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Leadership of Modern Financial Institutions and the Changing Paradigm of Banking in Nigeria

IKPEFAN OA

Associate Professor of Strategic Management and Marketing, School of Business, Covenant University, Ogun State, Nigeria and Adjunct Lecturer, External Dissertation Supervisor for Global MBA Students at Manchester Business School, UK, Tel: 002348136765276

Email: **edwinagwu@ yahoo.co.uk**

AGWU ME

Adjunct Lecturer and External Dissertation Supervisor for Global MBA Students at Manchester Business School, UK

Abstract

It is an established fact that there exist leadership crisis at levels of organizational management. And organizational leadership crisis have occupied the front pages of various tabloids all over the world. Leadership crisis has engulfed various SMEs, conglomerates, governments, and financial institutions all over the world. The resultant effects of these have given rise to the present crisis, chaos and rots that are being witnessed in all nooks and crannies of the globe. This paper addressed issues relating leadership and the changing paradigm in the Nigerian financial landscape. The aim among others was to analyze the leadership theories especially the most appropriate circumstances for their application to current banking systems. The characteristics of and expectations from a good leaders; due mainly to the changing paradigm in banking e.g., optimizing the use of funds and building up management information system for decision making and better management of assets and liabilities and how leaders can rise to the challenges of global crisis. The theoretical findings showed that leaders should be abreast of risk inherent in currency market and keep an eye on the ball of underlying credit risk. It concludes that leadership needs to address issues of technical mismanagement, cosmetic management, desperate mismanagement and fraud which pose threat to the health of a bank. For effective leadership, there is need for good combination of teamwork, right organization, power and appropriate style of leadership.

Keywords: **Leadership; Character; Changing paradigm; Banking; Nigeria**

INTRODUCTION

Leadership, generally, according to Kouzes and Posner [1] is defined as influence. It is the ability to influence people to willingly work towards achieving set goals. The influencer, in this case, a person or a group, often referred to as the leader that must have a goal or goals to be attained [2]. Leadership touches the behaviour and attitude of a people and causes them to work towards accomplishing the set goals. They will not only do the work willingly, they will also do it with zeal and confidence. When you lead, you, conduct and direct. The ingredients of leadership are knowledge of motivation, ability to inspire people and style of leading, Koontz [3] opined that: “Leaders act to help a group attain objective with the maximum application of its capabilities. They do not stand behind a group to push and to prod; they place themselves before the group as they facilitate progress and inspire the group to organizational goals”. This is how bank management is expected to lead privatized enterprises to achieve set goals. Thus effective leadership is the ability and does not entail doing everything physically by yourself or pushing people to do things for you. Effective leadership is the ability to make others work for you willingly, zealously and confidently when you are physically present and, especially, when you are not physically present.

So, while bank management implements the policies of the board of directors, they should leave the operational staff alone to carry out operations of the enterprise to logical end. Robert [4] stressed that the essence of leadership is followership. It is the willingness of people to follow someone that makes that person a leader. However, it is observed that people tend to follow those whom they perceive as a means of achieving their own desires, wants and needs. From this viewpoint it should be seen that leadership and motivation are closely related concepts. Leadership demands effective harmonization of personal and organizational goals. According to Ogubunka [5] “the leadership we desire is one that breed’s positive influence…it is about transformation of value into actions, vision into realities, obstacles into innovations, separateness into solidarity, and risks into reward”. He opined also that leadership should be concerned with people and non-people challenges. He identified self discipline integrity, corporate governance, fair competition, research and lack of innovation, conflict of interest, leadership succession; humility to acknowledge mistakes has the greatest challenges facing leadership in corporate management.

