REPOSITIONING THE NIGERIAN BANKING INDUSTRY THROUGH ETHICS OF COMPETITIVE REALITIES

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ABSTRACT

The banking industry in Nigeria has not been contributing its full potential to the growth of the economy because of bad public image that resulted from bad ethical practices and poor corporate governance. There is no doubt that the post-consolidation from January 2006 in the Nigeria banking industry has witnessed stiff competition in the banking industry. This paper examines the realties of competition among banks as well as the ethics which banks and their operatives must imbibe and manifest if they are to survive such competitions. This paper relies upon documentary studies of published annual reports of banks. It underscores the dimensions of banker customer relations, bankers' relations to their banks and banks relations to other banks and regulatory authorities.

Key words: Ethics, Ethical, Religion, Morals and Competition.

1.0 INTRODUCTION

One of the critical managerial issues facing the manager of the future is the problem of managerial ethics. Thakur and Burton (1997) defines ethics and related matters as follows:

> "*Ethics is that system or code of morals of a particular person, religion, group, or profession… Moral relates to dealing with, or capable of making the distinction between right and wrong in conduct or character while ethical has to do with ethics or morality; of or conforming to moral standards; conforming to the standards of conduct of a given profession".*

Ethics relates to standards expected of people, individual or corporate entities while morality relates to personal beliefs rooted in religion and private consideration. They opined that ethics is not absolute but relative. Ethical behavior is in the eye of the beholder; what is right or wrong is a personal, individual matter, which is, however, influenced by socially-accepted norms. Griffin (1990) posited that there are five key forces in the individual's environment that influences one's behavior: family influences; peer influences; values and morals; and situational factors. In the banking environment, the situational factor is the most pervasive in the present dispensation followed by the values and morals. People often change their ethics in response to unforeseen situational factors. An employee, who is threatened with losing a job that has been held for years, may commit unethical acts in order to save the job. Presently, when a bank employ new staff (male and female), they are given unrealistic deposit target and the female amongst them who may not be able to attain the target indulge in prostitution with money bags in the society to solicit for funds in order to save their jobs. This is happening at a time when the scourge of HIV/AID is growing by leaps and bound. The male amongst them defy rules and regulations and involve in unethical conduct that put the bank in bad light.

According to Emenyonu (2007) in his public lecture posited that:

> "*The church in Nigeria has witnessed a phenomenal growth over 100 years. While the Christian population of the area called Nigeria today was just about 176,000 in the year 1900, by 2000 the population of Christians in Nigeria had risen to about 51 million. This is projected to grow to 86 million by the year 2025.More and more highly placed Nigerians are not only Christians in the general sense, but regard themselves as born again Christians".*

Majority of the employee of the Nigerian banking industry profess to be either Christian or Muslim. The bad news is that while the numerical increase in the number of Christians in Nigeria is self evident, and church attendance is at an all time high, it is however, unfortunate that there is no significant commensurate impact on the level of virtue and integrity in the Nigerian society. Religion is the body of rules derived from acceptance of a faith and adoration of deity specified by the religion. Its prescription rules sometimes form the basis of other normative prescription such as law, ethics and morals. As long as the effectiveness of religion is based on beliefs and faith, it may also be subjective, capable of changing one attitude to life and promoting good ethical behaviour. Conscience is the individual perception of good and bad based on the level of spiritual consciousness. The instinct of man and his ability to exercise his freewill to good or evil should ordinarily be the operation of his conscience with or without religion. Study by Emenyonu (2007) found that the growth of Christianity is negatively related to corruption. This implies that the rise in church growth has not helped to curtail negative vices in Nigeria. The banking industry is a sub-sector of the overall sector of the economy. The unethical conduct in banks today can be ascribed to our wrong moral and value system that lend credence to material possession.

