

EMPOWERING GROWTH



Gender Equity and Macroeconomic
Trends in Banking

AUGUST 2024

Table of Content

About APWB	1
Foreward	2
Author's Note	5
Half-Year 2024 Macroeconomic Pulse	8
Second Half, 2024: Looking Ahead	18
Survey Analysis	30
Our Vantage Point: The Banking Industry	45
Utilizing Gender Lenses – Nigeria's Banking Industry	47
Our Perspective: 2024/2025 Key Priorities Watchlist	52
Final Words, Recommendations and Action Steps	63
Female Leadership in Banking and Finance (NG)	68
APWB Executive Members	70
Join APWB – Why Join?	71
Important Risk Warnings and Disclaimers	73

ABOUT APWB



The Association of Professional Women Bankers (APWB) is the female wing of the prestigious Chartered Institute of Bankers of Nigeria (CIBN). The APWB was set up to foster and promote professionalism amongst female bankers and empower members with the right resources to succeed in the banking industry in the 21st Century.

APWB aims to empower and position women bankers for opportunities while living the culture of integrity, transparency, accountability, and professionalism, which are part of its core values.

The Association organizes trainings, workshops, seminars, mentoring sessions, and career counselling, amongst others for its members, and is focused on working with exceptional leaders in Nigeria who have proven their leadership mettle at the highest level to enhance members' careers and professional growth.

APWB has been at the forefront of celebrating female bankers as well as contributing to the growth of the banking industry since its inception in 1983. Membership of the association provides opportunities to network with bankers and other professionals, to gain valuable leadership skills from selected mentors, and to economically and socially impact society through our various initiatives.

FOREWARD



On behalf of the Association of Professional Women Bankers (APWB), it is my distinct honor and privilege to present the ***Empowering Growth: Gender Equity and Macroeconomic Trends in Banking*** report. The report reflects our commitment to supporting the professional growth and advancement of women in the banking and finance sector, as well as our dedication to fostering a robust and resilient financial system in Nigeria.

The first half of 2024 presented numerous challenges and opportunities for the Nigerian economy. Headline inflation surpassing 30% has notably impacted the banking sector, influencing lending and borrowing activities, and heightening concerns around the real value of money. Our report delves into the ramifications of these economic dynamics, examining how inflation affects savings, deposits, and the broader financial stability of our institutions.

The Monetary Policy Committee's decision, in a series of steps, to raise the benchmark monetary policy rate by 750 basis points underscores the regulatory commitment to achieving price stability. Such measures, while necessary, come with a set of challenges that our banks must navigate with diligence and strategic foresight. This report provides a comprehensive analysis of these policies and their implications for the banking industry, particularly in relation to foreign portfolio investments, exchange rate stabilization, and the attraction of foreign capital.

The APWB is also focused on the evolving landscape of gender equity within the banking sector. Our analysis includes a gender lens on the macroeconomic

challenges, emphasizing the importance of empowering female bankers and fostering inclusive leadership. We advocate for leadership development programs, flexible work policies, and targeted financial products for women entrepreneurs as essential strategies for achieving gender parity. Indeed, by promoting a diverse and inclusive banking and finance environment, we can harness the full potential of our workforce and drive sustainable economic growth. The recent directive from the Central Bank of Nigeria (CBN) on bank recapitalization represents a pivotal step towards fortifying our financial institutions. This initiative not only aligns with the Federal Government's vision of a trillion-dollar economy but also prepares our banks to compete more effectively on a global scale. This report explores the implications of this directive, drawing parallels with past recapitalization efforts and highlighting the potential benefits and challenges.

In closing, the APWB report, *Empowering Growth: Gender Equity and Macroeconomic Trends in Banking* offers a detailed and insightful examination of the current economic landscape, providing valuable perspectives for policymakers, industry stakeholders, and banking professionals. It is our hope that this report will serve as a useful resource in navigating the complexities of the Nigerian economy and contribute to informed decision-making and strategic planning.

I extend my heartfelt gratitude to the author and renowned economist who led this publication, members of APWB, our partners, and all contributors who have made this publication possible. Together, we continue to build a stronger, more inclusive, and resilient banking sector.

Sincerely,

Mrs. Funke Feyisitan Ladimeji

Chairperson, Association of Professional Women Bankers (APWB)

Executive Director, Coronation Merchant Bank

About Mrs. Funke Feyisitan Ladimeji

Funke is an Executive Director at Coronation Merchant Bank with extensive experience in Investment Banking. Her global career spans various sectors in EMEA, North America, and Asia, covering multiple asset classes including debt, equity, and derivatives. She has a strong background in Financial Control, Complex Product Accounting, Technology, Business Operations, and Human Capital.

Previously, Funke spent 14 years at JP Morgan Chase as an Executive Director managing businesses across multiple jurisdictions. At FBNQuest Merchant Bank Group, she served as Director and Chief Operating Officer, driving significant balance sheet growth and revenue increases through key acquisitions and technological advancements.

Funke has led numerous M&A transactions, including major acquisitions by JPMorgan Chase and FBN Holdings. She has successfully integrated and rationalized businesses, invested in people and systems, and leveraged technology to enhance revenue opportunities and service delivery.

As Chairman of the Association of Women Bankers of Nigeria and a member of WIMBIZ and Amazon Professionals, Funke actively mentors newcomers and professionals in Financial Services and other sectors. She holds a master's degree in Globalization and a Bachelor's degree in Economics from Queen Mary and Brunel Universities, respectively, and is a Fellow of the Institute of Chartered Accountants of England & Wales.

AUTHOR'S NOTE



The process of authoring this gender economics report has been both enlightening and fulfilling. This report, titled ***“Empowering Growth: Gender Equity and Macroeconomic Trends in Banking”*** delves into critical insights shaping Nigeria's economic landscape. The current macroeconomic environment has brought both challenges and opportunities. The resultant uncertainty, dampens long-term borrowing and lending activities, influencing both investor behavior and economic stability.

This report reinforces the pivotal role of survey analysis in constructing nuanced economic perspectives, which is exemplified in our comprehensive survey analysis. Leveraging robust data analysis assisted in gaining fresher insights on the complexities of Nigeria's macroeconomic environment, offering strategic insights that guide prudent decision-making for stakeholders.

The banking industry's resilience amid these economic headwinds has been notable, exemplified by impressive sectoral growth and strategic initiatives to enhance financial stability. The ongoing recapitalization directive by the CBN underscores a proactive approach to fortify the sector against future shocks, aligning with Nigeria's aspirations, to ascend to a trillion-dollar economy.

The report also explores the transformative potential of gender lenses within the banking industry. We aim to harness the full spectrum of talent and foster inclusive growth strategies that empower women across all facets of financial services, by advocating for gender equity in leadership and operational spheres.

As we look ahead to 2024/2025, our focus is on strategic actions that can propel banks towards success. From our vantage point, key priority areas include enhancing risk management frameworks, strengthening marketing and communications strategies, driving strategic growth initiatives, optimizing treasury operations, advancing wealth management services, expanding retail banking offerings, tailoring microfinance products for underserved populations, and addressing talent attrition challenges.

This report not only explores current economic realities but also prescribes actionable insights to steer Nigeria towards sustained growth and resilience.

I am confident that this report will provide valuable insights to stakeholders, enabling them to navigate challenges effectively and capitalize on emerging opportunities. I look forward to discussing how we can collaboratively leverage this report to drive positive change and innovation in the banking sector.

I extend my profound gratitude to two dedicated data support analysts, Deborah Adebayo and Olaide Emmanuel, for their invaluable contributions to the development of this report. As skilled female professionals, their meticulous data analysis and unwavering commitment have been instrumental in shaping the quality and depth of this report.

Ms. Chinwe Egwim

*Chair, APWB Research and Advocacy Committee
Chief Economist, Coronation Merchant Bank*

“ *This report reinforces the pivotal role of survey analysis in constructing nuanced economic perspectives, which is exemplified in our comprehensive survey analysis.* ”

About Ms. Chinwe Egwim

Chinwe is a prominent leading Economist, she offers strategic macroeconomic guidance with predictive analysis. Recognized as a World Economic Forum Young Global Leader in 2024, she also serves on Nigeria's Presidential Fiscal Policybehavior Reforms Committee. Chinwe was awarded a Doctorate (Honoris Causa) by the United Nations via (UN-POLAC / UNESCO), acknowledging her impactful research efforts promoting economic growth and equitable development.

A prolific author, Chinwe has written several economic articles and reports and is a sought-after voice on platforms like BBC, CNBC Africa, and Arise News. Chinwe has delivered compelling insights on more than 100 stages and has played a significant role as a National Consultant for the United Nations Economic Commission for Africa.

A champion for gender equity, Chinwe was awarded "Positive Role Model – West Africa" at the 2021 Accenture Gender Mainstreaming Awards. During her tenure as an Executive Council Member of WIMBIZ, Chinwe led initiatives that empower and uplift women. She continues to support gender-economic research through her role as an Executive with Professional Women Bankers, part of the Chartered Institute of Bankers Nigeria.

Her books, including "Understanding Economic Jargon" and the children's comic book "Super E: The Inflation Smackdown," reflect her dedication to making complex economic concepts accessible to a broader audience. Chinwe holds a master's degree in Financial Economics from Kingston University London and a BA in Economics from Kwame Nkrumah University, Ghana. She is an alumna of the European School of Economics. Her extensive expertise spans macroeconomics, trade economics, financial and capital markets, gender economics, consumer behavior, thought leadership, stakeholder outreach, policy, and impact investment research.



HALF-YEAR 2024 MACROECONOMIC PULSE



Inflation

Headline inflation exceeded 30% in the first half of 2024 (since February, precisely). Inflation erodes the real value of money, meaning that the amount of money borrowed today will be worth less when repaid in the future. This uncertainty discourages both banks and borrowers from engaging in long-term lending and borrowing. For banks, the risk of losing value on long-term loans becomes a significant concern. Furthermore, inflationary pressures lead to a decrease in the real value of deposits, discouraging savings and prompting depositors to seek alternative investment opportunities that offer better protection against inflation. Elevated inflation also contributes to an increase in non-performing loans (NPLs) within the banking sector. As the cost of living rises, borrowers, especially those with fixed incomes struggle to meet loan repayment obligations. Additionally, businesses facing higher input costs may also experience reduced profitability, impacting their ability to service their debts.



