

DEVELOPMENTS IN THE FINANCIAL SYSTEM DURING THE FOURTH QUARTER OF 1989

The financial system witnessed increased activity during the fourth quarter of the year as a result of institutional developments including the introduction of auction-based system for the issue of Federal Government treasury securities and seasonal factors. Due to the various restrictive policy measures adopted during the year, the banks made increased use of the CBN rediscount window during the fourth quarter in order to minimise the effects of the squeeze on their liquidity. Money market activities increased while the capital market witnessed mixed developments.

Institutional Developments

During the fourth quarter, one merchant bank — New Africa Merchant Bank Ltd. — opened for business, thus bringing the number of merchant banks in the country to 34 as at the end of the quarter. No new commercial bank commenced operation during the quarter. The total number of commercial banks in the country stood at 47 as at the end of December 1989, compared with 41 at the end of 1988.

A major development during the quarter was the introduction in November 1989, of the auction-based system for the issue of treasury bills and certificates, whereby the issue rate on the treasury securities are based on the competitive bids of authorised dealers (commercial and merchant banks). Another major development during the quarter was the establishment of the People's Bank of Nigeria in October 1989 to provide loans to borrowers in the low income category, who normally have restricted access to institutional credit. The People's Bank, which commenced operation on a pilot basis with an initial allocation of ₦30 million, established 20 branches in eight states and disbursed ₦5.69 million as short-term loans to 8,007 beneficiaries during the quarter.

MONETARY AND CREDIT DEVELOPMENTS

Money Supply

The narrow measure of money stock (M1) declined consecutively in October and November 1989 before recording a sharp seasonal growth in December. Thus, at ₦25.7 billion at the end of the fourth quarter of 1989, M1 was ₦1.3 billion or 5.2 per cent higher than its level at the end of the preceding quarter. This increase more than doubled the ₦491.2 million rise recorded in the third quarter. Monetary aggregate grew more slowly in 1989 than in the preceding year. However, the overall growth rate of 21.5 per cent was significantly higher than the 43.6 per cent increase in 1988.

As in the preceding quarter, the observed increase in the level of money stock during the fourth quarter reflected mainly the sharp rise (₦3.6 billion) in net foreign assets of the banking system. The expansionary influence of this factor was moderated by the decline in the

system's net claims on the government sector (₦2.5 billion) and the increase in quasi-money (₦261.5 million) (see Table 1).

The increase in M1, reinforced by the lower increase in quasi-money, influenced the rise in broad money (M2) by ₦1.5 billion or 3.4 per cent to ₦46.2 billion. This contrasted with the fall of ₦2.3 billion or 4.8 per cent in the preceding quarter. The monthly average level of M2 totalled ₦45.2 billion, compared with ₦45 billion in the preceding quarter and ₦41.3 billion in the corresponding quarter of 1988. The annual rate of expansion in M2 was 8.0 per cent.

Banking System's Credit

Aggregate banking system's credit totalled ₦49.3 billion, showing a decline of ₦1.5 billion or 0.3 per cent from the end of the third quarter. This compared sharply with the fall of ₦5.5 billion or 9.8 per cent during the preceding quarter but contrasted with the increase of ₦2.6 billion or 4.7 per cent in the fourth quarter of 1988. Between end-December 1988 and end-December 1989, aggregate bank credit declined by ₦8.1 billion or 14.1 per cent as against the prescribed ceiling of 9.5 per cent. The decline in the review quarter wholly reflected the fall in the system's net claims on the government sector.

Credit to the Government Sector

In December 1989, claims on the government sector totalled ₦18.3 billion, reflecting a sharp fall of ₦2.5 billion or 11.9 per cent from the level at the end of September 1989. This was lower than the ₦4.9 billion or 18.9 per cent fall recorded in the third quarter of 1989. Over the level a year earlier, bank claims on Government fell by ₦9.2 billion or 33.5 per cent as against the permissible expansion rate of 8.3 per cent. The fall in Central Bank's net claims was largely responsible for the overall decline in credit to this sector during the quarter. The Bank's credit declined substantially by ₦2.6 billion or 14.7 per cent to ₦15.2 billion largely as a result of repaying Ways and Means advances at the end of the year as statutorily required and because of the increase in Federal Government deposits at the Bank. Merchant banks' credit to the sector also fell by ₦29.0 million or 24.2 per cent to ₦90.6 million due to the decline in the banks' holding of treasury securities. Commercial banks' claims, on the other hand, rose by ₦165.7 million or 5.8 per cent to ₦3.0 billion mainly as a result of increased treasury bill holding.

