

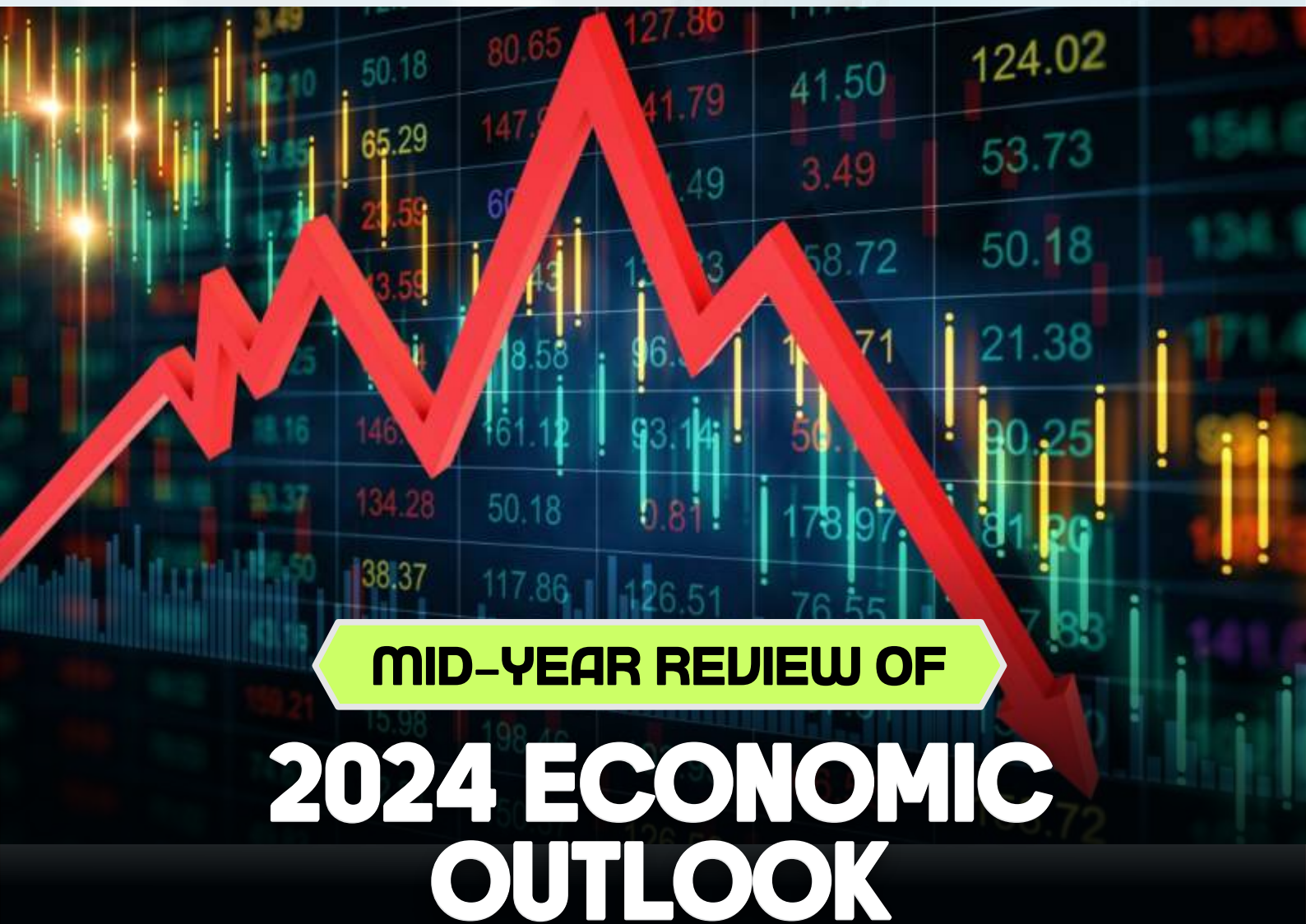


The Nigerian

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Banker

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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 its 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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CIBN IN BRIEF

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 (GBESbB)
- 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

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2. **Mr Joshua Ukute**
President, National Association of Microfinance Bank

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4. **Senator. Tony Yaro, HCIB**
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6. **Mrs. Risikatu Ahmed, FCIB**

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3. **Mrs. Rita Adeyanju, HCIB**
Director, Secretariat Services
4. **Mr. Babatunde Apena**
Deputy Director, Capacity Building, Certification & Standards
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Assistant Director, Economics and Strategy
6. **Mr. Akinpelu Akinola, HCIB**
Assistant Director, Ethics, Governance and Secretariat Services

Editor's Note



Dear Readers,

Welcome to the third edition of the Nigerian Banker for the year 2024. We are excited to once again present the various activities held in the Institute during this period. It is important to remind you that the Institute is intentional in delivering value across different stakeholder categories and painstakingly ensuring that its efforts align with the evolving needs of the banking and finance industry.

It is essential to state that this quarter brought Nigeria's economy a mixed landscape of challenges and opportunities. During Q3, the Nigerian economy continued its cautious journey toward recovery, marked by real GDP growth of 2.98%, a reminder of the gradual but steady strides we're making. However, inflation remained a critical challenge, reaching high levels primarily due to elevated exchange rates and rising food and energy prices. Although there are indications that inflation may slow toward the end of the year, the Central Bank of Nigeria (CBN) has maintained a tight monetary policy stance, keeping rates high to control inflation pressures, which in turn limited household spending and private sector investments. Exchange rate volatility was another significant factor affecting inflation, with pressures from global economic trends and domestic fiscal policy.

The Institute remained steadfast in pursuing growth, innovation, and excellence in the banking and finance sector. Challenges have not deterred us; instead, they have become opportunities to refine our strategies, strengthen our programs, and launch initiatives that build resilience and prepare us for the future. As Epictetus wisely said, "Difficulties are things that show a person what they are." In this spirit, these obstacles fuel our commitment to adapt, innovate, and thrive in an ever-evolving financial landscape.

Among the activities that were held within this period include:

- The 17th Annual Banking and Finance Conference, held on September 10 & 11, 2024, with the theme '**Accelerating Economic Growth and Development: The State of Play and the Way Forward.**' Distinguished

guests included prominent figures in the finance industry as well as policymakers. The keynote presentation was delivered by Dr. Tony Elumelu, CFR, FCIB, Chairman, UBA Group and Chairman, Heirs Holdings.

- 2024 Stream 2 Graduate's Induction and Prize Awards Day held on Saturday, August 31, 2024, with the theme, Unlocking your Potentials: Positioning for Next Levels. The Guest Speaker was **Mr. Wole Adeniyi, FCIB**, Managing Director/CEO, Stanbic IBTC Bank Plc.
- Mid-Year Review of 2024 Economic Outlook held on Thursday, July 25, 2024. The hybrid event was jointly hosted by the Chartered Institute of Bankers of Nigeria Centre for Financial Studies (CIBNCFS) and B. Adedipe Associates Limited (BAA Consult). The Keynote presentation was delivered by **Dr. Tope Fasua**, Special Adviser to the President of the Federal Republic of Nigeria on Economic Affairs.

Other features in this edition include insightful articles and presentations from key events held during the period. We believe these articles will not only enhance your understanding of current trends but also provide practical knowledge that would be applied to real-world scenarios and inspire further engagement with the critical issues at the heart of the financial ecosystem.

We also present pictorial reports on the Stakeholders' Engagements led by the President/Chairman of Council, CIBN, and other informative content curated for your reading delight.

In conclusion, I hope this edition not only informs but also inspires you to engage with the industry's ongoing transformation. Your feedback and contributions are always valued as we strive to strengthen our collective efforts further.

Thank you for your continued support, and we look forward to another quarter of growth and progress together.

Happy reading!

Akin Morakinyo, HCIB
Registrar/Chief Executive



Nigeria Economic Outlook: H1'2024 Realities and H2'2024 Prospects

'Where' and 'What'



Global Macroeconomic and Social Issues

What they are and What
they Mean



The BRICS+



Egypt



Ethiopia



Iran



United Arab Emirates



Saudi Arabia



Country	GDP (\$' bn)	Popn	Per capita
Brazil	1,920.10	216,422,446	8,871.98
Russia	2,240.42	144,444,359	15,510.62
India	3,385.09	1,428,627,663	2,369.47
China	17,963.17	1,425,671,852	12,599.80
South Africa	405.87	60,414,495	6,718.09
Egypt	476.75	112,716,599	4,229.62
Ethiopia	126.78	126,517,060	1,002.02
Iran	388.54	89,172,767	4,357.20
Saudi Arabia	1,108.15	36,947,025	29,992.94
UAE	507.54	9,516,871	53,330.03
Total	28,522.41	5,650,460,637	7,813.37
World	100,562.01	8,045,311,448	12,499.46
%	28.36%	45.37%	62.51%

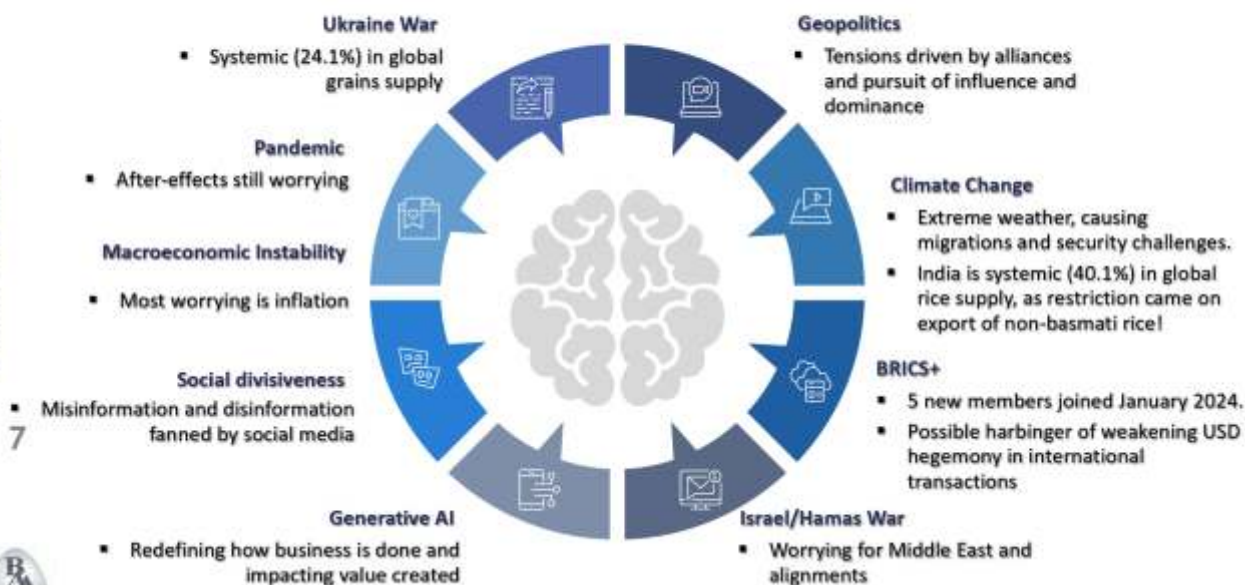
Nigeria	477.39	223,804,632	2,133.05
#39		#6	
Sources:	World Bank	United Nations	



Major Global Disruptions



BAA Consult



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BAA Consult

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Recent Local Policy Shifts and Disruptions

What, Why and Implications





Major Domestic Policy Shifts

BAA Consult



Fuel Subsidy Removal

Remove waste of US\$10.7bn annual unproductive bill.



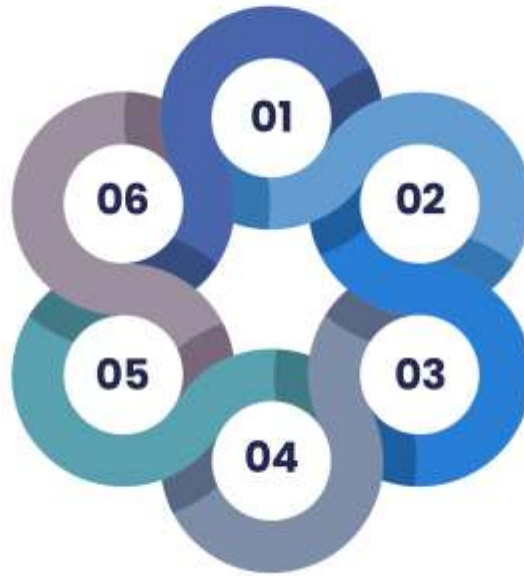
Bank recapitalization

Stronger and more capable to fund US\$1tn economy



Business environment

Rule of law, access to capital and level-playing ground.



Unified Exchange Rates

Eliminate strange arbitraging and roundtripping opportunity.



Unbanned 43 items form official FX window

Renewed attention to their importation.



Fiscal consolidation

Tax and fiscal reforms, policy alignment and reset.



