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The Maturity and Security Patterns of Commercial Bank Loans and Advances: 1963-68

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THE MATURITY AND SECURITY PATTERNS OF COMMERCIAL BANK LOANS AND ADVANCES: 1963-68

A substantial amount of information is available about the overall growth and the purpose-wise distribution of commercial bank loans and advances in Nigeria.[1] On the other hand, very little information is available on the maturity pattern of these loans or on the structure of the securities offered (or demanded by the banks) against them.

This paper attempts to fill some of this gap. It analyses the maturity and security patterns of commercial bank loans[2] from 1963 to 1968. Several commentators have referred to differences in the behaviour of the so-called expatriate and indigenous banks.[3] Therefore an attempt is made to see, empirically, if their behaviour differed with respect to the maturity and security patterns of loans.

No analysis of any aspect of behaviour in Nigeria during the period covered by this study can ignore the effects of the unsettling political events that occurred after 1965. The effects of these developments on the loan patterns are also examined.

The maturity pattern of loans

The maturities of commercial bank loans and advances are divided, for the purposes of this paper, into: (a) those maturing within three months, (b) those maturing within three to six months, (c) those maturing within six to twelve months, and (d) those maturing later than twelve months. In 1963, commercial bank loans of all maturities outstanding totalled £N70.8 million; in 1968 they totalled £N99.1 million.[4] However, the 1968 level was not the highest level to which these loans rose during 1963 to 1968. (See Table E.) The political crisis that started in 1966 and which resulted in the civil war not only affected the general level of economic activity; it also resulted in the unavailability of banking statistics from the three eastern states. Thus, while loans outstanding increased by about 20 per cent and 15.6 per cent in 1964 and 1965, respectively, the rates of increase fell to 4.7 in 1966, 1.2 in 1967, and — 4.8 in 1968. Of the loans outstanding in the various categories in 1968, those maturing later than twelve months recorded the highest rate of decline from the highest annual level attained during 1963-68—the highest level such loans rose to was £N11.8 million in 1966. By 1968 these loans had fallen by 32 per cent.

In Table A, the annual averages of the quarterly maturity distribution of commercial bank loans for all banks, for expatriate banks, and for indigenous banks are presented. It is clear that the substantial portion of advances is granted for periods not greater than three months. During the 1963-68 period, about two-thirds of all advances granted by the commercial banks matured within three months. The predominance in commercial bank loan portfolios of loans maturing within three months is to be expected in view of the fact that commercial bank activities have been largely concentrated in the financing of trade. A slight fall is noticeable, during the period, in the proportion of loans maturing within three months. Actually, the absolute values of loans in this maturity category grew at the lowest rate during the period — average annual rate of growth of 5.7 per cent. (See Table E.) Loans maturing within three to six months recorded the highest rate of growth —20.4 per cent — and although these loans ranked second in each of the six years, their share of total loans increased over the period — from an average of about 13 per cent in the first three years to an average of about 20 per cent in the last three. Loans maturing after 12 months, accounting for about one-tenth of all loans and advances, ranked third in importance. The smallest share of commercial bank loans was claimed by those maturing within six to twelve months.

The commercial banks operating in Nigeria can be grouped into expatriate and indigenous.[5] The expatriate banks which were

TABLE A

MATURITY PATTERN OF LOANS, PROPORTIONAL DISTRIBUTION

(Average of quarterly proportions, per cent)

Year	All banks				Expatriate banks				Indigenous banks			
	Maturing within 3 months	Maturing between 3–6 months	Maturing between 6–12 months	Maturing after 12 months	Maturing within 3 months	Maturing within 3–6 months	Maturing within 6–12 months	Maturing later than 12 months	Maturing within 3 months	Maturing within 3–6 months	Maturing within 6–12 months	Maturing later than 12 months
1963	70·9	12·1	8·9	8·1	88·1	1·9	5·0	5·0	02·7	41·9	20·1	17·3
1964	70·2	13·0	7·1	9·7	88·2	2·6	2·8	6·4	15·0	44·7	20·2	20·1
1965	70·9	13·6	6·6	8·9	87·8	4·3	2·9	5·0	21·0	41·1	17·6	20·3
1966	58·1	21·4	9·0	11·5	70·6	17·1	6·0	6·3	24·2	32·7	17·1	26·0
1967	61·9	21·3	7·4	9·4	75·9	14·2	5·4	4·5	20·5	42·6	13·1	23·8
1968	64·6	19·4	7·9	8·1	79·7	11·6	4·0	4·7	22·4	41·3	18·7	17·6
Average	66·1	16·8	7·8	9·2	81·7	8·6	4·3	5·3	20·6	40·7	17·8	20·8

