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STRATEGIC SURVIVAL OF THE NIGERIAN BANKING SYSTEM POST COVID-19: AN EXPLORATORY ANALYSIS

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Abstract
The covid-19 pandemic impact on every facet of lives and businesses cannot be overemphasised in which banking sector both in Nigeria and outside are not excluded. The study aimed at unravelling the pandemic impacts on the Nigeria banking system and recommended measures for banking reforms post covid. The study adopted content analysis of literatures on the subject matter and discovered that some of the impacts of the pandemic on banking industry in Nigeria and globally include increase in the remote working as banks adopted hybrid mode of operations which include physical and remote mode of work system. Also, covid-19 impact has birthed the use of digitalisation which is the only suitable options for banks and banks' clients. The CBN instituted measures for banks resilience post covid among which include the reduction of interest rates, the injection of liquidity into the banking system during the pandemic, institution of some tax relief measures, suspension of import duties among many others. The study made recommendations for the survival of banking system post covid among which include the management of cost, restructuring of loan portfolios, the comprehensive customers' credit review should be conducted to mitigate risk. Finally, regulations in Nigerian banks should be adjusted to give room for diversifications and new innovations so as to reduce covid-19 impacts on the banks' survival.

Keywords: Covid-19 pandemic, Banks strategic survival, Intervention Policies, Digitalization and Innovations.
JEL Classification: E58 & G21.

Introduction
The whole world has been in a shattered situation and difficult condition as a result of covid-19 pandemic impacting lives and livelihood including the financial sector. However, the Nigeria banking system was swift to respond (Kola-Oyeneyin and Kuyoro, 2020). Nigerian banking system faces stains alongside with the stakeholders which include the customers, the employees and the society at large. COVID-19 placed intense implications on the peoples' health which is a never experienced challenge for the modern society and thereby created unpredictable consequences both for the financial sector and the economic at large (KPMG, 2020). The strive to ensure soundness in the banking system through the instrument of prudent policy formulation and financial regulation strengthening is very germane. However, the current global pandemic which is the post 2007-2009 global financial crisis has brought global shock with the adverse effect on the real GDP, increase rate of inflation and massive rate of unemployment (De-Haan and Kakes 2020). The CBN has made a further step of collaborating with the Asset Management Corporation of Nigeria (AMCON) in order to enhance stability in the financial system in Nigeria.

Covid 19, as it is generally known throughout the world stands for Corona Virus Disease, and was first discovered in Wuhan, China in the late 2019, hence the name COVID 19 (Chowdhury, Aditi, Sanjoy and Moktadir 2020). The first case was announced in Lagos on the 27th of February, 2020 and the second case in Ewekoro, Ogun State on the 9th of March, 2020. Emanated from the pandemic is an enormous effect on every facet of life both at national and global level which has greatly impeded the global economic condition including the banking sector globally. Over a decade some of the major challenges facing the banking sector after the 2008 financial crisis includes the continuous decline in the growth rate of GDP, increase in the rate of inflation and massive rate of unemployment as well as the dwindling oil prices. These factors are combining to negatively affect the level of consumptions, investment and curtailing the expenditure of government which will have implications on the activities of banking system in Nigeria. The policy measures put in place by the CBN to enhance stability in the financial system as well as increasing the lending ability of banks also mounted pressure on banks. The first half of 2020 was a consequence of exchange rates volatility and stock prices, reversals in the flow of capital, excess banks liquidity and drastic drop in the prices of oil which had a significant effect on banks in Nigeria as oil prices decline imposed major challenges on banking sector (CBN, 2020).

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In Nigeria, the major twin shock which include the oil price war and the global pandemic with multifaceted consequences had tremendous effect on the banking system both in Nigeria and globally some of which include severe pressure on banking customers across several segments, the threat to going concern assumptions, the continuity of process that has direct impact on the customers, increased credit default and lower rate of recoveries, increased cyber threats, reduction of cash inflow due to low loan repayment and so on (KPMG, 2020). The CBN instituted various interventionist activities which include the rebate of interest rate from 9% to 5% on interventionist programmes, the availability of between N500,000 to N1.5 million from the targeted facility of about N100 billion was set aside to help the household and businesses in order to help curbing the effect if the COVID-19 pandemic on the households and businesses inability to pay back their expenses as well as the bank loans and also to mitigate the extent of contraction on the entire economy (Udo, 2020). The Nigerian banks were also directed to restructure the loans individuals and businesses were unable to service under fresh terms.

However, despite all these intervening measures by the CBN to ensure the going concern of banking system, businesses and the economic stability, there exist growing concern on the performance of banks due to the pandemic as the low interest alongside the pandemic rage poses a serious challenges on core banks' performance parameters and there exist a shift from payment and technology businesses to commission based income (Iwedi and Lenyie, 2021; Kola-Oyeneyin and Kuyoro, 2020). The non-performing loan portfolio increased by 14% from N1.05 trillion to N1.218 trillion in the first half of the year 2020 as there still exist other road blocks lying ahead of Nigerian banks such as the currency devaluation, the increased competitive intensity, the oil price challenges and other macroeconomic challenges.

