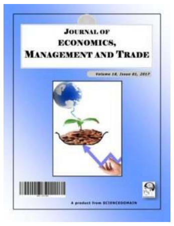

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2011 Securities and Exchange Commission Code of Corporate Governance and Performance of Deposit Money Banks in Nigeria

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Author's contribution

The sole author designed, analyzed and interpreted and prepared the manuscript.

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ABSTRACT

This paper empirically evaluated the effect of the Nigeria 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance on the performance of Deposit Money Banks (DMBs) in the country. To achieve this aim, yearly secondary data were obtained from 2006 to 2015 from the annual reports and accounts of fourteen (14) DMBs purposely selected for this study. The performance variables of interest in this study were return on asset, return on equity, liquidity, capital adequacy and tangibility. The principal-agency theory forms the theoretical base of this empirical investigation. For the purpose of analysis, the method of estimation adopted includes descriptive statistics, analysis of correlation matrix and the Wilcoxon Sign-Test. Findings from the study reveal that following the implementation of the 2011 SEC code of corporate governance, there was significant difference in the performance indices of banks in Nigeria as compared to their performance prior to the implementation of the codes. It was therefore recommended among others that in line with the provisions of the 2011 SEC code, corporate ethics and values should be aligned with personal ethics especially among board members appointed to every respective board committee. Similarly, strategic and integrated approach should be taken to regularly review the significance of each area of the 2011 SEC codes to enable it guarantee long term significance and relevance to the ever changing business environment of banks in Nigeria.

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1. INTRODUCTION

The ascendency of Nigeria 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance as a regulatory mechanism over banks was as a result of multiplicity of statutory infractions that were prevalent among financial institutions especially in the banking sector and the inadequacies in the provisions of the 2003 SEC Code of Corporate Governance. Such irregularities include situations where immediate past Chief Executive Officers (CEOs) and key shareholders who are not directors were found to be exercising undue influence in the management of finance, appointments to critical positions and supply of essential items to the banks they had vacated. Senior management staff in some cases by-pass established corporate governance structure including violating cardinal principles of line management by reporting to non-bank officials. These are in addition to abuse of deposit and lending ratio together with insider abuses where insider related transactions in which personal interest were found to outweigh the organizational goals. Instances abound among DMBs where bank directors also double as suppliers of goods and services to all the branches of the bank at prices in favour of such directors at the expense of the bank. These infractions among others led to poor performance and near collapse of many Nigerian banks.

[1] discloses further the introduction of universal banking model in 2001 led to the emergence of large number of banks up to 89 in 2003 with low capital base of US10 million and inadequate branch network numbering 2282 branches. To correct the anomaly arising from low aggregate bank capitalization and network and in bid to check the incidence of bank distress together with involving the banks as a development catalyst, a reform programme of bank consolidation was undertaken by the Central Bank of Nigeria (CBN) prior to 2005. The result was delicensing of 14 banks and the remaining 75 banks were restructured by various methods in 25 consolidated banks with a minimum capital base of N25 billion each by the end of 2005. These measures were designed to promote sustainable growth in the banking sector for the benefit of stockholders and all other stakeholders and the economy in general together with the creation of wealth and protection of creditors and depositors funds.

Further still, was the establishment of 10 years tenure rule for banks CEO’s to prevent financial institutions like banks from becoming personal estate of such CEOs for personal financial aggrandizement. Chief Executive Officers (CEOs) are also required to relinquish their position after 5 years in the first instance. Although, this tenure can be extended for a further 5 years given good performance but under no circumstances will total service period exceed 10 years. Former bank managing directors are restricted from interfering in the day-to-day running of their former banks for a period of 3 years after replacement. Similarly, such CEOs are ineligible for appointment in any capacity in the same bank or any of its subsidiary for 3 years. CEOs and Board members who are unable or unwilling to assume full responsibility for their institutions, risk losing their positions as they will be replaced by fit and proper persons.

