



Central Bank of Nigeria

CBN UPDATE

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Godwin Emefiele Unveils 5 -Year Policy Thrust

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Introducing CBN UPDATE



There is a growing consensus that the main mandate of modern central banking in the emerging market economies should extend beyond the price and monetary stability mandate. This has become necessary given the high unemployment rate, widespread poverty with a huge number of the population excluded from access to finance.

The foregoing, no doubt, prompted the Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele to declare on assumption of office that he would reposition the CBN to be the people-focused Bank and ensure that its policies impact more positively on the people.

In fulfillment of this declaration, the CBN Governor, through relevant departments of the Bank rolled out various initiatives, programmes and policies in order to confront these challenges and trigger improvements in the socioeconomic conditions of the people.

In recent times, the Bank's policies have become dynamic,

especially as they relate to agriculture, infrastructure and intervention initiatives in the real sector of the economy. Stakeholders and the general public crave for up-to-date information to enable them make informed choices, particularly with regard to developments in the payments system, the cash-less economy, agribusiness, consumer rights, financial technology, foreign exchange market and currency management issues, among others.

We have come to realise that the traditional bi-monthly Monetary Policy Communication focuses on addressing the finance and investment industry experts and analysts, the academia and foreign investors. This development has created huge communication gap among larger segments of economic agents such as the Micro, Small and Medium Enterprises (MSMEs), other small-holder farmers and artisans. As a means of bridging this information gap, the **CBN UPDATE**, a monthly news magazine, is designed to present fresh news of CBN initiatives, programmes and policies to the reading public.

CBN UPDATE is aimed at bringing to the door step of every Nigerian, the activities of the Bank and players in MSMEs subsector of the economy. The essence is to enable them appreciate the mandate of the CBN, its various initiatives and how to take advantages of such

activities in their economic lives. Given the above, we have adopted an editorial style that attempts to simplify the hardcore professional language of economics and finance into readable prose that could be readily understood.

Aside from the lead story, stories will be drawn from the current activities and initiatives of various departments of the Bank. Simple graphics and statistical illustrations that show trends, updates and landmark achievements in the various aspects of the Bank's mandate will be highlighted.

The objective of the publication is to regularly familiarize our stakeholders and the Nigerian public with the CBN activities in line with the CBN Governor, Godwin Emefiele's desire to reposition the CBN as the people-focused Bank.

I therefore count it an honour and privilege to introduce the **CBN UPDATE** for your reading pleasure.

Isaac Okoroafor
Editor-in-Chief

Godwin Emefiele Unveils 5-Year Policy Thrust

By: Mohammed Haruna



The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has unveiled his five-year policy direction for the Bank.

The policy thrust which targets double digit growth, single digit inflation, \$12 billion non-oil exports by 2023 and increase financial inclusion to 95 percent by 2024, was delivered at a world press conference in Abuja.

Governor Emefiele listed CBN priorities over the period to include preservation of domestic macroeconomic and financial stability; fostering the development of a robust payments system infrastructure that will increase access to

finance for all Nigerians thereby raising the financial inclusion rate in the country and working with the Deposit Money Banks (DMBs) to direct more focus in supporting the education sector, improve access to credit for not only small holder farmers and MSMEs, but also consumer credit and mortgage facilities for bank customers.

He announced a bank recapitalisation that will see banks increasing their capital base above the current N25billion minimum level.

According to the Governor, when the scheme becomes effective, banks will be required to maintain higher level of capital

and liquid assets to reduce the impact of an economic crisis on the financial system.

Also, the CBN would launch a Trade Monitoring System (TRMS) in October, 2019 which is an automated system to reduce the length of time required to process export documents from one week to a day, adding that, the measure will help support efforts at improving non-oil exports of goods and services.

According to him, emphasis will also be placed on improving speed and efficiency of payment channels, while working to ensure that digital channels are safe and secure as this will help to build confidence in the nation's

payments system.

Emefiele said to improve utilisation rate, the CBN would continue to ensure that payments channels are interoperable, to enable individuals with digital devices to transact across different banks or payment modes.

He said the CBN would further work with NIBSS, banks and Fintechs in developing a regulatory sandbox to enable the testing of financial innovations by Fintechs and banks in order to assess its impact on the growth and safety of our financial system."

The Governor stated he will strive to grow the external reserves, reduce unemployment and support efforts at diversifying the economy through the CBN intervention programmes in the agriculture and manufacturing sectors while adding that the programmes would be extended to the youth population who possess entrepreneurship skills in the creative industry. He expressed confidence that when implemented, these measures will help to insulate the economy from potential shocks in the global economy.

He added that the Bank would leverage monetary policy tools in supporting a low inflation environment, while seeking to maintain stability in exchange rate with key emphasis on supporting improved GDP growth and greater private sector investment as decisions by the Monetary Policy Committee on inflation and interest rates

would also be dependent on insights generated from data on key economic variables.

The CBN governor said monetary policy measures would be geared towards containing inflationary pressures, and while working with other stakeholders will support improved productivity in the agricultural and manufacturing sectors to reduce the cost of food items which has considerable weight on inflation.

