



Central Bank of Nigeria

# CBNUPDATE

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## ABP - CBN to Fund 1.6 Million Farmers for 2020 Farming Season

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## CBN UPDATE EDITORIAL CREW

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### Managing Editor

*Samuel Okogbue*

### Editor

*Innocent Edozie*

### Assistant Editor I

*Kerma Mshelia*

### Assistant Editor II

*Mohammed Haruna*

### Staff Writers

*Bartholomew Mbaegbu*

*Daba Olowodun*

*Ruqayyah Mohammed*

*Olusola Amadi*

*Louisa Okaria*

### Contributing Editors

*Isa Abdulmumin*

*Williams Kareem*

*Olalekan Ajayi*

*Ademola Bakare*

## LETTERS TO THE EDITOR

*We welcome your contribution and comments. Please forward them to the Editor via: [ioedozie@cbn.gov.ng](mailto:ioedozie@cbn.gov.ng)*

## CBN SOCIAL MEDIA

*Twitter: @cenbank*

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## CBN CONTACT CENTRE

*[contactcbn@cbn.gov.ng](mailto:contactcbn@cbn.gov.ng)*

*07002255226*

## CONTACT DETAILS

*Corporate Communications Department,  
CBN Head Office: 6th Floor Wing "B"  
Plot 33, Tafawa Balewa Way,  
Central Business District,  
P.M.B. 0187, Garki, Abuja.*

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## Editor's Note

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It is our sincere hope and prayer that our dear readers are safe even as the authorities report a flattening of the Covid-19 curve. Members of the editorial crew, despite the lockdown, have been busy in knitting together stories for the monthly news magazine.

In this edition, we present the case made by the Central Bank of Nigeria (CBN) before the Senate Committee on Banking, Insurance and other Financial Institutions to ensure that it remains the sole authority to grant licenses to banks as well as revocation of same when a bank becomes distressed in line with global best practices. This request will streamline supervisory authority of the financial industry in Nigeria.

We also present a news story revealing that the Central Bank of Nigeria has received requests to restructure over 32,000 loans for individuals and businesses negatively affected by COVID-19 pandemic. It is believed that the venture will go a long way to provide some breather to businesses and other individuals across the country.

Also, inside this edition is a highlight of the efforts by the CBN to guarantee food security by providing funding through the Anchor Borrowers' Programme (ABP) to 1.6million farmers of 10 commodities across the country, for the 2020 wet season farming.

The edition equally contains an account of the CBN Monetary Policy Committee's decision to reflate the economy through the injection of N3.3trillion credit facilities to the productive sectors.

In addition, there is news about prescription of additional requirements for licensed regional banks (commercial and non-interest) aimed at promoting spread and balance of regional banks across the country.

Furthermore, we also bring to the readers, a story on the Bank's newly published guidelines for Non-Interest Financial Institutions under the Agri-business, Small and Medium Enterprises Investment Scheme (AGMEIS), Micro, Small and Medium Enterprises (MSMEDF), the Accelerated Agricultural Development Scheme, (AADS) and seven other intervention schemes in its bouquet.

Finally, we have a news analysis which harps on the need to build a productive domestic economy by engaging the local population in agriculture and manufacturing as well as the provision of requisite infrastructure to achieve competitive economic environment for exports. The piece also advises that government should mobilise the people to cultivate a patriotic appeal for consumption of Nigerian made goods and services.

These and other stories have been put together for your reading pleasure.

A handwritten signature in blue ink, appearing to read 'Isaac Okorafor'. The signature is fluid and cursive.

**Isaac Okorafor**  
Editor -in- Chief

# ABP: CBN to Fund 1.6 Million Farmers for 2020 Farming Season

By: **Mohammed Haruna**



Manual winnowing of threshed rice

The Central Bank of Nigeria (CBN) in a bid to create an impact that would guarantee food security in the country is set to provide funding through the Anchor Borrowers' Programme (ABP) to about 1.6 million farmers of 10 commodities across the country for the 2020 wet season.

