

THE IMPACT OF ETHICS AND PROFESSIONALISM IN THE NIGERIAN BANKING INDUSTRY

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ABSTRACT

Ethics is concerned with the code of values and principles that enables a person to choose between right and wrong, and therefore, select from alternative courses of action. In recent past the banking industry specifically the deposit money banks have witnessed insider abuse, frauds, greed, poor internal controls etc and has led to CBN intervention. These acts resulted from unethical behaviour from employees and management. The focus of this study is to investigate the impact of ethics and professionalism in the banking sector in Nigeria using selected banks as the case study. The methodology employed is the survey method. One hundred (100) questionnaires were distributed to selected deposit banks and Eighty Seven One (87) were retrieved. The percentage method was adopted to analyze the data obtained and the response from the questionnaires was then presented using the Statistical package for Social Science (SPSS). The evidence generated from this study reveals that many Nigerian Banks and Bankers are aware of the Code of Ethics and Professionalism in the Banking Industry but not all Nigerian banks have adopted the Code. It was also found that unethical behaviour is responsible for distress in banks. The sanctions for unethical/unprofessional conducts appear to be too weak. We therefore recommend the need to promote greater awareness of Ethics and the Code of Ethics in the Nigerian Banking Industry, as this is the best way of promoting ethical behaviour. To curb distress in banks, the Regulatory Authorities should ensure that penalties and stiff sanctions are imposed on banks for unethical practices and for outright violation of rules and regulations sufficient to deter such violations and discourage unethical behaviors in future.

Key words: Deposit money banks, Ethics, Professionalism

1.1 BACKGROUND TO THE STUDY

Banks play multifarious roles which include acting as financial intermediary between the surplus generating units and the deficit spending ones. As Oghojafor *et al.* (2010) explained, “The banking industry plays a major intermediation role in an economy by mobilizing savings from surplus units and channeling these funds to the deficit units, in particular private enterprises, for the purpose of expanding their production capacities”. It is important to note that through the intermediation function that banks not only earn the volume of their income by way of interest margin but also pay out returns to savers, compensating them for the opportunity cost of their money. Therefore, if any bank is unable to recover the funds it lends out, its own existence as a going concern would be undermined. This will also impair a bank’s ability to meet the withdrawal needs of depositors. Consequently for any bank to perform very well in its operation, certain issues need to be addressed especially in the areas of ethics and professionalism.

According to Haslinda *et al.* (2009) “Business ethics is a study of business activities, decisions and situations where the rights and wrongs are addressed; it is a form of applied ethics that studies rules and principles within a commercial context and any obligations that apply to persons who are involved in commerce”. Professionalism is an important part of managing any business. Professional employees enhance the image of the business, help employees deal well with customers, and will help the business grow and succeed. In the banking industry, professionalism becomes even more important due to the complex aspects of the business. Promoting professionalism in banking involves training and coaching employees on the various areas important to the industry. The Chartered Institute of Bankers of Nigeria (CIBN) and Central Bank of Nigeria (CBN) have played important roles in training and re-training of employees in the Nigerian Banking Industry. The question often asked is whether training of employees has led to the desired impact on the Nigerian banking industry.

The banking industry in Nigeria witnessed a lot of changes following the liberalization of banking business as part of the Structural Adjustment Program (SAP) introduced in 1986 to revamp the economy. However, the phenomenal increase in the number of banks heightened competition amongst the banks. The stiff competition for customers and deposits led to sharp unethical practices leading to the distress in some of the banks. According to Sikka (2008), “fraudulent financial practices seem to be part of an ‘enterprise culture’ that persuades many to

believe that ‘bending the rules’ for personal gain is evidence of business acumen”. This attitude has led to the distress of banks in Nigeria, which brought about the desire to introduce a Code of Ethics and Professionalism in the industry to stop the detracting menace and also to sanitize the industry. Banks are not only expected to operate professionally but ethically so that the general public would have confidence in the system.

It is generally acceptable that any organization either charitable or non charitable must have set down rules and regulations guiding her operations otherwise anarchy will be the order of the organization’s operations. The problem is that banking business is becoming more complex and the borderline between what is legitimate and illegitimate becomes more blurred. This adds to the need for banks to adhere to a strong set of values to guide them when they are faced with decisions regarding ethical issues. Hortacsu and Ozkan-Gunay (2004) however argued that “ethical and professional values are still not firmly entrenched and followed in the banking system. Many banks are associated with accepting bribes in return for loans, lending to connected parties and cheating customers”. More so, an ordinary bank customer does not have the opportunity and adequate knowledge to understand banking transactions, which is a requirement of the ethics of disclosure in banking business (Freckle and Lurie, 2003). According to Ahmad (2004), “The mad rush by banks to meet the N25 billion capital base requirements in 2005 created a series of unethical and sharp practices in the industry according to the interim report issued by the Nigerian Deposit Insurance Corporation (NDIC)”. On Friday, April 14, 2006, Daily Trust Newspaper published a strong warning given by Central Bank of Nigeria (CBN) to Nigerian Banks that are engaged in the unethical and unprofessional behavior of de-marketing other banks through false information and unfounded rumor. The publication is a further confirmation of the unscrupulous, unprofessional and unethical behaviors and attitude that had bedeviled the Nigerian banking sector.

Anthony *et al* (2005) also noted that “A good number of notable Banks in Nigeria have been distressed and consequently become financially dwarfed. It must however be stated that this banks got to where they are due to various forms of unethical practices, they include ICON Ltd (Merchant Bankers), Premier Commercial Bank Ltd, Ivory Merchant Bank Ltd, Peak Merchant Bank Ltd to mention a few, were all liquidated between year 2000-2003”. On August 14, 2009, the Governor of the Central Bank of Nigeria (CBN), Mallam Sanusi Lamido Sanusi, exercising his powers as contained in Sections 33 and 35 of the Banks and Other Financial Institutions Act (BOFIA) 1991, as amended, announced the firing of the chief executive officers (CEOs) and board of directors of five banks in Nigeria and replaced them with CBN-appointed CEOs and

boards of directors. Forty-eight days later, on October 2, 2009, he announced an additional sack of three bank chief executive officers (CEOs) and their respective boards of directors (and replaced them with Central Bank of Nigeria appointed CEOs and directors), bringing it to a total of eight bank CEOs and their respective Board of Directors who were fired from their jobs as helmsmen of financial institutions in 2009. The affected banks were Afribank Plc, Platinum Habib Bank (PHB) Plc, Equatorial Trust Bank Plc, Finbank Plc, Intercontinental Bank Plc, Oceanic Bank Plc, Spring Bank Plc and Union Bank Plc.