The manner of unethical conduct witnessed today is coming on the heels of serious competition amongst banks who are struggling to gain a sizeable proportion of the market share in order to stay afloat in Nigerian banking industry. Before the N25 billion recapitalization of banks on 31st December 2005, some bank engage in unethical practice such as demarketing of sister bank to woo customers from them. Some banks said negative things about counterpart bank in electronic print and media in order make customers lose confidence in such bank. By mobilizing savings and channeling these into investments in the most economically rational manner, the financial services industry in every world sets the pace for national developments. The banking industry is expected to contribute in this direction. However, in Nigeria the impact of this sector is hardly felt since it has not being able to drive the real sector for economic growth. Irukwu (2001) provides some reasons for the poor performance of the financial services sector. They range from poor national banking culture to perceived poor image of the industry. On closer examination, it would be seen that many of the factors mentioned by Irukwu (2001) border on the question of unethical conduct and corporate governance. Information from the CBN banking and Supervision Report (2006) showed that the unethical and unprofessional practice of spreading false stories to demarket other banks affected the performance of some banks. Poor ethical posture can badly damage not only the reputation of a company but also that of the industry as a whole. Restructuring, refocusing and re-engineering have been adopted by several banks in an attempt to improve the quality and speed of service and attain a competitive edge over several new entrants and old generation competitors in the industry. It has been very rare however until very recently to find operatives in the banking Industry giving as much attention as possible to the ethical imperatives of successful banking practice and re-engineering in an era of acute competition among banks. Korn (1989) in his paper opined that a Columbia University Study which was published by FORTUNE magazine in 1989 on 870 Chief Executive Officer in twenty Countries had projected that by the year 2000, 85% of Successful Chief Executive Officers will need to emphasize ethics in their personal behavior.

This simply means organizations, including banks, which will survive the inclement economic and out-manoeuvre their competitors in this new millennium will also need to place considerably higher premium upon ethical basis of behavior in such organizations. The field of banking in contemporary Nigeria is one field that is now characterized by the popular axiom of survival of the fittest. This is largely because of the stiff competitive environment of banking and the growth of banks in the society today. The objective of this paper is to bring to the fore the causes of unethical behaviour in the Nigerian banking industry worsen by the existence of stiff competition in the total number of branches as well as in the variety of products and services has heightened unethical banking behaviour amongst banks and the need of bank management to promote ethical code of conduct in the affairs of banking business. The primary instrument is documentary studies of published annual reports of banks.

2.0 CAUSES OF UNETHICAL BEHAVIOUR IN THE NIGERIAN BANKING INDUSTRY

According to Chartered Institute of Bankers Report (2006), the level ethics exhibited by a banker may be influenced by the following variables:

i. Integrity: This means honesty, fair dealing and truthfulness. It imbues individual with desire to do the right thing, to adhere to and live up to a set values and expectations.

However, bankers tend to place immediate self-interest for long-term interest of enterprise or society.

ii. Competence: This is shown by the desire demonstrated by level of knowledge, experience and skill needed to carry out a function or job.

iii. Moral Values: Circumventing virtues, roles and regulations which the society hold dear as the basis of its continued existence.

iv. Legality: The existence of laws which simply prescribe minimum level of moral or unethical behaviour.

v. Deregulation: Government policy that engenders competition which in turn throws professional virtues to the dogs.

vi. Greed: Inordinate desire to possess.

vii. Honesty: This implies a behaviour that frowns on the telling of lies and fraudulent dealings, it means uprightness and truthfulness.

viii. Ignorance: Inadequate understanding of situations which can lead to immoral actions and inactions.

ix. Environment: An environment polluted by deep poverty and endemic corruption is a fertile ground for unethical behaviour. Ethical behaviour may be situational.

x. Self-Preservation: A bank manager wants to keep his head at time by doing his master's bidding. If the master wants a particular goal achieved, this, the manager must do first. The issue of whether or it is ethical is secondary. For instance female bank workers prostituting to win accounts in order to meet targets set for them by managers.

