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MOBILISING DOMESTIC RESOURCES FOR ECONOMIC DEVELOPMENT: THE ROLE OF CENTRAL BANK OF NIGERIA AND OTHER FINANCIAL INSTITUTIONS

By

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INTRODUCTION

The topic of this paper makes a debatable if not indeed a contentious assumption that ought to be dealt with to provide a consensual basis for our analysis and discussion. That assumption is that financial institutions and financial systems have a role to play in the process of economic development.

Many today believe that finance is essential and crucial to the process of economic development. Not everyone will accept this assumption without question. Views on the role of financial institutions in development can be said to lie on a continuum, at one end of which there are students who assert that financial institutions are neither a necessary nor sufficient condition for development and at the other students holding the viewpoint that financial institutions are not only necessary but sufficient basis for economic development. In between lie moderates who assign varying degrees of importance to financial institutions in the process of economic development. "In essence three main issues exist regarding the influence of financial intermediaries:

- first, their impact on the growth of savings, especially of the household sector;
- second, their role in the financialization of these savings (that is, savings in a financial form); and
- third, their ability to ensure the most efficient transformation of mobilized funds into real capital"[1].

Schumpeter (1934) is generally acknowledged as the first proponent of the view that financial institutions are a necessary condition for, at least, the capitalist economic development. He asserts that for an economy to develop two conditions are necessary and sufficient - financial institutions and the availability of entrepreneurship.[2] Among the more important followers of this view, though sometimes differing in emphasis, are Goldsmith,[3] Cameron et al.[4] and Patrick.[5] Goldsmith in his study of 35 developed and developing countries, calculated the financial interrelation ratio (i.e. the ratio of

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financial instruments to the real wealth) for each in an attempt to determine the relative financial development compared to relative real development. He found that high financial structure development defined by a high financial interrelation ratio was also associated with high real development implying that financial development is a prerequisite or must go simultaneously with real development. Although Goldsmith's measure of financial structure development - the financial interrelations ratio - may be criticised on the basis of the fact that not only economic but political, and cultural factors as well influence the levels of financial structure development, the high empirical correlation between financial structure development and real development is suggestive.

By looking at the historical economic development of developed as well as developing countries, Cameron et al were able to reach a positive conclusion on the role of financial institutions in development. Postulating that the functions of the banking system are:

(i) intermediation
(ii) to furnish part or all of the means of payments or money supply, and
(iii) the provision of entrepreneurial talent and guidance for the economy as a whole,

Cameron summed up the general thinking or consensus of the team by saying that:

"The way in which banks perform these functions may well determined the degree of success of the development effort. As intermediaries, they may vigorously seek out and attract reservoirs of idle fund which will be allocated to entrepreneurs for investment in projects with a high rate of social return or they may listlessly exploit their quasi monopolistic position and fritter away investment possibilities with unproductive loans."

The basic Schumpetarian thesis was virtually unchallenged until the publication of the work of Gurley in 1967. In a study of the development process of socialist and developing countries he reached the conclusion that financial system development is not a necessary condition for development. His thesis rests on the important point that there are alternatives or substitutes for the role of financial intermediation in the process of development. Though differing thus substantially with the hitherto "established view", Gurley nevertheless admitted that financial institutions might be prominent contributors to development "when there is a decentralization of decision making, specialization of savings and heavy emphasis on external rather than internal financing of investments"[7] which are features of capitalist economic systems. Gurley's conclusion is therefore true for a particular rather than a general case. From any of the substitution resource allocation mechanisms, such as taxation, to be employed in place of financial intermediation the eminent feature of socialist societies must be present i.e. centrally controlled planning. This condition precedent seems to dent the validity of his thesis. One conclusion to be drawn from Gurley's proposition is, however, that for those developing countries such as Nigeria that have chosen the quasi-capitalist path of development, it will be "ideal" to take the view of the necessity of financial institutions for development.

The basic Schumpetarian hypothesis has been subjected to many empirical tests in both developed and developing countries of the world by student of Finance [8,9,10,11,12]. All are in agreement with Taylor's views that "...it is evident that the financial system can make a valuable contribution to economic development if appropriate measures are taken, given the balance of payment constraint;

(a) to mobilise more domestic resource;
(b) to deal with the problem of securities for loans and the special problem of lending to a large number of small operators in the agricultural and small scale industries sectors;
(c) to improve the quality of investment so as to increase the productive capacity of the economy.[13]

Even for a very developed economy like that of the United States of America, Griggs' study led him to the conclusion that "the available information indicates that there is a positive relationship between the ability and willingness of commercial banks to lend credit and regional growths"[14]. From all these studies, not only is there support for the view that the financial system has a critical and growth inducing role to play in the process of economic development, the way their roles are played may indeed determine the degree and the pace of development.

Of course, as it is to be expected with any economic debate there are opposing views regarding the direction of casuality, that is whether it is economic development that leads to financial development or vice-versa. The role that some students believe the financial system plays in the process of development has been explained by the introduction of many "explanatory" concepts such as "supply-lending" and 'demand following,[15] "financial repression"[16], and "structuralist hypothesis"[17]. However, students whose findings from empirical studies cast some doubt on the established view of the role of finance in the process of economic development accept the fact that the thesis will be valid when we are not dealing with a capitalist or mixed-economy. That is to say, once the economic path to development has been choosen, the role of finance gets inevitably defined.

