GLOBAL ECONOMIC MELTDOWN AND ITS PERCEIVED EFFECTS ON BRANDING OF BANK SERVICES IN NIGERIA

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Abstract

This research paper examines the impacts of the global financial crisis on the Nigerian banking industry with particular emphasis on branding of bank services. The objective of this study is to determine what effects the crisis had on the Nigerian economy and to examine its effects on branding of bank services. It also focused on measures put in place to mitigate the negative effects of economic meltdown by the central Bank of Nigeria. Primary data were generated through in-depth interview and the use of the questionnaire. The study employed the use of chi-square in analyzing the data obtained. The findings of this study pointed out the fact that the global economic meltdown had a deteriorating effect on all sectors in the economy and had a greater effect on the financial sector in Nigeria most especially the banking sector. However, this economic meltdown has a positive effect on branding of bank services. Banks are investing on branding more than ever before, in order to survive the turbulent environment. It is therefore recommended that the regulators of the banking sector need to strengthen their legal framework in order to close all avenues which may create gaps for unethical practices to take place. Managements of banks are also encouraged to embrace internal marketing in order to promote excellent service culture.

Broadly defined, a recession is a downturn in a nation's economic activity. The consequences typically include increased unemployment, decreased consumer and business spending, and declining stock prices. According to Ogunleye (2009), recessions are typically shorter than the periods of economic expansion that they follow, but they can be quite severe even if brief. Recovery is slower for some recessions than from others. The global financial crisis, brewing for a while, really started to show its effects in the middle of 2007 and into 2008. Around the world stock markets have fallen, large financial institutions have collapsed or been bought out, and governments in even the wealthiest nations have had to come up with rescue packages to bail out their financial systems. Many blame the greed on the Wall Street for causing the problem in the first place because it is in the US that the most influential banks, institutions and ideologies that pushed for the policies that caused the problems are found.

For the developing world, the rises in food prices as well as the knock-on effects from the financial instability and uncertainty in the unindustrialized nations which were first witnessed in the late 70's and through the 80's are having a compounding effect. Global capital flows have largely frozen; credit crunch persists despite massive global liquidity injections; global aggregate demand fallen sharply (about $50 trillion value lost through capital markets, housing, etc); commodity prices collapsed; world trade shrinking; major global banks recapitalized by governments; international financial institutions without adequate resources to intervene: Global coordination failure. Major industrial countries and rich developing countries began designing trillions of dollars stimulus packages.

The former Governor of the Central bank of Nigeria Soludo (2009), at a special briefing of the Federal Executive Council said "resource flows and capital flows around the world are frozen up. Nigeria depends for more than 95 percent of its foreign exchange on oil and the price has crashed to the extent that from about July 2008, the outflow of foreign exchange has actually far outstripped the inflows. According to him, Nigeria sold about a billion dollars a month to the bureau de change in 2008 but by early 2009 the inflow has been about $800 million a month.

The ICAN president in Appiah-Dolphyne, (2009) at a seminar also addressed the loss of N9 trillion clipped off from investors in the nation's capital market. Also the national coordinator of Independent Shareholders Association of Nigeria (ISAN) Mr. Sunny Nwosu in Ogundipe, (2009) explained that while some other nations have well spelt out recovery plans, Nigeria has been virtually inactive in taking visible revival steps to bring the economy out of the woods. Executive Secretary of Nigerian Automobile Manufacturers association M R. Arthur Madueke in Obi (2009) lamented that the productive sector which could have given stimulus to financial market's growth has been on a long recess in Nigeria. This paper therefore, examines the implications of the global financial meltdown on the Nigerian economy and seeks to assess the effect of the Soludo's led banking sector consolidation and recapitalization on the economy.

This is calling on the backdrop of the fact that although some analyst are painting the industry horizon with various brushes of gloom and doom, it came as a surprise and a relief when Forbes released its 2009 global rankings of companies and had three Nigerian banks namely; Intercontinental Bank Plc, First Bank, and the United Bank for Africa (UBA) Plc on the list of top 2000 world biggest companies, joining 248 other companies around the world to displace some number of companies that featured on the list in the 2008 ranking. Though the recent events in the Sanusi led sanitization of the Nigeria's banking sector have refuted such event through the indictment of eighth commercial banks for poor banking processes especially in giving out some non-performing loans to some individuals and corporate organizations without passing through the normal due process. This was well-received by the industry and regulators as a confirmation of the 2009 global banking industry ranking which also listed the same three banks among the top 500 banks in the world. Broadly speaking, First Bank of Nigeria Plc, Intercontinental Bank Plc, and Union Bank of Nigeria Plc, Zenith Bank Plc and United Bank for Africa are on the world's top 500 banking brands by the account of most international analyst

The primary objective of this paper is to examine the impact of global economic meltdown on the Nigerian banking services.

