CIBN

The Nigerian
Banker

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PROF. PIUS DEJI OLANREWAJU, Ph.D, FCIB

Becomes the

23RD PRESIDENT/CHAIRMAN OF COUNCIL,

of

The Chartered Institute of Bankers of Nigeria

THE BANKERS CREED

Hugh McCulloch's Advice to Bankers of 1863

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

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

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

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

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

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

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

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

THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA

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THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA

Vision Statement

To be a global reference point for skills and conduct in the banking and finance industry

Core Values

Integrity

Professionalism

Innovation

Ethics

Strategic Objectives

1. Lead Advocacy, National Discourse and Collaboration on the Future of banking and finance.
2. Revitalize the CIBN Brand and Overall Market Perception
3. Extend Global Positioning & Activities
4. Upgrade & Expand certification and learning activities
5. Reactivate Old Members and attract new members
6. Enhance operational efficiency and organizational synergy

CIBN Anthem

VERSE 1

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

VERSE 2

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

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Background

The Chartered Institute of Bankers of Nigeria started in 1963 as the Lagos Local Centre, Institute of Bankers, London. It was incorporated in 1976 as the Nigerian Institute of Bankers, a Company Limited by Guarantee.

The Institute attained Chartered status and became The Chartered Institute of Bankers of Nigeria through Act 12 of 1990 which was repealed and re-enacted as CIBN Act No 5 of 2007.

Mandates

The Institute's major responsibilities are to:

- Determine the standards of knowledge and skills to be attained by persons seeking to become members of the banking profession.
- Secure in accordance with the provision of the Act, the establishment and maintenance of a register of members of the banking profession in the categories of ordinary members, student members, graduate members, honorary senior members, honorary fellows and fellows of the Institute and a register of corporate members.
- Conduct professional examinations leading to the awards of certificates as may be prescribed by the Institute; and
- Ensure the furtherance, maintenance and observance of ethical standards and professionalism among practitioners of the banking profession in Nigeria.

Membership

The Institute has two broad categories of membership, i.e. Corporate and Individual members.

Corporate Members

- The Central Bank of Nigeria (CBN)
- The Nigeria Deposit Insurance Corporation (NDIC)
- All Deposit Money Banks (Commercial & Merchant)
- Development Banks
- Microfinance Banks
- Mortgage Banks
- Mobile Money Banks
- Payment Service Banks

Individual Members

The Institute has a total individual membership of 173,655 as at April 1, 2024 in the following categories:

- Fellows, Honorary Fellows, Associates, Honorary Senior Members, Microfinance Certified Members
- Student Members
- Ordinary Member.

Examinations

The Institute conducts examinations leading to award of the flagship qualification as Chartered Banker. It also conducts examinations for the award of Microfinance Certified Banker (MCIB) and several other certification programmes in Specialised areas of Banking either severally or jointly in Collaboration with leading Local and International Professional Bodies, Associations and notable Institutions such as Chartered Institute of Management Accountants (CIMA), Chartered Risk Management of Nigeria (CRMI), Financial Markets Dealers Association (FMDA), The Chartered Institute for Securities & Investment (CISI), The Nigeria Deposit Insurance Corporation (NDIC) and Chartered Banker Institute(CBI)/Bangor University.

Other Statutory Knowledge Events

The Institute organises educational and social programmes for its members. These include

- Research
- Annual Lecture
- Annual Banking and Finance Conference
- ACIB Graduates' Induction and Prize Awards Day
- Investiture of Fellows and Honorary Senior Members
- Annual Seminar on Banking, Finance and Allied Matters for Legislators
- Annual Seminar on Banking and Allied Matters for Judges

CIBN IN BRIEF

- Compulsory Continuous Development Programmes
- Annual Retreat for Heads of Security of Banks & Financial Institutions
- CIBN Advocacy Dialogue Series
- CIBN Platform Series

Services to the National, Regional & Global Economies

- Strategic intervention in industry related issues with the introduction of the Human Capital Retention Fund.
- Capacity building through knowledge/learning events and Certification programmes.
- Standards setting through Accreditation of banks academy programmes as well as Accreditation of Educational/Training Service Providers (ETSPs)
- Advocacy Programmes.
- Empowering/supporting the growth of MSMEs and facilitation of trade through collaborations.
- Entrenching Ethics and Professionalism in the industry as well as improving Consumer Protection through our Alternate Dispute Resolution [ADR] mechanism serving as the ombudsman for the industry through the Bankers' committee, Sub-committee on Ethics & Professionalism.
- Mandatory Annual Ethics Certification for all Bank Employees
- Increased Focus on Generation Next, building a pipeline of future workforce for the industry.
- Construction of Learning Legacy Project in nine (9) Tertiary institutions across the six geo-political zones.
- Sole Accreditation Agency and Co-ordinating Institution for the Competency Framework for the Nigerian Banking Industry
- Pioneer and Founding Member, Global Banking Education Standards Board (GBEStB)
- Founding/Pioneer Member of Alliance of African Institutes of Bankers (AAIOB) since 1997
- Permanent Secretariat of AAIOB since 2018
- Member, FINTECH Nigeria (FINTECHNGR)
- Institutional member, Nigerian Economic Summit Group (NESG)
- Member, Think Thank for Translating Research to Innovation, Strategy and evidence for policies in Nigeria, University of Ibadan, Research Foundation (UIRF)
- Member, National Assembly Business Environment Round Table (NASSBER)
- Member TET Fund Research & Development Standing Committee

Linkages, Partnerships and Collaborations

- The Institute is currently in partnership with 77 tertiary institutions in Nigeria for the ACIB/B.Sc/HND Linkage and ACIB/M.Sc Linkage. Our partners, local and International include the following:
- Association of Enterprise Risk Management Professionals (AERMP)
- Association of International Certified Professional Accountants (AICPA), UK
- Bangor University, Wales UK
- Bank of Sierra Leone
- Central Bank of Liberia
- Central Bank The Gambia
- Chartered Banker Institute, Scotland
- Chartered Institute of Management Accountants (CIMA)
- Credit Bureau Association of Nigeria (CBAN)
- Crown Agents Limited
- E-Payment Providers Association of Nigeria (E-PAN)
- Financial Institutions Training Centre (FITC)
- Financial Markets Dealers Association (FMDA)
- Fintech Association of Nigeria
- Global Association of Risk Professionals (GARP)
- Institute of Bankers of The Gambia
- International Finance Corporation

CIBN In Brief

- Lagos Business School (LBS)
- Liberia Bankers Association
- McKinsey & Company
- Mortgage Bankers Association of Nigeria (MBAN)
- National Board for Technical Education (NBTE)
- National Judicial Institute (NJI)
- Nigeria Inter-Bank Settlement System Plc (NIBSS)
- Nigerian Institute of Social and Economic Research (NISER)
- PricewaterhouseCoopers (PWC)
- Retail Banking Academy (RBA), London
- Chartered Risk Management Institute of Nigeria (CRMI)
- Seso Global Limited
- Sierra Leone Association of Commercial Banks
- The Chartered Institute for Securities & Investment (CISI)
- The London Institute of Banking & Finance (LIBF)
- The National Universities Commission (NUC)
- The Nigerian Economic Summit Group (NESG)
- US-Africa Cybersecurity Group
- West African Bankers Association (WABA)
- West African Institute for Financial & Economic Management (WAIFEM)

Structure/Administration

The Governing Council is the Institute's paramount decision making body providing broad policy guidelines chaired by the President/Chairman of Council who currently is Ken Opara, Ph.D, FCIB

The Executive Management of the Institute is led by the Registrar/Chief Executive Officer, Akin Morakinyo, HCIB

Branches and Zonal Offices

The Institute has 36 State Branches and 9 Satellite Branches across the country. It also has three foreign branches in the United Kingdom, Canada and USA. The Institute operates six (6) Zonal Offices, to make its services available to members at the grassroots throughout the country. They are:

- National Secretariat Annex, Abuja
- South East, Owerri
- South West, Osogbo
- North East, Gombe
- North West, Kano
- South South, Port Harcourt

There is also the National Secretariat Annex in the Federal Capital Territory to strengthen the Institute's relationship with the Federal Government and its Agencies as well as cater for members in the North Central region of the country.

Subsidiaries

The Institute has the following subsidiaries;

- The CIBN Centre for Financial Studies (CIBNCFS)
- The CIBN Bookshop
- CIBN Consult

CIBN GOVERNING COUNCIL
(2024-2026)

Office Holders

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

Rep. Body of Past Presidents

1. **Dr. Bayo Olugbemi, FCIB**
   Past President
2. **Ken Opara, Ph.D., FCIB**
   Immediate Past President

Other Elected members

1. **Dr, Segun Anthony Oshadare, FCIB**
2. **Ms. Mary Aina, ACIB**
3. **Mr. Adekola Ayandele Adeleke, FCIB**
4. **Mr. Opeoluwa Awolesi, FCIB**
5. **Mr. Pascal Nsoromotu, FCIB**
6. **Mrs Sylvia Nwakwue, FCIB**

Branch Representatives

1. **Dr Oballum Chikelu Edison, FCIB**
   Chairman, FCT Branch
2. **Mr. Adeyemo Adeoye, FCIB**
   Chairman, Lagos State Branch
3. **Mrs. Funke Ladimeji, HCIB**
   Chairperson, Association of Professional Women Bankers (APWB)
4. **Chidiebere Ogbogu**
   Ebonyi State Branch
5. **Dr. Ogbebor Timothy Ogieva, ACIB**
   Edo State Branch
6. **Mr. Nasiru Audu Baba, MCIB**
   Taraba State Branch
7. **Mr. Stephen Lekan Olarewaju, ACIB,**
   Kwara State Branch
8. **Mr. Mustapha Ahmed Buba, ACIB**
   Kastina State Branch
9. **Mr. Matyek Mashor**
   Plateau State Branch
10. **Mr. Ben Anwuri FCIB,**
    United Kingdom Branch

Banks' Representatives

1. **Mr. Roosevelt Ogbonna, FCIB**
   GMD/CEO Access Bank Plc
2. **Mr. Oliver Alawuba, FCIB**
   GMD/CEO United Bank for Africa Plc
3. **Mr. Hamid Joda, HCIB**
   MD/CEO, TAJ Bank
4. **Mr. Elias Igbinakenzua, FCIB**
   MD/CEO, Globus Bank
5. **Mrs. Yemisi Edun, FCIB**
   MD/CEO FCMB Plc
6. **Mr. Emmanuel Emefienim, FCIB**
   MD/CEO Premium Trust Bank

Institutional Representatives (Regulatory)

1. **Dr. Olayemi Michael Cardoso**
   Governor, CBN
   Represented by **Dr. Adedeji Adetona, ACIB**
   Director, Banking Supervision
2. **Mr. Hassan Bello, FCIB**
   MD, NDIC
3. **Mr. Chris Jibreel Maiyaki**
   Executive Secretary, NUC
   Represented by **Mr. Sam Onazi**
   Head Finance
4. **Mr. Olawale Edun**
   Minister of Finance
   Federal Ministry of Finance
   Represented by **Mrs. Abimbola Ogunubi,**
   Director Legal

Institutional Representatives (Academic)

1. **Prof. Tahir Mamman**
   Minister of Education
   Fed Min of Education
2. **Prof. Idris Bugaje**
   Executive Secretary NBTE
3. **Mr. Chidiebere Onyegbu**
   Deputy Director, NBTE

Sectorial Associations' Representatives

1. **Mr. Ebilate Mac-Yoroki**
   President Mortgage Bankers Association of Nigeria
2. **Mr Joshua Ukute**
   President, National Association of Microfinance Bank

Coopted Members

1. **Prof. G.O.C Okenwa, FCIB**
2. **Dr. Nosike Agokei, FCIB**
3. **Mr. Aliyu Wada- Nas, ACIB**
4. **Senator. Tony Yaro, HCIB**
5. **Mr. Ade Bajomo, HCIB** (Representing Fintechs)
6. **Mrs. Risikatu Ahmed, FCIB**

Executive Management

1. **Akin Morakinyo, HCIB**
   Registrar/Chief Executive/Secretary to the Governing Council
2. **Mr. Mary-Fidelis Abiahu, MCIB**
   Director, Finance & Corporate Services
3. **Mrs. Rita Adeyanju, HCIB**
   Director, Secretariat Services
4. **Mr. Babatunde Apena**
   Deputy Director, Capacity Building, Certification & Standards
5. **Dr. Oreitan Adigun, HCIB**
   Assistant Director, Economics and Strategy
6. **Mr. Akinpelu Akinola, HCIB**
   Assistant Director, Ethics, Governance and Secretariat Services

Editor's Note

Esteemed Readers,

It is with immense pleasure that I present to you some of the activities and developments that took place at the Institute within the second quarter of 2024. This quarter has been particularly eventful with historic baton changes in leadership and other numerous impactful happenings.

