HYUKU JOURNAL OF INTERDISCIPLINARY RESEARCH (HJIR)

VOLUME 2 NUMBER 1, JANUARY 2018

ISSN: 2636-5022 Print

ISSN: 2636-5162 Online

A Publication of Kwararafa University, Wukari-Taraba State

GLOBALIZATION AND THE NIGERIAN ECONOMY- THE FINANCIAL SERVICES SECTOR PERSPECTIVE

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Abstract

The phenomenon of globalization is a multi-dimensional and multi-faceted process that encompasses political, economic, social and cultural dimensions which have been variously explained in different terms and contexts. This paper attempts to examine the impact of globalization on the Nigerian economy. The paper focuses on the financial sector with particular reference to the Banking sub-sector. The two strands of globalization are x-rayed while the powerful forces that propel globalization are identified. Although the empirical studies point to the fact that Nigeria's level of integration with the global capital market is still low, it is evident from this study that globalization has a profound impact on recapitalization of Banks in Nigeria, which precipitated a robust Banking regulation/supervision, remodeling of the Banking system, a rapid expansion of the telecommunications and information and communication technology (ICT). The paper concludes that the revolution in telecommunication and ICT has a profound impact on the Nigerian Banking sub-sector. It is recommended that economic policy authorities put in place appropriate macroeconomic policies that will deepen and hasten financial integration and stimulate freer flow of funds into the economy.

Keywords:Globalization, Nigerian Economy, Financial Services, Banking, Telecommunications

Introduction

The world is a global village; the activities of one national economy easily affect others. Although people continue to live as citizens of a single country, their everyday lives are influenced culturally, materially, politically, economically and even psychologically by people living in other countries. The world has been so constricted that distance, national borders, etc. are no longer barriers or limiting factors. The notion of one global economy has become the subject of discourse among people the world over, whether they live in Europe, the United States of America, Africa, Asia, or South America.

The consciousness of a global economy by individuals, communities, businesses and governments around the world is made possible by systematic advancement in technology, communication, transportation, information, integration of nation-states, internal integration of markets and increased international trade. A natural consequence of globalization is the growth of multinational corporations (businesses that have operations or investments in many countries) and transnational corporations (businesses that see themselves functioning in a global market place).

What then is globalization? The term connotes the growing economic, political, technological and cultural linkages that connect individuals, communities, businesses and governments around the world. According to Orunmoluyi (2000) as sighted in AbdulRaheem (2003), Globalization is simply the integration of national economies leading to near free movement of goods, services, capital, skill among companies which regard everywhere as their "home" market and serving customer with "globalised" tastes and preferences. AbdulRaheem (2003) went on to explain that globalization is a process of increased integration of national economy with the rest of the world to create a more coherent global economy. This, he went on to elaborate, can be achieved through the creation of a global market place in which free markets, investment flows, trade and information are integrated.

Danja (2012) holds a wider perspective to the definition of Globalization as according to him, due to its multivariate nature, globalization does not lend itself to easy conceptualization; and like other concepts in the social sciences, it is not amenable to a single, simple and straight jacket definition. This is evidenced by its various connotations by scholars of different persuasions and internalization, universalization, liberalization, westernization etc.

To Danja (2012) therefore, the phenomenon of globalization is a multi-dimensional and multi-faceted process that encompasses political, economic, social and cultural dimensions that have been variously explained in different terms and contexts. Globalization therefore describes the growing economic, political, technological and cultural linkages that connect individuals, communities, businesses and governments around the world.

Globalization is being promoted through international institutions among which include but are not limited to; the International Monetary Fund (IMF), The World bank, the World Trade Organization (WTO); other Regional and sub-regional bodies like the European Union (EU), the African Union (AU) etc. Sporting institutions like the Olympics Games, FIFA are not left out in the promotion of Globalization.

The current wave of globalization has been driven by policies that have opened economies domestically and internationally.

Many governments have adopted free market economic system. Governments have also negotiated dramatic reductions in barriers to commerce and have established international agreements to promote trade in goods, services and investments. Taking advantage of new opportunities in foreign markets, corporations have built foreign markets, corporations have built foreign factories and established production and marketing arrangements with foreign partners.

