1. Introduction

The fourth quarter of 2020 recorded improvements in global economic activity relative to the third quarter of 2020. This was as a result of increased consumer confidence brought about by relaxation of restrictions on global activity, expectations on effective vaccine production and distribution and relaxation of COVID-19 containment measures. Similarly, the Nigerian economy recorded improved economic activity in the fourth quarter of 2020. Although weak, the domestic economy returned to a positive growth compared to the negative growth experienced in Q3 2020.

Macroeconomic conditions in the global and domestic environments are discussed in subsequent sections. Section 2 discusses global and domestic economic conditions with respect to macroeconomic indicators such as real GDP, inflation, exchange rate, external reserves and debt stock. Section 3 discusses the domestic capital and money markets and Section 4 concludes by reviewing CBN monetary policy as well as CBN circulars issued in the second half of 2020.

2. Macroeconomic Conditions

2.1 Global Economic Conditions

The global economy strengthened in Q4 2020, leveraging on the gains of the previous quarter and improved outlook for global demand as vaccines development, distribution and applications across the world progress. While the global output growth was still in the negative, its projected estimate in Q4 was larger than in Q3, 2020.

The prospect however remained subdued because vaccines production and distribution are still at the early stage, and it may take some time before reaching substantial portion of the World population, depending on the efficiency of the distribution channel. In addition, the upsurge in the second wave of COVID-19 outbreak in many countries, especially those in Europe and United States has had a negative effect on speed of output recovery due to the pockets of local containment measures.

The IMF in its October 2020 World Economic Outlook (WEO) projected a growth of -4.4% in 2020 while the World Bank Global Economic Prospects January 2021 (GEP) estimated a contraction of 4.3% in 2020.
The global economic recovery achieved in Q4 2020 derived from improved economic performance (lower contractions) of Advanced Economies (AEs) and growth from China.

In sub-Saharan Africa, economic growth and prospects were weak in Q4 2020, and detracted from global economic recovery. The World Bank in its GEP January 2021 estimated that the Sub-Saharan Africa as a group grew at -3.7% in 2020, more severe than the -3.0% projected by IMF in its October 2020 WEO. The weak growth performance of the group stemmed from poor economic performance of the largest economies in the region, Nigeria and South Africa, as well as the devastating economic impact of COVID19 containment measures.

Depending on the baseline scenario that assume that the world would not be hit by a second global wave of COVID-19 pandemic but only experience a pocket of local second wave infection, and that vaccine would be widely available by end-2021, the global economic growth in 2021 is forecast by Euromonitor and OECD to hit 5.1% and 4.2% respectively.

International trade in Q4 2020 was still depressed under the influence of COVID-19 Pandemic's restrictive effects on global activity. The world trade volume estimates by the IMF WEO (October 2020) declined by 11.42% from 1.0% at end-2019 to 10.42% at end-2020. According to World Bank's GEP January 2021, the growth of global trade volume, measured by export and import of goods and nonfactor services, declined by 9.5% in H2 2020, compared to -13.5% growth recorded in H1 2020.

The prospect for improved trade activity for 2020 is however brighter, on the back of positive scenario of better global demand outlook presumed on effective distribution, application of vaccines across several countries of the world. International trade is expected to return to positive growth in 2021. However, the outlook as at end-2020 of 5.1% growth is slightly downgraded by World Bank in its GEP January 2021 from 5.3% growth predicted six months earlier.

According to OPEC Monthly Reports, both the spot and future prices of crude oil were though lower at end-2020, compared to end-2019, oil price performance in Q4 was strong, with both prices surging to 10-month highs. While the OPEC Reference Basket (ORB), the weighted average price of petroleum product produced by OPEC countries, fell by 25.2% in 2020 to the average of $41.47 (the lowest since 2016), its performance in Q4 2020 rallied with a growth of 18.38% from $41.54 in September 2020 to $49.17 in December 2020. Similarly, ICE Brent and NYMEX WTI - the crude oil futures – surged by 19.94% and 18.77% from $41.87 and $39.63 in Q3 2020 to close at $50.22 and $47.07 in Q4 2020, respectively.

