

NIGERIA DEPOSIT INSURANCE CORPORATION SERVICE CHARTER

1.0 Introduction

Various reforms had been instituted in the Nigerian banking industry to ensure efficiency and stability in the system. One of such reforms was the establishment of the NDIC, by Decree No 22 of 15th June 1988 to manage and operate a Deposit Insurance Scheme.

Deposit insurance unlike a conventional insurance scheme is a financial guarantee to bank depositors, particularly the small ones, in the event of a bank failure. Its public policy objectives are to contribute to the stability of the financial system and to protect small savers when banks fail. It is a key public service because poorly managed bank failure can erode depositors' confidence, trigger bank runs, result in the loss of life savings, and threaten the stability of the entire banking system.

1.1 Purpose of the Charter

The purpose of this charter is to explicitly express the commitment of the Corporation in providing its day to day operational services to its stakeholders and also to indicate redress mechanisms when services are not rightly provided to the stakeholders. The Charter also indicates the Mandate, Mission and Vision of the Corporation, obligations expected from customers, management, and the participation of stakeholders.

2.0 NDIC's Mandate

The Mandate of the Corporation can be broadly classified into the following categories:

i. Deposit Guarantee

Deposit guarantee is the exclusive responsibility of the Corporation (NDIC). The NDIC guarantees payment to depositors of all deposit taking financial institutions up to a maximum limit in accordance with its status in the event of failure so as to engender confidence in the nation's banking system. The limit, which was =N=200,000 and =N=100,000 for DMBs and MFBs/PMIs respectively in 2009 was increased in 2003 to =N=500,000 per depositor of deposit money banks (DMBs) and =N=200,000 per depositor of microfinance banks (MFBs) and Primary Mortgage Institutions (PMIs) to reflect the dynamics of the industry as well as developments in the economy.

ii. Bank Supervision

The NDIC supervises banks to ensure the protection of depositors, contribute to monetary stability and promote an effective payments system as well as fair

competition in the banking system. Supervision, in addition to other objectives, seeks to reduce the risk of failure while ensuring safe and sound practices by operators. The NDIC carries out this responsibility through both on-site examination and off-site surveillance in collaboration with the Central Bank of Nigeria (CBN).

iii. Distress Resolution

The NDIC is committed to the provision of financial and technical assistance to deserving failing participating institutions, in the interest of depositors. The financial assistance could be in the form of loans, guarantee, or accommodation bills. Similarly, the technical assistance may include assumption of control and management of a failing institutions, change of management, or assisted merger with another viable institution. In the event that the licence of an insured institution is revoked, the NDIC may decide on the best viable resolution option to apply. The responsibility for distress resolution is shared with the CBN.

iv. Bank Liquidation

The NDIC is solely responsible for the orderly and efficient closure of failed insured institutions. The closures are done with minimal disruption to the banking system. After closure, the assets of the failed insured institutions are realised in the most cost-effective manner and the proceeds appropriated among the various claim of a failed bank's assets *over other stakeholders such as preferred credits, general creditors, and shareholders.*

3.0 VISION STATEMENT

"Our vision is **"To become one of the leading Deposit Insurers in the world"**

4.0 MISSION STATEMENT

"To protect depositors and contribute to the stability of the financial system through effective supervision of insured institutions, provision of financial and technical assistance to eligible insured institutions, prompt payment of guaranteed sums and orderly resolution of failed insured financial institutions"

4.0 CORE VALUES AND BELIEFS

To be effective in the discharge of its mandate, NDIC is guided by some core values and beliefs. The four core values and beliefs guiding NDIC employees as they strive to fulfil the Corporation's mission and vision are as follows:

- I **Honesty:** NDIC employees shall act with and demonstrate a high degree of honesty, fairness, trustworthiness and unparalleled integrity in the discharge of their duties. In specific terms, they are required to:
 - behave always in an uncompromising manner;
 - create an atmosphere of mutual trust and confidence;

- display the highest level of honesty; and
- maintain financial discipline and live within their income as well as
- honour their financial obligations as at when due.

II Respect and Fairness: The NDIC is committed to do what is right and just at all times. Thus, NDIC employees are required to:

- adhere to the highest ethical standards in performing their duties;
- accept responsibilities for their actions;
- act and negotiate in good faith and in the best interest of NDIC;
- create an atmosphere of mutual trust and confidence; and
- display the highest level of integrity.

III Professionalism & Teamwork: The NDIC requires its staff to demonstrate a high level of professionalism and to be good team players in performing their duties.

