The Nigerian

First Published: May 1980

Banker

Journal of The Chartered Institute of Bankers of Nigeria, Jan - Mar, 2023. ISSN 0197-6679 N500.00

Unlocking the Constraints to Africa's Economic Transformation:

Insights into the Power of Capital

OTHER FEATURES:

- Monetary Policy and Rising Inflation in Nigeria
- Failure of Silicon Valley Bank in USA: Global Impact and Lessons for the Nigerian Financial System

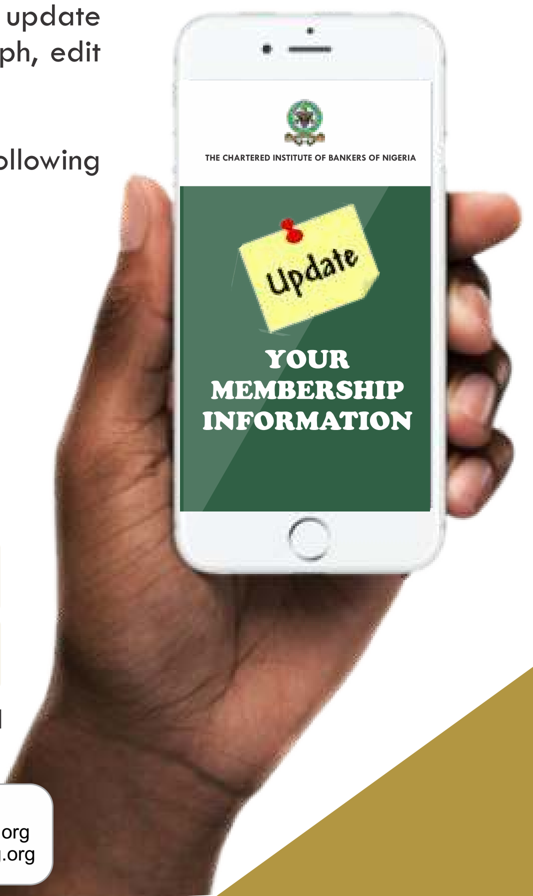
THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA

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
- NIN
- Organization
- Present Position
- Residential Address

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

For enquiries please call
Christiana: 08025803876 / christianaakinola@cibng.org
or **Nelson:** 08028289271 / nelsonolagundoye@cibng.org

www.cibng.org

All correspondence to
Registrar/Chief Executive, CIBN

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.

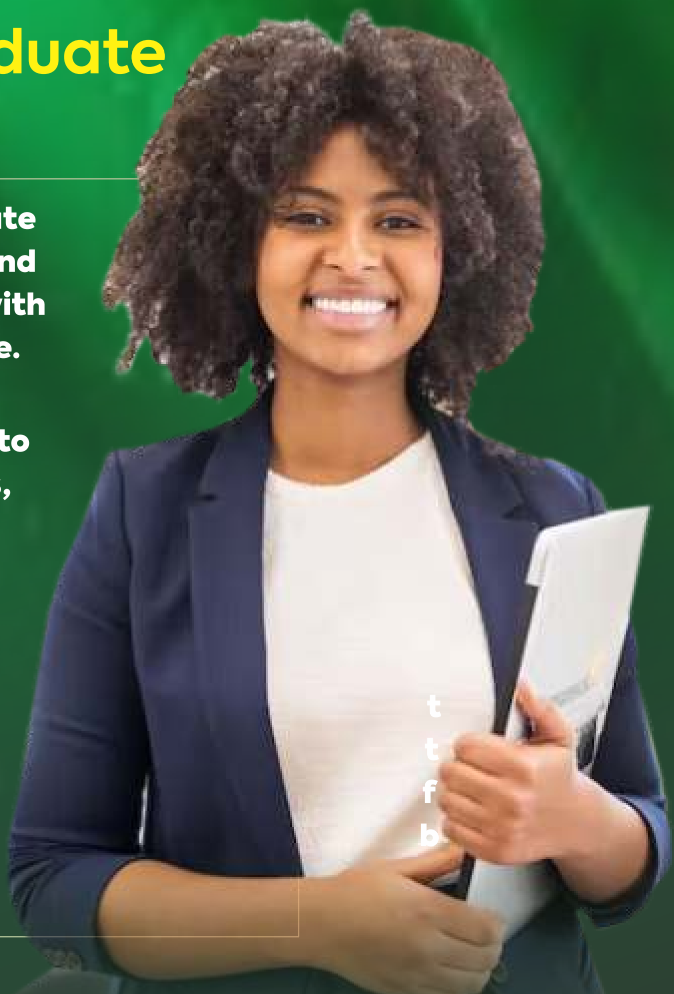
www.cibng.org cibnigeria cibnigeria cibnigeria cibngorg theCIBN cibnigeria

CIBN

THE FUTURE IS HERE

The CIBN Undergraduate Internship Scheme

- The scheme is intended to integrate knowledge and theory of banking and finance acquired in the classroom with practical application in the workplace.
- The interns will have the opportunity to develop both hard and soft skills, whilst being exposed to workplace experience and greater industry knowledge.
- This initiative will further project he Host Organization as a brand hat is socially responsible and uture oriented, hence improving rand equity/perception.



Eligible Host Organizations:
Financial Institutions

Eligible Interns:
Undergraduates in Banking/Finance Department from all CIBN Linkage Institutions

To join/For enquiries kindly contact

Abiola on
abiolaolanrewaju@cibng.org
08054958269

Nelson Olagundoye
on nelsonolagundoye@cibng.org
08028289271

CONTENTS

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

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

CIBN Governing Council (2022 – 2024)

Office Holders

1. **Ken Opara, Ph.D, FCIB**
   President/ Chairman of Council
2. **Prof. Pius Oladeji Olanrewaju, Ph.D., FCIB**
   1st Vice President
3. **Mr. Dele Alabi, FCIB**
   2nd Vice President
4. **Mrs. Mojisola Bakare-Asieru, FCIB**
   National Treasurer

Representatives of the Body of Past Presidents

5. **Uche M. Olowu, Ph.D, mni, FCIB**
6. **Dr. Bayo Olugbemi, FCIB**

Other Elected Members

7. **Mrs Rafiat Oluwatoyin Onitiri, FCIB**
   Elected Member
8. **Dr. Godwin Adolor, FCIB**
   Elected Member
9. **Mr. Olayinka Odutola, FCIB**
   Elected Member
10. **Ms. Mary Aina, FCIB**
    Elected Member
11. **Dr. Segun Anthony Oshadare, FCIB**
    Elected Member
12. **Dr. Victor Ndubuisi Agunwah, FCIB**
    Elected Member

Branch Representatives

13. **Prof. Uchenna Uwaleke, FCIB**
    Chairman, FCT Branch
14. **Mr. Peter Ashade, FCIB**
    Chairman, Lagos State Branch
15. **Mrs. Funke Ladimeji, HCIB**
    Chairperson, Association of Professional Women Bankers (APWB)
16. **Mr. Rogers A Nwoke, HCIB, MCIB**
    Chairman, Imo State Branch
17. **Mr. Charles Ojakovo, HCIB**
    Chairman, Delta State Branch
18. **Alhaji Kabir Mohammed Baba**
    Chairman, Bauchi State Branch
19. **Mrs. Olabisi O. Okuyemi, FCIB**
    Chairman, United States of America Branch
20. **Mr. Mayowa Adeyemo, ACIB**
    Chairman, Ondo State Branch
21. **Alhaji Aliyu Wada-Nas, ACIB**
    Chairman, Kano State Branch
22. **Mr. A.S Mohammed**
    Chairman, Niger State Branch

Banks' Representatives

23. **Mr. Ebenezer Onyeagwu, FCIB**
    GMD/CEO, Zenith Bank Plc
24. **Dr. Adesola Kazeem Adeduntan, FCIB**
    MD/CEO, First Bank of Nig. Ltd
25. **Mr. Hamid Joda, FCIB**
    MD/CEO, TAJ Bank Ltd
26. **Mr. Elias Igbinakenzua, FCIB**
    MD/CEO, Globus Bank Ltd
27. **Mr. Nath Ude, FCIB**
    MD/CEO, Nova Merchant Bank Ltd
28. **Mrs. Bukola Smith, FCIB**
    MD/CEO, FSDH Merchant Bank Ltd

Institutional Representatives (Regulatory)

29. **Mr. Godwin Emefiele, FCIB**
    Governor, Central Bank of Nigeria (CBN)
30. **Mr. Hassan Bello, FCIB**
    MD/CEO, Nigeria Deposit Insurance Corporation (NDIC)
31. **Mrs. Zainab Shamsuna Ahmed**
    Minister of Finance, Federal Ministry of Finance

Institutional Representatives (Academic)

32. **Prof. Abubakar Adamu Rasheed**
    Executive Secretary, National Universities Commission (NUC)
33. **Prof. Idris Bugaje**
    Executive Secretary, National Board for Technical Education (NBTE)
34. **Mallam Adamu Adamu**
    Minister of Education, Federal Ministry of Education

Sectorial Associations' Representatives

35. **Mr. Ebilate Mac-Yoroki**
    President Mortgage Bankers Association of Nigeria
36. **Mr Joshua Ukute, MCIB**
    President, National Association of Microfinance Bank

Co-opted Members

37. **Mrs Yvonne Isichei, FCIB** - Co-opted Member
38. **Barr. (Mrs.) Toyin Ojo, FCIB** - Co-opted Member
39. **Dr. Nosike Agokei, FCIB** - Co-opted Member
40. **Mrs. Risikatu Ahmed, FCIB** - Co-opted Member
41. **Dr. Iheanyichukwu Ogbonna, FCIB** - Co-opted Member
42. **Mr. Ade Bajomo, HCIB** - Co-opted Member

Secretary

43. **Akin Morakinyo, HCIB**
    Registrar/Chief Executive

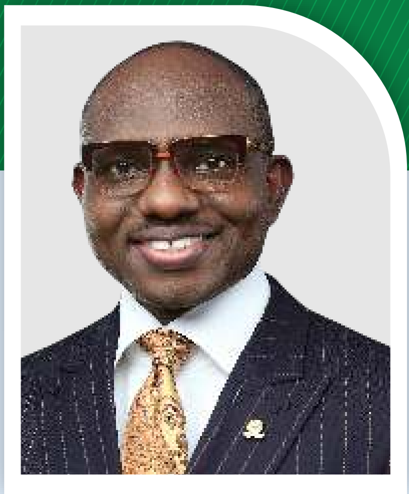
CIBN Anthem

VERSE 1

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

VERSE 2

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

Greetings Esteemed Readers,

It is with great pleasure that I welcome our readers to this very edition of the Nigerian Banker in the year 2023. Indeed, the first quarter of 2023 witnessed several noteworthy events that impacted the Nigerian economy stability and growth. Some of the key highlights of this period include the cash scarcity in certain regions of Nigeria which led to challenges in accessing physical cash, affecting day-to-day transactions for businesses and individuals. During this distressing time, the Institute intervened and lent her voice in restoring tranquillity by appealing to the general public to remain calm and eschew any act of violence adding that the banking industry remained resolute and committed to finding ways to address all the related issues.

The period witnessed a crucial moment as Nigeria held its general elections, including the presidential, gubernatorial, and legislative elections. In addition, Inflation remained a pressing concern during the first quarter of 2023. High inflation rates, driven by factors such as increased food prices, energy costs, and exchange rate fluctuations, continued to pose challenges for consumers and businesses alike. In response to this, the CBN implemented measures to manage inflationary pressures and maintain price stability through monetary policy interventions.

Furthermore, on March 8, 2023, the Central Bank of Nigeria issued the operational guidelines for open banking in Nigeria. The operational guidelines outline the procedures that govern how banks and other financial institutions are permitted to access and manage customer data.

On the global front, the period also saw the collapse of Silicon Valley Bank (SVB) which happened on March 10, 2023. This incidence marks the second-largest bank failure in the history of the United States. The Institute equally joined other industry experts to critically examine this occurrence. The session with the theme; Failure of Silicon Valley Bank in USA: Global Impact and Lessons for the Nigerian Financial System was ably facilitated by two keynote speakers; Dr. Blaise Ijebor, Director, Risk Management, Central Bank of Nigeria (CBN) and Mr. Mustapha M. Ibrahim, FCIB, Executive Director, Operations, Nigeria Deposit Insurance Corporation (NDIC), alongside other panellists.

Other events organized by the Institute includes:

- The 9th National Economic Outlook: Implications for Businesses in 2023.
- The 2023 Annual Lecture with theme; Unlocking the Constraints to Africa's Economic Transformation: Insights into the power of Capital.

These impactful events were aimed at providing members with cutting-edge knowledge and skill enhancement opportunities

The content of this edition has also been enriched with a thought leadership article on Monetary Policy and Rising Inflation in Nigeria. We believe this would be of immense value to our readers.

In conclusion, I would like to extend my heartfelt wishes to all our stakeholders for your unwavering commitment and dedication to the support of the banking industry. Together, we will continue to make a positive impact on the Nigerian economy and beyond.

Happy reading.

