Appraising the Impact of Budgeting and Planning on the Performance of Financial Institutions in Nigeria

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Abstract
This study seeks to undertake a comprehensive and analytical appraisal into the impact of budgeting and planning on the performance of financial institutions in Nigeria. Attention is primarily on the policies to be considered in developing Budgeting and Planning programmes, to determine the factors responsible for rigidities and structural imbalance in budgeting and planning programmes of Nigerian Banks, and to subsequently appraise the impact of budgeting and planning on their effective performance. To achieve this, the related views and literatures of notable authorities in this area of study were brought under review. Primary source of data collection was utilized through well structured questionnaires raised and administered to respondents made up of management and non-management staff of selected institutions. Interviews and participant observation conducted at the convenience of the respondents were added as supplements. The findings revealed that budgetary and planning programmes are restricted to few top management staff of Nigerian Banks, but indicated that budgeting and planning can be utilized as a major policy instrument to align commercial banking operations with the policy framework of regulatory bodies, particularly the Central Bank of Nigeria. It was also discovered that overtime budgeting and planning has impacted positively on effective performance of Nigerian banks. It is recommended that for greater improvements in overall operations and for maximum impact of budgetary provisions, financial institutions as a whole must function as a single system, in which all its constituent units are intimately inter-linked.
Keywords: Banking Industry, Budgeting, Control, Financial Institution, Nigeria, Planning

1. Introduction

The success and failure of any organizational entity or business concern depends greatly on its ability to integrate available resources, whether human or material, and combine them in the most efficient and productive manner. Business is the exchange of goods, money or services for mutual benefit. Hence a business entity can be regarded as the sum total of those activities that have as their main purpose, the creating, maintaining, and expansion of a concern which continues to exist because it earns profit and other benefits, as a result of the exchange of goods, money and services.

Financial institutions generally fall under the domains of business entities, basically because, financial institutions acts as agents that provides financial services for its clients. Thus financial institutions can be described as those organized entities, who have as their predominant operational structure, the provision of financial intermediary services of mobilizing and moving funds from investors and all surplus economic units, and channeling these funds to deficit economic units for productive activities. Common types of financial institutions in the global economy include building societies, credit unions, stock brokers and similar businesses. However the discernable sub-sector in the Nigerian financial services industry is basically Banking, Insurance, Capital Markets, Investment Management, Real Estates and Regulatory Financial Institutions. These financial services industries are highly regulated in Nigeria by bodies such as The Central Bank of Nigeria, Nigerian Deposit Insurance Corporation, National Insurance Commission, Securities and Exchange Commission, Corporate Affairs Commission, and The Federal Ministry of Finance.

In the Nigerian economy, majority of the operators in the financial services industries are small-sized, except for the banking industry. This is because there is a dearth of long term (investable) funds in the industry. As at today, the banking industry, capital markets and investment management companies seems to be well capitalized, the insurance sub-sector is plagued by under capitalization, while the real estate sector is relatively insignificant. However, competition is high across all sub-sectors, but more so obvious in the banking industry. Entry barriers are high for the banking industry, moderate for insurance and low for investment management and capital market activities. Thus one of the dominant sub-sectors of the Nigerian financial services industry is the Banking sector.

Banks can simply be viewed as those financial institutions, who act as agents that accept deposits and make loans. Banks create save havens that stores wealth for depositors and as predictable sources of loans for borrowers. In this way, the major business of banks is that of financial intermediation between savers and borrowers. The bank simplifies this process by eliminating the need for savers to find the right borrowers and the right time to directly source for loan. As financial intermediaries, they facilitate the creation, sourcing and mobilization of funds from surplus economic units to deficit economic unit, for functional and productive activities. Banks as competitive and profit oriented financial institutions are however forced to look ahead, by setting targets, anticipating problems and focusing on purpose and direction, since it aims at maximum and efficient utilization of resources to earn maximum return on investment. One of the most effective tools of achieving this aim is budgeting and planning.

The fundamental principles of planning as it relates to financial intermediation activities involves the selection of desirable organizational objectives, having a chosen course of action, determining the means of achieving them, as well as a detailed comprehension of all the financial implications involved. As a bank therefore aims at achieving its institutional objectives, it is apparently important for its management to set up long-term strategies, which are subsequently converted into short-term action plans, aimed at achieving long-range goals and objectives. The quantification of these long range objectives into short-term action plans, in financial terms is known as Budgeting. Budgeting therefore, is a comprehensive and coordinated plan, expressed in financial terms, for the effective integration and operations of all organizational resources, for some specific period of time. Budgeting in a business sense, however, is the planned allocation of available funds to each unit within an organization. Budgeting allows management in an organization to control excessive spending in less productive areas, and put more organizational assets into areas which generates significant returns and income, as well as good public relations.

For a long time now, the attention of owners and management of many financial institutions in Nigeria, have been focused almost exclusively on higher return on investment, profit motivation and financial assets – cash, stocks, debtor, machines and equipment, properties, etc, while the process of effectively integrating available resources into maximum utility, within a reasonable time frame, for overall success of business and goal attainment is not being given adequate priority. This punctuates the need to scan through the twin issues of budgeting and planning and subsequently have an appraisal of their impact on the performance of financial institutions, most especially banks in Nigeria.

Budgeting and planning are often at play in all aspects of the human life, and has over time, become more paramount in organizational developmental discourse, while its impact on the performance of banks is of great significance and cannot be overemphasized. The predominant theme, however, underlying budgeting and planning in financial institutions (in general) and the banking sub-sector in more specific terms, can initially be assessed from the following fundamental problems.

Firstly, there is a familiar challenge in the banking industry, which relates to the sub-sector being one of the highly and most regulated industry in Nigeria. The banking industry in Nigeria has often been described as fragile, small, and uncompetitive and tainted by instability, which had led to the consolidation exercise, in which banks in Nigeria were required to hold a minimum financial reserve of ₦25 Billion as at the end of December 2005. Under this scenario of high regulation and reforms, budgeting and planning in individual banks has become somewhat inconsistent and significantly altered, due to constant emergence of new policies by the Apex Body. This is made more challenging in a situation where policy reviews by the Apex Bank are done at regular intervals.

Secondly, there is also a consistent problem in banks, which relates to the absence of coordination between planning units (which is usually a predominant function of top management staff) and the budgeting units (usually vested in the financial and control officials). As a result, the strategic policies recommended in the plan may not be adequately captured in the budget, as the thrust of the budget may be at variance with the goals of the plan. Under these circumstances, the fundamental policies provided for in the budget, may actually vitiate the goals of the plan, particularly when the personnel involved in the budget preparations are entirely different from those recommending the plan. And as such, unnecessary rivalry may occur between the personnel involved in budgeting and planning policies, such that the goals of the entity may be sacrificed at the expense of personal egos. Such rivalry, though, may also have their root in the differentials in the professional background of officials. In such cases irreconcilable differences will be common place in the organization, with its adverse effects of disharmony in the budgeting and planning systems.