This paper is discussed in five sections viz:

Section one introduces and defines the subject of globalization. Section two reviews related literature to the concept under discourse.This embraces the theoretical framework, the conceptual framework,and a survey of empirical works by earlier academics.Section three highlights the methodology adopted for the study.Section four tries to bring out the impact of globalization on the Nigerian economy.Lastly,section five draws conclusions arising from the study and finally makes appropriate recommendations.

Objectives of the Study

The broad objective of the study is to examine the impact of globalization on the Nigerian economy. Other specific objectives include:

(i) To find out if globalization has strengthened the Nigerian financial sector

(ii) To find out whether globalization has impacted significantly to the Nigerian Commercial Banks and the Nigerian Stock Exchange.

(iii) To find out what sector has globalization impacted most and what is the nature of the impact.

Literature Review: (Theoretical Framework)

Strands of Thought on Globalization

There exits an array of works on Globalization. Perspectives on the subject however differ fundamentally depending on the ideological conviction of different scholars. However the different perspectives can be conveniently grouped into two opposing paradigms. There are those who hold the view that Globalization means interdependence while the opposing view holds that globalization is imperialism. Proponents of globalization as interdependence associate globalization with economic liberalization through a process of free trade, investment and capital flows between countries. They hold strongly that globalization is the rational end of human development that is capable of impacting positively on the life of the state that integrate their economies. Rugumamu (1999) sees globalization as a new paradigm in international economic relations which apparently signals the triumph of capitalism on a global scale following the end of the cold war, the collapse of the Soviet system and the dissolution of planned economies, particularly in Eastern Europe. Proponents of globalization as interdependency, according to Scholte (2000), hold that interdependency has opened up the world, reduced the abuse of human rights, and eradicated to a large scale, social and economic injustice by national governments.

A category insist that the phenomenon as it is today represents nothing but capitalism and imperialism. In fact, Ali Mazrui calls it "the new global imperialism". Claude Ake sees globalization as a capitalist project that is structured to perpetuate the underdevelopment of Africa and other third world countries. He construed globalization in terms of profit maximization (Ake, 1995). Madunagu (1999) sees globalization as the rapid expansion of capitalism through giant multinational companies. Ninsin (2000) could not agree less with Madụnagu when he asserted that "There is no doubt that globalization has impacted differently on the two parts of the global system. While it strengthens the already developed advanced western countries, it marginalizes the periphery economy of the third world". Felix Oriakhi (2001) alludes to the same position by observing that globalization super-imposes the values of the North on the south by accelerating the successful penetration of capitalism into the nooks and corners of Latin America, Asia and Africa. Esko Toyo insist that globalization is an alternative imperialist policy deliberately designed to maintain their structure of impoverishment on their satellite states (Toyo, 2000).

From whichever perspective globalization is viewed, has its merits and shortcomings. However, in spite of its adverse effects, it is in the interest of a nation to harness whatever the benefits of globalization are for the benefit of its citizens.

Forces of Globalization

In contemporary global environment, three main powerful forces that propel globalization can be identified. These include economic liberalization, technological revolution, and democratic system of government (Usman, 1999; Kwanashie, 1999).

Economic Liberalization

This is simply seen as the process of achieving unobstructed economic activities. According to Onyekpe (2001) economic liberalization seeks to remove all problems of trade, production and investment, emphasizes freedom of economic activities and dominance of private enterprises, and aims ultimately at the divorce of the state from the economy. At the global level, it attempts to make all economics fully open for free penetration and inter-state access. Countries, in addition to economic liberalization, have used other policy instrument to expand Foreign Direct Investment (FDI) and attain higher economic growth. These include developing a strong production base; opening up of new investment areas; designing and implementing sound macroeconomic policies. They have also created a conducive climate and stable political and economic environment attract foreign investment (Danja, 2012).

It can therefore be rightly concluded that no country in contemporary world can really be an island unto itself. The critical message of globalization is that Nigeria and other developing nations have little choice but to try and join the globalization train inspite of their disadvantaged position in the process.

