



**Town-Hall Meeting with Financial Sector  
Stakeholders on the  
African Continental Free Trade Area  
(AfCFTA) Agreement**

**5<sup>th</sup> July, 2021**

# Agenda

S/N	DESCRIPTION	FACILITATOR	TIME
1	National Anthem Prayer / Introduction		10:00am – 10:05am
2	Opening remarks	Dr. Kingsley Obiora DG, Economic Policy	10:05am – 10:15am
3	Overview of AfCFTA Implementation	Dr. Hassan Mahmud Director, Monetary Policy Department	10:15am-10:20am
4	The AfCFTA Negotiation Strategies for the Financial Services Sector	Amb (Dr.) Yonov F. Agah DG, Nigerian Office for Trade Negotiations	10:20am-10:25am
<b>Discussions</b>			
5	Maximizing the AfCFTA Agreement for Commercial Banks	Mr. Haruna Mustafa Director, Banking Supervision Department	10:25am – 10:30pm
6	Maximizing the AfCFTA Agreement for Other Financial Institutions	Mrs. Nkiru Asiegbu Director, Other Financial Institutions Supervision Department	10:30am – 10:35am
7	Maximizing the AfCFTA Agreement for Export Trade and Economic Gains	Dr. Ozoemena E. Nnaji Director, Trade and Exchange Department	10:35am-10:40am
8	Utilizing CBN Interventions to Maximize Gains from AfCFTA	Mr. Phillip Y. Yusuf Director, Development Finance Department	10:40am-10:45am
9	Overview of the AfCFTA Agreement: How can Businesses Participate in AfCFTA	Mr. Ogoegebunam Chukwurah NAC-AfCFTA Secretariat	10:45am-10:50am
10	Maximizing the AfCFTA Agreement for Payments Service Providers	Mr. Jimoh I. Musa Director, Payments System Management Department	10:50am-10:55am
11	Questions and Answer Session	Moderator: Ms. Ladi R. Bala-Keffi, Deputy Director, Monetary Policy Department	10:55am-12:00pm
12	Closing remarks and prayers	Dr. Hassan Mahmud Director, Monetary Policy Department	12:00pm – 12:05pm

Opening Prayer  
by  
**Ms. Ladi R. Bala-Keffi (Moderator)**  
Deputy Director, Monetary Policy, Central Bank of Nigeria



# Second Stanza of the National Anthem

Oh God of creation, direct our noble cause  
Guide our leaders right  
Help our youth the truth to know  
In love and honesty to grow  
And living just and true  
Great lofty heights attain  
To build a nation where peace and justice shall reign



# Opening Remarks



**Dr. Kingsley Obiora**

Deputy Governor, Economic Policy  
Central Bank of Nigeria



Introduction of Speakers  
by  
**Ms. Ladi R. Bala-Keffi (Moderator)**  
Deputy Director, Monetary Policy, Central Bank of Nigeria



# Overview of the AfCFTA Implementation



**Dr. Hassan Mahmud**

Director, Monetary Policy Department, Central Bank of Nigeria





# AN OVERVIEW OF AfCFTA IMPLEMENTATION: CENTRAL BANK OF NIGERIA'S PERSPECTIVE

Hassan Mahmud (PhD), Director, Monetary Policy Department

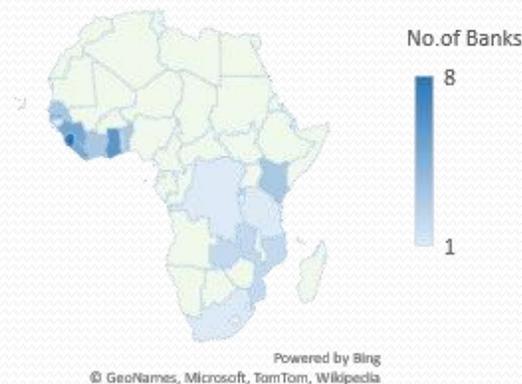
## Overview of AfCFTA



## Role of Finance in AfCFTA

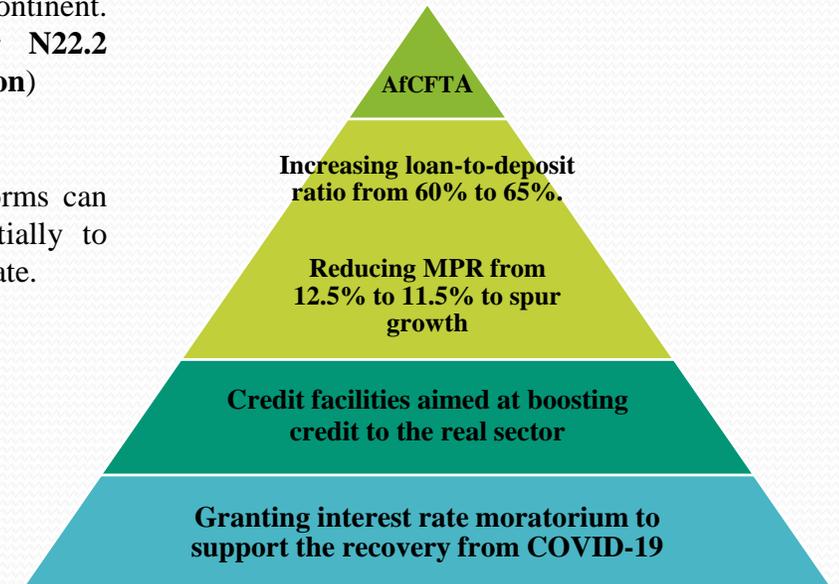
- The success of AfCFTA depends largely **on the ability of the Africa's financial service industry to serve as effective intermediaries**
- So far, Nigerian Banks are currently ranked among the largest banks in Africa, with branches across countries

### Cross Border Presence of Nigerian Banks



## Role of CBN in AfCFTA

- CBN has a lead role to play in positioning the Nigerian financial sector to harness the potential benefits of the Agreement.
- The Bank's monetary and trade policies are aimed at maintaining macroeconomic stability and promoting non-oil exports.



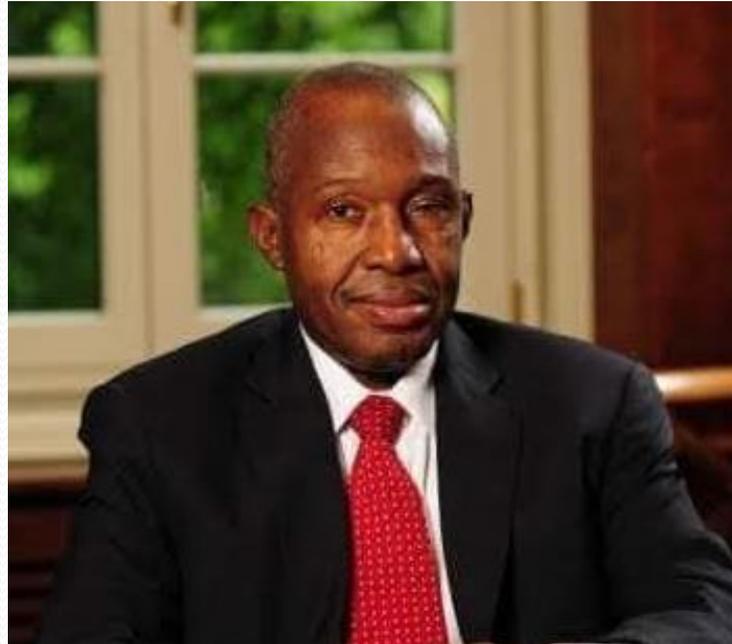
The Agreement moved to the implementation phase in January 2021.

