

Nigeria's Democratisation in the Globalisation Age

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ABSTRACT

Democracy is seen world over as the best legitimate and viable alternative to authoritarian regimes such as military dictatorship and apartheid. Many countries around the world are still grappling with the necessary fundamentals that could ensure credible democratic government. After decades of military dictatorial regimes, Nigeria has just started to follow the pattern of democratic governance like most countries of the world. However, there exist huge challenges of transformation and transition from military rule to a democratic system of government and from one civilian administration to another. The present government of Nigeria has, instead of pursuing democratic policy-making processes; the electoral systems became more non-representative and more divorced from the popular will. This article intends to explore some policy challenges that could face the Nigeria's new democracy and suggests possible alternatives that could sustain the gains of democracy in Nigeria. Given the ongoing globalization process and its economic implications in which Nigeria is of necessity, a role player, this article also seeks to further explore some policy challenges that may be considered in dealing with major sectors of the Nigerian economy especially, the private sector, the non-governmental organization and the banking sector.

INTRODUCTION

The new Nigeria's democratic system of government can be improved if the present democratization process is properly managed in this era of globalization. It is obvious that Nigeria is a corporatist society with soft pretensions to democracy.

Government authority and powers derived from the constitution of the Federal Republic of Nigeria, if not properly controlled may be slipping away every towards the corporatist groups. The market place ideology is seen as a passive acceptance of whatever form globalization happens to take. The grassroots majority constitutes the larger number of the Nigerian population and they may no longer be willing to accept exploitative or repressive regimes and

state structures, or a development paradigm that excludes them from the popular expectation (Osaghae 1998:300-303).

Within the popular “big bang” revolution, Nigerians may not be concerned with who holds the state power, but they may in reality be building, consciously or unconsciously, a countervailing power to counter the dominant state power. This is one of the reasons that prompted minority revolutions and tribal clashes in Nigeria when it became obvious that the gap between the rich and the poor was widening (Osaghae 1990:302). Dramatic changes in the global political economy in the 1990s also encouraged widespread enthusiasm among liberal scholars to engage in debates / ideas such as the end of history (Diamond *et al.*, 1997:5). These debates suggest that the future of developing countries such as Nigeria as a democratic state may lie in the construction of a liberal democracy, the promotion of market capitalism and the linear movement towards modernity.

Any plausible analysis of economic development and democracy in the newly democratic system of governance in Nigeria has to begin by recognising and evaluating transformation in the global political economy in general. Central to any understanding of the current unprecedented structural changes at the global level and also at the local, state and the national levels is the ongoing process of globalization of production, finance and distribution. The current trans-boarder activities of the global economic system are creating a new form of transnational structure in which the state is constantly engaged in sharing its decision-making powers with the global forces of production and finance.

It is becoming increasingly evident that traditional patterns of state activity in Nigeria are assuming a global character and the autonomy of states, while the national decision-making is shrinking (Ijeoma 2002:137). For example, over the years, Nigeria's national budgets were tailored to conform to the International Monetary Fund (IMF) directives, this has been detrimental towards poverty alleviation programs and wealth creation at the grassroots level. Under intense pressure from the international financial community the government of Nigeria seems to be abandoning their role as a service provider. The globalization process is not only going to influence the constitutional policy-making powers of nation state of Nigeria, but will also internationalise domestic politics, economy and society. It is increasingly becoming problematic to analyze domestic politics in Nigeria without giving consideration to the socio-political changes that are taking place outside the boundaries of the country.

The framework for analysis

Contrary to the liberal views concept, the prospects for a sustained constitutional democracy in Nigeria may still remain elusive. It goes beyond the simplistic stereotypes of both anarchic and developmental orthodoxies. In addition to challenging neo-liberal hegemony, the revisionist analysis used in this article aims to provide a critical evolution of the prospects for sustainable democratic policies that will impact positively on the lives of Nigerians in the present and future globalization era. Further analysis was extended to some key sectors of the Nigeria's economy- the private sector, the Non-governmental organization and the banking sector. These sectors are generally considered as the second driving force of the Nigerian economic activities after crude oil exploration.