Benchmark Monetary Policy Rate

In the first half, the benchmark monetary policy rate was hiked by a cumulative +750bps. At its latest meeting which held in May 2024, the committee hiked the policy rate by +150bps and left other monetary policy parameters unchanged. The committee reaffirmed its commitment to the attainment of price stability through the strategic deployment of monetary tools at the disposal of regulatory authorities, designed to firmly anchor inflation expectations. The MPC duly recognized the persistent upward trajectory of headline inflation, predominantly driven by the escalating prices of essential food items. This trend can be attributed to a combination of factors, including supply disruptions, security challenges in key agricultural regions, infrastructural limitations, exchange rate dynamics impacting imported inflation, and the heightened costs associated with logistics and distribution networks. We note that Nigeria's food inflation presently stands at an alarming 40.7% y/y. The committee also highlighted that headline inflation has recorded declines on a m/m basis, suggesting that recent monetary policy tightening is beginning to yield desired outcome. The recent multiple hikes in the policy rate are expected to attract foreign portfolio investments. This influx of foreign capital has led to temporary appreciation/stabilization of the naira against the USD. To shed more light, higher interest rates reduce speculative activities against the naira (to an extent), thereby providing some stability in the foreign exchange markets. Regarding fixed income yield movements, higher yields tend to attract more investment into fixed income securities, particularly from risk-averse investors looking for safer returns amid economic uncertainties. Shorter-term bonds are less sensitive to interest rate changes compared to longer-term bonds and as such, investors might shift their preference towards shorter-duration bonds to minimize interest rate risk.



Fixed Income Yields

The relatively high yields on NTBs and FGN bonds have generally fostered positive sentiments among investors, particularly those who are risk-averse and seeking stable returns. These securities are especially attractive to investors looking for a secure investment option that provides steady income. Within Nigeria, domestic investors such as pension funds, insurance companies, and individual savers view NTBs and FGN bonds as secure and lucrative investment opportunities. High yields offer a reliable income stream, which is crucial in an environment where other investment options might be more volatile. For foreign investors, higher yields present an enticing opportunity, especially against the backdrop of low-interest-rate environments globally. However, these investors must weigh additional considerations such as currency risk and political stability when investing in Nigerian securities.

Yield movements in this market are primarily influenced by factors such as monetary policy adjustments, inflation rates, government borrowing needs, economic stability, and global market conditions. In the secondary market for FGN bonds, YTD, the average yield has increased by +563bps. We currently see yields at the mid-curve around 18.8% - 23.4% and between 18.6% - 22.0% at the longer end of the curve, over the next three months. As for NTBs, YTD, the average yield has increased by +1889bps.

Bringing it home to the banking industry, government securities, such as NTBs and FGN bonds, are often used by banks for liquidity management. Higher yields make these instruments more attractive, encouraging banks to hold a

larger portion of their assets in highly liquid, interest-bearing government securities. This improves their liquidity position and ensures they can meet short-term obligations and regulatory liquidity requirements. Furthermore, higher yields on NTBs and FGN bonds offer banks an opportunity for portfolio diversification. Notably, by investing in these relatively high-yield securities, banks can balance their portfolios between risky assets, like loans, and safer investments, like government securities. This diversification helps in managing risk and stabilizing income. Meanwhile, banks that efficiently manage their portfolios to take advantage of higher yields can offer better returns to their depositors and investors. This enhances their reputation and attractiveness in the market, helping them to attract more business and maintain a strong market position. Additionally, higher yields on government securities can also influence the perceived credit risk within the banking sector. When yields on risk-free government bonds rise, the spread between these securities and other credit products, like corporate bonds or loans, becomes more pronounced. This spread helps banks to price risk more accurately and manage their credit portfolios more effectively.



Enhancing Exchange Rate Liquidity

The recent influx of Foreign Portfolio Investors (FPIs) and supportive measures by the CBN have significantly impacted exchange rate stability. In April 2024, FPI inflows surged. This resurgence follows CBN's policy reforms and clearing forex backlogs, which have restored investor confidence. The return of FPIs points towards a positive shift in market sentiment. The substantial increase in FPI inflows has supported Nigeria's external reserves, which reached USD33.8bn in April. The CBN's proactive measures, including aggressive

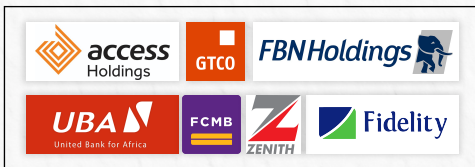
interest rate hikes and comprehensive forex market reforms, have been pivotal in attracting global investors. Despite initial concerns, these actions have reinforced Nigeria's commitment to controlling inflation and stabilizing the currency, further boosting investor confidence. However, while recent policies have had a positive impact, there is uncertainty around the sustainability of FPI inflows. Although high NTB yields make Nigerian securities attractive, continuous efforts are required to attract and maintain these inflows to ensure long-term exchange rate stability and adequate FX turnover. Therefore, boosting FX liquidity remains important. The CBN's decision to allow international oil companies (IOCs) to sell 50% of their repatriated export proceeds in the domestic market is a strategic move to enhance forex liquidity. This policy addresses liquidity challenges by ensuring a steady flow of foreign exchange into the local market, thereby stabilizing the naira and supporting economic growth. Furthermore, Diaspora remittances are increasingly recognized as a vital source of foreign exchange. The CBN's collaboration with International Money Transfer Operators (IMTOs) and the approval of new IMTOs aim to maximize this potential by encouraging remittances through formal channels, enhancing market liquidity and financial inclusion. Meanwhile, the anticipated approval of a USD2.26bn World Bank loan package will positively impact Nigeria's exchange rate market. This financial injection is expected to provide essential liquidity and support ongoing economic reforms. However, the long-term stability of the naira will depend on sustained policy implementation, reducing import dependency, and diversifying the economy.

On the NAFEM window, the NGN/USD began the year at N988.5 per USD. As at 19 June 2024, the NGN/USD was N1,483.02 per USD, translating to a depreciation of 50%. In April '24, the naira was firmer at N1,072.7 per USD.



Recapitalization, Towards a Trillion-Dollar Economy

The CBN's recent directive for banks to meet new minimum capital requirements represents a crucial step toward fortifying the country's financial sector. This move, reminiscent of the transformative recapitalization under Professor Charles Soludo two decades ago, aims to create a more resilient and globally competitive banking system. Given the FGN's economic aspirations soaring towards a trillion-dollar economy, the recapitalization initiative is not merely regulatory enforcement but a strategic pivot. The new capital benchmarks mandate commercial international banks to increase their capital to N500bn, national banks to N200bn, and regional banks to N50bn, in addition, merchant banks are mandated to increase their capital to N50bn. This directive is designed to enhance the financial stability of Nigerian banks. This differentiation acknowledges the varying levels of exposure and operational scopes of these banks, aligning their capital bases with their specific risk profiles. Indeed, by bolstering their capital buffers, banks will be better equipped to withstand economic shocks, such as currency devaluations and inflationary pressures. So far, Nigeria's top-tier banking institutions, have announced their capital-raising plans.



The historical context of the Soludo-led recapitalization highlights significant benefits, including a consolidation that reduced the number of banks, increased lending capacity, and spurred economic activities in vital sectors like oil and gas and telecommunications. The Soludo-led recapitalization initiative required banks to increase their minimum capital from N2bn to N25bn. However, unlike the uniform requirement of the Soludo era, the current policy sets different benchmarks based on the banks' licensing categories. The previous recapitalization led to a significant reduction in the number of banks, from 89 to 25, and while job losses were a concern, the overall stability and capacity of the banking sector improved. In contrast, the current recapitalization is not expected to drastically reduce the number of banks, as they have the option to adjust their licenses to meet the required capital levels. This flexibility is designed to minimize job losses and support the sector's growth

A stronger capital base for banks means greater lending capacity, which is crucial for financing large-scale projects in infrastructure, manufacturing, and MSMEs. This can drive economic growth and help Nigeria achieve its vision of becoming a trillion-dollar economy. One of the anticipated ripple effect of this recapitalization is the revitalization of Nigeria's primary capital market. The directive is expected to ignite new issues and activities in a market that has seen dormancy due to economic slowdowns and under-subscription fears. To put this in perspective, by compelling banks to raise substantial capital, the CBN is indirectly stimulating the capital market, encouraging investor participation, and fostering a more dynamic financial environment. This resurgence in market activities could provide banks with the necessary capital to support larger-scale projects and investments, crucial for Nigeria's economic expansion. Despite the potential benefits, the recapitalization exercise has not been without concerns. There are concerns around possible job losses and the exclusion of retained earnings from the new capital requirements. However, the current exercise allows banks to reposition across different operational categories, mitigating the risk of significant job losses. Furthermore, the extended timeline until 2026 provides ample opportunity for banks to meet the requirements without

resorting to drastic measures. The exclusion of additional tier-1 capital and other reserves has sparked debates around its implications for shareholder value and bank profitability. Some arguments highlight that retained earnings, being distributable and already counted as part of a bank's equity, should logically contribute to the recapitalization efforts. This policy nuance requires clarification to ensure transparency and fairness in the implementation process.

The boost to capital thresholds will prepare Nigerian banks to compete more effectively on the global stage. This move aligns with Nigeria's commitments under the African Continental Free Trade Area (AfCFTA) and positions its financial institutions to support substantial economic activities and trade across the continent. A stronger banking sector, capable of financing large-scale projects and withstanding international economic fluctuations, is essential for Nigeria to achieve its ambitious economic goals.



Recent Rating Actions

FitchRatings

Fitch Ratings revised its outlook on Nigeria's Long-Term Foreign-Currency Issuer Default Rating to positive from stable at 'B-'. The positive outlook reflects significant reforms over the past year, reduced distortions in the foreign exchange market, and the return of sizeable non-resident inflows.

Potential downgrades could occur if external liquidity stress intensifies, which

may be indicated by a further decline in the CBN's net FX position due to factors such as lower oil receipts, severely constrained external financing sources, or failure to implement FX reforms, leading to capital outflows. Additional factors that could contribute to downgrades include a widening fiscal deficit, persistently high inflation, and loose monetary policy settings. Conversely, a positive rating action could be considered if there is a reduction in external vulnerabilities due to a sustainable recovery in the CBN's FX position and easing of domestic FX supply constraints. Other positive factors include a sustained increase in oil revenue, stronger mobilisation of domestic non-oil revenue, and sustained reduction of inflation and distortions in the FX market.

MOODY'S RATINGS

Moody's rating affirmed Nigeria's Caa1 long-term foreign currency and local currency issuer ratings and maintained its positive outlook. The positive outlook continues to reflect the possible reversal of the deterioration in Nigeria's fiscal and external position as a result of the FGN's reform efforts, such as subsidy removal and FX liberalization. Additionally, the rating reflects the positive policy measures implemented by monetary authorities to boost foreign investors' confidence, combat elevated inflation, and strengthen the banks.

