Cardoso Urges Collaboration within ECOWAS

CBN Optimistic about Impact of Reforms.

FX: CBN Sets More Guidelines for Cash Pooling

Embrace Electronic Channel for Personal, Business Allowances - CBN

INSIDE THIS EDITION:
- CBN Raises MPR to 22.75%
- Cardoso Urges Collaboration within ECOWAS
- CBN Optimistic about Impact of Reforms.
- FX: CBN Sets More Guidelines for Cash Pooling
- Embrace Electronic Channel for Personal, Business Allowances - CBN
Editor’s Note ................................................. 1
Cardoso Addresses Economic Challenges and Regulatory Measures ...... 2
Ikeazor Charges FIs on Proactive Protection ........................................ 3
Cardoso Urges Collaboration within ECOWAS ................................... 4
FX: CBN Discontinues Spread on Transactions .................................... 6
Bank Directors Give Nod to CBN’s Reforms ...................................... 6
Embrace Electronic Channel for Personal, Business Allowances - CBN ...... 7
CBN Moves to Stop Forex Speculation, Hoarding .............................. 8
FX Reforms: CBN Releases Additional $500million to Clear Backlogs .... 8
Global Economy: OECD Optimistic ................................................... 9
CBN Optimistic about Impact of Reforms ........................................ 12
ADL on Price Verification System Reviewed ....................................... 13
CBN, NNPC Deepen Collaboration .................................................... 14
FX: CBN Sets More Guidelines for Cash Pooling ................................ 15
National Economy: WB Forecasts on Growth ....................................... 15
CBN Raises MPR to 22.75% ............................................................. 16
CBN Backs FG’s Investment Promotion Strategy ................................. 17
FX Market: CBN Reveals New Directives for IMTOS ............................ 18
CPD Releases Exposure Draft on Revised Regulations .......................... 18
CBN Announces Update of CRR Mechanism ..................................... 19
CBN Monetary Policy Adjustments: Strategies to Combat Inflation and Economic Challenges ......................................................... 20
MONETARY POLICY: FREQUENTLY ASKED QUESTIONS .......... 21

LETTERS TO THE EDITOR
We welcome your contributions and comments. Please forward them to the Editor via: ioogbe@cbn.gov.ng

CBN CONTACT CENTRE
contactcbn@cbn.gov.ng
07002255226

CONTACT DETAILS
Corporate Communications Department,
CBN Head Office: 6th Floor Wing “B”
Plot 33, Abubakar Tafawa Balewa Way,
Central Business District,
P.M.B. 0187, Garki, Abuja.
Editor's Note

We extend a warm welcome to you our esteemed readers to the February edition of CBNUPDATE.

In this edition, we delve into the outcomes of the first Monetary Policy Committee (MPC) meeting for 2024, chaired by the Governor, Mr. Olayemi Cardoso. The Committee took a bold stance in response to prevailing economic challenges, implementing aggressive monetary tightening measures. Notable among these measures is the increase in the Monetary Policy Rate (MPR) and Cash Reserve Ratio (CRR). Detailed insights into the MPC’s decisions are served inside this edition.

Similarly, we highlight Governor Cardoso’s advocacy for greater collaboration within the West African sub-region, emphasizing the importance of sharing experiences among central banks. This call for collaboration was echoed during the IMF AFRITAC West 2 Executive Forum, promoting mutual growth and stability in the banking systems.

Furthermore, the Deputy Governor, Economic Policy, Mr. Muhammad Abdullahi, has expressed optimism regarding the ongoing reforms in the foreign exchange sector, citing positive impacts on market stabilization and the value of the Naira.

Also in this edition, the Deputy Governor, Financial System Stability (FSS), Mr. Philip Ikeazor, has emphasized the importance for Financial Institutions (FIs) to prioritize consumer risk assessment across all operational facets. He enthused that embracing this culture is fundamental in ensuring resilience and trust within our financial ecosystem.

As the CBN remains agile in introducing policies to address economic challenges as they arise, we acknowledge the commendation received by Governor Olayemi Cardoso from the Bank Directors Association of Nigeria (BDAN) for his efforts in reforming the financial sector, thus reinforcing the CBN’s commitment to the nation’s economic stability.

We hope you find these stories and more, insightful and enjoyable.

Hakama Sidi Ali
Editor-in-Chief
Cardoso Addresses Economic Challenges and Regulatory Measures

By: Onyemakonor Ogbe

In a press briefing following the 293rd Monetary Policy Committee meeting, the Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso addressed a myriad of issues ranging from the economic crisis faced by Nigerians to regulatory measures aimed at restoring stability in the financial sector.

Governor Cardoso emphasized the Bank's responsibility to implement difficult measures aimed at improving the prevailing situation and increasing confidence among Nigerians. He also stressed the importance of collaboration between fiscal and monetary policies and highlighted the need for a stronger tax-to-GDP ratio, suggesting it should exceed the current 7.1% to align with global standards.

On the foreign exchange liquidity and clearing backlogs, the CBN Governor while disclosing that an additional sum of $400 million was cleared in backlogs, expressed the Bank's commitment to the ongoing efforts to enhance market liquidity. The Governor affirmed the progress achieved in attracting liquidity into the system, with an approximately $2 billion influx due to increased transparency measures. He assured stakeholders that the CBN would continue to address identified and genuine forward transaction backlogs.

While addressing infractions and market manipulation, the Governor emphasized a zero-tolerance policy for non-compliance with CBN regulations. He stated that individuals and institutions found in violation would face consequences. He highlighted collaboration with law enforcement agencies and ongoing efforts to combat illicit financial flows, particularly on platforms like Binance, which reportedly facilitated $26 billion in untraceable transactions over the past year.

Mr. Cardoso while speaking on the exposed draft of Bureau De Change (BDC) reforms, said it is aimed at bringing sanity to a sector plagued by abuse. He added that the areas of the proposed reforms would include increased share capital requirements, stricter ownership criteria, technology integration, and enhanced surveillance and monitoring. Responding to concerns about CBN circulars, the
Governor underscored the meticulous processes put in before decisions were reached. He explained that each decision was the outcome of months of committee meetings, debates, and deliberations. He assured stakeholders that the CBN would adjust policies as needed based on market developments and feedback.

Mr. Cardoso, while explaining his assertions of the Naira being undervalued, cited technical calculations and market distortions as contributing factors. He reiterated the CBN's commitment to investigating and addressing distortions in the market, underscoring the need for accountability and consequences for bad behaviour.

