CBN Raises Interest Rate to 26.25%

<table>
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**INSIDE THIS EDITION:**
- Cardoso Tasks New CBN Board
- CBN Committed to Reducing Rising Inflation – Cardoso
- Cardoso Reiterates Commitment to IT Security
- Nigeria’s Economic Outlook Positive – Fitch
- Cash Deposits: CBN Directs Banks to Suspend Charges
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Welcome, esteemed readers, to the May edition of CBNUPDATE.

We start this edition with a news story of the Governor, Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso inducting and onboarding the newly appointed Board members of the Bank, with a charge to justify President Bola Ahmed Tinubu’s confidence in them to guide the institution and, by extension, the Nigerian economy.

In its continued efforts to combat inflation, Mr. Cardoso has confirmed that the CBN Monetary Policy Committee (MPC) will continue its tight monetary policy stance until inflation is reined in. He noted that the CBN is re-orienting to focus on monetary and price stability by adhering to conventional monetary policies. Details of this are served in this edition.

Also in this edition, Mr. Cardoso has also reiterated the Bank’s commitment to safeguarding its information assets amidst the ongoing global digital challenges. The Governor made the assertion at the opening meeting of the Bank’s 2024 ISO 27001 surveillance audit exercise conducted by the British Standards Institute (BSI). The exercise was conducted both in the Abuja Head Office and Lagos office of the Bank. The ISO 27001 certification underscores CBN’s dedication to maintaining the integrity, confidentiality, and availability of its information assets.

Furthermore, the CBN Deputy Governor, Operations, Ms. Emem Usoro, has expressed optimism about the Bank’s South-East Customers’ Forum as a platform for dialogue and feedback to enhance customer experience while advancing the Bank’s core strategy of “Repositioning for Impact”. Ms. Usoro spoke at the forum in Enugu, highlighting the forum’s role in facilitating discussions on issues impacting the effective provision of financial services and fostering new perspectives on achieving a more stable and effective financial system in Nigeria.

These and much more have been curated for your reading pleasure.

Warm regards!

Hakama Sidi Ali
Editor-in-Chief
The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) has, for the third consecutive time, raised the benchmark interest rate with 150 basis points from 24.75 per cent to 26.25 per cent.

Briefing journalists on the outcomes of the 295th meeting of the MPC, the CBN Governor, Mr. Olayemi Cardoso, said the raise in the Monetary Policy Rate (MPR) was to combat rising inflation. Mr. Cardoso, however, said the Committee retained all other economic parameters: the Cash Reserve Ratio (CRR) of Deposit Money Banks (DMBs) at 45 per cent; the Liquidity Ratio at 30 per cent; and the Asymmetric Corridor around the MPR at +100 and –300 basis points.

The Governor stated that the focus of the MPC was to achieve price stability by effectively using tools available to rein in inflation. While Committee Members observed that year-on-year headline inflation rose moderately in April 2024, the month-on-month measures of headline, food, and core components declined significantly. This followed a decline (month-on-month) of headline and food measures in March 2024. This decline was suggestive that the recent tight monetary policy stance of the Bank was yielding the desired outcomes.

Mr. Cardoso said the inflation pressure is being driven largely by food inflation, citing rising costs of transportation, infrastructure challenges, insecurity and exchange rate issues as some of the factors affecting it.

The MPC while noting the marginal increase in the external reserve between March and April 2024, urged the CBN to sustain its focus on accretion to reserves. The Committee also commended the Bank for the recent approval of licenses of fourteen International Monetary Transfer Operators (IMTOs), which it believes would improve competition, lower the cost of transactions, as well as, attract more remittances through formal channels.

The Governor expressed the Committee’s satisfaction that the banking system remains safe, sound and stable, despite the headwinds confronting the economy. While also commending the recent recapitalization initiative, the MPC urged the Bank’s Management to sustain its regulatory
Cardoso Tasks New CBN Board

...As Members Take Oath of Allegiance

By: Titilayo Oluwasina

The Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso has charged the newly appointed Board members of the Bank to justify President Bola Ahmed Tinubu’s confidence in them to guide the institution and by extension, the Nigerian economy. Mr. Cardoso gave the charge at the induction and onboarding of the Bank’s Non-Executive Directors shortly after they subscribed to the relevant oaths of office in Abuja on Thursday, May 16, 2024. He noted that the appointment of the new members came at a critical time for the nation’s economic recovery and reconstruction, emphasising the importance of the new Board’s role in steering the CBN’s strategies to align with the Federal Government’s economic recovery agenda. The Governor also outlined the IMF projections are the tight financial conditions and broad disruptions to the global supply chain associated with geopolitical tensions and economic fragmentations. He further noted that these conditions are responsible for the exacerbation in the prices of key commodities such as grains and oil.

