

## THE ACTIVITIES OF THE NDIC IN THIRD QUARTER OF 2020

by

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#### 3.0 INTRODUCTION

The NDIC activities and achievements in the third quarter 2020 are presented below.

#### 3.1 UPDATE ON CORPORATE STRATEGY DEVELOPMENT ACTIVITIES

- i. The Corporation's Strategic Plan (2016-2020) was reviewed and approved in 2019 with significant changes to key elements. A total of twenty-two (22) corporate strategic initiatives were identified and designed to close performance gap as well as assist the NDIC in becoming one of the best Deposit Insurers in the world by year 2020.
- ii. Interdepartmental Committee set up to develop the 2021-2025 strategic plan, met and submitted draft 2021-2025 strategic plan to Management for consideration.

#### 3.2 FINANCE ACTIVITIES

- i. As at 30 September 2020, the Corporation had, in two tranches, remitted the sum of ₦30 billion to FGN Consolidated Revenue Fund (CRF) being 80 per cent of its net operating surplus for the first and second quarters of 2020.
- ii. The schedule of estimate of revenue and expenditure for the next three financial years, has been submitted to the Minister of Finance in compliance with the provision of Fiscal Responsibility Act 2007 which mandates all Federal Government Agencies to submit such estimate.
- iii. The Corporation has sent its proposed 2021 budget to the Budget Office of the Federation.
- iv. During the period, a team of auditors from the Office of the Auditor-General of the Federation has commenced its routine audit of the Corporation's activities.

#### 3.3 OPERATIONAL ACTIVITIES

##### 3.3.1 CLAIMS SETTLEMENT

##### 3.3.2 Payments to Insured and Uninsured Depositors of Closed Insured Banks

- i. Payments to depositors of the defunct 325 Microfinance Banks (MFBs) continued during the third quarter 2020. A total of 40 insured depositors were paid ₦3,780,173.43, while there was no payment made to uninsured depositors. Cumulatively, the Corporation paid ₦3.371 billion to 90,236 insured depositors and ₦1.218 million to uninsured depositors in this category.
- ii. During the period under review, one (1) insured depositor of 51 Primary Mortgage Banks (PMBs) was paid the sum of ₦168,320.00. The cumulative insured amount

paid to 987 depositors as at 30<sup>th</sup> September, 2020 was ₦82.555 million and ₦6.309 million for uninsured.

- iii. The Corporation paid the uninsured sum of ₦2,114,889.03 to 2 depositors of 49 Deposit Money Banks (DMBs) in-liquidation while no insured depositor of the same DMBs was paid during the period of review. Cumulatively, the NDIC has paid ₦8.265 billion to 443,870 insured depositors and ₦100.818 billion to uninsured depositors as at 30<sup>th</sup> September, 2020.

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

As at 30<sup>th</sup> September, 2020, no creditor was paid during the quarter under review. 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.

### **3.3.4 Payments to Shareholders of Banks in-Liquidation**

Twenty-one (21) shareholders of banks in-liquidation were paid ₦8,535,914.33. Consequently, the sum of ₦4.590 billion has been paid to 944 shareholders as at 30<sup>th</sup> September, 2020.

## **3.4 ASSET MANAGEMENT**

### **3.4.1 Risk Assets Recovery**

- i. During the period under review, the total sum of ₦49,729,999.76 was recovered from Sixteen (16) out of Forty-Nine (49) DMBs in-liquidation. Also, the sums of ₦1,890,786.33 and ₦14,010,545.00 were recovered from 5 MFBs and 3 PMBs in-liquidation, respectively.
- ii. The total recovery from Risk Assets for the period July to September 2020 was ₦65,631,331.09 against the sum of ₦103,953,763.82 recovered from April to June 2020.
- iii. The cumulative recovery for the DMBs in-Liquidation from 1994 to date was ₦30,097.62 million. The sum of ₦146.43 million was recovered from September 2010 to date in respect of closed MFBs, while PMBs had a cumulative recovery of ₦348.89 million.