Today Nigerian banking is faced with unethical practices perpetrated by banks in the course of performing their functions. They include amongst others:

i. Using a customer's deposit for speculation and keeping the proceeds.

ii. Deliberate wrongful calculation of interest payable on the savings of a customer.

iii. Bankers collude with their counterparts in the Central Bank of Nigeria to use customers deposit in the purchase of foreign exchange at a discount which the collaborated share as commission.

iv. Acceptance of bribes, gifts and favours for purposes of influencing normal discharge of banking functions.
v. Collusion with armed robbers to attack the bank in cases of fat withdrawals or deposits.
vi. Imposition of excessively stringent loan conditions out of proportion to the loan demanded.
vii. Cheque over certain amount are returned for “Drawer’s Confirmation” purportedly to avoid fraud.
viii. Sexual harassment of female staff/ and prostituting by female staff to win deposit accounts.
ix. Abuse of general expenses account.
x. Engaging in private business whilst in the employment of the bank.

Other unethical conduct on part of the banker that is contrary to banking rules are:

i. Advance Fee Fraud: By this malpractice, a customer approaches a bank with an offer of access to large funds of below market interest rate and other favourable but fantastic terms. He does not disclose the source of the funds except on terms. He collects the money and disappears into thin air leaving the bank in a lurch.
ii. Cheque Kiting: Kiting is a method whereby a depositor utilizes the time required for a cheque to obtain an unauthorized loan with any interest charge. Cheque kiting involves the authorized use by depositors of uncollected funds in their accounts without any movement of interest.
iii. Account Opening Malpractice: Customer do open bank account at times with sole aim of defrauding the bank. This may take the form of fraudulent letters of credit which may be opened and paid.
iv. Cheque/Dud Cheques: These may relate to personal, business or government cheques. They may involve traders’ cheques certified; draft (each having its own characteristics and vulnerability), forgery and counterfeiting.

3.0 COMPETITION IN THE PRODUCTS AND SERVICES PROVIDED IN BANKS

From the CBN Annual Report and Statements of Accounts (Various issues), the total number of banks just three half decades ago was thirteen (13) twelve Commercial Banks and 1 Merchant Bank. In 1980, there were only twenty Commercial banks and six merchant banks with a total of 277 branches for both categories of banks. By 1990 when the environment had become very competitive however, there were 58 commercial and 49 merchant banks with about 2001 branches for both types of banks. Again, by 1994, there were 65 commercial and 51 merchant banks as well as a total of 2,259 branches all together. Uzor (1999) pointed out that in 1998 the top ten banks had as many as 1,335 branches while there were a total of 2,107 branches of commercial banks with 1,545 located in the urban areas. The CBN Banking Supervision report (2006) reported that by 2002, with the introduction of universal banking, the total number of branches was 2,317 and the number has increased to over 4,000 since the post-consolidation of banks in 2006 which reduced the number of banks to (24) twenty-four. The environment of banking business is full of competing banks whose branches continue to increase as a direct consequence of economic liberalization policies of the regulatory authority. Similarly, banking products have multiplied. Nwadike (1990) identified a total of 151 different banking products which are mere duplication or imitation of what had existed for some time in other banks.

For example, banks now compete in marketing different types of deposits (e.g savings and current) and education support schemes e.g U.B.A Safe for School Scheme. Similarly, several Banks now engage in revenue collection on behalf of government ministries and parastatals (e.g Wema Rates; EcoBank: Water rate, VAT; NITEL; Sugar levy; Port levy; Import Duty; Excise Inspection; Water rates; Customs Duty; Import Duty; Value Added Tax; M.O.T test fee; Oceanic Bank, Vehicle license; New number plates; Business registration; Land Charges: Afribank Examination registration forms for NECO; UBA Privatization share purchase) e.t.c In general the conventional areas in which banks provide products and services are still provided for . These areas are listed below:

i. Domestic Banking Services
   * Saving Account, Current Account, Term Fixed Deposit

ii. Corporate Finance Services

   * Loan Syndication, Loan Scheme, Small Business Development, Equipment Leasing

Project and Trade Financing, Agricultural Loan Scheme

ii. Treasury Services:

* Fund Management, Fund Placement, Bankers Acceptance, Commercial Papers

iv. Credit Facilities

* Loans and Advances, Overdraft Facilities, Indemnity, Guaranteed Bond, Cooperative and Credit Scheme, Bill Discounting, Special Promotional Loans Scheme

v. Financial Services:

* Trusteeship, Insurance Services, Registrar Advice, Safe Custody, Status Advice, Night Safe, Investment Advice

vi. Advisory Services

* Business Advisory and Financial Consultancy, Personalized Banking Services

vii. Foreign Services

* Travellers Cheques, Foreign Currency, Foreign Draft, Letter of Credit, Electronic Transfer: International and Local money transfer

8. Money Transmission

* Cheques, Value Card (recent), Direct Debit, Standing Order, Certified Cheque, Bank Drafts, Telegraphic Transfers, Mail Transfer.

9. Special Products

* Joint Liability Scheme, Education Schemes (e.g Safe for School), Housing savings and Loan Scheme, Warehouse Finance for Traders.

What we have tried to depict above is the existence of stiff competition in the total number of branches as well as in the variety of products and services offered by banks. In addition, Nigerian Banks compete for the few highly skilled and trained staff. And they compete for new and current bank technologies. In the final analysis, they compete for performance and service quality which often determine whether or not they succeed in retaining their old customers or in attracting new ones and whether or not they make maximum profits, or returns on shareholders investment.

It is therefore necessary and useful for banks to engage in periodic competitive analysis. First, such enables a bank to engage in the assessment of its performance relative to other banks which are operating in the same environment. Secondly, competitive analysis of banks assists in exposing areas of comparative strengths and weaknesses of the banks concerned, particularly with a view to eliminating the identified areas in which the bank is deficient. And thirdly such an analysis reveals the banks progress or retardation of possible growth, thereby suggesting the need for changes in certain aspects of the banks organization, operations or strategies.

Muyiwa (2004) provided a list of twenty-four revealing indices which can provide useful comparisons among banks- These are:

1. Quality of Customers Service
2. Number of Branches
3. Geographical Distribution
4. Location of Head Office
5. Total Assets
6. Asset Quality/Composition
7. Interest Rates Policy
8. Liquidity
9. Capital Adequacy
10. Expenses/Operating Costs
11. Profitability
12. Revenue Generation
13. Management Quality
14. Information Technology
15. Product Development
16. Target Setting and Attainment
17. Quality of Strategic Marketing
18. Loans and Advances
19. Total Deposit
20. Gross Earnings
21. New Product and Service Development

22. Condition of Service
23. Professionalism
24. Social Responsibility

Where a bank excels in most of these indices, it is certain to grow beyond survival level, with a comparatively strong capacity to meet its obligations as and when they fall due, without the risk of deterioration or distress occasioned by adverse environment conditions. The capacity for enhanced growth, revenue generation and profitability will be very high if most of the listed indices are positive and comparatively strong. A few of the indices will be considered in this presentation in order to illustrate the preceding and to depict the relevance of the indices for our ultimate concern.

Table 1 below depicts the comparative strength of twenty-four commercial banks as measured by one performance indicator- total assets and First City Monumental Bank was in the 18th position. This rank cannot however be a sufficient adequate measure of comparative performance in the absence of additional information on asset management and the quality of assets. Nevertheless, it is indicative of the necessity for beefing up the total assets of the bank, if it desires to be competitive in the new millennium.