The specific objectives of this study are;

1. To determine the extent of the impact of the global financial crisis on the Nigerian banking industry and the entire economy.
2. To assess the perceived effect of global economic meltdown on branding of bank services.
3. To identify various measures put in place to mitigate the effect of the economic meltdown in Nigeria.

Research Hypothesis

For the purpose of this research work, some hypotheses were formulated and tested. The hypotheses are drawn from the objective and research questions of the studies. The hypotheses are:

H0: *The global economic meltdown had no effect on the Nigerian Economy.*

H1: *The global economic meltdown affected the Nigerian Economy.*

H0: *The global economic meltdown is not perceived to have effect on the branding of bank services.*

H1: *The global economic meltdown is perceived to have effect on the branding of bank services.*

Literature Review

Branding in Financial Services

History of Branding

Historically, the word brand comes from the Old Norse brandr, meaning to burn, and from these origins made its way into Anglo-Saxon. Early man stamped ownership on his livestock by burning; even the trade buyers used brands as a means of distinguishing between the cattle of one farmer and another. The utility of brands as a guide to choice has been established since that period. For example, a farmer with a particularly good reputation for the quality of his animals would find his brand much sought after, while the brands of farmers with a lesser reputation were to be avoided or treated with caution.

Some of the earliest manufactured goods in mass production were clay pots. A potter would identify his pots by putting his thumbprint into the wet clay on the bottom of the pot or by making his mark: a fish, a star or cross, for example. From this we can safely say that symbols (rather than initials or names) were the earliest visual form of brands. Even though in Ancient Rome, principles of commercial law acknowledged the origin and title of potters' marks, but this did not deter makers of inferior pots from imitating the marks of well known makers in order to deceive the public. In the British Museum there are even examples of imitation Roman pottery bearing imitation Roman marks, which were made in Belgium and exported to Britain in the first century AD. Thus as trade followed the flag – or Roman Eagle – so the practice of unlawful imitation lurked close behind, a practice that remains commonplace despite the strictures of our modern, highly developed legal systems.

During the era of 17th and 18th centuries in France and Belgium, the manufacturers of fine porcelain, furniture and tapestries began increasingly to use brands to indicate quality and origin. During this time, laws relating to the hallmarking of gold and silver objects were enforced more rigidly to give the purchaser confidence in the product. However, the wide scale use of brands is essentially a phenomenon of the late 19th and early 20th centuries.

Developing countries, such as Nigeria, were not left out in the use of mark as a brand. Branding in Nigeria could be traced to the use of tribal marks which were used extensively for tribal identity. The use of tribal mark could be claimed to be identical to branding in business world since it is also not without linkage with (slave) trade.

The industrial revolution, with its improvements in manufacturing and communications, opened up the Western world and allowed the mass-marketing of consumer products. Many of today's best-known consumer brands date from this period: Coca-Cola soft drink, Nestle, Cadbury, Sunlight soap and Kodak film are just some examples. Hand in hand with the introduction of these brands came early trademark legislation. This allowed the owners of these brands to protect them in law.

Sequel to the arrival of the Internet and mass broadcasting systems, and greatly improved transportation and communications, brands have come to symbolize the convergence of the world's economies on the demand-led rather than the command-led model. But brands have not escaped criticism. Recent anti-globalization protests have been significant events. They have provided a timely reminder to the big brand owners that in the conduct of their affairs they have a duty to society, as well as customers and shareholders.

Services Branding

The developed world has seen a huge shift in output from industry and manufacturing to services, and as demand for financial and leisure services increases, brands will play an increasing role in a brand savvy world in which people have become more and more discriminating and difficult to please. Brand owners therefore need to ensure that they deliver high-quality services that are aligned with a compelling vision and delivered with a genuine commitment to customer satisfaction. In the highly competitive arena of financial services, the creation of solid core brand benefits is no longer sufficient to carve a competitive advantage in the face of intense competition and increasing deregulation (Debling, 1998; Harris, 2002). In the digital age (Melewar and Brains, 2002; Wright, 2002), it is critical to develop a multidimensional financial service brand along meaningful functional and emotional values, to enhance brand distinctiveness and superiority and to execute the financial services positioning and brand concept (Chernatony, 2001; Romaniuk and Sharp, 2000). Rather than being solely created by marketing communications or the marketing mix, brand equity is developed by the entire organization (Aaker, 1997, Schreuer, 1998).

