

Corruption in Deposit Money Banks and Economic Growth in Nigeria (1999-2013) – [Revised]

¹Okereke, Emeka J. (Prof.) & ²Kurotamunobaraomi, Tamunosiki (Mr.)

¹Department of Finance and Banking,
University of Port Harcourt,
Rivers State, Nigeria.

²Department of Accounting,
Rivers State College of Arts and Sciences.
Email: kurosiki4show@yahoo.com

Abstract

This study investigates the impact of corruption in deposit money banks on the Nigerian economic growth. Data were collected from publications of Central Bank of Nigeria (CBN), Nigeria Bureau of Statistics (NBS) and Transparency International (TI). Ordinary least square regression analysis was carried out. It was found that corruption (COR_A) has no significant impact on economic growth in Nigeria. It therefore recommends, among others, that practical steps should be taken by all stakeholders to strengthen the anti-corruption agencies, encourage private sector participants to enforce compliance with ethical standards in the deposit money banks (DMBs) and above all, reintroduce and institutionalize right societal values.

Key words: *Corrupt Assets, Credible Assets, Corruption, Economic growth.*

1. Introduction

National and international economies have been criticized for non performance arising mainly from macro and micro economic maladies. Unfortunately, the issue of corruption which should be critical has been left out unaddressed. Interestingly, studies have shown that it is one of the driving factors militating against economic growth (Mauro, 1996; Tanzi and Davoodi, 1997; Muhuda, 2013). In Nigeria, corruption is deeply engrained in all facets, institutions individuals and other stratum of the society. This cancerous epidemic is however not peculiar to Nigeria, but international (Ndikumana, 2013; Mongid and Tahir, 2011) and of monumental magnitude as it grosses two (2) to five (5) percent of global GDP (ICPC, 2006). According to Transparency International (TI) (2005) “corruption is one of the greatest challenges of the contemporary world which undermines good government, fundamentally distorts public policy, leads to the misallocation of resources, harms the private sector development and as well hurts the poor”. This connotes that private sector progress is largely influenced by corruption.

Corruption in the private sector is a reflection of public sector policies, actions, activities and permissiveness of corruption. Available evidence suggests that corruption in business organisations is intractably linked to public sector innuendos, gestures and direct involvement (Ndikumana, 2013; Mongid and Tahir, 2011; and Ani-Casimir et al, 2014). The case of Halliburton and Siemens scandals in Nigeria are pointers to this (Soniya, 2010; Fafowura, 2009; Usman, 2013).

Banks are not insulated from the nuances of their operational milieu; hence they are also caught in the web of corruption that is rife in the larger (Nigerian) society. For instance, in 2009 five banks were discovered to be involved in unethical banking practices ranging from having large volumes of toxic assets, cronyism, insider dealings, terrible corporate governance practices, etc. This led to dissolution of the affected banks' management boards and injection of ₦620bln to revitalise the banks. Prior to this, Allstates Trust Bank was sanctioned in 2004 for engaging in large scale illicit transactions (Okuntola, 2013; Alapiki and Amadi, 2012).

It is amazing that Nigerian banks “failed” to notice the conmen responsible for arguably, the largest international fraud of \$242mln which was perpetrated by Nigerians, given the large lodgement from “customers” who are obviously not capable to own such fund; neither were they irked to note that a civil servant (Aliyu Ibrahim) deposited \$7.7mln between 1998 and 2005. Other pertinent questions are, were the banks not involved in the Halliburton and Siemens scandals? Are they complicit in money laundering? Why are “negligible” amounts debited from customers' accounts on inexplicable grounds (Garuba, 2009, Nwaogu, 2010).

Corruption in Nigeria has been elaborately investigated (Abiodun, 2007; Adewale, 2011; Sanusi, 2013; and Abosedo, 2011). Abosedo (2011) investigated the phenomenon on banking sector performance, noting corruption to be rampant and negatively affecting banking industry performance. The genesis, trend, and consequences of corruption and financial crimes in Nigeria disclose the true nature and scope of the phenomenon (Owolabi, 2006). Closely related is the work of Rotimi et al (2013) as well as Odi (2014) who investigated the impact of corruption on economic growth in Nigeria; and analysis of corruption and economic growth in Nigeria respectively.

