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Ethical Challenges and Financial Performance in the Nigerian Banking Sector

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Abstract
This study examines ethical challenges and financial performance in the Nigerian banking sector. In the presence of the acclaimed sound corporate governance by most banks which ought to promote good ethical practices, bank's customers continue to express dissatisfactory banking services rendered, mostly observed in areas where unwarranted deductions (debits) are made to customer's account without detailed explanations. Also, the degree to which most individual and corporate customers change their banking services due to loss of confidence, and the level of insider related credit granting have called for concern to examine some practices in this industry. Further, the dearth of research work in this particular area of interest has motivated this study. Percentage analysis, Descriptive statistics and Spearman ranked order of correlation (rho) using Statistical package for social sciences (SPSS 21.0) were used to analyze the responses from the various respondents. Findings from the empirical result indicates that insider related credits exhibit a significant positive relationship with financial performance in the Nigerian banking sector while unauthorized tampering with customers' accounts revealed unexpected insignificant negative relationship with financial performance. It is therefore recommended that the Central Bank of Nigeria should instill tougher disciplinary measures against erring CEOs as this could go a long way to further mitigate the rising tide of unethical practices in the Nigerian banking sector.
Keywords: Unethical practices, Insider credits, financial performance and unauthorized access to customers' accounts.

1.0 Introduction

There are significant changes and restructuring of the world economy, brought about by the spread of the free market economic policies as well as the globalisation of businesses owing to the emergence of information technology (Ogbo, Okechukwu & Ukpere, 2013). They posit that despite the presence of these changes, observations reveal that there have been decline in government regulations, resulting to increases in both business scandals and corporate failures. Faced with this increased globalisation, Drucker (2007) asserts that management must maintain the wealth creating resources intact by making profits adequate to offset the risk of economic activity, and ensuring a continued increase in their wealth creation and wealth producing capacity of these resources. However, this responsibility demands a careful examination of the costs of meeting these responsibilities and the benefits to be derived therefrom .As against this, organizations and businesses have been operating based on the traditionally held belief that they are in business to protect the interest(s) of stakeholders. Drucker posits that while this view is not entirely inaccurate, it is important to note that in a free market economy, stakeholders extend beyond the surficial owners of the business, that is, immediate shareholders.

However, some financial institutions fail to recognize most of the stakeholders group in their corporate social responsibilities report, and this in one way or the other might have impacted negatively on their performance. Worthy of note is the fact that the level of optimal performance of the financial sector depend on the perception and patronage of the citizens toward its services (Al-Faki, 2006). Panic and consequential financial and economic woes can emanate from situation where there is loss of confidence in the financial institutions. Such lack or loss of confidence can be attributed to unhealthy management practices which can skew performance.

Notwithstanding, the erstwhile CBN governor Sanusi Lamido Sanusi was quoted to have explained that the consolidation programme was going to drastically alter the ownership structure of Nigeria banks, making it more wider and better diversified, leading to a likely greater demand by management for higher level of ethical standard, transparency and professionalism in the operations of the banking business which in the end will enhance effective corporate governance (Imeokparia, 2013)

Owing to the global nature and diversification of many corporations in the 21st century, ethical issues in business have become more complicated and complex. This has been further enhanced by the complexity of economic, social, global, natural, political, and government regulations and environmental issues. Furthermore, the recent financial scandals and business failures with resultant new mandate on business, firms are pressed to develop strong ethical codes to guide the behaviour and conduct of board members, managers, and employees to better satisfy the needs of stakeholders while not taking their own corporate objectives for granted. Although the concern with ethics has always been a part of business, and business leaders today are beginning to think of ethics as a set of principles and guides to behaviour rather than a set of rules (Sullivan, 2009). In this sense, business ethics is not only an attempt to set a standard by which all employees, managers, and board members of an organization can know what is expected, but it is also an attempt to encourage employees, managers, and board members to think about and make decisions through the prism of a shared set of values (Sullivan & Shkolnikov 2006). However, in the presence of the acclaimed sound corporate governance which ought to promote good ethical practices, bank's customers continue to express dissatisfactory banking services rendered, mostly observed in unwarranted deductions (debits) to customer's account without detailed explanations. Also, the degree to which most individual customers change their banking services due to loss of confidence have called for concern in this industry (Onakoya, Ofoegbi & Fasanya, 2014).

