



Central Bank of Nigeria

# CBNUPDATE

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## Buhari Gives Marching Order on Food Importation

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## Editor's Note

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Hurray, the dramatic Year 2020 is at the verge of ending. We are warming up to welcome the festivities with some zest and joy. In all these excitements, our crew is able to find time to knit some stories together, knowing that readers are full of expectations for the December edition of your favourite publication.

We present the story about the Central Bank of Nigeria's declaration not to provide credit for food importation at the Presidential Economic Advisory Council held on Tuesday, December 29, 2020. This position reaffirms the President Buhari's mantra that "We must eat what we produce".

There is another interesting story on the CBN Governor, Mr. Godwin Emefiele's restated support for the nation's creative industry industry. This is in line with his drive for import substitution initiatives aimed at ensuring the diversification of the Nigerian economy.

This edition contains a story on the implementation of the revised Nigeria Cheque Standard (NCS) and the Nigeria Cheque Printers Accreditation Scheme (NICPAS). Find out why there was a change in our pages.

The release of draft guidelines for operation of Non-Interest Financial Institutions Instruments by the CBN makes an interesting story. The draft guidelines contained in a circular issued by the Director, Financial Market Department, Dr, Angela Sere-Ejembi noted that the licensing of Non-Interest Financial Institutions (NIFIs) by the CBN warranted the creation of NIFI instruments.

We have a story on CBN's assurances to households in Nigeria to expect more credit in 2021. It is a hope inspiring reading. Also, the story on organized labour's commendation of the CBN's foreign exchange policy in line with the Bank's five-year policy thrust to pursue a double-digit economic growth is also very interesting.

These are the stories among other ones put together for your reading delight. Merry Christmas and Happy New Year as we urge you to remain safe.

A handwritten signature in black ink, appearing to read 'Osita Nwanisiobi'.

**Osita Nwanisiobi**  
Editor -in- Chief

# Buhari Gives Marching Order on Food Importation

By: Ademola Bakare



President Muhammadu Buhari has issued a directive to the Central Bank of Nigeria, (CBN) not to provide credit for food importation in 2021.

Speaking at the fifth regular meeting with the Presidential Economic Advisory Council, held on Tuesday, December 29, 2020, at the State House in Abuja, President Buhari directed that the CBN "must not give money to import food. Already about seven States are producing all the rice we need. We must eat what we produce."

While taking note of the strides made in agricultural production following the programme of diversification from over reliance on oil instituted by his administration, Buhari wondered where the country would have found itself by now in view of the devastating economic crisis brought about by COVID-19 if the country had not embraced agriculture.

"Going back to the land is the way out. We depend on petrol at the expense of agriculture. Now the oil industry is in turmoil. We are being squeezed to

produce at 1.5 million barrels a day as against a capacity to produce 2.3 million. At the same time, the technical cost of our production per barrel is high, compared to the Middle East production," he said.

The President emphasized the place of agriculture in the efforts to restore the economy but agreed that measures must be put in place to curtail inflation in the country.

"We will continue to encourage our people to go back to the land. Our elite is indoctrinated in the idea that we are rich in oil, leaving the farm for the city for oil riches. We are back to the farm now. We must not lose the opportunity to make life easier for our people. Imagine what would have happened if we didn't encourage agriculture and closed the borders. We would have been in trouble," he said.

In specific terms, the President noted that due to the sharp deterioration in international economic environment and its impact on Nigeria's continuing

but fragile economic recovery, Nigeria's economic growth continues to be constrained by obvious challenges including infrastructural deficiencies and limited resources for government financing. He therefore emphasized the need to make the private sector of the economy the primary source of investment, rather than government.

The meeting which was attended by the Vice President, Professor Yemi Osinbajo, as well as Ministers of Finance and Humanitarian Affairs, reviewed progress made towards structural reforms in response to the economic crises, including the institution of the Economic Sustainability Plan, the changes in electricity tariff

and fuel pricing regime, the partial re-opening of the Land Borders, the movement towards unification of exchange rates and budgetary reforms through the Finance Bill 2020.