The Governor affirmed the CBN's shift away from interventions, citing the significant financial burden and limited expertise associated with such actions. He stressed the need for prudent financial management, signalling a departure from previous practices of extensive interventions, aligning with the government's fiscal priorities.

Ikeazor Charges FIs on Proactive Protection

By: Adetola Adeleke

Governor underscored the meticulous processes put in before decisions were reached. He explained that each decision was the outcome of months of committee meetings, debates, and deliberations. He assured stakeholders that the CBN would adjust policies as needed based on market developments and feedback.

Mr. Cardoso, while explaining his assertions of the Naira being undervalued, cited technical calculations and market distortions as contributing factors. He reiterated the CBN's commitment to investigating and addressing distortions in the market, underscoring the need for accountability and consequences for bad behaviour.

The Governor affirmed the CBN's shift away from interventions, citing the significant financial burden and limited expertise associated with such actions. He stressed the need for prudent financial management, signalling a departure from previous practices of extensive interventions, aligning with the government's fiscal priorities.

Ikeazor Charges FIs on Proactive Protection

By: Adetola Adeleke

Governor underscored the meticulous processes put in before decisions were reached. He explained that each decision was the outcome of months of committee meetings, debates, and deliberations. He assured stakeholders that the CBN would adjust policies as needed based on market developments and feedback.

Mr. Cardoso, while explaining his assertions of the Naira being undervalued, cited technical calculations and market distortions as contributing factors. He reiterated the CBN's commitment to investigating and addressing distortions in the market, underscoring the need for accountability and consequences for bad behaviour.

The Governor affirmed the CBN's shift away from interventions, citing the significant financial burden and limited expertise associated with such actions. He stressed the need for prudent financial management, signalling a departure from previous practices of extensive interventions, aligning with the government's fiscal priorities.

Ikeazor Charges FIs on Proactive Protection

By: Adetola Adeleke

Governor underscored the meticulous processes put in before decisions were reached. He explained that each decision was the outcome of months of committee meetings, debates, and deliberations. He assured stakeholders that the CBN would adjust policies as needed based on market developments and feedback.

Mr. Cardoso, while explaining his assertions of the Naira being undervalued, cited technical calculations and market distortions as contributing factors. He reiterated the CBN's commitment to investigating and addressing distortions in the market, underscoring the need for accountability and consequences for bad behaviour.

The Governor affirmed the CBN's shift away from interventions, citing the significant financial burden and limited expertise associated with such actions. He stressed the need for prudent financial management, signalling a departure from previous practices of extensive interventions, aligning with the government's fiscal priorities.

Ikeazor Charges FIs on Proactive Protection

By: Adetola Adeleke

Governor underscored the meticulous processes put in before decisions were reached. He explained that each decision was the outcome of months of committee meetings, debates, and deliberations. He assured stakeholders that the CBN would adjust policies as needed based on market developments and feedback.

Mr. Cardoso, while explaining his assertions of the Naira being undervalued, cited technical calculations and market distortions as contributing factors. He reiterated the CBN's commitment to investigating and addressing distortions in the market, underscoring the need for accountability and consequences for bad behaviour.

The Governor affirmed the CBN's shift away from interventions, citing the significant financial burden and limited expertise associated with such actions. He stressed the need for prudent financial management, signalling a departure from previous practices of extensive interventions, aligning with the government's fiscal priorities.

Ikeazor Charges FIs on Proactive Protection

By: Adetola Adeleke

Governor underscored the meticulous processes put in before decisions were reached. He explained that each decision was the outcome of months of committee meetings, debates, and deliberations. He assured stakeholders that the CBN would adjust policies as needed based on market developments and feedback.

Mr. Cardoso, while explaining his assertions of the Naira being undervalued, cited technical calculations and market distortions as contributing factors. He reiterated the CBN's commitment to investigating and addressing distortions in the market, underscoring the need for accountability and consequences for bad behaviour.

The Governor affirmed the CBN's shift away from interventions, citing the significant financial burden and limited expertise associated with such actions. He stressed the need for prudent financial management, signalling a departure from previous practices of extensive interventions, aligning with the government's fiscal priorities.

Ikeazor Charges FIs on Proactive Protection

By: Adetola Adeleke

Governor underscored the meticulous processes put in before decisions were reached. He explained that each decision was the outcome of months of committee meetings, debates, and deliberations. He assured stakeholders that the CBN would adjust policies as needed based on market developments and feedback.

Mr. Cardoso, while explaining his assertions of the Naira being undervalued, cited technical calculations and market distortions as contributing factors. He reiterated the CBN's commitment to investigating and addressing distortions in the market, underscoring the need for accountability and consequences for bad behaviour.

The Governor affirmed the CBN's shift away from interventions, citing the significant financial burden and limited expertise associated with such actions. He stressed the need for prudent financial management, signalling a departure from previous practices of extensive interventions, aligning with the government's fiscal priorities.

Ikeazor Charges FIs on Proactive Protection

By: Adetola Adeleke

Governor underscored the meticulous processes put in before decisions were reached. He explained that each decision was the outcome of months of committee meetings, debates, and deliberations. He assured stakeholders that the CBN would adjust policies as needed based on market developments and feedback.

Mr. Cardoso, while explaining his assertions of the Naira being undervalued, cited technical calculations and market distortions as contributing factors. He reiterated the CBN's commitment to investigating and addressing distortions in the market, underscoring the need for accountability and consequences for bad behaviour.

The Governor affirmed the CBN's shift away from interventions, citing the significant financial burden and limited expertise associated with such actions. He stressed the need for prudent financial management, signalling a departure from previous practices of extensive interventions, aligning with the government's fiscal priorities.

Ikeazor Charges FIs on Proactive Protection

By: Adetola Adeleke

Governor underscored the meticulous processes put in before decisions were reached. He explained that each decision was the outcome of months of committee meetings, debates, and deliberations. He assured stakeholders that the CBN would adjust policies as needed based on market developments and feedback.

Mr. Cardoso, while explaining his assertions of the Naira being undervalued, cited technical calculations and market distortions as contributing factors. He reiterated the CBN's commitment to investigating and addressing distortions in the market, underscoring the need for accountability and consequences for bad behaviour.

The Governor affirmed the CBN's shift away from interventions, citing the significant financial burden and limited expertise associated with such actions. He stressed the need for prudent financial management, signalling a departure from previous practices of extensive interventions, aligning with the government's fiscal priorities.
The Governor, Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso, has urged central banks in the West African sub-region to continuously share experiences on developments in their respective banking systems.

