



Central Bank of Nigeria

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ECONOMIC NATIONALISM

Border Protection Positive for the Economy - Emefiele

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- Local Milk Production gets CBN support
- MFBs to disburse lower Banknotes
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Editor's Note



We were highly encouraged by your words of commendation and the positive feedback that greeted the first edition of the **CBN Update**. This, no doubt, has given the editorial team the impetus to ensure that the news magazine is regularly packaged to keep readers abreast of developments about Central Bank of Nigeria's policies, programmes and initiatives.

It is evident that efforts towards diversifying the productive base of the economy away from crude oil production and export to agric and the real sector, remain on the front burner. The CBN has come up with very innovative unconventional monetary policy intervention tools, designed to occasion structural transformation and grow the real sector of the economy.

A news analysis captures the CBN Governor, Mr. Godwin Emefiele's foresight in addressing the Nigerian economic crises using the economic nationalism approach known as PAVE (Produce, Add Value and Export). This approach highlights a twicking from age-long classic economic doctrine of free trade towards inward-looking approaches capable of resolving the peculiar challenges of the

domestic economy.

The story on the signing of MoU between the National Cotton Association (NACOTAN) and Ginning Companies to guarantee steady off-take and processing of cotton lint and seeds will make an interesting read. Another remarkable event was the epoch making MoU between the Nigerian textile Manufacturers Association and Armed Forces of Nigeria to produce uniforms in Nigeria for use by various arms of Nigeria's uniformed services.

As a strategy to ensure sustenance of the activities of the revived industry, the **CBN** update crew also reveals the Bank's plan to extend N19.2bn facility to cotton processing firms for retooling their factories in order to enhance production capacity.

It was also discovered that the envisaged gains from this import substitution growth strategy, was unfortunately being eroded by the nefarious activities of smugglers at the various porous border posts through dumping of cheap and substandard imported goods.

In this edition, we elaborately x-ray the positive impact of the border protection on the Nigerian economy. The story presents the cost-benefit analysis of the Federal Government's attempt to stop the free flow of low quality goods across Nigeria's border posts.

To mitigate the negative consequences of the border closure, the CBN Governor, on October 19, 2019, held a meeting with Rice Millers Association of Nigeria and Rice Dealers and Suppliers with a view to ensuring

sustained supply and availability of the commodity across the country.

Governor Emefiele's PAVE philosophy was further given boost when he announced that plans were underway to facilitate the production of milk for domestic consumption and possibly exports.

The story on the Creative Industry Financing Initiative (CIFI) remains the readers' delight, as the crew tries to illustrate how the entertainment industry, fashion and-IT related professions are being positioned to boost the employment of our teeming youth population.

Readers' attention is being directed to the new regulations on payments system in anticipation of an envisaged surge in the volume of electronic transactions given the re-introduction of cash-less policy. Similarly, trends in Point of Sale (PoS) transactions have revealed a steady growth, which goes to reflect progress in the CBN drive for a cash-less economy.

In what looks like a move to make good its promise to extend more credit to customers of banks, the CBN restricted individuals and domestic corporations from participating in its primary and secondary Open Market operations (OMO) auctions.

We trust that you will find these and other stories interesting for your reading pleasure.

Isaac Okoroafor
Editor-in-Chief

Border Protection Positive for Economy - Emefiele

By: Ademola Bakare



Boost in the Nigerian economy

Conversations of different shades continue on Nigeria's partial land border protection, but one agreeable fact is that the Nigerian Government ought to have taken the decision years back. Smuggling activities, particularly of rice and petroleum products, and unwholesome security breaches in and around the borders, were the reasons the government gave for its action.

Some stakeholders in the economy have called (and are still calling on) the federal government to reconsider its position, while many are advising otherwise. But it has become apparent that the government was not in a hurry to do so, as it announced few weeks ago a January 31, 2020 date, for a review of the closure.

Among those that have added their voice and commended the government, is the Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele.

While assessing the gains of the border protection few weeks after the government's action, he urged the government not to be in a hurry to rescind its decision until it was able to receive 'concrete' commitment from her neighbours, particularly from those countries that allow their ports and countries as landing pad for bringing in goods meant for their local consumption, when in fact, the products are transhipped or smuggled into Nigeria.

Mr. Emefiele while delivering a lecture titled "The Role of Monetary Policy towards Economic Growth in Nigeria" during the first convocation lecture of Edo State University, Iyamho, Edo State, had said "I can tell you that if our borders remain closed for two years, the issue of Boko Haram, kidnapping, banditry and Yahoo-Yahoo will stop". According to him if the youth who are mainly engaged in this atrocity were gainfully engaged in productive

endeavours, the nation's insecurity will reduce to barest minimum. He vowed that the CBN under his watch would not allow Nigeria to become a dumping ground for smuggled goods.

The government also cannot allow this to continue, because it is not only undermining the economy, but her security, and efforts at ensuring that industries are alive to create jobs for its teeming unemployed youths would be pursued.

Minister of Finance, Budget and National Planning, Zainab Ahmed, at the recently held annual meetings of the IMF and the World Bank in Washington DC., told the global gathering that the protection of our borders was to force Nigeria's neighbours to honour bilateral trade agreements which they have been flouting for years.

The Comptroller General of Nigeria Customs, Hameed Ali, while highlighting the gains of

government's action, disclosed that "since we commenced border protection, we have maintained an average of about N4.7 billion to N5.8 billion as revenue which is far above what we used to collect".

Ali also told Nigerians that arising from the border protection, the Nigerian Customs Service in the month of September collected N115 billion as revenue.

Stakeholders in the agricultural and manufacturing sectors while commending the government for the action, have also urged the government not to be in a hurry to reopen the borders. They were emphatic and commended the CBN Governor, Godwin Emefiele for taking bold step of restricting forex to importers of 43 items, which ultimately took pressure off the Naira, stemmed inflation, creating jobs and stimulating local production.

The President of Rice Farmers Association of Nigeria (RIFAN) who complained to the CBN Governor months before the border protection commenced, that activities of foreign rice smugglers were preventing his members from selling their products urged Godwin Emefiele to advise the Federal Government not to reopen the borders else the Anchor Borrowers' Programme initiative will die a natural death.

He however was excited few days after the border protection that his members had emptied their stocks and that some members were unable to meet the demands of customers. According to him, some customers had even made huge deposit for supply.

Yet, Nigerians are complaining that the so hyped local rice are not available at the markets, and where they are, the cost is highly

prohibitive. They were wondering and bewildered why the cost of local rice should be higher than its foreign counterpart.