While global inflation is projected to continue to slow down in 2024, the Committee affirmed that it would continue to monitor developments in the global and domestic economies to guide policy and ensure that inflation expectations are adequately anchored.

The Governor announced Monday, July 22, and Tuesday, July 23, 2024, as the next meeting of the Monetary Policy Committee (MPC).
Bank’s revised strategy, vision and mission statements, which focus on enhancing corporate governance, inflation targeting and fostering a more resilient banking sector.

He equally highlighted recent initiatives, such as the development of a Board Evaluation Framework, the upward revision of minimum capital requirements for banks and efforts to stabilize the foreign exchange market, which aimed to ensure price stability, stimulate investment, reduce unemployment and support economic growth.

While noting that the new Board comprised of eminent and accomplished individuals with academic, private and public sector experience, he assured the newly appointed Directors of the complete backing of the CBN’s Management and staff and expressed optimism for a fruitful term in office.

In her welcome address, the Director, Corporate Secretariat Department and the Secretary of the Board, Mrs. Rashida Jumoke Monguno, highlighted the pivotal role the new Directors will play in steering the Bank and contributing to Nigeria’s economic recovery and reconstruction agenda given their strategic position to have a comprehensive view of the economy. She disclosed that the induction programme was aimed at integrating the new Directors into the system and preparing them to fulfill their respective roles within the Bank’s governance framework.

As part of the programme, she revealed that the presentations by Departmental Directors and Heads of Strategic Business Units (SBUs) would cover mandates, challenges and future outlooks, providing a comprehensive understanding of CBN’s functions. The presentations would also furnish the new Directors with the knowledge necessary to oversee the Bank’s operations effectively. Citing the provisions of Section 14 of the CBN Act, she reaffirmed the Corporate Secretariat Department’s full support to the new Board members throughout their tenure.

The highlight of the ceremony was administering oat of all to the newly appointed Board members, namely Ado Yakubu Wanka; Muslimat Olanike Aliyu; Prof. Murtala Sabo Sagagi; Robert Agbede; Mrs. Lydia Shehu Jafiya; and Mrs. Oluwatoyin Sakirat Madein by the director corporate secretariat.

Presentations at the opening session of the induction programme included “An Overview of the New CBN Strategy” by Mrs. Mavis Fateh of the Strategy Management Department and “An Overview of Monetary Policy Implementation” by Dr. Ladi Bala-Keffy of the Monetary Policy Department.

CBN Committed to Reducing Rising Inflation - Cardoso

By: Louisa Okaria

The Governor, Central Bank of Nigeria, Mr. Olayemi Cardoso said that the Monetary Policy Committee will continue to take all the necessary steps to tame inflation, according to him, the interest rates will remain high until the inflation rate significantly decreases. Mr. Cardoso made this statement during his interview with financial times Newspaper.

He noted that for a long time, the CBN did not adhere to conventional monetary policies. He reiterated that the CBN had been “reoriented” to focus on “price and monetary stability. Also, the Bank want to go back to using an orthodox method, and this method will drive the economy forward- he added.

The Governor further said that the official foreign exchange (FX) market has achieved stability and investors’ confidence have significantly improved. He said that the investors tend to use the official FX window during currency fluctuations, but this behaviour has notably changed as investors are now becoming more at ease with the market.

Cardoso stressed the necessity of maintaining high
interest rates to manage inflation, though he acknowledged that prolonged high rates could deter investment and impede production. Hiking interest rates had a dampening effect on the foreign exchange market and had also began to balance prices. He said that the Bank will continue to do what it had to, to tame inflation because sometimes, you lose on one side, you get on the other.

Cardoso Reiterates Commitment to IT Security

By: Titilayo Oluwasina and Adetola Adeleke

The Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso, has reiterated the Bank’s commitment to safeguarding its information assets in response to the ongoing global challenges in the digital landscape.

