



CBN Works to Improve Diaspora Inflow

INSIDE THIS EDITION:

- Cardoso Restates Focus On Core Mandate
- Nigerians in Diaspora: CBN to Launch BVN Platform
- CBN, IFC Partner to Boost Local Currency Financing
- We-Fi: Cardoso Advocates for Women Entrepreneurs
- CBN Debunks Deadline Claims on Naira Banknotes
- IES Report Highlights Perceptions

CBN UPDATE EDITORIAL CREW

Editor-in-Chief
Hakama Sidi Ali

Editor
Ali Abubakar

Assistant Editors
Kerma Mshelia
Ify Nwankwo

Senior Staff Writers
Pearl Ogbonna
Daba Olowodun


Staff Writers
Louisa Okaria
Mukhtar Maigamo
Chioma Udeogu
Blessing Uzoagbado
Ogochukwu Ikeagwuonu
Tina John
Khadeejah Bello

Contributing Editors
Olalekan Ajayi
Mohamed Haruna

LETTERS TO THE EDITOR

We welcome your contributions and comments. Please forward them to the Editor via: alabubakar@cbn.gov.ng

CBN SOCIAL MEDIA

 @cenbank
 cenbankng
 @centralbankng
 @cenbank

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.

Contents

Editor's Note-----	3
CBN Works to Improve Diaspora Inflow -----	4
Cardoso Restates Focus on Core Mandate-----	5
CBN Committed to Youth Development - Cardoso-----	6
We-Fi: Cardoso Advocates for Women Entrepreneurs--	7
DG Ikeazor Lauds Staff of OFISD -----	8
Innovation, Technology Essential for Economic Growth - Usoro-----	9
BES Shows Widespread Optimism – CBN-----	11
CBN Reaffirms Commitment to Financial System Stability-----	11
IES Report Highlights Perceptions-----	12
Foreign Reserves Record Significant Increase-----	13
FX Spot Sale: US\$543.5 Sold - CBN-----	13
Nigerians in Diaspora: CBN to Launch BVN Platform---	14
CBN Debunks Deadline Claims on Naira Banknotes ---	15
STRATEGIC ENGAGEMENTS-----	16
FROM THE IMF/WBG MEETINGS IN WASHINGTON, D.C., USA-----	17
Nigeria, AfDB Partner on Special Agro-Industrial Processing Zones -----	18
AfDB: Celebrating 60 Years of Impactful Development--	19
CBN, IFC Partner to Boost Local Currency Financing ----	21
Forex: CBN Introduces EFEMS-----	22
FREQUENTLY ASKED QUESTIONS (FAQS) ON THE ELECTRONIC FOREIGN EXCHANGE MATCHING SYSTEM (EFEMS)-----	23
DID YOU KNOW? -----	24



Editor's Note

The October Edition of CBN Update continues the momentum sparked by our Special September Edition, which celebrated Governor Cardoso's first anniversary in office and highlighted his transformative vision for Nigeria's financial landscape. This month, we delve deeper into how the Central Bank of Nigeria (CBN) translates that vision into tangible impacts, from policy advancements to grassroots development efforts.

As usual, we treated a plethora of issues in this bucket, ranging from the CBN's response to recent speculations regarding a purported deadline for the circulation of the old Naira banknotes, the Bank's effort in broadening Financial Inclusion, particularly for Nigerians in the diaspora, with its imminent launch of a non-resident Bank Verification Number (BVN) platform.

We also bring you a story on the Bank's partnership with the African Development Bank (AfDB) on Special Agro-industrial Processing Zones (SAPZs). We also bring you figures of the Business Expectations Survey (BES), which show respondents' optimism on the overall business outlook in September 2024. We equally bring you a story on the newly introduced Electronic Foreign Exchange Matching System (EFEMS), the CBN's new initiative which reflect a steadfast dedication to financial stability and economic growth.

As we look ahead, CBN Update remains committed to showcasing the ongoing endeavours that shape our economy, enhancing understanding and engagement among our stakeholders. We invite you to explore this edition and stay informed about Nigeria's path toward a robust and inclusive financial future.

Happy Reading! ■

A handwritten signature in black ink, appearing to read 'H. Ali'.

Hakama Sidi Ali
Editor-in-Chief

CBN Works to Improve Diaspora Inflow

By: Kerma Mshelia



L-R The Director General, Debt Management Office (DMO), Nigeria, Ms. Patience Oniha; the Director-General of the Budget Office of the Federation, Mr. Tanimu Yakubu; the Permanent Secretary, Federal Ministry of Finance, Mrs. Lydia Jafiya; the Minister of Finance and Coordinating Minister of the Economy, Mr. Wale Edun; the Managing Director, International Monetary Fund, Ms. Kristalina Georgieva; the Governor, Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso; and the Deputy Governor, Economic Policy, CBN; Mr. Muhammad Sani Abdullahi, on the sidelines of the IMF/WBG Meetings, in Washington.

The Governor, Central Bank of Nigeria (CBN), Mr Olayemi Cardoso, has addressed the concerns of International Money Transfer Operators (IMTOs). With the assurances from Nigerians in the Diaspora, the Bank was confident it would attract \$1 billion in monthly remittances.

Mr. Cardoso stated this at a joint press conference with the Minister of Finance and Coordinating Minister of the Economy, Mr. Olawale Edun, at the end of the International Monetary Fund (IMF) and the World Bank Annual Meetings.

The CBN Governor, who said the Bank was working assiduously to get Nigeria out of the grey list, added that remittances, a little above \$250 million as of April this year, increased to over \$600 million in September.

According to Mr. Cardoso, "Nigeria has such a strong diaspora community here; in the earlier

stages of the reforms, IMTOs were having issues transferring money back to Nigeria, and we felt it was essential to engage them, and we did. As a result of that engagement, we identified problems, of which a lot of responsibility was shared. Things have since improved because, as at the last meetings, which was, I think, April, monthly inflows were about \$250 million, but as of September, it had risen to \$600 million.