However, in spite of the aforementioned measures including the provisions of the current Nigerian 2011 code of corporate governance, [2] disclosure of Bloomberg’s (i.e. financial online platform) report reveals that seven (7) Nigerian DMBs were undercapitalized to the tune of ₦1 trillion ($ 3.2 billion) with 2 others approaching insolvency. Notwithstanding the claims by First Bank Group Plc, Diamond Bank Plc and Sterling Bank Plc respectively that they are still operating within the industry regulatory threshold, industry watchers are troubled about the efficacy of the Nigerian 2011 code of corporate governance on the performance of DMBs in Nigeria. The justification for stakeholders worries and pessimism is supported by the Central Bank of Nigeria (CBN) removal of the Chairman and Managing Director of Skye Bank Plc respectively together with restructuring of Skye Bank Plc Board of Directors because of suffocating debts which includes those inherited by Skye Bank Plc from the acquisition of Mainstreet Bank Ltd.

According to [3], Skye Bank Plc tight liquidity position places it at the mercy of standing lending facility (SLF) where it borrowed more than its peers at a higher rate. The Capital Adequacy

Ratio was 17.3 percent in September, 2015 indicating a significant erosion in the bank's capital position which may have given rise to the CBN's action in keeping with CBN's contingency framework in dealing with a bank facing capital constraint. This may be a signal that the financial crises in the banking sector, despite the existing 2011 SEC code which superseded the 2003 SEC Code, is far from being over.

Given the above background to the study, the research is aimed at finding out whether the implementation of the 2011 SEC Code of Corporate Governance has improved the performance of DMBs in Nigeria and recommends appropriate measures, from the findings, for the improvement in the provisions of the existing code (i.e. 2011 SEC Code).

1.1 Objective of the Study

The main objective of the research is to evaluate the effect of the 2011 SEC Code of Corporate Governance (CCG) on the performance of DMBs in Nigeria.

The specific objectives include:

i. Examine whether there is a significant difference in the return on assets of banks before and after the implementation of the 2011 SEC CCG in Nigeria.
ii. Assess if there is any significant difference in the return on equityof banks before and after the implementation of the 2011 SEC CCG in Nigeria.
iii. Determine if a significant difference exist in the liquidity position of banks before and after the implementation of the 2011 SEC CCG in Nigeria
iv. Appraise whether there is a significant difference in capital adequacy of banks before and after the implementation of the 2011 SEC CCG in Nigeria.
v. Find out if a significant difference exist in the level of tangibility of banks before and after the implementation of the 2011 SEC CCG in Nigeria.

2. THEORETICAL FRAMEWORK AND REVIEW OF RELATED LITERATURE

2.1 The Principal Agency Theory

This is the theoretical foundation on which this paper is rooted. It states that in the presence of disproportionate financial information between principal (i.e. the shareholders) and agent (i.e. Directors and Managers) the agent is likely to pursue interest that may hurt the principal or shareholders [4,5,6]. The theory assumes that managers and directors are likely to place personal interest ahead of corporate goals resulting in a conflict of interest between shareholders and management [7], identified the agency conflict of interest to include among others, moral agency conflict, earning retention conflict and managerial risk aversion, conflict [8] explained further, that the moral hazard conflict is whereby a manager or director develops incentives to consume perquisites rather than investing in positive net present value as his stake in the company declines. They revealed also that as directors own smaller equity stakes in their companies, their incentives to work may diminish. [9] and [10] provided further insight on earning retention agency conflict by stating that directors and management prefer to retain earnings, whereas shareholders prefer higher level of cash distribution. Management benefit from retained earnings as it grants them the power and ability to dominate the board and award themselves higher level of remuneration inspite of the advantage of reducing the need for outside financing when manager require fund for investment project. [11] provides explanation for management risk aversion agency conflicts. They state that for the majority of company directors, human capital is tied to the firm they work for and their income are tied to the performance of the company and as such they seek to minimize the risk of their company's stock. Therefore, they may seek to avoid investment decisions which increases the risk of bankruptcy as business failure will damage directors and managers reputation, making it a great difficulty to find alternative employment like in the prevailing recession in Nigeria and elsewhere. But [12] insisted that corporate governance fail and lack sustainability because the agent and principal interests was not mutually aligned.