- After over three years of preparations, it is expected Nigerian businesses are fully equip to harness the continental market
- However, data from NBS shows that Nigerian exports to Africa declined in Q12021.

Nigerian Exports to Africa, 2018Q1-2021Q1



# AfCFTA Negotiation Strategies for the Financial Services Sector



**Ambassador Yonov F. Agah (PhD)**

Director General/ Chief Trade Negotiator, Nigerian Office for Trade Negotiation



# Maximizing the AfCFTA Agreement for Commercial Banks



**Mr. Haruna B. Mustafa**

Director, Banking Supervision Department, Central Bank of Nigeria



# MAXIMIZING THE AfCFTA AGREEMENT FOR COMMERCIAL BANKS

Haruna B. Mustafa, Director, Banking Supervision Department

## Market Statistics

1.27 Bn people; projected rise to 1.7 Bn by 2030 (middle class 600 Bn)

Aggregate GDP = Between US\$ 2.1 Trn & US\$3.4 Trn (US\$6.7 Trn at PPP)

Growing online retail: US\$75 Bn p.a. by 2025

Boost intra-African trade & global trade with 90% tariff liberalization

Huge growth potential for intra African Trade (52.3%) & global trade (6%) by 2022

Lift 30 million Africans out of extreme poverty

### Current Financial Footprint of Nigerian Banks across Africa

- ✓ 8 Nigerian banks with continental presence
  - ✓ 54 subsidiaries
  - ✓ 22 countries
- ✓ Value of Financial Services (2017)
  - Exported: \$0.36bn
  - Imported: \$1.35bn



Creating One African Market

Boost Africa's income by US\$ 450 Bn by 2035

Increase African exports by US\$560 Bn (mostly manufacturing)





## Opportunities for Banks



Nigeria is the 5th largest exporter of services (US\$5 billion) and the largest importer of services (US\$18.2 billion) in Africa (Source: ITC)

### Tourism and Hospitality:

- Nigeria's Tourism & Travel-Related Services = \$2.54bn in export and \$5.79bn in import in 2017
- Projected rise in the demand for hospitality services throughout the continent

### Transport Services:

- In 2017, Nigeria's trade in transport services = \$1.3bn in export and \$4.64bn in import
- Huge gap = Investment & growth opportunity for rail, air, & water transport

## Implications for Banks and the CBN

Likely of influx of foreign banks (potential increased competition)

Opportunity to learn & better customer experience through the design & introduction of new products & use of technology

Likely increased demand for credits and other banking services

Increase in the continental footprint of Nigerian banks

Potential source of risk from countries within the area with low level maturity in regulation and supervision

Upsurge in the number of subsidiaries may task our supervisory capability

Solution lies in strengthening cross border supervision of banks through capacity building of home and host supervisors



# Maximizing the AfCFTA Agreement for Other Financial Institutions



**Mrs. Nkiru Asiegbu**

Director, Other Financial Institutions Supervision Department, Central Bank of  
Nigeria





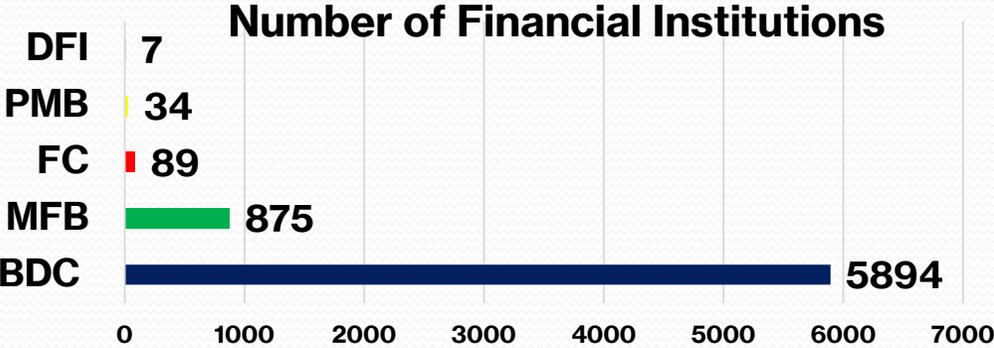
# **MAXIMIZING THE AFCFTA AGREEMENT FOR OTHER FINANCIAL INSTITUTIONS**

**Presentation by:**

**Other Financial Institutions Supervision Department (OFISD)**

# BENEFITS & RISKS TO OFIs

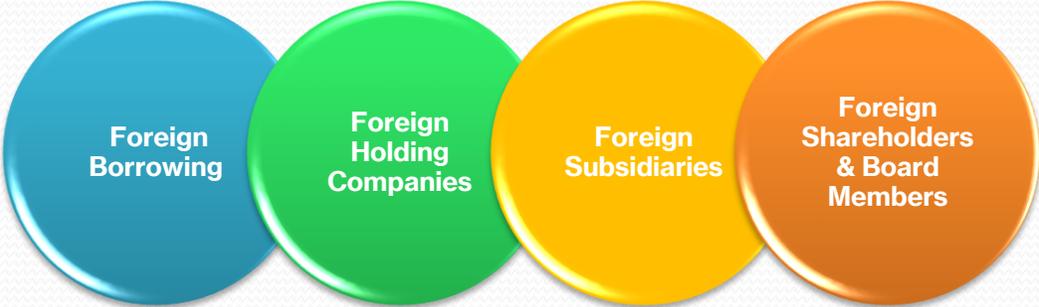
## Other Financial Institutions at a Glance



## Benefits of AfCFTA to OFIs

Dynamic Business Plan for Cross Boarder Markets	Potential Expansion to New Markets	Rapid Adoption of IFRS	Increased Access to Capital from Foreign Investors
Potential Growth in Asset	Enhanced Quality of Service	Improved Internal Control & Risk Management Systems	Improved Training & Skill Standards

## Foreign Dynamics of AfCFTA in OFIs



## Potential Risks in the Implementation of AfCFTA Agreement

<b>COMPETITION</b>	<ul style="list-style-type: none"> <li>Industry players from other African countries would drive new entrants into the Nigerian market and stiffen competition.</li> </ul>
<b>MULTIPLE REGULATORY REQUIRMENTS</b>	<ul style="list-style-type: none"> <li>Differing regulatory requirements for financial services in member States will pose compliance challenges to OFIs seeking to expand across markets.</li> </ul>

- Through the provision of financial services to economic agents operating in the real sector, OFIs are the engine room of economic growth and development.
- The implementation of AfCFTA Agreement will result in the free movement of people, goods and services, which will increase trade amongst member States.
- It presents many opportunities which all OFIs in Nigeria can exploit to the benefits of institutions, shareholders and the economy at large.