He added that the CBN would boost productivity growth through the provision of improved seedlings, as well as access to finance for rural farmers in the agricultural sector, across 10 different commodities namely Rice, Maize, Cassava, Cocoa, Tomato, Cotton, Oil-palm, Poultry, Fish and Livestock/Dairy noting that the choice of these crops is driven by the amount spent on the importation of these items into the country, and the over 10 million jobs that could be created over the next five years if efforts are made to expand cultivation and processing of these items in Nigeria.

He said that series of engagements with importers and producers of these products have led to commitments to install or expand their production capacities in Nigeria in the hope that these measures will help to boost domestic outputs and improve annual non-oil exports receipts from \$2 billion in 2018 to \$12 billion by 2023. He said "CBN intervention programmes would strengthen the linkage between farmers and agro-

processors/manufacturers by ensuring that the output of farmers is purchased by agro-processors/manufacturers."

He noted that the ultimate objective is to anchor the public's inflation expectation at single-digit in the medium to long run as a low and stable inflationary environment is essential to the growth of the economy because it will help support long term planning by individuals and businesses and also help to lower interest rates charged by banks to businesses thereby facilitating improved access to credit and a corresponding growth in output and employment.

Emefiele also said the CBN would continue to operate a managed-float exchange rate regime in order to reduce the impact which continuous volatility in the exchange rate could have on the economy adding that the country remained committed to a free trade regime that is mutually beneficial and particularly aimed at supporting domestic industries and creating jobs on a mass scale for Nigerians while the dynamics of global trade continues to evolve in advanced economies.

On the drive to increase non-oil export earnings, the Governor said the CBN would support measures to increase and diversify Nigeria's exports base and help in shoring up reserves by aggressively implementing the N500 billion facility aimed at supporting the growth of our non-oil exports, which will help to improve non-oil export earnings.

155,732 Cotton Farmers Get Uplift

...receive improved Cotton Seeds

By: **Olusola Amadi**



In a bid to boost economic growth and development, the Central Bank of Nigeria (CBN) has made a net disbursement of ₦21.9 billion to 155,732 smallholder cotton farmers across the federation to increase cotton production from 80,000 tonnes produced in 2018 to over 300,000 tonnes by 2020.

To revive the Cotton, Textiles and Garments (CTG) sector in Nigeria, the Bank has also engaged in the distribution of high-yielding varieties of cotton seeds to farmers and provided extensive trainings on proper farming techniques to boost the production of high-grade cotton lint at much improved yields of up to four tonnes per hectare from the current cultivation rate of less than one tonne per hectare.

The genetically modified cotton seeds include a gene that makes it pest-resistant, are suitable for all growing areas in the country, matures early and have better fiber strength and length.

The CTG sector plays an important role in the economic development of any nation as it contributes to its Gross Domestic Product (GDP) and also creates jobs and income for farmers.

It is hoped that the intervention by the Bank will assist smallholder farmers to grow from subsistence to commercial production levels thereby significantly improving local production, increase participation of farmers who had previously been discouraged from producing cotton, boost supply to the textile and garment industry, stimulate job creation, reduce importation and conserve external reserves.

New Standard for Non-Interest Banking in Nigeria

By: **Ruqayyah Mohammed**

The Director, Banking Supervision Department (BSD), Alhaji Ahmed Abdullahi, has disclosed that Central Bank of Nigeria (CBN) has adopted the Islamic Financial Services Board (IFSB) Standards 4, 15 and 16 on disclosure requirements, capital adequacy computation and supervisory review process for non-interest banking in Nigeria.

He made this known during a workshop with stakeholders from non-interest banks and other financial institutions, which held at the CBN International Training Institute, Abuja.

With this development, he hoped that the implementation of the standard would strengthen non-

interest banks and other financial institutions' capital adequacy and risk management practices.

The CBN has issued a number of circulars and guidelines for the regulation and supervision of Non-Interest Financial Institutions (NIFIs) in line with international best practices aimed at promoting sound financial system in the country.

This has created an enabling environment for the Islamic banking model to thrive and grow in Nigeria from hitherto two participants in 2011 to seven in 2019.

Mr. Sunday Thompson who represented the Director, Banking Supervision Department, also disclosed that CBN had issued six

Guidance Notes and Capital Adequacy reporting template in tandem the unique propositions of the Islamic Financial System, based on the underlying Shariah principles that have universal applications, which advocate the prevention of harm or attainment of benefits as all Islamic finance must be ethical and fair.

The IFSB is the international standard-setting body established to regulate and supervise agencies that have vested interest in non-interest banking services, as well as ensuring the soundness and stability of the Islamic financial services industry, which defined broadly to include banking and capital market.

ABP: Seventeen Commodities Receive Credit Boost ...Cocoa, Tomato, Oil Palm, Others

By: Ruqayyah Mohammed



A total of 1,277,362 small-holder farmers have received credit facility totaling a net sum of ₦205,818,302 billion through the Anchor Borrowers' Programme of the Central Bank of Nigeria (CBN) across seventeen commodities.

The commodities targeted are rice, cocoa, tomato, oil palm, wheat, cotton, soya beans, cassava, poultry, groundnuts, maize, fish, cattle, castor seed, sesame, sorghum and ginger.

