The Next Bank to Fail:
A Nigerian Bank Safety Perception Survey
Quarter 1, 2012 Report

RC: 767052
ValueFronteira Ltd
...the edges of economic strategy
42, Olowu Street, Off Toyin, Ikeja – Lagos
Website: www.valuefronteira.com
Email: fronteira@valuefronteira.com
Tel: +234-(1)9504781, 9504782, 234-8033148722

About this Report

- The Nigerian Bank Safety Perception survey aims at gauging the perception of banking services' users on the relative health of the industry players;
- Future efforts in this respect will try to marry the perception with actual performances;
- Methodologies adopted and data used in generating this report are available for inspection by interested banks and the public;
- This survey will be conducted every quarter in order to consistently track changes in the perception of banking services' users;
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- There is a possibility that the perception of the respondents in this report are totally at variance with actual performances recorded by the banks on particular indicators;
- In preparing this report, we did not make any attempt to check whether the actual performances of reported banks on each indicator are consistent with the perceived performances of those banks. That exercise is outside the scope of this effort;
  - Where such disparities exist, we can provide support to the bank in tracking the sources of the disparities;
- This report is completely about respondent perception on each of the questions posed;
- It is nevertheless critical that banks view the outcome of this report seriously with a view to finding out the underlying reasons behind the reported perceptions.

Methodological Clarifications

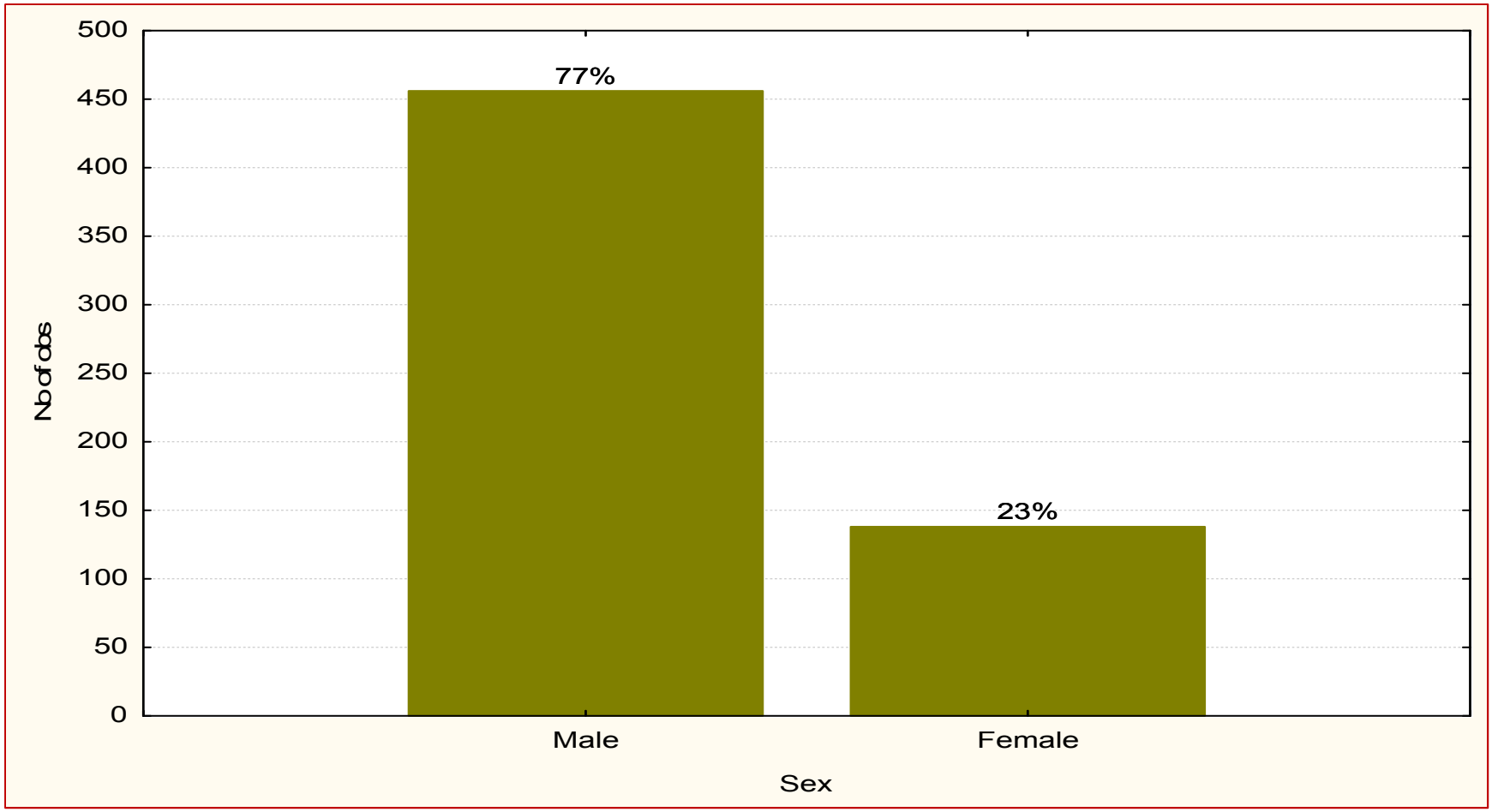
- This survey was conducted between February 1 and February 15, 2012;
- 602 persons participated in this initial survey nationwide. We expect to quadruple this number in subsequent surveys;
- We collected about 84% of responses via email and facebook;
  - Only about 16% of responses completed physically administered and retrieved questionnaire;
- Participants were very randomly selected;
- Questions are largely open-ended to avoid being suggestive in any conceivable way;
  - We believe that respondents ability to "recall" their answers is key to sound perceptive judgment.
- Aside one question, only definite answers are reported provided that there are less than 15% responses that are "undecided". This procedure was adopted to control the possible margins of error;
- Questionnnaire is attached as appendix.