GLOBALISING A DEMOCRATIC PROCESS

While many contemporary literatures on democratisation offer a variety of frameworks for analysis, it rarely deals with changes in the external environment in order to address the recent global movement towards democracy. With a clear focus on domestic factors, this article stresses its perceptions about political and economic reforms in Nigeria. More importantly, to seek a positive link between economic and political liberalisation and to underscore the underlying tensions between structural economic reforms and political democracy in Nigeria. However, many of the writings on democratization in Nigeria centered primarily on questions of consolidating democracy and the promotion of Nigeria's democratic culture. But, other key areas of interest may include the prerequisites for institutionalizing democracy and possible contribution of the Western world to global transitions towards democracy. Also, central to the understanding of democratization is the link between democracy and the creation of market economies in which all the citizens will benefit.

It is possible that the globalization concept and its attributive successes may not be achieved in the absence of a sustainable democracy. For discussion on democracy to begin, it has to start with a procedural definition. Democracy can be referred to as a system in which multiple forces compete inside an institutional framework, that is, one of the major purposes of democracy is to create a conflict resolution mechanism for subjecting all interests to competition (Diamond *et al.*, 1997:5-10). This depicts a system that allows for political organizations to freely compete with each other; ensures political participation of all members of a society in their effort to choose leaders and policies; and provide a structure for the maintenance of extensive civil liberties. Democracy can be defined as a process of creating the formal institutions of governance through the majority mandate (Ijeoma 2008:97). It generates competition among rival political groups and develops a mechanism to reduce the likelihood of a breakdown of the social contract. In particular, democracy ensures that the status quo will be maintained through the achievement of stability. Such an understanding of democracy offers the majority nothing but the right to vote in local and national elections. Clearly it does not provide the people with a tool for effective control of the environment in which they live. Neither does it explain how the right to vote will improve the standard of living of ordinary people, nor how it will put to an end, the structural deprivation and powerlessness of the majority. Within the parameters of the foregoing context, democratization and globalisation may be seen as two competing paradigms as against the process of creating political systems that are open to broad competition for political office. This process may be the beginning of a construction of alternative sources of power and structures to the existing state institutions.

Democracy versus Market economy

The idea that an expansion of civil society poses the most effective challenge to the hegemony of the state may be unfounded. Civil society can be viewed to be as a political space outside the state" (Diamond, *et al.*, 1997:122). In order to protect people from the institutional oppression of the state, the creation of adequate political space in which non-state actions organize themselves freely and promote diverse socio-political interests may be encouraged. Thus, not only will civil society play a key role in promoting democratic

political culture but it is also expected to defend individual rights against governmental violation. Both policy-makers and mainstream academics have begun to share the idea that market-oriented economic reforms and political liberalization towards constitutional democracy are mutually reinforcing. It is believed that modern democracies are normally oriented toward market economies. Political democracy may be considered to be a form of government most conducive to the spirited flow of ideas, people and resources, which enhances the dynamism of market economies. Similarly, economic liberalization may be viewed to creating the demand for broader political participation in decision-making, which eventually leads to democratisation. While it is not clear whether economic liberalization contributes to democratization or vice versa, a vibrant civil society may also be considered a prerequisite for the promotion of both market capitalism and democratization hence, civil society is instrumental in protecting individual rights and private ownership (Ijeoma 2008:98).

A process of democratisation can help the external actors to overthrow state socialism and subsequently reduce popular resistance to the expansion of market-oriented economic reforms. It would be worthy to note here, that most international financial institutions, particularly the World Bank and the International Monetary Fund (IMF), were established in the “common spirit” of globalization. Yet most developing countries including Nigeria has no visible economic progress as a result of loans and advances from those institutions. With growing criticism about the failure of structural economic reforms tagged as the Structural Adjustment Programme (SAP) in Nigeria and other victims of the IMF loan, the concept called good governance, was coined as political conditionality for foreign aid. Putting aside its traditional exclusively economic agenda, the bank began advocating the need for developing countries including Nigeria to practice democratic norms and values in order to solve the crisis of development. In its 1989 document entitled *Sub-Saharan Africa: from crisis to sustainable growth*, the World Bank identified the lack of good governance as a primary cause of continued underdevelopment and growing poverty (World Bank 1989:60) in Africa including Nigeria.