The Governor, Mr. Godwin Emezie, stated that the choice of these commodities by the CBN was driven by the huge amount spent on importing them into the

country and the attendant drain on foreign reserves.

He promised that the CBN is poised to boost productivity, growth and employment through the provision of improved seedlings and to extend access to finance for rural farmers in the agricultural sector, which has the capacity to create 10 million jobs within the next five years.

In furtherance of these efforts, the Bank has also held series of engagements with agro-processors of these products in which they expressed commitment to install and expand their production capacities in Nigeria.

The Anchor Borrowers' Programme was launched in 2015 and is geared towards supporting the growth of agriculture in line with CBN developmental initiatives in order to create a linkage between small-holder farmers of key agricultural commodities and anchor companies involved in agro-processing.

The intervention programme has yielded significant progress both in farmers' participation and funds disbursed and it is expected that within the next 5 years will ensure the purchase of the outputs of farmers and strengthen the linkage between farmers and agro-processors/manufacturers.

SANEF Records 70,000 Partner-Agents in Nigeria

By: **Olusola Amadi**

As part of the five-year policy thrust of the Governor, Central Bank of Nigeria, Mr. Godwin Emefiele, to broaden access to financial services to individuals in underserved parts of Nigeria, the Shared Agent Network Facility (SANEF) has registered over 70,000 partner-agents nationwide.

The initiative involves onboarding 40 million low income and underserved Nigerians into the financial system, increasing financial access points from the current 50,000 to 500,000 by 2020 and deepening access to mobile and digital financial products and services such as savings accounts, micro loans, insurance and pensions.

It is expected that these will enable customers to perform basic financial services such as: account opening, cash deposits and withdrawals, funds transfer as well as bills payment.

The project according to the Governor seeks to deepen

financial inclusion in Nigeria through an integrated ecosystem with strong regulatory oversight, consumer protection and interoperable systems. This will create a platform for Nigerian owned financial services companies to grow whilst empowering and creating jobs for Nigerians.



SANEF (Shared Agent Network Expansion Facility) is a project powered by the Central Bank of Nigeria, Deposit Money Banks, Nigeria Inter-Bank Settlement Systems, Chartered Institute of Bankers of Nigeria, licensed Mobile Money Operators and Shared Agents with the primary objective of accelerating financial inclusion in Nigeria.

New Banks Get Licenses

By: **Williams Kareem**

The Central Bank of Nigeria (CBN) has granted commercial banking license to three new commercial banks. Two of the new banks: Titan Trust Bank Limited and Globus Bank Limited have been granted regional authorization while the third, TAJ Bank Limited, received a license for non-interest banking with regional authorization.

With the latest development TAJ Bank becomes the second bank after Jaiz Bank to operate non-interest banking in Nigeria.

According to CBN regulations, a commercial bank with regional

banking authorization shall maintain a minimum paid-up share capital of ₦10 billion and shall be entitled to carry on its banking business operations within a minimum of six (6) and a maximum of twelve (12) contiguous States of the Federation, lying within not more than two (2) geo-political zones of the Federation, as well as within the Federal Capital Territory (FCT).

The CBN requires a minimum capital base of ₦10 billion for national non-interest banks and ₦5 billion for regional non-interest banks. With this development, the number of

commercial banks with national authorization is now eleven, while commercial banks with regional authorization stands at three.

Commenting on this development, analysts have commended CBN for licensing additional banks which they said was a welcome development that would not only expand the banking sector by increasing the level of investments but also cater to the needs of over 50 million Nigerians who are financially excluded.

Oil Palm Producers Get Lifeline

By: Ruqayyah Mohammed



The Central Bank of Nigeria (CBN) has given oil palm producers a lifeline aimed at reviving the oil palm sector to its past glory as a major contributor to forex earnings.

This is in line with the federal government's economic diversification programme to ensure improved massive production of palm oil to meet local market demand and increase export to conserve foreign exchange, reduce importation of the commodity and create jobs.

The Governor of Central Bank of

Nigeria, Mr. Godwin Emefiele, during a one-day palm oil value-chain stakeholders' forum noted that, Nigeria was the world's leading producer and exporter of oil palm in the 1950's and 1960's with about 40 percent of the global market share and lamented that currently, the country barely produces up to 3 percent of the global supply of palm oil which has led to a huge loss of \$10 billion annual foreign exchange earnings.

In strict adherence to the presidential directive to stop the importation of palm oil, the CBN has developed an active work

plan with the Bankers' Committee to subsidize interest rates for palm oil producing companies, who were the first beneficiaries of the intervention, to expand their oil palm plantations with the ₦30 billion disbursed so far.

Consequently, in order to meet the Bank's target of ensuring the local production of 7million tonnes of palm oil by 2020, the Bank will be financing large-scale palm oil producing companies who will be working with the local farmers to obtain high quality oil palm seedlings and ultimately boost palm oil outputs.

CBN Releases Guidelines on Disclosure and Transparency

By: **Olusola Amadi**

In furtherance of its efforts to drive financial inclusion and ensure a stable financial system in Nigeria, the Central Bank of Nigeria (CBN) has released fresh guidelines to give effect to the Disclosure and Transparency Principle contained in the Consumer Protection Framework (CPF) for Financial Institutions (FIs) under its regulation.