Akin Morakinyo, HCIB

Unlocking the Constraints to Africa's Economic Transformation:

Insights into the Power of Capital

His Excellency,

Prof. Benedict Okey Oramah, CON, FCIB

President & Chairman Board of Directors
African Export-Import Bank (Afreximbank)

I am most grateful to my dear brother and friend Dr Ken Opara for those nice words of introduction. Indeed, it is for our shared passion for Africa's economic regeneration that we are assembled here today.

Protocol

The august chair of occasion, Mr. Adedotun Sulaiman, MFR
My dear brother, President/Chairman of Council, CIBN, Ken Opara, Ph.D, FCIB
The Special Guest of Honour, Mr Andy Yih-Ping Liu, Representative, Taipei Trade Office
The Board of Directors and Management of the CIBN
Friends and Captains of Industries
Eminent Members of the Banking Community
Esteemed audience joining us on the Virtual Platform from across Africa and the world
Ladies and Gentlemen of the Press
Distinguished Ladies and gentlemen

I feel highly honoured by the opportunity to deliver this year's Annual CIBN Lecture on a topic that has huge implications for Africa. I thank the leadership of CIBN for going to great lengths to make the necessary adjustments to accommodate my rather complex schedule. The Chartered Institute of Bankers has an enviable record of leading the debate on issues that matter to Nigeria and, indeed, Africa. I am proud to be a fellow of the Institute and take this event as an opportunity to enrich the contributions the CIBN makes towards strengthening Africa's financial system.

We congratulate Dr Ken Opara, FCIB for his visionary leadership. Special thanks are due to our distinguished chairperson, Mr Sulaiman

A Keynote Paper delivered at the CIBN Annual Lecture Held on March 29, 2023, Lagos

Adedotun, MFR for sparing time to grace this auspicious occasion.

Distinguished Ladies and Gentlemen, the kernel of the argument I will be making is aptly captured in a statement made recently by the President of Ghana, His Excellency President Akuffo Addo, and I quote:

"We [Africa] have the manpower, we should have the Political Will, it is time to make Africa work. If we stop being beggars and spend African money inside the continent, Africa will not need to ask for respect from anyone. We will get the respect we deserve. If we make it [Africa] prosperous as it should be, respect will follow."

Central to that seemingly ordinary but deep admonition is that "we should quit our beggarly attributes and strive to spend African money inside Africa if we hope to achieve prosperity and earn the respect we all deserve". That thesis throws up two critical questions that set the stage for my presentation today. First, why are Africans still hooked on grants and begging all the time, despite over 60 years of independence; second, why is African money spent outside Africa and by whom?

Africa's development experience has proven beyond any doubt that grants cannot finance prosperity'; that we cannot spend what we do not control; and that ownership of resources does not necessarily translate to their control. In other words, an owner of a resource may actually beg the controller to that resource! to grant him or her access! I call this humiliating situation that Africa finds itself in the "poverty in wealth paradox". It is no wonder that although Africa has foreign exchange amounting to about 500 billion US dollars (about half of Africa's foreign debt) stashed away in foreign banks, the same countries, owners of these funds, cannot easily borrow from the same foreign banks that hold the resources, on the excuse of compliance and country risk constraints that are hardly mentioned when the funds are being deposited.

It is in the context of the foregoing that the topic of today's lecture, "Unlocking the Constraints to Africa's Economic Transformation: Insights into the Power of Capital", is apt and opportune. Without a doubt, capital represents the foundation on which a viable economic transformation can be built. I will quickly add that while ownership of capital is necessary, it is its control that provides the sufficient condition for capital to become an effective factor of production that can deliver development.

Your Excellencies, Distinguished Ladies and Gentlemen, it was the Economist Robert Solow who, in 1956, reduced the question of the drivers of economic growth to a simplified model that specified that output was a function of labour and capital. That equation was simple but profound and perhaps even explains why slavery ended, as well as the colonial strategy that de-industrialised Africa. I will explain.

The first Industrial Revolution, led by Britain, began in the mid-1700s. Machines began to replace labour in the production of textiles and other goods. Production also became aggregated, which fostered efficiency gains. Nonetheless, cheap labour hitherto provided by slaves became a competitor that had to be dealt with if the use of machines was to spread. Accordingly, agitation to abolish slavery began a few years after culminating in its abolition by Britain in 1808. And as the super-power of the time, Britain enforced that abolition around the world. We must all, therefore, realise that it was economics that ended slavery and not a sudden "fear of God". The end of slavery was a classic case of the struggle between labour and capital and which owners of capital won over the owners of slave labour; even after the end of slavery, that struggle continued in Europe, leading to the emergence of socialism fuelled by the work of Karl Marx in 1867 titled "Das Kapital", In that hugely consequential work, Marx argues that “the motivating force of capitalism is the exploitation of labour whose unpaid work produces surplus value”.

It is that same motivating force of capitalism that explains the strategy adopted by colonial masters at the onset of colonialism. That strategy had been so effective that it is perhaps at the root of the development challenges Africa faces today, more than six decades since independence. Albert Sarraut, a colonial administrator in the 1920s, aptly outlined that strategy, and I quote:

"Economically, a colonial possession means to the home country simply a privileged market whence it will draw the raw materials it needs, dumping its own manufactures in return. Economic policy is reduced to rudimentary procedures of gathering crops and bartering them. Moreover, by strictly imposing on its colonial dependency the exclusive consumption of its manufactured products, the metropolis prevents any efforts to use or manufacture local raw materials on the spot, and any contact with the rest of the world. The colony is forbidden to establish any industry, to improve itself by economic progress, to rise above the stage of producing raw materials, or to do business with the neighbouring territories for its own enrichment across the customs barriers erected by the metropolitan power."

There can be no better explanation as to why Africa became a continent of atomistic and fragmented states. You need no further research to find out why for decades, Africa could hardly trade among itself; why Africans could hardly invest across borders; and why Africa, so rich in natural resources, could not accumulate the capital needed to finance its development. It is that strategy that explains why the African banking system is dominated by foreign banks and, therefore, unable to act as an agent for capital accumulation within Africa.

It is as a result of this historical reason that the banking system is the weakest link in Africa's development journey. Banks are expected to play a critical intermediation role, mobilising savings from capital surplus entities and deploying them efficiently across the economy. They also offer other critical services, such as payments and trade services. They can also attract foreign capital through borrowings and other fund mobilisation activities.

Empirical evidence has shown that foreign-owned banks have not been able to perform these roles effectively in developing countries. Their primary goal in any economy is to support the businesses of their home companies. Mobilising savings, especially from the rural areas, is the least of their priorities; supporting local corporates and SMEs is usually reduced to “Corporate Social Responsibility” (CSR) rather than a business proposition. Granting of credit favours their home companies for the simple reason that any credit committee would be wary of new names, let alone an exotic one. And major credit decisions in subsidiaries of foreign banks based in Africa are made at their respective headquarters outside the continent, compounding the “exotic name” problem. So, while Africa may be rich in natural resources, leveraging that wealth is determined by those who control the capital required to bring them to market. It is, therefore, important that we build a domestic financial system that welcomes foreign banks but which, as a deliberate policy, must have the strong participation of Africa-owned banks.

I make this proposal further supported by leading economists, such as Joseph Stiglitz, who have variously argued that overdependence on foreign capital is a bane of most developing economies. Many have argued that foreign capital increases the risk of economic volatility and elevates the incidences of "imported crises" and vulnerability to global shocks. Also, reliance on foreign capital reduces government autonomy over fiscal policy, reduces the scope for the growth of the domestic banking system, weakens the competitiveness of manufacturing industries and shrinks the capacity of locally owned contractors - who do not benefit from foreign capital support- to bid for, and execute national and regional projects.

The experience of Asian economies presents valuable lessons on this subject. The economist Edwin Reubens, in his work on Japan's economic emergence, wrote, and I quote:

"Despite the difficult oriental conditions that faced Japan, she succeeded in carrying out a continuous, cumulative development. This process was only partly a planned, Government-sponsored effort; Japan did not rely upon foreign capital to take all the steps and foot all the bills ...."

It is now known that the key to the transformation of successful Asian economies was control over their domestic financial system. In China, foreign banks accounted for only 1.3 percent of the Banking Industry assets as of 2016; in India, it was 6.2 percent. Similarly, in the Republic of Korea, the share was 5 percent, 13 percent in Russia, and 15 percent in Brazil. These outcomes ensured that those countries were able to use domestic policies to direct capital into national priority sectors and activities.

Another critical factor that catalysed the success of Asian economies is the creation of sizeable and well-capitalised special development finance institutions that acted as superstructures that massively supported economically impactful projects and sectors. The Chinese Government, for instance, created China Development Bank and China Exim bank in 1994, and China Export Credit Insurance Corporation (SINOSURE) in 2001 as the vehicles to propel the country's transformation. The Korean economic miracle, since the early 1970s, was partly a result of financial sector reforms and the consequent outcomes of the work of re-oriented national trade and development finance institutions, including the Korea Development Bank in 1954, the Industrial Development Bank in 1961, the Korea Exim bank in 1976 and later, the Korea Trade Insurance Corporation in 1992. The total assets of the two Chinese development banks represented 23 percent of the 2020 GDP of China, estimated at 14.7 trillion US dollars; the development banks' asset share of GDP was 19 percent for South Korea and 9 percent for Brazil.

The experience of African countries has been different from those of the Asian economies. Since the era of colonial rule, foreign capital has been a dominating force in Africa, increasing in intensity after the introduction of the IMF-sponsored Structural Adjustment Programmes (SAP) that led to the liberalisation of the financial sector of most African economies between 1980 and 2000. With that liberalisation, national development finance institutions were largely shut down while inflation wiped out the capital of domestic banks, paving the way for foreign banks to fill the void. As a result, the share of banking industry assets held by foreign banks rose from 34 percent in 1995 to 66 percent in 2008 and to 73 percent in 2010. However, since the early 2010s, a combination of factors began to shrink the share of foreign banks on the continent. Foreign banks' share of Africa's total banking industry assets averaged about 41.5 percent as at 2016. World Bank's data show that country experiences differ. For instance, in Botswana, Madagascar, Mozambique, Liberia, Lesotho, and Zimbabwe, assets held by foreign banks accounted for over 80 percent of total banking industry assets in 2016. The share was less than 20 percent in South Africa, Nigeria, and Morocco.

Despite recent gains, Africa's financial system remains small, fragmented and weak relative to other regions. African multilateral financial institutions are also among the least capitalised among peers in the global financial system. The five regional/continental financial institutions hold combined capital of 17 billion US dollars, which is only 0.7 percent of Africa's 2020 GDP. Their combined total Asset amounted to about 85 billion US dollars in 2020, which was only 3.5 percent of Africa's GDP in the same year. In relative terms, it was 27 percent and 2.5 percent of the 2020 total assets of Korea Eximbank and China Exim bank, respectively.

The consequence of the fragilities of Africa's financial system is the increased level of reliance on foreign capital for all aspects of economic activities. As a result, Africa has become very vulnerable to global shocks; economic volatility has increased significantly, and the power of governments to deploy policies to drive infrastructure and industrial development has been severely eroded. As a result, many African economies remain commodity-dependent, with the rich resource endowments serving the purpose of others, rather than Africa's.

It is to begin to reverse this sorry situation that African multilateral financial institutions were created to mobilise capital both within and outside Africa and to deploy them mainly to serve Africa's interest. In other words, they are to serve as platforms for ownership and control of capital that Africa needs.

Your Excellencies, Distinguished Ladies and Gentlemen, Afreximbank's own experience demonstrates what is possible if we diligently implement that strategy and if we strengthen our financial institutions and use them as agents to unleash economic transformation through the power of capital. Permit me to cite a few examples.

From 2015 to 2017, the commodity super-cycle ended, and many commodity-exporting countries went into difficulties. International banks cut credit lines to Africa, and many African economies faced the possibility of defaulting on their trade debt payment obligations. Afreximbank stepped in and launched a special programme called the Countercyclical Trade Liquidity Facility (COTRALF), through which it disbursed over 10 billion US dollars to many African central and commercial banks, helping to avert a potentially catastrophic default situation. Nigeria received over 3.5 billion US dollars of those funds.

In 2020, when the COVID-19 pandemic struck, international banks once again cut credit lines to Africa at a time unprecedented credit lines were required to procure Personal Protective Equipment (PPEs), Test Kits, Therapeutics, food, and fertilisers and to pay a backlog of trade debt payment obligations. Afreximbank once again contributed significantly to filling the gap, disbursing an aggregate amount of about 8 billion US dollars during 2020-21 under its Pandemic Trade Impact Mitigation Facility (PATIMFA). And when the COVID-19 vaccines became available, it became a game of numbers and the size of your wallet. It was also everyone for him or herself, and no financing was available to support Africa in sourcing vaccines. Again, because there was an Afreximbank, the African Union's Africa Vaccine Acquisition Task Team (AVATT) was able to negotiate 400 million doses of Johnson and Johnson COVID-19 vaccine, which Afreximbank underwrote at a level of 2 billion US dollars, marking the first time ever Africa achieved a pooled procurement of an emergency product, underwritten by an African bank.

In a few months, the Dangote Refinery and Petrochemical Plant will become operational, becoming the largest single-train refinery in the world and one of the largest Nitrogen Fertiliser and Petrochemical Plants in the world. That more than 14 billion US dollar project has advanced in a most difficult time because

Afreximbank and Nigerian banks backed it.