Additionally, there is also the problem of “Halo Effect” in the implementation of plans. This refers to undue sentimental attachment of banks to the establishment and accomplishment of a goal, product or program, because the organization is favorably disposed to a project. This may lead to over commitment of funds and resources to such a project at the expense of other equally important goals and projects. In other words, unnecessary virements may occur and the economy-wide impact anticipated by banks will therefore be lost.

Given the differentials in the time frame of budgets and plans, the quality of forecast significantly varies. The farther the time frame, the more difficult it is to make accurate projections for most financial institutions such as banks, most especially in the light of economic uncertainties, high regulations, and the volatile nature of financial transactions. Thus while budgets are often based on the more reliable primary data, plans are based on stimulated scenarios. This increases the risk involved in projects with long gestation periods undertaken by banks, in which case the required depth of data analysis differs among various organizations.

Related to the above, is the issue of political instability, coupled with the inconsistencies in government policies, which is a situation highly prevalent in developing economies such as Nigeria. Various administrations come into office with different agendas they strive to implement, which in the long run affects the policy thrust of banks in the country. The political environment often changes, such that planning and budgeting in banks are significantly altered, particularly when the new administration is not favorably disposed to existing policies.

A general appraisal of budgeting and planning however, shows that, it is significantly tied to the successful performance of both individuals and organized entities in several respect, while the influence budgeting and planning exerts on goal attainment is unprecedented. Thus in personal financing sense, the impact of budgeting and planning can translate to an ability to become stable economically and otherwise, while its impact from a corporate perspective can translate into a tool of functionality, productivity and effective performance. In more concise terms, budgeting and planning facilitates the primary function of banks, in their capacity as agents that facilitates financial intermediation and the performance of core banking roles such as lending, treasury, trade financing, private banking, and financial advisory services. Consequently, the successful provision of basic banking products and services must not be devoid of an effective system of budgeting and planning, if the organizational goals and objectives are to be achieved. Such basic banking product and services includes, asset based finance, structured trade finance, equipment leasing, finance leases, loan syndication, advances, bonds, guarantees, cash management, mutual funds, company flotation, capital reconstruction and restructuring, mergers and acquisition, project finance, custodial services and trust services among others.

Thus the end product of the budgetary process is problem identification, gathering of relevant information, development of feasible solution and setting up of a sound administrative structure through which decisions can be implemented, monitored and evaluated. This collectively captures the thrust of planning process. It is important to state however, that budgeting without the element of planning would result into a budget that lacks focus, while plans that do not have a realistic recognition of the budget constraints would have little value. Thus organizations, such as banks, though with a good capital base cannot succeed without a comprehensive budgeting and planning programme, that will enable funds to be put into the most efficient and productive manner for the purpose of achieving overall organizational objective.

Through preliminary discussions, held with key management officials of some Nigerian banks, it was discovered that, banks have certain key goals which they seek to achieve. These key goals are however multiple in nature, since there are a number of them. Consequently, all budgetary programmes of most Nigerian banks are geared towards the attainment of these multiple goals and objectives. The predominant goal of most banks is to maximize profit, and at the same time, minimize cost, through an efficient combination and utilization of limited resources. This goal is however attained, through their role as “go-betweens’. As financial intermediaries, banks earn enough to support their activities, by the difference between the interest rate paid to saver/depositors, and the interest rate charged on loans. When customers make deposits in a savings account, they earn interest on the principal. Similarly, when customers obtain loans from the banks, they pay interest on the principal. By charging the borrower a slightly higher interest rate, than that which is given to the depositor, a bank is able to achieve its goal of profitability.

Other goals of Nigerian banks include a sound and effective asset and liability mix. For Banks, reserves and loans serve as assets, because they are money that the bank has. Deposits on the other hand, are liabilities, since they are money that the bank owes. Thus banks seek to maintain an appreciable level of liquidity through their assets and liability mix.

Additionally Banks also seek to become dominant players in the industry, both within and outside the shores of Nigeria, through increased capital base. This is to enable them have the ability to participate in managing the Nation’s external reserve. This they seek to achieve, through their participation in the capital market and the competitive nature of their products and services.

The principal problem however is that, the banking industry is a highly regulated industry as championed by the central bank of Nigeria, which equally has certain goals it seeks to achieve, in its function as the Apex body in the Nigerian banking sub-sector. The quantification of these goals by the Apex body is translated into the various restructuring and reforms in the Nigerian Banking sector. The first phase of the reforms as witnessed in 2005, was designed to achieve a highly diversified, strong and reliable banking sector, which will ensure the safety of depositors money, play active developmental role in the Nigerian economy and become competent and competitive players both in the African and global financial systems. The second phase aimed at the emergence of regional and specialized banks is still ongoing. Thus necessitating the need to find out how the banking sub-sector synchronizes its budgetary and planning programmes to align with the policy thrust of the Apex body and to subsequently appraise the impact of this budgeting and planning programme on the performance of the banks, most especially in the light of their set goals.

2. Literature Review

Most organizations engage in budgeting and planning in order to adapt their businesses to reflect their internal resource constraints, gain advantage in competitive market realities, satisfy the ever changing customer/client needs, and to meet the aspiration of its key stakeholders. Therefore the key drivers of budgeting and planning in most large-scale organizations, particularly financial institutions such as banks, are the fundamental elements of economies of scale, geographical expansion, increased capital base and product offerings, gaining market power, attaining regulatory compliance, as well as profit maximization. Thus in order to have an objective analysis of the issue in question, and to gain additional insight into its historical perspective, the fundamental element underlining the conceptual and theoretical framework of budgeting and planning needs to be examined.

2.1 Conceptual Framework

Several schools of thought and authorities have written so much on the twin issues revolving around budgeting and planning, within organinizational entities, both in the past and present. Halford (1968) defines planning as "the fundamental understanding of the right way of looking at things, a certainty that such way of looking at things can be translated into actions and the actual implementation of these actions". From this definition, plans as conceptualized must be feasible, well conceived, faithfully implemented and time bound, while the right attitude must equally be exhibited by those involved in the plan. Dickson (1966), puts it succinctly when he opined that planning involves the decision on what, how, where, when, and for whom to produce. The United Nations Department of Economic Affairs (1951) gives it a global perspective, when it defined planning as "the setting of production targets within the global economy, whether for private or public enterprises, in terms of input of manpower, of capital or other scarce resources or use in terms of output". In essence, planning can be generally seen as the selection of desirable set goals, having a chosen course of action and determining specific methods of accomplishing these goals. It should be noted that as an entity aims at planning for the overall success of business, it is important to set out long-term strategies, which are converted into short-term action plans to achieve its long range plans. The quantification of these short-term action plans in financial term is known as Budgeting.

