



EFInA Quarterly Review
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Table of Contents

1	Global Economy	3
1.1	Growth	3
1.2	Employment.....	3
1.3	Financial Inclusion.....	4
1.4	Women Empowerment.....	4
1.5	Concessional Loans	5
2	African Economies	5
2.1	Growth	5
2.2	Debt.....	6
2.3	Employment.....	6
2.4	Trade and Investment.....	6
3	Nigerian Economy	7
3.1	GDP	7
3.2	Inflation.....	7
3.3	Interest Rates.....	7
3.4	Foreign Reserves.....	8
3.5	Employment.....	8
3.6	2017 Budget.....	8
3.7	Ease of Doing Business.....	8
4	Financial Sector	9
4.1	Capital Markets	9
4.2	Financial Inclusion.....	9
4.3	Banking Industry	9
4.4	Deposit Money Banks	10
4.5	Electronic Payments Channels.....	13
4.6	Agricultural Finance	13
4.7	Micro, Small & Medium Enterprises.....	14
4.8	Housing	15
4.9	Insurance.....	15
4.10	Pensions	15
5	Telecoms Sector	16
5.1	Internet Users	16
6	Mobile Money	16
6.1	Africa.....	16
6.2	Nigeria.....	20

1 Global Economy

1.1 Growth

According to the World Bank, global growth is estimated to have fallen to 2.3 percent in 2016, (the weakest performance since the global financial crisis) and 0.1 percentage point below June 2016 Global Economic Prospects forecasts. Global growth is expected to rise to 2.7 percent in 2017, mainly reflecting a recovery in emerging markets and developing economies (EMDEs).

In the final quarter of 2016, global bond market movements were overwhelmingly driven by political factors. At the forefront of the political dynamics stood the victory of Donald Trump in the presidential election of the United States, however, upcoming elections in Europe also rose in prominence as potentially destabilising influences. The fourth quarter of 2016 saw government bond yields rise amid expectations for higher inflation after the U.S. election victory for Donald Trump. Equity markets generally gained, with financial stocks performing well. U.S. equities advanced and macroeconomic data largely improved. The quarter was dominated by the presidential elections and the Federal Reserve Bank raised interest rates. In the Eurozone, equities made gains. Financials performed well amid higher bond yields and the European Central Bank extended its quantitative easing programme.

The uncertainty surrounding the UK's negotiations to withdraw from the European Union also impacted bond portfolios significantly. Despite the volatility, expectations for global economic growth tentatively grew more optimistic. UK equities moved higher, supported by financials while resources stocks performed well after OPEC agreed to cut oil production. Japanese stocks were strong, drawing support from the currency as the yen weakened in November and December 2016. Emerging markets equities underperformed, posting a negative return owing to uncertainty over U.S. trade and foreign policies, as well as the prospect of tighter U.S. dollar liquidity. Global corporate bonds generated negative total returns but outperformed government bonds.

1.2 Employment

Wage growth around the world has decelerated since 2012, falling from 2.50 per cent to 1.70 per cent in 2015, its lowest level in four years. According to the International Labour Organisation's Global Wage Report 2016/17; in China, where wage growth was faster than elsewhere, growth in global wages dropped from 1.60 per cent to 0.90 per cent. In much of the period following the 2008/09 financial crisis, wage growth was propelled by relatively strong wage growth in developing countries and regions. More recently, however, this trend has slowed or reversed. Among emerging and developing G20 countries, real wage growth declined from 6.60 per cent in 2012 to 2.50 per cent in 2015. In contrast, wage growth among developed G20 countries rose from 0.20 per cent in 2012 to 1.70 per cent in 2015, the highest rate of the last 10 years. In 2015, wages grew to 2.20 per cent in the U.S., 1.50 per cent in Northern, Southern and Western Europe, and 1.90 per cent in the countries of the European Union.

The report, Wage Inequality in the Workplace, notes vast differences between regions among developing economies. For example, in 2015, wage growth remained at a relatively robust 4.00 per cent in Asia and the Pacific, declined to 3.40 per cent in Central and Western Asia, and is tentatively

estimated at 2.10 per cent in the Arab States and at 2.00 per cent in Africa. In 2015, real wages fell by 1.30 per cent in Latin America and the Caribbean and by 5.20 per cent in Eastern Europe.

For the first time the report looks at wage distribution within enterprises. It analyses the extent to which overall wage inequality is the result of wage inequalities between enterprises and wage inequalities within enterprises. Inequality between enterprises tends to be larger in developing than in developed countries. In developed countries the average wages of the top 10 per cent of enterprises tend to be two to five times as high as those of the bottom 10 per cent, while this ratio goes up to eight in Vietnam and even 12 in South Africa.

1.3 Financial Inclusion

The World Bank Group has added 16 new partners to the coalition of institutions that are committed to help achieve Universal Financial Access (UFA) by the year 2020. These new partners, in addition to the 14 that were announced at the 2015 Spring Meetings, bring to the coalition a deep knowledge of the marketplace, a proven ability to innovate, and a commitment to financial inclusion as a core component of their corporate missions. A few of the new partners include Ant Financial - Alibaba Group (China); Asomif Peru (Peru); Aga Khan Agency of Microfinance (MENA/ASIAN/Africa); BBVA Microfinance Foundation (Latin America & the Caribbean); LAPO Microfinance (Nigeria); Grooming Centre (Nigeria) and Grameen Foundation (Asia & MENA). The International Finance Corporation (IFC), the private sector arm of the World Bank Group, hosted an event at which the new partners pledged their commitments. IFC is working to boost its engagement with the private sector to add millions of new account holders through its investment and advisory work with financial intermediaries and other partners. New IFC and World Bank projects are projected to reach 641 million unbanked adults by the year 2020, and they continue to scale up and broaden operations to reach 1 billion adults with transaction accounts by the year 2020.

According to IFC's EVP and CEO Phillipe le Hou  rou, achieving universal financial access is critical to fulfilling the goals of ending extreme poverty and promoting shared prosperity, because it helps create opportunity for everyone to participate in and benefit from the global economy.