"With the recent announcement by Nigeria Interbank Settlement Systems (NIBBS) on Bank Verification Number (BVN) and other products that the banking industry is offering, and through engagement with the diaspora, we believe we will be able to move accordingly and again, rising from that engagement, we put our sights on increasing the inflows to \$1 billion monthly, and I'm confident that we will get there," he explained.

To further boost Investors' confidence in the Nigerian economy, the Governor disclosed that

the CBN was doing everything possible to remove Nigeria from the Grey List.

Also speaking, the Minister of Finance and Coordinating Minister of the Economy, Mr. Edun, said the bold reforms embarked upon by President Tinubu were yielding the necessary results.

Mr. Edun said it had been an exciting week of conversation at the highest level about the world economy, status, direction, and various inputs as to policy restrictions. He said they had agreed that there was a need to combat inflation, and for most of Europe, they are close to their target level of two per cent. Their economy was gradually recovering, and as a result, they were progressively easing their monetary positions, which were very tight.

"In the advanced economies with inflation trending down, interest rates are also coming down, and that is good news for those who have to go to the market to borrow money. For us in emerging markets and developing economies, there is still relatively high inflation, and the majority view now is that interest rates have to remain high.

"At the same time, debt levels are escalated, and care has to be taken. In addition, growth is low. So, we try to make sure that inflation is low, which needs to be combated as a priority because of its negative effect on purchasing power. But critical investments have to go on to ensure growth because it is growth, job-creating growth that will lead to poverty reduction," he added.■

Cardoso Restates Focus on Core Mandate

By: Blessing Uzoagbado



The Governor, Central Bank of Nigeria, Mr. Olayemi Cardoso .

In a recent address at the Harvard Club of Nigeria, the Governor, Central of Nigeria (CBN), Mr. Olayemi Cardoso, highlighted the critical role of public trust in central banking, saying, "Trust is the currency of central banking." Governor Cardoso noted that public confidence is essential for effective policy implementation, particularly during economic hardships.

Addressing the CBN's challenges, Mr. Cardoso

focused on rebuilding institutional credibility, restoring trust in the financial system, and stabilizing inflation as critical priorities for economic recovery. While he acknowledged the Bank's current struggle with inflation, he remained optimistic, citing recent National Bureau of Statistics data that showed inflation declined for July and August 2024, signaling progress.

He also pointed to a widespread gap in public understanding of fiscal and monetary policy. He explained that while budgetary policy, managed by government bodies like the Ministry of Finance, involves government spending and taxation, economic policy controlled by central banks focuses on interest rates and money supply.

According to Mr. Cardoso, each policy plays a distinct but complementary role in economic growth. Despite criticism of the naira's devaluation and rising inflation, he maintained that attributing Nigeria's economic challenges solely to the CBN disregards the broader fiscal landscape. He noted that recent inflationary pressures have been worsened by earlier

"Ways and Means" advances, security issues affecting agriculture in the North, and speculations by some officials that have inflated the dollar's value and weakened the naira.

Mr. Cardoso's strategic approach also includes a refusal to extend similar privileges to the current administration until previous obligations are met. He revealed that Nigeria's economic issues are influenced by multiple factors beyond the CBN's control, such as rising costs from imported goods, high demand for foreign

products, and expenses related to education and medical tourism abroad.

The CBN Governor also called for greater collaboration between fiscal and monetary authorities, emphasizing that economic stability requires a cooperative approach to manage inflation and strengthen the naira. He reassured the public of the CBN's dedication to implementing sound monetary and exchange rate policies, stressing that sustainable recovery requires a unified effort from all stakeholders. ■

CBN Committed to Youth Development - Cardoso

By: Daba Olowodun

The Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso, has reiterated the Bank's commitment to fostering youth development in the financial sector. Speaking at a recent engagement with the Nigerian Economic Society (NES) leadership at the Bank's Head Office in Abuja, Mr. Cardoso stressed the urgent need to address the shortage of skilled professionals in finance-related disciplines across Nigerian universities.

In his remarks, the CBN Governor emphasized that Nigeria's future prosperity depends on empowering its youth with the necessary skills to compete globally. "The scarcity of skilled professionals in critical fields like finance poses a serious challenge to our economic growth," Mr. Cardoso said. "We must create opportunities for our young people and equip them with the tools they need to thrive."

Governor Cardoso advocated for stronger partnerships between the CBN, NES, and the Nigerian Economics Students Association (NESA) to build this capacity. He highlighted the importance of mentorship programs, which he believes will be critical in nurturing the next generation of financial experts and ensuring a robust talent pipeline for Nigeria's financial system.

These efforts, he noted, would be instrumental in

enhancing the country's economic stability and growth prospects.

On his part, the President and Chairman of the Governing Council of the Nigerian Economic Society (NES), Professor Adeola Adenikinju, reiterated the need for a collective effort to actualize the holistic development of Nigerian youths. Highlighting some areas where he believed collaboration would be essential, Professor Adenikinju urged the CBN to give special consideration to youths and provide adequate tools to enable them to thrive and compete on the global stage.

While appreciating the CBN Governor for the opportunity to engage, the National President of the Nigerian Economics Students Association (NESA), Comrade Bakre Israel Boluwatife, assured that the Association was willing and poised to contribute to the body of research on inflation and money supply.

The NES engagement was part of a broader initiative by the CBN to partner with relevant stakeholders to strengthen the Nigerian financial ecosystem through targeted development strategies. Mr. Cardoso's comments further reinforce the Bank's ongoing efforts to create sustainable avenues for youth empowerment in Nigeria's evolving economic landscape. ■

We-Fi: Cardoso Advocates for Women Entrepreneurs

By: Aisha Sadiq



L-R: The Deputy Governor, Operations, Central Bank of Nigeria (CBN), Ms. Emem Usoro; the Managing Director/Chief Executive Officer of the Development Bank of Nigeria (DBN), Dr. Tony Okpanachi; Governor, Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso; the Managing Director of the Bank of Industry (BOI), Dr. Olasupo Olusi; Lead Country Economist Ms. Bertine Kamphuis, representing the World Bank; and the Deputy Governor, Financial System Stability (FSS), Central Bank of Nigeria (CBN), Mr. Philip Ikeazor.

The Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso, has urged stakeholders in the financial ecosystem to adopt the Women Entrepreneurs Finance (We-Fi) Code as part of a collective drive to enhance the inclusion of women entrepreneurs across Nigeria.

Mr. Cardoso stated this at the landmark event of Nigeria's public declaration of commitment to the We-Fi Code, held at the CBN Head Office on Wednesday, October 9, 2024.

According to him, the We-Fi Code represents a commitment by Financial Service Providers (FSPs), regulators, development banks, and other financial ecosystem players to work together to increase funding for Women-owned and Women-led Micro, Small, and Medium Enterprises (MSMEs) worldwide. While noting that over 400 million women entrepreneurs globally have vast potential to grow their businesses, contribute to economic value, and create jobs, he pointed out that they faced significant barriers in accessing financing.

He emphasised that Nigeria's national

commitment to the We-Fi Code marked a decisive step toward empowering women entrepreneurs as essential contributors to the country's economic growth and social development.

"This commitment is not just symbolic but a significant stride in closing the gender financing gap and ensuring women entrepreneurs are at the forefront of our national development," he said.

In her remarks, the Deputy Governor Operations, Ms. Emem Usoro, expressed her enthusiasm for the initiative, noting that "empowering women is synonymous with empowering a nation." She commended Governor Cardoso's dedication to enhancing financial independence for women and reaffirmed her support for the Code.

Also, the Deputy Governor, Financial System Stability, Mr. Philip Ikeazor, extended his appreciation to all partners, staff, and the Financial Inclusion Delivery Unit for their unwavering commitment to making the We-Fi Code a reality.

Representing the World Bank, Lead Country Economist Ms. Bertine Kamphuis lauded the CBN for this milestone achievement. She congratulated the Bank on its efforts to close the gap in access to finance for female entrepreneurs and assured of the World Bank's full support in driving the initiative forward.

The Managing Director of the Bank of Industry (BOI), Dr. Olasupo Olusi, applauded the CBN's leadership and reaffirmed the BOI's commitment to empowering women entrepreneurs. Similarly, Dr. Tony Okpanachi, the Managing Director/Chief Executive Officer of the Development Bank of Nigeria (DBN), emphasised that the We-Fi Code was a bold step toward addressing the persistent gender financing gap and aligning the Bank's ongoing efforts to empower women. He pledged to lead the charge in driving the initiative and assured his full support.

Other partners, including MD/CEO Suntrust Bank, Mrs. Halima Buba and representative of

the Director-General of the Nigerian Deposit Insurance Corporation (NDIC), Mrs. Amal Haruna, among others, conveyed their messages of commitment and support for the We-Fi Code and its transformative potential for Nigeria's economic landscape.

Earlier in her overview of the We-Fi Code, Mrs. Temitope Akin-Fadeyi, Head of the Financial Inclusion Delivery Unit, highlighted the key benefits of the Code, including catalysing new financial and non-financial mechanisms to meet the needs of WMSMEs, mainstreaming the collection, analysis, and use of supply-side data on financing, and improving standards, policies, and regulations to address data gaps and financing constraints. She further emphasised the Code's potential to mobilise capital for the financing and technical support of MSMEs.

The event's high point was the ceremonial signing of the declaration plaques by the CBN Governor, MD/CEO BOI, and MD/CEO DBN. ■

DG Ikeazor Lauds Staff of OFISD

By: Justina Arasomwan and Adetola Adeleke



The Deputy Governor, Financial System Stability (FSS), Central Bank of Nigeria (CBN), Mr. Philip Ikeazor

The Deputy Governor, Financial System Stability (FSS), Central Bank of Nigeria (CBN), Mr. Philip Ikeazor, has commended the Management and staff of the Other Financial Institutions Supervision Department (OFISD) for their dedication and outstanding contributions to adequate supervision, which plays a crucial role in promoting financial system stability and driving economic growth.

The Deputy Governor, Financial System Stability (FSS) of the CBN, Mr. Philip Ikeazor, delivering his keynote address at the OFISD Retreat held at the CBN Learning Centre in Satellite Town, Lagos, said the retreat's theme, "Accelerating Inclusive Growth and Sustainable Economic Development: OFIS and Supervisory Initiatives as Catalysts," was timely and suitable for the current realities of the financial system. He emphasised the critical role that Other Financial Institutions (OFIs) play in



Group photograph of OFISD Staff at the Retreat

advancing inclusive growth and economic development, particularly within the rapidly evolving financial landscape.

Mr. Ikeazor underscored the importance of continuous professional development to further these goals. He encouraged staff to pursue self-development courses and relevant certifications alongside the Department's systematic training. These efforts, he noted, were vital to fostering an innovative Department equipped with world-class tools. He assured that, in line with the CBN Governor's vision for enhanced training, he would ensure staff receive top-tier training to meet international standards and improve the Department's competitiveness.

In his welcome address, the Acting Director of the OFISD, Mr. Arogundade Wasiu, emphasised the Department's increasingly

vital role in maintaining financial stability, given its direct impact on financial inclusion and economic growth. He highlighted the importance of strengthening corporate governance, enhancing risk management practices, and ensuring compliance as critical factors in building sustainable Other Financial Institutions (OFIs).

Speaking further, Mr. Arogundade urged the Department to explore how emerging market disruptions driven by fintech innovations can be harnessed by Other Financial Institutions (OFIs) to propel Nigeria towards its goal of becoming a \$1 trillion economy. He emphasised the strategic importance of OFIs in this landscape, noting their potential role in unlocking significant economic growth through housing finance initiatives. He added that leveraging these opportunities could be pivotal for the country's long-term economic development. ■

Innovation, Technology Essential for Economic Growth - Usoro

By: Louisa Okaria



The Deputy Governor, Operations Directorate, Central Bank of Nigeria (CBN), Ms. Emem Usoro giving a Keynote address at the event

The Deputy Governor Operations Directorate, Central Bank of Nigeria (CBN), Ms. Emem Usoro, has emphasized the importance of embracing technological advancements for financial system regulators to stay ahead in the rapidly evolving global landscape.

