



The Nigerian

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2018 CIBN USA CONFERENCE (INVESTING AT HOME: IMPLORING NIGERIANS IN DIASPORA)

OTHER FEATURES:

- UPDATE ON SHARED AGENT NETWORK EXPANSION FOR BANKS
- COSTS OF MARITIME PORT CRISES IN NIGERIA
- ECONOMIC DIVERSIFICATION – PATHWAY TO GROWTH AND DEVELOPMENT IN NIGERIA
- INVESTMENT IN THE CAPITAL MARKET



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Further correspondence should be addressed to:

The Editor, The Nigerian Banker

The Chartered Institute of Bankers of Nigeria, PC 19, Adeola Hopewell Street
P O Box 72273, Victoria Island, Lagos

Tel. 01-4617924, 4610655 Website: www.cibng.org E-mail: cibn@cibng.org

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Editorial Team

'Seye Awojobi, FCIB
Chairman

Sunday Ebong
Editor

Nelson Olagundoye
Jesutobi Odekunle
Members

Gbemisola Akinsanya
Secretary

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The Nigerian Banker
Bankers House
PC 19, Adeola Hopewell Street
P.O. Box 72273
Victoria Island, Lagos, Nigeria
Tel: 01-4617924, 01-4610655
E-mail: cibn@cibng.org

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Built on Trust and Honesty



From the Desk of the *Chairman, Editorial Board*



Yet another significant milestone in the annals of our great Institute was recorded during the fourth quarter 2018. The Atlanta 2018 Conference organized by The Chartered Institute of Bankers of Nigeria (United States of America Branch) held From October 5 – 7, 2018 at The Renaissance Wavery Hotel & Convention Centre, Atlanta, Georgia (USA). This is the first conference ever organized by the CIBN, USA Branch since its establishment three years ago. This edition of The Nigerian Banker features a very informative paper entitled “**Investment in the Capital Market**” authored by Mr. Femi Ekundayo, FCIB, past President, CIBN.

It is also pertinent to mention that during the CIBN USA conference, the second investiture to be held outside the shores of the country took place. At the investiture, a total of four (4) distinguished professionals, including Mr. Ifie Sekibo, Managing Director/CEO, Heritage Bank, were conferred with

the Fellowship and Honorary Fellowship of the Institute.

In continuity of the Shared Agent Network Expansion Facility (SANEF) project launched in March 2018 by the Body of Bank CEOs. This edition also provides an update on the progress and how to register as an agent towards the deepening of financial inclusion.

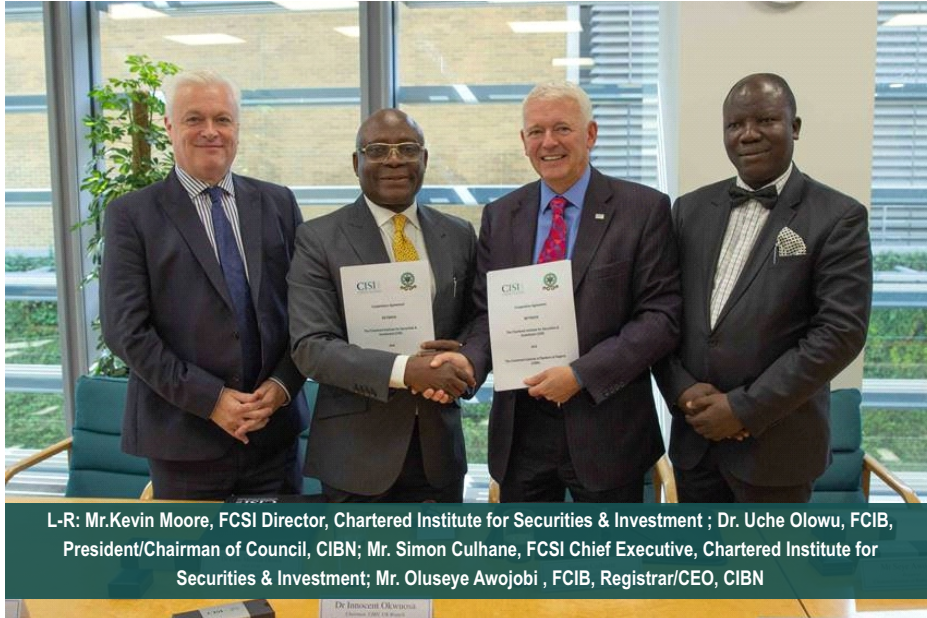
Also featured in this edition of The Nigerian Banker are scholarly articles by Dr. Vincent Nwani, Director, Research and Advocacy, Lagos Chamber of Commerce and Industry (LCCI) on the Costs of Maritime Port Crisis in Nigeria and another on Economic Diversification-Pathway to Growth and Development in Nigeria jointly written by Omotayo Muritala, Lagos Business School, Pan-Atlantic University, Adewole Lawal, University of Sheffield, UK and Dr Ogechi Adeola, Lagos Business School, Pan-Atlantic University, Lagos. Given the pedigree of the authors and the quality of their research, I have no doubt that our readers would be enlightened on issues therein discussed.

As we approach the end of 2018, dear readers, I, on behalf of the Governing Council, Management and staff of The Chartered Institute of Bankers would like to wish you all a joyful festive season and a fruitful 2019, in advance.

Read and get enlightened!

Mr. 'Seye Awojobi, FCIB
Registrar/Chief Executive, CIBN

**THE AGREEMENT SIGNING
 CEREMONY OF THE CHARTERED INSTITUTE OF BANKERS OF
 NIGERIA (CIBN) AND THE CHARTERED INSTITUTE OF SECURITIES
 AND INVESTMENT (CISI), U.K. IN LONDON
 AUGUST 30, 2018**



L-R: Mr. Kevin Moore, FCSI Director, Chartered Institute for Securities & Investment ; Dr. Uche Olowu, FCIB, President/Chairman of Council, CIBN; Mr. Simon Culhane, FCSI Chief Executive, Chartered Institute for Securities & Investment; Mr. Oluseye Awojobi , FCIB, Registrar/CEO, CIBN



L-R: Mr. Kevin Moore, FCSI Director, Chartered Institute for Securities & Investment ; Dr. Uche Olowu, FCIB, President/Chairman of Council, CIBN; and Mr. Simon Culhane, FCSI Chief Executive, Chartered Institute for Securities & Investment signing the agreement



Group Picture of Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN and Mr. Oluseye Awojobi, FCIB, Registrar/CEO, CIBN with top Executives of Chartered Institute for Securities & Investment



Group Photograph



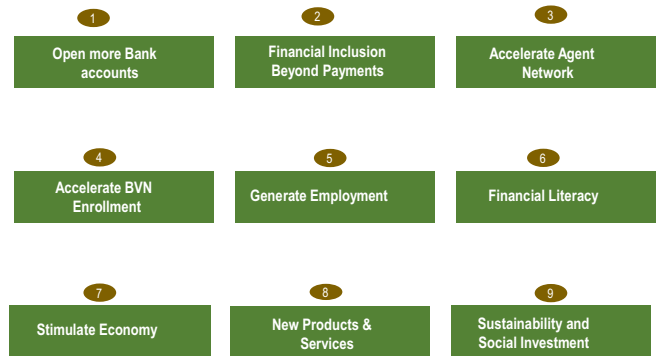
Update on Shared Agent Network Expansion Facility and DFIN Project

(Being text of presentation made by the Body of Bank CEOs in June 2018)

Project DFIN: Summary of What Nigerian Banks are doing

1	2	3	4
<p>SANEF</p> <p>Shared Agent Expansion Facility to Increase Financial Access Points by 500,000</p>	<p>BVN and eKYC</p> <p>Aggressive BVN enrollment through the roll-out of 10,000 remote capture devices. BVN to serve as eKYC</p>	<p>Financial Inclusion Products</p> <p>Create a compelling product for the unbanked: <u>Government Savings Account</u></p>	<p>Integrated Solutions</p> <p>Product creation and provision of Ancillary services and products in a coordinated manner</p>
<ul style="list-style-type: none"> § Establish current agent baseline. Set up enablers for rollout § Allocation of coverage targets and Set up data collection framework § Agent on-boarding and unique ID mapping § Monitor and optimize § PWC has commenced the Project Management and deployment Monitoring role § Recruitment of new Agents is ongoing pan-Nigeria and is estimated to hit 100,000 by end of Q3 § NIBSS to provide digital monitoring heat map and dashboard 	<ul style="list-style-type: none"> § Nationwide BVN currently 33million, we plan to scale it up to 70 million by 2020. § NIBSS to provide enrolment devices for agents, with priority for North East, North Central and North West § NIBSS will pay agents N100.00 for every unique BVN enrolled § Training and certification of Super Agents, mobile money operators and Telcos § Commitment to enroll 40 million unique BVN between now and year 2020: 10 million in 2018, 15 million, 2019 and 15 million 2020. 	<ul style="list-style-type: none"> § Design a savings account bundled with ancillary products (Insurance, pension, micro-credit) which will be driven by CBN and participating Banks and Insurance companies § Conclude with participating insurance companies on insurance premium for the account § Agree funding and accounting for insurance premium subsidy required for product success § Liaise with key regulators for review of Bancassurance guidelines (CBN, NAICOM & NCC). Section 3.2, 3.3, 4.2 and 6 of Bancassurance guidelines 	<ul style="list-style-type: none"> § Design an integrated financial inclusion solution beyond payments § Solutions include Mobile Banking, Mobile Insurance, Mobile Merchant Payments § See section 3 for preliminary ideas and structures for proposed products and services: <ol style="list-style-type: none"> 1. Micro Retail Loan Products 2. Micro Retail Savings Products 3. Retail Insurance Products 4. Micro Solar Power Acquisition Product 5. Micro-Pensions Products

Update on SANEF and DFIN Project by Nigerian Banks:

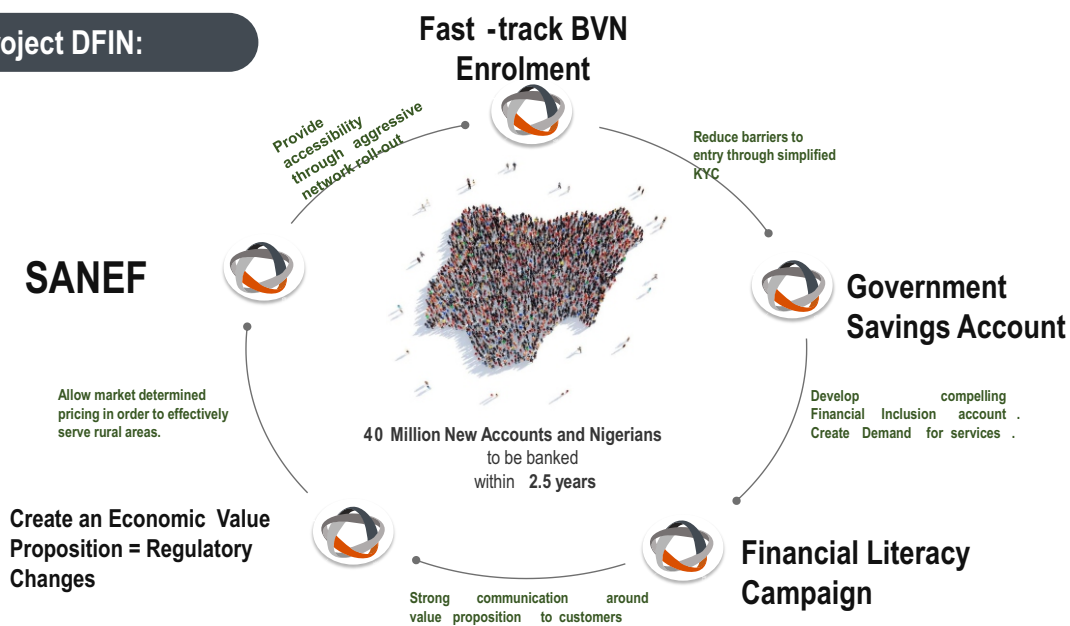


Project DFIN: Summary of What Nigerian Banks are doing

5	6	7	8
<p>Regulatory Engagements</p> <p>Regulatory changes to create an economic value proposition and guarantee DFIN and SANEF success</p>	<p>Financial Literacy Campaign</p> <p>Strong targeted communication and product driven Financial Literacy Campaign around benefits of Government Savings Account</p>	<p>USSD and UPI</p> <p>CBN, NCC, Banks and Telcos collaboration for Low cost USSD platform for financial inclusion transactions</p>	<p>Open more Accounts</p> <p>Roll-out of other Banking, Micro Loans, Insurance and Pension Products to create demand for Bank accounts</p>
<ul style="list-style-type: none"> § Liaise with industry regulators (CBN, NAICOM, NCC) to release policy changes to enhance the success of financial inclusion goals § Liberalization of Agent pricing framework by the CBN to market determine optimal pricing for services § Review and relaxation of the Banc Assurance guidelines § Discuss with NCC and CBN on unified USSD pricing and unified code for financial inclusion 	<ul style="list-style-type: none"> § Integrated communication plan has been deployed. Phase 1 covers general awareness through print and electronic media and would run between June and December 2018. § Phase 2 will involve customer engagement, town hall meetings and influencer endorsements. § Visuals and radio for first phase of campaign ready for rollout § Phase 2 will be to launch and promote the Government Savings Account and remote BVN enrollment drive 	<ul style="list-style-type: none"> § Leveraging on some of the learning points in India. USSD was unified with low cost to drive low value transactions. UPI also facilitated exponential growth in digital payments in India § Design an industry short code processes. Alignment of economies of stakeholders § Solution development and deployment with support of NIBSS § Development of USSD verification codes for agent authentication, balance enquiry, TIN § Communication and roll-out. Ongoing impact assessment and monitoring 	<ul style="list-style-type: none"> § Nigerian Banks commit to opening and onboarding 40 million adult Nigerians into the banking system between 2018 and 2020 through; § USSD straight through account opening by Banks and Shared Agent Network § Account opening for beneficiaries of all Social Intervention Programs. § Support from government required to channel all government subsidies and social payments through the accounts opened.

About SANEF and Project DFIN: Summary of What Nigerian Banks are Doing?

Project DFIN:

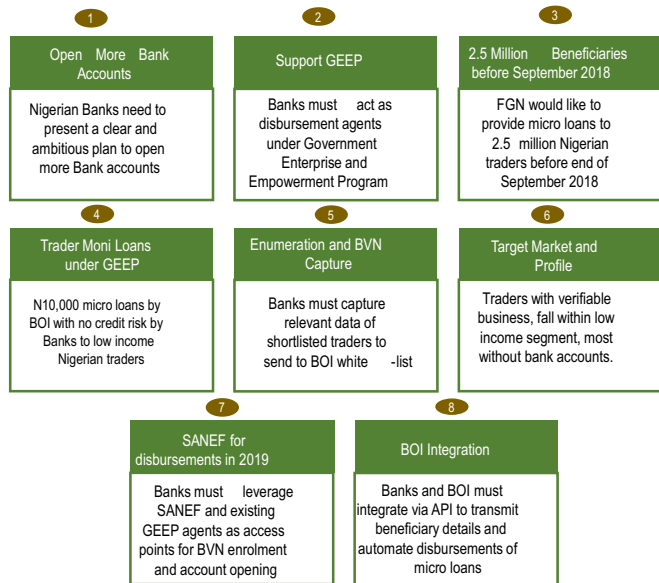


Section 2:

Highlights of Meeting with His Excellency, The Vice President of the Federal Republic of Nigeria

Highlights of Meeting with HE, The Vice President of the Federal Republic of Nigeria

1. During the initial meeting on March 8, 2018, with His Excellency, the Vice President of the Federal Government of Nigeria, Professor Yemi Osinbajo ("HEVP"), he requested that Nigerian Banks aggressively deploy new plans and initiatives towards accelerating and deepening financial inclusion in the country within a period of 3 months;
2. At the meeting on June 7, 2018, the SANEF - DFIN project update was presented to the HEVP, and he expressed satisfaction with the progress achieved. He however asked that efforts be intensified on the roll-out of financial access agency points, the financial literacy campaign nationwide as well as accelerating remote BVN enrollment.
3. HEVP then requested that Nigerian Banks display their commitment to deepening financial inclusion by working with his team, the Bank of Industries ("BOI") to immediately open bank accounts and avail micro loans to about 2.5 million Nigerian traders within a period of 3 months under the Government Enterprise and Empowerment Program ("GEEP").
4. This request also entails to provision of new feature phones to 2 million traders with mobile phones upon opening bank accounts by Nigerian banks.



Section 3:

Summary of FGN – BOI GEEP Trader Moni Micro Loan Scheme

Summary of FGN BOI GEEP Trader Moni Micro Loan Scheme: 10 Million Target

2.5 million Nigerian Traders
N=10,000 per individual
320 locations or markets in 36 states



Summary of FGN BOI GEEP Trader Moni Micro Loan Scheme



Program Features

- **N10,000 loans**
- 2.5% admin fee
- Pay back over 6 months
- Upon repayment of first loan, automatic application and qualification for higher amount

Operational Dynamics

- Rapid, accessible, and technology -driven loans. 100% mobile.
- Beneficiaries accessed primarily through their commercial value chains
- Disbursement directly to Bank accounts
- Repayments via traditional GEEP channels, as well as via Bank account
- Repayment of first N10,000 loan allows beneficiary to apply immediately for next higher loan amount (N15,000)

Summary of FGN BOI GEEP Trader Moni Micro Loan Scheme

Low Income Nigerian Traders

- § They currently have a verifiable trade or business
- § They belong to the low income category and underserved Nigerians
- § Most do not have a Bank account
- § Some do not own a phone

About 10 million Nigerians fall into this category

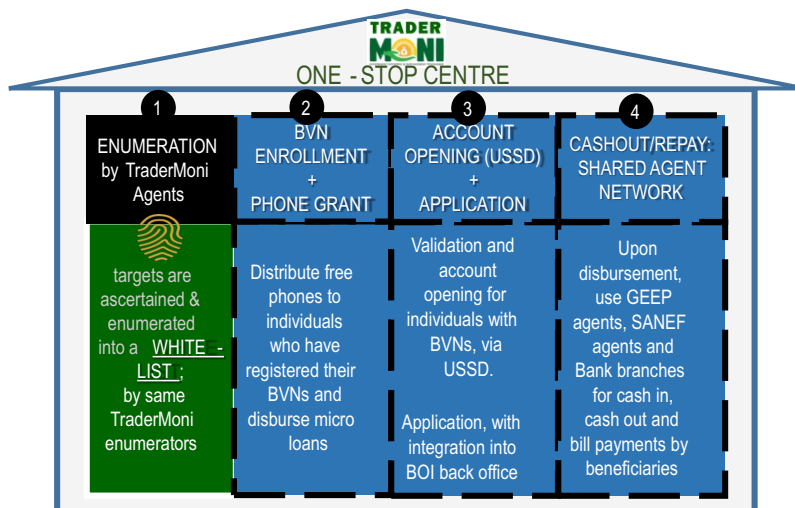
FMCG Targets

- § Table -top sellers
- § "Pay & Go" sellers
- § Kiosks
- § Mai Shai
- § Suya sellers
- § Drinks sellers
- § Cooked meal vendors
- § Airtime vendors

Non -FMCG Targets

- § Keke riders
- § Barbers
- § Pepper sellers
- § Yam sellers
- § Vegetable sellers
- § Newspaper vendors,
- § Mobile cobblers
- § Street hawkers, etc

Summary of FGN BOI GEEP Trader Moni Micro Loan Scheme



1. 320 market locations and TraderMoni Centers to be identified by BOI nationwide. Centres can be in markets, 3rd-party locations (e.g. LGAs), or bank branches.
2. Equipped with power, internet, BVN enrolment machines, and feature phones
3. Each location features TraderMoni enumerators, banks, and shared agent.