1.4 Women Empowerment

In November 2016, Ms. Christine Lagarde, Managing Director of the International Monetary Fund, issued a statement at the Asia-Pacific Economic Cooperation (APEC) CEO Summit in Peru on "A Business Case for Women's Empowerment". She stated that over the past few decades, women all over the world have pushed the boundaries on educational attainment, economic participation, and even political representation. According to the World Economic Forum's latest Global Gender Gap Report, Latin America is the region with the largest absolute improvement over the last ten years, followed by Asia and the Pacific region. However, this great progress has not been sufficient to close the gender gap. Globally, only 55 per cent of women have the opportunity to participate in the labour force, compared with 80 per cent for men. Women still earn about 50 per cent less than men for the same type of work, and they represent only 20 per cent of parliamentarians across the world.

She also mentioned that the reasons why women empowerment is a game changer are:

- Growth boost and reduction in inequality
- Mitigation of the impact of demographics
- Greater female economic participation supports diversification

1.5 Concessional Loans

Ms. Christine Lagarde, Managing Director of the International Monetary Fund (IMF) in October 2016, welcomed the decision taken by the IMF Executive Board to set interest rates to zero for all of the Fund's concessional lending facilities for at least the next two years, through till 2018. The decision is based on the Executive Board's approval of a modification of the mechanism governing the Poverty Reduction and Growth Trust (PRGT) interest rates. Under the modified mechanism, interest rates will continue to be set at zero for as long as and whenever global interest rates are low. In noting the development, Ms. Lagarde stated that many of the Fund's low-income members have put in place significant efforts to strengthen their economies and continuously fight poverty. While they have made progress, they continue to face challenges related to current global economic developments. She noted that the continued availability of zero interest rates on all IMF concessional facilities will be crucial in helping many of them absorb future shocks and continue their efforts to achieve deeper and more sustainable economic growth in line with the sustainable development goals.

2 African Economies

2.1 Growth

As stated by the International Monetary Fund (IMF), the economic growth in sub-Saharan Africa in 2016 is set to slow to its lowest level in more than 20 years. The October 2016 Regional Economic Outlook for Sub-Saharan Africa titled 'Multispeed Growth', projected the average growth in the region to be just 1.40 per cent, which is well below population growth, and is in sharp contrast to the high growth rates of recent years. According to the Director of the IMF's African Department, Abebe Aemro Selassie, the slowdown reflects two broad factors. The external environment facing many of the region's countries has deteriorated, notably with commodity prices at multi-year lows and financing conditions markedly tighter. In addition, the policy responses in many of the countries most affected by these shocks have been delayed and inadequate, raising uncertainties, deterring private investments and stifling new sources of growth.

Indeed, most non-commodity exporting countries representing close to half of the countries in the region continue to perform well, with countries such as Côte d'Ivoire, Ethiopia, Senegal, and Tanzania foreseen to continue to grow at more than 6 per cent. Most commodity exporters, however, are under severe economic strain. In particular, the near-term prospects have worsened significantly for oil exporters in recent months, as the pain from the initial oil price shocks is now spreading to their entire economies, and the slowdown risks are becoming deeply entrenched. Conditions in many non-oil commodity exporters also remain difficult, including in South Africa where output expansion is expected to stall this year. Mr. Selassie stressed that sub-Saharan Africa

remains a region of immense economic potential, but that a comprehensive and internally coherent set of policies to re-establish macroeconomic stability is needed in the hardest-hit countries.

2.2 Debt

Egypt

The International Monetary Fund has approved a three year \$12 billion loan for Egypt to help the country out of its deep economic crisis. Egypt will receive \$2.75 billion immediately, with the rest subject to its economic performance and further reforms. IMF Managing Director Christine Lagarde said the bailout would address longstanding challenges. Egypt is facing high unemployment and a budget deficit of 12 per cent of GDP. The country has struggled to attract foreign investment since its political turmoil in 2011.

2.3 Employment

South Africa

The September 2016 Quarterly Employment Statistics (QES) survey showed that an estimated 9,282,000 persons were employed in the formal non-agricultural sector of the South African economy. This reflected a net quarterly increase of 93,000 employees (1.00 per cent) between June 2016 and September 2016, following a revised decrease of 96,000 employees (-1.00 per cent) between March 2016 and June 2016. There was an annual increase of 80,000 employees (+0.90 per cent) between the third quarter of 2016 and the same quarter of the previous year. Increases in employment were led by community services industry with 78,000 employees, trade industry with 7,000 employees, construction and business services industry with 6,000 employees and mining industry with 2,000 employees. However there were decreases in employment reported by manufacturing and transport industries with 3,000 employees each. Electricity industry remained unchanged for the quarter.

2.4 Trade and Investment

Togo

The president of African Export-Import Bank (Afreximbank), Dr. Benedict Oramah has said that the Bank expects to attract up to \$1 billion in financing and investments, to support trade activities and infrastructure development, including industrial parks and logistics facilities in Togo. Dr. Oramah, who led a mission of business leaders to discuss trade and investment opportunities at Lome in November 2016, stated that Afreximbank saw opportunities to participate in the financing of trade activities and logistics infrastructure, as well as industrial parks in Togo, for projects that are likely to span from \$500 million to \$1 billion. He described Togo's economic vision as being in line with Afreximbank's strategy to promote intra-African trade and intensify the continent's industrialisation. He further pledged the Bank's readiness to provide financing to promote trade and the development of trade-facilitating infrastructure in Togo. The President said that following Togo's joining as an Afreximbank participating state in May 2016, the Bank was now able to fully deploy programmes to support its growth sectors.

3 Nigerian Economy

3.1 GDP

In the Third Quarter of 2016, Nigeria's Gross Domestic Product (GDP) contracted by 2.24 per cent (year-on-year) in real terms. This was lower by 0.18 percentage points from the growth recorded in the preceding quarter and lower by 5.08 percentage points from growth recorded in the corresponding quarter of 2015. Real GDP increased by 8.99 per cent, quarter on quarter. During the quarter, nominal GDP stood at N26.6 trillion (in nominal terms) at basic prices. This was 3.22 per cent higher than the Q3 2015 value of N24.3 trillion.

The real growth of the oil sector slowed by -22.01 per cent (year-on-year) in third quarter of 2016 and this sector contributed 8.19 per cent to the total real GDP. The non-oil sector grew by 0.03 per cent in real terms in the third quarter, reversing the last 2 quarters of negative growth recorded in Q1 and Q2 2016.