- seek knowledge to improve their skills and performance;
- strive to attain excellence in all aspects of their work;
- seek to exceed set targets;
- seek innovative and creative solutions to problems;
- abide by all codes of conduct and professional ethics/good Corporate Governance at all times;
- be objectives and factual in their work presentation and constructive in their criticism;
- promote and reinforce co-operation with other players within the internal and external boundaries of NDIC;
- acknowledge the contributions of others; and
- provide and solicit support to and from, colleagues.

IV. Passion: NDIC employees are required to:

- ✓ to show optimum passion in discharging their duty; it helps us achieve more.

iv. **Discipline:** NDIC employees are required to:

- demonstrate a clear understanding of their responsibilities, powers and duties and shall discharge same in a responsible and professional manner;

5.0 LIST OF SERVICES RENDERED

- Provide **insurance cover for the depositors** of licensed deposit taking financial institutions

- ii) **Supervise insured deposit taking financial institutions** through on-site examination and off-site surveillance techniques:
- iii) Ensure **orderly resolution** for both troubled and failing insured deposit-taking financial institutions
- iv) **Provide technical and financial assistance** to deserving deposit taking insured financial institutions
- v) **Ensure orderly closure** of failed insured financial institutions and prompt payment of insured deposits:
- vi) **Ensure orderly liquidation**-realization of Risk Assets and Physical Assets of closed insured deposit-taking institutions:
- vii) **Payment of dividend** to uninsured depositors and creditors of failed insured financial institutions on realization of risk and physical assets:
- viii) **Contribute to the formulation and implementation of banking policies:**
- ix) **Research** on issues relating to deposit insurance, banking and the economy; and
- x) **Provide financial information and analysis** of insured banks to the public to promote public understanding of banking policies

6.0 LIST OF CUSTOMERS RENDERED SERVICES

INTRA

The Corporation's members of staff, Units, Departments, Management and Board Members

INTER

- i. The Corporation's suppliers of goods and services i.e. PHCN, AMAC, etc
- ii. Other stakeholders:- i.e. CBN, AMCON, Federal Ministry of Finance, Members of FSRCC, NASS, the Judiciary, FIRS, EFCC, and the government in general.

GENERAL PUBLIC

- i) Depositors of insured deposit-taking institutions;
- ii) Insured deposit-taking financial institutions:
- iii) Depositors of closed deposit taking financial institutions
- iv) Creditors of closed insured deposit-taking financial institutions
- v) Shareholders of closed insured deposit-taking financial institutions;
- vi) The Corporation's suppliers of services; and
- vii) The General public

7.0 PERFORMANCE TARGET/CUSTOMERS EXPECTATION

- i) Depositors of closed insured deposit taking financial institution to **be paid within 90 days** of the appointment of NDIC as a Liquidator by a court of competent jurisdiction;
- ii) Examining insured banks at least once a year and timely issuance of reports with useful recommendations for guidance

- iii) Uninsured depositors of closed insured deposit-taking financial institution in liquidation to be paid liquidation dividends as both Risk and Physical Assets are realized;
- iv) Technical assistance rendered to deserving insured deposit taking financial institutions undergoing failure resolution:
- v) Liquidity support rendered to eligible insured institutions in the process of their resolution
- vi) Publish quarterly journals within one month of a quarter's end;
- vii) Publish annual report and accounts within three months of year end;
- viii) Settle bills for goods and services within two weeks of their receipt
- ix) Effective maintenance of our facilities: within one hour to 24 hours response time for simple repairs by in-house staff and maintenance agents between 24 hours and 72 hours for non-simple repairs; and
- x) Providing relevant information within 48 hours to other relevant agencies when required (eg status enquiries from Central Bank of Nigeria, PENCOM, etc)

8.0 PERFORMANCE MONITORING OF PERFORMANCE TARGET

SERVICOM Unit conducts a compliance evaluation of Depts./Units/Zones using the SERVICOM index. This evaluation is to ensure that SERVICOM requirement as regards timeliness, efficiency, service delivery are complied.

The evaluation measures how effectively their efforts contribute meaningfully to the Enterprise Strategic objectives of the Corporation

9.0 GRIEVANCE MECHANISM/REDRESS FOR CUSTOMERS

- i) insured depositors of financial institutions in liquidation to direct their complaint to the MD/CEO, or the ED(Ops) or the Director of Claims Resolution Department and Asset Management Departments or Help Desk which will be addressed within 48 hours
- ii) Insured financial institutions to also direct their complaints to either the the MD/CEO, or the ED(Ops) or the Director of Insurance and Surveillance Dept or BED which will be addressed within 48 hours
- iii) Help desk will receive complaints and Liaise with other Departments and Units to ensure that complaints are investigated and addressed using the **toll free line 0800-6342-4357** or **234-9-4601030** or complete the Stakeholder Feedback Form on the Corporation's website www.ndic.gov.ng which will be addressed within 48 hours
- iv) Depositors, employees, shareholders and other stakeholders of Micro Finance Banks (MFBs) and Primary Mortgage Institutions (PMIs) could send their complaints and enquiries to the e-mail: siid@ndic.gov.ng which will be addressed within 48 hours
- v) The staff Joint Consultative Committee meet on quarterly to discuss issues of concern to staff and submit report for Senior Management's consideration within one week and
- vi) The customer Relations desk of NDIC SERVICOM will address complaints from all stakeholders within 48 hours.