Nevertheless, an in depth look at corruption in the banking sector vis-a-vis Nigeria's economic growth is considered pertinent as the banking sector is pivotal to the growth of the economy. Consequently, this research is conducted on the hypothetical notion that corruption in deposit money banks does not impact on economic growth in Nigeria. Therefore, the crux of this work is to unravel the impact of corruption in deposit money banks on economic growth in Nigeria.

2. Review of Related Literature

Conceptual Treatment

Corruption is defined as “abuse of authority or trust for private benefit ...” (IMF, 2005); while TI (2014), sees it as “the abuse of entrusted power for private gain”. It is viewed as an orchestrated immoral act committed in the performance of a legitimate duty for personal or/and institutional benefits in deviance with acceptable norms or public trust (Okauru, 2006).

Compounding the variants in its definition, the Black Law Dictionary (1990) asserts that corruption is:

An act done with the intent to give some advantage inconsistent with official duty and the rights of others. The act of an official or fiduciary person who unlawfully and wrongfully uses his station or character to procure some benefit for himself or for another person contrary to duty and right of others.

The Economic and Financial Crime (EFCC) Act, FRN (2004), sees it as an economic crime perpetrated by circumventing existing laws with the intent of wealth acquisition through illegal means while the Independent Corrupt Practices Commission (ICPC) Act, FRN (2000) defines it in terms of its constituents “to include bribery, fraud and other related offences”.

The divergence on the concept of corruption is quite glaring, perhaps due to heterogeneity on the constituents and behaviours that are considered corrupt. This is in tandem with the position of Ayoola (2013), that “there are many forms of corruption with different types of participants, cultural and socio economic contexts and techniques”. Ngwakwe (2009), is succinct enough as he opines that “there is no consensus on the meaning of the term (corruption)”.

Fierce contention rages on the conceptualization of corruption (Habtemichael, 2009), between the relativist, and universalist schools of thought. The former argue that what constitutes corruption is different in different societies; countries, cultures and climes; while the universalists contend that there are universally noticeable traits that can be considered corrupt. Thus irrespective of the society, the elements that form corruption are the same.

Harmonizing both schools, Ngwakwe (2009), held that:

One thing certain about these attempts (to conceptualize corruption) is that they lack precision as to the elements that constitute corruption. Nevertheless, they leave enough indications as to conducts that might be judged ‘corrupt’ and the distinguishing element of such conduct is some moral failing or depravity.

From the fore-going, corruption in the banking sector can be viewed as wilful and institutionalized deviations from set-rules, regulations and relevant laws that guide banking operations with the intension to make (dishonest) gain. Simply put, it is practical deviation from theoretical stipulations by an officer (s) and/or institution (s) with the objective of making gain (dishonest) or earning wealth illegally or benefitting illegally. It is also making dishonest gain using position of trust. Any institution(s) or individual(s) that is corrupt lack integrity and is dishonest.

Evidence indicate that the regulator, CBN is not exonerated as it is engaged in nepotism and tribalism in recruitment; favouritism and cronyism in promotion exercises; nomination of friends for lucrative assignments; transfers as a tool for gratification or punishment; claiming allowances for duties not performed; favouritism in disposal of obsolete assets; etc (Olatunde, 2007).

Classification of Corruption

Corruption has been severally and differently classified by various scholars. Odo (2015) classified corruption into sporadic and systemic groups. He argues that sporadic corruption occurs randomly on an isolated scale, therefore does not threaten the organization and economy, however could escalate and metamorphose. On the other hand, corruption is systemic when it is engrained and integrated into the economic, social and political life of an entity and therefore constitute threat to the organization and economy.

According to Ayoola (2013), corruption is petty, grand and systemic. Petty corruption is perpetrated by junior cadre-employees and officers who directly or indirectly request tips as pre-requisites for performing their duties. Grand corruption relate to behaviours of top executives

who facilitate transaction by engaging in corrupt practices and systemic corruption which “pervades the entire society and accepted as a means of conducting everyday business”.

Corruption in Nigeria Deposit Money Banks is noticeable in three facets – Employee, Institutional and Systemic. At the employee level, the employee displays acts like pilferage, fraud, deception, etc in order to derive personal gains at the expense of other stakeholders (Maduka, 2007; Ribadu, 2006). “It is any action or commission enacted by a member of an organization, which is against the rules, regulation, norms, and ethics of the organization and the purpose of which is to meet the selfish end of the member” (Azelewa, 2002).

Institutional corruption is an organisation-wide corruption instigated and condoned by management to achieve a pre-established objective. It is “...an illicit activity committed with the objectives of earning wealth illegally either ... in a group or organized manner ...” (Section 40, EFCC, 2004).