The guidelines provide standards for consumer service, market discipline, fair treatment of customers, minimum disclosure and transparency requirements to ensure they provide consumers with all material and relevant information regarding their business relationship in a clear and transparent manner.

FIs are to comply with the following general provisions:

contracts, offer letters, statements of account, notices and other documents provided or made available to consumers shall be written in clear, legible and simple English language and in a minimum font size of 10.

Also, FIs must state the name, contact details of the consumer and the financial institution with a statement that the FI is regulated by the Central Bank of Nigeria. In addition, a copy of the document is to be given to the consumer in a durable medium for future reference.

The Guidelines shall apply to all transactions by financial institutions licensed and regulated by the Central Bank of Nigeria and their agents, subsidiaries and associates. These include Commercial Banks, Merchant

Banks, Specialized Banks, Micro-finance Banks (MFBs), Development Finance Institutions (DFIs), Finance Companies (FCs), Bureaux-de-Change (BDCs), Primary Mortgage Banks (PMBs), Credit Bureaux, Mobile Money Operators, Payment Service Banks, Switching Companies, Payment Solution Service Providers, Payment Terminal Service Providers, Non-bank Acquirer, Super Agents and Mobile Money Operators.

Financial Institutions, the Bank stated further, shall also ensure that the provisions of the Guidelines form part of any consumer related transaction, product or service agreement they may enter into with any other institutions which are otherwise not regulated by CBN.

Banks Increase Lending to Private Sector

By: **Daba Olowodun**



The first quarter of 2019 registered an appreciable increase in the lending rate by the banking industry to the private sector.

This increase is a welcome development in light of the tottering rates witnessed in 2018. Q1 and Q2 2018 witnessed a steady decline in lending rates. The situation improved in the Q3 only to nose dive again in Q4 2018.

The lending rates for Q1 2019, as recorded by the National Bureau of Statistics (NBS) therefore ushers a glimmer of hope which is expected will be further strengthened with the new CBN policies being rolled out to encourage lending in the private sector.

Banks Get Guide To Real Sector Investment

By: Williams Kareem and Olusola Amadi

In its quest to achieve increased growth of the economy through investments in the real sector, the Central Bank of Nigeria has approved some measures to be carried out by Deposit Money Banks (DMBs) in Nigeria.

In a circular dated 3rd July, 2019, and signed by the Director of Banking Supervision, Ahmad Abdullahi, the DMBs have been required to maintain a minimum Loan to Deposit Ratio (LDR) of 60% by September, 2019 and the ratio would be subject to a quarterly review.

The circular also stated that “to encourage SMEs, Retail,

Mortgage and Consumer Lending, these sectors shall be assigned a weight of 150% in computing the LDR for this purpose. The CBN shall provide a framework for classification of enterprises/businesses that fall under these categories”.

Furthermore, the circular warned that failure to meet the stated minimum LDR by the specified date shall result in a levy of additional Cash Reserve Requirement equal to 50% of the lending shortfall of the target LDR.

The policy it will be recalled is in line with the CBN Governor Godwin Emefiele's 5-year policy

thrust aimed at encouraging banks to boost credit to critical sectors of the economy.

Recently, the Governor of Central Bank of Nigeria, Mr. Godwin Emefiele, in a paper titled, “5-year Policy Thrust of Central Bank of Nigeria (2019 – 2024)” delivered at a world press conference, unveiled his plans for his second term as the CBN Governor, highlighting among other issues, the Bank's resolve to encourage banks and financial institutions to lend from their balance sheet in order to support the growth of critical sectors of the economy, such as Agriculture, MSMEs and the Real Estate Sector.

CBN Liberalises Money Wallet Services Approval

By: Williams Kareem



The Central Bank of Nigeria (CBN) has liberalized its approval to Deposit Money Banks (DMBs) to offer mobile money wallet services. This was done to reinforce the commitment of the Bank towards deepening financial inclusion, in line with its

objective to achieve the national financial inclusion target of 80% by 2020.

In a circular dated 4th July, 2019, issued by the Payments System Management Department of the Bank, DMBs shall henceforth not require prior approval to offer mobile money wallet services.

The Department hinged its decision on the recent growth in agent banking services under the Super Agent and SANEF initiative and in recognition of the increasing demand for no-frills mobile money service.

DMBs are however, expected to notify the CBN before the commencement of mobile wallet services and are required to operate within the extant regulations on mobile money operations.

The Governor of Central Bank of Nigeria, Mr. Godwin Emefiele has said that the Bank intends to broaden access to financial services to individuals in underserved parts of the country adding that his ultimate objective is to ensure that 95 percent of eligible Nigerians have access to financial services by 2024.

