

Nigerian Banks Collapse - Could Affect USA

By [Global Research](#)

Global Research, September 04, 2009

Global Information Network 3 September
2009

Region: [sub-Saharan Africa](#), [USA](#)

Theme: [Global Economy](#)

Five banks that supply 40 percent of Nigeria 's bank credit but were used as a private candy store, doling out loans without sufficient collateral, collapsed under the weight of unsecured debt and had to be bailed out by government last week. Regulators said bad loans came to a total of 1.14 trillion naira (\$7.6 billion).

Afribank, Intercontinental Bank, Finbank, Oceanic Bank and Union Bank shared in the \$2.6 billion bailout - unheard of in Nigeria until last week's development.

The U.S.-based Ex-Im Bank, the official credit agency of the U.S. federal government, also had exposure in the Nigerian system. Last June it more than doubled the size of its credit line to \$1 billion to meet growing demand from member banks.

Deals by Nigerian senior banking executives are now the subject of intense scrutiny. Monday, sixteen former executives pleaded not guilty to charges of fraud, giving loans to fake companies, lending to businesses they had a personal interest in and conspiring with stockbrokers to drive up share prices.

The former chief executive of Intercontinental bank is still missing. He is on the run and wanted by Interpol.

Among those that received hefty loans before the banks went bust are dozens of small and mid-size oil companies, Rockson Engineering and Arik Air, and the controller of MTS Wireless telecommunications. Some politicians also made the A-list of bank debtors.

Newly installed central-bank governor Lamido Sanusi offered the near-bankrupt banks to the highest bidder. "There is no law that stops foreign banks owning banks in Nigeria 100%... We won't stop foreign banks buying Nigerian banks," Sanusi said, answering questions from delegates at a presentation in London .

Edited for PRIME by Brian Martin Murphy

The original source of this article is Global Information Network
Copyright © [Global Research](#), Global Information Network, 2009

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Global Research](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca