April - June 2023, Vol. 55, No. 2

THE NIGERIAN Accountant

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How Artificial Intelligence is Transforming the Financial Services Industry

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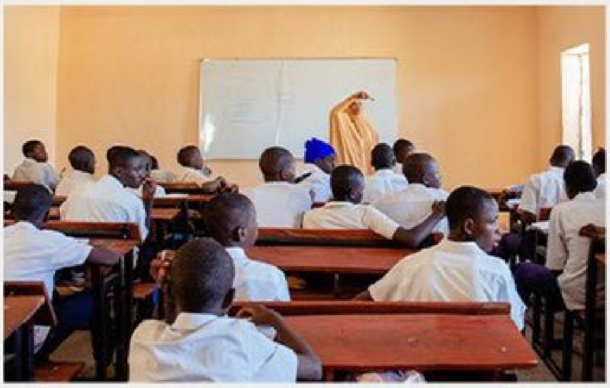
Through Your Taxes The Government Is Able To Provide Good Roads, Well-Equipped Hospitals and Schools, And Other Critical Infrastructure



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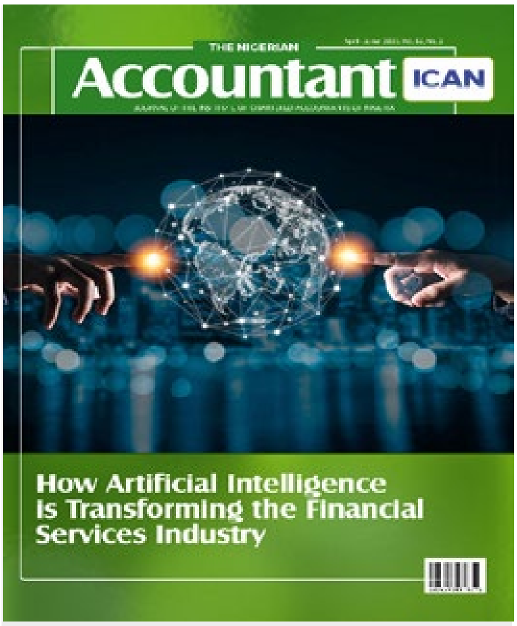

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LEGAL

FROM THE REGISTRAR

Prof. Ahmed M. Kumshe FCA
Registrar/Chief Executive

I am excited to welcome our growing community of readers to another insightful edition of The Nigerian Accountant. This magazine is an interface that provides insights into the constantly evolving vibrant worlds of accounting, finance, economy, technology, and many others. I express our profound gratitude to this esteemed community for your unflinching support and I assure you that our team will continue to work hard to curate and bring you up to speed on latest developments in the profession.

I express the Institute's appreciation to members and stakeholders for supporting us in advancing professionalism and best practice in the accounting profession. We also acknowledge all financial members of the Institute for remaining faithful to their obligations notwithstanding the numerous socio-economic challenges confronting the country. We indeed commend you for working with the Institute through the pressures and limitations imposed by these challenges. The Institute, with your invaluable support, has confirmed the veracity of the Roger Crawford words that "**being challenged in life is inevitable, being defeated is optional.**"

The 2nd quarter of the year was undoubtedly characterized by multiple challenges: a dire combination of rising energy costs, scarcity of foreign exchange (FOREX); the dwindling value of the naira, the initial reverberating effect of the removal of fuel subsidy, and spiralling inflation with the nations headline inflation rate reportedly rising to 22.4% in May 2023, the highest rate in seventeen (17) years. There were also power transitions at the national and state levels after the general elections held earlier in the year.

Some activities that featured prominently in the quarter are the public presentation of the 2020 and 2021 ICAN Accountability Index (ICAN-AI) Assessment Reports, the flagship index of the Institute deployed for deepening public sector governance in the country; the launch of the ICAN-POLAC (Police Academy) Forensic Accounting and Fraud Examination Certification Training Programme, the Institute's Professional Examinations, Fellowship Conferment, Induction of New Members as well as the memorable 2023 Annual ICAN Dinner and Awards.
As you journey through the pages of this edition, you are certain to reach interesting junctions that would leave you with memorable intellectual experiences on a wide array of subjects. I encourage you to immerse yourself fully in the priceless knowledge presented in this edition. From thought-provoking pieces on navigating regulatory changes to practical advice for professional growth, to the disruptive impact of technology and opportunities therein, to expositions on health and total well-being, there is something to glean for every member and subscriber to this magazine.

It is appropriate for me to express my deepest appreciation to the dedicated editorial team and contributors who keep working tirelessly to maintain the impressive quality of this publication.

Thank you all!

I wish you all an interesting read as you explore the pages of this publication!!

Welcome you to the second quarter edition of the Nigerian Accountant. In this edition, we publish many papers on current and topical issues for your reading pleasure.

In our lead article entitled **"How Artificial Intelligence is transforming the Financial Services Industry"**, the author tried to explain how the financial services industry has entered the Artificial Intelligence (AI) phase of the digital marathon. According to him, this journey of AI started with the advent of the internet which has taken organizations through several stages of digitalization.

He emphasized that the emergence of AI is disrupting the physics of the industry, weakening the bonds that have held together the components of the traditional financial institutions and opening the door to more innovations and new operating models. AI, he expatiated, is an area of computer science that emphasizes the creation of intelligent machines that work and perform tasks like humans.