CISS to Enhance Banking Data Management

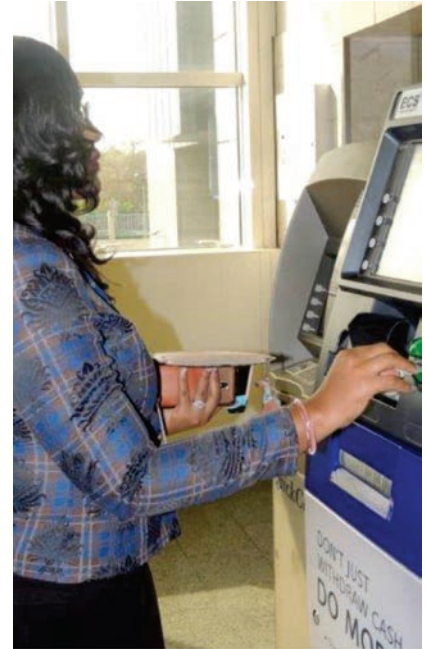
By: **Olusola Amadi**

The CBN has launched the CBN Automated Information Sharing Service (CISS) to enhance customer data management and drive financial inclusion.

The service is used for retrieving customer financial information (e-statement) directly from bank applications into a central repository in CBN where other CBN stakeholders can leverage for their various supervisory and data driven policy decisions. The first phase involves 27 banks (Deposit Money Banks and Merchant banks), while Phase 2

intends to bring other financial institutions to the platform.

This is in line with the 5-year policy thrust of the Governor of the Central Bank of Nigeria, Mr. Godwin Emefiele, to foster the development of a robust payments system infrastructure that will increase access to finance for all Nigerians, raising the financial inclusion rate in the country and working with DMBs to improve access to credit for MSMEs, consumer credit and mortgage facilities for bank customers.



Frequency, Volume of Sale of Securities Decline - CBN

By: **Daba Olowodun**

Open Market Operations

The Central Bank of Nigeria (CBN) has reduced the frequency and quantity of Open Market Operations (OMO) auctions.

This move is in tandem with the recently released guideline on the "Regulatory Measures to Improve Lending to the Real sector of the Economy".

As part of the CBN Governor's economic blueprint for the next five years, this initiative was to facilitate growth in the real sector through the provision of credit by financial institutions.

With reduced OMO auctions by the CBN, analysts have said that there will be increased liquidity in the financial market, which will in

turn increase the lending capabilities of DMBs, Merchant Banks and other money agents. This they opined will increase access to credit for Small and Medium Enterprises, and other players in the real sector.

BVN Subscribers to hit 100m in 5 Years

By: Louisa Okaria



The Central Bank of Nigeria (CBN), has pledged to increase the figures of bank customers enrolled on the Bank Verification Number (BVN) system from 38 million to 100million in the next five years.

This is to address the constraint that poor identification has on the availability of credit to prospective banking customers, particularly, those in the informal sector.

According to recent figures released by NIBSS on July 14, 2019, over 38 million active banks accounts are currently linked with BVN and the CBN has pledged to increase the figures within the next five years through its proactive measures.

A modern risk management and security tool, the BVN is a biometric identification system instituted by the CBN in line with the CBN Act 2007. This was put in place to reduce the menace of fraud in the banking system and curb incidences of unethical banking transactions in Nigeria.

DMBs Woo Loan Seekers

By: Daba Olowodun

Deposit Money Banks (DMBs) have gone all out to seek out those in need of loans for business or personal use in order to grant them easy access to loans, in some cases, without collateral.

With increased collaboration with credit bureau operators, the deposit money banks are now positioned to identify and locate credit worthy individuals and organizations to extend loans. Based on the information received from the credit bureau, the DMBs have begun to send e-mails to credit worthy customers, detailing the loans they are eligible to receive based on their credit score.

Such loans would then be accessed via a USSD code of the

bank and the customer is credited instantly without a visit to the bank or collateral.

The increased drive for loan seekers by the banks, comes in response to the directive by the Central Bank of Nigeria (CBN) that all DMBs maintain a minimum Loan to Deposit Ratio (LDR) of 60% by September 2019. The directive was given to ramp up the growth of the Nigerian economy through investment in the real sector by improved lending.

The Director of Banking Supervision, Mr. Ahmed Abdullahi, stating further in the directive said that failure to meet the prescribed minimum ratio by the specified date would result in a levy of additional Cash Reserve

Requirement equal to 50% of the lending shortfall of the target LDR.

With this development, the Central Bank of Nigeria has ensured that Nigerians seeking to expand their business operations can with viable business plans, have easy access to loans in order to boost employment generation activities in the country and drive economic growth.

Thus, individuals with feasible business plans can approach any Deposit Money Bank and access a loan either directly from the bank or any of the CBN credit facilities that may apply.

World Class Contact Center at the CBN

By: Daba Olowodun

The Central Bank of Nigeria has expanded the operations of its contact center to better cater to the needs of the Nigerian populace. With state-of-the-art equipment, the center boasts about 89 agents across all the departments of the Bank to attend to enquiries and complaints from the public.

Agents can be reached at the center via e-mail and phone

calls from 8am to 4pm, Mondays through Fridays. The number to call is **07002255226**.

E-mails can be sent to **contactcbn@cbn.gov.ng**. Furthermore, the Consumer Protection Department of the CBN can be reached directly via e-mail at **cpd@cbn.gov.ng**.

The Central Bank of Nigeria is committed to its mission of

establishing a stable framework for the economic development of Nigeria, and as such, considers every feedback received from the public as invaluable, hence the drive to ensure that communication lines between the CBN and the public are open and easily accessible.

