The Future of the Past in Banking

Being an

Inaugural Lecture

Delivered by

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Mr. Vice Chancellor Sir,
Distinguished Colleagues,
Ladies and Gentlemen
Lions and Lionesses

Introduction

An inaugural lecture is a celebration of a Professor's academic contribution, having reached the apex of his career. Since it is by definition an opening lecture or foundational lecture of a newly appointed professor, inaugural lecturers usually have the luxury of deciding the focus of their lecture. It is for instance legitimate to use the lecture to summarize one's contributions to the field that led to his/her elevation to the chair. Some also use it to explore their current or future research interests. Another legitimate approach is to use the occasion to summarize the growth of the discipline in one's University with the objective of setting the agenda for the future development of one's department.

For me, choosing the slant of my inaugural lecture has not been an easy task. Although I am the 9th person to be promoted Professor in the Faculty of Business Administration of this University and the third in the Department of Banking and Finance, this is the first inaugural lecture from the Faculty.[1] Mr. Vice Chancellor Sir, as the current dean of my faculty, I submit that this record is not an enviable one. While the faculty's record is pitiable, the difference between it and that of the rest of the University is only of degree not of kind. For instance, although the first inaugural lecture in this great University was delivered on October 15, 1976 by the late Professor Ikenna Nzimiro (Cf. Nzimiro, 1976), this lecture, coming more than thirty years later is the 24th. This translates to an average of less than one inaugural lecture a year. Admittedly, the current leadership of this University is doing all in its power to reverse this trend. Mr. Vice Chancellor I urge you not to relent in your efforts in this direction. At the very least, this should serve as encouragement to students and younger scholars. It will also help put in context, the research contributions of professors from this great University.

The implication of the above poor inaugural lecture culture, especially in the context of my faculty, is that some may expect me to use this occasion to explore the emergence of business as a discipline in this University and summarize the contributions of the key players. This view is strengthened by the fact that as Dean, I am the academic and administrative leader of the faculty. My inaugural lecture, it could therefore be argued, should be about the faculty rather than about myself and my contributions.

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1. Other persons promoted professors in the faculty include: Agwu Akpala (Department of Management, 1978), Late Okefie Uzoaga (Department of Banking and Finance, 1980), Julius Onah (Department of Marketing, 1981), Francis Okafor (Department of Banking and Finance, 1984), E Imaga (Department of Management, 1988), Ikechukwu Nwosu (Department of Marketing, 1992), Dorothy Nnolim (Department of Marketing, 1992) and Uche Modum (Department of Accountancy, 1995)

I have however chosen not to tow this direction. This is especially so given the fact that I am the most junior professor in my faculty and five of my seniors are still in service either as full time, contract or adjunct Professors. This foundation role must therefore be left for them.

For this inaugural lecture, my aim is twofold. First, I shall summarize the career path that led to my appointment to the Chair of Banking and Financial Institutions in this University with effect from October 2003. This, I believe will help put my elevation in the context of the various academic influences that made this possible and also acknowledge such influences. Perhaps more importantly, I will try to justify my appointment to the Chair by summarizing my research contributions to the field of banking and finance in particular and knowledge in general. A byproduct of this objective will be to demonstrate how my strong historical background in banking has enhanced my understanding and appreciation of contemporary issues in the subject area. Regrettably, since the attainment of political independence, there has been little effort to preserve banking past. The stark reality, Mr. Vice Chancellor is that despite the importance of banking history, its future is bleak. The current repetition of past errors in banking policies and operations is mainly a consequence of the vanishing future of the past in banking. In order to achieve the above objectives, this inaugural lecture is divided into four parts. Part One sets out the foundations of my academic career while Part Two summarizes the contributions of the various articles that emerged from my doctoral thesis. Part Three reviews the contributions of some of my contemporary works in banking and finance and indeed related areas and Part Four concludes the lecture.

