CIBN

The Nigerian

Banker

First Published: May 1980

Journal of The Chartered Institute of Bankers of Nigeria, Oct - Dec. 2021. ISSN 0197-6679 N500.00

CENTRAL BANK DIGITAL CURRENCIES

INSIGHTS FOR THE 21ST CENTURY BANKER

THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA

Membership Data UPDATE

Esteemed Member,

In order to continually serve you better, we request that you kindly update your contact details on the CIBN Membership portal. To access the portal, please visit: **http://portal.cibng.org/cb_login.asp**

You will be required to input your **Membership ID** and your **unique Password,** once this is done, kindly click on update personal data under your photograph, edit the necessary details and click save.

Please pay special attention to the following fields among others:

- Personal Email (not your official email)
- Mobile Number
- Organization
- Present Position
- Residential Address

We thank you for your cooperation and interest in the activities of the Institute.

For enquiries please call
Olanipekun: 08060832062 / olanipekunawe@cibng.org
or **Stella:** 08054763805 / stellanwosu@cibng.org

THE BANKERS CREED

Hugh McCulloch's Advice to Bankers of 1863

(Hugh McCulloch (1808 – 1895) was an American Banker who helped launch the American National Banking System and was Secretary of the Treasury during the civil war and reconstruction)

- Let no loans be made that are not secured beyond a reasonable contingency. Do nothing to foster and encourage speculation. Make your loans on as short term as the business of your customers will permit, and insist upon the payment of all papers at maturity, no matter whether you need the money or not. Give credit facilities only to legitimate and prudent transactions. Never renew a note merely because you may not know where to place the money with equal advantage if the note is paid.

- Distribute your loans rather than concentrate them in a few hands. Large loans to a single individual or firm, although sometimes proper and necessary, are generally injudicious, and frequently unsafe. Large borrowers are apt to control the bank; and when this is the relation between a bank and its customers, it is not difficult to decide which in the end will suffer. Every dollar that a bank loans above its capital and surplus it owes for, and its managers are therefore under the strongest obligations to its creditors, as well as to it stakeholders, to keep its loans under its control.

- Treat your customers liberally, bearing in mind the fact that bank prospers as its customers prosper, but never permit them to dictate your policy.

- If you have reasons to distrust the integrity of a customer, close his account. Never deal with a rascal under the impression that you can prevent him from cheating you. The risk in such cases is greater than the profits.

- Pay your officers such salaries as will enable them to live comfortably and respectably without stealing; and require of them their entire services. If an officer lives beyond his income, dismiss him; even if his excess of expenditures can be explained consistently with his integrity, still dismiss him. Extravagance, if not a crime, very naturally leads to crime. A man cannot be a safe officer of a bank who spends more than he earns.

- The capital of a bank should be a reality, not fiction; and it should be owned by those who have money to lend, and not by borrowers.

- Pursue a straightforward, upright, legitimate banking business. Never be tempted by the prospect of large returns to do anything but what may be properly done under the National Currency Act. "Splendid financiering" is not legitimate banking, and "splendid financiers" in banking are generally either humbugs or rascals.

THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA

PC 19, Adeola Hopewell Street, Victoria Island, Lagos.

www.cibng.org cibnigeria cibnigeria cibnigeria cibngorg theCIBN cibnigeria

GUIDELINES FOR SUBMISSION OF ARTICLES FOR PUBLICATION IN THE NIGERIAN BANKER

1. The Nigerian Banker Journal welcomes original scholarly research articles from practising professionals, academics, financial consultants/analysts, book reviewers, researchers and policy review analysts, etc in the area of banking and related subjects.

2. Submission of an article for publication in The Nigerian Banker Journal presupposes that the article has never been previously published, nor is it being concurrently submitted for publication elsewhere.

3. Articles should be typed double spaced on A4 size paper and should not exceed 15 pages, bibliography and footnotes inclusive. Long articles should be divided into logical parts so that they can be published in parts, if found publishable.

4. Articles previously presented at Seminars/Workshops/Conferences/Lectures etc may be adopted for publication in The Nigerian Banker Journal provided it is acknowledged at the bottom of the cover page of the article, e.g. "The original version of this article was presented at a seminar on .... organised by .... on ....

5. The cover page should contain the following information:
   Title of Article
   Name of Author(s) (Degrees optional)
   Brief bio-data of the Author at the bottom page e.g. XXX is a Senior Lecturer at ...... University; or XXX, Financial Analyst, Research Department, ABC International Plc.

6. Text references should be cited in the text as follows: Author's last name, publication year and page e.g. (Alawode A. C., 2002, Pg 30)

7. Full references using the Harvard method should be listed alphabetically at the end of the text as follows: Alawode, A. C., (2002), Federalism and National Building; The Nigerian Banker, Vol. 1 No. 1, June, Lagos.

8. Footnotes should be avoided.

9. Check tables and figures (rows, columns and totals) properly. Explanatory paragraphs should be as near as possible to the relevant tables and figures, which should be appropriately numbered.

10. Only articles that are of high quality in content and relevance may be published. Unpublished articles may not be returned to their authors.

11. One hard copy of the article in addition to soft copy are to be sent by writers. Articles sent without a soft copy may be delayed or not published.

12. Articles lost in transit are the responsibility of the author(s).

13. All articles are the opinions of the authors, neither the Research, Strategy and Advocacy Committee nor the CIBN and its officials are liable thereon.

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

Editorial Team

The Nigerian Banker
(ISSN:0189-6679)

Published by
The Chartered Institute of Bankers of Nigeria

Letters to the Editor should be sent to:
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

Opinions expressed in the Journal are not necessarily those of the Institute, its Governing Council or Management.

Printed by
The CIBN Press Limited
7, Turton Street, Sabo-Yaba, Lagos.
E-Mail: cibnpress@yahoo.com

THE GOVERNING COUNCIL

(MAY 2020 - MAY 2022)

Office Holders

1. Mr. Bayo Williams Olugbemi, FCIB
   - President/Chairman of Council
2. Ken Opara, Ph.D., FCIB
   - 1st Vice President
3. Prof. Pius Oladeji Olanrewaju, Ph.D., FCIB
   - 2nd Vice President
4. Mr. Dele Alabi, FCIB
   - National Treasurer

Representatives of the Body of Past Presidents

1. Professor Segun Ajibola, Ph.D, FCIB
   - Past President
2. Uche M. Olowu, Ph.D., FCIB
   - Past President

Other Elected Members

1. Mrs Rafiat Oluwatoyin Onitiri, ACIB
2. Mr. Olayinka Odutola, FCIB
3. Mr. Rahman Ajayi, FCIB
4. Dr. Godwin Adolor, FCIB
5. Mr. Adewumi Adeniyi, FCIB
6. Barr. (Mrs.) Toyin Ojo, FCIB

Branch Representatives

1. Prof. Uchenna Uwaleke ACIB
   - Chairman, FCT Branch
2. Mr. Peter Ashade, FCIB
   - Chairman, Lagos State Branch
3. Mr. C. O. Ezeagu, MCIB, FCIB
   - Chairman, Enugu State Branch
4. Mr. Odere Michael, ACIB
   - Chairman, Cross River State Branch
5. Mrs. Tinuke Leye-Isola, FCIB
   - Chairperson, Association of Professional Women Bankers (APWB)
6. Alhaji. Shehu Goringo
   - Chairman, Gombe State Branch
7. Ms. Mary Aina, ACIB
   - Chairman, Canada Branch

Banks' Representatives

1. Mr. Herbert Wigwe, FCIB
   - MD/CEO Access Bank Plc
2. Mr. Abubakar Suleiman, FCIB
   - MD/CEO, Sterling Bank Plc
3. Dr. Adesola Kazeem Adeduntan, FCIB
   - CEO, First Bank of Nig. Ltd
4. Mrs. Nneka Onyeali-Ikpe
   - MD/CEO, Fidelity Bank Plc
5. Mr. Patrick Akinwuntan, FCIB
   - MD/CEO, Ecobank Nig. Ltd.
6. Mr. Banjo Adegbohungbe, HCIB
   - MD/CEO, Coronation Merchant Bank

Institutional Representatives (Regulatory)

1. Mr. Godwin Emefiele, FCIB
   Central Bank of Nigeria (CBN)
2. Mr. Bello Hassan, FCIB
   Nigeria Deposit Insurance Corporation (NDIC)
3. Mrs. Zainab Shamsuna Ahmed
   Federal Ministry of Finance

Institutional Representatives (Academic)

1. Prof. Abubakar Adamu Rasheed
   - National Universities Commission (NUC)
2. Mallam Adamu Adamu
   - Federal Ministry of Education
3. Dr. Masa'udu Adamu Kazaure
   - National Board for Technical Education

Sectorial Associations' Representatives

1. Mr. Adeniyi Akinlusi, HCIB
   - President Mortgage Bankers Association of Nigeria Institutional Representative
2. Mr. Rogers Augustine Nwoke, HCIB, MCIB
   - President, National Association of Microfinance Bank Institutional Representative

Co-opted Members

1. Mrs Funmi Balogun, FCIB - Co-opted Member
2. Mrs. Yvonne Isichei, FCIB - Co-opted Member
3. Dr. Nosike Agokei, FCIB - Co-opted Member
4. Mrs. Risikatu Ahmed, HCIB - Co-opted Member
5. Mr. Abdullahi Ibrahim, HCIB - Co-opted Member

Executive Management

1. 'Seye Awojobi, Ph.D, FCIB
   - Registrar/Chief Executive/Secretary to the Governing Council
2. Mr Segun Shonubi, HCIB
   - Group Head, Capacity Building & Certification Division
3. Mr Akin Morakinyo, HCIB
   - Group Head, Membership Services Division
4. Mrs Rita Adeyanju
   - Assistant Director, Legal & Council Affairs
5. Mr. Babatunde Apena
   - Group Head, Finance & Corporate Services
6. Mr Tolu Adeyemi, ACIB
   - Head, Ethics & Professionalism Division

CIBN ANTHEM

C-I-B-N
Chartered Institute of Bankers of Nigeria
The Bankers' guiding light.
It's the Nation's joy and pride.
We aim for Integrity in the Industry
Upholding Ethics and Professionalism
Great! Great CIBN
Citadel of Excellence
Great! Great CIBN
Built on Trust and Honesty

C-I-B-N
Chartered Institute of Bankers of Nigeria
The wheel of economic growth
Competency is our goal
Creating value and building capacity
Fostering confidence in the industry
Great! Great! CIBN
The Bankers' guiding light
Great! Great! CIBN
Built on Trust and Honesty

Editor's Note

Dear esteemed reader, I hereby present you the last quarter and final edition of the Nigerian Banker for 2021. It has been an eventful year with various achievements and breakthroughs for the Institute and the banking industry as a whole.

The various achievements recorded within the banking Industry during the year include the launch of Nigeria's Central Bank Digital Currency, aptly named the e-Naira, in October 2021. This is the first Central Bank Digital Currency (CBDC) to be launched in Africa and among first globally, in anticipation of the launch, the CIBN Centre for Financial Studies held the 4th Edition of the CIBN Advocacy Dialogue on the subject matter. The event titled: Central Bank Digital Currencies: Insights for the 21st Century Banker held virtually to an audience of over 1000 participants on September 9, 2021. The aim of the event was to enlighten participants on the objectives of the Currency, its benefits and modalities for execution. We are pleased to feature in this edition the Keynote Address of the event delivered by Mr Musa Jimoh, Director, Payment Systems Management, CBN on behalf of Mr Folashodun Shonubi, Deputy Governor, Operations, CBN.

Another achievement recorded by the Institute in particular, during the period under review was the execution of legacy projects in six geopolitical zones across the country. The aim of these projects is to further deepen the Institute's collaboration with Linkage Institutions across the country. During the period under review, ground-breaking ceremonies in this regard were undertaken at The Polytechnic, Ibadan, Oyo State, Abubakar Tafawa Balewa University, Bauchi and Federal Polytechnic Nekede, Imo State on October 18, 2021, November 8, 2021, and November 16, 2021, respectively. This edition features photos documenting these respective ceremonies.

We are excited for 2022, as we are poised to deliver more value and achieve greater heights in line with our mandate. In the period under review, we successfully held the 21st Edition of the National Seminar on Banking and Allied Matters for Judges from 23rd -24th November 2021. The theme was Strengthening The Quality Of Judicial Systems And Banking Operations Through Innovations. We are delighted to feature the address delivered by the Guest Speaker, Hon. Mr. Justice Ibrahim N. Buba, Judge, Federal High Court. It is an informative piece which would enlighten readers on the next frontier of legislation with regards to banking industry and the role of technological advancements.

In this edition also, we are pleased to feature the much-anticipated remarks made by the Governor, Central Bank of Nigeria, Mr Godwin Emefiele, CON, FCIB during the 56th Annual Bankers Dinner held at the Federal Palace Hotel, Victoria Island, Lagos on November 26, 2021. We were honoured to welcome during the event, His Excellency, Mr Babajide Sanwo-Olu, Executive Governor, Lagos State. His goodwill remarks packed full of valuable insights is also featured here.

As usual, with every edition we strive to feature value adding articles which serve to enlighten the reader. In this edition we feature a host of articles from industry experts on topical issues in the Banking Industry. For example, the article titled Strategic Public Finance Management by Dr Yinka Anjous, FCIB. We also feature remarks made by Mrs Wonuola Adetayo, Chief Executive Officer, Kainos Edge Consulting Ltd during the Annual CCPD Investiture Programme on October 29, 2021. Indeed, this edition is packed with articles we believe will be of tremendous value to our readers. I wish you a happy reading.

As the year draws to a close, I wish you a Merry Christmas and a Prosperous New Year, 2022

'Seye Awojobi, Ph.D, FCIB
Chairman, Editorial Team

Activities of the Institute

October - December 2021

L-R, Mr. Dele Alabi, FCIB National Treasurer, CIBN; Dr. Bayo Olugbemi, President/Chairman of Council, CIBN; His Excellency, Senator Hope Odidika Uzodinma, Executive Governor, Imo State and Dr. Seye Awojobi, Registrar/Chief Executive, CIBN during a Stakeholder Engagement with The Imo State Governor.

L-R: His Excellency, Senator Bala Mohammed, Executive Governor, Bauchi State; Dr. Bayo Olugbemi, President/Chairman of Council, CIBN; Mr. Dele Alabi, National Treasurer, CIBN and Dr. Seye Awojobi, Registrar/Chief Executive, CIBN during a Stakeholders Engagement with the Bauchi State Governor

Group Photograph taken during Workshop for Key Stakeholders on the Competency Requirements in the Nigerian Banking Industry held on Tuesday, October 12, 2021, at the Federal Palace Hotel, Victoria Island, Lagos

Cross Section of Participants during the 21st National Seminar on Banking and Allied Matters for Judges, held from October 23-24, 2021, at the National Judicial Institute, Mohammed Bello Centre, Abuja

Mr Musa Jimoh, Director, Payments System Management, Central Bank of Nigeria delivering the Keynote Address on behalf of Mr. Folashodun Adebisi Shonubi, FCIB, Deputy Governor, Operations Directorate, CBN during the 5th Edition of the CIBN Advocacy Dialogue Series with theme: Central Bank Digital Currencies: Insights for the 21st Century Banker held on September 9, 2021

Group Photograph taken during the Entrepreneurship Development Programme (EDP)/Public Presentation of Practice Licences held on December 2, 2021, at the Bankers House, Victoria Island, Lagos

Group Photograph taken during the CIBN Fellowship Investiture Ceremony held on October 30, 2021, at the Balmoral Convention Centre, Federal Palace Hotel, Victoria Island, Lagos

CIBN ADVOCACY DIALOGUE SERIES 4.0

CENTRAL BANK DIGITAL CURRENCIES

INSIGHTS FOR THE 21ST CENTURY BANKER

KEYNOTE ADDRESS DELIVERED BY

MR. FOLASHODUN A SHONUBI
Deputy Governor, Operations, Central Bank of Nigeria

Represented by Mr. Musa I. Jimoh, Director, Payments System Management, CBN

Thursday September 9, 2021

It is with pleasure that I speak with you at the Advocacy Dialogue of the Chartered Institute of Bankers of Nigeria. The theme of the 4th series; **"Central Bank Digital Currencies (CBDC): Insights for the 21st Century Banker"** is particularly apt as Central Banks globally evaluate the prospect of implementing CBDCs. In a world that is rapidly innovating and the challenge that cryptocurrency has thrown at Banking as we have known it, indeed it is high time bankers put our thinking cap on to ensure that innovation in this age furthers the objective of enhancing efficiency and instilling stability in the banking system. I therefore congratulate the CIBN for organizing this forum.

Significance, Benefits and Implications of CBDC

CBDC is a digital representation of fiat currency of any nation. It is virtual Legal tender. Thus, CBDCs are legal tender as they are issued and regulated by competent Monetary Authorities of a country. Several Monetary Authorities of various countries are currently considering the use of CBDC to achieve their objectives of maintaining monetary and financial stability while promoting a more resilient payments system. Some of these countries include Bahamas, Singapore, China, England and Nigeria to name a few.

The growing interest in a Central Bank Digital Currency stems from the need to meet the demands of increasingly digital economies, as well as the growing demand for ease of transacting – both locally and globally. Thus, Monetary Authorities need to be open to possible disruptions and innovation to support these realities and demands while ensuring monetary and financial systems stability.

However, as with every disruption, there are opportunities as well as possible challenges which would impact the status quo. This must be kept in perspective with every innovation. CBDCs offer all the benefits of cash but in digital form. The experience of instant settlement of transactions by cash is replicated with the possibility of fewer intermediaries. CBDCs therefore present a safer alternative to the privately issued cryptocurrencies, the acceptability of which had been based on its capability to enable faster and cheaper transactions but now evolved to a digital asset for investments.

The CBDC is a cheaper alternative to cash as well as electronic payments thus has several implications for both. However, the intention is not to eliminate the use of other forms of payments but simply to introduce a complement to the current options. This would enable effective competition and a natural evolution for payments options, policies etc. thereby ensuring the safety and stability of the payments system in the long term.

