

Herbal Cure for Nigerian Banking Sector Epilepsy

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Abstract

This paper re-examined the incessant incidence and threat of bank failures in Nigeria in recent times, and the urgency to unearth possible solutions to this malaise. The paper is an attempt at curing the problem from the roots by likening the problem to Epilepsy, and grouping the cure into natural (herbal) and non-herbal. The paper adopted the survey research method, using 8 commercial bank in Port Harcourt, the heart-throb of commercial and oil/gas activities in Nigeria. The paper found that most of the failures resulted mostly from the emphasis on paper qualification and 'innocence of age'. The paper therefore recommends that there should return to indepth academic training based on professional ethics instead of the short course based professional qualification. This is what the paper calls herbal (human-based) cure.

Keywords: Herbal cure, Nigerian banking sector epilepsy, Professionalism in employment

1. Introduction

There is hardly any sickness in the world without a possible cure over time, except for the time of discovering the cure. This is why some sicknesses and diseases that hitherto have been considered as incurable have over time received cure. Examples abound such as leprosy, diabetics, STDs and asthma. In some cases where curative panacea is delaying, control and/or management panacea have been developed, in order to sustain lives.

Epilepsy is an unhealthy condition by which a seemingly normal adult person suddenly experiences nervous shock causing seizures, convulsions and loss of consciousness. When this occurs, the epileptic (that is the patient or sufferer) suddenly loses composure, and dignity, and can fall to the ground no matter how filthy the place looks. It could result in death if some forms of first aid and cautious assistance are not promptly extended to the victim. This best describes the Nigerian banking system since the formal take-off in 1892. In fact, like any epileptic patient that can be disgraced when all is thought to be well, the banking sector has given shocking disgrace in the form of distress, banking failures and banking crises. For instance, in 2005, when all was thought to be well with the banking system, suddenly there was the news that most banks were distress and grossly undercapitalized, followed by panic in the whole economy. The result was a momentary loss of confidence forcing Nigerians to conduct economic activities mostly outside the banking system. This non-bank, highly monetized, and over-liquid system turned to the introduction of certain measures like mergers and acquisition, electronic gadgets, and limitation of the amount of cash withdrawal over-the-counter to between ₦60,000 and ₦200,000 per day. Again, in 2009 there was another bang against expectations that all was well with the sector, given the clean bill of health given to the banks after the attainment of mega and international status. That time, it was that some banks only window-dressed their books of accounts, and had most of their income earning asset portfolio made up of non-performing loans and insider loans. The immediate solution was the removal and arraignment of the executive management of not less than five banks.

The Nigerian banking sector can also be described as an epileptic patient on whom several short-term control medicines have been administered, but without any long-lasting cure. For instance, in the last 10 years, there have been several short-term treatments of this epilepsy by barely every Central bank of Nigeria (CBN) Governor. Contestable as they have been, they have had temporal respite for the epileptic conditions but after a while the virus gets accustomed to the treatment and becomes more harmful than ever before. Several physicians have diagnosed the problem with the Nigeria banking sector and found that, apart from the most sacred unmentionable corruption, the problem could be caused by over-liquidity, government involvement in private sector activity, inconsistencies and conflicts in macroeconomic policies, undercapitalization, poor risk asset management strategies, and global

economic meltdown. Every physician has therefore employed medicines like categorization of banks into merchant, commercial and community banks; universality of banks; grouping of banks into ordinary banks, clearing banks, and settlement banks; formation of mega and micro-finances banks, recapitalization exercises; internationalization of Nigeria banks; deregulation of banking business/ownership; liberalization of staffing of banks; uniformity of accounting standards and financial year; and reclassification of banks into international, national, regional, state and microfinance banks. In fact, the commonest feature in these curative devices is the recapitalization of the banks. Between 1988 and 2001, bank capital had been raised over five (5) times basically to address the incessant threat to bank collapse. And between 2001 and 2010 it has been reviewed more than four (4) times (Onoh, 2007; Gbosi, 2010). These cures were discovered and administered by three (3) Governors of the CBN namely Joseph O. Sanusi (1999 – 2004); Charles C. Soludo (2004 – 2009) and Sanusi L. A. Sanusi (2009 to date).

Worrisome as this epilepsy is, and sound as the cure appeared, it has not been long-lasting. One area which has not been considered as a long-term cure that is devoid of any artificial/chemical composition but can cure from the roots of the epilepsy is the aspect of professionalizing the employment in the banking sector. This is what this paper refers to as the Herbal Cure to the Nigerian banking sector epilepsy. The main thrusts of this paper will be the description and content of the Herbal cure; the essence of the curative measure, the potency of the curative measure and conclusion.

