CBN UPDATE

Central Bank of Nigeria

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IMF/World Bank Spring Meetings: Economic Reforms Spark Hope as Cardoso Reassures Nigerians

INSIDE THIS EDITION:

- CBN Reaffirms Commitment to Reforms
- Net Forex Reserve Improves
- CBN Eases Rules for PAPSS Transactions
- IMF Urges African Countries to Strengthen Fiscal Buffers
- Nigeria's Banks Must Recapitalise to Meet Future Shocks – Akinwunmi
- Compliance, Innovation Key to Achieving $1T Economy – Jimoh

CBN UPDATE EDITORIAL CREW

LETTERS TO THE EDITOR

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Editor's Note

The April edition of CBNUPDATE brings recaps of the activities of the Nigerian delegation at the just concluded 2025 IMF/World Bank Spring Meetings in Washington, D.C., United States of America. Our lead story captures a moment of renewed optimism and strategic repositioning for Nigeria's economy as the Governor of the Central Bank of Nigeria, Mr. Olayemi Cardoso, presented a strong case for Nigeria's ongoing reforms, declaring that the country is not just on the path to recovery, but firmly reclaiming its place among leading emerging markets. His message of progress, underpinned by macroeconomic discipline and policy consistency, resonated both at home and abroad.

In the same breath, the IMF Managing Director, Kristalina Georgieva's call to African countries, including Nigeria, to build fiscal buffers and adopt resilient monetary strategies reinforces the urgency of deepening our reforms and anchoring them on regional collaboration.

This edition also highlights the evolving trade landscape as Nigeria braces for the impact of new U.S. tariffs. Amid these external pressures, voices like that of UBA Group Managing Director, Oliver Alawuba, are urging Nigerians to look inward and invest in undeveloped places like Gembu. This came as the country's Balance of Payments recorded a surplus of $6.83 billion in 2024. The first in three years.

In line with the CBN's push for economic expansion and structural transformation, this edition highlights the official launch of the Special Agro-Industrial Processing Zones (SAPZ), a flagship collaboration with the African Development Bank (AfDB) to bolster agricultural exports and reduce import dependency. Also featured is the March PMI report, which reflects continued growth in economic activities, affirming market confidence in the ongoing reforms.

Finally, in keeping with the long-term vision of building a $1 trillion economy, this edition underscores the critical role of innovation, compliance, and recapitalisation in the financial sector, as stressed by the CBN's leadership at a recent seminar for the financial correspondents and business editors in the country, known as FICAN.

We have many more stories for our readers in this month's package, as we remain committed to providing our stakeholders with timely, accurate, and relevant information on the Bank's efforts to foster a stable, inclusive, and resilient financial system. Happy reading! ■

Hakama Sidi Ali
Editor-in-Chief

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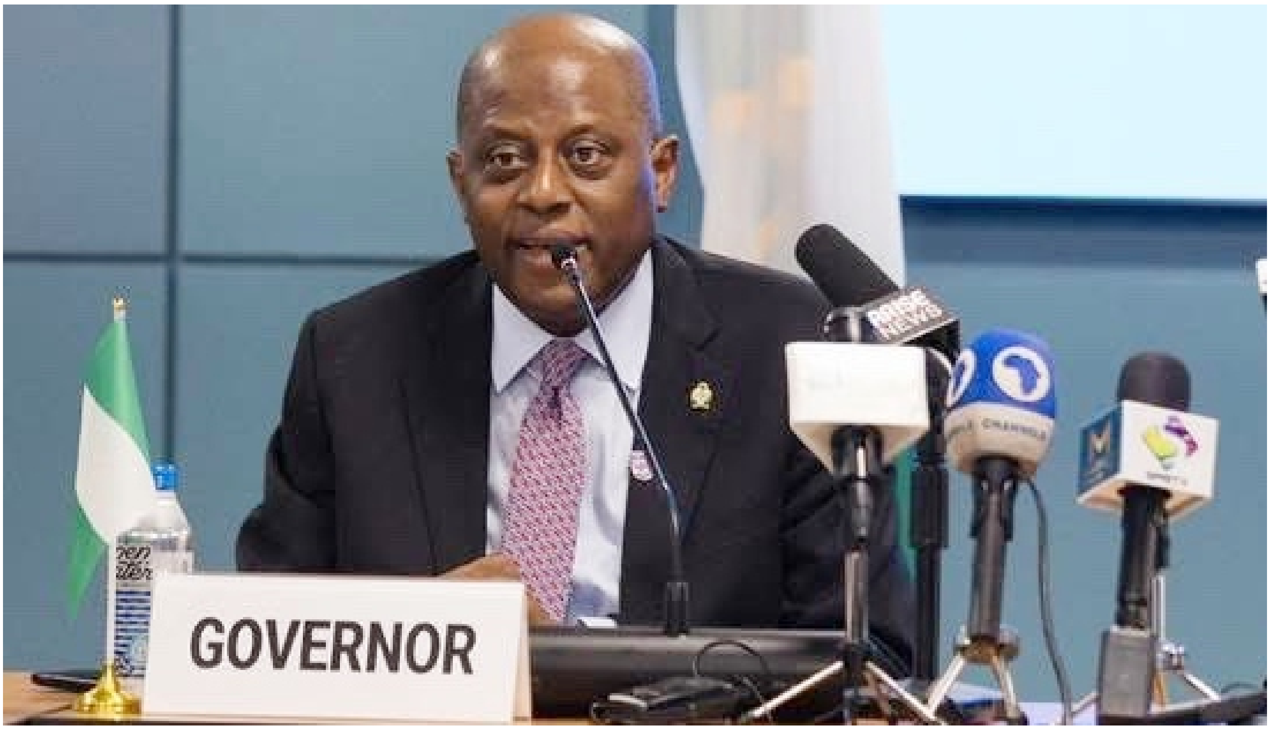
IMF/ World Bank Spring Meetings: Economic Reforms Spark Hope as Cardoso Reassures Nigerians

By: Ali Abubakar



CBN Governor, Mr. Olayemi Cardoso, addressing the Nigerian press corps in Washington, DC.

As the curtains fell on the 2025 IMF/World Bank Spring Meetings, Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso, seized the moment to reaffirm Nigeria's economic comeback, assuring both Nigerians and global investors that the country's reform agenda is yielding real, tangible progress.

Addressing the Nigerian press corps in Washington DC, Governor Cardoso described the week-long series of engagements with global financial leaders, investors, and members of the Nigerian diaspora as highly productive and transformative for the country's economic outlook.

“The CBN delegation seized the Meetings as an opportunity to spotlight Nigeria's bold economic reforms and to explore further measures that will enhance macroeconomic stability, strengthen our financial system, and drive inclusive growth for all Nigerians,” Mr. Cardoso stated.

He highlighted that, due to far-reaching reforms over the past 18 months, Nigeria has significantly strengthened its monetary buffers, enabling it to better withstand external shocks.

According to him, these efforts have not gone unnoticed as investor confidence in Nigeria's economic fundamentals has surged, bolstered by endorsements from leading voices in the international financial community. Most notably, Mr. Cardoso observed Fitch's recent upgrade of Nigeria's credit outlook, underscoring the global recognition of the nation's disciplined approach and the bold steps to restore stability.

Mr. Cardoso acknowledged that inflation remains a pressing challenge but quickly reaffirmed the CBN's unwavering commitment to price stability. “Our policy stance is firmly focused on bringing inflation down to single digits in a sustainable manner over the medium term. We aim to restore price stability, protect household purchasing power, and lay the foundation for long-term investment,” he said.

He disclosed that Nigeria's external reserves now exceed $38 billion, providing nearly ten months of import cover, an indicator of renewed strength. In addition, the country recorded a balance of payments surplus of $6.83 billion in 2024, the strongest in many years, driven by rising exports and renewed capital inflows.

Speaking further, Governor Cardoso highlighted that investor sentiment towards Nigeria continues to improve. "Feedback from global investors and the Nigerian diaspora has been overwhelmingly positive, reflecting growing alignment with our economic direction. Nigeria is increasingly recognised as a rising economic force, and it is admired for the resolve shown in implementing difficult but necessary reforms," Mr. Cardoso noted.

On the domestic front, the Governor reported that the ongoing banking sector recapitalisation is progressing with strong momentum and stakeholder alignment. This initiative, he stressed, will ensure Nigerian banks are fully equipped to support the real economy with greater scale and stability.

Mr. Cardoso offered words of reassurance to Nigerians, acknowledging the difficulty of the reforms but emphasising their effectiveness. "We have moved from a position of vulnerability toward one of growing strength, and our economic trajectory is beginning to turn positive," he declared.

As the delegation returns to Nigeria, Governor Cardoso expressed a renewed commitment to sustaining the reform momentum, assuring Nigerians that the path to stability and prosperity remains on course.■

CBN Reaffirms Commitment to Reforms

By: Daba Olowodun

CBN Governor, Mr. Olayemi Cardoso, addressing a high-level global forum at the Nasdaq MarketSite in NYC.

The Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso, has declared that there will be no reversal of the Bank's commitment to orthodox monetary policy, transparency, and consistency. Mr. Cardoso made this assertion at a high-level global investment forum held at Nasdaq MarketSite, New York, ahead of the 2025 IMF and World Bank Spring Meetings.