Like most economic debates, this issue remains "resolved". Relatively recently, the authoritative British magazine - The Economist stated in its International Finance column that "... for the first time since the 1930s, Finance is taking centre stage in debates about economic policy, industrial competitiveness and even relative political power"[18]. Also recently two studies have explored further the concept of financial repression. The first by Nourriel and Xavier produced evidence to support the conclusion that "a fraction of the weak growth experienced by the Latin American countries might be explained by policies of financial repression followed by governments in this region."[19] The second by Morriest suggests that "the increase in real interest rates which is a typical element of financial reforms, does not necessarily involve a positive effect on private investment unless the authorities are careful to ensure that:

(a) bank deposits are clear substitute to unproductive assets (cash gold) and foreign assets rather than capital goods;
(b) the financial sector assures an efficient allocation of domestic credits.
(c) the flow of domestic credit to the private sector is not absorbed by the need of the public sector".[20]

2. Domestic Financial Resource Mobilization Efforts of the Nigeria Financial System.

The Central Bank of Nigeria has no specific statutory duty/responsibility for domestic financial resource mobilization. However, for the CBN to achieve one of its principal objective i.e. to promote monetary stability and a sound financial system in Nigeria"[21], it performs some functions aimed at promoting financial savings. As the apex institution of the Nigeria Financial System, the CBN will, I am sure, consider itself duty bound by the objectives set by government following the acceptance of the Report of the Okigbo Commission on the Nigeria Financial System[22]. One of the most important of these objectives is stated as "to achieve greater mobilization of savings and its efficient and effective channelling". Whilst therefore, the CBN may not have a statutory role in this matter of savings mobilization or indeed a traditional role, it is obvious from what it does that the institution appreciates that, given the level of development of our financial environment, it has and plays some developmental/promotional roles.

The Banks and other Financial Institutions Decree (BOFID) grants power to the CBN to influence the operations of deposit-taking institutions, covered by the Decree, to ensure effective financial savings mobilization. Section 2 of BOFID empowers CBN to regulate banking business by stating that:

"...No person shall carry on any banking business in Nigeria except it is a company duly incorporated in Nigeria and holds a valid banking licence issued under this Decree". For the avoidance of doubt Section 61 defines "banking business" to mean:

"the business of receiving deposits on current account, savings account or other similar account, paying or collecting cheques, drawn by or paid in by customers; provision of finance or such other business as the Governor may, by order published in the Gazette, designate a banking business". To protect depositors from being misled by licensed and possibly unlicensed institutions, Section 40 of BOFID provides as follows:

"No person other than a bank or any other person authorised to take deposits shall issue any advertisement inviting the public to deposit money with it." Further protection is provided by the grant of priority to local deposit liabilities by Section 50 of BOFID as follows:

"Where a bank is unable to meet its obligations or suspends payment, the assets of the bank in the Federation shall be available to meet all the deposit liabilities of the bank and such deposit liabilities shall have priority over all other liabilities of the bank".

It is noteworthy here that all the operations of the Nigeria Deposit Insurance Corporation, a baby of CBN and its "subsidiary" going by the percentage of its shareholding, can be summarised as promoting domestic resource mobilisation by protecting depositors interest and promoting confidence in deposit-taking insured institutions.

Indirectly but nevertheless positively and effectively, the CBN has been supportive of efforts aimed at mobilizing domestic resources for economic development. Two deposit-mobilizing institutions - the Nigeria Agricultural and Co-operative Bank (NACB), and the Federal Mortgage Bank of Nigeria, whose deposit-taking function has been transferred to the Federal Mortgage Finance are owned 40 percent each by the CBN.

The Rural Banking Scheme was a most important, appropriate and effective mechanism for promoting domestic resources for development in the rural areas of Nigeria. The noble objectives of that scheme were:

"(i) Cultivation of banking habits among the rural dwellers;

(ii) Mobilisation of savings from the rural areas for the purpose of channelling the same to profitable venture;

(iii) Creation of credit by way of equity and loans for small scale industries;

(iv) Development of agriculture and agro-allied industries in the rural areas with a view to achieving the national objective of self-sufficiency in food production;

(v) Reducing to a comfortable extent, the drift of young school leavers from the rural areas to urban centre".[23]

It appears clear to me from reading (i) - (v) above that the scheme was put in place to promote domestic resource mobilization for development in the rural parts of Nigeria where the silent, "circumstance - oppressed" majority of our citizens live and work without minimum facilities that are taken for granted in developing countries such as Malaysia and Singapore. Despite the fact that this scheme effectively achieved its set goals (Tables 1, 2 & 3), it was suspended. As the Tables show respectively, the scheme was able to positively impact on deposit mobilization, provision of banking facilities in the rural areas and the generation of rural employment. In the light of these and the observable general acceptance of the scheme by 1990, the discontinuation of the scheme was an error of judgement. It is moreso as the substitutes designed to replace the scheme have not been successful.

