



# CODE OF CONDUCT FOR EXAMINERS

NIGERIA DEPOSIT INSURANCE CORPORATION

A Code of Conduct for Examiners in the Nigeria Deposit Insurance Corporation to ensure application of International best practices in the supervision of Insured Financial Institutions.



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## **I. Preamble**

There is a growing concern over the increasing incidence of unethical practices in the Banking Industry which if left unchecked is capable of eroding public confidence in the Banking Industry with grievous consequences to the Nigerian economy. To this end, various reform initiatives have been introduced by the Regulators to combat this emerging menace through the continuous issuance of circulars and policy directives aimed at enhancing good corporate governance practices in Financial Institutions. The need for Regulators to also discharge their roles in most professional manner devoid of unethical practices has equally been brought to the fore by the recent developments in the financial services industry.

In view of the above considerations, the Corporation has deemed it necessary to review and update the Code of Conduct/Ethics for Bank Examiners to further instil discipline and professionalism in the examination function. The Code of Conduct for Examiners contains a list of dos and don'ts meant to guide and sanction the actions and conducts of Examiners both on-site and off-site.

## **II. Objectives**

The Objectives of the Code are:

1. To enhance the professional excellence of the examiner.
2. To safeguard the integrity of the Corporation by ensuring that an Examiner does not act in any way that would tarnish the image and reputation of the Corporation.
3. To promote discipline and best practice in exercising the examination function.
4. To ensure that examination activities are conducted in diligent, honest and transparent manner and devoid of any infringements to the operations and sustainability of the bank being examined.
5. To preserve the integrity of the Examination process which is crucial to the attainment of the enduring financial system stability.

## **III. Scope of Application**

The Code shall apply to all Examiners in the employment of the Corporation and all staff of the Corporation who exercise examination functions. The Code shall apply to all Examiners in the discharge of their functions whether or not in the field conducting examination or an insured institution, except as may be expressly stated. The Code is neither a replacement for nor act as a substitute for the Conditions of service of the Corporation which shall apply and in case of any conflict the Conditions of Service shall prevail

## IV. Interpretation

### a) Definitions:

In this Code of Conduct for Examiners, unless the context so requires;

'Code' means this Code of Conduct for Examiners.

'Conditions of Service' means the Conditions or service applicable to employees and staff of the Nigeria Deposit Insurance Corporation and include all amendments there to and applicable policies.

'Corporation' means Nigeria Deposit Insurance Corporation

'Director' means the Head of the Department to which an Examiner is deployed and includes any officer acting in that capacity at the material time in issue.

'Examiner' means a staff of Nigeria Deposit insurance Corporation who in the course of his employment is assigned the function of conducting examination of the books and affairs of an insured institution, whether special, routine or target and includes premium examination as well as verification of returns made in the course of off-site surveillance functions.

'Field' means the premises and offices of the insured institution being examined and includes the locations of an Examiner while carrying out examination of an insured institution

'Insured Institution' means a deposit-taking financial institution whose deposit liabilities are insured by the Corporation and includes its subsidiaries, affiliates and associates

'Legal Department' means the Legal Department of the Corporation

'Manual of Operations' means the Nigeria Deposit Insurance Corporation Examiner's Manual of Operations.

'Office' means the premises of the Corporation

'Official Properties' means assets belonging to the Corporation provided to an Examiner to enable him perform his functions.

'Relative' means parents, siblings, Children, kith and kin as well as friends

'Related party' means any person who has an interest in the subject

'Staff of insured Institution' means employees of such institution and includes officers and Directors of such institution.

'Superior Examiner' means an Examiner who is of superior rank to the subject Examiner and includes Team Leader, Directors and senior Executives of the Corporation "Supervised Institution' means all insured institution that is under off-site surveillance or on-site examination by the Corporation.

'Subsidiaries, affiliates and associates' has the same meaning as defined in the Banks and Other financial Institutions Act 1991

'Team leader' means the lead Examiner and any Examiner who succeeds to that position 'Query' means a written request made by an Examiner addressed to a staff of a supervised institution which is being examined who the Examiner suspects may have contravened or failed to comply with any banking law, applicable Rules or Regulation, for the staff to explain his action.

## **b) Construction of Certain References**

Titles, headings to Clauses and any table of contents are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation hereof; the singular includes the plural and vice versa; and the masculine includes the feminine and vice versa.

## **V. Dressing**

### **General Principle**

An Examiner shall dress in conformity with the mode of dressing stipulated under the Conditions or Service.

