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TWO DECADES OF BANK RECAPITALIZATION AND ECONOMIC STABILIZATION MEASURES IN NIGERIA: LESSONS FOR PRESIDENT BOLA TINUBU'S ADMINISTRATION

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ABSTRACT
In modern times, the role banks play in galvanizing economic development is central to the overall wellbeing of nations across the world. This is so because through these banks necessary funds are stored, multiplied and mobilized for investment and re-investment. The implication of this position is that when banks fail, the economy is most likely to fail, or at any rate gravely threatened, and when this happens, citizens' and depositors' confidence wanes. When some major banks failed in Nigeria under the Olusegun Obasanjo administration and the concomitant tragedy it unleashed on the economy, it became a matter of national emergency to forestall future re-occurrence. Therefore, a holistic reform of the banking sub-sector was embarked upon, which primarily saw to the raising of bank capitalization from 2 to 25 billion naira. The thrust of this research then was to ascertain the extent this recapitalization has positively created requisite ambience for economic stability and progress in Nigeria after 20 years of its implementation. Using secondary data-collection instruments, the research revealed that the history of bank failure has been the history of economic failure in Nigeria. Also, the banking sector reform could best be described as a rescue mission embarked upon by the Federal Government. It was for this reason that the study recommended that since recapitalization is good for the Nigerian banking sector, the country should maintain and review the capitalization upward from time to time in order to sustain the tempo of the revival and stability in the banking sector so as to guarantee economic stability at all times.
Keywords: *Banks, Economy, Economic Stability, Minimum Deposit, Recapitalization*

Introduction

In Nigeria, bank failure and declining material fortunes in terms of decreasing productive and distributive possibilities and general decay in the overall wellbeing of Nigerians have become a recurrent decimal in the entire economic life of the nation. This is because banking activities and of course the efforts of effective financial institutions within a given society are at the heart of galvanizing productive and distributive activities which in turn results in meaningful economic boom and stability.

The clear import of the above observation is that economic stability and progress are squarely predicated on the nature and character of the extant banks and banking activities. The banks do not only serve as veritable reservoirs of finance for productive and distributive activities but also play the role of an adviser to would-be investors and other categories of business people. It then follows that where the banks are solid and their activities predictable, investors would be confident and encouraged to go into risk-involving activities that would however positively impact on the nation's economic development. Banking instability or porosity then is a precursor for economic instability

and uncertainty. It is this view that Soludo (2007, p.189) noted that: thus handicapped, the Nigerian banking system was not in a position to meet the nation's ideal of a strong competitive and stable banking system which could provide the anchor for the development of the economy.

Also explaining further and in an attempt to put forward reasons why the Federal Government embarked on the reform of the banking sector that also resulted in the re-consolidation of the banks and other financial institutions in Nigeria, Soludo (2007, p.188) noted that: "The Nigerian banking system, prior to the introduction of the…reforms, did not fully facilitate economic development as it was characterized by a number of structural and operational inadequacies".

Chief among the specific inadequacies identified by Soludo were low capital base of the banks in the country. With a capital base of a paltry 2 billion Naira, the banks could not meet the challenges of rapid economic development of the nation. So, the raising of the capital base was specifically meant to consolidate the banks so as to better the lot of the economy. This is so and as rightly argued by Abdulraheem (2006, p.218): "Well-capitalized banks will create a stronger, bigger and more reliable banking industries that will in the long run, win the confidence of depositors and help the growth of the economy generally".

Moreover, bank failure in Nigeria and inability of depositors to reclaim their deposits have led to unspeakable and horrible scenarios in which peoples businesses have been abruptly closed done, investments stultified, entrepreneurial confidence displaced, and productive activities have been severally brought to a standstill. All these have had unfavorable consequences on the nation's economy and economic development. When the Obasanjo administration introduced the reform of the banking sector as a strand of the administration's comprehensive reform programme captured as the National Economic Empowerment and Development Strategy (NEEDS), it was certain that things would never remain the same again.

