



Central Bank of Nigeria

CBNUPDATE

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Going for Growth: The Backward Integration Option

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CBN UPDATE EDITORIAL CREW

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Isaac Okorafor

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Editor

Innocent Edozie

Assistant Editor I

Kerma Mshelia

Assistant Editor II

Mohammed Haruna

Staff Writers

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Daba Olowodun

Ruqayyah Mohammed

Olusola Amadi

Louisa Okaria

Contributing Editors

Isa Abdulmumin

Williams Kareem

Olalekan Ajayi

Ademola Bakare

LETTERS TO THE EDITOR

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

CBN SOCIAL MEDIA

Twitter: @cenbank

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Instagram: @centralbankng

CBN CONTACT CENTRE

contactcbn@cbn.gov.ng

07002255226

CONTACT DETAILS

Corporate Communications Department,
CBN Head Office: 6th Floor Wing "B"
Plot 33, Tafawa Balewa Way,
Central Business District,
P.M.B. 0187, Garki, Abuja.

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Editor's Note

It is yet another bumper edition of our news magazine- **CBNUPDATE**. The editorial team did not leave any stone unturned to rake in stories that will continue to sustain the interest of our dear readers.

Following the “Black Monday” widespread crash of stock markets across the globe on account of the Coronavirus (COVID-19) pandemic, we bring to you a story on the response of the Central Bank of Nigeria (CBN), in hosting a Policy Roundtable. This is followed by an agenda-setting news analysis on the policy roundtable hosted by the CBN Governor, Mr. Godwin Emefiele, which seeks to coalesce views from private-sector players with their public-sector counterparts to chart a common course in fostering economic growth and development.

The story on the robust stimulus measures of N1.1trillion by the CBN, to ameliorate negative impact of Coronavirus on the Nigerian economy, no doubt makes for interesting read. This, in addition to the N1.5trillion private sector contribution for infrastructure funding. Still on effort to confront the ravaging impact of COVID-19, is a story on the planned intervention of the CBN in the health sector aimed at supporting health services to fight the pandemic in Nigeria.

The CBN has lightened the burden of participants in the various CBN intervention funds, as the Bank has reduced interest rate for all CBN intervention loans from 9% to 5% effective from March 1, 2020.

As support to the women folks, the CBN Governor in commemorating the 2020 International Women's Day, calls for collective action in achieving gender equality.

These and other interesting stories are lined up for this edition, which our readers will cherish for their reading pleasure. Thank you once more for your interest in the **CBNUpdate**.

Isaac Okorafor
Editor -in- Chief

CBN Hosts Roundtable on Economic Growth and Stability

By: **Daba Olowodun**



A cross section of participants at the Going for Growth 2.0 Consultative Roundtable at the Central Bank Head Office

Following the crash of stock markets around the world, which industry players termed "Black Monday", the Central Bank of Nigeria (CBN) in collaboration with THISDAY Media Group, organized a consultative roundtable with industry giants tagged: Going for Growth 2.0.

The meeting which took place on March 11, 2020 at the CBN head office auditorium, was aimed at producing workable short term and long term plans that would shield the country from slipping into recession, encourage stability and even growth in spite of the global headwinds presented by the Coronavirus Disease (COVID-

19) epidemic and the crash in crude oil prices.

According to the Managing Director/CEO, Access Bank Plc., Mr. Herbert Wigwe, Going for Growth 2.0 was a follow up to a similar event held in 2019 where strategies for growth stimulation were outlined. He opined that the current edition was to drive implementation of those strategies, fine tune and improve where necessary.

Interactions between fiscal and monetary policies were addressed as well as challenges and recommendations for Broadband and Technology; Roads, Rails, Ports and Airports; Power and Energy Networks.

Other issues discussed bordered on promoting economic growth through lending and financial inclusion, the impact of COVID-19 on the Nigerian economy, how to maximize the agriculture value chain and a search for innovative ways to finance infrastructure and other plans to grow the economy.

Health practitioners sought CBN intervention for the private and public health sectors, being the first line of defense against the ongoing pandemic and its possible impact on the lives of Nigerians and the economy.

During the plenary session moderated by Samaila Zubairu,

CEO, Africa Finance Corporation, panelists underscored the need for private sector participation in infrastructure development, stating that government funds alone would not be sufficient to meet the infrastructure needs in Nigeria.

Panelists which included the Federal Minister Works and Housing, Babatunde Fashola;

Minister for Transportation, Rotimi Amaechi; MD/CEO Nigeria Sovereign Investment Authority, Uche Orji and MD/CEO Axius Capital, Phillip Southwell, made valuable contributions to the discourse.

Other attendees at the event included; the Minister of Finance, Mrs. Zainab Ahmed; foremost industrialist, Alhaji Aliko Dangote; Founder/CEO, Zenith

Bank, Jim Ovia; MD/CEO Emzor Pharmaceuticals, Dr. Stella Okoli; Economist/Entrepreneur, Tony Elumelu; Director General, National Agency for Food and Drug Administration and Control, Mojisola Adeyeye; MD/CEO Nigeria Deposit Insurance Corporation, Alahaji Umaru Ibrahim; MDs of Deposit Money Banks amongst other captains of industry.

