

DEVELOPMENTS IN THE FINANCIAL SYSTEM DURING THE THIRD QUARTER OF 1984

Institutional Developments

The Nigerian International Bank Ltd. with headquarters at Victoria Island, Lagos started operation in September, 1984. The new bank brought the total number of commercial banks operating in the country to 27 as at end of the third quarter of 1984.

Monetary and Credit Developments

The expansionary factors dominated the movement in money supply (M_1) during the third quarter of 1984. It increased by 7.4 per cent from ₦10,748.5 million at the end of June to ₦11,540.1 million at the end of September. The increase contrasted with the decline of 3.2 per cent observed in the preceding quarter. (See Table 1).

In the comparable period of 1983, money supply increased by ₦1,081.9 million or 10.9 per cent, while over the one-year period ending in September 1984, the rate of expansion was 4.7 per cent. On a monthly average basis, it stood at ₦11,387.1 million during the third quarter of 1984, compared with ₦10,414.4 million and ₦10,802.2 million in the preceding quarter and the corresponding quarter of 1983, respectively.

The broader measure of money supply (M_2) also increased by ₦804.7 million or 4.1 per cent to ₦20,600.0 million during the review period. The increase compared with increases of ₦208.5 million or 1.1 per cent and ₦1,471.5 million or 8.5 per cent recorded during the second quarter of 1984 and the comparable period of 1983, respectively. The annual rate of expansion in M_2 was 9.1 per cent.

The main expansionary factors of M_1 during the review quarter were the increases in the bank credit (net) to the domestic economy which went mainly to government and "other assets" (net) of the banking system. The expansionary impact of these factors was, however, partially offset by the decline in the foreign assets (net) of the banking system and the increase in quasi-money.

Aggregate banking system's credit (net) to the domestic economy was ₦30,139.7 million at the end of third quarter of 1984. This showed an increase of ₦1,042.6 million or 3.6 per cent from the level of the second quarter and compared with the increases of ₦316.3 million or 1.1 per cent and ₦1,849.0 million or 7.5 per cent in the preceding quarter and the comparable quarter of 1983, respectively. Over the one-year period ending in September 1984, the level of aggregate bank credit showed an increase of ₦3,520.1 million or 13.2 per cent. The expansion of credit to the domestic economy observed in the review period was almost wholly absorbed by the government as bank claims on the private sector recorded only a negligible increase. In the review quarter, credit to the government sector increased by ₦1,037.7 million or 6.2 per cent to ₦17,745.1 million, compared with the increases of ₦516.0 million or 3.2 per cent and ₦1,837.4 million or 14.1 per cent in the second and third quarters of 1983, respectively. In the one-year period ending September 1984, bank credit to the government sector rose by ₦2,866.2 million or 19.3 per cent.

The expansion in credit to the government sector was reflected in both the Central Bank and the Commercial banks' claims. The Central Bank accounted for ₦964.7 million or 11.3 per cent of the increase through its ways and means advances to the Federal Government. The Commercial banks, on the other hand, accounted for only ₦73.0 million or 0.9 per cent. A vital

development during the review quarter was the Federal Government's shift from treasury bills, as an instrument of borrowing, into ways and means advances. On the other hand, the commercial banks which were faced by weak demand for credit from the private sector shifted their loanable funds into investments in government securities—particularly treasury bills. On a monthly average basis, credit outstanding to government in the review period stood at ₦17,460.3 million, compared with ₦16,545.9 million and ₦14,405.2 million in the second quarter of 1984 and the corresponding quarter of 1983, respectively.

Credit outstanding to the private sector during the review quarter increased marginally by ₦4.9 million or less than 0.1 per cent to ₦12,394.6 million. This contrasted with the decline of ₦199.7 million or 1.6 per cent in the preceding quarter but compared with the increase of ₦11.6 million or 0.1 per cent in the corresponding quarter of 1983. Over the level a year earlier, the system's credit to this sector increased by ₦653.9 million or 5.6 per cent. Out of the total credit to the private sector, the Central Bank's claims increased by ₦38.9 million or 3.6 per cent, while the commercial banks' claims declined by ₦34.0 million or 0.3 per cent. The decline in commercial banks' claims can be traced to weak demand for credit by the private sector as a result of the continuing recession in the economy. On a monthly average basis, aggregate credit to the private sector in the third quarter stood at ₦12,437.4 million compared with ₦12,444.8 million in the second quarter.

Foreign assets (net) of the banking system declined by ₦154.0 million or 11.6 per cent from the second quarter's level of ₦1,330.4 million to ₦1,176.4 million at the end of third quarter, 1984, in contrast with the increase of ₦322.2 million or 32.0 per cent in the preceding quarter. In the corresponding period of 1983, the system's external assets holding increased by ₦17.0 million or 2.3 per cent. On a monthly average basis, foreign assets (net) during the review quarter stood at ₦1,157.1 million as against ₦1,193.6 million in the second quarter of 1984. However, substantial improvement was observed in the external reserves during the one year period ending September 1984 during which time it rose by ₦423.3 million or 56.2 per cent. This was traceable to an increase in inflow and decline in outflow of foreign exchange.