Ms. Usoro stated this during her keynote address at the 2024 Departmental Retreat of the Banking Services Department, held at The Pearl, Jabi Lake, Abuja. She highlighted the significant opportunities technology presents for enhancing

banking services while stressing the need to address the associated risks and challenges.

Speaking on the retreat's theme, "Navigating Banking Services: Leveraging Innovation and Technology," the Deputy Governor noted that it was timely and relevant because it would allow the Bank to discuss how to deliver premium banking services by leveraging innovation and new technologies.

According to Ms. Usoro, innovation and technology are not mere enhancements but essential components of economic growth and development that must be harnessed to modernize banking processes and improve service delivery to all stakeholders.

She further observed that cyber threats are a clear danger and pointed out that as payment flows become faster and more automated, the potential impact of these threats increases. Therefore, financial institutions must build a robust infrastructure that meets the highest data security standards.

While emphasizing the need to be forward-thinking in adopting seamless and secure digital banking services, the Deputy Governor commended the Management and staff of the Banking Services Department for their dedication. She encouraged them to use the

retreat as an opportunity for a comprehensive review of the Department's processes aimed at notable improvements.

In his welcome address, the Acting Director, Banking Services Department, Mr. Hamisu Abdullahi, described the retreat as a valuable knowledge-sharing platform. He also highlighted the Bank's efforts to enhance service delivery and achieve an integrated domestic and international payment services system.

The retreat was attended by serving and retired directors, Branch Controllers, and staff from various departments across the Bank. It featured presentations on topics such as: "Automation and Innovation towards Improving Operational Efficiency of Banking Services Delivery in Nigeria"; "Enhancing Cybersecurity, Data Privacy, and Fraud Prevention in Banking Services"; and "ISO20022: Recent Developments, Benefits, Challenges, Prospects." Additionally, sessions were held on "Leadership and Development" and "Mental Health Awareness in the Workplace."

The two-day retreat concluded with a gala night, where participants were treated to a variety of exotic dishes and entertainment activities.■



DG, Operations, CBN, Ms. Emem Usoro (Seated Middle) in a group photograph with some CBN Executives at the retreat.

BES Shows Widespread Optimism – CBN

By: Kerma Mshelia



Central Bank of Nigeria

The Central Bank of Nigeria has released the September 2024 Business Expectations Survey (BES), carried out between September 9-13, 2024, with a sample size of 1,750 business enterprises nationwide. A response rate of 98.0 per cent was achieved, and the sectors covered during the exercise were Industry, Services and Agriculture.

The report, which was released on Friday, October 11, 2024, had respondents optimistic about the overall business outlook in September 2024. Their outlook for October, the following three months and the following six months indicated optimism.

There is a positive outlook for the volume of business activities of the firms, which implies

improved prospects for employment in the same period. The sector with the highest prospect for employment was the Industry Sector, followed by the Agriculture and Services Sectors, the report stated.

The respondent firms opined that insecurity was the primary factor constraining business activities in September 2024. Other constraining factors were high interest rates and high or multiple taxes.

Respondent firms were optimistic about the macroeconomy as the business condition index improved in September 2024 and the previous months under review.

Business sentiment was optimistic across most sectors except the Industry Sector in September 2024, while business confidence in own operations was largely optimistic.

Average Capacity Utilisation grew by 2.1 percentage points when compared with August 2024. The positive outlook of the Volume of Business Activities of the firms suggests higher prospects for employment next month, and the Employment Outlook Index by sector shows that the Mining & Quarrying Sector has high prospects for jobs in the month under review. ■

CBN Reaffirms Commitment to Financial System Stability

By: Ogochukwu Ikeagwuonu



Central Bank of Nigeria Headquarters, Abuja

The Central Bank of Nigeria (CBN) has reiterated its commitment to ensuring the stability and reliability of the Nigerian Financial System. This was contained in a statement signed by the Acting Director, Corporate Communications Department, CBN, Mrs. Hakama Sidi Ali, on Tuesday, October 8, 2024. The Statement recognized the CBN's crucial role in banking operations and affirmed that all deposits in Nigerian banks are secure.

The CBN stressed its continuous efforts to sustain regulatory standards across the banking sector. These efforts include regular stress tests to identify potential vulnerabilities and ensure that the financial institutions are resilient. The CBN has also implemented Early Warning Systems that proactively detect and address emerging risks and provide timely solutions to any foreseen issues.

The CBN directs its regulatory efforts on institutions with the highest financial system risks through its Risk-Based Supervision framework. This targeted strategy would allow efficient oversight and promote the overall health of the banking sector.

Furthermore, it noted that the CBN had established a Memoranda of Understanding with the various countries where Nigerian banks have subsidiaries. This partnership would help enhance regulatory coordination and uphold banks' operations within a safe and sound framework under banking regulations.

The Statement concluded that the CBN remains committed to fostering a secure banking environment where depositors' funds can be fully secured while assuring continued monitoring, and strategies to safeguard the financial interests of all Nigerians and stakeholders. ■

IES Report Highlights Perceptions

By: Pearl Ogbonna

The Central Bank of Nigeria (CBN), via its Statistics Department, has published the Inflation Expectation Survey (IES) Report for September 2024. The report aims to gather insights on how businesses and households perceive current and future inflation trends and the primary drivers of inflation.

The IES report showcases the perception and expectations of inflation. It revealed that, though negative, respondents' expectations of the inflation rate in October were less pessimistic than their negative perception of inflation in September. The index for the next three months reflects an improvement in inflation expectations and increased confidence in managing inflationary pressures for the next six months.

