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2021-01

Analysing the role of finance and credit management in the banking sector of Nigeria: a comparative study of first bank of Nigeria and three other banks

Onuma, Michelle Ruth

Accounting Banking and Finance Program, School of Economic Sciences and Business, Neapolis University Pafos

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DEPARTMENT OF ECONOMICS, ADMINISTRATION AND COMPUTER SCIENCE

ANALYZING THE ROLE OF FINANCE AND CREDIT MANAGEMENT IN THE BANKING SECTOR OF NIGERIA: A COMPARATIVE STUDY OF FIRST BANK OF NIGERIA AND THREE OTHER BANKS

Of

MICHELLE RUTH ONUMA

MASTERS IN BANKING, INVESTMENT AND FINANCE

2021

DEPARTMENT OF ECONOMICS, ADMINISTRATION AND COMPUTER SCIENCE

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A dissertation submitted to the department of Economics, Administration and Computer Science of Neapolis University in partial fulfilment of the requirements for the degree of

Masters in Banking, Investment and Finance

MICHELLE RUTH ONUMA

January 2021

ANALYZING THE ROLE OF FINANCE AND CREDIT MANAGEMENT IN THE BANKING SECTOR OF NIGERIA: A COMPARATIVE STUDY OF FIRST BANK OF NIGERIA AND THREE OTHER BANKS

Dissertation

Supervisor

Dr. Maria Psillaki

Director of Masters in Banking, investment and Finance

STUDENT DECLARATION

I hereby declare that this dissertation is all my own work and all other works discussed or referred to, have been cited.

Signature……. Date: 18th January, 2021

Name: Michelle Ruth Onuma

ID: 1193201154

ABSTRACT

Credit and finance management practices hold great significance in the life of any financial institute, especially in banks. These practices refer to the strategies adopted and activities conducted by the bank in order to mitigate the losses incurred to the institute by understanding the working capital of the bank along with the reserve amount for loan loss at any given point of time. The banking sector of Nigeria is still in developmental stages, so, it is analysing and experimenting with numerous rules and policies that can fit appropriately and suit the most in the economic conditions of the country. A number of practices, in this respect, are being adopted that can improve the working and operations of the banks functioning in the country. First Bank of Nigeria PLC. is a financial institute that is ranked among one of the top banks of Nigeria. The study under discussion has been designed specifically to analyse the role of credit and financial management practices in First Bank of Nigeria PLC. One of the attractive and most significant features of this research study that it not only provides an insight into the credit and financial management practices of only the First Bank of Nigeria PLC. But also compares it with the practices being carried on in the other three prominent banks operating in the country; Access Bank Plc., Fidelity Bank Plc. and Zenith Bank Plc. The aim of the study was to analyse the credit and financial management practices being carried on in Nigeria focussing on one of the most prominent financial institutes of Nigeria, First Bank PLC. Using a research philosophy of interpretivism, the researcher used a deductive approach. Survey method was used in the case of this research study and data was collected using an interview consisting of 6 questions related to credit and finance management and corporate governance practices of the four banks selected for the study. The participants of the study were the managers working in these banks. A qualitative analysis technique was adopted by the researcher to fulfil the aim of the study and thematic analysis was done on the data collected through a data collection instrument of interview. The data was divide into four broad themes and "Credit Appraisal techniques in Banks of Nigeria", "Strategies Credit Risk management in Banks of Nigeria", "Collection Policy in banking sector of Nigeria" and "Corporate Governance of Nigerian Banks". The results obtained after the data analysis demonstrated mixed outcomes. A trend of positive as well as a little alarming situation was observed in these results. On the positive side, these outcomes demonstrated that the credit management practices adopted by First Bank of Nigeria are fairly strong, and the managers of the bank trust these practices. One the other hand, the credit appraisal practices, however, the

collection practices need to be revisited and improved. This is a little alarming situation, however, an up-gradation in the collection strategies will automatically bring an improvement in the ratio of the debt recovery and ultimately the corporate governance of the bank.