Central Bank of Nigeria

CBNUPDATE

ISSN No: 2695-2394 | Vol. 6 | No. 4 | April 2024

Economy: Cardoso Reassures Investors' Confidence

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Editor's Note

Welcome, esteemed readers, to the April edition of CBNUPDATE.

In this edition, we highlight the story of the CBN Governor Mr. Olayemi Cardoso, underscoring the Bank's unwavering commitment to harness digital technologies for socio-economic advancement. The Governor's remarks were delivered during the study tour of the National Institute for Policy and Strategic Studies (NIPSS) participants to the Bank.

Also, we bring to you an account of the Governor's participation at the International Monetary Fund (IMF) and World Bank Forum Spring Meetings in Washington, USA. The Governor's Media Press Briefing at the Bretton Woods Spring Meetings offer valuable perspectives on global economic trends and their implications for Nigeria.

In alignment with its strategic objectives of ensuring price stability and enhancing monetary policy effectiveness, the CBN has initiated measures to address inflationary pressures by revising downward the Loan-to-Deposit ratio. This proactive step underscores the Bank's commitment to maintaining a conducive macroeconomic environment conducive to sustainable growth.

Moreover, we highlight the pivotal role of the Nigeria Deposit Insurance Corporation (NDIC) in bolstering the CBN's banking sector recapitalization programme. The NDIC's pledge of support to the Bank underscores the collaborative efforts aimed at ensuring the resilience and stability of Nigeria's financial system.

Despite the International Monetary Fund's (IMF) cautious economic outlook, there is cause for optimism as the global economy demonstrates resilience and continues on a trajectory of steady growth. Of particular significance is the upward review of Nigeria's growth forecast to 3.3%, reflecting confidence in the country's economic prospects amidst global uncertainties.

Hakama Sidi Ali
Editor-in-Chief

ISSN No: 2695-2394 | Vol. 6 | No. 4 | April 2024

Economy: Cardoso Reassures Investors' Confidence

The CBN Governor, Mr. Olayemi Cardoso at a Press briefing at the IMF/World Bank Spring Meetings in Washington

The Governor, Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso recently attended the International Monetary Fund (IMF)/World Bank Spring Meetings in Washington, USA. We serve you excerpts of the Governor's Media Press Briefing at the Bretton Woods Spring Meetings.

Thank you for the opportunity to address you today. It has indeed been a fruitful few days of engaging with our esteemed international policy counterparts and stakeholders from around the world, as well as Nigeria's investors. We came here with a very clear agenda and have held highly significant, intentional meetings – each one to further support the stability and ultimate growth of the Nigerian economy.

Besides our meetings with multilateral financial institutions, and foreign investor groups with a keen interest in developments in Nigeria, including a critical gathering at the US Chamber of Commerce, we had very productive discussions with leading International Money Transfer Operators (IMTOs), where we collectively committed to doubling remittance flows through formal channels into Nigeria in the immediate short to medium term. This target is both ambitious and achievable, and we're wasting no time in setting up a collaborative task force, reporting to myself, to drive progress and address any bottlenecks that hinder flows through formal channels.

In the six months since assuming the position of Central Bank Governor, the challenges have been significant, from grappling with inflation to addressing volatility in the foreign exchange market. However, with relative stability now achieved, particularly in the FX market, we have transitioned from firefighting to strategic planning across key areas. These areas include improving the ease of doing business in Nigeria, to consolidate and sustain the gains through an efficient and transparent market system, and boosting financial and economic inclusion for small businesses and households–interrogating all potential ways to leverage smarter use of technology, and remote banking to reduce the cost of transactions and expand accessibility to the financial system.

April saw the Naira emerge as the best-performing currency globally, supported by bullish sentiment from leading international investment institutions. Our FX market is experiencing robust activities, with turnover reaching levels not seen in over seven years. This liquidity boost instills confidence among investors, businesses, and other partners, ensuring fluidity in their interactions with Nigeria's FX markets.

However, we remain vigilant, recognizing the challenges that persist, such as elevated inflation driven by rising food prices, transportation costs, and energy expenses. We note that inflation though rising is doing so at a decelerated rate and we are confident will soon commence a fall. Security concerns in food-producing regions and infrastructure challenges also demand attention. The CBN has implemented a number of policy reforms to address some of these various pressures and, while I am confident enough today to talk about some of our early success, I am at the same time extremely mindful of our ongoing challenges.

We still have work to do in solving all our problems, however, we do have a determined pathway and a sequenced approach to tackling all challenges ahead, working hand in hand with our key stakeholders including investors, banks, businesses – and, notably, our counterparts on the fiscal side.

We have recommitted our stance to orthodox monetary policy, and it is heartening to see the efforts being put up have started yielding results, especially in terms of rebuilding trust and confidence in our economy and the leadership.

In summary, this week has been extremely productive, and we are eager to translate our discussions into tangible outcomes as we return home.

Olayemi Cardoso
Washington D.C.
APRIL 20, 2024

Cardoso Advocates Digital Economy for Financial Inclusion

By: Titilayo Oluwasina

Deputy Governor, Corporate Services, Central Bank of Nigeria (CBN), Dr. Bala Bello, representing the Governor, CBN, Mr. Olayemi Cardoso

The Governor, Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso has reiterated the Bank's commitment to harnessing digital technologies for financial inclusion, productivity enhancement, and fostering innovation and entrepreneurship.

