



Central Bank of Nigeria

CBNUPDATE

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IMF Growth Rating Validates CBN Policies – Emefiele

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Editor's Note

We welcome you, our esteemed readers, to the April 2023 edition of the CBNUPDATE.

In this edition, we present to you details of the participation of the Central Bank of Nigeria (CBN) at the just-concluded World Bank Group and International Monetary Fund (IMF) Spring Meetings in Washington DC, USA, where the Governor, Mr. Godwin Emefiele interacted with global financial leaders, brainstorming on economic issues of mutual concern.

Similarly, the IMF's growth projection for Nigeria has been viewed as a validation and an endorsement by the Bretton Woods Institution of the policy stance of the Central Bank of Nigeria.

Furthermore, while speaking on the sidelines of the World Bank and IMF spring meetings, Governor Emefiele pledged improved supervision of the banking sector and general financial eco-system to ensure financial system stability and a robust economy.

We also recount the story of Governor Emefiele's attendance at the 2023 Business and Investment Forum at the Hague, Netherlands, where he urged investors to take advantage of the opportunities of doing business in the country by tapping into the Bank's initiatives such as the Anchor Borrowers' Programme (ABP).

The African Development Fund (ADF) is set to replicate the Central Bank of Nigeria (CBN) Bank Verification Number (BVN) scheme, as it has approved a funding of \$8m for the establishment of a unique bank identification system and harmonised customer identification framework for the Gambia, Guinea, Liberia, and Sierra Leone. This is also as the Nigeria Inter-Bank Settlement System (NIBSS) has stated that bank account owners with BVN stood at 57 million as of April 2023. Details are served in this edition.

To broaden financial services and boost financial inclusion, the Bank's Director of Payments System Management Department (PSMD), Mr. Musa Jimoh, has urged members of the Regulatory Technical Committee of the Regulatory Sandbox to be decisive and analytical in their review of selected entries.

Our News Analysis "Currency and Monetary Policy Management" focuses on the ease and risk of counterfeiting the Naira and its attendant adverse implications on monetary policy management as well as economic development.

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

A handwritten signature in black ink, appearing to read 'Isa AbdulMumin'.

Isa AbdulMumin PhD
Editor-in-Chief

IMF Growth Rating Validates CBN Policies – Emefiele

By: Pearl Ogbonna



Rubbing Monetary Policy Minds: The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele (middle), flanked by the Governor of the Central Bank of Kenya (CBK), Dr. Patrick Njoroge (left) and the Deputy Governor (Economic Policy) at the Central Bank of Nigeria (CBN), Dr. Kingsley Obiora on the sidelines of the G24 Meetings during the Spring Meetings of the International Monetary Fund and the World Bank Group which held in Washington D.C., on Tuesday, April 11, 2023.

The Central Bank of Nigeria (CBN) has expressed delight at the International Monetary Fund's (IMF) growth forecast for Nigeria. The Governor of the CBN, Mr. Godwin Emefiele revealed this at the recent World Bank and IMF Spring meetings in Washington DC, USA.

Speaking to journalists on the side lines, Mr. Emefiele stated that the Bank was set to sustain its recent policy directions as a result of a flat rate forecast by the International Monetary Fund, (IMF) for Nigeria's economic growth rate in the 2023 and 2024. The Governor said that by retaining its 3.2 per cent forecast for 2023, it portends that the IMF is endorsing the policies the monetary and fiscal

authorities have put in place in recent months to address the adverse fallouts from the global economic challenges arising from the war in Ukraine and the global financial crises.

"We are delighted that in Sub-Saharan Africa, the growth levels in Nigeria, even though by our assessment is still sub-optimal, that the IMF would, among all the countries in Africa, say that growth in Nigeria should be retained at 3.2 per cent; it gladdens our heart", he said.

Speaking further, Mr. Emefiele said, "It means we are doing certain things that are correct, and we'll continue to do those things that are right. But it also

means that we are not going to remove our eyes off monetary policies, which is to focus extensively on how to moderate inflation, but at the same time, ensure that banking system stability remains resilient and then strong as it is right now."

While reflecting on the current challenges in the Nigerian economy, the Governor stated that the forecast at the meeting confirms that a lot of work has been done in 2022 resulting to gradual growth, but it is still at the sub-optimal level. "Inflationary pressures continue, and even though inflation is coming down as a result of measures being taken by monetary authorities to bring down the inflation rate, it still remains at very high levels globally to the extent that even as global inflation is projected at 7 per cent it remains very high. And the high point of all the consequences of what we've seen in 2022 is that poverty which was very well discussed here has risen quite astronomically and over 700 million

people are being struck by poverty", he expressed.

Other things highlighted at the meetings were the issue of food insecurity, which unfortunately had risen to the extent that over 350 million people globally were hit by extreme food crisis. Debt and lending portfolios had also increased, and the IMF warned that they may not be in a position to do much for countries that really require more money to be able to restructure the balance sheet and then keep going on.

