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Climate tax task force meets in US to close $2.4trn funding gap

PHILLIP ISAKPA IN STOCKPORT, UK

- Developing, vulnerable countries annual need
- To meet climate targets, Paris commitments
- France, Barbados, Kenya co-chair of ITTF

THE WORLD WILL BEGIN an attempt at moving the needle in the quest to close the huge estimated $2.4 trillion annual funding gap that developing and vulnerable countries require to meet their Paris Climate Agreement commitments when member countries of the International Tax Task Force (ITTF) meet in Washington, United States on Wednesday, Business a.m. can report authoritatively.

In response to questions from Business a.m., Morgan Després, executive director of international finance, European Climate Foundation, which hosts the secretariat of the ITTF, said according to the HLEG climate finance framework, to meet their climate targets and Paris Agreement commitments developing and vulnerable countries excluding China will need to mobilise $2.4 trillion every year. "Those funds need to come from somewhere.

"The task force aims to propose solutions to this issue through innovative financing mechanisms, with revenues raised through taxes on those most responsible for the climate crisis: the most highly polluting industries and individuals," he said.

This inaugural meeting where all the task force members will gather in DC coincides with the IMF and World Bank Group's Spring Meetings in the US capital,

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Ghana's $360m IMF lifeline conditional

GHANA'S THIRD TRANCHE (about $360 million) could be delayed if the necessary financing assurances from Ghana's external creditors are not received on time.

This means the Ghanaian government will have to complete...

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Edun's fiscal actions outlined

AS THE NIGERIAN government continues to grapple with the considerable burden of its mounting debt, it has resorted to utilising the proceeds from its treasury bills and bonds issued in 2024 as a means of repaying a substantial portion of its ways and...

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COMMENT

Trashing ECOWAS lead currency

ONCE UPON A TIME, NIGERIA'S national currency, the Naira, was the most sought-after medium of exchange and store of value within the Economic Community of West African States (ECOWAS); it was almost a fully convertible currency within the sub-region. Indeed, at...

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Nigeria's FUGAZ banks navigate 2023 headwinds with N9.6trn gross earnings

- Access Holdings, Zenith Bank, UBA top 3 earners
- Zenith, UBA, Access top 3 in profitability

ONOME AMUGE

Top 3 in Earnings
1. Access Holdings (N2.594trn)
2. Zenith Bank (N2.123trn)
3. UBA (N2.08trn)

Top 3 in Profitability
1. Zenith Bank (N795.96bn)
2. UBA (N757.68bn)
3. Access Holdings (N729bn)

NIGERIA'S BANKING SECTOR, navigating through a perfect storm of economic headwinds, steered a very profitable course and rewarded their shareholders with impressive returns in the 2023 financial

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Bolaji Agbede, acting group chief executive officer, Access Holdings

Roosevelt Ogbonna, chief executive officer, Access Bank

Ebenezer Onyeagwu, group managing director/CEO Zenith Bank

Oliver Alawuba, group managing director/CEO, United Bank for Africa Plc

Nnamdi Okonkwo, group managing director/CEO, FBN Holdings Plc

Adesola Adeduntan, managing director/CEO First Bank of Nig. Ltd.

Segun Agbaje, group chief executive officer, Guaranty Trust Holding Company Plc

Miriam Olusanya, managing director, Guaranty Trust Bank Limited

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Nigeria Breweries eyes wide overhaul

FACING A PERSISTENT AND FORMIDABLE business environment, Nigerian Breweries Plc has announced a comprehensive business recovery plan, aimed at...

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NIMC's multifunctional ID gets nose-up

IN A RECENT REVELATION, THE NATIONAL IDENTITY MANAGEMENT COMMISSION (NIMC) announced its plan to introduce a versatile and multi purpose...

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Price boom 4 cocoa stakeholders

NIGERIA'S COCOA FARMERS ARE harnessing the winds of change to ascend the global cocoa industry's rankings, as Ghana and Ivory Coast, the leading forces in the...

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PROJECT SYNDICATE

Leaving Africa's Colonial-Era Currency

LONDON – Exiting a longstanding currency union – as Burkina Faso, Mali, and Niger propose to do by leaving the CFA franc zone, comprised of West African states that use the French-backed currency pegged to the euro – is not a decision to be taken lightly. For the departing members, in particular, alternative...

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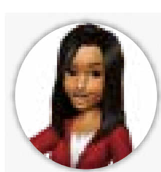

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Nigeria's FUGAZ banks...

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year, according to a review of the reports turned in by the country's biggest banks in the last few weeks.

The year 2023 marked a pivotal point in Nigeria's banking sector, as the country's financial institutions faced an uphill battle against economic instability, grappling with a myriad of challenges brought about by diverse factors. These included the steady rise of inflation, the adverse impact of global events on the economy, domestic market imbalances, inflexible economic structures, amid policies that sent ripples of unintended consequences throughout the domestic macroeconomic landscape.

A deep dive by Business a.m. into the 2023 financials of Zenith Bank Plc, Access Holdings Plc, United Bank for Africa Plc, Guaranty Trust Holding Company Plc, and First Bank of Nigeria (FBN) Holdings Plc, all of which belong to the industry's elite group known as FUGAZ banks in Nigeria, revealed a staggering 55.11 percent surge in their combined gross earnings from a healthy N4.53 trillion in 2022 to a massive N9.633 trillion in 2023.

John Ochai (left), commandant, Nigerian Defence Academy, congratulating Princess Owowoh, the first-ever female officer cadet from Nigeria to graduate from the Royal Military Academy Sandhurst, United Kingdom, recently

The financial performance of the FUGAZ banks shows that the Tier-1 financial institutions generated an impressive N3.054 trillion in pretax profit, showcasing a 172.4 percent increase over the 2022 financial year's N1.125 trillion.

A breakdown of their performances revealed that in a financial year under the watch of Herbert Wigwe, its late group chief executive officer, Access Holdings Plc (also known as Access Corporation) displayed resounding financial might to claim leadership of the earnings table in the Nigerian banking sector in 2023 with an outstanding gross earnings of N2.594 trillion. Not to be outdone, Zenith Bank, hot on the heels of Access Holdings, posted a gross earnings figure of N2.132 trillion, displaying an equally impressive financial acumen. The resilient performance of UBA and First Bank also ensured that these financial institutions were not far behind, with respective gross earnings of N2.08 trillion and N1.52 trillion. GTCO claimed a solid fifth position in the 2023 Nigerian banking landscape, clocking in at a commendable N1.187 trillion in gross earnings.

A fiscal year of unparalleled success for Zenith Bank saw the banking giant rake in N795.96 billion pretax profit, outstripping its FUGAZ peers, and it is followed closely by UBA with its robust N757.68 billion pretax profit. Access Holdings had the third largest pretax profit at N729 billion, which saw the bank join Zenith and UBA as Tier-1 banks with over N700 billion profit before tax threshold in 2023.

GTCO maintained its position as a premier player with a pre-tax profit of N609.3 billion firmly securing a fourth-place in the ranking. FBN Holdings, in turn, closed the top five rankings with an equally commendable pre-tax profit of N362.24 billion.

At the time of filing this report, it is essential to highlight that the financial data referenced for FBN Holdings is unaudited. The company has not yet released its audited financial statements, with the unaudited figures being disclosed to the Nigerian Exchange (NGX) in February 2024. The provisional financials, while offering a preliminary indication of the company's performance, was interpreted with the understanding that they may be subject to adjustment following the completion of the auditing process.

As the curtains closed on a challenging 2023 fiscal year, the management of Nigeria's tier-one banks rejoiced in the triumph of their strong performance and resilience, each bank riding the currents of success with remarkable growth across all major financial metrics. The voyage was equally rewarding for the shareholders as their investments were anchored on strengthened dividends.

Commenting on the 2023 financial results, Roosevelt Ogbonna, the managing director/CEO, Access Bank, reflected with pride on the financial metrics that bore witness to the bank's remarkable growth, strategic manoeuvres, and expansion into key trade hubs. He noted that the bank's relentless focus on customer-centricity, digital innovation, and operational excellence positioned it strongly to capitalise on emerging opportunities.

"As we enter the consolidation and efficiency phase of our Africa and international expansion strategy, we remain committed to driving sustainable growth, enhancing shareholder value, and delivering exceptional banking experiences to our customers across Africa and beyond," Ogbonna added.

Segun Agbaje, the group chief executive officer of GTCO, remarked that the bank has been able to leverage its unique strengths and capabilities to create value and opportunities for its verticals and customers, despite the challenges posed by regulatory reforms, global uncertainties, and heightened competition.

Agbaje noted: "Also important to our success is our relentless obsession with innovation and offering great customer experiences as demonstrated by the successful redesign and upgrade of our mobile banking application, GTWorld."

Oliver Alawuba, group managing director/chief executive officer of UBA, expressed pleasure over the unprecedented success achieved by the group in FY 2023. He stated further that the bank's diversified business model - hinging on a Pan-African and international strategy,was validated by the contributions of its non-Nigerian operations, fortifying the group's determination to expand its customer base, funding, digital, and transaction banking business across the African continent, paving the way for a prosperous FY2024.

"Driven by our customer service and execution-led delivery model, we will continue to expand our market share and create value for our shareholders and meet the expectations of our various stakeholders," the GMD stated.

Climate tax task...

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and will be observed by the European Union, Germany, the International Monetary Fund (IMF) and the United Nations (UN).

The ITTF, which was set up at the COP28 United Nations Climate Change Conference in Dubai, United Arab Emirates (UAE), is co-chaired by Kenya, Barbados and France and has the onerous responsibility of trying "to foster political will and advance feasible, scaleable and sensible options for climate levies that can easily be implemented to help finance Paris Agreement commitments," a briefing note made available to Business a.m. stated.

Apart from the co-chair countries, Ireland, Spain, Antigua and Barbuda, and the Marshall Islands are the other countries expected to be in attendance. But the European Climate Foundation (ECF), which hosts the secretariat of the ITTF, in a note to Business a.m. said that it anticipates that more countries will join them at the meeting in Washington.

ECF's Després told Business a.m. in response to questions that the strength of the task force is twofold.

"Firstly, it aims to foster political will around options for progressive climate taxes and secondly, it is creating coalitions of willing countries to become the frontrunners to implement these taxation measures. By doing this, it will provide equitable, workable tax solutions to governments that enable them to mobilise finance at scale.

"The task force will operate alongside and complement other international and multilateral organisations, such as the ongoing negotiations at the UN, OECD, G20 and IMO, by providing a neutral forum for discussion and research," he added.

According to the ECF briefing note, the meeting in Washington will aim to agree on a work plan towards COP30 and how best to design each potential levy in preparation for impact studies.

Some potential areas are already being considered and they include wealth taxes, air passenger levies, a financial transactions tax, a maritime fuel levy, a carbon damages tax, and a windfall tax on fossil fuel profits, as well as the redirection of fossil fuel subsidies.

But Després explained that the exact design of each tax option will be determined after extensive research and consultation, adding: "For the options currently on the table, there are a range of ways they can be designed which the task force will explore to deliver the most effective, equitable and feasible recommendations."

ECF said each of the tax avenues under consideration could raise between $4 billion and $1 trillion annually.

A breakdown of these tax areas and the amount they could generate and which the task force may investigate include:

• Fossil Fuel Levy or Carbon Damages Tax: A global tax that could be imposed on fossil fuel producers, charged per ton extracted at a level reflecting the carbon dioxide that is embedded. A $5/ton tax on CO2 globally would provide $210 billion per year.

• Financial Transactions Tax: a small tax on financial transactions, either administered globally or confined to developed economies, would raise up to $418.8 billion annually.

• Air Passenger Levy: Various levy rates could raise $150 billion annually.

• Windfall Fossil Fuel Profits: Levied on unexpected fossil fuel profits during periods of exceptional price increases. A 10% tax on 2022 profits would have raised $300 billion.

• Fossil Fuel Subsidy Phase Out: Diversion of existing fossil fuel subsidies to global loss and damage fund, typically administered on a developed country basis. $527 billion is the global average subsidy from 2010-2021, with the G20 averaging $215 billion (40% of total subsidies), and the OECD averaging $126 billion (24% of subsidies). Estimated to generate up to $43.91 billion annually.

• Wealth Tax: a 1% tax on wealth over $1 million would raise over $1trillion per year, while a 2% tax on wealth over $1billion would raise $250 billion per year (from less than 3,000 individuals).

• Maritime Fuel Levy: a carbon fixed price for the use of fossil fuels in shipping, estimated to raise $80 billion per year.

However, the exact potential revenue for each tax option will be worked out through a rigorous research, consultation and analysis phase, said ECF Després.

The levies are explained as aiming to ensure the most polluting industries and people contribute to financing the fight against climate change, "while bringing more equitable climate justice and fairness to our current financial system." It adds that the task force provides a multilateral space to discuss and study these options, looking at how they could be implemented and what impact they may have.

"Right now, the most vulnerable people and economies who contribute the least to global emissions are not only experiencing the worst impacts of climate change, but they're also disproportionately least able to finance adaptation and mitigation measures," said Després.

He called on all countries to join the task force and be part of the process of finding solutions to help tackle the $2.4 trillion annual funding gap faced by developing and vulnerable countries (excluding China).

World Bank sees rebound for SSA economy at 3.4% in '24, 3.8% in '25

Onome Amuge

SUB-SAHARAN AFRICA'S ECONOMY is expected to rebound from a low of 2.6 percent in 2023 to 3.4 percent in 2024 and 3.8 percent in 2025, buoyed by increased private consumption and declining inflation.

However, this rebound remains highly uncertain, and is subject to a number of downside risks, according to a World Bank report.

The World Bank's Africa's Pulse report highlights the fragility of the region's economic recovery, noting that a number of factors are hindering its progress. These include ongoing uncertainty in the global economy, rising public debt, natural disasters, and conflict and violence.

Amidst the challenges of growing debt burdens, climate change, and conflict, Africa's Pulse report notes a glimmer of hope in the form of increasing private consumption and declining inflation in sub-Saharan Africa. However, the report warns that this recovery is fragile and needs to be supported by comprehensive policy reform to address deep-rooted inequality and ensure sustainable growth that reduces poverty.

While inflation is falling across most African economies from a median of 7.1 to 5.1 percent, the report noted that inflation will still be high compared to pre-pandemic levels. In addition to high inflation, African governments are also facing significant debt burdens. Public debt growth is projected to slow down, but still remains at an unsustainable level for many countries. In addition, over half of African governments are struggling with liquidity problems, making it difficult to finance their debts and meet their financial obligations.

President Bola Tinubu (right) receiving Aliko Dangote, president/CEO, Dangote Group, during Dangote's Sallah visit to the president in Lagos

Overall, the report underscores that despite the projected boost in growth, the pace of economic expansion in the region remains below the growth rate of the previous decade (2000-2014) and is insufficient to have a significant effect on poverty reduction. According to Andrew Dabalen, World Bank chief economist for Africa, "Per capita GDP growth of 1 percent is associated with a reduction in the extreme poverty rate of only about 1 percent in the region, compared to 2.5 percent on average in the rest of the world."

Dabalen noted that in the context of constrained government budgets, faster poverty reduction will not be achieved through fiscal policy alone and needs to be supported by policies that expand the productive capacity of the private sector to create more and better jobs for all segments of society.

The World Bank also warned that external financing, such as foreign aid and investment, which African governments rely on to help finance their budgets, is declining. At the same time, the cost of these funds is rising, making it more difficult for governments to access the resources they need. Political instability and geopolitical tensions were also seen to be affecting economic activity in the region and may limit access to food for the estimated 105 million people who are at risk of food insecurity due to conflict and climate shocks. Inequality is one of the key challenges facing sub-Saharan Africa, according to the report. The region has the second-highest levels of inequality in the world, after Latin America and the Caribbean, as measured by the Gini coefficient.

Even though access to basic services like education and healthcare has improved, there is still a lot of inequality in access to these services. In addition, people with low incomes often have less access to markets and opportunities to earn income, regardless of their skills or qualifications. The report also noted that tax policies and subsidies may disproportionately affect the poor.

The report recommended several policy actions to promote stronger and more equitable growth in sub-Saharan Africa. One key recommendation is to restore macro-economic stability by addressing fiscal and debt vulnerabilities, while also protecting and enhancing social spending. The report called for measures to promote intergenerational mobility, including investing in quality education and creating more opportunities for young people. It also highlighted the importance of improving market access and promoting competition, as well as the need to design fiscal policies in a way that does not place too much of a burden on the poor.

Nigeria makes medical milestone with world's first 5-in-1 meningitis vaccine

Business a.m.

In a significant milestone for global health, Nigeria has taken the lead in combating meningococcal disease by becoming the first nation to introduce the Men5CV vaccine, which protects against five strains of meningococcal bacteria. The new vaccine, which is recommended by the World Health Organisation (WHO), is considered a crucial step forward in the fight against meningitis and other severe illnesses caused by meningococcus.

Business a.m. gathered that the historic breakthrough was made possible through the financial support of Gavi, the vaccine alliance, which has provided the funds necessary for the procurement and administration of Men5CV in Nigeria, as well as the funding for the global meningitis vaccine stockpile.

The newly developed vaccine is considered a groundbreaking advancement in the global fight against meningococcal bacteria, offering robust protection against five major strains (A, C, W, Y, and X) of the pathogen, which are responsible for meningitis and blood poisoning. Unlike the current vaccine widely used across Africa, which primarily targets the A strain, MenFive® provides more extensive protection, an important step forward in tackling meningococcal outbreaks.

With its place within the African Meningitis Belt, a region known for its high prevalence of meningitis outbreaks and its classification as one of the 26 hyper-endemic African countries, Nigeria has borne the brunt of the startling increase in reported meningitis cases across Africa. Reports showed that there was a 50 percent increase in annual meningitis cases reported across the second most populous continent.

Tedros Adhanom Ghebreyesus, director-general, World Health Organisation

In the face of an escalating outbreak of Neisseria meningitidis (meningococcus) serogroup C, Nigeria found itself confronting a dire health crisis in 2023 and 2024. A staggering 1742 suspected cases, 101 confirmed cases, and 153 deaths due to meningitis were reported in seven states (Adamawa, Bauchi, Gombe, Jigawa, Katsina, Yobe, Zamfara) between 1 October 2023 and 11 March 2024. In response to the life-threatening outbreak, Nigerian health authorities took swift action, launching a massive vaccination campaign between 25 and 28 March 2024, aiming to immunise over one million people aged between 1 and 29 years in the affected regions.

Meningitis is described by health practitioners as a condition that can be caused by a variety of pathogens, including viruses, bacteria, fungi, and parasites, leading to an inflammation of the protective membranes that surround the brain and spinal cord. The potentially life-threatening infection can manifest in a range of symptoms, with the most common being severe headache, high fever, and stiff neck. However, bacterial meningitis is the most serious of these forms, with the potential to cause septicemia (blood poisoning) and, in some cases, rapid progression to disability or death within a mere 24 hours from the onset of symptoms.

Tedros Adhanom Ghebreyesus, WHO director-general, noted that Nigeria's rollout brings the organisation one step closer to its goal to eliminate meningitis by 2030.

"Meningitis is an old and deadly foe, but this new vaccine holds the potential to change the trajectory of the disease, preventing future outbreaks and saving many lives," Ghebreyesus remarked.

Mohammed Ali Pate, Nigeria's minister of health and social welfare, highlighted the devastating impact of meningitis outbreaks on Northern Nigeria, particularly in the states of Jigawa, Bauchi, and Yobe. As the country strives to contain the spread of the deadly disease, he underscored the crucial role of the newly developed vaccine in curbing the outbreak and putting Nigeria on a trajectory towards its eventual elimination.

"We've done a lot of work preparing health workers and the health system for the rollout of this new vaccine. We got invaluable support from our populations despite this fasting period and from our community leaders especially the Emir of Gumel in Jigawa State who personally launched the vaccination campaign in the state.

"We'll be monitoring progress closely and hopefully expanding the immunisation in the coming months and years to accelerate progress," the minister stated.

Aurélia Nguyen, chief programme officer at Gavi, the vaccine alliance, highlighted the crucial role of innovative vaccines, such as MenFive®, in combating the alarming rise of infectious diseases across the globe. Nguyen noted that with global outbreaks on the rise, innovative solutions are imperative in the fight against these deadly diseases, especially in lower-income countries where access to healthcare may be limited.

Following Nigeria's successful meningitis vaccination campaign, the international community is turning its attention to the Meningitis Summit in Paris, in April 2024, where global leaders will convene to acknowledge the progress made in combating this devastating disease, evaluate ongoing challenges, and outline future steps toward eradicating meningitis by 2030.

Ben Eguzozie

Allianz warns!

Stability, business continuity risks, political violence seen in world's super election year

AS HALF THE WORLD GOES INTO elections this year, Allianz warns of increased political violence and stability risks, as well as the need for insurance review and business continuity by companies in certain parts of the world.

In particular, Allianz warns that security is a concern in many territories, not only from the threat of localised unrest but because of the wider-reaching consequences of electoral outcomes on foreign policy, trade relations, and supply chains.

All eyes on elections in the US and EU

The US presidential election in November is likely to be a close call, with the outcome depending on results in a handful of states. A recent poll shows that more than one-third of Americans believe President Biden's election win in 2020 was not legitimate. Widespread disaffection among voters could be exploited by misinformation created by Artificial Intelligence and spread via social media. Deepfakes, disinformation and repurposed imagery, as well as customised messaging, could galvanise unrest or influence small but potentially decisive parts of electorates.

A narrow result in the US headline election could inflame existing tensions. The European Parliament elections in June could also deepen divisions, if radical-right parties gain votes and seats.

Many commentators have predicted that European Union (EU) elections in June this year could see a number of states politically shift to the right, with the potential for populist or far-right parties to gain votes and seats, building on a trend seen in 2023. Any success for these parties across Europe could result in growing opposition to EU environmental, immigration and human rights policies, the Allianz report said.

Srdjan Todorovic, head of political violence and hostile environment solutions at Allianz Commercial, said, "so many elections in one year raise concerns about the fuelling of polarisation, with tensions potentially playing out in heightened civil unrest". He said polarisation and unrest within societies are fuelled by fear. "They undermine trust in institutions and challenge people's sense of a common purpose built on shared values".

Todorovic adds that the impacts of a political shift to the right and subsequent policy changes endure long after a political party's term in office. He said there are expectations of increased unrest around environmental issues in future, not only from activists, but from those who are pushing back against government climate mitigation policies.

"They fundamentally change societies and public attitudes; and make the next electoral shift to the centre or left seem drastic, creating the potential for schisms and potentially violent responses from those who feel underrepresented by a regime change," he said.

The report said, as unrest can now spread more quickly and widely, due in part to social media, financial costs from such events for companies and insurers are mounting. Economic and insured losses from just seven civil unrest incidents in recent years cost approximately $13 billion. With the threat of terrorism also on the rise, and the prospect of greater disruption from environmental activists occurring, global businesses will face even more challenges in the next few years and will need to anticipate as well as mitigate evolving risks with robust business continuity planning.

Governor Godwin Obaseki of Edo State (left), with Tom Ikimi, chieftain of the Peoples Democratic Party/celebrant, during a reception in celebration of the 80th birthday of Tom Ikimi, in Benin City, recently

Need for insurance review, business continuity plan in Africa

In Africa the elections pose challenges and opportunities for the continent's political stability. Most of the elections will be in Southern Africa including Botswana, Mauritius, Mozambique, Namibia, and South Africa. West Africa will hold the second most elections in Burkina Faso, Ghana, Guinea Bissau, and Mali. In North Africa, Mauritania, Algeria, Libya, and Tunisia are set to host elections. Ethiopia, Somalia, and South Sudan, Chad, and Rwanda in Central and Eastern Africa are scheduled to cast votes.

Allianz advised businesses in West Africa and the Sahel, largely notorious as the epicentre for coup d'états and terrorism, to implement forward planning, robust business continuity strategies, increased security measures and reviewing insurance policies this year.

In particular, the Allianz report emphasised the significant security concerns in many territories with wide-reaching consequences.

In recent years, Africa hit geopolitical risk headlines, with Niger and Gabon experiencing coup d'états. In Sudan, a civil war has led to the displacement of eight million people, including six million within the country — the largest internal displacement crisis in the world.

According to Allianz, the South African elections in May are a potential flashpoint. Polls indicate votes for the ruling African National Congress (ANC) could dip below 50%, forcing it into a coalition — a first at the national level — after being in power for 30 years.

Etienne Cheret, regional practice group leader, crisis management France and Africa at Allianz Commercial says "South Africa suffers from high unemployment, particularly among the young, and significant wealth inequality".

Available data from Statista says as of the fourth quarter of 2023 (Q4 2023), South Africa's unemployment rate stood at 32.1 percent. The majority of unemployed individuals only have education level below matriculation (or grade 12), while those that had finished their matriculation year represented around 34 percent. Additionally, Cheret said crime, corruption, and blackouts have caused widespread frustration in the rainbow nation.

"There is already a high level of disillusionment among the population, so we are watching the situation very closely," the regional practice group leader, crisis management France and Africa at Allianz Commercial, said.

Of the 10 countries in the world with the highest unemployment rates in 2023, nine were in Sub-Saharan Africa.

There is a close intersection between election fall-outs and rising unemployment, terrorism or geopolitical risks. Allianz Commercial says the epicentre of terrorism has moved from the Middle East and North Africa to Sub-Saharan Africa — the most affected region globally — and is largely concentrated on the Sahel region. Burkina Faso is the country most impacted by terrorism, with deaths increasing by 68% to almost 2,000 people — a quarter of all terrorist deaths globally.

"In Africa, peacekeeping forces have been withdrawing from the Democratic Republic of Congo and Somalia as well as from countries in the unstable Sahel region. This risks creating security vacuums, which could then be exploited by armed groups and militants," added Cheret, the Allianz regional practice group leader for crisis management in France and Africa.

Coalition wants halt to Shell's $2.4bn Nigeria oil assets sale over safeguards

Business a.m

A COALITION OF 40 ORGANISATIONS, including Amnesty International, have voiced their concerns about the impending sale of Shell's onshore oil business in the Niger Delta, a region plagued by long-standing issues of human rights violations and environmental degradation caused by oil-related operations.

The organisations urged the Nigerian government to prevent the sale from taking place, warning that the sale could result in further atrocities against the region's residents, already suffering from ongoing human rights abuses and the lasting effects of pollution from the oil industry.

In their plea to the Nigerian government, the signatories to the open letter, insisted that the proposed sale of Shell Petroleum Development Company (SPDC) to Renaissance Africa Energy should not be permitted to go through unless the environmental pollution caused by SPDC has been fully assessed, sufficient funds are provided by SPDC to guarantee clean-up costs can be covered, and local communities have been fully consulted.

Olanrewaju Suraju, chairman of Human and Environmental Development Agenda (HEDA), noted that Shell's operations in the Niger Delta over many decades have come at the cost of grievous human rights abuses of the people living there.

"Frequent oil leaks from its infrastructure and inadequate maintenance and clean-up practices have left groundwater and drinking water sources contaminated, poisoned agricultural land and fisheries, and severely damaged the health and livelihoods of inhabitants," Suraju said.

Isa Sanusi, Amnesty International's Nigeria director, said: "There is now a substantial risk Shell will walk away with billions of dollars from the sale of this business, leaving those already harmed without remedy and facing continued abuse and harm to their health. "Guarantees and financial safeguards must be in place to immediately remedy existing contamination and to protect people from future harms before this sale should be allowed to proceed. Shell must not be permitted to slip away from its responsibilities for cleaning up and remedying its widespread legacy of pollution in the area."

The letter follows Shell's announcement in January that it had agreed to sell SPDC to the Renaissance consortium, which comprises four exploration and production companies based in Nigeria and an international energy group, in a deal worth up to $2.4 billion, financed partly with a loan to the buyers from Shell.

The letter noted that the deal appears to fall far short of several regulatory and legal requirements. These include the apparent lack of an environmental study to assess clean-up requirements, and an evaluation to ensure sufficient funds are set aside for potential decommissioning of oil infrastructure - a sum that is likely to amount to several billions of US dollars. It also noted the lack of an inventory of the physical assets being sold, which is a red flag potentially indicative of the state of disrepair of pipelines and infrastructure from which many leaks have emanated.

The letter also observed that some similar previous sales in Nigeria have exposed people in polluted communities to enduring harms, as purchasers have sometimes lacked sufficient financial resources to manage infrastructure effectively, and even just ceased operating entirely.

It pointed out that following a previous Shell divestment of Oil Mining Lease 26 (OML 26) to First Hydrocarbon Nigeria in 2010, the majority shareholder of the acquiring company went into liquidation and its chief executive officer and chief operating officer were convicted in the United Kingdom of fraud.

Ghana's $360m IMF cash depends on result of negations with creditors

Isaac AIDOO, Accra

GHANA'S THIRD TRANCHE (about $360 million) could be delayed if the necessary financing assurances from Ghana's external creditors are not received on time.

This means the Ghanaian government will have to complete negotiations speedily with its development partners and get them to provide assurances to give the IMF the greenlight to disburse the third tranche.

The International Monetary Fund (IMF) has ended the second review of Ghana's economic programme with the Fund with a verdict to the effect that even though an agreement has been reached, that agreement is subject to IMF management approval and Executive Board consideration once Ghana reaches an agreement with its external creditors.

"Given Ghana's strong progress under the IMF-supported programme, the next key step for the country is to reach an agreement with its official bilateral creditors on an MoU consistent with the terms agreed in January 2024. We look forward to the authorities' continued efforts to reach an agreement with all creditors in line with programme parameters," a statement from the Bretton Woods Institution said at the end of the review.

The statement quoted the head of the IMF Mission as saying that "performance under the IMF-supported programme has been generally strong, with most quantitative targets met. Good progress has also been made on the key structural reform milestones."

Stephane Roudet (middle), IMF mission chief to Ghana, with Mohammed Amin Adam, finance minister to his right, and Leandro Medina, IMF resident representative, Ghana, at the briefing

The IMF statement said that policies and reforms to restore macroeconomic stability and debt sustainability while laying the foundations for stronger and more inclusive growth were already generating positive results.

Upon completion of the Executive Board review, Ghana would have access to about $360 million, bringing the total IMF financial support disbursed under the arrangement since May 2023 to about $1,560 million.

"Economic activity in 2023 was more robust than initially envisaged, and growth projections for 2024 will be revised upward. Monetary policy has remained appropriately tight, allowing for inflation to decline rapidly," the statement noted.

On the fiscal front, the IMF said consistent with Ghana's commitments under the IMF-supported programme the fiscal primary balance on a commitment basis improved by over 4 percentage points of GDP in 2023 and is on track to achieve a fiscal primary surplus of ½ percent of GDP in 2024.

"Spending has remained within budget limits, while the authorities have significantly expanded social protection programmes to help mitigate the impact of the crisis on the most vulnerable. Ghana has met its non-oil revenue mobilisation target, while making progress in implementing ambitious structural fiscal reforms to bolster domestic revenues, strengthen public financial and debt management, and enhance transparency," the Fund stated.

The external sector had improved significantly, with international reserve accumulation ahead of programme objectives. Financial stability has been preserved, with banks posting solid profits in 2023.

Mohammed Amin Adam, Ghana' finance minister, noted that Ghana's medium-term macroeconomic outlook and prospects continue to be positive and promising, with the government maintaining its commitment to implementing comprehensive structural reforms to support growth, improve the public financial management system, improve revenue mobilisation, and support sound monetary and exchange policy.

The minister gave the assurance, government would control expenditure, especially in an election year.

"We have also put in place sufficient control and monitoring mechanisms to ensure key targets under the IMF-supported programme are met, even though 2024 is an election year," he stated.