While outlining some reforms that the Bank had undertaken, focused on monetary tightening, foreign exchange transparency, and improved financial governance, Governor Cardoso noted, "We inherited a crisis of confidence but chose a different path. We're not turning back".

On his part, the Deputy Governor, Economic Policy Directorate of the CBN, Mr. Muhammad Sani Abdullahi, highlighted early economic gains, citing improved foreign exchange turnover, signs of disinflation, and more substantial external reserves.

Meanwhile, the Special Adviser to the CBN Governor on Stakeholder Engagement and Strategic Communication, Dr. Nkiru Balonwu, has explained that the forum was part of the Bank's continued efforts to strengthen and maintain broader stakeholder engagement.

The Nigerian Exchange Group (NGX), J.P. Morgan, and the African Private Capital Association (AVCA) co-hosted the event themed "The Nigeria Investment Agenda: Pathways for Growth and Global Partnerships". It had international investors, diaspora leaders, and financial stakeholders in attendance, even as it provided a platform for the stakeholders to assess Nigeria's economic reform journey to rebuild credibility and investor confidence in the Nigerian market.

Also in attendance at the forum were CBN Board and Monetary Policy Committee members such as Mr. Robert Agbede, Prof. Melvin Ayogu, and Dr. Aloysius Ordu, among other top Nigerian financial executives.

A highlight of the event was a panel discussion moderated by the Group CEO of the Nigeria Exchange Group (NGX), Mr. Temi Popoola, titled "Repricing Nigeria: Assessing the Scope for Sustained Change".

The forum underscored the CBN's drive to anchor Nigeria's economy in transparency, stability, and global credibility. ■

Cross section of global investors, diaspora leaders & senior financial stakeholders at the forum.

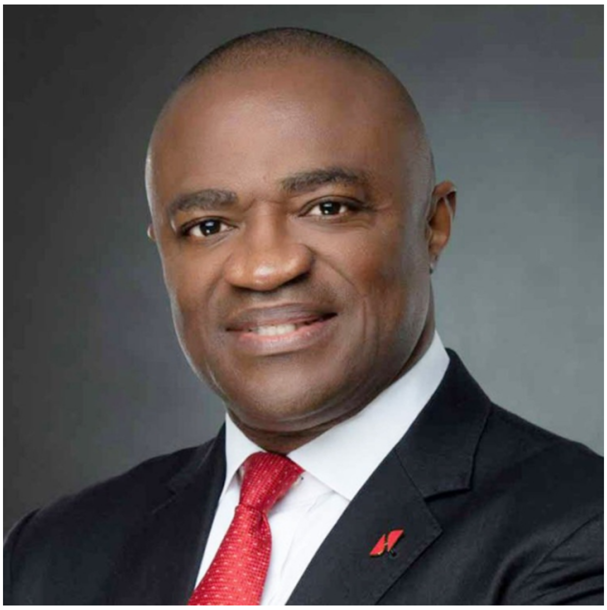
Trump Tariffs: Nigeria Should Develop Places Like Gembu - UBA Boss

By: Ali Abubakar

As a response to the stifling tariff imposed by the President of the United States of America (USA), Donald Trump, to the American trading partners, including Nigeria, the Group Managing Director and Chief Executive Officer of United Bank for Africa (UBA) Plc, Mr. Oliver Alawuba, has called on Nigerians to adopt a mindset of self-reliance and collective development.

Speaking at the Seminar for Finance Correspondents and Business Editors in the country organised by the Central Bank of Nigeria (CBN) in Abuja, Mr. Alawuba referenced President Trump's tariff-driven economic policy, urging Nigerians to draw inspiration from it and begin prioritising national interest in all spheres of life.

"If Donald Trump can do it for America, why can



GMD/CEO, United Bank for Africa (UBA) Plc, Mr. Oliver Alawuba.

we not do the same for Nigeria?" he asked while encouraging citizens to support local development initiatives and invest in underappreciated parts of the country.

In a striking anecdote, Mr. Alawuba shared his recent conversation with a friend from whom he first heard the name Gembu, a picturesque town in Taraba State, northeastern Nigeria. "He told me Gembu is the most beautiful place in Nigeria," Mr. Alawuba said. "I asked him, if it is so beautiful, what are you doing about it? How come no one knows it?"

He went on to express a personal interest in the town, even jokingly asking for land to build a vacation home there. "Let us buy land in Gembu, build our holiday homes, and go there for our retreats. That is the Nigeria we should all be building," he declared.

The UBA MD used the story to underscore a broader point that economic transformation and national pride begin with individual and collective action. "We must stop waiting for others. Let us invest in Nigeria. Let us believe in ourselves. We can do it," he said to a round of applause from participants.

The banker's remarks struck a chord with the seminar's broader theme of "Banking Recapitalisation as a Foundation for Nigeria's Journey Towards a One Trillion Dollar Economy", reinforcing the idea that economic growth must be anchored on capital reforms, cultural reawakening, and grassroots engagement.

Mr. Alawuba concluded by calling on the media, private sector, and citizens alike to "tell the good stories" about Nigeria and showcase the beauty and potential in places like Gembu instead of amplifying only the negatives. ■

CBN Reaffirms Commitment to SMEs

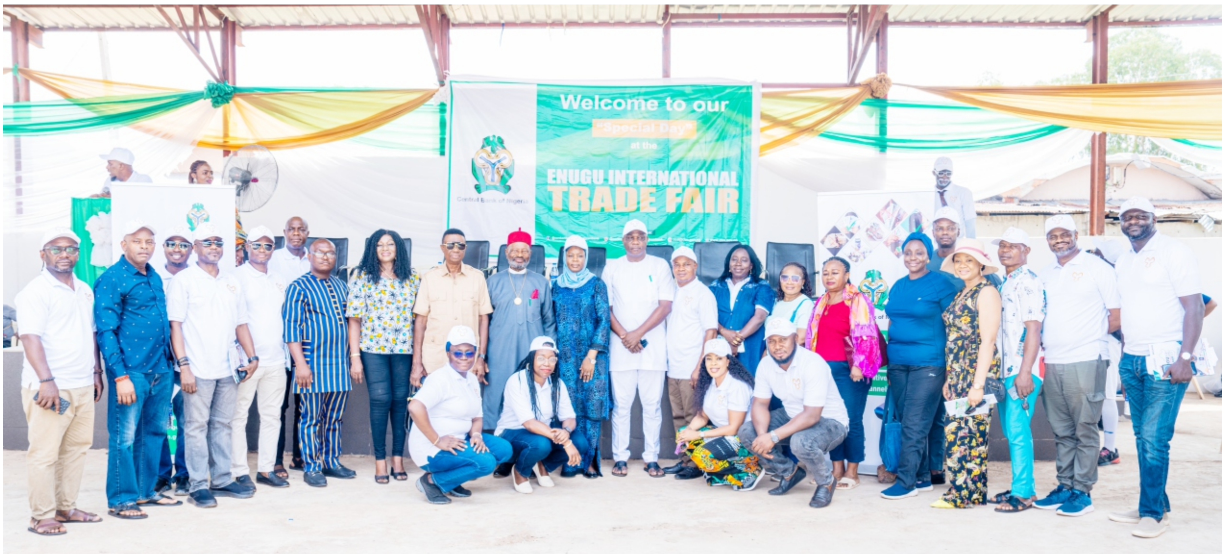
By: Chioma Udeogu

The Deputy Governor, Corporate Services, Central Bank of Nigeria (CBN), Ms. Emen Usoro, has said that the Bank will continue to address pockets of macroeconomic challenges confronting the Nigerian economy and ensure the banking system remains robust and resilient.

Ms. Usoro who was represented by the Acting Director, Corporate Communications Department, Central Bank of Nigeria (CBN), Mrs. Hakama Sidi Ali, gave this assurance during the CBN Special Day at the 36th Enugu International Trade Fair, given the theme "Developing Nigeria Industrial Sector/SMEs for Economic Advancement and Global Recognition", which she noted was carefully chosen to address the imperative of value addition and the links that would help to support industrial activities, to integrate our economy into the global industrial architecture fully.

She said the CBN annually participates in the Fair to raise awareness and sensitize stakeholders regarding its policies and programmes, which drive economic activities, inclusiveness, and attainment of global recognition.

She noted that the current Management of the Bank was committed to correcting identified challenges in the Nigerian economy to stimulate productivity, especially for Small and Medium Enterprises (SMEs). "The SMEs are the engine of growth in any economy. Domestic industries should also be strengthened to shield the local economy from harmful external shocks," she said.



Group Photograph of Participants at the 36th Enugu International Trade Fair.

According to her, achieving an impactful industrial development for global recognition is premised on a tripod, including robust financial systems fundamentals, foreign exchange market stability, and strong collaboration between the monetary and fiscal authorities. "The Bank's efforts in these directions are already yielding the desired results, and there has been a significant increase of inflow in foreign direct and portfolio investments and positive trade balance in recent times," she noted

Furthermore, she explained that this improvement reflects the impact of wide-ranging macroeconomic reforms, stronger trade performance, and renewed investor confidence in Nigeria's economy.

