

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Public debates recently in Nigeria have centered on the increasing rate of corruption resulting from inappropriate public finance planning and implementation mostly in some of the developing countries, Nigeria inclusive which in turn reduce the level of growth in every sector of the economy including mortgage development in the country. Corruption made itself visible when the institution of the government was founded due the behaviour of people appoint or elect to manage the government institutions (Anyanwu, 2002; Idomeh, 2006). Corruption has recently become a major issue in foreign aid and Nigeria nation as a whole. Corruption is an ancient practice that has been traced back to pre-biblical time and made itself known in the ancient civilizations of developed and developing countries. Political and social corruption is not a recent phenomenon that pervades the Nigerian state. Corruption is a social problem that has interested many scholars. Ruzindana (1999) sees corruption in Africa as a problem of routine deviation from affordable standards and norms by public officials and parties with whom they interact. The major concern for international aid policy during the last five decades has been to improve the living condition for the poor in the poorest countries of the world by way of providing affordable housing development schemes. Nigeria has been described by many as a country not lacking in policy formulation, but on implementation. Once a need is said to be detected, the governments swoop into action by constituting a committee to look into the situation. The committee begins to sit, formulates and presents a policy to the government who in turn gives assent to it. This tradition is not peculiar to the mortgage and housing policies alone, but it has contributed in no small measure, to the failure of the housing programmes in the country. Despite the formulation of brilliant policies capable of transforming the housing programmes in the country, yet no significant improvement in the availability of affordable houses in Nigeria.

There was the 1991 National Housing Policy which reeled out so many rules and programmes, that will change the lives of the average Nigeria for the better in terms of home ownership. The policy in and of its own, was supposed to ensure that the average Nigerian has access to decent housing and accommodation at affordable cost by the year 2000, through the provision of long term loans at an interest rate of not more than four per cent per annum. There was also the 2006 National Housing Policy which went the extra mile of partially disengaging the government from involvement in housing programme and including private investors and real estate developers into the national housing programmes, by the end of the day, it all appeared like moving round a vicious circle, as those policy were only good as documents and not in implementation (Anyanwu, 2012).

Mortgage banking in Nigeria is said to have started in 1956 with the establishment of the Nigeria Building Society. According Oduwaye (2014), the society collapsed in the early 70s due to its inability to perform its statutory functions. This led to government injecting N20m and changing its name to Federal Mortgage Bank of Nigeria (FMBN). The FMBN took off in 1977, with a takeoff capital of N20 million from the federal government. The FMBN was unable to meet up with the pressure of demand. According to statistics, in 1970, outstanding application were N223.8 million and available funds equaled N127.0 million, meaning that

demand and supply was in the ratio of 2:1. This degenerated to ratio 4:1 in 1986 when the outstanding application increased to N465.8 million and only N105.3 million was available. The bank has never been able to meet up with demand. The failure of the FMBN over the years and acute shortage of housing led to the promulgation of the National Housing Policy of 1991. As can be deduced from the above, since government was never able to address each of the problems at their various stages, they kept degenerating from bad to worse, until the present day situation of 17 million housing deficit, which now appears insurmountable. However, the researcher is examining the impact of corruption on mortgage and housing development in Nigeria.

According to experts, successive governments have never been serious about implementing those policies and have never made adequate budget for mortgage financing with a human face. According to Audu (2014), mortgage policies implementation are very poor because the issue of housing is highly capital intensive, government, both state and federal, do not make adequate budget for housing.

1.2 STATEMENT OF THE PROBLEM

The need to study corruption especially on mortgage development in Nigeria has continued to generate passionate commentaries and academic interest due to the level of corruption in the country and its effect on the growth of every sector. In Nigeria corruption is one of the reasons for many unresolved problems that have critically hobbled and reduce housing development (Ayobolu, 2006). International centre for economic growth (1999) states that corruption is a canker worm that has eaten deep in the fabric of the nation which ranges from petty corruption to political or systematic corruption. Corruption has affected mortgage development through poor implementation of policies, diversion of funds etc. the researcher is examining the effect of corruption on mortgage development in Nigeria.

1.3 OBJECTIVES OF THE STUDY

The following are the objectives of this study:

- To examine the impact of corruption on mortgage development in Nigeria.
- To determine the level of real estate and mortgage development in Nigeria.
- To identify ways to combat corruption to enhance mortgage development in Nigeria.

1.4 RESEARCH QUESTIONS

- What is the impact of corruption on mortgage development in Nigeria?
- What is the level of real estate and mortgage development in Nigeria?
- What are the ways to combat corruption to enhance mortgage development in Nigeria?

1.5 HYPOTHESIS

HO: Corruption does not have any impact on mortgage development in Nigeria.

HA: Corruption does have impact on mortgage development in Nigeria.

1.6 SIGNIFICANCE OF THE STUDY

The following are the significance of this study:

- The outcome of this study will educate the government and policy maker, law enforcement agents on how to combat corruption as a way of promoting mortgage development in Nigeria through proper policy formulation and implementation.

This research will also serve as a resource base to other scholars and researchers interested in carrying

out further research in this field subsequently, if applied will go to an extent to provide new explanation to the topic.

1.7 SCOPE/LIMITATIONS OF THE STUDY

This study on the impact of corruption on mortgage development in Nigeria will cover all the mortgage policies formulated to enhance housing development in Nigeria compared to the level of housing development in Nigeria. It will also cover the corruption issues related to housing development in Nigeria.

LIMITATION OF STUDY

Financial constraint- Insufficient fund tends to impede the efficiency of the researcher in sourcing for the relevant materials, literature or information and in the process of data collection (internet, questionnaire and interview).

Time constraint- The researcher will simultaneously engage in this study with other academic work. This consequently will cut down on the time devoted for the research work.

1.8 DEFINITION OF TERMS

Mortgage: a legal agreement by which a bank, building society, etc. lends money at interest in exchange for taking title of the debtor's property, with the condition that the conveyance of title becomes void upon the payment of the debt.

Corruption: dishonest or fraudulent conduct by those in power, typically involving bribery.

Development: an event constituting a new stage in a changing situation.

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