largely branches of foreign banks dominate commercial banking in Nigeria. Thus, in the period under review, 75 per cent of all commercial bank loans and advances were granted by the expatriate banks. Given this dominance, it is not surprising that the maturity pattern of commercial bank loans and advances discussed above reflects basically the maturity distribution of expatriate bank loans and advances. During the period, more than 80 per cent of expatriate bank loans had maturities of not greater than three months. Also, during the period, the share of total expatriate bank loans maturing within three months declined. Expatriate bank loans maturing within three to six months, later than twelve months, and within six to twelve months ranked, respectively, second, third and fourth in importance. A substantial increase occurred during the period in the share of expatriate banks' loans maturing within three to six months. This increase does not reflect a general increase in the shares of loans of this category granted severally by the expatriate banks. It reflects mainly a substantial increase, after 1965, in the loans maturing within that maturity period granted by one of the expatriate banks. The effects of the political crisis in the country (since 1966) seem to be reflected in the year-to-year movements in the proportion of expatriate bank loans in the various maturity categories. Between 1966 and 1968, the proportion of expatriate bank loans in categories other than within three months declined while the proportion of those maturing within three months increased.

The maturity distribution of indigenous commercial bank loans during 1963-1968 was quite different from those of the expatriate banks. In the indigenous banks' loan portfolio, no one maturity category claimed up to half of total loans. Loans maturing within three to six months, claiming on the average about 41 per cent of all indigenous banks' loans, ranked first in importance. This category was followed in importance by the categories of loans maturing later than twelve months (average share — 20.8 per cent) and those maturing within three months (average share to 20·6 per cent). As was the case with the expatriate banks, loans maturing within six to twelve months claimed the smallest share of indigenous banks' total loans.

It will be observed in Table A that while about 80 per cent of expatriate-bank loans matured within three months, only about 21 per cent of loans granted by the indigenous banks matured within that period. On the other hand, the proportions of loans granted by the indigenous banks falling into the longer maturity categories were each at least four times greater than the corresponding proportions for the expatriate banks.

The differences in the contributions of the expatriate and indigenous banks towards meeting the financial needs of the economy is more explicitly brought out by Table B. Over the period, about three-quarters of all loans and advances granted by commercial banks were by the expatriate banks, while the indigenous banks granted the remaining one-fourth.

However, the importance of the two types of banks in granting loans in the various maturity categories bears very little relationship to their importance in the granting of loans of all maturities. Thus, on the average, the expatriate banks granted about 92 per cent of all (expatriate and indigenous commercial banks) loans with maturities not greater than three months. The expatriate banks' share of loans in this maturity category is clearly greater than their share of total commercial bank loans outstanding. On the other hand, the indigenous banks' share — eight per cent — of these loans is much less than their 25 per cent share of the total commercial bank loan market.

Since they concentrate on loans with the shortest maturity, the expatriate banks play a disproportionately minor role in granting loans with longer maturities. Thus, in spite of the fact that they account for three-quarters of all loans, the expatriate banks account for less than half of loans maturing within three to six months, within six to twelve months and those maturing after one year. The indigenous banks accounted for close to 60 per cent of all commercial bank loans maturing within six to twelve months and after twelve months, and accounted for two-thirds of those maturing within three to six months. Mainly because of the changes in the maturity pattern of the expatriate banks' loans referred to above, their share of total loans maturing within three to six months increased during the period — from an average of 17 per cent during 1963-1965 to an average of about 50 per cent during 1966-1968.