The downward fee revision of CBN to electronic banking charges to ensure the protection of consumer rights effective January 2020 posited a negative effect on banks' commission income and fees. However, it could be depicted that total deposit improves in Nigeria banking sector by over 20%, total loans improve by over 3% as well as total assets by over 38% between mid-2019 and towards ending of 2020 yet covid-19 pressures on banking activities due to the containment measures remain unchanged. The impact on the banking sector include the decrease in the revenue generated and increase in the loss of loan provisions. For instance, the banking sector experienced a decline to the tune of 6% in the first-half of 2020 as compared to that of 2019 revenue.

Thus, Covid-19 pandemic has created deep economic crisis globally**, i**ncluding Africa and Nigeria alike, and therefore impacting lives and livelihoods. For example, the study by PWC 2020 highlighted some of the global risks of COVID 19 such as the emanated economic recession globally, increase in the level of debt that has led to huge financial crisis, inadequate supplies having a negative effect on customers, sales reduction badly affecting cashflows and loan repayment, operational risks impact as resilience is reduced in key functional areas which include infrastructure, services and so on, travel banned impact as there was travel banned by all countries to reduce the impacts of the pandemic that was spreading like wide fire. This invariably has affected both business and the economy. In essence, global business movement has been affected, several sectors such as the health care, the food industries, events as well as the financial sector have been badly affected.

There is a need for the banking sector both in Nigeria and globally to strategize beyond the present pandemic by ensuring soundness, stabilised strong financial system in order to enhance strong recovery post-covid. The banking sector must seek means to navigate beyond the effect of covid19 such as the decrease in the loan interest, decrease in the revenue generated as well as the risk of the second wave of covid-19 pandemic (EY, 2020). Therefore, the aim of this study is to expatiate strategies for banks reform in the post-covid era.

Literature Review

Banks and their roles in the nations' economy

It is an acceptable fact that Banks and other financial institutions plays prominent role in the nation economic building, thereby facilitating economic growth and development (Allen, Carletti and Gu 2019). This is because savings are efficiently channelled by banks into productive activities that can enhance the growth and development of any economy. Besides, banks have continued to play the such roles such as management, transformation and absorption of financial risks and provision of solutions for new financial needs using up to date technologies as well as diversification of portfolios and businesses etc. Contemporary banking theory stressed the roles of banks into two which include relationship management and information processing majorly focused on solving diverse informational issues in relationship between the lenders and the borrowers

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(Humphrey 2019). The key ingredients are the selection of credit-worthy borrowers by screening in order to maintain a positive net assets value. Banks also helps fostering of long-term relationship with firms to ensure credit accessibility and alleviate problems related to information divulgence (Berger 1999).

Banks also provides the functions of transformation and liquidity provision through the pooling of resources and allocation (Allen, Carletti and Gu 2019). Banks assist entrepreneurial businesses in conversion of short-term liability into long-term maturity and also facilitates the ability to trade in goods and services via its payment systems through interbank payment. Thus, banks facilitate high level of efficient and safe transfers for customers and businesses which is imperative for an efficient and effective economic exchange (Humphrey, 2019). Banks also take risks on behalf of their customers by offering risk-mitigated products and hedging against diverse risk thereby absorbing enormous volume of risk which include credit risk, interest rate risk, liquidity risk, cyber risk, currency risk climate risk and operational risk. In summary, the roles of Bank to the economic growth and development cannot be overemphasize, and it includes, but not limited to the accumulation of capital, savings mobilisation, optimization of resources utilization, reduction or alleviation of deficits, availability of fund for industries, nations and foreign trade vital for the development and growth of nations ‘economy.

The analysis of covid-19 Impact on Banking Sector on risk, financial reporting and tax – Nigerian Experience

Ayodele, Akinyede, Ojedele, & Afolabi, (2021) studied Covid -19 Pandemic impact on the Nigeria’s financial market. The study opined that the association between the COVID-19 and the Nigerian money market is negative and insignificant meaning that as the covid-19 cases rises, there is a decrease in the interbank money market rates which is as a result of curtailed activities of banks during the pandemic period.

According to Chukwuka and Ekeruche (2020) the restrictions on people's movement and border closures portend a serious drop in exports among countries of the world. Globally, countries have already placed travel ban on non-essential purposes, disrupting the supply chains globally for exports. Although drop in the prices of exports as a result of devaluation in the currency such as the case of Nigeria will make exported goods and services to be more affordable while the few demands in the goods and services that are non-essential will negate the anticipated net export benefit. Banking system is vulnerable to a significant exposure to currency risk emanated from upward movement in the exchange rate as well as default on the foreign exchange assets (KPMG, 2020).

