# AN EVALUATION OF THE IMPACT OF SUPERVISION AND CONTROL OF THE CENTRAL BANK ON THE PERFORMANCE OF COMMERCIAL BANKS

**(A CASE STUDY OF ACCESS BANK NIG PLC LAGOS BRANCH) BY**

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# AUGUST, 2012

# TITLE PAGE

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**(A CASE STUDY OF ACCESS BANK NIG PLC VICTORIA ISLAND LAGOS BRANCH)**

# BY

**UNAEZE NGOZI FORTUNE BA/2008/213**

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**FACULTY OF MANAGEMENT AND SOCIAL SCIENCES, CARITAS UNIVERSITY, AMORJI NIKE ENUGU, ENUGU STATE**

# AUGUST, 2012

# CERTIFICATION

This is to certify that this project has read and graded in partial fulfilments for the award of Bachelor of Science (B.Sc) Degree in Business Administration, Caritas University Amorji Nike Enugu State.

By

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**DEDICATION**

This work is dedicated to the Almighty God for his love, infinite mercies upon my life and to the Blessed memory of my beloved mother Late Mrs Justina Ada Unaeze. May her gentle soul continue to rest in the bosom of our lord Jesus Christ.

## ACKNOWLEDGEMENT

My profound gratitude goes to the almighty God who kept me alive and saw me throughout my academic pursuit in this institution. I give you praise.

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## ABSTRACT

**This research project tends to evaluate the impact of supervision and control of the Central Bank on the performance of commercial banks. Access Bank Nig Plc Lagos Branch was used as the case study. To aid this research both primary and secondary data were collected. The instruments used to collect data are questionnaires and oral interviews. The respondents comprised of male and female from the bank and the population put together is 150 and sample size is 109. The research design used for this work is the survey research method. In the course of this research the researcher found out that supervisory and control functions when conducted on a timely and unbiased manner ensures capital adequacy, high standard of conduct, moderation of bank charges and profitability. The researcher recommends that bank inspections should continue to be regular and timely enough; control measures of the CBN should not be too stringent as to have long negative impact on banking operations. Finally only competent, skilled and unbiased bank examiners should be engaged in bank supervision.**

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# CHAPTER ONE INTRODUCTION

## BACKGROUND OF THE STUDY

The roles of commercial banks play in the process of economic development in every country are crucial. They through financial intermediation increase the levels of national savings and investments by mobilising idle funds from surplus spending units (savers) and channel them to deficit spending units(borrowers) for investments in the economy . (UGBAJA 1999)

By playing these roles within a particular country, the independence of global economics created the need for global interbanking, a trend which in turn emphasizes the need for the stability of the banks involved in intercontinental banking transactions.

Also, banking business carries a lot of risks and banking public needs assurance about the safety of their confidence in the banking institutions.

The need for supervision and control of commercial banks activities is to ensure that they adhere to the stipulated monetary policies, rules and regulations as well

as accepted ethical conducts. However the major contributing factor that has led to the failure of Nigerian banks in the past can be described as moral hazard (adverse incentives)

Moral hazards or adverse incentives are a concept with relevance to a variety of principal agent relationships characterized by asymmetric information. The moral hazard concerns the adverse incentives on banks chief executives to act in ways which are contrary to the interests of the banks creditors (mainly depositors or the government if it explicitly or implicitly insures deposits) by undertaking risky investment strategies (such as lending at high interests rates to high risk borrowers) which, if successful, would ` jeopardise the solvency of the bank. Bank owners have incentives to undertake such strategies because with limited liability, they bear only a portion of the downside risk but stand to gain through higher profits, a large share of the upside risk. In contrast, the depositors (or the deposit insurers) gain little from the upside risk but bear most of the downside risk.

The inability of depositors to adequately monitor bank directors, because of the asymmetric information allows the latter to adopt investment strategies while entail higher levels of risks.

Moral hazard on bank executives can be exacerbated by a number of factors

Firstly, an increase in the interest rate may lead borrowers to choose investments with higher returns when successful but with lower probabilities of success (Stieglitz and Weiss 1989) hence a rise in deposit rates could induce banks to adopt more risky investment strategies. A rise in bank lending rates can have a similar incentive effects on the banks borrowers.

Secondly, macroeconomic instability can also worsen adverse incentive if it were to affect the variance of the profits of the bank borrowers especially when there is a co-variance between borrower’s profits. (E.g. if a large share of borrowers are in the same industry) or if loan port folios are not well diversified among individual borrowers.(McKinnon 1988)

Thirdly, the expectation that the government will bail out a distressed bank may weaken incentives on bank executives to manage their asset port folio prudently and incentives on depositors to monitor banks and choose only banks with a reputation of prudent management. Deposit insurance also reduces incentives for depositors to monitor banks.

Fourthly, moral hazard is inversely related to bank capital. The owners of poorly capitalized banks have little of their own money to loose from risky investment

strategies. By implication, financial distress in the bank itself worsens moral hazard because, as the value of the bank’s capital falls, the incentives on its owners to pursue strategies which might preserve its solvency are reduced (Berger et al.1995 pp 398-99) for similar reasons intensified competition in banking market can also encourage moral hazard by reducing the franchise value of banks future profits.

Moral hazard becomes even more acute when the bank lends to projects connected to its own directors or managers (insider lending). In such cases the incentives for imprudent and fraudulent bank management are greatly increased in that all of the profits arising from the project are internalized.(in the case of loans unconnected borrowers the project returns are split between lender and borrowers)whereas that part of the losses borne by depositors or task payers are externalised. Not surprising, insider lending is a major cause of bank failure around the world.

These ills going on in the commercial banks, as stated above make it imperative for the central bank of Nigeria (CBN) to be on the watch at all times through their supervisory and control functions so as to protect them from going insolvent which usually impacts negatively on the economy in general.

Confidence plays a key role in bank operations. Any information whatsoever implying that the financial position of a bank has worsened can have a negative impact on all the cash flow in that bank. Therefore, every bank will attempt to conceal the problem of insolvency. Banks are highly successful in this respect and therefore, the problem of insolvency is often not recognised in time by the government agencies entrusted with bank supervision.

Problems in the banking system or in the economy as a whole occur when a number of banks become insolvent, or when a relatively large share of the liabilities of the banking system is not covered by good assets. The occurrence of such problems indicates that the efficient asset and liability management is present in a significant portion of banking, if a large part of banks asset is allocated to unprofitable projects. There will be a reduction in investment efficiency and thereby a slowdown on economic growth.