Going by 100 level economics, it in indisputable that if interest rates on deposits (the price of deposits) go up, the supply will rise. There does not appear today a generally acceptable or incontestible evidence that confirm the hypothesis that high interest rates necessarily promotes higher savings rate. Be that as it may, the CBN has attempted, within the constraint imposed by the environment and other economic and political imperatives, to manage interest rates in a manner that would promote economic development in our circumstance.[22]

In the performance of its function of banker to the Federal Government and manager of the public debt in Nigeria, the CBN has since 1959 issued government securities such as Treasury Bills, Treasury Certificates and Development Loan Stocks both to raise monies for government operations and development projects and to promote monetary stability that is essential for economic development. Table 4 and 5 (Column i)) provide evidence of the size of financial resources mobilized using these instruments.

The contribution of the capital market to domestic resource mobilization can be gauged from Table 5 (column (iii)). It is worthy of note that until the deregulation of the financial system in 1986, the government dominated the capital market accounting for over 50.0 per cent of market capitalization.

Today, there is a relatively large variety of deposit taking institutions in Nigeria. These include Commercial and Merchant Banks that dominate the market (Table 6), Insurance companies, People's Bank, Community Banks, Federal Mortgage Finance (formerly Federal Mortgage Bank) and primary Mortgage Institutions. As can be seen from Table 6-12 all these institutions have contributed significantly to domestic resource mobilization.

3. Constraints to the effective performance of Financial Institutions in Deposit Resources Mobilization for Economic Development

In spite of the impressive performance of the Nigerian financial system as discussed in the last paragraph in domestic financial resource mobilization the information in Table 13 which shows that the proportion of money supply that lies outside the financial institutions remains significant and indeed crossed the 50.0 per cent mark in 1994 and increased from 52.6 per cent in that year to 67.5 per cent in 1995 shows that the financial system is not succeeding in this critical function. The reason for this poor performances can be traced to the following factors:

(i) Low level of development of the banking habit in Nigeria (Table 14). This situation has not been helped by the recent widespread distress in the financial system and the inability of many financial institutions to meet their customers' deposit withdrawal demands.

(ii) Particularly in developing countries like Nigeria, many small-scale entrepreneurs and even individual savers use banks and financial institutions not solely as custodians of monies. They save with financial institutions with the hope of enjoying credit facilities. This hope has often been disappointed as a result of the difficult conditions attached to loan facilities. As a result, rather than financialize their savings, many potential depositors keep and turn over whatever funds are available to them for running their business. Thus, not only are banking institutions, in particular are not receiving new depositors but are unable to create derivative deposits.

(iii) As Table 15 shows the level of negative real interest rate is too high in Nigeria to encourage savings. This disincentive to save compounds the resource mobilization problem already accentuated by high rates of inflation which leaves income earners with little disposable income, little ability and propensity to save.

(iv) Poor marketing of financial services.

(v) Inadequate banking facilities (Table 16),that inevitably leads to crowded banking halls and long and agonising queues for service.

(vi) Inadequate variety and unattractive deposit products.

(vii) Growing frequency of incidences of frauds, insider abuses and malpractices which all combine in an unholy alliance to erode public's confidence in financial institutions and do painful damage to whatever level of banking habit has been developed.

(viii) Discouragement of the creation of customer-bank relationship. "The widespread and never-denied allegation of banks rejection and avoidance of deposits is a very sad commentary on this aspect of commercial banks operations. It is an unfortunate paradox that in the same country where the government is making strenuous effort to encourage savings the principal institutions that can aid the attainment of such a goal use regularly all sorts of delaying tactics to discourage savings. Or how else do you interpret the practice whereby some banks offer to open new accounts on specified days of the week, during specified period of these days' working hours"[25]. This situation is made worse by easily observable fact that many banks counter-clerks appear not schooled in the act of treating the customer, if not as kings which they are, but with the minimum expected and deserved level of courtesy. Too many of us are being made to feel that we are being done some favour by sellers of financial services in Nigeria.

4. THE WAY FORWARD

Without any doubt, the benefits of increased domestic resource mobilization are enormous. The more domestic financial resources we are able to mobilize, the less we will be in need of external financing. As a consequence, the more susceptible we will be to and the vicissitudes of our trading partners and financiers. The less we depend on external financing, the less of our earnings will be required to service such debts and correspondingly the more will be available, freely, for development projects and programme. Overall, the more self-reliant we are the more meaningful our political independence and freedom from remote control of our economic and political choices of goals, directions and strategies by the likes of smooth operators known as the Bretton-woods sisters that never "dictate" to anyone but "strongly advise" in the recipients interest!

Table 17 presents the poor picture of our savings ratio. It is obvious that in terms of capital formation, the Nigerian economy generates very low savings and investment ratios[26]. Evidently "this pattern contrasts with high savings and investments ratios of the newly industrialized countries of Asia which are in the order of 60-70 percent of the GDP"[27] and more than adequately explain the huge difference in the pace and quality of socio-economic growth and development.

