

Activities of the NDIC in the Third Quarter, 2021

By

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4.0 INTRODUCTION

The NDIC activities and achievements in the third quarter of 2021 are presented below:

4.1 Update on Finance and Corporate Strategy Development Activities

The following are highlights of the major strategic activities of the Corporation for the quarter that ended September 2021:

- i. The NDIC 2021-2025 Strategic Plan has been developed and presented for the Board's approval.
- ii. The NDIC prepared and submitted the 2022-2024 Medium Term and Expenditure Framework (MTREF) to the Budget Office of the Federation (BOF). A bilateral meeting was held with BOF that discussed the MTREF in Q3 2021.

4.2 Operational Activities

4.2.1 Claims Settlement

4.2.2 Payments to Insured and Uninsured Depositors of Closed-Insured Banks

- i. During Q3 2021, no insured depositor was paid, but the NDIC paid ₦232,159,018.92 as an uninsured sum to depositors. Cumulatively, the NDIC has paid ₦8.268 billion to 443,946 insured depositors and ₦101.079 billion to uninsured depositors of 49 Deposit Money Banks (DMBs) in-liquidation as at 30 September 2021.
- ii. The NDIC paid ₦34,171,387.26 as an insured sum to 609 depositors of 367 Microfinance Banks (MFBs) in liquidation, while there was no payment made to uninsured depositors during Q3 2021. Cumulatively, the Corporation has paid ₦3.413 billion to 90,945 insured depositors and ₦1.218 million to uninsured depositors as at 30 September 2021.
- iii. Also, in the period, 20 insured depositors of Primary Mortgage Banks (PMBs) were paid the sum of ₦2,035,643.77, while the sum of ₦1,009,020.98 was paid as uninsured payments. The cumulative insured amount paid to 1,533 depositors was ₦110.15 million, and the uninsured paid stood at ₦7.965 million as at 30 September 2021.

4.2.3 Payments to Uninsured Creditors of Banks in-Liquidation

During the period under review, no creditor was paid. Cumulatively, the sum of ₦1.274 billion has been paid to 991 out of 1,320 creditors. Meanwhile, ₦1.741 billion has been declared to Creditors of eleven (11) banks in respect of banks in liquidation to date.

4.2.4 Payments to Shareholders of Banks in-Liquidation

During the period under review, a shareholder of Alpha Merchant Bank in liquidation was paid ₦750,000.00. Consequently, the cumulative sum of ₦4.886 billion has been paid to 965 shareholders as at 30 September 2021.

4.3 Asset Management

4.3.1 Risk Assets Recovery

In Q3 2021, the sum of ₦37,612,161.19 was recovered from 12 out of 49 DMBs in liquidation. Also, the sum of ₦86,602,354.06 and ₦30,665,792.98 was recovered from 9 MFBs and 4 PMBs in liquidation, respectively.

Table 2: Loan Recoveries for Second Quarter 2021 and Third Quarter, 2021

	SECOND QUARTER, 2021				THIRD QUARTER, 2021			
	April	May	June	TOTAL	July	Aug.	Sept	TOTAL
	₦' m	₦' m	₦' m	₦' m	₦' m	₦' m	₦' m	₦' m
DMBs	43.33	24.93	10.30	78.56	16.50	17.75	3.36	37.61
PMBs	10.94	0.53	0.08	11.55	29.18	0.05	1.44	30.67
MFBs	3.14	9.1	1.89	14.3	53.46	7.47	25.68	86.60
GRAND TOTAL	57.41	34.56	12.27	104.24	99.14	25.27	30.48	154.88

The cumulative recovery for the DMBs in-Liquidation from 1994 to date was ₦30,396.26 million. The sum of ₦254.88 million was recovered from September 2010 to date in respect of closed MFBs, while PMBs had a cumulative recovery of ₦406.27 million.

4.3.2 Disposal of Physical Assets

The total sum realized from the sale of Physical assets of DMBs, MFBs, and PMBs in liquidation for the period July to September 2021 was ₦234,915,940.00.

a) Disposal of Physical Assets of DMBs In-Liquidation

The sum of ₦100,008,800.00 was realized from the disposal of Physical Assets for DMBs in liquidation in Q3 2021 as against ₦2,998,300.00 recovered in Q2 2021.

b) Disposal of Physical Assets of MFBs and PMBs In- Liquidation

In Q3 2021, the total sum of ₦57,907,140 was realized from the disposal of Physical Assets (landed properties and chattels) of MFBs in liquidation, while the sum of ₦77,000,000.00 was realized from PMBs in liquidation.