# Overview of the AfCFTA Agreement: How can Businesses Participate in AfCFTA



**Mr. Francis Anatogu**

Secretary, NAC-AfCFTA

Represented by Mr. Ogoegebunam Chukwurah





**NATIONAL  
ACTION  
COMMITTEE  
ON AfCFTA**

# African Continental Free Trade Area (AfCFTA)

## *- Overview and Opportunities for Nigeria Businesses*

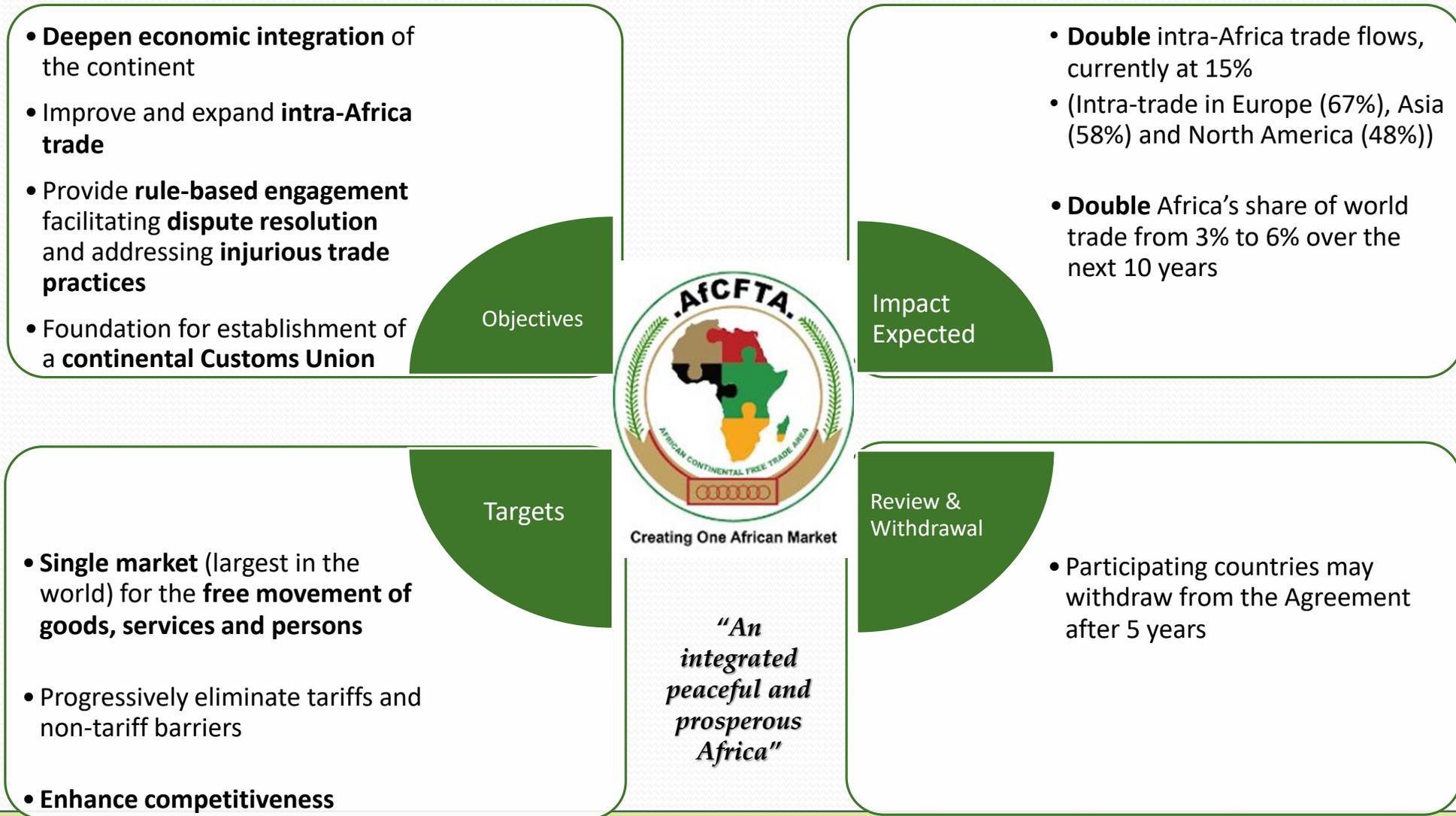
A Presentation of National Action Committee on the implementation of AfCFTA at Town Hall Meeting of the Investment Mobilization and Financial Services Workstream

**5<sup>th</sup> July 2021**

# Overview

# African Continental Free Trade Area (AfCFTA)

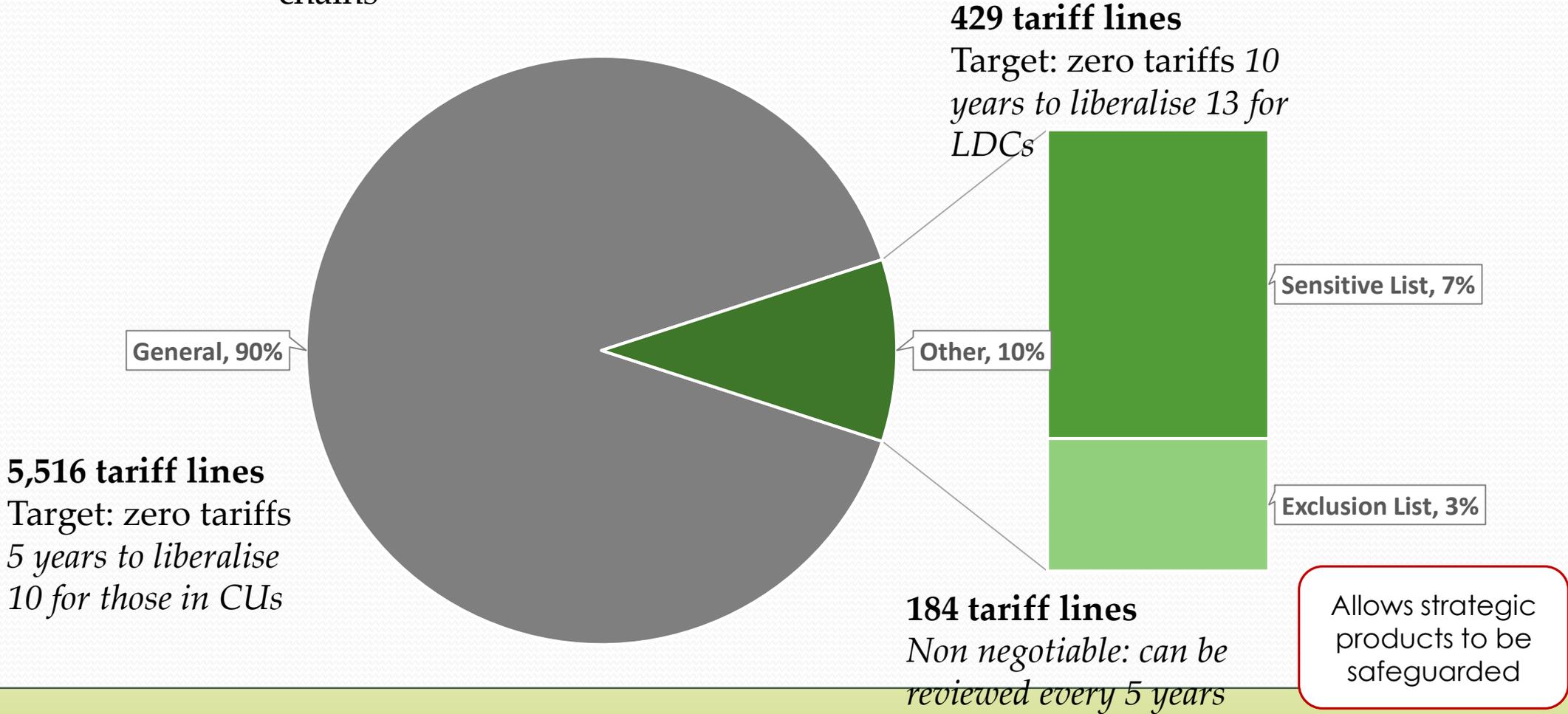
## An overview



# Trade liberalisation explained: the 90/10 rule

**Objectives:**

- Progressive elimination of tariff and non-tariff barriers
- Development and promotion of regional and continental value chains



# AfCFTA Implementation - Key challenges



## Production & productivity issues

- Capacity and skill dearth
- Circa 50% capacity utilization
- Low agricultural yield
- High post harvest losses
- Significant dependence on imports for inputs and components
- Intense competition from cheaper imports
- High non-operating costs
- Slow implementation of incentives and local offtake arrangements
- Poor access to foreign markets (quality, country brand, economic cooperation).
- Data deficiency
- Low adaptation to technology and best practices

