CBN UPDATE

Central Bank of Nigeria

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CBN Launches Nigerian Foreign Exchange (FX) Code

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CBN UPDATE EDITORIAL CREW

LETTERS TO THE EDITOR

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Editor's Note

January marks the beginning of a new year, bringing fresh aspirations and renewed determination. It is a time for reflection, setting new goals, and embracing the opportunities that lie ahead. As we return recharged for the new year, we are all expected to bring renewed energy, innovation, and commitment to our roles. For Nigeria's economic landscape, this period presents another chance to reinforce stability, transparency, and growth, with the Central Bank of Nigeria (CBN) taking deliberate steps to strengthen the financial system.

A major development this month is the launch of the Nigerian Foreign Exchange (FX) Code, aimed at reinforcing ethical standards in the forex market. Currency volatility and speculative trading have posed significant challenges, but this initiative promotes accountability among authorized dealers. Financial experts and bankers have welcomed the move, seeing it as essential for restoring confidence in the foreign exchange market.

The CBN is also enforcing compliance with financial regulations. Sanctioning banks that failed to dispense cash through ATMs during the festive season reflects its commitment to efficient financial service delivery. Similarly, the suspension of export proceeds repatriation extensions underscores the need to streamline forex liquidity and stabilize the naira. Additionally, the introduction of the Non-Resident Nigerian (NRN) accounts provides structured investment channels for Nigerians abroad.

The National Bureau of Statistics (NBS) plans to rebase the Gross Domestic Product (GDP) and Consumer Price Index (CPI) to accurately reflect Nigeria's economy. This update will help policy makers make more informed decisions. On the global stage, concerns over central bank independence are growing, with the European Central Bank (ECB) highlighting the risks of political interference in monetary policy.

Across Africa, the Africa Energy Summit's Mission 300 initiative aims to connect 300 million Africans to electricity by 2030. This effort presents significant opportunities for Nigeria, as improved energy access will boost industries and households.

The CBN remains committed to fostering a resilient financial system. This is evident from its actions of waiving license renewal fees for Bureau De Change (BDC) operators to facilitating direct local government allocations and increasing remittance inflows.

The CBN is not just responding to economic challenges but actively shaping a more transparent and inclusive economy and CBNUPDATE is here to keep you informed as the policies unfold.

Welcome to an edition filled with insights into Nigeria's financial transformation.■

Hakama Sidi Ali
Editor-in-Chief

CBN Launches Nigerian Foreign Exchange (FX) Code

By: Louisa Okaria

L-R: DG, Financial Systems Stability, Mr. Philip Ikeazor; DG, Operations, Dr. Mohammed Bello; CBN Governor, Mr. Olayemi Cardoso; DG, Corporate Services, Ms. Emem Usoro; and DG, Economic Policy, Mr. Muhammad Sani Abdullahi at the Nigerian FX Code Launch at the CBN Head office, Abuja.

The Central Bank of Nigeria (CBN) has launched the Nigerian Foreign Exchange (FX) Code, a critical step in fostering ethical practices and professionalism in the Nigerian Foreign Exchange Market. This Code serves as a comprehensive guideline aimed at ensuring transparency, integrity, and accountability among Authorised Dealers, thereby strengthening the operational framework of the foreign exchange market .

The FX Code represents the CBN's commitment to upholding global best practices in foreign exchange transactions and promoting a stable financial ecosystem. By introducing this Code, the Bank aims to instil confidence among stakeholders, including financial institutions, investors, and the public, while enhancing the credibility of Nigeria's financial markets on the global stage.

The official launch took place on Tuesday, January 28, 2025, at the CBN Head Office Auditorium in Abuja. This significant occasion gathered key players in the banking and finance industry, regulatory bodies, and other stakeholders to discuss the Code's implications and its role in transforming the FX landscape.
With the implementation of the Nigerian FX Code, the CBN reiterates its dedication to promoting ethical conduct, ensuring fair practices, and driving sustainable growth within the financial sector.■

NEWS ANALYSIS

What Experts, Bankers Say About CBN FX Code

By: Ali Abubakar

The Central Bank of Nigeria (CBN) recently unveiled the Nigerian FX Code, a comprehensive set of principles designed to foster ethical practices and professionalism in

CBN Governor, Mr. Olayemi Cardoso (middle), flanked by his deputies and industry leaders at the FX Code Launch.

the foreign exchange market.

At a panel discussion held during the launch, industry leaders, including Managing Director of the Guaranty Trust Bank, Miriam Olusanya; Managing Director of the First Bank, Olusegun Alebiosu; President of the Financial Markets Dealers Association (FMDA), Nadia Zakari; and Special Adviser to the CBN Governor on Compliance, Shola Philips, shared insights on the significance of the Code.

Moderated by Special Adviser to the CBN Governor on Financial Markets, Mr. Zeal Akaraiwe, the discussion highlighted the Code's role in minimising discretion and ensuring uniform ethical standards in the market. Mr. Akaraiwe emphasised that the Code establishes clear expectations to prevent past issues of abuse due to inconsistent interpretations of ethics.

On her part, Nadia Zakari described the FX Code as a framework for minimum standards that authorised dealers must embed into their daily operations. She stressed the importance of regular training and accountability, acknowledging resistance to change as a key challenge. She also highlighted the need for real-time monitoring systems and robust compliance mechanisms to ensure adherence.

Speaking during the discussion, the Managing Director of Guaranty Trust Bank, Miriam Olusanya, lauded the introduction of the B-Match platform for its role in improving transparency and enabling real-time access to price quotes and transactions. She noted that this transparency fosters integrity in the market and reduces information asymmetry. Olusanya also emphasised leadership's role in setting the tone for ethical behaviour, which must cascade from boards to market operators.

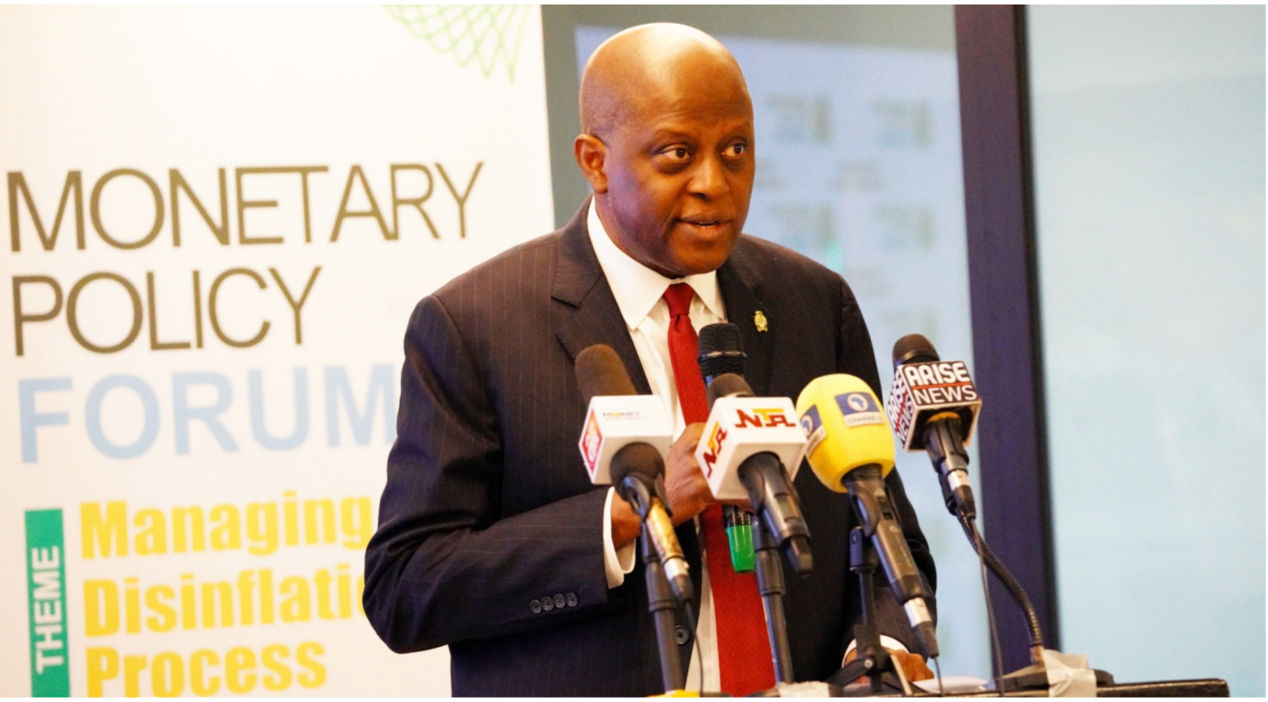
Olusegun Alebiosu on his part, emphasised the need for a cultural shift within the market. He called for comprehensive retraining of treasury and compliance teams and the adoption of self-assessments and compliance plans to address gaps.

