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REFORM RESEARCH AND INNOVATION IN THE FINANCIAL SECTOR OF NIGERIA: DIVERSITY ISSUES AND CHALLENGES

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Abstract

The main objective of the study was to empirically and critically examine the impact, and consequences of the reforms research and innovation on financial sector with a view to proffer responses to the diversity challenges to the Nigerian Economy after looking at the history, concepts, and studies, involved. The research design was a combination of the use of secondary data and a survey. It was found that in terms of economic Growth, Nigeria had a total factor productivity growth rate of 1.1 between 1961-1997 which was greater than those of 6 countries and less than those of 5 countries. It was found that the Human Development Index of Nigeria as at 2005 was 0.446. Also, Nigeria was in the Low Human Development Index category and was ranked number 151 when Norway was in the High Development Index category with an index of 0.965. Finally, it was also found that there was a history of research and innovation concepts, impacts and consequences of the commercial banking financial reforms that was not fully applied. Recommendations were made accordingly.

Keywords: Reform, Innovation, Financial Sector, Diversity Challenges, Nigeria

INTRODUCTION

Reform means to form again especially into a different group or pattern (Hornby, 2001). So reforms are changed events. They are acts for improvement or change. Jhingan (2007) has observed that the financial sector consists of the Central Bank of Nigeria, the development banks, the commercial banks, the community bank, insurance companies and other intermediaries that are responsible for financial intermediation. This involves moving funds from surplus economic units to deficit ones so as to promote both economic growth and economic development. The reforms research and innovation in the financial sector of interest in this study are those in the commercial banking industry in Nigeria. The main issue of investigation in this paper is how the existing 25 commercial banks have fared after the re-capitalization and consolidation exercise embarked by the Central Bank of Nigeria between 1st July 2004 and 31st December 2009.

This exercise which was aimed at improving the financial strength the commercial banks to comply with the Central Bank in Nigeria include mergers, acquisitions, support by internal investors, support by external investors and deposit-equity swaps. The objective of this study is to examine the concept, history, impact and consequences of the reforms research and innovation to the challenges posed to the Nigeria economy in recent times. The strategy to be adopted to achieve this objective is to use both secondary and primary data. Secondary data is to be used to review the conceptual framework bordering on the theories of commercial banking and its internal and external growth over the period. The history of commercial banking, traced from the inception of the idea of commercial banking in 1891, up to the time the first commercial bank was established in 1894 through the reform that led to the payment of the external debts under President Obasanjo's administration and then the consolidation exercise of July 2004 to 31st December, 2009 as well as the impact on the fragile Nigerian economy. The impact is to determine the economic growth of Nigerians vis- a- vis other similar countries with human development index of Nigeria put at 0. 466 where Nigeria is ranked number 151, Norway is ranked number 1 and the Russian Federation was 95. The consequences are all negative as there are now incidences of insider abuses, downsizing salary cuts, payment of low dividends and moves by the Central Bank of Nigeria to sell some of the commercial banks. The Primary data will be used to show that the banks apparently faced administrative, regulatory and operational challenges. A sample of 375 commercial banking staff is to be interviewed.

The main objective of the study is to empirically examine critically the concept, history, impact and consequences of the reforms research innovation on the financial sector with a view to proffering possible effective strategic responses to the challenges posed to the Nigerian economy. Only the commercial banking industry aspect of the financial sector is to be considered in this study. Innovation is meant a new and improved way of doing things. Reforms research means to search again and take a look of forming again.

THEORETICAL FRAMEWORK

The theory the study is hinged on is the strategic contingency theory of performance. Right from the inception, of commercial banking in Nigeria, a lot of the players have been victims of difficulty in survival and have not been able to perform well. This has resulted in a lot of distress in the commercial banks. Performance here is seen in terms of the extent the commercial banks studied have been able to achieve their organizations objectives (Osaze and Anao, 2009).

Clark (2001) has observed that organizational behavior is at leading edge in developing a more substantial understanding of performance. The structural contingency theory requires extensive revision or innovation. There are two major areas of revision. The first is to account for the hidden impacts on performance of the national context of the firm. The hidden aspects include the roles of factor endowments; raw materials, the institutions and the market characteristics; size, homogeneity and speed of saturation. These hidden aspects impact on the performance of firms by creating a zone of manoeuvre. Firms have to be aware of the zone, yet can enroll elements in the context which reshape the zone. Second, it is important to be aware of the differences in approach between practices of auditing performance within firms from the concepts and theories used in organization behavior. Within firms of all kinds – public and private, commercial and custodial – there are extensive arrays of performance data covering very diverse aspects. The financial dimensions of the array are highly influential in constituting the recipe knowledge about strategic directions. The influence, of accountancy on the everyday understanding of performance is significant, but should be closely scrutinized. The aim is to develop a theory which links organizational learning to the selective usage of performance measures, in particular, to explain the role of intangible assists. Undertaking these revisions is a major challenge.