2. Description and Content

Like every other service or business, banking is a specialized business, so sensitive to the functioning of the economy and “*fragily*” tied to the welfare of the citizenry of any nation. It is so special that the object/tool of the business is “Other Peoples’ Money” (OPM). The custodianship and management of OPM require academic and professional articulation, moral uprightness, and ethical conservatism. It therefore behooves that practicing bankers must be person that have had the basic qualifications. They should be academically proficient, with the academics covering the peculiarities of the trade, professional ethics and practice.

Although banking sector must employ other professionals such as secretaries, accountants, personnel managers, engineers, technicians and marketers, the peculiarity of banking requires that majority of the key personnel in the sector must have had flawless academic training in the rudiments requirements, procedures, relationships, etc of banking at least at tertiary level. The essence of this prerequisite is that without sound education in these aspects, banking will become mechanistic given that the intellectual foundational horizon has not been expanded. By this, education will be appreciated as a process of systematic instruction aimed primarily at broadening the intellectual horizon of the individual to enable him articulate and solve society’s problems (Modi and Okafor, 1980). This academic training, especially in present day Nigeria, is expected to cover systematic exposure to acquiring desired skills for particular jobs like banking. This is why a 6-months to 1-year Industrial Training is emphasized, else a practice oriented education. These enormous trainings equip the Banking and Finance graduates to diligently execute their duties, even at some relatively higher cost than the cost of cheaper unrelated skills. However, empirical evidence in the Nigeria banking sector shows that most banks de-emphasize banking and finance graduates who have been properly educated in the various areas of banking to employ non-banking and finance graduates to do banking operations. The effect is that operations are not dynamic and creative, the rules and ethics are not complied with, and adherence to codes of operation issued by regulatory authorities are contravened and circumvented. This leads to the epilepsy (bank failures and distress) bedeviling the Nigeria banking sector. Empirically, there is hardly any record of the number of banking and finance graduates currently employed by Nigerian banks. But our sample survey of 8 banks in Port Harcourt, Rivers State (the 2nd largest economy in Nigeria after Lagos, the centre of commercial and oil and gas business in Nigeria, and the headquarters of the south-south geopolitical region that houses great tourist centres like Obudu Cattle Range, Obudu Mountain Race, Calabar Cultural Festival and Ancient Benin, Bonny, Itskhiri, Nembe, Nkoro and Opobo Kingdoms) of Nigeria shows that not more than 30% of the employees of banks have a degree or diploma in Banking and Finance. This means that the curricula essence of courses like Banking Methods and Practices, Bank Management, Monetary and Fiscal Policies and Practices, Investment Analysis, Portfolio Planning and Practice, Investment Banking, Mortgage Banking, Comparative Banking, Project Planning and Evaluation, Project Management, Bank Lending and Loan Administration, Monetary and Capital Markets, International Banking and Finance, and Banking Rules and Regulations; are not appreciated by the more than 70% of employees. The implication of this is that the fundamental and theoretical techniques are jettisoned for cheaper paid employees who are desperate to have employment in the midst of unemployed millions. Consequently, all sorts of fraudulent and sharp practices are undertaken by these under-trained staff, sometimes creating fictitious accounts or even outright abscondment with monies from unsuspecting publics (Soludo, 2003; Ebhodagha, 1997). Professional ethics and codes of conduct are de-emphasized in preference for high revenue, not minding the implications on the

economy. According to CBN (2006), with greater economic openness ...[and] the need for well-trained and experienced hands moving to more lucrative and steadier employments, opportunities were created for inexperienced personnel and even misfits to be appointed or promoted into sensitive positions in the banks. This in itself compounded the epilepsy.

There is therefore the need to emphasize professionalism in the employment of staff by banks as it was some decades ago. Some of the thrusts of this cure are that only those with university degree in Finance or Banking and Finance that have had the requisite tertiary educational training can take responsibility to manager banks and handle certain sensitive banking positions in the banks such as (but not limited to) Loans Officers, Credit Officers and Clearing Officers.