While agreeing with other speakers, Shola Philips reinforced that compliance is a collective responsibility, stressing the importance of conflict-of-interest policies, segregation of duties, and collaborative efforts between banks and regulators.

The panellists collectively agreed that the Code is a vital step toward restoring professionalism, trust, and global competitiveness in Nigeria's foreign exchange market. With consistent policies, robust training, and commitment from all stakeholders, the FX Code is expected to drive the market toward greater transparency and sustainability. ■

Inflation: Gov Cardoso Pushes for Coordinated Action

By: Aisha Sadiq



CBN Governor, Mr. Olayemi Cardoso addressing participants at the Forum.

The Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso, has said that managing disinflation amid persistent economic shocks requires robust policies and coordinated actions between fiscal and monetary authorities to anchor expectations and maintain investor confidence.

He stated this while opening the 2025 Monetary Policy Forum, held on Thursday, January 30, 2025, at Fraser Suites, Abuja, with the theme: "Managing the Disinflation Process".

Addressing participants at the forum, which attracted Ministers, the private sector, development partners, and academia, among others, Mr. Cardoso noted that the CBN's goal was to ensure that monetary policy remains forward-looking, adaptive, and resilient. According to him, collaboration remains key to success. Hence, policymakers, the private sector, and civil society must collaborate to drive meaningful change.

Further, he said, "Our focus must remain on price stability, the planned transition to an inflation-targeting framework, and strategies to restore purchasing power and ease economic hardship." While listing the efforts made by the CBN to curb inflation and stabilise the economy in the past year, he said the Bank would continue its disciplined approach to monetary policy.

"As we shift from unorthodox to orthodox monetary policy, the CBN remains committed to restoring confidence, strengthening policy credibility, and staying focused on its core mandate of price stability," he stated.

Mr. Cardoso further noted that the reforms and developments under his watch reflect the Bank's commitment to creating an enabling environment for inclusive economic development. However, achieving macroeconomic stability requires sustained vigilance and a proactive monetary policy stance.

In his welcome address, the Deputy Governor, Economic Policy, Mr. Mohammed Sani Abdullahi, noted that the forum served as a vital platform for engaging stakeholders, managing expectations, and ensuring monetary policy decisions are well understood and effectively implemented.

Speaking on the theme, Mr. Abdullahi stressed that inflation remained one of the most pressing challenges confronting economic policy makers and society.

Goodwill messages were delivered by the Minister of Finance and Coordinating Minister of the Economy, Mr. Wale Edun; Minister of Budget and Economic Planning, Alhaji Atiku Bagudu; Minister of Industry, Trade, and Investment, Mrs. Jumoke Oduwole; and the Minister of State for Finance, Dr. Doris Nkiruka Uzoka-Anite.

Others were the Chairman of the House of Representatives Committee on Banking and Ancillary Institutions, Hon. Eze Nwachukwu Eze, and Dr. Abdullateef Shittu, who represented the Chairman of the Nigerian Governors' Forum, Alhaji Rahman Abdulrazaq.

Key Highlights of the event were paper presentations on "Navigating the Disinflation Journey" by the International Monetary Fund (IMF) Representative, Christian Ebeke, moderated by the Deputy Governor, Operations, Dr. Bala Bello; and "Challenges to Disinflation: Lessons from Emerging and Developing Economies (EMDEs)" by Prof. Ahmadu Umaru Sanda of the Usman Dan Fodio University, Sokoto, which was anchored by the Deputy Governor, Corporate Services, Ms. Emem Usoro.

There was also a panel discussion, moderated by Deputy Governor, Financial System Stability, Mr. Philip Ikeazor, which focused on Appropriate Monetary Policy Measures for Effective and Efficient Disinflation and Achieving Disinflation Amidst Constrained Output Growth.

The 2025 Monetary Policy Forum reaffirmed the CBN's commitment to stabilising the economy, fostering investor confidence, and ensuring that monetary policies remain transparent and impactful. ■

CBN Suspends Extension of Export Proceeds Repatriation

By: Daba Olowodun

CBN Headquaters, Abuja.

The Central Bank of Nigeria (CBN) has declared a suspension of extensions on the repatriation of export proceeds for oil and non-oil exports. This directive, which took effect on January 8, 2025, was outlined in a circular issued by Dr. Williams Kanya, Acting Director of the Trade & Exchange Department on the Bank's website.

The suspension is in keeping with the provisions of Memorandum 10A (23a), and Memorandum 10B (20a) of the Foreign Exchange Manual Revised Edition (March 2018), which provide that export proceeds must be repatriated and credited to exporters' domiciliary accounts within specified time frames: 180 days for non-oil exports and 90 days for oil and gas exports from the bill of lading date.

CBNUPDATE gathered that this decision was driven by widespread non-compliance among exporters, some of whom had habitually sought repeated extensions for repatriation, often stretching over several years. The Bank emphasised that adherence to the existing regulations is critical to ensuring economic stability, particularly in reducing the pressure on the nation's foreign exchange reserves.