Ladies and gentlemen, it is my opinion that CBDCs will not disrupt out of existence the players in the banking and payments landscape i.e. banks, and other FinTechs. Rather it will provide them with another platform to innovate around the "new money" with opportunities to leverage the enabling infrastructure/platform to develop value-added services such as programmable smart contracts, micro credit, savings and payments etc.

Global Best Practice: Design, Infrastructure and Operations

The introduction and implementation of CBDCs should be situated within the following pillars:
1. Integration with current payments options including cash in a flexible and innovative manner.
2. Alignment with wider policy objectives and facilitation of monetary and financial stability.
3. Promotion of innovation and efficiency.

Based on these principles, the core features of any future CBDC system have been identified as:
i. Resilient and secure to maintain operational integrity.
ii. Convenient and available at very low or no cost to end users.
iii. Underpinned by appropriate standards and a clear legal framework.
iv. Have an appropriate role for the private sector, as well as promoting competition and innovation.

In the words of Benoît Coeuré, working group co-chair and Head of the BIS Innovation Hub.
"A design that delivers these features can promote more resilient, efficient, inclusive and innovative payments. Although there will be no 'one size fits all' CBDC due to national priorities and circumstances…".

It is therefore trite that any CBDC implementation should be underpinned by careful consideration for the environment. Engagement with relevant payment service providers with significant presence in the current payments market who can provide a wide range of access points for end-users to make payments in the case of retail CBDC is critical to successfully introducing CBDCs. The setting of the CBDC environment goes a long way to determine its level of acceptance. However, a wholesale CBDC may be simpler to manage in terms of introduction, usage and control.

Furthermore, making CBDC *design* choice requires deliberate evaluation to respond to the question of availability, anonymity, storage, exchange and transfer mechanisms. Therefore, central banks introducing CBDC, are grappling with certain elements of policy and technical design such as:

I. **Architectural Designs, Laws and AML/CFT**: This is a range of architectural options for the digital ledger could underpin a CBDC. Central banks will wish to retain tight control over currency issuance and transaction processing, including the ability to alter or reverse transactions. The two-layer approach embraced by many CBDC efforts continues existing customer-service models and is the easiest to integrate with existing laws, such as anti-money-laundering and countering the funding of terrorism regulations (AML/CFT). Other designs will have a harder time supporting important legal use cases, such as secured credit and consumer protection against fraud. Notably, however, a two-layer system would not remedy the privacy concerns associated with representation of individuals' accounts (or banknotes) in the CBDC and may introduce complications around authority and legitimacy of customer tools as compared to complete management by the central bank.

ii. **Storage and Functionalities**: Users will need a secure way to hold their funds and send legitimate transactions. For cryptocurrency users, management of the secret keys needed for authentication has been unduly burdensome, resulting in heavy reliance on financial intermediaries. Therefore, Central banks may have to innovate a user-friendly secret-key-management system, CBDC users are likely to pursue the same route, potentially impeding the very financial inclusion that is a major goal of CBDC creation. Workable approaches to custody of funds and/or secret keys will be of pivotal importance in a CBDC.

iii. **Privacy:** A CBDC can potentially reveal significantly more information about individuals' transactions to central banks than existing systems do. Should a CBDC maintain the account balances of individuals on the ledger, which would seem to be a prerequisite for a retail CBDC, privacy will become an issue of major importance.

iv. **Monetary policy considerations**: Notwithstanding the potential benefits, there are many unanswered questions about how the new financial technologies could affect the structure of financial institutions and markets. Questions also abound about whether retail CBDC will in any significant way affect monetary policy implementation and transmission. These uncertainties suggest a cautious approach to embracing the concept of CBDC.

In summary, the benefits and risks of CBDC are complex, encompassing financial, legal, and technical considerations and the interplay among them. Each country will have to consider its specific circumstances and initial conditions before deciding whether the potential benefits of introducing a CBDC outweigh the possible costs. It is however important to note that in determining the best practices for CBDC implementation globally, a commitment to practical policy analysis and applied technical experimentation is key.

CBDC-Impact on Banking and Economy

Ladies and gentlemen, nations are embracing the opportunities, CBDC presents for financially including the excluded. I therefore expect that in the coming days, we will see globally, rapid inclusion rate. This will further strengthen the banking system, especially as Central Banks globally have identified the need to ensure that banks are integral in the operations of CBDC. The risk of disintermediation, I believe will be assuaged even as banks take their rightful place in the dynamics of operations of CBDC. I am of the opinion that CBDC will strengthen the stability of the banking system even as deposits becomes more diversified when more people are banked.

Though Nigeria has blazed the trail in instant payments, the CBDC generally will improve efficiency and provide opportunities for jurisdictions without instant payments options to leap frog their implementation of faster payments. More retail payments may assume real time features thereby requiring that banks strengthen their operational capacity to effectively harness the opportunities.

For banks in developing nations, CBDC may enhance their liquidity through international remittances. The diaspora population of developing nations are on the increase and remittances likewise, even as the world economy rebounds in the post-pandemic era. The CBDC is expected to enhance efficiency in international remittances and challenge the current high cost of remittances. As remittances flow improves, the deposit base of the banks in receiving countries will also improve.

Ladies and gentlemen, with greater inclusion, diversified bank deposit base and expected growth in remittances, the economy will become buoyant as intermediation will be eventually deepened with broader access to finance. It is therefore hoped that output will be generally enhanced even as trade ramps up with the increasing adoption of CBDC by more Central Banks.

In conclusion, I am of the view that the era of CBDC as another form of fiat currency portends opportunities. Nonetheless, Central Banks and bankers alike must be wary of the risks and mitigate them adequately. Implementation of CBDC must be thoughtfully done with all stakeholders' hands on deck and in sync. The benefits are only derivable with collective buy-in, interoperability of infrastructure and robust industry-wide risk management framework. The Central Bank of Nigeria has taken all into consideration in the on-going implementation of the eNaira and will look forward to actionable ideas from this forum to further strengthen the implementation of its CBDC initiative.

I wish you a fruitful deliberation.

CIBN

COMMUNIQUÉ ISSUED

AT THE END OF THE

CIBN ADVOCACY DIALOGUE SERIES 4

THEME: CENTRAL BANK DIGITAL CURRENCIES: INSIGHTS FOR THE 21ST CENTURY BANKER

ORGANIZED BY

THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA CENTRE FOR FINANCIAL STUDIES *(CIBNCFS)*

Thursday, September 9, 2021

1.0 Introduction

The CIBN Advocacy Dialogue Series 4 with **Theme: Central Bank Digital Currencies: Insights for the 21st Century Banker** was held on Thursday, September 9, 2021, via the Zoom Conference Platform. The objectives of the Session were, among other things to identify the significance, benefits and implications of Central Bank Digital Currencies (CBDCs) in Nigeria; best practices across the globe on its implementation; intimate participants on the processes, infrastructure as well as players in the ecosystem required for the currency to thrive and forecast the impact of the CBDC on the banking industry and the economy as a whole.

The President/Chairman of Council of the Chartered Institute of Bankers of Nigeria (CIBN), Dr. Bayo Olugbemi, FCIB in his opening remarks, noted that the launch of such Currencies is significant as it is capable of potentially reducing transaction costs and preventing the Central Bank from losing market share to cryptocurrencies which are still available via peer-to-peer trading platforms. It is also significant as it could disrupt more traditional banking business models and possibly redefine the role of banks as intermediaries and lenders.

The event was well attended with over 1000 participants from various locations across the globe.

2.0 Keynote Address

The Keynote Address was delivered by Mr. Folashodun Adebisi Shonubi, FCIB, Deputy Governor, Operations Directorate, Central Bank of Nigeria ably represented by Mr. Musa I. Jimoh, Director, Payments System Management.

Key highlights of his address are as follows:

a. **Significance, Benefits and Implications of CBDC**

- The growing interest in CBDCs stems from the need to meet the demands of increasingly digital economies, as well as the growing demand for ease of transacting – both locally and globally. Thus, Monetary Authorities need to be open to possible disruptions and innovation to support these realities and demands while ensuring monetary and financial systems stability.
- However, as with every disruption, there are opportunities as well as possible challenges which would impact the status quo. This must be kept in perspective with every innovation. CBDCs offer all the benefits of cash but in the digital form. The experience of instant settlements of transactions by cash is replicated with the possibility of fewer intermediaries.
- CBDCs therefore present a safer alternative to the

privately issued cryptocurrencies, the acceptability of which had been based on its capability to enable faster and cheaper transactions but now evolved to a digital asset for investments.

- The CBDC is a cheaper alternative to cash as well as electronic payments thus has several implications for both. However, the intention is not to eliminate the use of other forms of payments but simply to introduce a complement to the current options. This would enable effective competition and a natural evolution for payments options, policies etc. thereby ensuring the safety and stability of the payments system in the long term.
- CBDCs will not disrupt out of existence the players in the banking and payments landscape i.e. banks, and other FinTechs. Rather it will provide them with another platform to innovate around the "new money" with opportunities to leverage the enabling infrastructure/platform to develop value-added services such as programmable smart contracts, micro credit, savings and payments etc.

b. Global Best Practice: Design, Infrastructure and Operations

- The introduction and implementation of CBDCs should be situated within the following pillars:
  - Integration with current payments options including cash in a flexible and innovative manner.
  - Alignment with wider policy objectives and facilitation of monetary and financial stability.
  - Promotion of innovation and efficiency.

- Based on these principles, the core features of any future CBDC system have been identified as:
  - Resilient and secure to maintain operational integrity.
  - Convenient and available at very low or no cost to end users.
  - Underpinned by appropriate standards and a clear legal framework.
  - Have an appropriate role for the private sector, as well as promoting competition and innovation.

- In the introduction of CBDCs, Central Banks are also grappling with certain elements of policy and technical design such as:
  - Architectural Designs, Laws and AML/CFT
  - Storage and Functionalities:
  - Privacy
  - Monetary policy considerations

c. CBDC-Impact on Banking and Economy

- Though Nigeria has blazed the trail in instant payments, the CBDC generally will improve efficiency and provide opportunities for jurisdictions without instant payments options to leapfrog their implementation of faster payments. More retail payments may assume real time features thereby requiring that banks strengthen their operational capacity to effectively harness the opportunities.
- For banks in developing nations, CBDC may enhance their liquidity through international remittances. The diaspora population of developing nations is on the increase and remittances likewise, even as the world economy rebounds in the post-pandemic era. The CBDC is expected to enhance efficiency in international remittances and challenge the current high cost of remittances. As remittances flow improve the deposit base of the banks in receiving countries will also improve.
- With greater inclusion, diversified bank deposit base and expected growth in remittances, the economy will become buoyant as intermediation will be eventually deepened with broader access to finance.
- It is hoped that output will be generally enhanced even as trade ramps up with the increasing adoption of CBDC by more Central Banks.

3.0 Panel Discussion

Facilitators

The Institute brought together a dynamic blend of professionals giving operator's, legal, cybersecurity, academic and regulatory perspectives respectfully. The moderator and panellists were as follows:

I. **Mr. Lamido Yuguda**, Director General, Securities & Exchange Commission (SEC) – Panellist

ii. **Professor Olayinka David-West**, Associate Dean, Lagos Business School & Program Lead Sustainable and Inclusive Digital Financial Services Initiative -- Panellist

iii. **Mr Damilola A. Oyebayo**, Associate, Technology, Innovation and Fintech Practice, Olaniwun Ajayi LP -- Panellist

iv. **Mr. Abdul Hakeem Ajijola**, Chair, African Union Cyber Security Expert Group ably represented by **Mr Hamza Ajijola**, CEO, Trinu Studios -- Panellist

v. **Mr. Ade Bajomo, HCIB**, Executive Director, Information Technology and Operations, Access Bank Plc & President, FinTechNGR – Panellist

vi. **Dr. Raphael Yemitan**, Associate Director, Data and Analytics/Robotics Process Automation, PwC

Nigeria – Moderator

3.1 Presentations

a. **Regulator's Perspective** - Mr. Lamido Yuguda, Director General, Securities & Exchange Commission (SEC)

- As the system embark on the deployment of CBDCs, Nigeria must be wary of implementation by other countries as well. It is a highly competitive market where countries would want to position themselves to entice users beyond their borders. For example, China is working very hard to ensure cross broader usage of the digital Renminbi.
- The Securities and Exchange Commission fully supports the implementation of the CBDC because it is a very good initiative for the capital market.
- There is a vibrant fintech community in Nigeria which would aid financial inclusion efforts especially in the capital markets. Most Nigerians may have bank accounts but are not subscribed to brokerage services. There is an opportunity for the vibrant fintech community to connect people with existing opportunities in the financial market rather than connecting them to investment opportunities in other climes thereby depleting Nigeria's scarce resources
- The capital market could grow if we channel investments in this sector. The growth of the Nigerian financial markets could lead to funding of necessary infrastructural investments the country needs
- The Securities and Exchange Commission would support the Central Bank of Nigeria to identify opportunities to grow the capital market and in turn the Nigerian financial system

b. **Operators Perspective -** Mr. Ade Bajomo, HCIB, Executive Director, Information Technology and Operations, Access Bank Plc & President, FinTechNGR

- There has been an ongoing metamorphosis of money starting from the Barter System in 9000 BC, the Bretton Woods System in 1945, Fiat Currency in 1971 and now digital currency. The evolution towards a digital currency is simply an example of fourth industrial revolution which is characterised by a drive for digitisation
- Mankind will keep innovating when it comes to money because of its importance and usage
- Factors Driving the implementation of CBDCs include the following:
    - **The Rising Cost of Printing Cash -** Cost of printing Naira has increased by 143% in 7 years
    - **The Desire to Innovate** - Innovators around the world are looking for ways to deal with the problems associated with physical cash.
    - **The Opportunity to Trace Transactions and Fight Crime -** The Central Bank can trace all transactions that occur on the CBDC network
    - **The Opportunity to Reduce Financial Exclusion/Poverty Alleviation -** There are over 1.7 billion unbanked adults globally, CBDCs can help close the gap.
    - **Effective Management of Monetary Policy -** Break the 'zero lower bound' constraint that times of severe crisis to charge negative interest rate

- The Distributed Ledger Technology/Blockchain has a massive opportunity to disrupt the $5 trillion banking industry by disintermediating key banking services
- The global blockchain distributed ledger market size was valued at $2.89 billion in 2019, and is projected to reach $137.29 billion by 2027, growing at a CAGR of 62.7% from 2020 to 2027

- While there are advantages to the deployment of CBDCs, there are also issues. Some of them include the following:
    - **Technical Glitches** – The World's Second Leading Crypto Network Ethereum Split into Two Chains after a bug affected a large quantity of full node clients. The issue was however fixed but there are concerns that such issues may arise again.
    - **Privacy Concerns** - There are concerns about how the Government will handle transaction data of citizens given that they run a centralized CBDC where the government is aware of all transactions.
    - **Regulatory Concerns** - There is no consensus on how CBDCs should best be regulated either through a centralized or decentralized approach.
    - **Security Breaches** – One of the biggest threats to the industry is security breaches. More research should be conducted to gain a better understanding and solutions to this issue.

- The idea was for the innovation to provide the e-Naira and as well a platform that repositions Nigeria as an economic powerhouse in digital transformation and builds an ecosystem that supports the rest of Africa
- When digital transformation is positioned right, it's

like a caterpillar turning into a butterfly but if otherwise, the result is a really fast caterpillar.

c. **Academic Perspective -** Professor Olayinka David-West, Associate Dean, Lagos Business School & Program Lead Sustainable and Inclusive Digital Financial Services Initiative

- In the deployment of the CBDC currency, certain considerations must be made as follows:
  - **Technology** – What type of Distributed Ledger Technology (DLT) will be used? The type of DLT/Blockchain technology used could determine the level of privacy and security. It is also important to determine if the technology will be centralized or decentralized.
  - **Financial System** – Considerations on whether to use an Accounts, Token Based or Digital Wallet System should also be considered. Also for consideration is a Retail vs. wholesale system as well as modalities for the attainment of the Development goals such as improved financial inclusion
  - **Money** – Considerations regarding the money itself should be considered. For example, optimal monetary policy levers and currency management controls. Issues regarding control for fraud/counterfeiting as well as domestic and foreign transactions should be considered
- The conversations surrounding CBDC were inspired by the launch of the Libra created by Facebook. This is because the proposed plan was for the Libra token to be backed by financial assets such as a basket of currencies and US Treasury securities in an attempt to avoid volatility.
- We must determine the objectives of deploying the CBDC currency and determine what problems need to be solved. Then the appropriate technology and structure can be designed and deployed to achieve said objectives

d. **Cybersecurity Perspective -** Mr Hamza Ajijola, CEO, Trinu Studios

- The banking industry has been under attack for centuries, first with the theft of money then computer fraud and now it entails a hacking into servers to obtain customers personal identifiable information
- To prevent the e-Naira becoming a target for criminal organisations, it's platform must protect a user's mobile data. That is the application being used to manage their digital currency and the connection between the mobile application and backend server.
- Nigeria is one of the fastest growing markets and digital forms of payments are booming.
- Online commerce through mobile devices is projected to grow 26% over the next five years
- POS and E-Commerce transactions are projected to grow from $19bn in 2020 to $45bn in 2024

- Before the integration of CBDCs, banks were
  - more vulnerable to theft and fraud
  - used manual processes that can be slow, tedious, and prone to error
  - Provided costly and sometimes inaccessible processes to the unbanked

- Banks after CBDC Integration
  - Use Smart Chip technology
  - Provide a more secure way of dealing with money
  - Digitize all transactions

- Payment services such as PayPal and Interswitch may be affected by the adoption of CBDCs because CBDCs present a more secure and trustworthy means to transfer of money
- Digital assets can be converted into money. For example, personal information can be hacked and used/directed towards illicit activities.
- Adequate security provisions will depend on three issues
  - **Infrastructure** - The CBDC ecosystem will be a high-value target once deployed, therefore security must be permeated into its design
  - **Infostructure (Data Structure)** – Cyber-attacks collect vast amounts of personal data to carry out theft and fraudulent acts.
  - **Human Structure**- The success of the e-Naira lies in its use cases and volume. This would require advocacy and education on the importance of securing digital assets. Given the centralised nature of the technology underlined phones are traceable unlikely to be more secure

- Security Best Practices for CBDCs include the following considerations
  - Next-level data protection and encryption
  - Secure code and architecture
  - Secure authentication
  - Good mobile encryption
  - Advocacy
  - Compliance

- Since the CBDC is Centralised, it is fully traceable meaning that it is not easy for illicit money to be concealed, therefore in both liquidity and security, digital money has an advantage.

e. Legal perspectives - Mr Damilola A. Oyebayo, Associate, Technology, Innovation and Fintech Practice, Olaniwun Ajayi LP – Panellist

- It is imperative that central banks are given the relevant powers required to issue legal tender in the form of digital currency a strong legal foundation is required as this may affect reputational risk without it
  - For example, the Sand Dollar project by the Central Bank of the Bahamas was officially launched in October 2020. In the same year, the country amended its Central Bank Act, which particularly provides the legal basis for digital currency in the Bahamas.
  - In April 2020, China launched the pilot phase of the electronic yuan (eCNY) in four cities. According to the People's Bank of China (PBOC), the eCNY is legal tender, and
  - Its issuance is facilitated by the PBOC. One e CNY is worth the same as one yuan in paper currency, and each will be exchangeable with the other.

