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The Impact of Corporate Governance Regulation in the Nigerian Banking Sector

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***Abstract*—**Recent global corporate failures have called for increase in the need to regulate corporate governance across the world. In Nigeria, the impact of corporate governance regulation in the banking sector has reached epidemic levels contributing to the country's economic depression. This study critically evaluates Nigeria's corporate governance regime and explores how weak regulation has impacted on the banking sector. By adopting a socio legal methodology, the study analyses both theoretical and empirical works from a socio-scientific point of view to examine the role of Nigeria's legal, cultural and social arrangements in corporate governance regulation. The study reveals that Nigeria's institutional arrangement has contributed to its weak system of corporate governance regulation with adverse effects on the banking sector. The research mainly impacts on current global corporate governance literature in sub-Saharan Africa by contributing to knowledge of the peculiarities of corporate governance regulation in different institutional jurisdictions. The particular focus on emerging economies such as Nigeria expands on the need for countries to develop a bespoke system of corporate governance regulation that takes into consideration the peculiarities of individual countries devoid of external influence.

***Keywords*—**Banks, corporate governance, emerging economies, Nigeria.

I. Introduction

RECENT corporate scandals, particularly the failure of notable financial institutions in the USA and Europe, have increased global concerns on the need to regulate corporate governance. One major argument which spans across the ongoing interests of researchers, academics, government and regulatory bodies points to the fact that bad corporate governance is a driver of financial crisis.

In any economy, credibility in financial market regulation is the basis for increased financial investment. The financial system is made up of the money market and the capital market. Whereas the money market provides for prices of funds on a short-term basis, the capital market deals with prices of funds on a long-term basis. Maintaining stability in the financial market is very essential because the market is a reflection of the overall corporate environment of the country. Potential investors need to satisfy themselves of the existence of strong business environment in terms of transparency, fairness and accountability before any financial commitment. Corporate practices of market operators are therefore important and this is where corporate governance comes in. It is imperative that markets conform to rules and procedures with due diligence.

Since the global banking crisis of the last decade, considerable attention has been drawn to regulating corporate governance across the world. Nigeria is therefore not left behind in the need to promote good practices of corporate governance in sub-Saharan Africa. In 2009, the Nigerian banking system, a prominent component of the financial system, was shaken by the end of 2008 and 2009 financial years with major banking failures which nearly saw the collapse of the Nigeria Stock Exchange [1]. The aftermath of the banking crisis soon saw the rise of numerous demands for answers by investors and the general public.

This paper critically examines the impact of corporate governance regulation in Nigerian banks considering recent banking failures in order to assess regulatory responses that can help prevent future banking crisis in the country.

II. The Concept of Corporate Governance Regulation

Corporate governance essentially forms part of a wider business context in which companies operate. A major definition extracted from the Cadbury Report views Corporate Governance as the '*system by which companies are directed and controlled*' [2]. The Organisation for Economic Corporation and Development [3] principles proffered a broader definition; this definition sees corporate governance as a part of a larger economic context in which firms operate, including macroeconomic principles and the level of competition; the principles further describe corporate governance as the totality of relationship between shareholders, management as well as stakeholders. The interrelationship between these actors will mean that a number of further participants are involved in the goal of corporate governance, including regulators, auditors and employees. Corporate governance can therefore be said to be a mechanism or system which must ensure transparency, accountability and control among these participants.

At the epicentre of corporate governance lies the totality of rules, regulations, policies and customs that influence the management, control and performance of companies. The success of corporate governance can be said to be based on a totality of environmental factors within which firms operate [4]. This includes the legal environment which comprises laws and policies, the corporate environment which is made up of

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business ethics and corporate relationship and also the regulatory environment. This is made up of enforcement bodies such as the judiciary and other regulatory. A conglomeration of these is regarded as corporate governance regulations. In most jurisdictions, the legal framework comprises covers incorporation of companies and requirements for listing and trading while the regulatory environment controls both internal and external management of the company.

While regulators have been saddled with the responsibility of promoting good corporate governance, recent corporate failures have awakened the corporate world to the need for corporate participation and operational unity in corporate governance regulation. It is important that corporate governance regulation should be jurisdiction-specific as many of the challenges of corporate governance are culture-bound. It is therefore important to understand corporate governance regulation within the ambit of the jurisdiction it involves, so as to examine critically the specific problems associated with it. In Nigeria, corporate governance regulation is regarded as an umbrella term including the legal regime, concepts, theories and practices of inter-relationships between various participants in the company ranging from boards to shareholders, regulators and other stakeholders. Unlike the day-to-day management of the company, corporate governance regulation ensures the company operates in pursuit of its operational values, mainly targeted at helping the board function properly and in best interest of the company.