The Nigerian Macroeconomic Environment



BAA Consult

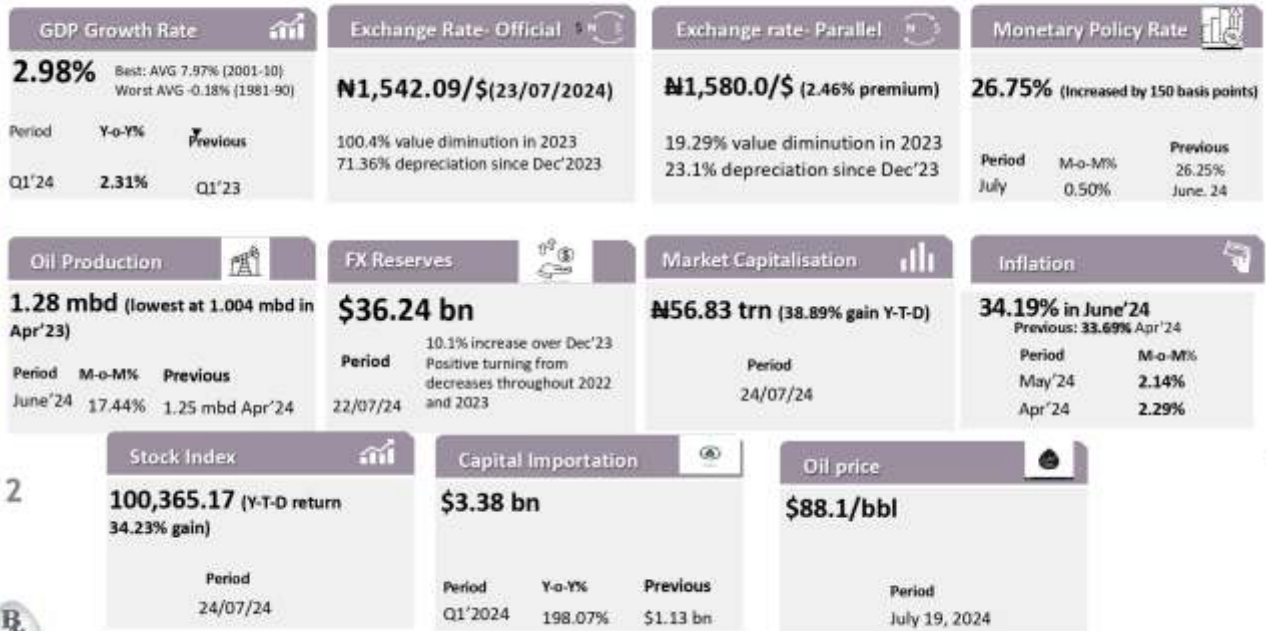
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Macroeconomic Dashboard



BAA Consult

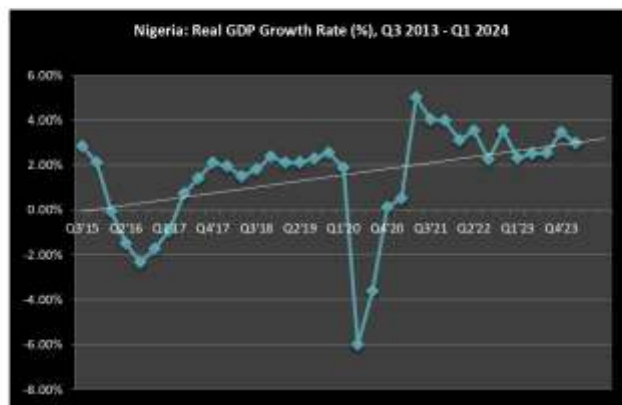


Source: NBS, CBN, FMDQ, NGX, Aboki FX, BAA Consult Analysis

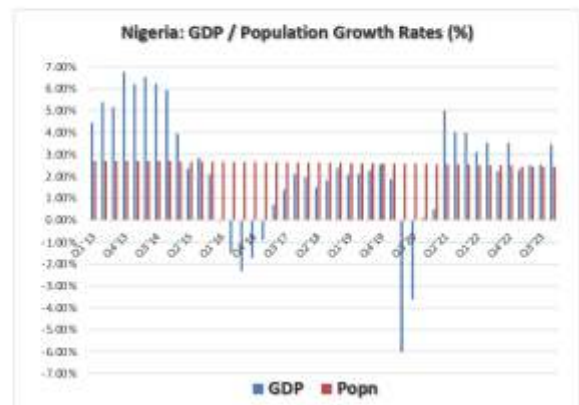
Growth Trend: Economy vs Population Q3'13-Q1'24



BAA Consult



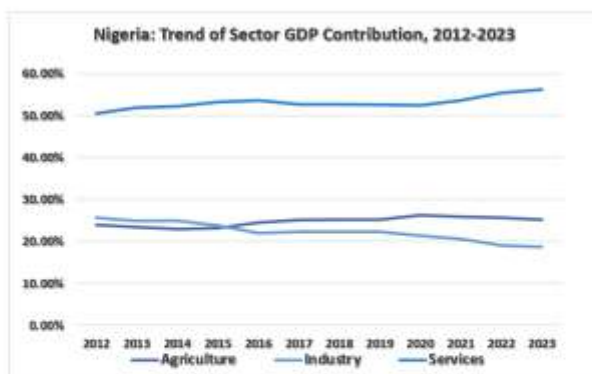
- From the trend line (chart above), the economy has maintained steady growth.
- Still highly vulnerable to external shocks – oil market variabilities and investment dynamics.
- Strong case** for diversified external sector.



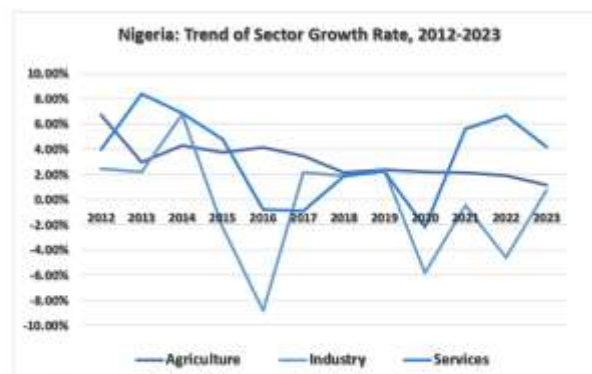
- Population growth rate has been slowing in the last ten years, from 2.55% to 2.39% in 2024.
- The economic growth pace has become faster than population since Q2'21.
- Strong case** for reforms to quicken economic growth rate to at least, double population growth.



Sector Contribution and Growth Trends



- Agriculture has been consistent as the largest sector contributor to GDP.
- Industry has persistently declined.
- **Services** drive the economy, filling the widening performance gap in industry.



- Agriculture growth dampened but has been fairly stable since 2018.
- Industry is highly volatile but trending downward.
- **Services** maintained strong growth, dampened only during the two recessions of 2016 and 2020.

Nigeria: External Sector (Capacity to Extinguish External Obligations)



Sources: Central Bank of Nigeria / National Bureau of Statistics

Unrelenting import pressures vis-à-vis External Reserves' vulnerability to oil vagaries. Terms of Trade was **101.05%** in Dec'2022.



- Monthly import bill of **N2.821 trillion** (or **\$3.13billion**) in 2023 was **51.7%** more (Naira) and **27.2%** less (USD) than **N1.86 trillion** (or **\$4.31 billion**) in 2022..
- Total reserves of **\$32.91 billion** on 29th Dec'23 dipped by **-11.25%**, compared to **\$37.08 billion** at end-2022!
- Liquid external reserves of **\$32.185 billion** (29th December 2023) = **13.97 months**.
- Reserves increased by **10.1%** to **\$36.24 billion** on 22nd July 2024.

Year	Monthly Merchandise Import (M' bn)	US\$ Equivalent
2013	584,651.23	3,753.78
2014	614,530.88	3,657.92
2015	558,163.83	2,833.32
2016	722,027.47	2,367.30
2017	796,893.32	2,604.23
2018	1,097,093.95	3,573.60
2019	1,413,322.89	4,603.66
2020	1,057,578.65	2,783.10
2021	1,736,997.08	4,208.86
2022	1,863,580.12	4,305.17
2023	2,571,589.13	2,857.66
Q1'2024	4,214,410.11	2,932.60

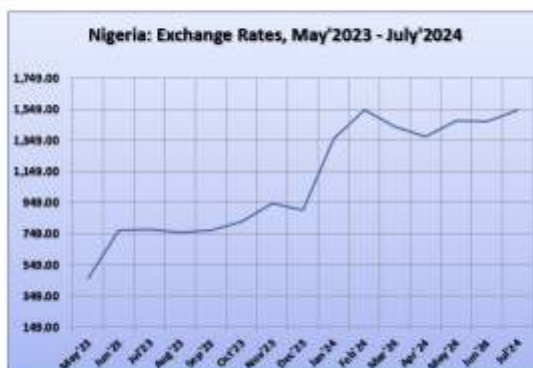
Liquid reserves of **\$35.34 billion** on 22nd July 2024 translates into **12.05 months** import bill cover.

Exchange Rate Movement & Relativity

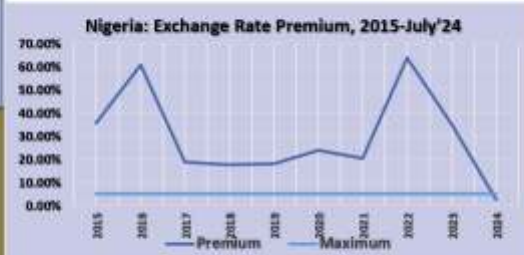
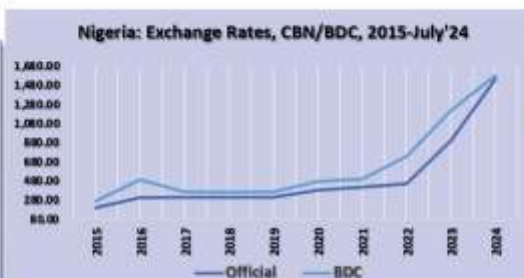


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- Nigeria has applied the typical IMF recipe of eliminating premium by devaluation of the domestic currency, which is mere financial (borrowing and non-FDI capital flows) and won't solve the underlying structural problems.
- The enduring solution is expansive domestic manufacturing, agribusiness and relentless, deliberate and focused export drive.



Premium of **66.75%** as of 30th May'23 dropped to **28.76%** on 15th Jun'23, **5.34%** on 13th Jul'23, then rose to **22.54%** on 31st Oct'23, **35.02%** on 29th Dec'23, **52.64%** on 19th Jan'24, crashed to **5.35%** on 31st Jan'24, **4.64%** on 16th Feb'24, **2.36%** on 28th June'24 and **2.46%** on 23rd July'24!

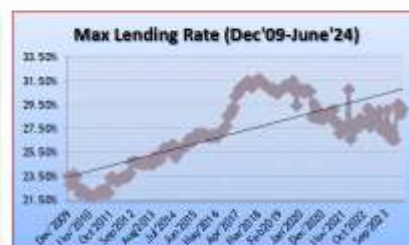
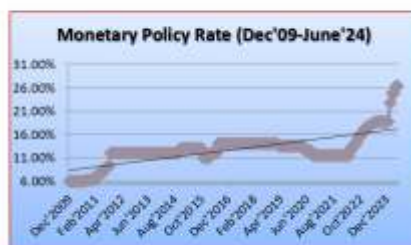
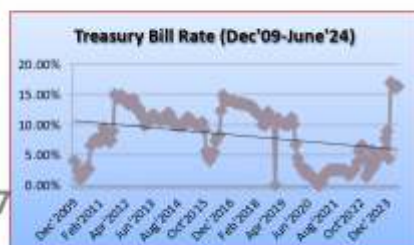
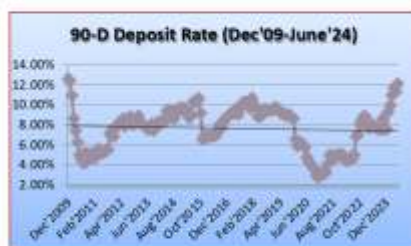
PM was **N772.7/\$** on 5th July'23, **N1,245/\$** on 13th Dec'23, **N1,215/\$** on 29th Dec'23, **N1,430/\$** on 31st Jan'24, **N1,608.86/\$** on 16th Feb'24, **N1,505.45/\$** on 28th June'24 and **N1,580.0/\$** on 23rd July'24.

Interest Rate Movement: Cost and Price



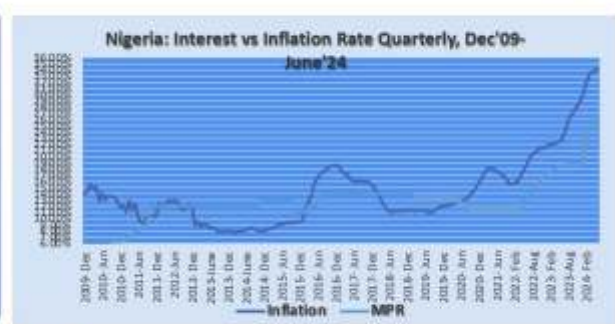
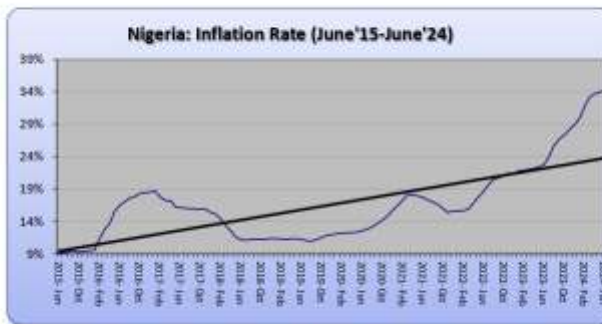
BAA Consult

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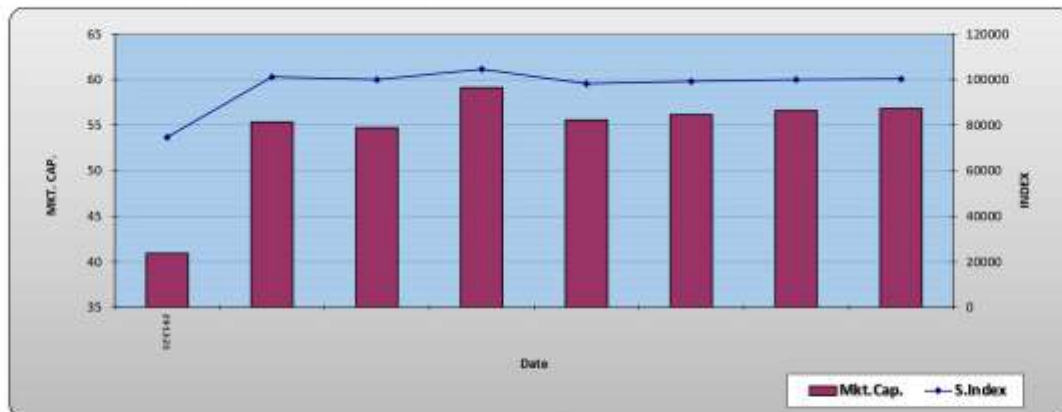
Aggressively raising MPR triggered hike in the rates for savings and fixed deposits as well as T. Bills and lending rates.

