ENTRENCHING MACROECONOMIC STABILITY AND ENGENDERING ECONOMIC DEVELOPMENT IN NIGERIA

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OPENING REMARKS

Good morning ladies and gentlemen and welcome to my maiden press briefing. Having assumed office only two days ago, as the 11th Governor of the Central Bank of Nigeria (CBN), I consider it expedient to hold this interaction with you today to unveil my vision for the CBN. I am indeed delighted to share my ideas on creating a central bank that is professional, a central bank that is apolitical, and people-focused. A Central Bank that spends its energies on building a resilient financial system that can serve the growth and development needs of our beloved country, Nigeria.

Before I do so, however, let me sincerely acknowledge the excellent work that the Bank has done to achieve financial system stability, low inflation, exchange rate stability, an efficient payment system, and a consistent monetary policy in the last couple of years. It is, indeed, a testimony to this remarkable work that no depositor lost money in any Nigerian bank in the wake of the global financial and economic crises experienced during 2007-2009. Inflation is now at a six-year low, the exchange rate is largely stable, and monetary policy has provided consistent guidance to the financial community, in particular, and the country in general.

To put this speech in proper perspective, I will first present the general context in which we are operating today including current macroeconomic conditions, financial system overview, and the key policy stance of the Central Bank. Thereafter, I will present and briefly discuss my agenda.

MACROECONOMIC CONTEXT

In contextualizing the domestic macroeconomic environment in the light of the global economy, permit me to state that acute risks in the global economy have gradually decreased but not totally dissipated. Global growth is projected to strengthen from 3 percent in 2013 to 3.6 percent in 2014. This is principally due to the reduction in fiscal tightening and continuation of highly accommodative monetary policy in a number of advanced economies, as well as strong exports to the advanced economies from emerging markets and frontier economies. In the United States, real GDP grew by 1.9 percent in 2013, a deceleration from the 2.8 percent recorded in 2012. However, a downturn in exports and private investment led to an annualized 1 percent contraction in U.S. GDP during the first quarter of 2014, which is the country’s worst economic performance in three years.

Policy actions over the past year have addressed important tail risks and stabilized financial markets in the euro area, resulting in an expected growth of about 1.2 percent in 2014. However, lingering financial fragmentation, tight credit conditions, and high corporate and sovereign debt burdens remain key downside risks. In Japan, private investment and exports are expected to strengthen, especially in the face of substantial depreciation in the yen over the past year. The economy, which expanded by 1.5 percent in 2013, is projected to grow by 1.4 percent in 2014.

China is projected to expand by about 7.5 percent in 2014, a modest decline from 7.7 percent recorded in 2013. The forecast for 2014 is predicated on the assumption of reduced credit growth and a rebalancing of domestic output. Growth in Sub-Saharan Africa remains robust and is expected to rise from 4.9 percent in 2013 to 5.5 percent in 2014. This expansion expectedly reflects dividends of large megaprojects in infrastructure in natural resource enclaves as well as bountiful agricultural production.

Relative to both global and sub-Sahara African growth trajectories, the Nigerian economy performed appreciably well over the last seven years (2007—2013). During the period, the economy expanded by an average of 7 percent, while sub-Sahara Africa's real GDP growth averaged 5.2 percent. In the fourth quarter of 2013, Nigeria's real GDP grew by 7.7 percent, mainly driven by an 8.8 percent growth in the non-oil sector. For fiscal 2013, the economy grew by 6.9 percent, with the non-oil sector providing 8.1 percent backbone to the strong growth.

Owing to the tight monetary policy of the Bank coupled with improved food harvest, inflation moderated to a six-year low of 7.9 percent at end-April 2014. Debt-to-GDP ratio fell to 11 percent, while foreign exchange reserves stood at US$37.15 billion as at 27th May 2014. This external reserve level could finance about eight (8) months of imports and compares favourably with the external reserves of many peer countries. As at end-April 2014, year-on-year private sector credit increased by 26.4 percent, reflecting strong appetite by the banking system to catalyze the real economy. Over the last four years (2010-2013), the country attracted over US$22 billion in foreign direct investment (FDI), making Nigeria one of the top FDI destinations on the African continent. Table 1 below contains some key indicators on the economic health of the country.