III. Methodology

The research adopts a socio-legal methodology in order to answer the research questions. Socio-legal methodology is an approach to analysing law, legal phenomena and its relationship with the wider society in order to produce findings that were not determined in advance. There will be an analysis of the law to investigate its adequacy or otherwise. Socio-legal methodology seeks to gain insight into a given research problem from the perspective of the local population it involves [5], in this case, Nigeria. Socio-legal methodology aims to answer the 'why' or 'how' questions through analysis of a number of unstructured information and data. Socio-legal research is usually effective in obtaining culturally specific information. It includes both theoretical and empirical works drawn from a socio-scientific point of view involving critical legal studies directed towards the concerns, theories and informants of external perspectives with the aim of bringing insights that are not available in the context of a purely 'black law' or doctrinal approach. The purpose of adopting this method is to achieve an expository research which allows for flexibility of researcher to explore the causal link between corporate governance regulations and control fraud and also examine the peculiarity of the problem of a legal phenomenon with the particular people it involves [6].

Socio-legal methodology has its relevance to the formation of the research questions as well as the purpose and outcome of the research. It is also helpful in the determination of data and sources to be employed. It helps to contribute to the understanding of the field of enquiry, which is control fraud. Furthermore, owing to the fact that control fraud and corruption as a whole is a reflection of a combination of underlying issues not covered only by the lack of effective regulation, the study aims to understand the links between Nigeria's legal, cultural and social arrangements and corporate governance regulation. In investigating this, the socio-legal approach will be adopted to strategically examine why Nigerian banks are confronted with the major challenge of inadequate corporate governance practices. The methodology will allow for materials to be drawn from fields such as Social Sciences, including Economics and Sociology towards regulating corporate governance in Nigerian banks. Data collected include Companies and Allied Matters Act, 2004, Corporate Governance codes, CBN Reports and Publications and also academic writings in the field.

IV. Corporate Governance Regulation in the Nigerian Banking System

The major company law in the country governing both listed and non-listed companies is Companies and Allied Matters Act (CAMA), 2004. The Nigerian banking sector is also regulated by the Banks and Other Financial Institutions Act 1990, which complements CAMA and makes provisions for specific disclosure and reporting requirements for banks. Nigeria has subsequently developed a stream of corporate governance regulations to promote sound business practices in banks. Two main bodies regulate corporate governance in Nigerian banks – The Securities and Exchange Commission (SEC) and the Central Bank of Nigeria (CBN).

A. The Securities and Exchange Commission

The SEC is the apex body responsible for regulating the Nigerian Capital Market. The Commission was established by the SEC Decree No. 71 of 1979 to regulate companies listed in the capital market. SEC repealed the Capital Issues Commission and took effect retrospectively on the 1st of April 1978. Further reviews of SEC led to the enactment of the Investments and Securities Decree (now Act) of 1999, which essentially provides SEC with the power to protect investors interest in the capital market through adequate regulation and also to enhance development of the capital market through education and training of financial intermediaries. The SEC mainly regulates issuance of securities, capital market institutions as well as capital market operators. The SEC therefore plays a vital role in regulating corporate governance for listed companies in the capital market.

1) The SEC Code of Corporate Governance, 2003

The overall purpose of the SEC includes promoting a credible capital market through regulation. The SEC prioritizes the use of a multi-layered stakeholder approach, working with other regulators in educating stakeholders as to their rights and responsibilities. In view of this, on June 15, 2000, a 17-member committee was inaugurated in collaboration with the aim of identifying weaknesses in the current corporate governance practices in Nigeria in

comparison with other jurisdictions, with a view to adopting international best practices for corporate governance in Nigeria. This led to the birth of the 2003 SEC Code of Corporate Governance in the country. As the first Code of Corporate Governance to regulate companies in Nigerian public limited companies, the code served to provide awareness of good corporate governance practices and also in improving the corporate environment of the country, stressing the need to enhance accountability, transparency and corporate discipline [7]. As noted by SEC in the preamble to the code:

> *"The importance of effective corporate governance to corporate and economic performance cannot be over-emphasized in today's global market place. Companies perceived as adopting international best practices are more likely to attract international investors than those whose practices are perceived to be below international standards."*

It was believed that the code is a positive step towards corporate governance across all public companies in the country. The code was to form a bedrock and pacesetter for individual sectors of the economy.