Inflation vs Interest (MPR) Rates 2010-2024

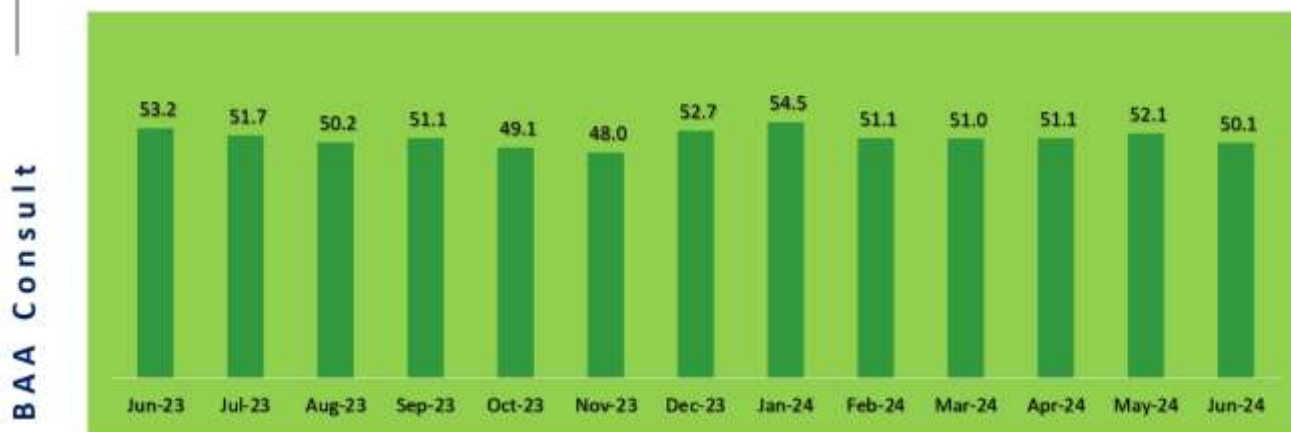


- ❑ **Inflation spikes correlate with recessions of 2016 and 2020.**
- ❑ With inflation rate persistently trending upwards, the CBN had to raise the MPR and postures same for H1'2024.
- ❑ Yet, the economy is desperate for growth and the big number in Nigeria is food inflation, at **40.87%** in June (Y-o-Y, up from **40.66%** in May, **40.53%** in April and **40.01%** in Mar'24) – rising from 24.13% in Dec'2022, 24.45% in Mar'23, 25.25% in Jun'23, 30.64% in Sep'23 and 33.93% in Dec'23.
- ❑ Food security should therefore, come big in Nigeria's economic development agenda – **availability** and **affordability**, which are two of the four categories of the EIU Global Food Security Index in which the country **ranked poorly in #97** in 2021 and **#107** in 2022 out of 113 countries. The other two categories are **quality & safety** and **sustainability & adaptation**.

Nigeria: Stock Market Performance Dec 2023 to 24th July 2024



Metric	30 th May	30 th June	29 th Sep	29 th Dec	28 th Mar	31 st May	28 th June	24 th July
Index up	8.78%	18.96%	29.52%	41.24%	39.84%	32.80%	33.81%	34.23%
Market Cap. up	8.82%	18.93%	30.15%	41.90%	44.49%	37.28%	38.33%	38.89%
Y-t-D Return	8.78%	18.96%	29.52%	41.24%	39.84%	32.80%	33.81%	34.23%



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- Dampening PMI due to subdued demand and intense cost-push price increases both slowed down production and input orders for future production.
- Rising Input costs was attributed to weakening Naira and higher raw material costs. The passthrough effect on selling prices and shrinking real value of the Naira dampened business confidence.



Summary: Challenges and Threats are ...





Looking Forward, Thinking Forward

What to Expect and
What to Do



Outlook Drivers

Expected growth is supported by:

- Large, youthful and rapidly growing population (estimated at **229.1m** in June 2024 and **6th largest** in the world, median age at **17.2 years**).
- Rapid urbanization (**51.96%** in 2020 and **53.96%** in June 2023, up from 47.84% in 2015).
- Deepening internet penetration: at **45.57%** in Aug 2023, rising from 31.48% in Dec 2018
- Teledensity: **116.6%** in Dec 2022, **102.97%** in Dec 2023 and **101.16%** in March 2024 (219.2m active subscribers), drop due to faster population growth (being the base); Global internet users: Nigeria with 103m ranks **7th**.
- Exchange rate: budget assumption **₦800/\$**; significant utterance **₦650 - ₦750/\$**; JP Morgan **₦850/\$**.
- Interest rate: MPR (26.25%) raised to reduce negative interest rate by closing the domestic inflationary gap (33.69%) and respond to rate differentials with \$ interest (4.36% yield on 10-year treasury bond) and inflation (3.27%).
- Treasury bills: Rate at 20.5% for 364-D bill, 17.44% for 182-D and 16.3% for 91-D.
- Inflation rate: Money supply hit historical peak of **₦99.23 tn** in May'24, while currency-in-circulation rose to **₦3.96 tn** and imports have maintained relentless uptick.
- Local oil refining, revived **manufacturing** and focused export promotion will support stability of the Naira exchange rate.
- Improvement in **infrastructure** will begin to positively impact the cost of doing business.
- Sustained deep, (especially tax) reforms will **enhance global competitiveness** and **Ease of Doing Business**, plug leakages and shrink the space for economic rent.



Nigeria: Economic Outlook 2024



- ❑ GDP projections:
 - ❑ **2024: FGN 3.88%; BAA 3.52% ; World Bank 3.3%; IMF 3.0%.**
- ❑ Double digit inflation rate:
 - ❑ **2024: BAA 26.37%; IMF 24%.**
- ❑ Naira **exchange rate stability** envisaged before end-H1'2024 happened, and for H2'2024, we expect:
 - ❑ Average official rate at **₦1,450/\$** and PM average of **₦1,495/\$**.
- ❑ **MPR:**
 - ❑ Hold in Q3'2024 and possible marginal downward adjustment in Q4'2024.
- ❑ Bank **lending rate:**
 - ❑ Remain double digit and follow MPR adjustments.
- ❑ **NPL** in banks:
 - ❑ Stabilize in H2'2024.
- ❑ Intensified **digitalization** and ascendancy of the digital economy.

Banking Industry Issues



- ❑ **Interest Rates:**
 - ❑ Between February and July 2024, as much as 800 basis points have been added to the Monetary Policy Rate (MPR) to tame inflation, which has nonetheless continued rising but at a slower rate now!
 - ❑ No doubt, this has been a big factor in attractive Naira assets but also plays in the cost of doing business and the passthrough effects on commodity prices.
 - ❑ It is expected that the next meeting of MPC will bring at worst, a hold, while Q4'2024 should see symbolic reduction.
- ❑ **Exchange Rate Management:**
 - ❑ Unified exchange rates (officially termed "willing buyer, willing seller") is not sustainable in an economy that remains highly dollarized.
 - ❑ FX reserve is growing but unextinguished obligations remain undisclosed.
 - ❑ The present stability is more of arrival at a new equilibrium rather than resilience that could possibly see the Naira reasonably appreciate in the near term.



- ☐ **Recapitalization of Banks:**
 - ☐ Hint given in December 2023.
 - ☐ Announcement made in March 2024
 - ☐ Compliance period fixed at two years, from April 2024 to March 2026.
 - ☐ Four months already elapsed and 20 to go, and several of the banks are still on the drawing board, perhaps hoping that the deadline will be extended!
 - ☐ Shouldn't the banks learn from the experience of July 2004 to December 2005?
- ☐ **Financial System Stability:**
 - ☐ The financial system remains stable and resilient.
 - ☐ Squeezing the banks is not in the best interest of the economy that is desperate for growth.
 - ☐ Punishing reserve requirements constrain lending.
 - ☐ Windfall gains tax.

Conclusion and Recommendations



Nigeria is in the reset mode, and our corporate/personal priorities should be reset too.

Government has promised business friendly policies, and we should position for that.

Deliberate choices of made-in-Nigeria commodities will augur well for inclusive growth.

Agriculture and industry are key to reversing dollarization of the Nigerian economy.

And we must look beyond now into the future, which hold positive promises that could start to unfold rapidly in another one year.

Mid Year Review of 2024 Economic Outlook



Cross Section of participants at the Mid-Year Review of 2024 Economic Outlook



L-R: Mr. Kola Masha, Managing Director, Babban Gona Farmer Services Nigeria Limited; Dr. 'Biodun Adedipe, FCIB Chief Consultant, B. Adedipe Associates Limited; Mr. Dele Alabi, FCIB, 1st Vice President, CIBN; Chinwe Egwim, Chief Economist and Head of Economic Research/Intelligence, Coronation Merchant Bank, and Mr. John Abel Briggs, Regulatory Compliance and Financial Analyst, Securities and Exchange Commission (SEC)



Participants at the Mid-Year Review of 2024 Economic Outlook



Cross Section of Speakers at the Mid-Year Review of 2024 Economic Outlook



Participants at the Mid-Year Review of 2024 Economic Outlook



Participants at the Mid-Year Review of 2024 Economic Outlook



Participants at the Mid-Year Review of 2024 Economic Outlook



Participants at the Mid-Year Review of 2024 Economic Outlook

COMMUNIQUE ISSUED

AT THE END OF THE MID-YEAR REVIEW OF THE 2024 ECONOMIC OUTLOOK

JULY 25, 2024

1.0 Introduction

The Mid-Year Review of the 2024 Economic Outlook, held on Thursday, 25th July 2024. The hybrid event was jointly hosted by the **Chartered Institute of Bankers of Nigeria Centre for Financial Studies (CIBNCFS)** and **B. Adedipe Associates Limited (BAA Consult)**. The event took place on-site at the Bankers House, Chartered Institute of Bankers of Nigeria, and on the Zoom platform, attracting a total of 35 physical delegates and about 52 virtual participants. The diverse attendees included captains of industry, regulators, and professionals from the banking and other sectors of the economy.

The event's main goal was to evaluate the performance of both the global and Nigerian economies in the first half of 2024 and gain insights into the outlook for the second half of the year, considering developments in the earlier months and highlighting the implications of the economic and political trends for key business sectors in Nigeria. Additionally, the event offered practical recommendations for businesses and the

government to foster an environment conducive to growth and to effectively manage business risks.

In his opening remarks, **Prof. Pius Deji Olanrewaju, FCIB**, the President/Chairman of the Council of the Chartered Institute of Bankers of Nigeria (CIBN), highlighted the important role the mid-year review plays in developing a comprehensive understanding of economic issues in the country, which is the foundation for providing directions for business owners, as well as recommendations to the government.

He reiterated that in the first half of the year, Nigeria's economy faced significant challenges, marked by a 34% depreciation of the Naira, bringing the exchange rate to ₦1,505 per 1USD. Inflation surged to 34.19%, the highest level in three decades. Despite these difficulties, the service sector demonstrated resilience, growing by 4.32% and contributing 58.04% to the country's aggregate GDP. The agriculture sector showed modest 0.15% growth, up from 0.9% in the first quarter of 2023, while the industry sector improved with a 2.13% growth, compared to 0.31% in the previous quarter.

Amid these economic conditions, top industry players, particularly the Tier 1 banks known as FUGAZ which are First Bank, UBA, GT Bank, Access Bank, and Zenith Bank achieved a record-breaking collective profit of ₦1.33 trillion. He noted that the Central Bank of Nigeria's recapitalization directive is anticipated to further strengthen the financial system, promoting stability within the sector. However, Nigeria continues to grapple with severe socio-economic challenges, including ongoing conflicts in the North-East, as well as escalating violence in the North-West and North-Central regions. These conflicts have severely disrupted livelihoods, particularly in the agriculture sector, limiting income-generating activities and constraining food supply, which has had a profound impact on the daily lives of Nigerians.

Looking ahead to the second half of 2024, he emphasized that the experiences from the first half will undoubtedly serve as valuable lessons in maintaining economic stability, implementing effective regulatory measures, and practicing sound risk management to address the complexities of the remaining half of the year.

In closing, **Prof. Pius Deji Olanrewaju, FCIB**, urged all participants to actively engage with the insights gained from the outlook, as they will be instrumental in navigating the economic landscape of the second half of the year.

2.0 Keynote Presentation

The Keynote presentation was delivered by **Dr. Tope Fasua**, Special Adviser to the President of the Federal Republic of Nigeria on Economic Affairs. The following were the highlights and recommendations from his presentation.

- The Ministry of Budget and Economic Planning forecasts a 3.8% growth in the economy. In contrast, the IMF and World Bank initially projected 3.3%, later revising it downward to 3.1%, indicating a need for improvement. The IMF reported a poverty rate of 38%, with

expectations of reduction through government interventions.

