

“Mr. Bola Onadele. Koko is the Chief Executive Officer of FMDQ Group - Africa’s first vertically integrated financial market infrastructure group - which provides a one-stop platform for the listing, trading, clearing, risk management, and settlement of financial market transactions across the fixed income, foreign exchange, derivatives and equities markets, as well as depository of securities, through its wholly owned subsidiaries – FMDQ Securities Exchange, FMDQ Clear, FMDQ Depository and FMDQ Private Markets.

In this piece, he shares insights, amidst mixed feelings of disappointment and optimism, on the future of Nigeria and considerations that will facilitate restoring her to all her former glory.”

Nigeria @ 60 – A Future of Endless Possibilities?

Nigeria, the proverbial giant of Africa, with a teeming population of about 200 million people, a rich multicultural diversity of over 520 ethnic dialects and endowed with many natural and cultivated resources as evidenced in its burgeoning but under-tapped sectors of agriculture, manufacturing, mining, tourism, entertainment, human capital, financial markets, etc., has great capacity to generate wealth and indeed, take a stance as the true giant of Africa, but has failed its citizenry; with an economy lagging at frontier market status 60 years down the line from its independence.

As we celebrate the 60th anniversary of Nigeria’s sovereignty, it is probably easier to recount the myriad of issues facing this potentially great nation than it is to count the feats achieved. As the order of globalisation continues to stir the world’s economies and new issues emerge in the horizon, it is pertinent for Nigeria to take stock yet again, and prepare for a fortified and prosperous future, if it is to remain relevant for the future.

A liquid domestic financial market, solid demographic dividends, pool of talent, adequate infrastructure and related linkages, re-engineered mindset, unity amongst the various multicultural groups, and most of all, visionary leadership are some of the key focuses to be immediately entrenched if Nigeria is to move beyond its ailing state and maximise the opportunities that the future brings.

I will start by looking at the future of Nigeria’s purported means of livelihood – oil, and then at other considerations which have strong potential to shape Nigeria’s future.

The Inevitable Demise of Oil
Oil, responsible for circa 90% of Nigeria’s foreign currency earnings, is gradually being relegated to the background owing to the emergence of regulatory pronouncements and new innovations emerging in the sustainability-conscious global economy. Beyond the global crash in oil prices, some other considerations include:

- Exxon Mobil, the oil giant, was kicked out of the Dow Jones Industrial average
- Energy stocks as a percentage of the S&P 500 capitalisation are at the lowest levels, at circa 2.63%
- California is set to ban petrol cars by 2035 and will be the world’s 6th largest economy assuming it were a country of its own, with many states choosing to adopt its green vehicle mandates
- Europe also appears to be following suit with mandates on renewable energy, with Total SE set on replacing one of its major oil refineries with clean fuel, amongst others

The handwriting of ‘cyclical stagnation’ is all over the wall, and sooner than later, and in fact, as can be seen already, Nigeria will struggle with a downward pull on oil prices, causing a major erosion in the economy should the country continue with its over reliance on oil. Therefore, to attract the much-needed investments, grow jobs and stimulate a thriving economy, Nigeria would need to make tough and conscious choices, as well as diversify its economy right now.

Most Populous Nation in Africa: The China



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Advantage?

Nigeria’s population is well on course to double in about 30 years to 400 million people. A large domestic market when harnessed can be a very attractive source of growth as has been seen in the case of China, whose economy has been engineered partly by its pivot in domestic growth. Other countries like India, Indonesia, the US, as well as the European Union, all have large domestic markets. Nigeria’s large domestic population and market must be optimised for trade with the rest of Africa and indeed, the world. This sought-after resource, if properly managed and effectively engaged, would translate into economic advantage for Nigeria, especially in the manufacturing sector, with the production-consumption value chain benefitting from this boom. The flip side will encourage current trends of unemployment, insecurity, amongst others, wrecking economic havoc and distress to Nigeria and Nigerians. There could be a contagion factor to other parts of the Africa and the rest of the world, with Europe being the most vulnerable due to proximity.

Domestic and foreign companies must be incentivised to build factories in Nigeria to produce the goods and services that will be demanded by Nigeria’s growing population and the Rest of Africa. Infrastructural development, favourable and balanced policies, and stable political and security climate, will be chief amongst the factors that will drive growth in the domestic market.