### **Minimum Requirements**

- a) An Examiner shall appear formal at all material times and shall not dress in a provocative or distracting manner.
- b) An Examiner shall display modesty, a sense of responsibility and decorum in appearance at all times while discharging his functions.
- c) An Examiner shall appear neat and tidy at all times and shall avoid any appearance or dishevelment or tardiness while carrying out his duties.

## **VI. Integrity**

### **General Principle**

An Examiner shall act with and demonstrate a high degree of honesty, fairness, transparency, trustworthiness and unparalleled integrity in the discharge of his functions in the best interest of depositors and the safety and soundness of supervised institutions.

### **Minimum Requirements**

- a) An Examiner shall maintain financial discipline and live within his income as well as honour his financial obligations as and when due.
- b) An Examiner shall not be corrupt irrespective of temptations and deliberate inducement from staff of supervised institutions.

- c) An Examiner shall not accept gratification as an inducement to influence the discharge of his functions.
- d) An Examiner shall not apply uneven standards in order to induce gratification.
- e) An Examiner shall not, if offered, accept any gift in cash or the equivalent of cash/ near cash items [vouchers, bearer securities, etc].
- f) An Examiner shall not, if offered, accept non cash gift items outside those approved and specified in the Corporation's Conditions of Service, i.e., corporate items like diaries, pens, calendars etc.
- g) An Examiner shall disclose to the Director, Field Examination Department any such approved gift item accepted by him within a reasonable time, failing which he shall be sanctioned in accordance with the provisions of this Code.
- h) An examiner shall not give the impression that he may be willing to accept any gifts [whether cash or not, including corporate gifts items] from supervised institutions.
- i) Any prohibited gift [ cash or otherwise] sent to an Examiner should be reported to the Director, Bank Examination Department and the Examiner shall return such gift with a polite note explaining the Corporation's policy within a reasonable time, failing which he shall be severely sanctioned in accordance with the provisions of this Code.
- j) All decisions of an Examiner shall be taken solely based on merit and purely in the interest of depositors and the safety and soundness of the supervised institution

## **VII. Conflict of Interest**

### **General Principles**

An Examiner shall avoid any conflict between his personal interest or that of a related party and the discharge of his functions.

### **Minimum Requirements**

- a. An examiner shall establish and maintain absolute independence from the institution being examined
- b. An examiner shall avoid giving any impression to a third party that his actions were influenced by considerations outside official matters.

- c.** An examiner shall not exploit or reasonably appear to exploit to his personal advantage any professional or personal relationship with an officer or employee of a supervised institution
- d)** An Examiner shall excuse himself from participating in the examination of any insured institution in which he has any personal, professional or financial interest and in which he reasonably believes he may not be impartial or independent in the discharge of his functions.
- e)** An examiner shall not own or control, directly or indirectly [through surrogates, relatives, friends, blind trusts, dummy companies or otherwise] equity interests or more than 5 percent of the total equity of the supervised institution or its affiliate, subsidiary or associate.
- f)** An examiner shall not allow any personal or professional relationship with any officer or employee of a supervised institution affect or becloud his sense or judgment in the discharge of his functions.
- g)** An Examiner shall avoid developing unsavoury personal or unmerited financial relationships such as unsecured or under-priced loans transactions, guarantees, etc., that may interfere with the impartial exercise or the Examiners functions. All financial transactions with supervised institutions must be at arm's length.
- h)** An Examiner shall not negotiate his employment or that of a relation or friend with any supervised institution while conducting examination of such supervised institution.
- i)** An Examiner shall not have or operate any subserviced loan facilities with the insured institution being examined or supervised.

## **VII. Teamwork**

### **General Principle**

Examiners shall work as a team such that they cover one another's deficiencies before the staff of supervised institutions.

### **Minimum Requirements**

- a) Examiners shall report to the insured institution as a team and close together as a team.
- b) An Examiner shall not, either while in the presence of or to the hearing of staff of supervised institutions, openly disagree with another Examiner.
- c) An Examiner shall not solicit the opinion, advice or view of staff of supervised institutions in the discharge of his functions but shall consult with his fellow examiner having specialized skills or a superior Examiner on issues which the Examiner does not understand or comprehend.
- d) An Examiner shall be responsible to the Team Leader and shall be subject to the authority and discipline of the Team Leader throughout the duration of the Examination. All official communications to an Examiner from the Office shall be through the Team Leader.
- e) The Team Leader must provide effective leadership through regular presence with the team and prompt attendance to problems of the team.
- 1) The Team Leader shall take responsibility for the conduct of the Examination and shall in that wise be accountable for the regular attendance, punctuality and proper conduct and satisfactory performance of all Examiners under his charge.