That is the enigmatic spirit of Nigerians. The gains are indeed numerous, but saboteurs and their collaborators are unrelenting in their efforts to discredit and rubbish government's action. The enemies of the economy on discovering that the government was not ready to reconsider its decision embarked on massive buying of local brand rice and hoarding same to create artificial scarcity and by extension, hike the price.

They are the enemies within, these Nigerians and their collaborators, are the cog in the wheel of progress of the country. They are economic saboteurs and carpetbaggers who for selfish reasons would do anything to run down the economy. They did during the economic recession; their speculative enterprises made Naira to exchange at N525/\$1 until the CBN Governor, Godwin Emefiele took up war with them with his economic nationalism philosophy. At the time, economic nationalism was sweeping through the globe, and it is still evident with the trade war between China and America, and some other economic blocs.

The enemies without are equally unrelenting, collaborating with local allies to arm twist the government. The Vice President of the Republic of Vietnam was here to beg the government to reconsider its decision so that his country will continue to export rice to Nigeria. Surprising too, is Benin Republic, a country of 12 million population and Nigeria's closest neighbour being the largest importer of rice and frozen foods in the world, apparently the imports are for

onward shipping to Nigeria.

There was also an investigative reportage that alleged incumbent president in one of the bordering countries as the sole importer of rice and frozen foods in the sub-region (ultimately not for his country but Nigeria). The alleged president like his peers has not openly come out either in support or against the government's action since August 20, 2019.

Activities of smuggling around these borders have severely compromised Nigeria's security, and these small nations know the implication and consequence of sabotaging the socio-economic well-being of the Big Brother, Naija.

They have undermined Nigeria economically and trampled on her sovereignty. Though talks and negotiations are ongoing at the diplomatic levels, and some multi-lateral institutions have also come out openly to identify with the Nigerian government, their indisputable concern was that Nigeria neighbours should respect her sovereignty and adhere strictly to bilateral trade agreements. Nigeria is not a dumping ground for inferior and expired goods.

China because of similar situation years past shut its borders to the world for about four decades, and today it is a respected global economic giant. Thus, these small nations should respect Nigeria.

In as much as no one wished the borders to be closed for decades as it was the case with China (though no country is an island unto herself), but the Federal Government must ensure it achieves the reason(s) for its action, and elicit firm commitment and seriousness from its neighbours before opening the borders.

News Analysis

The Global Resurgence of Economic Nationalism

By: Samuel Okogbue

It is obvious that Governor of Central Bank of Nigeria (CBN), Mr. Godwin Emefiele's key policy strategy towards resolving Nigeria's economic problems is essentially a recourse to economic nationalism.

Faced with the global financial crisis of 2015, characterized by a

products for export. It also entails the need for Nigerians to consume what they produce domestically than imported goods.

He saw this as the only viable alternative to minimizing the vulnerability of the Nigerian economy to instability, arising from crude oil price fluctuation.

recourse to the internal dynamics of their respective economy. Interestingly, debates about bilateral or regional trade agreements dwell essentially on reversing or renegotiating current agreements in favour of domestic macroeconomic realities as in the case of Brexit, NAFTA (North American Free Trade Agreement) among others. Tariff walls are being raised with utter disregard to agreed trade deals and once binding agreements of regional economic blocs.

This development explains why the US President Donald Trump has engaged in a trade war with China. It explains why Brexit negotiation has claimed the exit of two British Prime Ministers and induced an emergency general election, which portrays the importance nations attach to domestic condition of their economy as against loose international trade protocols.

It is therefore commendable that Mr. Emefiele in his foresight subscribed to this inward-looking approach, which resulted to the proscription of the importation of 43 items from access to Forex from the inter-bank market.

The policy, though aggressively resisted by some entrenched interests, has however, yielded impressive outcomes. For example, the GDP recovery in the second quarter of 2017, has been sustained for 9 successive quarters after 5 consecutive quarters of negative growth. Also, the game changing intervention - Anchor Borrowers' Programme (ABP) in the rice value chain in



fall in commodity prices, including crude oil prices, resulting to depletion of the nation's foreign reserves and fall in public sector revenue, Mr. Emefiele saw the need to deploy some variants of economic nationalism as a solution.

A philosophical framework which informed the CBN Governor's approach was the adoption of what has come to be known as PAVE (Produce, Add value and Export). PAVE explains the concern for Nigerians to engage not only in the domestic production of goods and services in the real sector of the economy, but go a step further to process such commodities into semi-manufactured and manufactured

This is in addition to the average Nigerian consumption pattern, which indicates a preference towards the consumption of foreign-made goods including food, which implies persistent depletion of the nation's foreign reserves.

The above scenario when compared against the back drop of a weak international demand for crude oil export, presupposes serious macroeconomic management crisis in the hands of Nigeria's economic managers.

In recent times, most emerging economies have had to swallow hook, line and sinker the Washington Consensus mantra of trade liberalization, without

Kebbi and other rice-producing States across the country, brought about an increase in local rice production from 2.5 million tonnes in 2015 to 5.8 million tonnes in 2017. The same intervention was extended to 150,000 cotton farmers, cultivating 150,000 hectares in 23 States of the Federation. Currently, the cotton planted by these farmers is being harvested and ready for off-take.

Recent development in global international trade and economic relationship among nations has shown a trend towards reversal from age-long classic economic doctrine of free trade towards inward-looking approaches capable of resolving peculiar realities of the domestic economy. This prevailing sentiment has taken precedence over established economic unions and blocs.

Critics of the CBN Governor fail to understand Emefiele's passion for

a thoroughly diversified economy with significant reduction of dependence on crude oil. He is seeking for an economy with organic structure, where growth in output of goods and services will automatically imply increase in job creation and income. It will also bring about a well-structured economy that is resilient, where components of the real sectors such as agriculture, small and medium enterprises manufacturing, mortgage, infrastructure are assigned more weight than crude oil production and export.

Therefore, opponents of the recent border protection should exercise some measure of caution and spare some nationalistic thought for the economy of the country. To maintain uncontrolled border post, that allows for dumping of sub-standard quality goods into our economy can only leave Nigeria a perpetual outpost of merchandise for other

industrialized nations, contrary to our goal of achieving a diversified economy.

PAVE has proved to be very relevant to the Nigerian domestic economic realities. It has become a clarion call to galvanize Nigerians into action towards restoring the glory days of agriculture. It is a very credible platform to ensure the elusive linkage effects (forward and backward) between agriculture and the manufacturing sectors of the economy. It provides a lasting shock absorber against the vulnerability of the Nigerian economy to the instability that characterizes crude oil production and export.

Certainly, it is an answer towards achieving an economy with the capacity to absorb an increasing labour force. This is what Emefiele's PAVE represents.