Commercial Banking

The assets/liabilities of the commercial banks totalled ₦28,694.3 million at the end of the third quarter of 1984, showing a decline of ₦142.1 million or 0.5 per cent from the level at the end of the second quarter. (See Table 2).

Total deposit liabilities of the commercial banks declined by ₦215.0 million or 1.4 per cent from the level at the end of the second quarter to ₦15,351.9 million at end of the third quarter, 1984. This contrasted with the increase of ₦1,479.6 million or 10.5 per cent observed in the preceding quarter. In the one-year period between September 1984 and September 1983, the banks' deposits increased substantially by ₦1,876.3 million or 13.9 per cent. On monthly average basis, total deposits stood at ₦15,284.3 million as against ₦15,842.7 million in the preceding quarter. The ₦558.4 million monthly average decrease during the review period reflected draw-down of cash

lodgements made by customers into their various accounts during the April/May, 1984 currency exchange exercise. The monthly average loan/deposit ratio of the banks increased from 70.2 per cent to 72.9 per cent during the third quarter of 1984.

As a result of the weak demand for credit from the private sector reflecting the continuing slackness in economic activity in the country, the banks switched their funds into investments in government short-term debt instruments. However, because of the decline in their deposit liabilities, the commercial banking system's liquidity ratio declined from an average monthly ratio of 66.5 per cent in the second quarter of 1984 to 65.5 per cent in the third quarter.

Commercial banks' aggregate loans and advances, outstanding at the end of September, 1984 amounted to ₦11,096.8 million, showing a decline of ₦80.5 million or 0.7 per cent from the level at the end of the preceding quarter. This contrasted with the increase of ₦28.9 million or 0.3 per cent in that quarter but compared with the decline of ₦50.2 million or 0.5 per cent in the same quarter of 1983. The rate of expansion between end-September 1983 and end-September 1984 was ₦610.4 million or 5.8 per cent. Compared with the level at the end of December, 1983, loans and advances outstanding at the end of September, 1984 declined by ₦3.2 million or less than 0.1 per cent as against the permissible expansion rate of 12.5 per cent for the 1984 fiscal year. The observed low growth rate of the banks loans and advances in the review quarter was a reflection of the general sluggishness in economic activities in the country.

As in the preceding quarter, the banks failed to achieve full compliance with the prescribed sectoral credit guidelines at the end of third quarter of 1984. The monthly average proportion of loans and advances to the preferred sectors of the economy was 68.2 per cent as against the prescribed minimum of 75.0 per cent. The level achieved in the preceding quarter was 68.4 per cent. In the corresponding quarter of 1983, banks achieved 67.8 per cent as against the prescribed minimum of 76.0 per cent. The sub-sectors of the preferred sectors, namely Agriculture, Industry, Residential Building Construction, Services and Exports received 9.0, 42.9, 7.1, 1.0 and 8.2 per cent, respectively (see Table 2). These sub-sectors, recorded 1.0, 2.1, 1.0 and 3.8 percentage points below their prescribed minimum shares of 10.0, 45.0, 2.0 and 12.0 per cent, respectively. Only the residential building construction received more than its prescribed minimum by 1.1 percentage points. (see Table 3)

The share of loans and advances that went to the less preferred sector in the third quarter was higher by 6.8 percentage than the prescribed minimum of 25.0 per cent. This was also the situation in the preceding quarter when the maximum prescribed was exceeded by 6.6 percentage points. General Commerce, received 14.4 per cent compared with 16.0 per cent prescribed in the guideline, while government and "others" received 1.7 and 6.7 percentage points respectively, more than the minima prescribed. In the preceding quarter, these sub-sectors exceeded their prescribed minima by the same percentage points.

The banks allocated, on the average, ₦9,687.1 million or 92.8 per cent of their total loans and advances to indigenous borrowers, thus achieving full compliance with the credit guidelines which prescribed a minimum of 90 per cent for such loans.

Merchant Banking

Merchant banks total assets/liabilities stood at ₦3,970.0 million at the end of the third quarter of 1984. This is an increase of ₦126.9 million or 3.3 per cent from the level at the end of the second quarter. A decline of ₦139.1 million or 3.5 per cent was recorded in the prededing quarter. (see Table 4)

The deposit liabilities of the banks stood at ₦1,293.7 million, registering a decline of ₦105 million or 0.8 per cent from the outstanding level at the end of the second quarter of 1984 in contrast to an increase of ₦22.2 million or 1.7 per cent in the preceding quarter of 1984. At the end of the end of the comparable period of 1983, the bank's deposit liabilities stood at ₦1,012.3 million. Thus, over the one year period ending in September 1984, the deposit liabilities of the banks increased by ₦281.4 million or 27.8 per cent.

Aggregate merchant banks' credit outstanding to the economy (loans and advances, investment and equipment on lease), at the end of the third quarter 1984, amounted to ₦2,408.2 million, representing an increase of ₦173.5 million or 7.8 per cent compared to the level at the second quarter of 1984. The increase in the preceding quarter was ₦195.0 million or 9.6 per cent. Over the level a year earlier, the outstanding credit was higher by ₦529.1 million or 31.0 per cent. Merchant banks' credit to the private sector (loans and advances, money at call outside CBN, and bills discounted) amounted to ₦1,959.4 million at the end of the review period, showing an increase of ₦80.9 million or 4.3 per cent above the level at the end of second quarter, 1984.