Leader generally exhibits integrity (alignment of words and actions and values), dedication (spending whatever time and energy that is required to get the job done, rather than giving it the available time), magnanimity (giving credit where it is due, accepting defeat graciously, and allowing defeated persons to retain their dignity), humility (not diminishing or exalting oneself), openness (ability to understand new thoughts and ideas), and creativity (ability to think differently). If a company rules and regulations covered every possible contingency that might arise, decision making would be easy. But it is not so unfortunately, since not every possible contingency is covered by rules and regulations, managerial decision making requires skill and judgment [6]. In the recent past, bank management in most Nigerian banks, according to CBN [7] have failed to leave up to government expectation prompting the regulatory authorities to impose sanctions and where this was not enough they were closed down. The reduction of Nigerian deposit money banks (formerly known as commercial banks) from 89 to 24 banks in 2005 is still very fresh [8]. In 2008, the regulatory authority precisely Central Bank of Nigeria (CBN) replaced the management of eight deposit money banks namely Union Bank Plc, Finbank, Intercontinental bank Plc, Afribank, Oceanic bank, Wema bank, Equatorial trust bank, Spring bank. There have been incidences of bad corporate governance, poor risk management and above all inadequate human capital and managerial ability on the part of leadership.

The objectives of this study are to analyze the leadership in Nigeria, and the related theories especially the most appropriate circumstances for their application; main characteristics of, and our expectations from a good leader; changing paradigm in banking, e.g., optimizing the use of funds and building up management information system for decision making and better management of assets and liabilities and how leaders can rise to the challenges of global crisis.

REVIEW OF RELATED LITERATURE

A review of the leadership literature reveals an evolving series of 'school of thought' from 'Great Man' and 'Trait' theories to 'Transformational' leadership. Whist early theories tend to focus upon the characteristics and behaviours of successful leaders, later theories begin to consider the role of followers and the contextual nature of leadership [9,10]. Great Man theories are based on the belief that leaders are exceptional people, born with innate qualities, destined to lead. The use of the term 'man' was intentional since until the latter part of the twentieth century leadership was thought of as a concept which is primarily male, military and Western. This led to the next school of Trait Theories. Trait theories are associated with leadership that exist in abundance and continue to be produced. The theory assumes that human beings are born with inherited traits and the right combination of traits makes them a leader [4]. They draw on virtually all adjectives in the dictionary which describe some positive or virtuous human attribute, from ambition to zest for life. Behaviourist theories concentrate on what leaders actually do rather than on their qualities. Different patterns of behaviour are observed and categorized as 'style of leadership'. This area has probably attracted more attention from practicing managers. Situational leadership sees leadership as specific to the situation in which it is being exercise. Whilst some situations may require an autocratic style, others may need a more participative approach. This is most practicable for bank management especially in this period of financial squeeze and global meltdown. It also suggests leadership styles at different levels in the same organization. Rudd [9] in his study of leadership theory and in its application in the banking industry: "Found that in today's complex world problems call for the combined expertise of multiple resources and assistants. For these reasons, strong emphasis is placed on promoting teamwork and strong leadership. Due to the complex challenges created by globalization and technological advances, it is imperative for organizations to solve problems efficiently and make the most of available resources. Leaders must recognize the creativeness of all organization's members across multiple disciplines".

Contingent theory is a refinement of the situational viewpoint and focuses on identifying the situational variables which best predict the most appropriate or effective style to fit the particular circumstances. Transactional theory emphasizes the importance of the relationship between leader and followers, focusing on the mutual benefits derived from a form of 'contract' through which the leader delivers such things as rewards or recognition in return for the commitment or loyalty of the followers. Transformational theory emphasizes change and role of leadership in envisioning and implementing the transformation of organizational performance [11].

