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Money & Motivation - Interview

**Don't borrow loans from banks without expert's advice - Atunbi**



Niyi Atunbi, Executive Consultant,  
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Niyi Atunbi, a forensic auditor and Executive Consultant, Global Corp Limited, in this interview with **Akin Adewakun**, says that many Nigerians run into trouble waters on loan facilities with the nation's financial institutions due to their inability to scrutinise the contract papers, advising that whoever wants to go for such facilities should have an expert by his side, who will be able to discover those landmines inherent in the contract papers. Excerpts:

**WHAT are the implications of the recently discovered rots in the banking sector?**

The current happenings are really very crucial to the economy, because it can either enhance or collapse it. Over time, the nation's financial institutions had been given a free reign to actually do what they like, without taking into consideration the interest of the shareholders and the customers. This action from the CBN is long overdue.

But it has to be well managed so that it does not backfire. Definitely, a situation where the banks are exposed to these immense figures is really alarming. I believe that the apex bank has actually taken a good decision to check some of the excesses of these banks. I just hope in its ability to following the process to its logical conclusion; so that things don't go awry in the sector.

**Some have argued that apart from holding the sacked bank chief executive officers culpable, the auditing firms that actually audited their books should also be punished for giving investors and customers of the bank wrong information. What is your take on this? Don't you think the accounting practice is being compromised?**

I will not agree with the statement that accounting profession is being compromised or has been compromised, because basically, it's obvious that the apex bank had been examining the records of the banks over time, depending solely on what the banks were giving it. Central Bank of Nigeria never looked at most of the financial statements, prepared by auditors.

I'm sure all these exposures they are now talking about are in the audited account, but it's either nobody bothered to look at them or they were cleverly hidden from the prying

eyes of CBN's officials. But either way, the fact remains that it must have been prepared by professionals, dancing to the dictates of those banks.

Most of these banks give a report that would protect their own credit line, so their degree of may actually be hidden since they know it is against prudential guidelines. So most of the returns sent to CBN are doctored, they were not the banks' actual position, but it is difficult to know unless you are an insider. That explained the reason the new CBN Governor was able to go into the assessment of the banks and, within eight weeks, made this huge discovery because he had been in the system and knows what most of his colleagues are doing.

**But, I think it takes a professional to actually falsify figures and cook books, somebody very conversant with figures, in the mould of accountants?**

Banking and accounting go together and there is just no way you can separate the two, because you are talking of management of figures here. And the fact is that the bankers preparing the accounts to CBN are also professionals, chartered accountants might even be part of them. So it is not something restricted to accountants alone.

But my argument is that CBN should dig further into those that prepared the report, even the financials, if there is any default in the report prepared by chartered accountants or the auditors, they can investigate it and bring them to book. Actually the institute, that is ICAN, does not even take such cases lightly once the parties involved have been known and they are found to be members of the institute. They would not keep quiet if it is known that the accounting firm has erred in any way, they would take them up and investigate them.

**Is there actually a legislation that can be invoked to punish any erring member in this regard?**

Of course there is a disciplinary committee that is set up for that purpose, and they have been working twenty four hours, attending to series of cases, especially in cases involving auditors. These days auditors are not just allowed to do whatever they like.

There is control, which the Institute of Chartered Accountants of Nigeria has put in place. The disciplinary committee calls the parties concerned, investigate the issue and if the audit firm is found wanting, sanctioned. You've actually not been hearing of such cases because they are not publicised. It's been happening. Even members on their own have been reporting their employees, who are members of the institute.

**Many people believe that your institute, ICAN, has become a cult and that was one of the chief reasons that informed the founding of another body, Association of National Accountants of Nigeria, ANAN. Is it true that the institute is actually averse to the idea of bringing in more members? What is the implication of having two professional bodies in the same economy?**

The problem with the issue of having two professional bodies is the quality of products that would be churned out. The coming on board of another accounting institute, we believe, would whittle down the quality and standard of the profession.

We believe the other body would not be able to keep to those standards set by ICAN. There is just no way you can compare the quality of accountants produced by ICAN with that produced by ANAN in any way. There is nothing cultish about the institute. The fact is that the institute is open to everybody, but it takes stages. You need to pass exams to become a member, that's the rule.

So if you don't want to go through the rigours the profession requires, but prefers entering through the backdoor, how will you perform on the job? So that's the argument. And the way the institute came into being, it was or more or less through the backdoor.

The Bill for its establishment was actually signed at the twilight of IBB's administration, on August 27, 1993, I suppose. So why wait till the last minute if they are sure it's something worth doing? Why do it surreptitiously? Why not seek public opinion on it rather than go through the backdoor. You see, the basic difference is in the quality of the accountants produced by the two regulatory bodies. I know ICAN has an edge, because members have been taken through the rudiments of accounting.

We've been exposed to both the theory and practical aspects of the profession. You cannot compare ICAN members with others whose certificates at the initial stages were honorary. When they first started, if you are a graduate, you just apply as a member and you are just given a certificate.

Even the exams they write nowadays, what's the quality of the exams? It is a fact that foundation actually determines the structure. In an economy such as ours, we expect quality service to the people, that's why we need professionals who are well-grounded and accounting practice is never an exemption.

So how would a person who is not well-equipped be able to meet the clients ever-increasing needs. In ICAN there is always a standard required, before you are even given associates. While you are even writing the exams, you must be acquiring your experience to back your studies up, not the way ANAN is going about it.

**Do you think the profession still holds the allure, that is the appeal it used to have in the past?**

Of course, it still does. As the nation's economy grows, the responsibilities for accountants also grow. That is why many of us are in different areas of the practice such as forensic accounting, auditing and investigation.

The good thing is that different jobs are being created. That is why the syllabus of the institute is married with the current happenings in the economy. At least people would come out with the knowledge of what is really happening in the economy.

**You once said that the debt owed by these individuals and corporate organisations listed by CBN may not actually be up to that if forensic accountants are engaged to scrutinise these debts. Why do you think that the average Nigerian customer has always fallen victim of such frauds and in what way do you think forensic accountants can really help him out?**

It is easy to fall prey to the antics of Nigerian banks because they have their antics when they are giving out loans. They know you desperately need a loan to finance your business. They would cook a lot of unnecessary charges to that facility and unfortunately, many of these customers would not even scrutinise the offer letter before signing. And, unfortunately the problem has been with us for sometime.

These banks do it in total disregard of the rules. For instance, despite the CBN's memo that came in 2004 April, enforcing it that if any bank charged more than MRR+4, any excess or overcharges must be refunded to the customer within two weeks, with an apology letter, the banks still engaged themselves in business as usual, despite the fact that it is a monetary policy, a supervisory policy of the CBN.

Basically, I think the nation's banks had been left alone for so long to whatever they liked with their customers. There were no adequate protections for customers at all in the banks. They are judged in their own court. The bankers' committee is made up of the nation's banks' MDs.

There is no way the customers' can be protected there. Even if you write any petition

there as a customer, you are not likely to get justice. The only place you can go is the court. Unfortunately, Nigerian consumers don't know how to ask questions. You see the longer you wait, the worse it gets and your argument may not even hold at that point.