It is safe to say that currently most of these banks have either been distressed or acquired by other banks as in the case of Intercontinental Bank Plc acquired by Access Bank of Nigeria and Oceanic Bank Plc acquired by Ecobank transnational Inc. on October 25, 2011 and October 14, 2011 respectively, most of which were traced to unethical practices. The focus of this study major is to investigate the impact of ethics and professionalism in banking sector in Nigeria using selected banks as the case study. It is to investigate to what extent the code of ethics has helped to sanitize the banking industry and ensure stability of the banking system. The study will therefore establish the level of awareness and appreciation of the code of ethics and professionalism in the banking industry; establish the role played by bank regulatory bodies in implementing the code of ethics and the level of adoption of the code and to determine whether unethical practices and mismanagement are responsible for the distress in the banking industry. For the purpose of this research work, the following research questions were formulated: such as to what extent are banks aware of the Code of ethics and Professionalism in the banking industry; the roles played by bank regulatory bodies in implementing code of ethics and the level of unethical practices which has caused distress in the banking industry?

Since this research work is aimed at investigating the prospects and challenges of ethics and professionalism in selected banks in Nigeria, it would not be easy to visit all the banks in Nigeria, therefore ten (10) banks would be selected to enable us generalize the research findings. This study is very important in the sense that it will analyze the impact of ethics as well as professionalism in banking industry in Nigeria as well as assist bank management in the development of manpower which will serve as a good managerial tool for effective human resources management and empowerment to the government at large. The remainder of this paper is divided into four sections. Section two and three dwells on literature review/theoretical framework and methodology. Section four explains data collection, analysis and interpretation while Section five ends the paper with conclusion and recommendations.

2.1 REVIEW OF RELATED LITERATURE/THEORETICAL FRAMEWORK

Francis (2010) analyzed the functions of the banking system to include but not limited to: the development, administration and implementation of monetary policies that ensure stability in the Nigerian economy; the provision and management of financial resources and services to the Nigerian society in order to drive economic activities; the provision, management and storage of instruments of negotiation and exchange; the mobilization of financial resources from locations where they are least needed to where they are most needed; and the provision of information technology driven systems and platforms to support economic activities within and beyond the borders of Nigeria. Donli (2003) postulates that if these functions are efficiently carried out, the economy would be able to mobilize meaningful level of savings and channel these funds in an efficient and effective manner to ensure that no viable project is frustrated due to lack of funds

Smith and Smith, (2002) defines Ethics as the integrity measure, which evaluates the values, norms and rules that constitute the base for individual and social relationships, from a moral perspective. Kumar (2007) explained that “Ethics is concerned with the code of values and principles that enables a person to choose between right and wrong, and therefore, select from alternative courses of action”. The Webster Dictionary (1913) defines ethics as “The science of human duty; the body of rules of duty drawn from this science; a particular system of principles and rules concerning duty, whether true or false; rules of practice in respect to a single class of human actions; as political or social ethics; medical ethics”. Erundu et al (2004) hold that the study of “ethics” focuses on issues of practical decision making, including the nature of ultimate value, and standards by which a human action can be judged right or wrong, good or bad

Erundu et al (2004) hold that the study of ethics focuses on issues of practical decision making, including the nature of ultimate value, and standards by which a human action can be judged right or wrong, good or bad. For Nnadi (2006), ethics applies to any system or theory of moral values or principles. For Beauchamp and Bowie (2001), ethics is the general term referring to both moral beliefs and ethical theory on human conduct. Jelena (2007) posited that the subject of business ethics (collective or business /ethics) is the effect of the social nature of morality, and the feedback effect of business morality on the business environment. Business ethics helps us to identify benefits and problems associated with ethical issues within the firm and business ethics is important as it gives us a new light into present and traditional view of ethics (Crane and Matten, 2007). Nilsson and Westerberg (1997) hold that ethics and business not only can, but must go together, for to do business without concern to ethics is the surest way to fail.

Bowie (2001) and Egels-Zandén et al (2010) attest to the necessity of ethics in business communities and practices. For them, business ethics is about how the nature of business is understood as a morally compelling domain of human activity. Given that business activities (e.g. banking) play major roles in any society, people within a society expect that organizations and firms (businesses) will accept their roles as “citizens” and that these businesses will behave as good citizens, i.e. they will behave ethically. Bowie (2001) emphasizes this when he says, “if business ethics is a fad, it is a fad that has lasted for over thirty years and one that continues to have resilience”.

To Ahmed (2003), business ethics is a form of applied ethics that examines rules and principles within a commercial context; the various moral or ethical problems that can arise in a business setting; and any special duties or obligations that apply to persons who are engaged in commerce. Technically, philosophers would divide ethics into branches: meta-ethics, normative ethics and applied ethics. Normative ethics is the branch concerned with the issues which largely have to do with the notion of moral obligation. Meta-ethics is the most amorphous of the areas of ethics. Meta-ethics is a branch of analytic philosophy that explores the status, foundations, and scope of moral values, properties, and words. Meta-ethics focuses on *what morality itself is*, meta-ethical positions may be divided according to the way we respond to questions such as, what exactly are people doing when they use moral words such as “good” and “right”?. This branch of ethics tries to apply ethical theories to “real situations” it is sub categorized into -Professional Ethics which is generally a branch of applied ethics that focuses on the actions of people within a certain profession.

Profession and Professional

According to Ali (2005), professional ethics are the moral standards, principles and regulations that guide the course of professional behaviour. Professional ethics are both individual and institutional in nature and it can be learned during the course of study of the profession. Professional ethics also rely upon one’s own personal sense of moral behaviour and judgment. It goes on to state that a professional strives to exceed the level of excellence required by law or commercial interests. Business professionalism isn’t just about making money and impressing people. It also involves fundamental values of integrity, commitment and respect for oneself and the wider community. Idolohor (2010) points out that Professional ethics are the moral standards, principles, and regulations that guide the course of professional behaviour. Professional ethics are both individual and institutional in nature. Professional ethics can be

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According to Sanusi (2003), the professional character has at least two components which are to master and practice the expertise of the profession to the highest level of competence the individual can manage. The external standards require minimum or adequate competence. The internal standards of a professional aspire to the highest possible level of competence. And a commitment to use these high levels of competence to serve others. In the first instance, the duty of service runs to the client, but it can run to fellow professionals, to others who stand in some relationship to the client. McDowell (2000) further points out that one can aspire to professional status, but achieving it depends on acceptance and admittance by others. This social acceptance proceeds through a series of steps which includes, being admitted to a professional school, passing the courses, which signifies that adequate competence in various "types and levels" of technical expertise has been attained, passing the state certification examination. Being licensed, and locating or establishing a position of employment or service within the profession.