Firstly, the tenure of the 22nd President/Chairman of Council, Ken Opara, Ph.D., FCIB, ended on the 16th of May and he had his well-attended Valedictory Address a day earlier. The investiture of Prof. Pius Deji Olanrewaju, Ph.D., FCIB as the 23rd President/Chairman of Council of the Institute to pilot the affairs of our great Institute for the next two (2) years was a grand occasion, that attracted esteemed academicians, distinguished professionals, political heavyweights, captains of industries, legal luminaries and stakeholders from various sectors of the economy.

Prof. Olanrewaju, in his acceptance speech, unveiled a six-point agenda encapsulated in the acronym LEGACY, which will guide the direction of his tenure. The LEGACY is aimed at propelling the Institute to a new height. A new Council that will help to drive the LEGACY was also inaugurated.

Before this climax of the events within the quarter, the Annual General Meeting (AGM) of the Institute was held on April 06, 2024. The AGM usually serves as an avenue for the Institute to present the records of its activities and achievements within the year to its stakeholders. The meeting demonstrated the Institute's commitment to transparency and accountability.

The Institute generally prioritizes the enhancement of its members' skills and competencies. Among the notable knowledge events held within the quarter were:

- 2024 Annual Lecture with the theme; "Improving Availability of Credit in the Nigerian Real Economy: The Critical Importance of Secondary Market Liquidity" held on April 23, 2024,
- Breakfast Session on "Harnessing the Power of Data Analytics in Enhancing Operational Risk Management" held on May 7, 2024 and:
- CIBN – PAPASS Nigeria Roadshow with the theme; "PAPSS: Enabling Seamless Cross-Border Payments among African Countries and Regions" held on April 25, 2024.

In addition to these events, this publication features other article contributions from esteemed authors to keep our readers informed about key developments in the Nigerian economy. Notable amongst these contributions include:

- Foreign Currency Gap and the Nigerian Economy
- Repositioning Banks against National Debt Default Risk
- Adaptability and Innovation: Navigating the Dynamic Business Environment for Career Advancement

Furthermore, this edition features reports from the commissioning of the CIBN BANKERS HALL, endowed to Kwara State University along with other notable activities of the Institute.

As I conclude this note, I invite you all to join us in building a LEGACY of excellence and professionalism in the banking sector as your continued support is crucial to achieving the Institute's shared goals.
I wish you happy reading.

Akin Morakinyo, HCIB
Registrar/Chief Executive

BUILDING A LEGACY OF EXCELLENCE AND PROFESSIONALISM IN BANKING

Inaugural Speech

BY

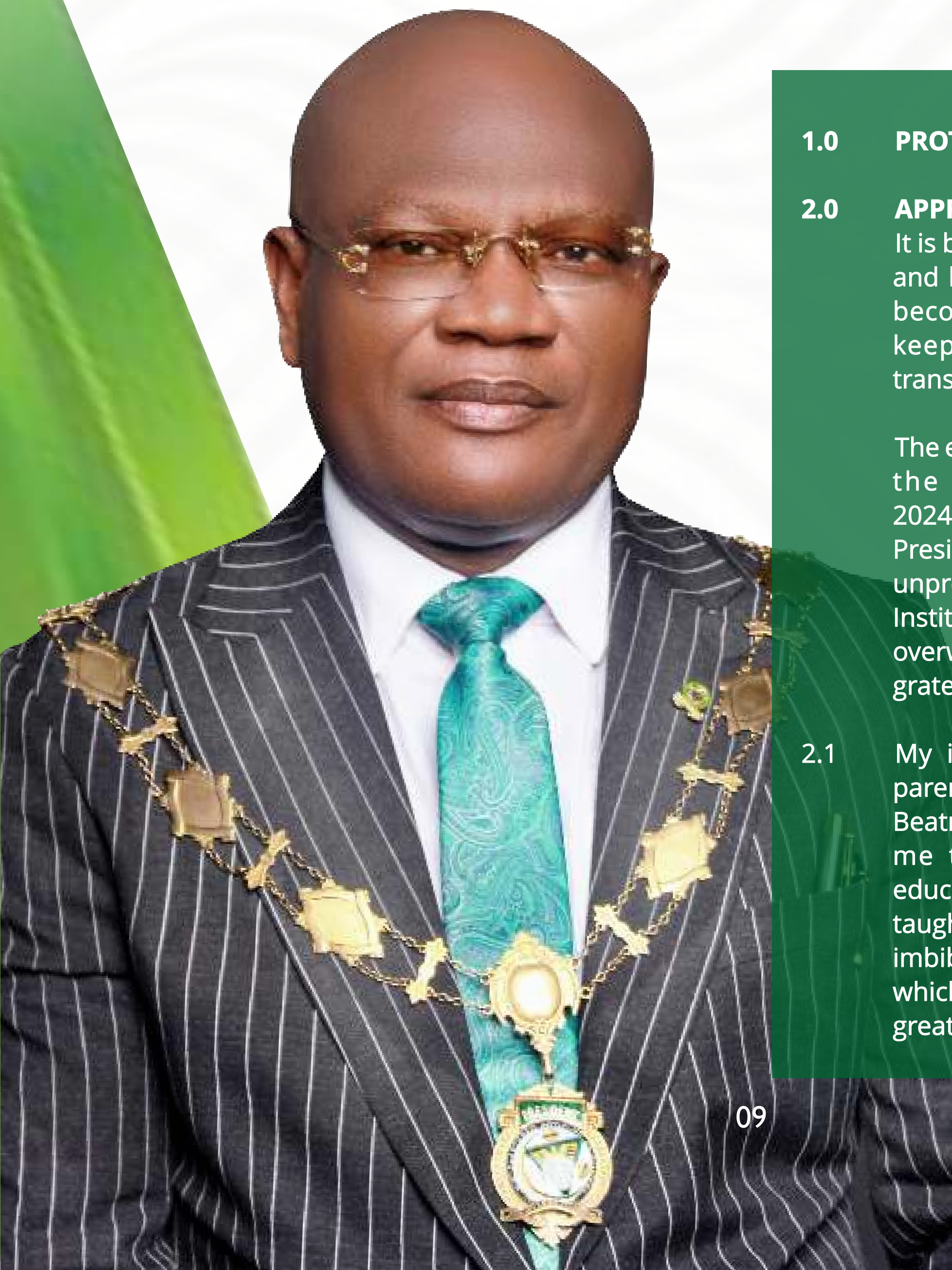
PROF. PIUS DEJI OLANREWAJU, Ph.D, FCIB

23RD PRESIDENT/CHAIRMAN OF COUNCIL

OF THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA (CIBN)

& IMMEDIATE PAST PROVOST/DEAN OF LAW BABCOCK UNIVERSITY, ILISAN REMO, NIGERIA

FRIDAY, MAY 17, 2024



1.0 PROTOCOLS

2.0 APPRECIATION

It is by the special grace of the Almighty God and by His immense favour that today has become a reality. I also thank God for keeping me alive and for making this transition seamless and hitch-free.

The election that returned us as members of the Governing Council for the year 2024/2026 and especially myself, as the 23rd President/Chairman of Council of CIBN was unprecedented in the history of our revered Institute because of the massive turnout and overwhelming support for which we are very grateful.

2.1 My immense gratitude goes to my late parents, Chief John Olanrewaju and Princess Beatrice Adefunke Olanrewaju who made me to appreciate the value of sound education imbued with good character. They taught me along my education trajectory to imbibe the word of God in I Timothy 6:6 which says, "Godliness with Contentment is great gain."

2.2: On this Auspicious day, I want to specially appreciate all our Founding Fathers and Past Presidents, who created this platform that we now have the privilege to stand upon. You are truly our Heroes, I celebrate you! You deserve all the accolades. Indeed, you are the geese that laid the golden eggs. All of you supported me in more ways than one in my professional careers, I remain grateful to all these Eminent Bankers.

2.3: My deep appreciation goes to the immediate past President/Chairman of Council of our great Institute, Ken Opara PhD, FCIB, a man I refer to as a great leader, going by the way and manner he has piloted the affairs of the Institute in the last two years. The facts and figures attest to this feat. You have successfully raised the bar and succeeded in placing the Institute on a path of irreversible growth. We are indeed very proud of you!

2.4: Let me in a special way appreciate the Babcock University family under the dynamic and purposeful leadership of President/Vice Chancellor, Prof. Ademola, S. Tayo and other Principal Officers of the University. It is on record that the strategic partnership between Babcock and CIBN has been mutually beneficial to both Institutions in a number of ways:

- Holistic philosophy of education.
- Professional enhancement
- Employment opportunities
- Top Management position
- Corporate Governance in Action
- Procurement Template and Training

2.5: In the same vein, let me thank all our esteemed stakeholders who have been our pillar of support, the Central Bank of Nigeria, Nigeria Deposit Insurance Corporation, all the banks' CEOs in Nigeria, professional bodies, the diplomatic community, captains of industry, the academia, the organized private sector, collaborative partners (local and International) the media and indeed, all Nigerians. We thank you for your unwavering support.

2.6: My deep appreciation goes to my spiritual leaders and prayer partners: Revd and Deaconess Ezekiel, A. Alabi, Pastor and Mrs. Julius, O. Oluwajodu, Elder and Mrs. Dele Adewole, Africa for Christ Gospel Ministry Household, Dr. (Mrs.) Akisi Metonou and Prof. (pastor) Efe Ehioghae. Thank you all for your fervent prayers over the years.

2.7: I sincerely appreciate my Provost/Dean, Prof. Mrs. Dorcas Odunaike, the Faculty and Staff of School of Law and Security Studies for their unflinching support. I cannot but acknowledge the founding fathers of the School of Law and Security Studies, the late Prof. Zaceheus Olomojobi and Emeritus Prof. Isaac Oluwole Agbede for the confidence reposed in me during my tenure as Head of Department, Provost/Dean of the School of Law and Security Studies.

2.8: My unreserved thanks and appreciation will also go to my distinguished mentors. As rightly opined by Isaac Newton, “Nani Gigantum Humeris Insidentes” (i.e., standing on the shoulders of giants). If I am standing tall today, it is because I am standing on the shoulders of great giants like Emeritus Prof. Isaac Oluwole Agbede, Prof. Wole Adewunmi and my numerous academic/professional friends. Thank you for your mentorship and guidance

2.9: To all my special guests, Chief Wole Olanipekun (SAN, CFR) the Asiwaju of Ikere Kingdom, my numerous students, my mentees, The Alabis, The Ajalas, The Ekundayos, The Ajigbewus, The Tayos, The Cokers, The Olulades, The Oguntodus and The Olanrewajus. I thank you very much for honouring my invitation. The Lord will honor you all.

2.10: Esteemed audience, permit me to recognize the valuable contributions of the institute's management and staff over the years in translating our dreams and birthing our vision to reality. This success team is being led by our quintessential Registrar/Chief Executive Mr. Akin Morakinyo, HCIB

I would like to emphasize our unwavering commitment to the welfare of our staff. Your dedication will not go unnoticed, and we pledge to recognize and reward dedication and excellent performance. Together, as one united team, we shall work tirelessly to secure the prosperity of our great Institute.

2.11: I congratulate the Office Holders and other elected members of the Governing Council who will be joining me in pushing the frontiers of our Institute to continue in realization of its vision "to be a global reference point for skills and conduct in the banking and finance industry". In the words of Mr. Barack Obama, former President of the United States of America, "The time has come to reaffirm our enduring spirit; to choose our better history; to carry forward that precious gift, that noble idea, passed on from generation to generation". I believe there is so much we can achieve when imagination is joined to common purpose and necessity to courage.

2.12: The most precious gift from God to me is my immediate family. My darling wife, Oluremi Cecilia Olanrewaju is truly the bone of my bones and flesh of my flesh. She has been my dominion partner in the Chamber at home and most importantly, spiritually. We thank God for blessing our home with two biological children. Mrs. Oluwatobiloba Adepeju Akinoye PhD and Dr. Oluwaseyi Olanrewaju, with a grandson, Joshua and our numerous spiritual children. Indeed, you are my greatest achievements and blessings from the Almighty God.

