Central Bank Regulations inthe Banking Industry: Customers' and employees' Perception of Banks' Products Prices in Nigeria

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ABSTRACT

The objective of this paper is to examine the effect of the degree of regulation of Nigerian banks on customer perception of bank product prices. The Nigerian banking industry comprises 24 commercial banks and the samples drawn from various sectors of the Nigerian economy were involved in this study, hence the adoption of the cross sectional survey in this study. The location of study is Lagos, primarily because Lagos is the commercial capital of Nigeria and 23 of the 24 banks in the country have their head offices in Lagos. Out of the 1440 questionnaires distributed, 1305 were returned. This represents 90.6 percent response rate. The overall reliability of the research instrument is 78.3 percent using the split-half method. The hypothesis was tested using regression statistical technique with the aid of statistical package for social sciences (SPSS). The findings of this study indicate that the degree of regulation in the banking industry is perceived to have substantial effect on customers' and employees' perception of bank product prices. It was also revealed that an increase in the degree of regulation in the banking industry will lead to 84 percent increases in customers' and employees' perception of bank charges. The more the apex bank or the regulator which is the CBN keeps changing banking policies; bank customers and employees will have negative perception of price changes.Excessive regulation of the banking industry affects banks' ability to utilize effectively the marketing tool of pricing in a free economy that is a part of a global economy drifting towards deregulation, liberalization and globalization. In such a scenario market forces are the most desirable determinants of prices. Consequently,It is recommended that the Central bank of Nigeria (CBN) should explore some other means of controlling funds flow and protecting consumers by removing excessive interest rate control as is the case currently.

Keywords and phrases: Bank Regulations, Customers' Perception of Banks' Products Prices, Nigerian Banking Industry.

1. INTRODUCTION

In the sixties and seventies, Nigerian Banks and some other professional bodies such as the Nigerian Medical Association, Nigerian Bar Association, Institute of Chartered Accountants of Nigeria to mention a few made little use of this all important tool- marketing. Traditionally, practitioners of these professions viewed the adoption of marketing approach as unethical. Consequently, some of the major marketing functions were either ignored or delegated to external organizations. For example, pricing decisions were commandeered by the Central Bank of Nigeria. The central bank control of banks' interest rates or bank charges is appreciably aimed at regulating funds flow in an economy, which is a part of its monetary policy role in a country. However, this does not justify its excessive grip on pricing and prices in the banking industry. This affects banks ability to utilize effectively the marketing tool of pricing in a free economy that is a part of a global economy drifting towards deregulation, liberalization and globalization. In such a scenario market forces are the most desirable determinants of prices. According to Olowu (2006)"before the advent of the Federal Government of Nigeria's Structural Adjustment Programme-SAP in 1986, the Central Bank of Nigeria (CBN) was responsible for fixing interest rates for banks". Probably, the Central Bank of Nigeria (CBN) felt that the use of market based instruments at that time was not feasible because of the underdeveloped nature of the financial market. According to Davidson and Gabriel (1999), these interest rates control led to low direct investment in the early 1980's. Much of the pricing policies were communicated to the banks and to the interested public through the newspaper and CBN's circular to the banks.

Primarily (either due to excessive regulation by CBN, tradition or both), the products offered by the banks were very similar. The main offers then were, as opined by Ugwuanyi and Ugwuanyi (2000), Savings account, Current (chequable) account, Deposit accounts and transfer of payments. Jhingan (2004) identified six functions the banks perform as: (1) accepting deposits, (2) advancing loan, (3) credit creation (4) financing foreign trade, (5) agency services and (6) miscellaneous services to customers. The distribution channel and strategies were equally similar. The branches were opened in as many locations as were possible and correspondent bank relationship entered into, as much as the bank can. The promotional tools used (if any), were public relations, publicity and advertisements. Pricing decisions were made by the regulatory authority – the Central Bank of Nigeria.