The Foundations of My Academic Career

My academic career essentially started in this great University in 1982 when I was admitted into the B.Sc. Finance Class. Unfortunately, I never had the privilege of being taught by the celebrated Professor Okefie Uzoaga (late) who was the foundation head and then Professor of Banking in the Department. This was because undergraduate students only had the opportunity of meeting him in third year for his money and banking course. During our third year however, he was on sabbatical at the University of Lagos. Despite his absence, his able lieutenants ensured that we were well tutored. One such lieutenant was Professor Francis Okafor who is currently the father of our department. Aside from his incisive final year course in Investments, Professor Okafor was also my project supervisor.

During my one year national service, I came under the influence of another great scholar: Professor Green Nwankwo. He was then the United Bank for Africa Professor of Finance at the University of Lagos. Specifically, I was privileged to be his research assistant. Perhaps his greatest strength was that he combined research and practice. Aside from his academic prowess, he had at various times served as: President of the Chartered Institute of Bankers of Nigeria, Pioneer Executive Director in charge of Monetary Policy at the Central Bank of Nigeria and Chairman of Union Bank of Nigeria Plc (Uche, 2001f). At the very least, my tutelage under Professor Nwankwo made me appreciate the importance of professional qualification and experience in the development of a successful academic career at least in the business disciplines. This is an essential ingredient in the pursuit of the laudable goal of bridging the widening gap between business research and practice.

I subsequently spent another year at the University of Lagos in order to study for a Masters Degree in Finance. In 1988, I joined the international accounting firm of Coopers and Lybrand (now PricewaterhouseCoopers) where I worked for four years. During the period, I qualified as a chartered accountant and rose to the position of Audit Supervisor. In 1992, I gained admission to study for a Masters Degree in International Accounting and Finance at the London School of Economics and Political Science. It was there, under the watchful eyes of Professors Christopher Napier and Richard Macve that I was initiated into the art of critical research.

I arrived at the LSE after the “Hopwood” revolution in the Department of Accounting and Finance. With a first class honours degree in accounting and finance from the London School of Economics, Professor Anthony Hopwood proceeded to the University of Chicago for his Masters and Doctorate Degree. There, he defied the emergent pressures in the 1960s and early 70s to stay within mainstream empirical and quantitative social sciences. Instead he chose to explore the relationship between accounting and management behavior and in doing so created a new field of inquiry (Power, 1999, p.31). Professor Anthony Hopwood till date remains one of the most cited professors of accounting and finance in the world. Prior to the arrival of Professor Hopwood as the Ernst and Young Professor of International Accounting and Financial Management in 1985, the Department of Accounting and Finance at the London School of Economics essentially adopted a conservative research approach focusing mainly on conventional accounting and financial issues. The brand of research Hopwood propagated was radically different. He believed that meaningful accounting and finance research must be done in the context of our social and political environment. Essentially, he considered accounting as a craft that was shaped by the social, cultural and political specificities of its particular environment (Hopwood, 1989, p.1). In advancing this brand of research therefore he propagated the use of theories borrowed from sociology, philosophy and political science.

In order to help entrench this research agenda, he had earlier established an influential journal which focused solely on the use of social and political science theories to explain the accounting phenomenon: Accounting, Organizations and Society. This journal till date has consistently ranked as one of the top three journals of accounting in the world.

Based on the above, it was not surprising that when I arrived at the LSE in September 1992 for my Masters Degree in International Accounting and Finance, “Hopwoodianism” reigned supreme. Unrepentant traditional accounting and Finance scholars had either retreated to administrative duties or escaped to other Universities. When I was admitted into the PhD Class after my Masters Degree programme in 1993, it was clear I had to fall in line. My initial proposal was to focus on the underlying processes and forces that impacted on the development of accounting laws and practices in the Nigerian banking sector. As my research progressed, however, it soon became clear that there was a big lacuna in the literature of the entire banking industry in Nigeria. With this development, my accounting focus soon became a very minor part of my doctoral thesis.