TABLE 1

2005/06 NIGERIAN BANKING PERFORMANCE INDICATORS (ASSETS BASED)

S/N	Name of Bank	Financial Year	Total Assets (N'million
1	Access Bank Nig. Plc	Jan-March 2006	174,554
2	Afribank Nig. Plc	"	131,270
3	First Bank Nig. Plc	"	538,145
4	Guaranty Trust Bank	"	305,081
5	IBTC Chartered Bank	"	110,782
6	Inter' Bank Plc	"	360,903
7	Union Bank Plc.	"	517,564
8	Wema Bank Plc	"	456,234
9	Bank PHB Plc	"	156,001
10	Diamond Bank Plc	"	223,048
11	Equitorial Trust	April-June 2006	109,740
12	Fidelity Bank Plc	"	119,986
13	First Inland Bank	"	156,321
14	FCMB	"	106,661
15	Unity Bank	"	212,333
16	Zenith Bank	"	608,505
17	Oceanic Bank	July-Sept 2006	371,567
18	Skye Bank Plc	"	242,562
19	Sterling Bank	"	111,197
20	UBA	"	851,241
21	Ecobank	Oct-Dec 2006	132,091
22	Nigerian Inter' Bank	"	N/A
23	Standard Chartered	"	N/A
24	Spring Bank	"	N/A

Source: CBN Banking and Supervision Report 2006

This is Crucial for significance profit enhancement and revenue generation in the struggle for a competitive edge. Both the assets composition (Sources and Uses of Fund) and the total assets may be a function of the age of the bank (old or new generation) and of the experience of the managers. Whatever the explanation, FCMB will need to enhance its assets base, since the profitability of the bank like any other one is also a function of its assets base- including size, quality and composition.

From t**able 2 below**, a comparative study of six banks on five performance indicators revealed that although the absolute figures for FCMB were lower than those of other banks in virtually all indices utilized, the percentage increases from 2005 to 2006 were relatively higher in FCMB than other banks (see Table 2 below). The implication of this is that FCMB performed better than other banks from one year to another, in spite of the fact that the bank needs to grow significantly. It should be observed nevertheless that the performance indicators which were examined (total deposits, Gross earnings, Total assets, Profit after tax and loans and Advances) were all cumulative results of other processes and results in the bank. For instance those results were a function of good corporate governance that is good management, ethics of responsibility, effective marketing and customer satisfaction.

Table 2 **PERFORMANCE INDICATORS FOR SELECTED BANKS BETWEEN 2005/2006**

Name of Banks	Total Deposit in billion			Gross Earnings In billion			Total Assets in billion	
	2005	2006	% increase	2005	2006	% increase	2005	2006
FBN	332	391	17.77	49	61	0.24	407	538
UBA	205	757	269	25	86	244	248	851
UBN	200	275	37.5	44	50.7	0.152	398	517
DIAMOND	75	144	92	12	17	0.42	125	223
FIDELITY	21	78	314	6.1	11.5	0.88	34	119
FCMB	26	70	169	6.1	10.8	0.77	51	106

Source: Annual Reports and Account of Selected Banks

PERFORMANCE INDICATORS FOR SELECTED BANKS BETWEEN 2005/2006

Name of Banks	Profit After Tax in billion			Loans &Advances In billion		
	2005	2006	% increase	2005	2006	% increase
FBN	15.1	19.8	0.3	123	190	54.47
UBA	6.2	12.5	102	168	666	296
UBN	11.9	12.3	0.03	78	134	71.7
DIAMOND	3.5	5.2	0.44	41	81	97.5
FIDELITY	1.5	3.5	1.33	15	46	206
FCMB	1	4	300	13	26	100

Source: Annual Reports and Account of Selected Banks

Again in table 3 below FCMB was ranked 5th in 2005 by comparison with the five other banks with respect to capital adequacy. By 2006 however, FCMB has become ranked as number one with regard to capital adequacy, when compared with the same five banks all of which are first generation banks (3 and 4)