Credit to the Private Sector

At ₦30.9 billion at the end of December 1989, banking system's claims on the private sector rose by ₦946.1 mil-

lion or 3.2 per cent during the fourth quarter. This contrasted with the fall of ₦684.3 million or 2.2 per cent in the preceding quarter. Over the level at the end of 1988, the system's credit to the sector rose by ₦1.2 billion or 3.9 per cent, compared with the ceiling of 10.7 per cent prescribed for the whole year. The Central Bank, commercial and merchant banks contributed to the increase during the review quarter. Central Bank's credit to the sector, mainly rediscounts of State Government's promissory notes held by some financial institutions, and export refinance, rose by ₦341.6 million or 29.4 per cent. Commercial and merchant banks' claims, mainly, loans and advances, also increased during the quarter as against a decline in the third quarter. Commercial banks' credit increased by ₦216.9 million or 1.0 per cent to ₦22.3 billion while merchant banks' claims to the sector rose by ₦387.6 million or 5.8 per cent to ₦7.1 billion.

Foreign Assets

Foreign assets (net) of the banking system, totalled ₦23.3 billion, reflecting a sharp increase of ₦3.6 billion or 18.4 per cent over its level at the end of the third quarter. The increase compared with the ₦3.7 billion or 23.3 per cent rise observed during the third quarter. Over the level at the end of 1988, the system's foreign assets holding rose appreciably by ₦13.0 billion or 126.8 per cent. The observed increase in the period under review was traced to the Central Bank and commercial banks. Thus, the Central Bank's holding rose by ₦8.9 billion or 40.4 per cent to ₦13.5 billion, constituting 57.8 per cent of total outstanding, compared with 48.7 per cent at the end of September 1989. The substantial increase was due largely to enhanced inflow of foreign exchange relative to outflow. Commercial banks' holding also rose by ₦375.8 million or 6.0 per cent to ₦6.6 billion, representing 28.4 per cent of the total. Merchant banks' holding, on the other hand, fell by ₦629.3 million or 16.3 per cent to ₦3.2 billion, accounting for 13.8 per cent of the total banking system's foreign asset holding at the end of the quarter under review.

Commercial Banking

Due to the growth in the number and expansion in the activities of the commercial banking system, aggregate assets/liabilities rose to ₦65.5 billion at the end of December 1989, showing an increase of ₦6.1 billion or 10.3 per cent during the quarter. This contrasted with the decrease of ₦2.9 billion or 4.7 per cent in the preceding quarter. Over the level in the corresponding quarter of 1988, the banks' assets/liabilities recorded an increase of ₦6.3 billion or 10.6 per cent. Investible Funds accrued to the banks during the review quarter mainly from their "other" liabilities, deposit liabilities and inter-bank loans. These funds were utilized to expand "other" assets, loans and advances, cash holdings and inter-bank placements.

Total loans and advances outstanding at the end of the quarter stood at ₦22.3 billion, reflecting an increase of

₦926.4 million or 4.3 per cent over the preceding quarter of 1989. This compared with the increase of ₦345.2 million or 1.6 per cent in the third quarter of 1989. When compared with the level in the fourth quarter of 1988, loans and advances recorded an increase of ₦2.2 billion or 11.1 per cent — 1.1 percentage points higher than the 10.0 per cent stipulated for the entire 1989 period. However, when lending by the very small banks exempted from credit ceiling was excluded, an increase of 8.8 per cent was achieved — which was within the stipulated ceiling.