The Institute of Cost and Management Accountants (ICMA) defines budgeting in their terminology as "a plan quantified in monetary terms, prepared and approved prior to a defined period of time usually showing planned income to be generated and/or expenditure to be incurred during that period and the capital to be employed to attain a given objective". Pandey (1195) writing on Financial Management and Planning aptly defines budgeting as "a comprehensive and coordinated plan which is packaged by the management of an organization, and expressed in financial terms for the operations and resources of an enterprise for some specific period in the future".

From the two definitions of budgeting given above, it can be deduced that the following terms are apparent. Firstly, budgeting is a quantitative plan, which are those plans expressed in monetary or economic terms. Secondly, it is a comprehensive and coordinated plan. Thirdly, it deals with some specific entity. That is to say, it is a plan for an organization's operations and utilization of resources. Fourthly, it is futuristic, meaning it is a future plan for some specific period of time. Lastly, budgets are to be sanctioned and approved by authorized management.

Olafusi (1998) sums up budgeting in a write-up for the "Nigerian Accountant", when he defined budgeting as "an indispensable tool for effective performance, by which costs are assigned to specific tasks that are planned within a definite time period". To Parker (1997), budgeting is a faith accompli in economic discourse, because resources are scarce relative to need for them. Thus an overall perspective of budgeting is such that, it can be viewed as an instrument that provides a benchmark for the measurement and control of performance, while it equally provides feedback information, which facilitates ability to take corrective measures, based on its relativity to the nature and types of planning.

2.2 Theoretical Framework

Budgeting and planning as a key organizational and institutional variable is not a modern phenomenon. However, budgeting and planning are of wide ranging global orientations, to which several models and theories have been associated with overtime, most especially as propounded and opined by various authorities and schools of thoughts. To fully appreciate the theoretical framework of budgeting and planning, the following fundamental issues, as discussed below needs to be closely examined.

2.2.1 Nature of Planning

Planning is not a modern phenomenon, as it predates Man's existence. Infact, the creation of the world as contained in the Bible was planned and scrupulously implemented by the Almighty GOD, such that all living things were created in pairs to meet the set goals of replenishing the earth. From the above analogy, we can safely view planning as a predetermined course of action taken to accomplish set goals. Implicit in this simple definition is the existence of alternative options for realizing the set objectives.

Galbraith (1962) gives an insight into the nature of planning by sighting an example of a household and a firm. He explains that within a household, the head of the family often identifies and articulates the aspirations of the members of the family and determines goals that can be realized or the needs that have to be satisfied given the resources constraints. At the level of the firm, the Board of Directors sets the broad targets and policies, while the management continuously strives to achieve the set targets, based on the Strength, Weaknesses, Opportunities and Threats (S.W.O.T. Analysis), facing the corporate body, hence, planning can be conceptualized as micro and macro in nature. However to Todaro (1980), whenever targets are set in some organized form, while resources are committed to their full realization, a plan is established. The underlying fact therefore, is that in planning, targets are set, but the nature of planning itself is that which takes into cognizance alternative options for the realization of the identified goals which are critically considered and out of which the most feasible and viable options are selected.

From the perspective of the Economists, the best options in planning is that which utilizes the most efficient combination of resources by incurring the least cost, but yields the highest level of output and profit in a definite time period. Although there is no unanimity of opinion on the subject, most economists consider planning as involving deliberate action, and setting of direction for a business, by its management for a specified period of time and directed towards accomplishing organizational objectives. The commitment of resources under this scenario is carefully monitored, while implementation is programmed. Thus to facilitate the achievement of set goals and to accelerate the pace of equitable growth and development, the right and appropriate type of plan must be selected and implemented.

According to Todaro (1980), plans can be classified based on their scope, such as aggregate growth plan, single sector plan and single project plan. However, the time-frame of each plan usually influences its description. Thus we have short-term, medium-term and long-term plans. Plans may also be at micro and macro levels, while organizations they apply to must be clearly identified. Overall, the choice of the type of plan to be adopted and implemented depends significantly on the availability of resources, complexities and scale of operation of the organization in question. In more concise terms, those plans whose duration are usually not more than one year can be referred to as short-term plans. An example of this type of plan is the Annual budget of the Federal Government of Nigeria, which according to Ogunshola (1997) "the period of short-term plans are usually too short to achieve any meaningful progress in a profit-oriented organization, hence it is often made part of a rolling plan". Thus short-term plans are better viewed as a vehicle for achieving medium-term plans.

Those plans that span more than one fiscal year and operate between 2 and 5 years can be regarded as medium-term plans or rolling plans. A basic attraction of this mode of planning according to Lewis (1954) is that "it gives room for continuity, while feedback process can be easily consummated". Long-term perspectives refers to long-term planning in which, long-range targets are set in advance for periods of 10, 15, 20, or 25 years. A long-term plan according to the Indian Commission (1987) "is a blueprint of development to be undertaken over a long period of time". In reality however, broader objectives and targets are expected to be achieved within the specific period of time by dividing the perspective plan into several short periods as action plans, of usually periods spanning between four, five and six years. That is why Thompson and Strickland (1992) rightly observed that "a business enterprise's mission, objective, strategy or approach to strategy implementation are never final, but involves evaluating performance, reviewing changes in the immediate and extraneous environment and making it necessary parts of the strategic management process. However the success of planning in an organizational entity, such as the banking sector, regardless of the type of planning mechanism adopted is made positive in the subsequent projections, based on appropriate targets of budgets, budgetary preparations, periods and control.

2.2.2 Components of Budgeting, budget preparations and uses of budgets

In the views of Anthony and Chris (2004), a budget if viewed as a targeted plan, will encompass certain predominant domains of financial planning. Firstly, a budget will basically become a plan of how much a business will spend over a specified period of time and how much it will earn. Secondly budgets will often breakdown the revenue and expenditures it intends to incur into many detailed categories. A bank for example, will decide how much it intends to expend on research and development over a number of years. Thirdly budgets, if viewed from a broader perspective, are those which create a link between production of services and returns to be earned on the provision of such services. Fourthly Budgets are clearly stated targets and forecasts, as they attempt to consider what the future might bring. All these four components of budgets when integrated together, basically enables banks to monitor their operations over a specified period of time, while it equally enable them to take corrective measures where appropriate in cases of deviations.

Consequently, an integral component of budgeting in banks, according to a press release by The Centre on Budget and Policy Priorities (2006) on their official website www.cbpp.org, is that a good budget will detail expenditure plans of any bank, and one of the decisions management must take is what portion of total expenditure will go to capital expenditure and how much will go to revenue expenditure. Accordingly, the press release highlighted the components of capital expenditure in banks to include purchases of machines, equipments and other fixed assets that may add to the efficiency and productivity of the banks, and Revenue expenditures to be composed of funds spent on the day-to-day running of the bank.