Brands are a unique ways of communicating critical information to the market to influence decisions. Across a multitude of consumer focused industries, brands are an important means for differentiation and competitive advantage, although they are most influential when customers lack the data to make informed product choices and/or when the differentiation between competitors' versions of the same product are small to non-existent.

Contrast this with the financial services sector. Banks, in particular, have struggled to create and

deliver a well-differentiated customer experience. But in truth it is exceptionally difficult for banks to differentiate; all have broadly the same products, premises and services, and all seek to recruit the same type of employee. Employees can make a difference, however, as anyone who has had a memorable experience when dealing with their bank branch will know. Employees can make or mar a long-standing relationship, and as banking has traditionally been the business of relationships, investment in staff training is clearly one of the most important commitments to brand management that a bank can make. Brands have always been about trust, and it is instructive to reflect on the level of trust customers may have in their banks and other financial advisers.

Building and preserving satisfying customer relationships are crucial strategic motivators among those leading corporations that understand brand and regard customer relationships as true assets of the total business and not merely marketing communications icons (Davis and Alligan, 2002). Therefore, marketing actions must be in a position to create branding that is based on delivering critical elements of value, and must design marketing communications and customer experiences to reinforce that value. Under this view of branding, customer relationships and brand equity management are no longer the sole domains of marketing operations.

Aaker (1992) suggests that customer relationships are one of five valuable assets that can be keys to building strong a brand. Shocker et al. (1994) propose that brand equity management must be viewed from a systems perspective that focuses on adaptation and responsiveness to competitors, customers and past actions. Strategies proposed by Lemen et al. (2000), based on customer equity, allow firms to trade off between customer value, brand equity and customer relation-ship management. While brand equity could be more important in some industries and companies than others, the role of brand equity depends on the level of customer involvement, the nature of the customer experience, the ease with which customers can evaluate the quality of the product or service before purchasing and the extent to which relationship equity will drives business. The convergence between the relationship marketing and branding and the close linkages between rationale for relationship marketing and the rationale for branding suggests that branding and relationship marketing are interdependent and could possibly be seen as two stages of the same process (Dall' Olmo, Riley and Chernatony 2000).

Before banks can create or take advantage of the brand associations consumers have with their banks, they must first understand consumers' existing perceptions of their brands. As such, an important component of banks' effort to build better relationships with their customers will be an increased focus on soliciting, listening and responding to consumer needs. According to Keller (1998), a strong brand in the twenty-first century also will rise above other brands by better understanding the needs, wants and desires of consumers to create marketing programmes that fulfill and even surpass consumer expectations. Services have advantages over products because they foster more direct experiences, which are vital to brand building (Joachimsthaler and Aaker, 1999).

The Nigerian Banking Sector and the Global Economic Meltdown; Actions and Reactions

Before the global financial crisis spread into the Nigerian banking industry, the banks had passed through different kinds of reforms and restructuring policies initiated by the Nigerian government through the Central Bank of Nigerian. The reforms gave the banks a lot of challenging issues, because for the first time in the history of the Nigerian banking sector such major reforms were introduced. The global economic meltdown led into actions and reactions within the Nigerian banking sector. Some of these challenging issues discussed below preceded the global financial crisis in the sector while some were hydra-headed monsters that raised its ugly heads as a result of global economic meltdown;

Returns on Investment

According to Adeyemi (2005), after the 2005 consolidation period, a lot of challenging issues came up for the banks with the minimum capitalization of 25billion naira. This, he contended, made the managements of the banks to operate under pressure from shareholders who needed quick and maximum returns on their shares. He argued further that, before the consolidation exercise, the average returns on invested capital (ROIC) in the Nigerian banking industry was estimated to be about 38%. With the substantial increase in shareholder fund following from the consolidation exercise, each bank needed to generate an averaged minimum of 9.5billion naira in profit before tax in order to maintain the same rate of return. Therefore the pressure to meet this target by the management of banks has been forcing them to be more innovative and creative in coming up with new products and financing the real sector, which has been neglected for a long period.