Ill-advisedly over a long period and even after the introduction of the Structural

Adjustment Programme, among other things is aimed at cutting the size of government and correspondingly promoting the part played by the private sector and government has almost consistently (except for between 1989 and 1991) crowded-out the private sector in the rational credit market (Table 18). Given the well-known and empirically evidenced relative efficiencies of these sectors, this is not a healthy development capable of promoting economic development.

The CBN has recently broadly but yet very succinctly defined the way forward. In its 1995 Annual Report and Statement of Accounts, it has stated that "to reduce, if not eliminate, the degree of dependence of the Nigerian economy and by implication internalize, that is endogenize its engine of growth, there is need to pursue more vigorously the diversification of the Nigerian economy. In particular, there is need to pursue more vigorously policies that will enhance self-sufficiency in food production and acquisition of appropriate technology that will utilize local raw materials. It is also necessary for the country to develop not only its human capital resources but also its raw materials and capital equipment base. These measures will enhance independence, increase domestic value-added and thereby impart on the economy the flexibility required to withstand external shocks.[28]

5. RECOMMENDATION

More specifically to induce the financial services industry to promote economic growth and development the following recommendations are put forward.

(i) Greater leverage should be allowed to the CBN to act without reference to the Presidency when it is time to decide the entry or exit of institutions into the financial system. These decisions are economic and are needed to guarantee dynamism in the financial system by ensuring that uncompetitive institutions exit the system and new ones are given the opportunity to introduce innovations and new dimensions in competition to the market.

(ii) There is need to streamline the roles and responsibilities of the CBN and NDIC for effectiveness and efficiency of supervision and handling of distress in the financial system. The law should be clear in the demarcation of where the responsibilities of CBN end and that of NDIC start. In this regard too, NDIC should be granted the power to decide when to withdraw its insurance cover on a bank that is considered "underserving" of it given the financial conditions and apparent refusal to restructure and re-organise itself.

(iii) We should continue with vigour and honesty of purpose to implement the Failed

Banks Decree.

(iv) We should intensify effort at promoting confidence in the financial system.

(v) The regulators respond to the industry's clamour for the removal of the distinction between commercial/merchant banks and allow banks to operate as financial supermarkets officially.

(vi) Regulators should be allowed to employ market-based solutions to distress problems and sell or liquidate banks as quickly as possible. This will be facilitated if we create a framework for dealing with bad cases irrespective of ownership - Government or Private.

(vii) Consistent and determined effort be directed at the reduction of government deficit financing as we are witnessing now.

(viii) The system should eliminate or at least reduce incidence of policy-induced shocks impacted by regulators.

(ix) We should quickly give the economy a "shot in the arm" to stimulate it, for instance by all governments paying off all creditor contractors so they can pay banks and restore some of them to good financial health.

(x) Efforts should be made to increase the manpower available for supervision at CBN/NDIC - quality-wise and quantity-wise since the institutions responsibilities are expanding by the day.

(xi) Government owing banks should pay so they can have moral locus standi to persuade/coerce other "ordinary debtors" to repay their debts to the banks. This will go a long way in addressing what is undoubtedly the central problem of the financial system now.

(xii) "An Enterprise Rehabilitation Fund should be created to assist ailing but viable small to medium (indigenous) enterprises to revive, with seed capital, soft loans and professional advice"[29].

I suggest that if we do all of these and all other things that may be considered complementary, supplementing and supportive on the economic, political, and social sectors, this country may sooner rather than later turn the bend and head in the direction of prosperity, national and international greatness, credit-worthiness and respectability.

TABLE 1
SIZE OF RURAL DEPOSITS BY TYPE OF ACCOUNT (1978-1990)

Year	Current Account N'000	Fixed Deposit N'000	Savings Account N'000	Total N'000	Current Account Deposit As % of TOTAL	Fixed Deposit Account As % of TOTAL	Savings Account Deposit As % of TOTAL	Total (%)
1978	7,465.3	375.1	7,671.2	15,511.7	48.0	2.4	49.5	100.5
1979	7,201.2	428.5	10,300.1	17,729.8	40.2	2.4	57.4	100.0
1980	10,723.3	818.5	7,788.9	19,330.7	55.5	4.2	40.3	100.0
1981	10,560.0	1,572.0	12,917.8	25,049.9	42.2	6.3	51.5	100.0
1982	10,066.5	3,169.6	15,923.2	29,159.3	34.5	10.9	54.6	100.0
1983	16,625.5	3,883.0	23,453.7	43,963.3	37.8	8.8	53.4	100.0
1984	31,488.1	18,366.4	58,725.9	108,590.4	29.0	16.9	54.1	100.0
1985	44,733.8	15,337.3	61,544.0	121,912.1	36.7	12.6	50.7	100.0
1986	53,889.4	17,134.8	90.374.5	161,698.6	33.3	10.6	56.1	100.0
1987	91,805.2	92,070.5	146,364.6	330,240.0	27.8	27.8	44.3	100.0
1988	98,682.2	100,552.3	205,562.5	404,797.0	24.4	24.8	50.8	100.0
1989	99,212.0	79,385.1	194,707.2	373,304.3	26.5	21.3	52.2	100.0
1990	143,692.2	122,356.5	240,980.3	507,028.9	28.3	24.1	47.6	100.0