In Nigeria, entry into the banking profession is not strictly restricted but banks are expected to obtain good reference from schoolmasters / previous employers and other reputable individuals in the society before new entrants are offered jobs. However, the Banks and Financial Institutions Act (BOFIA), 1991 Section 43 (4) provides that "Any person whose appointment with a bank has been terminated or who has been dismissed for reason of fraud, dishonesty or conviction for an offence involving dishonesty or fraud shall not be employed by any bank in Nigeria". The restriction is to ensure that persons with bad character and all those involved in dubious activities harmful to the industry and the public are not given the opportunity to perpetrate their nefarious acts. Denying persons who lack morality and ethics entry into the noble banking profession aims at sanitizing the industry from the outset. This is facilitated by circulating the names of all dismissed / terminated bank staff amongst all the banks in Nigeria by the Central Bank of Nigeria. However, it is difficult, if not impossible to detect fraudsters from the poll of fresh graduates being considered for employment by a bank. In Nigeria, the Chartered Institute of Bankers of Nigeria is responsible for the professional training of bankers.

Theoretical Framework

Three important theories that underpin this study will now be discussed. They are Shareholder theory, Stakeholder Theory Model and Systems Theory Model.

Shareholder theory

This states that a person is acting ethically if they act in a way to maximize profit for their shareholders. The shareholders are simply anyone that owns a piece of the company and therefore profits on the company gaining revenue. Nilsson and Westerberg (1997) postulates that there are some benefits to belief in shareholder theory. A good result of shareholder theory is that it tends to maximize productivity. When the only thing that is worried about is generating revenue, then the business tends to find the most efficient way to utilize resources to generate the greatest level of revenue possible. This efficiency can be deemed important because it means that there is little wasteful spending and wasted resources which are important as they are limited on this earth. One major problem is that it doesn't take people like customers, the environment, or employees into account, so it could potentially hurt them. If a business decides to maximize profits, randomly fire employees, sell defective products to customers, and pollute the environment, they might still be considered ethically good as long as resources are being used efficiently. If they are committing "off- balance-sheet" transactions that are considered within the realms of the law in order to maximize profit, then they might seem ethical under shareholder theory.

Stakeholder Theory Model

Ethical Behaviors in business practices lead to business success, and a stable financial system. Stakeholder theory attempts to address the question "what is the purpose of the corporation and in whose interest should it be run?" From a theoretical standpoint, it is generally held in business ethics circles that the Stakeholder Theory, by Ed Freeman, arose as an alternative theory to the traditional notion of the function of business that emphasized shareholders only. Freeman, however, points out that the general ideas of the stakeholder theory predate his postulation (Jones, Wicks and Freeman, 2001). Pondar et al (2006) also allude to Freeman's position when they opined that, within the stakeholder theory framework, companies are seen as involved in the social system and forced to enter into a 'new social contract'. This 'new social contract' presents a mix of reciprocal expectations of the role and responsibilities of each of the involved parties in a corporate and social environment This contract also demands that

companies perform social, ethical and environmental responsibilities. Jones, Wicks and Freeman (2001) criticize the traditional notion of the firm put forward by the Nobel Prize winner Milton Friedman that the ethical obligation of business managers is to seek profits for the stockholders only, a single set of stakeholders. For Jones, Wicks and Freeman, this traditional notion (seeking profits for stockholders only) of the firm or business organization is myopic as it places too much emphasis on shareholders to the exclusion of other stakeholders. As such, they hold the position that, business managers must go beyond a simplistic and narrow perspective of the objectives of the firm to include other stakeholders other than the shareholders. Acting ethically here would thus entail business managers fulfilling responsibilities to the firm and its wide array of stakeholders.

For Donaldson and Preston (1995) the stakeholder theory requires of anyone managing or affecting corporate policies to possess, as a key management attribute, the simultaneous attention to the legitimate interests of all appropriate stakeholders, both in the establishment of organizational structures and general policies and in case-by-case decision making. As seen in Jones, Wicks and Freeman (2001) or in Pondar et al (2006), or yet still Donaldson and Preston (1995), the central argument of the Stakeholder Theory is based on two premises: first, that to perform well, business organizations and their managers need to pay attention to a wide array of stakeholders and secondly, managers have obligations to stakeholders which include but extend beyond shareholders (Jones et al, 2001). In other words, the stakeholder theory holds that making profits for the firm and its shareholders, as well as fulfilling other duties to other groups associated with the firm are the essence for which a firm exists.

Systems Theory Model

The regulator in a financial system must first be ethical in character and action in order to exercise its mandate as a banking ombudsman. Closely related to the stakeholder theory of business ethics is the systems theory approach. As an ethical theory, systems theory also attempts to connect business and ethics (Nilsson and Westerberg, 1997). According to the systems theory ethicists, social phenomena cannot be fully understood in isolation. Rather they must be viewed as parts of the larger system within which they interact with other elements of the system that is, within the systems theory framework, the optimization of the goals of individual components (subsystem goals) is to be pursued only to the extent compatible with the pursuit of overall system goals. For Ackoff (1987), ethical judgment should be based not on rules that are to be applied to the outcomes of decisions or end product, but to the decision-making process involving stakeholders'. Although Ackoff's postulation smacks of idealism, a

point which he admits, his points hold true when we consider the CBN intervention that arose out of the misconduct of some management personnel at some deposit money banks in Nigeria. Some Nigerian banks' personnel (management stakeholders of firms) were prevented by the CBN (regulator stakeholder) from further decision-making affecting other stakeholders in the system. That is to say, the actions of a part of the system could have consequences on the rest of the system, as such the system in its essence or in search of its ultimate goal will constantly seek to balance itself or maintain equilibrium. As such, it can be said that the system theory places emphasis on maintaining balance of the overall system and that subsystem interests are subordinate to the overall system interests.

Unethical Practices in Nigerian Banking

The First Professional seminar series to discuss "Ethics and Professionalism in the Nigerian Banking Industry" took place at the Gateway Hotel Ota from 31st July to 2nd August 1992 under the auspices of the Africa Leadership Forum. Some of the major highlights were as follows: "Greed was identified as one of the causative agents for the high incidence of fraud and other unprofessional conduct in the Nigerian banking industry. There was apparent moral laxity in the larger society. The practice of government employing non-professional managers into critical positions undermines ethical standards and professionalism in the industry". It was remarked that crime and fraud would continue to flourish, unless those who perpetuate it are decisively dealt with. Unrealistic government directives encourage corrupt practices in the banks. Some of the reasons for unethical practices in Nigeria are conflict of interest, greed, fraud and insider abuse, internal control, regulation, supervision and surveillance.