The development of a 2.9 billion US dollar hydroelectric dam project has commenced in Tanzania thanks to the financing arranged by Afreximbank and supported by a number of African commercial banks. The Rufiji dam, being developed solely by African contractors, will generate 2,115 Megawatts of electricity and create a reservoir with an area of 914 Km2. This project represents the largest intra-African EPC project ever developed in Africa by Africans. Without African capital, this would not see the light of day.

Although Cote d'Ivoire had always aimed at becoming a leading centre for the primary processing of cocoa beans into cocoa butter, powder, and cake, it was an African bank, Afreximbank, that supported the creation of about 120 thousand metric tonnes of additional processing capacity that enabled Cote d'Ivoire to overtake the Netherlands as the centre for processing of cocoa beans.

Today, most international banks have withdrawn from financing oil and gas, threatening the economic foundations of many African economies, including Nigeria. It is thanks to Afreximbank that critical financing still flows to the sector. Funding for the import and export of oil in the past three years, exceeded 15 billion US dollars in aggregate. Over 4 billion US dollars was disbursed to Nigeria in 2022 alone.

And although the African Continental Free Trade Agreement (AfCFTA) has come into force, implementing it to ensure we attain the realisation of its full potential requires funding from African sources. Again, Afreximbank is making significant contributions in that direction, funding the Secretariat, supporting the negotiation of critical protocols, and working with the AfCFTA Secretariat to develop implementation instruments. The Pan-African Payment and Settlement System (PAPSS), an intra-African trade payment infrastructure, has been introduced and supports payments for intra-African trade in African currencies. It is Afreximbank's clearing and settlement funding amounting to 3 billion US dollars that underpin its operations. The AfCFTA Adjustment Fund, intended to support participating States and companies to adjust in an orderly manner to the new trading regime, has been established. The African Union has appointed Afreximbank as the Manager of the 8-10 billion US dollars AfCFTA Adjustment Fund to which Afreximbank has committed 1 billion US dollars.

The important question to ask is whether any of these would have been possible without the role an African institution, in this case, Afreximbank, played. While we should welcome foreign-owned banks, the space must not be completely ceded to them if we hope to drive our development in our desired direction. And it is important to point out that Afreximbank has been able to make these modest contributions because it is largely African in ownership and control. And African governments have been steadfast in meeting its capitalisation needs making it possible for management to deliver on the collective vision. How do we ensure greater African control of our banking system, you may then ask? How do we make Africa-owned financial institutions capable and effective?

Permit me, distinguished ladies and gentlemen, to first outline Afreximbank's contributions towards that end before making broad suggestions.

Our view at Afreximbank is that the current voluntary exit of many international banks from Africa should not be of concern to us and should in fact be seen positively. Afreximbank has developed a strategy to ensure that capable African investors acquire the local subsidiaries of these international banks that are being sold. We have so far supported acquisitions amounting to 800 million US dollars and are well advanced in doubling that under our intra-African Investment Financing

Facility. Ensuring that capable African entities, preferably operating banks, acquire those subsidiaries will lay the foundation for African banks to effectively play their wealth-creating roles on our continent.

Afreximbank has also expanded and intensified its Line of Credit and Trade Services offerings designed to support local banks to properly serve their clientele. We have made sure that that becomes universal, targeting about 500 of the 600 regulated African banks. Our aim is to grant Trade Services lines of up to 8 billion US dollars under our Afreximbank Trade Facilitation Facility (AFTRAF).

We are also intensifying efforts towards mobilising African foreign exchange reserves and using them to support Africa better. We created an Africa Resource Mobilisation Unit, which implements our Central Bank Deposit Programme and other deposit mobilisation activities from African sources. An aggregate amount of about 33 billion US dollars have been mobilised since 2017 when we intensified this effort. It is still a paltry amount considering the almost 500 billion US dollars in resources Africa holds outside Africa. Nonetheless, we continue to use it to prove the benefits of looking inwards.

Repo markets exist in Europe, the US, and many other markets to support trading their bonds, including Eurobonds. Africa had historically lacked that infrastructure, with the consequence that Euro bonds issued by African entities are priced below what their peers attract. This is about to change as Afreximbank, working with UNECA, has established a Repo Window called the Liquidity Sustainability Fund (LSF). Working with Bank of New York Melon and Citibank, the first deals were done late last year, and activities are gradually ramping up. It is a vital financial market infrastructure that may, over time, support local bond trading.

We also believe that it is strong African currencies that can sustain a virile and vibrant African banking sector. The PAPSS presents an instrument that will domesticate all intra-African payments, which will serve to strengthen African currencies. In addition, PAPSS has entered into an arrangement with the African Stock Exchange Association (ASEA) that will make it possible to regionalise selected African stock exchanges and improve liquidity. This will make it possible for listed African banks to attract investments from across Africa which will help strengthen their capital base.

Training, capacity building, and advocacy are instruments the Bank is also deploying to strengthen Africa-controlled banks because excellence in management is a critical success factor for the banking system we deserve.

Beyond all of these, more need to be done at all levels to realise the ambitions of a well-functioning African financial system, with strong participation of Africa-controlled banks.
At the continental level, AfCFTA protocol on services should, at some point, consider the portability of banking licenses so that banks can operate across borders seamlessly. Banking regulations will also have to be harmonised. The goal should be to make every African bank a domestic bank anywhere they wish to operate. That way they can be stronger and compete better against foreign-owned banks. There is also the need to accelerate the creation of the African Central Bank, which will champion the continent-wide institutional reforms that will support an integrated banking and financial system. The African Central Bank project still faces hurdles. The draft Protocol for the establishment of the African Central Bank (ACB) has not yet been submitted to the AU Assembly. As the selected Headquarters of the Central Bank, Nigeria should support the AU Champion for Financial Institutions, His Excellency President Nana Akuffo Addo, President of Ghana, in accelerating this project.

"African Governments and central banks should also make deliberate efforts to strengthen their banking systems. Nigeria's experience in that direction can serve as a guide. In addition, governments should consider creating national development finance institutions under a governance arrangement that minimises government/political interference. Support for African regional financial institutions is crucial, and that should be in the form of increasing their capital and strengthening their management."

African Governments and central banks should also make deliberate efforts to strengthen their banking systems. Nigeria's experience in that direction can serve as a guide. In addition, governments should consider creating national development finance institutions under a governance arrangement that minimises government/political interference. Support for African regional financial institutions is crucial, and that should be in the form of increasing their capital and strengthening their management.

Also, governments must promote strong local content regulations that favour domestic financial institutions.

Africa should wake up to the fact that there is no free lunch. Building a vibrant banking sector and taking control of our capital will cost money, and we must be willing to pay for it and invest in it to realise the remarkable return it promises. This will require a deliberate decision to capitalise Afreximbank and similar African multilateral financial institutions, even more. The benefits to the continent can be multiple times the investment made.

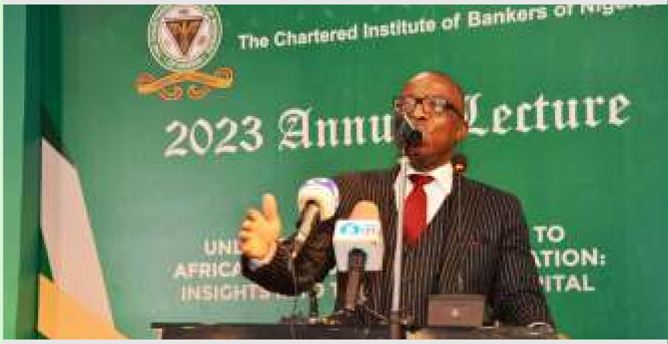
Africa-owned banks also have an important role to play in the form of strengthening management, mobilising capital and pursuing their commercial goals while bearing in mind the development imperatives of their being. African banks should collaborate more, share information and knowledge and be strong and engage in fair competition wherever they find themselves.

As I conclude, please permit me to again thank the leadership of the CIBN for the opportunity of delivering the keynote lecture on this topical issue. I hope that our governments, policymakers, regulators, and banks will rise to the occasion to begin to proactively take such measures that will support the development of the African financial services industry and minimise the dependence on foreign capital to build an economy that is significantly dependent on ourselves. It is time to take our destiny into our hands.

PHOTO SPEAKS: CIBN 2023 ANNUAL LECTURE

Ken Opara, Ph.D, FCIB, President/Chairman of Council, CIBN, delivering his opening remarks at the Lecture.

His Excellency, Prof. Benedict Okey Oramah, FCIB, President & Chairman, Board of Directors, African Export Import Bank - Afreximbank delivering the Lecture on "Unlocking the Constraints to Africa's Economic Transformation: Insights into the Power of Capital".



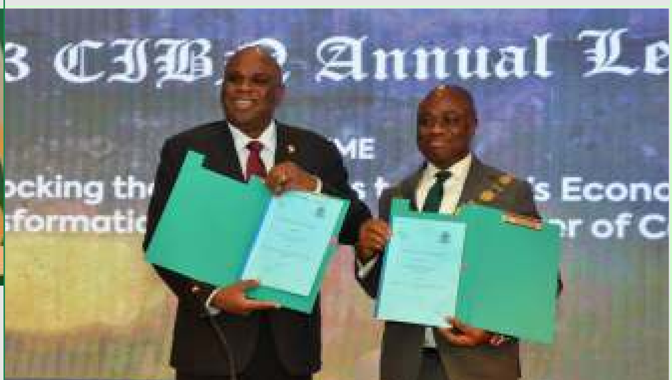
Dr. Ebenezer Onyeagwu, FCIB, GMD/CEO, Zenith Bank Plc and Chairman, Body of Banks' CEOS, delivering a goodwill message at the Lecture

Mrs. Nneka Onyeali-Ikpe, FCIB, GMD/CEO, Fidelity Bank Plc and Chairman, Annual Lecture Implementation, Supervisory Committee, delivering a vote of thanks at the Lecture

Mr Adedotun Sulaiman, MFR, Chairman, Board of Directors of Cadbury Nigeria Plc and Chairman of the event, delivering his special remarks at the Lecture

H. E Yih-Ping, Liu, Representative, Taipei Trade Office, delivering a goodwill message at the Lecture

L-R; Mrs. Mojisola-Asieru Bakare, FCIB, National Treasurer, CIBN; Ken Opara, Ph. D, FCIB, President/Chairman of Council, CIBN; His Excellency, Prof. Benedict Okey Oramah, FCIB, President & Chairman Board of Directors, African Export-Import Bank (Afreximbank), Mr. Adedotun Sulaiman, MFR, Chairman, Board of Directors of Cadbury Nigeria Plc and Chairman of the occasion, Prof. Pius Olanrewaju, FCIB, 1st Vice President, CIBN, H.E Yih-Ping, Liu, Representative, Taipei Trade Office and Dr. Ebenezer Onyeagwu, FCIB, GMD/CEO, Zenith Bank Plc and Chairman, Body of Banks' CEOS at the 2023 Annual Lecture.



The Chartered Institute of Bankers of Nigeria (CIBN) and African Export-Import Bank (Afreximbank) signed a Memorandum of Understanding (MOU) during the Lecture on Building and Certification Programmes in Trade and Finance.

Monetary Policy and Rising Inflation in Nigeria

Alex C. Anameje, HCIB
Corporate Skills Bridge Ltd.

It is known that excessive money supply is one of the major causes of inflation in any economy. In Elementary Economics, it is usually described as 'too much money chasing few goods". In fact, for a secondary school Economics student, that is the definition of inflation he understands. In fact, the monetary theory of inflation argues that money supply growth is the cause of inflation. It is believed that faster money supply growth causes faster inflation. In effect, one percent faster money supply is believed to produce one percent inflation rise, ceteris paribus. Incidentally, recent developments in the Nigerian economy have not completely aligned with this age long theory. For instance, the recent cash squeeze, a major unintended contractionary monetary policy in the economy could not produce any salutary effect on the inflationary pressure.

The March 2023 report of the National Bureau of Statistics, NBS, shows that the National inflation rate is currently 22.04%, year-on-year, up from 21.91% reported for February 2023. The figure for March 2022, a year ago was 15.92%, an increase of 6.12% in one year, even with the contractionary monetary policy stance of the Central Bank of Nigeria. In reality, the issue is beyond monetary policy as that has never been in tandem with the fiscal policy. In effect, one should not expect monetary policy to be effective when the fiscal tap is left open to be running uncontrollably.

The NBS report of March 2023 which put headline inflation at 22.04% appears to have taken a wind out of the age long belief that increased money supply raises inflation rate. This is because there was unprecedented cash squeeze in the economy as a result of the unintended effect of the Naira redesign policy. One would have expected the inflation rate to moderate, at least within the period. What is more, when considered on a month-on-month basis, the March inflation rose to 1.86%, up from 1.71% recorded for the previous month of February 2023. That was the period the cash squeeze was tighter. Even though the Central Bank said that it supplied adequate cash to the economy, if the cash was sterilized in the vaults of the politicians, as long as it was not in circulation, it would not have caused inflationary pressure.

Generally, the monetarist view of inflation follows the Quantity Theory of Money, MV = PT with M, representing money supply; V, representing velocity of circulation; P, the price level, while T is total transactions of output. The monetarists believe that V and T are determined in the long run by real variables such as the productive capacity of the economy. They explained that the relationship between the growth of money supply and inflation is positive.