## Infrastructure constraints

- Lack of access to uninterrupted power
- Obsolete and inadequate infrastructure
- Poor safety and hazard concerns
- High cost vs. value of international certifications
- Low stock of transport infrastructure (roads, rail, water)
- Inefficient logistics operations (port congestion)
- Low inter-connectivity of transport modes from poor planning
- Low access to modern logistics infrastructure (fleet, warehouse, packing equipment, etc.)
- Slow completion of projects

## Insecurity

- Insurgency, kidnapping, farmers/ herdsman clashes are limiting access to farms and travel options; and from pirates on waters

## Predatory trade practices

- Smuggling through manned and unmanned borders
- Unchecked dumping and illegal subsidies
- Illegal trans-shipments
- Abuse of rules of origin
- Non-enforcement of AfCFTA rules by regional partners.
- Intellectual property infringement

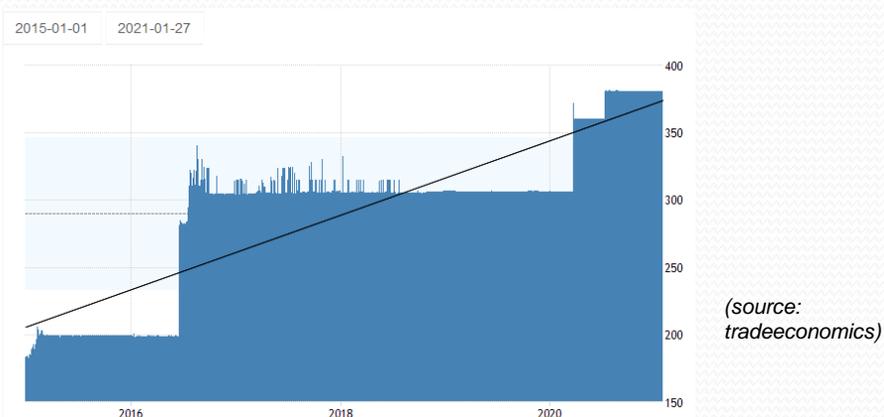
## Funding constraints

- Dwindling government revenue
- Businesses experience difficulties in accessing incentives and intervention financing (EEG Grants, CTG fund, etc.)

## Regulatory constraints

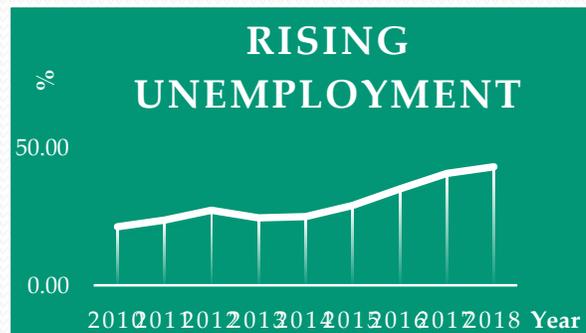
- Significant number of laws and regulations require update
- Change in government
- Overlapping mandate of MDAs with low institutional cooperation
- Cost of doing business (permits, bureaucracy, multiple taxation)
- Lingering disputes
- Fiscal uncertainty/ weak macroeconomic environment
- Plethora of laws with weak enforcement
- Misalignment of other bilateral trade agreements and the AfCFTA provisions

# AfCFTA - Strategic imperatives for Nigeria



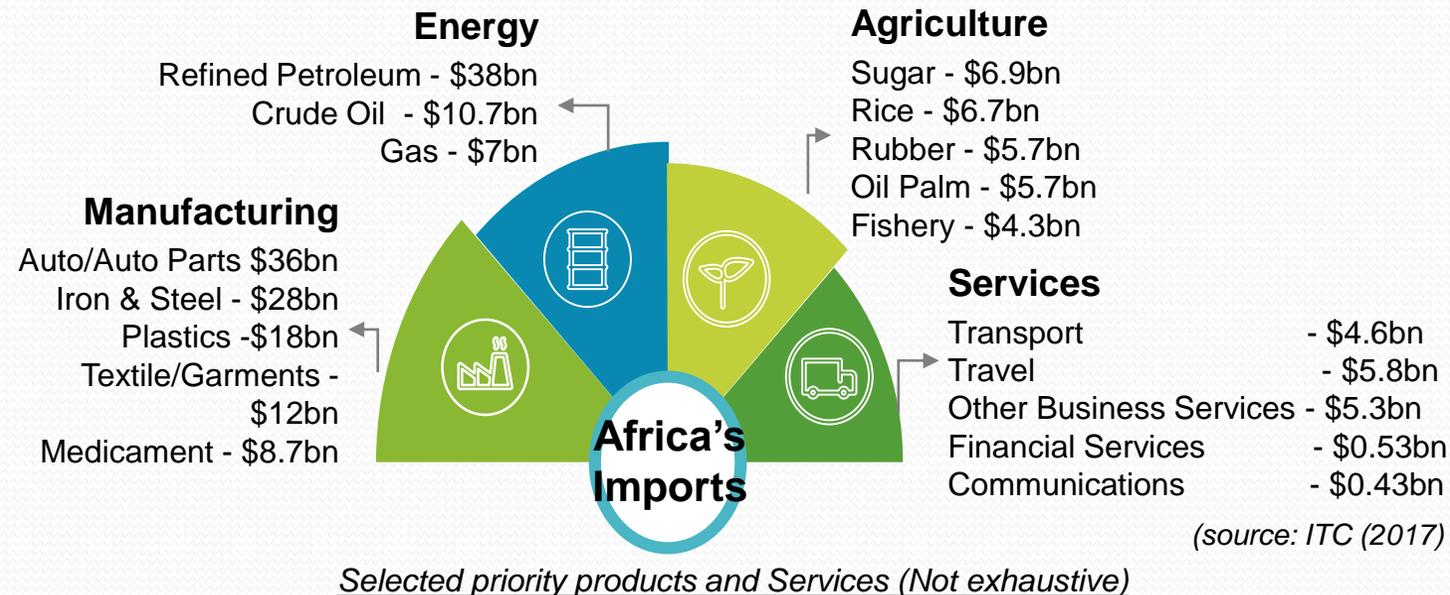
## Wealth Protection (Business & Country)

- Protect sovereign revenue
- Mitigate private wealth erosion due to *foreign exchange devaluation & double-digit inflation*



