

1.0 INTRODUCTION

1.1: BACKGROUND

The business of banking and insurance has gone through massive transformation the world over and Nigeria is not an exception. These transformations, though not without their “draw backs”, have definitely added some quality to the services rendered by banking and insurance industries at large. *Ezeduji: (2000: 8)*

One of the major disadvantages of specialization is that it results in monotony. The Oxford Advanced Learner’s Dictionary defines monotony as “boring, lack of variety”. It then follows that specialization made it possible for banks and insurance companies to be classified according to the services they offer. Commercial banks were restricted to “Retail Banking”, merchant banks were statutorily required to engage in “Wholesale Banking”. Insurance companies were registered primarily as risk bearers but must operate as “Life Only Company”, “General Business Only Company”, “Composite Business Company” or “Reinsurance Company”.

That specialization brought about efficiency in the Nigerian financial system is a true statement but as time went on, the needs of people went beyond the scope of specialization, and the needs for banks and insurance companies to widen their range of service became necessary to meet the customers’ demands. This research work highlights the challenges of the insurance industry under the Universal Banking Scheme in Nigeria.