Added to this, the banks had no marketing departments to plan and coordinate marketing functions. The administrative or commercial departments were responsible for all marketing functions. The Banking Industry's business scenario, soon before and during the SAP, were further traced by Olowu (2006) who observed that with the deregulation of the banking sector in 1986 the number of banks in Nigeria rose from 41 (29 commercial banks, & 12 Merchant banks,) to 118 made up of 64 commercial banks and 54 Merchant banks. However this figure declined to 89 by 1998. Between 2005 and 2009 (Soludo's banking consolidation era) Universal banking was adopted to remove the distinction between merchant banks and commercial banks. In December 2010, the CBN announced a new banking model for the country which eliminated the universal banking approach, with effect from the first quarter of the subsequent year (2011).

Today, things have changed. The banking industry has embraced one of the most productive tools in commerce– marketing. According to Gegu (2006) marketing came into banks in the form of advertising and promotional efforts on realizing that attracting people to a bank is easier than converting them to sustainable loyal customers. The Nigerian banks now have marketing departments and hired all categories of marketing personnel (right from the new entrants, marketing executives, to marketing directors) to perform marketing functions. The policy makers, the strategist and tacticians, all went to work and the result of their efforts has meant tremendous progress in the industry. However, like most human endeavours there have been some abuses here and there**.** A typical case is the way some banks promote their pricing regimes in a bid to attract more customers. Besides, the newspapers, the interested public and governments have all acted in ways that give credence to the fact that these pricing policies, strategies or pricing regimes are critical to banks marketing programmes. Consequently, the need to evaluate and determine the usefulness, effectiveness and appropriateness of these pricing promotional programmes have become very urgent in order to reduce waste of time, energy and other resources.

The objective of this paper is to examine the effect of the degree of regulation of Nigerian banks on customer perception of bank product prices.

2. LITERATURE REVIEW

Since the advent of the current civilian administration in May 1999 (the forth republic) an old controversy that has gained unusual prominence, is the interest rate charged by our banks. In the face of very low rates charged by similar institution in advanced nations – United Kingdom it goes for less than 5%, USA 1-2% and Japan 0% . According to Central Bank of Nigeria annual report and statement of account for the year ended 31st December 2001, the bank Minimum Rediscount Rate (MRR) was reviewed upwards progressively (within a short period) in January that year from 14 to 15.5 percent in September. The result was that many commercial and merchant banks were charging rate well above 45%. A good number received up to 55% or more on loans advanced. For instance, In the Vanguard newspaper of Monday July 7, 2003 at page 23; an article about Citibank Nigeria, (a subsidiary of Citibank of America which is an icon in the industry), had this to say “Each of the Naira Loans and advances the bank gave out in 2002 earned it 44 kobo (44% interest income) in the year.”

This development caused an outcry from many concerned and interest groups. The Manufacturers Association of Nigeria (MAN) blamed the high interest rate in the country for the prevalent low capacity utilization, decline of investment and general low economic growth in the real sector. MAN has always blamed the Federal Government and its Agencies, such as the CBN, for this unpleasant state of affair. The CBN has robustly denied responsibility for uncontrolled rise in interest rate. Soludo (2008, Daily Sun, July 21,) told manufacturers that interest rate is determined not by the CBN alone but by:

- The level of inflation rate
- The degree of uncertainty and the economic risk that economic agents face
- The depth of the financial market and the cost of funds to the banks.

The same article at various places attributed the increase in interest rate to the following:

- High cost of funds in the money market.
- Soaring cost of doing business in Nigeria.
- High lending rate is (caused) by the constant mop-up of money by CBN from the money market.
- Constant issuing of Treasury bill by the Government.

- Heavy dependence of government on private sector (banks loan) to finance its budget deficits.

The arguments of the protagonist of low interest rate regime were so loud and compelling that the then President of the Federal Republic of Nigeria, Chief OlusegunObasanjo had to attend the 260th Bankers Committee meeting on April 30, 2002. The meeting which was put together by the Bankers' Committee and the financial sector Regulatory and Coordinating Committee (an interagency body set up to deal with matters of common interest and concern to the various regulatory and supervisory authorities in the financial services industry). (The Guardian (2009, 6th April). The President was there to appeal to the bankers to reduce the alleged excessive rate charged on bank credits. During the meeting the President expressed fear on the effect of excessive interest rate which he called the greatest impediment to the country's economic growth. He noted that the rates were excessively high when compared with the developed nations and some emerging economies.