Following a similar trend, non-oil prices also improved by 8.1% points to attain 2.2% growth at end-2020 from -5.9% growth, relative to end-2019 prices. Like the international trade, the commodity prices outlook is promising, though not as strong at end-2020 as predicted six months earlier.
The improvement in oil prices, non oil prices, and other economic indicators in the last quarter of 2020 derived largely from renewed investors’ confidence and increased global demand that strengthen in recognition of emergence from global activity constrictions, as nations open up their economies from activity restrictions following expectation of effective control of Pandemic by vaccine applications around the world.

2.2 Domestic Economic Conditions

2.2.1 Real GDP Growth and Sectorial Contribution

The Nigerian economy returned to a positive, albeit weak, growth of 0.11% in Q4 2020, after two consecutive negative growth in Q2 and Q3 2020 occasioned by the ravaging effects of COVID-19 Pandemic that tripped the economy into a brief recession in 2020. With the weak growth in Q4, the economy ended with an annual negative growth of -1.92% in 2020, lower by -4.20% than growth of 2.27% recorded in 2019 (NBS, 2020). However, the Q4 growth represented a strong quarterly performance relative to the Q2 and Q3 negative growth of -3.62% and 6.1% (year-on-year), respectively.

Although economic growth in 2020 of -1.92% was negative, it showed a remarkable growth surprise when appraised in relation to the World Bank’s prediction. The World Bank GEP January 2021 estimated Nigeria’s economy to have contracted by 4.1% in 2020 due to the impact of the pandemic on all sectors of the economy.

The World Bank further projected Nigeria’s 2021 growth at 1.1% to be impacted by low oil prices, reduced OPEC production quotas, decreasing public investment as a result of weak government revenues, and restrained foreign investor confidence.

2.2.2 Consumer Price and Food Indices

The consumer price index (CPI) measures the variation in prices for retail goods and other items purchased by households for day to day living.

Figure 1 shows that the headline inflation (year-on-year) increased to 15.75% in December 2020 from 14.23% and 14.89% in October and November 2020, respectively. The core inflation or “All items less farm produce” maintained an upward trend from January to December 2020. The increase in inflationary pressure could be linked to factors such as disruptions in supply chain owing to restrictions on inter-state travels and spill over effects of the Pandemic on global supplies, amongst others.

The composite food index rose to 19.56% in December 2020 when compared to 17.38% and 18.3% in October and November 2020, respectively. The rise in the food index was mainly driven by increases in prices of Bread and Cereals, Potatoes, Yam and other tubers, Meat, Fish, Fruits and Oils and fats.
Furthermore, the core inflation stood at 11.37% in December 2020. That showed a slight increase of 2.9% point from 11.05% recorded November 2020.

The items with the most price increases were Passenger transport by air, Medical services, Hospital services, Pharmaceutical products, and Passenger transport by road, Motor cars, Vehicle spare parts, Maintenance and repair of personal transport equipment, Repair of furniture and Paramedical services.

**Figure 1. CPI and Food Inflation**

![Graph showing CPI and Food Inflation](image)

*Source: NBS E-Library*

### 2.2.3 Exchange Rate Movement

The economic impact of global health challenges has been unprecedented. The reduced domestic supply of foreign exchange could be attributed to the abrupt fall in oil prices, reduced global demand and restricted international trade.

In response to the shortfall and pressure to the external reserve, the interbank rate moved from ₦377.19/US$ to ₦381/US$ in August 2020. The interbank monthly average rate remained at ₦381/US$ throughout the remaining period of the year 2020 (i.e August-December 2020). That was expected to moderate market distortions but disparity between the rate traded at the interbank while Bureau de Change (BDC) rates had continued to widen significantly.

At the BDC market Segment, the Naira to US$ rate remained volatile during Q4 2020. The monthly average rate fluctuated from ₦453.68/US$ in September to ₦459.50/US$ and ₦472.740/US$ in October and November, 2020 respectively.

### 2.2.4 External Reserve Movement
The external reserves successively declined on a monthly basis from US$35.74 billion as at 30 September 2020 to US$35.69 billion and US$35.41 billion as at 31 October and 27 November 2020. Therefore, the reserves reduced by 2.81% between September to November 2020. The decline on the reserve was attributable to vulnerabilities induced by sharp drop in oil prices (from US$69.04 per barrel in Jan. 2020 to US$42.70 per barrel as at 30 November 2020), ravages of the COVID-19 pandemic and subdued global demand. The external reserve stood at US$35.37 billion as at 31 December, 2020.