System Integration

Adeyemi (2005) also argued that after the merger and acquisition exercise, integration poses a lot of challenges to the banking institutions that are involved. He argued that most of the consolidated banks lacked the flexibility to respond to global banking challenges that requires technical skills for good judgments on asset management. Furthermore, he contended that the integration of the operation, processes, procedures, people and products as well as allowing the consuming public to see the emerging entity as one group is a daunting challenge which the consolidation banks had to face. In relation to this, Hall (1999) pointed out that experience of consolidation from developed countries shows that the integration of system and human capital sometime takes between 3 to 4 years. Therefore, the urgency at which the CBN carried out the exercise, coupled with the need to have a computerised operation was a basic challenging issue for the bank. Financial player in the banking industry have constantly argued that computerisation of the entire sector will cost a total of 300 billion naira and some of the banks have already commenced the exercise. He contended that, the successful consolidation and system integration of the 25 big banks notwithstanding, system integration is also required in other sectors like telecommunication, insurance, trade and commerce, power supply, fiscal policy etc. The absence of this would come with the tendencies for disruption in the entire macro-economic development.

Human Capital Integration

According to Nnanna (2004) harmonisation of cultural differences in the merging banks is a big challenge that needs to be addressed. This is because the merging banks will come with their different attitudes, processes and priorities. He argued further that where integration is not properly done it could lead to disintegration and collapse of banks. This argument is further buttressed by Adeyemi (2005) who argues that two-thirds of mergers worldwide fail due to irreconcilable differences in corporate culture and management squabble. Therefore, the emergence of mega banks in the post consolidation era was an uphill task which required the skills and competencies of boards and management. In the light of this, the integration of human capital in consolidated banks became a burden which a lot of the big banks contended with before the present economic meltdown (Osunkeye, 2008).

Corporate Governance

The CBN financial report (2005) pointed out that a survey of the Nigerian economy by the SEC shows that about 40% of quoted companies in the stock exchange market, including banks, have no recognized code of corporate governance in place. In addition to this, two thirds of mergers worldwide are said to fail due to inability to integrate personnel and systems as well as irreconcilable differences in corporate culture and management squabbles. These are the reason why banking experts say that unless the CBN releases codes of corporate governance, the post consolidation banking sector would still contend with the challenges of high turnover in board and management staff, inaccurate reporting and non-publication of annual accounts.

Re- Capitalization

According to Soludo (2005) one of the conditions for participating in the management of the nation's external reserve is to re-capitalize to the tune of one billion US dollar. In addition, he stated that any foreign bank that is wishing to manage Nigerian external reserves in the succeeding year must be ready to partner with one or more local banks to develop them into world class players. In contrast, local Banks that recapitalized to the tune of one billion US dollars will receive at least five hundred million US dollar from the reserves to manage. In order to meet the post consolidation requirement some the banks approached the Nigerian stock exchange market either through public offers or right issues. For instance Zenith Bank and Guaranty Trust Bank in early 2008 raised additional fund from the stock market to comply with these directives.

Stock Market

According to Al-Faki (2005) the consolidation and the spring up of highly capitalized mega-banks has had tremendous concentration effects on the NSE; a development which he says could exacerbate market volatility and instability. He further remarked that SEC and the NSE must constantly monitor the market for signs of weakness in order to protect investors. In addition, he noted that consolidation would create mega banks that would threaten the competing market space with monopolistic tendencies, remarking that SEC will have to be particularly active to prevent this.

Remedial Measures to Mitigate the Impact on the Banking Sector

Current Banking Sector Reforms

Given the precarious state of the Nigerian banks, the CBN in June 2009, took a three pronged approach to assess the financial condition of the 24 banks. The first was the special examination exercise jointly conducted by the CBN and the Nigerian Deposit Insurance Corporation (NDIC). This exercise highlighted inadequacies in capital asset ratios and liquidity ratios as well as weaknesses in corporate governance and risk management practices in 9 banks. These banks were found to be in a grave situation as a result of capital, liquidity and corporate governance concerns. They failed to meet the minimum 10 per cent capital adequacy ratio and 25 per cent minimum liquidity ratio. Apart from accumulating high non-performing loans, these banks were seriously exposed to the oil and gas sector as well as the capital markets. Poor risk management practices in the form of absence of necessary controls measures were prevalent as the board and management of the banks had failed to observe established controls. The remaining14 banks were found to be in a sound financial state and did not require the CBN to take any action.