Source: ONWUALAH, S. I. etal "Rural Banking in Nigeria"
(Lagos: Financial Institutions Training Centre; 1992) p. 47 (Table 329a)

TABLE 2

RURAL BANKING PROGRAMME 1ST, 2ND AND 3RD PHASES: ALOCATION OF BRANCHES AND COMPOLIANCE BY COMMERCIAL BANKS AS AT 31ST DECEMBER, 1989

No.	Banks	1st Phase			2nd Phase			3rd Phase			TOTAL		
		Allo-cation	Opened	Out-standing	Allo-cation	Opened	Out-standing	Allo-cation	Opened	Out-standing	Allo-cation	Opened	Out-standing
1.	African Continental Bank Ltd.	16	16	-	19	19	-	14	14	-	49	49	-
2.	Allied Bank of Nigeria Ltd.	6	6	-	7	7	-	11	11	-	24	24	-
3.	African International Bank Ltd.	-	-	-	6	6	-	16	16	-	22	22	-
4.	Bank of the Noirth Ltd.	6	6	-	19	19	-	14	14	-	39	39	-
5.	Comm. Bank (Credit Lyonnais) Ltd.	-	-	-	-	-	-	5	5	-	5	5	-
6.	Cooperative Bank Ltd.	5	5	-	8	8	-	9	9	-	3	3	-
7.	Co-op. & Comm. Bank Nig. Ltd.	7	7	-	8	8	-	9	9	-	24	24	-
8.	FirstBank of Nigeria Ltd.	40	40	-	37	37	-	28	28	-	105	105	-
9.	Gambi Bank of Nigeria. Ltd.	-	-	-	-	-	-	5	5	-	5	5	-
10.	Habib Bank Nigeria Ltd.	-	-	-	-	-	-	6	6	-	6	6	-
11.	Int. Bank for W/Africa Ltd.	11	11	-	13	13	-	15	15	-	39	39	-
12.	Lobi Bank Limited	-	-	-	-	-	-	6	6	-	6	6	-
13.	Mercantile Bank of Nig. Ltd.	3	3	-	6	6	-	8	8	-	17	17	-
14.	National Bank of Nig. Ltd.	15	15	-	19	19	-	10	9	1	44	43	1
15.	New Nigeria Bank Ltd.	4	4	-	9	9	-	8	8	-	21	21	-
16.	Nigeria-Arab Bank Ltd.	7	7	-	6	6	-	9	9	-	22	22	-
17.	Nigeria Int. Bank Ltd.	-	-	-	-	-	-	5	5	-	5	5	-
18.	Nigeria Universal Bank Ltd.	3	3	-	6	6	-	5	4	1	14	13	1
19.	Owena Bank Nigeria Ltd.	-	-	-	-	-	-	6	6	-	6	6	-
20.	Pan African Bank Ltd.	5	5	-	6	6	3	5	-	5	16	8	8
21.	Progress Bank of Nigeria Ltd.	-	-	-	-	-	-	5	5	-	5	5	-
22.	Savannah Bank of Nig.	7	7	-	11	11	-	14	14	-	32	32	-
23.	Societe Generale Bank	-	-	-	6	6	-	15	15	-	21	21	-
24.	Tropical Comm. Bank Ltd.	6	6	-	6	6	-	5	5	-	17	17	-
25.	Union Bank of Nigeria Ltd.	27	27	-	36	36	-	28	28	-	91	91	-
26.	United Bank for Africa Ltd.	27	27	-	32	32	-	28	28	-	87	87	-
27.	Universal Trust Bank	-	-	-	-	-	-	5	5	-	5	5	-
28.	Wema Bank Limited	5	5	-	6	6	-	6	6	-	17	17	-
TOTAL		200	200	-	256	263	3	300	293	7	766	756	10

Source: Owualah, S. I. et al.

TABLE 3

RURAL BANKING EMPLOYMENT 1978 - 1990

Years	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Total						358	425	425	479	510	598	634	684
Employment	90	125	234	257	313								
Average Employment	11	10	12	12	12	12	12	12	12	12	12	12	
Number of Branches Observed	8	13	20	21	30	30	36	36	41	43	50	55	58

Source: Onwualah, S. I. et al.

TABLE 4:
VALUE OF MONEY MARKET INSTRUMENT OUTSTANDING (1960-1965)