The sectoral distribution of the banks' total loans and advances showed that banks failed to comply with the prescribed policy targets. On a monthly average basis, banks' allocation to high priority sectors was 45.6 per cent, showing a shortfall of 4.4 percentage points from the total loans and advances of 50.0 per cent prescribed for the fiscal year 1989. This was however not a good performance when compared with 45.7 and 45.8 per cent achieved in the preceding and the corresponding quarters, respectively. The share of agriculture exceeded the prescribed minimum target of 15.0 per cent by 0.3 percentage point while allocation to the manufacturing sector fell short of the stipulated target of 35.0 per cent by 4.7 percentage points. "Others" sectors share also exceeded the stipulated target of 50.0 per cent by 4.4 percentage points (see Table 3).

Commercial banks' total investments rose by ₦52.2 million or 1.1 per cent to ₦4.6 billion in contrast to the declines of ₦2.7 billion or 37.5 per cent and ₦112.4 million or 1.3 per cent in the preceding and the corresponding quarter of 1988. The increase during the quarter was reflected in the banks' increased holdings of treasury bills, treasury certificates and "other" instruments

Total deposit liabilities of the banks increased by ₦1.3 billion at the end of the quarter under review. This contrasted with the decrease of ₦1.9 billion or 6.9 per cent in the preceding quarter but compared with ₦1.9 billion or 6.9 per cent during the corresponding quarter of 1988. All the deposit types contributed to the increase during the review quarter.

MERCHANT BANKING

Total assets/liabilities of the merchant banks rose by ₦1.0 billion or 4.8 per cent during the quarter, compared with the increases of ₦379.4 million or 1.8 per cent in the preceding quarter and ₦2.7 billion or 18.6 per cent in the corresponding quarter of 1988. The increase was largely from loans and advances from Central Bank. Funds derived mainly from money on call, reduction in cash holdings and "other" liabilities were used to expand inter-bank placements, and to reduce their deposit liabilities (see Table 4)

The banks' total loans and advances outstanding stood at ₦5.9 billion showing an increase of ₦512.7 million or 9.5 per cent during the quarter, compared with the increases of ₦247.4 million or 4.8 per cent in the preceding quarter and ₦547.4 million or 13.7 per cent in the corresponding quarter of 1988. Between end-December 1988

and end-December 1989, loans and advances increased by ₦1.5 billion or 33.2 per cent as against the 10.0 per cent prescribed for the year 1989. However, when credit granted by banks exempted from credit ceiling was excluded, the credit expansion was 23.2 per cent as against the permissible expansion rate of 10.0 per cent for the whole of 1989.

Merchant banks complied with the guidelines of sectoral allocation of credit during the quarter. Allocation to the high priority sector averaged 56.2 per cent compared with the prescribed minimum of 50.0 per cent. Out of this the agricultural sector absorbed 14.3 per cent as against the 10.0 per cent stipulated, while the manufacturing obtained 41.9 per cent, 1.9 percentage points more than the prescribed minimum target. Other sectors collectively absorbed the balance of 43.8 per cent which was 6.2 percentage points below the stipulated maximum of 50.0 per cent.

Total investments outstanding fell by ₦184.9 million or 16.9 per cent from the preceding quarter's level. This decline compared with a fall of ₦1.1 billion or 49.8 per cent in the preceding quarter but contrasted with an increase of ₦586.1 million or 56.9 per cent in the corresponding quarter of 1988. The fall observed reflected the carry-over effect of the squeeze on the banks' liquidity following the withdrawal of public sector deposits.

The value of equipment on lease funded through merchant banks totalled ₦1.3 billion, a slight increase of ₦27.3 million or 2.1 per cent over the preceding quarter's level. Equipment on lease accounted for 6.0 per cent, compared with the 15.0 per cent maximum allowed.

Deposit liabilities of the banks fell by ₦310.7 million or 7.5 per cent to ₦3.8 billion. This compared with the decrease of ₦2.5 billion or 38.2 per cent in the preceding quarter but contrasted with the increase of ₦719.6 million or 13.6 per cent in the corresponding quarter of 1988. The decline in demand and time deposits more than offset the increase in the savings deposits.

FINANCIAL MARKET DEVELOPMENTS

Money Market

A significant institutional development in the nation's money market during the fourth quarter of 1989 was the introduction of the auction-based system for the issue of Federal Government treasury bills and certificates. The new system, under which the issue rates on government securities are based on competitive bids by authorized dealers, is expected to raise public interest in the securities, improve the efficiency in government debt management, promote the development of an active secondary market in the securities market and raise the effectiveness of monetary policy.

