

Activities of the NDIC in the Fourth Quarter, 2021

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5.0 Introduction

The NDIC activities and achievements in the Fourth Quarter of 2021 are presented below:

5.1 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 December 31, 2021:

- i. The corporate performance scorecard on the implementation of the 2016-2020 Strategic Plan (extended to 2021) showed that eight (8) more corporate initiatives representing 36 per cent were at 100 per cent completion level, while fourteen (14) initiatives representing 64 per cent were on-going at various levels of implementation.
- ii. The recertification projects of the three ISO Management systems, ISO20000, 27001, and 22301, were concluded, with the NDIC being issued certificates on the three management systems by the British Standard Institution (BSI) in December 2021.
- iii. The NDIC's strategic initiatives were captured in the 2022 Budget using the Dynamic Enterprise Performance Management System (dEPMS) to ensure alignment of the budgetary and strategic management processes.
- iv. The SERVICOM Unit of the NDIC was given the award for the second-best performing Nodal officer in its category by the SERVICOM Office of the presidency.
- v. The NDIC's 2022 proposed budget was approved by the NDIC Board, and thereafter, the proposed budget was forwarded in December 2021 to both the Senate Committee on Banking & Currency and the House of Representatives Committee on Insurance & Actuarial matters for their consideration and approval.
- vi. The automation of the Revenue & Expenditure (eREX) and Claim Form project to speed up the payment process in an efficient and effective manner is at the concluding stages.

5.2 Operational Activities

5.2.1 Claims Settlement

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

- i. In Q4 2021, no payment was made to the insured depositors, but the NDIC paid ₦37,787,879.43 as an uninsured sum to depositors. As at December 31, 2021, the NDIC had cumulatively paid ₦8.268 billion to 443,946 insured depositors and ₦101.118 billion to uninsured depositors of 49 Deposit Money Banks (DMBs) in-liquidation.
- ii. The NDIC paid ₦7,015,968.76 as an insured sum to 68 depositors of 367 Microfinance Banks (MFBs) in-liquidation, while the sum of ₦10,185,239.34 was paid to uninsured depositors during Q4 2021. Cumulatively, the Corporation has paid ₦3.420 billion to 91,013 insured depositors and ₦11.403 million to uninsured depositors as at December 31, 2021.
- iii. Also, during Q4 2021, 19 (nineteen) insured depositors of 51 Primary Mortgage Banks (PMBs) were paid the sum of ₦2,908,006.63, while no payment was made to uninsured depositors. The cumulative insured amount paid to 1,572 depositors was ₦113.062 million, and the uninsured paid stood at ₦7.965 million as at December 31, 2021.

5.2.1.2 Payments to Uninsured Creditors of Banks in-Liquidation

During the period under review, one (1) creditor of Alpha Merchant Bank was paid ₦1,000,000.00. Cumulatively, the sum of ₦1.275 billion has been paid to 992 out of 1,320 creditors. Meanwhile, ₦1.741 billion has been declared to Creditors of eleven (11) banks in respect of banks in liquidation till date.

5.2.1.3 Payments to Shareholders of Banks in Liquidation

During the period under review, a shareholder of Alpha Merchant Bank in-liquidation was paid ₦2,520,000.00. Consequently, the cumulative sum of ₦4.888 billion has been paid to 966 shareholders as at December 31, 2021.

5.2.2 Asset Management

5.2.2.1 Risk Assets Recovery

In Q4 2021, the sum of ₦54,581,759.22 was recovered from 13 out of 49 DMBs in-liquidation. Equally, the sum of ₦14,137,644.12 and ₦9,404,040.00 was recovered from 10 MFBs and 4 PMBs in-liquidation, respectively.

Table 5.1: Loan Recoveries for Third Quarter 2021 and Fourth Quarter 2021

	THIRD QUARTER, 2021				FOURTH QUARTER, 2021			
	July	Aug.	Sept	TOTAL	Oct.	Nov.	Dec.	TOTAL
	₦' m	₦' m	₦' m	₦' m	₦' m	₦' m	₦' m	₦' m
DMBs	16.50	17.75	3.36	37.61	18.68	2.82	33.08	54.58
PMBs	29.18	0.05	1.44	30.67	4.25	1.90	3.25	9.4
MFBs	53.46	7.47	25.68	86.60	0.82	12.15	1.16	14.14
GRAND TOTAL	99.14	25.27	30.48	154.88	23.75	16.87	37.49	78.12

The cumulative recovery for the DMBs in-Liquidation from 1994 to date was ₦30,450.84 million. The sum of ₦269.02 million was recovered from September 2010 to date in respect of closed MFBs, while PMBs had a cumulative recovery of ₦415.68 million. The cumulative recovery from Risk Assets as at December 31, 2021, stood at ₦31,135.53 million.