3.2 Inflation

The National Bureau of Statistics reported that in December 2016, the Consumer Price Index (CPI) which measures inflation, increased by 18.55 per cent (year-on-year), 0.07 percentage points higher than the rate recorded in November 2016 (18.48 per cent). Communication and Restaurants & Hotels recorded the slowest pace of growth in December 2016, growing at 5.33 per cent and 8.91 per cent (year-on-year) respectively. The Food Index rose by 17.39 per cent (year-on-year) in December 2016, up by 0.20 percentage points increase from 17.19 per cent recorded in November 2016.

3.3 Interest Rates

In November 2016, the Monetary Policy Committee (MPC) voted to retain interest rates at 14.00 per cent. The Committee also voted to retain the Cash Reserve Ratio (CRR) at 22.50 per cent, the Liquidity Ratio (LR) at 30.00 per cent and the Asymmetric Window at +200 and -500 basis points around the MPR.

3.4 Foreign Reserves

Nigeria's foreign exchange reserves increased to \$25.84 billion on December 30, 2016 from \$24.53 billion on September 30, 2016.

3.5 Employment

In Q3 2016, the working age population increased from 106.69 million in Q2 2016 to 108.03 million. The labour force population increased from 79.9 million to 80.67 million in Q3 2016, representing an increase of 0.98 per cent in the labour force. The number of underemployed persons in the labour force increased to 19.70 per cent in Q3 2016 from 19.30 per cent in Q2 2016. Nigeria's

unemployment rate for Q3 2016 was 13.90 per cent, up from 13.30 per cent in Q2 2016, 12.10 per cent in Q1 2016, 10.40 per cent in Q4 2015 and 9.90 per cent in Q3 2015. The number of unemployed persons in the labour force increased by 1.06 million in Q3 2016. Accordingly, there were a total of 27.12 million persons in the Nigerian labour force in Q3 2016, that were either unemployed or underemployed, compared to 26.06million in Q2 2016 and 24.5 million in Q1 2016.

Labour productivity increased to N713.77 in Q3 2016, from N637.5 in Q2 2016, and N605.27 in Q1 2016. Thus, for the period under review, labour productivity increased by 12.20 per cent on quarterly basis but declined by 7.10 per cent year on year. The total number of hours worked was estimated to increase by 17.60 per cent between Q3 2015 and Q3 2016.

3.6 2017 Budget

The President of the Federal Republic of Nigeria, Muhammadu Buhari presented a 2017 budget proposal of N7.2 trillion to the National Assembly on December 14, 2016. The proposal titled 'Budget of Recovery and Growth,' seeks to increase agricultural output and productivity; promote domestic manufacturing and 'Made in Nigeria' goods, through intervention funds; eliminate costly Joint Venture cash calls for the Nigerian National Petroleum Corporation (NNPC) and increase funding for infrastructure, especially roads, rail and power. The budget will also borrow heavily to plug a N2.36 trillion deficit for 2017, which is estimated at about 2.18 per cent of GDP. The 2017 budget is based on a benchmark crude oil price of \$42.50 per barrel; an oil production estimate of 2.2 million barrels per day; and an average exchange rate of N305.00 to the US dollar. Based on these assumptions, aggregate revenue available to fund the federal budget is N4.94 trillion, which is about 28 per cent higher than 2016 full year projections, with oil revenues projected to contribute N1.99 trillion of this amount.

3.7 Ease of Doing Business

Nigeria's position in the latest World Bank's 'Ease of Doing Business' ranking moved from 170th to 169th. Out of the 190 countries surveyed, the report titled "Doing Business 2017: Equal Opportunity for All", the World Bank Group's annual report on the ease of doing business showed that Nigeria only performed better than countries such as Chad, Haiti, Angola, Libya, Eritrea, Somalia, Congo Democratic Republic, Yemen, Syrian Arab Republic, Myanmar, Djibouti, Guinea-Bissau, Bangladesh and Congo Republic. A breakdown of the report showed that in terms of 'Starting a Business', Nigeria was ranked 138; in 'Dealing with Construction Permit', 174; and in 'Getting Electricity', 180. Others included 'Registering Property', 182; 'Getting Credit', – 44; 'Protecting Minority Investors', 32; 'Paying Taxes', 182; 'Trading across Borders', – 181; 'Enforcing Contracts', 139 and 'Resolving Insolvency', 140. According to the report, 137 economies around the world have adopted key reforms that make it easier to start and operate small and medium-sized businesses. The new report also found out that developing countries carried out more than 75 per cent of the 283 reforms in the past year, with Nigeria and other economies in Sub-Saharan Africa accounting for over one-quarter of all reforms.

4 Financial Sector

4.1 Capital Markets

The Nigerian Stock Exchange (NSE) All-Share Index dropped by 1,460.78 points in Q4 2016 to 26,874.62 as at December 30, 2016 as against 28,335.40 as at September 30, 2016. The market capitalisation was N9.25 trillion as at January 1, 2017.

4.2 Financial Inclusion

As part of the renewed efforts to further drive the financial inclusion mandates of the Central Bank of Nigeria (CBN), the Nigeria Inter-Bank Settlement System Plc (NIBSS), in collaboration with banks and the leading telecommunications companies have launched microCash (mCASH). This is an innovative solution designed to facilitate low-value retail payments; grow e-payments by providing accessible electronic channels to a wider range of users and further enhance financial inclusion in Nigeria by extending e-payment benefits to Payers and Merchants at the bottom of the pyramid, where usage of cash has been predominant. The solution will aid payments to Merchants (Sellers) for commodities and services. It leverages the NIBSS Instant Payments infrastructure (NIP) for immediate fund delivery to Merchants accounts and the mobile telephone Unstructured Supplementary Service Data (USSD) technology.

This would enable merchants and customers conduct transactions instantly as fast as a cash transaction. According to the Director, Banking and Payment Systems of CBN, Mr. Dipo Fatokun, one of the major reasons for endorsing this product is that it is going to further drive financial inclusion. There have been challenges of acceptance of Point of Sale (PoS) transactions because merchants don't receive instant value for their services; but with mCASH, merchants receive instant value, which is a big plus. Under this platform, transactions below N10,000 would be conducted at no cost.