The IMF therefore urged central banks to continue to focus on inflation to bring it down. "While monetary authorities are doing their work, to bring down inflation, they must also keep their eyes on banking systems' stability, through monitoring, supervision, and regulatory frameworks and the rest of them", he said. ■

Emefiele Woos Investors with Successes of ABP

By: Ali Abubakar



The CBN Governor, Mr. Godwin Emefiele flanked by dignitaries at the Business and Investment Forum in Hague.

The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has again urged investors to take advantage of the opportunities of doing business in Nigeria by tapping into programmes such as the successful Anchor Borrowers' Programme (ABP).

Mr. Emefiele, who spoke at the Business and Investment Forum 2023, held at The Hague, the Kingdom of the Netherlands, said the administration of the outgoing President Muhammadu Buhari had propelled the country into achieving rice proficiency with the launch of the ABP in 2015.

According to him, "When the administration of President Buhari came on board, we were importing rice. Nigeria was the largest rice importing nation in the world. And just within about four years after we started the programme, Nigeria today, is producing rice to sustain itself. We are not importing rice; we produce the barn of rice."

While disclosing some of the measures used by the government to achieve the new status, Mr. Emeziele, said, the nation blocked all avenues through which rice was imported, adding that support to smallholder farmers was given through credit while a high yield seed was also supplied.

He noted that rice production was a mere 1.5 metric tonnes per hectare, prior to ABP's launch in 2015, whereas the nation now boasts as much as between 6.5 and 8 metric tonnes per hectare.

Narrating what the government did differently, the Governor said fertilizer was provided to farmers while fertilizer producing companies were identified and given support to produce urea, which he said was the base raw material needed for fertilizer production.

Earlier in her welcome address, Nigeria's Ambassador to the Kingdom of the Netherlands, and chief host at the event, Dr. (Mrs.) Eniola Ajayi, disclosed that the focus of the forum was agriculture value chain, renewable energy, circular economy, Healthcare, ICT and Fintechs, adding that Nigeria was worth every Kobo of investment, given its population and standing in Africa.

The forum, with the theme, "The Land is Green: Exploring Business and Investment Opportunities in Nigeria", was organized by the Nigerian Embassy in The Hague, The Kingdom of the Netherlands, and had in attendance dignitaries including the Prime Minister of the Kingdom of the Netherlands, Mr. Mark Rutte; Nigeria's Minister of Foreign Affairs, Mr. Geoffrey Onyeama; Minister of Trade and Investment, Otunba Richard Adebayo, among many others from across the European Union.

Highlight of the event was the unveiling of a publication, NIGERIA AT A GLANCE, which Ambassador (Mrs.) Ajayi noted would help investors to navigate Nigeria as a country, its people, uniqueness and cultures. ■

Currency-in-Circulation Hits N2.34trillion - CBN

By: Onyemakonor Ogbe

The Central Bank of Nigeria (CBN) has disclosed that currency-in-circulation in the country stood at N2.34 trillion as at April 18, 2023, from N3.23 trillion in October last year.

The Director, Currency Operations Department, Mr. Ahmed Umar stated this while speaking on Arise Television. He explained that currency in circulation comprises both the new and old banknotes.

Mr. Umar expressed confidence that between April and December, the uptick in the use of alternative channels of payment transactions would reduce the amount of physical cash in the system and help increase the visibility of the Central Bank's digital currency – eNaira.

Mr. Umar also said that because of the implementation of the cashless policy, the volume of electronic transactions had risen significantly. The Director also used the opportunity to clarify that there was no decision by the Bank to withdraw the

new naira denominations from circulation as alleged in the social media.

He stressed that both notes would continue to circulate until the period the Supreme Court had given that the old notes should cease to be legal tender.

He further noted that the currency redesign project has had a positive impact on the economy. He pointed out that there had been an increase in enrolment of the Biometric Verification Number (BVN) from 55 million in October 2022 to about 57 million in April 2023.

He also said that mobile money wallet had increased from N15 million in October last year to about N25 million in 2023. He stated that deposit money banks are currently working hard, day by day, to make sure that they improve their infrastructure in view of the new customers who were previously not using bank accounts but are now utilising banking facilities. ■

IMF, World Bank Urge Nigeria to Provide Targeted Financing to SMEs

By: Louisa Okaria



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The President of the World Bank Group, David Malpass and Managing Director of the International Monetary Fund (IMF), Kristalina Georgieva have called on the policy makers in Nigeria and other low income countries as well as emerging economies to create targeted financing for Small and Medium-Sized Enterprises (SMEs) in their countries.

They both made this call at a joint seminar on, "The way Forward: Building Resilience" at the IMF/World Bank Spring meetings held in Washington DC, in April 2023.