Start	3 months
Target	1m – 1.5m loans
Disburse to	Bank Account
Trade -offs	a) Time to execute b) Convenience; requires trader traveling to one - stop centre
Key Risks/ Dependencies	- Procurement of BVN devices - Procurement of Phones - Set-up of one -stop centres

Section 4:

Tentative Allocation and Request for Expression of Interest from Nigerian Banks



Tentative Allocation and Request for Expression of Interest from Banks

- § To meet HEVP's request, the BOI is to offer all banks the opportunity to acquire retail customers under the GEEP and Trader Moni scheme . This will entail acquiring customer from the potential 10 million opportunity that are currently unbanked or under -banked .
- § A decent portion of the 320 market locations in 36 states are situated near bank branches, market clusters , Local government offices and markets . BOI will be responsible to identifying and mapping out appropriate locations . It is an average of 70,000 new accounts per state for the initial tranche of between 2 million to 2.5 million traders/beneficiaries .
- § As such, Nigerian banks can offer suitable branches close to the market clusters for "Trader Moni" disbursements . Nigerian banks with retail aspirations, reach and locational advantage are therefore invited to participate in this financial inclusion and retail customer acquisition initiative .

This approach guarantees a sustainable roll-out plan to achieve the Federal Government objectives of 2 million to 2.5 million disbursement within the shortest period with fair and equal participation by all deposit money banks. This is however subject to the willingness of each bank to provide feature phones for some of the beneficiaries as requested by the Federal Government. See breakdown below.

Summary of FGN BOI GEEP Trader Moni Micro Loan Scheme

Feature Phone Cost and Assumptions

- § Feature phone cost at N2,000.00 per handset
- § Tier 1 banks allocated 100,000 phones at N2,000.00 (N200 million each)
- § Tier 2 banks allocated 25,000 phones at N2,000 (N50 million each)
- § Expression of interest will determine level of participation in customer acquisition through BOI GEEP program

About 10 million Nigerians target opportunity over a 1 year period to deepen financial inclusion

Category 1: Tier 1 Banks

- § Access Bank Plc,
- § Ecobank Nigeria Plc,
- § First Bank of Nigeria Limited,
- § Guaranty Trust Bank Plc,
- § United Bank for Africa Plc, and
- § Zenith Bank Plc

Category 2: Tier 2 Banks

- § Citibank Nigeria Limited;
- § Diamond Bank Plc,
- § Fidelity Bank Plc,
- § First City Monument Bank (FCMB) Limited,
- § Heritage Bank Plc,
- § Keystone Bank Limited,
- § Skye Bank Plc,
- § Stanbic IBTC Bank Limited,
- § Standard Chartered Bank Limited, Sterling Bank Plc,
- § Union Bank of Nigeria Plc,
- § Unity Bank Plc, and
- § Wema Bank Plc

Section 5:

Summary of Key Deliverables by 2020



Summary of Key Deliverables from Nigerian Banks

Project DFIN: High level Projects and Initiatives

<p>1</p> <p>SANEF</p> <p>Shared Agent Expansion Facility to Increase Financial Access points by 500,000</p>	<p>2</p> <p>BVN & e -KYC</p> <p>Aggressive BVN enrollment through the roll -out of 10,000 remote capture devices. BVN to serve as eKYC</p>	<p>3</p> <p>Trader Moni Disbursements</p> <p>Banks to work with BOI to disburse funds under the Trader Moni program to over 2 million Nigeria Traders</p>
<p>4</p> <p>Financial Inclusion Product</p> <p>Create a compelling product for the unbanked: <u>Government Savings Account (GSA)</u></p>	<p>5</p> <p>Open more Bank Accounts</p> <p>40 million new banks accounts by 2020. Roll -out of Micro Loans, Insurance & Pension Products to drive new Bank accounts</p>	<p>6</p> <p>Financial Literacy Campaign</p> <p>Strong targeted communication and product driven Financial Literacy Campaign around benefits of GSA</p>

Deliverables

1. Bank accounts and Financial inclusion targets:

\$	10 Million	- 2018
\$	15 Million	- 2019
\$	15 Million	- 2020

2. BVN new enrollment target: 40 million new BVNs

3. Financial Access Points target: 500,000 by 2020

4. Partnership with the FGN and BOI to disburse N10,000 .00 micro loans to traders under the Trader Moni Program .

5. Funding and access to micro loans by Nigerians with insurance, to acquire off -grid devices, particularly in Northern Nigeria at single digit interest rate

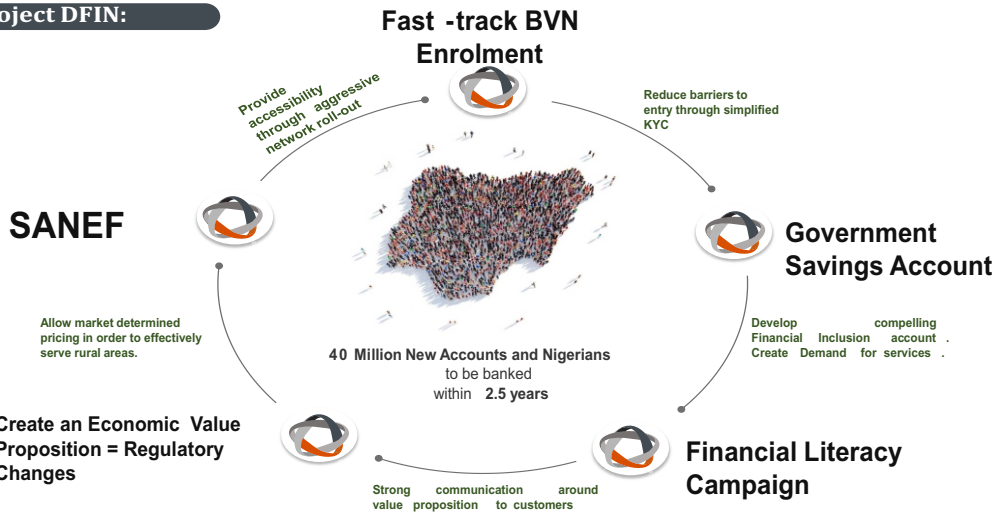
Section 6:

Conclusion



Our Solution is Integrated and Sustainable with Low systemic risk

Project DFIN:



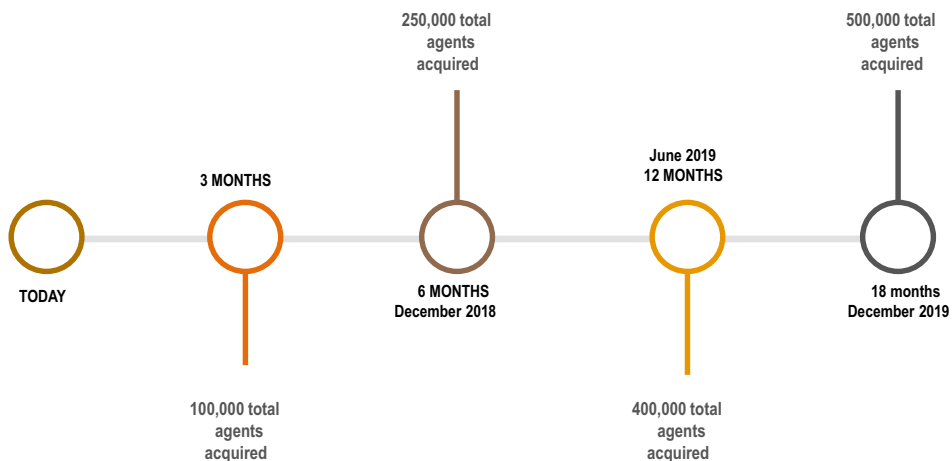
Appendix:

SANEF Update

About SANEF and Project DFIN: Summary of What Nigerian Banks are Doing?

SANEF : Nigerian banks' commitment to deepen financial access points in the country

Agent Acquisition Timeline



• End

How to Register as a SANEF Agent

You will have to get in touch with a licensed fintech company to get registered as a SANEF agent. Currently, CBN has given license to a few fintech companies to carryout registration on behalf of SANEF. This means, to get registered you must get in touch with one of these companies.

Your best bet will be to send an email or call the phone numbers of one or two of these fintech companies to get a list of their individual requirements needed for a successful registration.



Licensed Fintech Companies and Contacts

The operators include three mobile money operators: Paga, Cellulant, eTranzact; six Super Agents: Interswitch, Capricorn, Innovectives, Inlaks, Unified Payments and Xpress Payment Limited. Their contact details:

1. Paga: agents@mypaga.com; +234 700 000 7242
2. Cellulant: agentenquiries@cellulant.com; +234 903 972 2907
3. eTranzact: agentenquiries@etranzact.com; +234 813 741 8795
4. Interswitch: ifiscustomer care@interswitchgroup.com
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6. Innovectives: agentenquiries@innovectives.com; +234 1290 4554
7. Inlaks: agentenquiries@inlaks.com; +234 1 280 1076
8. Unified Payments: agencynetwork@up-ng.com; +234 700 864 3433
9. Xpress Payment Limited: +234 818 886 6022

Basic Requirements to Become a SANEF Agent

1. Must be able to read and write
2. Must have a functional computer or at least an android enabled mobile phone
3. Must have an existing physical shop/business outlet
4. A copy of ID or equivalent (Driver's license, National ID card, Int'l passport, Voter's card)
5. A Passport-sized photograph
6. Proof of Address (Utility bills e.g. PHCN, LAWMA, DStv, GOtv, StarTimes, etc.)
7. Financial/Bank account detail or statements
8. At least 10,000 naira startup capital. Some licensed operators have their startup capital at 200,000 naira.



How Much Can an Agent Earn Monthly

Your monthly earnings depends on your location and the type of SANEF agency you operate. The type of SANEF agency you operate has to do with your startup capital. If you operate in a busy location, you can earn as much as 100,000 naira monthly. Apart from that, NIBSS will pay agents N100 for every unique BVN registered.