Similarly, our second article with the headline, "**17 Biggest Accounting Challenges and Solutions in 2023**" spoke about how accounting practice is changing with the advent of technology and how accounting teams need to leverage technology to be able to adapt to changes and challenges such as some of the unexpected supply chain and revenue interruptions seen in the few years. He stressed that the biggest challenges facing accountants today are cash flow, hiring new talent, adapting to new tax and regulatory changes and continuing to adjust to remote work.
You will also read about "**The Impact of Fintech on Nigerian Banking Industry"** in this edition. The writer defined Fintech as a combination of two words: "finance" and "technology." He explained further that the concept is

the application of digital technology or innovation that disrupts conventional financial transaction methods as it applies digitization of processes that were previously handled manually and with paper currency.

Other articles in this edition include "Business Facilitation Act 2023: A tool to Enhancing the Ease of Doing Business in Nigeria"; "Responsible Taxation: Evaluating the Benefits of Tax Transparency Reporting to Nigerian Businesses in Changing Times;" "Company Income Tax in Nigeria: Everything you need to know"; "Corporate Taxes on Corporate Income".

Health they say is wealth. We encourage you to pay more attention to your health through life style changes. On our health page, you will read about the health benefits of swimming and how to get started. You will also read other regular columns in this edition.

Your comments on articles published in this edition are welcome.

Please, write to: **editor@ican.org.ng or aoowolabi@ican.org.ng**

THE NIGERIAN
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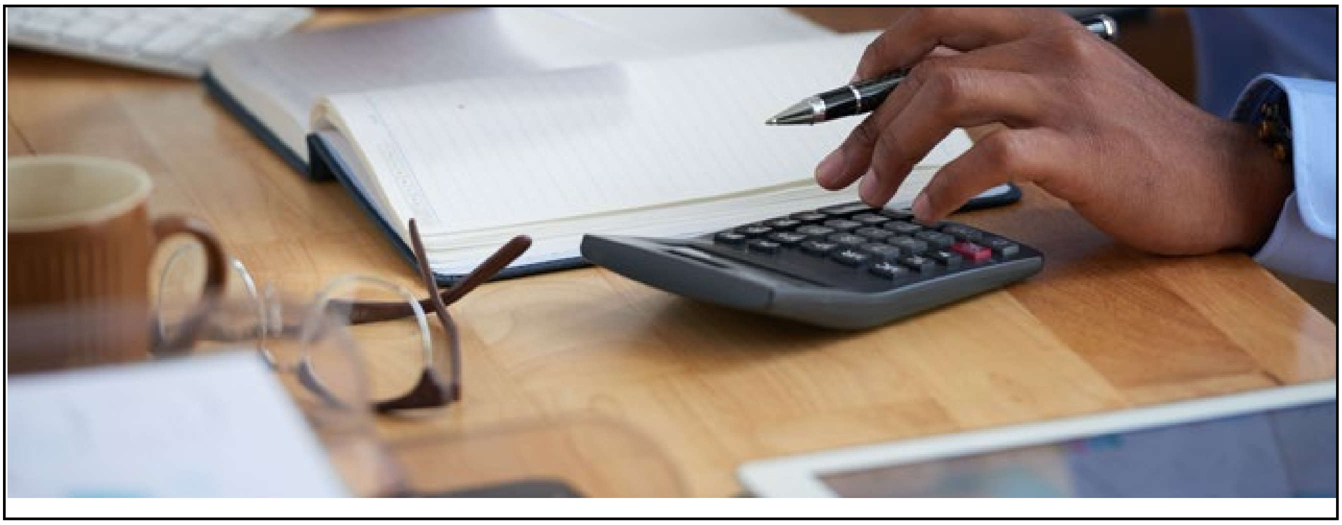
17 Biggest Accounting Challenges and Solutions in 2023

By Scott Beaver



Accounting teams that leverage technology are better able to adapt to changes and challenges like some of the unexpected supply chain and revenue interruptions seen in the few years. So, what are the biggest challenges facing accountants today? Cash flow, hiring new talent, adapting to new tax and regulatory changes and continuing to adjust to remote work remain some of the largest hurdles for accounting teams.

1. Cash Flow

Often when there is economic hardship, or signs that it's pending, companies move quickly to ramp up liquidity by implementing cost containment, while implementing cost containment measures and deferring planned investments. Some of that focus on improving cash flow will persist into 2023 – especially when it comes to capital expenditures.
Management and consulting firm McKinsey & Company says that boardrooms have shifted their focus from earnings before interest and taxes (EBIT) to cash – and that has translated into responsibility for cash management at all levels of the business. But some of those cost-cutting measures have slowed, particularly those related to workforce and operations. Businesses are more confident in generating revenue from the changes they made in 2020 to products or services offerings and pricing strategies.
Improving the efficiency of accounts receivable and accounts payable processes will be vital to ensuring steady cash flow. Keep an eye on metrics like expenses, past-due invoices and operating cash flow. Generating and tracking cash reports daily can help you plan for the future because you'll see changes or fluctuations you can use to inform other decisions.