Speaking on the Nigerian payments system, Mrs. Sidi Ali said the CBN had ensured effective and efficient infrastructure, accelerating the financial inclusion drive and broadening payment possibilities for Nigerians. These payment platforms have made financial transactions seamless, cost-effective and accessible to many users.

She restated the CBN's commitment to sustaining efforts towards making available clean currency notes with the right mix. She, therefore, urged Nigerians to see the naira as a critical symbol of national identity. "Respect and keep it clean. Do not spray, hawk, mutilate or counterfeit the Naira", she charged.

CBN Debunks Rumours of N5,000, N10,000 Banknotes

By: Kerma Mshelia

The Central Bank of Nigeria (CBN) has categorically denied rumours circulating on social media about the introduction of N5,000 and N10,000 banknotes, describing the report as false.

In a post on its official X (formerly Twitter) handle recently, the Bank labelled the news as fake and urged the public to disregard it. The statement emphasised that the information did not originate from the CBN and reiterated that the Bank's only official website is www.cbn.gov.ng.

The Bank's Corporate Communications Department further clarified that all official communications are released solely through the CBN's website or statements issued by the Department.

The fake news, which quoted a fictitious CBN Deputy Governor, Ibrahim Tahir Jr., falsely claimed that the new denominations were

Central Bank of Nigeria Head Quarters, Abuja.

introduced to reduce cash-handling costs and make large transactions more efficient. The CBN confirmed that no such individual exists in its leadership.

The Bank urged the public to rely exclusively on official sources for information regarding Nigeria's currency and monetary policy, reaffirming that the report of new banknotes is entirely unfounded. ■

Compliance, Innovation Key to Achieving $1T Economy – Jimoh

By: Ogochukwu Ikeagwuonu

Director, Payment System Policy Department, CBN, Mr. Musa Jimoh at the panel discussion.

In a strategic push toward expanding Nigeria's economy to the $1 trillion target through banking recapitalisation, the Central Bank of Nigeria (CBN) has reaffirmed the strength and innovation of the nation's payment systems. The assurance came during a panel discussion titled "Banking Recapitalisation Towards a One-Trillion Dollar Economy: Implications, Prospects, and the Way Forward" at the 36th Edition of the Seminar for Finance Correspondents and Business Editors (FICAN) held recently in Abuja.

At the colloquium, Director, Payment System Policy Department, CBN, Mr. Musa Jimoh, stated that risk management must remain a top priority as banks raise new capital and the financial ecosystem expands. He noted that operators often outpace regulators, leading to tension. However, he likened strong risk controls to the brakes on a car that was not meant to slow progress but to ensure safe acceleration.

Mr. Jimoh underscored that regulatory compliance, both locally and internationally, is non-negotiable. "Non-compliance risks collapsing everything we've built," he warned. He also highlighted the central role of technology in scaling operations, managing risks, and boosting efficiency. According to him, digital adoption must be embraced across all sectors of the financial system.

Mr. Jimoh said transparency and consumer protection are foundational to achieving recapitalisation goals. He stressed the importance of full disclosure regarding service charges and terms. "The CBN places the public interest first," he said, "and often takes positions that may seem anti-bank but are pro-consumer."

Responding to questions about collaboration and stakeholder engagement, Mr. Jimoh pointed to the importance of local and international partnerships in ensuring sustainable growth and resilience. "Forums like this promote awareness, empower stakeholders, and help us guard against cyber and financial threats," he added.

Commenting on infrastructure growth amid increasing complexity, the Director recalled how far the payment system has evolved, from initial resistance, to Point-on-Sale (POS) adoption, to the widespread presence of POS terminals today.

He acknowledged the surge in fintech activity and agent networks, noting that banks are upgrading infrastructure to accommodate rising transaction volumes and associated risks. He said that systems are being designed to maintain resilience with built-in recovery mechanisms to withstand downtimes.

Mr. Jimoh, however, flagged talent shortages as a critical challenge. "Brain drain continues to pose a major constraint," he noted, pointing to the growing number of skilled professionals either relocating or working remotely for foreign firms. He urged institutions to prioritise local talent development as a pathway to sustainable growth.

While acknowledging that the system may not be perfect, Mr. Jimoh concluded with optimism, saying, "The goal isn't perfection but consistent stability and swift recovery."■

Alawuba Tips Mining for Nigeria's Economic Diversification

By: Ali Abubakar

MD/CEO, United Bank for Africa (UBA) Plc, Mr. Oliver Alawuba, speaking at the FICAN Seminar in Abuja.

The Group Managing Director and Chief Executive Officer of United Bank for Africa (UBA) Plc, Mr. Oliver Alawuba, has called for urgent strategic investment in Nigeria's mining sector to drive the country's economic diversification and achieve a one trillion dollar economy by 2030.

Speaking at the Financial Correspondents Association of Nigeria (FICAN) Seminar in Abuja, under the title, "Banking Recapitalization Towards a One Trillion Dollar Economy: The Industry Perspective," Mr. Alawuba argued that Nigeria's over-dependence on oil revenues is unsustainable.

To build long-term economic resilience, he stressed that banks must redirect capital towards high-growth sectors such as mining, information and communication technology, agriculture, renewable energy, manufacturing, and the creative industry.

"Mining holds immense potential for Nigeria, not just in boosting gross domestic product, but also in earning foreign exchange and creating thousands of jobs," Mr. Alawuba said.

He pointed to Africa's mining success stories, citing Ghana, where mining accounts for 39 per cent of exports; Botswana, with diamonds making up 92 per cent of export earnings; Mali, which generates $1.5 billion from mining annually; and the Democratic Republic of Congo and Zambia, both global leaders in copper and mineral exports.

The UBA chief proposed a series of strategic actions to position Nigeria to benefit from its vast mineral wealth. These include organising international investment fora to attract major global mining firms such as Glencore, Jiangxi Copper, BHP Group, Rio Tinto, and Vale SA.

He also advocated for the formalisation and regulation of artisanal mining, the development of local mineral processing capabilities to drive value-added exports, and the adoption green mining technologies in line with global energy transition goals.

"Our banking recapitalisation drive should not just strengthen the sector's balance sheet. It should unlock the capital needed to fund sectors that will secure Nigeria's economic future," Mr. Alawuba added.

He urged policymakers, banks, and private investors to act urgently, noting that mining can catalyze inclusive economic growth, regional development, and industrialisation if backed by deliberate policy and investment frameworks.

The FICAN seminar brought together stakeholders from the financial sector, government, and the media to discuss how Nigeria's recapitalisation programme can support national development priorities. ■

March PMI Reflects Economic Expansion

By: Daba Olowodun

The Central Bank of Nigeria (CBN) released its Purchasing Managers' Index (PMI) report for March 2025, indicating a continued expansion in economic activities in the nation.

The report, which the Bank's Statistics Department released on its website recently, showed that the composite PMI stood at 51.4 index points, marking the second consecutive month of growth following a contraction in late 2024.

According to the report, the agricultural sector led the expansion with a PMI of 53.1, reflecting strong performance in food production and export-oriented farming.

This was followed by the services sector, which recorded a PMI of 51.1, with notable growth in the hospitality and entertainment sub-sectors. The industry sector, on its part, achieved a PMI of 50.5, indicating a slight expansion driven by increased production and business activity.

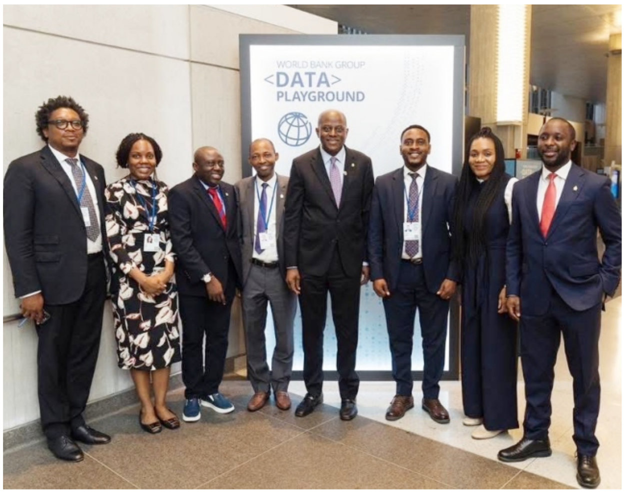
The report further noted that out of 36 subsectors surveyed, 21 reported growth. The cement subsector experienced the highest growth, attributed to increased demand in construction.

Conversely, 13 subsectors faced declines, with Non-metallic Mineral Products experiencing the most significant contraction due to weak demand for construction materials. Furthermore, two subsectors - Plastics & Rubber Products and Accommodation & Food Services remained unchanged.

The CBN's Business Expectation Survey indicated optimism among businesses, which was likely influenced by a positive outlook on exchange rates and expectations of a stable macroeconomic environment.

