

THE IMPACT OF RESTRUCTURING EXERCISE IN THE DEVELOPMENT OF BANKING INDUSTRY IN NIGERIAN ECONOMY

NJOGO, BIBIANA OLUCHUKWU
*DEPARTMENT OF BANKING AND FINANCE
COLLEGE OF SOCIAL AND MANAGEMENT SCIENCES
CALEB UNIVERSITY, IMOTA, IKORODU, LAGOS*

GIFT ONYINYE EMEKA
*GRADUATE OF ACCOUNTING AND FINANCE
COLLEGE OF SOCIAL AND MANAGEMENT SCIENCES
CALEB UNIVERSITY, IMOTA, IKORODU, LAGOS.*

Abstract

This study examines the impact of re-structuring exercise in the development of the banking industry in Nigerian economy. The views of seventy-five employees in 24 banks in 2010 were sought from the respective branches. The instruments used to gather information for this study includes questionnaires and interview. Two different statistical methods were employed to analyze data for the study; the tools are simple percentage and chi-square (X^2). The study found that the recent banking re-structuring exercise has created an efficient services performance to this bank and its staff as well; the bank is more transparent and accountability in its services. The study therefore concluded that the re-structuring policy had increased the capital base of this bank tremendously and also allows sound banking industry system in the Nigerian economy.

Introduction

Restructuring is the corporate management term for the act of recognizing the legal, ownership, operational or other structures of a company for the purpose of making it more profitable or organized for its present needs, demerger or a response to a crises or major change in business. Restructuring/Reforms are predicated upon the need for reorientation and repositioning of an existing status quo in order to attain an effective and efficient state (Ajayi 2005). Also Asogwa (2003) stated that Nigerian banking sector has undergone important structural and institutional changes in the last few decades and this is because of the restructuring and liberalization of the financial market which had significant implications in the nation's banking sector. Reforms or re-structuring have been a regular feature of the Nigerian Banking System. These reforms are usually introduced either in responses to the challenges posed by factors and developments such as systematic crisis, deregulation, globalization and technological innovation or as proactive measures both to strengthen the banking system and prevent systematic crisis, as in the current reforms in Nigeria's financial sector. The reforms that was just concluded is widely referred to as "consolidation of the banking system" Consolidation represents the idea of investment and the coming together of firms or enterprises as a single entity. Consolidation also means larger sizes, larger shareholder bases and larger number of depositors. According to Adam (2005), bank or corporate consolidation could be achieved by way of mergers and/or acquisition, and

proactive regulation. Bank consolidation is more than mere shrinking of the number of banks in any banking industry. It is expected to enhance synergy, improve efficiency, induce investor focus and trigger productivity and welfare gains (Nnanna, 2004).

Statement of the problem

Re-structuring of the financial sector was associated with certain problems. These problems are considered as follows.

- It usually results to mass retrenchment of most employees in various banks in the country.
- In the process of re-structuring, some additional operating costs are directly or indirectly inflated on the institution and this cause impediment to the employee's welfare.
- The impact of each successful government invariably reversed the economic measures initiated by its predecessor.
- In some cases, regulation of financial institution seems to impose more risks on the institutions
- Usually, policy initiatives are introduced in other to correct some problems in the system

Objectives of the study

The followings are the objectives of this study.

- To examine the implication of restructuring, formation policy on the employees of the banking sector.
- The study will also examine the skills of the managers in this organization and their various experiences to manage additional costs that are invariably imposed on them through regulatory policy.
- However, the study will examine how the financial sectors in Nigeria economy can survive the constant changes and inconsistency in government fiscal policy.
- The study will also examine how the regulatory policy will not imposes more risk on the players and the managers' efforts to manage risk when it occurred.

Research questions

- Can the re-structuring policy in Nigeria banking industry have effects on the employees of this sector?
- Has the level of the managers skills or experience in managing additional cost increased?
- Can the efforts of this financial sector in Nigeria economy cope and comply with the government in consisted fiscal policy?
- Can the managers' be able to manage risk that arises as a result of the regulatory policy?

Scope of the study

This study covered, re-structuring exercises in the banking industry in Nigeria economy. In course of this study, emphasis was placed on the effect of regulatory policy in Nigeria banking industry and their employees, the effect of this policy to the Nigerian economy as well, and to the general public. Significantly, the study shall consider the present state of financial sector in Nigeria as compared to yester-years.

Literature Review

Prior to the commencement of the restructuring programme, the Nigerian banking industry had remarkable features of market concentration. For instance, before the Bank consolidation in Nigeria Lemo (2005) noted that the top ten out of eighty-nine banks controlled:

- More than 50% of the aggregate assets;
- More than 51% of the total deposit liabilities; and
- More than 45% of the aggregate credits.

In fact, the industry was generally characterized by small-sized, marginal players with very high overhead costs. Most banks in the country had a capital base of less than US\$10 million. Indeed, the capital base of the largest bank before the reform, was about US\$240 million compared to Malaysia where the smallest bank had a capital base of US\$526 million. The small size of most Nigerian banks, coupled with their high overheads and operating expenses, had serious repercussions for the cost of intermediation. It also constrained them in terms of effective participation in big-ticket transactions, particularly in the light of the single obligor limit. Many of them could not meet clients' request for funding, particularly in sectors like telecommunication, maritime, and oil & gas.