It was therefore agreed that, to prepare the country for the challenges ahead, it is imperative to ensure macro-economic stability, create certainty and re-build investor confidence in the economy. It emphasized the need to deepen structural reforms initiated by the administration as a basis for stimulating investments from domestic and international sources with a view to raising productivity in key sectors of the economy. ■

## CBN Introduces Special Bills to Boost Liquidity

By: **Ruqayyah Mohammed**



**T**he Central Bank of Nigeria (CBN) as part of its efforts to boost liquidity, and deepen the financial markets, has announced the introduction of Special Bills. In the circular signed by the Director, Banking Supervision, Mr. Bello Hassan, released on December 1, 2020 noted that the Special Bills was introduced to avail the monetary authority with an additional liquidity management tool and also to free up capital for banks so as to extend more credits.

The CBN Special Bills with a tenor of 90 days with zero coupon which its applicable yield issuance will be determined by the Central Bank of Nigeria, will be tradable amongst banks, retail and institutional

investors but will not be accepted for repurchase agreement transactions with the Central Bank of Nigeria. Also, the Special Bills will qualify as liquid assets in the computation of liquidity ratio for deposit money banks, and will not be discountable at the Bank's window.

The CBN reiterates that as businesses and the Nigerian economy are gradually recovering from the economic meltdown occasioned by the COVID-19 pandemic, the Bank will continue to ensure optimal regulation of systemic liquidity and promote efficient financial markets in support of economic recovery and sustained growth. ■

## News Analysis

# Weathering the Perennial Exchange Rate Headwind

By: **Sam Okogbue**



In Nigeria, one economic concept most people are very conversant with, and develop goose pimples whenever there is change in its value is the foreign exchange rate. Being conversant with the concept, I must point out, does not necessarily mean that every Nigerian understands the technical economic meaning of the term “exchange rate” and the attendant economic implications. It is interesting to observe the passion and seriousness that denotes arguments and analysis relating to the issues of changes in exchange rate.

Perhaps, aside from changes in GDP, changes in the exchange rate has become a key economic indicator by which the success or failure of successive administrations are measured. So, when recently the news about exchange rate fluctuations began to make news headlines, many informed minds took it as the usual refrain. Over the years, the real lesson of what informs or determines the

value of a country's exchange rate is often lost on most Nigerians as a result of sheer sentiments. It is common knowledge that the value a country's currency is determined by the volume and value of the exports of the country vis-à-vis its imports.

In 1973, Nigeria witnessed a dramatic turn-around in the structure of her domestic production and exports of crude oil with the advent of the oil boom. The Arab-Israeli conflict resulted to the Arab countries placing embargo on oil export to the western countries in retaliation for their support to Israel. The development boosted demand for Nigerian crude oil exports at very high price by the Western countries. This explains how Nigeria became a monocultural economy depending only on crude oil production and export, to the neglect of agricultural production and export, manufacturing, mining etc. thus leaving the economy very vulnerable to the fluctuations in international oil prices.

Promises by successive administrations, both military and civilian, to diversify the productive base of the economy proved mere lip service. The productive base of the Nigerian economy has continuously been shrinking leading to embarrassing levels of unemployment, especially amongst the youth. Sadly, Nigerians are beginning to realise that the much reliance on crude oil production and export is synonymous to building on a quicksand. In the first place, Nigeria belongs to the oil cartel, the Organisation of Petroleum Exporting Countries (OPEC) where members are assigned production quota and to sell at an agreed cartel price. As a result, member countries are neither in control of volume of production, nor the price at which they sell at the international market. This poses huge revenue constraint and leaves little or no room to maneuver when a member country is faced with dire economic and financial difficulties.

In more than three decades, oil prices have been consistently unstable with attendant vulnerability in the domestic economy resulting in fluctuation in foreign exchange revenue and depletion of the foreign reserves. It goes further to reduce the capacity of the government to effectively execute the national budget convincingly owing to implied revenue shortfall. In other words, the Nigerian economy has been perpetually highly vulnerable to the external sector dynamics. Aside from the absence of a viable productive sector, the development is further acerbated by a consumption pattern that is acutely skewed towards foreign made goods and services with serious negative implications, reflecting in high import bills and serious drain on the foreign reserves, thereby further weakening the Naira exchange rate.