LITERATURE REVIEW

Banking Reforms in Nigeria

The banking industry in Nigeria has undergone several stages of metamorphosis since its inception. The landscape of the industry has been characterized by the need to strengthen the institutions and enhance their performance and developmental role in the economy. As key institutions in the financial intermediation process, the banks are supposed to play a critical role in the mobilization of funds and the creation of wealth. It is in this thinking that different reforms so far experienced in the Nigerian banking industry has taken place, worthy of mentioned is that there exist a departure between the present banking reform and the previous in the country. The Central Bank of Nigeria (CBN) previous reforms were basically on strengthening its supervisory efforts over the operating banks, while the present reforms of the CBN has its heat on the operating banks' consolidation. Thus under the tight supervisory era, in which five (5) banks were closed down in 1994/1995 and twenty-six banks in 1997/1998, bank closures had increased. But the July 6, 2004, CBN policy is the most significant direct attempt by the CBN to consolidate the banking sector of the country (Anas, 2006)

Background to the Reforms

With the CBN, the banks and other allied agencies ensuring strict application of the banking sector reforms, the nation will witness and enhance banking industry that will become a player in the global financial environment and also contribute effectively to the federal government goals of rapid economic development and poverty reduction (Anas, 2006).

The Nigerian banking system has undergone remarkable changes over the years, in terms of the number of institutions, ownership structure, as well as depth and breadth of operations. These changes in operations, technological innovations and adoption of supervisory and prudential requirements must conform to international standard (Abdullihi, 2006).

As at the end of June 2004, there were deposit money banks operating in the country, comprising institutions of various sizes and degrees of soundness structurally, the sector is highly concentrated, as the ten largest banks account for about fifty percent (50%) of the industry's total assets/liabilities. Most banks in Nigeria have a capitalization of less than $10 million. Even the largest bank in Nigeria has a capital base of about US $240 million compared to US $526 million for the smallest bank in Malaysia. The small size of most of our banks, each with expensive headquarters, separate investment in software and hardware, heavy fixed cost and operating expenses and with number of branches in few commercial centers lead to very high average cost of the industry. This in turn has implications for the cost of intermediation, the spread between deposits and lending rates, which puts undue pressure on banks to engage in sharp practices as means of survival. It is obvious that some of our banks are not engaged in strict banking business in terms of savings intermediation but are traders in foreign exchange, in government treasury bills and sometimes in direct importation of good through phony companies. This is not healthy for the economy (Abdullahi 2006).

The prevailing situation in the industry is more or less a caricature of the system. For example, a group of people get a banking license; use their connections to garner billion of naira in deposits to trade in government treasury bills, foreign exchange and open letters of credit for importers. Such a bank can declare billions of naira in profit, which sounds like fiction, but this describes the situation with many banks in the system. With many of such banks, depositors, with balances of less than N50,000 or N100,000 are not welcome. Today, Nigerians hold more than N400 billion as currency outside of banking system. There are many reasons for this, including the large informal economy, but obviously a key reason is the perverse incentive to look mostly to high net worth agents for deposits, government' agencies, blue chip companies and rich individuals. Again, this is neither sustainable nor healthy for the economy (Bello, 2006).

The latest assessment shows that one whole the overall health of the Nigerian banking system could be described as generally satisfactory; the state of some banks is less cheering. Specifically, as at the end of March, 2004, the CBN's ratings of all the banks, classified 62 as sound/satisfactory 14 as marginal and 11 as unsound, while 2 of the banks did not render any returns during the period. The weaknesses of the ailing banks are manifested by their overdrawn position with the CBN, high incidence of non-performing loans, capital deficiencies, with the CBN, high incidence of non-performing loans capital deficiencies, weak management and poor corporate governance. These short comings have, in recent years led to the revocation of the licenses of some banks and the suspension of some others from clearing house activities, prior to the commencement of the new settlement system (Anas, 2006).