In Nigeria, the economy faltered and the banking system experienced numerous crises in 2009, triggered by global events. The stock market collapsed by 70% in 2008 to 2009. Many Nigerian banks had to be rescued by the Central Bank of Nigeria (CBN). Thus CBN injected N620bn of liquidity into the banking sector and replaced the leadership at 8 Nigerian banks, to stabilize the system and return confidence to the markets and investors. Since then, there has been a massive improvement in stabilization of the Nigerian banking sector. These roles according to Ekpenyong (2000) consist of collecting surplus from the general public, safeguard them and lending them to the public. In doing this, the bank must also make sure such funds available at any time to the true owner on demand. The situation has further been compounded with the encroachment of -bank financial institution upon the functions of traditional banks. Cameron (2001) wrote that generally banks are dominant mobilizers of savings and promoters of investment. They play a central role in the conducting monetary policies and assist in preserving an overall balance in the economy.

According to George (2001) the quality of the financial system of any country has greater extent to the level of economic development of that country; it also determines the direction of future growth and prosperity for that country. George went further to say that an efficient financial system is a sine quo for the efficient functioning of a nation's economy, regulatory according to

Ekpenyong (2000) is seen as a body of specific rules of agreed behavior either imposed by some government or implicit agreements within the industry that limits the activities and business operation of financial institution. The primary objective of regulating the financial system of a country is to ensure the safety of its financial system by checking competitive inequities and other inefficiencies he concluded. It is therefore important George (2001) noted, if not inevitable that the financial system be regulated and re-structure, but the extent of such regulation will depend on the type of economic settings based principally on the ideological persuasions of the society; the ownership structure of the institutions and the extent to which the financial system is developed. According to the CBN Annual report (2005) about N406 Billion was raised by banks at the expiration of the deadline of which the sum of N360 billion was verified and accepted by the CBN.

Other problems, which the restructuring programme was designed to address, includes the following:

Heavy reliance on government patronage.

In the course of the restructuring, it was revealed that the public sector accounted for over 20% of aggregate deposits in the industry. For some banks, the dependency ratio was as high as 50%. This was not a healthy development from the perspective of long term planning, given the volatile nature of these deposits. With the huge deposits from the public sector, these banks were not under pressure to aggressively exploit the retail end of the market to source for more stable funds that would have been channeled to support the real sector. It was therefore not surprising that the growth witnessed in the banking industry was not matched by a corresponding increase in economic activities in the real sector.

Weak corporate governance: According to the Central Bank of Nigeria,

It was also observed that even at the detriment of the corporate goals and objectives of the banks that the managing directors are serving, cases of insider abuses were rampant in the industry. One area where this was pronounced, was the credit function resulting in huge non-performing insider-related loans and advances.

Closely related to this is the challenge of ethics and professionalism.

The unhealthy competition that existed in the market, which was engendered by the relative ease of entry into the market as a result of the low capital requirement, necessitated some banks going into rent-seeking, unwholesome, unethical and non-core banking businesses. Some of the banks were preoccupied with trading in foreign exchange and, sometimes, indirect importation of goods and wares through surrogate companies. These problems impacted negatively on the health and performance of the industry. For instance, According to the (NDIC Annual Report and Statement of Accounts 2004), banks' non-performing credits increased from N260.19 billion in 2003 to N350.82 billion in 2004. Similarly, the ratio of non-performing credit to total credit increased from 21.59 per cent in 2003 to 23.08 per cent in 2004. Furthermore, a review of the banking system as at June, 2004, revealed that marginal and unsound banks accounted for 19.2% of the total assets, 17.2% of total deposit liabilities, while industry non-performing assets was 19.5% of the total loans and advances. Lemo (2005) also stated that the implication of this unsatisfactory statistics, is that there was a threat of systemic distress judging by the trigger points in the CBN Contingency Planning Framework of December 2002. This was graphically demonstrated by the outcome of the rating of all licensed banks by the Central Bank of Nigeria in 2004.

Banking Sector Restructure/Reforms in Nigeria

The Nigerian banking industry since its inception (in August 1891 which saw a branch of the African Banking Corporation open in Lagos) had evolved in 7 stages. According to (Okpara 1997) The first stage (1891 – 1951) was a free era banking, characterized by unregulated/unguided and Laissez faire banking practices and hence massive bank failures.

The second phase was the reform of (1959 - 1986). As stated by (Akinmoladun, 1992), the second phase of the reform (1959-1986) came with the commencement of operations of the Central bank of Nigeria in June 1959. The CBN actually took off on July 27, 1958 with Mr. R.P. Fenton of the bank of England as the first governor. The preceding CBN Act of 1958 incorporated all the requirements in the

1952 ordinance and introduced mandatory liquidity ratio in the banking business. The CBN Act of 1958 marked the turning point in government's efforts and desire to harmonize the activities of the banks for national development and growth through the issue and regulation of currency, credit and foreign exchange control and the supervision of the financial system of the country. Another banking act, in 1969 which has remained the pillar and base of banking laws in Nigeria to date was an addition to the companies Act of 1968 which made it mandatory for all banks, like other business operating in Nigeria to register as Nigerian companies. The major amendments to the 1969, Banking Act were made in 1970, 1972 and 1979 to fortify the CBN to cater for recent developments in the banking system (Okpara, 1997).