Another dimension in the struggle to stabilize the exchange rate of the Naira is the activities of speculators. This is often with the connivance of local economic agents who act as fronts to weaken the Naira and push for the devaluation of the Naira.

Multinational financial and development agencies also act to support the devaluation of the Naira exchange rate, thus leaving the managers of the economy under pressure. In view of the absence of a viable productive economic base in terms of agricultural and manufacturing activities, devaluation, experts agree, would only leave the economy worse off, reaping in return high imported inflation rates due to our high foreign taste.

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From the foregoing, it presupposes that a more sustainable option towards maintaining a stable exchange rate would be an inward-looking approach that mobilizes human and our natural resources endowment for domestic production and exports. Thus, to concretize the desire and passion for a more stronger Naira exchange rate, Nigerians must be prepared to work harder to activate production in the domestic economy. Such increase in the tempo of production should transcend peasant farming and extend to large scale commercial agriculture. It should also go beyond commodity produce

to include some value addition such as small-scale processing activities and manufacturing.

Stronger Naira exchange rate will involve mobilizing the populace to change our consumption pattern from foreign goods to more patriotic options that emphasize the need to produce what we consume, and to consume what we produce. To successfully realise such behavioral change would of necessity, require the government at all levels to be in the vanguard of the campaign.

Items budgeted in the national budget should reflect this emphasis on patronizing domestic human and material resources. This is a better way to demonstrate the passion of Nigerians for a strong Naira exchange rate. This explains the essence of Governor Emeziele's import-substitution drive which is aimed at ensuring more domestic production and higher value-added exports in order to achieve higher export earnings; build up foreign reserves and ensure a stable exchange rate ■

# New Dates for Implementation of Cheque Standard

By: **Louisa Okaria**



The Central Bank of Nigeria (CBN) has amended key implementation dates for revised Nigeria Cheque Standard (NCS) and Nigeria Cheque Printers Accreditation Scheme (NICPAS). This information is contained in a circular issued by the Director, Banking Services Department, Mr. Samuel Okojere on December 9, 2020 which stated that "due to the outbreak of the COVID-19 pandemic and the impact it had on the Project, the CBN has adjusted the key implementation dates".

The cut-off date for the parallel run, in which old and new cheques were allowed to co-exist, was extended from August 31, 2020 to December 31, 2020. Therefore, only new cheques are allowed in the clearing system from January 1, 2021.

The Bank also states that banks that are unable to fully migrate to the new standard are required to write to the Director, Banking Services Department to obtain a waiver for a maximum period of three (3) months, ending March 31, 2021.

The Bank notes that "Waiver" will only be granted if reasons for the inability to migrate are satisfactory after management consideration.

The CBN further said that full enforcement of the 2nd edition of the Nigeria Cheque Standard (NCS) and Nigeria Cheque Printers Accreditation Scheme (NICPAS) version 2.0 will commence April 1, 2021, and the NCS/NICPAS 2.0 Sanction grid will be fully operational on April 1, 2021.

The Bank stated that the changes to the implementation timeline were necessitated, and specifically geared towards ensuring a smooth migration to the Nigeria Cheque Standard (NCS) and Nigeria Cheque Printers Accreditation Scheme (NICPAS) Version 2.0.

Thus, CBN urges all Deposit Money Banks (DMBs) to actively enlighten their customers and ensure necessary provisions are put in place for a smooth migration to the new Standard ■

# CBN Issues New License Categorisations for Payments System

By: **Olusola Amadi**

In line with its commitment to promote a strong and credible payments system, the Central Bank of Nigeria (CBN) has approved new license categorisations for the payments system. In a circular issued December 9, 2020 by the Director, Payments System Management Department, Mr. Musa Jimoh, the Bank states that the new licensing framework offers clarity for new and existing market participants given the significant evolution and innovation in the Nigerian payments system.