Generally, inflation in Nigeria can broadly be classified into two: Demand pull, and Cost push. There are however other variants which can be accommodated, one way or the other, within these two classifications. In demand pull inflation, too much money is chasing few goods and there is the tendency for vendors of goods and services to hike their prices to get their own piece of the action. In such a situation, both the monetary and fiscal authorities are expected to adopt demand management strategies to stabilize prices. While the Central Bank in such a situation will apply tight monetary policy, the fiscal authorities will reduce government spending and in some cases increase taxes. The Central Bank's consistent use of contractionary monetary policy shows that it believes that Nigeria's inflation is basically demand pull but the protracted cash squeeze following the Naira re-design has shown that the rising inflation goes beyond demand pull. As stated above, apart from the rise witnessed on year-on-year, there is also significant rise on month-on-month inflation.

The cost-push inflation is usually driven by cost of production majorly as a result of input costs. Tight monetary policy in this case can only slow down the production process and scuttle growth. Cost push inflation can be moderated largely through supply management strategies. Government that cares can moderate price increases through interventionist programmes that will lower the cost of production. In agriculture for example, government can supply agricultural input such as improved seedlings, tractors, etc, to help to bring the cost of production down, thereby stabilizing prices.

The Central Bank of Nigeria reported that a total of N1.68trn is in circulation in the economy as at the end of March 2023 but the question is, how much of that amount is actually in circulation in the economy. As it is, many Nigerians especially those in authority have reverted to the stone-age practice of keeping raw cash in their home vaults, perhaps, the fear of being charged of money laundering may be the major factor behind the prevailing primitive attitude of keeping humongous amount of money in the home. The sterilized money kept at home can neither add value to the economy nor cause inflationary pressure.

Nigeria's inflation is largely food inflation considering that food basket controls over 60% of the aggregate weights of items in the inflation basket. Hence, high cost of food obviously impacts adversely on the rising inflation figures. The reason may not be too far-fetched to any observer following developments in the country. Top on the issues at stake is the unending farmers – herders clashes which have sent many farmers out of the farm and others even dead. As a result so many commercial farmers have left commercial farming for subsistence farming. The implication is food crisis and rising cost of farm produce. Another development that impacted on food output was he unprecedented flooding witnessed in 2022. That was very devastating to many farmers and the implication for food prices can only be imagined.

Other items in the inflation basket which their prices have gone haywire include transportation especially considering that the Nigerian economy is more or less road-driven, medicaments and housing. Again, because of the dwindling rate of the exchange rates, imported items have their prices at roof-tops. Imported items also introduce imported inflation into the system. One cannot forget the debt overhang on the Nigerian economy and its impact on the exchange rates and national inflation. Nigeria's debt is currently put at N46trn and the debt service to revenue ratio is reported to have been put at about 96% by the World Bank. The obvious challenge appears to be that the government has never given serious thought to stabilizing the economy.

There is no way the monetary authorities can produce result alone with the fiscal authorities implementing policies that are diametrically opposed to monetary policies. Inflationary spending of the various tiers of government in the past one year could not be withstood by only monetary policy. Besides, the Central Bank went beyond its limit to grant Ways and Means to the Federal Government.

These are all the challenges that must be addressed to stabilize the economy.

"One cannot forget the debt overhang on the Nigerian economy and its impact on the exchange rates and national inflation. Nigeria's debt is currently put at N46trn and the debt service to revenue ratio is reported to have been put at about 96% by the World Bank."

In conclusion, it is imperative that the government should take the issue of price stability seriously. The problem of leakages in the economy must be tackled headlong. Monetary and Fiscal authorities must be meeting regularly to synchronise their policies and ensure that they are going in the same direction. Government must also take the advice of the Economic Management Team serious.

References

Eric Tymoigne and L. Randall Wray. (2013) Modern Money Theory; Economics Institute of Bard College; Working Paper No 7782.

Jahan, Sarwat, (2014); Inflation Targeting: Holding the Line, International Monetary Funds, Finance & Development, 28 December.3.

Michael F. Bryan; (2008); On the Origin and Evolution of the Word Inflation, Clevelandfed.org.4.

National Bureau of Statistics (2023); Statistical Bulletin, March Edition

My Future is Bright

ACCION
Microfinance Bank

15 years

of supporting SME customers in Nigeria.

Over 603,501 loan customers supported	Over N193bn disbursed
Over 10,000 mobile app downloads	Serving in twelve states across Nigeria

Access our internet banking via

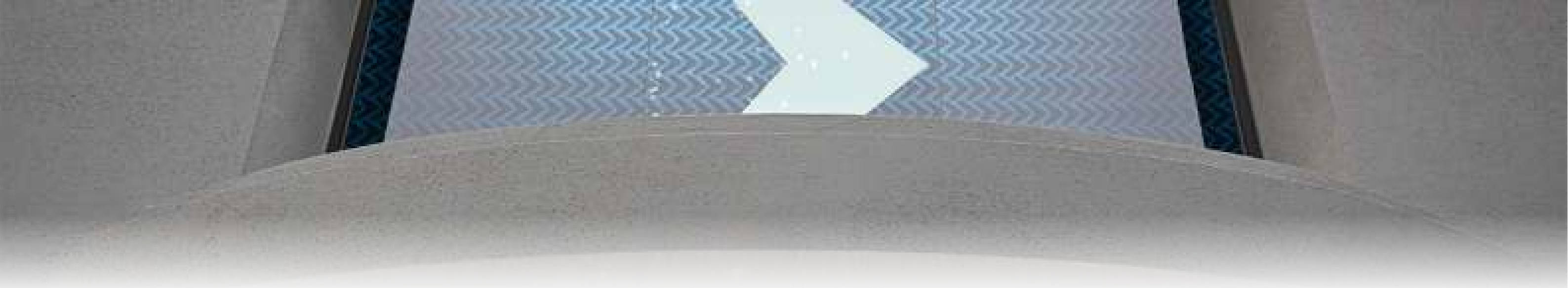
ibanking.accionmfb.com

Download the Accion Mobile App on

GET IT ON Google Play

Download on the App Store

www.accionmfb.com



Failure of Silicon Valley Bank in USA:

Global Impact and Lessons for the Nigerian Financial System-

Regulatory/Supervisory Lesson

Mr. Mustapha M. Ibrahim
Executive Director, Operations
Nigeria Deposit Insurance Corporation (NDIC)

Introduction

The American banking system witnessed the failure of three (3) banks within the spate of one (1) week, in the month of March, 2023.The crisis started on March 8, 2023 when Silvergate Capital Corporation, the Holding Company for Silvergate Bank announced the winding down of the bank's operations and voluntary liquidation of the bank.Two days later, U.S. regulators closed Silicon Valley Bank (SVB) after a deposit run on the bank by its customers. On March 12, 2023, the U.S. regulators also closed Signature Bank in New York over fears it was running out of cash because customers were withdrawing their money in droves.

Silicon Valley Bank (SVB)

- Established in 1982
- First office opened in 1983 on North First Street in San Jose
- Headquarters in Santa Clara, California
- The bank's main strategy was providing banking and financing services to venture capital backed start-ups businesses
- Merged with National InterCity Bancorp in 1986 and opened an office in Santa Clara
- Between 2004 - 2008, the bank opened foreign subsidiaries in Bangalore, India, London, Beijing and Israel
- By December 31, 2022, the bank had more than 9,500 customers across the USA through 27 branches
- Majority of the bank's client base was in technology and venture capital sectors
- About 44% of technology and healthcare companies backed by U.S. venture capital banked with SVB
- Had total assets of $212 billion; total loans of $74 billion; total deposits of $342 billion
- Increased deposit liabilities at no cost during COVID-19 pandemic from tech customers due to the growth in the sector
- Invested the excess deposits in long-term government bonds at a lower interest rate (asset - liability mismatch)

A keynote paper presented at the CIBN Advocacy Dialogue Series 7 held in Lagos

- Fall in the value of the bonds due to rising interest rates of newly issued bonds to curb inflation surge
- Rising interest rates also raised borrowing costs throughout the economy
- Some customers especially in the tech sector started withdrawing their deposits to meet their liquidity needs
- To meet depositors' withdrawal needs, the bank borrowed $15 billion and sold bonds of over $21 billion
- Incurred a loss of about $1.8 billion in the process
- On March 8, 2023, the bank also announced plans for sale of stocks to raise additional capital of $2.25 billion
- Bank run as depositors withdrew over $42 billion by the following day
- On March 10, 2023, the California Department of Financial Protection and Innovation (CDFPI) took over the bank and handed it over to FDIC
- Second largest bank failure in the history of the US after the collapse of Washington Mutual during the 2008 financial crisis

Silvergate Bank (SGB)

- Established in 1988 with headquarters in La Jolla, California
- Started as a Savings and Loans Association
- Re-capitalised and re-organised into a Community Bank in 1996
- Changed to a state chartered Commercial Bank in 2009 and became a Federal Reserve member bank in 2012
- It is a leader in providing specialized commercial banking products and financial infrastructure solutions to emerging financial technology ("Fintech") and the digital currency industry
- Launched digital currency initiative in 2013 to serve cryptocurrency customers
- Established the "Silvergate Exchange Network" (SEN) which allows customers to settle U.S. dollar transactions real-time
- Rapid growth in assets and client base reaching $1.9 billion in assets and 250 clients by 2017
- By Q3, 2022, it had about $16 billion in assets and $12 billion in deposits from 1,677 SEN customers including all major cryptocurrency exchanges and over 1,000 institutional investors

Signature Bank (SB)

- Established in 2001 with headquarters in New York
- Focused on private wealthy clients and built personal relationships
- For the most part, it had offices only in the New York City Area
- By the late 2010s, it expanded in terms of services and geography
- Notably, its decision to venture into the cryptocurrency industry in 2018
- It also commenced operations on the West Coast with the opening of a banking office in San Francisco in 2018
- In 2020, the bank continued its expansion throughout California
- Its customers included large cryptocurrency exchange operators, such as Celsius Network and Binance
- By 2021, cryptocurrency accounted for about 30% of the bank's total deposits
- It was the second largest provider of banking services to the cryptocurrency

industry after Silvergate Bank

- As at December, 2022, the bank had total assets of $110.4 billion; total deposits of $88.6 billion; loans of $65.25 billion.

COLLAPSE OF SVB,SB AND SGB

- Another issue was the inappropriate matching of assets and liabilities. ALM practices were faulty, as funds were not optimally pro-rated in a way to derive optimality.
- SVB and SB suffered more of concentration risk (the banks would not have gone down if they had properly diversified their deposit bases), Liquidity Risk and interest Risk rather than Default Risk.
- For many years Credit Suisse (CS) found itself mired in controversy, with a series of scandals (including accusations of money laundering, sanctions-busting, facilitating tax evasion by its clients, manipulation of foreign exchange rates, filing false tax returns, and secret loans); poor risk management (including loss-making exposures to Archegos Capital and Greensill Capital); frequent shifts in business strategy; and irregular senior management practices (including accusations of spying on employees). These are all suggestive of a weak corporate culture and weak corporate governance.
- The Swiss central bank provided a large liquidity facility for Credit Suisse, but even this proved insufficient, and in the end Credit Suisse was sold to UBS.

Global Impact of the Bank's Failure

- Significant effect on several industries such as commercial and residential mortgages, tech, start-ups, venture capital, cryptocurrency, etc.
- Massive deposits migration from "unsafe" smaller banks to "safe" larger banks
- Fall in stock prices of some banks – First Republic Bank stock price fell by 67%; Credit Suisse (CS) by 30%,
- Bail-out or lifeline for problem banks gulping billions of dollars – Over $150 billion drawn from the Federal Reserve's discount window liquidity facility
- Continuous rise in interest rate of government bonds and other borrowings could result in deposit withdrawals by depositors to invest in government securities thereby reducing banking system deposits
- Credit squeeze by banks as a result of declining banking system deposits
- Looming recession due to the growing stress in the banking sector – According to Goldman Sachs, the US economy has a 35% chance of entering a recession within a year
- FDIC guaranteeing all deposits beyond the insured deposits of $250,000 could promote moral hazard
- Financial regulator to implement stricter capital reserve and liquidity requirements for banks

REGULATORY RESPONSE TO THE COLLAPSE OF SVB,SB AND SGB

- This resulted in both poor profitability and the steady loss of both depositors and wealth management clients. Matters came to a head when Credit Suisse reported in February 2023 its largest annual loss (in 2022) since the financial crisis in 2008, and reports circulated that securities regulators were questioning the bank's reporting practices. The steady erosion of business turned into a panic after the failure of Silicon Valley Bank eroded confidence in the banking sector, and the chairman of the bank's largest shareholder, Saudi National Bank, ruled out further investment in Credit Suisse.