## Job Creation

- Reverse unemployment growth trend



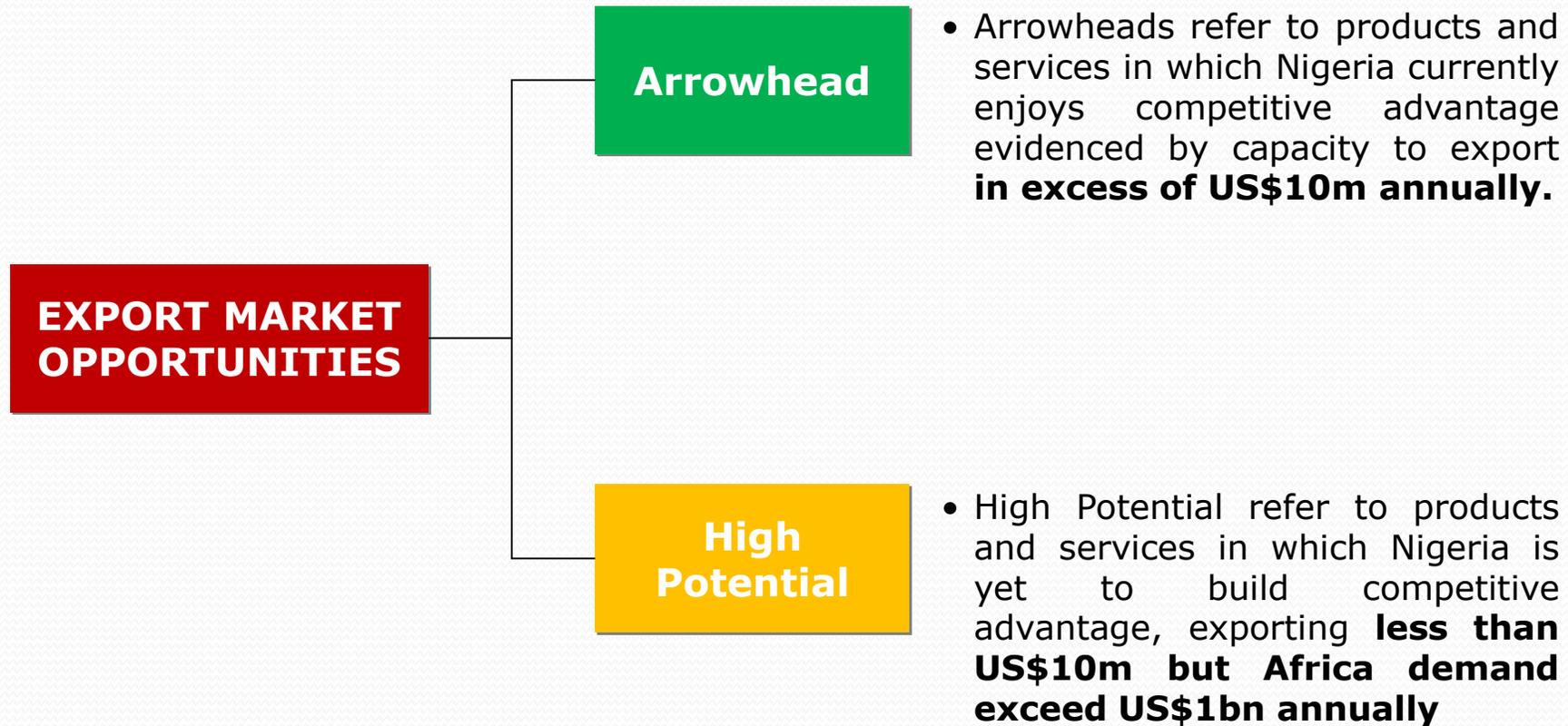
## Huge opportunities in international trade

1. Preferential access to Africa's markets worth **\$504.17billion** (goods) & **\$162bn** (services) (source: ITC (2017))
2. Market expansion opportunities for Goods & Services
3. Boost to backward integration, local value addition
4. Opportunity to consolidate hub position in Services
5. Productivity growth through competition & specialization
6. AfCFTA – a stepping stone to the global market place

# Strategic Options (Where to play)

# Opportunities for Nigeria

## OUR STRATEGIC APPROACH/ SELECTION CRITERIA



# AfCFTA Opportunities (Arrowheads)

Code	Product label	Africa Imports (Bn)	Nigeria Exports (\$Bn)
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances	94.63	49.8051
84	Machinery, mechanical appliances, boilers; parts thereof	46.64	0.0216
39	Plastics	16.63	0.0714
72	Iron and steel	12.75	0.0303
89	Ships, boats and floating structures	11.22	1.2661
15	Animal or vegetable fats and oils and their cleavage products	7.42	0.0208
38	Miscellaneous chemical products	6.05	0.0183
31	Fertilisers	4.05	0.1692
40	Rubber and articles thereof	4.02	0.0420
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	4.02	0.0651
03	Fish and crustaceans, molluscs and other aquatic invertebrates	3.66	0.0450
26	Ores, slag and ash	2.71	0.0377
23	Residues and waste from the food industries	2.67	0.0161
74	Copper and articles thereof	2.53	0.0123
44	Wood and articles of wood; wood charcoal	2.25	0.0172
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants	1.77	0.2745
24	Tobacco and manufactured tobacco substitutes	1.73	0.0972
21	Miscellaneous edible preparations	1.60	0.0206
19	Preparations of cereals, flour, starch or milk; pastrycooks' products	1.57	0.0265
34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles	1.37	0.0113

# AfCFTA Opportunities (High potential)

Code	Product label	Africa Imports (Bn)	Nigeria Exports (\$Bn)
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	40.57	0.0002
85	Electrical machinery and equipment	33.10	0.0020
10	Cereals	23.63	0.0008
30	Pharmaceutical products	14.24	0.0007
73	Articles of iron or steel	9.53	0.0001
17	Sugars and sugar confectionery	5.68	0.0017
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	4.42	0.0042
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof	3.87	0.0001
49	Printed books, newspapers, pictures and other products of the printing industry	3.73	0.0001
02	Meat and edible meat offal	1.53	0.0001
04	Dairy produce; birds' eggs; natural honey	2.91	0.0096
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings	2.84	0.0001
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus	2.51	0.0000
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	2.21	0.0051
07	Edible vegetables and certain roots and tubers	1.20	0.0019
64	Footwear, gaiters and the like; parts of such articles	1.38	0.0026
54	Man-made filaments; strip and the like of man-made textile materials	2.55	0.0003
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	1.32	0.0016
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	1.05	0.0023
69	Ceramic products	1.02	0.0002

# AfCFTA Opportunities (Services)



ARROWHEAD SERVICES				HIGH POTENTIAL SERVICES			
HS Code	Service Description	Africa Imports (Bn)	Nigeria Exports (\$Bn)	HS Code	Product label	Africa Imports (Bn)	Nigeria Exports (\$Bn)
3.1.2	Freight transport, Sea	26.8	0.19	3.3.2	Other modes of transport, Freight	3.3	-
3.2.1	Passenger transport, Air	7.4	0.01	3.3.3	Other modes of transport, Other (other than passenger and freight)	2.4	-
3.2.2	Freight transport, Air	1.3	0.01	10.2	Professional and management consulting services	4.24	-
10.3	Technical, trade-related, and other business services	34.63	0.06	8	Charges for the use of intellectual property n.i.e.	3.08	-
4.2.3	Travel, Personal, Other (other than health and education)	11.2	2	4.1.2	Travel, Business, Other (other than acquisition of goods and services by border and short-term workers)	4.4	-
9.1	Telecommunications services	2.09	0.23	4.2.1	Travel, Personal, Health-related	2.4	-
7.1	Explicitly charged and other financial services	2.02	0.54	4.2.2	Travel, Personal, Education-related	6.8	-
6.1	Direct insurance	5.88	0.22	9.2	Computer services	1.28	-