The outcome of that gathering was a tripartite agreement between the Central Bank of Nigeria (CBN), the banks and the Federal Government with each having specific roles to play towards the achievement of a low interest regime in our banking sector.

Precisely, the Federal Government responsibilities include:

(a) The task of providing the necessary infrastructure like good roads, electricity, telephone services.

(b) Generally looking into ways of reducing cost of doing business in Nigeria.

(c) Federal Government and its agencies were to reduce the cost of interest demanded on funds placed with banks. It is estimated that government fund with commercial bank is about 50% of all bank medium and long term deposits.

The Central Bank’s role is: to moderate activities in the industry, to ensure compliance by the banks. Besides, the CBN was asked to manage the minimum rediscount rate such that the ruling interest will not be more than 4% above MRR. The banks were expected to comply. In fact, the new arrangement came into effect in November 2002 and all the Banks were required to reduce their interest rate to 22.5% while MRR was fixed at 18.5%. Later, in August 2003 the CBN announced a new rate which places the MRR at 15%. With the MRR being 15%, then allowable interest rate was 19%. More recently, towards the end of March 2009, the CBN Governor announced the decision of yet another Bankers Committees. Thisday newspaper Monday, March 20, 2009 Editorial reported it' thus; "The Central Bank of Nigeria (CBN) finally put a cap on lending rates which were shooting for the skies. In a return to the regime of controls, the CBN pegged deposit and lending rates to a maximum of 15 percent and 22 percent respectively. All the measures were to take effect from April 1, 2009 but will be reviewed early 2010". The paper rejected the premise used by CBN to arrive at this particular rate. It said that the choice of inflation as the sole determinant of the fixture is unattainable; it went further by saying "higher interest acts like a brake on rapid economic growth, the most common cause of inflation. And so it can be said that interest rate influences inflation. But inflation can also influence interest rates.

Normally, banking industry is highly regulated worldwide. Nigerian banking industry seems excessively regulated. Atuche (2004) agrees and explains why the banking industry is the most regulated industry in every economy. This is because of the need to safeguard depositors' funds, which are kept in trust. Banking by nature is built on confidence. It is this confidence that motivate people to entrust their life savings to a bank. The way a bank manages this confidence impacts not only on continued patronage but also on the economy as a whole. More reasons were given for the intense supervision by the regulatory body. Soludo (2003), asserts that it has become very necessary to continuously look at how a bank ethically does business and provides quality service irrespective of the capital it has put in place. Good banking practice should not rest entirely on capital base but on good policy framework that will see that banking is done properly. Business Day of Monday 16th March 2009 listed ten CBN Policies introduced from Sept 2008 to March 2009. These policies include:

- The policy barring Banks from Granting credits to Bureau de changes (BDCS)
- Reduction in banks foreign exchange net open position from 20% to 1%
- Introduction of retail Dutch auction system.
- Introduction of Exchange Rate management etc.

Since 2004 to date, each of the Governors of the Central Bank of Nigeria had engaged in extensive restructuring of the banking landscape on assumption of office. Between January to April 2010 the Central Bank of Nigeria has issued 25 new major directives published in the national dailies. See Table 1.1.