The trend of the nation’s external reserves from 31 January to 31 December 2020 is presented in Figure 2.

![Figure 2: External Reserves](image)

Source: CBN

### 2.2.5 Public Debt

Nigeria’s public debt grew by 8.31% from ₦28.63 trillion in Q1 2020 to ₦31.01 trillion in Q2 2020 and further to ₦32.22 trillion in Q3 2020. The domestic debt accounted for 62.18% or ₦20.04 trillion, while external debt accounted for 33.60% or ₦12.71 trillion of the total public debts as at 31 December, 2020.

Table 1 highlights the status of the total public debts stock from third quarter 2019 to third quarter 2020.

#### Table 1: Nigeria Public Debts

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Total Public Debts (₦)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2019</td>
<td>33,000,000,000.00</td>
</tr>
<tr>
<td>Q3 2020</td>
<td>34,000,000,000.00</td>
</tr>
<tr>
<td>Q3 2021</td>
<td>35,000,000,000.00</td>
</tr>
<tr>
<td>Q3 2022</td>
<td>36,000,000,000.00</td>
</tr>
</tbody>
</table>

3. Financial Sector Developments

3.1 Capital Market Development
3.1.1 The All-Share Index
The Nigeria Stock Exchange, All-Share Index (NSE ASI) for all listed equities continued to gain throughout the review period. The index rose by 50.09% from 26,831.76 in Q3 to close at 40,270.72 in Q4 2020. The Q4 2020 when compared to Q4 2019 equally grew by 50.03% from 26,842.07. That could signal the build-up of investors’ confidence on the market with the ease of the COVID-19 lockdown and reopening of the economy since Q2 and Q3, 2020.

At the end of Q1, 2020, the NSE ASI declined by 20.65% from 26,842.07 in Q4, 2019 following the outbreak of COVID-19 in Nigeria. The ASI gradually picked up by gaining 14.92% and 9.61% to closed at 24,479.22 and 26,831.76 in Q2 and Q3 2020, respectively. Unlike Q4 2020, the indices for the Q2 2020 and Q3 2020 when compared to the previous year Q2 and Q3 dipped by 18.31% and 2.89% respectively.

![Figure 3: Movement in NSE All-Share Index](image)

**3.1.2 Market Capitalisation**

The relative size of the nation’s capital market as reflected in the total market capitalisation of listed securities stood at ₦38.59 trillion as at end of Q4 2020. The market capitalisation grew by 26.42% from ₦30.5 trillion in Q3 2020 and 49.05% from ₦25.89 trillion in Q4 2019.

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As at 31 December 2020, capitalisation of equities, exchange traded funds and FGN bonds grew by 50.06%, 54.50% and 7.51% from ₦14.04 trillion, ₦15.86 billion and ₦15.55 trillion, respectively, in Q3 2020. However, the capitalisation of the corporate bonds and state/local bonds depreciated by 7.35% and 26.75% from Q3 2020. While the Supra-national bonds remained unchanged.

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

<table>
<thead>
<tr>
<th>Type</th>
<th>Q4 2020 (Current)</th>
<th>Q4 2019 (Prior Yr.)</th>
<th>% Change to Current</th>
<th>Q3 2020 (Prior Month)</th>
<th>% Change to Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>21,063.17</td>
<td>12,968.59</td>
<td>62.42%</td>
<td>14,036.04</td>
<td>50.06%</td>
</tr>
<tr>
<td>Exchange Traded Funds (ETF)</td>
<td>24.509</td>
<td>6.583</td>
<td>272.31%</td>
<td>15.863</td>
<td>54.50%</td>
</tr>
<tr>
<td>Total Debts</td>
<td>17,501.90</td>
<td>12,915.05</td>
<td>35.52%</td>
<td>16,473.51</td>
<td>6.24%</td>
</tr>
<tr>
<td>Corporate Bonds/Debenture</td>
<td>507.759</td>
<td>355.817</td>
<td>42.70%</td>
<td>548.017</td>
<td>-7.35%</td>
</tr>
<tr>
<td>FGN Bonds</td>
<td>16,721.72</td>
<td>12,196.24</td>
<td>37.11%</td>
<td>15,554.18</td>
<td>7.51%</td>
</tr>
<tr>
<td>State and Local Bonds</td>
<td>270.798</td>
<td>354.897</td>
<td>-23.70%</td>
<td>369.698</td>
<td>-26.75%</td>
</tr>
<tr>
<td>Supra-national Bonds</td>
<td>1.619</td>
<td>8.094</td>
<td>-80.00%</td>
<td>1.619</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Mkt. Cap.</strong></td>
<td><strong>38,589.58</strong></td>
<td><strong>25,890.22</strong></td>
<td><strong>49.05%</strong></td>
<td><strong>30,525.42</strong></td>
<td><strong>26.42%</strong></td>
</tr>
</tbody>
</table>