The March 2025 PMI report suggests a gradual economic recovery in Nigeria, with notable expansions in agriculture and services sectors. While challenges persist in specific subsectors, overall business confidence is rising. ■

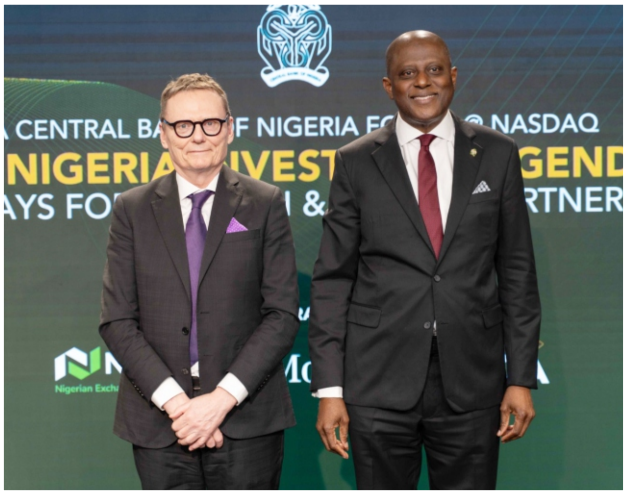
FROM THE SIDELINES OF THE IMF/WORLD BANK SPRING MEETINGS IN WASHINGTON DC.



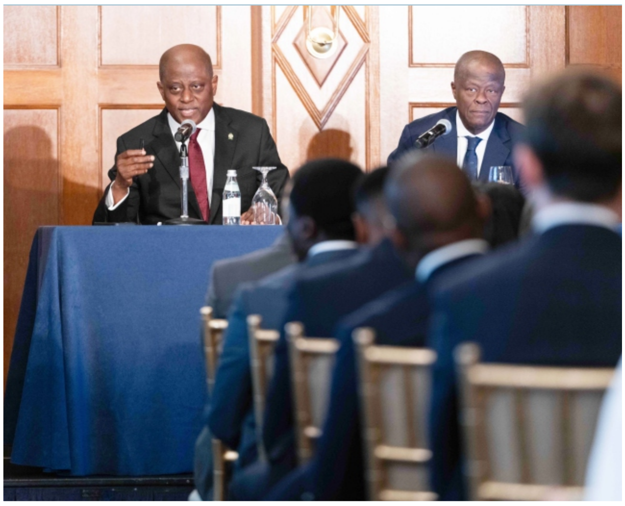
CBN Governor, Mr. Olayemi Cardoso (middle); CBN DG, Economic Policy, Mr. Muhammad Sani Abdullahi (first right) and some members of the CBN delegation.

Group photograph of the CBN Management team and Nigeria's industry leaders in the financial sector.

CBN DG, Economic Policy, Mr. Muhammad Sani Abdullahi, speaking at a high-level global forum at the Nasdaq MarketSite in NYC.



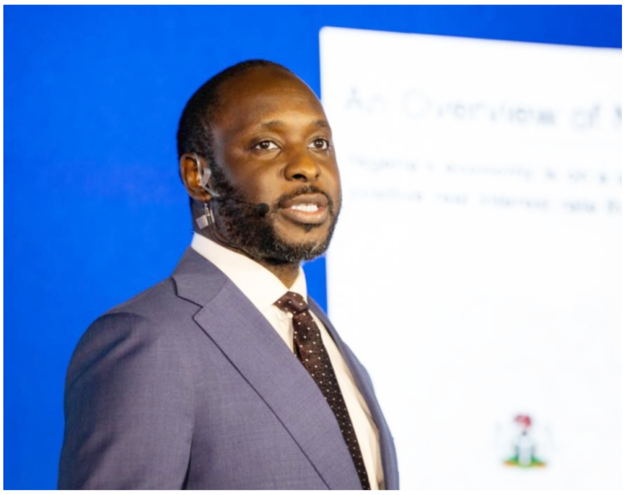
CBN Governor, Mr. Olayemi Cardoso, with Nobel Prize-winning economist and Director of the Pearson Institute for the Study and Resolution of Global Conflicts, Dr. James Robinson.



Governor, CBN, Mr. Olayemi Cardoso, and the Minister of Finance and Coordinating Minister of the Economy, Mr. Wale Edun, held strategic talks with prospective investors.

Participants at the strategic engagement.

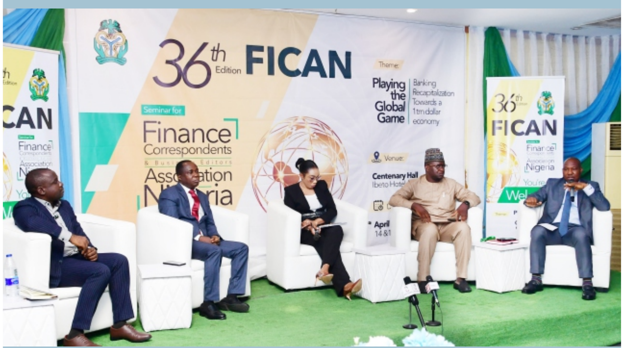
STRATEGIC ENGAGEMENTS



DG EP, CBN, Mr. Muhammad Sani Abdullahi, delivered a compelling presentation titled "Unlocking Capital for Growth: Nigeria's Economic Landscape" at the Standard Bank Inaugural African Markets Conference 2025, in Cape Town, South Africa.

Nigeria's Minister of State for Finance, Dr. Doris Nkiruka Uzoka-Anite (middle), DG EP, CBN, Mr. Muhammad Sani Abdullahi (2nd from right), and other dignitaries at the Standard Bank Inaugural African Markets Conference 2025, in Cape Town, South Africa.

Group photograph of participants at the 36th Edition of the Seminar for Finance Correspondents and Business Editors (FICAN), held in Abuja.



Panel discussion at the 36th Edition of the Seminar for Finance Correspondents and Business Editors (FICAN), held in Abuja.

Cross-section of participants at the CBN and the Bankers' Committee Townhall meeting, which was held in Lagos.

Group photograph of the International Monetary and Financial Committee Deputies Meeting in Diriyah, Saudi Arabia.

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GLOBAL TIT BITS

IMF Urges African Countries to Strengthen Fiscal Buffers

By: Ogochukwu Ikeagwuonu

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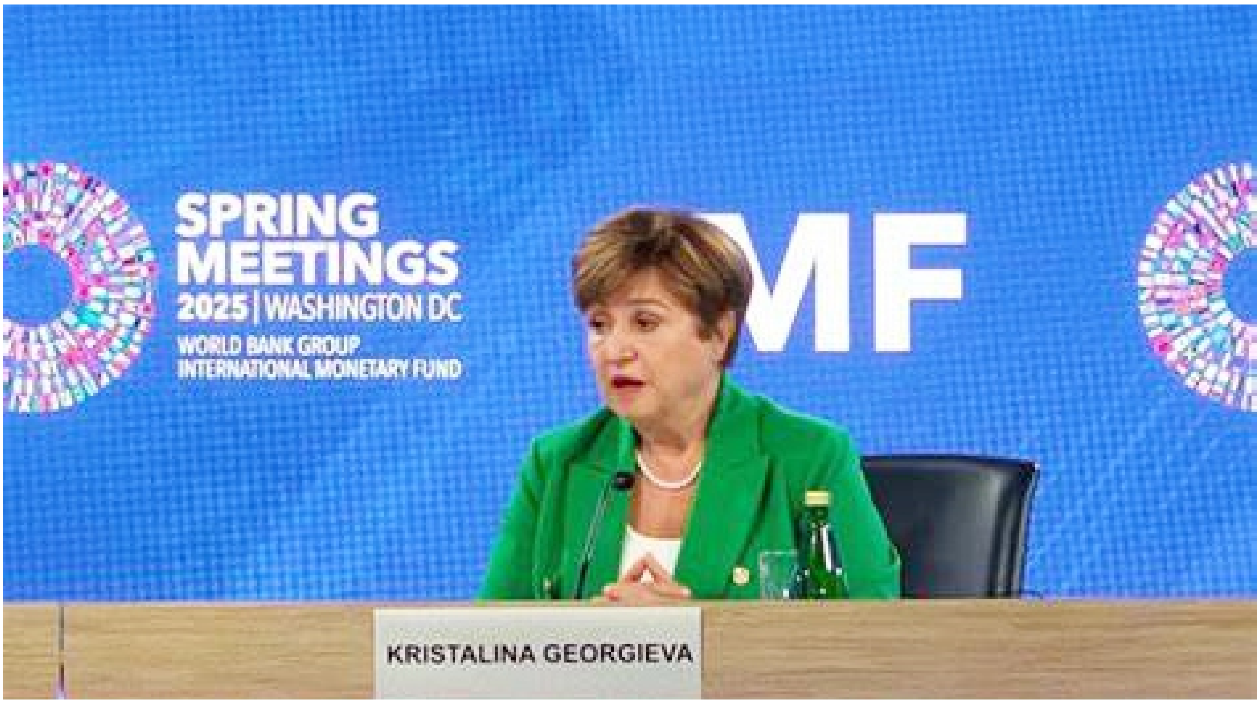


IMF MD, Kristalina Georgieva

The Managing Director of the International Monetary Fund (IMF), Kristalina Georgieva, has called on Nigeria and other African nations to enhance their fiscal buffers, implement context-specific monetary policies, and strengthen regional economic cooperation to mitigate global challenges and foster sustainable, inclusive growth.

Georgieva made the remarks during the launch of the IMF's latest Global Policy Agenda Report, titled "Anchoring Stability and Promoting Balanced Growth," at the just-concluded World Bank/IMF Spring Meetings in Washington.

