MONEY AND BANKING STATISTICS

1. Introduction

The history of modern Banking in Nigeria dates back to 1892 with the establishment of the African Banking Corporation in Lagos. In 1894, the Bank of British West Africa (now First Bank) took over the Africa Banking Corporation. The Bank for British West Africa remained the only bank in Nigeria until 1912 when Barclays Bank (now Union Bank) was set up.

Subsequently, other banks came on-stream. Until 1959, the banking industry in Nigeria was largely unregulated. Thus, there were no reliable and organised data on the monetary sub-sector. As the country approached Independence, the Central Bank of Nigeria (CBN) was founded, on 1st July, 1959. According to Section 4 of the 1958 CBN Ordinance, one of the principal objectives of the bank is "to promote monetary stability and a sound financial structure in Nigeria".

The phenomenal growth in the number of financial institutions and financial instruments in Nigeria was as a result of the introduction of Structural Adjustment Programme [SAP] which subsequently led to the greater use of monetary policy for economic stabilisation in Nigeria. However, the need to monitor the events in the sub-sector calls for more timely, accurate and reliable data. This involves the development of research and the acquisition of monetary statistics on the economy. Since its inception, the Research Department of the Central Bank of Nigeria has been gathering and publishing financial, monetary and banking statistics on the Nigerian economy.

2. Coverage, Scope, Uses and Users of Money and Banking Statistics

The CBN's Research Department is charged with the responsibilities for "research and collection of national and international financial data with continuous system of analysis to facilitate the bank's advisory function". Money and Banking Statistics are supposed to cover the activities of the entire organised money market and capital market. Such activities are those of financial institutions coordinated

by the CBN, the activities of the Securities Exchange Commission [SEC] and the Nigerian Stock Exchange [NSE]. The data are, however, based on returns from all financial institutions and thus cover all the banks and registered non-bank financial institutions in the country.

Money and Banking statistics are very important for the purposes of formulating monetary policy and monitoring its implementation. The major users of money and banking statistics in Nigeria are the policy makers of the Central Bank of Nigeria [CBN], Federal Ministry of Finance, National Planning Commission, the Presidency, the financial sub-sector (banks and other non-bank financial institutions), research institutes, private researchers and universities.

3. Sources and Methods of Compiling Money and Banking Statistics

Money and Banking Statistics are basically administrative statistics. They are compiled by the Financial Statistics Unit of the Research Department of the Central Bank of Nigeria [CBN]. The major sources of primary data are the First and Second Schedule Returns (monthly Statement of Assets and Liabilities and Reports on Loans and Advances) which each bank (Merchant or Commercial) is required to submit to the Banking Supervision Department of CBN in accordance with section 16 of the Banking Decree (Act) 1969. In addition, the banks are also required to render Mid-Month Statistical Returns "on major aspects of their operations to CBN. Each bank is required by law to submit the returns within 10 days after the 15th day of each month in respect of: Loans and Advances, Total Deposit Liabilities (Private Sector, Government Sector), Foreign Assets Position, Total Liquid Assets and Mid-Month interest rate.

Data on Government debt (treasury bills, treasury certificates, and development stocks) are obtained from the Public Debt Department of the CBN. The Banking Supervision Department also supplies data on the number of licensed banks, State distribution of banks and pending applications for banking license. However, financial statistics relating to the capital market can be obtained from the Nigerian Stock Exchange (NSE) and the Securities and Exchange Commission (SEC). The NSE and SEC compile data on the activities in the capital market and such data are usually sent to the CBN for proper coordination and publication.

As mentioned earlier, the major instruments of data collection are the First and Second Schedule Returns submitted by banks to the CBN. **The First Schedule Returns** (Monthly Statement of Assets and Liabilities) is designed to collect information on the following items relating to each bank:

(a) **Liabilities**
[i] Capital (authorized, issued, paid-up and outstanding).
[ii] Reserve Fund.
[iii] Debenture.
[iv] Balance held for (other banks, in Nigeria, other banks outside Nigeria, offices and branches of the Bank outside Nigeria).
[v] Money at call (in Nigeria, outside Nigeria).
[vi] Deposits (Repayable on demand; Savings Accounts; other deposits repayable within 3 months, between 3 and 6 months, 6 and 12 months and later than 12 months; Demand deposits, Savings deposit and Time deposits by Federal and State Government).
[vii] Certificate of Deposit Issued (Negotiable and Non-Negotiable).
[viii] Loans and Advances from Federal and State Governments, CBN, other Banks in Nigeria, Other Bank outside Nigeria and other Creditors).
[ix] Other Liabilities.
[x] Liabilities per contra.