My thesis titled: Banking Developments in Pre-Independence Nigeria: A Study in Regulation, Control and Politics, made fundamental contributions in three areas: to our understanding of how banking regulation operates in a highly politicized environment; to our knowledge of the diffusion of banking practices and ideas and the significance of political control and social contact on the diffusion process, and; to our appreciation of the forces shaping banking regulation over a long period (Uche, 1997a). This thesis went ahead to win the International Economic History Association Prize for the best Doctoral Thesis completed between 1997 and 2000 for the Post World War One Period.

Although banking research from a historical perspective was not new in Nigeria at the time, thanks to the pioneering works of Newlyn and Rowan (1954), Brown (1966) Crossley and Blandford (1975) and Fry (1986), no scholar had explored it in the context of regulation theory. I also had the unique privilege of introducing new evidence especially from the Bank of England Archives into the discourse of banking in Nigeria. In order to understand the nature of my contribution, there is need to first appreciate the theoretical foundations of my work: regulation.

Simply defined, regulation generally suggests some form of intervention in any activity, and ranges from explicit legal control to informal peer group control by Government or some such authoritative body (Ogus, 1994, p.1). Regulation sometimes stems from market failure which usually occurs when market transactions give rise to spill-over effects (or externalities) on third parties, or when there is information inefficiency in the market (Cf. Bromwich, 1985 and 1992). The end point of all regulatory processes is to enshrine some code of conduct for the regulated activity. Whatever rules that are finally agreed upon usually have diverse consequences on various interest groups. This has made the regulatory process ranging from how such regulation is proposed, formally considered, approved, administered, interpreted, evaluated and altered a political activity (Uche, 2001c, p.67).

In general, people simply pursue their objectives, whatever they are, using the resources available to them. Persuading a customer to utilize your services will no doubt produce a payoff, but so also can getting the government to impose some form of tariff on your competitors or to grant you subsidies. The choice therefore between market and political actions is essentially an economic one and will depend upon the relative costs involved and the chances of success in each case (Ricketts and Shaw, 1984, p.14). It was this trend towards analyzing the use of political processes from an economic perspective, rather than implicitly assuming that they are infallible mechanisms for the production of the 'public good' that necessitated more archival case studies with the objective of helping us better understand the concept of regulation.

In order to appreciate this, it is important to note that scholars who adopt the historical approach rely mainly on two sources of documentary evidence in their attempt to recreate and interprete the past: published and unpublished materials. Published materials and reports usually present the views that represent the official position of an organization or institution. History has however since taught us that the official reason is not always the real reason. In such cases, unpublished materials like internal memos, which are usually found in organizational archives, become a key factor if the historian is ever to get to the root cause of many policy actions. Such materials, apart from helping us to understand the various forces that helped influence the official position adopted by say- an organization- on a particular issue, also exposes the real reason behind the policy action. The ever changing perception of what is acceptable and politically correct has made it imminent for some societal or organizational operatives to hold two views on one issue: private and official. While the official views are freely published and disseminated, the private ones are hidden in companies' archives. Finding and understanding these views is central to our proper understanding of the various processes and forces that impact on institutional policies (Uche, 2000c).

Accessing the private views of organizations is not always easy. In the developed countries, for instance, companies and organizations are increasingly appreciating the importance of historical records. The result is that such records are increasingly being made public. Most companies however insist on allowing a minimum amount of time to expire before making public its records. All the Archives I used in my doctoral study: Bank of England, World Bank, Barclays Bank and Bank of British West Africa have a thirty year rule in this regard. It is indeed ironic that my doctoral study which was on Nigeria's banking past had to depend solely on the records of foreign companies and organizations. This is partly because the preservation of records in Nigerian institutions and businesses, including financial institutions is literally a non issue. While the pre independence past of Nigerian banking have survived because of our colonial heritage, the post independence banking past have no future al all. Record keeping is considered unimportant talk less of the development of a research friendly archival policy. The consequence of the neglect of banking past is that the banking problems of yesterday remain the problems of today.