He stated this at the Strategic Institutions Study Tour of the Participants of the Senior Executive Course (SEC46, 2024), National Institute for Policy and Strategic Studies (NIPSS) on Tuesday, April 16, 2024, in Abuja.

Mr. Cardoso, who was represented by the Deputy Governor, Corporate Services, Dr. Bala Bello, lauded the significant contributions of NIPSS to Nigeria's socio-political and macroeconomic development through its flagship programme, the Senior Executive Course. He acknowledged the longstanding collaboration between the CBN and NIPSS, which had yielded mutual benefits, including infrastructure support from the CBN and capacity-building initiatives from NIPSS.

He emphasized that the selected theme for the tour, "Digital Economy, Youth Empowerment, and Sustainable Job Creation in Nigeria: Issues, Challenges, and Opportunities," underscored the importance of leveraging digitalization for economic advancement, considering Nigeria's rapidly evolving digital landscape.

Mr. Fatai Karim, Special Adviser to the Governor, CBN on Operational Risk Management; Dr. Bala Bello, Deputy Governor, Corporate Services, CBN; Professor, Ayo Omotayo, Director General, National Institute for Policy and Strategic Studies and Mr. Anthony Ogufere, Special Adviser to the Governor on Finance & Strategy, Central Bank of Nigeria on a tour to the Bank by Senior Executive Course (SEC) 46, 2024 on Tuesday, April 16, 2024 at the CBN Head Office, Abuja.

He also noted that the theme aligned with the Bank's core priorities and strategic focus, as the Bank had continued to deploy robust digital technologies in driving its processes towards optimal performance. He, therefore, encouraged participants to actively engage in discussions and collaborative exploration of strategies to maximize the benefits of the digital economy while addressing its challenges.

In his address, the Director-General, National Institute for Policy and Strategic Studies (NIPSS), Prof. Ayo Omotayo, said despite global progress towards digitalization, the transition had not been fully realised. He emphasised the importance of the CBN in facilitating the transition to a digital economy, as the key driver of change, akin to a vital tool in a toolkit, essential for assembling the components needed for economic advancement.

Speaking further, he noted that by leveraging digital systems, financial inclusion can be extended to a significant portion of the population, especially in a nation where millions lack access to traditional banking services due to literacy challenges and limited educational opportunities

Prof. Omotayo expressed gratitude for the opportunity to engage with the CBN, acknowledging the importance of collaborative efforts in shaping Nigeria's economic future, even as he urged the Management of the Bank to leverage resources such as the Centre for Financial Economics to drive independent research and inform policy decisions effectively.

Earlier in her address, the acting Director, Monetary Policy Department, Dr. Ladi Bala-Keffi extended a warm welcome to all participants attending the strategic tour. As an alumna of the Institute herself, she commended the significant impact of NIPSS, emphasizing the valuable policies, recommendations, and implementation strategies developed during the training programmes. She highlighted the longstanding relationship between the CBN and NIPSS, urging for further collaborative endeavours.

Highlight of the event was the exchange of gifts between officials of the Bank and the Institute


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CBN Boosts Forex Market with Sales to BDCs

By: Bello Khadeejah

The Central Bank of Nigeria (CBN) has announced the sale of $10,000 to Bureau De Change (BDC) operators to meet the market demand for retail-end invisible transactions. The sale was made at N1,021/$1, and the eligible BDCs are expected to sell to end-users at a spread of not more than 1.5 per cent above the purchase price.

The directive was issued to all eligible BDCs in a circular released by the Trade and Exchange Department (TED) on Monday, April 22, 2024, and signed by the Director Dr. Hassan Mahmud. The CBN instructed them to commence payment of the Naira deposit to the listed CBN Naira Deposit Account Numbers from Monday, April 22, 2024.

CBNUPDATE also learnt that the BDCs must submit payment confirmation and other necessary documentation for the disbursement of FX at the respective CBN branches.

This move by the CBN is aimed at stabilizing the forex market and ensuring that end-users' needs are met, especially for invisible transactions. The Bank continues to implement measures to maintain liquidity in the forex market and ensure the stability of the Naira.

The sale of FX to eligible BDCs is part of the efforts of the CBN to promote transparency and to ensure that the forex market operates fairly and efficiently. The eligible BDCs are expected to comply with the directives of the CBN to ensure that the sale of FX to end-users is done within the prescribed guidelines.

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Stockbrokers Institute Seeks Support from CBN

By: Tina John

L-R: Registrar & Chief Executive, Mr. Josiah D. Akerewusi, FCS; 2nd Vice President, Mrs. Fiona N. Ahimie, FCS; President/Chairman of Council, Mr. Oluwole O. Adeosun, FCS; Central Bank of Nigeria Governor, Mr. Olayemi Cardoso and 1st Vice President, Oluropo S. Dada, FCS.

The Central Bank of Nigeria (CBN) has been urged by the Chartered Institute of Stockbrokers (CIS) to provide strategic support to its members to boost transactions in the Nigerian securities market.

The President and Chairman of Council, CIS, Mr. Oluwole Adeosun made the call, when he led the Institute's leadership on a courtesy visit to the CBN Governor, Mr. Olayemi Cardoso.

Mr. Adeosun, while requesting for financial intermediation support to enable its members to operate optimally, lauded the appointment of senior stockbrokers to key positions in the economy by the federal government, noting that stockbroking firms require CBN's support to attract more participants into the market.

Furthermore, Mr. Adeosun affirmed the capacity and willingness of stockbrokers to support the proposed recapitalization of banks in the next 24 months. He stated that the Nigerian capital market has the potential to support the recapitalization exercise, as demonstrated in previous banking sector recapitalization programmes.