Conflict of interest

The Professional Banker, like any other professional is usually faced with role conflicts on daily basis in discharging the professional duties in the society. McDowell (1991) provides that different relationships exist between the professional and others. Kultgen (1998) clearly states that under the principle of role responsibilities, professionals primarily serve clients, employers, and special sectors of the public who come to them for aid. A profession is part of the larger social system. It is complemented by other action- systems, professional and non-professional. Guy (1990) and McDowell (1991) on the other hand states that there is the formal ethical prescription that a professional must prefer the interest of the client, as well as the currently accepted primary goal of all economic or business activity, which is to make as much profit as

possible. Professionals should not be greedy and lose sight of their professional duties to their clients.

Greed

According to Gup (1990) “Greed is the motive for bank crimes”. Dishonest and greedy loans have been the bane in the banking industry, which has accentuated the distress syndrome in the industry by weakening the deposit base of banks. This happens when bankers disregard laid down policies and the tenants of banking and connive with customers to obtain questionable loans and other facilities from a bank.

Frauds and Insider Abuse

Gup (1990) defines insider abuse as a technical term that “refers to a wide range of misconduct by officers, directors and insiders of financial institutions committed with the intent to enrich themselves without regard for the safety and soundness of the institutions they control, in violation of civil banking laws and regulations and perhaps also in violation of criminal banking laws. Owualah (1996) states “poor quality staff has also been blamed for the weak internal controls, frequent contravention of statutory regulations and the growing spate of frauds in the system”. He further states, “It is trite to say that frauds now constitute one of the most worrisome problems cutting across all banks in Nigeria and inflicting huge financial losses on their victims.

Unethical practices in Nigerian banks still manifest themselves in various forms. This is because the entire economy has been pervaded with corruption. The banking sector of the economy has not been spared. Unethical practices creep into Nigerian banks right from the point of entry when staffs are being recruited. This is what is called “Relationship Employment”. It means employment not based on merit but based on beneficial relationships the bank will derive by offering a job to someone who is a relation to a wealthy customer or potential customer. The bank expects the new employee to attract huge deposits from his relation to the bank. Ethics and good conduct are therefore sacrificed for the deposits and professionalism is thrown overboard.

Another similar and peculiar unethical practice in the Nigerian banking industry is the debasement of womanhood. The Osibodu Committee carried out discreet investigations and reported that the institutions involved in such unethical practices encourage the young girls to meet their targets by “any means”. Some of the girls who responded to the questionnaires sent out by the Osibodu Committee confirmed that they have been sexually harassed by their employers for failing to meet their targets and have been threatened with job losses. According

to Unegbu (2004) “some critics have criticized the banking sector for celebrating prostitution in the guise of marketing banking services and products”. The implication is that in an effort to attract deposits by all means, these bankers may contravene the provisions of the Money Laundering Act by collecting deposits from questionable persons. Heermance (1924) points out that “unethical practices are not only a menace to society but it jeopardizes the standing of the group as a whole, and tends to depreciate the value of its service. Therefore in order to be able to combat this, the tools below are needed:

Internal Controls

Gup (1990) points out that management is responsible for devising and maintaining internal controls. According to him, internal controls can be defined as the plan of organization, method, and measures used to safeguard assets, to ensure the accuracy and reliability of data, to ensure compliance with policies and applicable laws and regulations, and to promote management efficiency. Therefore lack of corporate culture manifests in the following situations: “absence of code of ethics; absence of a clear policy on conflicts of interest; lack of oversight by the bank’s board of directors, particularly outside directors; absence of planning, training, hiring, and organizational policies; absence of clearly defined authorities and lack of definition of the responsibilities that go along with authorities; and lack of independence of management in acting on recommended corrections”.

Regulation, Supervision and Surveillance

Nwankwo (2001) defines banking regulation as “a body of specific rules or agreed behaviour either imposed by some government or external agency, or imposed by the explicit or implied agreement within the industry that constraints the activities and business operations of the institutions in the industry to achieve defined objectives and act prudently.” Most of the regulations governing the operation of banks are codified by legislation. Moreover, following the introduction of Universal Banking in 2000, the Central Bank of Nigeria introduced the Financial services Regulation coordinating Committee (FSRCC) for greater supervision and surveillance. The focus of regulation has therefore been to reduce the risk of bank insolvency and the potential cost of bank failures to depositors, Sanusi (2003). Laws and regulations are promulgated to ensure discipline and compliance with specified standards. Enforcement of banking laws is therefore necessary for the banking industry in order to avoid distortions in the system. Appropriate sanctions are prescribed by the Central bank of Nigeria (CBN), Nigerian Deposit Insurance Corporation (NDIC), or any appropriate Act applicable to banks. These are

aimed at checking concealment of financial and economic crimes as well as other unethical practices, which are detrimental to the banking industry and the economy.

Contraventions, Sanctions and Penalties

McDowell (1991) writes that the present structure of professions leaves a large area of autonomy or discretion to individual professionals, and it is within that area of professional freedom that abuse occurs. He opines that there are three possibilities, Complete and unregulated autonomy with the hope that internalized notions of competence and ethics will assure that autonomy is exercised wisely. Since 1952, there have been many governmental regulations put in place, which invariably affect banking operations and the way banking businesses are conducted. These regulations have been enacted to check criminal and unethical conducts. According to the Chartered Institute of Bankers in Nigeria (2004) certain conduct and practices are considered unprofessional / unethical which include but are not limited to:

Conflict of Interest: Engaging in extraneous activities, which constrain a bank's primary responsibility and also Colluding with third parties to inflate contracts.

Abuse of Trust / Office: Abuse of position and taking advantage of the institution to enrich oneself and Collusion with the bank's customer to divert credit facilities for unauthorized purposes.

Full Disclosure: This is simply a lack of appropriate disclosure in dealing with other players and customers in the market place. It also includes imposition of previously undisclosed charges on customer's accounts. And failure to submit report on dismissed / terminated staff to Central Bank and other relevant agencies. Full disclosure could also be Concealment of fraudulent acts perpetuated by employees.

Misuse of Information: Misuse, manipulation or non- disclosure of material information on operation supplied to regulatory authorities with intent to mislead. Misuse of confidential information gained through banking operations. Running down competitors through deliberate misinformation.