The greater concentration of the expatriate banks on the shortest-maturity end of the loan market reflects the main lines of concentration of their activities, which is in the financing of commerce. Compared with the indigenous banks, the expatriate banks with their overseas connections are in a better position to concentrate on the financing of external trade. Also, the maturity pattern of expatriate bank loans (and, as a result, the overall pattern of the loans of commercial banks in Nigeria) reflects the fact that the activities of these banks are, in the main, ordered along traditional banking concepts obtaining especially in the United Kingdom. The appropriateness of these practices to the Nigerian economy is becoming increasingly questionable. On the role of commercial banks in developing countries, Nevin has observed, **inter alia,**

> ... the predominant need of ... industries (in developing countries) would be for relatively long-term, or certainly medium-term, capital of the type which industry in a developed economy would normally expect to raise on the capital market or from long-term lending institutions. The restriction of bank lending to working capital requirements which is customary in, say, the United Kingdom would be peculiarly unfortunate in the light of the needs and nature of the industries struggling to establish themselves in under-developed territories where no long-term capital market exists.[6]

With just nine per cent of total commercial bank (only five per cent of expatriate bank) loans having maturities greater than one year, it does not seem as if the banks are contributing as much as they could to the needs of agriculture and industry. Information on the maturity pattern of loans granted by commercial banks in other developing countries are hard to come by. However, information about patterns in two other countries suggests that the maturity pattern of commercial bank loans in Nigeria is relatively short. In Sudan, end-year data for 1964, 1965 and 1966 show that an average of 15 per cent of overall commercial bank loans were of maturities that were greater than one year.[7] The corresponding proportion for commercial banks in Nigeria was 8.6 per cent. In Ceylon, December 1963 data show that 61.4 per cent of total advances by all commercial banks were of maturities of at least six months.[8] For the same data, the corresponding proportion for Nigerian commercial banks was 16.1 per cent.

Pattern of loan security

The loans and advances discussed in this section are more inclusive than those discussed under the maturity pattern. These loans and advances include those made to other banks inside and outside Nigeria and to subsidiaries, branches or offices of banks in and outside Nigeria. The totals of both loans are however very close. For example, while the loans and advances discussed in this section totalled £N72·4 million and £N105.3 million in 1963 and 1967, respectively, the corresponding totals of the loans discussed in the former section were £N70.8 million and £N104.1 million.

Considered broadly, loans and advances granted by commercial banks may be (1) unsecured, (2) secured against real estate, and (3) otherwise secured.[9] These loans increased from £N72.4 million in 1963 to £N105·3 million in 1967 and declined by about four per cent to £N100.3 million in 1968. (See Table F.) The rates of increase of loans and advances, for reasons connected with the political crisis, declined over the period.[10] The sharpest declines were recorded by the category of unsecured loans which declined in 1966, 1967 and 1968; in 1968 the amount of unsecured loans outstanding was lower than in 1963. Loans secured against real estate increased at an average annual rate of six per cent and those otherwise secured at an average rate of 15·4 per cent.

The distributions of loans granted by all banks, expatriate banks, and indigenous banks into the three collateral groupings

TABLE B

RELATIVE SHARES OF EXPATRIATE AND INDIGENOUS BANKS IN THE LOANS OF INDICATED MATURITIES

(Average of quarterly proportions, per cent)

Year	All maturities Share of:		Maturing within 3 months Share of:		Maturing within 3-6 months Share of:		Maturing within 6-12 months Share of:		Maturing later than 1 year Share of:	
	Expatriate	Indigenous	Expatriate	Indigenous	Expatriate	Indigenous	Expatriate	Indigenous	Expatriate	Indigenous
1963	74·5	25·5	92·7	7·3	12·5	87·5	41·8	58·2	45·4	54·6
1964	75·5	24·5	94·7	5·3	15·0	85·0	29·0	71·0	51·5	48·5
1965	74·7	25·3	92·5	7·5	23·5	76·5	31·9	68·1	41·9	58·1
1966	73·3	26·7	89·0	11·0	60·0	40·0	47·3	52·7	40·2	59·8
1967	74·7	25·3	91·6	8·4	49·4	50·6	54·9	45·1	35·7	64·3
1968	73·7	26·3	90·8	9·2	43·9	56·1	37·7	62·3	42·6	57·4
Average	74·4	25·6	91·9	8·1	34·0	66·0	40·4	59·6	42·9	57·1