## **IX. Confidentiality**

### **General Principle**

An Examiner shall keep strictly confidential all information: oral or written, electronic or manual, that comes to his knowledge in the course of examination of a supervised institution.



### **Minimum Requirements**

- a. An Examiner shall ensure the protection of confidential data and shall not use such information for purposes other than that for which it was obtained.
- b. An Examiner shall treat confidentially all information about the insured institution being examined and shall not disclose such information to other insured institutions, the press, customers of the insured institution, investors, etc.
- c. An Examiner shall disclose confidential information only under the conditions and in the way and manner permitted under law and the applicable rules and regulations.

## **X. Communication**

### **General Principle**

All official Communications in the field during the course of an Examination shall be in conformity with and under the instructions and directions of the Team Leader who shall be guided by the principles of accountability, probity and decorum as well as the need to avoid sensationalism, flippancy and unnecessary strife and rancour with staff of the supervised institution.

### **Minimum Requirements**

- a) At all times, an Examiner must address staff of the supervised institution politely and formally, exhibiting due courtesy, irrespective of his findings, or the age, sex or status of staff of the supervised institution.
- b) An Examiner shall not communicate to staff of the supervised institution any findings that have not been reviewed and approved by appropriate level or authority.
- c) An Examiner shall avoid making flippant statements, or unauthorized commitments or promises of any kind purporting to bind the Corporation.
- d) An Examiner shall refer all enquiries from the media to the Team leader.
- e) An Examiner shall avoid any communication with third parties or the public capable of casting aspersions on the authenticity, integrity, or regularity of the Examination process.
- I) An Examiner shall first discuss with his fellow examiners and Team Leader questions to be slated for bank officials.
- g) An Examiner shall ensure that all formal communication is conveyed on official stationery.

h) An Examiner shall not advise any person to deal in securities of any supervised institutions in any case where unpublished price sensitive information concerning or relating to such institutions has come to his knowledge in the course of his examination of that or any insured institution.

## **XI. Diligence**

### **General Principle**

An Examiner shall perform his functions with the standard of skill, care and diligence required of an Examiner.

### **Minimum Requirements**

- a. An Examiner shall demonstrate a clear understanding of his responsibilities, powers and duties and he shall discharge same in a responsible and professional manner.
- b. An Examiner shall demonstrate a high degree of tact and discretion and be circumspect in his dealings with staff of supervised institutions and be accountable for his decisions and actions.
- c. An Examiner shall be conversant with manual of examination, pertinent provisions of relevant Laws, Regulations, Circulars and Guidelines applicable to banks, government monetary and fiscal policies.
- d. An Examiner shall employ utmost decorum, courtesy, politeness and consideration and yet maintain firmness in all dealings with staff of supervised institutions.
- e. An Examiner shall demonstrate adequate knowledge of the mode of operations and nature of various bank products/services.
- f. An Examiner shall report 10 duty regularly, punctually and conform with working hours/team leader's stipulated working programme.
- g. An Examiner shall not engage in any other private business or trade other than being in the employment of the Corporation while carrying out his functions as an Examiner.
- h. An Examiner shall carry out diligent review and analysis of the records of bank and ensure completeness of the basis or his conclusions.

- i. An Examiner shall regularly update himself with new skills and techniques necessary for the diligent performance of his functions and shall keep abreast of market developments and information
- j. An examiner shall in the discharge of his functions demonstrate the absolute need to uncover every irregularity in the banking system irrespective of the status of the Perpetrator.

## **XII. Professionalism**

### **General Principle**

An Examiner shall possess and employ effectively his intellectual resources and acumen in the efficient discharge of his functions.

### **Minimum Requirements**

- a) An Examiner shall handle all documents of the supervised institution with care.
- b) An Examiner shall maintain custody of and be ready to produce on demand all supportive documents required to establish any of his findings. Accordingly, an Examiner shall ensure that he obtains all supportive documents, makes photocopies and conveys same to the office.
- c) An Examiner shall exercise caution to ensure that unauthorized staff of the supervised institution do not gain access to sensitive documents of the supervised institution such as but not limited to Board minutes book, inspection report, strategic plan, disciplinary committee reports etc. through the Examiner.
- d) An Examiner shall not engage the bank staff, while on examination in discussion and or arguments on political, religious and tribal issues.
- e) An Examiner shall not suppress from the team leader any finding in the course of the examination.
- f) An Examiner shall disclose to the Team leader any material pre-examination information he has on the bank irrespective of the source of such information.
- g) An Examiner shall not disclose to staff of supervised institutions or third parties the identity of a fellow examiner who raised an examination issue.
- h) An Examiner shall, while conducting examination of an insured institution, take all necessary measures to avoid disruption in the daily operations of such institution.

