

Activities of the NDIC in the Second Quarter, 2022
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3.0 INTRODUCTION

The NDIC activities and achievements in the Second Quarter of 2022 are presented below:

3.1 Update on Finance and Corporate Strategy Development Activities

The following are highlights of the Finance and major strategic activities of the Corporation for the quarter that ended June 30, 2022

- The NDIC prepared and submitted the long-term Strategy Documents/Blueprint to the Federal Ministry of Finance, Budget & National Planning (FMFBNP), which would serve as input for the preparation of the National Development Plan 2021-2025.
- The NDIC 2021-2025 Strategic Plan was approved by the Board IT & Strategy Committee on April 20, 2022, along with a Change Management plan to support its implementation.
- The NDIC, in line with the requirements of the SERVICOM office, continued to monitor the rendition of Service Failure Reports by its various Departments, Units, and Offices, for timely addressing of grievances/complaints.
- The paperless office initiative has been approved by Management to promote a sustainable environment, efficiency in business processes, and cost reduction in NDIC.

3.2 Operational Activities

3.2.1 Claims Settlement

A) Payments to Insured and Uninsured Depositors of Closed Insured Banks

- During the second quarter of 2022, the NDIC paid ₦15,449.93 to three (3) insured depositors and ₦177.45 million to uninsured depositors of closed Deposit Money Banks (DMBs). As of June 30, 2022, the NDIC had cumulatively paid ₦8.268 billion to 443,949 insured depositors and ₦101.302 billion to uninsured depositors of 49 DMBs in liquidation.
- The NDIC paid ₦2.54 million to 24 insured depositors of 367 Microfinance Banks (MFBs) in liquidation, while the sum of ₦1.02 million was paid to uninsured depositors during the second quarter of 2022. Cumulatively, the NDIC has paid ₦3.425 billion to 91,096 insured depositors and ₦12.678 million to uninsured depositors of closed MFBs as of June 30, 2022.
- Also, in the second quarter of 2022, three (3) insured depositors were paid ₦468,580.11, and a payment of ₦863,195.87 was made to uninsured depositors of PMBs. The cumulative insured amount paid to 1,575 depositors of closed PMBs stood at ₦113.530 million and to the uninsured depositors was ₦8.825 million as of June 30, 2022.

B) Payments to Uninsured Creditors of Banks in-Liquidation

During the second quarter of 2022, no creditor of the 49 DMBs in liquidation was paid. Cumulatively, the sum of ₦1.275 billion has been paid to 993 out of 1,320 creditors as of June 30, 2022. Meanwhile, ₦1.741 billion was declared to Creditors of eleven (11) DMBs in liquidation to date.

C) Payments to Shareholders of Banks in-Liquidation

In the second quarter of 2022, no shareholder was paid. Consequently, the cumulative sum of ₦4.890 billion has been paid to 969 shareholders as of June 30, 2022.

3.3 Asset Management

3.3.1 Risk Assets Recovery

During the second quarter of 2022, the sum of ₦197,562,195.37 was recovered from 15 out of the 49 DMBs in liquidation. Equally, the sum of ₦12,242,714.10 and ₦46,932,497.00 was recovered from 5 MFBs and 4 PMBs in liquidation, respectively.

Table 3.1: Loan Recoveries for First Quarter, 2022 and Second Quarter, 2022

	FIRST QUARTER, 2022				SECOND QUARTER, 2022			
	Oct.	Nov.	Dec.	TOTAL	April	May	June	TOTAL
	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m
DMBs	21.38	97.57	19.54	138.49	22.97	38.77	135.83	197.57
PMBs	1.1	31.54	243.69	276.33	0	41.40	5.53	46.93
MFBs	1.66	2.7	0.32	4.68	1.02	10.71	0.51	12.24
GRAND TOTAL	24.14	131.82	263.54	419.50	23.99	90.88	141.87	256.74

3.3.2 Disposal of Physical Assets

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

There was no realisation of Physical Assets for DMBs in liquidation in the second quarter of 2022 as against ₦150 million recovered in the first quarter of 2022.

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

In the second quarter of 2022, the sum of ₦1.71 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 of June 30, 2022, the cumulative realization since inception from Physical Assets and Rent collected on properties of banks in liquidation stood at ₦23,393.51 million. The figure comprised ₦22,306.16 million, ₦883.49 million, and ₦203.86 million for DMBs, MFBs and PMBs in-liquidation, respectively.