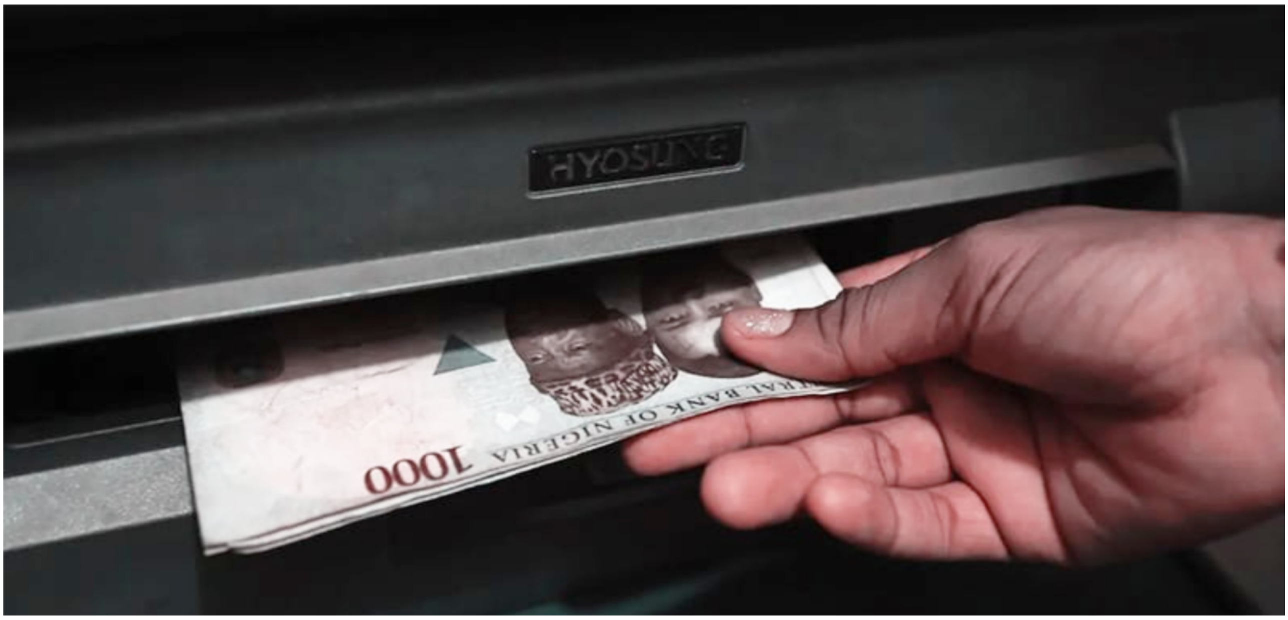
Consequently, the CBN has called on stakeholders in the export value chain, including exporters and their authorised dealer banks, to uphold the rules governing exportation. The regulator urged banks to educate their clients on the revised directive and ensure strict compliance to bolster the nation's economic health.

This move is part of broader efforts by the CBN to address challenges in Nigeria's foreign exchange market and to maintain financial discipline across the export sector. Exporters are advised to adjust their operations to align with the new directives to avoid potential penalties. ■

ATM Cash Disbursement: CBN Fines Non-Compliant Banks

By: Pearl Ogbonna

source:www.bing.com



ATM Machine

In line with its mandate to ensure a sound financial system and its strategic goal of repositioning operations for greater impact, the Central Bank of Nigeria (CBN) has sanctioned Deposit Money Banks (DMBs) for failing to dispense cash through their Automated Teller Machines (ATM) during the yuletide season. This reflects the Bank's commitment to compliance, accountability, and transparency, underscored by its zero-tolerance policy for non-compliance.

The intervention follows several cautions from the Bank to DMBs via its circular dated November 29, 2024, directing them to ensure efficient cash disbursement to customers over the counter (O-T-C) and through ATMs. This was followed by a circular dated December 13, 2024, stipulating the penalties for DMBs found culpable of inappropriate cash disbursement practices.

Following the breaches, the affected banks were fined N150 million each for non-compliance after spot checks were carried out at their ATMs. The banks include; Fidelity Bank Plc, First Bank Plc, Keystone Bank Plc, Union Bank Plc, Globus Bank Plc, Providus Bank Plc, Zenith Bank Plc, United Bank for Africa Plc, and Sterling Bank Plc.

The bold move underscores the Bank's commitment to ensuring confidence in the financial system and economic stability.

CBN Joins PMI's Prestigious Global Executive Council

By: Aisha Sadiq

Ag. Director, Strategy Innovation Management Department (SIMD) CBN, Mr. Eme Chimene Eleonu speaking at the event.

The Central Bank of Nigeria (CBN) has achieved a groundbreaking milestone as the first central bank in Africa to join the Global Executive Council (GEC), an exclusive group led by the Project Management Institute (PMI). This recognition underscores the Bank's commitment to project management excellence and global best practices.

This announcement was made at PMI's annual gathering and Onboarding of Project Managers, which took place recently, at the CBN Head Office Auditorium. The event brought together project managers from within and around the Bank to foster innovation and operational excellence in project management.

In his keynote speech, the Managing Director for PMI Sub-Saharan Africa, Mr. George Asamani, CAPM, commended the CBN for this significant achievement. He noted that the Bank's inclusion in the GEC reflected its unwavering commitment to continuous improvement and the adoption of world-class project management standards.

Earlier in his opening remarks, the Ag. Director, Strategy Innovation Management Department (SIMD) CBN, Mr. Eme Chimene Eleonu, expressed his delight at the recognition, emphasising that this milestone reinforced the Bank's dedication to efficiency, innovation, and strategic execution.

Also speaking at the event, the Head, Enterprise Portfolio Management Group (EPMG) at SIMD, Mrs. Bisi Toro-Popoola, reflected on the Bank's

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transformative journey and commended the resilience and commitment of team members in reaching this remarkable feat.

The GEC is a strategic alliance of organisations that recognise project management as a key business and economic success driver. By joining this elite network, the CBN positions itself at the forefront of global financial leadership, reinforcing its role as a pioneer in adopting international best practices.

Ag. Director, Strategy Innovation Management Department (SIMD) CBN, Mr. Eme Chimene Eleonu (middle) with some of the onboarded Managers

License Renewal Fee for BDCs Waived

By: Ogochukwu Ikeagwuonu

Central Bank of Nigeria

The Central Bank of Nigeria (CBN) has announced a significant move to ease the financial burden on Bureau De Change (BDC) operators by waiving the 2025 non-refundable annual license renewal fee. This decision, highlighted in a circular dated January 24, 2025, is part of CBN's broader efforts to stabilise and streamline operations in the country's foreign exchange market.
CBNUPDATE gathered that the waiver is particularly significant as it aligns with the CBN's updated Regulatory and Supervisory Guidelines for Bureau De Change Operations in Nigeria, which was introduced in 2024. The aim is to help BDCs transition smoothly into the new structure, enabling them to allocate resources to comply with the revised guidelines.

However, for BDCs that have already paid their 2025 license renewal fees, the CBN has advised them to apply to the Director, Financial Policy and Regulation Department, Central Bank of Nigeria, for a refund to the account from which the payment was made.

This move is seen as part of the CBN's ongoing efforts to foster transparency, efficiency, and stability within the foreign exchange sect.

Non-Resident Nigerians Get Remittances Account

By: Pearl Ogbonna

The Central Bank of Nigeria (CBN) has introduced the Non-Resident Nigerian Ordinary Account (NRNOA) and Non-Resident Nigerian Investment Account (NRNIA), respectively, to provide non-resident Nigerians with a platform to remit their foreign earnings to Nigeria, manage funds, and invest in Nigerian assets in foreign and local currencies.

This was announced via a circular dated January 10, 2025, and signed by the Acting Director, Trade and Exchange Department (TED), CBN, Dr. Williams Kanya. The circular reveals that the NRNOA enables Non-Resident Nigerians (NRNs) to remit their foreign earnings to Nigeria and manage funds in both foreign and local currencies. In contrast, the NRNIA enables Non-Resident Nigerians (NRNs) to invest in assets in Nigeria either in local or foreign currency.

Notably, account holders may maintain both local currency accounts and/or foreign currency accounts to facilitate transactions and participate in diverse investment opportunities. This welcome development will avail NRNs with improved access to opportunities in the Nigerian economy and increased contribution of diaspora community to the socio-economic development of Nigeria. CBNUPDATE learnt that the account will also serve as a conduit for NRNs to manage their funds directly in a safe and secure environment and reduce their reliance on third parties in meeting local commitments and obligations.

The Bank further disclosed the framework for the operation of NRNOA and NRNIA, where it stated the eligibility criteria and documentation requirements, amongst others. For the sake of clarity, foreign income remittances that can be deposited include salaries, allowances, dividends and rental income to meet personal expenses such as family maintenance, education, healthcare, and other day-to-day needs in Nigeria, ensuring convenience and ease of use. Similarly, investments in Nigerian financial markets and instruments include both foreign currency (FCY) investments like FCY domestic bonds, fixed FCY deposits, and local currency investments like equities, government securities and mortgage products. Furthermore, digital platforms will be utilised to facilitate seamless onboarding and Know-Your-Customer (KYC) updates.

Stakeholders are called to note that effective from January 1, 2025, NRNs can own any of the Non-Resident Nigerian accounts, subject to meeting KYC requirements. This policy is without prejudice to Memorandum 17 of the CBN Foreign Exchange Manual (2018). Furthermore, all enquiries can be addressed to the Director, Trade and Exchange Department, Central Bank of Nigeria Head Office, Abuja, Nigeria.■

IMTO Inflows Rise by 63.7%

By: Bello Khadeejah

International Money Transfer Operator (IMTO) inflows for the first nine months of 2024 increased by a noteworthy 63.7 per cent. According to the Central Bank of Nigeria's (CBN) most recent quarterly data bulletin, between 2023 and 2024, inflows increased from \$2.33 billion to \$3.82 billion. This is attributable to a number of focused changes implemented under the direction of the CBN Governor, Mr. Olayemi Cardoso.

Despite minor wavering, a month-over-month examination of 2024 data showed a generally positive trend in remittance inflows. From January to September the inflow of \$336.61m, reflected a 40.9 per cent rise from \$238.98m in September 2023.

Simplifying procedures, onboarding additional IMTOs, and strengthening efforts to guarantee a rise in the supply of foreign currencies are some of the CBN's initiatives, which have contributed to the boost in international remittances.

The task force, which reports directly to the CBN Governor, has fostered competition among IMTOs, engaged with the Nigerian diaspora, and improved transparency in foreign exchange transactions.

The Bank's reforms have also streamlined operational processes, onboarded more IMTOs, and enhanced measures to boost the supply of foreign currency.

The significant rise in remittance inflows shows that these actions have clearly been successful. Nigeria's economy depends on this increase in remittance inflows, which supports household income and provides much-needed foreign exchange. ■

Ovia Commends CBN's FX Code

By: Ali Abubakar

The Chairman, Zenith Bank Plc, Jim Ovia, speaking during the Foreign Exchange (FX) Code launch at the CBN Head Office in Abuja.

Jim Ovia, Chairman of Zenith Bank Plc, praised the Central Bank of Nigeria (CBN) for launching the Foreign Exchange (FX) Code at a recent event in Abuja.

Speaking at the CBN headquarters, Ovia highlighted the code's potential to bring transparency and stability to Nigeria's financial sector, addressing past challenges caused by the lack of a structured FX framework.

He commended the CBN Governor, Mr. Olayemi Cardoso for his leadership, noting Cardoso's deep industry expertise and ability to drive impactful reforms.

Ovia expressed optimism that the FX Code marks the beginning of a new era of regulatory progress, unlocking economic opportunities for Nigeria.

The event underscored broad stakeholder support for the initiative, signaling a step toward a more efficient FX market. ■


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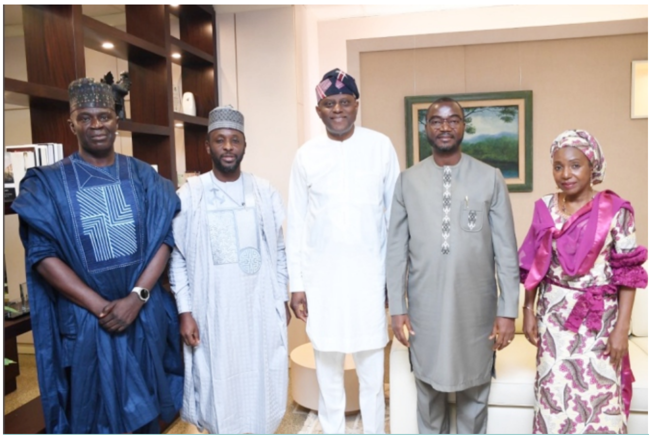
* Handle the Naira with care
* Preserve its Integrity for a Stronger NAIRA
* Go Cashless, Go Seamless
* Adopt Alternative Payment Channels Today!
Central Bank of Nigeria - Promoting Proper Banknote Handling Habits & Driving a Cashless Economy.

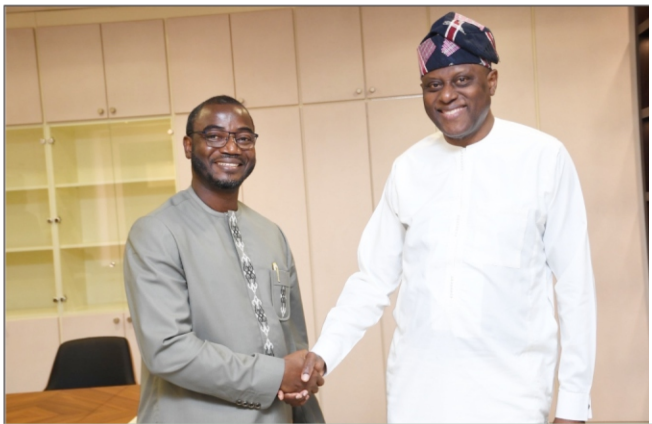
STRATEGIC ENGAGEMENTS

CBN Management Team at the FX Code Launch in Abuja.

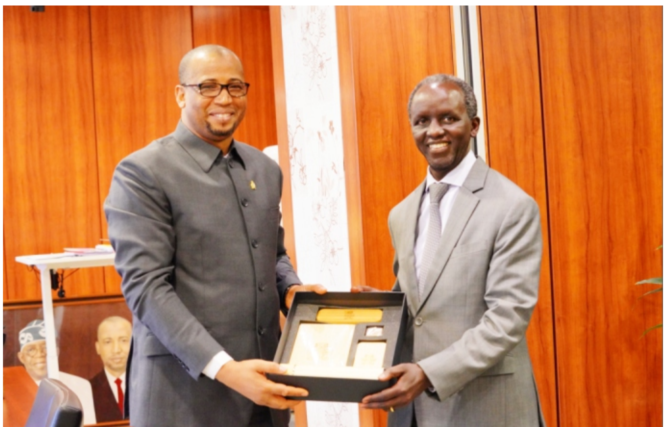
Management and staff of CBN at the FX Code Launch.



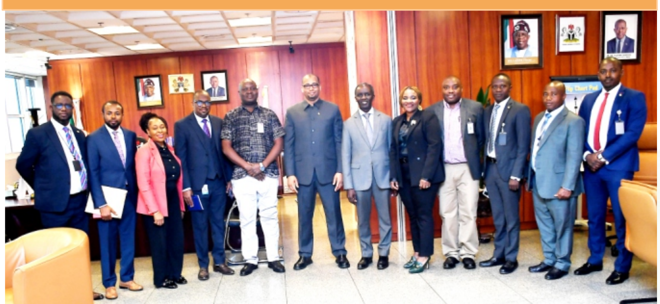
CBN Governor, Mr. Olayemi Cardoso (middle); DG, EP, Mr. Muhammad Sani Abdullahi (2nd from left); Director General, West African Monetary Agency (WAMA), Boima S. Kamara (2nd right); and CBN Executives during a courtesy visit to the CBN Governor in Abuja.



Governor, Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso, in a warm handshake with the Director General, West African Monetary Agency (WAMA), Boima S. Kamara, when the latter paid a courtesy visit to the CBN Head office in Abuja.



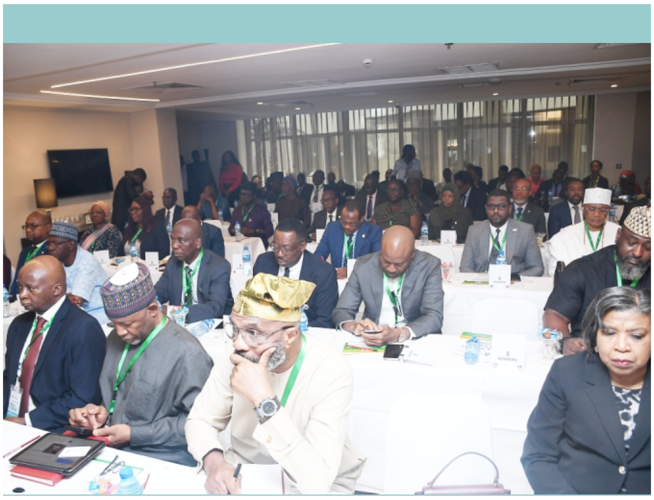
Dr. Bala Mohammed Bello, DG, Operations, receiving a gift from Mr. John Chemonges, Executive Director of the Bank of Uganda during a courtesy visit to the CBN Head Office in Abuja.



CBN Team with the delegation from the Bank of Uganda.

STRATEGIC ENGAGEMENTS

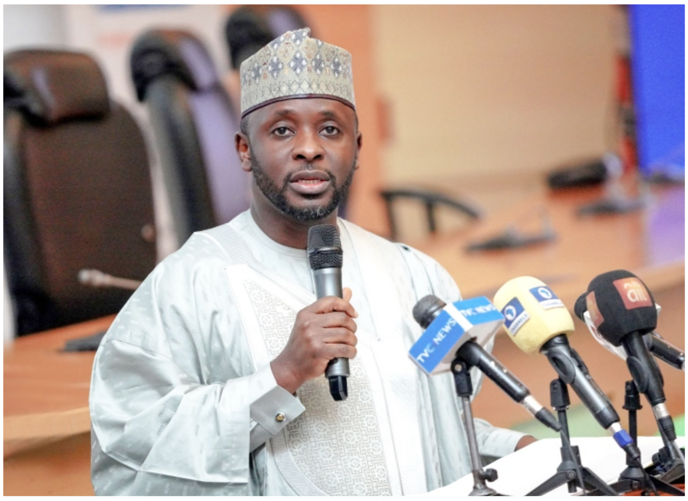
A group photograph of the CBN Governor, Mr. Olayemi Cardoso (middle) with dignitaries at the 2025 Monetary Policy Forum held in Abuja.



Cross section of participants at the Monetary Policy Forum.

CBN Governor (middle) and his deputies at the Monetary Policy Forum.

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



Deputy Governor, Economic Policy, CBN, Mr. Muhammed Sani Abdullahi delivering a keynote speech at the Youth Action Event held at the CBN Head Office, Abuja.

Cross section of dignitaries at the Youth Action Event.

GLOBAL TIT BITS

World Bank Predicts 3.5% Growth for Nigeria

By: Blessing Uzoagbado

source:www.bing.com

The World Bank has projected that Nigeria's economy will grow by 3.5 per cent in 2025, signaling cautious optimism. This projection, which was highlighted in the Bank's latest Global Economic Prospects report, reflects potential improvements in key sectors, including agriculture, manufacturing, and technology.

The report noted that Nigeria's economy has shown resilience despite challenges such as high inflation, foreign exchange pressures, and fiscal deficits. The World Bank attributed the growth outlook to expected reforms in critical areas, such as energy and public finance, increased foreign investment, and efforts to stabilize the country's exchange rate.

Also, the government's focus on boosting domestic production and improving infrastructure was cited as a key driver for the projected growth. Sectors like agriculture, which employ a significant portion of the population, are expected to benefit from policy reforms and increased private-sector involvement.

While the 3.5 per cent growth projection is promising, the World Bank warned that structural issues such as high unemployment, insecurity, and inflation could dampen growth. Nigeria's inflation rate, which has remained in double digits for years, continues to erode household purchasing power, affecting millions of Nigerians.

Furthermore, the World Bank recommended urgent reforms, including enhancing revenue collection, addressing power supply issues, and ensuring fiscal transparency to sustain growth.

CBNUPDATE gathered that the projected growth for Nigeria is above the average for Sub-Saharan Africa, which the World Bank expects to grow by 3.0 per cent in 2025. However, the report also highlighted the risks posed by global economic uncertainties, including fluctuating oil prices, which remain a major source of revenue for Nigeria.

In response to the report, Nigeria's Minister of Finance, Mr. Wale Edun, expressed optimism, stating that the projection reflects the government's ongoing efforts to strengthen the economy. “We are committed to creating an environment that supports sustainable growth and attracts investments. This forecast shows that we are on the right track,” the Minister said.

The World Bank's forecast serves as both encouragement and a call to action for Nigeria to address its economic challenges. As the country continues to diversify its economy and implement critical reforms, achieving and possibly exceeding this growth rate could be within reach.

For millions of Nigerians, a 3.5 per cent growth rate represents hope for better economic opportunities and an improved standard of living. However, achieving this target will require concerted efforts from both the government and private sector to address the country's longstanding structural challenges. ■

GLOBAL TIT BITS

ECB President Warns of Threats to Central Bank Independence

By: Ogochukwu Ikeagwuonu

source:www.bing.com

The President, European Central Bank (ECB), Christine Lagarde.

The President of the European Central Bank (ECB), Christine Lagarde, has issued a warning about the growing challenges to central bank independence worldwide. She highlighted that increased political influence could erode the ability of central banks to control inflation, potentially leading to greater economic instability.

"While recent research indicates that central bank independence has never been more widespread than it is today, there is no question that the autonomy of central banks is being increasingly questioned in several parts of the world," Lagarde stated during her address at a Hungarian Central Bank conference in Budapest recently.

At the same event, Slovakia's Central Bank Governor, Peter Kazimir, emphasised that independence is not simply a matter of declaration; it requires careful management. "Independence is not something you just assert, it's something you need to manage, and that management is going to become more challenging going forward," Kazimir remarked. He also pointed out that recent interest rate hikes by central banks to combat inflation had restricted government spending, which, coupled with soaring prices, has squeezed real incomes. He noted, "Finance ministers and central bank governors are not on the same side, and the temptation to blame each other is strong, particularly when inflation is so high."

Lagarde further cautioned that increasing political interference could trigger a "vicious circle," wherein central bank decisions become more susceptible to external influence. This could intensify macroeconomic volatility and hinder central banks' efforts to maintain price stability, sparking concerns that central banks may struggle to meet their primary goals if their independence continues to erode.■

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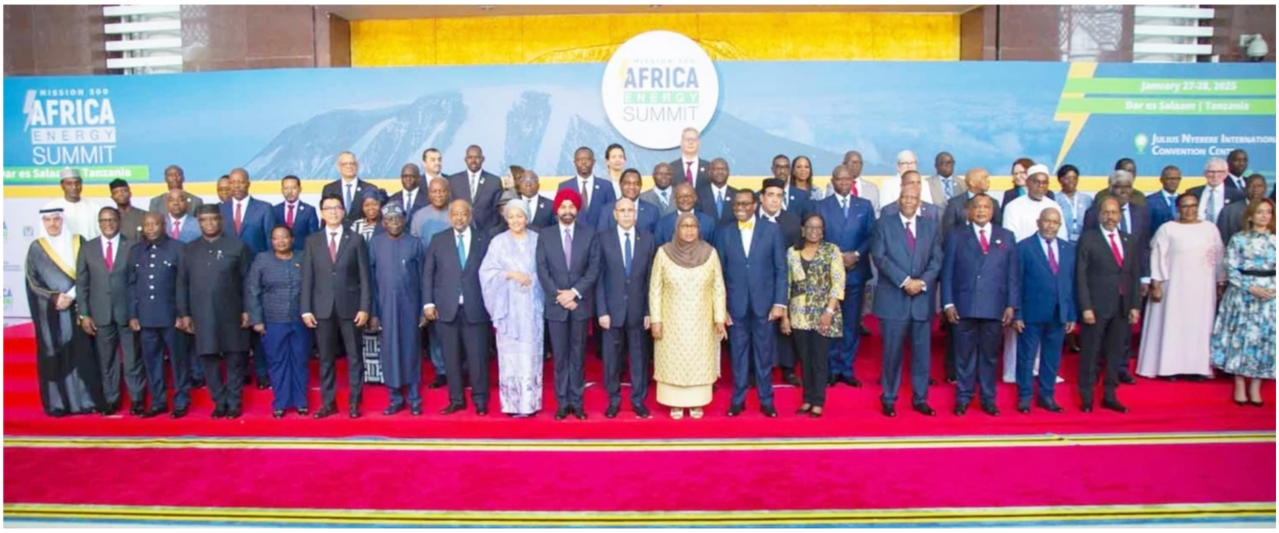
GLOBAL TIT BITS

Africa Energy Summit: Mission 300 to Connect Africans by 2030

By: Ogochukwu Ikeagwuonu



source:www.bing.com

African Heads of State and other dignitaries at the Summit

In a bold step to address Africa's persistent energy crisis, the World Bank (WB) and the African Development Bank (AfDB) have convened an Africa Energy Summit to advance an ambitious plan to deliver electricity to 300 million Africans by 2030. The event, which took place recently in Dar es Salaam, Tanzania, brought together African Heads of State, development partners, philanthropies, and private sector leaders to advance Mission 300 – a groundbreaking initiative to scale energy access and accelerate the continent's clean energy transition.

Speaking at a media briefing, the World Bank Director of Infrastructure for West Africa, Franz Drees-Gross, stated, "The time to act is now, hence, Mission 300 represents not just an ambitious target but a movement. We are creating a lasting impact that will power Africa's growth and enable millions of people to access the essential services electricity provides."

While, the African Development Bank's Director for Renewable Energy and Energy Efficiency, Mr. Daniel Schroth, has stressed the urgency of implementation and noted that the summit will commit to ambitious reforms and actions to expand access to reliable, affordable, and sustainable electricity to 300 million people in Africa by 2030. "It's a tight journey because 2030 is only five years away and we have to deliver, not expected connections, but actual connections to 300 million by 2030," he emphasised.

Mission 300 is a collaboration between the African Development Bank, the World Bank Group, and global partners to address Africa's electricity access gap using new technology and innovative financing. Mission 300's strategy encompasses both traditional grid expansion and innovative off-grid solutions to reach remote communities.

It would be recalled that the World Bank Group and the African Development Bank launched the initiative in April 2024. The partnerships forged, and commitments made at the two-day summit were hoped to shape Africa's journey toward achieving universal energy access, transforming millions of lives, and driving sustainable development and job creation.

The summit drew over 1,000 participants from across Africa, Nigeria inclusive, marking a crucial milestone in the continent's journey toward universal access to energy. ■

NBS to Rebase GDP

By: Mukhtar Maigamo

NATIONAL BUREAU OF STATISTICS

source:www.bing.com

The National Bureau of Statistics (NBS) has announced its decision to rebase both the Gross Domestic Product (GDP) and the Consumer Price Index (CPI), stating that the move is long overdue in light of the current economic landscape. This announcement was made during a sensitisation workshop on GDP and CPI rebasing, organised by the Nigerian Economic Summit Group (NESG) and NBS in Lagos.

The NBS emphasised that, given the country's present economic realities, it was high time for the rebasing of Nigeria's GDP. The agency confirmed that the updated GDP and CPI data would be revealed by the end of January 2025. It also highlighted the importance of accurately capturing growth and recession trends to provide deeper insights into Nigeria's economic situation.

GDP represents the total market value of goods and services produced within a country over a specific period, offering a snapshot of overall economic activity. The CPI, on the other hand, tracks changes taken together with price level, serving as a key macroeconomic indicator.

In October 2024, NBS announced that it was working to rebase the GDP and CPI to better reflect current economic conditions. The last GDP rebase was conducted in 2014, using 2010 as the base year, while the CPI was last rebased in 2009.

For the new GDP rebase, the NBS has selected 2019 as the base year, noting that this period saw significant data collection from various sectors and was marked by relative economic stability.

GDP rebasing involves recalculating a country's GDP using updated base years, pricing methods, and revised data to reflect the evolving economy. This process ensures that the GDP more accurately represents changes in the economy, including updates to the basket of goods and services used in its calculation.

One of the key reasons for this rebase is the significant shift in consumption patterns and price changes in the economy, which have been driven by technological innovations, new products, and services. For example, the NBS highlighted a marked increase in household expenditure on telecommunication services since the last CPI rebase.

Moreover, the economic activities of several sectors have grown considerably, making them more significant to the overall economy. These sectors include Marine and Blue Economy, Arts, Culture, Tourism, Creative Industries, Information and Communication Technology, and Digital Economy. The NBS pointed out that these developments need to be adequately reflected in the updated GDP data.

The rebased GDP will also account for previously overlooked or illegal economic activities, offering a more comprehensive picture of the nation's economy. With this rebase, Nigeria's economy is expected to appear larger, which could support the development of more accurate Economic and Development Plans and improve the country's economic outlook.

The rebase is also expected to improve oil production, continued growth in financial services, and positive momentum in the equities market throughout 2025. Currently, Nigeria's GDP is still based on data from 2010, and the rebase will align the country's economic indicators with more recent data.

It is worth noting that in 2014, the Nigerian economy was rebased, making it the largest economy in Africa, with its GDP increasing by 89 per cent to $510 billion, while inflation averaged 8.05 per cent.

The United Nations Statistical Commission recommends rebasing every five years to keep economic indicators up-to-date.

CBN Hosts Youth Action Event

By: Ogochukwu Ikeagwuonu

DG Economic Policy, Mr. Muhammed Sani Abdullahi delivering a keynote speech at the Youth Action Event.

The Central Bank of Nigeria (CBN), in collaboration with the Joint Consultative Council (JCC), a staff welfare body of the Institution, recently hosted a high-level debriefing event themed "The Youths Are Here." The event, which was held at the CBN Head Office Auditorium in Abuja, on Friday, January 31st, 2025, served as a platform to share valuable insights and lessons learned from the 79th United Nations General Assembly (UNGA), particularly from the "Summit of the Pact for the Future," which took place last year in New York. The event highlighted CBN's growing leadership in sustainable finance and inclusive economic development policies on the global stage.