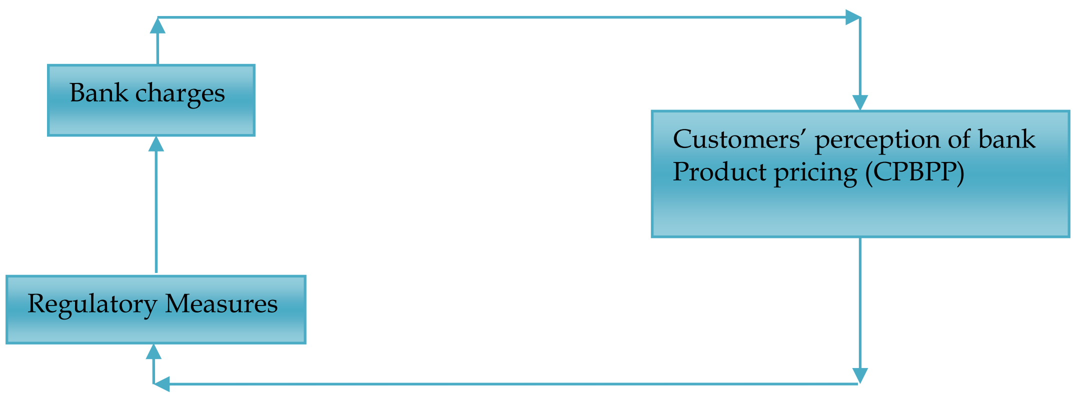
TABLE 1.1: CBN DIRECTIVES FOR THE FIRST QUARTER 2010

CBN DIRECTIVES	SOURCE
1. Any payment exceeding N10, million should be routed through specified e-payment platforms.	The Nation, Wednesday January 13, 2010.
2. All banks to submit weekly, the average deposit and lending rate to the apex bank,	The Nation, Wednesday January13, 2010.
3. Uniform accounting Year The CBN had in 2008 ordered banks to streamline reporting date to ascertain their true financial strength and end the practice of banks borrowing funds from others to beef up balance sheets at year end.	Punch, Monday, February 8, 2010.
4. The CBN board had last Tuesday unfolded a new policy pegging the tenure of the CEOs at a maximum of 10years.	Thisday, Monday January 25,2010
5. The CBN guideline/policy on secret transactions abrogation.	Daily Sun, Tuesday August 4, 2009.
6. Reduction in monetary policy rate from 8-6%	The Nation Wednesday. July 15th 2009.
7. Power to revoke bank licences	Punch, Friday 5th February. 2010
8. Merger & acquisition of troubled Bank deadline June 2010	The Nation, February. 18, 2010
9. Pre-paid card policy N250,000 maximum	The Punch, February. 18th 2010
10. Margin lending policy	The Punch, 18th February. 2010.
11. Peg percentage of loan from money market to capital market.	Business Day, Monday 26, October, 2009.
12. Restrict bonus dividends by quoted companies.	Business Day, Monday 26, October, 2009.
13. Bank to cut executive and other staff emoluments by at least 30%	Punch, Friday, Nov. 27th 2009.
14. Bank to publish or republish their un-audited accounts.	Guardian , Sunday January 24th 2010
15. CBN shall be responsible for policy and general administration of the affair of the bank.	The Nation, Tuesday Sep. 8th , 2009
16. CBN to anchor emerging financial system on borrower's credit history.	Business Day, Monday 8th , March., 2010.
17. CBN to ensure that banks adopt the International financial reporting standards minimum disclosure requirement by the end of 2010.	Financial Vanguard, November.2nd 2009.
18. To cut the standing facility deposit rate from two percent to one percent.	Thisday Thursday 10th 0f February 2010
19. CBN guidelines says banks offering non-interest banking products and services shall not include the word Islamic as part of their registered or licensed name.	Punch, Wednesday. March, 11, 2009.
20. CBN fixes two years tenure for rescued banks MDs.	Punch Monday. December.14th 2009.
21. CBN to phase out universal banking by September 2011.	Business Day, Tuesday 16th March 2010
22. CBN has directed all the 24 banks in the country to disclose fully all rates and charges associated with their products and services offers.	Business Day, Tuesday 16th March 2010
23. CBN to unveil a definitive directive to guide financial institutions that provide ATM services to customers.	The Nation, Tuesday March 16th 2010.
24. CBN indicates that Nigeria banks that wish to operate in the international arena may have a minimum capital base of N100 billion.	The Nation, Monday March 22, 2010.
25. Prevalence of illegal operations in the financial sector.	Sun Monday March 22, 2010.