The Director, Development Finance Department, Yila Yusuf, represented by Mr. Ayoola Quadri disclosed this on June 9th, 2020 during the flag-off of the 2020 planting season farm inputs distribution for cotton farmers in Kwali, Abuja.

The Director said that the Bank has engaged 256,000 farmers in cotton production for the 2020 planting season in its quest to bring back the glory of the textile industry to when it employed over 10 million people nationwide and also stem the loss of over N1.9tn which was spent on the importation of textiles annually.

Mr. Yusuf stated that the CBN was engaged in backward integration to ensure that the entire value chain in the industry was funded for the benefit of the people and the country noting that

following the commitment of the bank in 2018 to increase cotton production in the country, textile industries in 2019 had enough supply of locally produced cotton and have some left in their warehouses for future production.

He also reiterated that farmers are expected to pay back the loans given to them by CBN adding that due to the novel coronavirus pandemic, interest rates paid on the loan have been reduced from nine per cent to five per cent.

In his speech, the president of the National Cotton Association of Nigeria, Mr. Anibe Achimugu expressed his gratitude to President Muhammadu Buhari and CBN Governor, Mr. Godwin Emefiele for their interventions in the sub-sector.

He said that with the loan facilities provided by CBN, the farmers were now witnessing a turnaround in the production output and also noted that about 2,200 farmers who were grouped into clusters had benefited immensely from Anchor Borrowers' Programme (ABP) in the Federal Capital Territory (FCT).

The ABP was launched in November 2015 to provide farm inputs in kind and cash to small-holder farmers (SHFs) cultivating cereals, cotton, roots and tubers, sugarcane, tree crops, legumes, tomato and livestock. to boost agricultural production and to reverse Nigeria's negative balance of payments on food.

The loans are disbursed through any of the Deposit Money Banks (DMBs), Development Finance Institutions (DFIs) and Microfinance Banks (MFBs),

which the programme recognises as Participating Financial Institutions (PFIs).

Benefiting farmers are expected upon harvest, to repay their loans with harvested produce (which must cover the loan principal and interest) to an 'anchor' who pays the cash equivalent to the farmer's account. The anchor could either be a private large-scale integrated processor or a state government. ■

## CBN Expands Scope of Regional Banks in Nigeria

By: Ruqayyah Mohammed



Source: www.google.com

The Central Bank of Nigeria (CBN), pursuant to Section 8 (g) of the CBN Scope, Conditions & Minimum Standards for Commercial Banks Regulations No. [1] 2010 as revised on September 4, 2019; has prescribed additional requirements for licensed regional banks (commercial and non-interest) in order to promote spread and balance of regional banks across the country. This is in furtherance of its objective to promote financial inclusion.

This information was contained in a circular signed by the Director, Financial Policy and Regulation

Department, Mr. Kevin Amugo on June 26, 2020 which states that all banks with regional authorization are required to operate from one additional geo-political zone as may be prescribed for each institution by the CBN, without prejudice to the existing requirement of minimum of two (2) geo-political zones of the federation.

The circular further states that the compliance timeline to establish operational footprint at the advised zone shall not exceed six (6) months from the issuance of the regulatory advice to each regional bank by the CBN. ■

## News Analysis

# Entrenching a Viable Productive Economy

By: **Sam Okogbue**



There is no gain saying that there is huge global macro-economic downturn with many countries hovering around the recession zone. Recent developments has seen countries abandoning globalization for economic nationalism.

Regardless of the immense gains from trade and the age-long argument in favour of free trade, nations now choose and pick which nation to relate with, based on clear gains derivable from such economic interaction.

This development has brought about outright cancellation or renegotiation of trade treaties as exemplified in Britain withdrawing from European Union and the trade between United States and China etc.

This was the prevailing global economic condition before the advent of the Coronavirus (COVID-19). The negative impact of the pandemic hurts production on two fronts. First is the disruption in supply chains as a result of lockdown imposed by various countries, and second is the reduction in

aggregate demand as people lost their jobs and income, resulting in a fall in household consumption. A combination of these factors led to a significant shrink in the global Gross Domestic Product (GDP) and with it, the attendant unemployment and growing poverty rate.