Ikhide and Alawode 2001 emphasized that the third financial system reforms (1987-1993) led to deregulation of the banking industry that hitherto was dominated by indigenized banks that had over 60 per cent Federal and State governments' stakes, in addition to credit, interest rate and foreign exchange policy reforms. Though the deregulation reforms in Nigeria started in the fourth quarter of 1986 with the setting up of a foreign exchange market in September 1986, the reforms pertaining to the banking industry proper did not commence until January 1987. The reform took the form of deregulation of the rate of interest both on loans and on deposits. Market mechanism was left to determine the rate of interest any bank would charge. Government also brought out new rules for setting up banks and issuing licenses that favoured new entrants most. This consequently led to a sudden upsurge in the number of banks which invariably increased from 56 in 1986 to 120 in 1993 as stated by (Okpara, 2010). According to (Wilson, 2005), Banks were also accommodated in trading in the exchange rate sector as the exchange rate was partially freed from government administration and paved way for auctioning forex system.

The fourth phase began in the late 1993 (1994- 1998), with the re-introduction of regulations. During this period, the banking sector suffered deep financial distress which necessitated another round of restructuring, designed to manage the distress. 1993 recorded 33 distressed banks for the first time since the establishment of the central bank; and in 1995, the number peaked to 60 (Okpara, 2010). By 1994 (Adegbite, 2005), stated that another reform measure was introduced. Hitherto banks in Nigeria which had not been paying interest on demand deposits (current account) were then granted permission to do so. The cash reserve ratio which before the reforms had been virtually stagnant was revised, to now begin to work as an indirect instrument of credit control and granting of loans on the strength of which foreign exchange held in foreign accounts was prohibited. All government deposits held by the commercial and merchant banks were withdrawn, so that the banks could function without undue government interference.

The fifth phase according to (Balogun, 2007), began with the advent of civilian democracy in 1999(1999-2003) which saw the return to liberalization of the financial sector, accompanied with the adoption of distress resolution programmes. This era also saw the introduction of universal banking which empowered the banks to operate in all aspect of retail banking and non-bank financial markets

The sixth phase, which began in 2004 to date and it is informed by the Nigerian monetary authorities which asserted that the financial system was characterized by structural and operational weaknesses and that their catalytic role in promoting private sector led-growth could be further enhanced through a more pragmatic reform. Prior to this reform, the banking system was characterized by low capital base,

high non performing loans, insolvency and illiquidity, over dependence on public sector deposits and foreign exchange trading, poor asset quality, weak corporate governance, a system with low depositors' confidence and a banking sector that could not support the real sector of the economy at 25% of GDP compared to African average of 78% and 272% for developed countries (Ebong 2006). Charles Soludo (2004), who was the governor of the CBN then described the industry as being generally characterized by small-sized and marginal players with very high overhead cost. The primary objective of the reform is to guarantee an efficient and sound financial system. Thus, in contribution (Adeyemi 2007), stated that the reforms were to ensure the safety of depositors' money, position banks to play active developmental roles in the Nigerian economy, and become major players in the sub-regional, regional and global financial markets. The objectives of the reform is to enable the banking industry develop the required resilience to support the economic development of the nation by efficiently performing its functions of financial intermediation. According to Adam, J. A. (2005), this is the current challenge that the management of every bank has to grapple with. Each of them will need to come up with innovative ways of meeting and exceeding customers' expectations so as to guarantee their own survival. According to (Kama U. 2006) to adequately meet this challenge, each bank needs to assign priority to the management of its human resource function. According to (Imala, 2005), The challenge here is for banks to redefine and refocus their marketing policies and strategies.

Impacts of the restructuring programme

As stated by, (Ajayi M 2005) ultimately the banking industry stands to gain from this development, at least, in terms of cost saving. For instance, the huge sums that banks currently spend on cash management will become a thing of the past. The twenty-five banks that emerged from the restructuring exercise accounted for 93.5 percent of the deposit liabilities of the banking system. In the process of complying with the minimum capital requirement, N406.4 billion was raised by banks from the capital market, out of which N360 billion was verified and accepted by the CBN. The process also led to the inflow of FDI of US \$652 billion and GBP162, 000.