Source: NSE Market Capitalisation reports

3.1.3 Domestic and Foreign Portfolio Investments

The trading figures showed that total transactions for November 2020 stood at ₦317.81 billion with foreign investors executing 21.18% of the value while domestic investors executed 78.82% of the flow as shown in table below. The total transaction value increased by 81.45% from ₦134.97 billion in September to ₦244.90 billion in October and further increased by 29.77% to ₦317.81 billion in November 2020.

Further analysis of investment transactions showed that total foreign transactions rose by 104.04% from ₦40.05 billion in September to ₦81.72 billion in October and later
reduced by 17.63% to ₦67.31 billion in November, 2020. On the other hand, domestic portfolio investments rose by 71.91% and 53.51% from ₦94.92 billion in September to ₦163.18 billion and ₦250.50 billion in October and November 2020 respectively.

Table 3: Domestic and Foreign Portfolio Transactions in EquityTrading in 2020

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign ('N Billion)</td>
<td>70.31</td>
<td>71.34</td>
<td>110.2</td>
<td>53.18</td>
<td>35.24</td>
<td>56.34</td>
<td>34.59</td>
<td>38.98</td>
<td>40.05</td>
<td>81.72</td>
<td>67.31</td>
<td>69.92</td>
</tr>
<tr>
<td>Foreign (%)</td>
<td>29.86</td>
<td>48.04</td>
<td>45.37</td>
<td>41.33</td>
<td>29.58</td>
<td>43.72</td>
<td>33.51</td>
<td>41.27</td>
<td>29.67</td>
<td>33.37</td>
<td>21.18</td>
<td>25.97</td>
</tr>
<tr>
<td>Domestic ('N Billion)</td>
<td>165.14</td>
<td>77.16</td>
<td>132.69</td>
<td>75.49</td>
<td>83.91</td>
<td>72.54</td>
<td>68.62</td>
<td>55.47</td>
<td>94.92</td>
<td>163.18</td>
<td>250.50</td>
<td>199.32</td>
</tr>
<tr>
<td>Domestic (%)</td>
<td>70.14</td>
<td>51.96</td>
<td>54.63</td>
<td>58.67</td>
<td>70.42</td>
<td>56.28</td>
<td>66.49</td>
<td>58.73</td>
<td>70.33</td>
<td>66.63</td>
<td>78.82</td>
<td>74.03</td>
</tr>
<tr>
<td>Total ('N Billion)</td>
<td>235.46</td>
<td>148.50</td>
<td>242.91</td>
<td>128.67</td>
<td>119.15</td>
<td>128.88</td>
<td>103.21</td>
<td>94.45</td>
<td>134.97</td>
<td>244.90</td>
<td>317.81</td>
<td>269.24</td>
</tr>
<tr>
<td>Percentage Change (%)</td>
<td>-36.93</td>
<td>63.58</td>
<td>-47.03</td>
<td>-7.40</td>
<td>8.17</td>
<td>-19.92</td>
<td>-8.49</td>
<td>42.90</td>
<td>81.45</td>
<td>29.77</td>
<td>-15.28</td>
<td></td>
</tr>
</tbody>
</table>

Source: The Nigerian Stock Exchange Domestic and Foreign Portfolio Investment Reports

3.2 Money Market Development
3.2.1 Interest Rates Movement

Money market rates generally declined in Q4 2020 due to the prevailing high liquidity condition in the banking sector.

Table 4 shows movement in selected money market indicators from December 2019 to December 2020. The weighted average inter-bank rate significantly declined from 7.38% in August 2020 to 2.00% in September 2020 due to rising liquidity levels.