- The scope of definition of money in the country adopting CBDCs should also be expanded

- Pursuant to the new Bahamian Central Bank Act, the definition of 'currency' has been amended to include 'electronic money'. Furthermore, the Central Bank of Bahamas was also given powers to issue notes and coins and electronic money simultaneously or electronic money in the place of notes and coins
- Likewise at the Peoples Bank of China (PBOC) a draft law that aims to provide a regulatory framework for e CNY was published. The proposed law states that the yuan is the official currency of the People's Republic of China in both physical and digital form.
- Central banks should also be given the power to make regulations that govern the use of such currencies by customers
  - For example, in China, legislation regarding the eCNY ensures that it would be the only official yuan pegged token in Mainland China. In other words, individuals and institutions are prohibited from making and issuing a currency designed to "replace" digital yuan circulation. This move would presumably ban all non-state sanctioned yuan backed stable coins. It is noteworthy that financial institutions and other cryptocurrency related companies are banned from offering cryptocurrency related services in China.
  - In the Bahamas, section 15 of the Central Bank Act gives the Central Bank powers to make regulations for the purpose of prescribing the framework under which electronic money issued by the Central Bank as legal tender may be held or used by the public.

4.0 Panel Discussion Highlights and Recommendations

4.1 Panel Discussion Highlights

- Digital currency is the umbrella name for all electronic money. Cryptocurrency is a subset of digital currency.
- The difference between CBDC and Cryptocurrency is that CDBC is backed by a sovereign authority. Issuance is central, it is a virtual form of Fiat currency and is regulated
- Cryptocurrency on the other hand is issued on a decentralised platform and has no regulatory control
- In terms of technology both crypto and CBDC are similar in that they both use Blockchain technology but in terms of issuance they are different- CBBC is issued by a central regulatory authority while crypto is issued by activities of the participants
- CBDC can be used as a store of value or means of payment while cryptocurrencies on the other hand can be held as assets.
- Cryptocurrencies are not backed by Fiat currency unlike CBDC. This means that 1 e-Naira = 1 Naira Note
- The CBN Act section 18,19 and 20 explains that the rights to issuance of notes and coins as well as the modality and form of those currencies issued will be determined by the CBN with an approval of the Federal Executive Council and the Presidency. Only the form changed while the naira is same
- The e-Naira is currently a non-interest-bearing currency. However, considerations in this regard will be further reviewed in future
- There are two types of Ledger systems
  - Shared Ledger System - the shared Ledger system is more transparent but less private
  - Tiered Ledger System - Ledger system features increased privacy at the cost of integrity

- The Central Bank in choosing which Ledger to use for the e-Naira must make a tough choice
- The e-Naira has been designed to allow for private sector participation which would not cause disintermediation between financial institutions and customers as they would be majorly responsible for the disbursements to end users
- Regarding foreign exchange transactions the CBN is integrating with all international money transfer operators licenced by the CBN who facilitate remittance to Nigeria to provide FX transactions as an option on the e-Naira
- The e-Naira can be converted to cash however this is not encouraged by the CBN

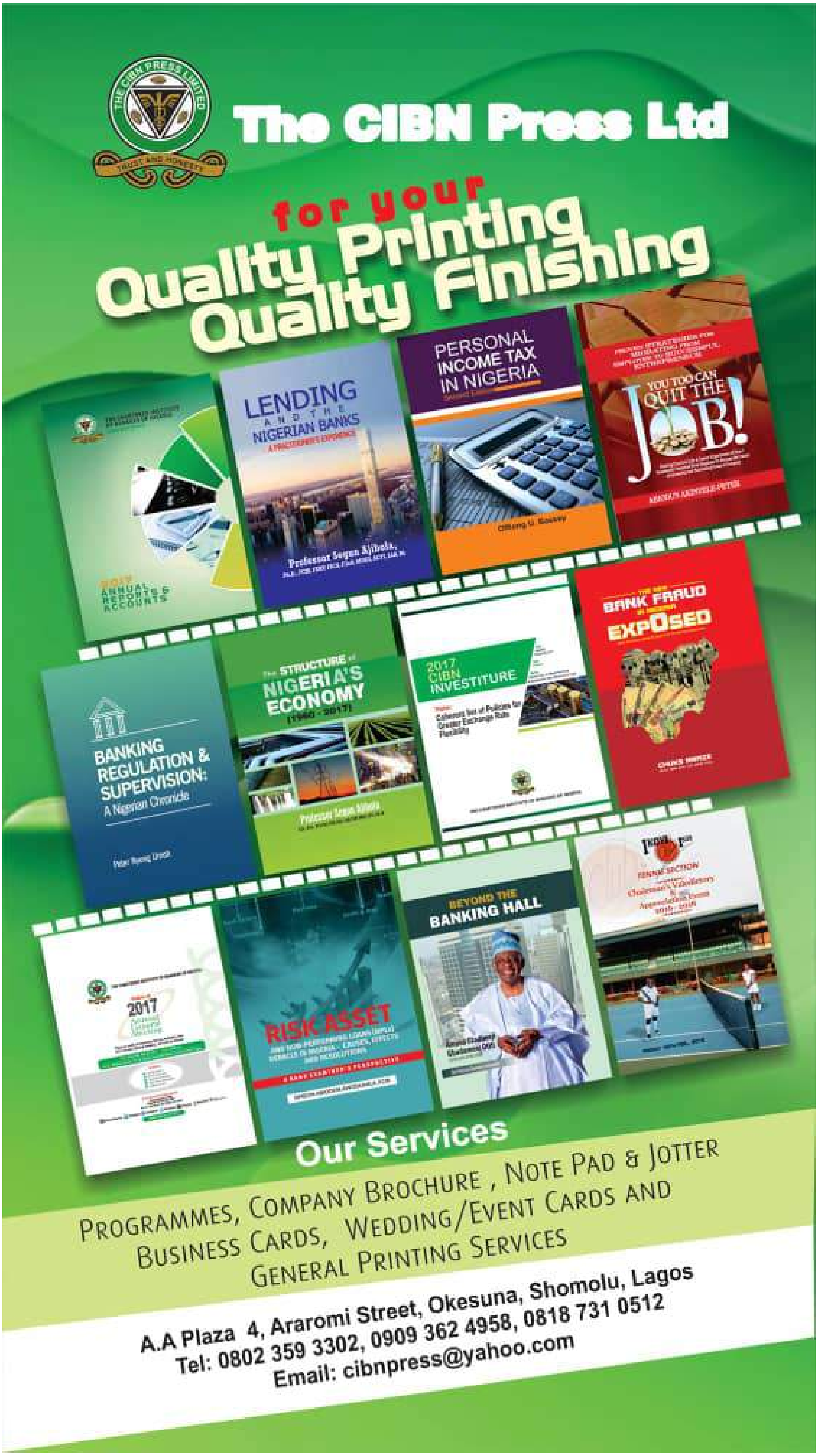
4.2 Recommendations

Recommendations proffered during the sessions are highlighted below as follows:

- Each stakeholder must critically analyse the e-Naira CBDC proposal released by CBN and determine the impact on their business.
- We must be deliberate in research to understand the process better and position the ecosystem for impact There is currently research work ongoing with regards to the modalities of CBDCs, but this research is not enough. There is a need for more scientific investigations on the issues surrounding CBDCS
- All Stakeholders must provide their robust feedback about the e-Naira implementation by CBN as well as support the implementation of the e-Naira project for the benefit of all Nigerians.
- CBN and other regulatory agencies should consult a wide stakeholder base as well as implement valuable feedback to enhance the implementation of a robust CBDC
- Avenues through which this innovation could adapt financial inclusion and ensure we are adding value; we should investigate implications for businesses, ramp up capacity to innovate solutions around the money
- It is necessary to look not only at structures in the financial services industry for impact in the deployment of CBDCs. We should also look at national structures, for example what are the universities teaching students? Do graduates in the present day have the requisite knowledge on the latest financial instruments? We should critically determine if graduates are fit for purpose and can transfer knowledge into action in their places of work.
- Essentially, capacity building initiatives should be generated to build the skills and competencies of players in the ecosystem to ensure that all opportunities available
- There is justification to conduct an extensive legal review to identify the legal issues that are related to the insights from China and the Bahamas and other key jurisdictions that have launched CBDCs. This approach would help the country manage exposure from legal, financial and reputational risks that might arise from the issuance of the e-Naira

5 Conclusion

- The CIBN Advocacy Dialogue Series 4 on Central Bank Digital Currencies: Insights for the 21st Century Banker was conducted with the aim of identifying the significance, benefits and implications of Central Bank Digital Currencies (CBDCs) in Nigeria
- The discussions dimensioned the modalities for deployment of the currency, as well as implications from the legal, regulatory, operator, cybersecurity and academic perspectives respectively.
- In summary the e-Naira provides opportunities to; reduce the rising cost of printing cash; trace transactions and fight crime; reduce financial exclusion/poverty alleviation and effectively manage Monetary Policy
- During the discourse, challenges and areas for growth were also identified, which include: the need for more scientific investigation/research to better understand modalities for deployment and ensure impact driven implementation. Issues surrounding infrastructure/technology, regulatory, legislative, privacy, and security concerns were discussed. It is essential that all stakeholders are adequately identified and engaged on these issues so that effective solutions are reached.


The CIBN Press Ltd
for your
Quality Printing
Quality Finishing
Our Services
Programmes, Company Brochure, Note Pad & Jotter
Business Cards, Wedding/Event Cards and
General Printing Services
A.A Plaza 4, Araromi Street, Okesuna, Shomolu, Lagos
Tel: 0802 359 3302, 0909 362 4958, 0818 731 0512
Email: cibnpress@yahoo.com

BUILDING AND SUSTAINING TRANSFORMATIONAL LEADERS IN THE DIGITAL AGE

A Presentation by Mrs Wonuola Adetayo, Partner, Kainosedge Consulting Limited

to the Chartered Institute of Bankers of Nigeria at its

Annual Compulsory Continuing Professional Development (CCPD) Investiture Programme

held on Friday, 29th October, 2021.

Innovate or Evaporate

"At least 40% of all businesses will die in the next 10 years if they don't figure out how to change their entire companies to accommodate new technologies." — John Chambers, Cisco

Adapt or become Extinct!

"It is not the strongest of the species that survive, nor the most intelligent that survives. It is the one that is most adaptable to change." — Charles Darwin

Outline

- Introduction (The Digital Age)
- The Transformational Leader
- What Transformational Leaders Do?
- Building and Sustaining Transformational Leaders
- Conclusion

Introduction (The Digital Age)

What is Digital about?

It's a connection of People, Devices and Spaces. For connecting People and Spaces, we have the Internet of Things (smart homes and appliances). For connecting People and Devices, we have the Human Machine Interaction (cockpits and iPads). For connecting Spaces and Devices, we have Cyber Physical Systems (autonomous vehicles and smart grids).

Digital Age…

'The digital age' (or information age) as "a time when large amounts of information are widely available to many people, largely through computer technology."

— Collins Dictionary

INDUSTRIAL AGE	DIGITAL AGE
Organisations	**Organisations**
Centralized and Hierarchical	Internetworked, self-managed
Chain of Command	Knowledge Networking
Command and Control	Coordination & inspiration
Large Siloed Departments	Small connected Workforce
Employees	**Employees**
Focused on inputs	Focused on outputs
Perform Repetitive tasks	Perform ad-hoc Activities
Tasks/jobs are clearly Defined	Task/jobs are not clearly defined
Slow, methodical Work	Fast, Agile and Efficient
Economic Environment	**Economic Environment**
Low level of Uncertainty	High level of Uncertainty
Results visible and Quantitative	Results Invisible and Qualitative
Mass Production	Custom Production
Simple Products & Process	Value-added products & Process

Who is a Transformational Leader?

Leadership is Key!

- Leadership is about navigating and sailing the company ship to the next era and hopefully beyond. Therefore, the nature of the captainship of the digital transformation ship is a great test.

- Only 28% of major corporations are successful with their digital transformation (Forbes Insight).
- That means over 72% of leaders are failing either by how they think or have designed for success and or by how they are acting.

  "A Transformational Leader creates and shows the way forward amidst transitions, disruptions, chaos and ambiguity."

What do Transformational Leaders Do?

Providing Visionary Direction and Clear Purpose

The World Economic Forum emphasises the need for leaders to create a compelling vision *which provides others with a perspective on things that matter. Leaders need to show their teams the goals that they are trying to achieve, and why.*

Building Employee/Subordinate Participation on all levels

Leadership in this age is no longer hierarchical – rather, it emphasizes employee empowerment and building independent teams.

Being a Good Communicator and Nurturing Others

According to the "Forbes report on Googles Project Oxygen, *which examined the data behind leadership, there are several core traits that define an effective modern leader. One of these is providing others with encouragement and praise, which they define as 'the most important factor in coaching – more so than technical or strategic expertise.'*

Inclusivity

Research by McKinsey *shows that emerging digital ecosystems could account for more than $60 trillion in revenue by 2025.*

The role of digital leaders will be prominent as they will need to steer, design and build systems that create an inclusive future for everyone.

The 4 Dimensions of Transformational Leadership (4Is)

Idealised Influence: Being role models for followers by engaging in high standards of ethical behaviour.

Intellectual Stimulation: Challenging assumptions, taking risks and soliciting followers' ideas.

Inspirational Motivation: Articulating appealing vision that inspires and motivates others to perform beyond expectation.

Individualised Consideration: Attending to each follower's needs and being a mentor, coach or guide to the follower.

How to build Transformational Leadership in the digital Age

Transformational leadership in a Digital age demands a whole new set of strategy dynamics. 93% of great digital leaders ask the constant question of how an idea can reduce costs, increase effectiveness and be truly innovative at the same time. For those not leading (the 72%) they only expect or ask this question 10% of the time (Forbes Insight).

Steps to Transformational Leadership

1. Modelling the way
2. Encouraging the hearts
3. Inspiring a shared vision
4. Enabling others to act
5. Challenging the process

12 Tips to Build Transformational Leadership

A. Self-Mastery

- Self-knowledge
- Create a vision and sense of purpose
- Stimulate innovation and creative thinking

B. Interpersonal Mastery

- Interpersonal acumen
- Communicate with others
- Foster a positive culture

C. Change Process Mastery

- Continuously improve quality
- Lead change
- Strategic change

D. Systems Mastery

- Build relationships
- Build agility and organisational success
- Strategic thinking

Conclusion

Agility – The Name of the Game!

"In today's era of volatility, there is no way but to re-invent. The only sustainable advantage you can have over others is agility, that is it. Because nothing else is sustainable; everything else you create, somebody else will replicate." — Jeff Bezos, Amazon

People Development Trumps All!

- Digitally thriving organizations in our research invest three times as much on training their people for success than peers in their industry who are not thriving (Forbes Insight).
- Plain and simple. In a digital world, people and how you develop them trumps near anything else.

ENFORCEMENT OF LENDER'S RIGHTS IN SECURED CREDIT TRANSACTIONS: RECENT ISSUES ARISING

Being a paper delivered by

Hon. Justice Ibrahim N. Buba, Judge, Federal High Court, Nigeria

At the 21st National Seminar on Banking and Allied Matters for Judges,

Held on the 23rd -24th November, 2021,
at the National Judicial Institute, Abuja.

1 INTRODUCTION:

1.1. GOOD MORNING

1.2. We stand on established protocols.

1.3. Accept our sincere gratitude to The Chartered Institute of Bankers of Nigeria, who in collaboration with the National Judicial Institute (hereinafter called the NJI) found us worthy to participate and speak at the 21st National seminar on Banking and allied matters for Judges. The theme is carefully selected to wit; strengthening the quality of banking system and banking operations through innovations. Indeed without innovations there wouldn't have been industrial revolutions. The world would have been boring and static.

1.4. We must salute the NJI which has become a training ground for judges, prosecutors, investigators, bankers et al for the advancement and development of our legal jurisprudence. The NJI has over the years, identified salient topics and invited capable resource persons to do justice to contemporary or topical issues.

