foreign-

based commercial banks, namely, First Bank, IBWA, Savannah Bank, Union Bank and the United Bank for Africa.

b) Time Frame

The research basically covers the period from 1983 to 1987, especially in relation to material pertinent to documentary evidence. Generated empirical data were confined mainly to the year 1987; and this includes profit declaration and the discussion on the profile of the ten (10) respondent banks.

c) Place and Respondent-Delimitation

The research locale had been restricted within the Nigerian boundaries where inquiries to ten (10) multinational commercial banks out of a universe of thirty-seven (37) commercial banking houses were delimited.

The purposive selection of the ten (10) respondent multinational banks was dictated by ownership-broad-base character. A total of eighty (80) representatives were randomly selected from the ten (10) respondent banks, this constituting one of the sample-frames of the Study. On the other hand, one hundred-and-sixty (160) customer-respondents were also utilized

to gather information pertaining to the structure and roles of multinational commercial banks and their aggregate effects on Nigerian economy.

Significance of the Study

It is the writer's persuasion that this study may serve as a potent tool in determining the role of multinationalism in commercial banking, and the nature and effectiveness of the services offered by these types of banks relative to the indigenous or indigenized financial houses. The role of multinational expertise in the overall economic development of the country could also be of some potential significance to the students of both domestic and international banking.

The business sector in particular can be guided by the results of this study in evaluating, establishing, and assessing the actual services offered by trans-national commercial banks in enhancing the methods by which these banks contribute to the Nation's economic growth. The business entrepreneurs may also be interested in the types of problems (with their probable solutions) that confront the banking system's strides towards personalized profit maximization and national

development.

The general public and governmental agencies may also benefit from this study which attempts to illustrate and broaden people's outlook on the services of the multinational commercial banks; they may similarly gain from the various ways employed by the banks in accelerating or contributing to the pace of economic growth.

It is further hoped that this study may serve as a basis for further research by students of business management and banking, as well as by bank managers, Ministry of Finance and Central Bank officials, and foreign entrepreneurs with an eye for investing within Nigeria.

Operational Definition of Terms

As with most other disciplines, the banking industry has a large repertoire of terms and words which are used more or less in everyday banking transactions. For the purposes of clarity, therefore, we do attempt herebelow to define a few relevant words or expressions that we consider useful operationally in the course of compiling this piece of research work.

It will however be pointed out that some of the definitions, as listed alphabetically, are mere base aggregations or syntheses from a variety of sources thus paraphrased. At other instances we have found it more expedient to cite in toto certain definitional categories lifted from some defined authoritative sources. Where this occurs, efforts were made to so acknowledge the appropriate sources.

Acceptance. This refers to a kind of promise to pay by the drawee of a bill of exchange, usually indicated by writing the word "accepted" followed by the date, the place payable, and the acceptor's signature across the face of the bill, thereby acknowledging a commitment to pay at the prescribed future date (Wortman, 1982; Oppenheim, 1979).

Accounts Payable. Moneys owed to others, but not yet paid and considered payable within the next 12-month period.

Accounts Receivable. Moneys earned, but not yet received, and considered receivable within the next 12-month period.

Agent Bank. Refers to a bank or financial house

which represents, acts for, and is accountable to another, usually a principal. A contractual relationship usually exists between a principal and an agent, forming an agency, usually in another country.

Aggregate Demand. This refers to the base flow of money and expenditures for goods and services during a given time framework. The expectations of aggregate demand influence the aggregate supply.

Aggregate Supply. The amount of base goods and services produced by all firms in the economy during a defined time frame in response to demand expectations.

Appreciation. The increase in the value of a specific asset with reference to book value or acquisition cost. (Antonym: Depreciation).

Assessment Bonds. Municipal bonds that are to be repaid through assessments made against property.

Asset. A physical (tangible) object or a right (intangible) that conveys economic value to its owner. For (bank) balance sheet purposes, assets are broadly grouped as current, fixed, or intangible; and within these groupings are descriptive titles, such as receivables, inventories, investments and plant equipment,

goodwill and patents (Wortman 1982).

At par. In securities trading, at par is the quotation or price that is equal to the face or nominal value of the security being traded; also a fixed transfer rate of foreign exchange.

Bad Debt (Doubtful Debt). An account receivable that is uncollectible or whose collection (recovery) is highly doubtful. Bad debts are invariably considered as losses on accounts receivables and notes receivables due to failure of customers to pay their obligations.

Some of the circumstances that may influence an authorized bank official to write off bad debts are:

(a) Debtor-customer has been officially declared insolvent;

(b) Customer has stubbornly refused to send any reply or to take action to settle his obligation, inspite of diligent efforts and exhaustive remedies and interventions;

(c) Inability to locate the whereabouts of the debtor-customer, notwithstanding diligent efforts and use of means at the command of the creditor bank;

(d) Corporation has ceased operation for several years; and

(e) the untimely demise of customer, leaving obligations

behind which the heirs have stubbornly refused to honour and settle (Miranda 1982: 30-31).

Bail (Rescue). Efforts by the Central Bank, through pumping more money or security, to resuscitate a bank heading for imminent insolvency or failure.

Balance of Payments (B.O.P.). A record of all transactions between the residents of one country and the rest of the world, with payments in terms of the country's currency. In fact, the B.O.P. summation is the country's balance sheet of receipts and disbursements for a given period.

Balance Sheet. A condensed statement showing the nature and amount of a company's/bank's assets, liabilities, and given capital on a given date.

Bank. A business establishment or financial house authorized to perform financial transactions such as receiving (saving and depositing) or lending (loans and advances) of money.

Banking is the business of the bank or of the bank official (banker).

Bank Draft. An order issued by a seller's bank against a purchaser's bank, directing payment of money,

usually through an intermediary bank. Bank drafts generally are negotiable, and are similar to the checks drawn against standard checking accounts except that they are drawn by one bank on its account in another bank.

Bank Failure. A situation where a bank becomes insolvent or whose totality of property assets and intangible rights (securities) are insufficient to pay all its debts.

Bill (of exchange). An unconditional order in writing signed by a "drawer" and requiring the "drawee", the party to which it is addressed, to pay a certain sum of money to order, or to a bearer, at a fixed or determinable future time.

A personal check is a bill of exchange drawn on a bank and payable on demand.

A treasury bill is a short-term security or obligation that matures in 13 or 26 weeks, sold by the U.S. or other state governments primarily through competitive bidding to meet current needs for working funds that are not fulfilled by receipts from income taxes paid. Yield is very low because of the high quality of

the bills whose returns to investors are determined by the difference between price paid and price received when the bills mature.

Bond. An "IOU" or promissory note issued by a corporation, usually in multiples of $1,000.

A bond is evidence of a debt on which the issuing house usually promises to pay the bondholder a specified amount of interest for a specific length of time, with the face amount/value of the bond to be repaid on the expiration date (Wortman 1982).

Capital Flow. Inflow or outflow of capital in the form of liquid money or securities into and out of a particular nation for a specified period of time.

Capital Market. Where commodities (intangible) of both short and longterm nature are traded.

Collectively, securities exchanges, insurers or underwriters, the Central Bank, investment and commercial banks and other financial houses, usually concentrate in a transaction centre, such as a major city like Chicago, London, New York, Tokyo or Lagos, for sale and resale of capital assets.

Central Bank. The principal bank of the country

usually owned by government, similar to the American Federal Reserve System, with the primary responsibility of initiating, regulating and enforcing that country's monetary policies while working closely with and controlling the operational perspectives of the commercial and other financial houses.

Certificate(s) of Deposit (CD's). A special, negotiable type of time deposit which, by agreement with the purchaser, is kept on deposit for a specified minimum time period in the bank that sold it.

Clearing House. A central agency e.g. Central Bank or major commercial bank for the collection, classification and distribution of information. A bank or major establishment maintained by banks for settling mutual claims, obligations and accounts among the members of the establishment.

Collateral. Personal or real property pledged as security for an obligation.

Commercial Bank. A financial institution or house which is officially chartered (licensed/designated/authorized) by federal government, thru the Central Bank, primarily to engage in domestic and

international banking, making short-term to medium-term industrial, commercial and even agricultural and housing loans (in the case of Nigeria) by creating demand deposits or checking (current) deposits, and in retiring loans by cancelling demand deposits.

To float a commercial bank, there is usually an initial capitalization requirement of about ₦5 million in Nigeria and ₱300 million in the Philippines. As of mid-1988, the Nigerian equity stipulation has been increased to over ₦5 million from an initial of ₤600,000 for indigenous commercial banks, ₤1,500,000 for foreign-based commercial banks and ₤2,000,000 for merchant banks under the 1969 Banking Decree as amended in 1982.

Consolidation. A process whereby a bank is specifically organized, often for greater efficiency and profit maximization, to acquire the assets and liabilities of two or more banks. A new bank is then formed and the original banks are dissolved (Soldofsky and Oliver, 1974).

Correspondent Bank. An agent or partner bank that regularly performs services for clients (banks) in a place or market, either domestic or international, to

which the clients do not have direct access.

In general, this refers to a commercial, development or merchant bank which maintains certain contractual obligations with another bank, locally or internationally, so as to render services to the principal bank's clients/customers.

Customer. A client, person or corporation, who holds regular transactions with a bank through specified accounts or passbooks.

Debenture. A long-term bond, bearing fixed interest or a promissory note issued by a corporation or governmental agent, and backed by the general credit of the government or corporation; usually not secured by any mortgage, lien, or any specific property.

Defalcation. A legal/financial term synonymous with estafa, embezzlement or misappropriation of funds. Internal defalcation is an area of grave concern to the banking industry all over the world (see Goldfeld and Chandler 1986).

Demand Deposit (Current Account). Promise by a bank to pay immediately an amount specified by the customer who owns the deposit account. It thus becomes

what is called checkbook (or chequing account) money, permitting transactions to be paid for by check rather than with currency (Wortman 1982).

Depreciation. Used-up portion of the life of a fixed asset e.g. machinery, equipment, building.

Discount (Re-discounting). Advance loan or money with stipulated interest deducted immediately, as between the Central Bank and commercial banks.

Dividend. The repayment designated by a corporation's board of directors to be distributed pro rata among the shares outstanding or among the invested share/stock holders, generally at end of a financial year.

DOSRI (Philippine Central Bank rules). Abbreviation for "directors, officers, stockholders and other related interests". With an eye to safe-guarding public interest, the Central Bank and SEC promulgated rules and regulations to guide DOSRI from abusing their positions in the bank or corporation they serve.

Equity. A right, claim or obligation to an asset. A holder of an equity may be a creditor, part owner, proprietor or stockholder.

An interest in the property or in business that is subject to claims or creditors.

Equity Financing. Sale of stock by a corporation for cash or other things of value to the operation of the corporation.

Expanded Commercial Bank. Equivalent to a Merchant Bank; it combines full commercial banking (less depository functions) with the powers of an investment house (underwriting, securities dealership, and equity investment) both locally and internationally.

Financial House. Any financial institution other than a commercial bank.

Floating Debt (Current Liability). That part of the national debt or current liabilities which consist of short-term borrowing by the government, consisting almost entirely of treasury bills.

Foreign Exchange. Foreign currency, and the exchanging of the currency of one country for that of another.

Indemnify. To make compensation for incurred losses.

Letter of Credit (LC). A (negotiable) commer-

cial letter or instrument issued by a bank on behalf of an importer individual or corporation by which the bank substitutes its own credit for that of the individual or corporation. A letter of credit is mostly used in international commerce whereby imports from one country to the other usually get validated with an LC, which serves as a guarantee that the equivalent hard currency value for the imports have been duly certified at both ends of the international transaction.

A document issued by a bank or similar financial institution allowing a borrower to draw a bill of exchange on it for specified purposes. In the case of foreign trade, an overseas buyer may arrange for a bank in the country of the supplier to issue a letter of credit to the supplier accepting a bill of exchange drawn on it upon delivery of the relevant export shipping documents. Normally, the foreign buyer opens an irrevocable letter of credit with the vendor's bank in the vendor's country (Wortman 1982).

Liquidity. Ability of a bank or any business enterprise to convert non-cash assets into a resource that enables the enterprise to meet its short-term

obligations.

Loan. A business transaction between two legal entities whereby one party known as the "lender", agrees to "rent" funds to the second party, known as the "borrower".

The funds may be rented for a fee called "interest". In banking circles such is called discount. Loans may be secure or unsecured within the categories of demand or time loans, depending on the agreement as to maturity. Loan may also be short-term or long-term in duration. Short-term loans are evidenced by a promissory note, a trade acceptance or other types of negotiable instruments. Long-term loans are evidenced by bonds, mortgages, debentures, automobile lines, bailments, lease agreements or other certificates of indebtedness.

Long-term loans are generally outside the purview of commercial banks' charter (licence) and therefore handled by other lending agencies such as an investment house in the Philippines (Miranda 1982) or by a merchant/development bank in Nigeria.

Loan Syndication (or Syndicated Loan). A bank-

ing procedure whereby two or more banks pool resources together to finance a specific investment project whose total capitalization (or shared-up capital or equity structure) far exceeds the lending (and primary reserve) capacity of any of the syndicated banks.

Merger (Amalgamation). Direct acquisition of the properties of one or more banks by another as a cost-saving device or for bailing out a failing bank. The encapsulating bank which takes over the properties of others usually retains its original identity (including name) and continues operations as a larger entity; the other (encapsulated) banks are thence dissolved, instantly losing their distinctive identities.

Monetary Policy. Measures adopted by the Central Bank and the national treasury (Ministry of Finance) to manipulate the money supply with the intent to influence the Productivity (Output) of goods and services, Employment, the Price Level, the Rate of Economic Growth or the Balance of International Payments (B.O.P.).

Monetary Theory of Business Cycles. A theory attributing business cycles to monetary factors like

changes in the quantity of money and credit, and changes in interest rate.

Upswings occur when credit and borrowing conditions become favourable enough for business firms to borrow money; Downswings occur when the banking system begins to restrict its expansion of money and credit.

Money Market. A centre for very short-term loans in liquid cash, coins or currency. Centre for selling and buying short-term credit instruments.

Money supply. Currency and demand deposits in use as money in an economy.

Multinational (Transnational) Bank. A commercial, merchant or development bank with a financial or managerial interest in banks, affiliates or subsidiaries in a variety of countries.

For this paper, and for operational purposes, a multinational commercial bank is being defined as one which satisfies one or more of a combination of the following criteria:

1) initially established with majority (60 percent) or minority (40 percent or less) paid-up share-capital from abroad;

2) initially established under a foreign name;

3) top management or supervisory personnel and technical expertise are predominantly foreign or foreign controlled from the onset;

4) a foreign managing director;

5) board of directors have a few expatriates;

6) board deputy chairman - deputy chief executive or deputy managing director is foreign, thereby representing the interests of the primary corresponding multinational bank abroad; and

7) continues to maintain foreign affiliation, agency or correspondence status with the parent bank in Britain, Paris, U.S.A., etc.

Operational Scope. The specific activities of the multinational commercial banks in the performance of their various services.

Portfolio. The total holdings of securities by an individual or corporation. It may contain bonds, preferred stocks, common stocks, and other securities in a variety of enterprises.

Prime Lending Rate. The rate of interest charged by commercial banks on short-term loans to

preferred customers.

Profile. The defined structure and operational scope of multinational commercial banks.

Receivable. A collectible money obligation, whether due yet or not. Often referred to as account(s) receivable or note(s) receivable.

Rediscount. A negotiable instrument which has been discounted by a bank, and subsequently "sold" or discounted a second time by the Central Bank which originally discounted the instrument by knocking off, say, 10 percent.

Savings Deposit (Account). Amount deposited by customers of a commercial or non-commercial bank which may be withdrawn by a depositor only on personal presentation of a Passbook, and by a request withdrawal slip.

Structure. Refers to the organizational line-up, distribution of powers and duties; the management cadres of the multinational banks, including their mission, services and objectives.

Stock(s) / Share(s). The legal capital of a corporation obtained thru the issuance and sale of

marketable certificates on shares. A stock usually consists of 100 shares.

Roles. The performance, the part played by the multinational commercial banks; their extent of influence in a specific area.

Time Deposit (Fixed Time Deposit). A deposit, in a bank, requiring at least 30 days' notice before a withdrawal may be effected. Most savings accounts are time (fixed) deposits; however, few banks exercise the 30-day notice requirement.

Trust. The right of property, real or personal, held by one for the benefit of another. An arrangement whereby a bank or other trustee takes title to and possession of another's property under legal obligation to administer it as directed and pay income or principal to the designated beneficiaries (Wortman 1982).

Trustee (Trust house). A bank which undertakes administrative obligations under a trust i.e. holding property in trust for another to secure performance of an obligation. A bank which thus holds title as security for a bond issue or real estate loan, and performs other duties also for a bond issue.

Underwriter. A bank, securities dealer or any other financial institution (e.g. Insurance) which purchases new issues of securities for resale. A bank which acts as an agent between a corporation issuing new securities and the public which purchases the new issues.

Unibanking. Universal banking or banks which have broader scope of activities such that they may engage not only in banking activities but also in non-banking operations. This gives commercial banks an expanded banking authority.

Write-off. The act of cancelling obligations, debt, loans once repayment is perceived as difficult on the part of the debtor. The lawful act of cancelling or reducing part or whole of loans or debts by creditor-banks.

The transfer of a portion of an asset account to an expense account.

Chapter 2

REVIEW OF RELATED LITERATURE

This chapter focuses primarily on the review of some existing literature pertinent to the understanding of the structure and functioning of commercial banks generally. Efforts are also made to examine, on eclectic basis, the subject matter of international banking and the functional scope of multinational banks on a global platform.

For the writer's own presentational convenience, the chapter is divided into two distinct areas: domestic literature and foreign literature, the latter inclusive of conceptual and research documentation.

Domestic Literature

Colonial rule, precisely British Suzerainty, over what is known now as Nigeria, terminated in 1960, about 28 years ago; but not Britain's economic impact over the nation of 120 million people, endowed with huge oil reserves, abundant agricultural resources and perhaps easily the richest and advanced populace

in sub-Saharan Africa. A few years after independence, notably late 1960's to early 1970's, the economic ties with other European nations and with the United States and Japan began to be felt through the formative establishment of financial houses, mostly commercial banks, to cater for the business interest of the pioneering multinational corporations from other countries. Inspite of the aggressive inroads of foreign-based corporations from other countries, Britain today continues to maintain the largest block of alien investments in Nigeria. Indeed, in the financial circle alone, two of the three largest foreign commercial banks, operating in Nigeria today, namely the Union Bank (formerly Barclays Bank) and the First Bank (formerly Standard Chartered) originated from Great Britain; the third largest, United Bank for Africa has predominantly French roots.

From the epoch of Sir Taubman Goldie who set up the transnational corporation known as the Royal Niger Company in the last decade of the 19th century, Nigeria has been an investment haven as well as a ready market for finished products. The assets of the Royal Niger Company formed the nucleus of the Nigerian Motors Company which was incorporated in 1931 and later to become the United Africa Company (UAC) Nigeria

Limited.

Today, the UACN owns the largest number of equities sold on the Nigerian Stock Exchange with its annual sales close to ₦ 1 billion. Several other transnational corporations were to follow later, more from Britain, other European countries and the United States, so much that today, these foreign based corporations like John Holt, Lever Brothers, SCOA, Volkswagen, Guinness, P.Z., and the Nigerian Breweries exert a preponderant role as the most easily quoted and the most easily profitable businesses in Nigeria.

In the financial sector also, banks and investment houses with origins from Britain, USA and other European countries predominate as well. One of such new comers is Henry Ansbacher, an investment firm which holds Nigerian promissory notes worth ₦ 100 million and serves as the technical partners for the Lagos State Government in the new Eko International Bank (Nig.) Limited launched in mid 1988. The Bank has a paid-up share-capital of ₦36 million.

One of the earliest multinational commercial banks in Nigeria is the Barclays which was originally

established in 1917 as the Colonial Bank with branches in Lagos, Jos, Kano and Port Harcourt. Today, it still holds about 38 percent in equity at Union Bank of Nigeria which changed its name from Barclays Bank in the late 1970's. Through Barclays, which today boasts of some 4,000 offices in 69 countries, Nigerians have over the years acquired tremendous banking experience; and the expertise seems to have great impact, through the Barclays system also, in the continuous negotiations for rescheduling Nigerian foreign debt.

Another recent financial market leader in Nigeria is the Midland Bank's Thomas Cook of Britain which came into the scene in the early 1970's with travellers cheques. Today, Midland is the largest British correspondent banker to Nigeria with 23 active relationships. In 1982, for example, Midland Bank co-ordinated a medium-term £200 million syndicated loan package in support of British exports for the Plateau State Government.

Thus, with the 1892 pioneering establishment of the Standard Bank (now First Bank), the British and other Western countries readily found within Nigeria

the basic financial houses that would cater for the domestic and foreign needs of their multinational corporations. These commercial banks operated as overseas branches of their respective headquarters and concentrated on providing self-liquidating short to medium-term loans to the transnational corporations from the West (Adekanye, 1983).

In their initial operational spheres, these foreign based banks have tended to discriminate for obvious reasons against the local businessmen. As a matter of fact, the foreign-owned corporations rarely needed cash, as most of them imported capital from abroad. All the foreign banks did for the Nigerians therefore who deposited with them was to give them loans on very short-term basis and on very stringent conditionalities.

It is upon full realization of this huge discrepancy in the treatment of foreign-based, vis-a-vis Nigerian-based, businesses by the multinational banking houses that the then Federal Government of Nigeria promulgated in 1958 the Central Bank Act (Cap 30). In the same year, the Banking Act of 1958 followed with a

view to regularizing total corporate banking behaviour and thus allow Nigerians a gradually stronger involvement in the financial system. Consequently, with the eventual promulgation of the 1969 and 1979 Banking Decrees, the Central Bank of Nigeria with its regulatory capacity relating to cash flow and lending policies directed the foreign commercial banks to increase their lendings to Nigerians.

In 1968, by virtue of Part X of the Companies Decree, all these transnational banks had to become incorporated or "naturalized" in Nigeria to be able to carry on effective financial transactions. Sadly, however, the act of "naturalization" did not stop them from continuing their discriminatory policies and practices of denying adequate capital to indigenous Nigerian investors. Accordingly, the Federal Government of Nigeria was compelled, by law, to acquire 40 percent, later 51 percent, equity participation in most of the banks, especially the bigger commercial and merchant finance houses.

Subsequently, most of the foreign-based commercial and merchant banks were also forced to alter their

management and names, so as to reflect the new indigenization fever which caught the nation from early 1970's. As a result, the Barclays Bank and the Standard Chartered became Union Bank and First Bank, respectively.

However, as will be seen later, merely changing the name, equity configuration, and organizational structure of these banks does not necessarily alienate them from "foreign mentality". By and large, most Nigerians continue to regard such commercial banks as fundamentally expatriate or multi-national.

The local banks such as the National Bank, the Bank of the North and the African Continental Bank which were set up before and under the 1952 Banking Ordinance, could not do much better in incentivating savings and capital investment. According to Ajayi (1984) and Nwankwo (1981), most of the indigenous banks were badly run, management-wise, and also through granting poorly secured medium-term credit in their over-zealousness to assist their political benefactors within their respective regions. Therefore, most of the banks ran into trouble in the 1950's, leading to a serious bank crash, compelling government to take over.

Government interference also became imminent in the sense that out of about 15 operating licensed commercial banks in 1964 only four (4) were indigenous, whilst the bulk of the eleven (11) banks were foreign-owned (Toluhi, 1981: 311). Also see Table I next page.

For instance, the Agbonmagbe Bank was taken over by the then Western State Government and renamed Wema Bank Limited when it became insolvent as a result of inefficient management (Adekanye, 1983). Furthermore, most of these indigenous banks retained expatriate staff at the top cadre of the banks. As such, apart from assisting influential politicians, the banks did not help in financing industrial projects proposed by indigenous businessmen. The foreigners were still favoured.

This might have been so because most local businessmen were not ready to undergo the banks' test of creditworthiness and backing; nor the scrutiny of the listing and disclosure requirements of the stock exchange. Others still distrusted the banks, seeing it a manly failure to solicit loans from banks; and those with Islamic bias refused to collect interest

TABLE 1

LIST OF COMMERCIAL BANKS OPERATING IN NIGERIA (1964)

BANKS	Regional Distributions of Branches					
	Lagos	West	Mid-West	East	North	Total no. of branches
African Continental Bank Ltd. (local)	2	3	-	9	7	21
Agbonmagbe Bank Ltd (local)	1	7	-	-	1	9
Arab Bank	1	-	-	-	1	2
Bank of America	1	-	-	-	-	1
Bank of India Ltd.	1	-	-	-	-	1
Bank of Lagos Ltd.	1	-	-	-	-	1
Bank of the North Ltd. (local)	2	-	-	-	3	5
Bank of West Africa Ltd.	7	12	6	12	20	57
Banque d'Afrique Occidentale	1	-	-	-	1	2
Barclays Bank D.C.O.	10	9	4	9	22	54
Berini Bank Ltd.	1	-	-	-	1	2
Chase Manhattan Bank	1	-	-	-	-	1
Muslim Bank Ltd.	1	1	-	-	-	2
National Bank Ltd. (local)	2	17	4	1	3	27
United Bank for Africa	5	2	-	2	3	12
TOTAL	37	51	14	33	62	197

Source: Compiled from WEST AFRICA DIRECTORY 1964-65

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where they exerted themselves to keep heavy savings accounts in some commercial banks. The indigenous banks, therefore, were gradually forced to alter their lending policies after suffering heavy losses, and began to ask for marketable securities like debentures, letters or credit, government bonds or treasury bills, shares/stocks of well-established corporations, life insurance policies and so forth. Among Nigerians, such intangible securities were seriously lacking. What Nigerians had, and continue to manifest until today, were titles to land and the banks were already suspicious of such deeds.

As outlined earlier, there was no banking legislation in Nigeria before 1952. The banking business was regulated under sections of the Companies Ordinance. From 1952 to 1970 inclusive, four banking laws were introduced to regulate banking in Nigeria, namely the Banking Ordinance 1952; the Banking Act, 1958, as amended in 1962; the Banking Decree 1969, amended in 1970; Decree No. 3; and the 1979 Banking Decree as amended continually up to December 1987. The statutory objectives of each of these legislations, as complemented

by the Central Bank Laws was to protect depositors, encourage sound banking practices and thereby nurture an industry vested with public interest. Each corpus of banking provisions outlines 1) the mode of licensing a bank; 2) the duties of the chartered bank including maintenance of reserves (both primary and secondary) and books of accounts; and 3) the regulatory and supervisory powers of the Central Bank including standardization of interest rates, restrictions on some activities of the licensed banks and control of foreign exchange disposition, locally or internationally.

The *Banking Ordinance* of 1952 was designed to protect depositors by imposing minimum capital requirements on all banks incorporated or operating within Nigeria, and to ensure "adequate liquidity" by providing for official control and supervision. The ordinance required that banking business should be conducted by a company and that no banking corporation should be licensed unless it possessed a subscribed capital of at least £25,000, of which £12,500 must be paid up in cash.

Effective protection of depositors involves

not only measures to ensure adequate bank liquidity but also safeguards against losses. The former is a function of efficient management supervision and examination; the latter a matter of adequate capital and reserves to absorb losses resulting from unforeseen changes in economic conditions.

Neither of the above criteria was available to the indigenous banks, including the National Bank which by June 1952 had reported a paid-up capital of £76,569. Some of the distinctive features of the indigenous banks have been their regional, state or ethnic base, political-party affiliation and non-cautious loan portfolio (Uzoaga, 1981: 291-294). It follows that appointments to managerial positions (then until today) in these banks heavily underscore ethnic or parochial party considerations rather than on sound financial and managerial competence of the prospective staff. This recruitment policy of the indigenous banks has always limited further the number of qualified personnel that they could attract and develop from the existing sparse supply. Indeed, there is room for independents, in this case expatriates, but the banks could not afford to pay

for their services for long. Thus, at best, they are hired on a contractual basis, usually three years, to help redirect the bank, with the expatriate top management serving as the direct link between the indigenous bank and a foreign technical partner as in the recent case of the Eko International Bank of Lagos State.

By July 1958, eighteen (18) commercial banks were registered under the Banking Ordinance but only six were licensed, two (2) of which were indigenous. Between 1952 and 1953, a total of eight (8) indigenous banks failed, largely due to inability to secure a formal banking charter, thus forcing a bank run, with customers forced to withdraw their money in thousands.

In 1958, a formal Banking Act (1958) replaced and repealed the 1952 Ordinance. The minimum capital issued, paid-up and outstanding was not changed in the case of indigenous banks, thus retaining the £200,000 as required. Subsequent amendments and revisions of the Banking Laws, raised up the share-capital for both categories to reach, in 1969, a required capitalization of £750,000 for the foreign-based bank and £300,000 for the indigenous.

The September 1982 Amendment to the 1969 Banking Decree further raised the minimum paid-up share-capital, while fully distinguishing an indigenous from a foreign-based commercial bank, as well as between a merchant bank and a commercial bank; thus, Section 6 subsections (1) , (a), (b), and (c) of the 1969 Banking Act (as amended up to September, 1982), provides:

> 6. - (1) No bank shall hold or be granted license, unless:
>
> (a) as respects a bank which is not directly or indirectly controlled from abroad (sic. an indigenous-based commercial bank), its paid-up share-capital is not less than ₦ 600,000; and
>
> (b) as respects a bank which is directly or indirectly controlled from abroad (sic. Multinational commercial bank), its paid-up share-capital is not less than ₦1,500,000;
>
> (c) as respects a merchant bank, its paid-up share-capital is not less than ₦2,000,000.

By late 1987, the required minimum paid-up share-capitalization had been increased again to approximately ₦5,000,000, resulting largely from the devaluation of the Naira vis-à-vis the dollar, the pound sterling, and other foreign denominations. It is further anticipated that the August 1988 Banking Review

Committee set-up by the Federal Government to re-examine the 19-year old Banking Act (of 1969) might increase the value of the minimum required paid-up capital to over ₦5,000,000; this is as a result of the wild gold-rush by several organizations, including women associations, clamouring for specialized banks, and Manufacturers' Association of Nigeria (MAN) also struggling to establish new banks because of the perceived huge profits realizable largely from the foreign exchange biddings which have literally enabled fresh banks to break-even within six months of chartering as opposed to four years in circumstances immediately preceding the introduction of the forex market.

Indeed as of July, 1988, some fifteen new commercial banks had already secured Presidential approval to commence operations within the year. According to sources from the banking circles also, about forty (40) other fresh applications were receiving ministerial and Central Bank attention as of August, 1988. Predictably, such a large number of banks, rushing to exploit the forex mart, just as several multinational firms previously invaded Nigeria, in the

1970's to early 1980's, to partake of Nigeria's oil boom era, might similarly encounter survival problems in an economy that is fast experiencing a fluctuating trend in the total number of goods and services produced, an economy with a fast-receding budget.

The cumulative effect of successive increases in minimum capital requirement has been the socialization of the most promising private indigenous banks, as well as the erection of thorny barriers against effective participation of private indigenous companies in the banking business. Only two groups could now readily afford to meet the stringent capital requirements to operate banks in Nigeria; these are the expatriate banking companies, i.e. the supra-territorial group consisting of branches of foreign banks, and the statutory or state-sponsored agencies.

Even though, over the years, private individuals like retired Army Generals, teaming up with civilian tycoons and a few expatriate entrepreneurs acting as technical partners, have succeeded in establishing commercial banks, like the Habib Bank, the bulk of the commercial banks that have been coming up within the last

ten (10) years are state-based. Indeed, the vogue is for every state of the Federation to establish its own indigenous bank often in cooperation with a local or foreign-based technical partner. Examples of these recent financial houses, are the Eko International Bank of Lagos, the Premier Bank of Borno, the Inland Bank of Bauchi and the Highland Bank of Gongola State.

The growing tendency since 1960's is for State authorities to compel all its public agencies, including benefiting contractors, to carry all their transactions through the government financial houses.

This directive initially placed both the expatriate and the other indigenous banks at a vast disadvantage when competing for government accounts with any of the State sponsored banks. However, with time, since multinational firms and indigenous private corporations patronize transnational banks, the state-owned banks have so far failed to become a real match for the expatriate financial houses.

As a result, it is the business of the State-owned banks which turned out to be the most adversely affected as evidenced in the recent case of the Rivers

State-owned Pan African Bank which had to be rescued by the AVC Consultants from imminent insolvency or bank failure (Newswatch, August 1988:50). Consequently, none of the expatriate commercial banks operating in Nigeria, within a galaxy of 30 - odd banking institutions, has recorded a single instance of bank failure due largely to their competent management techniques, large-scale capital resources and international linkages. For the indigenous banks, however, successive upward increases in the minimum capital requirements, among other factors like poorly-secured loans to fellow political team mates, have merely served to increase the mortality rate among them or to force the relatively strong members of the group to sell assets to state agencies as the only alternatives to complete closure.

Structurally, the commercial banks were compelled by subsequent banking laws to modify their board memberships and top management cadres. With the indigenization program of 1972 and 1977, resulting in Federal Government active participation in the banking industry, the foreign-based banks eventually gave up majority equity participation to the Nigerian puolic.

Thus, typically, and pending recent (1988) moves to privatize government shares in the banks (President's 1988 Budget Speech), the expatriate equity participation was reduced to 40 percent and below in most banks. Correspondingly, board positions and top management cadres have tended to reflect the equity participation of the Nigerian public vis-á-vis the expatriate quota. The only exception is perhaps the IBWA, where expatriates hold equal number of directorships and management executive posts as their Nigerian counterparts.

The consequent governmental participation in the banking system is now seen as an undue interference, and being blamed for the poor performance of some of the commercial banks especially the state-owned. This, therefore, forces some state banks to initiate selling-off most of their equities to the public. The recent case of the Highland Bank of Gongola which retains only 20 percent of the equity structure with only one government representative on the board, while relegating 55 percent and 25 percent of the total stocks to the public and the composing Local Government, respectively, is perhaps an exemplary step-forward aimed at disencumbering

the commercial banks from undue governmental interventions which invariably impede efficient management and reasonable profitability (Newswatch, July 18, 1988; 28 - 29).

The Nigerian commercial banks, whether indigenous or foreign-based, merely receive, transfer, and pay deposits instead of also giving medium-term and short-term credits to finance investment. This is so because the commercial banks regard both deposit and current account balances as deposits payable on demand and therefore do not commit such to long-term or medium-term lending, which they have staff to appraise. To subject the balances to the risk of long-term lending without Central Bank backing could lead to their being unable to pay customers on demand (Ajayi, 1984; 95).

However, resulting from recent central banking legislations which subsequently compelled higher lending to indigenous businessmen (from for instance 48.8 percent of the total commercial bank loans in 1970, 30 to 56. 2 percent in 1971 and 66.6 percent in 1972), the 30-odd commercial banks have today been venturing

into medium to long-term lending, and thus have been playing a major role in financing giant industrial and agricultural projects. In instances like this, the banks usually resort to syndicated loans arrangements as in the case of the proposed £200 m loan package from Britain, where the Barclays Bank PLC of London, the parent of the Nigerian Union Bank, will act as the disbursing bank, while the IMB will serve as the agent bank for itself and for the other participating Nigerian Banks, namely, the NMB, NAL, ICON, Continental Merchant Bank, First Bank, and the United Bank for Africa (Newswatch; June 20, 1988: 27).

Several Nigerian experts have commented amply on the need to overhaul the commercial banking system in Nigeria with a view to enhance, inter alia, greater mobilization and channeling of savings to meet the demands of development through the capital market. It is thus increasingly suggested that the commercial banks should adopt a permanent policy, outside loan syndication, of increased medium to long-term lending to productive investments in the economy. The lending, it is suggested, should not be under such terms as

normal banking transactions would allow, nor should it be so stringent as to make it un-attractive to prospective investors. Since, unlike in the USA where interest is also paid on Current Account - called Now Accounts - the commercial banks only pay interest on Deposit Accounts and not Current Accounts, they should have more money to disburse to the preferred sectors of the economy (Okigbo, 1983: 4 - 9; Ajayi, 1984; 96).

As in most developed nations, Nigerian banks are increasingly expected to take a leading role in the country's economic development. As a consequence, it has been suggested, times without number, that the commercial banks should not only grant loans and accept deposits. They should also invest in corporate equities, such as industrial, agricultural, and commercial equity bases of appropriate companies. The argument is to a certain extent right, in that since banks can accept share certificates as collateral for advances made to purchase such stocks, the banks should also be able to purchase such shares themselves to boost and stimulate the economy.

The 1969 Banking Decree, Section 13(1) (b) specifically restricts the commercial banks from accepting their own shares as collateral for advances. However, the 1988 Federal Budget, announced on January 4, now enables both the commercial and merchant banks to invest in small and medium scale enterprises, largely with a view to offsetting bad and doubtful debts which have been on the increase since the oil slump of the early 1980's (Newswatch: April 4, 1988: 36).

As of 1964, most of the 197 commercial bank branches were concentrated in the townships or in the vicinity of some huge industrial, educational or governmental projects (Toluhi in Onah, 1984: 313 - 319). On perceiving this basic discrepancy, the Federal Government accepted aspects of the Pius Okigbo 1976 Committee (On "Nigerian Financial System") Report which proposed inter alia, that:

> (a) the banks should actively facilitate the transformation of the rural environment by promoting the expansion of banking facilities.... in the rural ... communities.... They will serve as the reliables for the creation of credit in the rural areas...

(b) ... the banks ... should, to the extent consistent with banking prudence, increasingly undertake more medium and long-term lending ....

In this direction, Okigbo (1983: 10-13) had suggested that since so far the rural bank branches of the big commercial banks (including naturally the expatriate - based ones where five (5) of which account for 37.5 percent of the total rural banks) have only been providing some bank services and not really meeting the needs of the rural areas, other financial houses, like State banks, cooperative banks or specialized rural credit institutions, should take up rural banking.

At present, all categories of commercial banks engage in rural banking. However, inspite of the growing tendency for every State of the Federation to set up its own bank, and thus monopolize the local banking scene, the larger banks continue to predominate in the rural areas as well. And they are bound to continue this pre-eminence considering the relatively poor facilities of the indigenous banks, thereby forcing others to compete in such vast underbanked regions as

Gongola State, which as of late 1987 had only eight (8) operating commercial banks with a total of thirty-four (34) branches (Newswatch, July 18, 1988: 26 - 29).

Thus, subsequent banking laws, coupled with increasing competition, have brought the 30-odd commercial banks (out of a total of fifty-four (54) as of late 1987) to adopt high publicity profiles and innovative techniques in efforts to boost their profits as well as make their modest contribution to Nigeria's economic growth. One finds, therefore, that the commercial banks in Nigeria are today very much involved in high profile promotional schemes, in both the electronic and the print media. They have also adopted such modern scientific managerial and financial techniques as intensive research and development programs, computerization, credit card schemes, involvement in massive agricultural, housing and rural (women) banking projects often with medium to long-term loan facilities, and the advancement of technical partnerships, especially by the larger banks. In all these progressive banking techniques, the foreign-based banks, notably the Union Bank, the First Bank,

the United Bank for Africa, Savannah Bank, and the International Bank for West Africa have continued to play a very dominant and competitively constructive role, obviously in efforts to bolster their relative share of the market and maintain their individual market positions.

Multinationalism and International Banking

Multinationalism or Transnationalism broadly defines a corporation which through business expansion ventures to extend its spheres of operation in one or more countries outside the parent country. Thus, corporations from Europe, U.S.A. and Asia have been undertaking businesses or service operations, in other countries, originally colonies, in the form of direct export-import, joint-venturing or foreign direct investment, for a variety of reasons (Kotler, 1984: 442-460).

The establishment of a business outlet, say a branch of a financial, commercial or industrial outfit, in another country is often dictated by, among others, poor opportunities in the home market; others are pulled to the host countries abroad by superior

opportunities; others still by over-competition or over-expansion as in the form of surplus cash, finished products or manpower at the home front.

During the colonial era, down to the present-day, international banking goes hand-in-hand with the penetration of multinational corporations in host countries. In other words, foreign banks usually come in as soon as foreign businesses are established with the sole purpose of serving the interests of the transnational firms and personnel. This has been the case with the First Bank (Standard Chartered) and the Union Bank (Barclays) in the history of banking in Nigeria. In contemporary periods, one could illustrate with the Japanese or the Americans who immediately attract their home-based banks as soon as they set up viable businesses in a foreign country (The Economist, Survey, March-April: 1.76).

As a result, international banking operations tend to increase in direct ratio to the volume of growth of transnational activities or multinational banks and corporations in any one country. In other words, international banks and multinational corporations work hand-

in-hand for the mutual benefit of one another. Thus, rightly or wrongly, multinational corporations, including financial homes, like banks, are frequently alluded to as "diplomats", "missionaries", or "conquerors" perceived as dictating relations between host countries and parent nations. In some instances they are construed as exploiters, making huge profits and "intervening" often unhealthily in the domestic affairs of their host nations (reference bonds between UAC and Union Bank or First Bank in Nigeria).

Given the attendant risks of the international banking environment, foreign commercial banks like any other multinational business outfit, necessarily need to mobilize at the initial state some systematic strategies for effective decisions to penetrate a foreign locale.

In the first place, there is the need to understand the foreign environment the bank is being destined for, as well as a careful appraisal of the international banking environment itself. Thus in considering or selecting a foreign market like Nigeria the management of the colonial and post-colonial

foreign banks must have taken full cognizance of the underbanked nature of the country as well as the prevailing socio-economic, politico-legal, and psycho-demographic characteristics of the host country.

Secondly, the expatriate bank has to consider what type of banking services it would offer apart from the primary functions, and what are the potentials of investing in some select countries, with minimal competitive energies yet yielding reasonable returns.

Thirdly, the management of the foreign bank has to decide which particular markets should be entered; and once entered how does one curve a niche and maintain such a market position. This strategy calls for a thorough evaluation of probable rates of return on investment relative to the level of risk.

Fourthly, a decision has to be reached whether the banks should enter the new environment through direct venturing or investment, wholly or partially with the nationals of the host country. In many colonial environments like Nigeria, the expatriate banks usually penetrate their new environments as 100 percent foreign-owned. Political circumstances later

compel them to divest of a percentage of their equity structures.

And fifthly, once established they need to adopt certain survival strategies, such as more innovative and competitive techniques and specialization, effective promotional and interest-rate strategies, and through efficient management, planning, research and development.

Both before and upon getting established, either wholly or partially-owned subsidiaries by host nationals but primarily acting as holding corporations, often owing stocks in other foreign banks, the expatriate financial management has to keep abreast of some basic global risk-areas (Van Horne, 1986: 705) which could be classified under financial, taxative, political and legal problem zones:-

(a) The financial should include fluctuating financing methods and exchange rates resulting from differing currencies, monetary standards and national goals. Included here are the international banking strains such as a failure to release funds for LC's as for internal foreign exchange transactions. Another risk

area is adequate compliance with the financing instruments and specialized documents used in or introduced by host countries, which are often dictated by inflationary trends, tariff rates, and balance-of-payments considerations.

