ADMINISTRATION OF THE LEGAL FRAMEWORK FOR DEPOSIT INSURANCE IN NIGERIA: A COMPARATIVE ANALYSIS OF THE NDIC ACT 2023 AND THE REVISED IADI CORE PRINCIPLES 2025

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Abstract

The Nigeria Deposit Insurance Corporation Act 2023 marks a major reform of Nigeria's deposit insurance architecture. It strengthens the statutory powers of the Nigeria Deposit Insurance Corporation (NDIC) in relation to deposit guarantee, bank supervision, failing-bank resolution, and liquidation of failed insured institutions. This article critically examines the administration of the NDIC Act 2023 against the Revised IADI Core Principles for Effective Deposit Insurance Systems 2025 and selected comparative models from selected jurisdictions. It argues that while the Act has modernised Nigeria's deposit insurance regime and brought it closer to international standards, important institutional and operational gaps remain. The article concludes that Nigeria requires a more resolution-oriented deposit insurance system, supported by stronger inter-agency coordination, improved depositor data management, periodic review of coverage limits, statutory reimbursement timelines, and a dedicated institutional framework for bank resolution.

Keywords: deposit insurance; NDIC; IADI Core Principles; bank resolution; liquidation; depositor protection; financial stability

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1. INTRODUCTION

Deposit insurance is now an indispensable component of modern banking regulation. Its immediate function is to protect depositors against loss where an insured financial institution fails. Its broader public function, however, is to preserve confidence in the financial system, reduce the risk of bank runs, and support orderly failure management. For this reason, contemporary deposit insurers are no longer mere pay-box institutions. In many jurisdictions, they participate in supervision, early intervention, resolution planning, bank resolution, and liquidation.

Nigeria's deposit insurance system is administered by the Nigeria Deposit Insurance Corporation (NDIC), established in 1988 and now principally governed by the Nigeria Deposit Insurance Corporation Act 2023. The Corporation operates within Nigeria's financial safety-net framework alongside the Central Bank of Nigeria (CBN), the Federal Ministry of Finance, and other financial-sector regulators. The enactment of the NDIC Act 2023 is significant because it expands and clarifies the Corporation's functions in deposit guarantee, supervision, failing-bank resolution, and liquidation.

This article examines whether the legal framework established by the NDIC Act 2023 sufficiently aligns Nigeria's deposit insurance system with international best practice. The analysis is undertaken against the Revised IADI Core Principles for Effective Deposit Insurance Systems 2025, and by comparison with the United States Federal Deposit Insurance Corporation (FDIC), the United Kingdom's Financial Services Compensation Scheme (FSCS) and special resolution regime, and the Canada Deposit Insurance Corporation (CDIC).

The article advances four arguments. First, the NDIC Act 2023 has substantially strengthened Nigeria's deposit insurance regime.

Secondly, the Corporation's statutory mandate is wider than traditional deposit guarantee and includes supervisory support, bank resolution, and liquidation, also known as the explicit risk minimizer model of deposit insurance. Thirdly, Nigerian practice still places disproportionate emphasis on liquidation after failure rather than resolution before failure. Fourthly, full alignment with the Revised IADI Core Principles requires stronger institutional independence, more reliable depositor data, statutory reimbursement benchmarks, a proactive criminal regime for de-incentivizing financial malpractices, including insider abuse and bank fraud, a dedicated resolution framework, and more effective inter-agency coordination.

The article adopts a doctrinal and comparative method. It analyses the NDIC Act 2023, the Banks and Other Financial Institutions Act 2020 (BOFI Act 2020), Nigerian judicial decisions, regulatory materials, the Revised IADI Core Principles 2025, and selected foreign deposit insurance regimes.

