

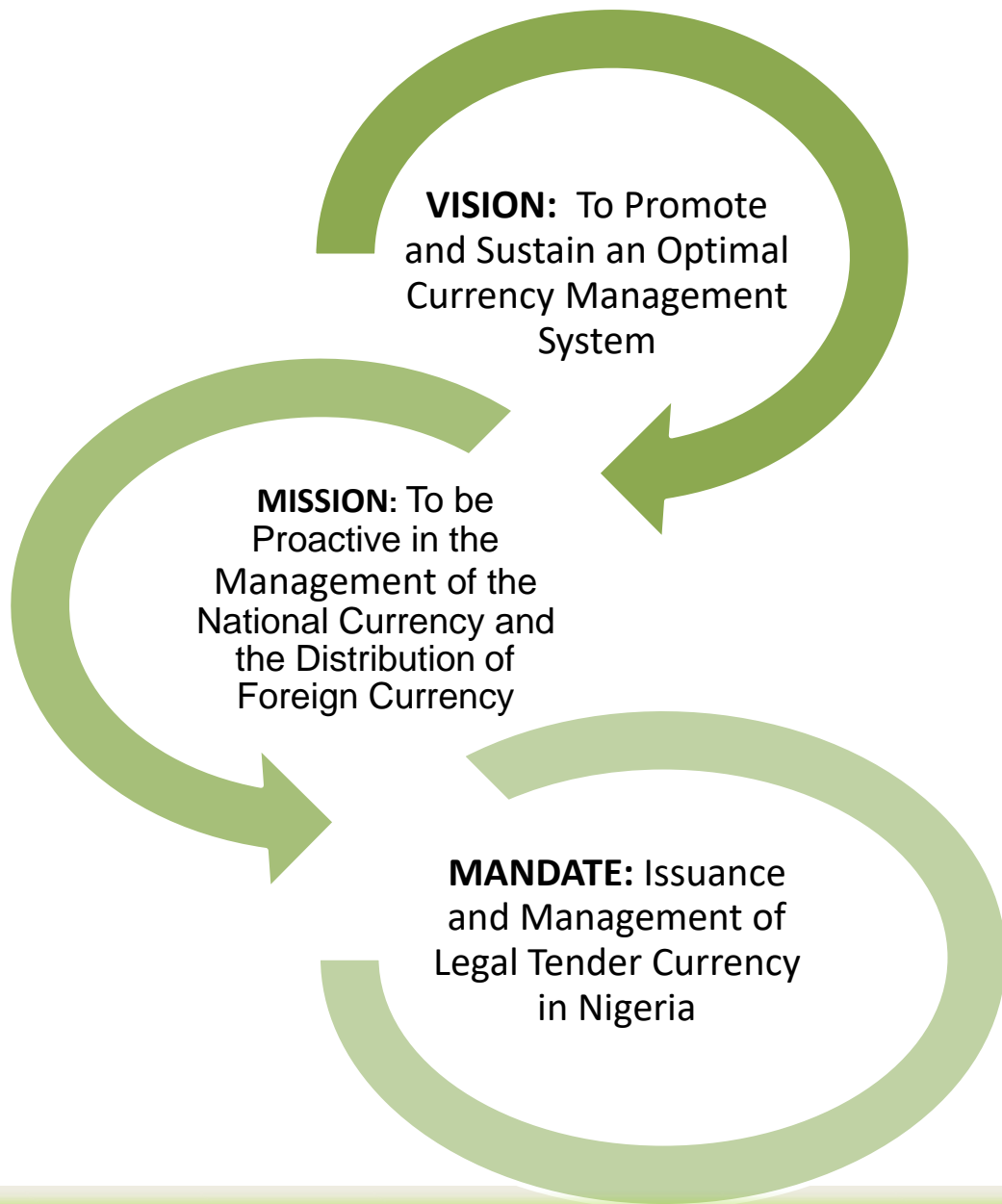


Central Bank of Nigeria

CURRENCY OPERATIONS
DEPARTMENT

2018

**ANNUAL
REPORT**



EDITORIAL TEAM

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I FOREWORD

The issuance of legal tender currency in Nigeria is one of the core mandates of the Central Bank of Nigeria (CBN). The Currency Operations Department (COD) is responsible for executing this mandate, as well as the procurement and distribution of foreign currency banknotes.

During the year under review, the Department enhanced the currency management processes through the implementation of several initiatives towards ensuring efficiency in meeting public demand for banknotes. These included: the development of the Clean Notes Policy and Banknotes Fitness Guidelines; tiered pricing for the processing of lower denomination banknotes; sustained early communication of the 2019 Annual Indent to Nigerian Security Printing & Minting (NSPM) PLC by August, 2018. In addition, the Department sustained efforts of outsourcing the retail functions of the cash management value chain and continued collaboration with key stakeholders for the implementation of the Nigerian Cash Management Scheme (NCMS).

Consequently, I commend staff of the Department for their outstanding commitment and diligence in the execution of the mandate of the Bank.

This annual publication is expected to provide useful information on critical currency management issues in Nigeria, as well as the efforts being made to address them.

Adebisi F. Shonubi
Deputy Governor, Operations

The Currency Operations Department (COD) 2018 Annual Report captures the activities and initiatives of the Department to ensure, amongst others, withdrawal of unfit banknotes and circulation of clean banknotes in a balanced denominational mix, to meet public demand. These comprised production of banknotes, quality assurance, distribution, processing and disposal. Furthermore, the Department continued direct disbursement of lower denomination banknotes to merchants, shopping malls, stores, supermarkets, receipt and authentication of foreign exchange deposits by Deposit Money Banks (DMBs), recycling of banknotes waste to reduce the Bank's carbon footprints, as well as the automation and modernization of currency management to minimize human intervention and usher in a regime of efficient and secure cash handling.

Additionally, the Bank continued to pursue the policy of outsourcing of currency processing and distribution under the Nigerian Cash Management Scheme (NCMS), in furtherance to the achievement of its mandate.

There are eight (8) chapters in this report. Chapter one (1) addresses currency indent, supply, cost etc., while Chapter two (2) presents the status of the CBN's currency outsourcing policy. Chapter three (3) discusses the Bank's Clean Note policy and Banknote Fitness Guidelines. Chapter four (4) highlights the Nigerian Cash Management Scheme, while the income and expenditure of the Department are covered in Chapter five (5). Chapter six (6) presents the activities of the Currency Museum.

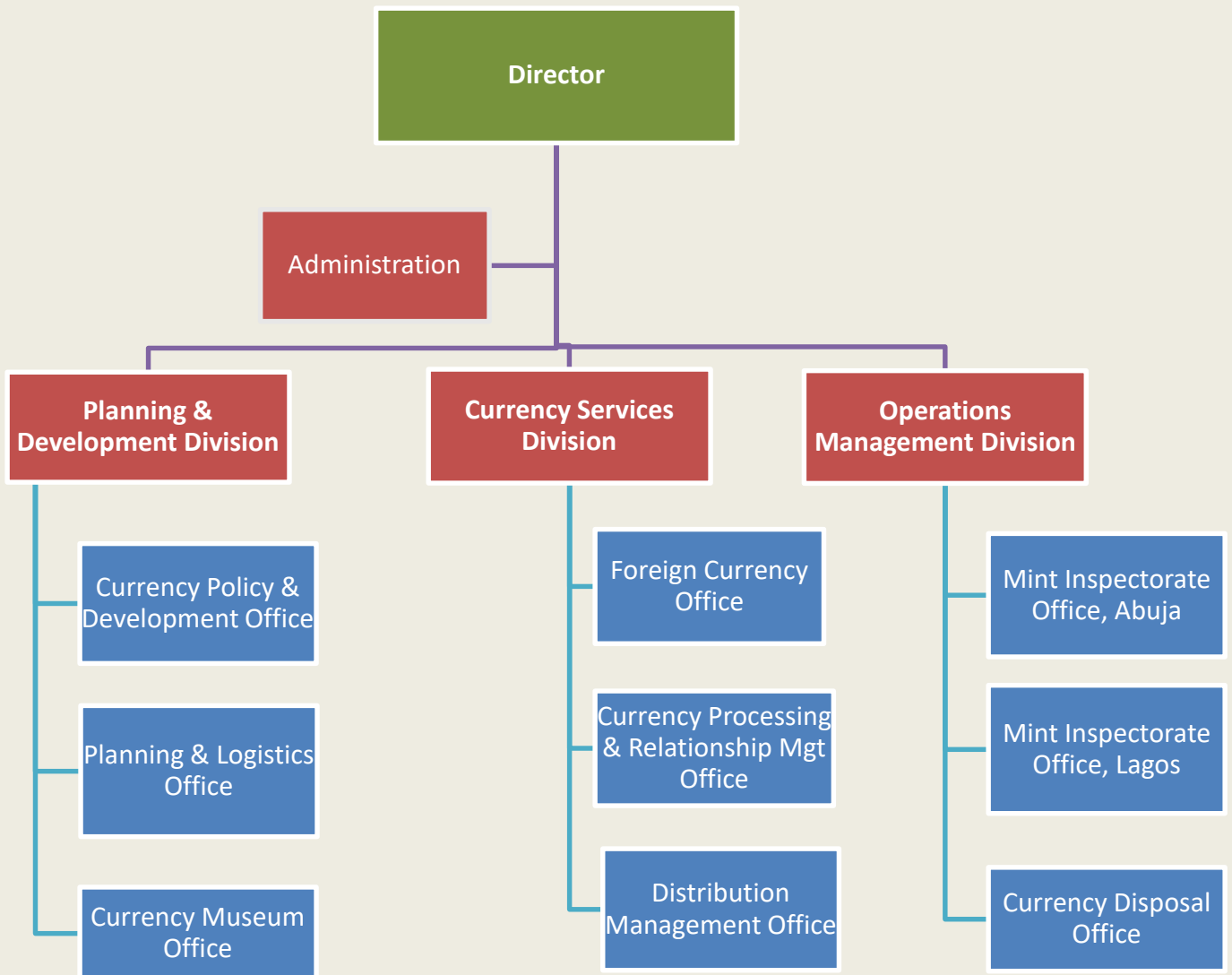
Chapter seven (7) covers some of the operational challenges encountered during the year under review, while Chapter eight (8) concludes the report with prospects and the way forward.

On behalf of the staff of the Department, I wish to express my appreciation to the Management of the Bank for providing the needed support towards the achievement of the Department's mandate. I also commend the staff of the Department for their hard work and commitment, which have made these achievements possible.

Priscilla E. Eleje (Mrs.)

Director, Currency Operations Department

III CURRENCY OPERATIONS DEPARTMENT ORGANOGRAM



IV EXECUTIVE SUMMARY

The issuance of legal tender currency is one of the core mandates of the Central Bank of Nigeria (CBN), as enshrined in section 2(b) of the CBN Act 2007. The Currency Operations Department (COD) executes this mandate, as well as the procurement and distribution of foreign currencies.

During the year, the Department continued to implement the five (5) strategic objectives to achieve the mandate and align with the corporate goal. The objectives were: improvement of cash management operations; provision of quality banknotes; to excel at CBN currency operations' efficiency; effective monitoring of registered cash-in-transit and cash sorting companies, as well as the achievement of a high level of public awareness on currency issues.

V ACHIEVEMENTS

In 2018, the Department recorded significant progress in the accomplishment of its strategic objectives, which included: development of a Clean Notes Policy and Banknote Fitness Guidelines; the tiered pricing for the processing of lower denomination banknotes, increased volume of issuable banknotes and effective distribution of banknotes; registered more Cash-In-Transit (CIT) and Cash Processing Companies (CPC), which encouraged private sector participation; commissioning of the temporary exhibition "Naira Our National Pride" for public enlightenment on banknote basic security features; development of the Cash Activity Reporting Portal (CARP) for transmission of financial industry currency management data to Nigeria Inter-Bank Settlement System (NIBSS); approval granted by management for the establishment of mobile courts, in collaboration with Legal Services Department (LSD), for the speedy prosecution of suspects apprehended for currency-related offences; and a pilot run on recycling of banknotes waste into re-usable materials to reduce its carbon footprints and comply with environmental sustainability practices.

The Department sustained early communication of the 2019 currency indent to NSPM PLC by August, 2018 and the receipt and authentication of foreign currency deposits by Deposit Money Banks (DMBs), which generated significant income and reduced foreign exchange procurement; initiated the Banknote Tracking System to curb the sale of banknotes issued by CBN; automation and modernization of currency handling infrastructure at the CBN Branches; and incentive-driven training scheme for currency processing operators and Branch Controllers. The Department also trained staff to enhance capacity for efficient service delivery.