The second approach was to carry out diagnostic audit through independent consultants. The report of the audit exercise revealed greater magnitude of weak financial condition of the nine banks. All of them were "technically" insolvent with significant negative asset value. It also exposed several illegal activities that had been taking place in five of the affected banks.

It was against this background that the CBN moved decisively to strengthen the industry, protect depositors and creditors, restore public confidence and safeguard the integrity of the Nigerian banking industry. The initial measures/ initiative taken by the CBN in conjunction with NDIC and the Federal Ministry of Finance (MOF) included injection of N620 billion into the nine banks; the replacement of the chief executive /executive directors of eight of the nine banks with competent managers with experience and integrity; reaffirmation of the guarantee of the local interbank market to ensure continued liquidity for all banks; and guaranteeing of foreign creditors and correspondent banks' credit lines to restore confidence and maintain important correspondent banking relationships.

When the new management of the banks took office, it became necessary to also carry out further detailed and independent assessment of the financial conditions of the banks. Thus, the third approach was to carry out management account audit of the affected banks by their new management. The outcome was very much in line with that of the audit report. Consequently, the management took numerous actions under the CBN guidance to ensure that the banks operated effectively with particular emphasis on improving transparency and operations. To improve operations, the new management took steps to: Improve reporting infrastructure, internal governance and risk management procedures; increase transparency and disclosure; ensure effective and continuous communication with all stakeholders and ensure weekly reporting between the MDs and the CBN on financial performance, loan recoveries, and Immediately report of any material developments to the CBN. Measures taken to improve operations included continued focus on loan recovery to improve NPL ratios; reducing cost to income ratio; avoiding unnecessary costs; focus on de-risking and de-leveraging the balance sheet and liquidity management. There is no doubt that these initiatives enabled some of the banks to continue normal business operations and prevented a total collapse of the banking sector.

Long Term Reforms Measures

The focus of the Central Bank of Nigeria is first of all to ensure that there is financial sector stability and, secondly, that the financial system assists in growing the real sector of the economy. It is important to note that any economy that cannot create jobs on a continuous basis, reduce poverty, and guarantee its citizens functional and qualitative education as well as world class infrastructural facilities is not only unsustainable but would remain globally uncompetitive. Attainment of this fit goes beyond short term palliative measures. It requires a strategic medium to long term measures. This explains why the focus of the recent CBN reforms is in the following four areas (pillars) namely: enhancing the quality of banks; establishment of financial stability; enabling healthy financial sector evolution; and ensuring that the financial sector contributes to the real economy.

Enhancing the Quality of Banks

This consists of a five part programme to enhance the operations and quality of banks in Nigeria. These are industry remedial programmes to fix the key causes of the crisis, implementation of risk based supervision (RBS), reforms to regulations and regulatory framework, enhanced provisions for consumer protection, and internal transformation of the CBN.

The industry remedial programmes include a set of initiatives to fix the key causes of the crisis, namely, data quality, enforcement, governance, risk management and financial crime. These initiatives are structured in such a manner that the banks do most of the work to entrench new behaviours in the industry, with the CBN playing a cross-industry management role. The focus is to ensure that governance best practices are embedded in the industry including the CBN as well as ensuring that risk-based supervision (RBS) principles, methodology and processes are established across the CBN and NDIC. Under the RBS, the intention is to establish a programme management structure within the CBN to ensure that there is a high level of communication with the industry, implementation quality is measured and examiners acquire the necessary skills. A monitoring mechanism to measure the programme's impact and ensure a high level of responsiveness to issues raised by the industry will also be established.

The regulation and regulatory framework reform programme involves systematic review of regulations and guidelines around the key causes of the crisis by industry regulators; harmonization and raising to world-class standards of the supervision processes, technology and people within the various financial regulators; and establishment of a centre of competence for international Financial Reporting Standard (IFRS) and N-GAAP+ implementation.

In the area of consumer protection, the aim is to ensure that consumers receive appropriate protection with the CBN acting as the consumer's advocate, setting standards of customer service for the industry and ensuring that customers are treated fairly in all their dealings with the industry. Already, there is a Consumer Protection Unit in the newly created Financial Policy and Regulation Department of the Bank. This Unit will work with supervisors to ensure that appropriate rules and regulations are enforced by the banks.

