

FEDERAL SAVINGS BANK ACT 1972

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1972

An Act to establish the Federal Savings Bank to provide a ready means for the deposit of savings and so to encourage thrift. [1974 No. 38.] [1st September, 1972] [Commencement.]

1. (1) There shall be established a bank to be known as the Federal Savings Bank (in this Act referred to as "the Bank").(2) The Bank shall be a body corporate with perpetual succession and a common seal and may sue and be sued in its own name and may acquire or dispose of movable and immovable property for the purposes of its functions.

*Establishment
of Federal
Savings Bank*

2. Notwithstanding the provisions of the Banks and Other Financial Institutions Act, the Bank shall be charged with the general duty, and it is hereby authorised without any other licence than this Act, to carry out the following functions- [Cap. B3.](a) to accept moneys from any person as deposits or savings and make repayment of any such moneys together with any interests thereon; and(b) to transact any banking or such other business as the Minister may direct.

*Functions of
the Bank*

3. (1) There shall be a board of the Bank (in this Act referred to as "the Board") which shall, subject to this Act, exercise the functions conferred on it by this Act. [1979 No. 96.](2) The Board shall consist of the following members-(a) a chairman;(b) the managing director of the Bank;(c) a representative of the Federal Ministry of Finance;(d) a representative of the Central Bank of Nigeria;(f) a representative of the Ministry of Communications;(g) five persons who by reason of their character and experience in matters relating to banking, finance, economics, accountancy or law, in the opinion of the Minister, are suitable for appointment as members of the Board.(3) The chairman and members of the Board under paragraph (f) of subsection (2) of this section shall be appointed by the President on the recommendation of the Minister.(4) The chairman and the members of the Board under paragraph (f) of subsection (2) of this section shall hold office for three years and shall be eligible for reappointment for one further term of office.(5) The chairman or any member appointed under paragraph (f) of subsection (2) of this section may resign his appointment by a letter addressed to the Minister.(6) The Board shall have

*Establishment,
composition,
etc., of the
Board of the
Bank*

power to regulate its own proceedings and may make standing orders for that purpose and, subject to such standing orders, function notwithstanding any vacancy in its memberships or the absence of any member.(7) The chairman shall preside at every meeting of the Board and in his absence the members present may elect one of their members to preside at that meeting.(8) The quorum for meetings of the Board shall be four, at least one of whom shall be a member appointed under paragraph (f) of subsection (2) of this section.(9) The managing director shall appoint an officer of the Bank to be the secretary to the Board.

4. (1) The Board shall be charged with the general duty of-(a) approving the annual budget of the Bank;(b) recommending to the Minister any changes in the policy of the Bank that it considers necessary;(c) recommending to the Minister any variations in the rate of interest of the Bank that it considers necessary;(d) giving guidelines to the managing director for the conduct of the business of the Bank;(e) subject to the provisions of section 10 of this Act, setting out guidelines for the investment of the funds of the Bank;(f) approving major projects of the Bank, such as the acquisition of interests in land, building and equipment for the use of the Bank;(g) appointment, promoting and disciplining of the employees of the Bank and the delegation of powers in relation thereto to the managing director or any other employee of the Bank; (h) paying remuneration and allowances (including pensions and gratuities and other expenses) to employees of the Bank in accordance with scales approved by the Minister;(i) doing anything which in its opinion is calculated to facilitate the carrying out of the functions of the Bank.

*Functions of
the Board*

5. (1) There shall be appointed by the President, on the recommendation of the Bank and the Minister, a managing director of the Bank who shall be a person having such qualifications and experience as are appropriate for a person required to perform the functions of the office of the Managing Director under this Act. [1979 No. 96.](2) The managing director shall, subject to the provisions of this Act and any regulations made thereunder, be responsible for-(a) the management of the business of the Bank and he may, for that purpose, take such steps as he may consider desirable for the proper and efficient management of the affairs of the bank, and generally for carrying out the purposes of the Bank under this Act;(b) the authorisation of the business of the Bank in any post office in Nigeria after consultation with the Postmaster-General, and the closure of any such business of the Bank in any post office in Nigeria; and(c) the opening of new branches of the Bank, subject to the approval of the Board.