Elenkov and Petkova-Gourbalova, stressed that there are two critical factors that will make an organization such as a bank to be successful. These are character and capacity (leadership). The two also form part of the five C's of lending principles arranged according to their importance (character, capacity, capital, collateral, condition). Atuma and Agwu [6] opined that character refers to trustworthiness, credibility, integrity, willingness to meet obligation. A person who has integrity does not only have the ability to repay but willingness. Capacity is the ability to utilize the money well and it is developed over time. The things that give rise to capacity are education, training, skills, expertise; experience, technical and managerial ability. Today, bank management has played down on these very important factors mentioned above in credit administration culminating in huge nonperforming loans. Managers of banks located in Bulgaria have to deal with the daily challenges of economic, political, and social transition. Elenkov and Petkova-Gourbalova [12] using 15 leading banks in Bulgaria found that changing economic situation in Bulgaria has affected the leadership style of the managers in the banking sector [2]. As a consequence, some of those managers inspire and motivate their subordinates, while others focus their attention on rules and irregularities and take corrective actions when mistake occur. Effective leadership requires team spirit in all ramifications for the organization to succeed [10].

Characteristics of a team

• There must be an awareness of unity on the part of all its members.
• There must be interpersonal relationship. Members must have a chance to contribute, learn from and work with others [2].
• The member must have the ability to act together towards a common goal.

Ten characteristics of well –functioning teams

• **Purpose:** Members proudly share a sense of why the team exists and invest in accomplishing its mission and goals.
• **Priorities:** Members know what needs to be done next, by whom, and by when to achieve team goals.
• **Roles:** Members know their roles in getting tasks done and when to allow a more skillful member to do certain task.
• **Decision:** Authority and decision making lines are clearly understood.
• **Conflict:** Conflict is dealt with openly and is considered important to decision-making and personal growth
• **Norms:** Group norms for working together are set and seen as standards for everyone in the groups.
• **Effectiveness:** Members find team meetings efficient and productive and look forward to this time together.
• **Success:** Members should know clearly when the team has met with success and share in this equally and proudly.
• Training: Opportunities for feedback and updating skills are provided and taken advantage by team members [10].

The successful leader effectively uses power and characteristics of team to influence employees, and it is important and crucial for the leader to understand the uses of power to strengthen the leadership functioning. A leader that crave for effectiveness and efficiency must recognize the various forms of organizational power and key into the type/types that best suit the workforce. Montana and Bruce [13] noted the following types of organizational power:

• **Legitimate Power:** It is a type of professional position within organization structure/inherent power that is legally recognized. The higher position in the hierarchy commands higher power than the rest.
• **Reward Power:** Given the power to managers that attain administrative power over a range of rewards. Employees who work for managers desire the reward from the manager; they will be influenced by receiving them as the product of work performance. The reward may be obvious – pay raise or promotions.
• **Coercive Power:** Given the manager's ability to punish an employee who did not follow the company policy, loss of profit, et cetera. Punishment here ranges from mild to serious punishment. A mild punishment is a suspension and serious punishment is actual termination.
• **Expert Power:** An expert power attained by the manager by their own talents such as skills, knowledge, abilities, or previous experience. Any of these managers has the power within the organization and will be very valuable and important in the company.
• **Charisma Power:** A manager has a charisma that will positively influence on workers, and admitted managers that creates the opportunity for interpersonal influence. A person has charisma, and this will confer great power as a manager.
• Referent Power: A power that is gained by association. This person with whom he or she is associated or has a relationship, often referred to as assistant or deputy.
• **Information Power:** A person who has possession of important information at an important time when such information is needed to organizational functioning.

GLOBAL FINANCIAL CRISES

A lot has already been written about the causes of the global financial crisis, about capitalism going too far; about too much money being available and bankers seducing people into deals from which these bankers also benefited; about failing Chief Executive Officers and Chief Finance Officers who missed the danger signals; about the crisis as a revenue/sales crisis, not a cost crisis; about failed risk management; about failing supervision and control, particularly in and of financial institutions [6]. As is the case with various banks which could not meet up the 25 billion naira requirements stipulated by the CBN. The major reasons adduced for the failure of so many banks to meet this requirements was blamed on poor leadership [14]. The author further stressed that eighty nine banks operating as at 2005 were reduced to twenty five after mergers and acquisitions. It may be true that global financial markets cannot be regulated and supervised by national institutions only, the challenges confronting financial systems is that of leadership crisis. Even President Barrack Obama, like everybody else, initially focused on saving the system by deploying financial and economic instruments. He very soon found himself confronting a much more problematic phenenoma - the immorality and irresponsibility of leaders, who used their first financial handouts to pay huge bonuses to themselves and others. Here they showed that they were just continuing to act as they had acted before, with no visible inkling of the impact of their thinking and behaviour. According to Central Bank of Nigeria Annual Report and Statement of Account [15] about N700 billion was injected into eight banks suffering from financial squeeze but no visible changes has taken place in the affected institutions [7]. It is believed and accepted that professional leadership is a very scarce resource. What are the main characteristics of, and our main expectations from a good leader?