These could be decrease or seizure of loans grants to the public when the problems of bank insolvency begin to be resolved. When banks attempt to restore solvency by ceasing to grant loans to bad clients and raising the interest speeds, there is less available loan and they are more expensive. One consequent can be the negative selection of clients. Enterprises that do not have alternative sources

of financing will be ready to accept higher bank interests rate independently of whether the projects to be financed are profitable or less profitable. Such a trend could also exert a negative impact upon investment efficiency.

If banks attempt to solve the problems of insolvency by raising additional funds, interest’s rates will rise and there will be pressure to conduct a softer monetary policy. Banks also seize additional liquidity in foreign countries which affects the trends in the balance of payments.

The right which the central bank of Nigeria has to supervise and control the banking industry is backed by the CBN Act no 24 of 1991 now CBN ACT 2007 and the banks and other financial institution Act no 25 of 1991 (now BOFIA 2004). These laws empowers the CBN to carry out a supervisory and control functions on all commercial banks and other banks in the country

The powers as specified by section 39 of the CBN Act which may be expressed by the CBN from time to time in the supervisory and controlling functions include the powers to specify critical ration to call for information from banks and to inspect the books of any bank to under condition of secrecy.(Afolabi 2000: 10s)

Section 30and 7 and 8 of the banks and other financial acts no. 25 of 1991 (now BOFIA 2004) stipulates that every banks shall produce on demand all the books,

accounts documents and information as the CBN examiners may deem fit in the exercise of his functions. It also stipulates as punishable the wilful refusal of any bank to produce such documents as well as negligence or wilful furnishing of false information to CBN.

The control of the banking industry by CBN is carried out in partnership with the federal government, which has the overall authority over the system. Thus the CBN initiates the guiding policy measure and implements them only as approved by the government. The CBN measures to control the banks through a number of stages which include the identification of the objectives and targets of policy. Policy formulation, policy implementation and review as well as other extra measures for commercial banks (ogwuma 2004:2).

Supervision and control by the CBN impact significantly on the activities and performance of commercial banks between 1986 and early 2010, the supervisory and control measures of the CBN seemed ineffective on a number of occasions and this contributed to the hitherto, distress in the banking sector. Since 2004, there has been series of new supervisory and control measures introduced by the CBN into the banking system with the aim of improving the performance of the banking sector.

Against this background, however the study, however, the study is geared towards examining the impact of supervision and control of CBN on commercial banks in view of how their performance is affected from the negative and the positive perspectives with concentration on the roles that CBN played from 2004 to 2011.

## STATEMENT OF THE PROBLEM

The supervision and control of commercial banks by CBN sometimes impact adversely on the operations and performance of the former. This is as a result of difficulties associated with the supervision and control mechanism.

With respect to supervision, it appears that the CBN apparatus are not effective. Banks examination are often not timely, not regularly carried out or haphazardly done.

Secondly, some of the CBN examiners are not sufficient competent and thirdly, they are not large enough to supervise all the commercial banks effectively. The result is that deficiencies to the operations of these banks are not timely discovered and adequately controlled. All these adversely affect the commercial banks.

With regard to the control, often times the measures are too stringent for effective operations and performance of the commercial banks. Restrictive monetary control measures limit the liquidity and capacity of commercial banks to grant loans or credit. Besides, direct interactions in banking activities by the CBN, sometimes have adverse effects too.

In the light of the aforementioned, attempt will be made to appraise the impact of central banks supervision and control on the performance of commercial banks.

## OBJECTIVES OF THE STUDY

In lieu of the problems stated above, the objectives of the study are

* + 1. To analyse the objectives of supervision and control of commercial banks in view of the existing monetary policies of the CBN.
    2. To examine the effectiveness of the supervisory and control techniques of the CBN specifically the ability detects malpractice on time.
    3. To assess the impact of supervision and control on the performance of commercial banks with regards to liquidity.
    4. To appraise the ongoing reforms of the CBN.

## RESEARCH QUESTIONS

The following questions will be addressed in this study

* + 1. To what extent do the relationship between the current monetary policies of the CBN and the performance of commercials banks as it affects granting loans/credit?
    2. To what extent do the supervisory and control techniques effectives enough to detect misconduct on time?
    3. How can these functions of the CBN have any effect on the liquidity of commercial banks?
    4. To what extent do the ongoing reforms by the CBN affect the performance of the commercial banks?

## SIGNIFICANCE OF THE STUDY

The significance of the study derives its usefulness from many respects. Firstly, the monetary authorities (CBN) and federal government will find the study very useful. This is because the study will examine the various techniques of supervision and control of commercial banks and identify their deficiencies and constraints. This information will then enable the government and the CBN to take remedial measures which will be suggested in this study.

This study will also be useful to the banking and non banking financial institutions. It will provide information on why many of them operate and perform dismally under the CBN supervisory and control functions. This will give these institutions an understanding of their weakness and the information will enable them to take corrective actions which again will be suggested in this study.

Again, investors and banking public will appreciate this study because of the information it contains. The study will enable them to understand the role of the CBN in ensuring safety of their funds in the banks and this will help in sustaining their confidence in the banking industry.

Finally the study will be useful to students who will carry out related studies; it will serve as a relevant material to them.

## SCOPE OF THE STUDY

The study focuses on the importance of the CBN supervision and control on the performance of the commercial banks. Thus, its scope covers the need for supervision and control as well as goals, techniques and effects of these exercises on commercial banks operations and performances

## LIMITATIONS OF THE STUDY.

The limitations of the study may include.

* + 1. The difficulty of obtaining primary information from CBN and some commercial bank staff their uncooperative attitude may adversely affect primary data collection.
    2. Inadequate finance which may pose a restriction with regards to travelling outside Enugu to include many more commercial banks for an extensive study. Therefore the study may be restricted to Enugu metropolis only.
    3. The difficulty of combining the research with other academic works in the school.

## DEFINITION OF TERM

* + 1. BOFIA- Bank and other financial institution act
    2. NDIC- National deposit insurance corporation.
    3. AMCON- Asset management corporation of Nigeria
    4. CBN- Central bank of Nigeria.
    5. NSE- Nigerian stock exchange.

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Alhanasogbu pp Brissmis, S.N and Delis, M.D (2005) *Bank specific, industry specific and macro Economic Determinants of Banking profitability Bank of Greece, working paper, no 25*

Ayodele Thompson and Olusegun Sotala: *AMCON Is CBN Intervention in public interest Opinion columnist August 18, 2010*.