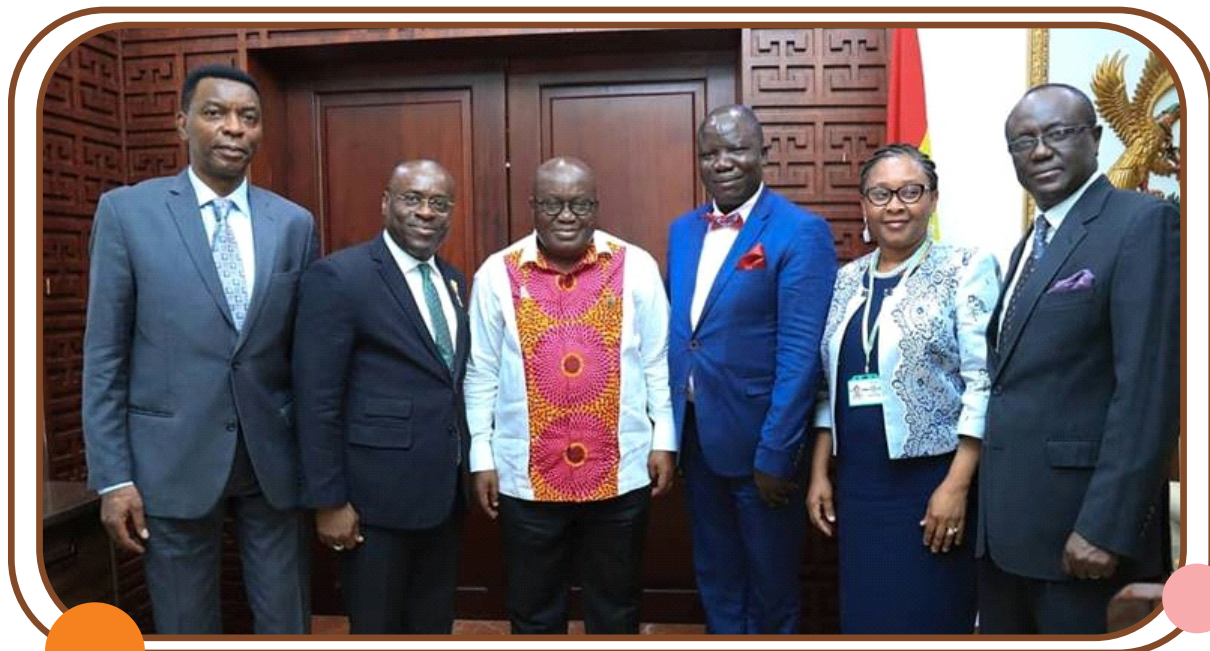
If you have any question, drop it at the comment section below.

Basic Financial Services Rendered by a SANEF agent:

- BVN enrollment
- NIMC enrollment
- TIN registration
- Sim card registration
- Bank account opening
- Card issuance
- Cash deposits & withdrawal
- Loan disbursement & repayment
- Balance enquiry & fund transfer
- Remittances
- General insurance
- Health insurance
- Life insurance
- Accident insurance
- Agric & farm insurance
- Government tax payment
- Cable payment

Culled from <https://naijaroko.com/2018/11/17>

**COURTESY VISIT TO THE PRESIDENT AND
COMMANDER IN CHIEF OF THE REPUBLIC OF GHANA, HIS
EXCELLENCY, NANA ADO DANKWA AKUFO- ADDO
AUGUST 27, 2018**



L-R: Mr. Tei Kitcher, Director Multilateral Surveillance and Trade Department, West African Monetary Institute (WAMI); Dr. Gabriel Okenwa, FCIB, Governing Council Member/Leader of Delegation; President/Commander in Chief of Republic of Ghana, His Excellency, Nana Ado Dankwa Akufo-Addo; Mr. Oluseye Awojobi, Registrar/CEO, CIBN; Dr. (Mrs) Ngozi Egbuna, Director General, WAMI; Mr Tony Yaw Oppong, Chairman, Alliance of African institutes of Bankers/ Registrar/CEO, The Chartered Institute of Bankers (Ghana)



The President/Commander in Chief of Republic of Ghana, His Excellency, Nana Ado Dankwa Akufo-Addo being presented with the CIBN Corporate Crest



Round Table Discussion

THE NIGERIAN BANKERS' COMMITTEE, SUB-COMMITTEE ON ETHICS AND PROFESSIONALISM EXPOSURE STUDY TOUR TO CANADA ON FINANCIAL OMBUDSMAN & CONSUMER PROTECTION



Delegates at Alternative Dispute Resolution Chamber Canada



Delegates in a group photograph with His Excellency, Mr. Adeyinka Asekun, (5th from right) High Commissioner, Nigeria High Commission, Canada and his wife.



Group Photograph of the Bankers' Committee, Sub-Committee on Ethics and Professionalism delegates with members of the Ombudsman for Banking Services and Investments (OBSI) @ the OBSI Toronto office



Delegates during the study discuss with the Ombudsman for Banking Services and Investments (OBSI) @ the OBSI Toronto office



Group Photograph of the Bankers' Committee, Sub-Committee on Ethics and Professionalism delegates with members of the Ombudsman for Banking Services and Investments (OBSI) @ the OBSI Toronto office.



L - R: Robert Paddick, Deputy Ombudsman, Investments & Banking complaints; Mr. Seye, Awojobi, FCIB, Registrar/ CEO, CIBN; Mr. Yemi Adeola, FCIB, Former chairman of the Sub-Committee On Ethics & Professionalism/Former MD/CEO, Sterling Bank Plc; Hajia Umma Dutse, Fmr. Director, Consumer Protection, CBN; Dr. Segun Aina, FCIB, Past President, CIBN/Chairman GBESIB; Grace McSorley, Deputy Ombudsman and Mark Wright, Director, Communications and Stakeholder Relations @ the Ombudsman for Banking Services & Investment, Toronto, Canada



Group Photograph at OSFI BSIF Canada Deposit Insurance Cooperation



Group Photograph at Niagara Falls Canada

**ASSOCIATION OF PROFESSIONAL
WOMAN BANKERS (APWB) 2018 ANNUAL DINNER
HELD AT THE ORIENTAL HOTEL, VICTORIA ISLAND, LAGOS
OCTOBER 19, 2018**



R-L: Mrs Olukemi Ibiwoye, 2nd Chairperson, Association of Professional Women Bankers; Mrs Tinuke Leye-Ishola, FCIB, 1st Chairperson, Association of Professional Women Bankers and Business Development Manager, Wema Bank Plc; Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN; Barr. Mrs Toyin Ojo, FCIB, Chairperson, Association of Professional Women Bankers; Mr. Oluseye Awojobi, Registrar/CEO, CIBN in a group photograph with other members of APWB



Members of Association of Professional Women Bankers in a Group photograph



Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN delivering the welcome address.



L-R: Mr Ken Opara, FCIB, 2nd Vice President, CIBN; Mr. Oluseye Awojobi, Registrar/CEO, CIBN; Mr Kayode Akinkugbe, HCIB, Managing Director, FBNQuest Merchant Bank; Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN; Barr. Mrs Toyin Ojo, FCIB, Chairperson, Association of Professional Women Bankers; Mrs Funke Ladimeji, HCIB, Chief Operating Officer, FBNQuest Merchant Bank and Prof. Segun Ajibola, FCIB, Immediate Past President, CIBN cutting a cake



Costs of Maritime Port Crises in Nigeria

Author: Dr. Vincent Nwani

Affiliation: Director of Research and Advocacy at The Lagos Chamber of Commerce and Industry

Email: vincent@lagoschamber.com, vincent_nwani@yahoo.com

1. INTRODUCTION

The International Monetary Fund (IMF) Economic and Country report shows that Nigeria is the largest economy in Africa with GDP of \$413 billion in 2017. Yet, it trails far behind many smaller economies in Africa in terms of ports and maritime activities. For instance, Nigeria's maritime sector contribution to GDP stand at 0.05% compared to 1.4% in South Africa and 3% in Kenya. The Nigerian port is currently classified among the worst ports in the world due to challenges such as delay of import/export processes, traffic congestion, poor access roads and security concerns.

Unfortunately, over the years, users and operators at the Nigerian Ports have been facing lingering challenges and bottlenecks namely, infrastructure and logistics shortcomings, policy and regulatory inconsistencies, overlapping functions and duplication of roles among the Ministries, Departments and Agencies (MDAs) operating at Nigerian Ports and high incidence of infractions by the MDAs. No doubt, this situation has created avenues for gross misallocation of

resources and imposes tremendous costs to the economy; distorting development policies and undermining confidence of foreign and local port users in the Nigerian port operations.

According to the World Bank in its 2017 Annual Ease of Doing Business Report, Nigeria ranks 145 among 185 countries with Mauritius ranking 32 as the best in Africa. From the report, Trading Across Borders, an indicator for measuring a country's ports effectiveness ranked Nigeria very low at 183 out of 185 countries. This underscores the need to urgently take steps towards reforming port operations in Nigeria.

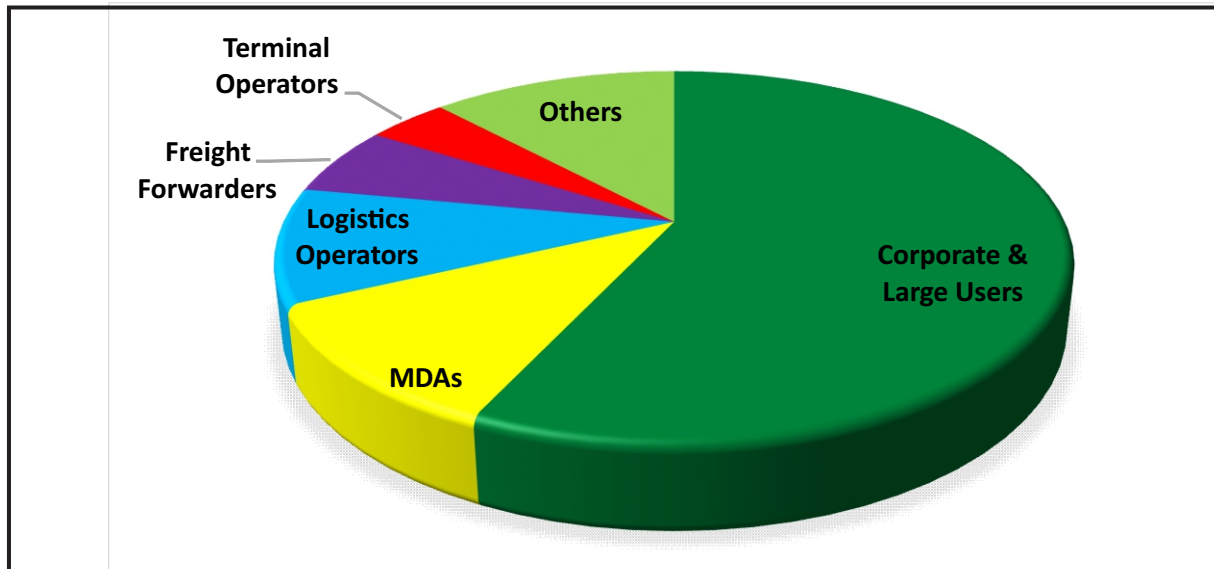
Significant efforts were made in reforming the Nigeria's maritime sector through the partial privatization of the ports in the early 2000s. However, the results of the reforms are below expectations more than a decade after. The regulatory landscape appears complex; with about 14 different public agencies regulating private terminal operators and a myriad of businesses in freight forwarding, logistics, and trade. Thus, operators and users of the Nigerian

ports are increasingly faced with bureaucratic red tape, constant delays and illegal charges leading to high costs of operations and competitiveness.