As in the preceding quarter, merchant banks again failed to comply with the credit guidelines stipulations on sectoral allocation of loans and advances. Allocation of loans and advances to the preferred sector/subsectors in the review quarter averaged 57.4 per cent monthly, showing a shortfall of 21.6 percentage points relative to the prescribed minimum target of 79.0 per cent. The allocation to this sector in the preceding quarter averaged 61.6 per cent, which showed a better performance than the period under review. The less-preferred sectors on the other hand, received a monthly average of 42.6 per cent - 21.6 percentage points more than the maximum prescribed for the sectors. (see Table 5)

The monthly average allocation of loans and advances to the sub-sectors of Agriculture, Industry, Residential Building Construction, Exports and Services were 4.5, 43.8, 5.4, 0.1 and 3.6 per cent, respectively.

In the Less-preferred Sectors, General Commerce, as expected, recorded a lower monthly average allocation than the prescribed maximum. This was due to the constraint on imports caused by lack of foreign exchange and the short-fall in the review quarter was 0.7 percentage point. Government and "others" received 24.2 and 21.6 percentage points more than their prescribed maxima.

Total merchant banks credit for equipment leasing which stood at ₦45.4 million at the end of September, 1984 showed a decline of ₦1.2 million or 2.6 per cent from the level at the end of June 1984. At the end of the previous quarter a similar decline of ₦2.0 million or 4.1 per cent was recorded from the end-March 1984 level. However, over the one year period ended September, 1984, credit for equipment leasing increased substantially by ₦14.8 million or 48.4 per cent from ₦30.6 million in September, 1983 to ₦45.4 million in September, 1984.

MONETARY AND CREDIT DEVELOPMENTS IN THE THIRD QUARTER OF 1984

Table 1

(₹ Million)

| | September 1984 | June 1984 | December 1983 | September 1983 | Changes between (1) & (2) | | Changes between (2) & (3) | | Changes between (1) & (4) | |
|---|-------------------|--------------|------------------|-------------------|------------------------------|----------|------------------------------|----------|------------------------------|----------|
| | (1) | (2) | (3) | (4) | Absolute | Per cent | Absolute | Per cent | Absolute | Per cent |
| CREDIT TO DOMESTIC ECONOMY (NET) | 30,139.7 | 29,097.1 | 28,182.1 | 26,619.6 | +1,042.6 | +3.6 | +915 | +3.2 | +3,520.1 | +13.2 |
| CREDIT TO PRIVATE SECTOR | 12,394.6 | 12,389.7 | 12,353.9 | 11,740.7 | +4.9 | +0.04 | +35.8 | +0.3 | +653.9 | +5.6 |
| (i) Central Bank | 1,121.9 | 1,083.0 | 1,062.8 | 1,061.4 | +38.9 | +3.6 | +20.2 | +1.9 | +60.5 | +5.7 |
| (ii) Commercial Banks | 11,272.7 | 11,306.7 | 11,291.1 | 10,679.3 | -34.0 | -0.3 | +15.6 | +0.1 | +593.4 | +5.6 |
| CREDIT TO GOVERNMENT SECTOR (NET) | 17,745.1 | 16,707.4 | 15,828.2 | 14,878.9 | +1,037.7 | +6.2 | +879.2 | +5.6 | +2,866.2 | +19.3 |
| (i) Central Bank ¹ | 9,531.5 | 8,566.8 | 10,528.2 | 9,458.6 | +964.7 | +11.3 | -1,961.4 | -18.6 | +72.9 | +0.8 |
| (ii) Commercial Banks ² | 8,208.5 | 8,135.5 | 5,296.3 | 5,416.6 | +73.0 | +0.9 | +2,839.2 | +53.6 | +2,791.9 | +51.5 |
| (iii) Federal Savings Bank | 5.1 | 5.1 | 3.7 | 3.7 | — | — | +1.4 | +37.8 | +1.4 | +37.8 |
| FOREIGN ASSETS (NET) | 1,176.4 | 1,330.4 | 894.8 | 753.1 | -154.0 | -11.6 | +435.6 | +48.7 | +423.3 | +56.2 |
| (i) Central Bank ³ | 949.2 | 1,062.9 | 813.8 | 817.4 | -113.7 | -10.7 | +249.1 | -30.6 | +131.8 | +16.1 |
| (ii) Commercial Banks | 227.2 | 267.5 | 81.0 | -64.3 | -40.3 | -15.1 | +186.5 | +230.2 | +162.9 | +253.3 |
| OTHER ASSETS (NET) | -10,716.1 | -10,632.2 | -9,708.0 | -8,489.3 | -83.9 | -0.8 | -924.2 | -9.5 | -2,226.8 | -26.2 |
| TOTAL MONETARY ASSETS | 20,600.0 | 19,795.3 | 19,368.9 | 18,883.4 | +804.7 | +4.1 | +426.4 | +2.2 | +1,716.6 | +9.1 |
| QUASI MONEY | 9,059.9 | 9,046.8 | 8,086.5 | 7,857.5 | +13.1 | +0.1 | +960.3 | +11.9 | +1,202.4 | +15.3 |
| MONEY SUPPLY | 11,540.1 | 10,748.5 | 11,282.4 | 11,025.9 | +791.6 | +7.4 | -533.9 | -4.7 | +514.2 | +4.7 |
| (i) Currency Outside Banks | 4,646.1 | 3,596.1 | 4,842.8 | 4,511.1 | +1,050.0 | -29.2 | -1,246.7 | -25.7 | +135.0 | +3.0 |
| (ii) Private Sector Demand Deposits | 6,894.0 | 7,152.4 | 6,439.6 | 6,514.8 | -258.4 | -3.6 | +712.8 | +11.1 | +379.2 | +5.8 |
| TOTAL MONETARY LIABILITIES | 20,600.0 | 19,795.3 | 19,368.9 | 18,883.4 | +804.7 | +4.1 | +426.4 | +2.2 | +1,716.6 | +9.1 |
| FED., GOV'T. DEMAND DEPOSITS | 1,781.2 | 1,640.3 | 1,577.9 | 1,694.8 | +140.9 | +8.6 | +62.4 | +4.0 | +86.4 | +5.1 |