The preparation of budgets is basically a management as well as an accounting task. Although there are no laid down rules on how to prepare a budget, a bank must prepare its budgets along the nature of its products, services, departments, and division. Since banks are mainly regulated by the Central Bank of Nigeria, their internal budgeting structure must therefore be prepared to align with the policy framework of the Apex body. According to Al-Rasheed (2006), the former Executive Director, Supervision Department of the Central Bank of Nigeria, banks budgetary structures, strategic planning and future business plans must contain specific data and information that relates to the following.

- The business strategy for the period of time for which financial data is submitted.
- The general policy which will be adopted by banks to achieve the targets of their strategic plans.
- Basic assumptions on which the projections of budgetary items are based.
- Explanation of the reasons as it relates to increase or decrease in the target figures against the projected figures of the previous period, taking into account the latest actual figures available with the bank, while preparing the budget.
- Detailed schedules of development of the balance sheet components, balances with the bank, loans and advances, investment portfolio and bank's customer deposits.
- Development of income and expenses components.
- Capital adequacy ratios.
- Instructions concerning bank's internal budgeting structure and implementation strategy of bank's officials.

Fakiyesi (1988) further opined that "budgetary preparations must reflect the organizational objectives for the budgeted period". In the views of Farotimi (1998) "budget preparations needs to follow a particular technique or system, which should evolve through three phases of budget orientation namely Control, Management and planning". Budget periods are based on annual and interim basis broken down into control periods. The Organization for Economic cooperation and Development (1992) suggests that the time horizon of budgets could be short-term or long-term. Those budgets that relates to current conditions in a firm depending on the nature of business, are regarded as short-term, while those budgets that are established as a plan for development, with longer gestation periods are regarded as long-term budgets.

It is important to emphasize however that efficient budgeting and planning also depends largely on its implementation and control. Even when a comprehensive budget has been prepared and packaged, budgetary control measures are needed to direct the actual state of affairs and proper implementation of plans. Thus Farotimi (1998) views budgetary control as "an internal control system which management uses in achieving the overall control of the entire business activities within an enterprise".

Organizations make budgets for a variety of reasons, which are fundamental to meeting plans and targets of the enterprise. In the views of Halford (1968), budgets are useful in the a number of ways. Firstly, budgets can be used as a tool for Controlling. Since documentation of plans in the form of budgeting, creates a blueprint for the implementation of those plans. Any deviation can, therefore, be investigated for corrective measures and actions to be taken. Also budgets can be used to coordinate the activities of sub-units of an organization, especially if the budgets are constructed in such a way that enables each department contribute most efficiently to the achievement of overall plan. Equally, budgets provide for the communication of the plans and intended goals of the budgets, to the individuals and officials who are going to be responsible for the implementation of the plan.

The Organization for Economic Cooperation and Development (1992) also suggests that budgets can be used to authorize the expenditure contained in it. The Organization is of the opinion that the planned activities and expenditure contained in the budget, provides a yardstick against which actual performance can be measured. However, Oni (1994) opined that budgets basically serve as a quantification of proposals, in which case, internal operating staff of an organization are made aware of the "cost" of their decisions on the attainment of overall objectives of the organization, which is subsequently used to evaluate their individual performance. In a more restricted and technical sense, uses of budgets in banks, as captured by Soludo (2004), is basically for a number of reasons as highlighted below.

- To enable banks carry out their operations within the policy framework of the Central Bank of Nigeria.
- To enable Nigerian Banks dispel with the attributes of being regarded as fragile, small, uncompetitive, and tainted by instability, and subsequently become dominant financial players in the Nigerian and global markets.
- To assist banks to focus on their primary functions of being financial intermediaries, who have

the responsibility of mobilizing funds from surplus units within the economy, and to channel these funds mobilized to deficit economic unit for productive activities.

- To facilitate the performance of banks in their core activities of lending, treasury operations, trade financing, private banking, and financial advisory services.
- To aid the effectiveness of banking products and services, which mainly includes, asset based finance, structured trade finance, equipment leasing, finance leases, loan syndication, advances, bonds, guarantees, cash management, mutual funds, company floatation, capital reconstruction and restructuring, mergers and acquisition, project finances, custodial and trust services.

Consequently, Chamberlain (2005), views budgets as an instrument that is capable of synchronizing the internal operational structure of banks, with the indispensable extraneous influences of the Central Bank of Nigeria, as a dominant regulatory body for banks in Nigeria. Thus the result of effectiveness in Nigerian banks is a direct function of effectiveness and efficiency in their budgeting and planning programmes.

It is however, a well established fact that the activities of every business concern are limited by some factors, which prevents infinite expansion. These factors are basically responsible for the structural rigidities and operational imbalance recorded in the budgeting and planning programmes of financial institutions, most especially banks. Bell (1989) opined that "planning and budgetary programmes are often complicated by unforeseen economic factors such as inflation and economic recession, which can render a realistic forecast unattainable". Crowling (1988) believes that "frequent changes in government policies are the major impediment to achieving the desired objectives of budgeting and planning".

During the 1993 International Public Relation Advance Course, for top Management at Holborn College in London, the pertinent issue identified, for lack of synchronization in budgeting and planning programmes of most financial institutions was that, the system of budgeting, planning and budgetary control are not well established and appreciated by those enterprises with high turn-over. They emphasized that post-budgetary control, which is usually absent in budgeting and planning programmes, can render the internal control system ineffective and a major feature that characterizes most large-scale organizations.

Druker (1966) identifies the non-involvement of operational managers and other heads of functional units, at the planning stages of the budget, while these same personnel and officials are saddled with the responsibility of budget implementation, as a major source of disharmony. Abu (1988) believes that "budgeting and planning in most organizations, are often regarded as annual rituals, which lacks sincerity of purpose and most times are never strictly observed and meticulously implemented", hence a major factor that accounts for rigidities and imbalance. In the views of Baykou (1977) however, "the introduction of uncontrollable expenses, whereby some expense items are regarded as uncontrollable can hinder the achievement of the desired objectives of budgeting and planning". Based on all the factors highlighted above, the need to resolve these conflicting structural issues and synchronize the twin issue of budgeting and planning especially as it affects the overall performance of banks cannot be over emphasized.

2.3 Empherical Framework of Budgeting and Planning

Identifying those constraints that create structural rigidities in the budgetary and planning processes of Nigerian banks with a view to identifying corrective measures to address those rigidities and imbalance is a recipe for curbing organizational disorder. In the views of Usman (2003), he posits that the major problem of budgeting and planning in banks can be addressed from the dysfunctional nature of banks payments, savings and investment structures. It is widely recognized that one of the limitations of the banking sector in Nigeria is that most daily payments for commercial activities and other transactions, involving the overwhelming majority of the population, are carried out outside the banking sector. Another major area of constraints is the limited reach of bank's saving services. Consequently, investment can only be productive and profitable, if the investor and those financing the investment have a close grasp of the specificities of the productive capacity and capital of the investor. Thus many banks risk chronic gaps between revenues and necessary expenditure, because of structural defects and weaknesses in coordinating their payment, savings and investment activities.