Under the reform, the CBN will be transformed to ensure good corporate governance, stronger information management system, people development, and enhanced disclosure to levels expected in major investor countries such as the United States, the United Kingdom, South Africa, China and India.

Establishing Financial Stability

The main thrust of this pillar is for the CBN to provide leadership in some areas and championing some causes. The key features of this pillar centre around strengthening the Financial Stability Committee within the CBN, establishment of macro-prudential rules, development of directional economic policy and counter-cyclical fiscal policies by the government and further development of capital markets as alternative to bank funding. The creation of a new macro-prudential framework designed to ensure that monetary policy is not only shaped by systemic risk trends but also consistent with the expanded goals for product and asset stability is a major component of this pillar. This will be complemented by the establishment of the Financial Stability Committee (FSC) which will work together with the Monetary Policy Committee in achieving these objectives. It is the intention of the CBN to champion the development of the capital market through the improvement of its depth and accessibility as an alternative to bank funding as well as encourage implementation of directional economic policy, particularly counter-cyclical fiscal policies, that will reduce oil-related volatility in the system. It is time to make better use of our oil endowment by harnessing it for strategic investment and also ensure that lending and investment get to the real economy, especially the priority sectors, instead of being used to inflate financial asset bubbles.

Enabling Healthy Financial Sector Evolution

The focus here is on ensuring the emergence of a competitive banking industry structure; provision of the required infrastructure for financial system such as the credit bureau and registrars; improvement in the cost structure for banks through cost control and business process outsourcing; reliable and secure payments system; reduction of the informal sector and greater financial inclusion. Foreign bank participation would be encouraged in order to improve and strengthen the financial system provided such entry does not affect the development of the local banking sector. Market-based merger and acquisitions activities that would create stronger banks would be supported while other banks that would drive regional economic development will be licensed. In the area of infrastructure provision, three private credit bureaus (XDS Solutions, CRC Limited and CR Services Limited) have been licensed while the CBN would work with the Securities and Exchange Commission (SEC) towards the creation of an acceptable number of Registrars for all securities in the country. Central to the reform is the need to check the excessive costs in the banking system which is attributable, in the main, to infrastructure cost, high salaries/emoluments for executives and poor operational efficiencies. It is the intention of the CBN to encourage the development of electronic channels to drive down industry cost structure while working with the banks to improve on the quality of service delivery in order to improve customer confidence.

Nigeria presently has a large informal sector which has been estimated by the World Bank to constitute about 57.9 per cent of Nigeria's Gross National Product (GNP). This is higher than what obtains in Brazil, Ghana, Turkey, Malaysia and South Africa. Developing a financial system that will take care of this large segment of the economy is of utmost necessity. Thus, enhanced financial inclusion strategy would result in more accurate measurement of economic outputs, increase in tax base and tax revenue, more effective policy development and more efficient use of financial infrastructure. All these will in turn improve policy efficiency and help in poverty reduction.

Central to healthy financial sector evolution is the establishment of the Asset Management Corporation of Nigeria (AMCON) as part of a broad banking sector crisis resolution strategy. The AMCON Act 2010 was signed into law on July 19, 2010. When operational, AMCON would serve as a vehicle to free the banks from the weight of their non-performing assets and accelerate the process of financial revitalization of the banking sector. Besides, the CBN is currently reviewing the basic one-size-fits-all model of banking that has emerged since consolidation. In addition to reviewing the universal banking model, we consider it appropriate to introduce greater diversity in bank mandates. In the near-term, it should be possible to have international, national, regional, mono-line and specialised banks such as Islamic banks in the country. Already the guidelines for specialized institution have been fixed as follows: non-interest bank (regional), N5billion, noninterest bank (National), N10 billion, and primary mortgage institutions, N5 billion. The commercial banks have also been restructured into regional, national, and international banks with paid-up share capital of N10 billion, N 25 billion, and N 50 billion, respectively.

Ensuring the Financial Sector Contributes to the Real Economy

The last and final pillar of the reform blue print is ensuring that the financial sector contributes to the real economy. Rapid financialisation in Nigeria did not benefit the real economy as much as had been anticipated. Development financial institutions set up for specific purposes such as housing finance; trade finance and urban development have not fulfilled their mandates. Many successful emerging markets have witnessed proactive government actions to ensure that the financial sector contribute to the real economy. Nigeria can learn from countries with successful track records in creating financial accommodation for economic growth through initiatives such as development finance, foreign direct investment, and venture capital and public-private partnerships.