(b) In terms of taxation as a potential risk, every country adopts varying modes of levies on the income of foreign firms including banks; other risks may include sudden changes in fiscal policies; or uncertainty in application of tax laws which may result in double taxation. Generally, most developing countries or LDC's like Nigeria have lower taxes and tend to provide other tax incentives to encourage domestic expansion and investment.

Nowadays, such incentives for attracting overseas capital through foreign-based banks are no longer the exclusive monopoly of the developing nations. As reported by the London-based Economist (1988: 43-73), the Germans in their efforts to attract Japanese participation in the capital market had begun (1) to do away with the coupon tax on interest remitted to foreigners; and (2) to lift the ban on floating rate notes, zero

coupon bonds, and bonds linked with currency or interest rates swap.

(c) The Political risks that frequently confront a multinational bank may range from mild interference to complete confiscation of all assets (nationalization). Such interferences may include sudden changes in governmental leadership which may affect the banks' structural configuration in terms of chairmanships, board members and often top management personnel. More often than not the banks may be compelled to contribute some specified levies to help finance partisan activities often at the risk of untoward harrassment. Such fees or donations frequently serve as cushioning kickbacks for the relative survival of the financial houses.

(d) The Legal or Regulatory risks may include differing legal systems, overlapping jurisdictions, dissimilar policies or laws that for example (i) specify a minimum percentage of nationals who must be employed in various positions; (ii) stipulate statutory requirements for investing in environmental and social projects e.g. rural banking, agricultural projects, rural women

projects, housing for the needy; or (iii) insist on unattainable reserve requirements.

At instances, restrictions on the convertibility of currencies and stipulations on equity participation of foreign-to-indigenous investor or subscriber could easily cause untold dislocations to the established expatriate bank. Same could be said of risks like higher taxes, higher utility rates, poor services, and higher wages for workers so as to avert undue disruptions of banking services as in the recent strikes by the Nigerian banking unions led by the National Union of Bankers, Insurance and Financial Institutions Employment (NUBIFIE). Banking services had been grievously disrupted since the commencement of wild cat strikes in April, 1988.

The ultimate political and legal risk is outright expropriation or nationalization of the expatriate-based banks, which is yet to happen in Nigeria. And to reduce political risk is to cooperate measurably with the local laws.

In short, through short-term to long-term financing, and by means of syndicated loans, foreign

capital guarantee in the form of Bills of Exchange, Discounting Trade Bills, Bills of Lading, Letters of Credit and International Drafts, the transnational banks contribute to a great deal in the economic growth of the affected nation-states especially from the viewpoints of international trade and capital inflow for domestic investments. Indeed, according to Kindleberger (19/7: 117-119), if trade was responsible for the development of a system of finance through ambulatory bankers, doubtless, it could also be equally said that banks in the course of their growth and development have their own contributions to the rapid acceleration of international trade. In fact, it is because of commercial banks that goods are able to move at a faster pace from one nation to another than otherwise would be the case. This he said may be appreciated when one takes into account the use of what is known as commercial letters of credit as a means of financing trade shipment.

Banks, he continued, have potentially important role to play in development. As institutions, by virtue of their concentration of capital coupled with portfolio diversification, can finance projects by attracting de-

posits. They may be considered as institutions that buy high risk securities (their loans arrangements) and sell lower-risk securities (their own shares, initially, and deposit liabilities, subsequently). Historically, he said, private and commercial banks finance development of the currently industrialized countries. Their role was greater than simply as a channel of financial claims to resources (Kindleberger, 1977: 117).

Thus, the process of making international payments is greatly facilitated by a network of banking offices within each country and by intricate interrelationships among the banks in the different countries. And through international correspondence, agency or branching relationships, through which services like credit supply, market information, personnel and expertise exchange, drawing and selling of bills, drafts collection, payment and acceptance, and so forth, the foreign-based commercial banks contribute not only to national development but also to binational or multinational economic growth. As observed by Goldfeld (1986: 620-622), the large-scale involvement of

commercial banks in international transactions, by means of correspondent financial houses, has also come to play a significant role in the economic well-being of American commercial banks as well. For example, between 1970 and 1976, the top ten (10) commercial banks in the United States achieved a 30 percent annual rate of growth in overseas earnings. From just 17½ percent of total profits in 1970, their overseas contribution, according to Goldfeld (1986: 662) suddenly jumped to over one-half of the total profits in 1976. And as of 1983, the overseas earnings of the large American commercial banks (such as Citicorp, J.P. Morgan, Chase Manhattan, First Chicago, Bank of America, Bankers Trust, First Interstate and Manufacturers of Hanover) still accounted for about half of their total aftertax profits (Goldfeld, 1986: 622).

These huge profits from foreign earnings are presumably resultant of over-exploitation of the host countries' (usually developed nations like Nigeria) banking environment which grant high incentives to multinational businesses including the financial houses. Records of contemporary international banking from

Nigeria, Philippines and even from NIC's like South Korea reveal a glaring trend of huge profits for the multinational banks. For instance, the July 18, 1988 issue of the Philippine Business Star (p. 18) revealed that foreign banks' income for 1987 in South Korea rose by 34 percent. Some fifty-five (55) foreign commercial banks, mostly American, doing business in South Korea made a whopping net profit of 107 billion won (US$ 47 million) in 1987, up by 34 percent from the previous year.

Such huge profits ordinarily get repatriated to the host countries, thus amounting to the oft-repeated accusation of "dollar-salting" by multi-nationals. Indeed, viewed in such lights a growing number of nationalists in many developing countries have tended to evaluate the role of multinationals as largely retrogressive, rather than powerful engines contributory to national economic growth; hence the worn-out accusations against transnational businesses and personnel as:

1) niggardly and insincere in technologic transfer to the natives;

2) unduly controlling the host nation's economy;
3) toying at will with the political fortunes of the host country often through external surrogates or correspondents like the IMF and the World Bank with their excruciating, self-conflicting, if not deliberately com-founding, conditionalities; and
4) exerting a pervasive influence on the banking and other business through deflection of the economy from moving forward along autonomous lines, restricting exports by influencing import liberalization, pricing transfer, and taking undue advantage of local credit facilities to the detriment of the indigenous businesses (Espiritu, 1975:14-51).

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Foreign Literature

The study on the multinational banks or corporations have caught the fire of interest among foreign researchers as indicated by the volume of researchers conducted by them on this subject matter, while a dearth of literature on the same subject matter in the Philippine literature exists. At any rate, research

literature taken from both sources, foreign mainly, are mentioned in this portion of the research report.

Foreign Studies. Sriniavasulu (1983) conducted a study on problems of corporate exchange risk management in multinational firms. The researcher cited the effects of exchange rates on the cash flows of a firm, on how changes of exchange rates affected the value of currency/money supply, and cash flows of a subsidiary located in the host country; moreover, the domestic operations of the parent firm as well as the contractual obligations denominated in the currency were also affected.

The main objective of the study was to develop an integrated approach towards the problem of the multinational firms. In this paper, the researcher asserted that all the subjects of corporate foreign exchange problems were organized under the five different types of covariance terms. These covariance terms capture all the interrelated effects of exchange rate fluctuations on the firms.

Furthermore, the study developed an optimal hedging strategy that differes in several upstart

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aspects from existing hedging models. While it was believed that existing methods of foreign exchange management based on portfolio concepts considered the covariance of exchange rates, they ignored several crucial interrelated effects of exchange rates on returns. In contrast, hereto general solutions were developed that explicity incorporate all covariances between exchange rates and returns with each other out among themselves.

McDermott (1983) analyzed the tightening of corporate control in the retail section. The study showed that there was a transition from franchising company-owned and operated retail outlets which had involved the introduction of computerized communication systems to the part of a drive which intended to totally integrate internal operations of large multinational firms. A descriptive study, the research report revealed the necessity of control, by computers, of the various activities of the multinational firms to attain maximum profits.

Moreira (1983) examined the question of the choice of technology by multinational corporations (MNC's)

and its implication for employment in Brazil. The study had for its theoretical framework the concepts of international industrial organizational model. Using regression analysis, it was found that in relation to Brazilian firms, MNC's were more capital-intensive, had pre-market power, were located in more concentrated industries, more skill-intensive, were bigger, more vertically integrated and were in industries which had higher percentage of the total assets controlled by foreign firms. Ownership was also found to be an important factor in the choice of technology. Moreover, it was found that the MNC's employed more skilled labor force than did Brazilian firms. The results of the study further revealed that Brazilian firms could have more employment both directly and indirectly. It was concluded that supporting Brazilian firms and de-emphasizing the MNC-controlled sector would create more employment than the alternative of indiscriminate support for the industrial sector.

Masson (1983) conducted a study the purpose of which was to develop a model which would allow the relation of the cash management activities of an MNC;

and a secondary purpose of demonstrating the use of the model with a hypothetical firm; and lastly, generate a tool which can be used by an MNC to evaluate its international cash management practices; as well as a test for the performance of different cash management practices under various international environments. The research also offered a method of handling and summarizing the flood of international cash-flow data which can help the MNC treasurer. Actually, the model focused on the areas of cash management known as concentrated banking and aggregate cash pattern management. These areas are primarily concerned with the problem in the movement of cash from subsidiaries or outlets of a firm into a central account, as well as the efficient management of cash assets. In this context, cash management efficiency can be defined as maintaining adequate cash balance in subsidiary and headquarters across, while earning maximum yields on short investments of surplus funds, minimizing costs of short-term borrowing and minimizing costs of operating the cash management function.

Latest Philippine Government figures, published

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in the Business Star of August 5, 1988 (p. 1, 7-10), revealed that the country's commercial banks have been cashing-in on the economy's accelerated growth during the second quarter of 1988, with several of them posting hefty profits. Very much similar to the relative boom experienced by the Nigerian commercial banks from mid-1987, also posting heavy profits, the Philippine financial system's deposit level have jumped remarkably over last year, thus significantly affirming the robust health of the entire banking structure.

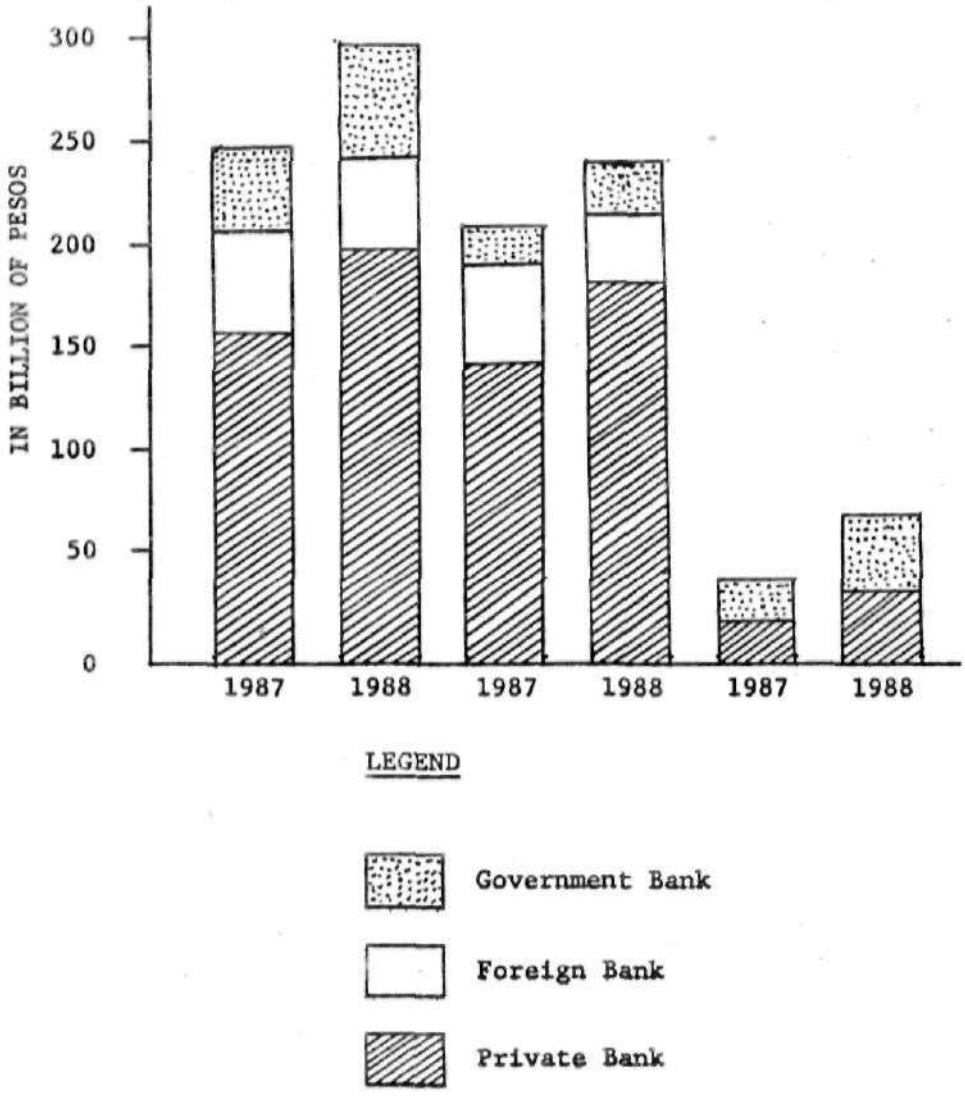
The second quarter statistics revealed that the Philippine economy, which registered a 7.5 percent growth was stimulated by domestic consumption and investments, as well as by government pump-priming activities. Consequently, industrial activity has picked up with bank lending operations following in tow.

Meanwhile, stiff competition has driven the banks to explore new methods of expanding their respective shares of the market. Each of the 30 commercial banks has as a result been putting into action several aggressive market-positioning strategies designed to bolster their individual positions. Some of these

strategies include: (a) the harnessing of entire bank staff for savings mobilization drives and (b) the revitalization of their services by expanding the number of their automated tellering (express teller) machines or ATM's in the belief that automation is one focal point in bank competition.

As a result of renewed activity during the second quarter, the commercial banking system's total resource base grew by 18.41 percent from a level of ₱251.481 billion during the same period in 1987 to ₱297.787 billion. This is based on the published statements of the current disposition of the 30 commercial banks (Appendix 5) as collated by the Business Star of August 5, 1988. Included in this compilation are some 24 private domestic banks, four branches of foreign-owned banks and two government-owned banks (Figure 3 below). The expansion in resource base was powered by a 19.03 percent increase in the system's loan portfolio, from ₱107.604 billion in the second quarter of 1987 to ₱128.081 billion. An examination of this portfolio shows that a substantial amount of internally-generated money was used to heat

Figure 3
Assets, Liabilities and Capital
of Philippine Commercial Banks:
2nd quarter 1988 vs. 2nd quarter 1987



up the economy. The money transfusion took the form of demand loans, bills discounted, time loans, temporary withdrawings, mortgage contract receivables, and other such loans and discounts granted under RP Central Bank Circular No. 343, which covers all loans and discounts denominated in foreign currencies (Central Bank Report: 1st Quarter 1988).

From the same Star compilation source, it was deducible that the economy's upsurge turn-around is significant from the 91.17 percent improvement in the net volume of customers' liability on drafts under Letters of Credit (L/C's) and Trust Receipts (T/R's). This improvement strongly suggests that constructive developments are perking-up in the export and import traffic volume.

In terms of percentage change in total liquid assets by type of commercial bank, the private commercial banks did much better than the foreign banks, with a posting of 37.52 percent increase from the ₱63.594 billion recorded in the second quarter of 1987 to ₱87.456 billion. The foreign banks showed only 11.48 percent growth, due largely to instances of foreign

credit negotiations, reluctant investments and capital inflow from multinationals that largely patronize the foreign banks. However, the foreign banks recorded highest in terms of net loan portfolio and discounts with 83.33 percent against the private domestic banks (58.06 percent) and the government banks with 65.36 percent.

Inspite of this robust growth, the commercial banks continue to experience certain problems which inhibit continually their ultimate expansion and fullest contribution to the nation's economic development. Many of the bankers for example continue to (1) support and press for the immediate abolition of the Gross Receipts Tax (GRT) which they consider as a major source of high intermediation costs; (2) they also press for the immediate lifting of current restrictions on bank branching inspite of the Central Bank Governor's rationalization that the establishment of additional rural branches could hardly promote banking efficiency and productivity; (3) the bankers also press for the reduction in the legal reserve requirement rates, arguing that the 21 percent statutory requirement is

obsolete, preferring 18 percent instead as a much more reasonable percentage, fully supportive of the economy's growth through the provision of additional loanable funds to meet the mounting need for credit, notably in the countryside; and (4) the bankers also complained of the absence of clear guidelines on the land reform programme as this relates to the type and valuation of loan collaterals.

The above survey of Philippine banks finds ready parallels with the Nigerian commercial banks, in that the banking system in both countries tend to grow with the economy. And that the banks invariably post very high profits while still serving as major indices of the amount of money in domestic circulation and the level of economic growth in terms of investments and loan schedules by and for the differential development of the various sectors of the economy.

Confirming further the continuous preponderant role of commercial banking in the Philippine economy, Miranda (1980:1-31) had this to say: "Providing the financial needs of agriculture, industry, business and commerce, among others, the passing years saw the

tremendous growth of the Philippine banking system".

In his studies of both commercial and non-commercial banking structures of the Philippines, Miranda (1980; 1978) observed that the commercial banks are by far the pivotal stimulus of the Philippine economy, closely and vigorously keeping pace with the country's growth and developmental pace as amply illustrated above for the second quarter of 1988.

Professor G.S. Miranda, as one of the leading contemporary authorities on Philippine banking, commerce and business has attempted, in his various published works, to distinguish commercial from non-commercial banking. According to him, the latter category deals largely with development, investments, merchant, savings and mutual, cooperatives, and rural banking (see especially Miranda 1978). Some other specialists within the Philippines, as borne out by practical operations of the banks themselves, fully disagree with Miranda's classification, preferring to treat all Philippine banks, excepting the Central Bank, as specifically commercial.

These analytical categorizations apart, one could hardly fault Professor Miranda (1980:1-2) when he emphasized that the commercial banks constituted the most important category of any nation's banking system. According to him: "Their business is finance, which deals essentially with money representing immediate purchasing power as well as credit instruments - forming a very important media of exchange ... a very vital arm of the economy since they play a large role in industry and trade and in the everyday lives of the people".

In his widely-read book, Commercial Banking, Miranda (1980) enumerated the economic functions of the commercial banks under three main categories. First, they operate as a system of clearing and collecting checks; Secondly, they create checking accounts money through the process of lending and investing which help to influence the accumulation of capital goods or real savings; and Thirdly, they help direct the distribution of funds and current working capital among the users of capital in the business world.

In the rest of the book, Miranda went on to discuss how a company incorporates and operates a new

commercial bank in the Philippines (pp. 2-15); Chapter II, examined the administrative and financial officers, departments, and branches of the commercial bank; and in Chapters III to XII he dwelt on the supervisory role, reserve requirements, international controls, deposit and loan functions, accountability, trust functions and foreign trade-financing activities of the commercial banks.

In all these discussions, Miranda related his subject matter to the extant banking legislations in the Philippines, notably:

(1) The General Banking Act (the Republic Act No. 337 as amended by Presidential Decrees No. 71 and No. 515);

(2) The Rural Bank's Act (Republic Act No. 720 as amended by Presidential Decree No. 122);

(3) The Philippine Veterans' Act (Republic Act No. 3518 as amended by Republic Act No. 236);

(4) The Private Development Bank's Act (Republic Act. No. 4093 as amended by Presidential Decree No. 119); and

(5) Savings and Loan Association Act (Republic

Act No. 3779 as amended by Presidential Decree Nos. 113 and 450).

Discussing commercial bank policies with special reference to the USA, both Thomas (1979:111-137) and Goldfeld (1986:131-166) observed that over the last 35 years, bank asset portfolios have changed substantially, with evident growth in the importance of loans and a decline in the securities and cash assets. This is being attributed to the banks' increasing reliance on the liability side of ledger for their liquidity needs. Through liability management the banks have gained a tool for making rapid adjustments in their portfolio, whether these adjustments are occasioned by deposit outflows or the need to satisfy bank-loan customers.

Both authors easily recoded a conventional concept in the financial industry: that the basic accounting identity relevant for banks, or indeed any financial intermediary, is that Assets equal Liabilities plus Net Worth.

Put differently:

ASSETS-LIABILITIES = NET WORTH
or
ASSETS = LIABILITIES + NET WORTH

The primary liabilities are demand deposits, savings deposits and non-deposits funds such as federal funds, re-purchase agreements and Eurodollar borrowings. In the past two decades, demand deposits and non-deposit funds have increased in importance.

Both authors further pointed out that the three broad categories of bank assets are cash assets, loans and securities. Loans include real estate loans, business loans and consumer loans, while securities held are primarily those issued by US government and by states and localities. Cash assets are largely determined by factors beyond the bank's control (e.g. reserve requirements). Drawing more from the American scene, Goldfeld (1986:165-166), argued that, as with any other financial intermediary, bank portfolio management must balance profit-ability or earnings with the conflicting considerations of safety and liquidity, which they badly need to cope with withdrawals of deposits. But liquid assets typically yield less interest rate than illiquid ones.

Also agreeing with many other banking and economic experts, Goldfeld advances that interest rates

are determined by the Central monetary authorities, mainly in consonance with prevailing socio-economic conditions. Thus, interest rates tend to go higher during inflationary periods with a view to curtail consumer spending and to some extent heavy domestic investments which call for higher demands for goods and services. In Nigeria, interest rates were hiked up by the Central Bank to the tune of 22 percent between 1986 to mid 1988, at the height of the Structural Adjustment Program (SAP), with the express view to beat excessive spending especially for non-essential and non-productive goods and services. The prime lending rate then remained at about 15 percent to 16 percent.

The publication of the ASEAN Banking Council stressed that the Philippine banking history can be traced back to "Obras Pias" in 1959. Funds for the "Obras Pias" came from real estate. This institution was also instrumental in financing the flourishing galleon trade from Manila to Acapulco (ASEAN, 1982:146). However, the first bank to be formally established in the country was Banco Espanol-Filipino de Isabel II in 1851.

The Council went further to maintain that the

growth and performance of the commercial banking industry from post war years until the late seventies, was greatly influenced by national developments and the rules and regulations implemented by the Central Bank, the sole monetary authority of the country. Commercial banks provided a wide array of banking services to the Philippine community but still centrally cater to those traditional services whose nature are so germane to banking that they have come to be called services rather than functions to be offered to customers' deposit services and loan services. However, if sanctioned by the monetary board, commercial banks may invest in allied equities such as warehousing companies, leasing companies, storage companies, safe deposit box companies engaged in the management of funds themselves, and banks other than Rural Banks and such other similar activities (ASEAN, 1982:147).

The council further pointed out that from 1960 to 1970, credits granted were still principally directed to manufacturing and trade. Agricultural loans received the third largest share although its proportion to total bank loans steadily decreased over the years.

To correct the situation, it was said that the Central Bank set up policies to encourage loan to agriculture and limit bank credit for speculative and consumption purposes. From then on, it was said, loan extended for agricultural purposes enjoyed a privileged re-discounting rate which ranged from 1 to 8 percent in 1977, depending on priority of the projects for which they were utilized (ASEAN, 1982:147).

Commercial banks were also required by the Central Bank Authority in 1974 to set aside 25 percent of their loanable funds solely for the development of the agricultural funds, solely for the development of agricultural industry.

Miranda in his book asserted that commercial banking system is the dominant one in the Philippine financial scene. In terms of organizations, he said that the commercial banks have the largest network of branches and extension offices in the country. In terms of services, he believed, commercial banks offer the widest variety of services among financial institutions. He said that commercial banks offer savings, time and foreign fund remittances; handle money market

transactions; administer trust funds; extend loans; and make available a host of other banking services to individuals and to groups. He maintained that the wide scope of the services offered by commercial banks has led some people to call them "the department store of finance"(Miranda, 1982:98-99).

If assets are to be measured, he wrote, commercial banks clearly dominate the Philippine financial system. No less than half of the resources of the total resources of the system are accounted for by the commercial banks.

Miranda, in his international trade book published that in many principal cities of the world are located commercial banks, some of which are owned by nationals while a few which act or serve as agent banks of certain banking institutions are owned by foreigners. The banks owned by foreigners accept and discount bills for domestic traders. The profits which they derive from their operation area, are remitted to their head offices, and this results in an outflow of foreign exchange. In the field of insurance, a similar situation may be observed. The insurance companies

issue marine insurance policies to exporters to cover exports to different countries of the world.

In a study by Meliza H. Agabin, it was demonstrated that although the commercial banks have been providing services to the country, these services were not yet felt by all the segments of the economy as the informal sources of credit generally provide real services to the farming population particularly to the country's smaller farmers who are outside the market serviced by banks. Exploitative rates do exist and comprise a substantial portion. Such rates tend to predominate particularly in sectors of the rural area where financial and economic environments are relatively undeveloped and the clientele of credit are still economically or tenurially disadvantaged. Does this indicate then that given these circumstances, more opportunities exist for "exploitation" or monopoly profits?

She said, however, that average rate remains higher than institutional rates but have evidently declined over the last decade or so. The proportion of loans with excessive rates in comparison with different

yardsticks appear to have diminished, too, through time. These will continue to decline as rural communities prosper, as countrysides develop, as farmers graduate from subsistence income to surplus income levels, and as tenures improve.

Informal lenders, she said, will continue to coexist with the formal lenders and efforts to suppress, regulate, or supplant them will only be doomed to failure. Government effort to substitute formal lenders for the services of informal lenders will suffer the same fate. This will be so, unless banks duplicate the speed, flexibility, uncollateralized lending, marketing and allied services that informal lenders are able to provide to their farm borrowers and this will also be so unless banks are allowed to earn more by charging rates enough to compensate for the higher credit risks and cost of administration (Agabin, 1983:9).

The fact that a relatively large proportion of farmers are still borrowing under highly usurious rates is a social problem that must be consciously recognized. Offering informal leaders competition through countryside banking or access to bank funds is a promising way to

reduce the existing exorbitant rates.

The supplement regional profile of banks by the Central Bank shows that a total of 3,626 banking offices mobilized funds for the country's economic activities in 1981. This number included 202 units which opened during the year. The year's branching activity was the lowest registered in three years.

Metro Manila was the center of the build-up in the branching network. About half of the total new offices opened were located in Metro Manila. Region II, Central Luzon and IV-A Southern Tagalog, which had direct infrastructure links with Metro Manila contributed 20.8 per cent or 42 offices. Outside these three regions, region IX, Western Mindanao, registered the highest increase at 7.7 per cent.

In a series of workshops on the present economic crisis conducted by faculty members of the University of the Philippines School of Economics, the members traced the causes to:

a) External circumstances affecting all developing countries, over which the present leadership had no control;

b) Sequence of mismanagement of internal politico-economic arrangements, culminating in debt crisis which may be traced to late 1960's which also broadly coincides with the accession of power of the present government; and

c) Unforeseen events which was the Aquino assassination that aggravated a crisis of confidence in the present government which the foreign banks made a reason for refusing the renewal of short-term financing that the authorities had hitherto taken for granted.

The authors of this workshop series, after careful analysis of the present economic crisis, expressed their opinion on how to stop the downward drift in the economy and lay the foundations for future improvement. They pointed out that these measures, if implemented, could serve as an agenda for recovery. They recommended for a change in the system of government towards less centralized political and economic decision making, greater public accountability, participation in national affairs and their access to relevant and good quality information. These authors

mentioned that the government's huge and persistent budget deficits, were the main cause of the present economic crisis. They called for the termination of the country's dependence on foreign borrowing and reduction of expenditure., instead of raising taxes or adjustment of compensation to its employees. Among the suggested agenda for recovery was a halt to the trend of increasing economic concentration; dismantling of the monopolies; reduction of government role in the economy; elimination of discrimination against agriculture and support reforms, promoting efficiency in industry. They also stressed that an adoption of unified and flexible exchange rate conditional upon the fulfillment of reforms and if possible a further negotiation on principal and interest payments on the existing commercial debt will quicken the recovery. They made their closing remarks with a quotation: "There can be no new international order unless there is a new national order." (U.P. Faculty: 1984).

In November 21, 1984 issue of the Business Day, the World Bank Mission prepared a document which said that political crisis makes economic crisis uncertain.

The WB staff mission that prepared the Report claimed that the Bank was indicating its concern that either changes in government or the political problems of the present administration could derail implementation of both the eighteen (18) months stabilization program endorsed by the IMF and the Structural Adjustment Program recommended by the World Bank. The report went further to mention other factors that could affect the economy; these are: unclear future of international trade and financial environment, volatile commodity prices, the prospect for the implementation of stabilization measures, and continuation of domestic structural reforms, as well as private sector responses to government policies (World Bank: 1984).

The Asean Banking Council reported that the swift growth of the commercial banking industry in Thailand in the past two decades or so is due mainly to the success of Thai commercial banks in tapping funds from the unorganizaed market especially in the area outside the Bangkok Metropolis, and to the relatively high average growth rate of more than 7 per cent per annum which the Thai economy was able to achieve during the corresponding period. In 1960 it was reported that

there were 780 banks in the Bangkok Metropolis. By the end of January 1978, there were altogether 1,809 banking offices in the country, and 898 offices were in the provinces outside the metropolis (ASEAN, 1982:266).

The Council asserted that the Amendment to Commercial Banking Act of 1962, which was enacted on March 8, 1979, has the main objective of reshaping the commercial banking industry in such a way that it would adjust better to the existing economic and social structures of the country. To achieve this purpose, the Amendment includes the following: (1) providing additional instruments for more effective monetary control. The instruments include a marginal reserve requirement and liquid asset ratio which can be set against either deposits or borrowings of the commercial banks, or both, and a capital account-contingent liabilities ration; (2) inclusion of the provisions allowing the government through the Ministry of Finance to channel a certain percentage of the total deposit in the banking industry to sectors urgently in need of additional credits up to 20 per cent of total deposit in the banking system; (3) limiting the scope of bank

investments in any non-banking firms to not more than 10 per cent of the firms' equity and total banking in investment, in non-banking business, to not more than 20 per cent of the capital funds of that bank; and (4) restricting the members of banking share. A single share holder is allowed to own not more than 5 per cent of the outstanding share of that bank, and there should be at least 250 small share holders holding a total of not less than 50 per cent of a bank's shares (ASEAN, 1982:268).

Writing mainly from the vantage point of American and other Western financial institutions, both Thomas (1979) and Goldfeld (1986), concluded that commercial banks are by far the most important financial intermediaries in terms of sheer size and scope of activities. They both acknowledged that institutional, technologic and legal developments have blurred the conventional distinctions between various types of banking systems, as between commercial and non-commercial models. The commercial banks, for example, have over the decades lost their characteristic uniqueness in the provision of transactions accounts. Besides, the rapid

changes currently enrolling in the financial sector of the economy promise to erode further the relative distinctiveness of commercial banks (Goldfeld, 1986:95).

Nonetheless, commercial banks, according to Goldfeld, can still be isolated fairly analytically. Despite recent changes, commercial banks as in the United States and Europe remain the largest and most significant of the entire corpus of financial intermediaries, both nationally and internationally. Indeed, as of 1985, about 90% of U.S. transactions balances were held at the commercial banks. Furthermore, for primarily historical reasons, the vast majority of the laws and regulations governing banking are relatively specific to commercial banking. Thus, even under the law, commercial banks retain a certain uniqueness which continues to pervade even contemporary discussions on the structure, regulation and operations of financial institutions.

Discussing the structure and regulation of commercial banks, Thomas (1979) and Goldfeld (1986:95-129) were able to advance that the U.S. has a dual banking system consisting of both national and state-

chartered commercial banks, with the national banks being less numerous but larger than the state banks. In Nigeria, a similar trend is shaping up with the nationally-based, foreign-based banks being larger and becoming less numerous than the state-based commercial banks. They further noted that the American state banks typically face lower reserve requirements, very much like the indigenous vis-á-vis the foreign-based banks in Nigeria.

The total number of commercial banks in the U.S. has remained relatively constant since 1933 at about 14,500, but with a significant increase in the number of banking facilities through the market expansion of branch banking. The prevalence of unit banks stems from the restrictions of state branching laws, thus explaining why there are many relatively small banks in the United States.

Both Thomas and Goldfeld further noted that bank regulation is concerned principally with the safety, efficiency and competitiveness of the banking system. The reconciliation of the potentially conflicting goals or safecy and efficiency in particular remains a perennial thorny problem. Hence the

persistence of bank failures (Goldfeld, 1986:102-105), with higher mortality rate among the smaller banks as recorded between 1864 and 1920 where 3,000 American banks failed. Another set of 5,067 had to suspend operations by the end of 1929 and still another 7,763 became defunct by late 1933.

The direct response to the dramatic number of bank failures experienced in the 1930's necessitated the establishment of the Federal Deposit Insurance Corporation in 1934. This is in addition to improvements in bank management, supervision and more frequent absorption of weak banks in mergers, consolidation of amalgamation. In order to forestall mounting instances of bank failures, the Philippines responded by also establishing the Deposit Insurance Corporation under Republic Act No. 3591 in the 1960's. Similarly recalling the massive bank failures of the 1950's and the recent trends with several indigenous banks turning insolvent through failure to redeem huge debts and thus incapable of meeting obligations towards depositors, Nigeria was also compelled to promulgate, though belatedly, the Customers' Deposits Insurance

Scheme (CDIS Decree of 1988). The aim here is to forestall impending bank failures especially of the state-run banks, like the Pan African Bank, the Mercantile Bank, the National Bank and the Cooperative and Commerce Bank whose assets have thinned out considerably thus becoming incapable of backing their liabilities effectively due to poor management, thin reserves and accumulation of bad/doubtful debts.

Crosse and Hempel in their book, Management Policies for Commercial Banks which assessed the risk of defalcations also concurred with Goldfeld and others that the record of bank defalcations in the United States is a sorry one and shows no indication of diminishing. Their assessment showed that the American Bankers Association reported 25,403 cases from 1974 through 1976. Although the total defalcations of nearly $509 million are not large in relation to the total resources of all banks, a single defalcation can loom shockingly large in a particular institution. It is particularly worrisome that crimes per office are much higher for banks than thrift institutions.

They went further by citing that most dishonest

acts in banking are unpremeditated. They take place when money, which is readily available, appears to be the only solution to a problem brought on by the pressures to which some individual bank officers or employees may become victims.

The ex-bankers and professors of banking and finance at Columbia University Graduate School and Southern University respectively maintained that such pressures may be social or psychological (the desire to be a good fellow or to live up to the style of the Joneses), or they may be simply accidental - for instance, illness in the family or the need to correct some personal mistake or involvement. In most cases, they said the individual initially becomes convinced that he or she is "borrowing" the money and only gradually becomes more deeply enmeshed as it is found that he or she cannot pay it back. Furthermore, the longer such a crime goes undetected, the more brazen and cynical the individual is likely to become (Crosse and Hempel, 1980:262).

Chapter 3

RESEARCH, METHODOLOGY AND SOURCES OF DATA

This Chapter examines the research method employed to accomplish the study. It also assesses the sources of the data gathered, the respondents utilized and their method of selection, the instruments mobilized and the application of statistical methods in the in-depth treatment of the data.

The Research Design

For the purposes of this study, the researcher has relied primarily on the Descriptive method, with Comparative analysis and to some extent Statistical approaches, to accomplish the objectives. The descriptive design was employed with the aim of depicting the present structural nature and operational profiles of the respondent multinational commercial banks in Nigeria. Comparative analyses were applied in efforts to highlight the differences and congruences between multinational and non-multinational commercial banks. The Questionnaires technique, as supplemented with Interviews, were utilized by the researcher with a view to

identify and assess some of the aggregate contributions of these banks to Nigeria's economic growth, and the extent of the problems the banks face in their dual but seemingly conflicting goals for profit-maximization and contribution to national development.

The Historical method was also used to describe as well as analyze and illustrate, statistically, the past records of the international banks, touching on their general evolutionary stages, and their contributory paces for the past five (5) years (1983-1987, inclusive) with particular reference to the following indices of economic growth: total networth or assets and liabilities, loans granted, deposits generated, capital inflow, and branches extended nationwide.

While responses to the items of the questionnaires were assumed to be true and taken for granted, the researcher nevertheless used interviews for more indepth analysis of data and for more confirmation of responses.

Using the same research design, the author similarly examined some relevant library sources of particularistic respondent commercial banks, for pur-

poses of revalidating appropriate findings from other sources. The researcher also made effective use of secondary records of commercial banking activities released periodically by the Central Bank of Nigeria which is vested with the ultimate responsibility of controlling, regulating and monitoring the entire commercial banking system in Nigeria.

Data Gathering Techniques

The research has relied for the most part on the following primary and secondary sources of basic data and information:-

Primary Data Source - Primary data were gathered through the use of Survey Questionnaires for the two sets of respondents.

1. Survey Questionnaires A. Appendices 6 and 7 show a copy of the Questionnaires used to elicit information on the relative problems encountered by the multinational commercial banks in their efforts to attain profit growth and secondarily contribute to the Country's national development.

As shown in the Questionnaires, four types of problems were categorized, namely (1) personnel, (2) go-

vernment rules and regulations (interference), (3) credit evaluation and (4) underbanking.

Problems relevant to (a) poor quality of bank personnel, (b) corruption, which resulted in high rates of defalcation, and (c) less committed board members fall under the personnel category.

Another set of problems encountered by multinational banks in their operational activities included virtually government interference in terms of rules and regulations promulgated, relevant to shifting CBN rules and directives that were inconsistent; non-stable interest rates; periodic devaluation of the local currency vis-à-vis the foreign currencies such as the Dollar, Pound Sterling, and others; violations of such rules, like dollar-salting by expatriate staff and directors, and allowing banks to buy stocks and securities in other businesses.

Other problem-categories include credit evaluation, in terms of collaterals, resulting in poor repayments of debts; and underbanking.

2. Survey Questionnaires B. Appendix 7 shows a copy of the Questionnaires on the perceptions of the customers or clients on the roles and structure of the

respondent banks and the resulting effects of such roles and structure on the economic growth of Nigeria. The set of Questionnaires show three categories of responses, namely, the positive, negative effects and their suggestions for improvement of the activities of the banks.

Personal Interview. Personal interview was also used, as an auxiliary research technique, with the sole aim of verifying or revalidating some insights collated from a number of responses to some of the issues raised in the Questionnaires.

Documentary Data

The researcher examined some relevant library sources of particularistic respondent commercial banks, for the purpose of revalidating findings from other sources. The researcher also made effective use of secondary records of commercial banking activities released periodically by the Central Bank of Nigeria, which is vested with the ultimate responsibility of controlling, regulating and monitoring the entire commercial banking system in Nigeria.

Also, data were gathered from libraries, of published books, journal articles, magazines, and news-

papers containing pertinent information on the problem under study. Some materials were also obtained and analyzed from various institutional libraries in Nigeria, Britain and the Philippines. Archival documents, periodicals or bulletins, handouts and annual reports, issued by the respondent banks and by the Central Bank of Nigeria and the Philippines were likewise perused.

Instrumentation

The instrument used was a researcher-made set of Questionnaires. In all, about forty-five (45) open-ended questions were formulated and tested with the aid of two (2) Filipino and two (2) top Western bank officials in Manila (from August to September 1987), and subsequently with the aid of four Nigerian top management officials from three different commercial banks during late October to early November 1987. The primary goal of this pre-testing was to establish the reliability and applicable validity of the instruments.

The eight officials have not been included in the subsequent sampling frame of this study. From the author's estimation, the top executives responded reasonably well.

Statistical Treatment of Data

The data gathered through the techniques of Questionnaires administration, face-to-face Interviews, and perusal of Documents from individual commercial banks, the Central Banks and other relevant institutions, were then organized and summarized, computed and tabulated, analyzed and interpreted.

Simple frequency distribution, ranking and percentage were the principal statistical tools considered appropriate for this study.

Sampled Respondents

The researcher has utilized two (2) parameters of respondents for the study; namely, Chairmen and Board Members and Top Management executives of the ten (10) respondent banks; and a sample of the customers of the corresponding banks.

Chairmen, Board Members and Top Executives

The face-to-face interviews involved varying personal sessions with some randomly selected chairmen, board members, and top executives of the ten (10) transnational commercial banks (Appendix 3b).

These ten (10) multinational banks were chosen

from a parameter of thirty-four (34) of the fifty-four (54) commercial banks, operating in Nigeria as of late 1987, as foreign-based. The respondents of the top executives were randomly selected from the ten (10) respondent banks or eight (8) representatives from each bank.

Profile of the Respondents of the Study

A profile of this particular set of respondents is given to gain insights into some personal characteristics of the group.

Age Distribution

Table 2 shows the Age Distribution of the top executives of the multinational commercial banks considered in the study. It records the distribution of the different age categories of the respondents in the various administrative/operational banking departments. It is observed from this Table, that out of the total of eighty (80) respondents, 24 or 30 percent of the respondents are between 36 to 40 years and constituted the largest group. There are 20 respondents or 25 percent of the group who are in the age bracket of 31 to 35 years. Within the age bracket of 41 to 45 years,

Table 2

Frequency and Percentage Distribution of Top Executives of the Respondent Banks by Age Categories

Age Categories	Number of Respondents (N = 80)	Percentage
30 - below	12	15.00
31 - 35	20	25.00
36 - 40	24	30.00
41 - 45	16	20.00
46 - 50	8	10.00
TOTAL	80	100.00

$\bar{x}$ = 37.25 years

sd = 6.13 years

are 16 respondents or 20 percent; 12 or 15 percent on the 26 to 30 age bracket, and 8 or 10 percent of the same group being bracketed within the oldest age category or from 46 to 50 years. A mean point estimate of 37.25 years identifies the group as in their late thirties.

Educational Attainment

Table 3 reveals the literacy status of the eighty (80) respondents. As shown in the table, some 32 respondents or 40 percent are holders of Diplomas (HND/OND) in banking, accounting, business, sociology,

Table 3

Frequency and Percentage Distribution of Top Executives According to Educational Attainment

Qualifications	Number of Respondents (N = 80)	Percentage
1. Trained-on-job	16	20.00
2. HND/OND Diploma Accounting or Banking or Related Fields	32	40.00
3. Bachelors Degree in Banking/Accounting or Related Fields	24	30.00
4. Masters Degree	8	10.00
TOTAL	80	100.00

economics or auditing; 16 respondents or 20 percent have risen from the ranks, after long years of service,

having originally joined the banking system fresh from a secondary (high school) institution; while 8 respondents or 10 percent have obtained a masteral degree. No Ph.D. holder was interviewed or was included in the study.

Data on the table further reveal a preponderant trend in favour of diplomates in banking or accounting and those that have secured first degrees in the profession or in the social sciences. The banks also seem to reward long years of service by offering on-the-job training for secondary (high school) leavers.

Training Schema After Joining the Bank

Table 4 shows that 44 of the respondents or 55 percent of the group, or more than half of the sampled persons, have had training locally within Nigeria, within the various branches and departments of the same bank. There were 24 respondents or 30 percent of the group who received dual training, both locally and overseas, whereas 12 of them or 15 percent have had their primary respective banks in Nigeria; those within this category are mainly expatriate employees deployed from either the Head Office of the multinational bank or

from any of the international branches of the same parental bank.