The four major TELCOs (MTN, Glo, Etisalat and Airtel), along with Zenith Bank, Fidelity Bank, Diamond Bank, Sterling Bank, Wema Bank and Unity Bank are live on the USSD platform, while other Banks are to sign up as soon as possible.

4.3 Banking Industry

4.3.1 Central Bank of Nigeria

Deposit Money Banks

The Central Bank of Nigeria (CBN) has warned Deposit Money Banks participating in the disbursement of its intervention funds to different critical sectors against charging above the approved 9.00 per cent interest rate. The CBN Governor, Mr. Godwin Emefiele, said this during an interaction between the Presidential Task Force on Agricultural Commodities & Production and young farmers. The Governor assured the young farmers of the CBN's funding support through their respective banks, and urged them to report any lender that charged them above 9.00 per cent interest on loans guaranteed by the apex bank. He also assured the young farmers that Development Finance Officers from the CBN were readily available to assist them on how to access

credit from the various intervention funds in order to guarantee employment, create wealth and meet the country's food needs.

The Central Bank of Nigeria has also revealed that secured loan performance, as measured by default rates, deteriorated in Q4 2016. However, lenders expect lower default rates in the next quarter. The Credit Conditions Survey Report of Q4 2016 showed that the overall availability of credit to the corporate sector increased in Q4 2016 and is expected to further increase in Q1 2017. According to the report, major factors contributing to the increase in credit availability are changing sector specific risks, brighter economic outlook, favourable liquidity conditions and tight wholesale funding conditions. The report also stated that corporate loan performance worsened across all firm sized businesses in Q4, 2016 as default rates on lending to small, medium and large private non-financial corporations worsened. Lenders demanded more collateral requirements from all firm sizes on approved new loan applications in Q4 2016. Similarly, lenders expect to demand for more collateral options from all firm sizes in Q1 2017.

Financial Literacy

The Central Bank of Nigeria (CBN) has stepped up the campaign for financial literacy across the six geopolitical zones of the Federation, in an effort to ensure that over 80 per cent of Nigerians are depositing their monies in Nigerian banks by year 2020. A Principal Manager of the Consumer Protection Department of CBN, Mr. Damola Atanda, said that the CBN was covering over 200 secondary schools in remote areas of the country for this year's World Savings Day, to increase awareness on importance of savings, earning a livelihood, inculcating savings habits, employment and entrepreneurship for personal and national development.

Bank Verification Number (BVN)

A total of 49.99 million customers had been enrolled in the Bank Verification Number scheme as at December 2016. This is compared to the 28.3 million customers who had completed BVN enrolment as at December 2015.

4.4 Deposit Money Banks

First City Monument Bank

First City Monument Bank Limited (FCMB) has intensified its financial literacy campaign among youths by organising an outreach programme for students in twelve secondary schools across the country, in commemoration of the 2016 World Savings Day. The schools are located in Anambra, Zamfara, Oyo, Jigawa, Osun, Adamawa, Bayelsa, Niger, Gombe, Imo, Benue and Delta states. The Bank organised the programme in partnership with the Bankers' Committee of the Central Bank of Nigeria (CBN). Speaking during the mentoring session for students of Government Day Secondary School, Samara in Gusau, Zamfara State, FCMB's Zonal Head, Kano West, Mr. Abdullahi Mainasara, said that imbibing financial principles at an early age will go a long way to help students and the young population manage their resources effectively, appreciate how money works and how it can be channelled to productive ventures.

First Bank

First Bank of Nigeria Plc has extended its women-focused initiative, *FirstGem*, to Akwa-Ibom and Benue states. The bank noted in a statement that *FirstGem* was launched in Lagos in October 2016, to provide enabling opportunities for women to achieve their financial goals and aspirations. With the initiative, female customers could access support funds for their total financial empowerment, free business advisory services, specialised training in business development initiatives, regular information and insight on business opportunities in various sectors and industries.

Fidelity Bank

In partnership with Gazelle Academy and Waziri Umaru Federal Polytechnic, Birnin Kebbi, Fidelity Bank has empowered 500 Nigerians with entrepreneurial skills. The programme, which is part of the bank's Corporate Social Responsibility (CSR) initiatives, is strategically aimed at equipping Nigerian youths with skills and capabilities needed to take advantage of available opportunities to drive socio-economic development. Speaking at the launch of the five-day empowerment programme held in Kebbi State, the Bank's Managing Director/Chief Executive Officer, Nnamdi Okonkwo, pointed out that the programme seeks to empower the Federal Polytechnic community by creating a new generation of business owners among students.

Sterling Bank

Sterling Bank Plc in partnership with Afrigrant (a Non-Governmental Organisation - NGO), through its 'One Woman' proposition launched a new initiative called the "Market Women Quick Cash." The new proposition is expected to promote women empowerment and capacity building. The scheme is also designed to bridge the gap between women entrepreneurs and access to funds, thus aiding the process of bringing them into the formal sector, where they can benefit from financial advisory services, capacity building and mentorship. Disclosing this at the launch of the initiative held at the Entrepreneur Research and Development Centre in Kaduna, the bank's Managing Director, Mr. Yemi Adeola said that the proposition is specifically designed to provide access to convenient savings, transaction and quick loan services for women, using both self-service methods and agent banking.

United Bank for Africa

In line with the Central Bank of Nigeria (CBN) guidelines on taking banking to the grassroots, the management of the United Bank for Africa (UBA) organised an interactive savings literacy education for students of Olivet Baptist High school, Oyo, Oyo state. The bank's team, headed by the Executive Director, Lagos and West banks, Ayoku Adeoye Liadi, stated that the aim of the campaign is to encourage savings among the upcoming generation in the country. Students and teachers of the school numbering about 400, were taken through an engaging interactive session by the bank on the advantages of saving within the formal banking sector.

Wema Bank

To boost the economy and achieve a more secured future, Wema Bank Plc has stressed the need for students to embrace the principles of savings and investment. The Regional Manager of the bank, Tolu Adegbite, who took the students of Olomu Community Junior Secondary School, Ajah on a financial literacy programme to mark this year's World Savings Day, explained that introducing students to the rudiments of finance in the early stages of their lives would deepen their financial knowledge and expose them to various saving and planning skills. He encouraged the students to

cultivate the habit of spending less and saving more, adding that without savings, there will be no investment. He added that the absence of financial literacy programmes would lead to shallow knowledge of financial principles by the students.