**Financial Services comprise:**

**Explicitly charged and other financial services;**

**Financial intermediation services indirectly measured (FISIM).**

# Selected Nigerian companies and their networks in Africa

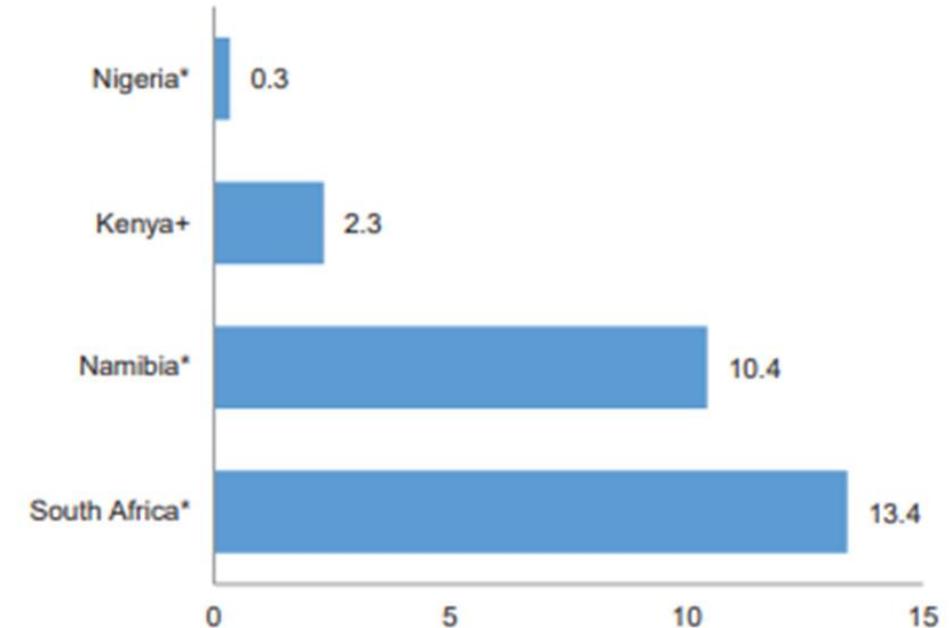
Company	Sector	African operations	
 United Bank for Africa	Banking	20	Benin, Burkina Faso, Cameroun, Chad, Cote d'Ivoire, Congo Brazzaville, Gabon, Ghana, Guinea Conakry, Kenya, Liberia, Mali, Mozambique, Nigeria, RDC, Senegal, Sierra Leone, Tanzania, Uganda, Zambia
	Manufacturing (Industrial, Food & Beverages)	12	Cameroun, Cote d'Ivoire, Congo, Ethiopia, Ghana, Liberia, Nigeria, Senegal, Sierra Leone, South Africa, Tanzania, Zambia,
	Banking	10	Cote d'Ivoire, Gambia, Ghana, Kenya, Liberia, Nigeria, Rwanda, Sierra Leone, Tanzania, Uganda
	Telecommunications	5	Benin, Cote d'Ivoire, Ghana, Nigeria, The Gambia
	Fintech and e-Commerce	3	Kenya, Nigeria, Uganda
 your cash, anywhere, anytime	Fintech	2	Ethiopia, Nigeria

**Plus Nigeria's fashion, music and movies, which are consumed all over Africa**

# Opportunities for Financial Services in AfCFTA

- Financial services provide an enabling service, supporting critical sectors of the economy such as manufacturing, agriculture and agribusiness, oil production and trade, mining and quarrying, among others both within the domestic market and across the continent.
- Opportunities for export financial services vary from one market to another depending on level of economic activity and degree of trade openness amongst others.
- Rising middle-class across Africa is stimulating the demand for financial services including insurance.
- Regional expansion, partnerships and acquisitions are all pathways for successful market entry.
- Penetration of Insurance services currently relatively low across Africa. Micro-insurance targeted at MSMEs likely to be strong driver for growth.
- Fintech provides a solution to reach the unbanked with a suite of micro services bridging the financial inclusion gap.

**Insurance Penetration, 2019**  
(%)



Notes: + provisional, \* estimated,  
Source: Swiss Re, sigma No 04/2020

# AfCFTA Opportunities (Fintech enabled service offering)

- Current mobile penetration across Africa estimated at 80%
- It is estimated Africa will have 478m online shoppers by 2024 purchasing products and services online
- Of the 474 active start-ups enabling ecommerce in the fintech space across Africa, Nigeria with 141 is second only to South Africa

FinTech opportunities across its value chain:

## FINTECH

### BANKING

- Personal finance
- Online / Mobile banking
- Money transfer and FX services
  - Direct lending and underwriting (E)
  - Peer-to-peer lending
  - Payment Systems (E)
  - Billing, automation & streamlining

### PAYMENTS

- e-Wallet
- Digital Retail Payment (E)
- Corporate & SMEs Payment (New)
- Remittances (E)
- Processors

### ASSETS MANAGEMENT

- Portfolio Selection
  - Robo-advisers
  - Portfolio Mgmt
- Product Selection
  - Digital Brokerage
- Investment Tools & Networks
- Investment Platforms
- Software & Infrastructure
  - Blockchain
  - Analytical Tools

### INSURTECH

- On-demand Insurance
  - Life and Personal Insurance (New)
- Insurance coverage Dashboard'
- Digital Distribution Platform
- Peer-to-peer insurance
- Connected Devices
- Telematics
- Digital Claims Management (E)
- Fraud Management

# AfCFTA Opportunities (Markets)

Market Classification	Countries	Share of Africa's Market	Justification
<b>Foundation Market</b>	Nigeria (Domestic market)	11.8%	<ul style="list-style-type: none"> <li>• Africa's largest market by GDP accounting for 8.2% of Africa's goods import and 25.2% of services import.</li> <li>• An anchor market for made-in-Nigeria products and services to develop and scale prior to expansion to foreign markets.</li> <li>• A need to maintain and grow the market share of local businesses in the face of the increased competition that will ensue with AfCFTA;</li> <li>• A need for proactive measures to grow local content of made-in-Nigeria to satisfy rules of origin, reduce unit cost, create new jobs and attract investment</li> </ul>
<b>Core Markets</b>	ECOWAS, South Africa, Egypt, Morocco, Kenya	50.5%	<ul style="list-style-type: none"> <li>• Deep economic integration (ECOWAS)</li> <li>• Size and diversity of imports</li> <li>• Regional value chain development potential</li> <li>• Extent of coverage of Africa</li> <li>• Access to secondary markets</li> </ul>
<b>Secondary markets</b>	SACU (Ex. SA), EAC (Ex. Kenya)	6.9%	<ul style="list-style-type: none"> <li>• Part of customs union of selected core markets</li> </ul>
<b>Others</b>	Other African countries	30.8%	<ul style="list-style-type: none"> <li>• Opportunistic market expansion for arrowhead products</li> </ul>

# Emerging strategic goals

- **Grow production and export capacity of every state** by developing industry/service cluster(s), value chain(s) and ecosystem(s) around a specific product and/or service;
- **Grow skills and productivity of the Nigerian workforce** to become the preferred human resources of Nigerian and African businesses in order to earn premium wages and grow remittances;

• **Engender friendly business environment**, leveraging technology, predictable operating environment (law backed policies and regulations) to reduce cost and time of doing business and ensuring security of people, assets and investment.

• **Grow domestic demand** to grow local content, consolidate the domestic market share of Nigerian businesses and provide a solid foundation for exports of products and services and expansion of Nigerian businesses to Africa.