As at September 30, 2021, the cumulative realization from Physical Assets and Rent collected on properties of banks in liquidation stood at ₦22,882.58 million. The figure comprised ₦22,026.16 million, ₦652.56 million, and ₦203.86 million for DMBs, MFBs, and PMBs in liquidation, respectively.

4.3.3 Realisation of Investments of Banks in-Liquidation

The sum of ₦37,090,723.35 was realized from investments of banks in-liquidation during Q3 2021, comprising ₦19,037,862.21 and ₦18,052,861.14 for closed PMBs and MFBs, respectively. There was no realization from the Investments of DMBs in-liquidation.

The cumulative sum realized from investments of banks in-liquidation from inception to September 30, 2021, was ₦4,846,839,748.11. The total amount realized from investments of DMBs from 1994 to September 2021 stood at ₦4,736,296,225.09, for PMBs was ₦50,032,873.03 and for MFBs from 2010 to September 2021 was ₦60,510,649.99.

4.4 Bank Supervision

4.4.1 Risk Based Supervision (RBS) - On-Site Examination of DMBs

The CBN and NDIC jointly conducted the RBS examinations of 16 DMBs and 2 Financial Holdcos as at 30th June 2021.

4.4.2 Investigations/Consumer Protection

The NDIC continued to investigate complaints from DMB's customers and other stakeholders. A total of 202 petitions/complaints were investigated as at September 30, 2021, as against 139 petitions/complaints that were investigated as at June 30, 2021. No investigation was conducted on MFBs/PMBs within the quarter in review.

4.4.3 On-Site Examination of MFBs and PMBs

The CBN allocated NDIC 200 MFBs and 10 PMBs for on-site examination in 2021. The RBS Examination was conducted on 105 MFBs in Q3 2021, with the report writing in progress as against 45 MFBs examined and the report issued for Q1/Q2 2021. That made a total of 148 MFBs examined, with 52 outstanding MFBs and 44 scheduled for an examination in Q4 2021. The on-site examination of the 10 PMBs will be conducted in Q1 2022 to align with the December 31 uniform cut-off date and end of the financial year.

4.4.4 On-Boarding of MFBs to NAMBUIT

The CBN/NDIC financed Microfinance Banks Unified Information Technology (NAMBUIT) platform, a core and agency banking solution, is now in the implementation phase. The NAMBUIT platform, as at 30 September 2021, had onboarded 143 MFBs.

4.5 Enterprise Risk Management Activities

The following Enterprise Risk Management activities of the Corporation were carried out during the period under review:

- i. The NDIC Enterprise Risk Management Framework has been reviewed, updated, and forwarded to Senior Management for consideration and approval.
- ii. During Q3 2021, a report on the Risk Profile of the Corporation as at 30 June 2021 was submitted for consideration by the Senior Management and Board Committee on IT/Corporate Strategy.
- iii. As part of the frequent improvement plan, the NDIC continued to maintain, review and update its Corrective Action and Preventive Action (CAPA) Plan in line with the requirement of ISO 22301:2019 on Business Continuity Management Systems (BCMS).
- iv. An internal audit of the NDIC Business Continuity Management System (BCMS) was conducted, with the BCMS performance reported as effective, with three non-Conformities and 8 opportunities for Improvement raised. Those issues are being addressed.
- v. The BCMS objectives were monitored in line with ISO 22301:2019 while the Crisis Management Team conducted its Mock Crisis Simulation exercise during the quarter.
- vi. The Corporation conducted Business Impact Analysis and Risk Assessment in all Departments, Units, and Offices in the Head Office.

4.6 Collaboration and Public Awareness Activities

In Q3 2021, the NDIC executed various public awareness initiatives on the mandate and activities of the Corporation through channels such as media relations, corporate awareness events, social

media/digital/radio/TV engagements, and Legislative liaison. Such strategic awareness initiatives included:

- i. The NDIC issued three press releases in Q3 2021 under the captions (i) “NDIC to partner BPSR in enhancing innovation in service delivery,” (ii) “NDIC Boss calls for inclusion of Deposit Insurance Courses in ICAN programs” (iii) “Greater collaboration with media critical to addressing challenges in reportage.”
- ii. The NDIC participated in the 2021 Financial Literacy Day organised by the Bankers’ Committee across six (6) states of the Federation, namely: Akwa-Ibom, Enugu, Kwara, Sokoto, Adamawa, and Edo. The Corporation sensitized a total of 731 students in 27 schools across the six (6) locations on the importance of saving and basic knowledge of the DIS.
- iii. The NDIC set up Information Desks at the 45th Annual National Conference of the Institute of Chartered Secretaries and Administration of Nigeria (ICSAN) held in Lagos and the Annual National Management Conference of the Nigeria Institute of Management (NIM) in Abuja. During the events, a total of ninety (90) visitors to the NDIC Information Booth were sensitized on the mandate and activities of the Corporation. In addition, 640 in-house publications were distributed to participants to enrich their knowledge of the Corporation’s operations.
- iv. The NDIC provided publicity on the Participation of the MD/CEO September Edition of the Bureau of Public Service Reforms (BPSR) Lunchtime Seminar, where he addressed participants on “Roles, Responsibilities, and Contributions of the NDIC to the Growth and Development of Nigeria Economy.”