The development in the Nigeria's case looks more precarious owing to the significant fall of crude oil prices, and crude oil earnings remains the major significant foreign exchange earner of the country. This implies loss of government revenue required to execute public sector projects. These narratives explains the quagmire and dire policy options that confronts managers of economic policy and implementation in Nigeria.

Thus, when on July 16, 2020 at the Presidential Villa, the CBN Governor, Mr. Godwin Emefiele declared that 'Made-in-Nigeria gold mining will boost the nation's foreign reserves and facilitate economic diversification, he had his eyes on the big picture of going beyond another extractive activity like crude oil exploration, but to venture into gamut of productive resources such as agriculture,

manufacturing, Small and Medium Enterprises (SMEs), human resources etc. It was a reawakening call to enlist the people of Nigeria to venture into semi processing and manufacturing industries. It was also a clarion call to explore the forward and backward linkage effects that abound between agriculture and manufacturing in order to appropriate the value-addition in these activities.

In other words, given the proven negative growth in GDP currently being experienced in the country, the CBN boss is calling the citizenry to the urgency of not only raising domestic production of goods and services, but to add value by way of processing such goods into semi-processed and manufactured products for higher export value.

To ensure a vibrant and productive economy led by agricultural and manufacturing activities, policy analysts have argued in favour of complementary infrastructural drive for sustainable development. In view of the apparent resource-gap faced by a developing economy such as Nigeria, embarking on such elaborate capital-intensive infrastructural projects could prove beyond the country's possibility frontier. As an option however, it is advised that such infrastructure stretch could be provided within some clusters of agriculture and manufacturing projects for optimum cost efficiency.

Other factors to guarantee competitive economic environment include the urgency for deepening financial inclusion among different segments of the population. Business development experts have suggested that breathing life into some idle capital such as the relative ease with which individuals can obtain title deeds (certificate of occupancy) without much encumbrances in obtaining title deeds for real estates, business registrations and business licenses.

An aspect of strategies to calibrate the Nigerian domestic economy that needs to be addressed is the issue of raising domestic demand for goods and services produced in Nigeria. While it can be argued that the CBN's campaign for "Produce and Consume Nigerian Rice" is gaining ground, this cannot be said of semi-manufactured and finished goods and services. The country still contends with unbridled appetite for imported shoes, clothing and apparels, household furniture and equipment, vehicles, etc. The situation has remained rather unsatisfactory, despite the efforts of the Aba shoe industry, Innoson Motors in Nnewi, among others.

Perhaps, it is time we do a rethink towards entrenching a system whereby we enlist the cooperation of the people and devise a means of appealing to their patriotic zeal aimed at raising domestic Production, Add Value by way of Processing into semi-manufacture, then Consume or Export. This would sound like a modified PAVE (Produce, Add Value and Export), but this time we need to add "consume".

The probability of eliciting such high-level patriotism is highly impossible given that we operate a constitutional democracy. Such high level of patriotism is often associated with most socialist countries governed by benevolent dictatorship.

A more pragmatic approach would be to assemble a very vibrant social mobilization architecture that attempts to raise patriotic appeal of the citizenry to willingly assimilate and imbibe the tenet of economic nationalism in their consumption pattern. Also, the government may consider and adopt the South Korean model in which the government ensures that 30 percent of public sector budget goes to patronize small and medium enterprises and other domestically produced goods and services■

**A more pragmatic approach would be to assemble a very vibrant social mobilization architecture that attempts to raise patriotic appeal of the citizenry to willingly assimilate and imbibe the tenet of economic nationalism in their consumption pattern.**



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Central Bank of Nigeria



# Emefiele Presents Mined-in-Nigeria Gold to Boost Foreign Reserves

By: **Olusola Amadi**



Governor Emefiele presents the 12.5kg mined-in-Nigeria gold bar to President Muhammadu Buhari at the Aso Villa

In the vigorous drive to diversify the country's economy, the Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele has said that gold mining and development will enable Nigeria to boost foreign reserves in addition to facilitating economic diversification.