Based on the above analysis, it is not surprising that my strong grounding in banking history has been my greatest research asset. Aside from winning the prestigious International Economic History Association best doctoral thesis prize, my doctoral research provided a solid foundation for my academic career. Various aspects of the thesis have since been published in some of the most influential journals in business, economic and financial history in the world. These include: the Financial History Review (Cambridge University Press), Economic History Review (Blackwell Publishers), Explorations in Economic History (Academic Press) and Accounting, Business and Financial History (Routledge Publishers). My doctoral thesis essentially tried to explain six significant episodes in Nigeria's banking development in the context of regulation theory. The major publications, arising from the thesis, which helped jumpstart my academic career, are summarized below.

Contributions of My Doctoral Thesis

The first chapter examined the various motives for the establishment of foreign banks and the relationship between these banks and the Africans in colonial Nigeria. *A Priori*, one would expect the advent of banking institutions to enhance the development of a capital market and competition in a country's economy. This chapter shows that the interests that led to the development of banking in colonial Nigeria were not such as to promote competition in the colony. Although the first two players in the Nigerian banking arena: Bank of British West Africa and Bank of Nigeria had emerged to support vastly differing commercial interests, they all showed monopolistic instincts in the field of commerce (steamers, import-export trade) they were backed from. This may explain why they eventually colluded to form an anti-competitive trust. Significantly, this merger was encouraged by the Colonial Government. This worked against the interest of the Africans and robbed them of any benefits banking competition may have brought. Evidence in this chapter suggests that the Colonial Government intervened with the anti competitive behavior of British firms only when its interest was at stake (Uche, 1999d).

Another chapter explored the emergence of indigenous banks and the attitudes of the colonial government towards such indigenous banks. Evidence in the chapter suggests that the Colonial Government's interest in preventing the growth of 'wild cat' banks was of no benefit to the Nigerian economy. Rather, the Colonial Government was unable to appreciate the fact that Africans, no matter how backward they may appear, by British standards, and how unprepared they may have appeared for self rule, needed a banking system to support them at their level of development. This was a task the British banks were unable to do and the indigenous banks despite all their deficiencies were in a better position to perform (Uche, forthcoming).

A third chapter attempted an analysis of the underlying processes and forces at work that explains the absence of some accounting and inspection provisions in the 1952 Nigerian Banking Ordinance. Although the need for some form of regulation of the banking industry was conspicuously clear to most of the interested parties, there was still some suspicion especially among Nigerians that such legislation was being used to deter the setting up of local banks and protect the interest of foreign banks. These suspicions were not altogether unfounded. For instance, one of the main reasons given by the Bank of England for not advising on full scale legislation of banking inspection in Nigeria was because "it might precipitate a demand for complicated banking control which might be objectionable and cause undesirable and unnecessary interference with the two chief banks". In other words, the absence of any inspection provisions in the 1952 banking ordinance was mainly influenced by the foreign banks which saw such provisions as unnecessary interference with their activities. The political climate in the colony at the time made it difficult for differential regulation to be applied across banks based on the risk perception of the individual banks (Uche, 2003b).

Another chapter examined the various tactics employed by one of the leading indigenous banks at the time: African Continental Bank (ACB) to meet the requirements of the 1952 Ordinance. This was especially important given the fact that the ACB was set up and owned by Dr. Nnamdi Azikiwe an “Anglophobe nationalist leader.” Essentially, the ACB was set up primarily to help further the interests of the Zik’s Group of companies, while also protecting the interest of the public. These goals were compatible with the rules of the game prevailing when the bank was established. Azikiwe was also explicit about his intentions when the bank was set up. The playing field for the bank was however altered by the requirements of the 1952 Ordinance. A political decision by the Government of the Eastern Region, in which Azikiwe was Premier, to invest almost two million pounds in both shares of and deposits in the bank, was the obvious savior. The Colonial Office which was well aware of the difficulty of indigenous banks to meet the requirements of the New banking ordinance without external support, worried, rightly of course, about the consequences especially in the direction of political abuse. Perhaps more importantly, this was seen as an opportunity by the Colonial Office to discredit Dr. Azikiwe who they did not like. The paranoia provoked by Dr. Azikiwe relegated the ideal goals of establishing sound banking regulation to the background. Instead, the Colonial Office caused the searchlight of three separate inquiries to be directed on the ACB and/or Dr. Azikiwe’s relationship with the bank. Although some of the inquiries were to allude to Zik’s conduct in the whole affair falling short of expectations of honest reasonable people, there was no indication that the bank’s funds had been misappropriated. Paradoxically, it was Azikiwe’s nationalist activities, the obvious reason why the probe was directed at his person that saved the ACB from being wound up (Uche, 1997c).