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

Table 2
COMMERCIAL BANKING SYSTEM
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
(₦ Million)

| Accounts | Sept. 1983 (1) | June 1984 (2) | Sept. 1984 (3) | Percentage change between | |
|--|----------------------|---------------------|----------------------|------------------------------|-----------|
| | | | | (1) & (3) | (2) & (3) |
| ASSETS | | | | | |
| 1. Cash and cash items..... | 894.8 | 1,222.5 | 1,281.1 | +43.2 | +4.8 |
| (a) Vault cash..... | 401.6 | 399.2 | 422.2 | +5.1 | +5.8 |
| (b) Balance at Central Bank | 493.2 | 823.3 | 858.9 | +74.1 | +4.3 |
| 2. Balance held with | 700.9 | 848.9 | 680.0 | -3.0 | -19.9 |
| (a) Banks in Nigeria..... | 413.5 | 432.1 | 317.0 | -23.3 | -26.6 |
| (b) Banks outside Nigeria | 275.4 | 371.3 | 360.2 | +30.8 | -3.0 |
| (c) Offices and branches outside Nigeria..... | 12.0 | 45.5 | 2.8 | -76.7 | -93.8 |
| 3. Loans and Advances..... | 10,486.4 | 11,179.3 | 11,096.8 | +5.8 | -0.7 |
| (a) Banks in Nigeria..... | 4.0 | 9.0 | 9.0 | +125.0 | — |
| (b) Other customers | 9,865.9 | 10,547.3 | 10,406.0 | +5.5 | -1.3 |
| (i) Banks' Subsidiaries..... | (—) | (—) | (—) | — | — |
| (ii) Federal Government.... | (43.4) | (65.9) | (54.4) | +25.3 | -17.5 |
| (iii) State Government | (444.9) | (415.3) | (428.9) | -3.6 | +3.3 |
| (iv) Local Governments.... | (46.2) | (58.2) | (46.3) | +0.2 | -20.4 |
| (v) Other | (9,331.4) | (10,007.9) | (9,876.4) | +5.8 | -1.3 |
| (c) Banks outside Nigeria..... | — | — | — | — | — |
| (d) Money at call outside Central Bank..... | 522.6 | 570.6 | 630.8 | +20.8 | +10.6 |
| (e) Bills discounted..... | 63.9 | 50.3 | 51.0 | -20.2 | +1.4 |
| (i) Payable in Nigeria | (59.1) | (47.7) | (46.4) | -21.5 | -2.7 |
| (ii) Payable outside Nigeria | (4.8) | (2.6) | (4.6) | -4.2 | +76.9 |
| 4. Investment | 5,951.8 | 8,589.1 | 8,681.3 | +45.9 | +1.1 |
| (a) In Nigeria | 5,951.8 | 8,589.1 | 8,681.3 | +45.9 | +1.1 |
| (i) Treasury bills | (4,726.7) | (7,244.2) | (7,202.4) | +53.4 | -0.6 |
| (ii) Treasury certificates.... | (635.4) | (839.1) | (942.5) | +48.3 | +12.3 |
| (iii) Development stocks.... | (326.7) | (281.2) | (273.9) | -16.2 | -2.6 |
| (iv) Bankers' Unit Fund.... | (17.9) | (17.8) | (18.5) | +3.4 | +3.9 |
| (v) Certificates of Deposit | (210.6) | (164.5) | (195.7) | -7.1 | +19.0 |
| (vi) Stabilisation Securitics | (—) | (—) | (—) | — | — |
| (vii) Other..... | (34.5) | (42.3) | (48.3) | +40.0 | +14.2 |
| (b) Abroad..... | — | — | — | — | — |
| 5. Other Assets..... | 7,392.1 | 6,998.6 | 6,955.1 | -5.9 | -0.6 |
| TOTAL..... | 25,426.0 | 28,836.4 | 28,694.3 | +12.9 | -0.5 |
| LIABILITIES | | | | | |
| 1. Capital: Issued, paid-up & reserve | 796.7 | 883.5 | 889.0 | +11.6 | +0.6 |
| 2. Balance held for | 480.9 | 333.2 | 385.2 | -19.9 | +15.6 |
| (a) Banks in Nigeria..... | 124.5 | 181.3 | 244.8 | +96.6 | +35.0 |
| (b) Other banks outside Nigeria | 289.5 | 151.8 | 122.7 | -57.6 | -19.2 |
| (c) Offices & branches outside Nigeria..... | 66.9 | 0.1 | 17.8 | -73.4 | +17,700.0 |
| 3. Money at call from other banks | 126.5 | 46.0 | 80.9 | -36.0 | +75.9 |
| (a) In Nigeria | 126.5 | 46.0 | 80.9 | -36.0 | +75.9 |
| (b) Outside Nigeria | — | — | — | — | — |
| 4. Loans and advances from..... | 76.6 | 371.5 | 252.1 | +229.1 | -32.1 |
| (a) Central Bank of Nigeria | 16.0 | — | 9.4 | -41.3 | — |
| (b) Other banks in Nigeria | — | 299.9 | 173.0 | — | -42.3 |
| (c) Other banks outside Nigeria | — | — | — | — | — |
| (d) Other creditors | 60.6 | 71.6 | 69.7 | +15.0 | -2.7 |
| 5. Deposits | 13,475.6 | 15,566.9 | 15,352.0 | +13.9 | -1.4 |
| (a) Demand | 5,621.8 | 6,525.2 | 6,297.1 | +12.0 | -3.5 |
| (b) Savings | 2,803.7 | 3,628.4 | 3,319.7 | +18.4 | -8.5 |
| (c) Time..... | 5,050.1 | 5,413.2 | 5,735.2 | +13.6 | +5.9 |
| 6. Certificates of Deposit | 117.1 | 82.0 | 55.7 | -52.4 | -32.1 |
| 7. Other Liabilities | 10,352.6 | 11,553.3 | 11,679.4 | +12.8 | +1.1 |
| TOTAL..... | 25,426.0 | 28,836.4 | 28,694.3 | +12.9 | -0.5 |

