

**PRESS BRIEFING BY THE MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER OF NIGERIA DEPOSIT INSURANCE CORPORATION (NDIC), MR. G. A. OGUNLEYE, OFR, AT THE OCCASION OF 2006 DEPOSITORS' PROTECTION AWARENESS WEEK ON 20<sup>TH</sup> NOVEMBER 2006, IN THE NDIC'S HEAD OFFICE**

Protocol,

1.0 It is with great pleasure, that I welcome you to this Press Briefing, which has been specifically arranged to mark the NDIC's second Depositors' Protection Awareness Week (DPAW). It is the culture of the Corporation to get the public informed about its activities in consonance with the policy of the present administration on transparency and accountability. Indeed, public awareness is a prerequisite for the effectiveness and credibility of any Deposit Insurance Scheme. Hence, the International Association of Deposit Insurers (IADI) of which the Corporation is a founding member and the current Chair of its Africa Regional Committee, also requires members to dedicate a week every year to Deposit Protection Awareness.

2.0 Distinguished ladies and gentlemen, this Press Briefing, affords the Corporation another opportunity for self-assessment as to how well it had fared in discharging its mandate of contributing to financial system stability. I wish to state briefly that the promulgation of

Decree 22 of 1988, now Cap. 301 of the Laws of the Federation 1990, as amended which established the NDIC was introduced to provide a further layer of protection to depositors and complement the role of prudent bank management as well as the Central Bank of Nigeria's supervisory activities in ensuring a safe and sound banking system. The Corporation's core functions can be broadly classified into four areas, namely; deposit guarantee, bank supervision, distress resolution and bank liquidation. It is worth recapping here that the Corporation has achieved reasonable degree of success in these areas. Movement in bank supervision facilitated the reduction of bank examination cycle from over two years to one year. It is successfully liquidating 34 out of 36 banks closed between 1994 and 2003. A testimony to the growing confidence and the capability of the Corporation as an agency set up to protect depositors was demonstrated in the way it has been resolving bank failures in an orderly manner. It would be recalled that between 1994 and 2006, 50 banks' licences have been revoked and their closure has been effectively handled except for those banks whose liquidation processes were stalled by litigation.

- 3.0 Specifically, the Corporation as at October 2006, through depositor pay-out had paid about ₦3.29 billion to insured depositors of 34 out of the 36 banks closed before 2006. This amount represents 63% of total insured claims of ₦5.2 billion. I wish to once again urge all depositors of these closed banks who have not yet come forward for

their claims to go to the agent banks nearest to them and collect their deposits. Names of agent banks and other details which had earlier been published in the media are equally available in NDIC offices in Abuja, Lagos, Kano, Benin and Enugu.

4.0 Beside the payment of insured deposits, let me also use this occasion to correct the misconception that the Corporation pays N50,000.00 only to every depositor irrespective of his/her deposit in a closed bank. Apart from the upward review of the insured amount from ₦50,000.00 to ₦1/200,000.00 that has been passed by the National Assembly, the Corporation has declared 100% dividend in favour of depositors of 11 of the 34 closed banks. In other words, depositors in the 11 banks are eligible for the recovery of their money in full. The banks are:

1. ABC Merchant Bank Limited;
2. Alpha Merchant Bank Plc;
3. Amicable Bank of Nigeria Limited;
4. Continental Merchant Bank Plc;
5. ICON Limited (Merchant Bankers);
6. Kapital Merchant Bank Limited;
7. Nigeria Merchant Bank Limited;
8. Pan African Bank Limited;
9. Premier Commercial Bank Limited;
10. Rims Merchant Bank Limited;

11. Merchant Bank of Africa Limited; and

- 5.0 Gentlemen of the Press, you will also recall that that the operating licences of fourteen (14) banks that had negative shareholders' funds and could not find merger partners/acquirers were revoked by the Central Bank of Nigeria (CBN) on January 16, 2006. In order to minimize the sufferings of innocent depositors of these banks and boost confidence in the banking system, the Regulatory Authorities (i.e. CBN and NDIC), adopted the Purchase and Assumption (P & A) failure resolution option as against the pay-out option which the Corporation had adopted in the past. Under the Purchase and Assumption option, the private depositors are guaranteed full recovery of their deposits and would enjoy continuity of banking services as the acquiring banks of the closed banks would meet the banking obligations of the affected depositors as and when due.
- 6.0 At this juncture, let me indicate that, despite these achievements, the Corporation faces a lot of challenges. One of such challenges is in the area of legal and judicial process. There exists a lot of delays in the legal and judicial process in relation to failed banks cases. Up to date, two out of the 36 banks closed between 1994 and 2003 (Savannah Bank and Peak Merchant Bank) are still contesting the withdrawal of their licences in court hence innocent depositors of the two banks could not have access to their trapped funds.

7.0 With regard to the 14 banks whose licences were revoked in 2006, the Corporation's efforts have been frustrated by needless litigations by the erstwhile owners of some of the closed banks. Of the 14 banks, the Corporation has obtained court orders to serve as Liquidator for the following eight banks:

1. Allstates Trust Bank;
2. Lead Bank;
3. Trade Bank;
4. Assurance Bank;
5. City Express Bank;
6. Metropolitan Bank;
7. Hallmark Bank; and
8. African Express Bank.

8.0 The Corporation has also obtained court orders to serve as provisional liquidator for the following banks:

1. Fortune International Bank;
2. Gulf Bank; and
3. Eagle Bank.

9.0 The owners of the remaining 3 closed banks are currently challenging the revocation of their licences in court, thereby frustrating the process of paying the affected depositors by the Corporation. The banks are:

1. Societe Generale Bank of Nigeria Limited;

2. Liberty Bank; and
3. Triumph Bank.

10.0 Finally, gentlemen of the press, I urge every one of you present here to seize this opportunity to ask questions and seek clarifications on all aspects of the Corporation's operations.

Thank you for your attention.

November 20, 2006