



Central Bank of Nigeria

CBN UPDATE

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CBN Discontinues Sale of Forex to BDCs

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Editor's Note

We open the July edition with the news story of CBN Monetary Policy Committee (MPC) decision to retain the economic parameters as it announced the discontinuance of the sale of forex to Bureau de Change (BDC) operators in the country, as well as the processing of new applications for BDC licenses.

We also present a news story of President Muhammadu Buhari inaugurating the first National Agriculture Land Development Authority (NALDA) Integrated Farm Estate in Suduje Daura, Katsina State. The integrated farm is aimed at ensuring food security in the country.

Also in this edition is a highlight of the CBN Town Hall meeting to solicit active participation of players from across the financial sector in the implementation of the African Continental Free Trade Area (AfCFTA) to ensure the optimum benefit for Nigeria and Africa.

This edition equally covers the Bank's effort to ensure a safe and sound financial system as we present you with twin news stories on CBN, Committee of Chief Information Security Officers of Nigeria Financial Industry (CCISONFI) and Cybersafe Foundation launch of a cyber-awareness campaign tagged #NoGoFallMaga and highlight of the CBN Fair held simultaneously in Bauchi and Gombe States.

In addition, we bring to you news story of the plans of the Bank to establish a Tertiary Institution Entrepreneurship Scheme (TIES) to re-orientate, train and finance entrepreneurship by Nigerian graduates. The CBN Governor disclosed this at the 35th Conference of the Association of Vice-Chancellors of Nigerian Universities (AVCNU) held at Kano University of Science and Technology, Wudil, Kano.

Similarly, we bring to you the story of the CBN Governor delivering the Convocation Lecture at the 51st Convocation Lecture of the University of Lagos where he disclosed CBN's readiness to increase its development finance interventions to further support start-ups and Small and Medium Enterprises (SMEs) in the country.

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

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

Osita Nwanisobi
Editor -in- Chief

CBN Discontinues Sale of Forex to BDCs

By: Mohammed Haruna & Olusola Amadi



In a bid to achieve its mandate of safeguarding the value of the Naira, ensuring financial system stability and shoring up external reserves, the Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has announced the immediate discontinuance of foreign currencies sale to Bureaux de Change (BDC) operators in Nigeria.

In addition, the CBN has also suspended the applications for and issuance of new licenses for BDC operations in the country effective July 29, 2021. These measures were announced during the press briefing at the end of the 280th Monetary Policy Committee (MPC) meeting on July 28, 2021.

The Governor explained that the suspension of the sale of FX was consistent with the provisions of CBN Act 2007 (as amended), which grants the Bank the mandate to ensure the maintenance of the country's foreign reserves as well as the stability of exchange rates.

Speaking further, the Governor, who was flanked by his deputies and other members of the MPC, stated that the decision to stop the sale of FX to

BDCs was necessitated by the Bank's observations of sharp practices within the industry in addition to the flouting of stipulated regulations.

Emefiele said that the \$20,000 weekly allocations to over 5,500 BDCs in the country, totaling \$110 million per week, was unsustainable even as he remarked that Nigeria remained the only country in the world where a Central Bank sells FX directly to BDC operators.

The Governor noted that BDCs had reneged on an earlier understanding to make marginal gains on FX sale allocations to them by the Bank and chosen the path of greed which left the average Nigerian reeling in unnecessary pain and avoidable agony while BDC promoters made abnormally high profits.

He condemned the situation where BDCs, rather than work to achieve the laudable objectives for which they were licensed, had become facilitators of unlawful financial transactions and other financial crimes thereby promoting corruption in the system.

The CBN boss affirmed that available evidence revealed ownership of several BDCs by the same promoters in order to procure multiple FX from the CBN.

Emefiele expressed displeasure that all of those infractions by BDCs had led to the gradual dollarization of the Nigerian economy with attendant adverse consequences on the conduct of monetary policy. The Governor sternly warned that all acts of economic subversion would not be tolerated by the CBN.

He also instructed BDC operators to source for FX from alternative sources, adding that the CBN would deploy more resources to monitoring these sources so that no operator is found to be in violation of the Bank's anti-money laundering regulations.

The CBN Governor said that the Bank will henceforth channel weekly allocation of FX to Deposit Money Banks (DMBs) in order to meet legitimate FX demands and urged Nigerians with legitimate transactions to purchase FX from DMBs with minimal documentation procedures. He pronounced that with electronic transfers of money in line with the CBN's cash-less policy, there may be no need for cash based transactions.

DMBs were directed to set up teller points at designated branches across the country to serve FX requests for Personal Travel Allowance (PTA), Business Travel Allowance (BTA), tuition fees,

medical payments, SMEs transactions amongst others. In addition, the Governor stated that banks are to begin accepting cash deposits of FX from their customers. It also mandated all DMBs to adequately publicise the locations of the designated branches.

In line with its consumer protection philosophy, the CBN said that a toll-free line had been set up for customers to report unresolved issues related to FX requests. Meanwhile, the Governor dismissed concerns about the state of health of some DMBs reiterating that the financial system is sound.

In a related development, the CBN has also announced the commencement of refunds of capital deposits and licensing fees to promoters who have pending BDC licence applications with the Bank.

In a circular signed by the Ag. Director, Financial Policy and Regulation Department, Mr. Ibrahim Tukur on July 28, 2021, the Bank noted that further to the MPC briefing by Governor Emefiele, the CBN will commence the immediate refund of capital deposits and licensing fees (where applicable) to promoters who have pending BDC licence applications with the CBN.

The Bank further directed that DMBs are to stop accepting instructions from customers to transfer capital deposit of ₦35 million to the designated CBN account for the purpose of applying for BDC licences. ■



News Analysis

New CBN Forex Policy: Matters Arising

By: Onyemakonor Ogbe



nairametrics.com

The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele had, at the end of July Monetary Policy Committee (MPC) meeting, while briefing journalists on MPC decision, announced the stoppage of sale of foreign exchange to Bureau de Change (BDC) operators. The new Bank policy was received with trepidation from the ever-boisterous forex market, will also not issue new licenses to the BDCs.

In the new dispensation, the CBN will only sell Forex to Deposit Money Banks (DMBs) for onward sale to the public. To ensure a hitch-free implementation of the new policy, the CBN has directed all DMBs to set up teller points at designated branches across the country to fulfill legitimate forex requests for Personal Travel Allowance (PTA), Business Travel Allowance (BTA), tuition fees, medical payments and SMEs transactions.

The CBN Governor had adduced rent-seeking behavior and involvement in money laundering activities as reasons for the Bank's decision to

discontinue the sale of foreign currencies to the BDCs. In addition to the BDCs allegedly aiding illicit financial flows and other financial crimes, the alarming high rate of fresh applications for licence to the tune of about 500 applications received monthly by the Bank, made the clampdown by the CBN inevitable.

Before the stoppage of the weekly direct allocation of foreign exchange to the BDCs, the CBN was selling \$20,000 each to over 5,500 BDCs per week. This amount translates to about \$110 million per week and about \$5.72 billion per year. Considered a huge hemorrhage on the nation's scarce resources and concerned that the BDCs have allowed themselves to be conduit for graft, the CBN thought it would be in the overall interest and benefit to the country as a whole to channel all foreign exchange allocations through the DMBs.

This would not be the first time the CBN would take necessary measures to resolve or sanitise the forex market. In January 2016, the Bank had stopped the sale of foreign exchange to BDC operators and

revised their operational guidelines for similar reasons identified in the last MPC meeting. The CBN's policy thrust in 2016 was influenced by the fall in the external oil revenue occasioned by the crash in oil prices. This situation subsequently brought pressure on the country's foreign exchange that the average annual foreign reserve had dropped year-on-year by -14.39 per cent to an average annual figure of \$26.28 billion.

The year 2021 was bearing some nostalgic similarities with 2016 as inflation remained at a double digit of above 17 per cent per annum and other parameters as the Bank's adoption of NAFEX rate, the average year-to-date (YTD) price of crude at \$64/b as of July 1 2021, with production volume at 1.45 million bpd.

To avoid a recurrence of what happened in 2016, CBN had to take the necessary measures to forestall a crisis in the forex market. After years of seemingly indulging the BDC operators, the CBN's unexpected strike has elicited comments from the public.

Expectedly, the Naira was at the receiving end as rates hit the roof barely 24 hours of the Bank's announcement. However, a follow-up action by the CBN calmed the market by weekend, enabling the Naira to firm up. Analysts believe the Naira will continue its incremental gain against the Dollar.

As the nation commences the implementation of the new policy of selling foreign currencies directly to DMBs for onward sale to the public, there is overwhelming need for the CBN to ensure an increased forex allocation or supply to DMBs to enable them to cater for all genuine demands from end-users. While there is advocacy for improved supply of forex to DMBs and for the BDCs to be allowed to independently source foreign

currencies from multiple legitimate sources, the CBN should as matter of urgency, strictly strengthen and tighten up its regulation to end the BDCs role in money laundering.

The backbone of most economies is a strong and virile manufacturing sector. It is imperative that the Bank scale up its forex allocation to fund local manufacturers especially producers in 44 items restricted from accessing foreign exchange from the Nigerian Forex Market to mitigate the likely challenges to be encountered by them. A few have raised concerns on banks tedious forex processing requirements.

The CBN has been called upon to scale down on the tedious application processes for forex by genuine customers at commercial banks. This is to attract bona fide Nigerians into the official forex loop. However, a meticulous, flexible and yet objective application regime should be evolved to achieve this.

A key factor that is necessary for the seamless and hitch-free implementation of the new forex policy is the engagement of an intensified public awareness on the need to embrace the latest development. This is a prerequisite for the success of the new forex regime to sensitise the

public to prevent any unfavourable reactions that could further promote speculative trading.

Irrespective of the side of the divide one may belong on this issue, the fact remains that CBN's decision to discontinue the sale of foreign currency to the BDCs was long expected and indeed required to stem the tide of bleeding the economy.

Most analysts also agree that this is a policy that will further strengthen the Naira and help put the economy back on track of development ■

The CBN Governor had adduced rent-seeking behavior and involvement in money laundering activities as reasons for the Bank's decision to discontinue the sale of foreign currencies to the BDCs. In addition to the BDCs aiding illicit financial flows and other financial crimes, the alarming high rate of fresh applications for licence to the tune of about 500 applications received monthly by the Bank, made the clampdown by the CBN inevitable.

Buhari Inaugurates Integrated Farm Project

By: **Olalekan Ajayi**



President Muhammadu Buhari addressing guests at the inauguration of the first NALDA Integrated Farm Estate in Katsina State

President Muhammadu Buhari has inaugurated the first National Agriculture Land Development Authority (NALDA) Integrated Farm Estate in Suduje Daura, Katsina State, with a pledge that Nigeria, under his watch, will achieve food security.

Performing the inauguration on Monday, July 19, 2021, President Buhari reiterated that his administration remained committed to the goal of ensuring that Nigeria produces what Nigerians eat and eating what the country produces. The President also restated that the government was determined to get 100 million Nigerians out of poverty during his tenure, stressing that he would continue to drive policies that will ensure food sufficiency and boost exports.

While emphasising that the revamp of NALDA was geared towards encouraging integrated farming for employment and security, he said that his administration's target of getting 100 million Nigerians out of poverty remained realisable, adding that "No excuse is good enough for Nigeria to remain a mono-economy"

Speaking at the event, the Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele said that the Bank would collaborate with the National Agriculture Land Development Authority (NALDA) to develop integrated farms across the country, provide affordable and accessible finance to farmers in Nigeria's rural communities and provide jobs for its teeming population.

He noted that the NALDA integrated farm estate would serve as an agricultural hub for inhabitants of the area with its wide-range of facilities to support rearing of poultry, goat and rabbit pens as well as fish ponds, crop farming areas, processing and packaging plants, storage, clinics, residential area, school, training centres, and an administrative facility.

Emefiele, therefore, expressed the CBN's readiness to work with NALDA to replicate similar integrated farm projects in rural communities in order to make life more meaningful for inhabitants of those areas through the provision of affordable and accessible finance to the beneficiaries under the integrated farm programme.



President Muhammadu Buhari inaugurating the NALDA Integrated Farm Estate

While commending the Buhari administration for resuscitating NALDA to optimally deliver on its mandate, Emefiele noted that Nigeria's survival as a country was hinged on the resourcefulness and synergy among the government's Ministries, Departments and Agencies (MDAs) in areas of policy formulation and implementation, which he emphasised was essential to the attainment of Nigeria's desired economic growth.

He reiterated the CBN's readiness to partner with NALDA and explore the potential of providing affordable and accessible finance to the beneficiaries under the integrated farm programme in order to scale up productivity and provide jobs for Nigerians. He also urged deposit money banks in the country to support the NALDA mandate, which he noted aligned with the developmental priorities of the CBN.

Speaking further, Emefiele reiterated that the CBN, through the deployment of well targeted intervention programmes to farmers in the rural communities, was aiding the government's efforts at improving job and wealth creation. "These measures are also supporting our nation's food security objectives. Nigeria is likely to make significant strides over the next three years in

repositioning our agricultural sector for greater growth, given the combined efforts of NALDA, and the CBN's in making land and credit available to farmers," he added.

The CBN Governor also emphasized the successes of the Bank through specific interventions such as the Anchor Borrowers' Programme (ABP), Accelerated Agriculture Development Scheme (AADS) and the Private Sector-led Accelerated Agriculture Development Scheme (p-AADS), the Agri/Business Small and Medium Enterprise Investment Scheme (AgSMEIS) and the Targeted Credit Facility (TCF), all of which, he noted, were aimed at stimulating investments in critical sectors and segments of the economy, particularly those with high-growth impact and high employment potential.

Continuing, the Governor said that the measures taken by the Buhari administration had provided finance to key sectors and segments, with their implementation tailored to support the administration's policy of repositioning Nigeria to become a self-sufficient food producer, creating millions of jobs and supplying the domestic industries with their raw material needs.

The Bank's development finance efforts were also driven by the need to diversify the economy by reversing the ugly trend of relying largely on revenues from crude oil, Emefiele said, adding that the CBN was also positioned to ensure the integration of rural farmers into the Federal Government's Economic Sustainability Plan, which was focused on providing five million homes with electricity using renewable energy.

Also speaking the host-Governor, Hon. Bello Masari and his Kebbi State counterpart, Abubakar Bagudu, lauded the commitment of the Buhari

administration in boosting agriculture to enhance food security and employment.

Earlier in his welcome remarks, the Executive Secretary of NALDA, Prince Paul Ikonke disclosed that the Integrated Farm Estate, comprising 40 poultry pens with a capacity of over 400,000 birds, Fish ponds with a capacity of 200,000 fish, Cow and Goat pens with a capacity of 500 animals, rabbit pens with a capacity of 3,000 rabbits, bee apiary with a capacity of 540 litres of honey per harvest, crop farming, among others, is expected to generate over N1.7 billion in the first year. ■

CBN Hosts Town Hall Meeting on AfCFTA

By: **Daba Olowodun**



The Central Bank of Nigeria (CBN) has held a Town Hall meeting with players across the financial sector to discuss the enormous benefits of the African Continental Free Trade Area (AfCFTA) for Nigeria and Africa at large. The Town Hall meeting which was held virtually on Monday, July 5, 2021, sought to solicit the active participation of the financial sector in the implementation of the AfCFTA.

The AfCFTA, when implemented, would yield such benefits as growing domestic demand to grow local content; consolidate the domestic market share of Nigerian businesses; provide a solid foundation for exports of products and services; and expand Nigerian businesses to Africa. Speaking at the webinar, the Deputy Governor, Economic Policy, Dr. Kingsley Obiora emphasised that the financial sector needed to be repositioned

to play a key role to reap the benefits of the agreement. He further assured participants of the Bank's full support in any way necessary.

In his speech, the Director General, Nigerian Office of Trade Negotiations (NOTN), Amb. Yonov Agah, assured that his office would work with, and guide stakeholders in trade negotiations in order to maximise the benefits of such agreements. He, however, underscored the need for stakeholders to first negotiate successfully amongst themselves before negotiating with others within the continent.

On his part, Mr. Haruna Mustafa, Director, Banking Supervision Department, CBN, stated that proper implementation of the AfCFTA could lift 30 million Africans out of extreme poverty; boost intra-African trade & global trade with a 90% tariff liberalisation; and boost Africa's income by US\$450 billion by 2035.

On the benefits of the AfCFTA to Other Financial Institutions (OFIs), Mrs. Nkiru Asiegbu, Director Other Financial Institutions' Supervision Department, CBN, stated that the agreement portended potential expansion to new markets and increased access to capital from foreign investors. She, however, challenged stakeholders to rapidly adopt International Financial Reporting Standards (IFRS) and initiate dynamic business plans for cross-border markets.

While acknowledging some of the challenges faced by the country in implementing the AfCFTA, Mr. Francis Anatogu, the Secretary of the National Action Committee on AfCFTA (NAC-AfCFTA), also stated that one of the major goals of the Committee was to 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.

Lending her voice to the discourse, Dr. Ozoemena Nnaji, Director, Trade and Exchange Department, CBN, stressed the need for Nigeria to attract more foreign direct investments into key industries and sectors of its economy, with particular emphasis on areas of comparative and competitive advantages.

She further highlighted the need to focus on manufacturing to boost Nigeria's diversification agenda and benefit from the potential gains of the AfCFTA. She advocated for concerted effort towards meeting set standards (sanitary, phytosanitary, etc) which would reduce rejection rates amongst others.

Mr. Philip Yila Yusuf, Director, Development Finance Department, CBN, challenged the financial sector to increase access to finance for start-ups or expansion, as studies had shown that less than 5% of MSMEs could access credit. He, however, stated that the CBN would continue to play its role in addressing this gap and enhancing their capacity to enable MSMEs maximise gains from AfCFTA.

He noted that beyond access to finance, governments at all levels had the critical role of providing the enabling environment and policies that were industry-led, aimed at improving ease of doing business, developing enabling infrastructure for ecosystem development, and leveraging Nigeria's huge youth population to promote MSME development.

Also speaking at the event, Mr. Jimoh Musa, Director, Payments System Management Department, CBN, reiterated the Bank's efforts through several initiatives to deepen and reposition its payment system for national utilisation and international recognition. He touted some of the initiatives to include: cash-less policy, financial inclusion, BVN framework and watch-list, payments service banks, tiered licensing categorisation, regulatory sandbox, industry fraud desk and open banking amongst others.

In his remark, Dr. Hassan Mahmud, Director, Monetary Policy Department, CBN, reiterated that the success of the AfCFTA depended largely on the ability of Africa's financial service industry to serve as effective intermediaries. He noted that Nigerian banks were reputed to be among the largest banks in Africa, with branches across countries.

According to him, this advantage could be used to strengthen the participation of other sub-sectors. Furthermore, he opined that payments system platforms could also contribute substantially to the facilitation of cross-border trade ■

N15tn InfraCorp Set to Take off

By: **Onyemakonor Ogbe**

The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele has said that the ₦15 trillion Infrastructure Company Limited (InfraCorp), created by the Federal Government to bridge the nation's huge infrastructure gap is to take off in the third quarter of 2021.

Mr. Emefiele said this on Tuesday, July 13, 2021 at an investors' webinar designed to showcase the investment opportunities in Nigeria's privatisation and economic reforms programmes. The engagement was organised by the Bureau of Public Enterprises (BPE), in collaboration with the Nigerian Investment Promotion Commission (NIPC) and the Nigerian Exchange Group (NGX).

In his address at the webinar, Mr. Emefiele said the Federal Government had approved KPMG as the financial adviser to InfraCo, adding that the firm was expected to commence operations in the third quarter of 2021. The Governor stated that for Nigeria to attain meaningful growth, there must be huge investments in key sectors of the economy, including infrastructure such as rail and power, among others.

According to him, InfraCorp had generated huge interest in deploying private capital to infrastructure, adding that the approval of the Vice President had been secured to appoint KPMG as transaction advisers. Emefiele stated that over the past 18 months, the COVID-19 pandemic and developments in the global crude oil market had negatively affected not only the global economy but also the Nigerian economy.

He stated that in June 2021, investments in the Investors and Exporters (I&E) window stood at over ₦3 trillion at an average rate of ₦412 to the dollar, adding that this meant that on an average working day of 20 working days, close to \$150 million was posted in that market. In his keynote address, Vice President Yemi Osinbajo said that although the government's economic reforms had paid off in telecommunications, pension and maritime sectors, the current administration was making effort to address the challenges in the power sector privatisation.

According to the Vice President, privatising utilities of the size of the former PHCN simply calls for



Mr. Godwin I. Emefiele, Governor, Central Bank of Nigeria

deeper intentional consideration of the right models and type of investors, and also looking at funding for these investors over an extended period.

In her goodwill message, the Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, said that Nigeria had huge gas investment potential waiting to be exploited. Mrs. Ahmed stated that despite the numerous challenges confronting the country, it remains the premium investment destination in Africa.

Continuing, Ahmed said the COVID-19 pandemic had provided greater need for the Federal Government to forge a more robust partnership with the private sector. Earlier in his welcome address, the Bureau of Public Enterprise (BPE) Director-General, Mr. Alex Okoh, said that the Bureau had listed over 36 assets for sale and giving them out to concessionaires under its 2021 work plan.

Okoh stated that about ₦500 billion was expected to be contributed into the Federal Government coffers from the privatisation proceeds this year. According to him, 234 public assets had been sold in the past 32 years while N1 trillion was generated by the agency. Investors in the ₦15 trillion InfraCorp include the Central Bank of Nigeria (CBN), Nigeria Sovereign Investment Authority (NSIA) and Africa Finance Corporation (AFC) ■

MPC Retains MPR at 11.5%, Other Rates Maintained

...says non-oil sector main drivers of growth

By: Ruqayyah Mohammed



CBN Governor addressing journalists on the outcome of the MPC meeting

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) on July 27, 2021 at its 280th meeting held Monetary Policy Rate (MPR) at 11.5% and retained all other policy parameters.

While briefing the press on the outcome of the Committee's two-day meeting held in Abuja, the CBN Governor, Mr. Godwin Emefiele said the Committee welcomed the sustained monetary and fiscal stimulus to revamp the domestic economy and hoped that the distribution of vaccines to subdue the pandemic will continue unabated.

The Governor further stated that the MPC made the decision to hold all policy parameters constant in the hope that it will enable the continued permeation of current policy measures in supporting the recorded growth recovery and macro-economic stability. The benchmark interest rate of the Monetary Policy Rate (MPR) was retained at 11.5% while the asymmetric corridor

remained at +100/-700 basis points (bps) around the MPC. Cash Reserve Ratio remained at 27.5 percent and liquidity ratio was retained at 30 percent.

The Committee noted that performance of the global economy in the first two quarters of the year had been favourable and expected to continue for the rest of the year, adding that the fast pace of mutation of the new and deadlier strains of the COVID-19 virus was posing a downside risk to the full recovery of the global economy.

The Committee was of the opinion that despite the challenges, which include lingering uncertainties surrounding the path to the termination of the pandemic, governments all over the world had continued to ease restrictions to enable the recovery of supply chain networks and enhance aggregate demand. It added that the uneven access to the vaccines across the globe was undermining the realization of the current forecast.



The MPC noted that for Nigeria, although the first quarter 2021 GDP grew by 0.51 percent with continued moderation in headline inflation, it remained, well above the ceiling of the Central Bank's 6-9 percent corridor.

The Committee however expressed optimism that the current interventions of the Bank in various sectors of the economy will further depress inflationary pressure as output growth improves and the negative output gap closes. It is the members' belief that there is a need to continue with the policies put in place, even more aggressively. They therefore encouraged the Bank to sustain its existing mechanism of driving down inflation through the use of its discretionary CRR policy to mop-up liquidity from the banking system as the need arises.

The Committee further noted the increased contribution of the non- oil sector to the Government revenue in recent times which reflected the gradual diversification of the economy and reduced reliance on crude oil export proceeds. It further observed that agriculture and industry sub- sectors were the major drivers of the growth with rates of 2.28 and 0.94 percent respectively. The members maintained that

although the manufacturing Purchasing Managers Index (PMI) improved to 46.6 index point in July 2021, it was still below the 50-index point mark. The improvement, which is an indication of gradual recovery of output growth in the economy. The non-manufacturing Purchasing Managers index (PMI) also increased to 44.8 index, it observed.

In the Committee's view, "the current situation of the economy, neither gives room for tightening, as this will hurt output growth nor loosening, as this will exacerbate inflationary pressures. On tightening, the Committee feels it will reduce money supply and inhibit the ability of Deposit Money Banks (DMBs) to create credit needed to stimulate manufacturing output, which could also help moderate prices".

It urged the Bank to sustain its tight prudential regime to bring Non-Performing Loans (NPLs) below the 5.0 percent prudential benchmark with the NPLs progressive improvement to 5.70 percent in June 2021. It noted that the Capital Adequacy Ratio (CAR) and the Liquidity Ratio (LR) both remained above their prudential limit at 15.5 and 4.3 percent respectively. The Committee further noted the marginal increase in the external reserves.

The MPC commended the continued effort by both the monetary and fiscal authorities as well as public health agencies in stemming the pandemic and its impact as the economy returns to a path of recovery. The Committee however urged the Presidential Steering Committee on COVID-19 to intensify efforts towards procurement of more vaccines to ensure that herd immunity is achieved in the country.

In addition, MPC expressed concerns over the state of insecurity across the country and urged the Federal Government to intensify surveillance measures in farming communities to ensure uninterrupted farming activities.

The MPC applauded the continued resilience of the banking system in the face of severe shocks to both the domestic and global economies. The Committee reiterated the call to the Federal Government to prioritize investment in public infrastructure such as transportation networks, power supply and telecommunication facilities, and suggest that funding such projects could be sourced through Public-Private-Partnerships ■

CBN Unveils Tertiary Institutions' Entrepreneurship Scheme for Nigerian Graduates

By: Auwalu Alhaji & Mohammed Haruna



Some participants at the 35th Conference of the AVCNU in Wudil, Kano State

The Governor, Central Bank of Nigeria, (CBN), Mr. Godwin Emefiele has disclosed plans by the Bank to reduce graduate unemployment by establishing a Tertiary Institution Entrepreneurship Scheme (TIES) to focus on graduates of tertiary institutions, including universities, polytechnics and monotechs.

He revealed that the new initiative is designed to re-orientate, train and finance entrepreneurship ideas by Nigerian graduates. The Governor also explained that TIES is intended to support the development of entrepreneurial mindsets and culture through the introduction of a platform that provides seamless access to affordable finance for graduates through innovative channels of participation.

Mr. Emefiele disclosed this on Monday, July 12, 2021, at the 35th Conference of the Association of

Vice-Chancellors of Nigerian Universities (AVCNU), held at Kano University of Science and Technology, Wudil, Kano.

The CBN Governor, who was represented by Dr. Olabimtan Idowu Adebowale, a Deputy Director in the Development Finance Department of the Bank, stressed the need for a paradigm shift in the orientation of graduating students from job-seeking to job-creation through entrepreneurship development.

Mr. Emefiele decried that "An estimated 600,000 graduates from our tertiary institutions enter the labour market annually, after participating in the National Youth Service Corps (NYSC) programme, seeking the already thinned out white collar jobs." Adding that "Micro, Small and Medium Enterprises (MSMEs) portend great opportunities for addressing these gaps and accelerating economic

growth by leveraging our vibrant youth population,". He disclosed the Bank's plans to partner with tertiary institutions to foster a culture of entrepreneurial development among the youth, by supporting them with start-up capital for their enterprises upon graduation. Hoping that the intervention will help to curtail the rising youth unemployment across the country.

He, therefore, called on Vice Chancellors to support the development of the initiative targeted at re-defining the contribution of the teeming graduates to the sustainable economic growth and

development. Recalling his presentation at the 51st Convocation Lecture of University of Lagos, on Monday, July 5, 2021, the Governor, Mr. Godwin Emefiele, announced fresh measures that the Bank was introducing to support the growth of Small and Medium Enterprises (SMEs) in the country.

He further enlightened the participating Vice-Chancellors on the opportunities created by the various interventions of the Bank and details of the proposed Tertiary Institutions Entrepreneurship Scheme (TIES) ■

CBN, CCISONFI, CF Launch #NoGoFallMaga Campaign

By: **Olusola Amadi**

The Central Bank of Nigeria (CBN), in collaboration with the Committee of Chief Information Security Officers of the Nigeria Financial Industry (CCISONFI) and Cybersafe Foundation (CF), has launched a cyber-awareness campaign tagged #NoGoFallMaga.

Speaking at the event which took place at the Radisson Blu Hotel, Lagos, on Monday, July 19, 2021, the Director, Banking Supervision, Mr. Haruna Mustafa stated that cybersecurity awareness was a key element in mitigating cyber risks.

Mustafa, represented by Dr. Adedeji Sikiru, a Deputy Director of the CBN, noted that the Bank was ready to collaborate with industry stakeholders to sustain effort at educating the public on fraud information and cybersecurity hygiene practices. He added that financial institutions should include cybersecurity awareness programmes in Nigerian languages for an improved system. He also added that there ought to be an integration of the awareness programme into the Nigerian educational system.

Noting that the present generation was born into technology and very adept at it, he opined that cybersecurity must be an integral part of their education. He added that students, teachers and administrators needed to have access to learning tools in order to understand, detect and avoid cyber threats that might be encountered in their daily lives.

To this end, he disclosed that the CBN was ready to partner with industry stakeholders and develop

awareness programmes that could be integrated into the educational system, with the aim of creating a security culture for citizens.

Also speaking at the event, the Chairman, CCISONFI, Mr. Abumere Igboa, stated that the initiative sought to tackle cybercrime as it posed a threat to citizens while conducting reliable and safe financial services. He noted that the use of digital platforms had transformed the cyber and technology landscape, especially in sustaining customer trust to transact securely within the financial ecosystem.

Mr. Igboa further observed that a loss of trust and confidence in technology could undermine the CBN's cash-less policy and affect the ability of citizens to continually leverage on technology. He reminded on the need to address challenges of data privacy.

In his speech, the Executive Director, Cybersafe Foundation said that the collaboration would enable mass cybersecurity awareness to about 40 million Nigerians who currently access financial services across the country and consequently, reduce the success rates of cyber-fraud attacks.

He explained that there was a clear need to include an aggressive cybersecurity awareness campaign to compliment other proactive and reactive measures being taken to curb cyber fraud. He called for collaboration across the financial ecosystem through consolidation of resources and strengths in order to drive cybersecurity awareness for significant impact ■

Emefiele Bags Vanguard Public Sector Icon of the Year Award

By: **Kenechukwu Afolabi & Senmial Senlong**



Governor Godwin Emefiele receiving his award at the Vanguard Personality of the Year Awards Ceremony

The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has been awarded with the "2020 Public Sector Icon of the Year Award" by Vanguard Newspaper at the Vanguard Personality of the Year Award 2019/2020.

The Awards ceremony, which held on July 17, 2020 at Eko Hotel, Victoria Island, Lagos, is an annual event which honours iconic men and women who had made significant contributions to ensure a better society in Nigeria.

Speaking at the ceremony, the General Manager and Editor-in-Chief of Vanguard Media Ltd, Mr. Gbenga Adefaye pointed out that Mr. Emefiele was recognised for his outstanding contributions in introducing critical interventions and strategies to propel the Nigerian economy towards growth.

He was applauded for being at the fore of pushing for the diversification of the country's revenue base, especially agriculture and small businesses. It

was recalled at the event that the CBN under Emefiele had continued to pursue its developmental mandate with the establishment and implementation of various initiatives, robust policies aimed at stimulating the economy, and creating jobs for the country's growing youth population.

Some of the initiatives mentioned were the Agri-Business/Small and Medium Enterprises Investment Scheme (AGSMEIS), Accelerated Agricultural Development Scheme (AADS), National Collateral Registry (NCR), and the Creative Industry Financing Initiative (CIFI).

Others listed were: the Nigerian Electricity Market Stabilisation Facility (NEMSF), Nigerian Bulk Electricity Trading Payment Assurance Facility, Presidential Fertilizer Initiative, and Shared Agent Network Expansion Facility (SANEF), amongst others. These interventions were introduced to directly support businesses with huge potentials for job creation, conservation of foreign exchange,

import substitution and financial inclusion.

With the unprecedented outbreak of the COVID-19 pandemic, which brought about global health and economic challenges, the organisers of the event further highlighted some of the proactive measures taken by the Emefiele-led CBN to mitigate the adverse effect of the pandemic on households and businesses.

The measures include: a one-year extension of the moratorium on principal repayments for CBN intervention facilities, regulatory forbearance granted banks to restructure loans given to sectors affected by the pandemic, reduction of interest rate on CBN intervention loans from nine to five percent, mobilization of key stakeholders in the economy through the CACOVID alliance, which led to the provision of over ₦27 billion in relief materials to affected households, and setting up of 39 isolation centres across the country.

Other measures highlighted at the event were the

creation of ₦100 billion Targeted Credit Facility (TCF) for affected households and SMEs through NIRSAL Microfinance Bank; the provision of ₦100 billion intervention fund in loans to pharmaceutical companies and healthcare practitioners intending to expand and strengthen the capacity of our healthcare institutions; creation of research fund designed to support the development of vaccines in Nigeria; and a ₦1 trillion facility in loans to boost local manufacturing and production across vital sectors.

Dignitaries and awardees present at the event were the Deputy Governor, Operations, Mr. Folashonubi Shonubi; Deputy Governor, Economic Policy, Dr. Kingsley Obiora; Lagos State Governor, Mr. Babajide Sanwo-Olu; Minister of Transportation, Rt Hon. Rotimi Amaechi; Ondo State Governor, Mr. Rotimi Akeredolu; Ekiti State Governor, Dr. Kayode Fayemi; Kaduna State Governor, Malam Nasir El-Rufai; and renowned Industrialist, Chief (Mrs.) Dr. Nike Akande, amongst others ■

PSBs Get Supervisory Framework for Operation

By: **Mohammed Haruna**

On Thursday, July 8, 2021, the Central Bank of Nigeria unveiled the supervisory framework for the operations of Payment Service Banks (PSBs) in Nigeria on its website. The document sighted by CBNUPDATE, contained extensive guidelines ranging from ownership structure to the permissible and non-permissible activities that could be undertaken by the PSBs.

The intendment of the framework is spelt out in its preamble which reads "This framework hereby provides a set of regulations that are targeted at streamlining operations of PSBs, ensuring transparency in their operations as well as ensuring adequate customer protection. The framework focuses on corporate governance, risks management of the PSBs and safety of funds to the consumers of the PSBs' products."

Key provisions in the framework specify that the PSBs are barred from accepting foreign currency deposits, dealing in the foreign exchange market, perform insurance underwriting or undertake other transactions outside those prescribed by the guidelines. Similarly, the PSBs are anticipated to operate mostly in the rural areas and unbanked locations targeting financially excluded persons, with not less than 25 per cent of their financial service touch points in such rural areas as defined by the CBN



periodically.

Furthermore, the Payment Service Banks were restrained from accepting any closed scheme electronic value such as airtime as a form of deposit or payment. They also cannot establish any subsidiary, except as prescribed in the CBN regulation on the scope of Banking and Ancillary Matters, No 3, 2010.

However, the provisions of the framework did not preclude the the PSBs from granting loans to their employees in line with their established loan policy and subject to Board approval, but the PSBs were mandated to ensure strict compliance with the CBN's relevant regulations, prudential guidelines and extant circulars ■

Industrial Pharmacists Confer Award on Emefiele

By: **Kenechukwu Afolabi & Zichat Abuja-Kato**



Ag. Director, Corporate Communications Department, Mr. Osita Nwanisobi receiving the award on behalf of the CBN Governor, Mr. Godwin Emefiele

The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele has been honoured with “Excellent Service Award in the Financial Sector 2021” by the Association of Industrial Pharmacists of Nigeria (NAIP) at its 24th Annual National Conference held at Marriott Hotel, Ikeja, Lagos, on July 15, 2021.

Speaking at the ceremony, the President of the Pharmaceutical Society of Nigeria (PSN), Mazi Sam Oluwabunwa described Governor Emefiele as a developmental strategist and financial expert who deserved recognition for his intervention in response to the COVID-19 pandemic, by providing intervention funds for the pharmaceutical industry, research, and development.

He stated that the various interventions championed by Governor Emefiele, as part of policy response to the COVID-19 pandemic in the country, had helped to strengthen key sectors of the nation’s economy such as agriculture, manufacturing, and health sectors, amongst others. He also thanked the Governor for his passion and commitment to ensuring that the economy remained sound and stable.

Receiving the award, Mr. Emefiele, represented by the Acting Director, Corporate Communications Department, Mr. Osita Nwanisobi, expressed

gratitude to the Association for the recognition, which he attributed to the support of Management and Staff of the Bank.

According to Nwanisobi, the vision of the Governor was a people-centric Central Bank that will speak to the developmental needs of Nigeria, adding that the desire to end medical tourism outside Nigeria necessitated the Bank’s decision to upscale the nation’s health infrastructure. Specifically, as part of the intervention to curb the COVID-19 pandemic, the Bank, he said, supported the development of health infrastructure by setting up a N100 billion intervention facility. Adding that the Bank had so far disbursed about 97.8% of the Fund to 95 green and brown field projects across the Nation.

Speaking further, Mr. Nwanisobi noted that the CBN introduced the Healthcare Sector Research & Development Intervention Scheme (HSRDIS) to help strengthen public healthcare systems. He added that the Scheme was intended to energise national research and development activities towards home grown vaccines against the spread of COVID-19.

He disclosed that about 83 out of 286 applications received had been reviewed and 70 evaluated by the Body of Experts approved by the Bank, while five applications valued at N232 million had been approved.

Emefiele Tasks Bank Supervisors on Safety of Financial System

By: **Olusola Amadi**



CBN Governor, Mr. Godwin Emefiele delivering an address

The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has challenged Bank Supervisors to ensure the safety, soundness, and stability of the Nigerian financial system.

Mr. Emefiele gave the charge in Abuja on Thursday, July 8, 2021, while declaring open the 2020 Retreat of the Banking Supervision Department of the CBN with the theme: "Post-COVID-19: Financial Resilience and System Recovery".

Recalling the disruptions caused by the pandemic to social and global business activities, which the International Monetary Fund (IMF) estimated at \$28 trillion in lost output, he listed actions taken by the CBN to ameliorate the risk to financial stability.

According to him, in response to the COVID-19 crisis, the CBN also introduced and implemented measures aimed at boosting demand and economic growth as well as reducing the impact of the pandemic on some sectors of the economy as well as obligors in some sectors. On specific moves

made by the Bank, Mr. Emefiele cited the approved regulatory forbearance to banks to restructure their loans to severely affected sectors, provision of liquidity support to banks; and the establishment of the COVID-19 Targeted Credit Facility (TCF) to individuals and households through the NIRSAL Microfinance Bank, as some of the Bank's response to the pandemic.

He further noted that the CBN took proactive steps to enhance the resilience of the banking industry to the threat of cyber risks and deployment of an industry-wide Cybersecurity Fusion Centre (C2FC) and Malware Information Sharing Platform (MISP), to address the growing risk of cybersecurity in the industry.

While noting that the moves made by the Bank had yielded the desired outcomes, going by the recent data released by the National Bureau of Statistics (NBS), Emefiele admitted that more was needed to be done to ensure that Nigerian banks remained safe, sound and stable, in addition to contributing

to the sustainable growth and development of the economy.

Speaking on the emerging trends in the financial sector such as the digitalisation of financial services driven by FinTech and open banking, he noted that the planned launch of the CBN digital currency in October 2021 and other new technologies would greatly impact the businesses of banks and banking supervision. He, therefore, charged staff of the Banking Supervision Department to brace themselves for the challenge of banking supervision in an increasingly evolving banking landscape.

The Governor, nevertheless, commended the collaboration between the regulating and the regulated parties, expressing hope that the partnership would achieve the ultimate goal of strengthening the Nigerian banking sector.

In her remarks, the Deputy Governor, Financial System Stability, Mrs. Aishah Ahmad, said that the retreat was an opportunity to evaluate and examine contemporary issues affecting the mandate of the Bank and a time to strategise for sustainability in the financial system.

She observed that the pandemic had tested the operational resilience and business continuity strategies of the banks, adding that operational risk had increased, given that more reliance was placed on technology and third-party service providers during the period.

Mrs. Ahmad further noted that, despite the headwinds associated with the pandemic, the banking industry had remained relatively resilient, and had been positioned at the forefront of the recovery process. She, therefore, urged bank supervisors to be more vigilant and alert to their responsibilities, proactively monitor the environment and emerging developments, maximise opportunities to ensure the continuous safety and soundness of the financial system. She affirmed Management's support of every effort towards delivering on the mandate of financial system stability.

Earlier in his welcoming remarks, the Director, Banking Supervision Department, Mr. Haruna Mustafa, thanked the Management for the support accorded the Department and the opportunity to hold the retreat amid the challenges of the raging pandemic. He noted that though Nigeria was still grappling with the lingering effects of COVID-19, prospects showed an accelerating recovery process.

Highpoint of the retreat was the panel discussion that featured the Director, Financial Markets Department, Dr. (Mrs.) Angela Sere-Ejembi; the Managing Director/Chief Executive Officer, Guaranty Trust Bank, Mr. Segun Agbaje, and the Managing Director/Chief Executive Officer, Zenith Bank Plc, Mr. Ebenezer Onyeagwu. Other resource persons were Mr. Seye Awojobi, Registrar/Chief Executive, Chartered Institute of Bankers of Nigeria (CIBN), and Benson Uwheru, Partner in Risk Advisory, Ernst and Young ■

ITD Holds Cyber Weekend for Director, Others

By: **Auwalu Alhaji**

The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has urged Departmental Directors, Special Advisers and Special Assistants to sustain the success recorded in cybersecurity.

Mr. Emefiele stated this at the Cyber Weekend for Directors, Special Advisers, Special Assistants and Personal Assistants to the Governors, held at Fraser Suites, Abuja, from Friday, July 2, 2021 to Saturday, July 3, 2021, with the theme "Own it, Secure it and Protect it".

He observed that, since the onset of the COVID-19 pandemic in 2020, most organisations, including the CBN, had transited to either fully online or hybrid work modes and now conduct the activities in cyberspace. Despite this mode of working, however, he noted that the Bank did not have significant information security breach.

The Governor also disclosed that the CBN website came under cyber-attacks during the social unrest in 2020 with intent to disrupt the Bank's operations and cause reputational damage to it.



A group photograph of the Deputy Governor, Corporate Services, Mr. Edward L. Adamu (middle) and participants at the event

However, he commended the resilience of the IT Department's counter measures, which he said proved sufficient to foil the attack.

On other achievements of the Bank with respect to information security, Mr. Emezie said that the Bank, in collaboration with the Bankers' Committee, had approved the establishment of a Financial Industry Cybersecurity Fusion Centre (FinCFC), which will serve as a sectorial Computer Security Incident Response Team (CSIRT) for Financial Services Industry.

He added that the significant reduction of the CBN click rate on phishing emails from 32% in 2019 to 4.56% in 2020 and subsequently to 2% in 2021, when compared to the financial industry average of 8%, indicated that the staff were becoming more aware of such social engineering attacks. He therefore charged staff to take the issue of cybersecurity seriously. In his address, the Deputy Governor (DG), Operations, Mr. Folashodun Shonubi said that the cyberattacks were becoming more sophisticated, adding that the COVID-19 pandemic had forced an extension of the work environment into cyberspace. This, he said, gave organisations more work in ensuring the security of their information assets.

In their respective remarks, the DG, Financial System Stability (FSS), Mrs. Aishah Ahmad and her Economic Policy (EP) counterpart, Dr. Kingsley Obiora, urged the Information Technology Department and other stakeholders to strive for a

cultural change. With the annual ISO 27001 audit exercise close at hand, they added that the Bank must achieve a culture of information security consciousness from the highest to the lowest cadre of the staff.

In his remarks, the Deputy Governor, Corporate Services, Mr. Edward Lametek Adamu, noted that the human element remained the most vulnerable aspect of information security, thus "we would need to continuously carry out awareness and sensitisation programme for all our stakeholders". He reminded participants that the value of information that flowed through their offices, as essential cadre of staff, was significant and should be handled appropriately; stressing that unauthorised leakage of information from the Bank can cause reputational and personal damage.

Presentations made at the two-day workshop were: "Cybersecurity and Executive Understanding Cyber Risks" by Ajufo George; "Please Connect to our Free WiFi" by Anitube Israel; "You have a Message" by Dikko Farouk; "Magician", by Muonagor Ifeanyi; "Formazione sulla sicurezza informatica", by Adebajo Abiodun; "ISO 27001:2013", by Essien Gillian; "Digital Native-A Guide to the Menu", by Mitchell Pikibo; "Collaboration Tools for Senior Executive", by Ibrahim Kyuka and "CBN Cyber Drill and Response Plan" by CyberSOC.

Highpoint of the two-day workshop was a Gala Night for the participants to unwind.

Emefiele Lists Policy Options for Growth of SME sector

By: **Kenekwkwu Afolabi and Zichat Abuja-Kato**



The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele has pledged the Bank's readiness to increase its development finance interventions to further support start-ups and Small and Medium Enterprises (SMEs) in the country.

Mr. Emefiele made the pledge while delivering the 51st Convocation Lecture of the University of Lagos, Lagos, on Monday, 5 July 2021, noting that increased access to finance for start-ups and SMEs was highly essential for the nation's economy to grow.

Speaking on the topic: "National Development and Knowledge Economy in the Digital Age: Leapfrogging SMEs in the 21st Century," he stressed that special consideration should be given to the strengthening of physical and ICT infrastructure to enable SMEs perform more efficiently and become globally competitive.

He highlighted the critical role of vibrant and growing SMEs to the growth of the economy and the creation of jobs for Nigerian youth, noting that special consideration needed to be given to strengthening the physical and ICT infrastructure

to enable SMEs perform more efficiently and become globally competitive.

While noting that the potential of SMEs in enhancing economic growth was hampered by limited access to finance, inadequate infrastructure and poor digital penetration, Mr. Emefiele enjoined the Government and the private sector to provide more support in addressing the challenges of SMEs in the country.

Specifically, as users of new technology, he urged that policies should incentivise the adoption of innovations that will improve SMEs competitiveness and productivity. He also tasked all relevant stakeholders to deepen reforms that will improve human capital development through skills enhancement and proper linkage of research to the SME sector.

Citing examples of other climes that had continued to harness the benefits of the knowledge economy to accelerate economic growth, through the contributions of SMEs, Mr. Emefiele charged tertiary institutions in the country to tap into the educational trends that were significant drivers of productivity in advanced and emerging markets, in

order to reshape the existing curriculum, enhance the learning experience of students and foster innovation amongst the faculty and staff in Nigerian institutions.

The CBN Governor further opined that enhanced collaboration between universities and players in key sectors of the economy such as agriculture, manufacturing and ICT were necessary to enable implementation of sound ideas generated from the universities. He, however, noted that universities in many developing countries had little or no formal linkages to industry, thereby, resulting in the production of ill-equipped graduates.

Mr. Emefiele therefore challenged Nigerian tertiary institutions to ensure effective collaboration with industry players in key sectors of our economy, in the training of relevant manpower to minimise mismatches between the skills required by firms and the educational qualifications of Nigerian graduates.

Speaking on the role of the CBN in the development of SMEs in Nigeria, the Governor reiterated that the Bank had rolled out massive developmental interventions in some critical sectors of the Nigerian economy, especially in agriculture, manufacturing and SMEs. He said that attention had also been paid to advancing knowledge and innovation through various



initiatives targeted at promoting youths' entrepreneurship, research, and development.

Congratulating the graduating students, Emefiele urged them to take advantage of some of the Bank's interventions directly aimed at supporting SMEs such as the SME Credit Guarantee Scheme (SMECGS); Micro, Small and Medium Enterprises Development Fund (MSMEDF); Youth Entrepreneurship Development Programme (YEDP); Agri-business/Small and Medium Enterprises Investment Scheme (AGSMEIS); Creative Industry Financing Initiative (CIFI); Targeted Credit Facility (TCF) and the Nigeria Youth Investment Fund (NYIF).

Emefiele, disclosed that the CBN had also prioritised financial inclusion as a deliberate strategy to reduce the percentage of adults excluded from financial services, urged the graduating students to be part of the solution to a greater Nigeria.

According to him, "...despite the hues, cries and complaints about this country, this remains the land of indescribable opportunities, the land where finding a simple solution to a common problem can lead to unimaginable financial prosperity."

Earlier in his welcome remarks, the Vice Chancellor of the University of Lagos, Prof. Oluwatoyin Ogundipe noted that the title of the lecture, "National Development and Knowledge Economy in the Digital Age: Leapfrogging SMEs into the 21st Century" aligned with the strategic plan of the University, considering the need to empower the youth, to move the nation forward.

He revealed that the decision to invite Mr. Emefiele as a Guest Lecturer for the convocation was as a result of his pedigree, policies, and achievements in the banking sector, which focused on solving the perennial problems of unemployment and poverty amongst the youth.

Highlight of the event was the inauguration of some projects by the CBN Governor, Mr. Godwin Emefiele. The projects inaugurated include the Zero Emission Vehicle (ZEV) constructed by the team of Engineering Students of the University of Lagos and University of Lagos Natural History Museum, amongst others ■

Financial System is Safe, Sound - CBN

By: Ruqqayah Mohammed



Ag. Director, Corporate Communications Department, Mr. Osita Nwanisobi addressing participants at the Fair

The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele has given reassurances on the safety and soundness of Nigeria's financial system in line with global best practices. Mr. Emefiele disclosed this while speaking at the CBN Fair with the theme "Promoting Financial Stability and Economic Development" which held on June 28 and 29, 2021 in Bauchi and Gombe States, respectively.

The Governor, represented by the Acting Director, Corporate Communications Department, Mr. Osita Nwanisobi stated that the CBN remains committed to the nation's economic growth through its policies and programmes, especially development financing as seen in the various intervention programmes of the Bank.

Speaking further, the Governor assured the public of the CBN's willingness to listen and learn how best to serve them and help to improve their businesses. He therefore urged participants at the Fair and the general public to always engage with the CBN on accessibility of the interventions to

achieve the objectives of its policies and programmes. Also speaking at the event, the CBN Branch Controller, Bauchi Branch, Mr. Idris Haladu noted that the CBN was always open to Nigerians for enquiries on eligibility and accessibility of the various intervention programmes.

Mr. Haladu noted that the Bank would engage with the participants to assess the effectiveness of the interventions in addition to achieving the set objectives. The Fair provides a platform for engaging and informing participants on the real sector financing activities of the CBN, payments system initiatives, consumer protection policies of the Bank amongst others.

Also speaking at the event, the Bauchi State Governor represented by the Secretary to the Bauchi State Government, Mr. Ibrahim Hashim, commended the CBN on its development financing activities and stated that the Bauchi State Government would continue its collaboration with the Bank in order to ensure improved lives for the people and enable job creation ■

Group Lauds Emefiele's Digital Currency Initiative

By: Louisa Okaria



The African Centre for Justice and Human Rights (ACJHR) has lauded the Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele over the initiative to float a digital currency. It described it as a welcome development.

The Deputy Head of Communications for the centre, Mr. Jasmine Akpeh, said that ACJHR believed that the development was another major move by the CBN to improve the nation's economy for the benefit of all.

Mr. Akpe further stated that history will judge the CBN Governor and his team positively, considering the effort they have put into initiating very laudable monetary policies for the country. He noted that the move to unveil the digital currency will revolutionise the economy and it should therefore be supported by all.

The group further urged the CBN, led by Governor Emefiele, to continue with the good work of always putting Nigerians first in consideration of its

policies.

Central Bank Digital Currencies (CBDCs) are electronic versions of fiat money issued by central banks and backed by the reserves of the issuing countries. Countries around the world have disclosed their intentions to issue digital currencies as the global system battles the disruption of cryptocurrencies■



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?

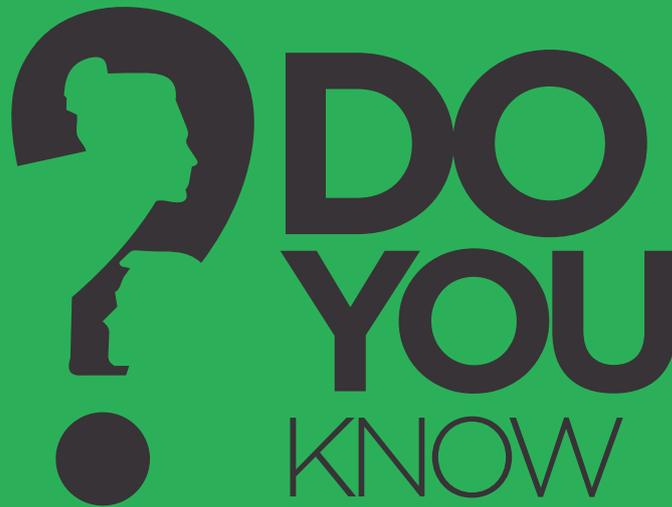
The scarcity of lower denomination could be linked to the fact that these notes are held by the public. Absence of Automated Teller Machines (ATM) dedicated to dispense lower denominations has also contributed to the dearth of lower denomination in circulation.

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.



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, 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, 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, contactcbn@cbn.gov.ng or call +234 7002255226

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Central Bank of Nigeria