A fifth chapter explored the political origins of the Central Bank of Nigeria in the context of the structural differences with the West African Currency Board which it replaced. This chapter explored the various interests that influenced the demand for and resistance to the concept of central banking. Essentially, the Colonial Government argued that Africans, at their stage of development were not ready to be entrusted with the technical responsibility of monetary policy management. Such, it argued, would inevitably lead to political interference and high inflation. In order to make this point convincingly, the Colonial Office employed the services of economic experts. One such expert was J L Fisher of the Bank of England who explored the possibility of setting up a central bank in Nigeria. He immediately stamped on the idea suggesting that the country was not ripe for such an institution. Bank of England archival evidence now available has however destroyed the credibility of the above report by showing that it was a stage managed report (Uche, 1997b).

The final case study chapter examined the underlying influences behind the decision by Barclays Bank (DCO) to rapidly expand its credit to Africans in the 1950s. This policy brought to an end several years of discriminatory credit practices by the bank against the Africans. This was borne out of both political and economic reasons which were entwined. First, there was the belief that grooming Africans in banking and credit would, in the long run, be in the interest of Barclays (DCO). Furthermore, given the imminence of political independence, the action of the bank was arguably a deft economic calculation of the imminent political change. Within a few years, the bank was recognised by Africans as a 'friendly bank.' This however did not occur without costs: bad debts, until then a relatively unknown phenomenon in the bank's Nigerian operations (Crossley and Blandford, 1975: 258), took the centre-stage. This forced the bank to re-evaluate its accounting, control and operational procedures both for advancing new credit to Africans and for controlling existing ones. It also led to the reversal of the bank’s credit liberalisation policy. Evidence in this paper highlights the limitations of internal controls in an era of change. It shows that internal control mechanisms are not always infallible especially when management is influenced by other objectives (Uche, 1998e). In summary, all the above episodes have shown how various interests have either helped shape or attempted to shape banking developments in pre Independence Nigeria.

The robust foundation provided by my doctoral thesis has also greatly assisted my postdoctoral research. It has, for instance, enabled me to advance such critical research to other geographical spheres especially in British West Africa. One such research resulted in the publication of a landmark article on the origins of the National Bank in the Gold Coast Colony (Uche, 2003a), while two others explored the origins of central banking in Sierra Leone and the Gold Coast respectively (Uche, 1996b, 1995). A fourth related article documented the contributions of J B Loynes, who was arguably the Bank of England Staff that most influenced Banking and Monetary Policies in British West Africa (Uche, 2000b). The above papers have contributed to our knowledge of the forces that shaped the emergence of central banking and monetary policies in British West Africa in general.

At another level, my doctoral thesis became an inspiration for a more detailed review of collusion and competition among British Banks in Colonial West Africa. In a 2007 article, with Dr. Gareth Austin, in the influential Business History Review (Harvard University Press), we show evidence that tends to support the fact that there was extensive collusion and price fixing between foreign banks in Colonial West Africa. We also document the reactions of the Colonial Government, Europeans and African customers towards such collusion which was sustained over a very long period of time. Although the conventional reason at the time was that the market was too small to sustain a full rivalry, we find evidence of rent-seeking. Evidence provided in the paper again collaborate the fact that the colonial government intervened with the anti competitive behavior of British firms only when its interest was at stake (Austin and Uche, 2007).