Mr. Cardoso made the call at the CBN Head Office, Abuja, on Tuesday, February 20, 2024, while welcoming participants to the IMF AFRITAC West 2 Executive Forum for Heads of Financial Sector Supervision in the five English-speaking West African countries with Cape Verde at the CBN Head Office in Abuja.
Supervision in the five English-speaking West African countries with Cape Verde.

While noting that AFRITAC West 2 was established by the International Monetary Fund (IMF) and its donor agencies to form a collaboration of English-speaking West African countries and Cape Verde to support capacity building. He said it was high time the countries learned from, and supported one another as banking services had taken a global shape.

He added that the CBN had been a major financier and host of the West African Institute for Financial and Economic Management (WAIFEM), providing tremendous capacity-building support for bank supervisors in ECOWAS.

Furthermore, at the executive levels, the Central Bank Governors and Heads of supervision had been participating actively in regional and international fora aimed at promoting supervisory cooperation and experience sharing, he said. Speaking further, Mr. Cardoso acknowledged the partnership with the IMF West 2 in capacity-building efforts over the years.

Earlier, the Director, IMF AFRITAC West 2, Ms. Eva Jenkner welcomed participants and urged them to engage in productive discussions as they were taken through the various presentations lined up.

A high point of the event was a panel discussion on “The AFW2 Journey So Far – Assessing AFW2’s Performance in the Financial Sector Regulation and Supervision 10 Years Later and Providing Advice on the Way Forward,” moderated by the Deputy Governor, Economic Policy, Bank of Liberia, Dr. Musa Dukuly.

Presentations delivered at the event were: “Supervisory and Capacity Development Considerations for the Region,” by Mr. Dirk Jan Grolleman, Deputy Division Chief, Monetary and Capital Markets Financial Sector Supervision and Regulation (MCMFR), and Mr. Attila Csajbok, Senior Financial Sector Expert (MCMFR); “Update on Global Financial Stability,” by Mr. Caio Fonseca Ferreira, Deputy Division Chief MCMGA “Business Model Analysis, Corporate Governance, and Related Parties,” by Mr. Marco Barzanti, Senior Financial Sector Expert and AFW2 Technical Back-Stopper MCMFR and Ms. Aldona Jociene, Senior Financial Sector Expert MCMFR; “Update on Regulation and Supervision of Climate Related Financial Risk,” by Mr. David Lukas Rozumek, Senior Financial Sector Expert MCMFR; and “Supervisory Competence Curriculum for Bank of Ghana,” by Mr. Donatus Freitas, Bank of Ghana.

Others were: “Digitalisation in Financial Sector Regulation and Supervision: Crypto, e-money, Open Banking - Open Finance, Banking-as-a-service,” by
FX: CBN Discontinues Spread on Transactions

By: Ify Nwankwo

In its ongoing foreign exchange market reforms, the Central Bank of Nigeria has decided to promote a market-based pricing discovery system. This was contained in the circular to all authorized dealers dated February 8, 2024, and signed by the Director, Financial Markets Department, Dr. Omolara Duke.

According to the circular, the CBN would henceforth discontinue any cap placed on the spread of interbank foreign exchange transactions and the restriction on the sale of interbank proceeds.

The circular further clarified that authorized dealers were to continue to conduct foreign exchange transactions on a Willing Buyer, Willing Seller basis in compliance with, and adhering to high ethical standards in their dealings in the foreign exchange market.

Furthermore, the CBN reiterated that all executed transactions by authorized dealers are to be recorded immediately on the relevant treasury system and reported to market authorities as stipulated.

Recall that on June 14, 2023, the Bank issued a press release abolishing segmentation, and collapsing all segments into the Investors and Exporters (I&E) window and re-introduced the Willing Buyer, Willing Seller model.

Moreover, the trading limit on oversold foreign exchange positions with permission to hedge short positions with Over-the-Counter (OTC) futures was proscribed adding that limits on overbought positions shall be zero.

In the same vein, the order book was re-introduced to ensure transparency of orders and seamless execution of trades.

All these measures have been effected by the Bank to promote transparency and sanitize the forex market.

Bank Directors Give Nod to CBN's Reforms

By: Blessing Uzoagbado

The Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso, has received commendation from the Bank Directors Association of Nigeria (BDAN) for his efforts in reforming the financial sector.

BDAN in a statement signed by its Chairman, Mustafa Chike-Obi, endorsed the CBN’s commitment to ensuring economic stability, and urged banks to comply with recent directives.

The association stressed the significance of banks embracing and implementing the CBN’s directives, emphasizing that these measures are aimed to strengthen the financial system.

BDAN specifically highlighted the importance of banks adhering to prudential requirements, such as constraints on Net Open Position (NOP) for foreign currency assets and liabilities. According to BDAN, these limitations serve to mitigate potential losses.
that could pose systemic challenges.

CBNUPDATE gathered that these regulatory measures aligned with the financial industry’s objectives of improving risk management, accountability, and transparency. BDAN praised the CBN for its proactive stance in safeguarding the interests of depositors, investors, and Nigeria’s overall economic well-being.

Viewing the requirements as positive, the body commended the CBN’s commitment to proactive regulation and expressed support for initiatives contributing to economic stability and prosperity.

The association acknowledged the meticulous work by the Bank in consulting stakeholders and experts to ensure a well-balanced and effective regulatory approach.

As advocates for responsible banking and ethical conduct, BDAN noted that these guidelines will significantly contribute to the long-term sustainability, growth, efficiency, transparency, and stability of the banking sector. It said it was committed to collaborating with the CBN and other stakeholders to cultivate a dynamic and resilient financial ecosystem, serving the interests of all Nigerians.

The statement concluded with optimism that these measures represent a positive direction for enhancing the effectiveness of the banking system and assured the full backing of the association.

Embrace Electronic Channel for Personal, Business Allowances - CBN

By: Louisa Okaria

In a bid to curtail the exchange rate volatility and ensure transparency in the foreign exchange market, the Central Bank of Nigeria (CBN) has issued a circular directing all Authorized Dealer Banks to pay Personal Travel Allowances and Business Travel Allowances (PTA/BTA) through electronic channels.

The directive was contained in a Circular on the CBN website, signed by the Director, Trade and Exchange Department, Dr. Hassan Mahmud.

According to the circular, “Authorized Dealer Banks shall henceforth effect the payout of PTA/BTA through electronic channels only, including debit or credit cards.” The circular emphasized that cash payments for PTA/BTA were no longer permitted.

