

Business Ethics as a Tool for Competitive Advantage in the Banking Industry in Nigeria

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ABSTRACT Given the financial scandals and the resulting new mandates on business, firms find themselves pressed to develop strong codes of ethics to guide the behaviour of board members, managers and employees. In recent times, the banking and telecommunication sectors in Nigeria have been the most vibrant; contributing immensely to the growth and development of the country. Considering the recent corporate governance problem in the banking sector that led to the removal and trial of chief executives of five banks and the subsequent liquidity problem it created, there is the need to look into the business ethics practices in Nigeria especially in the banking industry. The aim was to establish the level of unethical practices perpetrated in the Nigerian banking industry in recent time and the consequences. Data was collected from available literature on the issue and analysed. The study shows that there are several unethical practices in the Nigerian banking industry. The recent developments in the industry confirmed this, especially with the removal of top executives in some banks owing to illegal granting of loans and the resultant crisis that followed. The study recommended that all stakeholders in the banking industry, namely the regulator, shareholders, sponsors/directors, top management and the government, should participate actively in ensuring that there is an ethical code in place in the banking industry in Nigeria. Moreover, the management of banks should ensure that their various organizations follow due process in the business practices to avoid future crisis. The study also concluded that there should be more commitment from the various Stakeholders in the industry to ensure the propagation of ethical business practices. This will not only ensure that transactions are carried out in the correct manner, but will as well guarantee customers' retention at competitive advantage for those firms that adhere to high ethical standards.