2. Financial Reporting

Managing financial disclosures continues to be a concern for public and large private companies affected by SEC requirements. Finance leaders are concerned about complying with reporting requirements from COVID-19-related government stimulus programs and ensuring proper documentation, recording and reporting for audits. Additionally, changes around disclosure requirements for Environmental, Social and Governance (ESG) are likely ahead, and accounting teams need to be mindful of a shifting regulatory landscape.

3. **Hiring and Retaining Talent**

Hiring is continuing for accounting and finance roles in technology, health care, property management, financial services, as well as for positions that keep cash accounts strong. These roles include billing, accounts receivable and collections.
Retaining top employees as competition intensifies is a key challenge. Some 8 in 10 finance and accounting managers are concerned about keeping valued employees. Two key areas of concern are low morale and high rates of burnout because of heavy workloads – the latter being a somewhat perennial issue for accountants. Taking steps to ensure that key employee retention strategies apply to the accounting and finance department – such as continued education and training – is one place to start boosting morale. Helping accountants develop the technical and soft skills to better apply their domain knowledge to business strategy as more transactional tasks are automated will be crucial to retention in 2023.

4. Automation and Artificial Intelligence

Although only some 2% of large firms have implemented machine learning or AI, about one-in-five indicate they are planning to start. AI implementations are done to address labor shortages, automate labor-intensive tasks and deliver more insightful data.

As more transactional work becomes automated, accountants will need to develop different skills to apply their expertise to information and data generated from new technology and play a role in more of the business strategy. Cloud-based accounting software, budgeting, forecasting, data analytics and visualization tools are building some of the foundation for automation in accounting.

5. Upskilling

As automation increases, boosting existing skills and expertise to leverage the outputs of technology will benefit employees and your business. Focus on upskilling and learning more about cloud-based payroll and human resource information systems, enterprise resource planning (ERP) systems, data analytics and financial modeling and forecasting. In addition to technical skills, other beneficial so-called soft skills in demand will be the ability to work independently and in virtual teams, attention to detail, being comfortable with change, creativity, a desire for continual learning and written and verbal communication skills. Offering continuing education and training also has the added benefit of boosting employee morale and retention. Companies ranked highly on employee training see 53% lower attrition rates than those ranked lower.

6. Tax Law Changes

Applying changes in tax laws is a common concern for accounting teams. But there's even more change in store in 2023 than usual. In his January 2023 newsletter, the president of the National Conference of CPA Practitioners, Neil Fishman, pointed to the fact that practitioners would now need to absorb some 5,593 pages of new provisions in the Consolidated Appropriations Act, better known as the COVID stimulus, on the heels of a new tax season. This includes tax extenders, deductibility of PPP expenses, the potential for second-draw PPP loans and a simplified process for PPP loan forgiveness for amounts under $150,000. Accounting teams have tax changes top of mind, especially understanding total tax liability and navigating shifting trade and tariff policies.

Effectively navigating the tax law changes can help you have more funds available to weather other business challenges ahead. Digitized, accurate and easy-to-access records with accounting software will make a complex tax year more manageable.

7. Regulatory Changes & New Accounting Standards

New revenue recognition standards, standards for lease accounting and CECL accounting standards have been a challenge for accounting teams over the past few years. While different phases of standards implementation have been delayed because of the pandemic, they remain on the horizon — so pay attention for announcements. Stay up to date with new regulations around PPP loans and changes related to current and future COVID stimulus packages.

8. Expense Management

Though it traditionally dominates expense reports, travel spend decreased by 77% year over year. But spend risk was three times higher than in 2019 – with fraud activity increasing by 57% from Q2 to Q3 in 2020 alone. Moving employees to work remotely brought entirely new expense management challenges. Office supplies, computer equipment and other items necessary to work from home were common expenses. But with that came risk for employees to take advantage and expense things like big screen televisions, sound systems and even TV subscriptions.

If you haven't already, update your expense policy, focusing on allowable home office expenses and food, including delivery services and gift cards. Check internal controls and consider further automating the expense management process with software to discourage fraudulent expenses and automatically flag questionable ones.

9. Payroll Management

New payroll challenges from changing laws and regulations at federal and state levels are on the horizon. And managing withholdings for employees in different locations has become a significant hurdle for payroll managers. Remote work has made the management of state income taxes challenging because of the complexity of determining primary work location.

If you don't already, consider automating your payroll processes. Cloud-based payroll platforms help with the calculation of earnings, deductions, company contributions, taxes and paid time off, while providing support for multiple jurisdictions when it comes to taxes, forms, direct deposit and more.

10. Cybersecurity

It takes 280 on average days to identify and contain a data breach, and the average cost is $3.86 million. The lion's share of those breaches is initiated by stolen or compromised employee credentials. The accounting team regularly receives emails with attachments or links to invoices, and it's not hard to see how easily a malicious link or attachment could make its way unnoticed into the workflow.

Accounting teams are well suited to be evangelists of cybersecurity company-wide — they're already schooled in robust internal controls, access and permissions required of their roles. Outdated software can increase the success rate for malware and ransomware, so make sure all systems are up to date.

11 Remote Work

Like many other industries, one of the top accounting trends is a desire for more flexible and remote work. Some 77% of accounting professionals would like to continue to work remotely. But remote work brings challenges to accounting and finance teams – who for decades have done tasks such as month-end close by means of long nights in the office. Remote work also exacerbates the risk of cyberattacks – with IBM finding that 70% of companies that have adopted telework during the pandemic saying they expect it will increase data breach costs.