### **3.4.2 Disposal of Physical Assets**

- i. During the third quarter 2020, the sum of ₦321,380 was realized from the disposal of Physical Assets for DMBs in-liquidation compared to Nil realisation in the second quarter of 2020.
- ii. The total sum of ₦34,063,500.00 was realized from the disposal of Physical Assets of MFBs in-liquidation while the sum of ₦733,500.00 was realized from two PMBs in-liquidation during the quarter ended 30<sup>th</sup> September, 2020.
- iii. The cumulative receipt on the realization of Physical Assets and Rent collected on properties of banks in-liquidation as at 30<sup>th</sup> September, 2020 amounted to ₦22,283.74 million. The figure included ₦21,653.75 million, ₦549.03 million and ₦80.96 million for DMBs, MFBs and PMBs in-liquidation, respectively.

### **3.4.3 Realisation of Investments of Banks in-Liquidation**

- i. During the third quarter of 2020, there was no realisation from investments of DMBs, MFBs and PMBs in-liquidation.
- ii. The total sum realized from investments of DMBs from 2008 to September 2020 stood at ₦4,698,193,776.14 and for MFBs from 2010 to September 2020 was ₦2,960,891.40.

## **3.5 BANK SUPERVISION**

### **3.5.1 Investigations/Consumer Protection**

Four (4) Investigations centred on over-charging of customers' mortgage loan account, non-discharge of payment obligations and trapped deposits in insolvent MFBs and PMBs were conducted in the third quarter of 2020.

### **3.5.2 On-Site Examination of MFBs and PMBs**

The CBN allocated 200 MFBs and 10 PMBs to the Corporation for 2020 on-site examination. While the examination of 40 MFBs was concluded in the first quarter of 2020, the Corporation has commenced the examination of the remaining 160 MFBs and 10 PMBs for the third quarter and the fourth quarter of 2020 during the reviewed period. It must be noted that the COVID-19 pandemic and consequent interstate movement restrictions led to postponement of MFBs examination slated for the second and third quarter of 2020.

### **3.5.3 Off-site Activities/ Analysis on DMBs**

#### **i. Premium Assessment**

The Corporation commenced on-site deposit verification exercise and 20 DMBs' deposit verification exercise had been concluded as at the quarter ended 30 September 2020.

#### **ii. Early Warning Signal**

The Corporation used Early Warning System (EWS) on all the insured DMBs to determine their viability, safety, soundness and financial capability.

#### **iii. Whistle Blowing**

The Corporation received 127 whistle blowing cases from 16 DMBs, bordering on service dissatisfaction, unauthorized access to account, cash suppression, fraud, unethical and unprofessional conduct, discrimination and ill-treatment among others, during the quarter ended 30<sup>th</sup> September, 2020. 67 cases had been concluded while the remaining 60 cases were still under investigation.

#### **iv. Report on Status Enquiry Requests (Fit & Proper)**

In the third quarter of 2020, a total of 332 requests were received from the CBN, Securities & Exchange Commission (SEC) and the National Insurance Commission

(NAICOM). 325 requests were evaluated and reported back to the respective institutions. However, 7 requests were outstanding pending further investigation.

**v. Fidelity Bond Insurance**

All the 27 DMBs and 2 non-interest banks, had submitted their Fidelity Insurance Coverage as at the reporting date.

**vi. Mobile Money Operations (MMO) Returns**

There were thirty-One (31) licensed MMOs as at 30<sup>th</sup> September, 2020. Thirteen (13) of the MMOs were bank-led, while Eighteen (18) were non-bank-led. Out of the 31 MMOs, 25 MMOs rendered returns while the remaining 6 had not rendered returns to the Corporation. Analysis of the returns revealed that, Total Deposits amounted to ₦27.49 billion out of which Insured amount, which represented the Corporation's exposure to Subscribers of the MMO's stood at ₦10.02 billion, while the uninsured portion amounted to ₦17.47 billion as at 30<sup>th</sup> September, 2020.

### **3.6 ENTERPRISE RISK MANAGEMENT ACTIVITIES**

- i. The following Enterprise Risk Management activities of the Corporation were carried out during the period under review:
- ii. A report on the risk profile of the Corporation as at 30<sup>th</sup> June, 2020 was submitted for consideration by the Senior Management and Board Committee on IT/Corporate Strategy.
- iii. As part of the continual improvement plan, the Corporation successfully migrated from ISO 22301:2012 to 22301:2019 on Business Continuity Management Systems (BCMS) and have continued to maintain: actions to address risks and opportunities; Lessons Learnt Register; Incident Log; and BCMS Issues Tracking/Management Log.
- iv. The Corporation revised 2020 BCMS Calendar in response to COVID-19 as part of the critical requirement of BCMS and obtained approval of the Business Continuity Steering Committee (BCSC) for its implementation. The revision was in line with the COVID-19 protocols that affected workflow.
- v. The Corporation conducted Business Impact Analysis and Risk Assessment in all Departments, Units and Offices in the Head Office.