Over the years, there has been a remarkable change in the Nigeria banking industry with respect to ownership and control, number of institutions and the degree of operations. Opportunities ushered by deregulation of the financial sector have been the influence on the changes in the sector. A far-reaching change such as globalization of operation, technological advancement and adoption of regulatory guidelines that conforms to international standard also influences changes in the sector. In support of this statement, Inam (2006) opines that corporate governance is an international subject due to globalization of business. Despite these far-reaching changes as stated above, the absence of good corporate governance in the banking industry was mainly tagged to be the cause of poor performance in the banking industry (Onakoya et al., 2014). Unethical bank practices, illiquidity, unrecoverable loans, etc., which are antecedents of the operators in the Nigeria banking business has shown that corporate governance is very important to nations' financial stability (Afrinvest, 2010). Where there is effective corporate governance, management override of control will be reduced, shareholders and creditors invest trust on managers increasing the probability that managers invest in positive net present value projects of the firm (Shleifer & Vishny, 1997). The level of significance of ethical behaviour in the financial sector should be given high placement since business depends as much on reputation as on performance. A 2002 World Development Report on the basis of empirical studies points out that a sound financial system helps to mitigate risks, create confidence, attract savings and creates opportunities for investment (Dogarawa, 2004). However, the banking sector in Nigeria has been one of the most vibrant; contributing immensely to the growth and development of the country. Considering the recent corporate governance problems in the banking sector that led to the removal and trial of Chief executives of five banks and the subsequent liquidity problem it created, there is the need to look into the ethical challenges and financial performance in the Nigeria banking sector. Also, in the light of the relevance of ethical practices in banking operations, it is expected that there should be a great deal of researches in this area.

In line with the above, the study provided answers to the following questions:

1. What is the relationship between unauthorized tampering with customers account and financial performance in the Nigerian banking sector?
2. What is the relationship between insider credit relation and financial performance in the Nigerian banking sector?

The broad objective of this study is to investigate ethical challenges and financial performance in the Nigerian banking sector. The specific objectives are to:

1. examine the relationship between unauthorized tampering with customers account and financial performance in the Nigerian banking sector.
2. ascertain the relationship between insider related credits and financial performance in the Nigerian banking sector.

The following hypotheses will be tested in the course of the study:

H_{01}: There is no significant relationship between unauthorized tampering with customers account and financial performance in the Nigerian banking sector.

H_{02}: There is no significant relationship between insider's related credit and financial performance in the Nigerian banking sector.

2.0 Literature Review

2.1 Underpinning Theory

Ethics or ethical practice which forms the major component of this research work will be explained by means of the "social contract theory" as propagated by Thomas Hobbs. According to this theory, it is believed that persons' moral and/or political obligations are dependent upon a contract or agreement among them to form a society in which they live. Hobbs (as cited in Tijani & Sunmonu, 2013) believed that human beings have a self - centered and self - seeking nature without regards to the needs of other members of the society. Hobbs opined that the catalyst of human behaviour is personal desire- a desire to satisfy all of one's needs without regards to the needs of other members of the society. For this reason, people require "social contract" for the purpose of avoiding the conflict of interest. The agreement amongst people to preserve and observe some ethical behaviour within the society is the emphasis of Hobbs' social contract. For Hobbs (1660), basic perceptions of decency, what is true and incorrect as well as impartiality arises with the establishment of public culture and "social contract."

Theoretically, the need for corporate leaders to be conscious of ethical issues in decision making is drawn from the need to separate from self-seeking and be attracted to empathy, compassion and pleasantness. Companies' leadership must be motivated by the acceptance of their "social contract" and must not be inconsiderate to other parties associated with the company. An important assumption within the "social contract" theory is the expectations of the public about corporate leadership.

