The Place of Ethics and Professionalism in Engendering Sustainable Development in the Nigerian Banking Industry

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Abstract
The terrain in which the banking sector operates makes it more uniquely different from the other sectors of the Nigerian economy. As the lubricant of the whole economy, this sector provides the necessary oiling of the entire Nigerian Financial System, thereby ensuring suitable bedrock for a sustainable economic development in Nigeria. To achieve this purpose, issues of Ethics and Professionalism play crucial role, in that lack of them, portend imminent danger for the entire financial system because stakeholders’ confidence would have been greatly compromised, and as a result, the nobility of the profession of banking be constantly threatened by the unethical and unprofessional conduct of erring practitioners. Bankers were seen in the past as “Kings and Queens”, much respected and highly valued for accountability and integrity, lack of which usually result into fraud, forgeries, outright theft/defalcation and general unwholesome practices in this most important sector of Nigeria’s economy. The focus of this paper therefore is to evaluate the place of ethics and professionalism in engendering sustainable development in the Nigerian Banking Industry. The methodology adopted was the survey research design and the data collected was analysed using the chi-square($X^2$) method of statistical analysis to test and validate stated hypotheses. The result of the findings shows that there is a significant relationship between ethics, professionalism and performance in the Banking Industry and that series of financial crises experienced by banks are a direct consequence of unethical and unprofessional banking practices. It was also revealed that ethics and professionalism are important ingredients needed for the successful operation of Nigerian banks and the requisite banking development.

Keywords: Ethics, Professionalism, Sustainable Development, Unwholesome practices, Integrity.

1. Introduction

The importance of Banks in the socio-economic development of a nation cannot be overstressed. The performance of the economy of any nation is directly related to the virility and dynamism of the banking system. Whenever there is downturn in the fortune of banking activities rendering the banks to be both weak and inefficient, the direct consequence of this is the nose-diving of socio-economic development of that country. Paramount among the causes declining trend in banking development in Nigeria, therefore, is the high level moral/ethical and professional ineptitude of banking practitioners leading to all manner of unwholesome/unprofessional conducts.

As far as the banking industry is concerned, professional ethics involves a combination of written and unwritten rules/norms and best practices, loyalty, transparency, self discipline, social responsibility, accountability and compliance etc. (Odozi: 2007).

The banking industry plays a pivotal role in mobilizing and channeling financial resources (as financial intermediary), vehicle for implementing the economic policies of a country as well as a veritable instrument of efficient payment system. This, therefore, confirms the inevitability of a vibrant banking system to enhance sustainability in the banking industry in Nigeria, consequently, there needs to be an orderly, efficient

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and sound management of banks making ethics and professionalism in the Nigerian banking industry a task to be taken more seriously.

Trust and confidence have been major pillars upon which banking business rests, and must be sustained.

In the past, bankers were seen by the public as the custodian of people’s confidence, with high integrity and undoubted moral values. They were held in very high esteem then, but today, things have drastically changed. They were seen in the past as having high level of integrity, accountability, transparency and reliability, and accorded the highest level of respect, among other highly rated professions then. Nowadays, the spate of fraud, forgeries, theft and defalcation and the general unwholesome practices in this most important sector of Nigeria’s economy needs to be desired. Unlike before, moral and ethical behaviors are relatively poor among the Nigerian banks nowadays. It is the break down in social values and norms that culminated in unethical / unwholesome practices.

It catches one aback when it is discovered that the Values of Banking as a noble profession, is fast sinking into oblivion- going by the embarrassing level of unethical practices and unprofessional acts of erring practitioners as revealed by the results of the stress tests conducted by the consequent reprimand of some bank executives (Obisesan: 2011).

The high level of ethical break down and unprofessionalism in the banking industry in the present time is quite worrisome, and so it is high time we “pulled the plug” to prevent its perpetuation.

Banking ethics and professionalism are in conformity with legislative provisions and established standards of good banking practice, as there have evolved from customary law and internationally accepted principles of conduct (Oboh: 2005). The basic aim of banking ethics and professionalism is to increase transparency and openness during transactions and to consolidate a climate of mutual trust in the relations between banks and their dealings with customers. Globally, ethics and professionalism evaluate the norms and rules that constitute relationship between the individual and society from a moral perspective. Professional ethics regulates the relations between individuals within a group (banking) and their relations with community (Aileman: 2003).