Year	Treasury Bills (Nm) (1)	Treasury Certificate S (Nm) (2)	Commercial Papers (Nm) (3)	CDS, BUF and EDS (Nm) (4)	Total (Nm) (5)	1 & 2 As % of 5 (6)	3 As % of 5 (7)	4 As % of 6 (8)
1960	18.0	-	2.3	-	20.3	88.7	11.3	-
1961	34.0	-	2.2	-	36.2	93.9	6.1	-
1962	48.0	-	6.2	-	54.2	88.6	11.4	-
1963	60.0	-	14.8	-	74.8	80.2	18.5	-
1964	68.0	-	30.1	-	98.1	69.3	43.4	-
1965	80.0	-	42.0	-	122.0	65.6	34.4	-
1966	128.0	-	60.1	-	188.1	68.0	32.0	
1967	168.0	-	36.4	-	204.4	82.2	17.8	-
1968	240.0	20.0	5.1	-	265.1	98.1	1.9	-
1969	340.0	142.0	4.5	-	486.5	99.1	0.9	-
1970	556.0	235.0	6.0	-	798.0	99.2	0.8	-
1971	616.0	256.0	11.2	-	883.2	98.7	1.3	-
1972	616.0	286.0	9.3	-	911.3	99.0	1.0	-
1973	616.0	286.0	7.9	-	909.9	99.1	0.01	-
1974	616.0	286.0	15.4	-	917.4	98.3	1.7	-
1975	616.0	228.0	32.4	50.3	926.7	91.1	3.5	5.4
1976	616.0	652.0	27.0	75.4	1370.4	92.5	2.0	5.0
1977	691.0	900.0	26.3	429.2	2046.5	77.7	0.02	21.0

1978	816.0	180.0	45.7	248.3	2910.0	89.9	1.6	8.5
1979	1816.0	2310.0	24.2	247.2	4397.4	93.8	0.6	5.6
1980	2119.0	2727.6	48.1	180.9	5075.6	95.5	0.9	3.6
1981	5782.0	2057.6	73.0	286.6	8199.2	95.6	0.9	3.5
1982	9619.0	1668.6	110.4	461.1	11859.1	95.2	0.9	3.9
1983	13476.0	4894.4	153.3	527.2	19051.1	96.4	0.8	2.8
1984	15476.0	6413.0	156.7	365.9	22412.3	97.7	0.7	1.6
1985	16976.0	6654.1	139.3	256.4	24025.8	98.4	0.6	1.1
1986	16976.0	6654.7	259.0	294.0	24183.7	97.7	1.1	1.2
1987	25226.0	6664.1	496.4	1365.2	33751.7	94.5	1.5	4.0
1988	35476.0	6794.5	342.7	1927.6	44540.8	94.9	0.8	4.3
1989	24126.0	6944.6	604.7	1321.4	32996.7	94.1	1.8	4.0
1990	25476.0	34214.6	953.4	1746.6	92390.6	95.7	1.5	2.8
1991	56728.3	34214.6	1031.6	1107.4	93081.9	97.7	1.1	1.2
1992	103265	35214.4	1575.2	536.5	140652.6	98.5	1.1	0.4
1993	103326.5	36584.3	3371.5	90.8	143373.1	97.6	2.3	0.06
1994	103326.5	37342.7	5252.5	15.2	145936.9	96.39	3.6	0.01
1995	103326.5	23596.3	1003.4	48.0	127974.2	99.2	0.78	0.04

Source: CBN Annual Report and Accounts (Various Years)
CDS = Certificate of Deposits
BUF = Bankers Unit Fund
EDS = Eligible Development Loan Stock

TABLE 5

SUMMARY OF MARKET CAPITALIZATION ON THE NIGERIAN STOCK EXCHANGE
(1980 - 1995)

Year (i)	Market Capitalisation of Govt. Securities (ii)	Market Capitalisation of Equities and Loans (iii)	Total Market Capitalisation (iv)
1980	2,766.1	1,698.1	4,464.2
1981	3,059.9	1,916.9	4,976.8
1982	3,048.9	976.8	4,025.7
1983	3,545.2	2,222.8	5,768.0
1984	2,936.2	2,578.7	5,514.9
1985	3,536.0	3,134.7	6,670.0
1986	2,698.0	4,096.8	6,794.80
1987	4,240.6	4,057.0	8,297.60
1988	4,538.45	5,482.30	10,020.75
1989	4,228.33	8,620.33	12,848.66
1990	3,431,31	12,927.10	16,358.41
1991	3,281.75	19,843.19	23,124.94
1992	3,246.27	28,026.27	31,272.54
1993	3,551.3	43,884.8	47,436.1
1994	3,196.88	63,172.02	66,368.9
1995	3,181.76	177,123.36	180,305.12

Source: Securities Market Journal (Various Years)
SEC Annual Reports and Accounts (Various Years)

TABLE 6

INSTITUTIONALIZED SAVINGS IN NIGERIA 1962 - 1995 (CUMMULATIVE)