Due largely to the conversion of a portion of treasury bills outstanding into bonds and partly to the fall in the level of certificates of deposit, total money market assets outstanding during the review quarter declined by ₦11.9 billion or 26.5 per cent to ₦33.0 billion. However, treasury bills and treasury certificates, together still accounted for the bulk — 93.9 per cent — of total money

market assets outstanding, compared with 94.4 per cent at the end of the third quarter.

The Central Bank's assistance to the financial institutions by way of rediscounts rose significantly during the review quarter. Arising from the various restrictive policy measures adopted during the year, the banks made increased use of the CBN rediscount on their liquidity. Thus, gross rediscounts of treasury bills and treasury certificates alone amounted to ₦14.6 billion during the quarter as against ₦4.3 billion in the preceding quarter. Also, Negotiable Certificates of Deposit (NCD), promissory notes issued by State Governments to some financial institutions, and Accommodation Bills guaranteed by the Nigeria Deposit Insurance Corporation (NDIC), all totalling ₦2.6 billion, were rediscounted by the Central Bank during the fourth quarter of 1989, compared with ₦306.2 million in the preceding quarter.

Capital Market

The capital market witnessed mixed developments during the fourth quarter of 1989. The primary market was quite active but the secondary market recorded a decline in the trading activities.

The Primary Market

The primary market remained active during the review quarter despite the marginal drop in the number of new issues. A total number of 33 new issues involving 461.9 million shares worth ₦446.8 million were made through the primary market during the review quarter as against 35 new issues involving 432.8 million shares valued at ₦556.1 million in the preceding quarter.

The Secondary Market

Trading on the Nigerian Stock Exchange dropped further during the fourth quarter of 1989. At ₦73.5 million at the end of the review quarter, the value of transactions recorded a decline of ₦49.7 million or 40.4 per cent from the level at the end of the preceding quarter. The decline was accounted for wholly by gilt-edged securities which recorded ₦40.0 million worth of transactions during the quarter, as against ₦105.3 million in the preceding quarter, showing a decrease of ₦64.7 million or 61.4 per cent.

The equities sector, on the other hand, recorded ₦8.5 million worth of transactions which marked an increase of ₦2.9 million or 46 per cent over its level in the preceding quarter. Similarly, the industrial loans and preference shares recorded a substantial increase in the value of their transaction. From ₦11.5 million in the preceding quarter, the value rose by ₦12.9 million or 110 per cent to ₦24.4 million during the review quarter.

In terms of volume of securities, a total of 73.5 million shares changed hands in 7011 deals during the quarter, as against 123.4 million shares in 2192 deals recorded in the preceding quarter. At 50.0 million, the volume of gilt-edged securities dropped by 55.6 million. The volume of industrial loans and preference shares rose by 9.0 million or 74.0 per cent to 21.2 million during the review quarter. At 6.3 million, equities recorded a margin l in-

crease of 0.8 million over the level of 5.5 million at the end of the preceding quarter. Analysis of the new issues showed that they comprised of offer for subscription, rights issues, preference shares, debenture stocks and state government securities. Specifically, there were fourteen issues worth ₦150.7 million on offer for subscription out of which five issues valued at ₦107.8 million were offered through the Nigerian stock exchange, the balance was offered off the stock exchange. Twelve (12) rights issues involving 205.5 million ordinary shares valued at ₦182.5 million were made. Of these, three valued at ₦63.1 million were quoted on the stock exchange. Three preference shares worth ₦33.6 million and two debenture stocks worth ₦50.0 million were raised outside the stock exchange. The Kaduna State Government approached the market during the quarter for the first time to raise ₦30 million floating rate revenue Bond, maturing in 1996.