The Commanding Heights: Infrastructure Development

With Nigeria’s growing population, infrastructure has gone from being recorded as a deficit to being at the brink of collapse, and this is being kind. It is pertinent to note that no economy in the world has achieved sustainable growth and development without first fixing its infrastructure. Indeed, there will be no ease of doing business, nor will significant foreign direct investments be attracted into Nigeria if the provision of adequate hard infrastructure, including transportation, power, and other value chain of logistics required for trade, commerce, entrepreneurship, and ingredients necessary for

economic development to thrive, are not addressed. Nigeria is endowed with land mass, water ways, and the brilliance to deliver herself from this deficit; but will continue to be held back and live in years past.

Furthermore, the unavailability of soft infrastructure comprising the healthcare, information and communications technology, and human capital requirements, including manpower, skills, and quality education, remains a challenge to economic development. How do you build a thriving financial market, and indeed a developed economy with an unskilled workforce? How will the healthcare sector be sustained without adequate investment and infrastructure? Or how won’t human capital flight and medical tourism remain on the rise? According to research, over 10% of the 75,000 Nigerian-trained doctors registered with the Medical and Dental Council of Nigeria are currently practising in the United Kingdom alone, compared to India with only 0.3% of her doctors in the United Kingdom. The same trend applies to other professional sectors, as Nigeria continues to subsidise education in Nigeria, but loses her graduates and professional workforce to other countries in search of greener pastures. With the new normal, which is technology-driven, the need for increased focus on ICT investments, both physical and intellectual capacity, cannot be emphasised. Also, technology innovations such as electric cars, renewable energy and artificial intelligence are already redefining the future, and Nigeria must have a plan to not only play in these new fields but also develop and empower home grown companies, tech hubs and champions that would innovate and provide domestic solutions for the country’s businesses and regulatory bodies. The private sector must also rise to the challenge and work with the public sector, through structured partnerships, to build purpose-driven infrastructure.

The Elephant in the Room: Liquid and Deep Financial Markets

Now, bringing these all considerations together – capital is the lifeblood of growth and development of any economy. As new innovations are empowered to become businesses, and businesses in turn seek to

deepen and expand their activities, whether through equity financing or debt capital, the urgent need for a credible, liquid, and deep financial market cannot be overemphasised.

The financial market acts as a catalyst, providing an avenue for the efficient allocation of resources and funds required for sustainable development and growth. Access to capital is crucial if the opportunities in the agriculture, mining, manufacturing, entertainment, fashion, tourism, energy, services, and other sectors, are to be maximised, and both the private and public sectors have clear responsibilities in this regard. Playing a key role in facilitating the development of the Nigerian financial market, the financial services regulators, and market stakeholders, including FMDQ Group, have continued to innovate with new products and initiatives to make the markets globally competitive, operationally excellent, liquid and diverse, bringing the market’s standards at par with global counterparts. The advocacy for coordinated and stable policies, effective legal and regulatory frameworks, and other key factors of liquid and deep financial markets must be spearheaded and driven by the market to facilitate exponential growth in the nation’s financial market, the nervous system of commerce.

Nigeria: The Opportunities Abound

It is evident that Nigeria has all it needs to regain its rightful place as the giant of Africa, and the government and citizenry must harness these opportunities to build a formidable nation. Our government needs to be more visionary and purpose driven. With the right focus on enhancing ease of doing business in Nigeria, improving regulatory and legislative agility, investing heavily in both hard and soft infrastructure, and upgrading service-oriented delivery, amongst other initiatives, the attractiveness of the country to both domestic and foreign investors will be at its peak, culminating in the desired growth, development and prosperity we all yearn for in our dear country, Nigeria.

Happy Independence Day!



HAPPY

Independence Day

NIGERIA



Make the State governments economically viable by allowing them control their natural assets

Champion the programme for massive private and public investments in education. This is the future of Nigeria

Drive high healthcare standards galvanised through insurance and pensions

Signal private sector investments in housing supply and drive demand with single-digit mortgages

A FUTURE OF OPPORTUNITIES

FMDQ Group, Africa’s first vertically integrated financial market infrastructure group, stands with Nigeria at this poignant time as she navigates her way through challenges and a future of boundless opportunities to deliver prosperity to Nigeria and Nigerians.

• GLOBAL COMPETITIVENESS • OPERATIONAL EXCELLENCE • LIQUIDITY • DIVERSITY

• EXCHANGE • CENTRAL COUNTERPARTY • DEPOSITORY • PRIVATE MARKETS

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