With respect to profitability, FCMB ranked 6th 2005 and 6th in 2006 in relation to the five other banks with respect to profit after tax (see table 2) and the bank ranked 5th with respect to liquidity and funds management (see table 5). And with regard to overall profitability, FCMB ranked 6th also in comparison with the five other banks in the study under reference for both 2005 and 2006 – (See table 2). The 2005-2006 data are instructive. What the data examined above suggest that several indices are needed in order to generalize concerning the degree of competitiveness of a bank since it is possible for the bank to be strong in certain respects and weak in others. Secondly, it seems evident that FCMB needs to improve its profitability, its asset composition, its liquidity and funds management (as shown in tables 5 and 6) in order to attain a high level of competitiveness in the new millennium. It is imperative for bank management to promote good ethical principles in all areas of the operations of the bank.

Nichols and Day (1982) argued that, in the short-term, management can encourage ethical behavior through the following:

i. Evaluate the personality characteristics of people seeking employment in the organization. Avoid hiring people with personalities that are prone to unethical behavior or make sure that company regulations block their unethical tendencies.
ii. Issue public statements that ethical behavior is important and expected.
iii. Establish organizational policies that specify ethical guidelines and objectives.
iv. Reward ethical behaviour and don't reward unethical behavior
v. Punish unethical behavior and don't punish ethical behavior.
vi. Be aware of the potential for unethical behavior when placing employees into competitive situations.
vii. Consider that, when decisions require moral judgment, group decision making usually results in higher levels of moral reasoning than individual decision making.

TABLE 3
CAPITAL ADEQUACY RATIO FOR SELECTED BANKS FOR THE YEAR 2006

Names of Banks	Ratio of Capital Funds to Total Assets	Ranking	Ratio of Capital Funds to Total Deposits	Ranking
FBN	0.107	4	0.148	5
UBA	0.055	5	0.062	6
UBN	0.183	2	0.345	2
DIAMOND	0.152	3	0.236	4
Fidelity	0.076	6	0.321	3
FCMB	0.73	1	0.357	1

Source: Annual Reports and Account of Selected Banks

TABLE 4
CAPITAL ADEQUACY FOR SELECTED BANKS FOR THE YEAR 2005

Names of Banks	Ratio of Capital Funds to Total Assets	Ranking	Ratio of Capital Funds to Total Deposits	Ranking
FBN	0.108	4	0.96	2
UBA	0.068	6	0.23	5
UBN	0137	3	0.47	3
DIAMOND	0.16	2	0.266	4
Fidelity	0.26	1	1.19	1
FCMB	0.097	5	0.148	6

Source: Annual Reports and Account of Selected Banks

TABLE 5

LIQUIDITY AND FUND MANAGEMENT RATIO FOR SELECTED BANKS FOR THE YEAR 2005-2006

Names of Banks	Ratio of LAD/TA in 2005	Ranking	Ratio of LAD/TA in 2006	Ranking
FBN	0.302	4	0.353	4
UBA	0.677	1	0.783	1
UBN	0.196	6	0.259	5
DIAMOND	0.328	3	0.363	3
Fidelity	0.441	2	0.386	2
FCMB	0.255	5	0.245	6

Source: Annual Reports and Account of Selected Banks

Table 6

Names of Banks	Ratio of LAD to TD in 2005	Ranking	Ratio of LAD to TD in 2006	Ranking
FBN	0.39	5	0.486	5
UBA	0.819	1	0.879	1
UBN	0.39	5	0.487	4
DIAMOND	0.546	3	0.563	4
Fidelity	0.714	2	0.589	2
FCMB	0.5	4	0.371	6

Source: Annual Reports and Account of Selected Banks

4.0 ETHICAL IMPERATIVES

In view of the obvious competition among banks in the spheres of products and services, assets, capital, customers, funds mobilization, trained staff, loans and administration markets, gross earnings and profitability, it is necessary and indeed inevitable that bankers must cultivate certain professional attitudes, values and (ethical) conducts that will enable the particular bank attain and sustain a competitive edge over other banks.