Moody's would likely upgrade Nigeria's ratings if the risks from higher inflation and FGN borrowing costs are effectively contained while the FGN continues with reforms. Evidence of fiscal consolidation that supports the monetary tightening efforts to control inflation would indicate that the risks are receding. Additionally, strong non-oil revenue performance and improvements in oil production would exert upward pressure on the rating. On the other hand, Moody's would likely change its outlook to stable if inflation gets increasingly out of control and the FGN's access to funding remains highly constrained.

S&P Global Ratings

S&P affirmed Nigeria's long- and short-term foreign and local currency sovereign credit ratings at 'B-/B'. The rating agency also affirmed its national scale ratings for Nigeria at 'ngBBB+/ngA-2' with a stable outlook. This stable outlook reflects a balance between the FGN's ability to advance its reform agenda, which, if successfully implemented, is expected to support growth and fiscal outcomes, and the challenges posed by below-potential oil production as well as risks to macroeconomic stability.

Another downgrade is possible if S&P Global sees increasing risks to Nigeria's capacity to repay commercial obligations. This could arise from significantly reduced FX reserves, much higher fiscal deficits or debt-servicing needs, or if domestic financial markets are unwilling to absorb additional local currency debt issuance. On the other hand, S&P Global could raise their ratings if Nigeria's economic performance significantly exceeds their forecasts, and fiscal and external imbalances improve significantly.



SECOND HALF, 2024: LOOKING AHEAD

Looking ahead, the global macroeconomic landscape reflects a nuanced interplay of optimism and caution, through a gender-based lens. The resilience exhibited by the global economy in the latter part of the previous year lays groundwork for cautious optimism, albeit amid persistent challenges and potential turbulence. The projected steady global GDP growth of at least 3.1% y/y (as outlined by the IMF), coupled with a gradual decrease in inflation, offers a glimmer of hope for Nigeria's macroeconomic trajectory, particularly concerning its impact on women's economic participation and empowerment. Despite the anticipated deceleration in major economies which might dampen external demand for Nigerian exports, opportunities arise from the projected growth in regions like South Asia, providing avenues for collaboration and market expansion, with a particular emphasis on sectors where women have historically been underrepresented.

Gender disparities in labor market trends, inflation dynamics, investment patterns, and trade dynamics significantly influence Nigeria's economic outlook. The rapid advancement of artificial intelligence and the imperative of climate action further accentuate the need for strategic foresight and proactive policymaking, ensuring inclusivity and gender equality in decision-making

processes. In response to these challenges and opportunities, the FGN must adopt a holistic approach to economic management, balancing short-term imperatives with long-term sustainability goals, while considering the specific needs and contributions of women in driving economic growth.

Several projections indicate a promising trajectory, including the FGN's GDP growth forecast of 3.76% y/y, slightly exceeding the previous year's estimate, largely attributed to expectations of improved crude oil prices and production levels. Nigeria's economic prospects are buoyed by the positive sentiment reflected in the December 2023 Business Expectations Report, particularly across key sectors such as services, agriculture, and mining, where women's participation and leadership can be enhanced through targeted policies and initiatives.

A critical factor in 2024 is the anticipated moderation in pump prices of Premium Motor Spirit (PMS), which is expected to have significant implications for various sectors, including those where women are disproportionately affected, potentially enhancing overall economic efficiency and resilience. Furthermore, concerted efforts to curb inflation, facilitated by the CBN's inflation-targeting policy, alongside anticipated enhancements in agricultural productivity, are poised to bolster consumer confidence and purchasing power, particularly benefiting women who often bear the brunt of inflationary pressures.

Despite a mixed picture, downside risks remain prominent, necessitating proactive policy measures and strategic planning to navigate the uncertainties ahead, and ensuring gender-responsive approaches that promote inclusive economic growth and empowerment.



NIGERIA'S GDP: CHALLENGES, RESILIENCE, AND POTENTIAL

At first glance, the latest GDP report reveals an uptick in GDP growth, with a y/y increase of +2.98% in Q1 '24, compared with +2.31% y/y in the same period of 2023. Further analysis highlights the service sector's contribution, boasting a robust growth rate of +4.32% y/y. The oil economy grew by +5.70% y/y in Q1 '24 for the second consecutive quarter. This recorded growth can be partly attributed to relatively better production levels. Additional insights suggest that the improved performance is due to substantial investments, operational enhancements, conflict resolution among stakeholders, and the reactivation of inactive oil assets. The FGN's efforts have renewed investor confidence, resulting in significant commitments, including USD5bn and USD10bn in offshore assets, and USD1.6bn in asset acquisitions.

The non-oil economy grew by +2.8% y/y in Q1 '24 compared with +3.1% y/y recorded in Q4 '23. Key drivers within the non-oil economy include finance and insurance (31.2% y/y), telecoms (6.2% y/y), agriculture (0.2% y/y), trade (1.2% y/y), and manufacturing (1.5% y/y). Combined, these sectors accounted for 68% of total GDP in Q1 '24.

Agriculture grew by +0.2% y/y compared with +2.1% y/y recorded in Q4 '23. Crop production remained the major driver of agriculture and accounted for 91.3% of agriculture GDP; it grew by +1.7% y/y. Agriculture contributed 21% y/y to total GDP in Q1 '24.

Telecommunications grew by +6.2% y/y vs +6.9% recorded in Q4 '23 and accounted for 14.6% of total GDP in Q1 '24. Internet subscriptions remain

resilient and stood at 164 million in March '24. However, factors such as elevated inflation, currency depreciation, and economic uncertainty can lead to reduced demand for telecom services and constrained investment in technology infrastructure.

The manufacturing sector grew by +1.5% y/y compared with +1.4% y/y recorded in Q4 '23. Within the sector, the food and beverages segment grew by +2.6% y/y and accounted for 51% of total manufacturing GDP. Meanwhile, textile, apparel, and footwear segment contracted by -1.8% y/y. The cement segment posted growth of +2.1% y/y.

Trade grew by +1.2% y/y in Q1 '24 vs +1.4% y/y recorded in the preceding quarter. Ideally, the current fx dynamics (persistent depreciation of the NGN/USD) should impact the balance of trade account and stimulate export growth while curbing import volumes.

The finance and insurance recorded an impressive y/y expansion of 31.2% in Q1 '24, showcasing its pivotal role in driving economic dynamism and resilience despite the ongoing restrictive monetary policy environment.

Projections for FY2024 hint at a promising trajectory, with the FGN's GDP growth forecast standing at 3.76% y/y.



INFLATIONARY HEATWAVE: RISING PRICES, FALLING VALUES

Nigeria continues to grapple with relentless inflationary pressures, posing significant challenges to consumers, particularly women who often bear the brunt of household expenses. Recent data from the NBS shows another uptick in headline inflation by +26bps to 34% y/y. Meanwhile, on a month-on-month

basis, headline inflation moderated by -15bps to 2.14%. Notably, the exponential rise in food prices, surging by +13bps to 40.7% y/y, emerges as a primary driver, exacerbating the financial strain on households.

Core inflation, excludes volatile food and energy prices rose by +20 basis points to 27% y/y in May '24. This uptick permeates various sectors, including transportation, medical services, housing, and pharmaceutical products, underscoring the pervasive impact of inflation on essential goods and services. Notably, the housing and transport segments experienced sharp increases, with housing water, electricity, gas and other fuel segment increasing to 29.6% y/y and 2.1% m/m, while transport costs surged by 25.6% y/y and 2.4% m/m, further straining the financial resilience of women-led households.

The recreation and culture segment within the inflation basket recorded an increase of 0.5% m/m and 9.5% y/y in May '24, signaling a shift towards outdoor activities amidst economic uncertainties, highlighting resilience and adaptability in navigating challenging circumstances. Furthermore, the hospitality industry, akin to various sectors, struggles with economic scarring, with restaurants and hotels witnessing price increases of 2.3% m/m and 28.6% y/y in May '24. These inflationary pressures are exacerbated by structural issues plaguing the economy, including high logistic costs, inadequate infrastructure, storage challenges, exchange rate fluctuations, elevated costs of petroleum products, and insecurity.

The CBN/MPC face the formidable task of mitigating inflationary pressures while fostering economic stability. Businesses must prioritize cost management initiatives to safeguard profitability, with a keen focus on streamlining operations, optimizing supply chains, and responding adeptly to market dynamics. Diversification strategies, both in terms of product offerings and market segments, can mitigate risks associated with inflation-induced volatility, offering women entrepreneurs avenues for resilience and growth in the face of economic uncertainties.

On the policy front, prudent fiscal management and targeted interventions are imperative to alleviate the burden on consumers, particularly vulnerable segments of society. Implementing social safety nets, such as cash transfer programs and food subsidies, can offer relief to households grappling with soaring prices, mitigating the adverse socio-economic impacts of inflation, especially on women and children. However, concerns persist surrounding the projected increase in poverty levels in 2024, underscoring the urgency of gender-responsive policy measures to safeguard the welfare and economic empowerment of women in Nigeria.



EXCHANGE RATE, CURRENCY FLUCTUATIONS

The exchange rate remains a focal point of discussion, reflecting the broader macroeconomic landscape and its implications. The CBN/MPC are steadfast in their efforts to navigate inflationary and exchange rate pressures, with a concerted focus on moderating these challenges in the near-term. Recognizing the importance of bolstering investor confidence and attracting capital inflows, measures are being implemented to enhance transparency and clarity in the foreign exchange (FX) market.

Recent disclosures from the CBN indicate an improvement in external reserves, attributed to reforms in the FX market and increased oil production, among other factors. Gross official reserves recorded a modest uptick of +4.6% m/m in June '24, signaling progress in enhancing reserves accretion through various channels, signaling progress in enhancing reserves accretion through various channels. Efforts are underway to tap into potential sources, including the reinstatement of remittances by entities such as the Nigerian National Petroleum Corporation Limited (NNPCL), aiming to alleviate pressure on reserves. Anticipations of improved oil production and positive outcomes from

ongoing reforms within the oil sector contribute to the optimistic outlook for reserves accretion. Additionally, increased revenue generation by the federal government, driven by fiscal reforms, is expected to bolster reserves, aligning with broader economic objectives.

An integral component of regulatory enhancement within the FX market involves aligning Bureau de Change (BDC) operations with Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) regulations, integrating technological advancements to deliver efficient and well-regulated services to stakeholders. In recent years, the BDC segment has operated with limited oversight, prompting the CBN to pursue improved supervision measures to ensure compliance and stability within the FX market. Interventions aimed at maintaining market stability are prioritized, particularly during periods of excessive volatility, underscoring the CBN's commitment to fostering a transparent and orderly FX market environment. Despite these efforts, challenges persist, with heightened activities by market manipulators leading to significant price surges and deviations from the intrinsic value of the naira. The CBN's interventions aim to mitigate such volatility, facilitating transparent price discovery and instilling confidence among market participants, crucial for sustainable economic growth and stability.