are presented in Table C. On the average, about 69 per cent of loans granted by all commercial banks during 1963-68, were secured. The remainder, or 31 per cent, were unsecured. Over the six-year period, the unsecured as a proportion of total loans declined — from 36·6 per cent in 1963 to 24·6 per cent in 1968. This decline, which corresponded to an increase in the share of loans otherwise secured, reflects primarily the growth during the period of the money and capital markets, which has increased the supply of financial market instruments that could be used as collaterals for commercial bank loans. However, part of the decline in the proportion of unsecured to total loans in the last three years may be attributable to the increased uncertainties that obtained in the economy during these years.

Loans secured against real estate formed, on the average, 26·0 per cent of all loans granted by commercial banks during the period. Here there is no clear evidence of a trend in the annual proportions. The largest proportion — 43·2 per cent — of all loans granted by banks were otherwise secured (i.e., secured other than against real estate). As noted above, the importance of this category of loans increased during the period.

Total loans granted by the expatriate and indigenous banks increased at about the same average annual rate during the 1964-68 period. (See Table F.) Total loans granted by the expatriate banks increased by 7·2 per cent while those granted by the indigenous banks increased by 7·0 per cent. These overall rates of growth are reflection of very high rates of growth in the first two years of the period and steadily declining rates of increase in the latter years. For both types of banks, loans otherwise secured recorded the highest average annual rates of growth — 16·5 per cent for expatriate and 12·0 per cent for the indigenous banks. For the indigenous banks the next highest rate of increase was recorded by unsecured loans which increased by 8·6 per cent; loans secured against real estate increased by 6·1 per cent. Loans granted by the expatriate banks and secured against real estate increased at an average annual rate of 7·9 per cent; their unsecured loans, which fell in the three consecutive years starting in 1966, declined at an average rate of —1.1 per cent during the period.

The overall pattern of loan security masks a difference in patterns as between expatriate and indigenous banks. During 1963-68, about 38 per cent of all loans granted by the expatriate banks were unsecured, while only twelve per cent of the loans granted by the indigenous banks were in that category. The proportion of unsecured loans to total loans granted by the expatriate banks fell, more or less steadily, from 45·0 per cent in 1963 to 29·9 per cent in 1968. No such systematic movement is noticeable in the proportions of unsecured to total loans granted by the indigenous banks. It thus seems that the availability of financial assets and the uncertainties that existed in the economy had greater impact on the loan security pattern of the expatriate banks than on that of the indigenous ones.

Loans secured against real estate formed about 15 per cent of loans granted by the expatriate banks while they formed more than half (55·9 per cent) of loans granted by the indigenous banks. This disparity in the proportions of loans granted (that are secured against real estate) by the two types of banks reflects differences in their operating principles and in the profiles of the average customers served by them. Newlyn and Rowan have observed that, "Africans tend to offer mortgages as security for advances, and this is not the type of security which British bankers ever regard with much favour. Both in Nigeria and the Gold Coast (Ghana) mortgages are rendered even less attractive by uncertainties of title."[11]

About 47 per cent of loans granted by expatriate banks were otherwise secured. The corresponding proportion for the indigenous banks was 32 per cent. The proportions of the expatriate and the indigenous banks' loans that were otherwise secured increased during the period. The proportion of the expatriate banks' loans that were otherwise secured increased in every year except the last, when it declined marginally. A decline also occurred in the annual proportions of otherwise-secured loans granted by the indigenous banks, but in this case the decline occurred in 1966.