At this rate, the industry hopes to harvest over hundred new major directives by the end of the year.One of the major problems associated with the management of pricing tools in Nigerian banks is the issue of promoting current pricing regime. There is the possibility of expenditures associated with managing the corporate pricing policies of Nigerian banks containing wastages.

This investigation is necessary because the idea that a product's demand increases as the price falls (Marshallian theory) does not apply always, as it is sometimes inconsistent with some basic laws of nature. For instance, Weber's law on human perception postulates that for any given quantity or intensity of something, say a stimulus, there is a given increase or decrease that must be experienced before the change is noticed; this is known as the Just Noticeable Difference (JND). A principle of human perception put forth by Weber in the early *1800s* states that the difference between the intensities of two stimuli causing two just barely distinguishable sensations(just noticeable difference), is proportional to the physical intensity of the stimuli. According to Weber, a constant fraction of just noticeable difference (JND) exists for each of the senses (Agiobu-Kemmer, 2005).
The question is do Nigerian banks who offer free commission on turn over (COT) or other forms or price discount (as stimuli); ensure that their offers pass this limit before rushing to promote such incentives? In the absence of that, pricing objective (which the promotion effort intends to achieve) such as: increase in market share, growth of turnover and enhance profitability may be difficult to achieve.

FIGURE 1.1:RELATIONSHIP AMONG CPBPP, BANK CHARGES AND REGULATORY MEASURES



Source: *Developed by Author, (2011)*

Research Hypothesis: The degree of Banking Industry Regulation is not perceived to have any substantial effect on Customer Perception of Bank Product Prices (CPBPP)

3. METHODS

The Nigerian banking industry comprises 24 commercial banks and the samples drawn from various sectors of the Nigerian economy were involved in this study, hence the adoption of the cross sectional survey in this study. The location of study is Lagos, primarily because Lagos is the commercial capital of Nigeria and 23 of the 24 Banks in the country have their head offices in the city. The customers are categorized into 3 divisions: 1. Retail customers 2. Commercial customers and 3.Corporate customers. This categorization is based mainly on turnover and the organizational structure of the customers' company, for instance, multinationals, public liability company and high network organizations are classified as corporate customers. The divisions are not very clear among the twenty four (24) banks nationwide but they broadly followed the same pattern. For instance, the retail customers are normally individuals. Organizations with less than ₦100 million turnovers, probably medium size organizations are called commercial customers. While bigger formations that are above commercial status are called corporate customers. The copies of questionnaires were distributed to 24 banks and their customers who are in Lagos, Nigeria.The units of analysis for this study are the Banks, Banks' staff and their customers. The main tool for obtaining primary data is the questionnaire and the respondents are the Banks' staff and the Banks' customers. Data from the secondary sources are extracted from journals, annuals statements of accounts sent to the Nigerian Stock Exchange etcetera. Consequently, the banking institution which prepared and published these statements of accounts is the unit of analysis for analyzing the secondary data. While the exact population of the banks (24) is known, same cannot be said of the other aforementioned units of analysis.

In determining the sample size when the population is not easily verifiable, the Yard's formula is highly recommended. According to Yard (1973) in Avwoken (2007) this formula is suitable for computing the sample size from a large population when it is infinite or unknown:

$na = 1/4L^2$

na is actual sample size and

L^2 is the square of the sampling error

At a standard error of 0.02, the sample size is 625. Erricker (1970) inAvwoken (2007) is of the opinion that when you do not know the entire characteristics of a population, there will be no way you can draw the participants to reflect the entire characteristics of the population. In such a case there will always be sampling error, but its size decreases as the size of the sample increases. In this vein, it is beneficial to increase the sample size thus diminishing the error size; secondly, for easy calculation and finally, to ensure that the returned copies of the questionnaire are not lower than 625, the sample size is increased to 1440. The distribution is: Banks' customers 864 and Banks' staff 576. The detail allocation shows that each of the 3 strata of Banks customers in a bank received 12 questionnaires (which add up to 36 respondents. Multiply that with the numbers of bank-36*24=864); While each of the three major grades of Bank workers got 8 questionnaires giving a total of 24 potential respondents per a bank- Industry's grand total is 576 (24*24). Out of the 1440 questionnaires distributed, 1305 were returned. This represents 90.6 percent response rate.