2. GOVERNANCE AND INSTITUTIONAL MANDATE OF THE NDIC

The effectiveness of a deposit insurance system depends on the legal mandate, governance structure, and operational capacity of the deposit insurer. The Revised IADI Core Principles emphasise that a deposit insurer should have a clear mandate, operational independence, adequate resources, sound governance, and accountability to the public authority from which it derives its powers.[1]

The NDIC Act 2023 establishes the Corporation as a statutory body responsible for administering deposit insurance in Nigeria.[2] Its

[1] International Association of Deposit Insurers, Core Principles for Effective Deposit Insurance Systems (Revised 2025) Principles 1–3.
[2] Nigeria Deposit Insurance Corporation Act 2023, ss 1–3.

functions include guaranteeing deposits, supervising insured institutions in collaboration with the CBN, providing assistance to distressed institutions, resolving failing banks, acting as liquidator of failed insured institutions and contributing to financial system stability.[3] This places the NDIC within the category of deposit insurers with an expanded mandate rather than a narrow pay-box model.

Comparatively, the FDIC performs a similarly broad role in the United States. It insures deposits, supervises certain insured depository institutions, acts as receiver of failed banks, and exercises resolution powers.[4] Canada's CDIC has also evolved beyond reimbursement and is now recognised as Canada's resolution authority for member institutions.[5] In the United Kingdom, however, deposit guarantee and resolution functions are institutionally separated: the FSCS compensates eligible depositors, while the Bank of England exercises resolution powers under the special resolution regime established by the Banking Act 2009.[6]

Nigeria's model, therefore, more closely resembles the United States and Canadian models than the United Kingdom's bifurcated structure. This is not inherently problematic. The Revised IADI Core Principles accept different institutional models, provided that functions are clearly allocated and supported by effective coordination among safety-net participants.[7] The principal issue in Nigeria is not the breadth of the NDIC's mandate, but whether its internal structure, resources, and operational practice adequately support that mandate. In addition, the question also remains as to whether sufficient

[3] ibid s 3.
[4] Federal Deposit Insurance Act, 12 USC §§1811–1835a.
[5] Canada Deposit Insurance Corporation Act, RSC 1985, c C-3.
[6] Banking Act 2009, pt 1; Financial Services and Markets Act 2000, pt XV.
[7] IADI (n 1) Principles 2, 4 and 6.

coordination, cooperation, and collaboration, as well as a detailed framework, exist to guide a system of multi-agency resolution authorities among safety net participants in Nigeria.

The NDIC's governance structure is anchored on its Board of Directors and executive management. The Board exercises overall policy and supervisory responsibility, while the Managing Director and Executive Directors administer the day-to-day operations of the Corporation. This formal separation between governance and management is sound. However, the multiplicity of the Corporation's functions requires specialised institutional capacity in bank resolution, asset management, forensic accounting, bank fraud and criminal investigation, financial analysis, insolvency law, depositor data management, and litigation.

A notable weakness in the Nigerian framework is that the Act does not sufficiently translate the Corporation's broad statutory mandate into measurable performance obligations. For instance, while the Act empowers the NDIC to reimburse insured depositors and liquidate failed institutions, it does not provide detailed statutory benchmarks for reimbursement speed, depositor data readiness, resolution planning or liquidation timelines. The Revised IADI Core Principles increasingly emphasise operational readiness, resolvability, and crisis preparedness.[8] Nigeria's framework would be strengthened by incorporating these standards into subsidiary regulations or binding supervisory guidelines.

3. DEPOSIT GUARANTEE

Deposit guarantee is the first and most visible function of a deposit insurer. It assures eligible depositors that, upon the failure of an

[8] ibid Principles 6, 9, 12 and 15.

insured institution, they will be reimbursed up to a prescribed statutory limit. Under the NDIC Act 2023, the Corporation is responsible for paying insured deposits where an insured institution fails or is unable to meet its obligations to depositors.[9] The function is central to public confidence because the ordinary depositor is less concerned with the technical cause of a bank failure than with the availability and promptness of reimbursement.

The NDIC's current coverage limits were substantially increased in 2024. Coverage for depositors of Deposit Money Banks and subscribers of Mobile Money Operators was raised from ₦500,000 to ₦5 million. Coverage for Microfinance Banks was increased from ₦200,000 to ₦2 million, while coverage for Primary Mortgage Banks and Payment Service Banks was increased from ₦500,000 to ₦2 million.[10] This increase was necessary, given inflation, currency depreciation and the erosion of the real value of the previous coverage limits.