According to Omaliko and Okpala (2020), liquidity refers to an ability of firms to satisfy short-term financial obligations, whereas solvency refers to the ability to pay financial obligations that are long-term in nature. Also, liquidity is typically associated with financing activities, in which companies borrow money to fund their operations. Amnim, Aipma, Okeke and Obiora (2021) indicated the significant consequences of the pandemic on Nigerian firms' performances most especially profitability and liquidity. According to KPMG (2020), insufficient cash inflows as a result of customers’ inability to pay back loans impacted on banks’ liquidity position and massive withdrawals of cash to meet their personal needs. The Nigeria government according to KPMG 2020 introduced some fiscal measure because of the pandemic: The benchmark for the crude oil was reduced to $30 from $57. The central bank decided to inject N1.1trillion into the key economy sector. Due to the economic hardship on the people of the country because of the pandemic, the government gave the TradeMoni and FarmerMoni debtors repayment of 3month moratorium and same were extended to all other loans that were funded by the Nigeria’s Federal Government. The government has to reduce the spending budget for 2020 by N0.23trillion because of revenue drop of 31%.

PWC (2020) stated that the COVID-19 outbreak has brought unprecedented issues that have impacted nearly every aspect of modern life. The economic consequences of COVID-19 will have repercussions in a variety of sectors’ financial reporting most especially the banking sector. While there are a lot of unknowns around COVID-19, and things are likely to change, banks may be able to estimate their prospective credit losses (ECLs). Although measuring ECLs is difficult, it is not impossible to estimate an impact with the reasonable and verifiable evidence provided. The emergency of pandemic increases the Banks’ challenges in computing Expected Credit Loss because of default by the Banks’ customers. The banks have to modify the ECL model to accommodate the effect of the pandemic on customer’s default because of these, many banks have announced various types of loan repayment holiday programs because of the pandemic effect of the customers business.

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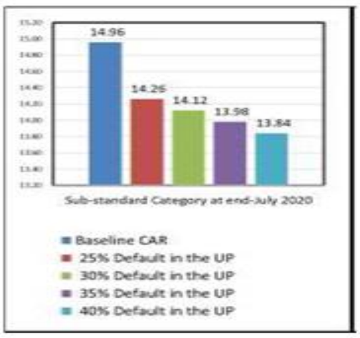
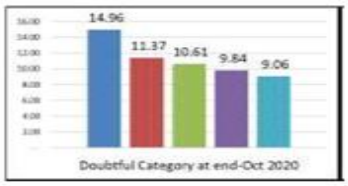
Operational risk includes the risk of business disruption, system failures, process management failures as a result of changes in the working arrangement of employees. However, due to the operational challenges other issues might arise which include low level of business activities and thereby lead to higher rate of impairment and possibly losses in fair value which on the long run reduce capital adequacy of banks below the regulatory threshold due to increase in credit exposure (KPMG, 2020). Increase in the credit exposure emanated as a result of low level in the economic activities that adversely affected the recovery rate which thereby increased the amount of impairment resulted from decrease in loan portfolio.

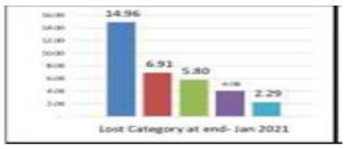
The pandemic crisis has transformed the banking business to digital which is the only and suitable options for bank clients (KPMG, 2020; Ozili, 2020). However, acquiring the digital assets poses a big challenge to banks as not all the banks could afford the cost of acquisition but the matured ones could seize the opportunity as advantage. Also, the issue of cybercrime is another challenge facing the digital transformation of banking business. Cybercriminals increased as online transaction sky-rocketed during the covid era and as banks continue to provide services and online businesses to their clients without physical branches will be another big challenge to banking operations. Therefore, in order to explore the digital opportunity, the banks need to strategies mechanisms to explore the opportunity, revisit their priorities and services so as to remain viable and going concern (KPMG, 2020).

Covid-19 impact on the Capital Adequacy Ratio (CAR) of banks in Nigeria

The CBN conducted a top-down stress testing on the solvency and liquidity level of banks in Nigeria to determine their ability to recover quickly from the shock of the pandemic considering also the sudden decline in the oil prices which affected the global demand for Nigeria's oil produce with an adverse effect on Government revenue in Nigeria. The result of the test revealed that a continuous and enormous contraction in the GDP emanated from decrease in government revenue will significantly affect the CAR of banks to the tune of 11.19%, 9.26% and 8.30% in the third, fourth quarter of 2020 and in the first quarter of the year 2021. However, both the monetary and fiscal intervening measures will be helpful in containing the contraction (CBN, 2020).