Table 1—NIGERIA: Selected Macroeconomic Indicators (2010—2013)

	2010	2011	2012	2013
Nominal GDP (₦ billion)	55,061.8	63,991.5	72,072.2	81,139.5
Nominal GDP (US$ billion)	360.4	408.8	453.9	509.9
Real GDP (₦ billion)	54,204.8	56,964.1	60,755.0	65,259.5
Real GDP growth rate	N.A.	5.1	6.7	7.4
Oil GDP growth rate	5.2	-0.4	-0.9	-0.4
Non-Oil growth rate	8.5	9.1	7.9	8.1
Inflation (End-period)	13.7	10.3	9.5	7.9*
Core Inflaton	12.3	10.8	11.2	7.5*
Food Inflation	14.7	11	10.2	9.4*
External Debt (USD Millions)	4,640.1	5,666.6	6,527.1	8,821.9
Domestic Debt (Naira Billions)	4,551.8	5,622.4	6,537.5	7,118.9
External Reserves (US Dollars)	32,339.3	32,639.8	47,384.8	37,147.1**
Foreign Direct Investment (US$ Million)	6,099	8,915	7,029	5,500***
Stock Market				
All Share Index	24,770.5	20,730.6	28,078.8	41,329.2
Market Capitalization (US$ billion)	65.9	41.9	57.5	82.8

Sources: CBN, NBS, DMO, NSE, and UNCTAD

* As of end-April 2014

** As of 27 May 2014

*** Estimates from UNCTAD

Results from the latest job creation survey by the National Bureau of Statistics (NBS) indicate that the private sector posted a significant share of the 1.2 million jobs created in the country in 2013. While this achievement is laudable, it clearly suggests that we need to do more to cater for existing job seekers as well as for new entrants into the labour market.

A Brief Overview of the Nigerian Financial System

The Nigerian financial system has undergone several years of critical reforms, designed to position it as Africa’s financial hub. These reforms have produced a financial landscape characterized by large and strong banks, an efficient payments system and improved financial infrastructure. For instance, the average Capital Adequacy Ratio (CAR) of the banking system stood at 16.7 percent at end-March 2014, higher than the global threshold of 10.0 percent. At end-March 2014, average Tier 1 capital to risk-weighted assets stood at 15.4 percent, while the industry NPL ratio decreased from 34.5 percent in November 2010 to 3.8 percent as at end-March 2014.

The Central Bank's payments system initiatives, such as the Payment Terminal Aggregator (PTA) and standardized T+1 settlement, have led to a significant reduction in transactions costs and currency management costs. The Cash-less policy is gradually entering the next phase of implementation—the nationwide roll-out in the remaining states of the Federation—which has been scheduled for 1st July, 2014, while the mobile money initiative has continued to enhance financial inclusion with the number of unbanked public declining from 46.3 percent in 2010 to 37.9 percent in 2013.

In terms of the monetary aggregates, broad money supply (M2) rose by 1.9 percent in April 2014, over the level at end-December 2013. At an annualized growth of 5.8 percent, M2 was below the growth benchmark of 15.5 percent for 2014 but consistent with the tight stance of monetary policy. The increase in money supply reflected the growth in net domestic credit (NDC) of 1.6 percent in April over the level at end-December 2013. At an annualized growth of 4.9 percent, growth in NDC was lower than the provisional benchmark of 28.5 percent for 2014.

Money market interest rates moved in tandem with the tight monetary policy stance and the persisting environment of excess liquidity. Thus, at end-April 2014, the average inter-bank call and Open buy back (OBB) rates stood at 10.5 and 10.6 percent, respectively. The equities segment of the capital market has continued in recovery territory since the global financial crisis. Relative to end-March 2014, the All-Share Index (ASI) rose by 0.7 percent on May 16, while Market Capitalization (MC) remained strong at N12.85 trillion.