Some banks are notorious for window dressing of their balance sheet and income statement with a view of concealing the actual state of affairs of the banks. This is quite unethical. Most of these banks were never conscious of the fact that questionable accounting practices turn bank performance sour.

Window dressing or creative accounting as it is often referred to has therefore wrecked a great deal of harm to strategic stakeholders and by extension, to the efficiency of the financial market. Therefore, the concept of ethics and professionalism need to be intensified upon to safe the banking Industry and offer the necessary impetus to engender sustainable development.

Banking ethics and professionalism encourage and promote healthy competition among financial institutions and allow market forces to operate freely, thus achieving improved quality of financial services to their customers.

Apart from the introductory part of this paper, the remaining aspects of discussions include: Literature Review, Methodology, Testing of Hypotheses and Interpretation of Results, and finally, the Conclusions and Recommendations.

**Research Questions**

This paper seeks answers to the following questions to achieve the objectives of the study:

1. Can Re-invigorating ethics and professionalism enhance performance in the Banking Industry?
2. What is the relationship between banking crises and unethical banking practices?
3. How relevant is ethics and professionalism to bank performance?
4. What is the implication of professional ethics and integrity on bank performance?
Objectives of the Study

The general objective of this paper is to examine the place of ethics and professionalism in engendering sustainable development in the banking industry. However, the specific objectives of the study are:

1. To determine whether re-invigorating ethics and professionalism will enhance performance in the banking industry;
2. To examine the relationship between banking crises and unethical banking practices;
3. To determine the relevance of ethics and professionalism to bank performance;
4. To evaluate the implication of professional ethics and integrity on bank performance.

Statement of Hypotheses

Based on the objectives of this paper, (both general and specific), the following hypotheses were formulated (in their null forms) with a view to testing them:

Hypothesis One: Re-invigorating ethics and professionalism does not enhance performance in the banking industry.
Hypothesis Two: There is no significant relationship between banking Crises and unethical practices.
Hypothesis Three: Ethics and Professionalism are no ingredients for successful banking performance
Hypothesis Four: Professional Ethics and integrity are not related to bank operational performance.

2. Literature Review

What are Ethics and Professionalism and Professional Ethics?

Ethics

Can be defined as moral principles that influence a person’s behavior, which normally emphasizes morals, so as to determine its rightness or wrongness. (The current competitive nature of banking business now calls for high ethical standard in banks, more than ever before). Towards this, ethical standard can be expressed to involve conforming to accepted pre-set manners of good behaviors of equity, fairness, integrity, impartiality, while respecting the mutual rights of behavior.

Professionalism

On the other hand, is the act of developing and using skills relevant for the practice of an occupation or vocation for mutual benefits of provider and receiver of services, requiring putting into efficient practice, the theories and training in an occupation/vocation (Obisesan: 2008).

Professionalism Ethics

May be defined as the standard of competence and practice or code of conduct required of those in a given occupation/vocation.

Ethical Standard and Professionalism

Various persons and bodies have roles and responsibilities in ensuring enforcement of ethics and professionalism in banking. They include Central Bank of Nigeria (CBN), Nigerian Deposit Insurance Corporation (NDIC), Board and Management, the Public, Auditors, Staff, and The Chartered Institute of bankers of Nigeria (CIBN).

The CIBN, established by Decree 12 of 1990 which was repealed by CIBN Act No. 5 of 2007 had long seen the need to uphold ethics and professionalism in banking. The Act empowers it to regulate the practice of banking in Nigeria. Section 13 allows it to constitute an investigation Panel and a Disciplinary Tribunal to consider cases of professional misconduct leveled against its members.
In pursuance of its mandate, the CIBN issued a code of Banking Practice which sought to promote high ethical standard and professionalism in the conduct of banking business. Some highlights of the Code include:

a) Banks and Bankers will operate within the legal framework,

b) Banks and Bankers will follow the best professional practice within the global industry. This is in term of competence, efficiency and honesty,

c) Banks will always place their depositors’ interest before all others,

d) Banks will always meet their commitments. Such commitments will not be lightly given and should never be broken,

e) Banks will repay depositors at maturity on the agreed terms,

f) Bank will always lend at agreed rates,

g) Banks will meet their trade terms,

h) Banks will deal only with respectable parties, etc

Ethics and Professionalism in the Banking Industry

Luric and Frenkel (2005) defined code of ethics as a document issued by a professional organization that stipulates certain behaviors according to which the members agree to abide, generally covering the relationship between members of the organization or between members and others in need of their services.