Other benefits Include:

- i. **RELATIVE HIGH CAPITAL BASE:** According to (Ajayi, 2005) The aggregate capitalization of the Nigerian banking system rose to N75 billion from N327 billion prior to the introduction of the consolidation programme. It is expected that Nigerian banks can begin to participate effectively in financing big ticket transactions, especially of the multinationals operating within the commanding heights of the economy-Oil & Gas, telecommunications, Aviation and hence help to meet their needs for loan capital. It is crucial for each bank to ensure that members of its Board are familiar with the provisions of that code, if they are to uphold and promote the tenets of sound corporate governance. (Berger N. Allen. 1998) said that the essence of all this is to ensure that, at the end of the day, directors do not abuse the confidence reposed in them.
- ii. **EMERGENCE OF LARGER BANKS WITH POTENTIAL FOR WINNER BRANCH NETWORK:** As stated by (Imala 2005), The 89 banks in Nigeria as at the end of May, 2005 had a total of 3382 branches. The existence of a relatively few number of bank branches has grave implications for economic development. restructuring has resulted in fewer but bigger banks with large capital base which has put great pressure on the banks to embark upon branch expansion.

iii) **GREATER CAPACITY TO PARTER INTERNATIONAL** :According to (Berger, 2000),Consolidation has strengthened the Nigerian banking system, embrace globalization, improve healthy competition, exploit economies of scale, adopt advanced technologies, raise efficiency and improve profitability. such that the quantum of international commercial and financial transactions that passed through them has increased and more banks now have greater access to credit line from foreign banks.

- i. **PREDOMINANCE OF LISTED BANKS:** Almost all of the 25 banks which emerged from the reforms are quoted on the stock exchange. Not only has this resulted in the dilution and wider spread of ownership, it has also reduced the presence of family owned and controlled banks with its attendant insider abuses. Without suggesting that the existence of family controlled banks or other controlling shareholders in a bank is in itself inappropriate, the CBN is of the view that this development will have a salutary effect on corporate governance.
- ii. **CORPORATE GOVERNANCE:** The CBN, during the restructuring programme, released a draft code of corporate governance for banks in Nigeria to the industry and the general public for their inputs. The code when issued is expected to assist banks in enhancing their corporate governance framework. Similarly, it will assist regulators in assessing the quality and efficiency of those frameworks in banks.

However, some studies have shown that the Nigerian financial system has benefited largely from these reforms, but all the same, the system is still yawning for improvement as stated by (Adam 2005)

Method of data analysis

The study employed two statistical methods for analysis. These methods are as follow:

- Simple percentage and
- Chi-squares (X^2) method.

While the percentage method analysis in tabular forms was adopted to analyzed research questions (or data collected from the respondents). The chi-square(X^2) method was used to analyzed and interpret responses connected with the main variable of the hypotheses. However, in order to ascertain the validity, reliability or otherwise to test whether or not there is any association between one set of variable and another. Chi-square(x^2) statistical method was adopted; the formula for chi-square(x^2) is given as this

$$EX^2c = \frac{(O-e)^2}{e}$$

Where O = observed frequencies

E = expected frequencies

The test was conducted under 95% level of confidence at 0.5% level of significance and at the critical value of (r-1) (c-1) degree of freedom The condition for applying chi-square (x^2) test indicates that:

- Total number of the frequency must be at maximum of forty-five (40) and,
- All items in the sample must be independent.

Data presentation, interpretation and analyses

Data collected are analyzed using descriptive statistics such as frequency table and percentage method. The formulated hypotheses are also tested using inferential statistics chi-square based on 0.05 probability level of significance. This analysis was performed by Statistical Package for Social Science (SPSS) version 17.

Part A:

Analysis of Respondents' Bio-Data

Table 1: Gender Distribution of Respondents

		Frequency	Percent
Valid	Male	26	65.0
	Female	14	35.0
	Total	40	100.0

Source: Field Survey, June 2011

Table .1 shows distribution of respondents by gender, 26 respondents representing 65.0 percent are male while 14 respondents representing 35.0 percent are female. This shows that majority of the respondents are male.

Table 2: Distribution of Marital Status of Respondents

		Frequency	Percent
Valid	Married	13	32.5
	Single	18	45.0
	Divorced	5	12.5
	Widow/Widower	4	10.0
	Total	40	100.0

Source: Field Survey, June 2011

Table .2 shows that 13 respondents are married representing 32.5 percent; 18 respondents are single representing 45.0 percent; 5 respondents are divorced representing 12.5 percent while 4 respondents representing 10.0 percent are either widow or widower. Thus majority of respondents are single.

Table 3: Educational Qualifications of Respondents

		Frequency	Percent
Valid	SSCE/GCE/NECO	1	2.5
	OND/NCE/AL	9	22.5
	HND/B.SC./BA/ACCA	22	55.0
	M.SC./MBA/MA	8	20.0
	Total	40	100.0

Source: Field Survey, June 2011

In table 3, distribution of the respondents by highest qualification shows that 1 respondents representing 2.5 percent have SSCE/WASCE/NECO certificate, 9 respondents representing 22.5 percent have OND/NCE/A'Level Certificate, 22 respondent representing 55.0 have HND/B.Sc./BA/ACCA while 8 respondents are holders of Master Degree representing 20.0 percent. Thus, majority of employees in the banking industry are HND/B.SC/BA/ACCA Degree holders.

