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The banking sector recorded a number of developments during the first and second quarters of 2015. Some of these developments included Implementation of Two Factor Authentication for Internal Banking Processes, N300 Billion Real Sector Support Facility (RSSF) Guidelines, and Guidelines on the Governance of Financial Regulation Advisory Council of Experts for Non-Interest (Islamic) Financial Institutions in Nigeria, Terms and Conditions for Participation by Deposit Money Banks (DMB's) in the implementation and Execution of Nigeria Electricity Market Stabilization facility ("CBN-NEMSF") and New policy on Dormant Accounts.
Details of these and other developments are contained in this report.

During the period under review, the Nigeria's banking industry witnessed a mixed performance during the two quarters under review. The first quarter shows some stability in most of the financial indices. However, in the second quarter, there were declines in many parameters, especially in Total Assets, Deposits and Assets

Quality. The decline was largely attributable to the fall in the price of crude oil (the main revenue earner for Nigeria) and sliding exchange rate which had impacted negatively on the banks with high exposure to the Oil and Gas sector of the economy. Despite the decline, most of the indices are well above the regulatory threshold

FINANCIAL MARKET INTEGRATION AND ECONOMIC GROWTH: AN EXPERIENCE FROM NIGERIA

By

OYENIRAN, I. W. And Maryam, W. T Department of Economics, Al-Hikmah University, Ilorin Kwara State

This study examines the effect of financial integration on economic growth in Nigeria. Using time series data from 1981 and 2012, the study employs autoregressive distributed lag (ARDL)bounds testing approach proposed by Pesaran et al., (2001) to estimate the long run and short run effect of financial integration and development on economic growth. The result from cointegration test showed presence of long run relationship between dependent and all explanatory variables. The regression results show that, while financial integration has no short run effect on economic growth, its long run effect on growth is negative and significant. Financial development was found to have both short run and long run positive effect on economic growth in Nigeria. Hence, for Nigeria to benefit from financial integration, the government has to increase the level of competition, improve the quality of financial information and reduce corruption in the financial system.

A SYNTHESIS OF GRAMEEN MICROFINANCE MODEL: LESSONS FOR NIGERIA

BY

DR. T.W.O. ALASIA, Assistant Director, Enterprise Risk Management Department, Nigeria Deposit Insurance Corporation.

AND

MARYAM ISAH, Assistant Manager, Research Policy and International Relations Department, Nigeria Deposit Insurance Corporation

In this study, the authors highlighted the contribution of the microfinance banking sector in economic development of countries due to its capacity in employment generation, increase in household income and as a poverty reduction and financial inclusion strategy. Because of thesecritical roles, various countries are taking measures to harness its potential in order to achieve the desired developmental goal. The challenge however, has been the best and most effective model or strategy to adopt. The Grameen (GB) microfinance banking modelof Professor Mohammed Yunus has achieved success in Bangladesh in poverty reduction, financial inclusion and sustainable economic development. It is being replicated and adapted by many countries. The paper analyzed the GB model, noted its critical success factors and juxtaposed it with the microfinance banking practice in Nigeria using the CBN 2005 and 2011 microfinance frameworks.It was observed that microfinance banking in Nigeria has not been successful due to wrong design,inappropriate methodology and other challenges. The paper further noted that some useful lessons can be learnt from the success achieved by the GB model to make microfinance banking achieve its objective in Nigeria. Finally, some recommendations were made to the regulatory authorities and operators to remodel microfinance practice in Nigeriaso as to achieve the desired benefits.