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MONETARY AND CREDIT DEVELOPMENTS DURING THE FOURTH QUARTER OF 1989
(N Million)

Table 1

	December	September	June	December	Changes Between		Changes Between		Changes Between	
	1989	1989	1989	1988	(1) & (2)		(2) & (3)		(1) & (4)	
	(1)	(2)	(3)	(4)	Absolute	Percent	Absolute	Percent	Absolute	Percent
CREDIT TO DOMESTIC ECONOMY (NET)	49,259.1	50,785.3	56,328.2	57,326.3	-1,526.2	-0.3	-5,542.9	-9.8	-8,067.2	-14.1
CREDIT TO PRIVATE SECTOR	30,942.8	29,996.7	30,681.0	29,773.6	+ 946.1	+ 3.2	- 684.3	-2.2	+1,169.2	+ 3.9
(i) Central Bank	1,502.2	1,160.6	1,251.2	2,418.5	+ 341.6	+ 29.4	- 90.6	- 7.2	-916.3	- 37.9
(ii) Commercial Banks	22,325.8	22,108.9	22,269.7	20,828.9	+ 216.9	+ 1.0	- 160.8	- 0.7	+ 1,496.9	+ 7.1
(iii) Merchant Banks	7,114.8	6,727.2	7,160.1	6,526.2	+ 387.6	+ 5.8	- 432.9	- 6.0	+ 588.6	+ 9.0
CREDIT TO GOVERNMENT SECTOR (NET)	18,316.3	20,788.6	25,647.2	27,552.7	-2,472.3	-11.9	-4,858.6	- 18.9	-9,236.4	- 33.5
(i) Central Bank ¹	15,189.8	17,789.9	20,599.0	21,767.2	-2,609.1	-14.7	-2,800.1	-13.6	-6,577.4	-30.2
(ii) Commercial Bank ²	3,035.8	2,870.1	4,883.8	5,728.9	+ 165.7	+ 5.8	-2,013.7	-41.2	-2,693.1	-47.0
(iii) Merchant Banks	90.6	119.6	164.4	56.6	- 29.0	- 24.2	-44.8	-27.3	+ 34.0	+ 60.1
FOREIGN ASSETS (NET)	23,290.0	19,674.9	15,960.0	10,267.0	+ 3,615.1	+ 18.4	+3,714.0	+23.3	+13,023.0	+126.8
(i) Central Bank ³	13,451.1	9,528.6	7,799.4	3,289.5	+ 3,868.5	+40.4	+ 1,783.2	+ 22.9	+10,161.6	+ 308.9
(ii) Commercial Banks	6,610.0	6,235.1	5,108.6	4,469.1	+ 375.8	+ 6.0	+1,126.5	+36.9	+2,141.8	+47.9
(iii) Merchant Banks	3,228.0	3,857.2	3,052.9	2,508.4	-629.2	-16.3	+ 804.3	+26.3	+ 719.6	+28.7
OTHER ASSETS (NET)	-26,326.2	-25,756.8	-25,312.5	-24,813.0	- 569.4	+ 2.2	-444.3	- 1.8	-1,513.2	-6.1
TOTAL MONETARY ASSETS	46,222.9	44,703.4	46,976.6	42,780.3	+1,519.5	+3.4	-2,273.2	-4.8	+3,442.6	+ 8.0
QUASI MONEY	20,523.3	20,263.8	23,028.2	21,631.7	+ 261.5	+ 1.3	-2,764.4	-12.0	1,106.4	- 5.1
MONEY SUPPLY	25,697.6	24,439.6	23,948.4	21,148.6	+1258.0	+ 5.2	+ 491.2	+ 2.1	+ 4,549.0	+ 21.5
(i) Currency Outside Banks	11,688.4	10,920.2	10,412.1	9,412.3	+ 768.2	+ 7.0	508.1	+ 4.9	+ 2,276.1	+ 24.2
(ii) Private Sector Demand Deposits	14,009.2	13,519.4	13,536.3	11,736.3	489.9	+ 3.6	-16.9	-0.1	+ 2,272.9	19.4
TOTAL MONETARY LIABILITIES	46,222.9	44,703.4	46,976.6	42,780.3	+ 1,519.5	+ 3.4	-2,273.2	-4.8	+ 3,442.6	+ 8.0
FED. GOVT. DEMAND DEPOSITS	14,033.9	12,992.1	14,040.8	8,563.3	+ 1,041.8	+ 8.2	-1,048.7	- 7.5	+ 5,470.6	+ 63.9