The tragic collapse of banks like Savannah and All States Banks brought untold effects on depositors because most of them were unable to get back their money. There was the need to forestall such unfortunate demeaning incident that constitutes the factors which gave impetus to the reconsolidation of banking institutions in Nigeria by way of raising their capital base from 2 billion to 25 billion Naira.

BANK INSTABILITY AND ECONOMIC DEFORMITY: CONCEPTUAL INTERPRETATIONS

To begin with, it is important to note as studies have shown that the growth of societies is usually predicated on the growth of their corresponding economies. Economic stability has a great deal of influence on societies' overall stability or steady progress. This is because the economy, which to Ibeanu (1998, p.28) is the "totality of materiality of society", "sets the general trends of interests and alignments" in every nation (Ake, 1981 p.2). This it defines the primacy of material conditions or economic factors in societal evolution and development. Viewing this primacy from the individual plane as it is with the nation state, we could agree to the submission that "economic need is man's most fundamental need", to the end that "unless man is able to meet this need he cannot exist in the first place" (Ake, 1981, p.2). This is the same thing as saying that: "Man must eat before he can do anything else…(and)… when an individual achieves a level of economic well-being that he can take the basic necessities… for granted, the urgency of economic need loses its edge, nevertheless, the primacy remains".

Ake (1981, p.2) noted further that "the fact that one is not constantly preoccupied with, and motivated by, economic needs, shows that the needs are being met, it does not show they are not of primary importance." So, he concludes that "even though it is true that man does not live by bread alone, yet it is a more fundamental truth that man cannot live without bread". As, it is on the individual level that is how it is at the broad, macro level of society or the nation state. The economy remains the pivot of progress, its texture or strength serves at all times, as the propeller or motivator of policies and programmes, and projects of those at the helm of affairs hence the primary need for its stability.

Let also acknowledge the contributions of Akpakpan (1999, p.1) in our attempt to elucidate the meaning and strategic significance of the economy. He notes that:

> the economy is not only about production and distribution of goods and services, it entails the many activities involved in the production and distribution (exchange) of the large variety of goods and services we consume, the activities involved in mobilizing and organizing men and materials for the production and exchange of each and every one of the goods and services, including financing and clean-up operations.

Akpakpan submits that these many activities are manifest in the many farms, factory, banks, transport companies, mining companies, construction companies, trading businesses, and restaurants etc, we have in every society.

The bottom line of the above argument is that the economy occupies a strategic position in society. But the wheels of the economy or of economic process must be lubricated by some forces collectively known as financial institutions – this is because it is by these institutions that the requisite funds to finance both productive and distributive activities are generated, and controlled. These financial institutions are more technically known as financial intermediaries. And in the views of Akpakpan (1999, p.232), "…the best known and most important group of financial institutions or financial intermediaries" are banks. Banks are the most decisive and crucial elements in the finance business of any country. This is why Omankhanlen (2011, p.12) posit that "the banking sector remains the fulcrum on which any economy revolves". The implication of this he notes is "that the road to economic stability is dependent on a well regulated and consolidated banking sector".

Having said that how can we then situate the meaning and strategic position of banks and the banking system? A bank, which is a word traceable to the French *banque*, old Italian *banca*, and the old German *banc*, stands, in the views of Hart, as:

> A person or company carrying on the business of receiving money, and collecting drafts, for customers subject to the obligation of honoring cheques drawn upon them from time to time by the customers to the extent of the amounts available on their current accounts (cited in Uremadu, 2000,p. 1-2).

In this light, a bank could be correctly seen as a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly or through capital markets. To this end, a bank connects customers that have capital deficits to customers with capital surpluses. In the same vein, Boland (2009) notes that the English Common Law which defines a bank or banker as a person or legal entity who carries on the business of banking, which is specified as: conducting current accounts for his customers; paying cheques drawn on him, and collecting cheques for his customers.

