



Financial System Strategy 2020 (FSS2020)



FSS2020: Financial Markets Sector Updates

**A PRESENTATION TO THE 2021 FIRST CAPITAL MARKET COMMITTEE (CMC)
MEETING**

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Outline

- Recent Developments and Implications on the Nigerian Capital Market
- Factors Responsible for the Developments
- Challenges/ Steps Taken
- Next Steps (Issues for Deliberation)





Recent Developments and Implications

- The FSS2020 Secretariat continued to deliver on its mandate to accelerate the development of the Nigerian Financial System through a collaborative stakeholders approach in the period under review.
- In view of the foregoing, the FSS2020 Secretariat continued to implement various initiatives that impact the development of the Nigerian Capital Market. These initiatives include organizing:

1. SECURITIZATION/ ASSET BACKED SECURITIES (ABS) BILL:

- The FSS2020 Secretariat organized a Stakeholders' meeting on regulation and legislation of the practice of Securitization in Nigeria to deliberate on possible regulatory options.
- Development of a Draft Securitization/ ABS Bill.
- In view of the multifaceted issues related to Securitization (Legal, Taxation, Due diligence, SPV, Rating etc.), stakeholders resolved that a stand-alone legislation for the practice of Securitization in Nigeria would accommodate all stakeholders requirements and was the most effective framework to adopt.
- Thereafter, a validation workshop was convened to review and validate the draft Securitization of Asset Backed Securities Bill, 2019.



Recent Developments and Implications...

2. ATTRACTING DIASPORA INFLOWS/ INVESTMENT IN THE NIGERIAN MORTGAGE MARKET:

- The FSS2020 Secretariat set up a Committee to propose a strategy to attract diaspora inflows into the Nigerian mortgage market.
- Proposed the establishment of a Diaspora Assets Management Company in Nigeria.
- The initiative when established is expected to enhance diaspora confidence to invest in Nigeria.
- It is expected that the Nigerian diaspora would finance housing and other infrastructure projects through the Nigeria Diaspora Assets Management Company.
- The sources of funds to the company when established will, in addition to diaspora remittances, also include issuance of diaspora bonds to be floated on the Nigerian capital market.



Recent Developments and Implications...

3. RESTRUCTURING OF THE NIGERIA COMMODITY EXCHANGE:

- The Federal Government approved the restructuring of the Nigerian Commodity Exchange (NCX) to perform the functions of a world class commodity exchange.
- In this regard, an Inter Agency Steering Committee was set up to develop a repositioning/ re-structuring strategy:
 - *Steering Committee chaired by the CBN Governor with NSIA, AFC, Federal Ministries of Finance, Budget & National Planning; Industry, Trade & Investment; and Agriculture & Rural Development as members*
 - *Technical Committee chaired by the Deputy Governor, FSS CBN with SEC, NSIA, AFC and Ministries of Finance, Industry and Agriculture as members*
 - *The FSS2020 Secretariat was coopted as a member of the:*
 - *Storage, Grading & Standards Working Group; and*
 - *Market Infrastructure & Ecosystem Working Group.*



Recent Developments and Implications...

4. Relaunch of the FSS 2020 Program:

- Formal relaunch to Financial System Vision 2030 (FSV 2030).
- Convening a system-wide strategy review session of all Implementing Institutions.
- Develop a new Strategic Blueprint for the Nigerian financial system.



Challenges/ Steps Taken

- Challenges towards implementing FSS2020 initiatives include:
 - a) Stakeholders buy-in and commitment to agreed activities and timelines
 - b) Passage of outstanding Legislations/ Bills
 - Securitization/ ABS Bill
 - Warehouse Receipt Bill
 - Financial System Ombudsman Bill
 - Factoring and Finance Receivables Bill
 - c) Funding: Providing required financial resources for:
 - the development of the Regulatory Framework for Securitization in Nigeria.
 - Sensitization of Stakeholders towards the passage of the Securitization Bill, 2019 and other critical financial system Bills (Legislators, Judiciary, operators etc.).



Next Steps (Issues for Deliberation)

- The Issues for Deliberation are:
 - Conduct a Sensitization Programme for the Legislature/ Judiciary to obtain buy-in for the Securitization/ ABS Bill and other Bills
 - Financial resources/ Budget for the Sensitization Programme on the Securitization Bill
 - Highlights of the Report of the Committee on the proposed establishment of a Diaspora Assets Management Company
 - The strategic objectives of the proposed Diaspora Assets Management Company
 - Structure of ownership
 - Investment focus in the first five year
 - Sources of financing