A Ranking of Perceptions on Banks' Safety

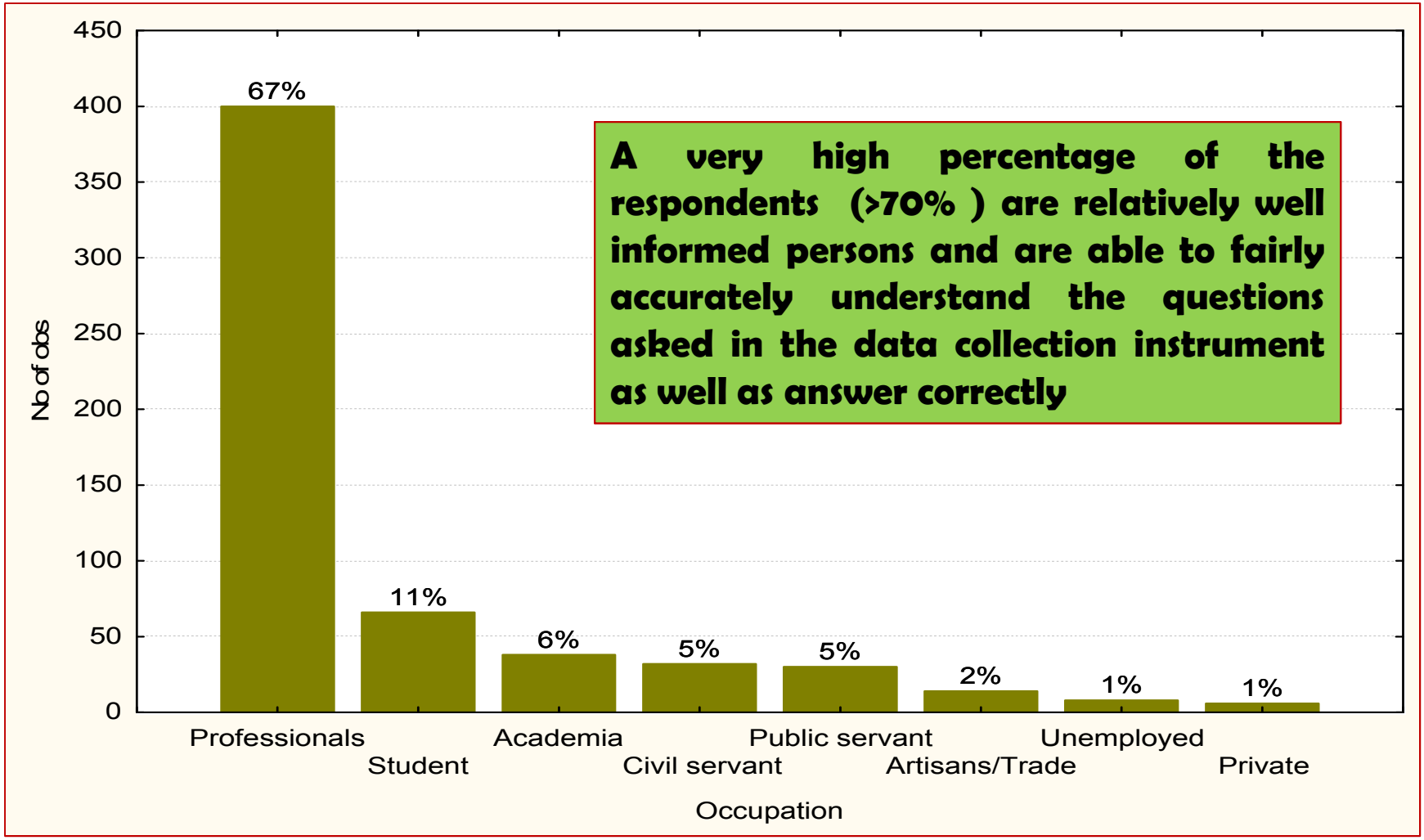
Bank	Most Financially Stable	Most Compliant Bank	Has Best Corporate Governance Standards	Has Most Qualified and Dedicated Manpower	Most Liquid Bank	Best Cost Mgt.	Most Trusted Bank	Next Nigerian Bank to Fail	Safest Nigerian Bank
FBN	1	1	2	2	1	2	1	12	1
GTB	2	2	1	1	2	1	2	13	2
ZENITH	3	3	3	3	3	3	3	11	3
UBA	4	4	4	4	4	5	4	6	3
STANBIC IBTC	5	7	5	6	5	6	5	13	4
ACCESS	6	5	6	5	7	4	7	4	5
STANDARD CHARTERED	7	8	10	8	8	9	7		6
FIDELITY		8		8	8	7		8	7
CITI		7	8			10	7		7
UNION		9		9	7	10		1	7
ECO	7		9	7		10	8	11	7
FCMB	7	9			9	8	8	11	7
SKYE	7		8		9	9	8	9	7
DIAMOND	7	6	7	7	8	6	6	13	7
INTERCONTINENTAL	7	9	10	9	7	10	8	8	7
OCEANIC					6			8	
EQUITORIAL TRUST					8			11	
MAINSTREET					9			5	
WEMA						9		2	
ENTERPRISE						10		6	
FIN			10		7			6	
UNITY			10		7			3	
STERLING		9				10		7	
KEYSTONE	7	9				10	8	10	