Focus on making established financial controls work with a dispersed workforce. Use a classic risk assessment framework to determine which controls may open the company to risk.

For most businesses, cloud-based accounting software lends obvious advantages in supporting remote accounting teams. Companies that relied heavily on cloud-computing technology through 2020 were better able to meet challenges presented with remote work. And the technology frequently outperformed even VPNs with access to premises-based software.

12. Low Morale

It's no wonder that burnout is a common problem for those working in finance and accounting. Between juggling responsibilities, heavy workloads and a constantly shifting regulatory landscape, accounting and finance departments can easily be plagued with low morale. Another common concern is being understaffed — on average businesses with less than $25 million in revenue employed just three people in finance roles. And even for businesses with annual revenue between $100 million and $499 million, that number is only 13 people employed in finance roles.

How can you raise morale among your accounting team? Find ways to formally recognize individual contributions on a regular basis, especially at the manager level. Managers have an enormous impact on their employees' morale. Keep lines of communication between your accounting and leadership teams open. Listen to their input not just on financial matters, but strategic decisions as well. Give them the tools they need to collaborate. And automate tedious parts of their work to free up time.

13. Accurate Financial Forecasts

The conditions created by the pandemic made accurate financial forecasting especially challenging. Business leaders should engage in scenario planning and re-examine forecasts for sales, expenses and cash. Test and re-test assumptions, model cash flow, burn rate and liquidity under multiple scenarios. One of the top accounting tips for small businesses and startups is to use financial statements to evaluate and predict business performance. Because so much is changing so quickly, access to real-time analytics is key. That's what will make the difference in building financial models that factor in historical trends, current conditions and best, worst and most likely scenarios.

14. Keeping Up With New Technology and Tools

Aside from a shifting regulatory environment and tax laws, keeping up with evolving technology can be a burden. There's a reason skills around cloud-based accounting software are some of the most in-demand for accountants and finance professionals. Research firm Gartner recently said that by 2024, more than 45% of IT spending will shift to cloud-based technologies, in many instances that will include financial and accounting software.

The latest innovations around real-time analytics, robotic process automation (RPA) and AI will depend on having a sound, reliable, clean data infrastructure. But many companies are working with legacy, on-premises accounting systems that are outdated. Financial reporting, cash management, accounts payable and month-end close processes are all being impacted by technology, and will continue to be key components of automation and cloud-based accounting software in the near future.

15. Innovation

Is accounting a challenging career? Absolutely. But there are also new exciting opportunities opening as more transactional tasks become automated, freeing up time for accounting professionals to turn their attention to more analytical duties — and innovation in the accounting software is abundant.

16. Globalization

As businesses continue to increase in size and complexity across the world, accounting departments will need to accommodate more and more international standards and regulations. As technology has made this easier, accountants find themselves needing to contend with rules and norms prevalent in both their country of origin and the markets they work in. Local economic instability, cybersecurity standards, and tax law changes across these countries will require adaptable accounting teams and technology that eases the challenges.

17. Economic Instability

Implementing and continuing to enhance cloud-based accounting systems is the first step toward tackling many of the challenges 2023 will present. Top-of-the-line enterprise resource planning software integrates finance and accounting with other business software modules, such as supply chain, warehouse and order management. With a reliable source of data and increased automation of time-consuming and error-prone tasks, the accounting team has more time and better data to weigh in on the strategic decisions and even become a key partner of guiding the business strategy

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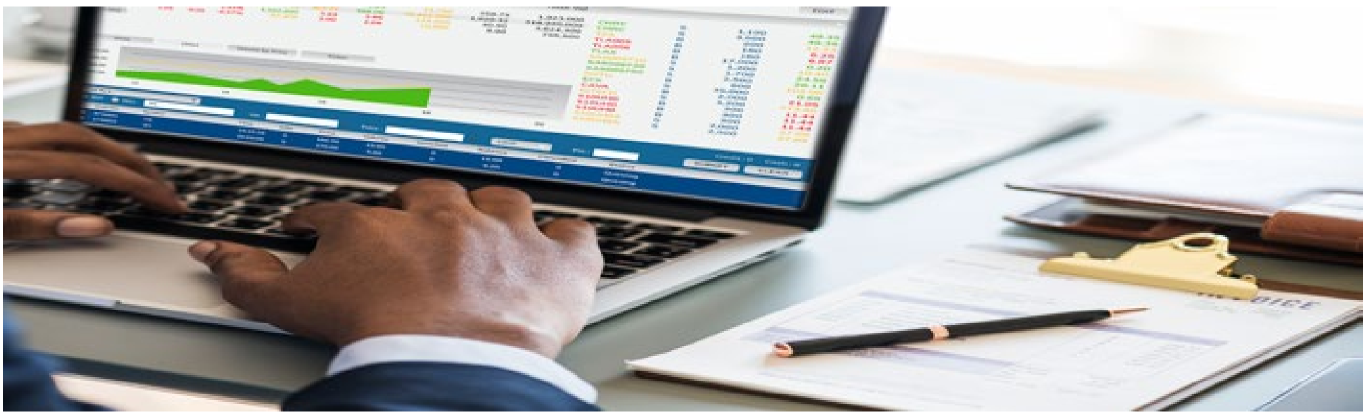
Culled from www.netsuite.com



ICAN

NOTICE TO ALL PROFESSIONAL EXAMINATION LEVEL STUDENTS

PROFESSIONAL LEVEL STUDENTS' DEVELOPMENT RECORDS (PDR)

(Foundation, Skills and Professional)

This is to inform **ICAN Professional Level Students** that they are henceforth required to document their professional development programmes for the attainment of their mandatory 36 months experience. Such record must be certified by their managers (who must be a member of the Institute) and subsequently incorporated into the Students' files on the ICAN students' database.

