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Competitive Response to
Digital Disruption in Banking

- Equipment Leasing: A Viable Financing Option for Deposit Money Banks (DMBs) in the Agricultural Transformation Agenda (ATA) of Nigeria.
- Talent Management in Nigerian Banks
- Implications of Pre- and Post-Banking Reforms to Stakeholders

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From the
EDITOR'S DESK

HUMAN CAPITAL is synonymous with the knowledge and skills which are embodied in the labour force. Studies have actually shown that human capital is the most important in any production line. This is because, it is human capital that harnesses the other factors of production such as technology, machinery, finance and what have you, in the production process. It is human capital that formulates and implements policies and determines the right mix that can give optimal output.

Human capital development enables organization to boost productivity and with specialisation over time will lead to greater output. Through consistent training labour will become highly skilled in their area of specialization and can begin to do the job effortlessly. The labour force will become talented in the job at that point and the level of efficiency will increase. That will take the organization to the optimal point of production. It is possible for output to be sustained at the highest level and the relative cost at the least level depending on management. Labour will become highly talented at that point. Talent is that gift of skill which one acquires in what he does which enables him to do his bit with expertise.

Talent management therefore entails the use of strategic human resource planning to improve business value thereby facilitating organisations' aspirations to reach their goals. The issues of recruitment, staff development and retention, succession planning, reward systems, all of which add to staff performance are all integral parts of talent management as well as strategic workforce planning.

The nature of banking business calls for cutting edge talent management that will guarantee a competency set which will include knowledge, skills, experience and personal traits, demonstrated through defined behaviours. The need for proper succession plan withn the organization needs not be over-emphasised considering that an in-house staff better understands the culture and corporate values of the organization. Banking is a business bed-rocked on trust and it is highly competency-based. These are what attract customers to banks. With talent management effectively deployed, banks will ensure right hiring, training and retention of staff and that obviously will translate to enhanced performance.

Considering the rapid transformation going on in the banking industry today, it becomes imperative that banks should embark on consistent human capital development to always keep their staff a step ahead. This will enable them to compete locally and globally. The recently developed competency framework by the Bankers' Committee will no doubt assist banks in their talent management as it will serve as benchmark for all banks. The banking of tomorrow will be competency driven and bankers with multi-disciplinary skills will have an edge. The Chartered Institute of Bankers of Nigeria must be prepared to carry its human capital development efforts to the next level. The newly established Centre for Financial Studies, (CFS) and the recently reviewed and updated syllabus for Institute examinations are all indications that the Institute is gearing up to meet the challenges of tomorrow's banking. It is also hoped that the monetary authorities and the government will provide an enabling environment for banks to thrive and match their counterparts in other jurisdictions.

Alex C. Anameje, HCIB

Article 1

Competitive Response to Digital Disruption in Banking

Toluwaleke Adenmsoun*

IT is a great pleasure and honour to deliver the speech at today's graduation and prize giving ceremony of the Chartered Institute of Bankers. To the graduates and prize winners, accept my sincere congratulations as you celebrate this milestone. I wish you all the best and hope the qualification you have obtained provides a platform for future success and advancement in your professional career.

I thank the membership services team of the institute for considering and inviting Accenture to speak at today's event.

We all learnt in Economics 101 that that there is no such thing as a free meal. By accepting the invitation, I agreed to pay the price by speaking to this distinguished audience and sharing some insights from the Accenture point of view about the imperative for banks to respond to changes in financial services landscape. On your part, the price you have to pay is to listen attentively to me as I speak!

When the membership services team requested that Accenture speak at this event; the suggested topic was 'Enhancing Competitive Advantage Beyond Marketing: Key Technical and leadership Strategies'. I struggled quite a bit with the title, and eventually, we arrived at the consensus, that I could speak on any related topic about ways in which Banks can grow and gain competitive advantage.

Now that is a sweet spot – and I am happy to share some thoughts with you about the imperative for banks to change; not only for competitive advantage, but maybe even more fundamentally, for continued relevance.

Let me start by sharing a story that we may all be familiar with about 2 back-packing friends

** Mrs. Adenmosoun is the Managing Director, Accenture Financial Services.*
Being a Speech delivered at the 2014, CIBN Graduate Induction and Prize Awards Day held in August....Lagos.

R-L Mrs. Katja Schiller Nwator, Leadership Development & CSR Manager, , presenting an award on behalf of the Tony Elumelu Foundation to Miss Moyowa Z. Mojeed as the overall Best Student in Practice of Banking during the 2014 ACIB Induction and prize awards day held on August in Lagos.

who were on a camping adventure. One of them ran into the tent and shouted to his friend that there was a bear running towards them. The other friend quickly started to put on his running shoes. As he started lacing up his shoes, his partner was incredulous and asked how on earth he thought he would be able to outrun the bear.

His response is very instructive, 'I do not have to run faster than the bear, I only have to run faster than you' – Survival Tactics lesson 101.

Seriously speaking, the Nigerian banking industry has come through crisis and has returned to strong profit performance and is poised for growth. The economy is growing, macroeconomic indices are favourable and proving resilient.

So, you may ask – where is the bear and why do we need to run???

Let me share a recent analyst review of Chinese banking.

'Digital troopers are at the Gate'

Internet companies are storming the sector ......China's banking model now faces a huge challenge triggered by internet giants. .....The genie is out of the bottle – the trend of deposit disintermediation is set, the only question is how fast.' (Citi Research, March 2014).

Why is the response to digital disruption the most pressing competitive imperative for banks??

Advancement of the digital ecosystem has brought significant impact to people's financial life in areas traditionally dominated by banks - the question is not if but how fast banks can respond to the challenge.

Allow me to introduce Alibaba's Alipay and Yu E Bao. 4

Alibaba, the largest e-commerce company in China has over 800m active user accounts and sales volume through its ecommerce platforms accounts for about 7.7% of China's total retail sales, according to Citi Research.

Alibaba Group Holdings is expected to go public on the New York Stock Exchange, and it could raise $20 billion making it the largest stock offering in U.S. history.

Alipay, Alibaba's third party payment company an online payment platform with no transaction fees controlled about half of China's online payment market in February 2014. More than just payments, Alipay services include: P2P money transfer, micro-lending, lottery, insurance, micro-wealth management etc.

Alibaba's internet money market fund (MMF)

The graduates (Associates of the Institute, ACIB) reciting their affirmation during the event

L-R: Mr. Bayo Olugbemi, FCIB, National Treasurer, CIBN; Mr. Mr. Anogwi Anyanwu, Executive Director, Mainstreet Bank Ltd, representing the MD/CEO, Mainstreet Bank Ltd; Otunba (Mrs) 'Debola Osibogun, FCIB, President/Chairman of Council, CIBN; Mrs. Toluleke Adenmosun, Managing Director, Financial Services Accenture and Dr. Segun Ajibola, FCIB, 1st Vice President, CIBN at the 2014 ACIB Induction and prize awards day held in Lagos.

number of professionals.

Convergent disruption, in the form of new market entrants, is a growing factor in the banking industry. The take-off of ecommerce and the emergence of fast rising online outlets like Jumia & Konga is opening up new avenues for epayments and data collection. (Perhaps we already have our own 'Alipay' in the making??).

It is imperative that banks take a fresh look at the digital customers with an understanding of the impact of not paying attention to them and the opportunity if you do.

Yu E Bao, amassed retail savings of Rmb400bn ($65 bn) from 61m people in nine months.

It is no longer business as usual - digitalisation has disrupted the financial services landscape. There is clear evidence that consumer behaviour and expectations of service and experience are changing.

We have 25 banks and a network of some 5,500 branches nationwide. The number of banking customers is between 22m – 25m. But there are 127 million active mobile connections (71% mobile phone penetration) and 25 million users of smartphone (a fertile market for digital play!)

An Accenture survey of banking customers recently published in the American Banker concluded that while many banks have been able to retain their customers through traditional channels and digital service offerings, recent shifts are threatening the customer base. Even long term banking relationships at traditional banks is susceptible to disruption.

New technologies are changing the way that customers and financial service providers interact and introducing a new demand for how banking services are delivered. In particular, Millennials—under 30 years of age— have distinct preferences regarding financial services and digital technology.

Digitalisation is not a future possibility for Nigeria – it is today's reality:

Internet: Over 63 million internet data subscribers (the highest in Africa, and fourth largest in the world)

Facebook: 11 million users (Largest in Africa) and 4th fastest growing number of users worldwide 5

Twitter: 1.6 million profiles.

LinkedIn: 1.03 million business profiles and an unconfirmed

A cross section of the Inductees

Some of the Inductees at the registration table.

breaking the flow Banks understand they need several channels to interact with customers. But rather than "bolting on" new channels and engineering internal processes to evolve to a digital world, banks should look at outcomes they want to deliver to customers and reverse-engineer to identify what must change in channel mix and capabilities.

Inherently Mobile: Enable Me – any here, every where By any measure of mobile device adoption, customers' inherent mobility is clear. Farsighted banks are building a variety of new mobile capabilities to engage customers in ways perhaps not yet imagined. 7

A customer driven blueprint for digital experience is imperative for competitiveness.

Accenture has identified 5 common themes that drive customer experiences that are noticed & valued. These five areas are not to be considered in isolation, they are complementary and they need to be integrated.

Theme Customer Expectations

Hyper-relevance "Know me" - predict behaviour one step ahead Customers expect their bank to know them and to provide more valuable interactions. Hyper-relevant companies predict consumer behavior and, using knowledge of their needs and interests, customize the consumer interaction at any point in time in any channel.

Relationships at Scale "Show me you know me" - create new approaches to intimacy.

Take advantage of rich channels provided by digital technologies to communicate in much more personal ways. A new level of intimacy with consumers is now possible, but it requires definition of how to create trusting relationships not just online but offline as well.

Seamless Experience: Delight me - glue it all together, avoid

Naturally Social: Value me - ensure they want you to be with them Social media provides the opportunity to listen, understand what customers think and want. Banks can use that insight to engage customers in valuable and more meaningful interactions.

