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CORPORATE SOCIAL RESPONSIBILITY IN NIGERIAN BANKS

Nigerian banks are now being driven by advanced competition brought about by globalization and deregulation of financial services, privatization of formerly public banks, astronomical development in information technology, among others, to render services according to cost-benefit criteria. This has also affected the publics' habits resulting to rising demands for clear and hard facts about the social and environmental performance of banks by an increasingly well-informed breed of stakeholders, having realized that banking is too important and sensitive to be left to bankers' discretions alone. However, CSR delivery in this sector still leaves so much to be desired. The success of CSR is dependent on the organizations' corporate social orientation and values, and largely, on their ethical orientations. These remain mere wishes in Nigerian banks, triggering the impelling need to encompass corporate social responsibility (CSR) in the policies and practices of banking in the current reforms in Nigeria in accordance with global best practice. This review highlights the crux, causes, consequences and concern of CSR expectation gap in Nigerian banks.

Resulting from social contract, CSR is an organization's commitment to operate in an economically and environmentally sustainable manner while recognizing the interests of all its stakeholders. Banks, as the fulcrum of socio-economic development of modern economies, are expected to use their economic power for broader social goals, and to demonstrate environmental responsibility, philanthropic consciousness, high standards of ethical behaviour, professionalism, greater transparency and accountability in the conduct of banking business. In a competitive environment, this is not an option but an obligation.

This review identifies self-induced vices, regulatory laxity, inauspicious macroeconomic environment, and endemic corruption in the economy as the major constraints to the effective discharge of CSR by the banks. Consequently, it is imperative that effective external regulation of banks be blended with deliberate self-regulations; and that role models emerge to lead the way to best CSR practices for others to follow. Banks that will sustain competitive success in the future are those, which focus less exclusively on shareholders and financial measures of success to include all stakeholder relationships, and a broader range of measurements, in the way they link and talk about their purpose and performance. These must be anchored on good corporate governance in the banking institutions.

Accomplishing these requires creating a favuorable macroeconomic environment for the banks to operate; ensuring more effective banks' supervision by the regulatory authority; encouraging the banks to be socially self-regulated; and altruistically combating financial crime by the government. This paper, therefore, favours the restructuring of the Central Bank of Nigeria by hiving off the function of banks' supervision to a new supervisory agency to ensure effective and efficient discharge of CSR. This will also allow the apex bank to exclusively and adequately concentrate on fiscal policy management to create a macro-economic environment that is conducive for the banks to be economically viable and socially desirable.

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