1.5. Indeed yours sincerely had been, is being and will continue to be a beneficiary, as a participant and as a resource person. In fact we were trained on appointment as judges through induction and we have proudly trained others and are still training and also learning in the new world order, where even holding of cash is becoming uncivilized, holding a cheque book is no longer necessary. We can even contract with machines, animate and in animate objects. The face of the law of contract is everyday changing even lawyers, judges and educated people agree and accept to terms they have not read, we buy air, we buy sun, we buy water, we buy time, we buy data, we live in the world of data, we buy both the known and the unknown, we flash cards on machines and cash move, (like a witchcraft in Africa) very soon we will start having unknown securities in the world of virtual currencies and block chains, every day new concept are coming up, the new order of doing things is faster than the enactment of law by legislation. Probably, during our lifetime, banks and banking will take a different dimension, if they are not already taking that dimension. Lest we begin the paper without concluding salutation and protocol, let us quickly take the liberty to say that;

1.6. We cannot thank enough the NJI, the Board of governance, past administrators and those who conceived the idea of having the NJI for our great country, in deed, the mother of all gratitude goes to our Heads of courts, who have been nominating us to participate and The Hon. The chief justice of Nigeria Who has been approving the trainings, seminars, conferences, inductions whether virtual or physical and whether within and/outside Nigeria etc.

1.7. Lest we be accused of being sycophants, we salute everyone, staff, cleaners and those who serve us coffee and tea at breaks and lunch, we cannot afford to forget anyone in this gathering though not a vote of thanks.

1.8. Having said that, the topic we have been called upon to speak on today, is one that has far reaching implications not only on the corporate financial world, but on our nation's economy at large. Reason being that, our economy is one that thrives largely on borrowings and loans; from private sector to corporate bodies, to governments, we rely mostly on external capital sourcing/financing, especially third party loans.

1.9. Between the 3rd and 7th of June, 2013, we were invited here to discuss the challenges of adjudicating financial dispute in Nigeria at a sensitization seminar on the reforms by the central bank of Nigeria second running 3rd to 7th June, 2013.

1.10. Whilest making the presentation, we alluded to the presentation we made at the 12th National seminar on banking and allied matters for judges on 5th December, 2012, by this presenter on a topic titled drawbacks and solutions/options to the effectiveness of the judiciary in banking disputes resolutions, we tried to identify the nature of banking disputes.

1.11. Without boring you or digressing, it is important to recapitulate some of the points made and improve on them today.

“The Banking Industry, no doubt whatsoever is an important sector of the economy, in the interdependent world. The world today, is said to be a global village. It is equally not in dispute that, with human advancement, in science and technology, Bank and Banking today is not what it used to be. It is dynamic, every day, new concepts come up; A fortiori with information technology; Banking is now on our finger tips. Funds can be moved with lightening speed. Concepts like E-banking, E-dollar, Automated Teller Machines (ATM), and what have you come up every day to ease the problems of banking.

In this unfolding development, there are bound to be issues, disputes, and problems which is common with new concepts and/or innovations. That is not to say that, there were no disputes with the older order in the Banking Sector. There were, there are and there will still be disputes.

BANK DISPUTES DRAWBACKS AND SOLUTIONS/OPTIONS

We will not waste time defining Bank, Banking and allied matters, nor will we bug ourselves as to what is a dispute. Definitions of concepts and words are not for this paper, which is targeted at drawbacks and solutions/options to the effectiveness of the judiciary in Banking Sector dispute resolution. Suffice it to say that, by dint of Section 6(6) (a) and (b) of the Constitution of the Federal Republic of Nigeria.

The judicial powers vested in accordance with the foregoing provisions of this section –

(a) Shall extend, notwithstanding anything to the contrary in this Constitution, to all inherent powers and sanctions of a court of law;

(b) Shall extend to all matters between persons, or between government or authority and to any person in Nigeria, and to all actions and proceedings relating thereto, for the determination of any question as to the civil rights and obligations of that person; Indeed by dint of Section 36 of the same Constitution – Section 36(1) –

(1) In the determination of his civil rights and obligations, including any question or determination by or against any government or authority, a person shall be entitled to a fair hearing within a reasonable time by a court or other tribunal established by law and constituted in such manner as to secure its independence and impartiality.

Disputes in the Banking Industry come every day before arbitrators and the courts for resolution.

The disputes include and are by no means limited, to Banker-Customer, Banks Vs Banks, Banks and their employees, Banks against government agencies, Banks against non-customers and even non-customers against Banks. It is not feasible or possible to categorize or say what all these disputes are and/or will be. The disputes could be civil and/or criminal or quasi criminal. They would be like any other dispute or unique in their character.

It is common to hear cases in court on Banker/Customer relationship where customer deposit money with Account, Recovery of loans, Issuance of cheques, Interest issues, Loans and overdrafts, Mortgages, Orders freezing bank accounts, Merging of accounts, Disputes by Board members of a bank, Fraud by bank staff, Bills of exchange, Letters of credit, Even termination of employment by a bank, Transactions dispute with banks in other countries, Rights of banks to combine accounts, Garnishee proceedings against banks, Borrowing, collateral and security; Closing of accounts, Wonder banks and financial institutions, Damages against banks, Trials of criminal cases involving bank customers and bank staff. Of course not forgetting in this country we had the Failed Banks Tribunals, Banks and the Nigerian Deposit Insurance Corporation (NDIC) and what have you.2

At the expense of being repetitive, it is almost impossible to say what Bank disputes are. It is easier to say what is not a bank dispute, than what are bank dispute. The list can by no means be exhaustive and the dispute are coming up every day in various kind, shape and sizes if one may use the expression loosely, so to say. When these disputes find themselves in court, what then are the drawbacks which the court and litigant faces and what is the way forward? These questions are by no means rhetorical, they are the heart and soul of this paper and discussion.

This paper will not pretend that it has the monopoly of knowledge of all the drawbacks and the solutions to the drawbacks; but the paper will attempt within the limited time and resources to discuss them albeit not in great details with the hope, it will be thought-provoking and per adventure a key or mirrow with which to see the problems from a wider perspective rather than from a narrow compass. There is no gainsaying that the general drawbacks that face litigation in Nigeria and indeed the world over, are also applicable to Banks and Banking cases or disputes. Therefore, it would not be right to isolate bank disputes from them.

Therefore, it will be wise to look at the bank disputes in the same line, probably because of the nature of banks, the sensitive nature banks occupy in the economy of nations, and try to proffer solutions, that are more practical and pragmatic, slightly different from the normal day to day disputes. Albeit even in the Banking

Sector dispute, the Courts can be faced with dispute that does not require urgent steps, such as when a bank terminates an employee's appointment from his job, as opposed to when a government agency is tracking funds laundered, and approaches the court with an exparte application for freezing the account or when there are application for merger and acquisition or when there are disputes among members of the banks who convene an emergency meeting of the Board, and wants to alter the structure of the bank. They are all disputes if they find their way into courts. However, the manner and speed with which the courts, will approach each of these cases will depend largely on the nature of the urgency of the issues at stake. That is also true of other cases. Therefore, as stated elsewhere, it is difficult to isolate banking sector disputes as different over and above other disputes. It is important to understand the nature of banking, the character of bank disputes vis-à-vis how the courts operate and how the operation of the court system affects the Banking Industry.

In banking sector disputes, the courts can be faced with serious fundamental issues and indeed urgent ones, that hit at the bottom of the economy of the nations, that must be handled with dispatch, as failure to do so will tell on the economy, in that regard the judiciary as an institution, set up by the Constitution to adjudicate on disputes between persons, authorities and governments, in order to have order, peace and good governance, (a veritable tool of maintaining social equilibrium) must of necessity be up and doing at all times.

Indeed no nation can afford to toy with its banks and finances, if it must advance amongst nations. Consequently, every regime must and shall act to meet its immediate and future problem. As stated elsewhere, we cannot afford to forget that in this country not too long ago because of the problems in the banking sector, the former military regimes came up with the Failed Banks Decrees and Failed Banks Tribunals. Those decrees probably were at that time seen as the best way out. We should also not forget that under those decrees, once an accused is arraigned in a court, if he needs bail he had to deposit half of the sum of the money in the allegation in the charge before he is granted bail, though later it was amended.

The Failed Banks Tribunals are gone. What about problems? Have they gone or have they multiplied in number, is the situation any different? There are people who still approach the banks for loan without any intention of paying forgetting that the money does not belong to the banks, but to depositors. And when these banks crash, the depositors no matter their deposits will only be entitled to a percentage of their deposit.

Before going into the heart of the drawbacks and attempting to proffer solutions, it will not be out of place to re-echo the words of THOMAS PAINE –

“There never did, there never will, and there never can exist a parliament, or any description of men, or any generation of men, in any country possessed of the right or the power of binding and controlling posterity to the 'end of time' or of commanding forever how the world shall be governed, or who shall govern it; and therefore all such clauses, all declarations by which the makers of them attempt to do what they have neither the right nor the power to do, nor the power to execute are in the themselves null and void. Every age and generation must be as free to act for itself in all cases as the ages and generations which preceded it. The vanity and presumption of governing beyond the grave is the most ridiculous and insolent of all tyrannies. Man has no property in man; neither has any generation a property in the generations which are to follow. The parliament or the people of 1688, or of any other period has no more right to dispose the people of the present day, or to bind or to control them in any shape whatever, than the parliament or the people of the present day have to depose of, bind or control those who are to live a hundred or thousand years Hence, every generation is and must be competent to all the purposes which its occasion requires. It is the living and not the dead that are to be accommodated. When man ceases to be his power and his wants ceases with him and having no longer any participation in the concerns of this world, he has no longer any authority in directing who shall be its governors, or how its government shall be organized or how administered".

It is therefore not surprising to say that in spite of all the laws put in place and in spite of the fact that the courts are there, we are still searching for a way forward. Banks are being recapitalized. Laws are being enacted and put in place to buy over bad debts and so on. In that regards, the struggle is a continuous one. Man shall never be deluded by saying he has achieved all he needs, and there will be no more problems."

2. Having said that, the center of gravity in our discussion on enforcement of lenders right in secured credit transaction recent issues arising. We take it for granted, we know who is a lender, we know rights, we know security, we know credit transaction, then what are the issues arising? Is it covid 19? Is it the new CAMA Act 2020? Is it the BOFIA Act? Or is it the bankruptcy bill that we copied verbatim from St. Vincent and Grenadines since 2015? And is still a bill and is yet to be passed into law? Or is it our inability to have a cross boarder insolvency law? Or the model law? And yet a member of the international community, borrowing day in day out?

3. Consequently, and without the posers being rhetorical questions, we would attempt to answer some of the questions from our legal regime and case law, decided by our courts. There is no gain saying, if your legal regime or framework in commercial transactions are not certain, your bankers who are entrusted with your money cannot be trusted, and afotiori your legal system cannot be trusted, in terms of knowledge of the commercial working of the global world, and the essence of time in resolving commercial dispute, nobody will take your nation serious, and your economy may not grow on time. Consequently, innovations are necessary (permit us to rely on a Nigerian comedian who says in pidgin English "igbo man no de do juju na common sense")

4. Worst of all, if the security in the hands of the lenders cannot be relied upon, or cannot be enforced, then it is a worthless piece of paper signed, the purpose of security is the ability to rely and fall back on it in the event of default or dispute or failure, we shall in due course without being controversial attempt to honestly show you through case law that some security are no security at all, either as a result of outright criminality, or collusion with bank staff to defraud, we have had cases, where bank managers use customers deposit as a collateral for their personal gain. We have also had cases where due diligence either by bank, internal and external solicitors made nonsense of collaterals and security, see the case of Daniel Ogochukwu Nwankwo v. AMCON & 2 Ors suit No. FHC/EN/CS/46/2020 unreported judgment of I. N. Buba J. of 30th September, 2021 and FRN v. Ray Chibueze Ogwu & Anor FHC/EN/48/10 wherein the court said:

"Before the court ends, it will also state that as of today, there are 3 C of O's all stamped original before FHC over property plot CR/8 unity estate independence layout Enugu as Exh. P18 and P28 in Suit No. FHC/EN/CR/48/10 FRN v. Ray Chibueze Ogwu Exh. P1 in Suit No. FHC/EN/CS/46/20 Ugochukwu Nwankwo v. AMCON Rayclon Nig. Ltd and Mr. Raymond Chibueze Ugwu (i.e. this suit)

This court will not say more, other than the Federal High court is one, this suit has revealed the evil and how mean our society has turned into, short of recommending what My Learned BROTHER did, the ball is in the court of the parties affected, even the one who purported to give power of attorney, is aware of the pendency of the criminal charge since 2010, the court will not say more but this is a further eye opener."

Over the years the Federal High Court, decided thousands of cases filed by AMCON (which amounts for a large number of cases on secured credit transactions in Nigeria) seeking to enforce its legal rights against borrowers on N n-Performing Loans (NPL) acquired from our commercial banks. Being a gateway court with original jurisdiction, our experience speaks volume in terms of our banking sector, the lenders, the borrowers and indeed the litigation congress in our courts. Some of the experience is better imagined, some are like fairytales. See FHC/L/CS/05/2013 AMCON v. Rangk, this case has to do with defunct Afribank where highly placed Nigerians took money from the bank bought vessel for the purpose of working in our oil industry and to use the vessel as security but failed to do so, and use the vessel to go and operate in Singapore against the interest of Nigerian depositors in Afribank and Nigerian economic advancement. See also FHC/L/ CS/912/2015 First Bank THE VESSEL FSIV "ELIZABETH" and 2 Ors. Where it was agreed a vessel will be bought by a mortgage loan from the bank, the document will be brought as security to the bank, yet the borrower bought the vessel and refused to perfect the mortgage on the vessel as security, when the vessel was arrested the borrower speaking grammar in our courts that the court has no jurisdiction, the matter is not an admiralty matter, appeal is entered, court should stay proceedings et al, meanwhile the vessel was still under arrest and being bunkered.

With these three cases alone, as example, the question at times is where lies our securitization of our lending banks let alone enforcement, we as a gateway court are endowed with stupendous experience and in legion of cases by criminal borrowers who forge documents, who give fake security, some with active support and connivance by the bank staff and land officers etc. we will not be labour the point, see the case of FRN v. ANDREA CHIZOBA OPALANGU suit No. FHC/L/CR/241c/2013 unreported judgment of I. N. Buba J. Lagos Division, where a female staff of a bank was the one that obtained all the opening account documents, did the KYC, make sure the money was disbursed, before the bank knew it, the account were fictitious, the addresses given in the KYC, were fictitious, the salaries of the customers to be used as security for the money advanced did not exist. See also the case of FRN v. ADETUNJI ABUDU FHC/L/488C/15 unreported judgment of I. N. BUBA J. of the 23RD day of May, 2019.

Consequently, where security exist on forged documents or fraud perpetrated by the customer at times with the support of insiders in the bank, the security cannot be said to exist, let alone enforced, even where the documents properly exist and the property exist, the lender may at the end of the day find out, there are more than one title documents and both are used to obtain different loans from different banks or one is used to obtain loan from a bank and the holder of the other one may sit quietly and wait for the bank and plead to be in possession of the original copy and that the bank's copy is from Oluwole in Lagos, furthermore, the lender may even be in possession of the right document, the property duly exist both de jure and de factor, the brilliant advocate may waste all the time in this world, either pleading that there is no governors consent or delaying and wasting the time of the court asking for adjournment and delivering lectures on equity of redemption.

4.1. Thus, it is necessary to dissect the extant topic into several fractions and deal with same in no particular order for better understanding.

4.2. A quick look at the terminologies used, will suffice. Enforcement this means to compel obedience, the process of making people obey a law, rule or obligation, to ensure compliance. Lender's rights are those legal methods open to a lender in the event of the borrower's default in any of the clauses agreed upon. These rights could be express or implied. Secured credit on the other hand generally refers to credit that requires you to pledge something of value (usually landed property or other high value items) in order to secure the loan. In banking terms, this is called collateral. A transaction is an exchange or interaction between people.

4.3. Consequently, we will attempt to look at those remedies open to lenders especially where the transaction is guaranteed by collateral and when said lender can enforce the said rights in a competent court and sometimes, outside a court.

5. SECURED CREDIT TRANSACTIONS:

5.1. A secured transaction is a contractual arrangement where a borrower or buyer pledges property as collateral for a loan or purchase. The borrower or buyer is known as the debtor, and the lender or seller is known as the creditor, and more specifically the secured party.

5.2. Security is the process by which a creditor obtains an extra source for the repayment of his debt. In the financial context, it is an essential part of what may loosely be described as the enforcement of claims.

5.3. The prime feature of security is that the property, the subject matter of the security, is available to the creditor to satisfy the secured debt, and is unavailable to other creditors in the event of the debtor's bankruptcy. The key concept therefore is that that property is, in a sense, earmarked for the claims of a particular creditor.

5.4. Generally, a secured transaction is a loan or a credit transaction in which the lender acquires a security interest in collateral owned by the borrower and is entitled to foreclose on or repossess the collateral in the event of the borrower's default. The terms of the relationship are governed by a contract, or security agreement. A common example would be a consumer who purchases a car on credit. If the consumer fails to make the payments on time, the lender will take the car and resell it, applying the proceeds of the sale toward the loan. Mortgages and deeds of trust are another example.
Kofo Dosekun

5.5. Oludare Senbore, Ozioma Agu, Oluwatamilore Oluwalaiye and Oluwaseun Ayansola of Aluko & Oyebode in their paper,- states that Nigerian law recognises various types of security interests. These security interests may be created over movable assets (tangible and intangible) and immovable assets (real estate) located in Nigeria. These interests may be taken in the form of a mortgage, charge, pledge, lien or assignment, depending on the type of property.