Systemic corruption considers the permeation of corruption “into the banking system; the inter-bank collusions and acts that contravene relevant guidelines”. For instance in 2009, the Nigerian banking system was discovered to lack sound corporate governance structure as well as a high level of collusion to surreptitiously convey false image. This culminated in the dethronement and prosecution of five (5) directors of DMBs (Sanusi, 2013). Lamenting on the nature and consequence(s) of systemic corruption in Nigeria, Ani - Casimir, et al. (2014), observed that:

It (corruption) has become very common within every section of the society at every level. It is prevalent not only among the rich who are greedy in spite of possessing enough, but also among the poor. The image and social integrity of Nigeria have been battered by corruption and Nigerians are seen as criminals in other countries.

Causes of Corruption

Essentially corruption causes a moral question; to this end some authors argue that colonialism heralded the emergence of corruption in Nigeria. They contend that legal pluralism due to colonial imposition of British laws on customary laws causes an imbroglio on the applicable morality - indigenous or colonial (Ngwakwe, 2009). In fact, colonialism itself was perceived by Africans as immoral hence, “to cheat it is a patriotic duty”.

The kinship aspect of Nigerian culture is also adduced as a possible cause of corruption in Nigeria. Such cultural values are extended to the official domain in the quest to be ones brother’s keeper. In fact, upon securing a job (especially in a bank) relatives dependence is heightened, hence the pressure to meet such responsibilities culminates in corruption (Odo, 2015).

Zheng et al. (2013), discovered that in societies where personal goals are aligned with group interests to ensure harmony within the social environment; and personal motivation are streamlined with social norms, there exists higher levels of corruption in banks. Hence, collectivist orientations engender corruption.

The penalty system can also instigate corruption. A system that imposes a fine of ₦750,000 on a pension’s fund director who is convicted for stealing ₦23bln will definitely engender corruption. According to Barth, et al. (2005), an officer evaluates the cost and punishment of corruption if apprehended against the benefits, if undetected in order to shape his choices.

Other reasons advanced to cause corruption range from economic (Shleifer and Vishny, 1993), weak judicial systems (Sowunmi, et al., 2010), weak political competition (Johnston, 1997), and “negligence and ‘I don’t care’ attitude”, (Nwaobi, 2004).

Corruption in banks has certain symptoms which are often ignored or unobserved. Such according to Okauru (2006), include personality changes, overtime without justification, reluctance to take leave, sudden resignation, external business interest, increase complaints of missing statements, uncooperative attitude to regulatory and law enforcement authorities.

Corruption in deposit money banks

Corruption in deposit money banks manifests in diverse ways, but on a general note it engenders monopolistic tendency by stuffing out competition and raising barriers for prospective investors. This promotes and perpetuates inefficiency (Ndikumana, 2013; Zheng, et al 2013 etc).

Insider trading is a common form corruption in the financial sector. It allows top ranking bank officials profit by using undisclosed information in moving ahead of the market, which also results in colossal losses for honest investors who are often stuck with undervalued assets (Odi, 2015; Joseph and Bamidele, 2012; Molae, 2012, etc).

Another portrayal of corruption in DMBs is bi-modal credit rates between insiders and outsiders. Much as credit is seriously limited in the Nigerian banking system, this co-exists with concentration of lending to insiders and cronies. Nkuruziza (2012), detailed monumental misallocation of credit emanating from corrupt and nepotistic lending policies where bank officials, employees and associates have access to credit below market rate, while genuine investors external to the banks struggle to get credit in Burundi. These rates range between 0 - 7.5% and 18 - 23.5% for insiders and outsiders respectively. This display of weak corporate governance encourages default on loan with impunity.

If indeed corruption raises a moral question, then concentration on speculative business at the expense of real investment is corrupt. Banks (in pursuant of selfish profiteering) deliberately starve the real sector of credit, becoming an “island of prosperity” and posting very high return while the real sector shrinks and delves into deindustrialization (Ndikumana, 2013). For instance, between 2003 and 2008, agriculture and industry received 0.8% and 2% of total bank credit respectively, compared to 67% for commerce in Burundi (BRB, 2009). Apati (2011), summarised that in Nigeria, the banking sector prospered at the expense of the real sector.