From the viewpoint of the public in Nigeria, who enter into transactions (usually financial) with faceless organizations with the representation of executive leadership, their expectation is that their interest would be well captured and that these agents (directors, managers, and employees) are ethically committed to represent them in all business decisions.

2.2 Ethics and the Concept of Business Ethics

Ethics as defined in the Oxford English Dictionary means the science of morals, moral principles or codes. Morals are 'concerned with goodness or badness of human character or behaviour', or with the distinction between right or wrong, or concerned with the accepted rules and standards of human behaviour (Allen, 1990). Robinson, Dixon, Preece and Moodley (2007) viewed ethics as a philosophical study of what is right or wrong in human conduct and what rules or principles should govern it. The RICS (2000) was of the opinion that many organizations and writers have attempted to define ethics in their own context whether business, organizational, political, personal and professional. This assertion was corroborated by Wasserman (2000) that argued that ethics comprises a study of thought, language, reasoning, processes and judgement that informs the choices people make in their daily lives that affect their own well-being. According to Hill and Jones (2008) "the term ethics refer to accepted principles of right or wrong that govern the conduct of a person, the behaviour of members of a profession, or the actions of an organization"

Mansfield (2008) submitted that a token of a major profession is in its ability to accept the responsibility to act in the public interest which requires an overt commitment by its attachment to subdue personal advancement to this responsibility. While Francis (2000) states "the purpose of every business is to make money, if it does not, it has failed its primary aim. If it does it in an unethical fashion, it will be in breach of our social system, which permits and fosters its commercial activity. It is the aim of teaching ethics to constantly make the point that the purpose of business is to make money and to make it with honour". From the above, it becomes clear that unethical business deals in a bank or any other commercial business for that matter can be harmful to the bank, the depositors, other banks and to the banking public at large which is cannot acceptable.

Section 61 of Banks and Other Financial Institutions Act (BOFIA) 1991, defines banking business in Nigeria as "the business of receiving deposits on current account, deposit account or other similar accounts, paying or collecting cheques drawn by or paid in by customers, provision of finance or such other business as the Governor of the Central Bank of Nigeria (CBN) may, by order published in the Gazette, designate as banking business". Banking therefore is a business like any other type of business, which is essentially to operate as a going concern and make profit for the owners (stakeholders) and for expansion.

Due to the critical and important role banks play in financial intermediation as well as being custodian of public and private assets; the business of banking transcends beyond profit margin. Thus, there are certain business and professional ethics, which banks must imbibe in order to portray them as ethical, sound, safe and reliable organisations.

The Columbia Encyclopaedia (7600) defines business ethics as "the study and evaluation of decision making by businesses according to moral concepts and judgements. Ethical questions range from practical-narrowly defined issues, such as a company's obligation to be honest with customers- to broader social and philosophical questions, such as a company's responsibility to pressure the environment and protect employee rights. Many ethical conflicts develop from conflicts between the differing interests of the company owners and their workers, customers and surrounding community. Managers must balance the ideal against the practical- the need to produce a reasonable profit for the company's shareholders with honesty in business practices, safety in the workplace, and larger environmental and social issues. Ethical issues in business become more complicated because of the global and diversified nature of many large corporations and because of the complexity of government regulations that define the limits of criminal behavior"

This view was corroborated by Gini (1996) who opined that business ethics has become a prerequisite for conducting any kind of business, particularly in the global market place.

In his own view, Francis (2000) writes that interest in business ethics may be related to recessions and their likelihood and also to recent changes in law as it concerns the operation of business in general.

Salonan (1999) points out that among the most damaging legends in business talk are those concepts of 'survival of the fittest' and 'it's a jungle out there'; the basic idea of course is that life is competitive whether in business or in any other sphere. However, this competition must not be cutthroat or cannibalistic or that 'one has to do whatever it takes to survive'. Business as it were, must be done with a sense of honour and decorum and manager, especially of banks, must behave ethically and maintain the integrity of the banking profession. For this reason, McDowell (1991) points out that to maintain a high ethics company, every manager should: behave ethically, screen potential employees, have a meaningful code of ethics, implement ethics awareness training, reinforce ethical behavior and create a structure to deal with ethical issues. By behaving ethically, managers are creating a culture for corporate governance based on best practices and acceptable international standards.

