



Central Bank of Nigeria

# CBNUUPDATE

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## LDR Policy: Banks' Credit to Private Sector Rises to N20.37tn

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## Editor's Note

We welcome you to yet another exciting edition of the **CBNUPDATE** populated with very educative reports on further interventions by the Bank and their impact on the economy.

The news stories presented in this edition begin with a report on the rise of Loan to Deposit Ratio (LDR) by 2.5 per cent in Q4 2020. This rise was occasioned by the recent CBN's LDR policy which requires banks to increase real sector lending for improved economic growth.

As a fall-out of the policy, a news analysis is offered to guide our esteemed readers through issues that informed the Bank's new policy direction on LDR and its concomitant effect on economy.

On the CBN's continued efforts to revamp the economy through the Anchor Borrowers' Programme (ABP), we present a report on the commencement of the 2020 wet season rice harvest aggregation in addition to the second cycle 2020 dry season input distribution for the North East. We also have a news story on a facility boost for non-oil exports, and another on interventions to the manufacturing sector.

We have also included in this edition, a report on the CBN Governor's challenge to tertiary institutions on the promotion of research and programmes for improved agricultural production in Nigeria. He gave this charge while delivering a lecture at the Federal University of Agriculture, Makurdi.

The International Monetary Fund (IMF) has projected that Nigeria's economy is likely to grow by 2.4 per cent in 2021. This positive prognosis is informed by the easing of COVID-19 restrictions and other observed development trends in the system. The details are served to our readers inside.

These, and other interesting reports on the activities of the Bank plus their impact on the Nigerian economy, are carefully packaged for your reading pleasure.

It is our hope that you will be better informed and enlightened by the content of this edition of CBNUPDATE

Thank you for your attention.

A handwritten signature in black ink, appearing to read 'Osita Nwanisobi'.

**Osita Nwanisobi**  
Editor -in- Chief

# LDR Policy: Banks' Credit to Private Sector Rises to N20.37tn

By: Ademola Bakare



**C**redit to private sector by the Deposit Money Banks rose by 2.5 per cent to N20.37trillion in Q4 2020, the year Coronavirus, COVID-19, brought the world to its knees with its destructive impact on households and the economy.

The National Bureau of Statistics, NBS, stated this in its report on the banking sector released on Monday, April 26, 2021. The report shows that the total value of credit allocated by the banks stood at N20.37tn as of Q4 2020, Oil and Gas and manufacturing sectors got credit allocation of N3.93tn and N3.19tn to record the highest credit allocation as of the period under review.

The reason for growth in banks' loan book was as a result of the implementation of the Loan to Deposit Ratio (LDR) policy of the Central Bank of Nigeria (CBN), instituted to increase lending to the real

sector in order to grow the economy. The CBN had on its part made funds available and accessible through its various intervention programmes to the banks to lend to their customers.

CBN, it could be recalled, had in October 2019 raised the Loan to Deposit Ratio of banks to 65 per cent, after the September 30, 2019 deadline given to the banks to meet its 60 per cent directive. The Bank however extended the deadline of 65 per cent LDR to March 31, 2020.

The Deputy Governor in charge of Financial System Stability Directorate, Mrs. Aishah Ahmad, had in her personal statement in January 2021 Monetary Policy Committee (MPC) meeting that the LDR policy retained its efficacy, stimulating substantial increases in private sector loans, thus lowering market lending and has progressively diversified industry lending portfolio ■

## News Analysis

# LDR Bridging Credit Gap

By: Bartholomew Mbaegbu



The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, had in recent times taken some tough decisions to address the challenges bedeviling the growth of the real sector, and generally, the Nigerian economy. One of such was the policy directive in a circular rolled out on July 3, 2019, directing banks to henceforth maintain a minimum loan-to-deposit-ratio (LDR) of 60% by September 30, 2019.

Before the outbreak of the COVID-19 pandemic, the Monetary Policy Committee of the Bank at its May 2019 meeting Communique No. 124, noted growth in broad money (M3) by 5.42 percent in April 2019 from end of December 2018 that annualized to 16.36 percent.

This huge sum which might not be unconnected to investments made by banks could have a multiplier effect, that will bring about increase in employment and growth in the GDP, if such funds were assessed by the real sector of the economy.

The MPC at that meeting enjoined the Bank to initiate moves towards improving lending to the private sector and urged other intermediary institutions in the financial sector to support these initiatives by improving their credit delivery to boost output growth.

Then, the Committee noted banks' unfettered appetite for government securities, which crowded out the private sector. It therefore urged the Bank to provide a mechanism for limiting the former's access to government securities so as to redirect banks lending focus to the private sector, noting that this would spur the much needed growth in the economy.

To ensure this objective, the CBN, in collaboration with the Bankers' Committee, agreed that DMBs would set aside 5% of their annual profit to provide a financial pool to boost job creation in Nigeria, particularly among the youths.

The synergy brought about the establishment of the Creative Industry Financing Initiative (CIFI) for the youths. Also launched was the Agri-Business, Small and Medium Enterprises Investment Scheme (AGSMEIS), the Agricultural Credit Guarantee Scheme (ACGS) etc, through which funds were disbursed to eligible applicants through the DMBs.