- Three key reforms were undertaken which are the removal of fuel subsidy in 2023, floating of the Naira, and addressing the Central Bank's ways and means overdraft, extensively used during and post-COVID-19.
- The Naira's devaluation has been a recurring challenge, especially at a time when the fuel subsidy was removed. Strategic management of currency policies is necessary to avoid undermining economic reforms.
- On the nation's sectoral performance, agriculture, real estate, and construction sectors show resilience and growth, driven by technology and new players. The banking and finance sector are thriving, raising concerns about the disparity between their success and the broader economy's struggles.
- Nigeria achieved a record trade surplus of ₦6.52 trillion (\$7.6 billion) in Q1 2024, the highest on record, 44% higher than the previous quarter. This significantly contributed to both the petroleum sector and non-oil exports, bolstered by the depreciated Naira.
- There is an increasing focus on diversifying exports beyond oil to ensure sustainable economic growth.
- Recent measures, such as the executive order on food imports, aim to drive economic growth and reduce inflation.
- The Central Bank of Nigeria has made progress in managing foreign reserves and debt obligations, paying down significant inherited debts.
- The traditional 9-to-5 work model is being challenged, with more emphasis on flexible, gig-based roles, particularly among younger generations. The informal economy plays a significant role in Nigeria, necessitating its integration into the broader economic framework.
- There is a need to focus on economic complexity by producing and exporting goods with higher knowledge content. Rethinking productivity and

work models is essential, especially in accommodating the changing nature of work.■

Sectoral Projections

- ✓ **Banking and Finance Sector:** Although the banking and finance sector demonstrates strong performance, there is concern that their success may not accurately reflect the overall health of the economy. This disparity indicates a potential need for these sectors to reassess their business models and evaluate their broader impact on economic stability.
- ✓ **Manufacturing Sector:** Local manufacturing, including the automotive industry, is experiencing growth, with some companies expanding into export markets. This momentum is largely driven by recent economic reforms that have bolstered domestic production and competitiveness.
- ✓ **Technology Sector:** The tech sector, especially artificial intelligence, is advancing rapidly, transforming industries and the job market. As AI continues to advance, it is set to profoundly influence the economy, reshaping values and transforming the dynamics of remote work.
- ✓ **Entertainment Sector:** The entertainment sector, encompassing music and events, is thriving. However, there are concerns about whether the financial gains are adequately retained within the country.
- There needs to be increased focus on attracting intellectual capital, not just physical investments. Efforts to reverse the brain drain and draw talent from other regions, particularly sub-Saharan Africa, could be highly advantageous.
- The departure of international players creates a valuable opportunity for local businesses to expand and enhance their presence in the market.
- Nigeria has achieved a notable trade surplus, largely driven by the petroleum sector. However, to ensure sustainable economic growth, it is crucial to diversify exports beyond oil. Promote economic diversification to lessen reliance on a few sectors and encourage investment in non-

oil industries, with a focus on technology and manufacturing.

- It is important for the current administration to enhance its communication of successes, including its notable achievements. It is imperative to strategically manage the impact of ambitious reforms to ensure their effectiveness and public awareness.
- The implementation of a new minimum wage is a potential driver for economic growth, though its inflationary impact is debated.
- Urban farming should be promoted as a strategic approach to enhance food security, drawing inspiration from historical examples such as post-war Vietnam. This initiative could help mitigate inflation and bolster local food production.

3.0 Overview of the First Half of 2024

The overview of the first half of 2024 of the economy was presented by **Dr. 'Biodun Adedipe FCIB**, Founder and Chief Consultant, **B. Adedipe Associates Limited**

3.1 Economic Review

- Generative artificial intelligence (Gen AI) represents a significant global disruption. While 2023 marked the world's discovery of Gen AI, 2024 is the year organizations have started to effectively implement it and realize its business value.
- The primary concern with inflation in Nigeria should not be the interest rate but rather cost-push factors, with food inflation being a significant driver. Addressing food inflation requires resolving the security issues between farmers and herdsmen.
- Under the policy shift towards fiscal consolidation, every dollar earned by the NNPC is now deposited into the federation account, unlike the previous practice where the NNPC retained and spent its generated revenue. The increase in external reserves may also be attributed to this fiscal consolidation.
- New borrowing constitutes 10.42% of Nigeria's sovereign debt. It is crucial to consider the purpose of this borrowing; borrowing for consumption is inefficient, whereas borrowing to expand capacity and increase earnings is

beneficial for the economy.

- External debt stock has decreased by 0.21% over the past year. Approximately 30% of the current sovereign debt is attributed to the devaluation of the Naira.
- Relying on imports means that more Naira must be spent to maintain the same level of consumption as before the devaluation. Sustaining business confidence among foreign and local investors is crucial, as exports alone cannot ensure economic stability and success.
- The external reserves have been increasing steadily in recent weeks. As of 23rd July 2024, external reserves had risen by \$71.64 million. Foreign exchange reserves cover 12.05 months, which is twice the IMF's minimum threshold of six months. Considering this, along with other factors that determine exchange value, the Naira's value should stabilize in the near term.

3.2 Outlook

- Gross Domestic Product (GDP) growth of 2.98% in Q1 2024 reflects strong performance by global and historical standards, particularly when compared to the 2.31% growth recorded in Q1 2023.
- Historical data from 1960 to the present indicates that Q1 is typically the slowest quarter for GDP growth in Nigeria. The 2.98% GDP growth recorded in Q1 2024 suggests a strong likelihood of exceeding a 3% growth rate for the year.
- Regarding the exchange rate, it was projected that the Naira would stabilize by the end of the first half of the year. This has been realized, as the Naira has recently traded within a narrow band over the past two months. The real test for the Naira's exchange value will occur in Q3, during the summer period when demand for foreign currency typically increases due to school fees payments for students studying abroad and for summer holidays.
- Considering developments from early July to

the present and potential trends through September, it is anticipated that there will be no significant fluctuations in the Naira's exchange value. It appears that a new equilibrium level for the Naira's exchange rate has been reached.

- The Monetary Policy Rate (MPR) has been increased to 26.75%, reflecting an 800-basis point rise over the past five months. However, analysis indicates that there is no clear evidence that raising the MPR will result in a downward trend in the inflation rate in Nigeria, as data suggests a weak correlation between changes in the MPR and inflation rates.
- For the agriculture sector, approximately 60% of the harvest in Nigeria ends post-harvest losses due to insufficient investment in food storage and processing. These areas require focused attention to effectively address food inflation.
- Also, food inflation in Nigeria is driven by the reliance on rainfed agriculture. To mitigate this, it is essential to adopt year-round farming through increased investment in irrigation infrastructure.

4.0 Panel Discussion

The outlook brought together a panel of business professionals, seasoned bankers, and industry leaders and regulators to review the current state of the Nigerian economy and provide their insights on prospects for the country. The moderator and panellists were as follows:

- **Mrs. Chinwe Ekwim**, Chief Economist & Head Economic Research/Intelligence, Coronation Merchant Bank – Moderator

Panellists

- **Mr. John Abel Briggs**, Regulatory Compliance & Financial Analyst, Securities and Exchange Commission (SEC)
- **Dr. Rislanudeen Muhammad**, Chief Economist & Head Strategy and Research Division, BOI
- **Mr. Kola Masha**, Managing Director, Babban Gona Farmer Services Nigeria Limited
- **Mr. Johnson Chukwu**, HCIB, Founder and Managing Director, Cowry Asset Management

Limited

- **Prof. Olugbenga Falode**, Director Centre for Petroleum Energy Economics & Law (CPEEL), University of Ibadan

4.1 Highlights and Recommendations

A. Highlights

- The Nigerian economy is experiencing growth, but concerns remain about the inclusiveness of this growth. Rising food inflation and nationwide insecurity have notably hindered real economic progress.
- Agriculture remains a fundamental yet stagnant sector in Nigeria. Nigerian farmers produce only 20-25% of the yields achieved by their counterparts in other developing nations. This significant underperformance is primarily due to severe credit shortages and an overreliance on rain-fed farming.
- Insufficient production remains a critical challenge, exacerbated by security issues impacting food production. The agricultural sector's struggles are not due to a lack of technology but rather a shortage of funds needed to acquire and implement existing technologies effectively.
- The stock market has shown significant growth, aligning with GDP trends. There are strong prospects for further market expansion in the second half of 2024. The stock market is expected to experience significant growth, driven by the Security Exchange Commission's adoption of technology and digitalization.
- Inflation, which stood at 34.19% in June 2024, continues to rise, though at a decelerating pace. This has severely impacted small businesses, leading some large enterprises to exit the Nigerian market. Although headline inflation is rising, the pace is slowing, suggesting that the next MPC meeting may not see an increase in the MPR. A slight moderation in Q3 inflation could

provide some economic stability.

- The oil and gas sector remains pivotal for Nigeria, showing resilience and potential for growth despite ongoing challenges like policy uncertainties and security concerns. Despite efforts to boost pipeline surveillance, challenges such as vandalism, oil theft, and price fluctuations make it unlikely that group oil production will see a significant increase this year.
- The NNPC launched a licensing event in May 2024, aiming to attract international and local oil exploration companies to enhance Nigeria's oil and gas reserves and overall production.
- The energy sector is concentrating on enhancing both domestic supply and export capabilities. Significant progress has been made in the energy sector, with increased investment in wind and solar energy. These initiatives aim to expand Nigeria's energy assets.
- Government initiatives often focus on mechanization, which improves labour productivity but does not necessarily enhance agricultural yield.
- Stabilizing the local currency is anticipated to attract increased foreign investment, which will benefit the economy and likely boost investment in the coming quarter.

B. Recommendations Government

- Prioritize security improvements in key food-producing areas such as North Central, Northwest, and Southeast Nigeria to prevent food waste and ensure successful harvests, contributing to reduced food inflation.
- Focus on developing improved seeds and promoting proper fertilizer usage to boost crop yields and soil health by investing in agricultural research and development.
- Implement a coordinated approach that involves both monetary and fiscal policies to effectively tackle inflation, with the CBN maintaining a tight monetary stance, while the government addresses supply-side issues such as rent

seeking and food inflation.

- Reduce reliance on fossil fuels by diversifying the energy mix and expanding renewable energy assets to create a more sustainable and resilient energy sector.
- Strengthen efforts to combat oil theft, improve production transparency, and expedite licensing and infrastructure investments to stabilize oil output and enhance Nigeria's position in the global oil and gas market.
- Invest in carbon capture, utilization, and storage (CCUS) technologies to capture and store carbon dioxide emissions from the oil and gas industry, contributing to environmental sustainability.
- There needs to be a stronger focus on combating food inflation by promoting year-round farming rather than relying solely on rain-fed agriculture. Additionally, creating processes and facilities to enhance food security is crucial.
- Ensuring access to credit for small and medium-scale farmers is crucial for supporting their growth and fostering a more inclusive and resilient economy.

Businesses

- Encourage financial institutions to create tailored financial products, including loans, specifically designed for the agricultural sector to support farmers in enhancing productivity.
- Develop and implement robust risk management strategies to mitigate risks associated with large

loans to farmers, ensuring financial stability and continued support for agricultural activities.

- Focus on increasing gas production through the utilization of advanced technologies, diversifying export destinations, and implementing policies that attract foreign investment to drive growth in the oil and gas industry.
- Explore and develop deepwater oil and gas resources using advanced technologies to enhance efficiency and reduce environmental impact.
- Prioritize job creation to enhance productivity and elevate living standards, with a focus on stimulating sectors that offer high employment potential.
- Leverage pension funds for private equity investments to stimulate economic growth and generate higher returns on investment, contributing to a more robust economy.**5.0**

Conclusion

The Mid-Year Review of the 2024 Economic Outlook assessed the macroeconomic trends, new government policies, and their effects on businesses. It also provided key actionable recommendations for both the government and the organized private sector.

The Nigerian business landscape presents various opportunities and challenges, particularly considering the recent major policy changes. To survive, grow, and expand their businesses, leaders must remain agile and adaptable to the evolving macroeconomic environment.

Akin Morakinyo FCIB

Registrar/Chief Executive

The Chartered Institute of Bankers of Nigeria

Mrs. 'Laide John, Am.IOD

Managing Consultant/CEO

B. Adedipe Associates Limited



OPENING REMARKS DELIVERED BY THE

PRESIDENT/CHAIRMAN OF COUNCIL,
THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA,

**PROF. PIUS DEJI
OLANREWAJU, PH.D., FCIB**

**AT THE 2024 GRADUATES INDUCTION AND PRIZE
AWARDS CEREMONY (STREAM 2)**

AUGUST 31, 2024

Distinguished Guests, Ladies, and Gentlemen, I warmly welcome you all to this August event happening in the month of August. Thank you for joining us for the Stream 2 Graduates Induction and Prize Awards Ceremony of The Chartered Institute of Bankers of Nigeria. Today marks a significant milestone in the journey of our esteemed inductees as they step into the realm of CHARTERED BANKERS otherwise known as Professional Bankers and embark on the path towards building sustainable careers. I extend my heartfelt congratulations to every one of you for this remarkable achievement.

I would specially like to thank all our inductees from across the country and candidates from Sierra Leone, Mozambique, Kenya, Ghana, and The Gambia, who are joining us both in person and virtually. Notably, a few of our alums from the African nations underlined are physically present with us. This makes our induction Ceremony International.

Today, we are gathered to celebrate a significant milestone in your professional journey. This is a day to acknowledge one of your hard-earned achievements and embrace exciting prospects.

Esteemed audience, let me take a moment to warmly welcome our Special Guests of Honour,

- Hajia Risikatu Ahmed, FCIB, the Managing Director/Chief Executive Officer, Aso Savings & Loans Plc.
- Mazi Sam Ohuabunwa, OFR, MON, Founder/Former CEO Neimeth International Pharmaceuticals Plc, joining us virtually and
- Prof. Carol C. Arinze-Umobi, Acting Vice-Chancellor, Nnamdi Azikwe University for honouring our invitations and taking the time out of their busy schedules to attend.

