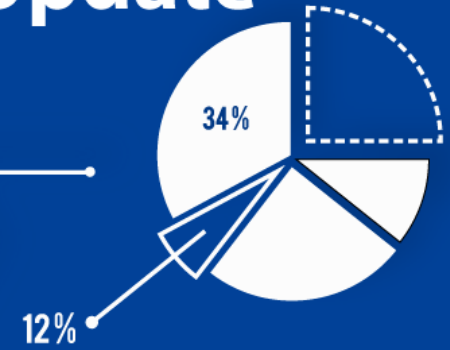


# Nigeria Economic Update



## ***ECOWAS Single Currency Appears Unlikely by 2020***

The ECOWAS single currency proposed to take off in January 2020 seems unlikely<sup>1</sup>. This is partly due to the failure of member states to meet all the preliminary requirements in the original treaty. Countries like Guinea Bissau and Togo are the ones to meet the primary conditions of a budget deficit of 3% or less, an annual inflation of less than 10%, as well as a gross reserve significant enough to finance at least three months of imports<sup>2</sup>. Togo is the sole country to satisfy the second criteria of debt/Gross Domestic Product of less than 70%; central bank financing of budget deficit of 10% or less of previous year's tax revenue; and nominal exchange rate variation of plus or minus 10%. Nigeria has achieved the budget deficit requirement with 2.8% as at 2018 and has currently grown its reserve. However, with the inflation level of 11.6%, the nation is yet to satisfy preliminary requirements for the 'Eco' currency. This implies a possible extension on the initiation date. Going forward, member states should make concerted efforts to strengthen domestic macroeconomic frameworks and reduce bureaucratic delays that severely constrain exports and imports at the border, among others, prior to the inception of the Eco single currency.

## ***Fall in Bribery and Corruption***

The recently released report by the National Bureau of Statistics (NBS) shows that bribery prevalence reduced from 32.3% recorded in 2016 to 30.2% in 2019<sup>3</sup>. As such, three out of every ten Nigerians that had contact with public officials either paid or were asked to pay bribe. Bribery prevalence reduced in the North West, North-East, and South-West regions. Although, the direct bribery request has fallen from 66% to 60% between 2016 and 2019, the dominance of cash as a means of bribery has risen. While the report focuses on petty corruption, recent incidences show that there has not been a reduced prevalence of grand corruption where public officials embezzle public funds. As such, public finance is depleted which robs the country of funds to build infrastructure such as schools and hospitals. Sensitization of public officials on the implications of corruption as well as improvements in their welfare may prove useful in curbing petty corruption. For grand corruption, the whistleblowing programme put in place by the Federal Ministry of Finance should be utilized to report corrupt practices of high-level government officials.

## ***Electronic Transactions Rise***

The Nigerian Bureau of Statistics noted a rise in electronic transactions within the third quarter of 2019, as e-transactions hit N42.7 billion<sup>4</sup>. The rise indicates a nearly 18% increase when compared to second quarter of 2019. The value rise coincided with a total volume rise of N800.2 million, this is a 12.5% rise when compared to Q2 2019 which stood at N711.3 million<sup>5</sup>. The highest contributor to the rise was Nigerian Inter Bank Settlement System instant payment transaction which rose by 4% from the preceding quarter. This is further indicated as the money in circulation fell by -13.3% in Q3 2019 when compared to the preceding December<sup>6</sup>. This overall rise in electronic transaction complies with core agenda of the CBN cashless policy. Given that 60% of the Nigerian adult population (18 years and above) do not use banking services in 2018<sup>7</sup>, the CBN and fiscal authorities need to foster policy interventions that address identified obstacles to having a bank account. They include: irregular income, lack of proximity of banks, and high account opening and maintenance costs feature as the biggest reasons for exclusion.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'19Q1	'19Q2
GDP Growth Rate (%)	2.1	1.94
Oil GDP (%)	-2.40	5.15
Non-oil GDP (%)	2.47	1.64
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	243.36	222.89
Portfolio Investment (US \$Millions)	7,145.98	4,292.89
Other Investment (US \$Million)	1,096.15	1,304.43
External Debt (FGN & States- N'Billion)	7,860.88	NA
Domestic Debt (FGN + States & FCT N'billion)	17,086.20	NA
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	July'19	Aug'19
Headline Inflation (%)	11.08	11.02
Food Sub-Index (%)	13.39	13.17
Core Sub-Index (%)	8.80	8.68
External Reserves (End Period) (US\$ Million)	44,903.03	43,607.80
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	57.6	57.9
Non-Manufacturing PMI	58.7	58.8
Crude Oil Price (US\$/Barrel)	NA	NA
Petrol (PMS-N/litre)	145.00	145.5
Diesel (AGO -N/Litre)	224.96	229.08
Kerosene (HHK -N/Litre)	316.03	319.94
MPR (%)	13.5	13.5
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	9.92	9.92
Savings Deposit (%)	3.93	NA
Prime Lending (%)	15.46	NA
Maximum Lending (%)	31.07	NA
Narrow Money (N'Billion)	11,435.79	NA
Broad Money (N'Billion)	35,675.93	NA
Net Domestic Credit (N'Billion)	33,412.40	NA
Credit to the Government (N'Billion)	9,138.08	NA
Credit to the Private Sector(N'Billion)	24,274.31	NA
Currency in Circulation (N'Billion)	2,003.09	NA
FAAC (N'Billion)	769.5	720.88

\*Revised GDP figures/tentative figures  
NA: Not Available

<sup>1</sup>Punch (2019) “ 2020 take-off date for ECOWAS single currency threatened”

<https://punchng.com/2020-take-off-date-for-ecowas-single-currency-threatened/>

<sup>2</sup>Trading economics (2019) “country profile”

<https://tradingeconomics.com/gambia/tax-revenue-percent-of-gdp-wb-data.html>

<sup>3</sup>NBS(2019) Corruption in Nigeria: Patterns and Trend (December 2019)” retrieved from

<https://nigerianstat.gov.ng/download/1031>

<sup>4</sup>NBS (2019) “Selected Banking Sector Data Q3 2019” retrieved from

<https://nigerianstat.gov.ng/download/1029>

<sup>5</sup>NBS(2019) “Selected Banking Sector Data (Q2 2019)” retrieved from

<https://nigerianstat.gov.ng/download/1003>

<sup>6</sup>CBN(2019) “ECONOMIC REPORT THIRD QUARTER 2019” retrieved from

[https://www.cbn.gov.ng/Out/2019/RSD/CBN%20ECONOMIC%20REPORT%20THIRD%20QUARTER%202019\\_final.pdf](https://www.cbn.gov.ng/Out/2019/RSD/CBN%20ECONOMIC%20REPORT%20THIRD%20QUARTER%202019_final.pdf)

<sup>7</sup> EFIN (2018). EFINA Access to Financial Services in Nigeria 2018 Survey. Retrieved from:

[https://www.efina.org.ng/wp-content/uploads/2019/01/A2F-2018-Key-Findings-11\\_01\\_19.pdf](https://www.efina.org.ng/wp-content/uploads/2019/01/A2F-2018-Key-Findings-11_01_19.pdf)