The direct disbursement of lower denomination banknotes to merchants, shopping malls, stores, supermarkets etc, in response to public outcry over the dearth of lower denomination banknotes in circulation, was also sustained during the review period.

Furthermore, in its bid to minimize human intervention and usher in a regime of enhanced efficiency and secure cash handling in line with the Bank's vision and best practice, the Bank commenced the process of modernization and automation of cash management at the Branches, and the implementation will be on a pilot basis starting with three Branches, namely: Asaba, Abuja and Abeokuta.

CURRENCY INDENT, SUPPLY AND COST

The Bank approved an indent of 3,351.34 million pieces of banknotes of various denominations in 2018 to meet the currency needs of the economy, 25.3 per cent higher than the level in the preceding year. The Nigerian Security Printing and Minting (NSPM) Plc was awarded the contract for the production of the entire indent. The NSPM Plc delivered 2,653.31 million pieces or 79.2 percent of the total, with an outstanding balance of 698.03 as at end-December, 2018. In addition, the company, under a domestication arrangement, delivered 22.89 million pieces of Nigeria's ₦100 commemorative centenary banknote, awarded in 2014 to Crane Currency Sweden. As at December 31st 2018, a cumulative total of 992.50 million pieces or 99.3 percent had been delivered.

Furthermore, the Management of the Bank approved the procurement of 2.42 million pieces of ₦500 denomination Banknotes produced by NSPM PLC in 2012 at a negotiated 50 per cent discount price of ₦15,498,690.00.

The Department expended the sum of ₦64,040.78 million on printing of banknotes in 2018, compared with ₦49,524.96 million in the corresponding period of 2017, indicating an increase of ₦14,515.82 million.

STOCK OF CURRENCY NOTES

The total stock of currency (issuable and non-issuable) in the vaults of the Bank as at the end of December 2018 stood at 1,718.57 million pieces, compared with 1,284.10 million pieces in 2017, indicating an increase of 33.83 percent. As at end-December 2018, the total issuable notes (newly printed notes and Counted Audited Clean notes) stood at 496.61 million pieces, compared with 256.61 million pieces in 2017, indicating an increase of 240 million pieces or 94.0 percent. The increase was attributed to the volume of new notes supplied by NSPM PLC.

CURRENCY DISTRIBUTION

The Department evacuated a total of 265,553 boxes of banknotes valued at ₦1,841,937.00 million from the NSPM PLC. Lagos and Abuja factories to various Branches in 2018. The currency evacuated increased by 49,700 boxes or 23.03 percent and ₦19,228 million or 3.88 percent in volume and value terms respectively, compared with 215,853 boxes valued at ₦495,085.00 million in 2017. The increase was attributed to the evacuation of more banknotes in 2018, compared with the volume in 2017. A total of 852,593 boxes valued at ₦3,504.34 billion was distributed across the Branches in 2018. This indicated an increase of 28.27 percent and 32.02 percent in volume and value terms respectively, compared with 664,679 boxes valued at ₦2,654.38 billion in 2017.

A total of USD2,400 million was procured in 2018, out of which USD1,800 million was supplied to Lagos Branch and the balance of USD600,000 million to Abuja Branch for distribution to other Branches. This was used to fund the operations of Bureaux De Change (BDCs), payment of estacode allowances to Ministries, Departments and Agencies (MDAs), pilgrimages and Personal Travel Allowances (PTAs).

Currency-in-Circulation grew by 0.8 percent to ₦2,329.7 billion at end -December 2018. The growth in CIC reflected the high dominance of cash in the economy and increase in economic activities. A breakdown of the CIC indicated that, in terms of volume and value, the proportion of higher denomination banknotes (₦100, ₦200, ₦500 and ₦1000) in total rose from 41.9 to 44.3 percent and 96.9 to 97.6 percent, respectively. The lower denomination currency notes continued to be preponderant in terms of volume, constituting 55.7 percent of the total. In value terms, it constituted 2.4 percent of the total banknotes. The ratio of CIC to nominal GDP, which measures the moneyness of the economy, fell slightly by 0.1 percentage point to 1.8 percent in 2018. The decline in the CIC/GDP ratio reflected increased usage of e-payment products such as electronic payment cards.

CURRENCY PROCESSED AND AUDITED

In 2018, a total of 266,578 boxes valued at ₦1,561,940.00 million was processed, compared with 258,007 boxes of banknotes valued at ₦1,481,414.00 million in 2017, indicating an increase of 8,571 boxes or 3.32 percent or ₦80,526.00 million.

COUNTERFEIT NOTES DISCOVERED

To maintain the integrity of the banknotes in circulation, the Department, in collaboration with DMBs, Bankers Warehouse PLC. and security agencies, continued to intensify its efforts at mitigating the incidences of counterfeiting during the period under review. A total of 119,663 pieces of counterfeit notes with a nominal value of ₦98.82 million was recorded in 2018. This indicated a decline of 1.30 percent in volume terms and an increase of 5.77 percent in value terms, when compared with 118,126 pieces with a nominal value of ₦93.43 million recorded in the corresponding period of 2017. The ratio of counterfeit notes to volume of banknotes in circulation was 18 pieces per million, compared to 16 pieces per million banknotes discovered in 2017. The ₦500 and ₦1000 denominations remained the most commonly counterfeited banknotes, which accounted for 65.29 percent and 34.49 percent respectively of the total counterfeit notes discovered.

CURRENCY DISPOSAL

As at the end of December 2018, a total of 1,810.54 million pieces or 181,054 boxes valued at ₱915,075.17 million was disposed, compared with 2,575.18 million pieces or 257,501 boxes valued at ₱977,231.78 million disposed in 2017. The boxes of unfit notes disposed in 2018 decreased by 76,447 boxes, while the value decreased by ₱62,156.62 million or 6.36 percent compared with 257,501 boxes valued at ₱977,231.78 million disposed in 2017.

INCOME AND EXPENDITURE PROFILE

The Department generated an income of ₱7,954.33 million from penal charges on unsorted banknotes deposited by DMBs and charges for authentication of foreign currency deposits with the Bank. The amount represented an increase of ₱3,143.69 million compared with ₱4,810.64 million earned in 2017. The increase could be attributed to the additional income earned from the authentication and processing of foreign currency deposits by DMBs.

The Department expended a total of ₱73,582.90 million on currency operations in 2018, representing an increase of ₱16,550.34 million or 29.02 percent, compared with ₱57,032.56 million in 2017. Of the total expenditure, ₱70,800.00 million or 96.22 percent was incurred on CIE recurrent, ₱2,708.23 million or 3.68 percent on CIE capital and Non-CIE items accounted for the balance of ₱74.67 million, or 0.10 percent.

ISSUES AND CHALLENGES

The Department was confronted with a number of operational challenges, which included: sale of newly minted Naira notes; poor handling habits of banknotes by the public; hoarding of the Naira and high cost of currency management. Other constraints were rising incidences of counterfeiting of the higher denomination banknotes; public apathy in the usage of coins; disposal of banknotes waste in an eco-unfriendly manner, and banknotes inter-leafing and other shortages discovered in the deposits of DMBs and Bankers Warehouse.

PROSPECTS AND THE WAY FORWARD

To address the above challenges, the Department will sustain efforts to conduct operational research and benchmark best practices to improve Currency Operations Management. The Department will continue collaboration with security agencies to mitigate the sale of newly minted Naira banknotes, through sting operations and other activities.

Furthermore, the Department will sustain its intervention in addressing the sub-optimal circulation of lower denomination banknotes through adequate supply and distribution in collaboration with DMBs. Also, the recycling of banknotes waste to reduce the carbon footprints will remain a major focus of the Department. To stem the tide of sale of newly minted Naira notes, curb counterfeiting and poor handling of the Naira notes, the Department will continue to strengthen its collaboration with relevant stakeholders in the Harmonized Publicity Campaign and leverage the cashless policy.

The Department has commenced the process for the establishment of a Currency Laboratory to facilitate adjudication, banknotes evaluation and other tests for quality improvement. The Department will continue to engage the NSPM PLC to facilitate timely delivery of the indent, liaise with the Bankers' Committee and the Committee of Heads of Bank Operations (CHBO) for DMBs, to strengthen their internal control mechanisms. This is with a view to minimize the incidences of shortages, deliberate mutilation, inter-leafing and counterfeits discovered during currency processing.

1.0 CURRENCY OPERATIONS

1.1 CURRENCY INDENT

The currency indent approved for 2018 was 3,351.34 million pieces of various banknote denominations, valued at ₦1,451,180.60 million, compared with 2,674.49 million pieces valued at ₦1,281,498.55 million in 2017. This indicated an increase of 25.31 percent and 13.24 percent in volume and value terms respectively. NSPM PLC was awarded with the production of the entire indent. To enhance the level of issuable banknotes, the Bank approved the procurement of 2.42 million pieces of ₦500 denomination banknotes, produced by NSPM PLC in 2012, at a negotiated 50 percent discounted price of ₦15,498,690.00.

Furthermore, the company, under a domestication arrangement, delivered 22.89 million pieces of the Nigeria's ₦100 commemorative centenary banknote, awarded in 2014 to Crane Currency Sweden. As at December 31st 2018, a cumulative of 992.50 million pieces or 99.3 percent had been delivered. (Tables 1.1.1-1.1.2 and Figures 1.1.1-1.1. 4).

TABLE 1.1.1: ₦500 DENOMINATION BANKNOTES PRODUCED IN 2012 AND DELIVERED AS AT 31ST DECEMBER 2018

Denomination	Quantity Approved	Delivery		Outstanding Balance
		Pieces	%	
₦500	242,000,000	242,000,000	100.00%	-

Source: CBN Mint Inspectorate Office

Table 1.1.2 CURRENCY INDENT: VOLUME & VALUE (2017-2018)

DEN.	2017 INDENT		2018 INDENT		% CHANGE	
	VOLUME (MILLION PIECES)	VALUE (₦' MILLION)	VOLUME (MILLION PIECES)	VALUE (₦' MILLION)	VOLUME	VALUE
1,000	845.79	845,790.00	731.55	731,550.00	-13.51	-13.51
₦500	643.31	321,655.00	1173.5	586,750.00	82.42	82.42
₦200	384.45	76,890.00	441.14	88,228.00	14.75	14.75
₦100	256.3	25,630.00	226.95	22,695.00	0.00	0.00
₦50	128.15	6,407.50	304.97	15,248.50	137.98	137.98
₦20	160.19	3,203.80	247.78	4,955.60	54.68	54.68
₦10	128.15	1,281.50	125.25	1,252.50	-2.26	-2.26
₦5	128.15	640.75	100.2	501.00	-21.81	-21.81
TOTAL	2,674.49	1,281,498.55	3,351.34	1,451,180.60	25.31	13.24

Source: Planning & Logistics Office

Figure 1.1.1 CURRENCY INDENT IN VOLUME (2017 & 2018)

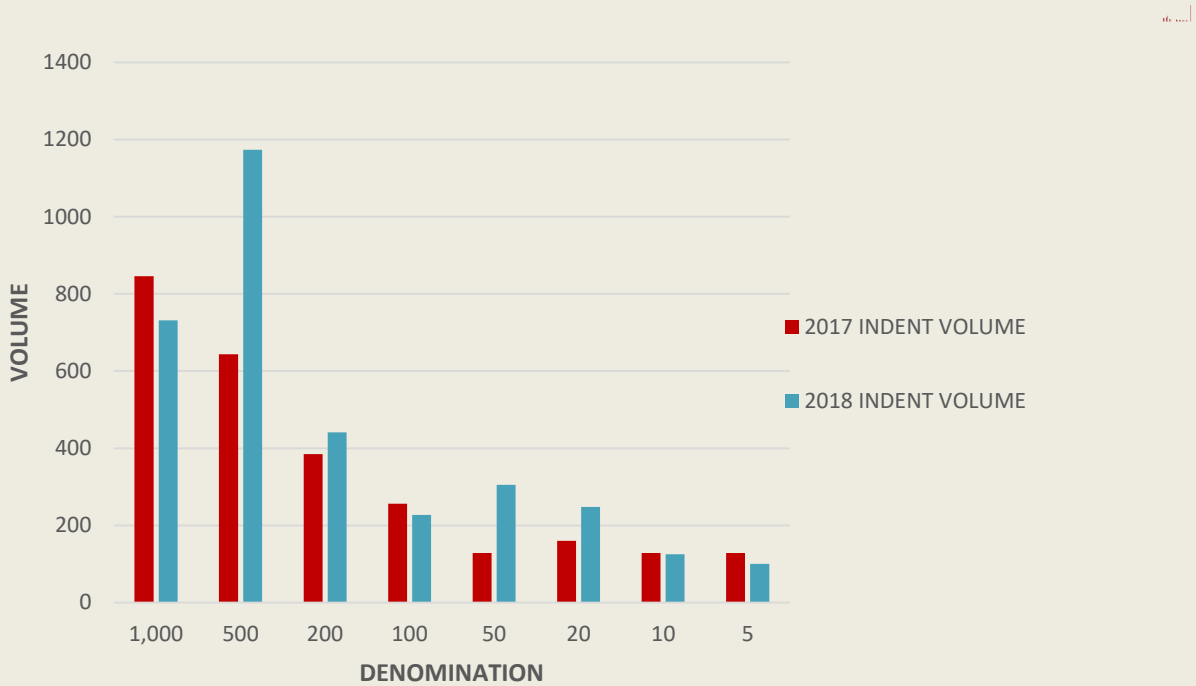


Figure 1.1.2 CURRENCY INDENT IN VALUE (2017 & 2018)