TABLE C

PATTERN OF SECURING LOANS, PROPORTIONAL DISTRIBUTION

(Average of quarterly proportions, per cent)

Year	All banks			Expatriate banks			Indigenous banks		
	Unsecured	Secured against real estate	Otherwise secured	Unsecured	Secured against real estate	Otherwise secured	Unsecured	Secured against real estate	Otherwise secured
1963	36·6	29·3	34·1	45·0	19·1	35·9	13·8	57·0	29·2
1964	34·9	24·4	40·7	42·0	14·0	44·0	14·1	54·9	31·0
1965	32·7	22·3	45·0	41·2	10·4	48·4	8·9	56·2	34·9
1966	29·7	27·0	43·3	35·3	15·7	49·0	14·8	57·2	28·0
1967	26·1	25·5	48·3	31·8	15·1	53·1	9·8	56·3	33·9
1968	24·6	27·5	47·9	29·9	17·8	52·3	10·5	54·0	35·5
Average	30·8	26·0	43·2	37·5	15·4	47·1	12·0	55·9	32·1

In Table D, the relative shares of the expatriate and indigenous banks in total loans outstanding and in the loans of the alternative modes of security are presented. With about 74 per cent of the loan market, the expatriate banks have a slightly more than proportionate — an 80 per cent — share of otherwise-secured loans. This, however, does not tell the whole story as to the relative shares of the two types of banks in total secured (otherwise-secured plus secured against real estate) loans outstanding in the economy. For, when the shares of these banks in loans secured against real estate are considered, it is found that the proportion of loans secured against real estate by the expatriate banks is much less than their share of total loans. Their 41 per cent share of all such loans is clearly much lower than their 74 per cent share of the total commercial bank loans and advances market. As noted above, this reflects the aversion of the banks to the acceptance of mortgages as collateral for loans and advances.

Perhaps the most interesting contrast in the behaviour of the two types of banks is with respect to the granting of unsecured loans. Here, the expatriate banks had a disproportionately high (89·6 per cent) and the indigenous banks a disproportionately low (10·4 per cent) share of unsecured loans outstanding during the period.

Information that will permit adequate comparison of these security-wise distributions of commercial bank loans with those of commercial banks in other developing countries is also limited. However, data on the proportions of unsecured to total loans are available for three developing countries. In India, the proportions of unsecured loans to total loans in December 1957 and 1962 were 19 and 14 per cent, respectively.[12] For all the Nigerian banks, data are not available for December 1957, but the proportion of unsecured loans to total in December 1962 was 35·4 per cent. For that date, the respective proportions for expatriate and indigenous banks were 44·9 and 8·3 per cent, respectively.

In Ceylon, unsecured loans were 13·1 per cent of total commercial bank loans in December 1963.[13] The corresponding proportion for all commercial banks in Nigeria was 34·1 per cent — for the expatriate banks 41·1 per cent and for the indigenous banks 13·4 per cent.

For Pakistan, it was possible to obtain quarterly proportions of unsecured to total loans for 1963 and 1964 for all banks, Pakistani banks and foreign banks.[14] For all banks operating in Pakistan, the average quarterly proportions of unsecured to total loans in 1963 and 1964 were 6·2 and 5·6 per cent, respectively. This compares with the proportions for all banks operating in Nigeria of 36·6 and 34·9 per cent, respectively. With respect to foreign banks operating in Pakistan, the proportions for 1963 and 1964 were 9·2 and 4·9 per cent as compared with 44·9 and 41·8 per cent for expatriate banks operating in Nigeria. In 1963 and 1964, the proportions of unsecured to total loans granted by indigenous Pakistani banks were 5·2 and 5·8 per cent, respectively. In these years, indigenous Nigerian banks granted 13·8 and 14·2 per cent of their loans without security. It is not the intention to press these comparisons too far, but even allowing for the likelihood that these other economies are more financially developed and that borrowers therefore, are in a better position to offer "acceptable" collaterals, the proportion of unsecured to total loans granted by Nigerian banks, especially the expatriate ones, seems high.

Summary and conclusions

This paper has examined the maturity and security patterns of commercial bank loans and advances during the 1963-68 period. It is, perhaps, not surprising to find that most commercial bank loans are short-term. It is, however, instructive to find that up to 90 per cent of commercial bank loans granted during the period matured or were expected to mature within one year. This pattern of behaviour is observed in a developing country in which commercial banks constitute the main mobilisers and suppliers of loanable funds.

The reason for this anachronism becomes clearer when the maturity pattern of the loan portfolios of the expatriate and indigenous banks are separately examined. Only about six per cent of expatriate bank loans were granted for periods longer than a year.