However, [13,14] advances devices to overcome the agency conflict of interest. [13] insisted that pay for performance is an effective device for realigning the interest of management to those of shareholders. Managerial contract provides incentives (e.g. stock option) that give managers reasons to take a risky project in favour of shareholders and an insurance that guarantee against events outside their control. [14] also saw threat of takeover as another device that motivate Chief Executive Officers (CEOs) to perform better. Also, in pursuit of alignment of all stakeholders' interest among companies including banks, Part A, Section 1 (e) of the defunct 2003 SEC Code states as responsibility of the Board of Director thus:

> *The Board should ensure that the value being created is shared among shareholders and employees with due regard to the interest of the other stakeholders of the company*.

Inspite of the aforementioned provision, some Nigerian DMBs were not spared of aggregated toxic asset arising from agency conflict of interest between directors/management and shareholders/stakeholders. The aggregated toxic assets of the eight illiquid and under-capitalized banks, namely; Wema Bank Plc, Oceanic Bank International Plc (now Eco Bank Ltd), Union Bank Plc, Spring Bank Plc (Enterprise Bank), Intercontinental Bank Plc (defunct), FinBank Plc (defunct), Afribank Plc (now Skye Bank Plc) and Bank PHB Plc (Keystone Bank Ltd) amounted to over N2 trillion inspite of the provision of 2003 SEC Code. This is a clear indication of the inefficacy of the code and may have been responsible for its displacement by the 2011 SEC Code. The Statement of problem of this research is that there are still challenges of corporate governance among DMBs in the anecdotal review of related literatures notwithstanding the existence of the 2011 SEC Code.

3. LITERATURE REVIEW

Compliance with Nigeria 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance [15] is mandatory and the provisions therein are principles which define minimum standards inclusive of listing rules [16]. This is an improvement and clear departure from the 2003 Securities and Exchange Commission Code of Corporate Governance, which was never mandatory and did not attract sanctions for defaulters. Non-compliance with 2011 SEC Code attracts stiff penalties. Default in mandatory filings of Annual Report including a report on corporate governance (i.e. Board Composition and Committees, Board appointment process together with Board responsibilities) attracts penalty of N1,000,000 and the sum of N25,000 for everyday, the default continues.

Although the 2003 SEC Code prescribed board composition of not less than 5 and not more than 15, the 2011 SEC Code went further requiring majority of board members should be Non-Executive Directors (NED) re-elected once every 3 years. But the 2011 SEC Code like the defunct 2003 SEC Code was silent on the competency of directors. [17] provides an insight by disclosing that some of these directors are appointed based on the fact that they have substantial shareholding in the bank not that they possess the requisite qualifications to be appointed. But qualification, experience and creativity are key factors which should be considered in the appointment of directors for strong corporate governance practice for profitable organizational performance. Whereas the 2003 SEC code requires the board to determine the duties and responsibilities of Board Committees [16] that of 2011 SEC Code categorically prescribed the establishment of 3 Board committees with clearly defined responsibilities, namely; (i) Statutory Audit Committee (ii) Governance/Remuneration Committee and (iii) Risk Management Committee [16].

[18] reveals further that each committee, as also outlined in the 2011 SEC Code, oversees a specific area of corporate governance and report to the full board. The Audit Committee is concerned with the bank financial condition, internal accounting controls and issues relating to the bank audit by an independent auditor with 10 years tenure and no re-appointment, within 7 years. Moreover, as a watchdog for investors and creditors, the Audit Committee ensures that management, the internal auditors and the external auditor understand that the audit committee will hold them accountable for any audit infractions. These measures prevent window dressing of financial information. Directors, in attempt to portray good image and post profit at all cost to keep face with competitors, usually ensure that the books must be cooked to present profit.