i. A good leader needs the right personality, the right set of skills, and a knowledge and understanding of the industry concerned. Leaders must develop a vision that inspires other people, and need to have the strategy to realize it in order to provide ultimate business success and a better quality of life for the people in general.
ii. A good leader needs to update knowledge, and to integrate it. Wheatley [16] and Schein [17] opined that we need professional management knowledgeable in finance, accounting, marketing, operations, strategy etc especially at the lowest levels of management in financial institutions. We can expose leaders to integrated learning approach where they are exposed to different subjects to tackle problems and find solutions which are founded on more than one particular discipline.
iii. More important than knowledge is a set of skills, 'how': communication skills, negotiation skills, people valuation skills, teambuilding skills and others. Team building skills are always important, especially in time of crisis. In the team we lead we must present the situation in a very clear way in order to get the support and consensus of everyone on how to tackle the crisis. It is in the team that we build trust, and trust is more important than ever in the banking sector. We have to take action on behalf of the team, we have to set an example, and we have to listen more than ever.
iv. Great leaders do not withdraw and go silent, or make false promises; they stay and behave in a consistent way. They give straight answers to questions. In fact they take over [10].
v. During crisis situations, a good leader looks for the best people available for his/her team, instead of laying people off. For instance, the banking sector witnessed downsizing in the first half of 2010 due to global financial crisis. Crises are also good to develop people. Turnover/ Volumes are down; interest from the market has decreased: managers should turn these events into new set of opportunities for themselves and their companies. In these times of crisis and, even more, increasing innovation, this is no longer sufficient. Much more attention needs to be paid to leadership development and to the development of responsible leaders. To achieve this, a holistic attitude to leadership development is required, an innovative approach where creativity and sensitivity to new ways of leading and managing may be enhanced.

vi. We must do our best to educate leaders who are connected with a broader society (such as a bank) who take into account bigger issues such as sustainable development, ecology, responsible leadership and human rights, labour rights, and poverty reduction. A “receptive mindset”, for instance focuses on opening leaders to other cultures, other values, and different social phenomena; not strictly business issues, but everything connected with them and their context. In summary, more attention should now be paid to corporate social responsibility that will impact on the immediate environment.

vii. We can also learn from great leaders who have changed the direction of their environment or even of the world. We find catalytic leaders everywhere: financial institutions in other countries, in business, politics, art, science, religion, and NGOs.

viii. Also important for a visionary leader is the ability to recognize and manage priorities. During crisis situations, a leader should set priorities, and start to deal with the most important crisis issues as they occur quickly. If leaders know how to deal with priorities they will, at the right time, see the patterns of forthcoming change as well as the threat; they will also note what the competitor is doing and the direction that should be taken. For instance, in financial institutions, a leader such Managing director should not wait until bad debts have gone out of hand before pursuing debtors.

ix. Leadership skill should see the “part” and the “whole” at the same time. It means that we must be concerned with the entire system, but also need that feeling for the individuals and the other things which comprise the system.

x. A leader has to have moral integrity, have a lot of energy, exercise positive thinking, and have a feeling for good and bad and for justice. If a leader is in an ethical dilemma and cannot distinguish right from wrong, we will witness failure in the long term and a lot of damage maybe done to society.

xi. Today leaders find too much orientation towards the past rather than the future. Here in lies the seeds of a growing gap between the older and the younger generations. Current leaders have a responsibility to develop future leaders. Instead of sit tight syndrome which is very pervasive in the banking industry, bank management should develop the pool of wonderful human talent for a brighter future. The recent policy statement by the regulatory authorities in early 2010 that Managing director should not spend more than 10 years in bank is a bold step in the right direction.