They disclosed that the call for support for SMEs was part of the discussion with low-income countries and emerging markets, adding that such intervention would help enhance inclusive growth, tackle inflation and high-interest rates.

The Washington-based institutions also noted that the global economy was expected to grow at three per cent for five years despite an increase in consumer spending in the United States, Europe and China.

It also forecasted that the decline in global economic growth would impact negatively on low-income and emerging economies, hence the need to assemble all creditors and debtors to address the debt crisis globally for the first time.

Georgieva underscored the importance of financial stability, stating that central banks have a preoccupation to bring inflation down which is paramount because, without price stability, there is

no sound foundation for investments and growth.

She further stated that the central banks have different tools they can apply to deal with these two different problems. They can fight inflation by keeping interest rates higher to combat inflation in a way of restoring the prospects for robust growth and they can provide targeted liquidity should there be a need to bring down risks to financial stability.

Georgieva said they would remain committed to this issue. She also said that they are going to have the global sovereign debt roundtable, bringing for the first time all creditors with the debtor countries and the key institutions, to a round table and find solutions to what otherwise can be devastating for countries.

Malpass said on funding SMEs that it was important that there would be more investments in small businesses and in new businesses.

He added: "We have seen that this rapid transition from low-interest rates, abundant liquidity to higher interest rates and much less available liquidity has exposed vulnerabilities in the financial sector that made the task of policymakers even harder.

They both explained that what the institutions are projecting for this year is despite the remarkable resilience of consumer spending in the United States and in Europe, despite the uplift from China's reopening, global growth would remain below 3 per cent as was projected earlier this year and what is more concerning, it will remain around 3 per cent for the next five years■

Cashless Policy to Boost MSME Loans – CBN

By: Chioma Udeogu



Central Bank of Nigeria, Headquarters

The Director, Banking Supervision Department, Mr. Haruna Bala Mustapha, has affirmed that the intention of the Central Bank of Nigeria (CBN) has never been to eliminate cash but to reduce the use of cash and encourage electronic payments using electronic channels.

Mr. Mustapha said this at a virtual event hosted by the Chief Executive Officer/Managing Director of First Central Credit Bureau, an independent credit intelligence firm, themed, "Harnessing the Benefits of Cashless Policy on Credit Allocation in a Developing Nation."

Mr. Mustapha, who was represented by a Deputy Director in the Banking Supervision Department (BSD), Mr. Adeniyi Adekunle, said that although Nigeria is largely a cash economy, the cost of maintaining cash has become a burden due to the many vices arising from cash-based transactions.

Speaking further, he stated that cashless policy has largely encouraged transparency, ease of doing business and access to loan for Micro, Small and Medium Enterprises (MSMEs). "We see that it

enables a faster and easier payment, you can do online transactions from the comfort of your home," he noted.

He revealed that, "cashless policy has also increased cost saving; the less we release cash the more that we save in terms of cost. We talk about the increase in transparency and accountability; you are offered insight into the borrower's credit history as well. The CBN will keep encouraging everyone to leverage the benefits of cashless policy so that we can also drive financial inclusion and promote economic growth in Nigeria."

In his remarks at the event, the President of FinTech Association of Nigeria, Mr. Ade Bajomo, who spoke on the rapid adoption of digital payments due to cashless policy, said, "A cashless policy has the potential to revolutionise Credit Allocation in developing nations and by creating a digital trail reducing the cost of credit assessment providing greater transparency, making it easier to assess credit worthiness, improving credit scoring speed and open loan processing, risk management, promoting financial inclusion."

CBN, Bankers' Cttee Urge Traders to Embrace e-Payment Channels

By: Ogochukwu Ikeagwuonu



The Central Bank of Nigeria (CBN) and the Bankers' Committee have charged traders to embrace the eNaira and other electronic payment channels to reduce physical use of cash and promote seamless business transactions.

The appeal was made during a sensitisation campaign on cashless policy and the use of e-Naira by traders for business transactions on Wednesday, April 4, 2023, at Watt Market in Calabar, Cross River State.

Addressing the traders, Assistant Director, Payments System Management Department (PSMD), CBN, Mr. Chika Ugwueze, said the sensitisation exercise was aimed at providing adequate information to traders and members of the public about the cashless policy as an alternative to the use of cash in the country.

Mr. Ugwueze who stated that the CBN introduced the eNaira as an alternative to cash, explained the benefits of the digital payment platform to the traders. He advised every Nigerian that operates in

the nation's banking system, especially those engaging in business to download the eNaira wallet and use it as digital money.

"The important message to all Nigerians is that the eNaira is not an alternative to your bank account, but an alternative to cash in your wallet because it offers efficiency in payment and improves security. As long as you have a telephone in Nigeria, you can have access to the eNaira. There is no deadline for going cashless; we are just presenting options that will widen payment platforms and make them available for Nigerians," Mr. Ugwueze said.