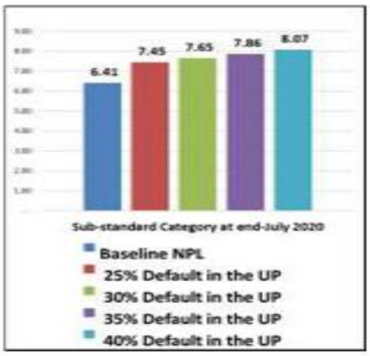


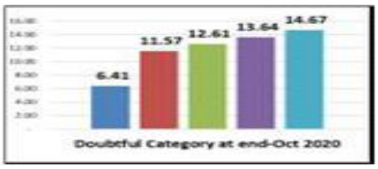




Source: CBN, 2020

Covid-19 impact on the Non-performing loans of banks in Nigeria





Source: CBN,2020

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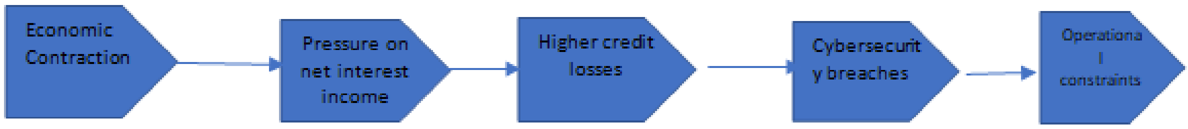
An additional stress testing of the covid-19 impact on NPLs was conducted and the findings indicated that if NPLs to the tune of 35% is being classified as doubtful or the 25% of NPLs is categorised as lost, then the CAR will be greatly threatened. The consequence is that the NPLs will rise to 13.64% and 16.73% while the CAR will reduce to 9.84% and 6.91% respectively (CBN, 2020).

Covid-19 Risk and Challenges to Nigerian Banking Sector



Adapted: PWC, (2020)

Covid-19 impact on Banking System – The International Experience
Tesfaye (2020) determined the covid-19 impact on banking system in Ethiopia and discovered the impacts on the financial statement' elements most especially during the current year. The study rested on the foundation laid by Nachane and Ghosh (2007) which opined that banks need to be innovative in operations as a result of dynamic nature of banks. The innovative nature of banks would help them in any challenges in the long run. Therefore, the work of Tesfaye (2020) and the work of Nachane and Ghosh (2007) states that whatever challenges the economic posed to banks whether COVID-19, bank nature of innovativeness would supersede the challenges. Tesfaye (2020) identified immediate liquidity need to help the banks in Ethiopia so as to meet the liquidity needs in the country. However, the according to Allen and Cartelli (2008) two major risks face banks which include liquidity risk and default risk and that differentiate banks from other companies (Tesfaye, 2020). Therefore, the banking business after covid-19 shall be intensified with new sources of growth such as digitalisation which is a very way forward. A comprehensive form of financial restructuring and reforms should be put in place.

Bipasha and Suborna (2020) investigated COVID-19 implications for banks with weak financial system and found out that covid-19 impacted on three major aspects of banking system which include the capital adequacy, the value of firm and interest income from different forms of NPL scenarios. The study used both statistical and econometric tools to analysed the data and their findings showed that banks might likely faces risks as regards capital adequacy ratio, reduction in the weighted assets value and interest income both at the individual bank level and the sector at large. However, the study revealed further that larger banks will be more vulnerable to the pandemic attack. (Damak, Freue, Chugh, Yalovskaya, Tan, & Tan, et al. (2020), stated that the pandemic impact will significantly threaten the banks growth, survival and performance most especially in the developing countries where banks is dominantly affecting the economy positively. Bipasha and Suborna (2020) states in their findings that CAR might go on extinction most especially at the sectorial level. Therefore, the recommendation was that an immediate innovative action should be put in place in order to prevent large-scale banks crisis in Bangldesh. According to Dey (2019), banks in Bangladesh are burdened with high rates of NPLs as a result of massive rate of default in payment which corroborates with the findings of Bipasha and Suborna (2020).

Rania, Muhammad and Nawazish (2020) also investigated the covid-19 pandemic challenges imposed on banks' survival in Lebanese adopting qualitative method of analysis for investigation. Likewise, Wong and Jensen (2020) also adopted the same method to measure the covid-19 impact on the financial compliance activities and found out that the pandemic significantly affect the banks' performance stating that though the pandemic affect banks majorly but what can quickly bring its consequences to limelight is the inadequate compliance with the government measures instituted for risk management. The used of qualitative method by Rania, Muhammad and Nawazish (2020) and Wong and Jensen (2020) indicates that the findings may corroborates.

Talbot and Ordonez-Ponze (2020) in Canadian context identified three major covid-19 imposed actions on banks which include the wait and see actions, the cautious actions and the sweeping actions. The study claimed that despite the fact that Canadian banks stood among the world best banks, without the three actions they do nothing to their clients, stakeholders and the communities at large. Therefore, the financial policy makers have important role to perform during and most especially after the pandemic to enhance banks confidence

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(Heimberger, 2020). Rania *et al* (2020) concluded that the covid-19 impact on the Lebanese banks could be handled by adopting the approach during the Arab Spring which is valuable both for the banks and the government. Farzanegan (2020) opined that pandemic impact could be controlled through the promotion of liberal economic policies.

Niharika, Satyanaryana and Vijaya (2020) examined the level of customers' satisfaction on the support facilities provided by banks in the eastern part of the Godavari rural areas. The study adopted mixed method which was in tune with the study of Kotler and Keller (2009) as both studies defined customers service quality as an attribute of organisations to meet up with expectations. The definition of services by Niharika et al (2020) corroborates with the definition of Kotler and Keller (2009) and that of Parasuraman et al. (1988). The findings of Niharika et al (2020) shows that service satisfaction of banks in rural area does not commensurate the services of banks in the urban area. The study also used variables such as communication, accessibility, courtesy, understanding and responsibility as proxies for customers' satisfaction on banks support facility service. Hypotheses were formulated and the result shows the level of customers' satisfaction on bank support facility service.