The CIS requested that securities of publicly listed banks should be allowed as marginable securities, subject to passing the "Criteria for Determining Marginable Securities" test. Mr. Adeosun suggested that margin lending drives the growth of capital markets and allows investors to acquire securities over their direct savings within a regulated market framework.

The CIS explained that allowing bank stocks as marginable securities will bring in more and younger Nigerians into the investment community. According to the CIS, the banking sector is one of the most active sectors in the Nigerian stock market, making it the first choice for most investors' portfolios.

CBN Partners IMTOs to Redouble Remittance Inflows

By: Mukhtar Maigamo

Central Bank of Nigeria, Headquaters Abuja

In an unrelenting effort by the Central Bank of Nigeria (CBN) to promote and consolidate the stability and the ultimate growth of the Nigerian economy, the Bank has secured the cooperation and collaboration of some International Money Transfer Organizations (IMTOs) to double the flow of remittance to Nigeria through formal channels in the immediate short to medium term.

The CBN Governor, Mr. Olayemi Cardoso, made this known at the sidelines of the 2024 Springs Meetings of the International Monetary Fund (IMF) and the World Bank Group, which took place in Washington DC recently.

The Governor said, with the collaborative effort, the target of doubling the remittance inflows is both ambitious and achievable, hence the need for setting up a task force that would drive the process, reporting any progress made to the Governor, as well as reporting bottlenecks that hinder flows through formal channels.

He said: "We came here with a very clear agenda and have held highly significant intentional meetings. Each one further supports the stability and ultimate growth of the Nigerian economy.

"Besides our meetings with multilateral financial institutions and foreign investor groups with a keen interest in developments in Nigeria, including the U.S Chamber of Commerce, we have very productive discussions with leading International Money Transfer Operators, (IMTOs), where we collectively committed to doubling remittance funds through formal channels into Nigeria in the immediate short to medium term."

Giving a brief overview of the activities of the new Management of the Bank, Mr. Cardoso highlighted the challenges of inflation and FX volatility they encountered when they assumed, and what they did to address them. He said thus:

"In the six months since assuming the position of Central Bank Governor, the challenges have been significant, from grappling with inflation to addressing volatility in the foreign exchange market. However, with relative stability now achieved, particularly in the FX market, we have transitioned from firefighting to strategic planning across key areas. These areas include improving the ease of doing business in Nigeria, consolidating and sustaining the gains through an efficient and transparent market system, and boosting financial and economic inclusion for small businesses and households–interrogating all potential ways to leverage smarter use of technology, and remote banking to reduce the cost of transactions and expand accessibility to the financial system."

He also averred that in the month of April, the Naira emerged as the best-performing currency globally, and at the same time, the FX market is also experiencing robust activities, with turnover reaching levels not seen in over seven years. This boost in liquidity along with other positive yields instilled confidence among investors, businesses, and other partners, thereby ensuring fluidity in their interactions with Nigeria's FX markets.

Despite this modest achievement, he said that they would not rest on their oars, or bask on the euphoria of their success.

"However, we remain vigilant, recognizing the challenges that persist, such as elevated inflation driven by rising food prices, transportation costs, and energy expenses. We note that inflation though rising is doing so at a decelerated rate and we are confident will soon commence a fall. Security concerns in food-producing regions and infrastructure challenges also demand attention.

"The CBN has implemented a number of policy reforms to address some of these various pressures and, while I am confident enough today to talk about some of our early success, I am at the same time extremely mindful of our ongoing challenges. We still have work to do in solving all our problems, however, we do have a determined pathway and a sequenced approach to tackling all challenges ahead, working hand in hand with our key stakeholders including investors, banks, businesses – and, notably, our counterparts on the fiscal side", he said.

Some of those present at the meetings were representatives of stakeholders both nationally and internationally such as Lemfi; Flutterwave; J.P. Morgan; Remitly; VertoFx; Interswitch; BudPay; Makeba; TapTap Send; Visa; Venture Garden Group, and other players in the remittances industry.


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PHOTO SPEAK OF THE IMF/WORLD BANK SPRING MEETINGS AT WASHINGTON

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PHOTO SPEAK OF THE IMF/WORLD BANK SPRING MEETINGS AT WASHINGTON

NDIC Pledges Support for CBN's Banks Recapitalisation Moves

By: Pearl Ogbonna

The Nigeria Deposit Insurance Corporation (NDIC) has lauded the Central Bank of Nigeria's (CBN) efforts to recapitalise banks for the purpose of achieving economic resilience in the nation. The Corporation further pledged its continued willingness to collaborate with the Bank to ensure a seamless transition while safeguarding depositors' interests.

This was made known by the Managing Director of NDIC, Mr. Bello Hassan recently during the NDIC Special Day at the 35th Enugu International Trade Fair with the theme: "Promoting Made-in-Nigeria Products for Global Competitiveness." Mr. Hassan noted that the CBN had improved regulatory efforts to see to the economic resilience and stability of the Nigerian banking sector.

Recall that the CBN had issued a circular in March 2024 to all commercial, merchant, and non-interest banks announcing the upward review of the minimum capital requirements for commercial, merchant and non-interest banks. This was predicated upon the need to promote a safe, sound and stable banking system in line with Section 9 of the Banks and Other Financial Institutions Act (BOFIA) 2020 owing to the prevailing macroeconomic challenges and headwinds occasioned by external and domestic shocks.