KEY POLICY STANCE OF THE CENTRAL BANK

Since 2012, the Bank has maintained a tight regime of monetary policy, with the Monetary Policy Rate (MPR) and the Cash Reserve Requirement (CRR) mostly remaining unchanged at 12 percent. The CRR on public sector deposits was, however, raised to 50 percent in July 2013 and subsequently to 75 percent in March 2014 when the CRR on private sector deposits was also adjusted upwards to 15 percent. This was to address the liquidity effects of the Federation Account Allocation Committee (FAAC) statutory allocations to the three tiers of government and the redemption of AMCON bonds towards the end of 2013, the effects of which lingered into 2014.

The CBN's exchange rate policy is based on the managed float regime that allows a movement of +/- 3 percent around the midpoint Naira/Dollar exchange rate of ₦155/US$1. Whenever justifiable, the bank intervenes to offset pressures on the exchange rate and restore stability in the value of the Naira.

These policy stances have served the Bank well since they have properly anchored expectations, created policy certainty in macroeconomic management while offering a window of flexibility to respond to new information and developments globally as they emerge. However, there exists much room for improvement in the policy environment. Having provided you with the context in which we will be operating, in the rest of the paper, I shall be discussing some of my preliminary ideas on elements of the reforms that we would be pursuing at the Central Bank going forward.

OUR VISION TO CREATE A PEOPLE-CENTRED CENTRAL BANK

The vision of the Central Bank of Nigeria is to "be the Model Central Bank delivering price and financial system stability and promoting sustainable economic development". This vision draws inspiration from our understanding of the multiple mandate of the Bank to pursue both price and financial system stability as well as provide complementary developmental functions by creating an environment for Nigerians to live better and more fulfilled lives. Rather than being competing goals, as some may argue, these mandates are truly complementary. In fact, price stability can rarely be adjudged a goal in itself except cast against the ultimate objective of improvement in the quality of life. Price stability, therefore, remains a cardinal contribution, indeed a cornerstone, to the ultimate goal of economic development. I believe that reasonably stable prices provide a catalyst for rational consumption and investment decisions and for orderly economic progress. That is why throughout most of economic history, periods of price and financial system stability have coincided with economic growth and development.

In order to realize the CBN's vision, therefore, I believe we must start with championing policies that promote the sustainability of our hard-earned macroeconomic stability.

A. MACROECONOMIC STABILITY

Monetary Policy: We shall pursue a gradual reduction in interest rates. A comparison of selected macroeconomic aggregates from some emerging market countries including South Africa, Brazil, India, China, Turkey, and Malaysia indicate that Nigeria has one of the highest T-bill rates. Such high rates create a perverse incentive for commercial banks to simply buy virtually risk-free government bonds rather than lend to the real sector.

Table 2: Average Interest Rates in Selected Emerging Market Economies for 2014

Country	Treasury Bill Rate	Lending Rate	Inflation	Real Rates		MPR
	A	B	C	A-C	B-C	
SOUTH AFRICA	5.50	9.00	5.78	-0.28	3.23	5.50
TURKEY	8.00	12.00	8.01	-0.01	3.99	8.00
MALAYSIA	2.93	6.60	3.47	-0.54	3.13	N.A.
INDIA	8.65	10.00	6.89	1.76	3.11	9.00
BRAZIL	11.57	20.93	5.81	5.77	15.13	10.70
CHINA	3.39	6.00	2.30	1.09	3.70	3.30
NIGERIA	11.52	16.86	7.83	3.68	9.02	12.00

Source: Central Bank of Nigeria Compilations

To enhance financial access and reduced borrower cost of credit, we would pursue policies targeted at making Nigeria's T-bill rates more comparable with other emerging markets and by extension, pursue a reduction in both deposit and lending rates. While a reduction in deposit rates would encourage investment attitudes in savers, a reduction in lending rates would make credit cheaper for potential investors. The Bank would also begin to include the unemployment rate as one of the key variables considered for its Monetary Policy decisions. In the interim, we would continue to maintain a monetary policy stance, reflecting the liquidity conditions in the economy as well as the potential fiscal expansion in the run-up to the 2015 General Elections.