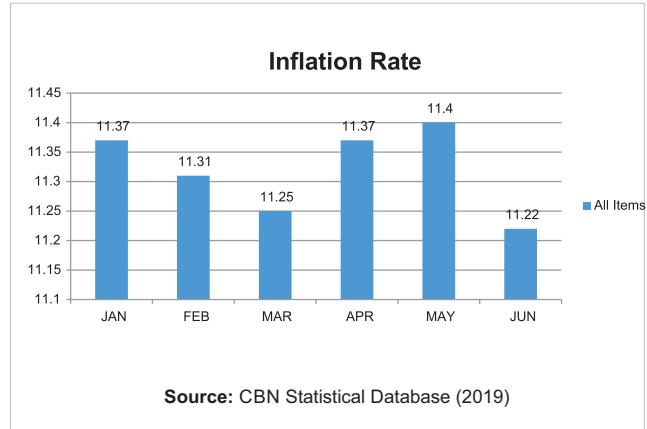


Inflation Rate Drops in Q2 2019

By: Ijeoma Onuogu

The Nigerian inflation rate has remained relatively stable at 11%. From January to June, 2019 according to the CBN Statistical Database (2019) figures.

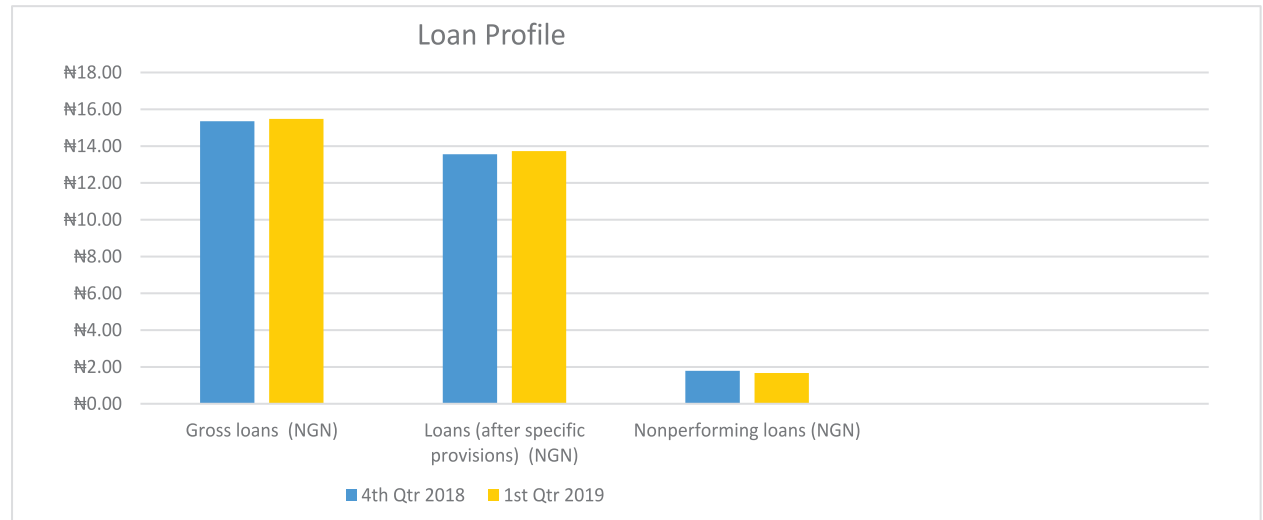
From January to March, the inflation dropped from 11.37 to 11.31 by 0.6 in March, 2019. Inflation rate however increased to 11.37% as in January by April and appreciated further to 11.40% before declining to an all-time low of 11.22% in June, 2019. While there was a steady decline in inflation in the first quarter, there was a sharp rise and decline in the second quarter of 2019.



Non-Performing Loans Decline in Q1 2019

By: Olusola Amadi

NB: Currency is in trillions



Source: National Bureau of Statistics

A decline has been noted in the number of non-performing loans by ₦115.977 billion between Q4 2018 and Q1 2019 in Nigeria. This is according to data released by the National Bureau of Statistics (NBS).

Figures reveal that in Q1 2019, gross loans recorded stood at ₦15.480 trillion while loans after specific provisions were recorded at ₦13.73tn. The ratio of the non-performing loans to total loans was 10.83 per cent, while non-performing loans to total loans after specific provisions was 12.2 per cent.

While ₦13.56tn and ₦15.35tn were recorded as loans after specific provisions and gross loans respectively in Q4 2018. The figure of non-performing loans was ₦1.792tn, while the gross loans and loans after specific provisions were ₦15.353tn and ₦13.562tn respectively.

This decline can be attributed to be a result of risk management measures embarked upon by the Central Bank of Nigeria to mitigate the effects of NPLs on banking stability.