THE CHANGING PARADIGM OF BANKING

Change is the only constant factor in this dynamic world and banking is not an exception [13]. The changes staring in the face of bankers relates to the fundamental way of banking – which is undergoing rapid transformation in the world of today, in response to the forces of competition, productivity and efficiency of operations, reduced operating margins, better asset/liability management and risk management in banks. The major challenge faced by Nigerian banks today is the inability to protect the falling margins due to the impact of competition. Another significant impact of banks today is the technology issue. There is an imperative need for not mere technology upgrading but also its integration with the general way of functioning of banks to give them an edge in respect of services provided to optimizing the use of funds and building up Management Information System (MIS) for decision making and better management of assets and liabilities and risk assumed which in turns have a direct impact on the balance sheet of the banks as a whole. World over, technology has demonstrated potential to change methods of selling marketing, advertising, designing, pricing and distributing financial products of an electronic self-service product. According to Sundhindra [18], the main challenges faced by Indian banking system as well as most Asiatic banks are the role of financial instrumentation in different phases of the business cycle, the emerging compulsions of the new prudential norms and benchmarking the Indian financial system against international standards and best practices, this case applies to Nigeria. The need for introduction of new technology in the banking and the importance of skill building and intellectual capital formation in the banking industry are also equally important.

Financial intermediation

Financial intermediation is the ability of the financial institution to intermediate between savers and investors, to set economic prices for capital and allocate resources among competing demands is now emphasized [19]. By virtue of their experience and superior credit assessment of the investment proposals, banks should play a significant role in identifying and nurturing growth impulse in the commodity and service producing sector in the economy [6].

Market discipline

Transparency and disclose norms are assuming greater importance in the emerging environment. Banks are now required to be responsive and accountable to the investors. Banks move to disclose in their balance sheets information on maturity profiles of assets and liabilities, lending to sensitive sectors, movements in non-performing accounts (NPAs), besides providing information on capital, provisions, shareholdings of the government, value of investment and other operating and profitability indicators has been the trend globally [19]. They also have to make a disclosure of total investments made in equity shares, units of mutual funds, bonds and debentures and aggregate advances against shares in their notes to balance sheet. The regulatory authority should set up credit information bureau to collect and share information on borrowers and improve the credit appraisal of banks and financial institutions.

Adopting international standards

The fallout of the global crisis and the impetus given to the strengthening of domestic financial systems has resulted in move by the regulators to set up universally acceptable standards and codes for benchmarking financial systems [7]. There is need to draw a road map for implementation of appropriate standards (e.g., International financial reporting standard that is fast gaining ground globally) and codes in light of existing levels of compliance, cross country experience and the existing legal and institutional infrastructure. In view of the vast diversity in the size, asset liability profiles of the banks it becomes very difficult for a few of them to meet the new benchmark of global standards. Each bank has to draw it own strategy to move towards this direction.

Technology banking

Innovation in technology and world-wide revolution in information and communication technology are perceived to be the catalyst of productivity growth [8]. The relationship between Information technology and banking is fundamental symbiotic. It is expected to reduce costs, increase volumes and facilitate customized products. Technology adoption is a dire necessity for the old banks to compete with the new generation and foreign banks. It is a 'compulsory' rather than a 'choice'. Retention of existing customer is the primary concern of majority of the banks today.

The major challenge for banks is to fall in line with the emerging scenario and adopting the require technology to provide stake-of-the art services to the customers. Introduction of on-line, interconnected automatic teller machines (ATM), telephone banking, on-line bill payment and internet banking are some of the high tech facilities. Banks have to provide in order to survive in the competitive scenario. Technology should ultimate results in better customer service, low cost and quick delivery [8].

