ANALYSIS OF VALUE CREATION OF ELECTRONIC BANKING IN NIGERIA

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Abstract: *This paper examines trends of banking habit in Nigeria across banking regimes of regulation and deregulation. The current position assessment is hinged on historical perspective of banking development in Nigeria, from independence to date. Relevant secondary data covering 1960 to 2010 were collected from Central Bank of Nigeria annual reports; the descriptive trend analysis suggests static behavior across the monetary policy regimes. For the success of the cashless Nigeria program, caution should be exercise in rushing the program until measures are in place to encourage and push fast the banking culture change.*

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INTRODUCTION

The emerging global economy of the twenty-first century where business is conducted over the Internet (i.e. 'e-business') with its dynamic and rapidly emerging competitive characteristics, promises new avenues for wealth creation. The integration of information and communications technology (ICT) in business has revolutionized relationships within organizations and those between and among organizations and individuals. Specifically, the use of ICT in banking is expected to encourage greater customer participation through enhanced services quality and round the clock availability.

With these web-based business developments, there must be distinction between the known traditional markets and the global electronic marketplace in the value creation chain. It should easily be discerned, through increased customer participation reflected in the reliance on banking services in the businesses value chains. This change should also be reflected in the banking structure in terms of branch expansion and deployment of new technology.

It is therefore important to analyze the banking system in Nigeria and ask the question whether or not, has the adopted e-business in banking enhance value creation in the industry; has the new conditions shifted the market's traditional banking habit to the technology based ones? Answering these questions is critical since information and communication revolution is the major globalization challenges facing developing countries, given their relatively underdeveloped information infrastructure. Policy-makers, business executives and academics are increasingly concerned about their society's competitiveness in the emerging information economy.

In this regard, this research analyses banking culture changes through high quality services generated by technology. It is a share the belief that with the right cultural change, ICT can help enhance value creation which will in turn lead to higher levels of social, economic and political development.

The work is organized in five sections. Section 2 presents the historical context of the Nigerian banking development and some theoretical framework. The methodology of the research is contained in section 3. The analysis in form of current position assessment is in section 4; while the conclusion is in the final section of the document.

EVOLUTION OF BANKING CULTURE IN NIGERIA

The pre-Structural Adjustment Programme (Pre-SAP) development in Nigeria banking sector can be captured in three phases: namely; the era of laissez faire banking (1892 - 1952), the era of limited banking regulations (1952-1958), the period of prudential Regulations and Control (1959-1985). The 1892-1951 was called the era of "free banking" due to absence of control because with a mere registration under the companies' ordinance, a bank was established.   Banking in this era was dominated by foreign banks; namely, the African Banking corporation (1892) now First Bank of Nigeria; the Colonial Bank which predated the former Barclays Bank (1917) and presently Union Bank; and the British and French Bank (1948) which became United Bank for Africa (UBA) in 1961. The reason for their existence was not for financial intermediation, but to serve the cash needs of the colonial government and the multinationals (Haruna, 2008).

Therefore, indigenous banks were subsequently established to support local entrepreneurs and grow the banking culture. But thereafter, most analysts believe these indigenous banks were ill-equipped in terms of capital, management adequacies and customer foci, as such had little impact in the market.

The massive bank failure (1952-1958), widespread fraud and banking abuse led to the enactment of the first Banking Ordinance (legislation) in 1952 to introduce some controls into the Nigerian banking scene. For instance, the Ordinance stipulated that to operate banking business, the following conditions must be fulfilled:

1. An authorized capital of £50,000 out of which £25,000 must be fully paid-up.
2. Creating 20 percent reserve funds out of profits until the sunk funds offsets the paid-up capital.
3. Maintenance of satisfactory level of liquidity to meet up customers demand.
4. Directors' unsecured loans should not exceed £600.

These measures further exposed the weakness of the then indigenous banking structure as many of the local banks could not satisfy these simple conditions. Consequently, all the indigenous banks established in the country during this period failed. This means reliance, once more, on the foreign banks that had no quest to develop the banking culture.

However, the period 1958-1986 can be referred to as the era of consolidation because it improved and consolidated on the gains of the Banking Ordinance period. The period began

with the enactment of the Central Bank of Nigeria Act of 1958 to establish the Central Bank of Nigeria (CBN). This act empowered the CBN to promote and integrate the Nigerian financial system through outlining regulatory measures to effectively stem the tide of bank failures. The Banking Act of 1969 empowered the CBN to exercise its power in maintaining monetary and financial stability in the economy.

Nonetheless, the CBN concentrated in control and monitoring instead of developing the banking culture. In spite of the intensity of control, the banks were circumventing the controls by creating products that are off-balance sheet items to hide relevant information about their operations thereby expanding interest rate spreads (IRS) (Haruna, 2010). In an attempt to get the growing number of banks to comply with the rules, the regulatory authorities diverted more of its resources to the enforcement compliance with credit ceilings and related direct controls, leaving the people with poor perception of banking.