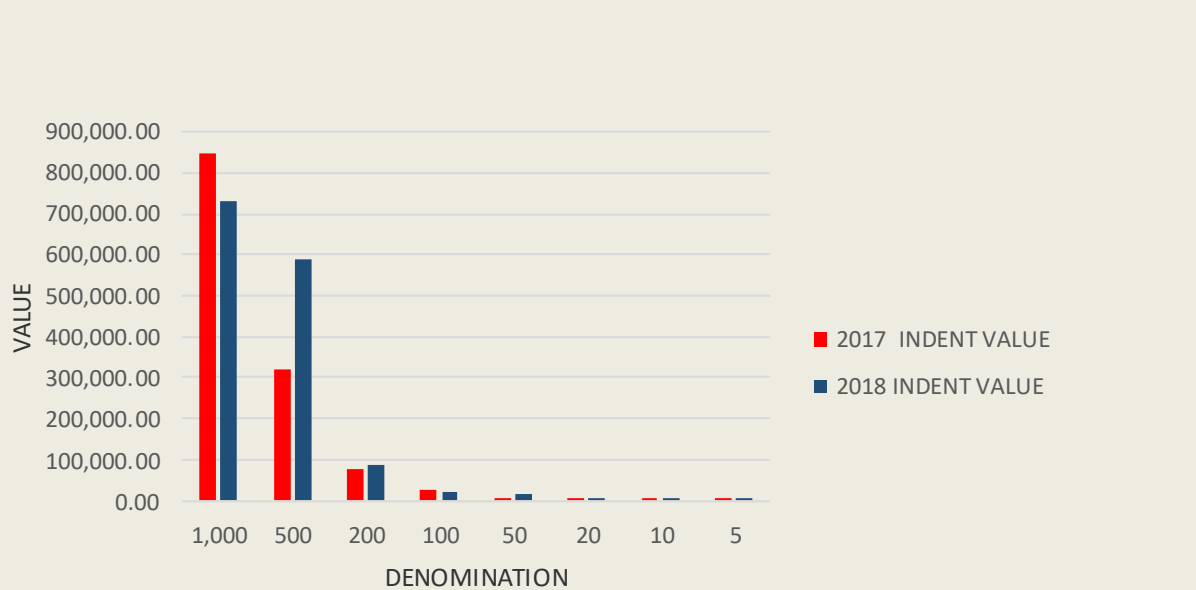
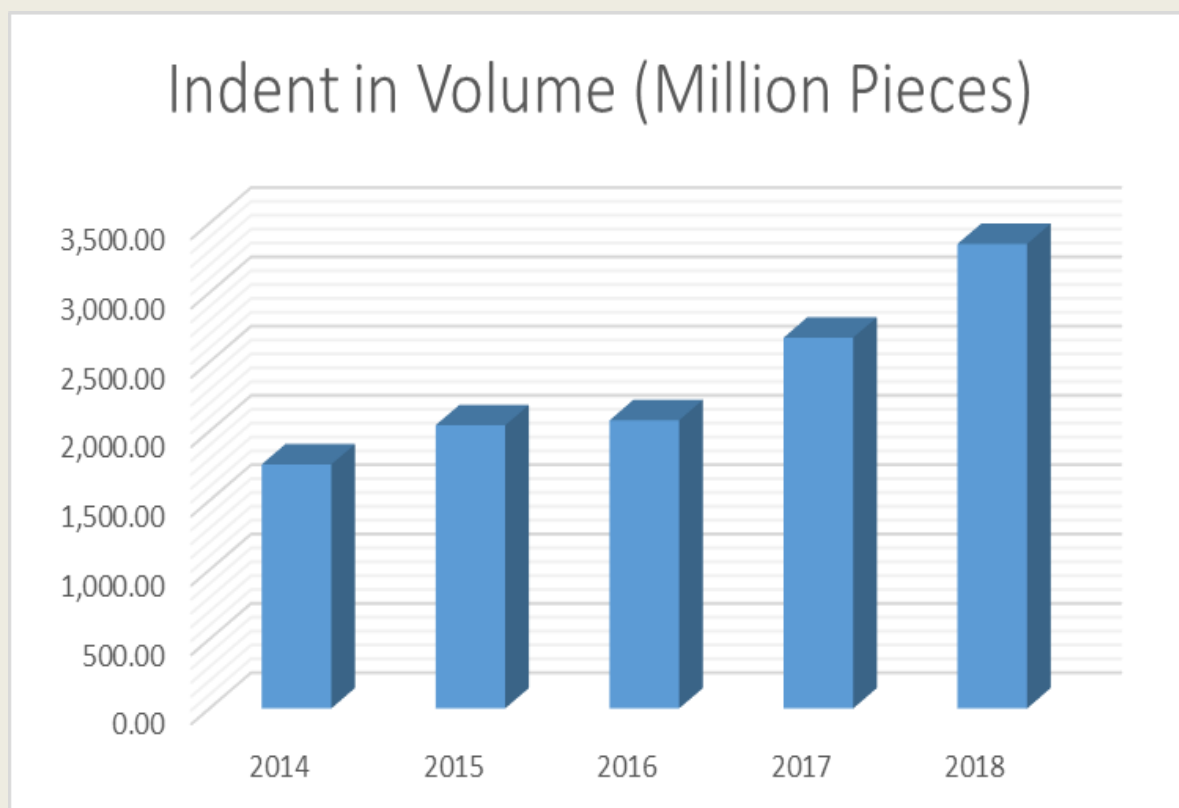


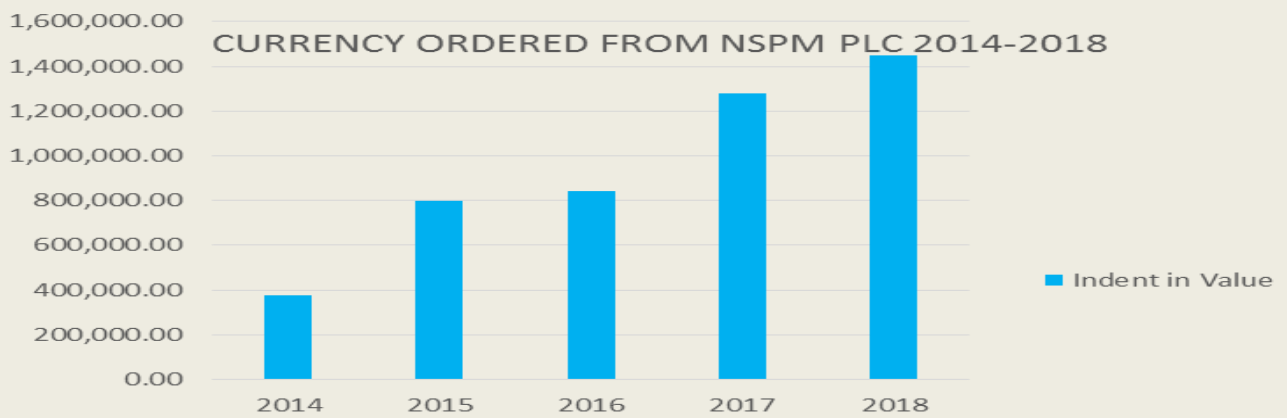
Table 1.1.3 CURRENCY INDENT ORDERED FROM NSPM PLC. VOLUME & VALUE (2014-2018)

Year	Indent in Vol. (Million Pieces)	Indent in Value (₦ Million)
2014	1,760.09	377,443.90
2015	2,042.89	797,048.00
2016	2,079.02	840,596.80
2017	2,674.49	1,281,498.55
2018	3,351.34	1,451,180.60

Source: Planning & Logistics Office

Figure 1.1.3 CURRENCY ORDERED FROM NSPM PLC (2014-2018)





1.2 CURRENCY SUPPLY

Out of the total order of 3,351.34 million pieces of banknotes, the NSPM PLC delivered 2,653.31 million pieces or 79.17 percent as at the end of December 2018, leaving a balance of 698.03 million pieces or 20.83 percent. In addition, the company, under a domestication arrangement, delivered 22.89 million pieces of Nigeria's ₦100 commemorative centenary banknote, awarded in 2014 to Crane Currency Sweden. As at 31st December 2018, a cumulative of 992.50 million pieces or 99.3 percent had been delivered. However, NSPM PLC had written to inform the Bank that the balance of 7,460,000 pieces was part of waste generated during the printing process involved in the domestication.

Furthermore, the Management of the Bank approved the procurement of 2.42 million pieces of ₦500 denomination Banknotes produced by NSPM PLC in 2012, at a negotiated 50.0 percent discounted price of ₦15,498,690.00.

TABLE 1.1.1 2012 ₦500 DENOMINATION BANKNOTES DELIVERED TO CBN AS AT 31ST DECEMBER 2018

Denomination	Quantity Approved To Be Accepted	Quantity Delivery		Outstanding Balance
		Pieces	%	
₦500	242,000,000	242,000,000	100.00%	-

Table 1.2.2 ₦100 COMMEMORATIVE BANKNOTES ORDERED FROM CRANE CURRENCY OF SWEDEN IN 2014-2018

Quantity Ordered	Cumulative Delivery Position		Outstanding Balance	Cumulative Delivery
1,000,000,000	As At Year End 2014	50,000,000.00	950,000,000.00	99.25%
	As At Year End 2015	811,550,000.00	188,450,000.00	
	As At Year End 2016	899,690,000.00	100,310,000.00	
	As At Year End 2017	969,650,000.00	30,350,000.00	
	As At 28th January, 2018	992,540,000.00	7,460,000.00	

Table 1.2.3 DELIVERIES BY NSPM PLC IN 2018 (IN MILLION PIECES)

DENOMINATION	NSPM PLC APPROVED ORDER IN 2018	NSPM PLC DELIVERY POSITION IN 2018
₦1000	731,550,000	474,400,000
₦500	1,173,500,000	960,080,000
₦200	441,140,000	323,340,000
₦100	226,950,000	117,290,000
₦50	304,970,000	304,970,000
₦20	247,780,000	247,780,000
₦10	125,250,000	125,250,000
₦5	100,200,000	100,200,000
TOTAL	3,351,340,000	2,653,310,000

Source: Planning & Logistics Office

The NSPM PLC. delivered a total of 2,653.31 million pieces of or 79.17 percent as at the end of December 2018. banknotes

Table: 1.2.4: BANKNOTES ORDER AND DELIVERY FROM NSPM PLC IN MILLION PIECES (2017-2018)