$1.8trn space economy offers global growth prospects – WEF, McKinsey

Africa's $23bn space value by 2026 ready to liftoff
15 nations spend $4.71bn on 58 satellites; 105 for launch in 2026

Ben Eguzozie

THE SPACE ECONOMY is expanding, and is expected to be worth $1.8 trillion by 2035, up from $630 billion in 2023. This could create value for multiple industries and solve many of the world's most pressing challenges, according to a report by the World Economic Forum (WEF) and McKinsey & Company, the global management consulting firm.

According to the report, the Space industry is approaching the next frontier, with each week bringing news of a major development somewhere in the world. Be it a test of a new rocket system, the launch of an innovative satellite, or a robotic exploration mission safely landing on the moon, activity in space is accelerating.

The $1.8 trillion Space economy figure, say WEF and McKinsey, includes both "backbone" applications — such as those for satellites, launchers, and services like broadcast television or GPS — and what is termed "reach" applications — those for which space technology helps companies across industries generate revenues. Uber, for example, relies on the combination of satellite signals and chips inside smartphones to connect drivers and riders and provide directions in every city.

In 2023, backbone applications made up $330 billion, or slightly greater than 50 percent of the global Space economy, while 'reach' applications represented $300 billion. The expected annual growth rate for backbone and reach applications is twice the projected rate of GDP growth over the next decade. For comparison, the value estimates for space are similar to those for semiconductors (estimated at $600 billion in 2021 with 6 to 8 percent annual growth into the 2030s, and roughly half of the projection for the global payments industry estimated to reach $3.2 trillion in revenues by 2027.

Africa ready to liftoff

Africa's space industry is also powering ahead. As of 2023, Africa's space industry had 270 companies, with the continent's space value expected to reach $23 billion by 2026. According to the 2023 annual report on Space in Africa, 15 African countries have invested over $4.71 billion in 58 satellite projects, and additional 105 satellites are to be launched by 2026.

Currently, innovators and inventors on the continent are actively investing in space activities with about $425 million allocated in 2023, an investment that has led to significant expansion in space assets and infrastructure, said the report.

Africa's top 10 countries with big space projects are: South Africa, Nigeria, Egypt, Angola, Algeria, Ethiopia, Ghana, Kenya, Morocco, and Libya.

Space technology expert, Tidiane Ouattara, in a recent report on Space technologies in Africa for sustainable development, noted that as of 2019 approximately 8,500 people across the continent worked in the Space industry, 2,000 and 6,500 in the private and public sectors respectively through various national research programmes in the industry.

This exudes the industry's massive potential to grow and contribute towards sustainable development, and manage line sectors such as land and meteorology.

The growth drivers for the Space economy include the need for greater connectivity via satellites, higher demand for positioning and navigation services on mobile phones, and increased demand for insights powered by AI and machine learning. These innovations are delivering greater benefits to a more diverse set of stakeholders than ever before, including companies in industries ranging from food and beverage to transportation. They may also help solve some of the world's greatest challenges, such as climate change, the WEF and McKinsey report said.

The report shines a light on the important developments that will shape the Space industry, and the industries adjacent to it, through 2035.

IMF flags risks of industrial policy on economic growth

Onome Amuge

THE INTERNATIONAL Monetary Fund (IMF) has issued a word of caution, warning that the industrial policy initiatives recently implemented by various countries, including the U.S and Europe, and other countries to drive innovation in certain sectors would not be a silver bullet for stimulating economic growth.

In a chapter of its Fiscal Monitor report, the IMF noted that in light of sluggish productivity growth and a looming sense of insecurity, a growing number of countries have adopted industrial policies aimed at driving innovation in key industries.

Industrial policy is a strategy used by governments to encourage the development of specific sectors in an economy, often with the goal of improving national competitiveness or addressing social and economic challenges.

The IMF stated that while industrial policy can play a role in supporting technological progress, it is important to note that it is not a "one-size-fits-all" solution. In fact, it pointed out that a more effective approach to driving innovation and technological change would be to focus on creating the right conditions for research and development, and fostering a more open and collaborative approach to technological innovation.

An assessment by IMF officials suggested that for targeted fiscal support for innovation to be effective, several key conditions must be met.

The officials recommended that targeted sectors must generate measurable social benefits, such as reducing carbon emissions or increasing knowledge spillovers to other sectors, adding that the policies must be open to both domestic and foreign firms, to avoid discrimination and promote a level playing field.

The IMF noted further that the government must have the capacity to administer and implement the policy effectively, without undue bureaucratic hurdles or political interference.

The IMF warned that many industrial policies are poorly targeted and can actually harm productivity and welfare. This, it explained, is often the case when subsidies are given to industries with strong political connections, rather than those with the most potential to contribute to social goals such as lower carbon emissions.

In addition, the IMF pointed out that industrial policies that discriminate against foreign firms can be self-defeating, as they can trigger costly retaliation from other countries and lead to a loss of foreign investment and knowledge sharing.

The major financial agency of the United Nations, acknowledged that there may be some cases where industrial policy is appropriate, such as when it is used to support sectors that generate substantial knowledge spillovers to the domestic economy.

To this end, the IMF recommended that governments deploying industrial policies should ensure that they have the technical capacity to administer and implement the policies effectively.

Electricity supply experience, energy affordability and Nigeria

SUNNY CHUBA NWACHUKWU

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ENERGY SCARCITY APPEARS (from every considered analytical probe made on the power sector) to be the root cause of the power supply crisis facing the Nigerian economy. Non availability and insufficient electricity supply in the country, no doubt, ought to be traced to the source of the matter; as a sure way of solving the problem (which obviously is not unconnected with the systemic corruption within the economy, external influence of suppression against the continent or neocolonialism from the West). This particular issue demands the urgency it requires because the nation's economy cannot get any better unless this aspect of energy supply challenge is squarely tackled, dealt with and properly addressed; acknowledging the fact that energy is life and the fuel that drives prosperity.

Energy poverty on its own is synonymous with the present insufficient electricity supply that consumers are grappling with on a daily basis (vis-a-viz the very frequent and chronic power outages that has become endemic with total blackout from the power sector of the economy). The hope-rising assurances though, come from the fact that natural gas-based electric power generation operation is more than possible, and could be practically improved upon in this economy. Classical example has been expressly exhibited by the establishment of the Aba power plant (worth eight hundred million US Dollars, $800 million or today's ten billion naira, N10 billion), built by the Geometric Power Engineering Company that was recently commissioned in the South East geopolitical zone of the country.

The current challenges from the power sector, which involves the eleven power distribution companies (DisCos), not supplying enough or sufficiently to meet the demands of consumers, is a case of insufficient generation of electrical energy within the economy (by the existing six electricity generating companies, the GenCos). We have to call a spade a spade, no need beating about the bush. Whatever that is produced and fed to the national grid is just what the distribution companies can afford to supply the consumers. It is on this premise therefore, that I hold a divergent opinion on how the power challenges facing this economy can be resolved. I come from the perspective of addressing the issue of insufficient production or generation of electricity because it lies the bedrock of the nation's economic prosperity. To discuss or debate bands A, B, C, or whatever is what I term speaking mere 'long grammar.' The reason for this position is that daily economic activities within the economy, which includes manufacturing, will be seriously affected unfavourably due to energy insufficiency to power local manufacturing. Whether the Nigerian Electricity Regulatory Commission (NERC) hikes the power tariff 240 percent (from N68/kilowatt hour to N225/kilowatt hour) should not be the main issue of concern but, to beat energy scarcity (energy poverty within the economy) and permanently address the nagging electricity supply crisis within the economy. The drivers of this aspect of electricity production and generation need to be patriotic, proactive and practical about this. The existing power GenCos ought to make good with their respective natural gas-based electric power generation facilities. Geometric has broken the jinx by showing a very good example with the Aba power plant.

All consumers (including the Manufacturers Association of Nigeria, MAN, for domestic or private uses in households) primarily need to be sufficiently serviced with uninterruptible power supply that ought to be affordable at the same time, in terms of pricing. As a matter of fact, it is the utilisation of the natural gas that shall play the critical role in accelerating speedy economic growth and industrial development in Nigeria (as remarked by the group chief executive officer of Nigerian National Petroleum Company Limited, NNPCL, Mele Kyari). Value addition to our locally sourced raw materials (both agricultural and mineral resources) from all African nations should be taken as high priority against the evil suppression of neocolonialism, where Africa has only been fundamentally programmed to the global prosperity of advanced countries, by remaining only a raw materials producer, and which the West has vowed never to allow African countries prosper economically as finished products manufacturers. Relying solely on the West for their high premium export goods that are primarily processed from raw materials that are 100 percent sourced from African continent; with almost little or no appreciable value and worth accruing to the continent at the global market, when compared with the volume of international trade activities globally. As a matter of necessity, a good number of Nigerians should stick their necks out for patriotism's sake and make sure that the energy sector gets improved, for the sake of the nation's economic growth and development.

High inflation, non affordability of electric energy, epileptic power supply to consumers within our domestic economy need to be adequately addressed by the government, by making sure that the likes of Geometric power generating plants are established in all the six geopolitical zones of the nation; with adequately backed natural gas-based energy generation that shall put paid to the embarrassing incessant power outages that create endemic hiccups in local manufacturing operations. It is only the actualisation of seamless local manufacturing of competitive export goods and services for the global market that will usher in steady economic growth and development within the economy.

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How to Govern the Bretton Woods Institutions Better

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WASHINGTON, DC – Efforts to reform the Bretton Woods institutions – the International Monetary Fund and the World Bank – are progressing, albeit slowly. In December, the IMF Board of Governors approved a 50% increase in member quotas, which will reduce its reliance on borrowed resources, and the World Bank has released an ambitious "evolution roadmap," which sets a path toward modernizing its mission, business model, and funding. But while these are welcome developments, they are not enough. Reforming these institutions' governance structures is crucial.

The current governance structure gives an outsize voice to creditor countries – mostly in Europe – and an insufficient voice to emerging-market and developing economies, despite their increasingly substantial role in the global economy and financial system. This is nothing new: among those who have called for reforms to correct this imbalance is United Nations Secretary-General António Guterres. And a new report by the Brookings Institution advocates for changes to the quota-allocation formula at the IMF and the voting-rights system at the World Bank.

But such reforms will most likely be difficult and time-consuming. In the meantime, reforming the IMF and World Bank boards of directors according to best practices in corporate governance would go some way toward making these institutions fit for purpose. Changes are needed in six key areas.

First, their boards must be redefined. At the Bretton Woods institutions, the directors meet several times per week and manage the details of day-to-day operations. At most large corporations, by contrast, boards maintain a supervisory role – focusing on overall strategy, rather than day-to-day operations – and meet 4-6 times per year.

The latter approach makes far more sense – and the IMF and the World Bank should adopt it. This means shifting the boards' focus to setting overall goals (at the country and international levels), providing high-level oversight and guidance, and monitoring institutional performance. Such a change would minimize operational inefficiencies and substantially reduce the potential for political interference in what should be impartial, technical decisions.

Beyond redefining the boards' mandates, the second change should be to move the IMF and the World Bank to a system of part-time, non-resident boards. At the 1944 Bretton Woods conference that gave rise to these institutions, the economist John Maynard Keynes made the case for just this, arguing that well-regarded, highly qualified non-resident members would provide their boards with both the technical skills and political capital needed to operate effectively.

But Keynes's vision was not shared by all the conference's attendees. Others believed that a full-time resident board was needed to act as a political counterweight to the technical decision-making of the organization's management and staff – a kind of check by creditor-shareholders. This camp prevailed, leaving smaller developing countries with limited capacities unable to send their best talent to represent them.

These two reforms would also create an opportunity to make the third key change: clearly defining the terms of reference of board members and the minimum qualifications required, in line with international best practices. Board members should bring a wealth of skill, experience, and political capital to the IMF and the World Bank. And, rather than acting as ambassadors, representing the narrow interests of one country or group of countries, they must work to strengthen the institution they serve and advance its mission.

Similarly, the selection process for the Bretton Woods institutions' leaders must be changed. The current approach – which always results in an American leading the World Bank, and a European leading the IMF – is more about politics than merit. Unfortunately, a purely merit-based approach, which pays no heed to national origin, is probably not politically feasible in the short run. But the process can be made somewhat (and progressively) more meritocratic, by clearly defining the qualifications one must have to lead either institution.

Moreover, the World Bank president and IMF managing director should not function as board chairs, as is currently the case. Instead, there should be a clear division of responsibility between these two roles. That way, the role of board chair can be filled by representatives from the Global South.

Finally, board membership should be expanded to include 2-4 independent directors representing the private sector and civil society, which play a much more important role in the world economy today than they did in 1944. These directors would act as a voice for project beneficiaries in strategy discussions, emphasizing social-justice issues and private-sector-development imperatives.

In a world characterized by the threat of climate change, extreme social inequalities, systemic risks to financial stability, and elevated geopolitical tensions, strengthening the effectiveness and boosting the inclusiveness of the international financial system is more important than ever. The first steps on the path to that goal must be governance reform at the World Bank and the IMF.

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Business should not stop looking for new grounds

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BUSINESSES ARE SET UP to fill the demand-gap of the people for products, goods and services. According to reports, prefab home manufacturers control $90 billion worth of modular-homes market around the world. But a few companies that you would not expect to have a share in this market are already a player in the ever-growing trade, following the footsteps of USA-based Clayton Homes, the biggest prefab homes manufacturers. They are seriously innovating everyday and their projects range from temporary housing for refugees to modest houses for city residents, rural dwellers and billionaires' luxury homes and this indicates that prefab manufacturing is set to become more popular. Prefab house manufacturers use such materials as aluminium sheets, steel plates, timber, converted waste materials, plastic, particle boards, light concrete etc. They are growing in number and volume of business, everyday!

IKEA Systems B.V., trading as IKEA, is a Swedish multinational conglomerate that designs and sells ready-to-assemble furniture, kitchen appliances, decoration, home accessories, and various other goods and home services. IKEA was started in 1943 by Ingvar Kamprad and currently legally headquartered in the Netherlands. IKEA has been the world's largest furniture retailer since 2008. The brand used by the group is derived from an acronym that consists of the founder's initials, and those of Elmtaryd, the family farm where the founder was born, and the nearby village Agunnaryd (his hometown in Smaland, southern Sweden). IKEA has restaurants in its branches to cater for the food needs of customers, because "Hungry customers buy less"!

The group is primarily known for its modernist furniture designs and its immersive shopping concept, based around a showroom of decorated room settings, in which customers can interact with the available articles onsite. In addition, the firm is known for its attention to cost control and continuous product development, notably, the ready-to-assemble model of furniture sales, and other elements which have allowed IKEA to establish lower prices than its competitors. As of September 2023, there were 462 IKEA stores operating in 59 countries and in fiscal year 2018, €38.8 billion ($45.82 billion) worth of IKEA goods were sold.

Sweden leads the world in prefab construction uptake as about 80 percent of detached homes in Sweden use prefabricated timber elements. It is not surprising that Sweden's largest retailer (IKEA) has developed a range of products as a prefab home manufacturer too. The most affordable and innovative is not a regular house but a refugee shelter for $1250. The "Better Shelter" is made with flat-pack components, equipped with a solar panel, and can be assembled by four people in four hours. Because they're secured to the ground and have a locking door, they provide significantly more security than a conventional tent. For this, IKEA won the 2016 Beazley Design Prize. For regular consumers, IKEA partnered with US firm Ideabox to make the flat-pack "Active home". The house is designed around IKEA interior fixtures and products with the help of the company's designers. Ideabox manufactures the structure itself. It goes for around $86,000.

When you ask most people about Toyota, they will rather tell you it is an auto manufacturing company from Japan. But Toyota Motors Corporation, as at today, has the world's most developed prefab home market. For economic and cultural reasons, Japan has had a handful of major prefab home manufacturers since the 1960s. Their primary draw over conventional construction is quality rather than cost. While Toyota is not one of the leading players in the industry, the auto company has been building homes since 1975. While Toyota homes generate just a fraction of the corporation's total revenue (in 2008 it was 0.5% of $262 billion), that does not mean they have not put out some seriously cool products. Their modular homes, which go from $200k to $800k, can be assembled in less than 45 days and come with a 60-year warranty. In line with Toyota's recent emphasis on environmental friendliness, they aim to build sustainably with three principles: using environmentally sustainable materials, reducing waste during the construction process, and partnering with green businesses for production and supply.

Tesla was incorporated in July 2003 by Martin Eberhard and Marc Tarpenning as Tesla Motors. The company's name is a tribute to inventor and electrical engineer Nikola Tesla. In February 2004, Elon Musk joined as the company's largest shareholder and in 2008 he was named CEO. Tesla Homes is a premier Smart, Green and Healthy investment and development firm, with a focus on sustainable and disruptive technology investments, as well as development, renovation and construction of residential single and multi-family homes and apartment complexes. Tesla Homes invests in emerging market opportunities and value-add acquisitions across the US, Central America and Europe, with the very best and most reputable private equity partners. Elon Musk, with his billion dollar fortune, has introduced the Tesla home, a fully furnished residence. To set an example, he sold his own 50 million dollar house to move into a tiny Tesla home, 170 miles, south of Austin.

Muji (Mujirushi Ryohin) is a Japanese retailer which sells a wide variety of household and consumer goods. The Japanese retailer is known for its minimalist design and focus on waste reduction. Last year they made headlines by announcing a competition to find a test resident to live rent-free in their new "Window House" prototype for two years. The prototype itself is two stories high and has 80 square metres of floor-space, but a Window House can be altered and reassembled to fit lots of different shapes and sizes. It is Muji's largest model, but not its first. In 2014 the company launched a 15-foot-wide three-story prefab perfect for Japan's disposable home culture. It sells for just $180,000. They also came out with a line of Muji Huts - three cabin-like structures more suited to vacationing than permanent residency. They reportedly cost $25,000 - $40,000.

Business should not stop looking for new grounds to break. IKEA food centres, in the beginning, were not meant to be profit centres. Their main goal was to increase footfall and extend their customers' visits. But, today, IKEA's food business makes $2.5 billion in sales annually! McDonald Restaurants did not set out as a real estate business. Today, according to reports, McDonald's earned over $7.3 billion in rental income in 2023 from its real estate holdings. This represents 63.5 percent of the revenue it generated from its franchisees this year. And it represents 38 percent of the company's overall revenue, making real estate the biggest money-maker in its food value-chain business. Toyota homes is poised to benefit from the increasing growth of the prefab home business in 2024. The Asia-Pacific Prefabricated Housing Market is anticipated to register a compound annual growth rate (CAGR) of more than six percent over the forecast period. The market is driven by the increasing demand for housing and cost-effective construction in the region. Furthermore, the market is driven by the advancement in technology in the construction of houses and sustainability.

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AI and Football: Revolutionising the beautiful game

IKE UME

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WE'VE HEARD ABOUT IT AND ARE now experiencing it, and we are wondering where the next advancements in artificial intelligence (AI) will take modern life. Microsoft Azure defines Artificial Intelligence as a consistent process where a machine detects, imitates, and responds to human behaviour and intelligence through recognition, learning, reasoning, and action based on preset data inputs. The impact of AI permeates almost every aspect of modern-day life, from its advancements in Health to how it's changing how we move from point A to B, to even Helping us decide what to eat. Artificial intelligence has eaten into one of the oldest and most heavily guarded industries, Professional Football. As AI relies heavily on data, it is not surprising that it has revolutionised the Analytical aspects of Football.

Player monitoring: Scouting, performance analytics and player improvement strategies.

The core tasks in football are one of the few fields in the world where AI cannot replicate (or is this author speaking too soon?). These tasks refer to physical movements carried out by the primary protagonists, the players. AI (in its most advanced iteration at the time of writing) powered robots cannot kick or head a football with precision or make individual moments of dribbling and trickery that make high-level football the world's most loved and popular sport. However, it has given the coaches a helping hand in two key areas.

• Scouting:

The latest example of the AI revolution in football is its application in scouting. Scouting in the 20th Century and the first decade of the 2000s primarily involved managers, sporting directors, scouts, and coaches making long trips and even missing games to watch football matches involving players they were interested in buying. Conversely, aspiring footballers who need to register with an academy or club need help to afford the funds and required documentation to travel and attend football trials. But this logistic headache has been alleviated by AI-powered scouting apps. One example is the AI sports analytics company ai.io. Their flagship product, "aiScout", has partnered with English clubs Chelsea and Burnley. The app allows amateur players to take and upload videos of themselves participating in specifically designed football training drills. These videos are analysed to create insights based on desirable attributes that clubs consider when unearthing new talent. It seems that aiScout is here to stay as the USA's Major League Soccer has signed an agreement to partner with the company, giving more aspiring players a chance to be scouted by MLS teams for free. aiScout's parent company, ai.io, was invited to be featured on the world stage in FIFA's innovation programme.

While this advance in AI scouting is still in the early phase, its results are still in the early stages, and there have been a few success stories. However, this method isn't quickly replacing traditional counting methods, as many coaches still gauge players by some aesthetic qualities (sometimes called "eye test"). However, with the combination of these AI videos easing the stress on scouts, the battle for the brightest prospects among the most prominent clubs will intensify in the coming years.

• Performance analytics and player improvement strategies.

Due to football's physical and contact-heavy nature, injuries are part and parcel of the game. And the more common ones (like Hamstring and thigh strains, fractures, and dislocations) are unpredictable due to the contact-heavy nature of the sport. However, AI-powered wearable inventions (Undervests, watches) have helped sports science departments use predictive analytics (generating and using data to predict future trends) to prevent more mental injuries like burnout and fatigue. By using data from minutes, sprints, match actions, and recovery time in between matches, players take over a certain period before specific injuries to create insights. These insights can lead to sports science teams creating recovery plans for players to prevent them from entering "red zones", where fatigue can impact performance.

With Augmented Reality (AR) and Virtual Reality devices (like glasses and headsets), players and coaches get real-time views from different angles of their teammates and opponent's positioning during training. This advancement increases coaches' speed and decision-making processes during training sessions instead of relying on eye tests and recorded tapes. While Meta Quest headsets and Apple Vision Pro headsets compete in this space, Google Glass was one of the first mainstream uses of AR in a live game. In 2014, Atletico Madrid's assistant coach wore a Google glass, receiving live scores and statistics during a 2-0 La Liga win over Getafe, which helped the team get an advantage over their rivals. Google shelved the Headsets, but conversations are going on about how to incorporate other forms of VR and AR into the Fan and Matchday experience.

With all these advancements in player scouting and analytics, the next step would be for grassroots footballers and smaller clubs in the food chain to use these methods to tailor training programmes that can transform the roughest diamonds to the next world-beater.

As AI grows, especially with Microsoft partnering with Open AI's "Chat GPT" and Google pushing hard with their AI offering, Gemini, football won't be left behind. And the beautiful game we love might look different in the next decade.

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Leaving Africa's Colonial-Era Currency Will Be Hard, But May Be Wise

PETER DOYLE

Peter Doyle, a former senior staff member at the International Monetary Fund, is a visiting researcher at the National Institute of Economic and Social Research in the United Kingdom.

LONDON – Exiting a longstanding currency union – as Burkina Faso, Mali, and Niger propose to do by leaving the CFA franc zone, comprised of West African states that use the French-backed currency pegged to the euro – is not a decision to be taken lightly. For the departing members, in particular, alternative monetary arrangements could prove elusive and better solutions may be overlooked.

Furthermore, while other former French colonies – including Tunisia in 1958, Algeria in 1964, and Mauritania and Madagascar in 1973 – successfully left the franc zone, the context was Bretton Woods. Accordingly, the order of the day was comprehensive capital controls, strong international support for decolonization (notably from the United States), and symbolic, rather than substantive, shifts in currency pegs – propitious circumstances which no longer apply.

Nevertheless, exiting from the CFA franc zone may be wise. The zone has long stagnated, uncertainties are already elevated by the security and governance issues these countries face, and the deep sense of the currency's illegitimacy as a symbol of continued French hegemony constitutes a permanent vulnerability.

In particular, according to the International Monetary Fund's Fall 2023 World Economic Outlook, while the CFA franc zone's inflation rate averaged around 3% between 1990 and 2019, annual real GDP growth per capita was just 0.7% – 2.2 percentage points below the best performing countries at the same level of GDP per capita. Over the course of three decades, that huge income shortfall has spurred jihadism, a spate of coups, and an exodus of migrants.

But that shortfall is not mainly due to monetary union. For example, real GDP per capita in Eswatini, part of the Common Monetary Area in southern Africa, was at parity with Burkina Faso, Mali, and Niger in the early 1960s but is now five times higher than theirs. The divergence can be partly attributed to the Common Monetary Area inflation rate, which averaged 7% between 1990 and 2019. But it mainly reflects differences in fiscal policy. Eswatini ran a modest average primary deficit, similar to that of its best-performing peers, between 1990 and 2019, and therefore also grew at their robust pace. The CFA franc zone by contrast – except for Burkina Faso, the union's lone fiscal spendthrift – recorded primary balances during the same period that were, on average, nearly two percentage points of GDP tighter than that of its best performing peers, stifling its long-run growth.

That excessively restrictive fiscal policy in the CFA franc zone is a byproduct of the grossly inadequate debt relief provided under the IMF-World Bank Heavily Indebted Poor Countries Initiative. But given that creditors appear unlikely to provide CFA franc countries with the relief needed to implement pro-growth fiscal policies now, policymakers there are forced to seek other, secondary, sources of growth – including currency reform – or to resign themselves to stagnant, insecure futures.

Burkina Faso, Mali, and Niger are evidently not so resigned. All three recently mounted coups to displace governments which, while formally democratic, were unable or unwilling to deliver prosperity or to defeat Sahelian jihadism. In that context, the three – the Alliance of Sahel States – announced a study of a new common currency to express their collective sovereignty.

Currency scolds – averse to any tampering with French governance – are of course quick to criticize. But it is better to consider how and when new currency arrangements might actually work.

Given these countries' external-financing constraints and capital outflows, adopting a new monetary regime will require shoring up budgets and securing an adequate stockpile of international reserves to avoid fiscal dominance and offering a one-way bet to currency speculators. To that end, policymakers will need to address security challenges, resolve governance issues, and strike a deal early on to split the balance sheet of the Central Bank of West African States (BCEAO) between those departing and those remaining.

In the interim, Burkina Faso, Mali, and Niger should retain the CFA franc, with any unresolved, short-term financing issues minimized and expressed through arrears on external debt. If the BCEAO withholds lender-of-last-resort facilities during this period, these countries should impose carefully designed limits on bank-deposit withdrawals to buttress stability. Moreover, efforts to strengthen medium-term revenue, including resets to mineral contracts, should take high priority.

The main benefit of establishing a joint currency is mutual surveillance of budgets to boost the credibility of fiscal policy in the long run. On the other hand, idiosyncratic trade shocks, different monetary preferences, and residual governance uncertainties call for separate currencies.

Regardless, Burkina Faso, Mali, and Niger will need to establish new monetary and financial supervisory institutions before launch. Many countries in similar circumstances have introduced currency boards or exchange-rate pegs, at least at the outset to keep things technically manageable. And absent a credible regional currency with a moderate inflation rate to serve as an anchor, there is limited scope to raise the inflation target without a crawling peg.

If the three proceed down this path, international cooperation will help to ensure a smooth transition. For example, the Economic Community of West African States (ECOWAS), from which they withdrew earlier this year, recently lifted sanctions against them. Likewise, the countries remaining in the CFA franc zone should continue to provide lender-of-last-resort facilities during the transition period, as they have nothing to gain from regional monetary disorder and orderly exits could even strengthen the legitimacy of the CFA franc zone for those who choose to remain in it. Lastly, international organizations and developed countries should offer enough debt relief so that all current members of the CFA franc zone have the fiscal space to introduce the best pro-growth policies.

Leaving the CFA franc zone is clearly a challenging endeavor. But it is not impossible, nor necessarily unwise – so long as, most critically, the authorities in Burkina Faso, Mali, and Niger are committed to the necessary fiscal rigor.

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PROJECT SYNDICATE

Nonsense and Bad Rules Persist in Banking

ANAT R. ADMATI

Anat R. Admati, Professor of Finance and Economics at the Stanford Graduate School of Business, is co-author (with Martin Hellwig) of The Bankers' New Clothes: What's Wrong with Banking and What to Do about It – New and Expanded Edition (Princeton University Press, 2024).

STANFORD – In December, the CEOs of the eight largest banks in the United States participated in a three-hour posturing session before the Senate Banking Committee. It was a disheartening display that showcased the toxic blend of politics and asinine rhetoric that often characterizes discussions about banking.

Much of the hearing focused on proposed banking regulations known as the "Basel 3 Endgame." Claiming to "translate" the potential implications of this complex topic "for the average American," Republican Senator Tim Scott stated that the proposed rules would lead to "fewer dollars to lend to Americans." Bankers and several senators, including Scott, argued that by keeping a portion of the banks' money "on the sidelines," these regulations would prevent poor people from achieving the American Dream.

But these threats often originate from falsehoods, such as Scott's suggestion that capital is something banks cannot use. In reality, as Democratic Senator Sherrod Brown noted, "Absolutely nothing in these rules would stop banks from making loans." Instead, they would simply require banks to rely more on their own equity and less on borrowing to finance loans and investments. As the late US Federal Reserve Chair Paul Volcker famously observed, there is a lot of "bullshit" in the debate about capital requirements.

Prudent banks insist on borrowers having "skin in the game" when they lend, yet vehemently oppose regulations aimed at reducing their dangerous reliance on borrowing. Banks' aversion to equity funding and addiction to borrowing enables them to shift costs and risks to others, ultimately benefiting at public expense. They often get away with it by keeping politicians and the public confused.

Shortly after the 2007-09 financial crisis, I realized that crucial policy decisions were being influenced by nonsensical analysis, impenetrable jargon, fallacious and misleading arguments, and inappropriate uses of mathematical models. As a result, opportunities to improve the banking system were constantly overlooked. By sowing confusion and leveraging their influence over politicians, regulators, lawyers, and economists, bankers have corrupted the mechanisms by which rules are formulated and enforced.

The 133,000-word "Basel 3 Endgame" adjusts a complex system of "risk weights" by trying to calibrate the rules. Banks have weaponized the complexity of the proposed rules, threatening to reject certain loans. In fact, with the debt subsidies we all provide them, they will take risks, chase outsize returns, and endanger us.

Over the past 14 years, I have consistently challenged the fallacies, irrelevant facts, and myths propagated by numerous bankers, policymakers, and economists. In November 2010, I helped organize a letter by 20 banking and finance scholars warning that the proposed Basel 3 reforms were grossly inadequate. I also debunked JPMorgan Chase CEO Jamie Dimon's misleading claims about the Basel 3 rules in an open letter to the JPMorgan Chase board of directors and criticized Dimon for implying that what benefits large banks automatically benefits America.

Recognizing the importance of countering bankers' obfuscation, the German economist Martin Hellwig and I published the book The Bankers' New Clothes: What's Wrong with Banking and What to Do about It in 2013. Our goal was to expose how and why banks are so needlessly dangerous and to propose ways to change the system that merely required political will. But the symbiotic relationship between banks, governments, and parts of the media and academia ultimately prevailed. As Democratic Senator Richard Durbin said in 2009, banks "own" Capitol Hill.

More than a decade later, JPMorgan Chase has grown much larger, its deposits having more than doubled from $1.1 trillion in December 2011 to nearly $2.5 trillion in December 2023, far outstripping its reported loans, which increased from $700 billion in 2011 to $1.3 trillion in 2023. The bank's reported assets of about $3.4 trillion, stacked as dollar bills, would extend over 230,000 miles into space – almost as far as the moon.

While the runs on Silicon Valley Bank and First Republic Bank in the spring of 2023 reflected legitimate concerns regarding their asset values and solvency, flawed accounting rules and Fed support continue to obscure the fragility of other banks. The persistence of bailouts is costly for society and encourages a culture of recklessness, both in the US and abroad.