3.0 GENERAL ECONOMIC ENVIRONMENT

Distinguished Ladies and gentlemen, you will agree with me that the banking sector remains resilient in the face of various national and global shocks of recent times. To enhance the banking industry's resilience and rebuild an economy grappling with high inflation and currency instability, the Central Bank of Nigeria announced an upward review of the Minimum Capital Requirements for Commercial, Merchant and Non-Interest Banks on March 28, 2024. The recapitalization which is to be compiled with by all banks within two years is going to protect the Nigerian banking industry from future shocks, move the banks to the class of big Africa's financial lenders and also support the achievement of US$1 trillion economy by 2030.

Esteemed audience, it should be mentioned that the bold reforms being pursued by the Federal Government of Nigeria to reestablish macroeconomic stability and growth, including the removal of the petrol subsidy and foreign exchange market reforms are significant. These policy reforms are expected to shape the landscape of banking and finance. Also, the Central Bank of Nigeria's five-year strategy for the period 2024 - 2028 provides a clear roadmap for achieving its mandates anchored on the themes of Price Stability and Monetary Policy Effectiveness, Robust and Resilient Financial System, Governance, Compliance and Advisory to Government.

It is gratifying to note that bank customers in Nigeria are increasingly turning towards digital banking solutions, such as mobile banking apps and online platforms, due to the convenience and accessibility they offer. While Banks are investing more in their digital infrastructure and services to meet the growing demand for digital banking, the

Central Bank has also approved Unified Payments as the second Payment Terminal Service Aggregator (PTSA) to clamp down on financial crimes and other misconducts, track electronic transactions, banditry, kidnapping, etc.

Distinguished audience, the economic dynamics particularly the macroeconomic pressures, are expected to impact the banking and finance industry with the attendant challenges and opportunities, hence the need for adaptability and strategic focus amidst the dynamic environment. The Institute will be readily available to support the banking and finance sector with all that is needed during my administration especially through stakeholders' engagement, advocacy, seminar, training and capacity building

4.0 ACCEPTANCE

Distinguished members of our highly esteemed Institute, three score and one year ago, our Founding Fathers founded this noble Institute with a vision to transform the Banking and Finance industry in Nigeria, modelling after the high standards of capacity, ethics and professionalism that obtains in the Western World that was the reference point at that time. Successive generations of leaders have built on the solid foundation and legacies of our progenitors, passing the torch from one generation to another.

I thank all our esteemed members for the confidence reposed in me and my colleagues whom you have elected to superintend the affairs of our Institute for the next two years. The massive turnout at this election is unprecedented and it is a testament of your overwhelming support for which we are very grateful.

On this note, esteemed members of our great Institute, it is with a deep sense of gratitude, responsibility, and accountability that I wholeheartedly accept your mandate to serve as the 23rd President/Chairman of Council of our Highly Revered Institute.

I am mindful of the fact that you have high expectations from me and my colleagues who have just been sworn in. Let me assure you that we shall do our best to deliver on your mandate.

5.0 STRATEGIC DIRECTION

There is no gainsaying that our revered Institute has arrived at a level of achievement that is worth applauding; the major challenge for the future is how to use current achievement as a lever for rapid, solid, sustainable growth and development of our Institute. There is not much we cannot do. I recall Daniel Stockman point “we live in an era, not of limits, but of limitless possibilities.” Undoubtedly, we can only remain in contention as a credible Institute if we retain or return to virtuous commitment to our vision and values.

To achieve our vision and strategic objectives, we must re-skill our members, reshape our programme portfolio, redesign processes, and redirect our resources. We must continue to pursue excellence, professionalism, innovation, and ethics in all our endeavours. As rightly opined by Winston Churchill, “Success is not final, failure is not fatal, it is the courage to continue that counts.” It is therefore expedient that in order to sustain the solid foundation laid by our progenitors, we must have a goal that is not only clear and compelling but must also serve as a unifying focal point of effort – often creating immense team spirit among stakeholders. We are determined to leave a legacy of excellence after this tenure. Consequently, having considered the context of our current realities, our agenda will be consolidated on the mantra LEGACY. As rightly remarked by

Kalu Ndukwe, "The things you do for yourself are gone when you are gone, but the things you do for others remain as your legacy." Also, William James says, "The greatest purpose of life is to live it for something that will last longer than you." Whilst Maya Angelou quipped that "If you are going to live, leave behind a legacy. Make an impact on the world that can never be erased." Thus, our strategic focus will be hinged on the acronym LEGACY. Which means:

L = Leading an innovative financial system;
E = Entrenching Ethics, Professionalism, and Integrity;
G = Gender Generational and Geographical diversity;
A = Accelerating institute's Vision and Values;
C = Competence in the banking and finance industry to aid National development;
Y = Youth and entrepreneurial engagement.

Let me assure our esteemed members and stakeholders that in driving the LEGACY agenda, we will take cognizance of the Institute's Strategic Plan.

5.1 LEADING AN INNOVATIVE FINANCIAL SYSTEM

Robert Alan Iger, former CEO of the Walt Disney Company once asserted that "Innovate or die, and there is no innovation if you operate out of fear of the new or untested". This is tandem with Charles Darwin's position that "it is not the strongest of the species that survive nor the most intelligent but the one most responsive to change". Embracing change will promote better decision making and strategy within the eco-system. We will therefore leverage the achievements of the past Governing Council to sustain our leadership position in championing financial innovation through engagement of relevant stakeholders. We shall give the desired attention to innovations that will positively impact the system. In addition to this, we will ensure the completion of the on-going Digital Transformation Project of the Institute to drive innovation that will impact all our stakeholders.

a. **Stakeholders Engagement:**
We will embark on strategic engagements with our current and future stakeholders with a view to maintaining our relevance whilst providing impactful value proposition. The scope of our engagements will cover relevant individuals and institutions such as the regulators, operators, FinTech's, other financial institutions, the legislators, the judiciary, Public and private sectors, the Diplomatic community, the academia, CIBN Branches, etc. We will not only reach and engage physically, but we shall also use digital platforms to engage for value.

b. Regulators and Operators Relations
We will continue to provide strategic intervention in addressing emerging issues affecting the banking and finance industry and the economy at large by providing support system for the relevant regulators and operators alike. We will provide platforms for engagements, dimensioning the issues whilst providing insights on topical subjects.

c. Government Relations
The need to cultivate closer ties and deepen relationships with agencies of government at all levels cannot be over emphasized. Whilst the National Secretariat will focus on engagement at National level, our Branches will be encouraged to play active roles at the sub-national level. Specifically, we will amongst others embark upon:

i. Finalizing the modalities for the involvement of CIBN in the development of the National Development Plan by working closely with the Ministry of Budget and Economic Planning as previously agreed with the Honourable Minister of Budget and Economic Planning.

ii. Pursue and conclude the passage of the revised CIBN Act

iii. Recognition of CIBN qualifications in public and private sectors and institutions.

d. Digitalization

Subsequent upon the ever-changing industry trends and landscape, we shall prioritize digitization of all our processes for increased efficiency, cost reduction and revenue optimization. To this end:

I. We will increase the frequency of writing the Institute's examinations leveraging the Online Proctoring examination platform that is currently operational.

ii. We will leverage and scale the capacity of our E-learning platform to deliver fast paced, impactful and highly engaging learning experiences

iii. We will activate the use of Digital Library as a repository for all our knowledge materials and events to serve our stakeholders' network.

e. Membership Growth

Our members remain our greatest asset, and they will lead the innovative financial system that we desire. In this regard, we will be reviewing our membership value proposition, with a view to ensuring that we build a compelling value offering that will help attract and keep members. Our focus in this wise is to make the membership of our Institute aspirational.

Consequently, we will embark on the following initiatives:

i. Update of our Membership Database

ii. Reactivation of dormant members

iii. Creation of Job Portal for members

iv. Drive and promote more activities at the Branches and Chapters

v. Activation of Community of Practice: We will establish and institutionalise various Communities of Practice for the development of our members. These communities will afford members with similar interests the platform to cross breed ideas and forge connections that will help advance the course of their lives and career.

vi. Internship Scheme: We will review and revamp the framework for our Internship scheme with a view to ensuring that we establish a structured pathway for connecting the Student Members of the Institute to the industry, for the purpose of capacity building and experiential learning, thereby helping to prepare a pool of market ready talents that can take up opportunities in the banking and finance industry upon completion of their academic studies.

5.2 ENTRENCHING ETHIC, PROFESSIONALISM, AND INTEGRITY

There is an urgent need to embrace ethics, professionalism and integrity in the banking industry. As rightly opined by Warren Buffet, “Look for three things in a person – intelligence, energy, and integrity. If they don't have the last one, don't even bother with the first two.” In the same vein, John Maxwell rightly pointed out that “Charisma can make a person stand out for a moment, but character sets a person apart for a lifetime.” The reggae legend, Bob Marley also pointed that “the greatness of a man is not in how much wealth he acquires but, in his integrity, and ability to affect those around him positively".

We will uphold ethical conduct, being the pillar upon which the banking and finance sector stands. As the conscience of the industry, we shall devote attention to fostering ethics and professionalism among practitioners in the banking and finance industry. In this regard, we will focus on the following:

a. **Ethics Certification**:
We shall reinforce the Annual Ethics and Compliance Certification among practitioners to promote ethical awareness, compliance, and adherence to industry standards. Underscoring this point, a former American President, Theordore Roosevelt had one said, "To educate the mind without morals is to educate a menace to society.

b. **Training and Advocacy**:
We will embark on public enlightenment and advocacy programmes with a view to promoting observance of ethical practices whilst reducing the incidence of financial crimes.

c. **Inter-Agency Collaboration with Relevant Agencies:**
Working with the Body of Banks CEOs, we will forge strategic collaborations with relevant agencies of Government to entrench the observance of ethics and professionalism in the country.

5.3 GENDER, GENERATIONAL AND GEOGRAPHICAL INCLUSIVITY

Inclusivity across gender, generations, and geography is crucial for building a culture of diversity equity, and belonging, as well as for driving innovation, creativity, and success in today's fast-paced, interconnected world. We will give equal access and opportunities without any barriers or discrimination to the youth, women, and men across generational and geographical boundaries, creating an environment where everyone feels welcome and valued, regardless of their location or cultural background.

a. **Youth Focused Programme**
We will sustain, deepen, and broaden the Generation Next programme. Deliberate and targeted efforts would be made to engage and attract the GenZs and the Millenia to the Institute.

b. **Women Focused Programme**
We will invest in women-focused programs and work towards providing equitable opportunities and resources for women to thrive and succeed. Working in consonance with the Association of Professional Women Bankers, we will curate more women focused programs aimed at Empowering our women to reach their full potentials.

c. **Zonal/Regional Programme**
We will widen the base of our programmes to ensure that the Institute makes significant impact in all the Zones. We shall encourage more activities /programmes across our Zonal Offices and State Branches.

d. Financial Inclusion Drive
In line with the national effort to ensure that Nigerians have access to financial services, and our commitment to enhancing financial inclusion goals, we shall drive collaboration with relevant stakeholders through advocacy, seminars, trainings, and research on promoting financial inclusion.

5.4 ACCELERATING INSTITUTE'S VISION AND VALUES

We shall be guided by the vision of CIBN to be a global reference point for skills and conduct in the banking and finance industry. In this regard, we will continue to be at the forefront of implementing laudable initiatives directly and in collaboration with partners to achieve this mandate. We will continue to drive, Integrity, Professionalism, Innovation and Ethics being the core values of the Institute. In this regard, we will vigorously drive the execution of initiatives highlighted in the Strategic Plan of the Institute. We will pursue the following initiatives among others:

i. Revitalise the CIBN and overall market perception.
ii. Enhancement of operational efficiency and organizational synergy
iii. Boost our membership economy in terms of Quantity and Quality
iv. Media Engagements.

