REGULATORS AND OPERATORS IN THE NIGERIAN BANKING INDUSTRY: VIEWS ON MONETARY AND FISCAL POLICY ISSUES

BY PROF. DON N. IKE
ASSISTANT GENERAL MANAGER
CORPORATE PLANNING, UBA PLC

Abstract

The Central Bank of Nigeria regulates the Nigerian banking industry and to a minor extent the Nigerian Deposit Insurance Corporation performs similar function. The operators comprise the myriad of banks. The regulators' views on monetary and fiscal policy measures are as reflected in the budgets of the Federal Republic of Nigeria and the yearly Monetary and Credit Policy Circulars issued by the CBN.

In this paper a three year review 1993-1995 of the monetary and fiscal policy measures of Government was undertaken. The views of the regulatory authorities lacked consistency, certainty and objectivity while those of the operators were more consistent, rational and sometimes "self interest" motivated. Individual staffers of the regulatory authorities showed a remarkable congruence of views with the operators. It was concluded that Government should take more seriously the views of both regulators and operators in the final determination of monetary and fiscal policy measures for a more vibrant and developed economy.

About the Author

Professor Don Nnaemeka Ike, the Assistant General Manager, Corporate Planning Division, United Bank for Africa PLC, has been in the Banking system for about 4 years. He was full professor and Head Department of Banking and Finance at the then Anambra

State University of Science and Technology now Nnamdi Azikiwe University from 1986 to 1991. Prior to this he lectured at the Institute of Management and Technology, Enugu. He has served as alternate Director of F.I.T.C, Director of Federal Mortgage Finance Company Ltd. and Director of Nigerian Construction and Foundations Company etc. He graduated Ph.D in Economics from the University of California, Los Angeles, California (U.C.L.A) in 1973.

INTRODUCTION:

The banking industry of any country comprises the apex bank (the Central Bank) and all other banks (commercial, merchant, etc.) existing and operating in that country's economy. The central bank is normally a regulatory institution (a regulator). There might be other regulators in the industry depending on the operating framework in the country concerned.

In Nigeria, the monetary authorities comprise the President, Central Bank of Nigeria (CBN), the NIgerian Deposits Insurance Corporation (NDIC), the Federal Ministry of Finance and the Nigerian Securities and Exchange Commission. The CBN is the bank statutorily charged with the responsibility of regulating the financial system. It is, thus, assigned the function, among others, of regulating the countlry's banking industry. Another agency that performs some sort of regulatory function is the NDIC because of its insurance obligations to bank customers (depositors) in the event of bank failures. In this respect, it occasionally examines the books of banks to ensure that they are still maintaining positions of liquidity and solvency. However, in this paper, emphasis is placed on the CBN as the major regulator, for being not only mainly contributory to the country's monetary policies, but also assigned by law, the function of regulating the banking industry and as financial adviser to Government on fiscal and other matters. The operators are the various commercial and merchant banks, and other banks operating in the country. Monetary and fiscal policies provide the guiding umbrella for the activities of regulators and operators in the banking inudstry.

With respect to monetary policy, this involves a combination of measures specifically designed for the purpose of regulating the supply, value and cost of money in an economy with a view to achieving certain objectives of economic policy. Thus, monetary policy objectives would include the maintenance of stable prices, the pursuit of full employment, sustainable economic growth and external equilibrium (Glahe, 1977; Goacher, 1986).

On fiscal policy, the objectives vary, depending on whether a country is developed or developing. In most developed countries, the main objective of fiscal policy is the pursuit of full employment. For developing countries, fiscal policy is aimed at achieving economic growth with price stability and reduction in income inequalities. Nevertheless, in both developed and developing countries, the twin objectives are full employment and economic growth using the instruments of public finance or expenditure, taxes, borrowing and financial administration.

It must be noted that both regulators and operators in the banking industry have their opinions on monetary and fiscal policy issues. In this paper, such views of mainly the CBN as regulator, and the views of operators in the Nigerian banking scene are examined within a three-year context, 1993 to 1995; with 1993, being part of the Structural Adjustment Programme (SAP) period; 1994, the year of partial departure from the SAP period; and 1995, the year of "guided de-regulation" of the economy.