TABLE D

RELATIVE SHARES OF EXPATRIATE AND INDIGENOUS BANKS IN LOANS OF THE INDICATED CATEGORIES

(Average of quarterly proportions, per cent)

Year	Total of all loans Share of:		Total unsecured loans Share of:		Total loans secured against real estate Share of:		Total loans otherwise secured Share of:	
	Expatriate	Indigenous	Expatriate	Indigenous	Expatriate	Indigenous	Expatriate	Indigenous
1963	73·0	27·0	89·9	10·1	47·2	52·8	76·8	23·2
1964	74·4	25·6	89·7	10·3	42·2	57·8	80·5	19·5
1965	73·9	26·1	92·9	7·1	34·5	65·5	79·6	20·4
1966	72·6	27·4	86·3	13·7	41·9	58·1	82·0	18·0
1967	74·1	25·9	90·2	9·8	43·7	56·3	81·2	18·8
1968	73·1	26·9	88·5	11·5	47·3	52·7	79·9	20·1
Average 1963—68	73·5	26·5	89·6	10·4	42·8	57·2	80·0	20·0

X

In fact, more than 80 per cent of loans granted by these banks were expected to mature within three months. On the other hand, only about 20 per cent of the indigenous banks' loans were of maturities that were not more than three months. And compared with six per cent for the expatriate banks, more than one-fifth of all indigenous bank loans were expected to mature after one year.

The corollary of these differences in behaviour is that, although they account for about three-quarters of all loans outstanding, the expatriate banks granted about 92 per cent of all commercial bank loans that matured within three months, but only about 34, 40 and 43 per cent of loans maturing within three to six months, six to twelve months, and later than one year, respectively. The expatriate banks' behaviour is probably attributable to the fact that they were branches or subsidiaries of parent banks situated in developed countries and therefore tended to adhere to the so-called orthodox banking principles. They concentrated their activities mainly in the sphere of external trade financing.

With respect to the security-wise distributions of commercial bank loans, it was found that during the period, about 31 per cent of loans granted by all commercial banks were unsecured. Twenty-six per cent of all commercial bank loans were secured against real estate; about 43 per cent were otherwise secured.

Here again, there are differences in the portfolio patterns of expatriate and indigenous banks. While about 38 per cent of all expatriate banks' loans were unsecured, only twelve per cent of indigenous bank loans were granted without security. Also, while only about 15 per cent of expatriate bank loans were secured against real estate, about 56 per cent of indigenous bank loans were secured against real estate. Forty-seven and 32 per cent of loans granted, respectively, by the expatriate and the indigenous banks were otherwise secured.

With a 75 per cent share of the loan market, expatriate banks granted close to 90 per cent of all unsecured loans, 45 per cent of all loans secured against real estate, and 80 per cent of all loans otherwise secured. The relatively low share of loans secured against real estate by the expatriate banks probably reflects the aversion of these banks to accepting mortgages as collaterals for loans. The relatively high proportion of unsecured loans in the portfolios of the expatriate banks is more difficult to understand. It suggests that the lending policies of the expatriate banks are less impersonal than one would have thought.

Since the economy had witnessed political unrest and civil war from the fourth year of the six-year period, one may expect to notice some effects of the consequent increase in uncertainty on the maturity and security patterns of commercial bank loans. First, the growth of commercial bank loans slowed after 1965 — total loans actually fell in 1968. Part of the slow-down in the growth was, due however, to the civil war-related unavailability of data from the three eastern states. It is to be noted that the categories —unsecured loans and loans maturing later than twelve months — which can be considered as more sensitive to increased uncertainty, declined at a higher rate than the other categories of loans.

The maturity and security patterns, especially of the expatriate bank loans, seemed to have been affected more by the political crisis. Thus, the annual proportions of expatriate bank loans maturing within three months fell from 1963 to 1966 and increased in every year thereafter. The shares of loans in the other three maturity categories decreased after 1966. The only systematic movement observable in the shares of the various maturity categories of loans granted by the indigenous banks was the decline after 1966 in the share of their total loans maturing after a year. Changes after 1965 in the security-wise distributions of the commercial bank loans are more difficult to relate to the political developments. The only observation that can be made is with respect to the changes in the share of unsecured loans in the loan portfolio of the expatriate banks after 1965. But even here the proportion of unsecured (secured) loans to total loans granted by the expatriate banks declined (increased) in every year in the 1963-68 period.

