EFInA Quarterly Review

(January to March 2016)

1 Global Economy

1.1 Growth

The Managing Director of the International Monetary Fund (IMF), Christine Lagarde, has warned that the organisation would further cut its headline forecasts unless authorities take stronger actions to boost growth. Lagarde said China's shift to an economic model which is based more on domestic demand, stubbornly low commodity prices and tighter funding conditions in some countries had clouded the global outlook. The recovery from the 2007-2009 global financial crisis remains too slow, too fragile and the risks to its durability are increasing. Policymakers therefore need to confront challenges and act together so that the positive effects on global confidence and the global economy will be substantial. Lagarde advised the United States to raise its minimum wage, Europe to improve job training and emerging economies to cut fuel subsidies and boost social spending.

1.2 Employment

The International Labour Organization's (ILO's) *World Employment and Social Outlook – Trends 2016* report states that continuing high rates of unemployment, worldwide and chronic vulnerable employment in many emerging and developing economies are still deeply affecting the world of work. The final figure for unemployment in 2015 is estimated to stand at 197.1 million and in 2016 is forecast to rise by 2.3 million to reach 199.4 million. An additional 1.1 million jobless people will likely be added to the global tally in 2017. Moreover, the employment outlook has now weakened in emerging and developing economies, notably in Brazil, China and oil-producing countries.

"The significant slowdown in emerging economies, coupled with a sharp decline in commodity prices is having a dramatic effect on the world of work," said ILO Director-General Guy Ryder. "Many working women and men now have to accept low paid jobs, both in emerging and developing economies and also increasingly in developed countries. We need to take urgent action to boost the number of decent work opportunities or we risk intensified social tensions ... policy-makers need to focus more on strengthening employment policies and tackling excessive inequalities."

While there has been a decrease in poverty rates, vulnerable employment still accounts for over 46 per cent of total employment globally, affecting nearly 1.5 billion people. Vulnerable employment is particularly high in emerging and developing economies, hitting between half and three-quarters of the employed population in those groups of countries, respectively, with peaks in Southern Asia (74 per cent) and sub-Saharan Africa (70 per cent).

Amid the global youth employment crisis characterised by unprecedented levels of unemployment, poor quality and low paying jobs, the UN system launched the Global Initiative on Decent Jobs for Youth. The initiative is a partnership with governments, the UN system, businesses, academic institutions, youth organisations and other groups to create new opportunities for quality employment in the global economy and assist young people in developing the skills needed to compete in today's job market.

In consultation with governments, the initiative will coordinate employment and economic policies for job growth, social inclusion and labour rights to ensure that young people receive equal treatment. The initiative will focus on "green jobs" for youth, quality apprenticeships, digital skills and the building of "tech-hubs", supporting young people in the rural economy, facilitating transition from the informal to the formal economy and promoting youth entrepreneurship.

1.3 Financial Inclusion

While significant progress has been made in terms of facilitating greater access to and usage of financial services among underserved populations, barriers to financial inclusion remain. The global dialogue surrounding the financial inclusion gender gap has intensified as key stakeholders including financial service providers, regulatory bodies, policymakers, civil society entities, and consumers explore how best to engage prospective women customers in ways that meet the needs of both consumers and providers situated within different market contexts.

A roundtable discussion which was held by the Brookings Financial and Digital Inclusion Project (FDIP) team in March 2016 highlighted several pathways for promoting women's financial inclusion:

- Generate data to better serve customers and attract providers: While the gender gap is delineated in terms of men and women, women (like all customer segments) are not monolithic
- Promote inward and outward-facing stakeholder collaboration: Financial service providers and non-government entities should find champions of women's economic empowerment within their organisations to build strategies for reaching women customers
- Engage in client-centric design: Providers should deploy relevant data to evaluate customers' needs and reflect those needs in product design, provision, and promotion
- Invest in financial education and financial capability among women and girls
- Enable risk-based "know your customer" (KYC) processes such as the tiered KYC approach to reduce access barriers to formal financial accounts while mitigating risks
- Leverage digital financial tools to facilitate greater access to and usage of formal financial services
- Formalise informal financial entities as appropriate

2 African Economies

2.1 Growth

According to the World Bank, economic activity in Sub-Saharan Africa slowed in 2015, with GDP growth averaging 3.0 per cent, down from 4.5 per cent in 2014. This means that the pace of expansion decelerated to lows last seen in 2009. The 2016 growth forecast remains subdued at 3.3 per cent, far below the robust 6.8 per cent growth in GDP that the region sustained in the 2003-2008 period. Overall, growth is projected to pick up in 2017-2018 to 4.5 per cent.