The Governor said this during a presentation of the first batch of Nigeria's artisanal-mined 12.5kg gold bar worth N268 million under the Presidential Artisanal Gold Mining Development Initiative (PAGMDI) to President Muhammadu Buhari on July 16, 2020 at the Presidential Villa, Abuja.

He further assured the public that the Nigerian government, supported by the monetary authorities, was doing everything possible to diversify the base of the Nigerian economy and to ensure that it is strong and resilient to withstand exogenous shocks presently and in the future.

In his remarks, President Buhari disclosed that Nigeria had lost about \$3bn to illegal miners in the past six years and noted that improved gold mining operations in the country will generate no fewer

than 250,000 jobs and over \$500 million annually in royalties and taxes to the Federal Government. He stated that with the implementation of the PAGMDI scheme, which will result in the set-up of accredited gold buying centers across key mining areas, artisanal miners and SMEs engaged in mining will be able to capture the value of their work.

The President further added that these operations will help in diversifying the nation's revenue base as the sale of gold by artisanal miners and SMEs at accredited centers will help the government in realizing royalties and taxes from the sale of these assets.

These developments he noted, would also help in improving Nigeria's foreign reserves by enabling the CBN to increase the amount of gold in its reserves as the gold assets which will be purchased in Naira, will not only help to bolster the nation's international reserves but will also provide a hedge against inflation and other economic volatilities associated with foreign currencies that are held in the country's reserves.



Governor Emeifele and Minister of Mines and Steel Development, Olamilekan Adegbite inspects 12.5kg mined-in-Nigeria gold bar

Also speaking at the event, the Minister of Mines and Steel Development, Olamilekan Adegbite, said that PAGMDI will result in the creation of thousands of new mining and formalized jobs, leading to poverty alleviation for many households.

While noting that under the scheme, artisanal and small scale gold miners will earn more from higher productivity, better recovery rates through mechanization of operations, and better access to

reliable geological information, he announced that Nigeria's proven surveys have discovered one million ounces of gold in Zamfara, Kebbi, Niger, Kaduna, Osun, Kwara, and the FCT and it could rise to over 200 million ounces.

He added that Nigeria plans to begin processing of local minerals even as the government is working with a Canadian company to begin the export of Nigeria's gold in 2021. ■



# Draft Regulatory Framework for Sandbox Operations Released

By: **Daba Olowodun**



Source: www.google.com

The Central Bank of Nigeria (CBN) has released an exposure draft of the regulatory framework for Sandbox Operations. This is in line with the Bank's commitment to the enhancement of innovative solutions in the financial services sector.

In a circular released on June 26, 2020 and jointly signed by the Director, Payments System Management Department, Mr. Musa I. Jimoh and the Director, Financial Policy & Regulation Department, Mr. Kevin Amugo, the Bank exposed the draft regulatory framework to the public and called for appropriate inputs on or before July 15, 2020.

The regulatory sandbox operations will provide an avenue for firms with inventive financial solutions to

test run them under regulatory supervision in a controlled environment. This will expedite the solution delivery process without compromising the mandate of the Bank to promote a safe, reliable and efficient payments system.

The circular highlights the need for participants in the sandbox programme to prioritize risk assessments so as to set the necessary safeguards to mitigate potential risks to financial institutions and consumers that may arise from the testing.

The Bank stated its commitment to ensuring that the objectives of the sandbox are fully achieved, reviewing the framework for the sandbox operations from time to time and monitoring other stakeholders to ensure compliance amongst others ■

## CBN Boosts Economy with N3.3tn Credit

By: **Ademola Bakare**

The Central Bank of Nigeria (CBN) has facilitated a credit of N3.3tn to productive sectors of the economy, as it has disbursed funds to businesses affected by the COVID-19 pandemic and endorsed restructuring of loans. This was disclosed by the Governor of the Bank, Mr.