Georgieva underscored the continent's mixed growth outlook and emphasised the need for renewed structural reforms across Africa. She urged governments to take more decisive steps in reforming their fiscal policies, stating: "Don't hide behind excuses and claim that increasing taxes is impossible. There is much that can be done to broaden the tax base and reduce tax evasion and avoidance, particularly through the use of technology. Several countries are already leveraging technology to track tax payments, and such initiatives are essential."

While acknowledging that Africa is home to some of the world's fastest-growing economies, Georgieva highlighted the increasing struggles of low-income and fragile states, particularly in the context of slowing global growth and rising geopolitical risks. "We have witnessed some of the fastest growth rates in Africa, but we've also seen many low-income and fragile countries falling further behind. This is now a significant shock to the continent," she explained.

She further pointed out that while trade tariffs have a minimal direct effect on most African nations, the indirect impact, especially the slowdown in global growth, presents more serious challenges. This is particularly true for oil-exporting countries like Nigeria. "The direct impact of tariffs on Africa is small for most countries. However, the indirect effects, particularly from slower global growth, are more profound," Georgieva noted.

Georgieva's recommendations for African

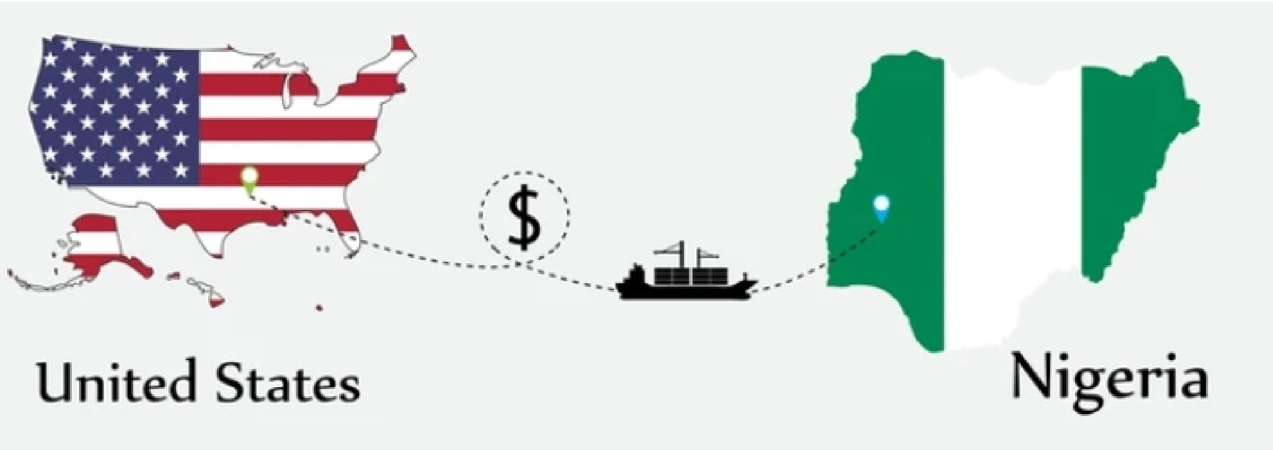
countries are wide-ranging but centred on strengthening fiscal buffers. "There is still a lot that can be done to improve fiscal resilience and build sufficient buffers for times of economic shock," she said, advising against making excuses for fiscal shortcomings. She also called on African governments to expand their tax bases and minimise leakages using digital tools, which she described as an essential strategy.

Moreover, she cautioned against blanket monetary policies, urging central banks to tailor their responses to country-specific inflation dynamics rather than copying regional peers. She also advocated for rebranding Africa's global image and stressed the importance of boosting intra-African trade. "Africa has immense potential, comparable to Asia, and efforts to ease infrastructure barriers to trade, such as those supported by the World Bank, are crucial to unlocking that potential," she concluded.■

GLOBAL TIT BITS

U.S. Tariffs and their Implications for Nigeria

By: Ogochukwu Ikeagwuonu



source:www.bing.com

The United States' imposition of a 14 per cent tariff on Nigerian exports, effective April 2025, poses significant challenges to Nigeria's economy, particularly its oil and non-oil export sectors.

Recent reports have revealed that Nigeria's exports to the U.S. have averaged \$5–6 billion annually, with crude oil and mineral fuels constituting over 90 per cent of this total. Non-oil exports, including fertilisers, lead, and agricultural products like cocoa and cashew nuts, account for a smaller share. The new tariffs threaten to undermine the competitiveness of these goods in the U.S. market, especially for Small and Medium-sized Enterprises (SMEs) that previously benefited from exemptions under the African Growth and Opportunity Act (AGOA), which ends in September 2025, posing a significant uncertainty ahead.

On economic and inflationary pressures, the tariff increase is expected to lead to higher costs for Nigerian businesses reliant on U.S. imports, such as agricultural products, medical equipment, and industrial machinery. This could increase production costs, raise consumer prices, and exacerbate inflationary pressures. Also, it could lead to lower dollar inflow, thereby putting the naira under pressure.

Consequently, the Federal Government has emphasised its commitment to mitigating the impact while accelerating economic diversification, expanding alternative export markets, enhancing quality control, and strengthening trade diplomacy to secure favourable terms.

To reduce dependency on the U.S. market, Nigeria must proactively reposition its trade strategy through regional trade integration initiatives like the African Continental Free Trade Area (AfCFTA), diversify export destinations, and leverage tools such as the Pan-African Payment and Settlement System (PAPSS) to boost demographic strength. This strategic shift would enhance Nigeria's economic resilience amid global trade uncertainties. ■

Nigeria, AfDB Launch SAPZ

By: Ogochukwu Ikeagwuonu

AfDB President, Dr. Adesina Akinwumi (in blue suit), Vice President Kashim Shettima (in beige traditional attire), and Governor Bassey Otu of Cross River state (in brown traditional attire), lay the foundation for the $538 million Special Agro-Industrial Processing Zone in Adiabo, Cross River State, on April 10, 2025, marking a milestone in Nigeria's journey to become a food export leader through agro-industrialisation.

Nigeria's agricultural transformation received a boost recently as the federal government, in collaboration with the African Development Bank (AfDB) and other partners, kicked off the first phase of the Special Agro-Industrial Processing Zones (SAPZ) programme. With groundbreaking ceremonies already held in Kaduna and Cross River States, the initiative will revolutionise food production, reduce imports, and reposition Nigeria as a regional agro-export powerhouse.

At the ceremony, Vice President, Kashim Shettima described SAPZ as a national priority, underscoring the urgency for joint efforts by federal and state governments, development agencies, the private sector, and local communities. "There is no better time than now to work hand in hand to ensure the success of the SAPZ project," he emphasised during the event.

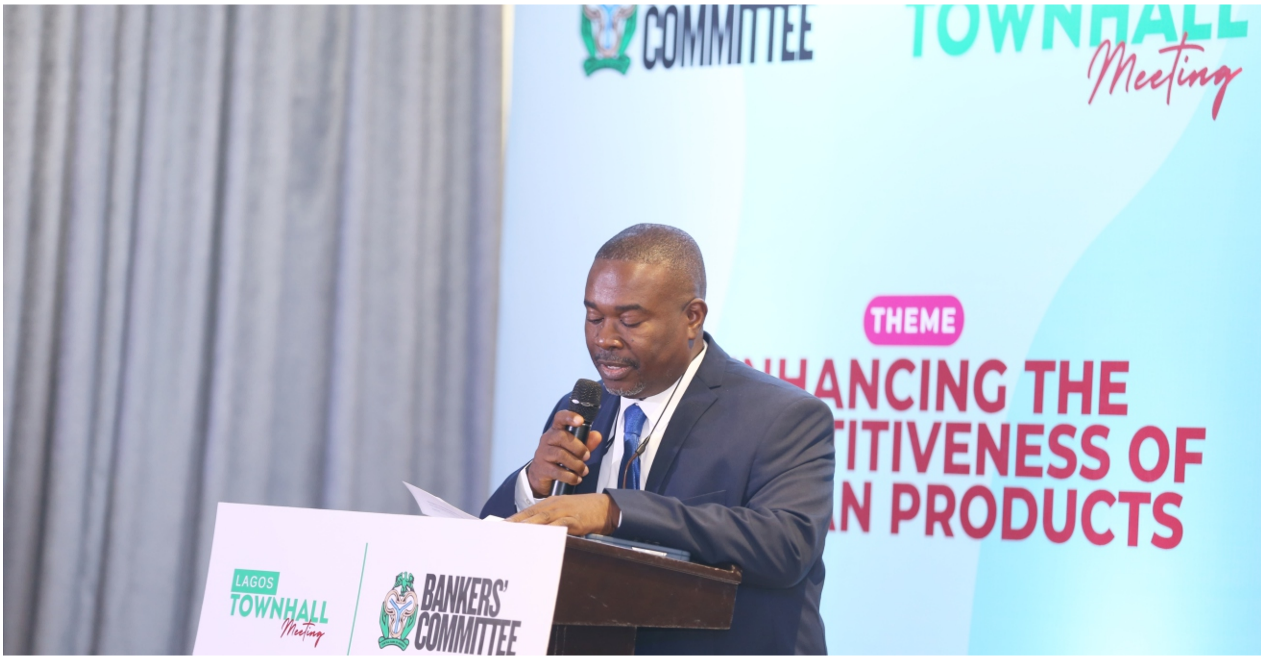
The Minister of Agriculture and Food Security, Abubakar Kyari, noted that "the SAPZ programme is a powerful catalyst for economic growth and import substitution." He, therefore, reaffirmed its potential to uplift rural economies and protect Nigeria's foreign exchange reserves.