5.5 COMPETENCE IN THE BANKING AND FINANCE INDUSTRY TO AID NATIONAL DEVELOPMENT

a. Competency Framework: We shall continue to work with the Bankers Committee Sub-Committee on Competency and Industry Standards and the Central Bank of Nigeria on the implementation of the Competency Framework for the good of the industry.

b. Participation in major macroeconomic policy discourse: We will sustain the tempo of our relevance and participation in the discussion of major macroeconomic policies of Government.

i. We will ensure and actively participate in the budget preparation at the Federal and State government levels.
ii. We shall finalise the modalities for the involvement of CIBN in the development of the National Development Plan by working with the Ministry of Budget and Economic Planning as previously agreed with the Honourable Minister of Budget and Economic Planning.
iii. We shall position CIBN for relevance in industry related matters.
iv. We will deepen our relationship with our numerous stakeholders.

c. Actualization of the Banking School Project: We will work with the newly inaugurated Board of Trustees for the Banking School Project to ensure actualization of the banking school project.

d. Enhancement and Deepening of our Linkage Programme: We will conduct an evaluation of our Linkage programme with tertiary institutions with a view to deepening the programme.

e. Collaboration with Regulators in the Educational sector: As part of our engagement for growth initiative, we shall deepen our collaboration with relevant agencies of government such as the Ministry of Education, National Universities Commission (NUC), National Board for Technical Education (NBTE), Tertiary Education Trust Fund (TETFUND) and Universal Basic Education Commission (UBEC).

f. Projecting the image of Nigeria in propagating banking education in African Countries: While we expand the frontiers of our collaborations by partnering with Ivy League institutions and organisations globally, we shall also continue to maintain our relevance and leadership position in the Alliance of African Institutes of Bankers (AAIOB) and the Global Banking Education Standards Board (GBEStB) and all other collaborations that we have.

g. Rejuvenation of our Research and Publication: In view of the importance of Research and publications in the life of an educational institution, we will revitalize our research and publications to drive innovation, progress, and impact.

h. Staff Capacity Building/Development: We shall ensure that our employees are exposed to top notch accelerated and strategically focused management and leadership capacity building programmes both locally and internationally.

Competence is key under this dispensation. Alvin Toffler must be right when he says that "the illiterate of the 21st Century will not be those who cannot read and write but those who cannot learn, unlearn and relearn.

5.6 YOUTH AND ENTREPRENEURIAL ENGAGEMENT

The demography of our country indicates

that the youth constitute about 70% of the country's population. This data holds significant importance as it is considered crucial for Nigeria's economic growth and development. The 32nd President of the United States of America, Franklin D. Roosevelt once asserted that "We may not be able to prepare the future for the youth, but we can at least prepare the youth for the future." This assertion is very profound as it is often said that the youth of today are the leaders of tomorrow and that the youth are the most innovative and creative force in the world, the engine of change and progress. To this end, we shall continue to engage and empower the youth bearing in mind that the future of banking revolves around them. We shall attract and build a strong leading team of young future bankers.

a. GenZ and Millennials: We will further drive initiatives that will deliberately focus on engaging and attracting the GenZs and the Millennials to the Institute.
   i. Actively engage the GenZ and the Millennials on social media platforms
   ii. Inclusion of more GenZs and Millennials in the activities of the Institute

b. Mentoring: We will ensure that the young and upcoming bankers are nurtured through our mentoring scheme. They will be groomed and nurtured by experienced and accomplished bankers to maintain the safety and sustainability of the banking industry. We will revitalise the mentoring scheme and ensure that we scale our impact by growing the number of graduates from the scheme on yearly basis.

c. Entrepreneurship Development Programme: Our Entrepreneurship Development Programme (EDP) will be structured deliberately to give special attention to the youthful demography (the GenZs and Millennials). We will explore the option of establishment of Innovation hubs that will bring together researchers, creators, and innovators to nurture ideas into industry-changing products and services.

d. Career Day / Financial Literacy Programme: We will also cascade the career day programme to Primary and Secondary schools with a twin mission of promoting financial literacy and education as well as eliciting the interest of the young lads in banking under a “catch them young” initiative.

6.0 CONCLUSION

Distinguished Ladies and Gentlemen, there has been no time in the history of banking more interesting than now, no period more filled with problems both theoretical and practical. It seems as if we stand at a parting of ways, when only ethical principles remain to us as the perpetual foundation on which new ideas and modes of practice are to be raised. The integrity and credibility of the banking industry rely heavily on the observance of ethics. Upholding ethics in banking is the cornerstone of Trust and ethical banking practices are essential to maintaining public trust and fostering a stable financial system. I therefore call on all our esteemed members and practitioners in the banking industry to prioritize ethical conduct and uphold corporate Governance. By so doing, we will be contributing to a trustworthy and resilient financial system that benefits the entire economy.

Esteemed audience, as we stand at the threshold of this new era, I invite every one of you to please join us on this journey towards a brighter future. Let us work together to build a world-class Institute that is innovative and impactful and a banking industry that is more inclusive, responsive, and empowering for individuals, businesses, and society at large.

Let us harness our collective strength, creativity, and resilience to overcome the challenges that lie ahead. Let us commit to working together, with unity and purpose, to drive progress and excellence in our field. Together, we can achieve greatness. Together, we will shape the future of our industry. Together, we will write a new chapter in the story of our nation and together, we will build a legacy that will inspire generations to come.

I am persuaded that with unity of purpose, we can turn things around in our country. The future is bright but remember that the future is not a gift, it is a responsibility. No wonder Winston Churchill remarked that "We are the masters of our fate, we are the captains of our souls." And Eleanor Roosevelt corroborated this when she asserted that "The future belongs to those who believe in the beauty of their dreams." The task ahead is daunting but doable, herculean but surmountable. In the words of Franklin D. Roosevelt, "The only limit to our realization of tomorrow will be our doubts of today." We must therefore believe in ourselves, do what we can, where we are, with what we have, and we must do it now. Barack Obama once said, "We are the change we have been waiting for." Let us build a nation that is just, equitable, and prosperous for all. From today, as we go about our daily businesses, let us ask ourselves, what legacy I'm I leaving behind? Let us collectively commit to leaving a LEGACY of excellence, professionalism, integrity, innovation, selfless service and build an industry and a nation that is worthy of our highest aspirations.

We want to reassure all our stakeholders for the umpteenth time that the Legacy Team is determined to succeed. Enduring success is never achieved by chance but by sheer dint of handwork and unabated perseverance. As rightly asserted by Napoleon Hill, “those who have cultivated the habit of persistence seem to enjoy the insurance against failure”.it is our well-considered opinion, that he who intends to eat the honey that is embedded inside the rock should not bother checking the blade of this axe.

We are aware that, the road to success will not be straight. There will be a curve called failure A loop called frustration Speed bumps called challenges Red lights called enemies. But we have a spare tyre called determination. An engine called perseverance Insurance called faith and. More importantly, a driver called God. By His grace, The Legacy Team will make it to a place called Success and deliver a Legacy of Excellence and professionalism in banking.

Long Live The Chartered Institute of Bankers of Nigeria

Long Live the Banking and Finance industry!

Long Live the Federal Republic of Nigeria!

I thank you for listening. God bless you all.

Prof. Pius Deji Olanrewaju, Ph.D *FCIB*
23rd President and Chairman of Council
The Chartered Institute of Bankers of Nigeria &
Immediate Past Provost/Dean of Law
Babcock University, Ilisan Remo, Nigeria

Saturday May 17, 2024.

Adaptability and Innovation: Navigating the Dynamic Business Environment for Career Advancement

Abba, Mohammed Aliyu
Director, Human Resources Department, Central Bank of Nigeria

The Governing Council, Members, Management, staff and newly inducted members of the CIBN Community. I will start by congratulating the inductees today for this fantastic feat of successfully completing the Institute's professional examinations in the 2023 April/October diets. It is indeed a commendable achievement.

Congratulations, ladies & gentlemen!
I have been asked to speak on the topic, **Adaptability and Innovation: Navigating the Dynamic Business Environment for Career Advancement.** This topic I believe is apt for the category of inductees today who have found themselves in a fast changing and technology driven work environment. More than ever before, the workplace and work are experiencing changes that have placed demands on skills, competences and knowledge that are required to be successful in the workplace.

I am glad, that as aspiring professionals of the Chartered Institute of Bankers of Nigeria (CIBN), you have made the choice to advance not only your careers but also your knowledge, skills and competencies to suit the modern workplace. Continuous professional development has proven to be a necessary and important aspect of any employee today.

It was **Dolly Patton who said, "We cannot direct the wind, but we can adjust the sails"** because adaptability has become synonymous with the world in which we live in today. This quotation reminds me of how the workplace has nudged me to adapt and innovate to meet up with the realities of our time.

The business environment today is being influenced by Artificial Intelligence which has proven to show potential of doing what many are already doing today; and in some instances, has taken up some functions and responsibilities of different jobs in the workplace. Several research works have shown that jobs with less cognitive requirements are more likely to be taken up by technology, while jobs with more cognitive requirements are less likely to be automated. What this tells us, is that the more we develop and diversify our skills and competences, the more relevant we will be at the place of work.

All of these come to fore, when the future of work and career advancement is brought into the discussion. The debates around the future of work tell us that some key attributes are required to remain relevant at the place of work. The future of work also shows us how the workplace is changing at a speed that none of us fully understands nor comprehend. In this regard, **Jack Welch has encouraged us to "Change before you have to."**

To better understand the future of work and how this impacts career advancement, some salient issues of our changing workplace are discussed below:

- ✓ **Automation and Artificial Intelligence (AI)**: Automation and AI are expected to continue reshaping the job market, with certain tasks being automated while new roles requiring human skills are emerging daily. Those who can adapt and learn new skills to complement automation will be better positioned for career advancement.
- ✓ **Remote Work and Digital Collaboration**: The COVID-19 pandemic accelerated the adoption of remote work, and many companies are likely to continue offering remote or hybrid work options. This opens up opportunities for individuals to work for companies located anywhere in the world, potentially expanding career advancement possibilities.
- ✓ **Gig Economy and Freelancing**: The gig economy is growing, offering flexibility and autonomy to workers. Freelancers may find opportunities for career advancement by building their personal brand, acquiring specialized skills, and networking within their chosen industries.
- ✓ **Upskilling and Lifelong Learning**: Continuous learning and upskilling will be essential for staying relevant in the rapidly evolving job market. Individuals who invest in lifelong learning through online courses, workshops, and certifications will be better equipped to advance in their careers.
- ✓ **Emphasis on Soft Skills**: While technical skills remain important, employers increasingly value soft skills such as communication, problem-solving, adaptability, and emotional intelligence. Developing these skills can enhance career prospects and enable individuals to take on leadership roles.
- ✓ **Diversity, Equity, and Inclusion (DEI)**: Companies are placing greater emphasis on diversity, equity, and inclusion in the workplace. Employees who champion DEI initiatives and demonstrate cultural competence may have opportunities for career advancement, as organizations recognize the value of diverse perspectives.
- ✓ **Health and Well-being**: Employers are increasingly prioritizing employee health and well-being, including mental health support and work-life balance initiatives. Individuals who prioritize self-care and set boundaries to maintain a healthy work-life balance may experience greater job satisfaction and long-term career success.
- ✓ **Entrepreneurship and Innovation**: With advancements in technology and easier access to resources, entrepreneurship is becoming more accessible. Individuals with entrepreneurial aspirations can pursue innovation and create their own career paths, potentially achieving significant career advancement through the success of their ventures.

With the realities that we face in regard to the future of work, our discuss now shifts to the role of **Adaptability and Innovation**. These are two key qualities that can greatly enhance career advancement in a dynamic business environment. Here's how they can help:

1. **Navigating Change**: In a dynamic business environment, change is constant. Those who can adapt quickly to new circumstances, technologies, or market trends are better positioned to thrive. By being adaptable, you can pivot when necessary, embrace new strategies, and take advantage of emerging opportunities.
2. **Problem-Solving**: Adaptability and innovation go hand in hand with effective problem-solving. When faced with challenges or setbacks, adaptable individuals can think creatively and find

solutions that others might overlook. This ability to tackle problems head-on can lead to recognition and advancement within an organization.

3. **Embracing New Technologies**: Technology is continuously evolving, and businesses that fail to adapt risk falling behind. Those who are open to learning new technologies and processes can become valuable assets to their employers. Being innovative in finding ways to integrate and leverage new technologies can lead to career advancement in tech-driven industries.
4. **Driving Growth**: Innovation often leads to growth. Whether it's through introducing new products or services, optimizing processes, or identifying untapped markets, innovative individuals can drive growth within their organizations. This ability to generate new ideas and initiatives can lead to increased responsibility and opportunities for advancement.
5. **Leadership Potential**: Adaptability and innovation are qualities that are highly valued in leaders. Those who demonstrate the ability to navigate change and drive innovation can be seen as potential leaders within their organizations. By showcasing these qualities, you can position yourself for leadership roles and further career advancement.
6. **Networking Opportunities**: Adaptability and innovation can also open doors to new networking opportunities. By staying current with industry trends and actively seeking out opportunities to collaborate with others, you can expand your network and build relationships with influential individuals who can support your career advancement.
7. **Continuous Learning**: Both adaptability and innovation require a mindset of continuous learning and improvement. Those who are willing to invest in their own development, whether through formal education, professional certifications, or self-directed learning, are better equipped to adapt to new challenges and drive innovation within their organizations.