- Two days after the collapse of SVB, US regulators seized the assets of Signature Bank, a New York-based lender known for its business with the cryptocurrency sector, marking the third-largest bank failure in US history.
- Signature Bank's collapse came too fast, leaving the question of whether there was a fundamental flaw in the way it did business — or if it was just a victim of the panic that spread after the failure of SVB.
- There were few outward signs that Signature Bank was crumbling before the New York Department of Financial Services seized the bank's assets and asked the FDIC take over its operations.
- The FDIC will run it as Signature Bridge Bank until it can be sold.
- In an effort to stem the fallout, the FDIC invoked a "systemic risk exception," which allows the government to pay back uninsured depositors to prevent dire consequences for the economy or financial instability.
- The Federal Reserve also unveiled a lending program, the Bank Term Funding Program (BTFP), that aims to bolster confidence in the financial system by giving banks the option to borrow directly from the Fed to avoid having to rely on loss-making bond sales.
- US President Joe Biden has sought to assure the public the situation was contained, saying, "Americans can have confidence that the banking system is safe."
- Nonetheless, bank shares, including those of the US "big four" — JPMorgan Chase, Bank of America, Wells Fargo, and Citibank — have dipped sharply amid fears of contagion across the financial sector.
- Bank shares in Europe and Asia have also taken a significant hit.
- The US Treasury, the Federal Reserve and the FDIC stepped in to announce that all depositors in SVB and Signature Bank would be made whole – that is, they would receive all their uninsured deposits back.
- Why did the US government do this? First, because so many tech firms banked with SVB, it did not want the difficulties with the bank to spill over into the tech sector.
- Second, the fear of contagion meant that uninsured depositors of other banks would be tempted to run their banks. The joint statement by Treasury, the Fed and the FDIC was designed to reassure depositors of other banks that the US government would stand behind bank depositors.

- Third, there may well be political economy reasons as to why the US government stepped in. Lobbyists and campaign contributions have for many years played a distortionary role in the US financial industry. Campaign contributions and lobbying efforts by the tech and financial industries may have influenced the government to act in the way it did.

Supervisory Lessons for the Domestic and Global Financial Systems

- From the Insights provided by Clive Briualt Chairman of the Toronto Centre, Ten lessons could be drawn for financial supervisors from the failure of Silicon Valley Bank (SVB) and Credit Suise as follows:

1. **UNDERSTAND THE BUSINESS:** To understand the risks to supervisory objectives from a financial institution, supervisors need to understand its business, on both sides of the balance sheet. .

11. **DANGERS OF RAPID GROWTH:** Many failed financial institutions did grow rapidly ahead of their failure. So supervisors should treat rapid growth as a warning sign of higher risk. Any rapid increase in assets has then to be funded, which for banks has often led to an over-reliance on short-term wholesale market funding. All too often, the growth in business runs ahead of a financial institution's ability to identify, understand, manage, and control the risks it is building up.

111. **DEPOSIT RISKS:** characteristics of customer deposits if problematic, could increase the "flight to safety risk" of these customer deposits.

Supervisory Lessons from the Collapse of Credit Suisse (CS) Even a Global Systemically Important Financial Institution Can Collapse: Despite all the post-Global Financial Crisis reforms, including those introduced specifically for systemically important financial institutions, Credit Suisse collapsed.

IX. **The Importance of Liquidity:** There can come a point where a lack of confidence in a bank (for whatever reasons) results in an unsustainably large withdrawal of deposits, be they retail or wholesale.

There is the need to understand how liquidity pressures might arise; to assess whether a financial institution's recovery plans could provide a credible response to liquidity pressures; and to consider how the institution's assets and liabilities could be structured, and funding commitments from third parties could be put into place, to provide greater protection against funding stresses.

X. **Using the Resolution Options:** To some extent the resolution of Credit Suisse met the objectives of a successful resolution despite some concerns remain about the resolution.

CONCLUSION

- The collapse of Silicon Valley Bank, Signature Bank and Credit Suisse provides valuable lessons for Regulators/ Supervisors and bank executives in Nigeria and around the world.
- By prioritizing risk management, responsible lending practices, market awareness, and collaboration with regulators, Nigerian banks can help to ensure that they are operating in a sustainable and responsible manner while supporting the growth of the local tech and startup industries.
- On the part of regulators, effective regulation and supervision of banks has the potential to make banks less likely to fail and also contribute to the stability and robustness of the financial systems.
- Timely and effective resolution of failing or failed bank is imperative to sustain public confidence in the banking system.
- Delay in taking prompt corrective action(s) increases the cost of resolution.
- The resolution authority must be supported by the judicial system in handling failed bank cases, particularly in asset realisation in the interest of depositors.
- There is need for cooperation and collaboration of all the safety-net participants.

L-R: Dr. Don Ogbonna, FCIB, Managing Consultant/CEO, Ideal Dadsters Investment Limited; Prof. Godwin Oyedokun, FCIB, Lead City University, Ibadan; Mr Olugbile Erinwusi, ACIB, Chief Risk Officer, Providus Bank, Dr. Ayotunde Coker, HCIB, Chief Executive Officer, Open Access Data Centres Lagos, Mrs. Taiwo Slyvia Ige, FCIB, President, Association of Enterprise Risk Management Professionals Nigeria (AERMP) & Mr. Olayinka Odutola, FCIB, Director-General, (AERMP) at the CIBN Advocacy Dialogue Series 7 held at Bankers House

Failure of Silicon Valley Bank in USA: Global Impact and Lessons for the Nigerian Financial System- *Academic Perspective*

Oyedokun, Godwin Emmanuel
Professor of Accounting & Financial Development
Lead City University

Introduction

Silicon Valley Bank (SVB) was founded in 1983. Headquartered in Santa Clara, it was banker to about 50% of all venture capital-funded technology and life sciences companies in the United States. It also had a subsidiary in London, serving tech companies in the UK and continental Europe. In terms of size, it was the 16th largest bank in the United States at the end of 2022. Nevertheless, it was relatively small compared with the four behemoths of US banking – JP Morgan Chase, Bank of America, Citibank and Wells Fargo – and it had less than 1% of US bank assets.

The failure of Silicon Valley Bank (SVB) in March 2023 has sent ripples through the global banking industry. Its collapse represents the second largest failure in US banking history. It was quickly followed by the failure of Signature Bank, a New York-based bank that was heavily involved with the cryptocurrency industry.

The collapse of the tech boom from November 2021 onwards meant that many of Silicon Valley Bank's (SVB's) corporate clients were drawing down their deposits in 2022. The high proportion of assets tied up in loans and hypertext markup (HTM) securities meant that SVB had not left itself a lot of room for manoeuvre should deposit outflows increase.

The Global Financial Crisis

Bernanke (1995) defined Global Financial Crisis as a worldwide economic downturn. It is a period of general decline or depression in economic activity characterised by mass unemployment, general fall in in profits, wages, interest rate, consumption, expenditure, investment, bank deposits and loans, factories closure and construction of all types of capital goods come to a standstill.

According to Aforka (2008), the current global crisis is linked to the crisis in the mortgage sector of the United States (U.S.). The crisis in the U.S. mortgage is traceable to millions of home loans made by banks to people who either had bad credit ratings or lacked adequate income to qualify for the money under traditional lending practices, hence the reference to the loans as sub-prime. The risky loans did not go bad immediately because they usually began with artificially low rates that were to be adjusted upwards thereafter. As more people took advantage of the easy money to own property, home values escalated and there was refinancing facilities even when the mortgage payments became very expensive. But trouble started in 2006 as more borrowers began to default and home values began to depreciate, making refinancing more difficult and setting in motion a wave of foreclosures that further depressed house values.

It should be noted that the current crisis was heralded by the big global banks making huge provisions for their mortgage exposures, resulting in most cases in overall losses as from the third quarter of 2007. The mandatory provision of these losses by banks, insurance companies, etc aggravated investors loss of confidence in their solvency. The IMF put the mortgage losses that originated from America at $1.4 trillion. (The Economist, October 11, 2008). Nigerian case was not different as reported by ICAN president in a seminar which gave a total sum of N9 trillion as losses sustained by investors in nation s capital market. (Union Digest, 2008). The CBN insistence that banks must make full provision of losses sustained in their exposure to capital market accounted for the reason for poor financial results declared by most banks in 2009.

Why Silicon Valley Bank Collapse

The problem for SVB was that as well as the tech boom coming to an end, inflation was increasing and was not likely to be a transitory phenomenon. This meant that the US Federal Reserve ('the Fed', America's central bank) and other central banks around the world had to raise interest rates to tame inflation. The US Federal Funds Rate rose from 0.25% in March 2022 to 4.75% by February 2023. This very steep rise in interest rates meant that the low-interest HTM securities held by SVB dropped in value.

On March 10th the bank, which had $212bn of assets, failed with spectacular speed, making it the biggest lender to collapse since the global financial crisis of 2007-09. Most of svb's depositors were Bay Area tech startups with accounts holding well in excess of the $250,000 that is insured by the federal government. They had fled and their panic was rational. By loading up on long-term bonds, svb had taken an enormous unhedged bet on interest rates staying low. That bet went wrong, leaving the bank insolvent (or near enough). The fact that shareholders have been wiped out and bondholders will take big losses is not a failure of the financial system. A bad business has been allowed to go bust.

SVB probably had enough assets for depositors to have got all or almost all of their money back—but only after a long wait. This left many tech firms facing life in a financial deep-freeze; Roku, a streaming giant, had nearly $500m tied up in SVB. On March 12th they judged SVB too big to fail and guaranteed all the bank's deposits. If the sale of its assets does not cover the costs of the depositor bail-out, a fund that is financed by all banks will have to chip in, penalising the whole industry for the recklessness of a single institution.

At the end of 2022 there were $620bn of unrealised securities losses on banks' books. On March 12th regulators also shut down

Signature Bank, another midsized lender—the third bank to fail in a week, given that Silver gate, an institution heavily exposed to cryptocurrency, collapsed on March 8th. And the fallout in the markets continues.

Implications of Silicon Valley Bank

1. **Loan defaults and repayments**: One of the most immediate legal implications of SVB's collapse is the issue of loan defaults and repayments. Many of the bank's clients in India have borrowed significant sums of money from SVB to finance their businesses, and now face the prospect of being unable to repay those loans. This could have serious consequences for the borrowers. If borrowers are unable to repay their loans, they could be subject to legal action, including bankruptcy proceedings and the seizure of assets.
2. **Review of the regulatory compliances by SVB:** Another legal issue arising from SVB's collapse is the issue of regulatory compliance. As a foreign bank operating in India, SVB is subject to a range of local laws and regulations, including those governing banking, finance, and foreign investment.
3. **Breach of Contract by SVB**: Many of SVB's clients in India will have signed contracts with the bank outlining the terms and conditions of their loans and other financial arrangements. The collapse of the bank could raise questions about whether it has breached these contracts, and whether its clients have any legal recourse as a result.
4. **Intensification of 'funding winter'**: Finally, the collapse of SVB could have wider implications for investor confidence in India's technology and innovation sector. Many startups and other emerging businesses rely on the financial backing and expertise of institutions like SVB to grow and develop, and the collapse of such a major player could have a chilling effect on investment in the sector.
5. **Delay in other payments**: As stated above, since the startups have been heavily dependent on financial assistance from such financial institutions, it is likely, that in addition to the loan repayments, the start-ups may also find it difficult to meet their other important expenses including employees' salary, vendor payments, etc.

The Nigerian Perspective

Nigeria is home to some of the most successful Silicon Valley-backed startups. It is therefore not surprising that some of these startups maintained different forms of business relationships with SVB either as an investor or banker.

For such startups and even the more established tech companies, the collapse of SVB will be felt in the short term as it could impact on liquidity and therefore their operations. It is worth noting though that the extent of such impact would depend on their exposure particularly with respect to deposits held with SVB and whether such deposits will be treated as insured or uninsured deposits within the context of maximum deposit insurance coverage (MDIC) under U.S law.

In the absence of a bailout to cushion the effect of SVB's collapse on the Nigerian tech ecosystem (which by all indications is unlikely), Nigerian startups with significant exposure need to take immediate steps to mitigate the negative effects that could be occasioned by severe liquidity challenges. These could be operational in nature including affecting payroll and supplies, slowing down expansion plans, and in extreme cases credit defaults.

The Role of the CBN in Ensuring the Soundness, Safety and Reliability of the Banking Sector

The experience of many countries indicates that regulation and supervision are essential for a sound, stable and healthy financial system and that the need for the supervision of the banking sector becomes greater as the number and variety of financial institutions increase. Supervision entails not only the enforcement of rules and regulations, but also exercising judgment concerning the soundness of a financial institution's assets, capital adequacy, operational performance, corporate governance and management.

The CBN performs financial stability and monetary policy roles in the economy. The fulcrum of its financial stability roles rests on the effective regulation and supervision of the banking sector. Furthermore, the CBN with effect from March 1 ,2010, established a Financial Policy and Regulation Department to act as a policy research base for its financial stability function. The new Department articulates broad regulatory and supervisory policies as well as reviews, on a continuous basis, the existing policies in order to enhance the effectiveness of the regulatory and supervisory roles of the CBN.

In recognition of the need for an effective supervision of the banking sector, the CBN, as part of the internal restructuring process has strengthened its on-site and off-site supervisory functions. To this end, the CBN has commenced Risk Based Supervision (RBS) and abandoned the compliance based supervisory approach. In 2009, Risk Based Supervision approach was implemented at two banks. Ali examinations in 2O1O and going forward will employ the RBS approach.