### **3.7 EXECUTION OF CAPITAL PROJECTS**

The activity report on the four (4) capital projects for the third quarter ended 30<sup>th</sup> September, 2020 is stated below:

- i. **Lagos Office Building Ikoyi Project (LOBP):** The Ikoyi Project is a 15-storey office complex and has reached 41.5 per cent completion. The programme of work has been reviewed due to disruptions caused by lockdown due to COVID-19 pandemic.
- ii. **Training Centre Project, Lekki (TCPL):** The Lekki project is a 9-storey building training facility for the Corporation and had reached 53 per cent completion.

- iii. **Head Office Annex Project, Abuja (HOAP):** The Abuja project has reached 46 per cent completion.

### **3.8 COLLABORATION AND PUBLIC AWARENESS ACTIVITIES**

During the period under review, the Corporation implemented various public awareness initiatives focusing more on social media/digital and radio/TV engagements. Such strategic initiatives were:

- 3.8.1 Press Releases:** The Corporation issued several press releases including a rejoinder to a negative press published in Sunday Punch of 9th August, 2020 under the caption: "Business woman battles NDIC over ₦222m allegedly trapped in bank". Also, a press statement was made under the caption "How NDIC Intervened In Fortis Microfinance Bank" on 13<sup>th</sup> August, 2020" to set the records straight on efforts made by the Corporation to resolve the distress in the defunct Fortis MFB Ltd as well as ease the suffering of its depositors before and after revocation of its licence. The NDIC published an article "Skye Bank: The Vindication of NDIC" in seven national dailies to dispel misconceptions and erroneous information trailing its novel bridge bank failure resolution option.
- 3.8.2 NDIC Radio and TV COVID-19 Public Awareness Campaigns:** The Corporation conducted the second phase of the 2-week NDIC COVID-19 depositor protection and awareness radio and television campaign. The campaigns involved 60-second public enlightenment radio jingle jingles in English, Pidgin, Hausa, Ibo and Yoruba and live video TV jingle in English. In all, a total of 1,253 slots of radio jingles were transmitted on 18 radio stations at three (3) stations per geo-political zones.
- 3.8.3 Social Media Public Awareness:** In view of the restrictions imposed on its other public awareness initiatives by the COVID-19 pandemic, the Corporation intensified the optimization of its social media handles such as Facebook, Instagram, Twitter, LinkedIn and Youtube social media platforms. Through these efforts, the Corporation recorded a total number of 172 posts across various social media platforms from June-September 2020.
- 3.8.4 Legislative Liaison:** The Corporation received members of the House of Representatives Committee on Insurance and Actuarial Matters during their oversight visit to NDIC Head Office and Kano Zonal Office. Equally, the NDIC participated in the coordination of the sensitization retreat by Senate Committee on Banks and other Financial Institutions. The NDIC participated in 4 public events by different House Committees on issues like Public Procurement and the 2021 – 2023 Medium Term Expenditure Framework/Fiscal Strategy Paper.

### **3.9 LEGAL ACTIVITIES**

The major legal activities of the Corporation in the third quarter 2020 were as follows:

- i. During the third quarter 2020, 16 criminal prosecutions pending in various courts and 23 ongoing criminal investigations came under various stages of Investigations which were being conducted by Financial Malpractices Investigation Unit (FMIU). Also, the Corporation forwarded 6 Criminal complaints to the FMIU.
- ii. The Corporation obtained 6 (six) judgments in its favour.
- iii. A framework for tracing of assets of Banks in-liquidation was developed and approval to constitute a committee on termination of liquidation of closed MFBs and PMBs was obtained. The Corporation obtained winding up orders of 10 MFBs.
- iv. The Corporation received a list of names for Fit and Proper Persons Test from the CBN and other supervisory agencies for a Fit and Proper Person's verification.

### **3.10 CONCLUSION**

As a key component of the Nigerian financial safety-net, the NDIC is committed to engendering confidence and contributing to financial system stability. The Corporation has consistently pursued excellence in the achievement of its mandates of depositor protection, distress resolution, banking liquidation and banking supervision to promote safe and sound banking practices in Nigeria.