This is in line with the **International Education Standards (IES 2-5) of the International Federation of Accountants (IFAC)** which require the curriculum of each Professional Accounting Organization (PAO) to fully incorporate all the elements of the Initial Professional Development (IPD). This includes technical competencies, practical experience, professional skills, consciousness of professional values, ethics, attitudes, soft skills, etc.

The record will also be useful for students when applying for Induction into membership and Practice license. This means that only members with verifiable 36 months practical audit experience in an ICAN registered audit firm, whose **Managing Partner** has an **active practice license** can apply for the Institute's license in addition to other criteria.

Therefore, the Council of the Institute has approved that all students currently at the **Professional level** of the Institute's examination should upload their Professional Development Record (PDR) at **https://www.icanportal.org/professional/pedstudents** immediately.

Fresh Students are to commence their professional experience documentation immediately they are registered with the Institute.

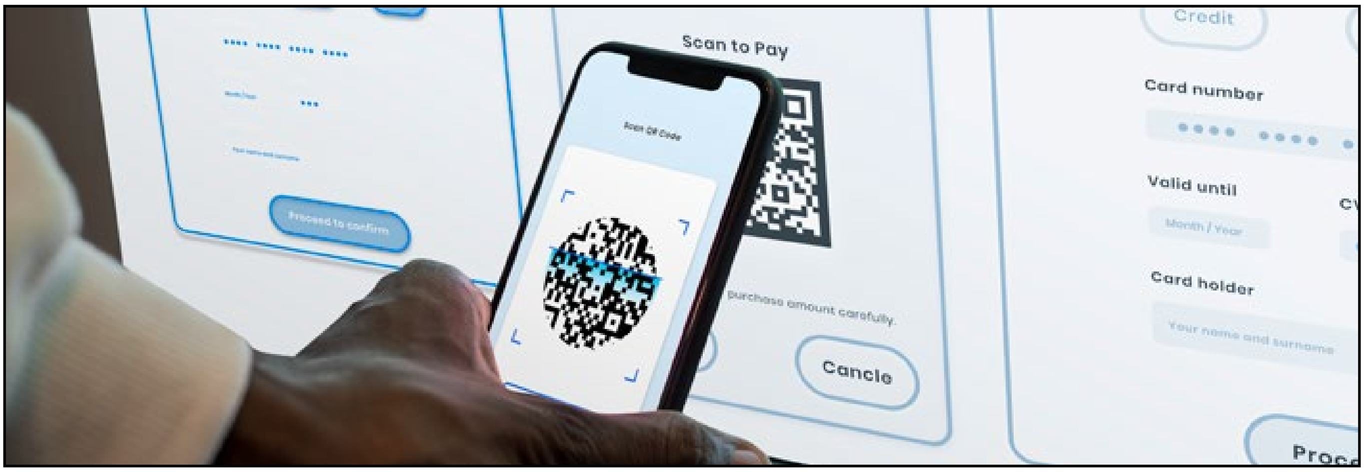
The portal opens from July 1, 2023.

Please contact **studentsaffairs@ican.org.ng** if you have any further questions.

Prof. Ahmed M. Kumshe, FCA
Registrar/Chief Executive
June 7, 2023

The Impact of Fintech on Nigerian Banking Industry

By Corporate Finance Management Faculty of ICAN



1.0 Introduction

Financial Technology (FinTech) is a combination of two words: “finance” and “technology.” The concept, though in existence for some years, was finally accepted in 2015 by the Banking. FinTech is the application of digital technology or innovation that disrupts conventional financial transaction methods. It includes the digitization of processes that were previously handled manually and with paper currency.

Prior to the emergence of FinTech, banks in Nigeria faced various difficulties in providing customers with satisfactory and seamless financial services, which presented numerous challenges. During this period of inadequate financial services, banking operations were rigorous and rigid, and profit maximisation was the primary objective of banks. With the advent of FinTech, innovations gained widespread acceptance due to the solutions they have brought to payments, collections, transfers, cash withdrawals, and lending, among others. FinTech companies became a credible threat to conventional banks due to the combination of technology, customer-centric service, and adaptable business practices. FinTech companies reduced cost of doing business and expanded customer base were the competitive advantages that enabled them claim market share previously occupied by traditional banks.

2.0 Relationship between Traditional Banks and FinTech Companies

Traditional banks and FinTech companies both serve as financial intermediaries. The Traditional Banks have been in operation for hundreds of years, but they must still make significant adjustments to meet the needs of modern customers. FinTechs provide users with more advanced technological features and nearly the same services as traditional banks. How does their relationship currently look? And how will it develop in the coming years?

