

Activities of the NDIC in the First Quarter, 2023

5.0 Introduction

The activities and achievements of the NDIC in the First Quarter of 2023 are presented below:

5.1 Update on Corporate Strategy Development Activities

The following are highlights of the Corporation's major strategic activities for the quarter ended March 31, 2023.

- 1) During the period under review, the Corporation continued implementing the 19 Corporate Initiatives in its five-year 2021-2025 Strategic Plan. An analysis of the Strategic Initiatives shows that ten initiatives have exceeded 50 per cent implementation level, eight initiatives range below 50 per cent to 10 per cent, and one is below 10 per cent implementation level. The plan has 12 Corporate Strategic Objectives, and 11 objectives were performing optimally during the period under review.
- 2) Following the engagement of the new Consultants, KPMG Advisory Services, a Gap Assessment was conducted on the Corporation's three ISO certifications to evaluate the current state of the Corporation's business resilience, IT service posture and Information Security, benchmarked against ISO 22301, 20000 and 27001 Standards, respectively.
- 3) The NDIC 24-Hour Toll-Free Help Desk continued to educate and enlighten depositors on deposit insurance issues and attend to enquiries and issues raised by customers of banks and the general public.

5.2 Operational Activities

5.2.1 Claims Settlement

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

- i. In the first quarter of 2023, the NDIC paid ₦377,941.28 to 25 insured depositors, while ₦205.62 million was paid to uninsured depositors of 49 DMBs in liquidation. Cumulatively, the NDIC had paid ₦8.268 billion to 443,984 insured depositors and ₦101.656 billion to uninsured depositors of 49 DMBs in liquidation as at end of March 2023.
- ii. The NDIC also paid ₦6.33 million to 52 insured depositors, while ₦7.52 million was paid to uninsured depositors of 367 Microfinance Banks (MFBs) in-liquidation during the review period. Cumulatively, the NDIC had paid ₦3.454 billion to 91,464 insured depositors and ₦20.193 million to uninsured depositors of closed MFBs as at March 31, 2023.
- iii. During the quarter under review, 149 insured depositors were paid ₦5.26 million, while the uninsured depositors of closed PMBs were paid ₦77,006.50. The cumulative insured amount paid by the NDIC to 1,830 depositors of closed PMBs stood at ₦124.705 million and ₦211.436 million to the uninsured depositors as at March 31, 2023.

(B) Payments to Uninsured Creditors of Banks in-Liquidation

No creditor of the 49 DMBs in liquidation was paid during the review period. Cumulatively, ₦1.281 billion has been paid to 1,027 out of 1,320 creditors as of March 31, 2023.

(C) Payments to Shareholders of Banks in-Liquidation

The NDIC paid the sum of ₦2.75 million to two shareholders of closed DMBs. Consequently, the cumulative sum of ₦4.895 billion has been paid to 979 shareholders as at March 31, 2023.

5.3 Asset Management

5.3.1 Risk Assets Recovery

The sum of ₦15.98 million was recovered from seven of the 49 DMBs in liquidation during the first quarter of 2023. Similarly, the sum of ₦997,981.91 and ₦9.99 million were recovered from 4 MFBs and 1 PMB in liquidation, respectively. Consequently, the total recovery from the Risk Assets for the period was ₦26.96 million, as summarised in Table 5.1.

Table 5.1: Loan Recoveries for Fourth Quarter, 2022 and First Quarter, 2023

Description	Fourth Quarter, 2022				First Quarter, 2023			
	Oct.	Nov.	Dec.	TOTAL	Jan.	Feb.	Mar.	TOTAL
	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m
DMBs	11.40	57.34	17.23	85.97	0.60	2.36	13.02	15.98
PMBs	2.20	0.48	0.00	2.68	0.00	7.26	2.72	9.98
MFBs	10.80	7.95	0.10	18.85	0.60	0.00	0.40	1.00
GRAND TOTAL	24.40	65.77	17.33	107.50	1.20	9.62	16.14	26.96

Source: NDIC (2023)

The cumulative recovery for the DMBs in liquidation from 1994 to date was ₦30,979.53 million. The sum of ₦307.86 million was recovered from September 2010 to date in respect of closed MFBs, while PMBs had a cumulative recovery of ₦798.28 million. Therefore, the total recovery from Risk Assets of all banks in liquidation stood at ₦32,085.67 million as at March 31, 2023.

5.3.2 Disposal of Physical Assets

The total realisation from the disposal of physical assets of banks in liquidation for 1 January to 31 March 2023 was ₦306,531,820.00, as against the sum of ₦50,592,400.00 realised in the fourth quarter of 2022, as follows:

- ₦215,000,000.00 from the disposal of Physical Assets of DMBs in liquidation.
- ₦84,181,820.00 from the disposal of Physical Assets of MFBs in liquidation.
- ₦7,350,000.00 from the disposal of Physical Assets of PMBs in liquidation.