Manipulative accounting practices to artificially inflate corporate value is another exhibition of corruption in DMBs. Apati (2011), reports that most Nigerian banks were overvalued by 50 percent. His investigation revealed the number of corrupt practices to include use of depositors funds to acquire (banks) own stocks, use of special purpose vehicles to lend their subsidiaries to purchase their (the bank’s) shares, insider trading in banks’ own stocks through third party stock broking companies, warehousing and dumping other banks’ stocks to crush their prices. Zheng, et al. (2013), posit that corruption will drift credit allocation from risk - return analysis culminating in economic downturn.

Regulatory Initiatives on Corruptions in Banks

Owolabi (2006), noted that in order to quell the tide of corruption in banks, the government has enacted some laws including:

- (i) Corrupt Practices Decree, 1975
- (ii) Bank and Other Financial Institutions Acts (BOFIA), 1990
- (iii) Failed Banks (Recovery of debts) and Financial Malpractices Act No. 18 of 1994.
- (iv) Failed Banks Act No. 16 of 1996
- (v) The Foreign Exchange (Miscellaneous Provisions) Act No. 17 of 1995.
- (vi) Money Laundering Act No. 3 of 1995.

However, without having sound ethical base the spirit of these laws will be sacrificed for the letters, culminating in a quest to locate loopholes and ways around these laws. Therefore, sound ethical values should be developed and instituted, by not just the banks but also professional bodies like Chartered Institute of Bankers of Nigeria (CIBN), Institute of Chartered Accountants of Nigeria (ICAN), Association of National Accountants of Nigeria (ANAN), etc.

Cure for Corruption in DMBs

Given the prevalence of corruption in Nigeria, its eradication in the banking industry is practically impossible (Abosedo, 2011). However, in order to reduce to a manageable level, banks and supervisors should strive to go beyond compliance with statutory provisions as contained in Banks and Other Financial Institutions Act (BOFIA), 1991, Companies and Allied Matter Act (CAMA) 1990, etc. and sound internal control practices to ensuring ethical consciousness by engaging the utilitarian principle (Mill, 1861); categorical imperative (Kant, 1998); the family rule, the television rule, the golden rule, the golden rule.

Economic Growth

Economic growth is often times used synonymously with economic development (Jinghan, 1997). However, a clear distinction exists as noted by Schumpeter (1934), economic growth relate to a persistent and steady increase in rate of savings and population. Others contend that it simply implies more output (Kindleberger, 1965). Kuznets (1967), views it as the sustained increase in capacity to provide a plethora of economic goods to its population based on technological advancement and requisite institutional and ideological restructuring.

Jinghan (1997) added that beyond the afore-mentioned, growth must entail greater efficiency. From the fore-going, it can be inferred that economic growth is the creation of sustainable real increase in productivity through effective and efficient utilization of resources.

Empirical Review

Mauro (1995), pioneered the empirical quest for the relationship between “corruption and growth”. This work showed that corruption negatively relates with growth. Brunetti, et al. (1997), used a sample of 41 countries to confirm Mauro’s findings that corruption plunders growth. Tanzi and Davoodi (1997), investigated corruption, public investment and growth; to show that corruption inefficiently inflates public investment, which is inimical to productivity and economic growth. In a bid to unravel “why corruption is more taxing than tax,” Wei (1997),

revealed that corruption diminishes Foreign Direct Investment (FDI), hence impedes growth. This position was reiterated by Alesina and Weder (1999), who employed the regression model to study corruption on FDI in a cross-sectional manner. The study reveals (without specification) that corruption's relationship with FDI is significant.

Some cross-sectional studies have also shown negative relationship between corruption and growth. For instance, Mo (2001), investigated the overall effect of corruption on GDP. Pellegrini and Gerlagh (2004), estimated the direct and indirect effects of corruption on growth; while, Aidt, et al. (2008), investigated the relationship between corruption and growth.

Several researchers have investigated the phenomenon corruption in banks with quite some astonishing revelations. Beck, et al. (2004), used World Business Environment Survey (WBES, 2003), data to examine the relationship between the extent to which corruption in lending, limits the ability of firm to raise external finance and bank supervisory policies which revealed that powerful supervisory agencies neither improve banks' corporate governance nor reduce corruption in banks; implying that conventional supervisory structures lack the capacity to instil integrity in banks. Barth, et al. (2009), upon investigating banks in 16 Asian countries concluded that control of corruption is significantly and negatively related to foreign banks' Return on Asset (ROA). This connotes an inverse relationship between corruption and banks' performance.