Deregulation became inevitable mid 1980s with the sole aim of stabilizing the economy and increasing banking activities through reduced IRS. During this period, the Nigerian banking system witnessed more changes than any other sector of the economy.   At the commencement of the deregulation, the number of privately owned banks operating in the country grew tremendously as a result of the ensuing ease of entry into the field of banking and foreign exchange (FX) arbitrage opportunities. For instance the number of banks increased 200% from 41 in 1986 to 120 in 1993; while total number of branches rose by mere 72% from 1,394 to 2,397within the same period indicating presence of one branch bank for FX gains (Haruna, 2010).

Deregulation initiatives also brought into operations a number of strategic institutional changes in the banking sector. The take-off of the Nigeria Deposit Insurance Corporation (NDIC) in 1989 was to support and protect expected increase in financial intermediation in the money market. Others include the Peoples Bank of Nigeria (PBN) introduced in 1989, and the Community Banking Scheme in 1990. The establishment of Nigeria Import and Export Bank (NEXIM), Discount Houses, Bureaux De Change, Mortgage Banking institutions, etc are all part of the institutional changes.

According to Umoh (2003), in spite of all the institutional and structural changes interest rate policy was inconsistent; hence from on-set the key element of encouraging banking services patronage is lost. Overall, a stable feature of the market was that of widening

spread because the banks were only willing to increase lending rates while holding the deposit rates low (Fakiyesi 1996). In fact the rising negative real interest rate within this period explains the great disintermediation experienced up to 1986 (Fakiyesi, 1996; Hesse, 2007). Thus instead of enhancing financial deepening, the policies led to narrowing of the sector.

It became apparent in late 1990s and early 2000 that many banks appeared to have abandoned their essential intermediation role of mobilizing savings and inculcating banking habit at the household and micro enterprise levels. The apathy of banks towards small savers, particularly at the grass-root level, has not only compounded the problems of low domestic savings and high bank lending rates in the country, it has also reduced access to relatively cheap and stable funds that could provide a reliable source of credit to the productive sectors at affordable rates of interest.

It was under this context that the government sought to improve the situation by increasing the sizes of the banks. It was expected that a consolidation initiative would help reverse the ugly situation. But historically and structurally the sector remained highly concentrated with 10 largest banks accounting for 50% of the industry's total assets and liabilities. Branches are also concentrated in few urban centers, thereby delimiting capacity for deposit mobilization, and leading to less efficient and high cost of financial intermediation.

Another important feature is that the banking system has maintained its pre-liberalization characteristic of non-market determined financial intermediation by engaging in rent seeking practices as means of survival (Soludo, 2004). Thus with focus tilted towards the non-real sectors of the economy through FX arbitrage forgetting loanable assets, the vicious cycle of need to cover gaps continued to expand the intermediation costs, further delimiting the gains of liberalization and banking culture.

The costs expanded further given the leakages of cheaper funds controlled by the informal market as measured by the size of currency outside the banking system. For instance, at any time there was about N400 billion currency outside the banking system (CBN reports, various). Current policy of cashless transaction is aimed at arresting this problem. Since the scheme is expected to usher in an innovation in the payment system, it is relevant to conduct a context analysis of the policy intent with a view of identifying key issues that would enhance the transition and policy effectiveness.

CURRENT THEORY OF FINANCIAL INTERMEDIATION

Poor banking habit truncates financial intermediation through diversion of potential deposits and current account floats from the banking system. Current theories of the economic role of financial intermediaries (such as banks) build on the economics of imperfect information that began to emerge during the 1970s. Financial intermediaries thus assist the efficient functioning of markets, and any factors that affect customer response to their services have significant macroeconomic effects in the economy.

There are two strands in the literature that explain the existence of financial intermediaries. These are the one emphasizing provision of liquidity; and the other hinges on the financial intermediaries' ability to transform the risk characteristics of assets. In both cases, financial intermediation can reduce the cost of channeling funds between borrowers and lenders, leading to a more efficient allocation of resources.

These are central to banking culture development since once an economy is averse to dealing with banks, the identified linkage between surplus and deficit sectors of the economy will be impaired. Stiglitz and Weiss (1981) suggests that the illiquidity of assets provides both the rationale for the existence of banks. Poor banking habit is caused by a shift in expectations. When normal benefits are known and not stochastic, banks will be able to attract customers and to provide optimal risk sharing by converting illiquid assets into liquid liabilities.

Adverse selection increases the likelihood that deposits and patronage in general will be entrusted to a bank with less than expected services, while moral hazard is not easily identifiable from the banking customer angle as is the case of lower the probability that a loan will be repaid. As a result, potential banking customer may choose to work outside the banking system no matter the cost of transactions.