Real estate or immovable property:
Security over an immovable asset may be granted by way of a mortgage or a charge. A mortgage over land or other immovable assets may be created by way of a legal or equitable mortgage. A legal mortgage involves a transfer of the legal title in the immovable asset by the mortgagor to the mortgagee as a security for the payment of the mortgagor's debt. However, an equitable mortgage of an immovable asset is created by the mortgagor or borrower depositing the title deeds to the property with the lender, with or without a memorandum of deposit. An equitable mortgage creates a personal right against the mortgagor, which cannot be exercised without an order of the court. A fixed or floating charge may also be created on an immovable property. A fixed charge is created over a specific immovable property of

the chargor, thereby restricting the right of the chargor to deal with the asset without the consent of the chargee. However, a floating charge may be taken over a whole or specific immovable property owned by the chargee. A floating charge does not attach to a specific asset until there is a specific event that will cause the charge to crystallise. To create an enforceable legal mortgage or a fixed charge over an immovable property, the security interest must be duly perfected as required under Nigerian law. The deed creating the legal mortgage or the fixed charge is required to be stamped (with ad valorem stamp duty being payable) and the consent of the governor of the state where the land is situated must be obtained. In addition to the requirement that the deed must be registered at the relevant land's registry, where the party providing the security is a company, the deed must be registered at the Corporate Affairs Commission (CAC). Registration of a charge at the CAC will constitute constructive notice of the matters specified in the particulars of the charge.

Pursuant to the Companies and Allied Matters Act, a company is required to maintain a register of charges at the registered office of the company. The register of charges maintained by the company should contain a description of the property charged, the amount of the charge and the name of the person entitled to the charge. Thus, where a company creates a charge over its assets, it is required to enter the details of the charge in the register maintained by the company.

Shares:

Similarly, security may also be taken over shares of a company incorporated in Nigeria by way of a mortgage or a charge. To take a legal mortgage over shares, the mortgagor must transfer legal title to the shares to the lender, on the condition that the shares will be transferred back to the borrower on repayment of the loan. The lender must be registered in the company's register of members as the owner of the shares. An equitable mortgage of shares is created by depositing the share certificates with the lender or a security trustee appointed by the lender. Where an equitable mortgage is created, legal title to the shares is not transferred to the mortgagee (bank or security trustee).

Security can also be taken over shares by way of a fixed or a floating charge. Under Nigerian law, there is no requirement to register a share charge at the CAC where the nature of the security created is a fixed charge or a legal mortgage. A floating charge over shares, however, is required to be registered at the CAC. Though a fixed charge over shares is not a registrable instrument, certain practitioners have increasingly been filing a fixed charge as a miscellaneous document at the CAC, to notify third parties that conduct a search on the records of the company creating the charge of the existence of the charge. To facilitate enforcement of the security, lenders usually require the borrowers to execute a blank share transfer form. The Companies and Allied Matters Act also requires any person claiming to be interested in any shares, dividend or interest on them to serve on the company a notice of interest in order to protect his or her interest in these shares. Upon receipt of the notice of interest, the company is required to enter in its register of members the fact that notice has been served on the company. The effect of this notice is that the company will be precluded from transferring or making any payment contrary to the terms of the notice until the expiration of 42 days' notice to the claimant to the proposed transfer or payment.

Security may also be created over shares that are dematerialised and kept with a central depository. The company that operates Nigeria's central depository for listed shares is the Central Securities Clearing System (CSCS). A memorandum executed by both parties requesting the CSCS to place a 'lien' on a specific quantity of shares, or all the shares of an account owner, is required to be forwarded to the CSCS. 'Lien' is used in this sense as a description for the security interest that is created over the shares or account. Legally, the nature of the security interest that is created is a floating charge over the shares and, as such, will require registration of the interest at the CAC if the party granting the security is a company.

Also, an undated letter signed by the party creating the security, authorising the lender to sell the shares in the event of default at the expiry of the loan due date, must be given to the lender, as the CSCS would require this document if the lender wishes to realise the security.

5.6. It is further stated that there is an erroneous practice in Nigeria of creating a pledge over shares. An asset can only be pledged if it is transferable by delivery of possession. Usually, the owner of the shares has a share certificate that evidences entitlement to the shares concerned. This is not, however, a document of title, as legal title only passes to the lender when he or she becomes the registered holder of the shares rather than mere possessor of the share certificate. Thus, where a party purports to create a pledge over shares, the legal effect of that is a floating charge, which could be held to be void for lack of registration.

Bank accounts:

Under Nigerian law, a security interest may be created over the money in bank accounts by way of a fixed or floating charge. A fixed charge is created over deposits in bank accounts where the parties expressly state that they have created a fixed charge over the bank account, which must be adequately and sufficiently described in the security document; and the bank or security trustee must have control of how the funds deposited into that account are managed or dealt with.

Where the charge created on the security is a floating charge, the chargor controls the charged accounts until the charge crystallises into a fixed charge following certain events stipulated under the security document. A floating charge over cash deposits will require registration at the CAC. The registration must be preceded by the payment of stamp duty on the document creating the charge, usually at an ad valorem rate.

Other assets used as security:

Security can be created over intellectual property, such as patents, trademarks, copyright and designs. Usually, parties execute a deed setting out the terms and conditions on which the security is granted. Security may also be created over a company's claims and receivables, which can be by way of an assignment, or a floating or fixed charge. Assignments must be in writing and must be preceded by the payment of stamp duty on the deed of assignment, at an ad valorem rate and registered with the CAC.

5.7. See Chapter 9 of the Company and Allied Matters Act Sections 191 to 234.

Section 222 (1) – (14) specifically provides that: -

222.—(1) Subject to the provisions of this Part, every charge created by a company, being a charge to which this section applies, shall, so far as any security on the company's property or undertaking is conferred, be void against the liquidator and any creditor of the company, unless the prescribed particulars of the charge (including any provisions in a floating charge that prohibits or restricts the company from granting any further charge ranking in priority to or pari passu with the floating charge) together with the instrument, if any, by which the charge is created or evidenced, have been or are delivered to or received by the Commission for registration in the manner required by this Act or by any enactment repealed by this Act within 90 days after the date of its creation, but without prejudice to any contract or obligation for repayment of the money thereby secured, and when a charge becomes void under this section, the money thereby secured shall immediately become payable and registration under this section shall give rise to constructive notice of the matters stated in the particulars of charge.

(2) The provisions of this section apply to a —

(a) charge for the purpose of securing any issue of debentures ;

(b) charge on uncalled share capital of the company ;

(c) charge created or evidenced by an instrument which if executed by an individual would require registration as a bill of sale;

Entry in register of transfer.

Notice of refusal to register.

Registration of charges created by companies.

A 136 2020 No. 3 Companies and Allied Matters Act, 2020

(d) charge on land, wherever situate, or any interest therein, but not including a charge for rent or other periodical sum issuing out of land ;

(e) charge on book debts of the company ;

(f) floating charge on the undertaking or property of the company ;

(g) charge on calls made but not paid ;

(h) charge on a ship or aircraft or any share in a ship ; and

(I) charge on goodwill, or on any intellectual property.

(3) Where a charge affects or relates to property situate in Nigeria and in addition to registration under subsection (1), registration elsewhere in Nigeria is necessary to make the charge valid or effectual, it shall, subject to this subsection, be sufficient evidence of compliance with the requirements of subsection (1), if, instead of delivery of the original instrument creating or evidencing the charge, there is delivered to and received by the Commission within the prescribed period of 90 days, or such extended time as the Court may allow, a true copy of it duly certified as such by the secretary to the company.

(4) A reference in any enactment to the date of execution of an instrument for the purposes of computation of time within which registration is to be effected with or without penalty, shall be construed as a reference to the date of presentation of a copy of the instrument to the Commission under this Act, and time shall be computed accordingly, and if a certified copy is delivered to the Commission under this subsection, the original of it shall be produced to the Commission for inspection and comparison, if the Commission so requires.

(5) In the case of a charge created out of Nigeria, affecting or in relation to property situate outside Nigeria, the delivery to and the receipt by the Commission of a copy verified in the prescribed manner of the instrument by which the charge is created or evidenced, shall have the same effect for the purposes of this section as the delivery and receipt of the instrument itself, and 90 days after the date on which the instrument or copy could, in due course of post, and if dispatched with diligence, have been received in Nigeria shall be substituted for 90 days after the date of the creation of the charge as the time within which the particulars and instrument or copy are to be delivered to the Commission.

(6) Where a charge is created in Nigeria but affects or relates to property outside Nigeria, the instrument creating or purporting to create the charge may be sent for registration under this section, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situate.

Companies and Allied Matters Act, 2020 2020 No. 3 A 137

(7) Where a negotiable instrument has been given to secure the payment of any book debts of a company, the deposit of the instrument for the purpose of securing

an advance to the company shall not, under this section, be treated as a charge on those book debts.

(8) The holding of debentures entitling the holder to a charge on land is not, for the purposes of this section, deemed to be an interest in land.

(9) Where a series of debentures containing, or giving by reference to any other instrument, any charge to the benefit of which the debenture holders of that series are entitled pari passu is created by a company, it is, for the purposes of this section, sufficient if there are delivered to or received by the Commission within 90 days after the execution of the deed containing the charge or, if there is no such deed, after the execution of any debenture of the series, the following particulars—

(a) the total amount secured by the whole series ;

(b) the dates of the resolutions authorising the issues of the series and the date of the covering deed, if any, by which the security is created or defined ;

(c) a general description of the property charged ; and

(d) the names of the trustees, if any, for the debenture holders, together with the deed containing the charge, or, if there is no such deed, one of the debentures of the series :Provided that, where more than one issue is made of debentures in the series, there shall be sent to the Commission, for entry in the register, particulars of the date and amount of each issue, but an omission to do this does not affect the validity of the debentures issued.

(10) Where any commission, allowance or discount has been paid or made either directly or indirectly by a company to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any debenture of the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for such debentures, the particulars required to be sent for registration under this section shall include particulars as to the amount or rate percent of commission, discount or allowance paid or made, but an omission to do this does not affect the validity of the debentures issued.

(11) The deposit of any debenture as security for any debt of the company shall not, for the purposes of subsection (10), be treated as the issue of the debentures at a discount. A 138 2020 No. 3 Companies and Allied Matters Act, 2020

(12) The total fees payable to the Commission in connection with the filing, registration or release of a charge with the Commission under this Part shall not exceed 0.35% of the value of the charge or such other amount as the Minister may specify in the Federal Government Gazette.

(13) In this Part—

"charge" includes mortgage ;

"book debt", for the purposes of subsection (2) (e), means a debt due or to become due to the company at some future date on account of or in connection with a profession, trade or business carried on by the company, whether entered in a book or not, and includes a reference to a charge on a future debt of the same nature although not incurred or owing at the time of the creation of the charge, but does not include a reference to a charge on a marketable security or on a negotiable instrument ; "intellectual property", for the purposes of this section, means any patent or a licence under a patent, any registered design or design right or a licence, any trademark or licence under a trademark, or any copyright or a licence under a copyright ; "security financial collateral arrangement" means an agreement or arrangement, evidenced in writing, where :

(a) the purpose of the agreement or arrangement is to secure the relevant financial obligations owed to the collateral-taker ;

(b) the collateral-provider creates or there arises a security interest in financial collateral to secure those obligations ;

© the financial collateral is delivered, transferred, held, registered or otherwise designated so as to be in the possession or under the control of the collateral-taker or a person acting on its behalf; any right of the collateral-provider to substitute equivalent financial collateral or withdraw excess financial collateral shall not prevent the financial collateral being in the possession or under the control of the collateral-taker ; and

(d) the collateral-provider and the collateral-taker are both non-natural persons.

(14) This section does not apply in relation to a security financial collateral arrangement or any charge created or otherwise arising under a security financial collateral arrangement."

5.8. As pointed out earlier, the problem is not in the identification of lender's rights, but in the enforcement of those rights. Most times the lacuna between both is brought about by poor regulation on the part of the lenders, and institutional deficiencies.

5.9. As P.I. Omede says in his paper titled - A Tale of Two Markets: How Lower-end Borrowers Are Punished for Bank Regulatory Failures in Nigeria, "…in 2009, the Nigerian banking system witnessed a financial crisis caused by elite borrowers in the financial market. Regulatory response to the Nigerian crisis closely mirrored the international response with increased capital and liquidity thresholds for commercial banks. While the rise of consumer protection on the agenda of prudential supervisors internationally was logical in that consumer debt was the main cause of the global recession, the Nigerian banking reforms of 2009 disproportionately affected access by poorer consumers, who ironically had little to do with the underlying causes of the crisis. As lending criteria become more stringent, poorer consumers of credit products are pushed into informal markets because of liquidity-induced credit rationing. Overall, consumer protection is compromised because stronger consumer protection rules for the formal sector benefits borrowers from formal institutions who constitute the minority of borrowers in all markets."

5.10. As we know, the failure of the economy at the time, which is best described as a monumental crisis, was largely due to the dearth of adequate bank/credit regulations and the actions of the % of bad debtors who found a way to circumvent the system.

5.11. Unfortunately, this terrible conduct of debtors is far from being over. As at today the amount of non-performing loans as published by the AMCON is valued at trillions of naira. Every day in our courts we are faced with so many recovery actions filed by AMCON seeking to recover these monies from the small percentage of debtors holding our nation's economy to ransom. Sometime in 2018 at the Lagos division, and before my court, over a thousand recovery cases were filed in one day!

5.12. Now, does this mean that lenders are not aware of theirs legal rights and remedies open to them under the law? Or that they lack capacity to enforce them? Far from it! If you go through a standard loan agreement/contract, the remedies for a breach of any of the terms as stated are clearly defined in the section on default. The law on recovery of debt is very clear, even the courts formulate rules of procedure to fast-track recovery efforts.

5.13. Therefore we can conclude that the problem is not just enforcement but the will to do what needs to be done. To this we shall revert in a few minutes. First the remedies open to a lender in a secured credit transaction.

6. REGULATORY FRAMEWORK

- Companies and Allied Matters Act 2020
- Banks and Other Financial Institutions Act 2020
- Finance Act 2020
- AMCON Act 2019
- The CBN Guidelines on Global Standing Instructions (GSI) 2020

7. LENDER'S RIGHTS/ OPTIONS

- Right to sell
- Legal Mortgage
- Foreclosure
- Set-off
- Petition to wind up/ Bankruptcy
- Right to claim against any personal guarantor

Thus a lender's available remedies in an event of default under a secured credit transaction include actions against the borrower and the guarantors and actions against the collateral. It also looks at enforcement issues that may be raised by those remedies.

8. ENFORCEMENT OF CLAIMS

8.1. Ultimately, for a security to be effective, it must be underwritten by an effective regime of enforcement through the courts. As has rightly been pointed out: “Efficient banking … requires a “credit culture”—an environment in which credit contracts are customarily honoured and enforced, in the context of a legal and judicial system that facilitates the enforcement of financial contracts, loan recovery, realisation of collateral, and bankruptcy. In some countries serious weaknesses in the judicial systems can negate improvements in corporate government and official oversight.

8.2. Remedying deficiencies in enforcement procedures in courts is as important as it is difficult. Even in the case of countries with judicial systems generally regarded as efficient, it should be appreciated that the enforcement of collateral can be a laborious process. Protracted legal proceedings may be required to obtain vacant possession of property so that it can be sold, and even in the case of readily realisable security (such as stock), adverse claims, claims by trustees in bankruptcy, and others may impose practical constraints…good lending is always conditioned on the creditworthiness of the borrower and the viability of the project in respect of which the funds are being lent. Security is there as a safety net. If it needs to be enforced, the transaction has by definition gone wrong!
Professor Olaniwun Ajayi San
LEGAL ASPECTS OF FINANCE IN EMERGING MARKETS says:

“How secured is the security?
The essence of taking security for loan is to enable the secured party to have recourse to the collateral, should the debtor fail or be unable to pay. The creation of the security generally gives the secured party proprietary and/or possessory rights in the assets forming the collateral, thus giving such party the power to dispose of the assets to ensure repayment of the loan. To be useful, the security must not only be good as the time of creation, it must also be equally good and valuable at the time of enforcement. To what extent, then, does the share transfer requirement assist in securing repayment of director loans? For many reason of security over shares is generally not regarded as a reassuring protection for secured parties and some of the reasons for this are discussed below.

One of the major issues in secured lending is ascertaining the quality and durability of the assets forming the collateral for a loan. In many instances, it is extremely difficult to establish with certainty and over time, the availability and value of security that underlies a loan exposure until the need to call upon it arises. Using shares as security, invariably, exposes the secured party (i.e. banks) to the vagaries of a stochastic capital market. Even though the shares may be adequate security as far as market value is concerned at the time the loan was granted, there is nothing to assure the bank that prices will not have fallen drastically if and when the bank seeks to enforce the security by selling the shares.

The consequence of this is that the bank bears the risk of being saddled with a depreciated, possibly illiquid asset. Yet if the share price appreciates, the bank may need to render account, if demanded by the debtor and return whatever excess amount it realizes from the proceeds of sale. There is currently nothing in the circular requiring banks to value a director's shares before they are taken as security for loans to such directors, though it is expected that banks will, hopefully, do this. Where this is doubtful whether the CBN can sanction a bank for this, as it is not one of the requirements in the circular.

As argued above, the transfer of director's shares via a blank form is capable of creating an equitable mortgage over the shares in favour of the bank. Since this is an equitable mortgage, it will generally, rank after a previous equitable mortgage. The order of priority between two competing interests in the same property depends primarily on whether they are legal or merely equitable interests. Where both interests rank in the order of their creation. In other words, the bank's equitable interest in the same shares may be defeated by a prior equitable interest. Where, for example, a director charges his previously encumbered shares, for instance, where he is merely a trustee of the shares in favour of the bank as security for an advance, the bank will, generally, take subject to the rights of the cestui que trust. Whether or not the bank may be able successfully to plead its “first and paramount lien” over the director's shares to defeat the prior equitable interest remains an open question, and may very well depend on whether or not the shares are fully paid.

It should be noted that the circular does not require a director to relinquish his share certificate prior to obtaining the loan or while the loan is still outstanding. All that is required is that he executes a blank share transfer form transferring his shareholding to the bank as security for the loan. Under established principles of law, there is nothing generally speaking, precluding a party from creating multiple security interests in respect of the same property, tangible or intangible, but in favour of different parties. Where the value of the property cannot satisfy all the different claims, the secured parties will then have to settle their competing interests on the basis of applicable rules of law, or as provided by statute. By reason of this, an unscrupulous director may use his share certificate to create a subsequent legal mortgage in favour of another party. The rule is that a bona fide purchaser for value of the legal interest takes free from any prior equitable interest of which he had no notice, actual or constructive.