Materials and Method

The major sources of data for this research were in-depth interview with experts in banking and finance matters as well as a set of questionnaires distributed to marketers in strategic management level in three different banks situated within a particular community in Ogun state, Nigeria. The questionnaire has three sections. The first section of the questionnaire dealt with demographic information of the respondents, while the second section of the questionnaire dealt with global financial crisis and Nigerian economy, third section dealt with branding of bank services.

Each question in sections B and C, was designed so that information could be elicited from the respondents based on their observations

The population for the study consisted of all the strategic marketers in these three banks under study. 45 copies of the research instrument (questionnaire) were hand-delivered to a purposive sample of 15 strategic marketers from each of the banks. Some copies of the questionnaire were returned directly by the respondents or were retrieved personally by the researcher after reasonable time period had elapsed. In all cases, the researcher allowed reasonable time for questionnaire completion.

This study relied on both primary and secondary data. The latter was obtained from the official website of the Central Bank of Nigeria and the Nigeria Deposit Insurance Corporation. The primary data, collected was used to complement data from the secondary sources.

In the process of testing the hypotheses, this study considered the use of a Chi-Square statistic as a method to test the hypotheses raised in this research study. According to Newbold et al, (2007), the Chi-Square method is a statistical method used to determine whether an observed distribution of answers shows a significant difference from a hypothetical distribution of answers.

Assume that there are answers which can be divided into K categories. Let the number of observed answers in category i be O_i and let the number of expected answers of type i be E_i. Then the chi-square statistic is;

$$x^2 = \sum_{i=1}^{k} \frac{(O_i - E_i)(O_i - E_i)}{E_i}$$

Where the degree of freedom is K-1. If the difference between the E_i:s and the O_i:s is small then x^2 takes a smaller value. Then the hypothesis represented by the expected values (E_i), is more likely to be confirmed.

Result and Discussion

Hypothesis Testing

Hypothesis 1

H0: *The global economic meltdown had no effect on the Nigerian Economy.*

H1: *The global economic meltdown affected the Nigerian Economy.*

Table 1: Analysis of Hypothesis 1

RESPONSE	OBSERVED N(0)	EXPECTED N (E)	(O-E)	$(O-E)^2$	$(O-E)^2/E$
NO	11	22.5	-11.5	132.25	5.88
YES	34	22.5	11.5	132.25	5.88
TOTAL	45				11.76

The degree of freedom can be calculated as:

$$(R-1)(C-1) = (2-1)(2-1)$$
$$= 1$$

Where: R = Row

C = Column

From the table calculated above, we have 11.76, while the t table at 0.05% level of significance at degree of freedom one is (3.84). Therefore, we reject the null hypothesis and accept the alternative hypothesis which states that the global economic meltdown affected the Nigerian economy.

Hypothesis 2

H0: *The global economic meltdown is not perceived to have positive effect on the branding of bank services.*

H1: *The global economic meltdown is perceived to have positive effect on the branding of bank services.*

Table 2: Analysis of Hypothesis 2

RESPONSE	OBSERVED N(0)	EXPECTED N (E)	(O-E)	$(O-E)^2$	$(O-E)^2/E$
NO	16	23.5	-7.5	56.25	2.39
YES	31	23.5	7.5	56.25	2.39
TOTAL	47				4.78

The degree of freedom can be calculated as:

$$(R-1)(C-1) = (2-1)(2-1)$$
$$= 1$$

Where: R = Row
C = Column

From the table computed above, we have 4.78, while the t table at 0.05% level of significance at degree of freedom one is (3.84). Therefore, we reject the null hypothesis and accept the alternative hypothesis which states that the global economic meltdown has a positive effect on branding of bank services.

Discussion of findings

Secondary sources as well as findings from the in-depth interview, which the researchers had with a group of experts in banking and financial matters, indicate that the global financial crisis was manifested strongly in liquidity crisis due to the withdrawal of credit lines by foreign banks (Soludo, 2009). According to the CBN annual report (2008), in order to cushion the impact of the global financial crisis and ensure adequate bank liquidity, the Monetary Rate of Policy (MRP) was reduced from 10.25% to 9.75% and the Cash Requirement Ratio (CRR) was also reduced from 4% to 2%. In addition to this, the rate at which banks lend to each other, the Inter Bank rate was also increased from 14.01% to 15.79%.