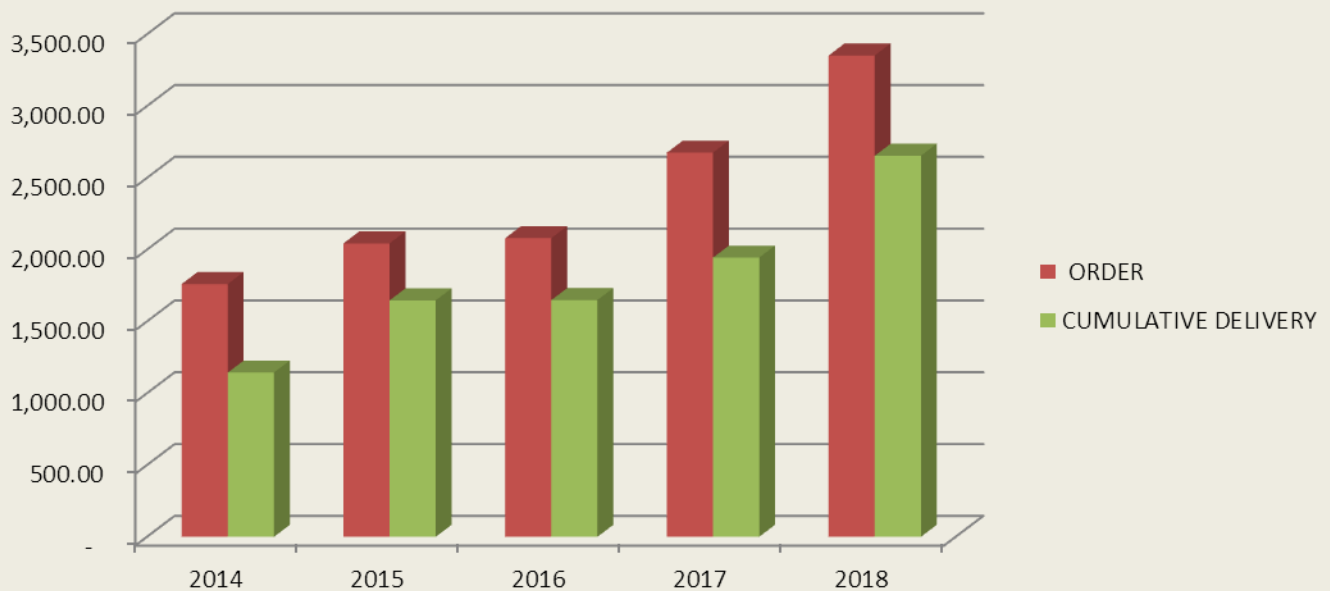
DEN.	ORDER FOR 2017	DELIVERY IN 2017	ORDER FOR 2018	DELIVERY IN 2018	CUMULATIVE DELIVERY	OUTSTANDING BAL. DECEMBER 2018
1000	845.79	371.80	731.55	474.40	64.85%	257.15
500	643.31	643.31	1173.5	960.08	81.81%	213.42
200	384.45	384.45	441.14	323.34	73.30%	117.80
100	256.30	0	226.95	117.29	51.68%	109.66
50	128.15	128.15	304.97	304.97	100.00%	-
20	160.19	160.18	247.78	247.78	100.00%	-
10	128.15	128.15	125,25	125.25	100.00%	-
5	128.15	128.15	100.2	100.20	100.00%	-
TOTAL	2,674.49	1,944.19	3226.09	2,653.31	79.17%	698.03

Source: Planning & Logistics Office

Table 1.2.5 BANKNOTES ORDER AND DELIVERY IN MILLION PIECES (2014-2018)

YEAR	ORDER	CUMULATIVE DELIVERY	OUTSTANDING BALANCE	CUMULATIVE DELIVERY %
2014	1,760.06	1,144.02	616.07	65.00
2015	2,042.89	1,646.44	396.45	80.59
2016	2,079.02	1,648.26	430.76	79.28
2017	2,674.49	1,944.19	730.30	72.69
2018	3,351.34	2,653.31	698.03	79.17

Source: Planning & Logistics Office

Figure 1.2.1 NSPM PLC DELIVERIES IN MILLION PIECES (2014-2018)

1.3 COST OF PRINTING BANKNOTES

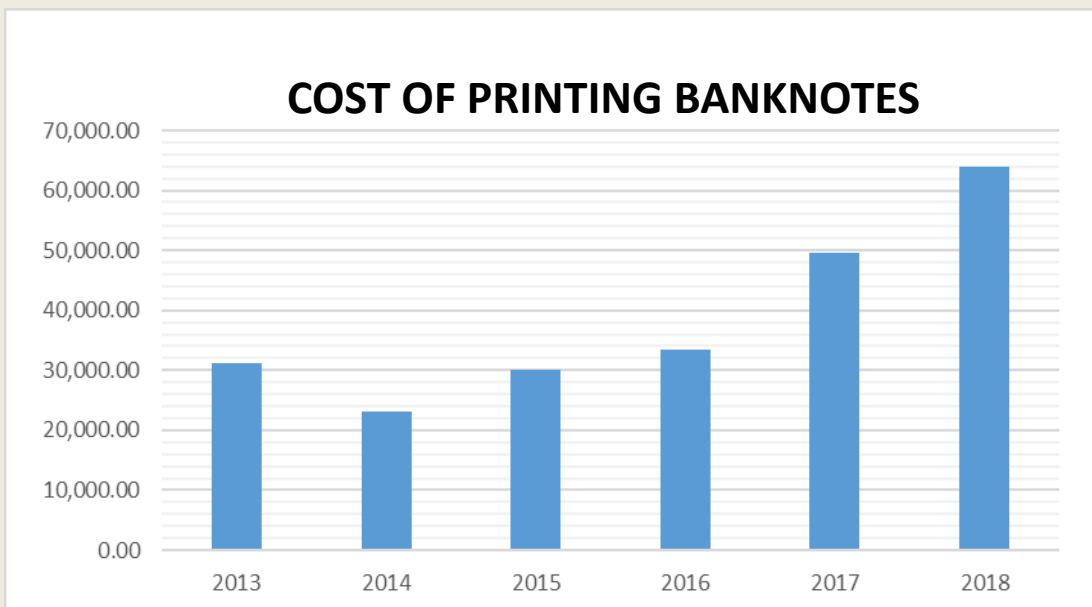
The Department expended the sum of ₦64,040.78 million on printing of banknotes in 2018, compared with ₦49,524.96 million in the corresponding period of 2017, indicating an increase of ₦14,515.82 million or 29.31 percent. Furthermore, a total of ₦5,630.03 million or 7.96 percent was expended on air charter, compared with ₦4,022.93 million incurred during the corresponding period in 2017. The sum of ₦662.21 million was expended on currency notes disposal.

The cost of printing banknotes increased by 29.31 percent in 2018

Table 1.3.1 COST OF PRINTING BANKNOTES (2013-2018)

YEAR	PRINTING OF BANKNOTES (₦' MILLION)
2013	31,101.21
2014	23,134.85
2015	30,092.90
2016	33,374.02
2017	49,524.96
2018	64,040.78

Source: Admin. Office

Figure 2.3.1 COST OF PRINTING BANKNOTES (2013-2018)

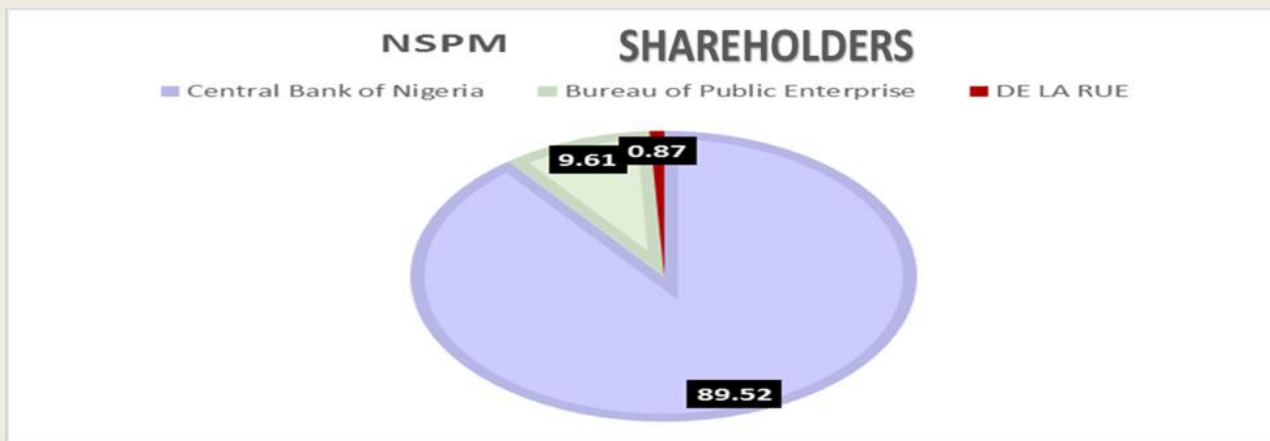
1.4 INSTITUTIONAL DEVELOPMENTS

1.4.1 THE NIGERIAN SECURITY PRINTING & MINTING (NSPM) PLC

The NSPM PLC remained the National printer of the Nigerian legal tender currency. The company has an installed capacity to produce 4 billion pieces of banknotes per annum, with a production plan of 3.35 billion pieces of banknotes for 2018. However, the company produced 2.68 billion pieces of banknotes as at the end of 2018, compared with 1.97 billion during the same period in 2017.

Analysis of the production plan of the company indicated an increase of 711.80 million pieces or 36.11 percent. The CBN and Bureau of Public Enterprises (BPE) reached an agreement in respect of the negotiated sale of Federal Government’s shares in Nigerian Security Printing and Minting (NSPM) Plc to Central Bank of Nigeria (CBN).

Consequently, the Bank continued to hold the majority shares of 89.52 percent in the company, as shown by the pie chart below.



1.4.2 TAWADA LIMITED

Tawada Limited is a subsidiary of NSPM PLC, which specializes in the production of Intaglio and Offset inks for the printing of banknotes. The company produced a total of 446,606 kg of inks as against the planned output of 380,350 kg as at the end of 2018, resulting in an increase of 66,256 kg or 17.42 percent. The company's report indicated that production budgets for Intaglio and Offset inks in the period under review were substantially met, while the average sale of Varnish and Polymer Intaglio recorded was attributable to the high production volume of NSPM PLC, occasioned by the commencement of production on the new line.

1.5 STOCK OF CURRENCY NOTES

The total stock of currency (issuable and non-issuable) in the vaults of the Bank as at the end of December 2018 stood at 1,718.57 million pieces, compared with 1,284.10 million pieces in 2017, indicating an increase of 33.83 percent. As at end-December 2018, the total issuable notes (newly printed notes and Counted Audited Clean notes) stood at 496.61 million pieces, compared with 256.61 million pieces in 2017, indicating an increase of 240 million pieces or 94.0 percent. The increase was attributed to the volume of new notes supplied by NSPM PLC. (Tables 1.5.1-1.5.2 and Figure 1.5.1)

Table 1.5.1: ANALYSIS OF STOCK OF CURRENCY NOTES IN MILLIONS (2017 & 2018)

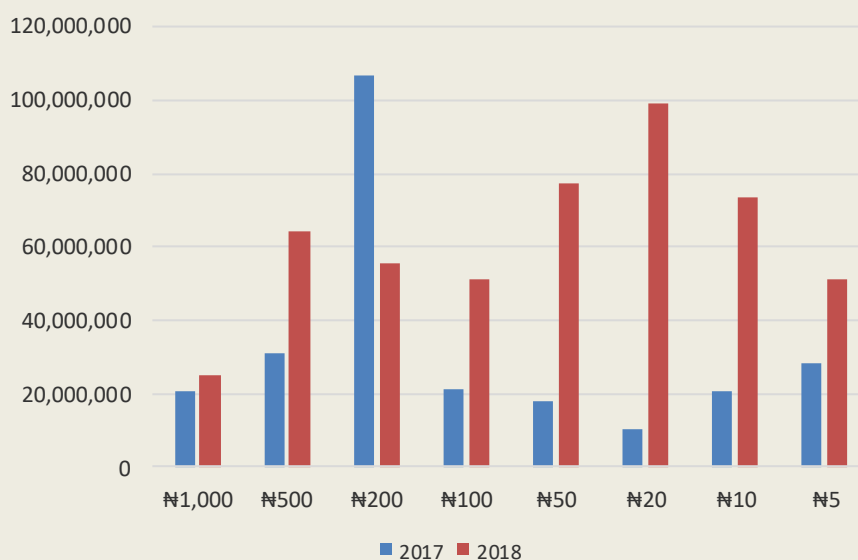
Denominations	Issuable in Pieces (2017)	Non-Issuable in Pieces (2017)	Total in Pieces (2017)	Percentage of Issuable to Total Stock (2017)	Issuable in Pieces (2018)	Non-Issuable in Pieces (2018)	Total In Pieces (2018)	Percentage of Issuable to Total Stock (2018)
₦1,000	20.75	149.42	170.17	1.62%	24.70	77.52	102.22	1.44%
₦500	30.92	117.28	148.20	2.41%	64.00	110.39	174.39	3.72%
₦200	106.97	53.39	160.36	8.33%	55.24	83.66	138.90	4.87%
₦100	21.33	83.34	104.67	1.66%	51.35	40.34	91.69	2.35%
₦50	17.74	83.30	101.04	1.38%	77.51	157.26	234.77	9.15%
₦20	10.20	181.90	192.10	0.79%	99.35	258.62	357.97	15.05%
₦10	20.54	191.16	211.70	1.60%	73.56	261.09	334.65	15.19%
₦5	28.16	167.70	195.86	15.25%	50.90	233.07	283.97	13.56%
TOTAL	256.61	1,027.49	1,284.10	33.04%	496.61	1,221.96	1,718.57	65.33%

Source: Planning & Logistics Office

Table 1.5.2: ANALYSIS OF ISSUABLE NOTES (2017-2018)

Denomination	Issuable in Pieces (31st Dec 2017)	Issuable in Pieces (31st Dec 2018)	Percentage Difference
₦1000	20,750,000	24,700,000	19.04
₦500	30,920,000	64,000,000	106.99
₦200	106,970,000	55,240,000	(48.36)
₦100	21,330,000	51,350,000	140.74
₦50	17,740,000	77,510,000	336.92
₦20	10,200,000	99,350,000	874.02
₦10	20,540,000	73,560,000	258.13
₦5	28,160,000	50,900,000	80.75
TOTAL	256,610,000	496,610,000	93.53

Source: Planning & Logistics Office

Figure 1.5.2: COMPARATIVE ANALYSIS OF ISSUABLE NOTES AS AT 31ST DEC. 2017 & 2018

Total issuable notes (New notes and CAC) stood at 496.61million pieces as at the end of December 2018, as against 256.61 million pieces in the corresponding period of 2017.