*Managing
director of the
Bank*

6. Deposits of money to be paid into the Bank shall be received and repaid

Deposits and

under such conditions as may be prescribed by regulations made under this Act.

repayments

7. The repayment of all moneys deposited in the Bank together with any interest thereon is guaranteed by the Government of the Federation, and accordingly, if at any time the assets of the Bank shall be insufficient to pay the lawful claims of every depositor, the Minister shall cause such deficiency to be met out of the Consolidated Revenue fund of the Federation and he shall immediately thereafter report the action he has taken on the deficiency to the President.

Guarantee of assets of the Bank by Government

8. (1) Interest shall be payable at such rate as the Minister may, from time to time, direct.(2) Interest on deposits shall be calculated up to 31 March in every year and shall then be added to and become part of any principal money remaining on deposit.

Rate of interest

9. (1) All expenses incurred in the execution of this Act shall be met from the funds of the Bank.(2) For the purposes of subsection (2) of this section, the expenses shall be the cost of any work or service (including salaries) done by or in connection with the Bank, including the cost of administrative and other overhead expenses as may, with the approval of the Minister, be reasonably assigned to that work or service.

Salaries and other expenses of the Bank

10. (1) Subject to the provisions of this Act, moneys in the Bank, except so far as any sums be directed by the Minister to be kept in hand for the general purposes of the Bank, shall be deposited in the Consolidated Revenue Fund of the Federation and, so far as practicable, be invested on behalf of the Bank-(a) in accordance with the provisions of subsection (1) of section 9 of the Finance (Control and Management) Act; or [Cap. F26.](b) in all forms of securities, including the purchase of equity shares, debentures quoted on the Nigerian Stock Exchange and any other forms of securities offered through private placement by reputable companies: Provided that any investment through private placement shall first be approved by both the Board and the Minister; or(c) in any other investment as the Minister, after consultation with the Board may, from time to time, direct.(2) Any sums of money that may, from time to time, be required for the repayment of deposits under the provisions of this Act, or for the payment of interest thereon or expenses incurred in the execution of this Act, may be raised by the sale of the whole or part of any securities in which moneys in the Bank are invested: Provided that any sums of money which may be required for the purposes aforesaid may, with the approval of the Minister, be advanced to the Bank by the Accountant-General of the Federation out of the Consolidated Revenue Fund of the Federation

Disposal of moneys of the Bank

until they can be raised by the sale of the securities, and the sums of money so advanced shall bear interest at the rate in which interests are payable to depositors at that time.

11. Annual accounts of the revenue and expenditure of the Bank and of all deposits received and repaid and interests credited to depositors during the year, from 1 April in the previous year to 31 March in the following year, together with a statement of the assets and liabilities of the Bank, shall, after being audited and certified by the Auditor-General for the Federation, be submitted to the Minister and shall thereafter be published in the Federal Gazette.

*Annual
accounts of
the Bank*

12. (1) If in any year the revenue of the Bank is insufficient to defray all expenses of the Bank under the provisions of this Act, such deficiency shall be met out of the Consolidated Revenue Fund of the Federation.(2) If in any year the income of the Bank is more than sufficient to defray all expenses under the provisions of this Act, then the Minister may direct the transfer of the surplus or any portion thereof to the Consolidated Revenue Fund of the Federation: Provided that no such transfer shall be made unless the assets of the Bank will thereafter exceed the liabilities by not less than fifteen percent of the liabilities to depositors.

*Surpluses and
deficits*

13. The Board may with the approval of the Minister make regulations for the management and control of the Bank, and, without prejudice to the generality of the foregoing powers, it may by such regulations-(a) prescribe limits of deposits either generally or in respect of any branch office of the Bank;(b) prescribe the modes of, and specify the conditions for, making deposits and acknowledgements thereof;(c) prescribe the modes of, and specify the conditions for, withdrawing deposits and interest;(d) prescribe the times at which deposit book shall be returned to the Bank by depositors;(e) regulate and prescribe conditions for deposits and withdrawals by minors, guardians, trustees, married women, corporate bodies, corporations sole, local authorities, registered co-operative societies, friendly societies and charitable bodies;(f) prescribe the modes of dealing with deposits of deceased and insane persons;(g) prescribe the modes of dealing with deposits which are subject to orders of court;(h) provide for the forfeiture of deposits made in wilful contravention of this Act or any regulations made thereunder;(i) prescribe the conditions, including payments of fees, for the transfer to or from the Bank of sums standing to the credit of depositors from or to other countries in accordance with arrangements entered into by the managing director; and(j) prescribe the conditions for providing any additional services for depositors of the Bank such as- (i) buying of stocks and shares on the Stock Exchange; (ii) the issuing of

*Power to
make
regulations*

travellers' cheques and payment therefor; (iii) transfer of money between cities and towns; and (iv) payment of bills on behalf of depositors.