Where Nigerians get trained abroad, they must have initially undergone an intensive local training at the Headquarters and in some selected branches of the

Table 4

Frequency and Percentage Distribution of Training Schema of Executives After Joining Bank

Nature of Training	Number of Respondents (N = 80)	Percentage
1. Local	44	55.00
2. Local and Foreign	24	30.00
3. Foreign	12	15.00
TOTAL	80	100.00

same bank. The overseas specialized training usually lasts one - to - two years, and may as well involve covering institutions in different countries, but mostly within those countries where the host bank has agents or correspondents. The training of Nigerians generally focuses on managerial expertise, corporate finance,

foreign transactions, and especially those areas where the bank appears to lack adequate expertise.

In recent years, the banks seem to favour the retention and training of an all-around banker, that is a bank managerial or sub-managerial official with manifest competence to work in the different departments of the bank, as a cost-saving and efficiency-boosting strategem.

Status of Respondents in the Banks

Table 5 indicates that 40 of the respondents or 50 percent of the group range from the category of assistant general managers to general managers to managing directors, 20 or 25 percent of the total number of respondents hold status of managers, in charge of state branches or else stationed at Head Offices; 12 or 15 percent of the group either chair the bank's board of directors or else serve as ordinary members of the bank's board of directors, and only 8 or 10 percent of the group rank within the assistant managerial category.

The same table further revealed that the majority of the respondents fall under the senior

Table 5

Frequency and Percentage Distribution of Respondents According to Relative Status in the Bank

Status	Number of Respondents (N = 80)	Percentage
1. Chairman/Board Member	12	15.00
2. Managing Director or General Manager (Asst. Gen. Manager)	40	50.00
3. Manager (of a Branch or at Headquarters)	20	25.00
4. Assistant Manager	8	10.00
TOTAL	80	100.00

management cadre totalling 60 or 75 percent of the entire corps of the respondents.

Years of Service of Respondents

Table 6 reveals that 36 or 45 percent of the respondents have served their banks between 6 to 10 years; 16 or 20 percent of the group between 11 to 15 years; 12 or 15 percent between 1 to 5 years and 8 or 10 percent between 16 to 20 years. Same number of

Table 6

Frequency and Percentage Distribution
of Respondents According to Years of Service

Year of Service	Number of Respondents (N = 80)	Percentage
1 - 5	12	15.00
6 - 10	36	45.00
11 - 15	16	20.00
16 - 20	8	10.00
21 - 25	4	5.00
26 - 30	4	5.00
TOTAL	80	100.00

$\bar{x}$ = 11.00 years

sd = 6.57 years

respondents have rendered from 21 to 25 years while only 4 or 5 percent have rendered from 26 to 30 years of service, respectively. However, it appears from the same table, that the bulk of the respondents have rendered between 6 to 15 years of service to their

individual banks. Not immediately discernible from the table is the growing trend of inter-bank transfer of services by bank personnel due largely to the establishment of new banks, hence the unprecedented growth and diversification of the banking industry as a whole, within the last decade in particular.

Sex Categorization

Table 7 shows that 64 or 80 percent of the respondents are men with only 16 or 20 percent of the respondents as women.

Table 7

Frequency and Percentage Distribution of Bank Executives According to Sex

Sex Groups	Number of Respondents (N = 80)	Percentage
Male	64	80.00
Female	16	20.00
TOTAL	80	100.00

The random sampling, indicating a high preponderance of male respondents, reflects more or less the actual sex ratio or structure of most of the

Nigerian banking management; in some instances, the percentage of male management workers could go as high as 90 percent in certain banks; thus, the above sampling could hardly pass as male-chauvinism or deliberate bias on the part of the researcher.

Marital Status

Table 8 shows that 48 or 60 percent of the respondents are married or remarried, often with two or more (multiple) wives; 24 persons are single and constitute 30 percent of the universe of respondents; whereas 8 persons or 10 percent have declared widowship

Table 8

Frequency and Percentage Distribution of Respondents According to Marital Status

Marital Status	Number of Respondents (N = 80)	Percentage
Married/Remarried	48	60.00
Single	24	30.00
Widowed/Divorced	8	10.00
TOTAL	80	100.00

or divorce status. Probably due to the cultural base, but more particularly resulting from the relatively higher pay in the banks, a large majority of the corpus of the respondents are married.

Customer Respondents

The second parameter of respondents of the study constitutes the customers. For the purposes of the present study, a quota sample of one hundred and sixty (160) customer-respondents were included in the study.

Like the bank-respondents, a profile of this group is drawn from some few selected personal variables, such as sex, formal education and income.

Profile of the Customer-Respondents

Only a few selected variables were considered for the operational purposes of this research work.

Sex Categorization

Table 9 shows data on the customer-respondents according to sex categorization. As shown in the

Table 9

Frequency and Percentage Distribution of the Customer-Respondents According to Sex Categorization

Sex Groups	Number of Respondents (N = 80)	Percentage
Females	64	40.00
Males	96	60.00
TOTAL	160	100.00

Table, sixty-four (64) or 60 percent were males; while a smaller group constituted the females.

Educational Attainment

Table 10 shows the data on the educational attainment of the customer-respondents. As shown in the table, there were more respondents in this group who have had formal education below secondary, while only fifty-six (56) of the group or 35 percent

Table 10
Frequency and Percentage Distribution
of Customer-Respondents According
to Educational Attainment

Educational Attainment	Number of Respondents (N = 80)	Percentage
Formal Education Below Secondary	104	65.00
Formal Education Post Secondary Level	56	35.00
TOTAL	160	100.00

had formal education of post secondary levels.

Income

Table 11 categorizes three levels of income groups of the customer-respondents. As summarized in

Table 11
Frequency and Percentage Distribution
of Customer-Respondents According to Income

Income Levels	Number of Respondents (N = 160)	Percentage
Low Income	80	50.00
Medium Income	32	20.00
High Income Group	48	30.00
TOTAL	160	100.00

the table, the low-income clients constituted one-half of the group, or 80 of them, or 50 percent of the group. The smallest category was the medium-income group, where 32 or 20 percent of the clients fell, while the rest of the 48 respondents belonged to the high-income category.

Chapter 4

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

This Chapter attempts to assess the relative configuration and functioning of multinational commercial banks in Nigeria. Particularly, it seeks to determine the profile of the ten (10) respondent banks in terms of some selected features such as origin, number of years in operation since incorporation, number of branches established, and number of staff employed.

The more important objective of the study, however, was the determination of the scope of operations of these respondent multinational commercial banks with specific reference to the types of services offered, such as international banking and foreign exchange transactions, loans and advances, depository services and other banking services; and the extent to which these services contributed to the banks' profit-maximization devices for a period of five years, or from 1983 to 1987.

The same period under reference was used in

determining the extent to which the same services contributed to the country's economic growth in terms of such indices as: net assets and liabilities, total deposits, aggregate loans and advances, including sectoral flow.

Based on empirical data, the researcher determined some problems encountered by the respondent banks in realizing their primary objectives of profit-making and contribution to national growth, as in the areas of personnel, government rules and regulations, but virtually interferences, credit evaluation and underbanking and also on the perceptions of the structure and roles of the respondent banks in three areas, positive and negative effects, and their suggestions on how best to improve the multinational banks' services as perceived by the banks' clients or customers.

1. Distinguishing Features of Respondent Banks

Virtually, the researcher drew a profile of the ten (10) respondent multinational commercial banks in terms of their origin, number of years in operation since incorporation, number of branches established, and number of staff.

1.1 Foreign Origins of Respondent Banks. Table 12 shows that 40 percent or four (4) of the total number of respondent banks (Appendix 3) have Middle Eastern and Asian roots, hailing largely from the Arab, Pakistani and Indian sub-regions; both U.K. and U.S.A. share equal numbers of originating banks, with 20 percent or two (2) banks each; Continental Europe, actually France, has one (1) bank derivative or 10 percent; and one other bank, constituting another 10 percent of the total number of respondent banks as having multiple identity, having been originally formed by a consortium of banks from France, Italy and the United States.

What is clear from the Table is that Middle Eastern and Asian capital/expertise is making aggressive inroads into the Nigerian capital market especially in the last ten years. The Pakistanis are particularly the latest comers, bringing with them tremendous personnel energy and Arab money as evident in Bank of Credit and Commerce International (BCCI), Habib Bank, Owena Bank and Nigeria-Arab Bank. The Americans have also come up substantially strong within the last decade, as demonstrated by the vibrant début of the

Nigeria International Bank as one of the fastest growing banks today. Americans have also left a marked imprint in merchant banking.

The British, who continue to be Nigeria's largest foreign investor and trading partner, are gradually giving way to the new comers. However, the two British-based commercial banks (First Bank and Union Bank) have, for several decades now, continued to capture more than 60 percent of the total financial market, notably within the banking industry. Together with UBA, IBWA and Savannah, they readily make up more than three-fourths of the total banking capitalization and employment.

As has been noted earlier, many of the foreign-based commercial banks operating in Nigeria have, since 1970's changed their names and equity structures so as to situationally adjust to the Federal Government resolve towards indigenizing Nigeria's financial, industrial and other primary sectors of the economy. The recent introduction of the Structural Adjustment Programme (SAP) in 1986, aimed expressly at accelerating Nigeria's economic recovery may however slightly reduce

the momentum of the indigenization scheme particularly upon the 1988 adoption of the debt-to-equity swap which would allow greater foreign ownerships of interests in privatized Nigerian enterprises.

Table 12

Frequency and Percentage Distribution of Respondent Banks by Foreign Origin

Region/Country of Origin	Number of Respondents (N = 10)	Percentage
U.K.	2	20.00
U.S.A.	2	20.00
Continental Europe (France)	1	10.00
Middle East/Asian	4	40.00
Mixed Identity	1	10.00
Total	10	100.00

It is worth explaining here that the term origin hereby implies that the name of the bank as initially incorporated within Nigeria, together with anything from 20 percent and upwards of the formative paid-up share-capital, along with the more senior management executives and directors, must have at the

very onset derivated from abroad. This contrasts sharply with many of the State-Owned banks currently located in Kano, Bendel, Kwara, Imo, Kaduna and Calabar for example; or with some of the earlier regionally-based commercial banking houses like the National Bank, Bank of the North and African Continental Bank whose origins in terms of initial capitalization, management and even titling were unmistakably indigenous.

1.2 Head-Office Location of Respondent Banks. For administrative and operational convenience, and partly in total compliance with Nigeria's formal banking acts, decrees and legislations dating back to 1952, the head office of every foreign-based commercial bank is invariably located within metropolitan Lagos, Nigeria's chief administrative and commercial capital. Thus, with the exceptions of Habib Bank, based in Kaduna, and the BCCI, sited in Kano, the other eight (8) respondent banks have their local branch head-offices situated within the Lagos metropolis, mainly around Broad Street, Marina, Race Course, Awolowo Road (Ikoyi) and Victoria Island; this is in vivid contra-distinction to the indigenous commercial banks which

are quite at liberty to situate their head offices in their primary States or regions of origin. Even at this, the indigenous finance houses are often constrained, by operational expedients, to setup sub-head offices in Lagos, and quite lately at Abuja which is gradually gaining momentum as Nigeria's administrative capital.

1.3 Equity Participation in Respondent Banks. Table 13 reveals that 100 percent of foreign interests in the respondent commercial banks, indeed in all the other categories of banks in Nigeria, has been below 40 percent as of 1987 annual banking reports. On the other hand, Nigerian interests has been ranging from 40 to 60 percent in nine (9) or 90 percent of the respondent banks, to as high as 100 percent equity participation in one (1) of the ten (10) banks. This trend has obtained since 1977 when the Federal Government promulgated the indigenization decree which forced public subscription of banking stocks and gradually reduced foreign interests to bare 40 percent and above, with the Nigerian sector controlling 50 percent and above in the majority share-holding in all foreign-based banks. In other-words, since 1977, majority share-holding in all foreign-

based banks has reverted to Nigerians.

Within the Nigerian equity structure, private interests usually go as high as 60 percent to 75 percent in some of the banks, notably Habib Bank and the

Table 13

Frequency and Percentage Distribution of Equity Participation in Respondent Banks

	Equity Participation (%)			Frequency	Percentage
	25-40	40-60	100		
Nigerian	0	9	1	10	100.00
Foreign	10	0	0	10	100.00

BCCI which were established by purely private Nigerian entrepreneurs in syndication with foreign interests often placed at a low of 25 percent to 40 percent. Where it participates in the banks, government stock holdings (through Federal Ministry of Finance) usually range from 30 percent to 51 percent, which may be drastically reduced in the recent wave of privatization of all governmental interests in some merchant/development banks (Daily Times: July 9, 1988: 16). However, apparently due to the high profit margins derivating from the

commercial banks in recent years, the Federal Military Government has specifically elected to retain its present equity participation in multinational banks like the UBA, Union Bank, IBWA, Savannah Bank, First Bank and Allied Bank, while simultaneously reducing its total holding by as much as 30 percent in the instances of development, mortgage and merchant banks like the Federal Mortgage Bank, the NIDB, the NBCI and the Federal Savings Bank (Daily Times; July 9, 1988: 16).

1.4 Structure of Board of Directors of Respondent Banks. Most Nigerian commercial banks have a minimum number of ten (10) to a maximum of sixteen (16) Board Members, including the Chairman, Vice or Deputy Chairman, Managing Director, Deputy Managing Director or General Manager and other Directors. The latter category may include full-time (or executive) directors and part-time directors with supplementary names of foreigners that serve as alternate directors. The Secretary of the Bank, often doubling as a general manager or legal adviser sits on board meetings in an ex-officio capacity as the company secretary.

In Table 14 below, the ten (10) respondent

banks have a total of 102 board members, with individual banks appointing a minimum of ten (10) to a maximum of fifteen (15) directors that sit on any one board meeting, depending on quorum stipulations and the exigencies of policy decisions to be reached.

Table 14

Frequency and Percentage Distribution of the Structure of Board of Directors of Respondent Banks

	Board Membership	Frequency		Percentage	
1	Chairmanship				
	Indigenous	10	10	100.00	9.80%
	Foreign	0		0.00	
2	Vice-Chairmanship				
	Indigenous	2	10	20.00	9.80%
	Foreign	8		80.00	
3	Directorship				
	Indigenous	56	82	68.30	80.40%
	Foreign	26		31.70	
	TOTAL		102		100.00%

The Table further reveals that the Chairmanship of each of the ten (10) respondent banks in 1987 was in the hands of Nigerians. In otherwords, resulting from the indigenization decree, Chairmanship even in

multinational banks, has all along been vested in the hands of Nigerian citizens. However, with but two exceptions, constituting 20 percent of the respondent banks, deputy chairmanship is invariably reserved for foreign directors to adequately protect their foreign equity participation therein.

The range of ordinary directorships either full-time (executive) or part-time however varies from bank to bank. On the whole, though, 68.30 percent or 56 of the total number of directors comprises Nigerian citizens appointed by government to protect national interests, or elected by private share-holders especially in the privately-owned banks. The foreign ordinary directorships (often one-third to one-fourth as executive) stand at 26 to 31.70 percent of the 82 positions in the respondent banks. In most instances, the foreign equity holders do appoint alternate directors to sit-in periodically in the absence of a substantive part-time director. Like all other directors, an alternate director draws allowances as applicable.

What is particularly significant is that,

small as the expression of the relative number of foreign directors (about 30 percent of the totality), their voice is unusually audible and powerful in terms of lending policies and related day-to-day running of the commercial banks. This role is particularly distinguished in the domaines of international banking, management decisions and restructuring, technical advice and accounts books, whereby the expatriate board personnel would invariably fall back on to their correspondent strengths abroad for replenishing (or depleting, as the case may be) the domestic financial sector.

1.5 Structure of Top Management Cadre of Respondent Banks. Due to the rigorous enforcement of the Nigerian Enterprises Promotion Decree of 1977, the managing directorships of most of the banks are continually monopolized by Nigerian citizens, usually ascending through the ranks or upon transfer from another bank. Thus, in Table 15 below only two (2) or 20 percent of the total number (10) of the managing directorships of the respondent banks were occupied by expatriates as of late 1987. And these are the newly-founded banks, being less than five years old in the instances under discussion.

The executive directors, who are invariably full-time and assigned to specified spheres of daily activities like general and zonal operations, finance, and planning, management services, or corporate supervision, are most commonly classified under the senior management cadre, or primary advisors or principal officers of the bank. Such executive directors seldom exceed five, with at least one expatriate director to represent foreign equity participation. The corporation (bank) secretary and legal advisor, together with the bank's general manager, deputy general managers, assistant general managers, chief inspector, registrar, and the chief accountant are also classified within the top management cadre, senior managers or principal officers.

Table 15 below further shows that 81.76 percent or 121 senior managers are fully Nigerians, with 18.24 percent or 27 persons as being expatriates. The Table thus reveals a significant and growing predominance of Nigerians in the top executive/management positions of the multinational commercial banks; thanks to the indigenization decree. Indeed, in the case of the Savannah Bank, there wasn't a single expatriate execu-

Table 15

Frequency and Percentage Distribution of the Structure of Top Management Cadre of Respondent Banks

Top Management	Frequency		Percentage	
Managing Director				
Indigenous	8	10	80.00	6.33%
Foreign	2		20.00	
General Manager (DGM/AGM/Legal Adviser, etc.)				
Indigenous	121	148	81.76	93.67%
Foreign	27		18.24	
TOTAL	158		100.00%	

tive director or senior management staff, as of December 1987, thus probably sending radiant signals for all other banks to follow suit within the next couple of years. In actual fact, available statistics for the last five years reveal that Nigerians have been gradually displacing expatriate managers in almost all merchant and commercial banks, especially after the expiration of the five-year incubation (moratorium) period of any new foreign-based bank.

It must however be pointed out that some very significant and amply influential pockets of top expa-

triate executives continue to be visible as deputy managing directors, executive directors, inspectors, accounts controllers, and even senior assistant general managers as in the newly established Asian-based banks. And these small-sized pockets of multinational experts continue to exert a considerable amount of weight in day-to-day running of the bank as well as in basic policy decisions. Needless to reveal, they also assist, in no small measure, in protecting the inordinate interests of the numerous transnational corporations operating in Nigeria; among these are the UACN, Lever Brothers, John Holt, K. Chellarams, Paterson Zochonis, Peugeot Automobile, SCOA, Shell and Total.

Lower management, supervisory cadres and other ordinary bank employees are over-whelmingly Nigerian throughout the country. And this obtains in all the banks whether indigenous or foreign-based.

1.6 Number of Years in Operation Since Incorporation. Table 16 shows that 3 or 30 percent of the respondent banks have spent below 10 years in operation so far, with the least (the Nigeria International Bank, affiliated to the American Citicorp) having barely

completed its fourth operational year in 1987. Approximately 4 or 40 percent of the respondent banks have completed between 21 to 30 years; whereas two (2) or 20 percent having completed more than 61 years of banking service. The intervening period between 31 to 50 years witnessed a relatively low growth of new banks.

Table 16

Frequency and Percentage Distribution of Respondent Banks According to Number of Years in Operation Since Incorporation

Number of Operation Years	Frequency (N = 10)	Percentage
10 years - Below	3	30.00
11 - 20	4	40.00
21 - 30	1	10.00
31 - 40	0	0.00
41 - 50	0	0.00
51 - 60	0	0.00
61 - above	2	20.00
TOTAL	10	100.00

As could be expected, the youngest banks came into operation towards the tail end of the oil boom era; and several more during or shortly after the Second

Republic (1979-1984). The oldest banks, on the other hand, were incorporated during the colonial days obviously to serve the interests of the then western mercantile system.

Of significance is that both the younger and the older banks were attracted into Nigeria by certain limitless business opportunities, with the underlining aim of servicing the numerous multinational corporations that then converged on the young Nation.

Even with declining business activities upon the setting-in of the tragic oil glut and the receding foreign earnings, more banks continue to be registered when wealthy Nigerians, including military personnel, begin to perceive the relatively lucrative nature of banking as a most viable alternative to direct investments in manufacturing, commerce or agriculture.

1.7 Number of Branches Established by Respondent Banks. Table 17 shows that as of 1987, five (5) or 50 percent of the respondent banks had established between one (1) and twenty (20) bank-branches each throughout Nigeria; two (2) banks or 20 percent had established between 21 to 40 branches each; whereas one (1) bank

or 10 percent had established between 161 to 180 branches; one (1) or 10 percent had between 181 to 200; and a further 10 percent had established more than 200 bank-branches throughout Nigeria. With a total of 248, the First Bank had in 1987 the largest number of branches, followed by the Union Bank with 200.

Table 17

Frequency and Percentage Distribution of Number of Branches Established by Respondent Banks

Number of Branches	Frequency (N = 10)	Percentage
20 - below	5	50.00
21 - 40	2	20.00
41 - 60	0	0.00
61 - 80	0	0.00
81 - 100	0	0.00
101 - 120	0	0.00
121 - 140	0	0.00
141 - 160	0	0.00
161 - 180	1	10.00
181 - 200	1	10.00
201 - above	1	10.00
TOTAL	10	100.00

The bulk of these bank branches, or approxi-

mately 60 percent have been established in the urban centers with approximately 40 percent in the rural and semi-urban areas. Indeed, rural banking featured only in recent years; and some of the newer banks are yet to make any substantive headway into the rural communities, apparently due to both capital and manpower constraints.

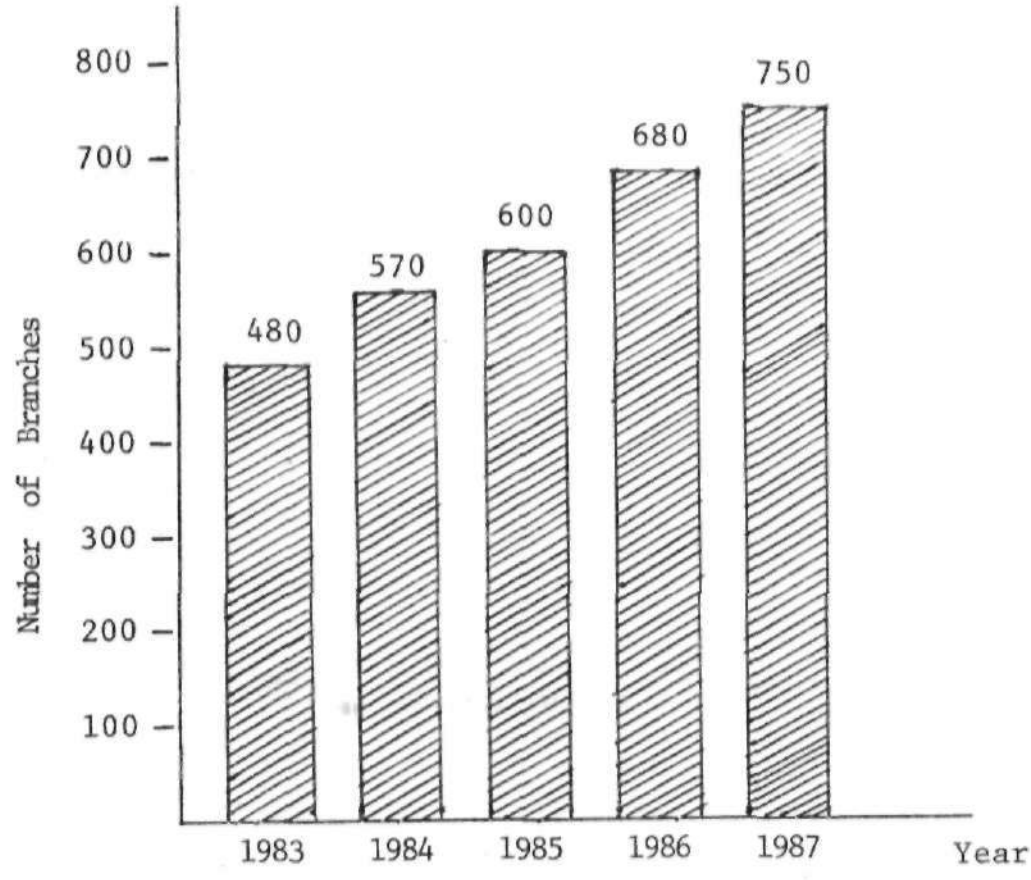


Figure 4

Number of Branches of Respondent Banks

Within the years 1983 to 1987, the total number of bank branches has been on a very steady rise, reaching in 1987 a total of about 750 units nationwide for the ten (10) respondent banks, as follows: 1983 (480), 1984 (570), 1985 (600), 1986 (680), 1987 (750). These are presented more vividly in Figure 4.

As shown in the figure, the years 1984 and 1986 witnessed the most accelerated growth in bank branching, with 1987 trailing closely with a modest increase of 10 percent over the 1986 figures.

Table 18 indicates that as of January 1987, the Nigeria International Bank established in 1984, had the least number of brances (2) throughout the country, with the First Bank recording the highest (or 238 branches), out of a total of 1,404; thus easily making up about 30.43 percent of the total number of overseas, urban, and rural branches established by all the respondent banks; and easily 16.95 percent of all the commercial and merchant banks (with 1,404) or 17.28 percent of the total number of all the overseas, urban and rural branches maintained by all the commercial banks as of January 1987.

Table 18

Frequency and Percentage Distribution of Number of Bank Branches for the Respondent Banks within Nigeria and Abroad (January 1987)

Bank	BRANCHES Overseas (1)	Urban (2)	Rural (3)	Frequency (1), (2), & (3)
1. Allied Bank (Nigeria Limited)	-	24	14	38
2. Bank of Credit & Commerce International (BCCI) (Nigeria Limited)	-	20	6	26
3. First Bank of Nigeria Limited	1	160	77	238
4. Habib Nigeria Bank Limited	-	7	-	7
5. International Bank for West Africa Limited	-	42	25	67
6. Nigeria-Arab Bank Limited	-	13	12	25
7. Nigeria International Bank Limited	-	2	-	2
8. Savannah Bank of Nigeria Limited	-	15	18	33
9. Union Bank of Nigeria Limited	1	134	64	199
10. Union Bank for Africa Limited	2	82	63	14
Total Frequency for all the 10 Respondent Banks	4	499	279	782
Total for all Commercial Banks (January 1987)	10	886	481	1,377
Grand Total for all Commercial and Merchant Banks	10	913	481	1,404
Percentage for 10 Respondent Banks:				
(1) in ratio of all Commercial Banks	: 40.00	56.32	58.00	56.30
(2) in ratio of all banks	: 40.00	54.65	58.00	55.70

With 77 units or 27.60 percent of the totals of the respondent banks, or 16 percent of the entire 481 branches maintained by all the banks, the First Bank also took a premier position in rural banking as of January 1987; just as it featured most prominently in the total number of branches in the urban centers (with 160 units or 32.06 percent of the total for the ten (10) respondent banks or 18.06 percent of the entire commercial banks, or 17.52 percent of the grand total branches maintained by all the merchant and commercial banks put together).

The least rural bankers, apart from the merchant banks, are the newer commercial banks, Habib and the Nigeria International with zero (0) branch each. On the other hand, Savannah Bank leads all the other respondent banks in rural banking; in that, out of a total of 33 branches maintained by the bank, 18 branches or 55 percent were rural-based with 15 or 45 percent as urban-based.

From the same table, it is also evident that the ten (10) in unison captured 40 percent (4 out of 10) of the total number of overseas branches established

by the entire banks up to early 1987. They also controlled 499 or 56.32 percent and 54.65 percent of the total number of urban branches established by all the commercial banks and by the entire commercial and merchant banks, respectively. In the same vein, they also captured lead positions in rural banking with 279 branches or easily 58 percent of all the commercial banks put together.

Noteworthy, is that the merchant banks had not, as of early 1987, established any rural branches. The Nigerian Banking Statutes, for obvious reasons, would seem to exclude the merchant banks from setting up rural outlets as of now.

The ten (10) respondent banks, with 782 rural, urban and overseas units, easily control 56.80 percent and 55.70 percent respectively of all the commercial banks and of the entire merchant and commercial banks put together. Thus, with slightly more than 55 percent of the total number of units, the ten (10) respondent or foreign-based commercial banks have been playing a very vital role in both rural and urban banking. In fact, monopolizing 58 percent of the entire rural

branches, they have been playing a very dominant role in rural banking far more than the indigenous banks (controlling 42 percent) put together.

In the establishment of overseas branches, the ten (10) respondent banks command about 40 percent with four (4) international branches established by the First Bank (1), the Union Bank (1) and the UBA (2); the other six (6) or 60 percent being maintained by the indigenous commercial banks, namely, African Continental (1), New Nigeria Bank (1), and the National Bank (4). However, in terms of scope and volume of activity, or inflow and outflow of transactions, the four (4) overseas branches of the respondent banks by far outdistance the other six (6) international branches of the indigenous commercial banks (Central Bank of Nigeria Annual Report and Statement of Accounts for the year ended 1986: 113-131).

The larger older banks, like the UBA, have been maintaining overseas or international branches in London and New York. This is in addition to hundreds of international correspondent banks, associates, partners or agents that serve to facilitate foreign

exchange transactions, export and import letters of credit, and other foreign instrumentalities. About ten (10) multinational commercial banks, put together, had maintained in 1987 alone more than 66 percent of the total number of bank branches throughout Nigeria.

1.8 Number of Employees of the Respondent Banks. Table 19 indicates that 4 or 40 percent of the respondent banks had employed between 300 to 1,000 persons

Table 19

Frequency and Percentage Distribution of Number of Staff (Junior and Senior) Employed by Respondent Banks

Number of Employees	Frequency (N = 10)	Percentage
1,000 - below	4	40.00
1,001 - 3,000	2	20.00
3,001 - 5,000	1	10.00
5,001 - 7,000	0	0.00
7,001 - 9,000	1	10.00
9,001 - 11,000	1	10.00
11,001 - above	1	10.00
TOTAL	10	100.00

as of late 1987; two (2) or 20 percent of the banks between 1,001 to 3,000; and one (1) each, or 10 percent

each, between 3,001 to 5,000; 7,001 to 9,000; 9,001 to 11,000; and 11,001 and above.

The Union Bank, with a total of 11,226 junior and senior staff, recorded the highest number of bank employees.

The fastest growth and expansion however seem to be more evident in the younger banks as per the graphs shown in Figure 5.

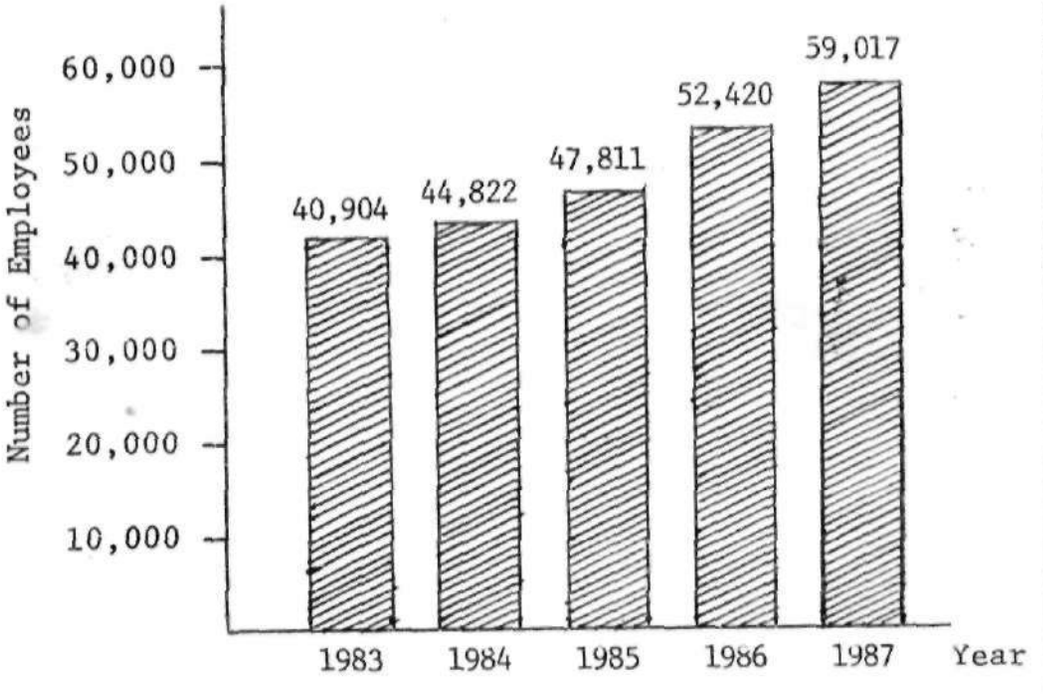


Figure 5

Number of Employees (Junior and Senior) for Respondent Banks (1983 - 1987)

The figure shows a steady growth of bank employees over the period 1983 to 1987. Inspite of the dull banking year 1987, the banks had managed to realize substantial growth in personnel over the period.

Senior staff expansion has been at the rate of between 7 percent to 10 percent, in some of the newer banks, to as high as 30 percent of the total number of personnel in the larger banks. Excepting the newer expatriate financial houses, namely Habib Bank and the Nigeria International Bank, the expatriate management personnel have been on the decrease over the years. Indeed, some of the older banks like Savannah (formerly Bank of America) had technically not a single expatriate staff as of late 1987; whereas others like the UBA, Union Bank and First Bank barely endeavoured to retain between five (5) to eight (8) expatriates on their management cadres by the end of 1987.

2. Services Offered by Respondent Banks

Services offered by the respondent banks were categorized into: International Banking Services, Loans and Advances, Depository Services, and Other Banking Services.

2.1 International Banking Services. Table 20 reveals that all the respondent banks engage in almost all the fundamentals of international banking transactions. They sell and purchase foreign currencies, issuing at instances traveller's cheques for outward-bound journeys; they participate in the Lagos fortnightly foreign exchange (forex) market biddings, and run domiciliary/autonomous accounts for foreign currencies like the Dollar, Pound Sterling, Swiss Franc, Japanese Yen, CFA Franc (W. Africa), Deutsche Mark and French Franc; they maintain international mail and telegraphic transfers or remittance on behalf of their customers; they assist in the collection of foreign drafts and cheques usually through and on behalf of overseas correspondent or associate banks; they issue and accept letters of credit and finance exports and imports; and above all, in view of the fact that each of the ten (10) respondent banks has originated from abroad, invariably serving more as a branch office (within host) of the overseas parent bank, it is natural that each of the banks should maintain close linkages with external financial houses; thus some of

Table 20
Frequency and Percentage Distribution of the International Banking Services Offered by the Respondent Banks

Nature of Services	Frequency	Percentage
1. Foreign Exchange Sales/Purchase	10	100.00
2. Foreign Exchange Market (FEM) Bidding	10	100.00
3. Foreign Currency Autonomous/ Domiciliary Account	10	100.00
4. Foreign Trade and Credit Information	4	40.00
5. Foreign Consortium/Syndication Guarantee	5	50.00
6. Industrial Guarantee and Loan Fund	8	80.00
7. International Mail and Telegraphic Remittance (Transfer)	10	100.00
8. Travel Fund and Traveller's Cheques	10	100.00
9. Collection of Foreign Drafts and Cheques	10	100.00
10. Business Advisory Service	4	40.00
11. Commercial Letters of Credit/ Drafts	10	100.00
12. Export/Import Financing	10	100.00
13. International Branch Office	3	30.00
14. Correspondent Banking	10	100.00
15. Foreign Associateship/Technical Partnership Agency	10	100.00

the banks, notably the older ones, like the UBA, liaise with no less than 200 correspondent banks worldwide, in addition to foreign associates or technical partners in at least three major foreign capitals, mostly in Europe and the U.S.A.; the IBWA or Afri-Bank has the largest network of correspondences in the West African sub-region.

On the other hand, only 8 or 80 percent of the respondent banks engage fully in industrial guarantee and loan funding; 6 or 60 percent of the banks have been active in foreign syndications or consortiums for raising, approving and guaranteeing foreign credit facilities; however, almost all the banks do chip in, where applicable, in the securing of credit funding for projects sponsored by foreign creditor banks like the IMF, the World Bank, the Paris Club, and so forth.

Some 4 or 40 percent of the respondent banks provide adequate information on foreign trade and credit facilities; another four (4) or 40 percent of the respondent banks maintain divisions or departments solely for business advisory service to their customers that wish, for example, to purchase foreign stocks as

as in the London Forex Market, or invest abroad in any form; and finally 3 or 30 percent of the same banks namely, the First Bank, the UBA, the Union Bank have each been maintaining full-pledged branch offices in London and, in the case of the UBA, in New York as well.

2.2 Loans and Advances Services Rendered by the Respondent Banks. Loans and Advances of a short or medium-term duration constitute one of the primary services rendered by the respondent banks. As Table 21 reveals, the banks promote domestic loan syndication or consortium whereby two or more banks coordinate together to finance major projects which are ordinarily over and beyond the required reserve and lending capability of any one bank. So far, only 5 or 50 percent of the respondent banks have been featuring in loan syndication in efforts to raise larger capitalization, find viable businesses, and spread risks. For example, in early 1988, Glaxo (Nigeria) Limited - a pharmaceutical company, received a ₦12 million medium-term loan through a consortium led by the Union Bank; the loan is for the financing of Glaxo's Agbara Industrial Estate food-processing plant in Ogun State.

Table 21

Frequency and Percentage Distribution of the Loans and Advances Services Rendered by Respondent Banks

Nature of Services	Frequency	Percentage
1. Domestic Loan Syndication	5	50.00
2. Personal Loans; for commercial, agricultural, industrial, and housing/real estate	10	100.00
3. Government loans, for public utilities, transport and communications, and estate, etc.	6	60.00
4. Corporate loans		
- commercial (imports and domestic trade)	10	100.00
- industrial	10	100.00
- agricultural	6	60.00
- real estate and construction/housing	8	80.00
- mining and quarrying	10	100.00
- hotel services	10	100.00

All the respondent banks have been advancing personal loans to individuals or sole proprietors, as farmers, workers, housewives, or private businesses of a small-scale nature, that keep depository, savings and/or chequing accounts in the relevant banks. Such loans,

which usually finance low-level commercial ventures, small-scale agricultural projects or for industrial and housing schemes, are mainly on a short-term basis.

Some of the respondent banks, 6 or 60 percent of them, have been granting loans and advances for financing government-backed projects like the provision of public utilities (electricity, water), schools, hospitals, roads, communication facilities, and real estate such as hotels. The loans here are of medium-term.

By far, however, the bulk of the loans advanced by the respondent banks went to corporate bodies or limited liability companies, joint-ventures and partnerships. The loans here are mostly disbursed for commercial (imports and domestic trade), manufacturing, and mining and quarrying services; a substantial number of the banks (ranging from 60 percent to 80 percent) disburse short- to medium-term loans for agricultural and real estate, notably housing and commercial office blocks.

2.3 Depository Services Rendered by the Respondent Banks. Table 22 reveals that as of the end of

the year 1987, all the respondent banks had been wholly serving their customers with respect to the maintenance of domiciliary and autonomous deposit accounts for foreign currencies; the domiciliary accounts, which were introduced in 1986 as part of the country's economic recovery programme, is yet to take off appreciably because of public suspicion and the burdensome red-tape within the client banks.

Table 22

Frequency and Percentage Distribution of the Depository Services Rendered by the Respondent Banks

Nature of Service	Frequency	Percentage
1. Domiciliary/Autonomous Deposit Accounts	10	100.00
2. Savings Account	10	100.00
3. Checking/Current Accounts	10	100.00
4. Fixed (Time) Deposit Accounts	10	100.00
5. Automatic Transfer System	7	70.00
6. Others (Money Market, Inter-Bank Deposits)	6	60.00

The respondent banks as a whole have been pro-

viding services for the maintenance of savings accounts, checking/current accounts, and time (fixed) deposit accounts. Some seven (7) or 70 percent of the respondent banks further provide automatic transfer services of cash or securities to and from other banks; and about 60 percent of them also transact in money market and inter-bank depository services.

It should be noted that the deposits accumulated by the banks as community savings are ordinarily loaned out, at specified interests and repayment periods, to potential customers who are expected to direct such funds to finance production, distribution, investment, consumption and projects of a private or public nature.

In essence, it is the depository services that create and sustain money for the Nigerian commercial banks. The merchant banks (wholesalers) however are not designed to maintain depository services as per Banking Decrees of 1969 and 1979.

Through depository services also Nigerian commercial banks, including the foreign-based ones under reference, help supply liquidity to the nation's economy. Through demand deposits in particular, the commercial

banks bring to life the vital instruments and instructions of money supply which is, in turn, stimulated by the economy's nature of credit loan, interest rate and investment portfolios.

2.4 Other Services Rendered by the Respondent Banks. Table 23 reveals that the respondent banks, put together, offer in one form or the other all the specialized services listed in the table with the exception of Electronic Counter/Teller, Underwriting of Bonds and Equity, and Equipment/Machinery Leasing schemes.

The Nigerian Commercial Banks, notably those that are foreign-based under reference, have shown enormous receptivity to innovation and measurable diversification, as can be seen from the huge repertoire of the extra services they have been offering within the last two decades. They have not, nonetheless, taken up to introducing the Electronic Counter/Teller for speedier services to their customers. This is probably due to precautions against possible frauds, but presumably more because of the costly, eclectic, and quite unreliable services of the nation's power corporation, the NEPA.

Table 23
Frequency and Percentage Distribution of the Other Banking Services Rendered by the Respondent Banks

Nature of Services	Frequency	Percentage
1. Trust (e.g. Court Trust, Private Trust; Corporate Trust; Estate Administration; Agency and Investment; Premium and Insurance Trust; Mortgage; Pension/Employee Trust; Safe Deposit Boxes	4 to 10	40.00 to 100.00
2. Special Savings Scheme (Educational)	1	10.00
3. Self-Employment Financing Scheme	1	10.00
4. Credit Information	8	80.00
5. Collection and Clearing Services	6	60.00
6. Credit Card	2	20.00
7. Electronic Counter/Teller (Express Till Service-IBWA)	0	0.00
8. Underwriting of Bonds and Equity	0	0.00
9. Computer Services	10	100.00
10. Manager's Check	10	100.00
11. Payroll and Armoured Car Services	5	50.00
12. Domestic Mail and Telegraphic Service	10	100.00
13. Rural Banking	6	60.00
14. Credit Scheme for Rural Women	1	10.00
15. Business/Technical/Agric Advisory Service	5	50.00
16. Equipment/Machinery Leasing	0	0.00
17. Public Enlightenment thru Entertainment and Publicity	5	50.00
18. Save As Your Earn (SAYE) Scheme	1	10.00

Inspite of this, however, the IBWA has lately introduced the Express Service Till whereby customers could cash up to a maximum of ₦500 with minimum delay in any of the bank's 65 branches nation-wide. This innovation would undoubtedly be of tremendous assistance to the low and even medium-volume depositors that may often be constrained to withdraw cash at a sudden notice. The UBA has also simplified the passbook system, allowing for express cashing of up to ₦200 through the UBA Statements Savings Scheme.