In addressing supply shocks to FX liquidity, recent payments towards outstanding FX backlogs signify progress in clearing arrears and restoring liquidity to the market. The remaining backlog, associated with specific banks, is expected to be swiftly resolved, offering a pathway to addressing liquidity constraints and promoting stability in the exchange rate market. From our perspective, these interventions are pivotal in stabilizing the FX market, mitigating volatility, and fostering confidence among stakeholders, including women in Nigeria's banking industry, thereby contributing to sustainable economic growth and resilience in the face of external pressures.



MONETARY MECHANICS, MONETARY POLICY INSIGHTS

Inflation targeting is the current body language of the monetary policy committee. Given the notable pass-through effect of foreign exchange pressure on inflation, CBN's strategic approach involves moderating the FX rate to facilitate price discovery. This, in turn, enhances confidence and fosters price stability, thereby significantly contributing to the overarching objective of inflation management.

Diving deeper, the surge in imported inflation, fueled mainly by currency depreciations and skyrocketing costs of imported goods, underscores the urgent need to address foreign exchange liquidity constraints. A concerted effort to boost increased foreign exchange supply via foreign portfolio investors (among others) is poised to alleviate exchange rate pressures, thereby exerting a notable dampening effect on inflationary forces.

Deliberate tightening of monetary policy through policy rate hikes is expected to temper speculative demand, which has partly fueled the depreciation of the Naira against the US dollar. Meanwhile, the frequency and size of Open Market Operations (OMO) auctions has increased. This approach also aims to absorb excess liquidity from the system while simultaneously presenting attractive investment opportunities. Expectations lean towards elevated rates at OMO auctions in the near term.

It is worth noting, the expansion in broad money supply (M3) underscores the necessity for measures aimed at mopping up excess liquidity. Notably, the CBN's resolve to address this burgeoning liquidity is evident. However, it's crucial to acknowledge that monetary tools alone may not suffice in combating

mounting inflationary pressures. A symbiotic relationship with fiscal authorities is recommended. Prioritizing public investments in critical infrastructure projects, such as transportation networks and energy infrastructure, holds promise in stimulating economic expansion, mitigating production costs, and alleviating inflationary pressures over the long haul.

The adjustment to the cash reserves ratio (CRR) mandates strict adherence to a 45% requirement for all banks, with necessary refunds for the few banks that had their CRR exceeding 45%. The adoption of an updated CRR mechanism aims to enhance banks' planning and alignment with regulatory stipulations, contributing to a more robust financial landscape.

The prevailing negative real interest rate emphasizes the imperative of continuous monetary policy tightening, particularly amidst forecasts indicating potential inflationary upticks in the near term. Hence, it is likely that an inflation-targeting posture remains.



FISCAL FITNESS, FISCAL POLICY INSIGHTS

The 2024 FGN Budget, titled "Budget of Renewed Hope," was signed by President Bola Ahmed Tinubu on 02 January'24. There were a few revisions made. The aggregate expenditure is estimated at N28.7trn which is 11.9% or N1.2trn higher than the initially proposed N27.5trn. This figure is 15.9% higher than the 2023 FGN budget of N24.82trn.

Notably, the allocation to capital expenditure in the approved 2024 budget rose

by 13.8% to N9.9trn, accounting for 34.5% of the total expenditure, compared to the initial proposed figure of N8.7trn. The increased capital spending aligns with the FGN's intent to reduce the country's infrastructure deficit gap. We note that the 2024 budget estimates point towards a fiscal deficit of N9.1trn (approximately 3.88% of the 2024 estimated nominal GDP), which is considerably lower than N13.8trn estimated in the 2023 FGN budget.

The estimated revenue to fund the 2024 budget was revised upward to N19.6trn, 78.2% higher than the 2023 provision of N11trn. The breakdown of this revenue estimate shows that N9.2trn (46.9%) is expected from oil-related sources while the balance of N10.4trn (53.1%) is expected from non-oil sources. Overall, the revenue projections point towards expectations of improved revenue inflow, on the back of the removal of PMS subsidy, fx depreciation following the fx liberalization policy, and increased collection of non-oil taxes.

In our assessment, reaching the outlined revenue target for 2024 necessitates concerted action to address the hurdles confronting the oil sector. Notably, average oil production from January to November '23 stood at 1.46mbpd, falling short of the FGN's 2023 oil production target of 1.72mbpd. It is noteworthy that actual non-oil revenue has consistently surpassed the FGN's projections, actual non-oil revenue has exceeded FGN's target by an average of 9.4% since FY2021. Additionally, as at end-September '23, we note an overperformance of non-oil revenue (N2.5trn exceeding the prorated target of N1.8trn).

This year we expect the FGN to increase its tax mobilization initiatives and further enhance independent revenue generation and collection efforts, especially from government-owned enterprises (GOEs). The proposed fiscal deficit of N9.1trn is anticipated to be covered by new borrowings totaling approximately N7.8trn (comprising domestic borrowings of around N6trn and external borrowings of approximately N1.7trn). Other avenues for deficit financing include privatization proceeds totaling approximately N298.4bn and

drawdowns on bilateral/multilateral projects/programs amounting to approximately N941.1bn.

Looking at the FGN's outlined spending priorities, it's evident that strategic alignment with these areas presents a myriad of opportunities for businesses across diverse industries. Understanding these priorities and tailoring strategies accordingly can unlock significant growth potential.

Infrastructure, accounts for c.5% of the budget allocation, stands as an opportunity for industries intricately linked to construction, engineering, and real estate. Businesses operating in these sectors should position themselves to capitalize on burgeoning projects, with public-private partnerships (PPPs) emerging as a promising avenue for collaboration and investment.

Meanwhile, the defence and security sector, was allocated 12% of the budget. Businesses involved in defence-related industries stand to benefit from government procurement contracts and strategic partnerships. Vigilance in monitoring procurement opportunities and active engagement with relevant government agencies will be pivotal in seizing these prospects.

Education, which accounts for 7.9% of the budget, is a critical area for national development. Increased funding for infrastructure development, teacher training, and educational technology indicates growing opportunities for education service providers, e-learning platforms, and companies specializing in educational materials and technology. Businesses in these sectors should prepare to capitalize on these opportunities to drive innovation and educational advancement.

The healthcare sector, which accounts for 5% of the budget, offers significant opportunities for growth and innovation. Given the emphasis on healthcare infrastructure and service delivery, businesses in healthcare-related industries should prepare to engage with government procurement processes and form

partnerships to address critical healthcare needs. Proactively identifying and capitalizing on opportunities within these key sectors allows businesses to become catalysts for national development while driving their own growth.

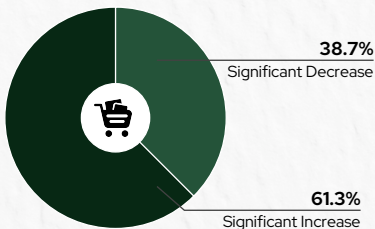


SURVEY ANALYSIS

Inflation

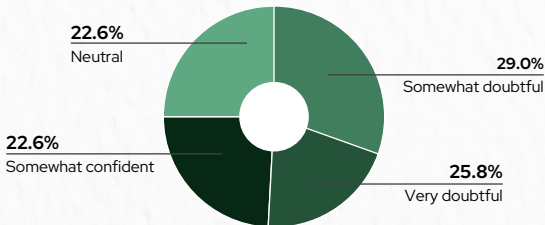
Over 60% respondents reported a considerable increase in the impact of inflation on consumer purchasing power. This indicates a broad impression of inflationary pressures impacting the price of goods and services. However, perspectives on the government's ability in alleviating inflationary pressures differed significantly. While 29% of the respondents were somewhat doubtful, over 25% expressed severe skepticism about the government's capabilities, and another 22.6% demonstrated some level of trust in the government's effectiveness.

How would you describe the impact of inflation on consumer purchasing power in the past year?

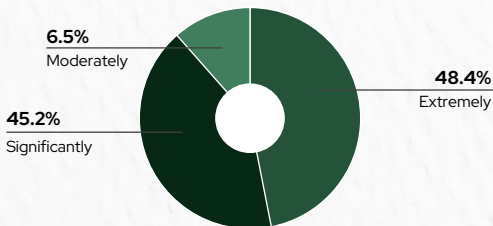


“Over 60% respondents reported a considerable increase in the impact of inflation on consumer purchasing power.”

How confident are you in the government's ability to effectively manage inflationary pressures in the coming year?



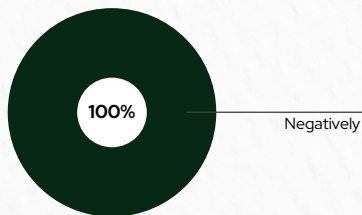
To what extent do you think inflation has affected the affordability of essential goods and services for households?



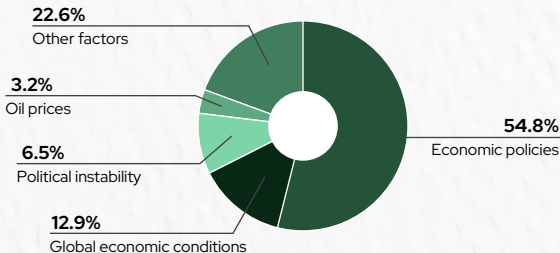
Exchange rate fluctuations

All respondents stressed the negative impact of exchange rate volatility on banking and financial services in Nigeria. Furthermore, they uniformly identified economic policies as the primary driver of exchange rate volatility (over 54% respondents), outpacing global economic factors. Additionally, they anticipate that fluctuations in exchange rates will greatly decrease investment and foreign trade prospects (over 67%) in the near future.

How have fluctuations in the exchange rate influenced business decisions and operations within the banking and finance sector?



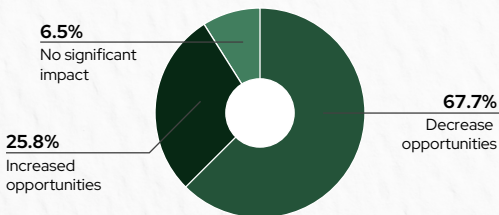
In your opinion, what factors contribute most significantly to volatility in exchange rate?





Respondents uniformly identified economic policies as the primary driver of exchange rate volatility (over 54% respondents), outpacing global economic factors.

