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Imports from developing countries

“BRIDGES ACROSS BORDERS”
Fostering Outsourcing Partnership
in
Financial Services & Information Technology
6-9 November 2007

Accra, Ghana



**SERVICES CAPACITY AND EXPORT
POTENTIAL STUDY:**

ICT AND FINANCIAL SERVICES

NIGERIA

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NEPC
7TH NOVEMBER, 2007



INTRODUCTION



OVERVIEW OF NIGERIAN ECONOMY

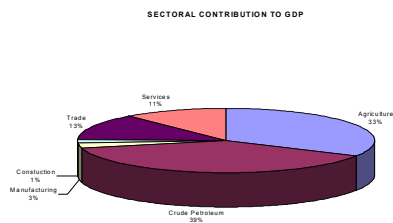
Economic Indicators

- GNP rose by 28 percent from 2005 to 2006,
- GDP growth rate was put at about 6%.
- Inflation dropped considerably
- Relative stability in exchange rate vis-à-vis the US dollar.
- Considerable inflow FDI of more than \$2 billion achieving a credit rating of BB
- Non-oil export grew by 24% in 2006 from 9% in 2005.
- Resourceful work force.



SECTORAL CONTRIBUTION TO GDP

GDP estimated at	N142b
Agriculture	33%
Services	11%
Crude oil	39%
Construction	1%
Manufacturing	3%
Trade	13%



Source: Central Bank of Nigeria



ECONOMIC REFORMS

NEEDS PROGRAMME

- Empowering people and building a social contract
- Promoting private enterprise to foster growth of the non-oil sector;
- Changing the way the Government works.

Vision 2020

- Seven point agenda sectoral reforms
 - Energy, Education, Security, Transport, Land Reforms, Food Security and Wealth creation



Explaining Macro Performance.

Confidence In The Economy Is Growing


- Sovereign rating expected to improve from BB- given performance indices
- Market capitalisation of US\$35 billion projected to double in 2007 and about \$100 billion in 2008
- Capital inflows more than doubling every two years
- Low inflation, stable exchange rates and declining interest rates
- Rate of return on investment in dollar terms remains high
- Elimination of the external debt burden



Explaining Macro Performance ..cont'd.


Additional External Sources Of Funds For The Economy

- Diaspora remittances bring about US\$4 billion annually
- FDI and portfolio inflows growing and bonds are oversubscribed due to high earnings in real dollar terms
- Capital Inflows doubling every year--- About \$2.5billion in 2006---- portfolio and non-oil sectors
- Banks are acting as on-lending entities to foreign financial institutions especially multilateral agencies
- Guarantees and grants are growing



MACRO-ECONOMIC STABILITY

- Successful consolidation in the banking and insurance sectors
- Stable exchange rate
- Reduction in financial crimes
- Improvement in the Corruption perception Index rating
- Review of Trade Policy competitiveness vs. protectionist policy
- Favourable investment regime
- Improvement of import regime



FINANCIAL AND TELECOM SECTOR


- Liquidity situation in Nigeria's economy improved considerably.
- Recapitalization of the banking and insurance sectors.
 - Banks from \$15.8m - \$200m (N2b to N25b)
 - Insurance from \$2.77m - \$15.8M (N350m to N2b)

Telecom Sector

- The telecom sector recorded a growth rate of 535%
- Nigerian telecom industry the fastest growing in sub-Saharan Africa.

Capital Market

- Setting of International Financial Centre in Lagos similar to that of Dubai and Singapore.
- Nigerian stock exchange, rated to render one of the highest rate of return. Capital Market Capitalization as at end Dec. N4.2 trillion up from N2.5 trillion in 2005:
- Stock Market Index up from 24,085 to 33,189




BANKING SECTOR GETTING STRONGER AND SOUNDER

- Total asset base of banks increased by 104% from N3,209 billion in June 2004 to N6,555 billion as at end-September, 2006
- Capital and Reserves of N957 billion as against N327 billion in June 2004 (192% increase)
- Industry Capital Adequacy Ratio of 21.64 per cent, which was above the statutory minimum ratio of 10% compared to 15.18 per cent in June 2004
- The CAMEL parameters rating of the banks as at September 30, 2006 showed there was no UNSOUND bank
- The industry ratio of non-performing credit to total credit was 9.5 per cent compared to 19.8 per cent in June 2004



Banking Sector Fastest Growing in Africa...