Perhaps what may be regarded as one of the predominant problem associated with budgeting and planning programmes in Nigerian Banks is the pertinent issue of political instability, coupled with the inconsistencies in Government policies. In the past, Nigerian banks have often been described as fragile, small, and uncompetitive and tainted by instability. However an assessment by the Centre on Budget and Policy Priorities (2005) indicates that, the unstable nature of the Nigerian Polity is largely responsible for the inconsistencies in the internal budgetary and planning structures of Nigerian Banks.

Furthermore, the familiar challenge in the banking sub-sector, which relates to the sector being one of the most regulated industry in Nigeria, equally creates certain distortions in the internal budgeting and planning structures of banks. This is because according to Al-Rasheed (2006), the former Executive Director – Supervision Department of the Central Bank of Nigeria, banks in Nigeria are required to align their internal operational structures, to synchronize with the policy framework of the Apex body, as a prerequisite for their continuous operations.

Additionally, there is also the consistent problem in banks which relates to the absence of coordination between planning units (which usually a predominant function of top management staff), and the budget implementation unit (a responsibility usually vested in the financial and control officials of the bank). In the views of the American Bankers Association (2004), lack of coordination is capable of creating problems, such that the strategic policies recommended in the plan, may not be adequately captured in the budget, as the thrust of the budget may be at variance with the goals of the plan. Under these circumstances, the fiscal policies provided for in the budget, may actually vitiate the goals of the plan, particularly when the personnel involved in the budget preparation are entirely different from those recommending the plan.

Marlin (2003) adds his voice to the problems of budgeting and planning in banks, by highlighting the problem of "Hallo Effect" in budgeting and planning programmes. This refers to undue sentimental attachment of banks to the establishment of a project or accomplishment of a specific goal, which may lead to over commitment of funds to such a goal, at the expense of other equally important projects.

Consequently, the Chartered Institute of Bankers of Nigeria further highlights the problems associated with budgeting and planning in Nigeria.

- Differentials in the time frame of budgets, such that banks may be favorably disposed to short-term budgetary periods, whereas the adequate design that can guarantee effective performance of their duties, may require long-term budgetary and planning periods.
- Complications in budgetary and planning programmes due to unforeseen economic factors such as inflation and economic recession, which is capable of rendering a realistic forecast unattainable.
- Non involvement of relevant stake holders within and outside the banking systems, before, during and after the packaging of budgetary and planning programmes of banks.
- Bank's increased marketing budgets, in order to remain competitive, at the expense of equally important units within the banking sub-sector.
- Inability of banks to move into the area of Market Segmentation, which is a budgetary strategy for targeting specific customer groups and to promote customized products and services.
- Inability of the commercial banks (through the CBN's policy framework) to successfully consumate the proposed "Cashless Economy" regime.

A detailed identification of the factors responsible for structural rigidities, as well as the major problems associated with budgeting and planning in banks, creates a basis for the harmonization of budgeting and planning programmes. This is of great importance if the goals of effectiveness and efficiency of banks, is to be guaranteed. Parker (1997) believes that "though the systems of budgeting and planning as well as budgetary control, cannot substitute for good management, they can assist management in their day-to-day decision making". Therefore it is apparent that the process of harmonizing budgeting and planning programmes must be made a focal point in every bank, especially through the instrumentality of Budgeting Controls. Pandey (1995) is of the view that "for Budgeting and planning to be effectively harmonized, such that it becomes capable of exerting a positive influence on effectiveness and performance, it must be a realistic forecast of what can be achieved. If it is not, the personnel saddled with the responsibility of utilizing such budgets as a working tool will find it difficult to implement".

However, the successful synchronization of budgeting and planning programmes in the views of Williams (1972) must rest on a tripod.

- Managers and heads of departments should be involved in both the planning and implementation stages of a budget.
- The system of post-budgetary control should be upheld and complimented with cost-control administration
- Realistic forecast should be set for the new emerging phenomenon called "uncontrolled expenses" in banks, while adequate control measure should be introduced, to avert wasteful and unnecessary spending.

The Institute of Chartered Accountants of Nigeria (ICAN) in its "Budget '98 Review" opined that the integration of planning and budgetary software and packages with the IT structure of organizational operations will enhance good quality information, adequate record at appropriate times and effective synchronization, in the overall budgetary and planning activities of organizations. It is important to state however that the attainment of appreciable level of success in the harmonization of budgetary and planning structure is further enhanced through consistent evaluation and appraisal. This therefore makes the measurement, appraisal and evaluation of the performance of banks vis-à-vis their budgeting and planning structure, a pertinent issue for assessment.

A necessary and sufficient condition for synchronizing the twin issues of budgeting and planning, especially as it affects the performance of Nigerian banks is the instrumentality of Evaluation. This rests on the existence of constant measurement and appraisal of the successful performance of banks, which is borne out of the need to accelerate the process of development and realization of the overall organizational objective. The Institute of Cost and Management Accountants (ICMA) defines evaluation as a means of control by which the actual state of affairs are compared with the budget, so that action may be taken with regards to deviations. It is generally regarded as an element of internal control system, which management uses in achieving overall control of the organization. According to Fitch Rating, Augusto & Co. an International consultancy agency, budgeting and planning in Nigerian banks, has enabled the banks to create a wide ranging positive impacts, within the Nigerian economy. In the views of the Agency, appropriate budgeting and planning programmes has led to a "Spurt" in banking activities in Nigeria. With well planned programmes, meticulously articulated and efficiently implemented, Nigerian banks are experiencing significant advances in communication and Information Technology, which has subsequently enabled the banks to expand their reach both in terms of geographical cover and new products and services introduced into the market.

In the views of Oduyemi (2005), the former Deputy Governor – General Administration of the Central Bank of Nigeria, an effective practice of planning and utilization of sound budgetary structure, sanctioned by the Apex regulatory body, has led Nigerian banks to identify with increased competition, with its attendant effect of provision of satisfactory banking products and services to the banking public. He further opined that due to the entry of foreign partnership into the Nigerian banking sector, the sub-sector is witnessing "a squeeze in margin" and as a direct consequence of this, Nigerian banks have increased their focus on Retail Banking, in other to gain access to low-cost funds and to further expand to relatively untapped, potential growth areas. And as such, Nigerian banks are now exploring new legal avenues for increasing their foot print and safeguarding their margins, thus marking a positive and unprecedented influence that meticulous budgeting and planning programmes have exerted on Nigerian Banks.