A further analysis of the returns of the marginal and unsound banks reveals that they account for 19.2 percent of total deposit liabilities while the industry non-performing assets account for 19.5 percent. Although these rations except that for deposits, were below the trigger points for declaring the system as distressed, they were nevertheless of major supervisory concern (Anas, 2006)

One of the recent developments in the banking system which is of great concern to the monetary authorities is the significant dependence of many Nigeria banks on government and parastatals accounting for over 20 percent of total deposit. Although the distribution among banks is not uniform; there are some banks whose dependency rations are in excess of 50 percent. The implications are that the resource base of such banks is weak and volatile, rendering their operations highly vulnerable to swings in government revenue, arising from the uncertainties of the international oil market.

In recent times, many banks appear to have abandoned their essential international role of mobilizing savings and inculcating banking habit at the household and micro enterprise levels (Anosike, 2006). The apathy of bank towards small savers, particularly at the grass root level has not only compounded the problems of low domestic savings and high bank lending rate in the country, it has also reduce access to relatively cheap and stable funds that could provide a reliable source of credit to the productive sectors at affordable rate of interest. The present structure of the banking system has promoted tendencies towards a rather sickly behavior of deposit rate particularly, at the retail level such that while bank's lending rate remain high and positive in real terms, most deposit rate especially those on savings are low and negative sometimes in addition, savings mobilization at the grassroots level has been discouraged by the unrealistic requirements, by many banks, for opening accounts with them (Anosike, 2006).

The summary from the foregoing is that the Nigerian banking system faces enormous challenges, which if not addressed urgently in this recession period could snowball into a crisis in the near future.

The Consolidation Strategy

Failures, inter-company mergers of affiliate banks, and inter-company mergers and acquisitions together account for the disappearance of many banks in national economics, the world over. This process of consolidation is beneficial if it drives inefficient banking organizations from the market and if it facilitates increased efficiency in the banking organizations that survive (Deyong, 1994). Most industries go through a cycle entry – growth consolidation maturity/shakeout. Consolidation is simply another way of saying survival of the fittest (bigger, more efficient, better capitalized, more skills, etc). It is a part of the natural evolution of industries. Consolidation is primarily driven by such events as business motives and/or market forces, and regulatory interventions. Regulators drive consolidation by altering industry fundamentals, e.g entry barriers, capital requirements, and operational issues etc, consolidation occurs via three types of transactions namely closure of bank due in insolvency, merger and outright acquisition/takeover (Deyong, 1994). In the Nigerian banks' consolidation; the only legal modes of consolidation allowed are mergers and outright acquisition/takeover. A mere group arrangement is not acceptable for the purpose of meeting the N25 Billion. Therefore, all banks that have other banks as subsidiaries or have common ownership are encouraged to merge. In view of these guidelines incentives were provided by CBN for the banks, (Anas, 2006).

Guidelines and Incentives on Consolidation

The inability of the Nigerian banking system to voluntarily embark on consolidation in line with the global trend necessitated the need to consider the adoption of appropriate legal and supervisory frameworks as well as a comprehensive incentive package to facilitate mergers and acquisition in the industry as a crisis resolution option and to promote the needed soundness, stability and enhanced efficiency of the system (Deyong, 1994).

Following the CBN Governors address to the Banker's Committee on July 6, 2004, on the Nigerian banking sector reform and the subsequent interactions with various stakeholders, the board of the central bank of Nigeria approved the following guidelines and incentives to facilitate consolidation in the industry in order to assist banks in meeting the approved capital based of N25 billion by December 2005, (Anao, 2006).

a. Guidelines:

i. Capital base – This is made up of paid up capital and reserves unimpaired by losses.

ii. Reserves – This includes all reserves except asset revaluation surplus resulting from revaluation surplus resulting from revaluation in the course of consolidation.

iii. Pad up capital – ordinary shares plus non redeemable preference shares.

iv. Parties to the consolidation: The banks that are merging their boards and managements, financial/investment advisers, lawyers, accountants, auditors, shareholders and any other persons involved in the transaction.

v. Legal Issues – The banks should comply with the legal requirements on mergers and acquisitions as contained in S. 100-123 of the investment and securities Act No. 45, 1999 and all other regulatory requirements (Anas, 2006).

The banks should obtain the approval of the Governor of the Central Bank required under S.7 of the Banks and Other Financial Institutions (BOFI) Act and as amended before any merger and/or acquisition is consummated and/or announced (Anas 2006).