The report also highlights the significant drivers of inflation, with 92.4 points in Energy, 89.9 points in Transportation and 89.5 points in Exchange Rate for Businesses. At the same time, that of Households was 91.1. points in Energy, 89.8 points in Transportation and 87.8

points in Insecurity. CBNUPDATE gathered that Energy, Transportation, Exchange Rate and Insecurity were the significant factors that played a crucial role in shaping the perception of inflation among businesses and households.

According to the Expenditure Expectations Index covered in the IES, expenditure is expected to increase in the current month, as indicated by a positive index of 31.8 points. Businesses expect their expenditure to increase in the current month with an index of 27.2 points, while households expressed plans to increase spending at 35.0 index points.

Respondents indicated that they closely monitor the Bank's communications and believe the CBN is transparent.

CBNUPDATE notes the importance of understanding how people anticipate changes in the cost of goods and services. Thus, the report is critical to managing monetary policy better to stabilize the economy and promote growth. ■

Foreign Reserves Record Significant Increase

By: Pearl Ogbonna



The nation's foreign reserves have noted a significant increase over the past year, from \$ 33.6 billion in October 2023 to \$ 38.93 billion in October 2024, information from the Central Bank of Nigeria (CBN) revealed.

CBN UPDATE gathered that the reserve grew by \$2.92 billion over three months, climbing from \$36.01 billion in July 2024 to \$38.93 billion in October 2024.

Data from July 2024 showed steady yet modest growth, reaching \$36.79 billion by the end of the month. This trend continued in August, rising to \$36.83 billion. By the end of September 2024, the upward trajectory persisted, reaching \$38.35 billion.

Notably, the improved increase allows the country to repay its debts see to its obligations, and provide a buffer from external shocks. ■

FX Spot Sale: US\$543.5 Sold - CBN

By: Tina John



According to a recent circular released by the Director, Financial Markets Department, Central Bank of Nigeria (CBN), Dr. Omolara Duke, the CBN has sold a total of US\$543.5 Million (Five Hundred and Forty-Three Million, Five Hundred Thousand US Dollars only) from September 6 – 30, 2024, to Authorized Dealer Banks through two - way

quotes at the Nigerian Foreign Exchange Markets (NFEM).

The FX spot sale reduced observed market volatility driven by high demand for commodity importation and seasonal needs. To further streamline the process, all transactions were settled on a T+2 basis, allowing for quicker completion, enhancing efficiency and reducing delays in the market.

The CBN issued a press release to inform the public of FX pricing, encouraging market participants to reference the range of rates at which the FX was sold to authorized dealer banks.

The CBN reaffirmed its commitment to supporting the foreign exchange market as

part of its FX management strategy. More details on the 11-day dealing period and FX sales are available on the CBN website.

The Central Bank of Nigeria (CBN) reiterated

its commitment to facilitating the supply of FX into the Nigeria Foreign Exchange Market (NFEM) as part of its holistic FX Management strategy. ■

Nigerians in Diaspora: CBN to Launch BVN Platform

By: Louisa Okaria



Governor, Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso discussing the non-resident BVN platform at the IMF and World Bank Meetings in Washington, while the Deputy Governor, Economic Policy, CBN, Mr. Muhammad Sani Abdullahi looks on.

To promote financial and economic inclusion for all Nigerians, the Governor, Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso, has announced plans to introduce a non-resident Bank Verification Number (BVN) platform. The new initiative, set to launch in December, will enable Nigerians living abroad to operate their local bank accounts more conveniently.

Mr. Cardoso made this announcement during a discussion on the sidelines of the World Bank and International Monetary Fund (IMF) meetings in Washington, D.C., United States. He explained that the platform will be managed by the Nigerian Inter-Bank Settlement System (NIBSS), a subsidiary of the CBN. The BVN, an 11-digit unique identifier introduced on February 14, 2014, is mandatory for operating a bank account in

Nigeria. It was established to improve banking security, protect customers, and reduce fraud. As of April 2024, over 61.47 million Nigerians had registered for the BVN, according to NIBSS data.

Mr. Cardoso emphasized that his administration is committed to enhancing ease of business for Nigerians, regardless of their global location. He noted that starting in December 2024, Nigerians in the diaspora will no longer need to travel long distances for in-person biometric verifications to access financial services. This development will mark a significant step toward eliminating barriers to financial inclusion for non-resident Nigerians.

The CBN Governor highlighted that the launch of the non-resident BVN platform will improve remote Know Your Customer (KYC) processes, making it more convenient and cost-effective for Nigerians abroad to engage with the country's banking system. The platform aims to streamline

access to financial services and enhance the inclusiveness of the Nigerian financial sector.

This initiative is part of the CBN's broader strategy to achieve 95 per cent financial inclusion in Nigeria, a target that requires concrete efforts and collaboration with local banks. It is also part of ongoing efforts to integrate Nigerians abroad into the country's economy, particularly within the financial sector and international remittances.

The CBN has taken several measures to facilitate the involvement of Nigerians abroad in the financial system. In May 2024, it granted preliminary licenses to 14 International Money Transfer Operators (IMTOs) to improve remittance services. Earlier in the year, 62 IMTOs were licensed to reduce reliance on

informal channels for sending money to Nigeria. Despite receiving \$19.55 billion in international remittances in 2023, the highest amount in Africa, an estimated 50 per cent of remittances still come through unofficial channels. Addressing this challenge is a priority for the current CBN leadership.

The Bank has reported a significant increase in monthly remittances through official IMTO channels, with figures rising from \$300 million to \$600 million. The CBN aims to boost these numbers further, targeting \$1 billion in monthly remittances. The launch of the non-resident BVN platform is expected to play a critical role in achieving this goal by facilitating smoother, more secure financial transactions for Nigerians worldwide. ■

CBN Debunks Deadline Claims on Naira Banknotes

By: Tina John

The Central Bank of Nigeria (CBN) has asked the general public to disregard any information regarding the purported deadline for the circulation of the old series of Naira Banknotes. The attention of the Central Bank of Nigeria (CBN) had been drawn to reports making the rounds suggesting that the old N200, N500 and N1,000 banknotes series would cease to be legal tender on December 31, 2024.