Table 4: Distribution of Respondents' Years in Service

		Frequency	Percent
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Valid	1-5 years	5	12.5
	6-10 years	14	35.0
	11-15 years	10	25.0
	16-20 years	9	22.5
	20 and above years	2	5.0
	Total	40	100.0

Source: Field Survey, June 2011

Table .4 focused on distribution of respondents by their working experience in the banking industry, 5 respondents representing 12.5 percent have between 1-5 years in service, 14 respondents representing 35.0 percent have within 6-10 years in service, 10 respondents representing 25.0 percent have within 11-15 years in service, 9 respondents are between 16-20 years and 2 respondents are above 20 years in serve representing 22.5 and 5.0 percent respectively. Therefore majority of the respondents have spent between 6-10 years in the banking industry.

Part B:

Analyses of Responses to Research Questions

Table 5: The Central Bank Regulatory Policy has Created Efficient Service Performance

		Frequency	Percent
Valid	Strongly Agree	20	50.0
	Agree	16	40.0
	Neither Agree/Disagree	4	10.0
	Total	40	100.0

Source: Field Survey, June 2011

Table 5 shows that 20 respondents strongly agree representing 50.0 percent, 16 respondents agree representing 40.0 percent and 4 respondents neither agree nor disagree representing 10.0 percent. Thus, the Central Bank regulatory policy has created efficient service performance to banks and employees.

Table 6: Banks Benefited from the Regulatory Policy Tremendously

		Frequency	Percent
Valid	Strongly Agree	6	15.0
	Agree	17	42.5
	Neither Agree/Disagree	13	32.5
	Disagree	2	5.0
	Strongly Disagree	2	5.0
	Total	40	100.0

Source: Field Survey, June 2011

Table 6 investigates if banks benefited from the restructuring exercise in the development of banking industry in the Nigerian economy. 6 respondents strongly agree representing 15.0 percent; 17 respondents agree representing 42.5 percent; 13 respondents neither agree nor disagree representing 32.5 percent; 2 respondents each disagree and strongly disagree representing 5.0 percent. Thus, banks benefited from the regulatory policy of the Central Bank of Nigeria tremendously.

Table 7: The Regulatory Policy Benefits Employees

		Frequency	Percent
Valid	Strongly Agree	2	5.0
	Agree	8	20.0
	Neither Agree/Disagree	10	25.0
	Disagree	13	32.5
	Strongly Disagree	7	17.5
	Total	40	100.0

Source: Field Survey, June 2011

Table 7 further asks if the regulatory policy benefits employees in the banking industry. 2 respondents strongly agree representing 5.0 percent; 8 respondents agree representing 20.0 percent; 10 respondents neither agree nor disagree representing 25.0 percent; 13 respondents disagree representing 32.5 while 7 respondents representing 17.5 percent strongly disagree. This clearly shows that employees of banking industry do not benefit from the restructuring exercise in the development of banking industry in the Nigerian economy

Table 8: The Regulatory Policy Improved the Employees' Welfare and Social Benefits

		Frequency	Percent
Valid	Agree	17	42.5
	Neither Agree/Disagree	18	45.0
	Disagree	4	10.0
	Strongly Disagree	1	2.5
	Total	40	100.0

Source: Field Survey, June 2011

Table 8 further asks if the regulatory policy improves the employees' welfare and their social benefits. 17 respondents agree representing 42.5 percent; 18 respondents neither agree/disagree representing 45.0 percent; 4 respondents disagree representing 10.0 percent while 1 respondent representing 2.5 percent strongly disagree. Thus, majority of the respondents neither agree nor disagree whether the regulatory policy improved the employees' welfare and social benefits or not.

Table 9: The Re-structuring Exercise Resulted into Mass Lay-off of Staff in this Establishment

		Frequency	Percent
Valid	Strongly Agree	10	25.0
	Agree	21	52.5
	Neither Agree/Disagree	8	20.0
	Strongly Disagree	1	2.5
	Total	40	100.0

Source: Field Survey, June 2011

Table 9 shows if the restructuring exercise resulted into mass lay-off of staff in the establishment. 10 respondents strongly agree representing 25.0 percent; 21 respondents agree representing 52.5 percent; 8 respondents neither agree nor disagree representing 20.0 percent; 1 respondents strongly disagree representing 2.5 percent. Thus, the restructuring exercise resulted into mass lay-off of staff in this establishment.

Table 10: The Regulatory Policy Creates Additional Cost for the Bank

		Frequency	Percent
Valid	Strongly Agree	5	12.5
	Agree	21	52.5
	Neither Agree/Disagree	13	32.5
	Disagree	1	2.5
	Total	40	100.0

Source: Field Survey, June 2011

Table 10 asks if the regulatory policy creates additional cost for the bank. 5 respondents strongly agree representing 12.5 percent; 21 respondents agree representing 52.5 percent 13 respondents neither agree/disagree representing 32.5 percent while 1 respondent representing 2.5 percent disagree. Therefore, the regulatory policy creates additional cost for the bank.