Quite often when ethical issues are raised in banks, the focus of attention is on frauds and forgeries and perhaps their prevention and elimination. While this latter focus cannot be said to be misplaced, it is certainly narrow and incomplete when the ethics of competitive realities in banking are under consideration. There may be no fraud in a bank and yet the bank may be on the decline. According to Benson:

> *"Business ethics are those principles or aspirations toward principles that guide businessmen in their commercial connections with suppliers, customers, workers or others. They may prescribe certain actions forbid others…Business ethics may range from the general injunction against stealing… to prohibitions on unfair trade practices in industry codes".*

Ethics in general deal with the science of morality in human conduct. But business ethics and banking ethics cover professional standards of conduct in the specific profession, in this case banking and professional standards or banking practice cover all aspects and all levels in banking. This is the reason why it is crucial and appropriate to adopt the attitude of total quality management with respect to ethical imperatives at all levels and in banking activities. Total Quality Management as a pre-requisite for staying in business entails the promotion of quality as a way of life, planning for quality product and processes, cultivation of attitudes, values and behavior of the highest quality in the relevant bank. Specifically, to be competitive the following steps are inevitable:

1. Continuous cost reduction;
2. Customer orientation- The satisfaction of customers needs;
3. Awareness and recognition of quality as every one's responsibility;
4. Productivity enhancement;
5. Appropriate and satisfactory methods, process, equipments and skills;
6. Planning for quality at all times;
7. Rewarding quality and professionalism.

All the enumerated steps provide some of the ethical prerequisites for successful banking practice in the new millennium. According to Aron (1967) cited in Max Weber in his classical work stated:

"The Protestant Ethic and the Spirit of Capitalism tried to depict how a man's vision of the world drives and governs his interest, his attitude towards work and his behaviour.The insatiable craving for work and discipline organization of the protestant is linked to his quest for unlimited profit and a particular attitude toward work. Banking is oriented toward an unlimited accumulation of profit and as such bankers must therefore cultivate the moral values and instrumental attitudes which are required for the survival and success of the bank in a competitive environment".

It is nevertheless possible to classify the ethics of competitive realities into:

i. Ethics guiding bankers conduct in relation to their bank (e.g with respect to honesty, integrity, recruitment and records)
ii. Ethics guiding bankers conduct in relation to customers/ the public and service (e.g with respect to prompt service and courteous attention)
iii. Banks as institutions in relation to CBN, NDIC and other banks. (e.g with respects to rendition of returns and compliance to guidelines of regulatory authorities).

Apart from the Bankers Committee where representatives of banks meet at CBN to discuss issues affecting the banking industry, there is a forum where Bank Chief Executive under the auspices of the Chartered Institute of Bankers of Nigeria meet and provide guides on ethics for banks and are categorized under following:

i. Opening of Accounts
ii. Terms and Condition of financial service to Customer
iii. Charges and Interest payable to Customers
iv. Handling Customers Complaints
v. Confidentiality of Customers Complaint
vi. Status Enquiry
vii. Foreign and other types of third security
viii. Inter-bank transactions

According to the Kindle Banking System (1999), their position on bank competition is stated as follows:

"*Your competitive edge in the market today is determined not by the quality of the product and services which you offer but by your ability to anticipate, stimulate and rapidly satisfy the changing needs of your current and potential customers*". That is while the Bank Chief Executive accord considerable significance to ethics which guide bankers/customer relations. Ethics has its root in Laws and Regulations which are directly or impliedly contained in BOFID. Section 23 BOFID shed light on display of interest rates in the banking hall; Sections 16 and 17 on maintenance of Statutory reserve; and Section 18 on disclosure of interest by Directors, Managers' and officers of the Bank in any advance.