The comparative position is instructive. In the United States, the FDIC insures deposits up to US$250,000 per depositor, per insured bank, for each ownership category.[11]In Canada, CDIC insures eligible deposits up to C$100,000 per insured category at each member institution.[12] In the United Kingdom, the FSCS protects eligible deposits up to £120,000 per eligible person, per authorised firm, for failures

[9] NDIC Act 2023, ss 25,28-30.

[10] Nigeria Deposit Insurance Corporation, 'NDIC Increases Maximum Deposit Insurance Coverage for Bank Depositors' (2 May 2024). This review was done further to the powers of the NDIC Board to review upwards the maximum insured sum from time to time under NDIC Act, s.25(2)

[11] Federal Deposit Insurance Corporation, 'Deposit Insurance FAQs' (FDIC, 1 April 2024).

[12]Canada Deposit Insurance Corporation, 'What's Covered' (CDIC).

occurring from 1 December 2025.[13] These regimes demonstrate that coverage design is not merely a matter of nominal limits; it also depends on ownership categories, separate capacities, temporary high balances, depositor eligibility and the speed of payment.

The Revised IADI Core Principles require deposit insurance coverage to be limited, credible, and clearly defined.[14] Limited coverage reduces moral hazard by ensuring that large depositors and sophisticated creditors retain incentives to monitor banks. Credible coverage, however, must be sufficient to protect the great majority of depositors and maintain public confidence. The challenge for Nigeria is to ensure that the ₦5 million and ₦2 million limits remain meaningful in real terms. A coverage limit that is rarely reviewed will eventually become nominal rather than protective.

The Nigerian framework has improved, but it still faces two weaknesses. First, the proportion of total deposits actually covered remains relatively low when measured by value, even if a large number of depositors may be fully covered by number. This is common in many deposit insurance systems, since the objective is not to insure all deposits but to protect small and unsophisticated depositors. Nevertheless, Nigeria's high inflation and exchange-rate volatility require more frequent actuarial review of coverage limits.

Secondly, reimbursement effectiveness depends on the quality of depositor records. The Heritage Bank liquidation illustrates this challenge. Following the revocation of the bank's licence in June 2024, the NDIC commenced payment of insured deposits promptly, but full reimbursement was affected by issues including incomplete

[13] Bank of England, 'What is the Financial Services Compensation Scheme?' (Bank of England, 1 December 2025).
[14] IADI (n 1) Principle 8.

depositor information, absence of Bank Verification Numbers, post-no-debit restrictions, and other verification problems.[15] This demonstrates that statutory coverage is only as effective as the data infrastructure supporting payment.

The FDIC, FSCS, and CDIC all place significant emphasis on depositor information and reimbursement readiness. In the United States, insured institutions are subject to recordkeeping requirements that enable the FDIC to calculate insured and uninsured amounts promptly in the event of failure.[16] In the United Kingdom, the FSCS ordinarily aims to compensate eligible depositors within seven days of failure.[17] Canada's CDIC similarly aims to reimburse depositors within days, and depositors are generally not required to file claims manually.[18]

Nigeria should therefore move from a reimbursement model that depends heavily on post-failure verification to a data-readiness model. Insured institutions should be required to maintain depositor records in a form that allows the NDIC to determine insured amounts quickly, identify accounts held in the same right and capacity, apply set-off where applicable, distil fraud fraught accounts, and process payment without avoidable delay. This may be achieved through regulations requiring periodic single-customer-view reporting, routine simulation exercises and penalties for inaccurate depositor data.

The NDIC Act 2023 also raises an important legal issue concerning limitation of claims. The Act provides that where the Corporation

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[15] Nigeria Deposit Insurance Corporation, statements on Heritage Bank depositor reimbursement, 2024–2026.
[16] 12 CFR pt 370.
[17] HM Treasury, Enhancing the Special Resolution Regime (Consultation Paper, January 2024) 8.
[18] Canada Deposit Insurance Corporation, 'Frequently Asked Questions' (CDIC).

publishes notice calling on depositors to submit claims, unclaimed insured deposits may revert to the Corporation after the prescribed period.[19] This modifies the traditional common law position that a banker-customer relationship is contractual and that a depositor's cause of action generally arises only upon demand and refusal.[20] From a policy perspective, finality is necessary for liquidation. However, the rule must be administered transparently, with adequate notice and accessible claims procedures, especially for rural, elderly, deceased-estate and financially excluded depositors.