Bankers and other financial institution *Act No 25 of 1991, section 30 (7)*

*and (8)*

## CHAPTER TWO

**REVIEW OF RELATED LITERATURE**

In this chapter, some relevant issues and literature which bother on the subject matter are reviewed.

## THEORITICAL FRAMEWORK OF THE STUDY

Bank supervision and control is a function charged with the responsibility of ensuring the safety and soundness of the banking system as a whole. Books and affairs of every licensed bank are examined as a means of meeting its supervisory mandate. The aims and objectives of this function are as specified in the CBN Act of 2007, which include;

 To promote and maintain proper and reasonable financial services to the public.

 To ensure that depositors funds are safe.

 To ensure high standard of conduct and management throughout the banking system.

 To control expansion and channel funds to productive sectors.

 To scrutinize entry and exit and in essence, and under capitalization of banks.

 To ensure equitable spatial distribution of financial series.

 To regulate the conduct of chief executive officers, directors and employees of licensed banks.

 To monitor risks taken by commercial banks.

 To ensure healthy competition among commercial banks.

In order to achieve these objectives however, section 31 of the BOFIA Act 2004 gives credence to the supervisory role of the CBN. They include;

There shall be an officer of the bank (CBN) who shall be appointed by the governor to be known as the director of banking supervision or by such other title as the governor may specify.

The director of banking supervision shall have power to carry out supervisory duties in respect of banks, and for that purpose shall:

* + 1. Under conditions of confidentiality, examine periodically the books and affairs of each bank
    2. Have a right of access at all times to the books, accounts and vouchers of banks.
    3. Have power to require from directors, managers and officers of banks such information and explanation as he deems necessary for the performance of his duties under this section.
    4. The Governor shall appoint to assist the director of banking supervision such other officers of the banks as the governor may from time to time

,decide.

* + 1. The officers may be designed examiners or have such other titles as the Governor may specify.
    2. For the purpose of this section, references to examiners are references to the director of banking supervision and any officer of the bank appointed pursuant to subsection (3) of this section.
    3. In examining the affairs of any bank under this Act, it shall be the duty of an examiner at all times to avoid unreasonable hindrance to the daily business of the bank.
    4. Every bank shall produce to the examiner at such times as the examiners may specify all books, accounts documents and information which they may require.
    5. If any book, document or information is not produced in accordance with the requirement of an examiner under this section or what is produced or

furnished to an examiner is false in any material particular, the bank is guilty of an offence and liable on conviction to a fine of N100000 and in addition, to a fine of N10000 for each day during which the offence continue.

Though with very wide powers, the CBN was not known for taking radical decisions in the past until 2000. The powers of the CBN to grant licenses carry with it obligation to ensure that existing and incoming banks are properly scrutinized. When the license of a bank is revoked, under extreme situations, the next thing is for the CBN to call on the Nigerian deposit insurance corporation (NDIC) as liquidators whose main duty is to see the orderly winding up of the bank. In some cases where the liquidity of a bank is considered too problematic by the CBN, it may consider the option of putting up such bank for sale to local or foreign investors.

## HISTORICAL BACKGROUND

Access bank plc is a remarkable story of the transformation of a small obscure Nigerian bank into an African bank power house, with emerging footprints on the international banking landscape.

Access bank today is one of the top 10 largest banks in Nigeria in terms of asset base. A phenomenal accomplishment considering its antecedents.

On December 19, 1988 Access bank was issued a banking license and consequently it was incorporated on February 8, 1989 as a private owned commercial bank with about 20 Nigerian shareholders emerging mostly from two states in the western part of the country.

In the same year the bank commenced business operations on the 11th of May with the opening of the burman road Apapa branch, which also served as the head office. At that time, it focused on small and medium sized clients, setting up its early branches in or near popular markets in south west Nigeria.

The economic realities of the structural adjustment programme (SAP) import licensing regime and operation of the autonomous foreign exchange market, coupled with the weak regulatory environment made the business of banking brisk and very profitable. The unfortunate proliferation of new banks also brought about businesses not adhering to transparency and ethics codes, of which Access bank was not an exception. This lack of professionalism, ethics and corporate governance led to disagreements and board disputes that precipitated the exit of the chairman, vice chairman and CEO, as was recommended by the NDIC in 1997.

On the 24th of march 1988, Access Bank became a public limited liability company and was listed on the Nigerian stock exchange on the 18th November 1998. It obtained a universal banking license from the Central bank of Nigeria on the 5th February 2001. The introduction of Flexcube as the Banks core was one of the most significant changes that emanated from this project mandate. Indeed Access Bank became the first west African bank to commence the usage of Flexcube.

In the same period there were sanctions and penalties against the bank which had counter effects on the positive milestones that were earlier achieved. The Bank and its management were sanctioned for engaging in foreign exchange malpractices, by the central bank of Nigeria. As a result of this, it slipped into declining profitability hitting its lowest point in 2002 with a loss before tax of (N17.947million).

Efforts to recapitalise the bank were challenging its management. It was evident that urgent and practical steps were required to rescue the bank from this current declining state. Efforts to recapitalise the bank was not well received by the investing public, brand equity had suffered considerable erosion. This situation nonetheless presented an opportunity for a group of investors led by accomplished bank professionals, to invest in

the bank with a view to immediately returning it to the part of excellence, brand leadership and value creation for shareholders.

Access Bank is currently the 7th largest bank in Nigeria with shareholders funds in excess of N172billion. The bank has consistently delivered on it performance objective. The bank’s balance sheet size is now in excess of N1trillion naira. Profit increased to just under N20 billion as at march 31st 2008 representing more than 100% over the preceding year. This performance is consistent with our unbroken triple digit growth trajectory over the past 6 years. As an emerging leader in Africa; Access Bank seeks not only rank amongst the top 3 Nigerian banking grouping by 2012 but also become a major catalyst of growth across the African continent.

## CURRENT LITERATURE ON POSTULATED THEORIES

For the purpose of this study current literature related to this or on this topic has been reviewed. Reviews of some of them are as follows.

## SUPERVISION

As stated by the national deposit insurance corporation (NDIC) (in conjunction with the CBN) in their official website, with regards to the supervisory role, there exists a declination of different types of supervision carried out on commercial banks. Therefore, the three main types of supervision are transaction based, consolidation and risk based supervision.