Following CBN’s review of the floor rates of interest payable on savings deposit, the rate declined from a stable rate of 3.78% reported in August 2020 to 2.41% in September 2020, but later increased to 2.04% in December 2020.

Treasury bill rate has also continued a steady decline. It fell from 1.10% in September 2020, and further decreased to 0.86% in October 2020 before reaching an all time low of 0.03% in November and December 2020.

The prime lending rate oscillated around the MPR of 11.50%. It was 11.55% in September 2020, and slightly dropped to 11.35% in December 2020.
The maximum lending rate marginally dropped from 28.45% in September 2020 to 28.31% in December 2020.

<table>
<thead>
<tr>
<th>Month/ Year</th>
<th>Inter Bank Call Rate</th>
<th>MPR</th>
<th>Treasury Bill Rate</th>
<th>Savings Deposit</th>
<th>Prime Lending</th>
<th>Max Lending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-19</td>
<td>3.82</td>
<td>13.5</td>
<td>4.47</td>
<td>3.89</td>
<td>14.99</td>
<td>30.72</td>
</tr>
<tr>
<td>Jan-20</td>
<td>5.74</td>
<td>13.5</td>
<td>3.45</td>
<td>3.89</td>
<td>14.97</td>
<td>30.77</td>
</tr>
<tr>
<td>Feb-20</td>
<td>8.91</td>
<td>13.5</td>
<td>3</td>
<td>3.89</td>
<td>15.04</td>
<td>30.63</td>
</tr>
<tr>
<td>Mar-20</td>
<td>10.29</td>
<td>13.5</td>
<td>2.39</td>
<td>3.89</td>
<td>14.71</td>
<td>30.46</td>
</tr>
<tr>
<td>Apr-20</td>
<td>7.33</td>
<td>13.5</td>
<td>1.91</td>
<td>3.69</td>
<td>14.92</td>
<td>30.73</td>
</tr>
<tr>
<td>May-20</td>
<td>4.35</td>
<td>12.5</td>
<td>2.47</td>
<td>3.83</td>
<td>14.73</td>
<td>30.69</td>
</tr>
<tr>
<td>Jun-20</td>
<td>5.75</td>
<td>12.5</td>
<td>1.91</td>
<td>3.76</td>
<td>15.65</td>
<td>30.57</td>
</tr>
<tr>
<td>Jul-20</td>
<td>6.25</td>
<td>12.5</td>
<td>1.3</td>
<td>3.76</td>
<td>12.1</td>
<td>28.42</td>
</tr>
<tr>
<td>Aug-20</td>
<td>7.38</td>
<td>12.5</td>
<td>1.17</td>
<td>3.76</td>
<td>11.76</td>
<td>29.51</td>
</tr>
<tr>
<td>Sept-20</td>
<td>2.00</td>
<td>11.50</td>
<td>1.10</td>
<td>2.41</td>
<td>11.55</td>
<td>28.45</td>
</tr>
<tr>
<td>Oct-20</td>
<td>0.00</td>
<td>11.50</td>
<td>0.86</td>
<td>1.87</td>
<td>11.31</td>
<td>28.36</td>
</tr>
<tr>
<td>Nov-20</td>
<td>0.00</td>
<td>11.50</td>
<td>0.03</td>
<td>1.84</td>
<td>11.60</td>
<td>28.85</td>
</tr>
<tr>
<td>Dec-20</td>
<td>1.25</td>
<td>11.5</td>
<td>0.03</td>
<td>2.04</td>
<td>11.35</td>
<td>28.31</td>
</tr>
</tbody>
</table>

Source: CBN

3.2.2 Money Supply and Credit Development

Narrow money (M1) continued an uptick in Q4 2020, reflecting uncertainties surrounding the COVID 19 pandemic. It grew by 10.79% from Q2 2020 to Q3 2020. It further increased by 9.29% as at November 2020 and stood at ₦14.82 trillion. The growth in narrow money supply reflects an increase in economic activities thereby increasing demand for contingent funds.

Broad money (M3) has continued a flat trend following the slight increase reported in Q3 2020. It increased by 0.33% and 1.30% in October 2020, and November 2020 respectively, to stand at ₦36.59 trillion as at November 2020.

