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FEDERAL SAVINGS BANK DECREE 1974

ARRANGEMENT OF SECTIONS

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Decree No. 38

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows:—

1.—(1) There shall be established a Bank to be known as the Federal Savings Bank (hereafter in this Decree 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.

2. Notwithstanding the provisions of the Banking Decree 1969, the Bank shall be charged with the general duty, and it is hereby authorised without any other licence than this Decree, to carry out the following functions—

(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 Commissioner may direct.

3.—(1) There shall be a Management Committee of the Bank (hereinafter referred to as “the Committee”) which shall, subject to this Decree, exercise the functions conferred on it by this Decree.

(2) The Committee shall consist of the following members—
(a) two representatives of the Federal Ministry of Finance;
(b) one representative of the Federal Ministry of Economic Development and Reconstruction;
(c) one representative of the Central Bank of Nigeria;
(d) two representatives of the Ministry of Communications, namely—
   (i) the Director of Posts,
   (ii) the Director of Finance; and
(e) the Director of the Bank.

(3) All appointments under paragraphs (a), (b) and (c) of subsection (2) above shall be made by the Commissioner.

(4) The Commissioner shall designate one of the members of the Committee as Chairman of the Committee and such member shall serve for such period as the Commissioner may specify, but nothing in this subsection shall be construed as preventing a person who has ceased to be Chairman of the Committee from continuing to serve as a member of the Committee.

(5) The Committee may make standing orders regulating its own proceedings, and meetings shall be convened by the Chairman as and when required.

(6) The Chairman shall preside at every meeting of the Committee and in his absence the members present may elect one of their number to preside at that meeting.

(7) The quorum for meetings of the Committee shall be four.

(8) The Director shall appoint an officer of the Bank to be the secretary of the Committee.

4. The Committee shall be charged with the general duty of—
(a) approving the annual budget of the Bank;
(b) recommending to the Commissioner any changes in the policy of the Bank that it considers desirable;
(c) recommending to the Commissioner any variations in the rate of interest of the Bank that it considers necessary;
(d) giving guidelines to the Director for the conduct of the business of the Bank;
(e) setting out guidelines for the investment of the funds of the Bank, subject to the provisions of section 10 of this Decree;
(f) approving major projects of the Bank, such as the acquisition of land, buildings and equipment for the use of the Bank; and
(g) doing anything which in its opinion is calculated to facilitate the carrying out of the functions of the Bank.
5—(1) The Public Service Commission of the Federation shall appoint as Director of the Bank a person who is a member of the public service of the Federation being a person having such qualifications and experience as are appropriate for a person required to perform the functions of the office of Director under this Decree.

(2) The Director shall, subject to the provisions of this Decree 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 Decree;

(b) the authorisation of the business of the Bank in any post office in Nigeria after consultation with the Director of Posts, and the closure of any such business of the Bank in any post office in Nigeria;

(c) the opening of new branch offices of the Bank, subject to the approval of the Committee; and

(d) the appointment of such staff as may be necessary for carrying out the functions of the Bank under this Decree, subject to the approval of the Public Service Commission of the Federation, and he may employ any person on a part-time basis, whether or not such person is in the service of the Government of the Federation.

6. Deposits of money to be paid into the Bank shall be received and repaid under such conditions as may be prescribed by regulations made under this Decree.

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 Commissioner 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 Federal Executive Council.

8.—(1) Interest shall be payable at such rate as the Commissioner may from time to time direct.

(2) Interest on deposits shall be calculated up to the 31st of March in every year and shall then be added to and become part of any principal money remaining on deposit.

9.—(1) All expenses incurred in the execution of this Decree shall be met from the funds of the Bank.

(2) For the purposes of subsection (1) above, 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 Commissioner, be reasonably assigned to that work or service.

10.—(1) Subject to the provisions of this Decree, moneys in the Bank, except so far as any sums may be directed by the Commissioner to be kept in hand for the general purposes of the Bank, shall be deposited into the Treasury of the Government of the Federation and, so far as practicable, be invested on behalf of the Bank in accordance with the provisions of subsection (1) of section 9 of the Finance (Control and Management) Act 1958 and with such specific instructions as may be issued by the Commissioner after consultation with the Committee.
(2) Any sums of money that may, from time to time, be required for the repayment of deposits under the provisions of this Decree, or for the payment of interest thereon or expenses incurred in the execution of this Decree, 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 Commissioner, be advanced to the Bank by the Accountant-General of the Federation out of the Consolidated Revenue Fund of the Federation 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 the 1st of April in the previous year to the 31st of March in the following year, together with a statement of the assets and the liabilities of the Bank, shall, after being audited and certified by the Auditor-General of the Federation, be submitted to the Commissioner and shall thereafter be published in the Gazette.

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 Decree, 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 Decree, then the Commissioner 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 per cent of the liabilities to depositors.

13. The Committee may with the approval of the Commissioner 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 acknowledgments thereof;

(c) prescribe the modes of, and specify the conditions for, withdrawing deposits and interest;

(d) prescribe the times at which deposit books 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 Decree or any regulations made thereunder;

(i) prescribe the conditions, including payment 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 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) issuing of travellers’ cheques and payment therefor;

(iii) transfer of money between cities and towns; and

(iv) payment of bills on behalf of depositors.

14. The 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 sums standing to the credit of depositors of the Bank in Nigeria to that other savings bank.

15. — (1) No person appointed to carry out the provisions of this Decree 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 Commissioner or the Director.

(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.

16. If any dispute arises between the 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 in every such case; the matter in dispute shall be referred to an arbitrator to be appointed by the Commissioner, 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.

17. When any payment is made or act done by the Director or any person acting under his authority purporting to be in accordance with this Decree or regulations made thereunder, the Federal Government, the 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.

18. — (1) The Savings Bank Act is hereby repealed.

(2) The Savings Bank established by the Savings Bank Act and all offices thereof subsisting at the time when this Decree comes into operation
shall be deemed to have been constituted and established under the provisions of this Decree.

19. All the assets and liabilities of the Savings Bank established by the Savings Bank Act shall, at the commencement of this Decree, 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 as if they had been paid under the provisions of this Decree.

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 Decree, shall be deemed to have been entered into by the Director under the provisions of section 14 of this Decree.

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 Committee for the purpose.

(2) The fixing of the seal of the Bank shall be authenticated by the signature of the Director or some other member of the Committee authorised generally or specifically by the Committee to act for that purpose.

22. In this Decree, unless the context otherwise requires—

“the Bank” means the Federal Savings Bank established under section 1 of this Decree;

“the Commissioner” means the Federal Commissioner for Finance;

“the Committee” means the Management Committee established under section 3 of this Decree;

“the Director” means the Director of the Bank appointed pursuant to section 5 of this Decree;

“the Director of Finance” means the Director of Finance in the Department of Posts and Telecommunications;

“the Director of Posts” means the Director of Posts in the Department of Posts and Telecommunications;

“revenue of the Bank” does not include moneys received on deposit.

23.—(1) This Decree may be cited as the Federal Savings Bank Decree 1974.

(2) This Decree shall be deemed to have come into force on 1st September 1972.

MADE at Lagos this 5th day of November 1974.

GENERAL Y. GOWON,
Head of the Federal Military Government,
Commander-in-Chief of the Armed Forces,
Federal Republic of Nigeria
EXPLANATORY NOTE

(This note does not form part of the above Decree but is intended to explain its purpose)

The Decree establishes the Federal Savings Bank to provide a ready means for the deposit of savings and so to encourage thrift.

It repeals the Savings Bank Act (Cap. 188) with the saving of existing offices.