SECTORAL DISTRIBUTION OF COMMERCIAL BANK LOANS AND ADVANCES (PER CENT)

| | Prescribed Targets | | 1983 | | | | | | | | | | 1984 | | | | | | | | | | AVERAGES | | | | | | DEVIATION FROM TARGETS | | | | | | |
|---|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------|-----------|------------|-----------|-----------|------------|-----------|-----------|------------------------|-----------|-----------|------------|------|------|--|
| | 1983 | 1984 | Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sept. | Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sept | Jan.-Mar. | Apr.-June | July-Sept. | Jan.-Mar. | Apr.-June | July-Sept. | Jan.-Mar. | Apr.-June | July-Sept. | Jan.-Mar. | Apr.-June | July-Sept. | 1983 | 1984 | |
| A. PREFERRED SECTORS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (i) Agriculture | 10.0 | 10.0 | 7.8 | 7.7 | 7.9 | 8.1 | 8.0 | 7.9 | 8.2 | 8.3 | 8.4 | 8.6 | 8.6 | 8.5 | 8.7 | 8.7 | 8.8 | 8.9 | 9.0 | 9.0 | 7.8 | 8.0 | 8.3 | 8.6 | 8.7 | 9.0 | -2.2 | -2.0 | -1.7 | -1.4 | -1.3 | -1.0 | -1.0 | -1.0 | |
| (ii) Industrial Enterprises | 45.0 | 45.0 | 44.1 | 44.8 | 43.5 | 43.7 | 43.1 | 41.9 | 42.6 | 42.5 | 43.1 | 43.7 | 44.1 | 43.5 | 43.8 | 43.4 | 43.9 | 43.4 | 42.7 | 42.7 | 44.1 | 42.9 | 42.7 | 43.8 | 43.7 | 42.9 | -0.9 | -2.1 | -2.3 | -1.2 | -1.3 | -2.1 | -2.1 | -2.1 | |
| (iii) Residential Building-Construction | 6.0 | 6.0 | 6.5 | 6.4 | 6.7 | 7.0 | 7.2 | 6.6 | 6.7 | 6.8 | 6.5 | 6.8 | 6.7 | 6.5 | 7.0 | 7.0 | 6.8 | 6.9 | 7.1 | 7.2 | 6.5 | 6.9 | 6.7 | 6.7 | 6.9 | 7.1 | +0.5 | +0.9 | +0.7 | +0.7 | +0.9 | +1.1 | +1.1 | +1.1 | |
| (iv) Export | 3.0 | 2.0 | 1.1 | 1.1 | 0.9 | 1.1 | 1.0 | 1.1 | 0.9 | 1.0 | 1.1 | 1.1 | 1.1 | 1.0 | 1.2 | 0.9 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.1 | 1.0 | 1.1 | 1.0 | 1.0 | -2.0 | -1.9 | -2.0 | -0.9 | -1.0 | -1.0 | -1.0 | -1.0 | |