3.3.3 Realisation of Investments of Banks in-Liquidation

The sum of ₦6.36 million was realized from investments of banks in liquidation during the second quarter, 2022 comprising ₦5.57 million, ₦0.72 million, and ₦0.07 for closed 2 DMBs, 5 MFBs, and 1 PMB, respectively. The cumulative sum realized from investments of banks in-liquidation from inception to June 30, 2022, was ₦4,925.39 million. The total amount realized from investments of DMBs from 1994 to June 30, 2022, stood at ₦4,777.74 million, for MFBs from 2010 to date was ₦81.29 million and for PMBs was ₦66.36 million.

3.4 Bank Supervision

3.4.1 Risk Asset Examination of DMBs

There was no Risk Asset Examination (RAE) scheduled in the second quarter of 2022, compared with the first quarter of 2022, where RAE was conducted on 31 DMBs by the joint CBN/NDIC team as of December 31, 2021, with NDIC leading the examinations of 7 of those banks.

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

There was no RBS Examination on DMBs conducted during the first and second quarters of 2022. However, the maiden examination of Lotus Bank Ltd as of January 31, 2022, was conducted during the second quarter by a combined team of CBN/NDIC examiners. The draft examination report is undergoing further quality control by the CBN/NDIC Methodology Group, preparatory to issuance.

3.4.3 Investigations/Consumer Protection

The NDIC received 165 petitions/complaints from DMBs' customers and other stakeholders during the first and second quarters of 2022. 63 out of the 165 petitions/complaints were concluded, while 99 were ongoing as of June 30, 2022. Meanwhile, 3 petitions were expunged because account details and disputed amounts were not provided. With respect to MFBs and PMBs, a total of 18 petitions/complaints were received by the NDIC within the second quarter of 2022. The investigations were at different stages of completion.

3.4.4 Off-Site Bank Surveillance: Bank Analysis

The financial condition and performance of the 33 DMBs; comprising 24 commercial banks, 6 merchant banks, and 3 NIBs & 2 NIB windows; were reviewed in the second quarter of 2022 using off-site analysis of returns rendered through the Financial Analysis System (FinA).

The Banking Industry Total Assets stood at ₦65.58 trillion as of June 30, 2022, as against ₦62.99 trillion recorded as of March 31, 2022. Also, the Industry's Total Deposits increased by ₦1.63 trillion or 4.03 per cent from ₦40.47 trillion as of March 31, 2022, to ₦42.10 trillion as of June 30, 2022.

3.4.5 Review of Fraud and Forgeries

The level of attempted Fraud and Forgeries in the DMB sub-sector decreased by ₦8.54 billion to ₦9.2 billion in the second quarter of 2022 from ₦17.81 billion in the first quarter of 2022. The top 8 DMBs with the highest attempted incidences of fraud and forgeries accounted for ₦8.36 billion or 90.87 per cent of the sub-sector total in the second quarter of 2022.

In the PMB-MFB sub-sector for the second quarter of 2022, a total of 258 returns on Fraud and Forgeries (257 from MFBs and one from PMB) were rendered to NDIC compared with 285 (273 from MFBs and 12 from PMBs) in the first quarter 2022. The sum of ₦3.96 million, or 6.08 per cent of ₦65.79 million involved in the first quarter 258 fraud cases, was recovered compared with ₦13.82 million or 26.52 per cent of ₦52.10 million (amount involved), recovered in the first quarter, 2022.

3.4.6 Fit and Proper Person Enquiries

The NDIC received 585 requests from the CBN, SEC, PENCOT, and NAICOM to conduct due diligence on the prospective appointees in the financial sector during the second quarter of 2022. Of the total requests, 216 had been treated, while 369 requests remained outstanding pending further investigation.

3.4.7 Fidelity Bond Insurance

29 out of 33 DMBs submitted their Fidelity bond Insurance Coverage as of June 30, 2022. 19 out of the 29 DMBs maintained adequate Fidelity Insurance Coverage of 15 per cent of the bank's Paid-up Capital. The remaining 10 DMBs had their cover below the threshold.

3.4.8 Whistle Blowing

The NDIC received 175 whistle-blowing cases from 32 DMBs, bordering on service delivery inadequacies, theft, and cash suppression, among others, during the quarter that ended June 30,

2022. One hundred seventeen cases were concluded, while 58 cases were pending and under investigation as of June 30, 2022.