These numbers are the position of each bank on each question or attribute

Distribution of Respondents by Sex

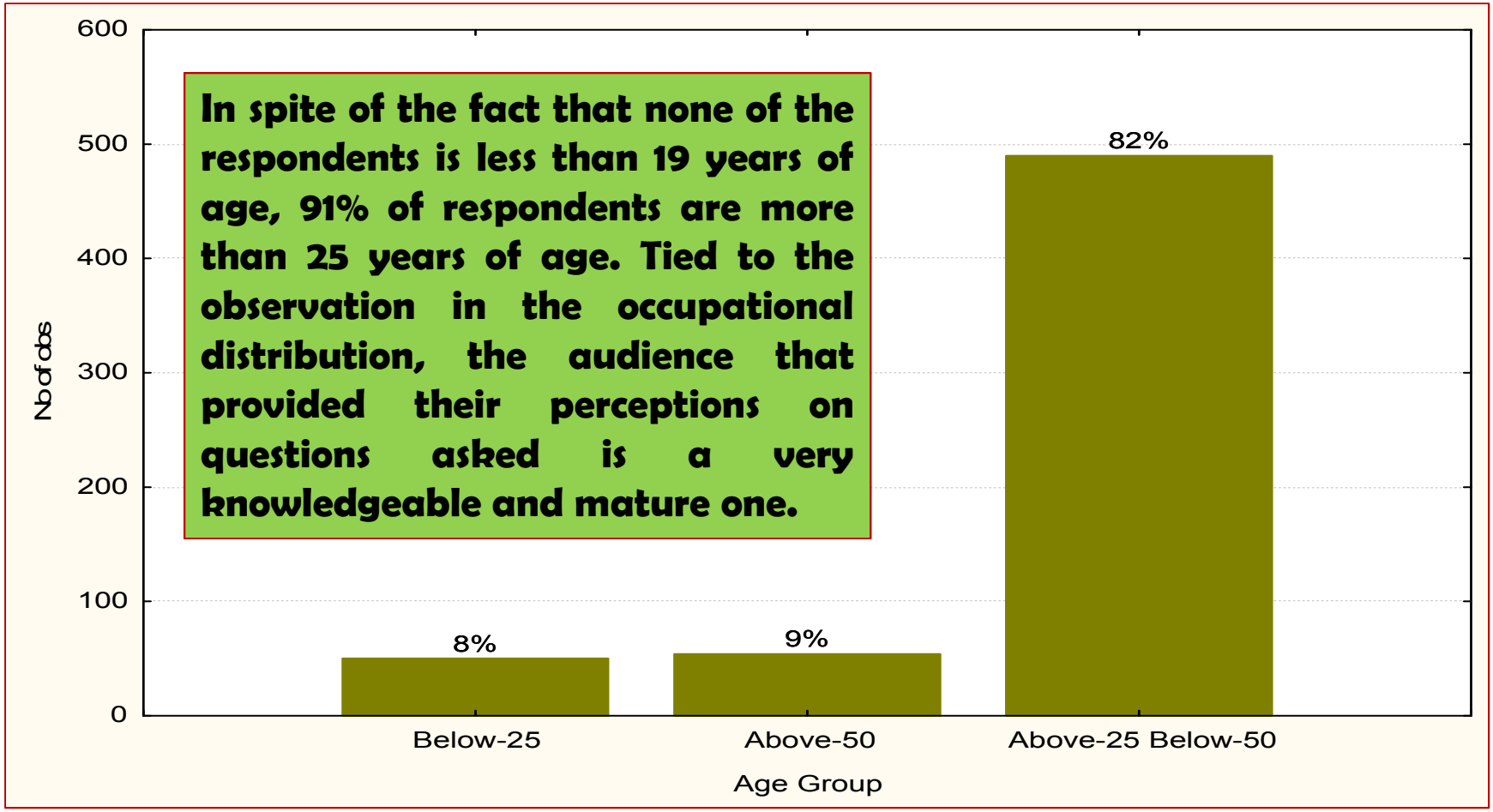


Responses by Occupation



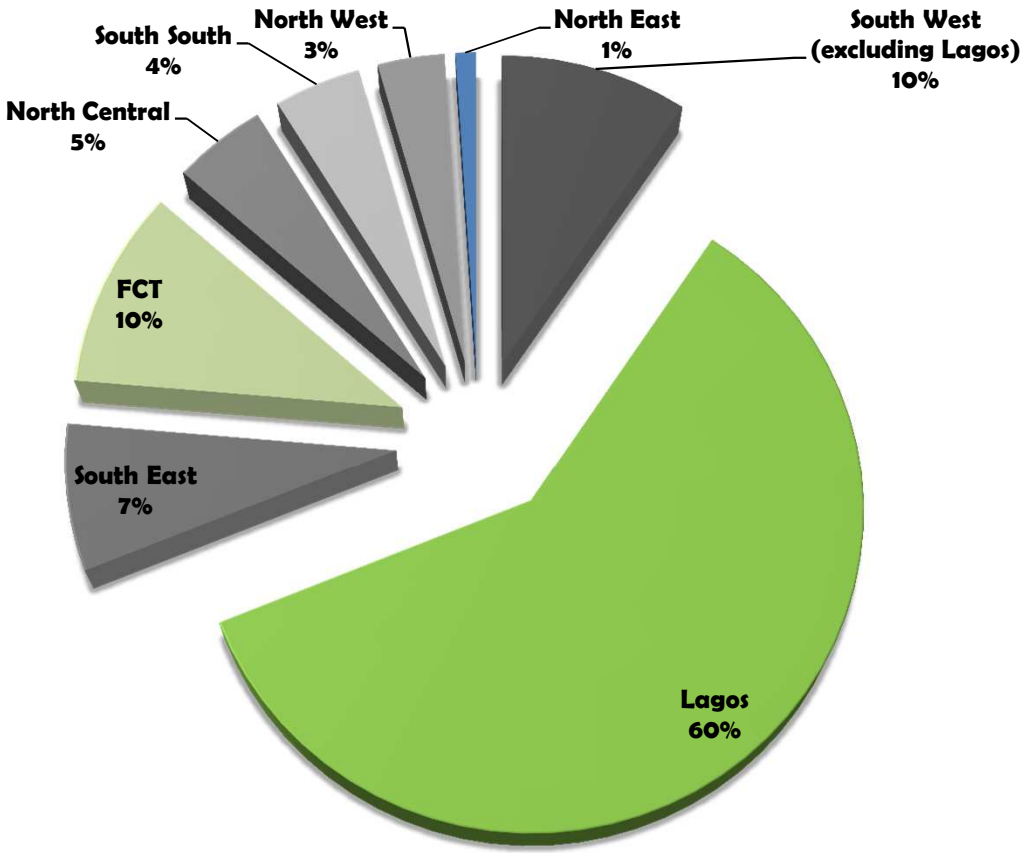
A very high percentage of the respondents (>70%) are relatively well informed persons and are able to fairly accurately understand the questions asked in the data collection instrument as well as answer correctly

Age Distribution of Respondents



In spite of the fact that none of the respondents is less than 19 years of age, 91% of respondents are more than 25 years of age. Tied to the observation in the occupational distribution, the audience that provided their perceptions on questions asked is a very knowledgeable and mature one.

Geographical Distribution of Respondents



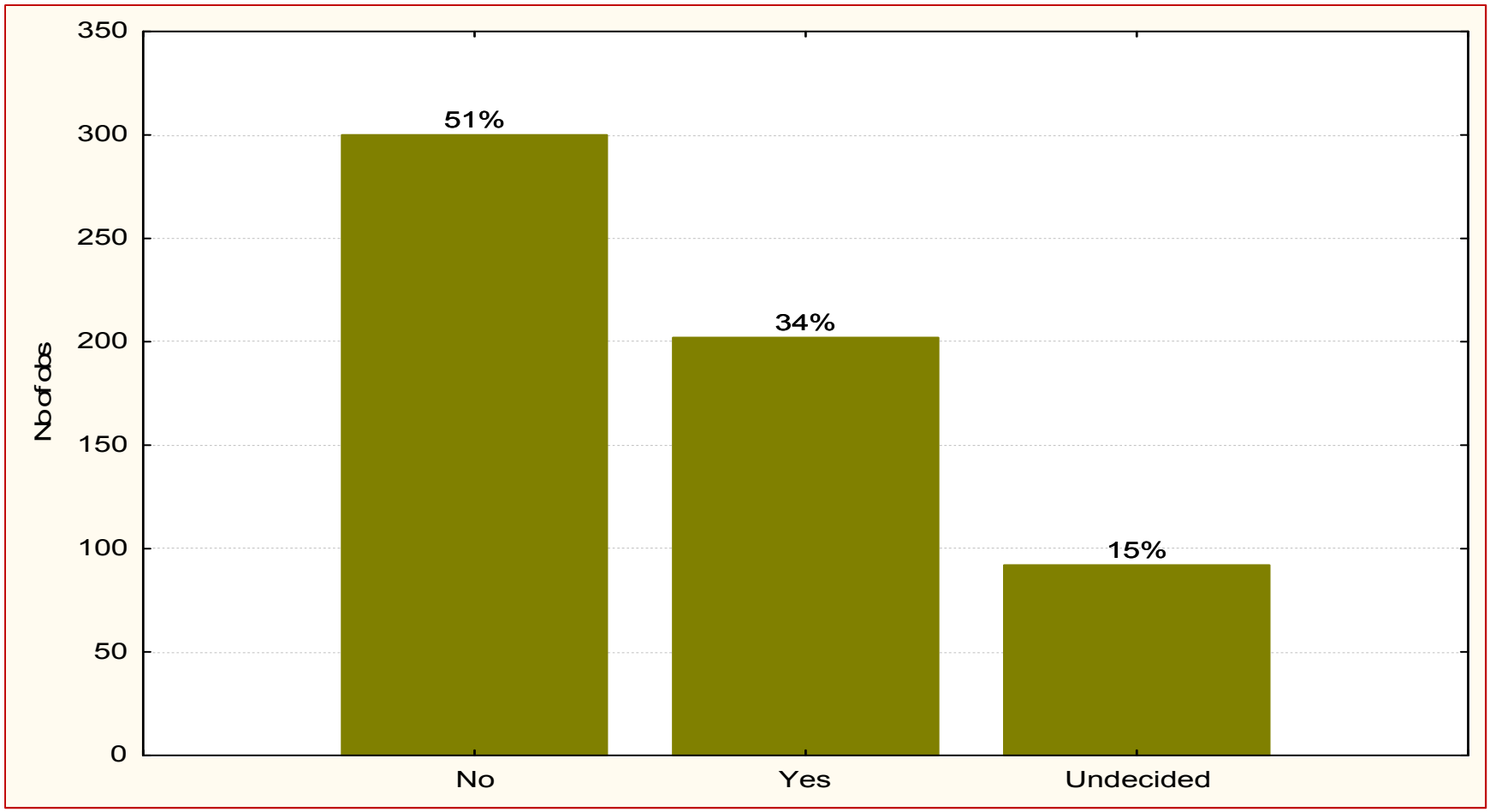
There is reasonable balance in the distribution of respondents. All geopolitical zones are represented. It is noteworthy that about 60% of banking activities in Nigeria take place in Lagos which gives it a special representative status.