Perhaps of great significance is the views expressed by Edozie (2005), where he stated that budgeting and strategic planning in Nigerian Banks has been an effective survival tool in the face of a highly competitive sub-sector. Competition in the Nigerian banking sub-sector, coupled with increased regulations from the Central Bank of Nigeria, he opined, has re-written the rules of retail lending business in Nigeria. Previously, slow growth in corporate lending, pressures on corporate spreads due to increased competition, and concerns over asset quality and capital base, was the prevailing condition of the Nigerian banking industry. However with more effective planning, budgeting and restructuring, Nigerian banks are now poised to lay more emphasis on growth, through expansion of retail portfolio. This is indeed a positive development, since the Nigerian retail lending market is still relatively unexplored, with the per-capital usage of retail product offerings such as housing finance, credit cards, consumer finance, real estate etc, lower as compared to the global finance market. Thus the relative size of the Nigerian market, backed by factors such as growing population of bankable households, and positive economic reforms, which can ultimately enable Nigerian banks capture a large portion of the huge funds, circulating outside the banking industry, can be capitalized upon by banks, through further alignments, re-design, harmonization and consistent evaluation of budgeting and planning on the performance of banks.

Further evaluation of the Nigerian Banking industry in recent times shows that, through budgeting and planning, an appreciable and sustainable level of growth has been witnessed in the industry, which is unprecedented in the history of Nigeria. According to former President Olusegun Obasanjo "the growth in the banking industry and the efficient performance of banks in recent times, is closely linked with the reform programmes of the Federal Government". It is important to state therefore, that this is made possible based on the ability of Nigerian Banks to subscribe to these reform programmes, through their internal budgetary and strategic planning structures. What may be considered a dominant influence of planning and budgeting has exerted on Nigerian Banks, is the opportunity it has created for advancement of technology in banks. The Information Technology revolution in banks, as enabled by strategic planning, has helped in the aggregation of information as well as effective dissemination of financial activities. Banks are increasingly adopting technology as a platform for overall success. Thus technology has revolutionalised the delivery chains of financial products and opened up door of wide range opportunities in banks.

In his own submission Shamsuddeen (2006) believes that Nigerian banks have significantly improved in their productivity and profitability, most especially, as their budgetary and planning initiatives, has resulted in the landmark achievement by which banks have formed consortiums and created unique designs of sharing Automated Teller Machines (ATM). Sharing of ATMs he opined has minimized geographical overlaps and provided for better coverage to develop economies of scale and minimize the cost of servicing customers.

The performance of Nigerian banks in recent times has been a major subject of both National and International discourse. According to the Financial Times of London (2005), while appraising the impact of budgeting on planning on the performance of Nigerian banks stated that, for the first time all banks operating in Nigeria are now publicly traded, which has translated into higher efficiency in banking operations. As a fall out of budgetary and planning impact, enabled through the recently concluded consolidation exercise in Nigeria, over $3 Billion was sourced by the banks from the capital market and private placement, thereby boosting the weighting of bank stocks in the total market capitalization of the Nigerian Stock Exchange (NSE) from about 24% to 50%. Of this amount $500 Million was foreign direct investment into the banking industry, hence experts around the world are quick to agree that no reform measure has yielded such palpable flow of investment capital within a short time-span in the annals of Nigeria. This laudable effort earned the former CBN governor, Prof Charles Soludo the coveted honor of the Central Banker of the Year Award from the Bankers Magazine and has consequently shown the impact of good budgeting and strategic planning in the Nigerian banking industry.

However in more concise terms, the impact of budgeting and planning on the overall performance of Nigerian banks as obtained on the financial website www.cenbank.org in 2006, are highlighted below.

- Nigerian banks are no longer regarded as technically insolvent and incapable of making tangible impact on national development, and the era of poor performing loan portfolios have become history, due to more effective planning and budgeting in Nigerian banks.
- Effective planning is largely responsible for the strong capital base Nigerian banks now have, such that the lowest capitalized bank in Nigeria in a princely ₦35 Billion (about $260 Million), and as such the CBN has further announced its desire to consider indigenous banks in the management of the National External Reserve.
- Improvement in the industrial average of loan disbursement to manufacturing, agricultural and other real/productive sectors of the Nigerian economy.
- Greater ability of Nigerian banks to sufficiently mobilize domestic savings and meet the funding needs of a budding productive sector in Nigeria.
- Budgeting and Planning has enabled Nigerian banks to stimulate productivity, encourage job creation and help alleviate poverty in Nigeria, through appropriate planning and budgetary provisions for loan syndication.

In his own view Peterside (2005) stated that effective budgeting and planning, has enabled Nigerian banks to build credible reputation, an efficient work-force, streamlining operational focus and entrenching transparency. Coleman (2004) sums up the impact of budgeting and planning on the performance of Nigerian banks, when he opined that there is no gainsaying that the Nigerian economy is a mono product one, still unable to maximize its full potentials, basically because the oil industry remains the pre-dominant sector accounting for over 85% of Government Revenue. Under this scenario and given the huge domestic market and growing purchasing power, the Nigerian economy could form the bedrock for a viable balance sheet for the banks operating within the economy. Therefore it behooves on Nigerian banks to utilize the instrumentality of strategic planning and effectual budgetary processes to seek and gain new opportunities in sectors like infrastructure, consumer lending, housing-finance/mortgage, value-added export, food processing/packaging, consumer product manufacturing and service sector.

Above all, it has become increasingly clear that budgeting and planning, is an effective internal operating tool for Nigerian banks to achieve overall success in their banking activities, and can subsequently remain a positive instrument for effective performance in the long-run. Hence the positive and beneficial influence that Budgeting and Planning exert on the overall performance of Nigerian Banks cannot be overemphasized.

3. Methodology

By means of survey research design and percentage statistics method, this study examined the impact of budgeting and planning on the performance of financial institutions, with specific focus on Nigerian Banks. The choice of this design was due to the fact that the researcher perceived it appropriate because of the need to have comparative and in-depth assessment of the issue in question.

The population of the study consisted of top management and middle level management staff of selected financial institutions in Nigeria. The primary data were obtained through the use of a well structured questionnaire administered to the respondents, while the secondary data were obtained from the annual financial statements of the banks, as well as from files, relevant document, memos, tax laws, bank pamphlet reporting standards, journals, gazette, and financial columns of National dailies. The sampling technique adopted for the population of the study is the non-probability type. That is the non-mathematical based style of quota sampling. Rather the maximum of 80% of subjects was used for the sample size of management and non-management staff based on the recommendation by Borg and Gall (1974). Data was analyzed using the percentage statistics method. The raw scores and their equivalent percentages were used in answering research questions earlier developed for the study.

4. Result and Discussions

The analyses and interpretation of data obtained from both primary and secondary sources are brought under review so as to answer the pertinent questions raised in this study. From all the issues raised and brought under review in this study, it can be inferred that the subject of budgeting and planning is a tasking issue, while it's importance in exerting a positive or negative influence on the performance of banks, and cannot be overemphasized.