Emefiele Urges Reps to Support Economic Diversification

By: **Olalekan Ajayi**

The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has taken his message of economic patriotism to members of the House of Representatives, who he urged to support the drive by the Bank and the fiscal authorities to ensure diversification away from crude oil.

Mr. Emefiele gave the charge in Lagos on Friday, November 15, 2019, while formally declaring open a retreat organized by the

Bank for members of the House of representatives Committee on Banking and Currency, held at Oriental Hotel, Lagos.

The Governor, who expressed pleasure at the full participation of members, emphasized the need for the legislative arm to cooperate with the Bank in working for the good of the country.

According to him, the National Assembly and the Bank had a "shared responsibility" of

making lives better for Nigerians through the enactment of laws and implementation of policies that are people-centred, respectively.

Giving an overview of the Nigerian economy from the global crisis in 2008 to the present time, Mr. Emefiele recalled how the CBN tackled the multiple challenge of bringing down exchange rate from a high of about N525 to \$1 to N360 to \$1, reducing inflation



CBN Governor, Mr. Godwin Emefiele and some executives of the Bank with members of the House of Representatives Committee on Banking and Currency.

and creating jobs at the height of recession, stressing that there were structural inefficiencies in the economy that the Bank had to correct.

Furthermore, he stated that the Bank, under his leadership, had undertaken developmental activities especially in financial intermediation and resource allocation in the real sector, which he stressed was consistent with the approach of other Central Banks especially in emerging economies, to support and stimulate the development of key sectors that are drivers of growth in the economy.

Mr. Emefiele also talked about the independence of the Bank, which he said had helped to boost confidence in the Nigerian economy. In considering the independence of the CBN, he advised members to take cognizance of the practice in other climes in line with best practices, stressing that the operational

independence of the CBN was critical to tackling inflation and exchange rate to stabilize the economy.

According to him, the Bank, in the past three years, took some other decisive actions such as reining in inflation by tightening the monetary policy rate and creating an Investors and Exporters (I&E) Window that allows exporters and investors to bring in and sell their foreign exchange at the prevailing market rate. He added that the interventions and programmes for real sector development were mainly focused on the inherent potential for employment generation, wealth creation, high growth, significant contribution to accretion to foreign reserves, expansion of the industrial base and the diversification of the national economy.

Continuing, he said the Bank restricted access to foreign exchange on 43 items in order to reduce the nation's over-

reliance on the importation of items that can be produced in Nigeria, while it also deployed intervention funds to support growth and productivity in the agricultural and manufacturing sectors. He declared that the policy options of the Bank had helped to support the attainment of our monetary policy objectives such as a reduction in the inflation rate, stability in the exchange rate and improved accretion to Nigeria's external reserves.

He therefore challenged the Chairman and members of the House of Representatives Committee to support the push for diversification of the economy away from oil. While also recalling that agriculture was the mainstay of the economy before the discovery of crude oil, he said the solution was to return to agriculture.

Speaking on the protection of Nigeria's borders to checkmate incidents of smuggling, Mr. Emefiele said the action by the

Federal Government had helped to boost economic activities in the country. He therefore urged members to play their expected roles to make life better for Nigerians, warning that disaster loomed if nothing was done to improve the quality of lives of Nigerians.

Earlier in his welcome remarks, the Deputy Governor, Corporate Services, Mr. Edward Lametek Adamu, thanked the Legislators for honouring the Bank's invitation to attend the Retreat in spite of their respective busy schedules, particularly the ongoing Budget Defense by various agencies of government. He stated that the aim of the retreat was to further broaden the understanding of Legislators on the Bank's mandate, policies and programmes.

Mr. Adamu, who was represented by his counterpart

in the Operations Directorate, Mr. Adebisi Folashodun Shonubi, said the Bank also hoped to get the buy-in of Legislators into the Bank's policies aimed at promoting financial system stability, creating jobs, and enhancing economic growth and sustainable development.

In her intervention, the Deputy Governor, Financial System Stability (FSS), Mrs. Aishah Ahmad said the retreat was part of the Committee's oversight over the Bank and urged the members to seek clarification to any area relating to the Bank's mandate.

Also speaking, the Chairman, House of Representatives Committee on Banking and Currency, Honourable Victor Onyemaechi Nwokolo, remarked that the two-day retreat was timely as its theme was apt. While commending the

CBN for organizing the retreat, he stressed the need for greater collaboration between the Bank and the Committee, stressing that the Committee expected to be fully briefed periodically on the activities of the Bank. The Chairman also urged members to educate their constituents that Government policies were not targeted at causing them hardship.

Papers presented at the retreat by Departmental Directors and academics centered on Monetary Policy formulation and implementation in Nigeria; Issues in Central Banking Independence and key financial systems legislation and Bills. Other papers focused on the State of the Banking Industry in Nigeria; Collaboration between the Legislature and Central Banks; Real Sector Interventions and the Bank's Payment System Policy and Initiatives.

Textile: CBN facilitates MoU among Armed Forces, Other Stakeholders

By: **Onyemakonor Ogbe**

In a major move towards complying with the Executive Order 003, which directs all Ministries, Departments and Agencies (MDAs) to grant preference to local content in their procurement of goods and services, the Central Bank of Nigeria (CBN) on Tuesday, October 29, 2019, facilitated the signing of two memoranda of understanding (MoU) among stakeholders in the country's Cotton, Textiles and Garments (CTG) sector.

The first MoU signed was between the National Cotton Association of Nigeria (NACOTAN) and Ginning Companies, to guarantee steady off-take and processing of cotton lint and cotton seeds; while the second was between the Nigerian Textile Manufacturers Association and the Armed Forces of Nigeria, Nigeria Police, Para-military institutions & National Youth Service Corps to facilitate long-term contracts with Textile and

Garment companies to manufacture uniforms in Nigeria for use by various arms of Nigeria's uniform services.

Speaking at the epoch-making ceremony held at the Bank's Head Office in Abuja, the CBN Governor, Mr. Godwin Emefiele, expressed gladness that all stakeholders had keyed into the vision of President Buhari to grow and develop Nigeria's agricultural sector and the wider economy.



Government officials with some members of the uniformed services inspecting locally made textile at the CBN Head Office

According to him, the ceremony, which also attracted four State Governors (Kaduna, Cross River, Gombe and Katsina), two ministers and Service Chiefs as well as Heads of Uniformed Services and labour leaders, was the result of almost two years of painstaking activities and consultations with key stakeholders in the CTG value chain.

While reeling out efforts made by the CBN, in collaboration with other agencies, to revamp the sector, Mr. Emezie urged participants to collaborate closely in ensuring the patronage of local textile and garment factories in procurement of uniforms.

