



The Legal Luminary

In-house E-Newsletter of the Legal Department

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Editorial Board

- Mr. B. A. Taribo.: Editor-in-Chief
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Chioma N. Momah

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Aisha Al-Makura

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Talatu Akhidime

Feature Article:
Jamila Rumah Bawa

Jokes & Quotes

HE DISCOVERED THAT HAVING A MISTRESS HAS ITS OWN DISADVANTAGE SOMETIMES. ONE WOMAN IS ENOUGH TROUBLE. GOING FOR AN 'EXTRA WOMAN' IS NOT THE NEXT LEVEL BUT THE NEXT DEVIL.



SO, WHO IS THE FIRST DEVIL?

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NEWS

FG has so far released N710.4bn capital votes to MDAs for the execution of capital project.

3 people were killed and 46 injured on 21/09/12 when a suicide bomber attacked St John's Catholic Church, Bauchi

Shareholders of First City Monument Bank (FCMB) and FinBank have unanimously approved the merger of the two banks.

Several communities have been partly submerged by flood waters in Lokoja, Ibaji and Ajaokuta due to the overflow of River Niger.

From the Editor!

Welcome to another interesting edition of "The Legal Luminary". It is always a pleasure to bring you interesting articles every month. In this issue we shall be looking at something that has been in the headlines "The Cashless Policy".

A lot of commentators have argued about whether or not the stalled "Project Cure" will not negate efforts to go cashless. In order to properly assess such a debate it is important we are actually well informed as to what the cashless policy entails.

The ember months are here again and as the year rolls to an end it is time to once again take stock.

Thank you for all your comments, questions and suggestions. Please keep sending them in.

Chioma N. Momah (Mrs)

Q. WHAT IS FINANCIAL INCLUSION?

A. Financial inclusion is the provision of a extensive range of financial products, such as savings, credit, insurance, payments and pensions, which are **needed by** the entire adult population, especially the low income segment and those in the rural areas.

An inclusive financial sector is characterized by

- the diversity of financial services providers,
- the level of competition between them,
- the legal and regulatory environments that ensure the integrity of the financial sector ; and
- access to financial services for all

One of the nations monetary policies includes increasing the level of financial inclusion. This is because recent surveys shows that only 25.4 million Nigerians are banked. This figure means that only 30 % of the adult population are banked. While 46.3% of

the adult population are financially excluded and saving money at home.

The signifies potential billions which are trapped in the informal sector. If such people had access to banking services they could expand their businesses and this will contribute to economic growth. Financial inclusion thus equals access to financial services which are therefore key to tackling the 'poverty' trap in Nigeria. It is thus critical for regulators and policy makers to create an enabling policy environment to actively promote both the demand for and the supply of financial services to the unbanked and under-banked.

THE CASHLESS ECONOMY

On January 1st 2012, the pilot of CBN policy on cashless society took off in Lagos tagged 'cashless Lagos'. A cashless society is an economy where cash is rarely used, thus all payments for goods and services are effected either by electronic means such as credit cards, charge cards, mobile bank transfers or via personal cheques, bank drafts or other bills of exchange or direct transfers.

In 2011, the Monetary Policy Committee of the CBN introduced the cashless society monetary policy. The policy stipulates a 'cash handling charge' on daily cash withdrawals or cash deposits that exceed N500,000 for individuals and N3,000,000 for Corporate bodies. The new policy is aimed at reducing the amount of physical cash in circulation in the economy and encouraging electronic based transactions. The policy will apply to all accounts including 'collection accounts' and was initially limited to Lagos state but is expected to eventually extend to other states across the country.

Implementation of the policy is expected to drive the development and modernization of our payment system as a key enabler for economic growth in order to meet Nigeria's vision 2020 economic goals. Also it is expected to reduce cost of banking, drive financial inclusion as a result of efficient transaction options and greater reach and ultimately improve the effectiveness of monetary policy in managing inflation and driving economic growth. The policy is further expected to curb some of the negative consequences associated with high usage of physical cash such as high cost of cash along the value chain which also implies high subsidy by the entire banking population, high risk of using cash, inefficiency as well as limiting the amount of money in the informal economy to mention a few.

The cash policy is expected to benefit all stakeholders in the following ways:

- **For Individuals:** increased convenience; more service options; reduced risk of cash-related crimes; cheaper access to (out-of-branch) banking services and access to credit.
- **For Corporate Entities:** faster access to capital; reduced revenue leakage; and reduced cash handling costs due to the increased utilization of e-payments.
- **For the Government:** increased tax collections; greater financial inclusion; increased economic development.

Like every other new policy that affects all Nigerians, this one was received with anxiety and skepticism by stakeholders and the general public. While some Nigerians may not understand the rationale behind the policy, for those that understand the question furthermost on their minds may be our readiness for such a complex yet supposedly simple policy. How ready are we technically and economically? Has the CBN put in place proper machinery for the implementation of the policy? Do we have sufficient laws to regulate and back up the cashless policy?

The NDIC as a supervisor in the banking system should lend its support to CBN to ensure proper implementation of the Cashless Society Policy.

SOCIAL DIARY

The Luminary bids farewell to our dear colleague, Femi Kushimo who has been transferred to Legal Unit, Lagos. Best wishes as you settle in your new office.

Hip! Hip! Hurray.

Congrats to Hafsat Abdulaziz and Talatu Akhidime both staff of the Legal Department, who marked their birthdays on the 11th and 28th of September respectively, the luminary wishes them very many happy returns.

WELCOME TO THE WORLD

We felicitate with our amiable colleague, Mr. A.S . Dan-Musa over the arrival of his bouncing baby (Umar Farouk)

REPLY BRIEF

I want to commend the Legal Luminary for the wonderful job you guys are doing especially the Editorial Board. The articles are rich in content as well as interesting. I always look forward to your monthly editions.

Mrs. Nwanneka Ajaero
Internal Audit, Lagos