TABLE E

COMMERCIAL BANKS MATURITY PATTERN OF LOANS TO OTHER CUSTOMERS

(Annual averages of end-of-quarter figures)

(£N's thousand)

Year	All banks					Expatriate banks					Indigenous banks				
	Maturing within 3 months	Maturing within 3—6 months	Maturing within 6—12 months	Maturing later than 12 months	Total	Maturing within 3 months	Maturing within 3—6 months	Maturing within 6—12 months	Maturing later than 12 months	Total	Maturing within 3 months	Maturing within 3—6 months	Maturing within 6—12 months	Maturing later than 12 months	Total
1963	50,221	8,579	6,283	5,731	70,814	46,481	971	2,641	2,601	52,694	3,739	7,608	3,641	3,130	18,118
1964	59,802	10,974	6,031	8,124	84,931	56,647	1,662	1,838	3,972	64,119	3,155	9,311	4,193	4,152	20,811
	(19·1)	(27·9)	(–4·0)	(41·8)	(19·9)	(21·9)	(71·2)	(–30·4)	(52·7)	(21·7)	(–15·6)	(22·4)	(15·2)	(32·7)	(14·9)
1965	69,863	13,299	6,425	8,633	98,220	64,610	3,124	2,071	3,612	73,417	5,254	10,175	4,353	5,021	24,803
	(16·8)	(21·2)	(6·5)	(6·3)	(15·6)	(14·1)	(88·0)	(12·7)	(–9·1)	(14·5)	(66·5)	(9·3)	(3·8)	(20·9)	(19·2)
1966	59,717	22,042	9,300	11,796	102,855	53,138	12,912	4,592	4,735	75,377	6,578	9,130	4,706	7,060	27,474
	(–14·5)	(65·7)	(44·7)	(36·6)	(4·7)	(–17·8)	(313·3)	(121·7)	(31·1)	(2·7)	(25·2)	(–10·3)	(8·1)	(40·6)	(10·8)
1967	64,581	22,115	7,657	9,765	104,118	59,128	10,958	4,163	3,550	77,799	5,453	11,157	3,493	6,215	26,318
	(8·1)	(0·3)	(–17·7)	(–17·2)	(1·2)	(11·3)	(–15·1)	(–9·3)	(–25·0)	(3·2)	(–17·1)	(22·2)	(–25·8)	(–12·0)	(–4·2)
1968	64,090	19,247	7,821	7,981	99,139	58,232	8,459	2,957	3,399	73,047	5,857	10,788	4,863	4,581	26,089
	(–0·8)	(–13·0)	(2·1)	(–18·3)	(–4·8)	(–1·5)	(–22·8)	(–29·0)	(–4·3)	(–6·1)	(7·4)	(–3·3)	(39·2)	(–26·3)	(–4·8)
Average of percentage changes	(5·7)	(20·4)	(6·3)	(17·2)	(7·5)	(5·6)	(86·9)	(13·1)	(9·1)	(7·2)	(13·3)	(8·1)	(8·1)	(11·2)	(7·2)

Note: The figures in brackets are annual percentage increases.

TABLE F

COMMERCIAL BANK OF PATTERN OF SECURING LOANS AND ADVANCES

(Annual averages of end-of-quarter figures)

(£N's thousand)