Furthermore, the Bank invites all payment service providers, banks and other financial institutions to note that the payments system licensing has been streamlined in four broad categories namely: Switching and Processing; Mobile Money Operations (MMOs); Payment Solution Services (PSSs); and Regulatory Sandbox.

The Framework offers further clarifications namely: Only MMOs are permitted to customer funds as companies with licenses within any of the other categories are not permitted to hold customer funds; Companies seeking to combine activities under the Switching and MMO categories are only

permitted to operate under a holding company structure with the subsidiary entities clearly delineated to prevent comingling; and Payments System companies in the PSS category may hold any of PSSP, PTSP and Super Agents license or a combination of the licenses.

The Bank further states that all licensed payment service providers in any of the categories covered by the framework holding or seeking any other CBN issued licenses are required to obtain a no-objection from the Payments System Management Departments, while noting all new licensing requests including those Approvals-in-Principle are to comply with the new requirements and existing licensed payment companies are to comply with the new licensing requirements where applicable not later than end-June 2021.

The Bank urges all stakeholders to ensure strict compliance with the requirements in addition to other payments system regulations even as the Bank continues to monitor developments in the payments system and issue guidance as may be appropriate ■



# CBN Reiterates Support to Fashion Industry

By: Ruqayyah Mohammed



The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, has reiterated the commitment of the Bank to growing the fashion industry.

Speaking at the Arise FashionWeek 2020 which held on 12 December, 2020, the Governor commended the organisers for showcasing the huge potential of the Nigerian fashion industry and its impact across the globe.

He stated that some initiatives of the federal government that will benefit the fashion industry greatly, such as the renovation of the National Arts Theatre in Iganmu, Lagos State, is aimed at creating an environment where startups and

existing businesses are rewarded for their creativity through the creative hub that will be set up.

"I will like to reiterate to stakeholders affiliated with the fashion industry that you indeed have a partner at the Central Bank of Nigeria and the Bankers' Committee. Over the next five years, the fashion initiative at the National Art Theatre will have supported 2,500 Nigerians with improved design skills while creating over 10,000 direct and indirect jobs in the cotton textile and garment industry" said Governor Emefiele.

Mr. Emefiele said that the CBN is fully aware that the fashion industry in Nigeria can provide a positive and beneficial growth path for young Nigerians who seeks to utilize their talents in creating products and services that offer value, home and abroad.

He further disclosed that the Bank will provide a textile shared service facility that will train eligible Nigerians on how to design and develop good quality made in Nigeria fashion products for both domestic and international markets and also make available, single digit interest loans to eligible businesses.

The Governor further added that efforts are focused on finding the most innovative young entrepreneurs across the music, movie, fashion and IT industries, noting that, the Bank will continue to ensure that these skills are harnessed to support the growth of the Nigerian economy and businesses of the Nigerian youth entrepreneurs ■





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Central Bank of Nigeria

# Draft Guidelines for Operation of NIFI Instruments Released

By: **Olusola Amadi**



**Angela Ade Sere-Ejembi**  
Director at Central Bank of Nigeria

The Central Bank of Nigeria (CBN) has issued an exposure draft of the review of "Guidelines for the Operation of Non-Interest Financial Institutions Instruments by the Central Bank of Nigeria".

This was contained in a circular issued by the Director, Financial Markets Department, Dr. Angela Sere-Ejembi on December 17, 2020, which noted that the licensing of Non-Interest Financial Institutions (NIFIs) by the CBN necessitated the creation of NIFI instruments to complement those existing in the conventional banking system.

The Bank notes that the licensing of the Non-Interest Financial Institutions (NIFIs) by the Central Bank of Nigeria (CBN) has expanded the scope and diversity of banking services in the Nigerian financial system and attended to the growing need for innovative financial services, enhancement of

financial inclusion and acceleration of economic activities, growth and development in the country.

Consequently, towards realizing the full potentials of the NIFIs and non-interest bearing financial operations, the bank developed a number of non-interest bearing instruments to be accessed at the CBN Non-Interest Banking Window by the NIFIs in order to facilitate liquidity management, assist in effective monetary policy implementation and deepen the financial system.