Technological Revolution

That the world is currently experiencing phenomenal changes in social, political, economic and technological sphere cannot be disputed. Usman (1999) asserts that one fundamental instrument for this increasing transformation is technology, especially computer technology, and the evolution of low cost, global communication system which constitutes major challenges and will dominate and shape developments in the 21st century, particularly in the economic and financial sectors. The revolution in computer technology has led to the advancement of information technology which has in turn enhanced the level of information transmission and business transactions across the globe. Information technology in particular has combined progress in electronics, telecommunications and computing to bring about a highly dynamic process of storing, transmitting, processing and presentation of information. Kwanashie (1999) asserts that more efficient production processes are now possible and countries with the necessary capacity are embracing and adopting them in a bid to maintain a competitive edge within the changing world environment.

Democratic System of Governance

The third major force of globalization in contemporary world is the general acceptance of democratic forms of governance. This is in view of its relationship to good governance with its factors including rule of law, democratic participation, probity, integrity and transparency. Yusuf (1994) posits that democracy insists that power springs from, and therefore belongs to the people and that those who exercise power should use it in the interest of the people. Democracy, although varied in form, has in contemporary global system become the most potent rallying force in integrating and promoting strategic political and economic alliances and cooperation amongst nations the world over.

Conceptual Framework

Prasad et al (2003) as cited in Edoumiekumo and Opukri (2013) argue that economic globalization could in principles help to raise the growth rate in developing countries through a number of channels which directly affect the determinants of economic growth. These include boosting of domestic savings, reduction of the cost of capital, transfer of technology from advanced to developing countries, and development of domestic financial sector. Nigeria, as one of the developing countries, has experienced a lot of reforms since 1960.

Financial globalization can also lead to economic growth through indirect channels which include promotion of specialization, inducement for better policies, and enhancement of capital inflows by adopting better policies. This process is illustrated in the diagram below:

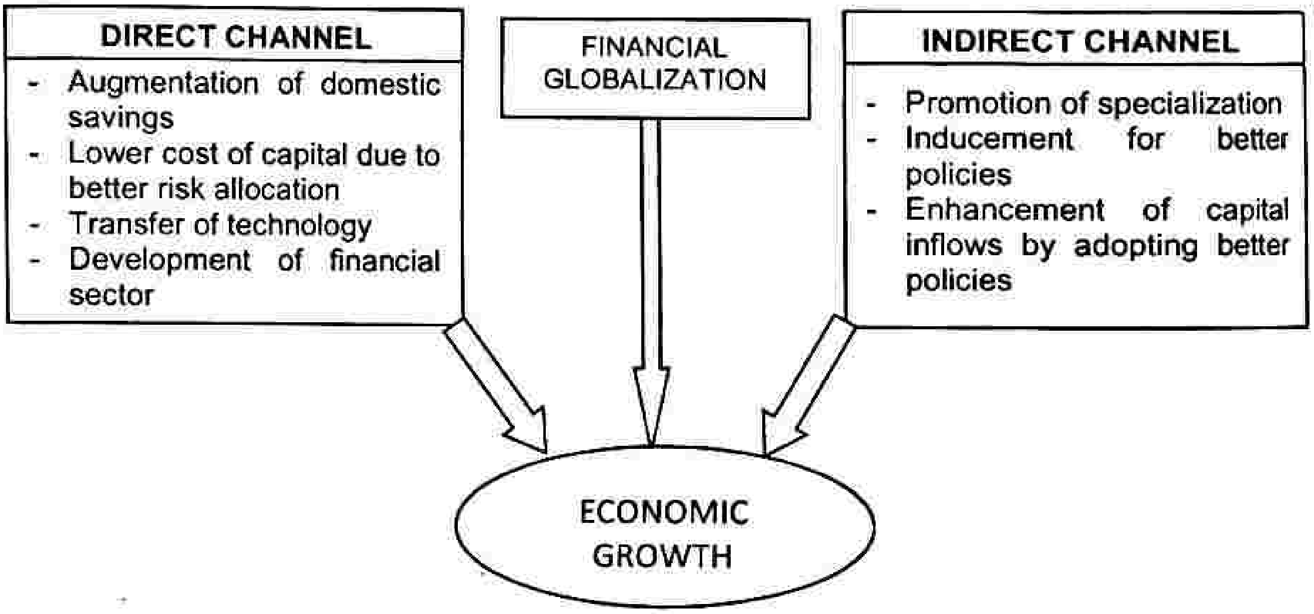

FIG 1: Transmission Mechanism of Financial globalization
Source: *Schmukle and Zoido Lobaton (2001)*

One of the most significant of such reforms was the adoption of the IMF's Structural Adjustment Programme in 1986 by the federal government. The financial sector was liberalized and deregulated which gave room for more banks and other financial institutions to be established - Commercial banks, Merchant banks, Discount houses, Finance houses and Development banks. The financial sector reforms also allowed banks to set interest rates, substantially reduced Central Bank liquidity credit, and abolished administratively determined credit ceilings.