On the relationship between corruption and economic variables, it is revealed that 10 percent improvement in financial corruption will culminate in 0.2% improvement in annual growth of Russia (Heshmati, 2007). This suggests that corruption has a negative impact on economic growth.

Muhuda (2013), used regression analysis and granger causality test to investigate the relationship between corruption, poverty and economic growth in Nigeria. The work revealed that there is a long run causality relationship between corruption, poverty and economic growth.

Akinpelu, et al. (2013), in their examination of the socio-economic determinants of corruption using co-integration test and vectors error correction model established a relationship between corruption and socio-economic variables without elaborating on the nature of relationship. Rotimi et al. (2013) employed OLS and granger causality test to establish that corruption affects economic growth; also failing to state the nature of impact. Abiodun (2007), used descriptive survey and content analysis to investigate corruption, economic reforms and economic growth, to arrive at the conclusion that although there is a reduction in the level of corruption in Nigeria, corruption relates negatively with economic growth.

Finally, parsimonious error correction model and an experimental research design approach were adopted by Adewale (2011), to investigate the crowding-out effect of corruption in Nigeria to reveal a negative relationship between corruption and Nigeria's GDP.

From the reviewed literature, the analyses of data carried by the authors did not consider Transparency International data vis a vis Nigerian Deposit Money Banks' data over the period covered in this study. This constitute our literature gap

3. Methodology

Data on corruption is not readily available in Nigeria; therefore, Transparency International's corruption perception index (CPI) on Nigeria is interpolated with the Annual Total Assets to obtain "Credible Total Assets" and "Corrupted Total Assets". TI's CPI is considered relevant as it measures the level of credibility in the Nigerian business environment. Thus the "Corrupted Total Assets" which represents the infusion of corruption into Total Assets in DMBs and estimated by finding the product of CPI and Total Banks' Assets over the period under study. Consequently, the proxies – Corrupted Total Assets (COR_A) and Gross Domestic Product (GDP) for corruption in DMBs and economic growth respectively are analysed by using the Ordinary Least Square (OLS) Model. Hence,

$$GDP = \beta_0 + \beta_1 COR_A + \epsilon_t;$$

Where:

GDP = Gross Domestic Growth

COR_A = Corruption in Deposit Money Banks

β_0 = Constant

β_1 = Coefficient/Slope

ϵ_t = Error Term

$$\beta_1 < 0$$

It is expected that corruption is negatively related to economic growth.

Thus, the null and alternate hypotheses were formulated as

H_{01} : Corruption has no significant impact on economic growth in Nigeria.

H_{A1} : Corruption has a significant impact on economic growth in Nigeria.

4. Interpretation of Estimation Results and Discussion

The interpretations were based on the estimation results in Table 2 of the Appendix. The coefficient of the constant variable is -5.23 while that of corruption (COR_A) is 1.26, which denotes that if the dependent variable (GDP) is held constant, corruption (COR_A) will have a positive movement by 1.267 units, while if the independent variable (corruption) is held constant, GDP will have a negative movement by 5.23 units.

Judging by the standard error, it can be seen that the Constant had an output of 6.37 while the independent variable had a standard error of 0.65, these results are very low and non-spurious, verifying our trust in the data, despite the absence of the 30 time series data set.

The R^2 (R squared) coefficient of determination, stood at a relatively low level of 0.227, otherwise represented as 22.7%, this shows that the employed data for the study have very little or insignificant relationship in the long run due to their varying shock level. In line with Okereke

(2004)'s degrees of relationships, it has a highly insignificant positive relationship showing a low explanatory power. Thus changes that occur in GDP cannot be explained by the level of corruption in DMBs in Nigeria. Thus other variables representing 77.3% explain the variations that occur in Nigerian GDP over the period investigated.

The Durbin Watson (DW) had a very minute score of 1.247, which shows the absence of serial or auto correlation. This means that the data have no predictive effects on each other.

From the overall significance and relationship amongst employed variable using the F-test in Table2 of the Appendix, the F calculated shows a moderate result of 3.84, while its tabulated value stands at 4.60, therefore it can thus be concluded by that result that the there exist no normal statistical significance relationship between Corruption in the Banking Sector and Economic Growth in Nigeria GDP). Thus, corruption (COR_A) has no significant impact on economic growth in Nigeria, which accepts the null hypothesis as formulated above. The implication of this is either the level of corruption in Deposit Money Banks (DMBs) in Nigeria is not 'big' enough to impact negatively on the economy or there is infusion of the corrupt assets component into the economy. This collaborates with the work of Mo (2001) and Brunetti et al (1997). As expected and in line with economic theory, corruption impact negatively on the economy as shown in Muhuda, 2013 and Tanzi and Davoodi, 1997) and usually drag the society's right values to the mud.