| (v) Services | 12.0 | 12.0 | 9.3 | 9.5 | 8.9 | 9.0 | 9.0 | 8.6 | 8.7 | 8.3 | 8.5 | 8.5 | 8.1 | 8.1 | 8.0 | 8.0 | 8.0 | 8.5 | 8.1 | 7.9 | 9.2 | 8.9 | 8.5 | 8.2 | 8.0 | 8.2 | -2.8 | -3.1 | -3.5 | -3.8 | -4.0 | -3.8 | -3.8 | -3.8 | |
| TOTAL 'A' | 76.0 | 75.0 | 69.1 | 69.5 | 67.9 | 68.9 | 68.3 | 66.1 | 67.1 | 66.9 | 67.6 | 68.7 | 68.6 | 67.6 | 68.7 | 68.0 | 68.5 | 68.7 | 67.9 | 68.0 | 68.8 | 67.8 | 67.2 | 68.3 | 68.4 | 68.2 | -7.2 | -8.2 | -7.7 | -6.7 | -6.6 | -6.8 | -6.8 | -6.8 | |
| B. LESS-PREFERRED SECTORS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (vi) General Commerce | 16.0 | 16.0 | 15.1 | 14.5 | 14.7 | 14.5 | 14.7 | 14.6 | 14.3 | 15.0 | 14.4 | 14.5 | 14.6 | 14.3 | 14.0 | 14.7 | 14.4 | 14.2 | 14.2 | 14.7 | 14.8 | 14.6 | 14.6 | 14.5 | 14.4 | 14.4 | -1.2 | -1.4 | -1.4 | -1.5 | -1.6 | -1.6 | -1.6 | -1.6 | |
| (vii) Government | 3.0 | 3.0 | 4.1 | 4.0 | 4.3 | 4.3 | 4.3 | 4.8 | 4.7 | 4.7 | 5.0 | 4.9 | 5.5 | 5.2 | 5.0 | 4.8 | 4.7 | 4.7 | 4.7 | 4.7 | 4.1 | 4.5 | 4.8 | 5.2 | 4.8 | 4.7 | +1.1 | +1.5 | +1.8 | +2.2 | +1.7 | +1.7 | +1.7 | +1.7 | |
| (viii) Others | 5.0 | 6.0 | 11.7 | 12.0 | 13.1 | 12.3 | 12.7 | 14.5 | 13.9 | 13.4 | 13.0 | 11.9 | 11.3 | 12.9 | 12.3 | 12.5 | 12.4 | 12.4 | 13.1 | 12.7 | 12.3 | 13.2 | 13.4 | 12.0 | 12.4 | 12.7 | +7.3 | +8.2 | +8.4 | +6.0 | +6.7 | +6.7 | +6.7 | +6.7 | |
| TOTAL 'B' | 24.0 | 25.0 | 30.9 | 30.5 | 32.1 | 31.1 | 31.7 | 33.9 | 32.9 | 33.1 | 32.4 | 31.3 | 31.4 | 32.4 | 31.3 | 32.0 | 31.5 | 31.3 | 32.1 | 32.0 | 31.2 | 32.2 | 32.8 | 31.7 | 31.6 | 31.8 | +7.2 | +8.2 | +8.8 | +7.7 | +6.6 | +6.8 | +6.8 | +6.8 | |
| TOTAL A + B | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | — | — | — | — | — | — | — | — | |

Table 4
MERCHANT BANKING SYSTEM
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
(N Million)