In their separate remarks, Assistant Banking Officer, Zenith Bank, Calabar, Mrs. Ebere Basse commended the CBN's cashless policy and noted that the sensitisation campaign was timely. She urged the traders to limit overreliance on cash by leveraging electronic channels of payment, while the Relationship Manager, Access Bank, Calabar, Mr. Thomas Udie said public campaign was initiated to create awareness on the cashless policy and need to subscribe to the eNaira.

However, a trader, Mrs. Theresa Okon stated that although the cashless policy was a good one, traders still required cash to transact their businesses daily.

Highpoint of the event was a Nollywood actor, Imeh Bishop-Umoh, popularly called "Okon Lagos", who featured in the public awareness campaign and spoke in Efik language. He enjoined the traders to make good use of the eNaira and other electronic channels to increase their turnover, as well as reduce the movement of cash.

CBN to Raise T-Bill Rates

By: Kerma Mshelia

The Central Bank of Nigeria (CBN) is expected to raise Treasury Bills (T-Bills) rates after refinancing maturing Treasury bills worth N149.64 billion, made up of 91-day bills (N3.15 billion), 182-day bills (N2.52 billion), and 364-day bills (N143.97 billion).

The Debt Management Office (DMO) has offered two Federal Government of Nigeria (FGN) Savings Bonds for the month of April at N1,000 per unit. DMO stated that the first offer is a two-year FGN Savings Bond due

on April 12, 2025 at an interest rate of 10.033 per cent per annum.

While the second offer is a three-year FGN Savings Bond due on April 12, 2026 at 11.033 per cent per annum interest rate. "The offer opens on April 3 and closes on April 7. Minimum subscription is N5,000 with multiple of N1,000 thereafter, and subject to a maximum subscription of N50million. Interest is payable quarterly while bullet repayment (principal sum) is on maturity," the DMO said.

CBN Pledges Improved Banking Supervision

By: Blessing Uzoagbado



The Governor of the Central Bank of Nigeria, Mr. Godwin Emefiele, speaking with journalists on the sidelines of the 2023 Spring Meetings of the International Monetary Fund/ World Bank Group which held in Washington D.C, on Friday, April 14, 2023.

Following intense concerns of a likely global banking crisis, the Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has pledged that the CBN and other regulatory authorities in the country would continue to improve their supervision and other oversight functions to ensure banking system stability.

Mr. Emefiele said this during an interview with financial journalists on the sidelines of the International Monetary Fund (IMF)/World Bank Spring Meetings in Washington DC.

He revealed that the IMF's support of the CBN's tight monetary policy stance was a testament to the fact that the Central Bank was doing the right thing.

The Governor noted that the monetary policy and monetary authorities must continue to focus on inflation to bring it down. "While monetary authorities are doing their work, to bring down inflation, they must also keep their eyes on banking systems stability, through monitoring, supervision, and regulatory frameworks and the rest of them" he said.

Mr. Emefiele disclosed that by retaining its 3.2 per

cent forecast for Nigeria in 2023, the IMF has endorsed the policies of the monetary and fiscal authorities put in place in recent months to address the adverse fallouts from global economic challenges arising from the Russian/ Ukraine war and its attendant financial crisis.

Mr. Emefiele expressed delight that in sub-Saharan Africa, the growth levels in Nigeria, even though by his assessment is still sub-optimal and that the IMF would among all the countries in Africa, say that growth in Nigeria should be retained at 3.2 per cent is an exciting news.

The Governor stated that the Bank would continue to focus on monetary policy, which is to work extensively on how to moderate inflation, but at the same time, ensure that banking system stability remains resilient and strong.

Mr. Emefiele further stated that the focus of the gathering of policymakers across the globe was to proffer solutions to address the food crisis, rising poverty, and global inflation as well as other pertinent issues.

Currency and Monetary Policy Management

By: Onyemakonor Ogbe

The Central Bank of Nigeria (CBN) Governor, Mr. Godwin Emefiele had on October 26, 2022, announced the Bank's plans to redesign, produce, and circulate new series of banknotes at N200, N500, and N1,000 denominations

This was in line with global best practice. It is customary for central banks world over to redesign, produce and circulate new local legal tender every 5 to 8 years. So, the CBN exercise to redesign, produce and circulate a new set of the Nigerian currency, was not only in tandem with global best practice but overdue and long in coming as the Naira had not been redesigned in the last 20 years.

The reasons adduced by the CBN for the Naira redesign include the significant hoarding of banknotes by members of the public, worsening shortage of clean and fit banknotes and increased ease and risk of currency counterfeiting. Undoubtedly, the cited factors have far reaching implications for monetary policy management and financial stability of the country.

The ease and risk of counterfeiting the Naira and its attendant adverse implications on monetary policy management and economic development is the crux of this piece. Wikipedia defines counterfeit money as "currency produced without the legal sanction of a state or government, usually in a deliberate attempt to imitate that currency and so as to deceive its recipient". Contemporary society's preference and use of cash despite the geometrical increase in cashless payment platforms makes it more susceptible to counterfeiting. The exchange of cash remains the most used method of payment at markets and for public transportation.