- **25 strong and reliable banks: soundest the sector has ever been, with no unsound bank**
- **Growth in Assets; Deposits; Credit; Profitability; etc since 2004 astounding; Performance on capital adequacy and liquidity ratios is good; size of non-performing loans as percentage of total loans declined significantly.....**
- **20 out of 25 Nigerian banks in top 100 banks in Africa, and indeed, 17 out of top 40; and 4 in top 10**
- **About 17 out of 25 Nigerian banks in top 1000 banks in the world by end of 2006 (there was none in 2003)**



Banking Sector Fastest Growing in Africa... Cont'd.

- **The Banking Sector is the dominant sector in the Nigerian Stock Exchange; and indeed the key driver of the recent phenomenal growth of the Exchange**
- **More commercial bank branches now than pre-consolidation**
- **Awaiting results of ongoing survey to know if employment in the sector has declined or increased since consolidation**
- **Nigerian banking industry as fastest growing in Africa**



Nigeria's ranking in Africa's Top 100 Banks

Rank (ECOWAS)	Overall (AFRICA)	Bank	Capital (\$M)	Asset (\$M)	Profit (\$M)
1	8	Intercontinental Bank	1,277	5,735	184
2	11	Union Bank	783	5,248	106
3	13	Zenith Bank	738	4,785	119
5	19	First Bank	465	6,574	184
6	20	GT Bank	406	3,959	128
7	26	IBTC Chartered	308	895	37
8	27	Oceanic Bank	297	2,926	91
9	28	UBA	296	6,962	101
10	30	First Inland Bank	282	1,510	32
11	32	Diamond Bank	272	1,738	41
12	35	Spring Bank	267	1,052	Na
13	38	Ecobank Nigeria	238	1,070	41
14	40	Bank PHB	224	1,249	28
15	42	Access Bank	215	2,502	52
16	43	AfriBank Bank	211	1,024	19
17	45	Stand Chartered	207	531	25
18	46	Wema Bank	206	1,050	24
19	47	Fidelity Bank	200	934	24
20	48	Skye Bank	198	1,346	12



• Recent Policy Initiatives (Financial Sector)

- A fast-track programme for registration of microfinance banks and Bureau de Change already in place.
- The Minimum Rediscount Rate (MRR) replaced with Monetary Policy Rate (MPR) for greater stability in interest rates and better functioning of the money market
- A comprehensive roadmap for the development of the entire financial system was launched some few months back (FSS 2020)
- Interest rate subsidy on agriculture by CBN to continue in 2007: state govts. to explore borrowing on behalf of their farmers!



FINANCIAL SERVICES EXPORTERS

S/No	Name of Financial Organisation	Country Presence, Outside Nigeria	
1	Zenith International Bank	Ghana, with eight branches	
2	GT Bank	Ghana, Sierra Leone, Gambia	It's the fastest growing bank in Sierra Leone
3	Union Bank of Nigeria	Ghana, through Shareholding in HFC Bank; Republic of Benin through 56% shareholding in Banque International Du Benin	
4	Diamond Bank Plc	Republic of Benin	
5	Access Bank Plc	Sierra Leone and Gambia	
6	Intercontinental Bank Plc.	Ghana	
7	United Bank for Africa	Ghana	
8	First Bank of Nigeria Plc.	United Kingdom	
9	Nicon Insurance	United Kingdom	



INFORMATION AND COMMUNICATION TECHNOLOGY:

Latest happenings

- The International Data Corporation conducted a study:
 - premised on a global research study showcasing the information technology IT industry's impact on
 - job creation,
 - company formation,
 - local IT spending and
 - tax revenue
 - in 82 countries and regions worldwide including Nigeria.




ICT latest happening cont'd Middle East and Africa region

- **In the next four years in the Middle East and Africa,**
 - the IT sector will generate more than 393, 000 new jobs
 - account for the creation of 9, 000 new companies.
- The report anticipates that:
 - the figure will help produce \$12.5bn in new tax revenue
 - contribute \$34.4bn to GDP.
- For every dollar earned by Microsoft in 2007, companies working with Microsoft in the Middle East and African region will earn just over \$12.1. In Nigeria this ratio 1.11
- IT spending would create over 7m jobs and 100, 000 new businesses worldwide.



ICT latest happening cont'd: Nigeria

- The research also projected that
 - Spending on IT in will grow at almost 15% per annum
 - Software growing at just over 14%.
 - Almost N74b (\$560m) is being spent on IT
 - Creation of more than 23, 000 new jobs
 - 400 new companies in Nigeria expected from the IT field
 - That the new companies will produce
 - more than N29.5b (\$200m) in tax revenue
 - and contributing N141b (\$1.1bn) to GDP.