Godwin Emefiele at the end of the Monetary Policy Committee meeting of the Bank in Abuja, on 21 July, 2020. He said the loans were granted to manufacturing (N815bn), retail and consumer loan (N615bn), agriculture, forestry and fishery (N255bn), general commerce (N221bn) and



information and communications technology (N298bn) through the implementation of the Loan-to-Deposit Ratio (LDR).

He revealed that the CBN adjusted the LDR to 58.8 percent in May 2020, stressing that LDR is reviewed quarterly to improve lending to the real sector. The LDR was pegged at 60 percent in September 2019 following CBN's directive to all banks to maintain the rate as a minimum LDR. The Governor said the introduction of the LDR has improved credit to key sectors, as loans from banks to the sectors has increased from N15.6tn in June 2019 to N18.9tn a year later.

Mr. Emefiele also confirmed the disbursement of N49.195bn of the approved N50bn Targeted Credit facility (TCF) COVID-19 loan to 92, 000 beneficiaries as of June 30, 2020.

Revealing further, the Governor said the banking sector remains very strong, as non-performing loans which stood at 11.1 percent in May 2019 has dropped to 6.4 percent as of June 2020.

He noted that Capital Adequacy Ratio (CAR) which measures the size of capital that a bank deploys into risk assets, as at June 2019, was 15.2 percent but as June 2020, it remains flat at 15 percent.

Liquidity Ratio, in August 2019, was 48 percent but as of June 2020, it had dropped to 37 percent. In spite of these large sums granted, from N15.6tn to about N18.9tn, the prudential ratios are still

looking so strong. This is a clear demonstration that the Nigerian banking sector remains very strong and resilient and able to support the economy.

The Governor said the health crisis occasioned by the pandemic would have resulted in a doomsday for the banking sector and the economy, and the loans would have gone bad if the CBN had not asked the banks to offer forbearance to customers.

As a result, he revealed 22 out of 27 banks in the country had come to the Bank to restructure 35,640 of their customers' loans of about N7.8tn.

This according to him constitutes 41 percent of the total industry loans which stands at N 18.9tn. Mr. Emefiele said he would be happy if the forbearance was 65 percent of the N18.9tn instead of the current N7.8tn, which he considered small.

"We are working with the banks to give more forbearance to those customers. If we see forbearance moving to 60 or 65 percent, we will get more comfortable that we have been able to turn the corners by assisting businesses to get over their business challenges", he said.

On the COVID-19 intervention fund, the CBN Governor said over N152.9bn has been disbursed to 61 manufacturing companies from the N1tn allocated to the sector, while under the Agriculture Small and Equity Intervention Fund, the Bank has funded 11, 613 crisis-ridden businesses with over N41bn ■

# Economic Diversification: CBN, FG Partner to Boost Mining

By: **Daba Olowodun**



Miners at work

In its determination to boost production in the economy and create jobs for the teeming population, the Central Bank of Nigeria (CBN) is geared to develop a Gold Purchase Framework under the Federal Government's Presidential Artisanal Gold Mining Development Initiative.

This was revealed at the end of the 274th Monetary Policy Committee (MPC) meeting which held from 20-21 July, 2020. The MPC applauded the Bank for the bold move, stating that gold bars, which would be purchased in Naira from Nigerian miners and refiners would create thousands of jobs for the artisans as well as provide a new source of foreign exchange accretion to the nation's reserves. It would further ensure the stability of the Naira.

Furthermore, on the strength of the Federal Government's approval, the CBN is poised to launch an Infrastructure Development Company, which will leverage local and international funds for rebuilding of critical infrastructure across the country.

The Independent Infrastructure Fund Manager (IIFM) which will be co-owned by the CBN, the Africa Finance Corporation (AFC) and the Nigeria

Sovereign Investment Authority (NSIA) will focus on Nigeria and Nigerians alone.

The primary objective of the IIFM is to mobilize local and foreign capital to support the Federal Government in building the transport infrastructure required to move agriculture and other products to processors; raw materials to factories; and finished goods to markets.