2. RESEARCH APPROACH

This paper attempts to put figures on the cost implications of the lingering crisis in the ports using data simulated from desk research, interviews and focused group discussions with stakeholders in the Nigerian maritime ports.

Feedback/ Survey Participants



**Note: 1. Feedbacks cover 79 Industry Leaders*

2. Other feedbacks were obtained from the six market clusters in Lagos that are mostly import heavy, and financial institutions.

3. COST IMPLICATIONS OF THE PORTS CRISES

3.1. Costs on Government Revenue & GDP

The research finds that government is currently losing about N600 billion in customs revenue due to sub-optimal performance of the ports. For instance, it was estimated that with a capacity of 3 million TUE (which is still far less than South Africa's volume of 5.5 million TUE), the Nigerian customs should have realized as much as N1.25 trillion as against the N629 billion it realized from 1.5 million TUE in 2017.

In addition, the maritime sector's contribution of 0.05% to GDP did not reflect its potential as a

regional transit port. Research shows a baseline of 3% GDP contribution of regional transit ports across the world. Consequently, we estimate the current downside effect of ports crises on Nigeria's GDP at \$14.2 billion.

3.2. Costs on Jobs and Incidence of Poverty

The maritime ports sector currently employs about 35,000 Nigerians. This is low when compared to South Africa where maritime and allied sector currently provide about 700,000 direct and indirect jobs. With the rising rate of unemployment (from 14.2% in 2016 to 18.8% in 2017), the ports sector can become a job hub with dedicated reform approach. In addition, the 2018 report by the Brookings Institution on World

Poverty Clock shows that Nigeria now has over 87 million people living in poverty. The report adds that six Nigerians become poor every minute.

Estimates from the research show that about 10,000 direct new jobs in the maritime ports sector and approximately 800,000 jobs in the industry can be generated over a two-year period given a more efficient and productive ports operation in Nigeria.

3.3. Costs on Industrial Capacity

The study finds that industrial capacity utilization in Nigeria currently stand at 38-40% from 53-60% level in 2015. Our estimate also shows that a minimum of N2.5 trillion in revenue is lost annually within the business community due to inherent inefficiencies at the ports. Approximately 40% of businesses located around the port community have either relocated to other areas, scaled down their operations or completely closed down their businesses. This also collaborates with BusinessDay report of 17th August, 2018 which shows that profit margins of corporate entities using the Apapa port have reduced drastically as logistic costs have increased significantly by 250%. These have a huge adverse implication to tax revenue, job creation and real economic activities.

Thus, the costs to businesses which are quite horrendous, are as follows:

- Astronomical increase in transport costs by between 200 and 500%;
- Disruption of production schedules of manufacturers as raw materials are not delivered to factories in good time;
- Costs and risks of holding unreasonable level of inventory by companies in the bid to hedge against running out of raw materials arising from difficult access to the ports;
- Lower capacity utilization which

currently stand at 38-40%;

- Increased interest cost (borrowed fund) used for import transactions;
- High demurrage charges as a result of delay in cargo clearing process;
- High insurance premium of vessels coming to Nigeria and trucks conveying containers to and from the ports;
- Higher shipping and terminal charges; and
- Paralyzes of industrial and commercial activities in the Apapa axis.

1.4. Costs on Real Estate located around the port community

Property market around Apapa (port community) has hit 60% vacancy rate. In addition, property prices in the area is now down by about 50%. For instance, a parcel of land which sells for N200 million in Ikeja GRA now sales sell for between N80 million and N100 million in Apapa after an extended period of wait in the market.

It was confirmed that about 70% of buildings on major connecting roads in the port community such as Liverpool Road, Creek Road, Wharf Road, Point Road, Child Avenue, North Avenue and others have estate agents' boards for let and sale. This implies that the impact of the ports crisis on real estate investments and other businesses located around the ports is phenomenon.

3.5. Costs on Non-oil Export

The persistent difficulty in accessing the nation's major seaport, Apapa, is taking its toll on movement of non-oil exports and affecting foreign earnings. According to our estimates, Nigeria exporters lose \$10bn annually due to Apapa gridlock. This is coming at a time when the country is advocating for diversification in foreign exchange (FX) earnings.

Feedback from operators in non-oil export



highlighted varying degree of losses/damage to their agricultural products due to extended time spent by the trucks before getting to the ports coupled with poor condition of warehouses at the ports. For instance, about 25% of cashew nuts being exported from Lagos to Vietnam in 2017 got damaged or were downgraded due to port challenges.

2. CONCLUSION

Estimates from the research show that about 10,000 direct new jobs in the maritime port sector and approximately 800,000 jobs in the industry can be generated over a two-year period given a more efficient and productive port in Nigeria. These estimates are potentially feasible under the assumption that the port can double its 2017 non-oil volume of 1.3 million TEUs within a period of 24 months and from that point, grow consistently at 15-25% annually.

Our estimate shows that 25% improvement in port performance will ultimately translate to 2.1% increase of GDP. In addition, the research also finds that about N2.5 trillion in revenue is lost annually within the business community due to inherent inefficiencies at the ports. This has huge adverse implication to tax revenue, job creation and real economic activities.

Noticed is a worrisome level of deliberate resistance by some MDAs to implement/enforce enabling regulations including the 2017 Presidential Executive Orders relating to the ports. Fights for supremacy, conflict of interests among the MDAs and revenue ambitions that conflicts trade facilitation objectives among the MDAs are common issues. Thus, the success of the ongoing reforms in the ports is largely predicated on the continued buy-in and political will of the Presidency and PEBEC.

It is believed that with dedicated, inclusive and consistent implementation of the above policy measures, the Nigerian ports will begin to move on the path of efficiency and growth. It is widely acknowledged that coordinating port reforms is a big deal due to multi-level fragmentation of stakeholders, vested interests and the diversity of MDAs involved.

The government and private sector are certain that one of the starting points for activating the diversification objective of the present administration is fixing the ease of doing business at the nation's ports. Overall, political will, active enforcement and monitoring framework that flow right from the Presidency down to the MDAs is the most essential enabler to succeed and sustain the present port reforms.

**2018 CIBN FELLOWSHIP INVESTITURE
HELD AT THE LANDMARK EVENT CENTRE, VICTORIA ISLAND, LAGOS
OCTOBER 27TH, 2018**



L-R: Dr. Sola Adeduntan, GMD/CEO, First Bank of Nigeria Ltd; Chief Joseph Sanusi, Former Governor, Central Bank of Nigeria; Mr. Kennedy Uzoka, GMD/CEO, UBA Plc; Dr. Uche Olowu, President/Chairman of Council, CIBN; Prof Eghasa Osaghae, former Vice Chancellor, Igbinidion University and Mr. Patrick Conteh, Former Governor, Central Bank of Sierra Leone.



L-R: Prof. Deji Olanrewaju, National Treasurer, CIBN; Mr. Victor Odozi, Former Deputy Governor, CBN; Mr. Akinyemi Asade, Hon. Commissioner of Finance, Lagos State; Dr. Uche Olowu, FCIB, President/Chairman of Council, CIBN; Chief Joseph Sanusi, Former Governor, Central Bank of Nigeria and Mr. Bayo Olugbemi, FCIB, 1st Vice President, CIBN



L-R: Mr. Adetokunbo Mukhaill Abiru, HCIB, GMD/CEO, Polaris Bank Ltd; Dr. Adesola Adeduntan, HCIB, Managing Director/CEO, First Bank Nigeria Ltd; Mr. Kennedy Uzoka, HCIB, GMD/CEO, United Bank for Africa Plc; Mrs. Tomi Somefun, MD/CEO, Unity Bank Plc; Mrs. Hamda Ambah, MD/CEO, FSDH Merchant Bank Ltd and Mr Patrick Akinwuntan, HCIB, Managing Director/CEO, Ecobank Plc



Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN delivering the welcome remarks



L-R: Dr. Segun Aina, OFR, FCIB, Past President, CIBN; Prof. Segun Ajibola, Ph.d, FCIB, Immediate Past President, CIBN; Mr. Femi Akindayo, FCIB, Past President, CIBN; Otunba Debola Osibogun, FCIB, Past President CIBN; and Mrs Demuren Osaretin, HCIB, Chairman, Guaranty Trust Bank



Cross section of newly invested members



Cross section of Honorary Senior Members



L-R: Chief J.O Sanusi, CON, FCIB, Former Governor, Central Bank of Nigeria, Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN, Mr Patrick Saidu Conteh, Former Governor, Central Bank of Sierra Leone; Mr. Bayo Olugbemi, FCIB, 1st Vice President, CIBN; Victor Odozie, FCIB, Former Deputy Governor, Central Bank of Nigeria; Professor Osaghae Eghosa, Former Vice Chancellor, Igbinidion University, Okada; Prof. Pius Olanrewaju, FCIB, National Treasurer, CIBN; and Mr. Oluseye Awojobi, FCIB, Registrar/CEO, CIBN

FINTECH NIGERIA SOCIAL MEET 3.0

HELD AT THE CIBN LEARNING CENTER 7, TURTON STREET, YABA
NOVEMBER 1, 2018



L-R: Mr Adeniyi Akinlusi, President, Mortgage Bank Association of Nigeria; Mrs Ngozi Ilondu, Head, Marketing, Union System Software Service ; Mr. Oluseye Awojobi, FCIB, Registrar/CEO, CIBN; Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN; Prof. Pius Olanrewaju, FCIB, National Treasurer, CIBN; and Mr Abimbola Babalola, Head, Marketing Surveillance and Investigations, Nigerian Stock Exchange



Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN Presenting Fintech Association Certificate of Membership to Mrs Ngozi Ilondu, Head, Marketing, Union System Software Service



L-R: Mr Blessing Osio; Mr. Bolaji Lawal, Executive Director, Guaranty Trust Bank; Mr. Adeniyi Akinlusi, President, Mortgage Bank Association of Nigeria during the Panel Session



Mr. Oluseye Awojobi, FCIB, Registrar/CEO, CIBN addressing the audience



Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN addressing the audience



Dr. Uche Olowu, FCIB, President/ Chairman of Council, CIBN Presenting Fintech Association Certificate of Membership to Mr Abimbola Babalola, Head, Marketing Surveillance and Investigations, Nigerian Stock Exchange



Group Photograph

ECONOMIC DIVERSIFICATION – PATHWAY TO GROWTH AND DEVELOPMENT IN NIGERIA

By

Omotayo Muritala

Lagos Business School, Pan-Atlantic University, Lagos, Nigeria

Adewole Lawal

University of Sheffield, UK

Dr Ogechi Adeola

Lagos Business School, Pan-Atlantic University, Lagos, Nigeria



Background

The recent fall in global crude oil prices, with its attendant consequences for the Nigerian government and citizens, has, once again, led to calls for economic diversification (Uzonwanne, 2015; Suberu et al., 2015). Economic diversification as a policy issue in Nigeria originated with the introduction of the Structural Adjustment Programme (SAP) in 1986, under the Ibrahim Babangida administration. SAP, which was introduced to curb public expenditure and allow the private sector to thrive, however, worsened the situation as poverty increased and the private sector failed to live up to expectations. Some sectors that had hitherto been managed by the government became moribund in the hands of private individuals.