3.4.9 Mobile Money Operators (MMO)

There were 29 licensed MMOs as of June 30, 2022. Thirteen (13) of the MMOs were bank-led, while Sixteen (16) were non-bank-led. The Total Deposits of the 25 MMOs stood at ₦44.65 billion, with ₦22.38 billion as insured deposits.

3.4.10 On-Site Examination of MFBs and PMBs

During the second quarter of 2022, the CBN allocated 140 banks (130 MFBs and 10 PMBs) to NDIC for the 2022 on-site RBS Examination. This is a reduction of 60 banks when compared to 210 banks (200 MFBs and 10 PMBs) allocated to the NDIC in 2021.

3.4.11 On and Off-Site Monitoring of MFBs

As of June 30, 2022, the NDIC monitored 139 MFBs (8 MFBs on-site and 131 MFBs off-site) that had submitted the Board of Directors' responses to their RBS reports.

3.4.12 Premium Assessment and Collection from MFBs and PMBs

The introduction of the Differential Premium Assessment System (DPAS) contributed to the improved perception and willingness of banks to pay. To improve the collection process, a four-year back audit (2018-2021) was conducted for MFBs and PMBs that had engaged in voluntary self-assessment over time.

3.4.13 Deployment of Single Customer View (SCV) Reporting Platform

The NDIC recently deployed a Single Customer View (SCV) reporting template to banks to proactively address the challenges of prompt payment to depositors of Insured Financial Institutions (IFI) in the event of their failure and liquidation. The SCV presents single, unique and consistent information on eligible bank customers for faster pay-out of insured claims.

3.4.14 Update on Integrated Regulatory Solution (IRS)

The MFBs reporting templates on the Integrated Regulatory Solution (IRS) were being reviewed and harmonised with the CBN. The NDIC contributions on some MFBs' Returns Template included: (i) MMFBR 166 – Schedule of Insured Deposit, (ii) MMFBR 162 - Returns of Deposit Liabilities, (iii) MMFBR 940 – Returns on Fraud & Forgeries, (iv) MPMBR 402 & 404 – Returns on Fraud & Forgeries/Armed Robbery (Bank Staff & Non-Bank Staff), and (v) NDIC-specific business requirements such as Target Funding, Differential Premium Assessment System and Estimated Insurance Risk Exposure Reports.

3.4.15 CBN/NDIC Basel II & III Project Implementation for OFIs

Following the adaptation of CBN Guidance Notes on Basel II, Pillar 1 and 2 Risks to suit the operations of Other Financial Institutions (OFIs), a Work Group comprising staff of the CBN and NDIC was set up to develop a road map for the adoption of Basel II amongst other mandates.

The Work Group did not meet in the second quarter of 2022, following the resolution of March 2022, to place on hold the implementation of Basel II in MFBs till the completion of the MFBs recapitalisation processes.

3.5 Enterprise Risk Management Activities

The Enterprise Risk Management activities of the NDIC during the second quarter of 2022 were as follows:

- A report on the Risk Profile of the Corporation as of March 31, 2022, was submitted for consideration by the Senior Management and Board Committee on IT/Corporate Strategy.

- The newly developed Risk Rating Criteria/Guidelines for all the identified Risk Events under the Significant Risks category in the NDIC were approved by the Executive Committee during the period.
- As part of the Document Retention Policy of the NDIC, the document categorization exercise was conducted on the various Departments, Units, and Offices at the Head Office. It is aimed at promoting consistency in records Management in NDIC.
- The NDIC developed a Corrective and Preventive Action (CAPA) Plan to address identified non-conformities raised by the British Standard Institution (BSI) during the Stage 2 Audit of the NDIC Business Continuity Management System (BCMS).
- A Risk Awareness Survey was conducted to gauge the level of risk awareness and culture within the NDIC during the quarter in review.
- Also, an IT applications test at the NDIC Alternate Site was carried out in the second quarter of 2022 to ascertain the business continuity readiness in the event of any disruption.