In light of the overwhelming need to cover the infrastructural deficit in the agricultural and the manufacturing sectors in addition to the general production value chain of the economy, the Committee noted with satisfaction the CBN's immediate work on the updates and timelines for the establishment of this much-needed entity.

The Committee, however called on the government to sustain its efforts at diversifying revenue sources and ensure fiscal prudence, particularly, with the use of the recent grants and multilateral concessionary loans.

The Committee encouraged the adoption of counter-cyclical fiscal policy framework to shield the economy from persistent revenue shocks ■

# BOFIA Bill will Prevent Systematic Crisis -Emefiele

By: **Olusola Amadi**



**T**he Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele has urged the Senate Committee on Banking, Insurance and other Financial Institutions to grant the CBN the sole rights to grant licenses to banks as well as the revocation of same when a bank goes distressed in line with global best practices.

The Governor who was represented by the Director, Legal Services, Mr. Kofo Salam-Alada made the request at the Senate Committee on Banking, Insurance and other Financial Institutions public hearing on the Banks and other Financial Institutions Act (BOFIA), Cap B3 Laws of the Federal Republic of Nigeria 2004 (Repeal and Re-enactment) Bill, 2020 and the Electronic Transaction Bill 2020 which held on 15 July 2020.

The Governor stated that the powers of the CBN to intervene in the process of managing a failing bank and reinstatement of a bank in a grave situation and bring it back to sound financial health was omitted in the new BOFIA Bill stressing that the omission erodes the powers of the CBN and creates a huge gap in the regulatory and resolution framework and proposed that the extant provisions should be reinstated. He further argued that the clause should be re-introduced into the Bill

in order not to frustrate the Bank's fight against fraud and other financial crimes.

Mr. Emefiele stated that the proposed Act would serve its purpose better if it recognized the critical roles the CBN played in regulating the banking and other financial services players noting that global best practice is to have the banking legislation empower the financial services industry regulator to regulate banks, promote their soundness and stability; superintend issuance and revocation of operating license without recourse to any other institution; while the deposit insurer is in charge of bank resolution activities after the revocation of operating license.

He further stated that the review of provisions and new amendments should provide; added options for managing failing institutions and systemic crisis without recourse to public treasury; the creation of a credit tribunal to strengthen credit recovery processes and enforcement of collateral rights; strengthening the framework for reporting insider transactions as part of measures to boost credit administration processes in banks; enhance regulatory measures for single obligor limits, transfer of significant holdings among others and; strengthening of the sanctions regime to make it more deterrent.

It will also recognise the unique business models of new entrants into the financial services sector (e.g. non-interest banks and payment system service providers); improve the administration of dormant accounts in the Nigerian banking sector and address requirements such as the criteria for determining dormancy, the processes for managing the funds in dormant accounts and procedure for reclaiming funds by beneficiaries; enhance requirements for payments, settlement and clearing activities to address unfolding developments and standards for regulations ■

# CBN Unveils Non-Interest Guidelines for AGSMEIS, MSMEDF, Others

By: Ademola Bakare



Governor Emefiele addressing the press

The Central Bank of Nigeria (CBN) has unveiled guidelines for Non-Interest Financial Institutions under its Agri-business, Small and Medium Enterprise Investment Scheme (AGSMEIS), Micro, Small and Medium Enterprises MSMEDF), the Accelerated Agricultural Development Scheme (AADS) and seven other intervention schemes in its bouquet.

The issuance of the ten guidelines is sequel to plans disclosed by the Bank in its 18 June, 2020 meeting with stakeholders when reviewing the successes recorded under ABP and strategies for the 2020 agriculture wet season, to unveil a framework which will integrate non-interest window in all its intervention programmes aimed at supporting businesses and households that were negatively impacted by the Coronavirus pandemic, COVID-19.

The CBN, in the guidelines for operations of the Agric-business, Small and Medium Enterprises Investment Scheme (AGSMEIS) for Non-interest Financial Institutions (NFIs) issued in Abuja on

Tuesday, July 14, 2020, revealed the creation of a Fund to be known as 'AGSMEIS Non-Interest Fund' to be domiciled in a dedicated account with the CBN. The guidelines stipulate that each Non-Interest Deposit Bank (full-fledged or window) is to set aside 5 percent of its profit after tax (PAT) annually as contribution to the CBN not later than 10 working days after the Annual General Meeting (AGM) of the participating bank.