Figure 4 shows the monthly change in money supply and credit allocation to the Government and Private Sectors in the economy from January to November, 2020.
4. CBN Monetary Policy and Circulars

4.1 Monetary Policy

The Monetary Policy Committee (MPC) met 23rd and 24th of November, 2020. The highlights of the meeting and its implications to the economy, banking industry and the NDIC are presented below.

The Committee’s Decision

In view of these considerations, the Committee focused not only on price stability, but also on the need to speedily take actions to exit the recession. Hence, they voted to hold the rates so as to allow the initial policy stance to permeate the economy and create an environment necessary to reverse the recession and achieving medium term macroeconomic stability.

In summary, the MPC voted to:

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

In the period under review, the CBN issued a number of circulars and guidelines to guide the operations of insured deposit-taking financial institutions. The highlights of some of the circulars are presented below:

i. **FPR/DIR/GEN/CIR/07/056: Operational Guidelines on Global Standing Instruction (GSI) – Individuals**

The CBN in letter dated 13 July 2020 issued a circular to all Banks and other Financial Institutions on the Operational Guidelines on Global Standing Instructions (GSI). The GSI is aimed at:

a. Facilitating an improved credit repayment culture,

b. Reducing non-performing loans in the Nigerian Banking System, and

c. Watch-listing consistent loan defaulters.

The guideline was issued along with the circular for implementation by all banks and other financial institutions with effect from 1 August 2020.

ii. **FPR/DIR/GEN/CIR/07/060: Re: Guidelines for Licensing and Regulation of Payment Service Banks (PSBs) in Nigeria**

The CBN in a letter dated 27 August 2020 issued the guidelines for the licensing and regulation of Payment Service Banks (PSBs) in Nigeria. PSBs are expected to leverage on mobile and digital channels to enhance financial inclusion and stimulate economic activities at the grassroots through the provision of financial services to enhance financial inclusion by increasing access to deposit products and payment/remittance services to small businesses, low-income households and other financially excluded entities through high volume low-value transactions in a secured technology-driven environment.

iii. **FPR/DIR/GEN/CIR/07/061: Restoration of Fees on the National Collateral Registry (NCR) Platform.**

The CBN in letter dated 4 September 2020 issued a circular to all Banks, other Financial Institutions and Stakeholders in the Financial Services Industry on the restoration of fees for registration of movable assets used as collateral for accessing loans as well as other services provided by the NCR. The Circular is effective from 1 November 2020.
The fees include;

a. Registration of financing statements for Deposit Money Banks financing Companies and Merchant Banks at N1000.

b. Printing of search report for DMBs, Finance Companies and Merchant Banks at N500.

c. Registration of financing statements for Microfinance Banks (MFBs), Development Finance Institutions (DFIs) and Non-bank Financial Institutions at N500.


e. Updating of Financial Statements at N500.

f. Subordination of Financing Statements at N500.

g. Public Search at N500.

iv. FPR/DIR/CIR/GEN/07/056: Circulars to all Non-Interest Financial Institutions.

The CBN in letter dated 16 July 2020 issued a circular to all Non-Interest Financial Institutions in order to sensitise them on the introduced intervention schemes to cater for Non-Interest Financial Institutions (NIFIs).

Some of the schemes include:

a. Non-Interest Guidelines for the Accelerated Agricultural Development Scheme (AADS)

b. Non-Interest Guidelines for Intervention in the Textile Sector,

c. Guidelines for the Operations of the Agri-Business, Small and Medium Enterprises Investment Scheme (AGSMEIS) for Non-Interest Financial Institutions (NIFIs)

d. Guidelines for Micro, Small and Medium Enterprises Development Fund for Non-Interest Financial Institutions (MSMEDF for NIFIs)

e. Non-Interest Guidelines for Non-Oil Export Stimulation Facility (ESF)

f. Non-Interest Guidelines for the Anchor Borrowers programme

g. Non-interest Guidelines for Real Sector Support Facility (RSSF) through CRR

h. Non-interest Guidelines for the operations of the Credit Support for the Healthcare Sector.

v. BSD/DIR/GEN/LAB/13/052 Re: Interest Rate on Savings Deposit

The CBN in letter dated 1 September 2020 issued a circular to all Deposit Money Banks on the review of minimum interest payable on savings deposit. Interest on local currency
savings deposits shall be negotiable subject to a minimum of 10% per annum of Monetary Policy Rate. The circular is effective 1 September 2020.