## Transaction’s Based Type Of Supervision

This supervisory approach focuses on individual group entities. Individual banks are supervised on a sole basis according to the capital requirement of their respective regulators (CBN). The transaction based type of supervision of individual bank is complemented by a general qualitative assessment of the group as a whole and, usually by a quantitative group wide assessment of the adequacy of capital

## Consolidated Supervision

consolidated supervision is a group wide approach to supervision whereby all the risks undertaken by a bank are taken into account in the process. This entails the identification of the risks to which the different branches of a bank are exposed to

and the impact of such risks on the bank operational activities. Consolidated supervision entails the process whereby the supervisor can satisfy himself about the health of the entire group’s activities which may include bank and non bank companies, financial affiliates as well as branches and subsidiary companies. Consolidated supervision can take the following forms:

* + 1. Quantitative Consolidated Supervision: this is based on consolidated returns, reflecting an accounting consolidated of the parent bank with parts of the whole group to which belong to if any.
    2. Qualitative Consolidated Supervision: Where accounting consolidation is not meaningful, because of the nature of particular assets and activities conducted in other parts of the group(e.g. where an industrial or insurance company is involved), a qualitative consolidated supervision should be undertaken.
    3. Accounting Consolidated: The relationship of authority all require prudential returns reflecting consolidated financial statements for the parent bank together with all relevant financial companies within the group. The supervisor should adopt the full line by line consolidation techniques. This involves the consolidation of all entities within the group,

covering all assets and liabilities, according to conventional accounting standards including the meeting off of balances between companies.

## Risk Based Supervision (RSB)

The dynamic of the global economic environment requires more robust tools and skills to mitigate risks arising from the rapid development of the financial sector. In response to the changing financial landscape, advancement in, and widespread use of information/ communications technology, more effective approach is required. Although effective risk management has always been central to safe and sound banking activities, it has resumed added importance because new technologies, product innovation, size and speed of financial transactions have changed the nature of banking. The foregoing, amongst others, premised the imperative of the adoption of risk based supervision (RSB).

RSB is a robust, productive and sophisticated supervisory process, essentially based on risk profiling of a bank. It enables the supervisor to prioritize efforts and focus on significant risk by channelling available resources to banks that have high risk profiles. By the nature of banking business, banks are inextricably involved in risk taking. The major risks banks face in the course of business include, but not limited, credit, market, liquidity, operational, legal and reputation risks. In

practice, a bank’s business activities present various combinations of these risks, depending on the nature and scope of the particular activity. To the financial sector regulatory and supervisory authorities, what constitute risks are those factors that pose threat or portend danger to the achievement of statutory objectives, which include the promotion of a stable, safe and sound financial system, ensuring an effective payment system necessary for the achievement of the wider economic objective of welfare improvement, ensuring effective consumer protection and the reduction of financial crimes, among others

## TECHNIQUES EMPLOYED IN BANK SUPERVISION BY THE CENTRAL BANK

Below is a rundown of techniques used by the central bank to supervise commercial banks.

## Routine Examination

A routine examination is carried out periodically to review and evaluate the operations and other affairs of the bank. This type of examination is geared towards discovering any irregularity in the banking operation process.

## Special Examination

This is usually carried out by CBN investigators when it is observed or perceived that

 The bank’s operations may be detrimental to the overall interest of the depositors and creditors.

 The bank may not be liquid enough to settle its liabilities when they are due.

 The bank is contravening the provisions, as dictated by BOFIA 2004. Other kinds of supervisory examination carried out by the CBN, in special cases are briefly highlighted below.

## Special investigation

This is carried out when quarrels or rifts occurs within management or between the two, to the point that it could not be resolved internally.

## Verification

This is to ascertain compliance to directives as given by the CBN to banks.

## Target Examination

This special kind of examination focuses mainly on the capital adequacy of banks.

## Monitoring

This involves a follow up on the findings of any examination or investigation carried out, in order to ensure satisfactory implementation.

## CONTROL

The word control has several connotations and may mean to check or to regulate, to compare with a standard to exercise authority. It is that part of managerial function that establishes standards and monitors performance, evaluates performance against standards and provides for correction of deviation from standards. it is the measurement and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are being accomplished.

In controlling, management is not only concerned with measuring performance against standard but also evaluating the performance to see if there are deviations or exceptions from the original plan.

## CONTROL TOOLS AND MEASURES OF CBN FOR COMMERCIAL BANKS

The major tool used by the CBN to control affairs and operations of commercial banks is the use of monetary policies, because of the strong link between monetary and banking activities. While monetary policy is implemented through the banking system, monetary policies influence activities of banks and the like vice versa.

The major objectives of the monetary control are the maintenance of price and exchange rates, stability and achievement of external balance. Therefore the primary focus on containing excess liquidity in the banking system enhances the inability of the external factor and the stability of the financial system.

Also reserve requirements serve prudential and liquidity management policy objectives, which includes but not limited to cash reserve requirements and liquidity ratio.

Discount window operations give indications on the direction of interest rate changes. This is carried out through short term largely oversight loans. The measure is to forestall the emergence of excess liquidity in the system. Also the CBN effects moral suasion through frequent dialogue with bank executives officers, so as to improve and strengthen the efficiency of the banking industry,

their main focus most times bordering on interest and exchange rate management.

## CBN Governance and Management Processes

The governance and management processes at the CBN also had a significant impact on its ability to deliver its mandate adequately. Governance and internal processes were unstructured and this compromised the CBN”s ability to supervise the industry. Corporate governance at the CBN was laissez faire. Board agendas were set by the governor and consequently reflected his priorities, and there were inadequate committee structures and processes to ensure the CBN Board’s independence in assessing whether the CBN was fulfilling its mission. Issues concerning the stability of the financial sector and economic development were not discussed comprehensively at the CBN board meetings these risks include for example, global economic risks, federal/ state economic development strategies and fiscal policies, formation of asset bubbles, exchange rate risk, capital market depth, informal sector economy etc.

## ISSUES MILITATING AGAINST EFFECTIVE BANK SUPERVISION IN NIGERIA.

Increasing emphasis has been given to improving and strengthening the supervision of banks in Nigeria. This is primarily because of the shift in policy toward liberalization of financial markets and the fact that the Nigerian banking system are in a state of crisis requiring rehabilitation and restructuring. The goal of bank supervision is to promote a safe, stable and efficient financial system. The need for supervision by the state usually through Central bank or a separate independent government organization, arises from the special role banks play in the economy; banks hold an important part of the money supply, create money, are the main means of implementing monetary policy, and intermediate between savings and investments. Public confidence is also a key factor to the smooth operation of the financial sector.