According to Millet J, the subsequent purchaser may gain priority over an earlier equitable interest of which he had no notice when he advanced the money if he perfects his security by registration even if he had actual notice of the prior interest before registration. Will the subsequent purchaser, however, be able to compel the bank to register the shares in his name thereby effectively defeating the bank's prior equitable mortgage over the shares? The answer to this may well depend on the extent of the powers of the directors of a public company to refuse to register a transfer of shares bought in an open transaction. A full discussion of this point is beyond the scope of this chapter but it is highlighted to underscore the problems that may potentially arise in future.

As mentioned above, the circular empowers a bank to dispose of shares if a director defaults in repaying a loan. The circular, for whatever reason, assumes there will be a waiting market for the shares if and when the bank decides to sell them. Reality, however, suggests otherwise. Under –subscription of issued shares is a common problem of many Nigerian companies seeking to raise finance through the local capital markets. The current volume of trading in shares is not as would assure banks that potential investors are readily available. Also, there may be unintended costs involved where a bank seeks to dispose of a director's shares as, for example. Where the bank is a private company. Under Nigeria corporate law, private companies cannot issue shares to the public, and where a bank is happens to be a private company, it will have to be re-registered as a public company before it can sell its shares to the public." Again see the provisions of CAMA 2020 for guidance.

9. THROUGH THE CASES- recent issues

9.1. Pursuant to the Federal High Court decisions in Vodacom Business Nigeria Limited v. Federal Inland Revenue Service and Federal Inland Revenue Service v. Gazprom Oil & Gas Nigeria Limited,value added tax will now be payable by a borrower for fees payable to finance parties for transaction services (e.g., management, restructuring or agency fees) regardless of whether the service provider is a foreign entity that has not included value added tax in its invoices to the borrower. In this case, the borrower is required to compute the applicable value added tax and remit the same to the tax authority. In line with these decisions, the Finance Act 2019 has amended the Value Added Tax Act by inserting a new Section 2, which provides that value added tax is payable on the supply of all taxable goods and services in Nigeria other than those specifically exempted from tax under the act. Services are deemed to be supplied in Nigeria if the services are provided in Nigeria by a person physically present in Nigeria at the time that the service was provided or the services are provided to a person in Nigeria irrespective of where the services are rendered from.

9.2. What are the experience and practical utility of our discussions? Ngugi the East African Novelist says in the trial of Dedan Kimati "Knowledge of the law stuck in the head will not win a battle in court". We've talked about the Philosophy of lending and borrowing, the philosophy of having security, we have legislations to guide us in secured transactions, we even have laws enacted for failed banks, we still have laws for non performing loans, where did we begin and where are we today, where are we heading to? The courts have played their own roles interpreting the laws, the banks have done their best to ensure there is corporate governance in banking transaction in accordance with banking ethics and the law.

9.3. However, there is no society without its own unique problems, the legislative regimes and the system of administration of justice in every country will impact on the economy, professor Ajayi Olaniwun SAN (Legal Aspect of finance in emerging markets) says that "an essential feature of commerce is the availability of credit, a company incures debt and other liabilities in its day to day operation, this is an indispensable aspect of commerce and commercial activities."

9.4. In the same way, companies get entangled in disputes and do come to court or go for arbitration where they come to court, experience from the case law has shown various intrigues both pleasing and disheartening, we would recall the case of:

(1) Sanvannah Bank v. AJILO
(2) Kwajafa v. BON
(3) FHC/L/CS/05/2013 AMCON v. Rangk (Supra)
(4) FHC/EN/48/2010 FRN V. RAY CHIBUEZE EGWU (Supra)
(5) FHC/EN/CS/46/2020 Daniel Ugochukwu v. AMCON (Supra)
(6) ALAN DICK WEST AFRICA
(7) FHC/L/ CS/912/2015 First Bank v. THE VESSEL FSIV "ELIZABETH" and 2 Ors.
(8) Suit No. FHC/PH/CS/231/01 ISAAC AGBARA & Ors v. SPDC.

The case of a bank guarantee that has generated a lot of controversy

9.5. A few comments on the above cases will show you the short comings in our insolvency laws cross boarder disputes, the insecurity of secured transaction, the behavior of Nigerian litigant and the thinking of our courts.

10. CONCLUSION:

We have tried to show Nigerian law requires perfection of legal charges and mortgages, registration on same and stamp duty paid where needed ad valorem. The consent to be obtained where need in other to be of value in our courts. We have tried to show the importance of commercial transactions where loans are advanced, there is the need to have an honourable/credit worthy borrower, and a legal regime that is certain, both in terms legislation and the time one spends in the courts, in terms of result in what one gets from the courts. IN ENFORCEMENT OF LENDERS RIGHT IN SECURED CREDIT TRANSACTIONS especially, matters arising.

We took it for granted that certain terms are familiar and well known to us, and we attempted to define some of the salient points of the issues but, the center of attraction, the center of gravity in this discussion are Recent issues arising, that is the most important and what are the recent issues that arise?

We also tried to show them all albeit randomly, we tried to appreciate the recent issues that arises, the philosophy behind lending money either in a secured transaction or non-secured transactions, we all take loans in one form or the other, it could be from financial institutions like the bank or it could even be from our friends and there are both religious and commercial cum political aspect to lending, the Bible, talks about lending, the Hadith in Islam talks about lending, the Hadith says the borrower should be merciful, the bible says let the borrower pay their debt, it is very important that experience has shown that most borrowers do not like to pay their debt. The law of insolvency remains cloudy and a lot need to be done.

History in Nigeria has shown lending and secured transaction is not old when we started banking transactions. We also know issues that went on through money lending, whether money lenders were with license or not. Unlike other climes like the United Kingdom (UK) where, when people became insolvent, they were normally sent to prison, before the legal regime changed. In our case in this country, they were times, if you borrow money and you are unable to pay, you are taken to court and your property is sold, in some customs people had to leave, on self-banishment because of embarrassment attached to being a debtor, they run and leave the environment. We woke up in this country under a military regime we have a failed bank decree. And we also woke up in this country we have AMCON Act today a special legislation with stupendous powers granted the agency and the courts, yet trillions of naira are still held by few individuals, and the economy is locked down. Consequently, we call for innovations in the banking sector, the borrowing congress, the litigation congress and a fortiori the behavior of learned counsel qua judex innovations in the administration of justice and finally the judges must be bold, courageous innovative and time conscious in commercial disputes in other to advance this great country of ours. Indeed if the barrel of the gun has failed to change the attitude, through decrees. The powerful ink that drops from the pen of the judex will make civilization possible and restore honour and integrity in our commercial world. No chronic bank debtor that has led to the collapse of our banks and economic system should be allowed to hold a political office. Let us do the thinking and talking.

THANK YOU FOR THE AUDIENCE.

56th CIBN Annual Bankers Dinner

Held at The Federal Palace Hotel, Victoria Island, Lagos.

November 26th 2021

From L-R, His Excellency, Alhaji Abubakar Sani Bello, Executive Governor, Niger State; Dr. Bayo Olugbemi, FCIB, President/Chairman Of Council, CIBN; His Excellency, Babajide Sanwo-Olu, Executive Governor, Lagos State; Mr. Godwin Emefiele, FCIB, Governor, Central Bank Of Nigeria; Dr. Herbert Wigwe, FCIB, Chairman, Body of Banks CEOs/GMD & CEO, Access Bank Plc and Mr. Ademola Adebise, FCIB, Chairman, Organising Committee Of The 56th Annual Bankers Dinner & MD/CEO, Wema Bank Plc

From L-R, Dr Seye Awojobi, FCIB, Registrar/Chief Executive, CIB; Mr. Godwin Emefiele, FCIB Governor, CBN; Mr Amechi Okobi, Head , Corporate Communication, Access Bank - Joint Winner of the Covid-19 Response Banker Of The Year Awards; Dr. Bayo Olugbemi, FCIB, President/Chairman Of Council, ,CIBN; His Excellency, Babajide Sanwo-Olu, Executive Governor, Lagos State; Representative Of Dr. Segun Oghuan, Medical Adviser, First Bank of Nigeria Plc - Joint Winner of the Covid-19 Response Banker of the Year Award and His Excellency, Alhaji Abubakar Sani Bello, Executive Governor, Niger State

Group Photograph of the Next Generation Class of 2021 Award Recipients

Cross-Section of attendees at the event

Mr. Ben Llewellyn-Jones, UK Deputy High Commissioner to Nigeria; Dr. Bayo Olugbemi, FCIB, President/Chairman of Council, CIBN and Dr Seye Awojobi, FCIB, Registrar/Chief Executive, CIBN

Mr. Johnson Chukwu, HCIB, MD/CEO, Cowries Assets Management; Dr Seye Awojobi, FCIB, Registrar/Chief Executive, CIBN; Mr Amechi Okobi, Head, Corporate Communication, Access Bank Plc, receiving the Covid-19 Response Banker of the Year award From His Excellency, Babajide Sanwo-Olu, Executive Governor, Lagos State and Mr. Lamin Manjang, FCIB, Co-Chair, Adhoc Committee on the 56th Annual Bankers Dinner & Managing Director/CEO, Standard Chartered Bank Nigeria Ltd

Mrs. Aisha Amhad, FCIB, Deputy Governor, CBN presenting the X-Factor Award to Mrs. Olaronke King, General Manager, Standard Chartered Bank Group

His Excellency, Alhaji Abubakar Sani Bello, Executive Governor, Niger State (right) presenting the Next Generation Customer Award of the Year to a Representative of the Winner - Faith Agro Limited.

56th CIBN Annual Bankers Dinner

Keynote Address Delivered by

Mr. Godwin Emefiele, *CON, FCIB*
Governor, Central Bank of Nigeria

November 26th 2021

(Protocols)

1. Good evening distinguished Ladies and Gentlemen. And thank you very much for the very warm reception accorded us here today. By now, I am sure everyone knows how I feel about this annual dinner, because since I became Governor of the CBN over seven year ago, this is perhaps the one event I have never missed at all. So to underscore how important this event is to me, today is my seventh consecutive Keynote address at the Chartered Institute of Bankers (CIBN) annual dinner.

2. It is therefore a great pleasure for me to be here today because it provides a veritable platform and a significant opportunity for me to engage with all stakeholders especially, professionals, practitioners and experts in the banking and Finance community. This dinner is an occasion to highlight important developments in our economy and apprise you of the policy initiatives and focus of the Central Bank of Nigeria towards realizing the ultimate goals of Macroeconomic and financial Stability.

3. I would like to specially thank the leadership and fellows of the Chartered Institute of Bankers of Nigeria led by its President, Mr. Bayo Olugbemi, and its able Registrar, Mr. Seye Awojobi for their painstaking efforts towards the success of today's event. I also want to extend my heartfelt gratitude to the Managing Directors/Chief Executive Officers of our banks and other financial institutions who have found time to attend this dinner despite their very busy schedules. Let me also welcome my colleagues from the Central Bank of Nigeria, especially the Deputy Governors, and other senior management staff of the Bank present here. I would also like to thank the audience and members of the press for being a part of today's beautiful event.

4. Distinguished Ladies and Gentlemen, in my remarks today, I intend to provide my views on developments in the Nigerian economy as well as an outlook for how we see things going forward. As will be expected from an incisive analysis of any major economy in the world today, let me begin with an initial background of the Nigerian economy before COVID-19. Prior to the start of the pandemic in 2019, our economy was making steady progress out of the difficulties from the global oil price vagaries of the previous years. Indeed, our Gross Domestic Product (GDP) growth rate for 2019 stood at 2.3 percent, on the back of a relatively strong fourth

quarter GDP of 2.55 percent that year. This growth was accompanied by significant foreign capital inflows due to improved fundamentals of the economy.

Containing the Impact of COVID-19 on our Economy

5. Distinguished Ladies and Gentlemen, then came the pandemic in the first quarter of 2020 and indeed, it's been close to two years since the onset of the COVID-19 pandemic and the wide-ranging impact it has had on, not only the global economy but also on the Nigerian economy. We must all remember that, while its economic damages have been enormous and will be highlighted soon, this pandemic is first and foremost a public health crisis, instigated by a virus that has infected 259.7 million people, and claimed the lives of 5.2 million people globally, including 2,974 of our fellow Nigerians and loved ones. Indeed, let me state that in May 2020, it would have been unlikely to hold an event such as this, with the number of people we have at today's event. Our ability to come together today is a reflection of the progress that has been made in containing the spread of the virus as well as in supporting improved economic activity over the past two years. In my remarks today, I intend to provide my perspective on the external and domestic impact of the pandemic and its attendant effects on the Nigerian economy. I will also provide an outlook for the Nigerian economy, as well as the steps that the CBN is taking to support improved economic activity.

Global Economy

6. As you may recall, 2020 was a year like no other for the global economy and indeed the Nigerian economy. The onset of the COVID-19 pandemic in the early part of 2020, and the containment measures put in place to slow the spread of virus, led to an unprecedented decline in global growth, last seen since the great depression of the 1930s. Most advanced and developing economies fell into a recession, which led to a significant contraction in global growth by -3.1 percent in 2020. Global travel was also restricted as countries shut down their borders and restricted domestic and international travels. According to the latest Economic Impact Report by World Travel and Tourism council, the global travel and tourism sector lost about US$4.5 Trillion from the effects of the travel restriction, quarantines and other related measures. Also, according to the International Labor Organization(ILO), in 2020 over 255 million full time jobs were lost as a result of the pandemic.

<u>MAJOR EVENTS DURING THE PANDEMIC.</u>

7. **<u>Volatile crude oil Market</u>**

First, in view of the complete stoppage of global economic activities, we witnessed the significant reduction in the demand for, and price of crude oil, Nigeria's main source of foreign exchange receipts and fiscal revenue. Indeed, the price of crude oil fell by more than 70 percent at some point. We witnessed the fall in crude oil prices from a high of $68 per barrel in January 2020 to $24 per Barrel in April 2020. Put succinctly, as of 20th April of 2020, the price of some streams of crude oil fell below zero dollars per barrel, as producers were forced to pay buyers for overwhelmed storage facilities. This fall had adverse implications on the supply of foreign exchange into the country, as well as on government revenues.

<u>Deteriorating Global Financial Conditions.</u>

8. Second, the global financial conditions tightened as investors withdrew over $120 billion in portfolio flows from emerging and frontier market countries in the first half of 2020. While flows began to recover in the early part of 2021, financial flows to emerging markets like Nigeria, are constrained by expected tapering by the Federal Reserve Bank in 2022, which is likely to affect global financial conditions. In essence, uncertainty about the evolution of the virus, and the extent of its impact, led to a retreat in investment from emerging markets, and a corresponding rise in investment in safe haven assets, such as gold, and US Treasury bills. The resulting outflow further heightened pressures on the currencies of major emerging market countries like Nigeria, and this ultimately resulted in the adjustments of our exchange rate.

9. **<u>Global spike in Food prices.</u>**

Third, following the provision of vaccines, countries began to ease movement restrictions and demand in certain sectors began to recover to pre-covid levels. Unfortunately, the surge in demand, has contributed to significant supply chain disruptions, which has contributed to elevated inflation in advanced and developing markets. For example, the FAO food price index which measures monthly change in international prices of a basket of food commodities, in October 2021, stood at its highest level since July 2011, because of the initially exogenous supply disruption I am about to describe.

<u>Deglobalisation and Supply Disruptions.</u>

Finally, tragic as these outcomes were, even more alarming was the reaction of many countries at the height of the pandemic. All over the world, countries responded by fighting for themselves and taking measures to protect their own people, regardless of the spillover effects on the rest of the world. According to the World Customs organization, a total of 32 countries and territories adopted stringent and immediate export restrictions on critical medical supplies and drugs that were specifically meant to respond to COVID-19. As of 4th April 2020, an updated count of total number of export restrictions by the Global Trade Alert Team at the University of Gallen, Switzerland suggest a total of 102 restrictions by 75 countries.

10. On March 4th 2020, Germany announced an export ban that applied to all sorts of medical protection gear including breathing masks, medical gloves and protective suits. Around the same time, President Macron announced that France will requisition all face masks produced in the country, a de facto export ban. Between 8th February 2020 and 6th April 2020, india released eight (8) different export notifications banning several drugs and medical supplies including Hydroxylchloroquine, ventilators, Oxygen therapy apparatus, and breathing devices.

11. Also, due to fears of global recession, there were worries about unprecedented global food insecurity, with concerns that agricultural production may be dislocated by containment measures that constrain workers from planting, managing and harvesting critical crops. Consequently, rather than seek cooperative and global solutions, several countries resorted to export restrictions of critical agricultural produce. Indeed, according to the International Food Policy Research Institute (IFPRI), about 37 countries enacted various forms of food export restrictions in response to COVID-19, even in countries where average production exceeds domestic consumption. For example, Vietnam, the world's third largest exporter of Rice, suspended granting rice export certificates until the country reviews domestic inventories. Russia, the world's largest wheat exporter, announced a ten-day ban on the export of buckwheat and rice due to concerns over panic buying in local supermarkets.

12. The dire implications of these events should not be lost on anyone; and in fact on Nigeria, a country with over 200 million population. As I've asked in some of my recent treatise on the opportunities of the pandemic, what if the pandemic occurs again and we witness an extended restriction in movements and export bans? What if these restrictions become a new normal? What if another pandemic occurs in which all borders are closed, with food and medical imports significantly curtailed? What if the rich among us, even when they can afford to pay for their medical bills abroad, cannot travel out of our shores because of these extended lockdowns? Are we going to allow our hospitals to remain in their current state without equipment and state of the art facilities? For how long shall we continue to rely on the world for anything and everything?