vi. **FPR/DIR/GEN/CIR/07/056: Operational Guidelines on Global Standing Instruction (GSI) – Individuals**

The CBN in a letter dated 21 October 2020 issued a circular to all Banks and other Financial Institutions on the Regulatory and Supervisory Framework for the Operations of a Mortgage Refinance Company (MRC) - Approval to Refinance Non-Member Banks. The Circular aims to remove the restriction on non-member mortgage lenders from refinancing their mortgages with MRCs, hence MRCs are permitted to refinance the qualifying mortgages of mortgage lenders that do not hold its equity and subject to compliance with other relevant provisions specified in the Framework.

vii. **FPR/DIR/GEN/CIR/07/063: Re: Status of Chief Compliance Officers**

The CBN in a letter dated 9 October 2020 issued an administrative letter to all Merchant and Regional Banks (Commercial /Specialised) on the status of Chief Compliance Officers. The letter aims to grant Merchants and Regional banks dispensation to appoint CCOs on grade not below Assistant General Manager but will report directly to Executive Compliance Officers (ECO).

viii. **BSD/DIR/GEN/LAB/131086: Introduction of Central Bank of Nigeria Special Bills**

The CBN in letter dated 1 December 2020 issued a circular to all Banks, other Financial Institutions and Stakeholders in the Financial Services Industry on the introduction of special bills as part of efforts to deepen the financial markets.

The features of the CBN Special Bills include;

a. Tenor of 90 days.
b. Zero coupon, applicable yield at issuance will be determined by the CBN
c. The instrument will be tradable amongst banks, retail and institutional investors
d. The instrument shall not be discountable at the CBN window
e. The instrument will qualify as liquid assets in the computation of liquidity ratio for deposit money banks.
ix. **BKS/DIR/CIR/GEN/02/042: Circulars on the Revised Nigeria Cheque Standard (NCS) and Nigeria Cheque Printers Accreditation Scheme (NICPAS)**

The CBN in letter dated 9 December 2020 issued a circular to all Deposit Money Banks, Accredited Cheque Printers/Personalisers and Nigeria Interbank Settlement System on the revised Nigeria Cheque Standard (NCS) and Nigeria Cheque Printers Accreditation Scheme (NICPAS). Given the outbreak of Covid-19 pandemic, the aim of the circular is to adjust the implementation dates for the new cheque.

The new dates include;

a. The cut-off date for the parallel run (co-existing of both old and new cheques) extended from 31 August 2020 to 31 December 2020. Hence, only new cheques are allowed in the clearing system from 1 January 2021.

b. Waiver for a maximum period of three months, ending 31 March 2021, would only be given if reasons for inability to migrate are satisfactory after management consideration.

c. Full enforcement of the 2nd edition of NCS and NICPAS Version 2.0 will commence 1 April 2021 and the NCS/NICPAS 2.0 sanction grid will be fully operational on 1 April 2021.

x. **PSM/CIR/GEN/CIR/01/22: Re: New Licence Categorisations for the Nigerian Payments System**

The CBN in letter dated 9 December 2020 issued a circular to all Payment Service Providers, Deposit Money Banks and other Financial Institutions on the new licence categorisations for the Nigerian payments system.

The features of the circular include:

a) Payment system licensing has been streamlined according to permissible activities into
   1) Switching and Processing
   2) Mobile Money Operations (MMOs)
   3) Payment Solution Services (PSSs)
   4) Regulatory Sandbox.

b) Only MMOs are permitted to hold customer funds.
c) Companies seeking to combine activities under the switching and MMO categories are only permitted to operate under a holding company structure and should be clearly delineated to prevent comingling.

d) Payment System companies in the PSS categories may hold any of PSSP, PTSP and Super Agents licence or a combination of the licences thereof.

  a) Payment Solution Services (PSSs) – N250 million
  b) Super Agent - N50 million
  c) Payment Terminal Service Provider (PTSP) – N100 million
  d) Payment Solutions Service Provider (PSSP) – N100 million
  e) Mobile Money Operation – N2 billion
  f) Switching and Processing – N2 billion