

Stemming the Tide of Poor Corporate Governance: The Nigerian Banking Sector Experience

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Abstract

Corporate Governance has in recent times assumed heightened importance requiring that boards and management of companies exhibit greater transparency and accountability in their business conduct. (Anameje,2006). Nevertheless, the Nigerian banking sector had been bedeviled with poor corporate governance as a result of executive duality, ineffective board oversight functions, weak internal control, non-performing credits including insider related credits, non-disclosure of financial information and lack of transparency among others (CBN, 2006).The code of corporate governance for banks in Nigeria post consolidation released by the Central Bank of Nigeria in March,2006 has not decisively addressed the issue of corporate governance. Latest development in the sector as exposed by the governor of the apex bank has further confirmed the tide. This paper has examined some components of corporate governance in the Nigerian banking sector. The trend of governance was observed and the consequences are clearly brought out. The efforts of the regulatory authorities in arresting the ugly instances occasioned by the incidence of weak corporate governance such as fusion of ownership and management, board squabbles, abuses in lending and erosion of capital are discussed. The study used descriptive statistics to analyze some of its findings and recommendations for the establishment of good corporate governance in the sector are made..These are separation of ownership from management, effective board,, functional risk management unit, full disclosure of financial information and strict adherence to the provisions of Banks and Other Financial Institutions Act 1991 (as amended) with particular reference to secured lending and director's liabilities.

Keywords: Governance, Banks, Transparency, Consolidation, Lending, Internal Control