The plunge in commodity prices – particularly oil, which fell 67 per cent from June 2014 to December 2015 – and weak global growth, especially in emerging market economies, are behind the region's lackluster performance. In several instances, the adverse impact of lower commodity prices was compounded by domestic conditions such as electricity shortages, policy uncertainty, drought, and security threats, which stymied growth.

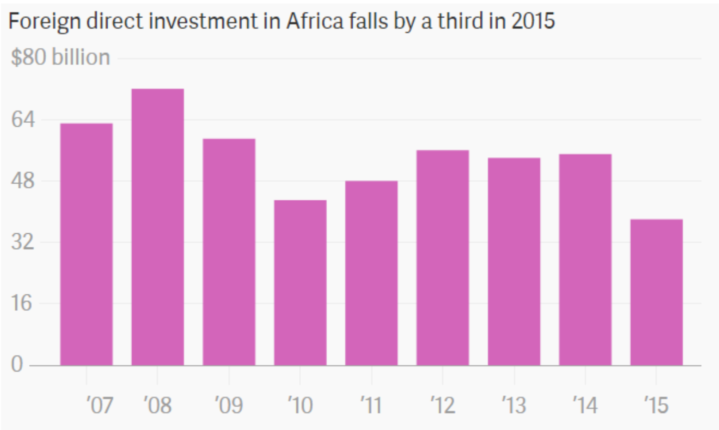
The external environment confronting the region is expected to remain difficult. In a number of countries, policy buffers are weaker, constraining these countries' policy response. Delays in implementing adjustments to the drop in revenues from commodity exports and worsening drought conditions present risks to Africa's growth prospects.

Several countries are expected to see moderate growth. Among frontier markets, growth is expected to edge up in Ghana, driven by improving investor sentiment, the launch of new oilfields, and the easing of the electricity crisis. In Kenya, growth is expected to remain robust, supported by private consumption and public infrastructure investment. The projected pickup in activity in 2017-2018 reflects a gradual improvement in the region's largest economies – Angola, Nigeria, and South Africa – as commodity prices stabilise and growth-enhancing reforms are implemented.

As Africa undergoes rapid urban growth, there is a window of opportunity to harness the potential of cities as engines of economic growth. The growth of cities, when well managed, can spur economic growth and productivity. However, African cities are currently not delivering agglomeration economies or reaping urban productivity benefits. Instead they suffer from high housing and transport costs, in addition to the high cost of food which takes up a large share of urban household budgets. To build cities that work—cities that are livable, connected, and affordable, and therefore economically dense—policy makers will need to direct attention toward the deeper structural problems that misallocate land, fragment development, and limit productivity.

2.2 Foreign Direct Investment

Recent data from the United Nations Conference on Trade and Development (UNCTAD) reveals that global headwinds slowing down Africa's economic growth are not going away as the continent saw foreign direct investment (FDI) fall by a third to $38 billion in 2015. This decline is against the overall trend, where global flows of FDI rose by 36 per cent, with developed economies such as the United States and the European Union showing sharp increases.



Source: UNCTAD Global investment Trends Monitor

The global decline in the demand for commodities has hit Africa hard, as it was a significant source of FDI inflows for several African countries. For example, in Nigeria, FDI dropped to $3.4 billion, a decline of 27 per cent from the year before, driven by the steep decline in oil prices. This has given international investors pause, shelving expansion plans at a time of weak prices.

However, although FDI decreased in 2015, cross-border mergers and acquisitions were up significantly, from $5 billion in 2014 to $20 billion in 2015. In addition, interest in growth areas for the continent's economies, such as telecommunications, consumer goods and financial services, is rising. Private equity investment grew by 51 per cent last year, with companies looking to tap into these growing areas.

2.3 Interest Rates

South Africa

The South African Reserve Bank has increased interest rates by 50 basis points to 6.75 per cent and increased the prime rate to 10.25 per cent, to address deterioration in the inflation outlook. The Governor of the South African Reserve Bank, Lesetja Kganyago, noted that consumer food price inflation pressures would likely increase in the light of South Africa's persistent drought and weaker exchange rate.