Nigeria Deposit Insurance Corporation

The Managing Director of Nigeria Deposit Insurance Corporation (NDIC), Alhaji Umar Ibrahim has called on depositors who lost their money in liquidated banks to file their claims through the zonal offices of the corporation or any of the 10 banks which have been appointed for the payments across the nation. Ibrahim, who spoke in Kano through the Director of Assets Management, Alhaji Bashir Umar at the NDIC Special Day, during the ongoing 37th Kano International Trade Fair, named the appointed banks as First Bank of Nigeria, United Bank for Africa, Zenith Bank, Wema Bank, Heritage Bank, Union Bank, Fidelity Bank, Diamond Bank, Skye Bank and Unity Bank.

Scarcity of Foreign Exchange

Some Deposit Money Banks (DMBs) have suspended the use of their Naira-denominated debit & credit cards outside the country, in view of the lingering unavailability of foreign currencies (especially US dollars). In addition, some of the DMBs have suspended the use of the above-stated cards in consummating online transactions which are priced in foreign currencies. This means that customers of these banks will no longer be able to use their debit or credit cards to make online transactions that are denominated in dollars, euros, pounds sterling and other foreign currencies.

Customer Bank Account Information

According to the Industry Statistics released by Nigerian Inter-Bank Settlement System (NIBSS) in December, 2016, the total number of inactive bank accounts in Nigeria stands at 30.73 million despite efforts by banks to retain old customers and attract new ones. The accounts, which were activated by commercial banks for new holders but later became dormant by the customers now constitute 31.90 per cent of the total 96.22 million activated bank accounts in the country. Consequently, only 65.49 million accounts which represent 68.1 per cent of the total activated accounts domiciled in deposit money banks are functional. The report also revealed savings accounts as constituting the largest portion of the total activated bank accounts as it stood at 68.65 million, while current accounts are just 24.97 million.

4.4.1 Non-Interest Banking

Shareholders of Jaiz Bank Plc, Nigeria's first non-interest bank, unanimously voted its shares to be listed and traded on the floor of the Nigerian Stock Exchange (NSE). According to the bank, this will open opportunities for individuals who desire to own shares in the bank. Speaking at the Extraordinary General Meeting of the bank in Abuja, its Chairman, Dr. Umaru Abdul Mutallab, said that with the shareholders' endorsement, the bank's authorised share capital had been sub-divided from 15,000,000,000 ordinary shares of N1 each to 30,000,000,000 ordinary shares of 50 kobo each. Also speaking at the event, the Managing Director/Chief Executive Officer, Jaiz Bank, Mr. Hassan Usman, said that once the bank becomes listed on the NSE, existing shareholders would be free to trade their shares while new investors could also invest by buying the bank's shares.

4.5 Electronic Payments Channels

Figures released by the National Bureau of Statistics (NBS) indicate that Nigerians are increasingly leveraging electronic payment platforms for their daily transactions. Total volume of e-payment transactions grew to 238.80 million, with a worth of N18.20 trillion in Q3 2016 from 202 million transaction volume in Q2 2016, a quarterly increase of 18.20 per cent. Instant Payments (NIP) accounted for the largest share of e-payment transactions in the quarter, with a total amount of N9.59 trillion, followed by Nigeria Electronic Funds Transfer (NEFT) with an amount of N5.50 trillion while payments through cheques and Automated Teller Machines (ATM) transactions were N1.40 trillion and N1.20 trillion respectively. Others are payments through; Mobile (N223 billion), Point of Sales Terminals (N190 billion) and Internet/web payments (N30.70 billion).

4.6 Agricultural Finance

Bank of Industry

In its efforts to ensure food security and exports, the Bank of Industry (BoI) has signed three Memoranda of Understanding (MoUs) worth N10 billion with some development partners. The total package will be given to smallholder farmers on a single digit interest rate of 9.00 per cent. Value addition and processing will also be covered so that the country can have a viable agriculture value chain. To fast track Micro, Small and Medium Enterprises (MSME) lending via cluster product programme, the Division Head, SME, South, Abdul-Ganiyu Mohammed, explained that apart from reviewing appropriate technology to support SMEs, they also need to ensure value addition and areas of comparative advantage. He said in order to collateralise credits, which are far beyond the reach of SMEs, the BoI came up with a clustering model, whereby finance institutions will see SMEs in groups rather than individuals.

The Bank of Industry (BoI) and the Benue State government have launched a N2 billion Micro, Small and Medium Enterprises (MSMEs) development fund to boost the entrepreneurial potentials of citizens in the state. Under the financing model, both parties will contribute N1 billion each for on-lending to mainly businesses that have high employment generating potentials and value addition to local raw materials. Benue State Governor, Dr. Samuel Ortom expressed satisfaction over the initiative and appealed to entrepreneurs in the state to take advantage of the loan facilities. He said that only those who have viable business proposals in the areas where the state currently has a comparative advantage would be given the financing support.

Agricultural Credit Guarantee Scheme

A total of N2,146.20 billion was guaranteed to 17,851 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in the third quarter of 2016. The amount represented an 8.00 per cent increase above the level in the preceding quarter. Sub-sectoral analysis showed that food crops got the largest share of N1,437.40 billion (67.00 per cent) guaranteed to 14,130 beneficiaries, livestock got N297.80 million (14.00 per cent) guaranteed to 1,328 beneficiaries, while fisheries had N131.70 million (7.00 per cent) guaranteed to 491 beneficiaries.

Bank of Agriculture

The Bank of Agriculture (BOA) has disbursed more than N21.50 billion to farmers nationwide in an empowerment initiative involving no fewer than 107,200 households. Mrs. Idiat Folorunsho, the Zonal Manager, South West Region, Bank of Agriculture (BOA), made the disclosure at the Ooni Ogunwusi Agric-empowerment Programme in Ile-Ife. Folorunsho stated that dwindling oil revenues had forced a rethink in strategy in favour of agribusinesses. She noted that BOA had taken necessary steps through deliberate policies and special programmes to galvanise the agriculture sector and engender the development of agribusinesses. The Zonal Manager also stressed that the bank was always ready to produce young farmer entrepreneurs to assist in food production and to make the nation to be self-reliant in all agricultural products. She also said that N40 billion had been set aside as a special purpose vehicle to ensure proper implementation of the programme to farmers nationwide.