According to a circular released by the Acting Director, Mrs. Hakama Sidi Ali, of the Corporate Communications Department of the CBN on October 24, 2024, the Bank categorises such claims as false and calculated to disrupt the country's payments system.

For clarity, the statement noted that the order of the Supreme Court of Nigeria on Wednesday, November 29, 2023, granting the prayer of the Attorney-General of the federation and Minister of Justice to extend the use of naira banknotes ad infinitum subsists.

Consequently, the CBN's directive to all its

branches to continue to issue and accept all denominations of Nigerian banknotes, old and redesigned, to and from deposit money banks (DMBs) remains in force.

Furthermore, the Supreme Court ordered that the old series of N200, N500 and N1,000 banknotes shall continue to be legal tender alongside the redesigned versions. Accordingly, all banknotes issued by the Central Bank of Nigeria (CBN) will remain legal tender indefinitely.

Members of the public are advised to disregard suggestions that the said series of banknotes will cease to be legal tender. The Bank urges Nigerians to continue to accept all naira banknotes (old or redesigned) for their day-to-day transactions and handle them with the utmost care to safeguard and protect their lifecycle.

Mrs. Sidi Ali encouraged the general public to embrace alternative modes of payment, e-channels, to reduce pressure on using physical cash. ■

STRATEGIC ENGAGEMENTS



CBN Governor, Mr. Olayemi Cardoso (left) in a warm handshake with Mr. Jukka Pihlman, Managing Director, First Abu Dhabi Bank, during the latter's courtesy visit to the CBN.



L-R: CEO, Cowry Asset Management Limited, Johnson Chukwu; Resident Representative for Nigeria, IMF, Christian Ebeke; Chairman, Nigerian Economic Summit Group (NESG), Olaniyi Yusuf; the CBN DG, Economic Policy, Muhammad Sani Abdullahi; and Chairman, Proshare, Olufemi Awoyemi, at the 30th Anniversary of the Nigerian Economic Summit, held at Transcorp Hilton, Abuja.



L-R: World Bank Country Director for Nigeria, Ndiame Diop; Chief Economist of the World Bank Group and Senior Vice President for Development Economist, Indermit Gill; CBN Governor, Olayemi Cardoso; CBN Deputy Governor, Financial System Stability, Philip Ikeazor, and a member of the World Bank delegation during a visit to the Governor at the CBN Head Office, Abuja.



CBN Governor, Mr. Olayemi Cardoso in a warm handshake with the Chairman, Bank of Industry, Dr. Mansur Mukhtar.



CBN Governor, Mr. Olayemi Cardoso (middle) in a group photograph with the Board and Management of Bank of Industry (BOI) led by its Chairman, Dr. Mansur Mukhtar when they paid a courtesy visit to CBN Governor in Abuja.



CBN Governor, Mr. Olayemi Cardoso (middle), CBN Deputy Governor, Economic Policy, Mr. Muhammad Sani Abdullahi (3rd left), CBN Deputy Governor, Operations, Ms. Emem Usoro (3rd right) with the team from JPMorgan Chase during a visit to the CBN in Abuja.



CBN Governor, Mr. Olayemi Cardoso and Jamie Dimon, Chairman and Chief Executive Officer, JPMorgan Chase.



CBN Governor, Olayemi Cardoso and the Deputy Governor, Economic Policy, Muhammed Sani Abdullahi, at the statutory briefing with the House Committee on Banking Regulations at the National Assembly, Abuja.

FROM THE IMF/WBG MEETINGS IN WASHINGTON, D.C., USA



CBN Governor, Mr. Olayemi Cardoso and CBN DG, Economic Policy, Mr. Muhammad Sani Abdullahi with some staff of the CBN.



CBN Governor, Mr. Olayemi Cardoso (right) and the IFC Managing Director, Makhtar Diop signing an agreement to increase local currency financing.



A group photograph of the CBN and the IFC teams.



CBN Deputy Governor, Financial System Stability, Mr. Philip Ikeazor (3rd left); CBN Deputy Governor, Economic Policy, Mr. Muhammad Sani Abdullahi (middle), with some key industry leaders, IMTOs, investors and diaspora representatives.



Cross section of the CBN team and members of the Nigerians in the Diaspora at a roundtable discussion.



CBN Governor, Mr. Olayemi Cardoso (middle), CBN Deputy Governor, Financial System Stability, Mr. Philip Ikeazor, (left) and CBN Deputy Governor, Economic Policy, CBN, Mr. Muhammad Sani Abdullahi at the high-level discussion with the Nigerians in Diaspora on strengthening ties to drive economic development and financial inclusion through remittances and investments.



CBN Governor, Mr. Olayemi Cardoso and the Minister of Finance and Coordinating Minister of the Economy, Mr. Wale Edun.



CBN Governor, Mr. Olayemi Cardoso (right) and the Minister of Finance and Coordinating Minister of the Economy, Mr. Wale Edun in a discussion with other Nigerian participants .

GLOBAL TIT BITS

Nigeria, AfDB Partner on Special Agro-Industrial Processing Zones

By: Ogochukwu Ikeagwuonu



The African Development Bank Group has collaborated with the Nigerian state governments to speed up the implementation of a program designed to develop eight new Special Agro-industrial Processing Zones (SAPZs) in the country.

This was disclosed at a two-day meeting in Abuja on October 7 and 8, 2024, attended by senior government officials, bank officials and representatives of financing partners and the private sector. The programme revealed the mobilization of \$538 million in co-financing for the first phase of the project, which will involve seven states and the Federal Capital Territory.

The Minister of Agriculture and Food Security, Abubakar Kyari, said, "The need to align all our efforts at the federal and state levels, as well as with our development partners, is germane so that the momentum we gain here translates into tangible outcomes for the target beneficiaries, particularly those in rural areas where the SAPZs will have their greatest impact."