Associations

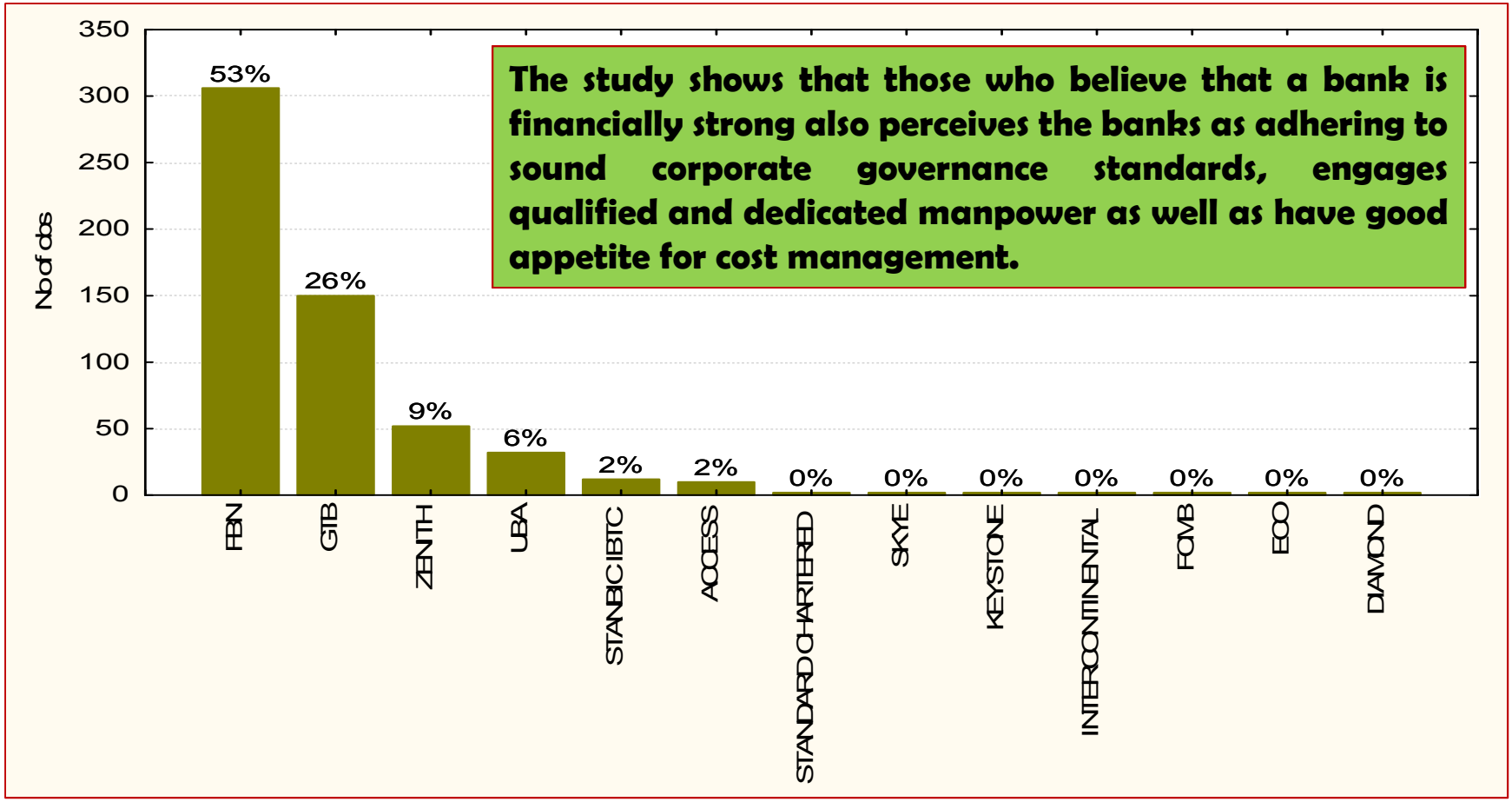
	Most financially strong bank	Most compliant bank	Bank with best corporate governance standards	Bank with the most qualified and dedicated manpower	Most liquid bank	Bank with the best cost management practice	Most trusted bank	Next Nigerian bank to fail	Safest bank - First Choice
Most financially strong bank	**1.00**								
Most compliant bank		**1.00**							
Bank with best corporate governance standards	**0.41**		**1.00**						
Bank with the most qualified and dedicated manpower	**0.32**		**0.27**	**1.00**					
Most liquid bank			**0.15**		**1.00**				
Bank with the best cost management practice	**0.25**	**0.15**	**0.27**	**0.33**		**1.00**			
Most trusted bank		**0.22**	**-0.17**	**-0.17**			**1.00**		
Next Nigerian bank to fail				**0.24**				**1.00**	
Safest bank - First Choice		**0.35**			**0.29**		**0.41**		**1.00**

Reported coefficients are the Spearman's rho that are statistically significant

Are Nigerian Banks Now Safe for Depositing Money?