To guarantee conformity with quality and security, he assured

that the CBN would work with the security agencies alongside concerned textile and garment factories "to ensure that the finished products as well as wastes are treated as currency - with highest level of security until they are delivered to the right clients or disposed accordingly."

Speaking further, Mr. Emezie expressed confidence that the signing of the MoU would resuscitate the CTG sector as well as support the Bank's efforts at creating jobs for many Nigerians.

In their various remarks, the Governors of Cross River State, Prof. Ben Ayade and his Gombe State counterpart, Alhaji Muhammad Inuwa Yahaya, as well as the Deputy Governor of Katsina State, Mannir Yakubu,

concurred in describing the CBN initiative as a revolution, which should be supported by all to ensure the country achieved the objective of completely resuscitating the CTG sector.

Also speaking, the Minister of Interior, Rauf Aregbesola stressed the need for all Nigerians to support every move aimed at conserving foreign exchange for the country and for the overall good of the economy.

Highpoint of the ceremony was the signing of the memoranda of understanding between the National Cotton Association of Nigeria (NACOTAN) and Ginniers and between uniformed services and textile and garment factories.

Rice Millers, Merchants, Meet Over Supply

By: **Onyemakonor Ogbe**



Rice millers in operation

The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has extracted commitments from the National Rice Millers Association of Nigeria (NRMAN) and Nigeria Rice Dealers and Suppliers for the supply of rice as well as ensuring its availability to merchants to ensure supply across the country.

Mr. Emefiele, represented by the Deputy Governor, Corporate Services, Mr. Edward Adamu, extracted the commitment on Tuesday, October 29, 2019, during a meeting with the two bodies which held at the Bank's Headquarters in Abuja.

Stressing that there could be no

meaningful development without adequate security, the Governor likened the economy and security as twin entities that cannot be achieved without the other.

He therefore urged the Rice Millers and Suppliers to work with the CBN to ensure rice sufficiency in the country and safeguard security of lives and property.

The Governor also appealed to them and other stakeholders in the rice value chain not to increase the price of rice over border closure, even as he cautioned that an increase in the price of rice was tantamount to creating problems for the people.

Emefiele added, saying that the border closure was meant to promote the growth of the Nigerian economy and ensure that the country attained food self-sufficiency in the rice value chain.

Speaking at the meeting, the Chairman of the National Rice Millers Association of Nigeria (NRMAN), who is also the Chief Executive Officer of Umza Rice, Alhaji Mohammed Abubakar, commended the CBN Governor over the Bank's efforts to ensure resuscitation of rice production in Nigeria. He disclosed that all the rice mills in the country were working at full capacity.

CBN Approves N19bn Loan to Revive Local Cotton Production

By: **Mohammed Haruna**



Cotton farmers harvesting their crops

The Central Bank of Nigeria (CBN) has approved a single-digit interest rate facility of N19.2 billion to nine cotton processing firms for retooling their factories and boosting production capacity.

The CBN Governor, Godwin Emefiele, revealed this at the recent signing of a Memorandum of Understanding (MoU) between critical stakeholders in the Cotton, Textile and Garment (CTG) sector.

According to the CBN Governor, the industry which deteriorated over time, had the potential to create at least two million jobs if well harnessed.

Emefiele said: "We (CBN) are improving the links between cotton farmers and ginneries, by ensuring that ginneries are able to off-take the high-quality cotton produced by these farmers. The

same support will be extended to the textile and garment firms".

"We have invested heavily in our local textile and garment factories to retool and produce assorted uniforms for our uniformed services that meet international standards," he added.

The MoU was signed between the Nigerian Textile Manufacturers Association and the Armed Forces of Nigeria, the Nigerian Police, paramilitary institutions and the National Youth Service Corps.

The Governor further added that the latest agreements were consistent with the current administration's plan to get all Federal Government Ministries, Departments, and Agencies to give preference to local content in their procurement of goods and services.

In addition to the loans, the CBN had also constituted a Textile Revival Implementation Committee comprising of Federal Ministries of Agriculture and Rural Development; Water Resources; Industry, Trade and Investment, and the governments of Kano, Kaduna, Katsina, Gombe, and Zamfara state. The Committee was charged with ensuring self-sufficiency in cotton production and textile materials within a span of three years.

The event was attended by the Governors of Kaduna, Cross River, Gombe States as well as the Deputy Governor of Katsina State. The Ministers of Interior, State for Finance, Budget and Planning as well as the Chief of Air-Staff and representatives of services chiefs and paramilitary organisations were in attendance.

Creative Industry Financing Initiative in Full Swing

By: **Louisa Okaria**



National Arts Theater, Iganmu Lagos

In a bid to tackle the menace of unemployment and boost job creation particularly among youths, the Central Bank of Nigeria (CBN) in collaboration with Bankers' Committee has introduced a Creative Industry Financing Initiative (CI-FI) to improve access to long-term, low-cost financing for entrepreneurs and investors in Nigeria.

This initiative is targeted at employing 300,000 youths within the next five years. The beneficiaries could get up to N500 million at an interest rate of nine per cent. The industries to

benefit from this initiative include fashion, information technology (IT), movie and music production and software engineering students loan.

The CBN had said that software engineering students could get a loan of up to N3m, N30m for movie production, applicants in the movie distribution business could get as much as N500m. Loans for fashion and information technology businesses would cover rental and service fees, while loan amounts for music business would cover training fees, equipment fees and rental and

service fees. The Bank had said that the period for the repayment of the loan for software engineering students is a maximum of three years. Loans for movie production and distribution, fashion, information technology (IT) and music production could be repaid in a maximum of ten years.

Currently, the CBN had received 38 applications from industry players who were interested in accessing the facility. The CBN had said that the Deposit Money Banks (DMB) had the mandate to disburse the funds to the qualified applicants.

Trends in PoS Transactions

By: **Louisa Okaria**

There has been a massive increment in the use of Point of Sale (PoS) in the second and third quarters (Q2 and Q3) of 2019, across the country. This is according to data released by the Nigeria Inter-Bank Settlement System (NIBSS).