Furthermore, a Macro-Prudential Office has been established in the Financial Policy and Regulation Department as a key element in the supervisory process. The office undertakes the analysis and review of the risks inherent in the operations of the entire banking sector.

Functions of NDIC

i. Insuring all deposit liabilities of licensed banks and such other financial institutions (hereinafter referred to as "insured institutions") operating in Nigeria within the meaning of Sections 16 and 20 of this Act so as to engender confidence in the Nigerian banking system.

ii. Giving assistance to insured institutions in the interest of depositors, in case of imminent or actual financial difficulties of banks particularly where suspension of payments is threatened and avoiding damage to public confidence in the banking system.

iii. Guaranteeing payments to depositors, in case of imminent or actual suspension of payments by insured institutions up to the maximum as provided for in section 20 of this Act.

iv. Assisting monetary authorities in the formulation and implementation of policies so as to ensure sound banking practice and fair competition among insured institutions in the country.

v. Pursuing any other measures necessary to achieve the functions of the Corporation provided such measures and actions are not repugnant to the objects of the Corporation.

Financial Regulation

SVB's collapse on the heels of the FTX scandal late last year means that financial regulation across the world is once again under scrutiny, and the U.S. and U.K. regulators will almost certainly take another hard look at financial regulations, particularly around liquidity coverage and capital adequacy ratios.

The Nigerian tech industry shows no signs of slowing down, and that growth requires capital. If Nigerian financial institutions are serious about servicing and funding the very successful Nigerian tech space with its multitude of international investors, then they will have to demonstrate strong financial regulation compliance and so. there are some lessons to be learnt from this latest bank failure. Specifically, liquidity coverage and capital adequacy ratios have to be strictly monitored and enforced by the Central Bank of Nigeria (CBN) and risk management strategies need to be reassessed periodically and aligned with the realities of the modern economy for example by factoring in the rise in demand depositors in order to avoid liquidity mismatches. The Nigeria Deposit Insurance Corporation (NDIC) also needs to consider increasing the MDIC limit and privatizing deposit insurance by establishing a regime for a voluntary deposit insurance system for deposits in excess of the MDIC in Nigeria. And finally, the importance of governance and supervision cannot be overstated.

The Aftermath

The fallout of the collapse has already spread to Silicon Valley Banks parent company and other regional banks, including Signature Bank in New York. Midsize banks like Pacific Western have come under particular pressure amid worries that they might face a similar fate.

Why did Signature Bank fail?

Two days after the F.D.I.C. took control of Silicon Valley Bank, New York regulators abruptly closed Signature Bank on Sunday to stymie risk in the broader financial system. Signature Bank, which provided lending services for law firms and real estate companies, had deposits of less than $100 billion across 40 branches in the country. The bank clients included some people associated with the Trump Organization, Mr. Trump's company. In 2018, the 24-year-old bank began taking deposits of crypto assets, a fateful decision after the industry's bottom fell out after the collapse of the FTX cryptocurrency exchange.

Like Silicon Valley Bank's clients, most of Signature bank's customers had more than $250,000 in their accounts. The Federal Deposit Insurance Corporation insures deposits only up to $250,000, so anything more than that would not have the same government protection. Close to nine-tenths of Signature Bank's roughly $88 billion in deposits were uninsured at the end of last year, according to regulatory filings. As Silicon Valley Bank's troubles began to spread last week, many of Signature's customers panicked and began calling the bank, worried that their own deposits could be at risk.

Signature saw a torrent of deposits leaving its coffers on Friday, according to a person with knowledge of the matter, and the bank's stock, along with the stocks of some of its peers, also continued to tank.

Six Steps to Financial Stability

In order to build financial stability, it normally takes time by collecting enough funds for general living in the future and emergency incidents that may occur. Here are 7 steps to financial stability:

“ Invest in yourself: Having further education, more knowledge, and required skills for work can support your career advancement. Financial knowledge is also essential for your living. ”

1. **Invest in yourself**: Having further education, more knowledge, and required skills for work can support your career advancement. Financial knowledge is also essential for your living.
2. **Set saving and expense budgets**: Recording your expenses regularly is necessary. This is to monitor your spending pattern and use it for further financial planning. For the basic cost of living such as housing, utilities, food, and transportation, this should be controlled to not over 50% of monthly income. Saving and emergency budgets should be set at least around 10-20% a month.
3. **Spend wisely**: Even though you earn more, it does not mean that you have to spend more, especially on unnecessary and too luxurious stuff. The surplus you have should be saved and invested so that you can be financially free even faster.
4. **Set emergency fund**: Economic uncertainty, illnesses, and accidental incidents can happen at any time. To set an emergency fund for yourself is a must. The amount for this fund should be around 6-12 months.
5. **Pay off debts**: Loans with high interest rate such as personal and credit card loans should be paid off as quickly as you can and stop making these kinds of debt again. Furthermore, non-performing liabilities should be kept at minimum. After clearing all debts, try to be more financially disciplined. You need to limit spending budget for each month, and then set aside required monthly expenses and saving amount.
6. **Plan for retirement**: Some may think it is too far to plan. However, the earlier you can save for retirement, the faster you can be financially free. This is because the savings and returns can be accumulated and continuously reinvested for longer period of time. For office employees, it is recommended to save as much as allowed by the company in provident fund. In case of moving to new companies, it is better to transfer this fund with you, not withdraw it before the retirement for your own utmost benefit.

Conclusion

This latest bank failure shines a spotlight on financial regulation but given the added context of the global tech industry, more questions need to be asked around the manner in which tech is funded and why traditional financial institutions appear unwilling to meet the capital needs of startups.

A significant amount of global tech and venture capital funds were concentrated in a single financial institution and the effect of its collapse is reverberating across the globe. Now, if ever, is the time for the financial services industry to revisit its approach to funding innovation, and Nigerian financial institutions need to ensure that they are not left behind.

Failure of Silicon Valley Bank in USA: Global Impact and Lessons for the Nigerian Financial System-

Academic Perspective

Uwakaeme Okwuchi Sally, Ph.D
Assoc. Prof. of Finance
Madonna University

Introduction

The Silicon Valley Bank's (SVB))failure, in United State of America, on 10th March, 2023, is marked as the largest bank failure compared with other financial crises that have ever occurred. The SVB was founded in 1983 and the bank specialized in banking for start-ups. It provided financing for almost half of US venture-backed technology and health care companies. The bank was among the top 20 American commercial banks, with $20 billion in total assets at the end of the year 2022.

Causes and effects of the SVB Failure

The failure of SVB has resulted from the Federal Reserve bank (FRB) policy to control inflationary pressures. In the year 2022, FRB embarked on aggressive policy to curtail inflation by raising interest rate on tech stocks. SVB had derived its major benefits from Venture tech stocks and health care companies. Consequently, SVB lost momentum as a result of higher lending rates. Long term bonds that SVB and other banks bought during the time of extremely low, near-zero interest rates, also lost value as a result higher interest rates. The current 10- year of treasury yield is approximately 3.9%, such that SVB'S $21 billion bond portfolio was yielding an average of 1.79%, according to Federal Deposit Insurance Corporation report . Subsequently, venture capital started to dry up leading to Start-ups demands for funds from SVB. As a result, while the rate of customer withdrawals was increasing, the bank was sitting on a huge amount of unearned profits and substantial amount of unrealized losses.

In addition, lack of diversification and a classic bank run which followed also contributed to its collapse. Majority of Silicon Valley bank (SVB) depositors were start-ups and these companies withdrew their deposits simultaneously due to fear of insolvency. The customers became helpless as their cash deposits, which were at a time safe before the hike in interest rate, had been plunged into long term illiquid assets. This led to a classic bank run and subsequent forceful sale of SVB holdings at a loss. The failure which also affected a commercial bank – Singnature bank, a New York based commercial ban led to forcing lawmakers, to shut down SVB and placing it under the control of FDIC.

The Global Impact of the SVB Failure

A bank failure can potentially give rise to a resultant effect on other banks and financial institutions, leading to a broader systematic risk, especially for banks that have interbank connections and exposures to other financial institutions.

The failure of SVB has a broader implication on the global economy. The failure not only impacted negatively on the technology industry in USA but also on businesses and countries all over the world like Europe, Isreal and even China . Among the most immediate effects of the Silicon Valley Bank's failure, is the disruption of the financial services that the bank renders to its clients, which include lending, investment banking, cash management, financial advice among others. If customers financial services is disrupted, this can impact negatively on the customers' ability to conduct business or engage in transactions with other banks. Consequently there is tendency for systemic risk to occur if SVB is not granted bailout. However, it is obvious that the failure will highlight the impact of what an interest rate risk or higher interest rates can have on banks, even if the systemic risk did not occur.

Other global impacts include:

I. As one of the biggest and most renowned banks in the world, SVB had played a vital role in provision of financial services to many of the most innovative and high-growth companies in the technology sector. Generally, the bank's failure has a significant impact on technology industry, based on the critical role of the bank in financing many of the highgrowth and innovative companies within the industry, especially the start-ups. It truly understood the needs of the start-up industry and was a major investor in many leading venture capital firms through its funding service, which gave it important insights into underlying trends in investing. Funding of these companies will decline and their growth and innovations will retard.

ii. Many of the world's leading technology companies also have their Head offices outside the USA. It has certainly become more challenging for these companies to secure their financing and access other financial services needed for their growth and innovations as the bank offered traditional banking services as well as funded companies that were deemed too risky for traditional lenders. The bank's failure will therefore have a significant broader global implication for these companies.

iii. The failure of SVB also has many geopolitical implications as SVB had good relationships with many banks, governments , companies and other financial institutions around the world, especially in technology sector. The collapse of SVB as a major player in banking industry, world over, will incidentally lead to loss of confidence in the banking system and also affect the ability of USA to maintain its position as a leader in technology and finance. If this loss of confidence is sustained, it will raise some questions on the ability of USA to maintain its global influence.

iv. The regulatory and supervisory environment cannot be ignored. The weaknesses of the central banks and deposit insurance corporations in scrutinizing the way risks management is practiced in banks will be revealed. This will give rise to increasing undulating monetary policies and political pressures on these bodies to find a way forward in preventing further bank failure and its contagion. For instance, central banks will be pressurized to consider the impact of any further interest increase on the stability of the financial system while Deposit insurance corporations will be pressurized to cushion the effect on bank customers, by insuring their deposits to a reasonable extent, thereby ensuring that customers have access to their deposits. In response to these pressures, Regulators may need to step in to address the fallout from a bank failure, which can lead to increased regulatory over sight and stricter rules and regulations for the entire industry.

v. It will also have adverse effect on the the competitive landscape of banking industry. It is possible that many more banks can become insolvent with the increasing withdrawals and failures if nothing is done to checkmate the contagion. In a broader banking system, customers and investors would be hesitant to engage in other banks' transactions due to lack of trust and confidence in the banking system.

vi. Bank failure can lead to market volatility and uncertainty, as investors may react to the failures by selling off their shares in other banks and financial institutions and the likelihood of a shift to real estate investment and inventory speculation will arise. This will adversely affect financial intermediation.

vii. The failure of SBV will also affect the global interest rate and inflation dynamics. The failure has proved that financial institutions are not immune to the rapid pace of interest rate increases. This is because higher inflation rates lead to higher interest rates, which can hurtbanks' profitability. When interest rates rise, it becomes more expensive for banks to borrow money and lend it out to customers. Consequently, it can adversely affect their profit.

viii. Additional unfavorable implication on banking industry in Nigeria are speculations that high rate of inflation and high level of real interest rates have been currently inducing disintermediation process with deposits moving away from the banking system to real estate and inventory speculations. It implies that inflation constitutes a break in the chain of financial intermediation process with its adverse effect on economic growth and therefore might need immediate policy response. In line with Wheelock (1995) citing Termin (1976), he contends that bank financial distress occurs largely as a result of falling interest income. According to this view made in the wisdom of Termin, inflation reduces demand for money (loan) and bank failures are the means by which money supply falls so as to accommodate the decline. One argument emanating from this view is that bank financial distress tends to be more severe in periods of high inflationary pressure.(Belongia and Gilbert, 1990).

ix. The failure has also highlighted the risk that many banks have in their investment portfolios. If interest rates continue to rise, and central banks indicate their unwillingness to effect a change, the value of banks investment portfolio will continue to dwindle. High interest rates can also cause banks' long term bonds to be performing below market value, leaving it with a substantial amount of unrealized losses as the customers' withdrawals escalates. The substantial amount of unrealized losses can also lead to loss of confidence which exacerbating cash withdrawals. If losses are experienced in large bond portfolios, the problem will gradually spread to global bond markets as the contagion progresses.

Lessons for the Nigerian Financial System

Introduction

Financial system, all over the world, plays very important roles in the growth and development of any economy. A financial system is an economic arrangement wherein financial institutions facilitate the transfer of funds and assets between borrowers, lenders, and investors through the process of financial intermediation. Its main goal is to efficiently distribute economic resources, promote economic growth and generate a return on investment for market participants. This is particularly true in a developing economy like Nigeria, where it is generally believed that the provision of adequate financial resources and services are a pre-requisite for economic growth and development.