History suggests that political legitimacy and consensus are a precondition for sustainable development and governance is meant to exercise some political powers to manage a nation’s affairs, while dedicated leadership can produce quite a different outcome. It requires a systematic effort to build a pluralistic institutional structure, a determination to respect the rule of law, and vigorous protection of the freedom of the press and human rights (World Bank 1989:60-61). It may be important to note that the process of democratization may typically start on the following principles (Ijeoma 2008:99-100):

- Firstly, a dramatic political event that prompts the authoritarian regime to hold national elections and to transfer power to a democratically elected civilian group within a stipulated period of time.
- Secondly, the transition towards democracy ends largely with the departure of an authoritarian but democratically elected authority. In this case, even the democratically elected government does not apply democratic principles in their day-to-day running of government; and
- Thirdly, also in order to foster a complete transition, democratization would need to involve promulgation of a new constitution that provides a legal framework for governance in the country.

These and other attributes of good leadership and governance may constitute some reasonable decision-making alternatives to achieving sound public policy and ensuring adequate consolidation of democratic values in the present globalization era. It is important to note here that most developing countries, including Nigeria, are still grappling with the process of developing some generally acceptable democratic values among the public leadership.

Consolidation of democracy

Transition from military regimes to democratic government however, does not automatically lead to the consolidation of democracy. For example, the government of Nigeria is currently a democratic one but not yet a consolidated and sustainable democracy. Consolidated democracy may be achieved in Nigeria if the three cardinal democratisation principles as suggested above are critically put into practice followed by the introduction of several democratic structures to enhance a consolidated and sustainable democratic government in Nigeria. Issues such as holding free and fair elections, the installation of democratic authorities and institutions, and the creation of a new constitution are simply the preliminary steps towards democratic consolidation. It can be argued that the consolidation of democracy depends upon the success of institutionalising democracy. Since the inception of the new democratic government in Nigeria on 29th May 1999, there have been reports of rising religious and ethnic conflicts in the northern parts of Nigeria. Unless adequate mechanisms and grass roots resolutions are implemented, these will always be a huge gap towards consolidating democracy in Nigeria.

Negotiation is essential for the consolidation of democracy and in view of this; all transitions to democracy are negotiated, some with representatives of the old regime and some only among the pro-democratic forces seeking to form a new system. Negotiations are not always needed to extricate the society from the authoritarian regimes but they are necessary to constitute democratic institutions. Democracy cannot be dictated, it should emerge from bargaining.

The above recommendations may contribute towards a better process for democratic consolidation in Nigeria. Grassroots negotiation and bargaining should be devoid of ethnic and religious influences. The emphasis would be more results-oriented if there exist “reformers and moderates”. These two key groups must be in full control and in the forefront of every negotiation. In order to enhance the possibility of consolidation, the hard-liners should either be excluded from negotiations or be assigned to an insignificant role in any transition towards the consolidation of democracy.

Prospects for sustainable democracy

The current global experiments in political democracy – notably formal multi-party constitutions, elections and governance – will not be sustained unless they are supported and complemented by the concept of democratic development, that is, the reinforcing of dynamic civil societies at the local, national and global levels. Thus it is important to recognise that a transition towards constitutional democracy only gives people the right to vote in an election. The conventional notion of democracy hardly appreciates the importance of creating political space for the majority of people to control in an effective manner the

material and institutional conditions under which they exist (Diamond, *et al.*, 1997:124). There has been a growing consensus that democracy can only be a meaningful concept if it provides an environment in which marginalized groups can exercise their right to be empowered. In the Nigeria of today, this concept is imperative as many groups, that is, the so-called minority groups have felt marginalized for too long and therefore have no place in the present democratic government.

