

## CODE OF ETHICS AND PROFESSIONALISM IN THE BANKING AND FINANCE INDUSTRY

*The aim of the code is to enable financial institutions, regulatory bodies and their employees to know in clear terms what acts, conducts, omissions and practices are considered unethical, and the appropriate sanctions that would apply for non-compliance with the code. It is expected that this code would bring about discipline and professionalism in the industry.*

### Unethical Practices/Unprofessional Conduct In Banks

*Certain conducts are classified unprofessional/unethical under the following headlines which include but are not limited to:*

- (1) Conflicts of Interests*
  - (a) Engaging in extraneous activities which compete/interfere with or constrain a bank's primary responsibility.*
  - (b) Colluding with third parties to inflate contracts.*
  
- (2) Abuse Of Trust/Office*
  - (a) Abuse of position and taking advantage of the institution to enrich oneself.*
  - (b) Inappropriate and unauthorized use of foreign exchange for example, using customers names to procure foreign exchange without their request.*
  - (c) Exploiting the ignorance of unsuspecting customers through excessive/unwarranted charges or unnecessary commissions to boost income*
  - (d) Recommending for employment by a bank a person known to be of bad character or doubtful integrity*
  - (e) Collusion with the banks' customers to divert credit facilities for unauthorized purposes.*
  
- (3) Full Disclosure*
  - (a) Lack of appropriate disclosure in dealing with other players and customers in the market place.*

- (b) *Understanding the volume of deposits in order to evade insurance premium, mandatory cash reserve requirements.*
- (c) *Imposition of previously undisclosed charges on customer's accounts*
- (d) *Failure to submit report on dismissed/terminated staff to Central Bank of Nigeria and allowing proven fraudulent staff to resign*
- (e) *Failure to submit report on eligible credit to CBN for the CRMS system.*

(4) *Misuse of Information*

- (a) *Misuse, manipulation or non-disclosure of material information on operation supplied to Regulatory Authorities, in order to derive some benefit or avoid liability*
- (b) *Running down competitors through deliberate misinformation*
- (c) *Misuse of various financial derivatives*
- (d) *Deliberate rendition of inaccurate returns to the Regulatory Authorities with intent to mislead*
- (e) *Misuse of confidential information gained through banking operations.*

(5) *Insider Abuse*

- (a) *Meeting re-capitalisation requirement other than by actual injection of fresh/genuine funds*
- (b) *Improper granting of loans to Directors, insiders and political interests.*
- (c) *Insiders' conversion of bank's resources to purposes other than business interest*
- (d) *Granting of unsecured credit facilities to Directors in contravention of the provisions of Banks And Other Financial Institutions Act ( BOFIA)*
- (e) *Granting of interest waivers on non-performing insider credit without CBN's prior approval as required by BOFIA*
- (f) *Diversion of Bank earnings through the use of subsidiaries or "secret accounts" to deny the bank of legitimate earnings.*

- (6) Offer And Acceptance of Gratification
- (a) Offering/accepting gratification to/by the regulator as an inducement to waive the imposition of penalties arising from failure to comply with laws or regulations.
  - (b) Applying uneven standards/imposing unfair penalties by the regulator with the intention to induce gratification.
  - (c) Offering/acceptance of gratification to/from customers and potential customers to do business.
  - (d) Aiding a customer to evade Tarrifs and Taxes and to make unwarranted earnings.

(7) Non- Conformity With Standards And Guidelines

- (a) Non-Conformity with Nigerian Accounting Standards and Central Bank Of Nigeria prudential guidelines in the preparation of financial Statements, resulting in complete or false information.
- (b) Preparation of multiple financial statements in order to mislead the monetary and tax authorities.
- (c) Association  
Bankers should not knowingly associate with or do business with  
People of doubtful character.

(7) Aiding And Abetting

- (a) Aiding and abetting the failure of a new staff to meet the financial obligations to a previous employer
- (b) Employing new staff without obtaining suitable reference

FOR MORE DETAILS SEE CODE OF ETHICS IN THE BANKING AND FINANCIAL INDUSTRY.