Mr. Cardoso said this at the opening meeting of the Bank’s 2024 ISO 270001 surveillance audit exercise, conducted by the British Standards Institute (BSI) in Abuja on Monday, May 20, 2024.

Emphasising the importance of assessing the Bank’s Information Security Management System (ISMS) compliance level, he noted that the ISO 27001 certification underscored CBN’s commitment to securing the integrity, confidentiality, and availability of its information assets.

He added that the certification aligned with CBN’s strategic objectives of robust corporate governance and risk management. Amid evolving technologies like Artificial Intelligence (AI) and blockchain, the Governor stressed the need to strengthen cyber defences, noting CBN’s success in avoiding significant security breaches despite global cyber threats.

Speaking further, he commended staff of the CBN for their role in maintaining high standards of information security, highlighting that the certification was not a mere badge of honour, but a testament of the Bank’s unwavering commitment to safeguarding the confidentiality, integrity and availability of its information assets. Cardoso also lauded the continued support of the British Standard Institute since CBN’s initial certification in 2013. He, therefore, encouraged staff to view the audit exercise as a learning opportunity to enhance the Bank’s security posture further and uphold the institution’s values of compliance, excellence and professionalism.

Earlier in her opening remarks, the Director, Information Technology Department, Mrs. Rakiya Mohammed, underscored the importance of maintaining a robust Information Security Management System (ISMS). Citing the recent security breach at JP Morgan that affected about 500,000 customer records, Mrs. Mohammed, emphasised the need for continued vigilance.

She expressed her gratitude to the Management of the Bank for attending the session, stressing that their presence, despite the statutory Monetary Policy Committee (MPC) meeting holding on the same day, demonstrated their commitment to
information security. While welcoming the Lead Auditor from the British Standards Institute (BSI), Mr. Innocent Atasie, she assured the team of full collaboration and support to ensure a productive audit exercise over the next five days in both Abuja and Lagos.

Speaking on the purpose of the surveillance audit, the Lead Auditor, British Standard Institute, Mr. Atasie, explained that the purpose of the surveillance audit was to verify the Bank's conformity to the ISO 27001:2013 standard, assess the effectiveness of the implemented controls and identify areas for improvement. He stated that the audit would evaluate the Bank's solutions, platforms and applications used for service delivery to ensure they comply with requirements for confidentiality, integrity and availability of information.

Also speaking at the event, the Director, Risk Management Department, Dr. Blaise Ijebor emphasised the importance of the audit exercise considering the increasing frequency of IT breaches, external threats and compromises faced by leading global organizations. He highlighted that no organisation was immune to such attacks and commended the Management's commitment to ensuring compliance.

In her remarks, the Director of the Audit Department, Mrs. Lydia Alfa, stated that the objective of the audit exercise was to offer valuable recommendations to strengthen CBN's defence against cyber threats, thereby ensuring resilience and instilling confidence among stakeholders. She expressed confidence that the bank would retain the ISO 27001 certification, attributing it to all stakeholders' collective efforts and commitment towards compliance with information security measures.

Meanwhile, the Lagos Office of the Bank has successfully passed the 2024 ISO 27001 Surveillance Audit, indicating a retention of the Certification. This accomplishment is a testament to the dedication and expertise of the staff, who have demonstrated a comprehensive understanding of the necessary ISO 27001 requirements.

Mr. Innocent Atasie, stated this at the closing meeting of the surveillance audit on May 24, 2024 at the Lagos Office. He praised the high level of automation and the robust security policies and procedures in place, noting that the endorsement for the retention of the ISO27001 Certification underscores the Office's commitment to maintaining the highest standards of information security management.

Mr. Atasie affirmed that the Lagos Office had conformed to the requirements of the Information Security Management System (ISMS) Standards and hence, had been recommended for the retention of the Certification.

The closing ceremony of the audit exercise was witnessed by some executives, including: the Director of Information Technology Department, Mrs. Rakiya Mohammed and her counterparts in Security Services, Mr. Hakeem Odumosu, Medical Services, Dr. Ojumu Adenike, and Consumer Protection Department, Mr. Othniel Nuhu; Director, Payments System Management Department (PSMD), Mr. Anthony Efobi; Director, Other Financial Supervision Department, Mr. Chibuike Nwaegerue and Director, Risk Management Department, Mr. Blaise Ifeabor, amongst others.