AfDB President, Dr. Akinwumi Adesina, celebrated the milestone, saying, "Today is a big day for Nigeria." He reiterated the broader impact, saying "with SAPZ, Nigeria will reduce food imports, transform rural economies, create millions of jobs, conserve foreign exchange, and attract private investment into agricultural value chains".

Recall that the Special Agro-Industrial Processing Zones (SAPZ) programme, launched in 2022, aims to create new hubs that integrate domestic production and agro-processing to achieve food security, increase incomes, improve livelihoods, and support economic diversification. SAPZ will boost the country's foreign exchange reserves by significantly reducing dependence on food imports, bolstering the naira, and increasing Nigeria's global export share.■

Nigerian Products: CBN, DMBs Collaborate for Global Reach

By: Adetola Adeleke and Daniel Nyangwa



Representative of the Director, Consumer Protection Department, CBN, Mr. Nelson Amuwa, addressing participants at the Townhall meeting, in Lagos.

In a decisive effort to bolster Nigeria's economic influence and elevate the global standing of locally produced goods and services, the Central Bank of Nigeria (CBN), in partnership with the Bankers' Committee, has outlined a comprehensive strategy to enhance the competitiveness of indigenous products. This initiative was the focal point of a hall meeting held recently in Lagos, themed "Enhancing the Competitiveness of Nigerian Products."

Addressing participants, the Director, Consumer Protection and Financial Inclusion Department at the CBN, Dr. (Mrs.) Aisha Isa-Olatinwo, underscored the pivotal role of financial institutions in driving inclusive economic growth. She emphasised that banks must transcend their traditional role as financiers to become active development partners, directly shaping product quality and market competitiveness.

Represented by a Deputy Director, Mr. Nelson Amuwa, the Director noted that Nigerian products must be reliable, safe, affordable, and accessible to thrive in today's interconnected global marketplace. She, therefore, called on banks to intensify their support for Indigenous brands by providing financing and strategic advisory services and using digital platforms to enhance visibility, growth, and competitiveness.

She stressed the importance of cultivating a financial ecosystem that prioritises quality, consumer trust, and broad-based access to capital, which she identified as critical for driving sustainable industrial growth and positioning Nigeria competitively in the global trade arena.

In his remarks, the Chairman of the Lagos

State Internal Revenue Service (LIRS), Mr. Ayodele Subair, represented by his Special Adviser, Mr. Tokunbo Akande, urged banks to see themselves as catalysts for value chain transformation. He challenged financial institutions to move beyond the provision of credit and actively influence production standards, empower entrepreneurs, and restore confidence in the "Made-in-Nigeria" brand. "We are in a position to influence production standards, empower entrepreneurs, and most importantly, restore faith in the 'Made-in-Nigeria' identity," he stated.

Delivering the Keynote address, the Lead Consultant, 3T Impex Consulting, Dr. Bamidele Ayemibo, emphasised the critical role of the financial sector in fostering consumer trust, enhancing product quality, and empowering local businesses to compete effectively in domestic and global markets. He urged financial institutions to go beyond traditional banking services and act as development partners, driving inclusive growth through targeted support for Nigerian Producers.

The event's high point was the panel discussions, which delved into the importance of robust consumer complaint mechanisms and effective redress systems as foundational elements for building trust in the financial and production sectors.

The event served as a dynamic platform for stakeholders to explore targeted interventions to improve Nigerian-made goods and services' quality, visibility, and market reach.

By aligning financial support with quality assurance and innovation, the CBN and the Bankers' Committee are laying a strong foundation for Nigerian products to gain greater local and international prominence.

This approach is expected to foster sustainable economic growth, boost industrial capacity, and reinforce Nigeria's position as a source of high-quality, globally competitive goods. ■

Nigeria's Balance of Payments Records $6.83bn Surplus in 2024

By: Mukhtar Maigamo

Nigeria's Balance of Payments (BOP) registered a surplus of $6.83 billion for the 2024 financial year, marking a sharp reversal from deficits of $3.34 billion in 2023 and $3.32 billion in 2022.

This positive shift reflects the impact of wide-ranging government reforms, including increased oil and gas production, removal of fuel subsidies, and the liberalisation of the foreign exchange market.

In a statement signed by the Central Bank of Nigeria's (CBN) Acting Director of Corporate Communications, Mrs. Hakama Sidi Ali, the surplus demonstrates the effectiveness of Nigeria's ongoing macroeconomic reforms. "The liberalisation and unification of the foreign exchange market, a disciplined approach to inflation management and exchange rate stability, as well as coordinated fiscal and monetary policies, have all played crucial roles," she said.

Mrs. Sidi Ali identified a $17.2 billion surplus in the capital and financial account as a key driver, propelled by higher gas and non-oil exports and reduced imports. Petroleum imports declined by 23 per cent, owing to improved domestic refining capacity following the commencement of operations at the Dangote refinery and the Port Harcourt refinery.

Remittance inflows also contributed significantly, rising by 8.9 per cent to $20.9 billion, while international money transfer operator inflows increased by 43.5 per cent to $4.73 billion. Data from the Ministry of Industry, Trade and Investment indicate that this trend is linked to a closer relationship with the Nigerian diaspora, estimated at nearly 20 million people.

Despite a 42 per cent decline in foreign direct investment, which fell to $1.08 billion, the overall financial account remained strong. External reserves increased by $6 billion to $40.2 billion by year-end. Portfolio investment inflows more than doubled to $13.35 billion, and resident foreign currency holdings rose by $5.41 billion.

CBN Governor, Mr. Olayemi Cardoso, attributed the turnaround to the effective implementation of evidence-based macroeconomic policies, describing the surplus as a significant milestone for the Nigerian economy. ■

CBN's Sidi Ali Recognised at National Spokesperson Awards

By: Chioma Udeogu

The Central Bank of Nigeria (CBN) has once again earned national recognition for excellence in public communication, as its Acting Director, Corporate Communication Department, Mrs. Hakama Sidi Ali, was honoured at the 2025 National Spokesperson Awards. The award ceremony, which was hosted by the Nigerian Institute of Public Relations (NIPR), held recently at the Abuja Intercontinental Hotel, was part of the grand finale of the 2025 National Spokespersons' Summit.

Mrs. Sidi Ali's communication efforts in the Banking Sector category were acknowledged for innovation, professionalism, and responsiveness in addressing key national and international issues. The institution's proactive media engagement has been pivotal in promoting financial literacy, enhancing public trust, and ensuring transparent communication between the Bank and the Nigerian public.

The event celebrated a wide range of voices and organisations redefining public discourse in Nigeria, with the CBN standing out as a beacon of credibility, clarity, and consistency in the banking sector. ■

Nigeria's Banks Must Recapitalise to Meet Future Shocks – Akinwunmi

By: Pearl Ogbonna

Dr. Olubukola Akinwunmi, Director, Banking Supervision Department, CBN presenting a paper at the seminar.

The Central Bank of Nigeria (CBN) has underscored the need for a stronger, better-capitalised banking sector to support large-scale development and withstand financial shocks. The emphasis came at the 36th Edition of the Seminar for Finance Correspondents and Business Editors (FICAN) recently held in Abuja.

Dr. Olubukola Akinniyi Akinwunmi, the Director, Banking Supervision Department, CBN presented a regulatory perspective on the ongoing banking recapitalisation initiative. Framed around Nigeria's ambition to become a $1 trillion economy by 2030, he noted that the capital base set in 2005 has been significantly eroded by inflationary pressures, making recapitalisation both urgent and necessary.

Dr. Akinwunmi stated that the new recapitalization policy sets stricter thresholds of N500 billion for international banks, N200 billion for national banks, and N50 billion for regional and merchant banks. These limits, he said, now focus solely on paid-up capital and share premiums, excluding retained earnings.

The Director also highlighted that banks may raise capital through various means, including public offers, mergers, and foreign investment, seeing that the two-year implementation period (April 2024 to March 2026) allows for flexibility while ensuring compliance.

Drawing from the lessons of the 2005 exercise, he stressed the importance of transparency, enhanced supervision, and stronger anti-money laundering controls. The initiative, he concluded, is not just regulatory housekeeping but a national economic necessity aimed at building a resilient financial system fit for Nigeria's growth ambitions.■

Net Forex Reserve Improves

By: Pearl Ogbonna

As part of its continued efforts to strengthen the financial system by managing external reserves, the Central Bank of Nigeria (CBN) has reported increased net forex reserves, signalling improved external liquidity, lower short-term obligations, and renewed investor confidence.

The CBN noted this substantial improvement in its Net Foreign Exchange Reserve (NFER) position as of the end of 2024. CBNUPDATE gathered that the NFER stood at $23.11billion, which is the highest level in over three years, marking an increase from $3.99billion at year-end 2023, $8.19billion in 2022, and $14.59billion in 2021.