5. Conclusion and Recommendations

Given the findings, it can be concluded that the prevalence of corruption does not significantly impede Nigeria's economic growth; hence, despite rising corruption, the nation's economy continues to thrive. This is in tandem with Ndikumana's (2013), assertion that "corruption allows to grease the wheel of business". It can therefore be deduced, that corruption is so institutionalized that failure to respond to ways out and quickly too may lead to total loss of confidence among our trading partners locally and internationally and consequent dearth of the entire economic system.

It is therefore recommended that practical steps should be taken by all stakeholders to, strengthen the anti-corruption agencies, encourage private sector participants to enforce compliance with ethical standards in the deposit money banks (DMBs), reward moral uprightness, scrutinise financial reports of DMBs, instil sound corporate governance practices in DMBs, install good internal control structures, etc. Above all, the right values should be reintroduced and institutionalized.

References

- Abiodun, E. O. (2007). The effect of corruption on economic growth and economic development in Nigeria. *Journal of Social Sciences and Finance*, 2(1): 15 -25.
- Abosede, A. J. (2011). Corruption and banking sector performance: evidence from Nigerian banks. *Journal of Research and Development*, 2(1): 200 – 210.
- Adewale S. B. (2011). The crowding effects of corruption in Nigeria: An empirical study. *Journal of Business Management and Economics*, 2(2): 059-068.
- Aidt, T., Jayasari, D., and Vania, S. (2008). Governance regimes, corruption and growth: Theory and evidence. *Journal of Comparative Economics* 36:195 – 220.

- Akinpelu, S., Ogunseye, U., Bada, I. S. and Agbayangi, A. (2013). The socio-economic determinants of corruption in Nigeria. *European Journal of Humanities and Social Sciences*, 19(1): 1-17.
- Alapiki, H. and Amadi, L. (2012). Re-inventing anti-corruption strategies for sustainable democracy in Nigeria: Challenges and policy actions. *Journal of Sustainable Development in Africa*; 14(7): 156 – 173.
- Alesina, A. and Weder, B. (1999). Do corrupt governments receive less foreign aid?
- Ani- Casimir, K. C., Izueke, M. C. & Nzekwe, I. F. (2014). Public sector and corruption in Nigeria: and ethnical and institutional frame work of analysis. *Open Journal of Philosophy*, 4(3): 216-224.
- Apati, S. (2011). *The Nigerian banking sector reforms: power and politics*. New York: palgrave, Macmillian.
- Ayoola, T. J. (2013). The effect of cashless policy of government on corruption in Nigeria. *International Review of Management and Research*, 2(3): 682-690
- Azelewa, J. U. (2002). Public enterprises management in Nigeria place.
- Barth, J. R., Caprio, G. Jnr. and Levine, R. (2005). *Rethinking bank regulation: till angels govern*. Cambridge, Cambridge University Press.
- Beck, T., Demirgüç-Kunt, A. and Levine, R. (2004). *Bank supervision and corruption in lending*. Unpublished draft.
- Black's Law Dictionary (1990). St. Paul (Minnesota): West Publishing Co.
- Brunetti, A., Kisunko, G. and Weder, B. (1997). Credibility of rules and economic growth: Evidence from a worldwide private sector survey. Background Paper for the World Development Report 1997(Washington: The World Bank).
- Fafowura, D. (2009). Halliburton, Siemens: The bribe scandals. *The Nation Newspaper*; March, 26.
- FRN (2000). Independent Corrupt Practices and Other related Offences commission Act.
- FRN (2004). Economic and Financial Crimes Commission Establishment Act.
- Garuba, D. (2009). Nigeria: Halliburton bribes and the deceit of “zero-tolerance” for corruption. Revenue Watch Annual Report.
- Habtemicheal F. S. (2009). Anti corruption strategies in the South African public sector: perspectives on the contribution of complexity thinking and ICTs; thesis.
- Heshmati, H. M. (2007). Economic approaches of corruption in banking system. Unpublished.
- ICPC (2006). *Nigeria and Corruption*. Independent Corrupt Practices and Other Related Offences Commission.
- Jinghan, M. L. (1997). *The economics of development and planning*. Delhi, India, Vrinda Publications.
- Johnston, M. (1997). What can be done about entrenched corruption. Workingpaper, Worldbank Conference on Development Economics, Washington. April 30 – May 1.
- Joseph, A. I. and Bamidele, T. B. (2012). Effect of globalization in a corrupt economy: evidence from Nigeria. *Journal of Management and Corporate governance*, 4: 1-12.
- Kant, I. (1998). *Metaphysics of morals*. Translated and edited by Mary Gregor, Cambridge, U. K. Cambridge University Press.
- Kindleberger, C. P. (1965). *Economic development*.
- Kuznets, S. (1967). *Population and economic growth*. Proceedings from the American Philosophical society, 3(3)
- MacDonald, S. S. and Koch, T. W. (2006). *Management of banking*. 6th Edition, London. Cengage Learning.