Rural banking

Besides Microfinance banks, deposit money banks have committed substantial of their branches network to serving rural and semi-urban population. Therefore, these banks have to integrate branches to new technology and adopt a financial emerging approach to rural banking.

Human resource development in banks

HRD in the banking industry help to facilitate performance improvement, measured not only in terms of certain financial indicators of operational efficiency but also in terms of quality of financial services provided. The skill level, attitude and knowledge of the personnel play an important role in determining the competitiveness of a bank. Capital and technology though considered to be the most important pillars of banking but cannot function effectively without human capital, which needs to be viewed as a valuable resource for the achievement of competitive advantage. The primary concern of the bank should be to bring in proper integration of human resource management strategies with the business strategies. It should foster cohesive team work and create commitment to improve the efficiency of its human capital. This can be achieve by continuous training and retraining. The need to adopt global best practices to financial sector regulation and supervision and adopt them to the domestic environment, places a premium skills and expertise on the bank human resources [5].

Banking on leadership management

The secret of a leader lies in the tests he has faced and the habits of action he develops to meet those tests. Few industries have given their managers as many opportunities to become leaders as banking (leadership management). Banking has gone from an industry that attracts stability – seekers to a revolving door. The combined effects of deregulation, consolidation, and the rapidly advancing technology will continue to redefine the essential skill requirements of bank managers. Johnston [20] posits that “the bank that transforms its supervisors into interpersonal risks managers will find greater ease navigating the rapidly changing banking landscape and avoiding the inherent and financial risks that go along with it”.

Role of interpersonal risk Managers

Agwu [6] stressed that interpersonal risk management leaders help their banks survive transitions by communicating through change, reducing unnecessary employment liability. They transform risks into opportunities and minimize the legal and financial risks in a work place. Not only will the leaders increase employee’s satisfaction, it will raise productivity. Whether the firm is implementing new technology or integrating operations during a merger, bank managers must know how to successfully lead their employees through periods of change. According to Atuma and Agwu [10] transitions are a time of high employee stress, uncertainty and fear. This often leads to poor morale, interpersonal conflict, decreased productivity and negative bottom line consequences. Interpersonal risk managers can ease their employees during company transitions by helping employees manage stress. One of the most difficult challenges managers face is dealing constructively with stressed out employees. Stress can easily disrupt work relationships because, when employees are uncertain or overload, their communication is driven by an attempt to reduce their discomfort and control the situation rather than responding to the cues, wishes or feelings of others. Interpersonal risk managers minimize the potential havoc this can cause by recognizing stress-induced employee communication patterns and engaging in appropriate crisis leadership management strategies, such as reviewing a workload to make sure it's manageable or checking to make sure deadlines are realistic. Today, fresh graduates employed in banks are given unrealistic targets which make them to indulge in unethical practices [6].

It enhances communication early and often. Managers who communicate clearly, consistently and credibly benefit from lower turnover, lower absenteeism, fewer grievance filed, and better coordination, both inside and outside the organization. During times of uncertainty, interpersonal risk managers articulate a clear vision of the company's future; including the benefits of change to the bottom line. By creating recognizable milestones for their employees to track, they replace fear with optimism. Interpersonal risks leaders also set benchmarks to measure acceptance of new initiatives, comprehension of key corporate messages and adequacy of their employees; they identify early signs of transition problems such as a significant rise in customer complaints or overt conflicts between employees and departments and take an active role in eliminating them. To accomplish these goals interpersonal risk managers must have the skill to persuade, motivate, and build trust with their employees.