The courts have also affirmed the priority of deposit liabilities in bank liquidation. In *First Bank of Nigeria Plc v NDIC*, the Court of Appeal held that deposit liabilities rank above other liabilities of an insured institution.[21] The combined effect of BOFIA 2020 and the NDIC Act 2023 is that depositor protection is not merely an administrative policy but a statutory priority.[22] This is consistent with the international principle that depositors should be treated in a manner that supports public confidence and orderly failure management.

Overall, Nigeria's deposit guarantee framework substantially aligns with the Revised IADI Core Principles in terms of statutory recognition, coverage definition, and public-policy objective. However, it falls short in relation to reimbursement preparedness, depositor data quality and formal statutory payment timelines. Also, the structures for dealing with parties responsible for bank failures, though well-articulated in the NDIC Act 2023, are still evolving and impacted by the same limitations that generally affect law enforcement in the country. The comparative lesson from the FDIC, FSCS and

[19] NDIC Act 2023, s 30.
[20] Muomah v Spring Bank Plc [2007–2009] 14 NBLR 453.
[21] First Bank of Nigeria Plc v NDIC CA/L/1091/2017.
[22] BOFI Act 2020, s 55; NDIC Act 2023, s 72.

CDIC is that prompt reimbursement depends less on the existence of coverage and more on pre-failure data discipline, automated claims systems and repeated operational testing.

4. BANK SUPERVISION AND RISK MONITORING

Although the CBN is Nigeria's primary bank regulator and supervisor, the NDIC plays an important supporting role in monitoring insured institutions. The NDIC Act 2023 empowers the Corporation to examine insured institutions, collect information, assess risk, participate in joint examinations and obtain data necessary for the performance of its deposit insurance mandate.[23] BOFI Act 2020 confirms the CBN's central supervisory role but permits regulatory cooperation and information sharing with relevant agencies.[24]

This arrangement is consistent with the Revised IADI Core Principles, which require deposit insurers to have timely access to accurate information from member institutions and other safety-net participants.[25] A deposit insurer that lacks reliable supervisory information cannot price risk properly, assess premiums, prepare for reimbursement, or participate meaningfully in resolution.

The NDIC conducts supervision through on-site examination and off-site surveillance. On-site examination enables direct review of bank records, risk assets, governance practices, and compliance with prudential requirements. Off-site surveillance relies on periodic returns submitted by insured institutions. These activities support the Corporation's risk-based premium assessment system and provide early-warning signals for potential distress.

[23] NDIC Act 2023, ss 36–43.
[24] BOFI Act 2020, s 29.
[25] IADI (n 1) Principles 5 and 6.

The comparative position again shows different institutional models. The FDIC directly supervises state-chartered banks that are not members of the Federal Reserve System and participates in broader federal supervisory processes.[26] CDIC does not function as the primary prudential supervisor but depends heavily on information sharing with the Office of the Superintendent of Financial Institutions.[27] In the United Kingdom, the FSCS is not a prudential supervisor; supervisory responsibility rests principally with the Prudential Regulation Authority and the Financial Conduct Authority, while resolution rests with the Bank of England.[28]

Nigeria's model is therefore hybrid. The NDIC is not the primary regulator, but it has supervisory access because its ability to insure deposits and manage failure depends on understanding the risk profile of insured institutions. This is appropriate. However, the statutory relationship between CBN supervision and NDIC examination should be further clarified through binding protocols on information sharing, joint examinations, escalation triggers, and crisis communication.

A further challenge concerns digital financial services. Deposit insurance now extends to newer deposit-taking or deposit-like institutions, including Payment Service Banks and Mobile Money Operators. The Revised IADI Core Principles recognise that digital innovation has altered the risk environment for deposit insurers.[29] Nigeria's deposit insurance framework must therefore develop supervisory tools suitable for fintech-driven deposit intermediation,

[26]Federal Deposit Insurance Act, 12 USC §§1817–1820.
[27]CDIC Act, RSC 1985, c C-3; Office of the Superintendent of Financial Institutions Act, RSC 1985, c 18.
[28]Financial Services and Markets Act 2000; Banking Act 2009.
[29]IADI (n 1) Principles 5, 6 and 18.

agency banking, wallet balances, and new forms of store of value, and pass-through insurance arrangements.