In this section, Sanusi outlined a number of problems facing bank supervisors in Nigeria as they pursue effective and sound banking practices. They are succinctly stated below.

## Causes of the Problems

Economies of developing countries often depend on a limited number of leading sectors and are thus very vulnerable to exogenous shocks, of which Nigeria is not an exception. In more diversified economies, the impact of problems arising in one sector is often offset or mitigated by the developments in other sectors. Such a buffer is not present in many less developed economies like Nigeria. Moreover, when problems arise, they have an impact not only on one bank, but affect the entire financial system.

Governments in many developing countries see banks as an instrument for promoting investment. Hence they often intervene in the financial markets in an attempt to extend credit toward priority sectors, which typically include traditional and small scale enterprises, through administrative regulations affecting the banking system. Such regulations however have important draw backs, while their effectiveness is questionable. Often a large share of nonperforming loans originate from such policies, creating banking distress and complicating the task of bank supervision the sound and viable functioning of banks is also adversely affected by the choice of certain monetary and economic policy instruments like, for example A rigidly administered interest rate structure.

Interest rate policies in many developing countries often provide a margin to the banks that is insufficient to cover transaction costs and risks; further, banks are unable to attract deposits at low interest rates as depositors find other profitable outlets for their funds in the unregulated market. Similarly, large reserve requirements enforced by the banks with a view to curtailing prevent banks from using their resources for profitable lending. The tasks of banks supervisors becomes quite difficult the context of the adverse impact on the banks of directed credit, administered interest rates, and credit control measures through unremunerated reserve requirements. It is worth mentioning however that CBN recently set up policies allowing market and economic forces to determine interest rates of individual banks.

## inadequate supporting structures

banking and bank supervision in Nigeria are often complicated because of inadequate supporting structures for the financial sector, particularly accounting standards and legal systems

the lack of accounting standards makes it difficult to appraise and evaluate the financial position of bank clients as well as the quality of bank assets. The absence of adequate external auditor’s reports prevents banks from evaluating properly

the creditworthiness of the customer, and therefore bank supervisors are unable to make a satisfactory evaluation of the quality of bank’s assets.

Similarly, standardized accounting practices for banks are also necessary. In many developing countries, supervisors have to inspect and analyse reports from banks from different accounting systems. These differences complicate the work of the bank inspectors, requiring lengthy transformations to ensure that prudential guidelines are being followed.

Important gaps in legal system that affect the financial system include regulations regarding financial contracts, property rights bankruptcy and procedures to seize collateral in case of default on a loan.

## Structural Problems

Other problems in bank supervision in Nigeria arise because of institutional and structural weaknesses of banks s and in bank supervision itself. Probably the single most important reason for bank failures is weak management. It is well known that risks are inherent in banking loans may not be repaid, deposits may be withdrawn, interest and exchange rates may fluctuate and the external environment state of the economy, legislation, and so on may change. The management of all these risks, therefore, requires technical and organizational

skills, good judgement, and adequate internal controls. When management is weak, the bank will not be able to control its risks and is likely to make wrong decisions that lead to losses. A special problem concerning bank management is often inadequacy of internal supervision and control as a result of a lack of experienced staff, poorly designed procedures, and too rapid expansion leading to loss of control over branches.

Inadequate accounting methods are another serious and common deficiency leading to weak internal structures in banks.

The most often relates to the valuation of assets, and the inclusion in profits of unearned interest. The task of an accounting system should not only be to record all transactions of the bank, but it should also facilitate interpretation of the data, and permit continuous and accurate monitoring of the financial situation of the bank. Assets have to be measured at their actual value (market value or expected present value), and not at their nominal or face value. To assess the true financial situation, banks should estimate for each loan the amount that will actually be repaid. The difference between the nominal and the actual value is a potential loss and should be deducted from earnings and included in provisions. The accounting procedures should include policies for determining the classification of

loans, the timing and magnitude of provisions to be made, and the timing of suspension of interest that is not received. Without such policies, earnings would be overestimated, and taxes and dividends would be paid out on book earnings not actually received, thus eroding liquidity and capital adequacy, and hence the financial health of the bank.

## Weakness in Supervision

Problems in bank supervision in developing countries relate not only to weak banking systems, but also to gaps in organization and techniques of bank supervision, inadequate rules and regulations, and a lack of well trained and experienced supervisory staff.

The organisation and techniques of bank supervision in Nigeria are not well established hence, the information available to supervise banks is neither timely nor complete. Common deficiencies include inadequate reporting by banks to the supervisor and limited or nonexistent off site supervision and onsite inspections. The regular reports of banks, including an annual audited profit and loss statement, are the main source of information for a supervisor. Such reports should provide all information needed for a thorough financial analysis of the banks. These reports should include an overview of the bank solvency, liquidity,

and profitability. They should also provide an assessment of bank exposure to risks such as credit risks, off balance sheet risk, foreign exchange risks, interest rate risks, investment risks and concentration risks.

## THE RECENT EXTRA CONTROL MEASURES FOR BANKS BY THE CBN

Some extra measures have been adopted recently by the CBN to foster especially safe sound banking culture while also serving as tools to correct unusual and very serious anomalies as detected by CBN in the banking sector from 2004 till date.

## The Recapitalization Exercise

In 2004, the central bank of Nigeria under the tenure of Prof. Charles Soludo mandated all banks to re-capitalize to the tune of 25 billion naira. The aim of the re-capitalization exercise, according to the CBN then was to institute and encourage stronger banks that can easily escape illiquidity and also compete favourably in the international arena. This led to the biggest mergers and acquisition to ever occur in the banking sector and further reduced the number of banks in the country to twenty five.

* + - 1. Enactment of CBN Act 2007

Also in 2007, in order to give further efficiency and effectiveness to the laws governing the activities of banks in the country, the CBN decree of 1991 was repelled while a new CBN Act of 2007 was promulgated.

* + - 1. Re-Categorization of Commercial Banks

In addition to prevention of conditions that led to the distress of some banks after the consolidation in 2005 and also in line with the provisions of BOFIA 2004 Cap. Which gives the CBN right to grant licenses and determine authorization and scope of operations of commercial banks, the CBN recently abolished the regime of universal banking in Nigeria, thereby voiding the universal banking license.

As a result, commercial banks have been re categorised into three groups, according to location to be covered in their operations and volume of their capital base.