From the above, it is clear that the main benefit of historical research is to help us understand and appreciate the various underlying processes and forces at work that help shape events, nations, people and policies. Such knowledge must however not be seen as an end in itself. It should help us draw parallels between the present and the past and in so doing, enable our future to benefit from our past. In other words, history helps us to avoid the mistakes of the past (Uche, 2002b). This is essential if the study of the past is to have any meaningful future. It is thus on the basis of my strong historical foundations that some of my later works made significant contributions to the regulation of banking and other financial institutions in the contemporary sphere.

My Contemporary Works in Banking and Finance

With the sharp rise (and fall) in the number of banks, the current recapitalization and bank stability debate, near extinction of merchant banks, the unending debate over the meaning and macroeconomic implications of central banking independence and the multiple failures of various government rural and micro-credit schemes, it is not surprising that most of my contemporary research has focused on banking.

In four theme related articles on: the failed banks decree (Uche, 1996a), Deposit Insurance in Nigeria (Uche and Osho, 1997), Banking Regulation in an Era of Structural Adjustment (Uche, 2000a) and Bank Share Capital Regulation in Nigeria (Uche, 1998a), I/we waded into the debate on the major causes of banking instability in Nigeria especially after the adoption of the Structural Adjustment Programme in 1986. With the aid of banking history, we robustly demonstrate that the primary cause of banking crisis is macroeconomic instability occasioned by government fiscal recklessness.

In two interrelated articles, we also explored the near extinction of merchant banks and the so called concept of universal banks (Uche, 1999a and Uche, 2001e). These papers essentially showed how confused government policies and the changing macro economic environment have negatively influenced the development of merchant banking in Nigeria. The papers argue that the practice of universal banking provides real threats and challenges to both financial institutions and regulators respectively. The current system that allows banks to own other types of financial institutions creates enormous room for system abuse. This is especially so in a developing and corrupt country like Nigeria where regulators are generally either not well trained or have not kept pace with changing financial practices and developments. Perhaps more worrying is the reason behind the agitation for universal banking. Universal banking is mainly seen as a tool that will enable merchant banks to abandon their medium and long term financing roles and be engaged only in short term lending. This has no doubt been necessitated by the perennial macro economic instability and its attendant double-digit inflation. This has made it difficult for merchant banks to carry out their expected role of medium and long term financing. Despite this, medium and long term finance continues to constitute an essential part of economic development the world over. There is therefore the need for the Government to create a stable macroeconomic environment, which will enable universal banks, among other things, to undertake medium and long-term financing.

Given the fact that I am Professor of Banking and Financial Institutions, I consider it prudent to highlight some of my works in the area of other financial institutions. Again regulation theory and my strong historical background have provided the backbone of such studies. In four papers on Insurance, we examined the impact and consequences of regulation on concepts of insurance investments, compulsory legal cession, insurance capital, and ownership structure in the Nigeria context (Uche, 1998d; Uche and Chikeleze, 2001, Uche, 1998c; and Uche, 1999b)

With respect to government ownership of insurance companies in Nigeria, for instance, we have established that the main reason why the federal government decided to establish its first fully owned insurance company, NICON, was because of the rampant fraud then prevalent in the insurance of government assets. This goes contrary to the widespread belief that it was in order to check the domination of the Nigerian market by foreign owned insurance companies. Insurance fraud was in the main committed by indigenous insurance firms in collaboration with the management staff of government owned parastatals. Despite Government ownership, the insurance industry has achieved little, if any, growth in real terms. Government owned insurance companies, which dominate the market, at least in terms of sheer size and volume of business, have failed to induce growth and competition into the industry. Government attempts to encourage foreign capital back in the insurance industry has met with little success. This is mainly because of the inability of Government to ensure macroeconomic stability (Uche, 1999b).

Macro economic instability also led to a situation where regular increases in insurance capital meant little in real terms (Uche, 1998c). Furthermore, it has also been identified as the main reason why it has been difficult to use insurance investments as a tool for promoting economic development and the development of an indigenous capital market in Nigeria (Uche, 1998d). Government attempt to promote the development of a capital market through the establishment of discount houses has also been affected by macroeconomic and policy instability (Uche, 2002c).