Although the code focuses on board of directors and their duties, attention is also given to the role of other stakeholders such as shareholders and professional bodies in order to create awareness of the roles of participating bodies to effective corporate governance. Section 8 of the SEC code stressed transparency in financial and non-financial reporting, establishment of audit committee made up of at least three non-executive directors and the fact that external auditors should not be involved in business relationships with the company. Notably, Section 2 (b) of the code separated the role of managing directors and chief executive officers and stresses that no one person should perform both roles. This is very pivotal to corporate governance and provision of distinct roles for both will serve to promote best practices. Furthermore, shareholders' rights and privileges are also stated in Section 9 of the code to the effect that the board should ensure that all shareholders should be treated equally, however large or small their shares may be and shareholder activism, whether by institutional shareholders or through shareholder groups is encouraged.

On the issue of compliance, the SEC code was voluntary as stated in the preamble to the code. However, the SEC is to apply appropriate sanctions as necessary and give consideration to the compliance or otherwise in cases brought before it. Organizations are therefore encouraged to inculcate relevant parts of the Code to their companies so that the code serves as a model for corporate governance in Nigeria Compliance is a major issue with the code and voluntary compliance as opposed to mandatory one becomes a problem in the face of banking crisis. The SEC code has since been revised following recent economic developments in country, particularly the banking crisis.

B. The Central Bank of Nigeria

The Central Bank of Nigeria, also known as the CBN, is regarded as the apex bank in the country. The CBN is the top regulatory authority in the Nigerian financial system [8].

Section 1.3 of the CBN Act provides that the CBN shall be an independent body in the discharge of its functions, performance of its objectives (which are set out below), and in the promotion of economic stability. Section 1.2 of the CBN Act also provides the principal objects of the bank. These include:

- Ensuring monetary and price stability,
- Issuance of legal tender currency in Nigeria,
- Maintaining the external reserves to safeguard the international value of the legal tender currency,
- Promoting sound financial system in Nigeria, and
- Acting as a banker and providing economic and financial advice to the Federal government [9].

Furthermore, in the performance of its principal objectives stated above, particularly in ensuring price and monetary stability, the role of banking supervision becomes paramount to the CBN. Section 42 of the CBN Act therefore provides that the bank shall cooperate with other banks in Nigeria to ensure high standards of conduct and management throughout the banking system.

Section 33.1 of the CBN Act further provides that the governor shall have the power to conduct special examination in a bank where it is necessary in situations where the bank is struggling to cover its liabilities, or where it is carrying out business in a manner detrimental to the interest of the depositors and creditors. Section 35 provides for the powers of the governor to intervene in a failing bank. A failing bank is described in the section as an insolvent bank which may be unable to meet its obligations, or a bank which, upon investigation by the CBN pursuant to Section 33 of the CBN Act, is deemed to be in a grave situation. The Section further provides that the governor can, among other things, remove any manager or officer of the bank, notwithstanding any written law or any limitations contained in the Memorandum or Articles of Association of the bank.

1) The CBN Corporate Governance Code 2006

A major banking reform occurred in Nigeria in 2004 which involved recapitalization and consolidation of Nigerian banks through mergers and acquisition.

In a speech on consolidation and strengthening of banks, the CBN in 2004, identified six major problems faced by Nigerian banks, which justified the need for consolidation. These were:

1. Weak corporate governance particularly demonstrated by inaccurate reporting, non-compliance with regulatory requirements;
2. Late or non-publication of financial accounts;
3. Insider abuse leading to a high level of non-performing loans;
4. Insolvency through negative capital adequacy ratios and eroding shareholders' funds by operating losses;
5. Weak capital base; and
6. Over-dependency on deposits from the public [10].

As part of the CBN's commitment to promoting good corporate governance practices, the CBN in 2006 enacted a Code of Corporate Governance of Banks and other Financial

Institutions in Nigeria, a mandatory Code for all Banks and financial institutions in Nigeria post-consolidation [11]. Section 1.3 of the code referred to an earlier survey by SEC, which revealed that corporate governance was at its rudimentary stage in Nigeria, with only about 40% of companies adhering to corporate governance principles. The code was also inspired by major corporate governance failures in the USA and Europe as noted in Section 1.1 of the code. The Code was also to complement the 2003 SEC Code, which applied to all public companies in Nigeria. However, unlike the 2003 Code, Section 1.7 of the code provides that compliance was mandatory. This major digression from the SEC code means that banks had to adopt best practices of corporate governance as provided for in the code.