Until December 1987, none of the Nigerian merchant and commercial banks had engaged in direct purchasing or sales of equities, bonds and other securities. Section 13 of Banking Decree of 1969 has specifically banned all categories of banks from direct investment in small- and medium-scale enterprises. However, since the 1988 Budget Speech of the Federal Minister of Finance, on January 4, 1988, the banks have since been empowered to invest or buy equities only in the agricultural and manufacturing sectors of the economy. This new measure aims at mobilizing the banks to play a more dynamic role as financial intermediaries and credit creators.

The purchase of stocks and underwriting of equities and bonds were hithertofore prohibited by the Banking Decree of 1969 mainly because of a sense of fairness to the business community; for, the banks' direct involvement in equity participation would tantamount to conflict of interests which might often affect the banks' judgement in granting loans and advances to customers.

On the other hand, this innovation within Nigeria's banking structure could substantially assist in Nigeria's economic recovery programme, through S.A.P., by enabling many corporations particularly the smaller ones to acquire more capital, hence generate new businesses for the economy's overall survival and growth.

The new scheme also aims at allowing the participating banks to easily convert an alarming increase in bad/doubtful debts into equities, in the affected defaulting companies, thereby providing an innovative opportunity for the banks to recover overdue loans and retarded debts through their conversion into demonstrable equities, thus further minimizing to some degree high rates of bank failures and business mortality.

Invariably, the foreign-based banks, both commercial and merchant, are the ones that would take full and immediate advantage of this new scheme within Nigeria's banking industry.

Equipment and Machinery Leasing service has been the strategic domaines of the merchant banks so far. But because of its apparent rewarding potentials, several commercial banks have been considering adopting the programme. As of late 1987, however, none of the respondent banks, being the most easily receptive to new financial ideas, has introduced the innovation within its services repertoire.

Leasing of equipment and machinery as a primary merchant banking service has become a major access for the small- to medium-scale businesses to acquire ready equipment/machineries without immediate expenditure. And resulting from recent liquidity squeeze, many commercial banks have been considering going into the leasing service, as a logical follow-up to the high monetary policy under the Structural Adjustment Programme (S.A.P.).

Presently, the merchant banks are having a fantastic boom in the leasing service as a means of

financing investments, as can be gleaned from the data summarized in Table 24, of relative assets returns for four participating banks:

Table 24

Assets Invested in the Form of Equipment Lease by Four (4) Merchant Banks (1986 to 1987)

Merchant Bank	Assets in Form of Equipment Lease	
	1986	1987
1. Continental Merchant Bank (CMB)	₦ 47.1 million	₦ 160.3 million
2. First City Merchant Bank (FCMB)	18.6	48.6
3. Nigerian-American Merchant Bank (NAMB)	10.3	44.2
4. Merchant Banking Corporation	1.8	8.3
TOTAL	₦ 77.8 million	₦ 261.4 million

As shown in Table 23, the United Bank for Africa (UBA) is the only bank out of the ten (10) banks that has introduced in 1988 a scheme for extending a short- to medium-term credit (not exceeding five (5) years in all) to rural women.

This programme is likely to receive an extensive approval among the other banks, more as a political ploy for both boosting and complementing the government's recent policy on rural banking which is being enforced by at least 60 percent (or 6 banks) of the total number of respondent banks. Indeed, quite consistent with all the Central Bank reports on rural banking, the Big Five of the respondent commercial banks, (namely: First Bank, UBA, Union Bank, Savannah and IBWA) have jointly been maintaining more than 70 percent of the totality of the rural banks established in Nigeria from 1980 to date (CBN Report for 1982: 35).

The same table further reveals that only one bank or 10 percent of the respondent banks has so far been offering dual services of Special Savings and Self-Employment Financing Schemes; both were introduced in 1986, by the Savannah Bank. The Special Savings Scheme for the youth below 21 years old operates as a kind of education insurance designed to guarantee the schooling progression of a youth into future adulthood and beyond the university level. The same Savannah Bank also promotes the Self-Employment Scheme, as contributory to

government efforts to secure employment for graduates through self-help projects on the farm, or on small-scale industrial ventures.

In terms of innovative uniqueness, the Union Bank is the only commercial bank that has introduced the Save-As-You-Earn Scheme (SAYE), serving as a dependable all-time benefit for the workers of other companies. As an inducement to those corporations that contract the scheme, the Union Bank offers a higher interest rate on regular savings.

Only two (2) banks or 20 percent of the respondent banks have been offering Credit Card Services; these are the Union Bank with UNICARD (1987) and the UBA with UBACARD (1987). Both these cheque-guarantee card schemes enable the holder to cash his cheque at any branch of the two banks, subject to a stipulated limit which is invariably indicated on the card or by the nature of the card.

The respondent banks variously offer different types of Trust Services, such as Court Trust (40 percent); Private Trusts (60 percent); Estate Administration (100 percent); Premium and Insurance Trust (5 percent); Mort-

gage (50 percent); Pension/Employee Scheme (100 percent); and Safe Deposit Boxes (100 percent). The Trust Services offered by the Nigerian banks do not however appear as well-articulated or patronized, and specialized as in the Philippine Banks. Ideally, the commercial banks should hands-off this area, to make it the exclusive monopoly of investment/merchant or trust banks per se.

Some five (5) banks or 50 percent of the respondent banks offer Payroll and Armoured Car Services; an equal number and percentage also offer Technical and Business Advisory Services to other banks or to corporations and individuals. Certain of the banks, like the UBA, offer technical services to younger, newer banks such as the Highland Bank (1988) of Gongola State, in the form of personnel training, management control and planning, clearance, and general correspondence relationship.

The banks also extend specialized commercial, agricultural and industrial services, through compartmentalized desks, to their customers. For example, the UBA's Agricultural Credit Department offers the farmer

"on-the-farm" advice on crop rotation, supervision, availability and source of livestock feeds, fertilizers, farm machinery and expansion. They also advise industrialists, fishermen, businessmen, and even students on the most viable mode of utilizing or investing available funds and credit facilities.

About one half of the respondent banks engage in massive public enlightenment (educational) campaigns through entertainment and publicity stunts. They promote national and international sports tournaments, educational seminars and workshops, and extend scholarships to deserving Nigerians. Through the electronic media, especially television, they sponsor cultural drama series both for entertainment and for promoting the particularistic interests of the actor banks in the form of periodic adverts. One of such popular T.V. series is the Cock Crow at Dawn pioneered by the UBA in early 1980's.

Approximately six (6) banks or 60 percent of them and eight (8) or 80 percent offer Collection and Clearing Services, and Credit Information Services, respectively. In addition, almost all the respondent

banks have been offering Computer Services for the last four (4) years or more. The computerization of the banking environment in Nigeria has served to provide vital information on which management decisions are based, and the ability to process that information in such a way as to assist the banks with guidelines for arriving at speedier, accurate decisions by the management.

Similarly, almost all the respondent banks have been offering Manager's Check and Mail/Telegraphic Transfer Services as a way of serving their customers more speedily and efficiently.

In summary, Table 23 vividly demonstrates the versatility, innovativeness, receptivity and enormous diversification capabilities of the multinational commercial banks in Nigeria. The banking environment is not actually that congested. Indeed, by all computations, Nigeria is very much underbanked, with a yawning ratio of 135,427 persons per bank branch as of late 1987. Yet, the huge array of specialized services offered by the banks eloquently point to a financial climate of intensive competition. It is indeed, in direct response to the growing intensive competition

around that the banks undertake to spend a great deal of resources on research and development, and on various kinds of promotional services as summarized above in the instances of the UBA, Union Bank, IBWA, Savannah and the First Bank. The investments on research and development, and on promotional services, merely serve to complement the competitive interest rates offered by the banks on individual or corporate deposits.

3. Profits from Services Offered by the Respondent Banks

Within the last ten years, banking in the eyes of many Nigerians, has become a very lucrative enterprise in Nigeria. Hence, the huge rush these days by state governments and several wealthy persons, including retired military generals, to apply for the registrations and establishment of new banks; as of late 1987, for example, fifteen (15) new commercial banks had secured Presidential approval to commence operations in 1988, bringing the total to 57 banks in all (July 1988). Yet, 40 fresh applications for new charters were receiving attention as of late 1988, by the Ministry of Finance.

The vogue in most instances is to set-up

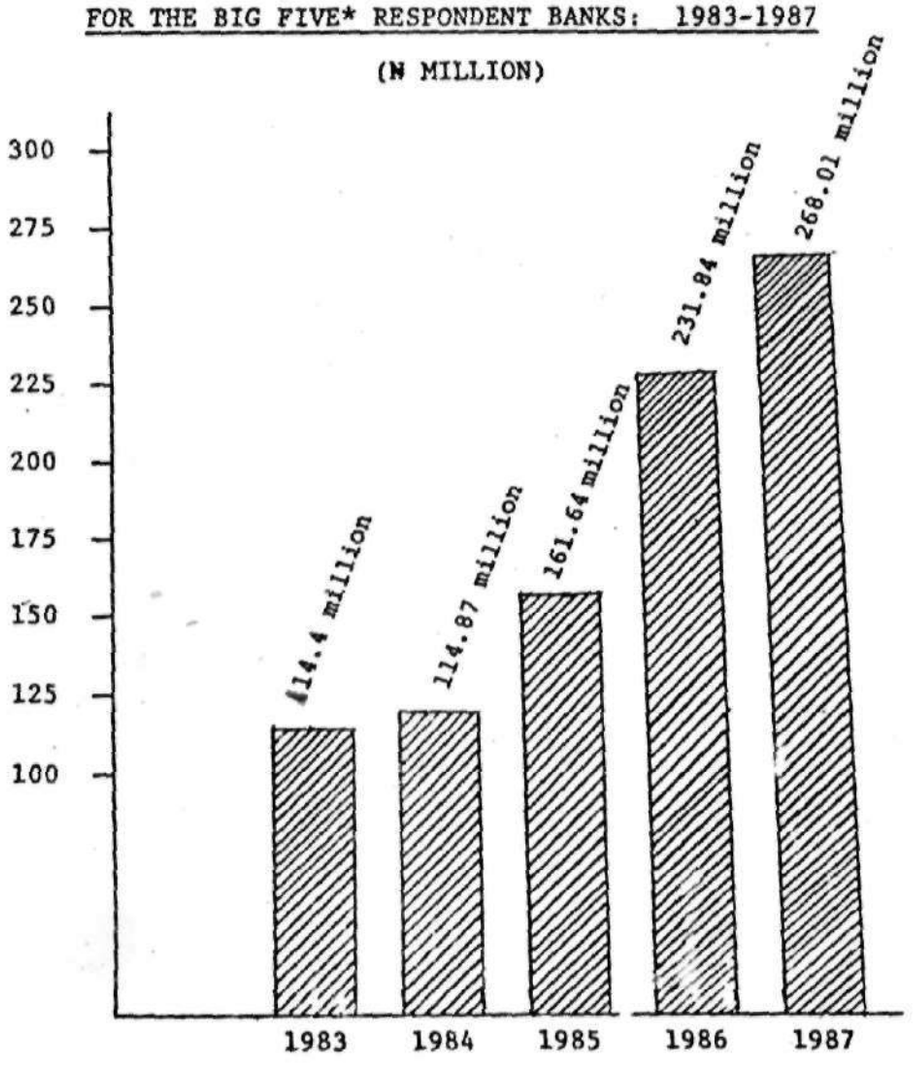
commercial or merchant financial houses often in co-operation with foreign-based technical partners; the latest in the series of these new banking houses are the Eko International Bank of Lagos State and the Highland Bank of Gongola State which were both inaugurated in mid-1988.

Between 1984 and 1987, the banking industry had recorded an unprecedented boom, a great surge in profit maximization. The multinational commercial banks, notably, the Big Five (UBA, First Bank, Union, Savannah and IBWA) appeared to be upper most in profit making; thanks to their strenuous innovativeness, large capitalization, promotional effectiveness, situational diversification strategies, and tight, scientific management techniques which earn them the sobriquet of "scientific bankers". Like most multinational outfits, they are also viewed as highly ingenuous in siphoning or salting away the bulk of the profits, both visible and invisible, to their foreign head offices.

A cursory glance at the five-year profit returns as shown in Figure 6 for the Big Five or the five dominant foreign-based banks, one discovers an upward

Figure 6
AFTER-TAXATION PROFIT
FOR THE BIG FIVE* RESPONDENT BANKS: 1983-1987

(₦ MILLION)



*The Big Five are: First Bank, IBWA, Savannah Bank, Union Bank and UBA.

growth of the graph. In other words, inspite of the trying recessionary period the country was wading through, the after-tax profits of most of the 37 commercial banks posted, on the average, a very appreciable growth, particularly from 1985 to 1987.

The only outstanding exceptions to the rule are the Pan African Bank, the Mercantile Bank and the Cooperative and Commerce Bank, all state commercial banks, that facedimminent insolvency (bank failure) within the period 1986 to mid-1988. In the case of the Mercantile Bank for example, there was a notable deficit profit of minus (-) ₦24,887 in 1986 and a zero (0) profit for the 1987 financial year.

Paradoxically, amidst the much publicized recession or liquidity squeeze, resultant of a huge slump in oil returns (from about $25 billion in the early 1980's to barely $7 billion in 1987), both the merchant and the commercial banks have continued to reap huge windfalls of profit all along. As can be further discerned from the accompanying Table 25, the Union Bank made an after tax profit of over ₦61 million; by 1986 and 1987, the corresponding figures were ₦53.8

million (₦103.7 million before tax) and ₦56 million (₦83.5 million before tax) respectively.

The UBA recorded post-taxation profits of ₦42 million and ₦73.6 million for 1986 and 1987 respectively; whereas the NIB's ₦19 million profit in 1986 jumped up to a phenomenal level of ₦58 million in 1987 (Table 33)!

By 1986, when activities in other sectors of the ailing Nigerian economy were at a very low ebb (with GDP falling by 3.3 percent), the banking system as a whole was almost at its highest peak in more than two decades. In this year, as noticed from the same table, the IBWA confidently announced a pre-tax profit of ₦62 million, up by ₦22 million from 1985 figure of ₦40 million; whereas the First Bank declared a pre-tax profit of ₦146 million, up from ₦44 million in 1982.

Even the 54 year old National Bank, an indigenous, regionally-based commercial bank, which for several years-past had appeared virtually allergic to profit-making, suddenly burst out, recording a marginal profit of ₦1.7 million in 1986.

Table 25

After-Tax Profits for the Big Five* Respondent Banks (1983-1987)
(Amounts in Naira)

Banks	1983	1984	1985	1986	1987
	₦	₦	₦	₦	₦
First Bank	29,850,000	29,144,000	53,404,000	86,625,000	68,013,000
IBWA	14,500,000	15,390,000	23,650,000	36,630,000	51,660,000
Savannah	9,200,000	10,101,000	8,841,000	12,653,000	18,523,000
Union Bank	30,611,000	28,751,000	41,550,000	53,849,000	56,158,000
UBA	30,200,000	31,482,000	34,193,000	42,081,000	73,653,000
Total	114,361,000	114,868,000	161,638,000	231,838,000	268,007,000

*For the other Five Respondent Banks,
please see Table 33 below.

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The unprecedented growth in the banks' profit maximization between 1986 and 1987 is being attributed not so much to the loans, depository services and international banking, promotional skills, diversification strategies, and tight management policies of the expatriate banks in particular, but more to their alleged involvement in shoddy foreign exchange deals. Recent investigations, by the Insider of June 12, 1988: 8, for example, have revealed that the banks have long devised a clever strategy of selling stored-up foreign exchange (forex) to ever-anxious customers at prohibitive prices (of about $1 to ₦6.7) while they (the banks) put the prevailing selling rate (of say $1 to ₦4.3) in their fortnightly returns to the Central Bank which sponsors the two-weekly biddings, thus escaping with over 50 percent profit margin. This obnoxious practice was obviously necessitated by scarce foreign exchange for prospective business groups, particularly those desirous of salting away huge quantities of naira in dollar form, or for financing imports into the country. In this manner, the banks capitalize on the inherent scarcity of foreign currencies needed so badly to finance genuine

imports, thereby directly defeating the very objectives of the 1986 Second Tier Foreign Exchange Market (SFEM) which was subsequently amalgamated and revised to become simply Foreign Exchange Market (FEM) by 1987.

4. The Ways by Which the Respondent Banks Contributed to Nigeria's Economic Growth from 1983 to 1987

As mentioned before, commercial banks anywhere have been serving as the main pivot of any nation's capital market; hence the nerve-centre of that nation's economic development.

Expectedly, the ten (10) commercial banks under study have revealed vivid evidences of their relative contribution to Nigeria's economy in terms of assets generation and loans and advances granted to clients. Earlier on, we have summarily broached on the banks' aggregate contributions to Nigeria's economic growth from the view-points of employment generation, personnel development, and bank branches extended throughout the Republic.

4.1 Net Assets and Liabilities Generated into the Nigerian Economy by the Respondent Banks (1983-1987)

An examination of Tables 26 and 27, and Figure 7

below reveals that in terms of resources, the commercial banks have demonstrated a continuous, indeed fast-booming, contribution to the Nigerian economy for the five years under review. The total assets and liabilities for the five years depict a steady growth from 1983 (₦26 billion) and 1984 (₦30 billion) to 1985 (₦32 billion); but recording accelerated growth as of 1986 where the total value of assets of all the commercial banks reached a record high of ₦40 billion, thus registering a net increase of approximately ₦10 billion (or 33 percent) over the previous year (1985). For the years 1983 to 1984, the average net increase amounted to ₦3 billion, more or less 12.7 percent. The increase of assets in 1987 to about ₦45 billion similarly reveals a manifest gain of approximately 12.5 percent or ₦5 billion over the previous year.

Both the merchant banks (Tables 28 and 29), and the Big Five of the respondent banks (Table 30 and Fig. 7) posted similar annual increases in assets and liabilities, with the 1986 recording the highest percentage gain of almost 70 percent (or ₦3.4 billion) in the case of the merchant banks, and barely 25 percent

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Table 26

Commercial Banks' Statement of Assets and Liabilities

A s s e t s

(₦ million)

	CASH			BALANCES WITH				LOANS AND ADVANCES TO							INVESTMENTS							
											Bills Discounted				In Nigeria							
End of Year/Month	(1) Vault Cash	(2) Balances with Central Bank	(3) Total	(4) Banks in Nigeria	(5) Offices and Branches Abroad	(6) Other Banks Abroad	(7) Total	(8) Banks in Nigeria	(9) Other Customers	(10) Money at call outside CBN	(11) Payable in Nigeria	(12) Payable Abroad	(13) Total	(14) Total Loans and Advances	(15) Treasury Bills	(16) Treasury Certificates	(17) Others	(18) Total	(19) Abroad	(20) Total Investments	(21) Other Assets	(22) Total Assets
DECEMBER 1953	496.5	810.2	1266.7	652.2	4.0	333.7	996.9	4.8	10258.1	718.4	114.7	3.8	118.5	11100.0	4361.7	778.7	590.0	5730.4		5730.4	7607.5	26701.5
DECEMBER 1954	463.7	568.4	1032.1	433.4	4.0	399.3	836.7	14.0	10797.8	638.1	44.3	9.2	53.6	11503.5	7296.6	1428.5	511.7	9237.8		9237.8	7456.7	30066.8
DECEMBER 1955	445.1	348.1	805.2	367.6	24.1	385.6	792.3	16.2	11705.2	401.7	42.4	4.8	47.2	12170.2	7990.9	2264.0	620.9	10875.8		10875.8	7349.3	31992.6
DECEMBER 1956	538.6	570.0	1488.4	801.6	85.8	1448.3	2226.7	44.6	14808.3	617.2	116.1	115.3	231.4	15701.5	3062.0	1360.6	800.7	5223.3	491.2	5713.5	8721.8	39578.8
DECEMBER 1957	485.8	676.2	1162.0	484.7	205.3	1928.2	2618.2	117.8	15445.3	725.2	150.8	0.6	151.3	16439.7	4474.8	1266.3	811.5	6552.6	-	6552.6	14324.2	1088.7

TABLE 27

Commercial Babks' Statement of Assets and Liabilities

L i a b i l i t i e s

(₦ million)

End of Year and Month	Capital Accounts	Balances held for				Money at call from Banks		Loans and advances from					Deposits					Other Liabilities	Total Liabilities
		Banks in Nigeria	Offices and Branches Abroad	Other Banks Abroad	Total	In Nigeria	Abroad	Central Bank	Other Banks in Nigeria	Banks outside Nigeria	Others	Total	Demand	Time	Savings	Total	Certificates of Deposits		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
DECEMBER 1983	845.1	148.8	0.4	262.1	411.3	66.0	-	-	-	-	76.0	76.0	5855.6	5203.6	2879.3	13938.5	107.6	11252.0	26701.5
DECEMBER 1984	966.7	207.3	9.9	83.2	300.4	270.0	-	66.6	-	-	-	66.6	6343.5	6030.0	3361.3	15734.8	47.5	12680.7	30066.7
DECEMBER 1985	1128.7	60.8	106.9	142.7	310.4	52.6	1.7	-	10.0	10.1	64.4	84.5	7046.2	6851.0	3699.9	17597.1	20.4	12802.5	31997.9
DECEMBER 1986	1298.7	204.1	374.7	405.9	984.7	155.4	-	-	15.0	39.0	64.9	118.9	6649.8	7217.6	4270.2	18137.6	49.7	18833.6	39578.6
DECEMBER 1987	1437.2	284.0	230.4	641.0	1155.4	195.9	-	-	12.2	-	175.8	188.0	6195.0	7920.6	4638.0	18753.6	99.9	19238.7	41,088.7

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(or ₦1.00 billion) in the case of the Big Five respondent banks (Table 30). This spectacular growth has been attributed more to returns from high interest rates of up to 22 percent and the Second Tier Foreign Exchange Market.

Figure 7 and Table 30 below together provide a comparative picture of the performance of the Big Five banks relative to the overall performances of the totality of either the commercial banks or the merchant banks. It will be obeerved from the same Table that the Big Five have succeeded jointly in injecting, in terms of net assets/liabilities, into the Nigerian economy approximately 44.20 percent (1983), 41.62 percent (1984), 43.48 percent (1985), 37.43 percent (1986) and 37.65 percent (1987). The total performance for the five years amounted to 40.33 percent (or ₦83.19 billion) of the total volume of assets generated by both the commercial and merchant banks put together. By comparison, the merchant banks recorded only 15.73 percent (or ₦32.46 billion) of the total value of net assets and liabilities generated by all the banks within the five-year period. Invariably, the net assets generation by the

TABLE 28

Merchant Banks' Statement of Assets and Liabilities

A s s e t s

(₦ million)

*Includes Federal Government Stocks, Ordinary Shares, Preference Shares, Debentures, etc.

End of Year/ Month	Cash Balances with the Central Bank	Balances held with				Loans and Advances						Investments								
		Banks in Nigeria	Offices and Branches Abroad	Banks Abroad	Total	Banks in Nigeria	Other Customers	Money at call outside CBN	Bills Discounted and Payable in Nigeria	Factored Debts	Total Loans and Advances	Treasury Bills	Treasury Certificates	Bankers Unit Fund	Certificates of Deposits	Equipment on Lease	Others *	Total Investments	Other Assets	Total Assets
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
DECEMBER '83	307.5	17.5	0.2	81.9	109.6	3.2	1018.2	409.2	34.8	0.5	1465.9	374.5	11.0	-	135.7	48.9	9.7	599.8	1822.1	4304.9
DECEMBER '84	120.4	31.7	4.9	99.9	136.5	-	1181.5	406.2	84.1	0.1	1671.9	876.5	17.5	-	105.5	56.0	10.4	1065.9	1501.9	4495.8
DECEMBER '85	70.4	60.1	0.3	136.0	197.2	2.3	1323.8	385.1	91.7	-	1802.9	1027.1	105.0	1.8	82.5	86.6	41.8	1348.8	1585.8	5,001.1
DECEMBER '86	161.0	16.8	-	1134.5	1151.3	2.0	2064.2	562.4	142.9	-	2771.5	98.0	50.2	0.0	107.8	153.1	111.2	520.3	3841.2	8445.3
DECEMBER '87	252.2	63.2	-	1437.2	1500.4	1.6	2426.6	1113.3	122.8	0.1	3664.3	264.1	18.6	-	410.6	246.7	183.6	1123.6	4139.4	10680.0

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TABLE 29

Merchant Banks' Statement of Assets and Liabilities

L i a b i l i t i e s

(₦ million)

End of Year/ Month	Capital Accounts	Balances held for			Money at Call from		Certificates of Deposits Issued	Loans and Advances from		Deposits			Other Liabilities	Total Liabilities
		Banks in Nigeria	Banks Outside Nigeria	Total	Banks in Nigeria	Banks outside Nigeria		Others	Total	Demand	Time	Total		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
DECEMBER 1983	85.4	40.6	26.5	67.1	286.7	2.5	184.8	2.8	2.8	484.7	793.7	1,278.4	2,397.2	4,304.9
DECEMBER 1984	131.5	69.5	7.0	76.5	348.6	0.6	116.5	-	-	511.0	970.6	1,481.6	2,310.6	4,495.9
DECEMBER 1985	163.7	23.9	12.2	36.1	398.3	-	72.5	-	-	530.5	1,318.2	1,848.7	2,481.8	5,001.2
DECEMBER 1986	191.8	79.6	1.1	80.7	863.3	-	159.3	33.0	33.0	601.9	1,739.7	2,341.6	5,075.6	8,445.3
DECEMBER 1987	265.2	54.6	55.5	112.1	735.1	6.4	354.3	21.5	21.5	591.7	2,122.1	2,713.8	6,471.4	10,680.0

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totality of merchant banks - during the five years under study-hardly exceeded 50 percent of the gross assets generated by the Big Five in any one year.

A significant development in the operations of the commercial banks during the year 1986 was the increased role assigned to them in the allocation and management of the Nation's foreign exchange earnings. Since the SFEM took off in September 1986, foreign balances and external investments of all Nigerian banks had increased astronomically. The level of their foreign assets-holding had increased to ₦1.4 billion, representing 28.1 percent of the total official holding at the end of December 1986 from ₦153.2 million or 8.4 percent of the total in the corresponding month of 1985.

A glance at Table 30 below, for the net assets and liabilities of the Big Five, one discovers that the rate of increase in generation into the economy has not been all that continuously ascendant at least in the case of one bank, the UBA. For the financial years 1984, and astonishingly 1986, the UBA recorded actual losses or decreases in net assets. The 1984 (₦3.5 billion) figures, for example, revealed a net loss of

Figure 7
NET ASSETS GENERATED BY THE BIG FIVE AND THE COMMERCIAL AND MERCHANT BANKS
(1983-1987 in Billions of Naira)

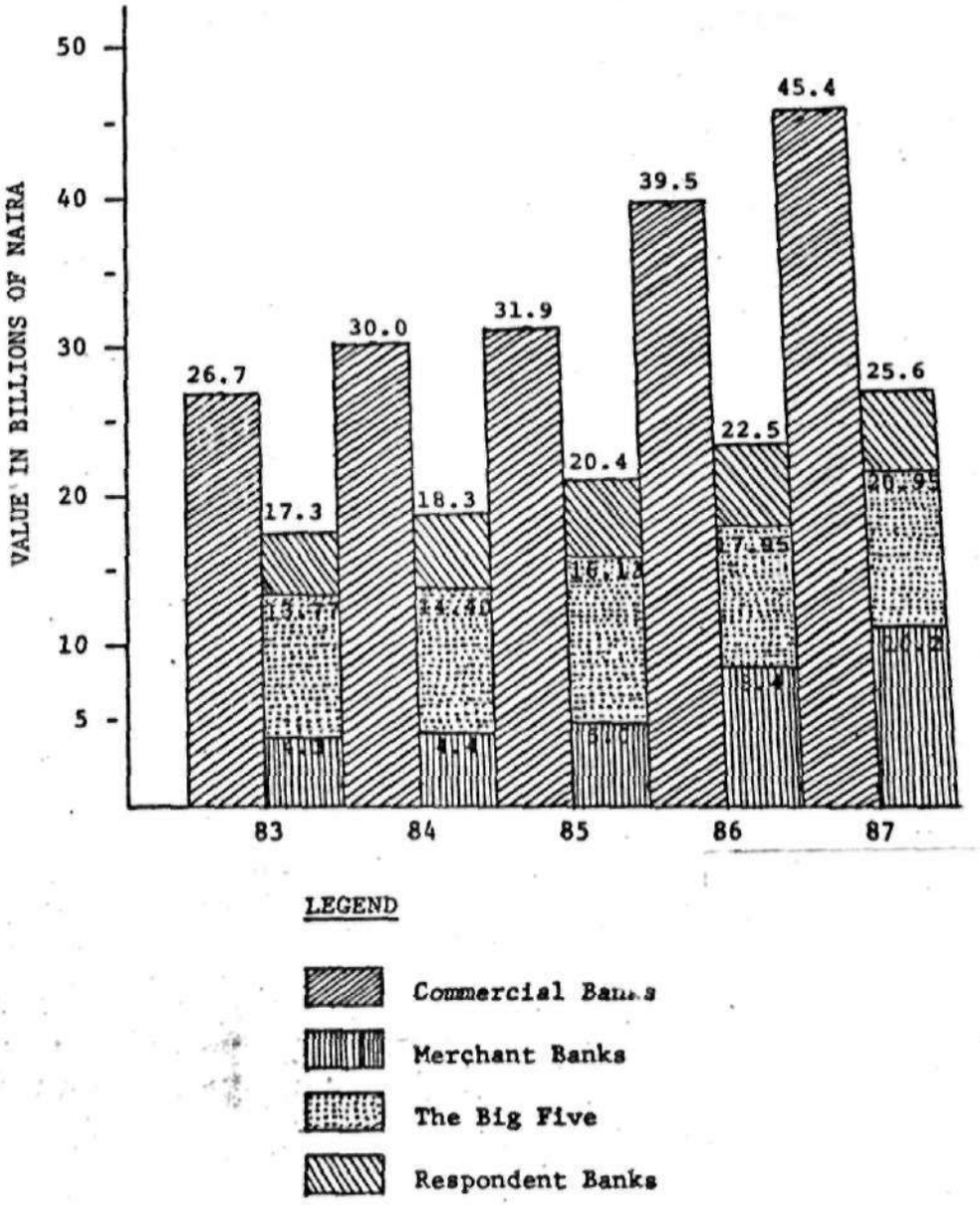


TABLE 30

The Big Five
Net Assets
(1983-1987)
(N'000)

BANK	NET ASSETS						
	1983	1984	1985	1986	1987	Total	Ranking
FIRST BANK	(4.14) 4,135,344	(4.83) 4,829,176	(5.10) 5,052,994	(6.00) 5,995,762	(6.78) 6,776,874	(26.85)	1
I B W A	(1.64) 1,641,910	(1.61) 1,614,700	(1.80) 1,803,520	(2.11) 2,109,820	(2.64) 2,635,590	(9.80)	4
SAVANNAH	(0.77) 769,976	(0.81) 797,704	(0.84) 838,392	(0.90) 884,193	(1.41) 1,411,816	(4.73)	5
UNION BANK	(3.47) 3,467,623	(3.60) 3,595,291	(3.63) 3,627,335	(4.34) 4,339,964	(4.50) 4,462,282	(19.54)	3
U B A	(3.80) 3,750,864	(3.57) 3,567,345	(4.80) 4,802,882	(4.52) 4,517,644	(5.66) 5,656,712	(22.35)	2
T O T A L	(13.80) 13,765,717	(14.40) 14,404,216	(16.13) 16,125,123	(17.95) 17,947,383	(20.94) 20,943,274	(83.28) 83,279,000	

* Figures in brackets are in billions of naira.

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TABLE 31

Comparative Chart of the Net Assets/Liabilities
For The Big Five, and the Commercial and Merchant Banks
(1983-1987)

(In Billion of Naira)

THE BIG FIVE (1)		YEAR	MERCHANT BANKS (2)		COMMERCIAL BANKS (3)		TOTAL	
Value	% of (all Banks) (2) & (3)		Value	%	Value	%	Value (2) & (3)	% (2) & (3)
13.77	44.20	1983	₦ 4.30	13.67	₦ 26.70	86.13	31.00	100.00
14.40	41.62	1984	4.50	13.01	30.10	86.99	34.60	100.00
16.13	43.48	1985	5.00	13.48	32.10	86.52	37.10	100.00
17.95	37.43	1986	8.45	17.40	39.50	82.50	47.95	100.00
20.94	37.65	1987	10.21	18.33	45.41	81.67	55.62	100.00
83.19	40.33	TOTAL	32.46	15.73	173.91	84.27	206.27	100.00

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approximately ₦2 million as against the 1983 figures of ₦3.7 billion; and a net loss of about ₦3 million for 1986 (₦4.5 billion) as against the 1985 total assets of ₦4.8 billion.

This discrepancy apart, all the other ten (10) respondent banks including the newer ones like the NIB (whose net worth rose from ₦801 million in 1985 to ₦1.1 billion in 1987, or a 72.7 percent increase over 1986) recorded modest increases in assets generation into the Nigerian economy between 1983 to 1987. The net assets of the Big Five banks for instance amounted to approximately ₦21 billion in 1987, a figure which comes to about 47 percent of the entire assets generated by all the Nigerian commercial banks (₦45 billion) during the period. The same year also witnessed the highest level of assets increase in five years, with approximately 17 percent growth over the 1986 net value.

Thus, the ten (10) respondent banks put together have been injecting no less than 50 percent of the total assets/liabilities into the Nigerian economy (also see Table 32).

In terms of liabilities, as evidenced in Tables 27 and 32, there was a sudden increase in overseas liabilities in 1986, shooting up to almost 300 percent from the previous year, as in the balances held for offices and branches abroad. This is probably one of the major areas where the respondent banks succeed in siphoning foreign currency, under the pretext of maintenance of overseas branches and correspondents.

Overall, Tables 26 to 32 reveal a net assets interest in Nigeria's economic growth by the banks, particularly the ten (10) respondent banks. A substantial percentage of the net value of assets so generated in the form of total resources during the five-year period were utilized by the banks to finance productive ventures within Nigeria. And with all the large-scale, secret siphoning of bank revenues abroad, especially by the multinational commercial banks, it is quite clear that more than 80 percent of the assets cycled internally (see Table 26 to 29 above).

4.2 Total Deposits Generated by the Respondent Banks (1983-1987)

As depicted in Table 27 above, the commercial

banks have been registering a very steady growth in depository services, thereby injecting very substantial funds into the domestic economy in particular.

The principal deposit areas for the commercial banks, as indicated in Table 27 (columns 13-16) are Demand, Time and Savings; others include Deposits due to other banks and Foreign Transfers Payable. Consistent throughout the period 1983 to 1985, Demand Deposits Account had been the premier depository service, often leading the Time Account by as much a margin as ₦2 to ₦6 million naira.

By 1987, the Time Depository Account (₦7.21 billion or 40 percent of entire Depository balance) took the lead, over the Demand Deposit which declined to ₦6.65 billion, by almost ₦4 million naira below the 1986 level of ₦7.05 billion.

The reason for the growth in depository accounts should be attributed primarily to (1) the High Interest Rates imposed by the Central Bank within 1986 and (2) the tight economic squeeze which drastically reduced investments and compelled citizens to save more in the banks than borrow at inflationary interests.

TABLE 32

TOTAL DEPOSITS GENERATED
BY THE BIG FIVE (1983-1987)

(Value in Billions of Naira)

BANK	1983	1984	1985	1986	1987	Net Value	Ranking
FIRST BANK	3.57	4.12	4.13	4.41	5.01	21.24	1
I B W A	0.96	0.85	1.12	1.04	1.63	5.6	4
SAVANNAH	0.69	0.75	0.78	0.82	1.33	4.37	5
UNION	3.47	3.60	3.63	4.34	4.47	19.51	2
U B A	3.02	3.11	4.32	3.93	4.77	19.15	3
T O T A L	11.71	12.43	13.98	14.54	17.21	69.87	

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An examination of Table 33 and Figure 8 below, also reveal a fairly steady growth of Depository generation by all the Big Five banks between 1983 to 1987 Financial Years. By 1987, the volume of deposits has already reached a record pitch of ₦17.21 billion, approximately ₦5 billion (or 38.5 percent), higher than the 1983 level of ₦13 billion.

A closer scrutiny of the relative performance of each of the Big Five, the same Table 33 reveals that the Union Bank, the First Bank and to some extent the Savannah Bank had posted the most steady growth in depository services relating to Time, Demand and Savings. On the other hand, the IBWA had witnessed some reversals in 1984, losing by as much as ₦8 million in 1986. The UBA also suffered a major downtrend in 1986 when its depository fortunes declined to ₦3.93 billion as against the 1985 volume of ₦4.32 billion, thus incurring a net loss of about ₦4 million for the 1986 financial year.

It is worth noting (from Table 33 and Figure 8) that for the five-year period under reference, the total deposits generated by the Big Five consistently averaged 65 percent to 80 percent of the composite

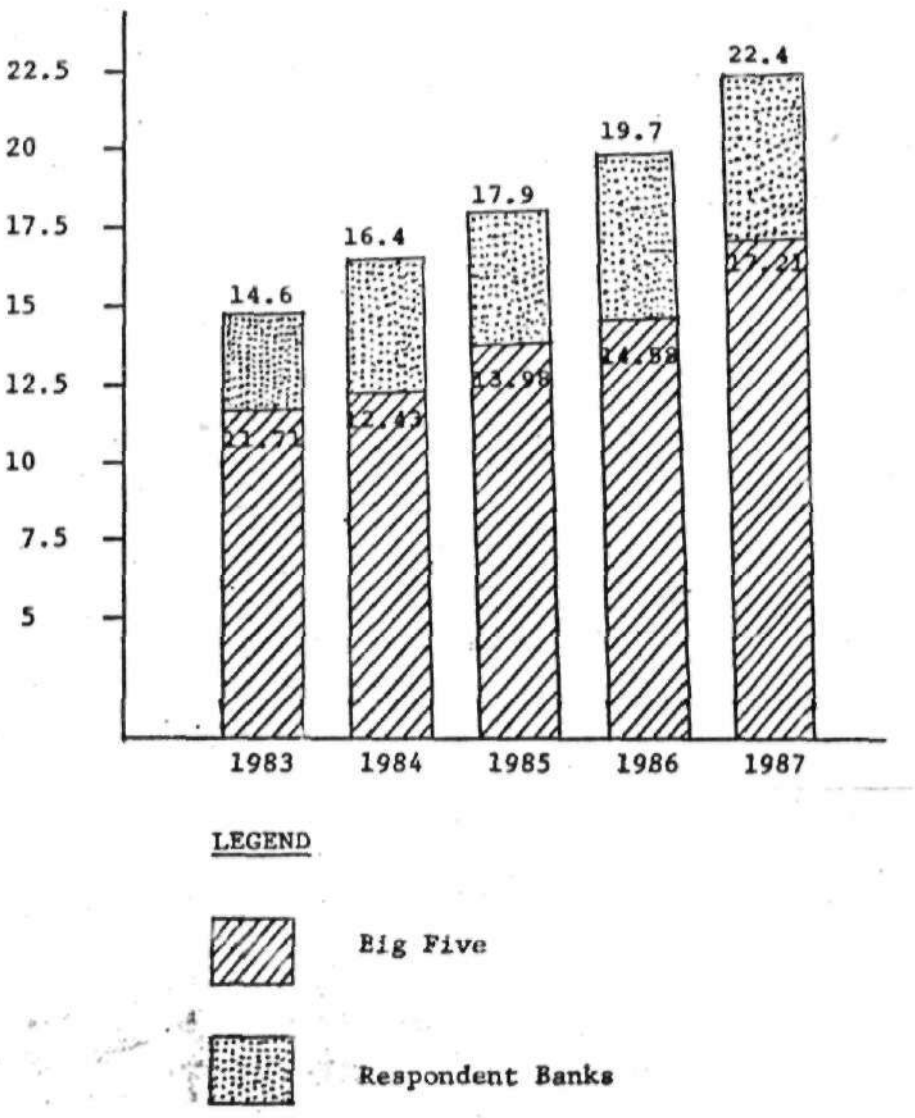
TABLE 33

Range of Assets, Loans and Advances, Deposits of the Other Five Respondent Banks (1983-1987)

	ASSETS (Million Naira)					LOANS & ADVANCES (N Million)					DEPOSITS (N Million)					PROFIT (N Million - Tax)				
	83	84	85	86	87	83	84	85	86	87	83	84	85	86	87	83	84	85	86	87
NIGERIA ARAB BANK (1962) Lagos-Head Off.	321	340	383	457	602	116	140	160	232	243	299	315	351	400	500	1.6	2.9	4.0	5.6	6.8
ALLIED BANK (1962) Lagos-Head Off.	459	582	672	827	938	133	157	163	232	267	184	222	334	308	477	3.5	4.0	5.0	7.6	8.3
B C C I (1979) Kano-Head Off.	800	1,200	1,600	2,000	2,400	275	382	406 ■	448 ■	503 ■	322	404	498 ■	487 ■	692 ■	3	11	20	26	37
HABIB BANK (1983) Kaduna - Head Office	NA	185	235	546	643	NA	28 ■	33 ■	98.6	98.7	NA	102	155	228	298	NA	0.54	0.78 ■	3.4 ■	7.9 ■
NIGERIAN INTERNATIONAL BANK (1984)	NA	NA	570	801 ■	1.2b	NA	NA	83	111 ■	110 ■	NA	NA	285	389	698	NA	NA	12 ■	19	58
TOTAL	1,580	2,307	3,460	4,631	5,783	524	707	845	1,121.6	1,221.7	805	1,043	1,307	1,812	2,701	8.3m	18.4	41.8	61.6	177.2

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Figure 8
TOTAL DEPOSITS GENERATED BY
RESPONDENT BANKS AND
THE BIG FIVE
(1983-1987)



totals recorded by all the Commercial Banks combined. For instance, in 1986 alone, the Big Five (₦14.54 billion) attained 80 percent of the total of ₦18.16 billion deposits generated by all the Commercial Banks.

Bank deposits constitute the most influential organ in any nation's financial system. The Nigerian commercial banks through the depository function assemble all the idle funds of the general public, and direct the same to productive ventures in the form of loans to potential borrowers or investors. By lending the funds to the potential entrepreneurs that are ready to invest the liquid cash in productive projects, the idle funds invariably bring developments, in the form of both output and changes in the composition of the output which count for economic growth.

This implies that the deposits of the respondent banks, which attain to more than 50 percent of the total value for the entire commercial banks in Nigeria, supply liquidity to the economy. Through their ability to lend and invest, as in Tables 26 to 33 above and in Table 34 to 37 below, the respondent banks like the others within the financial system provide money imme-

diately in consideration of assets or efforts that have a future money value.

The deposits reach the commercial banks through checks issued by other banks, cash, items for collection from banks and others, proceeds of loans and discounts left on deposits, travellers' cheques, drafts, money orders, and promissory notes. Other areas of depository investments by the Nigerian commercial banks pertain to government treasury bills, treasury certificates, vault cash, balances in the Central Bank and money at Call outside the Central Bank (Table 26).