Global Response

13. In a bid to contain the spread of the virus as well as to support the recovery of the global economy, there was an unprecedented deployment of fiscal and monetary support measures by countries, even though there was a significant divergence in the force of the response between advanced and developing countries. In 2020, advanced economies on average were able to deploy about 28 percent of their GDP in fiscal and monetary policy measures, compared with only 6 percent in emerging markets and less than 2 percent in low-income countries. For example the US Federal Reserve increased its balance sheet from \$4.1 trillion in January 2020 to over \$8.6 trillion by October 2021.While the ECB increased its balance sheet from \$5.1 to 9.6 trillion dollars over the same time period. By the end of 2020, the Fed's balance sheet was 34% of GDP, the ECB's 59%, the Bank of England's 40%, and the Bank of Japan's 127%. While measures were deployed by developing and emerging market economies to support recovery efforts, their response was limited due to constrained fiscal and monetary space relative to their counterparts in advanced countries.

14. The impact of accommodative fiscal and monetary support, in addition to the deployment of COVID-19 vaccines, and the easing of restrictions on movement, helped to support a significant recovery in global growth, which is expected to rise by 5.9 percent in 2021 up from -3.1 percent in 2020.

Uneven Recovery

15. The recovery of the global economy however has been uneven given the wide divergence in accommodative policy measures and vaccine deployment by advanced countries relative to developing countries. While advanced countries are expected to

grow by 5.2 percent in 2021, growth in Sub Saharan Africa is projected at 3.6 percent in 2021. In advanced countries like the United States and the United Kingdom, over 60 percent of their population have been fully vaccinated, and efforts are underway in deploying a third dose to their citizens. We also witnessed how some advanced countries-imposed export restrictions on vaccines until a significant proportion of their population had been vaccinated. However, in Africa, less than 5 percent of the total population by October 2021 had been fully vaccinated.

Furthermore, the global economy has been affected by rising inflation and supply chain disruptions. The swift recovery in global demand was not followed by a corresponding rise in supply of goods and services, which not only heightened inflationary pressures, but also contributed to significant supply disruptions. Average Intercontinental freight rates for a 40ft container, rose from $1,500 in January 2020 to over $10,000 by September 2021. The rise in freight rate along with demand pressures also helped to support a significant rise in food prices. Reflecting this pressure, the FAO Food Price Index stood at its highest level in October 2021, since July 2011. Inflationary pressures in advanced and developing economies have been aggravated by rising commodity prices such as crude oil, which would likely reshape the accommodative monetary stance of major central banks in 2022. Curtailing inflation and supply disruptions are key to supporting continued recovery of the global economy in 2022.

Impact on Nigeria's Economy

16. In Nigeria, the impact of these external factors as a result of the COVID-19 pandemic, have also worked to shape developments in our economy over the past year. Given our reliance on revenues from the export of commodities, such as crude oil, the fall in crude oil prices from a high of $68 per barrel in January 2020 to $24 per barrel in April 2020 had adverse implications on the supply of foreign exchange into the country, as well as on government revenues. While oil prices have risen to close to $80 today, OPEC restrictions on our production output along with the rising cost of petroleum imports have prevented us from being able to harness the gains from the rise in crude oil prices.

Exchange Rate

17. As a result of the drop in foreign exchange supply arising from low earnings from the sale of crude oil, the naira depreciated by 7.7 percent from N380/$ to 410/$ at the I & E window. Supply was also affected by massive outflow of foreign portfolio investments from Emerging and Frontier Markets including Nigeria in 2020. A combination of these factors led to a marked drop in our foreign reserves from nearly $36.7bn at the beginning of the crises in March 2020, to a low of $32.9bn in June 2021. It is important to state that the volume of activities at the I&E window fell from nearly $250 - 300 million daily to less than $40 million in the first quarter of 2021.

Supply Disruptions and Inflation

18. Third, the imposition of containment measures as well as the rising cost of imported goods due to supply disruptions helped to aggravate inflationary pressures in the 2nd half of 2020. Our inflation rate rose from 12.12 percent in January 2020 to 18.17 percent in March 2021. Part of the rise in inflation was due to the surge in demand that arose from the easing of restrictions on movements, which led to a growing disparity between demand orders and output from factories and farms, not only in Nigeria but in other parts of the world. Heightened demand along with adjustments in the exchange rate, farmer herder clashes, imported inflation, insecurity in parts of the food belt region, and rising transportation cost, were some of the other key factors that drove the rise in inflation.

19. Consequently, the pandemic and its attendant effects re-ordered the paths of our key macroeconomic and financial indicators after the gains we had achieved following the impact of the 2015 - 2017 oil price crisis. As a result of these effects the Nigerian economy fell into a second recession in four years, in the 3rd quarter of 2020.

20. However, the banking sector remained robust and sound due to prompt response by the Central Bank in order to prevent an economic crisis from spilling over into a financial crisis. As a result, the banking sector continued to consolidate on the gains of the recovery from the 2016 & 2017 recession. Although we saw some fragilities in the system, they constituted limited risks. Prudential indicators such as NPLs stood at 5.4 percent in November 2021, while the CAR remained above 15 percent indicating continued resilience of our banking system.

Response of the Monetary Authorities

21. The impact of the COVID-19 pandemic provided many lessons that have helped to shape subsequent actions by the Monetary Policy authorities. For example, we realized how vulnerable our economy was relative to advanced markets in not only access to essential

medical supplies, but in the form of monetary policy support that Central Banks in developing countries could provide in supporting the recovery of their respective economies. Rather than let the crisis compound our problems, we reflected on ways in which we could turn the crisis into an opportunity. One that would reset the trajectory of our economy from its dependence on imported items to one that is more resilient and productive.

22. With the pace at which viruses spread, which could significantly derail economic growth, we were further emboldened to work on measures that would improve productivity, support employment generation and strengthen the resilience of our economy to external shocks.

23. As a result, working with the fiscal authorities, we took unprecedented measures to contain the effects of the pandemic on our economy, in addition to other efforts aimed at stimulating greater economic activity in key sectors of our economy. Please permit me to highlight some of the steps we took towards achieving our mandated goals.

Containing the Impact of COVID-19

24. First, the Central Bank of Nigeria worked with the fiscal authorities in instituting strong policy support measures capped under the Economic Sustainability Plan (ESP), which was designed to contain the effects of the pandemic, restore stability to the economy by helping households and businesses affected by the pandemic and to lift our economy out of the woods through massive interventions to critical sectors.

25. Under this plan, the monetary and fiscal authorities collectively mobilized and injected over N5trillion to support households and businesses. It is gratifying to state that the Central Bank of Nigeria deployed more than N3.5trillion, - about 4.1 percent of Nigeria's GDP to critical sectors such as agriculture, manufacturing, electricity, and healthcare in order to stimulate and help the economy recover from the deep shock. Other specific policy measures undertaken include.

a) Reduction of the monetary policy rate from 13.5 to 11.5 percent to improve the flow of credit to households and businesses.
b) Reduction of the interest rate on CBN intervention loans from 9 to 5 percent.
c) Extension of the moratorium on principal repayments for CBN intervention facility to March 2022.
d) Granted regulatory forbearance that allow banks restructure loans given to sectors severely affected by the pandemic.
e) Strengthened the Loan to Deposit ratio policy, which has resulted in a significant rise in loans provided by financial institutions. Total gross credit rose by over 21.1 percent over the past year, from N19.4 trillion to N23.5 trillion.
f) Created a N50 billion target credit facility for affected households and small and medium enterprises through the Nirsal Microfinance Bank, against which N363.5 billion has been disbursed to over 767,000 Nigerian households and micro businesses.
g) Mobilized key stakeholders in the Nigerian economy, under the Private Sector Coalition Against COVID-19 (CACOVID) team that raised N39.646 Billion to support the fight against the scourge. The funds were used to support three (3) key priority areas:(i) development of 39 fully equipped isolation centres including Intensive Care Units (ICUs) and molecular testing labs and procurement of medical equipment such as PCR test kits across the country; (ii) provision of palliatives in the form of essential food items to 1.7 million households, an equivalent of 8 million Nigerians; and (iii) improving awareness in rural awareness on the COVID-19 virus and capacity building for community health workers.
h) Created a N1 trillion facility in loans to boost local manufacturing and production across critical sectors; of which 53 major manufacturing projects, 21 agriculture related projects and 13 service projects are being funded from this facility.
I) Creation of a NGN100 billion intervention fund for pharmaceutical companies and healthcare practitioners to expand and strengthen the capacity of our healthcare institutions. We have increased this fund to N200 billion to accommodate more players in the healthcare sector, such as phytomedicine practitioners and manufacturers of medical devices and vaccines. Our primary focus is to create a hub where medical officers can have access to diagnostic equipment to carry out quality medical services at an affordable price for Nigerians.

- So far, over N107.7 billion has been released to support 114 healthcare projects, including six (6) greenfield (new) and 108 are expansionary (brownfield). The projects financed included cancer treatment centres, medical diagnostics, pharmaceuticals, dental services, eye clinics, and other healthcare service providers. We are happy to inform you that the intervention programs have contributed to the increased bed space in our hospitals, and improved healthcare productivity as evident in the increased number of successfully treated Covid 19 patients.

26. These developmental initiatives combined with our monetary and financial policies have helped to support the recovery of our economy and in re-aligning general macroeconomic conditions.

The Journey so far and our scorecard

27. As a result of these measures, we witnessed robust economic recovery as GDP growth stood at 4.03% in the 3rd quarter of 2021, following the 5.01% growth recorded in the 2nd Quarter of 2021. The economy has remained on a positive growth path for four consecutive quarters after the recession in the 3rd quarter of 2020. 41 out of the 46 sectors assessed in the 3rd quarter by NBS, recorded positive growth, as growth was driven by significant improvements in the non-oil sector, particularly, Agriculture Manufacturing, Trade, ICT, Construction, Finance and Transportation. We have also witnessed a gradual recovery in manufacturing output growth as the Manufacturing PMI index rose to 47.3 points in October 2021 from 44.9 in January 2021.

28. Our interventions particularly in the manufacturing and the agriculture sectors significantly helped to encourage continuous improvements in growth in these two key sectors of our economy. Today, our food production systems have become more sustainable due to the improved output at our farms and local factories. Output of staple commodities such as rice, maize, palm oil and tomatoes have grown significantly, and we have also seen increased efforts of our local manufacturing firms to engage in backward integration efforts. Second, a visit to any major retail chain will reveal an increasing number of high quality made in Nigeria products relative to imported goods, which is helping to increase domestic production, generate employment and wealth in our country. If these intervention efforts were not carried out by the monetary and fiscal authorities, our economy would have been in a grim state.

Inflation

29. Inflation has continued to moderate for seven consecutive months, as it declined from 18.17 percent in March 2021 to 15.9 percent in October 2021 supported by improved output of staple food items. Inflation however still remains above our benchmark, which means efforts must continue to be made to slow down the pace of the rise in prices.

External Reserves

30. Supported by our demand management policy, in addition to support from the successful issuance of the $4bn Eurobond and the IMF SDR, our external reserves today stands at over $41.4bn which is enough to support 9 months of imports. This is not just a morale booster for both foreign direct and portfolio investors willing to invest in the economy, but it provides significant fire power to support our domestic industries that need to import critical machines and equipment for domestic production and exports

Exchange Rate

31. As a result of our demand management policy, the naira has remained largely stable around N411/US$1 at the I&E window particularly since the discontinuation of FX allocation to Bureau De Change operators along with the convergence between the CBN and NAFEX rates. Banks are now able to meet the demands of their customers seeking forex for SMEs, school fees, medical and PTAs, which has reduced the need of customers to rely on alternative providers of foreign exchange. Average daily Fx turnover at the I&E window is now over $250million, up from $40million in April 2020.

32. Our current account deficit has narrowed significantly, from a huge deficit of 4.53% of GDP in the 4th quarter of 2020 to negative 0.44% of GDP in the 2nd quarter of 2021 due to a surplus position in the goods account. The surplus position in the goods account is due to a reduction in imports, increase in crude oil and gas export receipts, and improvement in remittance inflows. Remittance inflows have been supported by our naira for dollar program, and we have seen a surge in remittance inflows from over $5m per week in June 2020 to over $100m per week in October 2021.

Outlook

33. Following the impact of the various accommodative policy measures, our economy made a swift exit from the recession. Unlike the five quarters it took to exit the previous recession, the economy rebounded after just two quarters of contractions, underpinning the resilience of the economy amid greater policy support. I am pleased to note that growth has returned to pre-covid levels due to the accommodative policy support provided by the monetary and fiscal authorities.

34. Although uncertainties remain around the mutating

Delta virus, prospects of a broad-based economic recovery in Nigeria remain bright as efforts are made to improve access to vaccines for Nigerians, in addition to measures aimed at implementing safety protocols to curb the spread of the virus.

35. As a result of these growth enhancing policy measures, we project that GDP will grow at 3.0 percent for 2021 up from -1.8 percent in 2020. Inflation is expected to continue on its downward trajectory into 2022 as continued interventions along with the onset of the harvest season aid improved supply of food items, which would further help to decelerate inflationary pressures.

Policy Focus in 2022

36. I would like to state that notwithstanding these positive indicators, our economic growth remains fragile, as our unemployment and inflation rate remain at levels that are not very supportive of growth. Second, continued implementation of our intervention efforts would need to be undertaken to sustain the recovery efforts and stimulate further growth of the economy. Third, given population growth at about 2.7 percent annually, it is important that we continue to deploy measures that will enable our economy to attain annual growth rates of over 5 percent.

37. Through the pandemic we are aware that our policy responses are often more effective when we work with the private sector. For example, the CACOVID alliance played an instrumental role in reducing the negative effects of the pandemic, by providing palliative support to families affected by the virus and in rebuilding our healthcare institutions. Leveraging the strength of the private sector will be critical in mobilizing funds that are needed toward building a more resilient and stronger economy. We intend to strengthen collaborations with the private sector in order to support investments in critical sectors such as infrastructure, and ICT, in addition to ongoing efforts to build a stronger agriculture and manufacturing base in Nigeria.

38. As a result, all efforts in 2022 must be made to ensure that we maintain our focus on improving access to finance and credit for households and businesses, mobilizing investment to boost domestic productivity, enabling faster growth of non-oil exports, and supporting employment generating activities.

100 by 100

39. In an effort to implement policies that would engender growth and employment, the Central Bank of Nigeria, recently unveiled the 100 for 100 policy on production and productivity. Under this program, targeted credit of up to N5bn will be provided to 100 firms every 100 days, provided that these firms are investing in projects that are greenfield projects. Second, projects will be assessed on their ability to generate significant employment opportunities in critical sectors of our economy. Third, eligible firms must show evidence of their efforts to harness available local raw materials towards the realization of their intended investment. Efforts will also be made to support firms that are geared towards producing goods for the export market. The Central Bank of Nigeria is committed to supporting eligible firms with foreign exchange to import machineries and equipment. Let me add that routine audits will be conducted on firms that receive funding, to ensure that they are complying with the terms of the program. We believe this program will significantly help to catalyze growth in critical sectors of our economy, while aiding our efforts to create employment opportunities and reduce our dependence on imported goods.

Supporting the Growth of the Digital Economy

40. A key focus of the Central Bank of Nigeria under my leadership has been enabling the buildout of a robust payment system in Nigeria, that will provide cheap, efficient, and faster means of conducting payments for most Nigerians. With the growing pace of digitization globally, it is essential that we leverage digital channels in fulfilling this objective. Total transaction volumes using digital channels more than doubled between 2018 and 2020, as volumes rose from 1.3bn to over 3.3bn financial transactions in 2020. Digital payment channels also help to support continued conduct of business activities during the lockdown. Our robust payment system has continued to evolve towards meeting the needs of households and businesses in Nigeria. Reflective of the confidence in our payment system, between 2015 and September 2021, about $900m has been invested in firms run by Nigerian founders.

41. Notwithstanding these gains, close to 36 percent of adult Nigerians do not have access to financial services. Improving access to finance for individuals and businesses through digital channels can help to improve financial inclusion, lower the cost of transactions, and increase the flow of credit to households and businesses.

E-Naira

42. It is in this vein that the Central Bank of Nigeria recently deployed the first central bank digital currency in Africa, the E-Naira, which would help in attaining our goals of fostering greater inclusion using digital channels, supporting cross border payments for businesses and firms, and providing a reliable channel for remittance inflows into the country. The E-Naira will ensure that Nigerians in remote areas can conduct financial activities using their digital devices at little or no cost. It will also help to strengthen the effectiveness of government intervention programs, as funds provided will get to the intended beneficiaries. In less than 4 weeks since its launch almost 600,000 downloads of the e-naira application have taken place. Efforts are ongoing to encourage faster adoption of the e-naira by Nigerians who do not have smartphones. The support of the financial industry will be critical in the ongoing deployment of the e-naira and efforts are on-going to encourage continued partnership between the CBN and stakeholders in the financial industry.

Infrastructure Finance

43. With the decline in revenues due to federal and state government as a result of reduced receipts from the sale of crude oil, alternative ways of funding infrastructure are critical if we are to ensure sustained growth of our economy. As we are all aware, the cost of logistics is often seen as a significant impediment to the growth of businesses in the country.

44. In recognition of the role improved infrastructure could play in the development of our economy, along with the need to leverage private sector capital in funding the over N35trillion deficit, which is the estimated amount required to build an efficient infrastructure ecosystem in Nigeria, the Central Bank of Nigeria (CBN) working in partnership with critical stakeholders such as the Nigerian Sovereign Investment Authority (NSIA) and African Finance Corporation (AFC) set up Infracorp. Infracorp is expected to raise over N15 trillion to support investment in critical infrastructure in Nigeria.

45. So far, N1 trillion has been provided as seed funds by the promoters to support the operations of Infracorp. We recently appointed four fund managers, and a Management Team has been selected to run and manage Infracorp. Over the next two months, Infracorp will kick off its operations by targeting strategic infrastructure projects that would help catalyze further growth of our economy. Infracorp is expected to set the standard template that will help in enabling greater private sector funding for public infrastructure projects in Nigeria.

Mobilizing International Capital: Nigeria's International Financial Center.