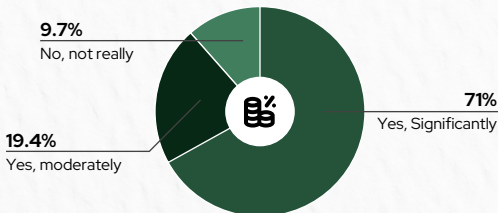
How do you anticipate exchange rate dynamics will impact international trade and investment opportunities in the near future?



Interest rate and cost of borrowing

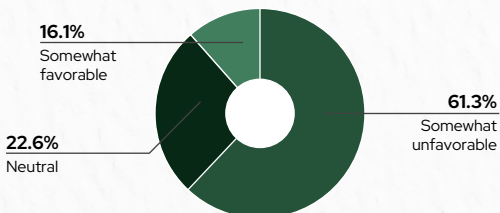
Over 70% respondents admitted that their lending and investment decisions are markedly impacted by market rates and borrowing costs. We noted that over 60% of the respondents see the current condition of interest rates in Nigeria as somewhat unfavorable in terms of promoting economic growth and investment. Over 51% of the respondents asserts that fiscal policy measures should take precedence over regulatory reforms in addressing challenges related to interest rates and cost of borrowing.

Have market rates and borrowing costs influenced lending practices and investment decisions within your organization?

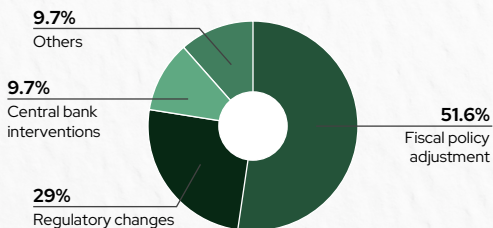


Over 70% respondents admitted that their lending and investment decisions are markedly impacted by market rates and borrowing costs.

How do you perceive the current state of interest rates in relation to stimulating economic growth and investment within Nigeria?



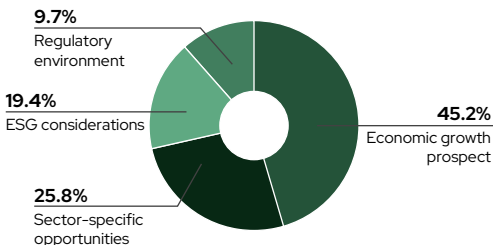
What measures do you believe could be implemented to address challenges related to market rates and the cost of borrowing?



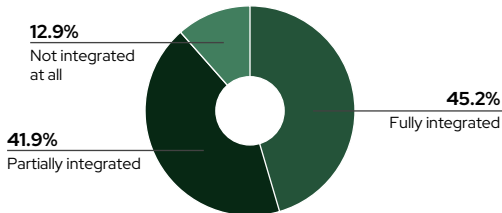
Investment Strategies

As highlighted, over 45% of the respondents affirmed that the development, shaping, and implementation of effective investment strategies are majorly guided by the prospects of economic growth. Interestingly, respondents provided a variety of viewpoints on the influence of investment opportunities and risk management measures in Nigeria's current economic situation. Approximately 42% of respondents reported a favorable influence, whereas 45% saw a negative impact.

What factors are influencing your investment strategy for the year?



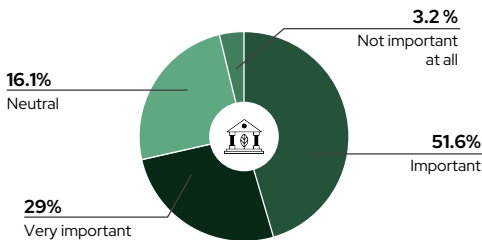
To what extent are environmental, social, and governance (ESG) considerations integrated into your investment decision-making process?



Environmental, Social and Governance (ESG)

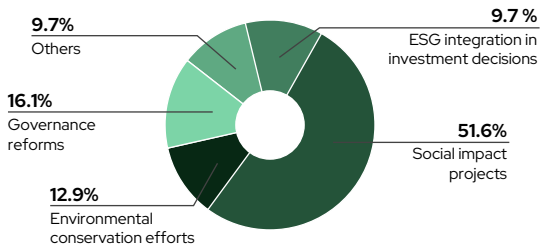
The growing emphasis on fully incorporating environmental, social, and governance (ESG) factors into investment decisions is a notable trend. This is evident in our survey analysis, as over 50% of respondents believe sustainability factors are extremely essential when considering investment options. Interestingly, social impact projects were considered the best initiative for encouraging sustainability and responsible investing in most organizations.

How important do you consider ESG factors when evaluating investing opportunities?

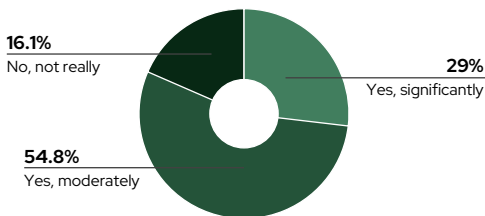


over 50% of respondents believe sustainability factors are extremely essential when considering investment options.

What initiative has your organization undertaking to promote sustainability and responsible investing?



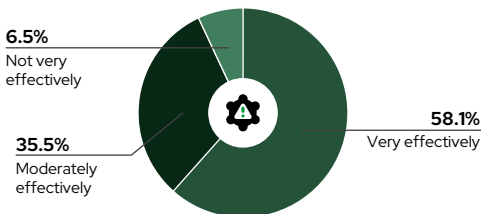
Do you believe there is a growing emphasis on ESG considerations within the Nigerian banking and finance industry?



Risk Management

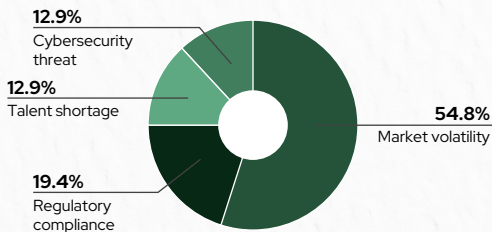
Risk management strategies were viewed by 58% of the respondents to be very effective in both organizational operations and investment portfolios. Nonetheless, more than 50% of respondents identified market volatility as the most significant challenge confronting risk management strategies within firms, particularly given Nigeria's current economic condition. As a result, 32% of the respondents advocated for strengthened internal controls within organizational systems as the most effective technique for improving risk identification and mitigation, particularly in the banking and financial industry.

How effectively do you believe risks are managed within your organization's operations and investment portfolios?

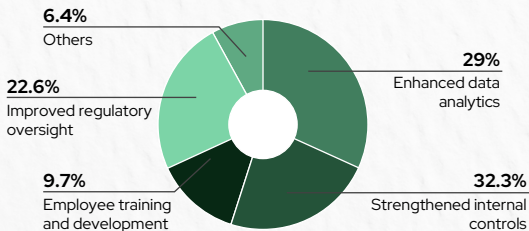


Risk management strategies were viewed by 58% of the respondents to be very effective in both organizational operations and investment portfolios.

What are the primary challenges or vulnerabilities facing risk management practices in the current economic environment?



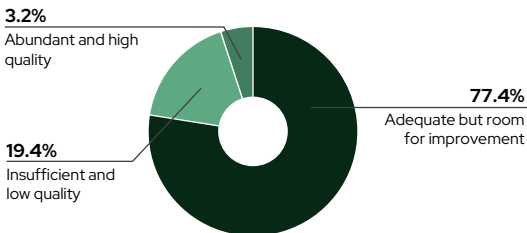
In your opinion, what strategies could be implemented to enhance risk identification and mitigation within the banking and finance sector?



Talent Acquisition and Diversity Initiatives

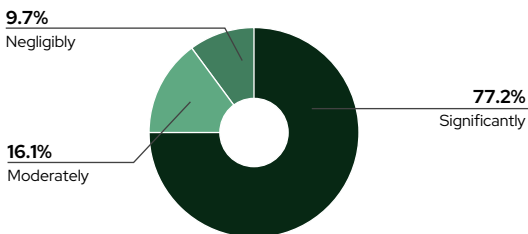
A large majority of the respondents (77%) believe that the quality of talents within the banking and finance industry is adequate, but could improve. Over 74% of the respondents affirmed the importance of diversity and inclusion measures in expanding the talent pool. Among numerous talent acquisition and retention tactics, diversity and inclusion appears to be particularly beneficial within the banking industry.

How would you characterize the availability and quality of talent within the banking and finance industry in Nigeria?

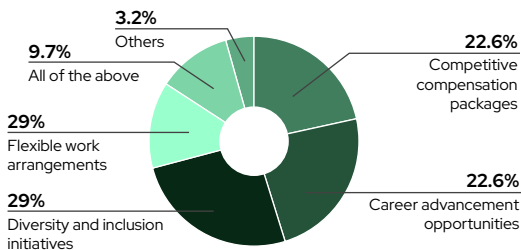


A large majority of the respondents believe that the quality of talents within the banking and finance industry is adequate, but could improve.

To what extent do you believe diversity and inclusion initiatives contribute to the strength of the talent pool?



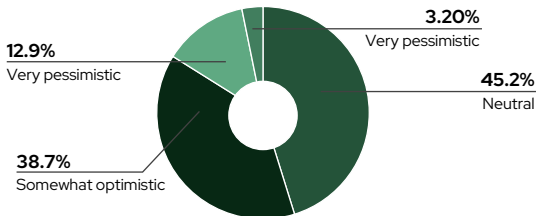
What measures could be implemented to attract and retain top talent within the sector?



Current Economic Agenda

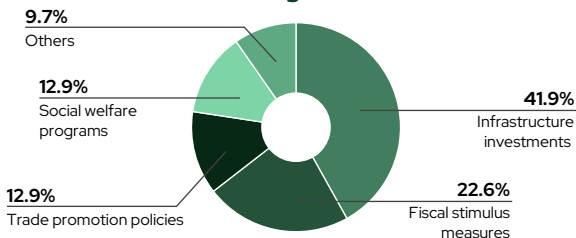
Finally, the general perception of the Nigerian government's current economic agenda is fairly optimistic. About 65% of respondents believe that policy implementation issues will be the most significant barrier to reaching the indicated goals. As a result, there is an acknowledged need for efforts targeted at ensuring economic stability in Nigeria. Over 40% respondents believe that infrastructure investments and fiscal stimulus are the most important strategies for promoting economic growth and ensuring financial sector stability.

How optimistic or pessimistic are you about the current economic agenda set by the Nigerian government?