In his keynote speech, the Deputy Governor, Economic Policy, CBN, Mr. Muhammad Sani Abdullahi, highlighted that the event was designed to empower Nigeria's youth and civil society with the knowledge and insights necessary to align with the global framework for sustainable progress, inclusion, and resilience. He stressed that the youths are not just leaders of tomorrow but key stakeholders in shaping the policies and economic transformations of today. This, he noted, is central to CBN's commitment to ensuring a dynamic, youth-driven economy capable of addressing the challenges and seizing the opportunities of a rapidly evolving world.

To ensure Nigeria's strong representation at the global summit, Abdullahi stated that several young members participated in the event, where they witnessed the adoption of a blueprint for a shared future that would help propagate the framework's policies across the country. He reaffirmed the CBN's dedication to promoting youth empowerment for economic transformation, advancing sustainable development goals through financial inclusion, and ensuring youth involvement in policy formulation.

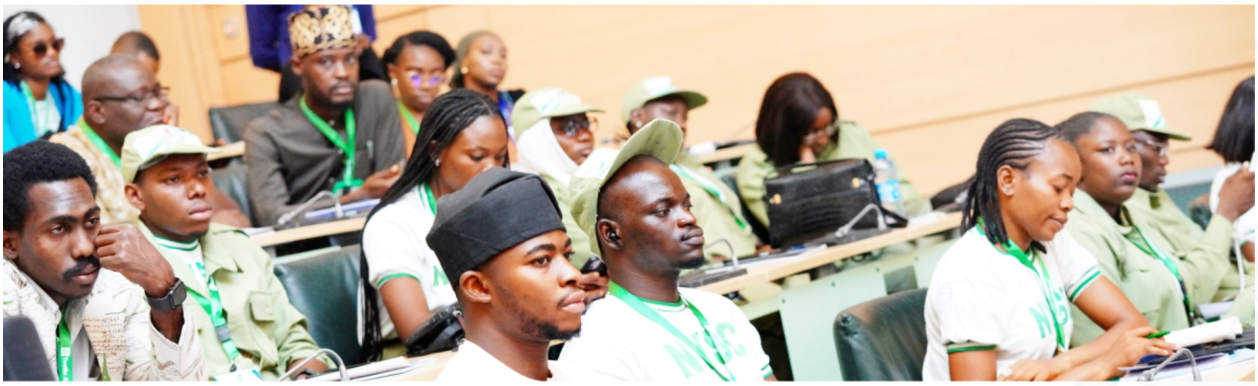
Mr. Abdullahi called on participants to convert strategic ideas into tangible results, urging the creation of measurable outcomes with clear timelines to maintain momentum and accountability. He also emphasised the importance of stronger stakeholder collaboration to align CBN's efforts with the Pact of the Future, creating a nation where youth can confidently innovate and contribute meaningfully to sustainable economic growth.

In his goodwill message, the Honourable Minister of Youth Development, Mr. Ayodele Olawande, lauded the theme of the event, recognising that Nigerian youths are ready to take action and have the capacity to make significant strides in every sector. He expressed his appreciation to the CBN Management for providing an enabling environment to empower the youths for purposeful growth and development.

In their respective remarks, both, the Chairman, House Committee on Banking Regulations, Honourable Bello El-Rufai, and, the United Nation's Resident Coordinator in Nigeria, who was represented by Mr. Yusuf Muhammed, encouraged the youth to work towards productive growth. They both assured continued partnership and resource support to meet the youth's programme needs for broader economic development.

Earlier in his welcome address, Mr. Jamilu Ado, Vice President of JCC, CBN, expressed that the event marked a historic milestone for both the CBN and the nation, especially in light of the active participation in the UNGA's "Pact for the Future Summit." Mr. Ado emphasised that participation in the summit was not just about representation, but about unlocking the immense potential within the workforce to shape global discourse and drive the nation's economic transformation.

Dignitaries present at the event included representatives from the Office of the Presidency on Sustainable Development Goals, the Office of the National Security Adviser, the National Youth Council of Nigeria, the National Youth Service Corps, Youth Parliamentarians, members of the Diplomatic community, CBN Executives, among others.



NYSC participants at the Youth Action Event.

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

A set of principles of good practice in the Nigerian Foreign Exchange Market (NFEM).

EXECUTIVE SUMMARY

The Central Bank of Nigeria (CBN) regulates the financial system in Nigeria and plays a supervisory role in the management of foreign exchange activities. Over the years, the Nigeria financial landscape had undergone considerable and positive transformation, nonetheless, some risks are apparent. The Nigeria Foreign Exchange Code (FX Code) was in response to these developments to set out standards to holistically strengthen and promote the integrity and effective functioning of the wholesale foreign exchange (FX) market in Nigeria. It will facilitate better functioning of the market, further reinforcing Nigeria's flexible exchange rate regime.

The FX Code is expected to promote a robust, fair, liquid, open, and appropriately transparent Market in which a diverse set of Market Participants, supported by resilient infrastructure, can confidently and effectively transact at competitive prices that reflect available market information in a manner that conforms to acceptable global behavioral standards and best practices.

The FX Code applies to Market Participants. These are Authorised Dealers licensed by the Central Bank of Nigeria under the CBN Act 2007, and, the Bank and Other Financial Institutions Act (BOFIA) 2020 and other participants that engage in the wholesale foreign exchange business in Nigeria as part of their licensed business.

The FX Code is structured around six (6) leading principles:

i. Ethics: Market Participants are expected to behave in an ethical and professional manner to promote the fairness and integrity of the FX market.
ii. Governance: Market Participants are expected to have a sound and effective governance framework to provide for clear responsibility for and comprehensive oversight of their FX market activities and to promote responsible engagement in the FX market.
iii. Execution: Market Participants are expected to exercise care when negotiating and executing transactions to promote a robust, fair, open, liquid, and appropriately transparent FX market.
iv. Information Sharing: Market Participants are expected to be clear and accurate in their communications and to protect confidential information to promote effective communication that supports a robust, fair, open, liquid, and appropriately transparent FX market.
v. Risk Management and Compliance: Market Participants are expected to promote and maintain a robust controlled and compliance environment to effectively identify, manage, and report on the risks associated with their engagement in the FX market.
vi. Confirmation and Settlement Processes: Market Participants are expected to put in place robust, efficient, transparent, and risk-mitigating post-trade processes to promote predictable, smooth, and timely settlement of transactions in the FX market.