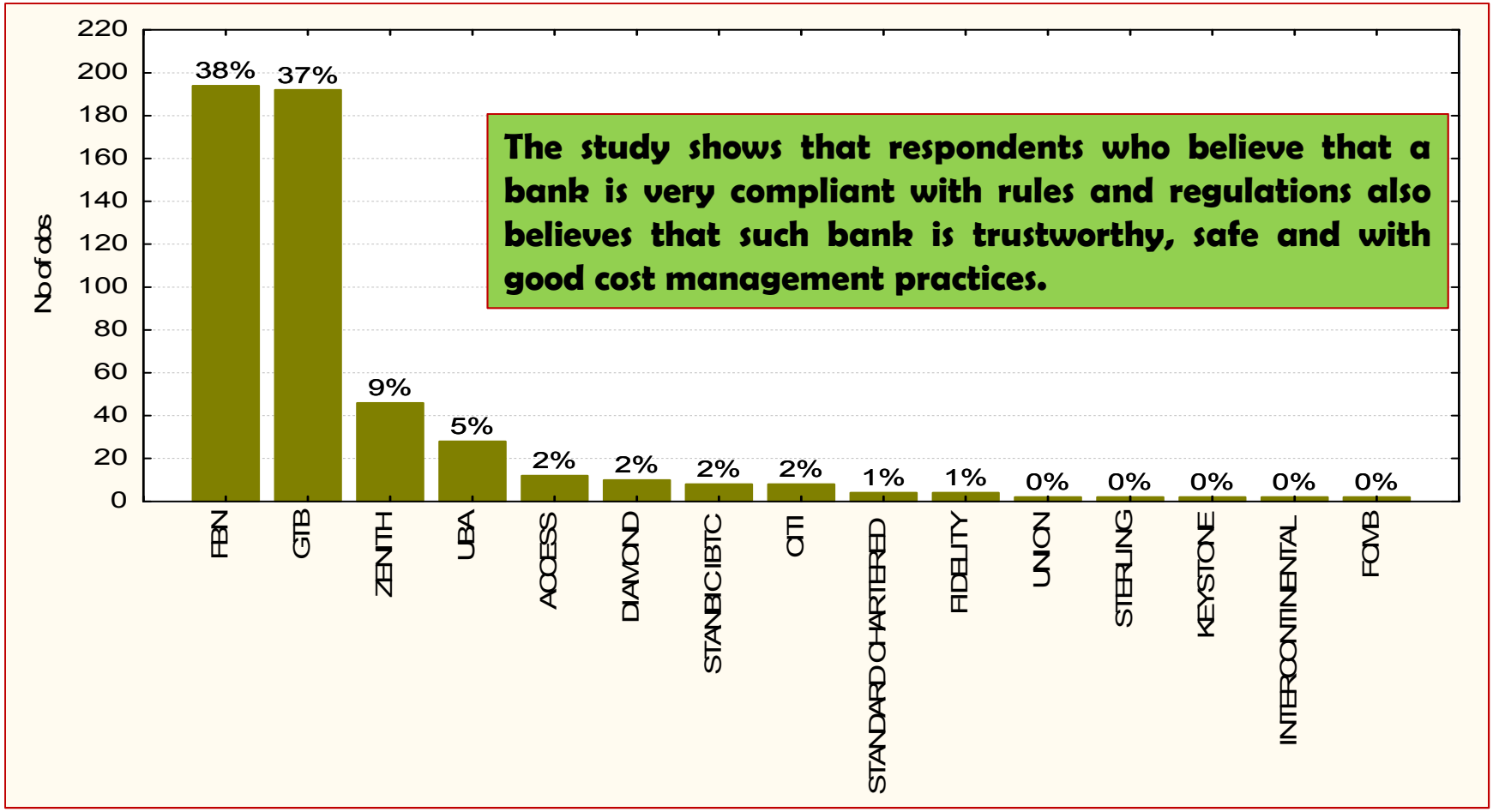


Most Financially Strong Bank



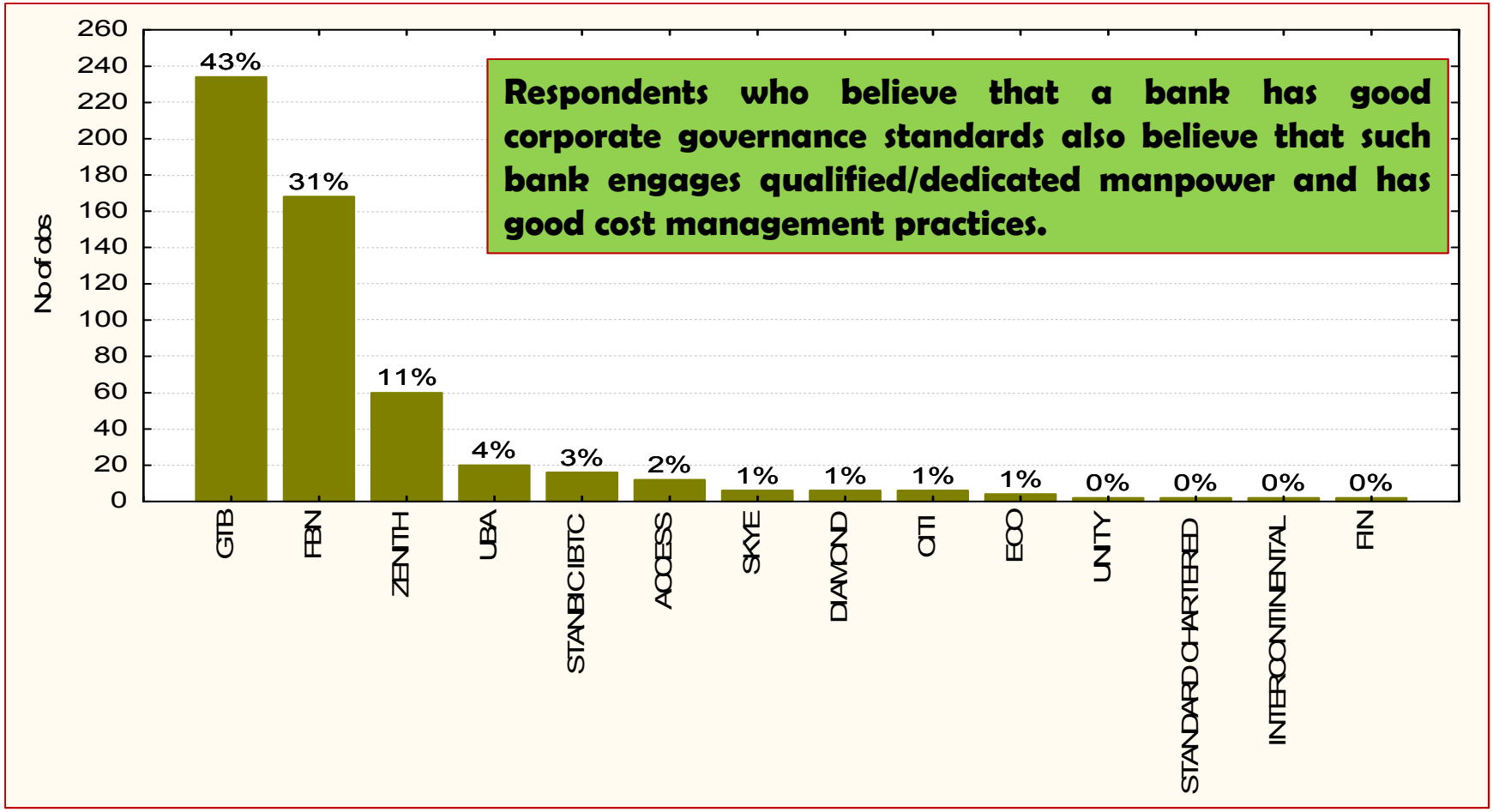
The study shows that those who believe that a bank is financially strong also perceives the banks as adhering to sound corporate governance standards, engages qualified and dedicated manpower as well as have good appetite for cost management.