It will be recalled that the Structural Adjustment Programme (SAP) was introduced in 1986 with the objectives of

(a) restructuring and diversifying the pattern of domestic production and consumption with the aim of reducing the degree of dependence on the oil sector, imports of raw materials, and capital goods;

(b) achieving a balance of payments' viability; and

(c) rationalising resource allocation in the economy and the pattern of public and private investment with a more active role for the private sector.

The major instruments and policies embodied in the SAP package include:

(i) the foreign exchange market in which the government opted for a partially managed floating exchange rate;

(ii) trade liberalisation which involves the de-regulation of foreign exchange transactions and prices, and the abolition of import licnsing; and

(iii) de-regulation of interest rates which involves the CBN determining the minimum savings and lending rates with a view to influencing the level of savings and investment in the economy (Nigeria, 1986). See references.

REGULATOR'S VIEWS ON MONETARY AND FISCAL POLICY ISSUES

Here, we start from the monetary and fiscal policies as enunciated in the relevant budgets. The broad objectives of the 1993 monetary and credit policy as outlined in 1993 Federal Budget were aimed at

(a) reducing inflationary pressures in the economy;

(b) reducing pressures on the balance of payments with a view to boosting the country's external reserves and stabilising the exchange rate of the Naira; and

(c) giving support to government's efforts at solving the problems of low productivity, depressed capacity utilisation and output (Federal Republic of Nigeria, 1993).

Specific provisions in the policy include curtailing growth in money supply (M1) to 20% from 64% experienced in 1992; restriction of aggregate bank credit (net) growth to 17.5% from the 1992 volume of 73.6%; and the introduction of Open Market Operation (OMO) as the main instrument of credit control, to be reinforced by appropriate changes in the reserve ratio, discount rate, among others.

In order to achieve the above objectives, the budget was based on the following assumptions -

(i) a projected crude oil price of US17.5 Dollars per barrel as against US21 dollars in 1992;

(ii) a projected in-built budget deficit of N28 billion as against a surplus of N2 billion in 1992; and

(iii) a projected exchange rate of N20 to a dollar as against the exchange rate of N9.80 to a dollar in 1992.

The opinion of the CBN was in line with the monetary policy objectives spelt out in the budget. This is not surprising as the apex bank is statutorily assigned with the responsibility of formulating the country's monetary policy subject to its approval or amendment by the President of the Federal Republic of Nigeria. The apex bank (CBN 1993) went further to outline the monetary instruments for the achievement of the objectives, viz, Open Market Operations cash reserve requirements, liquidity ratio (fixed for 30% for commercial and merchant banks), the use of stablisation securities only in a "fall back position" and on selective basis to augment other instruments, moral suasion, and discount rate policy.

On interest rates, the following were then to apply:

(i) The removal of credit ceilings, meant to make the rates increasingly reflective of market conditions;

(ii) The continuous determination of banks' deposit and lending rates by market forces in line with the policy of interest rate de-regulation;

(iii) Interest on current account deposits and all other depos its to be at rate negotiated between banks and their customers;

(iv) The continuous use of the reducing balance method in the calculation of interest charges on loans repayable instalmentally;

(v) Rendering of statements of account to all current account holders on monthly basis and which must include - rate of charges on turnover (COT); and rate of interest on overdrawn account and the periods.

(vi) Calculation of interest on savings accounts on the balances on the customer's account as at the 15th day of each month with the interest paid reflected at the time of calculation no subject to any ceiling.

According to the CBN (1993) the sectional percentage distribution of commercial and merchant banks' credit in 1993 was to remain at their 1992 level shown in table one below:

TABLE ONE

SECTORAL ALLOCATION OF COMMERCIAL AND MERCHANT BANKS' CREDIT, 1993 FISCAL YEAR

SECTOR	Percentage Allocation(1)	
	Commercial Banks	Merchant Banks
1. Priority Sectors	50.0	50.0
(a) Agricultural Production	(15.0)	(10.0)
(b) Manufacturing Enterprises(2)	(35.0)	(40.0)
2. Others	50.0	50.0
TOTAL (1 + 2)	100.0	100.0

(1) Banks are to regard allocation targets in 1(a) and 1(b) as minima and that of 2 as maxima.