Collins (2003) described ethics as a moral right to be exercised at all times. In the same vein, Olojede (2001) and Setolu (2007) asserted that ethics are moral principles showing the rightness and wrongness of individual or group actions about good and bad predicated on certain reciprocal duties and obligations. He (Collins) also saw banking ethics as code of practice adopted by banks in dealing with their customer. Banking ethics represent the norms and values as well as standards guiding the banking profession in Nigeria. Unegbu (2004) saw the concept of ethics as a latent tool in management and its impact in terms of corporate integrity and sustainability is largely unquantifiable. Odozi (2007) asserted that ethics, like strategy, corporate governance, transparency and accountability, etc is a cliché that has been abused and misused.

Professionalism represents the competence and relevant technical skills which are required to practice an occupation/ vocation which must be exhibited with the highest sense of ethical values and integrity at all times (Obisesan: 2008). Professional ethics, on the other hand is a dual concept involving ethics and professionalism and often used interchangeably by some people, even though they are never synonymous. Professional ethics is the standard of competence and practice or code of conduct required of those in a given calling or line of business, or organization which, with respect to the banking industry, encompasses a nexus of written or unwritten norms and best practices, such as trust, honesty and integrity, fairness, competence, loyalty, transparency, self discipline, social responsibility, accountability, compliance etc (Odozi: (2007).

Causes of Ethical Breakdown in the Banking Industry

Banking job in Nigeria, as in other part of the world, is quite volatile. The reason for this is not far to seek. Banking involves CASH which everybody sought after and some people can go any length to get it. Also, people can equally be easily tempted by money. These two factors, by extension, led to factors general ethical breakdown in the banking industry. They are:

- Pressures and expectations from families, friends and the society at large too high on bankers,
- Personal greed of the banker,
- Lack of corporate governance adherence,
- Poor Information Disclosure posture of some banks in Nigeria,
- Deterioration societal values and norms i.e. the get rich quick syndrome seems to be in vogue nowadays,
What must now be done to improve the Scenario?

Issues of unethical and unprofessional behaviors can be improved upon when bankers imbibe the following attributes which I call the STRAITS of ethics and professionalism in banking:

- Sound moral principles,
- Transparency,
- Responsibility,
- Accountability,
- Integrity,
- Trust and Honesty, and
- Sincerity.

3. Methodology

The methodology adopted for this study is the survey method. This method is ideal because the study involved data collection from bankers for the purpose of addressing the place of ethics and professionalism in engendering sustainable development in the Nigerian Banking Industry. The population comprised of One hundred members of staff of Intercontinental bank plc branches, of various cadres randomly selected within Lagos metropolis. Out of the One hundred questionnaires administered, a total of Eighty-one were returned, analysed and presented accordingly by means of descriptive statistical techniques such as Total score and Simple percentage. Chi-square was used to measure the discrepancies existing between the observed and expected frequency and to prove the level of significance in testing the stated hypotheses.

The major tool for this study was a questionnaire captioning the topic of the study “The place of Ethics and Professionalism in Engendering Sustainable Development in the Nigerian Banking Industry” The questionnaire had two sections. Section A captioned background information of the respondents while Section B was to measure the perception of respondents on the assessment of Ethics and Professionalism on sustainable banking development.

4. Testing of Hypotheses and Interpretation of Results

Out of all the questions in the Section B of the questionnaire, four of them were picked to test each of the four Hypotheses earlier stated.

**Hypotheses One**: Re-invigorating ethics and professionalism does not enhance performance in the banking industry. Responses to Question 21 were used to test the hypothesis.

<table>
<thead>
<tr>
<th>Strategies for Re-Invigorating Ethics &amp; Professionalism</th>
<th>No in Support</th>
<th>No Against</th>
<th>Percentage No. in Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate Remuneration to Staff</td>
<td>41</td>
<td>40</td>
<td>81</td>
</tr>
<tr>
<td>Provision of On-the-Job Professional Trainings to staff</td>
<td>72</td>
<td>9</td>
<td>81</td>
</tr>
<tr>
<td>Good leadership and effective monitoring</td>
<td>75</td>
<td>6</td>
<td>81</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>188</strong></td>
<td><strong>55</strong></td>
<td><strong>243</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey, 2014

**Interpretation**

The hypothesis was tested at 0.05 significant level with 2 degree of freedom, Using Chi-square, the Chi-square Calculated, \( \chi^2 \), is 50.2 while the table value, \( \chi^2_{tab} = 5.991 \).
Since $X^2_c$ is greater than the table value, the Null hypothesis is rejected—meaning that Re-Invigorating Ethics and Professionalism enhances performance in the Nigerian Banking Industry.