Customers are becoming dissatisfied with banking relationships that are merely transactional, rather than driven by advice or a broader relationship.

Digitally aware customers expect a new service proposition—they want banks to help make their financial lives easier and to enable them to manage their money more proactively. Banks that do not craft a meaningful response, risk losing customers—and revenue to other more

Cross Section of invited Guests at the event.

digitally focused financial services providers.

Customers want a bank that's nimble and proactive, that can be a part of their daily lives. The idea of "convenience" in banking is undergoing shift toward digital products and services that mesh with consumers' "smart" mobile-empowered lives.

Customers are increasing likely to consider a branchless digital bank. This is particularly true among younger customers, who are less interested in convenient branch locations and more interested in accessing digital services at the time and place of their choosing.

Customers are willing to pay a fee for budgetary advice and want their bank to proactively recommend products or services that can help meet their financial needs – Think of Amazon's 'Your recommendations' and 'Other customers who viewed this item, also......'. Such advice would strongly increase their loyalty to the bank.

Customers are interested in spending analysis that is forward looking and available real time. Think of '.....you spent 10% of your cashflow last month dining out.'or 'The projected balance in your account will only cover half of school fees that are due in 2 weeks, click on link to accept a pre-approved advance for payment'.

By truly focusing on customer needs and integrating data, analytics and insight with product development and delivery, banks can transform not only the service proposition they offer to their customers but also the perceptions of their brand. That, in turn, will help drive overall loyalty. The adoption of digitally enabled services presents a unique opportunity for banks to deepen the relationship with their customers—going beyond daily banking to helping them better manage their financial lives on a daily basis.

There is a clear imperative for fresh and action-oriented responses to changing consumer trends related to satisfaction, loyalty, experiences using digital technologies to deliver banking products and services more effectively. Banks that meet this need by using digital to learn more about what their customers want, and delivering proactive advice and services through a consistent, omnichannel approach will give themselves a winning edge and get ahead of the trend. Such banks will have a clear opportunity to build stronger customer relationships and improve their overall performance.

To meet these challenges, banks should advance on three fronts:

1. Become truly omnichannel by seamlessly integrating the customer experience across in-branch, assisted, and digital interactions.
2. Extend the ecosystem by offering a greater range of services for customers
3. Offer digital personalized financial advice and counseling to customers to help them better manage their financial needs.

To compete in the evolving environment, banks need next generation banking functionalities and capabilities to support key operational building blocks for competitive advantage:

- optimization and simplification (having a structure as efficient and effective as possible),
- agility (being able to seize opportunities in times of change),
- continuous innovation (having the ideas, vision and leadership to proactively stay ahead of the market).

Tomorrow has started today! Banks that cling to the status quo, risk being viewed over time more like utilities that conduct financial transactions.

In closing, let me reiterate that digital is redefining the future of banking. The opportunity for banks to continue to be relevant and position for growth and competitive advantage will be driven by relevant, higher valued propositions to customers in an omni-channel way.

Now, who is going to get their running shoes on and out run the pack!

Distinguished Ladies and Gentlemen, on this note, let me once again thank you all for your attention. To the 2014 Graduates and Prize winners, I congratulate you once again, and wish you continuing success in your endeavours.

Thank you.


EVERY
GETS MORE
ATTENTION
With more resources, more people and more technology, it is only natural that we should pay you more attention. And we can only do that by recognizing your individuality in order to help you realize your unique aspirations.
Sterling Bank
The one-customer bank.

Article 2

EQUIPMENT LEASING:

A Viable Financing Option for Deposit Money Banks [DMBs] in the Agricultural Transformation Agenda [ATA] of Nigeria

Akinola Famogbiele, HCIB*

Abstract

Using majorly the secondary data sourced from the reports ,reviews ,and journals of the respective stakeholders, this paper highlights Equipment Lease Financing [ELF], as a viable option for DMBs in Nigeria to successfully and effectively finance agricultural development in the light of the agricultural transformation agenda [ATA]of the current administration . President Goodluck Jonathan of Nigeria had , at the 7thAnnual Banking and Finance Conference of the Chartered Institute of Bankers of Nigeria [CIBN], held in Abuja on, September 10-11, 2013 ,castigated the DMBs for poor performance in the agricultural sector relative to the banks' consortium loan of USD3.3bn[N528bn] granted Dangote refinery alone, a gesture the President thought should also have been considered more strategic for the agricultural sector.

The ELF option is considered beneficial for the DMBs in terms of the profit and the enhanced potentials of expected positive contributions to economic growth and development, considering their precarious and unstable liquidity structure which is mainly short-term, in financing agriculture, a predominantly long-term sector of the economy. The high interest rate of lending is also a contentious issue in the light of the profitability goals of the DMBs as private corporate entities.

Consequently, the paper concludes that the banks should revisit this option for those obvious benefits.

KEY WORDS: Equipment Leasing, ATA and DMBs.

** Mr Famogbiele is of the department of Accounting and Finance, Faculty of Social and Management Sciences, Ajayi Crowther University, Oyo State, Nigeria.*

1.0 INTRODUCTION

In establishing the hierarchy of human needs, Maslow, as cited by Drucker [1974], put self- fulfilment at the top of the hierarchy above the economic needs. Of the self-fulfilment, food stands atop other two most essential human needs of housing and clothing, in that order. Unfortunately, the global food situation is so precarious that insecurity and economic instability are the order of the day, especially in the developing Third World, including Nigeria, in particular. There is currently extreme poverty and hunger in Nigeria, to repudiate the much paper acclaimed growth of the GDP which is not reflected on the life of her citizenry. Some 70% of the population in Nigeria lives at a subsistence level of less than USD 1.00 a day, despite the acclaimed growth of 7% in the GDP, and despite the oil revenue at the average price of USD 100.00/barrel on a minimum of 2 million barrels/day in the last 14 years [or thereabouts]. So much precarious is the extreme hunger and poverty in the land that the Millennium Development Goal [MDG] of its[poverty] eradication by 50% by the year 2015, is unrealistic and, again, despite the N900bn claimed by the National Assembly Committee on MDG to have been spent on grass roots development. Famogbiele(2011) affirmed that, indeed, the eradication of extreme hunger and poverty is a prec- edent to achieving the other seven(7) goals of the MDGs which are gradually being closed while era- dication of extreme hunger and poverty is becoming worse and the gap getting wider by the day.

It is a known fact that health is wealth, not only for an individual but also a nation, as good health enhances labour productivity and efficiency. To be healthy, there must be freedom from hunger in the nation. Hunger generates poverty as it not only impairs physical and mental development but also labour productivity and efficiency. Hunger prevails in Nigeria as the country is still far from attaining the objective of food security which has become the most intractable challenges for her development goals. This is because the food import bill in Nigeria is currently in the neighbourhood of N1.3 trillion/annum[USD 8.00bn] for only four food items, having spent N635bn[USD 4.0bn] in importing wheat; N365bn[USD 2.2bn] on rice; N193.0bn[USD1.20bn] on sugar, and N97bn[USD0.57bn] on fish in 2012 alone. The CBN actually claimed that the country's food import bill in the ten 10-year period of 2000-2010 was N98 trillion [i.e. N9.8 trn/yr] (Famogbiele, 2012).

It is said that a strong and economically viable nation is a function of her strength and efficiency in agriculture. This is because agriculture, in this position of strength and efficiency, ensures, in a nation, not only adequate food security for the ever-growing population, but also generates employment, adequate raw materials for the industries, sustenance of the balance of payments equilibrium and real growth of the economy. It is indeed the failure of the agricultural sector in Nigeria to guarantee the above macro economic objectives in the economy, especially full employment, that has encouraged the current economic slavery of the nation with thousands of Nigerians emigrating to the USA, Canada, and the UK, among other developed nations for jobs. With the apparent failure to meet up with the above highlighted responsibilities, it is evident that the sector has relegated its prime position and strength as the main anchor of the Nigerian economy to the wasting and fast depleting and unstable petroleum sector.

The above perhaps informed the berating of the DMBs in Nigeria by the President, Dr Goodluck Jonathan, in his address at the 7th Annual Banking and Finance Conference of the Chartered Institute of Bankers of Nigeria [CIBN] in Abuja on September 10-11, 2013. The President's comment was relative to the USD3.3bn[N528bn]consortium loan granted Dangote Refinery, and at a go, by a group of dmbs while agriculture, the main economic anchor of the nation, continues to struggle for adequate funds, albeit at the initiative of the CBN that had been able to float and sustain development funding schemes such as ACGSF, BOA, the CACS, and now NIRSAL. The efforts of these respective funding policy schemes, with barely N300bn granted the agricultural sector in their 40 years of existence [Famogbiele, 2013], are jointly seen as a drop in the ocean with little significant effect on the economy, compared to the consortium loan of USD3.3bn[N528bn] Nigeria banks have now granted to Dangote Refinery alone, and at once. If Nigerian banks could grant this much to a unit of a sub-sector with declining and crisis-ridden contributions to the economy, they should be able to extend the same gesture, if not better, to the agricultural sector, so the President seems to have said according to *Business World*, a weekly economic newspaper in Nigeria. Akin to this is the ridicu- lously low percentage of banks lending to agriculture in the last five[5]/ten[10] years, at an average of about 3%**,** compared to that of the petroleum sector at over 20%**. See Table 1.**

The objective of this paper is to highlight a viable option, now found in ELF, for the DMBs in Nigeria to be more effective and efficient in successfully funding agricultural development. In doing this it is perhaps strategic to highlight to interested stakeholders that DMBs are not development banks, and, as private corporations, their goals are essentially safety and liquidity of depositors' funds without jettisoning profitability, the maximisation of which upholds and ensures the corporate ultimate objective of maximising owner's welfare. Of course, the above three objectives of lending, however, do not obliterate the fourth objective of banks in lending which is the economic development of the operating environment, the nation, in this case.

ELF, as a viable option in agricultural financing, has symbiotic and mutual benefits to both the DMBs and the farmers , relative to the precarious and unstable liquidity structuring of most DMBs, the high lending interest rates and improved cash flows for the farmers. This ELF is seen as a success path for the Agricultural Transformation Agenda (ATA) of the Goodluck Jonathan administration.