Most Compliant Nigerian Bank

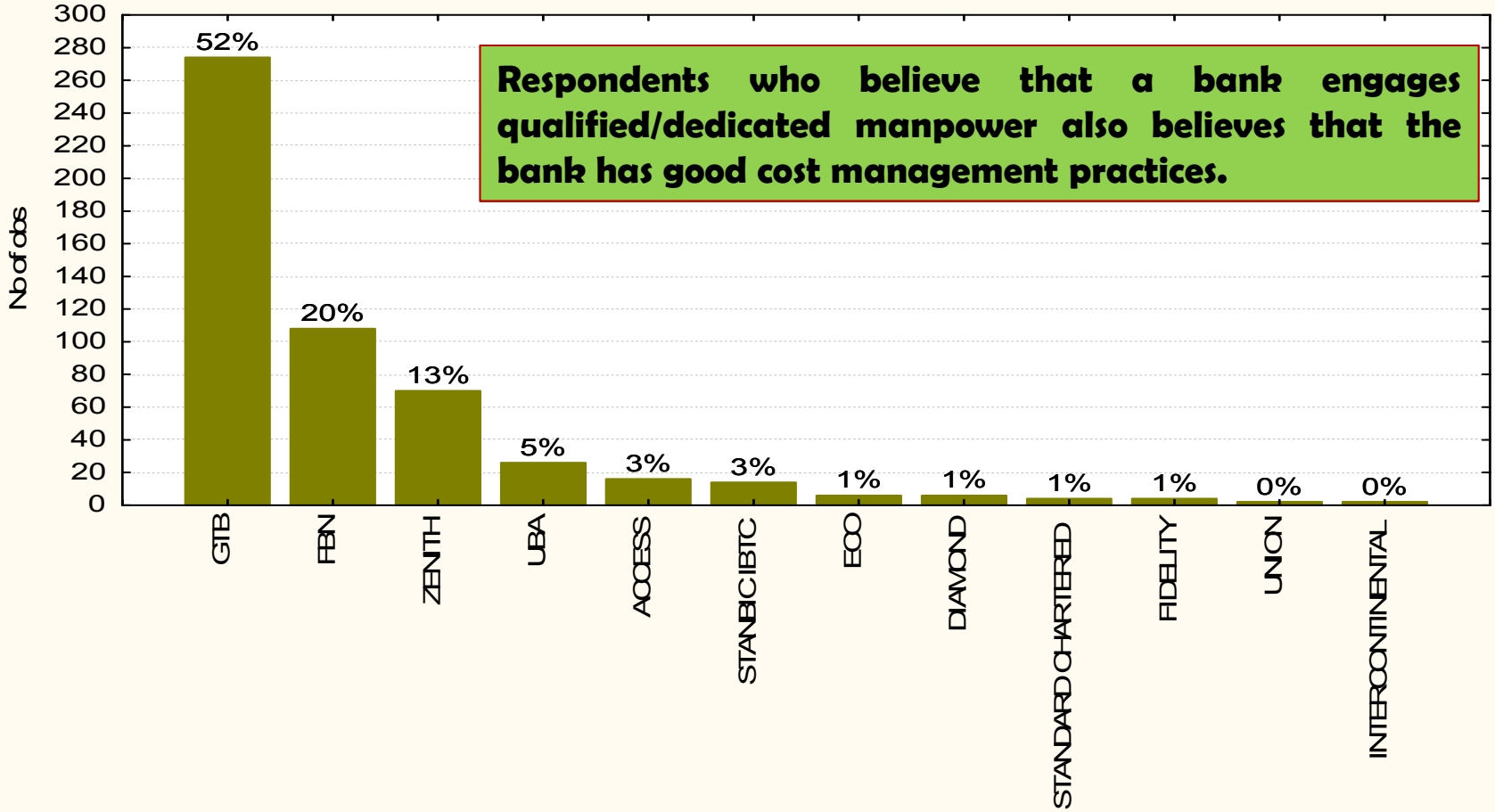


The study shows that respondents who believe that a bank is very compliant with rules and regulations also believes that such bank is trustworthy, safe and with good cost management practices.

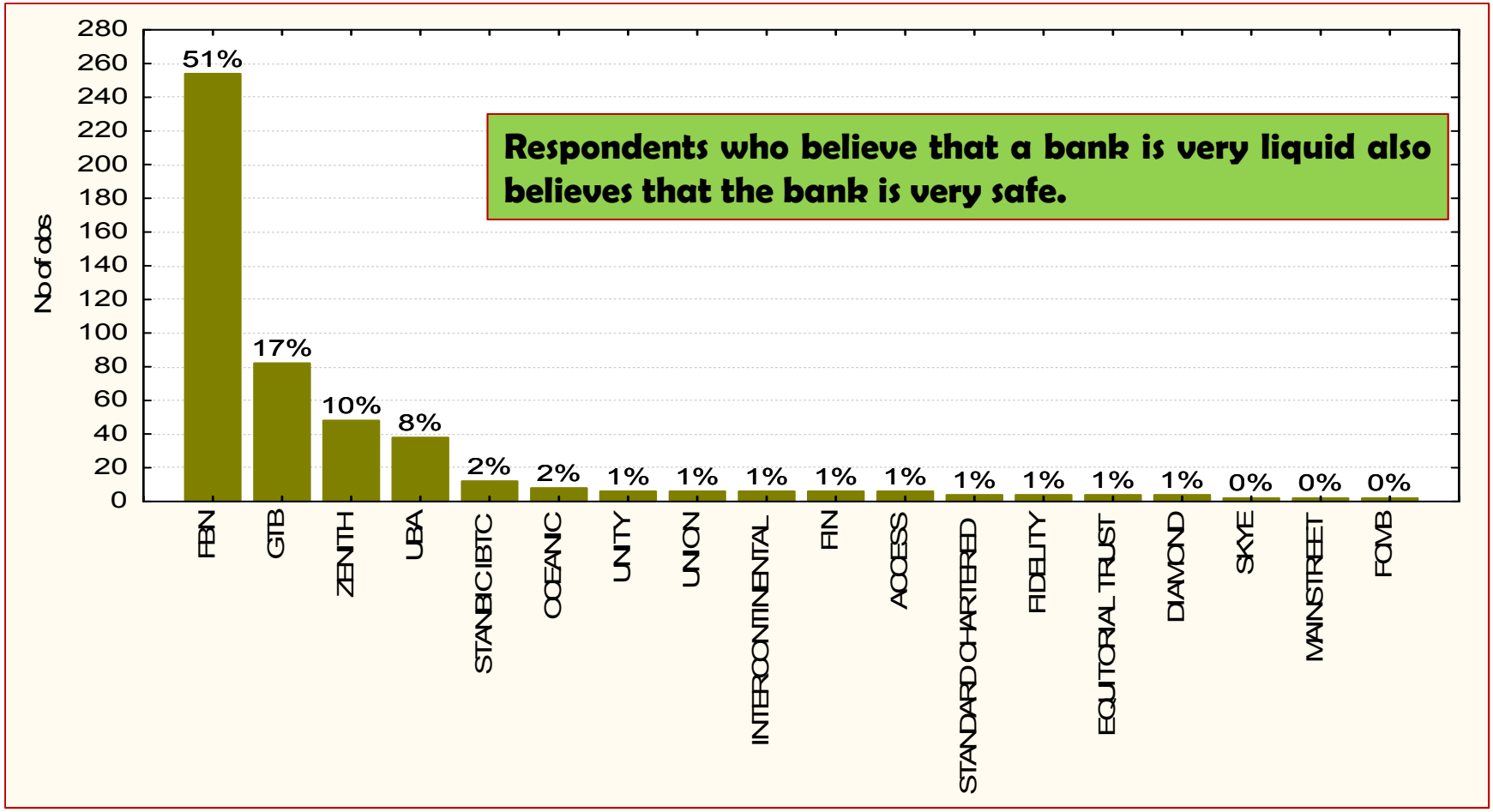
Bank with Best Corporate Governance Standards



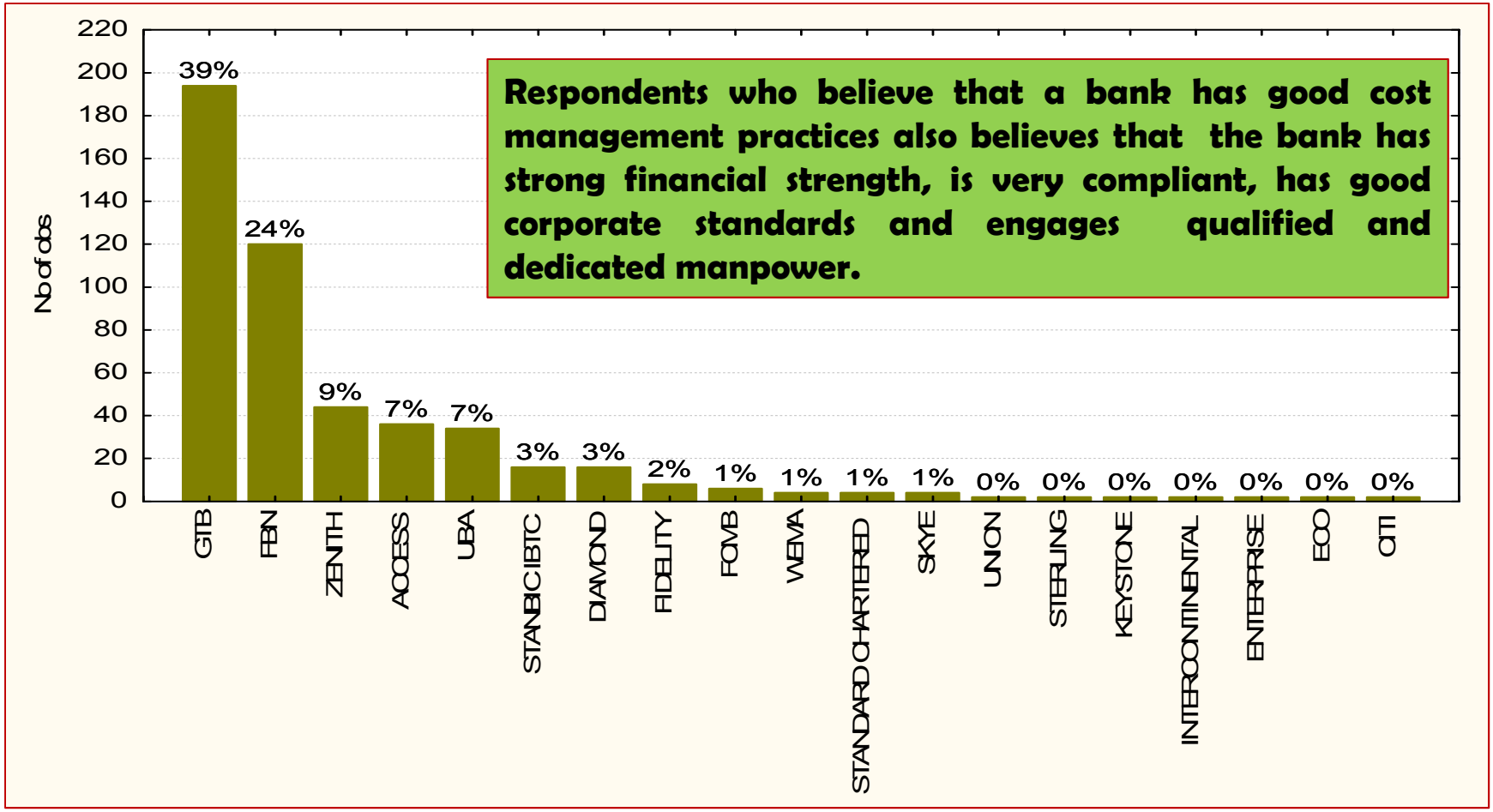
Bank with the Most Qualified and Dedicated Manpower