The objectives of the financial sector deregulation were to move away from administrative control to market allocation of credit flows, provide higher return to depositors, and lower costs to borrowers by encouraging competition in the financial markets. Other objectives include increasing savings mobilization, efficient allocation of resources through market mechanism and encouraging the use of the capital market instruments to raise equity capital.

Several benefits and challenges of financial globalization have been documented so far based on the views of (Pozzolo, 2000: Barajas, Sleiner and Salazar, 2000; Levin, 2000; Berger et al, 1999). Such benefits include:

a) Efficiency Argument
b) Access to Diversified Source of Funds
c) Improvement in Financial and Regulatory Reporting
d) Reduction in impact of Domestic Shocks
e) More robust Monetary Policy

Empirical Framework

Globalization of financial service refers to the process by which the economic services provided by the finance industry are being interconnected across boundaries around the globe. Kenen (2007) opined that it is the synchronization of rules and elimination and or reduction of barriers to facilitate the free transfer of capital and allow all financial services firms to compete in all markets

around the world. It is therefore the degree of openness of the financial market to foreign investors. Kenen (2007) went on to identify four types of financial integration to include:
Integration of Public/Government finance by way of external borrowing i.e. the issuance of foreign currency and local currency debts which would be guided by foreign and local laws.
Globalization of financial services in form of buying and selling of bonds and stocks of other countries' corporations.

Globalization of domestic private corporations by way of Foreign Direct Investments (FDIs). Integration in the form of temporary borrowing and lending of worldwide interbank transaction of the banking sector.

Available literature that Nigeria's participation in, or integration into the global economy is still very low. According to Bakare, Shabi and Awolundun (2013) Nigeria's level of integration with the global capital market is extremely low, as according to them, between 1970 and 1973, the ratio of international capital flow (flowing into or out of Nigeria) was less than 5 percent of Nigeria's GDP. They went on to observe that the 1980s witnessed an improvement to about 10% to 266%, and this, they attributed to how much Nigeria was paying for international services, especially interest payments on loans.

Bakare, et al (2013) found that Africa (inclusive of Nigeria) gives Foreign Direct Investment (FDI) priority place because of the belief that FDI has the potential to stimulate economic growth. They concluded their study by observing that it is obvious that while Nigeria could be considered fairly global in terms of international trade given the extend of the country's openness to trade, it cannot be global in terms of capital flow and investment. They were emphatic that the Nigerian capital market is not in any way integrated with the international market, adducing reasons responsible for this to include; inappropriate macroeconomic policy, policy infidelity, fiscal indiscipline, among others.

Methodology

The methodology adopted for this study is basically a desk review of empirical works by earlier academics, a critical analysis of monthly, quarterly, and annual publications of key economic and financial players which include publications by the CBN(Bullion, annual reports),Zenith Bank Economic quarterly, the NDIC annual reports and other academic journals, magazines and daily newspapers.

The Impact of Globalization on the Nigerian Economy

As has been pointed on earlier in the introductory part of this study, globalization is a multidimensional and multi-faceted process that encompasses political, economic, social and cultural dimensions that link individuals, communities, businesses and governments around the world. However this study concentrates on the economic aspect of globalization. According to Onah (2000) as cited in Edoumiekumo and Opuki (2013), "Economic Globalization is the increasing openness of national economy to international trade, investment, migration, borrowing and lending aid, economic policies, communications and other forms of cooperation by firms".

This study laid more emphasis on the Nigerian financial sector. The financial sector embraces wholesale, retail, formal and informal institutions in the economy offering financial services to customers, businesses and other financial institutions. The financial sector in this context includes banks, stock exchanges, insurers, micro finance institutions.