The policy is one of many policies of the CBN to promote stability and accountability in the forex market.

The Bank reiterated its commitment to ending foreign exchange malpractices and ensuring a stable foreign exchange environment. It urged all authorised dealers and the public to adhere to this directive promptly to facilitate a seamless transition to electronic payouts.

Recall that memorandum 8 of the Foreign Exchange manual and an earlier released circular with reference: FMD/DIR/CIR/GEN/08/003 dated February 20, 2017, stipulated the eligibility criteria for accessing Personal and Business Travel allowances (PTA/BTA). The circular noted that the criteria remained the same while the disbursement channel would now be electronic.
In its resolve to stem the tide of forex speculation, and mitigate risks associated with currency hoarding, the Central Bank of Nigeria (CBN) has issued a circular mandating all Deposit Money Banks (DMBs) to harmonise the reporting of their foreign currency exposure.

Expressing concerns over the surge in foreign currency exposure, particularly through Net Open Position (NOP), the CBN circular highlighted the potential risks posed by DMBs holding substantial long foreign currency positions.

In a joint circular signed by Dr. Hassan Mahmud, Director, Trade & Exchange Department, and Mrs. Rita Sike for the Banking Supervision Department (BSD), the CBN emphasized the necessity of managing these risks effectively to avert systemic challenges.

The circular titled “Harmonisation of Reporting Requirements on Foreign Currency Exposures of Banks” outlines stringent prudential requirements. It stipulates that the NOP limit concerning overall foreign currency assets and liabilities should not exceed 20 per cent short or 0 per cent long of shareholders' funds unimpaired by losses, utilizing the gross aggregate method.

The circular further said that DMBs whose current NOP exceeds the stipulated limits are mandated to bring them within the prudential threshold by February 1, 2024. Thus, to facilitate compliance, banks were instructed to compute their daily and monthly NOP and foreign currency trading positions using CBN-stipulated templates.

The move underscores the CBN’s commitment to fostering a stable forex market and ensuring sound banking practices amid evolving economic dynamics.

Requirements on Foreign Currency Exposures of Banks

FX Reforms: CBN Releases Additional $500million to Clear Backlogs

The Central Bank of Nigeria (CBN) in its quest to implement a comprehensive strategy to improve liquidity in the Nigerian Foreign Exchange (FX) markets in the short, medium, and long term, has restated its dedication to settle all legitimate FX backlogs within a short period.

In view of this, the CBN in its FX reforms initiative had released the sum of $ 500 million to various sectors in the country to address the verified FX backlogs. This development followed the release of $2billion to settle unpaid FX backlogs across the manufacturing, aviation and petroleum sectors.
The announcement was made by the Acting Director, Corporate Communications Department of the CBN, Mrs. Hakama Sidi Ali, as she reiterated the Bank’s focus under Mr. Cardoso’s leadership to address fundamental issues that have hindered the effective operation of the Nigerian FX markets over the years.

She added that FX reforms were intended to streamline and harmonise multiple exchange rates, promote transparency, and reduce the likelihood of arbitrage opportunities. “Transparency in the market would allow for fair determination of exchange rates and consequently, guarantee stability for both businesses and individuals”, she said.

Mrs. Ali also expressed assurance that a stable exchange rate would boost confidence as well as attract foreign investment while urging all relevant stakeholders to adhere to market regulations.

CBNUPDATE recalls that the CBN had begun the clearing FX forwards backlogs in banks since October 2023, and had disbursed $ 61.64 million to foreign airlines via various Deposit Money Banks (DMBs).

Global Economy: OECD Optimistic

By: Ogochukwu Ikeagwuonu

A recent Global Economic Outlook published by the Organization for Economic Cooperation and Development (OECD), has predicted that the global economy would expand by 2.9 per cent in 2024.

The OECD remarked that it expected the world’s economy to do slightly better than it anticipated in previous year when growth of 2.7 per cent was projected. The reason for the improved outlook, the organisation cited, was its expectation that inflation in the United States, would continue to ease and that the country’s national bank would, therefore, be able to cut interest rates later in the year. It said it expects the US to report annual growth of 2.1 per cent for 2024, up from the 1.5 per cent predicted in November 2023.

CBNUPDATE gathered that European nations in the eurozone would experience collective growth of 0.6 per cent as was highlighted by the OECD report. The organisation however, expected the second largest economy China, to grow by 4.7 per cent.

OECD, stated that it expects the world’s economy to start to expand more quickly by the year 2025, with 3 per cent predicted because of an anticipated “widespread easing of monetary policy”.

It advised that nations and economic blocs should continue to adopt restrictive monetary policies and ensure “underlying inflationary pressures are durably contained”, adding that there would likely be some scope for the US and European Union to make modest cuts to interest rates during the second and third quarters. The organization also mentioned that countries should try to manage inflation below the target of 2 per cent, and cautioned that labour costs are currently too high to make that target easily achievable.
BUILDING TIES

L-R: Mr. Jonny Baxter, British Deputy High Commissioner to Nigeria; Ms. Morayo Adekunle, Deputy Country Director, Department for Trade; Mr. Philip Ikeazor, Deputy Governor, Financial System Stability, Central Bank of Nigeria; Mr. Muhammed Sani Abdullahi, Deputy Governor, Economic Policy, Central Bank of Nigeria; Mr. Olayemi Cardoso, Governor, Central Bank of Nigeria; Mr. Richard Montgomery, British High Commissioner to Nigeria; Mrs. Kemi Badenoch, Secretary of State, Business and Trade; Dr. Bala M. Bello, Deputy Governor, Corporate Services, Central Bank of Nigeria and Ms. Chim Chalemera, Country Director; UK DBT Nigeria, during a courtesy visit to the CBN, Abuja.

Governor, Central Bank of Nigeria Mr. Olayemi Cardoso, with some dignitaries during the courtesy visit.

CBN Governor, Mr. Olayemi Cardoso and the World Bank Managing Director of Operations, Anna Bjerde at a meeting in Abuja.
BUILDING TIES

L-R: World Bank Regional Vice President for West Africa, Ousmane Diagana; Governor, Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso; World Bank Managing Director of Operations, Anna Bjerde; Minister of Finance, and Coordinating Minister of the Economy, Mr. Wale Edun; Minister of Budget and Economic Planning, Mr. Abubakar Atiku Bagudu and World Bank Country Director for Nigeria, Shubham Chaudhuri at the collaborative -measures meeting in Abuja.