1.6 CURRENCY DISTRIBUTION ACTIVITIES

The Department evacuated a total of 265,553 boxes of banknotes valued at ₦1,041,383.60 million from the NSPM PLC Lagos and Abuja factories to various Branches in 2018. The quantum of currency evacuated increased by 49,700 boxes or 23.03 percent and ₦239,297.60 million or 29.83 percent in volume and value terms respectively, compared with 215,853 boxes valued at ₦802,086.00 million in 2017. The increase was attributed to the evacuation of more banknotes in 2018 compared with the volume in 2017.

A total of 852,593 boxes valued at ₦3,504.34 billion was moved across the Branches in 2018. This indicated a decline of 28.22 percent and 32.02 percent in volume and value terms respectively, compared with 664,679 boxes valued at ₦2,654.38 billion in 2017. (Tables 1.6.1-1.6.4 and Figures 1.6.1-1.6.3)

**Table 1.6.1 SUMMARY OF EVACUATION FROM LAGOS & ABUJA NSPM PLC FACTORIES
(2017-2018)**

DENOMINATION	VOLUME IN BOXES (2017)	VALUE (₦ MILLION)	VOLUME IN BOXES (2018)	VALUE(₦ MILLION)
₦1000	38,493	384,930.00	46,911	469,110.00
₦500	62,331	311,655.00	94,330	471,650.00
₦200	39,493	78,986.00	32,174	64,348.00
₦100	10,935	10,935.00	14,318	14,318.00
₦50	20,372	10,186.00	30,497	15,248.50
₦20	16,702	3,340.40	24,778	4,955.60
₦10	13,545	1,354.50	12,525	1,252.50
₦5	13,982	699.10	10,020	501.00
Total	215,853	802,086.00	265,553	1,041,383.60

Fig 1.6.1 EVACUATION WITH PERCENTAGE CHANGE (2017-2018)

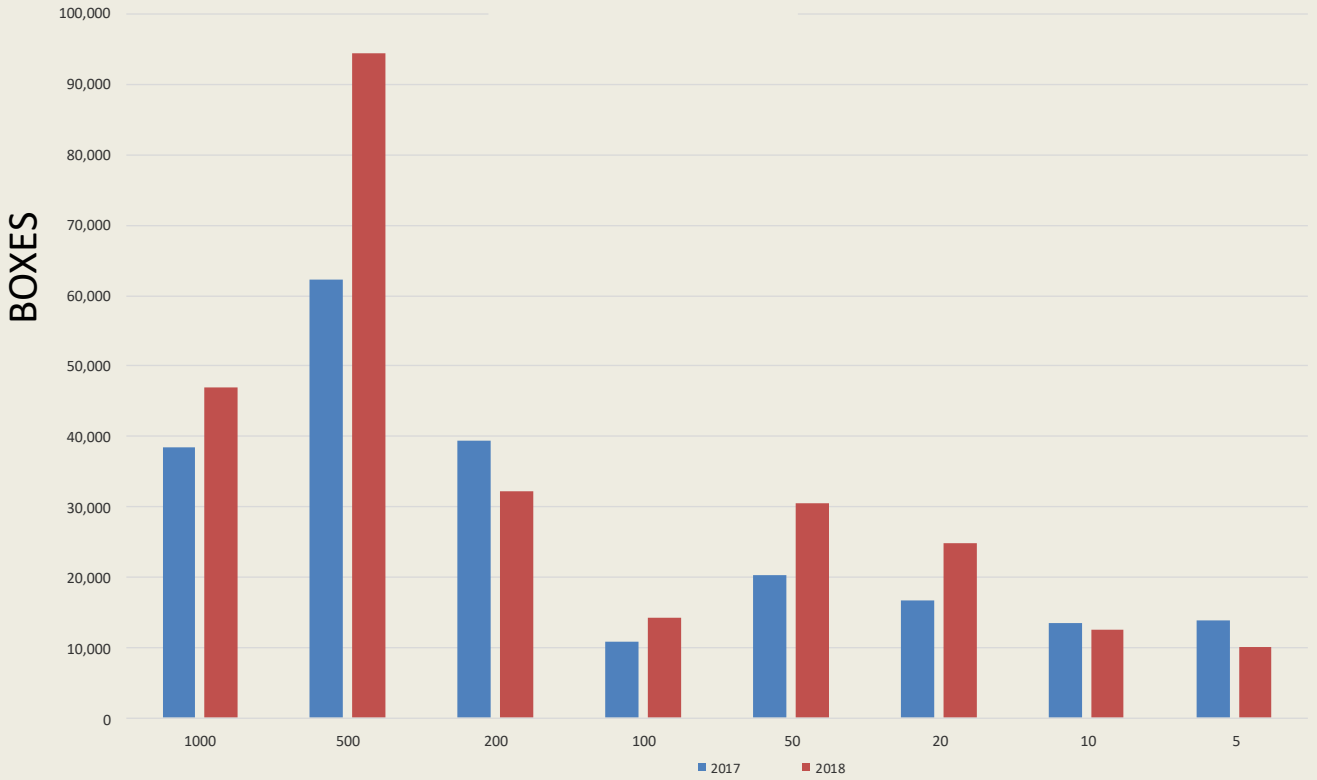


Table 1.6.2 YEARLY DISTRIBUTION OF BANKNOTES IN BOXES (2014-2018)

YEAR	2014	2015	2016	2017	2018
BOXES	132,460	160,293	160,565	215,853	265,553

Source: Distribution Management Office

Figure 1.6.2 YEARLY DISTRIBUTION OF BANKNOTES IN BOXES (2014-2018)

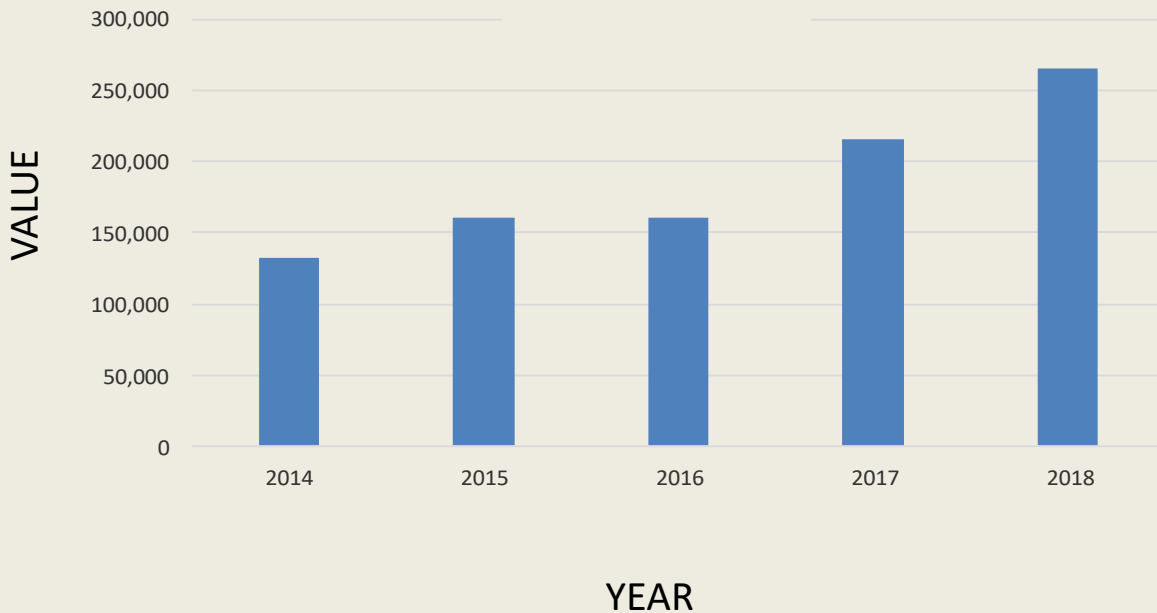
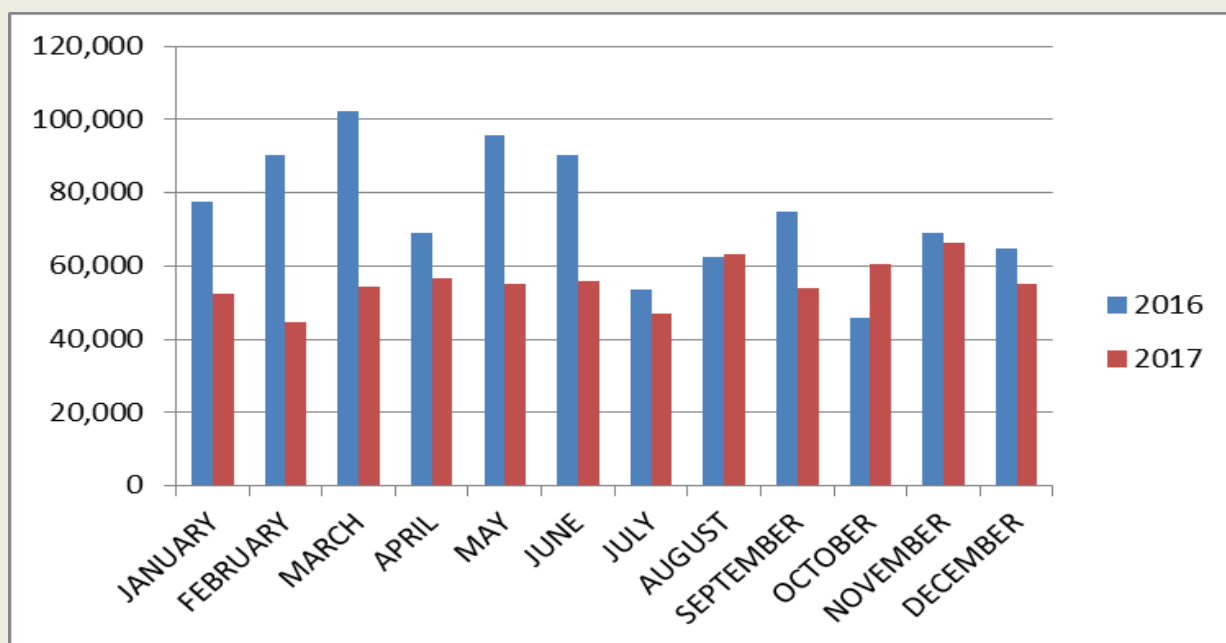


Table 1.6.3 INTERSTATE MOVEMENT IN BOXES (2017-2018)

MONTH	NO OF BOXES		FACE VALUE (₹ Million)	
	2017	2018	2017	2018
JANUARY	52,269	60,246	134,520	275,748
FEBRUARY	44,750	72,219	149,841	304,126
MARCH	54,319	77,406	154,802	279,745
APRIL	56,559	73,153	170,146	211,896
MAY	55,256	72,950	189,741	276,093
JUNE	55,751	67,804	197,845	354,761
JULY	47,020	77,139	226,458	389,110
AUGUST	63,098	61,282	309,629	239,781
SEPTEMBER	54,060	59,995	279,445	210,917
OCTOBER	60,344	77,947	280,710	345,137
NOVEMBER	66,260	81,925	301,134	365,524
DECEMBER	54,993	70,527	260,112	251,504
TOTAL	664,679	852,593	2,654,383.22	3,504,342