In summary, the perception and behavior of financial intermediaries play an important role in financial markets in terms of developing customer expectation towards banking services. They reduce the cost of channeling funds between relatively uninformed depositors to uses that are information-intensive and difficult to evaluate, leading to a more efficient allocation of resources. As specialists in collecting information, evaluating projects, monitoring borrowers' performance and risk sharing, their ability to identify factors that hinder customers from accessing their services is central to completeness of intermediation

processes. Adverse shocks to the information structure, or to these firms' collateral or equity levels, or to banks' ability to lend, may all impact on firms' access to credit and hence to investment and output.

METHODS OF ANALYSIS

Developmental descriptive research method is used to obtain information concerning the current status of banking habit in Nigeria. In attempt to describe "what exists" in form of current position assessment with respect to some macro variables and customer attitude, trend analysis is used. The methods involved the survey of the trends of core indicators of customer participation in banking markets overtime. The variables chosen are money supply (MS), currency in circulation (CIC), currency outside the banking operations (COB), banking clearing activities (including demand deposits) and treasury activities.

As the work is not empirical, secondary macro data were accessed from the CBN numerous bulletins. The trend is observed in such a way by generating ratios that will give a clear direction of improvement of habitual changes year by year. This is more significant given the banking development context analysis in section 2. That is, it is a rational expectation to see a huge change when the industry transited from control regimes to a free market system. To make this very obvious, the trend analysis compartmentalized the observation into pre-liberalization (1960-1985) and post liberalization (1986-2010).

RESULTS AND DISCUSSION

Reform of the Payments System: Issues and Challenges

Central to this research, is the reform to the payments system. The payments system plays a crucial role in any economy as a channel of inter-sector, inter-industry and inter-company financial resource flows in promoting economic growth. Understandably, the Central Bank of Nigeria (CBN) accorded the payments system due priority in its reform agenda of the financial system. Thus, the CBN in partnership with other stakeholders embarked on extensive reforms of the payments system to enhance its safety, efficiency and reliability. This effort culminated in the introduction of institutional arrangements, operational mechanisms, interrelated IT infrastructure and instruments that are expected to gain wide acceptability among service consumers in the banking industry.

The emerging payment system in Nigeria is part of forward linkages of financial liberalization and the quest for integration with the rest of the world. The architecture culminated in

developments in payments framework, regulations, infrastructure and information and communications technology. It is with the great expectations of changes in the banking habits that the following results are analyzed to see the new banking channels (Internet banking; ATMs; Branches, Mobile banking, Call center, Email, Mail) have indeed brought consumers more into the banking services.

Transactions outside the Banking Operations

As stated in section 2 under context of Nigerian banking development, over N400 Billion is always outside the banking system. It is expected that the payment system reform should change the pre-regulation trend. Tables 1a and 1b capture the ratios relevant to the analysis of currency in circulation (CIC) and currency outside the banking system (COB)

Table 1a: CIC Regulated Period

	COB/MS	CIC/MS	COB/CIC	DD/MS
1960	62.19%	70.84%	87.78%	37.81%
1961	62.16%	72.06%	86.27%	37.84%
1962	61.93%	72.13%	85.86%	38.07%
1963	63.16%	68.51%	92.19%	36.84%
1964	62.61%	67.93%	92.17%	37.39%
1965	61.57%	66.76%	92.22%	38.43%
1966	61.07%	66.51%	91.82%	38.93%
1967	64.80%	69.03%	93.88%	35.20%
1968	55.19%	60.93%	90.57%	44.81%
1969	56.79%	61.40%	92.49%	43.21%
1970	53.37%	57.74%	92.44%	46.63%
1971	52.90%	57.67%	91.72%	47.10%
1972	51.54%	55.39%	93.04%	48.46%
1973	47.08%	52.53%	89.64%	52.92%
1974	41.99%	47.06%	89.23%	58.01%
1975	39.56%	44.35%	89.20%	60.44%
1976	34.97%	39.85%	87.74%	65.03%
1977	34.92%	38.91%	89.74%	65.08%
1978	41.01%	45.27%	90.57%	58.99%
1979	37.01%	42.56%	86.96%	62.99%
1980	33.01%	37.19%	88.76%	66.99%
1981	38.95%	43.85%	88.83%	61.05%
1982	41.03%	45.95%	89.29%	58.97%
1983	42.05%	46.01%	91.39%	57.95%
1984	39.08%	42.79%	91.33%	60.92%
1985	35.38%	38.73%	91.35%	64.62%

Source: CBN Bulletin (Various)

The trend analyses are captured on charts 1 and 2.

Chart 1- Regulated Period
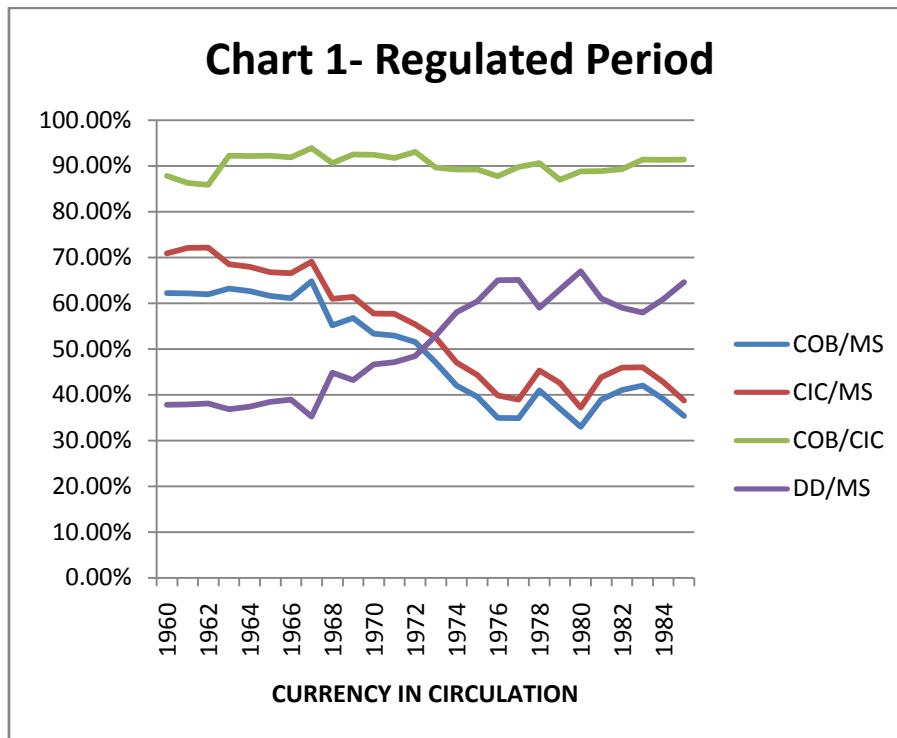
Comparing the regulated with deregulated, not very change has occurred. That is while the trend for regulated current account balances (i.e. demand deposits – DD) to money supply (MS), currency in circulation (CIC) to MS and currency outside banking COB to MS were rising; COB ratio to CIC remained flat. This indicates that the impact of money supply seen is segmented possibly as source of public sector finance instead of private sector spending. Thus, there were no significant changes in peoples' behavior towards banking their excess cash over the length of the period banking were regulated.

Table 1b: CIC deregulated Period

	COB/MS	CIC/MS	COB/CIC	DD/MS
1986	38.18%	42.01%	90.90%	61.82%
1987	41.45%	45.11%	91.88%	58.55%
1988	42.34%	45.93%	92.20%	57.66%
1989	37.16%	40.82%	91.03%	62.84%
1990	38.18%	41.40%	92.22%	61.82%
1991	46.17%	50.59%	91.27%	53.83%
1992	48.38%	52.29%	92.52%	51.62%
1993	48.71%	52.69%	92.45%	51.29%
1994	53.49%	56.77%	94.21%	46.51%
1995	53.05%	56.57%	93.77%	46.95%
1996	51.05%	55.41%	92.13%	48.95%
1997	48.64%	53.91%	90.22%	51.36%
1998	49.19%	54.11%	90.91%	50.81%

1999	47.43%	53.06%	89.40%	52.57%
2000	42.97%	48.69%	88.25%	57.03%
2001	41.47%	49.41%	83.93%	58.53%
2002	40.89%	48.95%	83.55%	59.11%
2003	33.63%	40.98%	82.06%	66.37%
2004	34.46%	41.02%	84.02%	65.54%
2005	32.64%	37.23%	87.68%	67.36%
2006	28.54%	34.17%	83.53%	71.46%
2007	23.51%	30.61%	76.80%	76.49%
2008	18.22%	23.58%	77.27%	81.78%
2009	17.46%	22.83%	76.48%	82.54%
2010	17.34%	22.47%	77.19%	82.66%

Source: CBN Bulletin (Various)