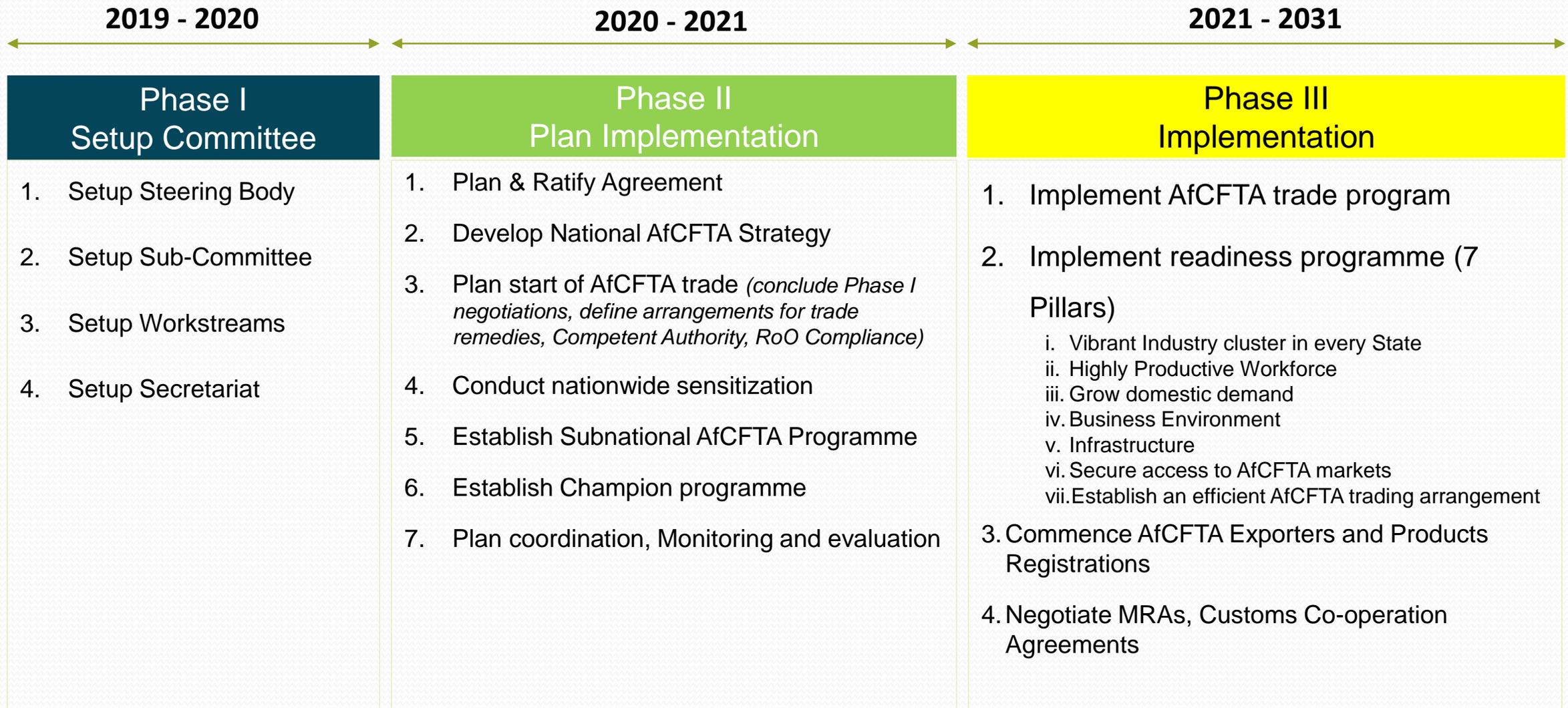
• **Develop critical trade infrastructure** focusing on power, inter-modal transportation, common production and storage facilities

• **Secure access to African markets** by focusing on security of supply chains, strong national brand, compliance to import requirements of destination countries and actively building partnerships

• **Establish an efficient AfCFTA trading arrangement** by domesticating the agreement, operationalizing an effective coordination, safeguard arrangements and trade process.

# Status of Implementation

# AfCFTA Implementation Roadmap Summary



# Maximizing the AfCFTA Agreement for Export Trade and Economic Gains



**Dr. Ozoemena E. Nnaji**

Director, Trade and Exchange Department, Central Bank of Nigeria





## MAXIMIZING THE AFCFTA AGREEMENT FOR EXPORT TRADE AND ECONOMIC GAINS PRESENTED BY DR O.S. NNAJI – DIRECTOR, TRADE & EXCHANGE DEPARTMENT

### AFCFTA PROSPECTS

- The largest free trade area in the world (by the number of countries participating).
- A total Population of about 1.3 billion people across 55 countries with estimated gross domestic product (GDP) of US\$3.4 trillion.
- Expected to make African countries more competitive.
- Projected increase Africa's exports by \$560 billion mostly in manufacturing (by 2035)- an increase of US\$220 billion within Africa and US\$286 billion with the rest of the world. (worldbank.org)

### NIGERIA'S EXPORT TRADE

- Significant improvement in Nigeria's manufacturing base has impacted positively on its exports.
- Nigeria is Africa's second largest exporter
- Exports to Africa accounted for 19.1% of Nigeria's total export in 2020.

### RECOMMENDATIONS FOR MAXIMISING GAINS

- There is need to attract more foreign direct Investments into key industries and sectors of our economy, with particular emphasis on areas of comparative and competitive advantages.
- There is need to focus on manufacturing in order to boost Nigeria's diversification agenda and benefit from the potential gains of the AFCFTA.
- Need for concerted efforts towards meeting set standards (Sanitary, phytosanitary, etc). This will reduce rejection rates.
- Improvement in quality of exports and packaging.
- Improved logistics
- Improved access to finance
- Ongoing efforts by Government to reduce/eliminate impediments to trade should be sustained

### CONCLUSION

- Ongoing efforts towards improving the business environment are commendable and should be sustained and improved upon, in order to grow the economy, promote export and harness the potential gains of the AFCFTA.
- Exporters should concert efforts in areas of Competitive and comparative advantage, in order to maximise the benefits of the AFCFTA.

# Utilizing CBN Interventions to Maximize Gains from AfCFTA



**Mr. Philip Y. Yusuf**

Director, Development Finance Department, Central Bank of Nigeria





# UTILIZING CBN INTERVENTIONS TO MAXIMIZE GAINS FROM AFCFTA

Philip Yila Yusuf, Director, Development Finance Department

## OVERVIEW OF AFCFTA



## CBN INTERVENTIONS TO MAXIMISE GAINS FROM

## IMPACT OF CBN INTERVENTIONS

- With over 37.4 million MSMEs being 85% of the MSMEs in Sub-Saharan Africa, Nigeria stand a chance to take a lead in the implementation AfCFTA and its benefits.
- 99.8% of the MSMEs are micro enterprises contributing 49.78% to GDP and 76.5% of the Nigerian work force.
- However, they are contributing only 7.64% of export and 10 to 15% of manufacturing output.
- The CBN on its own part has over time supported the MSMEs in enhancing access to finance which is one of the key challenges by the MSMEs for their growth and impacts on its GDP. It is therefore important you take advantage of our numerous interventions to maximize gains from AfCFTA.

- The CBN has provided host of interventions to MSMEs that will put the Country at an advantaged position in the implementation of AfCFTA
- A total of 242 real sector projects valued at ₦879.68 billion under the RSSF-DCRR has been funded out of which 83 were manufacturing
- 95 Healthcare projects have been funded to a tune of N 97,800,183,717.26 under the HSIF) as at June 25, 2021.
- The Bank has also encouraged export of manufactured products through its EFI, NESF and more.
- The Bank is also encouraging R&D in the Health Sector in which over 286 applications were being reviewed while 5 applicants valued at N232.544Million were successful.