Minister of Finance and the Coordinating

Minister of the Economy, Mr. Wale Edun, noted, "With inflation coming down, the reserves growing, and the exchange rate stabilizing, success is being seen under the macroeconomic stabilization efforts of President Bola Tinubu. That is why the SAPZ program cannot disappoint."

AfDB's Nigeria Country Director, Dr. Abdul Kamara, emphasized the significance of stakeholder collaboration in effectively implementing the program and preparing for future phases involving additional states.

The Nigeria Special Agro-Industrial Processing Zones (SAPZ) program, which was launched in 2022, aims to create new hubs that integrate the production, processing and distribution of targeted crops and livestock to achieve food security, increase incomes, improve livelihoods, and support economic diversification. SAPZs are expected to boost the country's foreign exchange reserves by significantly reducing dependence on food imports and boosting exports. ■

GLOBAL TIT BITS

AfDB: Celebrating 60 Years of Impactful Development

By: Chioma Udeogu



The African Development Bank (AfDB) recently celebrated its 60th anniversary on October 17, 2024, in Yaoundé, Cameroon, marking six decades of impactful development across Africa.

The AfDB President, Dr. Akinwumi Adesina, highlighted the Bank's significant contributions, noting that since its inception in 1964, it has supported over 6,575 projects, with \$77 billion invested in 3,000 projects in the past decade alone. These initiatives have directly benefited around 400 million people across the continent.

The anniversary event gathered key stakeholders, including economic leaders, international partners, and beneficiaries of AfDB projects. Discussions centred on significant initiatives aimed at enhancing electricity access, improving infrastructure for

regional trade, and promoting food security and healthcare.

Expert panels addressed challenges and opportunities in accelerating development, the importance of green transitions and digitalization, and the Bank's role in fostering regional integration. The event also emphasized inclusive development, focusing on empowering youth and women.

The highlight was a photo exhibition showcasing the Bank's history and progress since 1964, allowing attendees to reflect on the institution's journey and achievements under various leaderships. The celebration served as a platform for reflection on current issues and future directions for development in Africa. ■



CBN

Monetary Policy Communication

297TH Survey



CBN, IFC Partner to Boost Local Currency Financing

By: Ogochukwu Ikeagwuonu



CBN Governor, Mr. Olayemi Cardoso (Right) in a warm handshake with the IFC Managing Director, Makhtar Diop at the IMF & World Bank Annual Meetings, in Washington.

The Central Bank of Nigeria (CBN) and the International Finance Corporation (IFC), a member of the World Bank Group, have signed an agreement to increase local currency financing to enable private businesses in Nigeria grow and thrive. This collaboration was reached and signed on the sidelines of the IMF Meetings at Washington D.C., USA, on October 28, 2024.

The Governor, Central Bank of Nigeria, Mr. Olayemi Cardoso stated that "the pioneering initiative between the CBN and IFC will unlock much-needed long-term local currency financing for private businesses in Nigeria at economically viable rates,"

"This collaboration marks significant progress in the CBN's commitment to delivering innovative development initiatives through reputable third-party service providers, moving beyond traditional intervention programs. It will serve as a catalyst for economic growth and advance the

Federal Government's agenda for economic diversification," he added.

The partnership will allow IFC to manage currency risks and increase its investment in the Nigerian naira across priority sectors of the economy, including agriculture, housing, infrastructure, energy, small and medium enterprises and the creative and youth economy.

IFC aims to significantly scale up its financing of critical sectors in Nigeria to provide more than \$1 billion in the coming years. Many of these sectors require local currency financing, and IFC's partnership with the CBN is a critical tool in expanding access.

The IFC Managing Director, Makhtar Diop, highlighted the importance of expanding access to affordable local currency financing for small businesses in Nigeria. By focusing on

lending in Nigerian naira, the IFC aims to meet the growing demand for diverse funding options while helping companies manage currency risk. "Our partnership with the Central Bank of Nigeria will enhance lending in Nigerian naira, fostering economic growth and creating jobs across the country," he observed.

He further stated that with an active portfolio of investments in Nigeria of up to \$2.13 billion, the second highest in Africa, local currency financing was a key priority for IFC.

He reiterated that the IFC would continue to leverage innovative financial instruments and strengthen partnerships to meet the growing

demand for more local currency financing in emerging markets.

IFC is a World Bank Group member, the largest global development institution focused on the private sector in emerging markets. They work in over 100 countries, using their capital, expertise, and influence to create markets and opportunities in developing countries.

In fiscal year 2024, IFC committed a record \$56 billion to private companies and financial institutions in developing countries, leveraging private sector solutions and mobilizing private capital to create a world free of poverty on a livable planet. ■

Forex: CBN Introduces EFEMS

By: Ify Nwankwo

In its ongoing efforts to ensure financial system stability in the economy, the Central Bank of Nigeria (CBN) has introduced the Electronic Foreign Exchange Matching System (EFEMS) for foreign exchange (FX) transactions in the Nigerian Foreign Exchange Market (NFEM).

This was detailed in a circular FMD/DIR/PUB/CIR/001/021 issued on October 2, 2024 and signed by the Director, Financial Markets Department, Dr. Omolara Duke.

The circular explained that introducing this new system is expected to enhance governance and transparency, facilitate a market-driven exchange rate accessible to the public, reduce speculation, eliminate market distortions, and give the CBN improved oversight capabilities to regulate the market more effectively.

Additionally, the circular clarified that authorized dealers must conduct all foreign exchange transactions in the interbank FX

market through the EFEMS, which the CBN approves. Transactions will be reflected immediately, ensuring real-time accuracy.

In collaboration with the Financial Markets Dealers Association (FMDA), the CBN would publish real-time prices and buy/sell order data from the EFEMS to further stabilize the foreign exchange market. The rules for the EFEMS, along with the Nigerian FX code and revised Market Operating Guidelines for the NFEM, would guide market participants.