Hence twenty-seven different tables of data were analyzed this study. The first table relates to the presentation of data analysis, while twenty-six tables, each analysed, and relates to answering all major research questions brought into focus.

Five tables each analysed (that is Table 4.2 to Table 4.6) were structured to answer research question one, while four tables, each analysed (that is Table 4.7 to Table 4.10) were constructed to answer research question two. Also four tables, each analysed (that is Table 4.12 to Table 4.14) relates to addressing the issues raised in research question three. Furthermore three tables, each analysed (that is Table 4.15 to Table 4.17) were equally constructed in an attempt to answer research question four. Additionally research question five was answered using four tables, each analysed (that is Table 4.18 to Table 4.21). Also three tables, each analysed (that is Table 4.22 to Table 4.24) were directed at addressing research question six. Consequently, the fundamental issues raised in research question seven were given answers through the construction of three tables, each analysed (that is Table 4.25 to Table 4.27). Thus the major findings brought into focus are further discussed.

It was discovered that most Nigerian banks do embark on budgetary and planning programmes. However these budgetary and planning programmes are highly restrictive in nature such that, it is exclusively drawn out by top level management staff, who are constituted into a budget committee, while the bulk of non-management staff, who will eventually be saddled with the responsibility of executing the budgetary programmes are not involved at the planning stages.

In another finding, it was observed that most banks formulate their budgetary plan of actions based on three dominant issues. These platforms provide the framework within which the budgetary programmes are structured. These dominant themes include, realization of the goals and objectives of the bank, policies that addresses issues of inflation, current economic conditions and unforeseen circumstances, as well as products and services rendered by individual banks.

Closely related to the above is the fact that, financial institution are of a strong opinion that a strong relationship does exist between budgeting and planning as a phenomenon and the effective performance of banks, which makes the subject of appraising and synchronizing the twin issues of budgeting and planning, particularly as it relates to effective performance of banks, a paramount issue.

Additionally, there is an indication that if the internal construction of budgetary and planning programmes within banks, are made to reflect the policy thrust of regulatory bodies, and if these programmes are allowed to survive through a cordial relationship among responsible officers at the implementation stages and equally rested upon the framework of widespread consultations (which may be internal as it affects branch managers, operation managers and others), as well as external consultations (particularly with CBN officials and other relevant stakeholders), such a position is capable of integrating and synchronizing budgetary and planning programmes for effective performance and positive influence, while eliminating all impediments that constitutes structural rigidities in budgetary and planning circles.

Also a close examination of internal intricacies indicates that most bankers are of the opinion that the performance of Nigerian banks overtime, is well above average and has been at an appreciable level of increase in recent times, while leadership commitments being accorded to effective planning and successful implementation of budgetary programmes can also be described as fairly appreciable.

Consequently, an assessment of the impact of budgeting and planning on the performance of Nigerian banks, indicates that a larger percentage of major players in the financial system do agree that budgeting and planning programmes has been very effective in Nigerian banks and this position has subsequently impacted positively on the performance of Nigerian banks, although there is a general consensus that there is room for greater improvement.

5. Conclusion and Recommendation

In view of the appraisal of the impact of budgeting and planning on the performance of financial institutions with specific reference to Nigerian banks, the following conclusions can therefore be drawn from the findings revealed in this study.

In one of the findings it was discovered that membership of the budget committee of banks is highly restrictive, since it comprises mainly of a few selected executive officers and high ranking management staff. It can therefore be concluded that the management of most Nigerian banks are yet to fully comprehend and appreciate the importance and advantages of involving every relevant stakeholder within the internal structure of the bank, particularly the branch and operation managers, and in some exceptional cases customers and clients of the bank, at the planning stages of their budgetary programmes, so as to obtain vital inputs. This is because from analysis carried out, despite the fact that only a few selected personnel package the budgetary programmes, excluding relevant officials such as the branch and operation managers, these same excluded officers are eventually saddled with the responsibility of implementing the programmes of the budget. This condition, it was deduced produces unintended consequences and creates a dysfunctional situation, which financial can ill-afford. It is therefore necessary that wide spread consultations, within and outside the bank be made before major policy decisions are taken especially as it relates to budgeting and planning. This is of great importance because every bank must function as a single system, in which all its constituent units are intimately interlinked.

In a similar finding, it was revealed that budgetary programmes of Nigerian banks are formulated primarily on three domains that include goals and objectives, products and services rendered, and unforeseen economic circumstances. It can be concluded therefore, that the policies contained in the budgetary programmes of Nigerian banks are not adequate enough. This is because beyond issues that relates to products and services, and goal realization, other vital issues such as human capital and human resource policies, social responsibilities within the society, value of indigenous currency, considerations for low interest rates, monetary stability and healthy financial system, policies that relates to the promotion of small and medium scale enterprises, among other relevant and vital issues, ought to form the bedrock of planning activities and should normally constitute issues of concerns and expected to be reflected in budgetary programmes. Consequently, as banks package their budgets, adequate provision should equally be made to accommodate the important issues highlighted above, as well as the need to operate within the regulatory framework of The Central Bank of Nigeria, the absence of which can render a realistic forecast unattainable.

Thus as Nigerian banks consider the major policies to be capture in their strategic planning and budgetary systems, current internal and external economic factors as well as global issues, should be meticulously identified, comprehensively analyzed and strategically directed towards an effective, efficient and rapid improvement of the organizational system as a whole, which will in the long run enable banks to remain relevant in the contemporary Nigerian society. Additionally, banks needs to prepare programmes that will not only reflect its stated objectives and products, but most importantly package programmes that will reflect the fact that needs within the society have been identified, and that subsequently, conscious efforts at meeting these identified needs are been taken.

Furthermore, this study shows that harmonization of budgets is a major recipe for operational success in banks. It can be concluded therefore that except the policy procedures of budgeting and planning in banks, is effectively integrated and synchronized with the policy thrust of regulatory bodies, particularly the CBN, budgetary programmes may not exert the necessary impact required on banking operations and the economy at large. This is because under the scenario of high regulation of banks by relevant regulatory bodies such as The Federal Ministry of Finance, The Nigerian Deposit Insurance Corporation, Securities and Exchange Commission and The Central Bank of Nigeria among other regulatory bodies, the internal budgetary and planning policies of Nigerian Banks must be structured to align with the requirements of these regulatory bodies. The Central Bank of Nigeria (CBN) is the apex body in the financial regulatory system in Nigeria, and it has the responsibility of licensing Nigerian banks and providing the policy framework within which banks can operate within the Nigerian economy. It follows therefore that Nigerian banks can utilize their internal budgetary and planning systems not only as an instrument of goal attainment, but also as a veritable tool that can be employed to ensure strict compliance and conformity to the requirements of the apex body. When this is done the multiple goals of profit maximization and policy compliance of banks can be achieved at the same time.