¹ Less Federal Govt. deposit with the Central Bank and Fed. Govt external assets

² Less Federal Govt. demand deposits with commercial banks

³ Includes Federal Government External Assets

* Revised

Table 2

COMMERCIAL BANKING SYSTEM
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
 (N' Million)

Accounts	December 1989 (1)	September 1989 (2)	December 1988 (3)	Percentage change between	
				(1) & (2)	(1) & (3)
ASSETS					
1. Cash and cash items	2,740.6	1,578.4	2,327.0	+ 73.6	-15.1
(a) Vault cash	985.9	716.2	796.9	+ 37.7	-19.2
(b) Balance at Central Bank	1754.7	862.2	1,530.1	+ 103.5	- 12.8
2. Balance held with	8319.1	7,806.6	7,273.7	+ 6.6	- 12.6
(a) Banks in Nigeria	1010.4	919.9	2,467.1	+ 9.8	+ 144.2
(b) Banks outside Nigeria	6625.5	6,157.2	4,192.8	+ 7.6	- 36.7
(c) Offices and branches outside Nigeria	683.2	729.5	613.8	- 6.3	-10.2
3. Loans and Advances	22,276.3	21,349.9	20,051.5	+ 4.3	- 9.9
(a) Banks in Nigeria	516.2	99.9	—	416.7	—
(b) Other customers	21,379.4	20,859.8	19,461.2	+ 2.5	-8.9
(i) Bank's Subsidiaries	(—)	(—)	(—)	(—)	(—)
(ii) Federal Government	(105.9)	(198.9)	(230.3)	- 46.8	+ 117.5
(iii) State Government	(649.9)	(595.7)	(478.6)	+ 9.1	- 26.4
(iv) Local Governments	(104.6)	(79.6)	(65.8)	+31.5	-37.2
(v) Other	(20,518.9)	(19,985.5)	(18,686.5)	+ 2.7	- 8.9
(c) Banks outside Nigeria	—	—	—	—	—
(d) Money at call outside Central Bank	11.7	48.0	199.3	-75.6	+ 1,603.4
(e) Bills discounted	369.0	342.2	391.1	+ 7.8	+ 5.9
(i) Payable in Nigeria	(339.6)	(341.0)	(383.9)	-0.4	+ 13.0
(ii) Payable outside Nigeria	(29.4)	(1.2)	(7.2)	+ 2340.0	-75.5
Investment	4,623.7	4,571.5	8,757.3	+ 1.1	+ 89.4
(a) In Nigeria	4,623.7	4,571.5	8,757.3	+ 1.1	+ 89.4
(i) Treasury bills	(2535.3)	(1,406.0)	(5,273.9)	+ 80.3	+ 108.0
(ii) Treasury certificates	(1,095.9)	(1,847.7)	(2,035.7)	- 40.7	+ 85.8
(iii) Development stocks	(39.5)	(39.5)	405.0)	—	+ 925.3
(iv) Bankers' Unit Fund	—	(61.1)	(27.9)	-100.0	—
(v) Certificates of Deposits	(604.1)	(941.0)	(759.1)	-35.8	+ 25.7
(vi) Stabilization Securities	(—)	(—)	(—)	(—)	(—)
(vii) Other	(348.9)	(276.1)	(255.7)	+ 26.4	+ 36.3
(b) Abroad	—	—	—	—	—
Other Assets	27564.0	24,077.1	20,816.7	+ 14.5	-24.5
TOTAL	65,523.7	59,384.7	59,226.2	+ 10.3	+ 10.6
LIABILITIES					
1. Capital: Issued, paid-up & reserve	2,692.3	2,507.3	1,932.4	+ 7.4	+ 39.3
2. Balance held for	1,129.1	1,120.8	895.5	+ 0.7	26.1
(a) Banks in Nigeria	317.2	472.0	550.8	33.0	42.4
(b) Other banks outside Nigeria	85.6	98.2	96.6	12.8	11.4
(c) Offices & branches outside Nig.	726.2	550.6	248.1	+ 31.9	+ 192.7
3. Money at call from other banks	969.5	789.8	513.1	+ 22.8	+ 88.9
(a) In Nigeria	947.9	785.8	513.1	+ 20.6	+ 85.7
(b) Outside Nigeria	21.6	4.0	—	440.0	—
4. Loans and advances from	1105.6	336.6	205.8	228.6	437.2
(a) Central Bank of Nigeria	593.9	7.3	82.5	+ 8035.6	+ 619.9
(b) Other banks in Nigeria	327.0	223.8	16.5	46.1	+ 1881.8
(c) Other banks outside Nigeria	20.0	—	—	—	—
(d) Other creditors	164.7	105.4	105.8	+ 56.2	+ 54.2
5. Deposits	27,181.3	25,857.8	29,665.1	+ 5.1	- 6.5
(a) Demand	10,217.4	9,496.3	10,667.9	+ 7.6	- 4.2
(b) Savings	9,243.6	8,967.6	7,122.7	+ 3.1	+ 29.8
(c) Time	7,720.1	7,393.7	11,274.5	+ 4.4	- 31.5
6. Certificates of Deposit	194.3	159.0	72.1	+ 22.2	+ 169.5
7. Other Liabilities	32,251	28,613.8	26,542.2	+ 12.7	+ 21.5
TOTAL	65,523.7	59,384.7	59,226.2	+ 10.3	10.6