5. FAILING-BANK RESOLUTION

The most important conceptual improvement in the NDIC Act 2023 is its clearer distinction between failing-bank resolution and failed-bank liquidation. Resolution is concerned with preventing disorderly failure, preserving critical functions and protecting financial stability. Liquidation is concerned with winding up an institution whose licence has been revoked. This distinction is central to modern bank failure management.

The NDIC Act empowers the Corporation to participate in resolution by providing financial and technical assistance, facilitating purchase and assumption transactions, supporting mergers or acquisitions, and participating in bridge-bank arrangements.[30] The BOFI Act 2020 also provides a broader intervention and resolution framework, including powers exercisable by the CBN in relation to failing banks.[31]

The Revised IADI Core Principles recognise the growing role of deposit insurers in crisis preparedness and resolution.[32] This reflects lessons from the global financial crisis and the banking turmoil of 2023. Deposit insurers must be able to contribute to resolution planning, share information with resolution authorities, fund resolution where appropriate, and ensure that insured depositors are protected without encouraging excessive risk-taking.

Nigeria has practical experience with resolution tools. Purchase and assumption was used in the aftermath of the 2005 banking

[30]NDIC Act 2023, ss 49–54.
[31]BOFI Act 2020, ss 34–42.
[32]IADI (n 1) Principles 14–16.

consolidation exercise. Bridge-bank arrangements were used in relation to Afribank, Bank PHB, and Spring Bank in 2011, leading to Mainstreet Bank, Keystone Bank, and Enterprise Bank, respectively. A bridge-bank approach was also adopted in relation to Skye Bank, which became Polaris Bank in 2018. These interventions helped avoid disorderly collapse and protected depositors.

However, Nigerian practice has often treated resolution and liquidation as overlapping or synonymous. This is conceptually wrong. Resolution should ordinarily precede liquidation and should aim, where feasible, to preserve the viable parts of a failing institution. Liquidation should follow where the institution is no longer viable, and no resolution option is appropriate. The NDIC Act 2023 recognises this distinction, but the Corporation's operational structure has not fully reflected it.

By comparison, the FDIC has extensive receivership and resolution powers, including purchase and assumption, deposit payoff, bridge banks, and systemic risk exceptions in appropriate cases.[33] Canada's CDIC is expressly positioned as a resolution authority and undertakes resolution planning for its member institutions.[34] In the United Kingdom, the Bank of England's special resolution regime provides tools, including transfer to a private-sector purchaser, bridge bank, asset management vehicle, bail-in, and temporary public ownership.[35]
Nigeria should therefore develop a dedicated bank resolution framework within the NDIC and in collaboration with the CBN. This should include resolution planning for systemically important banks, resolvability assessments, early intervention triggers, internal loss-absorption analysis, bridge-bank governance rules, purchase-and-

[33]Federal Deposit Insurance Act, 12 USC §1821.
[34]CDIC, 'Resolution of Small and Medium-Size Banks' (CDIC).
[35]Banking Act 2009, ss 11–13, 38–48.

assumption protocols, and least-cost analysis. Without such a framework, resolution will remain episodic rather than systematic.

6. BANK LIQUIDATION

Liquidation remains one of the NDIC's most important statutory functions. Upon revocation of the licence of an insured institution, the Corporation assumes responsibility for the orderly winding up of the institution, realisation of assets, and distribution of proceeds to depositors, creditors, and other stakeholders.[36] The NDIC's role as liquidator gives practical effect to depositor protection beyond the payment of insured deposits, since uninsured depositors and creditors may receive liquidation dividends from recovered assets. Importantly, the current legal framework in Nigeria also seeks to lay the basis for the deposit insurer to liquidate non-bank Other Financial Institutions.[37] With its experience in bank liquidation, the NDIC could easily fit that role. However, an intentional, policy-driven approach may be required to build operational readiness, both structurally and through capacity building for the workforce.