As the Bank continues to navigate the complexities of information security, the ISO 27001 certification serves as a beacon of its capability to manage risks effectively and safeguard sensitive data. The successful audit is not only a milestone for the Lagos Office but also a clear indicator of the Central Bank of Nigeria's overall commitment to operational excellence and secure management of information.
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Cash Pooling: CBN Provides Clarifications

By: Chioma Udeogu

The Central Bank of Nigeria (CBN) has issued a circular to provide further clarity on the utilization of foreign exchange proceeds by International Oil Companies (IOC).

The circular dated May 6, 2024 was signed by the Director, Trade and Exchange Department, Dr. Hassan Mahmud. It stated that “following recent inquiries by banks and other stakeholders on the referenced circular TED/FEM/PUB/FPC/001/004, in respect of cash pooling requests by banks on behalf of the IOCs, the CBN provides further clarification”.

The circular detailed that the initial 50 per cent of the repatriated proceeds could be pooled immediately or as at when required and that banks may submit the request for cash pooling ahead of the expected date of receipt, supported by the required documentation, for approval by the Central Bank of Nigeria.

Similarly, the 50 per cent balance of the repatriated export proceeds could be used to settle financial obligations in Nigeria, whenever required, during the prescribed 90-day period.

It can be recalled that on February 14, 2024 a circular released by the Bank, identified a common practice among IOCs where they transfer crude oil export proceeds offshore for cash pooling. It noted that this practice had a direct impact on the domestic foreign exchange market liquidity.

CBN Appoints PIAs and MEAs for Crude Oil Gas Exports

By: Ify Nwankwo

The Central Bank of Nigeria (CBN) has appointed Pre-Shipment Inspection Agents (PIAs) and Monitoring and Evaluation Agents (MEAs) for Crude Oil and Gas Exports. This was made known in a circular dated May 14, 2024, signed by the Director, Trade and Exchange Department (TED), Dr. Hassan Mahmud.

The circular was directed at all Authorized Dealers, Nigeria Custom Service, Nigerian Upstream Petroleum Regulatory Commission, Nigerian National Petroleum Corporation Limited, Nigerian Midstream and Downstream Petroleum Regulatory Authority, All Terminal Operators, All Oil and Gas Companies and the General Public. The aim was to announce the Federal Government’s appointment of the Pre-Shipment Inspection Agents and Monitoring and Evaluation Agents for Oil and Gas Exports in Nigeria.

The appointed 9 Pre-shipment Inspection Agents (PIAs); Neroli Technologies Limited; Holborn Oil and Gas Inter Ltd; Swede Control Intertek Ltd; Fel Tov Energy & Investment Ltd; JBIS Inter. Resources Ltd; Patibon Services Ltd; Offshore Bulk Inspection Co Ltd; Candid Oil Services Ltd; and Dakee Engineering and Construction Limited.

While the 2 Monitoring and Evaluation Agents are; Arlington Securitas Nigeria Limited; and DV Howells Nigeria Limited.

According to CBNUPDATE findings, this is to ensure that all relevant parties are informed and compliant with the new regulations which take immediate effect.
The Chief of Defence Staff (CDS) of Nigeria, General Christopher Musa, has called on the Central Bank of Nigeria (CBN) to address various issues hindering military operations. During a visit to the CBN, General Musa emphasized the significant challenges the country faces and urged the Bank to support the Armed Forces, particularly through its agricultural schemes, to improve welfare for both active and retired personnel.

According to CBNUPDATE findings, General Musa commended the CBN Governor, Mr. Olayemi Cardoso for his leadership in managing the country’s monetary Policy. He expressed optimism about overcoming current challenges stating that he could see light at the end of the tunnel.

Governor Cardoso thanked General Musa for the visit, acknowledging the military’s sacrifices for national security. He assured the Defence Headquarters of the CBN’s commitment to support and collaborate with the military, highlighting the need for their assistance in the Bank’s daily operations. He also expressed confidence in the CDS’s leadership, saying it brings hope for the future. Governor Cardoso noted that the CBN has refocused its strategy to stabilize the financial system and promised that conditions would improve soon.