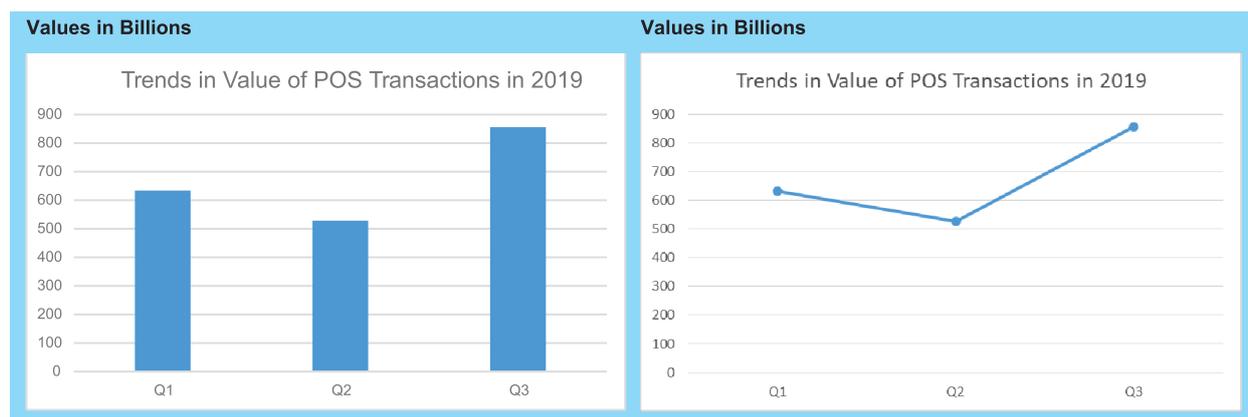
The data revealed that in Q2 2019, the value of transaction through PoS stood at N528,427 billion, while it rose to N856,864 billion in Q3 2019.

A total of 193,595,159 was also recorded as the total volume of payments through this channel in the Q2 and Q3 2019.

Despite a drop in the value of PoS transactions between Q1 and Q2, as shown in the data, the volume of transactions performed through this channel is expected to surge in the fourth quarter of 2019 due to the increase experienced in the third quarter following the new CBN regulation that mandated all persons and businesses to use electronic channels or pay transactions fees.

The Central Bank of Nigeria (CBN) in its drive to enhance a cash-less economy, has continued to discourage large cash transactions to protect the citizenry and guard against its attendant high risk exposure.

As the CBN Governor, Mr. Emefiele said that the Bank will continue to implement the cash-less policy and also ensure efficient payments system.



Unconventional Monetary Policy Improving Economy - Emefiele

By: **Mohammed Haruna**

The Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has disclosed that the adoption of unconventional monetary policy has helped to navigate the country out of economic recession and stimulate growth in the Nigerian economy.

The Governor who was a guest lecturer, revealed this during the 1st convocation lecture of Edo State University, Iyamho. He added that the unconventional measures employed by the Bank were well thought through and had been yielding significant gains for the Nigerian economy.

According to the CBN

Governor, "the favorable outcomes and strengthening outlook of the Nigerian economy was traceable to the timely adoption of unconventional monetary policy tools."

Emefiele further said: "I am happy to note that much of the success we see today is due to the adoption of unconventional macroeconomic policies. Within the CBN, our unconventional methods (especially in the management of the FX market and our development financing) supported by the orthodox approaches (in the form of our timely adjustments of monetary policy rate) have been able to

optimally balance the delicate objectives of price stability and real output growth."

He emphasized that the choice of unconventional Monetary Policy was to ensure a concurrent attainment of price stability, real growth, full employment, and poverty reduction in the country.

In his concluding statements, the CBN Governor assured the audience that the Bank would continue to devise ways of ensuring that an optimal mix of monetary policy is continually deployed to engender the overall wellbeing and prosperity of the Nigerian economy.

To Boost Growth, CBN Restricts Access to OMO

By: **Mohammed Haruna**

In a measure intended to discourage arbitrage and encourage bank loans for purposes other than market speculation, the Central Bank of Nigeria (CBN) has restricted individuals and domestic corporates from participating in its primary and secondary Open Market Operations (OMO) auctions.

The notice of restriction was conveyed by the Bank's

Director, Financial Markets Department in a recent circular issued to all Deposit Money Banks. The Director further explained that the restriction only applies to domestic corporates (inclusive of non-bank financial institutions) both at primary and secondary market activities.

In a related development, the Bank's Director of Corporate Communications, Mr. Isaac

Okorafor, had cautioned banks against facilitating loans to customers, who invest such funds in treasury bills, capital market securities and other money market instruments. He stressed that such banks would be penalized and the customer blacklisted.

This directive now permits only banks and foreign investors to trade in auctions of OMO bills.

AAD Scheme to Tackles Unemployment

By: **Olusola Amadi**



The Central Bank of Nigeria (CBN) has issued regulations for the operation of indirect participants in the Payments System which is to take effect from 11th November, 2019.

The circular signed by the Director, Payments System Management Department, Mr. Sam Okojere, was in anticipation of increased volume of electronic transactions because of the reintroduction of the cash-

less policy. The reintroduction is in furtherance to CBN's mandate for the development of electronic payments system in Nigeria.

The regulations became imperative to set out the procedure for effective integration of indirect participants in the payments system of Nigeria as well as standardise their operations. It would also provide mechanism and framework for the clearing and settlement of

their payment instruments through the direct participating banks.

According to the guideline, institutions that would qualify as indirect participants must have a satisfactory risk-based rating from the CBN. In addition, institutions would be required to secure a letter of recommendation from its direct participating bank, signed by the Chief Risk Officer and an Executive Director of the direct participating bank; and must comply with the NUBAN standards.

Specific conditions applicable to indirect participants for the individual component of the payments system were also outlined in the regulation in addition to guidelines for adjudication of disputes, abuse, sanctions and provision for amendments.

New Regulations on Payments System

By: **Daba Olowodun**



Ease of payment system

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Paddy Scheme to Support Food Security

By: **Ruqayyah Mohammed**



Paddy rice

The Central Bank of Nigeria (CBN) in its continued support for the Federal Government's food security programme, has pledged to finance seven hundred (700) farmers annually; five hundred in the rainy season and two hundred in dry

season. This was revealed in a report by the Development Finance Department of the Bank. With the support, it will bring to 4.2 million metric tons of rice production every season.

The Paddy Aggregation Scheme (PAS) was approved in 2017 as a working capital facility under Commercial Agriculture Credit Scheme (CACCS) for integrated Rice Millers and large-scale aggregators. This is to enable them to purchase home-grown paddy at single-digit

interest rate and promote the Federal Government of Nigeria's National Food Security Programme.

Since the release of modalities for rice distributors' facility and Paddy Aggregation Scheme, there has been a notable increase in rice production in Nigeria. The Scheme is providing credit facilities to integrated rice millers and large-scale aggregators which is aimed at increasing local production towards achieving lower prices. It is envisaged that the scheme will help diversify the economy and conserve foreign exchange.