The covid-19 epidemic impact on Iranian entrepreneurs was explored by Salamzadeh and Dana (2020). The authors identified six major economic concerns that the pandemic has posed to Iran which include financial obstacles, market challenges, and crisis management just to mention a few of the issues that need to be addressed. Adrian and Natalucci (2020), stated that the pandemic has triggered an unparalleled public health crisis as measures instituted to curb the consequences of the pandemic had adverse effect on the economy. The financial system has already undergone substantial transformations, which may lead to global financial stability. In recent weeks, investors' sentiment has stabilized as a result of initiatives aimed at the curtailing the covid-19 consequences. Emerging markets, as is typically the case in times of financial turmoil, are at risk of bearing the brunt of the cost. Baldwin and Weder (2020) used an exogenous shock to investigate the effect of unpredictability in determining where knowledgeable and uninformed traders should trade on the financial markets. As the business volatility caused by COVID-19 rises, dynamics in the market share, dark pool volume, and eventually examine the case's business-quality consequences was recorded.

Gilian and Yuldash (2021) investigated the impact of digital trends on the financial environment using five linear model frameworks. The study found out that the building a new image for the financial market rested on the new level of technologies such as the artificial intelligence (AI). AI technologies enhance effectiveness and efficiency as many business operations and processes could be performed remotely within a little space of time which on the long run will enhance investment in the banking industry at large. However, the study of Fedotova, Gontar, Zubkova and Izvestiya (2017) shows that AI as a form of digitalisation is highly capital intensive which involves high budget and trained specialists as well as promotion of the proposals while Plotnikov, Golovko, Fedotova and Rukinov (2020) shows that the financial environment deals with firms that foster financial services as digital trend can only succeed in financial environment. Since the focus of the work of Gilian and Yuldash (2021) is on digital trends and financial environment, the findings show that an efficient financial environment that back up with innovative technologies creates the enable environment to allow digital trend to strive. The findings of the work of Gilian and Yuldash (2021) corroborates with the findings of Fedotova and Rukinov (2020) that financial environment affects digital trend.

Theoretical Framework

Contingency Theory

This theory assumes that there is no specific management, action or organization design that is suitable for all situations. The main Proponent of this theory is Fiedler (1964). Common to all contingency approaches is the thesis that performance is a consequence of the congruence of several factors: structure, people, technology, strategy, and culture. (Tosi & Slocum 1984). Linton (2014) pointed out that contingency theory arises from a critique of the so-called universal approach that had dominated management science. That is, several scientists have questioned the idea of "a better way." Flinsch-Rodríguez (2010) When analyzing Fiedler's contingency theory found that there are many internal and external factors that can influence the ideal organizational structure. Some of these factors include the size of the company, the technology used, the leadership style and the ability of the company to adapt to changes in strategy. Chenhall (2006) points out that there is no best way to control organizations that applies to all organizations at all times and in all circumstances. According to Gathungu and Nudugi (2018), no organization can rely on a single strategy to be successful. Managers must

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employ strategies based on the current situation of the organization, if the current situation of an organization changes and the company does not change immediately to reflect those changes, then that company will perform poorly.

Linton (2014) analyzed contingency theory under the aspect of entrepreneurship and found that contingency theory has a long tradition in entrepreneurship research and is considered an important aspect by many researchers. The contingency theory hypothesis is a clear and growing thread in entrepreneurship research. The forms of adjustment used in the literature on entrepreneurship show great differences in the conception of the concept of central adjustment. (Linton 2014). Donaldson (2001) posited that the theory of structural contingency holds that the most effective structure for an organization depends (that is, depends on) the structure that corresponds to the level of the organization's contingency factors. If the structure conforms to contingencies, then there is a high return, while if the structure does not adjust to the contingency, then there is low performance. The most important contingency factors are size, job insecurity, and diversification. The theory of contingency has been criticized, on the ground that it is impractical for organizations to adapt to their eventualities, because while the organization changes its structure to adapt it to eventualities, the eventualities themselves change in such a way that organizational structural change does not produce an adjustment (Donaldson, 2006). Abba, Yahaya and Suleiman (2018) also found the contingency theory that "healthy organizations (as a result) perform better than those that are not in shape. However, all of these settings produce the same high level of performance. Organizations capable of every level of technology contingency have been shown to achieve the same high level of performance".

This study is based on the theory of contingencies and takes into account the theory of contingencies, which allows a more explicit understanding of the relationship between an organization and its external environment offers to understand and critically analyze how an organization works under different conditions in certain circumstances. With respect to business survival in the post-Covid19 era, contingency theory suggests that organizations and management should develop organizational designs and management measures that are better suited to specific situations. Therefore, the survival of the Nigerian banking system in the post-Covid era depends on various banks being able to develop designs and management measures that encompass the situations related to the Covid era.