BOFI Act 2020 provides that where a bank's licence is revoked, the NDIC may act as liquidator without the procedural uncertainty that characterised earlier legislation.[38] The NDIC Act 2023 also contains detailed provisions on liquidation, asset realisation, claims, priority of payments, and termination of liquidation.[39] These provisions are important because bank liquidation differs from ordinary corporate insolvency. A failed bank holds deposits from the public, participates in the payment system, and may have systemic implications.

[36] NDIC Act 2023, ss 55–74.
[37] NDIC Act 2023, s 55; BOFI Act 62(4) BOFI Act 2026
[38] BOFI Act 2020, ss 12 and 55.
[39] NDIC Act 2023, ss 55–74.

Nigerian case law has recognised the NDIC's special position. In *NDIC v Financial Merchant Bank Ltd*, the Supreme Court held that upon revocation of a bank's licence, the powers of its board become exercisable by the liquidator.[40] In *Oredola Okeya Trading Co Ltd v Bank of Credit and Commerce International*, the Supreme Court considered the powers of the NDIC as provisional liquidator under the earlier statutory framework.[41] The current legislation has improved the position by reducing uncertainty over the Corporation's authority after revocation.

The principal weakness of Nigerian bank liquidation is the delay. Many banks closed in the 1990s and early 2000s have remained in liquidation for decades. Protracted liquidation undermines depositor confidence, increases administrative costs, reduces asset value, and delays final distribution to stakeholders. It also weakens the deterrent effect of regulatory failure management because shareholders, directors, debtors, and creditors may exploit the delay.

The NDIC Act 2023 attempts to address this problem by permitting the Corporation to terminate liquidation and transfer unrealised assets to a subsidiary or other vehicle established for that purpose.[42] This is a useful reform. However, it should be supported by strict liquidation timelines, specialised insolvency procedures, stronger debt recovery mechanisms, digital asset registers, and dedicated courts or fast-track procedures for failed-bank claims. This should not merely be the designation of a judge who would hear NDIC-related cases in addition to other matters, as is currently required under section 94, [43]but would

[40]NDIC v Financial Merchant Bank Ltd (1997) LPELR-2001(SC).
[41]Oredola Okeya Trading Co Ltd v Bank of Credit and Commerce International (2014) LPELR-22011(SC).
[42]NDIC Act 2023, s 74.
[43] NDIC Act 2023, s.94

be a truly specialised court or tribunal principally established for the role. Such a court, when established, will form part of the Federal High Court system of Nigeria.

Comparatively, the FDIC's receivership process is generally more administrative and resolution-driven than ordinary liquidation. The FDIC frequently resolves failed banks through purchase-and-assumption transactions during a failure weekend, thereby minimising disruption to depositors.[44] In the United Kingdom, the bank insolvency procedure is designed to facilitate rapid compensation or transfer of eligible deposits.[45] Canada's CDIC also prepares for different failure scenarios through resolution planning and simulation exercises.[46]

The Nigerian lesson is clear: liquidation should not be the default expression of deposit insurance. It should be the final stage of failure management where resolution is not feasible. The more effective the resolution framework, the less burdensome liquidation becomes.

7. PRINCIPAL CHALLENGES IN THE NIGERIAN FRAMEWORK

The first challenge is coverage adequacy. The 2024 increase in coverage limits was commendable, but inflation and currency instability mean that statutory limits require periodic review. Nigeria should adopt a mandatory review cycle, possibly every three years, supported by actuarial analysis.

[44]Federal Deposit Insurance Act, 12 USC §1821.
[45]Banking Act 2009, pt 2.
[46]International Association of Deposit Insurers, Selected Aspects for a Prompt and Effective Reimbursement (Policy Paper, 2026).

The second challenge is depositor data quality. The Heritage Bank experience demonstrates that BVN linkage, account consolidation, post-no-debit restrictions, and incomplete records may delay reimbursement. The NDIC should require insured institutions to maintain single-customer-view files capable of immediate extraction upon failure.