Section 2 of the Code identified major weaknesses of Corporate Governance in Nigerian Banks such as ineffective board oversight functions, fraudulent and self-serving practices among members of the board, management and staff, overbearing influence of chairman or MD/CEO, especially in family-controlled banks, weak internal controls, non-compliance with laid-down operation procedures, passive or ignorant shareholders, excessive lending and technical incompetence.

In addressing the problems identified above, Section 4 of the Code broadly highlighted a number of principles that promote good governance. These include:

- Provision of strategic corporate governance principles, particularly accountability,
- Balance of powers and authority so that no one individual is unfettered with decision- making,
- Provision of more number of non-executive directors as opposed to directors,
- Establishment of a dedicated board of directors independent from both management and shareholders,
- Regular meetings of board of directors, at least four times a year,
- Directors should be fully competent in financial matters and experience
- Internal monitoring and enforcement of a Code of conduct and ethics for director, management and staff,
- Effective and efficient audit committee and board,
- Compliance with rules and regulations, and
- Provision of adequate education and enlightenment for shareholders.

Similar to the SEC code, the CBN code also prohibits executive duality in Section 5.2 by providing that the responsibilities of the chairman should be clearly separated from that of the managing director and provides that the post of executive vice-chairman is not recognized under the Code and no two family members are to operate the positions of chairman and managing director at the same time.

Also, the CBN Code further stresses that regular training of board members should be budgeted annually by banks to help educate directors on the need to promote corporate governance. On the issue of independence, Section 5.3 of the code provides that the number of non-executive directors should exceed that of executive directors, the maximum board size should be 20. Furthermore, at least two non-executive directors should be independent directors appointed by merit and who do not represent any particular shareholder interest and with no special interest in the bank. However, a notable shortcoming of the CBN code lies in the provision relating to shareholders. While the Code provides in Section 4.13 that shareholders should be enlightened and responsible, no suggestion is given as to the way this should take place and how shareholders can be educated as to their rights and obligations. Furthermore, on the issue of enforcement, the Code also provided that banks should have a Chief Compliance Officer who should also monitor the implementation of the Code and Section 7.1.4 further provides that external auditors should render reports to the CBN on banks' risk management process, internal controls and level of compliance with regulatory directives. Although internal and external measures are provided in ensuring compliance in the form of the Chief Compliance Officer and External Auditor respectively, the Code fails to provide a regulatory form of monitoring enforcement and compliance by the CBN, despite the fact that the Code is mandatory. Furthermore, the Code provides in Section 6.1.4 that false rendition of accounts to the CBN shall lead to payment of fine following which the CEO shall be suspended for six months and subsequently removed and referred to a professional body for investigation. While these compliance provisions seem plausible, ironically, the CBN did not provide any measure for monitoring rendition to it. It can be said that the use of fines to ensure compliance is inadequate because mere payment of fine is not enough to prevent financial mis-statements or frauds from been perpetrated. The issue of enforcement becomes of great concern, especially in a developing country like Nigeria. The nature of the country's corporate environment, which has been polluted with corruption and political influence, remains a hindrance to corporate governance and economic development in the country. It is important to reiterate that the main objective of this thesis is to investigate Nigeria's corporate governance regulation in the wake of the 2009 banking crisis and to assess whether or not regulation can help prevent future control frauds in Nigerian banks. The problem of enforcement is stressed throughout the course of this research. It is an endemic regulatory problem in Nigeria which mere legal provisions cannot seem to solve.

V. Challenges Confronted by Corporate Governance in Nigerian Banks

A. Regulatory Multiplicity

The Nigerian corporate governance regulatory terrain can be said to be a trail of conflicting laws where discrepancies occur both in compliance and in principle. Generally, corporate governance regulation in Nigeria suffered from a weak system of regulation due to multiplicity.