Globally, there are fears that there will be problems arising from the financial systemic risk as a result of SVB's failure, if a reasonable care is not taken. The Nigerian financial system for the moment, will not be largely exposed to the contagion of SVB's failure because Nigerian banks do not transact in the global interbank market nor play in the global short term market as result of the checks and balances of CBN.

"Financial system, all over the world, plays very important roles in the growth and development of any economy. A financial system is an economic arrangement wherein financial institutions facilitate the transfer of funds and assets between borrowers, lenders, and investors through the process of financial intermediation."

Secondly, Nigerian financial institutions are yet to invest globally because the Nigerian currency is not a convertible nor tradable currency. However, non-bank financial bodies and corporate entities like technology startups will be indirectly affected to some extent through their stakeholders because of SVB's relationship with some of the stakeholders in the industry. Many venture-based founders (tech start-up companies) obtained their loan capitals from SVB and major Nigerian technology firms depended on them. Apparently, funding of these companies will decline for the meantime.

Furthermore, one of the problems of systemic financial risk is decline in Foreign Direct Investment. There is tendency that a decline in FDI may set in as many foreign banks may likely reduce their financial investment in Nigeria in order to support their parent organization.

However, few lessons can be learned from the implications of SVB's failure, as the implications are still progressing. The lessons include:

i. One of the causes of SVB failure as stated above is lack of diversification to other economic sectors of the economy. SVB, from its inception, maintained overexposure of lending to one sector (technology) and also depended on the same sector for her deposits. Major Nigerian banks are currently upholding the same pattern with Oil and Gas industry in Nigeria, where as, there are significant opportunities for banks to target small and medium scale enterprises (SMEs) which have a glaring need in the banking industry. Financial inclusion advantages are yet to be felt in the Northern part of the country because historically, that part of the country has been underserved. The author recommends the need for the government to encourage micro finance banking by assisting them in their risk management. There is also need for the government to encourage the Deposit money banks to invest in agriculture and also lend to SMEs by sharing their risks. Government will also budget more in creating more awareness on the essence of financial inclusion and digital banking by sponsoring workshops for these innovative programs.

ii. The failure also exposed the weaknesses of the regulatory and supervisory authorities in assessing the risk management within the banking industry in USA. The failure has continued to disturb the investors and a call for lessons for stock bulls who may have become so complacent about risk management in banks. SVB also engaged in selloffs of assets at loss in order to overcome illiquidity problem. The same thing applies to CBN and NDIC in scrutinizing the management of risk practiced in Nigerian banking industry. These authorities overlook most of these anomalies in Nigerian banks until distress or failure sets in. There are stress tests and early warning signs that could signal failure/distress in a bank but yet many banks were being examined by regulators and shortly after the examination, their failures would set in. Many Nigerian Deposit banks are exposed to huge amount of unperforming loans due to inadequate knowledge of credit administration/risk management and liquidity management and yet the CBN often conduct their routine bank examinations without applying stress tests to prevent similar incidence that

Cross Sessions of participants at the CIBN Advocacy Dialogue Series 7 held at Bankers House

occurred in SVB. Majority of Nigerian banks' directors are inexperienced but were recruited based on quota basis or on the influence of their "Godfathers". The author therefore recommends that:

a. The CBN can establish strict policies that can ensure recruitment of experienced bank officers as well as ensuring that the policies are effectively implemented by involving CIBN. Defaulting banks should be drastically punished.

b. Regular banks' examinations should be strictly observed by he Regulators in order to checkmate the excesses of banks in non-adherence to rules and regulations of the regulatory bodies.

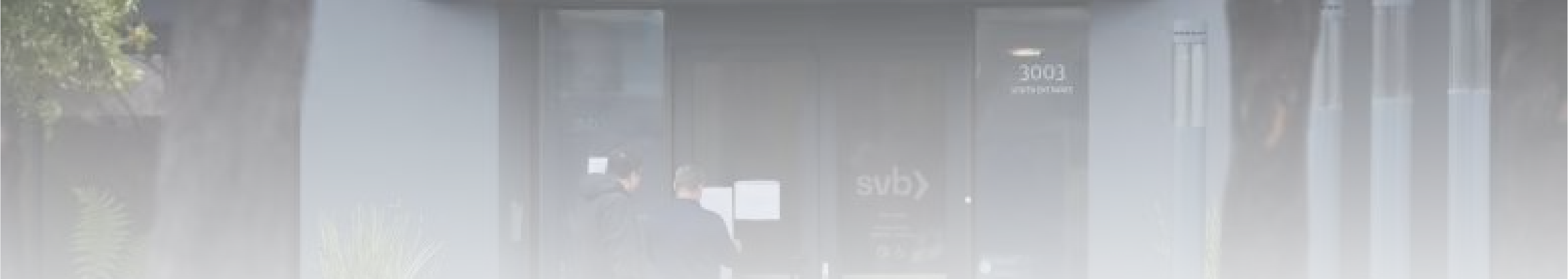
iii. In addition, in the year 2022, FRB embarked on aggressive policy to curtail inflation by raising interest rate on tech stocks. This gave rise to SVB's failure. Likewise, many central banks focus more on price stability goal which is seen as means of attainment of other macroeconomic policy objectives especially economic growth. (Mordi 2009). But the ultimate objective of the monetary policy (sustainable economic growth) is yet to be achieved in Nigeria.

Stakeholders' interest on the effectiveness of monetary policy under monetary targeting framework has really heightened and they generally believe that much weight is placed on price stability with minimal weight being placed on economic growth which is not likely to maximize social welfare. It apparently implies that the weight of contraction or expansion of the economy does not really matter to the monetary policy makers, as long as price stability is achieved. (Oleka, 2006 and Uwakaeme (2017).These goals which complement one another emphasize on the basic macro economic objectives, and there is even less than full agreement that these goals are mutually compatible (Friedman 1968). Based on the above problem, the author recommends that core functions of the monetary policy should reflect the moderation of fluctuations in the path of domestic output relative to its trend rate of economic growth, by judiciously tightening or loosening the stance of monetary policy as circumstance dictates.

This is fundamentally a discretionary function and hence to the extent that economic growth stabilization objectives may of course run counter to inflation stabilization and vice versa. (Shiratsuka, 1997, and Fischer, 1993).This process potentially sets up a tension between rules and discretion at the heart of the monetary policy makers. Since it has been empirically established that a rise in interest rate causes a rise in inflation rate which often creates a tension. (Uwakaeme (2022 and Olatunji (2017), a coherent and effective monetary policy framework should try to resolve this tension, by recognizing the relative weights that should be placed on these apparently conflicting and competing objectives and prioritizing them accordingly.

In summary, the failure of SVB as a result of hike in interest rates, classic run on the bank, and lack of diversification into other sectors of the economy, has a significant global implication for businesses and countries, world over. The immediate disruption of financial services, the impact on the technology industry and the broader geopolitical and economic implications are felt globally as the problem unfolds. Many of the world's leading technology companies that have their offices outside the USA are also facing challenges in sourcing their funds and other financial services.

The negligence of Regulators in banking industry in checkmating the excesses of banks in implementation of risk management, the competitive landscape, and the external events cannot also be ignored. Businesses and governments around the world should therefore monitor the situation closely and prepare for a way to overcome the consequence of SVB failure.



Supervisory Lessons From Failure of Silicon Valley Bank

Etopidiok Joshua James
Rtd Director (SIID), NDIC.
Principal Partner, Theos Integrated Consult Nigeria LTD

Introduction

After the demise of the Sillicon Valley Bank, experts in America and other parts of the world highlighted some lessons learnt from the SVB failure. In the Nigerian operating space, some of these lessons include:

LESSON 1 – Understand Your Business

Supervisors cannot regulate what they do not understand. Therefore, to understand the risks to supervisory objectives from a financial institution, supervisors need to understand the business on both sides of the balance sheet. For instance, an institution that disburses loans to technology based start-up sector should be evaluated for the start-up risk, collateral challenges, and cashflow issues associated with such portfolios. Also, Banks with huge volume of fixed income securities should evaluate the segment baskets (Held to Maturity, Available for Sale & Held for Trading)

Lesson 2 – Dangers of Rapid Growth

There is an empirical finding that indicate that many failed financial institutions did grow rapidly ahead of their failure. Therefore, supervisors should treat rapid growth as a red flag. For many institutions, the challenges with rapid growth is that is is driven by taking on risky businesses, such as lending and insurance that is underfinanced or other lenders have rejected, moving into riskier products and new markets, building up large exposures to single or connected borrowers, and investing in risky securities. A rapid increase in assets has to be funded often with over reliance on short-term wholesale market funding.

> "Supervisors cannot regulate what they do not understand. Therefore, to understand the risks to supervisory objectives from a financial institution, supervisors need to understand the business on both sides of the balance sheet."

Lesson 3 - Market Risk

When interest rate increases, the value of fixed income securities falls. A huge stock of fixed income investments carries market risk, even if the credit risk is small. In Nigeria, the increasing incidence of non-performing loans have pushed a number of Lenders to invest in fixed income securities of various durations. The banks should take steps to evolve measures to check the attendant market risks.

Lesson 4 – Stress Testing

Stress testing is a valuable tool for financial institutions. Such testing should cover a range of tests, covering scenarios, taking account of feedback loops and market wide stresses. Board and Management should then act upon the stress test results. At the most basic level, it would be natural to assume that stress test focus would be on credit risk inherent in loan portfolio, risks of deposit withdrawals and potential impact of interest increases on holding of fixed income securities.

Summary & Conclusion

The only constant in life remains "change." Sometimes, dysfunctional changes are organic, while, others are due to exogenous factors beyond control of Operators.

"As observed in the case of SVB, the dynamic changes were due to post Covid-19 challenges, untamed global inflation, ongoing Russia–Ukraine war, climate change to mention but a few."

As observed in the case of SVB, the dynamic changes were due to post Covid-19 challenges, untamed global inflation, ongoing Russia–Ukraine war, climate change to mention but a few. In the midst of the identified challenges, the financial institution risk control management functions should proactively take measures to constantly interrogate the balance sheet to build functional risk mitigants to preserve the institutions. here-in lies the compelling need for each financial institution to understand their businesses, evaluate dangers of rapid growth, review the market risk component on the Asset & Liability side of the balance sheet.

Critically, due to the dynamics of markets, regular stress testing of balance sheet is a must if the institutions will be able to weather the storm of vulnerable, uncertain, complex and agile environment.

PHOTO SPEAKS: CIBN EVENTS

Mr. Akin Morakinyo, HCIB, Registrar/Chief Executive, CIBN, Mrs. Mojisola-Asieru Bakare, FCIB, National Treasurer, CIBN, Ken Opara, Ph. D, FCIB, President/Chairman of Council, CIBN & Dr. 'Biodun Adedipe, FCIB, Chief Consultant, B. Adedipe Associates Ltd at the 9th National Economic Outlook held at the Bankers House.

Cross Session of participants at the 9th National Economic Outlook 2023

Stakeholder's Engagement between the President/Chairman of Council, CIBN, Ken Opara, Ph. D, FCIB, and the Executive Management of the Chartered Institute of Bankers of Nigeria (CIBN) with the Heritage Bank Plc Management Team led by the Managing Director/CEO, Mr. Akinola George-Taylor in Lagos

Stakeholder's Engagement between the Registrar/Chief Executive, CIBN, Mr. Akin Morakinyo, HCIB, and the Executive Management of CIBN with NYSC Lagos State Coordinator, Mrs. Yetunde Baderinwa at NYSC Lagos State Office, Surulere.

The President/Chairman of Council, CIBN, Ken Opara, Ph. D, FCIB, with CIBN Team visited Chief (Dr.) Joseph Sanusi, FCIB, Former Governor CBN at his residence in Lagos.

Photo from the Sendforth dinner in honor of Sir. Seye Awojobi, Ph. D, FCIB, Immediate Past Registrar/CEO, CIBN, which held at Eko Hotel and Suites.

Photos from the Groundbreaking Ceremony of ''The CIBN Bankers Hall'' A CIBN Legacy Project endowed to Nnamdi Azikiwe University, Awka.

CIBN Centre for Financial Studies

B. ADEDIPE ASSOCIATES LIMITED
MANAGEMENT & FINANCIAL CONSULTANT

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

in collaboration with

B. ADEDIPE ASSOCIATES LIMITED (BAA CONSULT)

COMMUNIQUE

Issued at the End of the

9th National Economic Outlook

TUESDAY, JANUARY 17, 2023

1.0 Introduction

The 9th National Economic Outlook held on Tuesday, 17th January 2023. The hybrid event was jointly hosted by The Chartered Institute of Bankers of Nigeria Centre for Financial Studies (CIBNCFS) and B. Adedipe Associates Limited (BAA Consult). The event was hosted on-site at the Bankers House as well as on the Zoom platform. The essence was to assess the performance of the Nigerian economy in the preceding year 2022, x-ray the global and Nigerian economic prospects in 2023, highlight the implications of the economic and political trends for key business sectors in Nigeria and recommend feasible business strategies and practical avenues for mitigating business risks. The President/Chairman of Council of The Chartered Institute of Bankers of Nigeria (CIBN), Ken Opara, Ph.D, FCIB in his opening remarks, noted that the purpose of the national economic outlook is to examine the performance of the economy as well as the key sectors in the preceding year, highlight the potential opportunities in these sectors, draw inferences and the implications for businesses. He stated that actors in both the public and private sectors should intensify efforts to promote macroeconomic, socio-economic, infrastructural and institutional development.