Subsequent governments in the country have also tried various other initiatives to diversify the economy. National Economic Empowerment and Development Strategy (NEEDS) was introduced by the government of Olusegun Obasanjo in 2004 while the Goodluck Jonathan administration established the Transformation Agenda (TA) in 2011. However, none of these yielded the desired economic diversification. The reality remains that economic diversification has continued to be difficult because policymakers lack the will to move away from oil as the mainstay of the Nigerian economy. Any discussion about economic

diversification has failed to advance beyond mere mouthing of the usual “we would move away from oil” rhetoric to constructing an in-depth diversification policy framework.

This study examines the sectoral performance of the Nigerian economy and briefly reviews economic diversification efforts and the current plan for achieving sustainable growth and development. It offers some insights for pushing that agenda forward.

NIGERIAN ECONOMY AND THE SECTORAL PERFORMANCE

Nigeria is a “middle income, mixed economy and emerging market” (Suberu et al., 2015:108), with expanding service sector contributions to GDP, such as contributions from entertainment and information technology. The GDP rebasing in 2014 ranked the country as the largest economy in Africa and 26th in the world.

The sectoral performance of the Nigerian economy as shown in Table 1 below strongly indicates that the economy is dominated and driven by the service sector, contributing 56.7 per cent to GDP as at 2017. According to the National Bureau of Statistics, the service sector is classified as, and includes: transportation and storage, information and communication, arts, entertainment and recreation, financial and insurance services, real estate,

accommodation and food services, education, and health and social services. These sub-sectors are important in stabilising and facilitating exchange between countries and allowing for value added services. However, the levels and value of their activities can be grossly undermined without a complementary growth from the real sectors i.e. the agricultural and industrial sectors. Meanwhile, the extent to which the real sectors perform could be assessed through the quantity of goods produced and made available for commerce. The under-performance of the real sector can create shortages in supply as against the persistent increase in demand, and thereby necessitate offset through importations.

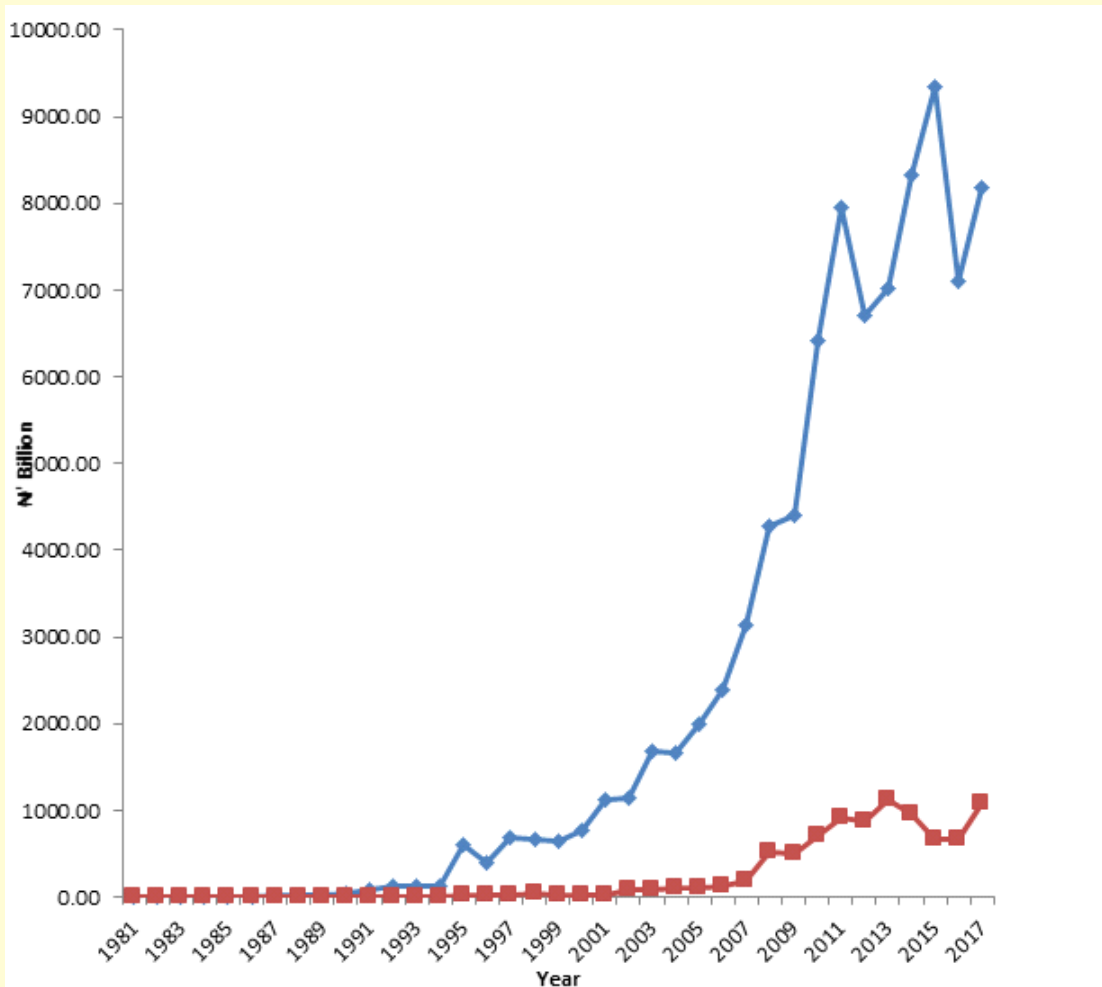


Figure 1: Trends in Nigeria's Exports and Imports

The poor performance of Nigeria's real sector has widened the gap between imports and exports in recent times (see Figure 1 above). This consistent deficit balance of trade in the non-oil imports segment of Nigeria's international trade is traceable to neglect and lack of investment in the real sectors (Adeyemi and Abiodun, 2013). The current state of the real sector implies that the economy is not ready to serve a large market; hence, the gap between imports and exports may continue to widen.

Table 1: Economic performance

Year	Share of contribution to GDP			Growth rate			
	Agriculture	Industry	Services	Agriculture	Industry	Services	Aggregate
1985	16.1	49.5	34.4	18.56	6.74	-0.17	5.91
1990	16.1	49.8	34.1	4.17	18.68	6.41	11.78
1995	18.4	42.9	38.7	3.59	-3.33	2.01	-0.08
2000	19.2	40.9	39.9	2.92	7.7	3.39	5.01
2004	24.7	34.5	40.8	6.26	2.18	18.17	9.25
2005	24.8	32.7	42.5	7.07	0.98	10.67	6.44
2006	25.1	29.9	45	7.41	-3.1	12.33	6.06
2007	25.3	27.2	47.6	7.2	-3.25	12.79	6.59
2008	25.1	24.5	50.3	6.27	-3.58	12.93	6.76
2009	24.6	23	52.3	5.88	1.43	12.33	8.04
2010	23.9	22	54.1	5.83	4.44	12.75	9.13
2011	23.4	22.4	54.3	2.92	6.99	5.68	5.31
2012	23.9	21.7	54.4	6.7	1.19	4.37	4.21
2013	23.3	20.6	56.1	2.94	-0.1	8.85	5.49
2014	22.9	20.5	56.6	4.27	5.97	7.13	6.22
2015	23.1	19.3	57.6	3.72	-3.42	4.66	2.79
2016	24.4	17.8	57.8	4.11	-9.44	-1.23	-1.58
2017	25.1	18	56.9	3.45	2.14	-0.68	0.83

Source: National Bureau of Statistics, 2018

ECONOMIC DIVERSIFICATION

The May 2016 United Nations Framework Convention on Climate Change crafted the following definition, with particular reference to developing countries:

“Economic diversification is generally taken as the process in which a growing range of economic outputs is produced. It can also refer to the diversification of markets for exports or the diversification of income sources away from domestic economic activities (i.e. income from overseas investment). Economic diversification....is a significant issue for many developing countries, as their economies are generally characterised by the lack of it. They have traditionally relied heavily on the production of primary commodities that are predominantly vulnerable to climate variability and change.” (UNFCCC, N.D).

Wiig and Kolstad (2012) found that an economic diversification pattern includes exports, imports, production, services, technology, factor endowments, and sources of public revenue. Gelb (2010) suggests that the focus of resource-rich countries like Nigeria should be on export diversification, that is, the exportation of goods apart from oil. The downward trend in international oil prices has had negative consequences on growth since the 1980s. The recent economic recession revealed the cumulative effects of the fluctuating oil price with significant adverse impact on the economy. The emphasis on increasing national outputs through crude oil production had negative consequences on long-term growth and development. The consequences include an increased national unemployment rate, low earnings and low standard of living overall. This presents a clear case for economic diversification.