[19] disclosure of corporate governance practice in other jurisdictions provide an insight over the challenges in both the 2003 SEC Code and the 2011 SEC Code respectively in Audit Committee Provisions. The Audit Committee Provisions in both codes were silent and not categorical over financial experience as a consideration for appointment into audit committee of the board. According to [19], among the principal elements of Clause 49 of Indian Listing Rule includes companies shall have a qualified and independent Audit Committee with majority of independent Directors all with experience in

financial matters. Companies which are in default or fail to comply with Clause 49 could be delisted and face financial penalties.

[20] citing KPMG survey, disclose also that a large percentage of Nigerian directors are dissatisfied with the composition of their company board including bank board together with succession plans. Some of the respondents in the KPMG survey identified lack of formal succession plan and with both general business experience and specific expertise needed by the company as barriers to building and maintaining a high performing board. Other findings is a confirmation of the lack of efficacy of the 2011 SEC Code prescriptive annual appraisal of boards, board committees, chairman and director performance carried out by independent consultants. To correct these infractions, [21] recommends a strategic and integrated approach to board succession planning, composition and diversity for discussion by the full board of directors about long term strategy. Part of the key step in the appointment process is to perform a board competency assessment which comprises a behavioural assessment of existing directors. Detailed evaluation of existing gaps in boardsize, experience, background, expertise and diversity relevant to organizations industry, developmental stage and environment.

The risk management committee ensures that management risk is being reduced and new processes are minimizing risk. The governance/remuneration committee, in both the defunct 2003 SEC code and the current 2011 SEC Code, is composed solely of Non-Executive Directors (NED) with the responsibility for recommending to board remuneration of Executive Directors (ED). According to [18], Executive compensation is a key issue and it continues to resonate in every corporate governance agenda with debate focuses on pay for performance and transparency in the compensation setting process which must be fair, just and protect the organization assets. [22] identified the causes of the negative result of Directors Remuneration to include peculiar governance remuneration among banks including insider abuse, writing off bad loans from directors of bank and excessive executive compensation. [23] had predicted that bad or non-performing loans (NPL) may wipe off as much as 34% of profit in the banking sector if indications are anything to go by. Analysis of the first quarter 2016 operating results of 10 banks, namely; UBA, GTB, Access Bank, Zenith Bank, FBN Holdings, Eco Bank, Transnational Union Bank, Diamond Bank, Sterling Bank and Wema Bank, may have to make provisions up to N174 billion in 2016 in respect of NPL representing 34% of their possible profitability for the year due to poor corporate governance.

From the literatures reviewed above, there are still challenges in the efficacy of the 2011 SEC Code as evidenced above in the capital adequacy ratio crisis of Skye Bank Plc that led to the replacement of the Chairman and Managing Directors respectively of the bank. This research is aimed at filing this knowledge gap because there are no readily available research findings on the 2011 SEC Code and performance of the DMBs in Nigeria that were examined in this study.

4. MATERIALS AND METHODS

In this study, we obtained data from the Annual Reports and Accounts of fourteen (14) Deposit Money Banks (DMBs) currently in operation in Nigeria (see *appendix*). The performance variables of interest in this study are Return on Asset, Return on Equity, Bank Liquidity, Capital Adequacy Ratio and Tangibility. The period under investigation is spans from 2006 to 2015 (i.e. 5years prior to the implementation of the 2011 SEC CCG: 2006-2010 and 5 years after the implementation of the 2011 SEC CCG: 2011-2015). The data obtained were analyzed by means of descriptive statistics, correlation analysis and the Wilcoxon Signed-Rank (WSR) test and analysis was done via STATA 13.0 version.