Not very much difference is observed post-liberalization. In fact there were some deterioration in the COB/MS, CIC/MS, DD/MS trends up 1993, with COB/CIC trend remain flat consistent with the regulation trend. After 1993, all the noticed deteriorations reversed with main trend of interest COB/CIC sluggishly falling, an indication of marginal gain in changes in the banking habits. This 'sticky' behavior is suggestive of appraisal of socio-cultural issues of potential customers in order to improve their participation.
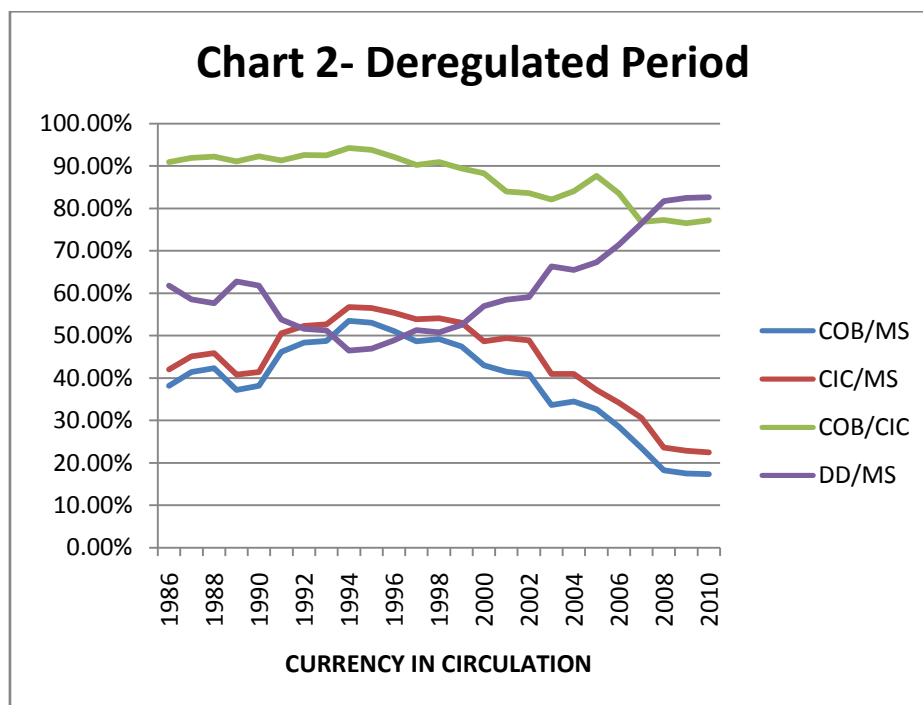
Branch Network

The current drive in e-banking is aimed at facilitating interaction in banking processes. The 'market' place had been the bank branches. The branch network growth is an indication of how customer perception changes over time.

Table 2a: Branch & Growth of Clearing Activities
Regulated Period

	Urban	Rural	Abroad	Total	A.D.C.V
1970	21%	17%	50%	21%	
1971	16%	29%	8%	17%	5%
1972	16%	8%	-7%	15%	55%
1973	5%	3%	33%	5%	-43%
1974	5%	10%	0%	5%	91%
1975	8%	9%	0%	8%	22%
1976	6%	0%	25%	6%	3%
1977	6%	8%	0%	6%	7%
1978	8%	654%	0%	25%	18%
1979	4%	36%	20%	9%	-13%
1980	6%	26%	17%	10%	14%
1981	10%	43%	0%	17%	18%
1982	9%	28%	0%	14%	-7%
1983	3%	32%	0%	12%	-11%
1984	17%	6%	0%	13%	20%
1985	4%	4%	0%	4%	7%

Source: CBN Bulletin (Various)

In this study, we trended the annual growth rates of the industry first for the regulated (table 2a) to observe the changing culture over time.

Chart 3: Regulated Period

GROWTH OF BRANCHHS & CLEARING ACTIVITIES
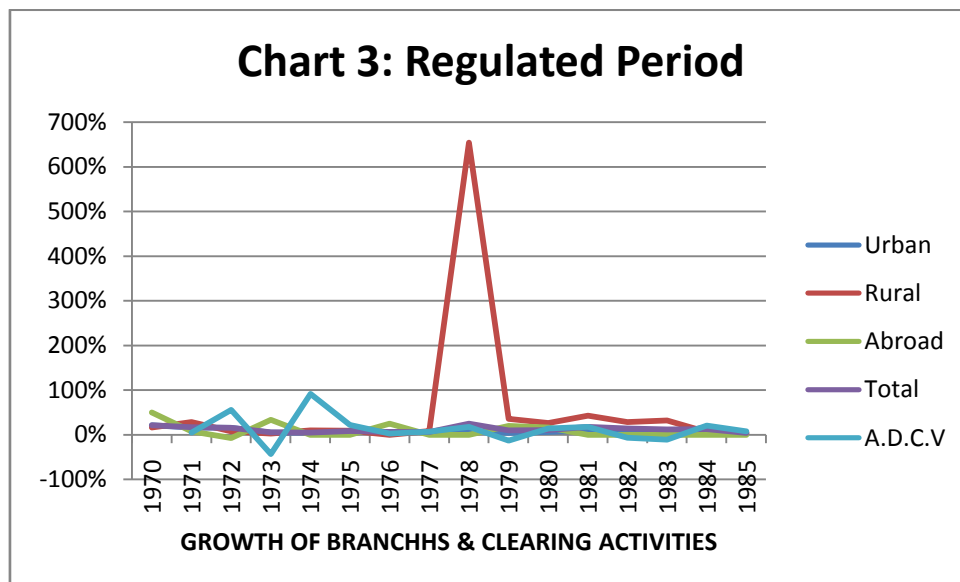
Consistent with COB analysis, branching policy of the banks remained flat throughout the period. The only jump in the rural branching came out government policy push of the 70s. Immediately the minimum that was enforced was reached the growth trend reverted to the traditional flat trend. No-growth average daily clearing volume (ADCV) is very consistent with cash transaction analyzed under COB.