The liquidity management instruments introduced in December 2012 were; CBN Safe Custody (Wadiah) Account (CSCA); CBN Non-Interest Note (NIN); CBN Non-Interest Asset-Backed Securities (CNI-ABS). In August 2017, the Bank introduced two lender of last resort instruments to be accessed at its window by NIFIs namely; Intra-day Facility (IDF); and Funding for Liquidity Facility (FRLF).

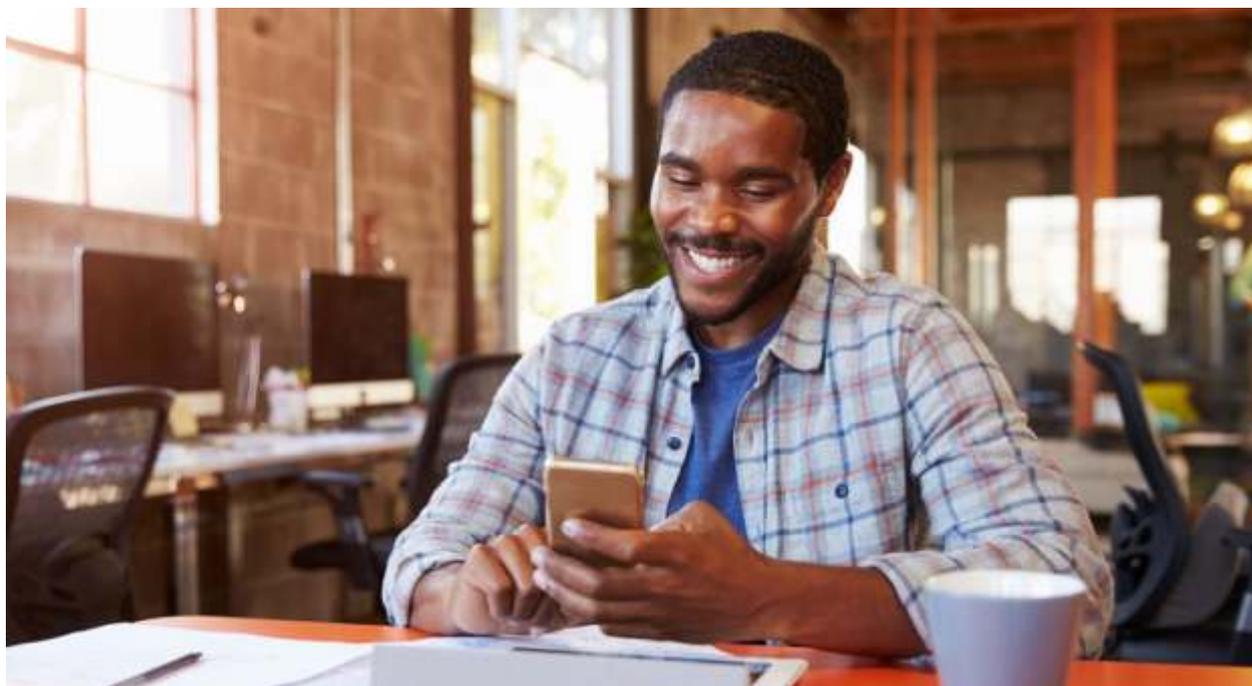
The Bank stated that increased participation by NIFIs in the instruments has given rise to the need to review the guidelines to strengthen its effectiveness in addressing contemporary developments in the industry. As per the review, the CBN notes that the two guidelines; liquidity management and lender of last resort instruments were merged into a single document. Accordingly, The CBN has issued the draft of the reviewed "Guidelines for the Operation of Non-Interest Financial Institutions' Instruments by the Central Bank of Nigeria" for stakeholders' observations and comments.