I also warmly welcome our distinguished Guest Speaker, **Mr. Wole Adeniyi, FCIB, Managing Director/CEO, Stanbic IBTC Bank Plc.** Mr. Adeniyi is a staunch supporter of the Institute and we are grateful to have you in our midst for this auspicious occasion. I encourage all our Inductees to pay rapt attention when he is addressing us as I have known him to be an erudite speaker with uncommon insights.

Today, we shall be inducting a total of **741** inductees, comprising

- Nineteen (19) from the CBMBA route,
- Three (3) from the MSc/ACIB route,
- Fifty-three (53) from our collaboration with the Lagos

- Business School on the Chartered Bankers route, Four Hundred and Fifty-six (456) from the regular examination route and
- Two Hundred and Ten (210) Microfinance Certified Bankers.

As we felicitate with the inductees, we celebrate not just individual achievements but the collective strength of our profession. Each one of you represents the future of our industry, and we are confident that your knowledge, skills, and ethical values will contribute significantly to the continued growth and stability of our industry.

It is pertinent to mention that this is our second induction ceremony in the year. As you take your oath and receive your certificates, I want to congratulate each one of you on your hard work, dedication, and commitment to achieving this significant accomplishment.

Esteemed Inductees, your journey to this point has been marked by dedication, perseverance, and a commitment to excellence. But let me be clear, this is not the end of the journey, it is merely the beginning. Our theme for today, "**Unlocking Your Potentials: Positioning for Next Levels**," encapsulates the spirit of this occasion. You have laid a strong foundation, but the true test lies in building upon it. The banking industry is a dynamic landscape brimming with opportunities, and with your training, you are equipped to seize the opportunities.

While our distinguished Guest Speaker would provide unique insights and experiences on the theme of the event, permit me to share some insights on the subject matter briefly. Our industry is rapidly advancing. The onslaught of new technologies such as Generative AI, Quantum Computing, and Blockchain are reshaping the foundation on which several financial services would be offered. Some other considerations to be made in unlocking your potential are as follows:

a. Growth Mindset

A growth mindset is a mindset that believes abilities and intelligence can be developed through hard work, dedication, and persistence. It's a way of thinking that embraces challenges, learns from failures, and sees opportunities for growth and improvement. By adopting a growth mindset, individuals can unlock their full potential, achieve greater success, and lead more fulfilling lives.

b. Understand the Evolving Landscape

The banking industry is undergoing a rapid transformation driven by technological advancements, regulatory changes, and evolving customer expectations. To thrive in this dynamic environment, you must possess a deep understanding of the industry landscape.

c. Cultivate a Strong Network

If you look around the room today, you will see your fellow inductees who are in the same position as you – trying to navigate the complexities of the banking system. I highly recommend networking both physically and virtually as you may meet your next business partner, mentor, advocate or colleague. As our guest speaker of today would say:

- Your network determines your network
- Your connection determines your collection
- Your location determines your allocation

d. Embrace Technology

Given the ongoing technological disruption in our industry, some may find the rate of change intimidating. However, to truly unlock your potential you should embrace it, particularly the technology that would enhance your specific area of operations.

e. Build a Strong Personal Brand

Finally, it is quite important to build a positive reputation within the industry. The word banker should ideally be synonymous with ethical conduct and professionalism. Your word must be your bond.

Ladies and Gentlemen, as you journey through your careers, remember that continuous learning is key. Note that the Institute is your partner in this pursuit, offering a platform for professional growth, networking, and career advancement. My six-point agenda as the 23rd President/Chairman of Council of the Institute code-named the **LEGACY** Agenda was initiated with you in mind. Recall that the **LEGACY** acronym stands for:

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

Based on the "E", we recognise that Entrenching Ethics,

Professionalism, and Integrity within the banking sector is essential for fostering trust and confidence among clients, stakeholders, and the broader community. As bankers, you are not only custodians of financial resources but also stewards of ethical practices that uphold the reputation of the industry.

By committing to a strong ethical practice, you ensure that your decisions and actions reflect transparency, accountability, and fairness.

Professionalism goes beyond mere compliance; it involves a dedication to continuous improvement, respect for diverse perspectives, and a commitment to serving clients with excellence.

Integrity, the cornerstone of effective banking, requires you to act honestly and consistently, even in challenging situations. Together, these principles create a culture that encourages responsible behaviour, enhances customer relationships, and ultimately contributes to the stability and sustainability of the financial system.

To ensure the stability and sustainability of the financial system, the bank recapitalization Initiative was unveiled during our 2023 Annual Bankers Dinner. It has already commenced. The recapitalization exercise is going to strengthen Nigeria's banking sector, increase banks' lending capacity, boost foreign direct investment, and improve the overall resilience of the financial system. We believe the initiative is going to contribute to GDP growth and enhance governance in the banking sector. A stronger

capital base will enable banks to underwrite larger transactions and support various sectors of the economy more effectively.

Once again, I extend my heartfelt congratulations to our inductees. As you embark on this exciting chapter, I encourage you to embrace the challenges and opportunities that lie ahead with confidence and enthusiasm.

As I conclude my remarks, let me leave you with the words of **Walt Disney** who said, and I quote "All our dreams can come true if we dare to pursue them." I would like to express my sincere gratitude to all who have contributed to the success of this event. Thank you to our distinguished guests, faculty, and most importantly, our inductees. I wish you all continued success in your future endeavours.

Thank you for listening, thank you and God bless.

Prof Pius Deji Olanrewaju, Ph.D., FCIB

President/Chairman of Council

The Chartered Institute of Bankers of Nigeria

Saturday, August 31, 2024

2024 Graduates Induction and Prize Awards Ceremony (stream 2)



Prof. Pius Deji Olanrewaju, Ph.D, FCIB, President/Chairman of Council CIBN Delivering his Opening at the 2024 Graduates Induction and Prize Awards Ceremony Stream 2



Group Photograph of Dignitaries and Inductees at the 2024 Graduates Induction and Prize Awards Ceremony Stream 2



Group Photograph of CIBN Office Holders, Guests and Award Winner at the 2024 Graduates Induction and Prize Awards Ceremony Stream 2



Cross Section of Inductees at the 2024 Graduates Induction and Prize Awards Ceremony Stream 2



Group Photograph of Dignitaries congratulating Inductees at the 2024 Graduates Induction and Prize Awards Ceremony Stream 2



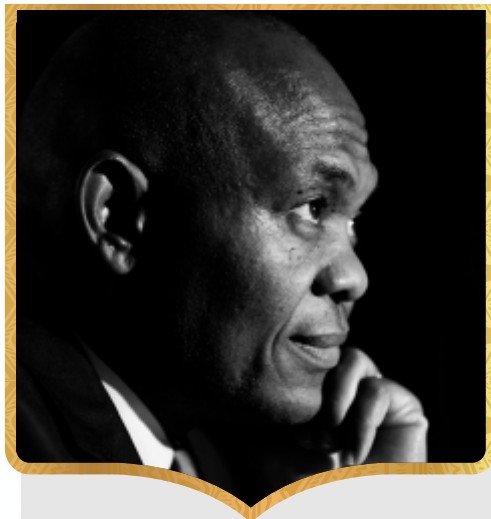
MD/CEO Aso Savings and loan Mrs. Risikatu Ladi Ahmed, FCIB Delivering her Special Remarks at the 2024 Graduates Induction and Prize Awards Ceremony Stream 2



MD/CEO Stanbic IBTC, Mr. Wole Adeniyi, FCIB Delivering his Special Remarks at the 2024 Graduates Induction and Prize Awards Ceremony Stream 2



Cross Section of Participants at the 2024 Graduates Induction and Prize Awards Ceremony Stream 2



Delivered by

Dr. Tony Elumelu, CFR, FCIB

**Chairman, UBA Group and
Chairman, Heirs Holdings**

at the
**CIBN 17th Annual Banking &
Finance Conference**

Tuesday, September 10, 2024

INTRODUCTION

- It has been a tough year for Nigeria.
- Inflation has continued to surge, causing pain across our economy.
- Our country has been hit hard. As a nation, we import more than we export, and with a manufacturing sector struggling and the continued growth of our population, we require more than just short term “interventions”.
- We need a comprehensive strategy to support our vast and diverse population and unlock our potential.
- Nigeria is rich in resources, natural and human. But, time and time again, we have failed to invest in our people and our value chain.
- And by value chain, I mean not just our oil & gas or manufacturing, I mean power, I mean schools, universities, our institutions. All those foundations that provide the ecosystem for a country to succeed. A country that does not address its basic infrastructure needs, is a country that cannot realise its potential.
- At this time of uncertainty, we all – citizens and government – must transform this crisis into an opportunity—a blueprint for creating a thriving, people and investor-friendly environment.
- I talk of Africapitalism, the importance of the private sector driving economic change, but delivering it in a way that is just and equitable – but we cannot do good and do well when our people who strive cannot thrive.
- The theme of my keynote is **“Accelerated Economic Growth and Development: The State of Play and the Way Forward.”**
- I will approach it by emphasizing the key areas that will shape Nigeria's economic future. Key challenges we must address, to fix not just our current crisis, but to permanently alter our country's destiny.
- My strategy is centered on three critical areas:

Access to Electricity:

- Development is impossible without reliable access to electricity.
- Power is a fundamental resource, that impacts every aspect of life—from hospitals to homes and businesses.

Theme: Accelerated Economic Growth and Development: The State of Play and the Way Forward

- Nigeria cannot industrialise, our youth cannot be educated, without ensuring our abundant natural resources are translated into plentiful, robust power for all. A power ecosystem that encourages investment and unlocks our economy.
- To accelerate our progress, we must enable our power sector to guarantee reliable electricity for everyone.

Security:

- To protect our people, feed them, attract investment, and foster trade, we must prioritise security.
- Insecurity has become a national crisis, which must be dealt with decisively and urgently.
- Our people deserve to go to their farms unhindered, live peacefully and conduct their lives and businesses without fear; it is the fundamental right of every citizen.

Youth Entrepreneurship:

- We must incentivise our youth to embrace the challenge of driving economic growth.
- We face a choice, either we offer our young a future where opportunity is outside Nigeria, forcing our best and brightest to leave, to undertake perilous journeys, that split families and destroy lives – or we create a Nigeria, where value and wealth creation can take place at home, where our young can realise their dreams in Nigeria, for Nigeria.
- By supporting their businesses and creating an enabling environment, we can empower SMEs to catalyse our progress during these transformative times.

The Nigerian Banking Sector:

- Our banking sector is a cornerstone of Nigeria's economy. The transformation of our banking sector over the last few decades, is one of our success stories.
- The sector employs millions, provides crucial financial support to countless businesses, and generates income for millions of shareholders
- However, the sector faces challenges that impede its growth and innovation, including regulatory and high compliance costs.
- To overcome these challenges, stakeholders—including government agencies, regulatory bodies, and banking institutions—must engage in constructive dialogue to foster a collaborative environment.
- By working together, we can build a more resilient banking sector that drives economic growth and supports the aspirations of Nigerians.
- The success of Nigerian banking sector is felt beyond Nigeria. Nigerian banks have become multinationals, leading the sector across Africa, establishing themselves in the world's financial capitals – and in doing so they have changed how our country is perceived, created pathways to opportunity and set themselves up as role models for our other industries

CONCLUSION:

- Achieving economic growth requires the collective efforts of all Nigerians.

Our Group's Impact:

I have talked in abstract, but I wanted to show how we have turned our words into actions.

We make our contribution in business, in philanthropy and in advocacy:

■ **UBA Group:**

- The **United Bank for Africa Group** serves 45 million customers across 20 African countries, as well as UK, US, France, and the UAE.
- UBA Group is not just a bank; it empowers businesses, creates jobs, and facilitates regional and continental trade, contributing to our nation's development.

■ **Heirs Holdings Group:**

- Through **Heirs Holdings Group**, our investments are creating shared prosperity for all stakeholders.
- We are tackling Nigeria's most critical challenges—power and energy sufficiency through our integrated energy strategy, health and wellness, access to financial security, and more.
- We call this #HH Impact.

■ **The Tony Elumelu Foundation:**

- At the **Tony Elumelu Foundation**, we are nurturing a generation of young, empowered African entrepreneurs who are transforming their communities and industries.
- We leverage our platforms for advocacy, spreading our message of Africapitalism.

- We have seen the results – in the partnerships we have forged, the optimism we leave in our messages, and the millions of lives impacted by both our business and philanthropic activities.

- But there is more to be done.

- These advocacy platforms are crucial for rallying all stakeholders to collaborate in building the Nigeria—and Africa—we envision.
- Our legacy as a generation must be defined by our collective actions, not just our words or complaints.
- We must demonstrate that we took meaningful steps toward real change.
- Thank you to the CIBN for this platform and opportunity.