2.4 Micro, Small and Medium Scale Enterprises

African Development Bank

The African Development Bank (AfDB) has approved a $12.5 million equity investment in Alitheia Identity Fund (AIF) to invest in Small and Medium Enterprises being driven by women. AIF is a private equity fund managed by Alitheia Identity Managers, a joint venture between two established women-owned fund management companies, Alitheia Capital Limited of Nigeria and Identity Development Fund Managers of South Africa. AfDB said that AIF intends to raise $100 million in two closings to make equity investments in high-growth established SMEs, with emphasis on women-led SMEs in 10 African countries: Malawi, Lesotho, Swaziland, Botswana, Namibia, South Africa, Zambia, Zimbabwe, Ghana and Nigeria.

The Financial Sector Development Department Director of the AfDB, Stefan Nalletamby, said that, "through the investments made over the life of this fund, it is expected that over 12,000 jobs will be created and over 50 per cent of the jobs created will be permanent. Furthermore, more than 50 per cent of the jobs created will be occupied by women and this investment will provide scarce medium to long-term capital to at least 30 indigenous SMEs."

2.5 Non-Interest Finance

Côte d'Ivoire

The Republic of Côte d'Ivoire, acting through the Ministry of Economy and Finance has closed an inaugural CFA 150 Billion (USD 244 million) Sukuk al-Ijara ("Sukuk"). The Islamic Corporation for the Development of the Private Sector (ICD), an arm of the Jeddah-based Islamic Development Bank, acted as the Lead Arranger. The Sukuk, with a five year maturity, was subscribed by regional and international institutional investors. Retail investors from the eight-member West African Economic and Monetary Union (WAEMU) also subscribed.

2.6 Agricultural Insurance

Kenya

The Government of Kenya has launched the Kenya National Agricultural Insurance Program, which is designed to address the challenges that agricultural producers face when there are large production shocks, such as droughts and floods. The programme, which is designed as a partnership between the government and the private sector, was developed with assistance from the World Bank Group and builds on the experience of similar programs in Mexico, India, and China. As the large majority of the poor in Kenya are farmers, this programme aims to impact Kenya's economic development by improving farmers' financial resilience to shocks and enabling them to adopt improved production processes to help break the poverty cycle of low investment and low returns.

2.7 Mobile Phone Subscriptions

The profile of mobile phone subscriptions in Africa, especially the Sub-Saharan African (SSA) region, has increased tremendously. Mobile phone subscriptions are now almost eight times higher in Africa than in 2000, reaching about 700 million. Nigeria maintains the largest telecommunications market on the continent and has increased its mobile subscription base to over 150 million from just 400,000 lines in 2000. According to the International Telecommunication Union (ITU), there are 10 times as many mobile phones as landlines in SSA, with 60 per cent of the population now having mobile phone coverage. The ITU noted that mobile telephony has brought new possibilities to the continent, as across urban-rural and rich-poor divides, mobile phones connect individuals to individuals, information, markets, and services.

3 Nigerian Economy

3.1 GDP

In the Fourth Quarter of 2015, Nigeria's Gross Domestic Product (GDP) grew by 2.11 per cent (year-on-year) in real terms. This was lower by 0.73 percentage points than growth recorded in the preceding quarter and also lower by 3.83 percentage points than growth recorded in the corresponding quarter of 2014. During the Fourth Quarter of 2015, aggregate GDP stood at N25,930,469 million (in nominal terms) at basic prices. Compared to the Fourth Quarter 2014 value of N24,205,863 million, nominal GDP was 7.12 per cent higher.

Real growth of the oil sector slowed by 8.28 per cent (year-on-year) in the Fourth Quarter of 2015, and as a share of the economy, the oil sector contributed 8.06 per cent of total real GDP. The non-oil sector grew by 3.14 per cent in real terms in the Fourth Quarter of 2015, driven by the categories of Trade, Crop Production, and Information and Communication, Other Services and Real Estate.

A report by PricewaterhouseCoopers (PwC) projected that Nigeria's gross domestic product (GDP) will rise to $6.4 trillion by 2050, moving the country to the ninth position on the world ranking, surpassing Germany, the United Kingdom, France, and Saudi Arabia. The report also noted that Nigeria's intrinsic potential lies beyond oil, adding that harnessing this potential has become an imperative given the expectations of lower oil prices and heightened competition in the oil market. In addition, forward linkages to agro-processing and other services, such as logistics, as well as backward integration to input supply sectors, could improve farm incomes, increase employment and improve domestic food security. Nigeria's global agriculture exports could take off at a rate similar to Brazil's, with $59 billion in export revenues by 2030.