Financial Inclusion Strategy Inches to Target

By: **Ademola Bakare**

The Central Bank of Nigeria (CBN) has reported a marginal increase of 58.4 per cent in its financial inclusion target rate. The Bank in 2012 sets a target of 80 per cent financial inclusion by 2020. This is cheery after a slump in its headline number in 2016 as it was constrained by extraneous economic and security challenges.

The Bank announced a 63.2 per cent achievement rate in its latest 2018 biennial National Financial Inclusion Strategy (NFIS) report above 58.4 per cent it recorded in 2016. The CBN had in 2012 adopted the policy to articulate demand and supply sides and regulatory barriers to financial inclusion, identify areas of focus, sets targets, determine key performance

indicators (KPIs) and establish the implementation structure. The strategy was launched specifically to reduce the percentage of adult Nigerians who do not have access to financial services from 43.3 per cent in 2012 to 20 per cent by 2020. Despite the challenges however, the report says that the financially excluded figure dropped from 40.1million adults in 2016 to 36.6million adults in 2018.

Part of the NFIS also was to ensure that 70 percent of those targeted to be included are from the formal sector.

The report also disaggregated financial inclusion data on State-by-State bases with significant improvement in the North-West and

North-East zones. Both zones had hitherto remained abysmally and disproportionately excluded than any other zones at 62 per cent and 55 per cent exclusion rates respectively. South-West, however, maintained its leadership and has surpassed the targeted 20 per cent exclusion rate with 19 per cent recorded in 2018.

Though 2018 according to the report was described as a measurement year, it was also an important year that brought massive shift in financial inclusion policy approach, noting that the revised National Financial Inclusion Strategy was to address changes in the regulatory and technology space to accelerate the achievement of the 80 per cent financial inclusion goal of 2020.

51,388 Cassava Farmers get Support

By: **Ademola Bakare**



A cassava processing plant

In furtherance of its assured five million new jobs in the next five years, the CBN as part of its strategy, is set to boost cassava production from 50 million tonnes to 830, 820 metric tonnes by supporting the 51,388 cassava farmers in the country.

Nigeria is acknowledged the largest producer of cassava in the world. However, the country

currently produces about 50million metric tonnes which stakeholders have attributed largely to processing challenges and weed encroachment, among other challenges.

Cassava, a known versatile commodity of numerous uses and values caught the attention of the CBN Governor, Mr. Godwin Emefiele, who viewed the abysmal

production level unbefitting of a commodity that has capacity to supply Nigeria's 400 million liters ethanol demand yearly, but local production is less than 15 million, and the remaining requirement of 380 million liters is imported to take care of domestic need.

Piqued by the situation was the reason that the CBN Governor announced forex restriction for the importation of starch, syrup, ethanol, and other by-products from cassava.

According to Mr. Emefiele, the Bank's initiative was to improve cassava production, and to achieve this was the reason that CBN is collaborating with the International Institute for Tropical Agriculture (IITA) on the production and supply of improved and high yielding cassava cultivars that can boost yield to about 40 tonnes.

Investors Urged to Boost Milk Production

By: **Ruqayyah Mohammed**



Cows being milked

The Central Bank of Nigeria (CBN) has announced the impending investment in milk production in Nigeria. This is due to the high cost of importation of dairy products amounting to \$1.5 billion spent on milk and dairy products. The investment will be done to enhance the resolve of backward integration to conserve foreign exchange and create jobs for the people.

The Central Bank of Nigeria has enjoined investors to take

advantage of low-interest loans that will help them build infrastructure to begin the production of milk locally.

It is worthy to note that it is technically and commercially possible to breed the cows that produce milk in Nigeria,

and the CBN is ready to advance the needed finance to enable investors who genuinely want to engage in milk production.

Having successfully introduced the policy which restricted sale of forex from the Nigerian official foreign exchange market for the importation of some 43 items that could be produced in Nigeria, the CBN Governor, Mr. Godwin Emefiele said that it has become imperative to restrict sale of forex for the importation of milk from the

Nigerian official foreign exchange market as well. For over 60 years Nigerian children and indeed adults have been heavily dependent on milk imports with huge implications for national food security. It is time to change the tide and ensure the future food security of the Nigerian child and adults.

The Central Bank of Nigeria under the CACS programme (Commercial Agriculture Credit Scheme), is supporting dairy farmers, producers and companies, with credit to enable backward integration. The Bank will be partnering with State Governments to acquire farmlands of up to 200 hectares for grazing reserve purposes, rehabilitation and development. One of which is the Bobi Grazing Reserve. This initiative also has the backing of the presidency to situate facilities that will drive grazing activities in the reserve.

MFBs to Disburse Lower Banknotes

By: **Louisa Okaria**



The Central Bank of Nigeria (CBN), had recently issued guidelines for the disbursement of lower denominated banknotes among Micro Finance Banks (MFBs) in Nigeria. The memo, which was

signed by the Director, Currency Operations Department, Mrs. Priscilla Ekwueme Eleje, outlined the criteria for the MFBs.

The criteria include, among others, Composite Risk Rating (CRR) of above average in the most recent RBS/Target examination. The Director noted that the guidelines is to ensure that only MFBs with good corporate governance practices take part. The notes would include a mixture of new and Counted and Audited Clean (CAC) banknotes under the intervention scheme.

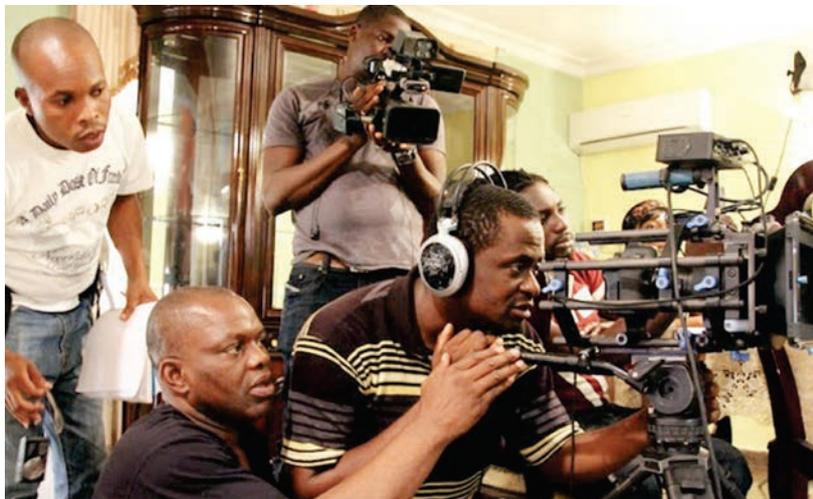
Mrs. Eleje warned the banks not to sell, hoard or use the funds

obtained under the intervention for any purpose other than that for which it was intended. She also cautioned that effective internal control measures must be put in place to ensure that banknotes disbursed to customers with accounts and customers without accounts are not sold.