The paper has five sections. Section 1 is the introduction which discusses the background as to the poor and precarious position of agriculture and agricultural lending; Sections 2 and 3 respectively discuss the concept and theoretical framework of ATA and ELF while Section 4 highlights the role of DMBs not only in agricultural lending but also the economy including, in addition, the role of ELF, sources and importance of leasing. Section 5 concludes the paper with recommendations.

2.0 Agricultural Transformation Agenda [ATA]

Realising the essential and strategic need of diversifying the Nigerian mono-resourced economy from the petroleum sector which is now believed to be edging into a blind alley after five [5] decades [Ekemenah,2013] of unstable, unrealisable and uneconomic sustenance of the nation, successive administrations in the last 40 years and over initiated several economic policies, none of which seems to have been practical and pragmatic enough to effect the expected change. The current ATA, as a sub-sector of the Economic Transformation Agenda [ETA] of President Goodluck Jonathan's administration, however, seems different, as it has a potential success trait having been strategically founded on value addition, among many other economic structural changes, including Power/Energy sector . This is because agriculture is seen as (and known to be) the cornerstone of industrialisation. It is generally believed and accepted as a channel that propels economic growth and facilitates success of struct- ural transformation and diversification of economies. In this respect, its ability to fully utilise its end- owed factors in reducing overdependence on oil for sustenance has failed due to mismanagement despite the plethora of high-quality human capabilities of international repute. As the oldest econo- mic occupation in the world, agriculture, said to be 95% science and 5% works, could not be divorced from the active economic activities even with modern industrialisation and other scientific advancements [Ekemenah, 2013]. Agriculture, Industrialisation and Commerce are therefore the tripod pillar on which an economy grows and is sustained.

ATA, a strategic structural reform put in place to unlock the potential of agriculture by harnessing its resources and turning it into a business big enough to attain global status, is an agricultural policy paradigm shift for the country to take the comparative advantage of agriculture by putting it where it ought to be, thus putting Nigerians on the effective global market. The point is that Nigeria has no business importing food which she has comparative advantage in effectively producing. Adedoyin (2004) identified not less than 40 of such agricultural produce in which Nigeria has comparative advantage including rice, palm-oil, cassava, hides and skin, benniseed, cocoa, groundnut, cotton, etc.

In order not to continually be a prodigal nation, ATA was conceived, initiated and established as a major policy reform to ensure that agriculture becomes more productive, more efficient, more competitive and an effective poverty alleviation strategy for millions of people through wealth creation (Adesina, 2013). The idea of ATA is therefore to ensure that agriculture in Nigeria achieves its full potential, even within the global context, by transforming it into a business programme rather than a developmental programme. As a business, it is expected to be private-sector-driven rather than adopting the public-sector-led developmental approach of the previous administration that have yielded little or no positive economic result. In achieving the above objective, ATA is programmed as a value - added - chain [vac] revolution for agriculture. Value-added- chain in agriculture is indeed a panacea to economic recovery in any nation, and Nigeria cannot be an exception, as people buy value, pay for value and spend on value. People, money, fame and prosperity will always look for the man (and of course, the nation) who is able to create and offer value [Joshua, 2010]. Adding value is an interconnectivity of operations from the farm to the table and/or the final consumer. Agricultural value chain, which is an ingredient of ATA, involves the use of technology, science for research, mechanisation and processing, not only, to improve and enhance farm level productivity, both per unit area of land, and worker, but also to enhance the shelf-life of agricultural produce with effective[durable] storage, especially in the transformation from the primary farm produce to secondary industrial produce and invariably, to the tertiary and the final produce that has better and enhanced value with higher profit.

Consequently, revolutionising agriculture into a real business capable of creating wealth and making farming attractive for the young, upcoming ones (i.e. job creation)and stabilising the economy addresses value addition to the following, amongst others, and each of which desires respective value-added financing:

a) Sustained provision of improved farm inputs – seeds, fertilisers, chemicals, etc., in the right quantity, quality and at the right time.
b) Mechanisation of the vast abundance of agricultural land to take away the drudgery of farming in the use of hoes and cutlasses. This will require setting up private tractor hiring services across the country. A full complement of a tractor includes a tractor, a trailer for farm produce transportation, a plough, harrow, ridger, planter, fertiliser distributor, etc. These equipment could be leased by individual farms, corporate ones and co-operative groups for the benefit of the small holder farms.
c) Storage of farm produce adequately and efficiently with a view to preserving them, thus ensuring availability throughout the year, either for final consumption or as raw materials to be turned into secondary or tertiary produce for the industries. Such storage equipment include sheller, dryer, winnower, cribs, bins, silos and even warehouses. Storage is one step of value-added chain, among other steps which include myriads of processing, depending on the particular crop or livestock.
d) Processing of various farm produce into various secondary, tertiary and end products. Processing is the core of value-added chain in agriculture which cuts across the multitude of farm crops and livestock. A few of such range from:
    i) Tomatoes to produce tomato paste [tinned tomatoes];
    ii) Citrus [oranges], mangoes, pineapples, etc., to produce fruit and orange juices and concentrates;
    iii) Grain cereals – maize, wheat, sorghum, millet, etc to produce flour (a major ingredient of bread) confectionaries, beer and beverages, among others; rice (a major staple food) which can be processed to produce polished rice for direct consumption rather than the imported ones;
    iv) Legume cereals – soya beans, beans into flour, etc;
    v) Tubers:
        1) Cassava to produce flour in the production of a more nutritious and healthy bread; cassava is also capable of producing ethanol, etc, apart from its use widely as human food and livestock feed;

2) Yam into yam flour, poundo [pounded] yam;

vi) Hides and Skin – be they of goat, sheep, cattle, etc., are raw materials for the many tanneries that criss-cross the northern states for the production of wet-blue leather. The Nigerian leather happens to be one of the best in the world;

vii) Chicken/Turkey, etc., to produce fresh frozen chicken for the table to meet the demands of the over 150 eateries that criss-cross the country. This is a better and healthier alternative to the chemically preserved imported and smuggled ones.

viii) Woods, in different dimensions are processed into different furniture products and building materials.

The list of value-added products of agricultural origin is indeed endless and all of them require equipment at different levels of production, processing, marketing/distribution to the end consumers.

e) Marketing and transportation of agricultural produce from the farm to the market and through the processing channel are required steps in the ATA value-added chain which requires various equipment, including vehicles, cold storage, marketing distribution and manufacturing equipment.

> ***Management in this instance refers to the sourcing and utilisation of money. Using short-term money funds of the DMBs for long-term utilisation of agricultural productivity is structurally deficient and for the banks a mismatch which they would not buy into, no matter the level of government moral suasion, since they [banks] are private corporate entities with profitability goals.***

f) Modernising the financial sector with a view to providing adequate financing, at the right time and price to support the revolution. This is where the role of the DMBs in the ATA is very salient. Money, no doubt, is very strategic to the success of ATA and this is why the fear of the President in admonishing the DMBs for their hitherto poor performance is very apt. However, it is important to appreciate that money per se is not the problem of agricultural development but the management of money. Management in this instance refers to the sourcing and utilisation of money. Using short-term money funds of the DMBs for long-term utilisation of agricultural productivity is structurally deficient and for the banks a mismatch which they would not buy into, no matter the level of government moral suasion, since they[banks] are private corporate entities with profitability goals. Unfortunately, the government has not helped matters as the agricultural funding schemes and policies have been rather inefficient for a number of reasons, including, but not limited to:

i) Governments making many unfulfilled promises and commitments;

ii) Poor budget allocation to agriculture despite the international commitments;

iii) Sales of treasury bills to the DMBs at a rate which makes it more profitable for the banks and at the expense of any economic growth and development.

3.0 Equipment Lease Financing [ELF]

Equipment Leasing [EL]is an agreement and/or a contract between two parties wherein a party [usually a company, referred to as a lessor] allows the use of its assets – an equipment, by another party [may also be a company or an individual, known as a lessee] over a period of time for which a payment of rentals is made. Legally, the ownership of the equipment/asset remains with the lessor while the possession and/or the right of utilisation (or usage)remains with the lessee, as long as the lease tenure lasted [Osaze(1993), citing ELAN]. The owner (lessor) could be a financial institution or a leasing company. Akinsulire (2005) says it is a contract of bailment with the lessee rarely becoming the owner in practice and a legal contract which is enforceable by all parties under the contract law of the applicable jurisdiction.

Wikipedia says it is a process by which a firm can obtain the use of a certain fixed asset for which it must make contractual periodic, tax-deductible payments. Over the centuries, leases have served many purposes and have been found appropriate for any business and at any stage of development; the nature of legal regulation has varied according to those purposes and the socioeconomic demands of the times. Leases, for example, and according to Wikipedia, were mainly used for agricultural purposes until the late 18th century and the early 19th century when the growth of cities in industrialised countries made leasing an important form of landholding in urban areas.
BOFI Act [1991] Sect. 66, Cap C20 [Part III - Miscellaneous and Supplementary] defines leasing as a business of letting or sub-letting movable property on hire for the purpose of the use of such property by the hirer or any other person in any business whatsoever and where the lessor is the owner of the property regardless of whether the letting is with or without an option to purchase the property.

Leasing is indeed a usage agreement of an equipment which does not confer ownership on the lessee but in which the lender/lessor (owner) buys and owns equipment and then rents it to a business (lessee) at a flat monthly rate - periodic payment, for a specified number of months. It is basically a loan – but not a bank loan, which offers a competitive alternative source of financing for the enhancement of capital formation necessary for national economic growth. It is therefore seen as a vehicle of development capable of equipping Nigeria and putting her on the path of economic growth and prosperity, as desired by ATA. This is a vehicle the banks could use in enhancing their contributions and participation in revamping the nation's economy from its current doldrums, thus making their objective of wheels of economic development and growth a reality.