(2) This sub-sector does not include mining, quarrying, and construction which were classified under this sector uptill 1986

Source: Central Bank of Nigeria (1993:12)

On fiscal policy, the regulator's views can only be assumed to be in consonance with budget's position on the matter since the regulator was more pre-occupied with monetary/credit issues.

Moreover, on the Naira exchange rate and foreign exchange management, the CBN hoped to consciously align macroeconomic policy measures through the use of open market operations, supported by other liquidity control measures and combined with Foreign Exchange Market (FEM) operations within the liberalised interbank market, to achieve exchange rate stability. The CBN was to only intervene to buy or sell foreign exchange with a view to achieving the desired exchange rate.

For the 1994 fiscal year, there was a dramatic return (in some spheres of activity) to the era of regulation. The monetary and credit policy objectives for 1993 were carried over to 1994. However, the 1994 monetary policy was targeted at (i) not increasing banks' credit to government to beyond 10%; (ii) not increasing private sector credit to beyond 26.9%; (iii) not increasing aggregate domestic credit to beyond 16.4%, (iv) not increasing broad money (m2) to beyond 31.1%, and (v) not increasing narrow money (M1) beyond 29.1% (Federal Republic of Nigeria, 1993).

The use of the monetary policy instruments of OMO, cash reserve requirement (cash reserve ratio retained at 6%), liquidity ratio (minimum liquidity ratio requirement fixed at 30% for commercial and merchant banks) and moral suasion; was to be continued.

On interest rate policy, as a result of excess liqluidity and very high interest rates prevalent in 1993, government decided to peg the rates as follows:

(a) Savings/deposit rate, between 12% and 15% per annum and

(b) Maximum lending rate at 21% per annum inclusive of all administrative and other charges.

The granting of new credit by banks in 1994 was subject to their meeting the following performance criteria - specified cash reserve, specified liquidity ratio, adherence to prudential guidelines, statutory minimum paid-up capital requirements, capital adequacy ratio, and sound management. These were subject to monthly examination by the CBN while banks, unable to meet the laid-down criteria were expected to maintain the levels prescribed for the year, 1993.

In terms of sectoral allocation of bank credit, this was increased for the priority sectors from 60% in 1993 to 70% for commercial banks, and from 55 per cent to 70 per cent for merchant banks in 1994; with non-oil exports then included among the priority sectors (See table 2 below).

On the issue of foreign operations, owing to a further depreciation in the value of the Naira as a result of multiple unofficial rates of exchange that prevailed in the previous year, the Federal Government had, through the budget, abolished the parallel market, made bureaux de change agents of the CBN, and pegged the Naira exchange rate at N22 to US1 dollar.

On fiscal policy, its identifiable objectives in the budget include the abolition of deficit financing, and reduction of debt service burdens, and identification/mobilisation of new sources of collecting revenue for infrastructural development. Towards this end, there were some tariff reviews including also the introduction of a newly Modified Value-Added Tax (MVAT) of 5% on 17 groups of taxable goods and 24 items of services. The MVAT which took effect on 1st January, 1994 replaced the old sales tax system. It was estimated that revenues accruable from MVAT in the 1994 fiscal year alone would be a total of N64bn. Equally, some categories of goods attracted increased duty rates while others such as machinery, equipment and spare parts, completely knocked down components (CKD) imported by bonafide spare parts manufacturers and iron ore and billets, were to attract zero duty rate.

The Central Bank of Nigeria, as regulator of the banking industry, in agreement with the objectives of monetary and credit policies for 1994, outlined the instruments that should be employed for their execution, viz; the OMO, the cash reserve requirement (the retention of the 1993 ratio of 6%), liquidity ratio (the retention of the minimum liquidity ratio fixed at 30% in 1993 for both commercial and merchant banks), and continued use of stabilisation securities only as a "fall-back position" to augment other instruments should the need arise.

