

## ACTIVITIES OF THE NDIC IN Q2 2021

by

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#### **1.0 Introduction**

The NDIC activities and achievements in the Second Quarter of 2021 are presented as follows.

#### **2.0 Update on Corporate Strategy Development Activities**

The following are highlights of the major strategic activities of the Corporation for the quarter ended June, 2021:

- 2.1 An Interdepartmental Committee was set up to develop a new NDIC 2021-2025 Strategic Plan following the expiration of its 2016-2020 Strategic Plan while also considering implications of the Banks and Other Financial Institutions Act 2020. The NDIC 2021-2025 Strategic Plan has been developed and presented for the Board's approval.
- 2.2 During the period, the establishment of Service Innovation Unit (SIU) in NDIC was approved by the Management, in compliance with the Federal Civil Service Strategy Implementation Plan (2017-2020). The Unit has fully commenced operations and forwarded the names of staff of the new Unit to the Office of the Head of Civil Service of the Federation as directed.
- 2.3 In Q2, 2021, the NDIC Nodal Officers participated in a virtual meeting and various capacity Building Workshops on Service Delivery and Result-Based monitoring and Evaluation Techniques for SERVICOM Units, organised by SERVICOM Institute.
- 2.4 The NDIC carried out the Review and Optimization of its Asset Management Department (AMD) business processes. The report, implementation and monitoring template for the optimized processes has been approved by Management. However, the implementation schedule is yet to take off due to the movement of the NDIC Lagos Office from NECOM building to Mamman Kontagora House and also the distortion of the network connections in the new location.
- 2.5 The review and update Standard Operating Procedures (SOP's) of departments, units and offices in the Corporation was concluded in April 2021 and the various SOPs uploaded to the NDIC portal for staff use.

#### **3.0 Finance Activities**

- 3.1 The NDIC, in Q2 2021, prepared and submitted the 2022-2024 Medium Term and Expenditure Framework (MTREF) to the Budget Office of the Federation.
- 3.2 The NDIC submitted projection of its cost capital programmes and projects for the 2021 to 2025 to Federal Ministry of Finance, Budget and National Planning (FMFB&NP) as input into the country's 2021 – 2025 Medium Term National Development Plan and also attended the revised session in May 2021 at NICON Luxury Hotel with the FMFB&NP.

- 3.3 The NDIC, during Q2 2021, remitted the total outstanding sum of ₦12,500,000,000.00 being part payment of 80% of the Corporation's Net Operation Surplus to the FGN CRF for the year ended 31 December 2020. The total sum of ₦57,500,000,000.00 has been paid so far for Year 2020. The total sum of ₦332,525,710,619.00 had been remitted to the CRF from 2007 to date, in compliance with the Fiscal Responsibility Act [FRA 2007].
- 3.4 During the period, relevant taxes including Withholding Tax (WHT), Value Added Tax (VAT) and Stamp duties; were duly deducted and remitted to the relevant Tax Authorities. Other statutory remittances like National Housing Fund (NHF) and National Housing Insurance Scheme (NHIS) were also remitted to the appropriate authorities.
- 3.5 Personal Income Tax of staff of the NDIC were remitted on monthly basis to all relevant States Board of Internal Revenue Services.
- 3.6 During the quarter, the NDIC hosted auditors from the Federal Inland Revenue Service (FIRS) on a Tax Audit exercise for the period covering 2018 to 2019 and also a team of auditors from the Federal Capital Territory Inland Revenue Services [FCT- IRS] on a Tax Audit exercise for the period covering 2016 to 2019.

## **4.0 Operational Activities**

### **4.1 Claims Settlement**

#### **4.1.1 Payments to Insured and Uninsured Depositors of Closed Insured Banks**

- i. During the Q2 2021, no insured depositor was paid but the NDIC paid ₦77,057.82 as uninsured sum to depositors of Allied Bank in-liquidation. Cumulatively, the NDIC has paid ₦8.268 billion to 443,946 insured depositors and ₦100.848 billion to uninsured depositors of 49 Deposit Money Banks (DMBs) in-liquidation as at 30 June 2021.
- ii. The NDIC paid ₦400,000.00 as insured sum to 2 depositors of 325 Microfinance Banks (MFBs) in-liquidation, while there was no payment made to uninsured depositors during Q2, 2021. Cumulatively, the Corporation has paid ₦3.379 billion to 90,336 insured depositors and ₦1.218 million to uninsured depositors as at 30 June 30 2021.
- iii. Also in the period, 8 insured depositors of 51 Primary Mortgage Banks (PMBs) were paid the sum of ₦774,109.59 and there were no payments to uninsured depositors. The cumulative insured amount paid to 1,533 depositors was ₦108.12 million and the uninsured paid stood at ₦6.956 million as at 30 June 2021.

#### **4.1.2 Payments to Uninsured Creditors of Banks in-Liquidation**

During the period under review, no creditor was paid. Cumulatively, the sum of ₦1.274 billion has been paid to 991 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.