The usefulness and importance of this practice can be seen and confirmed in the fact that, at least 80% of businesses in an economy - developed and/or developing - lease some or majority of their equipment. Equipment Leasing Association of Nigeria [ELAN], for example, in the five year period (2008-2012) leased equipment worth N2.63trn, a 49.43% growth on the N1.76trn leased in 2006 – 2010. Indeed, in the year 2012, N671bn of equipment were leased, of which the agricultural sector's share was a mere 7.46% (**See Table 3).**

The above performance of the banks is indicative of an irony of efficient resource allocation for dynamic and effective economic growth and development, in that while agriculture – the worldly accepted foundation of economic growth - enjoys a mere 7% of the total equipment leased, the share of oil and gas, transportation, manufacturing, is respectively 30.17%**,** 27.47% and 15.50%.

Evidently, more resources are channelled towards equipping the less developmental and strategic sector of growth of the economy than sustainable agriculture. It is generally known that the oil and gas sector is on the declining sustenance of the economy while the manufacturing sector cannot subsist without agriculture, at least, in the supply of its needed raw materials and on a sustainable basis. One wonders why it has never been thought of that the agricultural sector should be favoured more in order to boost the productivity of the other sectors; more so that a food-secure nation is not only wealthy but also strong.

ATA, through equipment lease financing, therefore presents a good opportunity to re-orientate and correct that economic and financial structural distortion. The practice of leasing is potentially good for the success of ATA as financing equipment can save farms from the long-term funds syndrome that characteristically discourages DMBs from lending to core farming productivities. In this instance, farmers and the banks will be constrained into borrowing and lending working capital [short-term] funds only with consequent symbiotic benefits such as farmers enjoying a better farm cash flow, less capital expenditure and higher profit from improved return on investment [ROI] while the banks, on the other hand, will benefit from better utilised funds within the limit of their structurally short- term resources and consequently, DMBs will enjoy enhanced profit, including the advantages of capital tax allowances; corporate social responsibility and increased contribution to the economic growth and development of the nation **[Table 5 shows that over 90% of bank**

resources are short-term]. EL therefore offers the DMBs the opportunity of incorporating value-chain financing in their operations with a view to enhancing their contributions to agricultural and economic growth and development.

There are basically two major types of leases – the **Finance Lease**, a long-term, non-cancellable which is otherwise regarded as Capital/Full Pay-out Lease, and the **Operating Lease**, a short-term, cancellable lease; their distinguishing differences being, among others, the legal obligations of the lessor and the lessee, accounting and tax handling and, of course, the transfer of the risks of obsolescence (Osaze,1993).

4.0 The Role of Banks [DMBs] in Equipment Leasing

It is in Finance Lease[FL] that the role of the DMBs becomes strategically and mutually beneficial to the banks, as financiers, and to the borrowers – in whatever form [be it the farmers, distributors, transporters, storekeepers and processors] as the producers, all of whom at their respective levels add value to the various agricultural produce. Indeed, for non – interest banks/Islamic banks, ***Ijarah-equipment lease financing***, is a popular and accepted method of financing.

It is, however, ridiculous that up till December 2012 the share of Equipment Lease in the Total Dep- osit Money Banks' (including MFBs) credit was a paltry 2% **[Table 1]**; and equally distasteful is the 7% agricultural sector share of the N671bn total equipment leased in the year 2012, compared to 30% share to the oil sub-sector, 27% to the transportation sector and 15% to the manufacturing sector **[See Table 3],** according to ELAN – the Equipment Leasing Association of Nigeria.

4.1 Sources of Lease Financing

Banks are known to be the major source of financing leases, either directly or indirectly, apart from manufacturers of equipment. Directly, leasing transactions in Nigeria are indeed mainly finance leases since the majority of practitioners are financial institutions made up of banks, finance houses, insurance companies, discount houses, stockbrokers, all of whom are members of ELAN, along with manufacturers/vendors, oil service companies, and even government, apart from the many non – financial institutional leasing companies. Merchant banks and commercial banks are known to be the main source of lease financing in Nigeria as the law allowed them to write up 15% of their assets portfolio to lease equipment. In fact, in the days of merchant banking in Nigeria [i.e. before the era of universal banking], merchant banks dominated the leasing business. Inter-bank funding, especially through syndicated/consortium leases, is another direct source of lease financing while a few commercial houses operating in the lease arena mainly source their funds from banks.

Indirectly, leases could be financed by manufacturers through a lease plan as part of their selling package; funding from their parent companies or a few commercial operating lessors who finance leases with funds obtained from commercial and merchant banks have also been recognised sources. Comparing the data in Table 1 with Table 3, it is evident that only 25.7% of the total volume of equipment leased is financed directly by the DMBs which goes to confirm the direct loss of profit on equipment financing to other agents in the leasing market who, of course, might have sourced their funds also from the banks, albeit indirectly. For example, the USD 40mn[N6.400bn @ USD1.00 =N160] foreign investment funds to three Nigerian leasing firms by Aureos Africa Private Equity Fund, Belgium Investment Organisation, Netherlands Development Finance Bank (FMO) and AFREXIM, according to ELAN [2013], speak volumes on the roles and contributions of DMBs to the leasing industry. These are the huge profit opportunities the banks are loosing to others and which this paper is suggesting they revisit, especially for the ATA, and hence their contribution to national economic recovery. Indeed, the graphical representation of this huge gap becomes more glaring in Figure 1 as agricultural share[N219 Bn]of the total equipment leased [N2,626 Bn]in five years [2008–2012] is just 8.35%.

4.2 Importance of Leasing to the DMBs.

This is borne out of the multitude of advantages and disadvantages of leasing to both the lessors and the lessees that criss-cross the agriculture value-chain template. This paper, however, concentrates only on the advantages to the lessors as briefly highlighted below:

i) Risks encountered by banks, especially, on the misuse and mismatch of bank funds [loans] are minimised if not totally removed; consequently, costs incurred on pre- and post-disbursement monitoring and supervision are equally reduced. Income and profitability are also enhanced.

ii) Residual value of the assets at the end of the primary lease term also enhances the potential profit to the lessor; this is apart from the earnings on the secondary lease term, if exploited.

iii) With good management, lessors, especially the banks, are offered the opportunity of expanding their credit portfolio without necessarily violating the monetary policy guidelines and credit ceilings. This way, it helps the banks to achieve the objective of economic growth and development.

iv) Capital allowances are claimable by lessors on leased assets which qualify for expenditure with the board of internal revenue and for agro-allied equipment there are further investment tax allowances, both of which lower the total capital outlay on the assets.

v) Syndicated leases also offer tax shields for the lessors.

vi) In case of default, a lessor has a stronger legal right to repossess the leased equipment unlike a secured creditor who may incur additional costs and /or litigation delays in recovering secured assets. Experience has however shown that the government and the legislature need to put in place necessary legislation for this right to be effective. The leasing bill in the parliament is long overdue for passage into law and execution by the government.

Agricultural Value Chain, a strategic ingredient of ATA, therefore involves considerable use of equipment in different forms and at different strata which the DMBs could take advantage of to enhance their profitability.

5.0 Conclusion and Recommendations

From the foregoing, it is apparent that the comment of President Jonathan of Nigeria is justified, judging from the performance gap of the commercial banks relative to other economic sectors. Bridging this gap by the DMBs will go a long way in enhancing their contributions to the enhance- ment and success of ATA. This is because this EL financing option offers them a better and more profitable operational platform as:

i) it provides them a better template to make a more profitable use of their short-term funds, especially in the light of the increasing liquidity limitations relative to the withdrawal of public sector funds from the banks;

ii) lending is less stressful, hence less costly and more profitable as there is less of evaluation, pre- and post-disbursement monitoring and supervision; management, follow-up and potential loss on the collateral is also reduced, if not totally eliminated;

iii) additional returns on the equipment leased after the initial leased period and, of course, the capital allowances and investment taxes, among others, are part of the benefits accruable to the banks with this option which will also enhance their contributory platform to enhancing the real economic growth and development.

The government, however, may have to help the banks in the use of this option by:

iv) instituting an enabling legal environment for the option to work efficiently and successfully, especially as to the legal re-acquisition of the assets if the lessee should happen to breach and/renege on the leasing agreement. The money authorities and other stakeholders should therefore impress on the NASS to pass, without further delay, the Equipment Leasing Bill which has been kept long in their purview, unattended to.

v) revisiting and invoking the aspect of the law which allowed the banks to write up 15% of their assets portfolio to lease equipment. This could be implemented through the re-introduction of the sectoral allocation rule.

vi) Enhancing the success of ATA, which is based on the value-added concept and which in turn is a function of the acquisition and usage of equipment, means greater attention should be given to agricultural value – chain financing. In this respect, the government, through the monetary authorities, should subject the participation of banks in such schemes as the NIRSAL, N200billion Agricultural

Development Bond [the CACS], ACSS – Agricultural Credit Support Scheme, among many others, a function of a minimum of 15% of their asset portfolio [- item (v) above] which could even be increased to 20% – 25%. Of course, the same goes to the development banks in this respect, especially for the Bank of Agriculture [BOA] and Bank of Industry [BOI].