The first groups is regional banking which requires a capital base of 10 billion and to cover a minimum of six states and maximum of 12 states within two geo- political zones in Nigeria as well as FCT, national banking with a capital base of 25 billion and the coverage of all the states of the federation, and the third group international banking that requires a capital base of 50 billion and the right to also

cover the whole country plus any other country of choice outside Nigeria, subject to approval of the CBN.

The CBN further stated that the re-categorization exercise is to ensure that commercial banks operate, according to their financial strength, so as to avoid illiquidity and prudence.

This new policy is expected to take effect by 1st January 2011, therefore a 90-day ultimate has been issued to banks to implement the directive from October 4 2010- December 31, 2010.

* + - 1. The Establishment of Asset Management Corporation of Nigeria (AMCON)

In 2009, the CBN in their bid to correct what went wrong in the banking sector after the consolidation in 2005, sacked the chief Executives Officers of some banks identified as ailing banks and subsequently conducted massive campaign that led to the establishment of Asset Management Corporation of Nigeria (AMCON) by the federal government in July 2010.

According to Ayodele, et al (2010), the ultimate goal of the establishment of AMCON is to put the distressed banks on the path to recovery and recapitalization, as well as assisting the banks in moderating the costs associated

with bank distress. The ailing banks were bailed out to the tune of 620 billion, accompanied by a bill establishing the AMCON. The AMCON is expected to buy up about 10 billion banks bad debts. Also commercial banks are required to set up a sinking fund along with the CBN, in the form of contributions to the fund. Within the next 10 years, the contribution would have reached 1 trillion. In this way, the banks themselves would understand the potential challenges they face, and would be prepared to face the consequences of their action by voluntarily contributing to future bailouts without necessarily having recourse to tax payer’s funds.

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# CHAPTER THREE

**RESEARCH METHODOLOGY**

In this chapter, the procedures adopted and techniques employed in carrying out this study by the researcher is stated and explained.

## RESEARCH DESIGN

Research design has been described as the specification of procedures for the collection and analysis of data necessary to define and or solve the problem.

By the nature and design of the study, it can be described as a descriptive survey research, through a survey carried out on a sample of respondents randomly selected from the study population.

In data treatment, the researcher used tables in the presentation. In the analysis the techniques of frequency and percentage are applied

## SOURCES OF DATA

The data used by the researcher for the purpose of the study are the primary and secondary sources of data.

## PRIMARY SOURCES

These are sources that provide first hand data, i.e. data that had not been produced and published earlier. These include the respondents and those orally interviewed.

## SECONDARY SOURCES

These are sources of secondary hand data i.e. data that had produced and published earlier. They include textbooks, journals, magazine, periodicals, conferences, workshops, seminars paper and web sites.

## POPULATION

The population of the study is the totality of all the staff of Access Bank Nig Plc Victoria Island, Lagos branch which is the researchers target population. The staffs of Access Bank Nig Plc are 150 in number and this comprises of both senior and junior staffs.

## SAMPLES SIZES AND SAMPLING TECHNIQUES

Give the population, the sample size was determined, using the Yaro Yamani method.

n= N

1+N (e)2

Where N= population

e = level of significance (0.05) n= sample size

n=150

1+ 150(0.05)2

n=150

1+150x (0.0025)

n= 150

1+0.375

n= 150

1.375

n=109

Therefore, 109 respondents were selected through random sampling from the population.

The instrument used for gathering the above analysis was through questionnaire (field survey).

## METHODS OF DATA COLLECTION

This is a very important part of this research .it shows clearly the various methods which valid and relevant data were collected for the purpose of this research. The methods used in collecting data are

1. **Personal interview method**:- this method consists of a face to face interview with some management, staff and co-operative workers of Access Bank Nig Plc Victoria island Lagos branch.
2. **Questionnaire method**: - a set of questionnaires were constructed and distributed to some selected respondents to know their opinion of some major research question. The questionnaires were distributed to both senior and junior workers of the bank.
3. The researcher also made use of some documentation which was available in the bank. Reasonable and factual information on the topic was gathered.

## QUESTIONNAIRE DESIGN, DISTRIBUTION AND COLLECTION

The questionnaires were prepared with a list of questions against which is placed for an answer; some options were made available which the respondents could

choose from. However, they were also asked to give their opinion or answers if not included among the options. The questionnaires were distributed to all the staff of the bank both senior and junior staff.

A total of 109 questionnaires were distributed by the researcher and 101 were retrieved showing a 92.7% return rate.

## SECONDARY METHOD OF DATA COLLECTION

The secondary methods of data collection were from textbooks, newspapers, journals, bulletins, magazines, publications etc.

## METHOD OF DATA PRESENTATION AND ANALYSIS

The data collected by the researcher has to be analysed so as to serve its purpose. For the purpose of this study, the variables used for the analysis were tables and simple percentage.

For simple percentage it is; Response in each option x 100

Total number of option x 1

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# CHAPTER FOUR

## DATA PRESENTATION AND ANALYSIS

This chapter presents the analysis of data generated from respondents during this research study.

Analysis made and presented in this chapter is based on questionnaire distributed to staff and management of Access Bank Nig Plc. However the total number of questionnaire administered were 109 out of which 101 were returned and 8 were not returned. The 101 questionnaires which were answered were used, unanswered questions were not used.

## PRESENTATION OF FREQUENCY TABLES Administration of Questionnaires

|  |  |  |
| --- | --- | --- |
| **Questionnaires** | **Frequency** | **Percentage%** |
| **Returned** | **101** | **92.7** |
| **Unreturned** | **8** | **7.3** |
| **Total** | **109** | **100** |

Source: Field Survey 2012

This table shows that 92.7% of the questionnaires were returned and 7.3% were unreturned.

## DEMOGRAPHIC CHARACTERISTICS

### Sex Distribution of Respondents

|  |  |  |
| --- | --- | --- |
| **Sex** | **Frequency** | **Percentage%** |
| Male | 61 | 60.4 |
| Female | 40 | 39.6 |
| Total | 101 | 100 |

Source : Field Survey 2012

This table shows that 60.4% of the respondents are males while 39.6% are females.