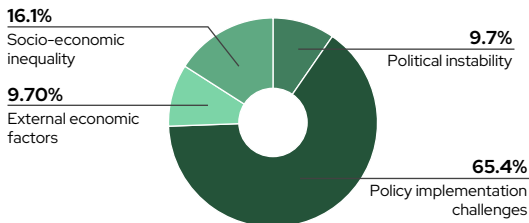


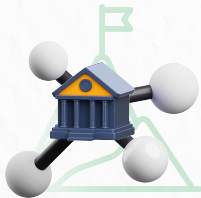
The general perception of the Nigerian government's current economic agenda is fairly optimistic.

What specific policies or initiatives do you believe could positively impact economic growth and stability in Nigeria?



What concerns or challenges do you foresee in achieving the goals outlined in the current economic agenda?





OUR VANTAGE POINT: THE BANKING INDUSTRY

The Nigerian banking sector has demonstrated remarkable resilience, evident in its impressive growth for FY2023 despite facing macroeconomic challenges. The significant uptick of +114.89% on the NGX banking index underscores a robust investor confidence and heightened interest in banking stocks, reflecting the sector's ability to navigate through turbulent waters.

Despite the prevailing weak business environment, inflationary pressures, and regulatory uncertainties, the banking industry, particularly tier-1 banks, showcased outstanding performance, boasting market capitalizations exceeding N1trn. Leveraging foreign exchange gains from asset revaluation and benefiting from the current monetary policy stance, banks have reported substantial increases in net interest income, contributing to their stellar performance.

Market analysts foresee continued growth for the banking industry, buoyed by the prevailing tight monetary policy environment and expectations of rising interest rates. This optimism is further fueled by the potential windfall gains from the proposed bank recapitalization exercise and recent currency depreciations, which could bolster profitability and attract increased investor interest.

While the sector's bullish run may encounter occasional dips due to profit-taking activities, the anticipation of strong financial results and potential dividend payouts continues to underpin investor confidence.

Looking ahead, the impending bank recapitalization and ongoing reforms in various sectors position the banking industry as a key driver of capital gains and share appreciation in the Nigerian market. Investors eyeing opportunities in this sector should carefully evaluate individual companies and risks, while maintaining cautious optimism amidst economic uncertainties.

Regarding credit allocation, Nigeria's banking sector plays a crucial role in the country's economic development by facilitating credit access to businesses and individuals. Understanding the trends in credit lending within this sector provides valuable insights into the overall health of the economy. In recent years, Nigeria's banking sector has undergone notable shifts in credit lending patterns. Despite facing macroeconomic challenges such as inflation, regulatory reforms, and fluctuating oil prices, banks have been adapting their lending strategies to navigate uncertainties while seizing emerging opportunities. One prominent trend is the increased focus on lending to the private sector, particularly small and medium-sized enterprises (SMEs). Recognizing the pivotal role of SMEs in driving economic growth and job creation, banks have given attention to expanding their credit portfolios to cater to this segment. This shift aligns with efforts to diversify the economy away from oil dependency and foster entrepreneurship.

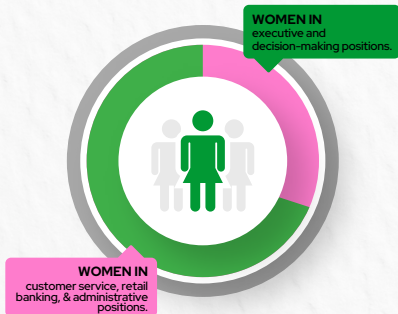
Additionally, banks, especially microfinance banks, are offering a range of retail credit products, including personal loans to meet the evolving needs of the Nigerian populace. However, the prevalence of non-performing loans remains a concern for Nigeria's banking sector, reflecting weaknesses in credit risk assessment, loan recovery mechanisms, and economic downturns. Banks must adopt proactive measures to address NPLs and preserve asset quality.



UTILIZING GENDER LENSES – NIGERIA'S BANKING INDUSTRY

In Nigeria, women predominantly occupy roles in customer service, retail banking, and administrative positions within the banking industry. These roles are crucial for maintaining customer relations and ensuring the smooth operation of banking services. However, there is a noticeable underrepresentation of women in executive and decision-making positions, which limits their influence on strategic business decisions and policy formulation. To resolve the macroeconomic challenges impacting Nigeria's banking sector through a gender lens, it is essential to implement strategies that empower female bankers and leverage their potential.

To foster gender equity within Nigeria's banking sector, banks should implement a comprehensive approach that includes investment in leadership development programs tailored for women. These programs not only equip female bankers with the



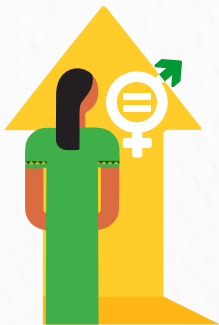
necessary skills and confidence to pursue executive roles but also establish mentorship and sponsorship initiatives aimed at guiding women through their career paths, fostering growth, and providing advancement opportunities. Banks can cultivate a pipeline of diverse talent and promote inclusive decision-making processes throughout the organization by investing in the leadership potential of women.

In addition to leadership development, implementing flexible work policies is essential. These policies enable women to balance professional and personal responsibilities, particularly during economic hardships. Flexibility in working hours, remote work options, and parental leave policies not only support women's well-being but also contribute to enhanced job satisfaction and retention rates among female employees.

Furthermore, developing financial products targeted at female entrepreneurs and small business owners can stimulate economic growth and create new banking opportunities. Indeed, addressing the unique financial needs of women, such as access to credit and investment capital, banks can foster a more inclusive economy and contribute to gender equity in financial services. Tailored financial products can empower women to participate more actively in economic activities and entrepreneurship, driving innovation and sustainable development.

Additionally, incorporating gender-sensitive approaches in risk management is crucial. Banks can enhance their resilience and contribute to financial stability by understanding and mitigating the risks faced by female customers and employees. This includes offering financial literacy programs and advisory services tailored to women's specific economic challenges, such as wealth management, retirement planning, and family financial planning.

While acknowledging the progress made towards gender equity in Nigeria's banking industry, it's crucial to recognize the strides achieved. Currently, there



“

Incorporating gender-sensitive approaches in risk management is crucial. Banks can enhance their resilience and contribute to financial stability by understanding and mitigating the risks faced by female customers and employees.

This includes **offering financial literacy programs and advisory services tailored to women's specific economic challenges**, such as wealth management, retirement planning, and family financial planning.

”

are eleven women occupying MD/CEO roles within various banks, marking a significant advancement. However, a noticeable imbalance persists, particularly evident in middle-management positions across banks. Furthermore, certain roles within the banking industry remain predominantly occupied by men. This underscores the ongoing challenges and the need for concerted efforts to achieve true gender equity and inclusivity at all levels and in all roles within the banking sector.

Establishing clear targets for gender parity in recruitment and promotion processes is crucial. Banks should ensure that women are equally represented in all levels of the organization, particularly in leadership and decision-making roles. Regular audits and transparent reporting on gender diversity metrics can help track progress and identify areas for improvement.

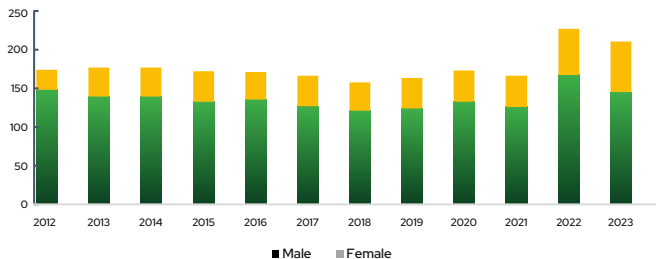
Fostering a supportive and inclusive workplace culture is essential for retaining and empowering female talent within Nigeria's banking industry. This includes addressing unconscious biases, promoting diversity training programs, and creating platforms for women to voice their concerns and contributions. Recognizing and celebrating the achievements of female bankers can inspire other women to pursue careers in banking and strive for leadership positions.

Practical approaches include establishing more award programs that highlight female accomplishments, showcasing successful female leaders within the organization, and partnering with industry associations and media outlets for public acknowledgment. Banks can challenge stereotypes and promote a more inclusive industry by highlighting role models and success stories.

Additionally, banks should continue to collaborate with policymakers and industry associations to advocate for gender-inclusive policies and regulations. This includes supporting initiatives that promote women's financial inclusion, access to credit, and participation in economic activities.

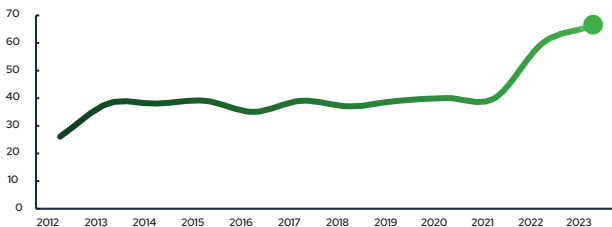
Taking a deeper dive, engaging with the Central Bank of Nigeria offers an opportunity to advocate for policies that promote women's financial inclusion. For example, supporting initiatives to increase the availability of low-interest credit facilities for women-owned businesses and ensuring that gender-disaggregated data is collected and utilized to inform policy decisions. Furthermore, partnering with the Ministry of Women Affairs and Social Development can support programs that empower women economically. This may include funding initiatives such as skills training workshops, business development programs, and financial literacy campaigns aimed at enhancing women's participation in economic activities. Supporting Gender Equity Programs by the National Assembly is also crucial for driving legislative measures that promote gender equity within the banking sector. Banks can advocate for bills that mandate gender diversity in corporate boardrooms or allocate resources for women's entrepreneurship development. Collaborating with Industry Associations, such as the Bankers' Committee and the Nigeria Deposit Insurance Corporation (NDIC), allows banks to promote gender equity initiatives more effectively. This could include advocating for the adoption of gender-inclusive policies, mentorship programs for female bankers, and scholarships for women pursuing careers in banking and finance.

GENDER COMPOSITION OF BOARD OF DIRECTORS IN NIGERIA'S BANKING INDUSTRY



Sources: Select banks' annual reports, APWB

TREND OF FEMALE BOARD OF DIRECTORS IN NIGERIA'S BANKING INDUSTRY



Sources: Select banks' annual reports, APWB



OUR PERSPECTIVE: 2024/2025 KEY PRIORITIES WATCHLIST

The Nigerian banking sector is at a critical juncture, navigating the complexities of recapitalization exercises while aiming to drive sustainable growth. Below we outline key priority areas for 2024/2025 from our vantage point, focusing on strategic actions that can propel banks towards success. Our focus deliberately emphasizes business units predominantly led by women, including risk management, marketing and communications, strategy, client relationship management, treasury, wealth management, and retail banking.