In summary, adaptability and innovation are essential qualities for navigating the dynamic business environment and advancing your career. By embracing change, thinking creatively, and continuously seeking opportunities for growth and improvement, you can position yourself for success in any industry. While the future of work projects a workplace of automation and AI. Embracing remote work opportunities, investing in upskilling, and prioritizing soft skills and well-being can enhance prospects for career growth and success in the evolving job market.

Ladies and Gentlemen, in closing, George Addair (1823 - 1899, a Real-Estate Developer) said "**Everything you've ever wanted is on the other side of fear.**" Fear is the only thing that may hinder us from taking the initiative and the steps that we need to. However, overcoming fear in these times, means we will take the sails and direct our boats in the direction that it needs to; as you distinguished ladies and gentlemen have done today. I must again congratulate you all for such a feat and the feather added to your knowledge, skills and competences, as this will position you for advancement in your careers. I wish you all the very best in your career advancement and your endeavors as professional bankers in our dear country, Nigeria.

This paper was presented by **Abba, Mohammed Aliyu** *Director, Human Resources Department, Central Bank of Nigeria, as a Keynote Address at the CIBN 2024 Annual Compulsory Continuing Professional Development (CCPD) - March 21, 2024.*

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REPOSITIONING BANKS AGAINST NATIONAL DEBT DEFAULT RISK EXPOSURE

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Olaosegba Ndidi

1. Background

Public debt (National debt) or borrowing is obligation obtained by the government being revenue alternative to complement other revenue sources. Public debt entails borrowing from within the country (internal) and, or from abroad (external). National debt has the efficacy of triggering the Gross National Income (GNI). However, the exact effects of borrowing will greatly depend on the sources of borrowed amounts. Onyejide, *et al* (1985) opines that debt is a resource of money in use in an organization which is not contributed by its owners and does not in any other way belong to them. Haveman (1976), states that the act of borrowing creates debt. Borrowing by government is not of recent origin. Anyanwu, (1993) asserts that public debt has become top in the agenda of domestic and international economics in the recent time partly as a result of various government reliance on debt for expenditure financing and also the attendant difficulties posed by the huge amount incurred in servicing such debts.

However, national debt implies servicing (debt servicing) being payment of interest on the borrowed funds and repayment of the principal sum on maturity and gestation period of the debt. High debt profile implies high debt servicing and high repayments. This implies that huge accumulated debts and servicing when unsustainable may lead loan defaults. This is applicable in the event of dwindling public revenue and other macroeconomic shocks such as inflation, poverty, high rate of unemployment, exchange rate quakes, among others. This has unfavorable effects on the economy at large and the banking sector in particular. Therefore poses inherent and devastating risks to the economy and the financial sector.

Recently, the World Bank warned that the country's debt service- to-revenue ratio may be up to 160 percent in the next 5 years except drastic reforms are put in place to free up fiscal space. Since it is clear that the debt profile and the consequent servicing have become unsustainable in the country, the financial sector should not be taken unawares.

The paper intends to put the financial sector on alert in the event of risks inherent in the case of public debt default. The banks ought to be proactive and be ready to cushion the adverse effects of the scenario on the sector. This is to forestall the repetition of the ugly experiences of bank failures of the past.

2. Conceptual Purview National Debt

National debt is the aggregate of claims against the government held by the private sector of the economy, or by foreigners, which may or may not bear payment of interest; including bank- held debt and government currency where applicable; less any claims held by government against the private sector and foreigners. It includes all obligations of government including currency obligation such as currency, short term debt, floating debt and funded debt. In Nigeria public debt are classified into internal and external. When the debt is incurred from domestic sources, it is internal. However, if it is sourced out the shores of the country it is external. External debts are categorized into – short term government guaranteed debts, medium and long term debts.

National Debt Default

This is inability to pay accumulated principal and interest accruable from loan facility borrowed fund. For a country, a good measure of default is the debt service to-revenue ratio. It is described to mean the index of how much of a country's revenue is available to interest and principal of borrowed funds. It measures the economy's financial sustainability or solvency as well as its ability to invest in public services and development. A high ratio means that a country is in the threshold of default as its revenues cannot pay its debt profile. On the contrary a low ratio signifies that the country is credit worthy. The globally benchmark for this ratio is 22.5 percent.

National Debt default risk exposure

When a country is unable to pay its debts it leads to default. This is majorly as a result of revenue falling short of the soaring debts and debt services. The defaults may arise as result of rising insecurity, corruption, financial mismanagement, or severe economic downturn. This has with it inherent risks on the economy and the financial sector. Although Nigeria has never defaulted in debt payments, there is no tendency that such scenario is foreclosed in the country in the foreseeable future. The reasons are not far- fetched. In the first place, the revenue from oil is dwindling. Serious economic consequences arise from such scenario as obtaining future loans becomes difficult, costly or impossible. It will dampen the already fallen value of the domestic currency resulting to domestic turmoil. This affects the financial markets adversely. It increases inflation and triggers shocks in the economy.

3. Inherent Public debt default

The soaring public debt service profile according to Klynveld Peat Marwick Goerdeler (KPMG) may exceed 100 per cent in 2023 and raised concerns over Nigeria's debt of sliding into critical debt servicing problems except if urgent policy actions are taken to trigger revenue generation. In fact with the upper chamber approval of securitization of over N22.7 trillion Ways and Means advances to the Federal government by the Central Bank of Nigeria, the debt profile hit over N77 trillion, including the N8.8 trillion expected new borrowings from both domestic and external sources. In 2022, the debt service to revenue ratio stood at 80.6 percent. This is in an alarming contrast to the World Bank's suggested 22.5 percent.

The Debt Management Office (DMO) (2023) state that debt service to- revenue ratio of the country presently at 73.5 described the figure as unsustainable and poses a threat. These calls for a serious concern on the economy in general and the banking sector in particular. While the government self- imposed recommended threshold of 50 percent falls short of actual figure of 73.5 percent as a result of short- fall in revenue, remains a signal for the banks to be on the red alert in the event of loan defaults by government. More worrisome is that going by the alternative scenario, public debt-to-GDP ratio of 45.4 percent in 2023 is more than self-imposed limit of 40 percent.

It is noted by the Debt Management Office (DMO) (2023) that the poorest and low –income nations that are qualified to access loans from the International Development Association (IDA) pay up to 10 percent of their revenue earnings to repay principal and interest payments of borrowed long-term national debt and government –guaranteed external debt. It implies that with the higher ratio for Nigeria, debt default is imminent.

Over the years, Nigeria has incurred an unprecedented high public debt servicing profile as a result of growing debt profile, depreciation of the domestic rate of exchange and other factors. This may no doubt lead to default. Debates on this worrisome development have generated unambiguous conclusion of a likely default and its adverse effects on banks and the economy. The Nigeria Bureau of statistics NBS (2023) asserts that in 1918, 1 total of 1.4 billion United State dollars (USD) was used to service public debt in Nigeria by the CBN. In 2019 the figure stood at 1.34 billion United State dollars (USD). In 2020 a total of 5.77 billion United State dollars (USD) was paid for the same purpose while in 2021 it was 2.13 billion United State dollars (USD) and 2.4 billion United State dollars (USD) in 2022.

The DMO states that the external debt of the country stood at 43.16 billion US dollars as at June 2023. Between 2011 and 2017, the CBN spent 328 million US dollars for debt service and payment and this figure reached 1.4 billion US dollar in 2018. This is as the debt profile is continuously rising. It further revealed that Nigeria's total public debt stock as at June 30, 2023 stood at N87.38 trillion ($113.42 billion). This includes internal and external debt stock of the Federal, 36 States of the Federation and the Federal capital territory. It comprised of N54.13 trillion domestic debt and N33.25 trillion. The debt jumps by 75 percent in three months. The service of the debt took N849.58 billion in the second quarter of 2023 while in the First quarter of 2023 it was N1.49 trillion.

The DMO (2023) further stated that the government projected debt service-to-revenue ratio of 73.5 percent for 2023 was high and a threat to debt sustainability. This will no doubt adversely affect the financial markets.

4. Banks and Public debt Risks exposures

There is the fear that likely debt defaults by government may adversely affect banks' earnings and overall performance. This is at the wake of increasing banks holdings of government securities over the years. Therefore any price paid by the government in the event of loan defaults will drastically affect the banks. For instance, in 2021, the First Bank, Zenith Bank, GTCO, Access Corp, and United Bank had a total of N9.9 trillion investments in government securities and the 2022 figures stood at N11.84 trillion in government securities. With daunting economic distress and falling resources stabbing the economy on the face, it becomes a serious challenge to the economic survival in general and the financial sector in particular. This makes the concerns about public debt default tenable in the nearest future

5. Challenges and Strategic Options

Escalating debt results to debt crises. It may result to liquidity problems thereby aggravating foreign exchange constraints complexities. The financial sector in any economy usually is at the receiving end of such scenarios.

In the face of dwindling crude oil revenues, soaring inflation, balance of payment imbalances, insecurity, and other myriads of economic and socio-political woes in the country, debt piling poses an imminent strangulation to the economy. There no doubt that public debt liability will trigger real resource cost of the principal loans which may lead to default.

From available records, public debt in the country has been pushed to the level that it has started 'crowding out' essential private sector investment. This is so as interest are pushed too far hence the ability of banks to lend to the private sector has been adversely affected as statutory appropriation of savings in their care is reduced. It is when savings are contemplated that deposits in banks deposits by customer are triggered. The removal of fuel subsidy may have a stabilizing effect on the economy in the long run; however, the associated higher wages may drain public revenue. Mohammad & Abdullah, (2020) opine that the present macroeconomic shocks in Nigeria pose serious threats on the available resources which have other competing uses.

Public debt default could harm credit ratings of the country and deter foreign lending. This will no doubt have devastating and adverse effect on the banks. Misztel, (2010) suggests that high indebtedness impedes the government to meet its debts obligation; damage its reputation; while in the same vein narrows its ability to absorb macroeconomic shocks; and impedes investment to meet its responsibility to the citizenry. It is also a problem for a government to be too indebted as it deters taking care of other social contract and functions of government such as healthcare, education and infrastructure. It increases costs and triggers confidence of crises. Ogbonna, et al, (2021) assert that increased borrowing and high service cost equally entails reducing expenditure on critical sectors of the economy such as agriculture, manufacturing and others. This therefore lessens the growth of the economy. Ogunmuyiwa, (2011) was of the view that higher public debt-to revenue ratio implies higher taxes and reduced subsidies and social transfers. These are tools for increasing revenues which adversely affects disposable income and purchasing power of the citizens. This worsens the distribution of income and increases income inequality. In general, what adversely affects income of individuals simultaneously affects their savings and takes toll on banks' deposit mobilization.

6. Policy Action and Implication

If a country's debt service to revenue ratio is beyond 30 percent, it signals a serious danger and may lead to default. Yet the country is aiming at 100 percent. This calls for a serious reflection and a chart for a way forward to get out of this ugly scenario immediately before it is too late. The debt profile is too much. Therefore concern about default is not out of place and never intended to be prophecy of doom but a call to be combat-ready on the part of the financial sector in particular and the economy at large.

It becomes imperative for the banks to proactively prepare against the risks inherent foreign and domestic government bonds. It is then not out of place to enjoin the banks to be proactive and prepare firmly in the case of a possibility of the eventuality from the authorities. Further policy action by banks is by way of not under-estimating risk or safety of such investments as high yielding Eurobond investments.

7. Conclusion and Recommendation

Conclusion

The paper examined the need to reposition the financial sector in Nigeria against the event of public debt default risk exposures. While it is hoped that the public debt crises coupled with other macroeconomic shocks (including aggravated foreign exchange constraints, exchange rate quakes, soaring inflation, high rate of unemployment among others), will not lead to viciously aggregate debt and become unmanageable, resulting to default, banks are enjoined to be combat- ready and tread the path of caution to prevent avoidable banking failures on one hand and protect depositors' hard earned deposits.

Recommendation

For the government and the debt managers

1. The debt policy makers should redefine and put in place strategic borrowing benchmarks aimed at debt management sustainability. National borrowed funds should be employed judiciously to national investments that promise pay-backs and returns that are not only beneficial to the economy but also able to service the incurred debt.
2. There is need for moderation in new borrowings.
3. Revenue generation should be prioritized. This implies the diversification of revenue base as against the mono-product base of the economy by way of jettison the over-reliance on crude oil as major export base. Government should engage strategic mobilizations initiatives and reforms that will stimulate revenue growth without triggering income inequality.