(b) **Assets**
[i] Cash at Hand (Notes, Coins).
[ii] Balance Held with Central Bank (cash reserve requirements and other); with other Banks (in Nigeria and outside Nigeria); and with Offices and Branches of the Bank outside Nigeria.
[iii] Money at call in Nigeria.
[iv] Treasury Bills.
[v] Treasury Certificates.
[vi] Bankers' Unit Fund.
[vii] Bills Discounted (payable in Nigeria and payable outside Nigeria),
[viii] Certificate of Deposit held (Negotiable and Non-Negotiable).
[ix] Stabilisation Securities.
[x] Loans and Advances to (other banks in Nigeria, other banks outside Nigeria, subsidiary companies of the bank in Nigeria, Governments in Nigeria - Federal, State and Local, and other customers).
[xi] Factored Debts.
[xii] Investment (Federal Government Development Stock ordinary shares, preference shares, debentures subsidiaries of the bank and others).
[xiii] Equipment on Lease.

[xiv] Fixed assets (Bank premises, Furniture and Fixtures, Other real estate, Other fixed assets).

[xv] Customers' Liabilities (per contra); Liabilities of customers for acceptances, for confirmed documentary credits and for guarantees, endorsements and other obligations).

[xvi] Other Assets.

The **Second Schedule Returns** (Reports on Loans and Advance is divided into 7 sections (A to G) as follows:

Section A: Loans and Advances by Sector Borrowers.

Section B: Money at Call and Bills Discounted.

Section C: Loans and Advances by type of Security.

Section D: Loans and Advance by Maturity.

Section E: Loans and Advances by Method of Repayment.

Section F: Loan and Advances by Amount, Number and Type of Borrower.

Section G: Loans, Advances and Discounts Granted by Category of Borrowers.

In addition, all banks are required to supply the following information as Attachments to the First and Second Schedule Returns:

(i) Breakdown of "other"s assets and "other" liabilities.

(ii) Returns on interest rates.

(iii) Report on customers' foreign payment arrears awaiting foreign exchange cover whether or not the naira counterpart has been deposited with the CBN.

(iv) Breakdown of Federal, State and Local Governments balance with reporting Banks.

(v) Returns of balances of parastatals and Government-owned companies.

(vi) Report of inter-bank call money placement, stating names of banks and amounts in respect of money at call held at other banks (assets) and money at call held for other banks (Liabilities) separately-total for each item should correspond with those reported in the First and Second Schedule Returns.

(vii) Report on Certificate of Deposits (CDS) held and issued (holdings, showing names of issuing bank and amounts), and (issues, showing names of investing banks and amounts). Such figures shall agree with corresponding items in the first schedule returns.

(viii) Analysis of inter-bank loans as reported in the first schedule returns,

(ix) Analysis of external assets and liabilities.

(x) Balances and uses of funds outstanding on domiciliary in the first schedule Returns.

(xi) Calculation of effective lending limits.

(xii) Breakdown of other investments.

(xiii) Report on loans to small-scale enterprises, agriculture and for purchase of company shares.

(xiv) Returns on loans granted to Government companies and parastatals,

(xv) Statement of compliance.

(xvi) Report on loans and advances granted for manufacturing for exports and exports produce financing.

(xvii) Report on balance of payments, Naira FEM account, and report on operations of subsidiary companies offering financial services.

Commercial banks are also required to supply the following information:

(i) First and Second Schedule Returns (quarterly) on State basis,

(ii) Statistics on rural banking operations showing the volume of deposits mobilised and loans and advances granted by rural branches.

(iii) Statement on cash reserve requirement, and report on commercial banks, loans and advances granted.

The Mid-Month Statistical Returns by each bank is designed to collect information on the following:

(a) **Loans and Advances**

[i] Total Loans and Advances (including Bills discounted)

[ii] Money at call outside the banking system

[iii] Investments

    3.1   Treasury Bills

    3.2   Treasury Certificates

    3.3   Eligible Development Stock

    3.4   Others

(b) **Total Deposits**

[i] Private Sector

    1.1   Demand deposits

    1.2   Savings deposits

    1.3   Time deposits

    1.4   Others

[ii] Government Sectors

    2.1   Demand Deposit

    2.1.1 Federal Government

    2.1.2 State Governments

    2.1.3 Local Governments

    2.2   Time and Savings Deposits

    2.2.1 Federal Government

    2.2.2 State Governments

2.2.3 Local Governments
[iii] Foreign currency deposit of domiciliary accounts

(c) **Foreign Assets Position**
[i]   Foreign assets (Gross)
[ii] Foreign Liabilities (Gross)

(d) **Total Liquid Assets, disaggregated into:**
[i]   Vault cash.
[ii] Balance with the Central Bank of Nigeria.
[iii] Other specified liquid assets.