However, there is a positive prospect for the constitutional promulgation of a material and institutional-friendly environment that can accommodate every single unit of groups that forms the nation-Nigeria. In other words, the young democracy in Nigeria should strive to encourage people to raise their voices against all kinds of deprivation and exploitation, structural as well as informal. Democracy also needs to allow people to participate in and to determine together, those decisions that profoundly affect their lives. This clearly indicates that the existing conventional notion of democracy in Nigeria needs to be redefined and expanded to allow it to reflect the peculiar indigenous nature of Nigeria. Thus the concept of sustainable democratic development in Nigeria should take the agenda beyond popular participation in elections to popular participation in every major decision that affects the entire nation.

SECTORAL PERSPECTIVES ON DEMOCRACY AND GLOBALISATION

Involving community and traditional leaders, opinion leaders and civil society groups can achieve this objective and by so doing, the government would have carried people along with its developmental process. Therefore, linking democracy and development in Nigeria would offer a framework that focuses on the sustainable livelihoods of the people, on the one hand, and on the other, emphasizing the need to bring vulnerable and disadvantaged groups such as the rural poor, peasants, women and the elderly into the developmental process. It should also seek to ensure people's participation in conceptualizing their development needs and in development decision-making with regard to the control and use of scarce resources hence the need to analyse the perspectives of key sectors of the Nigerian economy- the government, private sector, the non-governmental organizations and the banking sectors.

Government Perspective

The first democratic government of Nigeria after decades of military rule was led by President Olusegun Obasanjo, who was inaugurated on the 29th May 1999. President Obasanjo enumerated his targeted objectives on the 5th November 1999 in an article en-titled My Mission. These include, among other goals, the revamping of the Nigerian economy through some globalization apparatus. Investments would flow where they are attracted by the possibility of safety of assets, security and good returns. Nigeria will encourage a policy that will be situated at the congruence of free enterprise and public purpose. This conveys a clear state of globalization and internationalization of the Nigerian economic activities. It is an open encouragement of the market enterprise economy and trade liberalization by government in Nigeria. It was also a call for foreign investors to take advantage of the



Nigerian new democratic environment that provides a friendly atmosphere for economic growth and development.

The democratic government in Nigeria, unlike their military predecessors, does not work in isolation from the global community. In the spirit of globalization, but specifically for Nigerian re-integration into the global community and the signing of both bilateral and multi-lateral economic treaties, was encouraged to enhance political stability, economic restructuring, integration of Nigeria into the mainstream of the global economic market, lifting of economic and trade sanctions imposed on Nigeria because of various previous military dictatorships and the high level of human rights violations during those periods and debt forgiveness for both Nigeria and other poorer countries. It would also be of importance to review the economic direction of the present government with a view to finding out to what extent it has taken the globalization concept to heart.

Government's Policy direction

Some specific measures were taken when democratic government was introduced, e.g., (NEP 1999–2003, 1999:1-10).

- presenting to and passing the anti-corruption bill by the national assembly
- reviewing and suspending contracts whose award lacked merit
- curtailing excessive and extra-budgetary spending by government
- adopting measures to achieve fiscal prudence, transparency, minimal deficit and efficient resource use
- mounting domestic and international campaigns to recover looted public funds lodged in foreign banks and
- introducing universal basic education to wipe out illiteracy and ignorance.

It is important to note that the Nigerian economic direction is basically of greater global and international implications and with particular attention to Nigeria's areas of comparative economic advantage. This indicates that the concept of globalization is also on the agenda of the government of Nigeria. The overall economic strategy of the Obasanjo administration includes among other things: private sector – led economic growth, poverty alleviation, fiscal, monetary, income, trade and debt policies, and broadening the productive base of the economy (NEP 1999:1-5).

The Trade policy

To boost the tempo of economic activities, a new policy for trade was put in place by government with a view to removing all trade and investment barriers in the country. The main thrust of the policy was to encourage production and distribution of goods and services to satisfy both domestic and global markets. The current government had already put in place appropriate macro-economic policies to deal with the distortions and obstacles to investments in Nigeria by the global community.