Insider Abuse: The improper granting of loan to Directors, insiders and political interests and other misdemeanor as appropriately provided in BOFIA, insiders conversion of bank's recourses to purposes other than the bank's business interest. Granting of unsecured credit facilities to internal / external customers in contravention of the provisions of banks & other Financial Institutions Act (BOFIA). Granting of waivers on non- performing credit as detailed in BOFIA

Offer and Acceptance of Gratification: Offering / Acceptance of gratification to / from customers and potential customers to do business, applying unequal standards and finally imposing unfair penalties by the regulator with the intention to induce gratification.

Non Compliance with Standards and Guidelines: This includes Non- conformity with the Nigerian Accounting Standards. CBN Prudential Guidelines, NDIC regulations thereby resulting in incomplete or false information, and also refusal to recognize inherent risks in the portfolio of contingent liabilities.

Aiding and Abetting: Aiding and abetting the failure of a new staff to meet the financial obligation of the previous employer and aiding and abetting within and outside the organization, an example of this is employing new staff without obtaining suitable references.

Code of Banking Practice

According to the Chartered Institute of Bankers of Nigeria(2004), the governing principles of the code are to set out the standards of good banking practice which banks will follow in their dealings with their customers ,as well as to provide guidelines for banks to make them act fairly and reasonably in all their dealings with customers and other banks, cause banks to help customers to understand the operation of their accounts and to give them a good understanding of their banking services including known risk relating to the operations; as well as to maintain confidence in the security and integrity of the banking system. Banks must recognize that their systems and technology need to be reliable to protect their customers and themselves. The following have been noted by the Chartered Institute of Bankers of Nigeria (2004).

In **Opening an account** banks are required by law to satisfy themselves about the identity and address of a person seeking to open an account to assist in protecting their customers, members of the public and themselves against fraud and other misuse of the banking system. There should be written **terms and conditions** in respect of the various types of financial services offered by them. Banks must disclose to their customers in sufficient detail the basis of the **charges incidental** to the operation of their accounts. Banks will inform customers about the interest rates applicable to their accounts, the basis on which the interest is calculated and when it will be paid to their accounts. Each bank will have its own internal procedures of handling customers' complaints fairly and expeditiously. Banks will observe a strict duty of **confidentiality** about their customers (and former customers') affairs and will not disclose details of customers' accounts or their names and addresses to and third party, including other companies in the same group, other than in the four exceptional cases permitted by law, All banks should insist on their staff signing "Declaration of Secrecy" to guarantee the confidentiality of customer information. Banks will on reply to status enquiries made about their

customers and explain how the system of Status Enquiries (Bankers' References) works. Except in response to a customer's specific written request or where a customer has given his express written consent, banks will not pass customers' names and addresses to other companies in the same group for **marketing** purposes. Banks should not make the provision of basic banking services conditional on customers giving such written consent. In particular, banks should ensure that all advertising and promotional literature is fair and reasonable, does not contain misleading information and complies with all relevant legislation, whether relating to their own Bank or their competitors banks.

Banks will provide customers with details of the exchange rate and the charges which will apply to **foreign exchange transactions**. Banks will provide customers wishing to effect cross-border payments with details of the services they offer. Banks will advise private individuals proposing to give them a guarantee or other security for another person's liabilities, that by giving the **guarantee** or their party security he or she might become liable instead and that he or she should seek independent legal advice before entering into the guarantee or third party security. Guarantees and other third party security documentation will contain clear and prominent notice to the above effect. A bank should at all times and as expeditiously as possible seek adequate information about the credit-worthiness of any other bank before engaging in **inter-bank transaction** with it. Banks should accord priority to inter-bank obligations.

Linkage between Distress and Unethical Practices in the Banking Sector

Distress in banking parlance connotes situations where there is trouble with the bank. It is another way of saying that there are signs of insolvency and the bank may not be in a position to meet its obligations and commitments as and when they fall due. According to the Munn's Encyclopedia of Banking and Finance, Cited by Owualah (1996), "a failed bank is one closed temporarily or permanently on account of financial difficulties. Canon (2004) aptly states that, "Banking is about confidence, character, trust, and ethics. It is neither the racing field for cowboys nor the dancing floor for beauty pageants". This is because "a bank is a very sensitive institution dealing with people's lives, capital and confidence". For this reason, he suggests that government should intensify investigations into the "history, character, integrity, and financial standard of would-be directors" to prevent cowboys from emerging on the board of directors of banks. Gup (1990) said "the cause of most bank failures is loans that went bad. But why did the loans go bad? The answers may be found in "macro-economic instability or overconcentration in real estate loans". Bankers may have no control over macro-economic policies but certainly, they are in full control over their exposures to the real estate sector of the economy and indeed

all other sectors; and professional and prudent appraisals of such loans would reveal the obligor limits and the level of safety needed for a “safe and sound” banking practice. Unethical practices cannot stand the test of time and banks which survive on public confidence must be ethical in all ramifications in order to provide safe and sound banking environment. For this reason and many others, the Central Bank of Nigeria has continued to issue guidelines and regulations on important issues affecting the banking industry.

Impact of Central Bank of Nigeria in Sanitizing Unethical Behaviour in Nigerian Banks

Statutory and self regulation of ethics in the banking industry is a product of government enactment or promulgation of laws to prevent and penalize malpractices and unethical behavior in the banking industry. Babaita (2001) listed the following statutory regulations already in force in the banking industry to include:

- i. Banks and Other Financial Institutions Act 1991 as amended 1998.
- ii. The Failed Banks Decree that identifies lists and prescribes appropriate offences in that Decree and in other Decree.
- iii. The Advance Fee Fraud and Other Related Offences Decree 1995.
- iv. Money laundering Act (2004) that makes it obligatory for banks to make routine reports that may throw up money laundering activities as well as to report suspicious transactions of any amount.
- v. CBN professional code of conduct.
- vi. The NDIC decree No 22 of 1998 that establishes obligations for banks officers

According to Francis (2010) there are two major regulators in the Nigerian banking industry namely the Nigerian Deposit Insurance Company (NDIC) and the Central bank of Nigeria (CBN). These are government institutions set up by law to regulate, monitor and control the activities and actors in the banking, and entire financial sectors of Nigeria. They formulate policies and procedures that ensure a sound and stable financial system. They also ensure that other actors in the banking system operate within the defined policies and practices. The NDIC is the government’s agency responsible for guaranteeing the payment of deposits up to the maximum limit in accordance with its statute in the event of failure of an insured financial institution. It also supervises banks so as to protect depositors; fosters monetary stability; promotes an effective and efficient payment system; and promotes competition and innovation in the banking system. Francis (2010) postulates that the Central Bank of Nigerian and the Nigeria deposit Insurance Company have greatly helped to combat unethical practices in Nigeria. For example Central bank intervened in the year 2009 by the firing of the Chief