2.3 Roots of Unethical Behaviour and the Value of Ethical Behaviour

Having discussed the basic concepts in ethics, it is important at this point to answer or rather attempt to answer the question "why do some managers behave unethically? While there is no simple answer to this question, a few generalizations can be made (Hill & Jones, 2008). First, it is important to recognize that business ethics are not divorced from personal ethics, which are the generally accepted principles of right and wrong governing the conduct of individuals. As individuals, we are taught that it is wrong to lie and cheat-it is unethical-and that it is ethical or right to behave with integrity and honour and to stand up for what we believe to be right and true. The personal ethical code that guides our behaviour comes from a number of sources, including our parents, our schools, our religion, and the media. An individual with a strong sense of personal ethics is less likely to behave in an unethical manner in a business setting. Second, many studies of unethical behaviour in business setting have come to the conclusion that business people sometimes do not realize that they are behaving unethically, primarily because they simply fail to ask the relevant question: is this decision or action ethical? Instead, they apply a straightforward business calculus to what they perceive to be a business decision, forgetting that the decision may also have an important ethical dimension (Hill & Jones, 2008).

Although the main purpose of ethical behaviour is the consideration of whether an action is the right thing to do rather than a calculation of whether it leads to higher business profits, numerous attempts have been made to estimate the financial value of ethical behaviour and good corporate citizenship. Most of the qualitative and perception studies in this area are fraught with a lot of methodological flaws, since there are no reliable indications with which to measure the financial gains of business ethics. This notwithstanding, these studies all tend to support the intuitive knowledge that entrepreneurs gain from business experience; integrity is the foundation of sustainable business and contribute immensely to shareholder's value.

Perception surveys also reveal a level of consistency across different cultures, industries and countries. There is a growing belief that ethical companies are the most successful than those that are not, particularly over the long run. It is difficult to accept the value of business ethics without precise figures, especially in this contemporary managerial age. However, the business world is filled with case studies of corporate ethical cultures.

More recent studies are providing strong evidence that good corporate governance and business ethics policies lead to increase business success. Two Mckinsey surveys- Global Investor Opinion Survey(2002), and Global Survey of Business executives: business and Society (2006), interviewed over 200 institute investors who collectively manage approximately $2 trillion in assets, and 4,238 executive (more than a quarter being CEOs) from 116 countries respectively. The first demonstrate high governance standards that is, average premiums of 12-14% in North America and Western Europe and Africa. Interestingly, the second survey showed that whereas more than half of all executives employ public relations and lobbying as strategies to manage social and political challenges, a larger proportion believed that more effective strategies are to be found in developing ethics policies and increasing transparency about the risk of products or process (Khang, 2005).

2.4 Failure of Business Ethical Standards in Nigeria's Banking Industry

Banking business is based on trust necessitated by the complexity of the transactions and vulnerability of customers because of imperfect information (Donaldson 1989). While working under the principles of probability and productivity, banks are obligated to adhere to certain ethical principles of banking profession and organizational ethics which includes honesty, integrity, social responsibility, accountability and fairness (Souter, Neil & Molster, 1995).

In Nigeria, there is a strong protest by customers of discrimination and falsification of information, particularly in the area of advertisement and foreign exchange transactions. This situation was compounded by the rush by banks to meet the new #25 billion capital base requirement as directed by the CBN as reported by the NDIC (Dogarawa, 2004).