Globalization offers developing countries, Nigeria inclusive, the opportunities to create wealth through the export-led growth, to expand international trade in goods and services and gain access to new ideas and technologies (Bayo, 2000; and Salimon, 1999) both cited in Abdulraheem

(2003). This means that globalization affects all aspects of Nigeria development including her economy.

In Nigeria, the term "globalization" became more pronounced through the adoption of the Structural Adjustment Programme (SAP) in 1986. The primary aim of SAP was to restructure and diversify the productive base of the economy and most importantly to establish a realistic and sustainable exchange rate for the Naira through trade and payment liberalization, tariff reforms and commercialization and privatization of public enterprise.

The impact of Globalization on the Nigeria economy, particularly on the financial service sector can be better appreciated by focusing on the banking sub sector. This is because of the uniqueness of the role of the banking subsector in the performance of the whole economy: first, the banking sector stimulates growth and development in an economy by servicing as the transmission channel for resources to the real sector. It provides access to financial services and improves the efficiency of other financial intermediaries. Secondly, banks constitute over 65 percent of market capitalization in the Nigerian Capital market and indeed a higher percent in the financial services sector. Thirdly, the banks' ability or inability to expand or contract credit and money supply in the economy has a profound impact on the vibrancy or otherwise of the entire economy.

The most noticeable impact of globalization on the Nigerian banking sector was the monumental challenges witnessed by the global financial system that erupted in 2008 popularly referred to as the "Global financial meltdown". The meltdown which started with the sub-prime mortgage crises in the Unites States systematically spilled-over to other parts of the world purely as a result of globalization, liberalization and integration of the world financial industry, loose regulatory and supervisory control. As a result, the Nigerian banking industry was faced with the threats of illiquidity, banking sector distress and reserves deflation, credit crunch and the collapse of the stock market and its consequent effect on wealth.

In specific terms, the impact of the Global Financial Crises (GFC) on the Nigerian economy included but was not limited to the following:

(i) The capital market witnessed unprecedented drop in the price of shares with the All Share Index (ASI) and Market Capitalization (MC) crashing by as much as 67.2 and 61.7 Percent, respectively, between April 2008 and March, 2009. The banking sub-sector with about 65.0 percent of the NSE market capitalization was affected. (BULLION: Publication of the Central Bank of Nigeria; Vol.33, No.4. Oct - December, 2009, pp. 18).

(ii) Liquidity and credit squeeze in the domestic economy resulting in the contraction of some monetary aggregate.

(iii) Limited foreign trade finances for banks as credit lines dried up for some banks, thereby, putting undue financial pressure on the affected banks.

(iv) Rise in interest rates as funds dry up.

(v) Pressure on the foreign exchange market leading to depreciation of the exchange rate from N117 to N135 per US dollar as at end-December 2008. In like manner, Foreign Direct Investment (FDI) dropped from US$6.1 billion in 2007 to US$3.6billion between 2007 and 2008.

(vi) Rising inflation occasioned by high cost of food and energy prices. Inflation which, fell from 8.5 percent in 2006 to 6.5 percent in 2007, rose to 15.1 percent in 2008.

(viii) The general decline in aggregate demand among the different economic units, coupled with low industrial capacity utilization led to the decline in GDP growth rate. Economic growth fell from 6.5 percent to 6.0 percent between 2007 and 2008 (BULLION Publication of the Central Bank of Nigeria. Oct-Dec. 2009. pp 18).

The equity market crash of 2008 has been attributed principally to the global economic meltdown. As the international investors continued withdrawals of funds from Nigeria, there was witnessed increased drop in the holdings of bank shares particularly by these foreign investors who reckoned that the Nigerian market was heading to experience exactly what other global markets were facing at that period. The fact that the banks control over 50 percent of total equity market transactions impacted negatively on value of investors' wealth, following the crash in equity prices, the chances of raising sufficient funds for listed firms from the market was bleak. With the free fall in equity prices especially of banks, the total market value of these firms sank to unprecedented lows.

As the market crises continued, banks with huge exposures to the market were required to make provisions for them in their balance sheets. These provisions consequently led to reduced size of the balance sheets and lower profits.