These measures include:

- Firstly, The abrogation of restrictive laws such as the Enterprises Promotion Decree of 1995, which limited the ownership of any business in Nigeria by an undisguised

investor to a maximum stake of about 40%. However, the new enterprises promotion (Act 106 of 2000) provides that any investor in Nigeria whether indigenous or foreign has the right of a 100% stake in his/her investment or whatever he/she may choose. This is quite contrary to the former policy and clearly in the spirit of globalization; and

- secondly, the establishment of the Nigerian Investment Promotion Commission in May 2000 was a step ahead of the abrogation of the former enterprises promotion decree of 1995. This policy initiative is aimed at a new emerging global market to attract investors to Nigeria and promoting the country's sustainable economic growth (*Guardian* online, 2000, October 12th).

It is evident that the so-called promotion of new trade and investment policies and the abrogation of restrictive laws, trade barriers, and institutionalizing the government's intentions in the emerging global market with the Nigerian Investment Promotion Commission, indicate that the government of Nigeria is strongly in favor of participating in the process of globalization.

Fiscal, monetary, income, trade and debt issues are the major issues on the global agenda. The administration in Nigeria will have to identify these issues as major goals aimed at encouraging competition in the aggregate of economic activities. Monetary policy will basically rely on indirect instruments of control that promote optimal liquidity in the system and financial inter-mediation. These issues should be completely deregulated so as to increase productivity of labor and encourage local initiatives. In fact, trade policy will likely minimize the benefits from globalization, and promote domestic industries and value-added exports. The present democratic government of Nigeria is fully in support of the globalization program. Already, the overall economic strategy has made provision for the benefits expected from globalization. Yet, an adequate and critical look in respect of possible areas of direct government domestic rejuvenation programs was never undertaken.

This is necessary because there are likely to be huge casualties in a developing economy like Nigeria if it should mortgage all domestic economic activities to the global economic process. It is clear that the government of Nigeria is poised for the country's full involvement and participation in global economic activities, which are regarded to be of substantial developmental advantages to the country. The considerable debate on the pros and cons of globalization, especially for developing countries, has had almost no impact on the formation of the Nigerian new economic policy direction.

Private Sector Perspectives

Since the end of the 1970s, the government of Nigeria has privatized many state owned enterprises, put public services to tender, deregulated utilities and other industries, reduced bureaucracies and sought to limit participation and interference in economic units within their borders. On the international scene, Nigeria has witnessed the creation of the World Trade Organization (WTO) and the new concept of globalization, the South-South Economic Corporation, the European Economic Community (EEC), and the emergence of the Euro currency. Rapid development in high-tech communication has made restrictions on capital flows almost impossible. Networking multinationals are creating a borderless economic



world such that it has become very difficult for any nation, including Nigeria, to pursue its own economic policies. Serious attention has to be given to the new trends in the global financial system (Shabir 1999:7-10).

In view of the foregoing, it is important to review the perspectives of the private sector on the globalization process and the general views of the Nigerian financial system with reference to the banking industry and information technology. An assessment of the above two industries in the financial sector of the Nigerian economy would provide some useful information for the private sector and for non-governmental organizations (NGO) perspectives about the globalization process.

The Non-governmental Organizations (NGOs)

Different views and explanations have been given regarding the term “Non-governmental Organization”. In fact, no universally acceptable definition exists. The European Commission’s documents that gave rise to government thinking in involving civil society in development does not attempt to enter into the debate of defining the NGO, rather they confine themselves to its characteristics. Even the council in charge of regulating the co-financing of NGOs did not attempt a definition either. Non-governmental Organizations are first and foremost social instruments (Clark 2000:34-51). This view sees the non-governmental structure as a mechanism or vehicle for affecting or mobilizing change and development in any given society.

The non-governmental organizations and community-based Organizations (CBOs) are voluntarily established by private individuals in the interest of their members or community, or in the public interest, Non-governmental Organizations are viewed as civilian property, the purpose of which is to serve their own or the public interest. The Report of the Non-governmental Organizations’ Week Conference (1996:155) notes that Non-governmental Organizations are by nature non-profit service organizations dependent on voluntary contributions but independent of government. Accordingly, this definition highlights two important dimensions of non-governmental bodies namely: non-profit seeking and free from the state’s direct sphere of influence. The concept of non-governmental organizations should be understood to refer to organizations that are not part of government and pursue activities that promote development, thereby reducing suffering especially in the lives of the majority of ordinary citizens.