"Under this proposal, commercial banks would be required to maintain minimum capital levels of N500 billion, N200 billion, and N50 billion for international, national, and regional institutions. As well as N50 billion for merchant banks, while national and regional non-interest banks are required to maintain N20 billion and N10 billion respectively", the Managing Director, NDIC recalled.

Mr. Hassan expressed that this strategic recapitalisation initiative was in line with President Bola Tinubu's administration's plan to grow Nigeria's economy to the ranks of $1 trillion base economies.

"This will not only strengthen the banking system but would also enhance the sector's ability to withstand financial shocks," he added.

CBN Cautions Against Foreign Currency for Collaterals

By: Chioma Udeogu

The Central Bank of Nigeria (CBN) has directed all commercial banks to stop the utilization of foreign currency-denominated collateral to secure Naira loans.

This directive was contained in a circular signed by the Ag. Director, Banking Supervision Department, Dr. Adetona Adedeji.

The circular stated that the CBN has observed the prevailing situation where bank customers use foreign currency as collateral for Naira loans. While prohibiting the current practice, the statement, however, exempted the Eurobonds issued by the federal government of Nigeria or guarantees of foreign banks, including standby letters of credit.

Consequently, the circular urged that all the loans

currently secured with dollar-denominated collaterals other than as mentioned above should be wound down within 90 days, failing which such exposure shall be risk-weighted 150% for capital adequacy ratio computation, in addition to other regulatory sanctions.

In response to this directive, financial analysts have commended the Bank for this move. They argue that the use of foreign currency-denominated collateral was an unacceptable practice that contributed to distortions in the FX market.

CBN Lowers LDR to Combat Inflation

By: Pearl Ogbonna

Central Bank of Nigeria

To curtail inflation and strengthen price stability, the Central Bank of Nigeria (CBN) has issued a circular on regulatory measures to improve lending to the real sector of the Nigerian economy.

The circular dated April 17, 2024, and signed by the Acting Director, Banking Supervision Department, Dr. Adetona Adedeji, contains information on the reduction of the loan-to-deposit ratio (LDR) by 15 percentage points to 50 per cent.

By this directive, all Deposit Money Banks (DMBs) are advised that average daily figures shall continue to be applied to assess compliance.

“Following a shift in the Bank's policy stance towards a more contractionary approach, it is imperative to review the loan-to-deposit ratio (LDR) policy to align with the current monetary tightening by the CBN”, the circular reads.

Recall that the Bank's decision to reduce the LDR was predicated upon the need for the Bank's strategy to refocus on its core mandates by utilizing orthodox monetary policy tools to implement monetary policy.

CBNUPDATE also gathered from a recent podcast series hosted by the Corporate Communications Department of the CBN, where the Ag. Director, Banking Supervision Department shed more light on the reasoning behind this particular policy.

“Loan-to-deposit ratio is a metric used to evaluate banks' lending activities relative to their deposit base. The LDR is very crucial when assessing the capacity of our banks in terms of lending and also crucial in managing risks and ensuring financial system stability”, Dr. Adedeji elucidated.

The current development in the economy has necessitated the need for the CBN to curtail inflationary pressure. “The CBN Management has adopted a tightening stance to combat inflation and to combat inflation using the orthodox method, you have to balance what you do with the monetary policy tools and other measures you need to use to achieve your objectives”, he further explained.

Dr. Adedeji went further to clarify that the objective of the contractionary method is to reduce the money supply and ensure price stability. Therefore, one of the ways open to monetary authorities is to adjust the money supply. To do that, it is essential to bring down the LDR in order to curtail the ability of banks to lend more money and pump more money into circulation, he added.

He explained that it would be counter-productive to the contractionary method being utilized by the CBN to curb inflationary pressures if the LDR is still up while the Monetary Policy Rate and Cash Reserve Ratio are increased. Giving banks the room to lend more money is more expansionary and will not align with the contractionary method the Bank is putting in place to mop up excess liquidity, reduce the quantum of money in supply and put inflation under control, he noted.

DMBs are therefore required to note that while they are encouraged to maintain strong risk management practices regarding their lending operations, the CBN shall continue to monitor compliance, review market developments, and make alterations in the LDR as it deems appropriate.

ISSN No: 2695-2394 | Vol. 6 | No. 4 | April 2024

GLOBAL TIT BITS

ECOWAS Bank President Rolls Out Models for Regional Development

By: Mukhtar Maigamo

https://en.wikipedia.org

The President of the ECOWAS Bank for Investment and Development, Dr. George Agyekum Nana Donkor has decried the growing challenges facing the African region and proffered solutions that could propel the region to prosperity.

Dr. Donkor was speaking at the maiden edition of the ECOWAS Investment Forum (EIF) 2024, which took place in Lomé, Togo between April 4 and 5, 2024.

The President, in his speech at the EIF tagged, "Transforming ECOWAS Communities in a Challenging Environment", said 10 lessons derived from the seminar are the only panacea for the African challenges, and added that West African governments must scale up their investments in critical areas, especially in agricultural technologies for food security. He further said that the development of agriculture will enable farmers to produce more which will increase the export revenues for the region.

He however, said that Public-Private Partnerships (PPPs) is critical for addressing the infrastructure deficit, which according to him, Africa loses about $6bn annually from the infrastructure deficit.

Dr. Donkor added that, "there is a need to de-emphasise sovereign borrowing. "We must pay attention to smart private-sector borrowing. Infrastructure bonds are necessary – matching revenue with the borrowing cost. Also, agricultural technologies are critical for food security. There is a need to create markets for agricultural trade" he said.