For the financial sector and the Banks in particular

1. The Central Bank should urgently put in place appropriate risk management procedures to ensure that banks' exposures to national bonds is devoid of any danger to the banks' performance, depositors' funds and banks' operations.
2. Banks should endeavor to provide a well diversified investment portfolio so as to cushion the effect of public sector default. They can go a step further to invest in dollar-based assets to reduce instability of currency risks.
3. Banks should tighten their management of risk apparatus to ensure zero tolerance to bad, doubtful, irrecoverable debts that may worsen inherent national default risk .
4. Banks are to ensure that should there be loans that may be bad, it must not be beyond one tenth of their total loans and investments. If bad loans are growing up to 40 to 50 percent of investments, it may result to banking collapse.
5. The Central bank should monitor the strict compliance by banks to ensure risk management of the foreign debt bonds.
6. The CBN through the prudential guidelines and risk profile management strategies should ensure banks' compliance to such provisions for the safety of the banks. This will minimize the exposure of the banks to local and foreign government risks.
7. Banks should involve pragmatic and proactive risk management procedure to reduce losses while maintaining the expected profits.
8. More so there is need for banks to spread their risks assets in the foreign and domestic assets as a tool of managing risk in order to reduce unsystematic risks.

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FOREIGN CURRENCY GAP AND THE NIGERIAN ECONOMY

Onanuga Abayomi Toyin
Arikewuyo Kareem Abidemi

1.0 Introduction

The main aim of the paper is to examine the implications of foreign currency gap on the Nigerian economy in the period 1985-2022. The obvious evidence that shows that a country is experiencing foreign currency gap is that such country would not be able to make payment for essential imports like food stuffs, medical needs such as drugs and equipment's machineries and spare parts for industrial development. The deficiency in the foreign currency earnings related to demand may lead to rationing of foreign currency to end users in order to maximize the benefit of the dwindling foreign currency earnings of the nation. How long the foreign currency rationing persists depends on how the country might be able to expand its supply sources relative to demand.

In the face of such dwindling foreign earnings compared to demand, another action that is usually taken by the regulatory authority is to devalue the country's currency in order to give a competitive edge to domestic exporting firms over their foreign competitors so as to improve export earnings from trade. Unfortunately in the Nigerian case, being a mono-product economy whose foreign earnings majorly depended on sale of crude oil, there is indeed no assurance that currency devaluation is a dependable means of improving foreign earnings that could reduce the deficit foreign currency gap. This is due to a dearth of exportable non-oil commodities in Nigeria. Possible means of monitoring the foreign currency gap can be traced to the changes in the foreign currency reserve balance, terms of non-oil and oil trade balance and pattern of exchange rate movement of the country. The study therefore used descriptive statistics method to analyse and affirm the existence of foreign currency gap in Nigeria. The remaining part of the paper is structured as follows: The pattern of foreign exchange rate regimes in Nigeria is discussed in section two. Sections three and four contains the analysis of import and export trade balances and foreign reserve balance respectively. Section five discussed the implications of the foreign currency gap for the Nigerian economy and section six concludes the paper.

2.0 Overview of Patterns of Foreign Exchange Rate Regimes in Nigeria

Nigeria operated fixed exchange rate system between 1960 and 1985 when the country experienced a surplus balance of payments for a reasonable time during the period. The exchange rate was stable and it supported business plans and economic stability with growing industrialization due to considerable availability of foreign earnings relative to demand. The Naira was deregulated in September 1986 in pursuant of the Structural Adjustment Programme (SAP) in order to address the issues associated with the over-valuation of the exchange rate among other economic issues. Thereafter as shown in Figure 1 the naira against the US dollar had suffered more devaluation than revaluation. The naira exchange rate had went through many regimes to stabilize the naira to the US dollar to no avail. An overview of the regimes after 1986 are as discussed. The Second-tier Foreign Exchange Market (SFEM) was introduced by the Central Bank of Nigeria (CBN) to boost SAP. The mandate of SFEM was to design a mechanism for exchange rates determination and allocation that might ensure short-term stability and long-term balance of payments equilibrium. Several changes were made to attain the goals of SFEM, ranging from Foreign Exchange Market (FEM) to Autonomous Foreign Exchange Market (AFEM), to Dutch Action System and, to the wholesale Dutch Auction System.

After SFEM, the foreign exchange market (FEM) was introduced due to the problem arising from the first and second-tier market rates in July 1987. In 1989 the Bureau de change was introduced to broaden the scope of FEM. In 1995, a policy reversal of guided deregulation was referred to as the Autonomous Foreign Exchange Market (AFEM). The interbank foreign exchange market (IFEM) was reintroduced in 1999. This brought about the merger of the dual exchange rate, following the abolition of the official exchange rate from January 1, 1999. In 2002, the Dutch Auction System (DAS) was reintroduced due to the rising demand pressure in the foreign exchange market and the continuous depletion of the country's external reserves. Finally, the introduction of wholesale DAS in 2006 further liberalized the market to evolve a realistic exchange rate of the Naira. Until now, Nigeria's exchange rate regime is characterized as oscillating between fully-managed and freely floating regimes. From June 2016 the CBN reintroduced the managed floating FOREX system titled "Flexible Exchange Rate Inter-Bank Market", which specified some broad operational guidelines that remained till the end of 2022.

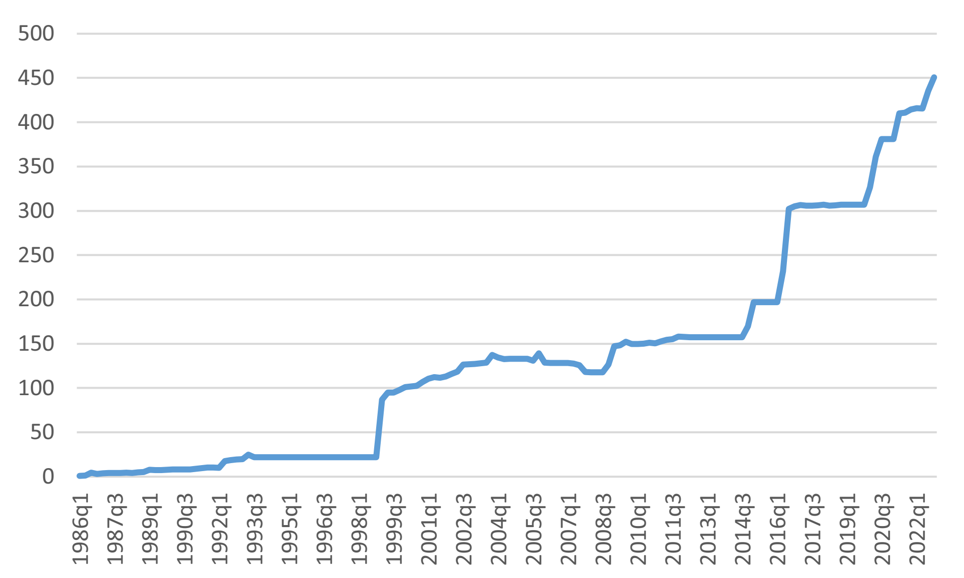

Figure 1: Trend: Nominal Exchange Rate 1986Q1 – 2022Q4
Source: www.cbn.gov.ng/rates/exrate.asp

2.0 Import and Export Trade Balance

3.1 Total Trade Balance: Oil and Non-oil

Nigerian economy trade pattern can be classified into two broad groups. The oil and non-oil trade with the global community. But the predominant sector is the oil sector that contributes about 95 percent of Nigeria's foreign exchange earnings (2008, World Bank). Figure 2 shows the trend of import and export trade pattern in the period 1985-2022. It is evident from the graphical illustration that the pattern of trade export has been consistently higher than the pattern of trade import until 2019 when trade import rose higher than export trade and it remained till 2022. A sharp drop in export trade was experienced between 2019 and 2020. This is due majorly to the Covid-19 pandemic. It rose from about 12 billion naira in 2020 to 27 billion naira in 2022 representing over 100 percent increase in two years.

The persistent increase in export trade balance over import trade balance is due to income from crude oil as this represents a significant income from export.

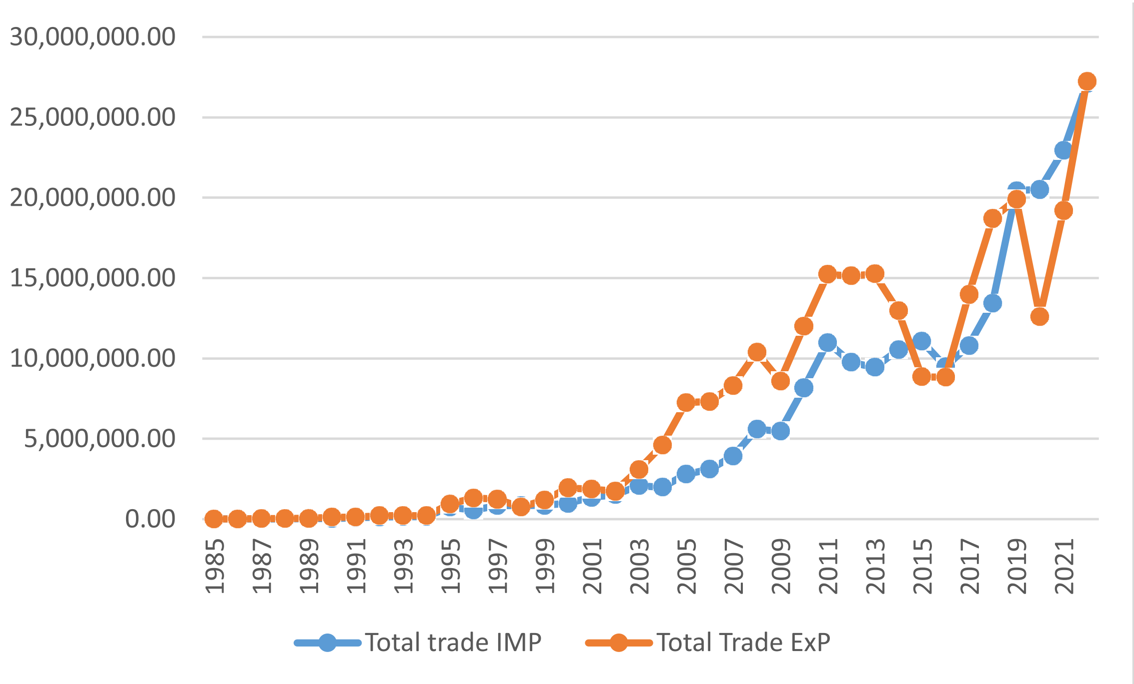

Figure 2: The pattern of Non-oil Trade: Import and Export for 37 years – 1985-2022
Source: Central Bank of Nigeria Statistical Bulletins, 2022

3.2 Oil Trade Balance Compared with Non-oil Trade Balance

The emphasis on the need to improve non-oil trade exports cannot be overemphasized. The pattern of oil trade and non-oil trade balance shows that non-oil trade balance had consistently been in deficit since 1985 and position has been worsening till 2022. The evidence suggest that goods imported far exceeds goods exported during the period of the study. The implication is that net earnings from export of goods had continually been decreasing. In respect of oil trade balance, it has been increasing since 1986 to 2022. Based on this evidence, Nigeria's mono-trade culture in foreign earnings is vividly illustrated in Figure 2. From the same Figure, the trend of the non-oil trade balance worsened in 2001 and ever since it has continued to drop with little contribution to foreign exchange earnings of Nigeria compared to the oil sector. The continuous negative rise in non-oil trade balance occasioned by some factors such as the sharp demand for imported goods contributed in no small measure to the dwindling foreign exchange earnings and persistent depreciation in the naira exchange rate to the US dollar and other convertible currencies.