Executive Officers (CEO) and the boards of directors of eight banks and replaced the fired officers with external CBN- appointed officers and injected 420 billion naira (\$2.8 billion) of government funds into the affected eight banks to address their insolvency and liquidity challenges, thereby stabilizing the Nigerian banking system from potential collapse. Ahmad Bello (2004) revealed that the sanctioning of the affected bank executives had far reaching impact on various sectors and organizations, particularly the capital market, insurance, corporative societies, among others. An x-ray of powers of the intervention made by CBN was done and the aggregate view on the subject points to the fact that the sanitizing of banks was timely, expedient and falls within the legal frame work of the CBN Act and the Nigerian constitution.

3.1 METHODOLOGY

The research design chosen for this project is the survey. This is because according to (Saunders 1997) the greatest use of the questionnaire is made by the survey strategy. It allows the collection of a large amount of data from a sizable population in a highly economic way. The basic research instrument used in this study is the questionnaire. This involves the administration of well-structured questionnaires to respondents. The responses were analyzed and used to test the hypotheses from which valid decisions and conclusions were drawn. Two methods of data collection are adopted in this study. A well-structured questionnaire was prepared and administered on (10) deposit money taking banks in the country. There were twenty-two (22) questions in all, which were subdivided into two parts. Part one consists of thirty (14) questions with options of Yes or No. Part two consists of thirteen (8) questions.

Sources of secondary data have been fully acknowledged in the references. According to (Asika, 1991), “The population is a census of all the elements or subjects of interest and may be finite or infinite” “The full set of cases from which the sample is taken is called the population” (Saunders et al: 1997). The population in this study consists of bankers and customers in the banking industry in Nigeria. The entire population can therefore be estimated to run into thousands and is therefore too large as some banks employ as many as seven thousand staff. It is therefore imperative that a sample of the population must be taken for the purpose of this research. . Thus, this study is based on a sample size of 100 bankers drawn randomly from the selected ten deposit money taking banks and customers. The random sampling method was employed in this research. The Simple random sampling procedure has been employed because it is easy to administer and saves time. As for the reliability instrument, we considered the reliability and the validity of the questionnaire. The research work is valid because the instrument used is correctly designed and administered; it measured exactly what it set out to

measure. The research work is also reliable as there is consistency and stability in the instrument used. All variables were analyzed with the use of Statistical Package for Social Science (SPSS).

4.1 DATA ANALYSIS AND INTERPRETATION

The percentage method adopted to analyze the data obtained and the response from the questionnaires was then presented using the Statistical package for Social Science (SPSS). It analyses the questions raised as reflected in the questionnaire which was distributed to the ten deposit money banks namely Guaranty Trust Bank, First Bank, Ecobank, and United bank for Africa (UBA), Access bank, Sterling bank, Skye bank, Fidelity bank, Union bank and Main street bank as well as customers. An interview was also conducted on the respondents. Table 4-1 shows the Responses received from the Questionnaires.

Table 4-1: Analysis of Respondents Characteristics

Questionnaire	Respondents	Percentage
Returned	87	87%
Not Returned	13	13%
TOTAL	100	100

Source: Research Survey (May, 2012)

From the table 4-1 above, 100 questionnaires were issued to the various banks, regulators and the customers and 87% of questionnaires were returned while the remaining 13% of questionnaires issued were not returned. The 87% returned questionnaires was then used to form the basis of this data analysis.

Table 4-2: Sex Distribution of Questionnaires

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	63	72.4	72.4	72.4
	Female	24	27.6	27.6	100.0
	Total	87	100.0	100.0	

Source: Research Survey (May,2012)

Table 4-2 shows the gender distribution of respondents. 87 participants took part in this study and out of this number, 63 participants representing 72.4% were male participants. 24 participants representing 27.6% were females. This shows that there is gender balance. The

female participants constitute a good proportion of this survey and form part of all the categories under this survey.

Table 4-3: Age Distribution of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-29	23	26.4	26.4	26.4
	30-39	43	49.4	49.4	75.9
	40-49	13	14.9	14.9	90.8
	50-59	8	9.2	9.2	100.0
	Total	87	100.0	100.0	

Source: Research Survey (May, 2012)

Table 4-3 shows the age distribution of respondents. There was no respondent below the age of 20 years. The range is from 20-60 as the retirement age in the banking industry in Nigeria is 60 years. Majority of the respondents fall within the productive age bracket of 30-39 years which represents 49.4% of the population while the minority was represented by 50-59 with a percentage of 9.2% of the total population. This implies that the respondents were well aware of the research questionnaires presented to them and were therefore sufficiently mature to make informed decisions and judgment based on the questionnaires presented to them. Consequently, the researcher is confident that the information provided by the respondents is reliable.

Table 4-4: Marital Status of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	56	64.4	64.4	64.4
	Married	31	35.6	35.6	100.0
Total		87	100.0	100.0	

Source: Research Survey (May, 2012)

Table 4-4 shows that 64.4% of the respondents are single, while a total of 35.6 of the population are married.

Table 4-5: Category of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bank Staff	74	85.1	85.1	85.1
	Depositors	13	14.9	14.9	100.0
Total		87	100.0	100.0	

Source: Research Survey (May, 2012)

From the table 4-5 above, a total of 85.1 percent of Bank Staff participated in this survey While 14.9% of the total population were depositors.

Testing of Hypothesis

This research work made use of the T-statistics under the Social Package for social sciences to test the validity of the hypotheses.

Hypothesis 1

Null (Ho): Banks in Nigeria are not aware of the Code of Ethics and Professionalism in the banking industry.

Alternative (Hi): Banks in Nigeria are aware of the Code of Ethics and Professionalism in the industry

From the hypotheses, research questions 7 and 12 would be used to form the basis of the analysis.