46. A key challenge to supporting growth in key sectors of our economy is access to large pools of cheap investment capital. Today over $100 trillion is held by institutional investors in OECD countries, most of it invested in low yielding assets relative to high yielding opportunities in Nigeria. Working to tap into this pool of funds will require the set-up of an investment framework that offers comfort and security to investors seeking to invest in critical sectors of our economy. In this regard, the Central Bank of Nigeria is working to set up an International Financial Center at the Eko Atlantic City in Lagos, that would serve as a hub for attracting domestic and external capital which is needed to strengthen our post covid economy. The International Finance Center when fully operational in the 2nd quarter of 2022, will help to position Nigeria as a key destination for investment in Africa.

Economic Outlook for 2022

47. Global Outlook: The global economy is projected to recover in 2021 and 2022. Amidst uneven growth across regions, the latest IMF WEO projects global economic recovery from -3.1 percent in 2020, to 5.9 percent in 2021, and 4.9 percent in 2022. The projection is on the backdrop of expected recoveries in the US, China and EMDEs and a significant improvement in vaccine administration. Average inflation rate is also projected to rise from 0.7 percent in 2020 to 2.8 percent in 2021 for advanced economies and from 5.1 percent to 5.5 percent for EMDEs.

48. Global Oil Prices: According to the IEA Oil Market Report for November 2021, oil prices will on the average remain at favourable levels in 2022. Their models project brent crude oil price to be US$79.40pb in 2022. Continued strengthening of oil price, in 2022, will also support government fiscal operations of the Nigerian government and help stabilize key external sector statistics.

49. Domestic Outlook: The CBN's in-house model, after an exhaustive simulation with various oil price possibilities and numerous scenarios of other macroeconomic metrics, indicate a continued and strong rebound of the domestic economy. Near-term outlook of the Nigerian economy is brightening significantly, with improvements projected into the short- and the medium-term.

I. ***GDP***: Real GDP growth rate is projected to remain robust and strengthen within the short-term. Output growth rate is projected to remain positive from 4.03 percent in 2021q3 to nearly 2.91 percent in 2021q4, implying a total growth of about 3.10 percent for 2021. Short-term projection indicates a continued strengthening of the growth rate. Deliberate structural policies and reforms are needed to raise these projected trend higher towards the desired 5 percent average growth level.

ii. Output growth rate for the Nigerian economy is broadly estimated by key institutions to consolidate in 2021. The IMF and the World Bank project real growth rates of 2.6 percent and 2.4 percent, respectively while the estimate by the Federal Ministry of Finance and National planning stands at 3.0 percent. Generally, real GDP growth rate is projected to remain robust and strengthen within the short-term, regardless of the immanent vulnerabilities. With this continued strengthening, real GDP could recover beyond the pre-pandemic levels by the first quarter of 2022. Further simulations of the medium-term projections suggest that Nigeria's real GDP could surpass pre-COVID trends by 2024.

iii. ***Business confidence***: The business environment remains optimistic given the sustained policy interventions in the economy. Overall business confidence index is projected to rise significantly from -9.2 index points as at end-August to over 37.7 index points in November 2021 and surpass 57.6 index points by mid-2022. Following the pickup and continued strengthening of domestic economic activities, many firms expressed optimism about the direction of future developments both in the near-term and the short-term,

Overall Business Outlook of the Macroeconomy

iv. ***Inflation rate***: Headline inflation rate is expected to moderate to 15.35 per cent, and 14.91 per cent by December 2021 and February 2022, respectively. Core inflation is equally forecasted to fall from 13.74 percent in October 2021 to 13.39 percent in December 2021 and further to 12.68 percent by February 2022, while food inflation falls from 19.57 percent to 17.26 percent and 16.58 percent over the same period. Domestic disinflation is projected on the backdrop of the favourable impact of the various CBN interventions on the real sector and the gradual upscale of economic activity, which is expected to keep prices moderate in the near-term.

v. **FX Reserves**: Based on in-house analysis and simulations, external reserves could surpass US$42 billion by mid-2022 from the US$41.5 billion in 2021q3, based on the dynamics of oil price and FX demand for import. Generally, external reserves is expected to be at relatively comfortable levels with expectation of sustained trend of current crude oil price, the impact of Eurobond Issuance, and stable exchange rate condition.

Concluding Remarks

50. Distinguished ladies and gentlemen, in concluding my remarks, let me add that while we have been able to contain some of the effects of the COVID-19 pandemic on our economy, it is imperative that we work to build a more resilient economy that is better able to contain external shocks, whilst supporting growth and wealth creation in key sectors of our economy. We must take deliberate steps to diversify the base of the Nigerian economy. As the true African Giant, we must fold our sleeves and do everything possible to stop the incidence of importing anything and everything. Proactive steps on the part of stakeholders in the private sector in collaboration with the government in supporting the growth of sectors such as Manufacturing, ICT, and Infrastructure, will strengthen our ability to deal with the challenges of COVID-19, and stimulate further growth of our economy.

I thank you for your attention.

56th CIBN Annual Bankers Dinner

Goodwill Message Delivered By

His Excellency
Mr. Babajide Olusola Sanwo-Olu,
Executive Governor, Lagos State

26th November, 2021

Protocol.
It is always a great honour to attend this event, which brings together the who-is-who in the Nigerian Banking and Finance Industry, at a colourful, glitzy November evening in the Megacity that is the economic capital of the African continent. I am very proud to belong to this distinguished family, and I have very fond memories of the years I spent in active banking, before public service beckoned.

Let me start by commending the leadership of the CIBN, past and present, for making this annual event a highly anticipated one, year after year, not only by members but also all major stakeholders in the Nigerian economy.

Undoubtedly, the financial services industry has not been left untouched by the Covid-19 pandemic. The pandemic has presented both threats and opportunities. It has affected business negatively in some ways, but also opened up possibilities to do things differently, to evolve new ways of meeting consumer needs and expectations.

It is now up to the entire industry to decide how to build the future of banking and financial services. What are those very important lessons Covid-19 has taught us, that we must now build into our plans and our operations? We must actively reflect on this question, even as we strive to put the pandemic behind us.

Around the world, Covid-19 has led to some of the largest banking stimulus and credit programs ever. Data from the Central Bank of Nigeria shows that this year we have seen record levels of banking credit extended to the private sector. The CBN, under the dogged leadership of the Governor, Godwin Emefiele has left no stone unturned in its determination to ensure that higher levels of credit are made available to support small, medium and large businesses in the country. This says everything that we need to know about the importance of the banking sector to the growth of any economy. Credit is the lubricant that keeps the wheels of prosperity going; it is a strong intervening hand that has shown its power to lift struggling economies that have been afflicted by war, disease, and disaster. Nigeria cannot be an exception. And we must continue to brainstorm ways of lessening the cost of credit, and the burden on beneficiaries.

Let me at this point say how delighted I am to note that Mr. Emefiele will be addressing this Dinner, tonight, sharing insights from the point of view of the No. 1 banker in the land. Let me use this opportunity to restate our appreciation to him and to the Bankers Committee for the support that my administration has received and which, to a large extent, has helped us in coping with the challenges posed by the pandemic, and very importantly, the aftermath of the EndSARS protest over a year ago. One special intervention that must be acknowledged is the one targeted at revamping the National Arts Theatre and transforming it into a world-class Creative Park that will create jobs for tens of thousands of our talented youth.

Distinguished guests, ladies and gentlemen, a few days ago, I presented the 2022 Budget of the Lagos State Government to our State House of Assembly. The successful implementation of that Budget will to a large extent depend on our financial services institutions.

For example, this year, 2021, we were able to restructure the credit terms on all our debt, freeing up resources that could be committed for the use and benefit of the people of Lagos State. I would like to thank all the financial services professionals who were part of that restructuring, sitting on our side of the table, or on the other side as commercial bankers.

Distinguished guests, ladies and gentlemen, no doubt, the coming months and years will be critical to the prosperity of Nigerians and achieving sustainable economic growth and development. As I noted earlier, we will certainly need to review the traditional economic and monetary models in the face of changing realities and the desire to achieve maximum impact and outcome vis a vis our policy objectives. But even as we do this, we must never lose sight of our primary mandates as institutions and organizations.

The work that we do must reflect positively in the lives of the people in the societies we occupy. We must ensure that the fundamental economic indicators, both micro and macro, of our economy, are a true reflection of what the realities are in the various sectors of the economy.

In other words, we must do well as businesses while also doing good. The funds we deploy must create jobs, boost exports, build capacity, and guarantee prosperity for significant numbers of our population.

As an administration committed to the full implementation of our T.H.E.M.E.S development agenda, we will continue to play the role expected of us as facilitators of a conducive environment for sustainable growth and development in Lagos State, and by extension, our nation.

Once again, I feel highly honoured by the privilege extended to me to deliver this goodwill message. I wish you all beneficial deliberations and networking during the course of this evening.

I thank you all for listening.

CIBN Learning Legacy Projects

To further deepen the Institutes' collaboration with Linkage Institutions across the country, the President and Chairman of the Council advocated for the implementation of the learning legacy projects in his acceptance speech as the 21st President/Chairman of Council. The Governing Council graciously approved the institution of learning legacy projects in six Linked institutions across the six geo-political zones in Nigeria. The beneficiary institutions are:

- Kano State Polytechnic
- Rivers State University
- Federal Polytechnic Nasarawa
- Polytechnic of Ibadan
- Abubakar Tafawa Balewa University
- Federal Polytechnic Nekede

It is imperative to place on record that the groundbreaking ceremonies have taken place in Abubakar Tafawa Balewa University, Federal Polytechnic, Ibadan, and Federal Polytechnic, Nekede.

Happy Birthday

OCTOBER

MRS. TOMI SOMEFUN, FCIB,
GROUP MANAGING DIRECTOR/CE,
UNITY BANK PLC - 2-OCT

MR. KENNEDY UZOKA, FCIB,
GROUP MANAGING DIRECTOR/CEO,
UBA PLC - OCT 3

MR. JOHNSON OLUFEMI EKUNDAYO, FCIB,
PAST PRESIDENT,
CIBN - 11-OCT

MRS. MOJISOLA ADEBISI BAKARE-ASIERU, ACIB, HCIB,
GENERAL MANAGER,
STERLING BANK PLC - OCT 24

DR. DEMOLA SOGUNLE, HCIB,
MD/CEO,
STANBIC-IBTC HOLDING PLC - OCT 25

DR. ERASTUS B. O. AKINGBOLA, OON, FCIB,
PAST PRESIDENT,
CIBN - 26-OCT

MRS. AISHAH, AHMAD, FCIB,
DEPUTY GOVERNOR, FINANCIAL SYSTEMS
STABILITY DIRECTORATE, CBN - 26-OCT

MR. ANYA DUROHA, FCIB, - OCT 30

MR. ADEMOLA ADEBISE, FCIB,
MD/CEO,
WEMA BANK PLC - OCT 31

NOVEMBER

DR. JIM OVIA, CON, FCIB,
FOUNDER/CHAIRMAN,
ZENITH BANK PLC - NOV 4

MRS. JULIET A. MADUBUEZE, OON, FCIB,
PAST PRESIDENT,
CIBN - 7-NOV

HRH EZE PROF. G. O. NWANKWO, OON, FCIB,
PAST PRESIDENT,
CIBN - 9-NOV

MR. A.A. ADENUBI, FCIB,
PAST REGISTRAR,
CIBN – 11 NOV

MR. SAMSON OLANIRAN OLAYINKA, HCIB
MANAGING DIRECTOR/CEO,
KEYSTONE BANK LTD - NOV 14

DEACON SEGUN J. AJIBOLA, PH.D., FCIB
PAST PRESIDENT,
CIBN - 15-NOV

MR. URUM KALU EKE, MFR, FCIB
GMD/CEO,
FBN HOLDINGS - NOV 20

MRS. YVONNE ISICHEI, FCIB
MEMBER, GOVERNING COUNCIL,
CIBN - NOV 24

PROF PIUS OLADEJI OLANREWAJU, FCIB
2ND VICE PRESIDENT,
CIBN - NOV 25

MRS. MARY UDUK, FCIB,
FORMER AG. MD/CEO,
SEC - NOV 25

Happy Birthday

DECEMBER

MR. KAYODE AKINKUGBE, FCIB
MD/CE,
FBN QUEST MERCHANT BANK LTD - 5-DEC

MRS. FUNMI BALOGUN, FCIB,
FORMER PERMANENT SECRETARY MIN OF FINANCE, LAGOS STATE & MEMBER, GOVERNING COUNCIL,
CIBN - DEC 6

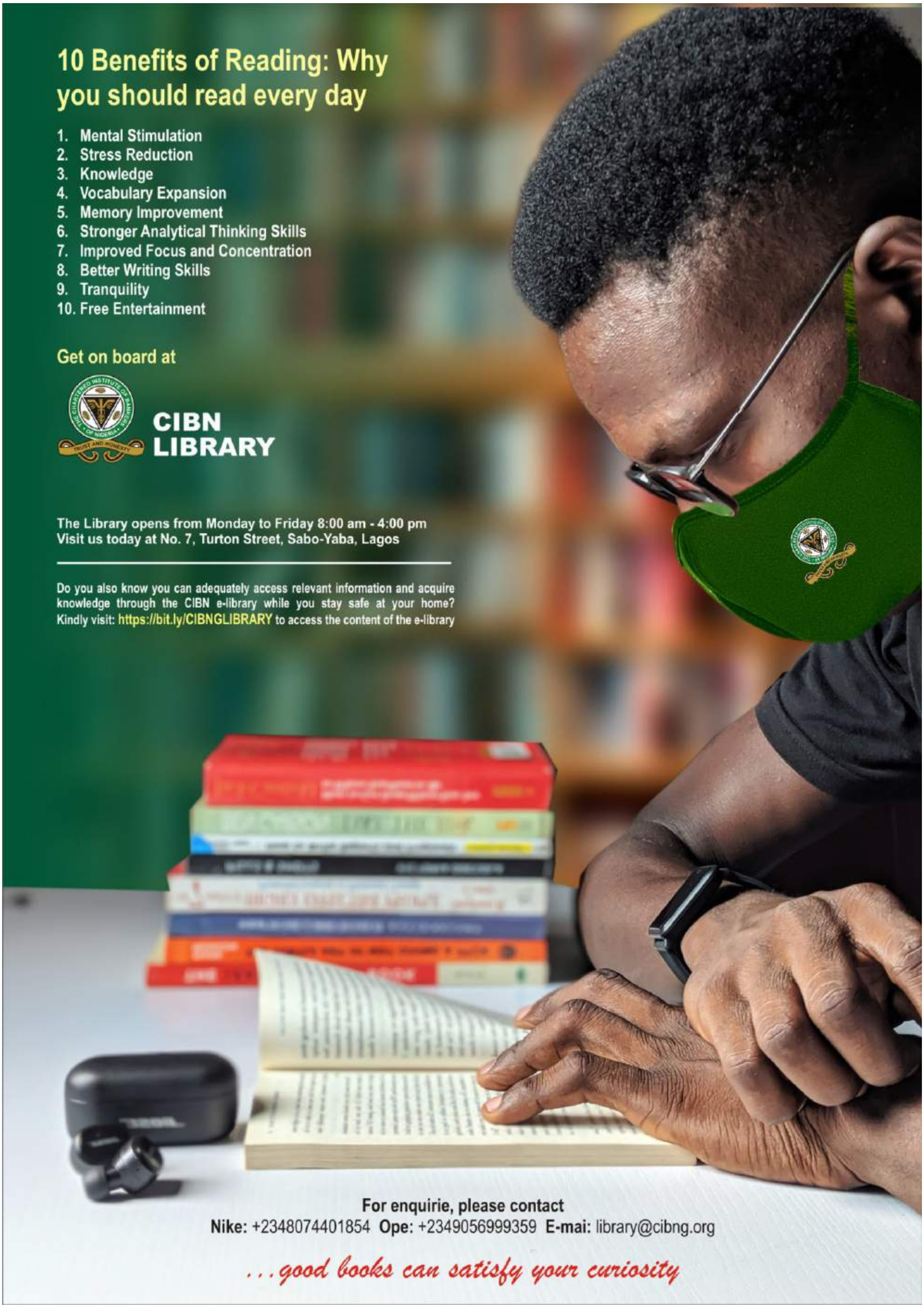
MRS. SOLA DAVID-BORHA, FCIB
CHIEF EXECUTIVE OF AFRICA REGION,
STANDARD BANK GROUP - 7-DEC

SEYE AWOJOBI, Ph.D, FCIB,
REGISTRAR/CHIEF EXECUTIVE,
CIBN -10-DEC

MRS. IBUKUN AWOSIKA, FCIB,
CHAIRMAN, FBN LTD, - DEC 24

MR. VICTOR ODOZI, FCIB,
MEMBER, CIBN BOARD OF FELLOWS & FORMER DEPUTY GOVERNOR,
CBN - 24-DEC

MR. TUNDE LEMO, OFR, FCIB,
CHAIRMAN, FEDERAL ROADS MAINTENANCE AGENCY (FERMA) & FORMER DEPUTY GOVERNOR, CBN - DEC 28


10 Benefits of Reading: Why you should read every day
1. Mental Stimulation
2. Stress Reduction
3. Knowledge
4. Vocabulary Expansion
5. Memory Improvement
6. Stronger Analytical Thinking Skills
7. Improved Focus and Concentration
8. Better Writing Skills
9. Tranquility
10. Free Entertainment
Get on board at
CIBN LIBRARY
The Library opens from Monday to Friday 8:00 am - 4:00 pm
Visit us today at No. 7, Turton Street, Sabo-Yaba, Lagos
Do you also know you can adequately access relevant information and acquire knowledge through the CIBN e-library while you stay safe at your home? Kindly visit: https://bit.ly/CIBNGLIBRARY to access the content of the e-library
For enquirie, please contact
Nike: +2348074401854 Ope: +2349056999359 E-mai: library@cibng.org
...good books can satisfy your curiosity


STAND OUT