A review of the preceding year 2022 indicates that Nigeria's economy was confronted with major socio-economic headwinds which include rising inflation, high unemployment rate, human capital attrition ('Japa' syndrome), insecurity, unfavourable foreign exchange regime, high-interest rates, soaring public debt, and the Naira redesign policy with its attendant implications. The discourse at the event, therefore, was to assess the opportunities, challenges, and threats that businesses may encounter. He noted the significance of executing a comprehensive and system-driven economic agenda that will create a conducive and an enabling environment for generating economic benefits and prosperity within the next phase of Nigeria's political transition.

In closing, he reiterated some of the recent achievements of the Institute which include the institution of Governance and Ethics Certification, introduction of digital transformation and fintech certification, expansion of trade and finance collaboration with African Export-Import Bank (AFREXIM), International Finance Corporation (IFC) and other relevant agencies to explore the African Continental Free Trade Area (AfCFTA) opportunities, completion of six legacy projects in six linked institutions across the six geopolitical zones of Nigeria.

The Managing Director, Accion Microfinance Bank Limited, Mr. Taiwo Joda in his goodwill message noted that the outcome of the deliberations at the event should assist organizations to navigate the emerging challenges, whilst expropriating the opportunities in the Nigerian economy. He reiterated the commitment of his bank to continue to partner with the Institute in future knowledge sharing sessions.

2.0 Overview of the Nigerian Economy

The overview of the economy for the preceding year 2022 and prognosis for 2023 was presented by Dr. 'Biodun Adedipe FCIB, Chief Consultant, B. Adedipe Associates Limited.

2.1 Economic Review

The global economy is confronted with global disruptions evolving from the Russia-Ukraine war, resurgence of COVID-19, macroeconomic volatility, societal divisiveness, and geopolitical tensions.

The Nigerian economy grew by 2.97% in the first three quarters in 2022 and it is projected to close the year with a 3.1% growth rate, higher growth is expected in Q4 2022.

There is rapid urbanization with more Nigerians migrating to urban areas. This is estimated at 52.75% in 2021 up from 47.84% in 2015.

In the last 10 years, six key sectors have remained dominant in contributing to Nigeria's Gross Domestic Product (GDP), accounting for between 77% and 82% of the GDP. They are Agriculture, Information Communication Technology, Trade, Manufacturing, Mining and Quarrying, and Real Estate.

The continuous intervention of the Central Bank of Nigeria (CBN) in the agricultural sector through various schemes that include the Anchor Borrowers Programme (ABP) is a boost to agricultural productivity.

Nigeria's monthly import bill for Q1-Q3 2022 averaged N1.89 trillion (or $4.36 billion). This is a major factor in the low exchange value of the Naira and high premium at the parallel forex market. A significant appreciation of the Naira is unlikely to happen until there is a deliberate shift to production and consumption of locally made goods.

Computation of Nigeria's debt service to revenue ratio should take account of tax-for-road swap by large business entities.

Nigeria's Purchasing Manager's Index (PMI) from the survey by Stanbic IBTC over the last 25 months has consistently been above the benchmark of 50, indicating improving business conditions and high degree of confidence in the Nigerian economy and expansion in the sectors covered (agriculture, manufacturing, services, constructions, and retail).

2.2.0 Outlook

Nigeria's economy is projected to grow between 3.25% and 3.32% in year 2023.

Accelerated manufacturing and focused export promotion will bring some stability to the naira exchange rate.

Inflation rate is expected to moderate to 17.76% and remain at double digit.

The pump fuel price is expected to moderate in Q2 2023 with the expectation of the official kickoff of the Dangote refinery and the two modular refineries.

Bank lending rates are expected to remain double digit and will continue to respond to the rate of inflation.

2.2.1 Manufacturing

New manufacturing driven by the Chinese and Indians will drive envisaged expansion in the manufacturing sector.

The export market will offer opportunities for players with standardized and quality offerings.

Cost of doing business is expected to moderate in the year 2023.

2.2.2 Energy Sector

Crude oil production is expected to recover with new investments in gas developments and production.

Growing corporate and sovereign investments in green energy and initiatives will help to address climate change challenges.

Allocation for oil subsidy will cease in 2023.

Stronger consumer interest in energy efficiency as corporates, industrial firms and household increase their demand for alternative sources of energy.

2.2.3 Banking Sector

Interest rates are expected to normalize in H2 2023 as inflationary pressures subside.

The Naira exchange rate is expected to stabilize as a result of the currency redesign and the cashless policy.

The sector may witness new reform initiatives and banking license requirements redefined.

3.0 Panel Discussion

The outlook brought together a dynamic blend of business professionals and renowned economists to review the current status and prospects of the Nigerian economy from local and global perspectives. The moderator and panellists were:

- Mr. Tolu Ojewunmi,
  Senior News Anchor, Channels Television - Moderator.
- Mr. John Obaro,
  MD/CEO, SystemSpecs Limited
- Barr. Wilson Esangbedo,
  ED/CEO, Nigerian Institute for Industrial Security

3.1 Highlights and Recommendations

A. Highlights

- The high monetary policy rate (MPR) has created an opportunity for businesses to take advantage of intervention funds.
- Despite the issues of insecurity and poor logistics, there are still huge opportunities in the agricultural sector in Nigeria.

- Manufacturing firms are exploring backward integration to boost supplies and counter the foreign exchange challenge in the country.

- The Naira redesign has led to increased cash deposits in banks.

- The brain drain phenomenon has increased the need for retraining of employees to create pipelines of successors.

- To address foreign exchange inadequacy, there is need to increase production of both raw materials and processed goods in line with global standards. This, along with export incentives, will drive global competitiveness of 'Made-in-Nigeria' products.

- Food inflation is the major component of the persistent rising inflation, which can be effectively addressed by courageously dealing with the persistent insecurity challenges that cause food supply disruptions.

B. Recommendations

Government

i. Align monetary, fiscal and commercial policies to create an enabling environment and ease the cost of doing business.

ii. The Central Bank of Nigeria should continue to deploy orthodox and unorthodox policy instruments to address the fundamental problems of exchange rate and inflation rate.

iii. Consider alternative means to voter card to improve citizens' participation in elections. Verification and authenticity are the underlying security issues on voter card. As such, explore electronic voting option using the same technology-enabled features that allow a bank card to be used for online transactions.

iv. Develop policies to address increased population by promoting family planning, quality education for children (especially the girl-child) and increase the propensity to save.

v. Put in place policies that will reduce the emigration of citizens and talents.

vi. Address multiple taxation of businesses through direct and indirect means.

vii. Consider an upward review of the minimum wage of N30,000 due to rising rate of inflation and the current economic situation of the nation.

viii. Review the curriculum of educational institutions to match current and future skill sets and technical skills development.

ix. Leverage technology to drive innovation and production in the nation.

Businesses

i. Keep abreast with government policies, instruments and actors in order to explore the opportunities inherent in the key decisions by regulators and mitigate risks.

ii. Address the brain-drain challenge with good leadership and management of resources to enhance manpower development and retention.

iii. The volume and value of invisible imports are higher than visible imports, thereby increasing the demand for forex. As such, government and private investments should be channelled to providing invisible services in key sectors such as education and health through public-privatepartnership. This can reduce the pressure on the Naira.

Conclusion

The 2023 economic outlook evaluated the macroeconomic performance of the Nigerian economy and key economic sectors and recommended implementable government policies that will boost the economy and improve the performance of economic actors. The Nigerian business environment has diverse opportunities and challenges, but business leaders should focus more on the emerging opportunities, while governments should continue to review and implement economic policies that will enhance inclusive and sustainable economic growth.

A collaborative effort and partnership between the public and the private sectors will bolster sustainable and inclusive economic growth.

Ken Opara, Ph.D, FCIB
President Chairman of Council
The Chartered Institute of Bankers of Nigeria

Dr. 'Biodun Adedipe, FCIB
Chief Consultant
B. Adedipe Associates Ltd.

Happy Birthday

JANUARY

Mr. Hassan Usman, FCIB
Former MD/CEO, Jaiz Bank Plc
Jan 1

Dr. Mahmud Isa-duste, FCIB
Former Federal Permanent Secretary Finance
Jan1

Mr. Patrick Akinwuntan, FCIB
Former Group Managing Director/CEO, Ecobank Nigeria Ltd
Jan 3

Mr. Emeka Emuwa, FCIB
Former Group Managing Director/CE, Union Bank Of Nigeria Plc
Jan 7

Mr. Fola Adeola, FCIB
Founder, Gtbank Plc & Chairman, Fate Foundation
Jan 10

Mrs. Funke Osibodu, FCIB
Md/ceo, Benin Electric & Former Gmd/CEO, Union Bank of Nigeria Plc
Jan 11

Dr. Godwin Adolor, FCIB
Member, Governing Council, CIBN
Jan 12

Dr. Eboigbe Elias Igbin-Akenzua, FCIB
Managing Director/CEO, Globus Bank Ltd
Jan 15

Mr. Akin Morakinyo, HCIB
Registrar/Chief Executive, CIBN
Jan 18

Mr. Dalu Ajen, HCIB
MD/CEO, Rand Merchant Bank, Nig Ltd
Jan 18

Mr. Akinola George-taylor, HCIB
MD/CEO, Heritage Banking Ltd
Jan 25

Mr. Yinka Sanni, FCIB
Chief Executive Officer
Africa Regions at Standard Bank Group
Jan 29

Otunba Femi Pedro, FCIB
Former Deputy Gov, Lagos State & Chairman, Cibn Govt And Business Relations
Jan 29

Dr. Segun L. Aina, OFR, FCIB
Past President, CIBN
Jan 30

FEBRUARY

Alhaji Ahmed Musa Dangiwa, FCIB
Former Md/ceo, Federal Mortgage Bank Of Nigeria (FMBN)
Feb 2

Alhaji Falalu Belo, OFR, FCIB
Chairman, FBN Quest Merchant Bank Limited
Feb 2

Mr. Ebenezer Onyeagwu, FCIB
Group Managing Director/CEO, Zenith Bank Plc
Feb 3

Mr. Bolaji Lawal, HCIB
MD/CE, Ecobank Nigeria Plc
Feb 5

Happy Birthday

FEBRUARY

Dr. Akin Adesina, FCIB
President, Africa Development Bank
Feb 6

Hon. Wemi Ojo Jones, FCIB
Hon. Commissioner For Education, Science and Technology, Kogi State
Feb 13

Mr. Moruf Oseni, HCIB
MD/CEO, Wema Bank Plc
Feb 16

Mr. Abubakar Danlami Sule, HCIB
Former GMD/CEO, Keystone Bank Ltd
Feb 18

Mr. Alex Otti, FCIB
Former MD/CEO, Diamond Bank Plc
Feb 18

Prof Ummu A Jalingo
Board of Director,
Central Bank of Nigeria
Feb 22

Mr Peter Ashade, FCIB
Group Managing Director/CEO,
United Capital Plc & Chairman, CIBN Lagos Branch / Member, CIBN Governing Council
Feb 22

Prof. Uchenna Uwaleke, ACIB
Chairman, CIBN FCT Branch & Member, CIBN Governing Council
Feb 23

Mr. Osita Nwanisobi
Director Of Communications, CBN
Feb 24

Dr. Adaeze Udensi, FCIB
MD/CEO, Titan Trust Bank
Feb 26

MARCH

Mr. Akinsowon Dawodu, Fcib
Cluster Head In Sub Saharan Africa (SSA),
Citibank Group
March 4

Mr. Femi Bakre, HCIB
Managing Director/CEO
Parallex Bank Ltd
March 4

Mr. Folashade Adebisi Shonubi, FCIB
Deputy Governor,
Central Bank of Nigeria
March 7

Mr. Premier Oiwoh, HCIB
MD/CEO,
Nigeria Inter-bank Settlement System Plc (NIBSS)
March 8

Otunba Subomi Balogun, CON, FCIB
Founder, FCMB Holdings Group Plc
March 9

Mr. Adeniyi Akinlusi, HCIB
Former President Mortgage/Bankers Association of Nigeria
March 9

Mr. Tony Okpanachi, FCIB
Managing Director/CEO,
Development Bank of Nigeria
March 15

Dr. Tony O. Elumelu, CON, FCIB
Chairman, United Bank For Africa Plc
March 22

Mr. Bayo Rotimi, FCIB
Managing Director/ Chief Executive,
Greenwich Merchant Bank Ltd
March 24

Senator Adetokunbo Mukhail Abiru, FCIB
senator of Federal Republic of Nigeria
March 25

Dr. Biodun Adedipe, PH.D, FCIB
Chief Consultant, B. Adedipe Associates Limited (BAA Consult)
March 29

DON'T BETRAY THAT TRUST!

IT'S NOT WORTH IT AFTER ALL

In just one moment of greed and dishonesty, you have destroyed a brilliant career ahead!

THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA

Head Office: Bankers House PC 19, Adeola Hopewell Street, Victoria Island, Lagos, Nigeria.

P.O.BOX 72273. **Tel:** +234 -1- 4617924, 4610655, 6310046