COVID 19: CBN Disinfects Head Office, Branches

By: **Onyemakonor Ogbe**



As the Federal Government, through the Federal Ministry of Health and the Nigeria Centre for Disease Control (NCDC), intensifies efforts to check the spread of the novel Corona virus pandemic in the country, the Central Bank of Nigeria (CBN) has commenced the disinfection of its head office and 37 branches.

Disclosing this in Abuja at the weekend, the Director, Corporate Communications Department, Isaac Okorafor said the move followed a Management directive, which was in line with the WHO and NCDC advisory that all government establishment should disinfect their offices as a

preventive measure against the virus.

Okorafor also disclosed that the CBN had instructed all Deposit Money Banks (DMBs) and other financial institutions operating in Nigeria to take adequate measures to disinfect their offices.

Speaking further, Okorafor reiterated the assurance by the CBN Governor, Godwin Emefiele, that the Bank, collaborating with the banking industry players, will ensure it mitigates the impact of the corona virus on the Nigerian economy.

He, however, urged Nigerians to follow stipulated guidelines by

the Federal Ministry of Health, Nigeria Centre for Disease Control (NCDC) and other relevant health agencies of government to curb possible spread of the virus in Nigeria.

The disinfection exercise at the Bank, being supervised by the the Director, Procurement and Support Services Department (PSSD), Mr. Stanley Arinze, will be replicated in all the Bank's branches across the country.

It will be recalled that the Central Bank of Nigeria (CBN) last Wednesday embarked on a partial lockdown, while also assuring stakeholders and members of the Nigerian public that the Bank will remain open for business during this period.

COVID-19: CBN to Inject N1tn Stimulus into Economy

- Meets with Bank Chiefs on March 21
- Health Sector to get Additional N100b Loan Boost

By: **Olalekan Ajayi**

Two days after it unveiled a six-point palliative to ameliorate the continued impact of the corona virus on the Nigerian economy and supply chains round the globe, the Central Bank of Nigeria (CBN) has announced its decision to increase its intervention in boosting local manufacturing and import substitution by another N1trillion across all critical sectors of the economy.

This is in addition to N100 billion in loan in 2020, to support the health authorities to ensure laboratories, researchers and innovators work with global scientists to patent and or produce vaccines and test kits In Nigeria to prepare for any major crises ahead. The CBN Governor, Mr. Godwin Emefiele, stated this in Abuja on Wednesday, March 18, 2020, disclosing that the management of the CBN will meet with the Bankers' Committee on Saturday, March 21, 2020, to work out the modalities.

Mr. Emefiele also told newsmen that an Implementation Committee that will action the

private sector contribution of N1.5trillion Infrastructure funding that will link farming communities to markets as agreed at the recently concluded "Going for Growth" Roundtable last week will be set-up next week. Given the plunge in the price of oil, which dropped to \$25 per barrel on Wednesday with its attendant low accretion to oil revenue, the CBN Governor directed all Deposit Money Banks to increase their support to the pharmaceutical and healthcare industries to enhance local drug manufacturing, increased bed count in hospitals across Nigeria, in funding intensive care as well as in training, laboratory testing, equipment and Research & Development.

In addition to the N50 billion soft loans to small businesses announced on Monday, March 16, 2020, Emefiele said the CBN would also increase its intervention by another N100 billion in loan in 2020, to support the health authorities to ensure laboratories, researchers and innovators work with global scientists to patent and or produce vaccines and test kits In

Nigeria to prepare for any major crises ahead.

According to him, the Bank will release details of how the unveiled facilities would be accessed and released, adding that the CBN had also set-up the Financial Markets Situation Room to monitor global markets and advise the Bank on adequate response. Meanwhile, Mr. Emefiele has advised all Deposit Money Banks and other regulated entities in the banking industry to trigger their business continuity plans to ensure that their staff and families are protected, and their operations remain largely undisturbed.

He further advised the banks to adhere strictly to the directives, advice, and notices from the Federal Ministry of Health, National Centre for Disease Control and other relevant government agencies on national response measures to COVID-19. As a way of checking possible spread of the virus, he urged the institutions to ensure regular and appropriate sanitization of their premises and make available in all their locations adequate sanitization materials and also to discourage large gatherings of staff and customers.

While pledging that the CBN will continue to monitor all developments on the COVID - 19 infection and design appropriate Monetary response to protect the people and economy of Nigeria, Emefiele urged that Nigerians take advantage of turning what appeared to be an adversity in the pandemic into an opportunity.



Emefiele Affirms Tough Sanctions on Credit Defaulters

By: **Senmial Senlong**



(From right to left) Governor Emeziele, CBN Deputy Governor, Aishah Ahmad and Aliko Dangote inspecting the largest fertilizer plant in the world

The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emeziele, has declared tough sanctions on credit defaulters, stating that the Bank will not allow entrepreneurs to borrow and not pay back.

Speaking during an assessment tour of the Dangote Refinery, Fertilizer Plant and Petrochemical Company on Saturday, February 29, 2020, at Ibeju-Lekki, Lagos, the Governor avowed that “the era of entrepreneurs borrowing from banks and not paying back is gone because, if you don't pay, we will take your money wherever you are keeping it.