The ECOWAS Bank President also reiterated "Development of storage facilities to store excesses produced to stabilise prices during the off-season. Our universities churn out millions of students every year, but there's no job for them. There is the need to develop financial instruments. Invest resources including resources that will drive the future economy, placing us in a position to negotiate from a position of strength."

The ECOWAS Investment Forum (EIF) is a strategic platform that brings together development actors to promote investment opportunities in key sectors of ECOWAS Member States. Organized by the ECOWAS Bank for Investment and Development (EBID), the EIF 2024 highlighted West Africa's investment potential, with a focus on the socio-economic recovery of ECOWAS Communities. Key discussions of the forum revolved around education, healthcare, infrastructure, environmental sustainability, and global market access in ECOWAS.

The EBID was established to serve as a development finance institution of ECOWAS member states comprising Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo.

ISSN No: 2695-2394 | Vol. 6 | No. 4 | April 2024

Global Economy Remarkably Resilient – IMF

By: Ogochukwu Ikeagwuonu

https://en.wikipedia.org

Despite gloomy predictions, the International Monetary Fund (IMF) has assured that the global economy remains resilient, with steady growth and inflation slowing almost as quickly as it rose. The Institution has, however, pointed out that the journey has been eventful, despite some global challenges.

CBNUPDATE gathered that according to the latest World Economic Outlook projections, growth this year and next would hold steady at 3.2 per cent, with headline inflation declining from 2.8 per cent at the end of 2024 to 2.4 per cent at the end of 2025. Most indicators continue to point to a soft landing. Resilient growth and rapid disinflation point toward favourable supply developments, including the fading of energy price shocks, and a striking rebound in labour supply supported by strong immigration in many advanced economies.

Monetary policy actions have helped anchor inflation expectations even if its transmission may have been more muted, as fixed-rate mortgages became more prevalent. Despite these welcome developments, numerous challenges remain, and decisive actions are needed.

The IMF maintained that bringing inflation back to target should remain the priority. "While inflation trends are encouraging, more steps are needed", It said.

CBNUPDATE recalls that the Institution listed some measures that would help curb inflationary pressures to include: "rebuilding fiscal buffers, reversing the decline in medium-term growth prospects, harnessing the potential of Artificial Intelligence (AI), and investing in green transition as cutting emissions is compatible with growth. Therefore, there is the need for emerging markets and developing economies to increase their green investment and reduce their fossil fuel investment at a healthy pace". The IMF concluded by advising that facilitating faster and more efficient resource allocation would boost growth for low-income countries and structural reforms to promote domestic and foreign direct investment and improve human capital. The Body observed that monetary, fiscal, and financial policy frameworks especially for emerging market economies must be strengthened.

IMF Calls for Adequate Cybersecurity Strategy

By: Ogochukwu Ikeagwuonu

The International Monetary Fund (IMF) has called on Central Banks across the globe and financial institutions to strengthen resilience in the financial sector by developing an adequate national cybersecurity strategy accompanied by effective regulation and supervisory capacity.

The call was advanced following reports that cyber thieves stole $12bn from global financial institutions in the last 20 years. This was contained in the April 2024 report titled Rising Cyber Threats Pose Serious Concerns for Financial Stability, released by the Bretton Wood Institution on their website.

The Report noted that greater digitalization and heightened geopolitical tensions imply that the risk of cyberattacks with systemic consequences has risen. It said that such losses could potentially cause funding problems for companies and even jeopardize their solvency. And indirect losses like reputational damage or security upgrades are substantially higher.

It further detailed that the financial sector was uniquely exposed to cyber risk given the large

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amounts of sensitive data and transactions they handle—which are often targeted by criminals seeking to steal money or disrupt economic activity. It, however, expressed concern that the rising incidents of cyberattacks on financial institutions globally could affect confidence in the financial system and destabilise economies while expressing worries that cyber-attacks have more than doubled in recent times.

As such, "attacks on financial firms account for nearly one-fifth of the total, of which banks are the most exposed. Cyber incidents that disrupt critical services like payment networks could also severely affect economic activity. For example, a recent attack at the Central Bank of Lesotho disrupted the national payment system, preventing transactions by domestic banks," IMF stated.

The Institution noted that attacks often stem from outside a financial firm's home country, and proceeds can be routed across borders. Thus, as part of measures to guard against the attacks, the Institution has called for the periodic assessment of the cybersecurity landscape and identifying potential systemic risks from interconnectedness and concentrations, including from third-party service providers. This is important even more with the emerging role of Artificial Intelligence (AI). Such external providers can improve operational resilience but also pose a risk.

The IMF, however, called for the encouragement of cyber "maturity" among financial sector firms, including board-level access to cybersecurity expertise, as supported by the chapter's analysis which suggests that better cyber-related governance may reduce cyber risk. Improving cyber hygiene of firms - that is, online security and system health (such as antimalware and multifactor authentication), and training and awareness. Also, there is need to prioritise data reporting and collection of cyber incidents, and sharing information among financial sector participants to enhance their collective preparedness.

The Report concluded by stating that to strengthen resilience in the financial sector, authorities should develop an adequate national cybersecurity strategy accompanied by effective regulation and supervisory capacity.

To this end the IMF urged financial firms to develop and test response and recovery procedures, and also national authorities should have effective response protocols and crisis management frameworks in place to checkmate these occurrences.