4.7 Micro, Small & Medium Enterprises

Bank of Industry

The Acting Managing Director of the Bank of Industry (BoI), Mr. Waheed Olagunju, has disclosed that Small and Medium Scale Enterprises (SMSEs) which were granted loans from the N535 billion intervention fund, have achieved 95 per cent success rates. The intervention fund was provided to the BoI by the Central Bank of Nigeria in 2010, for a period of six years. Olagunju noted that the high success rate was due to the provision of an enabling environment and a strong monitoring mechanism implemented by the bank to help the SMEs run successfully. Speaking before the House of Representatives Adhoc Committee investigating activities of federally-owned Development Finance Institutions (DFIs) yesterday, Olagunju said the success rate was above that of the industry average which he put at 11 per cent.

African Development Bank

The African Development Bank Group and United Bank for Africa Plc have signed a \$150 million loan agreement to finance infrastructure and Small and Medium-scale Enterprise' projects, including women-owned enterprises in Nigeria. The Group Managing Director/Chief Executive Officer, UBA, Mr. Kennedy Uzoka said that "the funds will support development of productive sectors of the economy, particularly the power sector, infrastructure, women-owned enterprises as well as the SMEs. This line of credit comes at an opportune time and will boost efforts at reducing the huge power sector-financing deficit that is limiting energy supply and complement support to Medium and Small-scale Enterprises, while also promoting gender diversification across the value chain."

MTN

As part of its commitment towards enabling Small and Medium Enterprises (SMEs) with the right business tools for sustainable growth, MTN Business has launched its Easy Accounting for SMEs. The Easy Accounting is a bespoke solution that drives smarter operations for SMEs across Nigeria. The Chief Enterprise Business Officer, Enterprise Business at MTN Nigeria, Lynda Saint-Nwafor, said in a statement that Easy Accounting is an online business management and accounting system for small businesses that is specifically designed for people who may not understand or are having challenges with their accounting processes. This is another tailor-made solution that helps SMEs run their

businesses seamlessly under MTN cloud services. It is easy to understand and use; and provides everything an accountant needs to produce financials.

4.8 Housing

In its bid to remove obstacles to the supply of affordable housing units across the country, the Federal Government has commenced the pilot phase of the National Housing Programme (NHP) with the sum of N35 billion. According to the Minister of Power, Works and Housing, Babatunde Fashola, the NHP would bridge the huge housing gap in the country, create thousands of jobs, as well as ensure sustainable and affordable homes for the beneficiaries. Fashola disclosed this at the 3rd United Nations Conference on Housing and Sustainable Urban Development (Habitat III) in Quito, Ecuador. He stated that in order to remove the inhibitions and obstacles to the supply of affordable housing units, and to bridge the huge housing gap, a sustainable National Housing Programme is being developed that will form the bedrock for aggressively reducing the housing deficit in Nigeria.

4.9 Insurance

National Insurance Commission

The National Insurance Commission (NAICOM) has released a blue print guideline for the implementation of the Risk Based Supervision (RBS) model for the insurance industry. The commission released the document to the industry operators at the insurers committee meeting held in Lagos in October 2016. It gave the operators four weeks to review the document, give their recommendations and return same to the Commission for final approval. RBS, an European Insurance market supervisory initiative, according to the World Bank, is a supervisory approach that considers each of the risks that companies face and through a structured process, identifies the risks that are most critical to the financial viability of the institution. Under the model, the supervisory on-site review process looks at the management of the key risk areas of a company and focuses attention on the critical net risk exposures. NAICOM explained that the model, which is expected to place the Nigerian insurance industry on global best practices pedestal, will ride on the van of Solvency 2 supervisory principle in regulating the activities of Nigerian insurance industry operators.

4.10 Pensions

The Director General of the National Pension Commission (PenCom), Mrs. Chinelo Anohu-Amazu, disclosed that the total pension assets under the Contributory Pension Scheme (CPS) has increased to N5.9 trillion as at September 2016 from N5.8 trillion previously announced. Speaking at the opening of a workshop for finance, insurance and labour correspondents and business editors in Calabar, Cross River State, she said that 7.2 million pension contributors had so far been registered under the CPS with 170,000 retirees. Notwithstanding the successes achieved so far, Anohu-Amazu said that the implementation of the Pension Reforms Act (PRA 2004) was bedevilled by inherent challenges which necessitated a review and eventual birth of the Pension Reforms Act (2014) to address previous anomalies such as the increment in monthly pension contributions to 18 per cent from the previous 15 per cent.

5 Telecoms Sector

According to the Nigerian Communications Commission (NCC), in December 2016, the number of active telephone lines totalled 154,529,780 and teledensity reached 110.38 per cent. The table below provides a summary of telephone subscribers in December 2016.

	Number of active lines
Mobile GSM	154,124,602
Mobile CDMA	217,566
Fixed Wired/Wireless	154,513
VoIP	33,099
Total	154,529,780

Source: NCC

According to NCC, as at December 2016, MTN was the market leader in terms of GSM operators with 61,840,641 subscribers (market share of 40 per cent); followed by Globacom with 37,357,843 subscribers (market share of 24 per cent); then Airtel with 34,116,409 subscribers (market share of 22 per cent); and finally Etisalat with 20,809,889 subscribers (market share of 14 per cent).

5.1 Internet Users

The Nigerian Communications Commission stated that the number of internet users through mobile networks in the country in December 2016 was 91.9 million. Of the 91.9 million internet users connecting via mobile networks, 91.9 million were on GSM networks, while 0.03 million were on CDMA networks.

As at December 2016, MTN had 31.8 million internet subscribers; Globacom had 27.0 million internet subscribers; Airtel had 19.4 million internet users; and Etisalat had 13.8 million internet users.