Growth in Telecom Sub-sector

Explosive growth in the telecommunication Sector

Mobile lines		
2001	-	266, 461
2002	-	1, 569, 050
2003	-	32, 322, 220
2007 (Aug)	-	43, 066, 679
Fixed Wireless line		
2001	-	600, 321
2002	-	702, 000
2003	-	872, 473
2007 (Aug)	-	2, 035, 235


FDI in telecom grew from \$5m (1999) -\$8.5b (2007)



TELECOMS SUBSCRIBER INFORMATION (YEAR 2001- AUGUST, 2007)

	OPERATOR	2001	2002	2003	2004	2005	2006	Mar-07	Jun-07	Aug-07
Connected Lines	Fixed Wired/Wireless	600,321	702,000	872,473	1,027,519	1,223,258	1,687,972	1,697,567	1,722,507	2,035,235
	Mobile (GSM)	266,461	1,569,050	3,149,472	9,174,209	18,587,000	32,322,202	34,240,613	38,062,353	43,066,679
	Mobile (CDMA)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	434,317
	Total	866,782	2,271,050	4,021,945	10,201,728	19,810,258	34,010,174	35,938,180	39,784,860	45,536,231
Active Lines	Fixed Wired/Wireless	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	999,023
	Mobile (GSM)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	35,737,434
	Mobile (CDMA)									321,666
	Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	37,058,123
Installed Capacity	Fixed Wired/Wireless									2,331,640
	Mobile (GSM)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	57,608,525
	Mobile (CDMA)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	535,000
	Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	60,475,165
---Teledensity		0.73	1.89	3.35	8.50	15.72	24.29	25.67	28.42	426.47

Source Nigerian communication Commission

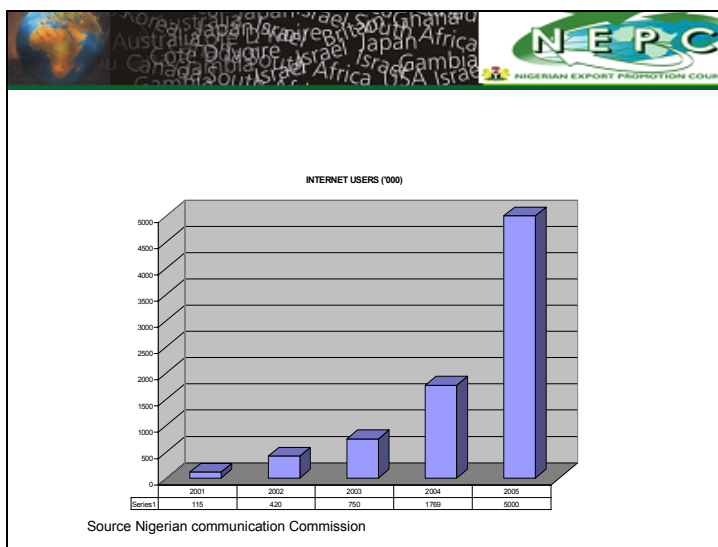


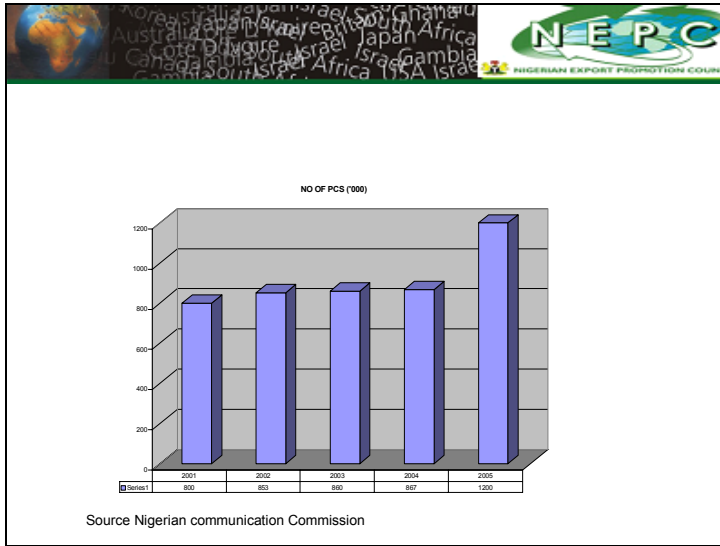
INTERNET CONVERGENCE

- A growing awareness of opportunity provided by the internet
- Demand for internet services heightened
- Internet market very attractive
- Access cost very affordable
- Increase in the use of internet for real time information and communication needs by individuals and business

Internet user growth (000)