During the period, the Corporation was also engaged in the following activities:

a) Courtesy Visits by/ to NDIC Board and/or Management

- i. Courtesy visit by the President and Council Members of the Institute of Chartered Accountants of Nigeria (ICAN) on 2 July 2021 for closer collaboration with the NDIC.
- ii. Courtesy visit by the President and the National Executives of the Nigerian Guild of Editors (NGE) to foster stronger collaboration.
- iii. The delegation from the Risk Management Association of Nigeria visited the Corporation on 9 July 2021 for support ahead of its 20th Annual International Conference.
- iv. Courtesy visit by the EFCC Chairman on 2 September 2021 to explore stronger collaboration with the Corporation in the area of capacity building in handling bank investigations by its officers.

b) Distribution of NDIC Stickers to Banks

As at 30 September 2021, a total of 6,720 stickers had been distributed. The breakdown showed that 2,220 stickers were distributed to 22 DMBs through their head offices in Lagos and 3,600 stickers to MFBs and DMBs branches through the nine (9) Zonal Offices. A total of 800 stickers were distributed to 11 MFBs and 100 stickers to DMBs/PMBs within the FCT.

c) Legislative Liaison & Government Relations

- i. The NDIC coordinated the 2021 Retreat for members of the Senate Committee on Banking, Insurance, and Other Financial Institutions, which was held on 16 July 2021 in Kaduna State with the theme “Financial System Stability: A Panacea for Sustainable Economic Growth – The Role of NDIC.”

- ii. NDIC participated in; (I) the public hearing on the Fiscal Responsibility Commission (Establishment, etc.) Bill 2020 - SB.144 organised by the Senate Committee on Finance; (II) Interactive Session by the House of Representatives Adhoc Committee on Governing Lease and Concession of all Federal Government Owned Assets; (III) in Interactive Session on 2022 – 2024 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) at the Senate wing of the National Assembly.

4.7 Legal Activities

The major legal activities of the Corporation during Q3 2021 were as follows:

- i. 14 criminal prosecutions pending in various courts and 16 ongoing investigations with the Financial Malpractices Investigation Unit (FMIU) and Police Special Fraud Unit (PSFU) were monitored during the period.
- ii. The closing reports of 19 MFBs closed in 2020 have been reviewed, aimed at extracting cases of banking malpractice for further investigation and possible prosecution.
- iii. The NDIC made input and also attended the public hearing on the Fiscal Responsibility Commission (Establishment) Bill 2021
- iv. The Taskforce on the Implementation of the Failed Banks (Recovery of debts) and Financial Malpractices in Banks Act 1994 was created by the Attorney General of the Federation and Minister of Justice with membership drawn from the Financial Malpractices Investigation Unit (FMIU), the Police Special Fraud Unit (PSFU), the Central Bank of Nigeria (CBN), Economic & Financial Crimes Commission (EFCC), the Federal Ministry of Justice (FMOJ) and the Nigeria Deposit Insurance Corporation (NDIC). The NDIC acts as the Secretariat of the task force.
- v. The NDIC obtained from the Federal High Court, Winding-up Orders for 5 MFBs in respect of the 42 MFBs whose licenses were revoked by the CBN in November 2020. A total of 8 corporate cases, 12 defensive cases, and 11 debt recovery cases came up at the various courts in the federation during Q3 2021. Also, 3 judgments were obtained, two in favour of the NDIC and the other by amicable resolution of parties.
- vi. The NDIC continued to monitor the marketing and distribution of the Nigerian Banking Law Reports by Messrs Keric Nigeria Limited and Messrs Page Law Books Nigeria Limited. The NDIC Management has approved a stand for the NBLR at the Nigerian Bar Association annual conference coming up in October to showcase the various publications.

4.8 Conclusion

As one of the components of the Nigerian financial safety net, the NDIC has continued to engender public confidence and contribute to the stability of the financial system. The Corporation, through its various activities, has consistently pursued the achievement of its public policy of depositor protection and the promotion of safe and sound banking practices.