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CORPORATE GOVERNANCE AND BANK SECTOR CRISIS IN NIGERIA: RESCUE INTERVENTION OR A MACABRE DANCE WITH THE ECONOMY?

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ABSTRACT

Hopes have been dashed and several families reduced to economic rubbles. From *Société Générale* to Savannah bank, International Bank for Africa to All States Trust Bank; the story is the same and sadly remained so till date – the Nigerian Banks are failing leading to catastrophic loss of investments and erosion of confidence in the banks. In response, imperative wave of mergers and acquisitions swept through the banking industry as boundaries between financial sectors and products blurred dramatically. The Central Bank of Nigeria (CBN) on its part, unveiled new banking guidelines designed to consolidate and restructure the industry through mergers and acquisition. But despite the attempts, the CBN disclosed that after the consolidation in 2006, 741 cases of attempted fraud and forgery involving N5.4billion were reported thus questioning the effectiveness of the regulations and interventions in those banks. In light of the above, this paper examined the relationships that exist between governance mechanisms and financial performance in Nigerian banks. Appraisal and expository methodology were used to find that the CBN interventions in the bank crisis have yielded little results? The Paper recommends mandatory compliance with the code of corporate governance for banks and warns that the current intervention by the CBN through the Asset Management Corporation of Nigeria (AMCON) offends the contractual principle of privity and scares away investors.

*Keywords:* Corporate Governance, Bank Crisis, Rescue Intervention, Nigeria.