Andrew S. Nevin, PwC Nigeria's Chief Economist and co-author of the report, noted that, "According to our long term projections, Nigeria could sustain average growth of around 5-6 per cent per annum in the long run, following projected growth of around 6-7 per cent in the rest of this decade, assuming broadly growth-friendly policies are pursued. While foreign investment has in absolute terms long been focused on the oil sector, portfolios are becoming increasingly diversified, moving towards the power, agriculture and mining areas of the economy that have demonstrated a comparative advantage in emerging markets vis-à-vis the West. Nigeria's potential advantages for future growth include a large consumer market, a strategic geographic location, and a young and highly entrepreneurial population."

3.2 Inflation

The National Bureau of Statistics reported that the Consumer Price Index (CPI), which measures inflation, recorded a significant increase in February 2016. The index increased by 11.4 per cent, roughly 1.76 percentage points higher from rates recorded in January (9.6 per cent). Price increases were recorded across almost all major divisions which contribute to the overall Consumer Price Index. The Food sub-index increased by 11.3 per cent, up by 0.71 percentage points from rates recorded in January, driven by imported food items as well as other necessary inputs to producing key local staples such as bread.

3.3 Interest Rates

The Central Bank of Nigeria has kept the benchmark interest rate at 11 per cent, after the Bank's Monetary Policy Committee voted unanimously to keep the rate unchanged in January 2016. The Bank also held the Cash Reserve Ratio for commercial banks steady at 20 per cent.

3.4 Debt

As of December 31, 2015, Nigeria's external debt balance stood at $10.72 billion. The World Bank holds 58.7 per cent of the nation's total external debt profile, with a loan commitment to Nigeria that has risen to $6.29 billion as of December 31, 2015, up from $3.94 billion at the end of December 2011.

Other multilateral agencies that contributed to the country's growing external debt profile include the African Development Fund, $672 million; African Development Bank, $400 million; the International Bank for Agricultural Development, $96 million; the Environmental Defence Fund (EDF), $72 million; Islamic Development Bank, $20 million; and Arab Bank for Economic Development in Africa, $5 million. Altogether, multilateral development agencies account for $7.56 billion or 70.5 per cent of the country's external debt commitment. Bilateral commitments account for 15.5 per cent of the nation's external debts. These include $1.44 billion from the EXIM Bank of China; $158 million from the Agence Francaise de Developpement; $44 million from the Japan International Cooperation Agency; and $11 million from Germany's KfW Development Bank.

3.5 Employment

In Q4 2015, the number of unemployed Nigerians in the labour force increased by 518,102 persons, resulting in an increase in the national unemployment rate to 10.4 per cent in Q4 2015, up from 9.9 per cent in Q3 2015 and from 8.2 per cent in Q2 2015. The number of underemployed in the labour force (those working but doing jobs not commensurate with their qualifications or not engaged in full time work) increased by 1.21 million, resulting in an increase in the underemployment rate to 18.7 per cent (14.42 million persons) in Q4 2015, up from 17.4 per cent (13.2 million persons) in Q3 2015 and 18.3 per cent (13.5 million persons) in Q2 2015.

In total, 22.45 million persons in the Nigerian labour force in Q4 2015 were either unemployed or underemployed, compared to 20.7 million in Q3 2015 and 19.6 million in Q2 2015. Both unemployment and underemployment continue to be highest for youth and women. Underemployment continues to be predominant in rural areas.

The National Bureau of Statistics reported that Nigerian labour productivity increased from N639.34 per hour in 2014 to N718.14 per hour in 2015. Labour productivity increased by 12 per cent between 2014 and 2015, and by 53 per cent over the past five years. Although labour productivity was higher in 2015, productivity dropped in Q4 2015 compared to earlier quarters of the year, to N706.95 per hour. This may be due to factors including petrol scarcity, low investment and government spending, and the decline in power generation during the quarter.

3.6 Ease of Paying Taxes

Nigeria ranks 181st out of 189 economies on the ease of paying taxes, according to a World Bank and PwC joint survey. The Total Tax Rate for the model company in Nigeria in 2014 was 33.3 per cent, up by 0.9 percentage points from 32.4 per cent one year prior. The model company made 59 tax payments per year and took 908 hours to comply with its tax requirements. Compared to other countries in Africa, Nigeria's Total Tax Rate is lower than average, but Nigeria had the second highest number of payments and the most time to comply with tax requirements out of all African countries.