The CBN in 2012 sacked the managing director/ Chief Executive and Executive Directors of five banks (Afribank, Finbank, Oceanic Bank, Intercontinental Bank and Union Bank) (Omo & Komolafe 2009). The then CBN governor, Mallam Lamido Sanusi said the bank officials were removed due to the high level of nonperformance loans in the five banks which was attributed to poor corporate governance practices, lax credit administration process and the absence or non-adherence to the banks credit risk management practices. He said the CBN was injecting N400 billion capitals to salvage the situation of the five banks. Also, the former Board and External Auditors of Cadbury Nigeria plc were sanctioned by the Security and Exchange Commission (SEC) due to misleading financial information in the firm's 2006 audited accounts. The impact of these "failed" banks was being felt by the market in diverse negative ways. Owing to this strain in their balance sheets, the banks had to push up the interest rate paid to private sector deposits and their competitors had to follow suit.

In an effort to put a roadmap to curtail some of these unethical practices by companies, codes of best practices were developed in many jurisdictions. A product of these codes of best practices is the Sarbanes-Oxley Act 2002 in the United States of America in response to the Enron scandal. The scandal also indicted Arthur Andersen, one of the biggest accounting firms which had audited Enron's accounts. While in Nigeria, in 2003, the Nigeria SEC adopted a Code of Best Practices on Corporate Governance for listed companies in Nigeria. Also, the CBN, in March 2006, released the Code of Corporate Governance for Banks in Nigeria at the end of the consolidation exercise in the banking industry in order to complement and enhance the effectiveness of the SEC code, which was implemented at the end of 2006. Majorly, the governance issues that attracted the attention of the regulators are directors' dealings, conflict of interest and creative accounting (Imeokparia, 2013; Ogbechie & Koufopoulos, 2010).

2.5 Ethical Challenges of Corporate Governance in the Financial Institutions

Among the sectors in the Nigeria industry today, the commercial banking industry is the most visible and has attracted most public interest. This has also raised the interest in the ethical challenges facing the banking industry (Ogechukwu, 2013). The banking sector within the Nigeria economy has become the most critical sector commanding more heights on the level and direction of economic growth and transformation of Nigeria. But unfortunately the much respected, cherished and valued integrity of the functions of commercial banks have been called to questioning due to recurring fraud issues and accounting scandals. These ethical challenges in the commercial banking sector have become a source of embarrassment to the nation despite efforts by the appropriate law enforcement agencies to track down perpetrators (Adeyemo, 2012; Oseni, 2006). Some of these unprofessional and unethical practices as stated by (Ayozie, 2012; Donli, 2004) include; undue access and tempering with customers' accounts, conversion of cheques, outright breach of frauds, and commercial bank frauds. Also, Ojo (2008) outlined some of the institutional factors that resulted in the unethical practices by banks staff to include; poor bookkeeping, a weak accounting and a weak internal control system, poor database management and information communication technology (ICT), ineffective/poor internal auditing system, and banks reluctance to report and place a disclaimer on convicted ex-staff due to destruction of the bank's brand. He also stated some of the societal/external factors that results in unethical and fraudulent practices, viz. slow and tortuous legal process, non/late reporting of frauds to the police or supervisory bodies, societal emphasis on wealth and money as a symbol of achievement, low societal values/morals, lack of specialized manpower (forensic investigator), lack of effective punishment/deterrent, fraudulent activities of prosecuting officers and connivance with judges to release some defendants accused of fraud. Most of these institutional factors are not unconnected to dismal corporate governance.

Furthermore, Ramaswamy (2005) posits that researches have it that poor corporate governance is a leading factor in poor performance, manipulated financial reports, and unhappy stakeholders. However, corporate performance which relates to the manner in which financial, material and human resources are optimally used to derive greater corporate objective, helps organization to remain in perpetuity and create a greater prospect for future opportunity. Corporate governance should therefore be able to strengthen investors' confidence because of its capacity of building credibility, ensuring transparency and accountability and as well support a robust channel of information disclosure that would promote better corporate governance. In this regards, it is eminent that the banking sector embrace a vibrant corporate governance culture (Onakoya, Ofoegbi & Fasanya, 2014). But in most cases, management overrides the internal control processes and also violates regulations just to favour inside party. Most of these inside party favourism as stated by Ogechukwu (2013) include granting of credit facilities internally, insider securities trading, unauthorized tampering with customers' accounts. Other ethical challenges raised by him include meeting the *commercial bank recapitalisation requirements*, which he opined that the Central Bank of Nigeria (CBN) does not accept borrowed fund for bank recapitalization. This is evident in cases where Directors and Promoters disguise borrowed funds to meet and satisfy the recapitalization requirements. Also, the issue of *over ambitious and unrealistic target settings for mostly female bank staff, unrealistic profit and liability targeting by commercial banks* is a disturbing unethical challenge to confront squarely. Ogechukwu (2013) posits that it has been the practices in most commercial banks, especially those of the new generation banks. Among other ethical challenges he highlighted include; deceptive advertisement and opening of new branches, unhealthy competition and staff poaching among the commercial banks, late/non remittance of duty collections and vat, statement of financial position doctoring, indecent dressing by mostly female bank employees, and foreign exchange malpractices.