10.0 OBLIGATION OF CUSTOMERS/STAKEHOLDERS

- i) Government to ensure conducive environment for business;
- ii) Examined insured institutions are obliged to implement recommendations in examination reports for the benefit of their institutions
- iii) The CBN and other stakeholders in the FSRCC are expected to share information and collaborate with the Corporation in the interest of the financial system
- iv) Insured deposit taking financial institutions to adhere strictly to safe and sound practices
- v) Insured deposit-taking financial institutions are to provide reliable and accurate information to the Corporation
- vi) Depositors have the obligation to monitor the management and health of the financial institutions they are transacting business with, to guarantee the safety of their deposits;
- vii) Depositors of insured financial institution to report any adverse findings about their financial institutions to Supervisory authorities
- viii) Auditors of licensed deposit-taking financial institutions are expected to give true and fair view of the financial condition of such institutions;

11.0 ADDITIONAL COMMITMENT

We shall strive at all times to discharge our mandate in line with the above charter. However, should we be unable to meet any of the performance targets, we shall explain to the relevant stakeholders. We expect also that our stakeholders will continue to let us know where we are not meeting their expectations so that amends could be made.

12.0 STAKEHOLDERS PARTICIPATION IN SERVICE PROVISION

- i) The Corporation collaborates with the CBN on: supervision; regulation; distress resolution; and implementation modalities for the new banking reform agenda;
- ii) NDIC is a member of the Financial Services Regulation Coordinating Committee (FSRCC), established to ensure effective supervision of the financial services industry, through coordinating of supervisory activities, cooperation and information sharing. Other members are CBN, SEC, CAC,, National Insurance Commission, Federal Ministry of Finance, PENCOM, AMCON and Abuja Securities and Commodities Exchange PLC and Nigeria Stock Exchange
- iii) The Corporation also collaborates with the Economic and Financial Crimes Commission (EFCC)
- iv) NDIC is a member of the International Association of Deposit Insurers (IADI), an association whose vision is "sharing deposit insurance expertise with the world". IADI provides valuable guidance, research and information on best practices for deposit insurers.

13.0 LIMITATIONS

- Inadequate Enforcement Powers
- Time Consuming Legal Actions by Owners of Closed Banks
- Delay in the Corporation's efforts at Criminal Prosecution
- Difficulty in disposing the physical assets of some closed banks due to frivolous Litigations
- Numerous Impediments against timely Recovery of Debts Owed Failed Banks
- Adverse effect of Fiscal Responsibility Act of 2007 on DIFs.
- Slow growth in public awareness on Deposit Insurance Scheme. (DIS)
- The macroeconomic implication of the falling international oil prices to the quality of banks risk assets portfolio, likely contraction in insured banks' deposit liabilities and decline in profit.

14.0 FUTURE OUTLOOK

Notwithstanding the impact of the challenges enumerated above on our operations, the future appears bright for the Corporation in view of the under listed opportunities and strengths, which will accord the Corporation greater impetus in pursuit of its services to our stakeholders and contribution to financial systems stability

- Increasing investment in the capacity of our human resource.
- Privilege of having a professional board.
- Availability of a well structured and executed strategic plan
- Increasing public awareness in DIS
- Operational readiness resulting from adequate investment in business processes and systems that are well aligned with our strategic plan
- Sustained culture of collaboration with stakeholders especially, the CBN, Deposit taking Institutions and members of FSRCC.
- Strong belief that our mandates and powers will be enhanced and strengthened through appropriate legislations as canvassed.
- Strong cross-border alliances and collaborations
- Our culture of continuous performance improvement
- A robust Target Fund Ratio Framework for determining the adequacy of DIF at all times

- Relatively safe and sound financial system.
- Robust and world class regulatory and supervisory regime.

15.0 CHARTER REVIEW

This charter is expected to be reviewed in the next three years from the date of publication or as the need arises.

NDIC NODAL OFFICER (HEAD SERVICOM UNIT)

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