Demand, Time and Savings Deposits, also play a major increasing role in assets/liabilities generation, often amounting to over 40 percent of the net assets/ liabilities in 1986 for instance.

It is however worth noting that the 1986 spectacular figures of the banking system as a whole, point generally to the Central Bank's tight monetary policies (SAP) which constrained the productive sector of the economy. The immediate consequence of these measures adopted to mop-up excess liquidity in the banking system coupled with the contractionary impact

of the Foreign Exchange Market (FEM) operations on money supply, led to a sharp and persistent decline in the liquidity ratio of all the commercial banks. Indeed, the liquidity ratio averaged 67.5 percent in 1985; 57.3 percent for 1986, before plummeting to 55.2 percent by December 1987 (see figures released by CBN 1987 Financial and Economic Report). This Liquidity Squeeze naturally impacted a severe strain on the entire populace whose spending power was drastically reduced between 1985 to late 1987.

The Liquidity Trap, a natural consequence of SAP and the fall in oil prices, further compelled the banks to institute, as directed by the Central Bank, High Rates of Interests of a maximum of 22 percent and a minimum of 15 percent for prime lending categories.

The banks also had to resort to making contingent provisions for Bad and Doubtful Debts. For instance, in 1986 alone, the First Bank of Nigeria, one of the ten (10) respondents, had to provide ₦48.9 million or 8.5 percent of its gross earnings to offset bad and doubtful debts. This figure was approximately 13 percent higher than the ₦29.6 million the bank budgeted in 1986. Similarly, out of a gross earnings

of ₦177.6 million in 1987, the Savannah Bank had to put aside ₦58.1 million as a contingency provision for bad and doubtful debts. This trend runs across the entire commercial banking system, with the ten (10) respondents making the largest total provisions between 1985 and 1987.

One may indeed be tempted to agree with some financial observers that any banking system that is characterized by an increasing provision of bad and doubtful debts necessarily calls for utmost caution from the domestic monetary authorities, as personified by the Central Bank. It may also serve as a great disincentive to new entrants, especially in 1987 when Nigeria had to face a tight economic recovery programme and an imminent liquidity squeeze.

4.3 Aggregate Loans and Advances Generated in the Nigerian Economy by the Respondent Banks

The commercial banks in Nigeria have been the primary sources of industrial, commercial and agricultural loans. And because these banks also operate the payments on check collection system, they have little competition for the deposits that represent

purely working balances.

The Nigerian banking system, like any other, builds up deposits by increasing loans and investments so long as banks keep enough currency and reserves to meet the necessary requirement imposed on them by regulation, and to redeem whatever amounts the holders want to convert into currency. Commercial bank loans are thus utilized to spur economic activities that bring improvements to the growth of the Nigerian economy.

Thus, Tables 34 and 35, and Figure 9 below jointly reveal a fairly steady and continuous growth in the commercial banks' notably, the ten (10) respondents', aggregate loan portfolio for the last five years (1983-1987), amply illustrating thereby their vigorously increasing commitment to not only profit-maximization but also to Nigeria's overall economic development. It will be observed from the Tables under reference that 93 percent of the banks' loans and advances, for the specified period, were fully injected into and circulated within the Nigerian economy as analysed in Table 34 above.

A closer look at Table 34 and 35, one discerns

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TABLE 34

Analysis of Commercial Banks' Loans and Advances

(N million)

End of Year and Month	Production				General Commerce			Service		Others			
	Agriculture Forestry and Fishing (1)	Manufacturing (2)	Mining and Quarrying (3)	Real Estate and Construction (4)	Domestic Trade (5)	Exports (6)	Imports (7)	Public Utilities (8)	Transportation and Communication (9)	Credit and Financial Institutions (10)	Governments (11)	Miscellaneous (12)	Total (13)
	940.4	3.05 3,053.1	0.12 118.7	2.30 2,260.2	1,066.6	137.7	522.9	181.3	718.2	810.1	589.0	695.7	11.1 11,093.9
	1.05 1,052.1	3.08 3,083.5	165.6	2.40 2,373.8	1.2 1,197.7	133.5	491.5	200.7	738.5	753.2	579.6	734.0	11.50 11,503.7
	1.31 1,310.2	3.23 3,232.2	0.24 236.1	2.50 2,493.7	1.42 1,417.7	122.6	511.0	244.0	743.7	538.3	552.6	768.2	12.2 12,170.3
	(3) 1,6583 1.83	(1) 4,475.2 4.48	268.0 0.20	(2) 2,840.4 2.84	(1) 1,725.0 1.73	311.5	718.3	242.1	(2) 730.3	823.2	514.8	1,282.5 1.28	15,701.6 15.7
	2,119.2	4,836.9	206.1	2,832.6	1,809.0	282.1	569.6	233.4	1,265.7	1,181.9	533.0	550.2	16,439.7

TABLE 35

Analysis of Commercial Banks' Loans and Advances

(₦ million)

End of Year and Month	Production				General Commerce Service						Others			
	Agriculture Forestry and Fishing	Manufacturing	Mining and Quarrying	Real Estate and Construction	Bills Discounted	Domestic Trade	Exports	Imports	Public Utilities	Transportation and Communication	Credit and Financial Institutions	Government	Miscellaneous	Total
December 1983	54.5	484.3	8.9	245.0	54.9	33.2	1.6	93.1	16.6	25.7	16.0	2.4	449.3	1.50 1,485
December 1984	79.3	529.6	26.9	313.7	98.3	32.3	1.1	96.2	15.0	36.9	11.9	3.5	441.3	1.70 1,686
December 1985	120.2	576.8	47.4	297.2	91.7	46.3	38.8	96.3	18.4	46.2	13.8	17.2	427.6	1.8 1,802
December 1986	211.8	1009.8	58.1	335.7	142.9	85.3	19.8	139.7	36.2	63.8	14.4	5.1	648.9	2.8 2,771
December 1987	247.5	1284.8	55.0	338.4	122.8	97.1	22.9	155.7	28.1	66.5	24.8	19.1	1,204.5	3,664.

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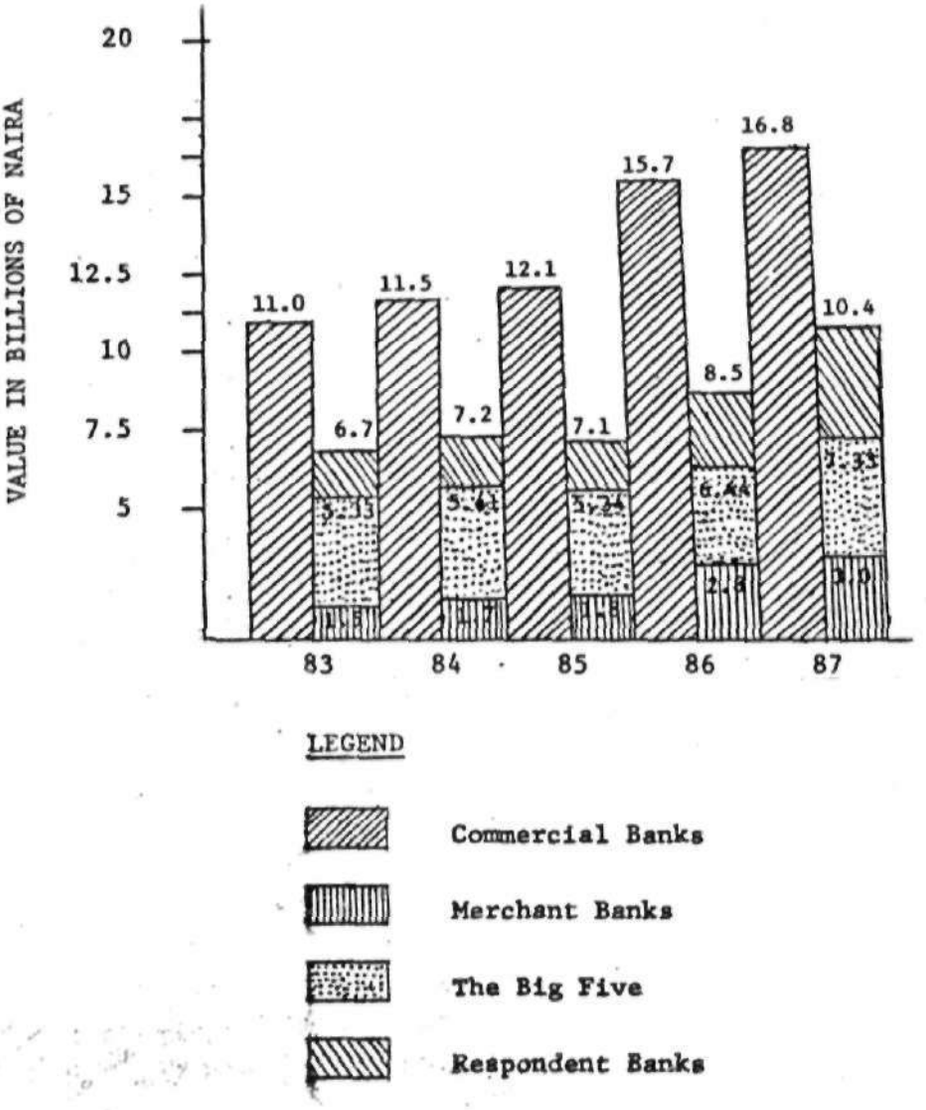
net increases of ₦2 billion to ₦4 billion in 1984 over the 1983 loans and advances granted by the merchant and commercial banks respectively, thus revealing net increases within the ranges of 3.6 percent (Commercial) 13 percent (Merchant). By far, the most dramatic net growth in loans and advances injected by the commercial banks in particular came up in 1986 whose total volume of ₦15.7 billion revealed a net gain of about ₦3.5 billion (or 29 percent) over and above the 1985 level of ₦12.2 billion; the 1986 gain also represents a 41 percent net increase over the 1983 level. Similarly, the modest contribution of the merchant banks, whose total volume of loans and advances in Table 35 had consistently averaged below 15 percent of that of the commercial banks from 1983 to 1987, succeeded in posting a record increase of ₦1 billion (or 64.3 percent) in 1986 over the 1985 total of ₦1.8 billion.

It is worth noting that, in terms of loans generation into the Nigerian economy from 1983 to 1986, the total volume for the merchant banks combined (₦10.8 billion) amounted to a mere 36.4 percent of the Big Five banks (with a total of ₦29.7 billion) as depicted

Figure 9

AGGREGATE LOANS AND ADVANCES
FOR THE BIG FIVE AND COMMERCIAL AND MERCHANT BANKS
(1983-1987)

Value in Billions of Naira



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TABLE 36

The Big Five Loans and Advances
(1983-1987)

(N'000)

BANK	LOANS & ADVANCES					Total Value	Ranking
	1983	1984	1985	1986	1987		
FIRST BANK	(1.38) ₦ 1,376,705	(1.40) ₦ 1,402,456	(1.47) ₦ 1,474,541	(1.87) ₦ 1,869,452	(2.05) ₦ 2,047,113	(8.17)	2
I B W A	(0.51) 506,520	(0.50) 485,890	(0.51) 512,480	(0.73) 730,630	(0.95) 952,550	(3.2)	4
SAVANNAH	(0.41) 411,775	(0.43) 427,364	(0.45) 449.625	(0.52) 520,094	(0.66) 659,921	(2.47)	5
UNION BANK	(1.54) 1,536,949	(1.56) 1,556,412	(1.50) 1,492,980	(1.85) 1,845,956	(1.87) 1,872,215	(8.32)	1
U B A	(1.50) 1,493,521	(1.53) 1,533,263	(1.41) 1,409,137	(1.47) 1,471,419	(1.80) 1,798,432	(7.71)	3
T O T A L	(5.34) ₦ 5,325,470	(5.42) ₦ 5,405,385	(5.34) ₦ 5,338,763	(6.44) ₦ 6,437,551	(7.33) ₦ 7,330,231	(29.87)	

* All figures in brackets are in billions of Naira

TABLE 37

A Comparative Table of the Advances
Loans and Advances
(1983-1987)

(in Billions of Naira)

THE BIG FIVE (1)		YEAR	MERCHANT BANKS (2)		COMMERCIAL BANKS (3)		TOTAL (2) & (3)	% (2) & (3)
Value	% of all Banks		Value	%	Value	%		
5.33	42.34	1983	1.49	11.83	11.10	88.17	12.59	100.00
5.41	41.02	1984	1.69	12.81	11.50	87.19	13.19	100.00
5.34	38.22	1985	1.80	12.89	12.17	87.11	13.97	100.00
6.44	34.87	1986	2.77	15.00	15.70	85.00	18.47	100.00
7.33	36.85	1987	3.07	15.43	16.82	84.57	19.89	100.00
29.85	38.22	TOTAL	10,82	13.85	67.29	86.15	78.11	100.00

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in Figure 9 and Table 36. The Big Five also netted (from 1983-1986) a total of ₦29.85 billion or approximately 38.22 percent of the net value of loans and advances granted by the entire banking system (₦78.11 billion) over the same period (see Table 36 above).

In sum, the Table 36 and Figure 9, vividly reaffirm the continued supremacy of the commercial banks, notably the respondent banks as exemplified by the comparative performance of the Big Five banks, over the merchant banking and any other financial structure operating within the Nigerian economy from 1983 to 1987.

A closer scrutiny of the aggregate loans and advances generated by the Big Five (Table 36) within the period under study, one discovers a modest growth from 1983 (₦5.3 billion) to 1984 (₦5.4 billion) of about ₦1 million (less than 2 percent) before registering a net loss of a little over half a million naira in 1985 (₦5.34 billion). By contrast, the 1986 volume had shot up dramatically to ₦6.44 billion, thus registering a record gain of ₦1.1 billion or approximately 21 percent over the 1985 total (see Table 36).

Each of the Big Five as evidenced by Table 36

posted a substantial record gain in 1987 more than in any of the previous years, having the First Bank leading all the others with a net volume of ₦2.05 or nearly 28 percent of the combined total for the five banks. The First Bank also, along with Savannah, registered the most consistent and steady growth from 1983 to 1987.

The other three banks, on the one hand, suffered varying degrees of declines and gains; the IBWA for instance fell below its 1983 volume of ₦0.51 billion to register ₦0.49 billion in 1984; that is, a net loss of approximately ₦0.06 billion against the 1984 totals; the UBA on the other hand suffered two reversals within the period under study: both the 1985 (₦1.41 billion) and 1986 (₦1.50 billion) volumes fell far short of the 1984 (₦1.53 billion) net worth of loans and advances granted to customers; the net decline in 1985 as against the 1984 volume amounted to ₦0.12 billion or 7.84 percent, whereas the loss in 1986 against the 1984 level went down to ₦0.06 billion or mere 4 percent before jumping up the 1987 record level of ₦1.8 billion, thereby registering a net gain of ₦0.33 billion or 22.45 percent over and above the 1985 volume.

In terms of Sectoral Allocation, manifestable from Table 34 above, it is incontrovertible that the private sector demand for commercial bank credit had picked up appreciably in 1986 after three consecutive years of slow growth. The expansion of total loans and advances has remained rather modest up until mid-1986. However, the upsurge emerged after July and continued unabated through December, thus ultimately recording an aggregate of ₦15.7 billion loans and advances outstanding principally to the private sector, consequently registering an increase of ₦3.5 billion or 29 percent over the level at the end of December 1985. The rates of expansion were 5.5 percent and 3.6 percent in 1985 and 1984 respectively.

Reasons for this development included (a) increased cash requirements by industrial and commercial enterprises to procure foreign exchange, following the sharp depreciation of the naira and (b) sharp-rising working-capital needs occasioned by the operation of the SFEM later FEM.

An examination of the allocation of loans (Table 29) to the three major Sectors, namely Production,

General Commerce and Services, reveals consistently that Manufacturing, Real Estate and Construction, and Agriculture are quite easily the preferred economic subspheres where a substantial proportion of the economy's credit goes into. Between1983 and 1984, most of these sub-sectors of the preferred Sectors were allocated loan shares which proved below their prescribed minima. Thus, Agriculture, Industrial Enterprises, Exports and Services received 9.1 percent, 42.3 percent, 1.2 percent and 8.2 percent, respectively, instead of 10 percent, 45 percent, 2 percent and 12 percent prescribed for all the commercial banking loans and advances generative in 1984. The shortfall in agricultural loans totalled ₦111.6 million compared with ₦98 million recorded in 1983. The Residential Building Construction sub-Sector was also one of those that received more than their prescribed minima in 1984, with an allocation of 6.9 percent compared to the prescribed minimum allocation of 6 percent. The Mining and Quarrying subsector also received an excess allocation of 6.8 percent points within the same year. This sub-sector has registered modest gains from 1983 to 1985 whose allo-

cation of ₦236.1 million resulted in a substantial increase of approximately ₦117.4 million, or nearly 99 percent over the 1983 volume, and 42.6 percent over the 1984 injection. In 1986, however, this sub-sector suffered a light reversal, with a net loss of ₦28.1 million or 12 percent below the 1985 total.

Apart from Mining and Quarrying, all the other three sub-sectors listed under Production, namely Agriculture, Forestry and Fishery, Manufacturing, and Real Estate and Construction registered a continuous modest-to-vigorous growth during the five-year period. Besides, these four sub-sectors combined have been monopolizing, since 1983, more than one-half of the total commercial banking credit granted to the entire three principal sectors, namely Production, General Commerce and Services. For example, the four sub-sectors in question jointly received a net allocation of ₦7.28 billion (1985) and ₦9.35 billion (1986), representing nearly 60 percent of the total allocations each for 1985 (₦12.2 billion and 1986 (₦15.7 billion).

In the General Commerce Sector, both Domestic Trade and Imports figure out very prominently, register-

ing consistent, appreciable growth over the five-year period with dramatic boosts in 1986 when Domestic Trade reached a peak of ₦1.73 billion or 22 percent over the 1985 allocation of ₦1.42 billion; and imports attained a level of ₦0.72 billion or 41 percent over the 1985 allotment of ₦0.51 billion.

An examination of Table 35 above reveals further that the Production Sector of merchant banking takes primacy over the other sectors in generating loans and advances into the Nigerian economy. Within this Sector, Manufacturing has been registering a consistent growth, culminating in the 1986 volume of ₦1.02 billion or approximately 76 percent increase over the 1985 total of ₦0.58 billion. The next key sub-sectors are Real Estate, Agriculture, Imports and Bills Discounted. The appreciable increasein loans to the Manufacturing sector in 1986 relate more to the need to keep maintaining the huge industrial networks established between 1982 and 1985, and also to the new and highly acclaimed merchant banking policy of equipment/machinery leasing.

Most of the loans from both commercial and

merchant banks have been going to the private sector during the period under review. The credit that goes to government services are utilized more for Public Utilities and Transport and Communications whose joint allocation in 1986 rose to approximately one (₦1) billion naira.

Available figures for the respondent banks, which as reported earlier have been consistently commanding more than 50 percent of the total credit generated into the economy for the five years under review, also reveal a similar pattern of the primacy of the Production Sector and its four sub-sectors in the monopoly of loans allottment. The ten (10) respondent banks, as eloquently represented by the Big Five (Table 36 above), have been making great contributions toward the provision of credit for sub-sectors like Agriculture, Manufacturing, Real Estate, Domestic Trade and Imports. The respondent banks put together have been injecting since 1983 an average of ₦300 million towards manufacturing ventures. In 1987 for example, one of the Big Five, the First Bank, disbursed a total of ₦745.44 million as loans and advances to the Manufacturing

sector. This figure represented an increase of ₦101.74 million or 16 percent over the 1986 allocation of ₦643.7 million. The 1985 volume of ₦409.6 million represented a slight drop from both the 1984 (₦441.95 million) and the 1983 (₦446.87 million) levels.

The Real Estate and Construction sub-sector was also very much patronized by the respondent banks, registering a very steady growth from 1983 to 1985, before dipping slightly in 1987. The liquidity squeeze, high inflation, high interest rates, and the Structural Adjustment Programme initiated in September 1986 drastically affected investments in this sector during the 1987 financial year. This is demonstrated by the figures from the First Bank where a loss of ₦13.20 million was registered in 1987 as against ₦439.34 million attained in the previous year.

Credit to Agriculture also witnessed a timely steady growth with but a slight reversal for the 1984 financial year. This could be attributed to the 1983 overthrow of the Shagari Government which earlier introduced the Green Revolution Programme as a strategic booster to agriculture. The figures from the

First Bank reveal for example a slight loss of ₦6.63 million in 1984 (₦126.75 million) as against the previous year's volume of ₦133.75 million. The year 1985 and 1986 witnessed a modest growth, with the year 1987 registering a sharp increase of ₦110.40 million or 68.82 percent over the previous year.

Credit injection into Domestic Trade and Imports, between 1983 to 1987, for all the respondent banks received a very steady increase all along, with appreciable peaks in 1985 and 1986 financial years. Drawing examples once again from the First Bank, one discovers an increase of ₦63.77 million (or 27 percent) in 1985 over the 1984 volume of ₦237.10 million. The 1986 gain was even more appreciable, registering ₦99.59 million or 33 percent over and above the figure for 1985 which stood at ₦300.87 million.

5. Problems Encountered by the Respondent Banks as Perceived by Their Top Executives

Like other institutions, the respondent banks have been facing a host of problems inimical to their day-to-day operations and especially to their dual, nay, often clashing objectives of profit-maximization and contribution to Nigeria's economic development.

Problems generated from an open-ended Questionnaires were categorized into four, namely: personnel, government rules and regulations (virtual interference), credit evaluation, and underbanking.

5.1 Personnel

Table 38 shows the relative responses of the eighty (80) randomly selected top executives of the ten (10) respondent banks on problems relevant to personnel and their competence.

The data furthermore illustrate the comparative rankings of the elicited responses in accordance with the degree of perceived correspondent seriousness. As shown in the table in this area, the problem of too many corrupt personnel, resulting in high rates of defalcation was viewed as the most prevailing problem as attested to by fifty-six (56) of the respondents and constituting 70 percent of the top executives. The Nigerian banking industry has for long been suffering from high incidence of internal frauds most ordinarily through direct collusion between bank officials and customers, or between the bank employees and some ubiquitous syndicates; specializing in cashing stolen

Table 38

Frequency and Percentage Distribution and Ranking of Problems on Personnel As Perceived by Top Executives

Problem-Areas	Frequency	Percentage	Rank
1. Poor quality (Junior and Senior) Personnel	32	40.00	2
2. Too many corrupt personnel resulting in high rate of defalcation	56	70.00	1
3. Less committed indigenous Board of Directors	24	30.00	3

or fake checks, custom papers, letters of credit, or intercepting mail/telegraphic messages for either domestic or foreign transfer. Indeed, each of the respondent banks readily narrates vivid instances of heavy internal frauds (often amounting to millions of naira per annum) which are invariably linked to the general avarice, nepotic collusions, corruption, mis-management and stark absence of discipline that pervade the Nigerian nation-state for more than a decade now.

Consequently, and inspite of the intensive policing, auditing, and extra-precautionary measures

adopted by each of the respondent banks, internal fraud continues to cause great concern to the ten (10) financial houses under review.

Ranking second in the problems encountered by the respondent banks under the same category is the poor quality personnel distributed almost proportionately within the senior and junior cadres of the banks. The respondents admit the "unavoidable existence of incompetent, and non-disciplined employees more in the junior cadre".

However, this problem is not any longer as serious as it was about a decade ago when the banks were then struggling to build up a stabilized core of well-trained personnel. Today, through a process of constant re-evaluation, retraining, and weeding-out of misfits, the majority of the respondent banks could be said to be applying an intricate formula of tight personnel control or "scientific management". Notable in this scientific banking strategy are the First Bank, the Union and the United Bank for Africa whose employees are most frequently "kidnapped" to help start off new financial houses within the Country.

Viewed as the least problem in the area of personnel is whether or not the respondent banks have been appointing/electing less committed indigenous directors and chairmen. This problem scored twenty-four (24) positive responses representing 30 percent of the group.

By and large, several of the bank boards do often retain a certain proportion of members that have multiple appointments as directors in other businesses, as well as government appointees lacking substantive banking or financial backgrounds. In other instances, the board members are almost always absent at regular meetings, or contributing very minimally towards policy decisions and subsequent policy implementation as in the case of executive directors. On the whole, however, as evidenced from the responses of the respondent banks, this problem-area is not all that great any more to impede the attainment of the basic objectives of the banking industry.

5.2 Government Rules and Regulations

Table 39 shows the summary of the responses of the top executives on the problems experienced by the banks under the category of the government rules and

and regulations which oftentimes interfere with the daily operation of the banks.

Table 39

Frequency and Percentage Distribution and Rank of Problems Encountered by Banks Relevant to Government Rules and Regulations as Perceived by Top Executives

Problem-Areas	Frequency	Percentage	Rank
1. Undue Government Interferences and demands for political patronage	80	100.00	1.5
2. Shifting, inconsistent CBN rules and directives including non-stable interest rates	48	60.00	4
3. Periodic Devaluation/Fluctuation of Local Currency vis-à-vis the foreign (e.g. dollar, pound sterling, etc.)	80	100.00	1.5
4. Dollar salting by expatriate staff and directors	16	20.00	5
5. Banks should be allowed to buy stocks and securities in other businesses	64	80.00	3

In this category, ranked first coterminously with a frequency of 80 or 100 percent are:

1) Undue government interference and demands for political patronage; and

2) Periodic Devaluation/Fluctuation of the Naira local currency relative to the foreign, particularly the dollar and pound sterling.

With respect to the first problem, the applicable banks under review would rather have the government sell-off to the public all its shares in the Allied, First Bank, IBWA, Savannah, Union and UBA. In doing so, the banks anticipate least interferences through government-appointed board of directors. The banks also strongly resent political pressure for the dispensation of certain favours, such as loans, appointments, or promotions solely on grounds of non-deserving criteria.

Also of great concern to the respondent banks is the issue of currency devaluation and the unpredictability or fluctuating rates of the Naira relative to the foreign currencies; this is considered to be a very serious problem in the banking industry as a whole inspite of the fact that all the banks, since September 1986, have been massively cashing-in on the government's well-intentioned programme commonly known as SFEM(FEM), to reap huge profits through very shoddy, inter/intra-bank deals. The banks contend that each time the Naira is devalued, or fluctuates downwards to the advantage of

the foreign denominations, the Central Bank and the Ministry of Finance come up with a tight credit or monetary policy which more-often-than-not proves to be grave impediments to the smooth operations of all the commercial and merchant banks.

Where high interest rates are prescribed for example, the usual tendency is for customers to shun the participating banks thereby precipitating bank runs or appreciable decrease in the banks' loans and advances portfolio, and depository volume.

The respondent banks similarly expressed the view that at the end of every devaluation measure, or the threat of it, the value of the money they loaned out invariably declined, resulting in precipitate withdrawals of deposits by clientele so as to meet the inflationary trends on their household purchases, thereby literally abandoning the commercial banks with lesser volume of loanable funds.

Indeed, the net working of devaluation, currency fluctuation and political intervention had propelled massive bank runs and capital flight as in the 1950's, and from early 1984-to-date, thus adversely affecting not

only customer confidence in the banking system itself, but also the imperative of injecting the much-needed capitalization for domestic investments. Foreigners, in particular, who should have invested locally are frequently obligated to choose instead to divert their funds to other less risky countries where perhaps the political and monetary climates would appear more predictable, favourable or stable.

Ranked third, with a frequency of 64 respondents or 80 percent of the group is the problem of allowing the banks to buy shares or securities in other business, thus directly competing with the manufacturing, commercial, agricultural and other enterprises outside the financial system per se. This falls again under government rules and regulations. The respondent banks consider their participation in the non-banking sector as a way of retrieving loaned securities from defaulting businesses, as well as a cogent strategy for expanding investments within the economy at large by helping to finance small to medium-scale enterprises.

Partly in response to the plea of the banking industry and by other business sectors, the Federal

Government of Nigeria had as of January 1988 opted to introduce this innovative mode of investment, even though certain entrepreneurs perceive this as a way of exposing the banks in "conflictual interests" and thus placing them at a greater advantage over the business sector since the banks readily possess at any one-time the relative assets/performance of the services, production and general commerce sectors of the economy.

Ranked fourth in this category and asserted by 48 of the respondents or 60 percent of the same group is the issue of shifting, inconsistent Central Bank rules and directives, noticeably those relating to credit limits, interest rates, foreign exchange biddings, rural banking, and investments as in the less profitable sectors of the economy. This problem-area is considered relatively weighty by the respondents in that a greater level of consistency and predictability on the part of the Central Bank of Nigeria would go a long way in the realization of more stable and smoother banking operations. For example, in early 1988, several top commercial bank officials had cause to criticize the Central Bank for demonstrating inconsistencies in the

formula it adopted and implemented with regards to rank-ordering of banks for purposes of foreign exchange biddings and for access to other facilities divested periodically through the Central Banking System and the Ministry of Finance. The Central Bank's consistent failure to compel commercial banks to refrain from exceeding their individually allotted credit ceilings has for long also been a very grave annual problem. Indeed, the Central Bank remains here hopelessly incapable of disciplining the erring banks.

Dollar salting, which is a violation of Central Bank rules and regulations was assessed as the least problem under this area, with only 16 respondents showing positive responses. Dollar siphoning abroad by expatriate directors and top management is no longer as serious as it was in the early banking years, in view of the greater involvement of some fairly wary Nigerian bank officials.

5.3 Credit Evaluation

Table 40 shows the responses of the group on problems relevant to credit evaluation. As shown in the same table, 80 respondents or 100 percent of the group

Table 40

Frequency and Percentage Distribution and Ranking of Problems Relevant to Credit Evaluation Underbanking and Competition as Perceived by Top Management

Problem-Areas	Frequency	Percentage	Rank
I. Credit Evaluation and poor repayments of loans, resulting in increasing bad and doubtful debts.	80	100.00	-
II. Underbanking and Competition			
1. Underbanking; hence urgent need to lower minimum required reserves and paid-up share capital	16	20.00	2
2. Too much competition within the banking industry; hence the urgency of curtailing the establishment of new banks	72	90.00	1

rated and assessed the unattractive collaterals and poor repayments of loans; as a result, an increasing incidence of bad and doubtful debts has become a very serious and disturbing problem felt by all the respondent banks at an increasing tempo. In unison, the respondent banks similarly voice a great deal of concern over the rising frequency of bad and doubtful debts, invariably a consequence of unattractive collaterals and poor repayments of loans, thus compelling the banks to make heavy contingency provisions so as to meet this fast-depleting leakage valve.

Political pressure, the respondents argue, infrequently contributes to heavy unsecured loans and advances, with very poor collateral margins, to small-scale businesses, to local influentials or to rural peasants; in turn, this leads to poor repayment returns and bank failures, especially during the political days in early 1950's and 1980's, and more lately as a result of the tight economic squeeze which further promotes high mortality rates among small to medium-scale enterprises.

5.4 Underbanking/Competition

The same table (Table 40) above shows responses

of the same respondents on the problem of underbanking and competition. It is shown that 72 of the respondents or 90 percent of the control group revealed that there exists an excessive competition within the banking industry itself, thus increasingly compelling the urgency of curtailing the licencing of new banks. Particularly, all the respondent banks fully concede that even though Nigeria is grossly underbanked, at present, relative to its huge, demographic size of 120 million persons as of mid 1988, they nonetheless admit also that there has been, quite sometime now, an intensification of competition among the existing banks, notably the foreign-based commercial and merchant categories.

Some of the respondent banks, for example, have been spending enormous sums on research and development, and on expensive promotional gimmicks and other incentives so as to out-do their rivals.

Most of those interviewed would rather recommend the establishment of more branches, as in the rural communities, by the existing banks, than licence the incorporation of new commercial banks which would only serve to accentuate and probably worsen the problems of

the banking industry. Minority respondents, however, perceived the present competition within the banking industry as a healthy development which would in the end work more in favour of those customers who might opt to transact with the financial houses that would readily offer them competitive interest rates and softer repayment terms.

There were only 16 respondents or 20 percent of the group who revealed that Nigeria is grossly under banked, thus serving as a potent factor in the urgent need to lower minimum required reserves and paid-up share-capital.

The respondent banks also consider that the Nigerian banking industry, with a lop-sided ratio of approximately 136,000 persons per bank-branch in 1987, was not all that overcrowded to warrant restrictive changes through an increase in required reserve minimum as well as in paid-up capitalization.

Table 41 illustrates in summary form the problems besetting the banking industry and the corresponding ranks of all the problems in the four categories. Overall results have tended to show that dollar salting

Table 41

Summary of the Responses of the Top Executives on Problems Encountered by Respondent Banks

	Problem-Areas	Number of Respondents	Percentage	Rank
I.	Personnel			
	1. Poor quality (junior and senior) Personnel	32	40.00	8
	2. Too many corrupt personnel, resulting in-high rate of defalcation	56	70.00	6
	3. Less Committed Indigenous Board of Directors	24	30.00	9
II.	Government Rules and Regulations (Interference)			
	1. Undue government interferences and demands for political patronage	80	100.00	2
	2. Shifting, inconsistent-CBN rules and directives including non-stable interest rates	48	60.00	7
	3. Periodic Devaluation/Fluctuation of local currency vis-a-vis the Foreign (dollar, pound sterling, etc .)	80	100.00	2
	4. Dollar Salting by expatriate staff and directors	16	20.00	5
	5. Banks should be allowed to buy stocks and securities in other businesses.	64	20.00	10.5
III.	Credit Evaluation			
	1. Unattractive collaterals and poor repayments of loans, resulting in increasing bad and doubtful debts	80	100.00	2
IV.	Underbanking/Competition			
	1. Underbanking, hence urgent need to lower minimum required reserves and paid-up share capital	16	20.00	10.5
	2. Too much competition within the banking industry; curtailment of new banks	72	90.00	4

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by expatriate staff and directors, and underbanking, and the urgency of lowering required minimum reserves and paid-up share-capital were assessed as the least problems confronting Nigeria's banking industry today.

On the other hand, three basic problems found in different categories ranked first, coterminously, with eighty (80) respondents, or 100 percent of the entire corpus of respondents were isolated, and these were:

1) Undue government interference and demands for political patronage;
2) Periodic devaluation/fluctuation of the Naira local currency relative to the foreign; and
3) Unattractive collaterals and poor repayments of loans, thereby resulting in the climbing rates of bad and doubtful debts.

6. Customer-Perceptions of the Structure and Performance of the Respondent Banks

With reference to the Questionnaires B in Appendix 7, an effort was made by the researcher to elicit the clients' evaluations of aspects of both the configuration and functioning of their respective multi-

national banks. The aggregate responses were then tabulated and presented as Tables 42 to 44 below. In all, some 180 persons were contacted through the Questionnaires, out of which 160 or 88.9 percent responded in time enough for this research compilation. The results were, however, re-adjusted for non-response.

The basic rationale to include clients as respondents of the study is to present "their views", in other words, "the other side", and hence evaluate the perceptions of both bankers and their customers. Such balancing responses would no doubt provide a meaningful insight into Nigeria's banking industry. In addition, the views so expressed might contribute in no small measure towards formulating, enduring, viable guidelines or measures for the constructive improvement of the Nation's financial system as a whole.

For the researcher's analytic convenience, the customer-responses are herebelow broken up into three compartments, namely: (1) Perceptions that relate to the Positive Effects of the respondent banks on the Nation's economy; (2) those perceptions that impinge on the Negative imprint; and finally, (3) those that

border on Formative Suggestions as to how best to improve the overall banking climate in the Country.

6.1 Positive Effects

Table 42 presents the aggregate responses of the customers on the effects of the operations of the banks on the economy. As clearly evident from the computations, the customers of the respondent banks have attempted to express aspects of the positive impact of their individual bank's stature and performance. This implies that the customers do appreciate the extant organizational set-up and roles of their distinctive banking houses as at the instance of completing the Questionnaires.

Ranked first in this category, with a relative frequency of 155 responses or 96.88 percent is the customer evaluation that the respondent banks, put together, have been contributing reasonably towards Nigeria's overall economic growth, especially thru domestic investments, net assets generation, loans and advances extension, and depository capacity. Equally significant, with a similar size of responses and percentage distribution, as perceived once again by the

Table 42

Overall Frequency, Percentage Distribution, and Ranking of Customers' Perception of the Positive Effects of the Structure and Operations of Respondent Banks on the Nation's Economy

	Problem - Area	Frequency of Responses (N = 160)	Percentage	Relative Ranking
1.	The Bank contributes to Nigeria's economic growth thru employment generation, personnel training, better salaries and conditions of service, and branches expansion.	155	96.88	1.5
2.	The Bank contributes to Nigeria's economic growth thru domestic investments, net assets generation, loans extension and depository assistance.	155	96.88	1.5
3.	The Bank contributes to Nation's economic development thru external credit guarantee and capital inflow.	98	61.25	4
4.	The Bank is better managed, more innovative and offering better services relative to the Indigenous Finance Houses.	150	93.75	3
5.	The Bank's top personnel meddle surreptitiously in local politics, and assist in promoting inter-ethnic and inter-religious dissent.	56	35.00	5
6.	The Bank's top officials contribute to corruptive influences, culturally, economically and socially thru collusion with Local influentials and Government functionaries.	35	21.88	6

customer, is the banks' contribution to the Nation's aggregate growth thru employment generation, personnel development, better salaries and fringe benefits, and above all thru the growing number of branches being established by the banks both in the urban and rural areas.

The respondents further submitted that with all their huge profits, with all their meanness for technological transfer, and with all their strenuous efforts at siphoning earnings abroad, the respondent banks have been making modest contributions over the years towards Nigeria's aggregate growth, especially through their continuing concern for injecting credits and deposits into both urban and rural communities. Indeed, the towering dominance of the Big Five, and the other commercial banks, in the supply of money within the capital market, for much-needed investments, fully reaffirms the indispensability of the respondent banks, among others, as by far the most effective intermediaries within Nigeria's socio-economic system.

Rated third, with 150 respondents or 93.75 percent of the total number of respondents is the

clients' evaluation that the multinational commercial banks, as exemplified by the ten banks under reference, are on the whole better managed, more innovative and by far offering better services to their customers relative to the indigenous finance houses. It is indeed, a combination of tight management control, adroit or fairly advanced financial discipline and aggressive marketing strategies, with an eye for pleasing the customer without necessarily sacrificing output and efficiency, which brought the multinational banks to be the least affected by incessant spates of bank failures so common within the indigenous banking strata.

Ranked fourth, with a frequency of 98 responses or 61.25 percent of the corpus of respondents, is the customer perception that the ten banks under reference have jointly been contributing to Nigeria's socio-economic growth thru external credit guarantee and capital inflow. The running perception here is that these banks, with their satellites of foreign linkages, have a limitless capacity to assist Nigeria in negotiating and securing external loans and credit guarantee to finance imports, exports, infra-structural improvements and other vital services and developmental

features within the Country. This is implying, from the positive responses of the customers, that their respondent banks have been more of assets rather than impediments in dealing with external creditor finance houses like the IMF, the World Bank and other international banking syndications.

By and large, the foreign-based banks with their huge repertoire of international linkages have often proved quite valuable in securing loans, and rescheduling same in prescribed affordable terms. They have indeed proved helpful in the obtention of syndicated loans or consortiums, for purposes of financing investments within Nigeria. They also exert pressure on their correspondent or associate banks to assist in convincing creditor banks to soften the harshness of their conditionalities on Nigeria, as in negotiations with the Paris Club or the London Club where both the Barclays (affiliated to Union Bank) and the First Bank (formerly Standard Chartered) occasionally lend their international weight to bear on the creditor banks.

However, where the respondent banks' interests collide with Nigeria's, as in the latter's failure to

honour a pre-arranged obligation on a previous credit agreement, the affected banks frequently lobby extensively against the grant of additional facilities to Nigeria until the affected banks have been pacified by some other means, including partial or full fulfillment of the earlier agreement.

Ranked fifth, with a relative frequency distribution of 56 responses or 35 percent of the total respondents is the customer perception that the top management and directorships of the banks in reference have been meddling surreptitiously in local politics, thereby assistingin promoting inter-ethnic and inter-religious dissent. The low scoring of this category, directly suggests that the customers do not per se consider the multinational banks' role as thatdivisive anymore. Surreptitious meddling, so-to-speak, in Nigeria's internal politics by expatriate bankers or other multinationals is now viewed as a thing of the past, presumably because Nigerians have for long cultivated to take meaningful control of their distinctive destiny. Besides, significant internal influences by expatriates have been visibly on the wane for quite some time now.

Until quite recently, it is generally upheld that through the board directors, chairmen and top management personnel the banks surreptitiously infiltrate the populace, contributing funds, for example, to political parties or to localized projects often at the expense of other contending parties or communities. This is nowadays considered as an insignificant, undue interference in community affairs, thus serving least to fuel inter-social rifts.

It is however worth reiterating aspects of the customer-perception that the respondent banks frequently collude with local influentials, government functionaries and board members to grant loans with poor collaterals, and also to encourage poor repayments of the loans and advances so granted. In instances, the officials use the bank facilities to enhance their community political standing, and in the process serve merely to deplete the relative earnings of the bank, thus at times precipitating bank failures; more often-than-not the accumulation of bad and doubtful debts thus becomes inevitable, since some of the officials would make no visible efforts to assist the banks re-

cover loans as due, on grounds that weighty pressure on debtors might adversely affect the community fortunes of the local influential so affiliated to the banks.

The indigenous banks are today most vulnerable to these collusive influences, resulting lately in poor profit-making and, on occasions, actual bank failings as in the classic cases of the National Bank, the Mercantile Bank and Pan African Bank. The respondent banks, notably the older ones, have virtually minimized some of these negating pressures.

Approximately 35 out of 160 respondents or nearly 21.88 percent of the total responses, as ranked sixth, assessed the relative contribution of the ten multinational banking houses to corruptive influences, culturally and economically. From the relatively insignificant scoring, it would seem that the clients interviewed generally believed that the respondent banks, being essentially foreign-based initially, have not been that impacting in terms of generating corruptive influences on Nigerians' socio-cultural values and economic aspirations.

Indeed, like most other transnational outfits,

the respondent banks might have held some sway in disrupting the socio-economic sequences of Nigerians particularly in the early part of the colonial period. From their evaluations, the customers would seem to imply here that such contaminating influences, as cart-load adoption of western values and standard of living, are no longer within the magnitude they used to be some ten-to-fifteen years ago.

This perception has thus become relatively insignificant if not mootly academic, in that some of the banks' requirements of formal dress (e.g. coat and tie) for office work or strict adherence to certain ethical standards and dietary habits, have become universal precepts implemented by all other economic sectors. Besides, the argument of higher salaries and allowances paid by the banks relative to other industries should be further seen as incentive factors contributing more to per capita and to average standard of living than corruptive instruments.

6.2 Negative Effects

Almost to a fault, all the 160 respondents or 100 percent of the universe of validly returned responses

are of the consensus that the ten banks under study have been extending undue preferential treatment to multinational corporations and to the richer or more influential clients, fully to the disadvantage of the indigenous customer, notably the low-income earners and the rural folks (Table 43).