With the arrangement MFBs are required to render weekly/monthly returns to CBN branches on lower denomination banknotes disbursed while the CBN shall monitor the disbursement of the banknotes periodically.

CBN, Bankers' Committee to Boost Creative Industry with N22bn

By: **Olusola Amadi**



Some members of the creative industry in action

The Central Bank of Nigeria (CBN) in conjunction with the Bankers' Committee is set to support the growth of the creative industry comprised mainly of fashion, information technology, film and music through the Creative Industries and Financing Initiative (CI-FI) with an initial N22 billion funding.

The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, disclosed this while delivering his keynote address at the 2019 edition of the Creative Nigeria Summit with the theme: "Finance for Growth" which held in Lagos on 30th September, 2019.

The Creative Industry Financing Initiative (CI-FI) was introduced as a Bankers' Committee initiative to improve access to long-term, low-cost financing to entrepreneurs and investors in the Nigerian creative and information technology (IT) sub-sectors in recognition of its significance to job creation, poverty reduction and inclusive growth.

The initiative is to be financed from the Agribusiness, Small and Medium Enterprises Investment Scheme (AGSMEIS) Fund which the Deposit Money Banks (DMBs) have set aside five per cent of their profit after tax yearly to support small and medium scale businesses.

He noted that close to 60 per cent of the nation's population is under the age of 35, indicating a youthful population that need to be engaged. Therefore, the CI-FI is part of the banking sector's efforts to harness the innovative and creative energy of the youth towards enabling them to create productive ventures that would support improved wealth and job creation in Nigeria.

Mr. Emefiele said that with the support of the Federal and Lagos State Governments, the National Theatre, Iganmu, Lagos, is expected to serve as the pilot scheme for the planned 40-acre Creative Industries Park, after which similar parks will be set up in Kano, Port-Harcourt and Enugu.

He noted that through the establishment of these parks, effort will be focused on the provision of skills acquisition for over 200,000 Nigerians who will be empowered with funds at a single-digit interest rate, state-of-the-art tools, high level trainings and networks that will enable them to turn their ideas into reality, and in turn, create 500,000 direct and indirect jobs.

The Governor stated further that with the initiative, businesses will be able to showcase their work to domestic and external investors which will provide them with additional resources that will enable further production and expansion of their creative work. Mr. Emefiele added that the initiative, over a 5-year period, will experience increased revenue of over \$300 million from the production and distribution of Nigerian content within and outside country. This will lead to an increase in contribution to the National Gross Domestic Product (GDP) from one to three per cent.

Speaking on the fashion industry, Emefiele said that the textile, apparel and footwear sub-sector remain the second largest contributor to Nigeria's manufacturing sector. Therefore, a critical part of the park will be devoted to supporting the Nigeria's fashion industry adding that the initiative will also help to support the growth of the cotton and textile industry by off-taking on the products being produced in textile mills in Kano, Kaduna and Lagos.

Mortgage Interest Rates Now Negotiable

By: **Daba Olowodun**



that lending rates were subject to a maximum of MPR +5%. Over time, this provision gave rise to some challenges in implementation due to the cost of credit, low interest rates on national housing funds and other macroeconomic factors.

To address these challenges, the CBN, in a circular signed by its Director, Financial Policy and Regulation Department, Mr. Kevin Amugo, issued an amendment to Part 2 (A & B): Interest Rate and Lending Fees Subsection 2.1.3 Mortgage Finance to read "Negotiable".

The Central Bank of Nigeria (CBN) has amended the "Guide to charges by banks and other financial institutions in Nigeria" to remove the cap specified on interest rates and make it 'NEGOTIABLE'.

The guide which was enacted in 2017, provided

This amendment which took effect from September 9, 2019, was expected to increase the accessibility to mortgage financing thus making home ownership for Nigerians faster and more affordable. It is intended to inspire increased contribution of the Nigerian Mortgage Sector to the GDP.

Export Processing gets Automated with E-form NXP

By: **Bartholomew Mbaegbu**

The Central Bank of Nigeria (CBN) in its sustained effort to ensure that all export transactions are carried out through formal channels, including bills of lading, has introduced E-form "NXP" to replace the hard copy form "NXP" for commercial exports.

This initiative is part of Mr. Emezie's 5-year Policy Thrust to launch a Trade Monitoring Firms System (TRMS), that is automated, in order to reduce the length of time hitherto required to process export

documents to a day in accordance with the federal government's policy on ease of doing business in Nigeria. The initiative underscores the Bank's efforts at motivating both the public and private sector export with a view to enhancing non-oil revenue for the country.

This innovative development, according to the Bank, takes effect from October 31, 2019.

Consequently, CBN has directed all authorised dealers to ensure that processing of form "NXP" shall now be done

electronically on its Trade Monitoring System which is accessible on its website; www.tradesystem.gov.ng.

To also ensure seamless transition, bank customers are therefore required to obtain a valid Tax Identification Number (TIN) from the Federal Inland Revenue Service (FIRS) or Joint Tax Board (JTB). This requirement according to CBN is a prerequisite for customers to access the form with a processing fee of five thousand naira (5,000) per declaration for Form "NXP".

Banks Refund N3. 093 billion, \$1.724 million to Customers

By: **Mohammed Haruna**

Deposit money banks have refunded about N3.093 billion and \$1.724 million to several customers that lodged complaints against them. This disclosure was contained in the recently released Financial Stability Report of the Central Bank of Nigeria.

The FSR further reveals that while the total value of claims presented by the customers stood at N7.995 billion and \$1.767 million, total refunds

made stood at N3.093 billion and \$1.724 in 1,496 successfully resolved complaints.

The report also explained that most of the complaints arose from fraud cases, dispense errors and fund transfers. Other cases mentioned were undispensed withdrawals from Automated Teller Machines (ATM), mobile money channels and excess and unauthorised charges.

It could be recalled that the CBN

has recently released a cybersecurity framework and guidelines for banks and payment service providers to further ensure the safety of bank deposits in furtherance of its consumer protection policy.

The Central Bank of Nigeria is on extensive sensitization campaigns aimed at educating bank customers on the mechanism for the resolution of complaints against banks and other financial institutions.

MPC Retain Benchmark Rates

By: **Daba Olowodun**

The Monetary Policy Committee of the Central Bank of Nigeria has again retained the MPR at 13.50 per cent. This was revealed in its Communique No. 127, issued after its meeting of 25th and 26th of November, 2019 in Abuja.