Additionally, an analysis of the issues in question revealed that financial institutions, particularly banks have recorded appreciable levels of improvement in the performance of their core banking services which includes lending, treasury, trade financing, private banking, and financial advisory services. They have equally been improved efficiency in the products and services rendered by banks. These products and services usually revolving around asset based finance, structured trade finance, equipment leasing, finance leases, loan syndication, advances, bonds, guarantees, cash management, mutual funds, company flotation, capital reconstruction and restructuring, mergers and acquisition, project finance, custodial services and trust services. It can therefore be concluded that the recent reforms in the Nigerian banking sub-sector, as championed by the Central Bank of Nigeria, has indeed brought about desired positive changes within the sub-sector. Under this scenario, the attendant effect of economic growth can therefore be guaranteed. Consequently the recent developments within the sub-sector equally attest to the fact that, the internal operational base of banks will always remain solid, if the instrumentality of strategic planning and sound budgetary systems is constantly employed by Nigerian banks.

Furthermore, the overall finding ascertained from all the analysis and assessment undertaken in this study, if viewed from a more restricted and technical sense shows that budgeting and planning has positively impacted on the performance on Nigerian banks overtime. Thus, it can be concluded that one of the most indispensable and veritable tool at the disposal of Nigerian banks, which is capable of ensuring constant efficiency in overall performance of banking operations, as well as transforming Nigerian banks into an effective, functional and productive sub-sector, is sound strategic planning programmes and effective budgetary system.

From all the issues that have been brought under review in this study and based on the findings presented from the analyzed data, it is important to reaffirm that budgeting and planning remains a veritable tool, which should not be dispensed with by the Management of banks, but rather utilized as a tool of constant appraisal and improvement of overall performance and productivity within the banks. Thus the need to constantly resolve the contending issues associated with budgeting and planning in Nigerian banks, and subsequently harmonize and synchronize it as a result oriented instrument for increasing the performance of banks is of paramount importance. In the light of this, the following recommendations are suggested.

- It is necessary that widespread consultations within and outside the banks be held, before major policy decisions are undertaken.
- It is apparently important for all Nigerian banks to carry on their internal operations in such a manner that they function as a single system, in which all its constituent units are intimately interlinked.
- All Branch Managers, Operations Mangers, as well as heads of functional departments/units within the bank, should be involved, both at the planning and implementation stages of budgets.
- It is also recommended that the final packaging of the budgets should be the responsibility of an enlarged budget committee, whose composition should be reflective of the size of the bank. This committee will equally be responsible for providing technical assistance for the successful implementation of all plans and programmes contained in the budget.
- Budgetary programmes of Nigerian banks must clearly identify and reflect the stated goals and objectives of the organization, which in most cases is to maximize profit at the lowest cost, through customers' satisfaction and clients delight.
- Banks budgets should properly articulate the preferences and choice of customers, in terms of banking activities and operations, as well as product and services rendered to ensure that customers satisfaction is guaranteed at all times.
- Realistic forecasts should be set for the so-called uncontrollable expenses in banks, while adequate cost control measures should be administered to avert wasteful and unnecessary spending.
- The concept of social responsibility, in which an important sector of the national economy, such as the banking sub-sector, is made to participate in not only economic development, but also social development, should be made a priority and dominant focal point by banks. These should subsequently be capture in the thrust of their budgetary and planning programmes.
- Also banks should constantly identify unique needs within the Nigerian economy, and design its programmes to effectively meet these needs as a way of gaining advantages over competitors, rather than engaging in unwholesome activities and unethical practices.
- In other for budgeting and planning to have a positive and desired impact on the performance of Nigerian banks, the programme of activities embarked upon must be realistic forecasts of what can be achieved, within the budgeted periods. If this is not the case, those saddled with the responsibility of implementation, would find it difficult to utilize the budget as a working tool.
- Budgetary periods that are most convenient for the banks should be administered, because budgetary plans are meaningless, if they do not have concrete time-frame within which set targets are to be achieved.
- Both the short-term budgetary periods and the rolling plan system of action should be administered by banks depending on the quality of forecast. This will allow for a steady flow of development. However the long-term budgetary periods may equally be adopted as at when due.
- Budgetary plans should be backed up by adequate resources, if legitimate and productive results are to be expected, within the budgeted periods.
- Budgeting and planning in banks should never be viewed as an annual ritual which lacks sincerity of purpose and lack of commitment on the part of everyone functioning within the banking system. Rather it should be regarded as an effective working tool, which is capable of enhancing the overall performance of banking operations
- Budgeting and planning should be constructed and structured, with the premonition that the success and failure of the whole organization depends largely on it.
- Also experts in strategic management and budgetary systems should be engaged and subsequently trained, both within and outside the banking sub-sector in other to guarantee effective performance, and to ultimately ensure that budgeting and planning programmes remain result oriented.
- It is strongly recommended that all members of staff within any given bank must work together as a team for the overall success of all programmes of activities within the bank. This will help to move the organization forward and also ensure that the overall result of budget implementation enjoys general contribution from all relevant quarters and that the benefits of budgetary success is achieved.
- Banks should embark on widespread consultations and a cordial relationship must be established

with all relevant regulatory bodies, particularly the CBN, in other to meet the aspirations of these agencies and to ensure policy compliance at all times.

- Banks should explore the possibilities of designing their internal budgetary and planning programmes to align with the policy framework of the regulatory bodies.
- The express guidelines and instructions issued by these regulatory bodies should be strictly adhered to. Where discrepancies occur between regulations and internal policies of the bank, this should be resolved in the most effective manner.
- Nigerian banks should guide against unethical actions in their overall banking operations.
- Also banks should explore positive ways of addressing the persistent increase in the inflationary rate in the Nigerian economy, through a conscious effort to reduce their interest and lending rates.
- Nigerian banks should put in place mechanisms that will ensure that their capacity to execute government economic policies is guaranteed.
- Banks should engage in an effective promotion and active participation in small and medium scale enterprises, which in the long-run can create an unprecedented customer base for the banks.
- More innovations should still be developed and administered by banks in the areas of Information Technology, Electronic Banking and E-commerce.
- The extent of success recorded in the performance of Nigerian banks depends on how well, employees of the bank are convinced of the propriety of set goals.
- The directions for the implementation of banks budgets and overall planning activities for effective performance need to be provided by the management of the bank, while the views of relevant stakeholders should equally provide persuasive justification for decisions taken.
- A necessary and sufficient condition for the effective performance of banks and synchronization of budgeting and planning activities is deliberate and faithful implementation, by all responsible officers. This rests on the existence of a mental picture of the present state of affairs, vis-à-vis the future expected state of affairs, within the organization.
- The introduction of computer software and packages which are budget inclined and customized, will enhance good quality information and adequate records at appropriate times, from which improvements in banking operations can be drawn and successful performance can be consolidated.
- Also widespread consultations are very essential and the whole structure of the banks needs to function as a single system in which all its constituent unit is intimately interlinked.

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