| Accounts | Sept. 1983 (1) | June 1984 (2) | Sept. 1984 (3) | Percentage change between | |
|--|----------------------|---------------------|----------------------|------------------------------|-----------|
| | | | | (1) & (3) | (2) & (3) |
| ASSETS | | | | | |
| 1. Cash and cash items..... | 487.4 | 107.8 | 109.4 | -77.6 | +1.5 |
| (a) Vault cash..... | 0.2 | 0.2 | 0.2 | — | — |
| (b) Balance at Central Bank | 487.2 | 107.6 | 109.2 | -77.6 | +1.5 |
| 2. Balance held with | 71.0 | 142.6 | 150.1 | +111.4 | +5.3 |
| (a) Banks in Nigeria..... | 3.8 | 43.9 | 48.9 | +1,186.8 | +11.4 |
| (b) Banks outside Nigeria | 66.9 | 98.7 | 101.2 | +51.3 | +2.5 |
| (c) Offices and branches outside Nigeria..... | 0.3 | — | — | -100.0 | — |
| 3. Loans and Advances..... | 1,336.8 | 1,489.3 | 1,522.0 | +13.9 | +2.2 |
| (a) Banks in Nigeria..... | 6.2 | 0.6 | 2.5 | -59.7 | +316.7 |
| (b) Other customers | 925.2 | 1,099.9 | 1,082.2 | +17.0 | -1.6 |
| (i) Banks' Subsidiaries..... | (—) | (—) | (—) | — | — |
| (ii) Federal Government.... | (1.2) | (0.3) | (0.3) | -75.0 | — |
| (iii) State Government | (3.5) | (2.3) | (2.2) | -37.1 | -4.3 |
| (iv) Local Governments..... | (—) | (1.1) | (—) | — | -100.0 |
| (v) Other | (920.5) | (1,096.2) | (1,079.7) | +17.3 | -1.5 |
| (c) Banks outside Nigeria..... | — | — | — | — | — |
| (d) Money at call outside Central Bank..... | 388.8 | 360.5 | 362.2 | -6.8 | +0.5 |
| (e) Bills discounted..... | | | | | |
| (i) Payable in Nigeria | (16.6) | (28.3) | (75.1) | +352.4 | +165.4 |
| (ii) Payable outside Nigeria | (—) | (—) | (—) | — | — |
| 4. Factored debts | 0.07 | 0.4 | 0.1 | +42.9 | -75.0 |
| 5. Investment | 338.2 | 698.8 | 840.9 | +148.6 | +20.3 |
| (a) In Nigeria | 338.2 | 698.8 | 840.9 | +148.6 | +20.3 |
| (i) Treasury bills | (142.0) | (495.3) | (695.2) | +389.6 | +40.4 |
| (ii) Treasury certificates.... | (7.0) | (50.0) | (11.0) | +57.1 | -78.0 |
| (iii) Development stocks.... | (8.3) | (3.3) | (1.0) | -88.0 | -69.7 |
| (iv) Bankers' Unit Fund.... | (—) | (—) | (—) | — | — |
| (v) Certificates of Deposit .. | (167.7) | (141.6) | (123.0) | -26.7 | -13.1 |
| (vi) Stabilisation Securities .. | (—) | (—) | (—) | — | — |
| (vii) Other..... | (13.2) | (8.6) | (10.7) | -18.9 | +24.4 |
| (b) Abroad..... | — | — | — | — | — |
| 6. Equipment on lease..... | 30.6 | 46.6 | 45.5 | +48.7 | -2.4 |
| 7. Other Assets..... | 1,812.5 | 1,357.6 | 1,302.0 | -28.2 | -4.1 |
| TOTAL..... | 4,076.5 | 3,843.1 | 3,970.0 | -2.6 | +3.3 |
| LIABILITIES | | | | | |
| 1. Capital: Issued, paid-up & reserve | 84.1 | 110.3 | 114.7 | +36.4 | +4.0 |
| 2. Balance held for | 57.5 | 77.0 | 75.9 | +32.0 | -1.4 |
| (a) Banks in Nigeria..... | 47.4 | 52.0 | 58.1 | +22.6 | +11.7 |
| (b) Other banks outside Nigeria | 10.1 | 25.0 | 17.8 | +76.2 | -28.8 |
| (c) Offices & branches outside Nigeria..... | — | — | — | — | — |
| 3. Money at call from other banks | 329.8 | 254.8 | 271.1 | -17.8 | +6.4 |
| (a) In Nigeria | 327.3 | 253.5 | 270.5 | -17.4 | +10.7 |
| (b) Outside Nigeria | 2.5 | 1.3 | 0.6 | -76.0 | -53.8 |
| 4. Loans and advances from..... | 7.3 | 0.3 | — | -100.0 | -100.0 |
| (a) Central Bank of Nigeria | — | — | — | — | — |
| (b) Other banks in Nigeria | — | — | — | — | — |
| (c) Other banks outside Nigeria .. | — | — | — | — | — |
| (d) Other creditors | 7.3 | 0.3 | — | -100.0 | -100.0 |
| 5. Deposits | 1,012.3 | 1,304.0 | 1,293.7 | +27.8 | -0.8 |
| (a) Demand..... | 335.8 | 480.1 | 415.7 | +23.8 | -13.4 |
| (b) Savings | — | — | — | — | — |
| (c) Time..... | 676.5 | 823.9 | 878.0 | +29.8 | +6.6 |
| 6. Certificates of Deposit | 188.2 | 152.9 | 131.3 | -30.2 | -14.1 |
| 7. Other Liabilities | 2,397.2 | 1,943.6 | 2,083.3 | -13.1 | +7.2 |
| TOTAL..... | 4,076.4 | 3,843.1 | 3,970.0 | -2.6 | +3.3 |

Table 5

SECTORAL DISTRIBUTION OF MERCHANT BANKS LOANS AND ADVANCES (PER CENT)