Worldwide, the average company took 261 hours to comply with its taxes, made 25.6 payments and had an average Total Tax Rate of 40.8%. Tax compliance worldwide requires fewer payments and less time than five years ago, with electronic tax filing and payments being the most common tax reforms undertaken by countries worldwide during the past year.

3.7 Foreign Direct Investment

The total capital imported into Nigeria in 2015 was $9,643.0 million, a decrease of 53.5 per cent from 2014, when the total was $20,750.8 million. The level of Capital imported between 2012 and 2014 was markedly higher than in preceding years, which may have been a result of external factors, such as the inclusion of Nigeria in the JPMorgan Emerging Markets Bond index, and globally low interest rates triggering a search for higher yields from investors over that period. The drop in 2015 may be partly a result of these factors unwinding, as well as the tougher economic environment in Nigeria resulting from the effect the lower oil price has had on export earnings, as well as increased interest rates in the US.

The UK and U.S. remained the first and second largest providers of Capital investment for Nigeria, as they have been for every year since 2007. This may be a result of the large financial centres present in London and New York, as a majority of capital is imported in the form of shares and other financial instruments.

3.8 Foreign Reserves

As of March 31, 2016, Nigeria's external reserves were $27.8 billion, down from $29.1 billion at December 31, 2015 and $29.8 billion one year prior, on March 31, 2015.

4 Financial Sector

4.1 Capital Markets

The Nigerian Stock Exchange (NSE) All-Share Index dropped by 3,336.03 points or 11.7 per cent in Q1 2016 to close at 25,306.22 as against an opening value of 28,642.25 at the beginning of the year. The market capitalisation decreased by N1.15 trillion or 11.7 per cent to close the quarter at N8.70 trillion from N9.85 trillion at which it opened for the year.

The Securities and Exchange Commission (SEC) disclosed on January 11, 2016 that the total value of unclaimed dividends in quoted companies stood at an excess of N80 billion as at September 30, 2015. Speaking in Abuja, the Head Marketing Development, SEC, Mr. Henry Adekunle Rowland said that investors were encouraged to provide the necessary information by filling a form at the bank or registrar in order to be able to claim their dividends electronically.

4.2 Financial Inclusion

Central Bank of Nigeria

Financial Literacy

The Central Bank of Nigeria (CBN) has promised to extend its financial literacy initiative to rural communities so as to create more awareness about savings and entrepreneurship skills among Nigerian youth and children. The apex bank at this year's Global Money Week also had out-of-school children participate at the financial literacy fair. The CBN's Deputy Governor, Economic Policy noted the reach and impact the initiative was having on Nigerian school children, promising that the CBN would continue to reach out to more school and out-of-school children on the importance of financial literacy.

4.3 Banking Industry

4.3.1 Central Bank of Nigeria

Bank Verification Number (BVN)

The Central Bank of Nigeria has said it will make Bank Verification Numbers available to the credit bureaus to enhance the quality of their data base and increase the rate of successful searches. A robust credit reporting system facilitates access to credit finance, unlocking the power of credit for enterprise development and individual prosperity. It also acts as a social mechanism that promotes responsible behaviour in the credit/financial markets. The CBN is upgrading its Credit Risk Management System to receive facilities irrespective of the amount and will in future link it to the private credit bureaus.

As of February, 2016, a total of 31.1 million customers have been enrolled in the Bank Verification Number scheme.

Stamp Duty

The Federal Government, through the Central Bank of Nigeria (CBN), imposed a stamp duty charge of N50 on bank customers for money received into their accounts. As of January 2016, bank customers are required to pay N50 stamp duty for money received into their accounts via electronic transfer, cash and cheques valued at N1000 and above. The CBN stated, “As part of efforts to boost its revenue base, the Federal Government of Nigeria is exploring revenue opportunities in the non-oil sectors, especially taxes and rates. It is in recognition of this fact that banks and other financial institutions are enjoined to support the government’s revenue drive through compliance with the provisions of the Stamp Duties Act, LFN 2004.”

Current Account Maintenance Fee

In January 2016, the Central Bank of Nigeria introduced a Negotiable Current Account Maintenance (CAM) Fee. In 2013, the CBN had commenced the phased reduction of the Commission on Turnover (COT) fees, which terminated with zero charge at the start of 2016. However, in a January 2016 CBN circular to all banks, the CBN has permitted banks to charge a Negotiable Current Account Maintenance Fee of up to N1 per N1000, which may be charged in respect of all customer induced debit transactions.