Year	All banks				Expatriate banks				Indigenous banks			
	Unsecured	Secured against real estate	Otherwise secured	Total outstanding	Unsecured	Secured against real estate	Otherwise secured	Total outstanding	Unsecured	Secured against real estate	Otherwise secured	Total outstanding
1963	26,379	21,067	24,910	72,356	23,704	9,955	19,215	52,874	2,675	11,112	5,695	19,482
1964	30,339	20,971	35,634	86,945	27,173	8,831	28,782	64,787	3,166	12,140	6,852	22,158
	(15·0)	(–0·5)	(43·1)	(20·2)	(14.6)	(–11·3)	(49·8)	(22·5)	(18·4)	(9·3)	(20·3)	(13·7)
1965	32,509	22,357	45,176	100,041	30,201	7,704	36,116	74,021	2,307	14,653	9,059	26,020
	(7·2)	(6·6)	(20·8)	(15·1)	(11·1)	(–12·8)	(25·5)	(14·3)	(–12·7)	(20·7)	(32·2)	(17·4)
1966	30,789	28,067	45,320	104,176	26,589	11,777	37,283	75,648	4,200	16,290	8,040	28,528
	(–5·3)	(25·5)	(0·3)	(4·1)	(–12·0)	(52·9)	(3·2)	(2·2)	(82·1)	(11·2)	(–11·2)	(9·6)
1967	27,391	26,855	51,028	105,274	24,688	11,802	41,496	77,986	2,704	15,053	9,532	27,288
	(–11·0)	(–4·3)	(12·6)	(1·1)	(7·1)	(0·2)	(11·3)	(3·1)	(–35·6)	(–7·6)	(18·6)	(–4·3)
1968	24,602	27,592	48,101	100,295	21,757	13,076	38,548	73,340	2,845	14,556	9,553	26,955
	(–10·2)	(2·7)	(–5·7)	(–4·3)	(–11·9)	(10·5)	(–7·1)	(–6·0)	(5·2)	(–3·3)	(0·2)	(1·2)
Average of the annual percentage changes.	(–0·9)	(6·0)	(15·4)	(7·2)	(–1·1)	(7·9)	(16·5)	(7·2)	(8·6)	(6·1)	(12·0)	(7·0)

Note: The figures in brackets are annual percentage increases.

FOOTNOTES

1. See, for example, "The Growth of Commercial Bank Activities: 1959-1966," **Central Bank of Nigeria Economic and Financial Review,** Vol. 6 No. 1, June 1968 and references.

2. In the following, loans or advances may be used interchangeably to refer to loans and advances.

3. Newlyn, W.T. and Rowan, D.C., **Money and Banking in British Colonial Africa** (Oxford: The Clarendon Press, 1954), pp. 72—85, and pp. 96—122; Brown, C.V., **The Nigerian Banking System** (Evanston: Northwestern University Press, 1966); and Olakanpo, O., "Money and Banking Problems in Nigeria," **The Bankers' Magazine** (March 1966), pp. 177—184.

4. Loans and advances examined in this section are appropriately referred to as loans made to "other customers". They exclude those made to other commercial banks.

5. **Expatriate banks:** Arab Bank, Bank of America, Bank of India, Bank of the North (became indigenous in February 1967), Banque Internationale de l'Afrique Occidentale (now known as International Bank for West Africa), Barclays Bank, Berini Bank, Chase Manhattan Bank (merged with Standard Bank of West Africa in 1965), Standard Bank of West Africa (formerly Bank of West Africa), United Bank for Africa. **Indigenous banks:** African Continental Bank, Agbonmagbe Bank, Co-operative Bank of Eastern Nigeria, Co-operative Bank of Western Nigeria, Muslim Bank (licence withdrawn in 1968), and National Bank of Nigeria.

6. Edward Nevin, **Capital Funds in Underdeveloped Countries** (London: Macmillan & Co. Ltd., 1961), p. 50.

7. Bank of Sudan, **Eighth Annual Report 1967** (Khartoum, Republic of Sudan), March 1968, p. 107.

8. H. A. de S. Gunasekera, "Ceylon" in Crick, W.F. (ed.) **Commonwealth Banking Systems** (Oxford: Clarendon Press, 1965), p. 285.

9. Otherwise secured loans include those secured by bills of lading, or other documents of title to goods, negotiable securities, guarantees, life insurance policies, liens, etc.

10. The annual rates of increase are: 1964, 20·2 per cent; 1965, 15·1 per cent; 1966, 4·1 per cent; 1967, 1·1 per cent; and 1968,-4·3 per cent.

11. Newlyn and Rowan, **op. cit.**, p. 82. See also Olakanpo, **op. cit.**, p. 180.

12. Crick, **op. cit.**, p. 209.

13. **Ibid.**, p. 185.

14. State Bank of Pakistan, **Banking Statistics of Pakistan,** 1962/63 and 1964/65.