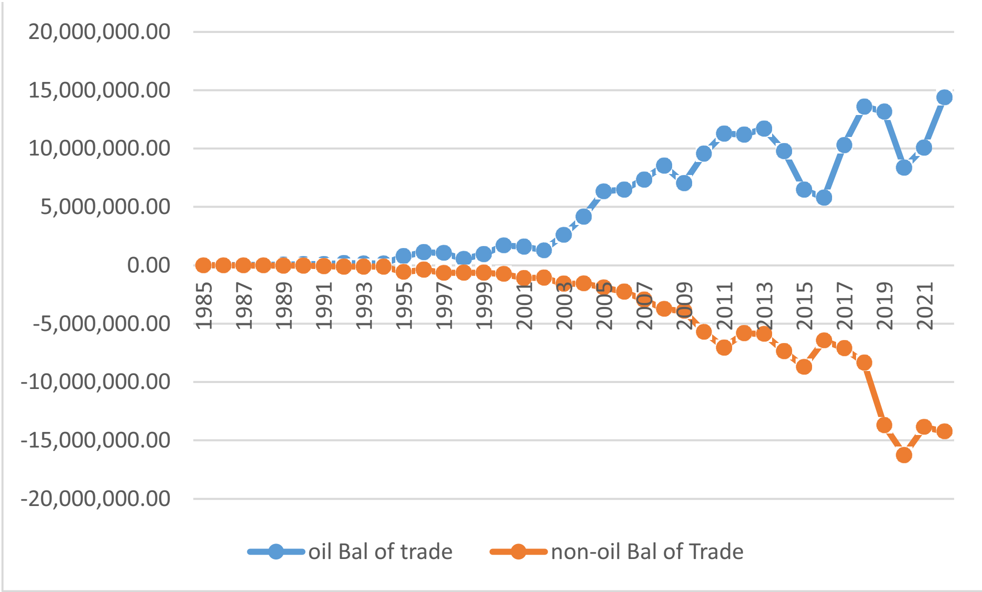

Figure 3: The pattern of Non-oil Trade and Oil Trade Balance for 37 years – 1985-2022
Source: Central Bank of Nigeria Statistical Bulletins, 2022

4.0 Analysis of the Pattern of External Reserve

A country's foreign reserve otherwise referred to as the external reserve is the flowing stock of foreign exchange of the government in different foreign asset comprising; foreign bank notes, deposits, bonds, treasury bills and other foreign government securities (CBN 2023) The foreign reserve is managed by the Central bank of Nigeria as it were in many countries. Therefore, it is usually available for the monetary authorities use to stabilize the country's exchange rate in cases of fluctuations in the exchange rate. It is important to mention that foreign reserve of most advanced countries include gold coins and bullions. The gross foreign reserve position provided by the monetary authorities in Nigeria does not provide adequate information for measuring the currency gap of the country. International Monetary Fund (IMF, 2021), defined foreign reserve as the reserve assets less short term foreign currency drains. The short-term foreign currency drains is comprised of foreign currency obligations due for settlement within the next twelve months (IMF, 2023). This information was not included in the data of foreign reserve for Nigeria.

The trend of the Nigeria gross foreign reserve is shown in Figure 3. In 1985. The reserve was about 1.65 billion US dollars. It rose steadily though fluctuating to about 10.26 billion US dollars in 2001. In the period 2002-2008, the reserve rose steadily from 7.68 billion to 53.00 billion US dollars respectively. In the period 2002-2008 the Naira exchange rate gained against the US dollar and enjoined relative stability. This perhaps was due to the steady rise in Nigeria's foreign reserve among other factors. However, in 2009 the reserve dropped from 53.00 billion US dollars to 42.3 billion US dollars representing about 20 percent decline in one year. In view of the reasonable decline of the foreign reserve the Naira exchange rate to the dollar experienced some devaluation. The exchange rate to the US dollar was 117.72 in 2008q3 increased to 152.30 by 2009q3 representing about 29 percent depreciation within a year when the reserve declined. From 2009, the reserve has been experiencing a fluctuating pattern as it dropped to 32.6 billion US dollars in 2011 and rose 43.8 billion US dollars in 2012, The foreign reserve later reduced to 26.9 billion US dollars in 2016 and by 2022 it was 36.6 billion US dollars (see Figure 4). The fluctuation pattern of Nigeria's foreign reserve suggest that the management of the foreign reserve is unpredictable and this has a deleterious effect on the stability of the exchange rate in the period of the study.

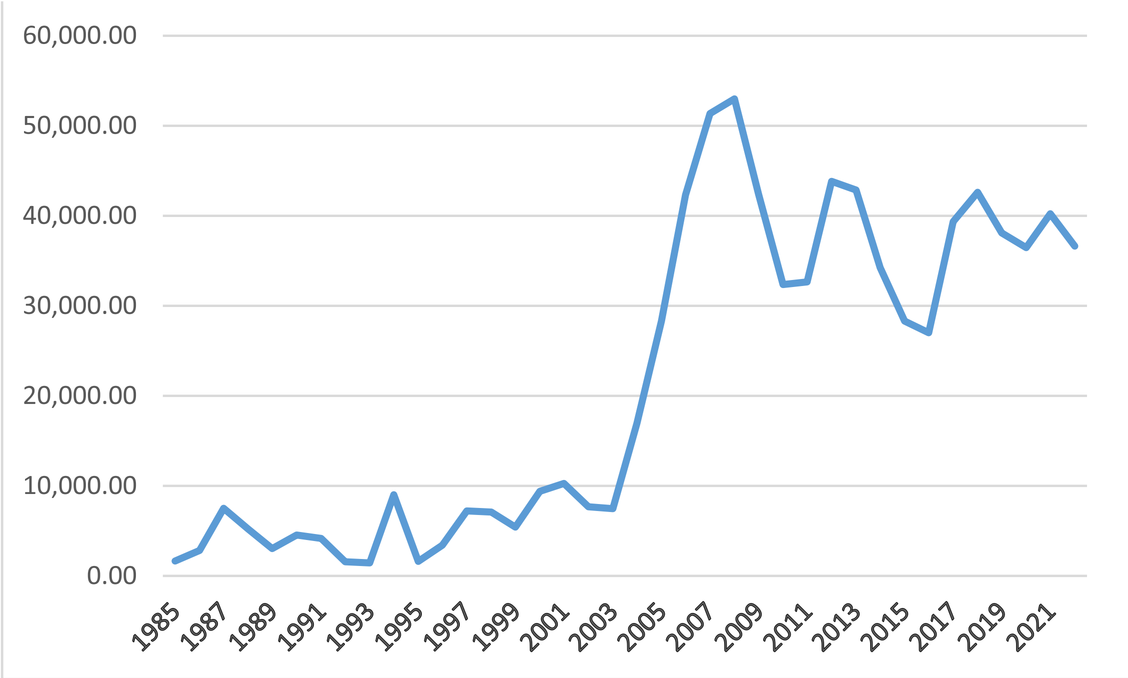

Figure 4: Pattern of External Reserve 1985-2022
Source: Central Bank of Nigeria Statistical Bulletins, 2022

5.0 Foreign Currency Gap: Implications on the Nigerian Economy

The foreign currency gap represents a deficit between foreign currencies (supply sources) available to meet the import bills of an economy (demand sources). The ability of a country to meet its import bills depend on the level of the country's foreign earnings and reserve. The gap is magnified in situations of declining foreign earnings and reserve against an increasing demand for foreign exchange to settle import bills. The obvious actions usually taken by monetary authorities are many but one of such options is to devalue the domestic currency to make import more expensive in order curb the demand for foreign currency. In an era of direct control of exchange rate government can also use some regulatory measures such as issuance of import license, import quota, allocation of foreign exchange to importers among other measures.

In the period 1985-2008 the foreign reserve of Nigeria was persistently increasing. But a major decline was experienced by the economy when the foreign reserve which was about 53 billion US dollars in 2008 reduced to 42 billion US dollars representing about 20 percent decline in one year (see Figure 4). Comparing the trend of the exchange rate devaluation with the trend of the exchange reserve, in the period 1986-1988 the naira suffered persistent devaluation against the dollar in spite of the fact that the external reserve was rising in the same period. This suggest that attempts to conserve foreign reserve against the rising demand for foreign exchange can only be curbed through the devaluation of the domestic currency in order to minimize the demand for foreign currency. Exchange rate devaluation was further worsened in the period $1992q_1$-$1992q_2$ because the exchange rate experienced a major devaluation from ₦9.8650 to ₦17.6107 representing about 78.51 percent devaluation of the domestic currency to the US dollar. It is important to note that in 1991 the foreign reserve which was about 4.1 billion US dollars dropped to 1.6 billion US dollars in 1992. This represented a drop of about 61 percent. It may be inferred that the significant drop in the foreign reserve by about 78.51 percent among other factors led to the substantial devaluation of the domestic currency against the US dollar by 61 percent in 1992.

After $1992q_2$ the devaluation of the Naira dropped to a time low margin of 1.61 percent between $1993q_1$-$1993q_2$. The devaluation increased by a margin of 26.54 percent in the subsequent period (1993q1-1993q2). From $1993q_3$ to $1998q_4$ the exchange rate stabilized as it stood at 21.8861 in exchange for a unit of US dollar. However, during the period 1992-1998, the foreign reserve increased impressively from about 1.5 billion US dollars to 7.1 US dollars though it fluctuated in the period 1994-1996. Evidence from the pattern of exchange rate and foreign reserve suggest that as the foreign reserve drops the exchange rate was devalued. The implications of exchange rate instability and perhaps consistent devaluation suggest that businesses and investments would not be able to make sustainable investment plans that can sufficiently contribute to the growth prospects of the economy. Second, it may be difficult to attract foreign investors to set up firms in the domestic economy because persistent devaluation can only make it more expensive to earn their return on foreign currency invested in the country in the course of time.

In the period 1998-2008 the foreign reserve fluctuated but was able to reach the highest peak of about 53.00 billion US dollars before it started to decline. And by 2022 it has declined to 36.08 billion US dollars. The exchange rate devaluation also degenerated as the exchange rate of ₦117.92 to the US dollar in $2008q_1$ had moved to ₦450.71 by the end of $2022q_4$. The pattern of devaluation of the domestic currency against the US dollar follow similar pattern in the depletion of foreign reserve. These are illustrated in Figures 1 and 4 respectively. The possible reason for the persistent devaluation may be traced to the negative non-oil trade balance in Figure 3. In Figure 3 the trend of the pattern of trade shows that as the net position of non-oil trade balance maintains a negative position the balance of oil trade was positive. The inference from the trend is that the balance of trade being negative affirms that the balance of import bill for trade outstrip the export of trade.

Due to inability of the country to improve on its foreign exchange earnings (supply) against foreign exchange usage (demand) the exchange rate was continually devaluated since 1999. Inability of the country to continually increase its foreign earnings from both oil and non-oil sources affected the enhancement of foreign reserves and consequently the inability of the regulatory authorities to provide sufficient foreign exchange to meet the rising demand of import bills. The monetary authorities have continually devalued the naira in the last two years especially in year 2023 when a new government was inaugurated in the middle of year 2023.

One of the reasons why Nigeria could not consistently improve its foreign reserve may be due to some factors such as the monoculture of the economy with heavy dependence on oil as a major source of foreign earnings. Second, dwindling number of firms that are producing exportable goods. Third, sharp increase in the demand for imported goods. Fourth, inability to manage the demand for foreign currency by channeling it to genuine end users that will contribute to exports and trade for the country. In view of these challenges, the ensuring foreign currency gap can be regarded as a serious economic problem for any developing economy (particularly Nigeria) for multiple reasons:

a) Instability of the exchange rate due to persistent devaluation of the domestic currency.
b) Failure to pay for essential imports such as food items, medicines and raw materials.
c) Inability to pay for imports of industrial spare parts machines for productive activities.
d) Dearth of small and medium scales firms due to rising exchange rate.
e) Poor foreign investor confidence that can discourage inflow of foreign direct investment.
f) High cost of importing petroleum motor spirits for cars and diesel engines.
g) Poor funding of payment for services abroad; such as education, insurance and health abroad.

The cumulative effects of the listed items resulting from foreign currency gap may also lead to major macroeconomic and microeconomic issues such as;

a) Consistently rising imported inflationary trends due to persistent devaluation of the domestic currency.
b) Rising level of youth unemployment due to firms' liquidation.
c) Stagflation – a combination of high inflation and unemployment rates.
d) Social problems and challenges such as; pick pockets, robbery, prostitution obtaining money by deceit, corruption in public and private firms.
e) Liquidation or failure of import dependent firms.
f) Dearth of new firms through investment funds from home and abroad
g) High cost (interest) of loanable funds for import and export.
h) Declining level of savings for investment due to rising unemployment
i) Inability to service foreign debt on due dates.
j) Possibility of debt crisis resulting from failure to meet debt obligations.
k) Steady decline in the standard of living and higher death rate due to high cost of obtaining essential imported goods like food and drugs.
l) Macroeconomic and microeconomic financial crisis, which might lead to economic failure.

6.0 Conclusion and Policy Recommendation

The aim of this of this paper is to evaluate the implications of the foreign currency gap on the Nigerian economy. Using the descriptive statistics, data (nominal exchange rate, foreign reserve, oil and non-oil trade balance) were obtained from the Central Bank of Nigeria database for the period 1985-2022. The study found that changes in foreign currency reserve balances of the country most often result in the devaluation of the country's exchange rate. Non-oil trade deficits persisted during the period of the study while oil trade balance remained positive. The major source of foreign earnings is from oil trade because of the deficit balance of non-oil trade.