How can the Nigerian economy be diversified? Diversification is a long-term process that requires the undertaking of laudable actions (Gelb, 2010). Some of these include good governance, private sector participation, regional integration, and broader international framework, as well as institutional capacity and human development (Esanov, 2011). There is no doubt that these factors are, to a large extent, lacking in Nigeria. Table 1 above, however, provides an encouraging pattern in the real sector, particularly in the agricultural sector. Despite disincentives, the agricultural sector consistently shows positive growth compared to other sectors (e.g. service and industry sectors which recorded negative growth rates in the share of contribution to GDP

between 1985 to 2017, particularly on two occasions). This persistent positive contribution shows that the agricultural sector can serve as a basis for driving sustainable growth in Nigeria. Leke et al. (2014) posit that if the necessary reforms are put in place, agriculture could become a sector with great potentials to increase Nigeria's GDP.

CURRENT DIVERSIFICATION EFFORT

To pull Nigeria out of recession and restore the economy to an inclusive growth path, the Economic Recovery and Growth Plan (ERGP) 2017 – 2020 was developed by the current Buhari government. This was in recognition of the significant input of the non-oil sector which has contributed positively to the economy, growing at 6.2 per cent annually between 2010 and 2015 compared to a decline in the oil sector growth by 4.5 per cent in the same period. In view of this, the ERGP incorporated a plan to diversify the economy by focusing on the real sector to buffer the strain of external shocks and achieve long-term sustainable growth. The ERGP supports growth policy enablers and a competitive economy through infrastructure and sustainable business environment. The plan earmarked six priority sectors, including agriculture, manufacturing, solid minerals, services (Telecommunications and ICT, Financial Services, Tourism, and Creative industries), construction and real estate, and oil and gas, to drive the diversification objective. These identified sectors align with the growth drivers highlighted by the McKinsey Global Institute (MGI) report which recommends a strong focus on agriculture, trade, infrastructure,

manufacturing, and oil and gas, for Nigeria in order to join the top 20 economies in the world by 2030 (Leke et al., 2014).

However, as at the second quarter of 2018, there is yet to be seen a significant shift in sectoral contributions to GDP as the service sector still accounted for half of the national outputs, and contribution from agriculture remained below 30 per cent (CBN, 2018). That notwithstanding, the new diversification plan has recorded some levels of achievement in the imports-exports sub-sector. GDP growth improved by 1.95 and 1.50 per cent in the first and second quarters of 2018, respectively, over the same periods in 2017. The receipts from exports rose by 37% in the first quarter of 2018 over the same quarter in 2017. In the second quarter of 2018, exports performance accounts grew by 85% over the first quarter. On the other hand, the payment for imports grew but at reducing rates. Between the first quarter of 2017 and the same quarter in 2018 a 15 per cent growth rate was recorded. By the second quarter of 2018, importations grew by 10 percent over the previous quarter. Given this performance, it is evident that Nigeria can grow sustainably and with significant impact on human development indicators. The current diversification effort can be sustained if eliminating key roadblocks is considered going forward.

The Way Forward

The Economic Recovery and Growth Plan has comprehensive strategies for achieving economic diversification. The government should, therefore, drive full implementation of the diversification

strategies. Urgent considerations should be given to combating the following:

Wasteful fiscal management :- Significant funds are often earmarked for capital and recurrent expenditures to support new development and maintain the operations of existing public services. There are clear indications that a very negligible portion of the budgets is utilised and directed towards the intended purposes and this leaves little or no impact on the production base. Government should, therefore, tighten governance control, ensure transparency as well as corruption-free practices.

Lack of human resources :- The current situation requires people with requisite skills and competence as well as political will at the ministries, departments, and agencies/parastatals (MDAs) to drive the productive sector. For these important positions at the MDAs, little emphasis should be on certifications but on the capabilities of the personnel – skills, efficient strategies, commitment and implementation drive (Nelson, 2018).

Low support for agricultural sector :- Such measures would include reducing interest on agriculture-related loans, channelling resources more efficiently in funding of agricultural research and development, and improving the operating conditions of agriculture-based Small- and Medium-Scale Enterprises (SME) through rural infrastructure and the generation of stable electricity to ensure smooth operation and profitability. However, this should not be construed to mean neglect of other sectors.

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ASSOCIATION OF PROFESSIONAL BODIES OF NIGERIA (APBN) BOARD MEETING
HELD AT THE BANKERS HOUSE, VICTORIA ISLAND, LAGOS
SEPTEMBER 24, 2018



ASSOCIATION OF PROFESSIONAL BODIES OF NIGERIA (APBN) BOARD MEETING SEPTEMBER 24, 2018



Chief Oye Akinsulere, Treasurer, Association of Professional Bodies of Nigeria; Engr. (Chief) Olumiyiwa Ajibola, 1st Vice President, Association of Professional Bodies of Nigeria; Dr. Omede Idris, President, Association of Professional Bodies of Nigeria; and Mr. Ken Opara, 2 Vice President, CIBN



Cross section at APBN Members at the meeting



Cross section at APBN Members at the meeting



Dr. Omede Idris, President, Association of Professional Bodies of Nigeria (Right) presenting membership award to one of the members.



R-L: Surv. Olumide Adewebi, Secretary General, Association of Professional Bodies of Nigeria; Dr. Omede Idris, President, Association of Professional Bodies of Nigeria in a photograph with one of the members.



R-L: Dr. Omede Idris, President, Association of Professional Bodies of Nigeria presenting an Award to Alhaji Rasak Jaiyeola, FCA, President, Institute of Chartered Accountants of Nigeria



R-L: Mr. Ken Opara, 2 Vice President, CIBN having a discussion with Engr. (Chief) Olumiyiwa Ajibola, 1st Vice President, Association of Professional Bodies of Nigeria



Cross section of APBN Members at the Meeting

CIBN USA BRANCH ATLANTA 2018 CONFERENCE

THEME: INVESTING AT HOME (IMPLORING NIGERIANS IN DIASPORA)

HELD AT RENAISSANCE WAVERY HOTEL & CONVENTION CENTRE, ATLANTA, GEORGIA (USA)

OCTOBER 5 - 7, 2018

PHOTO
NEWS





1-3 Stakeholders engagement/Courtesy visit to Kennesaws State University
 4 - 6 Stakeholders Engagement with Senator Donzella James, (D) GA District 35, State of Georgia Senate
 7 - 9 Participants at the Conference including Ambassador Omar Arouna, Managing Partner, US-Africa CyberSecurity Group (USA FCG) as Guest Speaker
 10 - 12 Participants at the Conference including Senator Donzella James, (D) GA District 35 as the Special Guest of Honour
 13-14 Dinner pictures with Rep. Kim Schofield (D) GA District 60 as Special Guest of Honour
 15 16 Fellowship Investiture Ceremony with Mr. Ifie Sekibo, GMD/CEO, Heritage Bank Nigeria Ltd. as one of the Honourees

INVESTMENT IN THE CAPITAL MARKET

A Paper Presented by:

Femi Ekundayo, FCIB Past President, CIBN

AT THE CIBN ATLANTA 2018 CONFERENCE

THEME: INVESTING AT HOME (Imploring Nigerians in Diaspora)

October 6, 2018

An overview of the Capital Market in Nigeria

- The first loan stock was floated in the Country in 1946
- The Nigerian Stock Exchange (NSE or the Exchange) in 1961
- Securities and Exchange Commission (SEC or the Commission) in 1980.
- The capital market is a mechanism for determining prices and a channel for sourcing capital,
- The Nigerian Stock Exchange, a trading floor for shares/stock
- Provides average investor opportunity to become part owner of highly skilled or technical enterprises that they would ordinarily not have been a part of.
- The Nigerian capital market also felt the impact of the global meltdown in 2008 because many foreign investors divested from emerging markets such as ours in order to cushion the effects of losses suffered at home.

PERFORMANCE OF THE NIGERIAN CAPITAL MARKET DEC.2015 TO DATE

S/No	End Period	All Share Index	% Growth over preceding period	% Growth over base period
1.	December 2015	26,036.24	-	-
2.	March 2016	25,516.34	(2.00)	(2.00)
3.	June 2016	33,117.48	29.79	27.19
4.	September 2016	35,439.98	7.01	36.12
5.	December 2016	38,243.19	7.91	46.88
6.	March 2017	26,000.00	(32.01)	(0.14)
7.	June 2017	35,000.00	34.62	34.43
8.	September 2017	35,439.00	1.25	36.11
9.	December 2017	38,243.19	7.91	46.88
10.	March 2018	41,504.51	8.53	59.41
11.	June 2018	38,278.55	(7.77)	47.02
12.	September 2018	32,766.37	(14.40)	25.85

MARKET CAPITALIZATION COMPARATIVE ANALYSIS

S/No	END OF PERIOD	VALUE
1.	2008	NAIRA 12.62 TRILLION
2.	2013	NAIRA 12.23 TRILLION
3.	SEPTEMBER 2018	NAIRA 11.96 TRILLION

S/NO	COUNTRY	CAPITALIZATION AS % OF GDP
1.	NIGERIA CURRENTLY	27
2.	MALAYSIA CURRENTLY	270
3.	INDIA CURRENTLY	130
4.	NIGERIA TARGET FOR 2024	130

RECENT DEVELOPMENTS IN THE NIGERIAN CAPITAL MARKET

- Notable innovations at the Nigerian Capital Market include but not limited to:
- **GLOBAL VISIBILITY:** - Securities & Exchange Commission and the Nigerian Stock Exchange both belong to world and regional bodies of exchanges and commissions with a view to promoting the development of standards and best practices, such organizations include -: World Federation of Exchanges, International Organization of Securities Commissions, African Securities Exchanges Association and a host of others.
- **WORLD CLASS TRADING ENGINE PLATFORM** :- Since 2013, the Nigerian Stock Exchange migrated to the NASDAQ X-STREAM TRADINGENGINE, otherwise known as X-GEN to facilitate easy speedy execution of large volumes of trades real time online both efficiently and effectively.
- **MOST DEVELOPED STOCK EXCHANGE IN AFRICA:** - The NSE prides itself as the best in Africa and equally earned for herself, the African Regulator of the year at the 6th African Business Leadership Forum & Awards in London.
- **REAL TIME ONLINE DATA DISSEMINATION:** - Through the support of her world class data Centre, The NSE can readily process data and disseminate useful information to the world for viable investment decision making.
- **INCREASED DEPTH AND BREADTH:** - The capital market has attracted investors within & outside Nigeria through FIX TRADING APPLICATION supported by the trading software in use at the capital market. This

enables non dealers to route their mandates straight to the trading engine through their accredited dealer's real time online.