Table 3

**COMMERCIAL BANKS' LOANS AND ADVANCES BY PURPOSE
(PERCENTAGE)**

SECTORS	Prescribed Percentage for		Quarterly Average Performance in the		Deviations from targets in	
	1988	1989	4th quarter 1988	4th quarter 1989	4th quarter 1988	4th quarter 1989
A. HIGH PRIORITY SECTORS	50.0	50.0	45.8	45.6	-4.2	-4.4
(i) Agricultural Production (Agric, Forestry and Fishing)	(15.0)	(15.0)	(15.6)	(15.3)	+0.6	+0.3
(ii) Manufacturing Enterprises	(35.0)	(35.0)	(30.2)	(30.3)	-4.8	-4.7
B. OTHER SECTORS Comprising Mining and quarrying, Construction, Exports, Public utilities, Transport and Communication, Government, Imports, Domestic, Trade, Credit and Financial Institutions, Money at Call, personal and Professional and Miscellaneous.	50.0	50.0	54.2	54.4	+4.2	+4.4
TOTAL A + B	100.00	100.0	100.0	100.0	—	—

MERCHANT BANKING SYSTEM
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
(N' Million)

Table 4

Accounts	December 1989 (1)	September 1989 (2)	December 1988 (3)	Percentage change between		
				(1) & (2)	(1) & (3)	
ASSETS						
1.	Cash and cash items	2,740.6	1,178.4	2,327.0	+ 73.6	-15.1
(a)	Vault cash	4.1	3.7	1.3	+ 10.8	+215.4
(b)	Balance at Central Bank	256.8	1,166.5	290.5	-77.2	-8.5
2.	Balance held with	4,279.9	4,776.7	3,262.4	-10.4	-31.2
(a)	Banks in Nigeria	491.3	432.9	496.1	+13.5	-0.9
(b)	Banks outside Nigeria	3,788.7	4,343.8	2,766.4	-12.8	+ 37.0
(c)	Offices and branches outside Nigeria	—	—	—	—	—
3.	Loans and Advances	5,887.5	5,387.5	4,419.1	+ 9.3	+ 32.2
(a)	Banks in Nigeria	22.5	77.5	—	-71.0	—
(b)	Other customers	5,412.3	4,879.9	4,879.9	+ 10.9	-34.9
(i)	Bank's Subsidiaries	—	—	—	—	—
(ii)	Federal Government	—	—	—	—	—
(iii)	State Government	(102.5)	(65.0)	(29.2)	+ 57.7	+251.0
(iv)	Local Governments	—	—	—	—	—
(v)	Other	(5309.8)	(4,814.8)	(3,982.8)	-88.9	-68.7
(c)	Banks outside Nigeria	—	—	—	—	—
(d)	Money at call outside Central Bank	84.5	16.5	260.8	+412.1	+ -67.6
(e)	Bills discounted	368.2	413.6	277.8	-11.0	+32.5
(i)	Payable in Nigeria	(368.2)	(413.6)	(277.8)	-11.0	+ 32.5
(ii)	Payable outside Nigeria	—	—	—	—	—
4.	Investment	908.4	1,093.3	1,617.1	-16.9	-43.8
(a)	In Nigeria	908.4	1,093.3	1,617.1	-16.9	-43.8
(i)	Treasury bills	(84.6)	(105.8)	(77.8)	-20.0	-69.5
(ii)	Treasury certificates	—	(4.0)	(8.8)	—	—
(iii)	Development stocks	(6.1)	(9.7)	(13.6)	-37.1	-55.1
(iv)	Bankers' Unit Fund	—	—	—	—	—