If you are flying private jets, we will seize them so that you can

begin to ride on bicycles. Then we will know you are truly a liquidated person”.

While citing the unimpressive high number of creditors in the records of the Asset Management Corporation of Nigeria (AMCON), he insisted that banks must be catalysts for national development and economic growth in lending to credible entrepreneurs who portray trustworthiness with loan repayments.

He reiterated that the CBN is willing to support credible foreign and local investors who find Nigeria a good investment destination, be it in the areas of the banking sector, agriculture or foreign exchange for the importation of equipment.

Speaking on the fertilizer plant, Mr. Emeziele stated that the plant will become fully operational in May 2020, which will bring an end to the importation of fertilizer into the country and allow the diversification of the Nigerian economy to move its base from oil to other areas for revenue generation.

The plant, according to him, will produce 3 million tons of fertilizer per annum, generating \$1 billion with 25% of the product going into domestic agricultural reforms while the remaining 75% will be exported, generating approximately \$750 million from fertilizer for the economy, thus making it the largest fertilizer plant in the world.



Dangote Refinery Plant

Speaking further, Mr. Emefiele stated that the refinery project, which will have a capacity to process about 650,000 barrels per day (bpd) will not only satisfy local need but also position Nigeria as a major exporter of petroleum products.

He said that “because Nigeria is so central, this refinery would serve the whole of Africa, which would reduce freight costs. Also because this project is strategically positioned, it would even make the final cost of petroleum within and outside

Nigeria to be lower than those import alternatives that come from different parts of the world”.

He commended the President, Dangote Group, Alhaji Aliko Dangote, for his commitment to completing the plant, stating the significance of this initiative to achieving the country's diversification goals. While expressing his gratitude to the Governor and management of the Central Bank of Nigeria for implementing policies that support economic growth

within the country such as reduced interest rates, Alhaji Dangote stated that the establishment of the facility aims at fostering job creation and reducing the outflow of foreign exchange, not exclusive of petroleum but also petrochemicals, coal and fertilizers which would make the refinery a major foreign exchange generating company in the country.

He noted thus “we also have polyethylene, which is about 1.3 million tons annually. These two products would bring in about \$2.5 billion annually in terms of foreign exchange, which is only about 10 per cent of remittances. Secondly, Nigeria would now become the largest exporter of petroleum products in Africa from our own domestic crude”.

He called on other entrepreneurs to come out with their seed capital to borrow more money and invest in order to develop the country, considering the attractive interest rate regime and banks willingness to lend.

Banks to Seek CBN's Approval on Lay-offs

By: **Louisa Okaria**

The Central Bank of Nigeria (CBN) has issued a warning to banks directing that they must seek approval from the Bank before sacking more than five staff. This was stated in a communique released by the Bankers' Committee after a meeting held on February 21, 2020. The warning was issued in a circular signed by the Director, Financial

Markets Department, Angela Sere Ejembi. The circular emphasized that banks should send a sample of contract letters issued to outsourced staff and a Service-level Agreement (SLA) with the company being used to recruit the outsourced staff to the CBN upon employment.

The CBN also stated that banks must be guided going forward,

that a notification and approval is required from the CBN before dismissing more than five staff.

The Bankers' Committee stated that it was working assiduously to reduce the level of job losses in the sector while giving assurances that mass sacking in banks would reduce in the shortest time.

NIRSAL, NiMET Partners to Boost Productivity in Agriculture

By: Ruqayyah Mohammed



CBN Governor granting a press interview at the NIRSAL, NiMET Partners to Boost Productivity in Agriculture

The Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL), has signed a Memorandum of Understanding (MoU) with the Nigerian Meteorological Agency (NiMet) to stem weather risks in agriculture and boost yield increase and productivity with the utilization of meteorological data.

The Managing Director of NIRSAL, Aliyu Abdulhameed, speaking at the signing of the MoU said it was a significant step towards achieving precision agriculture in Nigeria. He added that the collaboration will ultimately lead to the generation and provision of agrometeorological weather information and other strategic services for supporting finance and investment decisions.

He further said that the

partnership was a strategic one of which the official mandate of NiMET is to provide climate and weather data services to the country. He stated that with the partnership with NiMet, NIRSAL had been working assiduously to structure agricultural primary production in Nigeria and assured that vital weather information that got to NIRSAL from NiMet would reach "the last inch of the last mile."

The Director-General, NiMet, Prof. Sani Abubakar Mashi, in his remarks said the partnership would enhance agricultural operations through the provision of agrometeorological information in Nigeria. He explained that the partnership with NIRSAL was a perfect fit for NiMet in achieving its primary mandate of promoting climate-smart agriculture in agricultural activities. He promised that NiMet would provide all

necessary support to NIRSAL by designing and developing effective strategies for disseminating agrometeorological services to farmers leveraging on the latest technology which will enable them reach as many farmers as possible. He further said NiMet would be developing the site for specific cropping calendars in line with the focus on agricultural value chain across the country.

NIRSAL will utilize the partnership to pursue strategies to downscale the Seasonal Rainfall Prediction (SRP) components including temperature, onset of rainfall and dry spells amongst others. There will be a structured awareness campaign that will guide farmers against pre-onset rainfall and risk measures will be recommended in areas that will experience severe dry spells like Bauchi, Borno, Katsina, Kebbi, Yobe and Zamfara.