On interest rates, in consideration of the widened disparities in savings/deposits and lending rates charged by different banks in the economy, the CBN armed with the objective of reducing the cost of loanable funds and creating a more-investor friendly regime, fixed the 1994 interest rate structure as follows:

(i) Savings/deposit rate - 12-15 per cent per annum

(ii) Maximum lending rate inclusive of all charges - 21 per cent per annum.

This maximum lending rate was to apply to Loans and Advances, Bankers' Acceptances, Commercial Papers and Rediscounts in all financial institutions.

With respects to the sectoral allocation of credits, the following arrangment as shown in table two below was to prevail -

TABLE TWO

SECTORAL ALLOCATION OF CREDIT TO COMMERCIAL AND MERCHANT BANKS, 1994 FISCAL YEAR

SECTOR	Percentage Allocation (1)	
	Comm. Banks	Merchant Banks
A. Priority Sectors		
(a) Agriculural Production	(18)	(13)
(b) Manufacturing Enter.(2)	(42)	(45)
	60	58
(c) Exports	10	12
B. Other Sectors	30	30
TOTAL (A) + (B)	100	100

1. Banks are to regard allocation targets in A(a), (b) and (c) as minima and that of B as maximum

2. This sub-sector does not include mining, quarrying and construction which were classified under this sector uptil 1986.

Source: Central Bank of Nigeria (1994:8)

Moreover, in order to have an improved banking environment, (i) merchant banks that wished to undertake commercial banking activities were to continue to seek necessary approval from the apex bank; (ii) there was a reduction of the minimum deposit receivable by merchant banks from N25,000.0 to N10,000.00 with effect from January (1994); and (iii) the requirement of a minimum of 70% of the total deposit liabilities of a discount house be invested in treasury bills.

In the area of foreign trade and exchange policy, the CBN sought to execute the then newly fixed exchange rate regime of N22 to US1 dollar, and the Federal Government's directive that all the foreign exchange earned by both the private and public sector exporters of goods and services be pooled and centralised in the Central Bank of Nigeria. Consequently, all importers of forex into Nigeria were to do so through the CBN or designated banks while such lodgers of funds were to have free and unimpeded access to the forex for either the purposes of importing goods and services or for their subsequent repatriation. Moreover, bureaux de change were to still serve as agents of the CBN for only the purpose of buying foreign exchange. They were, however, required to sell only to the CBN on a prescribed commission.

Again, most of the 1993 policy measures were retained in 1994. Among these include the requirement of declaration on form TM of foreign currency imports up to a maximum of US$5,000.00 (Five Thousand dollars) or its equivalent; the permissible limits or licence or Technical Services Agreement of between 1.0% to 5.0% of a company's net pofit before tax for management agreements; the allowance of a maximum of 20.0 per cent as consultancy fees for specifically profjects with very high technology content for which there was the non-availability of indigenous expertise; the settlement of hotel and incidental expenses in foreign currency by all foreign visitors to Nigeria and the use of forms A and M.

On fiscal policy, the CBN had proposed fiscal discipline as a concurrent factor in inflation control.

This year 1995 has witnessed a policy shift from the partial regulation of 1994 towards de-regulation. As a consequence, therefore, and as announced in the 1995 national budget, the main thrust of monetary and credit policies during the year is the reversal of the persistent inflationary pressures and the strengthening of the Naira through a policy of "guided de-regulation".

The 1995 monetary policy was aimed at achieving an increase in GDP by 2% (as projected by the CBN), a 16.2% net increase in aggregate credit, a 10.4% increase in broad money (M2) and a 10% increase in narrow money (M1).