This article does not anticipate a complete shift from traditional banks to FinTech Companies. It is reasonable to conclude that a collaboration of Traditional banks and FinTech companies will be most beneficial for all parties involved. The creativity and adaptability of FinTech is advantageous to traditional banks. FinTech companies contributions to the financial system is their innovative approach, whereas traditional banks strength is in their long history, client loyalty, size, and established networks.

3.0. FinTech Division Mobile Applications

Currently, FinTech is divided into six distinct categories as presented below:

a. Digital Banks, Transactions, and Mobile Money;

b.Lending;

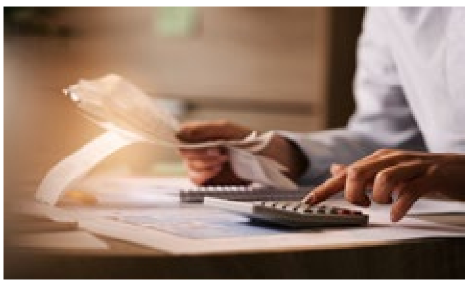
c. Investing, Savings, and Crowdfunding;

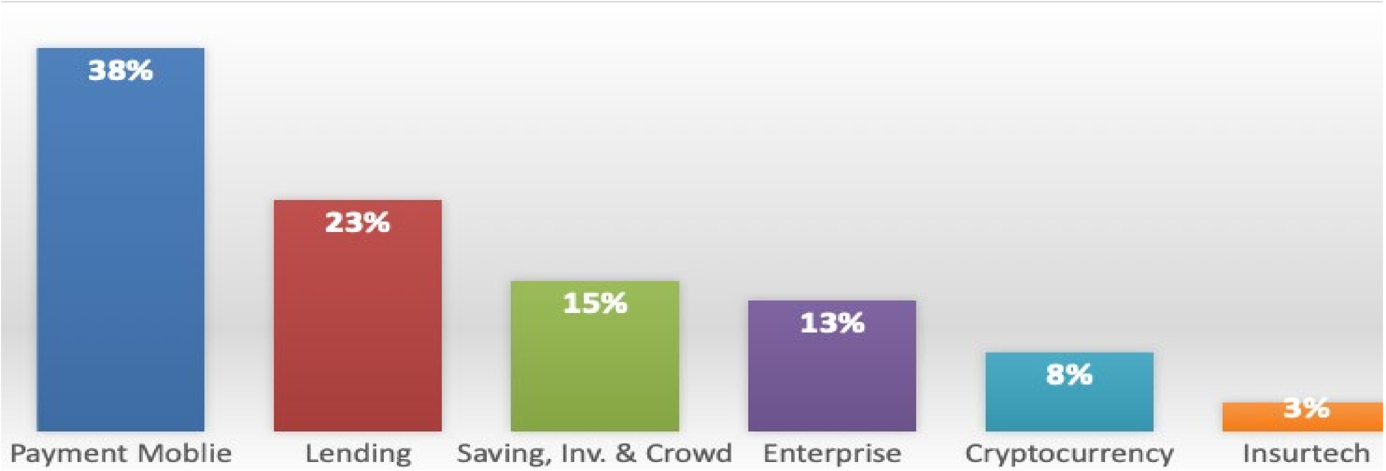
d. Enterprise Services and Infrastructure;

e. Cryptocurrency and Blockchain; and

f. InsurTech.

A pictorial representation below suggest that Digital Banks, Transactions, and Mobile Money has the lion share of 38%, Lending has 23%, Investing, Savings, and Crowdfunding 15%, Enterprise Services and Infrastructure 13%, Cryptocurrency and Blockchain 8% and the least is the InsurTech of 3%.





Source: Techpoint, Techcabal, Mondaq, EY FinTech Insights.

a. Digital Banking, Mobile Money, and Payments

Online and mobile banking services are virtually all covered under the phrase "digital banking." Mobile banking, which is different from online banking, involves the use of computer to access banking tools and services via a bank's website – to log into an account, check account balance or pay utility bill. Mobile banking on the other hand is using a bank app to access many of the same banking capabilities on mobile devices such as smartphones and tablets. These apps are developed by the bank and typically utilise the same login credentials as the online banking portal. Online Banking combines with Mobile Banking to give Digital Banking.

Digital Bank operations holds approximately 38% of the subsector. Digital Banks and Lending have captured more than half of the subsector's market share. The increase in the availability of digital platforms, combined with the regulatory push for financial inclusion, are making Nigeria a rapidly cashless economy.

b. .Lending

The Lending sub-sector is also expanding rapidly as it offers digital loans, instant unsecured loans, retail lending to the teeming customers with flexible collateral requirements. Peer-to-peer (P2P) lending is also on the rise, as it functions like a marketplace. Individuals or organisations willing to lend are brought in contact with those seeking loans – thus facilitating borrowers' access to financing without depending on banks or building societies. However, P2P lending is usually riskier than conventional traditional bank lending.