News Analysis

Going for Growth 2.0: The Backward Integration Option

By: Sam Okogbue



A collection of CBN Bank Initiatives

The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele on Wednesday, March 11, 2020, played host to a Roundtable Strategy Session (Going for Growth 2.0) aimed at harnessing views of private cum public sectors' stakeholders as input towards stimulating growth in the Nigerian economy. The Nigerian economy has been characterized by sluggish growth since exiting recession in 2017. This, probably informed Mr. Godwin Emefiele's choice of single-digit inflation, economic growth and job creation as the main policy thrust of his agenda for second tenure in office.

The roundtable, which was first articulated on June 8, 2019, at the George Hotel, Ikoyi, no doubt, has metamorphosed into a full-fledged policy dialogue forum. It seeks to coalesce views from private-

sector players with their public-sector counterparts to chart a common path in igniting economic growth and development.

At the first forum, focus was on promoting import substitution and Forex stability, improving the competitiveness of made-in-Nigeria goods. Other areas of interest included financing infrastructure development, ensuring conducive (low) interest rate regime and improving financial inclusion from 65% to 95% by 2024.

Going for Growth 2.0 witnessed the convergence of public officers such as the Minister of Finance, Mrs. Zainab Ahmed, Minister of Transportation, Hon. Rotimi Amaechi, Minister of Works and Housing, Mr. Babatunde Fashola, Minister of Trade and Industry, Otunba Niyi Adebayo, Group Managing

Director, NNPC, Malam Mele Kyari and private sector chieftains as President, Dangote Group of Companies, Alhaji Aliko Dangote, Chairman, Zenith Bank Plc, Mr. Jim Ovia, and CEOs of Deposit Money Banks among others.

Since assumption of office, the CBN Governor, Mr. Emefiele, has remained the lonely voice pointing to the danger of over dependence on importation of goods and services for basic and essential needs of life. Over the years, successive governments have paid lip service to the urgency for economic diversification away from the present undue reliance on crude oil production and export, which only exacerbates the vulnerability of the economy to the international market dynamics.

Past efforts to address the diversification challenge through development plans, especially the Third and Fourth Development Plan documents proved abortive.

Despite initial skepticism, Mr. Emefiele kept faith with the Anchor Borrowers' Programme (ABP) and the restriction of access to forex for the importation of 41 (later 43) items that can be produced in Nigeria. The result turned out to be a huge success in the production and consumption of Nigerian rice.

Today, critics of the CBN Governor's initiative have swallowed their words because his import substitution initiative resulted to significant savings in foreign exchange and above all achieved tremendous attitudinal change among Nigerians who switched over to the consumption of locally produced rice.

Perhaps, it was to replicate the success of the ABP in other sectors of the economy that motivated Mr. Emefiele to host the roundtable "Going for Growth 2.0". According to him, "with the advent of Coronavirus (Covid-19), and the trade wars (resulting to fall in crude oil prices) and the attendant negative impact on the Nigerian economy, it becomes imperative for both monetary and fiscal authorities to sit down to tackle the challenges".

He called for the mobilization of funds to help finance infrastructure and urged the private sector players present to invest in the manufacturing sector especially the pharmaceutical industry to increase domestic investment, create more jobs and forestall drug insecurity.

The role of the manufacturing industry cannot be over emphasized at least in providing the necessary skills to transform primary agricultural products to processed and semi-manufactured products for export. This approach has the benefit of enhancing the price of our exports and therefore moderates the vulnerability of the domestic economy to the international market.

Furthermore, diversifying into manufacturing also provides a platform for learning-by-doing it process, which goes to enhance skills and talent acquisition by the domestic labour force necessary for industrialization take-off.

It is envisaged that by extending some incentives to enable milk companies set up production in Nigeria, a vast potential of generating benefits could be explored, not only within the dairy industry but in such other products as cocoa-based chocolate. It is left to be imagined the tremendous economic benefits derivable by processing the cocoa bean into cocoa powder and dairy by-products into chocolate as finished product. This is aside from job-creation, skills acquisition, and other activities down the value-chain such as marketing, packaging etc.

Already, the CBN is currently focusing on growing and improving the value chain of ten commodities (rice, tomato, palm oil, maize, cassava, groundnut, livestock/poultry, milk/dairy, cocoa, and soya beans), thus concerted efforts should be made to embark on large scale production of these commodities and processed into industrial raw materials and finished products.

This will necessarily entail installing processing plants and manufacturing industries aimed at adding value, and possibly, achieving other by-products. To this end, it will involve setting up research and development units in such manufacturing industries concerned with creating value addition to certain commodities.

This will encourage higher scientific achievements and broaden potential to create more jobs. The approach will unleash tremendous backward and forward integration between agriculture and the manufacturing industry. The entire scheme, if effectively executed, no doubt, promises to launch the country into the club of highly industrialized countries with attendant positive foreign exchange savings and consequent foreign reserves accretion.

Going forward therefore, attention should be directed towards positioning educational institutions to lay emphasis on producing sizeable pool of skills with science and technological professions to manage the envisaged explosion in industrialization.

Also, requisite infrastructure such as power, roads, and seaports cannot be over emphasized at this point. There is need for a rethink towards establishing complimentary mother-industries such as iron and steel industry, petrochemical and machine tool industries.

It is only hoped that this time, the gospel of diversification in the Nigerian economy, would be a departure from the hitherto lip service of the past.

CBN Activates BCP in Face of Covid-19

By: **Daba Olowodun**



Head office foyer Central Bank of Nigeria

In the face of the global Coronavirus, Covid-19 pandemic, the Central Bank of Nigeria (CBN) has activated its Business Continuity Plan to ensure that it continues to provide seamless service to Nigerians.

In a statement signed by the Director, Corporate Communications Department, Mr. Isaac Okorafor, the Bank assured the public that in line with its mandate of ensuring monetary and price stability, it would remain

open for business during these trying times.

Mr. Okorafor further stated that the Bank, being a responsible and responsive institution, held the well-being of its staff in top priority and as such had directed all staff in non-critical roles to stay at home and work remotely, allowing for staff who have critical assignments at the Head Office and the 37 Branches of the Bank, to report for daily duty while observing social distancing.

The statement which was issued on Wednesday, March 25, 2020, also revealed that the CBN had directed all Deposit Money Banks to prioritize staff well-being and restrict physical activity to only essential services.

Furthermore, all staff of the CBN had been directed to follow all guidelines of the Federal Ministry of Health and the Nigeria Center for Diseases Control (NCDC), to help curtail the spread of the Coronavirus in Nigeria

AGSMEIS: CBN Disburses over 1Bn to Beneficiaries

By: **Olusola Amadi**

The Central Bank of Nigeria (CBN) has disbursed a total sum of one billion, two hundred and fifty-two million, four hundred and sixty nine thousand, five hundred and ten Naira only (N1,252,469,510) in favour of 223 AGSMEIS applicants through NIRSAL Microfinance Bank (NMFB) for the month of February, 2020.

In addition, the cumulative amount released to all

participating financial institutions for onward disbursement as at February 2020, was a total of seventeen billion, three hundred and eighty two million, five hundred and ninety five thousand, nine hundred and fifty two Naira only (N17,382,595,952) in favour of 5,743 beneficiaries.

AGSMEIS is an initiative of the Bankers' Committee set up in a bid to support and complement

the Federal Government's efforts at promoting Agribusinesses/Small and Medium Enterprises as a vehicle for sustainable economic development and employment generation.

The scheme requires all deposit money banks in Nigeria to set aside 5 percent of their profit after tax (PAT) annually.

15 Microfinance Banks Receive Licenses

By: **Louisa Okaria**

Fifteen microfinance banks were given the nod to start business by the Central Bank of Nigeria (CBN) between February and December 2019. Prior to granting of licenses to the new banks, the CBN had put the number of recognized microfinance banks operating in the country at 898 as at February 2019.

With the newly licensed MFBs, the CBN revealed that the number of officially recognized microfinance banks in the country has now risen to 913 as at December 2019.

It would be recalled that the CBN in 2019 released a fresh guideline for recapitalization of microfinance banks in Nigeria. In the circular issued in March 2019,

the Bank stipulated that Tier 2-unit microfinance banks must have a minimum capital of N50million, while Tier-1 maintains N200million capital base by April, 2021.

The Bank directed microfinance banks in Tier-1 unit category to raise its capital base to N100million by April 2020 and must move it up to N200million by April 2021, while Tier-2 unit is N35million and N50million capital requirement within the same period. The circular also stipulated N500million and N1billion for State owned microfinance banks also for the same period.

The CBN released the revised guideline for microfinance banks for repositioning and to

strengthen the subsector to support development and growth in the Nigerian economy.

To this end MFBs were permitted to engage in some types of deposits which include savings, time, target and demand deposits from individuals, groups, and associations, provision of credit to its customers as well as making available housing micro loans.

The revised guidelines also avails MFBs the opportunity to provide ancillary services, like capacity building on record keeping and small businesses management, safe custody and issuance of debentures to interested parties wishing to raise funds from the public which must be approved by the Central Bank of Nigeria.

CBN Set to Intervene in Health Sector

By: **Ademola Bakare**

The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele has said that the Bank is set to fully intervene in the health sector following the outbreak of Coronavirus in Nigeria.

Mr. Emefiele dropped the hint at the second consultative roundtable with stakeholders which held at the Bank's head office in Abuja, themed: Going for Growth 2.0. The first edition was held in Lagos in June 2019. It was a forum of technocrats, bureaucrats and industrialists in the Nigerian economy to formulate ideas on how to move the economy forward.

He told the gathering that the CBN had decided to support the government by helping to build

specialist hospitals across the country, stressing that the intervention would be in the area of diagnosis and surgery.

The Governor pointed out that this would reduce the drain on the reserves caused by constant travelling of Nigerians going abroad to seek medical assistance. "Giving the impact of the Coronavirus, I heard some countries are trying to ban export of some pharmaceutical products and we must look inward at this time". Stressing further that the CBN is currently working towards supporting the pharmacy and pharmacology industry.

The host, Governor Emefiele when commenting on the impact of the virus outbreak on the Nigerian economy told his guests

that the Bank was doing everything possible to mitigate the impact of the coronavirus on the economy. Thus, by working with the fiscal authorities, we will not hesitate to deploy additional measures to strengthen our buffers and insulate the economy from global headwinds.

He stressed further that the measures so far taken by the Bank which had focused on improving domestic production of goods and services, particularly in agriculture and manufacturing sectors were necessary if we are to insulate the economy from volatilities in the international crude oil market. He admonished that we must build on the successes of these measures and reduce dependency on excessive imports.

New License Framework for Fintechs Soon

By: **Mohammed Haruna**

The Central Bank of Nigeria (CBN) is poised to redefine the payments system ecosystem with the roll out of a new license framework intended to reorganise licenses for payment companies.

A representative of the Payments System Management Department made this known at a recent fintech roundtable organised by Banwo and Ighodalo, a law firm representing a number of fintechs in Nigeria.

In 2018, the Bank released an exposure draft containing the

planned categorization of payment service providers (PSP) which revealed the proposed restructuring of earlier licenses including Mobile Money Operators (MMOs), Payment Solutions Service Provider (PSSP), Payment Terminal Service Providers (PTSPs), super agents and switches into three groupings: PSP Super License, PSP Standard License and PSP Basic License.

Speaking further, the PSMD representative stated, "whatever we are doing now, payment remains at its core. So if there is that need to ensure

this core is well protected to serve us, I think it is just the right thing to do. Because if it fails at that point, for any financial system, if that infrastructure goes down, nobody has trust in the system again."

The financial services industry has witnessed a sustained boom since the CBN Payments System Vision was launched in 2007. In response to the growing attention on payments and its efforts towards financial inclusion, the CBN created the Payments System Management Department on November 1, 2018.

COVID-19: Explore Alternative Payment Channels says CBN

By: **Mohammed Haruna**



Google Image

To curtail the spread of the novel coronavirus epidemic, The Central Bank of Nigeria (CBN) has recommended the use alternative payment platforms

such as electronic transfers and internet banking. According to the Director, Corporate Communications Department of the CBN, Mr. Isaac Okorafor, since people could contract the

disease by touching a surface or object that had the virus and then touching one's mouth, nose or possibly the eyes, "it is advisable for Nigerians to adopt alternative payment methods and be wary of cash or Automated Teller Machines".

Okorafor who is also the Bank's spokesperson further stated, "The Naira note is one surface that people touch every day. It will be wise for us to wash hands after handling money, especially if you are eating or touching food," he said.

The CBN Director restated the efficiency and safety of the alternative payment channels in financial transactions.

Rice Value-Chain Development on Course

By: **Kerma Mshelia**



Governor Emeffiele at a rice inspection farm

A recent up-date report from the Development Finance Department of the Central Bank of Nigeria (CBN) has stated that the successes gained in the development of the rice value-chain in Nigeria is being

sustained. The report showed that a total of 5,187.91 paddies were recently collected by TAK (logistics collection) with a value of N570.67 million. In the report, the schedule for sales/evacuation of Rice Farmers Association of Nigeria (RIFAN) paddy by the off-

takers had commenced with Taraba State. The schedule was expected to cover a period of ten weeks across various States with off-takers collection of 2,500 tons per location culminating in the North Central and South West by the end of April, 2020.

CBN Extends NUBAN to Other Financial Institutions

By: **Olusola Amadi**

In furtherance of its mandate for the development of electronic payments system in Nigeria, the Central Bank of Nigeria (CBN) has issued the Revised Standards on Nigeria Uniform Bank Account Number (NUBAN) for Deposit Money Banks (DMBS) and Other Financial Institutions (OFIs).

As contained in a circular signed by the Director, Payments System Management Department, Mr. Sam Okojere,

the CBN states that the success of the NUBAN Standards which were first issued in 2010 to achieve a uniform customer bank account numbering structure among DMBS in Nigeria; and the increasing role of the OFIs in the Electronic Payments System, deemed it imperative to expand the scope of the Standards to include the OFIs.

Therefore, to ensure the efficient operations of electronic funds transfer and cheque clearing

operations by DMBS and OFIs, the Revised Standards on Nigeria Uniform Bank Account Number (NUBAN) Scheme for banks in Nigeria was revised to include the OFIs.

The Circular will take effect from April 20, 2020 with a deadline of March 15, 2021 and the Bank demands full compliance after which appropriate sanctions would be imposed for contraventions and non-compliance.

Collective Action Required For Gender Equality - Emefiele

By: Ruqayyah Mohammed



In commemorating the 2020 International Women's Day, the Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has called for collective action in achieving gender equality. He made this call during a web broadcast to staff of the Bank, on the 8th of March, 2020. Emefiele lauded the tradition of celebrating the socio-economic and political achievement of women around the world for over 100 years.

He further said the theme for the year 2020 "Generation Equality: Realizing Women's Right" and the hashtag "EachforEqual" is a simple reminder of our individual responsibility to achieve change. He emphasized that the Central Bank of Nigeria applauds the significant contributions of Nigerian women who have distinguished themselves in the public and private sectors. He paid tribute to the female staff of the Bank,

some of whom he said, are at the forefront of achieving the mandate of the Bank. According to him "at the Central Bank of Nigeria, we remain committed to promoting equal opportunities for men and women at every level not as a favor to women but in recognition of the talents that resides in every human." Emefiele pledged to raise awareness against bias and most importantly to take actions for equality.

The Deputy Governor Financial System Stability, Mrs. Aishah Ahmad in her statement to celebrate the International Women's day, said the hashtag "EachforEqual" is about collective individualism, "and together we all can make change happen and help create a gender equal world."

On his part, the Deputy Governor Corporate Services, Mr. Edward Adamu, said that a

gender equal work place, boardroom and government is a task that must be accomplished. He also advocated for more gender equality in health and wealth.

The Deputy Governor Operations, Mr. Folashodun Shonubi, in his remarks noted that "Equality is not about gender, it is not a women's issue, it is about being fair, it is about equity, it is about providing and taking opportunities, it is about realizing potentials for the individual and the company. It is about you and me"

The newly appointed Deputy Governor, Economic Policy, Dr. Kingsley Obiora, also lent his voice to commemorate the International Women's Day, stressing that gender equality is essential for economies and communities to thrive, and it is fundamentally about fairness.

The CBN is reputed to be a gender friendly institution. Only recently, the Bank made history by appointing the first ever female Director of Currency Operations Department. In its Corporate Communications Department, the staff strength reflects a 49% (female) to 51% (male) ratio distribution.

International women's day is celebrated on the 8th of March every year. It is a focal point in the movement of women's right. The United Nations General Assembly officially proclaimed March 8 as the UN Day for women's rights and world peace in 1977.

FG Gives Small Businesses Tax Break

By: **Louisa Okaria**

The Federal Government has exempted small businesses in Nigeria with turnover of 25million and below from paying taxes.

The Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed reiterated this during a meeting with the Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele and captains of industries at the CBN Head Office, Abuja on 11th March 2020. Speaking at the event Mrs Ahmed said that small and

medium enterprises with turnover of N100million are expected to pay 30% Company Income Tax (CIT) while businesses with turnover of between 25million and 100million annually will pay 20% CIT.

The development according to the Minister is to enhance growth in all sectors of the economy, increase productivity and employability rates which will ultimately translate to more revenue for the government.

She also said that small businesses that have turnovers of less than N25m are exempted from paying taxes in order to enable save and reinvest resources for growth.

She said that the government is partnering with the trade authorities to encourage people in the informal sector to be formalised such as business registration and bank account opening as the incentives and opportunities of doing so outweigh the contrary.

Interest Rate on CBN Intervention Funds now 5%

By: **Daba Olowodun**

The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has announced a reduction in interest rate for all CBN intervention loans from 9% to 5% effective March 1, 2020.

He made the announcement during a press briefing at the CBN Head Office, on Monday, March 16, 2020. The Governor, supported by the four Deputy Governors of the Bank, presented the monetary policy palliatives intended to mitigate the pains resulting from the coronavirus pandemic that had affected economies around the world.

According to Mr. Emefiele, the initial assessment of the effects of the health crises worldwide, reveal a potential economic crises. He pointed out that the United States of America had already lost \$13 trillion as at the time of the press briefing. The

Bank had also noted that Nigerians were beginning to feel the effects as supply chains had been disrupted owing to lockdown of various trading partner countries.

The CBN Governor therefore stated the Bank's commitment to providing support to cushion the effect of the global pandemic on the Nigerian citizens. In addition to the reduction of interest rate for CBN intervention loans from 9% to 5%, he also announced a 1 year extension of moratorium on all principal repayments of CBN loans.

Deposit Money Banks were given regulatory forbearance to restructure all loans in order to reduce the obligation of borrowers. By the new structure, loan tenures would run for longer periods with more affordable monthly repayments. Mr. Emefiele also announced

the Bank's readiness to increase credit supply to the healthcare industry, saying that loans would be given to hospitals and pharmaceuticals intending to expand their operations or build manufacturing plants.

Noting that households and SMEs would be greatly affected by an economic downturn, the CBN Governor pledged the release of N50b to ameliorate their concerns as well as those of hoteliers and airline service providers. He further assured Nigerians that the Lending to Deposit Ratio (LDR) policy would continue to be strengthened.

He urged Nigerians not to panic, but take necessary health and safety precautions in all dealings and promised that the Central Bank of Nigeria would continue to monitor events as they unfold and release updates as necessary.

FREQUENTLY ASKED QUESTIONS (FAQs)

1. Why is the CBN the only bank that can produce the Naira?

Section 2b and Section 17 of the CBN act gives the CBN the sole right to issue currency notes and coins throughout Nigeria and neither the Federal Government nor any state Government, Local Government, other person or authority shall issue currency notes, banknotes or coins or any document or token payable to bearer on demand being document or token which are to pass as legal tender. Section 18 of the CBN act also gives CBN the power to print banknotes and mint coins.

2. Are machines for printing money available for purchase by the public?

No. The machines are only available to issuing authorities on request.

3. What Department of the CBN is responsible for the printing of money?

Currency Operations Department.

4. What is the purpose of printing polymer notes?

To extend the life span of the banknotes as the polymer notes lasts three times longer than the paper banknotes.

5. How long does the polymer note last?

18 to 24 months.

6. Where can one change currency notes?

Deposit Money banks (DMBs) and CBN.