DG Usoro Pushes for Improved Customer Feedback

The Deputy Governor, Operations, Central Bank of Nigeria (CBN), Ms. Emem Usoro, has expressed optimism that the South-East Customers’ Forum will provide a platform for dialogue and feedback to enhance customer experience while achieving the Bank’s core strategy.
Ms. Usoro stated this while opening the South-East Customers’ Forum in Enugu on Wednesday, May 15, 2024. She declared that the Operations Directorate had facilitated a forum for stakeholders in the financial system to discuss topical and contemporary issues impacting the effective provision of financial services. Furthermore, she stated that the forum’s purpose was to foster fresh perspectives on inventive approaches to achieving a more stable and effective financial system landscape in Nigeria.

During her opening remarks, the Acting Director of the Branch Operations Department, Mrs. Aisha Isa-Olatinwo, explained that the primary objective of the Customer Forum was to raise customers’ awareness of the Bank’s initiatives, facilitate interactions and obtain feedback from them in an effort to improve operational effectiveness and guarantee customer contentment. Therefore, she urged customers at the forum to openly express their expectations and concerns, emphasizing that, based on their feedback, the Bank could enhance its services and serve its clientele better.

Earlier in his welcome address, the Branch Controller, Enugu Branch, Mr. Justice Agbaeze, noted that the forum’s timing was ideal, considering the growing need for direct engagement and clarity on the Bank’s services, programmes, and policies, particularly given the recent leadership transitions in the bank.

The Customer Forum was structured into groups for the three-day programme. The first and third days were dedicated to the first group, which included Ministries, Departments and Agencies (MDAs). The second day was specifically for Deposit Money Banks (DMBs). Throughout the three days, participants had the opportunity to engage in in-depth discussions with subject matter experts.

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In the light of positive forecasts for the Nigerian economy, the award-winning international credit rating agency, Fitch Ratings has revised Nigeria’s long-term credit default rating upward from stable to positive. Fitch attributed this review to reforms implemented to support restoration of macroeconomic stability, enhancement of policy coherence and improvement of credibility within the past year.

According to Fitch, factors contributed to the positive outlook include; exchange rate and monetary policy frameworks that have been adjusted, reduced fuel subsidies, improved coordination between the Ministry of Finance and the Central Bank of Nigeria (CBN) and reduction in Ways and Means borrowing, amongst others.

Fitch report attested that the reforms have lessened distortions stemming from previous unconventional monetary and exchange rate policies, leading to the return of sizeable inflows to the official foreign exchange (FX) market. The rating agency further lauded the CBN’s effort to stabilize the foreign exchange market and tighten monetary policy, leading to increased foreign portfolio investment inflows.

However, Fitch expressed concerns about short-term challenges, high inflation, stability of the FX market and durability of the commitment to reform.

Recall that the CBN Management as part of its strategic refresh, has adopted a tightening stance to combat inflation using the orthodox monetary policy methods.

Global Challenges: AfDB Calls for Innovative Approach

The President of the African Development Bank Group (AfDB), Dr. Akinwumi Adesina has reiterated the crucial need for a bold and innovative approach from Multilateral Development Banks (MDBs) to effectively address the world’s rapidly evolving challenges. He stated this at the Islamic Development Bank’s 50th-anniversary symposium, themed “Envisioning Future Value Propositions for MDBs: New Horizons for Cooperation” on Tuesday, April 30, 2024, in Riyadh, Saudi Arabia.

Speaking at the event, Adesina highlighted several transformative initiatives that align with both the Sustainable Development Goals and the African Union’s Agenda 2063, focusing on the evolving roles of Multilateral Development Banks (MDBs) in tackling the complex challenges confronting the region.

He emphasized that “we live in a world of massive challenges, a world which is fast-changing and that will require a new approach. No one can do it alone. We have to walk together, and we have to do it in a way that is innovative, impactful and most importantly, in a way which is bold and faster.”
Dr. Adesina underscored the African Development Bank’s commitment to its transformative High 5 pillars which are closely aligned with the Sustainable Development Goals and the African Union’s Agenda 2063. They are: Light Up and Power Africa; Feed Africa; Industrialize Africa; Integrate Africa; and Improve the Quality of Life for the People of Africa. He noted that if Africa could achieve these High 5s, it would have achieved 90 per cent of all the Sustainable Development Goals and Agenda 2063.