Source: Distribution Management Office

Fig 1.6. 3 INTERSTATE MOVEMENT IN BOXES (2017-2018)



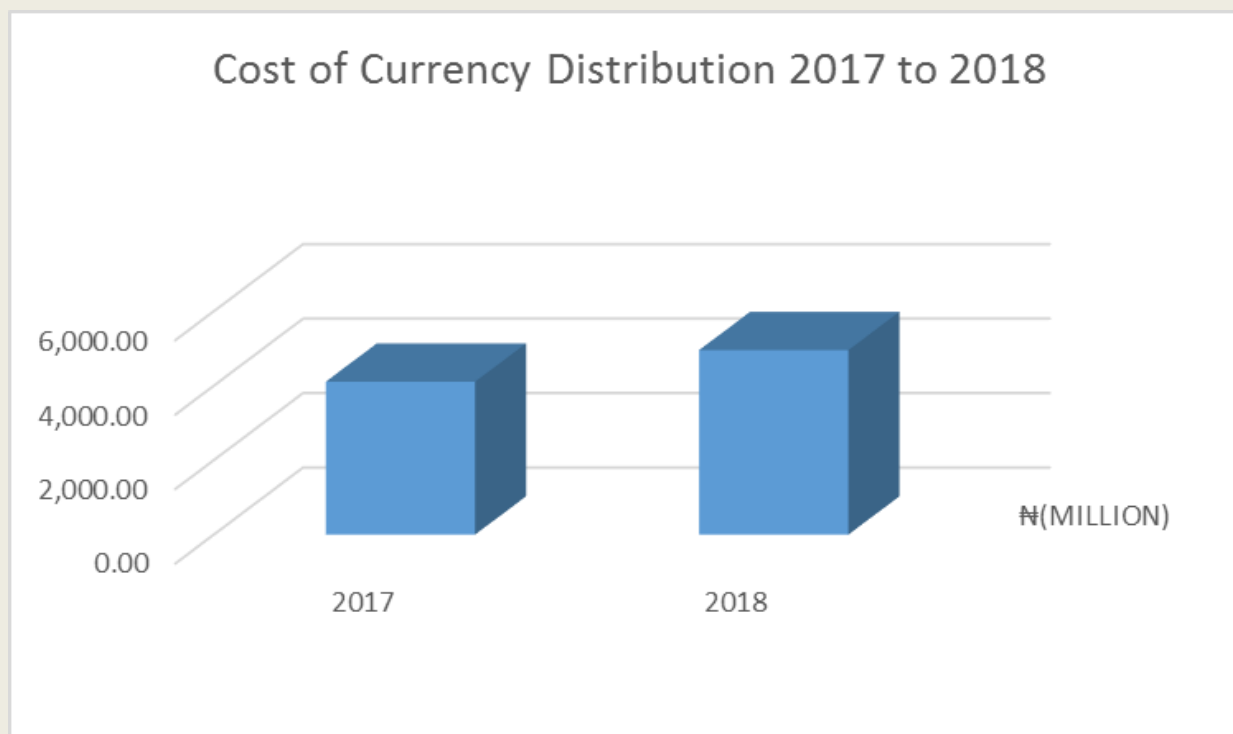
1.7 COST OF CURRENCY DISTRIBUTION (2017-2018)

The Department expended the sum of ₦5,737.39 million on currency distribution during the period under review, compared with the sum of ₦4,107.22 million in 2017. The expenditure declined significantly by ₦1,630.17 million or 39.69 percent. This was attributed to the creation and implementation of 17 currency movement hubs, which enhanced currency movement activities with resultant cost savings for the Bank.

Table 1.7.1 : COST OF CURRENCY DISTRIBUTION (2017-2018)

YEAR	(₦'Million)	% Change
2017	4,107.22	-
2018	5,737.39	39.69

Figure 1.7.1 COST OF CURRENCY DISTRIBUTION (2017-2018)



1.8 PROCUREMENT, DISTRIBUTION AND DISBURSEMENT OF FOREIGN CURRENCIES

The Department, in collaboration with Travelex Nigeria and Innovate 1 Pay Limited, carried out the procurement and distribution of foreign currencies during the period under review. A total of USD2,400,000,000.00 was procured in 2018, out of which USD1,800,000,000.00 was supplied to Lagos Branch and USD600,000,000.00 to Abuja Branch, for onward distribution to other Branches. This was used to fund the operations of Bureaux De Change (BDCs), payment of estacode allowances to Ministries, Departments and Agencies (MDAs), pilgrimages and Personal Travel Allowances (PTAs).

To deepen the foreign exchange market, boost liquidity and achieve convergence in the exchange rates at the parallel and official markets, Management approved the modalities for the deposit of USD currency notes by DMBs with the Bank for authentication and onward credit to their offshore accounts.

As at the end of December 2018, the sum of USD5,584,477,750.00 was received and processed/authenticated at CBN Lagos Branch.

Out of this amount, a total of USD7,764,914,275.84 was utilized for BDCs interventions/operations, while the balance was used for the payment to MDAs and other foreign currency requests. Thus, at the end of December 2018, USD7,984.48 million, GBP3.0 million and Euro16.29 million were disbursed, compared with USD4,496.72 million, GBP4.44 million and Euro3.84 million disbursed in 2017.

The Department sustained its monitoring of foreign exchange sales in the Branches during the period under review. The number of active BDCs operating in Nigeria as at the end of December 2018, increased to 4,221 from 3,519 in 2017.

1.9 CURRENCY-IN-CIRCULATION (CIC)

The CIC increased by ₦17, 248 million or 0.80 percent to ₦2, 329,706,576.78 million in 2018, compared with ₦2, 157,229.65 million in 2017. The increase in CIC was due to the 2019 election and increase in economic activities.

Table 1.9.1: CURRENCY-IN-CIRCULATION IN VALUE & VOLUME AS AT 31ST DECEMBER 2017-2018

Denom. (₹)	2017		2018	
	Volume	Value	Volume	Value
1000	1,228,837,238.88	1,228,837,238,876.00	1,297,523,810	1,297,523,810,103.00
500	1,316,567,464.17	658,283,732,087.00	1,597,988,733	798,994,366,747.00
200	664,457,680.18	132,891,536,035.00	562,900,839	112,580,167,765.00
100	705,590,178.63	70,559,017,863.00	641,245,100	64,124,509,979.00
50	608,249,061.18	30,412,453,059.00	449,423,276	22,471,163,775.00
20	1,058,807,273.65	21,176,145,473.00	1,097,840,056	21,956,901,129.00
10	1,006,817,960.73	10,068,179,607.28	797,680,120	7,976,801,200.00
5	752,153,750.60	3,760,768,753.00	494,888,883	2,474,440,414.00
2	107,566,194.00	215,132,388.00	204,379,200	408,758,400.00
1	616,489,425.20	616,489,425.20	736,079,162	736,079,162.00
0.5	580,065,192.40	290,032,596.20	681,478,816	340,739,408.11
0.25	348,233,452.80	87,058,363.20	348,250,768	87,062,691.92
0.1	315,565,795.60	31,556,579.56	315,582,866	31,558,286.56
0.01	31,244,200.00	312,442.00	31,371,969	313,719.69
Total	9,340,644,868.01	2,157,229,653,547.44	9,256,633,597	2,329,706,672,780.28

Source: Planning and Logistics Office

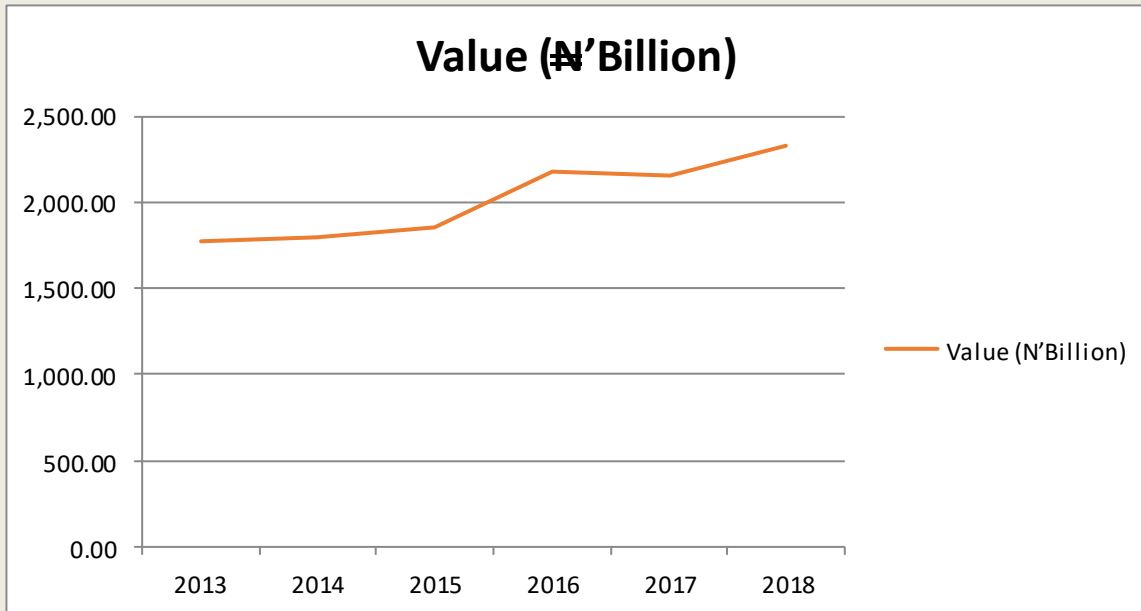
TABLE 1.9.2 CURRENCY-IN-CIRCULATION RATIO TO GDP: VOLUME & VALUE (2013-2018)

Year	Volume (in million pieces)	Value (₹ Billion)	GDP (₹ Billion)	Ratio-CIC/GDP	GDP % Change in Value
2013	7,705.90	1,776.81	80,092.56	2.22	8.89
2014	7,642.34	1,797.97	89,043.62	2.02	1.19
2015	7,596.56	1,857.94	94,144.96	1.97	3.34
2016	8,691.63	2,179.17	102,575.42	2.12	8.95
2017	9,340.64	2,157.23	114,906.66	1.88	12.02
2018	9,256.63	2,329.71	127,762.55	1.82	11.18

Source: Planning and Logistics Office/ Statistics Department

There was an increase of 0.80 percent in the value of CIC as at the end of December 2018.

Figure 1.9.1 CURRENCY-IN-CIRCULATION (2013-2018)



Source: Planning and Logistics Office

In 2018, the Department deployed various currency processing equipment and processed a total of 266,578 boxes valued at ₦1,561,940.00 million. The volume of banknotes processed increased by 8,571 boxes or 3.32 percent, while the value increased by ₦80,526.00 million or 5.44 percent, compared with 258,007 boxes of banknotes valued at ₦1,481,414.00 million in 2017.

A further analysis of the entire processing output in 2018 revealed that a total of 134,978 boxes of CAC and 131,600 boxes of CAD valued at ₦1,561.940.00 million were generated during the year under review. The CAC generated decreased by 25,836 boxes or 23.72 percent, while CAD increased by 17,265 boxes or 11.5 per cent, compared with the previous year. (See tables 1.10.1-1.10.2)

There were no currency processing operations in Calabar, Owerri and Sokoto Branches in 2018, due to ongoing structural renovations in those Branches. However, Bauchi and Akure Branches had disruptions in processing activities during the months of January and February as well as July to December 2018, due to renovation work.