The general characteristics of the respondents are well known: they are predominantly fairly or very enlighten Nigerians who own financial resources or have the ability to benefit from the banking system's intermediatory role. They are categorized into two main groups-bank customers and banks' staff. Each group is sub-divided into three to ensure that the characteristics of all the groups are represented in the sample for this study. The bankers constitute a unique group, who are educated, very knowledgeable about this research topic, hence can make good respondents. The Bank customers as a group, is a mixed one with verging ability to understand the research issues or answer the questionnaire.

Consequently, the samplingtechnique adopted was the stratified sampling approach. According to Green, Tull and Albaum (1988) cross sectional design involves measuring the product (object) of interest for several groups at the same time, the groups having been exposed to differing levels of treatments of the produce whose effect is being studied. Asika (1991) besides agreeing with this view avers that "this includes descriptive, exploratory and explanatory designs" versions of cross sectional research designs. Consequently, the adoption of the cross sectional survey here. The instrument used for the collection of data for this study is the Questionnaire and data from secondary sources. A well structured questionnaire was drawn to adequately elicit the needed information from the respondents. Newspapers, Journals and CBN publications were the sources of the secondary data. The data gathered from the respondents were analyzed and the result usedto test the relevant hypothesis.

Reliability analysis allows for the study of the properties of measurement scales and the items that compose the scales. The Reliability Analysis procedure calculates a number of commonly used measures of scale reliability and also provides information about the relationships between individual items in the scale. Because of customer and bankers views being studied, Split-half reliability model was adopted. This model splits the scale into two parts and examines the correlation between the parts. It implies that the split-half reliability model obtained the correlation between the internal consistency of the items relating to customers' views and the internal consistency relating to bankers' views. The overall reliability is obtained as 78.3% using the split-half method. Since the reliability result is above 70%, this indicates a high internal consistency and a strong direct relationship between the individual items in the questionnaire.

The questionnaire, (the major data collection instrument) was distributed among the aforementioned sampled population (respondents) for a period of two weeks. This is because of the large sample of the population involved in the study. Copies of the questionnaire were left with the respondents who had enough time to read and fill them appropriately. Copies of the questionnaire were retrieved from the respondents and were labelled clearly and appropriately.

Each stratum of the collected questionnaire was analyzed by the researcher. This is done in order to reduce errors or biased result. The hypothesis was tested using regression statistical technique with the aid of statisticalpackage for social sciences (SPSS). The regression model is given as $CP= a + bX+ e$.

Where: CP= Customers Perception of Banks' Product Prices (dependent variable)

a = is the linear regression constant or intercept

b= gradient or slope of the regression model

e= error term or residual

X_1 = Regulation by CBN (independent variable)

4. RESULTS

Out of 864 bank customers only 767(88.77%) returned their questionnaires. while out of 576 bank workers only 538 (93.40%) returned theirs. The higher percentage returned can easily be attributed to the fact that it is much easier to retrieve questionnaires from bank workers in specific addresses than their customers, sometimes with not so specific addresses.

In this research, the age of the respondents ranges mainly from 18–60 years. The Nigerian Labour law allows only people above 18 years to work; persons below this age are regarded as minor. Those within the age range of 25–44 years constitute the dominant users of banks' services (either as workers or as customers), hence their views could be more objective in determining the customers' perception of bank products pricing.

Of the total population of respondents involved in this study, Seven Hundred and Forty Nine (749) constituted male respondents. This figure represents about 57.8% of the study population while 546 respondents representing 42.2% represented female population. Ten persons (8%), either by omission or for personal reasons did not indicate their gender. On educational attainment; Four Hundred and Thirty Eight (438) respondents are holders of the Senior School Certificate Examination (SSCE); representing 34%, Three Hundred and Forty Eight (348) respondents being holders of the Nigerian Certificate of Education (NCE) and Diploma; this figure represents Twenty Seven Percent (27%) while Five Hundred and One (501) respondents representing 38.9% stood for graduates and HND holders. The above analysis shows that there are more graduates category users of bank facilities, hence may be able to comment on bank products pricing more objectively.

On whether the respondents work for a bank or not; a total of 729 agreed. This figure represents 56.6% of the study population while 558 disagreed to the fact that, they work for a bank similarly, this figure represents 43.4%.

This figure shows that the non- bank workers population is less than the bank workers. Critical analysis revealed that, the non–bank workers population is less than the bank workers population by 13.2%. This is in line with the original plan of this work which sent out 864 questionnaires to bank customers and 576 to bank workers making a total of 1440. The overall implication of these figures attests to the fact that users of banks' products (from other non – banking sectors) are more; which is a reality.

761 respondents representing 58.6% confirmed that CBN has hand in bank products price fixing. Also, 269 respondents confirmed that CBN influence bank product prices. This figure also represents 20.7% in the overall, 79.3% of the study population stood on the fact that CBN has hand in the fixing of bank charges for their products. However, a total of 168 respondents representing only 12.9% never agreed that CBN has no influence on bank charges and their products. 1010 respondents, representing on cumulative basis 77.5%, did agree that despite CBN

broad guide lines individual banks fix their charges. On the contrary, only 17.0% representing 222 respondents disagreed that CBN only determine individual bank charges. With respect to the degree of regulation in the Nigerian banking industry, respondents' view show that 727 (57.7%) persons strongly agreed with the view expressed in this statement, while 293(22.5%) persons merely agreed. Thus, we have a cumulative of 78.3% correspondents who concur with this view. The undecided is 103(7.8%) while; the disagreed and the strongly disagreed have a cumulative frequency of 180(13.7%) Undoubtedly, the popular view is that banks in Nigeria to most people's mind are overregulated.

The results of the regression analysis show that the degree of regulation in the banking industry is perceived to have substantial effect on customers' and employees' perception of bank product prices (CPBPP).

Customers' and Employees' view

Regression Analysis – Linear model: Perception-CPBPP = 2.25 + 0.09* the degree of Regulation. The dependent variable is customer perception of bank product prices (CPBPP), while the independent variable is the degree of Regulation.

TABLE 4.1 RESULTS OF FITTING THE EFFECT OF THE DEGREE OF REGULATION ON CPBPP

Parameter	Estimate	Standard Error	T Statistic	P-Value
Intercept	2.25336	0.059504	37.869	0.000
Slope	0.0919525	0.0219639	4.18652	0.000

The above table shows the results of fitting a linear model to describe the relationship between Perception and the degree Regulation. The equation of the fitted model is: Perception = 2.25 + 0.09* the degree of Regulation.

Table 4.2: Analysis of Variance of Regression Analysis of Fitting Regulation on CPBPP

Source	Sum of Squares	df	Mean Square	F-Ratio	P-Value
Model	1.95591	1	1.95591	17.53	0.000
Residual	87.3696	765	0.111594		
Total	87.3255	766			

Coefficient = 0.149659

R-squared = 2.23979 percent

Standard Error of Est. = 0.334057

Since the p-value in the ANOVA table is less than 0.01, there is a statistically significant relationship between Perception (CPBPP) and the degree of Regulation at 99% confidence level.The R-squared statistic indicates that the model as fitted explains 2.23979% of the variability in Perception. The correlation coefficient equals 0.149659, indicating a relatively weak relationship between the variables. The standard error of the estimate shows the standard deviation of the residuals to be 0.334057.