3.0 Methodology

This study made use of a survey research design which is suitable for study of this nature. The population of the study consists of the entire staff of commercial banks quoted in the Nigerian stock exchange (NSE) as at December 2014. A questionnaire designed in Likert scale (Strongly agreed, Agreed, Undecided, Disagreed, and Strongly disagreed) was used to elicit vital information relating to the objectives of the study.

A total of one hundred (100) copies of questionnaires were distributed among bank staff spread across south south-zone (Edo and Delta states) and south west zone (Lagos and Ondo states) in Nigeria of which seventy eight (78) copies of the questionnaires was retrieved. The choice of the sample size and location is based on convenience and accessibility to the respondents.

In order to ensure that the research instrument consistently measures what it is supposed to measure (reliability) and actually measures what it ought to measure (validity), the test-retest and content validity method was used to test for its reliability and validity respectively.

Percentage analysis and descriptive statistics with the aid of Statistical Package for Social Science (SPSS 21.0) was used to analyze the responses from the respondents. The justification for this tool is that percentage and descriptive statistics measure the strength of the respondents' answers. The decision rule is to accept the alternate hypotheses if the p-value is less than the selected norm (0.01).

3.1 Data Presentation and Analyses

The data for the study is presented below:

Categorization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Branch Manager	9	11.5	11.5	11.5
	Operation Manager	12	15.4	15.4	26.9
	Operation Staff	17	21.8	21.8	48.7
	Internal Audit Staff	11	14.1	14.1	62.8
	Credit Administration Staff	29	37.2	37.2	100.0
	Total	78	100.0	100.0	

Source: SPSS 21.0

A total of one hundred questionnaires were distributed of which seventy eight (78) were retrieved. The categorization of respondents is given thus, 11.5% were branch managers, 15.4% were operation managers, 21.8% were operation staff, 14.1% were internal audit staff while 37.2% were credit administration staff.

Years of Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5	2	2.6	2.6	2.6
	6-10	44	56.4	56.4	59.0
	11 and above	32	41.0	41.0	100.0
	Total	78	100.0	100.0	

Source: SPSS 21.0

On the years of experience of the various respondents, 2.6% had 0-5 years working of experience, 56.4% had 6-10 years of working experience while 41.0% had 11 years and above as working experience.

Education Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	M.Sc	5	6.4	6.4	6.4
	B.Sc	59	75.6	75.6	82.1
	HND	14	17.9	17.9	100.0
	Total	78	100.0	100.0	

Source: SPSS 21.0

On education qualification of the various respondents, 6.4% had M.Sc degree, 75.6% had B.Sc degree while 17.9% had HND degree.

Professional Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	ACA	27	34.6	34.6	34.6
	ACCA	25	32.1	32.1	66.7
	Others	26	33.3	33.3	100.0
	Total	78	100.0	100.0	

Source: SPSS 21.0

On professional qualification of the various respondents, 34.6% had ACA, 32.1% had ACCA while 33.3% had other professional qualification which could be MBA among others.