L-R: Sen. Abubakar Atiku Bagudu, Minister of Budget & Economic Planning; Mr. Wale Edun, Minister of Finance and Coordinating Minister of the Economy; Hon. Julius Ihonvbere, Majority Leader, House of Representatives; Hon. Benjamin Kalu, Deputy Speaker, House of Representatives; Mr. Olayemi Cardoso, Governor, Central Bank of Nigeria; Hon. Ozodinobi George Ibezimako, member, Anambra North constituency, House of Representatives; Hon. Adewumi Onanuga, Deputy Chief Whip, House of Representatives; Ms. Emem Usoro, Deputy Governor, Operations, Central Bank of Nigeria; and Mr. Muhammad Sani Abdullahi, Deputy Governor, Economic Policy, Central Bank of Nigeria at the sectoral briefing on the nation’s economy at the House of Representatives plenary in Abuja.

CBN Governor, Mr. Olayemi Cardoso briefs the Joint Committees of the Nigerian Senate on the nation’s economy in Abuja.
CBN Optimistic about Impact of Reforms

By: Adaeze Alaribe

The Deputy Governor, Economic Policy Directorate of the CBN, Mr. Muhammad Abdullahi, giving a keynote speech at the retreat.

The Deputy Governor, Economic Policy Directorate of the Central Bank of Nigeria (CBN), Mr. Muhammad Abdullahi has expressed optimism that the reforms the Bank is implementing in the foreign exchange sector will stabilise the market, and improve the value of the Naira.

He added that the measures the CBN had taken to make the Nigerian foreign exchange market more efficient had started to moderate the pressure in the forex market, with the massive reduction in the premium between the official rate and that at the Bureau De Change (BDC) segment.

Mr. Abdullahi stated this in Abuja on Wednesday, February 7, 2024, while declaring open the 2023 Economic Policy Directorate Retreat of the Bank with the theme: “Foreign Exchange Market Reforms and Price Stability in Nigeria”. He noted that the premium between the BDC and the official rate had narrowed to 12.0 per cent in end-January 2024 from 61.93 per cent in January 2023, adding that the narrowing between the official and unofficial markets validated the impact of policy actions by the Bank, despite hedging and speculative activities.

Furthermore, Mr. Abdullahi enumerated the steps taken by the Bank, including the re-adoption of the “willing buyer, willing seller” market-determined rate and the lifting of access restriction to forex from the Nigerian foreign exchange market on some 43 items to eliminate distortions in the forex market.

He also recalled that the Bank had cleared a significant portion of the FX backlog from matured forward contracts and was collaborating with the fiscal authorities to coordinate policy initiatives to stimulate foreign investment.

To mitigate the challenges experienced in stabilising the foreign exchange market, he said the CBN harmonised the reporting requirements on foreign currency exposure of banks and issued revised guidelines for International Money Transfer services in Nigeria to enhance ease of doing business for International Money Transfer Operators (IMTOs), boost remittance and other capital inflows, and limit the outflow of foreign currency and illegal financial flows.

“We have a renewed focus on the core mandate of the Bank, which is to maintain price stability while delivering interest and exchange rates that create a conducive environment for investment and economic growth.”

“This is reinforced by our commitment to bringing inflation and exchange rates within our medium-term target using all policy and strategic tools at our disposal,” the Deputy Governor declared.

Earlier in her welcome address, the Director, Research Department, Ms. Aderinola Shonekan, noted that the Bank had undertaken bold reforms to address some of the challenges and structural constraints the economy faced. She said the retreat sought to generate valuable insights and actionable recommendations to guide monetary policy decisions under the new inflation-targeting framework.

The two-day Retreat featured presentations on: “Anchoring Exchange Rate Expectations through Effective Communication” by Mr. Zeal Akaraiwe,
The Central Bank of Nigeria (CBN) has reviewed the Allowable Deviation Limit (ADL) on the Price Verification System (PVS) for export and import to -15 per cent and +15 per cent of the global average prices.

This was revealed in a Circular dated 14th February 2024 and signed by the Bank’s Director of Trade and Exchange Department, Dr. Hassan Mahmud.

According to the circular, the Bank had earlier released a circular with reference TED/FEM/FPO/PUB/01/001 stating that declared prices of import items that are more than 2.5 per cent above the global average prices of the referenced item would be queried. The review, however, to -15 per cent and +15 per cent of the global average prices, became necessary due to global inflation and other related challenges.

Recall that the Price Verification System (PVS) was implemented to control over-invoicing of imports and under-invoicing of exports respectively. The

CEO, Graeme Blaque Advisory; “Financial Conditions, Inflation, and the Exchange Rate” by Mr. Christian Ebeke, IMF Resident Rep for Nigeria; “Managing Supply Shocks to Foreign Exchange in Nigeria: The Role of Fiscal and Monetary Policy” by Professor Aliyu Rafindadi, Department of Economics, Ahmadu Bello University, Zaria; “Towards Effective Liquidity Management to Support Price and Exchange Rate in Nigeria” by Mr. Bayo Adeyemo, Citibank Nigeria; and “Enhancing Productivity Using Artificial Intelligence” by Mrs. Olatomiwa Williams, MD, Microsoft Nigeria.

The highlight of the event was a Policy Dialogue on “Policy Options for Achieving an Effective Foreign Exchange Market” by discussants and a Thematic Breakout Session by Participants.

Participants at the retreat were drawn from the Research, Monetary Policy, Trade and Exchange, Statistics, and Financial Markets Departments of the Bank, as well as strategic external stakeholders.
circular however clarified that “the PVS is not meant to determine the actual prices of items for tariffs or duty charged by government but rather to enable the CBN curtail the excess outflow of the limited foreign exchange through over-invoicing and other price manipulative activities”.

Furthermore, it is worthy of note that Price Deviation is a statistical term that indicates the volatility of price in a market while allowable limit is a government-imposed trade restriction that controls the number or monetary value of goods that a country can import or export during a particular period.

CBN, NNPC Deepen Collaboration

By: Tina John

The Central Bank of Nigeria (CBN) and the Nigerian National Petroleum Company Limited (NNPCL) have announced a closer collaboration to enhance their partnership. Mr. Olayemi Cardoso, Governor of CBN, and Mallam Mele Kyari, GMD of NNPCL convened in Abuja on February 8, 2024, to discuss the decision by NNPCL to delegate a significant portion of its revenue and banking services to the CBN.

During their meeting, both parties acknowledged the benefits of the decision, particularly in aiding NNPC’s management of cash holdings within the limits set by its board of directors. The CBN on its part, has provided digital platforms for transactions and implemented specific limits to govern NNPC’s dealings.