5.2.2.2 Disposal of Physical Assets

The total sum realized from the sale of Physical Assets of DMBs, MFBs, and PMBs in liquidation for October to December 2021 was ₦253.43 million.

i. Disposal of Physical Assets of Deposit Money Banks (DMBs) in-Liquidation

The sum of ₦130 million was realized from the disposal of Physical Assets for DMBs in-liquidation in Q4 2021 as against ₦100.01 million recovered in Q3 2021.

ii. Disposal of Physical Assets of MFBs and PMBs In-Liquidation

In Q4 2021, the total sum of ₦123.43 million was realized from the disposal of Physical Assets (landed properties and chattels) of MFBs in-liquidation while there was no Physical Assets realization for PMBs in-liquidation.

As at December 31, 2021, the cumulative realization from Physical Assets and Rent collected on properties of banks in-liquidation stood at ₦23,136.01 million. The figure comprised ₦22,156.16 million, ₦775.99 million, and ₦203.86 million for DMBs, MFBs, and PMBs in-liquidation, respectively.

5.2.2.3 Realisation of Investments of Banks in-Liquidation

The sum of ₦32.12 million was realized from investments of banks in-liquidation during Q4 2021, comprising ₦15.90 million and ₦16.23 million for closed PMBs and MFBs, respectively. There was no realization of the Investments of DMBs in liquidation during the period under review. The cumulative sum realized from investments of banks in-liquidation from inception to December 31, 2021, was ₦4.88 billion. The total amount realized from investments of DMBs from 1994 to December 2021 stood at ₦4.74 billion, for PMBs was ₦66.26 million and for MFBs from 2010 to December 2021 was ₦76.41 million.

5.2.3 Bank Supervision

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

The CBN and NDIC jointly conducted the RBS examinations of 13 DMBs and 2 Financial HOLDCOs as of 30th September 2021, with NDIC leading the examinations of 3 of the banks. The examinations were conducted through a combination of physical and virtual reviews of the books and records of the banks in accordance with the COVID-19 protocols.

5.2.3.2 Investigations/Consumer Protection

The NDIC continued to investigate complaints from DMBs' customers and other stakeholders. A total of 239 petitions/complaints were investigated as at December 31, 2021, with 153 concluded as against 202 petitions/complaints that were investigated, with 142 concluded as at September 30, 2021.

5.2.3.3 Cybersecurity Assessment Review of Banks

Also, in the fourth quarter of 2021, the CBN/NDIC jointly carried out a Cybersecurity Assessment Review of 20 DMBs, with NDIC leading 3 out of the 5 teams constituted for the assignment. The examination entailed both an off-site review of the Cybersecurity Self-Assessment Tools (CATs) submitted by the DMBs at end-March 2021 and on-site validation of the CATs.

5.2.3.4 On-Site Examination of MFBs and PMBs

The CBN allocated to NDIC 200 MFBs and 10 PMBs for on-site examination in 2021. As at December 31, 2021, the RBS Examination was conducted on 143 MFBs, while the examination of 49 MFBs and 10 PMBs was ongoing. 8 MFBs could not be examined due to the insecurity situation of their locations.

5.2.3.5 On-Boarding of MFBs to NAMBUIT

The CBN/NDIC financed Microfinance Banks Unified Information Technology (NAMBUIT) platform, a core, and agency banking solution, is presently in the implementation phase. The NAMBUIT platform, as at December 31, 2021, had onboarded 143 MFBs.

5.2.3.6 CBN/NDIC Integrated Regulatory Solution (IRS)

The IRS Implementation Committee was inaugurated in August 2021 with Chairmanship from the CBN, while the Secretariat resides in NDIC. The NDIC Committee members were drawn from several departments.