The deposit lending ratio (LDR) in the Nigerian banking industry before the minimum LDR directive in 2019 was 57%, however, what was obtainable in other economies like South Africa (91%), Brazil (70%), India (75%) and Kenya (76%), while typically, the ideal loan-to deposit ratio is between 80% and 90%. This underscores the demand for Nigerian banks to increase their LDR, which has a positive direct impact on availability of credit to borrowers.

Until the CBN directive, DMBs in the country were averse to lending to the real sector, as they found lending to the oil and gas sector attractive. However, the topsy-turvy of the sector, its price volatility, and inability of debtors to pay back loans grew to an unprecedented bad loan in the sector; affecting their balance sheets and ultimately turned bad loans.

Rather than continuing trading this path was why the CBN directed a compliance with the minimum 65% Loan to Deposit Ratio on all banks, an enabler to moving the economy away from oil.

Two years on, the Bank's LDR Policy has proved potent in filling the financial gap as credit to private sector has indeed risen to appreciable level. In a recent report, credit by Deposit Money Banks (DMBs) to the private sector increased by 2.56 percent to N20.37 trillion in the fourth quarter (Q4) of 2020.

The report by the National Bureau of Statistics (NBS) noted that despite the increase in Loan to Deposit Ratio there is an inverse proportionate reduction in Non-Performing Loans. A loud applause to the Global Standing Instruction (GSI) and other initiatives of the CBN, deployed to mitigate credit risk in the banking system.

Importantly, it must be noted, the CBN decided to retain the minimum 65 percent LDR when it noticed a remarkable increase in gross credit by the Deposit Money Banks to customers, and directed banks to maintain that level stating that "average daily figures shall be applied to assess compliance going forward".

**Before the outbreak of the COVID-19 pandemic, the Monetary Policy Committee of the Bank at its May 2019 meeting Communique No. 124, noted growth in broad money (M3) by 5.42 percent in April 2019 from end of December 2018 that annualized to 16.36 percent.**

The LDR policy encourages an incentive that assigns a weight of 150% in respect of lending to SMEs, Retail, Mortgage and consumer lending and a penalty for failure to achieve the target which attracts a levy of additional Cash Reserve Requirement of 50 percent of the lending shortfall of the target LDR.

Edward Adamu, a Deputy Governor after a meeting of the Bank's MPC meeting, stated that the agriculture, manufacturing, consumer credit and general commerce were the sectors that enjoyed the largest increased credit during the early introduction of the policy.

Given that interest rates have started to moderate and banking industry NPLs trending towards the regulatory 5.0 per cent level, money market activities could only be expected to buoy in months ahead.

The Bank should be applauded for achieving a milestone in the LDR initiative and in the monitoring of compliance to strong risk maintenance by banks. ■

# Non-Oil Export Gets N500bn Facility Boost

By: **Olusola Amadi**



Credit: The Guardian Nigeria

The Central Bank of Nigeria (CBN) in conjunction with the Nigerian Export-Import Bank has instituted a N500bn non-oil export stimulation facility to enable exporters process agricultural commodities into other markets in Africa and worldwide. The CBN Governor, Mr. Godwin Emefiele disclosed this at the Zenith Bank 2021 International Trade Webinar on Tuesday, April 20, 2021, saying the initiative will enable businesses to expand their scale of production with a view to meeting growing domestic demand for goods for the export market.

He added that improving the business environment in Nigeria was also vital if the country were to harness the gains from African Continental Free Trade Area. "The Central Bank of Nigeria through our Trade Monitoring System portal (TRMS) is also helping to reduce the time it takes to complete the export documentation process as faster turnaround time could help to reduce delivery time for goods destined for exports, and enable businesses expand their output".

He said, "Today, businesses can complete the NXP applications on the TRMS portal in 30 minutes relative to two years ago, where it could take as much as two weeks to complete the process. We are also working with stakeholders in repositioning the Nigerian Commodity Exchange, which would help to support greater trade for operators in these vital sectors earlier mentioned, adding that once the Exchange becomes fully operational in the 2nd half of the year, international buyers of raw and processed agricultural commodities will be able to enter into forward contracts with domestic suppliers on the Exchange, and they can be assured of not only the quality of the goods sold through the Exchange, but on the expected date of delivery".

Mr. Emefiele expressed belief that these forward contracts will help to support improved productivity for farmers and agro-processors. It will also help to improve access to credit for these entities using the forward contracts as collateral, stressing that supporting greater trade within Africa would also require the presence of a viable payment settlement system. He added that the CBN is working with key stakeholders in the Africa continent, particularly AFREXIM Bank to improve the underlying payment infrastructure to support greater intra-regional trade through the Pan African Payments and Settlement System (PAPSS).

The Governor stating further said, "This initiative will enable payments in our local currency for goods in other African countries and vice versa, without the need for a third-party currency. This initiative will help to reduce the cost of cross-border trade, improve convertibility of the Naira, and increase trade opportunities for Nigerian businesses in Africa.

Though, Mr. Emefiele said Nigeria stands to gain from expanded trade, he cautioned that "It is also important that we pay attention to the cost that expanded trade through the AFCFTA could have on local businesses and communities. Smuggling of goods produced in non-African countries into Nigeria, and abuse of rules of origin have often resulted in significant job losses and displacements of workers in key sectors of our economy such as agriculture and manufacturing".