Aside from the Insurance Industry, Government's inability to promote a stable macroeconomic environment has also impeded the development of other financial institutions like finance houses and leasing companies. In this direction we, in two related article, have demonstrated how incompetence in the CBN has negatively impacted on the ability of finance and leasing companies to survive (Uche, 2001d, 2002d). This is not to argue that that the CBN is the only problem in the Nigerian financial system. Admittedly, as I demonstrate in another article, fraud and bad management on the part of the finance companies have not helped matters (Uche, 2001b). Such fraud and bad management are however not unique to finance companies in Nigeria. There are few sectors in the Nigerian society where fraud and embezzlement are not widespread. Furthermore, fraud and bad management may not be a sufficient condition for finance company distress. In most cases, adverse economic conditions may be a more proximate cause (Gambs, 1977, p.14). Macroeconomic instability has also helped promote unethical practices in Nigerian banking (Uche, 2004) thus making it difficult for such institutions to fight financial crimes like money laundering (Uche, 1998f).

My research, with the aid of my strong historical background, has also gone a step further to identify one of defective policies that have made it difficult to check government fiscal recklessness. In a paper with Abel Ezeoha (2006), we demonstrate how the Indigenization Decrees of 1972 and 1977 destroyed the ability of the banking system to serve as a check to Government fiscal policy indiscipline. This is because it is generally known that the balance sheet structure of banks render them particularly vulnerable to inflation (Posen, 1993, p.48). It is thus in the interest of such banks to lobby for the enforcement of policies that will help in the achievement of the established monetary policy objective of price stability. Indigenization therefore greatly weakened the ability of the banking sector to protect its interests. Government majority ownership of banks ensured that when it came to the inflation debate, government was simply talking to itself. It simply became difficult to differentiate between the views of government and the views of the banks. This was further complicated by the fact that the small size of the Nigerian financial system relative to GDP effectively reduced banks' clout especially with respect to influencing government policies (Cf. Mas, 1994, p.6). Under the above scenario, any talk about central banking independence is of little consequence (Uche, 1997d).

It is because of the above that we believe that the privatization of government interests in banks is a welcome development. The new N25 billion capitalization requirement for banks by the CBN, despite its numerous flaws, may well turn out to have some unintended positive consequences. Mega banks will no doubt be in a much stronger position to make the point that Government’s reckless fiscal policy and its attendant macroeconomic instability is the main cause of financial instability. Until the fiscal recklessness of the Government is checked, the use of monetary policies to achieve macroeconomic stability will remain nothing more than an illusion.

Aside from the above, my research has also probed the micro-credit sector. In two interrelated articles, I explored the origins and practices of: community banks (Uche, 1998b) and the Rural Banking Scheme in Nigeria (Uche, 1999c). While the rural banking scheme was ill thought out and ill suited for our environment, the problem with the community bank was different. Here again, macroeconomic instability played a great part in its demise and replacement with so called micro-credit banks. Unless a stable macroeconomic environment is created for the operations of small and micro entrepreneurs, the policy focus on micro-credit will remain an exercise in futility (Cf. Uche, 2000d). My works in banking and financial institutions have also explored the impact of information technology on commercial banking in Nigeria (Uche, 2003c); marketing of financial services in Nigeria (Uche and Ehikwe, 2001) and the origins and prospects of non-interest banking in Nigeria (Uche and Stiansen, 2004).