The legal and regulatory requirements for effecting a consolidation will be obtainable from the CBN help Desk, Team of experts, the Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange.

vi. Accounting Issues: Reputable and independent advisers registered by SEC should carry out the valuation of the shares. All the parties for the purpose of determining the consolidation should agree to the valuation method. (Anas, 2006).

The valuation principles must be consistently applied to all parties involved in the combination. Any revaluation of fixed assets carried out in the case of a merger should not be incorporated into the financial records of the consolidated bank except as approved by the CBN (Anas, 2006). Subject to above, the revaluation of fixed assets carried out where one bank acquires the other bank should be incorporated into the financial statements as these assets would be acquired at fair value of the assets acquired, (Anas, 2006). It is the responsibility of the parties to the transaction to ensure that they conduct due diligence of one another as a necessary step in the consolidation process (Anas, 2006). All the capital of whatever forms, shall be denominated in Naira. Both ordinary and preference shares shall be recognized in making up the minimum capital base of N25 billion. Consolidation in respect of all mergers by banks should be by exchange of shares and not monetary payments except where minority shareholders are to be bought out under the law, provided that any such payment does not impair the financial condition of the surviving bank (Anas, 2006).

vii. Corporate Governance – All parties to the consolidation must have access to all material information. Each party should have an independent adviser except where the acquired bank is a wholly owned subsidiary of the acquirer.

The structure of the emerging organization should reflect defined lines of responsibility and hierarchy. Co-chairman and/or co-chief executive officer arrangements will not be allowed. The number of non executive directors in the enlarged bank should be more than the number of executive directors subject to a maximum board size of 20 directors (Amas, 2006).

b. Incentives

The CBN intends to provide the following incentives for banks that go for consolidation and/or are able to achieve the set minimum capital base within the stipulated period.

Authorization to deal in foreign exchange includes the:

i. Permission to take public sector deposits and recommendation to the fiscal authorities for the collection of public sector revenue.
ii. Prospect of managing part of Nigeria's external reserves, subject to prevailing guidelines.

In order to ensure that the banking institution does not bear additional burden due to the consolidation, which they otherwise would not have borne, and also to encourage consolidation, the following additional incentives are also in place (Anas, 2006):

a. Tax incentives in the area of capital allowances, company income tax, stamp duties etc.
b. Reduction in transaction costs;
c. The CBN will provide and pay for a team of experts to provide technical assistance to the bank from August 15, 2004, when merger, acquisitions, and negotiations begins among banks.
d. There will be CBN Governor' distinguished industry leadership award, which would be based on the following:
1. Speed of the completion of the consolidation exercise.
2. Successful acquisition of marginal and unsound banks
3. The number of banks involved in each consolidated group
e. The CBN will provide a help desk to fast-track approvals, i.e. Approvals in – principle (AIP), to final approvals of banks' mergers and acquisitions arrangements.

f. The CBN will negotiate the possible write down of its exposure to the distressed banks that would be acquired as a way of improving the balance sheet as well as the treatment of the distress bank bad assets. The negotiation will also address the interest of the current owners of the distressed banks in the new arrangement.
g. The CBN will actively collaborate with all agencies to fast-track the process mergers and acquisitions
h. The CBN will encourage and facilitate the setting up of assets management company (AMC) in collaboration with other relevant agencies.
i. The CBN will provide a social safety net for the banking public. That is, the CNB and the Nigeria Deposit Insurance Commission (NDIC), ill ensure that the banks protect the interest of the depositors.
j. To ameliorate the effect of possible job losses or redundancies, any staff retirement as a result of the consolidation should be compensated by the consolidated entity in line with industry standards but not below the terms of their sustaining employment. In addition, the CBN will work with the Bankers Committee to assist the staff that will be disengaged to access the SME's fund to set up their own SMEs and consequently create jobs and wealth
k. Provision of amnesty for past misreporting by CBN. By this, the CBN promised not to impose sanctions on any bank for any previous reporting detected in the course of consolidation. Therefore banks are enjoined to be open in their negotiations by placing the actual value of their assets on the table (Anas 2006).

However, if any of the parties to the consolidation is found, after the consolidation exercise, to have presented false or misleading information to the other parties and/or the regulatory authorities such a party will bear the full legal and regulatory consequence of such misbehavior.

RESEARCH METHODOLOGY

The research design chosen in the study is a combination of the use of secondary data and a survey. The secondary data are two in number namely the sources of economic growth and the human development indices of some countries. The primary data is got by using a questionnaire to get responses to some Likert scale questions on the baking reform research and innovation the Nigerian economy. A sample size of 370 was derived from the population using Taro Yamani Statistical formulae. The data was subject to percentage analysis and Z test for testing the 6 hypotheses.