7. Can coins be deposited in the Banks?

Yes.

8. How are new currencies circulated?

CBN evacuates the finished banknotes from Nigerian Security Printing & Minting (NSPM) Plc

for distribution to all CBN branches. The branch further distributes the banknotes to DMBs where they are finally released to the public via withdrawals.

9. Why are there no new currencies in circulation?

Analysis of the currency in circulation showed that a large and increasing proportion of the Nigerian currency outside the commercial banking system (COB) is held by the general public who hoard a lot of the new banknotes.

10. Why are the lower denomination banknotes scarce?

The scarcity of lower denomination could be linked to the fact that these notes are held by the public. Absence of Automated Teller Machines (ATM) dedicated to dispense lower denominations has also contributed to the dearth of lower denomination in circulation.

11. Why are there huge numbers of dirty One Hundred Naira notes in circulation?

Handling habits of the general public such as, squeezing, staining, spraying etc. greatly contributes to soiling of the banknotes.

12. In view of the fact that our politicians and leaders abuse the naira at rallies and public events, how do we expect the people to treat the naira with care?

CBN constantly sensitizes the general public, politicians and leaders through public enlightenment campaigns through the print and electronic media on how to properly handle the naira. Further sensitization campaigns are arranged to engage politicians, leaders and other respected elders to make them change champions of the Bank's Clean Notes Policy. This would enable the public follow suit.



**Agriculture is growing and
our economy is getting better**

Gradually our economy is reaping the fruits of agriculture, but we still have a long way to go. That is why the Federal Government of Nigeria is partnering with other agencies of the government to implement programmes and interventions to provide cheaper and more accessible funding for the agricultural sector. Get involved and tap into these initiatives today, so together we can further grow the nation's economy.

COME, LET'S GROW NIGERIA TOGETHER

**To access any of the Agricultural and other initiatives,
visit the CBN branch nearest to you.**

- **ABP** - Anchor Borrowers Programme
- **MSMEDF** - Micro, Small and Medium Scale Enterprises Development Fund
- **NIRSAL** - Nigeria Incentive Based Risk Sharing for Agricultural Lending
- **AADS** - Accelerated Agricultural Development Scheme
- **RSSF** - Real Sector Support Fund
- **CACS** - Commercial Agriculture Credit Scheme
- **ACGSF** - Agriculture Credit Guarantee Scheme Fund

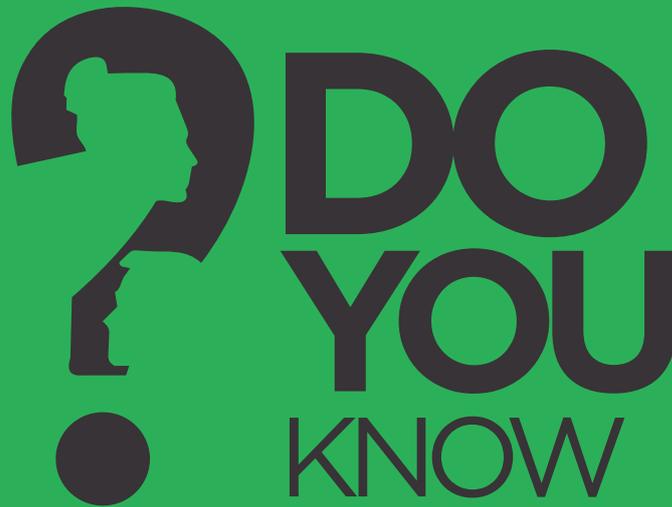
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Central Bank of Nigeria



Discretionary Monetary Policy: These are deliberate actions taken by the monetary authority to influence money supply in the system with a view to achieving its mandates.

Direct Monetary Policy: This involves the use of quantitative monetary controls such as credit ceilings, credit rationing and statutory liquidity ratios to control the amount of money in circulation.

Indirect Monetary Policy: This involves the use of market based instruments such as open market operations for the implementation of monetary policy.

Price stability: In an economy this means the general price level does not change much over time. Prices neither goes up or down.

Exchange Rate Channel: This arises when the exchange rate become the intermediate policy variable for transmission of monetary policy impulses.

Interest Rate Channel: This is a monetary policy transmission mechanism channel where by changes to the policy are propagated through interest rates to inflation.

That if you make a complaint to your bank, you must insist on getting the Consumer Complaint Management System (CCM) tracking number from your bank? This will enable the Central Bank Nigeria do a follow up.

That if you make a complaint to your bank on card related and funds transfer issues, and it is not resolved after 72 hours, you can contact the CBN by sending an email to: cpd@cbn.gov.ng, contactcbn@cbn.gov.ng or call +234 7002255226

That if you make a complaint to your bank on account management issues and is not resolved after 14 days grace period stipulated the by Central Bank of Nigeria (CBN), you can contact the CBN by sending an email to: cpd@cbn.gov.ng, contactcbn@cbn.gov.ng or call +234 7002255226

That if you make a complaint to your bank on excess charges and was not recitifed within 30 days allowed for resolution, you can contact the CBN by sending an email to: cpd@cbn.gov.ng, contactcbn@cbn.gov.ng or call +234 7002255226

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Central Bank of Nigeria