



Financial System Strategy 2020 (FSS2020)



FSS2020: Sector Updates

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

BY:

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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 mandate is to:
 - accelerate the development of the Nigerian Financial System through a collaborative stakeholders' approach;
 - implement initiatives that impact the development of the Nigerian Capital Market as follows:
- 1. **REVIEW OF THE SECURITIZATION/ ASSET BACKED SECURITIES (ABS) BILL:**
 - Engaged the Legal Services Department of the Central Bank of Nigeria to address issues raised on the reviewed/ validated Bill ahead of engagement with the National Assembly.
 - Developing a position paper to identify potential pilot/ use cases for the practice of Securitization in the following sectors of the Nigerian economy:
 - Real Estate;
 - Health Care; and
 - Infrastructure Development.



Recent Developments and Implications...

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

- The FSS2020 Secretariat conducted a study 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 Nigerian projects.
- It is expected that the Nigerian diaspora would channel capital to 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.
- The Steering Committee chaired by the CBN Governor with NSIA, AFC, Federal Ministries of Finance, Budget & National Planning; Industry, Trade & Investment; and Agriculture & Rural was set up to develop a repositioning/ re-structuring strategy:
 - *The Technical Committee chaired by the Deputy Governor, FSS CBN with SEC, NSIA, AFC and Ministries of Finance, Industry and Agriculture as members has concluded its assignment and submitted its report.*
 - *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:
 - a) Engagement with the Legislature/ Judiciary to obtain buy-in for the Securitization/ ABS Bill.
 - b) Financial resources requirements/ budget for the Sensitization Programme on the Securitization Bill.
 - c) Highlights of the study to enhance Diaspora inflows including:
 - The establishment of a Diaspora Assets Management Company.
 - Development of a framework for Diaspora Investment Tax Breaks.
 - Establishment of a Special Deposit Account for Diaspora Inflows.
 - Development of a framework for Matching Fund Model for Diaspora Inflows.