Table 11: The Managers in the Industry are Capable Enough to Manage the Additional Cost Effect

		Frequency	Percent
Valid	Strongly Agree	8	20.0
	Agree	20	50.0
	Neither Agree/Disagree	12	30.0
	Total	40	100.0

Source: Field Survey, June 2011

Table 11 shows if the managers in the banking industry are capable enough to manage the additional cost effect. 8 respondents representing 20.0 percent strongly agree; 20 respondents agree representing 50.0 percent while 12 respondents neither agree/disagree representing 30.0 percent. Therefore, the managers in the banking industry are capable enough to manage the additional cost effect.

Table 12: How Effective and Efficient are the Managers in Managing Additional Cost that Arises as a Result of Regulatory Exercises?

		Frequency	Percent
Valid	Very Effective	2	5.0
	Effective	34	85.0
	Average Effective	4	10.0
	Total	40	100.0

Source: Field Survey, June 2011

Table 12 further asks on how effective and efficient the managers are in managing additional cost that arises as a result of the regulatory exercises. 2 respondents representing 5.0 percent believe that it is very effective; 34 respondents representing 85.0 percent agree that it is effective while 4 respondents representing 10.0 believe that it is averagely effective. Therefore, the managers in the banking industry are effective and efficient in managing additional cost that arises as a result of regulatory exercise.

Table 13: The Ability of the Managers in Managing Additional Cost has Resulted into the Development of the Organisation

		Frequency	Percent
Valid	Strongly Agree	4	10.0
	Agree	28	70.0
	Neither Agree/Disagree	7	17.5
	Total	39	97.5
	Non response	1	2.5
Total		40	100.0

Source: Field Survey, June 2011

Table 13 shows that 4 respondents strongly agree representing 10.0 percent; 28 respondents agree representing 70.0 percent; 7 respondents representing 17.5 percent neither agree/disagree while 1 respondent representing 2.5 percent are non-response. Thus, the ability of the managers in managing additional cost has resulted into the development of the organisation.

Table.14: The Employees have Gained a Lot from the Management of this Additional Cost and Improved their Skill in the Industry.

		Frequency	Percent
Valid	Strongly Agree	2	5.0
	Agree	30	75.0
	Neither Agree/Disagree	6	15.0
	Disagree	2	5.0
	Total	40	100.0

Source: Field Survey, June 2011

Table 14 shows that 2 respondents strongly agree representing 5.0 percent; 30 respondents agree representing 75.0 percent; 6 respondents neither agree/disagree representing 15.0 percent; 2 respondents disagree representing 5.0 percent Thus, the employees have gained a lot from the management of the additional cost and improved their skill in the industry.

Table 15: The Federal Government Inconsistent Fiscal Policy Atimes affects Banks Operations

		Frequency	Percent
Valid	Strongly Agree	6	15.0
	Agree	22	55.0
	Neither Agree/Disagree	9	22.5
	Disagree	2	5.0
	Strongly Disagree	1	2.5
	Total	40	100.0

Source: Field Survey, June 2011

Table 15 reveals the Federal Government inconsistent fiscal policy atimes affects banks operation. 6 respondents strongly agree representing 15.0 percent; 22 respondents agree representing 55.0 percent; 9 respondents neither agree/disagree representing 22.5 percent; 2 respondents disagree representing 5.0

percent while 1 respondent representing 2.5 strongly disagree. Thus, the Federal Government inconsistent fiscal policy atimes affects banks operation.

Table 16: The Re-structuring Exercise has Profound Changes in the Banking Industry

		Frequency	Percent
Valid	Strongly Agree	3	7.5
	Agree	25	62.5
	Neither Agree/Disagree	9	22.5
	Disagree	3	7.5
	Total	40	100.0

Source: Field Survey, June 2011

Table 16 tries to find out if the restructuring exercise has profound changes in the banking industry. 3 respondents strongly agree representing 7.5 percent; 25 respondents agree representing 62.5 percent; 9 respondents neither agree/ disagree representing 22.5 percent; 3 respondents disagree representing 7.5 percent. Thus, the restructuring exercise has profound changes in the banking industry.

Table.17: Re-Structuring Attempts to Evolve an Efficient Banking Operation.

		Frequency	Percent
Valid	Strongly Agree	6	15.0
	Agree	30	75.0
	Neither Agree/Disagree	4	10.0
	Total	40	100.0

Source: Field Survey, June 2011

Table 17 asks if restructuring attempt to evolve an efficient banking operation. 6 respondents strongly agree representing 15.0 percent; 30 respondents agree representing 75.0 percent while 4 respondents neither agree/disagree representing 10.0 percent. Therefore, the restructuring attempts to evolve an efficient banking operation.

Table 18: The Staffs are Adequately Trained for Efficiency through the Restructuring Process in Banking Industry

		Frequency	Percent
Valid	Strongly Agree	3	7.5
	Agree	30	75.0
	Neither Agree/Disagree	6	15.0
	Total	39	97.5
	Non response	1	2.5
Total		40	100.0

Source: Field Survey, June 2011

Table 18 asks if the staffs are adequately trained for efficiency through the restructuring process. 3 respondents strongly agree representing 7.5 percent; 30 respondents agree representing 75.0 percent while 6 respondents neither agree/disagree representing 15.0 percent while 1 respondent did not respond representing 2.5 percent. Therefore, through the restructuring process in banking industry, the staffs are adequately trained for efficiency.