The budget also emphasised the continued use of the OMO as a major instrument of monetary policy. Others are the continued use of the cash reserve requirement (ratio maintained at 6%), the liquidity ratio (fixed at 30% for both commercial and merchant banks as was in 1994), stabilisation securities (keeping in view the intended phased repayment of outstanding securities not considered in 1994), pegging of interest rates (under the new rule, a maximum spread of 7.5 per cent is allowed between their deposit and lending rates subject to a maximum lending rate of 21%); and granting of new credit subject to satisfying the following performance criteria (banks adjudged healthy) - specified cash reserve requirement, specified liquidity ratio, adherence to prudential guidelines, statutory minimum paid-up capital requirement, capital adequacy ratio, and sound management (Federal Republic of Nigeria, 1995).

On sectoral credit allocation by commercial ad merchant banks, mining has been brought in as a priority sector. Accordingly in the budget, the sectoral allocation to priority sectors has been increased from 70% in 1994 to 75% with the remaining 25% reserved for other sectors.

On the foreign exchange policy, the budget introduced a two-tier foreign exchange system comprising an official market with a fixed rate of N22 to US1 Dollar, and an autonomous foreign exchange market (AFEM) in which the Central Bank of Nigeria shall intervene from time to time at the autonomous exchange rate (i.e. to sell foreign exchange at the rate existing in the market. Major foreign exchange policy changes introduced include as follows:

(i) No bidding or allocation of foreign exchange will be done at the Central Bank of Nigeria.

(ii) Every company, individual or organisation shall source its foreign exchange requirements in the autonomous market.

(iii) The CBN shall hold the offficial foreign exchange and shall occasionally intervene in the autonomous market.

(iv) All government parastatals, government companies, agencies and government majority owned companies and organisations, exploration and production oil companies, oil service companies, recipients of foreign loans and grants must continue to maintain their foreign currency domicilliary accounts with the CBN with the apex bank purchasing such funds at the prevailing autonomous rates as and when necessary.

(v) There shall be authorisation for the operation of domicil lary accounts and export proceeds and other repatriation in-flows shall be held in such accounts maintained with any authorised bank in Nigeria to which beneficiaries shall have unfettered use of therein contained funds.

(vi) Interbank market (IFEM) shall freely operate while no oil prospecting company shall be permitted to deal in foreign exchange in Nigeria. Main actors in IFEM shall be the banks and the bureaux de change with the CBN occasionally intevening.

(vii) Bureaux de change shall be permitted to freely buy notes and coins and travellers cheques but shall sell only notes and coins up to a maximum of US$2,500.00. The purchase and sale of notes and coins and buying of travellers' cheques by bureaux de change shall be at the autonomous market and subject to a margin of 2%.

(viii) All government transactions with the CBN shall be at the official exchange rate. Moreover, all commercialised companies shall, except with the approval of the Head of State, source their funds in the autonomous market. Of noteworthy is that only bonafide transactions by Federal and State Governments shall be sourced at the official rate as the Federal Minister of Finance has been vested with the power to vet all government transactions requiring foreign exchange at official rate in order to ensure compliance with the above directives.

In the area of fiscal policy, the objectives as announced in the 1994 Federal budget were carried over to 1995. In terms of revenue accruable to the Federal Government, an estimated collectible revenue of N350.66bn was provided for as against N240.65bn projected in 1994. Out of the amount collectible in 1995, N200.64bn is expected to come from the oil sector and N150.02bn from the non-oil sector. The amount expected from company income tax is N15bn while that expected this year from the newly introduced VAT is N12bn; and N51bn is expected from the recent increase in the pump price of petroleum products. The

Federal Government, as announced in the 1995 budget, anticipates a surplus budget this year.

The Central Bank of Nigeria's views on the 1995 monetary and credit policy appear to be nothing but a further clarification in detail of what are contained in the Budget. As evident from Monetary Policy Circular No. 29 of the CBN (See CBN, 1995), such monetary policy instruments as the OMO, Reserve requirements etc. are only a clarification of the essential ingredients as announced in the budget. For instance, on interest rate policy, the CBN in keeping with the regime announced in the budget gave a further clarification that concerted efforts would be made through fiscal and monetary austerity and supply-side initiatives to reduce the rate of inflation hence it is envisaged the interest rate regime would be positive in real terms and ensuring the growth of savings and encouraging investment in the productive sectors.