Strengthening Risk Management

One of the foremost priorities is enhancing risk management frameworks to mitigate potential financial and operational risks. Firstly, conducting comprehensive risk assessments tailored to the current economic environment is essential. Given Nigeria's fluctuating inflation rates and currency volatility, banks must meticulously assess the credit risks associated with their lending and investment portfolios. For example, a detailed analysis of how economic

fluctuations impact loan defaults can provide valuable insights for preemptive measures. Implementing advanced risk management technologies and analytics is another critical component. Sophisticated tools such as AI-driven analytics and machine learning algorithms enable banks to predict and manage risks proactively. Continuous training for risk management teams is also paramount. Providing ongoing professional development ensures that teams remain equipped with up-to-date knowledge and skills to address emerging risks. Training programs should focus on areas such as cybersecurity threats and regulatory changes. Regular workshops and certifications in the latest risk management practices can significantly enhance the effectiveness of these teams. A noteworthy point is the significant role played by women in risk management departments. In many Nigerian banks, these departments are predominantly led by women who bring meticulous oversight and a proactive approach to risk mitigation. Studies have shown that women in risk management often adopt a more collaborative and comprehensive approach to identifying and managing risks. This approach can significantly enhance the bank's overall stability. Fact-based insights further highlight the importance of robust risk management. According to the Central Bank of Nigeria, non-performing loans (NPLs) in the banking sector reduced to 6.3% in 2023 from 6.6% in 2022, partly due to improved risk management practices. Banks that have invested in strong risk management systems have shown greater resilience and stability.



Enhancing Marketing and Communications

Strengthening marketing strategies to improve brand visibility and customer engagement is another critical priority. Leveraging digital marketing tools is essential in reaching a broader audience and enhancing customer interaction. Nigerian banks can utilize social media platforms, email marketing, and website

optimization to engage with customers effectively. Interactive online campaigns, webinars, and live chats can create opportunities for direct engagement and feedback from customers. Furthermore, investing in customer relationship management (CRM) systems allows banks to personalize marketing efforts and tailor messages to different customer segments. Creating content that addresses the specific financial needs of different customer segments, especially women, is vital. Women represent a significant portion of banking customers, and catering to their unique needs can drive higher engagement and loyalty. Content focusing on financial literacy, wealth management tips, and career development can resonate well with female customers. For instance, a series of workshops or webinars on investment opportunities for women can empower them to make informed financial decisions. The use of data analytics and customer insights can inform marketing strategies and optimize campaigns for better results. Banks can tailor their marketing messages to resonate with different demographics effectively by analyzing customer behavior and preferences. For example, data-driven insights may reveal specific financial products or services that are in high demand among female customers, allowing banks to tailor their offerings accordingly.



Driving Strategic Growth

Achieving sustainable growth and navigating the challenges of recapitalization demands a strategic approach that aligns business objectives with market dynamics. Banks must develop robust strategic plans that are responsive to market trends, regulatory changes, and economic forecasts. These plans should outline clear growth objectives, product development initiatives, and market expansion strategies. Collaborations and alliances are vital for expanding

market reach, enhancing capabilities, and accessing new customer segments. Strategic partnerships with fintech firms, government agencies, and international financial institutions can provide access to innovative technologies, new markets, and diversified revenue streams. It's essential for banks to continuously monitor performance metrics, market trends, and customer feedback to refine their strategies effectively. This involves leveraging data analytics and market intelligence to make informed decisions and adapt quickly to changing market conditions.



Enhancing Client Relationship Management

As we look ahead to 2024/2025, banks must focus on sophisticated customer relationship management (CRM) strategies that cater to diverse customer needs, with a particular emphasis on personalized services and gender-sensitive approaches. Deploying state-of-the-art CRM systems can significantly improve the efficiency and effectiveness of customer interactions. These systems enable banks to gather and analyze customer data, streamline communications, and deliver personalized services. For instance, CRM platforms like Salesforce or Microsoft Dynamics can integrate with existing banking systems to provide a 360-degree view of customer profiles, preferences, and transaction histories. This integration facilitates more informed and timely responses to customer inquiries and needs, ensuring a more cohesive and responsive customer service experience. Personalization is a key driver of customer satisfaction, predictive analytics can help banks anticipate customer requirements, offer relevant financial products and provide personalized advice. This approach not only enhances the customer experience but also builds stronger relationships by demonstrating the bank's commitment to understanding and addressing

specific client needs. Training client relationship managers in gender-sensitive service delivery is essential for fostering an inclusive banking environment. This involves educating staff on the unique financial challenges and opportunities faced by female clients and developing tailored programs to support women in banking. For example, Access Bank's 'W' Initiative offers tailored financial services, networking opportunities, and capacity-building programs for women. Such initiatives not only meet the specific needs of female clients but also position the bank as a champion of gender equality and empowerment in the financial sector.



Optimizing Treasury Operations

As banks navigate the complexities of recapitalization and strive for sustainable growth, optimizing treasury functions emerges as a key priority for 2024/2025. This entails the adoption of sophisticated treasury management systems, the strengthening of operational policies and procedures, and the exploration of new investment opportunities to maximize returns. The adoption of advanced treasury management systems (TMS) is crucial for efficient cash flow and liquidity management. These systems enable real-time tracking of cash positions, automate financial transactions, and provide comprehensive analytics for better decision-making. For instance, deploying platforms such as Kyriba or SAP Treasury and Risk Management can significantly enhance the ability to manage liquidity, forecast cash flows, and mitigate financial risks.

Diversifying investment portfolios to explore new opportunities is essential for maximizing returns. This involves staying abreast of market trends, identifying lucrative investment avenues, and aligning investment strategies with the bank's

risk appetite and financial goals. Treasury departments should consider a mix of traditional and innovative investment options, such as government securities, corporate bonds, and green bonds. As banks in Nigeria continue to navigate the challenges of recapitalization and market volatility, a robust and efficient treasury operation will be instrumental in driving their success.



Advancing Wealth Management Services

Nigeria's high-net-worth individuals (HNWIs) require sophisticated financial solutions that go beyond standard offerings. These products should be designed to align with unique risk appetites. Women are becoming increasingly influential, controlling significant wealth and driving financial decisions within households and businesses. Despite this, their financial needs have historically been underrepresented. Nigerian banks have a significant opportunity to cater specifically to women investors by offering tailored services that address their unique financial goals and concerns. This includes developing products that consider the realities faced by Nigerian women, such as planning for longer life expectancy, career breaks for childcare, and the need for flexible investment options. Furthermore, banks should prioritize financial education and empowerment programs for women, helping them make informed decisions and achieve financial independence. Initiatives like dedicated women banking units can also play a crucial role in empowering female clients. The expertise of wealth managers is a critical asset to Nigerian banks. To ensure that wealth managers are equipped to provide top-tier advice, banks must invest in continuous professional development. This includes training programs that cover the latest financial products, regulatory changes, and market trends specific to Nigeria. Additionally, wealth managers should receive training in soft

skills such as relationship building, communication, and empathy, which are essential for understanding and addressing clients' needs effectively. Certification programs and ongoing education can help wealth managers stay ahead of industry developments and maintain the highest standards of professionalism.



Expanding Retail Banking Services

For women, banks can introduce products that support financial independence and empowerment, such as micro-loans for female entrepreneurs and investment products that address long-term financial security. For the youth, banks can offer innovative products like mobile banking solutions designed for tech-savvy young adults. In Nigeria, the demand for digital banking services is growing rapidly, driven by increasing internet penetration and the widespread use of mobile devices. Enhancing digital banking platforms to provide seamless and convenient banking experiences is essential. Banks are encouraged to further invest in robust mobile banking apps and online banking portals that offer a wide range of services, including account management, bill payments, and loan applications. User-friendly interfaces, high security standards, and efficient customer support features are crucial for attracting and retaining customers. Additionally, incorporating innovative technologies like biometric authentication and AI-powered chatbots can further improve the digital banking experience, making it more secure and responsive to customer needs. Effective customer service is a cornerstone of successful retail banking. Nigerian banks should strengthen their customer service channels to improve accessibility and responsiveness. This includes expanding call centers, enhancing the capabilities of branch staff, and integrating multi-channel

support systems that allow customers to reach the bank through phone, email, social media, and live chat. Training programs focused on customer service excellence can ensure that bank employees are well-equipped to handle inquiries and resolve issues promptly. Retail Banking Departments need to focus on broadening the bank's reach and deepening customer engagement. This can be achieved through targeted marketing campaigns, community outreach programs, and partnerships with local organizations. Engaging with customers on a personal level helps to build strong relationships and encourages them to utilize the bank's services more actively.



Tailored Microfinance Products

One of the primary steps in enhancing financial inclusion is developing and promoting microfinance products that cater to the unique needs of underserved populations. For small businesses, microfinance banks can offer micro-loans with flexible repayment options, designed to accommodate the cash flow patterns of small enterprises and individual borrowers. Additionally, providing savings accounts with no minimum balance requirements can encourage low-income individuals to save and manage their finances effectively. Offering micro-insurance products to protect against unforeseen risks can also ensure stability for small businesses and households, providing a safety net that fosters confidence and resilience. Microfinance banks can conduct workshops, community seminars, and digital courses covering budgeting and savings techniques, investment basics, and credit management. These programs should aim to help clients better manage their finances, plan for the future, understand the importance of good credit, and make informed investment decisions. Strategic partnerships and collaborations are also key to

amplifying the impact of financial inclusion efforts. Microfinance banks can be more deliberate with forming partnerships with government agencies, non-governmental organizations (NGOs), and fintech companies to access additional resources, technological support, and broader networks. These collaborations can enhance the reach and effectiveness of microfinance initiatives, providing a comprehensive support system that addresses various aspects of financial inclusion. For instance, partnerships with NGOs can facilitate the delivery of financial literacy programs, while collaborations with fintech companies can provide advanced technological solutions to improve service delivery. To ensure the success and continuous improvement of financial inclusion strategies, microfinance banks should establish robust monitoring and evaluation frameworks. Key performance indicators (KPIs) such as the number of new accounts opened, loan repayment rates, and the level of client financial literacy provide valuable insights into the effectiveness of these initiatives. Regular feedback from clients can also guide adjustments and improvements, ensuring that the services remain relevant and impactful.



The Banking Workforce

High attrition rates in Nigeria's banking industry present a formidable challenge to the sector's stability and growth trajectory. The continuous turnover of skilled employees not only disrupts day-to-day operations but also imposes significant financial burdens in terms of recruitment and training costs. To combat this issue effectively, it's crucial to understand the current talent landscape and the unique factors driving attrition within the Nigerian banking sector. Attrition in Nigerian banks is driven by a myriad of factors, deeply rooted in the industry's dynamics and socio-economic environment. Limited career growth opportunities, inadequate compensation, workplace stress, and poor work-life

balance are prevalent issues contributing to the talent drain. Additionally, the allure of opportunities abroad, often fueled by what is commonly referred to as "*JAPA syndrome*," exacerbates attrition rates as skilled professionals seek better prospects outside the country.