Recapitalization of Banks (Bank Consolidation of 2004)

One of the major fall-outs of the impact of Globalization, particularly on the financial service sector is the banking consolidation of 2004. Reckoning that the banking sub-sector cannot operate and survive in a globalised economy, the Central Bank of Nigeria increased the capital requirements of Banks by 1150 percent to N25b. It was an exercise that reduced Nigeria's motley groups of 89 banks to 24 bigger, stronger and more resilient financial institutions. The reforms engineered a revolution in the financial services industry leading to an increase both in quality of and quantity of financial products to Nigeria.

Post reform, Nigerian banks have been more versatile in their traditional intermediation roles with Nigerians now having more access to credit. Data from the Central Bank of Nigeria (CBN) shows that credit to the private sector grew by 435 per cent from N1.52trn in 2003 to N8.13trn in February 2009. There has also been a phenomenal growth in the usage of electronic payment systems including the issuance of debit and credit cards. Experts in the e-payment industry estimate that Nigerian banks have issued over 25million cards which are being used to process payment transactions on over 11,000 point of sale terminals, 7000 ATMS, 200 web locations and 50,000 mobile devices. Consumer products rolled out by banks include leasing of cars, electronic appliances, laptops and desktop computers, and mortgage loans, all of which have contributed to an improvement in the standard of living for the average Nigerian. A positive development is the robustness of the industry which indicates that the average growth rate of the industry's profit before tax was 141 percent to June 2008, while the average capital adequacy ratio is 25.3 percent far higher than the regulatory bench mark of 10 percent. Massive local and regional expansion of branch network has risen by 41 percent.

Competition for dominance within the industry has spread overseas with Nigerian banks establishing presence in East and West African countries like the Gambia, Uganda, Sierra Leone, Liberia, Kenya, Democratic Republic of Congo and South Africa. Indeed a few Nigeria banks have branches in major international financial centres like London, New York, Paris and Germany. Infact, before the reforms, no Nigerian bank was ranked among the first 1000 banks worldwide. But post-reforms; five Nigerian banks have been ranked among the first 1000 banks worldwide.

A Robust Banking Regulation/Supervision

Following a sustained period of economic boom in Europe and the U.S, there was general lag in financial sector supervision. Consequently, financial institutions engaged in excessive financial risks. Whenever these risks bust, like was witnessed in the U.S Mortgage bubble bust, the contagion resonates worldwide due to inter-linkages in the world financial system. It was therefore necessary to strengthen regulatory and supervisory framework of the financial system in Nigeria.

In its effort to sustain a strong and reliable banking system, and to limit the impact of Global Financial Crises (GFC) on banking sector soundness, the CBN and Nigerian Deposit Insurance Corporation (NDIC) embarked on bank audit of the 24 Deposit Money Banks (BMBs) in the country. This was to ensure that banks recapitalized to withstand the pressure, especially the decline in their total asset value due to the crash in the capital market. The outcome saw eight chief executives of banks replaced by the CBN for better management. Furthermore, the sum of N620 billion was injected into the affected banks to shore-up their capital base. This action largely prevented the re-occurrence of banking sector distress in Nigeria.

Integration of financial markets worldwide facilitated by the growing influence of globalization has made economies susceptible both in developed and underdeveloped to the vagaries of Global Financial Crises (GFC). Nigerian financial sector is not insulated from the development. The banking subsector, having the largest assets of the sector has been affected by the crises. The CBN has remained resolute in its intervention and reforms as well as providing adequate prudential supervision and regulation of the financial sector in collaboration with other regulators in the financial system.

Remodeling of the Banking System into International, National and Regional Banks

One of the impacts of Globalization on the Nigerian Financial Sector is the realization that the Nigerian banks as constituted hitherto would not stand the vigor of playing in a globalized economy. This prompted the CBN to embark on a structural overhaul of the operations of banks. In a new licensing model, banking has been structured in a capital scale and fitted into a four-tier operating structure of international, national, regional and specialized institutions. Under the new model, minimum paid-up capital requirements for the three groups of Deposit money banks were N50 billion, N25 billion, and N10 billion for international, National, and regional banks respectively. The upward review of paid up capital requirement of international banks is to put them on a better pedestal and to prepare them to meet competition in the global arena. Little wonder then that before the reforms, no Nigerian bank was ranked among the first 1000 banks in the world. But post reform, five Nigerian banks have been included among the elite club of the first 1000 banks the world over. Little wonder too, that some Nigerian banks are now active players in the international arena with branches in some African countries including Gambia, Sierra Leone, Liberia, Ghana, Uganda, Kenya, Democratic Republic of Congo, and South Africa. Indeed, a few Nigeria banks have branches in major international financial centres of London, Paris, New York, Bonn.