Overview of Nigerian Banking System and intervention policy amidst COVID-19

The banking sector has been helpful in ensuring redistribution of various fiscal packages of government (EY, 2020). However, challenges lie ahead as there exist global economic hardship and high rate of unemployment with increase government deficits and struggle for business survival. Despite the adverse consequences of global pandemic resulting in decrease capital flow, the financial sector still strive for stability as there is resilience in the key indicators of financial soundness (CBN, 2020). The CBN as well as the government in Nigeria ensured intervention by easing the credit conditions. The CBN eased credit conditions to support some critical sectors of the country and the government fiscal operations have tremendous effect on the liquidity of the banking sector (CBN, 2020). On the average, the interbank lending and deposit rate has reduced when compared to the year 2019.

The establishment of the Monetary Policy Committees ensured the ease on loan repayment pressure by extending the moratorium on loans with an additional one year and reduction in the interest rates from 9% to 5% as well as giving supports to the SMEs and households impacted by the pandemic with N50 billion funds. The cash reserve ratio was maintained at 27.50% as well as the monetary policy rate at 12.50% and the liquidity ratio at 30% so as to support goods and services production by moderating prices and stabilise the market financial conditions. The policy intervention response to the pandemic by injecting liquidity in the banking system has increased the other deposits corporations exceedingly (CBN, 2020). The banks' deposit ratio reduced from 38.9% to 21% when compared to the previous year 2019 as liabilities grew by 76% when compared with that of 2019. The maturing of short-term credit of banks increased from 47% in 2019 to 69.4% in 2020 while that of medium-term and long-term grew from 10.4% to 18.9% and 20.2% to 34.1%.

The structure of Nigerian banking industry stood as oligopoly during the pandemic as the concentration rations of the largest six banks remain at 68.1% in deposits and 65.2% in assets. There was absence of any bank's dominance during the pandemic period. However, during the review period, the banking system enjoyed the period of intervention as the liquidity ratio and the capital adequacy ratio increase beyond the minimum level. The threshold for the industry remained 15% even during the pandemic for international authorisation and banks

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with national and region and authorisation had a threshold of 10% (CBN, 2020). During the first half of year 2020 banks met the liquidity ratio of 30% for commercial banks, 20% for merchant banks and 10% for non-interest banks with the exception of four commercial banks and one merchant bank.

The CBN set out some measures to curb the effect of covid-19 in Nigeria which include establishing some funds for the support of the economy (KPMG, 2021). Institutions such as the Federal Government of Nigeria, the CBN and the Federal Inland Revenue Service (FIRS) tackled the consequences of covid-19 which has both long and short-term effect on the Nigerian banking system. Tax relief measures was announced by the FIRS on the 23rd of March 2021 to lessen the effect of the pandemic on taxpayers which include the extension VAT and WHT filing from the 21st of every Month to the last working day of the following Month, the electronic means of processing tax payment and tax clearance certificates was improved on. Also, the financial report must be submitted latest two Months after the revised date of filing. The Emergency Economic Stimulus was passed to grant 50% rebate to companies paying tax and retains their employees between 1st March to 31st December, 2020.

The government made a further step by suspending the import duties on the importation of medical equipment for the treatment and administration of covid-19 while introducing a new mortgage loans moratorium under the National Housing Fund in Nigeria. The penalty on the late tax returns filing has been waived for taxpayers for those submitted early but file their return late due reasons beyond their reach. Also, taxpayers that has been paying using the foreign exchange can pay Naira equivalent in a situation of scarce foreign exchange to settle their tax payment. Additionally, some States of the country also announces waiver as well as rebates on interests or penalty paid on tax liabilities outstanding incurred before the period of pandemic to some critical businesses such as agricultural businesses, private hospitals, water factories, microfinance banks etc. However, some states allowed instalmental payment of the outstanding by these companies (KPMG, 2020).

On the 16th of March, 2021, the Central Bank of Nigeria announced measured such as an extension of repayment of principal credit facilities most especially for those engage in agricultural business as well as traders and also a reduction of interest rate from 9% to 5% with an assurance of extending more credit facilities to the private sector, SMEs and households. The CBN granted banks a regulatory forbearance to restructure their facilities to the sectors affected significantly by the pandemic which include health sector services and products. The CBN also directed the oil and oil servicing companies to sell foreign exchange to the CBN in order to improve the supply of foreign exchange. A N100billion additional intervention fund was also introduced by the CBN to assist the healthcare pharmaceuticals and practitioners in order to expand capacity. There was an introduction of a unified system of exchange rate as well as parallel market rates for the interbank to ease the pressure emanated from forex earnings due to dwindling nature of oil prices. The financial institutions including banks were encouraged to involve international development partners so as to ease the risk of borrowers. The benchmark for crude oil was also reduced from $57 to $30.