Accordingly, gross external reserves also increased to $40.19billion, compared to $33.22billion at the close of 2023, noting that the NFER, which adjusts gross reserves to account for near-term liabilities, is regarded as a more accurate indicator of the foreign exchange buffers available to meet immediate external obligations.

The Governor of the CBN, Mr. Olayemi Cardoso, has noted that this remarkable improvement results from deliberate policy choices aimed at rebuilding confidence, reducing vulnerabilities, and laying the foundation for long-term stability. Moreover, this expansion took place alongside the Bank's ongoing efforts to reduce short-term liabilities, thereby enhancing the overall quality of the reserve position.

Reports also indicate that the reserves have maintained their upward trajectory in 2025, though, the first quarter figures reflect seasonal and transitional adjustments, including significant interest payments on foreign-denominated debt. However, underlying fundamentals remain intact, and reserves are expected to continue improving over the year's second quarter.

As events unfold, the CBN remains committed to prudent reserve management, transparent reporting, and macroeconomic policies that support a stable exchange rate, attract investment, and build long-term resilience.

CBNUPDATE recalls that maintaining the external reserves aims to preserve the value of the domestic currency, serve as a buffer against shocks, meet foreign obligations, support monetary policy, facilitate international trade and investment, and boost investor confidence.■

CBN Eases Rules for PAPSS Transactions

By: Blessing Uzoagbado

In a move to streamline cross-border payments across the continent, the Central Bank of Nigeria (CBN) has announced a revised set of documentation requirements for transactions conducted through the Pan-African Payment and Settlement System (PAPSS).

According to a circular released on April 28, 2025, by the Acting Director, Corporate Communications Department, Mrs. Hakama Sidi Ali, the new policy is designed to simplify processes for Nigerians engaging in intra-African trade, making it easier for individuals and businesses to carry out transactions under the African Continental Free Trade Area (AfCFTA).

Launched in 2022 by Afreximbank in collaboration with the African Union and the

AfCFTA Secretariat, PAPSS provides a centralised infrastructure for real-time, cross-border payments in local currencies. The system reduces the need for third-party currencies like the U.S. dollar, cuts transaction costs, and promotes financial inclusion across the continent.

Under the revised guidelines, individuals and businesses making low-value transactions, up to $2,000 and $5,000 respectively, can now rely on standard Know Your Customer (KYC) and Anti-Money Laundering (AML) documentation already provided to their banks. However, larger transactions will still require complete documentation as outlined in the CBN Foreign Exchange Manual and previous directives.

The circular also places responsibility on applicants to ensure they meet all regulatory requirements for the clearance of goods through relevant government agencies. Another key change is that authorized dealer banks can now source foreign exchange for PAPSS settlements directly from the Nigerian Foreign Exchange Market without going through the CBN.

In addition, all export proceeds repatriated via PAPSS must be certified by the processing banks involved.

The CBN urges all Nigerian banks to fully integrate PAPSS into their operations and begin originating transactions in line with the new framework. Exporters, importers, and individuals are encouraged to use the simplified procedures to expand their reach across African markets.■

BDC Operators Get Reminder on Regulatory Compliance

By: Bello Khadeejah

The Central Bank of Nigeria (CBN) has issued a formal reminder to all licensed Bureau de Change (BDC) operators, Deposit Money Banks (DMBs), and other financial institutions, reinforcing the imperative of full compliance with regulatory guidelines. The reminder was conveyed through two recent circulars published on the Bank's website and signed by Mr. Amonia Opusunju for the Director, Compliance Department.

The CBN highlighted its intensified measures to combat money laundering, terrorism financing, and other illicit financial activities. As part of these efforts, the Bank has commenced "mystery shopping" exercises, deploying anonymous compliance testers to assess the practical implementation of Anti-Money Laundering, Combating the Financing of Terrorism, and Counter-Proliferation Financing (AML/CFT/CPF) obligations by BDC operators nationwide.

According to the circular, these exercises are designed to complement existing supervisory activities, including routine and targeted examinations and spot checks. This initiative underscores the CBN's ongoing commitment to transparency and regulatory adherence within the financial sector.

Additionally, the Bank reminded all DMBs and other financial institutions of their obligations under applicable sanctions regimes. The CBN stressed that the effectiveness of sanctions compliance programmes must be regularly reviewed and aligned with current legal and regulatory requirements. The Bank cautioned that any breach of these obligations may attract enforcement actions or regulatory sanctions.

The CBN urged all financial institutions to review their compliance frameworks and strictly adhere to CBN directives and relevant laws. ■

NEED TO KNOW ABOUT THE NIGERIA FOREIGN EXCHANGE (FX) CODE *...Contd.*

PRINCIPLE 10: Market Participants should handle orders fairly, with transparency, and in a manner consistent with the specific considerations relevant to different order types.

Market Participants should be aware that different order types may have specific considerations for execution. For example:

Market Participants handling a client's Stop Loss Order should:

10.1 obtain from the client the information required to fully define the terms of a Stop Loss Order, such as the reference price, order amount, time period, and trigger;

10.2 disclose to clients whether risk management transactions may be executed close to a Stop Loss Order trigger level, and that those transactions may impact the reference price and result in the Stop Loss Order being triggered.

Indicative Examples of Unacceptable Practices:

10.3 trading or otherwise acting in a manner designed to move the market to the Stop Loss level; and

10.4 offering Stop Loss Orders on a purposefully loss-making basis.

Market Participants filling a client order, which may involve a partial fill, should:

10.5 be fair and reasonable based upon prevailing market circumstances, and any other applicable factors disclosed to the client, in determining if and how a client order is filled, paying attention to any other relevant policies;

10.6 make a decision on whether, and how, to fill a client order, including partial fills, and communicate that decision to the client as soon as practicable; and

10.7 fully fill client orders they are capable of filling within the parameters specified by the client, subject to factors such as the need to prioritise among client orders and the availability of the Market Participant's credit line for the Client at the time.

Market Participants handling a client's order to transact at a particular fixing rate (Fixing Order):

10.8 should understand the associated risks and be aware of the appropriate procedures;

10.9 should not, whether by collusion or otherwise, inappropriately share information or attempt to influence the exchange rate;

10.10 should not intentionally influence the benchmark fixing rate to benefit from the fixing, whether directly or in respect of any Client-related flows at the underlying fixing; and

Indicative Examples of Unacceptable Practices:

10.11 buying or selling a larger amount around the period rates are referenced for computation with the intent of manipulating the market price

10.12 buying or selling a larger amount than the client's interest within seconds of the fixing calculation window with the intent of inflating or deflating the price against the client;

10.13 buying or selling an amount shortly before a fixing calculation window such that there is an intentionally negative impact on the market price and outcome to the client;

10.14 showing large interest in the market during the fixing calculation window with the intent of manipulating the fixing price against the client;

10.15 informing others of a specific Client dealing at a fixing rate; and

10.16 acting with other Market Participants to inflate or deflate a fixing rate against the interests of a client. (See Principles 19 and 20 in Information Sharing for further guidance.)

Finally, Market Participants handling orders that have the potential to have a sizable market impact should do so with particular care and attention. For example, there are certain transactions that may be required in the course of business, such as those related to merger and acquisition activity, which could have a sizable impact on the market.

PRINCIPLE 11: A Market Participant should only pre-hedge client orders when acting as a Principal and should do so fairly and with transparency.

Pre-hedging is the management of the risk associated with one or more anticipated client orders, designed to benefit the client in connection with such orders and any resulting transactions. Market Participants may pre-hedge for such purposes and in a manner that is not meant to disadvantage the client or disrupt the market. Market Participants should communicate their pre-hedging practices to their clients in a manner meant to enable clients to understand their choices as to execution.

11.1 In assessing whether pre-hedging is being undertaken in accordance with the principles above, a Market Participant should consider prevailing market conditions (such as liquidity) and the size and nature of the anticipated transaction.

11.2 While undertaking pre-hedging, a Market Participant may continue to conduct ongoing business, including risk management, market making, and execution of other client orders. When considering whether pre-hedging is being undertaken in accordance with the principles above, pre-hedging of a single transaction should be considered within a portfolio of trading activity, which takes into account the overall exposure of the Market Participant.

PRINCIPLE 12: Market Participants should not request transactions, create orders, or provide prices with the intent of disrupting market functioning or hindering the price discovery process.

Market Participants should not engage in trading strategies or quote prices with the intent of hindering market functioning or compromising market integrity. Such strategies include those that may cause undue latency, artificial price movements, or delays in other Market Participants' transactions and result in a false impression of market price, depth, or liquidity. Such strategies also include collusive and/or manipulative practices, including but not limited to those in which a trader enters a bid or offer with the intent to cancel before execution (sometimes referred to as "spoofing," "flashing." or "layering") and other practices that create a false sense of market price, depth, or liquidity (sometimes referred to as "quote stuffing" or "wash trades"):

12.1 Market Participants providing quotations should always do so with a clear intent to trade. Prices provided for reference purposes only should clearly be labelled as such;

12.2 Market Participants should give appropriate consideration to market conditions and the potential impact of their transactions and orders. Transactions should be conducted at prices or rates based on the prevailing market conditions at the time of the transaction. Exceptions to this, such as historical rate rollovers, should be covered by internal compliance policies; and

12.3 without limitation, Market Participants handling Client orders may decline a transaction when there are grounds to believe that the intent is to disrupt or distort market functioning. Market Participants should escalate as appropriate.