Exchange Rate Policy: Our key goal here would be to maintain exchange rate stability. In view of the high import-dependent nature of the economy and significant exchange rate pass-through, a systematic depreciation of the Naira would literarily translate to considerable inflationary pressure with attendant effect on macroeconomic stability. Therefore, under my leadership, the Bank will continue to focus on maintaining exchange rate stability and preserve the value of the domestic currency. We will sustain the managed float regime in the management of the exchange rate, as this will allow the Bank to intervene when necessary to offset pressures on the exchange rate. To support this strategy, we will strive to build-up and maintain a healthy external reserves position and ensure external balance.

There is no doubt that reducing the interest rate and maintaining the exchange rate are very daunting twin goals. However, the CBN would work assiduously with all stakeholders to device countervailing measures that would ensure that these goals are mutually achieved

Financial System Stability: We hope to sustain the effective management of potential threats and avoid systemic crisis. The core of my vision is to effectively manage potential threats to financial stability, and create a strong governance regime that is conducive for financial intermediation, innovative finance and inclusiveness. In this regard, we hope to anchor on two main pillars: managing factors that create liquidity shocks and zero tolerance on practices that undermine the health of financial institutions. In order to achieve these goals, we would:

- Work with the relevant stakeholders to aggressively shore up reserves. We hope to engage the fiscal and political authorities, as well as other stakeholders to improve our policy buffers, which will further create space for the Bank to implement monetary policy using its limited instruments;

- Enhance the Bank's supervisory purview over the banking system as well as strengthen macro-prudential regulation by improving supervisory diligence, ethical standards as well as highest level of professionalism in carrying out on and off-site supervision activities;

- Strengthen risk-based supervision mechanism of Nigerian banks to ensure overall health and banking system stability. To that end, banks shall be enjoined to proffer remedial actions where weaknesses are observed in RBS examination reports so as to avoid further build-up of NPLs. Where banks proffer inadequate remedies, the CBN shall advance its own solutions and insist on compliance;

- In the light of the size of the economy following the rebased GDP, the trigger thresholds from a macro-prudential perspective are no longer adequate. In due course, the CBN would consider and announce measures to effectively address this anomaly.

- Pursue a zero-tolerance policy on fraudulent borrowers. We will collaborate with commercial banks to significantly improve the credit culture in the Nigerian banking system. The CBN's focus would be directed at serial debtors who access loans from different banks and default on all of them even when they have the means to pay. Going forward, the CBN will work towards reducing the effect of information asymmetry in the credit market. In this regard, we shall do the following:

    - Enhance the operation of Credit Reference Bureaus;
    - Establish Secured Transaction and National Collateral Registry;
    - Strengthen the sanction system to include: blacklisting of companies/individuals that have been found to be serial loan defaulters. Indeed, these names would be circulated in the banking system to guide banks in identifying bad borrowers and denying them access to credits in the banking system;
    - Implement stringent loan provisions and penalties for banks that lends to blacklisted persons and companies;
    - Intensify our collaboration with relevant agencies, and in particular, the Justice Ministry, to strengthen bank's ability to enforce contracts and recover matured debts.
    - Renew vigorous advocacy for the creation of commercial courts for quick adjudications on loan and related offences.
    - Establish a National Credit Scoring System that will improve access to information on borrowers and assist to make good credit decisions.

Banking Supervision: Our take on banking supervision would be to work towards a better risk-based supervision framework. This will be achieved by:

- Training sector-specific bank examiners. For example, while the banking industry has excessive concentration in oil and gas loans, the CBN does not have the expertise to analyze and monitor the risks inherent in these credits. In other words, every examiner is a generalist.