The due date for the filing of Value Added Tax (VAT) has been extended to the last working day of the month immediately preceding the month of deduction rather than every 21st day of the Month. In addition, the new tariffs on the electricity originally scheduled to commence on the 1st of April 2020 was postponed by the National Assembly to commence by the first quarter of year 2021 due to reasons which include poor supply of electricity, significant effect of the pandemic and the wide gap of metering. However, the multiyear tariff order for the distribution licences on electricity has been postponed for an additional two weeks. Also, payment waiver was granted to international visitors coming into the country affected as a result of travel ban as well as the closure of international airport.

Strategic recommendations for banking reforms post covid-19

Despite the significant covid-19 pandemic impact on lives and livelihoods, banks' customers still want to be served to their taste in which banks has responsibility to respond to (PWC, 2020). The preference of customers will keep changing due to the pandemic and banks need to keep adapting to meet customers' expectation. Banks must continue to be seamless enabler of productive economic activities aimed at helping customers and businesses recover from the covid-19 impact (Ernest and Young, 2020). The pandemic has caused business and organisations including banks to reappraise and reformed their mode of operations. Innovation was the order of the day during the period as many people, businesses and organisations took innovative actions such as working remotely for some jobs, adjustment of operating hours for banks branches, virtual performance etc. However, to

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ensure long-term operations, be abreast of competition and enhance stability post-covid, banks must take some strategic steps which include the following:

Remote Modelling

There is a need to institute bold ideas to ensure banking system resilience and long-term stability in Nigeria. The paradigm shift in customers' behaviour emanated from social distancing has birthed the use of digital which has become the new normal. Though banks in Nigeria responded swiftly to the pandemic by shifting to remote operating system there is a need to be more strategic in their operations for long term sustainability as the key enable in the pandemic is the digital (International Monetary Fund, 2020). Thus, banks should leverage effectively on technology for operational and commercial efficiency. The waves of covid-19 has transformed the global activities including the financial services into the global village (Fedotova1 and Mamengayev, 2021). The pandemic period has speedily transformed the information process globally including Nigeria as internet has turn irreplaceable a virtual platform for businesses and individual. The use of digital has grown significantly across board of operations including the banking system due to transfer of employees work to remote, easy accessibility of individuals via virtual emanated from social distancing, speedy processing of transaction (Fedotova1 and Mamengayev, 2021).

Management of Cost

Nigerian banks on average incur cost above 60% of their income on operations most especially on the operating expenses which impacted significantly on the companies' profitability (Olusanya and Nnebedum, 2020). However, covid-19 has tremendously affected the industry's performance negatively therefore, banks need to devise means of managing their cost efficiently and effectively. The significant operating cost of banks include the personnel cost especially the staff salaries. The banks may adopt styles of cost management which include downsizing or right sizing as the case may be based on the individual bank peculiarity. As the situation of covid-19 persist, it is obvious that banks could not afford paying their current operating expenditure. There is a need to efficiently and effectively look into how to cut cost and still maintain their employees' job. Some cost-cutting measures available to banks include deploying the operating channels as well as disbanding some physical branches.

Revisiting or Restructuring of Portfolio priorities

There is a need to ensure both creative and conventional means of managing loan portfolio due to the consequence of the pandemic. Lenders as well as borrowers have found it difficult to meet up with the loan obligations. The National Bureau of Statistics indicated that the non-performing loans (NPLs) of banks in Nigeria stood at 1.05 trillion at the end of year 2019 but during the period of the pandemic the NPLs ratio of banks rose by 6.1% as against the 5% regulatory limit (Olusanya and Nnebedum, 2020). Globally, countries of the world have taken steps in form of stimulus packages to manage and avoid having large scale loan defaults which could lead to severe financial crisis across the globe. In Nigeria, the CBN took a step of intervention by reducing the interest rate from 9% to 5% and also granted a moratorium of 1 year on repayment. Therefore, restructuring of loan portfolio which include tenor extention, repricing interest rates, corporate restructuring, payment holidays and so on could be helpful in the current predicament to reduce the issue of loan default. However, considering portfolio restructuring, it is worthy of note to indicate that in this pandemic situation one-size fits all approach might not be outrightly helpful so banks need to be creative and embrace innovation (Olusanya and Nnebedum, 2020).

Strategic recommendations for business and operating model

In January 2020, the Capital Reserve Ratio (CRR) of banks was increased from 5% to 27.5% and to ensure going concern and strive beyond the current pandemic, the banks in Nigeria will have to increase their capital base and ensure steady capital growth beyond the level of devaluation and inflation considering the quality of assets deterioration and some commitment of foreign exchange, there is need for consolidation and raising of capital among the banks. The Nigerian banks should request to access deposit monies in order to be able to give credit facilities to real sector such as manufacturing and agriculture to finance development project (KPMG,2020).