It reduces unnecessary employment liability. Interpersonal risk managers are leaders who assist in reducing unnecessary legal risks. They know that their actions can be the deciding factor between a satisfactory resolved internal offensive behaviour complaint and a fully fledged law suit. As such, they play an active role in reducing unnecessary liability. Understanding their legal responsibilities; interpersonal risk managers have a clear understanding of harassment discrimination laws, understand their role in preventing and responding to offensive behaviour, and have the skills to respond effectively to offensive behaviour complaints. They are also aware of the influence their position of authority has on the expectations and perceptions of employees and understand that an employee who sees his or her manager engaging in, ignoring or retailing against someone who has complained about offensive behaviour is more likely to bypass a grievance procedure and seek outside relief. As such they use their influence to promote effective humour, team building and ethical decision making [19]. Interpersonal risk managers address problems quickly, fairly and consistently by taking appropriate action. They skillfully applied the appropriate use of coaching, counseling and disciplines to document their leadership management decisions and motivate their employees towards peak performance [6].

Managers are able to invest in employee. A bank's competitive edge depends on outstanding customer service. To achieve it, bank managers must give increasing authority to the people who interface with their customers on a daily basis. Interpersonal risks managers understand the direct link between employee satisfaction and customer service and invest in their employees. They must empower their employees with authority to make customer relations decisions on the spot. They communicate where they want their bank to go and the strategy to use to get there. This simply means that they confer their employees with the freedom within the limits of their business strategy to act on the behalf of the company [4]. Interpersonal risk managers should strive to keep their employee. They put extra effort into their employee orientation to build organizational commitment. They meet with new employees during the first week of engagement (orientation) in order to acquaint them with procedures in the workplace. They should also conduct yearly job satisfaction surveys and get employee input recognition and reward programs.

CORPORATE GOVERNANCE

The CBN [21] codes of corporate governance which came into effect from April 3, 2006, identified practices and lapses that are threats to the long-term growth of the banking industry [7]. Some of the codes pointedly addressed some banks whose board and management compositions are at variance with global outlook which the CBN wants the banks to have in order for them to be able to attract required skills and continuous investment. In the Central Bank of Nigeria Code of Corporate Governance for Banks in Nigeria Post Consolidation, the apex banking regulator stipulates that:

i. Government equity holding in any bank shall be limited to 10% by the end of 2007, as government is enabling a private sector-led economy.
ii. Equity holding of over 10% by any single investor shall require CBNs approval.
iii. No individual will combine the positions of Chairman and CEO, and in the new era, such title as Executive Vice Chairman is not recognized.
iv. No two extended family members can hold simultaneously the positions of Chairman and Chief Executive Officer.

The CBN code now discourages sit-tight board predilection as fresh ideas are constantly required in steering the banks. The CBN requires that Chief Executive Officer (CEOs) and Chief Finance Officers (CFOs) of the banks assume responsibility for all reporting to it by their banks. In this regard any bank that makes false rendition of their reports to the CBN could have its CEO dismissed and blacklisted as a non-first time offender. The code also stipulates prudential and procedural measures to curb insider loans abuses while prescribing role performance for auditors including approving their appointment. Most of the threats to corporate survival of banks hover around accountability and transparent. To counteract this there should be effective and transparent leadership functioning at executive and nonexecutive board level and top management.

Leadership lessons

Inspite of the global crisis, leaders can rise to the challenges with the following suggestions:

• Keeping an eye on the ball of underlying credit risk is the most basic of all lessons. No lender does a borrower a favour by putting the borrower into a loan that cannot be repaid. It is easy to make loans, but hard to make good loans. The current sub-prime lending problem is the latest in a series of excessive credit extension. All Nigerian bank managers can learn a big lesson from this.

• Savers and investors need their money back with a return on investment. No one does savers any favour by selling them investments whose risk they either do not understand or cannot bear, e.g., sub-prime mortgage-backed securities when they should have invested in other assets. This is also applicable to Nigerian financial managers

• Investors who cannot understand or bear the risk inherent in a particular transaction or security, should not buy it; nor should they have it sold to them – if the selling institution is really looking out for its customers.

• If it is too difficult to understand, don't buy it, trade it, or underwrite it. For instance, were sub-prime mortgagedbackeds, other asset-backeds; are not entirely clear; investors, underwriters, or traders should fully understand what they were dealing with in terms of risk, return and valuation.