In another developments, the Bank has also issued an exposure draft framework for the operationalization of the Central Bank of Nigeria Non-Interest Asset Backed Securities. In a circular issued on December 17, 2020, the CBN notes that increased investments in Sukuk issued by multilateral organisations and the rising participation of non-interest financial institutions at the CBN windows has made the operationalisation of the securities mandatory ■

# Expect to Enjoy Increased Access to Credit in 2021 - CBN

By: **Ademola Bakare**

Image: Google Photos



The Central Bank of Nigeria (CBN), has promised Nigerian households to have improved access to credit beginning from the first quarter of 2021. This was revealed in the Credit Conditions Survey Report, released by the Statistics Department of the Bank which indicated that the increase already occurred in the last quarter of 2020.

It stated that changing economic outlook, and increased market share objectives which were major factors responsible for the increase in supply of secured credit would most likely continue into the first quarter of 2021. The report also projected increase in availability of credit for the corporate sector.

“Lenders reported that the availability of unsecured credit to households increased in Q4 2020, it is expected to increase in Q1 2021. “Most lenders cited improving economic outlook and increased market share objective as contributing factors for the increase. The overall availability of credit to the corporate sector increased in Q4 2020, and it is expected to increase in Q1 2021,

due to “Changing sector specific risk and market share objectives”.

The survey further revealed that though there was decline in demand for credit for home ownership in the fourth quarter of 2020, it will also increase in 2021. Request for secured lending for house purchase decreased in Q4 2020, but lenders expect demand for such lending to increase in Q1 2021.

Also, the proportion of secured loan applications approved decreased as lenders tightened the credit scoring criteria, but the demand for total unsecured lending from households increased in Q4 2020 and is expected to increase in the Q1 2021.

The quarterly survey is in furtherance of CBN's mandate to nurture an efficient monetary and financial system toward promoting macroeconomic stability in Nigeria. The survey covers secured and unsecured lending to households, lending to Public Non-Financial Corporations (PNFCs), small businesses and Other Financial Corporations (OFCs) ■

# Labour Lauds CBN's Forex Policy

By: Auwalu Alhaji



The organized labour in Nigeria has commended the recent measures of Central Bank of Nigeria (CBN) aimed at shoring up the value of the Naira.

The Vice President of the Industrial Global Union and member of the Executive Council of Nigerian Labour Congress, Comrade Isa Aremu, made the commendation on Saturday, December 5, 2020 in Kaduna, during a one-day interactive session with organized labour and stakeholders, on the 5-year policy thrust of the Central Bank of Nigeria.

Aremu said the Naira recently reversed its depreciation trend in the parallel market, recording N20 gain against the United States Dollar, closing at N470 per dollar, due to what observers attributed to the new rules introduced by the Bank, which allowed beneficiaries of diaspora remittances and foreign exchange to transfer into their domiciliary accounts and collect the proceed in foreign currencies.

He hailed the CBN's Monetary Policy Committee (MPC) for resisting the pressure to benchmark the real value of Naira with what he called "speculative parallel market rate".

The labour leader observed that Naira's worth was better determined by "market fundamentals" which aimed at driving growth and development, projecting wage income rather than satisfying the insatiable urge of currency speculators for unearned profits on the streets.

Comrade Aremu attributed the rising inflation and prices of foodstuff, despite the efforts of the CBN to maintain price stability, to insecurity, which he

said had undermined agricultural production in the rural areas.

He therefore urged the fiscal authorities to complement CBN's measures and stabilize the economy through appropriate industrial, agricultural and security policies that would stimulate and guarantee seamless productivity in the country.

Also speaking at the event, the Acting Director, Corporate Communications Department, CBN, Mr. Osita Nwanisobi, said the vision of the CBN under Mr. Emefiele that the Bank saw ahead of challenges and advocated the need to diversify the economy away from oil, especially in the face of the global pandemic crisis of Coronavirus (COVID-19) which has had adverse effect on the global economy.

The Acting Director, who was represented by Assistant Director, Corporate Communications Department, CBN, Mr. Sam Okogbue, further stated that the exclusion of the 43 items from accessing foreign exchange from the Nigerian Inter-bank Foreign Exchange market, was geared towards ensuring the local production of goods which hitherto enjoyed comparative advantage as well as to create jobs in these sectors.

