

NIGERIA DEPOSIT INSURANCE CORPORATION SERVICE CHARTER

1.0 INTRODUCTION

The Nigerian banking industry has consistently witnessed various reforms aimed at driving efficiency and financial stability in the system. One of such reform was the establishment of the NDIC by Decree No. 22 of 15th June 1988, repealed and replaced by Act No. 16 of 2006 and now repealed and replaced by a new statute: NDIC Act No. 33 of 2023 to manage and operate a Deposit Insurance Scheme.

A deposit insurance scheme, unlike conventional insurance, is a financial guarantee to all depositors of licensed institutions, particularly the small savers, in the event of a bank failure. Its public policy objectives are contributing to the financial system's stability and protecting small savers when banks fail.

It is a key component of the financial safety net, as incidences of bank failures can erode depositors' confidence, trigger bank runs, and threaten the stability of the financial system.

2.0 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 to enumerate the various mechanisms for redress in the event of service failure.

The Charter also highlights the Mandate, Mission, Vision and Core Values of the Corporation, with specific mention of its obligations to its stakeholders.

3.0 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 NDIC. The NDIC guarantees payment to depositors of all licensed deposit-taking financial

institutions up to a maximum limit in accordance with its statute in the event of failure to engender confidence in the nation's banking system.

The limit, which was N200,000.00 and N100,000.00 for DMBs and MFBs/PMIs, respectively, in 2006 increased to N500,000.00 per depositor of Deposit Money Banks (DMBs), Primary Mortgage Institutions (PMIs), Mobile Money Operators (MMOs), and in 2020, Payment Service Banks (PSBs) to reflect the dynamics of the industry as well as developments in the economy while Microfinance Banks (MFBs) is N200,000.00 per depositor.

ii. **Bank Supervision**

The NDIC supervises banks to protect depositors, contribute to monetary stability, and promote an effective payment system and 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 on-site examination and off-site surveillance in collaboration with the Central Bank of Nigeria (CBN).

iii. **Failure Resolution**

The NDIC is committed to providing financial and technical assistance to eligible failing participating institutions in the interest of depositors. The financial assistance could be in the form of loans, guarantees, or accommodation bills.

Similarly, technical assistance may include:

- Assumption of control and management of failing institutions
- Change of management
- Assisted merger with another viable institution.

Upon revocation of an insured institution's license, the NDIC may decide on the best resolution option to apply. The NDIC shares the responsibility for failure resolution with the CBN.

iv. **Bank Liquidation**

The NDIC is solely responsible for the orderly and efficient closure of failed insured institutions. Closures occur with minimal disruption to the banking system. After closure, the assets of the failed insured institutions are realized using the most cost-effective option. The proceeds are then appropriated

among the various claims of a failed bank's assets over other stakeholders such as preferred credits, general creditors, and shareholders.

4.0 VISION STATEMENT

Our vision is **"To be one of the best Deposit Insurers in the world"**.

5.0 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."

6.0 CORE VALUES AND BELIEFS

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

- i. **Integrity:** NDIC employees shall act and demonstrate a high degree of integrity and accountability, in the discharge of their duties. In specific terms, they are required to:
 1. Always behave in an uncompromising manner
 2. Create an atmosphere of mutual trust and confidence
 3. Maintain financial discipline
 4. Honor their financial obligations as at when due.

- ii. **Professionalism:** The NDIC requires its Staff to demonstrate a high level of professionalism and excellence in discharging their duties by;
 1. Seeking knowledge to improve their skills and performance
 2. Striving to attain excellence in all aspects of their work
 3. Striving to exceed set targets
 4. Seeking innovative and creative solutions to problems
 5. Adhering to all codes of conduct, professional ethics and good corporate governance at all times

6. Being objective and factual in their work presentation and constructive in their criticism
7. Promoting and reinforcing co-operation with other players within the internal and external boundaries of NDIC
8. Acknowledging the contributions of others
9. Providing and soliciting support to and from colleagues.

iii. **Teamwork:** We strive to work in groups and not in silos.

iv. **Respect and Fairness:** We treat others like we would like to be treated.

v. **Passion:** NDIC employees are required to show optimum passion in discharging their duty as it enables us achieve more.

7.0 LIST OF SERVICES RENDERED

- i. Provide **deposit 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 failing and failed insured deposit-taking financial institutions.
- iv. **Provide technical and financial assistance** to eligible 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 upon the 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.
- x. **Provide financial information and analysis** of insured banks to the public to promote understanding of banking policies.

8.0 LIST OF CUSTOMERS RENDERED SERVICES

a. Intra

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

b. 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.

c. 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
- vii. The General public.