This is a veritable source material in our quest to get appropriate definition of the concept of bank. Corresponding to this, the Halsbury's laws of England defines it as: An individual, partnership or corporation, whose sole or pre-dominating business is banking, that is receipt of money on current or deposit account and the payment of cheques drawn by, and the collection of cheques, and in by a customers.

A banker's business then, according to Sheldom (1978, p.22), is to receive money from its (bank's) customers and to collect instruments representing money from the customer on the understanding that he would refund all money(s) received or collected either on demand or at source definite future date agreed upon between him and his customers.

But Uremadu (2000, p.4) contends that there are two major traditional duties of banks in society. These are: the mobilization of deposits from savers and the granting of loans and advances to investors or deficit units.

In other words, the banks play a cardinal role in the motion and movements that take place within the economic circles of societies. This is because when banks collect or receive money or deposits from savers it is with the intention of not only ensuring their security but more particularly to do business with such deposits so as to make profit with them. When banks give loans to investors, though on specified or specific interest rates, it is with the reasoning that such loans will be mobilized for the execution of a business plan or idea, an execution which will ultimately, and positively too, impact the economy. When banking activities are then spurious, uncertain and their transactionary capacity is experiencing some form of turbulence there is the possibility that both savers and investors will be scared away.

More areas where the banks carry out some economic functions include.

1. Issue of money in the form of bank notes and current accounts subject to cheque or payment at the customer's order. These claims on banks can act as money because they are negotiable or repayable on demand, and hence valued at par. They are effectively transferable by mere delivery, the case of bank notes, or by drawing a cheque that the payee may bank or cash.
2. Netting and settlement of payments. Banks act as both collection and paying agents for customers participating in interbank clearing and settlement systems to collect, present, be presented with, and pay payment instruments. This enables banks to economize on reserves held for settlement of payment since inward and outward payments offset each other. It also enables the offsetting of payment flows between geographical areas, reducing the cost of settlement between them.
3. Credit intermediation. Banks borrow and lend back on their own account as middle men.
4. Credit quality improvement. Banks lend money to ordinary commercial and personal borrowers (credit quality), but are high quality borrowers. The improvement comes from diversification of the bank's assets and capital which provides a buffer that absorbs losses without defaulting on its obligations. However, banknotes and deposits are generally unsecured; if the banks gets into difficulty and pledges assets as security, to raise the funding it needs to continue to operate, this puts the note holders and depositors in an economically subordinated position.
5. Maturity transformation. Banks borrow more on demand debt and short term debts, and provide more long term loans. In other words, they borrow short and lend long. With a stronger credit quality than most other borrowers, banks can do this by aggregating issues (e.g. accepting deposits and issuing bank notes) and redemptions (e.g. withdrawals and redemption banknotes), maintaining reserves of cash, investing in marketable securities that can be readily converted to cash if needed from various sources (e.g. wholesale cash markets and securities markets), and
6. Money creation. Whenever a bank gives out a loan in a financial – reserves banking system, a new sum of virtual money is created (Akpakpan, 1999; Uremadu, 2000; Anyanwu, 1997).

The above clearly spells out the ever-crucial role of banks in guaranteeing stability in nation's economies and economic undertakings. And when we consider the fact that the global financial crisis which has resulted in global economic meltdown is traceable, as noted by the CBN Governor, Sanusi Lamido Sanusi (2009), to a banking crisis in the United States, we would come to clear relief of the strategic role banks play in the stability of nations' economies, and more.

When nation's banks are troubled or in turbulence their corresponding economies become calamitous. This is exactly why Kolawole (2008, p.205) has stated that "banking reforms are therefore, imperative to preserve the stability of a national economy". He notes further that "one major reason (for this) is that the sector is a crucial one, which dictates the pace of development in any economy". This position was indeed hyped by earlier economists, for instance, Adam Smith describes succinctly the role of banks in the economic growth and stability of its immediate environment in the following manner:

> I have always heard it asserted that the trade of the city of Glasgow doubled in about fifteen years after the first erection of the banks there and that the trade of Scotland has more than quadrupled since the first erection of the two public banks at Edinburgh… that the banks have contributed a good deal to this increase cannot be doubted.