The third challenge is the weak institutionalisation of resolution. The Act recognises failing-bank resolution, but Nigeria lacks a sufficiently detailed operational framework comparable to the FDIC, CDIC, or Bank of England resolution regimes.

The fourth challenge is prolonged liquidation. Failed-bank liquidation should not continue indefinitely. The Corporation requires stronger statutory tools for asset disposal, debt recovery, compromise of claims, and termination of liquidation. The current Act has commendable innovations such as the Global Standing Instruction mandate[47], Statutory power of the NDIC to access a debtor's funds in other banks,[48] enhanced statutory provisions for dealing with persons responsible for bank failures,[49] special powers to trace and track an obligor's funds,[50] and wind up a corporate obligor,[51] among other powers.

The fifth challenge is inter-agency coordination. The NDIC and CBN have historically cooperated, but cooperation should be governed by transparent statutory protocols covering information sharing, joint examinations, early-warning triggers, and crisis management.

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[47] NDIC Act 2023, 27(1)(2)
[48] NDIC Act 2023, 27(3)(4)
[49] NDIC Act 2023, ss 77-81
[50] NDIC Act 2023 s.66
[51] NDIC Act 2023, s.68

8. RECOMMENDATIONS

First, Nigeria should adopt binding regulations implementing the Revised IADI Core Principles 2025. These regulations should cover mandate clarity, governance, reimbursement, coverage, funding, public awareness, resolution cooperation, and cross-border coordination. In doing so, constitutional and other legal preconditions for domesticating international obligations before implementation should be complied with.

Secondly, deposit insurance coverage should be reviewed periodically. The NDIC should not wait for long intervals before adjusting coverage limits. A statutory review cycle would ensure that coverage remains credible.

Thirdly, the NDIC should establish a dedicated bank resolution department distinct from claims resolution and liquidation. Its responsibilities should include resolution planning, resolvability assessments, least-cost analysis, bridge-bank planning, and coordination with the CBN.

Fourthly, insured institutions should be required to submit periodic single-customer-view data to the NDIC. Failure to maintain accurate depositor records should attract regulatory sanctions.

Furthermore, liquidation should be subject to clear timelines. Where assets cannot be realised within a reasonable period, the Corporation should be empowered to transfer them to a specialised asset management vehicle and terminate the liquidation, aided by sound Bank Liquidation Rules.

Also, the NDIC and CBN should adopt a legally binding memorandum of understanding on supervisory cooperation, early intervention, and crisis resolution that takes into consideration the existing legal frameworks.

Additionally, a more enduring structure, driven by specific policy instruments, can be put in place to ensure that the risk minimiser that the NDIC is, is reflected in the timely and appropriate investigations and prosecution of bank fraud, which undermines financial system stability, and sometimes makes it difficult to determine with certainty, the data of failed banks to rely on for depositor reimbursement.

Finally, Nigeria should strengthen public awareness. Deposit insurance is effective only when depositors understand what is protected, the applicable limits, and how reimbursement occurs.

9. CONCLUSION

The NDIC Act 2023 is a major step in the development of Nigeria's deposit insurance system. It strengthens the Corporation's legal mandate, clarifies its role in deposit guarantee, supervision, resolution, and liquidation, and brings Nigeria closer to international best practice. The increase in coverage limits in 2024 further enhanced depositor protection and public confidence.

Nevertheless, the Nigerian framework remains incomplete. Its greatest weakness is not the absence of statutory powers, but the uneven translation of those powers into operational readiness. Deposit insurance must move beyond reimbursement after failure. It must be integrated into a broader framework of supervision, early intervention, resolution planning, and orderly liquidation.

The comparative experience of the FDIC, FSCS, Bank of England, and CDIC demonstrates that effective deposit insurance depends on speed, clarity, preparedness, and coordination. Nigeria should therefore deepen alignment with the Revised IADI Core Principles 2025 by strengthening depositor data systems, institutionalising bank resolution, accelerating liquidation, and improving safety-net coordination.

If these reforms are undertaken, the NDIC will be better positioned not merely as a liquidator of failed banks but as a modern deposit insurer and resolution authority capable of protecting depositors, preserving confidence, and contributing meaningfully to the stability of Nigeria's financial system.