On sectoral allocation of credit, CBN accorded mining a higher priority in 1995 with banks allocating 5 per cent of their aggregate credit to the solid minerals sub-sector while the share of commercial and merchant bank credit remain at their 1994 levels. Table three gives a clear picture of the sectoral credit projection.

TABLE THREE

SECTORAL ALLOCATION OF COMMERCIAL AND MERCHANT BANKS' CREDIT, 1995 FISCAL YEAR

SECTOR	Percentage Allocation (1)			
	Commercial Banks		Merchant Banks	
A. Priority Sectors				
(a) Agricultural Production	(18)		(13)	
(b) Manufacturing Enterprises(2)	(42)		(45)	
(c) Solid Minerals	(5)	65	(5)	63
(d) Exports		10		12
B. Other Sectors		25		25
TOTAL (A) + (B)		100		100

1. Banks are to regard allocation targets in A(a), (b), (c) and (d) as minima and that of B as maximum.

2. This sub-sector does not include mining, quarrying and construction which were classified under this sector uptill 1986.

Source: Central Bank of Nigeria (1995 : 14).

On foreign trade and exchange policy, the CBN viewed the major policy goal in this area in 1995 as to deliberately build up and strengthen the country's external reserves with a view to enhancing confidence in the country's economy, strengthen the Naira and make room for its eventual convertibility (CBN, 1995). The apex bank, in its capacity to intervene in the AFEM, adopted all the measures announced by the Head of State in the 1995 budget. However, the CBN also provided a list of prohibited import and export items as well as the list of items exempted from pre-shipment inspection.

On fiscal policy issues, the CBN has always emphasised fiscal discipline on the part of government and punishment on defaulting operators in the banking industry.

OPERATORS' VIEWS ON MONETARY AND FISCAL POLICY ISSUES

Since the introduction of the SAP in 1986, the views of operators with regard to monetary and fiscal policy measures have always been deeply in line with the policies of the SAP especially in the area of deregulation. We will recall that 1993, which is part of our three-year study (1993-1995), was essentially at the height of the SAP before the dramatic turn around to regulation in 1994 and now (1995) a gradual return to de-regulation.

To start with, banking industry operators have always not quarelled with monetary credit policy and fiscal policy objectives enunciated over time in the yearly rituals called national or federal budgets.

With regard to interest rate regimes, operators have always called for its de-regulation such that banks could be free to negotiate with their customers and arrive at whatever rates that could be payable on deposits. This was the position of operators in 1993, 1994 and in 1995. In fact, while reviewing the 1994 budget, the banking industry operators had held that depositors found it more attractive to purchase dollars in this era of rising inflation than save at an interest of 15 per cent thereby causing a decline in savings mobilisation (Bankers Committee 1994). Hence, they recommended for the 1995 budget a liberalised interest rate regime that is market-sensitive which should achieve a positive real interest rate i.e. an interest rate above the rate of inflation (ibidem). Accordingly, depositors would have sufficient motivation to save thereby diminishing their interest in purchasing foreign exchange as a hedge against inflation or transforming their wealth into non-interest bearing assets.

On sectoral allocation of credit, while the operators had suggested modifications since the SAP as can even be seen from Bankers memorandum of 1991 (See First Bank, 1991), the situation was different with respect to the 1995 Federal Budget. For this budget, the operators had recommended an outright abrogation of sectoral lending guidelines as it encourages inefficiencies in resource allocation (Banking Industry, 1994). They also suggested a de-regulated interest rate regime on bank lending; and abrogation of direct means of monetary control (e.g. Stabilization Securities) for indirect methods like OMO.

On exchange rate stabilisation, since the introduction of SAP, operators, though recognising that government has the option to liberalise or fix exchange rates, have always urged the government to liberalise the foreign exchange market to allow market forces determine the rates of exchange of the Naira to other currencies. Thus, there was a sharp difference in opinion between government on one hand and operators in the banking industry in 1994 when government abolished the parallel market and fixed the Naira exchange rate at N22 to US1 Dollar. As noted in their contribution to the 1995 budget,

"Experience of nations across the globe both developed and developing have clearly demonstrated that the most efficient and cost effective way to achieve a rate of exchange is by the de-

regulation of the foreign exchange allocation mechanism through a recourse to market forces" (Bankers' Committee, 1994).
It was therefore recommended that CBN should sell foreign exchange to banks at market clearing rates while the administrative procedures involved should be streamlined with minimum documentation.