In a joint statement signed by the Acting Director, Corporate Communications Department, Central Bank of Nigeria, Mrs. Hakama Sidi Ali and Chief Corporate Communications Officer of NNPCL, Mr. Olufemi Soneye, both entities expressed their commitment to strengthen their collaboration to ensure the smooth operations of NNPC Ltd’s commercial activities. They also clarified that NNPCL would still maintain its banking transactions with commercial banks as necessary.

Meanwhile, President Bola Tinubu recently issued a directive instructing NNPCL to start submitting receipts of crude oil sales to the Central Bank of Nigeria for vetting and documentation.
FX: CBN Sets More Guidelines for Cash Pooling

By: Mukhtar Maigamo

In its commitment to curb the forex crisis in the Nigerian foreign exchange market, the Central Bank of Nigeria (CBN) has issued guidelines to International Oil Companies (IOCs) that operate in Nigeria but engage in “cash pooling”.

The new guideline was issued by the Director, Trade and Exchange Department of the CBN, Dr. Hassan Mahmud, via a circular dated February 14, 2024.

According to the circular, the Bank observed that international oil companies operating in Nigeria often transfer the proceeds of their crude oil exports offshore, to fund their parent accounts, which affects forex liquidity in the Nigerian foreign exchange market.

The circular further stated that, while the Bank is not averse to IOCs having easy access to their export proceeds to meet their offshore obligations, their operations should not be detrimental to the liquidity of the domestic foreign exchange market.

Consequently, the CBN has initiated such measures as the imposition of 50 per cent cap on IOCs repatriation at the first instance.

According to the circular, “Banks are allowed to pool cash on behalf of IOCs, subject to a maximum of 50 per cent of the repatriated export proceeds in the first instance; the balance of 50 per cent may be repatriated after 90 days from the date of inflow of the export proceeds.”

However, to ensure compliance, the Bank laid out requirements for the documentation of the cash pooling transaction to include; “Prior approval of the CBN for the repatriation of funds under the “Cash Pooling” transaction; “Cash Pooling” agreement with the parent entity of the IOCs operating in Nigeria; Statement of expenditure incurred by the IOC in the immediate past period relating to the “Cash Pooling”; Evidence of the source of foreign exchange inflows; and Completion of relevant Forex Form(s) as required under extant regulations.”

While reiterating its commitment to promoting transparency in the Nigerian foreign exchange market, CBN called on all banks to comply with the directives issued through the circular and inform their customers accordingly.

National Economy: WB Forecasts on Growth

By: Khadeejah Bello

The World Bank (WB) has predicted that Nigerian Gross Domestic Product (GDP) would grow by 3.7 per cent in 2024 - 2025.

The World Bank reported in its “Global Economic Prospect: Subdued Growth, Multiple Challenges”, projected that the African largest economy, Nigeria, will improve by 3.3 per cent up from a projected 2.9 per cent for 2023.

According to the Bretton Wood Institution, a 3.7 per cent growth rate indicates that Nigeria’s economy is expected to expand in 2024 and 2025. This growth could be attributed to various factors such as increased investment, improved infrastructure, and favourable economic policies.

The World Bank report said Nigeria’s economic growth would be driven by agriculture, manufacturing, and services. It noted that agriculture plays a significant role in Nigeria’s economy. It also highlighted the importance of manufacturing, particularly in sectors such as textiles, food processing, and automobile assembly. Additionally, the services sector, which includes industries like telecommunications, banking and entertainment, is expected to contribute to the overall growth.
“Inflation should gradually ease as the effects of last year’s exchange rate reforms and removal of fuel subsidies fade. These structural reforms are expected to boost fiscal revenue over the forecast period,” the World Bank declared.

CBN Raises MPR to 22.75%

By: Onyemakonor Ogbe

In a bullish action to tame inflation and stabilize the economy, the Central Bank of Nigeria (CBN) has announced a substantial increase in the Monetary Policy Rate (MPR) to 22.75%. The decision, which marked a significant departure from the previous rate of 18.75%, reflects the Bank’s aggressive stance on monetary tightening in response to economic challenges.

The CBN Governor, and Chairman of the Monetary Policy Committee (MPC), Mr. Olayemi Cardoso, announced the new MPR on Tuesday, February 27, 2024, in a media briefing following the MPC meeting in Abuja. The Governor disclosed that the Committee unanimously agreed to raise the MPR by 400 basis points and adjusted the asymmetric corridor around the MPR to a range of +100 to -700 basis points, signaling the CBN’s commitment to more stringent monetary policies.

Mr. Cardoso stated that the MPC has also increased the Cash Reserve Ratio (CRR) to 45%, up from the previous 32.5%, while maintaining the liquidity ratio at 30%. He averred that these measures are part of a broader strategy to manage money supply, control price stability, and address inflationary pressures.

Explaining the rationale behind the decision, Governor Cardoso highlighted concerns over ongoing inflationary pressures, exchange rate volatility, and rising inflation expectations. He said the MPC recognizes the urgent need to tackle these challenges to ensure economic stability and sustainable growth.

Speaking further, he emphasized the Committee’s
acknowledgment of the trade-offs between pursuing output growth and taming inflation, underlining the importance of low and stable inflation for long-term economic expansion. Transitioning to an inflation-targeting framework is seen as a crucial step in addressing persistent inflationary pressures effectively.

Reflecting on the effectiveness of previous policy rate hikes in slowing the rise in inflationary pressure, the Governor noted that more significant measures are now required to substantially reduce inflation. According to Mr. Cardoso, the MPC believes that a substantial policy rate hike is necessary to anchor inflation effectively and address regulatory challenges in the medium term.

While acknowledging the potential impact on economic growth, the CBN chief reiterated the Bank’s commitment to prioritizing price stability as a cornerstone for sustainable development. He acknowledged the fiscal authorities’ support in the CBN’s efforts in steering the economy, as both the monetary and fiscal sides work in tandem to stabilize the economy.

The Governor announced Monday, March 25, and Tuesday, March 26, 2024, as the next Monetary Policy Committee Meeting date.

The Central Bank of Nigeria (CBN) has reaffirmed that it would continue to support the Federal Government to implement an investment promotion strategy to facilitate investment flow into the economy.

The CBN Governor, Mr. Olayemi Cardoso said this at a two-day Special Economic Zones (SEZs) Annual Meeting on Wednesday, February 7, 2024, in Lagos. The theme of the meeting was: “Unlocking Opportunities: Harnessing the Power of Nigeria’s Special Economic Zones Scheme.”