The March 2023 collapse of Credit Suisse is a prime example of the disruption caused by the failure of financial institutions that operate across multiple jurisdictions. It is doubtful that maintaining such large institutions is justifiable, given the costs and risks they pose to our societies. Moreover, the preferential treatment of banks has fostered widespread disregard for rules, encouraging criminal behavior that often goes unpunished.

Political forces and misinformation continue to distort policy decisions. In a new and expanded edition of our book, Hellwig and I explore the severe governance issues that plague the banking sector and undermine our democracies. One notable example is the $13 billion settlement JPMorgan Chase agreed to in late 2013 to avoid a trial that would have revealed damning details of fraud committed by the bank's employees under Dimon's leadership.

While Dimon correctly asserts that banking rules are excessively complex, he also vehemently opposes simpler regulations. But by designing and implementing such rules effectively, policymakers could reduce the need for costlier regulations and yield significant social benefits at virtually no cost.

If banks are unattractive to equity investors, it may be due to their perceived opacity, or because banking has become too dependent on debt subsidies, which would be lost if financial institutions used equity funding. Blanket subsidies to profit-maximizing banks, however, make little sense. Instead, public funds should be directed toward deserving causes and those most in need of support.

The inability of our democracies to resist the influence of powerful corporations and their leaders is alarming, given that this ongoing failure fuels legitimate discontent with our economic, political, and legal systems. Deception (possibly self-deception) is prevalent not only in banking but across numerous other industries as well.

Based on misleading and disingenuous threats, banks have lobbied furiously and mobilized citizens and politicians to object to the proposed rules.

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STRATEGY & CORPORATE FINANCE

Serving a greater purpose: *CEO Excellence* revisited

The authors of CEO Excellence, the New York Times and Wall Street Journal bestseller, reflect on the book's success and share experiences about the profound impact it has had on their personal and professional lives.

In this second instalment of "CEO Excellence revisited," McKinsey senior partners Carolyn Dewar, Scott Keller, and Vik Malhotra speak with McKinsey Global Publishing leader Raju Narisetti about how leadership lessons from their book, CEO Excellence: The Six Mindsets That Distinguish the Best Leaders from the Rest (Scribner/Simon & Schuster, March 2022), have resonated beyond CEOs to aspiring leaders. An edited version of the second instalment of this three-part conversation follows.

Raju Narisetti: How does it feel to be [the] authors of this bestseller?

Scott Keller: I feel frustrated with all the paparazzi, signatures, autographs, and lack of privacy and security. No, interestingly, from a practical standpoint, I would say it fits with the Zen Buddhist quote, "Before enlightenment, chop wood, carry water. After enlightenment, chop wood, carry water."

The day-to-day is very similar to what it was before. From a spiritual standpoint or from public sentiment, there are some magic moments that happen. For example, we were watching the Netflix series Drive to Survive, and they were panning into the CEO of McLaren's office, and there's CEO Excellence on his desk.

During little moments like that, you say, "Wow, that's pretty cool." We were on holiday in Cambodia, and my special-needs son said, "There's Dad's book." There was a bookstore in the airport. We all thought he was just kidding, because he says things like that if there's a bookstore. Of course Dad's book is in there.

Then one of my other sons said, "Look, there it is." So we started taking pictures. Those are magic moments. That has been fun. It's exciting to see that it has become so popular with people, because, clearly, they're getting things out of it. That's why we wrote it: to help people. It's just a great feeling to know that it's helping people at scale.

Carolyn Dewar: I can't believe it has been two years. Much like Scott said, we never set out to do this for its own sake—to be authors.

I'm excited by the reach it has had, because people are finding it useful. That was always my hope—that we would write something and put it out into the world, and that it would be practical and helpful for people. That's what is resonating, well beyond CEOs.

For almost any leader in the world, 90 percent of what's in the book resonates and is helpful. The world needs great leaders right now. So the idea that the voices, as Scott mentioned, of all these other CEOs are contributing to that is really exciting and a real privilege.

Vik Malhotra: Well, it feels great. I appreciate Scott saying the world didn't change that much as the author of seven books. But when you're the author of your first book, it does feel great.

In many ways, I view the last two years as life-changing, even career-changing. I've been doing what we do for 38 years, and I didn't really think I'd get this gift in terms of what happened.

I thought we'd write this book, and hopefully, people would learn something from it. I agree that the stories are the most powerful. I always thought just the stories of CEOs who've done unusual and impactful things would be powerful. I thought, "We'll find a way to get those messages out."

But the minute the book made the bestsellers list, it changed the equation. Beyond sharing this internally with some of our colleagues and their clients, I initially thought this would be a book that would sit on my shelf. One day, when I became a grandfather, which I'm not yet, I'd be able to point to it and say, "Hey, I co-authored that book."

Instead, it turned out to be just a remarkable two-year journey. Initially, there were three or four months of just external appearances, in which I had very little prior experience. So it was energising and fun to be able to do podcasts, appearances on TV shows, and that kind of thing.

To me, the most exciting piece of this is the part that I really view as career-changing in many ways. I think once our colleagues realised that we had a bestseller on our hands, they could easily say to their clients, "We've got a bestseller here. Would you like to hear from one of the authors?" So all three of us have had remarkable pulls on our time, in terms of showing up for conversations with aspiring CEOs, new CEOs, even tenured CEOs. And that has been hugely energising.

Scott Keller and Carolyn Dewar reflect on the book's global impact.

Raju Narisetti: You've written and co-authored seven books. How was it different this time around?

Scott Keller: It's exciting. If you were in a band, and you had a hit album, you would get to tour the world with your hit album. Here, it feels different, because you know you're making a difference in a way that's bigger and more exciting.

For me, given my foray into leadership books and writing, it was grounded in the notion that the role of a leader is to put conditions in place for others to be successful, not for the leader to try to be successful. And, paradoxically, it becomes the same thing.

What's exciting for me about this book is the way the voice of these CEOs, who are excellent CEOs, crescendos into that same message. It means people want to hear Jamie Dimon talk about it or Satya Nadella talk about it.

They care a little bit less about what Scott Keller says, to be honest. To have that kind of amplification of such a profound leadership message is really special with this one.

I've written seven books, and only one was a New York Times bestseller, so full credit to my co-authors, because, clearly, that's the difference maker here.

Raju Narisetti: All of you have kids of varying ages. What has been the reaction from your family?

Vik Malhotra: My kids are now 25, 29, and 32. The initial reaction from them was, "Oh, a McKinsey book. Some McKinsey guy must have written it. You just put your name on it." They just cast it aside.

Later, my now-32-year-old daughter read the book. She took the time and energy to go through it all and said, "Wow. I learned a lot. Dad, for what it's worth, the first two-thirds of the book are spectacular. It's the best learning experience I've had around leadership ever."

So, she's taken real pride in saying, "I'm the only kid who's actually read this book." She brings up incidents or vignettes in the book and speaks at family gatherings about them. Her brothers give her a hard time. It has been a journey for all three of them. My kids have gone from being a little sceptical to being quite proud of the fact that the book has made so many bestseller lists, even though they don't always verbalise that.

Every now and then my son, who's a venture capitalist, actually persuades me to talk to some of the companies that he's investing in so that they can learn from this. But he hasn't quite taken the time to do the reading himself yet.

Raju Narisetti: It probably also made for an early, good Christmas gift, right? Sign it and give it to them.

Carolyn Dewar: Certainly, the Netflix reference was the cool factor with the kids. They loved seeing it when they were watching the Formula 1: Drive to Survive show. I'm laughing because my eight-year-old daughter, who's our youngest, may have read it more than anyone in my family.

She has tried to get through it. I keep catching her, and she's hilarious. She will rule the world one day. She's both amazing and terrifying at the same time. For my birthday, she wrote me a sweet card that said, "Mommy, I think you have all the qualities to be even better than a CEO." Then she signed her name. I don't know if that's a compliment or not, but it's seeping in somehow.

Raju Narisetti: That's an endorsement worth putting in the back of the book.

Carolyn Dewar: It was pretty funny. I will keep it forever.

Scott Keller: Since my kids are teenagers or just beyond teenage years, it's really interesting when their friends say something about the book. My son who just graduated from Yale has a couple of friends with parents who are CEOs. They noticed the last name on the book on their parents' desk, asked my son, and made that connection.

You could tell he thought, "Oh, that's pretty cool. Actually, someone reads that book. My friend's dad said that's a great book. Wow, that's neat." So, that's when I get credit for it. I've written a lot of books now. So my family knows when I'm in the study, working on a book.

During the time I worked on the book, every night at dinner my special needs son would say, "Have you finished your book? Have you finished your book?" He would be incessant about it.

At some point the book was finished, and we'd sit down for dinner. Then, every night, he would say, "You finished your book," and he'd be super excited about it. That has become a code word in my family. Anytime anything good happens to people, we say, "You finished your book."

So it's always a celebratory thing. The book is alive and well in the Keller family in terms of mindset.

Vik Malhotra: They do get a big kick out of foreign-language editions.

Scott Keller: I was in a documentary called Rock Camp: The Movie. As a result, I have an entry in IMDb [Internet Movie Database]. According to my kids' friends, that is way cooler than being a New York Times bestseller. They say, "Whoa, he's in!" Since a lot of famous people's names are in IMDb, and they can look my name up online, it's a big deal. Unfortunately, for that generation, the New York Times and the Wall Street Journal don't quite cut it for cool dad.

BANKS' EARNINGS SEASON SPECIAL

Access Holdings' 2023 earnings set new benchmark at N2.59trn

Onome Amuge

GROSS EARNINGS OF N2.59 TRILLION in the 2023 financial year has seen Access Holdings Plc setting a new benchmark in the Nigerian banking industry. The amount is 87 percent year-on-year higher than the N1.38 trillion gross earnings the financial powerhouse reported for 2022.

The exceptional achievement, disclosed in the company's audited financial statements, is largely attributed to the vision and legacy of the late Herbert Wigwe, who steered the company's transformation journey as the managing director of Access Bank and later group chief executive officer of Access Corporation, solidifying Access Holdings Plc's standing as one of Nigeria's most successful and resilient corporations. Under his leadership, the group witnessed remarkable growth in both interest income, with a 100 percent increase over the previous year, and non-interest income, soaring by a notable 67.9 percent.

The financial behemoth recorded a 33.5 percent year-on-year increase in its profits before tax (PBT), reaching an impressive N729 billion for the financial year 2023. It

Roosevelt Ogbonna, chief executive officer, Access Bank

also reported a 93.5 percent year-on-year growth in its net interest income valued at N695.4 billion, significantly outpacing the N359.6 billion recorded in 2022.

Access Holdings' loans and advances portfolio experienced a significant expansion of 60.5 percent, reaching N8.9 trillion in 2023. This was accompanied by an improvement in its non-performing loan ratio, which reduced to 2.8 percent from 3.2 percent in the previous year, thereby enhancing the overall asset quality of the bank.

The holdings' stellar financial performance extended to its shareholders' funds, which grew by 77.5 percent year-on-year to hit N2.18 trillion for the financial year 2023, demonstrating the successful implementation of the company's strategic growth plan.

As a reflection of its outstanding financial performance, Access Holdings Plc proposed a final dividend of N1.80 kobo per share for the 2023 financial year, amounting to a total dividend payment of N2.10 kobo per share, with a total value of N74.6 billion.

Aigboje Aig-Imoukhuede, chairman, Access Holdings, reiterated his faith in the organisation's resilience and ability to navigate future challenges, expressing his confidence in the group's leadership and performance.

"As we navigate this transformative period, we remain confident in the leadership of the group to continue this upward trend and set the standard for financial service groups in the continent. Access Holdings has a rich history of excellence, and we will continue to deliver unparalleled value to our stakeholders," Aig-Imoukhuede stated. Bolaji Agbede, Access Holdings Plc's acting group chief executive officer, shared her perspective on the group's remarkable financial performance in a statement, highlighting the strong dedication and resilience of the conglomerate in navigating challenging market conditions.

Zenith Bank's N2.13trn earnings produce triple-digit profit explosion

Onome Amuge

ZENITH BANK PLC UNVEILED its audited financial performance in 2023 to the market of investors, shareholders and the public flaunting an impressive 125 percent increase in gross earnings, transcending its 2022 earnings of N945.6 billion to a staggering N2.132 trillion in 2023.

The year proved to be a remarkable one for the Tier-1 bank as its triple-digit growth in gross earnings was underpinned by a 180 percent Year-on-Year (YoY) surge in profit before tax (PBT), from N284.7 billion in 2022 to N796 billion in 2023. Profit after tax (PAT) also recorded triple-digit growth of 202 percent from N223.9 billion to N676.9 billion in the period ended December 31, 2023.

The uptick in Zenith Bank Plc's gross earnings was fueled by a 112 percent increase in interest income, which rose from N540 billion in 2022 to N1.1 trillion in 2023. Additionally, non-interest income, another key contributor to the bank's overall income, recorded an equally impressive 141 percent surge, vaulting from N381 billion in 2022 to N918.9 billion in 2023.

The bank's astronomical increase in interest income was primarily driven by a significant expansion in its

Ebenezer Onyeagwu, group M.D./CEO Zenith Bank

risk asset portfolio, coupled with effective repricing of these assets to reflect current market conditions. This, in turn, drove a spike in the yields of interest-bearing instruments, further boosting its interest income.

In addition, the rise in non-interest income was attributed to the bank's savvy trading strategies that yielded substantial gains, as well as the fortuitous appreciation of foreign currencies that resulted in significant revaluation gains.

Despite a challenging macroeconomic environment characterised by high interest rates, Zenith Bank noted that it navigated the headwinds with considerable dexterity, posting a substantial 135 percent increase in interest expense. The bank's cost of funds also rose from 1.9 percent in 2022 to 3.0 percent in 2023, reflecting the general upward trend in interest rates.

However, a 32 percent growth in operating expenses failed to dampen the bank's robust performance, as its cost-to-income ratio improved markedly from 54.4 percent in 2022 to 36.1 percent in 2023.

The bank's relentless pursuit of superior shareholder returns paid handsome dividends, with its Return on Average Equity (ROAE) registering a 118 percent growth, surging from 16.8 percent in 2022 to 36.6 percent in 2023. The stellar performance, according to the bank, was buoyed by the substantial growth in gross earnings, which enabled it to maximise its assets and create a significant return on investment. Similarly, the bank's Return on Average Assets (ROAA) followed suit, recording an impressive 95 percent growth from 2.1 percent to 4.1 percent over the same period.

An unwavering focus on deepening relationships with corporate and retail customers also reaped significant dividends for Zenith Bank, as it recorded an impressive 69 percent growth in customer deposits.

UBA grows gross earnings 143% to hit N2.08trn milestone

business a.m.

THE 2023 FINANCIAL results of Africa's global bank, United Bank for Africa (UBA) Plc, revealed a significant increase in gross earnings by 143 percent from N853.2 billion in 2022 to N2.08 trillion, despite the global and domestic economic and financial turbulence experienced in the banking sector.

The 2023 financial results, filed by the bank to the Nigerian Exchange Limited (NGx), exhibited a remarkable and robust performance across all key metrics. The bank's total assets appreciated 90.22 percent, soaring from N10.86 trillion in 2022 to N20.65 trillion by the end of 2023. The commendable increase was attributed to UBA's continued strength and resilience, as well as its ability to effectively navigate the increasingly complex financial landscape.

UBA also recorded an outstanding profit before tax (PBT) in the year under review, growing by 277 percent to N758 billion, from N201 billion in 2022. The significant improvement in PBT was further reflected in the bank's profit after tax (PAT), which rose 257 per-

Oliver Alawuba, group managing director/CEO, United Bank for Africa Plc

cent, from N170 billion in 2022 to N608 billion in 2023. In addition, the bank's cost-to-income ratio, which measures the bank's efficiency, improved significantly from 59.2 percent in 2022 to 37.2 per cent in 2023.

The Tier-1 bank reported a 61.3 percent increase in loans to customers, from N3.4 trillion in 2022 to N5.5 trillion in 2023, while customer deposits rose 90.31 percent from N7.8 trillion in 2022 to N14.9 trillion in 2023, reflecting increased customer confidence, enhanced customer experience, successes from the ongoing business transformation programme and the deepening of its retail banking franchise.

In line with UBA's impressive performance across other financial metrics, the group shareholders' funds increased significantly by 120.2 percent from N922 billion in December 2022 to N2 trillion by December 2023.

Tony Elumelu, the group chairman, had made a commitment at the previous annual general meeting to pay out a substantial dividend to shareholders. In line with that promise, the bank announced a final dividend of N2.30 per share, subject to shareholder approval at the upcoming AGM. Oliver Alawuba, the group managing director/CEO, expressed satisfaction with the bank's outstanding financial performance, which resulted in record profits and balance sheet growth. Alawuba dwelled on the group's shareholder's funds which crossed N2 trillion from N922 billion in 2022, and total assets which crossed the N20 trillion mark, with a 90.2 percent Year-on-Year growth. He noted that the group is well positioned for further business expansion in FY2024 having closed FY2023 with Capital Adequacy Ratio of 32.6 per cent.

The GMD added that the bank's diversified business model (Pan-African and international strategy) is justified by the contribution of its ex-Nigeria business to the group's results and reinforces its resolve to expand the market share of customers, funding, digital and transaction banking businesses across Africa.

GTCO delivers robust N609.3bn PBT, up 184.5% YoY in FY 2023

Cynthia Ezekwe

GUARANTY TRUST HOLDING COMPANY PLC (GTCO), one of Africa's major financial services groups, has reported a profit before tax of N609.3 billion for the year ended December 31, 2023, representing a significant increase of 184.5 percent over the N214.2 billion recorded in the corresponding period of the previous year.

GTCO's audited consolidated and separate financial statements filed to the Nigerian Exchange Group (NGX) and the London Stock Exchange (LSE) showed strong growth across all the group's business segments as the group's net loan book increased by 31.5 percent from N1.89 trillion in December 2022 to N2.48 trillion in December 2023.

The group's balance sheet was well structured, diversified, and resilient, with total assets and shareholders' funds closing at N9.7 trillion and N1.5 trillion, respectively. The full impact capital adequacy ratio (CAR) remained strong at 21.9 percent. In addition, asset quality was maintained as the IFRS 9 Stage 3 loans improved to 4.2

Segun Agbaje, group chief executive officer, Guaranty Trust Holding Company Plc

percent in December 2023 from 5.2 percent in December 2022.

The group's key financial ratios also maintained a positive growth rate, with pre-tax return on equity (ROAE) at 50.6 percent, pre-tax return on assets (ROAA) at 7.6 percent, full impact capital adequacy ratio (CAR) at 21.9 percent, and cost to income ratio at 29.1 percent.

On the flipside, Cost of Risk (COR) closed at 4.5 percent from 0.6 percent in December 2022 owing to worsening macros which caused significant increase in Expected Credit Loss (ECL) variables.

Commenting on the performance, Segun Agbaje, the group chief executive officer of GTCO, noted that the challenging operating environment of 2023 was a major test to the business model of the holding company's banking and non-banking business verticals.

"Harnessing the group's synergies yielded a strong performance, allowing us to strengthen our foothold in banking whilst also building viable and resilient businesses of HabariPay, Guaranty Trust Fund Managers, and Guaranty Trust Pension Managers.

"Also important to our success is our relentless obsession with innovation and offering great customer experiences as demonstrated by the successful redesign and upgrade of our mobile banking application, GT-World," Agbaje said.

The GTCO chief noted that the group has been able to leverage its unique strengths and capabilities to create value and opportunities for its verticals and customers, despite the challenges posed by regulatory reforms, global uncertainties, and heightened competition.

Agbaje expressed his confidence in the group's ability to navigate the challenges and opportunities ahead, highlighting the importance of flawless execution to achieve sustainable growth across all operations and deliver long-term value for all stakeholders.

STOCKS MARKET

	NSE	NSE 30	FTSE 100	DOW JONES	S & P 500	FTSE/JSE	NASDAQ
	102,314.56	3,796.05	7,914.13	33,808.96	4,133.52	77,910.96	12,072.46
CURRENT	1.09	1.02	0.15%	0.07%	0.09%	-1.23%	0.11%
YEAR TO DATE	36.83	36.05	6.21%	2.00%	7.66%	6.66%	15.34%

TOP TRADERS

Company	Volume	Value
UBA	148881854	4009769923
ZENITHBANK	135810416	5483642649
GTCO	98755073	4130780496
TRANSCORP	71430613	998478132.4
ACCESSCORP	44310096	868070283.9

TOP GAINERS

No	Equity	Opening	Closing	%Change
1	TRANSCORP	N 13.60	N 14.95	9.93%
2	MORISON	N 2.33	N 2.56	9.87%
3	OANDO	N 11.45	N 12.55	9.61%
4	CAVERTON	N 1.64	N 1.78	8.54%
5	DEAPCAP	N 0.63	N 0.68	7.94%

TOP LOSSERS

No	Equity	Opening	Closing	%Change
1	GTCO	N 46.00	N 41.40	-10.00%
2	DANGSUGAR	N 59.00	N 53.10	-10.00%
3	FLOURMILL	N 37.50	N 33.80	-9.87%
4	MULTIVERSE	N 15.25	N 13.75	-9.84%
5	DANGCEM	N 755.30	N 686.70	-9.08%

COMMODITIES

SYMBOL	PRICE	CHANGE	%CHANGE	VOLUME
OIL	74.84	0.76	1.03	14,339
BRENT	79.66	0.56	0.71	168,053
NAT GAS	2.6	-0.097	-3.6	42,174
RBOB GAS	2.188	0.005	0.22	5,013
GOLD	2,027.90	6.3	0.31	113,945
SILVER	22.69	-0.117	-0.51	25,101
COPPER	911.6	-0.4	-0.04	13,613
PALLADIUM	3.764	0.019	0.49	49,162
WHEAT	942.5	-1.5	-0.16	1,459
SOYBEAN	546	-1.5	-0.27	47
CORN	595.75	10.25	1.75	21,875
SUGAR	1,221	7.5	0.62	40,789
COFFEE	448.75	4.75	1.07	43,793
COTTON	23.71	0.67	2.91	44,249
ROUGH RICE	185.55	5.6	3.11	9,691
COCOA	84.46	1.95	2.36	22,796
	17.625	0.025	0.14	106

Edun outlines fiscal actions to sustain economy, settling FG's Ways & Means

● Taps TBs, bonds for N4.83trn
● N7.9trn is outstanding amount owed

Onome Amuge

AS THE NIGERIAN government continues to grapple with the considerable burden of its mounting debt, it has resorted to utilising the proceeds from its treasury bills and bonds issued in 2024 as a means of repaying a substantial portion of its ways and means advances from the Central Bank of Nigeria. The government has set aside a substantial sum of N4.83 trillion from these sources, intending to settle a part of its outstanding N7.9 trillion debt to the CBN.

Wale Edun, the minister of finance and coordinating minister of the economy, recently revealed the government's ambitious plan to utilise treasury bills and bonds proceeds to repay a portion of its Ways and Means advances in his paper titled, "Reconstructing the Economy for Growth, Investment and Climate Resilience Development." Presented at the Lagos Business School Breakfast Club, Edun's disclosure shone a light on the government's efforts to address its debt burden and simultaneously chart a path towards a more resilient and sustainable economic future.

He drew attention to a rather concerning economic trend in Nigeria. By December 2023, the nation's GDP growth stood at just marginally higher than the rate of population growth, by a meagre 20 basis points (bps). This striking statistic, as Edun remarked, serves as a grim indication of Nigeria's prolonged period of underwhelming economic performance and lacklustre productivity levels.

To achieve substantial economic progress in 2024, Minister Edun stressed the need for concerted efforts in three crucial areas of the economy. He suggested that the country prioritises the expansion of its oil production, incorporating condensate, to a lofty target of two million barrels per day (mbpd), an achievement that would bring significant economic benefits through increased revenue and exports. He added that the government must work to bolster agricultural sector growth, with a specific aim of increasing it to three percent, from its current 2023 level of 2.1 percent, to boost the nation's self-sufficiency in food production and support economic diversification. Edun outlined an ambitious strategy to achieve fiscal consolidation in 2024, focusing on substantial revenue growth. The government's plan, he noted, aims to increase revenue by a staggering 78 percent year-on-year. However, Edun underscored the essential role of effective implementation of the government's revenue assurance model to achieve this revenue growth target. In addition, he revealed the government's aim to lower the budget deficit to a more manageable 3.9 percent of GDP, significantly less than

L-R: Adedeji Oduba, vice chairman, ASIS Chapter 206; Kikelomo Shodeko, treasurer; Joko Olanitori, chairman; and Ikemesit Effiong, partner at SBM Intelligence, receiving a commendation award as keynote speaker from Angwa Reuben Odum, regional vice president (RVP), ASIS, and Peter Okoloh, assistant regional vice president, ASIS International Region 11A, during the 2nd edition of Next Gen 2.0, a security career mentorship programme for emerging security professionals organised by ASIS Chapter 206 in Lagos, Nigeria.

the 6.1 percent target in 2023.

The fiscal consolidation strategy outlined by the minister encompassed a range of measures aimed at boosting government revenue. The government's focus, Edun revealed, lies in safeguarding oil revenues, increasing revenue contributions from both ministries, departments, and agencies (MDAs) as well as government-owned enterprises (GOEs), diversifying the revenue base through the augmentation of non-oil revenue sources, and maximising the revenue potential of government assets through effective optimisation. This multi-pronged approach, he believes, would help the government to achieve its fiscal consolidation objectives.

To enhance the availability of what he termed "sticky" foreign capital, Edun announced a series of medium-term initiatives. These measures include a series of presidential executive orders aimed at enhancing the liquidity of the US dollar in the Nigerian economy, as well as presidential directives in the oil and gas sector to facilitate more efficient resource management. Edun also highlighted the importance of repatriating foreign denominated assets into the formal financial sector, and the issuance of foreign-denominated federal government bonds in the local market.

To bolster the implementation of the medium-term initiatives outlined, the minister elaborated on a number of measures scheduled to be rolled out in the second quarter of 2024. These measures include a suite of tax incentives, exemptions, and remissions specifically designed for oil and gas companies, which the government hopes will stimulate increased investment and production in the sector. In addition, he noted that the government plans to introduce increased local content requirements and reduce contracting costs and timelines within the petroleum sector, with the aim of boosting the competitiveness of local businesses and creating a more investor-friendly environment for foreign capital.

Recognising the immense benefits of sustained trade surpluses, Edun pointed to the favourable performance of Nigeria's current account balance in 2023, which he attributed to improved export activities. Encouraged by this progress, the Nigerian government is now pursuing a range of measures to further promote regional trade.

Edun noted that these include harmonising trade policies across the region, improving the efficiency and interconnectivity of financial systems, and integrating payment systems to facilitate smooth and seamless cross-border transactions.

MONEY Nuggets

TUNDE OYEDOYIN

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What's your first quarter performance scorecard?

AS A PRELUDE; performance is like the hips, which, as Colombian superstar, Shakira famously sang, "don't lie." I will come back to it; just follow the drift.

For starters, one hates to be the bearer of bad news. But here's the thing. Bad news, like many other things, is relative. As a matter of fact, nobody needs the brain of an Albert Einstein, nor a study of his 'theory of relativity,' to acknowledge the fact that almost everything in life is relative.

The bad news in our context is that we've just gone past the first quarter of the year. For anyone working in a business organisation or in the civil service, the fact that the first quarter has ended may not even mean much. However, if you've forgotten about your financial goals for the year, it's bad news, as you've lost some ground, probably. For the political activist, the needle may also not have moved, either.

After all, May 29 is what matters as the average activist and opposition are more interested in the scorecard of President Bola Ahmed Tinubu's one year in office than almost anything else.

But for investors, the end of the first quarter means it's time to check out their investments. If you haven't heard from your stockbroker or anyone minding your interests by now, you'll probably be on the lookout to know in which direction the pendulum swung for your investments.

Put differently, investors and among others, those who own the banks where you're an account holder, care to know how their capital performed in the just ended first quarter.

The reason they care is because performance matters in every segment of the society. As mentioned in the opening, they're like hips and Shakira's call is on the money. They don't lie. Relative to your financial goals, neither will your first quarter performance. It's time you check them out for they don't lie. Remember an earlier piece was on SMART goals in the context of your financial goals.

So, how did you perform in the quarter? While answering that and even if you can't tick off any of your financial goals, remember that the second quarter presents you with the opportunity to wake up and smell the coffee.

Low savings "are No 1 money worry:

The above caption was the title of a short piece in the Metro Newspaper of Friday, February 23rd.

According to it, "nearly half of Brits have money regrets - with not saving more topping the bill in a poll of 4000 adults conducted by Moneybox. The report stated further that' a third wish they had started planning for retirement earlier and a quarter regret not learning more about managing money.' Brian Byrnes of Moneybox is absolutely on point for saying: "the fact most people never received any financial education is not right."

Now, here's the thing. If a similar poll was conducted in Nigeria, the result may be similar. But irrespective of what the outcome may be, now's the time to set forth at dawn and start saving, if you haven't already begun. Make savings a part of your financial goals for this second quarter. Even if the realistic amount you can save is just a thousand Naira per month or £20, go for it. Then plan to do more in the third quarter.

Quoted Insurers

Security	P/close	Open	High	Low	Close	%Change	Volume	Value
AIICO	1.7	1.7	1.7	1.1	1.2	-4.27	4,094,056	4,615,933.99
CORNERST	1.98	1.98	1.9	1.9	1.9	-4.04	702,109	1,333,677..79
LASACO	2.01	2.01	2.1	2.05	2.1	4.48	843,138	1,748,515.05
MANSARD	5.7	5.7	-	-	5.7	0	462,348	2,598,830.19
MBENEFIT	0.6	0.6	0.59	0.57	0.57	-5	849,594	497,498.03
NEM	9.8	9.8	9.55	9.55	9.55	-2.55	30,152,088	287,920,956.60

Stories by Cynthia Ezekwe

Cheaper electricity

Expert wants power DisCos to leverage insurance modelling

FACED WITH A GROWING ANXIETY among Nigerians over the spiralling cost of electricity, insurance management consultant Ekerete Ola Gam-Ikon has urged electricity distribution companies (DisCos) to explore innovative risk management solutions via insurance modelling as a means to lower electricity prices for customers.

This appeal comes in light of the long-standing burden of high electricity rates borne by customers, largely attributable to the high cost of risk management and a dearth of effective risk mitigation strategies within the power distributions companies, a situation that has long plagued the Nigerian electricity sector.

During a recent media chat with business a.m. Gam-Ikon underscored the critical role that an in-depth understanding of the very nature and essence of insurance plays in the context of Nigeria's ongoing economic reinvention. Highlighting the importance of insurance as a foundational tool for protecting and promoting economic growth, he pointed out that grasping the significance of insurance at this time is of utmost importance for ensuring the success and sustainability of any positive outcomes of Nigeria's economic transformation.

Gam-Ikon provided an illuminating definition of insurance, describing it as a mechanism by which individuals or organisations enter into an agreement with a licensed insurer, enabling them to transfer or share the risks they face in exchange for a regular premium or contribution.

He further underscored the necessity for DisCos to consider insurance modelling in their cost-benefit analysis, explaining that incorporating insurance into their business model can help alleviate the need to pass on the entire cost of risks to customers through increased rates or prices.

L-R: Taiwo Ganiyat Olusesi, registrar/chief executive, Nigerian Institute of Management (Chattered); Ibrahim Nafada, head, project finance, Federal Mortgage Bank of Nigeria; Femi Odugbemi, executive producer/CEO, ZURI @24 Media; Omotola Bamigbaiye, author/publisher of 'Imperfectly Awesome' Embracing and Becoming a Wholesome You; Victor Afolabi, chief launcher, managing director/CEO, GDM Group; Lampe Omoyele, managing director/CEO of Nitro121; and Idy Enang, president and chairman of council, National Institute of Marketing of Nigeria (NIMN), during the book launch of 'Imperfectly Awesome' Embracing and Becoming a Wholesome You in Lagos recently.

In Nigeria, the electricity sector has been persistently plagued by a host of issues, including an unreliable power supply and inadequate infrastructure. These long-standing challenges have led to a recent directive by the Nigerian Electricity Regulatory Commission (NERC), mandating an increase in electricity tariffs across the board, particularly affecting Band A consumers who experienced a staggering hike in electricity prices from N68 to N225 per kilowatt-hour.

This exorbitant increase in electricity prices has only served to intensify the already significant financial burden faced by many Nigerian consumers, who are now finding it increasingly difficult to keep up with the cost of living. The skyrocketing electricity rates have once again highlighted the urgent need to tackle the deep-rooted issues that continue to hinder the efficient functioning of the country's power sector, as well as to explore viable solutions that will enable consumers to access reliable, affordable, and sustainable electricity services.

In light of these challenges, Gam-Ikon maintained that insurance modelling presents a promising solution for the Nigerian electricity sector. He noted that by adopting a comprehensive insurance model, DisCos can effectively mitigate the risks associated with electricity distribution, such as weather-related damage to infrastructure or unanticipated power disruptions, thereby ensuring their financial security. This approach, he explained, could also prevent consumers from being overburdened by excessive electricity rates, as the costs of risk management would be shared between the DisCos and the insurance providers, resulting in a more equitable distribution of the financial burden.

The insurance management consultant further highlighted that the mounting pressure from both the Nigerian government and the public to ensure that electricity services are both reliable and affordable has become a driving force behind the need for DisCos to explore insurance modelling as a viable risk management solution.

With the government advocating for increased accountability and transparency in the electricity sector, and the public demanding better access to reliable and affordable electricity services, DisCos are facing a significant challenge in balancing their financial stability with the need to improve their performance and meet the expectations of their customers.

Gam-Ikon posed a critical question regarding the revenue projections of DisCos, asking whether they base their calculations on the actual amount of electricity they receive from the transmission system or on the amount they ultimately distribute to their customers. "To manage their technical losses, they'll need some actuarial valuation and determine their rates using the maximum possible gain or loss given the defined population of users. The losses experienced by users based on the Band system introduced could possibly be mitigated by ensuring that one band pays for the losses of another Band and vice versa," Gam-Ikon noted. While acknowledging the potential benefits of insurance modelling for the Nigerian electricity sector, Gam-Ikon also stressed the need for insurers to carefully evaluate the insurable interest in the DisCos, which refers to the financial stake or potential loss that the DisCos could face in the event of a disruption to their operations.

Additionally, insurers would need to clearly define who is responsible for paying the insurance premiums and establish a transparent process for handling claims in the event of an incident, such as a power outage or infrastructure damage, in order to ensure a smooth and efficient process for both the DisCos and their customers.

Gam-Ikon underscored the evolving nature of risks in today's increasingly uncertain environment, pointing to the growing opportunities for the insurance industry in Nigeria to step up and offer innovative solutions that address national challenges from an insurance perspective. He also pointed out the need for insurance professionals to actively engage in these conversations and to position the insurance industry as a key player in the present and future solutions for Nigeria, using their expertise to develop tailored insurance products and services that mitigate emerging risks and contribute to the country's resilience and growth.

NCRIB, LASACO Assurance partner to enhance insurance service delivery

LASACO ASSURANCE PLC, a Nigerian insurance and financial services firm, and the Nigerian Council of Registered Insurance Brokers (NCRIB) have teamed up with the mutual goal of improving the quality of insurance service delivery to customers throughout the country.

In the face of ongoing economic uncertainty, this strategic partnership serves as a beacon of hope for policyholders, as both parties bring their individual expertise and collective experience to bear in providing more comprehensive, customer-centric insurance solutions.

During a formal visit to Lasaco Assurance Plc, Babatunde Oguntade, the president of NCRIB, accompanied by his executive committee, was warmly received by Razzaq Abiodun, managing director of Lasaco.

Abiodun seized the opportunity to not only express his enthusiasm for the collaboration, but also to underscore the pressing need for insurance providers to be innovative and proactive in developing strategies that could support their customers in coping with the current economic uncertainty, urging them to consider creative solutions that would aid in weathering the challenging circumstances.

He also pointed out that one of the major ways insurance businesses can thrive in Nigeria and record significant growth is through improved productivity and customer satisfaction which can be achieved through collaboration and the exchange of ideas that could enable them operate optimally and give consumers the needed satisfaction.

On his part, Oguntade outlined the partnership's advantages for Lasaco Assurance Plc. He highlighted the opportunity for Lasaco to not only upskill its employees through both local

and international training, but also to participate in NCRIB-led events, thereby gaining valuable exposure and visibility in the insurance industry.

The NCRIB president noted that the partnership aimed to reinforce the commitment of Lasaco Assurance Plc to a higher level of customer experience and engagement, with the ultimate goal of fostering improved relationships between the company and its customers.

Furthermore, he attributed the council's decision to visit Lasaco Assurance to the company's dedication to ensuring customer satisfaction, as well as its ongoing support for the NCRIB.

Tope Adaramola, the CEO and executive secretary of the NCRIB, expressed his deep appreciation to Lasaco Assurance Plc, pledging his commitment to maintaining and enhancing the mutually beneficial relationship between the insurance company and the council.

Adaramola underscored the importance of collaboration and partnership in achieving better service delivery and affiliation, and assured Lasaco Assurance Plc that he would continue to strive towards strengthening the ties between the two organisations.

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How Seeing a Regular Doctor Improves Primary Care

MICHAEL FREEMAN

Assistant Professor of Technology and Operations Management

IN PRIMARY CARE, PATIENT-DOCTOR continuity not only brings positive health outcomes, but also productivity benefits.

It is well documented that a sustained therapeutic relationship between a patient and a doctor is valued by both patients and doctors alike. Surveys also highlight the health benefits and improved management of health conditions for patients who have an ongoing therapeutic relationship with the same primary care physician, known as relational continuity.

Yet, continuity is tricky in practice when the healthcare system is under strain. In the United Kingdom, as in many other developed and developing countries, the increase in demand for primary care, coupled with a shortage of primary care physicians, mean that patients are more likely to be assigned to doctors based on their availability rather than their "regular doctor" with whom they have relational continuity.

To better tackle the healthcare labour crunch, understanding the productivity effects within the primary care setting is key. While previous large-scale studies have analysed hospital visits, this is the first to focus on primary care. Together with my co-authors, Harshita Kajaria-Montag and Stefan Scholtes from Judge Business School, we conducted a study to investigate if increasing continuity of care could improve physician productivity in primary care.

Insights from the ground

Productivity of primary care physicians typically encompasses the quality of care provided to patients and the number of patients served. In primary care, where patients often have their preferred regular doctor, these two dimensions are related. When physicians provide quality care to their regular patients, not only are there proven health benefits to the patients, but it can also reduce demand for consultations, thereby increasing the number of patients the physicians can attend to.

To investigate whether continuity of care translates to similar productivity gains, we defined our primary measure of productivity as the "revisit interval", which refers to the length of time between consecutive consultations. We hypothesised that increased patient-doctor continuity will extend these intervals, meaning that patients would require consultations less frequently.

Using statistical models, we analysed primary care data from over 11 million face-to-face consultations between over 14,000 primary care physicians and 1.8 million patients in 381 English primary care practices. Based on data spanning over 11 years, this is the first large-scale empirical investigation into the relationship between continuity of care and physician productivity.

Upside of continuity

Our study provides evidence that consultations between a patient and a primary care physician are more productive if the physician is familiar with the patient, which effectively saves primary care resources. Specifically, when patients see their regular doctors, the interval between consultations increased by an estimated 18.1 percent. We also found that their consultation duration is, on average, marginally shorter.

Our findings indicate that this productivity benefit of continuity is uneven, with statistically significant increases in revisit intervals for older patients, patients with more than one chronic disease, or patients with mental illnesses. Therefore, targeting the right patients for continuity of care is important. In practice, our estimation models can be used as scoring tools to identify patients for whom continuity of care offers higher productivity benefits.

Further, we used our model to compute the potential impact continuity of care could have on consultation demand. We found that if all practices in the dataset had offered continuity of care to approximately 75 percent of their consultations and prioritised patients who are elderly or those with chronic disease or mental illness, total consultation demand could decrease by up to 5.2 percent.

Continuity of care in practice

While our study shows that continuity of care comes with benefits, it is not always prioritised in practice. In the UK, for instance, to manage the labour crunch in the primary care sector, policies are prioritising access over continuity. In other words, patients are assigned to doctors who are available instead of doctors who have seen the patient most regularly in order to deal with on-the-day demand.

Fundamentally, there are two prevalent operational mindsets to address the chronic shortage of primary care doctors. The first is to industrialise primary care to maximise the number of consultations per doctor per day, with the goal of fast and convenient access to a primary care consultation – no matter with whom. The second recognises the value of continuity of care and focuses on the relationship between doctors and patients, such that practices are organised around providing access to "your primary care doctor".

The first mindset, which focuses on daily throughput and fast access, can disrupt continuity. Our findings suggest that this mindset is counter-productive, as it both harms the doctor's productivity and generates avoidable demand for future consultations. Moreover, studies have shown that increasing the availability of primary care actually drives up demand. At the same time, the random assignment of physicians based on availability reduces continuity of care.

Clearly, the trade-off between access and continuity must be managed. Against the backdrop of the primary care shortage, offering continuity of care to all patients is easier said than done. But our study offers important insights: increasing the percentage of patients seeing their regular doctor, with priority given to groups that will benefit from it the most, can help alleviate the strain on primary care practice in the real world. Continuity of care can improve productivity, especially when it is implemented where it matters the most.

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PAWEL KORZYNSKI

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Cyberloafing Unplugged: Overcoming Online Distractions in the Workplace

CYBERLOAFING CAN BE A RESPONSE to job dissatisfaction associated with high workload, low self-efficacy and poor time management skills.

Amid seemingly never-ending layoffs and a laser focus on efficiency, companies are expecting their employees to make productive and focused use of their time on the clock. Yet, research has shown that employees often spend a significant amount of time cyberloafing – using the internet for personal purposes during work hours – with one study putting this figure as high as 60 to 80 percent.

Remote and hybrid work arrangements and a significant uptick in social media use have likely exacerbated cyberloafing, making it an important workplace challenge for companies to overcome. Compared to slacking off entirely, cyberloafing can be perceived as a more harmful work behaviour, as employees can pretend to be working while actually spending time online engaging in personal tasks. Productivity, efficiency and focus invariably take a hit, which can hurt firm performance.

To explore this further, my co-author (Olga Protsiuk of Kozminski University) and I conducted a study to investigate the underlying causes of cyberloafing. We also suggest some actions that organisations can take to mitigate the problem and help promote job satisfaction among their employees.

What leads to cyberloafing?

Before we initiated our study, we made several real-life observations regarding the impact of workload and self-efficacy on cyberloafing. In one scenario, we observed a project manager being overwhelmed by tight deadlines and an increasing number of responsibilities. This employee often found solace in brief online distractions to alleviate stress, suggesting a direct link between high workload and increased cyberloafing.

Separately, we noticed a sales representative known for their high self-efficacy consistently meeting project milestones with confidence. Unlike their peers, they rarely resorted to online distractions during work hours, implying that strong self-efficacy might reduce the tendency to indulge in cyberloafing behaviours.

Based on these observations and informed by previous research, we hypothesised that high workload would be positively associated with cyberloafing due to the need for stress relief, while high self-efficacy would be negatively associated with cyberloafing as it fosters a focus on work and effective task management.

Our participants consisted of 217 employees working in the retail jewellery industry in Ukraine. We distributed online questionnaires that asked participants to indicate the frequency with which they engaged in various cyberloafing behaviours. The survey also included questions designed to assess the intensity of their workload, as well as their sense of self-efficacy, time management skills and level of job satisfaction.

We found that time management skills were negatively associated with cyberloafing. But surprisingly, our hypotheses regarding workload and self-efficacy were not supported by our results. Despite our initial expectations that high workload and low self-efficacy would increase cyberloafing, we did not find a significant, direct relationship between these factors.

What we did discover was that job satisfaction greatly influenced the relationship between workload or self-efficacy and cyberloafing. Higher workload was associated with lower job satisfaction and higher cyberloafing, while higher self-efficacy was associated with higher job satisfaction and lower cyberloafing. Additionally, better time management skills were associated with higher job satisfaction and lower cyberloafing.

The effect of job (dis) satisfaction

Our results suggest that job satisfaction is an essential part of managing workplace behaviours. When employees face excessive workload and feel a sense of low self-efficacy about their ability to manage workplace demands, they are likely to experience job dissatisfaction and subsequently search for coping mechanisms.

When this happens, employees could turn to cyberloafing as a counterproductive form of withdrawal behaviour. Seeking refuge in non-work-related online activities allows them to momentarily escape the pressures and demands of their work environment.

For example, consider an employee who has been assigned a project with an unrealistic deadline. They may feel overwhelmed (high workload) and doubt their ability to complete the assignment on time (low self-efficacy). This could lead to dissatisfaction with the job, as they feel unsupported and overburdened. The employee may subsequently start spending more time online during work hours, engaging in activities unrelated to work like browsing social media or online shopping. Not only does cyberloafing enable the employee to detach from their job, but it also allows them to align their efforts with what they perceive to be unfair demands from their employer.

On the flip side, employees with high job satisfaction may be less likely to engage in cyberloafing, even when their workload is high or their self-efficacy is low. In some cases, they could feel like their workload is negligible or complain less about it than those with low job satisfaction because they feel content with their salaries, the psychological climate in the workplace or the relationships they have with their colleagues.

How to reduce cyberloafing

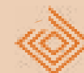
Companies looking to reduce cyberloafing behaviours should develop appropriate strategies to identify and address the various factors that influence employees' job satisfaction. This can include using surveys to evaluate job satisfaction across different aspects of work and, more importantly, addressing any gaps. This could range from enhancing job security to improving work conditions, recognising individuals' contributions, offering autonomy in tasks and setting regular meetings between supervisors and their employees to discuss and solve potential problems.

When it comes to workload, organisations could make use of questionnaires or direct feedback to better understand employees' perceptions of their work volume and pace. Companies should aim to balance the workload, ensuring that it is challenging yet manageable, in order to prevent stress without inducing boredom.

According to psychologist Albert Bandura, self-efficacy beliefs are not considered to be a stable character trait. Rather, they are task- and situation-specific and can change depending on the context. To increase self-efficacy, firms could pay more attention to person-job fit issues, as ensuring that the demands of a specific position are aligned with an employee's abilities can help promote high self-efficacy and job satisfaction. Companies could also provide opportunities for skill development and success recognition, empowering individuals to tackle their responsibilities more effectively.

To improve employees' time management skills, firms could offer practical training in time management and the efficient use of technology. Both are key strategies for employees, especially those working within hybrid work models, and can help them prioritise tasks and use their time more effectively. Moreover, organisational time schedules and rules need to accommodate individual time management styles to prevent frustration, feelings of invasion and pressure to comply with rigid timetables. All of this can negatively impact job satisfaction and, by extension, increase cyberloafing.

For employees, setting clear goals, prioritising tasks and taking regular, scheduled breaks can help with maintaining focus and reducing the temptation to engage in non-work-related online activities while on the clock. Ensuring that the position and responsibilities are well aligned with one's interests and skills, along with seeking feedback and clarification on expectations, can enhance role alignment and job satisfaction, further reducing the likelihood of cyberloafing.



MANAGEMENT

Wharton Webinar Series

AI HORIZONS

AI and the Workforce

AI and the Workforce: How Gen AI Can Help Employees Flourish

In a recent AI at Wharton webinar, experts discussed the latest research on gen AI and how it can best benefit employees.

ANGIE BASIOUNY

THE FOLLOWING ARTICLE was originally published by AI at Wharton.

When deployed correctly, generative artificial intelligence can help employees become more innovative, free them from mundane tasks, and improve their communication skills.

That's the message from three scholars who shared their research during the "AI Horizons" webinar, "AI and the Workforce" which streamed live on February 16. The webinar series is hosted by AI at Wharton to showcase emerging knowledge in the field of artificial intelligence.

Each panelist presented research on a distinct aspect of labor, yet the overarching theme was clear: Rather than fearing AI as a threat to human capital, it can help employees bring their best selves to work.

For example, allowing AI to perform repetitive banal tasks boosts employee morale. A co-authored study by Xueming Luo, marketing professor at Temple University's Fox School of Business, found that when chatbots and voice-assisted AI handled low-level customer service calls at a telemarketing company, the employees showed greater commitment and ingenuity with callers who had complex requests.

"They have a stronger interest and motivation. They feel much better, even their pride is higher. They have more energy because they have more mental power to think about creative solutions," Luo said.

The study also found that highly-skilled workers feel more positively about AI because it can help them achieve more, whereas lower-skilled workers feel more negatively about being limited by AI-enabled scripts.

Luo said that difference is a key takeaway: employers need to communicate clearly to employees the intended use for AI.

"Lower-skilled workers always feel threatened that the company is rolling out technology that is going to lay them off," he said. "The company should indicate that the technology can be used to help [employees perform better]."

A co-authored study from Cedric Xingchen Xu, doctoral researcher at the University of Washington's Foster School of Business, showed how the release of ChatGPT prompted a significant decline in the number of freelance jobs posted in an online marketplace. With competition intensifying, freelancers who are incorporating large language models (LLMs) into their services are reaping the benefits.

"They are getting more transactions over time compared with other people, so there's clearly opportunity," Xu said. In the paper, the co-authors recommended that gig platforms and policymakers provide resources to help freelancers adapt and thrive in the changing market.

Some job applicants are writing better resumés with the help of LLMs. A co-authored research study from Emma Wiles, doctoral student at the Massachusetts Institute of Technology, found that candidates who utilized "algorithmic writing help" on their resumés were hired 8% more often than those who did not.

Wiles said the curve will flatten as more and more job-seekers use such tools to polish their resumes, and interviews will become more critical to the hiring process in the future.

"As AI-enhanced or generated writing materials become more common, writing is likely to become an even less reliable signal of job performance," she said.

Mary Purk, executive director of AI at Wharton and moderator of the discussion, said the research presented by the scholars demonstrates the deep impact AI will have on hiring, retention, productivity, creativity, and job satisfaction.

"Admittedly, AI is a disruptor in the marketplace. But instead of viewing AI as a threat to human capital, employers, employees, and gig workers should consider leveraging AI to excel at work. By delegating repetitive, boring tasks to AI, we can increase morale and energy and allow individuals to focus on tasks that truly showcase their capabilities."

How to Protect Intellectual Property in the Age of AI

With AI moving at breakneck speed, senior executives need to understand the new realities of intellectual property and patents, write Wharton's Scott Snyder and co-author Mark Pecen.

SCOTT A. SNYDER

Senior Fellow, Management Department, The Wharton School; Adjunct Faculty, The Moore School of Engineering, University of Pennsylvania

THE FOLLOWING ARTICLE was written by Scott A. Snyder, a senior fellow at Wharton, adjunct professor at Penn Engineering, and chief digital officer at EVERSANA; and Mark Pecen, Wharton alumnus and senior technology executive at Approach Infinity, Inc.

Intellectual property (IP) has become the new battleground for waging global economic war. Consider the peak of patent filings from Japan in the 1980s and 1990s, and how Japan and China had taken control of much of the automotive, video, and camera markets globally, many of which were previously controlled by Europe and the United States. Today, AI is changing the landscape of IP and patents in two fundamental ways — the race to develop and protect intellectual property related to the latest AI innovations, as well as the use of AI in the process of mining and developing IP.

The recent explosion of global patent filings has caused many executives to reconsider their patent strategy and budget. Patents are used very differently by large multinational companies compared to small- and medium-sized firms. Both small and large firms use patents to protect their intellectual property, but their strategy must be consistent with the current stage of corporate maturity. A strategy that might be appropriate for a large auto manufacturer, for example, would typically not be anywhere near appropriate for a startup company or other small to medium enterprise. As companies grow and mature, patenting strategies tend to change over time as well, and it pays to re-examine a company's patenting strategy periodically.

Four Strategic Ways to Protect Your Intellectual Property

1. For Large Multinational Companies, Consider Cross-licensing

For large multinational companies, patents are a currency used for trading intellectual property rights, and cross-licensing is a reasonable strategy. With generative AI, it is now much easier and faster to detect who may be infringing and with what technologies. If a large telecommunication equipment maker is found to infringe on certain patents held by another large manufacturer, the companies technically have the right to go to a patent court and attempt to obtain injunctive relief, preventing the infringing company from making and selling their products in certain jurisdictions. This approach is usually avoided because it may cause the parties to mount expensive legal counterattacks as well as some amount of reputational damage to both firms once the media becomes involved. In the case of public companies, negative media exposure can severely affect the stock prices, due to the uncertainty of the outcome of any pending litigation.

A more proactive solution might be for the two firms to sit down together and identify opportunities for cross-licensing. It may be that "Firm A" is infringing on 20 patents owned by "Firm B" but is later found that "Firm B" is also infringing on 25 other patents owned by "Firm A." An agreement may then be drafted to allow both firms to use the identified patents, usually for a limited period (for example, three years). This allows both companies the opportunity to continue to operate their businesses without serious interruption, and the fact that the cross-license contract has an expiry date also means that the parties may return to the bargaining table at a future date if they both remain interested in the use of each other's intellectual property.

2. Protect the Value of Small- and Medium-sized Companies

For small- and medium-sized companies, patents are a different kind of currency. Having appropriate patents can substantially raise the value of smaller firms by ensuring protection for the firm's potential acquirer. If you're a founder or senior executive at a small company or startup, you may want to construct a patent strategy to protect the (usually larger) acquirer. The presence, or absence of patent protection by small companies greatly affects the value of the firm. Diligence by large firms considering purchasing a smaller firm sometimes fails, or simply depresses the acquisition price if there are no, or too few, relevant patents protecting the product and its underlying technology.

Another aspect to consider is litigation. Multinationals can usually afford to litigate, and in some cases, can't afford not to litigate. Small companies should almost never litigate, as they can easily run out of funding and/or be locked out of certain markets very quickly by the larger and better-funded opponent. Litigation is also a much more significant distraction for the smaller player where founders and executives play many more management roles and may interfere with acquisitions as well.

Generative AI has become an important tool in helping small businesses file patents; in particular, the ability to draft highly targeted claims based on the domain in which the firm operates, but also in anticipation of future opportunities not yet discovered by the mainstream business community. In addition, while today's inventors have tremendous leverage using generative AI, it is important to keep in mind the latest regulations in the U.S., which basically state that all patent applications should protect the integrity of the information they contain, and that generative AI may be used as a tool to produce patent applications, but the resulting information must be reviewed to ensure factual accuracy. And for the potential acquirer of small and medium enterprises, generative AI can assist in identifying those SMEs whose patent portfolios are relevant (or not) to the firm.

The small- and medium-enterprise executive must also consider the lifetime cost of filing patents in various jurisdictions and all the associated costs of patent prosecution. A potentially hidden cost is the maintenance fees imposed by the various patent offices periodically that the owner of the patent must pay to keep the patent enforceable. These fees can become extremely costly as the portfolio of patent families grow. It is often the case that small company founders overpatent by filing in too many jurisdictions, thinking that future maintenance fees will become "someone else's problem" once the company is acquired and failing to adequately budget for these fees.

3. Explore an Options-based Approach and Other Strategic Tools

There is no such thing as a global patent, but the World Intellectual Property Organization (WIPO) provides a formal global disclosure mechanism, search report, and the ability to file a utility patent in any of the 193 member states of the United Nations. The applicant has 30 months after filing to either promote the WIPO filing to a utility patent application in one or more countries or to abandon it. This long runway allows a WIPO filing to be used as a real option, like an inexpensive call option on an underlying stock.

A useful strategy used by some companies is to first file a WIPO filing, then roughly 24 months later before the WIPO filing goes to the national phase when the applicant must either file a utility filing or abandon it, the filing can be re-evaluated in terms of its relevance to the core business of the firm. If the filing is still relevant to their products on the market before the 30-month limit, the firm may choose to promote the filing to a utility patent application in the countries in which they do business.

The applicant may also elect to strategically abandon the filing if the invention is no longer relevant to the company's products or services before the 30-month period ends. When an applicant abandons a patent filing, there are no more legal, filing, or prosecution fees to pay and the WIPO filing stays forever in the global patent database as prior art to deter anyone else from claiming to have created the invention.

The U.S. Patent and Trademark Office (USPTO) has historically granted patents that meet qualifications in about three to four years, but there now exists a USPTO fast-track application that can be applied for. A fast-track application costs slightly more than a conventional one, but the applicant is guaranteed to receive some indication of the patent office's opinion within 12 months of filing. Knowing the opinion of the USPTO may reduce the uncertainty and potentially eliminate some of the expenses related to traditional simultaneous filings in many countries.

The U.S. provisional filing is another strategic tool. It's not a patent, but a placeholder for the applicant's priority date and creates a real option like the WIPO filing does. The applicant in the U.S. has 12 months to promote this provisional to a full utility patent application. U.S. provisionals are particularly useful when R&D organizations are working on standards, where certain inventions may become essential to these standards. For example, if a standards body adopts the applicant's invention, the applicant may promote the provisional to a utility patent application, or otherwise abandon it if not. In both the WIPO and USPTO provisional cases, generative AI can offer an early warning of either new opportunities or indication of a crowded and potentially overly mature field with very little upside, and therefore provide an implicit recommendation to strategically abandon a filing.

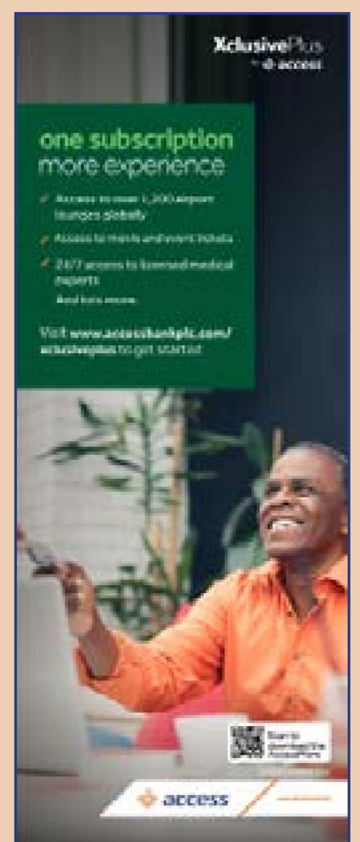
4. Leverage Inventing Culture With Patent Mining

Patenting cultures in an organization must be grown over time. Protecting corporate IP protects the company's revenue stream, corporate valuation, and other financial aspects that help protect employment, compensation, and bonuses. Inventors know that being named as an inventor on patents is traditionally regarded as a prestigious position within the technology community.

At many large firms, the company's R&D leaders periodically hold "patent mining" sessions with researchers and engineers. Patent mining is a procedure that is frequently performed just before the release of a product, where senior technical people work with product development engineers to understand what novel elements may have been implemented in the new product. Generative AI now has the potential to dramatically accelerate this process by quickly identifying "white spaces" for new patents and even drafting the initial filings. These novel elements are identified and then considered for patenting before the product is launched.

Nevertheless, many engineers and researchers at small firms think that the extra work required to file patents is just not worth the effort. This is why some firms have made the effort to grow their inventing culture and to reward their inventors accordingly. Their employees know that the right patents are highly valued, and there is usually a significantly greater supply of patent disclosures to the patent committees than the budget will allow.

Because it is almost impossible to change a corporate culture once it has been established, small companies may consider ways to encourage and reward invention culture and the filing of quality patents where appropriate. The bonus structure for patent filing and issuance may be substantial at some firms. Smaller companies may not be immediately as generous as what a large multinational might offer, but the fact that innovation and patenting are being rewarded in some manner will reinforce the importance of an inventing culture as the company grows. Remember that the large multinational technology companies of today were once tiny startups that created a culture of innovation and excellence in all aspects of their value chains.



Quoted Insurers

Security	P/close	Open	High	Low	Close	%Change	Volume	Value
AIICO	1.7	1.7	1.7	1.1	1.2	-4.27	4,094,056	4,615,933.99
CORNERST	1.98	1.98	1.9	1.9	1.9	-4.04	702,109	1,333,677..79
LASACO	2.01	2.01	2.1	2.05	2.1	4.48	843,138	1,748,515.05
MANSARD	5.7	5.7	-	-	5.7	0	462,348	2,598,830.19
MBENEFIT	0.6	0.6	0.59	0.57	0.57	-5	849,594	497,498.03
NEM	9.8	9.8	9.55	9.55	9.55	-2.55	30,152,088	287,920,956.60

...INSURANCE ...PENSION ...BROKER ...RISK MGT ...SPECIALTY ...COMPANY ...PEOPLE ...REGULATION

Nigerian retirees receive N117bn boost from PenCom in Q4 2023

Business a.m.

DATA PUBLISHED BY THE NATIONAL PENSION COMMISSION (PenCom) has revealed a significant increase in retirement benefits paid out to retirees during the fourth quarter of 2023, with a total disbursement of N117.89 billion, representing a robust 22.88 percent uptick from the N95.94 billion disbursed during the third quarter of 2023.

PenCom attributed the notable rise in retirement benefits to a combination of higher lump-sum payments and annuity premium payments received during Q4'23.

The PenCom report also detailed that pension fund administrators processed a total of 6,598 requests for programmed withdrawal mode, a form of retirement benefit that allows retirees to withdraw their pension in instalments over time, as opposed to receiving a lump-sum payment.

L-R: Ahmadu Fatimah, general secretary, Lagos NIPR; Comfort Obot Nwankwo, chairman, Nigerian Institute of Public Relations (NIPR) Lagos State Chapter; Samuel Ayetutu, vice chairman; Funmi Taiwo, special guest; and Samuel Adeyemi, public relations executive, at the unveiling of activities for Lagos PR fest 2024 held in Lagos recently

PenCom's report further disclosed that out of the 6,598 requests received for programmed withdrawal mode during Q4 '23, a remarkable 6,592 were approved, while just six were rejected due to computation errors in lump-sum or monthly pension calculations.

The PenCom data shed further light on the demographic breakdown of the 6,592 approved retirees. Of these, 2,860 were from the private sector, while 3,732 were from the public sector, with the total lump-sum payments amounting to N34.38 billion and the monthly pension totaling N488.19 million.

PenCom's statistics highlighted the competitive landscape of the Nigerian pension management industry, with Stanbic IBTC Pension Managers securing a firm foothold in the market and cementing its position as the market leader.

With 21,212 new contributors registered, Stanbic IBTC Pension Managers maintained a 24 percent market share, while Access Pensions Limited trailed closely behind with 17,573 new contributors registered, representing a 19.9 percent market share. ARM Pension Managers Ltd, Leadway Pensure PFA Ltd and Premium Pension Ltd followed with 9.4 percent, 8.1 percent, six percent of the new registrations during the quarter respectively.

The domination of the pension management market by the top five PFAs is further highlighted by the fact that they collectively accounted for a staggering 67.39 percent of the total new RSAs registered during the fourth quarter of 2023, far outstripping the meagre 5.38 percent share held by the bottom five PFAs.

INSIDE INSURANCE

Fire incidents: No holidays for fire insurance providers

EKERETE OLAWOYE GAM-IKON, MNIM, CPP

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TRADITIONALLY, ESPECIALLY IN AFRICA, there are times you should not have certain discussions when people are going through certain situations, but unfortunately, uncertainty is like an unexpected visitor who just shows up.

Every time we have to address uncertainty, we recognise that our preparations were not sufficient, as there's always something that could have been done to minimise the havoc of uncertainty.

From little things like putting off the light switch or having the emergency numbers of the fire fighters to complex issues like ensuring the fire extinguishers are working or updating the stock of items in your shop and informing your insurers periodically, we always wish uncertainty gave us notice or a sign.

Various experiences from the uncertain and unexpected fire incidents, as we saw recently, have revealed that whether insurance exists or not, uncertainty would strike.

In other words, we are certain that uncertainty will show up, but we do not know the time, and this is why some people decide to pay some others, e.g., insurance companies, to bear the costs of the effects of uncertainty and save them from the associated pains.

Have you seen the places ravaged by fire? Very often, not much is left for the owners to pick and repair; most things would have to be replaced!

This explains why fire insurance is far cheaper than other classes of insurance and is increasingly taken up by certain people, especially homeowners and producers.

As we consider moving from consuming what we are not producing (or not consuming what we produce) to producing what we are consuming (or not producing what we consume), it's of utmost importance that we do not allow fire consume what we produce!

We all know that fire is an enemy weapon that obliterates its target without leaving anything behind, except there are firefighters and equipment, which would minimise the costs and effects of the fire.

Do you realise that Fire Insurance policies are part of the "equipment" you should have to fight fire incidents?

Do you know that, by law, part of the premium you pay for Fire Insurance policies are remitted to the Federal Fire Service for the maintenance of their system to ensure they can effectively respond to fire incidents?

Sometimes, it actually does look like insurance has been duly designed to work for us, but we have allowed ignorance, horrific past experiences, and unbelievability to hinder us from enjoying better insurance experiences available today.

Premium rates for Fire Insurance had been increased in the Nigerian insurance market before that of motor insurance, but you did not notice probably because you are not a producer or homeowner.

The intention of increasing premium rates is to ensure that the insurance companies are in strong financial positions to pay your claims when reported.

Sometimes, too, I have thought that insurance ought to be part of the emergency management process to make the agencies at federal and state levels more proactive.

Currently, the agencies respond to fire incidents and other situations, whether the victims are insured or uninsured, but if they have to respond only to those insured, we would be certain that the governments have not been left alone to cater for our uncertainties.

Especially knowing that the causes of fire incidents have now been extended to weather conditions and climate, we cannot afford to lose control and act as if we do not know these tools of uncertainty: fire and flood!

When you are ready to protect yourselves and businesses against uncertainty, insurance is always there.

Do not plan to confront uncertainty and these uncertain times without insurance. Doing so amounts to not planning, and you will not be better than that person who is ignorant or unaware of insurance.

If it has helped many businesses bounce back after fire incidents, and without increased exposure to creditors, why don't we let Fire Insurance work for us.

#BeAware #BeInformed
#InsuranceWorks

ANALYST INSIGHT

Insuring against aviation risks

CHUKWUMA ONONIWU

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AVIATION INSURERS PROVIDE insurance covers for insureds – airlines, aircraft manufacturers, airports, air transportation service providers, refuellers, caterers, security screeners, etc – against the risks of damage(s), loss(es), liability(ies), etc, in return for premium payment, from which the insurers pay premiums to the reinsurers; and the reinsurers pay premium to the retrocessionaires to offset the risks.

The 3P's in Aviation Risks Management are: *identification of the risks; *assessment of the risks, and *mitigation of the risks. An important driver for aviation insurance risks management and aviation development was the development of passenger liability regime at both national and international levels through the convention for the unification of certain rules relating to international carriage by air (the Warsaw Convention) which was signed on 12th of October 1929. It is pertinent to note that after the 9/11 incident in the United States, the global aviation market tightened significantly with respect to clauses/terms/conditions/premium rates of aviation insurable risks coverage. One of the key characteristics of aviation insurance is that it operates on an agreed value basis, ensuring that the insured receives indemnity based on the agreed value of the aircraft, instead of the reinstatement cost.

The types of aviation insurance risks include, but not limited to the following: in-flight insurance, ground risk hull (non-motion insurance), air-borne risk hull (motion insurance), public liability insurance, passenger liability insurance, etc. Specific policies are also available to cover the legal liability of airport owners, arising out of the operations of airport hangars, etc.

An Aviation risk can crystallise in any of the following: while the aircraft is taxiing on the runway, taking off, climbing, cruising, descending, approaching and landing. The common aviation risks include, but not limited to the following: bad/mistry weather condition, aircraft about to/run out of fuel whilst air-borne, failure of electrical, electronic, computer, instrumentation, mechanical components, engine failure, inability of the plane tyres to release whilst the plane is descending and approaching to land, bird strike, collusion with another aircraft, etc.

Examples of aviation hazards include, but not limited to: a nick in the propeller blade, improper refuelling of an aircraft, the use of unapproved hardware/software, non-functional emergency exits/safety jackets, non-functional fire extinguishers, poor compromised serviced aircrafts, pilot fatigue/loss of memory, etc.

Risk underwriting template: The risk underwriting assessment criteria include, but not limited to, *the type of aircraft; *the specific make/model of the aircraft; *the name of the manufacturers of the aircraft/year of manufacture; *the D checks and the other checks certifications of the aircraft; *the service history/maintenance record of the aircraft; *the risk control measures of the aircraft owners/lessors/lessees/handlers; *the profile of the pilots and the aircraft maintenance engineers,etc.

Peculiarities of insuring aviation risks: The catastrophic and the consequent humongous nature of losses, and the consequent large amounts of insurance claims, makes it imperative to insure for full value, to insure for contingent liabilities, to have adequate co-insurance cover, to have adequate reinsurance cover, to have adequate retrocession cover, to have an experienced professional aviation risks broker, to have an experienced professional aviation risks surveyor, etc.

NOTE: The ownership of the aircraft and its legal implications and financial implications, equally determines who has insurable interest and who between the lessor and the lessee, dictate where the risks should be placed and underwritten.This is because, most of the time, due to the humongous cost of outright purchase of an aircraft, for instance a Boeing, an Airbus, etc, the aircrafts are usually leased on either wet lease or dry lease. Thus,

Continues on page 20

MARKET COMMENTARY FOR THE WEEK ENDED 12TH APRIL, 2024

Focus of the week: SSA Inflation Update – February 2024

INFLATION REMAINS elevated in top SSA economies.

In February, headline inflation moderated in 5 out of the top 10 economies in Africa, compared to 4 in January. Notable declines were recorded in Morocco (-2.0ppts), Ethiopia (-1.2ppts), Kenya (-0.6ppts), and Ghana (-0.3ppts). The largest upticks were observed in Egypt (+5.9ppts), Angola (+2.1ppts), and

Nigeria (+1.8ppts). Looking ahead, we expect inflation to remain mixed, amid disruptions to global supply chains and various policy interventions by central banks to curb inflationary pressures.

Ghana: Headline inflation slows in February

In February 2024, Ghana experienced a slight decline in its headline inflation, settling at 23.2% y/y, compared to 23.5% y/y in January. The moderation was driven mainly by the slowdown in non-food inflation from 20.5% y/y to 20% y/y, and food inflation from 27.1% y/y to 27.0% y/y. Amid this modest reduction, the Bank of Ghana opted to hold its benchmark rate at 29% in its recent Monetary Policy Committee (MPC) meeting.

Angola: Removal of fuel subsidies keeps inflation elevated

Angola's annual inflation surged to 24.07% y/y from 21.99% y/y in the previous month, marking a 10th consecutive monthly high. The major factor driving the rate has been the removal of fuel subsidies, and the depreciation of the Kwanza. The National Bank of Angola hiked its benchmark rate by 100 bps to 19% during its last MPC meeting, in a bid to tame inflation and stabilize the Kwanza.

Kenya: Inflation eases as food and transport prices stabilize

Headline inflation eased to 6.3% y/y in February 2024, the lowest since March 2022. This decline was majorly driven by slower price increases in transport, housing, utilities, and food. Despite the slowdown in inflation, the Central Bank of Kenya raised it benchmark rate by 50bps to 13% from 12.5% in February. This move is aimed at moderating inflation towards the mid-point target of 5%, and to address the pressures on the Kenyan Shilling.

South Africa: Inflation rose amid surge in transport prices

Annual inflation rose to 5.6% y/y in February 2024, up from 5.3% y/y in January. This was primarily due to the surge in transport prices, housing, and miscellaneous goods. Amid the increase in inflation, the South Africa Reserve Bank (SARB) held its interest rate at 8.5% at its last MPC meeting, even as inflation remained within the bank's target range of 3% - 6%.

Nigeria: Inflation surges to a new high

Nigeria annual inflation surged to a 27-year high of 31.7% y/y in February from 29.9% y/y in the previous month. This surge was majorly driven by food inflation which soared to 37.9% y/y, reflecting the acute challenges within the agricultural sector and the devaluation of the Naira. To tackle the increase in inflation rate, the Central Bank of Nigeria, during it last MPC meeting, raised the Monetary Policy rate by 200bps from 22.75% to 24.75%.

What shaped the past week?

Equities: In a shortened trading week due to the festive season, the local equity market traded in a bearish manner, losing 1.09% w/w to settle 102,314.56pts. Losses across the market were broad-based, with all key sectors closing in the red. The Banking space was the worst performer, shedding 7.22% w/w, driven by losses in the likes of ZENITHBANK (-5.88% w/w) and FBNH (-11.15% w/w). Similarly, the Consumer Goods sector fell by 1.33% w/w, due to losses observed in DANGSUGAR (-10.00% w/w) amongst others. Likewise, in the Industrial Goods space, profit-taking in the likes of WAPCO (-5.77% w/w), saw the sector ease by 0.23% w/w. Finally, in the Oil and Gas space, losses in ETERNA (-7.85% w/w), drove the 0.28% moderation observed in the space.

Fixed Income: This week, the CBN held an NTB auction where it offered N148 billion and sold N950 billion across the three tenors on offer. Stop rates offered at the auction closed at: 91DTM: 16.2%, 182DTM: 17.0%, and 364DTM: 20.7% (Previous: 91DTM: 16.2%, 182DTM: 17.0%, 364DTM: 21.1%). Meanwhile, in the secondary market, we observed a significant uptick in activity across the OMO and NTB segments of the market. In the OMO segment, broad-based interest across the curve drove a 212bps moderation in average yield across the segment. Likewise, in the NTB space, yields moderated by 162bps on average, primarily driven by interest at the long-end of the curve (300DTM: -348bps w/w, 328bps: -361bps w/w).

Currency: At the NAFEM, the Naira appreciated by N460.47 w/w to close the week at N1,142.28 per dollar.

Domestic Economy:

Following the appreciation of the Naira in the parallel market to N1,250/$ levels, the Central Bank of Nigeria began the sales of FX to BDCs at the rate of N1,101/$. This influenced further bullish sentiments in the retail end of the FX market. We believe the c.$3 billion inflow in Q1 provides sufficient dollar liquidity over the near term. We also believe the commencement of domestic refining could provide a sustainable basis for more appreciation in the Naira over the medium term.

Global: Global investors reacted to a flurry of information this week, notably the release of U.S. inflation data for March. On Thursday, the U.S. Bureau of Statistics released its monthly inflation report, showing March inflation at 3.5% y/y (February: 3.2% y/y). We observed a sour investor outlook due to a potential pivot in monetary policy from the U.S. Fed; while we are at a peak rate of 5.25% - 5.50%, persistently high inflation remains a risk to a policy pivot from the Fed. Meanwhile, earnings season has kicked off in the U.S., with major banks JPMorgan Chase, BlackRock, Citigroup, and Wells Fargo releasing Q1'24 earnings. Citigroup Inc. reported Q1'24 revenue of $21.1 billion y/y, while JPMorgan Chase reported Q1'24 revenue of $41.93 billion y/y. Moving to Europe, investors digested the latest interest rate decision from the European Central Bank. The ECB kept interest rates unchanged at 4.50%; this marks the fifth consecutive time that the apex bank has left interest rates unchanged. Furthermore, U.K. GDP rose 0.1% in February, while inflation in Germany came in at 2.2% y/y in March. For the Asian region, investors digested the latest macroeconomic data. China's inflation rate stood at 0.1% y/y in March (February: 0.7% y/y), according to the country's National Bureau of Statistics. We observed a dim investor near-term outlook on the economy, as it grapples with deflationary concerns. Finally, Brent and WTI futures rose as we approach the summer season in the northern hemisphere. Strong air and road travel across Europe, Asia, and the U.S. should support demand across global markets. Meanwhile, OPEC announced oil demand growth for 2024 remains unchanged at 2.2 million barrels per day.

What will shape markets in the coming week?

Equity market: The All-Share index lost 71bps on Friday, as investors continue to sell-down the banks. Given this week's bearish performance, we are likely to see losses moderate in that sector, as the market opens next week on a cautious note.

Fixed Income: We anticipate a subdued market in Monday's session, as investors focus shifts to the country's inflation data, which is expected to be released next week.

Indicators	WK CLS	WK OPEN	WTD (%)	YTD (%)
EQUITIES				
NGX 30	3,796.05	3,835.27	(1.02)	36.05
NGX All-Share Index	102,314.56	103,437.67	(1.09)	36.83
Market Cap (NGN bn)	57,864.64	58,484.77	(1.06)	41.41
FEDERAL GOVERNMENT SECURITIES (%)				
91-Day T-Bill	16.49	17.24	(0.04)	13.58
182-Day T-Bill	17.05	18.83	(0.09)	11.62
364-Day T-Bill	18.78	22.30	(0.16)	8.57
2-Year FGN Bonds	19.93	19.82	0.01	7.78
3-Year FGN Bonds	19.17	19.11	0.00	7.02
5-Year FGN Bonds	19.06	19.97	(0.05)	5.76
7-Year FGN Bonds	19.84	19.91	(0.00)	6.04
10-Year FGN Bonds	19.06	19.05	0.00	4.55
20-Year FGN Bonds	18.86	18.68	0.01	4.66
INTERBANK MARKET RATES (%)				
NIBOR OPR	29.67	22.11	7.56	14.61
NGN EXCHANGE RATES (₦)				
USD/NGN	1142.28	1260.31	9.37	(30.55)
GBP/NGN	1450.70	1588.83	8.69	(26.99)
EUR/NGN	1233.66	1351.13	8.69	(24.45)
CNY/NGN	159.92	175.15	8.69	(26.26)
ZAR/NGN	59.40	65.05	8.69	(21.10)
USD/NGN FORWARDS				
1M	1212.79	1277.79	5.09	(24.35)
3M	1248.89	1302.91	4.15	(25.61)
6M	1304.74	1360.09	4.07	(27.61)
1Y	1404.46	1479.02	5.04	(29.20)

Source: NGX, FMDQ OTC, Bloomberg, Vetiva Research

SECTOR	INDEX VALUE	WoW Δ	YTD Δ
BANKING	891.02	-7.22%	-0.69%
CONSUMER GOODS	1,604.36	-1.33%	43.08%
INDUSTRIAL GOODS	4,816.96	-0.23%	77.60%
OIL & GAS	1,290.74	-0.28%	23.75%
VETIVA 30 ETF	37.10	-2.24%	37.41%
INSURANCE	392.62	-2.45%	22.06%

Stock	Closing Price (₦)	% Change
MORISON	2.56	20.75%
OANDO	12.55	10.57%
TRANSCORP	14.95	10.33%
DEAPCAP	0.68	9.68%
OMATEK	0.85	8.97%

Stock	Closing Price (₦)	% Change
ACCESSCORP	19.30	-14.60%
UCAP	20.10	-13.92%
GTCO	41.40	-13.75%
FLOURMILL	33.80	-13.55%
SUNUASSUR	1.18	-13.24%

Source: Vetiva Research

Insuring against...

Continued from page 19

for very large aviation risk, particularly hull risks, it is placed in the Lloyd's of London, by a syndicate of Lloyd's registered, licensed, certified insurance brokers, risk surveyors, insurance firms, co-insurance firms, reinsurance firms, retrocession firms.

Generally, the seven cardinal principles of insurance govern the insurance of aviation risks, namely, insurable interest, utmost good faith, proximate cause, indemnity, contribution, subrogation and loss minimisation.

Summary: The purpose and the function of insurance is to provide protection against future risks, accidents, losses, damages, third party liabilities, death, uncertainties, etc. Certainly, insurance cannot forestall the crystallisation of the risks; rather, insurance has the financial capacity through its pool of risks to provide financial compensation. This is in line with the most important aspect of aviation: to ensure the safety and the security of their passengers, crew and the general public, etc, be it in commercial aviation, in general aviation, in cargo aviation, in military aviation, etc.

Going further, the Scope of Cover of Aviation Risk Insurance is inclusive of aircraft crash, fire, theft, malicious damage,vandalisation, terrorism and hijacking.

Exclusions: The exclusions in aviation risk insurance, are: *war, flying in a no fly zone, landing without clearance, confiscation of aircraft by government authorities for breach of the laws of the confiscating countries, conveyance of explosives, conveyance of ammunition, conveyance of banned substances, etc.

Share Price List as @ Friday 12 April, 2024: The Nigerian Stock Exchange

Company	Previous Close	Open	High	Low	Close	Change	% Change	Volume	Value (N)
ABBEYBDS	2.50	2.50	-	-	2.50	0.00	0.00%	7,051	17,836.79
ABCTRANS	0.70	0.70	-	-	0.70	0.00	0.00%	111,514	85,090.78
ACADEMY	1.74	1.74	-	-	1.74	0.00	0.00%	110,032	191,741.55
ACCESSCORP	20.70	20.70	21.05	19.00	19.30	-1.40	-6.76%	44,310,096	868,070,283.90
AFRIPRUD	6.90	6.90	-	-	6.90	0.00	0.00%	1,165,478	7,818,921.95
AIICO	1.17	1.17	1.17	1.10	1.12	-0.05	-4.27%	4,094,056	4,615,933.39
AIRTELAFRI	2,200.00	2,200.00	-	-	2,200.00	0.00	0.00%	530	1,049,400.00
ALEX	7.15	7.15	-	-	7.15	0.00	0.00%	71	461.50
AUSTINLAZ	2.03	2.03	-	-	2.03	0.00	0.00%	139	278.00
BERGER	17.00	17.00	-	-	17.00	0.00	0.00%	30,603	495,346.30
BETAGLAS	59.40	59.40	-	-	59.40	0.00	0.00%	3,211	176,826.40
BUACEMENT	143.20	143.20	-	-	143.20	0.00	0.00%	8,495	1,095,005.50
BUAFOODS	379.90	379.90	-	-	379.90	0.00	0.00%	10,623	3,663,355.30
CADBURY	19.00	19.00	-	-	19.00	0.00	0.00%	234,401	4,207,487.10
CAP	24.00	24.00	-	-	24.00	0.00	0.00%	4,856	115,434.90
CAVERTON	1.64	1.64	1.78	1.60	1.78	0.14	8.54%	1,386,809	2,395,310.97
CHAMPION	3.36	3.36	-	-	3.36	0.00	0.00%	259,606	873,392.73
CHAMS	2.06	2.06	2.06	1.98	2.04	-0.02	-0.97%	5,674,705	11,599,661.29
CILEASING	3.70	3.70	3.70	3.70	3.70	0.00	0.00%	228,851	847,178.21
CONOIL	90.90	90.90	-	-	90.90	0.00	0.00%	7,975	659,793.40
CORNERST	1.98	1.98	1.90	1.90	1.90	-0.08	-4.04%	702,109	1,333,677.79
CUSTODIAN	9.15	9.15	-	-	9.15	0.00	0.00%	465,924	4,295,623.50
CUTIX	3.20	3.20	3.20	3.20	3.20	0.00	0.00%	739,730	2,325,649.89
CWG	7.15	7.15	-	-	7.15	0.00	0.00%	91,768	593,403.60
DAARCOMM	0.61	0.61	0.66	0.61	0.65	0.04	6.56%	1,955,567	1,234,416.68
DANGCEM	686.70	686.70	618.10	618.10	686.70	0.00	0.00%	82,137	50,768,879.70
DANGSUGAR	59.00	59.00	53.20	53.10	53.10	-5.90	-10.00%	2,783,181	148,635,114.90
DEAPCAP	0.63	0.63	0.68	0.68	0.68	0.05	7.94%	381,318	257,196.24
ELLAHLAKES	3.61	3.61	3.95	3.50	3.50	-0.11	-3.05%	3,816,987	14,801,560.26
ETERNA	16.55	16.55	15.25	15.25	15.25	-1.30	-7.85%	273,502	4,160,009.05
ETI	26.00	26.00	26.00	26.00	26.00	0.00	0.00%	855,404	22,534,917.60
ETRANZACT	6.25	6.25	-	-	6.25	0.00	0.00%	70,410	412,933.35
FBNH	29.05	29.05	28.60	26.60	27.10	-1.95	-6.71%	12,205,691	336,850,048.00
FCMB	8.20	8.20	8.05	8.00	8.05	-0.15	-1.83%	3,377,301	27,090,701.40
FIDELITYBK	9.30	9.30	10.00	9.20	10.00	0.70	7.53%	10,505,781	99,674,777.25
FIDSON	15.90	15.90	-	-	15.90	0.00	0.00%	411,907	6,014,330.45
FLOURMILL	37.50	37.50	34.75	33.80	33.80	-3.70	-9.87%	1,636,582	57,152,740.65
FTNCOCOA	1.70	1.70	1.55	1.53	1.55	-0.15	-8.82%	4,302,874	6,626,738.94
GEREGU	1,000.00	1,000.00	-	-	1,000.00	0.00	0.00%	20,429	18,386,100.00
GOLDBREW	3.15	3.15	-	-	3.15	0.00	0.00%	10,110	32,349.60
GTCO	46.00	46.00	45.40	41.40	41.40	-4.60	-10.00%	98,755,073	4,130,780,496.35
GUINEAINS	0.36	0.36	0.36	0.34	0.36	0.00	0.00%	996,044	352,679.84
GUINNESS	49.60	49.60	54.55	50.00	50.00	0.40	0.81%	1,034,257	54,092,961.95
HONYFLOUR	3.54	3.54	-	-	3.54	0.00	0.00%	242,516	872,942.95
IKEJAHOTEL	7.30	7.30	-	-	7.30	0.00	0.00%	3,092,630	22,769,114.85
IMG	13.75	13.75	-	-	13.75	0.00	0.00%	15,700	194,680.00
INFINITY	7.19	7.19	-	-	7.19	0.00	0.00%	3,100	20,088.00
INTBREW	4.50	4.50	-	-	4.50	0.00	0.00%	565,740	2,538,304.10
INTENEGINS	1.58	1.58	1.50	1.50	1.50	-0.08	-5.06%	220,716	329,082.54
JAIZBANK	2.27	2.27	-	-	2.27	0.00	0.00%	1,206,156	2,766,692.25
JAPAULGOLD	2.07	2.07	2.06	2.00	2.05	-0.02	-0.97%	5,808,987	11,790,686.79
JBERGER	58.50	58.50	-	-	58.50	0.00	0.00%	1,456,492	76,905,485.35
JOHNHOLT	1.98	1.98	-	-	1.98	0.00	0.00%	9,000	17,924.00
LASACO	2.01	2.01	2.10	2.05	2.10	0.09	4.48%	843,138	1,748,515.05
LEARNAFRCA	3.30	3.30	3.30	3.30	3.30	0.00	0.00%	420,701	1,386,809.35
LINKASSURE	0.95	0.95	-	-	0.95	0.00	0.00%	235,300	205,670.00
LIVESTOCK	1.79	1.79	-	-	1.79	0.00	0.00%	375,564	625,744.37
MANSARD	5.70	5.70	-	-	5.70	0.00	0.00%	462,348	2,598,830.19
MAYBAKER	6.64	6.64	-	-	6.64	0.00	0.00%	225,040	1,468,106.55
MBENEFIT	0.60	0.60	0.59	0.57	0.57	-0.03	-5.00%	849,594	497,498.03
MECURE	9.72	9.72	-	-	9.72	0.00	0.00%	5,626	49,227.50
MEYER	5.60	5.60	-	-	5.60	0.00	0.00%	37,333	205,153.32
MORISON	2.33	2.33	2.56	2.56	2.56	0.23	9.87%	102,000	261,120.00
MRS	135.00	135.00	-	-	135.00	0.00	0.00%	2,284	277,506.00
MTNN	227.00	227.00	227.00	227.00	227.00	0.00	0.00%	9,348,558	2,122,121,592.90
MULTIVERSE	15.25	15.25	13.75	13.75	13.75	-1.50	-9.84%	177,861	2,445,596.00
NAHCO	33.25	33.25	-	-	33.25	0.00	0.00%	502,804	16,612,676.25
NASCON	52.55	52.55	-	-	52.55	0.00	0.00%	1,395,646	67,465,900.50
NB	28.05	28.05	28.15	28.00	28.00	-0.05	-0.18%	27,717,149	779,883,157.65
NCR	4.32	4.32	-	-	4.32	0.00	0.00%	2,600	10,114.00
NEIMETH	1.82	1.82	-	-	1.82	0.00	0.00%	74,510	130,073.35
NEM	9.80	9.80	9.55	9.55	9.55	-0.25	-2.55%	30,152,088	287,920,956.60
NESTLE	900.10	900.10	900.00	900.00	900.00	-0.10	-0.01%	336,311	302,093,743.20
NGXGROUP	24.00	24.00	24.00	24.00	24.00	0.00	0.00%	4,803,884	115,275,401.75
NNFM	48.30	48.30	-	-	48.30	0.00	0.00%	159	6,971.00
NOTORE	62.50	62.50	-	-	62.50	0.00	0.00%	1,040	64,750.00
NPFMCRFBK	1.90	1.90	1.85	1.71	1.80	-0.10	-5.26%	4,125,893	7,265,924.33
NSLTECH	0.58	0.58	-	-	0.58	0.00	0.00%	55,450	29,462.86
OANDO	11.45	11.50	12.55	11.50	12.55	1.10	9.61%	15,106,224	186,878,301.95
OKOMUOIL	247.00	247.00	-	-	247.00	0.00	0.00%	181,045	44,639,702.70
OMATEK	0.84	0.84	0.85	0.79	0.85	0.01	1.19%	2,325,565	1,888,976.46
PRESCO	231.50	231.50	-	-	231.50	0.00	0.00%	450,162	93,885,895.00
PRESTIGE	0.56	0.56	0.56	0.56	0.56	0.00	0.00%	768,560	430,238.10
PZ	38.00	38.00	-	-	38.00	0.00	0.00%	5,310	181,602.00
REDSTAREX	3.38	3.38	-	-	3.38	0.00	0.00%	83,707	285,890.46
REGALINS	0.39	0.39	0.38	0.38	0.38	-0.01	-2.56%	682,870	261,919.34
ROYALEX	0.67	0.67	0.65	0.64	0.64	-0.03	-4.48%	1,268,377	828,640.96
RTBRISCOE	0.59	0.59	0.59	0.59	0.59	0.00	0.00%	386,708	224,078.85
SCOA	2.15	2.15	-	-	2.15	0.00	0.00%	21,595	46,429.25
SEPLAT	3,370.00	3,370.00	-	-	3,370.00	0.00	0.00%	328	994,824.00
SKYAVN	22.95	22.95	-	-	22.95	0.00	0.00%	833	20,628.25
SOVRENINS	0.48	0.48	-	-	0.48	0.00	0.00%	457,450	201,278.00
STANBIC	54.00	54.00	59.40	52.50	52.50	-1.50	-2.78%	7,919,885	419,935,824.20
STERLINGNG	4.95	4.95	4.78	4.70	4.78	-0.17	-3.43%	3,303,836	15,614,999.04
SUNUASSUR	1.28	1.28	1.18	1.17	1.18	-0.10	-7.81%	319,400	379,104.40
TANTALIZER	0.38	0.38	0.35	0.35	0.35	-0.03	-7.89%	483,060	174,837.60
THOMASWY	1.97	1.97	-	-	1.97	0.00	0.00%	56,500	122,040.00
TOTAL	346.50	346.50	-	-	346.50	0.00	0.00%	15,127	5,193,258.50
TOURIST	2.50	2.50	-	-	2.50	0.00	0.00%	100	225.00
TRANSCOHOT	97.90	97.90	-	-	97.90	0.00	0.00%	68,494	6,186,852.40
TRANSCORP	13.60	13.60	14.95	12.90	14.95	1.35	9.93%	71,430,613	998,478,132.35
TRANSEXPR	1.27	1.27	-	-	1.27	0.00	0.00%	900	1,251.00
TRANSPOWER	377.00	377.00	-	-	377.00	0.00	0.00%	388,957	142,453,188.20
UACN	12.50	12.50	12.80	12.25	12.80	0.30	2.40%	15,654,332	200,073,612.40
UBA	25.15	26.90	27.45	26.30	26.30	1.15	4.57%	148,881,854	4,009,769,922.70
UCAP	20.80	20.80	20.80	18.75	20.10	-0.70	-3.37%	5,376,720	106,720,385.65
UHOMREIT	36.60	36.60	-	-	36.60	0.00	0.00%	1,848	68,376.00
UNILEVER	15.40	15.40	-	-	15.40	0.00	0.00%	179,948	2,877,939.15
UNITYBNK	2.05	2.05	2.05	1.85	2.00	-0.05	-2.44%	4,093,257	7,957,174.64
UNIVINSURE	0.41	0.41	0.39	0.37	0.39	-0.02	-4.88%	4,607,951	1,743,142.35
UPDC	1.37	1.37	1.33	1.30	1.30	-0.07	-5.11%	1,202,267	1,583,604.11
UPDCREIT	5.15	5.15	4.95	4.95	4.95	-0.20	-3.88%	661,622	3,296,776.50
UPL	2.68	2.68	-	-	2.68	0.00	0.00%	50,692	140,354.20
VERITASKAP	0.70	0.70	0.69	0.68	0.68	-0.02	-2.86%	544,140	372,596.56
VFDGROUP	202.90	202.90	-	-	202.90	0.00	0.00%	1,125	205,941.90
VITAFOAM	21.00	21.00	-	-	21.00	0.00	0.00%	140,641	2,769,969.50
WAPCO	35.55	35.55	33.50	33.50	33.50	-2.05	-5.77%	2,497,151	84,442,086.05
WAPIC	0.68	0.68	0.68	0.68	0.68	0.00	0.00%	514,391	350,609.13
WEMABANK	8.15	8.15	7.95	7.70	7.90	-0.25	-3.07%	1,314,912	10,374,801.10
ZENITHBANK	41.55	42.50	43.00	39.00	40.00	-1.55	-3.73%	135,810,416	5,483,642,648.70

Stories by Onome Amuge

Nigerian cocoa farmers, exporters savour sweet taste of cocoa price boom

NIGERIA'S COCOA FARMERS ARE harnessing the winds of change to ascend the global cocoa industry's rankings, as Ghana and Ivory Coast, the leading forces in the cocoa production market, struggle to weather a confluence of crippling forces. This is as unrelenting pests and diseases, climate change, land degradation, the incursion of mining activities, amongst others, unleash havoc on the foundation of Ghana and Ivory Coast's cocoa industry, with Nigeria's farmers seizing the opportunity to vault into the spotlight.

Cocoa farmers in Nigeria under the aegis of theCocoa Farmers Association of Nigeria (CFAN) recently revealed a rare moment of respite amidst the challenging economic climate. The association shared a glimmer of hope for the nation's cocoa producers, exuding confidence in the current pricing system and stating that farmers are content with the present price levels, despite the absent implementation of the Living Income Differential (LID).

A statement by Adeola Adegoke, the national president of CFAN, noted that farmers in the cocoa sector are pleased with the industry's current pricing structure, owing to a recent surge in cocoa prices on the international market.

"Cocoa farmers are currently enjoying our best moment due to the skyrocketing prices of cocoa beans in the international markets, especially considering Nigeria's deregulated cocoa economy since the abolition of the cocoa board in 1986," he stated.

Contrary to the belief that cocoa farmers in Nigeria may feel left behind by the unprecedented surge in cocoa prices enjoyed by their counterparts in Ghana and Ivory Adegoke, stated that such a notion is far from the truth.

Adegoke explained that the Nigerian cocoa industry operates on a different economic system, which, while it may not permit farmers to directly benefit from future cocoa contracts executed by their respective cocoa boards, has not impacted them negatively in any way.

The CFAN president noted: "We have been reliably informed that the prices the two respective giant cocoa origin countries are paying their cocoa farmers were the prices of cocoa as of April 2023, which was around $2,700 per tonne. Let's not forget the recent 50% increment in cocoa prices in Ivory Coast and Ghana, last week and this week respectively."

In a passionate plea to the nation, Adegoke, the voice of Nigeria's cocoa farmers, implored his countrymen to safeguard the country's cocoa production and management, ensuring it remains firmly in Nigerian hands.

The CFAN president stressed the importance of improving the livelihoods of smallholder cocoa farmers by investing in subsidised farm inputs, credit facilities, capacity building, and other vital resources. This, he stressed, is the surest way to enhance cocoa production and productivity, ensuring the industry continues to thrive despite the present economic landscape.

In an effort to steer the Nigerian cocoa industry towards a more stable and prosperous future, Adegoke called on industry stakeholders to rally around the National Cocoa Management Committee (NCMC). According to Adegoke, only by regulating the industry and promoting the Nigerian cocoa economy through the NCMC can the necessary investments be secured to combat key challenges such as quality control, smuggling, pesticide management, extension management, research and development, traceability, child labour eradication, deforestation control, and the implementation of a comprehensive national cocoa plan.

Adegoke underlined that the primary role of the NCMC should be to regulate and promote the Nigerian cocoa economy, shunning any involvement in the buying and selling of cocoa beans. However, he acknowledged that in the event of a drastic drop in cocoa prices, putting the economic stability of farmers in jeopardy, the NCMC may need to step in as a stabilising force, providing support funding to maintain the cocoa bean market and ensure the industry's survival. This, he explained, is similar to practices adopted in developed countries when dealing with other vital commodities.

On another note, Adegoke noted that the EU-driven Deforestation Regulation policy (EUDR), aimed at curbing environmental degradation in the cocoa industry, has emphasised the importance of enhanced collaboration among key stakeholders, with the goal of establishing a robust national traceability system for cocoa beans.

According to him, this increased transparency will ensure a more sustainable cocoa economy for Nigeria, enabling the nation to effectively tackle issues related to deforestation and address supply chain transparency.

Adegoke remained steadfast in his conviction that Nigeria's cocoa sector holds immense potential for growth and development, particularly as the industry is characterized by a dynamic and youthful workforce, as well as a positive trend in the recent price benefits for Nigerian cocoa farmers.

Cocoa prices rose to new all-time highs on Thursday. Concern about shrinking global cocoa supplies continues to push prices to record highs. Due to limited supplies, global

In a tumultuous turn of events, cocoa grinders are diving deep into their coffers, laying down record prices to secure precious cocoa supplies this year. As rumours swirl of West African cocoa suppliers buckling under the pressure, the Ghana Cocoa Board has been forced to scramble, entering into high-stakes negotiations with major traders to delay the delivery of up to 250,000 MT of cocoa until next season.

With cocoa supplies at their lowest point in four decades, an unprecedented supply shortage has catapulted cocoa prices into the stratosphere, sending shockwaves through the market and leaving traders grappling with the uncertainty.

The world's largest cocoa producer, Ivory Coast, is experiencing a severe decline in production. The latest government data painted a grim picture, with cocoa shipments declining 27.8 per cent from the previous year. Amidst this chaos, one of the world's leading traders, Ecom Agroindustrial, has issued a devastating forecast, predicting that Ivory Coast's 2023/24 cocoa production will dive to 1.75 million metric tonnes, the lowest figure in eight years.

A grim future for cocoa loomed large as the International Cocoa Organization (ICCO) released a dire report on February 29, foretelling a global deficit of 374,000 MT in the 2023/24 cocoa market, a staggering jump from the previous year's deficit of 74,000 MT. Moreso, unfavorable growing conditions and crop disease, especially in the top two largest producers (Ivory Coast & Ghana), has curbed cocoa production and fueled a parabolic rally in cocoa prices. A global cocoa deficit is expected to extend into 2023/24 since current production is insufficient to meet demand.

Nigeria, while not at the forefront of global cocoa production, has managed to maintain its dominant position in the international market thanks to the superior quality of its cocoa beans. Despite slipping to fifth place behind the cocoa powerhouses of Ivory Coast, Ghana, Ecuador, and Cameroon in 2023, Nigeria's cocoa exports soared to an impressive N258.45 billion, eclipsing the previous year's earnings of N200.07 billion.

Robusta coffee futures roast to fresh record highs

ROBUSTA COFFEE PRICES hit an all-time high on the London market, fueled by mounting concerns that the dwindling harvest could lead to a severe bean shortage.

Robusta coffee futures soared to a historic high on the London market, surging by 2.4 per cent to its highest level since data began to be collected in 2008. This week's price spike has seen Robusta rise by 5.4 per cent, buoyed by reports of lower output from Vietnam, the world's top producer of the cheaper, instant coffee variety. The current crisis in the robusta market has been further aggravated by dwindling inventories, fueling concerns about a potential coffee bean shortage.

Vietnam, the world's largest producer and exporter of robusta coffee, may be staring down the barrel of a coffee bean crisis, as farmers appear to be withholding their sales in anticipation of even higher prices. According to Do Ha Nam, Chairman of the country's leading exporter, Intimex Group, the domestic market currently has enough beans to meet its export commitments for the remainder of the season. However, farmers may be holding onto their coffee beans as they wait for prices to rise even further.

Analysts at Rabobank, a global banking group, expressed surprise at the increased focus on coffee by speculators, who are drawing parallels between the price dynamics of coffee and cocoa.

Carlos Mera, a Rabobank analyst, noted that while the coffee and cocoa markets have their differences, there is one critical parallel: both crops have experienced a dearth of field work, leading to older trees and a potential decline in overall productivity.

Iron ore earns weekly gain over rising demand

IRON ORE FUTURES SCALED new heights towards a resounding weekly gain, buoyed by the emerging signs of recovery in the world's largest iron ore consumer, China, which has bolstered investor confidence in the commodity's future demand prospects. The emergence of a favourable short-term fundamental picture also underpinned gains, with analysts citing reduced port inventories and favourable Chinese steel demand as contributing factors to the upwards trajectory.

The iron ore market in China's Dalian Commodity Exchange was ablaze with an insatiable appetite, as the September contract soared 3.12 per cent to a six-week high of 843.5 yuan ($116.57) per tonne. The frenetic energy that characterised the Dalian Exchange was mirrored on the Singapore Exchange, as the benchmark May iron ore contract rose 2.89 per cent to $111.35 per tonne, a level not seen in almost a month and a half.

As the industry gears up for a potentially explosive period, the average daily hot metal output saw a promising uptick for the second consecutive week, reaching 2.25 million tonnes on April 12. In tandem with the surge in production, the stockpiles of iron ore at the major ports have also begun to balloon, with the Mysteel survey revealing a 0.2 per cent increase to a substantial 144.87 million tonnes.

Riding on a tidal wave of bullish sentiment, the market analysts at Galaxy Futures are predicting a steady escalation in hot metal output as the days and weeks roll by, while portside ore stocks are forecasted to bottom out at 130 million tonnes in the second quarter. This promising outlook was further buoyed by the speedier-than-expected advancements in upgrading the equipment, a factor that added to the growing enthusiasm among market participants and iron ore prices.

The coalface of China's steel industry glittered with resplendent gains across the board, as the DCE saw a veritable bull rush toward coking coal and coke, each surging 5.01% and 5.92 per cent, respectively. And the bullish energy did not stop at the coal mines, with steel benchmarks on the Shanghai Futures Exchange bucking up for a strong weekly performance. Rebar gained 0.95 per cent, hot-rolled coil ascended a robust 0.69 per cent, and wire rod soared 2.44 per cent, even as stainless steel remained steadfast in the face of these seismic shifts.

Stories by Onome Amuge

Gold tumbles from record highs amid dollar surge

THE WEEK PROVED A ROLLER COASTER for gold, with its price racing to a new summit of $2,431 an ounce, only to pare back its gains and close the week with a more tempered 0.59 per cent uptick. This is as the US dollar experienced its biggest weekly jump,according to market data.

The dizzying price action was spurred by a frenzied flight to safety in the face of escalating geopolitical tensions, which vaulted the yellow metal, historically a safe-haven asset, to record heights.

But the week proved to bring wild swings for gold as new inflation data from the U.S sent it reeling. Like a roller coaster diving into a downward spiral, the yellow metal plummeted to $2,303 following the Wednesday release of the Consumer Price Index (CPI), which revealed higher-than-expected inflation. However, this dive was swiftly checked by a silver lining in the Thursday release of the Producer Price Index (PPI), which arrived on the scene with lower-than-expected figures, easing inflationary pressures and sending gold back on an upward trajectory.

With gold's journey toward its record summit still ongoing, analysts noted that sellers may be inclined to interpret the recent pullback to the $2,350 level as a sign of exhaustion. However, they noted that traders should not underestimate gold's resiliency. It was further explained that if prices dip below $2,350, the precious metal will likely find refuge at the April 10 low of $2,319 or the April 8 daily low of $2,303. Should these floors also be breached, gold will likely seek support at March's 21-session high of $2,222.

As the upward trajectory of gold remains robust, analysts advised traders not to overlook the possibility of an even more dazzling display of its glittering potential. They noted that If gold's glittering ascent over $2,400 is sustained, then there's a strong possibility of the precious metal taking on the mantle of an even more dazzling showstopper. At this point, it is expected that $2,431 will be the next milestone in gold's upward journey, after which it could potentially reach the exalted heights of $2,450.

In light of gold's steadfast stability despite the stronger-than-anticipated US CPI (Consumer Price Index) print, Goldman Sachs has come to a bold conclusion: the precious metal's bull market is fueled by forces beyond the usual macroeconomic suspects. This unique set of circumstances, coupled with other factors, has led the banking giant to up the ante on their gold price forecast.

The investment firm noted: "The traditional fair value of gold would connect the usual catalysts – real rates, growth expectations and the dollar – to flows and the price," wrote the bank.

"None of those traditional factors adequately explain the velocity and scale of the gold price move so far this year. Yet that substantial residual from the traditional gold price model is neither a new feature nor a sign of overvaluation."

In a world of ever-shifting macroeconomic currents and geopolitical tempests, gold has remained a steadfast beacon of stability and value, buoyed by a confluence of factors. Emerging markets Central Banks have scooped up gold at an accelerated pace, while retail demand in Asia has shown no signs of dimming. Goldman Sachs attributes much of the glittering gains in the precious metal since mid-2022 to these physical factors, which remain bolstered by the current policy and geopolitical landscape.

"Moreover, with Fed cuts still a likely catalyst to soften the ETF headwind later in the year, and right tail risk from the US election cycle and fiscal setting, gold's bullish skew remains clear," they argue.

With the price of gold basking in a renewed spotlight and the tailwinds at its back, Goldman Sachs has dialed up its price target for the precious metal to a dazzling $2,700 per ounce by the end of the year. This is a significant uptick from their previous forecast of $2,300 per ounce, signaling the firm's increased confidence in gold's allure in the face of a volatile global economic landscape.

L-R: Collins Akanno, chairman, Nutrition Society of Nigeria, Lagos Chapter; Jaap Van Beesten, country director, DSM-Firmenich; Ifunanya Aginam, business manager, WA,BASF; Sanjo Faniran, director of social development, FMBEP; Eva Edwards, director of food safety & applied nutrition, NAFDAC; Tom Runge, area sales manager, ECOWAS Muhlenchemie; and Ayodele Tella, senior programme manager, LSFF TechnoServe, during the launch of the Miller for Nutrition initiative in Lagos recently.

Copper soars to 2022 summit on upbeat economic outlook

COPPER PRICES SURGED to their highest levels since June 2022, driven by a fervent investing community eager to capitalise on what many perceived as a coming upturn in demand.

The London Metal Exchange (LME) saw one of its most prized commodities, copper, rise to new heights , with benchmark prices hitting $9,552 a metric tonne , an impressive 2.2 per cent surge. Earlier in the session, the red metal,a crucial ingredient to the construction and power industries, hit a staggering session high of $9,590.50 a tonne, a level unseen in the copper markets since the heady days of summer 2022.

Like copper, aluminium and zinc prices were also shining like rare jewels in the metals market, reaching their highest levels since February 2023 and one-year peaks, respectively. The prospect of a potentially bright economic recovery, particularly in China, the top consumer of these metals, unleashed a frenzy of buying as investors flocked to these metals, seeking to capitalize on the potential for increased demand.

Dan Smith, the head of research at Amalgamated Metal Trading,painted a glowing portrait of a flood of liquidity pouring into metal markets and markets in general, a potent catalyst for growth in the coming months.

The pulse of economic health in China beat strong and steady in March, as surveys of the nation's manufacturing sector revealed an expansion at its fastest pace in 13 months. Bolstered by a surge in demand from domestic and international customers alike, the manufacturing sector's resurgence infused the copper markets with a renewed sense of vigor. Adding to copper's upward momentum was the ever-present specter of supply disruptions, which threatened to curtail the production of refined metal, inducing a palpable sense of trepidation in the market and further inflating prices.

Bank of America Securities (BoA) added their voice to the symphony of analysts singing the praises of copper and aluminium prices, their latest note exuding an air of bullish enthusiasm for the metals. The piece shone a light on the tightening supply of copper mines, a phenomenon that BoA believes has begun to constrain the production of refined copper, adding a dose of much-needed scarcity to the market.

According to BoA's projections, copper prices are expected to rocket to an average of $12,000 per tonne, while aluminium prices will take off to an average of $3,250 per tonne.

The London Metal Exchange (LME) was aflame with activity on Friday, as aluminium, zinc, lead, nickel, and tin all soared to giddy heights. Aluminium blazed a trail with a 1.7 per cent climb to $2,496 a tonne, while zinc gleamed with a 3.2 per cent ascent to $2,847. Lead was up 1.6 per cent to $2,178, while nickel electrified investors with a 1.4 per cent jump to $18,065.

Tin prices rose to new heights , near to the 22-month highs reached earlier in the week. As investors fretted over the potential shortfall in the metal used in electronics soldering, prices scaled ever higher, climbing to $32,875. Meanwhile, tin stocks in LME-registered warehouses have been steadily dwindling since December, with the current reserves at a mere 4,115 tonnes—a figure that has nearly halved in a matter of months.

Oil prices swing on Mideast tensions, cautious demand outlook

OIL PRICES NUDGED UPWARDS by approximately one per cent at the closing session of the week, propelled by a potent cocktail of geopolitical tensions simmering in the Middle East, despite a downbeat world oil demand growth forecast issued by the International Energy Agency (IEA) and persistent concerns about a potential slowing of interest rate cuts in the U.S.

Brent crude futures settled $90.45 per barrel, bolstered by a 71-cent increase that signaled an uptick in investor confidence. Mirroring the bullish sentiment, U.S. West Texas Intermediate (WTI) crude futures rose 64-cent rise, closing at $85.66 per barrel.

However, despite Friday's uptick, both Brent and WTI crude futures concluded the week on a downtrodden note, with Brent shedding 0.8 per cent and WTI succumbing to a more than one per cent loss.

The ripples of tension in the Middle East sent shockwaves through oil markets this week, sending prices to their highest levels in half a year. Fear of a potential Iranian retaliation for a suspected Israeli warplane attack on the Iranian embassy in Damascus on Monday spooked investors, driving them to hedge against supply disruptions in the volatile region.

As the geopolitical fault lines of the Middle East continued to shift, the U.S braced itself for the specter of an Iranian attack on Israel, albeit one that would not be deemed serious enough to trigger a direct U.S. military response, according to a U.S. official. Despite these potentially volatile developments, Iranian sources indicated that any retaliation from Tehran would likely be calibrated to avoid major escalation.

The global oil markets found themselves caught in a tug-of-war between two powerful forces as the International Energy Agency (IEA) and OPEC (Organization of the Petroleum Exporting Countries) issued conflicting forecasts for oil demand growth in 2024. The IEA, taking a more cautious stance, downgraded its outlook for global oil demand to a paltry 1.2 million barrels per day (bpd) increase. OPEC, on the other hand, remained bullish, predicting a muscular 2.25 million bpd surge in world oil demand.

Amidst the conflicting forecasts for future oil demand, Ole Hansen, a market expert at Saxo Bank,observed that the sentiment among traders was leaning decidedly in favour of OPEC's projection of a robust 2.2 million bpd demand growth in the oil market, effectively dismissing the more subdued forecast from the IEA of a mere 1.2 million bpd increase.

Nigerian Breweries eyes company-wide overhaul in quest for long-term resilience and profitability

• Suspends operations in 2 of its 9 breweries

Onome Amuge

FACING A PERSISTENT AND FORMIDABLE business environment, Nigerian Breweries Plc has announced a comprehensive business recovery plan, aimed at strengthening the company's position and ensuring a brighter, more sustainable future for all stakeholders.

Central to this plan is a comprehensive company-wide reorganisation effort, designed to enhance efficiency across all aspects of the business, streamline operations, and bolster financial stability. Another key element of the reorganisation plan is the temporary suspension of operations in two out of its nine breweries, and an optimisation of production capacity in the other seven breweries, some of which have received significant capital investment in recent years.

In a recent communication to the leadership of of the National Union of Food, Beverage & Tobacco Employees (NUFBTE) and the Food Beverage and Tobacco Senior Staff Association (FOBTOB),Grace Omo-Lamai, Nigerian Breweries Plc human resource director, disclosed the company's intention to embark on a comprehensive company-wide reorganisation. The purpose of this reorganisation, Omo-Lamai explained, is to optimise operational efficiency, strengthen financial stability, and ensure long-term sustainability for the business.

Aligned with labour regulations, Nigerian Breweries Plc has extended an invitation to both NUFBTE and FOBTOB for discussions. This engagement with the unions, it stated, is crucial to ensure compliance with labour laws and guarantee that the interests of all parties are taken into account as the company embarks on its ambitious restructuring journey.

Prior to the recent development, Nigerian Breweries Plc had informed the Nigerian Exchange Group (NGX) of its intention to raise up to N600 billion through a rights issue, a strategic move aimed at shoring up the company's balance sheet and restoring financial health.

L-R: Vivian Chindan, representative of the minister of industry, mines and investment; Odeiga Jideonwu, president, Enugu Chamber of Commerce, Industry, Mines and Agriculture (ECCIMA); Chinelo Igwe, representative of the CEO, ANAMMCO Vehicles Manufacturing Company (AVMC); Nnanyelugo Onyemelukwe, first deputy president, ECCIMA; and Emma Nwankpa, vice president, publicity and publications, ECCIMA, during a tour of AVMC stand at the ongoing 35th ECCIMA International Trade Fair in Enugu, recently.

The company's financial performance in 2023 had been significantly impacted by a net finance expense of N189 billion, largely attributed to a N153 billion foreign exchange loss due to naira devaluation.

In response to the latest developments, Hans Essaadi,the managing director and CEO of Nigerian Breweries Plc, has weighed in on the business recovery plan. He underscored its significance as a strategic and indispensable measure to ensure business continuity and long-term resilience in the face of the challenging economic conditions.

Essaadi underlined the challenging business landscape as the impetus behind the company's strategic business recovery plan. He explained that the current economic situation, with its steep inflation rates, naira devaluation, complex foreign exchange challenges, and decreased consumer spending, has created an inhospitable environment for businesses, including Nigerian Breweries Plc. As such, the company CEO noted that consolidating the company's business operations and efficiently managing costs are essential steps in preparing for a more stable and prosperous future.

In his words: "We recognize and regret the impact that the suspension of brewery operations in the two affected locations may have on our employees. We are committed to limiting the impact on our people as much as possible by exhausting all options available including the relocation and redistribution of employees to our other 7 breweries; and providing strong support and severance packages to all those that become unavoidably affected. We are also committed to supporting our host communities in ways that ensure they continue to feel our presence. "We remain wholly committed to having a positive impact on our host communities and our consumers; leveraging our strong supply chain footprint; excellent execution of our route to market strategy; and our rich portfolio of brands across the Lager, Stout, Malt, Soft drinks, and Energy drinks categories; and more recently, Wines and Spirits with the acquisition of Distell." In a clear display of its resilient, forward-thinking approach, Nigerian Breweries Plc has recently acquired an 80 per cent stake in Distell Wines and Spirits Limited, a local wine and spirits business. This strategic acquisition is part of the company's broader plan to expand its portfolio, diversify its offerings, and ultimately drive long-term value creation for shareholders and other stakeholders, despite the challenging business environment.

Embarking on its eighth decade of operations, Nigerian Breweries Plc has proven itself to be a pillar of the Nigerian economy and a symbol of unwavering commitment to the local market and its people.

Amidst a volatile economic climate, the company has continued to demonstrate its adaptability and resilience, while staying true to its core values and principles, ensuring that the Nigerian people remain at the heart of its operations.

Mastercard,Women Choice launch initiatives to boost investment for female entrepreneurs

Business a.m.

MASTERCARD, IN COLLABORATION WITH Women Choice, has recently introduced two female-focused initiatives, ImpactHer and EmpowerHer, to promote investment and support for women entrepreneurs in the Middle East and Africa.

In line with Mastercard's mission to drive economic empowerment for women, the partnership with Women Choice represents a significant milestone in the company's journey to create one million employment opportunities for women by 2030

Dwelling on the development, Amnah Ajmal, executive vice president of market development for Europe, the Middle East, and Africa (EMEA) at Mastercard, reinforced the company's unwavering commitment to women's economic empowerment. In a statement, Ajmal underscored Mastercard's leading role in providing women entrepreneurs with access to digital tools and training, as well as creating mentorship and networking opportunities to foster their professional growth.

"At Mastercard, we are committed to creating a more inclusive and equitable world, where everyone has the opportunity to thrive.

"Our expanded partnership with Women Choice will not only have a significant impact on women in the workplace across the region but also provide women entrepreneurs with the right skills, resources, and tools to succeed and drive economic growth in the region," Ajmal stated. Nezha Alaoui, founder and CEO of Women Choice, pointed out the wide-ranging benefits that the new initiatives will bring to women entrepreneurs. Alaoui stressed that the programmes will not only provide female business leaders with training and mentorship, but also equip them with the resources and tools needed to create job opportunities for other women in their respective fields, thus driving a virtuous cycle of economic empowerment for women in the region.

"We are proud to see the successful results of the program launched in 2023 in collaboration with Mastercard and are excited to see the partnership continuing to grow through 2024. We are now focusing on scaling the impact.

"Bringing change and improving the situation of women in the workplace and providing support to women-led businesses is a key element to help economies in the Middle East and Africa region grow and further thrive," she said.

Alaoui disclosed further that globally, Women Choice has already connected with over 15,000 women entrepreneurs and empowered them through a wide range of accelerator programs and conferences.

Since its founding, Women Choice, an organisation with a global presence that champions women's personal and professional growth, has launched a successful pilot cohort in 2023. This year, the organisation will expand its outreach and aim to impact about 50,000 women through its new initiative, in partnership with Mastercard.

Glo ushers in new era of home,business connectivity with fibre optic products

Joy Agwunobi

IN A STRATEGIC MANEUVER to solidify its position as a leading telecommunications provider in Africa, Globacom has unveiled its latest enterprise solutions—Globacom Fibre to the Home (FTTH) and Fibre to the Business (FTTB). The launch of these cutting-edge services marks a significant milestone in the company's ongoing mission to deliver high-quality, affordable, and dependable connectivity solutions to its customer base.

With a pioneering spirit and an unyielding commitment to customer satisfaction, Globacom's revolutionary Fibre to the Home and Fibre to the Business offerings promise to reshape the landscape of connectivity in Nigeria. By leveraging the immense potential of fibre optic technology, these innovative solutions are designed to deliver lightning-fast internet speeds, greater bandwidth capacity, and unprecedented reliability, enabling users to seamlessly meet their increasing data demands.

Globacom, In a statement,proudly proclaimed the vast capabilities of its FTTH and FTTB offerings, hailing them as the ultimate connectivity solutions for homes and businesses alike. The telecom giant noted that the revolutionary fibre optic technology allows users to experience unmatched speeds of up to 1GBps, paving the way for limitless usage of high-bandwidth activities, including video conferencing, streaming media, and an extensive array of internet-reliant tasks.

These solutions,it stated, provides unparalleled connectivity and blazing fast internet, empowering businesses to pursue their objectives with maximum efficiency and enabling families to enjoy endless entertainment options in the comfort of their own homes.

Building upon the remarkable qualities of its FTTH and FTTB solutions, Globacom highlighted the benefits that residential estates, high-rise apartment complexes, and commercial SME estates can reap by adopting these cutting-edge products. The unique opportunity to harness the power of dedicated, high-speed internet connectivity promises to propel these communities forward, offering a wealth of advantages that range from enhanced communication and collaboration to increased productivity and an overall improved quality of life.

Highlighting the technological prowess of its FTTH and FTTB products, Globacom dwelled on the usage of advanced fibre optic technology, which significantly outpaces the limitations of traditional copper-based infrastructure. It noted further that the cutting-edge solutions offer lightning-fast speeds and unparalleled performance, allowing both home and office users to enjoy the benefits of high-speed internet connectivity.

Globacom reaffirmed its commitment to providing the greatest value for money, pledging that the latest solutions would deliver exceptional performance powered by dedicated bandwidth.

AfDB,Indorama strike $75m deal to boost fertiliser output in Nigeria

Business a.m.

IN A SIGNIFICANT STEP towards boosting Africa's agricultural sector, the African Development Bank (AfDB) and Indorama Eleme Fertiliser and Chemicals Limited, a leading fertiliser producer in Nigeria, have inked a $75 million loan agreement. The agreement is aimed at supporting Indorama's efforts to increase its fertiliser production capacity, as well as develop a dedicated port terminal to facilitate fertiliser exportation.

The agreement between the AfDB and Indorama not only seeks to expand fertiliser production in Nigeria but also has far-reaching implications for food security across regional and international markets.

Business a.m. gathered that the $75 million loan will support Indorama in establishing a third urea fertiliser production line, as well as a new shipping terminal at its existing facilities in Port Harcourt. The strategic expansion is set to significantly increase Indorama's production capacity, and improving the country's role as an important player in the global fertiliser market.

David Umahi (right), minister of works, inspecting some key infrastructure in Lagos, recently. Behind him is Joseph Ekumankama, former minister of state for health.

Indorama's expansion plans are set to not only increase the company's fertiliser production but also create thousands of job opportunities in Nigeria. The increase in job opportunities is expected to add up to 8,000 direct and indirect jobs in Africa's most populous nation.

Ousmane Fall, acting director of the industrial and trade development department at the African Development Bank, expressed his satisfaction with the partnership between the bank and Indorama. According to Fall, the AfDB is delighted to continue its longstanding collaboration with Indorama, the International Finance Corporation, and other lenders, as this partnership marks a significant milestone in the advancement of fertiliser production and exports in Nigeria.

"The partnership aligned with the bank's strategic priorities to feed and industrialise Africa while generating significant development outcomes in Nigeria," Fall added.

The African Development Bank highlighted the significance of this financing package, pointing out that the $75 million loan is just a part of a larger, $1.25 billion arranged facility from the International Finance Corporation (IFC), aimed at accelerating private sector development and promoting growth in the real economy of Nigeria. The $1.25 billion package consists of a $215.5 million loan from IFC's account, a $94.5 million loan through the managed co-lending portfolio programme, and an additional $940 million in parallel loans sourced from other development finance institutions and commercial banks.

Manish Mundra, the group director for Africa at Indorama Corporation, expressed his company's steadfast commitment to fostering Nigeria's industrial development and economic diversification through the establishment of this new fertiliser plant. According to Mundra, the plant represents Indorama's vision to capitalise on Nigeria's strategic geographic location, which could serve as a gateway for exporting fertilisers to other African countries.

"This landmark financing represents a pivotal moment in Nigeria's journey towards becoming a major player in the global fertiliser market. With this third line, Nigeria is prepared to significantly ramp up its export capacity, thereby enhancing its position as a key exporter of fertiliser to Africa and the world," Mundra added.

Union seeks SON management overhaul as substandard iron rods plague Nigerian market

Business a.m

THE IRON ROD AND STEEL DISTRIBUTORS Employers Union of Nigeria (IRSDEUN) has released a call for the immediate dissolution of the current management of the Standard Organisation of Nigeria (SON), citing serious concerns over the agency's inability to effectively prevent the spread of substandard products throughout the Nigerian market.

In a strongly worded press statement, Gbenga Awoyale, the national president of IRSDEUN, expressed the union's profound displeasure with the Standard Organisation of Nigeria's ineffective approach to addressing the proliferation of substandard goods in the iron rod and steel industry.

IRSDEUN painted a bleak picture of the Nigerian iron rod and steel market, where regulations and quality assurance measures are seemingly ignored or bypassed by unscrupulous actors seeking to profit from the sale of counterfeit and low-quality products.

"It is sad to note, that in connivance with some bad eggs in SON, substandard steel producers now fake trademarks and scaling disclosures. It is evident that SON has failed in its mandate to ensure that only products that meet the necessary quality standards are allowed into the market. Wires are now sold for iron rods and our steel qualities so poor. The proliferation of substandard iron rods not only poses safety hazards but also undermines the integrity of our industry," Awoyale stated.

Citing a pressing need for decisive action, the IRSDEUN implored the Standard Organisation of Nigeria to adopt a more aggressive approach to addressing the widespread issue of substandard products in the iron rod and steel industry.

Specifically, the union demanded heightened scrutiny and vigorous enforcement of existing regulations, including swift crackdowns on illicit manufacturing and distribution networks, as well as thorough investigations into instances of non-compliance.

The union made a point of commending the Central Bank of Nigeria (CBN) for its proactive efforts to bolster the stability of the Naira exchange rate.

Recognising the positive impact this stability could have on the broader Nigerian economy, the union stressed the importance of government intervention in implementing price regulation mechanisms to ensure that these positive effects are not offset by arbitrary or excessive price increases by market players.

"It is instructive to note that in January 2024, when the Naira-Dollar exchanged for about the same price as now, a tonne of iron rod was about N500,000 until February when it increased by about a million.

"Unfortunately, when the exchange rate returns to what it was before the price increase, tonnage price remains constant at about N1.5m while the quality continues to decline, leading to discrepancies and financial strain on distributors. This needs urgent attention from Federal and State Governments. Gluttonous elements who don't care about Nigerians' comfort must not be allowed to thrive," the union stated.

As the iron rod and steel industry in Nigeria grapples with a host of multifaceted challenges, the dual demands made by the union – for both price regulation and acknowledgement of CBN's efforts – highlighted the urgent need for comprehensive policy interventions to foster long-term industry stability and growth. With discussions surrounding these issues intensifying, industry stakeholders await with anticipation the official responses from government bodies and policymakers on proposed measures that could mitigate these challenges and create a more conducive business environment.

LCCI makes case for gov't support in boosting critical industries

Business a.m.

THE LAGOS CHAMBER OF COMMERCE AND INDUSTRY (LCCI),has made a strong appeal to the Federal Government to adopt strategic measures to bolster critical companies and industries that underpin the nation's economic progress.

The LCCI recently highlighted the urgency of providing targeted support to key industries in Nigeria, given the pressing economic challenges that the nation currently faces.

A statement released by Chinyere Almona, the LCCI director-general,noted that the country's ongoing challenges, including the escalating cost of doing business, social and economic instability, and deteriorating security conditions, have created an increasingly pressing need for government intervention and support.

Recognising the crucial role that certain strategic companies play in propelling economic growth, stabilising prices, attracting foreign direct investment, and increasing forex inflows in the face of the current economic situation, the Chamber urged the government to prioritise support for these key industries.

"These strategic companies, often operating in key sectors such as manufacturing, agriculture, technology, and infrastructure, serve as the backbone of the economy, contributing significantly to its stability and resilience," it stated.

The LCCI highlighted the growing contributions of two pivotal players in Nigeria's economy: the Dangote Refinery and Air Peace. It commended the Dangote Refinery's efforts to drive national self-sufficiency in diesel and aviation fuel production, noting the refinery's potential to transform Nigeria's energy landscape. Meanwhile, the LCCI highlighted Air Peace's breakthrough in launching international flights to the United Kingdom as a groundbreaking moment for the country's aviation sector

It added: "We need more support for local companies to play in sectors that have hitherto been monopolised by foreign companies.

"More local airlines covering more international routes means more aviation supply chain-related jobs, more foreign currency savings and earnings, and more reduction in the prices of international flight tickets in Nigeria.

"Enabling optimal utilisation of all our bilateral air services agreements creates a sustainable source of foreign currency savings and earnings for our country."

The LCCI acknowledged that even the most strategically significant companies in Nigeria, such as Dangote Refinery and Air Peace, are not insulated from the destructive forces of economic downturns, uncertain markets, and global disruptions.

The chamber issued several recommendations to the Nigerian government, urging them to take immediate steps to support strategically significant industries and drive their continued growth and resilience in the face of economic challenges.

Among these recommendations, the LCCI suggested providing concessional credit and low-interest loan facilities, grants, or waivers to eligible companies to enable them to maintain their operations, invest in infrastructure, and drive technological advancements.

Wigwe, Imoukhuede, a
Bank: Beyond rumours

The story of Access is that of two audacious young men who chose to dream, f the industry in a different and unprecedented way.... Between both men, they t them a fair mix of admirers and adversaries.... In only two decades, two men t a struggling bank into one of the largest in Nigeria. Whatever questions that ot do well, as well clear up, what they have done in these 22 years was absolutely

SIMBO OLORUNFEMI

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Three things.

One, Access Holdings has just declared a profit after tax of N612 billion, with a 300 per cent increase year-on-year.

Two, the return of Aigboje Aig-Imokhuede to Access, not as CEO of Access Bank, which he was until 2013, but this time as Chairman of Access Holdings, the umbrella for the different interests of Access, including Access Bank, in which he, along with Herbert Wigwe, through their jointly owned company, acquired substantial interest in 2002, thus becoming the largest single shareholder, then taking over management of the Bank (with Imoukhuede as managing director and Wigwe as deputy managing director).

Three, the announcement that Access Bank has entered a binding agreement to acquire National Bank of Kenya (NBK) from KCB Group Plc, the second acquisition in Kenya, after that of Transnational Bank Limited in 2019.

These events signal that the dream that propelled the entity to where it is today is still intact, despite the death of Herbert Wigwe. It is also a reassurance to stakeholders that the template that was deployed to grow the institution, from where it was in 2002 to where it is today as 'Nigeria's largest bank by customer base' and one of the top five by market capitalisation, valued at over N1 trillion, is not about to be jettisoned. With the benefit of hindsight, the transition from 'Bank' to 'Holdco', like in some other banks, has turned out to be a smart and timely move, as it made the way for a smooth and preferred transition before Wigwe's transition, with the return of Imoukhuede to Access, albeit, in a non-executive capacity, as Chairman helping to ensure the transition with minimal disruption.

In the wake of the unfortunate helicopter crash which took the lives of Herbert Wigwe, his wife and son, his friend, Bimbo Ogunbanjo and the two pilots, reportage by the media, that might have reinforced commentary on social media, kept on referring to Wigwe as co-founder of Access Bank. Of course, he was not. The surprise was not just that the misstatement of fact was lost to many, a simple 20-word correction of that misrepresentation elicited a pushback from some quarters, which insisted on holding on to what was obviously a false claim.

That pushback, in a way, reminded me of how much of recent history there is a lot of confusion about/around, even if that confusion is, often, either contrived or mischievous. That appears to have also been the case with the story about Access Bank, even if indeed there was a bit of genuine confusion about who actually founded the Bank, the circumstances under which Imoukhuede and Wigwe took it over, leading to the controversy surrounding the takeover of the erstwhile Intercontinental Bank by Access Bank.

I was prompted to make a commitment to do a deep dive into the history of Access Bank to clear up some of the confusion. It's been over a month now, but I have only just managed to squeeze out time to do that.

1. Who founded Access Bank?

Access Bank was founded in 1988, and it began banking operations in 1989, at the time Imoukhuede and Wigwe, who were in their 20s then, were only just beginning their banking careers, which would, shortly after, take them to Guaranty Trust Bank, where they spent a decade before eventually moving over to Access Bank in 2002. Just as it was with the other banks licensed at that time by the Babangida administration, Access was set up by a group of investors. At the time, obtaining a banking licence required a minimum paid-up share capital of N20 million (a lot of money then), with individual ownership limited to five per cent of that capital, even though some found a way around that limitation through the use of proxies.

What the promoters of virtually all the banks that were licensed at the time did was to put together a list of prospective investors, who they reached out to, eventually settling for a number that enabled them to raise the capital, and ensuring that there were also a few men in the team with enough clout or profiles to help them in securing a licence. It was a group of carefully screened 42 investors in the case of Guaranty Trust Bank, with Fola Adeola and Tayo Aderinokun as the core promoters.

According to those with inside knowledge of the process that led to the licensing of the bank, Chief Dipo Farodoye was the principal promoter, with Dr Lawrence Omole, a renowned businessman and industrialist, who was owner of International Breweries Plc, being the other core promoter. The Farodoye and Omole families were also known to have invested in the project, which helped to increase their level of control of and influence over the Bank. The first Board of Directors had Dr Omole as chairman, with Chief Farodoye as vice-chairman, before taking over as chairman about two years later. Other directors included Professor Abiola Ojo, Mr Biodun Omole, Mr Kazeem, and Mr Odunaiya.

Alhaji Umaru Liman was the first managing director of the bank, but he left about one-and-a-half years later, with Mr Lateef Muse, who had joined the bank at inception from NAL Merchant Bank, as general manager, taking over as Managing Director of the bank and serving in that position till 1997. As with many of the banks at the time, power play among the promoters, directors, and senior management weighed heavily against the survival of these banks. This triggered undue interference, insider-dealings and mismanagement, which triggered crisis that led to distress and the eventual collapse of many of the banks.

Access Bank had its own share of problems, but was fortunate to have survived, unlike many other banks which went under between 1994 and 2000. As the bank grappled with the difficulties that banks were faced with at the time, the Muse-led management embarked on a repositioning exercise as part of a rescue mission for the bank. That saw to the recruitment of Arthur Andersen as management consultants. With intrigues and pressure from within and without, the team which commissioned Arthur Andersen did not stay long enough to see through the recommendations made by the consultants and their plans, including that for the recapitalisation of the bank through the capital market.

That was in 1997, and both the Chairman, Chief Dipo Farodoye, and the Managing Director, Mr Lateef Muse, were forced to leave the bank.

nd Access and stories

ollow up on their dreams by taking on took on a path that paid off and won for took to their own path and have turned hers might have of them, which they will phenomenal.

In place of Chief Farodoye, Mr Ayo Oni, a former president of the Institute of Chartered Accountants of Nigeria (ICAN) and well-respected chartered accountant, who was former managing partner of Ernst & Young, Osindero, Oni, Lasebikan was appointed as chairman of the Bank, serving in that position till 2004. Mr Kayode Sufianu, who was an executive director, took over as acting managing director of the bank from Mr Muse, before Mr Tokunbo Aromolaran came in as managing director, serving in that position till 2001, before handing over to Mr Kayode Sufianu, who passed the baton on to Aigboje Aig-Imokhuede when he and his team took over the bank in 2002.

2. The Coming of Imoukhuede and Wigwe

Following up on the advisory from Arthur Andersen, the Board and management of Access Bank had in 1999 recruited some executives from GTBank as management consultants. At the turn of the new century, with renewed efforts at shoring up the fortunes of the bank, a decision was taken to, again, approach the stock market to shore up the bank's capital base. A public offer was launched in 2001.

About the same time, two young men who were then executive directors at GTBank came to the decision that the path forward for their careers was not in waiting in line for a shot at running the bank as Managing Director. Even as this had become an increasing possibility, they decided that the future belonged more to owners than managers of banks, while also concluding that the best route to attaining that was through mergers and acquisition.

The two young men were Aigboje Aig-Imokhuede and Herbert Wigwe. Both were 34 years old at the time. They set out to achieve their dream, which was tagged "Project Festival", putting together a team of advisers coordinated by BGL Securities' Albert Okumagba, who had served as head of Mergers and Acquisitions at Centre-Point Bank Plc, before setting up BGL, which midwifed the audacious merger of Standard Trust Bank (STB) and United Bank for Africa (UBA) in 2005.

Coming from GTBank, their initial target for acquisition was "banks that were doing fairly well by industry standards", but they soon realised that it was rather naive to expect to buy a 'ready-made' bank, as they couldn't possibly afford to acquire one in the first place. It was not until 2001, the same year that Access launched its public offer, that Imoukhuede and Wigwe began to set their sights on the bank.

Why Access?

According to Imoukhuede, they chose the bank for these three reasons:

(1.) "Its Board of Directors included men of integrity who were well-respected in business circles." As earlier stated, the Chairman of the bank was a highly regarded former President of ICAN.

(2.) "The Bank was quoted on the Nigerian Stock Exchange, which implied some minimum standards of governance."

(3.) "The financial safety indicators did not point to an institution that was on the verge of failure." Perhaps, that helps in further making the point that Access Bank was not dead or defunct at the time of the takeover, as some have argued.

In what is suggested to have been a stroke of fortune, Access Bank launched a N1 billion public offer the same year Imoukhuede and Wigwe began to turn their lenses on it. The timing of the 2002 offer was said to have been poor, with the subdued interest it elicited leading it towards likely under-subscription. Even though the offer was underwritten by the issuing house, the advisers were said to have been in panic mode, as the closure date drew nearer, in terms of finding buyers. That was the case until Imoukhuede and Wigwe stepped in to mop up the yet to be subscribed shares through their jointly owned United Alliance Company. That offer ended up being oversubscribed to the tune of 110.98 per cent.

It was more of an instinctive leap for the duo: "...our decision to take up the unsubscribed shares was in effect a leap of faith (endorsed, I would like to point out, by the pastor of my church), it was our belief that since we would be controlling the management of the Bank we were recapitalising, the risk of losing our investment was almost entirely in our own hands." According to Imoukhuede, they "...conducted no due diligence, doing little more than a 'back of the envelope' analysis."

Deciding on the acquisition of the shares was the easy part, raising the N1 billion needed for the acquisition was the next challenge. Between the two men, they had assets worth N200 million, but how to raise the balance was the hurdle. According to their accounts, they put together a list of investors, made up of friends and family, who helped with cash deposits and land, through which they eventually raised the funds with which they financed the acquisition. As they made progress, news began to fly around. Soon, rumours of the deal got to their bosses at GTBank – Fola Adeola and Tayo Aderinokun, which prompted a meeting with the duo and eventually a demand for their resignations from the bank. That started them on the journey to officially taking over the management of Access Bank.

Frosty Reception at Access

As to be expected, the board and management at Access Bank were anything but excited at this development. They could not have imagined that a public offer launched of their own volition would unexpectedly upturn the ownership structure of the bank, such that it would lead to a shakeup in the composition of the Board and management. This was an unprecedented move in the industry. "Never before had there been a case where 'mere banking professionals' could have the temerity to take on established captains of industry and buy their bank. It was unheard of," Imoukhuede recollects.

What they had done was remarkably different from what Keem Belo-Osagie had done with United Bank for Africa (UBA), taking over publicly owned shares in the bank put up for sale by government or what Tony Elumelu had done, buying over the shares from Belo-Osagie to take control over the bank. This was not a case of taking over a terminally distressed or liquidated bank from the regulators (CBN/NDIC), as others had done, but an unsolicited acquisition. It was seen by the board and management of the bank as 'taking over through the back door.' It was deemed a hostile takeover, with the reception from the Access boardroom predictably frosty. Imoukhuede and Wigwe were not welcomed with open arms.

That is understandable, as what transpired was technically a takeover, which by its very nature is not supposed to be a friendly gesture. Section 99(1) of the Investment Securities Act (ISA) defines this as "the acquisition by one company of sufficient shares in the company to give the acquiring company control over the company. The acquisition is usually at the instance of the acquirer and MOST OFTEN WITHOUT THE AGREEMENT OF THE ACQUIRED COMPANY." (Emphasis added). Unprecedented as it was, it is a valid and legally recognised method of acquisition. The acquirer simply needed to report to the Securities Exchange Commission (SEC) and follow the laid-down procedure for formalising the takeover. Perhaps, it is the lack of understanding of the legal protocols that govern such transactions and the processing of such through the purview of the traditional business culture and ethics that has given the transaction the colouration of impropriety, even when that might not have been the case, with a trove of conspiracy theories still flying around, more than two decades after.

With the takeover of the bank, Aigboje Aig-Imoukhuede stepped in as managing director and Herbert Wigwe as deputy managing director of Access Bank in March 2002. That, however, came with its challenge, as the Central Bank of Nigeria (CBN) which, as the regulator, must sanction such appointments, refused to confirm the appointment of Aig-Imoukhuede as managing director, but he was allowed to continue to run the bank. It was not until 17 April, 2003, more than a year after taking over the bank, that his appointment in acting capacity received a nod from the CBN, with the confirmation only coming in 2005. That would eventually work in Imoukhuede's favour, as that enabled him to serve till 2013, counting his 10-year tenure from 2003 to December 2013, before handing over to his friend, Herbert Wigwe.

3. Growth, Mergers and Acquisitions

Starting with Imoukhuede and especially under Wigwe, Access Bank has witnessed a turnaround and transformation from a bit player in the industry into the behemoth that it is today, becoming Nigeria's biggest bank by assets, operating under the umbrella of Access Holdings, which ranks as the largest financial services company in the country. The phenomenal growth of the bank has been largely achieved through mergers and acquisitions, which has seen it serially acquire banks, starting with Marina International Bank and then Capital Bank (formerly Commercial Bank Crédit Lyonnais Nigeria). It acquired Intercontinental Bank in 2011 and Diamond Bank in 2018. Across Africa, it has been the same story for Access Bank – a string of acquisitions that now sees Access Holdings Plc as the 14th most valuable stock on the Nigerian Stock Exchange, with a market capitalisation of N 818 billion, 15 subsidiaries and three representative offices in India, Lebanon and China.

4. The Acquisition of Intercontinental Bank

Of all the mergers and acquisitions made by Access Bank, none has been as controversial as that between it and the defunct Intercontinental Bank Plc. Different stories are making the rounds, even if some have been out there for years. The main thrust of the allegations that have trailed the acquisition of Intercontinental Bank by Access Bank is that it was one tainted with irregularities. On the main street, it has been queried as an improbable transaction, likened to a tilapia swallowing a whale. While state of health of the big fish does not appear to matter to those putting forward this analogy, beyond that, even if all of what might have transpired in boardrooms and are not in the public space, here is what we know:

Intercontinental Bank Plc, founded in 1989 and originally licensed as Nigerian Intercontinental Merchant Bank (NIMB), was a merchant bank until 1999 when it made the crossover to commercial banking. In 2004, the Central Bank of Nigeria (CBN), under the leadership of Professor Charles Soludo, mandated all banks in the country to increase their minimum capital base from N1 billion to N25 billion within 18 months, with December, 2005 as deadline. That prompted a flurry of activities within the industry. Access Bank too had to pull out all stops to be able to meet the N25 billion minimum capital base requirement. It had to raise N15 billion through a public offer, carry out a merger with Marina International Bank and Capital Bank, and persuading FMO, the Dutch public-private development bank, in a last-minute bid, to convert a $15 million debt instrument into equity, before it could meet up with the requirement.

In response to that directive, Intercontinental Bank Plc in 2005 merged with Equity Bank of Nigeria, Gateway Bank and Global Bank, in which it already had interests, collapsing the group structure into a single entity. For a variety of reasons, the post-consolidation period was not as smooth-sailing as might have been envisaged for a number of the banks. Some appeared to have bitten more than they could chew and with that began a slip down a slope from which some never recovered. Intercontinental Bank was one of those in that category.

A 'stress test' of all banks in Nigeria was conducted by the Central Bank of Nigeria (CBN) in 2008. Findings from the test, according to the CBN, indicated that while some of the banks were healthy, others were not so healthy, with a few highly distressed. Intercontinental Bank Plc was one of those categorised as distressed. This led to further examination of the bank which, according to the CBN, revealed that there was entrenched insider abuse and fraud by the key men in the bank, with directors and senior management indicted. The scale of the malfeasance uncovered was such that the bank's shareholders' fund was said to have been completely eroded.

Continues on page 28

Wigwe, Imoukhuede...

Continued from page 27

Four other banks – Afribank Plc, Union Bank of Nigeria Plc, Oceanic International Bank Plc and Finbank Plc – were found in a similar shape to Intercontinental Bank. The boards of the banks were sacked by the Central Bank of Nigeria and replaced with interim boards, with the mandate to fashion ways out to rescue and recapitalise the banks.

Unlike in the past when intervention in banks by the Central Bank of Nigeria simply shepherded them towards eventual liquidation, this particular set of interventions heralded the setting up of the Asset Management Company of Nigeria (AMCON) by the CBN, with the mandate thrust upon it to absorb toxic assets (non-performing loans) from the books of the banks, recapitalise the banks, if feasible, and/or sell them to investors to recapitalise. The coming of AMCON also brought to an end the era in which depositors were left with the shorter end of the stick in the case of bank failure, with depositors' protection cover from the National Deposit Insurance Corporation (NDIC) capped at N200,000.

Intercontinental Bank was one of the first beneficiaries of this new regime. The bank had the highest number of loans acquired by AMCON, making up 14.62 per cent of the agency's portfolio at the time. After an initial injection of N562 billion into the bank by AMCON, it was eventually determined to pursue the option of opening the recapitalisation window for shareholders and investors to strike a deal by 30th September, 2011, failure of which would lead to nationalisation. That led to the bank being put up for sale in 2011, about two years after the board and management team led by Dr Erastus Akingbola had been sacked. To further put it into perspective, this was almost 10 years after Aigboje Aig-Imoukhuede and Herbert Wigwe had taken over at Access Bank. The bid by Access Bank for the acquisition of Intercontinental Bank only came when AMCON put it up for sale.

According to Mustafa Chike-Obi, who was the managing director of AMCON at the time of the acquisition, contrary to the claim that Intercontinental Bank was offered to Access Bank on a platter, he says that no other entity expressed interest in the acquisition of the bank apart from Access Bank. That might have had to do with the state of the bank at the time. It had declared an after-tax loss of N321 billion for the year ended September 2009, which was about the largest in the industry then. Access Bank, which some had likened to a tilapia in comparison to the whale, which they saw Intercontinental Bank as, declared a profit before tax of N28 billion for the year ended March 2009. While Intercontinental Bank's ratios were in the red at the time of its acquisition, Access Bank's were indeed strong, which makes the analogy of tilapia swallowing the whale a rather preposterous one.

In October 2011, having received judicial, regulatory and shareholders approvals, Access Bank announced the completion of the recapitalisation of Intercontinental Bank and the acquisition of a 75 per cent majority interest in the bank. According to Access Bank, "the combined effect

Imoukhuede

Wigwe

of the restoration of Net Asset Value (NAV) to zero by AMCON and N50 billion capital injection by Access Bank Plc is that Intercontinental Bank now operates as a well capitalized bank, with shareholders funds of N50 billion and Capital Adequacy Ratio (CAR) of 24 per cent, well above the 10 per cent regulatory threshold." By the completion of the acquisition and merger of both entities in January, 2012, Access Bank became Nigeria's third largest bank by assets, with a combined customer base of 5.7 million.

In the years during which this transaction occurred, other distressed banks in the same category were also acquired by other players in the industry. Oceanic Bank was absorbed by Ecobank Transnational Incorporation, while Union Bank was acquired by Union Global Partners Limited (UGPL), a consortium of local and international investors which acquired 65 per cent of the bank's shares. FinBank was acquired by First City Monument Bank (FCMB), while Equatorial Trust Bank was taken up by Sterling Bank. United Bank for Africa (UBA) had likewise acquired Liberty Bank, City Express Bank, Gulf Bank, Trade Bank, Afex Bank and Metropolitan Bank.

But the deal between Access Bank and Intercontinental Bank has remained a source of controversy till date. Two red flags have been raised. First, on the 'purchase price' of N50 billion, which Access Bank paid to acquire a 75 per cent stake in the rescued Intercontinental Bank. Some have argued that what was paid by Access was too little for what was gotten, alleging that it was a case of undervaluation. Some of the commentary that toe this line appear not to aver their mind to the state of the books of the bank, with some touting the number of branches in the network as if it is the brick and mortar that takes pre-eminence. With the bank already in the negative territory, what AMCON did was to restore its Net Asset Value (NAV) to zero, by taking off its books the non-performing loans. These NPLs, some of which had been highly discounted, were featherweights in comparison to their ascribed values. The mandate of AMCON is to absorb non-performing loans from rescued banks and return them to zero shareholders funds, for new investors to bring them to minimum capital levels, to be able to function on a new slate. This was the case in the transaction, with AMCON taking on N600 billion NPLs, much of which there was no guarantee of recovery. AMCON was funded by a debt obligation of N4.65 trillion (as at December, 2018) and has injected a total sum of N2.2 trillion into 10 banks. From the 12,743 NPLs worth N3.797 trillion from 22 Eligible Financial Institutions, which it purchased, AMCON has only been able to recover about N1.8 trillion as at December, 2023.

Without access to the books and the details of the negotiation process that culminated in the acquisition, it is difficult to conclude on the fair value of the asset. Some have even made the claim that contrary to the impression that it was a sweet deal for Access Bank that it actually met Intercontinental Bank in "a far deeper hole" than it had actually thought to be the case. Placing the Access-Intercontinental deal side-by-side with the UGPL-Union Bank deal, while Access paid N50 billion (about $323 million at the time) for 75 per cent of the shares in an Intercontinental Bank that had declared an after-tax loss of N321 billion for the year ended September 2009. At about the same period, Union Global Partners Limited (UGPL) had injected $500 million to acquire 65 per cent shares in a Union Bank that had posted an after-tax loss of N286 billion.

The jury can hardly ever come to an agreement on the fair value of these deals.

The second red flag that continues to be waived is that of the relationship between Imoukhuede/Wigwe and Intercontinental Bank before they took over the management of Access Bank Plc, culminating in the acquisition of Intercontinental Bank. There is so much that yet remains unclear or unknown, but this is what we know: Aigboje Aig-Imoukhuede and Herbert Wigwe were directors of United Alliance Company of Nigeria Limited, with each having subscribed to 450,000,000 shares in the company, which at some point obtained a term loan from Intercontinental Bank Plc. According to the Central Bank of Nigeria Advertorial of 18th August, 2009, United Alliance Company of Nigeria Limited defaulted in the repayment of its loan to Intercontinental Bank Plc, with an outstanding balance of N16,247,686,168.18 as at 31st May, 2009. Even then, there is a report which declared that a witness in court had testified that Aigboje Aig-Imoukhuede and Herbert Wigwe claimed to have resigned as directors of United Alliance Company of Nigeria Limited since 2008.

From documents in the public domain, United Alliance Company of Nigeria Limited was yet to settle its indebtedness as at 2011, with letters from the company addressed to the bank requesting for an extension in the date of payment for a portion of the term loan that was due, with a promise to liquidate the loan within the tenor specified in the offer letter. It is unknown if that promise was ever kept. What is however known is that the company was the vehicle through which Aigboje Aig-Imoukhuede and Herbert Wigwe acquired the shares that enabled them take control of the management of Access Bank Plc. As at 2004, Aigboje Aig-Imoukhuede and Herbert Wigwe had 21. 18 per cent shareholding in Access Bank Plc through the 635, 441,208 shares held by United Alliance Company of Nigeria Limited in the bank. By the end of 2022, Herbert Wigwe had 201,231,713 direct shares and 1, 554, 369,017 indirect shares through United Alliance Company of Nigeria Limited, Trust and Capital Limited and Coronation Trustees Tengen Mauritius.

While it is unclear if or when United Alliance Company of Nigeria Limited settled its outstanding balance in favour of Intercontinental Bank Plc, it has to be noted that if it maintained its status as a non-performing loan as it was designated in the 2009 advertorial by the Central Bank of Nigeria, then it would have been absorbed by AMCON before Intercontinental Bank was put up for sale and acquired by Access Bank Plc. Whatever balance that was outstanding from United Alliance Company of Nigeria Limited was in favour of AMCON, which would (should) have done its duty to recover the loan. Access Bank could not have been indebted to Intercontinental Bank, as some claim, as Access Bank did not take any facility from Intercontinental Bank on the face of what is available. If indeed the facility obtained by United Alliance Company of Nigeria Limited was secured with 894,690,600 units of Access Bank shares, as has been alleged, it thus means that recovery of the outstanding would have been made easier by taking possession of the collateral.

It is unlikely that AMCON will sit through meetings with Aigboje Aig-Imoukhuede and Herbert Wigwe and strike a deal approving acquisition of Intercontinental Bank by Access Bank, which they have substantial interest in and co-manage, knowing that United Alliance Company of Nigeria Limited, in which both men have interests in was indebted to AMCON through Intercontinental Bank Plc.

5. Access Holdings and Transitions

With the return of Aigboje Aig-Imoukhuede to Access Holdings (parent company of Access Bank) as Chairman, the story of these two young men who took the industry by storm in 2002 through their audacious takeover of Access Bank has come full circle. The return and transition within the group might not have followed the script to the letter, but the timing of the transition into a Holding Company, which a few other Banks had adopted, has proved fortuitous in the light of the sudden death of Herbert Wigwe. He had vacated his position as the Managing Director of the Bank before the end of his tenure to take on the position of Group Managing Director/CEO, Access Holdings Plc. With that, Roosevelt Ogbonna was appointed Managing Director of the Bank while other subsidiaries also came under new management teams. Setting up that structure two years back must have helped in easing the process of transition that the death of Herbert Wigwe has forced on Access Holdings.

6. Co-Founders and Brothers

Before FinTechs and the signature leadership model of co-founders became commonplace in Nigeria, there were a few entrepreneurs who had successfully worked with the same model. It is difficult to tell though if any of the two-man teams has worked as seamlessly and efficiently as that of Aigboje Aig-Imoukhuede and Herbert Wigwe. No doubt, the duo must have benefited from working at close quarters with the two-man team of Fola Adeola and Tayo Aderinokun, who apart from being their mentors and bosses at GTBank, must have inspired them to forge this formidable team that even caught the GTBank duo by surprise in the manner of its pursuit of the vision to make the transition from top-level employees in one bank to becoming owner-managers in another. It is remarkable to see the quality of friendship and brotherhood between both men, which also translated to that between their wives and families. Everyone who knew them referred to them as brothers, and it was obvious to see. To have succeeded in maintaining that quality of relationship over many years in the face of the pressures that come with success, power, influence and ambition in the treacherous world of banking and business in Nigeria is remarkable.

The story of Access is that of two audacious young men who chose to dream, follow up on their dreams by taking on the industry in a different and unprecedented way. They could have chosen to stay in their comfort zone at GTBank, being executive directors at the age of 36, with the pathway to the top position somewhat assured.

Imoukhuede had at a point served as acting Managing Director of the bank. That would have surely come with the 10-year tenure limit that the Central Bank of Nigeria had instituted, following on a template that had been voluntarily institutionalised by GTBank. But they chose to take on a different path. Imoukhuede's fear was that of being left behind on the tarmac, as was once his experience flying with Nigeria Airways.

Wigwe's fear was that of failure. Between both men, they took on a path that paid off and won for them a fair mix of admirers and adversaries. What is not in doubt is that they have made their marks, not only in banking but in other areas of life they chose to apply themselves to after making a success of their endeavour at Access. They have also successfully made the transition from regular bankers, who they were, into men with a burden and passion for their country, which propelled them to make interventions in the governance, health, arts, and education sectors, among others. In only two decades, two men took to their own path and have turned a struggling bank into one of the largest in Nigeria.

Whatever questions that others might have of them, which they will do well, as well clear up, what they have done in these 22 years was absolutely phenomenal.

The 5 best airlines for First Class in 2024

PLANNING A FIRST CLASS trip in 2024? This list might help you discover the potentially best or newest first class experiences.

Despite airlines shying away from first class seating during the past few years, especially before the pandemic, there has been a resurgent focus on premium products in 2023 and 2024. Demand for first, business, and premium economy class seating has driven airlines to innovate and refresh their top-of-the-line products, with several carriers introducing new first class seats and suites, reports Simple Flying.

If you were to look to tick off a few bucket list-worthy first class seats to fly on in 2024, several airlines have introduced or are planning to introduce new first class cabins during the year, indicating that the crème de la crème of airline seats is not going away anytime soon.

5 Air France's La Première
Announced in: May 2022
Aircraft available on:
- Boeing 777-300ER

While the cabin is not available yet, Air France has promised that it will be during the upcoming winter season, which starts in October 2024. The carrier announced that it was redesigning its La Premiere cabin, exclusively deployed on its 777-300ERs, in May 2022.

Air France

At the time, Air France said that La Premiere would be the longest on the market, offering up to three modular configurations that can be fully privatised, including transforming the seat into a sofa or a bed. Furthermore, the carrier promised that it would appear on more aircraft than previously.

Benjamin Smith, the chief executive officer (CEO) of Air France, said that La Premiere represents the best of French excellence and is a vital part of the airline's DNA. The executive noted that even at the peak of the pandemic, the airline saw the importance of a first class cabin, especially on routes across the Atlantic Ocean.

4 Lufthansa Allegris
Announced in: February 2023
Aircraft available on:
- Airbus A350
- Boeing 787-9
- Boeing 777X

While Lufthansa teased the new designs of its first class cabins in October 2022, the German airline officially introduced the new Allegris cabins, including new first class seats, in February 2023. The seats will feature on Airbus A350,

Boeing 787, and 777X aircraft, upon their delivery to the German airline.

At the time, Lufthansa said the new Allegris seats would be introduced with its latest Airbus A350-900 aircraft in 2024. However, two of its most recent Airbus A350-900 aircraft were straight sent to the desert, reportedly because supply chain issues derailed the airline's plans to introduce the new cabins on the two aircraft, which is why they are now parked at Teruel Airport (TEV), Spain.

Nevertheless, while they might be delayed, the first class cabins will still have plenty on offer, including unprecedented privacy for the German airline's top-of-the-line seats. For example, Lufthansa said that customers can warm or cool their seats in the suite according to their needs.

3 Etihad Airways The Residence
Announced in: May 2014
Aircraft available on:
- Airbus A380

While 'The Residence' is not a new product, the fact is that with the return of the airline's Airbus A380 aircraft, passengers once again can enjoy 'The Residence,' an even more luxurious cabin than first class on the UAE-based Etihad Airways flights.

The one new development with the self-advertised three-room suite in the sky is that starting April 2024, the airline will deploy its Airbus A380 aircraft to fly between Abu Dhabi Zayed International Airport (AUH) and New York John F. Kennedy International Airport (JFK). When the aircraft returned to service in July 2023, the airline deployed it only on the AUH – London Heathrow Airport (LHR) route.

Photo: Etihad Airways

2 Singapore Airlines First Class
Announced in: July 2013
Aircraft available on:
- Boeing 777-300ER

While it has been more than a decade since Singapore Airlines first unveiled its newest first class product, the cabin still has been one of the top-rated cabins globally as the airline has managed to provide an unparalleled experience to its customers.

Unfortunately, the carrier's Boeing 777-300ER only welcomes four first class passengers since its other long-haul aircraft, including the Airbus A350-900, A380, and Boeing 787-10, only have business class seats. The only exception is the Airbus A380, with the airline offering the 'Suite': a similar experience to Etihad Airways 'The Residence.' When Singapore Airlines announced the cabin in July 2013, it said that the seat would introduce a new industry benchmark for premium air travel, including redesigning its business and economy class seats.

Photo: Singapore Airlines

1 All Nippon Airways The Suite
Announced in: July 2019
Aircraft available on:
- Airbus A380
- Boeing 777-300ER

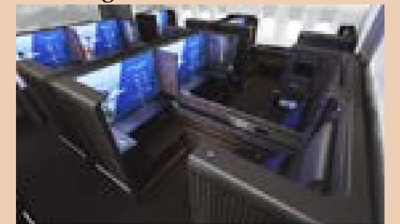
Photo: Acumen

All Nippon Airways (ANA) announced its new first class seats in July 2019. The airline, which also publicised its newest business class seat on the same date, described the then-new suite as designed by combining Japanese heritage and Western design.

While Skytrax rated Singapore Airlines' first class as the superior product in 2023, maybe ANA, whose first class was ranked as the third-best seat in the world, will have what it takes to take it to the next level. After all, Air Frances's La Premiere, voted second-best, is getting a refresh, which could go either way and provide a potential opportunity for ANA.

The Japanese carrier offers its first class product on two aircraft, its iconic 'Flying Turtles,' the Airbus A380s, and the Boeing 777-300ER. When it introduced the new suites, ANA said that this was the most spacious fully enclosed seating ever seen on an ANA aircraft, adding that features include privacy-enhancing doors and a 43-inch monitor, which also showed entertainment in a 4K resolution.

ANALYST INSIGHT

The Airport Customer Experience

Strategising for the rising demand in aviation

THE AVIATION INDUSTRY HAS continued to witness a surge in demand as reported recently. This brings with it a heightened responsibility to prepare for the increasing demand so that the passenger experience remains positive and all stakeholders reap the benefits of this rise in demand.

The International Air Transport Association (IATA) released data for February 2024 global passenger demand which showed very positive performances globally. Total demand, measured in revenue passenger kilometres (RPKs), was up 21.5 percent compared to February 2023. Total capacity, measured in available seat kilometres (ASK), was up 18.7 percent year-on-year. Also, International demand rose 26.3 percent compared to February 2023; capacity was up 25.5 percent year-on-year and the load factor improved to 79.3 percent.

The report stated further that Domestic demand rose 15.0 percent compared to February 2023; capacity was up 9.4 percent year-on-year and the load factor was 82.6 percent. In the report there was a note that February 2024 was a leap year with one extra day compared to February 2023. This slightly exaggerates growth in both demand and capacity to the positive. For the international passenger markets, African airlines saw a 20.7 percent year-on-year increase in demand. Capacity was up 22.1 percent year-on-year. However, the load factor fell to 74.0 percent (-0.8ppt compared to February 2023).

Worthy of note is the advisory by IATA's director general, Willie Walsh: "The strong start to 2024 continued in February with all markets except North America reporting double-digit growth in passenger traffic. There is good reason to be optimistic about the industry's prospects in 2024 as airlines accelerate investments in decarbonisation and passenger demand shows resilience in the face of geopolitical and economic uncertainties. It is critical that politicians resist the temptation of cash grabs with new taxes that could destabilise this positive trajectory and make travel more expensive. In particular, Europe is a worry as it seems determined to lock in its sluggish economic recovery with uncompetitive tax proposals."

The above is a call for industry stakeholders in Africa to take a careful look at events in Europe as IATA is doing to ensure that their airlines remain competitive and resilient. Beyond that there is also the need to take a look at other factors that will enable the industry to cope with the rising numbers.

Digital capability should not be seen as just the responsibility of the airport or the Air Navigation Service Provider only. It should be enhanced collaboratively so that the capability of employees as well as the digitally enabled service like a web engine can render greater service levels. Also the current prediction and optimisation tools in use should not be taken for granted. There is always room for improvement. The industry might, for instance, ask why some planes leave with a low load factor while still charging a very high price. They may need to do some simulations of various pricing scenarios and the effect on profitability.

The same applies to the various assumptions held before the pandemic that had been an input into some of the planning being carried out such as: Block and turn times, bags per passenger, passenger arrival rates and connection times, check-in throughput time, and employee absenteeism. Usually, these assumptions are based on historical norms and trends that may be tweaked once every year or two. In this case it is advisable to think and plan for scenarios which require agility and digital capabilities. This could help the airport community avoid mishaps and keep operations running smoothly.

Long queue times at airports can make the passenger experience less appealing. Airports may consider having a kind of triage system where passengers can watch videos to help them prepare for travel, including safety briefs also; having transparent bags for them to put in their items as liquids, aerosols and gels of allowable limits before security checks, and other innovative solutions. These will go a long way in making a difference to the passenger experience as the demand continues to increase.

Collaboration by all members of the airport community and across the ecosystem by policy makers, ATC, the military, airports, and airlines may be critical in ensuring that this increasing demand does not lead to more dissatisfied customers. Given the shared nature of resources, this would involve more transparent communication on constraints, greater sharing of data, and better alignment of policy to action.

All industry stakeholders need to bear this in mind that a great operation and customer experience is not just good for customers but also for the bottom line.

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Nigerians voice opposition to NIMC's proposed multi-functional ID Card

Joy Agwunobi

IN A RECENT REVELATION, THE NATIONAL IDENTITY MANAGEMENT COMMISSION (NIMC) announced its plan to introduce a versatile and multi purpose identity card to Nigerians, marking a significant step in the commission's ongoing efforts to expand the reach and impact of the National Identification Number (NIN). However, this announcement has been met with a spectrum of reactions from the public.

Amidst the backdrop of past national identity projects marred by various challenges, some citizens have expressed reservations about the efficacy and feasibility of this latest initiative, pointing to a complex landscape of trust and uncertainty as the NIMC navigates the ambitious venture of building a reliable and comprehensive identity solution for all Nigerians.

The national identity card, as envisioned by the NIMC, represents a bold new frontier in identity solutions for Nigerians, designed to transcend the limitations of its predecessors by offering a comprehensive suite of functionalities. The card aims to combine the crucial aspects of identification, payment, and social service delivery, serving as a one-stop solution for the myriad needs of Nigerians across all walks of life.

The commission disclosed that the multipurpose ID is eligible to registered citizens and legal residents with the NIN and would possess several advanced security and identification features, including:Machine-readable zone (MRZ) in accordance with International Civil Aviation Organisation's (ICAO) standards for biometric passports, facilitating international travel and border crossings; QR code containing the holder's national identification number (NIN), making it easy to access various services that require identity verification; Face and fingerprints biometric authentication, offering a reliable and secure means of identity verification via the data stored on the card's chip.

To bring its vision for the National Identity Card to life, NIMC has partnered with key stakeholders in Nigeria's financial and technological spheres, including the Central Bank of Nigeria, the Nigeria Inter-bank Settlement System (NIBSS), and AfriGO, the country's national domestic card scheme.

The announcement of the multipurpose identity card and the planned issuance of three new national ID cards by the NIMC has created a stir across Nigeria, evoking a diverse range of responses from various stakeholders. As the news spreads, a spectrum of opinions has emerged, with some hailing the proposals as a long-awaited step towards streamlining identity management and promoting financial inclusion, while others express concerns about the feasibility and effectiveness of these initiatives, given the challenges faced by previous national identity projects.

The introduction of a proposed multipurpose identity card by the NIMC has triggered a diverse range of reactions from Nigerians, with some citizens expressing concern over the potential consequences of this initiative. Specifically, these citizens fear that the proposed card may create unnecessary duplication of existing national ID cards, resulting in confusion among citizens and additional costs for the government. This duplication of cards, according to these critics, could lead to an overburdened system of identity management that fails to offer tangible benefits to Nigerians, ultimately undermining the very purpose of the proposed multipurpose card.

The development has also generated a lively discourse among the public, including insightful comments from social media users.

In response to the proposed national identity card by NIMC, Andy Agba, an X user, voiced his strong opposition to the project on the NIMC X platform, calling it a waste of taxpayers money. Agba raised concerns that while citizens are repeatedly asked to provide their data during bank registrations, SIM card registrations, and other processes, this information is seldom utilised to combat crimes or aid in investigations, leading to a perceived lack of tangible benefits for citizens from such initiatives.

Another X user, @Akewusolaf commented, "The most interesting thing about all of this is that it is never in the masses' favour but an avenue to loot and create an unnecessary inconvenience for the masses. From National ID card, BVN, NIN and now, A new National ID CARD".

Joe Femi-Dagunro, a former vice president of Africa Spiegelau, GMBH Germany, offered his opinion on the proposed identity cards. He highlighted several concerns with the proposed cards, stating: "That's not what we need at this moment. We have data supplied everywhere: the NIN, the voter's card, the BVN. We have so many identity cards."

He pointed out that other nations, even developed countries, do not necessarily rely on compulsory ID cards for national identification.

Femi-Dagunro expanded on his critique of the proposed cards by advocating for a more holistic approach to financial inclusion, one that goes beyond the provision of a card to address the underlying issues affecting people's ability to succeed economically.

He also highlighted the implementation challenges that the proposed cards could face, drawing on the example of the National Identification Number (NIN) rollout, which was plagued by technical issues and inefficiencies

Femi-Dagunro acknowledged that the NIMC has not given a timeline for the implementation of the proposed cards, but he also expressed reservations about putting Nigerians through another difficult and potentially traumatic process, given the experiences many had with the NIN rollout. He further gave an instance that drew a parallel between the proposed identity cards and obtaining a passport, emphasising that the choice should be left to the individual.

"If you want to travel out of this country, nobody needs to force you to go and get a passport. You walk in there," he stated, adding, "if the structures are there and you said you need a card to access it, you won't force anybody to go and get it,let us not bring the ideas of a card where there's nothing for these people."

Dismissing claims that the introduction of new identity cards could help curb internet fraud, he asserted that Nigerians are highly intelligent and will find ways to circumvent any such measures.

L-R: Anita Otubu, senior director, Universal Energy Facility; Abba Aliyu, managing director, Rural Electrification Agency; Damilola Ogunbiyi, CEO and special representative of UN secretary-general for Sustainable Energy for All (SEforALL); Adebayo Adelabu, minister of power, Nigeria; Shubham Chaudhuri, country director, World Bank Nigeria; and Femi Akinyelure, head (PMU) Nigeria Electrification Programme, during SEforALL grant agreements ceremony with 19 clean energy developers awarded to deploy Stand Alone Solar Solutions for Productive Use across Nigeria held in Abuja recently.

Nigeria's cybersecurity woes ignite global concern as country lands in Top 5 cybercrime hotspots

Cynthia Ezekwe

A RECENT GLOBAL CYBERCRIME index has highlighted Nigeria's growing vulnerability to cyberattacks, ranking the country fifth on the list of countries with the most prominent cybercriminal activity—trailing only behind notorious hotspots like Russia, Ukraine, China, and the United States.

The World Cybercrime Index, a comprehensive study conducted by experts from the University of Oxford's Department of Sociology and the University of New South Wales (UNSW), Canberra, sheds light on the colossal nature of cybercrime, which they estimate to be a multi-billion, if not trillion-dollar, global problem.

The pioneering research paints a sobering picture of the current cyber landscape, where nations like Nigeria are facing an uphill battle against increasingly sophisticated cybercriminals whose predatory activities threaten to erode the country's economic stability, national security, and digital infrastructure.

The World Cybercrime Index, which is the result of three years of intensive research, identified Romania, North Korea, the United Kingdom, Brazil, and India,among other countries with with high records of cybercriminal activities, highlighting the fact that cybercrime is a global issue that requires immediate attention and a concerted response from all nations.

According to the report, the World Cybercrime Index is a data-driven compilation of insights gleaned from a worldwide survey of cybercrime experts. The experts were tasked with assessing the prevalence of five major categories of cybercrime in various countries, ultimately nominating those countries that they deemed to be major sources of each crime type.

The five categories included: Technical products/services (such as malware); Attacks and extortion; Data/identity theft (such as hacking or phishing); Scams (such as business email compromise or online auction fraud) and Cashing out/money laundering (such as credit card fraud).

The report reveals that the survey incorporated three key criteria for ranking each country: the scale of its impact on cybercrime, the level of professionalism demonstrated by its cybercriminals, and the technical expertise evident in their methods and tools.

The survey's results suggested that only a handful of countries are home to the majority of cybercriminal activity, as six nations—China, Russia, Ukraine, the United States, Romania, and Nigeria—featured in the top ten of every category assessed.

The World Cybercrime Index not only sheds light on the prevalence and scope of cybercrime, but also provides critical data that can inform policy discussions on how best to allocate resources to combat this burgeoning threat.

The report highlighted the multi-faceted and ever-evolving nature of cybercrime, pointing out the need for a tailored and comprehensive approach to combat this growing menace. While various policies have been proposed to address cybercrime, the effectiveness of each approach depends on a multitude of factors, such as local economic conditions, political stability, and technological sophistication. As the World Cybercrime Index suggests, the top cybercrime hotspots are diverse in their geographic, economic, and political makeup, underscoring the need for custom-tailored solutions and a nuanced understanding of the unique circumstances in each country.

Miranda Bruce, a postdoctoral fellow at the University of Oxford's Department of Sociology, offered her insights on the significance of the research, noting that the research will help remove the veil of anonymity around cybercriminal offenders, and aid the fight against the growing threat of profit-driven cybercrime.

"For the first time, we have reliable data on the location of cybercriminals, and we also have a way to measure their impact. Government agencies and private enterprises tasked with tackling cybercrime now have a much better understanding of the scale of the problem in their own backyard," she said.

Bruce expressed confidence in the crucial role that ongoing data collection will play in combating cybercrime, noting that by tracking cybercriminal activity on an ongoing basis,researchers can identify emerging hotspots before they become major threats.

Federico Varese, a professor of criminology at the University of Oxford, added to the discourse, stating that the 'World Cybercrime Index represents the initial phase of a larger initiative to investigate the unique characteristics of cybercrime production in various regions and countries.

"We are hoping to expand the study so that we can determine whether national characteristics like educational attainment, internet penetration, GDP, or levels of corruption are associated with cybercrime. Many people think that cybercrime is global and fluid, but this study supports the view that, much like forms of organised crime, it is embedded within particular contexts," Varese added.

African businesses under fire as cyberattacks spike 20% in Q1 2024-Report

Joy Agwunobi

THE FIRST QUARTER of 2024 has seen a disturbing 20 per cent rise in cyberattacks targeting businesses across the African continent, according to the most recent Cyber Attack Trends Report released by Check Point, a reputable cybersecurity firm.

Checkpoint exposes an unsettling reality for businesses in Africa, as the region emerges as a hotbed for cyberattacks, experiencing an attack rate significantly higher than the global average. The report found that while cyberattacks are on the rise worldwide, with a worrying five per cent increase in the average number of attacks per organisation, African businesses have been found to be particularly vulnerable to cybercriminals, experiencing an unprecedented surge in attacks that is far outstripping other regions.

As per the report, the staggering average of 2,373 cyberattacks per week per organisation highlights the dire state of cybersecurity for businesses in Africa, vastly outpacing other regions around the globe.

The report's findings not only expose the alarming rise in cyberattacks targeting African businesses but also unveil a worrying trend for specific sectors that are critical for society's functioning. Industries such as healthcare, telecommunications, energy, finance, and transportation, which form the backbone of modern society, are under heightened threat, putting the overall economic and social stability of African nations at risk.

Among the worst-hit sectors, the education/research sector bore the brunt of the attacks with an average of 2,454 attacks per organisation every week.

The sector emerged as the top target for cybercriminals, surpassing the government/military and healthcare sectors, which were also heavily impacted with 1,692 and 1,605 attacks per week respectively.

Check Point's report also found a substantial 37 per cent year-on-year increase in attacks on the hardware vendor industry. The increasing reliance of this industry on hardware for Internet of Things (IoT) and smart devices has made these vendors prime targets for cybercriminals, as the potential for large-scale disruption and data theft is significant.

As cyberattacks continue to evolve and grow in number, Check Point's cyber attack trends report underscores the urgent need for African businesses to adopt a holistic, multi-layered approach to cybersecurity to effectively mitigate the evolving threats.

The report advised organisations to adopt an approach that incorporates preventative measures, threat detection, and response capabilities, with a focus on early detection and rapid response to mitigate the potential damage from these attacks.

In a rapidly shifting cybersecurity landscape, the report by Check Point highlighted the critical role that advanced defences, powered by AI, can play in protecting African businesses from the rising tide of cyberattacks. The report stressed that these advanced defences can analyse vast volumes of data, detect anomalies, and recognise new threats, often with a speed and accuracy that far exceed human capabilities.

Tritek Consulting expands training portfolio with launch of new AI course, fueled by 200% growth

Joy Agwunobi

TRITEK CONSULTING, a leading player in the recruitment, training, and consulting space for the tech industry, has undergone a transformation driven by an incredible 200 per cent surge in demand for its services.

As technology continues to shape the world at an unprecedented pace, Tritek Consulting, a company that has built a reputation for delivering top-tier services to its clients, has identified the urgent need to adapt and enhance its training offerings to meet the ever-changing demands of the tech sector. By staying abreast of the latest technological developments and industry trends, the company aims to ensure that its clients receive the most up-to-date, comprehensive, and relevant training available, positioning them to not only survive, but thrive in this rapidly evolving landscape.

Spearheaded by the vision and entrepreneurial spirit of Adeshola Cole, an award-winning mentor and entrepreneur, Tritek Consulting emerged onto the scene in 2017, rapidly carving out a niche for itself as a leading player in the recruitment, training, and consulting space for the tech industry. With a dynamic team of 50 professionals across three continents—Nigeria, the UK, and the US—the company has fostered a culture of excellence and innovation, positioning itself for an ambitious expansion strategy that will solidify its position as a global leader in the industry.

In line with its commitment to stay at the forefront of the technology sector, Tritek Consulting is rolling out specially designed training programmes in the fields of AI and data science, two domains that are disrupting the technology landscape in unprecedented ways.

The comprehensive training programme, crafted with a rigorous curriculum, is tailored to provide candidates with in-depth knowledge of the most critical components of these rapidly evolving fields, including machine learning, data management, algorithms, and digital skills, equipping them with the theoretical foundations and practical experience necessary to excel and drive innovation in these cutting-edge areas.

With a blend of theoretical lectures and hands-on workshops led by senior Tritek team members, the training program is tailored to provide candidates with industry-standard skills and expertise, equipping them with the high-quality training needed to make a lasting impact in the tech industry.

Data & Information Governance Insight

Clearing the haze: Hidden costs of data ambiguity

MICHAEL IRENE, PhD

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PICTURE YOURSELF IN AN OLD bookshop, its shelves brimming with ancient tomes whose stories have been lost to time. The shopkeeper gestures to a dusty volume, its contents a mystery. You're intrigued but cautious — what secrets lie within? Such is the conundrum faced by many in the digital age, where opaque data practices lead to an uptick in operational compliance costs, causing a great deal of consternation for businesses worldwide.

In an era where organisations amass substantial amounts of user data, clarity on the collection and usage of this information is often missing. This obfuscation has led to soaring operational compliance costs, particularly as regulations such as the EU's General Data Protection Regulation (GDPR) and the UK's own Data Protection Act come into sharper focus.

These regulatory frameworks emerged as a direct counter to the murkiness of organisational data practices. Yet, achieving compliance with these regulations is far from straightforward. For instance, a globally renowned social media giant was fined £3.9 billion by the Federal Trade Commission due to privacy missteps. This record-breaking fine illustrates the gravity of transparent data handling and the financial repercussions of noncompliance.

The pandemic further complicated matters, hastening the adoption of digital platforms. Contact tracing apps, essential in monitoring COVID-19 spread, came under intense scrutiny over data management concerns, prompting audits against health data protection standards like HIPAA in the US and GDPR in the EU.

The financial sector, too, faces this complexity. With an upsurge in online banking services, financial institutions find themselves at the intersection of increased personal data collection and the maze of compliance with financial regulations like the Financial Services and Markets Act or the PCI DSS, all adding to the compliance expenditure.

In response, companies have turned to GRC (governance, risk management, and compliance) technologies. These platforms offer some respite by monitoring regulatory updates and managing data lifecycles. However, they represent a significant operational outlay, particularly burdensome for small and medium-sized enterprises (SMEs).

For consumers, the lack of clear data collection policies has led to growing unease. Findings from the Pew Research Centre indicate that an overwhelming 79 percent of individuals are troubled by company data utilisation practices. This discomfort can translate into hesitation to use digital services, impacting corporate revenues and necessitating additional spend on compliance and reputation management.

Businesses must now strike a delicate balance between harnessing data for growth and maintaining transparent practices to meet compliance and gain consumer trust. Those that foreground transparent data policies not only find compliance less burdensome but also cultivate more robust customer relationships.

In essence, the ramifications of obscure data practices are manifold, affecting organisations through hefty penalties, elevated compliance-related operational costs, and eroded customer trust. As the tapestry of regulatory demands grows ever more intricate, transparency in data collection isn't merely a legal requirement — it's a strategic asset. Companies that recognise and act on this imperative will not only sidestep the pitfalls of non-compliance but also engender a more devoted and engaged customer base. The haze of data opacity, while challenging, may just clear the path to a new epoch of digital candour that serves the interests of all.

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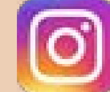
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Economics Commentary

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Nigeria's Naira: The trashing of ECOWAS' lead currency

ONCE UPON A TIME, NIGERIA'S national currency, the Naira, was the most sought-after medium of exchange and store of value within the Economic Community of West African States (ECOWAS); it was almost a fully convertible currency within the sub-region. Indeed, at the commencement of deliberations on common currency for the sub-region, the choice of the Nigerian Naira was almost unanimous, but for the vestiges of the Anglophone-Francophone divide within the bloc. By the inception of ECOWAS almost five decades ago (in 1975), the Naira was much higher in value than the British pound sterling and the American dollar.

Then, Naira was accepted on the west coast up to Ivory Coast and Senegal. Traders freely spent Naira in many countries of West Africa. Nigerian sports journalists who covered sporting events in Benin Republic, Togo, Ghana, Senegal and Ivory Coast freely spent Naira in the markets of these countries. Naira was stronger than French Franc (CFA) then. But those days are gone; the naira is now being rejected in these countries.

Following the depreciation of Nigeria's Naira in the past few months, further setbacks have hit the West African region's favoured (local) currency as trans-border traders have also started rejecting it. Findings across the Seme-Nigeria border by a national newspaper show that the traders on both sides are now preferring either the CFA (French franc) or the domestic currency of the non-francophone countries.

The findings show that the Naira began sliding from that status (of wide acceptance) in February, hitting the point of outright rejection in March 2024. For traders on both sides of Nigeria's borders, holding Naira "has become a huge risk as the value keeps depreciating since last year with the worst rate of depreciation recorded last month." Official reports indicate that the Naira which traded above N1/1.5CFA in the first quarter of 2023 dropped sharply to N1/0.9CFA in the second quarter and N1/0.8CFA in the third quarter 2023.

After a moderate stability through the fourth quarter of 2023, it opened 2024 at N1/0.66067CFA in January 2024. However, following a second wave of depreciation in February, the Naira's strength went down drastically to N1/0.38308CFA before hitting a new low of N1/0.37595CFA in the last days of March. The (cross-border) traders are already hedging against further depreciation, although there's a slight improvement in the past few days.

However, the Naira is still not close to what it used to be in the sub-region some years ago. The development is adversely affecting the cost of goods imported into Nigeria through its neighbouring West African countries. Consequently, the traders are recording a lull in business activities on both sides of the border towns in Nigeria, Benin Republic and others. Indeed, in most border markets in Benin-Nigeria, many of the money changers or Bureau De Change, do not display the Nigerian currency (anymore) like they used to do.

And truly, last year (2023), Nigeria's naira ranked third among the world's worst performing currencies, according to a Bloomberg's report. Of the 151 currencies tracked by Bloomberg, naira was the world's worst performer after the Lebanese pound and the Argentine peso, after closing at N1,043/US$1 on Thursday — about 72 hours to the end of 2023.

The naira eventually closed the year at N907.11/US$1 the next day, Friday (data published on the website of the FMDQ showed). However, according to data sourced from the black market, the Naira closed at N1,193/US dollar at the unofficial window on Friday, the last business day of the year.

The naira's performance in 2023 has been described as its worst since the return to democracy in 1999. Foreign reserves in Africa's biggest crude producer are at the lowest in six years with so much of them encumbered by overdue short-term overseas obligations, Bloomberg noted in its report. Vetiva Capital Management Ltd on its part predicts that the naira may slip further unless President Bola Tinubu's government successfully lures international investors or ramps up oil output/sales.

"A significant rise in external reserves, material increase in foreign exchange inflows, and reduction in money supply" will be positive for the naira, Vetiva Capital said in a note to clients. Unfortunately, rather than increase, Nigeria's external reserves are fast depleting. "Nigeria's FX reserves dip by US$1.02 billion in 18 days on CBN's naira defence,"—a headline in one of Nigeria's national newspapers on April 8, says it all.

According to the report, Nigeria's FX reserves stood at US$33.43 billion, down from US$34.45 billion on March 18, 2024, according to the latest data from the CBN. The downward trend reflects a significant drawdown on the reserves, which have been depleting since March 18, when it peaked at US$34.45 billion. The reserves dropped to US$34.39 billion on March 19 and have continued to drop steadily, hitting US$33.57 billion by April 4.

All these show that the apex bank has been consistently intervening in the FX market, contrary to its announced policy of free interplay of market forces in the determination of the Naira exchange rate. Although these interventions by the CBN have 'improved liquidity' in the FX market, they have apparently reflected in the fast-depleting FX reserves. No wonder, within the 18-day period alluded to above, the CBN announced the complete clearance of the valid foreign exchange backlog and sale of US$10,000 FX to each bureau de change (BDC) in Nigeria at a rate of N1251/US$1.

However, it is no good omen for the apex bank to resort to the depletion of the nation's FX reserves for the improvement of liquidity in the foreign exchange market. A fast declining FX reserves for any country is economically ruinous and counterproductive in the mid- to long-term. This is why the CBN must expeditiously put measures in place not only to encourage massive non-oil exports but also to ensure their proceeds are seamlessly repatriated.

From all indications, the subsisting environment does not encourage FX repatriation: extant policies and restrictions seem to constitute bottlenecks even to genuine exporters. It is cheap and escapist for the CBN to fall back solely on the nation's FX reserves in trying to strengthen the Naira. This is by no means sustainable. In the true spirit of economic diversification, the apex bank must expeditiously come up with an overarching initiative to beef up proceeds from the non-oil export sector.

This line of action is compelling, because the crashing of the Naira (by poor FX supply) has much wider implications for not only Nigeria but also for the entire ECOWAS sub-region. At present, statistics show that the Naira (once the leading currency) has weakened against all currencies within ECOWAS and beyond. Whether it is the CFA (used by francophone countries) or the Ghana Cedi, or the Gambia Dalasi or the South African Rand — the Naira has lost heavily in recent times. The Nigerian currency neither serves as a durable store of value nor a valuable means of exchange.

It therefore goes without saying that the collapse of the Naira (especially within ECOWAS) tantamounts to a threat to Nigeria's very high pedestal position in the economic bloc. This is more so, now that the country occupies the apex leadership position of the body; the cap presently won by President Bola Ahmed Tinubu as chairman of ECOWAS. The efforts of the apex bank to prop the Naira is therefore imperative; it only needs more transparency, to attract the confidence of stakeholders. This also implies openly recanting its reliance on 'market forces' in the FX market management. All secrecy should be done away with!

VICTOR OGIEMWONYI

Victor Ogiemwonyi, a retired investment banker, is a former Governing Council member of the Nigerian Stock Exchange (NSE), now Nigerian Exchange Group (NGX Group). He sent this contribution from Ikoyi, Lagos. He can be reached via comment@businessamlive.

The CBN's arrow on carry-trade

LAST WEEK, THE CBN ISSUED a circular in respect of FX collateral for Naira loans, to the effect that it has now expressly forbidden the use of FX as collateral for Naira Loans. Banks that already are exposed, have been directed to wind down their positions within 90 days.

This circular, again confirms that, there is a lot of solid thinking going on at the CBN.

Carry-Trade is what is referred to when you bring FX to trade in another jurisdiction by taking a loan in the local market and collateralising it with FX deposit. It purely signifies that the investment is short term and only aimed at making a profit.

The CBN has used high interest rates to attract investors to its instruments, but wants to make it clear that they will not allow unrestrained speculation.

The policy is excellent in its timing to be sure, to the extent that it will mitigate the speculative capital that can affect an economy quickly.

We have seen the destructive impact of currency speculation evidently in Asian financial crisis in 1997, when speculators took on the Thailand's currency, the Bhat, and the Malaysia currency, the Ringgit, with economic consequences so severe, that it prompted Mr Mahathir Mohammad, the then prime minister of Malaysia to call billionaire George Soros a moron. He explains ….. "We spent years developing our economy, that has helped many rise to the middle class, and a moron like Soros, comes around and ruins everything."

Soros responded by describing Mr. Mohammad as "a hindrance to his country" … Soros and other currency speculators, say they are a "force for good " in a market economy, given that their activities ensure bad economic policies, propping up weak currencies are not allowed to stand. They argue that their speculation makes economies competitive.

Regardless of the economic logic for and against speculation, countries like Nigeria should be prepared. They have learnt from the Asian crisis and will ensure speculators are aware that Nigeria is watching their activities. The recent notice from the CBN points to this.

The 90 days given to Nigerian banks, to wind -down the loans, is also an appropriate time frame to wind down these loans. Most of the loans are already short term in nature, anyway.

The Carry-Trade is also a structured speculative trade. It is one of the ways to speculate in currencies and other market assets, legally. It starts with pairing two interest rates and taking position in currencies and other market assets.

If this practice is not checked early, it can become a contagious problem that can create bubble capital rapidly, from speculative bets. This is commonly referred to as "Hot Money". That is the capital that leaves without notice. We cannot afford such speculative trading now. Let us settle the money already in the system, while we carry on with other reforms quickly, to increase our attractiveness as a destination for investment. The foregoing notwithstanding, we must also point out that speculative capital is not all bad. It is like taking a short term loan, to tidy up your position. Foreign portfolio investments of this type, provides the immediate liquidity that is needed to fund the FX market, that gets the economy going, while we work to restart properly.

We must quicken our reform efforts, to make our economy attractive to attract more foreign capital.

We already have an attractive large market with our huge population. Further investment in health and education, with attention to our energy infrastructure and security will greatly advantage our population.

We will also need to give our youths the technical skills, to make them more employable.

Only strong growth will ensure full employment. We will need double digit growth in the next decade to ensure this, and make our economy attractive.

This is why the current high interest rates need to come down quickly, once the CBN achieves its objective of mopping up the excess liquidity in the system, and restoring fair stability for the Naira.

The Africa Continental Free Trade Agreement (ACFTA) is a gift to Nigeria, if we know what to do with it. We have a potential to substantially increase our exports and reduce our imports, as we manufacture more of what we need. We must sincerely push our agriculture to produce more, for our own consumption and for exports. We have all the God given comparative advantages – good soil, huge population and a deep market that provides the incentives.

As we become more productive overall, the Naira will get stronger.

We have just passed a milestone that many are yet to take notice of: we have allowed the Naira to find its value, even in a down economy. The Naira found support at N1900. That means, in the short run, that is the worst we can expect the Naira to dip. The CBN is also now, preemptively and intelligently signalling price, through the funding of the Bureau De Change market, which is essentially the Black Market.

We expect companies who genuinely need FX, to now be able plan for it.

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