

NDIC QUARTERLY

EDITORIAL BOARD

Chairman

M.Y Umar

Editor

Dr. K.S. Katata

Members

K.O. Nwaigwe

H.I. Ahmed

B.M. Yakubu

Dr. T.W.O Alasia

Dr. Abdulrasheed. A

Editorial Assistants

M. J. Isah

Abubakar .H. Deba

The NDIC Quarterly is a Publication of the Nigeria Deposit Insurance Corporation, Enquiries should be addressed to the Editor, NDIC Quarterly, Research Department, Nigeria Deposit Insurance Corporation, P.M.B 284, Abuja, Nigeria. The Views expressed in these articles are those of the authors and do not necessarily represent the official position of the Corporation.

NDIC QUARTERLY

VOLUME 28

March/June 2016

Nos 1/2

TABLE OF CONTENTS

Content

Page No

Review of Developments in Banking and Finance in the first and Second Quarters of 2016

By Research, Policy & International Relations Department

The banking sector recorded a number of developments during the first and second quarters of 2016. Some of these developments were bye-products of the Central Bank of Nigeria (CBN) Monetary Policy Committee meetings and they include local and international economic developments that have direct or indirect impact on the economy and the banking sector .

Financial Condition and Performance of Insured Banks in the first and Second Quarters of 2016,

By Research, Policy & International Relations and Insurance & Surveillance Departments

During the two quarters under review, the overall condition of Nigeria's Banking industry has witnessed some improvements in both Assets and Liabilities. In the first quarter of 2016, Total Assets, Shareholders Funds, CAR, Liquidity Ratio, all improved; while on the flip side, Total Credits, Total Deposit Base and Earnings declined during the period. Similarly in the second quarter, Total Assets, Shareholders Funds, CAR, Profitability, Total Deposits, Total Earning Assets as well the quality of the assets all improved during the period, while CAR and Liquidity Ratio depreciated in the second quarter.

Nigerian Foreign Exchange: Stylised Facts and Volatility Modelling

By:

Kabir Katata,

**Assistant Director, Research, Policy and International Relations
Department**

Exchange rate plays an increasingly significant role in any economy as it directly affects domestic price level, profitability of traded goods and services, allocation of resources and investment decisions. The exchange rate and its risk are key factors that influence economic activities in Nigeria. An important measure in finance is the risk associated with an asset and asset volatility is perhaps the most commonly used risk measure. Volatility is used in risk management, value-at risk, portfolio analysis and derivatives pricing. It is well-known that economic and financial news have an impact on volatility and that "good" news and "bad" news do not have the same impact on future volatility. In Nigeria, the 2014 and 2015 exchange rate decisions by the Central Bank of Nigeria (CBN) have been of interest to risk managers, researchers, regulators, traders and other financial market participants.

Application of Ethical Approach to Accounting Thought in Financial Reporting By Nigerian Banks

By:

Professor Bashir Tijjani, Department of Accounting, Bayero University Kano

And

Dr. Koholga Ormin Department of Accounting, Adamawa State University.

Globally, there have been increase cases of unethical financial reporting. However, ethical financial reporting is critical to user's decision making, the growth of capital markets and the dignity of the accounting profession. Adegbie & Adeniji (2010) and Imeokparia (2013) reported serious and diverse unethical challenges in the Nigerian banking industry after the 2004 reforms. This paper explores this claim by assessing the application of the ethical approach to accounting thought in financial reporting in the Nigerian banking industry over the period 2004 to 2012. Based on eleven developed

themes, one hundred and thirty-five financial reports were observed. Descriptive statistics, application index and ANOVA statistics was utilized to analyse the data. The computed mean application index of 92.2 percent and the results of the ANOVA statistics among the banks do not provide sufficient evidence to suggest that there is any serious ethical challenge in the industry as far as financial reporting is concerned. The paper concluded that though no serious unethical financial reporting tendencies might exist in the industry, and therefore there is the need to sustain and improve on the ethical tempo. This can be achieved through greater monitoring and enforcement of ethical regulatory code in the industry by the regulators.