| | Prescribed Targets | | 1983 | | | | | | | | | | 1984 | | | | | | | | | | AVERAGES | | | | | | | | | DEVIATION | | | | | | | | |
|---|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------|-----------|------------|-----------|-----------|------------|-----------|-----------|------------|-----------|-----------|------------|--|--|--|--|--|--|--|--|
| | 1983 | 1984 | Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sept. | Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sept | Jan.-Mar. | Apr.-June | July-Sept. | Jan.-Mar. | Apr.-June | July-Sept. | Jan.-Mar. | Apr.-June | July-Sept. | Jan.-Mar. | Apr.-June | July-Sept. | | | | | | | | |
| | | | 1983 | 1983 | 1983 | 1984 | 1984 | 1984 | 1983 | 1983 | 1983 | 1984 | 1984 | 1984 | 1983 | 1983 | 1983 | 1984 | 1984 | 1984 | | | | | | | | | | | | | | | | | | | | |
| A. PREFERRED SECTORS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. Agriculture..... | 5.0 | 5.0 | 4.4 | 4.3 | 4.1 | 4.3 | 4.2 | 3.6 | 3.8 | 3.9 | 3.7 | 4.0 | 4.1 | 4.2 | 4.5 | 4.9 | 4.6 | 4.5 | 4.4 | 4.6 | 4.3 | 4.0 | 3.8 | 4.1 | 4.7 | 4.5 | -0.7 | -1.0 | -1.2 | -0.9 | -0.3 | -0.5 | | | | | | | | |
| 2. Industrial Enterprises | 58.0 | 58.0 | 48.1 | 46.3 | 45.5 | 44.6 | 45.9 | 47.0 | 45.3 | 45.1 | 44.8 | 44.8 | 47.0 | 46.8 | 47.3 | 47.4 | 43.2 | 42.3 | 43.0 | 46.0 | 46.6 | 45.8 | 45.1 | 46.2 | 46.0 | 43.8 | -11.4 | -12.2 | -12.9 | -11.8 | -12.0 | -14.2 | | | | | | | | |
| 3. Residential Building-Construction..... | 6.0 | 6.0 | 5.8 | 6.0 | 5.6 | 5.1 | 5.2 | 5.0 | 5.5 | 6.0 | 6.1 | 6.4 | 6.2 | 6.3 | 6.6 | 6.7 | 7.3 | 5.4 | 5.7 | 5.1 | 5.8 | 5.1 | 5.9 | 6.3 | 6.9 | 5.4 | -0.2 | -0.9 | -0.1 | +0.3 | +0.9 | -0.6 | | | | | | | | |
| 4. Export..... | 3.0 | 3.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | -2.9 | -2.9 | -2.9 | -2.9 | -2.9 | -2.9 | | | | | | | | |
| 5. Services..... | 7.0 | 7.0 | 2.3 | 2.3 | 2.2 | 2.4 | 2.4 | 2.9 | 2.8 | 2.9 | 2.8 | 3.1 | 3.4 | 3.1 | 3.9 | 4.1 | 3.9 | 3.9 | 3.4 | 3.6 | 2.3 | 2.6 | 2.8 | 3.2 | 4.0 | 3.6 | -4.7 | -4.4 | -4.2 | -3.8 | -3.0 | -3.4 | | | | | | | | |
| TOTAL 'A' | 79.0 | 79.0 | 60.7 | 59.0 | 57.5 | 56.5 | 57.8 | 58.6 | 57.5 | 58.0 | 57.6 | 58.4 | 60.8 | 60.5 | 62.4 | 63.2 | 59.1 | 56.2 | 56.6 | 59.4 | 59.1 | 57.6 | 57.7 | 59.9 | 61.6 | 57.4 | -19.9 | -21.4 | -21.3 | -19.1 | -17.4 | -21.6 | | | | | | | | |
| B. LESS-PREFERRED SECTORS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. General Commerce..... | 14.0 | 14.0 | 12.9 | 14.5 | 13.1 | 12.5 | 11.9 | 11.1 | 11.9 | 11.1 | 9.9 | 11.6 | 12.5 | 11.8 | 11.6 | 13.0 | 13.5 | 14.4 | 12.7 | 12.8 | 13.5 | 11.8 | 11.0 | 12.0 | 12.7 | 13.3 | -0.5 | -2.2 | -3.0 | -2.0 | -1.3 | -0.7 | | | | | | | | |
| 7. Government..... | 2.0 | 2.0 | 0.1 | 0.2 | 0.5 | 0.4 | 0.6 | 0.7 | 0.5 | 0.5 | 0.4 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 | 0.6 | 0.5 | 0.1 | 0.1 | 0.1 | -1.7 | -1.4 | -1.5 | -1.9 | -1.9 | -1.9 | | | | | | | | |
| 8. Others..... | 5.0 | 5.0 | 26.3 | 26.3 | 28.9 | 30.6 | 29.7 | 29.6 | 30.1 | 30.4 | 32.4 | 29.9 | 26.6 | 27.6 | 25.9 | 23.7 | 27.3 | 29.3 | 30.6 | 27.7 | 27.2 | 30.0 | 31.0 | 28.0 | 25.6 | 29.2 | +22.2 | +25.0 | +26.0 | +23.0 | +20.6 | +24.2 | | | | | | | | |
| TOTAL 'B' | 21.0 | 21.0 | 39.3 | 41.0 | 42.5 | 43.5 | 42.2 | 41.4 | 42.5 | 42.0 | 42.7 | 41.6 | 39.2 | 39.5 | 37.6 | 36.8 | 40.9 | 43.8 | 43.4 | 40.6 | 40.9 | 42.4 | 42.4 | 40.1 | 38.4 | 42.6 | +19.9 | +21.4 | +21.4 | +19.1 | +17.4 | +21.6 | | | | | | | | |
| TOTAL A + B..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | — | — | — | — | — | — | | | | | | | | |