

REVIEW OF MACROECONOMIC DEVELOPMENTS IN Q1 2021

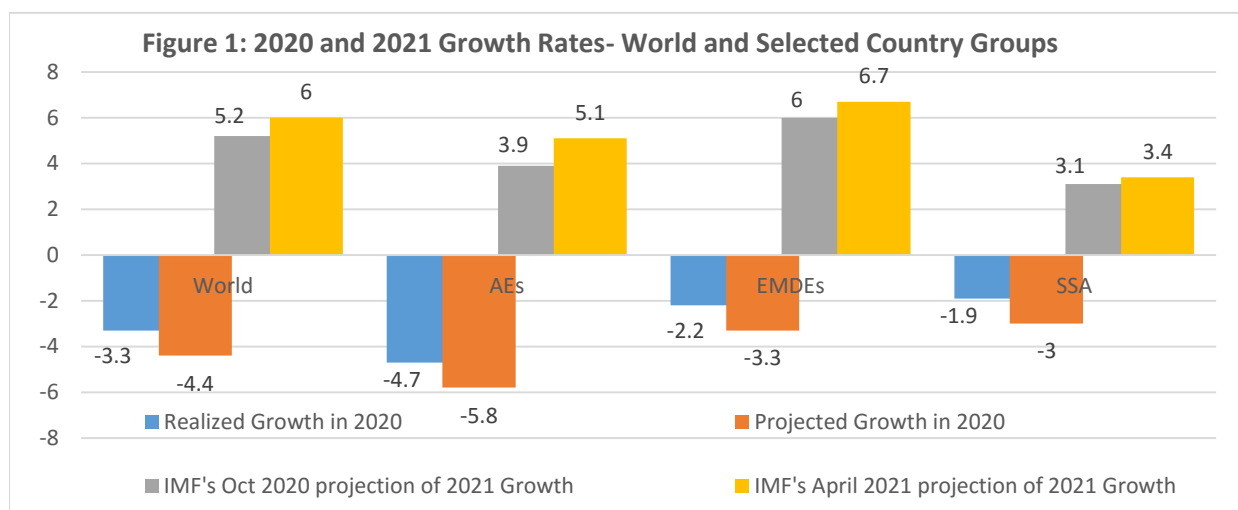
by

Research, Policy & International Relations Department, NDIC

1. Macroeconomic Conditions

1.1 Global Economic Conditions

In Q1 2021, the global economy, the economies of many developed countries, as well as Emerging Market and Developing Economies (EMDEs) consolidated on growth gains achieved in Q4 2020 to set the growth path for 2021 on a stronger footing. The macroeconomic outlook was brighter than in preceding quarters, as 2021 growth projections by the IMF for the global economy and several countries were higher than the earlier forecasts, while 2020 realized growth rates beat predictions, albeit marginally, as shown in Figures 1 & 2.



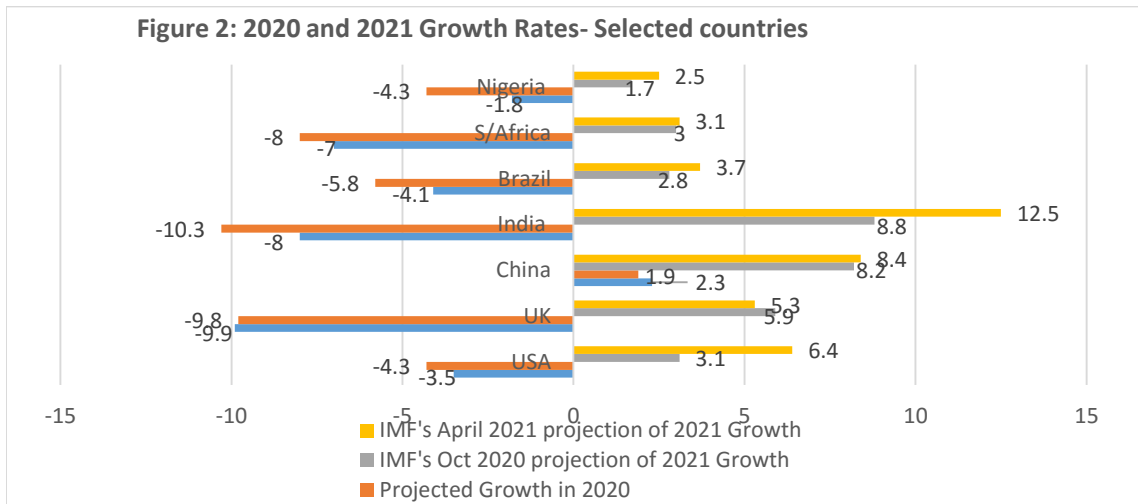
AEs= Advanced Economies; SSA = Sub-Saharan Africa
EMDEs = Emerging Market and Developing Economies

Source: IMF World Economic Outlook (WEO) 2020 and 2021

The global economy was expected by the IMF in its April 2021 World Economic Outlook to achieve 6% growth in 2021, recording a remarkable upswing from -3% growth in 2020. Similar growth patterns were registered in many countries and development groups/categories. According to the IMF, Advanced Economies (AEs), EMDEs and Sub-Saharan Africa (SSA) were to record projected growth of 5.1%, 6.7% and 3.4%, respectively, in 2021, up from -4.7%, -2.2% and -1.9% achieved in 2020 (figure 1).

These gains in growth by the global economy and country groups were based on projected growth rates from largest economies in respective regions. The USA, UK, China, India, Brazil, Nigeria and South Africa are expected to grow in 2021 by 6.4%, 5.3%, 8.4%, 12.5%, 3.7%,

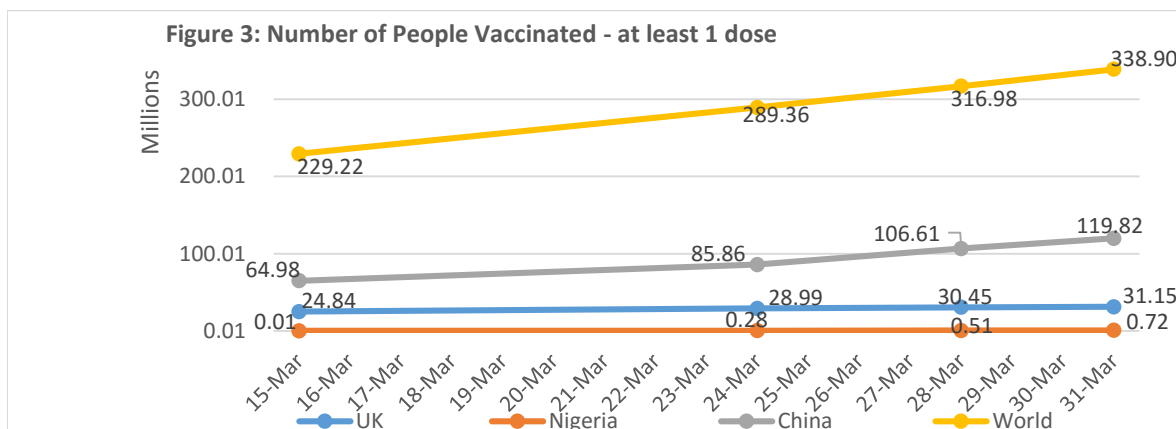
2.5% and 3.1%, respectively, compared to -3.5%, -9.9%, 2.3%, -8.0%, -4.1%, -1.8% and -7.0% respectively recorded in 2020 (figure 2).



Source: IMF World Economic Outlook (WEO) 2020 and 2021

It is worthy to note that SSA and the largest economies in the region underperformed other regions in the IMF 2021 growth projections. The region underperformed, relative to the global economy, while the EMDEs were expected to outperform other country groups with the largest projected economic growth in 2021. Nigeria was also expected to have the lowest growth among the selected countries shown in figure 2 with a 2021 growth rate projection of 1.7% while India was projected to have the highest growth of 12.5%, followed by China with a growth of 8%.

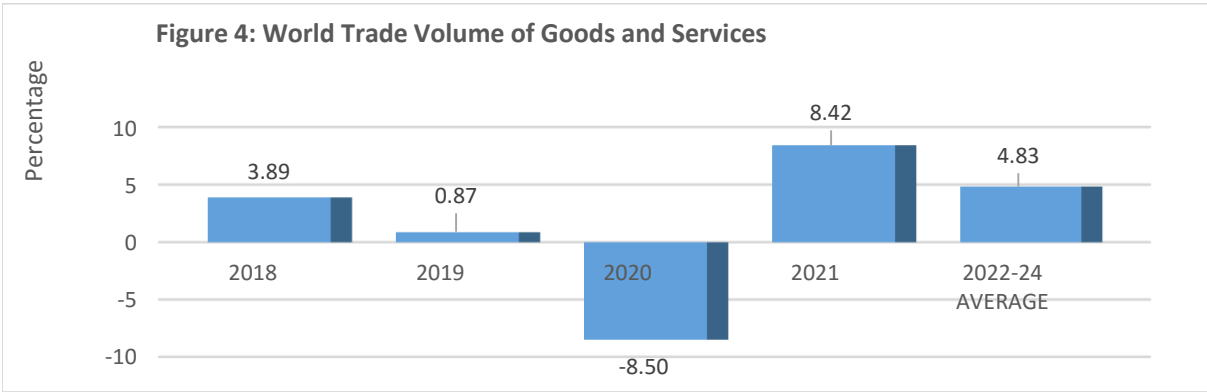
The positive growth projections in 2021, building upon the growth momentum in the preceding quarter, was energized by global optimism regarding demand and output outlook supported by improvement in vaccines development, distribution and administration pushing up the inoculation rates (as indicated in figure 3), as well as combination of monetary and fiscal policy stimuli across several countries.



Source: WHO

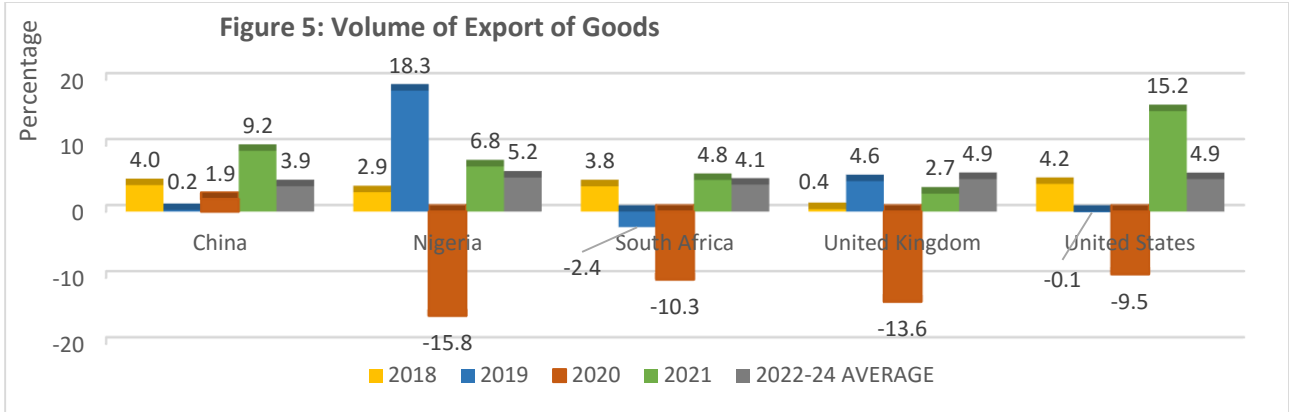
The projected growth in 2021 should however be interpreted with caution. Though it reflected increased activity and output, its sizes derived from very low level of GDP in 2020 as the 2021 GDP may actually lag pre-COVID-19 levels. As a result, the medium term growth was weaker than that of 2021, with the global economy expected to achieve only 3.3% growth over the next few years. Several countries were predicted not to return to pre-COVID-19 GDP level in the medium term, with the exception of the United States which is expected to attain end-2019 GDP level in the first half of 2021.

International trade rebounded in Q1 2021 on the back of momentum achieved in the preceding two quarters. Global trade was expected to attain 8.4% growth in 2021, marking a huge leap from the deep low of -8.5% recorded in 2020 as shown in figure 4. The growth derives from, and shares similar patterns with, those recorded in various countries. All countries in figure 5 except China were to have projected negative trade growth in 2021.



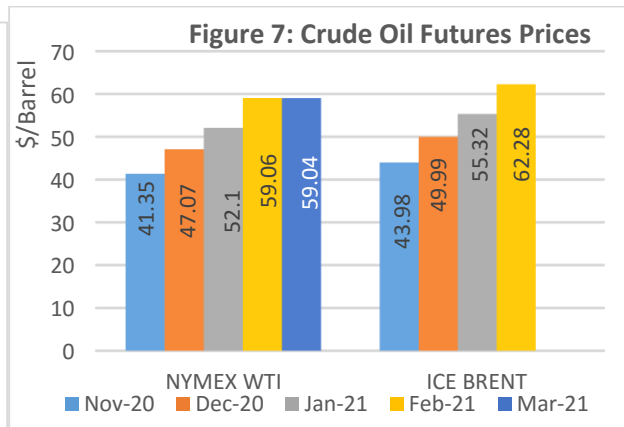
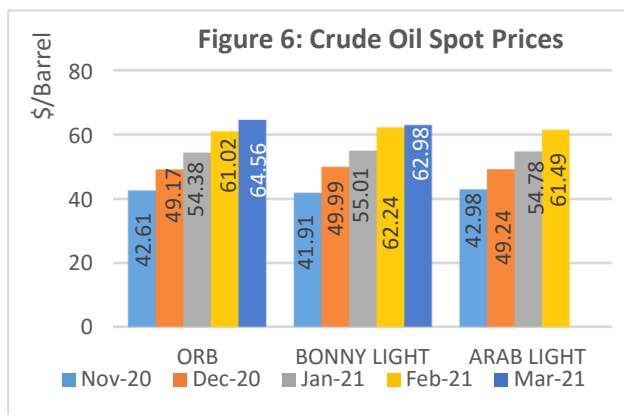
Source: IMF WEO April 2021

Economic growth in 2021, as a build-up from the last half of 2020, was expected to derive largely from the boost in merchandise trade which, according to the IMF, has returned to pre-pandemic level, while Services however remained subdued due in part to resilient threats of COVID-19 amidst progressive inoculation and other policy measures, restraining demand for contact-based services, especially travel and tourism.



Source: IMF WEO April 2021

In line with expected positive economic growth across the globe in 2021, increase in international trade as well as global demand, commodity prices and crude oil prices were predicted by the IMF in its April 2021 WEO to achieve strong growth in 2021, with crude oil prices projected to rise by 41.7% in 2021, up from -32.7% in 2020, while the prices of non-oil commodities were expected to be up by 16.1% in 2021, compared to 6.7% in the preceding year. In the first quarter of 2021, spot prices of crude oil continued to sustain the upward trend from the past quarter, as global demand increased over the quarters. As shown in figure 6, OPEC Reference Basket (ORB), the weighted average price of petroleum product produced by OPEC countries, rose consistently from \$49.17 in



Source: OPEC Monthly Oil Market report for Nov 2020-April 2021 Source: OPEC Monthly Oil Market report for Nov 2020-April 2021

December, 2020 to \$64.56 in March, 2021. Many other components of ORB such as Arab light and Bonny light followed a similar path.

The futures prices also rose remarkably in Q1 2021, relative to the previous quarter. NYMEX WTI increased from \$47.07 in December, 2020 to \$59.04 in March 2021, while ICE Brent rose from \$49.99 in December, 2020 to \$62.28 in February, 2021.

The rise in crude oil prices derived largely from supportive changes in demand and supply fundamentals such as expectation of improved global demand, tightened supply from production control by OPEC and non-OPEC Countries, decline in OECD oil stock and US oil stock in January and February respectively, as well as weather related disruptions of oil production in the US.

1.2 Domestic Economic Conditions

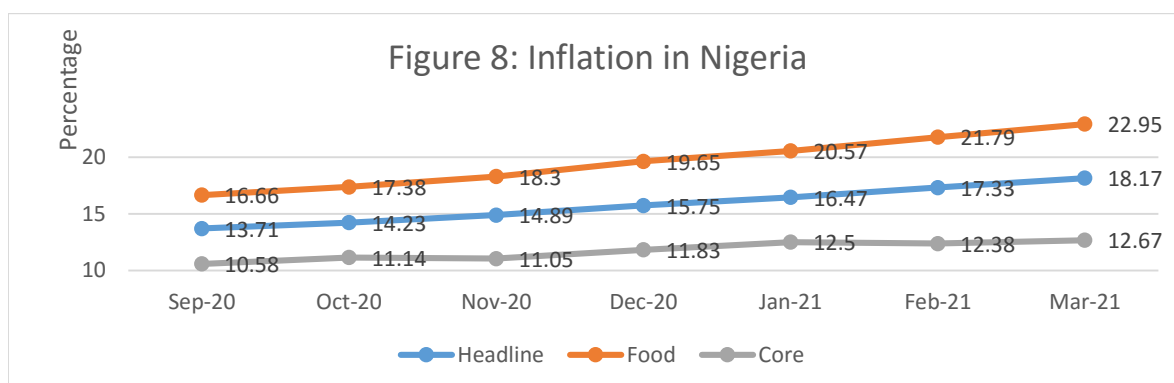
1.2.1 Nigerian Real GDP

The Nigerian economy grew in real terms by 0.51% in Q1 2021. The performance in the first quarter was though very low, it was better than the marginal growth recorded in the preceding quarter of 0.11%. It signalled recovery built on rising manufacturing Purchasing Managers' Index (PMI) which, according to CBN MPC, increased from 43.3 points in December 2020 to 48.7 points in February 2021, with the positive momentum expected to continue on the back of rising commodity prices and strengthening global demand.

According to the IMF in April 2020, Nigerian economy was projected to attain an annual growth of 2.5% in 2021, up from 1.7% earlier forecasted in October 2020, signifying that upside risks supporting growth may outweigh downside risks.

1.2.2 Consumer Price and Food Indices (Inflation)

The growth prospects in Nigeria in Q1 appeared to be demand-driven as inflation continued to surge from 15.75% in December 2020 to 16.47% in January 2021, 17.33% in February 2021, and 18.17% in March 2021. Figure 8 shows that the rising inflation is fuelled by food inflation which rose from 19.65% in December 2020 to 20.57% in January 2021, which later moved up to 21.79% in February 2021, before rising to 22.95% in March.



Source: CBN Statistical Database

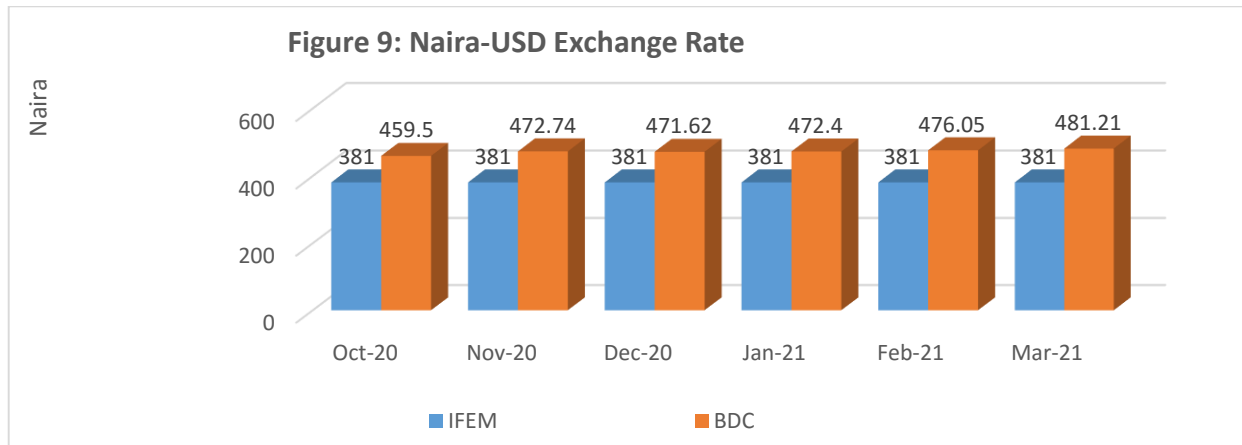
Core inflation also played a role in the inflationary trend by rising from 11.83% in December 2020 to 12.38% in February 2021. Compared to Q4 2020, headline inflation, food inflation and core inflation rose by 2.42%, 3.30% and 0.84% points at the end of Q1 2021, respectively.

The rising level of inflation in Q1 2021 may also be connected with marginal growth in broad money supply (M3) of 0.3% in February premised upon a significant rise by 13.54% in December 2020, as well as policy-driven increase in liquidity to support the economy.

Supply factors have also been identified to have contributed to inflationary trend: decline in food production due to spate of insecurity, exchange rate depreciation and their attendant effect on the cost of production inputs, among others.

1.2.3 Exchange Rate Movement

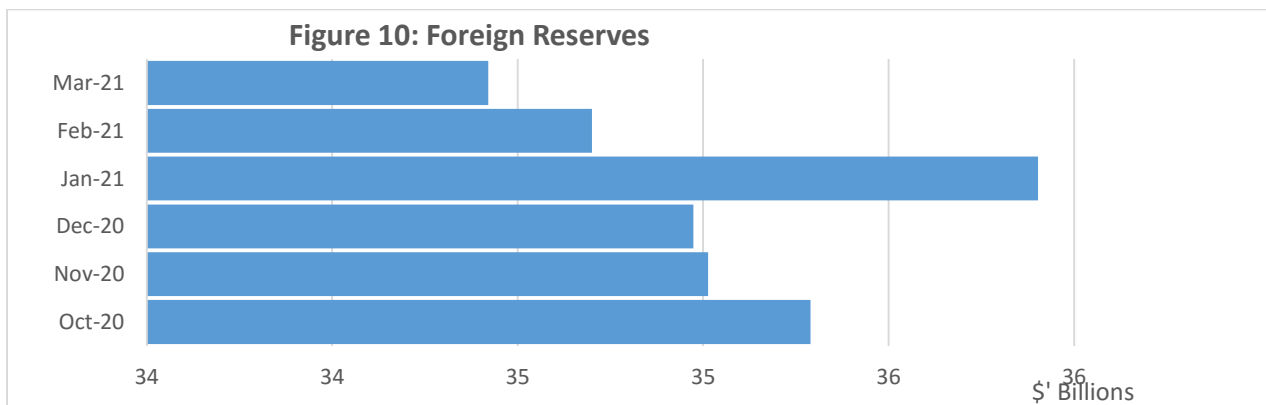
Exchange rate on the Inter-Bank Foreign Exchange Market (IFEM) remained at ₦381.00/\$1 in Q1 2021 as it was in Q4, 2020. The rates in the parallel market/ Bureau de Change (BDC) markets were much higher, rose from ₦471.62/\$1 in December, 2020 to ₦472.40/\$1 in January 2021, ₦476.05/\$1 in February, and ₦481.21 in March 2021 (figure 9).



Source: CBN Statistical Database

1.2.4 External Reserves

The external reserves has been on the decline since the beginning of Q1, 2021, a trend inherited from Q4, 2020. Although, it rose from US\$35.37 billion as at 31st December, 2020 to US\$36.30 billion on 29th January, 2021, and fell by 4.08% to US\$34.82 billion as at 31st March, 2021. Quarter on Quarter, external reserves fell by 1.56% from US\$35.37 billion in December, 2020 to US\$34.82 billion in March 2021.



Source: CBN Statistical Database

1.2.5 Nigeria Public Debt Stock

Public debts, according to DMO (2021), stood at ₦32.92 trillion in Q4 2020, an increase of 2.17% from ₦32.22 trillion in Q3 2020. Given the rising trend in the past two quarters and economic situation in the country, public debts may rise above ₦33 trillion in Q1 2021.

Table 1: Nigeria Public Debts		
(N' Trillion)	2020 Q3	2020 Q4
Total Public Debt	32.22	32.92
Total External Debts	12.19	12.71
Total Domestic Debts	20.04	20.21
External Debts (%)	37.82	38.60
Domestic Debts (%)	62.18	61.40

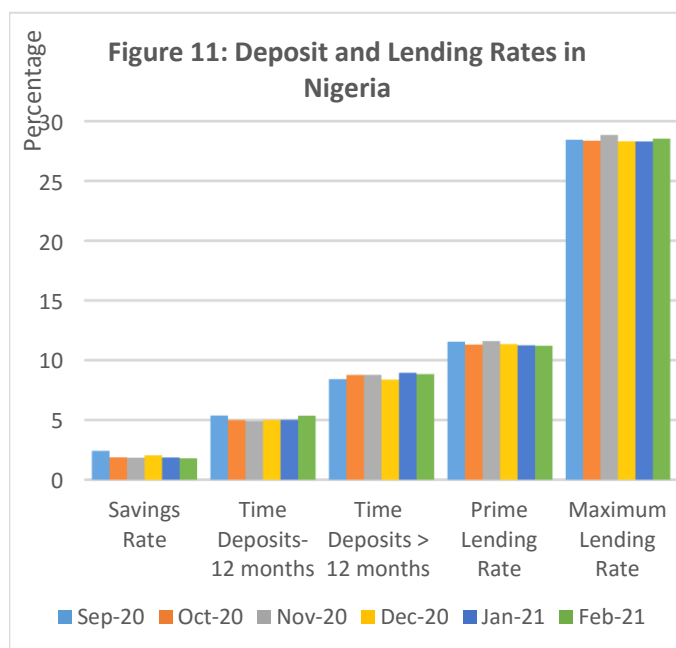
Source: DMO

2 Financial Sector Developments

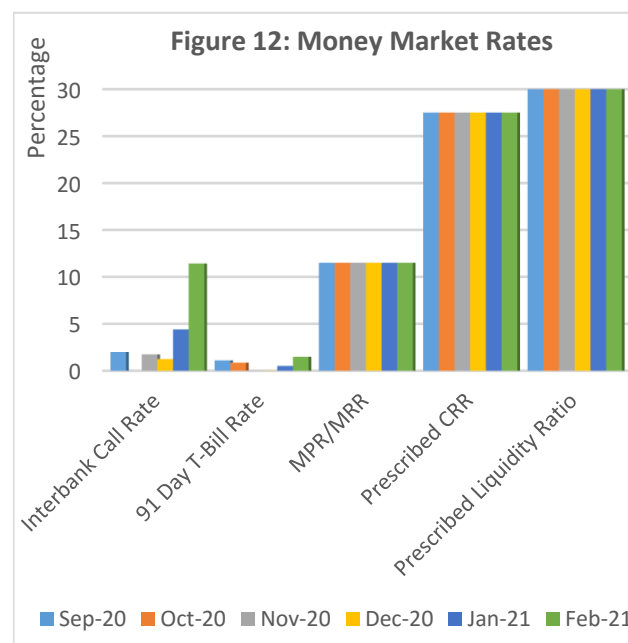
2.1 Money Market Development

2.1.1 Interest Rates Movement

In Q1 2021, money market rates followed the declining trend in the previous quarter, with marked fluctuations over the period. For example, interest on savings deposit and 1-year time deposit fell over the period, and so did the prime lending rate and the maximum lending rate. Interest rate on time deposit with tenor higher than a year however rose in Q1 2021. The movement in these money market rates, as shown in figure 12 suggests liquidity slack with supply larger than demand for available funds.



Source: CBN Statistical Database



Source: CBN Statistical Database

Interest rates on Savings Deposit fell from 2.04% to 1.79% in February, 2021. Similarly, prime lending rate and maximum lending rate slightly declined from 11.35% and 28.31% in December, 2020 to 11.21% and 28.54% in February, 2021, respectively.

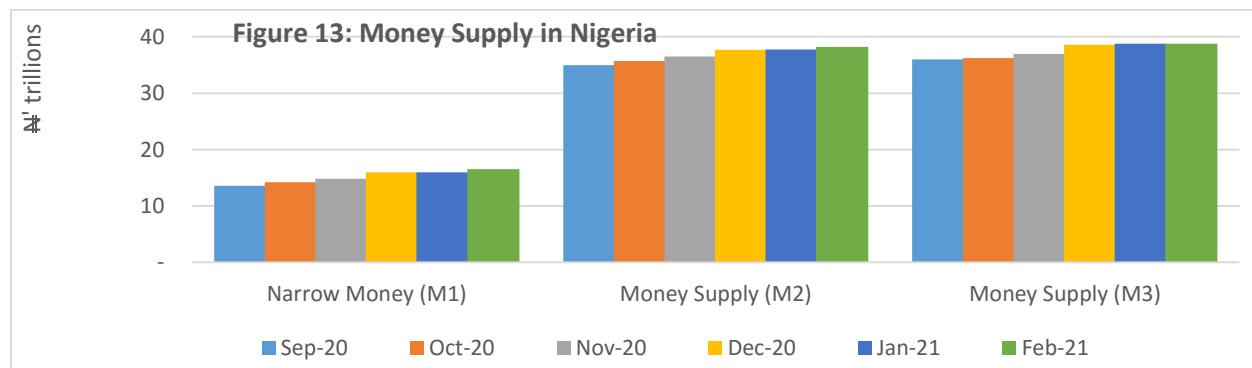
It is instructive to note that the prime lending rate has been oscillating around the MPR of 11.5% in the last two quarters. The decline in the prime lending rate below the MPR since October 2020 may be the reflection of liquidity slack in that specific market and the opportunity cost of the asymmetric corridor around the MPR.

The MPR has remained unchanged at 11.5% since Q4, 2020. Table 12 shows that the Cash Reserve Requirement (CRR) and the Liquidity Ratio (LR) have also remained unchanged over the period, with each remaining at 27.5% and 30.0%, respectively, in February 2021 as it was in September 2020.

Similar to interest rate on savings, Treasury Bill rate has been very low, declining below 1% from the beginning of Q4 2020, reaching 0.03% in November and December 2020 before rising marginally to 0.52% in January 2021 and rising above the 1% line to close at 1.49% in February 2021.

Money supply in Nigeria has been on the increase, albeit at a slow rate, reflecting the low level of economic activities. Broad money supply (M3) rose by 0.3% from ₦38.63 trillion in December 2020 to ₦38.74 trillion in February, 2021.

Similarly, Narrow Money Supply (M1) increased by 3.6% from ₦15.98 trillion in December to ₦16.55 trillion in February, 2021.



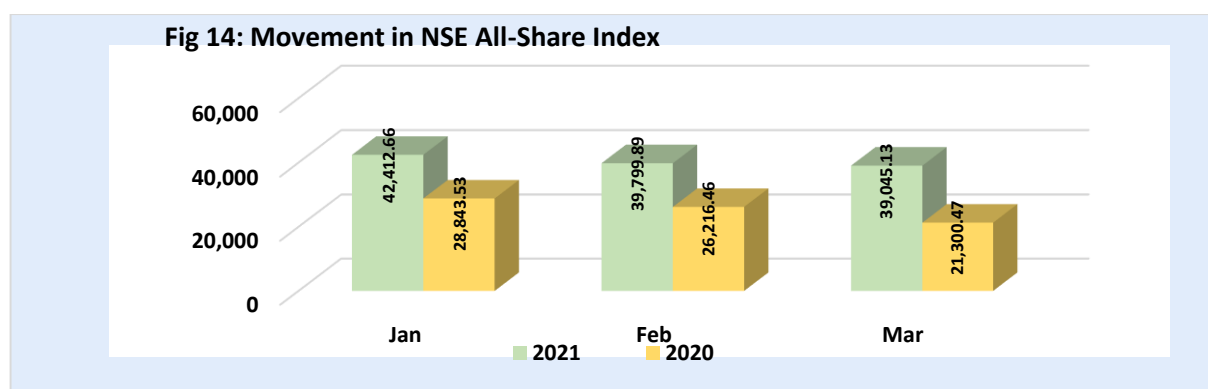
Source: CBN Statistical Database

2.1 Capital Market Development

2.1.1 The All-Share Index

The Nigeria Stock Exchange, All-Share Index (NSE ASI) for all listed equities declined by 1225.59 (-3.04%) points from 40,270.72 in Q4 2020 to close at 39,045.13 in Q1, 2021. However, a further breakdown showed that NSE ASI, gained by 5.32% from December 2020 to close at 42,412.66 in January 2021, before falling by 6.2% and 1.9% at end of the months of February and March 2021 to 39,799.89 and 39,045.13, respectively.

In contrast, the equity market performed better in Q1 2021 relative to Q1 2020. The ASI grew from 28,843.53 in Q1 2020 to 39,045.13 in Q1, 2021.



Source: NSE - Daily Official List For months ended January-March

2.1.2 Market Capitalisation

The total market capitalisation of all listed securities at the Nigerian Capital Market stood at N38.35 trillion as at end of Q1 2021. That indicated a decrease of 0.62% from N38.59 trillion recorded at the end of Q4 2020, though an increase of 56.45% when compared to N24.51 trillion in Q1 2020.

Table 2: Market Capitalisation (N' billion) by Type of Security

Type	Q1 2021	Q4 2020	% Change (Q1 2021-Q4 2020)	Q1 2020	% Change (Q1 2021-Q1 2020)
Equities	20,434.94	21,063.17	-2.98%	11,110.80	83.92%
Exchange Traded Funds (ETF)	20.325	24.509	-17.07%	6.187	228.51%
Total Debts	17,896.21	17,501.90	2.25%	13,396.28	33.59%
Corporate Bonds/ Debenture	519.759	507.759	2.36%	378.817	37.21%
FGN Bonds	17,173.90	16,721.72	2.70%	12,644.53	35.82%
State and Local Bonds	202.555	270.798	-25.20%	369.697	-45.21%
Supra-national Bonds	Nil	1.619	-100.00%	3.237	-100.00%
Total Market. Capitalisation	38,351.48	38,589.58	-0.62%	24,513.26	56.45%

Source: NSE Market Capitalisation Reports

As at 31 March 2021, capitalisation of equities, exchange traded funds, state and local bonds and Supra-national bonds depreciated by 2.98%, 17.07%, 25.20% and 100% from N21.06 trillion, N24.51 billion, N270.80 billion and N1.62 billion in Q4, 2020 to N20.43 trillion, N20.32 billion, N202.56 billion, and nil in Q1, 2021, respectively. However, the capitalisation of corporate bonds and FGN bonds rose slightly by 2.36% and 2.70% from N507.76 billion and N16.72 trillion in Q4 2020 to N519.76 billion and N17.17 trillion in Q1 2021, respectively.

2.1.3 Domestic and Foreign Portfolio Investment

The trading figures in table 3 show that total portfolio transactions in February 2021 stood at N215.58 billion with foreign investors executing 28.79% of the value while domestic

investors executed 71.21% of the flow, as shown in table 3. The total transaction value declined by 13.66% from ₦269.24 billion in December 2020 to ₦232.46 billion in January, and by 7.26% to ₦215.58 billion in February 2021.

Further analysis of investment transactions shows that total foreign transactions declined by 32.04% from ₦69.92 billion in December 2020 to ₦47.52 billion in January 2021, rose to ₦62.07 billion in February 2021 but later declined to ₦62.07. On the other hand, domestic portfolio investments (DPIs) fell by 7.21% from ₦199.32 billion in December 2020 to ₦184.94 billion in January, 2021, then to ₦153.51 billion in February, 2021, but later rose to ₦187.85 billion in March.

Table 3: Domestic & Foreign Portfolio Transactions in Equity Trading in 2020/2021									
Year	Month	Total		Domestic			Foreign		
		₦' Billion	Growth (%)	₦' Billion	% of Total	Growth (%)	₦' Billion	% of Total	Growth (%)
2021	March	228.49	5.99	187.85	82.21%	22.37	40.64	17.79%	-34.53
	February	215.58	-7.26	153.51	71.21	-16.99	62.07	28.79	30.62
	January	232.46	-13.66	184.94	79.56	-7.21	47.52	20.44	-32.04
2020	December	269.24	-15.28	199.32	74.03	-20.43	69.92	25.97	3.878
	November	317.81	29.77	250.5	78.82	53.51	67.31	21.18	-17.63
	October	244.9	81.45	163.18	66.63	71.91	81.72	33.37	104.04
	September	134.97	-	94.92	70.33	-	40.05	29.67	-

Source: NSE Domestic & Foreign Portfolio Investment Reports

3. CBN Monetary Policy and Circulars

3.1 Monetary Policy

The CBN Monetary Policy Committee (MPC) met twice in Q1 2021: on 25-26th January, and 22-23rd of March, 2021. The highlights of the meetings and their implications to the economy, the banking industry and the NDIC are presented hereinafter.

The Committee noted the following:

- i. That the banking sector performed well in Q1 2021, with many of its performance indicators on the positive sides of their regulatory thresholds. Capital Adequacy Ratio (CAR) and the Liquidity Ratio (LR) were 15.2% and 40%, respectively, (better than their respective thresholds of 15.0 and 30%). The non-performing loans (NPLs) ratio, however, was 6.3%, above the 5% regulatory thresholds. The CBN thus advised banks to control and reduce the NPL ratio to required level.
- ii. The Equity Market had a weak performance in Q1 2021 as the All-Share Index (ASI) and Market Capitalization (MC) declined due to portfolio switching from equities to

- fixed income securities, reflecting market perception that yields at the long end of the yield curve would improve.
- iii. Despite stimulus packages and suites of interventions by both the monetary and fiscal arms of government, food inflation continued to witness a steady rise and was attributable to supply chain disruptions occasioned by the farmer-herdsmen crisis and other forms of insecurity endemic across the country especially agricultural belts.
 - iv. The PMIs witnessed a slow recovery ending the year at 49.6 and 45.7 index points. The February 2021 value of 48.7 continued to hover below the 50 index points. This was largely attributable to the resurgence of the virus, decline in economic activities, foreign exchange and inflationary pressures and rising cost of production.
 - v. CBN had made numerous interventions, as at end January 2021, to support the economy. The total disbursement for the Anchor Borrowers Programme (ABP) stood at N554.63 billion, while, N2 trillion was disbursed as efforts towards the COVID-19 relief. Of this amount, N218.16 billion was channelled to COVID-19 Targeted Credit Facility (TCF) meant for household and small businesses and N111.62 billion to support the Agri-Business Small and Medium Enterprises Investment Scheme (AGSMEIS). Also, the sum of N94.34 billion was disbursed under the Health Care Support Intervention Facility to 85 projects that comprise pharmaceutical, hospitals and health care services projects across the country. To support employment generation, the CBN intervened through the Creative Industry Financing Initiative and Nigerian Youth Investment Fund to the tune of N3.12 billion and N268 million respectively. Towards enhancing power supply, the CBN had put forward N33.45 billion for the procurement of 605,852 meters to Discos in support of the National Mass Metering Programme. While, N89.89 billion has been disbursed under the Nigeria Electricity Market Stabilization Facility (NEMSF 2) to 11 distribution companies to enhance power supply across the country. This is in addition to the N803.36 billion already disbursed under the N1.0 trillion Manufacturing Intervention Stimulus disbursed to 228 projects across various sectors in agro-allied, mining, steel production and packaging industries, amongst others.

The Committee recommended that:

- i. The banks sustain the current access to credit drive towards the private sector so as to enhance production and output growth and employment.
- ii. The CBN to continue to ensure risk surveillance while strengthening its macro-prudential stance in response to rising NPLs ratio which is above the regulatory threshold of 5 percent.
- iii. The CBN sustain its various efforts towards steady economic recovery by effectively collaborating with and supporting government initiatives towards enhancing supply and abating recessionary pressures while ensuring adequate and timely vaccine roll

out in conjunction with the Presidential Task Force and private sector coalition on COVID-19.

- iv. The government strengthen infrastructural efficiency and security architecture especially in rural areas to address structural shocks in production especially agriculture and manufacturing.
- v. The Government effectively partner with the private sector to improve funding sources necessary to address the huge infrastructural financing deficit.
- vi. the CBN continue to explore avenues to improve inflow from sources such as the International Money Transfer Operators (IMTO), diaspora remittances and non-oil export promotion to ensure adequate liquidity and forestall foreign exchange instability.
- vii. CBN maintain its collaboration with the fiscal authority to improve the investment climate towards attracting sustainable Foreign Direct Investment (FDI).

The Committee's Decisions

The MPC in its statutory and extraordinary meetings held in the first quarter of this year voted to:

- I. Retain the MPR at 11.5 per cent;
- II. Retain the asymmetric corridor of +100/-700 basis points around the MPR;
- III. Retain the CRR at 27.5 per cent; and
- IV. Retain the Liquidity Ratio at 30 per cent.

Policy Implications for the Economy

- i. Retaining the would lead to lower cost of credit and a signal to the Deposit Money Banks to lend more to stimulate growth, increase aggregate supply, which should dampen prices (impact inflation) in the immediate term.
- ii. The policy on the loan to deposit ratio (LDR) has enhanced aggregate domestic credit to the economy hence, enhanced production and investment activities with its effects on employment and disposable income.
- iii. Retaining the MPR at 11.5% would continue to sustain credit expansion to critical sectors of the economy. This could lead to increase in the inflow of foreign portfolio investors as well as have positive multiplier effects on the capital market, stimulate employment and revive economic activity for quick growth recovery.
- iv. The various intervention programmes and liquidity injections of the CBN towards stimulating credit expansion and production in the critically impacting sectors such as agriculture and manufacturing are expected to lower prices, increase aggregate output and sustain economic recovery.

- v. The fiscal and monetary policies are expected to complement each other to achieve set policy goals, while creating a conducive environment for business, production and growth.
- vi. The Committee decided that, in the growth-inflation trade-off spectrum, it is safer to tilt towards the side of strengthening growth momentum to protect currently fragile economic growth recovery process, especially in the light of global and domestic macroeconomic vulnerabilities.

Policy Implications for Banks

- i. The prevailing rates in the money market may serve to discourage banks from placing funds and redirect them to their primary role of intermediation.
- ii. Although retaining CRR at 27.5% is adequately targeting price stability, it limits the ability of banks in credit creation.
- iii. Maintaining a holding policy stance in the face of deteriorating exchange rate and increased exposure for banks with dollar denominated loans could limit the room needed for banks to diversify their portfolios and attempt to hedge losses.
- iv. The various intervention programmes embarked upon by the CBN would assist banks to shore up their balance sheets through margins, charges and fees on transactions hence assisting banks to regain stability in the face of the pandemic.
- v. An MPR of 11.5% may reduce the Loan to Deposit Ratio as debtors with variable loan rates that could leverage on the lower rate to pay-off their debts.
- vi. The rising rate of inflation could negatively impact banks profitability through increased operational and overhead costs. It could also effectively reduce the disposable incomes of households; hence, the reduction in savings to fund current consumption. This could adversely affect banks loanable funds and profitability.
- vii. The declining revenue from oil sector may imply a rise in NPLs of banks with large exposures to downstream and upstream companies. This may lead to loan restructurings and reduction in profitability and asset size of the banking industry.

Implications for the NDIC

- i. The prevailing climate of uncertainties driven by the pandemic, second wave of economic shutdowns in leading economies, attendant dwindling oil prices and their negative impact on budget performance weigh unfavourably against financial performance of the banking industry in terms of rising incidences of NPLs, lower quality of risk assets, higher provision reduced profitability and decline in balance sheet positions. These headwinds could encourage overly risky behaviour in the banking industry. There is a need therefore, to sharpen operational and supervisory skills of staff of NDIC to meet up with these

emerging challenges. The NDIC thus needs to strengthen the stress testing of banks while taking keen interest with the state of affairs in the MFBs sector which also poses its own risks to the banking system.

- ii. The prevailing low interest rates, combined with rising inflation, could result in decreased disposable income. This may trigger a decline in savings; hence, reduction of bank deposits by individuals and households. This would ultimately imply less premium due to NDIC and slow accretion to the Deposit Insurance Fund (DIF).
- iii. The lackluster performance of the money market on the back of low interest rates on the instruments may negatively affect DIF growth as the income from the fund are lower due to lower returns of money market instruments in which the fund is invested.
- iv. The requirement to increase lending to the private sector may lead to increased NPLs, with attendant negative effects on asset quality and balance sheet size of Nigerian banks. This necessitates a greater need for increased supervision to ensure that adequate prudential measures are employed by these banks so as to avoid costs to the deposit insurer.
- v. The several Intervention programmes and regulatory forbearances by the CBN aimed at stabilizing the economy could result in lax compliance to prudential measures, sectoral imbalances in loan allocation and corporate governance issues. This would require that supervision and NDIC's engagements with banks be strengthened to protect depositors and forestall the crystallization of risks facing deposit insurance operation in Nigeria.

3.2 CBN Second Quarter Circulars

During the period under review, the CBN issued a number of circulars and guidelines on the operations of insured deposit-taking financial institutions in Nigeria. The highlights of some of the circulars are presented in the following subsections:

i. PSM/DIR/CON/CWO/16/106 Issuance of Framework for Regulatory Sandbox Operations

The CBN in its letter dated 12th January, 2021 issued a circular to all Banks, Mobile Money Operators and Payment Service Providers on the Framework for Regulatory Sandbox Operations in Nigeria. The Framework details the requirements for the conduct of live tests on innovative products, services and other solutions in a controlled environment.

ii. BSD/DIR/PUB/LAB/014/001 CBN's Letter on Risk Associated with Cryptocurrency

The CBN issued a circular on 5th February, 2021 to all Deposit Money Banks (DMBs), Non-Bank Financial Institutions (NBFIs) and Other Financial Institutions (OFIs) on the risks

associated with transactions in crypto currency. The letter emphasized the prohibition of dealing in crypto currencies or facilitating payments for crypto currency exchanges.

Accordingly, all DMBs, NBFIs OFIs are to identify persons and /or entities transacting in, or operating, crypto currency exchanges, and ensure such accounts are closed. Enforcement is directed to take place with immediate effect, and breaches will attract severe regulatory sanctions.

iii. TED/FEM/PUB/FPC/01/003 Introduction of The CBN’s “Naira 4 Dollar Scheme” For Diaspora Remittances

The CBN in letter dated 5th of March, 2021 issued a circular to all Deposit Money Banks, International Money Transfer Operators (IMTOs) and The General Public on the introduction of the CBN’s “Naira 4 Dollar Scheme”. The scheme is aimed at encouraging increase in inflows of diaspora remittances into the country. In this light, all recipients of diaspora remittances through the CBN licensed IMTOs shall be paid ₦5 for every USD1 received as remittance inflow. The scheme was expected to take effect from Monday 8 March, 2021 to Saturday 8 May, 2021.

iv. FPR/DIR/PUB/CIR/01/001 Re: Regulatory Forbearance for the Restructuring of Credit Facilities of Other Financial Institutions Impacted by COVID-19

The CBN in its letter dated 3rd of March, 2021 issued a circular to all Banks and Other Financial Institutions Impacted by COVID-19.

As part of its measures to mitigate the negative impact of COVID-19 pandemic, the CBN extended the discounted interest rate for CBN intervention facilities (from 9% to 5% per annum earlier granted in March 2020) by another 12 months to February 2022. It also approved the roll-over of the one year moratorium on all principal payments for credit facilities availed through participating banks and OFIs. However, the roll-over of the moratorium shall be considered on a case by case basis.