The prospects of NGOs in globalization

While NGO’s differ from one another in terms of political ideology, social objectives and their specific place in the global political economy, NGO networks have shown considerable potential for both greater socio-political change and democratisation. In addition to their traditional engagement in delivering welfare services and in community development programs, NGOs (especially third generation NGOs which are largely involved in advancing socio-political change towards sustainable development) attempt to reorient public policies in favor of vulnerable groups (Aloo 2000:58).

The NGO sector can effectively organize underprivileged people and give them a voice against all sorts of socio-economic injustices imposed on them. For instance, the Grameen Bank, a leading and well-known development institution in Bangladesh, has successfully

changed the traditional place and role of women in rural Bangladesh over the past two decades. By supporting income-generating enterprises of marginalized groups, especially rural women, the bank has enabled them to break out of stereotyped female occupations in a traditional society, which is still dominated by religious and patriarchal values. This concept may not be peculiar to Bangladesh. There is a high likelihood that this idea would succeed in Nigeria, if effectively applied and coordinated. In order to put an end to structural deprivation and discrimination, some NGO networks in Nigeria (in the present democratic dispensation) may need to challenge the state institutions by focusing on the importance of developing an alternative basis for democratic development. They should be making efforts to generate popular power, to give people the right to control the institutions, which shape their lives.

Apart from developmental and democratizing activities in Nigeria, NGOs can make a big difference in peace-building operations. Long before any conflict takes place, NGO networks can successfully promote confidence and mutual trust between rival groups and prevent them from descending into violent conflict. In particular NGOs with a grass-roots base, have the ability to remove potential causes of conflicts and resolve differences between the contending groups through political negotiations. Not only do they have a better understanding about the psychological and cultural aspects of conflicts but they also have the know-how for conflict resolution based on traditional culture and wisdom.

In some crucial cases, given the peculiar and complex nature of Nigeria, NGO efforts may be insufficient to promote cooperation between hostile groups because of the serious nature of their disputes. Nevertheless, they can still prevent a disaster by sending early warnings to the government, international organizations, the media and other concerned parties. Together with the media as well as old-fashioned cooperative and labor groups, these constitute a civil society" which increasingly exists at local, state, as well as the national levels of the Nigerian society.

The banking industry

Before taking a look at the likely consequences of globalization in the Nigerian banking industry, it would be pertinent to consider some basic conditions that could either encourage or discourage the private sector in the practice of banking within a global context.

Foreign banks

Following the state of the banking industry during the previous decades under several military governments, Mr M Hayyatudeen, the managing director of FSB International Bank stated that (Hayatudeen, 1999:11-15) [the banking sector did not develop that level of sophistication that would enable it to perform optimally within the national economy. The factors that contributed to non-optimal performance were inadequate capital base, inappropriate lending policies and practices which resulted in large amounts of doubtful debts, concentration on short-term lending and the shortage of technically qualified manpower which was a major cause of poor quality of financial services].

With the exception of short-term lending, the banks appear liable on all other accounts. The above opinion of a professional banker is not viewed as a generalization of the banking activities but to point out the urgency for improvement.



To withstand the high level of competition in trade liberalization that accompanies globalization, considerable improvement is indeed required in the industry. And the new entrants in the banking industry in this globalization era could pose a serious professional threat to the existing ones in the following areas:

- **Quality of services:** The new entrants will surely bring to the market better/improved systems of banking operations, better work culture by employees and consequently better quality of end products;
- **Wider product range:** The foreign affiliation of the new entrants will ease their ability to offer a wider range of efficiently delivered products especially in the area of international trade transactions;
- **Better franchising:** The standing of most entrants especially those from Europe and America may be such that it will give them an advantage in terms of larger balance sheets and wider networks across the globe. Their stability as viewed by the banking public is likely to generate more goodwill than that of the home grown ones; and
- **Edge in information:** The more developed countries have banking technology organizations that are advantaged by sophisticated information technology when operating in the third world Nigerian setting.