- Maduka, C. (2007). How do ethical problems arise in business? A general survey. Benin City Society for Social Philosophy, Policy and Research.
- Mauro, P. (1996). The effects of corruption on growth, investment and government expenditure, International Monetary Fund, Working Paper No. 98.
- Mauro, P. (1995). Corruption and growth. *Journal of Economics*. 110:681–712.
- Mill, J. S. (1861). *Utilitarianism*. United States, Frazer Magazine.
- Mo, P. H. (2001). Corruption and economic growth. *Journal of Comparative Economics*; (29): 66–79.
- Mongid, A. and Tahir I. M. (2011). Impact of corruption on banking profitability in ASEAN countries: an empirical analysis. *Banks and Bank Systems*, 6 (1): 41- 48.
- Muhuda, P. (2013). Investigating the relationship among corruption, Poverty and economic growth in Nigeria. *Journal of Banking*, 4(2): 15-30.
- National Bureau of Economic Research Working Paper 7108*, Cambridge MA.
- Ndikumana, L. (2013). The private sector as culprit and victim of corruption in Africa. Political Economy Research Institute (PERI), Workingpaper Series, 330.
- Ngwakwe, E. C. (2009). An analysis of jurisdictional conflicts among anti- corruption laws and institutions in Nigeria. *IFRA Special Research Issue*, 3, 42-57.
- Nkurunziza, J. D. (2012). Illicit financial flows: a constraint on poverty & reduction in Africa. Geneva, UNCTAD.
- Nwaobi, G. C. (2004). Corruption and bribery in the Nigerian economy: An empirical investigation. Retrieved from www.papers.ssrn.com/sol3/papers.cfm
- Nwaogu, I. O. (2010). Contradictory positions of government and its anti-graft agencies: An analysis of the Halliburton case from media report. *Journal of Alternative Perspective on the Social Sciences*; 2(2): 648-672.
- Odi, N. (2014). Impact of corruption on economic growth in Nigeria. *Mediterranean Journal of Social Sciences*; 5 (6): 41 – 46.
- Odo, L. U. (2015). The impact and consequences of corruption on the Nigerian society and economy. *International Journal of Arts and Humanities (IJAH)*, 4(1): 177-190.
- Okauru, A. B. (2006). Fighting financial crimes in the banking sector in Nigeria: a call for concerted effort. CBN, unpublished mimeo.
- Okereke, E. J. (2004). Exchange Rate Fluctuations and Macroeconomic Stability in Nigeria (1970-2001), Unpublished PhD Dissertation, Federal University of Technology Owerri (FUTO).
- Okuntola, B. O. (2013). The scourge of financial frauds in foreign investment: The perspective of Nigeria – US bilateral trade. *Journal of Humanities and Social Sciences*; 12(1): 64 – 74.
- Olatunde, S. O. (2007). Tackling corruption and corrupt tendencies through application of due process: The CBN experience. CBN, unpublished mimeo. Working paper, CBN.
- Owolabi, E. A. (2006). Corruption and financial crimes in Nigeria: genesis, trend and consequences. CBN, unpublished mimeo.
- Pellegrini, L. and Gerlagh, R. (2004). Corruption's Effect on Growth and its Transmission Channels. *Kyklos*; (57)3: 429-456.
- Ribadu, M. N. (2006). Nigeria's struggle with corruption. Paper presented to US congressional House committee on international development, Washington, DC on May 18. Retrieved on November 25, 2013 from <http://ippanigeria.org/efcc.pdf>.
- Rotimi, E. M., Obasaju, B., Lawal, A. D. and Ise, O. J. (2013). Analysis of corruption and economic growth in Nigeria. *Afro Asian Journal of Social Sciences*, 4(4.2): 1-19.