(v)	Certificates of Deposits	(705.7)	(805.6)	(1,102.1)	-12.4	- 36.0
(vi)	Stabilization Securities	—	—	—	—	—
(vii)	Other	(111.9)	(168.2)	(214.8)	- 33.5	- 47.9
(b)	Abroad	—	—	—	—	—
5.	Equipment on lease	1,329.2	1,301.9	6,691.4	+ 2.1	100.0
	Other Assets	9,451.7	7,385.1	6,823.1	+ 28.0	+ 38.5
	TOTAL	22,117.7	21,107.4	17,203.6	+ 4.8	+ 28.6
LIABILITIES						
1.	Capital: Issued, paid-up & reserve	888.7	796.9	471.2	+11.5	+ 88.6
2.	Balance held for	666.6	867.0	698.7	-23.1	- 4.6
(a)	Banks in Nigeria	105.9	380.5	476.8	-77.2	-77.8
(b)	Other banks outside Nigeria	560.8	486.5	221.9	+ 15.3	+ 152.7
(c)	Offices & branches outside Nig.	—	—	—	—	—
3.	Money at call from other banks	2,305.4	1,318.0	1,496.5	+ 74.9	+ 54.1
(a)	In Nigeria	2,305.4	1,318.0	1,460.5	+ 74.9	+ 57.9
(b)	Outside Nigeria	—	—	36.0	—	—
4.	Loans and advances from	2,216.0	2,383.9	19.5	- 7.0	+11,268.7
(a)	Central Bank of Nigeria	786.5	8.0	—	+ 9,731.3	—
(b)	Other banks in Nigeria	—	1,305.9	897.1	—	+ 5.6
(c)	Other banks outside Nigeria	—	1,315.8	—	—	—
(d)	Other creditors	124.5	162.9	19.5	-23.6	+ 538.5
5.	Deposits	3,809.3	4,119.9	4,817.6	-27.5	-20.9
(a)	Demand	1,294.4	1,414.7	834.8	-28.5	+ 55.1
(b)	Savings	9.7	7.6	—	+27.6	—
(c)	Time	2,505.2	2,697.6	3,982.8	- 7.1	- 37.1
6.	Certificates of Deposit	897.0	858.5	800.8	+ 4.5	+ 12.0
7.	Other Liabilities	11,333.8	10,763.2	8,899.3	+ 5.3	+ 27.4
	TOTAL	22,117.7	21,107.4	17,203.6	+ 4.8	+ 28.6

Table 5

**MERCHANT BANKS' LOANS AND ADVANCES BY PURPOSE
(PERCENTAGE)**

SECTORS	Prescribed Percentage for		Quarterly Average Performance in the		Deviations from targets in			
	1988	1989	4th quarter	4th quarter	4th quarter	4th quarter		
			1988	1989	1988	1989		
A	HIGH PRIORITY SECTORS		50.0	50.0	56.7	56.2	+6.7	+6.2
(i)	Agricultural Production (Agric. Forestry and Fishing)		(10.0)	(10.0)	(12.8)	(14.3)	+2.8	+4.3
(ii)	Manufacturing Enterprises		(40.0)	(40.0)	(43.9)	(41.9)	+3.9	+1.9
B	OTHER SECTORS		50.0	50.0	43.3	43.8	-6.7	-6.2
Comprising Mining and quarrying, Construction, Exports, Public utilities, Transport and Communication, Government, Imports, Domestic Trade, Credit and Financial Institutions, Money at Call, personal and Professional and Miscellaneous.								
TOTAL A + B			100.00	100.0	100.0	100.0	—	—

¹ Money at call outside banks was included in Merchant Banks Loans and Advances from 1988.