Bankers' View

Regression Analysis – Linear model: Perception-CPBPP = 2.37 + 0.08* the degree of Regulation

Dependent variable: Perception-CPBPP

Independent variable: The degree of Regulation

Table 4.3: Result of fitting the effect of The degree of Regulation on Perception (CPBPP)

Parameter	Estimate	Standard Error	T Statistic	P-Value
Intercept	**2.36578**	**0.0478508**	**49.4407**	**0.0000**
Slope	**0.075583**	**0.0430609**	**4.36801**	**0.0000**

The above table shows the results of fitting a linear model to describe the relationship between Perception (CPBPP) and the degree of Regulation. The equation of the fitted model is: Perception = 2.37 + 0.075583*the degree of Regulation

Table 4.4 Analysis of Variance of Regression Analysis of fitting the degree of Regulation on Perception (CPBPP)

Source	Sum of Squares	Df	Mean Square	F-Ratio	P-Value
Model	1.55671	1	1.55671	19.08	0.0000
Residual	43.7327	536	0.0815908		
Total	45.2894	537			

Correlation Coefficient = 0.185398

R-squared = 3.43726 percent

Standard Error of Est. = 0.285641

Since the P-Value in the ANOVA table is less than 0.01, there is a statistically significant relationship between Perception and the degree of Regulation at 99% confidence level.The R-squared statistic indicates that the model as fitted explains 3.43726% of the variability in Perception. The correlation coefficient equals 0.185398, indicating a relatively weak relationship between the variables. The standard error of the estimate shows the standard deviation of the residuals to be 0.285641.

Aggregate Respondents Views (Customers and Bankers Views)

Regression Analysis – Linear model: Customer Perception (CPBPP) = 2.303+ 0.084* Degree of Regulation

Dependent variable: Customer Perception-CPBPP

Independent variable: The degree of Regulation

Table 4.5: Model Summary of the fitted aggregate Regression Model

Model	R	R Square	Adjusted R Square
1	.163	.026	.026

Table 4.6: Analysis of Variance of aggregate regression analysis of the effect of Degree of Regulation in The Nigeria Banking Industry on Customers Perception.(CPBPP)

Model	Sum of Squares	df	Mean Square	F	Sig.
• Regression	3.549	1	3.549	35.403	.000
Residual	130.622	1303	0.1		
Total	134.171	1304			

Independent Variable: Degree of Regulation in the Nigeria Banking Industry

Dependent Variable: Customers Perception

Since the p-value in the ANOVA table is less than 0.01, there is a statistically significant relationship between perception and regulation at 99% confidence level. The R-squared statistic indicates that the model as fitted explains 2.6% of the variability in perception. The correlation coefficient equals 0.16 indicating a relatively weak relationship between the variables. The standard error of the estimate shows the standard deviation of the residuals to be 0.1.

Table 4.7: Result of fitting the effect of the degree of Regulation on Customer Perception (CPBPP)

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std.Error	Beta		
(Constant)	2.303	.039		59.771	.000
Regulation in the Nigeria Banking Industry	.084	.014	.163	5.950	.000

Dependent Variable: Customers Perception

The above table shows the results of fitting a linear model to describe the relationship between Customer Perception (CPBPP) and Degree of Regulation. The equation of the fitted model isCustomer Perception (CPBPP) = 2.303+ 0.084* Degree of Regulation.

5. DISCUSSIONS OF FINDINGS

The findings of this study indicate thatthe degree of regulation in the banking industry is perceived to have substantial effect on customer perception of bank product prices. It was also revealed that an increase in the degree of regulation in the banking industry will lead to 84 percent increases in customer perception of bank charges. The more the apex bank or the regulator which is the CBN keeps changing banking policies; bank customers will have negative perception of price changes.Atuche (2004) agrees and explains why the banking industry is the most regulated industry in every economy. This is because of the need to safeguard depositors' funds, which are kept in trust.

6. CONCLUSION AND IMPLICATIONS FOR POLICY

This study set out to examine the effect of regulation of Nigerian banks on customer perception of bank product prices. The central bank control of banks' interest rates or bank charges is appreciably aimed at regulating funds flow in an economy, which is a part of its monetary policy role in a country. However, this does not justify its excessive grip on pricing and price variations in the banking industry. This affects banks ability to utilize effectively the marketing tool of pricing in a free economy that is a part of a global economy drifting towards deregulation, liberalization and globalization. In such a scenario market forces are the most desirable determinants of prices. Consequently, it is recommended that the Central bank of Nigeria (CBN) should explore some other means of controlling funds flow and protecting consumers by removing excessive interest rate control as is the case currently.

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