Since the commencement of modern banking system in the late 1800's, the Nigerian foreign-based firms have always been receiving preferential treatment from the foreign-based banks. This is expected, since, with no exception these banks were initially established to serve not only as factors for the transnational corporations in the host country but also to act as foreign branches of the parent company based in U.K., U.S.A., and so forth. As such, there exists a natural tendency for the respondent banks to relate more to their cognate expatriates and consonant multinational corporations than to the local businesses.

Besides, these corporations together with the wealthy indigenes command better collaterals and credit worthiness than the sole proprietorships or the low-income peasant. Hence, the inordinate tendency to grant

loans to the multinationals and to the wealthy who, in most circumstances, have demonstrated superior repayment capacities for loans and advances extended to them.

By way of offsetting this imbalance, the Federal Government, through the Central Bank has for long been promoting the establishment of more rural banks to service the remote peasant communities.

That notwitstanding, more specialized banks, such as the co-operatives, trust houses, and agricultural credit banks would need to be set-up so as to effectively service the more deprived sectors of the Nigerian economy.

Ranked second with a relative frequency of 134 or 83.75 percent of the totality of responses under Table 43 is the customer evaluation that the respondent banks have been reaping excessive profits, especially in the last couple of years, paradoxically quite at a time when the Country has been wading through incredibly stiff recessionary spasms. The case of the new-comer Nigeria International Bank which made a whopping post-tax profits of ₦19 million and ₦58 million in 1986 and 1987 respectively is a vivid instance in mind. And most of

these profits are from foreign exchange deals, thus literally stifling actual banking operations.

Ranked third, with a frequency of 127 or 79.38 percent of the total number of responses is the customer perception that the respondent banks have been promoting some expensive and acute competition, consequently monopolizing the industry to the detriment of the indigenous banks. Given their international outlook, all the respondent banks have been striving to move with the times, through the adoption and articulation of modern techniques that would improve their net marketability, profitability, efficiency and effectiveness. As a result, they utilize the computers, invest in massive promotional blitz, in intensive research and development, and in high capitalization for the establishment of branches and the training of personnel. The indigenous banks are naturally incapacitated in terms of manpower, finances and even technology, so much that quite often they have to fall back on the larger, older, better financed, and more progressive or innovative foreign-based banking houses. Besides, to most customers, the expatriate banks have been offering better, faster, and

Table 43

Frequency, Percentage Distribution and Ranking of the Customers' Perception on the Negative Effects of Structure and Operations of Respondent banks on the Nation's Economy

	Problem-Area	Frequency of Responses (N = 160)	Percentage	Relative Ranking
1	The Bank makes Excessive Profit in recent years relative to the Country's depressive state.	134	83.75	2
2	The Bank siphons sizeable earnings abroad thru dubious devices, including leagues with local influentials.	89	55.63	5
3	The Bank promotes acute, costly competition, thereby helping to continue monopolizing the banking industry to the disadvantage of the indigenous banks.	127	79.38	3
4	The Bank extends undue preferential treatment to multinational corporations and rich local clients relative to Indigenous Customers, notably the low-income earner and the rural folk.	160	100.00	1
5	The Bank imposes mediocre expatriate personnel, consultants, and directors at phenomenal costs, thus justifying accusations of "apartheid" practice.	111	69.37	4

and more efficient, polite, and effective services, both locally and abroad, relative to the indigenous banks. Some sampled Customers (85 percent) for example, have strong commendations for the functioning of the First Bank, Union Bank, UBA and the Nigeria International Bank, a very recent comer.

Ranked fourth, with a frequency of 111 (or 69.37 percent) of the total number of responses, is the customer perception that the respondent banks have a tendency to import and impose mediocre expatriate consultants, directors and personnel at phenomenal costs, much to the chagrined/discriminated stance of the equally qualified or better qualified indigenous employees. This assertion holds true for all transnational outfits in Nigeria, whereby the expatriates or imports are occasionally no-more qualified than the local expertise; yet the latter get paid double or treble the pay-package of the former. Besides, the imports get better housing and other exclusive facilities which are invariably denied the local personnel of similar qualification and productive capacity.

Minority respondents to this viewpoint justify

the "apartheid" policies on grounds of non-permanency of the imports and the necessity of making their work-milieu more or less reflective of their host localities and that the comparatively higher salaries and fringe benefits of the expatriates are intended to accord more or less with the relative scales obtaining in the imports' host banks. They also maintain that it is not always that mediocre expatriates are imposed on the respondent banking hierarchy; and that, if anything else, the stream of mediocre imports has since dwindled giving way to expatriate officers with vast, intensive international experiences.

Ranked fifth, with a frequency of 28 (or 70 percent) is the customer perception that the respondent banks have been siphoning sizeable earnings abroad through intricate, often bold, dubious devices. A recent scandal involved the London-based multinational, known as JMB, which is believed to have colluded with three foreign-based finance houses, namely the Allied Bank, the BCCI (two of our respondent banks) and the Owena, to allegedly defraud Nigeria of an estimated staggering sum of ₤6.2 billion. Through the connivance

of the Johnson Matthey Bank (JMB), some Asians-personified by the Pahoomal brothers - are held to have engaged in some sharp practices, invariably using the above three Nigerian banks as their pivots for illegal laundering of monies and trade duplicities.

The Nigerian Federal Government is still investigating this sordid global scandal which lays naked the most pernicious looting of Nigeria's wealth through the above-mentioned three banks, all Asian-managed (Indians and Pakistanis) even though financed initially by Arab and Nigerian money. The submission here is that Asians, colluding with their banks, have perfected in international banking frauds, far excelling the dollar-salting stunts of the European or U.S.-based multinationals that have been working hand-in-hand with the foreign-based finance houses. The recently publicized arrest of nine officials of the Luxembourg-based BCCI (a Pakistani, Third-World initiative) for alleged racketeering and large-scale money laundering in relation to transnational cocaine trade is indeed viewed by many financial experts from the developing countries as one more vivid attempt by the western financial

houses to stifle the phenomenal global strides of the BCCI, one of the fastest growing banking institutions in the world today (West Africa; October 24-30, 1988: 2007).

The few who responded to this perception, have argued that bank fraud could hardly be seen as the monopoly of the three foreign-based banks identified above; nor the hallmark of Asians or any other trans-national agency per se. They submitted that bank defalcation has for long characterized Nigerian financial system, with the practice becoming more pronounced from 1984 to date, to thus warrant the timely warning of President Babangida when he opened the Eko International Bank in June 1988.

Available records, indeed, reveal that since 1985, an average of 400 fraud cases had been reported annually, involving an average of ₦135,000,000 per annum. Some observers even maintained that the magnitude, volume and value of the defalcations might never be known, in that far less than one-half of the total cases get reported to the police in any one given year (Nigerian Economist, August 16-29, Vol.I, #24: 8-17). The reason here is that the banks themselves justifiably

shy away from prosecuting such cases, since so doing would only lend them in negative publicity straits which might, in the final analysis and with the intensity of suits filed, adversely affect their long-term fortunes.

6.3 Formative Suggestions

By way of improving the banking climate in the country, notably the output of their particular respondent banks, the customers have made efforts at categorizing some recommendations based on the format suggested to them by the researcher's Questionnaires.

Ranked first on Table 44, with a relative frequency of 158 or 98.75 percent of the corpus of responses, is the customer suggestion that any bank's excessive profits, as particularly derivative from forex biddings, purchase and sales, during the country's recovery period, should be subject to appropriately high taxation. In the recent past, profits outside the normal derivations through formal banking were extracted from imports and licencing concessions at a basic 10 per centum. Today, indeed since 1986, the lucrative avenue has become the foreign exchange deals, purchasing fortnightly from the Central Bank and selling through the autonomous market or directly to black marketeers.

The respondent banks, like most other commercial banking houses in Nigeria have, within the last four years, been making huge annual profits. And considering the receding nature of the Nation's budgetary disposition, compounded by the liquidity squeeze, the hyper-inflationary ambience prevailing throughout the Country since 1984, and the scandalous shoddy deals involving almost all the banks that bid at the fort-

Table 44

Frequency, Percentage Distribution and Ranking of the Formative Suggestions by the Customer-Respondents for improving the Structure and Operations of the Respondent Banks

	Problem-Area	Frequency of Responses (N = 160)	Percentage	Relative Ranking
1	The Bank's aggregate contribution to the development of the immediate community needs re-assessment and greater enhancement.	143	89.38	3
2	The Bank's Excessive Profit, as from Forex Biddings, should be taxed highly as in lean economic years.	158	98.75	1
3	Expatriate Participation on Bank's Board and Senior Management should be indigenized forthwith.	87	54.38	4
4	Government should sell off its shares in relevant respondent bank and transfer same to private Nigerian citizens/corporations.	75	46.88	6
5	Government/Central Bank should promptly penalize, including permanent shutting down, respondent bank if it violates basic financial guidelines or regulations, as with respect to Forex bidding and credit ceilings.	154	96.25	2
6	Government should open more rural and semi-urban bank branches of existing commercial banks rather than licence the establishment of new ones.	85	53.31	5

nightly forex market, all the respondents had in unison opted for higher taxation against the respondent banks, indeed against all financial, commercial or industrial enterprises that are assessed to have made huge windfalls, particularly during these lean times.

Some of the respondents have even attempted a compartmentalization of the level of taxes; for high profits (over ₦3 million) during normal times, the respondents recommend a tax levy of 60 percent of the taxable income.

The danger here is that once the financial enterprises realize the enforceability of heavy taxes, they may select instead to declare lower and, in some instances, zero profits at the end of each year of operation.

Ranked second, with a relative frequency of 154 or 96.25 percent of the total number of responses is the customer suggestion that Government, more specifically the Central Bank, should be more prompt and stern in the enforcement of appropriate penalties against those banking houses that infringe financial regulations or guidelines as those relating to the foreign exchange bidding, purchase and sales, or to the stipulated ceiling

for the disbursal of credit by individual banks. Hithertofore, several banks have been violating scores of vital banking precepts, with the Central Bank or Government appearing as totally powerless if not incapable of controlling the situation.

A rigid, fearless, swift and fair enforcement of the relevant penalty clauses would serve to inject substantial discipline within the financial industry as a whole.

Ranked third, with a relative frequency distribution of 143 or 89.38 percent, is the customer suggestion that the banks should plow back a portion of their excess earnings or profits to help develop the immediate communities where the bank is situated. In this manner, the customers submit, the banks could contribute more directly and effectively towards the development of the deprived communities, particularly the remote, rural ones.

Ranked fourth, with a frequency of 87 (or 54 percent) of the total number of responses, is the customer perception that expatriate participation on boards and senior management, especially executive

director grades, should be indigenized forthwith. This view tallies very much with the indigenization sentiments which, since 1972, culminated in government's stronger equity participation in the banks, with the result that expatriate control in all the respondent banks has been reduced today to 40 percent, and below, of any bank's paid-up capital. A further indigenization, the respondents argued, would serve to minimize the paternalistic behaviour of the expatriates and thereby rid Nigeria of some of the nagging vestiges of neo-colonialism.

The minority respondents to this viewpoint submit that displacing the expatriates would tantamount to outright nationalism, or confiscation, a negation of free enterprise, and an act that may prove detrimental to Nigeria's overall interests, especially in foreign transactions, and the imperatives of capital inflow. These protagonists further believed that the total displacement of the expatriates might substantially affect the basic configuration, efficiency and effectiveness of the respondent banks which through the years have demonstrated their supremacy over the indigenous banks

in terms of technologic dominance, tighter management control, better quality training, more efficient and qualitative services, superior financial management and, above all, advantaged funding sources. The success records for the Big Five foreign-based banks are also cited to validate the above assertions, and to re-affirm the worn-out aphorism that no one nation can remain an island unto itself.

Making further suggestions, with a ranking status of five (5) and a frequency of 85 or 53.31 percent is the customer recommendation that the Government should concentrate on enforcing the expansion of more branches of the existing commercial banks in lieu of licensing the establishment of new banks which invariably neglect real banking practice and accord more emphasis on lucrative deals like sales and purchase of foreign currencies.

Ranked sixth, with a frequency of 75 (or 46.88 percent) is the customer perception that Government should hands-off shares in the six relevant respondent banks and transfer same to private Nigerian citizens. By extension, it is inferred that the Governments in

Nigeria, both State and Federal, should sell off their shares in all the commercial banks, so that stock capitalization, board directorship and management control should repose solidly in the hands of private Nigerian subscribers, with least governmental interference in policy decision and execution.

It is no doubt the full realization of this impeding factor that compelled some of the newer banks, notably the Gongola-based Highland Bank (July 1988), to attempt from the onset to relegate the State Government as a minority stock holder; the public subscribing 55 percent; the Local Governments of Gongola State 25 percent; and the State Government itself barely 20 percent of the total paid-up share-capital.

The other (53.12 percent) respondents to this same question, however, viewed Government intervention as declining, with the affected banks becoming more and more independent, literally freer to execute their particularistic policies for pure profit-seeking. They rationalized that the Government itself, after all, needs appreciable returns from her investments, hence the prudence to allow the financial houses to have relatively free hands in running their day-to-day operations.

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Chapter 5

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This Chapter presents the summary of the researcher's findings, along with derivable conclusions and recommendations based largely on the data analysis and interpretation outlined in the immediately preceding Chapter. Prior to so doing, it will be pertinent to briefly allude to the earlier Chapters 1, 2 and 3.

Summary of Preceding Chapters

Chapter 1 has attempted to spell out the researcher's Conceptual Framework, Statement of the Problem, Basic Assumptions, Scope and Delimitations of the Study, and a sampling of the Operational Definitions of some of the Terms and Expressions utilized in the compilation of this Study. Of significance, is the Introductory part of the Chapter where the researcher made efforts to delineate the traditional (or indigenous) from the modern banking system in Nigeria. Notable is that the traditional banking strategies, namely the vault, the "Adashi" (Rotational Savings and Withdrawal), the "Gayya" (Trust or Cooperative Savings), the "Jingina"

(Pledge/Mortgage/Pawnship), and "Bashi-da-ruwa" (Money Lending) are very much in vogue, practised side-by-side with the modern banking schemes. Indeed, if anything, the traditional banking practices more-than complement the modern, specifically in remote areas where the latter's influence as in the form of rural/urban branches, are yet to be felt.

Within the modern banking industry itself, attempts have been made to identify and distinguish the types of banks currently operating in Nigeria; the Central Bank apart, Nigeria also sanctions non-commercial (merchant and development) as well as commercial banks, bringing to 57 the total number of banking houses actually licensed to be operating as at the time of compiling this research work.

As further elucidated in Chapter 1, the primary focus of our inquiry is on the respondent banks out of a total universe of more than thirty commercial banks.

Chapter 2 attempts to review an assortment of related literature as practicably within the reach of the researcher. The Chapter first examines the available literature on Nigerian banking industry, including the latest books published, bank documents, professional

articles, and salient features culled out from newspapers, magazines and relevant journals. The foreign literature focuses primarily on Philippines and American materials aggregated from the works of reputable authors or useful feature articles.

In both these two sources of literature on the banking industry, it is quite evident that the commercial banks play a very pivotal role in any nation's capital market, serving thereby as the focal point of money supply and domestic investment channel through loans and depository services rendered. In this way, they contribute towards the economic growth of their particularistic nation-states.

The same survey also reveals some of the basic problems constantly faced by the banking industry; these include high rates of internal fraud, or defalcation, bad and doubtful debts, resulting thereby in inherent instances of hazardous bank runs and bank failures. In efforts to contain or minimize losses and failures, several countries, notably the USA, the Philippines and quite lately Nigeria have found it expedient to introduce Deposit Insurance schemes so as to fully protect the interests of the easily vulnerable

individual depositor.

The final section of the Chapter examines the dual concepts of multinationalism and international banking since the research pivots principally on a very significant proportion of the transnational commercial banks that have been operating in Nigeria since British colonial days. This segment of the Chapter notes, while reviewing the available literature, that like all multinationals, the ten respondent banks have to adopt certain "penetration" and "adjustment" strategies once they select their market segments. It is further noted that once the transnationals occupy a particular market niche, the tendency is to become overly aggressive and competitive in efforts to maintain an attained position and expand further their interests of profit maximization and, to some extent, contribution to national growth. And like all other transnationals, the foreign-based banks, as in Nigeria, also face certain adjustment problems, as well as condemnations and/or commendations from the local populace. Some of the foremost condemnations worldwide are that all multinational outfits are necessarily exploitative profiteers, reluctant transferrers

of technology to their hosts, and promoters of internal political rifts and inter-social dissonance.

Chapter 3 basically spells out, at the onset, the research methods employed in gathering the formative data for this Study; this includes the use of Survey Questionnaires, Personal Interviews, Library materials and other Secondary sources of information. In all, the interpretational approach has remained principally descriptive with a proportionate resort to the use of statistical analysis in the form of percentages, simple frequency distribution, weighted mean, ranking, tables and graphs where practicable.

The same Chapter also documents and analyses the profiles of our individual respondents affiliated to the ten foreign-based commercial banks, focusing mainly on their comparative ages, sex ratios, marital status, educational attainment, training exposure, status-sets and years of service within their respective banks.

The Chapter similarly broaches on aspects of the basic structure or general profile of the ten respondent banks, thereby highlighting their relative origins, head-office locations, equity participation, and the

configuration of the boards of directors, top management cadres and overall employment perspectives.

Chapter 4 dwells primarily on the presentation, analysis and interpretation of the data so gathered through the various techniques outlined in the first segment of Chapter 3. The contents of Chapter 4 are then summarized herebelow, along with the researcher's consequential conclusions and recommendations.

Summary of Findings

The study focused on the determination of the structure and performance of multinational banks in the economic growth of Nigeria through examining the various services they rendered and offered on the basis of documentary analysis, interviews and perceptions from both top executives of the ten (10) respondent banks considered in the study and from a sampling of the clients of the same banks.

For background information, the research report commenced with the description of the ten (10) respondent banks from the view-points of some selected, salient features, namely, origins of these respondent banks; head offices; equity participation; structure of the

boards of directors of the banks; structure of the top management cadres; number of years in operation since incorporation; number of branches established; and number of employees.

The study also dwelt on the scope of operation of these respondent banks with specific reference to the type of services they offered, among which are: international banking and foreign exchange transactions, loans and advances, depository services and other banking intermediaries.

It was also the purpose of the study to determine the extent to which these services have contributed not only to profit maximization for a period of five years (or from 1983 to 1987) but also in terms of their contribution to the economic growth of the Country. Aspects of their contribution to economic growth were assessed in terms of some specific indices such as: personnel generation; net assets and liabilities, total deposits, aggregate loans and advances, including sectoral flow.

Top executive respondents were questioned on the problems they encountered in the daily operations of

their respective multinational banks with specific reference to four basic problem-areas, namely, personnel, government rules and regulations (interference), credit evaluation, and underbanking.

The last portion of the research report discussed the perceptions of the customer-respondents on the positive impact, negative effects, and formative suggestions considered vital for the improvement of the operations of the multinational banks.

Specifically, the study had sought to answer the following questions:

1. What are the distinguishing features of the ten (10) respondent commercial banks, with special reference to the Big Five foreign-based, in terms of the following:

   1.1 origins of the respondent banks,
   1.2 head offices,
   1.3 equity participation,
   1.4 structure of board of directors of the banks,
   1.5 structure of top management cadre,
   1.6 number of years in operation since incorporation,

1.7 number of branches established, and

1.8 number of employees in the respondent banks?

2. What is the scope of operation of these respondent banks, with specific reference to the type of services they offer under the following categories:

2.1 international banking and foreign exchange transactions,

2.2 loans and advances,

2.3 depository services, and

2.4 other banking services?

3. How far have these services as mentioned above contributed to the banks' profit-maximization devices from 1983 to 1987?

4. How far have the services as mentioned above contributed to the following indices of Nigeria's economic growth within the last five years (1983-1987):

4.1 net assets and liabilities,

4.2 total deposits, and

4.3 aggregate loans and advances, including sectoral flow?

5. What are the major problems encountered by

the ten (10) respondent commercial banks in realizing their primary objective of profit-making and the secondary objective of contributing to the Nation's economic growth as per the following suggested areas:

5.1 personnel,

5.2 government rules and regulations (virtual interference),

5.3 credit evaluation, and

5.4 underbanking?

6. What are the customers' perceptions of the structure and roles of the ten (10) respondent banks in terms of:

6.1 positive effects,

6.2 negative effects, and

6.3 formative suggestions for improvement?

The researcher utilized a composite method of research, namely, the descriptive and statistical survey methods, coupled with the comparative-historical; utilizing both empirical and documentary data, at the same time using such techniques of research as face-to-face interview sessions, questionnaires and observations. The researcher made use also of two sets of population

parameters, namely, the top executives of the ten (10) multinational banks, numbering 80, and the customer respondents, with a quota sample of 160. The ten commercial banks included in the study was a purposive sample of the parameter of 34 commercial banks operating in Nigeria for the year 1987. The Big Five multinational or foreign-based banks, are the First Bank, IBWA, Savannah Bank, Union Bank and the United Bank of Nigeria.

1. Distinguishing Features of the Ten (10) Respondent Banks

The general profile of the ten respondent banks, in an effort to elicit their basic structural formation, was drawn primarily from the following selected features:

1.1 Foreign Origins of Respondent Banks

The researcher's findings reveal that 60 percent (or 6) of our respondent banks hail from either Europe (U.K. and France) or the United States. This arises because, for long, both Europe and the USA have been the dominant business partners of Nigeria, admittedly perhaps as a consequence of colonial rule.

Forty percent (40 percent) or 4 of our corpus of respondents have Middle Eastern or Asian origins.

interests in the respondent banks have been below 40 percent with Nigerian equity participation ranging between 60 percent to 100 percent in the different respondent banks. This trend has obtained since 1977 when the Federal Government of Nigeria promulgated the indigenization decree which forced public subscription of all banking stocks, and consequently reduced foreign interests to bare 40 percent or below.

Within the Nigerian equity structure, private interests in each of the ten respondent banks have ranged from as high as 75 percent in some banks; while government participation has ranged between 30 percent to a maximum of 51 percent.

1.4 Structure of Boards of Directors

As of late 1987, the chairmanship of each of the ten respondent banks has been the monopoly of Nigerian citizens, quite in accordance with Government's indigenization policy; but Vice-Chairmanships, with but two (2) exceptions, are normally reserved for expatriate interests.

However, 68.3 percent or 56 of the total number of directors (82 as of late 1987) of the respondent banks

comprises Nigerian citizens, thus conceding approximately 31.7 percent or 26 (of 820) of the corpus of directorships to foreign interests.

Though small in relative number, the expatriate board members command a great say in the day-to-day running of these foreign-based banking houses.

1.5 Structure of Top Management Cadres

The middle and lower management, the supervisory grades and the other junior employees of all the respondent banks had been significantly composed of Nigerian citizens since 1977.

The top management, however, continues to manifest foreign interests and foreign participation. Thus, 20 percent (or 2) of the respondent banks (the newer banks) had expatriate managing directors as of late 1987; and that 18.24 percent (or 27 of 121) of the deputy managing directors, general managers and other cognate categories of senior executives consisted of foreign personnel.

1.6 Number of Years in Operation

Thirty percent (30 percent) or three (3) of the respondent banks had put in less than ten years in

operation as of late 1987; four (4) or 40 percent had spent between eleven (11) and twenty (20) years; and one (1) bank had spent between 21 and 30 years. This implies that 50 percent of our respondent banks had spent between eleven (11) and thirty (30) years as active banking houses in Nigeria. Only 20 percent or two (2) of our respondents had scaled over to have been operative for 60 years and above. These in most instances, are the banks which received their charters at the very commencement of British colonial rule.

1.7 Number of Bank Branches Established

As of late 1987, fifty percent (50 percent) or five (5) of the total number of the respondent banks had established between six (6) and twenty ( ) branches in both rural and urban communities; two (2) or 20 percent of the respondents had been maintaining 21 to 40 branches nationwide, thus bringing to a total of 7 banks (or 70 percent of the respondents) as having established between six (6) and 40 branches throughout Nigeria. These are, in most instances, the younger and medium-range financial houses, quite in contradistinction to the larger ones (3 or 30 percent of the respondents) that had established by

late 1987 some 160 to over 200 branches throughout the Federation.

The years 1983 to 1987 witnessed a very steady growth in the total number of bank branches licensed, reaching a record level of 750 units in December 1987. The highest growth rate was in 1984, then 1986, and subsequently 1987 where the rate of increase reached nearly 63 percent over the 1983 figure of 480. The 1984 growth rate was approximately 25 percent over the 1983 units.

The respondent banks put together had established more than 70 percent of the total number of bank branches; the First Bank and the Union Bank jointly operated well over 60 percent of the total number of branches maintained by all the respondent banks within the period under review.

The ten banks however, have not been or keen on overseas branching. Thus, as of late 1987 only a total of four units, shared between three banks, were actually being maintained by the ten respondents. This number, though, constituted 40 percent of the totality of overseas branches established by all the 54 Nigerian banks as of December 1987.

It should further be highlighted that the respondent banks have been maintaining a huge array of overseas correspondents, at times reaching between 200 to 400 as in the instances of the older, larger respondent banks.

1.8 Number of Employees

As of late 1987, the total number of staff employed by the respondent banks had reached a peak of approximately 60,000 persons, both junior and senior staff. This amounts to approximately 50 percent (or 20,000) more employees over the 1983 figure of about 40,000. The highest growth rate was in 1987, with an increase of almost 7,000 persons or nearly 15 percent over the 1986 figure of 52,420 employees.

Distribution-wise, 30 percent (or 3) of the respondent banks had employed in 1987 alone from 7,000 to over 11,000 persons, or an average of 9,000 persons annually. An equal number, or 3 other banks, had employed 1,000 to 5,000 persons; whereas 40 percent (or 4) of the banks, the newer ones in particular had less than 1,000 persons under their payroll during the period in review.

Worth noting, is that the number of expatriate officers maintained by anyone bank as of December 1987 was twenty (20); indeed, in most instances, the number had dwindled to about 50 percent of what it used to be in 1983 for example.

2. Services Offered by Respondent Banks

2.1 International Banking Services

All (or 100 percent) of the respondent banks sell and purchase foreign currencies; participate in the Lagos fortnightly forex market biddings, and run domiciliary/autonomous accounts for foreign currencies; they maintain international mail and telegraphic transfers; they assist in the collection of foreign drafts and cheques usually through and/or on behalf of overseas branches, and correspondent or associate banks; they issue and accept letters of credit and finance exports and imports; they maintain close linkages with external financial houses, in some instances liaising with over 200 correspondent banks worldwide, as in the case of the UBA for instance.

Some 80 percent (or 8) of the respondent banks maintain Industrial Guarantee and Loan Fund; about half

of them participate in foreign consortium or syndication guarantee schemes; 40 percent (or 4) of the banks have departments each for international trade and credit information, and business advisory service; whereas only three banks, sharing 4 units, maintain international branch offices between London and New York.

The above repertoire of services directly suggest that the respondent banks put together have been offering full complements of international banking imperatives.

2.2 Loans and Advances Services

All (or 100 percent) of the respondent banks have been granting personal loans for commercial, agricultural, industrial and housing purposes; and in corporate categories, they finance loans for imports and domestic trade, and for industrial, mining, quarrying and hotel services. The loans are mainly 70 percent for short-term, 25 percent for medium-term and 5 percent for long term.

On the other hand, only 80 percent (or 8) grant loans for real estate and construction (housing); 60 percent (or 6) for agricultural purposes; whereas 50

percent (or 5) participate in domestic loan syndication which is a novel scheme in the Nigerian banking industry, and as much is participated only by the larger and relatively older banks.

Thus, the respondent banks put together engage in all the basic banking services associated with all types of loans and advances.

2.3 Depository Services

All (or 100 percent) of the ten respondent banks, maintain counters or departments for savings account, checking/current account or demand deposit, time (fixed) account and domiciliary/autonomous account for foreign exchange services.

On the other hand, only 70 percent (or 7) and 60 percent (or 6) of the respondent banks engage respectively in (a) automatic transfer scheme and (b) inter-bank deposits and money market.

In sum, all the respondent banks have been extending the basic complements of depository services normally associated with any modern commercial banking environment.

2.4 Other Services

All (or 100 percent) of the respondent banks maintain computer services, manager's checks and domestic mail/telegraphic transfer in order to enhance efficient services to their individual customers; an equal number also render trust services relating to private/corporate, trusts, safe deposit boxes, estate administration, agency and investment. Between 50 percent to 80 percent extend various forms of public enlightenment or educational programmes; run technical and agricultural advisory services; maintain payroll and armoured car services; serve as collection and clearing houses; participate actively in rural banking, and extend credit information to customers.

On the other hand, very few, indeed between 10 percent to 20 percent of the total respondents, extend services like credit scheme for rural women, save-as-you earn programme for employees of other firms, special educational savings scheme, self-employment financing scheme for college/university graduates, and above all credit-card (domestic) facilities. However, none of the respondent banks has yet introduced the electronic teller services or equity/bond underwriting.

An examination of the wide range of other services offered above, directly suggest that the respondent banks have been highly competitive and innovative locally, making efforts at modernizing the Nigerian banking scheme through the extension of a large variety of services. The same trend further suggests that the respondent banks have been investing funds for research and development, and for general promotional strategies designed to enhance their individual annual turn-overs and relative earnings.

3. Profits from Services

For the five years under reference (1983 - 1987), each of the ten respondent banks, including the newer ones, have posted steady, progressive increases in their annual profits. In the case of the Big Five for example, the 1987 total profits rose to about ₦268 million or approximately 150 percent over the 1983 level.

The highest growth in annual profits was recorded in 1985 (almost 60 percent over 1984) and 1986 with an increase of nearly 43 percent or ₦69.2 million in after-tax profits over the 1985 level.

The heavy profits posted by the respondent banks

within the years under review, especially from 1985 to 1987, fully attest to the banks' capabilities of taking advantage of a tight monetary situation or liquidity squeeze to reap a whirlwind. More significantly, the banks' profits derived largely from the high interest rates (of between 15 percent to 20 percent) and the foreign exchange transactions (through SFEM) which were both induced by the country's economic recovery formulas, notably S.A.P.

4. Contribution of Respondent Banks to Nigeria's Economic Growth

4.1 Net Assets/Liabilities Generated

In terms of total resources, all the respondent banks as highlighted by the Big Five, posted a continuous growth for the five-year period under reference. The Big Five in particular injected a total of approximately ₦21 billion respectively in 1983, 1984, 1985, 1986 and 1987; this amounted to 47 percent, 41 percent, 43 percent, 38 percent and 40 percent of the total assets generated by all the country's commercial and merchant banks put together, within the same period under review; the same annual returns amounted to 51 percent, 48 percent, 40 percent, 45 percent, and

49 percent of the total assets by all the commercial banks in the country for the same corresponding years.

The ten respondent banks combined, posted a net assets-worth equivalent to 60 percent (₦17.3 billion), 57 percent (₦18.3b), 61 percent (₦20.4b), 58 percent (₦22.5b), and 62 percent (₦25.6b), of the entire assets injected into Nigeria's ecoromy by the totality of commercial banks for the years 1983 (₦27 billion), 1984 (₦30 billion), 1985 (₦32 billion), 1986 (₦40 billion) and 1987 (₦43 billion).

In all, and inspite of declines in the overall assets generated in 1984 and 1986, by a few banks, it is incontrovertibly evident that all the respondent banks combined, have continued to register vigorous uptrends in assets generation with each passing year, from 1983 to 1987.

4.2 Total Deposits Generated

The ten respondent banks under study had accumulated nearly 14.6, 16.4, 17.9, 19.7 and 22.4 billion naira worth of deposits for 1983, 1984, 1985, 1986 and 1987 respectively. This contrasts visibly with the corresponding figures of 11.7, 12.43, 14, 14.5 and

17 billion naira for the Big Five during the same respective years under reference.

In all, one observes a continuous increase in the total deposits recorded by all the respondent banks combined for the five-year period. Increase rate seemed to have lagged behind only in 1984 and to some extent in 1986, but picked up considerably in 1987.

4.3 Aggregate Loans and Advances Generated

All the ten respondent banks covered by this research-work have demonstrated a vivid evidence of continued growth in their loan portfolio for the five-year period under examination, thereby underlining their progressive contribution to Nigeria's economic development.

The aggregate loans and advances extended to different sectors of the Nigerian economy by the ten respondent banks over the years amounted to 6.7, 7.2, 7.1, 8.5 and 10.4 billion naira for 1983, 1984, 1985, 1986, and 1987 respectively. This represents approximately 25 percent to 33 percent increase over the total loans and advances injected into the same economy by the Big Five banks within the same period under reference:

₱5.33 (1983), ₱5.41 (1984), ₱5.34 (1985), ₱6.44 (1986), and ₱7.33 (1987) billion.

One notices a modest growth from 1983 to 1984, with a minimal decline in 1985 before picking up appreciably in 1986 and more acceleratedly by 1987. The same aggregate loans portfolio, extended during the period under review, represent an average increase of a minimum of 42 percent and a maximum of 49 percent of the composite loans and advances granted between 1983 and 1987 to various sectors of the economy by the totality of the more than fifty (50) commercial and merchant banks in the country.

A closer examination of the total loans portfolio, one discovers that the preferred sectors are Production and General Commerce which monopolized more than 60 per cent of the aggregate advances for any one financial year from 1983 to 1987. The preferred sub-sectors within these two economic sectors are the sub-sectors of manufacturing, real estate, and constructions, and agriculture which jointly monopolized an average of 41 per cent of the total loans granted from 1983 to 1987. In sum, all the three major sectors of the economy, namely Production, General Commerce and Services had

posted appreciable increases within the portfolio of all the respondent banks over the five-year period under review.

5. Problems Encountered by the Respondent Banks

Like any other dynamic socio-economic institution, the ten respondent banks under reference, with all the huge earnings they have been reaping these years, similarly face certain basic problems typically inimical to their collective goals and objectives of day-to-day operations.

As rank-ordered by the respondent banks themselves, on the basis of degrees of seriousness in the relevant tables in Chapter 4 above, four fundamental problem-areas stand out, namely: personnel, government rules and regulations (virtual interferences), credit evaluation, and underbanking. Below is a brief run-down of these four problem-categorizations:

5.1 Personnel

There were 56 of the respondents or 70 percent who averred that there were too many corrupt personnel, resulting in high rate of defalcation, and 32 respondents or 40 percent who revealed that there prevailed poor

quality of junior and senior personnel in the bank.

5.2 Government Rules and Regulations

Considered most important problems and experienced by all the respondent banks was undue government interference and demands for political patronage, while the same proportion of respondents spotted out periodic devaluation of the local currency in terms of foreign denominations like the dollar and the pound sterling. Other problems in the same category included the issues of shifting, inconsistent CBN rules and directives in relation to non-stable interest rates, dollar-salting, non-enforcement of laws relating to credit ceilings and forex biddings.

5.3 Credit Evaluation

All the respondent banks claimed that unattractive collaterals and poor repayments of loans resulted in an increasing volume of bad and doubtful debts.

5.4 Underbanking

Underbanking was also viewed as an important problem by 16 of the top executives or 20 percent of the group. In the same vein, competition within the

banking industry itself has been detrimental to the growth of indigenous banking, to the advantage of the respondent banks, thus ideally recommending for the establishment of more branches of the existing commercial banks, rather than licensing new banks which, in recent years, have tended to neglect actual banking per se and concentrate more on the forex biddings for reaping easy profits.

6. Customers' Perception of the Structure and Roles of the Respondent Banks

The relative perceptions of a sampling of the clients of the respondent banks were categorized into (1) Positive Effects; (2) Negative Effects; and (3) Formative Suggestions that are considered vital for the improvement of the operations of not only the respondent banks but also the entire banking industry at large.

6.1 Positive Effects

There were only two positive effects pointed out by the respondents of the study, particularly the customers. All the customer-respondents revealed that the respondent banks, through domestic investments, net

assets and aggregate loans have obviously been contributing towards Nigeria's aggregate economic development. A significant sample of the respondents also revealed that the banks have been influencing the nation, culturally and politically,

6.2 Negative Effects

More negative effects were reflected in the responses of the customers. All the respondents revealed that the respondent banks extended undue preferential treatment to multinational corporations and to the rich local clients against indigenous customers, especially the low-income earners and the rural folks. Furthermore, as claimed by 96 of the customers or 60 percent of the respondents, it is evident that the banks imposed mediocre expatriate personnel and directors at phenomenal costs, thus giving rise to "apartheid" speculations or accusations by the indigenous segment of the bank executives. They are also accused by some as meddlers in local politics and corruptive culturally and economically in addition to being promoters of inter-ethnic and inter-religious dissent.

6.3 Suggestions for the Improvement of the Operations of the Banks

There were only two suggestions pointed out by the clients. Eighty-eight (88) respondents or 55 percent of the customers suggested that expatriate participation on boards and senior management should be indigenized while forty ( ) or 25 percent of them proposed that government should hands-off shares in relevant respondent banks and transfer same to the private Nigerian citizens.

Conclusions Based On Findings

On the basis of our investigations and subsequent findings as highlighted in Chapter 4 above and in the summary contained in the earlier part of this Chapter, the author submits here-below what he considers to be his consequential conclusions, albeit in a condensed form:

1. Origins and Structure

(a) More than 60 percent of our respondent banks have originated from either Europe (U.K. and France in particular) or the United States. The remaining

40 percent have Asian or Middle Eastern origins. Whereas the banks from the Western world (excepting the Nigeria International Bank) have tended to be older, drawn mostly by opportunities prevailing during the colonial period, and immediately after Nigeria's independence, those from Asia/Middle East were chartered in the 1970's more specifically to exploit the novel opportunities offered by Nigeria's oil boom era.

(b) Prior to the indigenization legislation of 1977, the older respondent banks, notably the First Bank, the UBA and the Union had maintained a higher equity participation in favour of expatriate interests relative to the indigenous Nigerian stock holdings. After 1977, however, Nigerians began to acquire controlling equity shares, in the ratio of 60 percent or more in favour of Nigerian interests, whereas foreign participation slumped to an average of 40 percent or less in all the respondent banks.

(c) Also, since 1977 Nigerians had begun to have greater control on the boards of directors and within the senior management cadres. Thus, since that period almost all the board chairmanships and

about 60 percent or more of the composition of the bank directorships of all the respondent banks have been in the hands of Nigerians; this is,thus, directly reflective of the relative equity structure prevailing within each respondent bank.

Similarly, foreign participation in the top management cadre has been very much on the decrease since 1977. But because of foreign interests, several of the respondent banks will continue featuring expatriate staff both for much-needed capital inflow and credit worthiness abroad as well as for appropriate technical expertise.

None of the respondent banks, since 1983, has an expatriate officer below the rank of a branch manager or supervisor. In otherwords, the bulk, or some 100 percent of all the middle and lower management designations, and all other categories of positions below that, have for long been predominantly held by Nigerians.

However, the fact that few expatriates are being retained at the top, this directly presupposes that foreign interests would continue to guide both

policy formulation and decision execution within each respondent bank. And by and large, the few expatriates on the payrolls of these banks have been exerting a considerable degree of influence both within and without the banks.

(d) Only two of the respondent banking houses have put in 60 years and above in actual operations. The majority, or 6 of the banks, have been operating for the last 30 years and less.

(e) When examined in terms of number of branches established, one discovers a direct correlation btween transnationalism-cum-old age and the number of branches established world-wide. In otherwords, the older a transnational bank, the greater the likelihood of its establishing a vigorous wider network, and larger number, of branches nationwide. Thus, the oldest, First Bank, has continued to expand, branching, much faster than any of the banks in Nigeria for the five-year period under review.

At the same time, the respondent banks combined have been registering a fairly steady growth in the establishment of branches, especially rural

ones, between 1983 to 1987. Besides, the four overseas branches they maintain have been handling more value in transactions than the six (or 60 percent) other branches being run by the non-foreign-based commercial banks. Thus, once you add the huge array of external correspondents retained by the respondent banks (e.g. UBA with more than 200 units) one could easily visualize the enormous external influence these foreign-based banks do have at their immediate disposal.

(f) The ten respondent banks combined have been employing an average of 35,000 employees annually between 1983 and 1987. And on the whole, all Nigerian banks are known to have been paying their junior and senior staff far higher salaries and allowances than any other Nigerian employment sector, both private and governmental. This implies directly that the ten respondent banks have been making a substantial contribution in reducing unemployment within the Nigerian society at large, especially when one considers that more than 98 percent of these bank employees have been Nigerian citizens in any one given year since 1983.

2. Services Offered

(a) Jointly, the ten respondent banks have been offering an extensive variety of basic international banking services. The only services not offered by some are industrial guarantee and loans fund; foreign loans syndication and guarantee; maintenance of overseas branches; and the provision of specialized department for international trade and credit information; and business/technical advisory services.

(b) Put together, the respondent banks have been offering a huge array of basic loans and advances services. The only service-areas not yet adequately covered by some of the banks include real estate or housing loans and agricultural loans; besides, some of the banks have not been participating in domestic loan syndication.

(c) The ten respondent banks combined have been offering a wide variety of basic depository services. The only deposit account areas not yet introduced by some of the banks include automatic transfer schemes and interbank deposits and money markets.

(d) All the respondent banks extend services relating to computerized counters, manager's check, domestic mail/telegraphic transfer, and certain aspects of trust schemes. However, some of the respondent banks have not been extending services relating to community enlightenment/educational programmes; armoured car services; technical and agricultural advisory services; collection and clearing; credit information to customers; credit scheme for rural women; save-as-you-earn for employees of other firms; credit card schemes; and specialized education saving programme.

In sum, even though none of the respondent banks has yet introduced modern electronic teller services, for obvious reasons, it is easily deducible that the totality of respondent banks have been moving with the times, progressive and innovative enough for any banking environment world-wide. In particular, they have demonstrated their receptivity to changing financial techniques while promoting inter-banking competitions not only to enhance their individual earnings but also to offer Nigerian customers more alternative choices

relative to each bank's incentives promotion.

3. Profits from Services

During the five-year period under review, the totality of respondent banks have illustrated appreciable growth in their annual after-tax profits, inspite of the tight economic recession the country has been expriencing since 1984. Returns from high interest rates, foreign exchange biddings, import/export transactions and domestic trade are held to have contributed variously to the upsurge of bank profits especially between 1985 and 1987.

While some of these huge earnings have managed to have been salted away to overseas branches or head offices of the respondent banks, the bulk (80 percent-90 percent) of these profits are usually plowed back into the Nigerian economy.

The high profit margins themselves are partly due to relatively elevated degrees of efficient management, tight financial control, effective vigilant loans-recovery programmes and intensive promotional techniques and research so prevalent among the respondent banks relative to the indigenous. It should also be

pointed out that as a result of the depressed Nigerian economy and the high interest rates between 1986 and 1987, several of the respondent banks suffered massive cases of bad and doubtful debts; in so many demonstrable instances, bank debtors either fold up because of the deep recession or else simply fail to pay up loans, as and when due, thus compelling the banks to prop up some unusually high provisions of funds against bad and doubtful debts at the beginning of each financial year.