(e) **Mid-Month Interest Rates**
The returns from all the banks are aggregated to derive aggregate data for the whole economy. The major items for which data are generated from the results of the analysis of the returns from all the banks are as follows:
[i]   Money supply and its components.
[ii] Banking System Credit to the Economy (by type of Bank and by Private and Public Sectors).
[iii] National Savings (by type and savings institutions).
[iv] Holdings of Money Market Instruments by Type and Banks.
[v]   Issued and Subscriptions of Money Market Instruments by Type and Banks.
[vi] Selected Interest Rates (Yields) on Government Securities by Type and Minimum Rediscount Rate.
[vii] Selected Interest Rates of Commercial Banks.
[viii] Selected Interest Rates of Merchant Banks.
[ix] Central Banks' Assets and Liabilities.
[x]   Commercial Banks' Assets and Liabilities.
[xi] Merchant Banks' Assets and Liabilities.
[xii] Nigeria's External Assets by Type of Assets.
[xiii] Holdings of Development Stock by Type of Holder.

4. Current Methods of Data Storage and Dissemination
The major publications of the CBN which contain Money and Banking Statistics are:
[i]   Annual Report and Statement of Account.
[ii] Economic Report: First Half-Year.
[iii] Economic and Financial Review.
[iv] Monthly Report.
[v]   Nigeria's Principal Economic and Financial Indicators.
The publications are distributed free-of-charge to all public institutions as well as private sector organisations and individuals.

At present, the CBN has not fully computerised the compilation and dissemination of money and banking statistics. Hence, the NBS currently obtains its required data from the CBN's publications or worksheets where such data have not been published but approval given for their release.

5. NBS Database Coding System for Money and Banking Statistics

The Data base coding system for Money and Banking Statistics shows the structure of data as contained in NBSs Time-Series Database (TSDB).   The International Standard Industrial Classification ISIC Divisional code for Money and Banking statistics is 65. There are 23 data item codes. The first two digits of the six-code-variable identifies the division to which the dataset belongs. The ISIC division codes have been allocated on the basis of exact correspondence in respect of most sub-sectors. Thus, 65, the division code of Money and Banking Statistics is taken directly from the ISIC.

The item and detail codes which form the last four digits are assigned arbitrarily. The item under each dataset is the elementary entity (Multiple-item cases) about which statistical data are grouped. For example, output of selected "Money Supply" in Money and Banking Statistics is coded 01 for item code with detail 01-09. Thus, Division-Item-Detail [DID] for the above is 650101 - 650109 the breakdown of which are as follows:

65   stands for Division Code.
01 "   "   Item Code.
01-09   "   Detail Code.

The National Bureau of Statistics [NBS] is using a six-digit code for attributes (variable).   The first two digits are used to identify the division code, the next two for the items, while the last two stand for the detail codes.

There are 23 data items codes 6501-6523 as indicated below. Data on items 6501-6520 are obtained from the CBN, data on items 6521-6522 are from the NSE, while data on item 6523 are from the SEC

6. CONCLUDING REMARKS

Money and Banking Statistics in Nigeria are fairly reliable and timely because the CBN is able to apply appropriate sanctions on financial institutions that fail to render the required statistical returns. The non-uniformity in the accounting procedures adopted by individual banks in the past made the aggregation of data rather difficult and thus affected the quality of aggregate financial data. However, the

document titled "Prudential Financial Guidelines" which was issued by CBN in November, 1990 and the "National Accounting Standards for Financial Institutions" are both aimed at ensuring that all banks adopt uniform reporting systems.

The rapid growth in the number of non-bank financial institutions, especially the so-called Finance Houses, which do not render mandatory returns to CBN like the banks, has affected the comprehensiveness and quality of the financial statistics published by CBN. Since the non-bank financial institutions are also agents or vehicles of monetary policy, it is necessary to ensure that all financial institutions (Bank and non-banks) render mandatory monthly and annual returns to CBN. This same problem was further aggravated by the establishment of community and peoples' banks in the early 1990s outside the control of CBN.However, efforts are now on to bring these two grassroot financial institutions under the purview of CBN. When this materialises, it is hoped that money and banking statistics from CBN will fully reflect operations in this vital sector of the nation's economy.