Again, the post 1986 development is no different. The oscillation noticed on ADCV is more of deviation likely because of the government participation in the clearing system.

Table 2b: Branch & Growth of Clearing Activities
   Deregulated Period

	Urban	Rural	Abroad	Total	A.D.C.V
1986	5%	7%	0%	5%	26%
1987	8%	10%	0%	8%	41%
1988	12%	14%	-14%	12%	0%
1989	3%	26%	0%	11%	-6%
1990	7%	1%	-17%	5%	9%
1991	7%	0%	0%	4%	12%
1992	19%	1%	20%	12%	29%
1993	5%	0%	0%	4%	-23%
1994	4%	-2%	0%	2%	-13%
1995	2%	-8%	0%	-1%	-2%
1996	4%	-4%	-17%	2%	-17%
1997	0%	0%	0%	0%	-10%
1998	-15%	6%	0%	-9%	112%
1999	0%	0%	0%	0%	11%
2000	0%	1%	0%	0%	20%
2001	0%	0%	0%	0%	-2%
2002	56%	0%	0%	37%	-48%
2003	10%	0%	0%	8%	138%
2004	10%	0%	0%	8%	8%
2005	0%	0%	-60%	0%	8%
2006	0%	0%	250%	-7%	2%
2007	0%	0%	14%	30%	34%
2008	0%	0%	-75%	18%	49%
2009	0%	0%	0%	10%	-3%
2010	0%	0%	0%	7%	17%

Source: CBN Bulletin (Various)

Chart4: Deregulated Period

GROWTH OF BRANCHES & CLEARING ACTIVITIES
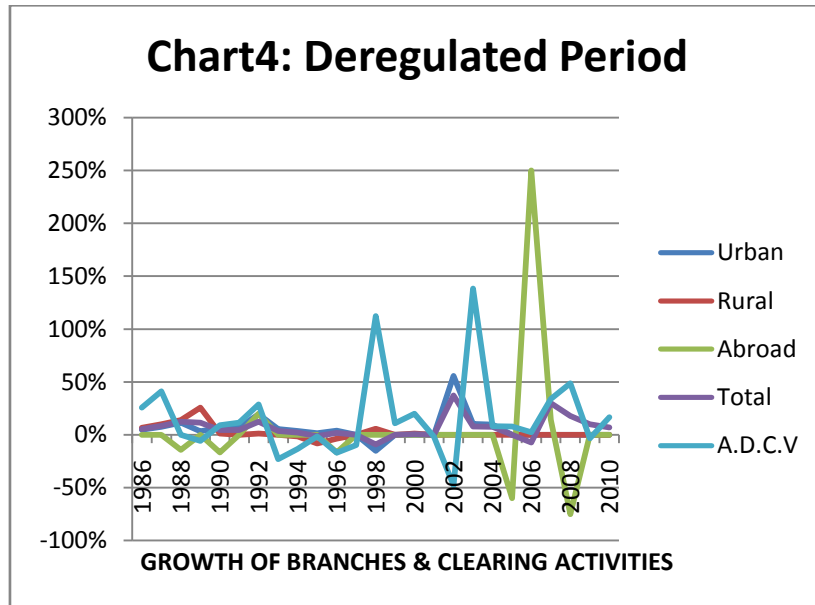
The trend generally, is consistent with poor banking habit.