Table 1.10.1 CURRENCY PROCESSED & AUDITED (2013-2018)

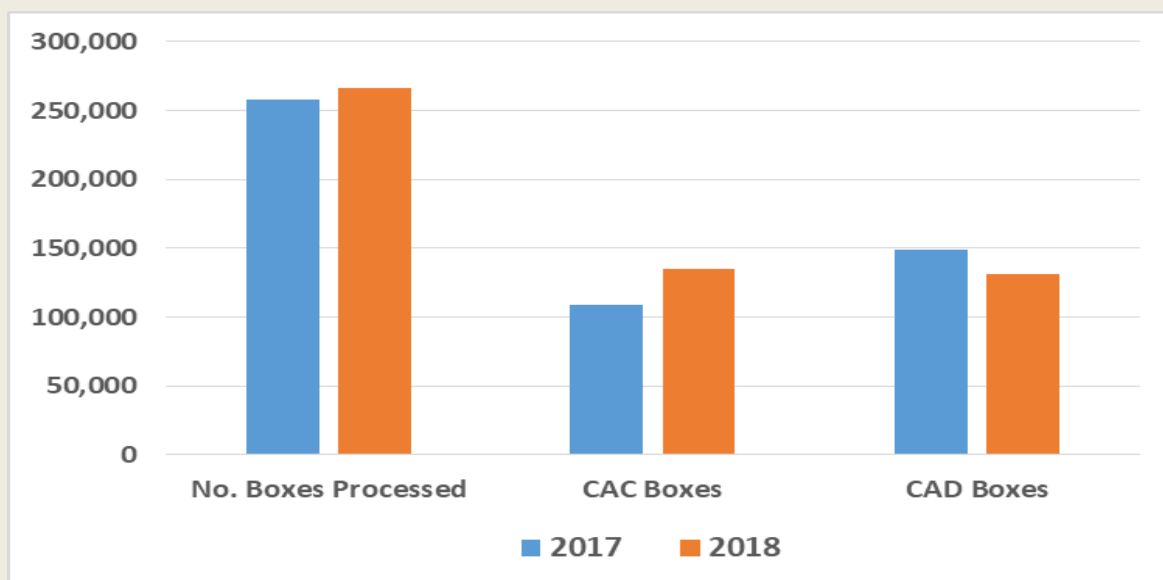
YEAR	CURRENCY PROCESSED			CURRENCY AUDITED	
	VOLUME (BOXES)	VOLUME (PIECES)	VALUE (₦ 'MILLION)	VOLUME (BOXES)	VALUE (₦' MILLION)
2013	256,499	2,564,990,000	1,748,340.00	257,734	1,775,330.00
2014	305,840	3,058,400,000	1,887,320.00	311,486	5,110,440.00
2015	476,619	4,766,190,000	2,742,543.00	-	-
2016	556,629	5,566,290,000	1,679,805.00	-	-
2017	258,007	2,580,070,000	1,482,414.00	-	-
2018	266,578	2,665,780,000	1,561,940.00	-	-

Table 1.10.2 COMPARATIVE ANALYSIS OF CURRENCY PROCESSED AND AUDITED (2017-2018)

Details	2017	2018
No. Boxes Processed	258,007	266,578
No. Pieces Processed	2,580,070,000	2,665,780,000
Value (₦ Million)	1,482,414	1,561,940
No. of Boxes Audited	-	-
CAC Boxes	109,142	134,978
CAD Boxes	148,865	131,600

Source: Currency Processing and Relationship Management Office

Figure 1.10.1 ANALYSIS OF CURRENCY PROCESSED AND AUDITED: (2017-2018)



A total of 2,665.78 million pieces or 266,578 boxes of banknotes valued at ₦1,561,940 million was processed in 2018, compared with 2,580.10 million pieces or 258,007 boxes of banknotes valued at ₦1,482,414 million processed in 2017

1.11 SHORTAGES DISCOVERED FROM CURRENCY PROCESSING

In 2018, a total of ₦436.5 million was discovered as shortages during processing of deposits from twenty-one (21) DMBs and Bankers Warehouse PLC. Out of the total, ₦324.9 million or 74.43 percent of the shortages were from four (4) DMBs. The volume of shortages discovered in 2018 decreased significantly by ₦23.02 million or 5.00 percent, compared with ₦459.52 million in 2017. The downward trend was attributable to sustained implementation of 50 and 200 percent penalty charges on shortages and counterfeits discovered in DMBs deposits respectively, which propelled the DMBs to strengthen their internal control mechanism.

Table 1.11.1 SHORTAGES DISCOVERED (2017-2018)

YEAR	Total (₦ Million)	% CHANGE
2017	459.52	N/A
2018	436.5	(5.27)

A total of ₦436.5 million shortages was discovered during currency processing of deposits from DMBs in 2018.

1.12 CURRENCY DISPOSAL

The Department sustained the banknotes disposal operations in 2018 to ensure the circulation of clean banknotes. In pursuance of this objective, the Department deployed twelve (12) Banknote Destruction Systems (BDS) and four (4) Currency Disintegrating Systems (CDS) for currency disposal activities during the period under review. As at the end of December 2018, a total of 1,810.63 million pieces or 181,054 boxes valued at ₦915,075.17 million was disposed, compared with 2,575.18 million pieces or 257,501 boxes valued at ₦977,231.78 million disposed in 2017. The boxes of unfit notes disposed in 2018 decreased by 76,447 boxes, while the value decreased by ₦62,156.62 million or 6.36 percent, compared with 257,501 boxes valued at ₦977,231.78 million disposed in 2017. (Tables 1.12.1 and 1.12.2 below)

Table 1.12.1 ANALYSIS OF BANKNOTES DISPOSED IN 2018 (Volume & Value)

DENOMINATION (₦)	BOXES	VOLUME(PIECES)	VALUE (₦ Million)	RATIO (%)
1000	50,539	505,390,000	505,390,000,000	27.91%
500	65,641	656,410,000	328,205,000,000	36.25%
200	29,427	294,270,000	58,854,000,000	16.25%
100	18,122	181,220,000	18,122,000,000	10.01%
50	5,598	55,980,000	2,799,000,000	3.09%
20	5,972	59,720,000	1,194,400,000	3.30%
10	3,626	36,260,000	362,600,000	2.00%
5	2,129	21,290,000	106,450,000	1.18%
MUTILATED NOTES	0	0	39,236,060	0
OLD/REDESIGNED NOTES		87,101	2,479,145	
TOTAL	181,054	1,810,627,101	915,075,165,205	100

Source: Currency Disposal Office

Table 1.12.2 ANALYSIS OF BANKNOTES DISPOSED IN VOLUME & VALUE (2014-2018)

Details	2014	2015	2016	2017	2018	% Change (2017 & 2018)
No. of Boxes	232,455	277,652	358,877	257,501	181,054	-29.69%
Value (₦' Million)	1,022,822	956,151.46	829,938	977,231	915,074	-6.36%

Source: Currency Disposal Office

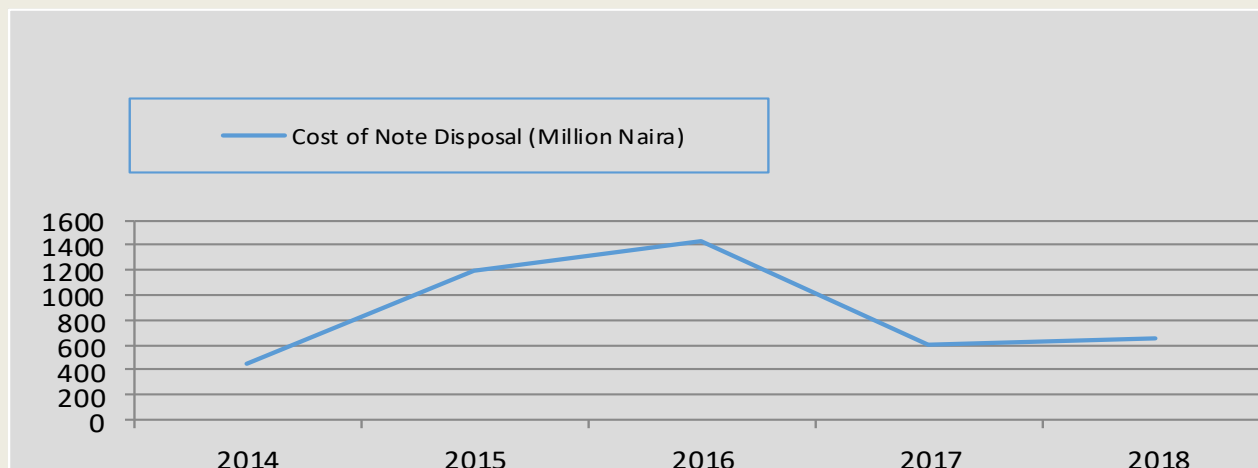
1.13 COST OF CURRENCY DISPOSAL

The sum of ₦662.21 million was expended on currency disposal and processing activities as at the end of December 2018, compared with ₦594.62 million incurred in 2017. This showed an increase of ₦67.59 million or 9.17 per cent. (Table 1.13.1 and Figure 1.13.1)

Table 1.13.1 COST OF NOTES DISPOSAL (2014-2018)

Year	Cost of Notes Disposal (₦' Million)	Changes (year-on-year) (₦' Million)	% Change
2014	443.53		-
2015	1,201.98	758.45	171
2016	1,437.34	235.36	19.58
2017	594.62	842.72	58.63
2018	662.21	67.59	11.37

Source: The Administrator's Office

Figure 1.13.1 COST OF NOTES DISPOSAL (2014-2018)

1.14 MUTILATED NOTES DISPOSED AND REPLACED

A total of 59,939 pieces of various denominations of mutilated banknotes valued at ₦39.24 million was audited, disposed and replaced in 2018, compared with 323,555 pieces valued at ₦70.74 million in 2017. This indicated a decrease of 81.47 percent in volume and a decrease of 44.53 percent in value. (Table 1.14.1)

Table 1.14.1 PAID & AUDITED MUTILATED NOTES DESTROYED (2014-2018)

YEAR	2014 (₦' Million)	2015 (₦' Million)	2016 (₦' Million)	2017 (₦' Million)	2018 (₦' Million)	% Change (2017-2018)
VALUE	31.41	43.26	101.61	70.74	39.24	-44.53%
VOLUME	0.1042	0.1002	0.2425	0.3236	0.0599	-81.47%

Source: Currency Disposal Office

A total of 59,939 pieces of mutilated currency notes valued at ₦39.24 million was disposed and replaced in 2018

To maintain the integrity of the banknotes in circulation, the Department continued to intensify its efforts at mitigating the incidences of counterfeiting activities in collaboration with DMBs, BW PLC. and Security Agencies, during the period under review. A total of 119,663 pieces of counterfeit notes with a nominal value of ₱98.82 million was recorded in 2018, indicating an increase of 1.30 percent in volume and an increase of 5.77 percent in value, compared with 118,126 pieces with a nominal value of ₱93.43 million recorded in 2017. The ₱500 and ₱1000 denominations were the most commonly counterfeited banknotes, which accounted for 65.29 percent and 34.49 percent respectively of the total counterfeit notes.

The counterfeit notes recorded during the year under review were mostly from four (4) sources, namely: Security Agencies, DMBs, CBN's 24 processing centers and BWH PLC. The ratio of counterfeit notes to volume of banknotes in circulation was 18 pieces per million, compared to 16 pieces per million banknotes discovered in 2017. The increasing trend of counterfeiting of higher denomination banknotes underscores the need for more concerted efforts in managing the risk. The Bank would, however, sustain its publicity campaign, collaborative efforts with security agencies and collation of data on counterfeits, to mitigate the incidences of counterfeiting.

The volume of counterfeit notes recorded as at the end of December 2018 was 119,663 pieces, with a nominal value of ₱98.82 million.

Table 1.15.1: COUNTERFEIT NOTES DISCOVERED BY DENOMINATION IN VALUE: JANUARY-DECEMBER 2018

DENOMINATION (₹)	VOLUME (PIECES)	VALUE (₹)	RATIO (%)
1000	78,133	78,133,000	65.29%
500	41,276	20,638,000	34.49%
200	242	47,800	0.20%
100	12	1,200	0.01%
50	0	-	0.00
20	0	-	0.00
10	0	-	0.00
5	0	-	0.00
TOTAL	119,663	98,820,000.00	100.00

Source: Currency Disposal Office

Table 1.15.2 RATIO OF COUNTERFEIT TO VOLUME OF BANKNOTES AND CIC (2017 & 2018)

Year	Volume of Banknotes in Circulation		Ratio of Counterfeit/ Volume of Banknotes (per million)	CIC		Ratio of Counterfeit /CIC(per million)
	Volume of Banknotes in circulation (Million)	Counterfeit		CIC (Million)	Counterfeit	
2016	6,691.90	120,869	18	8,691.63	120,869	14
2017	7,341.48	118,126.00	16	9,340.65	118,126.00	13
2018	6,769.90	119,663.00	18	9,256.63	119,663.00	13

Source: Currency Disposal Office/Planning and Logistics Office

2.0 CURRENCY OPERATIONS; OUTSOURCING POLICY

2.1 OUTSOURCING OF THE MAINTENANCE OF CASH SORTING/ DISPOSAL EQUIPMENT

During the year under review, the Bank had a total of 106 Banknotes Processing Systems (BPS 1000), 22 Currency Processing Systems (CPS 1800), 24 Banknotes Destruction Systems (BDS 400) and four (4) Currency Disintegrating Systems (CDS 500). Of the 106 BPS machines Bank-wide, G+D Currency Technology Africa Limited continued with the maintenance of 99 machines, excluding seven (7) BPS in Sokoto, which were not covered by the Service Level Agreement (SLA), due to the prolonged renovation of the Branch. Furthermore, 21 BPS under the SLA in Port Harcourt, Abuja, Calabar and Owerri Branches were not effectively utilized due to the ongoing renovations. Enclo Limited maintained six (6) CPS in five (5) locations of the Bank. In addition, the maintenance of twenty-two (22) BDS by G + D Currency Technology Africa Limited was sustained, while four (4) CDS were maintained by Interprods Limited in the disposal centers, during the period under review.