In the same vein, Patrick (1960) spells out two implicit relationships between the banking system and the growth and stability of nations' economies. These relationships he describes as demand-following and supply-leading phenomena. In the former, he argues that growth tendency of any economy generates expanded demand for financial services, implying that lack of financial institutions before now in developing countries was an indication of lack of demand for their services. In the latter, he argues that the establishment and nurturing of financial institutions will actively promote economic growth.

In line with the above, Prasad (2008) observed that the financial sector is crucial to sustainable long-term growth. Whether or not the financial system becomes more efficient at intermediating large pool of savings and channeling them to the most productive investments, there would be repressions on long-term growth. One irrefutable thing to be noted is that banking business depends on peoples funds. This is exactly why Kolawole (2008) has asserted that:

1. Every effort should be made by the regulatory authorities to ensure that a high level of confidence is sustained. That is the only way banks can continue mobilizing deposit from the surplus units.
2. The banking sector equally provides the medium for the transmission of monetary policy. Unless the sector is healthy enough, it cannot play this role effectively. The failure will adversely affect price stability and other macro-economic variables.
3. The banking system, in addition facilitates a reliable payment system, which supports economic activities in the economy.

One can easily recall the role of such financial assets like current accounts, deposit/savings accounts, domiciliary accounts as well as cheques credit cards and electronic transfer in the efficient running of the economy. The sector, therefore, requires occasional reforms to ensure that it is re-positioned to meet the prevailing needs of the economy.

RECAPITALIZATION AND RECUPERATION OF NIGERIAN BANKS: RETROSPECTION AND LESSONS FOR PRESIDENT BOLA AHMED TINUBU'S ADMINISTRATION

In Nigeria, just as it is in the wider world, the banking system in particular, and financial system, in general, has been variously threatened, both by internal inadequacies and external overzealousness. In response to this occurrence, the Nigerian government through the Central Bank of Nigeria (CBN) has had to embark on several reform programmes so as to revamp the feasibility guaranteeing national economic development and stability. In the views of the Soludo as CBN governor before the bank reforms, the Nigerian banking system could not fully facilitate economic development as it was characterized by a number of structural and operational inadequacies. He noted that the banking sector consolidation programme had two main elements or focal points, namely.

a. The requirements that banks beef up their minimum capital base to #25 billion from the paltry #2 billion that was prevailing and
b. The consolidation of banking institution through mergers and acquisitions (take over)

The reform of the banking system in Nigeria especially the recapitalization was meant to achieve four cardinal and interlacing objectives.

a. Facilitating the evolution of a sound and stable banking system that depositors can trust for the safety of their hard-earned money and investors can rely upon.
b. Bringing about improvement in transparency and accountability in the sector;
c. Bringing down banks cost of doing business so as to improve their competiveness and make them development–oriented; and
d. Positioning the sector as a key regional and global player and thus make Nigeria Africa's financial center.

When banks are well capitalized or adequately recapitalized, such banks in the view Soludo (2007, p.193) will be able: "To participate effectively in financing big ticket transactions, especially those of the multinationals operating within the commanding heights of the economy – oil and Gas, telecommunications, Aviation, etc, and have help to meet their needs for loan capital".

Table 1 below shows the various minimum cash deposits that various categories of banks have been requested to have with the Central Bank since 1952 till date.

TABLE 1: MINIMUM BANK PAID-UP CAPITAL IN NIGERIA

Year	Type of bank	Minimum account(N)
1952	Commercial Banks	**25,000.00**
1969	Commercial Banks	**600,000.00**
1979	Commercial Banks	**600,000.00**
1988 (February)	Commercial Banks	**5,000,000.00**
1988 (October)	Commercial Banks	**10,000,000.00**
1989	Commercial Banks	**20,000,000.00**
1991	Commercial Banks	**50,000,000.00**
1997	Commercial Banks	**500,000,000.00**
2000	Commercial Banks	**1,000,000,000.00**
	Merchant Banks	**1,000,000,000.00**
2001	Commercial Banks	**2,000,000,000.00**
	Merchant Banks	**2,000,000,000.00**
2004	**Commercial Banks**	**25,000,000,000.00**

Sources: Admimorah (1988); FBN Business Report, June 2005.

As has been implied, Table 1 shows the trend of bank recapitalization in Nigeria. It demonstrates the minimum paid up capital in Nigeria historically since 1952, when the first "banking ordinance" was passed. The first round of recapitalization was in 1952, when the colonial government then raised the capital requirement for banks especially the foreign commercial banks to 12,500 pounds (that is, 25,000 naira). Ever since then, the issue of banks recapitalization has been a continuous occurrence

not only in Nigeria, but generally around the world. In 1969, the paid-up capital was increased from £12,500(or 25,000 naira) to £300,000.00(or 600,000 naira). In 1979 when Merchant banks came on board the Nigeria banking authority set the capital base for Merchant banks at N2 million and N600, 000.00 for commercial banks. As from 1988, there had been further increase in the capital base, particularly coupled with the liberalization of the financial system and introduction of structural adjustment program in 1986.

In February 1988, the capital base for commercial banks was increased to N5 million while that of Merchant banks was increased to N3 million. In 1989, there was a further increase to N20m for commercial banks and N12 m for Merchant banks. In recognition of the fact that well-capitalized banks would strengthen the banking system for effective monetary management, the monetary authority increased the minimum paid-up capital of commercial and merchant banks in February 1991 - N50 and N40 million from N20 million and 12 million naira, respectively. In 31st March, 1997 twenty-six banks comprising 13 each of commercial and merchant banks were liquidated as a result of bank failures. In January, 1998 the minimum paid-up capital of merchant and commercial banks was consequently raised to a uniform level of N500 million.

Finally, in the year 2004, the Central Bank of Nigeria brought into force the risk weighted measure of capital adequacy recommended by the Basle Committee of the Bank for international settlement and raised the paid-capital to N25 billion. In implementing the 2004 Banking Reform Act, 25 Banks qualified because of their ability to recapitalize as in Table 2. Note that before the recapitalization, there were 89 banks in the country generally called 'legacy banks'. Many of the banks were not strong because of their low or small capital base, and so the country had incessant experiences of bank failure and depositors often lost their deposits.

Table 2: BANKS THAT MET THE ₦25 BILLION MINIMUM CAPITAL REQUIREMENT AND THE BANKS CONSTITUTING EACH GROUP

S/NO	CONSOLIDATED BANK	CAPITAL BASE(N BILLION)	CONSTITUENT BANK(S)
1	Access Bank Plc.	28.5	Access Bank, Marina International Bank & Capital Bank
2	Afribank Plc.	29	Afribank & Afribank International (Merchant Banker)
3	Diamond Bank	33.25	Diamond Bank & Lion Bank
4	EcoBank Nigeria	Over 25	EcoBank Nigeria
5	Equatorial Trust Bank	26.5	Equatorial Trust Bank & Devcom Bank
6	First City Monument Bank	30	FCMB, Cop. Development Bank &NAMB Limited
7	Fidelity Bank	29	Fidelity Bank, FSB International Bank & Manny Bank
8	First Bank Plc.	44.62	First Bank of Nigeria, FBN Merchant Bankers, & MBC Intern. Bank
9	First Inland Bank	28	First Atlantic Bank, Inland Bank, IMB Intern. Bank & NUB Intern.Bank.
10	Guaranty Trust Bank	34	Guaranty Trust Bank
11	IBTC-Chartered Bank	35	IBTC, Chartered Bank & Regent Bank
12	Intercontinental Bank	51.7	Intercontinental Bank, Equity Bank,Global and Gateway Bank
13	Nigerian International Bank	25	Nigerian International Bank (City Group).
14	Oceanic Bank	31.1	Oceanic Bank & International Trust Bank
15	Platinum Bank	26	Platinum Bank & Habib Bank
16	Skye Bank	37	Prudent Bank, EIB Intern, Cooperative Bank, Bond Bank & Reliance Bank
17	Spring Bank	Over25	Citizens Intern. Bank, Guardian Express Bank, ACB Intern. Bank, Omega bank, Fountain Trust Bank & Trans International Bank.
18	Stanbic Bank	25	Stanbic Bank