Globally, the production and use of counterfeit currency for pecuniary reasons is criminalised as it is forgery or fraud. Historically, the act of counterfeiting money started in Lydia (now modern-day Turkey) around 600 BCE when coins were forged by shaving the edges of a coin. Metals collected through a process known as clipping, were used to produce counterfeit coins.

The news is replete with prudential measures being put in place by central banks to curtail the nefarious activities of currency counterfeiters. Data from central banks and law enforcement agencies suggest that currency counterfeiting is on the rise. In 2022, the German Bundesbank recorded about 44,100 counterfeit euro banknotes with a nominal value of €2.7m in payments. The German apex bank record shows that the number of counterfeit banknotes has increased by 5.2 per cent on the year. Although, in the European Union (EU) Member States, there is a significant reduction in the number and value of counterfeited banknotes, however, the €20 and €50 notes remained largely counterfeited banknotes. The two currency accounts for around two-thirds of the entire counterfeited currency in the region.

The CBN data shows a substantially higher rate of counterfeiting in the N500 and N1,000 banknotes. This is made more possible by technological and photographic innovations which enables the printing of materials with high resolution and precision. In 2019, the Bank had announced in its yearly report that it had confiscated 84,934 counterfeit banknotes, with a nominal value of N64.7million. The CBN had also in 2020, seized 67,265 counterfeit banknotes with a nominal value of N56.8million. From the foregoing, it is glaring that there is a considerable reduction of the counterfeits in circulation in Nigeria because of the stringent and concerted efforts of the CBN to stem the economic wrecking activities of the currency counterfeit criminals.

Currency counterfeiting undoubtedly has adverse implications on the management of monetary policy, financial system stability and economic development.

Pundits attribute one of the causes of inflation to the unauthorised and artificial expansion of money supply as a result of the activities of counterfeiters. Counterfeiting may lead to the erosion of purchasing power thereby affecting individuals and businesses. The prevalence and circulation of counterfeit currency portends that central banks are forced to spend more in the printing and

minting of new banknotes and coins with improved security features.

In addition, a country's currency can be negatively perceived in the comity of nations. This can lead to loss of investors' confidence and act as a deterrent in attracting investments in such economy.

In Nigeria, the CBN Act of 2007, Section 20, prescribes a term of imprisonment of not less than 5 (five) years for any individual who falsifies, makes, or counterfeits any bank note or coin issued by the CBN. There is a marginal probability of receiving a counterfeit note. However, the members of public are advised not to be alarmed but be at alert. The

CBN banknotes are imbued with enhanced security features that help to confirm the genuineness of the Naira banknotes by "look", "feel" and "tilt" method. There is no denying that the Naira redesign exercise will make the Nigerian legal tender to remain a trusted and safe means of payment.

The CBN has shown commitment in the discharge of its currency management function as enshrined in Section 2 (b) of the CBN Act 2007. The Bank has consistently restated its resolve to ensure the efficiency of supply and the integrity of the Naira as a legal tender which is maintained for the betterment of citizens and the country. ■

Emefiele Tasks Government to Raise Revenue

By: Pearl Ogbonna



CBN Governor, Mr. Godwin Emefiele

The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele has advised governments to raise revenue if they are to continue to spend. The Governor gave this advice when speaking to journalists on the sidelines at the recent World Bank and IMF Spring meetings which held at Washington DC, USA.

He gave this recommendation on the backdrop of reduced global debt market access. The IMF had stated that higher borrowing costs and tighter monetary policies, combined with a decline in aid budgets, have led to rising interest burdens on public debt, even as African countries were facing a big funding squeeze.

"For the fiscal, of course, because of the limited fiscal space, the IMF insists that countries need to reduce their spending but, in my case, I will say, well if you want to spend then raise revenue to be able to spend," he said.

He further stated, "I think it's important that we must raise revenue and not get ourselves constrained in an environment where there is no debt, where financial market conditions are very tight and very limited, and where interest rates are high and could create a lot of burden for economies and the only option for fiscal in this case is to expand the revenue base so as to be able to spend."

Mr. Emefiele also suggested increasing revenue through taxes and export revenue, and not relying on Ways and Means funding due to rising debt levels. ■

Global Tit Bits

CBN's BVN Spurs WAMI's \$8m Identification Project

By: Ogochukwu Ikeagwuonu

The African Development Fund (ADF) has approved \$8m funding for the establishment of a unique bank identification system and harmonized customer identification framework for the Gambia, Guinea, Liberia and Sierra Leone.

The implementation of the project would commence in July 2023, led by the West African Monetary Institute (WAMI) in collaboration with central banks of the participating countries, and with banking and non-banking financial service providers.