Briefing the media, the CBN Governor, Mr. Godwin Emefiele, highlighted some of the reasons for the retention of the MPR as the effect of monetary policy on developments in the economy in 2019, particularly, price stability, improved credit delivery, low interest rate regime, exchange rate stability, financial system stability, reduction in non-performing loans (NPLs), job creation and output growth.

“The MPC therefore in its commitment to achieving economic growth and stability had therefore voted that the MPR and all the other parameters remain constant, retaining the asymmetric corridor at +200/-500 basis points around the MPR, Cash Reserve Ratio at 22.5% and Liquidity Ratio at 30%.”

It will be recalled that the MPC in its communique No. 123 after its meeting in March, 2019 had adjusted the MPR from 14.00 to 13.50 per cent in a bid to explore the next steps necessary for enhancing growth, reducing unemployment and diversifying the base of the economy in light of the relatively stable exchange rate with price stability at the

time. The Committee had felt that given the relative stability in the key macroeconomic variables, there was the need to signal a new direction that is pro-growth.

In its arguments, the Committee was convinced that doing this would further uphold the Bank's commitment to promoting strong growth by way of encouraging credit flow to the productive sectors of the economy.

The MPC felt that signaling through loosening by a marginal reduction would serve to manage the sentiments in the capital markets owing to the wider spread in yields in the EMDEs relative to the advanced economies.

CBN Intervenes to Stop \$600m Cassava Imports

By: **Mohammed Haruna**



Cassava being processed

In line with the economic diversification drive of the Federal Government, the Central Bank of Nigeria (CBN), has declared its intention to intervene in cassava production to stop the importation of cassava derivatives valued at about \$600 million annually.

The Bank also announced its preparedness to reverse the unacceptable situation by partnering with the International Institute for Tropical Agriculture (IITA), Ibadan, and the National Root Crops Research Institute,

Umudike, towards developing a blueprint that would facilitate the development of Nigeria's cassava value chain on a sustainable basis.

The CBN Governor, Mr. Godwin Emefiele, said the plan "is to bring all stakeholders together and agree on a framework for modern production and processing of cassava by ensuring that we identify and tackle all major challenges in the value chain from seedlings production, land clearing, planting, harvesting, processing, marketing and provision of extension services among others."

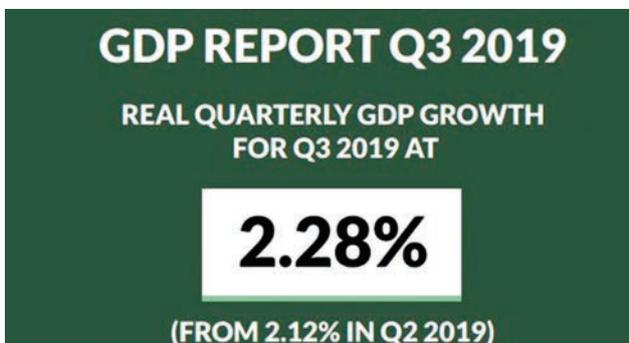
Mr. Emefiele spoke at the CBN Head Office during a meeting with State Governors of Cassava Producing States and the signing of the Memorandum of Understanding (MoU) between Cassava Growers Association and stakeholders across cassava value chain.

He further said: "We place a high premium on cassava because the commodity can generally be used for different uses along the value chain. The value chain has enormous potential for employing over two million people in Nigeria if well harnessed, due to the diverse secondary products that it offers."

Some of the products include High Quality Cassava Flour (HQCF), starch, sugar syrups and sweeteners, chips for domestic livestock feed and for export to China, Ethanol/bio-fuels, High Fructose Cassava Syrup (HFCS), Fuel Ethanol (E10) as well as Animal Feed from cassava waste among others.

Nigeria's GDP records 2.28% Growth in Q3, 2019

By: **Olusola Amadi**



Latest reports from the National Bureau of Statistics (NBS) indicates that Nigeria's Gross Domestic Product (GDP) has grown by 2.28% in the third quarter of 2019. This reflects a 0.17%

percentage increase than the 2.12% revised GDP growth rate recorded in the second quarter of 2019.

According to the data provided by the NBS, in real terms, the non-oil sector driven mainly by the Information and Communication sector, contributed 90.23% to the nation's GDP with Quarrying and other minerals showing the highest growth rate at 58.03%, followed by coal at 43.68%. The report further explained that the agricultural sector grew by 14.88% and manufacturing sector recorded a 39.69% growth. This announced growth rate of Q3 2019, represents the second-highest quarterly rate recorded since 2016.

CBN Committed to Stable Exchange Policy -Emefiele

By: Innocent Edozie



The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele has reiterated the commitment of the regulatory institution to ensure economic growth, price and exchange rate stability.

Emefiele, who spoke at the 2019 Annual Dinner of the Chartered Institute of Bankers of Nigeria's (CIBN), held in Lagos was delivering his projection for the economy in the coming year 2020.

He further revealed that the Bank would continue to alter the policy rate in line with unfolding situations and outlooks.

According to Emefiele, the CBN remains resolute to continue its stable exchange policy stance in the near to medium term given the comparatively high level of reserves.

“Creating a more sustainable growth model would require that all parties work to support growth in critical sectors of our economy in order to reduce our reliance on earnings from crude oil. Nations that are able to implement policy measures that support non-oil export growth are likely to make progress in generating multiple streams of foreign exchange earnings.” he said.

Emefiele also stated that “More importantly, by providing a nation with multiple streams of income, greater non-oil exports can help in moderating the volatility that occurs when a nation is primarily dependent on one particular resource for most of its export earnings.”

In addition, the CBN governor stressed that although the Bank has so far managed to maintain exchange rate stability, the current capital flow reversals from emerging markets is expected to continue to exert considerable pressure on market rates.



DO YOU KNOW

- **Cash Reserve Ratio (CRR)** is the amount of minimum cash and reserve that the Central Bank requires commercial banks to hold (rather than lend out) as a proportion of customer deposits and notes
- **Quantitative Easing (QE)** is the process by which a Central Bank or money authority purchases financial assets from banks and other institutions with new electronically created money.
- **Expansionary Monetary Policy (EMP)** involves monetary decisions and action taken by a Central Bank to increase the level of money supply in order to boost aggregate demand and support economic activities.
- **Contractionary Monetary Policy (CMP)** is an action deployed by a Central Bank to reduce supply of money in an economy by raising interest rate to curtail inflationary pressures.
- 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 do a follow up.
- That if you make a complaint to your bank on card related and funds transfer issues, and after 72 hours the issue was not resolved. 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 after 14 days grace for resolution the issue was not resolved, 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 rectified 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