Table 19: The Training Manifested Significantly on the Staff Performance and their Services Quite Recommendable

	Frequency	Percent
Valid Strongly Agree	3	7.5
Agree	29	72.5
Neither Agree/Disagree	6	15.0
Strongly Disagree	2	5.0
Total	40	100.0

Source: Field Survey, June 2011

Table 19 further asks if the training manifested on the staff performance and their services quite recommendable. 3 respondents strongly agree representing 7.5 percent; 29 respondents agree representing 72.5 percent; 6 respondents neither agree/disagree representing 15.0 percent while 2 respondents strongly agree representing 5.0 percent. Thus, the training manifested significantly on the staff and their services.

**Part C:
Testing of Hypotheses**

Hypothesis 1

H₀: The re-structuring policy in banking industry has negative effects on the employees

H₁: The re-structuring policy in banking industry has positive effects on the employees

Chi-Square Test

Frequencies

The Central Bank Regulatory Policy has Created Efficient Services Performance

	Observed N	Expected N	Residual
Strongly Agree	20	13.3	6.7
Agree	16	13.3	2.7
Neither Agree/Disagree	4	13.3	-9.3
Total	40		

Test Statistics

	The Central Bank Regulatory Policy has Created Efficient Services Performance s
Chi-Square	10.400 ^a
Df	2
Asymp. Sig.	.006

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 13.3.

Interpretation of Results

The table above gives a test statistic of chi-square with value of 10.400, 2 degree of freedom and p-value of 0.006 which is considerably less than 0.05. Hence we reject the null hypothesis at 5% level of significance and accept the alternative hypothesis. We therefore conclude that the re-structuring policy in banking industry has positive effects on the employees.

Hypothesis 2

H₀: The managers in banking industry have no managerial experience to manage well the additional cost that may arise as a result of regulatory policy.

H₁: The managers in banking industry have managerial experience to manage well the additional cost that may arise as a result of regulatory policy.

Chi-Square Test

Frequencies

The Regulatory Policy Creates Additional Cost for the Bank

	Observed N	Expected N	Residual
Strongly Agree	5	10.0	-5.0
Agree	21	10.0	11.0
Neither Agree/Disagree	13	10.0	3.0
Disagree	1	10.0	-9.0
Total	40		

Test Statistics

	The Regulatory Policy Creates Additional Cost for the Bank
Chi-Square	23.600 ^a
Df	3
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 10.0.

Interpretation of Results

The table above gives a test statistic of chi-square with value of 23.600, 3 degree of freedom and p-value of 0.000 which is considerably less than 0.05. Hence we reject the null hypothesis at 5% level of significance and accept the alternative hypothesis. We therefore conclude that the managers in banking industry have managerial experience to manage well the additional cost that may arise as a result of regulatory policy.

Hypothesis 3

H₀: The inconsistencies in government financial policy do not affect the banking industry significantly

H₁: The inconsistencies in government financial policy do affect the banking industry significantly

Chi-Square Test

Frequencies

The Federal Government Inconsistent Fiscal Policy a time affects Banks Operations

	Observed N	Expected N	Residual
Strongly Agree	6	8.0	-2.0
Agree	22	8.0	14.0
Neither Agree/Disagree	9	8.0	1.0
Disagree	2	8.0	-6.0
Strongly Disagree	1	8.0	-7.0

The Federal Government Inconsistent Fiscal Policy a time affects Banks Operations

	Observed N	Expected N	Residual
Strongly Agree	6	8.0	-2.0
Agree	22	8.0	14.0
Neither Agree/Disagree	9	8.0	1.0
Disagree	2	8.0	-6.0
Strongly Disagree	1	8.0	-7.0
Total	40		

Test Statistics

	The Federal Government Inconsistent Fiscal Policy a time affects Banks Operations
Chi-Square	35.750 ^a
Df	4
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 8.0.

Interpretation of Results

The table above gives a test statistic of chi-square with value of 35.750, 4 degree of freedom and p-value of 0.000 which is considerably less than 0.05. Hence we reject the null hypothesis at 5% level of significance and accept the alternative hypothesis. We therefore conclude that the inconsistencies in government financial policy significantly affect the banking industry.

Findings, Conclusion and Recommendation

Findings

Statistically, having analyzed data collected for the purpose of this study; the findings for the study are as follows:

- It is found that, 50% ,40% and 10% of the respondents strongly agreed, agreed, neither agreed nor disagreed that the Central Bank regulatory policy has created efficient services performance to this bank and as well to the employees.