6 Mobile Money

6.1 Africa

6.1.1 Rwanda

MTN Rwanda

MTN Rwanda has recorded over 1 million active Mobile Money users. The customers make over 7 million transactions per month, with a monthly transaction value of Rwf 70 billion (US\$86 million) on the platform. The milestone is attributed to the introduction of innovative products that have improved the value perceptions with customers. Such products include the newly-launched MTN Tap & Pay (a service that allows customers use mobile money to pay for goods and services simply by “tapping” their phones on a merchant point of sale device), the Mobile Money Month, as well as increased mobile ‘phone penetration in the country, contributing to the growth of active customers.

MTN Rwanda's Chief Executive Officer, Bart Hofker, says that Mobile Money demonstrates the demand for easy-to-use, safe and affordable payment options.

6.1.2 Kenya

Commercial banks' lending is experiencing a new dawn in Kenya as mobile 'phones become the main channel through which the financial institutions are advancing money to borrowers. About 90 per cent of loans in the East African nation are currently being disbursed through mobile 'phones, with commercial banks pointing out that soon, 100 per cent of their loans may be offered to customers through the devices, including mortgages. Kenya Commercial Bank (KCB) and Equity Bank, the two biggest banks in Kenya, noted that the bulk of their loans are currently being issued via mobile phones. According to Equity Bank's chief executive, James Mwangi, the institution receives between 20,000 and 50,000 loan applications via mobile 'phones daily, of which up to 41 per cent are approved. The applications, however, rise two-folds over the weekends when branches are closed, hitting 120,000 a day. Analysts noted that with nearly 40 million Kenyans holding mobile money accounts and moving huge volumes of cash, it is not surprising that banks are shifting to mobile 'phones to disburse loans to customers and grow their business.

Airtel Money

Airtel Money, the mobile payment platform for leading telecommunications operator Airtel, has doubled its active agent base in Kenya to 22,000 from 10,000, in a bid to enhance customer reach and satisfaction. The Airtel Money system was also upgraded in September 2016 to enable customers access real time payments processing services across multiple access channels. Using different client interfaces across multiple channels, the new platform maximizes customer satisfaction levels and allows customers send and receive money, pay bills; and purchase goods and services wirelessly, conveniently and reliably.

M-Pesa

Safaricom's mobile money transfer service, M-Pesa, has succeeded in uplifting Kenyans from poverty, according to a new study published in the Science Journal titled, "The Long-Run Poverty and Gender Impacts of Mobile Money." The study notes that M-Pesa "has enabled 194,000 Kenyan homes to earn an income, thus alleviating their poverty." Authored by Tavneet Suri and William Jack, the study states that M-Pesa has jump-started the business careers of more than 185,000 women who are now mobile money agents assisting mobile money subscribers deposit and withdraw money using their 'phones.

6.1.3 Uganda

In 2009, when mobile money services were launched, 3 million transactions were concluded in a year, but by July 2016 there were over 2 million transactions daily. The phenomenal uptake of mobile money services has greatly increased the population's access to financial services, especially for those people who were being ignored by the traditional commercial banks. The number of accounts held in banks had risen to 6 million in 2016, over a period of 54 years (after independence); however, in eight years, mobile money accounts have grown from zero to 21 million. In addition to

its phenomenal growth in number of accounts, the number of transactions on the platform has also grown rapidly. In the 809 million transactions, 37.4 trillion shillings' worth of transactions are done, which is Shs13 trillion shillings higher than the national budget of Shs24 trillion.

MTN Uganda

MTN Uganda, the mobile telecom network provider, in November 2016 reduced mobile money sending charges for tiered amounts between UGX500 and UGX45,000. According to the Chief Executive Officer, Wim Vanhelleputte, affordability is a key factor for accelerating financial inclusion through mobile money and this was the reason for taking the decision to reduce the mobile money rates for sending money in the transaction ranges that the majority of their customers transact. The reduced charges also apply when MTN Mobile Money customers send money to other mobile money registered customers.

6.1.4 Egypt

Central Bank of Egypt (CBE) released the new version of the regulations governing Mobile Payment Services to expand their usage in a session in November 2016. The CBE's Board of Directors has approved a new version of the "Mobile Payments Regulations". This decision coincides with the issuance of the "Customer Due Diligence Procedures for Mobile Payments" by the Egyptian Money Laundering and Terrorist Financing Combating Unit (EMLCU). The new package of regulations and procedures is a positive step towards expansion in the use of mobile payment services, with a view to incorporating more individuals and micro enterprises under the financial services umbrella. The Deputy Governor, Mrs. Lobna Helal, highlighted that the introduction of the new regulations is part of the continuous efforts by the Central Bank of Egypt to develop sustainable financial services, with the ultimate aim of shifting towards a less-cash economy. Mrs. Helal pointed out that mobile payment service is considered the most efficient financial services tool to achieve financial inclusion proficiently, given the noticeably evident wide spread of mobile 'phones nationwide. Highlights of the changes in the regulation are:

- Activation of interoperability among the different payment schemes: Banks licensed by CBE to provide mobile payment services have been given a six-month grace period for availing the interoperability service to their customers
- Limits of withdrawal, deposit and balance related to mobile accounts have been reconsidered under the new regulation
- Transfer of funds between a mobile account and other accounts held within the same bank is possible

6.1.5 Ghana

The Bank of Ghana revealed that the total volume of mobile money transactions for the period January to September 2016 was 368.3 million while the value was GHS51.4 million. There were also 18.7 million registered mobile money subscribers during this period. However, only 8.1 million of them were active i.e. had transacted at least once in 90 days. With regards to agents, the report revealed that there were 123,129 registered agents, however, 95,061 were active.

Ghana Interbank Payment and Settlement Systems (GhIPSS)

About 18 banks in Ghana are now able to offer the Instant Pay (GIP) service to their customers, which is double the number that could do so in August 2016. This implies that more customers can send money from their bank accounts to the account of the recipient instantly. This payment service compares favourably to a cheque or Automated Clearing House (ACH) which may take two days to clear or some hours in the case of express services. The Instant Pay is another payment system introduced by the Ghana Interbank Payment and Settlement Systems (GhIPSS). Set up by the Bank of Ghana, GhIPSS has a mandate to promote electronic payments in Ghana. The Instant Pay is currently the preferred electronic form of payment globally with most of the advanced countries using the payment system for multiple banking services. The CEO of GhIPSS commended the banks for coming on board and said his institution will work closely with them to embark on public education. He, however, encouraged the banks to identify the numerous opportunities inherent in the payment system and exploit them to their benefit and that of their customers.