14. The managing director may enter into arrangement with the post office savings bank of any foreign country for the transfer of any sums standing to the credit of depositors of that savings bank to the Bank in Nigeria and for the transfer of any sum standing to the credit of depositors of the Bank in Nigeria to that other savings bank.

*Arrangements
for transfer to
and from
other
Government
banks*

15. (1) No person appointed to carry out the provisions of this Act or any employee of the Bank shall disclose the name of any depositor or the amount which may have been deposited or withdrawn by any depositor except in due course of law, unless he is authorised to do so by the Minister or managing director. [1979 No. 96.](2) Any person contravening the provisions of this section shall be guilty of an offence and on conviction shall be liable to a fine of two hundred naira.

*Details of
accounts not
to be
disclosed*

16. If any dispute arises between the managing director or the officer managing and controlling any branch office of the Bank and any individual depositor therein, or any executor, administrator, next-of-kin of a depositor, or any creditor or assignee of a depositor who may become bankrupt or insolvent, or any person claiming to be such executor, administrator, next-of-kin, creditor or assignee, or to be entitled to any money deposited in such bank, then and every such case, the matter in dispute shall be referred to an arbitrator to be appointed by the Minister, and whatever award, order or determination that may be made by such arbitrator shall be binding and conclusive on all parties to the dispute and shall be final to all intents and purposes. [1979 No. 96.]

*Settlement of
disputes by
arbitration*

17. When any payment is made or act done by the managing director or any person acting under his authority purporting to be in accordance with this Act or regulations made thereunder, the Federal Government, the managing director and such person acting under his authority shall not be liable in respect of any claim on the part of any third party in connection with such payment or act, but without prejudice to the right of the third party by due process of law to obtain redress in any manner appropriate in respect of such claim from the person to whom payment was made or, as the case may be, in respect of whom the act was done. [1979 No. 96.]

*Non-liability
of
Government
to third
parties*

18. (1) The Savings Bank Act is hereby repealed. [Cap. 188 of the L.F.N. 1958 Edition.](2) The Savings Bank established by the Savings Bank Act and all

*Repeal and
saving of*

offices thereof subsisting at the time when this Act comes into operation shall be deemed to have been constituted and established under the provisions of this Act.

*existing
offices*

19. All the assets and liabilities of the Savings Bank established by the Savings Bank Act shall at the commencement of this Act vest in the Bank without further assurance other than this section, and accordingly all deposits paid into the Savings Bank under the Savings Bank Act shall be held by the Bank under Savings Bank Act as if they had been paid under the provisions of this Act. [Cap. 188 of the L.F.N. 1958 Edition.]

*Transfer of
assets and
liabilities of
the Savings
Bank to the
Bank*

20. All arrangements entered into by the Director of Posts and Telegraphs under the Savings Bank Act for the transfer of any sums of money standing to the credit of depositors in Nigeria to the post office savings bank of any foreign country and similarly for the transfer of any sums of money from such savings bank to the credit of depositors in Nigeria into the Savings Bank established by the Savings Bank Act, and which are in force on the coming into operation of this Act, shall be deemed to have been entered into by the managing director under the provisions of section 14 of this Act. [Cap. 188 of the L.F.N. 1958 Edition]

*Saving of
existing
arrangements
for transfer of
deposits to
and from
other
countries*

21. (1) Any contract or instrument which if entered into or executed by a person not being a body corporate would not be required to be under seal may be entered into or executed on behalf of the Bank by any person generally or specifically authorised by the Board for the purpose.(2) The fixing of the seal of the Bank shall be authenticated by the signature of the managing director or some other member of the Board authorised generally or specifically by the Board to act for that purpose.

*Execution of
documents by
and on behalf
of the Bank,
etc.*

22. In this Act, unless the context otherwise requires- "the Bank" means the Federal Savings Bank established under section 1 of this Act; "Board" means the Board of the Bank established under section 3 of this Act; "Director of Finance" means the Director of Finance in the Nigerian Postal Service; "managing director" means the managing director of the Bank appointed pursuant to section 5 of this Act; "Minister" means the Minister of Finance; "Postmaster-General" means the Postmaster-General of the Nigerian Postal Service; "revenue of the Bank" does not include moneys received on deposit.

Interpretation

23. This Act may be cited as the Federal Savings Bank Act.

Short title