Speaking at the event, WAMI Director-General, Dr. Olorunsola E. Olowofeso said, "The Unique Bank Identification (UBI) and Digital Interoperability project was borne from the success of the Bank Verification Number (BVN) implemented by the Central Bank of Nigeria."

Olowofeso further noted that the unique bank identification would leverage existing national identification systems and help to strengthen financial integration in the West African Monetary Zone.

The new bank identification system would link banking accounts of individuals across different

financial service providers. Over 53 financial service providers across the participating countries would be included in the project. This would enable them to verify their clients' identities on an on-going basis KYC (Know-Your-Customer), combat fraud, discourage loan defaulting and strengthen correspondent banking relationships. On the part of customers, KYC compliant finance sectors will bolster trust and confidence and eventually, encourage access and usage of financial solutions.

The Director, Financial Sector Development Department, African Development Bank, Mr. Ahmed Attout, commended the Board's approval and noted that it attested to the strong partnership between the Bank and WAMI.

Recall that in 2014, the Central Bank of Nigeria introduced the Bank Verification Number (BVN), an 11-digit unique biometric identity for customers across the Nigerian banking industry, tied to all bank accounts aimed at drastic reduction in electronic banking fraud, non-performing loans and elimination of ghost names from the civil service payroll ■

IMF Advocates Aid for Poor Countries

By: Ogochukwu Ikeagwuonu



www.wikipedia.org

The Managing Director, International Monetary Fund (IMF), Kristalina Georgieva has called on the international community to support the world's poorest countries to come out of their challenges. The IMF boss made the call at the High-Level Roundtable Discussion on Low-Income

Countries' Challenges and Concessional Financing at the IMF and World Bank 2023 Spring Meetings in Washington D.C.

Speaking, Georgieva said the world must work together to close the existing gap. She hinted that since the outbreak of the COVID-19 pandemic, the IMF has provided \$24 billion in support through the Poverty Reduction and Growth Trust (PRGT), alleviating the suffering of the poor and preventing instability from spreading beyond borders.

She added that higher interest rates have raised the cost of borrowing and increased the funding shortfall. However, "we have to work together to close this gap and I have no doubt that we will be successful," she commented. She also noted that every dollar committed in PRGT subsidies translates into \$5 of interest-free lending ■

JAN Partners CBN on Financial Literacy

By: Pearl Ogbonna

As part of plans to engage young people with activities that promote financial literacy, and in line with the CBN's financial inclusion mandate, the Junior Achievement Nigeria (JAN) has partnered with the Central Bank of Nigeria (CBN) to achieve this mandate of shaping the economic future of young people.

With this year's theme being *"plan your money, plant your future"*, the JAN has underscored the importance of this partnership to engage young people with activities such as financial literacy rallies, financial literacy fairs, Nigerian Stock Exchange tours and an essay competition. This formed part of the celebrations to mark the 2023 Global Money Week, which is an annual global awareness-raising initiative that highlights the importance of ensuring that young people are financially conscious and can access information and skills needed to make sound financial decisions.

Speaking on this year's celebration, the Executive Director, JAN, Foluso Gbadamosi reiterated that the organization was committed to ensuring that young people were equipped with skills necessary for financial success. "It is important to educate young people and provide them with skills and resources needed to improve their financial management abilities and set them on the right path to financial independence", he stated.

While appreciating the CBN for partnering with JAN to achieve the United Nations Sustainable Development Goals 1 (zero poverty) and 4 (quality education), Mr. Gbadamosi further stressed that the organization was focused on creating a financially literate generation. Hence, the partnership with CBN to celebrate Global Money Week by teaching students using the financial literacy modules created by JAN.

BVN Registration Rises to 57million in April – NIBSS

By: Kerma Mshelia

The Nigeria Inter-Bank Settlement System (NIBSS) has stated that the bank account owners with Bank Verification Number (BVN) in the country as at April 9, 2023 rose to 57million.

According to data obtained from NIBSS, this was an improvement from the 56.5 million recorded as at January 8, 2023 amidst challenges in Nigeria's macroeconomic environment. This is however lower than the average of 400,000 registrations per month recorded last year.

NIBSS stated that active bank accounts in Nigeria stood at 133.5 million at December 2021 with a number of multiple accounts linked to one BVN.

The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele had disclosed that bank accounts not linked with BVN would be closed. This, according to the Director, Risk Management Department, Mr. Blaise Ijabor was to clean up the banking sector, reduce the increasing incidences of fraud in the financial sector and track fraudulent activities.

This initiative, according to him, would encourage customers to update their records and link their bank accounts to the BVN.

Director PSMD Advocates Analytical Review of Cohort

By: Aisha Sadiq



The Director, PSMD, CBN, Mr. Musa Jimoh flanked by members of the Regulatory Sandbox Technical Committee at the maiden exercise of the cohort review in Lafia.