2001	-	115
2002	-	420
2003	-	750
2004	-	1769
2007	-	5000





Educational Infrastructure

Number of Universities

1999	-	41
2005	-	75

Number of secondary Schools

1999	-	6, 292
2005	-	10, 830

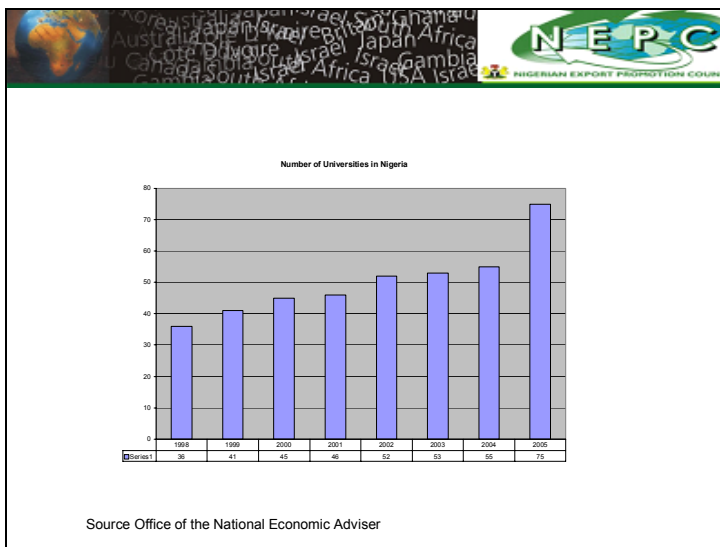
Students enrollment

Universities

1999	-	312, 344
2005	-	771, 253

Polytechnics

1999	-	55, 185
2005	-	318, 19





RECENT POLICY INITIATIVES (ICT SECTOR)

- Commerce 44 by Ministry of Commerce and Industry
- Pilot project on BPO by NEPC
- Local content policy to improve local value addition
- National Roadmap IT Outsourcing
- National IT Outsourcing policy
- Mobile Internet Units (MIUs)
- Public Service Information Network (PSNET)
- Computer for All Nigerians Initiative (CANI)
- Establishment of IT parks



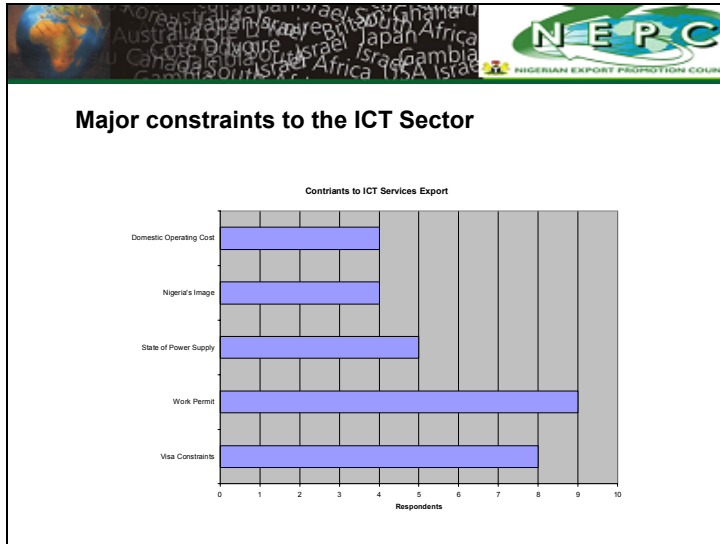
ICT Services exporters

- Zenox computers
- Omatek
- Resource intermediaries
- Contact Solutions
- K Technology
- Globacom
- Business Outsourcing Solution Services



REGULATORY ENVIRONMENT/AUTHORITY

- Corporate Affairs Commission (CAC)
- Nigerian Investment Promotion Commission (NIPC)
- Securities and Exchange Commission (SEC)
- National Office for Technology Acquisition and Promotion (NOTAP)
- Federal Ministry of Internal Affairs
- Nigerian Immigration Services.
- Central Bank of Nigeria (CBN)
- Federal Ministry of Commerce and Industry
- Federal Ministry of finance
- Nigerian Deposit Insurance Corporation NDIC
- National University Commission
- Nigerian Information Technology Development Agency NITDA
- Computer Registration Council CPN
- Nigerian Stock Exchange
- Nigerian Export Promotion Council NEPC
- Nigerian Export Processing Zones Authority NEPZA
- Nigerian Customs Services NCS



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- PILLARS CRITICAL TO DRIVING PRODUCTIVITY AND COMPETITIVENESS**
- Infrastructures
 - Institutions
 - Macro-economy.
 - Primary and Higher education and training
 - Market efficiency
 - Technology readiness
 - Business sophistication and innovation

THANK YOU