Osemeke and Adegbite conducted a survey on the conflicts arising from different Codes of corporate governance in Nigeria [12]. According to them, the inherent conflicts within the Codes impact on the behaviours of managers and members

of the board who were presented with the opportunity to comply with a less rigid Code or outright non-compliance. The subsequent implication of this conflict therefore sends mixed signals to regulators and investors where friction exists between stakeholders, which may lead to bad corporate practices, whereby managers may use their position and access to information for their own benefit rather than that of other stakeholders. This may then create an avenue for fraud, cresting the opportunity for executives to comply with the Codes that can easily be manoeuvred for their own benefit. They use the Codes to their advantage by making sure they comply only in principle but not in action. Furthermore, the multiplicity of Codes on the other hand is problematic to the effect that where a company may cite multiplicity as its reason for non-compliance, using it to conceal the true nature the company and the multiplicity itself can be used as an opportunity for fraud.

Osemeke and Adegbite further investigated the growing dissatisfaction with regards to the conflicts among the Codes. They find that people believe the problem is that of the regulators' quest for power and relevance, leaving companies to bear the cost. The constant irregularity and conflict with the Codes seem to be self-indulgent. In their survey, they found that there is a general belief that the industry-specific Codes are more effective than the SEC Code because of their mandatory provisions. The survey further revealed that the conflicts in the Codes can be likened to the fact that they were copied from developed countries, particularly the UK and USA.

As emphasized by one of the participants in their survey:

"…..the CBN Code is copied from the US while the SEC Code is copied from the UK. Is it possible for Nigeria to develop their regulatory standard that suits our culture of togetherness and inclusiveness and suits our environment and society? ...our people should not be subjected to copying; otherwise, they should expect conflicts in implementation and practice. This is why we as managers are confused as to what to do. Most times, we ignore the Codes but for record purposes, we tick the boxes as a signal for compliance to the Codes and for auditing purposes... we just do it to avoid pressures from the regulators." [13].

Regulatory multiplicity therefore remains a very grave issue in Nigeria. It is important codes are specifically designed to be adaptive to the institutional configuration of the country rather than transposing from developed jurisdictions. This problem must be addressed in order to prevent an avenue for future banking crisis in Nigeria.

B. Enforcement

The institutional nature of corruption is endemic in Nigeria. From day-to-day activities to big financial transactions, every sector of the economy has been badly polluted with corrupt practices and the banking sector is not left out. Right from independence, Nigeria suffered from bad political administration where government officials converted the country's wealth to their own pockets. The country witnessed a series of military rule before 1999 when democracy was introduced. The period between 1999 to date, which is meant to be a civilian/democratic government, has seen even more political and economic corruption and one wonders whether Nigeria is actually benefiting from democracy.

As noted by Yakasai [14]:

"The complexity and trouble with most banks in Nigeria is that the directors work to the answer, mark their own examination scripts, score themselves distinctions and initiate the applause. But to the stakeholders (especially the equity owners), the excellent report sheets are openly fudged or at best engineered and indeed the activities of the board are so varied and deceptively intractable that the more critically you look, the less you see."

Corruption in the banking sector takes the form of opportunistic fraud using regulatory weaknesses to manipulate situations, thereby causing banks to invest in transactions that are adequate for perpetration of fraud. The type of fraud perpetrated by the directors in Nigerian banks can be said to be a collaborative fraud, which includes the directors themselves, members of the board of directors and outsiders. This is seen where the fraud is perpetrated using various schemes such as setting up companies in the names of friends or families and using the companies to secure loans with the banks, which will then become non-performing.

Recently, the CBN published another Code of Corporate Governance for Banks and Discount Houses in 2014 [15]. The new Code is meant to be a uniform Corporate Governance Code applicable to Banks and Financial Institutions throughout the country and is to repeal the 2006 Code. But is this new Code the solution? Regulatory multiplicity itself creates ambiguity and an opportunity for banking fraud. It might be suggested that it would have been better to reinforce the previous code in terms of enforcement rather than introduce a new comprehensive code which on the face of it may look promising but it may only be a matter of time until the country witnesses another set of banking crisis. It therefore suffices to say that what is needed is a set of enforcement mechanisms for the existing codes. The enforcement strategies should first take into account the peculiarity of Nigeria as a country with institutional challenges and then consider banks as a specific type of entity with unique corporate governance mechanisms in order to proffer solutions that can help prevent future control frauds in Nigerian banks.