On fiscal policy, the emphasis has been on fiscal discipline on the part of government. Banking industry operators had recommended a zero deficit budget in 1994 though this was not recommended for in the 1993 budget. But while reviewing 1994 budget which government had, in her wisdom fashioned as a zero-deficit one, it was found that provisional estimates had by September 1994 revealed a deficit of about N52bn. Table four shows comparative statistics of Federally budgeted revenue and expenditure estimates for the years - 1993, 1994 and 1995. However, the financing of deficits generally have been through ways and means advances which inject its own doses of inflation. The inflationary effect of this recourse by government is not surprising as growth in primary money due to Government borrowing from the CBN to finance deficit cannot be easily wiped off by the interjection of volumes of OMO (See for instance, Ogwuma, 1994).

On the issue of new revenue sources for government, while operators in the banking industry had supported the introduction of the Value Added Tax (VAT) and argued that a great deal of awareness seems to have been created, they still believe that the administration machinery is far from better hence their recommendation of a better tax machinery needed to realise revenue expectations. In fact, operators in the industry had specifically recommended government's exploration in 1995 of the following revenue areas - liberalisation of foreign exchange rates, removal of fertilizer subsidy, privatisation and commercialisation, more effective administration of VAT, and removal of petroleum subsidy (Bankers' Committee, 1994).

TABLE FOUR

COMPARATIVE ESTIMATES OF FEDERAL GOVERNMENT'S BUDGETARY REVENUES AND EXPENDITURES, 1993 - 1995

	1993	1994	1995
	N'bn	N'bn	N'bn
Federal Collectible Revenue	153.99	240.6	350.66
Revenue from Oil	126.458	193.6	200.64
Revenue from Non-Oil	30.529	47.05	150.02
Revenue from Customs & Excise	16.003	17.626	34.4
Revenue from Tax & Others	80.541	29.429	115.62
FG Revenue Estimate	80.415	110.12	160.86
Total Recurrent Expenditure	38.2	38.2	53.7
Total Capital Expenditure	23.3	31.0	44.5
Debt Service Provision	39.6	41.0	57.0
Estimated Deficit/Surplus	- 28.6	0.0	+5.66

Source: UBA PLC (1995:3)

As regards foreign debts and its management, operators in the banking industry have always recommended employing good and effective management strategies.

REMARKS AND CONCLUSION

An emerging scenario from the views of both operators and the regulator so far, is that, within the period of our investigation, there were often agreements and disagreements on issues of monetary and fiscal policies. The Central Bank of Nigeria has always played the role of providing a detailed outline of the monetary/credit policies enunciated in budgets.

While the operators' views have been consistent, realistic, nationlistic and sometimes "self-interest" motivated, the CBN has had no alternative than to tally along with the policies enunciated by government, having been largely contributory to them.

The views of individual members of staff of the CBN has shown remarkable congruence with the views of operators as evidenced in the presentations of the following: Odozi (1993), Onyido (1993), Asogu (1991), etc. This shows that insiders in the banking system have a reasonable congruence and consistency in views regarding monetary and fiscal policy measures which might not tally with the eventual decision of the regulatory authorities as reflected in the budgets of the Federal Government and the Monetary and credit Policies of the CBN.

It follows that the views of "outsiders" to the banking system may be more crucial in determination of policy given the gyrations and inconsistencies in the policy measures. The CBN is an adviser to Government on fiscal and monetary policy matters. Its Monetary Policy Guidelines are subject to the final vetting and approval of Government.

In conclusion, therefore, it is important that the views of both the operators and regulators in the banking industry are taken seriously by Government in the final determination of monetary and fiscal policy measures for consistency and efficiency in achieving a strong, vibrant and developed economy.

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