c. Savings, Investment and Crowdfunding

Compared to traditional banks, FinTech companies offer more attractive selection of savings and investment products with higher interest rates and returns on investments. In addition, the provision of value-added services and tools (such as gamification) to assist consumers in achieving personal financial goals and better managing their finances contributes to increased adoption. In modern-day Nigeria, numerous companies have sprung up to offer these alternative investment classes to the country's numerous customers.
Crowdfunding is the practice of financing a new business venture with modest contributions from numerous individuals. Crowdfunding makes use of the social media's easy accessibility to vast networks of people. It brings together investors and entrepreneurs, with the potential to increase entrepreneurship by expanding the investor pool beyond the traditional circle of owners, relatives, and venture capitalists (Smith & Tim, 2021).

d. Enterprise Services and Infrastructure

FinTech companies use API (Application Programming Interface) providers who link Bank accounts to third-party applications for Enterprise Services & Infrastructure. Currently, this subsector has a has a market share of approximately 13%.

e. Cryptocurrency and Blockchain

Cryptocurrency, also known as crypto, is any digital or virtual currency that employs cryptography to secure transactions. There is no central issuing or regulating authority for cryptocurrencies; instead, a decentralised system is used to record and issue new transaction units. Cryptocurrency is a digital payment system independent of banks for transaction verification.

Types of Cryptocurrency

Some distinct cryptocurrencies are discussed below:

i. Bitcoin

Bitcoin was created in 2009 as the first cryptocurrency and remains the most widely traded. The currency was created by Satoshi Nakamoto, who is widely believed to be a pseudonym for an unknown individual or group of individuals.

ii Ethereum

Ethereum is a blockchain platform with its own cryptocurrency, Ether (ETH) or Ethereum, which was developed in 2015. After Bitcoin, it is the most popular cryptocurrency.

iii. Litecoin

This currency is the most similar to bitcoin, but it has developed new innovations more rapidly, including faster payments and procedures that enable more transactions.

iv. Ripple

In 2012, Ripple, a distributed ledger system, was founded. Ripple can be used to monitor more than just cryptocurrency transactions. Its creators have collaborated with numerous banks and financial institutions.

Alternative cryptocurrencies to Bitcoin are collectively referred to as "altcoins" to differentiate them from Bitcoin.
activities align with the Independent Audit tenet: Relevance of audit to the market and society.

iv. Blockchain

A blockchain is a distributed database that is shared among network nodes. As a database, a blockchain stores information in digital format electronically. In cryptocurrency systems such as Bitcoin, blockchains play a crucial role in maintaining a secure and decentralised ledger of transactions. A blockchain's innovation is that it ensures the integrity and security of a data record and generates trust without the need for a trusted third party (Adam Hayes, 2022).

f. InsurTech

InsurTech is a combination of the words "insurance" and "technology" and refers to the use of technological innovations to extract savings and efficiencies from the current insurance industry model. InsurTech Nigeria's sub-sector is gradually gaining market share but is still relatively small compared to other FinTech segments in the industry. It is estimated that fewer than fifteen FinTech companies operate in this sector, and its market share is greater than three percent. It focuses on expanding access to insurance by providing insurance marketplaces (e.g., Compare Insurance, Autogenius).

4.0 Differences between FinTech Companies and Banks

Banks are financial institutions authorized to accept deposits and make loans. In addition to wealth management, currency exchange, and safety deposit boxes, banks may also offer additional financial services. There are various types of banks, including commercial or corporate banks, investment banks, and retail banks. In many nations, the national government or central bank regulates banks. FinTech companies are not subject to the regulation that traditional banks endure. Some of the fundamental distinctions are found in the Table below:

	Characteristics	FinTech Companies	Banks
1	Characteristics	FinTech Companies	Banks
2	Definition	Refer to companies that maximise the use of new technology to automates and enhances the delivery of financial services.	Refer to financial institutions authorised to accept customer deposits and make loans.
3	Technological reliance	They depend significantly on technology.	They do not heavily rely on technological advances.
4	Purpose	They are more focused on seamless customer experiences through convenience, functionality, and	They are more focused on deposit protection and money lending.
5	Potential coverage	Due to technological advancements such as smart phones, FinTech has a wider market distribution.	The requirement for physical interaction, at least at commencement has limited market distribution.
6	Collateral	Have accommodating collateral requirements.	Have stringent requirements for collateral.

Source: Njogu (2021)

5.0 Key FinTech Impact Areas in Nigeria's Banking

After explaining what FinTech companies and banks are, their working relationship, and their differences, this article wishes to discuss the impact of FinTech Companies has had in the Nigerian Banking Industry.

Banking in Nigeria remains an attractive sector, with over $9 billion in value pools, but a significant portion of consumers are underserved despite high level of competition. Inaccessibility to services, particularly in rural areas, concerns around affordability, and poor

user experience all contribute to the frustration reported by consumers across board. FinTech companies have been quick to seize this opportunity, developing enhanced propositions across the value chain to address pain points such as affordable payments, quick loans, and flexible savings and investments, to mention a few.