The Telecommunications and Information and Communication Technology (ICT) Revolution

Perhaps the one aspect of Globalization that has had a most profound impact on the financial sector in particular, and the Nigerian economy in general is the rapid expansion and application of Telecommunications and Information and Communication Technology (ICT). Embracing and applying these twin developments to the banking operations in Nigeria means adopting Global best practices that have manifold benefits to the Nigerian economy and indeed to the standard of living of Nigerians. The ICT and Telecommunications revolution in Nigeria has led to the following:

- The advent of Automated Teller Machines (ATMs)
- Internet Banking
- Mobile Banking (Telephone Banking)
- Electronics Funds Transfer (EFT)
- The use of Debit and Credit cards
- The advent of Point of Sales (POS)
- The cashless policy
- Introduction of the Bank Verification Number (BVN)

The combined effect of all these does not only ensure that Nigerian banking operations is in accordance with global best practices, but that financial barriers amongst countries of the world is fast disappearing. Specific benefits to the Nigerian economy and indeed to Nigerians include and are not limited to the following:

(i) Enquiries are easy to make and faster

(ii) Transaction time and costs are minimized
(iii) Operations are streamlined
(iv) Service delivery is greatly improved
(v) Improved competitiveness
(vi) There is improved variety and quality of services
(vii) Increased bank productivity
(viii) Bank growth is achieved.

The Nature of the Impact of Globalization on the Nigerian Financial Sector:

A noticeable impact of the vehicle of globalization (ICT), is thathe physical interface between the bank and its customers is greatly reduced since the customer can stay in the comfort of his sitting room, bedroom, office or even on the road can make enquiries, transact banking operations both local and international. In the same vein, transaction time and cost to the customers are highly reduced. The reduced time and costs can be invested in other profitable endeavours that would add value to the life of the individuals or corporate organizations thus expanding the economy.

The massive movement and holding of cash by and between individuals and organizations is greatly reduced and in return reducing the cost and risk of holding and moving such physical cash. Perhaps a more profound implication for the Banks is the fact that banking operations is becoming more capital intensive than labour intensive. This invariably has implication for the Banks bottom-line.

The concept of a one-Branch-Bank is firmly taking root in Nigeria, courtesy of financial globalization.

Conclusion

Globalization which is a multi-dimensional and multivariate process that describes the growing economic, political, technological and cultural linkages that connect individuals, communities, businesses, and governments around the world. This process being propelled by the three forces of economic liberalization, technological revolution and democratic system of Governance' Empirical literature available indicates that Nigeria's participation in or integration into the global economy is still very low. While Nigeria could be considered fairly global in terms of international trade, it cannot be global in terms of capital flow and investment, due largely to inappropriate macroeconomic policy, policy infidelity, fiscal indiscipline among others.

The most profound impact of Globalization on the Nigerian economy, and particularly the financial sector is the Telecommunications and Information and Communication Technology (ICT) Revolution. Developments in Telecommunications and ICT does not only ensure that Nigerian banking operations is in accordance with Global best practice, but that financial barriers amongst countries of the world is fast disappearing, thereby fuel the globalization processes.

Recommendations

Deriving from the foregoing conclusion, it is here recommended that:

(i) There is the need for economic policy Authorities to urgently review and put in place appropriate macroeconomic policies that will deepen and hasten financial integration by stimulating more free flow of funds in and out of the economy.

(ii) Fiscal discipline must be the watch word by both fiscal and monetary authorities to ensure that monetary and fiscal policies are not working in opposite direction.

(iv) Nigeria must invest heavily in telecommunications and ICT to cope with and reap the benefits of globalization.

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