



Cryptocurrency

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CBN relaxes ban on banks' involvement in cryptocurrency trading.

Recently, the Central Bank of Nigeria (CBN) softened its restriction on cryptocurrency transactions, two years after the former Governor of CBN, Godwin Emefiele, directed banks in the country to stop transacting in and with entities dealing in cryptocurrencies. Banks and other financial institutions can now domicile client accounts for cryptocurrency transactions but can still not hold, trade, and/or transact virtual currencies on their account. Despite the previous ban, there has been an increasing number of Nigerians patronizing cryptocurrencies and the country records a high volume of crypto transactions. Nigeria ranks second on the 2023 Global Crypto Adoption Index for Sub-Saharan Africa.

Despite the many benefits associated with the use of cryptocurrencies such as speed, anonymity and accessibility, the opacity of cryptocurrencies that have made them well-suited for conducting many illegal activities such as money laundering, terrorism financing, purchase of small arms and light weapons, and tax evasion makes them unacceptable by many monetary authorities. Unlike Fiat Money, which is accompanied by the full faith and comfort of a country or Central Bank, cryptocurrencies do not have any intrinsic value and do not generate returns by themselves and are highly volatile. These reasons informed the decision of the CBN in February 2021, to stop financial institutions in Nigeria from allowing their platforms to be used for cryptocurrency transactions.

Following this new development, the CBN issued operating guidelines for Virtual Assets Service Providers (VASPs) for cryptocurrency. This indicates a shift towards regulation rather than outright prohibition. The CBN guidelines specify how financial institutions, including banks, should create accounts, offer services related to designated settlement accounts and settlements, and serve as conduits for trade and FX inflows for businesses that deal in cryptocurrencies. The increasing adoption of cryptocurrencies by Nigerians reflects the dearth of high yielding investment options amidst a significant decline in the purchasing power of households caused by multiple devaluations and high inflation. Investments in potentially high yielding ventures such as cryptocurrencies, despite associated risks are seen as a hedge against inflation.

Bitcoin Price in thousands of USD (Last Two Years)



Source: CSL Research

MARKET UPDATE

Indicators	1 Year	30-Dec-22	1 Day
NSE-Index	53,086.86	51,251.06	73,768.64
Naira/US \$	415.63	461.50	744.97
Brent US\$/bbl	119.51	85.91	90.12
MPR	13.00	16.50	18.75

Source: NGX Exchange, Central Bank of Nigeria, Bloomberg. *NGX Exchange All-Share Index

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News headlines:

AFCCPC slams \$110 million fine on BAT for violation: The Federal Competition and Consumer Protection Commission (FCCPC) has slammed a penalty of \$110 million on British American Tobacco Nigeria (BATN) Limited and affiliated companies for allegedly violating relevant laws. FCCPC said the penalty was part of the resolution reached between the company, its parties and the commission after an investigation into possible violations of the FCCPC Act, 2018 as well as relevant tobacco control laws, regulations and directives. (Source: Guardian)

<https://guardian.ng/business-services/fccpc-slams-110-million-fine-on-bat-for-violation/>

Insecurity, economic hardship to worsen in six states –W/Bank: Persistent insecurity, armed conflict, and deteriorating livelihoods will continue to affect local government areas in Borno, Kaduna, Katsina, Sokoto, Yobe, Zamfara states, and the far north of Adamawa State in Nigeria until May 2024, the World Bank has predicted. This is as it disclosed that poor macroeconomic conditions are restricting access to agricultural inputs in the country. This is set to affect cereal production in the country. The global bank revealed this in its latest 'Food Security Update.' Estimated cereal production for the 2023/24 crop year is expected to be 76.5 million tons in West and Central Africa, which is a two per cent decrease from the previous season, but a three per cent rise from the average for the last five years. (Source: Punch)

<https://punchng.com/insecurity-economic-hardship-to-worsen-in-six-states-wbank/>

MTN Leads as Total Fibre Optics Deployment across Networks Hit 77,235.5km: The industry performance report for the year ended December 2022, released this week by the Nigerian Communications Commission (NCC), showed that a substantial telecoms infrastructure deployment was recorded in 2022, with MTN Nigeria leading in land and submarine cable infrastructure, including microwave radio infrastructure deployment. According to the report, a total of 77,235.5km of fibre (On-land and Submarine) was deployed as at December 2022. Out of the figure, 49,367.2km was deployed on land as terrestrial fibre optics cable, while 27,868.3km was deployed as submarine cable across all five networks comprising of MTN, Globacom, 9mobile, Airtel and ntel, with MTN having the largest on-land and submarine deployment of 14,612km and 17,984km respectively as at December 2022. (Source: ThisDay)

<https://www.thisdaylive.com/index.php/2023/12/28/mtn-leads-as-total-fibre-optics-deployment-across-networks-hit-77235-5km>

CBN Investigation: Banks sustain positive outlook on NGX: Banking stocks on the Nigerian Exchange Limited maintained their positive trend as the local bourse shed N139bn on the first trading day after the Christmas holiday. The All-Share Index and the market capitalisation dipped by 0.34 per cent to 73,768.64 and N40.367tn respectively, consequently, the year-to-date gain of the ASI slipped to 43.94 per cent. However, the banking index on the NGX marginally increased to 889.15 on Wednesday from 887.60 on Friday. A closer look at the performance of the banking stocks showed that FCMB Group rose by 4.79 per cent, Fidelity Bank, 0.95 per cent, Guaranty Trust Holding Company Plc, 0.50 per cent, and Jaiz Bank Plc, 8.75 per cent. Unity Bank Plc shares appreciated by 2.50 per cent while Zenith Bank gained 0.26 per cent and Access Holdings Plc gained 0.22 per cent. (Source: Punch)

<https://punchng.com/cbn-investigation-banks-sustain-positive-outlook-on-ngx/>

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% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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