**Hypothesis Two:** There is no significant relationship between banking crises and unethical practices. Responses to Question 11 were used to test this hypothesis.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>79</td>
<td>97.5</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>81</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey, 2014

**Interpretation**

At 0.05 significant level, with 1 degree of freedom, $X^2_c = 73$, while $X^2_{tab} = 3.841$

Since $X^2_c$ is greater than $X^2_{tab}$, The null hypothesis is rejected, signifying that there is a relationship between banking crises and unethical practices.

**Hypothesis Three:** Ethics and Professionalism are no ingredients for successful banking performance. Responses to Question 15 were used to test this hypothesis.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>73</td>
<td>90.1</td>
</tr>
<tr>
<td>False</td>
<td>8</td>
<td>9.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>81</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey, 2014

**Interpretation**

At 0.05 significant level, with 1 degree of freedom, $X^2_c = 52$, while $X^2_{tab} = 3.841$

Since $X^2_c$ is greater than $X^2_{tab}$, The null hypothesis is rejected, signifying that Ethics and Professionalism are ingredients for successful banking performance.

**Hypothesis Four:** Responses to Question 16 were used to test this hypothesis.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>73</td>
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</tr>
<tr>
<td>False</td>
<td>8</td>
<td>9.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>81</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey, 2014

**Interpretation**

At 0.05 significant level, with 1 degree of freedom, $X^2_c = 58.78$, while $X^2_{tab} = 3.841$

Since $X^2_c$ is greater than $X^2_{tab}$, The null hypothesis is rejected, indicating that Professionalism Ethics and integrity are related to banking performance.

**5. Conclusions and Recommendations**

From the foregoing, it has been established that stability, performance as well as successful operation of a banking industry depends on ethics and professionalism. The result confirmed that Ethics and Professionalism play crucial roles in engendering sustainable development in the Nigerian Banking Industry. Based on the findings of this study, the following recommendations are:
i. Credible and honest professionals to be recruited to manage Nigerian banks

ii. Training and retraining of banking practitioners in modern day banking practices.

iii. Bankers must be made to declare their assets periodically, to determine their financial means so as to marry this to the status of the bank official

iv. Good corporate governance mechanisms must be put in place by each bank to enhance probity, accountability, transparency and integrity

v. Through organizing seminars, the mind set of Nigerian bankers must be re set, so that they can change their attitude towards getting rich quick

vi. All bank workers must be mandated to register with the Chartered Institute of Nigeria, (CIBN), and write the prescribed examinations, to make them Chartered bankers, and thereby afford them the requisite knowledge of ethics and professionalism in banking, and always by its tenets

vii. Sensitive positions must be manned by professional (Chartered) bankers who are expected to be guided by their comprehensive trainings in ethics and professionalism.

viii. The Central Bank of Nigeria and other financial regulators must be more up and doing in their supervisory role of Deposit Money Banks for a reduction in the spate of Unwholesome practices by bankers and customers alike.

ix. Bankers, especially bank management, must adhere strictly to the Codes of Conduct variously put in place by the Central Bank of Nigeria (CBN), The Chartered Institute of Bankers of Nigeria, (CIBN),The Code of Conduct for Bank Directors (1987) x. Collaboration between the CIBN and the Central bank of Nigeria (CBN) in maintaining ethics and professionalism in Nigerian banks

xi. Bankers must be compelled to maintain only one bank account (of their own bank alone) to discourage concealment of ill-gotten monies

xii. Setting of excessive targets for bankers and the issue of pimping must be removed by the financial authorities e.g. the CBN

xiii. Any person previously dismissed from any of the banks, especially for fraudulent practices or related matters, should never be employed by any other bank again, not even in Microfinance on Mortgage banks etc

xiv. Bank officials involved in any unwholesome banking malpractices must be prosecuted in a court of competent jurisdiction and be made to refund their loot and be sanctioned appropriately, if found culpable, without consideration for plea bargaining, upon conviction.

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Conference on Research and Development held between 27\textsuperscript{th} and 29\textsuperscript{th} July, at the University of Calabar, Calabar


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