Furthermore, he stressed the importance of increasing concessional financing for low-income countries, particularly in Africa while showcasing some of the financial innovations the African Development Bank has introduced to mobilize more funding for Africa. He also harped on the significance of leveraging collective knowledge and resources to create impactful and sustainable outcomes that drive regional development forward.

He concluded by stating, “It’s not about your bank, it’s not about your flag. It’s about how our hands connect to allow us to scale and accelerate the development of people.” The symposium restated the determination of the AfDB to reshape the future of development finance, ensuring that MDBs remain fundamental channels of sustainable progress and prosperity in the region.
Forex Inflows Up by 136% in Q1 – Cardoso

By: Arasomwan Tina & Nwangwa Daniel

The Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso has announced that foreign exchange inflows in the first quarter of 2024 were 136 per cent higher than the total inflows recorded in 2023. He attributed this remarkable increase to recent economic reforms and market liberalization efforts by the Bank.

Mr. Cardoso disclosed this at the Vanguard Economic Discourse with the theme, “Reforms in the Era of Global Economic Uncertainty: Whither Nigeria” at the Civic Centre, Victoria Island, Lagos on May 23, 2024.

The Governor, who was represented by the Director, Risk Management Department, Dr. Blaise Ijekor highlighted the Bank's commitment to utilizing all orthodox monetary policy tools to address inflation and enhance market transparency. “We remain committed to using all the orthodox monetary policy tools available to us to address inflation. We have also embarked on major reforms to liberalise the foreign exchange market, which has enhanced transparency, reduced arbitrage opportunities, promoted stability and improved liquidity”, Cardoso stated.

The Governor also emphasized that the substantial growth in Q1 2024 forex inflows is a direct result of these reforms. He noted that the CBN has taken proactive steps to sanitize the forex market, which include issuing multiple circulars to streamline operations and recently licensing 14 new International Money Transfer Operators (IMTOs) to bolster remittance inflows. “These measures aim to double remittance flows within the year. We have started that process to ensure that it happens”, Cardoso remarked.

Speaking further, Mr. Cardoso stressed that the Bank had initiated a tightening of the monetary policy to address inflationary pressures on the economy. He stated thus, “fortunately, we are already witnessing a deceleration in inflation, as evidenced by the decline in month-on-month growth in headline and food inflation”.

He noted that the Bank is working towards addressing the challenges in the Bureau De Change (BDC) segment and has made significant strides in developing and revising the regulatory and supervisory guidelines for BDC operators to streamline activities, enhance compliance and achieve broader exchange operations in Nigeria. “This is aimed at ensuring that the BDCs play the right role that they have been envisioned to play in the forex market”, he added.

Addressing the broader economic challenges posed by the global uncertainties, Mr. Cardoso noted that the global financial tightening has led to increased risk aversion, impacting investment flow into developing economies like Nigeria. These challenges, coupled with domestic issues such as food inflation, driven by rising transport costs, infrastructure constraints and security concerns, have compounded economic pressures.

“The financial market tightening that we have seen globally has been a result of monetary authorities taking steps to rein in inflation”, Cardoso explained. He observed that this has had an impact on developing economies as investments shift to safer markets amidst uncertainties.

While emphasizing the importance of collaboration between monetary and fiscal authorities to address the nation’s economic challenges, he reaffirmed his commitment to repositioning the Bank to deliver sustainable data-driven solutions aimed at stabilizing the Nigerian economy.
Cash Deposits: CBN Directs Banks to Suspend Charges

By: Khadeejah Bello

The Central Bank of Nigeria (CBN) has directed all banks in the country to suspend charges on cash deposits made by financial institutions. This charge was issued in a circular released on May 6, 2024 signed by the Acting Director of Banking and Supervision Department, Dr. Adetona Adedeji, to all banks.

The suspension specifically targets deposits exceeding N500,000 for individual accounts and N3,000,000 for corporate accounts. Previously, these transactions were subject to processing fees of 2 per cent and 3 per cent, respectively.

Recall that the CBN had introduced the processing fees in its Guide to Charges by Banks, Other Financial Institutions and Non-Bank Financial Institutions in December 2019, in a bid to promote cashless transactions.

However, the charges were suspended in a circular dated 11th December 2023, to encourage bulk deposits from customers. The circular stated that the CBN had noticed that some banks were still charging fees on cash deposits made by banks and other financial institutions, despite the standing suspension.