CIBN 17th Annual Banking & Finance Conference



Group Photograph of Dignitaries at the 17th Annual Banking and Finance Conference



His Excellency Senator Kashim Shettima, GCON, Vice President of the Federal Republic of Nigeria delivering his Special Remarks at the 17th Annual Banking and Finance Conference



Photograph of the President/Chairman of Council CIBN, Prof. Pius Deji Olanrewaju, Ph.D, FCIB, at the 17th Annual Banking and Finance Conference



Group Photograph of Dignitaries at the 17th Annual Banking and Finance Conference



Group Photograph of Past Presidents of The Chartered Institute of Bankers of Nigeria at the 17th Annual Banking and Finance Conference



His Excellency Mr. Alex Otti, FCIB, Governor, Abia State delivering his Special Remarks at the 17th Annual Banking and Finance Conference



Cross Section of Participants at the 17th Annual Banking and Finance Conference



Cross Section of Participants at the 17th Annual Banking and Finance Conference

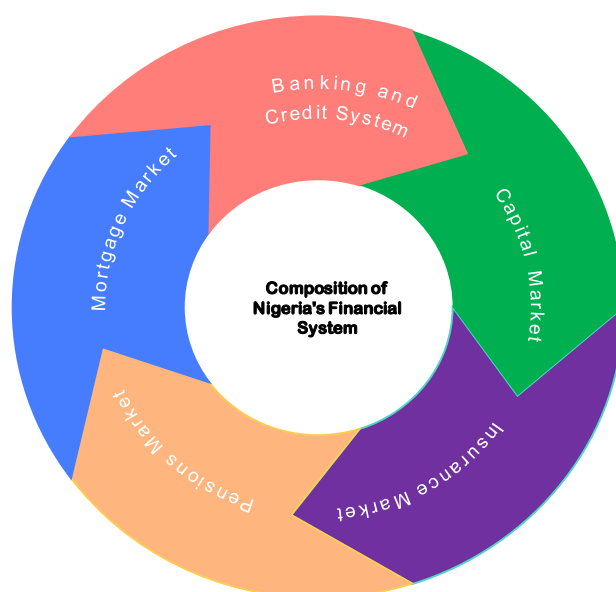
Repositioning Nigeria's Financial System to Support Economic Growth

Baba Yusuf Musa Ph.D

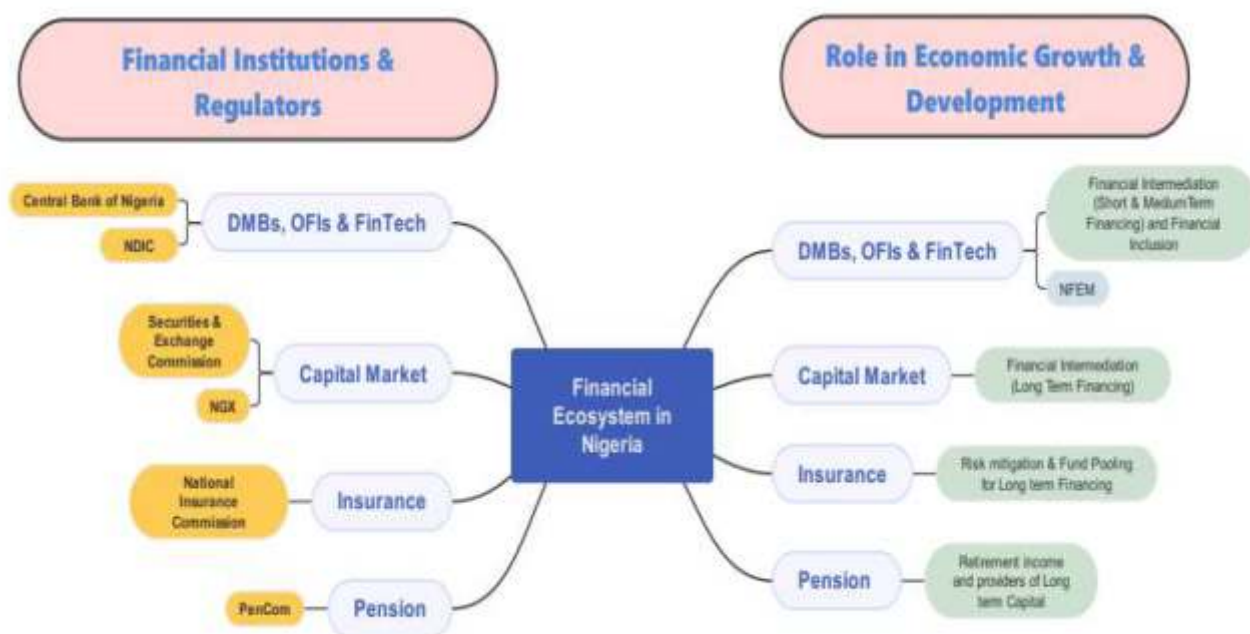
Director General

West African Institute for Financial and Economic Management
(WAIFEM)

Introduction: (Nigeria's Financial Ecosystem)

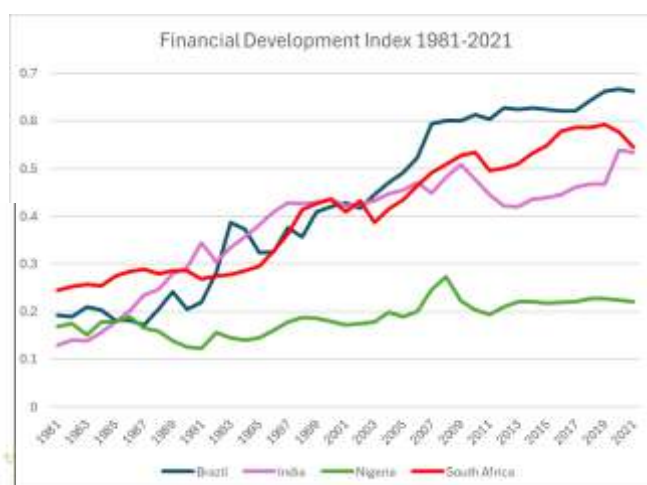


Introduction (Nigeria's Financial Ecosystem)



Presentation at the 17th Annual Banking & Finance Conference of the Chartered Institute of Bankers of Nigeria (CIBN)
Abuja, Nigeria held Wednesday, September 11, 2024

Financial Development Index

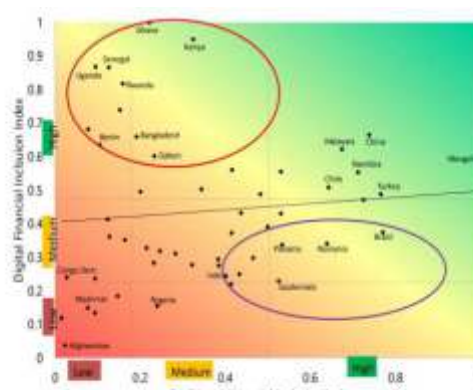


Source: IMF database Financial Development Index 2023

Comprehensive Financial Inclusion Index Ranking and Quartile as at 2021

Quartile	Country	Ranking	Quartile	Country	Ranking
4th Quartile	Mongolia	1	2nd Quartile	Colombia	27
	China	2		Benin	28
	Kenya	3		Peru	29
	Malaysia	4		Guatemala	30
	Ghana	5		Zambia	31
	Namibia	6		Bolivia	32
	Turkey	7		Mexico	33
	Thailand	8		Tunisia	34
	Chile	9		India	35
	Brazil	10		Honduras	36
3rd Quartile	South Africa	11		Jordan	37
	Uganda	12		El Salvador	38
	Rwanda	13		Philippines	39
	Senegal	14		Togo	40
	Dominican Republic	15		Vietnam	41
	Indonesia	16		Pakistan	42
	Romania	17		Nicaragua	43
	Armenia	18		Cambodia	44
	Zimbabwe	19		Nigeria	45
	Sri Lanka	20		Cameroon	46
1st Quartile	Bangladesh	21		Mauretania	47
	Argentina	22		Congo, Democratic Republic of	48
	Panama	23		Congo, Republic of	49
	Botswana	24		Myanmar	50
	Gabon	25		Madagascar	51
	Cote d'Ivoire	26		Afghanistan	52

Source: IMF staff calculations.

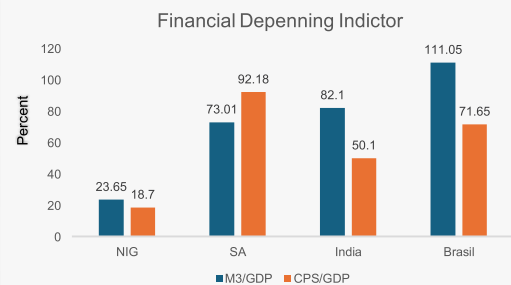
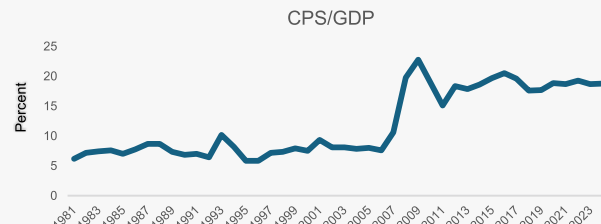
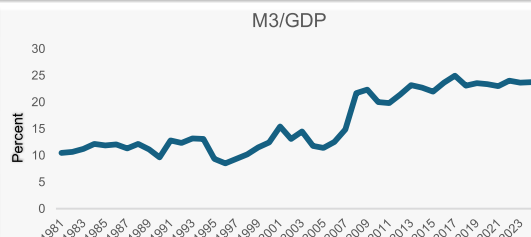


Note: High, medium and low refers to countries that are at the 75th percentile or above, 25th to 75th percentile and below 25th percentile of the index respectively.

Source: IMF staff calculations.

Measuring Digital Financial Inclusion in Emerging Market and Developing Economies: A New Index 2021 by Purva Khera, Stephanie Ng, Sumiko Ogawa and Ratna

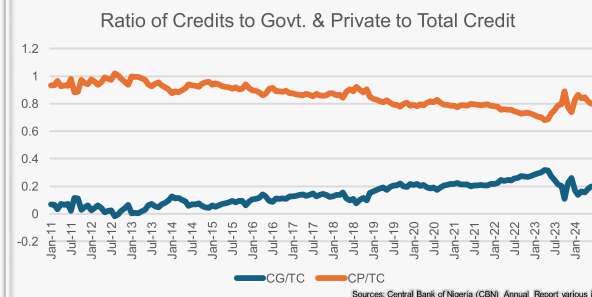
Current Performance of the Banking Sector



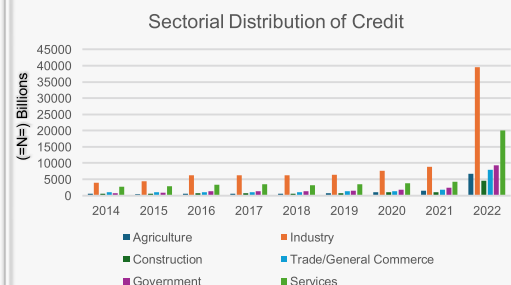
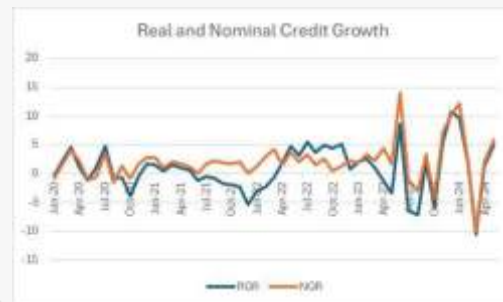
Sources: Central Bank of Nigeria (CBN) and World Economic Outlook, Various Issues

- ❑ Nigeria had the lowest broad money supply to GDP (23.65 as of 2023) compared to South Africa (73.01), India (82.1), and Brazil (111.05) over the same period.
- ❑ Also, private sector credit to GDP stood at 18.70 as of 2023, compared to South Africa (92.18), India (50.1), and Brazil (71.65) for the same reference period.
- ❑ Using broad money to GDP and domestic credit to GDP as measures of financial deepening indicates the underdeveloped nature of the financial system and its limited contribution to growth in the country.

Current Performance of the Banking Sector (Cont.)

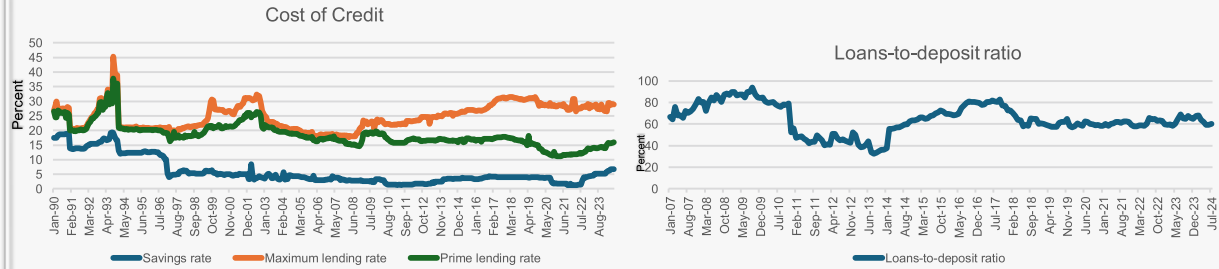


Sources: Central Bank of Nigeria (CBN) Annual Report various issues and CBN data base



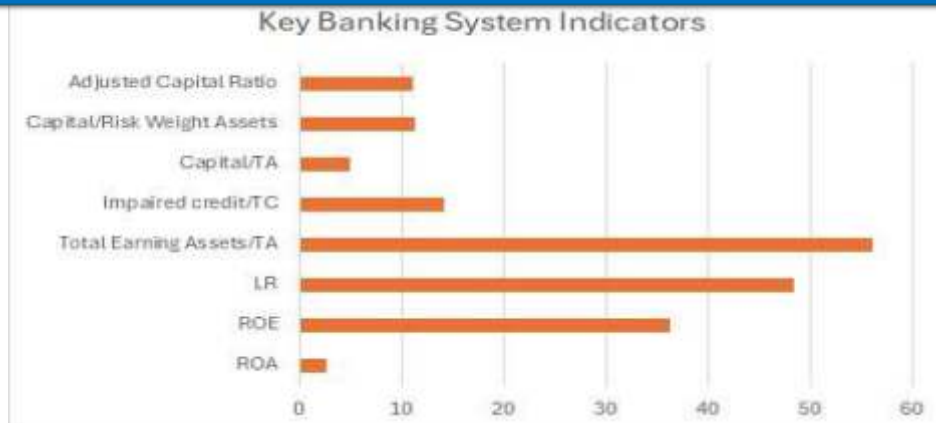
- ❑ A closer look at the proportion of credit to the government and private sector shows a trade-off in credit allocation. From January 2011 to June 2018, we witnessed an increase in credit to the government at the expense of credit to the private sector. The trend reversed afterward. However, it is picking up now.
- ❑ As of May 2024, the ratio of credit to government stood at 20% while the credit to the private sector was 80% of the total credits.
- ❑ Real credit growth has been in the negative most times. Meaning even though we see credit expansion but in real time Nigeria is not doing well.
- ❑ Greater chunk of private sector credit went to industry.