Despite my above humble contributions to the field of banking and financial institutions, it is remarkable that my two most influential papers, at least in terms of citation and international recognition have been outside the boundaries of my area of core expertise. Despite this, the theoretical underpinnings of my work proved most useful in these studies. The first is my research on the emergence of the accounting profession in Nigeria which was generously financed by the Association of Commonwealth Universities through its ICAEW (Worshipful

Company of Chartered Accountants) Titular Fellowship. This research was eventually published in the influential Accounting Organizations and Society. In this article, with the use of social theories of professions, we attempted to study the impact of self interests on the development of the accounting profession in Nigeria. We also critically examined the profession/ State dynamics that have helped shape the outcome of the various episodes in the history of the accounting profession in Nigeria (Uche, 2002a). Although the study of the accounting profession using social theories was not new, my research blazed the trial by bringing to bear the social specificities of the African region to the study of professions. This also became the basis for a much wider project covering the British West African States of Ghana, Nigeria and Sierra Leone that was generously sponsored by the Institute of Chartered Accountants of Scotland. The resultant book has just been published by the same Institute (Cf. Uche, 2007).

The second paper is on monetary integration in West Africa which was generously sponsored by the World Bank under its Robert S McNamara Fellowship Scheme. This paper, which was published as a World Bank Policy Research Working Paper (Uche, 2001a) attempted to explain why monetary co-operation and integration has been difficult to achieve among ECOWAS member states. It showed how different interest groups, both members and non members of ECOWAS, have over time influenced policies and positions in various ECOWAS member states. The paper also argued that the growing convergence in the macro economic indices of ECOWAS member countries, an essential ingredient for monetary co-operation and integration, has been externally induced. Although a lot has changed since the publication of the paper, the position of the paper remains unassailable.

Conclusion

Mr. Vice Chancellor Sir, this is the summary of some of my humble contributions that convinced this great University to appoint me to the Chair in Banking and Financial Institutions at the youthful age of 37. In achieving the above feat, it is clear I have been aided by a strong background in banking past. This was made possible by the efforts of colonial institutions and businesses in preserving their records on banking in colonial Nigeria. Regrettably, the study of post independence banking history has no future. Financial regulators and institutions in Nigeria do not consider it important. As far as I am aware, no financial or regulatory institution in post-independence Nigeria has developed an archive policy that encourages the study of banking past. In fact, most of these institutions have no archives at all. The consequences of this failure are already evident in the roller coaster nature of Nigerian banking policies. Policies are being churned out without the benefit of historical lessons. The result is that the mistakes of yesterday remain the mistakes of today. There can be no better illustration of this point than the current bank recapitalization policy of the CBN. Every student of banking history knows that since 1952 to date, regulators have proffered the same reason for the almost a dozen increases in bank share capital requirement: the need to ensure healthy and stable banking. The simple reason for the failure of several share capital increases to achieve the above basic objective is the absence of a stable macroeconomic environment which ironically is the main function of the CBN. The CBN, by failing in its major function of promoting a stable macroeconomic environment, is therefore the major cause of banking distress in Nigeria. Mr. Vice Chancellor, I believe that the time has come for the CBN to hands off the function of banking supervision and concentrate on its primary function of promoting macroeconomic stability. This will, at the very least, increase the checks and balances in macroeconomic management (Ogowewo and Uche, 2006). Based on the above utility value of banking past, I also submit that there is an urgent need for all stakeholders to join hands to promote both the preservation of past banking records and its study. This is the only way banking industry players and regulators can benefit from banking past in order to enhance their future policy and operational efficiency.

Finally, Mr. Vice Chancellor, I crave your indulgence to allow me conclude by thanking God Almighty for allowing me to see this glorious day. Also sharing in this joy are the entire members of the Uche family from Ndimoko Village Arondizuogu. I am particularly grateful to God that the paramount head of this family: Mazi Nathaniel Uche (Ugonna; Eze Ekpe Arondizuogu) is here present. At 84, he remains the prime pride of the family. I also thank God for the presence of my sisters and brother: Chichi, Nwanu and Onyebuchi. My wife: Lorretta is also here with our three daughters: Adaugo, Nneoma and Nkechi. Regrettably, my parents who toiled tirelessly to make this day possible have not lived to appreciate their sweat. My greatest grief however is that my senior brother, master and chairman: OGB has also not lived to see this day. Had he been here, everything would have been different. We are however grateful to God that his widow: Princess is here with us. To God be the Glory.

Mr. Vice Chancellor, I am done.

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