- Sanusi, L. S. (2013). Corruption, insecurity threaten economic growth in Nigeria. Punch news online. March 2013.
- Schumpeter, J. A. (1934). *The theory of economic development*.
- Shleifer, A. & Vishny, R. W. (1993). Corruption. *The Quarterly Journal of Economics*, 108 (3): 599-617.
- Soniya, T. (2010). Bribe scandal: Siemens fined ₦7 Billion. *Thisday Newspaper*; November, 22.
- Tanzi, V. and Davoodi, H. (1997). Corruption, public investment, and growth. *International Monetary Fund Working Paper*, 97/139.
- Transparency International (2005). *Corruption Index. Various series*.
- Usman, M. (2013). A challenge to sustainable development in the fourth republic. *European Scientific Journal*; 9(4).
- Utobo, O. J. J. (2008). National development and white collar crimes in Nigeria.
- Wei, S. J. (1997). Why is Corruption so much more Taxing than Tax? Arbitrariness Kills. *National Bureau of Economic Research Working Paper 6255*, Cambridge MA.
- Zheng, X., El-Ghoul, S., Guedhami, O., and Kwok, C. C. Y. (2013). Collectivism and corruption in bank lending. *Centre for International Business Education and Research (CIBER)*, unpublished.

APPENDICES

PRESENTATION OF STUDY VARIABLES (1999 – 2013)

YEARS	CPI	¹ TA (₦)	CRE _A	COR _A (₦)	² GDP (₦)
1999	1.9	1, 070,000,000,000	203,300,000,000	866,700,000,000	393,107,170,000
2000	1.6	1, 568,800,000,000	251,008,000,000	1, 317,792,000,000	412,332,010,000
2001	1.2	2, 247,000,000,000	269,640,000,000	1, 977,360,000,000	431,783,180,000
2002	1.0	2, 766,900,000,000	276,690,000,000	2, 490,210,000,000	451,785,670,000
2003	1.6	3, 047,900,000,000	487,664,000,000	2, 560,236,000,000	495,007,170,000
2004	1.4	3,753,300,000,000	525,462,000,000	3, 227,838,000,000	527,576,030,000
2005	1.6	4, 515,100,000,000	722,416,000,000	3, 792,684,000,000	561,931,390,000
2006	1.9	7,172,900,000,000	1, 362,851,000,000	5, 810,049,000,000	595,821,610,000
2007	1.9	10,981,700,000,000	2, 086,523,000,000	8, 895,177,000,000	634,251,140,000
2008	2.2	15,919,600,000,000	3, 502,312,000,000	12,417,288,000,000	672,202,550,000
2009	2.2	17,522,900,000,000	3, 855,038,000,000	13,667,862,000,000	718,977,330,000
2010	2.4	17,331,600,000,000	4, 159,584,000,000	13,172,016,000,000	776,332,210,000
2011	2.4	19,396,600,000,000	4, 925,184,000,000	14,471,416,000,000	834,000,830,000
2012	2.7	21,288,100,000,000	5, 747,787,000,000	15,540,313,000,000	888,893,000,000
2013	2.5	24,301,200,000,000	6, 075,300,000,000	18,225,900,000,000	63,218,721,730,000

SOURCES: ¹ – CBN; ² - NBS

CPI

CRE_ACOR_A (₦)

TA (₦)

GDP (₦)

PRESENTATION OF RESULTS

Dependent Variable: GDP

Method: Least Squares

Date: 04/14/15 Time: 09:39

Sample: 1999 2013

Included observations: 15

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-5.23E+12	6.37E+12	-0.821147	0.4264
COR _A	1.267231	0.646974	1.958705	0.0720
R-squared	0.227869	Mean dependent var		4.77E+12
Adjusted R-squared	0.168475	S.D. dependent var		1.62E+13
S.E. of regression	1.47E+13	Akaike info criterion		63.60518
Sum squared resid	2.83E+27	Schwarz criterion		63.69958
Log likelihood	-475.0388	Hannan-Quinn criter.		63.60417
F-statistic	3.836526	Durbin-Watson stat		1.246546
Prob(F-statistic)	0.071954			