Violation of these enactments attracts sanction of three years imprisonment. Credit is also expected to be granted in strict compliance with each banks policy and without any benefits accruing to the bank staff credit facilities which have been granted by the banks. There are other enactments like the Failed Banks (Recovery of Debts) and Financial Malpractices Decree No. 18 1994 (defunct) whose role is now played by the Economic and Financial Crime Commission and the Money Laundering Decree of 1995 as amended in 2004, which also prescribes fines and imprisonment for any infringement of prescribed codes of ethics. Several banks have extracted various aspects of the legal and ethical provision and combined them in some general codes for bankers in their respective banks. All of these codes of conduct for banker professional practice are important for enabling the respective banks to survive the acute competition currently in the industry. Such general codes of conduct prescribe:

i. Obedience to all relevant laws and regulations
ii. Avoidance of forgeries, misappropriation, unauthorized lending; lending to ghost borrowers and general conversion of funds or property that belongs to others to personal use.
iii. Integrity of records i.e accurate and consistent entries, avoidance of false or artificial entries.
iv. Integrity in customer's affairs. Inspirit of BOFID No. 25, 1991, no staff or manager of a bank should have any personal interest in any advance loan or credit facility of a customer and wherever such exist it must be declared.
v. No borrowing or lending which does not follow the laid down procedure is permissible without justifiable cause.

vi. No staff is allowed to engage in any other business that may compromise the interest of the bank. Approval of management must be sought before any involvement in a business remunerative or not.

vii. All employees are expected to conduct themselves in a decent and proper manner avoiding all acrimonious discussion especially with customers of the bank.

viii. Employer must keep all transactions with customers and or the bank secret and follow the best professional practice.

ix. Bankers must not receive any gratification for doing their regular job or providing normal service.

x. Bankers must be decent and smartly dressed at all times.

Not minding what has been put in place by banks, unethical conducts which constitute threats to the competitiveness of banks have persisted in the industry. These include unauthorized overdrafts, presentation of forged cheques, suppression of cheques, posting of fictitious credits, fraudulent transfers and withdrawals, abuse of the medical scheme, disregard of laid down procedure, disobedience of lawful instructions permitting operations on unperfected accounts, conversion of instrument, being an assessory to forged and fake instrument, drinking on duty, absenteeism and use of abusive language to customers or fellow staff. From the NDIC Annual Report and Statement of Accounts (various issues), clerks and cahiers were most guilty of malpractices in 1994 and 1995, followed by the supervisors and managers. In1996, 1997 and 1998, supervisors and managers were the most guilty, followed by the clerks and cashiers. In 2004, 2005, 2006 supervisors and Managers were the most guilty; followed by Officers, Accountant and Executive Assistants. What this point to is that bankers need to realign to good ethical conduct in order to withstand present day competition in the banking industry.

5.0 CONCLUSION

In order not to sacrifice ethical values on the altar of competition, there is need for a new marketing approach- a systemic marketing one. For instance, a recent consultation paper issued by the Financial Services Authority (FSA) in the UK (see Financial World 2003) lists regulatory parameters to be observed on how financial services should be marketed as follows:

i. Firms status disclosure;

ii. Standards for advertising and selling;

iii. Standard for training competence;

iv. Measures to ensure the fair treatment of customers;

There is a great and indeed urgent need to reposition the banking industry as well as re-equip the institutions and the practitioners for a more efficient, effective and competitive industry. If the banking industry in Nigeria is run on the basis of sound and acceptable ethical principles, the industry is likely to earn the respect of peers, regulators and the society at large. The obvious conclusion from all the above is that all the ethical prescriptions for bankers and banking are without exception relevant in any banks endeavor to face the challenges of competition in the new millennium. Conformity and compliance with the ethical imperatives will aid the bank's competitiveness, while involvement in unethical conducts may spell distress or lead to the banks total collapse. At the very least, elevating ethics to a prominent place in banking will enable banks to escape negative publicity which is certainly inimical to any bank that desires to remain competitive in the new millennium. Training and retraining in ethics of banking is therefore a necessary means of preparing bankers for the acute competition in the banking subsector.

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