World Bank, AfDB, Others Unveil Mutual Financing Platform

By: Louisa Okaria

www.ungei.org

A group of 10 Multilateral Development Banks (MDBs) have launched a new co-financing platform known as the Global Collaborative Co-Financing Platform. The platform is aimed at enhancing global financial support for impactful programmes and projects. The platform is also designed to enhance collaboration among the MDBs and facilitate the efficient channeling of capital towards development initiatives.

The key point of this initiative is the digital Co-Financing Portal hosted by the World Bank, which provides a secure platform for registered co-financiers to share ideas and opportunities. This portal would improve efficiency and transparency, enabling MDBs to exchange information and identify opportunities for joint financing.

The initiative also includes a Co-Financing Forum where participants can discuss funding opportunities, share tips, and solve common problems. The goal is to simplify procedures for countries receiving funding, ensure that money is used according to their priorities and lead to better development outcomes.

The World Bank Group is leading this effort to maximize impact by improving collaboration. Co-financing is seen as a smart way to align strategies, leverage resources and improve coordination among these banks.

Other participating MDBs in this collaboration are the African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank, Council of Europe Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, Islamic Development Bank, and New Development Bank.

https://en.wikipedia.org

IMF Raises Nigeria's Economic Growth Forecast to 3.3%

By: Blessing Uzoagbado

In a significant development for Nigeria's economic outlook, the International Monetary Fund (IMF) has revised its growth forecast for the country upwards, to 3.3 per cent for the year 2024. This update, announced during the IMF's latest World Economic Outlook released at the 2024 Spring Meetings in Washington, United States, reflects a notable increase from the previous projection of 3.0 per cent.

CBNUPDATE gathered that while this adjustment paints a more optimistic picture for Nigeria's economic prospects, the IMF has taken a more cautious stance for the following year, revising the 2025 growth forecast slightly downwards to 3.0 per cent from the earlier estimate of 3.1 per cent. However, across Sub-Saharan Africa, the IMF maintains its expectation of 3.8 per cent economic growth for 2024 but has slightly adjusted the 2025 forecast downwards to 4.0 per cent from the previous 4.1 per cent.

According to CBNUPDATE findings, on a global scale, the IMF's outlook is cautiously optimistic, with a revised growth forecast of 3.2 per cent for 2024, up from the earlier projection of 3.1 per cent. However, it is worth noting that these forecasts still fall below the historical annual average of 3.8 per cent, primarily due to factors such as restrictive monetary policies and sluggish productivity growth.

Also, advanced economies are anticipated to experience marginal growth increases, driven largely by a recovery in the euro area, while emerging markets and developing economies are expected to maintain stable growth trajectories, albeit with regional disparities.

Specifically focusing on sub-Saharan Africa, the IMF predicts a growth trajectory from 3.4 per cent in 2023 to 3.8 per cent in 2024 and 4.0 per cent in 2025, attributing this positive trend to reduced impacts from previous weather-related shocks and gradual improvements in supply chain issues. While challenges remain, particularly in navigating global economic headwinds, the IMF's upward revision of Nigeria's growth forecast underscores a growing confidence in the country's economic resilience and potential for growth.

CBN Establishes Committees to Monitor Market Prices

By: Daniel Nwangwa

Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso, in a group photograph with private sector executives across various industries at the Foreign Direct Investment (FDI) session on Wednesday, April 24th, at the CBN Lagos Office.

In a significant move to bolster Nigeria's economic prospects and reflect the Bank's proactive stance on economic challenges, the Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso has said that the Bank has set up committees aimed at regulating, monitoring, and controlling market prices in the economy.

Mr. Cardoso disclosed this at a strategic engagement with Foreign Direct Investors (FDIs), organised by the Bank in collaboration with the CitiBank of Nigeria Limited on April 24, 2024, at CBN, Lagos. The event was geared towards strengthening the connections between Nigeria's financial sector and the international investment community.

The Governor noted that the committees' roles would be to observe, analyze, monitor, regulate, and control market trends. The Governor also reiterated the Bank's commitment to remove the distortions that have affected the foreign exchange market from operating seamlessly and ensure that prices settle at the level of a willing buyer and willing seller. He added that this was aimed at achieving a more predictable and stable economic environment, fostering confidence among consumers and investors alike.

He emphasised the Bank's focus on combating inflation, noting that the initiative is part of a critical strategy to ensure price and exchange rate stability, which is crucial for sustainable economic growth.

In his remarks, the Deputy Governor in charge of the Economic Policy Directorate, Mr. Muhammad Abdullahi, revealed that the Bank has established a dedicated group to manage the relationship between investors and the Bank for direct and proper dissemination of information. He assured of the Bank's willingness to collaborate with other government entities to encourage ease of doing business in the country, especially businesses that are reliant on the forex market, where clear and consistent information flow is essential for operational success.

Expressing appreciation for the engagement, the investors thanked the Governor for his open communication, observing that this marks a significant shift towards transparency and engagement in Nigeria's financial policy discourse. They appealed for a more stable Naira, which underscores the critical link between monetary stability and investment attraction.

NIPR: Enhancing Nigeria's Global Reputation, a Collective Responsibility – Cardoso

By: Kenechukwu Afolabi

The Governor of the Central Bank of Nigeria (CBN), Mr. Olayemi Cardoso has said that boosting Nigeria's global reputation and revitalizing its economy remains a collective responsibility.