## Age Distribution of Respondents.

|  |  |  |
| --- | --- | --- |
| **Age (years)** | **Frequency** | **Percentage** |
| Under 30 | 19 | 18.8 |
| 30- 40yrs | 30 | 29.7 |
| 52- 60yrs | 21 | 20.8 |
| Total | 101 | 100 |

Source: Field survey 2012

The table indicates that 18.8% of the respondents are under 30yrs. 29.7% are between 30 and 40yrs,20.8% are between 52 and 60yrs

## Marital Distribution of Respondents

|  |  |  |
| --- | --- | --- |
| **Status** | **Frequency** | **Percentage** |
| Single | 29 | 28.7 |
| Married | 72 | 71.3 |
|  | 101 | 100 |

Source: Field Survey 2012

The table indicates that 28.7% of the respondents are single. 71.3% are married.

## Educational Qualifications of Respondents

|  |  |  |
| --- | --- | --- |
| **Qualification** | **Frequency** | **Percentage** |
| B.Sc/ HND | 51 | 50.5 |
| OND/ NCE | 38 | 37.6 |
| M.Sc/ MBA/ PhD | 12 | 11.9 |
| Total | 101 | 100 |

Source: Field Survey, 2012

The table shows that 50.5% of the respondents hold B.Sc/ HND, 37.6% holds OND/ NCE, while 11.9% holds M.Sc/ MBA/ PhD.

## PRESENTATION ACCORDING TO KEY RESEARCH QUESTIONS Responses to Regular Supervision by CBN

|  |  |  |
| --- | --- | --- |
| **Responses** | **Frequency** | **Percentage** |
| Yes | 101 | 100 |
| No | 0 | 0 |
| Total | 101 | 100 |

Source: Field Survey, 2012

All the respondents agree that the bank is regularly supervised by the CBN.

## Responses On CBN Strict Monetary Policies And Its Effect On Commercial Banks Ability To Give Loans

|  |  |  |
| --- | --- | --- |
| **Responses** | **Frequency** | **Percentage** |
| Yes | 68 | 67.3 |
| No | 33 | 32.7 |
| total | 101 | 100 |

Source: field survey 2012

67.3% of the respondents agree that CBNs strict monetary policies have an effect on commercial banks ability to give credit while 32.6% disagree.

## Techniques of CBNs Supervision

|  |  |  |
| --- | --- | --- |
| **Verification** | 12 | 12.2 |
| **Target examination** | 9 | 9.15 |
| **Monitoring** | 9 | 9.15 |
| **Special investigation** | 11 | 10.7 |
| **Special examination** | 9 | 8.5 |
| **Routine examination** | 10 | 10.2 |
| **All of the above** | 41 | 40.1 |
| **Total** | 101 | 100 |

Source- field Survey 2012

The table shows that 12.2%, 9.15%, 9.15% and 10.7% indicates that the CBN techniques of supervision are verification, target examination, monitoring and special investigation respectively. 8.5% and 10.2% indicates special examination and routine examination respectively while 40.1% indicates that all these techniques apart from routine examination and monitoring, others are usually carried out for special purposes.

## CBNs Control Techniques

|  |  |  |
| --- | --- | --- |
| **Techniques** | **Frequency** | **Percentage** |
| Open market operation | 11 | 11 |
| Cash reserve  requirements | 10 | 9 |
| Special deposit | 13 | 13 |
| Liquidity ratio | 10 | 10 |
| Discount ratio | 5 | 5 |
| All of the above | 52 | 52 |
|  | 101 | 100 |
|  |  |  |

Source: field survey 2012

With respect to CBNs control techniques, it is observed that 11%, 9%, and 13% indicate open market operation; cash reserve ratio and special deposit respectively while 10% and 5% indicates liquidity ratio and discount rate respectively. 52% indicates all these techniques. Unlike supervision techniques, these techniques are designed by the CBN to influence the monetary base of commercial banks so as to achieve some macroeconomic target e.g. reduction of inflation rate, price stability, balance of payment equilibrium.

## Impact of CBNs Supervision and Control of commercial banks

|  |  |  |
| --- | --- | --- |
| **Impact** | **Frequency** | **Percentage** |
| Ensure capital adequacy | 21 | 20.3 |
| Ensure high standard of control | 6 | 6 |
| Ensure sufficient liquidity | 13 | 13 |
| Efficient sectional allocation of credit | 10 | 10 |
| Moderation of bank charges | 10 | 9.9 |
| All of the above | 41 | 40.8 |
| Total | 101 | 100 |

Source: field survey 2012

The table shows that 20.3%, 6% and 13% indicate that the impact of CBNs supervision and control ensure capital adequacy, high standard of conduct and sufficient liquidity for the banks while 10% and 9.9% indicates that it ensures efficient sectional allocation of credits and moderation of banks charged respectively 40.8% indicates that all these are the impacts of the exercises.

The implication is that the supervision and control bring about soundness and healthiness in the banking sector, hence banks growth prospects

## Responses to the supervision and control ensuring sufficient liquidity of commercial banks

|  |  |  |
| --- | --- | --- |
| **Responses** | **Frequency** | **Percentage** |
| Yes | 86 | 85.15 |
| No | 15 | 14.48 |
| Total | 101 | 100 |

Source: field survey 2012

85.15% agree that the supervision and control techniques as is being carried out to ensure the liquidity of banks while 14.85% disagree.

## Responses to supervision and control improving profitability

|  |  |  |
| --- | --- | --- |
| **Responses** | **Frequency** | **Percentage** |
| Yes | 73 | 72 |
| No | 28 | 28 |
| Total | 101 | 100 |

Source: field survey 2012

72% agree that CBNs supervision and control improves banks profitability while 28% disagree. These exercises ensure efficient investment, resource use and services and adequacy of capital, so improves profitability of the bank.

## Responses to supervision and control improving investment

|  |  |  |
| --- | --- | --- |
| **Responses** | **Frequency** | **Percentage** |
| Yes | 55 | 54.5 |
| No | 46 | 45.5 |
| Total | 101 | 100 |

Source; field survey 2012

54.5% agree supervision and control improves banks investment while 45.5% disagree since banks are forbidden from undertaking some investments and their

investment policies are subject to CBNs approval supervision and control improve their investment activities.

## Extent of influence of supervision and control on banks performance

|  |  |  |
| --- | --- | --- |
| **Responses** | **Frequency** | **Percentage** |
| A large extent | 60 | 60 |
| A moderate extent | 25 | 25 |
| A little extent | 16 | 15 |
| Total | 101 | 100 |

Source: field survey 2012

60% indicates that supervision and control affect banks performance to a large extent 25% and 15% indicates that it is to a moderate and little extent respectively.