19	Standard Chartered Bank	26	Standard Chartered Bank
20	Sterling Bank	25	Magnum Trust Bank, NAL Bank, Indo Nigeria Bank & Trust Bank of Africa
21	United Bank of Africa	50	United Bank of Africa & Standard Trust Bank
22	Union Bank	58	Union Bank, Union Merchant Bank, Universal Trust Bank & Broad Bank
23	Unity Bank	30	Intercity Bank, First Interstate Bank, Tropical Commercial Bank, Pacific Bank, societe banke, bank of the north, centre point bank, NNB international BANK, & New African Bank.
24	Wema Bank	26.2	Wema & National Bank
25	Zenith Bank	38	Zenith Bank

SOURCES: COMPILED FROM CBN PRESS RELEASE (3/1/06), FINANCIAL STANDARDS (16/1/06), AND THE COMET (3/1/06).

Table 2 no doubt reveals to us the state of the Nigerian banks and the entire banking sector prior to and after the Soludo-led reconsolidation exercise. As we gather from the table there were about seventy banks in Nigeria as at when the exercise was announced and enforced but surprisingly only a paltry five of this number were able to stand alone to raise the newly introduced twenty five billion naira minimum capital base. That is, only EcoBank, Guarantee Trust Bank, Stanbic Bank, Standard Chartered Bank, and Zenith Bank, were able to meet this requirement on their own. The rest of the twenty banks were mergers and acquisitions. It is instructive to also note that thirteen out of these mergers have either been disbanded or re-acquired by other bigger banks. Some of these re-acquired or disbanded banks are: Afribank Plc, Equitorial Trust Bank, First City Monument Bank, First Inland Bank, Intercontinental Bank, Nigerian International Bank, Oceanic Bank, Platinum Habib Bank, Skye Bank, Spring Bank, Sterling Bank, Union Bank and Wema Bank.

The clear implication of this is that the existing banks in Nigeria before the reform were nothing but financial death traps as they were very weak, incapable of meeting economic development demands, satisfying depositors' desires as well as been unable to withstand the changing tide in global banking were banks have emerged as giant financial houses.

Today, there are twenty-four very strong commercial banks in the country, some of which are mergers of old ones, some others acquired others to get their present status. The current banks in the country are shown in table 3 below. Generally, these banks are incomparably stronger than the previous banks. For instance, the ten strongest banks with their capital base are shown on table 4.

Table 3: List of Current Commercial Banks in Nigeria as at 2024

S/NO	Commercial Banks
1	Access Holdings
2	Citibank Nigerian Limited
3	Globus Bank Limited
4	EcoBank Nigeria
5	Heritage Bank Company Limited
6	First City Monument Bank
7	Fidelity Bank
8	First Bank Nigeria Holdings
9	Polaris Bank
10	Guaranty Trust Company Holdings
11	Standard Chartered Bank Nigeria Limited
12	Premium Trust Bank
13	Parallex Bank Limited

14	SunTrust Nigeria Limited
15	Titan Trust Bank Limited
16	Providus Bank
17	Keystone Bank Limited
18	Stanbic IBTC Holding
19	Sterling Bank Plc
20	United Bank of Africa
21	Union Bank
22	Unity Bank
23	Wema Bank
24	Zenith Bank