Current Performance of the Banking Sector (Cont.)



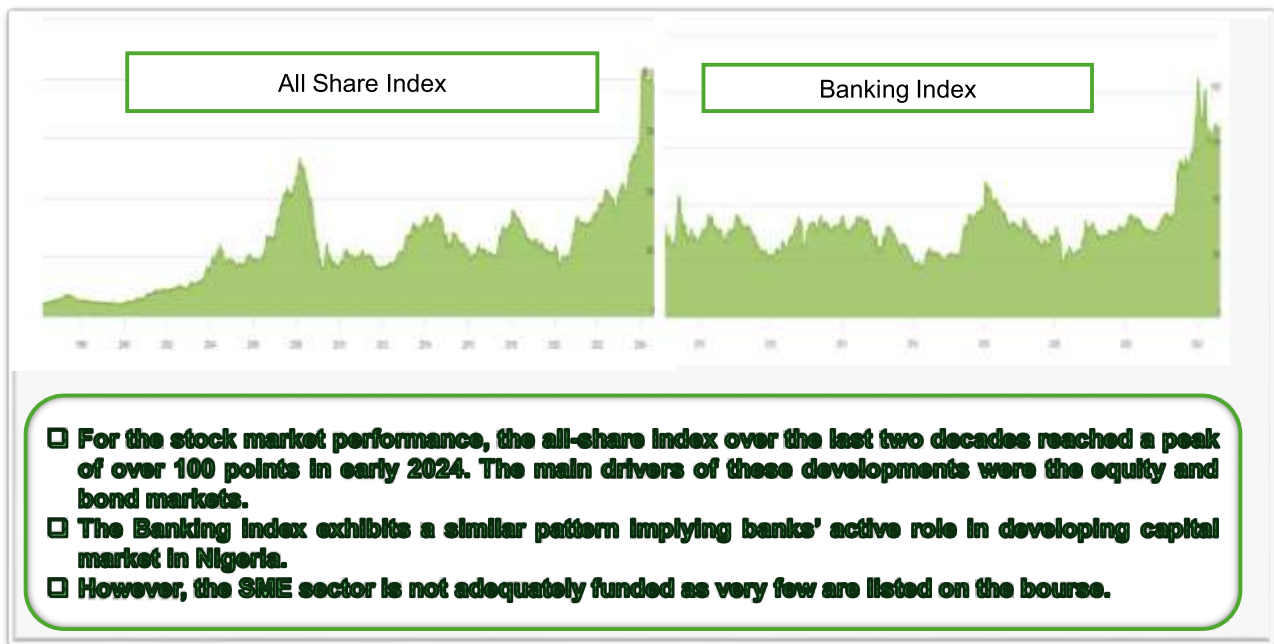
- ❑ The loan-to-deposit ratio was 59% as of May 2024.
- ❑ This industry average was below the minimum threshold of 65% set by CBN. This may be partly attributed to high-risk premia in the system and more profitable investments by DMBs in OMO & TBe instruments and the FOREX market.
- ❑ Concerning the cost of credit, maximum and prime lending rates converged up to the period of the Global Financial Crisis and banking system clean-up in Nigeria. However, this trend reversed, with the prime lending rate going down while the maximum lending rate ratcheted up and remained elevated.
- ❑ The spread between deposit and lending rates has widened since 2009. The average deposit rate as of July 2024 is 6.67% p.a. This was the lowest compared to other developing economies (South Africa 8.23%, India 8.5% and Brazil 12%.

Current Performance of the Banking Sector

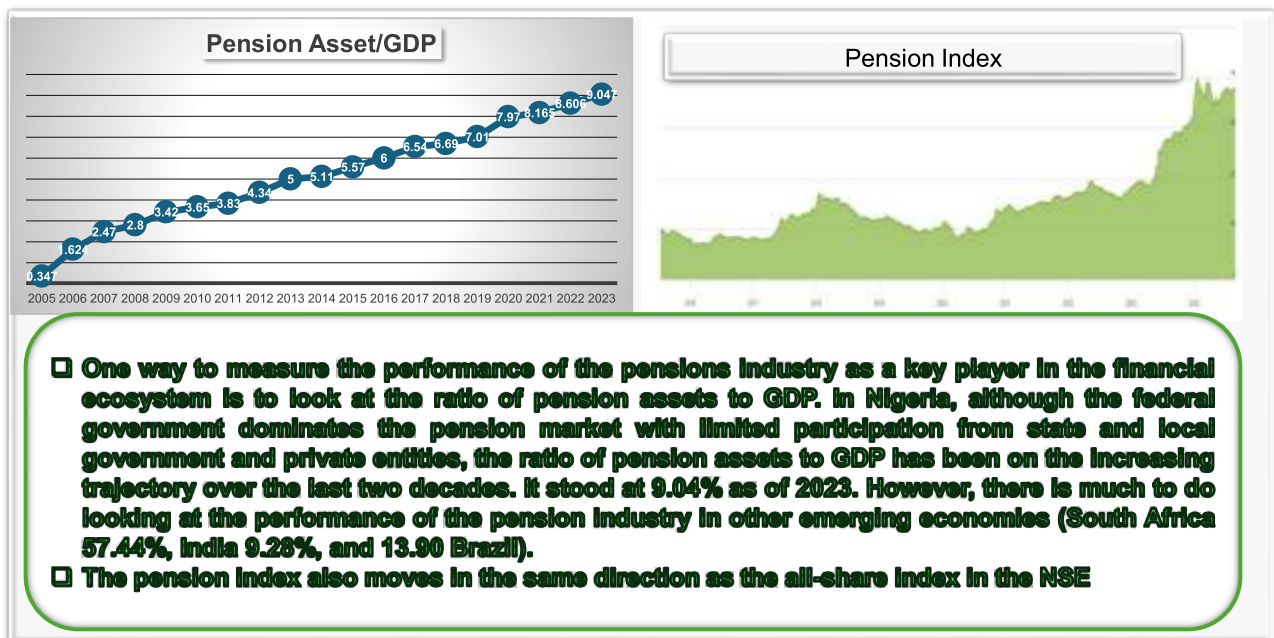


- ✓ Capital adequacy ratio marginally above the prudential limit of 10% for DMBs with national authorization but less than 15% for DMBs with international authorization.
- ✓ NPL ratio was relatively higher compared to the industry average of 5%.
- ✓ Liquidity ratio was close to 50%, above the CBN regulatory limit of 30%.
- ✓ Profitability ratios were positive.

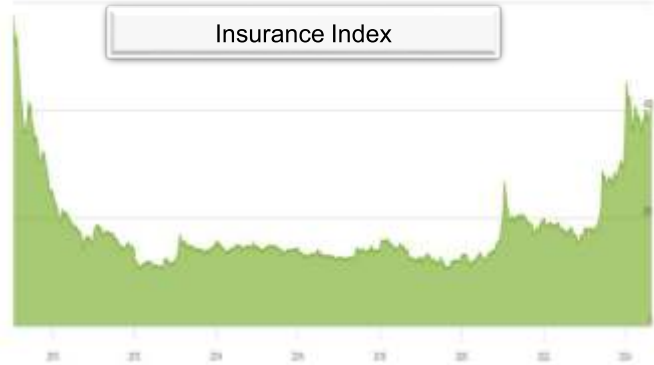
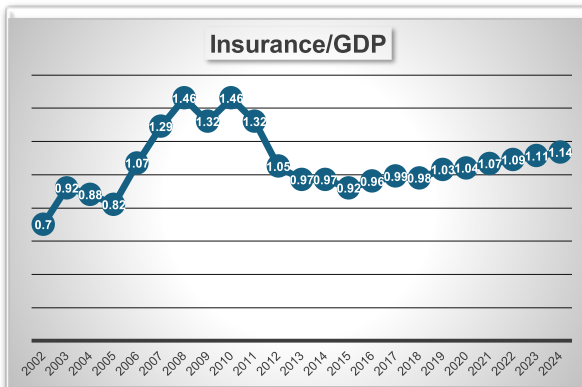
Current Performance of the the Stock Market



Current Performance of the Pension Sector



Current Performance of the Insurance Sector



- ❑ The insurance industry was severely affected by the global financial crisis and is yet to return to pre-crisis level. The insurance asset to GDP stood at 1.14 % of the GDP in Nigeria. This is lower compared to South Africa (60.14%) and Brazil (17.21%)
- ❑ The insurance index also contributes positively to the up-tick of the all-share index.

Using Traffic Light to benchmark with South Africa(SA), India and Brazil



Red means Nigeria is far below its peers and urgent actions are needed















Amber means Nigeria is close to its peers though it needs to strengthen more



Nigeria is same or better than its peers

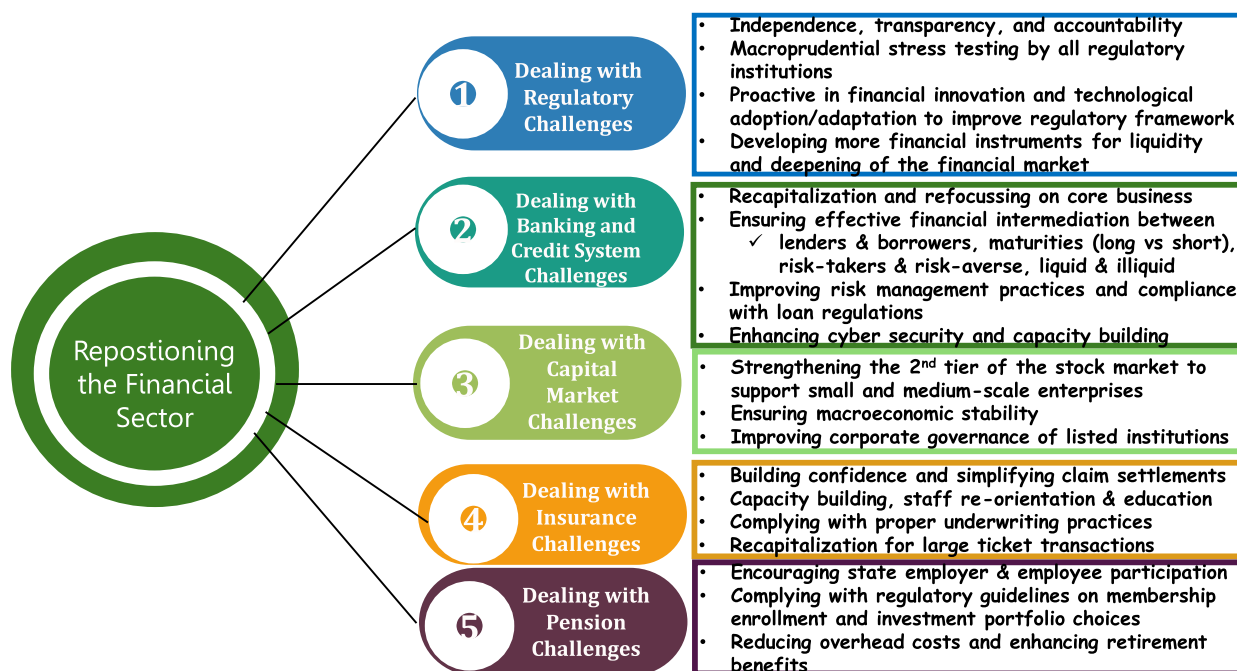
Using Traffic Light to benchmark with South Africa(SA), India and Brazil

Indicator	Performance Indicator	Benchmark	Remarks
Loan to Deposit Ratio	60% (as of May 2024)	65%	 
Financial Deepening (M3/GDP-CPS/GDP)	23.73% & 18.70% (as of June 2023)	SA-73.01/92.18 India-82.1/50.1 Brazil-111.05/71.65	 
Interest spread (lending-Deposit rates)	22.22%(as of June 2024)	SA-3.33% India-3.75% Brazil-2.8%	 
Stock Market(All share index)	96970(42.02% YTD)	SA-82735 (9.72% YTD) India-82555 (25.79% YTD) Brazil-134906(14.54% YTD)	 
Pension Asset/GDP	9.04% (2023)	SA-57.44% India-9.28% Brazil- 13.9%	 
Insurance Asset/GDP	1.14% (2023)	SA-60.14% Brazil-17.21	 