In Nigeria's banking industry, the competition for skilled talent is fierce, and retaining top performers is an ongoing challenge. The demanding nature of banking roles, coupled with insufficient career growth prospects and compensation disparities, drives many talented individuals to explore options beyond Nigeria's borders. To address the attrition crisis, Nigerian banks must implement strategic retention measures tailored to the specific needs and aspirations of their employees.

Here are key strategies to consider:

- Offering competitive compensation packages, including regular salary reviews, performance-based bonuses, and comprehensive benefits, is essential to attract and retain top talent.
- Providing robust career development opportunities, including skill development programs and leadership training, helps employees see a clear path for growth within the organisation, reducing the temptation to seek opportunities elsewhere.
- Implementing flexible work arrangements, workload management strategies, and wellness programs fosters a healthier work-life balance, reducing stress and preventing burnout among employees.
- Prioritizing continuous learning opportunities, educational support, and mentorship programs demonstrates a commitment to employee growth and development, increasing job satisfaction and retention.
- Promoting diversity, inclusion, and open communication while recognizing and rewarding employee contributions fosters a supportive work environment where employees feel valued and motivated to stay.

Addressing attrition requires collaborative efforts across the banking sector, government, and relevant stakeholders. Industry associations, regulatory bodies, and educational institutions can collaborate to develop programs aimed at nurturing local talent, providing opportunities for professional development, and promoting banking careers within Nigeria.



FINAL WORDS, RECOMMENDATIONS AND ACTION STEPS

In addressing the challenges of inflation, food security, financial stability, and gender equity within Nigeria's economic landscape, APWB has developed strategic recommendations to guide policy actions across key sectors.

Addressing Inflation and Enhancing Food Security

Recommendation: Increase agricultural productivity through investments in technology, irrigation, and modern farming techniques.

Strengthen security measures in key agricultural regions to prevent disruptions caused by conflict.

Attention -

Ministry of Agriculture and Rural Development:

Action: Implement subsidies or grants for farmers to adopt modern farming techniques and technology.

Action: Collaborate with research institutions to develop drought-resistant crops and improve irrigation systems.

Ministry of Defence and Ministry of Police Affairs:

Action: Deploy specialized security forces to agricultural regions prone to conflicts.

Action: Establish community policing initiatives to enhance local security and protect farming communities.

Encouraging Savings and Reducing Non-Performing Loans (NPLs)

Recommendation: Introduce inflation-indexed savings products to protect the real value of savings.

Implement stricter credit risk assessment procedures and loan monitoring systems to reduce NPLs.

Attention -

Governor of the Central Bank of Nigeria (CBN):

Action: Work with commercial banks to introduce and promote inflation-indexed savings products.

Action: Issue guidelines for banks to enhance credit risk management frameworks and loan recovery procedures.

Bank CEOs:

Action: Invest in technology for better credit scoring and monitoring of borrower financial health.

Action: Train staff on updated risk assessment methodologies and best practices in loan recovery.

Monetary Policy Adjustments and Exchange Rate Stability

Recommendation: Maintain a cautious approach to interest rate hikes to balance inflation control and economic growth.

Continue forex market reforms and ensure transparency to attract and retain foreign portfolio investments.

Attention -

Monetary Policy Committee (MPC):

Action: Conduct regular economic assessments to determine appropriate adjustments to the policy rate.

Action: Communicate effectively with stakeholders to maintain market confidence and transparency.

Governor of the CBN:

Action: Implement measures to stabilize the exchange rate and reduce forex market volatility.

Action: Enhance oversight of forex trading activities and regulatory compliance.

Enhancing Exchange Rate Liquidity

Recommendation: Implement measures to sustain foreign portfolio investments and attract Diaspora remittances.

Encourage international oil companies to sell more of their forex earnings domestically.

Attention -

Governor of the CBN:

Action: Develop policies to incentivize FPIs and ensure smooth repatriation of investment returns.

Action: Collaborate with the Ministry of Finance to streamline tax policies affecting FPIs and remittances.

Minister of Petroleum Resources:

Action: Engage with IOCs to increase their forex sales in the domestic market.

Action: Facilitate partnerships with oil companies to improve forex liquidity through transparent agreements.

Promoting Gender Equity in the Banking Sector

Recommendation: Implement leadership development programs for women in banking.

Establish flexible work policies to support work-life balance for female employees.

Attention -

Bank CEOs:

Action: Launch mentorship programs pairing female employees with senior executives.

Action: Revise HR policies to include flexible working hours, remote work options, and parental leave.

Minister of Women Affairs and Social Development:

Action: Advocate for gender-inclusive policies in the banking sector through legislative support.

Action: Collaborate with banks to fund leadership and entrepreneurship training programs for women.

Stimulating Economic Growth through Credit Allocation

Recommendation: Increase lending to SMEs and support entrepreneurial activities.

Provide targeted financial products to women entrepreneurs.

Attention -

Minister of Finance:

Action: Introduce tax incentives or subsidies for banks lending to SMEs and startups.

Action: Facilitate partnerships between banks and microfinance institutions to expand credit access in rural areas.

Governor of the CBN:

Action: Create dedicated funding programs or loan guarantees to support women-led businesses.

Action: Simplify loan application processes and collateral requirements for SMEs and startups.

Strengthening the Financial Sector and Capital Market

Recommendation: Support the development of a vibrant primary capital market to facilitate capital raising for banks.

Promote financial literacy programs to enhance investor participation and market stability.

Attention -

Governor of the CBN and Securities and Exchange Commission (SEC):

Action: Review and streamline regulations to encourage IPOs and bond issuances in the primary market.

Action: Launch nationwide campaigns promoting financial literacy and investment education.



FEMALE LEADERSHIP IN BANKING AND FINANCE (NG)



BOLAJI AGBEDE

ACTING GROUP CEO, ACCESS HOLDINGS



MS. EMEM USORO

DEPUTY GOVERNOR, CBN OPERATIONS DIRECTORATE



IRETI SAMUEL-OGBU

CEO, CITI BANK



YEMISI EDUN

CEO, FCMB



NNEKA ONYEALI-IKPE

GROUP MANAGING DIRECTOR/
CEO, FIDELITY BANK PLC



BUKOLA SMITH

FCA, MD/CEO FSDH
MERCHANT BANK



MRS. MIRIAM OLUSANYA
MD, GUARANTY TRUST BANK
LIMITED



KAFILAT ARAOYE
MD/CEO, LOTUS BANK



HALIMA BUBA
MD/CEO, SUN TRUST BANK



YETUNDE ONI
CEO, UNION BANK



MRS. TOMI SOMEFUN
MD/CEO, UNITY BANK PLC



DR. ADAORA UMEOJI
MD/CEO, ZENITH BANK PLC

APWB Executive Members



Mrs. Funke Feyisitan
Ladimeji, HCIB



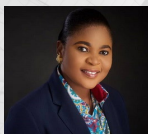
Mrs. Onitiri Rafiat
Oluwatoyin, FCIB



Mrs. Adebimpe
Ogunleye, HCIB



Ms. Abiola Bolarinwa



Ms. Funmi Joseph,
FCIB



Barrister Nnenna
Nwaokobia



Mrs. Olamide
Adeosun



Mrs. Funmilayo
Adelokun, ACIB



Ms. Omolara
Ibiroba



Ms. Wunmi Adelusi



Mrs. Kehinde
Olomojobi, FCIB



Ms. Chinwe Egwim



Ms. Barbara Ezeife



Mrs. Temi Dalley



Mrs. Oluwayemisi
Olajide, HCIB



Mrs. Olukeyi
Ibiwoye, FCIB





JOIN APWB – WHY JOIN?

With a history dating back to 1983, APWB has been instrumental in shaping the careers of many successful women in banking. Our commitment to excellence and professional growth has made us a trusted and respected association within the banking community. The Association of Professional Women Bankers (APWB) is not just a wing of the prestigious Chartered Institute of Bankers of Nigeria (CIBN); it's a powerful movement dedicated to the advancement and empowerment of female bankers. Since its inception in 1983, APWB has been a beacon of excellence, integrity, and professionalism in the banking industry. Here's why you should become a part of this dynamic association:

Empowerment and Professional Growth

APWB is committed to fostering professionalism among female bankers. By joining, you become part of a community that prioritizes your career development and equips you with the resources needed to excel in the 21st-century banking landscape. The association offers a plethora of opportunities for professional growth through:

- **Trainings and Workshops:** Enhance your skills and stay ahead of industry trends with our expertly designed training sessions and workshops.
- **Seminars and Boot Camps:** Gain in-depth knowledge on various aspects of banking and finance through our comprehensive seminars and boot camps.

- ◉ **Mentoring:** Benefit from personalized guidance from seasoned professionals who can provide invaluable insights and advice tailored to your career aspirations.

Networking and Leadership Opportunities

Being a member of APWB means access to an extensive network of professionals in the banking sector. This network is a treasure trove of opportunities for collaboration, mentorship, and professional advancement. Our members enjoy:

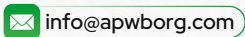
- ◉ **Networking Events:** Connect with other bankers and professionals, expanding your professional circle and opening doors to new opportunities.
- ◉ **Leadership Development:** Learn from the best in the industry and develop leadership skills that will set you apart in your career.

Commitment to Core Values

Integrity, Transparency, Accountability, and Professionalism are not just buzzwords for APWB; they are the pillars upon which our association is built. By aligning with these values, you will not only advance your career but also contribute positively to the banking industry and society at large.

Why Wait?

Take the first step towards a brighter future. Join APWB today and unlock your full potential as a professional woman banker. Together, we can achieve greatness and make a lasting impact on the banking industry and beyond.



IMPORTANT RISK WARNINGS AND DISCLAIMERS

This report was approved, published, and distributed by The Association of Professional Women Bankers (APWB), the female wing of the prestigious Chartered Institute of Bankers of Nigeria (CIBN) set up to foster and promote professionalism amongst female bankers, and empower professionals with the right resources to succeed in the banking industry.

This material was produced solely for information purposes and for the use of the recipient. It is not to be reproduced under any circumstances and is not to be copied or made available to any person other than the recipient. The information contained herein has been obtained from published information and other sources, which APWB or its Affiliates consider to be reliable. None of APWB or its affiliates accepts any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this document.

© APWB 2024. All rights reserved.

POWERED BY





WWW.APWBOrg.COM