ATM Transactions Trump Other Payment Channels

By: Ruqayyah Mohammed

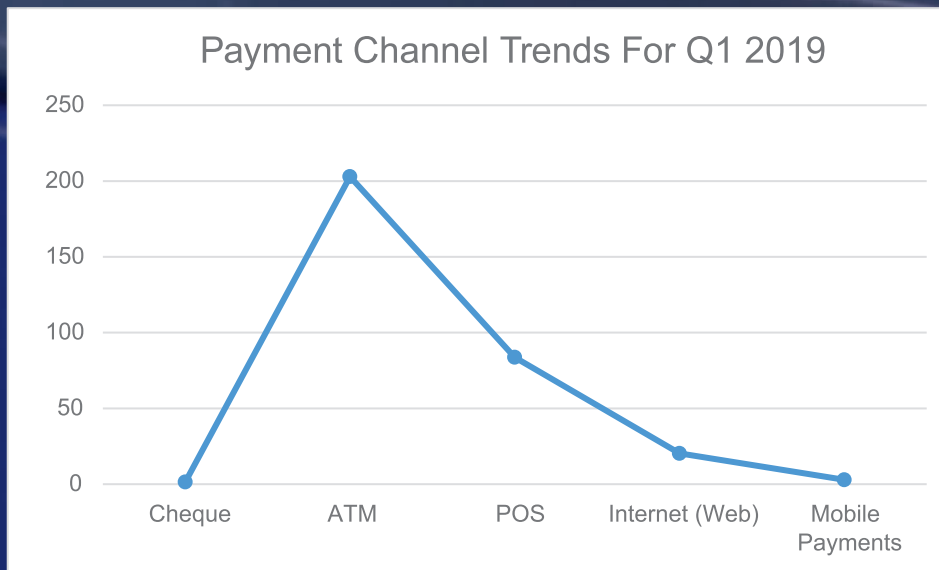
A total volume of 202,959,732 transactions were recorded in Automated Teller Machine (ATM) transactions in payment channels in the Nigerian banking sector according to figures released by the National Bureau of Statistics (NBS).

Automated Teller Machine (ATM) transactions dominated the volume of transactions recorded at 202.959,732 million valued at ₦1.539 trillion in Q1 2019. Cheque transactions garnered 1.4 million in volume, valued at more than ₦1.15 trillion, while Point of Sale (PoS) transactions got a

rise of 83.07 million, valued at ₦633.30 billion.

The massive increase can be attributed to the drive of the Central Bank of Nigeria to further push the cash-less policy in the country.

NB: Values are in millions



Source: National Bureau of Statistics

95% Financial Inclusion Rate by 2024 - Emefiele

By: Daba Olowodun



The Central Bank Governor and Chairman of the National Financial Inclusion Steering Committee, Godwin Emefiele, has announced a Financial Inclusion target rate of 95% by 2024.

This was revealed during the World Press Conference held on 24th June, 2019, where he unveiled his 5-year agenda for the Nigerian Economy.

The revised National Financial Inclusion Strategy places implementation focus on women, youth, Micro Small and Medium Enterprises (MSMEs) and rural areas.

The drive for financial inclusion is premised on the fact that financial inclusion drives economic growth. According to

the World Bank, it is a key enabler to reducing poverty and boosting prosperity. Financial Inclusion provides an opportunity for the underserved to build assets.

Inclusion in financial services provide the means for poor families to acquire land, construct or improve their home, purchase livestock and consumer durables or expand their businesses. This will in turn boost the per capita income, the national GDP and consequently the economy.

Trends in Value of POS Transactions

By: Louisa Okaria

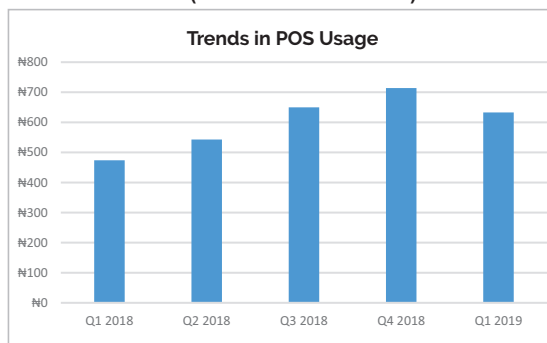
The value of electronic payment transactions through Point of Sale (POS) recorded in Q1 2019 is ₦633.8 billion.

According to the data from National Bureau of Statistics (NBS), the value of transactions dropped from ₦714bn in Q4 2018 to ₦633bn in Q1 2019.

This decrease could be traced to a high demand in goods and services during the festive season in the last quarter of 2018.



NB: (Values are in Billions)



Source: National Bureau of Statistics

However, compared to Q1 2018, there is a high improvement in inclusion of POS in Nigeria payments system as it is increasingly gaining acceptance within the country, thus enhancing the cash-less policy drive and reducing high exposure of handling cash.

CBN Will Meet All FX Demands – Emeziele

By: Ademola Bakare

The Central Bank of Nigeria Governor, Mr. Godwin Emeziele, has assured genuine investors of the Bank's readiness to meet all forex demands in as much as the nation's reserves are above \$30bn and the international prices of crude oil does not go below \$45.

Mr. Emeziele made this assurance at his recent meeting

in London with selected foreign investors whom he had gone to woo in his renewed bid amid signs of growing backlog of foreign exchange demand.

He assured them that his reappointment as the Governor of the Nation's Bank is the continuity of his various policies aimed at maintaining price and monetary stability in the bid to achieve higher growth rates in

the country within the next five years.