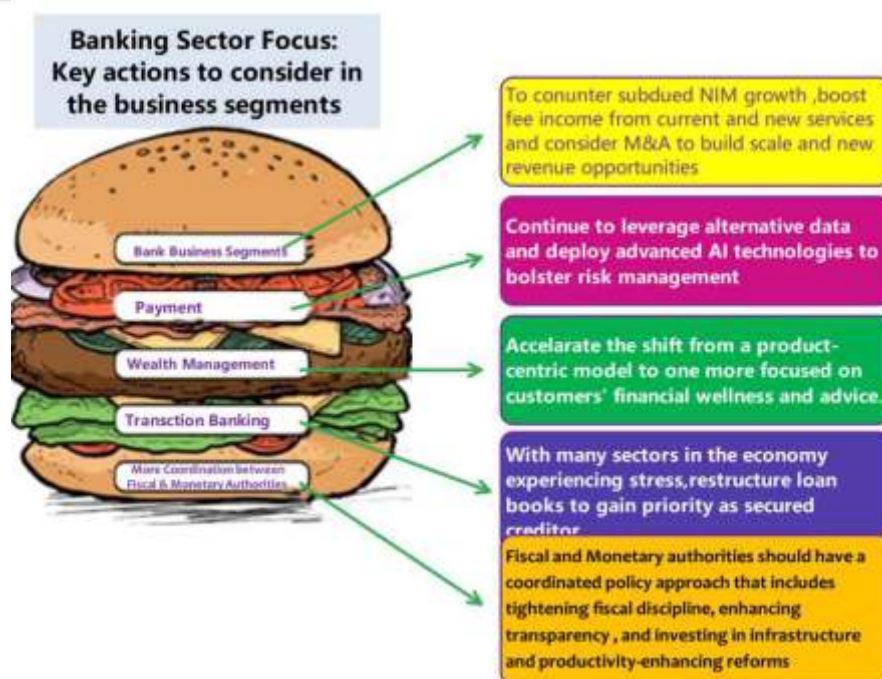
Challenges of the Financial Sector



Repositioning the Financial Sector for Economic Growth



Conclusion: Some Key actions to consider in the business segments





UNLOCKING NEW POSSIBILITIES THROUGH ARTIFICIAL INTELLIGENCE AND INNOVATION

Subtitle:

Leveraging AI for inclusive and Accessible Financial Services

By Prof. Oludele Awodele

Director of Academic Planning, Babcock University

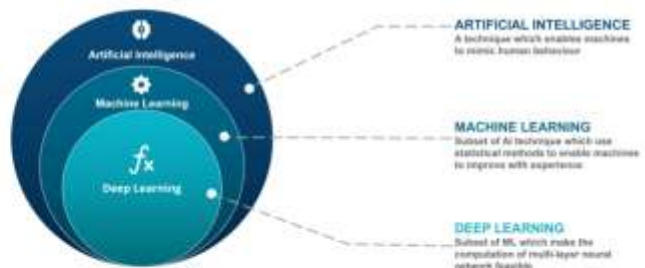
President, Practical Artificial Intelligence Development Foundation (PAIDF)

UNDERSTANDING ARTIFICIAL INTELLIGENCE (AI)

Artificial Intelligence (AI):

According to John McCarthy (1956), AI is a branch of computer science aiming to create machines capable of intelligent behavior.

According to Copeland (2019), Artificial Intelligence (AI) is an area of computer science that emphasizes the creation of intelligent machines that work and react like humans, such as the ability to reason, discover meaning, generalize, or learn from experience.



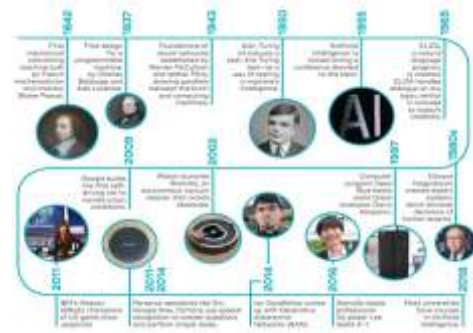
DEFINITION OF TERMS cont'd

- AI is a disruptive technology that challenges traditional methods and opens new possibilities.
- The integration of AI in various sectors is reshaping how we work, learn, and live.
- For example, automation in industries may lead to job displacement but also creates new roles in AI development and maintenance.



HISTORICAL DEVELOPMENT

- The idea of AI did not just come to us in this new age of ours but was driven by the ancient Greeks' myths about robots.
- It all began when the thought of making inanimate objects come to life as intelligent beings.
- Chinese and Egyptian engineers built automatons (moving mechanical devices made in imitation of a human being).
- The beginnings of modern AI can be traced to classical philosophers' attempts to describe human thinking as a symbolic system.
- But the field of AI wasn't formally founded until 1956, at a conference at Dartmouth College, in Hanover, New Hampshire, where the term "artificial intelligence" was coined by John McCarthy.



The Pinocchio Automaton



HISTORICAL DEVELOPMENT cont'd

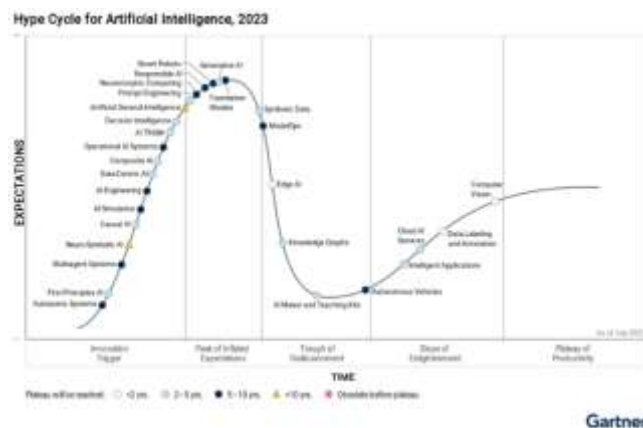
- Over the years, two distinct, pervasive strains of AI research have developed:
 1. Weak AI is defined by intelligent behavior and not human-like performance. This approach, known as weak AI, prioritizes correct and satisfactory performance.
 2. Strong AI focus on biological plausibility, measures system performance based upon the same methodologies used by humans.

While proponents of weak AI measures success based on systems based on their performance alone, proponents of strong AI are concerned with the structure of the systems they build.

AI IN THE 21ST CENTURY

AI experts believe AI has reached its peak, but progress continues.

Venture capitalists Evans and Lee describe the current moment as the "age of implementation," where technology is transforming the world. **They believe AI will become normal fast, with machine learning embedded in everything.**



AI In Financial Services



The Power of AI in Fraud Detection

AI algorithms are becoming increasingly crucial in fraud detection. Their ability to analyze large datasets, identify patterns, and learn from new data allows them to adapt to ever-changing fraud tactics.

Enhanced Accuracy

AI algorithms can identify subtle patterns and anomalies that may be missed by traditional methods.

Real-Time Detection

AI models can analyze transactions in real time, allowing for immediate action on suspicious activity.

Reduced Costs

By automating fraud detection, AI helps reduce the cost of manual investigations and false positives.



Learning from Data

AI learns from millions of transactions, both legitimate and fraudulent.

1 Learning Process

Like a child learning to recognize animals, AI examines millions of transactions.

2 Data Variety

AI analyzes both legitimate and fraudulent transactions.

Improving Over Time

AI continuously learns and refines its patterns.

1

Human Feedback

Human analysts provide feedback on flagged transactions.

2

AI Refinement

AI updates its patterns based on new data and feedback.

3

Increased Accuracy

AI becomes more accurate in identifying fraud over time.



Some AI algorithms *(Fraud Detection)*

Fraud detection has evolved with the help of advanced algorithms.

Let us explore some of the key algorithms employed in modern fraud detection systems.



Case Study / scenario cont'd

AI Use Case	Scenario	Overview	Real-World Example	Impact	Audience poll
Innovative AI Applications in Lending and Credit Scoring	How often do you face challenges in assessing the creditworthiness of loan applicants?	AI is transforming lending by providing more accurate credit scoring and faster loan approvals.	Ren money uses AI to analyze data beyond traditional credit histories, such as mobile phone usage, to assess loan applicants, making it easier to lend to those without formal credit records.	This not only speeds up the lending process but also opens up opportunities for more people to access credit	Can AI help reduce the default rate on loans? How?

Case Study / scenario cont'd

AI Use Case	Scenario	Overview	Real-World Example	Impact	Audience poll
AI in Wealth Management and Investment Advisory	Picture yourself using an app that provides personalized investment advice based on your financial goals. How would that change your approach to investing?	AI is making wealth management more accessible and personalized, offering tailored advice and portfolio management.	Cowry wise uses AI to help users create diversified investment portfolios, offering advice tailored to their financial goals and risk tolerance	AI-driven tools make it easier for individuals to make informed investment decisions, potentially increasing their wealth over time.	What features would you want in an AI-powered investment app?

Case Study / scenario cont'd

AI Use Case	Scenario	Overview	Real-World Example	Impact	Audience poll
Regulatory Compliance and AI: Navigating the Challenges	Imagine your bank could automate all compliance checks with AI, freeing up your team to focus on other critical tasks. How would that impact your operations?	AI helps financial institutions stay compliant with regulations by automating processes like KYC (Know Your Customer) and AML (Anti-Money Laundering).	Nigerian banks are adopting AI-driven compliance tools to ensure they meet regulatory standards without the manual burden.	This not only reduces the risk of non-compliance but also lowers operational costs.	What challenges do you foresee in implementing AI for regulatory compliance?

Case Study / scenario cont'd

AI Use Case	Scenario	Overview	Real-World Example	Impact	Audience poll
AI-Powered Decision Making in Financial Services	How confident are you in the decisions made by AI compared to those made by humans?	AI enables financial institutions to make data-driven decisions quickly and accurately.	Nigerian stockbrokers use AI algorithms for real-time trading decisions, analyzing vast amounts of data to optimize trades.	AI-driven decisions can lead to better outcomes, reducing human error and increasing efficiency.	When should AI take the lead in decision-making, and when should <u>humans</u> step in?

Case Study / scenario cont'd

AI Use Case	Scenario	Overview	Real-World Example	Impact	Audience poll
Developing AI Talent and Skills in the Financial Sector	What steps is your organization taking to build AI skills among your employees?	For AI to succeed, financial institutions need to invest in developing AI talent and skills.	UBA's partnership with Lagos Business School focuses on upskilling employees in AI and other emerging technologies	A skilled workforce is crucial for driving AI innovation and maintaining a competitive edge.	Brainstorm ideas on how to attract and retain AI talent in the financial sector

Case Study / scenario cont'd

AI Use Case	Scenario	Overview	Real-World Example	Impact	Audience poll
Ethical AI and Responsible Innovation in Finance	Imagine an AI system that makes a decision that unintentionally discriminates against a certain group. How would you address this issue?	As we adopt AI, it's vital to ensure that it is used ethically and responsibly.	Financial institutions are implementing AI ethics frameworks to identify and mitigate biases in lending and credit scoring.	Responsible AI use builds trust and ensures that innovation benefits everyone, not just a select few.	What are the biggest ethical concerns you have about AI in finance?

Challenges of Implementing AI in the Financial Sector

AI is revolutionizing banking by improving efficiency, security, and customer experience, ensuring long-term success and a sustainable financial future through ethical AI, advanced cybersecurity, and financial inclusion.

While China has announced plans to invest \$150 billion in artificial intelligence over the next 20 years, and South Korea has committed around \$1 billion to develop its AI industry.

Africa, including Nigeria, has not yet established a solid foundation for the Fourth Industrial Revolution. Despite our immense potential as a nation, Nigeria's adoption of AI is now under the top 100 globally and outside the top 5 in Africa. Nigeria must embrace Artificial Intelligence (AI) and make use of its advantages to achieve rapid socioeconomic development. we must identify key areas and develop a comprehensive strategy for workforce upskilling and reskilling.

Recommendations for Strategic and Accelerated Growth in AI

1. Develop an environment and platforms that facilitate the interaction between AI experts and enthusiasts.
2. Enhance the capabilities of AI members through workshops, conferences, and other training programs.
3. The government should collaborate with local and international organizations, including Financial Managers, Technologists, and Policymakers, on issues around AI development and adoption in Nigeria.
4. Promote the integration and utilization of AI in various fields such as financial institutions, education, agriculture, manufacturing, health, law, science, and technology.
5. Support the use of AI to promote rapid national growth.
6. The government and other stakeholders should be supported in developing National Policies, Frameworks, and Strategies for AI development.



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SERIES 3

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.

Carl
Blockchain Enthusiast



George
Banker



George: Carl, I keep hearing about "DeFi," but I'm a bit lost. Isn't finance already decentralized with banks all over the place?

Carl: Not quite, George! DeFi, or Decentralized Finance, means finance without traditional intermediaries—like banks. Think peer-to-peer transactions without a middleman. It's all powered by blockchain technology.

George: So, no banks? Who's running the show then? That sounds... chaotic!

Carl: It's actually quite organized! Smart contracts handle everything on the blockchain. These are self-executing contracts with the terms coded right in. They automatically process transactions based on predefined rules, so no one can tamper with them.

George: Interesting... but how do people trust this system without a bank? What if something goes wrong?

Carl: Fair question! DeFi runs on transparency. The code is open-source, meaning anyone can audit it. And transactions are recorded on the blockchain, so they're secure and immutable. But it's not without risks—hacks and bugs can still happen if the code isn't perfect.

George: So, what do people use DeFi for? Just buying and selling crypto?

Carl: Oh, it's way beyond that! With DeFi, people can borrow, lend, earn interest, trade assets, and even insure their investments—all without needing a traditional bank. Imagine getting a loan directly from other users on the platform, with terms set by the smart contract.

George: Really? That sounds like a whole new world of banking. But how does this impact us, the traditional banks?

Carl: Well, it's definitely shaking things up. DeFi is attracting people who want more control over their assets and fewer fees. But banks have an edge in trust and regulation. Some banks are beginning to experiment with DeFi principles, like digital assets and blockchain, to stay relevant.

George: Sounds like we need to keep an eye on this DeFi trend! Who knows—maybe one day banks and DeFi can work together somehow.

Carl: Exactly, George! The future might just be a blend of both worlds. Here's to innovation in finance!

George: To the future—decentralized or otherwise!

Did You Know?



Did you know that the stock market got the names “bear and bull” because of caballeros (Spanish knights) in California. The caballeros put California grizzlies in battle with bulls.

They observed bears swiped downward and bulls hooked upward, thus lending the analogy. This led to the California grizzly's extinction.



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