• Borrowing in one currency and lending (unhedged) in another can get you in trouble. Huge sums have been borrowed (such as in Yen) and invested (such as in New Zealand, Australian, or U.S dollars or Nigerian naira) this way over this past cycle. But the main thing being carried here is currency risk, which ultimately will extract a price. We find people engaged in that age-old recipe for disaster of borrowing short and lending long, and then expressing surprise that "their liquidity has dried up". Leaders should be abreast of risk inherent in currency market.

Leadership of modern financial institutions

The test of enterprise leadership is whether the firm is stronger 5 and 10 years after the leaders departs than while he or she was in charge. Robert [4] posited that it can be measured along five key dimensions.

i. Strategy and strategic choices: Strategy is all about being better than your competitors by being different that is doing right things. The first test of leadership is what the firm does and, perhaps just as importantly, does not undertake to do. Figuring out and sticking with what in the world your firm will be best at, is a big and important leadership challenge. Leadership need to follow and guide choices with a sense of discipline and vision.

ii. Attracting and retaining the right people: A key leadership challenge is attracting and retaining good people who will take responsibility for leading and executing the strategic vision of the firm, and who want to be part of building the enterprise for the longer run, not just for the short term; people who believe in your strategy and who want to do things right.

iii. Culture and Values: Leaders in modern financial firms operate in a dynamic environment and competitive conditions, with huge volume of transaction. Leaders should build the right culture within which they operate. It has to be a culture that is honest about the reality of the firm's, present situation, where

people are encouraged and rewarded for raising issues and surfacing potential problems early, where doing the right thing for customers is highly valued, and where everyone is encourage to use their brains to generate the best ideas.
iv. Risk management: Finance involves many types of risk – market, interest rate, credit, liquidity, financial and operational. Many financial institutions are managed in a highly geared fashion which makes strong risk management culture absolutely critical. If concern for risk is not championed at the top, and then rewarded and encouraged throughout the firm, there is too much temptation for the pressures of short-term sales and growth to damage the risk management culture and economic viability of the firm.
v. Long-run and the need for change: Leaders face much shortterm performance pressure, but the performance pressure they really face is to build long-run sustainable value for the firm. Organizations need to change because the world around them is changing, and competitors and customers are changing. Leaders of firms who successfully navigate the kinds of adaptive change required of leading organizations are the ones who win in the market place. Leadership is about taking responsibility for the sustained health and performance of the organization. The biggest challenge of them all is to stay focused on the firm's sustainable advantage and on the disciplined, risk-controlled, culturally-strong execution of sound plans. This is the only sure path to a successful future for the financial institution and all its constituents: customers, staff, shareholders, and the broader community.

CONCLUSION

Leadership needs to address issues of technical mismanagement, cosmetic mismanagement, desperate mismanagement and frauds which poses threat to the health of banks. The signals of technical mismanagement are 'over extension', poor lending, lack of internal controls and poor planning in areas of business and management. Cosmetic mismanagement is a devise of manipulating the financial picture of a bank. The level of profit is dishonestly raised to unrealistic and most unrealizable levels. The main practices of desperate mismanagement are speculation, paying rates above market rates for deposits, and charging high interest rates to borrowers. Where these anti-banking activities fail to meet expectation of leadership, they resort to fraudulent activities to take care of themselves such as lending to companies that are owned or connected with the bankers. In the last two decades, the banking sub-sector of the Nigerian economy has been soaked in huge investment from private, local and foreign institutional investors, as well as from the marginal investing publics. The shareholders fund of the 24 banks in the economy has thus grown to over N700 billion [7], thereby increasing stake holding in that subsector. For the banks to deliver good returns to the shareholders and enable economic growth which financial intermediation engenders in liberal economies there is the need for improved regulation and monitoring to ensure that the board and management of the banks comply with codes of good corporate governance.

Above all, for effective leadership, there is need for good combination of teamwork, right organization, power and appropriate style of leadership.

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