- In connection with the above, specialization will help reduce an increasing reliance on outside consultants, ensure that confidential supervisory information are protected and guarantee a staff depth that can generate robust in-house data to help senior Central Bank officials prepare adequately for public engagements.

The Payments System: We hope to better align the Cashless Policy. This policy was introduced in 2012 with pilots now completed in Lagos, Kano, Anambra, Abia, Rivers, and the FCT. The policy is now expected to go nation-wide on 1st July 2014. Over the course of the pilot, we have become aware of complaints by customers particularly regarding the charges being imposed for cash deposits. This has resulted in customers devising various means to avoid the charges through opening of multiplicity of accounts and other disingenuous behaviour all aimed at undermining the objective of this policy. Given these outcomes and to better reflect our goal of having more cash under our control, all charges on deposits are hereby stopped with immediate effect. Charges on withdrawals, in view of their eventual elimination, remain sustained at the current 3 percent for individual transactions exceeding ₦500,000 and 5 percent for corporate transactions exceeding ₦3 million. Currently, these fees go entirely to the commercial banks. However, going forward, the Central Bank shall determine what percentage of these fees on excess drawings that will be redeemed by the bank while the rest shall be remitted to the CBN.

Let me now turn to the second aspect of my vision, which centres on development banking.

B. Central Banks and Economic Development

For quite some time, the dominant school of thought regarding central banking was that focusing on low inflation will eventually lead to greater growth, increase in employment generating activities, and poverty reduction. However, early and recent evidence of central banking in places such as the United States, England, Japan, and France indicate that supporting selected economic sectors using “direct methods” of intervention have been essential tasks of their central banks. As Epstein (2005) encapsulates, “virtually all central banks, including the Bank of England (BOE) and the U.S. Federal Reserve (the Fed) have used direct means to support economic sectors. And this has not simply been a matter of historical aberration, but rather, it has been an essential aspect of their structures and behaviour for decades on end. In particular, a crucial role for both the BOE and the Fed has been to promote the financial sectors of their economies, and especially, to support the international role of their financial services industries. They have done this by using subsidized interest rates, legal restrictions, directed credit and moral suasion to promote particular markets and institutions. Moreover, at times, they have even oriented their overall monetary policy toward promoting the development of this particular economic sector”.

As I have shown in the section on recent macroeconomic developments, Nigeria has witnessed impressive GDP growth rates over the past seven years. Yet, there is an absence of a corresponding reduction in the unemployment rate in Nigeria, which has risen to 23.9 percent in 2012 relative to 13.9 percent in 2000.

Particularly worrisome is the rate of youth unemployment, which is too high. With an annual addition of 1.8 million Nigerians to the labour pool, the Central Bank cannot afford to sit idly by and concentrate only on price and monetary stability. Additional measures would be required towards identifying productive sectors of the economy and channeling credit towards these sectors, while imposing proper monitoring and performance measures in order to ensure that the goals of increased employment and poverty reduction are attained. This will require a review of the Bank’s development finance program, the participatory agencies responsible for the disbursement of funds, improving our monitoring capacity and developing performance targets relevant to our focus on generating employment and poverty reduction. To be effective, the measures taken by the Bank will not work in isolation. We will work with the fiscal authorities in reducing other structural distortions to productive growth, as this will enhance access to credit, as well as stimulate growth and employment generation.

C. OUR AGENDA FOR DEVELOPMENT FINANCE

The core principle here is that the CBN will act as a financial catalyst by targeting predetermined sectors that can create jobs on a mass scale and significantly reduce our import bills. The CBN would deploy developmental initiatives to create an enabling environment with appropriate incentives to empower innovative entrepreneurs to drive growth and development. It is important to stress here that the CBN would not be targeting individual companies but rather specific sectors. We would establish rules and criteria that create a level playing field so that anyone who fairly qualifies can benefit from these schemes.