5.2.3.7 Off-site Activities/ Analysis on DMBs

i. **Review of Deposit Insurance Coverage Level**

The NDIC survey revealed that the current Maximum Deposit Insurance Coverage (MDIC) of ₦500,000 was adequate, as 97 per cent of Depositors in Nigerian DMBs had Deposits of ₦500,000 and below.

ii. **Off-Site Bank Surveillance: Bank Analysis**

The financial condition and performance of the 31 DMBs: comprising 22 commercial banks, 6 merchant banks, 3 NIBs & 2 NIB windows, were reviewed in the fourth quarter of 2021 through off-site analysis of returns rendered through the Financial Analysis System (FinA).

The Banking Industry's total assets stood at ₦59,304.47 billion at the end of the fourth quarter of 2021 as against ₦56,565.46 billion recorded at the end of the third quarter of 2021. The DMBs' Total Credit (TC) increased by ₦1,613.93 billion or 7.02 per cent from ₦22,993.66 billion at the end of the third quarter of 2021 to ₦24,607.59 billion at the end of the fourth quarter of 2021. Also, the Industry's Total Deposits increased by ₦2,908.45 billion or 8.18 per cent billion from ₦35,545.16 billion at the end of the third quarter of 2021 to ₦38,453.62 billion at the end of the fourth quarter of 2021.

iii. **Development of Framework for FinTechs and Innovation Strategy**

The NDIC developed its Road Map and Draft Framework for Fintech and Innovation Strategy with inputs obtained from relevant departments of the Corporation.

iv. **Fraud and Forgeries**

The level of attempted Fraud and Forgeries in the Banking Industry decreased by ₦5.21 billion to ₦11.62 billion at the end of the fourth quarter of 2021 from ₦16.83 billion in Q3 2021. The top five (5) banks with the highest attempted incidences of Fraud and Forgeries had a total of ₦8.92 billion or 76.77 per cent of the Industry Total of ₦11.62 billion at the end of the fourth quarter of 2021, while the top five banks with the Highest Actual loss accounted for a total of ₦1.96 billion or 91.80 per cent of Industry Total of ₦2.14 billion as at December 31, 2021.

v. **Report on Status Enquiry Requests (Fit & Proper)**

During Q4 2021, 177 requests were evaluated, with 136 requests received from the CBN, SEC, PENCOR, and NAICOM in addition to 41 outstanding requests from previous quarters. Subsequently, 163 of the requests had been treated, while 14 requests remained outstanding pending further investigation.

vi. **Mobile Money Operations (MMO)**

There were 30 licensed MMOs as at December 31, 2021. Thirteen (13) of the MMOs were bank-led, while Seventeen (17) were non-bank-led. Out of the Thirty (30) licensed MMOs, twenty-five (25) active MMOs rendered Returns, while the remaining five (5) had not rendered Returns to NDIC as at December 31, 2021, and action is being taken to ensure compliance. The Total Deposits of the 25 MMOs stood at ₦42.13 billion, with ₦17.99 billion as insured deposits. During Q4 2021, there were a total of 154,177,406 transactions volume with a total value of ₦1,979,604,299,087.

5.3 Enterprise Risk Management Activities

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

- i. The Business Impact Analysis (BIA) and Risk Assessment (RA) were conducted on Departments, Units, and Offices in the Head Office.
- ii. The Risk Forecast of the Corporation for 2022 was developed, highlighting key risks that could impede the NDIC from achieving its strategic objectives and recommending appropriate mitigants.
- iii. The reviewed NDIC Enterprise Risk Management Framework was approved by the Board in September 2021.
- iv. The Annual Monitoring Exercise was conducted on the Implementation of the ERM Framework across the Corporation.
- v. The Risk Appetite, Key Risk Indicators, and Risk Tolerance Limits Framework of the Corporation has been reviewed and awaiting presentation to Senior Management for consideration and approval.
- vi. Stages 1 and 2 of the ISO 22301 audit were conducted during the period for ISO Recertification of the Corporation.
- vii. As part of the continual 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).