The Director of Payments System Management Department, Mr. Musa Jimoh has urged members of the Regulatory Technical Committee of the Regulatory Sandbox to be critical and analytical in their review of selected entries, as their inputs would eventually help broaden financial services and boost financial inclusion.

Mr. Jimoh gave this charge at the maiden exercise of the cohort review of pre-qualified applications on Monday, April 17, 2023 in Lafia, Nasarawa State.

The Regulatory Technical Committee constitutes members from various departments of the Bank, which include: Financial Policy and Regulations Department; Information Technology Department; Banking Supervision Department, Consumer Protection Department; Other Financial Institutions Supervision Department; Trade and Exchange Department; and staff of the Payments System Management Department.

He noted that Nigeria is championing the cause of innovation through the Regulatory sandbox in order to drive financial inclusion, access to credit, competition and encourage Small and Medium Scale Enterprises, amongst others.

According to him, the regulatory sandbox would allow the approved entries of both corporate entities and individuals to conduct live tests of new innovative products, service delivery channels, or business models in a controlled environment, with regulatory oversight.

The Director, PSMD, also reiterated the need for the technical committee to give constructive feedback as it would determine the approval of such innovations

by the Regulatory Sandbox Steering Committee.

Earlier in his welcome address, the Head, Innovation Office of PSMD, Dr. Akinwunmi Olubukola stated that only 27 entries successfully qualified for the final evaluation stage.

He added that the Technical Committee was tasked with the job to give critical inputs on the pre-qualified entries as their contributions and would determine the acceptance of approved entries into the Regulatory Sandbox by the Regulatory Sandbox Steering Committee chaired by the Deputy Governor, Financial System Stability.

The Regulatory Sandbox was launched at the International Financial Inclusion Conference (IFIC22), November 2022. A total of 291 entries were received of which only 58 applications met the set criteria for the purpose of the sandbox.

The five-day event featured the critique of 27 pre-qualified entries by the members of the Technical Committee. The criteria used include; the problem statement, a brief summary of the product/Service, the impact of financial inclusion, a brief description of objectives, testing objectives, existing product alternatives, and a brief description of the technology to be adopted.

Entries reviewed by members cut across various segments of the financial services sector, which include, eNaira, Data Management, Anti Money Laundering, and Counter Financing Terrorism management, Background checks and Identity Management, Micropayments, Credit, Alternative payment Channels, Managing customer complaints, amongst others ■



Central Bank of Nigeria

FAQ

FREQUENTLY ASKED QUESTIONS
AND ANSWERS ON



NAIRA REDESIGN



WHAT YOU NEED TO KNOW

1. What is the core mandate of the Central Bank of Nigeria (CBN) in currency management?

The CBN Act of 2007 (as amended) vests in the Bank the responsibility to issue and manage the country's legal tender currency – Naira, Kobo, eNaira.

2. What is the rationale for the Bank's recent decision to redesign Naira notes?

Data have shown a large volume of banknote hoarding by the public, which has led to a shortage of clean and fit banknotes. Increase in the rate of counterfeiting in the country and the long span of re-designation of naira notes, which according to best practice, should be undertaken every 5 to 8 years.

3. How many denominations are to be redesigned?

Only three of the current eight denominations will be redesigned, namely the N200, N500, and N1,000 banknotes. All other banknotes – N5, N10, N20, N50, and N100 – are not being redesigned now.

4. When will the redesigned Naira banknotes be launched?

President Muhammadu Buhari launched the new Naira banknotes on November 23, 2022.

5. After the launch of the new naira banknotes, will I be able to use the old notes?

The current N200, N500, and N1,000 banknotes will circulate side by side with the redesigned N200, N500, and N1,000 banknotes till January 31, 2023, when the current notes shall be withdrawn from circulation and cease to be legal tender. The current banknotes remain legal tender till January 31, 2023, and should not be rejected as a means of exchange for purchasing goods and services.

6. How do I dispose of the N200, N500, and N1,000 banknotes currently in my possession?

Visit your commercial bank to deposit the old notes. Citizens without bank accounts are encouraged to visit banks of their choice to open accounts. You can also approach the nearest CBN-authorized agent to make your deposit if you reside in a rural area.

12. Am I expected to get a cash exchange for all my deposits?

There is no outright exchange of new banknotes for old N200, N500, and N1,000 banknotes. However, customers are encouraged to explore other payment channels such as eNaira, POS, electronic transfer, USSD, internet banking, and mobile money operators and agents, for their economic activities.

7. Is there a limit to how much money an individual can deposit during this period?

There is no limit to deposits of N200, N500, and N1,000 banknotes an individual or corporate body can make during the transition period that expires on January 31, 2023.

13. What alternative channels would be made available to make payments?

Citizens can make payments through eNaira, Point-Of-Sale, mobile Payment Service Banks (Hope PSB, 9PSB, MTN's Momo PSB, and Airtel's SmartCash), mobile apps, Internet banking, USSD, or other cashless channels.