Year	Amounts (N'000)		Total	Percentages		Total
	Commercial Banks	Others (1)		Commercial Banks	Others(1)	
1962	41,644	4,078	45,722	91.0	9.0	100
1963	47,135	7,15	54,850	86.0	15.0	100
1964	54,214	12,317	66,531	81.5	18.5	100
1966	70,509	16,732	87,241	80.8	19.2	100
1966	81,258	21,983	103,241	78.7	21.3	100
1967	65,621	25,093	90,714	72.3	27.7	100
1968	183,622	57,768	241,390	76.0	24.0	100
1969	215,406	65,868	281,264	76.6	23.4	100
1970	336,718	105,064	441,782	76.2	23.8	100
1971	371,762	89,431	461,193	80.6	19.4	100
1972	456,866	109,669	566,535	80.6	19.4	100
1973	582,280	137,942	720,222	80.8	19.2	100
1974	973,212	163,901	1,137,113	85.6	14.4	100
1975	1,572,356	243,352	1,815,708	86.6	13.4	100
1976	1,979,159	276,178	2,255,337	87.8	12.2	100
1977	2,255,093	340,827	2,595,920	86.9	13.1	100
1978	2,415,470	388,467	2,803,937	86.1	13.9	100
1979	3,702,100	459,700	4,161,800	89.0	11.0	100
1980	5,163,200	606,700	5,769,900	89.5	10.5	100
1981	5,796,100	766,500	6,562,600	88.3	11.7	100
1982	6,614,500	1,319,800	7,634,300	86.6	13.4	100
1983	7,391,300	1,180,300	8,571,600	86.2	13.8	100
1984	8,956,800	1,486,500	10,443,300	85.8	14.2	100
1985	9,994,900	1,792,800	11,787,700	84.8	15.2	100
1986	11,274,400	2,253,900	13,528,300	83.3	16.7	100
1987	12,998,600	2,284,200	15,882,800	81.8	18.2	100
1988	17,559,200	3,904,300	21,463,500	81.8	18.2	100
1989	17,813,300	4,868,000	22,681,300	78.5	21.5	100
1990	20,133,400	3,839,000	23,972,400	84.0	16.0	100
1991	27,340,100	5,272,200	32,612,300	83.8	16.2	100
1992	37,515,200	8,242,300	45,757,500	82.0	18.0	100
1993	56,152,800	21,684,000	77,836,800	72.1	27.9	100
1994	72,501,800	24,671,500	97,173,300	74.0	25.4	100
1995	89,756,300	21,319,600	111,075,900	80.1	19.2	100

Source: CBN Annual Reports and Statement of Accounts (Various Years)

Note (1) Include
(a) Federal Savings Bank
(b) National Provident Fund
(c) Merchant Banks
(d) Federal Mortgag Bank
(e) Premium Bonds, Savings Certificates & Savings Stamps

TABLE 7
GROSS PREMIUM OF INSURANCE COMPANIES (1989 - 1995)

Year	Amount (Nm)
1989	2,167.9
1990	2,446.2
1991	2,848.7
1992	3,518.5
1993	6,375.2
1994	3,559.9
1995	5,741.5

Source: CBN Annual Report and Statement of Accounts (Various Issues).

TABLE 8:

PEOPLE'S BANK OF NIGERIA: DEPOSITS (1992 - 1995)

Year	Amount (N' million)
1992	181.5
1993	287.8
1994	275.4
1995	330.4

Source: CBN Annual Report and Statement of Accounts (Various Years).

TABLE 9:

COMMUNITY BANKS DEPOSITS

Year	Amount (N'million)
1991	76.7
1992	474.6
1993	2,188.2
1994	2,721.2
1995	3,344.6

Source: CBN Annual Report and Statement of Accounts, 1995.

TABLE 10

FINANCE COMPANIES: DEPOSITS/BORROWINGS (1992 - 1995)

Year	Amount (N'million)
1992	1,292.0
1993	6,969.2
1994	5,449.8
1995	6,819.0

Source: CBN Annual Report and Statement of Accounts (Various Years).

TABLE 11:

FEDERATION MORTGAGE FINANCE (FORMERLY FMBN): GROWTH OF MORTGAGE ASSETS AND SAVINGS (1985 - 1995)

Year	Mortgage Assets	% Growth (N'm)	Savings	% Growth
1985	447.9		116.0	11.5
1986	476.6	6.0	131.0	13.8
1987	532.6	10.5	152.0	18.7
1988	606.6	12.2	187.0	18.7
1989	685.5	11.5	229.1	18.4
1990	742.2	7.7	315.8	27.5
1991	749.2	0.9	463.8	31.9
1992	798.1	6.1	619.4	25.1
1993	736.0	-8.4	677.4	8.6
1994	704.4	-4.5	907.3	25.3
1995	N/A	-	N/A	
TOTAL	6,479.4	-	3,798.8	

Source: FMBN Annual Report and Accounts (Various Years)

TABLE 12:

PRIMARY MORTGAGE INSTITUTIONS: DEPOSITS (1992 - 1995)

Year	Savings Amount (N'm)	Fixed Deposit Amount (N'm)	Total (N'm)
1992	292.2	626.2	918.0
1993	326.4	1,249.9	1,576.3
1994	395.7	1,335.4	1,731.1
1995	474.4	1,602.5	2,076.9

Source: CBN Annual Report and Statement of Accounts (Various Years).