GLOSSARY OF TERMS

1. **Agent:** A Market Participant that executes orders on behalf of its Clients pursuant to the Client mandate, and without taking on market risk in connection with the order.
2. **Algorithmic Execution:** Trade execution through computer programs that apply algorithms.
3. **Applicable Law:** In respect to a Market Participant, the laws, rules, and regulations applicable to it and doing business in the Nigerian the FX Market.
4. **Axe:** An interest that a Market Participant might have to transact in a given product or currency pair at a price that may be better than the prevailing market rate.
5. **Client:** A Market Participant requesting transactions and activity from, or via, other Market Participants that provide market making or other trade execution services in the FX Market. A Market Participant can act as a Client in some instances while making markets in other instances.
6. **Electronic Trading Activities:** These activities may include operating an FX electronic trading platform, making and/or taking prices on an FX electronic trading platform, and providing and/or using trading algorithms on an FX electronic trading platform.
7. **Firm:** A for-profit business organization—such as a corporation, limited liability company (LLC), or partnership—that provides professional services.
8. **FX:** Foreign exchange.
9. **FX Code:** A set of principles of good practices in the foreign exchange market.
10. **FX market:** The wholesale foreign exchange market.
11. **Interdealer Brokers (IDBs):** A financial intermediary that facilitates transactions between dealer banks and other financial institutions rather than private individuals.
12. **Markup:** The difference between the selling price of a good or service and its cost.
13. **Market Colour:** Valuable snippets of information that tell market participants what's happening in the market and who else is dealing.
14. **Market Participants:** An FX Authorised dealers and approved entities active in the FX Markets as a regular part of its business and is engaged in the activity of the purchase or sale of one currency against another.
15. **Personal Dealing:** Where personnel deal for their personal account or indirect benefit.
16. **Prime Brokers:** An entity that provides credit intermediation to one or more parties to a trade based on pre-agreed terms and conditions governing the provision of such credit. The Prime Broker can also offer subsidiary or allied offerings, including operational and technology services.

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

17. **Principal:** A Market Participant who transacts for its own account.
18. **SSI:** Standing Settlement Instructions.
19. **Third-party Payments:** The transfer of funds in the settlement of an FX transaction to the account of an entity other than that of the counterparty to the transaction.

INTRODUCTION

The FX Code draws on the principles from the Global FX Code and best practices adopted in leading jurisdictions. In addition, some principles were incorporated in the Nigerian FX Code to promote efficiency in the Nigeria FX market.

The FX Code requires Market Participants to ensure that illegal financial transfers are avoided, and appropriate money laundering policies put in place to protect the integrity of the domestic markets and the global financial framework as a whole.

In the context of the FX Code, the term "Market Participant" is generally used to refer to banks, personnel, and other approved institutions. In some cases, it will be clear that a principle is by its nature more relevant to only one or the other. For example, certain principles deal primarily with business or banks-level policies and procedures rather than individual behaviors. The terms "banks" and "personnel" are occasionally used where principles focus on good practice by banks with regard to personnel in their capacity as such, and vice versa.

The FX Global Code, available on https://www.globalfxc.org/docs/fx_global.pdf is a set of globally acceptable standards that foster good practice in the foreign exchange market which has been supported in 51 countries in Europe, Africa, Asia and the Americas. The Global Code is maintained by the Global Foreign Exchange Committee (GFXC) as a set of guidelines to ensure a well-functioning wholesale foreign exchange market that is effective and promotes integrity. The GFXC was established in May 2017 as a forum to bring together central banks and private sector participants to promote collaboration and communication on FX matters, exchange views on trends and developments in FX markets as well as, promote, maintain and update the Global Code.

The GFXC assesses regularly whether foreign exchange market developments warrant specific revisions to the Global Code and when judged appropriate, undertakes a comprehensive review of the Global Code. The Global Code is intended to foster a high standard of conduct and good market practices, ensure equitable and healthy relationships between participants, and facilitate market efficiency.

Nigeria pursues a flexible exchange rate regime, and the value of the Nigeria naira (N) is determined by market forces according to the demand and supply of foreign exchange. The FX Code is being developed to respond to emerging issues and address the dynamic nature of the financial markets and specifically address emerging challenges in the foreign exchange market.

This set of principles of good practice in the foreign exchange market would provide a common code of practice to promote the integrity and effective functioning of the foreign exchange market in Nigeria. Specifically, it would promote a robust, fair, liquid, open, and appropriately transparent market in which a diverse set of Market Participants, supported by resilient infrastructure can confidently and effectively transact at competitive prices that reflect available market information and in a manner that conforms to acceptable behavioural standards.

While every effort has been made to ensure that this FX Code comprehensively addresses various aspects of conduct and market practice, it does not purport to be exhaustive. Where specific standards are absent on a particular issue or in relation to new or emerging financial products, Market Participants should draw on the broad principles in this FX Code and resolve any issues reasonably and in good faith in accordance with the spirit of the FX Code.
The foreign exchange interbank market features a diverse set of participants who engage in the market in different ways and across various foreign exchange products. The FX Code is developed with this diversity in mind.

The FX Code supported by consistent monetary, exchange rate and fiscal policies will maintain competitiveness, support a revitalised interbank market, protect foreign exchange reserves, and ensure continued financial stability.

The CBN acknowledges that the code was developed by the GFXC of the BIS, which the Bankborrowed expressly from and greatly appreciates the efforts of all those who contributed to the successful preparation of this FX Code.

Compliance with FX Code

The FX Code is issued as an FX market guideline pursuant to CBN Act 2007 and BOFIA Act 2020 which empowers the CBN to issue directions with respect to the standards to be adhered to by an institution in the conduct of foreign exchange business in Nigeria.

Market Participants will be required to conduct a self-assessment and submit to the CBN a report on the institution's level of compliance with the FX Code by January 31, 2025. All Market Participants will thereafter be required to submit to CBN a detailed compliance implementation plan that is approved and signed by its Board along with the extracts of the Board meeting.

Reporting Mechanisms

Market Participants will be required to submit a quarterly report to the Financial Markets Department (FMD), on the level of compliance to the FX Code within 14 days after the end of every calendar quarter, with the first report due by March 31, 2025.

Enforcement Mechanisms

CBN may take appropriate enforcement and other administrative action including monetary penalties as provided for under the CBN Act 2007 and BOFIA Act 2020 against any Market Participant for failure to comply with the FX Code.

Please stay tuned for the set of PRINCIPLES detailed in our upcoming editions.

? DID YOU KNOW

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

Here are the first 15 Principles:

- **PRINCIPLE 1**: Market Participants should strive for the highest ethical standards.
- **PRINCIPLE 2:** Market Participants should strive for the highest professional standards.
- **PRINCIPLE 3:** Market Participants should identify and address conflicts of interest.
- **PRINCIPLE 4:** The Market Participant is ultimately responsible for their business strategy and financial soundness, and should put in place adequate and effective structures and mechanisms to provide for appropriate oversight, supervision, and controls with regard to the Market Participant's FX market activity.
- **PRINCIPLE 5:** Market Participants should embed a strong culture of ethical and professional conduct with regard to their FX market activities.
- **PRINCIPLE 6:** Market Participants should have remuneration and promotion structures that promote market practices and behaviours that are consistent with the Market Participant's ethical and professional conduct expectations.
- **PRINCIPLE 7:** Market Participants should have appropriate policies and procedures to handle and respond to potentially improper practices and behaviours effectively.
- **PRINCIPLE 8:** Market Participants should be clear about the capacities in which they act.
- **PRINCIPLE 9:** Market Participants should handle orders fairly and with transparency in line with the capacities in which they act.
- **PRINCIPLE 10:** Market Participants should handle orders fairly, with transparency, and in a manner consistent with the specific considerations relevant to different order types.
- **PRINCIPLE 11:** A Market Participant should only pre-hedge client orders when acting as a Principal and should do so fairly and with transparency.
- **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.
- **PRINCIPLE 13:** Market Participants should understand how reference prices, including highs and lows, are established in connection with their transactions and/or orders.
- **PRINCIPLE 14:** The markup applied to client transactions by Market Participants acting as Principal should be fair and reasonable.
- **PRINCIPLE 15:** Market Participants should identify and resolve trade discrepancies as soon as practicable to contribute to a well-functioning FX Market.

CENTRAL BANK OF NIGERIA

Central Bank of Nigeria