5.4 Collaboration and Public Awareness Activities

In Q4 2021, the NDIC executed various public awareness initiatives on its mandate and activities through channels such as media relations, corporate awareness events, social media/digital/radio/TV engagements, and Legislative liaison. Such strategic awareness initiatives included:

- i. Broadcast of Special Events and Issuance of Press Release/Photo
- ii. The Department issued one (1) press release and four (4) picture stories to the media in Q4 2021.
- iii. The NDIC held events in 5 states (Akwa-Ibom, Enugu, Kwara, Sokoto, and Edo) in commemoration of the 2021 World Savings Day under the auspices of the Bankers' Committee. A total of 525 students in 19 schools across the five (5) locations were sensitized on the importance of saving and basic knowledge of NDIC and the DIS.
- iv. The NDIC organized the 19th edition of the Business Editors and Finance Correspondents Association of Nigeria (FICAN) Workshop with the theme: "Enduring Extreme Disruptions: Resilience & Reinvention for Banking System Stability & Deposit Insurance." The workshop was held in Oyo, and Gombe states from 20th-22nd and 26th-28th of October 2022, respectively, with 123 participants in attendance.
- v. Equally, the Corporation organized in Lagos the 2021 NDIC Editors Forum on 27th November 2021 with the theme: "Enduring Extreme Disruptions: Resilience & Reinvention for Banking System Stability & Deposit Insurance." Sixty (60) online, print, and electronic publishers and senior editors attended the forum.
- vi. The NDIC participated in the 2021 Kaduna International Polo Tournament organized by the Kaduna Polo Club from 23 - 30 October 2021 and mounted an Information/Help Desk that attended to enquiries from depositors and other stakeholders through one-on-

- one interactions. A total of 201 visitors were hosted at the Corporation’s stand, while 2,000 flyers and 500 in-house publications were disseminated.
- vii. In Q4 2021, the NDIC participated in 3 Trade Fairs held in Abuja, Kano, and Edo with the following respective themes “Exploring opportunities of the Africa Continental Free Trade area through Intra-Africa Trade,” “Consolidating the Challenges of Covid-19 Pandemic to Opportunities for Growth and Development of Micro, Small and Medium Enterprise in Nigeria” and “Expanding the Frontiers of MSMEs through Collaboration and Capacity Building.” A total of 873 visitors across different social strata were sensitized, 6,000 flyers and 968 in-house publications were distributed, and 175 media mentions were recorded, including radio announcements.
 - viii. The NDIC set up its Information Desks/Booths at the Annual Directors Conference of the Nigeria Institute of Public Relations (NIPR) in Abuja, Nigeria Bar Association Conference held in Rivers State, and the Annual Directors Conference of the Institute of Directors (IOD) held in Lagos. During the events, a total of one hundred and twenty (120) visitors to the NDIC Information Booths were sensitized on the mandate and activities of the Corporation. In addition, 145 in-house publications were distributed to participants to enrich their knowledge of the Corporation’s operations.
 - ix. The NDIC hosted 3 excursion visits for students of the Federal University Kashare, Gombe; University of Nigeria, Nsukka; and Lagos State University. 308 students were sensitized on the mandate of the Corporation and its contributions to the nation’s financial system stability.
 - x. The NDIC hosted the 2021 Retreat for members of the House of Representatives Committee on Insurance & Actuarial Matters in November 2021, as well as Senate Committee on Banking, Insurance & Other Financial Institutions in December 2021. Members of both Committees were sensitized on critical areas of the Corporation’s mandate with a view to promoting stronger collaboration.
 - xi. The NDIC created and deployed a total of 108 contents on the various aspects of the Corporation’s mandate across the social media handles. As at December 31, 2021, the NDIC had 15,600 followers on Facebook, 22,890 followers on LinkedIn, 4,398 followers on Instagram, and 99 followers on YouTube.

5.5 Legal Activities

The major legal activities of the Corporation during Q4 2021 were as follows:

- i. A total of 14 criminal cases were pending in various courts, and 16 matters in various stages of investigation by the Financial Malpractices Investigation Unit (FMIU) and Police Special Fraud Unit (PSFU) were being monitored.
- ii. The NDIC made input and attended Public Hearings on the following Bills presented by sister agencies in the financial sector: A Bill for an Act to Establish the Chartered Institute of Computer Forensics of Nigeria and for Related Matters and; A Bill for an Act to Establish Integrated Data Management Commission.
- iii. The NDIC currently handles and monitors 143 Debt Recovery cases, 64 Defensive litigation cases, 61 winding-up petitions, and 68 corporate cases.
- iv. 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.

5.6 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.