Some of the Central Bank's developmental functions will include credit allocations and direct interventions in key sectors of the economy such as Power, Agriculture, MSME, Oil & Gas, and Health. While playing an active developmental role, the CBN will not only operate within the law and its mandate but will also be transparent about what it believes as strategic and appropriate interventions.

- **A New Framework for Funding SMEs**

Funding for SMEs in Nigeria has largely been viewed from a social development perspective with the goal to reduce poverty through job and wealth creation. This has put the development of the sector squarely in the hands of the government, with mixed results. Going forward, we propose a business approach to funding SMEs, which requires the strong involvement of the private sector. The new framework proposed will combine the profit motives of the private sector and the development objectives of the government. It proposes a structure that enables the government to leverage the project selection and credit analysis processes of private sector investors who will place more of their resources at risk in funding the SMEs. At the moment, the CBN has a number of initiatives including the N220 billion to finance Small- and Medium-Scale Enterprises with specific focus on women entrepreneurs and to be administered through Microfinance Banks owned either by state governments and/or private organizations. While the private sector invests more of their risk capital in the selected companies, CBN funds will focus on resolving challenges such as access to collateral, enterprise development support, development of a nationwide credit scoring system, etc.

Aside from this new collaboration with the private sector, the CBN will also design a programme for our fellow citizens who need as low as N50,000 without collaterals through registered and accredited local cooperatives. We shall encourage venture capital companies and business angels to fund SMEs and invite the Bankers' Committee to play more active role in supporting SMEs.

- **The Agricultural sector**

The CBN will revisit the goals and implementation of our intervention programmes in the Agricultural Sector, in order to ensure that high value addition is obtained from funds provided... Interventions in the sector will now be driven towards improving productivity in areas with high domestic demand, where opportunities exist to improve domestic supply, such as rice, fish, wheat and sugar and conservation of foreign exchange. These four commodities constitute a huge proportion of our food import bill of ₦1.3 trillion annually.

The CBN would facilitate the creation of an ecosystem that will identify and link various local producers and processors with major importers of selected products. With the expected increase in local production, identified major importers would be encouraged to act as off-takers to local producers. For example, between 2009 and 2013, the CBN's Commercial Agriculture Credit Scheme (CACS) has disbursed a total of about N16.2 billion to 12 rice producers who have managed to meet about 10 percent of national consumption. We believe that we can scale up this amount to enable these producers meet a much more higher share of our national consumption, thereby, reducing our import needs for importation of commodities such as rice. Towards this end, 60 percent of the Commercial Agricultural Credit Scheme will now be targeted at the identified commodities, while the loan limit under the Agricultural Credit Guarantee Scheme is now increased to N50million to expand the resources available to small agricultural projects.

This scheme is intended to reward good borrowers with more loans and encourage importers of the same products to reduce their demand for foreign exchange, thereby reducing the Bank's sale of foreign exchange and thus building the stock of external reserves.

- **The Power sector**

Given CBN's mandate to "develop and implement various policies, programmes and schemes aimed at the effective, efficient and sustainable delivery of financial services to special sectors of the economy", there is an important role the CBN must play to ensure the success of the power sector reforms. The corresponding effect on GDP that could occur as a result of improvements in the power sector cannot be overstated.

How then can the CBN add value in the power sector? While these plans still need to be fully developed, permit me to share broad outlines:

- We will facilitate investment in key parts of the value chain by providing funds at concessionary rates to targeted investments in the power sector. We will encourage investment in the gas to power infrastructure to improve the reliability of supply of gas to the existing and new power plants.

- We will also support investments in renewable energy in rural areas through matching funds schemes, and providing first loss guarantees.

- **The Oil and Gas sector**

Although Nigeria produces millions of barrels of crude oil per day, the importation of refined petroleum products alone consumes about 35 percent of our annual import bill. The CBN will support efforts at domesticating our oil and gas resources to ensure that much more of these resources are produced and used here in Nigeria. This will stimulate inclusive growth, create jobs and reduce the pressure on the exchange rate occasioned by demand for imports of finished petroleum products.