Mr. Cardoso stated this while delivering a keynote address on the topic, "Strengthening Trust and

Assistant Director, Corporate Communications Department, CBN, Mr. Uche Ogbonna representing the CBN Governor at the event

Communication: The Role of Public Relations in Nigeria's Economic Development" at the opening ceremony of the Nigerian Institute of Public Relations (NIPR) Week on April 23, 2024 at Abeokuta, Ogun State.

Mr. Cardoso, who was represented by an Assistant Director and Head, Corporate Communications Department, Lagos, Mr. Uchenna Ogbonna acknowledged the transformative power of effective communication and strategic engagement with stakeholders, noting that public relations plays a significant role in shaping reputation and public perception.

According to him, "Public Relations shapes perceptions and tells Nigeria's story in a way that builds trust, attracts investments and fosters international partnerships". He urged for a strategic, focused, inclusive, and comprehensive approach for public relations to drive economic and reputational transformation.

Speaking further, Mr. Cardoso reiterated that the connection between a strong national reputation and a thriving economy is undeniable, acknowledging the need to develop a robust national brand.

"By highlighting our technology advancements, cultural heritage, and commitment to sustainable and inclusive development, we can redefine our narrative and enhance our attractiveness as a favourable destination for trade and investment. Achieving this task requires a collective commitment from every Nigerian within and outside our borders", he added.

He stressed that revitalizing Nigeria's economy and reimagining the global reputation is a collective voyage, that is marked, by transforming perceptions, unlocking potential and ushering in a new era of prosperity and international esteem.

Mr. Cardoso called on all stakeholders to collaborate and leverage on the formidable public relations instrument to facilitate the transformation of the challenges into the most significant accomplishments.

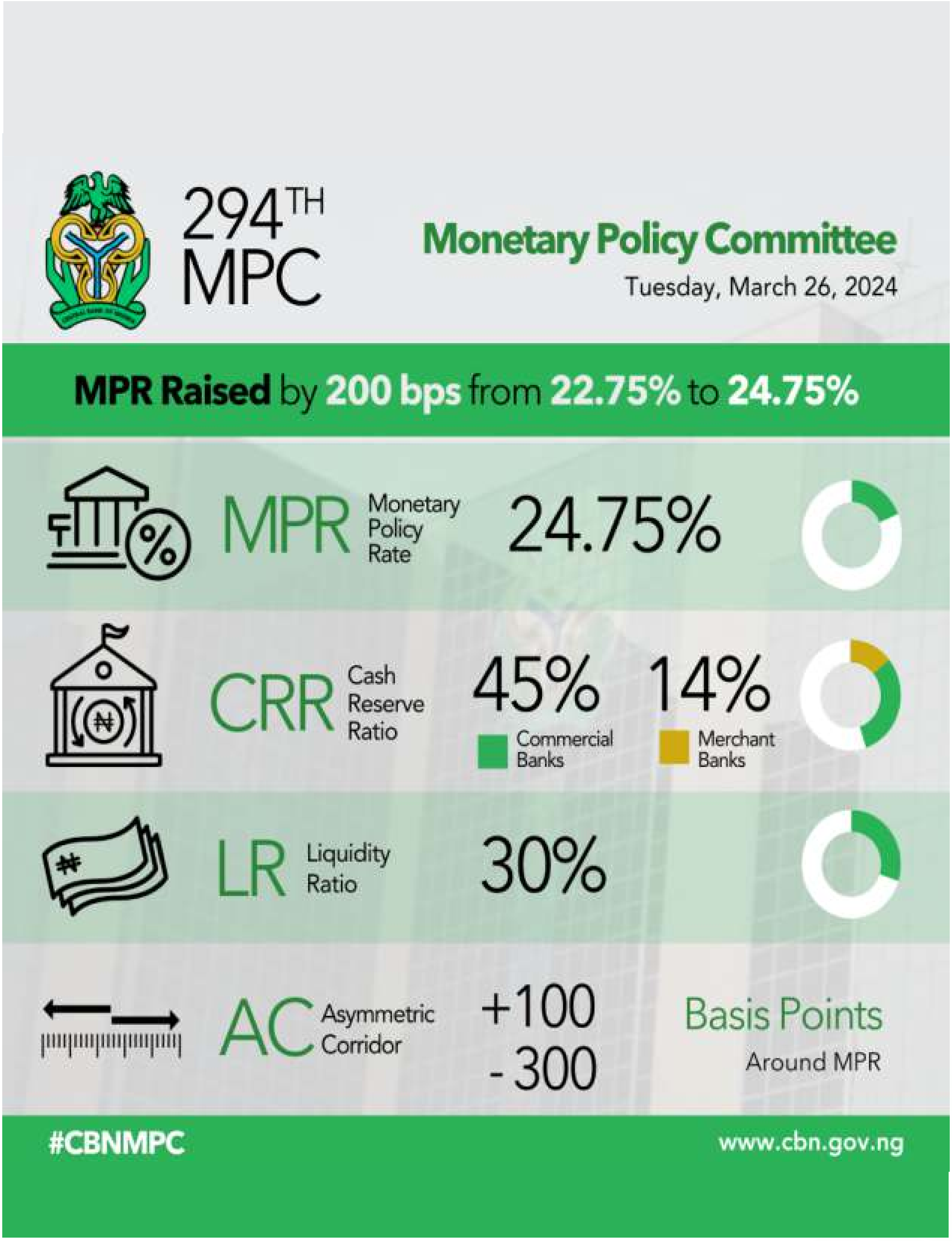
In line with the strategy to refocus on the Bank's core mandate, Mr. Cardoso stated that the Bank will utilize orthodox monetary policy tools to implement monetary policy. In addition, "the Bank will provide forward guidance, enhance transparency and maintain effective communication with the public to anchor expectations and build trust among stakeholders", he said.