TABLE 1: COMMERCIAL BANKS' TOTAL LOANS & ADVANCES (L&A) AND SHARE OF EQUIPMENT LEASE; AGRICULTURE & OIL/GAS N'000

	TOTAL COMMERCIAL BANKS LOANS & ADVANCES	TOTAL VALUE OF EQUIPMENT ON LEASE	% (EQUIPMENT LEASE) OF TOTAL COMMERCIAL BANKS L&A	TOTAL AGRICULTURAL LOANS & ADVANCES	%(AGRIC) OF TOTAL COMMERCIAL BANKS L&A	OIL AND GAS (N'Bn)
2005	1,874,103	N/A	N/A	N/A	N/A	N/A
2006	2,355,214	52,408	2.20	52,408	2.20	N/A
2007	4,509,755	143,786	3.20	143,786	3.20	N/A
2008	7,644,190	111,774	1.80	109,392	1.40	N/A
2009	11,395,881	129,456	1.74	164,719	1.45	N/A
2010	6,683,930	135,181	2.11	117,287	1.76	1,304 (19.51%)
2011	6,557,394	124,055	2.01	281,943	4.30	1,530 (23.33%)
2012	7,114,180	173,555	2.44	316,364	4.44	1,913 (26.90%)

SOURCES: Compiled from: CBN Annual Reports (http://www.cbn.gov.ng)
: Nigerian Bureau of Statistics (http://www.nbs.gov.ng)
CBN Statistical Bulletin: Vol 8 (3)

TABLE 2: MATURITY STRUCTURE OF DMBs LOANS, ADVANCES AND DEPOSIT LIABILITIES [PERCENTAGES]

	LOANS AND ADVANCES					DEPOSIT LIABILITIES				
TENOR/PERIOD	**2008**	**2009**	**2010**	**2011**	**2012**	**2008**	**2009**	**2010**	**2011**	**2012**
0-30 Days	46.6	50.1	46.1	33.4	35.59	72.7	73.3	76.3	76.5	77.04
31-90 Days	13.4	6.4	10.0	12.20	11.58	13.1	15.0	14.4	12.6	13.77
91- 180 Days	7.8	7.3	3.9	6.1	6.06	6.2	4.7	3.4	4.5	3.72
181-365 Days	7.5	6.5	5.3	8.3	6.43	2.7	2.7	2.8	4.21	3.30
SHORT-TERM	**75.4**	**70.3**	**65.3**	**60.0**	**59.66**	**94.8**	**95.7**	**96.9**	**97.77**	**97.83**
MEDIUM- TERM	**14.5**	**14.3**	**14.6**	**15.2**	**18.65**	**5.2**	**4.1**	**2.1**	**2.14**	**2.16**
LONG – TERM	**10.1**	**15.3**	**20.1**	**24.8**	**21.69**	**0.03**	**0.1**	**1.1**	**0.087**	**0.01**
T O T A L	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

SOURCE: CBN Annual Reports : 2010 -12

TABLE 3: EQUIPMENT LEASING VOLUMES BY SECTOR (2007 - 2012) [N'000]

	2007	2008	2009	2010	2011	2012
Manufacturing	56,904,120 [23.16%]	69,778,800 [20.00%]	87,244,500 [19.59%]	91,595,175 [17.03%]	96,695,175 [15.52%]	104,080,368 [15.50%]
Transport	52,063,830 [21.19%]	80,245,620 [23.00%]	100,307,025 [22.53%]	137,420,624 [25.55%]	169,720,624 [27.25%]	184,491,010 [27.47%]
Agriculture	6,019,650 [2.45%]	34,889,400 [10.00%]	43,611,750 [9.79%]	44,483,985 [8.27%]	46,183,985 [7.41%]	50,119,515 [7.46%]
Oil and Gas	87,125,220 [35.46%%]	87,223,500 [25.00%]	109,156,525 [24.52%]	152,819,135 [28.41%]	186,819,135 [29.99%]	202,561,257 [30.17%]
Government	3,071,250 [1.25%]	27,911,520 [8.00%]	43,889,400 [9.86%]	46,083,870 [8.57%]	50,333,870 [8.08%]	50,576,804 [7.53%]
Telecom	38,181,780 [15.54%]	41,867,280 [12.00%]	52,334,100 [11.75%]	56,520,828 [10.51%]	1,620,828 [9.83%]	66,285,160 [9.87%]
Others	2,334,150 [5.95%]	6,977,880 [2.00%]	8,722,350 [1.96%]	8,984,021 [1.67%]	11,534,020 [1.85%]	13,380,319 [1.99%]
Total [Growth Rate]	245,700,000 [30%]	348,894,000 [42%]	445,265,650 [28%]	537,907,638 [21%]	622,907,638 [15.8%]	671,494,433 [7.8%]

SOURCES: Compiled from: CBN Annual Reports (http://www.cbn.gov.ng)
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CBN Statistical Bulletin: Vol 8 (3)

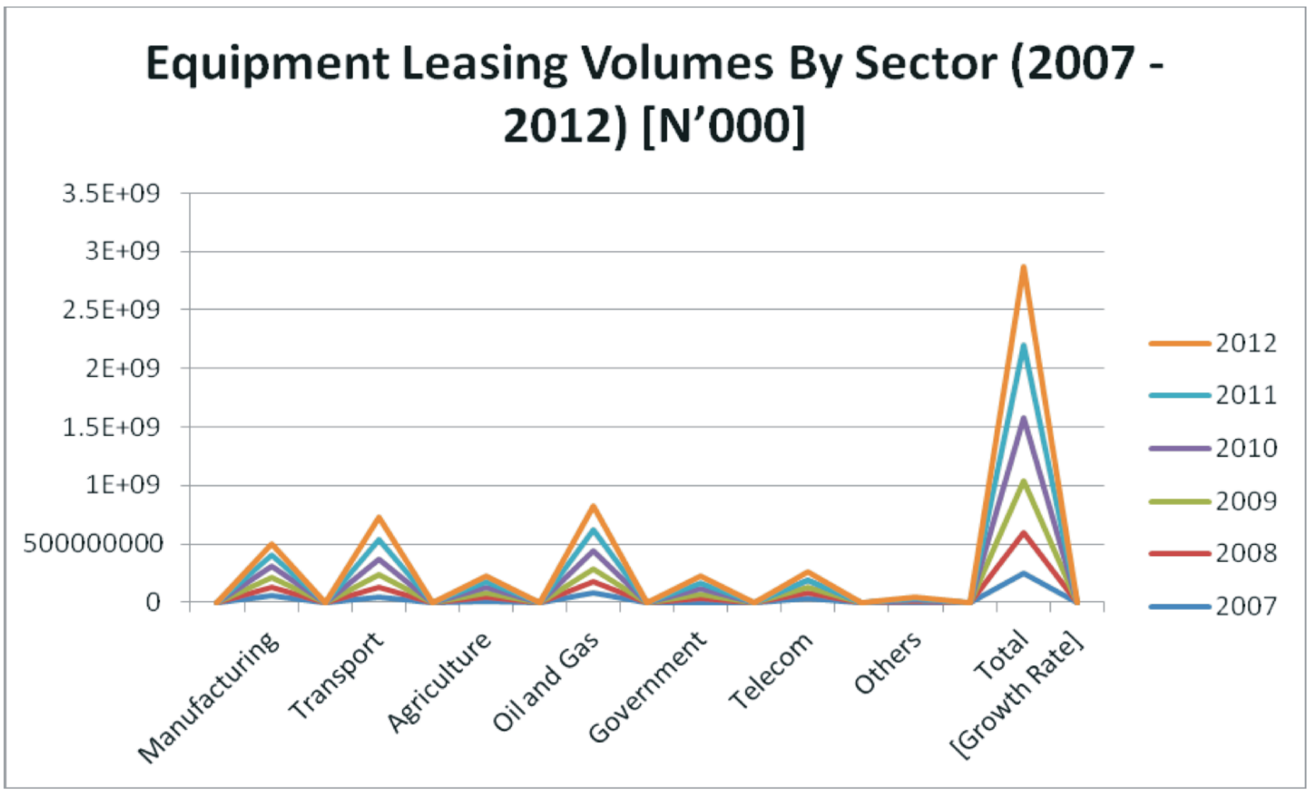

FIGURE: 1

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8. Footnotes should be avoided.
9. If Greek alphabets are used, they should be correctly typed. Otherwise, prepare separately a handwritten "mathematical appendix" of not more than 2 pages.
10. Check tables and figures (rows, columns and totals) properly. Explanatory paragraphs should be as near as possible to the relevant tables and figures, which should be appropriately numbered.
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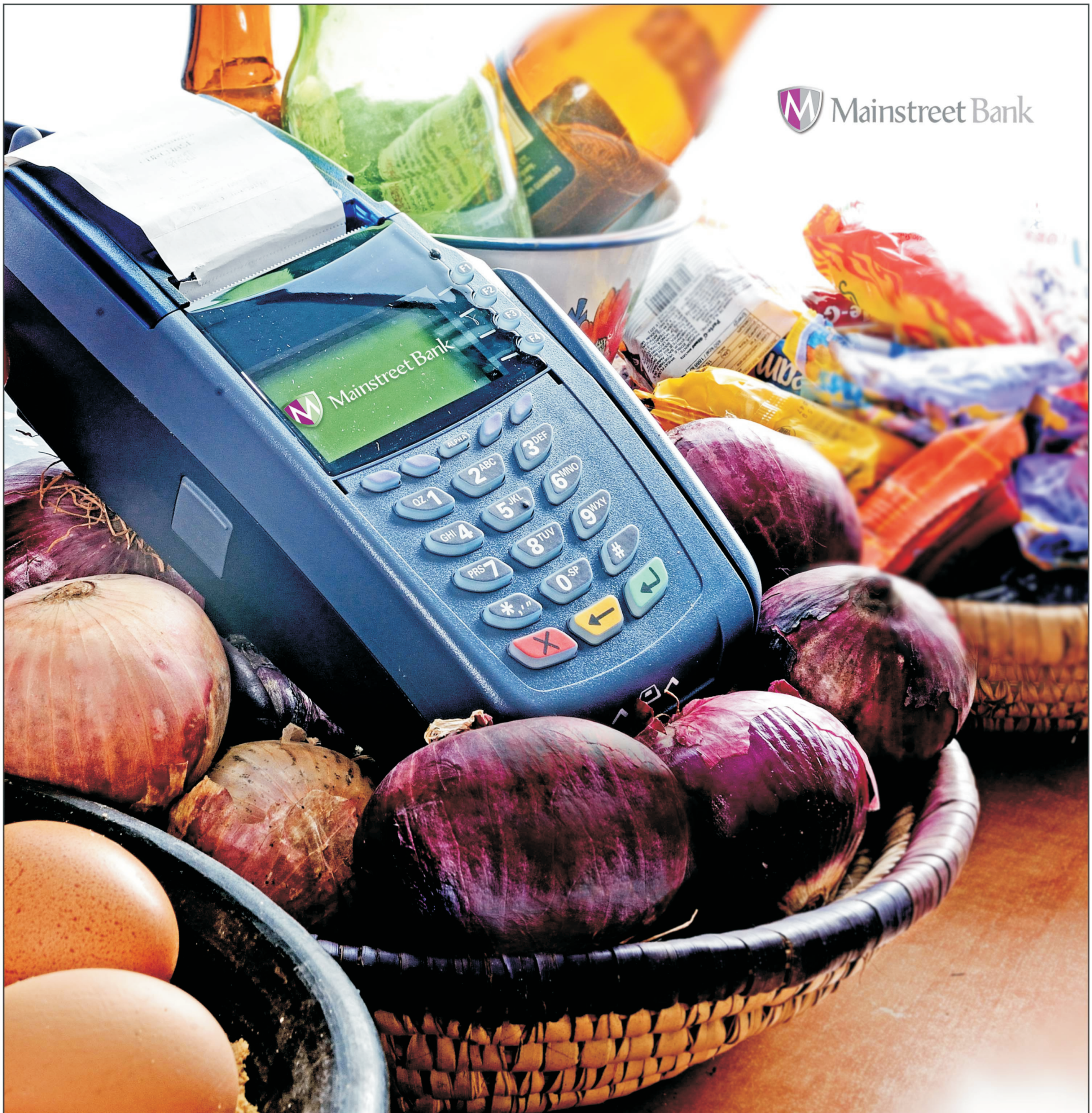
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TALENT MANAGEMENT IN NIGERIAN BANKS