He added that part of the CBN's 5-year policy thrust was seeking to pursue, among others, Intervention along the value chain of ten commodities, a double-digit economy growth rate and to reduce inflation to a single digit in five years. Participants at the one-day interactive session were drawn from affiliate unions of NLC and TUC, and informal sector workers in the state.

The participants also acknowledge and commended the CBN's development financing interventions in transportation, agricultural, cotton and textile sub-sectors, oil and gas sector.

Presentations were made by Mr. Henry Formah, Deputy Director, Legal Services Department, Central Bank of Nigeria, who spoke on Synopsis of the Bank and Other Financial Institutions Act (BOFIA), 2020; Mr. Aminu Muhammad, Development Finance Department, spoke on

CBN's 5-year Policy Thrust: Overview of Development Finance Initiatives of CBN; Mr. Albasu Abubakar of Consumer Protection Department, spoke on Consumer Protection Programme of the CBN; and Mr. Adefuye Adeyemi, of the Payments System Management

Department, spoke on the Update on Payments System Initiatives. Highpoint of the event was questions and answer session where the presenters entertained questions from a cross section of labour leaders from North West Zone of the country ■

## Nigeria's Economy to Improve in 2022 - IMF

By: **Ademola Bakare**



**A**s the recession occasioned by oil price plunge, and the ravaging COVID-19 pandemic takes its toll on the economy of Nigeria, the International Monetary Fund (IMF) on Friday, December 10, 2020 projected that the economy will start to recover in 2021 and return to pre-pandemic era by 2022, if the current policies of the federal government are sustained.

"Under current policies, the outlook is challenging. Real GDP is projected to contract by 3¼ percent in 2020. The recovery is projected to start in 2021, with subdued growth of 1½ percent and output recovering to its pre-pandemic level only in 2022". According to the Fund on completion of its 2020 Article IV Mission to Nigeria, held between October 30 and November 17, 2020 by the team led by Jesmin Rahman.

The COVID-19 global pandemic exerted a heavy toll on the Nigerian economy which was already experiencing falling per capita income and double-digit inflation, low oil prices and sharp capital outflows coupled with limited buffers and structural bottlenecks. All these together with pandemic-induced lockdowns, significantly increased the balance of payments (BoP) pressures thereby resulting in output contraction, increased unemployment, and supply shortages thus pushing headline inflation to a-30 month high.

The IMF in its projection, echoed the optimism and projection of the Governor, Central Bank of Nigeria, Mr. Godwin Emefiele that Nigeria will exit recession by Q1 2021. Rahman and his team further noted that the Nigerian authorities undertook commendable and timely measures including a revised budget in July which it removed oil subsidies and prioritized spending to make room for a support package which included higher subsidies on CBN credit intervention facilities and regulatory forbearance measures to ease debt service in affected sectors. The authorities also remove costly and untargeted subsidies in the power sector, which were largely benefiting better-off households.

The Fund welcomed the reduced dependence on Central Bank financing of the budget and recommended its complete removal in the medium term by improving budget planning and public finance management practice to allow for flexible financing from domestic markets and better integration of cash and debt management. It also commended the fiscal transparency measures introduced to facilitate tracking and reporting of budget emergency funding and creation of new budget lines with information on monthly expenditures posted on the Ministry of Finance's Transparency portal.

The mission in its report agrees with the CBN that the accommodative monetary stance remains appropriate in the near term given the constrained fiscal space, large fiscal financing needs and strained sovereign external market access. Acknowledging the supervisory and regulatory role of the Bank in its report, the Fund hugely commended the banking sector for its resilience owing to the ample pre-crisis buffers, an open acknowledgment and approval for the monetary policy initiatives of the Godwin Emefiele led-CBN ■

# Return of Agricultural Produce Pyramids Excites Nigerians

By: Isa Abdulmumin



**T**hursday, December 10, 2020, will go down memory lane as epoch making excited farmers under the auspices of Rice Farmers Association of Nigeria (RIFAN) displayed pyramids of rice paddy, harvested from the 2020 wet season farming activities in Niger State. The rice farmers, who are beneficiaries of the Central Bank of Nigeria's (CBN), Anchor Borrowers' Programme (ABP), were enlivened with joy at the sight of the pyramids and trucks of rice paddy, and expressed their readiness to close the consumption gap and even produce more for export.