- i) While it is expected that the insured institution being examined would provide a Conducive environment which will enable an Examiner to perform his duties, an Examiner shall exercise restraint in making requests to such institution concerning his working environment.
- j) An Examiner shall not under any circumstances offer financial, commercial or business advice concerning or pertaining to the institution being examined to any staff or the Management of such institution and shall not present himself as an expert on the business Or fortunes of such institution but shall restrict all his comments on the condition of the institution within the confines or the findings and recommendations in the Examination report.
- k) An Examiner shall, as much as possible, avoid receiving visitors while on the field.
- l) An Examiner shall protect and conserve official properties and shall not use them for purposes other than authorized activities.
- m) An Examiner shall exhibit a pleasant demeanour in the presence of staff and Management of the institution being examined no matter the severity of his findings on the condition of such institution.

### **XIII. Due Process**

#### **General Principle**

An Examiner shall follow due process and observe the principles of fair hearing in all cases where the violation of banking or other Laws, Regulations or Guidelines is being alleged against staff or Management of Ole institution being examined.

#### **Minimum Requirements**

- a) An Examiner shall present all his facts and supporting documents to the Team Leader and allow for consultation with a superior Examiner before making final decisions on his findings.
- b) Where an Examiner in the course of his examination comes to the determination that a stall of the supervised institution being examined may have contravened or failed to comply with the provisions of any law, applicable Rule or Regulation, he shall issue a Query to such staff and shall obtain an acknowledgment of receipt which shall be kept in the custody of the Team leader.

- c) An Examiner shall obtain the written response to any Query which he issued and shall keep custody of the Response along with all supporting documents for production whenever required.
- d) An Examiner shall not under any circumstances make his conclusions/findings on any allegation against any staff of the institution being examined without first giving an opportunity to the staff to respond on each and every allegation.
- e) An Examiner shall refer all issues arising in the course or examination of an insured institution which require Legal Opinion & Advice, including issues relating to due process and adherence to the principles of fair hearing, to the Legal Department and shall not attempt to confer on himself the ability to proffer Legal Opinion & Advice

#### **XIV. Report Writing**

##### **General Principle**

An Examiner shall adhere strictly to the standard and format prescribed in the manual of operations when writing his Examination Report.

##### **Minimum Requirements**

- a) An Examiner shall write his findings in professionally polished language devoid of sentiments, display of unnecessary vocabulary, abuse and hasty conclusions.
- b) An Examiner who has reason to doubt the authenticity of information provided, shall clearly express so in his report.
- c) An Examiner should not hesitate to write interim report on an aspect of the examination if he comes across critical issues requiring urgent regulatory action.
- d) An Examiner shall write his report promptly and within the time limits stipulated under any applicable rule or requirement.

## Procedural Requirements

An Examiner who breaches any of the rules provided in the Code shall be sanctioned as follows;

- a) Where the infringement is minor and occurs in the field during the course of Examination, the Team Leader may issue to the offending Examiner are:
  - Verbal Warning, or
  - Letter of warning ,or
  - Letter of Caution, or
  - Lawful instruction to redress infringement, or
  - letter of suspension from duty for not more than one day, in which case the affected examine shall loose his per diem and lunch allowance for that day and the Team leader shall make a report to the Director, Bank Examination Department which shall go into the personnel file of the Examiner.
  
- b) Where the infringement is minor and occurs outside the field during the course of examination, the team leader may issue to the offending Examiner are:
  - Verbal Warning, or
  - Letter of warning ,or
  - Letter of Caution, or
  - Lawful instruction to redress infringement.
  
- c) Where the infringement is major whether occurring in the field or outside the field during the course of examination the Conditions of Service shall apply as follows,
  - Reference to the Director in the first instance
  
  - Reference to Departmental Disciplinary Committee thereafter
  
  - Escalation to Central Disciplinary Committee where expedient.
  
  - Management decision on recommendation of the CDC.
  
  - Board Decision where relevant
  
- d) In all cases, where it is intended to carry out my disciplinary measures outlined above, the alleged offending Examiner must first be issued with a Query in the way and manner stipulated by the Conditions or Service.

## **XVI. Conclusion**

The Code may not provide guidance on every issue concerning the conduct of Examiners in the discharge of their function. Accordingly, Examiners are expected to exercise personal judgment in resolving ethical dilemmas which may occur in the course of their duties. In all cases of doubt, Examiners are advised to consult with appropriate level of authority for proper guidance.