ANALYSIS AND FINDINGS

Table 1 below shows the sources of Economic growth of Nigeria and some other countries.

Table 1: The sources of economic growth of Nigeria and some other countries

Country/Region	TFP Growth Rate (%)
East Asia, 1966-1990	
Hong Kong	2.3
Singapore	0.2
South Korea	1.7
Taiwan	2.6
Latin America, 1940-1990	
Argentina	0.5
Brazil	0.8
Chile	1.4
Colombia	0.8
Merxico	1.1
Peru	-0.6
Venezuela	0.1
Africa	
Nigeria, 1961-1997	1.1
Botswana, 1982-1997	1.7
South Africa, 1978-1996	0.2

*Hong Kong value is for 1966-1991

Source: (1 aha, 2007:12). The sources of Economic Growth", The Nigerian Economic and Financial Review. Volume 5, Number 2, December, 1-20

Table 2 below shows the Human development indices of Nigeria and some countries.

Table 2: The Human Development Indices of Nigeria and some countries

	Country	HDI value	HID Rank	GDP per Capital Rank minus HDI Rank
1	**High Human Development**			
	Norway	0.956	1	1
	Australia	0.946	3	9
	USA	0.936	8	-4
	Japan	0.938	9	6

Table 2...

	United Kingdom	0.936	12	8
	France	0.932	16	0
	Costa Rica	0.834	45	16
2	**Medium Human Development**			
	Russian Federation	0.795	57	3
	Malaysia	0.793	59	-2
	Mauritius	0.793	64	-15
	China	0.785	94	5
	Sir Lanka	0.745	96	16
	Idia	0.740	127	-10
	Bhutan	0.536	134	0
	Nepal	0.504	140	11
3	**Low Human Development**			
	Pakistan	0.497	142	-7
	Uganda	0.493	146	4
	Zimbabwe	0.491	147	-25
	Kenya	0.488	148	11
	Nigeria	0.466	151	15
	Tanzania	0.407	162	12
	Zambia	0.389	164	3

Source: Jhingan, M.C (2008) the Economics of Development and Planning New Delhi: Vrinda Publications (P) Limited, Page 181.

Table 3 below shows the reliability and validaty analysis of the research measure.

Table 3: The reliability and validity analysis of the research measure

Number	Responses in the first time	Rank	Responses in the second time	Rank	%0	%
i.	393	9.5	393	9.5	0	0
ii.	352	9.5	352	9.5	0	0
iii.	350	5.5	350	5.5	0	0
iv.	310	1.5	310	1.5	0	0
V	350	3.15	350	3.15	0	0

$$rs = 5\,\frac{1 - 6\sum d^2}{(4)\,(6)} = \frac{1 - 6\,(0)}{(6)}$$

Table 4. Analysis of the likert scale questions

S/N	Statement	SA	A	N	D	SD	MEAN	S	Z
1	The history of commercial bank reform research and innovation dates back to 1891 during inception of the idea of commercial banking	185	97	23	45	425	4.05	1.26	15.670
2	The concept of reform borders on change in power, concentrate and capital of the banks	223	115	11	6	15	4.42	9.931	29.314
3	The issue arising from consolidation and recapitalization of the commercial banking industry include change of name, and logo, brand culture, melding into one cultural issue due to reduced number of bank and increased number of bank and competition, emergence of new contenders and acquisition digestion	145	144	34	30	17	14.60	1.116	17.330
4	The challenges of the commercial banking reforms include human resource realignment, technology integrate monitoring and supervision, decrease performance and inept management	229	120	4	10	7	4.50	0.814	35.460
5	The impact of the commercial banking reforms on Nigerian economy is positive in the areas of bigger, stronger and better 25 banks better and serious business and corporate entrepreneurship and improved financial intermediation, increased employment, public confidence and banking habit, development needs and better regulation and negative in inept management	300	10	25	30	5	4.540	1.029	28.379
6	The consequences of the financial reform are in terms of benefits and lose to customers, operators of the Nigerian stroke exchange, managers, the public at large and growth without development	143	146	15	25	41	3.880	1.278	13.249

From table 4 it is show the responses to the 6 likert scale responses and the values of the sample mean and standard deviation and the calculated Z score. For the statement that the history of the commercial bank reform research and innovation ate back to 1891 during the idea of commercial banking the responses are strongly agree, agree, undecided, disagree and strongly disagree. They have frequencies of 185, 97, 23, 45, 25 out of 370 respectively. These give a simply mean of 4.05, sample standard deviation of 1.260 and calculated Z score of 15.670.