Regulations in Nigerian banks should be adjusted to give room for diversifications and new innovations so as to reduce covid-19 impacts on the banks' revenue. This can be achieved when banks diversify into new financial services or businesses which will require the support of key regulators in the industry such as the CBN, the Ministry of Finance, National Pension Commission etc. Technology remains critical way of doing business in this pandemic era and beyond therefore, the banking sector with the aid of the Nigeria Interbank Settlement

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System (NIBSS) and the Interswitch should ensure continuous improvement, expansion and development of technological means such as robotics, cryptocurrency, artificial intelligence and block chain so as to be strategically repositioned for the sustainability of the economy. In addition, there is a need for banks to proactively and effectively manage the perceptions of customers by improving the experience of customers on digital channels. Banks need to keep reminding their customers that the shock of the pandemic could be weather away no matter the experience through clear communication from time to time and rendering of financial assistance where necessary. There is a need for banks to conduct a comprehensive credit customers' review with the intention of assessing the vulnerability level of the pandemic on each category of customers and develop a strategy of mitigating the risk (KPMG, 2020).

Strategic restructuring of business through plans for Mergers and Acquisitions rebound post covid which might involve increasing the list of potential investors, ability to eliminate value wastages or leakages through appropriate maintenance of housekeeping such as due diligence, vendor assist etc. Areas of business that can result in losses should be well identified and redesign such as the unprofitable locations of business pre-covid, expiry dates of cards etc. The terms for loan repayment most especially the long-term loan should be rescheduled while the payment period for the short-term loan should be extended by Three to Six Months which involve the back-up of the CBN. Banks should endeavour to conduct market segmentation to be able to identify areas where their business could thrive successfully post-covid so as to operate without an undue risk both to the staff and the general public.

Banks' employees should be adequately equipped with remote facilities that could enhance efficient and effective delivery of work and excellent customers relationship. There should be contingency plans for the service of contract staff as well as utility staff in the bank post-covid. Conclusively, banks should plan strategically to explore cloud facilities that will be best suited for their board's effective operations by conducting business analysis that will aid the identification of assets that can be moved to the cloud and adequately invest in process automations.

Strategic recommendations for risks mitigation

The adequacy of banks' credit portfolio plan should be reviewed so as to identify the vulnerability of credit exposure due to the pandemic and establish means of reducing the risk emanated from it. There should be an update of operational risk analysis, procedures, policies and planning in line with the covid-19 developments, the impact of changes in the market variables as regard the current condition of banks due to the pandemic should be assessed. The market risk stress testing should be reviewed and the mechanics for risk mitigation should be instituted. The current bank businesses should be appraised and align with that of global realities, capital base plan of banks should be re-assessed in line with the new development due to the pandemic. The liquidity stress testing effectiveness, profit forecast preparation on reasonable basis and assumptions should be conducted in order to determine the financial impacts of the pandemic. Banks should ensure that strategies are developed to preserve and sustain profit margin, re-examine and evaluate viable projects and as well identifying the cost optimisation options. In addition, banks should ensure that the internal control system established should be effective and adequate as well as security alert is intensified amongst the staff and customers to ensure safety use of digital facilities.

Recommendations for Audit, Financial Reporting and Tax

Banks should ensure that supporting evidences in line with the requirements of IFRS on loan write-offs and impairments of NPLs are maintained for tax purposes. The banks should strategically analyse the tax impact of covid-19 on their operations and going concern and as well maintaining an adequate and stronger oversight on their tax matters. Revision and re-assessment of all the items in the financial reporting should be conducted. The banks annual report should be critically evaluated to determine the pandemic impact on the adjusting events. There should be an adequate disclosure of financial information reported in the financial statements thereby maintaining positions between various aspects of assets and liabilities. The management review of going concern assumptions is very imperative at this moment.

Conclusions and further Recommendations

There is need for banks to automate most if not all of its processes for operational efficiency, cost savings, and possible regulatory compliance. Banks should set up information security department different from the conventional information technology departments, with the sole objective of ensuring cyber security for the

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bank's networks and applications. Banks should employ and train their employees on IT securities. Banks should also maintain a robust business contingency plan. Banks should have and implement a robust corporate governance framework that promotes best global practices. Banks should also have a comprehensive enterprise risk management framework that covers credit risk management, operational risks, market risks, loan review and recovery aspects of its operations. There is need to provide customer friendly e-channels (payment solutions) that provides visibility for the customers' transactions. Banks should diversify its non-interest income from e-channel usage, fixed income trading, derivatives etc. The need for adequate liquidity possibly above regulatory limit cannot be over emphasized in order to always take advantages in interbank markets. The Banks should focus on giving out quality credits. Banks should look into shared or co-location shared services in areas of power, water, securities etc. Banks should also focus on developing products that are tailored towards meeting customers need based on geographical locations. Banks should lay emphasis on regulatory compliance.
Banks will need to restructure their services so as to meet the customers' expectations by looking forward to offer flexibility most especially in credit portfolio so that customers' finances can be dynamically managed. Banks should seek and be more innovative so as to be strategically positioned post-covid and also need to consider the hybrid mode of operations which include working physically and virtually while the security measures should be instituted against cyberattacks. The banks should ensure the creation of dynamism for an effective and conducive working environment that would enhance success. The new normal workplace will ensure that banks embrace flexibility and be more attractive to more customers. Finally, the various fiscal and monetary measures instituted by the CBN would be helpful in sustaining the banking sector resilience in addition with the innovative measures of banks.

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