9.0 PERFORMANCE TARGET/CUSTOMERS' EXPECTATION

- i. Depositors of a closed insured deposit-taking financial institution to **be paid within 30 days** of the appointment of the 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 a 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 distress resolution
- v. Liquidity support rendered to eligible insured institutions in the process of their resolution
- vi. Publish journals twice a year
- vii. Publish annual reports and accounts within the first half of the successive year

- viii. Settle bills for goods and services within two weeks of their receipt
- ix. Effective maintenance of our facilities: within 24 hours response time for simple repairs by in-house staff and maintenance agents between 24 hours and 72 hours for non-simple repairs
- x. Providing relevant information within 2-5 working days to other relevant agencies when required (e.g. status enquiries from Central Bank of Nigeria, PENCOM, etc.)

10.0 PERFORMANCE MONITORING OF PERFORMANCE TARGET

SERVICOM Unit conducts a compliance evaluation of Departments/Units/Zones using the SERVICOM index. This evaluation ensures that SERVICOM requirements regarding timeliness, efficiency, and service delivery are complied with.

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

11.0 GRIEVANCE MECHANISM/REDRESS FOR CUSTOMERS

- i. Depositors of financial institutions in liquidation to direct their complaint to the MD/CE, 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 MD/CE, or the ED(Ops) or the Director of Insurance and Surveillance Department or Bank Examination Department which should be addressed within 48 hours
- iii. Complaints/inquiries received by the Help desk are to be forwarded to the relevant Departments and Units to ensure that complaints are investigated and addressed using the **toll free line 0800-6342-4357** or **234-9-4601030** and email: **helpdesk@ndic.gov.ng** 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) should send their

complaints and enquiries to the **Special Help Desk** at **01-8446455** and **e-mail: siid@ndic.gov.ng** which will be addressed within 48 hours.

- v. The Staff Joint Consultative Committee meets quarterly to discuss issues of concern to staff and submit the report for Senior Management's consideration within one week
- vi. The Customer Relations Desk of NDIC SERVICOM will address complaints from all stakeholders within 48 hours.
- vii. The Social Media handles to contact the Corporation include:
 - 1. Facebook – Nigeria Deposit Insurance Corporation – NDIC
 - 2. Twitter - @NDICNigeria
 - 3. Instagram - @ndicnigeria
 - 4. LinkedIn - Nigeria Deposit Insurance Corporation
 - 5. Youtube – NDICNigeria
 - 6. Tiktok - @NDICNigeria

12.0 OBLIGATION OF CUSTOMERS/STAKEHOLDERS

- i. Government to ensure a 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 are 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 an 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 institutions to report any adverse findings about their financial institutions to Supervisory authorities.
- viii. Auditors of licensed deposit-taking financial institutions are expected to give a true and fair view of the financial condition of such institutions.

13.0 ADDITIONAL COMMITMENT

We shall always strive 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 also expect our stakeholders to continue to let us know when we fall short of their expectations so we can address them.

14.0 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. The NDIC is a member of the Financial Services Regulation Coordinating Committee (**FSRCC**), established to ensure effective supervision of the financial services industry, through coordinating supervisory activities, co-operation, and information sharing.

Other members include:

1. Central Bank of Nigeria (CBN)
2. Securities and Exchange Commission (SEC)
3. Corporate Affairs Commission (CAC)
4. National Insurance Commission (NAICOM)
5. Federal Ministry of Finance (FMF)

Observers:

1. Asset Management Corporation of Nigeria (AMCON)
 2. Abuja Securities and Commodities Exchange (ASCE)
 3. Nigerian Exchange Group (NGX) formerly known as the Nigerian Stock Exchange
 4. National Pension Commission (PENCOM)
- iii. The Corporation also collaborates with the Economic and Financial Crimes Commission (EFCC)
 - iv. The 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.

15.0 LIMITATIONS

- i. Hindrance of liquidation process due to legal actions by owners of closed banks.
- ii. Slow judicial process in the criminal prosecution of failed banks.
- iii. Numerous impediments against timely recovery of debts owed failed banks.
- iv. Difficulty in disposal of the physical assets of some closed banks due to frivolous litigations.
- v. Slow growth in public awareness on Deposit Insurance Scheme. (DIS).
- vi. Macroeconomic challenges.

16.0 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 contribute to financial systems stability:

- i. Investment in Human Capital
- ii. The privilege of having a professional board
- iii. Availability of a well-structured and executed strategic plan
- iv. Increasing public awareness in DIS
- v. Operational resilience resulting from adequate investment in business processes and systems that are well aligned with our strategic plan
- vi. Sustained culture of collaboration with stakeholders especially, the CBN, Deposit-taking Institutions, and members of FSRCC
- vii. Strong belief that our mandates and powers will be enhanced and strengthened through appropriate legislation as canvassed
- viii. The strong cross-border alliances and collaborations
- ix. Our culture of continuous performance improvement
- x. A robust Target Fund Ratio Framework for determining the adequacy of DIF at all times
- xi. Relatively safe and sound financial system
- xii. Robust and world-class regulatory and supervisory regime.

17.0 CHARTER REVIEW

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