3.6 Collaboration, Public Awareness And Corporate Social Responsibility (CSR) Activities

The NDIC implemented various public awareness initiatives aimed at managing the NDIC brand and promoting financial literacy during the second quarter of 2022. The executed initiatives in the second quarter of 2022 were:

3.6.1 Public Awareness Activities

- The NDIC, in collaboration with the Bankers' Committee, concluded the mentoring of secondary school students on the importance of savings as well as the mandate and activities of the NDIC in twelve (12) states across the six geo-political zones under the 2022 Financial Literacy Day with the theme: "Build your Future, Be Smart About Money" between March and May 2022. In total, 1,233 students drawn from 33 schools across the twelve states were mentored. In addition, 1,440 items comprising flyers, publications, and branded souvenirs were distributed to participants to promote their knowledge of the NDIC activities and enhance the visibility of the Corporation.
- The NDIC Information Desk/Stand at the 21st Annual International Conference of Risk Management Association of Nigeria (RIMAN), held from 23rd to 24th June 2022 in Lagos, received a total of 65 visitors who were sensitized on the mandate and activities of the Corporation with a total of 200 in-house publications distributed to the participants. At the event, the NDIC was given the "Institutional Leadership in Advocacy" Award for sound risk management practices among public and private institutions in the country. Also, the retired Director Enterprise Risk Management Department of NDIC, Mr. U. U. Maitambari, was conferred with the "Recognition for Outstanding Contribution to Risk Management Profession and Activities of RIMAN" Award.
- The NDIC hosted three (3) excursion visits involving a total of 75 students in the period under review. The breakdown comprised 30 students of Department of Economics, Bingham University, on 9th June 2022, 25 Students of Danbo International School, Abuja, and 20 students of ICICE Al-Noor Academy on 28th June 2022. The students were sensitized to the NDIC mandate, and 200 in-house publications were distributed to the schools for use in their respective libraries.
- Two (2) press releases were issued on "NDIC to Deploy Single Customer View Platform to MFBs to Fast Track Depositor reimbursement" and "NDIC Seeks Collaboration with ICPC, others on National Anti-Corruption Strategy" with 32 and 35 media organisations,

respectively, across electronic, print and online platforms publishing reports on the press releases.

- The NDIC received three (3) courtesy visits to its Management from strategic stakeholders during the second quarter of 2022, namely the members of the Association of Corporate Affairs Managers of Banks (ACAMB), the Head of Mission of the Taiwan Embassy, and the President and Chairman Governing Council of the Nigerian Economic Society (NES).

3.6.2 Legislative Liaison & Government Relations

The NDIC coordinated two (2) Sensitization Retreats and three (3) oversight visits for members of the House of Representatives Committee on Insurance & Actuarial Matters and Senate Committee on Banking, Insurance & Other Financial Institutions. The Retreats were held in May and June 2022, respectively, in Lagos with the theme: “Deposit Insurance in Nigeria: Strategizing for Tomorrow.” The House Committee visited the Port Harcourt and Enugu Zonal Offices, while the Senate Committee visited the Lagos Office to assess the status of implementation of the capital projects in those locations and the general challenges confronting the NDIC.

3.7 Legal Activities

The major legal activities of the Corporation for the quarter that ended June 30, 2022, were as follows:

- The NDIC monitored 72 debt recovery of “N100 million and above” cases, 71 debt recovery of “N100 million and below” cases, 55 corporate cases, 58 winding up petition cases of MFBs and PMBs, 14 defensive cases involving MFBs and PMBs, and other 64 defensive litigations.
- Twelve (12) pending criminal cases were monitored in various courts.
- 29 investigation cases were monitored, with 27 cases domiciled at the Financial Malpractices Investigation Unit (FMIU) and two (2) cases at the Economic Financial Crimes Commission (EFCC).
- The 4 winding-up orders were obtained by the NDIC, resulting in 29 orders so far obtained in respect of 42 MFBs whose licenses were revoked by the CBN in November 2020.
- Four (4) court Judgements in favour of and 2 against the NDIC were obtained during the period.
- The NDIC made input and attended Public Hearings on the following Bills presented to the National Assembly: a) A Bill for an Act to establish the Chartered Institute of Mortgage Bankers and Brokers of Nigeria (CIMBBN) (SB.939); and (b) public hearing on the Petition by Mr. Julius Akintuyi and one other on behalf of 2004 retirees of Afribank Plc. against CBN, NDIC and AMCON for alleged non-payment of their retirement benefits by the bank.

3.8 Conclusion

The activities of the NDIC during the second quarter of 2022 aligned with and contributed to the achievement of its public policy of objectives of protecting depositors, engendering public confidence, and promoting financial system stability.