3. The Essence

The essence of this cure is that the short-cuts applied in the name of professionalism, by which people are rushed through Short/Crash time courses/programmes, in order to qualify as professional bankers, insurers, stock-brokers, financial advisors, etc. at a time when barely every human activity commands an Institute, only enable them to carry intimidating certificates or titles and earn huge incomes but do not tenaciously perform their professional responsibilities. In fact, our study shows that out of the staff of the 8 banks studied, the most stubborn but noisy high income earners possess AIB, ACA, CPA, MNIN, ANIM, ACIA, etc. professional qualifications. This class of staff commands between 50% - 70% of the *staffage* and contributed to more than 50% of the distress and failures of banks and other firms within and outside the finance industry. Consider a situation where a physicist attends a 6-weekend tutorial training programme of 4 hours each on Fridays and Saturdays for not less than 4 subjects before writing professional examination at a stage. A graduate of Physics only requires to complete 48 hours or 12 hours per subject in a professional training centre, as against 3 hours per week for 12 weeks semester courses in a normal tertiary institutional setting, to write an examination that qualifies him to be a professional banker or accountant. The physicist will only cram or even read for examination purpose but can only cover 33% of the depth covered by the regular academic student per subject. By extension, the University (academically) trained graduate's performance, dexterity and output must be better than that of the crash programme professional. Practical organizational examples abound both from public (government) sector and private sector. Consider a scenario where a government representative concludes an international financial contract (bi-lateral indenture) without knowledge and application of time value of money. The representative will be (and actually was) concerned with the lexicon in the contract paper and the legal implications. This was how Nigeria's external debts mounted to the pre-2002 level. Again, consider a regional or zonal manager of a private bank whose banks lost a legal battle but did not know how to treat the litigation costs awarded against the bank and the concept of materiality but recommends that an acquired branch should be penalized for originating the law suit under the former (acquired) banks' name, just because the zonal or regional manager had an ACCA, ACIB as against the new branch manager who holds B.Sc, MBA. It is worth noting that the recommended penalty was closure, whereas the branch under the B.Sc, MBA holder new manager has had a respected marketing, viability and profitability record. One can imagine the implication of such action on the overall performance of the banks.

4. The Potency

It is an incontestable fact that natural cure, especially Herbal medicine, is the best cure for sicknesses and diseases. This fact has been in existence for about 3000 years of human history (Green World, 2008). It is also proven that the metabolism and assimilation of natural (herbal) medicine is so smooth and easy, with no contraindications. This same can apply to the application of our herbal curative device (the engagement of properly groomed academics, who understand the various aspects of the banking and finance business, to be central to the functioning of the financial sector). The biggest challenge to the existence of humanity is that of changes as a result of innovative information and communication technologies, which the financial sector slowly responds to. The activities of this sector are so conservative that there is always a significant lag between ICT changes and responses from the financial sector, especially in third world countries like Nigeria. However, whereas ICT could be one of the non-herbal pharmaceutical products to manage the epilepsy of the Nigerian banking sector, proactive and responsive changes that are human-based could be far better and more long-lasting. An academically well-trained staff, (who are the brain and nervous system of the banking industry) that is exposed to regular on-the-job workshops will perform better than a crash-programme professional because the former will understand and analyze challenges and changing environments better than the latter. Ofcourse, it has been proven that natural remedies have been used for century to support the health of the brain and nervous system and provide a safe and effective way of maintaining wellness without the risk of side effects or toxic damage to the liver (the management and customers) (e-natural remedies,

2011). By this, therefore, banking sector regulators, inspectors and supervisors will not be drastically devising remedies that in some cases become impotent before they are used. This is evidenced by auditors who claim that vouching audit (i.e. human-based audits) are more reliable and revealing than systems and ICT audits (Kiabel, 2007). Again, the application of his curative device will reduce the over-emphasis currently placed on paper qualification and age. At present, employers have found pleasure in requesting that potential employees should be less than 23 years of age, and with First Class or Second Class Honours degree, and that possession of professional qualifications are added advantage. The effect of these requirements is that applicants must do all things possible (most times illicit activities) to obtain the required class of degrees, with little or no analytically developed minds and with falsified age. Even, potential employees within the age-limit end up being suddenly exposed to too much money which makes them want to be as rich as their older counterparts overnight, and hence the increase in criminal activities and bank failures. But, if the employers will adopt this herbal cure and de-emphasize these strenuous entry requirements, the society will be the better-off.

5. Conclusion

This paper asserting that banking is a serious business that requires serious and in-depth development of human analytical minds. Given this position, short-time courses and their graduates should not be preferred to properly academically groomed graduates, no matter the ICT-dexterity of the former group of graduates.

We conclude that most of the failures in the banking sector in Nigeria are the results of the emphasis on or preference for paper qualification and “innocence in age” above developed minds. This is because those who appear “younger in age” with higher and better academic/professional qualifications are mostly mechanical, and hardly ethically understand/analyze the implication(s) of policies/strategies on a long-lasting basis. The effect is that actions taken appear to be shallow and make for sudden epileptic performances in the sector.

We also conclude that more studies be made on long-term natural (human-based) treatments that will evolve with the system than the short-term recommendations that change as Governors of Central Bank of Nigeria Change.

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