Onafowokan Oluyombo, PhD, FCA, AMNM*

1.0 Introduction

THE MULTI-COMPOSITION of Nigerian bank employees' academic backgrounds provides a basis to explore talent management in banks. The relaxed banking environment which employs people from diverse academic backgrounds and professionals to form the core human resource team of banks has created a need for the use of appropriate talent management procedure, process and skills. This is imperative in order for banks to be able to recruit, employ, train, retain and promote the right calibre of employees that fit appropriately into their strategic goals. However, the highly competitive nature of banking business, especially in developing nations, poses a challenge to banks' top management to reduce to the barest minimum staff poaching by banks. This is because staff poaching creates diffusion of work culture among competing banks.

The discussion on talent management centres more importantly on Chambers, et al's (1998) submission that "better talent is worth fighting for". This exposes clearly the need to keep and retain dedicated and competent employees in an organisation, such that such employees are not enticed or poached away from the employer by another company. The 'fight' for talent is not a physical combat between two banks, but it involves a strategic plan by individual banks that guarantee maximum tenure in residence for faithful employees.

The growth of Nigerian banks with the subsequent expansion to other nations across

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Africa, Europe and America created global competitive advantage for these banks, but it also left a critical challenge of talent management. This paper examines current talent management policies in the Nigerian banking sector. The paper is divided into five sections as follows: The next section provides a conceptual clarification on talent management, including the objectives of talent management. The review of some banks' talent management studies is presented in section three, while section four is devoted to talent management in Nigerian banks. The conclusion is presented in section five.

2.0 Concept and Objectives of Talent Management

Human capital management is probably the biggest task in any organisation irrespective of the ownership structure. The priority of any organisation is its human resources (Aston and Morton, 2005) as such, human capital management is the most valuable asset that enables an organisation to meet its goals irrespective of where the organisation is located or the service rendered or product sold. This does not exclude the banks. A bank can grow if the human capital management which is referred to as talent management is utilised in the right proportion to the benefit of the bank.

Talent management involves how employees with the right skills and knowledge are attracted, engaged and developed (Horwitz, Heng and Quazi, 2003). Having the right people in the right positions in order to ensure the success of business can be clearly seen in the conventional financial institutions and the performance of each institution basically relies on its employee competitiveness and productivity. (Kamil and Salleh, 2013:297). A bank's performance can be predicted and measured by the quality of its employees. Talent management is about attracting, developing and retaining talented employees and attracting some benefits therefrom, one of which is to extend the strategic contribution (Tarique and Schuler, 2010).

Talent management can be defined as the total process involved in planning and executing the recruitment of personnel, and the analysis of the current employees to determine their competence and relevance in the organisation, and as it relates to individual specific task. Talent management is both practical and philosophical (Christensen Hughes and Rog, 2008), and this can provide a culture of nurturing talent in a company (Lovebrant and Gerdrup, 2012). This should form the basis for all employment and promotion issues which form the values, beliefs and culture of an organisation. It must also be reflected always in the organisation as tangible asset by the employees. Talent management includes how to identify, attract, employ, retain and deploy employees (Axelrod, Handfield-Jones, and Welsh, 2001) in an organisation such that the cost of attracting competent staff is justified by the number of years put into the employment. This is a critical issue for banks where high level of trust is required among employees because inability to retain good talents may have negative consequences. According to Berger and Berger (2004), having the correct combination of competent talent requires identification of individual competences, performance appraisal and the future needs of the talent as it relates to each specific position and functions.

As the challenge of talent management in the bank is real, it is no less“difficult for large enterprises to both attract and retain the right talents as well as having the right people at the right positions and ensuring the employees have the motivation and skills required” (Lovebrant and Gerdrup, 2012:6). The objectives of task management include recruiting, retaining and engaging talented employees (Lovebrant and Gerdrup, 2012) to ensure that the organisational goals are met at the appropriate time with less distortion from the employees. By just looking at what people can do currently and projecting that on what they can supposedly do in the future, organisations fail to capitalise on the huge reservoir of potential that exists in everyone (Kamil and Salieh, 2013:301). Talent management in banks becomes imperative because of the stiff competition in banks which in most cases is unhealthy This is because if a bank does nothing with her talent, the talent will move to a better bank. Besides of being a strategic operator to count on, Talent Management (TM), and its analysis, may provide an assurance of having the right people at the right positions with competitive advantages compared to competitors (Tarique & Schuler, 2010).

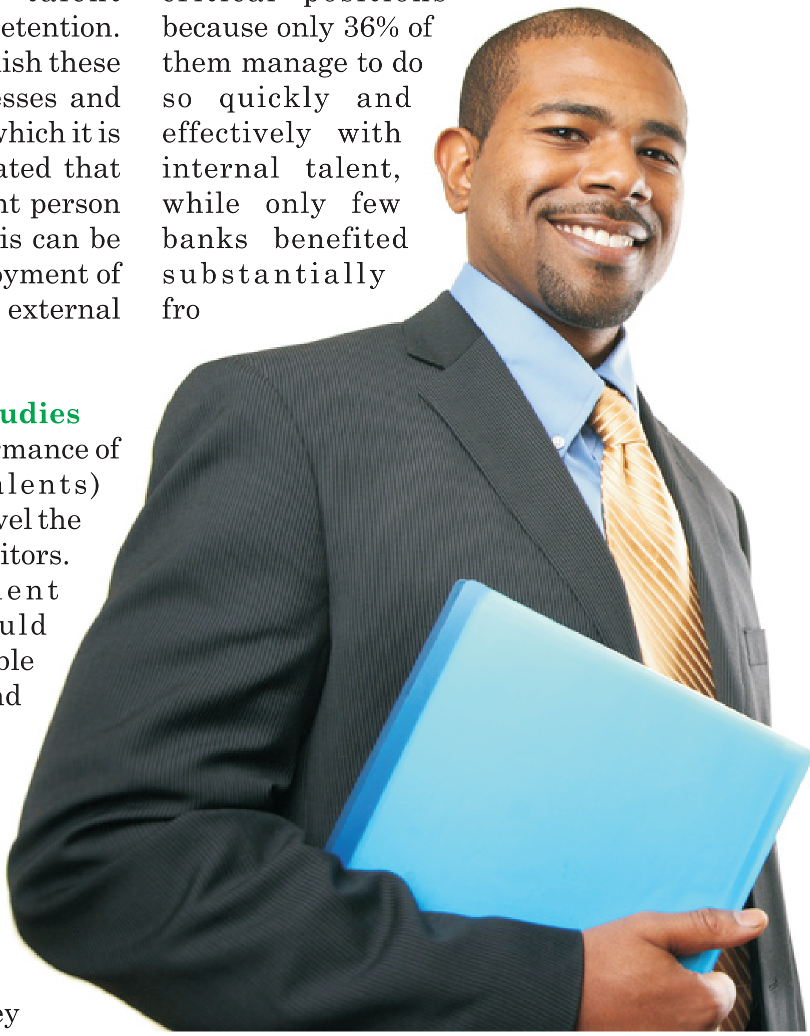
The key areas of talent management from the above are talent recruitment, talent engagement/ employment, and talent retention. All the activities carried out to accomplish these are part of talent management processes and procedures irrespective of the level at which it is done. Thus it can be conceptually stated that talent management is getting the right person for the right job at the right time. This can be achieved through promotion and deployment of internal talent or recruitment of external talent.

3.0 Banks' Talent Management Studies

In today's banking business, the performance of bank employees (the good talents) increasingly determines to a greater level the success of the bank among competitors. However, the process of talent management in the bank should contribute positively on a sustainable basis to the bank's profitability and growth.

A qualitative study by Lovebrant and Gerdrup (2012) on how talent management is implemented in three major leading Swedish banks found that one of the main reasons for talent management initiative is to ensure qualitative succession for key positions in the banks. The focus of the banks appears to be on potential executives at the group level. However, the banks use rigorous selection process to ensure that the candidates participating in talent management have the required talent to succeed. Finally, all banks focus their evaluation on what talents to enlist in the programmes while measurements concerning the programmes' impact are left hanging.

In a study of 13 European banks which are among the top 30 in the region by market capitalisation, in eight countries in Europe, Putzer, Sermpetis and Tsopelas (2008) report that the growth of European banks makes it more difficult for them to fill main positions with qualified personnel. Based on interviews with top human resource executives of the banks, the study found that European banks face shortages in the number of top executives needed, and in the specific skills executives must have for banks to execute their business plans. The study concluded that most banks don't have enough qualified people inside the organisation to fill critical positions because only 36% of them manage to do so quickly and effectively with internal talent, while only few banks benefited substantially from talent management efforts.