As at March 31, 2023, the cumulative realisation since inception from Physical Assets and Rent collected on properties of banks in liquidation stood at ₦23,771.30 million. The figure comprised ₦22,521.73 million, ₦1,016.55 million and ₦233.02 million for DMBs, MFBs and PMBs in liquidation, respectively.

5.3.3 The Realisation of Investments of Banks in-Liquidation

The sum of ₦978.22 million was realised from investments of 9 banks in-liquidation during the first quarter of 2023, as against ₦140,558.38 realised during the fourth quarter of 2022. The sum comprised ₦969.07 million, and ₦9.15 million for DMBs and MFBs in-liquidation, respectively. However, there was no realisation of investment for PMBs in-liquidation in the period under review. The cumulative sum realised from investments of banks in-liquidation from inception to March 31, 2023, was ₦5,910.70 million. The amount stood at from investments of DMBs from 1994 to March 31, 2023, stood at ₦5,746.81 million, for MFBs from 2010 to date was ₦97.53 million and for PMBs was ₦66.36 million as at March 31, 2023.

5.4 Bank Supervision

5.4.1 Risk Assets Examination (RAE) - On-Site Examination of DMBs

During the first quarter of 2023, a team of CBN/NDIC examiners conducted RAE of 32 banks as at December 31, 2022, with the NDIC leading the examinations of 9 of those banks. The reports were vetted by the CBN/NDIC Group Heads and awaiting Management's approval for quality control by the Joint CBN/NDIC Methodology Group.

5.4.2 Holding Companies (HOLDCOs) Examination

In the first quarter of 2023, a team of CBN/NDIC examiners consolidated the Risk Assessment Summaries (RAS) of two Holding Companies (HoldCOs) that were examined in the third quarter of 2022.

5.4.3 Quality Assurance on DMBs' Examination Reports

The CBN/NDIC Methodology Group jointly carried out the quality assurance of the under-listed assessments during the first quarter of 2023:

- i. Risk-Based Examination (RBE) Reports of banks and HOLDCOs.
- ii. Joint CBN/NDIC Cybersecurity Supervisory Review & Evaluation (SRE) of DMBs.
- iii. Consolidated Examination reports of HoldCOs.

5.4.4 On and Off-Site Monitoring of MFBs and PMBs

As at March 31, 2023, the NDIC had monitored 50 MFBs that were examined in 2022. The monitoring exercise aims to assess the extent of the banks' implementation of previous examiners' recommendations.

5.4.5 Investigations/Consumer Protection

In the three months ended March 31, 2023, a total of 77 new customer complaints from various banks were received by the NDIC, in addition to 47 brought forward from the fourth quarter 2022, bringing the total to 124. However, 94 (75.81%) of these complaints were concluded, 20 (16.13%) were ongoing, and 10 (8.06%) were expunged because account details and disputed amounts were not provided. In the PMB/MFB sub-sector, ten complaints/petitions were received during the first quarter of 2023, out of which two (2) had been resolved, while the remaining eight are at different stages of resolution.

5.4.6 Premium Assessment, Collection and Deposit Verification on Insured Banks

At end-March 2023, the NDIC collected a total premium of ₦724.62 million from 267 banks comprising 263 MFBs, 1 Non-interest MFB and 3 PMBs. The introduction of the Differential Premium Assessment System (DPAS) in the MFB sub-sector contributed to the improved perception and willingness of the MFBs to pay the assessed premium. The Corporation had commenced the review of the Differential Premium Assessment System to align the premium payable to the risk profile of the banks to promote strong risk management practices within the banking industry.

5.4.7 Off-Site Bank Surveillance: Bank Analysis

The financial condition and performance of 32 out of the 35 DMBs comprising 26 commercial banks, six merchant banks and three NIBs; were reviewed in the first quarter of 2023 using off-site analysis of returns rendered through the Financial Analysis System (FinA). The DMBs' total assets and total deposits stood at ₦79.53 trillion and ₦49.38 trillion, respectively, as at March 31, 2023, as against ₦73.75 trillion and ₦45.59 trillion recorded as at December 31, 2022. Similarly, the DMBs' insured deposits increased by 26.78 per cent to ₦7.29 trillion as at March 31, 2023, from ₦5.75 trillion as at December 31, 2022.

5.4.8 Fit and Proper Persons Enquiries

During the first quarter of 2023, the NDIC received 174 requests on 522 persons in addition to 25 outstanding requests from the previous quarter ended December 2022 from the CBN, SEC, PENCOM, and NAICOM to conduct due diligence on the prospective appointees in the financial sector. Out of the 199 total requests, 187 had been treated, while 12 remained outstanding as at March 31, 2023, pending further investigations.