Unauthorized tampering with customers account affects the financial performance in the Nigerian banking sector

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	25	32.1	32.1	32.1
	A	53	67.9	67.9	100.0
	Total	78	100.0	100.0	

Source: SPSS 21.0

On the opinion of respondents on financial performance being undermined by staff unauthorized access to customers account, 32.1% of the respondents went for strongly agreed while 67.9% of the respondents went for agreed. Generally, this indicate a 100% agreement to the assertion that the financial performance of banks could be threatened by staff unethical practice of accessing customers account without authorization as this could affect customer satisfaction, goodwill of the bank and possibly attracts litigation case as it amounts to breach in confidentially of contract between the debtor (bank in this case) and the creditor (customers in this case). All these could cumulate into undermining the image of the bank, thus loss of patronage.

The good will and reputation of banks is affected by staff accessing customers account without authorization, thus undermining its financial performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	44	56.4	56.4	56.4
	A	34	43.6	43.6	100.0
	Total	78	100.0	100.0	

Source: SPSS 21.0

The goodwill of banks could also be affected because of tampering with customers account without the consent of the customers. Credence was laid to this assertion by 56.4% of the respondents who went for strongly agreed while 43.6% of the respondents went for agreed. In view of the fact that an unsatisfied customer will always advertise its discontentment about the operation of the bank, this could translate into undermining the financial performance of banks as existing customers could withdraw their patronage.

Poor credit administration affects the financial performance in the Nigerian banking sector

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	44	56.4	56.4	56.4
	A	34	43.6	43.6	100.0
	Total	78	100.0	100.0	

Source: SPSS 21.0

On poor credit administration policy of banks, 56.4% of the respondents went for strongly agreed while 43.6% of the respondents went for agreed. This is an indication of the assertion that a lax credit administration policy could undermine financial performance of banks.

Insider related credits undermine the financial performance in the Nigerian banking sector

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	38	48.7	48.7	48.7
	A	40	51.3	51.3	100.0
	Total	78	100.0	100.0	

Source: SPSS 21.0

On insider related credits as an unethical practice, both 48.7% and 51.3% of the respondents strongly agreed and agreed respectively with the assertion that insider related credit undermine the financial performance in the Nigerian banking sector.

The financial performance of banks could be enhanced by staff adhering to ethical practices in the discharge of their duties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	38	48.7	48.7	48.7
	A	40	51.3	51.3	100.0
	Total	78	100.0	100.0	

Source: SPSS 21.0

On financial performance of banks, 48.7% and 51.3% respectively went for strongly agreed and agreed positing that adhering to ethical practices could enhance financial performance in the Nigerian banking sector.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Unauthorized tampering with customers account affects the financial performance in the Nigerian banking sector	78	1	2	1.68	.470	-.784	.272
The good will and reputation of banks is affected by staff accessing customers account without authorization, thus undermining its financial performance	78	1	2	1.44	.499	.264	.272
Poor credit administration affects the financial performance in the Nigerian banking sector	78	1	2	1.44	.499	.264	.272
Insider related credits undermine the financial performance in the Nigerian banking sector	78	1	2	1.51	.503	-.052	.272
The financial performance of banks could be enhanced by staff adhering to ethical practices in the discharge of their duties	78	1	2	1.51	.503	-.052	.272
Valid N (listwise)	78						

Source: SPSS 21.0

As observed, unauthorized tampering with customers' accounts show the following statistics: Mean= 1.68, STD=.470 which is low and it suggest a considerable clustering around the average, Max. = 2 and Min. = 1. On goodwill and reputation of banks, the following statistics are revealed: Mean= 1.44, STD=.499 which is low and it suggest a considerable clustering around the average, Max. = 2 and Min. = 1.

As observed, poor credit administration shows the following statistics: Mean= 1.44, STD=.499 which is low and it suggest a considerable clustering around the average, Max. = 2 and Min. = 1.

As observed, insider related credits show the following statistics: Mean= 1.51, STD=.503 which is low and it suggest a considerable clustering around the average, Max. = 2 and Min. = 1.

Finally, financial performance of banks shows the following statistics: Mean= 1.51, STD=.503 which is low and it suggest a considerable clustering around the average, Max. = 2 and Min. = 1.