The Governor said the Special Economic Zones were significant to the actualisation of President Bola Tinubu’s economic vision of $1 trillion economy by 2026. He opined that the CBN’s mission of ensuring monetary policy and financial system stability was critical in ensuring the continued success of the zones.

According to him, the recent efforts geared towards stabilizing the exchange rate would assist in attracting the foreign direct investment needed to enhance the development of the country’s Special Economic Zones.

Mr. Cardoso who was represented by the Deputy Director, Trade and Exchange Department, CBN, Dr. Kalu Oji, noted that the Bank was aware of the challenges faced by the SEZs. He, however, pledged to ensure that the challenges are tackled to enable them to attract more funds and job opportunities for Nigerians.

Speaking at the forum, the Managing Director, Oil and Gas Free Zones Authority, Alhaji Bamanga Jada, described the Economic Zones Scheme as a globally recognised instrument used by policymakers to facilitate, attract, and scale up long-term domestic and cross-border investments. He added that it was used to promote and enhance industrialization, export-oriented investment, diversification, and job creation in most fast-growing economies around the world. He noted that there was presently convincing evidence in the economy that the scheme has recorded remarkable progress despite the relatively negative economic climate and the enormous challenges that confront the operators and licensees.

Commenting on the scheme, the Managing Director, Nigeria Export Processing Zones Authority (NEPZA), Dr. Olufemi Ogunyemi, remarked that the meeting was an opportunity to gain an in-depth understanding of the challenges faced by operators in the various free zones. Dr. Ogunyemi believed that the event would address the challenges and chart a way forward to ensure that the scheme continues to serve as a tool for sustainable economic growth.
**FX Market: CBN Reveals New Directives for IMTOs**

By: Mohammed Haruna

In the exercise of powers conferred on it by section 2(d) of the Central Bank of Nigeria Act, 2007, and section 30 (1) of the Banks and Other Financial Institutions Act 2020, the CBN has issued reviewed guidelines for international money transfer services in Nigeria. The released guidelines provide a framework for the licensing and operations of International Money Transfer Operators (IMTOs).

According to a circular referenced TED/FEM/FPC/GEN/001/002 and signed by Dr. Hassan Mahmud, the Bank’s Director of Trade and Exchange, said the purpose of the revised guidelines was to guide IMTOs to conduct money remittances in accordance with the regulatory framework designed and approved by the CBN.

The Director further stated that the guidelines addressed critical areas such as principles of ownership and control, corporate governance standards, and permissible and non-permissible activities by the IMTOs.

It can be recalled that the CBN had revealed a chain of reforms intended to liberalise the foreign exchange market and ensure transparency in FX market transactions. The reforms were expected to, among other dividends, enhance the ease of doing business for IMTOs and money transfer recipients in Nigeria.

In a related development, authorised dealers and the general public have been urged to note the removal of the allowable limit of exchange rate quoted by the International Monetary Transfer Operators. This information was communicated through a Trade and Exchange Department memo referenced TED/FEM/FPC/GEN/001/003. The circular revealed that operators are allowed to quote exchange rates for Naira payouts to beneficiaries on the prevailing market rates at the Nigerian FX market and on a willing buyer, willing seller basis.

**CPD Releases Exposure Draft on Revised Regulations**

By: Daba Olowodun

In response to emerging consumer risks in the financial services ecosystem, the Consumer Protection Department (CPD) of the Central Bank of Nigeria (CBN) has released an exposure draft of revisions to the consumer protection regulations.

The exposure draft of the regulations which was released to the public on February 8, 2024 and signed by the Director CPD, Mrs. Amina Habib, became pertinent with the proliferation of Fintech innovations and the growing dynamism in the relationship between consumers and financial service providers.

While the regulations are applicable to all Financial Service Providers (FSPs) licensed and/or regulated by the CBN, the regulatory authority also directed all FSPs to ensure that the provisions of the regulation are brought to bear in “any agreement they may enter with any other institutions which are otherwise not regulated by CBN”.

Some provisions of the regulation geared towards fair treatment and responsible business conduct stated that FSPs should treat consumers with
CBN Announces Update of CRR Mechanism

By: Pearl Ogbonna

The Central Bank of Nigeria (CBN), has stated its plan to discontinue daily Cash Reserve Requirement (CRR) debits and will be adopting an updated CRR mechanism. This was contained in a circular addressed to all banks in the federation, dated February 2, 2024 and signed by the Acting Director, Banking Supervision Department, Dr. Adetona Adedeji.

CBNupdate gathered that the aim of the adoption of the updated CRR mechanism was to facilitate banks’ capacity for planning, monitoring and aligning their records with the CBN.

The circular further outlined the two-phase process through which the segments of deposits subject to sterilization with the CBN as CRR will follow. Phase 1 is the utilization of the incremental approach where the extant ratios of commercial banks at 32.5 per cent and merchant banks at 10 per cent respectively, would be applied to increases in the banks’ weekly average adjusted deposits.

The second phase, however, would have the CRR levy of 50 per cent of the lending shortfall being enforced for banks that do not meet the minimum Loan to Deposit Ratio (LDR) as per the CBN’s correspondence to all banks referenced BSD/DIR/GEN/LAB/12/049 and dated September 30, 2019.

In a bid to promote responsibility, service providers are to be held accountable for the improper functioning of their banking applications; acknowledge enquiries from customers within 24 hours; respond to customer’s enquiries within 5 working days and deploy flexible banking applications to meet regulatory requirements for good consumer outcomes, amongst others.

The regulations which covered: guidelines for sales promotion and advertisement; unfair contract terms; lending practices; debt recovery; disclosure and transparency; data protection; fraud prevention; and complaints resolution, also revealed the enforcement measures that the CBN would take to ensure compliance and reprimand defaulters.

courtesy and honesty, communicating in plain language devoid of technical terms such that consumers understand their rights and obligations. Furthermore, FSPs are to provide access to basic financial services without regard to gender, age, religion, literacy level, region, or disability of the consumer. Similarly, consumers with special needs such as multilingual assistance, ramps, visual or hearing aids are to be provided with the necessary support.
CBN Monetary Policy Adjustments: Strategies to Combat Inflation and Economic Challenges

By: Onyemakonor Ogbe

The Central Bank of Nigeria (CBN) recently announced a significant adjustment in its monetary policy stance, with the Monetary Policy Committee (MPC) raising the Monetary Policy Rate (MPR) by 400 basis points to 22.75% from 18.75%. This decision comes amidst mounting concerns over rising inflation and economic volatility, signaling the CBN’s commitment to tackling these challenges head-on. In this comprehensive analysis, we delve into the factors driving the MPC’s decision, assess the implications of the MPR hike, and explore the broader economic context shaping Nigeria’s monetary policy landscape.