#### **4.1.3 Payments to Shareholders of Banks in Liquidation**

During the period under review, 6 shareholders of banks in-liquidation were paid ₦159,455,240.00. Consequently, the cumulative sum of ₦4.885 billion has been paid to 964 shareholders as at 30 June 2021.

## 4.2 Asset Management

### 4.2.1 Risk Assets Recovery

- i. In Q2 2021, the sum of ₦78,557,877.65 was recovered from 16 out of 49 DMBs in-liquidation. Equally, the sum of ₦11,561,236.86 and ₦14,129,329.65 were recovered from 4 PMBs and 12 MFBs in-liquidation, respectively.
- ii. The cumulative recovery for the DMBs in-Liquidation from 1994 to date was ₦30,358.64 million. The sum of ₦168.28 million was recovered from September 2010 to date in respect of closed MFBs, while PMBs had a cumulative recovery of ₦375.61 million.

### 4.2.2 Disposal of Physical Assets

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

The sum of ₦2,998,300.00 was realized from the disposal of Physical Assets for DMBs in-liquidation in Q2, 2021.

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

In Q2 2021, the sum of ₦7,385,100.00 was realized from the disposal of Physical Assets of MFBs in-liquidation while the sum of ₦4,451,000.00 was realized from PMBs in-liquidation.

As at 30 June 2021, the cumulative realization from Physical Assets and Rent collected on properties of banks in-liquidation stood at ₦22,647.00 million. The figure comprised ₦21,926.15 million, ₦594.66 million and ₦126.86 million for DMBs, MFBs and PMBs in-liquidation, respectively.

### 4.2.3 Realisation of Investments of Banks in-Liquidation

The sum of ₦38,496,652.36 was realized from investments of banks in-liquidation during Q2, 2021 comprising ₦6,318,083.64, ₦30,995,010.82 and ₦1,183,557.90 for closed DMBs, PMBs and MFBs, respectively.

The cumulative sum realized from investments of banks in-liquidation from inception to 30 June 2021 was ₦4,809,749,024.76. The total amount realized from investments of DMBs from 1994 to June 2021 stood at ₦4,736,296,225.09, for PMBs was ₦30,955,010.82 and for MFBs from 2010 to June 2021 was ₦42,457,788.85.

## 4.3 Bank Supervision

### 4.3.1 Risk Asset Examination of DMBs

There was no Risk Assets Examination in Q2, 2021 compared to the first quarter that the Risk Assets Examinations of all the then 29 banks were conducted with NDIC leading the examination of 7 of those banks.

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

There was no RBS examination for DMBs during the Q2 2021. However, the maiden examination of Greenwich Merchant Bank as at 31 March 2021 was conducted in Q2, 2021 by CBN/NDIC and the report had been completed.

### 4.3.3 Investigations/Consumer Protection

The Corporation continued to investigate complaints from customers of DMBs and MFBs and other stakeholders. A total of 139 petitions/complaints on DMBs and 12 complaints on MFBs were investigated as at 30 June 2021.

### 4.3.4 On-Site Examination of MFBs and PMBs

The CBN allocated to NDIC 200 MFBs and 10 PMBs for on-site examination in 2021. The RBS Examination was conducted and reports issued on 43 MFBs in Q1/Q2 2021.

## 4.4 Off-site Activities/ Analysis on DMBs

### i. Off-Site Bank Surveillance: Bank Analysis

The Banking Industry total assets stood at ₦53,714.91 billion as at June 30, 2021. The Total Credit (TC) increased by ₦906.19 billion or 4.28% from ₦21,154.66 billion in March, 2021 to ₦22,060.85 as at June 30, 2021. Also, the Industry Total Deposits increased from ₦33,280.19 billion in Q1 2021 to ₦33,886.17 billion in Q2 2021 accounting for 63.09% of total liabilities as at quarter ended June 30, 2021.

### ii. Early Warning Signal

In order to ensure the viability, safety, soundness, financial capability and viability of banks to fulfil their vital role in the economy, the current performance of each bank was assessed to detect signs of problems requiring Prompt Corrective Action.

### iii. Mobile Money Operations (MMO)

There were 30 licensed MMOs as at 30 June 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 the NDIC.

There were 711,989 Agents registered under Mobile Money Operations in Nigeria as at 30 June 2021 with 549,932 or 77.24% registered under the non-bank led MMOs, while, 162,057 or 22.76% were registered under the bank-led MMOs.

### iv. Dismissed/Terminated Bank Staff

About twenty-Seven (27) DMBs and Two (2) Non interest Banks rendered Returns to the Corporation on Dismissed/Terminated Staff for the quarter ended 30 June 2021 while UBA and the two operational PSBs did not render returns for the period under review. A total of 113 staff or 0.12% of the Total Industry Staff of 93,171 were dismissed/ terminated during the period.

## 5.0 Enterprise Risk Management Activities

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

- 5.1 The NDIC commenced the review and update of its Enterprise Risk Management Framework.