These new measures will be mandatory from December 1, 2024, when EFEMS is scheduled to go live, and all authorized dealers are required to comply with the existing guidelines and regulations governing the Nigerian Foreign Exchange Market.

Authorized dealers were, therefore, enjoined to ensure that all necessary documentation, training, and system integrations are completed ahead of the go-live date. ■

FREQUENTLY ASKED QUESTIONS (FAQS) ON THE ELECTRONIC FOREIGN EXCHANGE MATCHING SYSTEM (EFEMS)

1. What is the Electronic Foreign Exchange Matching System (EFEMS)?
EFEMS is an electronic platform introduced by the Central Bank of Nigeria (CBN) for conducting foreign exchange (FX) transactions in the Nigerian Foreign Exchange Market (NFEM). It is designed to match buy and sell orders automatically, enhancing transparency and governance in FX trading.

2. When will EFEMS be implemented?

EFEMS will be fully implemented in the interbank foreign exchange market by December 1, 2024. A two-week test run will take place in November 2024 to ensure smooth integration and operation.

3. What are the key benefits of adopting EFEMS for Nigeria's FX trade?

- EFEMS provides real-time pricing and visibility of buy/sell orders, reducing the opacity in the FX market.
- Automated matching of orders ensures that market participants transact at the best available prices, reducing price manipulation and market distortions.
- The system limits speculative trading and reduces the volatility caused by market distortions.
- It enhances oversight, allowing better regulation and monitoring of FX activities.
- Real-time data will be accessible to the public, contributing to a more informed and efficient market.

4. How will EFEMS work in the Nigerian foreign exchange market?

Authorised Dealers will use EFEMS to place buy and sell orders in real-time. The system will automatically match corresponding orders based on predetermined rules, ensuring swift execution of transactions. All transactions will be reflected immediately in the system for market participants and regulators.

5. What changes will EFEMS bring to the current FX trading process?

EFEMS replaces the manual or less-automated trading processes with a streamlined, fully electronic system. It introduces real-time transaction visibility and ensures that all trades are processed through a single, regulated platform. This eliminates inefficiencies and manual interventions that may previously have led to market distortions.

6. What impact will EFEMS have on market rates?

EFEMS is expected to promote a market-driven exchange rate. This means rates will reflect actual market conditions, leading to a more efficient and stable pricing mechanism in the Nigerian FX market.

7. Will EFEMS affect speculative activities in the FX market?

Yes, EFEMS is expected to reduce speculative activities by ensuring that all trades are conducted transparently and in real-time. This minimizes the opportunity for traders to exploit market inefficiencies or create artificial price movements.

8. Who will oversee and regulate EFEMS?

The CBN, in collaboration with the Financial Markets Dealers Association (FMDA), will regulate the system. They will publish guidelines, rules, and real-time data to ensure compliance with the Nigerian FX Code and the revised Market Operating Guidelines for the Nigeria Foreign Exchange Market.

9. How can Authorized Dealers prepare for the adoption of EFEMS?

Authorised Dealers are required to ensure that all necessary documentation, training, and system integration efforts are completed before the go-live date. Dealers should familiarize themselves with the Nigerian FX Code and the revised guidelines to comply with regulatory requirements.

10. What role will the public play in the EFEMS framework?

The public will benefit from improved transparency, as real-time market prices and data will be accessible. This allows market

participants, businesses, and individuals to make more informed decisions when engaging in foreign exchange transactions.

11. How will EFEMS contribute to Nigeria's FX market stability?

EFEMS will help eliminate speculative activities and price manipulation. It ensures that FX rates reflect actual demand and supply conditions, leading to improved market stability and better regulation.

12. The FX market currently trades on Refinitiv FXT. How will the adoption of EFEMS affect that?

With the introduction of EFEMS, Authorized Dealers (ADB) will transition from the current trading platform (Refinitiv FXT) to EFEMS for all interbank FX transactions. EFEMS will become the central platform for trade execution and matching, ensuring all trades are conducted under the CBN's new governance framework. However, the existing platforms like Refinitiv FXT may still serve as supplementary tools for conversational dealings.

13. How will EFEMS promote price discovery in the Nigerian FX market?

EFEMS will enhance price discovery by providing real-time visibility into buy and sell orders across the market, allowing all participants to see the true demand and supply for foreign exchange and exchange rates reflecting actual market conditions, rather than being influenced by speculative behaviour or market distortions.

14. What matching platform is being proposed: can this be communicated to the market in writing?

The CBN is yet to announce the specific platform selected for EFEMS. Platforms such as Bloomberg, Refinitiv and EBS all offer matching solutions, but the final decision would be communicated to the market in writing.

15. Scope of trade to be dealt on the EFEMS (all FX or Just Interbank)?

EFEMS is expected to cover all FX transactions including interbank and trades with clients.

16. Is there going to be a minimum threshold in terms of notional trades, if there is will that be for CBN to decide or FMDA?

The FMDA and the CBN will collaborate on setting appropriate threshold and guidelines.

17. Are banks still allowed to voice trade or close bilateral outside the EFEMS platform?

No, all FX transactions, including bilateral deals and clients' trades must be conducted through EFEMS. This is to ensure market-driven pricing. Exceptions (if, any) will be outlined in the system's operating guidelines.

18. What's the contingency plan for business continuity in the event of EFEMS failure/glich? Can the market fall back to usual conventional means of closing trades?

A robust contingency plan will be in place in case of system failures. The market is still expected to maintain access to the conventional dealings as alternative options where there is need to do so. This will be with permission of the CBN.

19. CBN said they will publish real time rates etc, on what platform will those be published? Will the published rate be considered as of reference rates for the prevailing rate of USDNGN? If so, any details on how the CBN intends on computing the rate before they publish would be beneficial?

Real-time rates and other key data from EFEMS will be published on the selected platform as well as the CBN official websites and other financial information services. The rates would serve as reference rate for USDNGN and the methodology for computing and updating these rates will be communicated to market participants.

DO YOU KNOW

- 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.



Central Bank of Nigeria