4.1 Description of Variables

retoa = Return on Asset (measured by Profit After Tax to Total Asset).

retoe = Return on Equity (measured by Profit After Tax to Equity).

casht = Bank Liquidity (measured as Cash to Total Asset).

eqtta = Capital Adequacy Ratio (measured as Equity to total Asset).

fasta = Firm Tangibility (measured as Fixed Asset to Total Asset).

4.2 Model Specification

The models to be tested in this study takes the following forms:

retoa_o = retoa_a	*Model 1*
retoe_o = retoe_a	*Model 2*
casht_o = casht_a	*Model 3*
eqtta_o= eqtta_a	*Model 4*
fasta_o = fasta_a	*Model 5*

Where:

_0 denotes data for period prior to the implementation of the 2011 SEC CCG.

_a denotes data for period after the implementation of the 2011 SEC CCG.

5. ANALYSIS OF DATA

The analysis of data was presented in order of priority: descriptive statistics, correlation matrix and Wilcoxon signed-rank coefficients for all the variables.

5.1 The Analysis of Descriptive Statistics

Table 1a presents the result of the descriptive statistics for all the variables (return on asset, return on equity, liquidity asset, capital adequacy ratio and tangibility) prior to the implementation of the 2011 SEC Code of Corporate Governance. As observed, the mean for return on asset (*retoa_o*) is positive with a normal standard deviation. The minimum and maximum values are .04% and 9.54% respectively. The values above suggest that all the DMBs under investigation reported values for Return on Equity, although, at a small ratio. The mean and standard deviation for return on equity (*retoe_o*) is approximately 10.3%and 40.4% respectively. It can be seen that the mean for *retoe_o* is positive with a high standard deviation. The minimum and maximum values of *retoe_o* is -91.95% and 110.69% respectively, suggesting that the DMBs reported a negative minimum retoe prior to the implementation of the 2011 SEC Code of Corporate Governance.

The mean liquidity (*casht_o*) is approximately 4.1% with minimum and maximum values of 2.2% and 9.3% respectively. The standard deviation of 2.0 indicates that *casht_o* for the DMBs in the sample may not deviate significantly from the mean *casht_o*. Also, capital adequacy ratio (*eqtta_o*) had a mean value of approximately 16.1% and a standard deviation of 9.5. The minimum and maximum values are -10.4% and 28.3% respectively. The implication of this is that *eqtta_o* of the sampled banks is revolved around the mean. In addition, a negative sign is attached to the minimum value, suggesting that some of the DMBs recorded a negative liquidity position (*casht_o*) prior to the implementation of the 2011 SEC Code of Corporate Governance. Furthermore, the mean value of firm tangibility (*fasta_o*) is approximately 5.0%and standard deviation 2.0%. The minimum and maximum values are 2.25% and 9.11% respectively.

Table 1a. Descriptive statistics (Prior to the implementation of 2011 SEC CCG)

Variable(s)	Mean	Std. dev.	Min. value	Max. value
retoa_o	2.907143	2.891134	.04	9.54
retoe_o	10.26	40.4358	-91.95	110.69
casht_o	4.073571	1.961442	2.19	9.25
eqtta_o	16.09071	9.46234	-10.37	28.28
fasta_o	4.955714	1.888132	2.25	9.11

Source: STATA output, 2017

Table 1b. Descriptive statistics (After the implementation of 2011 SEC CCG)

Variable(s)	Mean	Std. dev.	Min. value	Max. value
retoa_a	-.1585714	2.680186	-7.83	3.09
retoe_a	-4	24.00468	-67.47	20.89
casht_a	12.34214	7.159725	1.65	24.54
eqtta_a	13.73857	4.917676	2.92	20.26
fasta_a	4.190714	1.658709	1.93	8.42