An expert believed that the impact of global financial crisis on the Nigerian banking industry was also reflected in the Broad and Narrow money. During this period, the Broad and Narrow money contracted by 1.9% and 3.9% respectively, compared to the preceding quarter. According to the CBN Quarterly report (2008) the decline in Broad money was as a result of the fall in the asset values of the banking system caused by the global financial crisis.

Furthermore, the lending and deposit rates have increased since the global financial crisis began. Evidence from the CBN annual Report (2008) indicates that the maximum lending rate has widened from 8.13% to 9.97%. Also, the margin between average saving deposit and maximum lending rate has widened from 16.62% to 19.33% during this period of crisis. These various impacts led to a confidence crisis in the banking industry and consequently to the capital market downturn. Presently, disinvestment by foreign investors with attendant tightness has resulted in capital market downturn. In terms of capital decline, the Nigeria capital market has since March 5th, 2009 to date lost about 3.38trillion or about 26.7%.

Evidence from the in-depth interview shows that immediately after the consolidation exercise of bank, the banks had a lot of liquidity to meet customer demand for loans and advances. In addition to this, the banks were desperate to meet the required minimum rate of return on investment. This could be regarded as their own concept of sub-prime mortgage, because banks borrow money to customers to investors in the IPO's of the same banks. So when foreign investors withdrew their credit lines, the impacts manifested strongly as a lot of the banks loans became toxic.

Further, the CBN pronouncement after the consolidation exercise that banks with a minimum of one billion dollars will be allowed to participate in the management of the country's foreign reserves was untimely. This might to a large extent have increased the level of their exposure to financial institutions with poor record of capital adequacy. Therefore, when these financial institutions began to recall their credit lines the Nigerian banks became more vulnerable to the crisis.

It became revealing from this study that banks exert more efforts and invested more in branding during as well as after global financial crisis. This finding is similar to the position of Monrabal-Puerta, in his work titled; "How can Brand and Crisis Co-exist in a Turbulence Environment". According to him, 'Turbulence with Brands has the same effect that it does with other things in a hurricane, it takes the weakest things and only the strongest survive it". In the current worldwide financial crisis this scenario is very similar. Therefore, the crisis in Marketing terms might be defined as an unpredictable and hostile situation. The objective of this research is to study the effects of the global financial Crisis on Branding. While it becomes obvious that global financial crisis will have adverse effect on bank service brand, managements of these banks were all out to mitigate the effect by investing more money to promote its brands.

Conclusion and Recommendation

The study explored the perceived effect of global financial crisis on branding of bank services. This has become necessary because the present financial crisis in the Nigerian banking industry has been attributed to a lot of factors. The characteristic features of the Nigerian banks show that the banking sector before the global financial crisis was sound and vibrant enough to support the nation's economic growth and development. This was revealed from the in-depth interview and questionnaire that was distributed to strategic marketers in the banking industry. The management teams attempt to boost the standards of their banks and also to have high returns on investments have exposed some the banks to the financial crisis. The impacts of the crisis could have been avoided if there were precautionary measures. Based on the findings of this study, it becomes very crucial to suggest the following;

- The Nigerian banks do not have access to long term deposits that would enable them to grant long term loans to their customers. This made the banks to over rely on foreign financial institution and banks for credit lines. In order to avoid this, the Nigerian government through the CBN should organize and strengthen the growth of institutions like the pension fund, Housing fund, Health insurance fund etc. This could be achieved through a financial liberalization policy.
- The Nigerian government should find alternative ways to fund their budget deficit so as to reduce the pressure of financing projects in the real sector of the Nigerian economy by banks.
- Nigeria Deposits Insurance Corporation should strengthen its legal frame on insuring of deposit fund. This will create confidence in the mind of the public.
- Banks should stop giving out loans to invest in the stocks of banks that are quoted in the Nigerian stock market.
- The survival and strength of the brand will be determined by the strength of the marketing strategy of that organization. Therefore, in order to maintain a strong brand in a turbulent environment there is need for bank management to engage a team of marketers who are strategic thinkers.
- Business leaders need to change their business models if they are to maintain strong brands. One of the major strategies required is excellent service culture. This service culture will be as a result of staff branding.
- The managements of such banks are encouraged to embrace internal marketing. The vision, mission and strategies put in place should be properly marketed to the employees.Teamwork must also be encouraged among the staff.

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