Cost of Financial Intermediation

One factor that may be responsible for pushing people to concentrate on cash transactions is costs of banking operations. To measure this cost, the interest rate spread (IRS) trend is observed through the departure of average interest rate and the maximum lending rates within both the regulated and deregulated periods under review.
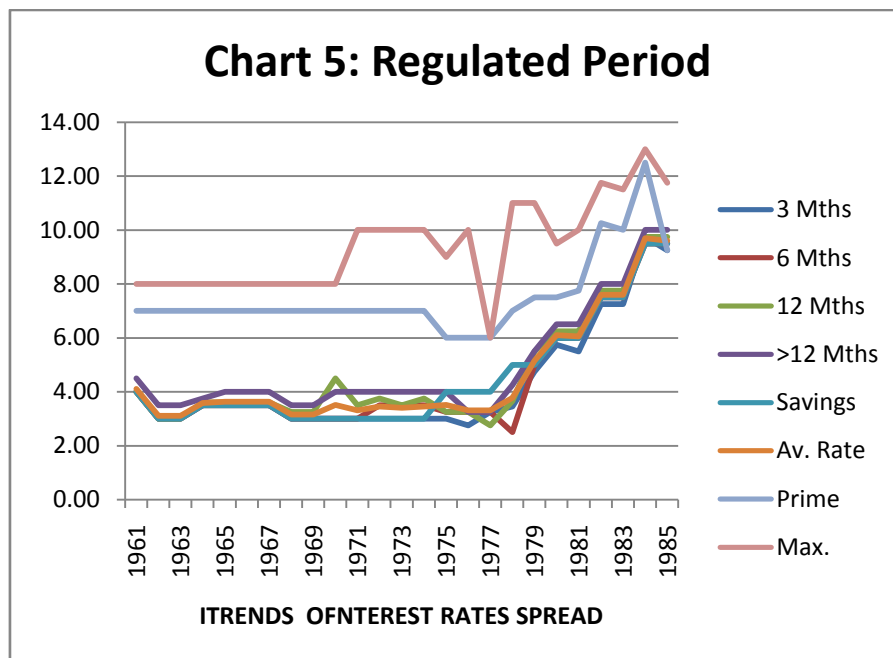
Table 3a: Weighted Average Deposit and Lending Rates
Regulated Period

	3 Mths	6 Mths	12 Mths	>12 Mths	Savings	Av. Rate	Prime	Max.
1961	4.00	4.00	4.00	4.50	4.00	4.10	7.00	8.00
1962	3.00	3.00	3.00	3.50	3.00	3.10	7.00	8.00
1963	3.00	3.00	3.00	3.50	3.00	3.10	7.00	8.00
1964	3.50	3.50	3.60	3.75	3.50	3.57	7.00	8.00
1965	3.50	3.50	3.60	4.00	3.50	3.62	7.00	8.00
1966	3.50	3.50	3.60	4.00	3.50	3.62	7.00	8.00
1967	3.50	3.50	3.60	4.00	3.50	3.62	7.00	8.00
1968	3.00	3.00	3.25	3.50	3.00	3.15	7.00	8.00
1969	3.00	3.00	3.25	3.50	3.00	3.15	7.00	8.00
1970	3.00	3.00	4.50	4.00	3.00	3.50	7.00	8.00
1971	3.00	3.00	3.50	4.00	3.00	3.30	7.00	10.00
1972	3.00	3.50	3.75	4.00	3.00	3.45	7.00	10.00
1973	3.00	3.50	3.50	4.00	3.00	3.40	7.00	10.00
1974	3.00	3.50	3.75	4.00	3.00	3.45	7.00	10.00
1975	3.00	3.25	3.25	4.00	4.00	3.50	6.00	9.00
1976	2.75	3.25	3.25	3.25	4.00	3.30	6.00	10.00

1977	3.25	3.25	2.75	3.25	4.00	3.30	6.00	6.00
1978	3.45	2.50	3.65	4.25	5.00	3.77	7.00	11.00
1979	4.75	5.00	5.50	5.50	5.00	5.15	7.50	11.00
1980	5.75	6.00	6.25	6.50	6.00	6.10	7.50	9.50
1981	5.50	6.00	6.25	6.50	6.00	6.05	7.75	10.00
1982	7.25	7.50	7.75	8.00	7.50	7.60	10.25	11.75
1983	7.25	7.50	7.75	8.00	7.50	7.60	10.00	11.50
1984	9.75	9.50	9.75	10.00	9.50	9.70	12.50	13.00
1985	9.25	9.50	9.75	10.00	9.50	9.60	9.25	11.75

Source: CBN Bulletin (Various)

Chart 5: Regulated Period

Though pictorially, the IRS appear to be narrowing towards the end of the period, empirical studies (for instance Haruna, 2008 among others) have indicated that the IRS is still high with consequence of discouraging banking businesses. The rising cost of financial intermediation is more obvious when the post liberalization trend is studied.

Table 3b: Weighted Average Deposit and Lending Rates
Regulated Period

	3 Mths	6 Mths	12 Mths	>12 Mths	Savings	Av. Rate	Prime	Max.
1986	9.25	9.50	9.75	10.00	9.50	9.60	10.50	12.00
1987	14.90	15.30	15.10	15.80	14.00	15.02	17.50	19.20
1988	13.40	12.10	13.70	14.30	14.50	13.60	16.50	17.60
1989	18.90	21.60	21.40	21.20	16.40	19.90	26.80	24.60