Treasury Bills

The Central Bank of Nigeria is planning to borrow N1.07 trillion via treasury bills issued in Q2 2016. The CBN said it would auction N303 billion worth of 91-day bills, N170 billion worth of 182-day bills and N600 billion of one-year bills between March 17 and June 2. The Federal Government, through the CBN, had raised N1.22 trillion from treasury bills in Q1 2016.

Credit Bureaus

CBN Deputy Director, Banking Supervision, Mr. Steven Nwadiuko stated that credit bureau operators in Nigeria have continued to record a steady increase in the number of registered borrowers, with a total of 29,285,471 customers captured as at October 2015. By comparison, only 78,189 borrowers were registered with credit bureaus as of December 2010.

4.3.2 Non-Interest Finance

Securities and Exchange Commission

The Securities and Exchange Commission (SEC) has initiated moves to position Nigeria for a significant role in the emerging global market for non-interest or Islamic finance, which is valued at over $2 trillion. Director General of the SEC, Mounir Gwarzo, said, “In Nigeria, the SEC has implemented a number of reforms aimed at deepening the non-interest capital market. The global Sukuk market continues to witness remarkable growth since after the 2008 global financial crisis. Annual issuances have grown from $15 billion in 2008 to almost $120 billion in 2014.” SEC has issued a regulatory framework on Islamic Fund Management and on Sukuk issuance. The legal frameworks have encouraged Islamic product innovation with the registration of five ethical/shariah compliant funds and the issuance of Nigeria’s first ever sub-national Ijara Sukuk by the Osun State government in 2013, which was oversubscribed. “The SEC is also considering modalities for setting up a Sharia Advisory Council as a body of experts to advise the market on non-interest products and their applications,” Gwarzo said.

4.3.3 E-Payments

The Director of the CBN's Banking and Payments System Department, Dipo Fatokun, said that there were 162.6 million transactions across all payment channels worth N48.9 trillion processed in 2015. This represented a 43.4 per cent and 11.6 per cent increase in volume and value respectively over 2014 transactions, with 113.4 million transactions across all payment channels worth N43.9 trillion recorded in 2014. Mr. Fatokun noted that the implementation of the Bank Verification Number (BVN), Treasury Single Account (TSA), the E-Dividend Project with the Securities and Exchange Commission (SEC) and other fraud mitigation strategies had reinforced security in the operations of agent banking and electronic payment channels.

As of February 2016, 140,064 Point of Sales Terminals (POS) were registered in the country, of which 117,319 were deployed. In February 2016, 3.8 million transactions were processed via PoS, for a total value of N46.1 billion, up from 2.4 million transactions worth N31.0 billion a year prior, in February 2015.

4.4 Agricultural Finance

Bank of Agriculture

The Kogi State government has partnered with the Bank of Agriculture (BOA) on the provision of a N750 million credit facility to smallholder farmers across 21 local government areas of the state as part of efforts to boost agriculture and agribusiness. According to the Governor of Kogi State, the credit facilities that would be disbursed to farmers under FADAMA III programme, which involves the World Bank, Federal Government of Nigeria and the Kogi State Government, would be given to smallholder farmers at a single-digit interest rate.

The Bank of Agriculture has disbursed loans worth over N9.6 billion to women and youth over the past 16 years. Auta Bulus Jamaka, Assistant General Manager at BOA disclosed that about 68,000 women and youth enterprises have so far benefited from the loans. Jamaka also disclosed that about N291 million was disbursed to 3,300 women in 13 states, through their Ministries of Women Affairs. Each woman was given the sum of N250,000 in micro loans to help her establish or expand her agricultural undertakings.

African Development Bank

The African Development Bank (AfDB) and the Federal Government of Nigeria are planning long-term solutions to youth employment in the agricultural sector through the Enable Youth Empowerment Agribusiness Programme. AfDB's Director of Agriculture and Agroindustry, Chiji Ojukwu said the three year project would enable training and funding of young graduates across the country who are interested in farming. A total of $300 million would be accessed to bring young graduates together and train them for 18 months as entrepreneur farmers.

4.5 Pensions

Lagos State has budgeted N6.5 billion for the payment of pensions to its retirees in the old and new pension schemes. Lagos State launched a biometric verification programme known as "I'm Alive" for pensioners under the old "Pay As You Go" scheme, which uses the biodata and fingerprints of pensioners under the old pension scheme in order to ascertain those who are alive and entitled to payments under that scheme. According to the state's Commissioner for Establishments, Training and Pensions, Dr. Akintola Oke, the verification has contributed to effective pension administration in the state and removed the issue of double representation and impersonation of pensioners on the payroll.