He also assured that with the implementation of the right policies, the Bank stands as a ready ally in championing good causes for the betterment of the country.

In his remark at the NIPR Week with the theme, "Leveraging Public Relations as a Critical Asset for Nigeria's Economic and Reputation Renaissance", the National President of the NIPR, Dr. Ike Neliaku described reputation as a "core asset "of any individual, organization or nation.

"When your reputation is in red, you might as well say that your bank account is in red, and this is the message of public relations. It is only public relations that ensures that your yesterday is celebrated, your today is appreciated and your tomorrow is guaranteed", Neliaku noted.

The event was attended by some dignitaries, including: The Governor of Ogun State, Mr. Dapo Abiodun; Director General of the National Orientation Agency (NOA), Mr. Lanre Issa-Onilu; and the Managing Director of the News Agency of Nigeria (NAN), Malam Ali Muhammed Ali, amongst many others


294TH MPC
Monetary Policy Committee
Tuesday, March 26, 2024
MPR Raised by 200 bps from 22.75% to 24.75%
MPR Monetary Policy Rate
24.75%
CRR Cash Reserve Ratio
45%
Commercial Banks
14%
Merchant Banks
LR Liquidity Ratio
30%
AC Asymmetric Corridor
+100
- 300
Basis Points
Around MPR
#CBNMPC
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FREQUENTLY ASKED QUESTIONS (FAQs) ON THE BANKING SECTOR RECAPITALIZATION PROGRAMME 2024

1. What is the Banking Sector Recapitalization Programme 2024?

The Banking Sector Recapitalization Programme (the Programme) is a regulatory initiative of the Central Bank of Nigeria (CBN) that requires banks to increase their minimum paid-in common equity capital to a specified amount according to their license category and authorization within a specified period.

2. Why is the Programme necessary?

The Programme became necessary to further strengthen Nigerian banks against external and domestic shocks as well as enhance the stability of the financial system. By increasing the minimum capital requirements, the CBN aims to ensure banks have a robust capital base to absorb unexpected losses and the capacity to contribute to the growth and development of the Nigerian economy.

3. What is the objective of the Programme?

The broad objective of the Programme is to engender the emergence of stronger, healthier, and more resilient banks to support the achievement of a US$1 trillion economy by the year 2030. Bigger banks with larger capital base and capacity can underwrite larger levels of credit which is critical to lubricate and catalyze the growth of the economy.

4. Which category of banks are affected by the Programme?

The Programme shall apply to commercial, merchant, and non-interest banks. The goal is to ensure that each institution maintains adequate capital that is commensurate with the risk profile, scale and scope of its operations.

5. What are the new minimum capital requirements under the Programme?

The new minimum paid-up share capital requirements applicable to each authorization category of banks are as follows:

Type of Bank	Authorisation	Minimum Capital (N' Billion)
Commercial	International	500
	National	200
	Regional	50
Merchant	National	50
Non-interest	National	20
	Regional	10

For existing banks, the capital requirements specified above shall be paid-in capital (Paid-up plus Share Premium) only. Bonus issues, other reserves, and Additional Tier 1 (AT1 Capital shall not be allowed or recognized for the purpose of meeting the new minimum capital requirements. However, relevant reserves will continue to be recognized in the computation and determination of the risk-based capital adequacy ratio (CAR) in line with the CBN's Guidelines on Regulatory Capital.

All applications for new banking license shall comply with the new capital requirements.

6. What is the timeframe for banks to comply with the new requirements?

The CBN has set a timeline of 24 months for banks to comply with the new requirements commencing from April 1, 2024 and terminating on March 31, 2026.

7. Will the Programme affect banks' delivery of products and services?

The Programme will not affect the smooth functioning of banks. Accordingly, consumers of financial services are expected to carry on with their regular banking transactions unhindered during the implementation of the Programme.

8. How will the Programme impact the economy?

The Programme will better position banks to play their intermediation role through lending to critical sectors of the Nigerian economy, thus supporting economic growth and development. In addition to supporting economic growth, the Programme will help enhance banks' capital buffers to ensure their continued stability and sustainability in the face of global and domestic macroeconomic headwinds.

DID YOU KNOW

- The Primary Objectives of monetary policies are the management of inflation or unemployment and the maintenance of currency exchange rates.

- Central Banks use various tools to implement monetary policies. The widely utilised tools include; Interest Rate Adjustment, Cash Reserve Requirements, and Open Market Operations.

- Discretionary Monetary Policy are deliberate actions taken by the monetary authority to influence the money supply in the system to achieve its mandates.

- Direct Monetary Policy 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 involves the use of market-based instruments such as open market operations for the implementation of monetary policy.

- Price Stability in an economy means the general price level does not change much over time. Prices neither go up nor down.

- The Exchange Rate Channel arises when the exchange rate becomes the intermediate policy variable for the transmission of monetary policy impulses.

- The Interest Rate Channel is a monetary policy transmission mechanism channel whereby changes to the policy are propagated through interest rates to inflation.

- Fiscal Policy is the use of government revenue collection and expenditure to influence a country's economy.

- Discount Window is an instrument of monetary policy (usually controlled by central banks) that allows eligible institutions to borrow money from the central bank, usually on a short-term basis.

Central Bank of Nigeria