Correlation

			Unauthorized tampering with customers account	Insider related credits	Financial performance
Spearman's rho	Unauthorized tampering with customers account	Correlation Coefficient	1.000	-.065	-.120
		Sig. (2-tailed)	.	.573	.296
		N	78	78	78
	Insider related credits	Correlation Coefficient	-.065	1.000	.384**
		Sig. (2-tailed)	.573	.	.001
		N	78	78	78
	Financial performance	Correlation Coefficient	-.120	.384**	1.000
		Sig. (2-tailed)	.296	.001	.
		N	78	78	78

**. Correlation is significant at the 0.01 level (2-tailed).

3.1.1 Presentation and Discussion of Results

Test of Hypotheses

Hypothesis One: There is no significant relationship between unauthorized tampering with customers account and financial performance in the Nigerian banking sector.

The results show that there is no significant relationship between unauthorized tampering with customers account and financial performance in the Nigerian banking sector. As observed, the result exhibit an insignificant weak (-.120) negative relationship on financial performance in the Nigerian banking sector. Based on the statistically insignificant criterion (.296>0.01), we accept null hypothesis (H_1) that there is no significant relationship between unauthorized tampering with customers account and financial performance in the Nigerian banking sector.

Hypothesis Two: There is no significant relationship between insiders' related credit and financial performance in the Nigerian banking sector.

The result revealed that there is a significant relationship between insiders' related credit and financial performance in the Nigerian banking sector. As observed, the result exhibit a significant (.384) positive relationship between insider related credit and financial performance in the Nigerian banking sector. Based on the statistically significant criterion (.001<0.01), we reject null hypothesis (H_2) that there is no significant relationship between insider related credit and financial performance in the Nigerian banking sector.

3.1.2 Policy Implication

Given the significant relationship between insiders' related credit and financial performance in the Nigerian banking sector, measures should be taken to abate this trend in order to improve on bank performance. Non-performing loans which could be as a result of lax credit administration policy or an outright unethical practice could assert more expense on the statement of financial performance, thus reducing bank profit. This unethical practice could be corroborated with the alleged unethical practice of a former female bank CEO, given out loans to relative without following proper credit administration procedure. This heightened into large portion of loans written off, thus eroding profits. Given management tendency to override control most especially corporate governance, regulatory agencies such as Central Bank of Nigeria among others should exert more disciplinary actions against erring CEOs on unethical practices in the Nigerian banking sector.

3.2 Summary of Findings

(1) The Spearman's (rho) result exhibit a weak negative insignificant relationship between unauthorized tampering with customers account and financial performance in the Nigerian banking sector.
(2) Also, Spearman's (rho) result indicates a weak positive significant relationship between insiders' related credit and financial performance in the Nigerian banking sector.

3.3 Conclusion and Recommendations

Based on the findings of this study, unethical practices do have a significant relationship on financial performance in the Nigerian banking sector. This assertion is validated by the Spearman's (rho) result that insiders' related credits do undermine financial performance. Also, though the result revealed that unauthorized tampering with customers account do not have a significant relationship with financial performances, however caution should be taken by banks' management to arrest this ugly trends as it has been observed that by most bank customers do experience deductions from their account in which services were not rendered. This menace, if not curbed could dampen the reputation of banks, thus leading to loss of customer patronage.

In the light of the above, the following recommendations are made:

(1) The apex bank (Central Bank of Nigeria) should instill tougher disciplinary actions against erring CEOs as this could go a long way to further mitigate the rising tide of unethical practices in the Nigerian banking sector.
(2) Within the banks, any fraud that emanates from unethical practices should be reported to the relevant authorities such as the Economic and Financial Crimes Commission (EFCC) notwithstanding reputation and customers' perception because it is in the long run healthy to both the bank and customers in general.

3.4 Recommendations for Further Study

In the light of various proxies of unethical practices, this article recommends for further study the following;

(1) Other proxies of unethical practices such as foreign exchange malpractices, statement of financial position engineering and deceptive advertisement and opening of new branches should be empirically validated.
(2) Also, study of this nature should be carried out with an improvement in scope in order to aid better generalization.

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