- **STRICT COMPLIANCE REPORTING:** Regularly enforced
- **CORPORATE GOVERNANCE:** CGRS rating system to enforce.
- **MINIMUM OPERATING STANDARDS:** - All participants operate on same technological terrain & requisite skilled professionals.
- **CAPITALIZATION:** - Participants are highly capitalized to guide against infractions and abuse of clients' investments.
- **ADEQUATE INVESTORS PROTECTION FUND:** - To protect the investors against losses occasioned by errant participants
- **STRINGENT REGULATORY RULES:** - Market infractions reduced drastically due to the stringent rules and adequate sanctions
- **CAPITAL MARKETS AGREEMENT:** - Signed with The LONDON STOCK EXCHANGE Group to strengthen cooperation and promote mutual development between the two exchanges.
- **MULTIPLE ASSET CLASSES:** - More asset classes developed and being developed to suite all classes of investors
- **WHISTLE BLOWING:** - X-whistle program of the Nigerian Stock Exchange empowers both participants and non-participant to report possible violations of rules/regulations.

INVESTMENT OPTIONS AVAILABLE IN THE CAPITAL MARKET

- **FGN Bonds –**
 - Issued on behalf of the Federal Government by the Debt Management Office (DMO) for project financing.
 - Have long tenors ranging from 2 to 20 years

- Offer the best investment option for people who seek security and safety while creating wealth.
- Minimum subscription is usually N10, 000 and in multiples of N1,000 thereafter. Interest is paid semi-annually until maturity date when the principal is paid. Can be traded.

❑ **FGN Savings Bonds**

- A retail investment programme designed offering opportunity to all Nigerians of all income levels to lend to government for national development. Also planned to make savings attractive Minimum amount you can invest is N5,000, maximum N50M.

■ **Mutual Funds –**

- A collective investment scheme under the management of a professional fund manager. Monies in the fund are invested in different instruments such as stocks, treasury bills, bonds, real estates and such other assets in line with the investment strategy of the funds. Profits made from these investments are thereafter distributed as dividend to unit holders.
- Some thriving funds are Stanbic IBTC, ARM, FSDH, Afrinvest, UBA group and FBN Capital

❑ **Shares**

- Investment in companies to become shareholder, have reward by dividend and right to vote. Quoted shares can be traded.

❑ **Loan Stocks**

- Investment in form of medium/long term loan to companies.
- Reward is in form of Interest; no company ownership right.
- Stock can be secured on company asset. May be convertible.

MODALITIES FOR INVESTMENT BY NIGERIANS IN DIASPORA

- Through internet and investment consulting, search and screen active and reliable securities companies in Nigeria
- Go through website of the selected few and rank them based on well-established criteria, length and scope of experience, track record of performance, the board and CAMELS

- Chart with the preferred house for affirmation
- Decide on preferred mode of contract; that is, discretionary or non-discretionary, subject to reporting of all deals within 24 hours.
- Sign up for an account opening and agree operation & feedback process.
- Establish contact the chief dealer and the CRO assigned to you to understand process of knowing, from time to time, attractive stocks, and the appropriate time & way to invest.
- Decide on the stocks to buy and how to pay
- Make an on-line order with the securities company
- Effect payment through bank wire (from abroad) or transfer from a local bank, as per your operating agreement.
- Get to know your CSCS account number and investor's number with your broker.
- Have standing order to receive your CSCS account monthly or obtain a device for self-access.
- Have standing order for receiving information on capital market operations, regularly on-line.
- Keep records of all your transactions and secure the information in your email folders.
- Develop attitude of asking, whenever I doubt.

AVAILABLE OPTIONS IN APPOINTMENT OF STOCKBROKER

■ **Discretionary Powers:**

- Manage your portfolios at their own discretions.
- Have the authority to buy and sell without recourse
- ❖ However, you can set ground rules:
 - what type of shares to buy or not.
 - agree a good return, cut-off or guaranteed return.
- Restrain from unethical investments, like Tobacco
- ❑ Discretionary broker will make all investments, take responsibility and in turn, charge for the services.

■ **Non-Discretionary Powers:**

- Otherwise referred to as Execution-only stockbrokers
- Buys and sells shares as you instruct them
- Can give any investment advice.
- You can give them your instructions using telephone, e-mail, and internet.

- Suitable for person:
 - who has the time to take full control
 - Who can trust his own judgment
- Guided by a pre-determined charges structure put in place by the Capital Market regulators.
- Will only apply the regular charges.
- **Advisory Powers:**
 - Where you have time and inclination to keep control
 - Where you are unsure about how to research for good performing shares
 - Where you want ideas as to how and when to invest
- Will give you investment advice on request, but a final decision on what shares to buy or sell is yours
- Your investment decisions a combination of
 - the researched suggestion of your adviser &
 - Your own risk and reward appetite.
- They have charges attached to their services

CRITERIA FOR APPOINTING AND RETAINING STOCKBROKER

- Referral or Status Enquiry
- Satisfactory Personal Knowledge of founder/owner, who still has time and passion for the business, executive or non-executive director or reputable staff of the organization
- What they say, what they do and what people say about them
- Industry and media reports
- Notifications and response time
- Capital Adequacy, Asset Quality, Management Efficiency, Earnings, Liquidity & Sensitivity to Changes in the Market and Economy (CAMELS)

INVESTMENT WATCH

- Volatility is the hallmark of the stock market and in the short-term, this could produce a shocking devaluation of one's investment.
- The well-informed sees opportunities in the belly of those price swings. The uninformed sees danger.
- If you take time to understand the market/its tools, chances are high that you achieve excellent results.
- Investment Watch provides the tools and techniques to give guidance that will enable

investor to make the right choices in investment venture for success.

- The stock market continues to bubble because active players get to learn techniques that provide a safety net. So, it's like swimming with life-jackets.

CURRENT REGULATORY GUIDELINES FROM S.E.C. AND THE N.S.E. RELEVANT TO INVESTORS IN AND OUTSIDE NIGERIA.

- SEC.13 of the Investment & Securities Act 2007 empowers the S.E.C. to protect the integrity of the securities market against all forms of abuse, fraudulent/unfair trade practices. Anti money laundering/combating financing of terrorism (AML/CFT) issues pose risks to the financial market globally and Nigeria in particular. A comprehensive and stringent provision to fight this menace has become imperative
- **Categories of offences include but not limited to –**
 - Participation in organized crime and racketeering
 - Terrorism, including terrorist financing.
 - Illicit trafficking in narcotic drugs and psychotropic substances
 - Illicit arms trafficking; Fraud; Currency counterfeiting
 - Smuggling, forgery, piracy insider dealing ,market manipulations e t c.

NATIONAL AND INTERNATIONAL RELEASES ON THE RATINGS OF THE NIGERIA CAPITAL MARKET

- S&P Dow Jones Indices has put Nigerian Stock Exchange (NSE) which grew 42% in 2017 as third-best performing capital market after Argentina and Turkey. Hong Kong & the United States were rated 4th & 5th in the top five for 2017.
- The Argentinian market soared 73%, Turkey jumped up by 43%, Hong Kong grew by 35% and the United States stock market increased by 25%.
- This has continued to pave way for more international recognition and bi-lateral ties for the country making Nigeria as one of US most partners in Nigeria.
- News Agency of Nigeria (NAN), the New York-based financial software, data, and Media Company, confirmed that net foreign

inflows to Nigerian equities totaled N337 billion (\$940 million) in 2017, the first time flows have been so positive since 2013.

BENEFITS OF INVESTMENT IN CAPITAL MARKET

- **Investment Gains:** One of the primary benefits of investing in the stock market is the chance to grow your money.
- **Dividend Income:** Stocks provide income in the form of a dividend.
- **Diversification:** Putting money into different investment products, has the benefit of providing diversification.
- **Ownership:** Buying shares of stock means taking on an ownership stake in the company you purchase stock in.
- **Collateral:** Securities represent stocks of wealth, and can be used as collateral to secure financing from institutions.
- **Confidentiality:** Investing in securities (intangible) guarantees confidentiality in the management of wealth.
- **Hedge against inflation:** Securities prices over the long term tend to outperform inflation
- **Liquidity:** Shares and bonds are easily transferable at low transaction cost as compared to other assets (e.g. estate).

COMPLIMENTARY SERVICES

- **Equity Capital Market Services:** providing variety of equity financing products and services to clients
- **Debt Capital Market Services:** assisting the clients in accessing debt finance from the capital market
- **Financial Advisory Services:** acting as financial advisors in providing guidance on investment plans
- **Transaction Structuring Services:** providing advice on the optimal deal structure.
- **Share Registration Services:** processing of shares certificates for verification by the Registrars and subsequent dematerialization with the CSCS.
- **Infrastructure Advisory Services:** providing strategic advice on the feasibility of various non-recourse infrastructural projects.
- **Research on National Trends:** analyzing companies' financials, perform ratio analysis, and making forecasts.

SUMMARY & CONCLUSION

- Nigeria offers vast opportunities for investment
- The Capital Market is legendary as investment avenue
- Whilst foreigners are increasing their investment in Nigeria, Nigerians in Diaspora must try to see and grab the goodies
- There are many advantages in investing in the capital market
- The starting point is to develop interest in investing in Nigeria, your home country
- The next is correct choice of Stockbroker
- To derive optimal gain, there must be consistency in investment
- As a life-jacket, develop interest in watching your investment as it grows.

Femi Ekundayo, FCIB
Past President, CIBN
October 6, 2018



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- Candidates who go through this programme will graduate with three qualifications: **MBA Bangor, ACIB Scotland and ACIB Nigeria.**
- Accelerated Route available to holders of professional banking qualifications and recognised MBAs
- Flexible and blended learning approach through a combination of the University's online platform 'Blackboard', e-learning and face to face workshops at our London Centre or other locations around the world.
- Bangor Business School was ranked as the No.1 Business School in the UK and top 15 in the world for Research in Accounting and Finance in the most recent Research Assessment Exercise, (RAE), 2015.

To find out more visit...

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Tel: 01-4617924, 4610655, 4611842 GSM: 08056290756

CARE Centre: 0700DIALCIBN (070034252426) E-mail: akinmorakinyo@cibng.org