Eligible activities under the Scheme are businesses across the agricultural value chain, covering production, inputs supply, storage, processing, logistics and marketing; MSMEs in the service sector including information and communication technology (ICT) and the creative industry as well as other activities the CBN may determine from time to time.

According to the guidelines, financing under the Scheme will be for start-ups, business expansion or revival of ailing companies and shall be in compliance with the provisions of BOFIA (1991) as amended and the principles underpinning

operations of NIFIs.

Similarly, the Non-Interest guidelines for the AADS are aimed at engaging a minimum of 370,000 youths in the agricultural production across the country between now and 2023, in order to reduce unemployment in the country, while the objectives of MSMEDF for NIFIs are to increase the productivity and output of microenterprises, job creation and engender inclusive growth, noting that those of the AADS are to increase agricultural production towards food security, job creation and economic diversification.

The Non-Interest guidelines for the AADS, target at Nigerian youths between 18 and 35 years, seeks to promote interaction among State governments, the CBN and other stakeholders in the agricultural

sector, with focus on two crops where States have comparative advantage among others.

Other non-interest guidelines were the Anchor Borrowers' Programme (BP), the Credit Support for the Health Sector; Intervention in the Textile Sector; the Real Sector Support Facility (RSSF) revised guideline (V3); the Real Sector Support Facility (RSSF) through CRR; Non-Oil Export Stimulation Facility (ESF) and the Creative Industry Financing Initiative (CIFI).

Speaking on the guidelines issued by the Bank, the Director, Corporate Communications Department, Mr. Isaac Okorafor, said the establishment of the Non-Interest Window had opened more opportunities for eligible beneficiaries to be considered for funding under all the Bank's initiatives ■

## COVID-19: CBN Receives Requests to Restructure 33% of Loans

By: **Louisa Okaria**



**T**he Central Bank of Nigeria (CBN) has received requests to restructure over 32,000 loans for individuals and businesses impacted by the COVID-19 pandemic.

The Deputy Governor, Financial System Stability, Mrs. Aishah Ahmad made this known in her personal statement at the last Monetary Policy Committee (MPC) meeting held on May 28, 2020 in which she stated that 17 banks had submitted requests which represent 32.94 percent of the total industry loan portfolio with the manufacturing and general commerce sectors constituting the bulk of the restructured facilities.

She further noted that the results from ongoing impact assessment of COVID-19 effects on

impairment by banks indicate modest impact given regulatory policy measures already implemented. She added that these, coupled with close monitoring by authorities and enhanced risk management practices by financial institutions, would help to mitigate emerging risks and preserve financial system stability.

In his personal statement, Mr. Folashodun Shonubi, the Deputy Governor, Operations stated that amidst the general lull in the business environment, the banking system continued to show enduring resilience. In terms of size, industry total asset and deposit base rose further at end-April 2020, maintaining the upward trend since the beginning of 2020.

He noted that though the industry liquidity ratio declined to 38.4 per cent, due mainly to the LDR policy, which continued to promote increased credit, the ratio remained above the regulatory threshold of 30.0 per cent. Industry capital adequacy ratio moderated to 14.9 per cent, as a result of increased risk weighted asset, which more than offset the marginal rise in qualifying capital, while the non-performing loan ratio rose marginally to 6.6 per cent. Returns on asset and investment were at levels that compare favourably with levels in similar jurisdictions ■





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Central Bank of Nigeria

## FREQUENTLY ASKED QUESTIONS (FAQs)

### 1. Why is the CBN the only bank that can issue the Naira?

Section 2b and Section 17 of the CBN act gives the CBN the sole right to issue currency notes and coins throughout Nigeria and neither the Federal Government nor any state Government, Local Government, other person or authority shall issue currency notes, banknotes or coins or any document or token payable to bearer on demand being document or token which are to pass as legal tender. Section 18 of the CBN act also gives CBN the power to print banknotes and mint coins.