From the statement that the concept of reform borders on cheque in power, concentration and capital of the banks, the responses are strongly agree, agree undecided, disagree and strongly. They have frequencies of 213, 115, 11,6 and 15t out 370 respectively. These give a sample mean of 4.42, sample standard deviation of 0.931. The calculate z score is 29.314.

For the statement that the issues arising from consolidation and recapitalization in the commercial banking industry include change of name and logo brand culture, holding into the cultural system, number of banks and increased competition, the responses are strongly agree, agree, undecided, disagree and strongly disagree, agree, undecided, disagree, and strongly disagree. They have frequencies of 330, 33,33,2,2, and 3 out of 370 respectively. These give a sample mean of 4.85 and a sample standard deviation of 0.518. These give a calculate z ore of 68.766.

For the statement that the challenge of the commercial banking reforming include human resource re-alignment, technology integration, monitoring and supervision, decrease in performance and inept management, the responses are strongly agree, agree, undecided, disagree. They have frequencies of 333, 30, 3, 2 and 2 out of 370 respectively. These give a sample mean of 4.86 and a sample standard deviation of 0.481. These give a calculated z score of 74.435.

For the statement that the impact of the commercial banking reforms on the Nigerian Economy is positive in the areas of bigger, stronger and better 25 banks, better and serious business and corporate entrepreneurship and improved financial international and increased employment and public confidence on the banking habit, development head and better regulation and negative in inept management, the responses are strongly agree, agree, undecided, disagree and strongly disagree. They have frequencies of 143, 146, 34, 32, 15 out of 370 respectively. These give a calculated z score of 19.055.

For the statement that the consequences of the financial reform are in terms of benefits and loses to the customers operation of the Nigerian stock Exchange Managers, the public at large, stakeholders and growth without development, the responses are strongly agree, agree, undecided, disagree and strongly disagree. They have frequencies of 145, 144, 34, 30 and 17 out of 370 respectively. These gives a sample mean of 416 and sample standard deviation of 1.116. These give a calculated z score of 7.320.

SUMMARY OF THE FINDINGS

It was found that:

1. The history of commercial bank reform research and innovation dated back to 1891 during the inception of the idea of commercial banking;
2. The concept of reform borders on change in poorer, concentration and capital of the banking.
3. The issues arising from consolidation and re-capitalization of the commercial banking industry included change in name and logo, brand culture melding into the cultural system structural issues due to reduced number of banks and increased competition, emergence of new contenders and acquisition desertion and integration issues.
4. The challenges of the commercial banking reforms include human resource realignment, technology integrate monitoring and supervision, decrease performance and inept management.
5. The impact of the commercial banking reforms on the Nigerian economy is positive in the areas of bigger, stronger and better 25 banks, better and serious business and corporate entrepreneurship and improved financial intermediation, increased employment, public confidence and banking habit, development needs and better regulation and negative in inept management;
6. The consequences of the financial reform are in terms of benefits and lose to customers; operators of the Nigerian stoke exchange, managers, the public at large and growth without development.

CONCLUSION

The main objective of the study was to empirically and critically examine the impact, and consequences of the reform research and innovation on the financial sector with a view to proffer responses to the challenges to the Nigerian Economy after looking at the history, concepts, and studies, involved. The research design was a combination of the use of secondary data and a survey.

The finding that Nigeria had a total factor productivity growth rate lesser than 6 countries and less than five countries but with a very low Human Development Index of 0.60 while Norway was ranked first with HDI of 0.9654 implied that Nigeria had Economic Growth but no

Economic Development. The finding that the history of financial reform research and innovation was old as at the inception of the idea of commercial banking in 1891 implied that there were early beginnings.

The finding that the concept of reform includes the power concentration and capital, implied that these variables were important in these banking practices towards a better economic growth and development.

The finding that the issues arising from consideration and re-capitalization, included name and log implied that the names before and after consolidation would help to determine if it was a merger, consolation or acquisitions. The finding that a major challenge of the reform was human resource re-alignment implied that these were manpower implication after the reform. The findings that an impact of the reform was a stronger, bigger and better 25 banks implied that this was a positive effect. The finding that the consequence consequences of the reforms were in terms of benefit and costs implied that there were projects and it benefits/cost were greater than 1,2, then only were viable projects.

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