4.6 Micro, Small and Medium Scale Enterprises

Youth Entrepreneurship Support Programme

The Federal Government on March 17, 2016 launched a N10 billion Youth Entrepreneurship Support programme aimed at raising a new set of entrepreneurs in the country. The YES programme, which is an initiative of the Bank of Industry, is targeted at reducing the level of youth unemployment in the country. The fund will be deployed to support the establishment or expansion of about 1,200 enterprises promoted by youth across the country. The YES programme is also aimed at developing the entrepreneurial capacity of youths within the age bracket of 18 to 35, with a view to funding their business plans. Under the scheme, each beneficiary is eligible to access a loan up to a maximum of N5 million for the procurement of machinery and equipment as well as for working capital of the enterprise. The loan is expected to be given out at a single-digit interest rate of 9 per cent, with tenor of three to five years, and a moratorium of six months. The scheme is expected to create a minimum of 6,000 direct jobs and 30,000 indirect jobs annually.

Social Protection Programme

Over two million small business owners will obtain micro credit from the Federal Government's N500 billion Social Protection Programme for 2016, according to Okechukwu Enalamah, Minister of Industry, Trade and Investment. Traders, farmers and artisans will mostly benefit from this scheme, through a fund that will be managed by the Bank of Industry.

Youth Innovative Entrepreneurship Development Programme

In March 2016, the Governor of the Central Bank of Nigeria, Mr. Godwin Emefiele, launched the Youth Innovative Entrepreneurship Development Programme (YIED-P), an initiative designed to unlock the ingenuity and resourcefulness of youths to drive the economy. Under the new pilot scheme, about 1,000 youths will be targeted and one million direct jobs in productive activities will be created within the next four years with a special credit line of up to N3 million made available for each eligible youth. Mr. Emefiele said the scheme was open to youth who were either serving in the National Youth Service Corps (NYSC) or those with not more than five years post-NYSC service. "Recipients who utilise the funds properly could be encouraged to migrate to the other CBN interventions where they could be given more funds to grow their businesses," he added. He said collateral requirements would be made "very simple" to include academic and NYSC certificates, third party guarantees and movable assets in order to expedite the programme.

4.7 Micro Insurance

The National Insurance Commission (NAICOM) has said it will release the new minimum capital base for the four different operational levels of micro insurance businesses across the country in the second quarter of 2016. The Commissioner for Insurance, Alhaji Mohammed Kari, who disclosed this, said this was in line with the recommendations of the micro insurance review committee set up by the government. The four different levels of operations will include operators licensed for unit operation, state operation, regional operation and national operation. As regards Takaful insurance, a micro insurance product that is in line with Islamic Sharia principles, the Commissioner said a similar structure will apply.

5 Telecoms Sector

According to the Nigerian Communications Commission (NCC), in February 2016, the number of active phone lines was 148,620,359. Teledensity reached 106.16 per cent. The table below provides a summary of telephone subscribers in February 2016.

	Number of connected lines	Number of active lines
Mobile GSM	**210,202,453**	**149,288,370**
Mobile CDMA	**3,677,676**	**2,147,323**
Fixed Wired/Wireless	**353,923**	**184,666**
Total	**214,234,052**	**148,620,359**

Source: NCC

5.1 Internet Users

The Nigerian Communications Commission stated that the number of Internet users through mobile networks in the country in February 2016 was 93.7 million. Of the 93.7 million internet users connecting via mobile networks, 93.6 million were on GSM networks, while 0.1 million were on CDMA networks.

6 Mobile Money

6.1 Global

Amdocs recently released the results of a new survey examining consumer attitudes toward different ways of transferring money internationally. The survey found that a large majority of respondents (82 per cent) using services currently offered by existing players such as money transfer operators (MTOs) and banks are dissatisfied and that 83 per cent of respondents in developed countries such as the United States, United Kingdom, and Germany are willing to send money internationally using mobile money, provided they are offered a service that is secure, convenient, fast, and competitively priced.

The survey questioned nearly 3,000 international money transfer service users from migrant communities in the US, UK, and Germany. The study focused on the users of seven main remittance corridors: US-Mexico, US-Rest of Central and Latin America, US-Philippines, US-India, US-Vietnam, UK-Nigeria and Germany-Turkey. These corridors account for $78.6 billion in remittances annually.

Key findings include:

- More than 60 per cent of all respondents use MTOs for sending money; of those, 82 per cent say they had one or more issues with their MTO, including cost and speed of transfer.