- 5.2 During the Q2 2021, a report on the Risk Profile of the Corporation as at 31 March 2021 was submitted for consideration by the Senior Management and Board Committee on IT/Corporate Strategy.
- 5.3 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 An internal audit of the NDIC Business Continuity Management System (BCMS) was conducted with the BCMS performance reported as effective with few Non-Conformities and opportunities for Improvement raised. Those issues are being addressed.
- 5.5 The report on Monitoring the Implementation of ERM Framework in the Corporation was forwarded to Senior Management while Action Memos were issued the relevant departments in NDIC to establish appropriate controls to address identified risks in their activities.
- 5.6 The NDIC continue to drive the digitization, archiving and scanning of its documents in line with the Corporation's Document Management Policy and best practices in records preservation and management.
- 5.7 During the quarter, capacity training programmes were attended by staff on the following topics: Governance Risk and Compliance; IT Risk Fundamental Certification; PECB Risk Assessment Method; ISO 22301 Lead Implementer; and Business Impact Assessment and Developing and Managing BC Plans.

## **6.0 Collaboration and Public Awareness Activities**

In Q2 2021, the NDIC executed various public awareness initiatives directed to media relations, corporate awareness events, social media/digital/radio/TV engagements, and Legislative liaison. Such strategic awareness initiatives included:

### **6.1 Press Releases and Broadcast of Special Events**

- 6.1.1 The NDIC issued special reports/press releases in Q2 2021 under the captions (i) "Renewed optimism as new NDIC Management assumes office", (ii) "Closed Banks' Assets Realisation: NDIC Seeks FCT Ministry's Support" (iii) "NDIC begins payment of dividends to depositors of 14 closed banks".
- 6.1.2 The NDIC provided publicity on (i) Participation of the MD/CEO in an NTA Special documentary on the role of NDIC in the evolution of the banking system in Nigeria (ii) Telecast of a special documentary on NDIC's contributions to financial system stability in 2020 on NTA Network Service, (iii) 2021 NDIC Retreat for House Committee on Insurance and Actuarial Matters on the Network Services of the NTA Network, TVC, FRCN and ten (10) national dailies.

### **6.2 Courtesy Visits by/ to NDIC Board and/or Management**

- 6.2.1 Courtesy visit by the NDIC Board and Management to the Honourable Minister of the FCT Administration in May, 2021 to foster collaboration between the Ministry of FCT and the Corporation towards realization of closed banks' assets within the FCT.

- 6.2.2 Courtesy visit by the Director-General and Management team of the Bureau of Public Service Reform (BPSR) on Wednesday 30 June 2021 for a presentation on the deployment of the bureau's Self-Assessment Tool in the Corporation.
- 6.2.3 Courtesy visits to NDIC Management by Top officials of the Institute of Chartered Accountants of Nigeria (ICAN), the Chartered Institute of Bankers of Nigeria (CIBN), the Finance Correspondents Association of Nigeria (FICAN), to discuss areas of mutual collaboration with the Corporation.

### 6.3 **Legislative Liaison & Government Relations**

The NDIC participated in two (2) public hearings namely: (i) The AMCON Act Amendment Bill by the Senate Committee on Banking, Insurance & Other Financial Institutions; and (ii) A Bill for an Act to Establish the Chartered Institute of Forensic and Certified Fraud Examiners of Nigeria" Organized by House Committees on Commerce and Anti-Corruption.

## 7.0 **Legal Activities**

The major legal activities of the Corporation during Q2 2021 were as follows:

- 7.1 15 criminal prosecutions pending in various courts and 33 ongoing criminal investigations with the Financial Malpractices Investigation Unit (FMIU) were monitored.
- 7.2 The NDIC reviewed into the following Bills referred to it by the National Assembly: (i) Chattered Institute of Forensic & Certified Fraud Examiners of Nigeria (Establishment Bill 2021 – May, 2021) (ii) AMCON Amendment Bill – May, 2021 (iii) Chattered Institute of Bankers of Nigeria - June, 2021.
- 7.3 The NDIC obtained from the Federal High Court, Winding-up Orders for 5 MFBs in respect of the 42 MFBs whose licenses were revoked by the CBN in November, 2020.
- 7.4 A total of 12 corporate cases, 21 defensive cases and 10 debt recovery cases came up at the various courts in the federation in Q2 2021. Also, 3 judgments were obtained, one in favour of the NDIC and the other by amicable resolution of parties.
- 7.5 The NDIC continued to monitor the publishing, marketing and distribution of the Nigerian Banking Law Reports. The electronic copies of Volumes 15 and 16 of the reports were forwarded to the Publishers.

## 8.0 **Challenges**

Regardless above-mentioned achievements, the NDIC is still confronted with the following major challenges:

- i. Delay in the amendment of the NDIC enabling Act.
- ii. Difficulty in the execution of judgment debts.
- iii. Protracted legal processes due to frequent adjournment of cases.
- iv. Inadequate documentation on borrowers' information by failed banks.
- v. Difficulty in debt recovery and realization of physical assets of failed banks due to non-availability of some title documents, protracted litigation on ownership of title documents of debtors and remote locations of properties;
- vi. Unwilling attitude of some debtors of failed banks to liquidate their debts.
- vii. Uncollateralized loans and large outstanding insider-related debts.

## **9.0 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.