Continuing, he said, it is also vital that we work with the governing body of the AFCFTA in addressing these concerns, as it has profound implications on employment and security in Nigeria. Emefiele thus enjoined existing exporters to endeavor to repatriate their export proceeds, and "We do expect that exporters would reciprocate the good gestures of the Bank by repatriating their export proceeds to improve foreign exchange inflows into the country".

He was hopeful that with the full implementation of the AFCFTA, it would give Nigerian firms preferential access to markets in Africa worth \$4504.17bn in goods and \$162bn in services, and seize the opportunity to ensure that Nigeria serves as a significant hub for international and domestic manufacturing companies seeking to serve the West, Central and East Africa, he said ■



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Central Bank of Nigeria

# Emefiele Tasks Varsities, Nigerian Youth on Agriculture

## ...Bags FUAM Honorary Doctorate in Agripreneurship

By: **Emike Ikhumi**



**T**he Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele has again challenged tertiary institutions in Nigeria to promote research and initiate programmes which will boost agriculture in Nigeria.

Mr. Emefiele stated this on Friday, April 23, 2021, while delivering a lecture titled: "Jump Starting the Agricultural Revolution: The CBN Experience" at the 23rd-25th joint convocation lecture of the Federal University of Agriculture, Makurdi (FUAM).

According to him, the university community had a significant role in fostering research that would enhance yields per hectare by farmers and reduce other constraints faced by farmers such as access to markets and storage facilities for their produce.

Citing the agricultural success of Israel made possible through research into irrigation, he said the CBN was eager to see how the university community and the graduating students could leverage their knowledge and research to come up with similar breakthrough solutions that would improve productivity of Nigeria's agricultural sector. The Governor, who was represented by the Director, Development Finance Department, Mr. Philip Yila Yusuf, said the CBN was ready to provide

a commercial outlook to research breakthroughs on improved seeds by ensuring a guaranteed market through off-take of those seeds for adoption by Nigerian farmers under the Bank's Anchor Borrowers' Programme (ABP).

He noted that the seed industry was a multi-billion dollar investment, and offered the potential for collaboration between the CBN and University Community. While declaring the Bank's readiness to partner with Nigerian universities to achieve this objective, he also urged them to set up demonstration farms in farming areas, where farmers can come and obtain knowledge on the right farming practices to adopt in order to increase their yields and output.

Emefiele also enumerated the impact of the Bank's intervention in the agricultural sector in Nigeria, noting that the cumulative effect of the interventions had, among other things, assisted Nigeria to achieve progressive increase in agricultural outputs along major agricultural commodities. He therefore urged the graduating students to leverage the knowledge they had acquired at the school towards applying it in supporting further growth of Nigeria's agricultural sector given its immense opportunities.

He also charged other Nigerian youth to cue into the Bank's intervention schemes such as the Anchor Borrowers' Programme (ABP) and the Agribusiness, Small and Medium Enterprises Investment Scheme (AGSMEIS) in order to make their own towards the country's goal of addressing the challenge of rising demand for food, in spite of the progress made in the production of staple food items.

The CBN Governor who decried the overreliance of the country on crude oil earnings said the Bank, as part of its mandate to ensure price and monetary stability, had to intervene in the agricultural sector in order to diversify the Nigerian economy as well as mitigate the impact of global shock to the economy arising from volatility in the price of crude oil.

Meanwhile, Mr. Godwin Emefiele was among five dignitaries conferred with honorary doctorate degrees by the Federal University of Agriculture, Makurdi, in recognition of their outstanding contributions in various spheres of human endeavor.

According to the Vice Chancellor of the University, Professor Anande Richard Kimbir, Mr. Emefiele was conferred with an honorary Doctorate Degree (Honoris Causa) in Agripreneurship for his leadership role at the Bank, which had continued to work to diversify Nigeria's largely based mono-economy into agriculture as well as support small-holder farmers.

The Vice Chancellor noted that the effort of the CBN, led by Emefiele, had contributed largely to the return of agricultural pyramids across the country, adding that Emefiele and his team at the Bank had also helped Nigeria to navigate her way out of two recessions in record time.

Other dignitaries awarded honorary doctorate at the convocation ceremony were Senator Ahmed Bola Tinubu, former Governor of Lagos State; Timipre Sylva, Minister of State for Petroleum; Vice-Admiral Murtala Nyako (rtd), an Agro-Industrialist; and Mallam Mele Kyari, the Group Managing Director, Nigerian National Petroleum Corporation (NNPC).■

## Manufacturing Sector Intervention Fund Up to N803bn

By: **Louisa Okaria**



Photo Credit: Businessday.ng

**F**unds disbursed so far by the Central Bank of Nigeria to the manufacturing subsector of the economy as part of support to the federal government's palliative measures at wake of the COVID-19 pandemic has grossed N803bn as at February 2021.

This was disclosed in the Bank's Monetary Policy Committee (MPC) report released in April 2021. It reads in part, "Under the N1tn manufacturing intervention stimulus, the total of N805.35bn has been disbursed to 228 projects across various sectors in agro-allied, mining, steel production and packaging industries, among others".

In May 2020, the CBN introduced guidelines for the implementation of the COVID-19 intervention facility for the manufacturing sector. It stated that the intervention facility was to support the federal government's palliative to support beleaguered manufacturing companies in priority economic activities

The focus of the guideline as stated in the report, also include a focus on boosting local manufacturing capacities and support mass employment, wealth creation and foreign accretion and foreign accretion.

Part of the objectives of the guideline was to improve access to affordable credit by domestic manufacturing enterprises as well as focusing on refinancing existing facilities of manufacturing models that would fast-track domestic production and economic rejuvenation.

The guideline supports increased patronage of made in Nigeria products, industry resilience, employment creation and retention and accretion to foreign reserves. Thus, any eligible manufacturing enterprise willing to take advantage of the Fund must be an entity registered with the Corporate Affairs Commission under the Companies and Allied Matters Act 1990 and engages in specific area.

The areas of specialization under the scheme are: Cement, basic metal, steel and iron rods; textile,

apparel and footwears; electrical and electronics, including computers, renewable energy products, light manufacturing in general, including fast-moving consumer goods, basic non-durable household goods and other consumables, except cigarettes and tobacco.

Others are food, drinks, beverages, agro-processing, chemical and pharmaceuticals products or any other manufacturing activities as may be prescribed by the CBN.

The Bank however has not excluded any manufacturing firm that had in the past accessed any of its existing interventions programmes or schemes from accessing the Fund, provided its existing credit facility is performing, otherwise, such firm is not credible and eligible to access it. ■

## IMF Predicts Economic Growth for Nigeria in 2021

By: Ruqayyah Mohammed



**T**he International Monetary Fund (IMF) has projected that Nigeria's economy will grow by 2.4 percent in 2021.

This projection was released in the April 2021 World Economic Outlook (WEO) presented on Tuesday, April 6, 2021 in Washington DC by Gita Gopinath, the Fund's Chief Economist at the IMF/World Bank Annual Spring Meeting.

The IMF had in its World Economic Outlook report for October 2020 given a revised contraction of 4.3 percent for Nigeria after its April projection of a 3.4 percent contraction of the economy. It also predicted a 5.4 percent contraction in June, while it

projected that the economy would recover by 1.7 percent in 2021.

The Fund also projected a 6 percent growth for the global economy in 2021, moderating to 4.4 percent in 2022. After an estimated contraction of 3.3 percent in 2022. The growth of Sub-Saharan Africa is estimated at 3.4 percent.

Year 2022 report also projected global growth to contract by 4.4 percent, a less severe contraction than forecast in the June 2020 World Economic Outlook update.

However, on its latest report, the Fund said that the contraction for 2020 was 1.1 percentage points smaller than projected in the October 2020 WEO. This was said to have reflected the higher than expected growth outturns in the second half of the year for most regions after COVID-19 lockdowns were erased and as economies adapted to new ways of working.

"The projections for 2021 and 2022 are 0.8 percentage point and 0.2 percentage point stronger than in the October 2020 WEO, reflecting additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year". ■

# CBN Sensitises Nigerians on Products, Operational Policies

By: Ruqayyah Mohammed



Officials of the CBN and dignitaries at the Fair in Birnin Kebbi

The Central Bank of Nigeria (CBN) has again urged Nigerians to take advantage of its products and intervention policies. The Governor, Mr. Godwin Emefiele made this appeal during the Bank's awareness campaigns in Sokoto and Kebbi States, respectively.

The fair which is the first to be held since the outbreak of COVID-19 pandemic with the theme: Promoting Financial Stability and Economic Development, held at the Sultan Maccido Quranic Institute, Sokoto State and simultaneously in Kebbi State (virtually), was to enlighten the public on the products and interventions of the Bank to grow the nation's economy.

Emefiele said that the essence of the fair was to further sensitize stakeholders and the Nigeria publics on how to access its various intervention and support programmes. The Governor represented by the acting Director, Corporate Communications Department, Mr. Osita Nwanisobi, said that the Bank had interventions for Small and Medium Scale Enterprises (SMEs),

including farmers at low-interest rates under its Anchor Borrowers' Programme, ABP.

He noted that despite the Bank's numerous campaign efforts about its intervention initiatives, many were ignorant of them. The Governor took advantage of the occasion to disabuse the minds of those who believed that only those with connections in high place can access the intervention funds. He told the gathering that the interventions were for all Nigerians.

Emefiele said the CBN, in its continued effort to ensure financial inclusion of every Nigerian, had simplified its policies on accessibility in order to boost relations, transactions and business opportunities for customers that would ultimately strengthen the economy.

"We want Nigerians to take charge of the window of opportunities available to them through our intervention activities. Let them know how to access and benefit from the programmes which are meant for them"

Governor Emelele therefore restated to the gathering that the interventions were direct products meant to serve relevant financial and business concerns of Nigerians who needed such support to improve the economy. He pointed out that the CBN guidelines explain how to access all its interventions through the Bank's Development Finance Department or any of its offices in the federation, so customers can leverage on them.

He also urged the gathering to take advantage of the Bank's policy on worn-out and torn Naira notes which can be replaced if the owner brings it to any of its branches. He admonished Nigerians to see the Naira as the Nation's heritage, which should be protected and preserved.

The Branch Controller, Sokoto, Mr. Yusuf Wali Baba in his remarks at the Fair said the campaign was organized to deepen credit delivery policies to the real sectors in order to create employment, reduce

poverty and create wealth for economic stability.

"We have made significant impact through Anchor Borrowers' Programme, Agriculture Credit Guarantee Scheme and other agriculture related intervention initiatives" Wali added.

The Sokoto State Commissioner for Agriculture, Alhaji Arzika Tureta, represented by the Permanent Secretary, Alhaji Umar Wali, said that the State had tremendously benefited from the intervention programmes of the Central Bank of Nigeria and pleaded with the Bank to provide farmers with more credit facilities.

Other highlights of the Fair were presentations from Consumer Protection, Payments Management Systems, Currency Operations and Development Financing Departments of the Bank followed by a question and answer session ■

## Online Transactions Increased in March 2021 - NIBSS

By: **Louisa Okaria**

**T**he Nigerian Inter-Bank Settlement System (NIBSS) Plc, says the value of online transactions carried out by bank customers in Nigeria increased to N22.77tn in March 2021. The data released by NIBSS indicates a 99 per cent increase in mobile transaction figures of N11.44tn recorded in the corresponding period of 2020.

NIBSS Instant Payment (NIP), the most preferred platform in March 2021 accounted for N22.02tn of the total online transactions' value. The instant payments were carried out by customers via bank branches, internet banking, mobile apps, Automated Teller Machine and Unstructured Supplementary Service Data.

It stated that transactions carried out and completed through PoS terminals in the month in review amounted to N531.38bn, while electronic bill payments for the same month was N212.92bn. According to report, some of the bills paid by bank customers online were: electricity bills, cable TV subscriptions and utility bills.

The NIBSS data thus showed that the total volume of online payment deals across the platforms was 356.11m in March 2021 which represents 89.1 per

cent increase in the volume of transactions on the three platforms compared to 188.35m recorded in 2020. A cursory analysis of the statistics released showed that the volume of PoS transaction grew by 44.06 percent from N368.86bn recorded in March 2020 to N531.38bn in March 2021.

The report further revealed that in March 2021 alone, 783,136 new PoS devices were registered with over 510,773 deployed across the country.

NIP deals, it stated rose, by 100.70 percent in terms of the value of transaction when compared to the same period in 2020 when NIP deals amounted to N10.97tn.

The volume of NIP deals also grew by 103.3 per cent to 275.04m in March 2021 compared to 135.3m transaction recorded in March 2020. Thus, NIBSS data revealed that the value of electronic bills deal increased by 98.9 percent to N212.92bn in March, compared to corresponding period of 2020 when payments recorded was worth N107.06bn.

March 2021 has been adjudged the highest in terms of value and volume of PoS and instant payments transactions in any first quarter since the introduction these platforms in Nigeria ■

# Printing Money is Lending Money - Emefiele

By: Ademola Bakare



CBN Governor, Mr. Godwin Emefiele answering questions from journalists

The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele faulted claims that the Federal Government, through the CBN printed N60bn to augment the March 2021 revenue shared by the Federation Account Allocation Committee (FAAC) to State Governments.

Emefiele said that the concept of printing money, was a global practice by central banks to support governments, and was not new, even as he warned that "people should stop adding colouration to it".

Emefiele's clarification became necessary to put records straight as no responsible central bank will turn its back against its government in a grim economic situation, adding that, Nigeria unfortunately is in a very bad situation and if you understand the concept of printing money, it is all about lending.

Recalling a similar situation (though not as bad as the present situation) in 2015 when the Federal Government had to support State Governments in

what he called 'Budget Support' but no State Government has paid back.

"That loan is still unpaid up till now. We are going to insist on them paying back those monies since they are accusing us of giving them loans". But as the government and the CBN is being accused of financial recklessness by printing money, they (State Governments) must begin to pay back the budget support given to them by the Federal Government.

In 2015, President Muhammadu Buhari approved \$2.1bn as intervention package to help states pay salaries and offset contractors obligation because government revenue had dropped at the time due to fall in international price of oil.

Defending government's action, Mr. Emefiele said, "most countries in the world today are confronted not only by the challenges from COVID-19 pandemic causing economic crisis and the rest of them".

“What I keep saying is that it will be irresponsible for the CBN or any other federal reserves to stand idle and refuse to support its government, and what we are doing here is being done in other climes”.

At the last Monetary Policy Committee (MPC) meeting, Mr. Emefiele gave data on what has been

done in other climes to shore up their economy and take them out of recession, “I am not going to pretend about it, we are facing a problem about productivity output which is GDP.

Luckily, we managed to exit recession, and now we are looking at how to get our head above the waters”■

## Reject Lower US Dollar Bills, Get Sanctioned - CBN

By: Daba Olowodun



**T**he Central of Nigeria has charged Deposit Money Banks (DMBs) and the authorized Bureau de Change operators to desist from rejecting old and lower denominations of United States dollar bills.

The CBN, issued the warning in a circular signed by the Director, Currency Operations Department, Ahmed Umar, on Thursday, April 22, 2021.

It directed DMBS, BDC operators and the public to accept old series and lower denominations of US Dollars that are legal tender.

The Circular reads: “The CBN has in recent times been inundated with complaints from members of the public on the rejection of old/lower

denominations of US Dollar bills by the banks and some authorized forex dealers”, thus “All DMBs/Authorized forex dealers should henceforth accept both old series and lower denominations of United States Dollars (USD) that are legal tender for deposit from their customers”.

Continuing it said, “The CBN will not hesitate to sanction any DMBs or other authorized dealers who refuse to accept old series/lower denomination of US Dollars from their customers”.

In the same vein, the circular “cautioned forex dealers against the practice of defacing/stamping US Dollar banknotes as such always fail authentication test during processing/sorting”■



# Feeding The Nation

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Central Bank of Nigeria

# Emefiele Salutes Nigerian Farmers, Warns Hoarders, Smugglers

...Says no panic over food prices  
...To Reduce Wheat Importation by 60% by 2023

By: **Dominic Yammah**



The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has again commended the resilience of farmers in Nigeria, who continued to ensure food sufficiency in the country, in spite of the challenges of insecurity in some parts of the nation.

This is even as he warned hoarders and smugglers of products such as rice to desist from such as the Bank, noting that the Bank is working with relevant agencies to ensure the stability of food prices in the country.

Mr. Emefiele stated these in Gombe on Thursday, March 25, 2020, at the flag-off of the 2020 wet season harvest aggregation and the second cycle of the 2020 dry season distribution for the North East region under the CBN-RIFAN Anchor Borrowers' Programme (ABP). Recounting the history of the ABP, which was launched by President Muhammadu Buhari in 2015, he said the programme had become a game changer for

financing smallholder farmers, and will ultimately help in achieving some of the goals of the Government's Economic Sustainability Plan.

While noting that the collaborative efforts towards self-sufficiency in food production had now turned into a movement, he said the symbolic display of crop pyramids from various fields in the region reinforced the massive potential in Nigeria's agricultural sector, which should encourage more private sector investment in the agricultural value chain.

According to him, "the ABP has led to significant improvements in agricultural outputs as well as in improving incomes in our rural communities. The achievements that have been recorded has also helped to show that Nigeria can indeed achieve self-sufficiency in the production of staple food items within the shortest time possible. "It is also encouraging news which presents different narratives which portend that most of our farmers



A cross section of rice pyramids in Gombe

are unable to go to their farms due to nationwide insecurity," he added.

Mr. Emefiele further disclosed that the Bank had financed 3,038,649 farmers cultivating 3,805,844 hectares across 21 commodities through 23 Participating Financial Institutions in the 36 States of the Federation and FCT, from the inception of the scheme till now. He said that the CBN equally financed 221,450 farmers for the cultivation of 221,450 hectares in 32 States under the 2020 wet season CBN-RIFAN partnership, adding that the North-East zone, with 44,870 farmers that cultivated 44,870 hectares, represented 20.26% in total number of farmers and hectares financed, respectively.

The Governor also warned those seeking to take advantage of scarcity of some products to hike prices to desist from such unpatriotic acts, stressing that it undermined the country's economic plans. To ensure availability of food, he assured that the Bank was committed to financing one million hectares of rice farms over this dry season, as it had begun to support cultivation for the second production cycle within the dry season.

He added that the Bank was committed to improving local production of wheat and reducing importation by 60 percent over the next two years. He therefore said there was no need to panic over the current prices of major staple food items, assuring that the prices will moderate in due course.

Emefiele said the CBN was also positioned to ensure the integration of Nigerian farmers into the Federal Government's Economic Sustainability Programme, aimed at providing five million homes

with electricity using solar energy. Under this arrangement, he disclosed that every farmer in the Anchor Borrowers Programme would be eligible to get a solar home system that will provide electricity to power their essential home appliances, adding that repayment for the electricity consumed, would be paid using produce from the farms.

Although he admitted that Nigeria was still far from achieving its ultimate desire of self-sufficiency in food production, Emefiele said the growth process, which had seen several layers of control added to improve on transparency and accountability among all stakeholders, reaffirmed the Bank's belief in the potential inherent in the country's agricultural sector. He therefore stressed the need to harness these in order to diversify the Nigerian economy.

In his remarks, the Governor of Kebbi State, Senator Abubakar Atiku Bagudu, who represented President Muhammadu Buhari at the event to flag-off the distribution of input in the North-East zone, said the Federal Government was committed to sustaining investments in the agricultural sector in order to ramp up domestic production of food.

He said the Buhari administration was working with States across all the geo-political zones to ensure the local production of crops in which they had comparative advantage. He therefore urged Nigerian farmers to cue into the Government's effort to enhance food security in Nigeria.

Also speaking, host Governor, Alhaji Muhammadu Inuwa Yahaya and his Jigawa State Governor, Alhaji Badaru commended the gains made under the CBN-initiated Anchor Borrowers' Programme (ABP) ■

# Emefiele Tours Dangote Sugar Refinery, Plantation

...Plans to restrict Forex for Sugar, Wheat Imports

By: **Kenechukwu Afolabi**



L-R: Emir of Awe, Alhaji Isa Abubakar Umar, Nassarawa state Governor, Engr Abdullahi Sule, Chairman, Dangote Group, Alhaji Aliko Dangote, Minister of Trade, Industry and Investment, Otunba Niyi Adebayo, Governor, Central Bank of Nigeria, Mr Godwin Emefiele and Acting Director, corporate Communications, Central Bank Of Nigeria, Mr Osita Nwanisobi at facility tour of Dangote sugar Refinery and sugarcane farm in Awe, Nassarawa state today, Thursday, April 15

The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has disclosed plans by the Bank to include wheat and sugar to the foreign exchange import exclusion list, in a bid to further boost local production as well as create jobs in the country.

Mr. Emefiele's position, on Thursday, April 15, 2021, is coming on the heels of huge investment by the President of Dangote Group, Mr. Aliko Dangote, in the \$500-million sugar plantation project, which sits atop 60,000 hectares of land in Tunga in Awe Local Government Area of Nasarawa State.

Speaking after a tour of the plantation in company of the Nasarawa State Governor, Engr Abdullahi Sule; the Minister of Industry, Trade and Investment, Otunba Niyi Adebayo and Aliko Dangote, the CBN Governor said the project was consistent with government's backward integration blueprint in producing various consumables in the country.

While noting that the government could no longer spend about \$1 billion annually on sugar importation, when the commodity can be grown in the country, Mr. Emefiele expressed optimism that the factory, when operational, would create jobs for



Officials of the farm explaining process to the CBN Governor, Mr. Godwin Emefiele



CBN Governor, Mr. Godwin Emeifele taken around the plantation

the people of the state and increase their revenue. Besides improving the economic viability of the state, the CBN Governor, alluding to the directive of President Muhammadu Buhari that Nigerians "produce what we eat and eat what we produce," stressed that Nigeria can produce sugar and be self-sufficient in food production.

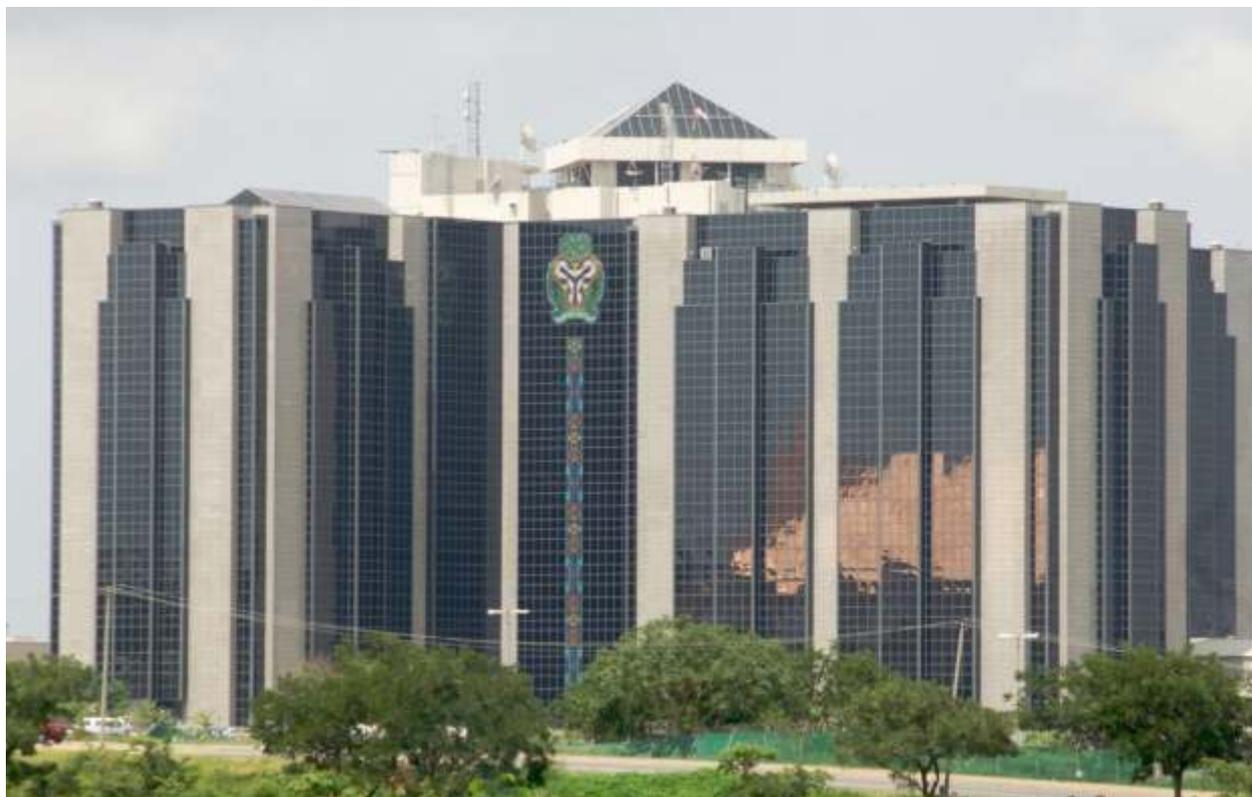
Commending the choice of the site for the project and level of activity already taking place, Emeifele said that "that location is well suited for the project and some of the equipment are already on ground indicating a ray of hope for timely completion of the project ■



Alhaji Aliko Dangote (right) in discussion with Mr. Godwin Emeifele during a time of plantation

# CBN Enrols OFIs on CRMS

By: **Olusola Amadi**



**T**he Central Bank of Nigeria (CBN) as part of its efforts to promote a safe and sound financial system in Nigeria, has commenced the enrollment of other Financial Institution (OFIs) on the Credit Risk Management System (CRMS).

This, the Bank notes, will improve credit risk management in commercial, merchant and non-interest banks as well as to prevent predatory borrowers from undermining the banking system.

A statement issued on April 8, 2021 by the Director, Financial Policy and Regulation Department, Dr. Kevin Amugo, stated that following the successful implementation of the CRMS in deposit money banks, it had become expedient to commence the enrollment of Other Financial Institutions (OFIs) on the CRMS Platform.

Accordingly, all Development Finance Institutions (DFIs), Microfinance Banks (MFBs), Primary Mortgage Banks (PMBs) and Finance Companies (FCs) are required to report all credit facilities (principal and interest) to the CRMS and to update same on monthly basis. OFIs were to note that

Bank Verification Numbers (BVN) and Tax Identification Numbers (TIN) are the only basis for regulatory renditions. To ensure full compliance, OFIs are reminded to conclude the tagging of all live credit files for all individual and non-individual borrowers with BVN and TIN respectively by May 14, 2021.

The Bank further advised concerned OFIs to acquaint themselves with the Regulatory Guidelines for the Operations of the Redesigned CRMS for Commercial, Merchant and Non-Interest Banks in Nigeria (February 2017) and the additional regulatory guidelines of September 2017.

It further stated that it will monitor compliance with the requirements of the circular and non-compliance will attract appropriate sanctions.

The objectives of the establishment of the Credit Risk Management (CRMS) include and minimizing the activities of serial defaulting borrowers in the financial services industry and to assist in strengthening the credit appraisal processes of participating institutions ■



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Central Bank of Nigeria

# Abia, Imo State Govs, CNS hail CBN Navy Project

By: **Malachy Ngoka**



Chief of the Naval Staff, Vice Admiral Awwal Gambo commissioning the project supported by the Governors of Abia and Imo States: Okezie Ikpeazu and Hope Uzodinma respectively

The Abia State Governor, Mr. Okezie Ikpeazu; his Imo State counterpart, Senator Hope Uzodinma and Chief of the Naval Staff, Vice Admiral Awwal Gambo have all commended the Central Bank of Nigeria (CBN), for its intervention projects at the Nigerian Navy Finance and Logistics College, Owerri, Abia State.

Governor Ikpeazu expressed his appreciation to the CBN for the projects and called for the inclusion of financial intelligence in its curriculum, which according to him was aimed at strengthening the war against insurgency in the country.

Speaking in the same vein, the Imo State Governor, Senator Hope Uzodinma thanked the management of the Bank for the projects and urged it to continue with social intervention in other sectors of the economy.

He equally lauded the officers and men of the Navy for their efforts in protecting lives and property in

Abia and Imo States. He also commended both citizens of Abia and Imo States for their sustained support to men and officers of the Nigerian Navy in the performance of their job.

In his keynote address, the Governor of the Central Bank of Nigeria, Mr. Godwin Emefiele, underscored the significance of the college in the development and sustenance of human capacity in the Nigerian Navy, adding that the intervention projects were implemented under the Bank's Corporate Social Responsibility (CSR).

The Governor, who was represented by the Head, Project and Implementation Division at the Bank, Arc. (Mrs.) Amina Oni, further said that the facilities, which comprise of 64 fully furnished hostel rooms for male and female participants, academic complex, auditorium, kitchen and dining, gymnasium, swimming pool and a 300KVA transformer, were provided to enhance the environment for teaching and learning in the college.



Presentation of speeches at the event

He congratulated the Project team for successfully delivering the project and the officers and men of the Nigerian Navy for their support and patience from inception to completion. He equally appreciated the Consortium of Consultants and the indigenous Contractor for the execution of the project.

Earlier in his address, the Chief of the Naval Staff, Vice Admiral Awwal Gambo, commended the Bank stating that “This infrastructure development by the CBN had not only enhanced the aesthetic outlook of the college, but also significantly improved the learning and working environment for officers and staff.

Highpoint of the ceremony was the inauguration of the different facilities by the various dignitaries at the event.

The colorful ceremony was well attended by Senior Officers of the Nigeria Navy, Military Commanders, Heads of Paramilitary Services, Commissioners of Police, Abia and Imo States, Speakers of Abia and Imo States Houses of Assembly, Royal Fathers, Executive Chairman, Owerri Local Government Area, Abia State, Heads of Institutions of higher learning, Chief Executives and Captains of Industry, Staff and Students of the College and CBN staff ■



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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.



# Going For Growth

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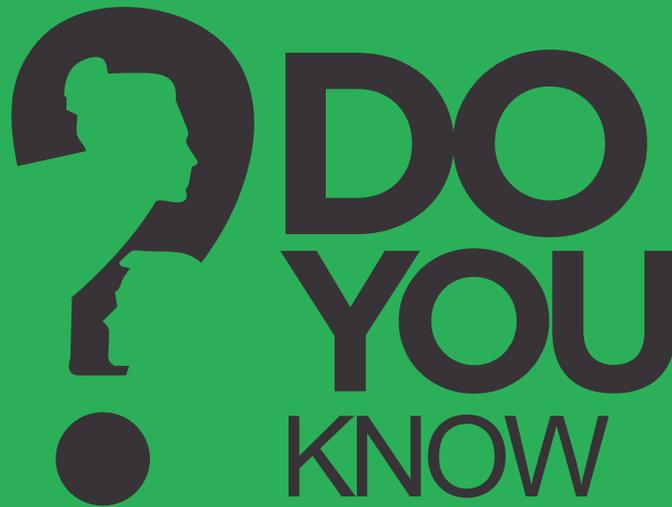
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Central Bank of Nigeria



**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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