## Responses to the possibility of CBN staff being compromised through bribes in their supervisory roles

|  |  |  |
| --- | --- | --- |
| **Responses** | **Frequency** | **Percentage** |
| Yes | 28 | 28.2 |
| No | 78 | 71.8 |
| Total | 101 | 100 |

Source: field survey 2012

28.2% indicates that CBN staff are compromised through bribes in their supervisory roles while 71.8% do not agree.

## Responses to recent recategorization of commercial banks and the abolishment universal banking.

|  |  |  |
| --- | --- | --- |
| **Responses** | **Frequency** | **Percentage** |
| Yes | 19 | 18.81 |
| No | 82 | 81.19 |
| Total | 101 | 100 |

Source: field survey 2012

81.19% of the respondents fault the recent re categorization of commercial banks by disagreeing that it would improve banking operations.

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**CHAPTER FIVE**

## SUMMARY OF FINDINGS AND CONCLUSION

* 1. **SUMMARY OF FINDINGS**
     1. The main purpose of CBNs supervision and control of commercial banks are to ensure sound and healthy banking operations, safety of depositors’ funds, adequate capitalization, and reduction of high risk investments and prevention of moral hazards in the banking system.
     2. The possible impact of CBNs supervision and control includes but not limited to ensuring capital adequacy, high standard of conduct, sufficient liquidity and moderation of bank charges. It also improves the profitability of commercial banks on the long run and effective credit management.
     3. The supervisory and control techniques are effective and efficient enough to detect malpractices on time in the banking industry.
     4. The ongoing reforms by the CBN currently reduce the ability of commercial banks to give loans and credit to the public.
     5. A good percentage of the management staff of banks believe that the abolishment of universal banking will adversely affect banking operations in Nigeria.

## CONCLUSION

In conclusion, bank inspections should continue to be regular and timely enough, control measures of the bank should not be too stringent as to have long, and negative impact on banking operations, the ongoing reforms specifically the decision to re categorize, commercial banks should be revisited before full implementation, taking into consideration the negative impact which is not limited to the reduction in grants of credit loans to the public especially the private sector. Finally only competent and unbiased bank examiners should be engaged in bank supervision.

## RECOMMENDATIONS

On the basis of the findings, the following recommendations were made:

* + 1. Bank inspections should continue to be regular and be carried out also in a timely and unbiased manner so as to identify any unhealthy developments in the banks early enough and deal with it on time.
    2. Only competent and skilled bank examiners can effectively carryout supervisory and control tasks. Therefore regular training of banks supervisors are recommended, so as to keep them abreast with latest developments in supervision and investigation of banking operations and their financial reports.
    3. Reported cases of misconduct should be properly investigated and disciplinary actions taken immediately.
    4. The control measures should be designed and implemented in a way that it should not be too stringent as to have a negative impact on bank operations and performance specifically with regards to granting loans/ credit and profitability.
    5. The ongoing reforms by the CBN, specifically the abolishment of universal banking and re categorization of commercial banks should critically re

analysed as management of commercial banks under study faults its establishments

## APPENDIX

Department of Business Administration Caritas University

Amorji Nike PMB 01784

Enugu State June 2012.

Dear Sir/ Madam,

I am UNAEZE NGOZI FORTUNE, a final year student of the above named institution, currently conducting a research on the impact of supervision and control of the Central Bank on the performance of commercial Banks. (A case study of Access Bank PLC).

This project is in the partial fulfilment of the requirement for the award of B.Sc in management. I will be grateful if you answer the questions on the questionnaire.

This is purely an academic exercise, so be rest assured that any information provided will be treated with utmost confidentiality.

Thanks for your co-operation.

Yours faithfully Unaeze Ngozi Fortune

QUESTIONAIRE

INSTRUCTION: please tick ( ) in the box that indicates your choice of answer. Otherwise answers the question were required.

1. Sex a. Male [ ] b. Female [ ]
2. Marital status? a. married [ ] b. single [ ] c. others specify [ ]
3. What is your age? a. Below 20yrs [ ] b.between 20 and 40 [ ] c. Above 40yrs [ ]
4. Educational Qualification? a. B.Sc/ HND [ ] b. OND/ NCE [ ] c. M.Sc/ MBA/PhD [ ]
5. How long have you been working here? a. Below 5yrs [ ] b. below 5 and 10yrs [ ] c. Above 10yrs [ ]
6. Is this Bank regularly supervised by CBN? a. Yes [ ] b. No [ ]
7. Does CBNs strict monetary policies have any negative effect on your banks ability to give loans/ credit at recent? a. Yes [ ] b. No [ ]
8. Does the ongoing reform by the CBN have any negative effect on your banks ability to give loans/ credits? A. Yes [ ] b. No [ ]
9. Indicate the techniques adopted by CBN in their supervision a. Verification [

] b. Target examination [ ] c. Monitoring [ ] d. Special investigation [ ] e. Special examination [ ] f. All of the above [ ]

1. What are the control techniques? a. Cash market operation [ ] b. Cash reserve requirement [ ] c. Special deposit [ ] d. liquidity ratio [ ] e. Discount ratio [ ] f. Others [ ]
2. What are the impacts of supervision and control on the performance of your bank? a. It ensures capital adequacy [ ] b. It ensures high standard of conduct [ ] c. It ensures sufficient liquidity [ ] d. It ensures efficient sectoral allocation of credits [ ] e. It ensures moderation of bank charges [

]

1. Do you agree that the supervision and control by the CBN is carried out to ensure liquidity of your bank? a. Yes [ ] b. No [ ]
2. Do you think supervision and control improves profitability of banks? A. Yes [ ] b. No [ ]
3. Do you agree that these activities improve the investment activities of the bank? a. Yes [ ] b. No [ ]
4. Do you agree that CBNs supervision and control measures ensure efficient credit management? a. Yes [ ] b. no [ ]
5. Are CBNs supervisory techniques timely enough to detect misconduct in the banking systems? A. yes [ ] b. no [ ]
6. In your opinion, to what extent do CBNs supervision and control affect banks performance? A. a large extent [ ] b. a moderate extent [ ] c. A little extent [ ]
7. Are CBN's staff comprised through bribes as they carry out their supervisory roles? A. yes [ ] b. no [ ]
8. Do you agree that establishment of AMCON would safe guard that liquidity of banks in future? a. yes [ ] b. no [ ]
9. Do you think that the recent re-categorization of commercial banks and abolishment of universal banking will improve banking operations in Nigeria? A. yes [ ] b. no [ ]

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