8. Do the current bank charges apply for depositing the currency banknotes?

The Central Bank of Nigeria (CBN) has suspended charges on bank deposits from now till January 31, 2023, to enable customers to make their deposits.

14. What are the benefits of the currency redesign?

Introducing the new series will help check counterfeiting. The redesign is also expected to strengthen the economy, reduce the expenditure on cash management, promote financial inclusion, and enhance the CBN's visibility of the money supply.

9. Are there plans by the CBN to introduce new N2,000 and N5,000 banknotes?

There are currently no plans by the CBN to introduce N2,000 and N5,000 banknotes.

15. 1. Is the Naira redesign targeted at any group of Nigerians?

The decision of the Central Bank of Nigeria to redesign three denominations of the Naira is not targeted at any group or persons.

10. How can I make deposits when I work all through the week?

All Branches of the Central Bank of Nigeria and select branches of All the commercial banks will work from Monday to Saturday during the transition period to enable citizens to deposit the N200, N500, and N1,000 banknotes in their possession.

16. Why has the CBN chosen this time to redesign the currency?

The global standard period for redesigning a country's currency is five to eight years, which means that the Naira is long overdue for redesigning. Also, having a considerable amount of money currently outside the banks back into the financial system may help ease inflationary pressures, deepen financial inclusion and enhance cashless policy.

11. Does the CBN plan to remove any inscription on the current N200, N500, and N1,000 banknotes?

No. There are no plans by the Central Bank of Nigeria (CBN) to remove or introduce new inscriptions on the Naira.

17. Will the exercise be extended after January 31, 2023, deadline?

There will be no extension, so citizens are advised to ensure they deposit all the N200, N500, and N1,000 banknotes in their possession before the deadline of January 31, 2023.

eNaira - FREQUENTLY ASKED QUESTIONS

What is eNaira?

eNaira is a central bank digital currency (CBDC) issued by the Central Bank of Nigeria as a legal tender. It is the digital form of the Naira and will be used just like cash.

What is an eNaira wallet?

The eNaira wallet is a digital storage that holds the eNaira. It is held and managed on a distributed ledger. The eNaira wallet is required to access, hold and use eNaira.

What makes eNaira different from the money in my bank account?

eNaira is the digital form of the cash and is a direct liability on the Central Bank of Nigeria while the customer deposits are direct liabilities on the financial institutions.

In a typical transaction, what is the difference between an online bank transaction and eNaira wallet?

There are intermediaries for the typical online bank transactions, whereas for eNaira transactions, there are no intermediaries.

What are the benefits of eNaira?

The benefits of the eNaira are:

- = Fast, cheap, reliable and available payment channel.
- = Support digital economy.
- = Improved economic activities.
- = Simplified and easy cross border payments and trade.
- = Inclusion of excluded people in the financial system.
- = Improved effectiveness of monetary policies.
- = Ease in tax remittance and collection to support the Country's growth.
- = Ease in targeted social interventions to support Nigerians.

What is the primary role of the CBN with respect to eNaira?

In line with Section 2 of the CBN Act 2007, the CBN is the issuing authority of all forms of Naira. The Central bank will also be responsible for determining the technical, regulatory and operational standards for eNaira.

Will eNaira replace cash?

No, it will circulate alongside cash. The eNaira will

complement cash as a less costly, more efficient, generally accepted, safe, and trusted means of payment.

Is eNaira safe?

eNaira is safe and secured with cryptographic techniques against counterfeiting, cloning, and other forms of attack.

As an eNaira holder, am I assured of data privacy?

Yes. Similar to the privacy enjoyed by current online banking patrons, the eNaira system has been designed to ensure data and user privacy. There are also operational policies and procedures in place to protect users' identity and privacy.

Who can access eNaira?

Similar to cash, any person or business can have access to eNaira as long as they have the requirements for on boarding.

What is the exchange rate between eNaira and physical naira?

The eNaira will have the same value as the physical naira. As such, it will be exchanged one to one.

Why should an individual download and fund the eNaira wallet?

- = 99.9% service availability.
- = Low charges.
- = Nationwide acceptance.
- = No dispensing errors.
- = Advanced data privacy and security.

Why should a business/corporate operate the eNaira wallet?

- = Instant settlement
- = 99.9% service availability and reliability
- = Low charges
- = No dispensing errors
- = No reconciliation issues

How do I access eNaira?

Customers will be able to access eNaira via the eNaira wallet in app stores such as Google Play store and the Apple App store. Users can also dial a USSD short code and follow the required steps to perform transactions.

Culled from: <https://www.enaira.com/>



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Central Bank of Nigeria



- 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. To report persons abusing the Naira, call 08000200200.
- 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.
- 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 7002255226
- 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 7002255226
- 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 7002255226



Central Bank of Nigeria