C. Regulatory Weakness

It is important to reiterate that the issue of regulatory weakness, particularly, enforcement is one of great concern, especially in a developing country like Nigeria. The nature of the country's corporate environment, which has been polluted with corruption and political influence, remains a hindrance to good corporate governance and economic development in the country, and has also opened the way for control fraud in Nigerian banks. Enforcement is an endemic regulatory problem in Nigeria which mere legal provisions cannot seem to solve. It is worth recapping the provisions relating to

enforcement, compliance and sanctions for the purposes of this section. The issue of provision of sanctions and compliance will only arise in a mandatory code. A voluntary code will be merely persuasive in encouraging companies to adopt and practice its principles but will impose no sanctions for non-compliance. Needless to say, the SEC code has no compliance procedures in place.

As earlier mentioned the CBN (2006) code merely provides that compliance is mandatory but fails to provide how this is to be measured by regulators in terms of enforcement. The use of fines to ensure compliance is inadequate in a country with institutional corruption. Lack of adequate regulatory enforcement paved the way for the banking crisis of 2009. Furthermore, in 2010, the CBN, in an address on the impact of the global financial crisis in Nigeria which was presented to the House Financial Services Committee of the US Congress Hearing on the global financial crisis, addressed major reasons attributed to the CBN in the periods leading to the crisis; one of the reasons stated by the CBN was the absence of co-ordination among regulatory institutions in the banking sector, including the CBN [16].

Another important contributory factor was uneven supervision and inadequate enforcement. CBN identified enforcement failure as the biggest problem of the crisis. Regulators were ineffective in foreseeing, anticipating and supervising the changing phase in the industry or addressing the prevalent corporate governance failures such as granting of unsecured loans. For example, the Supervision Department within the CBN was not structured to supervise effectively and to enforce regulation; therefore, no one could be held accountable for failure to address issues such as risk management, corporate governance, fraud, cross-regulatory co-ordination, money laundering, enforcement and the likes.

The CBN in 2010 also identified the fact that financial penalties available at the time were not adequate measures of compliance. Because banks could get away simply with the payment of fines, they practically annulled relevant aspects of examination reports.

VI. Conclusion and Recommendation

This paper considered the impact of corporate governance regulation in the Nigerian banking sector. The level of corruption and fraud in Nigerian banks remain a reflection of the economic and socio-political environment. Nigeria as a whole is troubled with endemic corruption in all spheres of life, together with lawlessness and nepotism which could expose the corporate world and banking sector to corruption. It is good practice that potential investors satisfy themselves of the existence of strong business environment before any financial commitment. They therefore assess political, business and financial risks involved. Countries that fail to pass this obviously lose trade and attraction in trade and investment, having failed to establish standards of transparency, fairness and accountability which are the themes of good corporate governance. Corruption is therefore an institutional problem that the government must address in the race to effective corporate governance regulation in the Nigerian banking system. Furthermore, observance of sound corporate governance principles by Nigerian banks will promote efficiency, transparency, responsibility and accountability in the banking system.

In view of this, given that the problem of regulatory multiplicity of corporate governance regulation creates opportunity for the perpetration of fraud. In this regard, a good suggestion would be that regulators work together to co-ordinate their Codes in order to create a unified system of corporate governance in the country so that corporate participants are clear on the rules in place. This would also provide for a more feasible possibility of working together to promote efficiency within the system. Regulatory bodies such as the CBN and SEC should therefore work together in the co-ordination of corporate governance codes to the effect that it gives one voice of unity and promotes teamwork in order to promote corporate governance regulation in Nigeria. It is important that corporate governance regulation in Nigeria is tailored specifically to address the country's needs as opposed to transplanting Western regulations.

In particular, the regulatory powers of the CBN and SEC should also be strengthened in their supervisory oversight of banks. The issue of enforcement should be dealt with providing stricter penalties for non-compliance. It is important that this is then monitored strategically to promote good corporate governance practices within the banking system. Furthermore, adequate enlightenment should be provided for major participants such as CEOs and shareholders. CEOs should be adequately educated and empowered as main agents in corporate governance regulation. It is important that CEOs are provided with adequate resources and trainings, particularly on fraud prevention and effective corporate governance that would be useful in their role as CEO.

Also, shareholders should be particularly educated to be actively involved and encouraged to participate in promoting effective corporate governance through attending of meetings and showing interest in the management of the company by asking questions where necessary and also educating them on ways to seek redress.

It is believed that the above set of recommendations is a step towards the right direction of promoting effective corporate governance regulation in Nigerian banking sector.

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