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CIRCULAR

TO ALL CHAIRMEN, DIRECTORS AND MANAGERS OF COMMUNITY BANKS AND PROPOSED MICROFINANCE BANKS

MINIMUM REQUIREMENTS AND STANDARDS FOR A SUITABLE MANAGEMENT INFORMATION SYSTEM (MIS) IN MICROFINANCE BANKS (MFBs)

1. PREAMBLE

The regulatory and supervisory guidelines for Microfinance Banks (MFBs) require that an appropriate management information system (MIS) be put in place to compliment risks assessment rating criteria of these institutions on an on-going basis. In this regard, the Central Bank of Nigeria (CBN) has considered it necessary to issue this circular to guide the operators of MFBs on the minimum requirements and standards for an appropriate MIS to ensure uniformity and provision of information for the sub-sector. This is borne out of the desire that a sound and adequate MIS will provide a platform for a quick decision making process. The information required by management are generated through proper organisation of data from different distinct parts and summarised to become an output for decision making. Management Information System includes all components used for generating the information that guide management in its decisions and actions. In view of the high volume but small transactions and relatively

less manpower prevalent in MFBs, the installed management information systems shall facilitate decision making at the different levels of the institution, with reference to the specific description of various types of products and services (deposits and loan portfolio), adequate identification of depositors and borrowers, and reporting requirements of the Central Bank of Nigeria.

The types of information expected to be generated by MIS are:

- Financial statements (Balance sheet, Income statement, Cash flow & liquidity)
- Portfolio monitoring (credit & savings)
- Performance ratings/ indicators
- Customer information
- Non-financial performance(staffing, service quality, fixed asset etc)
- Market trends and comparisons.

2. REQUIREMENTS

In reviewing the management information system of every MFB, the Central Bank of Nigeria shall therefore take into consideration the following generic and specific requirements:

- (i) Functionality and flexibility: this includes:
 - a. Functional completeness, appropriateness and integration
 - b. Accounting package
 - c. Portfolio tracking
 - d. Deposit monitoring
 - e. Customer information system
 - f. Expandability and institutional growth
 - g. Flexibility
 - h. Customer-centric-tailored to meet recipient needs
 - i. Account-centric-data standards & definition
 - j. Credible-consistent with internal/external cross
 - k. Institutional types
 - l. Lending methodologies
 - m. Loan interest types

- n. Savings and deposit account types
 - o. Deposit interest types
 - p. Payment types
 - q. Payment frequencies
 - r. Multiple branches
 - s. Timeliness of processing
- (ii) Usability, including
- a. Ease of use and user-friendliness, and
 - b. User interface
 - c. Compatibility with Microsoft word, SQL and e-FASS
 - d. Application interface for data extraction and conversion into XML return format
- (iii) Ability to generate accurate, convenient access and timely reports. This includes
- a. CBN prudential returns
 - b. Daily reports for decision making
 - c. Past reports and two way flow
 - d. Trend analysis of all the important ratios required for decision making.
- (iv) Administration and support, including
- a. Security
 - b. Back-up and recovery
 - c. Fault tolerance and robustness
 - d. End-of-period processing
 - e. Support infrastructure and maintenance
 - f. Version control and upgrade strategy
 - g. Maintenance support services

The above information and requirements are provided for general guidance and application by operators of MFBs in installing an appropriate MIS for their institutions.

Should you require any further assistance, please feel free to contact us on
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