### Conclusion

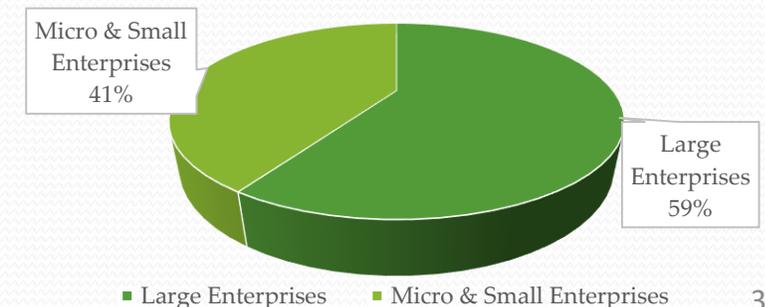
- The opportunities for MSMEs in Nigeria are significant for AfCFTA despite the challenges, which limit MSMEs' potential.
- Entrepreneurs continue to face with its implications for share of MSMEs operating in the formal sector
- Access to finance for start-ups or expansion, as studies have shown that less than 5% of MSMEs access credit. The CBN will continue to play its role in addressing this gap and enhance their capacity to enable MSMEs maximize gains from AfCFTA.
- Other initiative including private sector's investments, venture capitalists/patient capitalist and banks, have a vital role to play in bridging the financing gaps
- Beyond access to finance, governments at all levels have the critical role of providing the enabling environment and policies that are industry-led, aimed at improving ease of doing business, develop enabling infrastructure for ecosystem development, and leverage Nigeria's huge youth population to promote MSME development

### DFD Supports to MSMEs for AfCFTA

- The success of AfCFTA depends largely on the ability of the Africa's financial service industry to serve as effective intermediaries.
- In line with its developmental role, the Bank is responsible for a core part of CBN's Enterprise-level strategy which is to "Promote Sustainable Finance and Inclusive Growth".
- With the implementation of the AfCFTA agreement in Jan 2021, the CBN introduced several initiatives that can support the local players to take full advantage and compete among the member countries. This include:
  - Enhanced access to finance in high impacts sectors of the country;
  - Support to the FG Economic Sustainability Plan for the economy to bounce bank post COVID-19. This include FHIF, IFNGEP, SCF;
  - Regulatory Forbearance to support the local SMEs;
  - Granting interest rate moratorium to support the recovery from COVID-19
  - Interest rate reduction to 5% up to February 28, 2022;
  - Institutional interventions including: NCR to register movable collateral for ease of access to finance & NIRSAL to de-risk agricultural sector;
  - Interventions for infrastructure such as PAIF, NMMP, NEMSF, NBET-PAF and ongoing InfraCo to enable MSMEs engage in mass production in order to maximize gains from AfCFTA.

CBN FINANCING SUPPORT TO MSMEs			
S/NO	Interventions	No of project	Total Disbursement
<b>1 Large Enterprises</b>			
a	CBN-BOI	60	200,000,000,000.00
b	RSSF	41	166,212,333,333.33
c	TSIF	45	91,654,397,622.20
d	DCRR	156	614,955,901,739.20
e	SMERRF	604	300,924,280,516.46
f	HSIF	93	97,800,183,717.26
g	CIMS	81	264,722,153,793.50
h	HSRDIS	5	145,399,322.65
<b>Sub-Total</b>		<b>1,085</b>	<b>1,736,414,650,044.60</b>
<b>2 Micro &amp; Small Enterprises</b>			
a	MSMEDF	747	85,240,160,367.80
b	AGSMEIS	29,023	111,706,807,536.11
c	CIFI	341	3,198,911,438.20
d	TCF	631,738	298,888,986,865.37
e	NYIF	7,057	3,004,555,000.00
f	CACS	652	702,751,358,431.50
<b>Sub-Total</b>		<b>669,558</b>	<b>1,204,790,779,638.98</b>
<b>TOTAL</b>		<b>670,643</b>	<b>2,941,205,429,683.58</b>

### Total Disbursement



# Maximizing the AfCFTA Agreement for Payments Service Providers



**Mr. Jimoh I. Musa**

Director, Payments System Management Department, Central Bank of Nigeria





# AfCFTA IMPLEMENTATION AND THE NIGERIAN PAYMENTS SYSTEM

Jimoh I. Musa, Director, Payments System Management Department

## Overview of AfCFTA



## The Nigeria's Payments System

The Nigerian Payments System comprises:

- Laws & Regulations;
- Institutions;
- Systems, Instruments/Products & Infrastructure; and
- Users.

The Nigerian Payment System Institutions include:

- Regulator/Operator/Catalyst (CBN)
- Central Switch (NIBSS)
- Payments Service Providers (PSPs)
  - i) Switches & 3<sup>rd</sup> Party Processors
  - ii) Mobile Money Operators
  - iii) Payment Solution Service Providers
  - iv) Payment Terminal Service Providers
  - v) Super Agents
  - vi) Card Schemes
  - vii) Non-Bank Acquirers

<b>Regulator:</b> Policy, oversight and licensing of PSPs	<b>Operator:</b> Operates the RTGS
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## Positioning Nigeria's Payments System for a Leading Role in African Continent

According to ACI Worldwide and Global Data, in 2020 Nigeria's Payments System has the most developed Real-Time Payments Schemes (that is the NIP) in Africa and 6<sup>th</sup> out of 48 global markets as COVID-19 pandemic accelerates shift to digital payments

Country	Volume of Transaction	Ranking
India	25.5 billion	1 <sup>st</sup>
China	15.7 billion	2 <sup>nd</sup>
South Korea	6.0 billion	3 <sup>rd</sup>
Thailand	5.2 billion	4 <sup>th</sup>
UK	2.8 billion	5 <sup>th</sup>
Nigeria	1.9 billion	6 <sup>th</sup>
Japan	1.7 billion	7 <sup>th</sup>
Brazil	1.3 billion	8 <sup>th</sup>
U. S. A.	1.2 billion	9 <sup>th</sup>
Mexico	0.94 billion	10 <sup>th</sup>

Source: <https://www.aciworldwide.com>

Developed and implemented the Payment System Vision (PSV) 2020 and the PSV 2025 strategy is under way .

- The CBN through several initiatives have been deepening and repositioning its payment system for national utilization and international recognition.
- Some of the initiatives include but not limited to:

### a) Payments System Vision:

- Cashless policy
- Financial inclusion

### b) BVN Framework and Watch-List

### c) Payments Service Banks

### d) Tiered Licensing Categorisation

### e) Regulatory Sandbox

### f) Industry fraud desk

### g) Open Banking

With the evolving CBN payments system initiatives, Nigerian Payments Service Providers have been positioned to provide leading role in the AfCFTA implementation that relates to *'payments and settlement'*.

The Agreement moved to the implementation phase in January 2021.

- After over three years of preparations, it is expected Nigerian businesses are fully equip to harness the continental market
- For AfCFTA to succeed, **Africa's financial service industry would have to play the role of intermediation, facilitate payments and settlement efficiently and in effective manner.**
- Thus, the payments ecosystem should be positioned to fast-track payments and settlement; while ensuring safety and stability.

Question and Answer/Feedback Session

by

**Ms. Ladi R. Bala-Keffi (Moderator)**

Deputy Director, Monetary Policy, Central Bank of Nigeria



Closing Remarks  
by  
**Dr. Hassan Mahmud**  
Director, Monetary Policy Department, Central Bank of  
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GOVERNOR,  
CENTRAL BANK OF NIGERIA  
CHAMPION, FINANCIAL SECTOR

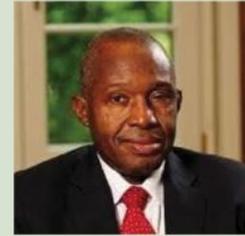


DR. KINGSLEY OBIORA  
DEPUTY GOVERNOR, ECONOMIC POLICY  
CBN  
(HOST)



CENTRAL BANK OF  
NIGERIA  
*INVITES YOU TO A*  
TOWN- HALL MEETING  
FOR FINANCIAL SECTOR  
STAKEHOLDERS ON  
THE  
AfCFTA AGREEMENT

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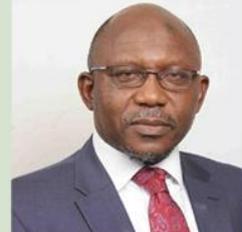
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CBN  
(MODERATOR)

Date: July 5, 2021  
Time: 10:00 am

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