

Irregularities and Policies Inconsistencies: The Bane of the Nigerian Banking Subsector

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ABSTRACT In any economy, the banks which constitutes the key player in a financial system is the hub of productive activity, as it performs the vital role of financial intermediation, is the primary provider of payment services and the fulcrum of monetary policy implementation. It was in realization of this, that various governments in Nigeria have undertaken various financial reforms over the years for the banks to perform their intermediary role effectively and efficiently with maximum public confidence. To this end, the paper took a detailed review of banking sector reforms from 1986 to 2010, taking into consideration the outcomes for the four reform era in Nigeria – SAP (1986-93), the reforms lethargy (1993-1998), Pre-soludo (1999-2004) and Post-soludo (2005-2012). Using a simple descriptive analysis, the paper records that despite some noticeable achievements recorded in the banking subsector over the years resulting from the various reform strategies, the subsector is still besieged by myriads of policies inconsistencies and irregularities that tend to blur the confidence of the depositors and reduce its contributions to the development of the Nigerian economy. These policies inconsistencies and irregularities include the manipulation of accounts of some banks to show figures that do not exist to meet the #25b capital base, deteriorating bank assets, gigantic, but *hallow corporate head offices adorned with much unviable branches* asymmetric information syndrome, and capital market (IPO) irregularities, among others. To maintain overall stability in the banking subsector, the paper provided specific guidelines for banks to develop their contingency plans/actions to mitigate these unethical practices. Also, it is imperative for CBN to conceptualize *reforms as a process rather than event* to achieve stable financial development which is fundamental to the maintenance of macroeconomic stability and hence sustainable economic growth and development.