Pinto and Dhulla (2012) studied the talent management system in India's banking sector with regard to motivation and satisfaction among government, co-operative, and private bank employees. They found high job characteristic scale among the banks in the following order: government banks, private banks and co-operative banks. Their result shows that government bank employees are high on work motivation by the employer.

Talent management cannot be discussed or practised without the strategy to achieve it because of continuous increased demand for talent and the shortage in supply of good talents across the world, especially in the banking sector. This poses a challenge to bank management to develop the right policies and strategies that would attract and retain the good talents in the workforce. It is on this premise that Kamil and Salleh (2013) assert that the Malaysian finance industry experienced more financial services providers implementing comprehensive talent management. This process may help the banks to retain the right talent, which will ultimately strengthen such banks to be market leaders in the industry.

4.0 Talent Management in Nigerian Banks

All efforts undertaken by banks for financial growth and competitive advantage require proper appraisal of talent management effort. Talent management is very important because the filling of vacancies by internal talent is cheaper and better in most cases than using external talent that is not familiar with the core values of the bank. While the best talent managers can tap strong internal contenders for such roles, many others will be forced to fill pivotal jobs with second-rate internal talent or with external candidates - a relatively expensive and risky approach for banks (Putzer, Sermpetis and Tsopelas, 2008:1).

Moving from the known to the unknown, the study investigated the existence and content of talent management in Nigerian banks through their websites. It reasoned that a prospective talent would contact a bank for the first time on talent management through its website in order to place the bank against others on what it has to offer to the employee. This would inform an applicant's decision on which bank (or banks) to transfer his talent to. Out of the 23 banks in Nigeria, the study randomly surveyed 14 bank websites namely; Wema Bank, Zenith Bank, Enterprise Bank, Union Bank, Sterling Bank, Mainstreet Bank, Stanbic-IBTC Bank, First Bank, Ecobank, Access Bank, GT Bank, UBA, Diamond Bank, and Skye Bank. A visit to the banks' websites revealed mixed results because talent management information by some banks was scanty while few had detailed information. There was no uniformity in presentation while information provided differed significantly but was directed to the talents.

It was only First Bank that has a clearly stated talent management strategy on her website, while others called it different names. For example, Ecobank called it 'careers: our philosophy', while to Stanbic-IBTC Bank; it was 'why work for us'. It was named 'our people and culture' by Access Bank, while UBA called it 'career, people and culture. Diamond Bank tagged it 'what we do and why join us', while Skye Bank had it as, it is 'our career advancement philosophy'. The findings from some of the banks are presented from their websites as follow:

4.1 Stanbic-IBTC Bank

The bank is a people-centred organisation because it states that "at Stanbic-IBTC Bank, our people form the core of who we are. For this reason, we value our people and recognise that they are our competitive advantage. We create an atmosphere for people who are passionate about making a difference in the lives of others". The bank "rewards individual and team performance with competitive pay and incentive programmes, thereby encouraging the talents to mature and progress with extensive learning and development opportunities". As typical of every organisation, the training and development opportunities may not be automatic but based on the talent performance.

The bank provides "a challenging, stimulating and highly rewarding career in a work environment that is fast-paced, exciting and empowering". The bank asserts that it "recognises that all employees can make valuable contributions to the group, and possess unique skills and attributes that collectively facilitate the success of the group". The main objective of the bank is "to ensure that it identifies the right people with the right skills and capabilities, for the right roles, and at the right time; thereby supporting the group in delivering on its business plans". The bank prides itself in having the employees as "the real assets of the organisation", while their strength lies in "the quality of people hired". To accomplish this, the bank "strives to hire the right type of individuals who can adequately support the group's vision of being the leading end-to-end financial solutions provider in Nigeria by 2020."

According to the bank, "we invest in our people so as to maximise their potential and help them build career paths that will fulfil their professional ambitions as well as their personal goals. We make every effort to help individuals optimise their performance and unlock their true potential. We also encourage mentoring which hastens career development and ensures smooth transitions within the business". This shows a path for succession planning using internal talent. These talents are also exposed to "staff development and training programmes to promote global best practice and strengthen the leadership philosophy across all the bank's businesses."

An employee is interested in the remuneration and reward system of an organisation. The bank provides insightful information about this. It states: "In line with our strategy, we recognise the need to pay employees competitively. Our reward system serves to support the development of an engaged, high-performing and diverse group of employees who deliver outstanding business performance. Rewarding people fairly and competitively, based on superior performance across several primary metrics, is a vital part of building our business. Stanbic-IBTC has a meaningful recognition scheme which meets our business needs by recognising and celebrating members of staff who go the extra mile and make exceptional contributions in achieving the key priority objectives of the group. Our reward philosophy recognises long service and rewards loyal employees who have been in continuous and dedicated service to the organisation for pre-determined periods."

4.2 Sterling Bank

Sterling Bank provides a brief statement that shows its commitment to talent success. "Are you looking for an environment that offers unprecedented opportunities and a sense of fulfilment?

Whatever your experience, wherever your ambitions lie, there is a great chance we can offer you the opportunities and challenges to match. At Sterling Bank we are committed to your success and will make you an integral part of building a world-class institution".

4.3 First Bank

"The First Bank talent management strategy is aimed at supporting employee engagement, employee motivation and increased productivity, and leadership development across all levels of employees within the organisation". The bank summarises its talent management strategy into five categories namely: planning; engagement and development; rotation and cross-posting; diversity and inclusion; training and mentorship. These areas cover specific issues. For planning, it says "in an effort to identify and acquire the right talents, First Bank invests in building a corporate structure that designs the right jobs and matches them with the right people". This reveals that talents are only employed after the job content has been designed, to ensure that the right person is hired by the bank.

The bank offers "several initiatives to understand new employees and connect them with the bank's strategic goals". First Bank also takes its time to understand an employee's long-term goals which is "the basis for a mutually beneficial relationship for the new employee and the bank itself."

The bank refers to the employees (talents) as one of their greatest assets, probably valued more than some expensive fixed assets. The bank "strives to maintain a pool of multi-skilled and well-rounded employees". Initiatives such as "job shadowing, coaching, counselling, mentoring, succession planning and career maps are keys to having a challenging and fulfilling career within the bank as well as developing and retaining talents at all levels of the organisation's operations". This suggests that it may probably build a 'family' bank where employees see themselves as members of a very big family typical of the African family concept culture.

Diversity and inclusion are given more emphasis by the bank. These spell out what employees should expect and the bank's position/policy on such matters. For example, the bank provides "equal opportunity in all terms, conditions, or privileges of employment, including but not limited to, recruitment, certification, selection, job assignments, working conditions, fringe benefits, compensation, training, transfer, layoffs, recall from layoffs, disciplinary actions, terminations or promotions". In addition, it discourages "harassment of whatever nature in employment or service delivery on the basis of race, sex, national origin, age, handicap, or any other protected status" These, it says, are an unlawful employment practice and prohibited in the bank. Furthermore, the bank states that it will "promote fair and equitable treatment to all employees, and shall comply with appropriate federal and state legislation by recruiting, hiring, training and promoting persons in all job classifications without regard to race, colour, sex, age, national origin, religion, handicap/disability status or sexual orientation."

First Bank provides an insight into the training and development opportunities that exist for talents. These include e-learning, mobile learning, virtual libraries, and classroom learning, thus, giving an opportunity for employees/talents to equip themselves for a future role that may be assigned to them by the bank.

4.4 Ecobank

"Ecobank believes that its success depends for the most part on its ability to maintain a diverse, resourceful and dynamic workforce to serve its customers". The bank states that it "has a strong policy in sourcing, attracting, developing and retaining the best talents." This includes "recruiting, developing and retaining a highly motivated workforce nurtured by an enabling environment; the provision of an environment that identifies, encourages, and rewards excellence, innovation and quality customer service; providing the climate and resources that enable staff to advance on merit as far as their talents and competences will take them, without regard to gender, race, religion, colour, age, national origin, marital status, physical challenges and/or disability status."

"The talent management goal of the bank is "to have a well-motivated staff complement that experience career satisfaction and takes pride in working for a respected organisation that offers progressive career development at an individual level"."

Furthermore, the bank offers compensation and benefits that are "fair, competitive and linked to performance". It also "promotes work-life balanced initiatives aimed at helping our employees maintain a healthy balance between their work pressures and family/domestic responsibilities". The bank develops a "broad and deep pool of talented professionals with the skills, experience and mind-set to operate across different markets and cultures within and beyond the African continent."

4.5 Access Bank

The talent management focus of Access Bank is "to be the employer of choice for all aspiring banking professionals in Africa". To accomplish this, the bank "seeks out promising talent and grows them into strong professionals with the potential for leadership". The potential leadership concept of Access Bank talent management rests on five main pillars. These are: "the quest for excellence, people management philosophy, building capacity in the people, compensation and incentives, and performance management."

The quest for excellence is regarded as "the single-minded proposition that propels everything" done at the bank. Talents are regarded as the core of the bank business. According to the bank, its "human resource management practices are designed to be flexible to accommodate the needs of each individual employee, encourage a sense of ownership in all aspects of the bank's business, develop requisite professional and ethical behavioural standards, deliver superior client service, embrace sound financial discipline and recognise and reward performance".

The talent management goal of the bank is "to have a well-motivated staff complement that experience career satisfaction and takes pride in working for a respected organisation that offers progressive career development at an individual level". As a merit-driven organisation. "the bank's performance management system measures each employee's performance against clear and objectively defined goals. The level of achievement of these goals determines both the growth of the organisation and those of every individual employee. Necessary tools and support are provided to ensure seamless attainment of these goals".

Compensation and incentive policies of the bank reveal that "the bank consistently rewards high-performing employees and teams with adequate monetary and non-monetary compensation". Access Bank states that the "practice has had a significant impact in spurring the people (talent) to greater personal and organisational achievement". This brings to the fore, the need for adequate and commensurate remuneration/compensation for a better talent management if talents are to be loyal to their employers for a very long time. The bank builds capacity in the talent (people) through "self study, on-the-job training and e-learning programmes."