Year								
1990	19.60	20.50	22.10	23.00	18.80	20.80	25.50	27.70
1991	15.71	17.09	20.10	20.10	14.29	17.46	20.01	20.80
1992	20.80	22.30	22.10	20.50	16.10	20.36	29.80	31.20
1993	23.60	23.26	23.99	28.02	16.66	23.11	18.32	36.09
1994	15.00	15.00	15.00	15.00	13.50	14.70	21.00	21.00
1995	13.62	13.65	13.96	14.27	12.61	13.62	20.18	20.79
1996	12.94	13.21	13.43	13.55	11.69	12.96	19.74	20.86
1997	7.04	7.49	7.46	7.43	4.80	6.84	13.54	23.32
1998	10.20	10.50	9.98	10.09	5.49	9.25	18.29	21.34
1999	12.68	12.75	12.59	14.30	5.33	11.53	21.32	27.19
2000	10.60	10.27	10.67	10.44	5.29	9.45	17.98	21.55
2001	10.20	10.50	9.98	10.09	5.49	9.25	18.29	21.34
2002	16.31	16.99	16.50	15.57	4.15	13.90	24.85	30.19
2003	14.31	13.07	13.04	11.88	4.11	11.28	20.71	22.88
2004	13.69	12.47	13.32	12.21	4.19	11.18	19.18	20.82
2005	10.53	10.38	10.82	8.68	3.83	8.85	17.95	19.49
2006	9.75	9.33	8.35	8.26	3.14	7.77	17.26	18.70
2007	10.29	9.74	8.10	9.49	3.55	8.23	16.94	18.36
2008	11.95	11.85	11.84	11.95	2.84	10.09	15.14	18.70
2009	13.30	13.47	13.27	13.23	2.94	11.24	18.36	22.90
2010	6.52	6.22	5.67	7.58	2.21	5.64	17.59	22.51

Source: CBN Bulletin (Various)

While the lending rates maintain a smoothened upward trend, the average deposit rates a

downward trending.

Chart 6: Deregulated Period
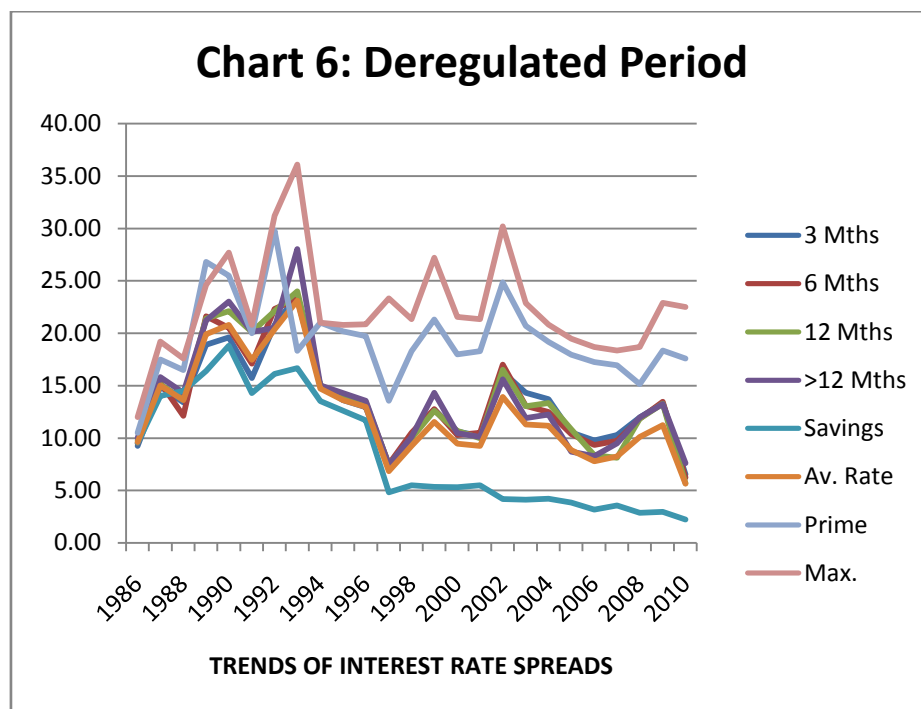
This will no doubt not encourage banking business. Evidence that the non-cash culture is not market induced; cost avoidance strategy to sustain above non-banking culture from potential bank customers will always be employed. It is also clear that an understanding of the nature of aggregate national savings behavior is critical in designing policies to promote savings, investment and growth.

CONCLUSION

Globally, banking is entering a new era of communication technology. Setting out a clear strategy is becoming more difficult as regulatory and political intervention changes the market structure, without much regard to banking cultural setting. Banks remain under enormous pressure not only restore public confidence in the role that they play in society after any waive of financial crisis, but to be seen to be converting those averse to banking businesses on an increasing basis. As banks respond to these structural pressures across markets and strive to obtain a competitive advantage, the challenge remains to keep the customer experience and wider brand perceptions central to all strategic thinking.

In this regard, the efforts towards cashless operations in Nigeria might be consistent with the global trend, but caution should be exercise in rushing the program until measures are in place to encourage and push fast the banking culture change. Evidently, the market history suggests that the Nigerian banking culture is far from being developed.

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