Most Liquid Bank

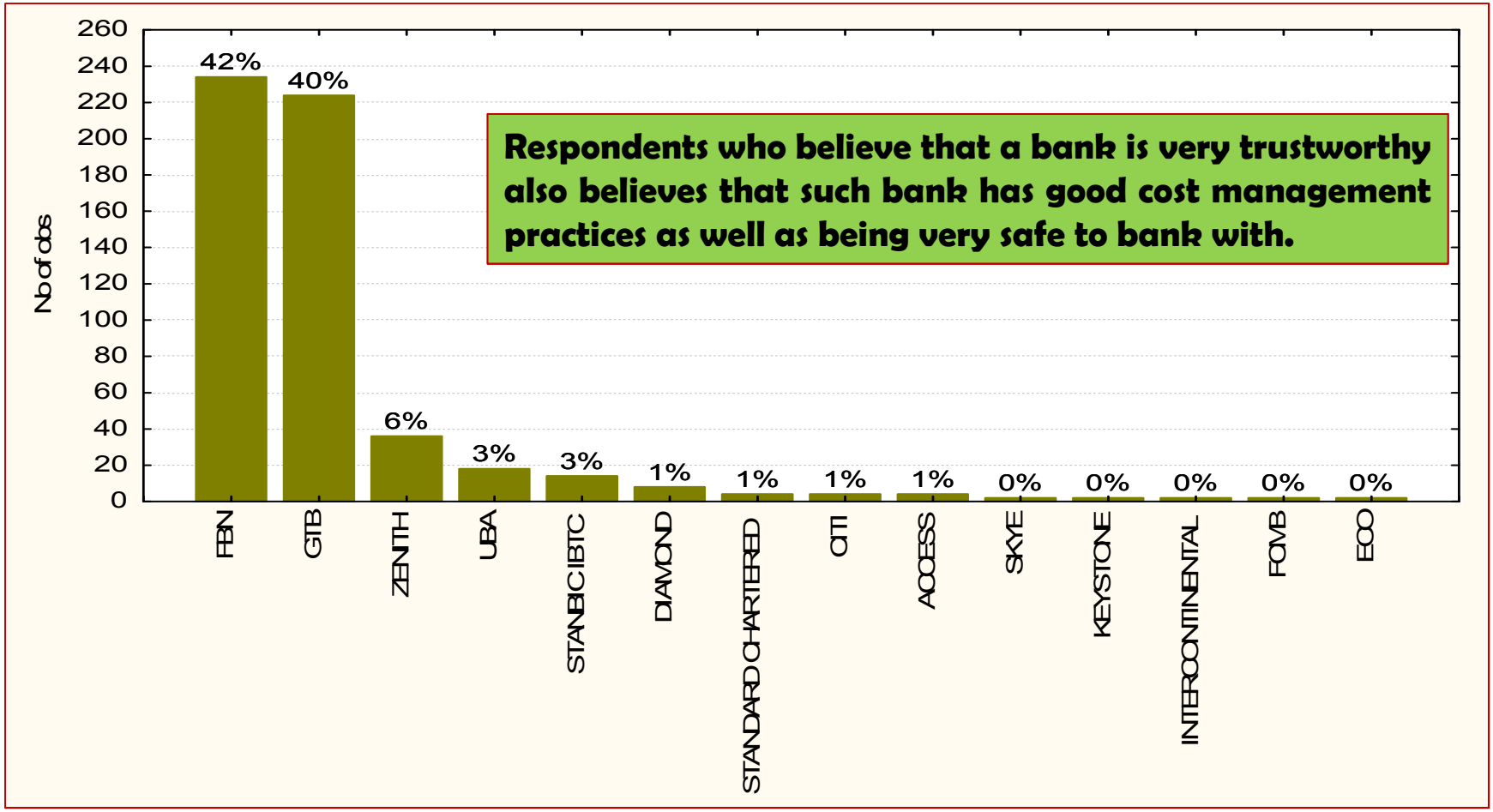


Bank with the Best Cost Management Practice

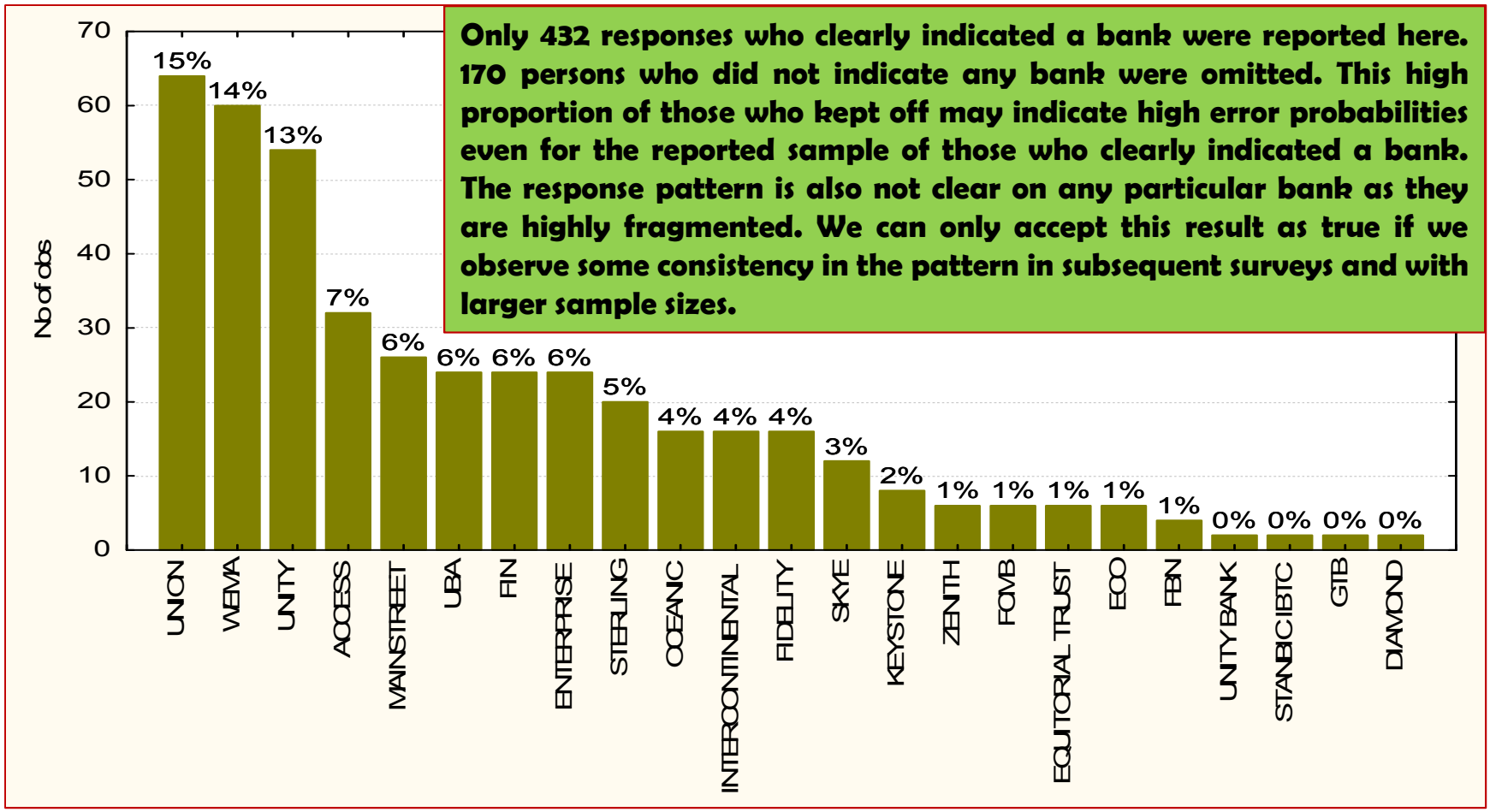


Respondents who believe that a bank has good cost management practices also believes that the bank has strong financial strength, is very compliant, has good corporate standards and engages qualified and dedicated manpower.

Most Trusted Bank

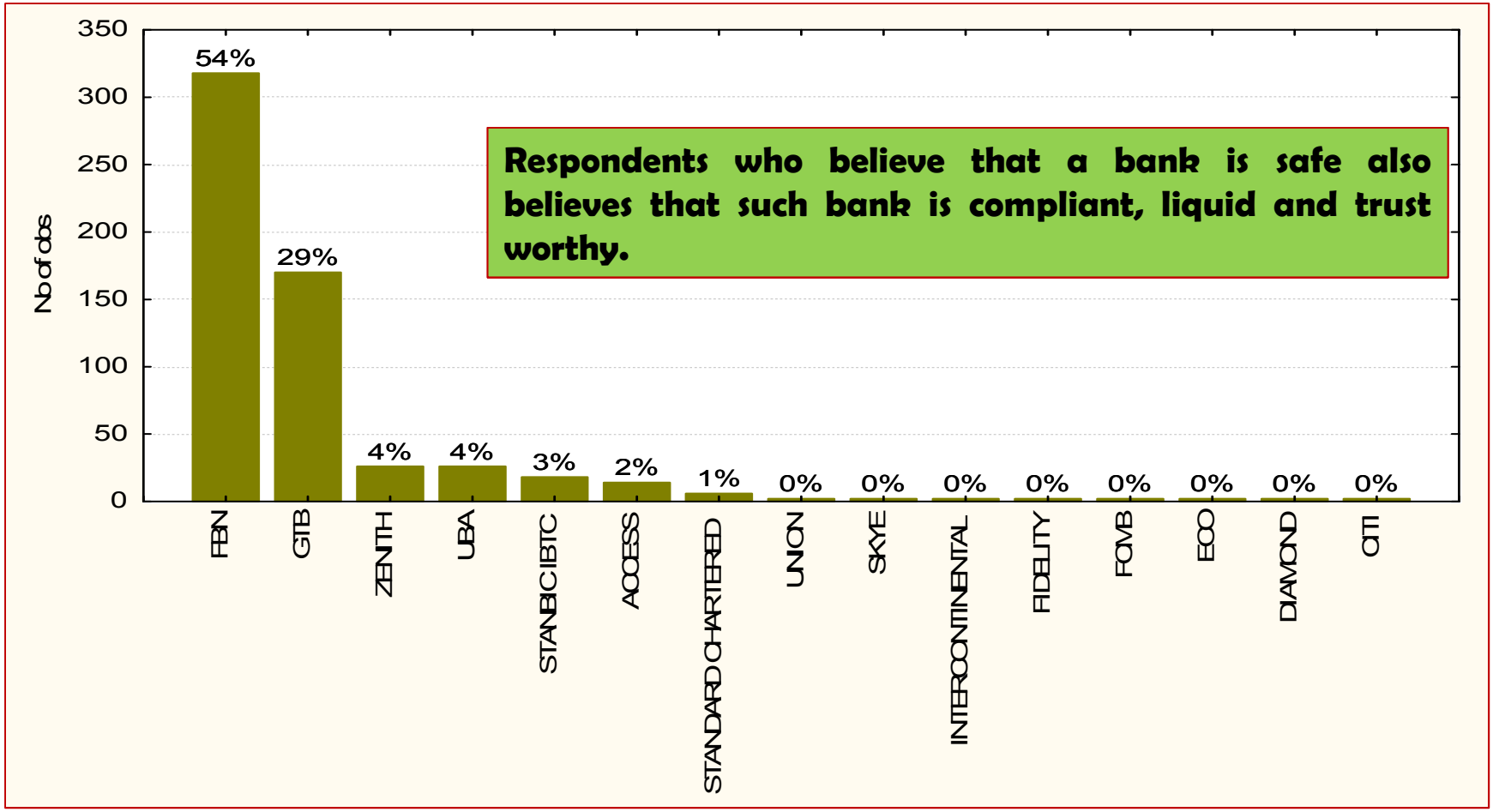


The Next Nigerian Bank to Fail



Only 432 responses who clearly indicated a bank were reported here. 170 persons who did not indicate any bank were omitted. This high proportion of those who kept off may indicate high error probabilities even for the reported sample of those who clearly indicated a bank. The response pattern is also not clear on any particular bank as they are highly fragmented. We can only accept this result as true if we observe some consistency in the pattern in subsequent surveys and with larger sample sizes.

The Safest Nigerian Bank



The Questionnaire

- What is your age?
- What is your sex?
- What is your occupation?
- Which State in Nigeria do you reside?
- Do you think that all Nigerian banks are now safe for depositing money?
- Which Nigerian bank do you consider most financially strong?
- Which Nigerian bank do you think mostly complies with all necessary regulations and laws?
- Which Nigerian bank do you think has the best corporate governance standards?
- Which Nigerian bank do you think has the most qualified and dedicated manpower?
- Which Nigerian bank do you think is most liquid bank?
- Which Nigerian bank do you think has the best cost management practice?
- Which Nigerian bank do you trust the most?
- By your assessment, which is the next Nigerian bank to fail?
- In order of importance which three banks do you consider the safest to deal with?

Further Inquiries

Kindly contact the authors to get access to a more comprehensive report on Banking Industry Perception and on the Next Bank to Fail.

ValueFronteira Survey Team

42 Olowu Street, Ikeja

Lagos

Tel: 08033148722

Email: fronteira@valuefronteira.com

Website: www.valuefronteira.com