4.6 UBA

UBA strongly believes that people are critical to its success in building a sustainable and dominant business. The bank "goes to great ends to source, attract, recruit, develop and retain the best talents wherever they may be in the world". To this end, the bank states that it "recruits, develops and retains a highly talented workforce; provides a non-threatening environment that encourages and rewards role-model performance." It also "helps the work-force maintain a healthy balance between work and their personal lives, and provides competitive compensation and benefits to the talents."

The bank refers to its employees as "the most important asset." Learning methods adopted by the bank for the benefit of its employees range from e-learning programmes, classroom trainings to off-site trainings. Proactive steps are taken to enshrine the bank culture in the hearts of our employees."

It states further: "UBA runs a robust goal-driven Performance Management System which measures each employee's performance against carefully defined targets, their level of teamwork and the organisation's performance." The system seeks to reward role-model performance accordingly while, at the same time helping least performing staff to get better on the job." The bank asserts that it understood "the powerful impact rewards can have in motivating role-model employees and teams, and thus strives to provide monetary and non-monetary rewards accordingly."

4.7 Diamond Bank

Diamond Bank is "apt to discover young talented individuals and empower them to achieve full potentials in their career path". This is accomplished through "continuous training, development programmes, and exquisite professional courses."

"In Diamond Bank, it says, "there is a place for everyone." The bank calls itself "a caring institution with employees' best interests at heart, who do not see talents as just machinery but a unique individual capable of taking bolder steps." It states further: "With a wide range of well-packaged human resource policies to motivate, retain and continually develop staff." Diamond Bank is able to affect not just employees' lives positively, but also those of their loved ones with very impressive policies and schemes knowing that a man can achieve the best when he is in safe hands". The talents are referred to as the bank's 'internal customers'. If truly the employees are customers of the bank, then they are 'kings' because 'customers are kings'.

4.8 Skye Bank

The bank's "competency framework and talent management schemes allow employees have a clear view of what deliverables are, coupled with the performance management and employee development provision which is tailored towards identifying and developing individualised career goals". The bank prides itself in "providing limitless opportunities in the areas of career management, learning and development, performance management, and compensation/welfare/benefits which form the employee retention tool".

The bank's talent management framework provides that "employees are rightly placed on the right jobs and have a clear understanding of what their deliverables are". This removes ambiguities and ensures clarity of performance measurement criteria, hence "employees enjoy participation in various developmental programmes that prepare them for the next level of performance".

5.0 Conclusion

Talent management inadequacies exist in the Nigerian banking sector and these may continue for sometime to come because of the growth in expansion of banks in Nigeria as one of the emerging financial services market. Other reasons include the reduction in customers' loyalty to a particular bank or brand because almost all the banks offer similar products and services with common features. The increasing high level of competition among banks for deposit which necessitate the use of unhealthy competitive methods poses a grave challenge. The effect of the global financial challenge and the incursion of international banks into different countries could lead to shortage of good talents. There is the likelihood that some banks will face difficulties in filling crucial human resource position in the nearest future.

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Article 4

Implications of Pre- and Post-Banking Reforms to Stakeholders

Dr. Clement A.U. Ighodaro, Ph.D

1.0 Background

A STAKE is anything tangible or intangible, material or immaterial that a person or group has that is of value to another person or group (Heath, 1997). Stakeholders therefore are any persons or groups that hold something of value that can be used as reward or constraint in exchange for goods, services, or organisational policies and operating standards (Heath, 1997). The level of influence they have depends on the quantity and type of resources and power the stakeholder can marshal to promote its position on the reform. The level of interest or salience is the priority and importance the stakeholder attaches to the reform area. Stakeholders could vary according to the complexity of a reform programme, the targeted area, the type of reform proposed and the sector involved. Stakeholders can be individuals, organisations, or unorganised groups, and could be internal or external to the firm. Internal stakeholders are the ones within the organisation, e.g. workers, while external stakeholders, for example in the banking industry, are customers, suppliers, creditors, other banking and financing institutions, the society and the environment.

Early signs of bank distress were noticeable in the 1980s which saw the proliferation of banks, and most banks were without adequate capital base operating freely in the nation's economy. During this period, banks in desperate attempts to win customers made attractive offers to stakeholders, especially customers, leading to the 13-point bank reform programme in Nigeria (CBN, 2006). These included a minimum capital base of N25 billion with a deadline of 31st December, 2005; consolidation of banking institutions through mergers and acquisitions; and phased withdrawal of public sector funds from banks, beginning from July 2004 (Soludo, 2004). Out of the 89 banks that were in operation before the reform, more than 80 per cent (75) of them merged into 24 banks while 14 that could not finalise their consolidation before the expiration of the deadline were liquidated (Lemo, 2005).

In 2009, it was discovered that the bank consolidation of 2005 was concluded on false declarations and fraud with the exercise being a mere marriage of convenience for incompatible banks. The system could not guarantee credit flow to the real sector of the economy, specifically, manufacturing, agriculture and the small- and medium-scale enterprises that are

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critical to employment and income generation which are strategic to poverty alleviation (Omowunmi, 2013). This led to tighter reforms in the banking sector by the new Central Bank Governor, Sanusi Lamido Sanusi.

2.0 Implications of Pre-Banking Reforms on Stakeholders

Prior to the banking reform era, the Nigerian banking subsector was generally characterised by weak capital base, unnecessarily high competition between the old generation and the new generation banks, high level of default, poor risk management, high dependence on the volatile public sector funds, among others. Despite the low capital base of most of these banks, many of them carried huge overhead costs by maintaining expensive head offices, buying expensive cars, paying huge salary packages, among others (Mogaji, 2011).

This led to loss of confidence in the banking sector resulting from:

i. Inability of most banks to meet their financial obligations;
ii. Huge amount of non-performing loans;
iii. Inadequate internal control system;
iv. Over-expansion leading to diseconomies of scale; and
v. Inexperience and poorly trained personnel.

In particular, many depositors who kept their life savings in the bank lost them. Many could not afford their children's school fees, and other utilities. Many people lost their lives in frustration, while many honest businessmen were rendered bankrupt, among other woes. Apart from the implications on the depositors, some bank owners found it difficult to recapitalise their distressed banks. This led to liquidation and total loss of investment by owners of such banks thereby discouraging them from future participation in banking. Employees of such liquidated banks also suffered loss of jobs due to downsizing (Udezue, 1997).

3.0 Implications of Post-Banking Reforms on Stakeholders

3.1 *Significant Reduction of Corruption in the Nigerian Banking System*

As opined by Onwuamaeze (2010), the post-banking reform exposed some bank chief executives who diverted depositors' money into personal use and some of them were jailed. The CBN found that most of the banks had non-performing loans which they defined as loans that had not been serviced for three months. The apex bank found that most of the banks had bad loans and a total of about two trillion Naira incurred as debt were not serviced constantly by borrowers (Alo, 2010). According to Onwuamaeze (2010), those who contributed to the gradual failure of these banks were brought to book.

3.2 *Prevalence of the Rule of Law in the Banking System*

The post-banking reforms brought the rule of law into the banking system, particularly as those indicted in the mismanagement of their bank's fund were arrested and subsequently tried in the law court. Hence, Onwuamaeze (2010) opines that the post-banking reform era brought the principle of accountability into the management of banks as well as to the depositors who kept their money in the banks.

3.3 *Building of Confidence in the Corporate Banking System*

The banking sector is one of the sectors in any economic system that acts as a linkages to the other sectors of the economy, particularly the real sector. Apart from employment generation, it encourages investment through the provision of loans via lower interest rates. In the pre –reform era, loans were given based on 'who-know-man' basis, to the extent that some businessmen were denied loans to carry out legitimate and viable businesses.

Mogaji (2011) also identified some positive implications as follow:

i. Emergence of strong, sound, competitive and reliable big banks;
ii. Quality management and best practice in corporate governance;
iii. Improvement in credit availability and enlarged scope of operations;
iv. Improved depositors and investors' confidence;
v. Healthy competition and reduced regulatory abuses;
vi. Reduced lending rates, leading to attractive returns on investment;
vii. Creation of new entrepreneurs.

The post reform era also had some negative implications as follow:

3.4 *Unemployment/Job Insecurity*

During the pre-reform era, the banking sector was one of the highest paying employer of labour in the country. With the reform era, most of the employees lost their jobs, and even those retained were either underemployed or lacked job security. For example, not too long ago, Oceanic Bank, Mainstreet Bank and Intercontinental Bank sacked thousands of their workers due to the restructuring of banks. This has contributed to increased youth unemployment in the country and a heightening of criminality.

3.5 *Cash Squeeze*

Any reasonable economist would support the idea of an effective and easy circulation of money across the various sectors of the economy. Most businesses are collapsing due to the fact that the source of their funds has been truncated. According to the Manufacturers' Association of Nigeria (MAN), the recent banking reforms have negatively affected the production rate as well as contributed to the high rate of fuel scarcity. This is because major stakeholders within the oil industry need capital from banks in order to properly finance their businesses (Alo, 2010).

3.6 *Undue Executive Power*

This was a major problem because the former CBN Governor almost allowed the social function of banks to overtake their developmental powers.

3.7 *Forced Loans*

According to Alo (2010), the recent banking reforms led to their former chief executives to breach the professional banking rules, which resulted in over 450 billion Naira loans most of which had to be eventually written off as bad debts.

4.0 Conclusion

Stakeholders are persons or groups that hold valuable things that can be used as reward or constraint in exchange for goods, services, or organisational policies and operating standards. Due to poor capital base, the share capital of banks was increased to N25 billion, among other reforms. This has implications for bankers, the bank itself and other stakeholders. For example, in the pre-reform era, there was over-expansion of bank branches, among others, leading to diseconomies of scale, inexperience and poorly trained personnel. Some of the positive implications of the post-reform era to stakeholders are significant reduction of corruption in the Nigerian banking system, and the building of confidence in the sector. The future of banking in Nigeria is bright if only stakeholders are taken into consideration in designing and implementing bank policies.

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