PRINCIPLE 13: Market Participants should understand how reference prices, including highs and lows, are established in connection with their transactions and/or orders.

This understanding should be supported by appropriate communication between the parties, which may include disclosures. In the event that a third-party pricing source is an input in establishing this reference price, both parties should understand how that pricing measure is determined and what the contingency arrangements are in the event that the third-party pricing is unavailable.

PRINCIPLE 14: The markup applied to client transactions by Market Participants acting as Principal should be fair and reasonable.

Markup is the spread or charge that may be included in the final price of a transaction in order to compensate the Market Participant for a number of considerations, which might include risks taken, costs incurred, and services rendered to a particular Client.

Market Participants should promote transparency by documenting and publishing a set of disclosures regarding their FX business that, among other things:

14.1 makes it clear to clients that their final transaction price may be inclusive of mark up;

14.2 makes it clear to clients that different clients may receive different prices for transactions that are the same or similar;

14.3 help clients understand the determination of mark up, such as by indicating the factors that may contribute to the mark up (including those related to the nature of the specific transaction and those associated with the broader Client relationship, as well as, any relevant operating costs); and

14.4 discloses to clients how any markup may impact the pricing and/or execution of any order linked to or triggered at a specific level. Banks should have policies and procedures that enable personnel to determine an appropriate and fair markup. These policies and procedures should include, at a minimum:

14.5 guidance that prices charged to clients should be fair and reasonable considering applicable market conditions and internal risk management practices and policies; and

14.6 guidance that personnel should always act honestly, fairly, and professionally when determining mark up, including not misrepresenting any aspect of the mark up to the client. Market Participants should have processes to monitor whether their markup practices are consistent with their policies and procedures, and with their disclosures to clients. Markup should be subject to oversight and escalation within the Market Participant.

PRINCIPLE 15: Market Participants should identify and resolve trade discrepancies as soon as practicable to contribute to a well-functioning FX Market.

15.1 Market Participants should have effective policies and procedures designed to minimise the number of trade discrepancies arising from their FX market activities and should manage such discrepancies promptly.

PRINCIPLE 16: Market Participants providing algorithmic trading or aggregation services to clients should provide adequate disclosure regarding how they operate.

Market Participants may provide clients with algorithmic trading services that use computer programs applying algorithms to determine various aspects, including price and quantity of orders.

Market Participants may also provide aggregation services to clients, services that provide access to multiple liquidity sources or execution venues and that may include order routing to those liquidity sources or venues.

Market Participants providing algorithmic trading or aggregation services to clients should disclose the following:

16.1 a clear description of the algorithmic execution strategy or the aggregation strategy and sufficient information to enable the client to evaluate the performance of the service, in a manner that is consistent with appropriate protection of related confidential Information.

16.2 whether the algorithm provider or the aggregation service provider could execute as Principal;

16.3 the fees applicable to the provision of the services;

16.4 in the case of algorithmic trading services, general information regarding how routing preferences may be determined; and

16.5 in the case of aggregation services, information on the liquidity sources to which access may be provided.

16.6 Market Participants providing algorithmic trading or aggregation services should disclose any conflicts of interest that could impact the handling of any Client order (for example, arising from their interaction with their own principal liquidity, or particular commercial interests in trading venues or other relevant service providers) and how such conflicts are addressed.

16.7 Market Participants providing algorithmic trading services to Clients are encouraged to share disclosure information in a market-wide standardised format.

Information sharing is by aligning with the structure of the GFXC's FX Algo Due Diligence Template where appropriate, to allow clients to more easily compare and understand the services. Such disclosure information should be easily available to both existing and prospective clients through sharing bilaterally or made available publicly on the provider's website.

Market Participants providing algorithmic trading or aggregation services should provide services that perform in the manner disclosed to the Client.

To be Continued...

FREQUENTLY ASKED QUESTIONS (FAQs) ON THE BANKING SECTOR RECAPITALIZATION PROGRAMME 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 year2030. 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:

Type of Bank	Authorisation	Minimum Capital (N' Billion)
Commercial	International	500
	National	20
	Regional	50
Merchant	National	50
Non-interest	National	20
	Regional	10

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 1st of April 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.

9. What factors did the CBN consider in determining the new minimum capital requirements?
The CBN assessed various factors in determining the appropriate level of the minimum capital requirements. These include: a. Risk profile of banks; b. Global and domestic headwinds and their potential impact on banks' balance sheets; c. Impact of inflation. d. Stress tests of banks' balance sheets, to gauge their resilience to absorb current and unexpected shocks.

10. Given that significant funds will be received from various investors in the course of the recapitalization exercise, how will the CBN ensure that illicit funds are not used for the purpose of recapitalization of banks?
The CBN has robust anti-money laundering regulations which will be strictly enforced, with the active collaboration of relevant law enforcement agencies. In addition, the CBN will require all banks to ensure that appropriate and effective anti-money laundering screening/checks (Know Your Customer, Customer Due Diligenceand Suspicious Transactions Monitoring, etc) are conducted.

11. Given that new investors may own shares in banks as a result of this Programme, will the CBN ensure that only fit and proper persons are approved as significant shareholders of banks?
There shall be strict enforcement of Fit and Proper checks for all prospective and significant shareholders as well as directors and senior management staff of banks.

12. How are banks expected to raise or meet the required capital?
Banks may meet the new requirement through the following options:
a. Issuance of new common shares (by way of public offer, rights issues, or private placements); b. Mergers and Acquisitions (M&As); or c. upgrade/downgrade of their respective license category or authorization. The CBN will issue guidelines to prescribe the definition, options, and approaches to meeting the new minimum capital requirement.

13. What is the role of the CBN in managing the recapitalization process?
The CBN will actively monitor and supervise the recapitalization process to ensure compliance with set guidelines. This will involve the conduct of on- and off-site reviews, verification of capital, periodic interventions when necessary, and broader stakeholder engagements.

14. How will the CBN ensure the protection of depositors during the Program?

The CBN, in collaboration with the Nigeria Deposit Insurance Corporation (NDIC), will ensure that depositors' interests are protected during the Programme. The CBN will enhance its monitoring and supervisory oversight over the banks and will apply appropriate sanctions for violations of extant laws and regulations as well as ensure the protection of depositors' interests.

15. In the event of a merger or acquisition, how will depositors be affected?

In a merger or acquisition scenario, depositors' accounts and funds will remain secure. The acquiring institution will assume responsibility for all liabilities and obligations, including the protection of depositors.

16. How can the public stay informed about the progress of the programme?
The public can stay informed about the progress of the Programme by monitoring communications from the CBN, through its official website (www.cbn.gov.ng), social media handles and othercommunication channels.

17. What are the consequences if a bank fails to meet the new capital requirements?
The CBN remains optimistic that all banks will comply with the new capital requirements and will constantly engage banks on the status of execution of their respective implementation plans. In the event of non-compliance with the new capital requirements at the expiry of the transition timeline, the CBN will take appropriate steps in line with the provisions of relevant laws and regulations to sustain confidence in the banking system.

DID YOU KNOW

That the Nigerian FX Code has a set of 52 Principles? *...Contd*

Here are PRINCIPLES 46 - 52:

- **PRINCIPLE 46: Market Participants should be aware of the particular confirmation and processing features specific to life cycle events of each FX product.**
  Market Participants should establish clear policies and procedures for the confirmation, exercise, and settlement of all FX products in which they transact, including those with unique features.

- **PRINCIPLE 47: Market Participants should properly measure, monitor and control their Settlement Risk equivalently to other counterparty credit exposures of similar size and duration.**
  Where PVP settlement is not used, settlement risk should be properly measured, monitored and controlled.

- **PRINCIPLE 48: Market Participants should utilise Standing Settlement Instructions (SSIs).**
  SSIs for all relevant products and currencies should be in place, where practicable, for counterparties with whom a Market Participant has a trading relationship.

- **PRINCIPLE 49: Market Participants should request Direct Payments.**
  Market Participants should request direct payments when conducting FX transactions and recognise that third-party payments may significantly increase operational risk and potentially expose all parties involved to money laundering or other fraudulent activity.

- **PRINCIPLE 50: Market Participants should have adequate systems in place to allow them to project, monitor, and manage their intraday and end-of-day funding requirements to reduce potential complications during the settlement process.**
  Market Participants should appropriately manage their funding needs and ensure that they are able to meet their FX payment obligations on time.

- **PRINCIPLE 51: Market Participants should perform timely account reconciliation processes.**
  Market Participants should conduct a regular reconciliation process to reconcile expected cash flows against actual cash flows on a timely basis.

- **PRINCIPLE 52: Market Participants should identify settlement discrepancies and submit compensation claims in a timely manner.**
  Market Participants should establish procedures for detecting non-receipt of payments, late receipt of payments, incorrect amounts, duplicate payments, and stray payments and for notifying appropriate parties of these occurrences.

Central Bank of Nigeria