TABLE 13

MONEY SUPPLY (1984 - 1995)

Year (1) (N'm)	Currency Outside Banks (2) (N'm)	Private Sector Demand Deposits (3) (N'm)	Total (4) (N'm)	(2) as % of (4) (5) (N'm)	(3) as % of (4) (6) (N'm)
1984	4,883.5	7,320.6	12,204.1	40.0	60.0
1985	4,909.9	8,357.9	13,267.8	37.0	63.0
1986	5,177.9	7,927.1	13,105.0	40.0	60.5
1987	6,298.6	8,607.3	14,905.9	42.3	67.7
1988	9,412.3	11,736.3	21,148.6	44.5	55.5
1989	11,688.4	14,009.2	25,697.6	45.5	54.5
1990	14,940.6	22,293.1	37,233.7	40.1	59.9
1991	23,108.3	26,256.3	29,364.6	46.8	53.2
1992	36.765.9	38,640.6	75,406.5	48.8	51.2
1993	56.260.8	60,129.9	116,390.7	52.6	51.7
1994	90,492.0	81,512.7	172,004.7	57.4	47.4
1995	106,768.2	79,199.6	185,967.8	54.5	45.6

TABLE 14:

SELECTED INDICATOR OF BANKING HABIT DEVELOPMENT IN NIGERIA (1987 - 1995)

Year	No. of Commercial Banks	No. of Bank Offices	Commercial Banks' Assets/ Liabilities (N'm)	Loans and Advances (N'm)	Currency Outside the Banks (N'm)	Savings Ratio	Pension's Per Bank Cleared	No. of Cheques
1987	36	15211	49,828.4	17,531.9	6,298.6	2.4	19	7,588.569
1988	42	1665	59,226.2	20,051.5	9,412.3	3.0	20	793,719
1989	46	1749	65,523.7	22,276.3	11,688.4	2.7	26	9,862,974
1990	58	1939	82,957.9	25,782.8	14,940.6	3.2	27	6,933,343
1991	60	2070	117,511.9	32,912.4	23,108.2	4.0	31	7,992.870
1992	66	2275	181,736.1	40,731.6	36,765.9	5.6	33	9,863,521
1993	66	2352	272,285.2	58,158.9	546,254,5	8,5	39	15,031,533
1994	66	2397	234,002.1	89,756.0	90,492.0	10.5	42	10,382,442
1995	66	2368	463,671.4	140,225.4	106,768.2	11.7	42	11,005,232

Source: CBN Annual Report and Statement of Accounts (Various Years.)

TABLE 15:

REAL INTEREST RATES (RIR)

(Percentage)

Year	Inflation Rate	Max Int. Rate	R.I.R.
1994	72.8	21.00	-51.8
1995	67.0	21.00	-36.0

Source: CBN Annual Report and Statement of Accounts, 1995.

TABLE 16:

BANKING FACILITIES AVAILABILITY

Type of Financial Institution	No. of Branches (Offices) 1990 - 1995					
BANKS	1990	1991	1992	1993	1994	1995
1. Commercial Banks	1939	2070	2275	2352	2397	2368
2. Merchant Banks	74	101	116	126	144	149
3. Primary Mortgage Distributors	N/A	122	145	252	279	280
4. Community Banks	N/A	60	250	611	813	1132
5. Peoples Bank	169	205	228	271	275	275
6. Finance Houses	212	248	262	310	290	N/A
7. Federal Mortgage Finance (FMBN)	N/A	N/A	N/A	N/A	N/A	N/A
8. Nig. Agricultural & Coop. Bank (NACB)	N/A	N/A	N/A	N/A	N/A	N/A
9. TOTAL	2394	2806	3276	3922	4198	4204
10. Total Population	88m	88m	100m	100m	100m	100m
11. No. of Persons per Banking facilities (9 divide by 10)	27	31	33	39	42	42

Source: CBN Annual Report and Statement of Accounts (Various Years).

TABLE 17:

SAVINGS RATIO (1986 - 1995)

Year (1)	GDP at 1984 factor cost) (2)	Financial Savings (N billion) (3)	Ratio 3 as % of 2 (N million) (4)
1986	77.90	13,528.3	1.7
1987	79.28	18,679.5	2.4
1988	77.08	23,249.0	3.0
1989	81.08	20,185.8	2.7
1990	86.01	27,486.6	3.2
1991	94.61	37,738.0	4.0
1992	97.42	54,116.8	5.6
1993	100.03	85,027.9	8.5
1994	101.04	106,134.5	10.5
1995	103.30	121,026.2	11.7

Source: CBN Annual Report and Statement of Accounts (Various Issues).

TABLE 18:

BANKING SYSTEM CREDIT TO THE ECONOMY (1985 - 1995)

Year (1)	Credit to Private Sector (N'm) (2)	Credit to Government Sector (N'm) (3)	Aggregate Credit to The Economy (N'm) (4)	2 as % of 4 (5)	3 as of 4 (6)
1985	13,070.3	18,265.0	31,353.3	41.7	58.3
1986	15,247.4	18,672.6	33,920.0	45.0	55.0
1987	17,710.1	20,259.1	37,966.2	46.6	53.4
1988	21,164.6	25,409.7	46,574.3	45.4	54.6
1989	30,403.2	24,085.6	54,488.8	55.8	44.2
1990	33,547.7	16,632.2	50,179.9	66.9	33.1
1991	45,325.2	38,498.5	83,823.7	54.1	45.9
1992	61,020.3	80,715.4	141,735.7	43.1	56.9
1993	92,501.6	178,849.3	271,350.9	34.1	65.9
1994	122,273.3	228,349.4	360,622.7	34.9	65.1
1995	207,383.0	3270,275.1	477,658.1	43.4	56.6

Source: CBN Annual Report and Statement of Accounts (Various Issues).

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