Banks and other financial institutions were therefore directed to notify their corporate customers of this development and continue to accept all cash deposits from the public without any charges until September 30, 2024.
1. **What is the Banking Sector Recapitalization Programme 2024?**
The Banking Sector Recapitalization Programme (the Programme) is a regulatory initiative of the Central Bank of Nigeria (CBN) that requires banks to increase their minimum paid-in common equity capital to a specified amount according to their license category and authorization within a specified period.

2. **Why is the Programme necessary?**
The Programme became necessary to further strengthen Nigerian banks against external and domestic shocks as well as enhance the stability of the financial system. By increasing the minimum capital requirements, the CBN aims to ensure banks have a robust capital base to absorb unexpected losses and the capacity to contribute to the growth and development of the Nigerian economy.

3. **What is the objective of the Programme?**
The broad objective of the Programme is to engender the emergence of stronger, healthier, and more resilient banks to support the achievement of a US$1 trillion economy by the year 2030. Bigger banks with larger capital base and capacity can underwrite larger levels of credit which is critical to lubricate and catalyze the growth of the economy.

4. **Which category of banks are affected by the Programme?**
The Programme shall apply to commercial, merchant, and non-interest banks. The goal is to ensure that each institution maintains adequate capital that is commensurate with the risk profile, scale and scope of its operations.

5. **What are the new minimum capital requirements under the Programme?**
The new minimum paid-up share capital requirements applicable to each authorization category of banks are as follows:

<table>
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<th>Type of Bank</th>
<th>Authorisation</th>
<th>Minimum Capital (N' Billion)</th>
</tr>
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<tbody>
<tr>
<td>Commercial</td>
<td>International</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>National</td>
<td>200</td>
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<tr>
<td></td>
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<td>50</td>
</tr>
<tr>
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</tr>
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<td>Non-interest</td>
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</tr>
<tr>
<td></td>
<td>Regional</td>
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For existing banks, the capital requirements specified above shall be paid-in capital (Paid-up plus Share Premium) only. Bonus issues, other reserves, and Additional Tier 1 (AT1 Capital) shall not be allowed or recognized for the purpose of meeting the new minimum capital requirements. However, relevant reserves will continue to be recognized in the computation and determination of the risk-based capital adequacy ratio (CAR) in line with the CBN’s Guidelines on Regulatory Capital.

All applications for new banking license shall comply with the new capital requirements.

6. **What is the timeframe for banks to comply with the new requirements?**
The CBN has set a timeline of 24 months for banks to comply with the new requirements commencing from April 1, 2024 and terminating on March 31, 2026.

7. **Will the Programme affect banks' delivery of products and services?**
The Programme will not affect the smooth functioning of banks. Accordingly, consumers of financial services are expected to carry on with their regular banking transactions unhindered during the implementation of the Programme.

8. **How will the Programme impact the economy?**
The Programme will better position banks to play their intermediation role through lending to critical sectors of the Nigerian economy, thus supporting economic growth and development. In addition to supporting economic growth, the Programme will help enhance banks’ capital buffers to ensure their continued stability and sustainability in the face of global and domestic macroeconomic headwinds.
The Primary Objectives of monetary policies are the management of inflation or unemployment and the maintenance of currency exchange rates.

Central Banks use various tools to implement monetary policies. The widely utilised tools include; Interest Rate Adjustment, Cash Reserve Requirements, and Open Market Operations.

Discretionary Monetary Policy are deliberate actions taken by the monetary authority to influence the money supply in the system to achieve its mandates.

Direct Monetary Policy 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 involves the use of market-based instruments such as open market operations for the implementation of monetary policy.

Price Stability in an economy means the general price level does not change much over time. Prices neither go up nor down.

The Exchange Rate Channel arises when the exchange rate becomes the intermediate policy variable for the transmission of monetary policy impulses.

The Interest Rate Channel is a monetary policy transmission mechanism channel whereby changes to the policy are propagated through interest rates to inflation.

Fiscal Policy is the use of government revenue collection and expenditure to influence a country’s economy.

Discount Window is an instrument of monetary policy (usually controlled by central banks) that allows eligible institutions to borrow money from the central bank, usually on a short-term basis.