Question 7: Is your bank aware of the code of Ethics and Professionalism in the banking industry

Table 4-6: Hypothesis 1

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	2	2.3	2.3	2.3
Yes	85	97.7	97.7	100.0
TOTAL	87	100	100	

Source: Research Survey (May, 2012)

The Table 4-6 above shows that 97.7% of respondents are aware of the code of ethics and professionalism in the banking industry

Table 4-7: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Is your bank aware of the code of Ethics and professionalism?	87	.98	.151	.016

Source: Computerize data from SPSS (May, 2012)

The one sample statistics table 4-7, above shows that we have 87 observation denoted by N and the mean number is 0.98, the standard deviation is 0.151, while the standard error mean is 0.016 which is 16% therefore we consider this acceptable because the mean is greater than the standard deviation

Table 4-8: One-Sample Test

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
	Lower	Upper	Lower	Upper	Lower	Upper
Is your bank aware of the code of Ethics and professionalism?	60.457	86	.000	.977	.94	1.01

Source: Computerize data from SPSS (2012)

Column 2 in the table 4-8 above shows the t-test value which is 60.457, the third column calculates the significance level using the table of critical value, given the degrees of freedom, 86, and level of significance of 0.05, the t value of 1.9879 is critical for $\alpha = 0.05$ (2 tail)

Decision

The decision rule states that if the one tailed critical t-value is less than the calculated t value and the means are in right order then we reject the null hypothesis. From the table above the critical t-value is 1.9879 and the calculated is 60.457, therefore $60.457 > 1.9879$ so we reject the null hypothesis, this implies that Banks are aware of the code of Ethics and Professionalism in the Industry.

Hypothesis Two

Null (Ho): Professional bankers do not manage many banks in Nigeria.

Alternative (Hi): Professional bankers manage many banks in Nigeria.

This hypothesis will make use of questions 20

Question 20: Professional bankers should be appointed to manage all the banks

Table 4-9: Hypothesis 2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	18	20.7	20.7	20.7
Disagree	1	1.1	1.1	21.8
Agree	1	1.1	1.1	23.0

Strongly agree	67	77.0	77.0	100.0
Total	87	100.0	100.0	

Source: Research Survey (May,2012)

Table 4-9 depicts that 77% of the respondents believe that professional bankers should be appointed to manage all banks while 20.7 strongly disagreed.

Table 4-10: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Professional Bankers should be appointed to manage all banks	87	4.13	1.641	.176

Source: Computerized data from SPSS (May, 2012)

The table 4-10 above shows that we have 87 and the mean number is 4.13, the standard deviation is 1.641 while the standard error mean is 0.176 which is 18% approximated therefore we consider this acceptable

Table 4-11: One-Sample Test

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
	Lower	Upper	Lower	Upper	Lower	Upper
Professional Bankers should be appointed to manage all banks	23.453	86	.000	4.126	3.78	4.48

Table 4-11 shows a t-test value of which is 23.453, using the table of critical value, given the degrees of freedom, 86, and level of significance of 0.05, the t-value of 1.9879 is critical for $\alpha=0.05(2 \text{ tail})$

Decision

From the table above the critical t value is 1.9879 and the calculated is 60.457, therefore 23.453 > 1.9879 so we reject the null hypothesis, Professional bankers manage banks in Nigeria

Hypothesis Three

Null (Ho): Many banks in Nigeria are not distressed due to unethical practices and Mismanagement.

Alternative (Hi): Many banks in Nigeria are distressed due to unethical practices and mismanagement.

Hypothesis three will make use of question 18

Question 18: Unethical practices create distress in the Banking Industry

Table 4-12: Hypothesis 3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Undecided	1	1.1	1.1	1.1
Strongly agree	86	98.9	98.9	100.0
Total	7	100.0	100.0	

Source: Research Survey (May, 2012)

Table 4-12 above 98.9% of the respondent strongly agreed that unethical practices create distress in the Banking Industry while 1.1% were undecided.

Table 4-13: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Unethical practices create distress in the banking Industry	87	4.98	.214	.023

Source: Computerized data from SPSS (May, 2012)

The observation above in Table 4-13 is 87 with a mean of 4.98 and a standard deviation of 0.214, the standard error mean is 0.023 which is 23% therefore it is considered acceptable

Table 4-14: One-Sample Test

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Unethical practices create	216.500	86	.000	4.977	4.93	5.02

distress in the banking Industry						
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Source: Computerized data from SPSS (May, 2012)

From table 4-14 above, the t-test value above is 216.500, calculating the critical value using the table of critical value we have 1.9879

Decision

From the table above the critical t value is 1.9879 and the calculated is 216.500, therefore $216.500 > 1.9879$ so we reject the null hypothesis and accept the null hypothesis implying that many banks in Nigeria are distressed due to unethical practices.

5.1 FINDINGS, CONCLUSIONS AND RECOMMENDATION

Empirical Findings

1. The overall empirical evidence generated from this study reveals that many Nigerian Banks and Bankers are aware of the Code of Ethics and Professionalism in the Banking Industry but not all Nigerian banks have adopted the Code. This implies that the industry is not fully sanitized in order to curb unethical and unprofessional practices for restoration of public confidence in the system for efficient financial intermediation and for the economic development of the country.
2. The sanctions for unethical/unprofessional conducts appear to be too weak, such sanctions taken includes the removal of the name of the member from the register of registered members, submission of the names of de-listed members to the Central Bank of Nigeria and the Nigeria Insurance Deposit Corporation as well as Banks where the member is employed. The problem however is that the removal of the name of a professional banker from the register does not prevent the banker from carrying out his normal duties, this only means that the banker cannot parade himself/herself as a professional banker.
3. Banking is a profession but entry into the banking profession in Nigeria is generally unrestricted and so it is difficult to enforce ethics as the industry has not been able to sieve out professional from non-professional bankers for the purpose of sanctions for unethical practices. Unrestricted entry into the banking profession in Nigeria is partially responsible for the unethical practices in the banking industry.

4. The Sub-Committee on Ethics of the Bankers Committee and The Chartered Institute of Bankers of Nigeria have made tremendous efforts at sanitizing the banking industry in Nigeria
5. The general awareness and adoption of the Code of Ethics has helped to reduce the number of banks being sanctioned by the Central Bank of Nigeria for violating its rules and regulations. Where sanctions were imposed, they were not mainly for unethical practices but for some other routine lapses
6. Many professional bankers are at the helm of affairs of most of Nigerian banks and are capable of providing ethical leadership for the banking profession. The study further showed that many Nigerian banks encourage professional training amongst their staff in order to prepare them for the challenges ahead and ensure that there is adequate manpower to carry on as successful business entities with ethical values which can provide modern and efficient banking services to the large banking public in Nigeria.
7. Most of the frauds in the banking industry were due to insiders/ collaborators and this has materially affected the level of ethical expectations from Nigerian banks as majority of respondents who are bankers themselves observed that Nigerian banks/bankers have not lived up to their ethical expectations.
8. The study also revealed that there is an urgent need for legislation of ethics contrary to the views expressed in the literature review that ethics cannot be legislated as ethics is morality and one cannot legislate morality. In spite of this, we found out that many respondents want Ethics to be strictly enforced in banks by the Central Bank of Nigeria and this should be done by legislation. The obstacle however is that ethics is morality and one cannot legislate morality.
9. The study also found that there are core ethical values in Nigerian banks added to this is the discovery that most Nigerian banks encourage ethics training and this should be sustained. Ethics training is also receiving the desired attention in virtually all the banks in Nigeria as the banks encourage professional training amongst their staff.