These initiatives will be pursued in collaboration with the Ministry of Petroleum and Natural Resources, who set the core priorities for the sector. Also, any initiatives proposed, will need to be aligned with the policy intent of the PIB. With this in mind, the CBN will:

- **Contribute to policy development**

In recognition of the fact that one of the sticking points in the passage of the PIB is the proposed fiscal regime, we will play an active role in working with the Ministry of Petroleum and Natural Resources and other stakeholders to secure a win-win outcome for the sector.

- **Upstream investment incentives**

To reduce the losses (theft and leakages) in the amount of produced crude that is officially sold, we will support initiatives to meter at ports and secure pipelines. Working with the lead Ministry, we will look at investment incentives that encourage local Niger Delta based SMEs to play an active role in metering services and pipeline protection technologies.

- **Incentives for FDI in upstream**

We recognize that there is a significant requirement for investment in the upstream sector especially for the Federal Government owned component of Upstream Joint Ventures. They currently struggle to match the investment in infrastructure provided by the IOC partners. Alongside the Ministry of Finance and the Ministry of Petroleum and Natural Resources, we will support efforts to secure these investments. We will explore how this can be done through international capital markets. This will require looking at the current JV structures and ensuring that our proposals sit alongside the PIB proposals.

- **Support for refineries and pipeline construction**

We will support the Ministry of Petroleum and Natural Resources by looking at investment incentives in refining and promoting investment in the construction of much needed gas pipelines. We will also support the establishment of small-scale modular refineries that can serve some of our domestic markets. We will consider giving priority to the main arteries to the gas fired power plants.

- **The Health Sector**

Given the myriad of issues facing this sector, which has led to a huge bill of foreign exchange use for medical travels overseas, the CBN intends to play a facilitating role by unlocking the potentials that exist for the private sector to invest at various points along the healthcare value chain including hospital services, health insurance, pharmaceuticals, supply chain, and financing.

This window of opportunity, has already led the private sector to establish an institutional platform for health known as the Private Sector Health Alliance of Nigeria (PHN), with the support of the government.

The CBN will explore opportunities for partnering with the PHN to galvanize the private sector into playing a more active role in the health sector. The bank will maintain a keen interest in supporting the development of institutions, create an enabling environment to trigger private sector investment and curb the growing trend of medical tourism.

CONCLUSION

The sole objective of this briefing is to place before you our plans to move our country forward. These ideas can be summarized as follows:

- Pursue a gradual reduction in key interest rates, and include the unemployment rate in monetary policy decisions;

- Maintain exchange rate stability and aggressively shore up foreign exchange reserves;

- Strengthen risk-based supervision mechanism of Nigerian banks to ensure overall health and banking system stability;

- Build sector-specific expertise in banking supervision to reflect loan concentration of the banking industry;

- In view of inadequate trigger thresholds from a macro-prudential perspective, consider and announce measures to effectively address this anomaly;

- Abolish fees associated with limits on deposits and reconsider ongoing practice in which all fees associated with limits on withdrawals accrue to banks alone;

- Introduce a broad spectrum of financial instruments to boost specific enterprise areas in agriculture, manufacturing, health, and oil and gas;

- Establish Secured Transaction and National Collateral Registry as well as establish a National Credit Scoring System that will improve access to information on borrowers and assist lenders to make good credit decisions;

- Build resilient financial infrastructure that serves the needs of the lower end of the market, especially those without collateral;

- Renew vigorous advocacy for the creation of commercial courts for quick adjudications on loan and related offences.

We must, by now, have been tired of hearing people talk about the “potentials” of Nigeria. Now is the time to live that dream. I truly believe that working together, we can achieve our goals and give Nigerians the chance to live longer, better and more fulfilled lives.

Thank you for your kind attention.