

## **Group Plots Takeover of Five Top Banks – Vanguard, March 23, 2009**

### **Nigeria: Group Plots Takeover of Five Top Banks**

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ANTI-CONSOLIDATION forces have regrouped with the hope of dismantling the structures and forcing a takeover of the top five banks in the country, Vanguard can now reveal.

The grand plan by the group is to cause panic and uncertainty in the industry and make the target banks look unsafe for depositors.

Meantime, indications emerged yesterday that the Federal Government may announce the names of a new Governor of the Central Bank (CBN) and the Auditor-General of the Federation (AGF) in April just a few weeks before the tenure of the incumbents run out.

However, the Arewa Consultative Forum (ACF) has expressed concern over what it described as the rapidly deteriorating liquidity situation in the banking industry and tasked the Central Bank (CBN) to make public information on causes of the development as well as the scale of the crisis.

Vanguard investigations revealed that the aim of the anti-consolidation forces is to cause loss of public confidence in the banking industry and compel the Federal Government to move in by injecting funds. Further, they ultimately plan to instigate government to take equity holdings in the targeted banks.

Vanguard gathered that the group at work is made up of former bank owners who lost out during the consolidation exercise, a powerful clique in the present government, and some aggrieved persons in three of the six geopolitical zones in the country who felt left out in the consolidation exercise.

Presidency sources disclosed that those who felt left out in the consolidation exercise are up in arms to recoup what they felt they lost during Obasanjo years.

Part of the plans hatched by the group is to ensure that the incumbent Governor of the Central Bank, Professor Chukwuma Soludo, does not get a second term. The plan is also to ensure that whatever gains consolidation recorded are discredited. This, it was learnt, was meant to force the President to act quickly in the matter of appointment of a successor to Soludo as they anticipate that the president's slow move may scuttle their dreams and cause the renewal of Soludo's re-appointment for a second term.

The group's second game plan is to make Nigerian banks look unsafe in the eye of the banking public. Part of the game is to spread rumours that some banks are unsound and are on the verge of collapse. They send out text messages to individuals and account holders passing wrong information on their target banks. At the moment, the group's target is one of the high-flying new generation banks where they have sent out several messages.

### **New CBN Gov, Auditor-General to emerge April**

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The tenure of the CBN Governor, Professor Chukwuma Soludo and Auditor-General of the Federation, Mr. O. R. Ejenavi from Delta State will lapse in May 2009.

Naming nominees for the top jobs, according to a presidency source, will afford the Senate ample opportunity to work on them before they assume office.

While Soludo will complete his first term in office as CBN governor by May 29, Ejenavi will be due for retirement on age grounds on May 18.

However, among those being considered for the position of CBN governor include the Minister of National Planning, Dr Shamsuddeen Usman from Kano, who was a former Finance minister and deputy governor at the apex bank; another former CBN deputy governor, Obadiah Mailafia from Nassarawa, Mallam Isa Hayatudeen from Borno, a former managing director of FSB International Bank, incumbent Managing Director of First Bank, Mallam Sanusi Lamido Sanusi, also from Kano, and Mallam Falalu Bello from Kaduna, Managing Director, Unity Bank.

But the most touted name so far is that of Mallam Isa Yuguda, the Bauchi State governor who won election on the platform of the All Nigeria peoples Party, ANPP, but defected to the ruling PDP last week. Yuguda is also an in-law of President Umaru Yar'Adua. Yuguda was also a former Managing Director of Inland Bank, a legacy bank in post-consolidation FinBank.

Past CBN governors include late Dr. Clement Isong (Akwa-Ibom), Alhaji Adamu Ciroma (Yobe); Mr. Ola Vincent (Lagos), late Alhaji Abdulkadir Ahmed (Bauchi); Mr. Paul Ogwuma (Abia), Dr. Joseph Sanusi (Ondo) and the current Professor Charles Soludo (Anambra).

It was also gathered that strict obedience to civil service rules will be observed in the appointment of a new Auditor General for the Federation going by the constitutional provision.

Section 86 Subsection 1 of the 1999 constitution states: "the Auditor-General for the Federation shall be appointed by the President on the recommendation of the Federal Civil Service Commission, subject to the confirmation of the Senate." That of the CBN may be determined by other factors, mostly political considerations which are at the pleasure of the President without recourse to the commission.

The most senior director in the office of the Auditor-General currently is Mr. Ogunsina G.F from Ekiti State who may be appointed unless there is political maneuvering. Having been a director since 2004, it may not be smooth sailing for Ogunsina because, there is another senior civil servant Mr. Osonuga T. A. from Ogun State who was promoted a director in 2007 and is being propelled by other forces to occupy the office.

### **It's unfortunate top 5 banks are targeted, says official**

A CBN official who spoke on condition of anonymity said that it is unfortunate that top five banks are the target. The banks, he said, are sound. The CBN had mistaken in the past the ongoing move as de-marketing by competitors in the banking industry, saying it is unhealthy competition.

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The group is using this means to make depositors panic and undertake massive withdrawal of funds from the targeted banks in an attempt to cause liquidity problem in the bank. In that state they hope to cause a take over by the government which may buy a stake in the bank and later sell to members of the privileged group who may be appointed in the interim into the board of the banks.

### **Arewa worries over liquidity problem**

However, the Arewa Consultative Forum (ACF) expressed concern over what it described as the rapidly deteriorating liquidity situation in the banking industry and tasked the Central Bank (CBN) to inform the people the cause of the development as well as the scale of the crisis.

ACF said that the commercial banks must have obviously lent too much money to people who either invested them in buying stocks or in the importation of petroleum products in the country, but are unable to repay such loans.

A statement signed by the National Publicity Secretary of the Forum, Mr. Anthony Sani however blamed the CBN for enquiring "into the volume of the so-called toxic assets of the commercial banks while refusing to tell Nigerians how or why in the first place, the banks found themselves in trouble.

The statement reads "The Working Committee of the National Executive Council of the Arewa Consultative

Forum (ACF) held its meeting at its national headquarters in Kaduna on Tuesday, the 17th of March 2009. In attendance were all National officers of the ACF drawn from the 19 northern states and the Federal Capital Territory (FCT). General IBM Haruna, the Chairman presided.

"Among other things, the meeting reviewed and discussed a number of issues and other troubling developments in the country. At the end, it resolved to issue the following statement.

"The ACF deliberated on the rapidly deteriorating liquidity situation in the banking industry and observed that Nigerians are feeling increasingly frustrated by the failure of the Central Bank of Nigeria (CBN) to disclose the true the true nature and the scale of the crisis.

"Even members of the National Assembly, despite their best efforts, have been unable to get to the truth of the matter.

According to Arewa consultative forum "All that seem obvious is that our commercial banks had lent out too much money to too many people who had invested them in stocks or petroleum importation but who are now unable to pay back. Beyond that, the public has no clear idea as how or why the loans were given and on what terms."  
– Vanguard <http://allafrica.com/stories/200903230006.html>