Recommendations

1. There is still need to promote greater awareness of Ethics and the Code of Ethics in the Nigerian Banking Industry, as this is the best way of promoting ethical behaviour. The Chartered Institute of Bankers of Nigeria should step up and sustain enlightenment campaigns for ethical behaviour in the banking industry through seminars, workshops, newsletters, journals, magazines and other publications.
2. Stiffer sanctions should be given to unethical/unprofessional conduct and there should be sufficient penalty for unethical practices to deter deviation from ethical behaviour, as compliance with the Code of Ethics is not optional but compulsory for all banks and bankers in Nigeria.
3. There is unrestricted entry into the banking industry which is responsible for a lot of unethical practices; therefore stricter entry into the banking industry should be enforced, this would help in reducing unethical practices in the banking industry.
4. Efforts need to be intensified to cultivate and promote ethics and the desire for self-regulation by ensuring that all Nigerian banks adopt the Code of Ethics in the banking industry
5. Professionalism in the banking industry should be promoted and to this end all bankers must register with the Chartered Institute of Bankers of Nigeria, which has the responsibility for professional training of Bankers in Nigeria. The Regulatory Authorities should ensure that only professional bankers are appointed to top management positions in Nigerian banks
6. To curb distress in banks, the Regulatory Authorities should ensure that penalties and stiff sanctions are imposed on banks for unethical practices and for outright violation of rules and regulations sufficient to deter such violations and discourage unethical behaviors in future.
7. It is recommended that Ethics and Professional training should be made compulsory for all professional bankers and all other bank workers in the banking industry in Nigeria. Ethics training should be introduced as a course in all tertiary institutions (universities, Polytechnics& Colleges of Education) in Nigeria for early exposure to ethics and ethical behaviors amongst students and leaders of tomorrow so that they can appreciate the benefits of ethics and professionalism early in life.

8. Since it would be difficult to legislate ethics in the banking industry it is recommended that Enforcement of Ethics should therefore be at the individual banks as it is said that the best form of regulation is self-regulation.

Conclusion

Since banking is based on trust, transparency and confidential behaving ethically is in the best interest of businesses as well as in the interest of other stakeholders in the system. To behave unethically has dire consequences for all stakeholders and for the system. It is therefore not sufficient to have a code of ethics. The Code must be readily available to all bankers to promote ethical awareness; it must also be able address all ethical issues and problems for proper professional guidance; the code should be evaluated frequently to ensure that it is current and not stale and must be enforceable to ensure conformity by all professional bankers; and finally it must be readily adopted by all banks. All Nigerian banks must therefore see ethics as part of their core management functions and provide ethics training in their organizations. All Nigerian banks should have corporate cultures for guidance of employees and this should be built and sustained for the benefit of the banks and their employees. Ethical practices will certainly eliminate distress in the banking industry, restore confidence in the payment system and bank failures in the economy.

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APPENDIX

Covenant University
Ota, Ogun State, Nigeria.
Department of Banking and
Finance, School of Business,
College of Development Studies.
March, 2012.

Dear Respondent,

This Study/Research is designed to understand better how **the code of Ethics and Professionalism in the banking industry in Nigeria has helped to sanitize the banking profession**. This is an issue of great importance to bankers and the general public. You are one of a small number of people who are being asked to give your opinion on this issue. In order that the results will truly represent the banks, it is important that your questionnaire is completed and returned. All the information you give will be totally confidential. Thank you and God Bless.

Yours truly,

Ikpefan, O.A/Ayeni Oluwatobi

SECTION A

- a. Name of your organization: _____
- b. Age: 20-29 () 30- 39 () 40 – 49 () 50 – 59 ()
- c. Gender: M () F ()
- d. Marital Status: Single () Married () Divorced ()
- e. Category of respondent. Bank staff () Depositors () CBN staff ()
- f. Position of Bank staff (Bankers only): Junior () Middle Management () (c)Top Management ()

PART ONE

Please tick Yes or No for the following questions.

1. Banking is a profession? Yes () No ()
2. Unrestricted entry into the banking profession is responsible for unethical practices.
Yes () No ()
3. Ethics should be strictly enforced in banks. Yes () No ()
4. Are there core ethical values in your bank? Yes () No ()
5. Do you practice these ethics? Yes () No ()
6. Does your bank encourage professional training? Yes () No ()
7. Is your bank aware of the code of Ethics and Professionalism in the banking industry?
Yes () No ()
8. Has your bank been adhering to the Code of Ethics and Professionalism?
Yes () No ()

9. Has your bank ever been sanctioned by the CBN for violating ethical rules?
Yes () No ()
10. Our bank identifies with the Chartered Institute of Bankers of Nigeria.
Yes () No ()
11. There are many Professional Bankers in our employment. Yes () No ()
12. The Sub-committee on Ethics and professionalism has classified certain conducts as unethical / unprofessional. Are you aware of these conducts Yes () No ()
13. The sanctions for unethical / unprofessional conducts appear to be too weak.
Yes () No ()
14. Has any Professional Banker(s) been dismissed / terminated in your bank for fraud related case(s)? Yes () No ()

PART TWO

Please indicate the extent to which you agree or disagree with each of these statements, TICK the ONE that corresponds with your answer.

SA = Strongly agree, A= agree, U=Undecided , D = Disagree, SD = Strongly disagree

		SA	A	U	D	SD
15	Banking is based on Trust, Confidentiality and Transparency					
16	The C.B.N. should regulate Ethics in the banking industry					
17	Ethics should be enforced in the banking industry by legislation.					
18	Unethical practices create distress in the banking industry					
19	Greed and lack of professional training are responsible for the high incidence of fraud in the banking industry					
20	Professional Bankers should be appointed to manage all banks.					
21	How do you feel about the following statement? 'Bankers should place their client's interest before their own					
22	Most of the frauds in the banks are due to insiders/collaborators					