Source: STATA output, 2017

Table 1b presents the result of the descriptive statistics for all the variables (return on asset, return on equity, liquidity asset, capital adequacy ratio and tangibility) after the implementation of the 2011 SEC Code of Corporate Governance. As observed, the mean for return on asset (*retoa_a*) is negative (approx. -.16) with a normal standard deviation of approximately 2.7%. The minimum and maximum values are -7.83% and 3.09% respectively. The values above suggest that all the DMBs under investigation reported values for *retoa_a*, although, at a petite ratio. It is worthy to mention that *retoa_a* is carrying a negative sign for the DMBs after the implementation of the 2011 SEC Code of Corporate Governance. The mean and standard deviation for return on equity (*retoe_a*) is approximately -4.0% and 24.0% respectively. It can be seen that the mean for *retoe_a* is negative with a high standard deviation even after the implementation of the 2011 SEC CCG by these DMBs. The minimum and maximum values of *retoe_a* is -67.47% and 20.89% respectively, suggesting that the DMBs reported a negative minimum retoe_a after the implementation of the 2011 SEC Code of Corporate Governance and significantly decreased when compared to the period prior to the implementation of the 2011 SEC Code of Corporate Governance (see Table 1a: minimum and maximum values).

The mean liquidity (*casht_a*) is approximately 12.3% with minimum and maximum values of 1.7% and 24.5% respectively. The *casht_a* result for the minimum and maximum values of the DMBs implies that there was a significant decrease in the *casht_a* after the implementation of the 2011 SEC CCG. The standard deviation of 7.2 indicates that *casht* for the DMBs in the sample may not deviate significantly from the mean casht. Also, capital adequacy ratio (*eqtta_a*) had a mean value of approximately 13.7% and a standard deviation of 5.0%. The minimum and maximum values are 2.9% and 20.3% respectively. The implication of this is that eqtta_a of the sampled banks is revolved around the mean. Additionally, the mean value of firm tangibility (*fasta_a*) is approximately 4.2% and standard deviation 1.7%. The minimum and maximum values are 1.9% and 8.4% respectively. This suggests a significant decrease in *fasta_a* after the implementation of the 2011 SEC Code of Corporate Governance when compared to the period prior to the implementation of the 2011 SEC Code of Corporate Governance.

5.2 Analysis of Correlation Matrix

The Table 2a presents the correlation matrix of all the variables. The Pearson's correlation matrix shows the degree of correlation between the variables which is either low or moderate, thus suggests the absence of multicollinearity between the variables. As suggested by [24], the Pearson's *R* between each pair of the variables should not exceed 0.80; otherwise, variables with a coefficient in excess of 0.80 may be suspected of exhibiting multicollinearity. The highest correlation as disclosed in the table is between return on asset (*retoa*) and capital adequacy ratio (*eqtta*) with value of .7225. This confirms that there is no multicollinearity among the variables.

Table 2b reports the correlation matrix of all the variables. The highest correlation as disclosed in the table is between return on equity (retoe_a) and return on asset (rota_a) with value of .7729. This validates that there is the absence of multicollinearity among the variables.

5.3 Wilcoxon Signed-Rank (WSR) Test Results

Table 3 presents the Wilcoxon Signed-Rank coefficients for all the variables (return on asset, return on equity, liquidity, capital adequacy and firm tangibility) for the DMBs under study. From the results of the Wilcoxon sign test, the respective z-values of 3.233, 1.977, 3.233, 2.417, 2.637 with probability values of 0.0012, 0.0480, 0.0012, 0.0157 and 0.0084 respectively shows that there is a significant difference in the performance of banks before and after the

Table 2a. Analysis of correlation matrix (Prior to the implementation of SEC CGG)

Variable(s)	retoa	retoe	casht	eqtta	Fasta
retoa	1.0000				
retoe	0.0055	1.0000			
casht	-0.1966	0.1219	1.0000		
eqtta	-0.7225	0.3535	0.3587	1.0000	
fasta	0.3976	0.2228	0.2762	-0.0579	1.0000