He also assured his guests that the CBN will not devalue the Naira unless the reserves dip below \$30bn which he sees as not possible considering various policies of the federal government to diversify the economy.

ECOWAS Adopts Eco As Currency

By: Louisa Okaria



Fifteen West African nations that make up the Economic Community of West African States (ECOWAS) have adopted a flexible currency regime after making considerable progress on plans for a single currency.

This was made known after the meeting of heads of government which was held in Abuja to deliberate on the progress on integration.

The ECOWAS chairman and President of Niger Republic, Mr. Mahamadou Issoufou, said that countries that have complied with the six convergence criteria, will launch the single currency and the countries that are not ready will join when they might have met the criteria.

The six convergence criteria include, non-accumulation of domestic and settlement of all outstanding arrears, tax

revenue/GDP ratio, wage bill/tax revenue, internally funded public investment tax revenue, positive real interest rate and real GDP growth rate.

The bloc adopted "Eco" as the name of the single currency noting that the Eco is expected to boost economic development in West African region, improve cross border trade and if implemented will enable countries across the region to move and spend money across different countries without worrying about exchange rate costs.

The countries involved in the Eco currency integration agreement include, Benin, Burkina Faso, Cape Verde, The Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Liberia, Mali, Nigeria, Senegal, Sierra Leone and Togo.

Sub-Saharan Africa's Working-Age Population Boosts Economy

By: Kerma Mshelia



The recent growth in working-age population has potentially created a major opportunity for reducing poverty and increasing shared prosperity within the sub-Saharan African region.

According to The Skills Balancing Act in Sub-Saharan Africa, the challenge of having the least skilled workforce in the world could constrain economic prospects in the region.

Countries in the region have attempted to tackle the challenge by investing heavily in skills building and increased public expenditure on education.

However, the learning outcomes have remained persistently poor. This has created huge gaps in the cognitive skills among children, young people and adults which is less than 50 per cent in most countries.

To achieve significant progress, countries in sub-Saharan Africa would need to create a system-wide change, not just small scale programmes and local reforms, but attention needs to be paid to the governance environment where skills programmes are generated.

This would enable broad, sustainable results needed to tackle the politics of policies, build capacity for evidence-based policies, and create incentives to align the behaviours of all stakeholders with the pursuit of national skills development goals.

Information culled from: The Skills Balancing Act in Sub-Saharan Africa by Omar Arias, David K. Evans and Indhira Santos in association with AFD and World Bank Group.

Global Cross-Border Bank Claims up by \$1.4tn - BIS

By: Louisa Okaria

In figures released by the Bank for International Settlements (BIS), global cross-border bank claims rose by \$1.4 trillion between the end of 2018 and end of March 2019, the largest quarterly increase since 2007. This has boosted their annual growth rate to 4.5% and the highest since March 2015.

According to BIS, the expansion was spread across all sectors. Cross-border claims on non-bank financials grew rapidly and made annual rate to expand to 12%. During the same period

cross-border interbank claims grew at an annual rate of 1% following four quarters of contraction.


While the growth in the cross-border claims in advanced economies (AEs) is on the increase, that of emerging market and developing countries (EMDEs) slowed further to 2% at the end of March 2019, from 9% at the end of 2017.

Part of the global increase can be attributed to seasonal factor,

characterized by an uptick in activities in the first quarter of each year, but the increase in Q1 2019 was exceptionally large.

The annual growth rate of cross-border claims accelerated to 4.5%, more than double the average rate.

After near growth throughout in 2018, claims on counterparties resident in AEs rose noticeably during Q1 2019 and lending to AEs surged by \$1 trillion by end of March 2019.



DO YOU KNOW

- Do you know that according to the CBN clean notes policy, it is illegal to abuse or sell the Naira. The value of our currency should not be undermined.
- Did you know that according to the CBN clean notes policy, is it illegal to staple, trample upon, write on, spray on or squeeze the naira note. The Naira is our symbol of national pride and nationhood, the Naira should be treated with respect.
- Do you know that a mutilated Naira note that is a banknote, partially or permanently damaged by fire, water, dye, insects, torn or destroyed by natural disaster and clearly more than half of the original size can be returned to your bank and any Central Bank of Nigeria branches within the specific allowed period (Till September 9, 2019)
- That if you make a complaint to your bank, you must insist on getting the Consumer Complaint Management System (CCMS) tracking number from your bank? This will enable the Central Bank of Nigeria do a follow up.
- That if you make a complaint to your bank on card related and funds transfer issues, and after 72 hours the issue was not resolved. You can contact the CBN by sending an email to: cpd@cbn.gov.ng, contactcbn@cbn.gov.ng or call +234 700225226
- That if you make a complaint to your bank on account management issues and after 14 days grace for resolution the issue was not resolved, you can contact the CBN by sending an email to: cpd@cbn.gov.ng, contactcbn@cbn.gov.ng or call +234 700225226
- That if you make a complaint to your bank on excess charges and was not recitified within 30 days allowed for resolution, you can contact the CBN by sending an email to: cpd@cbn.gov.ng, contactcbn@cbn.gov.ng or call +234 700225226



Central Bank of Nigeria