- Almost half (47 per cent) of all respondents cite speed of money transfer as a major challenge with their current provider, including 48 per cent of those who send via MTOs, 49 per cent of those who use bank transfers and 46 per cent who use the internet.
- More than 83 per cent of respondents show a strong willingness to use their mobile phone as a means of sending money internationally.
- 41 per cent of those respondents willing to use a mobile international remittance service say that they would be prepared to pay up to $4 per transaction, with a further 21 per cent prepared to pay up to $5.
- More than a third of all respondents say the cost of money transfer and security are the primary factors determining their choice of money transfer provider.

The findings of the survey demonstrate a clear opportunity for international mobile money services to disrupt the money transfer landscape and provide much needed competition within this arena.

6.2 Africa

6.2.1 Zimbabwe

Cross network transfers were implemented in Zimbabwe in the fourth quarter of 2015, meaning that mobile money subscribers are now able to send money across each of the three networks (Econet Wireless Zimbabwe, NetOne and Telecel Zimbabwe). The Postal and Telecommunications Regulatory Authority of Zimbabwe (Potraz) reported that a total of $2.3 million was transferred across the three mobile networks in Q4 2015, representing 0.4% of total transactions.

The total value of transactions on mobile money platforms in Zimbabwe was $533 million, up from $458 million in the previous quarter, a 16.3% increase. The number of mobile money subscribers increased by 9.9% in the fourth quarter to reach 7.3 million subscriptions from 6.7 million subscribers recorded in Q3 2015. The number of agents increased by 11.7% to 33,259 in Q4 2015, up from 29,775 agents recorded in the previous quarter.

6.2.2 Tanzania

Interoperability Scheme

Vodacom has joined Tigo, Airtel and Zantel in an interoperability scheme for mobile money in Tanzania. In 2014, Tigo, Airtel and Zantel agreed to enable their customers to send and receive money across their networks. After announcing it would join last year, Vodacom has now implemented the scheme, making Tanzania Africa's first country with full interoperability for person-to-person money transfers. There are more than 16 million mobile financial services users in Tanzania.

6.2.3 Kenya

Although mobile money has made lives easier for people in Africa, risk of fraud poses a challenge as the service expands. Kenya's mobile money subscribers stood at 29 million in the period ending September last year, with the users moving $23 billion during the period. As mobile money usage has increased, con artists have taken advantage of mobile money users through schemes such as posing as customer care agents who ask for customer IDs and passwords. Although Kenya ordered all SIM cards registered a few years ago in bid to tame fraud, fraud has persisted. The

Communication Authority of Kenya said it is working on new rules that will cap individual subscribers to owning a maximum of 10 active SIM cards, in an attempt to curb mobile phone crimes.

6.2.4 Ghana

Bitcoin mining has entered the African Continent; the very first Bitcoin mining facility in the region is now in Ghana. Africa has always been a centre of attraction for both Bitcoin and financial and technology based businesses. Banking the unbanked is one of the taglines for the digital currency, and the phenomenal success of M-Pesa in Kenya has given rise to high expectations among the bitcoin community. The Bitcoin mining farm in Ghana was set up by Ghana Dot Com, which produced its first bitcoin in February.

6.3 Nigeria

Nigeria Deposit Insurance Corporation

The Nigeria Deposit Insurance Corporation (NDIC) has released deposit insurance guidelines for mobile payments systems. Mobile payment refers to the use of mobile telephone technology for payment and financial transactions. Under the "Pass-Through Deposit Insurance Scheme" the Corporation insures funds that are deposited by a mobile money operator (MMO) in the deposit money banks (DMBs). The MMO acts as a custodian on behalf of the one or more subscribers who are actual owners of the funds as if those actual owners have deposits in the deposit money banks (DMBs).

Based on the NDIC Pass-Through Insurance Scheme, subscribers of MMOs shall be insured up to the maximum coverage level of N500,000 per subscriber per Deposit Money Bank, or the applicable coverage level for depositors in line with the NDIC Act. Subscribers' funds in pool accounts and other deposits in the same institution under the same capacity shall be aggregated and insured up to the maximum coverage limit.

Independent Corrupt Practices and Other Related Offences Commission

The Independent Corrupt Practices and Other Related Offences Commission (ICPC) has written banks in Nigeria to introduce security measures to prevent fraud committed through cash transfers via mobile banking applications. Banks have been directed to introduce safety measures to protect customers who make cash transactions with their mobile devices.