- It is also found that 15%, 42.5%, 32.5%, 5% and 5% strongly agreed, agreed, neither agreed nor disagreed, disagreed and strongly disagreed that, the bank benefited tremendously from the policy.
- More so, the study found that 5% and 20% strongly agreed and agreed that the employees also benefited from the policy; 25% neither agreed disagreed while 32.5% and 17.5% strongly disagreed
- It is found that 42.5% and 45% of the respondent agreed and neither agreed nor disagreed 10% disagreed and 2.5% strongly disagreed that, through the regulatory policy the employees welfare and other social benefits improved.
- It is found that, 25%, 52.5%, 20%, and 2.5% strongly agreed, agreed, neither agreed nor disagreed, and strongly disagreed that the re-structuring exercises resulted into mass lay-off of staff in the establishment.
- According to the analysis, 12.5%, 52.5%, 32.5% and 2.5% strongly agreed, agreed, neither agreed/disagreed and disagreed that the regulatory policy created an additional cost for the bank.
- It is found that, 20%, 50% and 30%, strongly agree, agree neither agree/disagree, that the managers in this bank are capable enough to manage the additional cost effectively.
- According to the data analyzed its is found that 5% and 85% and 10% of the respondents strongly agreed, agreed and neither agreed/disagreed that the managers in this bank are very effective and efficient in managing the additional cost that occurred as a result of regulatory policy
- It is also found that 10% of the respondents strongly agreed, 70% agreed, 17.5% neither agree/disagree, and 2.5% strongly disagree that the efficiencies of the managers in the management of additional cost has resulted into the development and growth of this bank.
- The study also found that 5%, 75%, 15% and 5% of the respondents strongly agreed, agreed, neither agreed/disagreed and disagreed that the employees have gained significantly from the management of these additional costs and improved their skill as well.
- It is found that 15% and 55% of the respondents strongly agreed and agreed that, the federal government inconsistency fiscal policy at times obstruct the development of banks operations, 22.5% neither agree/disagree 5% disagree and 2.5% strongly disagreed.
- It found that 7.5% of the respondent strongly agreed that, the re-structuring exercise has profound changes in the banking industry, banks are more transparent accountable and build a culture of ethics and professionalism, 62.5% also agreed while 22.5% neither agree/disagree and 7.5 disagree respectively.
- The study found that 15% and 75% of the respondents strongly agreed and agreed that, the primary objectives of bank re-structuring is an attempt by the authority to evolve an efficient and effective banking system of the world standard; and 10% neither agree disagree.
- It's found that 7.5%, 75%, 15%, and 2.5% strongly agreed, agreed, neither agreed/ disagreed, strongly disagreed that, through re-structuring process in the banking industry the staff were adequately trained for efficiencies.
- Lastly the study found that, 7.5% and 72.5% of the respondents strongly agreed and agreed that, the training exercise manifest significantly on the services on the services of the staff and their

services were quite encouraging. 15% neither agree nor disagreed, while 5% strongly disagreed respectively.

Conclusions

Having considered the findings from the data analyzed it is therefore concluded that:

- The Central Bank of Nigeria (CBN) regulatory policy has created efficient services to this organization as well to the staff and the bank benefited tremendously from the policy, not the bank done the employees also benefited.
- The policy created additional cost implication for the bank, and the managers in the bank are capable enough to manage the additional cost effectively; the managers in this bank are very effective, efficient and up to the task in the management of additional cost that arose as a result of regulatory policy and the effectiveness and efficiencies of the managers to managed the additional cost properly has resulted into the development and growth of this bank. Consequently, the employees have gained a lot of experiences from the management of these additional costs and also improved their skill.
- The Federal Government inconsistency in fiscal policy making at times do obstruct the development of bank operations; meanwhile, the recent policy, that is the re-structuring exercise has profound changes in the banking industry; banks are more transparent, accountable and build a culture of ethics and professionalism even though the primary objectives of the authority for re-structure is an attempt to evolve an efficient and effective banking system that can be of the world standard.

Recommendations

Before the re-structuring exercise in the Nigerian financial sector, banks services in Nigeria are not effective and most people have lost confident in this industry; but the recent re-structuring exercise that occurred restrained the system and as well improved the system tediously. Thus, in order to maintain effectiveness and efficiencies in the industry for long terms to come and expose the financial institutions to a global business environment, I hereby recommend that:

In order to ensure a safe and sound financial system the Central Bank of Nigeria (CBN) should continue to adopt appropriate measure in the supervision of banks and discount houses, the analysis of statutory returns of banks and discount houses has to be done on a regular basis, in order to ascertain the banks financial condition and performance, using financial indicators such as asset quality, liquidity, capital adequacy, earnings and loans to deposits ratios. Where there were areas of regulatory concern, the banks attention must be drawn to such, through letters or meetings with their top management/board of directors. The CBN in conjunction with other regulatory and security agencies should scrutinize all appointee to the boards and top management positions of the banks to ensure that only fit and proper persons run the affairs of the institutions.

The re-structuring exercise era witness the challenges of integrating the merging organization's operations, customers, products and service offerings. Therefore, the management should ensure that staff are adequately trained to handle these challenges, the management should be careful in staff selection and ensure that qualified candidates were employed to fill an appropriate or

available position; more so, the welfare of these staffs must be the management concern; all staff must be adequately taken care of.

Finally, the management of Banks must ensure that the bank they are managing is (More) transparent especially in the rendition of timely and accurate returns

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