It is important to note that entry by more efficient parties in the Nigerian banking sector in the spirit of the globalization process, will more significantly compel banks to improve on their roles as media of exchange creators and as facilitators of trade and production processes through the mobilization and channeling of funds within and outside the boundaries of Nigeria. An argument has often arisen that such global and local competition among the banks and other private sector institutions, while leveling the playing field of aggregate Nigerian economic activities, may stifle local development as the indigenous Nigerian private sector; such an initiative could also be described as capable of destroying local initiatives, jobs and ultimately culture.

The push for a globally unifying force may be too pervasive for a growing economy like Nigeria or, indeed any one nation to contain without the fear of becoming isolated. The government of Nigeria, the organized private sector, the participants in the globalization process and the banking industry cannot deny the general public cheaper and better services simply because they want to maintain their own existence. Each one must make a proactive response to the situation. The government of Nigeria also needs to provide an environmentally friendly platform to enable banks to function well in the new globalization programme. The expected roles of the present Nigeria government in this era may be described as follows:

Consistency in policy formulation and implementation

The withdrawal of public funds from the banking sector and the sudden direct debit of accounts of banks with the Central Bank of Nigeria in the past may need to be discouraged. This policy took both the industry and the general public by surprise. It created a lot of shortfall on bank deposits and created a negative influence on the banking public. This kind of policy must be implemented with greater care and concern so as not to extend such embarrassment to the globalization process as it could make the whole world loose instant confidence in the Nigerian banking sector.

Efficiency in the cheque clearing system

The long waiting period for clearing instruments at the Central Bank of Nigeria (CBN) has to be continuously improved while only virtual autonomy of the CBN will reduce government interference. The clearinghouse needs more decentralization and a national cheque authentication and verification institution should be established to aid the backlog experienced presently on the clearing system.

Formulation and enforcement of government laws

Formulation and enforcement of legislation as well as accelerated litigation on banking, the entire financial system and other private sector economic activities would enhance a hitch-free transition of the economy into a more globalized concern. Issues like money laundering lanes, which would help sanitize the financial system, have to be functional and operational. Government needs to ensure speedy litigation of financial crimes.

Protection of local initiatives

Government should also seek to ensure responsible globalization process by ensuring that excesses of competition do not completely stifle local initiatives. For operators that may seek to find markets overseas the key is also to develop a highly efficient operating system that will enable them to withstand competition in overseas environments. Aside from the third world, most other countries have offshore banking services, technological and economic development. Hence only a niche in those areas of chosen services will enable the Nigerian banks to make a success of investing in foreign markets.

Political managers of the economy can effectively ensure value-added international corporate relationships through liberal regulation and not exclusion. As the world moves into a central market square, Nigeria must quickly establish its own coordinates in this emerging global market. The worldwide great corporate mergers that are the current phenomena have only one message –Business has no Borders.

The Nigerian economy cannot be indifferent to the rhythm of the world economy. But the question remains “How can the poor benefit from the global banking linkages?” If Nigeria follows the rest of the world, attention should be given to local economic initiatives so that the non-banking poor majority will not be left behind.

CONCLUSION

The present wave of international democratic innovation, liberalization and globalization poses a threat to the stability of Nigeria’s democracy with its attendant negative consequences on the overall economy. In order to avert or minimize the dangers posed by these developments, given the relative attraction of the economy to foreign investors arising from the democratization of the economy, there is a need for the regulators to evolve policies and programmes that could counter-balance the ugly effects of globalization perceived or real.

The article attempts to review the trend in global integration made possible by developments in the globalization era through the utilization of democracy, productive resources, improved competition and innovation. Also, the ability of Nigeria to take advantage of the information technology-induced globalization is severely restricted by the stage of development. The



study has indicated that the global developments have transformed the scope, range, pace and the procedure of many sectors of the Nigerian economy such as the private sector, the Non-governmental organizations and the banking services delivery in Nigeria inspite its developing economic outlook. The effects of the development on the Nigerian banking system have come in the form of cost reduction, enhanced speed at carrying out banking activities, introduction of many computer-aided products, improvement in the transaction in the nation's capital market and opportunity to access the global market for enhancing capital base by some financial firms, among others. In spite of the numerous benefits that can be derived from globalization induced by advances in information technology, the study has noted that the development poses many challenges to the regulators, the operators in the financial market and the economy as a whole.

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