Access Bank Ghana has upgraded its existing mobile banking application which is designed to make banking more flexible for customers. The solution, which is known as AccessMobile Premium is a robust application which allows users perform key banking transactions such as intra and inter-bank funds transfers, bills payment, airtime top-ups, cheque and ATM card requests and initiating an account opening process among others. Announcing the release of AccessMobile Premium to the market, the Group Head for Personal Banking at Access Bank Ghana, Mr Stephen Abban, said it was becoming increasingly impossible for banks in the industry to serve customers through brick and mortar access points. Besides providing ease, security and real time access to customers' money where ever they are, the Mobile App is also designed with a unique Branch and ATM locator feature, allowing users to find the nearest Access Bank location. In addition, it enables users make deposits into their bank accounts straight from their mobile money wallets in real time.

Ecobank Capital Advisors Limited

Ecobank Capital Advisors Limited, a wholly-owned subsidiary of Ecobank and MTN Mobile Money has introduced the Ecobank TBill4All, designed to boost financial inclusion and investment for everyone. The Ecobank TBill4All is a self-service product that allows Ghanaians invest in 91-day and 182-day Treasury bills using the MTN mobile money platform. It is the first of its kind in Sub-Saharan Africa and is aimed to encourage savings and investments as well as ensure financial inclusion. MTN mobile money wallet holders could access the service via short code *770# and can invest as little as GHS5 in treasury bills as many times as they wish. They are also allowed to discount their investment any time ahead of the maturity date. In a speech read on his behalf, Ecobank Group Executive Director for Consumer Banking, Patrick Akinwuntan said the service was designed to make investment in TBills easier and bring it closer to the public.

6.1.6 South Africa

Standard Bank

South African financial services provider Standard Bank, has acquired a majority share of Firepay, the company behind the quick response code payment app 'SnapScan'. Firepay launched the SnapScan app in partnership with Standard Bank in 2014 and as at today, it has 32,000 physical and online merchants. The app, which is connected to a bank account or mobile wallet, allows users make

payments from their mobile devices by scanning a QR (quick response) code. In addition to SnapScan, the Firepay team's technology platform already enables payments for several clients, including WeChat and Masterpass.

6.2 Nigeria

Interswitch Limited

Interswitch Limited, Africa's leading digital payments and commerce company has successfully completed a 100 per cent acquisition of Value Added Network Solutions Limited (VANSO). VANSO is a market leading mobile and security focused financial technology provider, delivering cutting edge and innovative solutions in Africa. The transaction has received all relevant regulatory and shareholder approvals, including the approval of the Securities and Exchange Commission. The transaction will result in VANSO's highly successful mobile banking, SMS and security business lines being fully integrated into Interswitch's digital commerce and technology operations in Nigeria and across the continent, where they can leverage on Interswitch's geographic expansion.

RedCloud Technologies

RedCloud Technologies, an Enterprise Software provider of leading mobile financial services technology has announced an agreement with Innovectives LLC for the deployment of its Cloud Based solution for 'Agency Banking' in Nigeria alongside its partner TSI Global Technologies. RedCloud is supported by its local partner TSI Global Technologies for integration, deployment and support services. Operating as 'Super Agents' within the financial system, Innovectives will deploy, operate and manage interoperable agency banking and mobile financial payment networks as approved by the Central Bank Of Nigeria (CBN), with selected retail outlets operating as agents under the framework. RedCloud's collaboration with Innovectives will enable Nigerian banks, mobile operators and other financial institutions grow their businesses and improve customer experience in the market by reaching users in remote areas, offering customer registration and giving over-the-counter customer financial transactions (including utility bill payment, airtime top-up and other innovative financial services). The RedCloud One platform will connect to the Nigeria Inter-Bank Settlement System (NIBSS) to access all licensed banks and financial service providers in Nigeria and provide complete interoperability to Innovectives' network of agents.

ChamsMobile

Nigerian Mobile Money Operator, ChamsMobile Ltd, under its brand 'Kegow', has announced the introduction of a Mobile Money account for Nigerians living abroad, an account which will include a linked Visa Virtual Card as a standard feature. The Deputy Managing Director of ChamsMobile, Gavin Young explained that considering the fact that there are an estimated 5–15 million Nigerians in the diaspora and over \$21 billion being remitted to Nigeria annually via money transfers, there is a big need for a product which provides those in the diaspora with a wide range of payment services, in addition to simply remitting money. The Kegow product enables Nigerians in the diaspora to maintain and operate a full financial services' Mobile Money account without having to maintain a formal bank account in Nigeria.

Union Bank

Union Bank has partnered with Ria Money Transfer to offer money transfer pay-out services across Nigeria. The new agreement allows Union Bank customers to receive remittances in local currency at Union Bank's pay out locations which include its branches nationwide. Customers can have access to funds transferred directly to their bank accounts, while non-bank customers can collect remittances in cash through any pay out locations. In addition to providing a secure and economical service, Ria's technology allows customers to receive remittances within minutes.

Visa Inc.

Visa, has entered into partnership with Ecobank, to roll out "mVisa," an innovative mobile payment service in 33 African markets by year-end 2016. This MoU (between Visa and Ecobank) will help Ecobank reach 100 million customers. *mVisa* enables consumers to pay for goods and services for their everyday expenses from groceries to taxi services by simply scanning a QR code on a smart 'phone or entering a merchant identification number into their feature phones, just as it addresses the need for a convenient, low cost acceptance payments service throughout the continent. To successfully enable *mVisa* across Sub-Saharan Africa, the service would be launched in key markets such as Nigeria, Ghana, Kenya and Tanzania. In a statement, the Group Country Manager, Visa in Sub-Saharan Africa, Mr. Andrew Torre, said that the partnership would enable Ecobank offer an interoperable mobile payment service with real benefits to drive digital transformation across the continent.

Stanbic IBTC

Stanbic IBTC has launched a new mobile app as part of its financial service offering and to boost customer service delivery and user experience. The app was officially released into the market in November 2016 and is currently available for download on the Android Play Store and Apple App Store. The Stanbic IBTC Mobile App offers banking, asset management, pension and mobile money services right from the customer's mobile device.

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