4. Contribution to Nigeria's Economic Growth

Just as commercial banks have been featuring increasingly as the focal point of any modern nation's financial system, so have the ten respondent banks, notably the Big Five, been constituting themselves as the vital nerve-centre or nucleus of Nigeria's money market at least for the researched years 1983 to 1987. In this manner, they have amply demonstrated their capacity to inject measurable investment funds into the Nigerian economy for agricultural, industrial, commercial and other developmental purposes.

(a) In terms of net assets/liabilities generation, for example, the respondent banks combined have posted a continuous growth during the five-year period under reference; jointly, they have been injecting an average of ₦20 billion annually, for the five-year period, into the Nigerian economy. This represents approximately 55 percent to 60 percent of the net assets injected into the economy within the same period by the totality of the commercial and merchant banks in Nigeria.

(b) Deposits-wise, the ten respondent banks combined had generated laudable deposits averaging ₦18 billion annually in the five-year period under reference. And this deposits portfolio has been on a continuous and steady increase inspite of notable set-backs by individual banks from 1983 to 1987.

(c) The ten respondent banks have also granted appreciable aggregate loans and advances, averaging ₦8 billion annually for the five-year period under reference. This figure represents an annual average of approximately 45 percent of the total loans and advances granted by all the commercial banks in Nigeria

within the same reference period. Besides, the loans generation has been increasing modestly, steadily, with each passing year inspite of noticeable set-backs in the loans portfolio of a few of the respondent banks.

Moreover, the range of the aggregate loans and advances portfolio of the respondent banks has been directed towards the preferred sectors of the Nigerian economy, namely Production, General Commerce and Agriculture and to some extent Services.

(d) Other areas of appreciable contribution by the respondent banks to Nigeria's economic development over the five-year period include (1) a noticeable, steady increase in the growth of bank branches, particularly rural banking, with a special concern for the peasant and the women sector; and (2) employment generation, whereby the respondent banks have jointly been hiring an average of 8,500 persons annually for the five-year period under reference.

Thus, when gauged against the fact that the Nigerian banks have been paying higher salaries and allowances, with better working conditions, relative to any other private or governmental sector of the

Nigerian economy, it is easily deducible that the respondent banks combined have been contributing appreciably not only towards solving Nigeria's unemployment problem but also towards raising the standard of living of the average Nigerian citizen as a whole.

5. Problems confronting the Respondent Banks

Through the years, the respondent banks have jointly and severally been facing certain basic problems which prove, quite often, to be inimical to the progress, goals and objectives of the banking industry at large, and to the banks' government-induced efforts to contribute towards Nigeria's economic development. Below are some of these problems, rank-ordered in terms of their degree of seriousness as evaluated by the ten respondent banks themselves.

(a) Unattractive Collaterals and Poor Repayments of Loans, resulting thereby in mounting Bad and Doubtful Debts; Undue Government Interference and demands for Political Patronage; and Periodic Fluctuation/devaluation of the Naira Local currency relative to the Foreign denominations like the Dollar;

(b) Excessive competition among the

commercial banks themselves, thus calling for urgent government attention against licencing new banks while encouraging instead the opening of more urban, rural, and specialized branches by the existing commercial banking houses;

(c) The respondent banks' incapacity to purchase and sell equities or securities, like any other commercial/industrial enterprises in the country, is held to be inhibitive to the banking industry's rapid growth and to the expansion of other businesses particularly the small and medium-scale ones;

(d) A high rate of frauds or defalcation resulting in part from the activities of some corrupt employees of the respondent banks;

(e) Rapidly shifting or inconsistent Central Bank rules, regulations and directives vis-à-vis the banking industry at large; and

(f) Poor quality employees, less committed indigenous board members, and dollar siphoning by expatriate staff and directors often in collusion with grounded syndicates comprising primarily Nigerian and Asian/Middle Eastern citizens.

6. Customer Evaluation of the Structure and Functions of the Respondent Banks

Respondent customers, in their assessment of the relative organization and roles of their client banks, have attempted to rank-order the following areas of perception according to the degree of seriousness:

(a) The respondent banks have been extending undue preferential treatment to fellow multinational firms and to wealthier Nigerians to the relative disadvantage of the indigenous companies and of the comparatively deprived Nigerian citizen;

(b) The respondent banks have been contributing steadily towards Nigeria's economic growth; however, because they make heavy annual profits the banks are expected to be taxed heavily as a special levy especially during the lean years in Nigeria's economic history;

(c) Resulting from excessive competition promoted largely by the respondent banks, the indigenous banks have become highly incapacitated in terms of not only capital for expansion but also technical know-how, management expertise and facilities for research and development; and

(d) The respondent banks have been salting sizeable earnings abroad, through various devices, often assisted by corrupt staff and inept board members; they also impose mediocre expatriate personnel and directors at phenomenal costs relative to their indigenous counterparts, thus calling for the immediate nationalization of the affected banks and for government to dispose of its bank shares in totality to Nigerian public subscribers.

Recommendations

On the basis of the foregoing corpus of Findings, Summary and Conclusions the resercher humbly advances here-below the following recommendations:

1. The Central Bank of Nigeria should come up with an elaborate scheme which would oblige the commercial banks to incorporate traditional banking strategies into their modern banking operations. As noted in Chapter I, a large percentage of the rural peasants, low-income earners and even wealthy individuals still express enormous confidence in the "adashi", bedroom-savings (piggy banks), the "gayya" co-operatives, and other modes of traditional thrift schemes, inspite of

several decades of the adoption of contemporary banking techniques in Nigeria.

In other words, to get more Nigerians to transact massively with the commercial banks, an effort should be made to integrate these banks with the populace. For example, bank officials serving either as brokers or direct officers of their respective finance houses could undertake to organize and administer the "adashi", or "gayya" thrift schemes in particularistic rural and semi-urban communities. In this manner, the banks might get to improve their turn-overs, get themselves more visibly felt in the rural areas, thus at once meeting governmental objectives of rural banking, and thereby get the wider Nigerian public to repose increasing confidence in banking generally.

2. Nigeria being presently a relatively "cashless society", the monetary board should consider compelling all commercial banks to commence minimal "weekend banking". As of the middle of 1988 only two multinational commercial banks, namely the UBA and the Owena, have indicated starting weekend operations in select communities.

For example, in full compliance with Decree No. 24 on assets declaration by bank employers, the Central Bank should be more consistent, strict, and swift in enforcing the relevant penalties so as to effectively weed out corrupt officials and offensive banks that have continued to enrich themselves, since the introduction of SFEM in 1986, at the expense of the ailing Nigerian public.

Another area where consistency and firmness become both urgent and expedient is in the pegging of interest rates by the Central Bank. In December 1987, the Central Bank reduced its Minimum Rediscount Rate from 15 per cent to 12.75 per cent per annum, Yet, this measure has todate remained a bundle of negations. Whereas the Rediscount Rate for commercial banks has been pegged at 12.75 per cent, the Central Bank has literally accorded the commercial banks a free hand to fix their Prime Lending and other interest rates at the dictates of the market. (Note that, Rediscount Rate refers to the rate at which banks borrow from the Central Bank; while the Prime Rate refers to that at which banks lend to their most favoured or preferred customers).

Consequently, the prime rate today serves as a major source of over-pampering close customers or friends of the bankers, with rates fluctuating from 15.2 per cent to 15.75 per cent. In other words, the Central Bank would need to peg the Prime Lending Rate, to apply uniformly throughout the industry, rather than retain the current level of deregulation, seemingly favouring the multinational enterprises which naturally flock around the multinational commercial banks.

This implies that in a recession period being currently faced by the Country, it is probably more harmful to small businesses once the Central Bank continues to allow individual banking institutions, as guided by their particularistic projections of the trend in supply and demand, to freely and arbitrarily determine their depository and prime lending rates..

4. In an especially depressed economy with least financial discipline, Government should continue with the current level of equity participation. This is to state that Government should retain its equity levels in all the affected commercial banks but should

ensure an injection of those qualified management executives and board members that would enhance government interests while simultaneously promoting greater efficiency and effectivity within the larger banking industry.

At the same time, foreign equity shares should continue but at a slightly reduced magnitude especially in the younger banks. However, by the time a bank attained an operational period of twenty years and above, foreign participation should be phased out completely.

The rationale here is that multinational commercial banks, like all other transnational outfits, should continue to operate, as "necessary evils" alongside other indigenous enterprises. On a precautionary level, though, these foreign-based concerns should not be made to become a permanent nuisance feature of the Nigerian business landscape to the inherent detriment of their indigenous counterparts. Efforts should indeed be stepped up to attract transnational financial intrusions but not in the manner of a woman in blind love.

5. The Country, indeed, should proceed to

invite multinational banking concerns and their foreign credit guarantees and capital inflows but only to supplement, and not entirely supplant, aspects of the local banking sector. The multinational finance houses should, therefore, sustain their endeavour especially in those areas where Nigerian capital or expertise is neither willing nor capable to penetrate. However, after a while, they should be gradually phased out, with increasing reduction in both equity and management participation, once the establishment approaches ten to fifteen years in active operation.

6. Transnational banking presence should similarly be seen primarily as foreign efforts to stimulate, but not to overwhelm local banking entrepreneurship, ideally invigorating them through healthy competition with ultimate goals of rendering better services and contributing more positively to the Nation's economy in terms of loans granting and assets generation.

7. Similarly, the foreign-based banks should continue to operate and generate domestic growth, specifically more as partners and not as masters in

progress. They should be welcome within the first ten to twenty years where practicable, primarily as loans, and secondarily as joint ventures, that are to be indigenized with time. Undeniably, and as borne out by experience worldwide, reputable foreign-based commercial banks, operating in conjunction with local partners, as in the instances of the Union Bank, First Bank, or UBA, can do much to induce Nigerian citizens to convert idle capital and thus participate with some measure of dynamism in efforts to enhance entrepreneurship and industrialization for the Country's aggregate economic growth. What is highly condemnable is the instance of fully or partly-owned subsidiaries practising apartheid or "exclusion in reverse against nationals of the host country".

8. The banks should continue recruiting the most qualified, honest and efficient employees and continue to maintain highest standards in efficiency and integrity among the staff. Thus, through constant, tighter management monitoring, along with good incentives in terms of high salary and fringe benefits, and the swift, strict, punishment of delinquent personnel, much could be achieved by way of reducing increasing waves

of intractable bank frauds or defalcations in recent years.

9. At the same time, efforts should be made to prohibit directors, officers, stockholders and related interests DOSRI of affected banks from direct borrowing of money from their particularistic banks, especially for purposes of commercial undertakings. In several countries including the U.S.A., thousands of officials and directors get dismissed annually for severely abusing this practice or privilege.

In the instance of Nigeria where, in early 1988 alone, more than forty (40) managers of the National Bank of Nigeria had to be suspended indefinitely for granting huge loans on, no doubt, nepotic or political considerations, without due reference to appropriate authorites, mere suspension could hardly serve as an effective deterrent. Perhaps a more drastic measure like stiff, lengthy periods of jail incarceration, along with heavy fines and outright dismissals should be encouraged and fully articulated in subsequent banking legislations.

Thus, amply supportive of the latest

statement of President Babangida, as publicized in the September 5-11, 1988 issue of West Africa at page 1607, "all speculative elements, market abuse and banking malpractices" should be ruthlessly punished; moreover, such severe penalties should be fully incorporated within the relevant provisions of all subsequent banking legislations.

10. In view of recent abuses in the bidding and consequential sales of foreign exchange through the Forex mart, it is obviously advisable that new commercial banks, specifically multinationals, which have been in operation for less than ten years, should not be allowed to participate in the FEM bidding. This is borne out by the fact that the FEM commission rate for participating banks has become outrageously lucrative than actual banking operations, indeed far more juicy than the once-popular 10 per cent commission of the import licencing scheme or the loans/credit approval of certain bank managers (please see Ayagi 1988:40). Indeed, in an abnormal situation whereby a substantial number of Nigeria's commercial banks derive 60 per cent or more of their annual profits from the FEM bidding and sales alone, and in a lopsided situation where local

banks with 40 per cent foreign share-holding get established in Nigeria almost exclusively to partake of the FEM fortnightly transaction, such "mal-banking" merely serves to discourage the expansion of the banking industry and banking behaviour throughout the country.

At the same time, any bank that violates the FEM bidding should be permanently barred from all subsequent participations, as per CBN Monetary Circular Number 22 of 1988.

11. To further enhance a healthy banking climate, the upcoming banking legislations would need to raise the minimum reserve requirement and the paid-up share-capital to thirty million and fifty million naira respectively for merchant and commercial licenses.

12. Moreover, it would be obviously to the ultimate interest of the Nigerian banking industry to concentrate on establishing more and strengthening the effectivity of the branches of the existing local and foreign-based commercial banks than encouraging the setting up of new banks which merely continue to defeat the laudable goals of the government's economic recovery programme. Besides, the licensing of more branches, especially rural and semi-urban, of existing commercial

banks would help cut down immeasurably on the unhealthy competitive behaviour currently pervading the entire banking industry. In this wise, the foreign-based banks as well should be allowed to set up more branches alongside their indigenous counterparts.

13. In lieu of establishing new specialized banks to cater expressly for particularistic interests of say women, children and students, and the Nigerian manufacturers' association (as being lately championed by some sectoral representatives), it will probably be more viable to setup visible branches or department of existing banks in strategic localities.

14. Where feasible, the foreign-based commercial banks in specifics should be encouraged to set up more branches abroad so as to cater for inflowing remittances and also augment the Nation's sources of foreign exchange and credit guarantee.

15. Efforts should be made by the Central Bank to ensure that, statutorily speaking, every commercial bank initially has the capacity, and continues thus, to offer a fundamental corpus of standard, international and domestic services. And that other specialized services, notably agricultural and rural schemes,

educational and self-employment programmes, should be made mandatory, where they are not, on all banking houses that have been in operation for more than ten years. Those that fail the litmus test should consequently be compelled to fold up.

Such compulsory portfolio offerings would at once augment the relative earnings of the participating banks. In this expansionary mode also, the banking institutions themselves could become more capable of reaching out to as many customers and communities as practicable, thereby serving to contribute more towards the aggregate economic growth of the Nation at large.

16. In line with Government's recent policy on equity participation and diversification into non-banking sectors, more of the respondent banks should seek to be listed on the Nigerian stock exchange. As of mid 1988, barely six banks, inclusive of the Union and the First Bank, were listed on the stock market, thereby showing strong signs of direct investments in the economy.

17. To fully guarantee depositors' welfare and guard effectively against bank failures, including

bad and doubtful debts, the Central Bank should strengthen and stiffen the relevant legislations on bank frauds, poor collaterals, infrequent repayment returns, and above all bad and doubtful debts arising from nepotic loans and guarantees. In this regard, the recently-introduced Customers Deposits Insurance Scheme (CDIS) is a very timely financial device which would no doubt serve as a strong shield for the welfare of depositors; in addition, an effective control mechanism, should be embedded in this and similar vital legislations so as to ably check the growing instances of defalcation and bad/doubtful debts.

As for internal frauds, periodic job-shifting, compulsory annual vacations, and transfers after very two years as the case maybe, for all levels of employees, management or rank-and-file, could visibly enhance adequate scrutinies of the activities of a significant proportion of the personnel. Furthermore, banks and all other financial houses in the Country should evolve and consequently enforce a centralized policy of blacklisting all employees that have been dismissed, suspended, or disqualified by other financial institutions throughout the Country. The same punitive

stance should similarly apply to discredited businessmen or businesses that have established records of defaulting or poor repayments with other financial houses.

To enable this scheme to work satisfactorily, the banks themselves would need to maintain a centralized data feeding centre devoted specifically to identifying, compiling and cross-transmitting the list of affected employees, businesses and entrepreneurs at very regular intervals.

19. The profits of the banks, especially the newly-established ones, are becoming unusually high, derivating mostly from the FEM transaction which is at best a mere auxiliary of basic banking operations. It therefore becomes paramount for government to impose heavy taxes on such excessive profits generated largely at a time when the Nigerian economy has been going through a succession of unprecedented recessionary convulsions. Where high taxes, of say 60 to 70 per cent of declared income, would result in greater instances of tax evasion, the affected banks should be induced to extend social/educational developmental services, like free scholarships, construction of feeder roads,

provision of electricity, and purchase of agricultural machineries, notably for the benefit of the immediate communities where the banks operate. In other words, government should come up with a compulsory formula to oblige the participating banks to inject at least 5 to 10 per cent of their declared profits, as derived from that community, towards the upliftment of the vital survival areas of the immediate neighbourhoods where the bank branches are located.

20. Dollar salting could, on the other hand, be discouraged or minimized through intensive insider monitoring by dedicated, patriotic personnel.

21. Not all the ten banks have proven to be that consistent and steady in their contributory performances from year-to-year. In this regard therefore, such banks should be encouraged to raise their loans and depository portfolio without necessarily violating the relevant statutes which initially demarcated the maximum range of credit disbursements and depository attraction. Moreover, these and other banks should be encouraged if not compelled to invest in equity purchases, and related non-banking ventures, in efforts to augment their

relative returns and thereby contribute more substantively towards the Nation's aggregate economic growth.

22. If Government opts for the establishment of more new banks, then depository accounts or savings should attract higher interest rates; and that every current or chequing account should also invite a mandatory, minimal interest rate of between 3 to 5 per cent for example.

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3. First Bank
4. Habib Nigeria Bank
5. IBWA
6. Nigeria - Arab Bank
7. Nigeria International Bank
8. Savannah Bank
9. Union Bank
10. United Bank for Africa.

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APPENDIX I

LIST OF BANKS IN NIGERIA

1) ABC MERCHANT BANK NIG. LTD.
5, Campos Street,
P.O. Box 53479,
Ikoyi, Lagos.

2) AFRICAN CONTINENTAL BANK
148, Broad Street,
P.M.B. 2466,
Lagos.

3) ALLIED BANK NIGERIA LIMITED
214, Broad Street,
Elephant House,
P.M.B. 12807,
Lagos.

4) BANK OF CREDIT AND COMMERCE INTERNATIONAL NIGERIA LIMITED
13C, Murtala Muhammed Way,
P.O. Box 5488,
Kano.

5) BANK OF THE NORTH LTD.
5A/6A Lagos Street,
P.O. Box 211,
Kano.

6) COMMERCIAL BANK (CREDIT LY NAIS) LTD.
Elephant House,
214, Broad Street,
Lagos.

7) CONTINENTAL MERCHANT BANK NIG. LTD.
1, Kingsway Road,
Ikoyi, P.M.B. 12046,
Lagos.

8) COOPERATIVE BANK LTD.
New Court Road,
P.M.B. 5137,
Ibadan, Oyo State.

9) COOPERATIVE & COMMERCE BANK NIG. LTD.
28, Okpara Avenue,
P.M.B. 1321, Enugu,
Anambra State.

10) COOPERATIVE DEVELOPMENT BANK LTD.
105, Oron Road Uyo,
Cross River State.

11) COOPERATIVE BANK OF EASTERN NIGERIA
28, Okpara Avenue,
Enugu.

12) EKO INTERNATIONAL BANK
Lagos.

13) FEDERAL MORTGAGE BANK
11, Breadfruit Street,
P.M.B. 2[illegible]8,
Lagos.

14) FEDERAL SAVINGS BANK
[illegible], Awolowo Road,
M.B. 12512,
Lagos.

15) FIRST BANK OF NIGERIA LTD.
35, Marina,
P.O. Box 5216,
Lagos.

16) FIRST CITY MERCHANT BANK LTD.
Primrose Tower (9/10th Floor)
17A, Tinubu Square,
P.O. Box [illegible]7,
Lagos.

17) FIRST INTERSTATE MERCHANT BANK
Unity House,
37, Marina,
Lagos.

18) FINANCIAL MERCHANT BANK
Financial Trust House,
Breadfruit/Balogun Street,
P.O. Box 698,
Lagos.

19) GAMJI BANK OF NIGERIA LTD.
Gusau Road,
P.M.B. 2348,
Sokoto.

20) GRINDLAYS MERCHANT BANK OF NIG. LTD.
25, Boyle Street,
P.O. Box 54746.
Falomo Post Office,
Ikoyi, Lagos.

21) HABIB NIGERIAN BANK LTD.
37/37A Tafawa Balewa Square.
Lagos.

22) HIGHLAND BANK OF NIGERIA
Yola, Gongola State.

23) INLAND BANK OF NIGERIA
Bauchi, Bauchi State.

24) INTERNATIONAL BANK FOR WEST AFRICA
94, Broad Street,
P.M.B. 12021,
Lagos.

25) ICON LIMITED (MERCHANT BANKING)
NIDB House 63/67,
Broad Street,
P.M.B. 12689,
Lagos.

26) INDO-NIGERIAN MERCHANT BANK LTD.
42, Adeola Hopewell Street,
Victoria Island,
P.M.B. 12656,
Lagos.

27) INTERNATIONAL MERCHANT BANK
1, Akin Adeshola Street,
Victoria Island.

28) LION BANK LIMITED
34, Ahmadu Bello Way,
Jos, Platea State.

29) LOBI BANK LIMITED
39, Barracks Road,
P.M.B. 2371,
Makurdi, Benue State.

30) KANO COOPERATIVE BANK
11C, Murtala Muhammed Way,
P.O. Box 4636, Kano.

31) MERCANTILE BANK OF NIGERIA LTD.
10, Barracks Road,
P.M.B. 1084,
Calabar, Cross River State.

32) MERCHANT BANK OF AFRICA NIG. LTD.
St. Nicholas Hosue,
Catholic Misison Street,
P.O. Box 53611,
Ikoyi, Lagos.

33) MERCHANT BANKING CORP. NIGERIA LTD.
16, Keffi Street,
P.O. Box 51906,
Ikoyi, Lagos.

34) NAL MERCHANT BANK
Bookshop House,
P.O. Box 2432, Lagos.

35) NATIONAL BANK OF NIGERIA
82/86, Broad Street,
P.M.B. 12123,
Lagos.

36) NEW NIGERIA BANK LTD.
Murtala Muhammed Road,
P.M.B. 1193, Benin City,
Bendel State.

37) NIGBEL MERCHANT BANK NIG. LTD.
77 Awolowo Road,
Ikoyi, Lagos.

38) NIGERIA-ARAB BANK LIMITED
96/102, Broad Street,
P.M.B. 12807,
Lagos.

39) NIGERIAN AGRICULTURAL & COOPERATIVE BANK
Hospital Road,
P.M.B. 2155,
Kaduna.

40) NIGERIAN AMERICAN MERCHANT BANK LTD.
Boston House,
10/12 Macarthy Street,
P.M.B. 12759,
Lagos.

41) NIGERIAN BANK FOR OMMERCE & INDUSTRY
26, Adejo Street,
Victoria Island,
P.O. Box 4424,
Lagos.

42) NIGERIAN INDUSTRIAL DEVELOPMENT BANK
NIDB House, 63/67,
Broad Street,
P.O. Box 2357,
Lagos.

43) NIGERIA INTERNATIONAL BANK LTD.
2, Idowu Taylor Street,
Victoria Island,
P.O. Box 6391,
Lagos.

44) NIGERIA MER ANT BANK LTD.
6, Broad St et,
P.O. Box 24 3,
Lagos.

45) NIGERIA UNIVERSAL BANK LTD.
(formerly Kaduna Cooperative Bank)
P.M.B. 2121,
Kaduna.

46) ORIENT BANK NIGERIA LTD.
20, Garden Avenue GRA,
P.M.B. 01307,
Enugu, Anambra State.

47) OWENA BANK NIGERIA LTD.
17, Oyemekun Road,
Akure, Ondo State,
c/o P.M.B. 1122, Apapa,
Lagos.

48) PAN AFRICAN BANK LIMITED
3, Nnamdi Azikiwe Road,
P.M.B. 5239,
Port Harcourt,
River State.

49) PREMIER COMMERCIAL BANK LTD.
77A Kashim Ibrahim Road,
Maiduguri.

50) PROGRESS BANK OF NIGERIA LTD.
69, Nnamdi Azikiwe Road,
P.M.B. 1555,
Owerri, Imo State.

51) SAVANNAH BANK OF NIGERIA LTD.
62/66, Broad Street,
P.O. Box 2317,
Lagos.

) SOCIETE GENERALE BANK NIG. LTD.
Sarah House, Martina Street,
P.M.B. 222/41, Lagos.

53) TRADE BANK OF NIGERIA LTD.
2, Ilofa Road,
P.M.B. 1496,
Ilorin, Kwara State.

54) UNION BANK OF NIGERIA LTD.
40, Marina,
P.M.B. 2027,
Lagos.

55) UNITED BANK OF AFRICA
97/105, Broad Street,
P.O. Box 2406,
Lagos.

56) UNIVERSAL TRUST BANK OF NIGERIA LTD.
13/15, Nojeem Maiyegun Road,
Ikoyi, P.O. Box 52160,
Lagos.

57) WEMA BANK LIMITED
52/54, Murtala Muhammed Way,
P.M.B. 1033,
Ebute-Metta
Lagos.

APPENDIX 2

LIST OF COMMERCIAL BANKS
IN NIGERIA (July 1988)

1) African Continental Bank (ACB) [former Eastern Region]
2) Allied Bank [Lagos]
3) Bank of Credit and Commerce International [BCCI]
4) Bank of the North [former Northern Region]
5) Commercial Bank [Credit Lyonnais]
6) Co-operative Bank [Oyo State]
7) Co-operative and Commerce Bank [Anambra State]
8) Co-operative Development Bank [Cross River State]
9) Co-operative Bank of Eastern Nigeria [Enugu]
10) Eko International Bank [Lagos State]
11) First Bank of Nigeria [Lagos]
12) Gamji Bank of Nigeria [Sokoto State
13) Habib Nigerian Bank [Lagos]
14) Highland Bank [Gongola State]
15) Inland Bank of Nigeria [Bauchi State]
16) International Bank for West Africa [IBWA]-Lagos
17) Lion Bank [Plateau State]
18) Lobi Bank [Benue State]
19) Kano Cooperative Bank [Kano State]
20) Mercantile Bank of Nigeria [Cross River]

21) National Bank of Nigeria [former Western Region]
22) New Nigeria Bank [Bendel State]
23) Nigeria-Arab Bank [Lagos]
24) Nigeria International Bank [Lagos:Citicorp]
25) Nigeria Universal Bank [Kaduna State]
26) Orient Bank [Anambra State-based]
27) Owena Bank [Ondo State]
28) Pan-African Bank [Rivers State]
29) Premier Commercial Bank [Borno State]
30) Progress Bank of Nigeria [Imo State]
31) Savannah Bank [Lagos] (American)
32) Societé Générale [Lagos] (Swiss/French)
33) Trade Bank [Kwara State]
34) Union Bank of Nigeria [Lagos/British]
35) United Bank of Africa [Lagos/French]
36) Universal Trust Bank [Lagos]
37) Wema Bank [Lagos]

APPENDIX 3

MULTINATIONAL COMMERCIAL BANKS (1988)

1) Allied Bank [Bank of India]
2) B C C I [Arab/Pakistan-Based]
3) Commercial Bank (Credit Lyonnais) - [French]
4) Eko International Bank [Ist MD - Foreign]
5) First Bank of Nigeria [British]
6) Habib Bank [Pakistani & Arab]
7) International Bank for West Africa [French]
8) Lobi Bank (South Korea/Hong Kong)
9) Nigeria - Arab Bank [Arab]
10) Nigeria International Bank [American Citicorp]
11) Orient Bank [Japan etc.]
12) Owena Bank [Dubai - Arab]
13) Savannah Bank [American]
14) Societé Générale [French]
15) Union Bank of Nigeria [British]
16) United Bank of Africa [French]
17) Universal Trust Bank [American]

APPENDIX 3(b)

TEN (10) RESPONDENT MULTI-NATIONAL COMMERCIAL BANKS

1) Allied Bank [India-based] - Lagos
2) B C C I [Arab/Pakistani] - Kano
3) First Bank of Nigeria [British] - Lagos
4) Habib Bank [Arab/Pakistani] - Kaduna
5) International Bank for West Africa [French and other Europeans]
6) Nigeria-Arab Bank [Arab-Pakistanis/Indians]
7) Nigeria International Bank [American/Citicorp] - Lagos
8) Savannah Bank [American] - Lagos
9) Union Bank of Nigeria [British] - Lagos
10) United Bank of Africa [French] - Lagos

APPENDIX 4

MERCHANT AND DEVELOPMENT BANKS (1988)

1) A B C Merchant Bank
2) Continental Merchant Bank
3) Federal Mortgage Bank
4) Federal Savings Bank
5) First City Merchant Bank
6) First Interstate Merchant Bank
7) Financial Merchant Bank
8) Grindlays Merchant Bank
9) I C O N Merchant Banking
10) International Merchant Bank
11) Indo-Nigerian Merchant Bank
12) Merchant Bank of Africa
13) Merchant Banking Corporation
14) Nigerian Acceptances Limited (NAL) Merchant Bank
15) Nigbel Merchant Bank
16) Nigerian Agricultural and Cooperative Bank (NACB)
17) Nigerian-American Merchant Bank
18) Nigerian Bank for Commerce and Industry (NBCI)
19) Nigerian Industrial and Development Bank (NIDB)
20) Nigeria Merchant Bank

APPENDIX 5

List of Philippine Commercial Banks (including Savings, Trust and Merchant) as of August 1988

A. Private Domestic Banks

1. Allied Banking Corporation
2. Associated Bank
3. Bank of the Philippine Islands
4. China Banking Corporation
5. City Trust Banking Corporation
6. Commercial Bank of Manila
7. Equitable Banking Corporation
8. Far East Bank & Trust Company
9. The International Corporate Bank
10. Metropolitan Bank and Trust Company
11. Philippine Bank of Communications
12. The Philippine Banking Corporation
13. Philippine Commercial International Bank
14. Philippine Trust Company
15. Pilipinas Bank
16. Producers Bank of the Philippines
17. Prudential Bank
18. Republic Planters Bank
19. Rizal Commercial Banking Corporation
20. Security bank and Trust Company
21. Solidbank Corporation
22. Traders Royal Bank
23. Union Bank of the Philippines
24. United Coconut Planters Bank

B. Foreign Banks

25. Bank of America NT and SA
26. Citibank, N.A.
27. Hongkong and Shanghai Banking Corporation
28. Standard Chartered Bank

C. Government Banks

29. Land Bank of the Philippines
30. Philippine National Bank

APPENDIX 6

SURVEY QUESTIONNAIRES A
ON
STRUCTURE AND OPERATIONAL SCOPE
OF SELECTED MULTINATIONAL COMMERCIAL
BANKS IN NIGERIA

Prepared by

Dr. Ahmed Beita Yusuf

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Legend

a. 57 Banks
b. 37 Commercial Banks
c. 20 Merchant Banks
d. 15 Multinational Commercial Banks
e. 10 Actual, Selected Respondent Banks
f. 80 Individual Respondent Bank Officials with 8 persons per Respondent Bank
g. 160 Customer-Respondents on the Structure and Roles of Respondent Banks

43A Hotoro GRA Ext.
P.O. Box 10589
Kano, Nigeria

2nd October, 1987

Dear Respondent
(Relevant Bank
Chief Executive)

Solicitation, Re:

Survey Questionnaires On
The Nature and Scope of
Commercial Banks in Nigeria

This survey is primarily for academic purposes; not for any profit or political goals. As such, all responses to the Questions posed, or any other information supplied, herebelow would be treated with strictest confidentiality.

2. It is therefore greatly appreciated if you could please tick, check or fill in the appropriate answer in the relevant blank box or space to the best of your judgment and as applicable to your bank.

3. In case of additional comments or suggestions relevant to the success of this research work, you should please feel free to write down such additional information at the back of the Questionnaires.

4. The completed Questionnaires would be collected in two months' time, by December 1987 ending. Failing which, you should please return such completed Forms, on or about the first week of January 1988, to the following address:-

DR. A. B. YUSUF
43 A Hotoro GRA Extension
Maidugu i Road, K no
P.O. Box 10589, K no
Kano State

5. Thank you for your co-operation.

Yours sincerely,

Dr. A. B. YUSUF
(Research Officer)

1. NAME OF BANK .....

2. HEAD-OFFICE OF BANK .....

3. NUMBER OF BRANCHES NATIONWIDE:
   a. Below 5 ..... ☐
   b. 6 to 10 ..... ☐
   c. Above 11..... ☐

4. HOW MANY OF THESE BRANCHES ARE RURALLY BASED?
   a. Below 5 ..... ☐
   b. 6 to 10 ..... ☐
   c. Above 11 ..... ☐

5. BANK ORIGINS:
   a. Originally Foreign-Incorporated .. ☐
   b. Significantly Indigenous in Origin ..... ☐

6. IF INITIALLY FOREIGN, IN ANSWERING QUESTION #4 ABOVE, PLEASE INDICATE COUNTRY OR REGION OF ORIGIN:
   a. United Kingdom ..... ☐
   b. U.S.A. ..... ☐
   c. Other European Countries ..... ☐
   d. Other e.g. Japan (please specify) ..... ☐

7. PRESENT SHARE/STOCK HOLDING STATUS:
   a. Wholly (100%) Foreign ..... ☐
   b. About 60% Foreign ..... ☐
   c. About 60% Nigerian (including Gov't.) ..... ☐
   d. About 40% Foreign ..... ☐

8. TOTAL NUMBER OF DIRECTORS (BOARD):
   a. Below 5 ..... ☐
   b. 6 to 10 ..... ☐
   c. Above 11 ..... ☐

9. NATURE OF BOARD OF DIRECTORS:
   a. Over 50% Foreign ..... ☐
   b. Over 50% Nigerian (including Gov't.) ..... ☐
   c. Other ..... ☐

10. NATURE OF BOARD CHAIRMANSHIP LAST FIVE (5) YEARS:
    a. Nigerian ..... ☐
    b. Foreign ..... ☐
    c. Other (e.g. rotational) ..... ☐
11. TOP MANAGEMENT CONTROL LAST FIVE (5) YEARS:
    a. More Nigerian than Foreign ..... ☐
    b. More Foreign than Nigerian ..... ☐
    c. Equal participation (50/50) ..... ☐
12. NATURE OF MANAGING DIRECTORSHIP LAST FIVE (5) YEARS:
    a. Largely Nigerian ..... ☐
    b. Largely Foreign ..... ☐
    c. Other (Specify) ..... ☐
13. NATURE OF CAPITALIZATION CONTROL:
    a. Primarily Nigerian ..... ☐
    b. Primarily Foreign ..... ☐
    c. Other (Please specify) ..... ☐
    .....
14. RANGE OF FOREIGN CORRESPONDENTS:
    a. Below 5 ..... ☐
    b. 6 to 10 ..... ☐
    c. Above 11 ..... ☐

- B -

15. RANGE OF INTERNATIONAL BANKING SERVICES OFFERED BY YOUR BANK. (Please tick (✓) if your Bank offers any of the following services, and put (×) if not:
    a. Foreign Exchange Sales/Purchase .... ☐
    b. Foreign Exchange Market (FEM) Bidding ..... ☐
    c. Foreign Currency Autonomous/ Domiciliary Account ..... ☐
    d. Foreign Trade and Credit Information ..... ☐
    e. Foreign Consortium/Syndication Guarantee ..... ☐

f. Industrial Guarantee and Loan Fund ..... ☐
g. International Mail and Telegraphic Remittance (Transfer) ..... ☐
h. Travel Fund and Traveller's Cheques ..... ☐
i. Collection of Foreign Drafts and Cheques ..... ☐
j. Business Advisory Service ..... ☐
k. Commercial Letters of Credit/ Drafts ..... ☐
l. Export/Import Financing ..... ☐
m. International Branch Office ..... ☐
n. Correspondent Banking ..... ☐
o. Foreign Associateship/ Technical Partnership/ Agency ..... ☐

16. TYPES OF LOANS AND ADVANCES SERVICES OFFERED:

a. Domestic Loan Syndication ..... ☐
b. Personal Loans; for commercial, agric., industrial, and housing (real estate) ..... ☐
c. Government Loans; for public utilities, transport and communications, and estate, etc. ..... ☐
d. Corporate Loans
- commercial (imports and domestic trade) ..... ☐
- industrial ..... ☐
- agricultural ..... ☐
- real estate and construction (housing) ..... ☐
- mining and quarrying ..... ☐
- hotel services ..... ☐

- c -

17. IDENTIFY THE DOMESTIC DEPOSITORY SERVICES OFFERED BY YOUR BANK (Please tick as appropriate):

a. Domiciliary/Autonomous Deposit Accounts ..... ☐
b. Savings Accounts ..... ☐
c. Checking/Current Accounts ..... ☐
d. Fixed (Time) Deposit Account ..... ☐ (3 months/7 days) etc.
e. Automatic Transfer System ..... ☐
f. Others (Money Market, Interbank Deposits) ..... ☐

18. OTHER DOMESTIC BANKING SERVICES OFFERED

a. Trust (e.g. Court Trust; Private Trust; Corporate Trust; Estate Administration; Agency and Investment; Premium and Insurance Trust; Mortgage; Pension/Employee Trust; Safe Deposit Boxes ..... ☐
b. Special Savings Scheme (educational) ..... ☐
c. Self-Employment Financing Scheme .. ☐
d. Credit Information ..... ☐
e. Collection and Clearing Services ..... ☐
f. Credit Card ..... ☐
g. Electronic Counter/Teller (Express Till Service - IBWA) ... . ☐
h. Underwriting of Bonds and Equity ..... ☐
i. Computer Service ..... ☐
j. Manager's Check ..... ☐
k. Payroll and Armoured Car Service ..... ☐
l. Domestic Mail and Telegraphic Servic ..... ☐
m. Rural Banking .... ☐
n. Credit Scheme for Rural Women ..... ☐

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o. Business/Technical/Agric Advisory Service . ..... ☐

p. Equipment/Machinery Leasing .... ☐

q. Public Enlightenment thru Entertainment and Publicity ..... ☐

r. Save As You Earn (SAVE) Scheme ..... ☐

19. CLASSIFICATION OF COMMERCIAL BANK (MAJOR-MINOR) SERVICES TO INCOME GENERATION (Please rank-order the following Service Areas by inserting appropriate number (1-6) against each box in order of priority services rendered:

a. International Banking services .... ☐

b. Depository Services .... ☐

c. Trust Services .... ☐

d. Loan Services .... ☐

e. Real Ind/Agric Services ..... ☐

f. Other (Please Specify) ..... ☐

- 5 -

20. BANK'S NET CUMULATIVE WORTH TODAY (AS OF 1986/87) ANNUAL REPORT:

a. Below ₦20 000,000 ..... ☐

b. ₦20,000,001 to ₦50,000,000 ..... ☐

c. Above ₦50,000,001 ..... ☐

21. BANK'S TOTAL INVESTMENTS LAST FIVE (5) YEARS:

a. Below ₦20,000,000 ..... ☐

b. ₦20,000,001 to ₦50,000,000 ..... ☐

c. Above ₦50,000,001 ..... ☐

22. PLEASE INDICATE NET PROFITS LAST ANNUAL (1986/87) REPORT, AFTER TAXATION:

a. Below ₦1,000,000 ..... ☐
b. ₦1,000,0001 to ₦5,000,000 ..... ☐
c. Over ₦5,000,001 ..... ☐

23. AVERAGE AMOUNT TAX PAID LAST FIVE YEARS:

a. Below ₦200,000 ..... ☐
b. ₦200,001 to ₦500,000..... ☐
c. Above ₦2,000,001 ..... ☐

24. BANK'S NET ASSETS AND LIABILITIES LAST ANNUAL (1986/87) REPORT : ..... ☐

a. Below ₦1,000,000 . ..... ☐
b. ₦1,000,001 to 2,000,000 ..... ☐
c. Above ₦2,000,001 . ..... ☐

25. PRIMARY ECONOMIC SECTOR OF NET CAPITAL INVESTMENT LAST FIVE YERAS (Please rank order);

a. Rural Banking .... ☐
b. Agriculture, Forestry and Fishing .... ☐
c. Commercial Loans and Advances.. ☐
d. Real Housing/Estate and Construction .... ☐
e. Equipment Leasing .. .. ☐
f. Manufacturing & Processing .... ☐
g. Mining and Quarrying ..... ☐
h. Bills Discounted .... ☐
i. Domestic Trade .... ☐
j. Exports ..... ☐
k. Imports .... ☐
l. Public Utilities (like NEPA, Railways, Airways, etc.) ..... ☐
m. Transportation and Communication . ..... ☐
n. Credit and Financial Institutions ..... ☐
o. Governments ..... ☐

p. Personal and Professior ..... ☐
q. Miscellaneous (Please Specify).... ☐
.....

- E -

26. AVERAGE NUMBER OF BANK EMPLOYEES LAST FIVE (5) YEARS:

a. Below 500 ..... ☐
b. 501 to 1,000 ..... ☐
c. Above 1,001 ..... ☐

27. HOW MANY RECEIVED POST-EMPLOYMENT TRAINING LAST FIVE (5) YEARS:

a. Below 50 ..... ☐
b. 51 to 100 ..... ☐
c. Above 101 ..... ☐

28. EFFECTIVITY OF SUCH TRAINING:

a. In-Effective ..... ☐
b. Barely Effective ..... ☐
c. Quite Effective ..... ☐

29. PERIODICITY OF THE POST -EMPLOYMENT TRAINING:-

a. Annually, for Less /More than 10 Persons ..... ☐
b. Half-yearly, for Less /More than 10 Persons ..... ☐
c. Quarterly, for Less/More than 10 Persons ..... ☐

- F -

30. BANK'S SELF ASSESSMENT OF NET CONTRIBUTION TO NIGERIA'S ECONOMIC GROWTH LAST FIVE (5 YEARS:

a. Satisfactory ..... ☐
b. Above Average ..... ☐
c. Great ..... ☐
d. Others Should Assess ..... ☐

APPENDIX 7

Survey Questionnaires B for Eliciting Personal Data
for both top Executives and Customers
of the Respondent Banks,
to be completed as applicable

PART I (FOR BANKERS AND CUSTOMERS)

1. Name (optional) .....

2. Address (optional) .....

.....