3.0 CLEAN NOTE POLICY

To ensure integrity, maintain public confidence and the circulation of clean notes in the economy, the Bank developed a Clean Note Policy and Banknote Fitness Guidelines. The policy provides that newly printed and used banknotes should conform to predefined currency management standards before circulation and re-circulation respectively, in the economy.

The Banknote Fitness Guidelines provide the industry with clear and acceptable criteria for determining the quality of banknotes in circulation. It provides guidelines on how to identify fit and unfit banknotes and the various degradation levels of banknotes, amongst others.

The two documents were produced by the Bank in collaboration with key industry stakeholders, which included Cash-in-Transit Companies (CITs), Deposit Money Banks (DMBs), Currency Processing Companies (CPCs) and other participants in the Nigerian Cash Management Scheme (NCMS).

The Bank, in addition, sustained the clean note policy during the review period. This entailed enlightenment focused on how cash users can identify the basic security features, proper handling habits and the consequences of sale of the Naira, hoarding and counterfeiting of the banknotes.

4.0 NIGERIAN CASH MANAGEMENT SCHEME (NCMS)

During the period under review, the Bank sustained its effort at the industrialization of cash management in Nigeria. The Bank adopted the tiered pricing mechanism, aimed at incentivizing DMBs to deposit lower denomination banknotes with CBN and forestall the re-circulation of unfit banknotes.

The CBN's Cash Activity Reporting Portal (CARP) application had gone live and teething issues were being handled; thereafter, the Bank began to transmit data on its Currency Management activities to NIBSS, the industry coordinator.

The updated Request for Proposal (RFP) in respect of the Integrated Cash Management Platform was reviewed to ensure its conformity with contemporary technological developments.

In furtherance of the Bank's efforts towards ensuring the circulation of premium quality banknotes, the Clean Note Policy & Banknotes Fitness Guidelines were developed in collaboration with industry stakeholders under the NCMS. The Management of the Bank approved the implementation of the two documents and penalties for infractions, during the period under review.

5.0 INCOME AND EXPENDITURE PROFILE

5.1 INCOME PROFILE

The Department generated an income of ₦7,954.33 million from penal charges on deposits of unsorted banknotes deposited by DMBs and charges for authentication of foreign currency deposits with the Bank. The amount represented an increase of ₦3,143.69 million compared with ₦4,810.64 million earned in 2017. The increase could be attributable to the additional income earned from the authentication and processing of foreign currency deposits by DMBs.

5.2 EXPENDITURE PROFILE

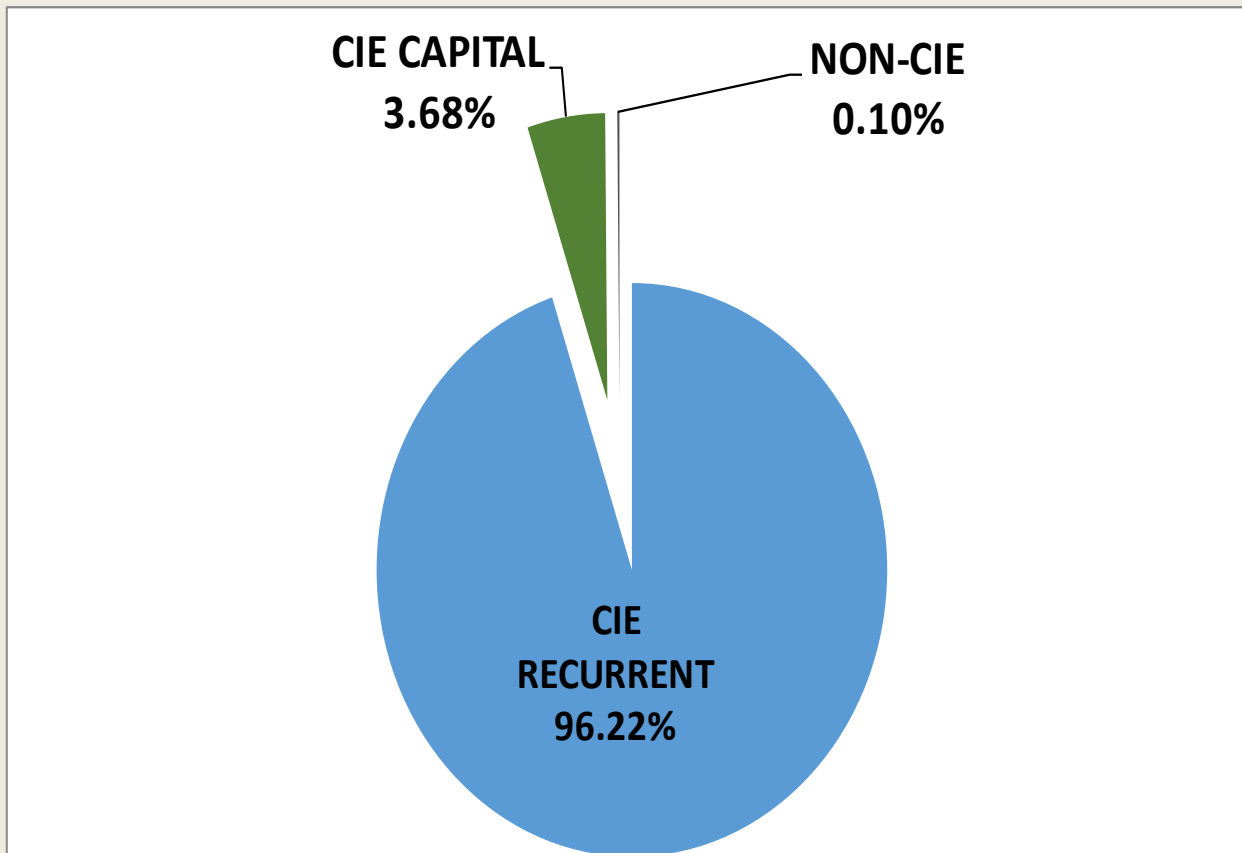
The Department expended a total of ₦73,582.90 million on currency operations in 2018, representing an increase of ₦16,550.34 million or 29.02 percent, compared with ₦57,032.56 million in 2017. Of the total expenditure, ₦70,800.00 million or 96.22 percent was incurred on CIE recurrent, ₦2,708.23 million or 3.68 percent on CIE capital and Non-CIE items accounted for the balance of ₦74.67 million or 0.10 percent. The CIE recurrent increased by ₦16,489.88 million or 30.36 percent, compared with ₦54,310.12 million in 2017. This was due largely to an upsurge in the volume of the indent and upward price review.

Further analysis of the CIE recurrent expenditure profile showed that the sum of ₦64,040.78 million or 90.5 percent was spent on printing of banknotes, ₦5,630.03 million or 7.96 percent on air charter and the balance of ₦662.21 million or 1.27 percent on currency notes disposal, during the period under review. (Table 5.2.1 and Figure 5.2.1)

Table 5.2.1: COD EXPENDITURE PROFILE (2017-2018)

	2017 (₹ MILLION)	2018 (₹ MILLION)	% Change
CIE RECURRENT	54,310.12	70,800.00	30.36
CIE CAPITAL	2,642.85	2,708.23	2.47
NON-CIE	79.59	74.67	(6.18)
TOTAL	57,032.56	73,582.90	29.02

Figure 5.2.1: COD 2018 EXPENDITURE PROFILE (IN PERCENTAGE)



6.0 CURRENCY MUSEUM

The Currency Museum received 7,555 visitors in the year 2018. This indicated an increase of 309 visitors or 4.26 percent, compared with 7,246 visitors in the year 2017. The increase could be attributed to the impact of the School Enlightenment Programme initiated by the Department during the period under review. The Department also acquired 18 additional artefacts during the period under review, bringing the total to 1,926 objects as against 1,908 recorded at the end of December 2017. The conservation of the artefacts, in collaboration with National Commission for Museums and Monuments (NCMM), was sustained during the period under review to preserve them from decay and deterioration.

The sum of ₦472,250.00 was generated from the sale of souvenirs in 2018, as against ₦222,700.00 in 2017. This showed an increase of ₦249,550.00 or 112.06 percent which was attributed to the introduction of new varieties. Furthermore, the Department hosted the 2018 International Museum Day, with the theme **“Hyper Connected Museums: New Approaches, New Publics”** on 15th May 2018 and commissioned a temporary exhibition as the highlight of the occasion.

The theme of the temporary exhibition was “The Naira: Our National Pride” as a replacement for “Counterfeit Money: Who Pays?” commissioned in 2014.

7.0 ISSUES AND CHALLENGES

The Department was confronted with a number of operational challenges, which included: sale of Naira notes; poor handling habits of banknotes by the public; hoarding of the Naira and high cost of currency management. Other constraints were rising incidences of counterfeiting of the higher denomination banknotes; public apathy in the usage of coins; disposal of banknotes waste in an eco-unfriendly manner, banknotes inter-leafing and other shortages discovered in the deposits of DMBs and Bankers Warehouse.

8.0 PROSPECTS AND THE WAY FORWARD

To address the above challenges, the Department will sustain efforts to conduct operational research and benchmark best practices to improve Currency Operations Management. The Department will continue in its collaboration with security agencies to mitigate the sale of Naira banknotes, through sting operations and other activities. Furthermore, the Department will sustain its intervention in addressing the sub-optimal circulation of lower denomination banknotes, through adequate supply and distribution in collaboration with DMBs. Also, the recycling of banknotes waste to reduce the carbon footprints will remain a major focus of the Department. To stem the tide of sale of Naira notes, curb counterfeiting and poor handling of the Naira notes, the Department will continue to strengthen its collaboration with relevant stakeholders in the Harmonized Publicity Campaign and leverage the cashless policy.

The Department has commenced the process for the establishment of a Currency Laboratory to facilitate adjudication, banknotes evaluation and other tests for quality improvement. The Department will continue to engage the NSPM PLC, to facilitate timely delivery of the indent, liaise with the Bankers' Committee and the Committee of Heads of Bank Operations (CHBO) for DMBs to strengthen their internal control mechanisms. This is with a view to minimize the incidences of shortages, deliberate mutilation, inter-leafing and counterfeits discovered during currency processing.

LIST OF ABBREVIATION AND ACRONYMS

AE	Awaiting Examination
BC	Branch Controller
BDC	Bureau De Change
BDC	Banknotes Destruction System
BOD	Branch Operations Department
BPE	Bureau of Public Enterprises
BPS	Banknotes Processing System
BWH	Bankers Warehouse PLC
CAC	Counted and audited clean
CAD	Counted and audited dirty
CBN	Central Bank of Nigeria
CIT	Cash-In-Transit
COD	Currency Operations Department
COG	Committee on Governors
CDS	Currency Disintegration System
CIC	Currency In Circulation
CIE	Currency Issues Expenses
CPDA	Currency Processing and Disposal Assistant
CPS	Currency Processing System
DMB	Deposit Money Bank
EUR	Euro
FCT	Federal Capital Territory
FIFO	First in First Out
GBP	Great Britain Pound
G&D	Giesecke & Devrient
GDP	Gross Domestic Product
HRD	Human Resources Department
ICMS	Integrated Cash Management Services
ITD	Information Technology Department
LSD	Legal Services Department
MDA	Ministries, Departments & Agencies
MINT	New Banknotes
NCMS	Nigerian Cash Management Scheme
NSPM PLC	Nigerian Security Printing and Minting PLC
PROJECT CURE	Currency Restructuring Exercise
OVI	Optical Variable Ink
OBIS	Optical Banknote Inspection System
PTA	Personal Travelling Allowance
RMD	Risk Management Department
SAR TC	Saudi Riyal Travelers Cheques
SSD	Security Services Department
SLA	Service Level Agreement
TE	Time Expired
USD	United States Dollar

REFERENCES

Inputs from Offices in Currency Operations Department
 GDP Data From Statistics Department, Central Bank of Nigeria, Abuja.