The MPC’s decision to raise the MPR follows its two-day meeting held on Monday, February 26, and Tuesday, February 27, 2024, marking the first meeting since Mr. Olayemi Cardoso assumed leadership as the new CBN Governor. Amidst rising inflation, currency volatility, and concerns over the MPC’s lapse to convene, expectations were high for significant policy adjustments. The MPR hike, alongside other measures such as adjustments in banks’ capital requirements and liquidity ratios, underscores the CBN’s proactive approach to addressing economic challenges.

Like other world economies, Nigeria has been grappling with soaring inflation rates, with the latest figures indicating a staggering 29.9%. The National Bureau of Statistics (NBS) highlighted contributing factors including rising food prices, transportation costs, and housing expenses. These inflationary pressures have prompted calls for decisive monetary policy action to rein in price levels and stabilize the economy. Against this backdrop, the MPC’s decision to raise the MPR reflects a strategic response to curb inflation and restore economic stability.

Experts have offered divergent views on the MPC’s decision, reflecting broader debates within the economic community. While some advocate for aggressive tightening measures to address inflationary pressures, others, argue for a more nuanced approach focused on stabilizing the exchange rate regime. These contrasting perspectives underscore the complexity of formulating monetary policy amidst multifaceted economic challenges.

The CBN’s decision to raise the MPR aligns with its broader strategy of tightening monetary policy to combat inflation. Since May 2022, the CBN has embarked on a series of rate hikes, gradually elevating the MPR from 11.5% to 22.75% in response to escalating inflation levels. This tightening stance reflects the central bank’s commitment to price stability and its resolve to address inflationary pressures decisively.

The MPC’s decision to raise the MPR carries significant implications for Nigeria’s economy, financial markets, and investment climate. The move aims to temper inflationary expectations, stabilize prices, and restore confidence in the financial system. However, the effectiveness of these measures will depend on various factors, including global economic trends, domestic policy responses, and the evolution of inflation dynamics.

In conclusion, the CBN’s decision to raise the MPR underscores its proactive approach to addressing economic challenges and stabilizing the economy. While debates persist over the optimal monetary policy strategy, the MPC’s decision reflects a strategic choice to prioritize inflation control and restore confidence in Nigeria’s financial system. As the country navigates through uncertain economic waters, the MPC’s actions will continue to shape Nigeria’s monetary policy landscape and influence its economic trajectory in the months to come.
What is Monetary Policy?
Monetary policy is a set of tools used by the Central Bank to control the overall money supply, promote economic growth, and employ strategies to control the cost, availability and supply of credit.

What are the goals of Monetary Policy?
The ultimate goals of monetary policy are basically to control inflation, maintain a healthy balance of payment position to safeguard the external value of national currency, and promote an adequate and sustainable level of economic growth and development. These goals are achieved by controlling the money supply to enhance price stability and economic growth.

How do Central Banks tackle the problem of uncertainty in the conduct of Monetary Policy?
To mitigate the problems of uncertainty in the conduct of monetary policy, Central Banks seek ways to obtain a better knowledge of the structure and functioning of the macro-economy and the transmission mechanism of monetary policy. The credibility of the Central Bank is also an important factor in ensuring the efficient conduct of monetary policy. Central Banks can also design robust policies that can perform well on average across all the available models rather than reign supreme in any particular model, to mitigate the problem of model uncertainty.

What is a Monetary Policy Framework?
A monetary policy framework is a strategy that Central Banks use for conducting their monetary policy towards attaining the specified policy goal. The framework for monetary policy consists of the objective(s) of policy, along with the instruments and operating procedures for achieving the stated objectives. Globally, there are different strategies used by central banks in the conduct of monetary policy. These strategies affect the operating, intermediate, and ultimate targets through different channels.

What is the framework of Monetary Policy in Nigeria?
The framework of formulating and implementing monetary policy in Nigeria has, over time, witnessed tremendous transformation in line with the evolving financial environment. The major developments include the shift from direct control to market-based approach to monetary management, and the switch from short-term to medium-term framework in the conduct of monetary policy.

What are the prerequisites for a successful Monetary Policy?
A successful monetary policy is a function of certain fundamental imperatives. Among others, relevant legal and regulatory framework, a deep and broad financial market, a good understanding of the monetary transmission gap, and availability of timely and accurate data and information for the monetary authorities are crucial for successful monetary policy.
NATIONAL PAYMENTS SYSTEM (NPS) is a policy created by the Central Bank of Nigeria to ensure that the system is available without interruption, meets as far as possible all users’ needs, and operates at minimum risk and reasonable cost.

BVN: Bank verification number is used to uniquely verify the identity of each Bank’s customer for ‘know your customer’ (KYC) purposes.

CASH-LESS POLICY is an initiative introduced by the CBN to reduce the amount of physical cash circulation thereby encouraging the use of electronic platforms for settlement or payment for goods and services.

NUBAN: The Nigeria Uniform Bank Account Number is a 10-digit bank account numbering system. The scheme was first issued by CBN in August 2010, to achieve a uniform customer bank account numbering structure among deposit money banks in Nigeria.

PCI DSS stands for Payment Card Industry Data Security Standard. It was developed to encourage and enhance cardholder data security and facilitate the broad adoption of consistent data security measures globally.

REAL-TIME GROSS SETTLEMENT (RTGS) is a payment system in which processing and settlement of high-value funds occur in real-time (that is without deferral) and gross (i.e. transaction by transaction) among participants.

RTGS PAYMENT SCHEME BOARD refers to the body responsible for ensuring that there is adequate measurement and management of liquidity, credit, and operational risk management in the payment system.

LIQUIDITY RISK is the risk that a party in a payment flow, whether a participant or other entity, is unable to meet its financial obligations when due, even though it may be able to do so in the future.

OPERATIONAL RISK is the risk that inadequacies in internal processes, human errors, management failures, information technology systems, or disruptions from external events will result in the reduction, deterioration, or breakdown of services provided by the payment system.

FOLLOWING THE IMPLEMENTATION of Cheque Truncation, there is only one (1) Clearing House in Nigeria (i.e. Nigeria Inter-Bank Clearing and Settlement System).