3. Age

a. Below 20 years ..... ☐
b. 21 - 25 years ..... ☐
c. 26 - 30 years ..... ☐
d. 31 - 35 years ..... ☐
e. 36 - 40 years ..... ☐
f. 41 - 45 years ..... ☐
g. 46 - 50 years ..... ☐
h. 51 - 55 years ..... ☐
i. 56 - 60 years ..... ☐
j. Above 61 years ..... ☐

4. Sex Categorization

a. Male ..... ☐
b. Female ..... ☐

5. Marital Status

a. Married/Remarried ..... ☐
b. Divorced/Widowed/Separated ..... ☐
c. Single ..... ☐

6. Educational Attainment

a. Below Secondary (High School) ..... ☐
b. Secondary Level ..... ☐
c. University Graduate ..... ☐
d. Other (e.g. Islamic Education)..... ☐

PART II (BANKING STAFF only)

7. Additional Qualifications/Specialization

   a. Trained-on-the-Job ..... ☐
   b. HND/OND Diploma in Accounting/Banking/Related fields ..... ☐
   c. Bachelors Degree in Banking/ Accounting/Related Fields ..... ☐
   d. Masters Degree ..... ☐
   e. Other ..... ☐

8. Type of Training Offered or Received

   a. Local ..... ☐
   b. Local and Foreign ..... ☐
   c. Foreign ..... ☐

9. Duration of Training

   a. Less than six (6) months ..... ☐
   b. Six (6) months to one year ..... ☐
   c. More than one year ..... ☐

10. Status in the Bank

   (Please also tick "F" or "L" for Foreign or Local Staff as applicable)

   a. Chairman .....(F).....(L)..... ☐
   b. Member, Board of Directors ..... (F).....(L)..... ☐
   c. Deputy Chairman ... (F)..... .(L)..... ☐
   d. Managing Director ..(F).....(L)..... ☐
   e. Deputy Managing ....(F).....(L)..... Director ☐
   f. General Manager ... (F).....(L)..... ☐
   g. Deputy/Assistant General Manager ..(F).....(L)..... ☐
   h. Manager ..... (F).....(L)..... ☐
   i. Assistant Manager ..(F).....(L)..... ☐
   j. Other ..... (F).....(L)..... ☐

11. Years of Service with Bank

   a. Less than 3 years ..... ☐
   b. 6 - 10 years ..... ☐
   c. 11 - 15 years ..... ☐
   d. 16 - 20 years ..... ☐

e. 21 - 25 years ..... ☐
f. 26 - 30 years ..... ☐
g. Above 31 years ..... ☐

12. Problems Perception of the Top Bank Executives as Encountered in Day-to-Day Operations

(Please rank-order according to degree of seriousness)

1. Personnel

a. Poor Quality (Junior and Senior) Staff ..... ☐
b. Too many Corrupt Employees thus resulting in high rate of defalcation ..... ☐
c. Less Committed Indigenous members of the Board of Directors ..... ☐

2. Government Rules and Regulations (Interference)

a. Undue Government/Political Interferences and Demands ..... ☐
b. Shifting/Inconsistent CBN Rules and Directives, as relating to interest rates, forex bidding and credit ceiling violations by individual banks ..... ☐
c. Periodic Devaluation or Fluctuation of Local Currency relative to the Foreign e.g. Dollar; Sterling etc..... ☐
d. Dollar Salting by Expatriate Staff and Directors, being a failing in rules enforcement ..... ☐
e. Banks to Purchase stocks and securities in other businesses ..... ☐

3. Credit Evaluation

a. Credit Evaluation and Poor Repayments of Loans, resulting in increasing Bad and Doubtful Debts and Bank Failures ..... ☐

b. Underbanking and Competition

(i) Underbanking; hence urgent need to Lower Minimum Required Reserves and Paid-Up Share-Capital..... ☐

(ii) Too much competition within the banking industry; hence the urgency of curtailing the establishment of new banks while instead promoting the licensing of more bank branches as in the rural areas ..... ☐

PART III (FOR CUSTOMERS ONLY)

13. Customer Perception of the Structure and Roles of the Respondent Banks

1. Income Level of Customer

a. Low-Income Earner ..... ☐
b. Medium-Income Earner ..... ☐
c. High-Income Earner ..... ☐

2. Years of banking with Present Bank

a. Below One (1) year ..... ☐
b. 2 - 5 years ..... ☐
c. 6 - 10 years ..... ☐
d. 11 - 15 years..... ☐
e. 16 - 20 years ..... ☐
f. More than 21 years ..... ☐

3. Perception of Structure and Role of the Customers' Bank (Please rank-order according to degree of seriousness)

1. Positive Effects

a. Through continuous domestic Investments, Net Assets generation and Aggregate Loans granting, the Bank contributes to Nigeria's Economic growth ..... ☐

b. The Bank's capacity to meddle in Local Politics and in the Promotion of inter-Ethnic and inter-Religious Dissent has waned... ☐

c. The Bank contributes to Healthy Influences, culturally, socially, politically and economically ..... ☐

d. The Bank is generally better managed, offering enhanced services against the Indigenous ..... ☐

e. The Bank serves more as great Asset rather than Impediment in Securing Foreign Credit guarantees and syndicated Loans for domestic investment .... ☐

2. Negative Impact

a. The Bank encourages too much competition to the detriment of the Indigenous Banking Sector ..... ☐

b. The Bank siphons sizeable Earnings abroad through various dubious devices ..... ☐

c. The Bank makes excessive Profits, notably from forex deals, and should thus be taxed highly as in lean years ..... ☐

d. The Bank engages in unhealthy collusion with local influentials ..... ☐

e. The Bank accords Undue preference to Multinational corporations, Expatriates and the Richer Clientele relative to the Indigenous Customer and the Low-Income Earners like Rural Folks ..... ☐

f. The Bank imposes mediocre expatriate Directors and Personnel at Phenomenal costs, thus giving rise to "apartheid" speculations ..... ☐

3. Formative Suggestions

a. The Bank's excessive Profits should be taxed highly as in years of recession ..... ☐

b. Expatriate Personnel Participation in Boards and Management should be Indigenized forthwith ..... ☐

c. Government should hands-off shares in relevant bank and transfer same to private Nigerian citizens ..... ☐

d. More bank branches, and specialized banks, e.g. for women and for agricultural features, should be established in lieu of new licenced banks ..... ☐

e. Government and the CBN should be more consistent and firm in enforcement of banking rules and regulations ..... ☐

f. The Bank should be allowed to buy stocks and securities in other businesses ..... ☐

B I O D A T A

FOR

DR. AHMED BEITA YUSUF
(Ambassador)

NAME	:	AHMED BEITA YUSUF
BIRTH PLACE	:	RINGIM, KANO STATE
BIRTH DATE	:	NOVEMBER 25th, 1946
MARITAL STATUS	:	MARRIED, WITH 12 CHILDREN
LANGUAGE PROFICIENCY	:	HAUSA, ENGLISH, FRENCH, ARABIC

B. INSTITUTIONS AND DIPLOMAS

1. State University of New York (SUNY) at Buffalo. Ph.D. (Legal Anthropology; 1973-1976).
2. Manuel L. Quezon University, Manila, Philippines; Ph.D. Business Management (Banking and Finance); November 1988.
3. State University of New York (SUNY) at Binghamton: M.A. (General Anthropology; 1972-1973) - Distinction.
4. Ahmadu Bello University: B.A. Honours (French; 1967-1970); 2nd Class, Upper Division.
5. Diploma in Basic Acupuncture '86; Acupuncture Institute, Manila Philippines.
6. Diploma in Advance Acupuncture '87; Acupuncture Institute, Manila, Philippines.
7. Diploma in Computer Programming, Key Punching, COBOL, and Wordstar; Datamex, Manila, Philippines; 1988.
8. Académie de Toulouse: Certificat d'Etages (1969).
9. Académie de Toulouse: Certificat d'Etudes de Langue Francaise (1968).
10. Académie de Toulouse: Certificat d'Etudes Supériéures de Langue Francaise (1968).
11. Abdul Azeez Attah College, Okene (G.S.S. Okene); Higher School Certificate in French (A), Geography (A), English (B); 1965-1966.
12. Rumfa College, Kano (G.S.S. Kano): WASC Division I; (January 1959 - December 1964).
13. City Senior Primary School. K/Nassawara, Kano, Common Entrace Certificate (January 1956 - December 1958).
14. Junior Primary School, Ringim (Kano): First School Leaving Certificate (January 1952 - December 1955).

C. POSITIONS (CURRENT)

1. Nigeria's Ambassador to the Republic of the Philippines and to the Royal Kingdom of Thailand (June 1984 - present).
2. Dean, African Heads of Mission in Manila (1985-date).
3. Dean, Commonwealth Heads of Mission, Manila (1986-date).
4. Ag. Dean of the Philippine Diplomatic Corps, occasionally representing Papal Nuncio, the Permanent Dean (1988-present).
5. Dean, Moslem Ambassadors in the Philippines (1987-present).

6. Ad Hoc Consultant to Governments (Federal and State, 1974-present).
7. Reader (Associate Professor) and Acting Director Arewa House, Kaduna, Ahmadu Bello University, Zaria; (April 1984-present).

D. POSITIONS (HELD)

1. Member, Board of Examiners, Graduate School, M.L.Q.U. (1987-88); for the Doctoral Dissertations of:
   (i) Dr. J. Adetayo (March 28, 1988)
   (ii) Dr. Christopher Aja (March 5, 1988)

   and Adamson University for Doctoral Dissertation of:

   (iii) Dr. Eugene Emenaka Iheanacho (June 1988).
2. Member, Board of Examiners, Graduate School of Centro Escolar University (1985-87), for the Doctoral Dissertations of
   (i) Dr. Michael Okpala (1985)
   (ii) Dr. Obi Nkovadu (1987).
3. Federal Law Commissioner, Nigerian Law Reform Commission, Lagos (July 1979 - May 1984).
4. Editor-in-Chief, Law Reform: Journal of the Nigerian Law Reform Commission, Lagos (1979-1984).
5. Vice-Chairman and Member, National Survey Committee on Integrated Approach to Basic Services and Model Villages (1979-1984).
6. Abuja Federal Capital Territory
   Chairman, Panel on Chieftaincy Affairs, Federal Capital Territory Authority (FCTA), Gwagwalada, Abuja (1982-1983). (Report submitted in December 1983).
7. University of Sokoto
   1. Dean, Faculty of Social Sciences and Administration (1978-1979).
   2. Reader in Sociology of Law (June 1979 - April 1984).
   3. Head, Department of Sociology (1977-1979).
   4. Acting Head, Department of Economics and Management Studies (1978-1979).
   5. Senior Lecturer (Sociology of Law); 1977-1979.
   6. Member, Council of the University of Sokoto (1978-1979).
   7. Member, Senate of the University of Sokoto (1977-1979).
   8. Member, Finance and General Purposes Committee (1978-1979).
   9. Member, Senior Staff Establishments Committee (1978-1979).
   10. Member, Standing Committee of the University Congregation (1978-1979).
   11. Member, Research and Publications Committee (1978-1979).
   12. Member, Academic Planning Committee (1978-1979).
   13. Member, Bookshop Management Committee (1978-1979).
   14. Member, Library Committee (1978-1979).
   15. Member, Admissions Committee (1978-1979).
   16. Member, Committee of Deans (1978-1979).
   17. Chairman, Faculty Board of Studies, FSSA (1978-1979).
   18. Chairman, Faculty Appointments and Promotions Committee (1978-1979).
   19. Member, Physical Planning Committee (1978-1979).

20. Chairman, Food Tenders Board, (July - August 1978).
21. Chairman, Ad Hoc Committee on Kitchen (Staff-Student) Disturbances; (October - November 1978).
22. Chairman, Students' Elections Investigation Panel (November - December 1978).
23. Chairman, Academic Staff Union of Nigerian Universities (ASUNU), University of Sokoto Branch (January 1979 - January 1980).
24. Co-Founder-Editor, West African Journal of Social Sciences (1978-1979).
25. Founding Member, Social Sciences Seminar, Faculty of Social Sciences and Administration (1978-1979).

8. Sokoto State Government
   1. General Consultant (1977-1984).
   2. Member, Sokoto State Council for Arts and Culture (1978-1980).
9. Joint Admissions and Matriculation Board (Lagos)
   Member, Representing University of Sokoto (1977-1979).
10. Federal Capital Development Authority (Abuja)
    General Consultant and Member, Evaluation Panel for FCDA/FCTA (1978-1980); (1981-present).
11. Consultant, Rural Sociologist
    NAPC/NNDC, Kano River Project, Phase II (1976-1979).
12. Kano State Government
    1. Member, Study Committee on the Restructuring of the College of Arts and Sciences (CAS), Kano. Report submitted to Kano State Government (1976-1977).
    2. Director and Deputy Chairman, Board of Directors, Rural Development Agency (RDA), Kano State (1976-1978).
    3. General Consultant (1976-1984).
13. Nigerian Constituent Assembly (1977-1978)
    Member, representing Ringim/Gezawa Constituency, Kano State, for the Ratification of Nigeria's 1979 Constitution.
14. Ahmadu Bello University, Zaria (Main Campus)
    1. Lecturer II (1974-1976); Sociology of Law.
    2. Lecturer I (1976-1977); Sociology of Law.
    3. Sub Dean (Facilities); Faculty of Arts and Social Sciences; (1976-1977).
    4. Hall Adviser, Alexander Hall (1976-1978).
    5. Chairman, Transport Time-Table, Facilities and Services Committee, Faculty of Arts and Social Sciences (1976-1977).
15. S.U.N.Y. at Buffalo, New York
    Adjunct Assistant/Associate Professor (1976-1981).
16. S.U.N.Y. at Binghamton, New York (1972-1973)
    Teaching Assistant (French; Law and Society).
17. Abdullahi Bayero College, A.B.U. (Kano Campus)
    Assistant Lecturer (French); 1971-1973.

18. West African Portland Cement (Nig.) Ltd.
Marketing Manager (North); June-December 1970.
Establishing branch offices and distributors, and conducting market research for products.

19. Lever Brothers (Nig.) Ltd.
Senior Sales Representative (1967-1968).

20. Kano State Government
Clerical Assistant - Ministry of Finance: Summer 1968.

E. ASSOCIATION/FELLOWSHIPS

I. Professional

1. Foreign Fellow, New York Academy of Sciences (1981-present); Fellowship No. 708486/1318325A.
2. Member, Advisory Panel on the National Population Studies (1981-1984).
3. Corresponding Member, MASI, Washington D.C. (1978-1986).
4. First African Fellow, Association for Political and Legal Anthropology, Baltimore, Maryland (1978-1987).
5. African Member, International Commission on Contemporary Folk Law and Legal Pluralism; Nigmegen, Netherlands (June 1980-present).
6. Member, International Society for the Study of Social Problems, Buffalo, U.S.A. (1978-1988).
7. Member, Law and Society Association, U.S.A. (1978-present).
8. Reviews Editor and Foreign Fellow, Current Anthropology: A World Journal of the Social Sciences of Man (1976-1984).
9. Member, National Geographic Society, U.S.A. (1975-present).
10. Foreign Fellow, American Sociological Association (1978-1988).
11. Member, Nigerian Anthropological and Sociological Association (NASA); (1976-present).
12. Foreign Fellow, African Studies Association (ASA), U.S. Branch (1971-1987).
13. Foreign Fellow, American Anthropological Association (A.A.A.), U.S.A. (1972-1975); 1976-1984.
14. Executive Member, Afro-American Committee, S.U.N.Y. at Buffalo, New York (1973-1975).
15. Executive Member, Afro-American Committee, S.U.N.Y. at Binghamton, New York (1971-1973).
16. President, Anthropoly Graduate Organization (A.G.O.), S.U.N.Y. at Binghamton, New York (1972-1973).

II. Non-professional

1. Member, Rotary Club of Makati, Metro Manila, Philippines (February 1985-present).
2. Member, Polo Club, Makati, Metro Manila, Philippines (February 1985 - 1988); Honorary Member.
3. Founding-Member of the Kano State People's Development Association, Lagos Branch (1981-1987).
4. Member, Central Coordinating Committee, Movement for the Creation of More States in Kano State (Nov. 1980-1983).
5. Patron-Founder, Sociology Students' Association, University of Sokoto (1977-present).

6. President-Founder, Kano Community Development Association, University of Sokoto (1977-1984).
7. Patron, Kano State Students' Association, Zaria, Main Campus (1976-1977).
8. Legal Adviser and Executive Life-Member, Ringim Development Association, Kano State (1976-present).
9. Patron, Rumfa Old Boys Association, Zaria, Main Campus Branch (1976-1977).
10. President, Kano State Students' Association, Zaria Branch (1969-1970).

F. PROFESSIONAL CONFERENCES AND SEMINARS (ABROAD)

1. Presented a Paper: Human Rights and Apartheid; before a group of cause-oriented people headed by the National Committee Against Apartheid - Philippine Chapter at NEDA, Makati (December 12, 1988).
2. Presented a Paper: Africa in Development Perspectives at the Chulalongkorn University, Bangkok, Thailand (November 23, 1988).
3. Guest Interviewee on Africa and Nigeria: Philippine Television Channel 4 Programme; Coast to Coast (November 11, 1988).
4. Delivered a Lecture: Ethics in Diplomacy; before a group of Philippine Military Colonels, Fort Bonifacio (September 2, 1988).
5. Presented a Paper: Theory and Method in the Study of Law and Society; sponsored by the Faculty of History, College of Social Sciences and Philosophy (August 15, 1988).
6. Guest Speaker, Workshop on Apartheid at Malolos, Bulacan (March 21, 1988).
7. Guest Speaker: On Socio-Cultural Developments in Africa at the National Defence College of the Philippines; for the 22nd Regular Class, Fort Bonifacio, Metro Manila (January 29, 1988).
8. Guest of Honour and Talent Contest Judge at the Cebu Sinulog '88 Festival, Cebu (January 10, 1988).
9. Guest Speaker on Heroes and Heroines, Dr. Jose Rizal Day, Zamboanga City (December 30, 1987).
10. Invitee-Discussant, Lecture on Nigeria before the Rotary Club of Makati (September 29, 1987).
11. Inspirational Talk and Induction of Officers of The National Committee Against Apartheid, Manila (September 28, 1987).
12. Presented a Paper: Namibia: Struggle for Independence. On the occasion of U.N. Namibia Day, NEDA Bldg., Makati (August 26, 1987).
13. Invitee-Discussant, Lecture of Nigeria before the Toastmasters' Club, Quezon City (July 29, 1987).
14. Presented a Paper: Legal Pluralism and Conflict of Laws: A Sociological Angle; before the Sociology and Law Faculties of the University of the Philippines, Diliman, Quezon City (June 17, 1987).
15. Presented a Paper: Present-Day Nigeria; before the students of Mindanao State University, Marawi City (May 14, 1987).
16. Presented a Paper: Origins, Application and Adaptation of Islamic Law in Nigeria; 2nd Graduation Ceremony of the Islamic Court Judges of the Philippines, Mindanao State University Campus, Marawi City, Lanao del Sur (December 15, 1985).

17. Presented a Paper: Nigeria's Consistent Support for the Peoples of South Africa, Namibia, and the Front Line States in the Struggle Against Apartheid; Special Guest Speaker at a Conference sponsored by the Philippine Peace and Solidarity Council, Manila (November 23, 1985).

18. Presented a Paper at the Institute of Islamic Studies, University of the Philippines, Diliman, Quezon City (November 18, 1985). Paper title as in No. 14 above.

19. Joined by Foreign Minister Dr. Ibrahim Gambari at the 1985 Bandung Conference of the Non-Aligned Nations. Bandung, Indonesia; 1985.

20. Presented a Paper: Namibia: Struggle for Self-Autonomy; Metro Manila Council of Women Balikatan, on the occasion of the week of Solidarity with the Peoples of Namibia and its Liberation Movement, NEDA Bldg., Makati, Metro Manila (October 29, 1985).

21. Presented a Paper: Evolution of Nigerian Foreign Policy; Foreign Service Institute, Manila, Phils. (October 1984).

22. Presented a Paper: Leadership Effectiveness; MLQU Graduate School; Metro Manila (November 1984).

23. Undertook an Official Tour of India and Kenya with Sir Darnley Alexander, Chairman, Nigerian Law Reform Commission (September 24th - 30th, 1983).

24. Presented a Paper: Dimensions of Judicial Reforms in Multi-Legal Systems: The Case of Nigeria; 1981 Annual Conference of the Law and Society Association, Amherst, Massachussetts (June 11th - 15th, 1981).

25. Tour of Australia, New Zealand, Hong Kong and Singapore Law Reform Agencies (November-December 1980), with Sir Darnley Alexander, Chairman (NLRC).

26. Presented a Paper: The Structure of Nigerian Legal System; Annual Conference of Law and Society Association, Madison, Wisconsin (June 5th-8th, 1980).

27. Presented a Paper: Nigerian Legal Traditions; Xth International Congress of Anthropological and Ethnological Sciences, New Delhi, India (December 1978).

28. Represented University of Sokoto at the American Council on Education (ACE) Conference of American (and Nigerian) University Presidents at Washington D.C. (October 1978).

29. Presented a Paper: A Survey of African Traditional Legal Systems; Annual Conference of Law and Society Association, New Mexico, Mexico City, U.S.A. (Spring, 1976).

30. Presented a Paper: The Cumulative Effect of the Drought in Sahelian Africa; Symposium Organized by the Buffalo Drought Relief Organization, Buffalo, New York (March 1974).

31. Chairman-Organizer of a Panel: Islam in Africa; 1973 Annual Meeting of the African Studies Association, Syracuse New York. Presented a Paper: Some Sociological Perspectives of the Hadj.

32. Presented a Paper: Capital Formation and Management among the Kano Hausa Merchants; 1973 Convention of the American Anthropological Association, New Orleans.

33. Presented a Paper: The Dilemma of the Asian Community in East Africa; 1972 Convention of the Afro-Caribbean Association, Binghamton, New York.

34. Discussant on a Panel, African Social Movements; 1972 Convention of the African Studies Association, Philadelphia, U.S.A.

G. PROFESSIONAL CONFERENCES AND SEMINARS (NIGERIA)

1. For the Reform of Insurance Laws and Practice in Nigeria. Paper presented as the Keynote Address at the opening of the National Seminar on Insurance; Faculty of Law, University of Maiduguri, Maiduguri (May 8th-11th, 1984).

2. Presented a Paper: Reform of Nigerian Insurance Laws and Practice; Maiduguri University, Nigerian Bar Association, Maiduguri Branch (February 1983).

3. Presented a Paper: Amending the 1979 Constitution of the Federal Republic of Nigeria; Faculty of Law (Law Students' Association), University of Sokoto (April 21, 1983).

4. Presented a Paper as Guest Speaker; The Nigerian Judiciary Under the 1979 Constitution: A Second Look; Concluding Seminar of the Nigerian Institute for Policy and Strategic Studies; Kuru, Jos (October 20, 1982).

5. Organized the Launching of Law Reform, Official Journal of the Nigerian Law Reform Commission; Nigerian Law School, Lagos (July 8, 1982).

6. Principal-Organizer of a National Seminar, Sentencing and Prisons Reform in Nigeria. Auspices of the Nigerian Law Reform Commission, Lagos; Institute for Advanced Legal Studies (February 1982).

7. Presented a Paper: Social Perspectiveness of Law Reform in Nigeria; Annual Conference of Law Teachers' Association; Institute of Administration, Zaria (April 8-11, 1981).

8. Presented a Paper: Two More Propositions for States Creation in Nigeria; Ife University, National Conference on States Creation (February 25, 1982).

9. Invitee-Discussant, Seminar on Nigeria's African Foreign Relations; Institute of Administrative and Strategic Studies, Kuru, Jos (August 1980).

10. Presented a Paper: Dimensions of Judicial Reform and Unification in Nigeria; 6th Commonwealth Law Conference, Lagos (August 17-23, 1980).

11. Presented a Paper: Internal Conflict of Laws in Nigeria; Inaugural Opening of the Social Sciences Seminar, Faculty of Social Sciences and Administration, University of Sokoto, Sokoto (Jan. 19, 1979).

12. Presented a Paper: Sakkwato Caliphal Administration of Justice; Public Lectures Programme, Organized by the Faculty of Arts and Islamic Studies, University of Sokoto (January 1978).

13. Discussed a Paper: The Sociological Foundations of the Social Services; National Seminar on Social Problems; Bagauda Lake Hotel, Kano (October 1978).
14. Presented a Paper: Bridging the Gap: The Welfarist Prescription; Islamic International Seminar on Social Justice; Zaria, Institute of Administration (January 3rd-8th, 1978).
15. Presented a Paper: Conflict Between Islamic Law and General Law in the Early 20th Century Northern Nigeria; National Seminar on Islamic Law; Zaria, Institute of Administration (April 1977).
16. Presented a Paper: Social and Political Formations in Africa: Current Trends and Situations. Jaji Army Staff Command College, Jaji, Kaduna (March 1977).
17. Presented a Paper: Ethnic Identity Among Some West African Peoples; Seminar on Culture in West Africa; Zaria (April 1977).
18. Presented a Paper: Ascertainable Characteristics of Nigerian Legal Traditions: Scope for Juridical Adjustments; FESTAC COLLOQUIUM, Lagos, Nigeria (January 1977).
19. Presented a Paper: Creolizing Pidgin in Nigeria; A.B.U. Social Sciences Staff Seminar, Zaria (March 1977).
20. Presented a Paper: Rules and Strategies: African Women in Traditional Politics; A.B.U. Social Sciences Staff Seminar, Zaria (April 1976).
21. Presented a Paper: The Various Conceptions of Culture; Social Sciences Staff Seminar, A.B.U., Zaria (February 1975).
22. Presented a Paper: Politics of Etnnicity; Social Sciences Staff Seminar, A.B.U., Zaria (May 1976).
23. Presented a Paper: The Nigerian Cultural Environment; Annual Meeting of the Nigerian Anthropological and Sociological Association (December 1976).
24. Simultaneous Translator (Hausa, English, French) and Presenter, Sokoto Seminar on Jihad (January 1975).

H. PUBLICATIONS AND MANUSCRIPTS

1. PUBLISHED BOOKS

(i) 1988 Maitatsine: Peddler of Epidemics. A Narrative Poem satyrizing religious fanaticism. Manila: Syreco Publishers.

(ii) 1982 The Past in the Present: Evolution of the Argungu Fishing Festival, Lagos, Okwesa Press.

(iii) 1981 Nigerian Legal System: Pluralism and Conflict of Laws in the Northern States. Kano/Delhi: Daje Publishing Company.

(iv) 1978a A Freedom Fighter: Annotated Memoirs of Mallam Illah Ringim (A Psycho-Political Analysis of a local-level activist) Sokoto: Sidi Umaru Press.

(v) 1978b The Reckless Climber: A Sociological novel on Kano Urban Hausa. Ibadan: Onibonoje Press.

2. MIMEOGRAPHS

(i) 1984a Towards a More Consistent and Uniform Sentencing Programme in Nigerian Courts. Mimeographed Report; directed, compiled for and submitted to the Nigerian Law Reform Commission, Lagos (January 1984).

(ii) 1984b Report of Team Survey on Integrated Approach to Basic Services and Model Villages in Five States of Nigeria. Submitted to Federal Minister of Youths, Sports and Culture in Lagos (July 1984) Mimeograph.

(iii) 1983a Report and Draft Bills for the Reform of Prison Services in Nigeria. Mimeographed Report submitted to the Nigerian Law Reform Commission; Lagos (June 1983).

(iv) 1983b Report of the Panel on Chieftaincy Affairs and the Creation of More Development Areas within Abuja Federal Capital Territory (FCTA). Compiled by Yusuf, A. B. et. al.

(v) 1983c Adaptation and Amendments to the Federal Acts in Volume III. Report submitted to the Nigerian Law Reform Commission, Lagos (January 1983). Mimeograph.

(vi) 1983d Adaptation of Federal Laws: The 1960 Volume. Report submitted to the Nigerian Law Reform Commission, Lagos. February 1983. Mimeograph.

(vii) 1979 Social Characteristics of the Populations within the Proposed Unisokoto Permanent Site. Mimeographed; Sokoto University, with S. Alubo.

(viii) 1978a Kano Rural Studies: Rural Sociologist Report, compiled by Yusuf, A. B. et. al; for Hadejia-Jama'are River Basin Authority, Kano. February 1978. Mimeograph.

(ix) 1976 Legal Pluralism in the Northern States of Nigeria: Conflict of Laws in a Multi-Ethnic Environment. S.U.N.Y. at Buffalo; Ph.D. Dissertation.

3. PUBLISHED ARTICLES

(i) 1988 Evolution of Nigeria's Foreign Policy. In the Foreign Relations Journal of the Philippines. Vol.III, No. 2, August 1988; pp. 121-132.

(ii) 1986 Nigeria: Consistently Against South Africa's Apartheid. Published in Transformation (People's Power); Vol. VI No. 2 - 1986 ISSN 0116-4260. Quezon City, Philippines.

(iii) 1984 Social Perspectives of Law Reform in Nigeria. Law Reform Journal. No. 4, 1984.

(iv) 1983 Sakkwato Caliphal Administration of Justice. Kano Studies, Vol. 2, No. 2, 1983.

(v) 1982 "Two More Propositions for States Creation in Nigeria." A Chapter, In Creation of States in Nigeria (Adejuyigbe et. al., edited); pp. 103-105; Lagos, Federal Government Printer.

(vi) 19''a Dimensions of Law Reform and Unification in Nigeria. Law Reform Journal; No. 2, November 1981.

(vii) 1981b The Structure of Nigerian Legal Traditions. Law Reform Journal; No. 2, November 1981.

(viii) 1979 The Evolution and Functions of Guilds and Guild Heads in Hausaland, Vol. 1, No. 2 of Zaruma: Sokoto State Cultural Magazine; December 1979.

(ix) 1976a Alhaji Babajo: Extract from the Reckless Climber, in the Mirror, A.B.U. Vol.I, No. 1; pp. 6-18.

(x) 1976b Effects of Drought on the Production Strategies of Farmers in N.E. of Kano. Colloquium Report, ISA:AI

(xi) 1975a Udoji Review Commission Report and the Unification of the Judiciary (in Nigeria). The Nigerian Journal of Public Affairs, Institute of Administration, Vol. V; May-October 1975.

(xii) 1975b Capital Formation and Management among the Hausa of Kano, Nigeria. Africa, Vol. XLV (2): 167-182. (Also see Margaret Peil, 1977; 260, 299).

(xiii) 1974 A Reconsideration of Urban Conceptions: Hausa Urbanization and Hausa Rural-Urban Continuum. Urban Anthropology Vol. 3; No. 2; Fall 1974. (amply cited in Margaret Peil's 1977 Consensus and Conflict in African Societies, pp. 65-66).

(xiv) 1973 Hausa Verbal Honorifics: A Case-Study in Socio-Linguistic Change, Savannah (Zaria); Vol. 2:2 1973.

4. UNPUBLISHED WORKS

(i) Ms 1984a Leadership Effectiveness in Management.

(ii) Ms 1984b Evolution of Nigerian Foreign Policy.

(iii) Ms 1984c A Viable Consumer Protection Policy. Discussion Paper prepared for the Nigerian Law Reform Commission, Lagos.

(iv) Ms 1983 Reform of Insurance Law and Practice in Nigeria. Discussion Paper prepared for the Nigerian Law Reform Commission, Lagos.

(v) Ms 1981 Religion and Politics in the Making of the 1979 Nigerian Constitution (Paper Prepared for Publication); In the making of the 1979 Nigerian Constitution. (Oyovbaire, eds.) Forthcoming.

(vi) Ms 1979a Whither Nigeria? Status Quo or Social Change After Military?

(vii) Ms 1979b Factors Influencing Discipline in Nigerian Secondary Schools.

(viii) Ms 1978a (1) A Handbook of Bachama Legal Traditions.
(2) A Handbook of Jukun Legal Traditions.
(3) A Handbook of Laka Legal Traditions.
(4) A Handbook of Jibuwa Legal Traditions.

(ix) Ms 1978b Political and Social Integration in Nigeria (Jaji Paper, March 3, 1978).

(x) Ms 1978c Bridging the Gap: The Welfarist Prescription (Partly Published in New Nigerian, January 1978).

(xi) Ms 1977a Social and Political Formations in Africa: Current Trends and Situations; (Paper Presented at Jaji Army Staff Command College, Jaji; Kaduna), March 1977.

(xii) Ms 1977b Conflict Between Islamic Law and General (English) Law in the Early 20th Century Northern Nigeria.

(xiii) Ms 1977c Ethnic Identity Among Some West African Peoples.

(xiv) Ms 1977d The Concept of Justice in Islam.

(xv) Ms 1977e Ascertainable Characteristics of Nigerian Legal Traditions: Scope for Juridical Adjustments.

(xvi) Ms 1977f Creolizing Pidgin in Nigeria: An Exploration into Socio-Linguistics.

(xvii) Ms 1976a Ethiopia: Transition from Feudalism to Socialism.

(xviii) Ms 1976b Various Conceptions of Culture.

(xix) Ms 1976c A Version of African Potlatch: Fighting with Property and Religious Symbols in Nigeria.

(xx) Ms 1975a Politics of Ethnicity: The Dilemma of the Asian Community in East Africa.

(xxi) Ms 1975b Rules and Strategies: African Women in Traditional Politics.

(xxii) Ms 1974a The Sociological Implications of the Hadj for Africa.

(xxiii) Ms 1974b Ethnic Diaspora: West Africans in the Middle East, North Africa and the Sudan.

(xxiv) Ms 1974c Multiplicity of Legal Systems and Legal Levels in Northern Nigeria.

(xxv) Ms 1974d Parapolitics and Judicial Process: A Study in Urban Ethnic Dynamics in an African Community resident in Mecca, Saudi Arabia.

I. TEACHING AND RESEARCH EXPOSURES

1. Abdullahi Bayero College, Kano: French Language; (Undergraduate and Preliminary Students; 1970-1971 Session: Enrolment 57).

2. S.U.N.Y. Binghamton, New York
   (a) Introductory Anthropology (Year 1, 1971-1973; 104; 83; 102) as Teaching Assistant.
   (b) African Peoples and Culture: (Years I and II:36).

3. State University of New York at Buffalo, New York:
   (a) Teaching Assistant Introductory Social Anthropology (Anthro. 273); 1973-1974.
   (b) Adjunct Associate Professor, Faculty of Social Sciences, Department of Anthropology, 1976-1981.

4. Ahmadu Bello University, Zaria.
   1974-1975 Session
   (a) Nigerian Social Structure/African Peoples and Cultures (Year III:480).
   (b) Intergroup Relations (Year III:10).

   1975-1976 Session
   (a) Sociology of Religion (Year III:35).
   (b) Elements of Sociology (Year I:210).

1976-1977 Session
(e) Sociology of Law I (Year II and III:25).
(f) Intergroup Relations (Year III:55).
(g) Internal Examiner and Co-Supervisor for 2 M.Sc. Theses. (1976-1978).
(h) Undergraduate Thesis Director (Year III: 1975/76 Sociology Department)
(i) 7 Students: 3 Theses on Islamic Pilgrimage (Hadj);
: 3 Theses on Customary Criminal and Civil Law; and
: 1 Thesis on Hausa Marriage.
(ii) 1976-1977 Session
15 Students: 8 Theses on Customary Law;
: 6 Theses on Hadj and Islam; and
: 1 Thesis on Destitutes.

5. University of Sokoto
1977-1978
(a) Elements of Sociology (SOC 101:30).
1978-1979
(b) Elements of Sociology (SOC 101:28).
(c) Sociology of Law (SOC 203:13).
(d) Urban Societies (SOC 213:26).
(e) Socio-Linguistics (SOC 215:30).
1979-1980
(f) Independent Study/Data Interpretation (Design, Coding, Processing and Analysis); (SOC 399:23).
(g) Research Essays (1979-1980) - (5)
3 Student Theses on Hadj;
1 Student Thesis on Juvenile Delinquency; and
1 Student Thesis on Land Law and Land Use.

J. TEACHING AND RESEARCH INTERESTS

1. Sociology Anthropology of Law (Law and Society; Legal Systems; Judicial Process).
2. Sociolinguistics (Language Origin, Language and Society; Dialectual Variation; Style; and Unification).
3. Urbanization and Urbanism (Urban Ethnics; Migration; Urban Problems; Urban Adaptation).
4. Rural (Folk) Societies (Problems of Rural Adjustments; Rural Development; Resettlement Projects Peasants and Pastoralists).
5. Intergroup Relations (Transactive Theory; Calculus of Group Interaction).
6. Biological Sociology (Physical Anthropology; Population Genetics; Human Evolution and Variation; Natural Selection and Adaptation).
7. Economic Anthropology (Developing Economies, notably the Hausa).
8. Comparative Religion (Islam; Hadj: General Theory of Religions).
9. Futurology and Sociological Fiction.
10. French Language and Literature.

K. RESEARCH EXPOSURES

1. Ph.D. RESEARCH PROPOSALS
   (a) Ms (1971) The Dynamics of Differing Realms of Law in the Northern States of Nigeria: Legal Adaptation and Internal Conflict of Laws in a Multi-Ethnic Environment (March 1971); S.U.N.Y. - Buffalo, New York.
   (b) Ms (1974) Parapolitics and Judicial Process: A Study of Urban Ethnic Dynamics in an African (Takrur) Community in Mecca, Saudi Arabia (April 1974); S.U.N.Y. at Buffalo; (an alternate Ph.D. Topic).
2. COMPLETED FIELD RESEARCH
   (a) Market Research (of competing cement and paints products in Northern Nigerian Markets); for the West African Portland Cement (Nig.) Ltd., Lagos and Kaduna (Sample Reports available).
   (b) Seven-day Observation of New World Monkey Behavioural Patterns; Brazil, December 1972. (Physical Anthropology, Primatology Workshop, S.U.N.Y. - Binghamton, New York).
   (c) On the Rehabilitation of Elmira Citizens (Susquehanna River Valley: New York State, 1973, May-July).
   (d) Hadj, Urban Ethnicity and Takrurization; Mecca, Saudi Arabia. (A two-month study of African communities in Saudi Arabian Capitals); April-May 1974.
   (e) One-Year fieldwork on Legal Pluralism and Conflict of Laws in Nigeria, leading to the award of Ph.D.; July 1974-June 1975.
   (f) Nine-month Rural Sociology Studies (team work), for the Hadejia-Jama'are River Basin Authority, Kano River Project, Phase II, 1976-1977 (See Report).
   (g) Legal Development Project, Northern States, Step I, Phase A: The Legal Tradition of the Peoples of Gongola State. A long-term Research Project, beginning with Gongola State, 1976-78. (Data on 12 Societies have already been compiled as of May 1978; See sample of Reports).
   (h) Six-month Research into the Social Characteristics of the Populations within the Proposed University Permanent Site. (July 1978-January 1979 completed Report submitted to *University of Sokoto: January 1979*).
3. RESEARCH IN PROGRESS
   (a) Resettlement and Population Adjustments: The Bakolori Experiment. Started in June/July 1979. Write-up stage.
   (b) Team Survey on Integrated Approach to Basic Services and Model Villages in Gongola, Bauchi, Cross River, Niger and Plateau States. Report to be submitted to the Federal Ministry of Social Development, Youths and Culture: 1983.
4. PROJECTED RESEARCH SCHEMES
   (a) Legal Development Project Northern States: Phase II, Bauchi-Plateau States.
   (b) Sokoto Urban Studies (A comprehensive report on Urbanism and Urbanization within Sokoto town).
   (c) Law Reform in Nigeria.
   (d) A Moving Spirit: Compilation of Lectures, Thoughts and Speeches of Ahmed Beita Yusuf.

L. COMMUNITY SERVICE

1. NEWSPAPER PUBLICATIONS
   (i) 1975a Wanted: Customary Judicial Process Revisited. Daily Times, Friday, March 21st, 1975.

(ii) 1975b In Defence of the Hadj. New Nigerian, Friday, May 16, 1975.

(iii) 1975c Excerpts from The Sociological Implications of the Hadj for Africa. New Nigerian, September 1975.

(iv) 1976a Lawyers in Area Courts? New Nigerian, March 1976.

(v) 1976b Legal Unity or Pluralism in Nigeria? New Nigerian, June 1976.

(vi) 1976c Legal Reform in Nigeria. New Nigerian, October 2-3, 1976.

(vii) 1977 Crime Surge, the Law and the Constitution in Nigeria. New Nigerian, April 1977.

(viii) 1978a Observations on the Report of the Technical Review Committee on Revenue Allocation. New Nigerian, July 1978.

(ix) 1978b Roots of Indiscipline in Post-Primary Institutions. New Nigerian, September 1978.

(x) 1980 Two More Propositions for States Creation in Nigeria. New Nigerian, August 14th, 1980.

(xi) 1986 In Manila Times: Nigeria-Philippines Relations; on the occasion of the 26th Independence of Nigeria. October 1st, 1986.

2. RADIO AND TELEVISION SESSIONS

(i) 1975 Radio Television, Kaduna; Discussion. March 1975.

(ii) 1976a Radio Television, Kaduna; Debates and Interviews Series: April, May, June 1976.

(iii) 1976b Duniya Ina Labari Programmes; June, July, August 1976.

(iv) 1976c World Scene; August, October, November 1976.

(v) 1976d A.B.U. Adult Education and Extension Services (for RKTV Sound). Various Programmes on Africa; August, September, November 1976.

(vi) 1978a NTV Lagos. Interview; January 1978.

(vii) 1978b NTV Kano. Discussion; April 1978.

(viii) 1979a NTV/NTA Kano: Interview on Freedom Fighter.

(ix) 1979b NTV Network Debate, January 10, 1979.

(x) 1980a Rima Radio, Political Talk. Saturday, June 21st, 1980.

(xi) 1980b NTV/NTA Kano: On States Creation.

(xii) 1981-1983 Several Appearances on Television and Radio, in Lagos, Kano, Kaduna and Sokoto.

(xiii) 1984 Interview with Bush House, BBC-London; April 1984.

(xiv) 1984-1985 Various T.V. Appearances on Apartheid and related topics in Metro Manila, Philippines.

(xv) 1984-1985 Interviews on BBC-Radio, BBC-London.

(xvi) 1985-1988 Regular Feature Guest on the U.N. Hour (Television Channel 4) often with Deputy Ministers from Host Foreign Ministry; Manila, Philippines.

(xvii) 1988 PTV Channel 4 Programme Coast to Coast: A diplomatic rendition of Africa, Nigeria and RP-Nigeria Relations.

M. HOBBIES

Writing, Reading, Music, Cross-Country Driving, Soccer, Tennis, Chess, Scrabbles and Puzzles.

N. SELECT REFERENCES

1. Sir Darnley Alexander, C.B.E., C.F.R., G.C.O.N.; former Chief Justice of the Federal Republic of Nigeria; now Chairman, Nigerian Law Reform Commission, Lagos.
2. His Excellency, General Olusegun Obasanjo, formerly Nigeria's Head of State (1975-1979).
3. His Excellency, Alhaji Shehu Shagari, formerly President of Nigeria (1979-1983).
4. His Excellency, General Ibrahim B. Babangida, President of the Federal Republic of Nigeria (1985-present).
5. His Highness, Alhaji Ado Bayero, Emir of Kano (1963-present).
6. Ambassador Alhaji Maitama Yusuf Sule, Former Federal Minister and Permanent Representative to the United Nations (1980-1984).
7. Professor Jibril Aminu, formerly Vice-Chancellor, University of Maiduguri, now Federal Minister of Education, Lagos.
8. Professor Shehu A. S. Galadanchi, formerly Vice-Chancellor, University of Sokoto, now Nigeria's Ambassador to Saudi Arabia.
9. Alhaji Adamu Chiroma, former Federal Minister (1979-1983) and Governor, Central Bank of Nigeria.
10. Professor Charles Frantz, Department of Anthropology, S.U.N.Y. at Buffalo, Buffalo, N.Y. 14262, U.S.A.

BEITA

Manila, Philippines
November 1988.