5.4.9 Mobile Money Operators (MMOs)

There were 30 licensed MMOs in operation during the quarter under review. Thirteen of the MMOs were bank-led, while seventeen were non-bank-led. The total deposit of the 25 MMOs stood at ₦136.68 billion, out of which ₦58.92 billion were insured deposits as at February 28, 2023.

5.4.10 Whistle Blowing

The NDIC received 125 whistle-blowing cases from 33 DMBs, bordering on service dissatisfaction, unauthorised access to accounts, cash suppression, fraud, unethical and unprofessional conduct, discrimination and ill-treatment, among others, during the quarter ended March 31, 2023. The number of cases concluded was 91, while 34 cases were pending and under investigation as at March 31, 2023.

5.5 Enterprise Risk Management Activities

In the first quarter of 2023, the Enterprise Risk Management activities of the NDIC were as follows:

- IT Test was conducted on critical IT Applications (Cloud Based) to determine the Corporation's Recovery Time Objective (RTO) and Recovery Point Objective (RPO).
- The Corporation successfully conducted a Facility test at the Head Office to ascertain the readiness and resilience of the critical facilities at the Head Office in case of a Business Disruption.
- The Risk Assessment (RA) of the NDIC Disaster Recovery (DR) Site, Galaxy Backbone, was conducted to identify risks and provide mitigants for the risks identified concerning the suitability of the Data Centre as the Corporation's Disaster Recovery (DR) Site.
- A review of the Business Continuity Risk Treatment Plan and Risk Appetite Framework was also carried out.
- The Corporation also conducted Crisis Management Team (CMT) meetings. That was for continuous improvement of the BCMS to know the level of preparedness of the Corporation in times of Crisis.

5.6 Collaboration and Public Awareness Activities

The NDIC implemented various public awareness initiatives to manage the Corporation's brand and promote awareness of its activities during the first quarter of 2023. The executed initiatives were:

5.6.1 Public Awareness Activities

- The NDIC hosted the 2022 edition of the Senior Management's annual parley with Editors of major print and electronic media organisations with the theme: "Deposit Insurance System (DIS) and Financial System Stability". The programme attracted a total of 79 participants.
- The Corporation issued Press Releases to inform the general public of the commencement of the verification of depositors of Fortune International Bank (In-Liquidation) and Unyogba MFB.
- The NDIC sponsored the production of two episodes of a television special documentary series on its flagship capacity-building programmes for the Business Editors and Finance Correspondents Association of Nigeria (FICAN) Workshop and Editors Forum in November 2022 and February 2023, respectively.

- The Corporation created and deployed 219 contents on the various aspects of its mandate across the social media handles. As at March 31, 2023, the NDIC had 110,557 followers on Facebook, Instagram, LinkedIn, YouTube, Twitter and Tik Tok. The NDIC posts have generated 304,240 impressions and garnered 7,287 likes.
- The NDIC hosted an excursion visit of 32 students of B.Sc. Banking and Finance, from at Bayero University Kano (BUK) on 23rd January 2023. The students were sensitised on the mandate and activities of the Corporation, and 50 in-house publications were given to the University for its Library use.

5.6.2 Legislative Liaison & Government Relations

- The President's nominees for appointment to the Board of the Corporation were screened by the Senate Committee on Banking, Insurance and Other Financial Institutions. The Report of the Committee is to be presented to the plenary of the Senate for final Clearance.
- The Corporation had recorded significant progress concerning the Bill for an Act to Repeal the NDIC Act No.16 and Re-enact the NDIC Act, 2022 and Other Related Matters, as the Bill had gone through the 3rd Reading at the Senate Plenary, and now awaits concurrence and adoption by the House of Representatives before a formal presentation for Executive assent.

5.7 Legal Activities

The major legal activities of the Corporation for the quarter ended March 31, 2023, were as follows:

- i. The NDIC monitored 83 debt recovery of "₦100 million and above" cases, 72 debt recovery of "₦100 million and below" cases, 49 corporate cases, 24 winding-up petition cases of MFBs & PMBs, 14 defensive cases involving MFBs & PMBs, and 26 High Profile Defensive Litigation.
- ii. The Corporation continued to monitor 26 investigation cases being conducted by the Financial Malpractices Investigation Unit (FMIU), seven petitions filled at the Economic and Financial Crimes Commission (EFCC), and three cases with the Director Public Prosecution of the Federation (DPPF) for prosecution.
- iii. The NDIC further monitored 12 criminal cases pending at the various courts in the country.
- iv. The Corporation obtained four judgments, out of which three were in favour of, while one was against, the Corporation.
 - v. The NDIC also obtained two Vesting Orders from the Federal High Court in respect of properties of closed banks.
 - vi. The Corporation concluded investigations of eight cases involving banks-in-liquidation bordering on foreign currency denominations and other debt.
- vii. The NDIC inaugurated the NDIC/EFCC Desk on March 31, 2023, to strengthen collaboration between the agencies.

5.8 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 depositors' protection, enhancing public confidence and promoting financial system stability.