Source: STATA output 2017

Table 2b. Analysis of correlation matrix (After implementation of 2011 SEC CCG)

Variable(s)	retoa_a	retoe_a	casht_a	eqtta_a	fasta_a
retoa_a	1.0000				
retoe_a	0.7729	1.0000			
casht_a	-0.2116	-0.0804	1.0000		
eqtta_a	-0.0399	0.3578	-0.0756	1.0000	
fasta_a	-0.2092	-0.4002	-0.1759	0.0361	1.0000

Source: STATA output 2017

Table 3. Wilcoxon signed-rank results

Return on asset (retoa_o = retoa_a)						
Sign	**Obs**	**Sum ranks**	**Expected**	**Adj. var.**	**Z-value**	**Prob. > /z/**
Positive	13	104	52.5	253.75	3.233	0.0012*
Negative	4	21	52.5			
Zero	0	0	0			
Return on equity (retoe_o = retoe_a)						
Positive	10	84	52.5	253.75	1.977	0.0480*
Negative	4	21	52.5			
Zero	0	0	0			
Liquidity asset (casht_o = casht_a)						
Positive	1	1	52.5	253.75	3.233	0.0012*
Negative	13	104	52.5			
Zero	0	0	0			
Capital adequacy (eqtta_o = eqtta_a)						
Positive	13	91	52.5	253.75	2.417	0.0157*
Negative	1	14	52.5			
Zero	0	0	0			
Firm tangibility (fasta_o = fasta_a)						
Positive	13	94.5	52.5	253.63	2.637	0.0084*
Negative	1	10.5	52.5			
Zero	0	0	0			

*Source: STATA output 2017; Note: * Sig. at 5%*

implementation of the 2011 SEC code of Corporate Governance for DMBs. Interestingly, the result showed that there was a significant difference in the variables of interest (return on assets, return on equity, liquidity, capital adequacy and tangibility of banks) before and after the implementation of the 2011 SEC Code of Corporate Governance in Nigeria.

6. CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

The study set out with the main objective of finding out the effect of the 2011 SEC Code of Corporate Governance on the performance of Deposit Money Banks (DMBs) in Nigeria. Five specific objectives were also investigated. The result from the analysis reveal that a significant difference exist in the performance of banks before and after the implementation of the 2011 SEC code of Corporate Governance in Nigeria. In addition, it was found that there was a significant difference in the performance indices of banks (return on assets, return on equity, liquidity, capital adequacy and tangibility) before and after the implementation of the 2011 SEC Code of Corporate Governance in Nigeria.

6.2 Recommendation

However, to strengthen the efficacy of the 2011 SEC code of corporate governance among banks and other publicly quoted companies in Nigeria, the study recommends upscaling the 2011 SEC Code by aligning personal integrity among board members appointed to various

Board Committees for mutual reinforcement. It is recommended also that in line with the provisions of the 2011 SEC code, corporate ethics and values should be aligned with personal ethics especially among board members appointed to audit committee, governance/remuneration committee and risk management committee respectively. Qualification, experience and creativity should also be the consideration in the appointment of directors of DMBs in Nigeria. Regular competency assessment exercise should be conducted among directors at regular intervals to promote growth and performance among DMBs. Similarly, strategic and integrated approach should be taken to regularly review the significance of each area of the 2011 SEC codes to enable it guarantee long term significance and relevance to the ever changing business environment of banks in Nigeria.

COMPETING INTERESTS

Author has declared that no competing interests exist.

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APPENDIX

List of banks used in the study

S/N	Names of banks
1	Access Bank
2	Diamond Bank
3	Fidelity Bank
4	First Bank Holding
5	First City Monumental Bank
6	Guaranty Trust Bank
7	Skye Bank
8	Stanbic Ibtc Holding
9	Sterling Bank
10	Union Bank Of Nig
11	United Bank For Africa
12	Unity Bank
13	Wema Bank
14	Zenith Bank

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