### 2. Are machines for printing money available for purchase by the public?

No. The machines are only available to issuing authorities on request.

### 3. What Department of the CBN is responsible for the printing of money?

Currency Operations Department.

### 4. What is the purpose of printing polymer notes?

To extend the life span of the banknotes as the polymer notes lasts three times longer than the paper banknotes.

### 5. How long does the polymer note last?

18 to 24 months.

### 6. Where can one change currency notes?

Deposit Money Banks (DMBs) and CBN.

### 7. Can coins be deposited in the Banks?

Yes.

### 8. How are new currencies circulated?

CBN evacuates the finished banknotes from Nigerian Security Printing & Minting (NSPM) Plc

for distribution to all CBN branches. The branch further distributes the banknotes to DMBs where they are finally released to the public via withdrawals.

### 9. Why are there no new currencies in circulation?

Analysis of the currency in circulation showed that a large and increasing proportion of the Nigerian currency outside the commercial banking system (COB) is held by the general public who hoard a lot of the new banknotes.

### 10. Why are the lower denomination banknotes scarce?

The scarcity of lower denomination could be linked to the fact that these notes are held by the public. Absence of Automated Teller Machines (ATM) dedicated to dispense lower denominations has also contributed to the dearth of lower denomination in circulation.

### 11. Why are there huge numbers of dirty One Hundred Naira notes in circulation?

Handling habits of the general public such as, squeezing, staining, spraying etc. greatly contributes to soiling of the banknotes.

### 12. In view of the fact that our politicians and leaders abuse the naira at rallies and public events, how do we expect the people to treat the naira with care?

CBN constantly sensitizes the general public, politicians and leaders through public enlightenment campaigns through the print and electronic media on how to properly handle the naira. Further sensitization campaigns are arranged to engage politicians, leaders and other respected elders to make them change champions of the Bank's Clean Notes Policy. This would enable the public follow suit.



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Central Bank of Nigeria



**Discretionary Monetary Policy:** These are deliberate actions taken by the monetary authority to influence money supply in the system with a view to achieving its mandates.

**Direct Monetary Policy:** This involves the use of quantitative monetary controls such as credit ceilings, credit rationing and statutory liquidity ratios to control the amount of money in circulation.

**Indirect Monetary Policy:** This involves the use of market based instruments such as open market operations for the implementation of monetary policy.

**Price stability:** In an economy this means the general price level does not change much over time. Prices neither goes up or down.

**Exchange Rate Channel:** This arises when the exchange rate become the intermediate policy variable for transmission of monetary policy impulses.

**Interest Rate Channel:** This is a monetary policy transmission mechanism channel where by changes to the policy are propagated through interest rates to inflation.

That if you make a complaint to your bank, you must insist on getting the Consumer Complaint Management System (CCM) tracking number from your bank? This will enable the Central Bank Nigeria do a follow up.

That if you make a complaint to your bank on card related and funds transfer issues, and it is not resolved after 72 hours, you can contact the CBN by sending an email to: [cpd@cbn.gov.ng](mailto:cpd@cbn.gov.ng), [contactcbn@cbn.gov.ng](mailto:contactcbn@cbn.gov.ng) or call +234 7002255226

That if you make a complaint to your bank on account management issues and is not resolved after 14 days grace period stipulated the by Central Bank of Nigeria (CBN), you can contact the CBN by sending an email to: [cpd@cbn.gov.ng](mailto:cpd@cbn.gov.ng), [contactcbn@cbn.gov.ng](mailto:contactcbn@cbn.gov.ng) or call +234 7002255226

That if you make a complaint to your bank on excess charges and was not recitifed within 30 days allowed for resolution, you can contact the CBN by sending an email to: [cpd@cbn.gov.ng](mailto:cpd@cbn.gov.ng), [contactcbn@cbn.gov.ng](mailto:contactcbn@cbn.gov.ng) or call +234 7002255226

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Central Bank of Nigeria