Speaking at the event, the Governor, Godwin Emefiele, who was represented by the Deputy Governor, Corporate Services, Mr. Edward Adamu, stated that the Anchor Borrowers' Programme (ABP) has proven to be a game-changer in the financing of Smallholder farmers in Nigeria, as it has revolutionized agricultural financing and has remained the fulcrum of our agricultural transformation initiatives.

He noted that beyond being a tool for economic empowerment, job creation, and wealth redistribution, it has also galvanized financial inclusion in our rural communities.

Mr. Emefiele also hinted that beneficiaries of the ABP had started repaying the loans they secured by submitting produce and cash. According to the Governor, the reason for accepting produce from the farmers as loan repayment instrument is to store the produce for future price stabilisation.

The event, which doubled as harvest collation and input distribution flag-off, also offered an opportunity for loan recovery drive under the RIFAN-CBN Anchor Borrowers' Programme (ABP). According to Mr Emefiele, "loan recovery is the hallmark of any credit process and the combination of this input distribution flag-off with loan recovery drive further demonstrates that this is a sustainable credit programme.

He also expressed delight that despite the devastation caused by numerous floods in the 2020 wet season, farmers had been submitting produce and cash as part of their loan repayment.

The Governor, however, stressed the need for the Association to intensify efforts in this regard in the spirit of the partnership, and sustainability of the programme and assured that CBN would continue to enhance her risk mitigation strategies to guarantee the intended outcomes of the ABP.

Mr. Emefiele eulogized the farmers and other critical stakeholders, particularly, President Muhammadu Buhari and Niger State Governor, Alhaji Abubakar Bello, for their unflinching support for the programme .

In his own remarks at the occasion, Niger State Governor, Abubakar Bello, said that "it was tough at the early stage, but with determination, the result has justified the efforts and resources sunk into the programme.

In attendance were paramount rulers of Bida, Agaie and Minna, Alhaji Yahaya Abubakar, Dr Yusufu Nuhu and Alhaji Umar Faruk Bahago respectively. ■



# Feeding The Nation

## 10 Commodities, 10 Million Jobs in 5 Years

With over 170,000 farmers financed within the last 5 years, the Central Bank of Nigeria is boasting our nation's capacity to produce what we eat and eat what we produce. It is just one of the many ways we are driving growth to make life better for all Nigerians. Support the Anchor Borrowers Program today.

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Central Bank of Nigeria

## 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.



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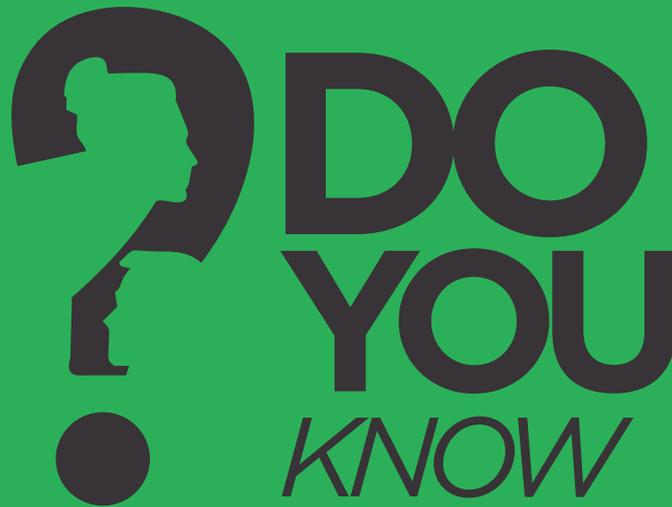
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Central Bank of Nigeria



**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](mailto:cpd@cbn.gov.ng), [contactcbn@cbn.gov.ng](mailto: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](mailto:cpd@cbn.gov.ng), [contactcbn@cbn.gov.ng](mailto: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](mailto:cpd@cbn.gov.ng), [contactcbn@cbn.gov.ng](mailto:contactcbn@cbn.gov.ng) or call +234 7002255226

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