SOURCES: CBN, https://www.cbn.gov.ng/supervision/inst-dm.asp **accessed on 22nd February, 2024**

It is worth noting that the banks of today are extremely stronger than all previous banks put together in terms of real capital base. This must have been what has informed the current Central Bank (CBN) Governor, Dr Olayemi Cardoso, to have posited that the capital base of banks would have to be further increased to meet the 1 trillion dollar economy being pursued by the President Bola Ahmed Tinubu Administration. Speaking at the 58th annual bankers' dinner and grand finale of the 60th anniversary of the Chartered Institute of Bankers of Nigeria (CIBN), Cardoso posed the question: "Will Nigerian banks have sufficient capital relative to the finance system's needs in servicing a one trillion dollar economy in the near future? In my opinion, the answer is no, unless we take action. Therefore, we must make tough decisions regarding capital adequacy. As a first step, the Central Bank will be directing banks to increase their capital."

Table 4: List of Current Commercial Banks in Nigeria as at 2024

S/NO	Commercial Banks	Capital Base
1	Access Holdings	N1.64 trillion
2	EcoBank Nigeria	N1.33 trillion
3	First City Monument Bank	N373.7 billion
4	Fidelity Bank	N411 billion
5	First Bank Nigeria Holdings	N1.37 trillion
6	Guaranty Trust Company Holdings	N1.27 trillion
7	Titan Trust Bank Limited	N346 billion
8	Stanbic IBTC Holding	N471 billion
9	United Bank of Africa	N1.78 trillion
10	Zenith Bank	N1.92 trillion

SOURCES: Multiple Sources compiled by the author. https://www.thisdaylive.com/index.php/2023/12/10/zenith-bank-uba-access-top-list-of-most-capitalised-banks-in-q3 **;** https://nairametrics.com/2023/11/27/top-10-largest-banks-in-nigeria-based-on-their-shareholder-funds-as-of-september-2023/

This effort is aimed at boosting the strength of the banks to contribute to driving industrialization, manufacturing, trade and investments and general economic development of the country. It is then clear that the Tinubu administration is learning from the previous episodes of bank failures which served as drivers of the 2005 bank recapitalization. Banks do not need to fail anymore before the banks are strengthened. This is the import of this development.

CONCLUSION/RECOMMENDATIONS

It is obvious that Nigerians are happier with the banking subsector today than before. This is traceable to the banking reform engineered by the Obasanjo administration through the CBN under the leadership of Prof. Charles Chukwuma Soludo, and which has been sustained by successive administrations of late President Umaru Musa Yar'Adua, President Goodluck Ebele Jonathan, President Muhammadu Buhari and the current President Bola Ahmed Tinubu. The Sanusi-led CBN like the Soludo era, was without doubt very responsive in this regard especially in terms of

monitoring, supervising and guiding the commercial banks in the country so as to maintain, and where necessary, raise the standard of banking and financial operations in Nigeria. Cardoso, the current CBN Governor is continuing in this regard.

Despite the success recorded so far in the banking subsector, there is still need to keep pressing on until the nation's banks can boast of 1 trillion naira capital base, so as to be able to compete favourably with globally-rated banks especially those in Europe and America. The CBN therefore needs to continue to assist the commercial banks in gathering current information and ideas on how to better the lot of these banks in the global financial environment. The CBN also needs to design mechanisms with which it will be able to detect ailing banks at least five to ten years before actual failure. More than that, the CBN should ensure that even if banks are going to be sold to new owners the old names of the banks should be retained. This is because psychologically people will naturally see the new banks as inheritors of failed structures or institutions, hence there is every likelihood that they will also fail. So, there's this unfavourable mass movement of depositors from these banks to other banks with old, familiar names or brands.

Finally, in all this, the CBN should develop several mediums, or adequately work with existing bodies like the National Orientation Agency (NOA) to sensitize the ordinary users of the banks especially the less educated individuals on the necessity and implication of recurrent changes in banks structures and operations, and that this should not make them lose faith in the banking system.

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