The study concluded that the prevalence of foreign currency gap is one of the factors responsible for persistent devaluation of the domestic currency. The major policy recommendation is that government should ensure that policies that promote and support non-oil trade should be put in place in order to revert not only the deficit non-oil trade balance but for the earned foreign exchange to serve as a veritable source for foreign earnings in order to archive a surplus currency gap in Nigeria.

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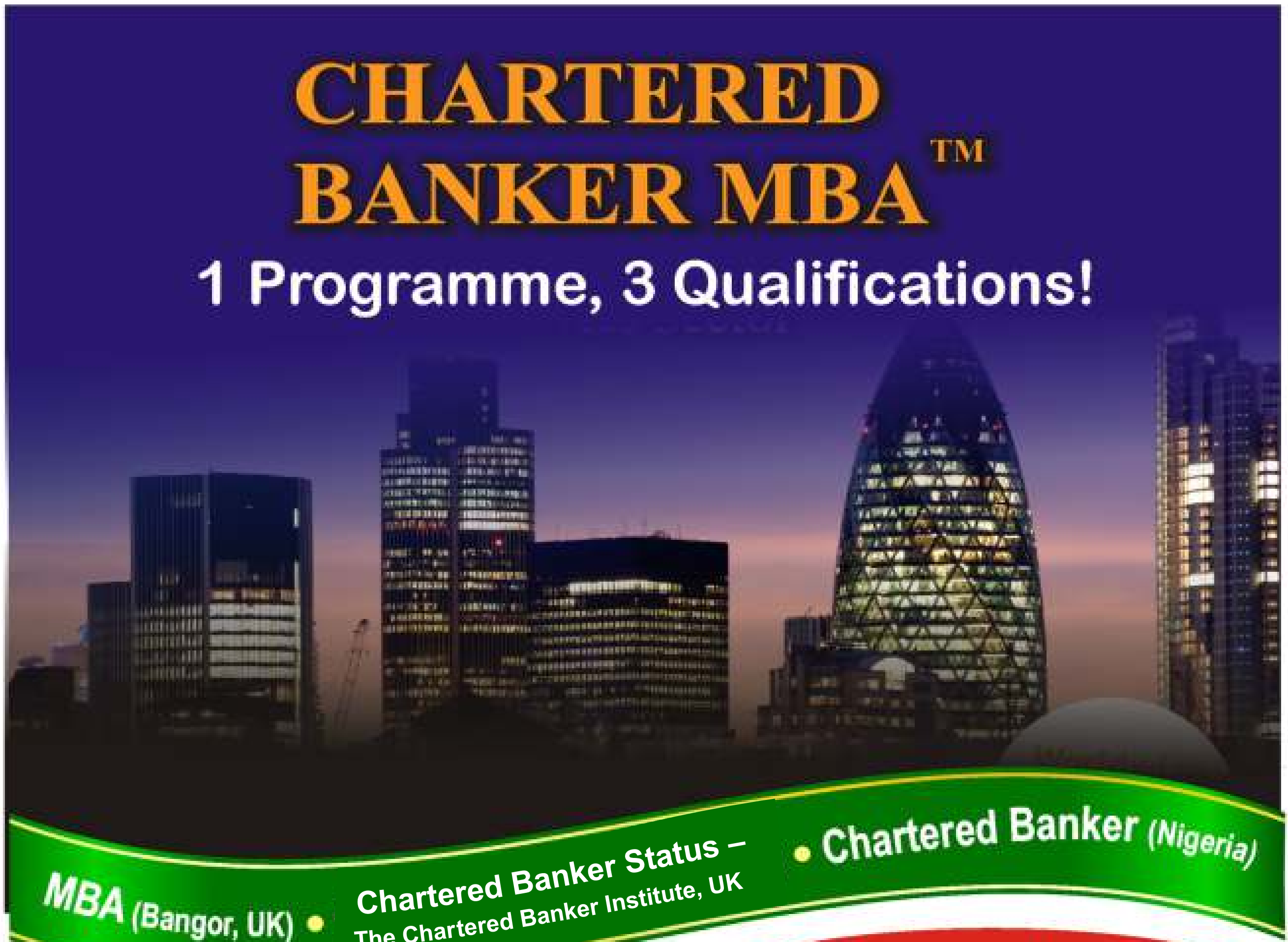

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The Presidential Investiture of the 23rd President/Chairman of the Council, CIBN

Prof. Pius Deji Olanrewaju, Ph.D, FCIB,

May 17, 2024

A section of the swearing-in of Prof. Pius Deji Olanrewaju, Ph.D, FCIB, as the 23rd President/Chairman of the Council of The Chartered Institute of Bankers of Nigeria (CIBN) which was presided over by Hon. Justice Owolabi A. Dabiri (Rtd.), Judge of the High Court of Lagos State (2008-2021)

Prof. Pius Deji Olanrewaju, Ph.D, FCIB, the newly elected and sworn-in President/Chairman of Council, CIBN, signing the oath of Office during his inauguration ceremony.

The official removal of the Insignia of Office from the outgoing President/Chairman of Council, CIBN, Ken Opara, Ph. D, FCIB

The decoration of Prof. Pius Deji Olanrewaju, Ph.D, FCIB, by some of the Past Presidents as the 23rd President /Chairman of the Council, CIBN.

A cross section of the immediate past President/Chairman, CIBN, Ken Opara, Ph.D., FCIB, with the newly sworn-in President/Chairman, CIBN, Prof. Pius Deji Olanrewaju, Ph.D, FCIB as well as other dignitaries at the event.

The Managing Director/CEO of Lotus Bank Nigeria, Mrs. Kafilat Araoye, delivering her congratulatory speech at the investiture ceremony.

Past Presidents of CIBN at the Investiture Ceremony

The oath taking and swearing-in of other Officer Holders with the elected Council members led by the new President/Chairman of Council, CIBN, Prof. Pius Deji Olanrewaju, Ph. D, FCIB

The Presidential Investiture of the 23rd President/Chairman of the Council, CIBN

Prof. Pius Deji Olanrewaju, Ph.D, FCIB,

May 17, 2024

A cross section of Past Presidents with the newly inaugurated President/Chairman of Council, CIBN, Prof. Pius Deji Olanrewaju, Ph. D, FCIB

The newly inaugurated President/Chairman of Council, CIBN, Prof. Pius Deji Olanrewaju, Ph. D, FCIB and the Immediate Past President/Chairman of Council, CIBN, Ken Opara, Ph.D, FCIB at the investiture ceremony.

L-R; Mr. Dele Alabi, FCIB, 1st Vice President, CIBN, Prof. Pius Olanrewaju, Ph.D, FCIB, President/Chairman of Council, CIBN, Mrs. Mojisola Bakare-Asieru, FCIB, 2nd Vice President, CIBN, and Dr. Peter Ashade, FCIB, National Treasurer, CIBN, at the investiture ceremony.

Presidential Valedictory Address of the outgoing President/Chairman of Council, CIBN, Ken Opara, Ph. D, FCIB

May 16, 2024

Cross section of Past Presidents with the outgoing President/Chairman of Council, CIBN, Ken Opara, Ph. D, FCIB, before his Valedictory Ceremony.

Cross section of the Register/Chief Executive, CIBN, Akin Morakinyo, HCIB with some dignitaries at the Presidential Valedictory Ceremony of Ken Opara, Ph.D, FCIB, as the 22nd President/Chairman of Council, CIBN

Cross Session of the participants at the Presidential Valedictory Ceremony.

The Managing Director/CEO of Fidelity Bank Plc, Dr. Nneka Onyeali-Ikpe, OON, seated with other dignitaries at the event.

The Association of Professional Women Bankers (APWB), ably led by the chairperson, Mrs. Funke Feyisitan Ladimeji, HCIB, presenting a gift to the outgoing President/Chairman of Council, CIBN, Ken Opara, Ph. D, FCIB at the Presidential Valedictory Ceremony.

Cross session of friends and family members of the outgoing President/Chairman of Council, CIBN, Ken Opara, Ph. D, FCIB, at the Valedictory Ceremony.

2024 CIBN Annual General Meeting

April 6, 2024

The Registrar/Chief Executive, CIBN, President/Chairman of Council, CIBN, Ken Opara, Ph. D, FCIB and other Office Holders at the 2024 Annual General Meeting

The President/Chairman of Council, CIBN, Ken Opara, Ph. D, FCIB delivering his welcome Address during the 2024 Annual General Meeting.

Cross section of past presidents of CIBN during the 2024 Annual General Meeting

INDUSTRY CORNER

SERIES 2

Industry Corner is dedicated to enlightening our readers on the latest trends and innovations shaping the banking and finance industry. In each edition, we delve into the dynamic changes impacting financial institutions, from cutting-edge fintech advancements to regulatory shifts. Whether you're a seasoned banker, a finance professional, or simply interested in the economic landscape, Industry Corner offers valuable knowledge to keep you informed and ahead of the curve.

Finny
Fintech Enthusiast

Banky
Banker

Hey Finny, have you seen this new fintech app? It's like every day there's something new popping up!

Oh, you mean FinGo?
It's revolutionizing how we handle transactions! No more waiting in line at the bank.

[Raising an eyebrow] But can we trust these apps? What about security? I still have customers who prefer to come in and talk to a real person.

[nodding] Security is a big deal, but these apps are investing heavily in encryption and fraud detection. Plus, they're making banking accessible to more people, especially in rural areas.

You've got a point there. Financial inclusion is crucial. But don't you think there's a risk of traditional banks becoming obsolete?

Not at all! I see it more as a partnership. Banks have the trust and infrastructure, while fintech brings innovation and agility. Together, they can offer the best of both worlds.

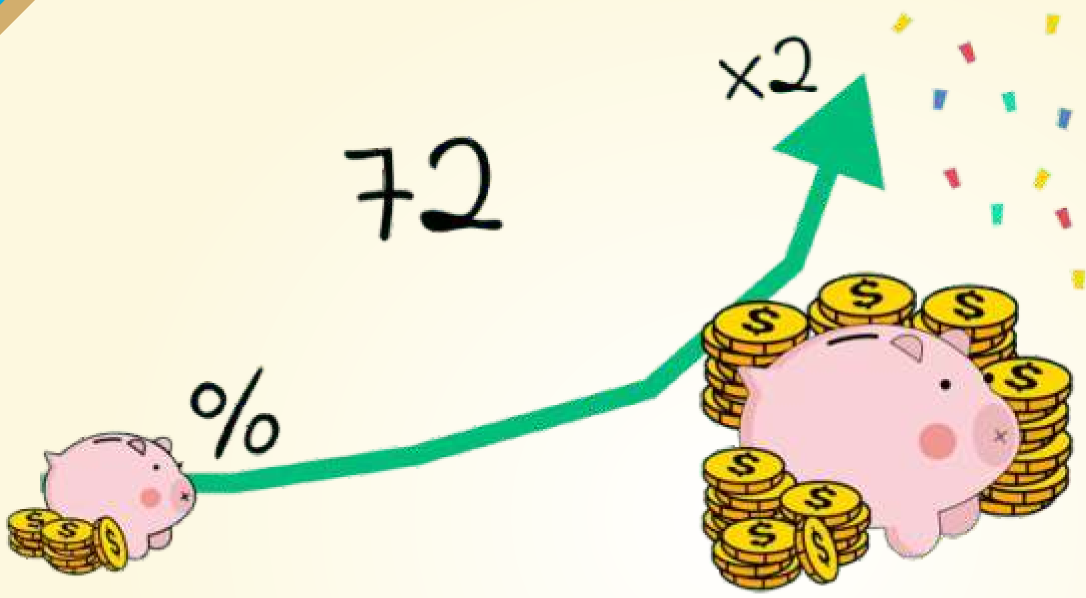
[Smiling] I like that perspective. So, how do we get our customers to embrace this fintech wave without scaring them off?

[Grinning] Education and transparency. Show them the benefits, ensure their data is protected, and gradually introduce these tools. Maybe even a few fintech workshops?

[Nodding thoughtfully] That sounds doable. I guess it's time to start planning those workshops. Thanks, Finny! Always a pleasure picking your brain.

[Cheerfully] Anytime, Banky! Let's get the future of banking rolling!

Did You Know?



Did you know that you can estimate how long it will take for an investment to double by dividing 72 by the annual rate of return? For example, at an 8% return, an investment would double in about 9 years (72 ÷ 8 = 9). - Rule of 72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