Simultaneously, the relatively young population, rising smartphone penetration, and a regulatory push to expand financial inclusion and cashless payments have created ideal conditions for a thriving FinTech sector. Nigeria is now home to over 200 FinTech companies, this is in addition to the Banks and mobile network operators that offer FinTech solutions as part of their product portfolio. Nigeria's thriving FinTech scene raised over $600 million in funding between 2014 and 2019, attracting 25 percent ($122 million) of the $491.6 million raised by African Tech startups in 2019 alone, second only to Kenya, which attracted $149 million (Kola-Oyeneyin, Kuyoro, and Olanrewaju, 2020)

6.0. FinTech Companies' Influence on the Nigerian Banking Sector

The previously unbanked or those who were excluded financially but desired to transact businesses online now have access to rapid and economical banking operations through the utilisation of mobile phone platform. This was made possible by FinTech companies influence on the Nigerian Banking Industry. Four major areas of impact are most visible:

a. The banking system;
b. The payments landscape;
c. The flexibility in lending to customers; and
d. Enhanced financial management of resources.

a. The Banking System

One primary reason for the recent upheavals in the Nigerian banking industry is Fintech. FinTech is a source of premium financial services without going into a bank. In the present day, FinTech makes use of technology to create more convenient encounters. According to a 2008 survey by EFInA (Enhancing Financial Innovation and Access) in Nigeria -

- Only eighteen million adults, or twenty-one percent of the adult population had bank accounts;

- Sixty-four million adults or seventy-four percent of the adult population have never opened a bank account;

- Approximately four million adults, or half a percent of the adult population were once bank customers who have abandoned the banking sector.

b. Payments Landscape

Over the past decade, there has been a substantial change in the payment trends in Nigeria. Some FinTech companies took the lead in making it easy for businesses to start accepting online payments with the touch of a button as a result of the quick adoption of card payments in Nigeria and the development of various applications. The increase in mobile penetration and the favorable fiscal policies favoring the use of mobile payments have contributed to the expansion of the payment landscape.

c. Lending

In contrast to traditional banks, alternative lenders provide speedier, less expensive, and more convenient loans for customers. FinTech has fueled the expansion of these lenders. Private lenders in the sector are still pouring hundreds of millions of naira into Nigeria's alternative lending market, making it simple for anyone to get quick loans (for either personal or business purposes) when needed.

d Financial Management

FinTech is improving the way finances are managed. Simple methods for managing and tracking finances are being introduced by FinTech businesses. A consumer can now use digital financial solutions to manage funds in real-time instead of relying on pen and paper or a spreadsheet. Good examples of Nigerian firms operating in this field are Kliqr for spending management, Invoice NG for invoicing, and Piggybank for savings.

7.0. The Regulators of the FinTech Sector in Nigeria

The main regulators of the FinTech sector in Nigeria are the Central Bank of Nigeria (CBN), the Nigerian Deposit Insurance Corporation (NDIC), the Securities and Exchange Commission (SEC), the Nigerian Communications Commission (NCC), the National Information Technology Agency (NITDA), the National Insurance Commission (NAICOM) and the Federal Competition and Consumer Protection (FCCPC).

(i) The Central Bank of Nigeria

The Central Bank of Nigeria has primarily responsibility for regulating financial services in Nigeria. The CBN is the main regulator authorised to issue licences to banks and other financial institutions in Nigeria. FinTech companies offering financial services to Nigerian Consumers must obtain the necessary licences and comply with CBN's applicable guidelines.

(ii) The Nigerian Deposit Insurance Corporation

The Nigerian Deposit Insurance Corporation is responsible for insuring all deposit liabilities of licenced banks and other deposit-receiving financial institutions in Nigeria. FinTech Companies that are in the business of obtaining and saving money deposited by Nigerian consumers, such as Payment Service Banks (PSB), must be registered with the NDIC.

(iii) The Securities and Exchange Commission

The Securities and Exchange Commission is responsible for the securities and capital market regulation in Nigeria. FinTech companies desirous of raising capital from the capital market must register their securities with the SEC.

(iv) The Corporate Affairs Commission

The Corporate Affairs Commission has the primary responsibility of registration of companies and request for statutory submissions in Nigeria. guidelines.

submissions in Nigeria. FinTech companies and banks must be incorporated at the CAC to carry on business in Nigeria.

(v) The Nigerian Communications Commission

The Nigerian Communications Commission is empowered to regulate the telecommunication industry in Nigeria. FinTech companies offering services that involve the use of mobile networks or mobile phones are subject to NCC's regulatory horizon.

(vi) The National Information Technology Development Agency

The National Information Technology Development Agency is responsible for creating and enforcing data protection regulations in Nigeria.

(vii) The National Insurance Commission

The National Insurance Commission is responsible for ensuring the administration, regulation, and control of insurance businesses in Nigeria. For example, an InsurTech company will require a licence from the NAICOM to operate in Nigeria.

(viii) The Federal Competition and Consumer Protection Act

The Federal Competition and Consumer Protection Act covers Fintech companies that do not qualify as banks or other financial institutions and also prohibits anti-competitive practises in Fintech market.

8.0. Regulations Impacting the Nigerian FinTech Market

In the previous twelve (12) months, the activities of these regulators have also aided in the expansion of the FinTech business. To foster innovation in financial services without jeopardizing the stability of the entire financial system, regulators have been eager to create a conducive atmosphere. Several regulators, for instance, have issued the following guidelines:

a. In January 2020, the CBN introduced the Guidelines on Nigerian Payments System Risk and Information Security Management Framework. It was issued to reduce the risk associated with the payments system, such as systemic risks, credit risks, liquidity ated with the payments system, such as systemic risks, credit risks, liquidity risks, operational risks, legal risks, settlement risks and information security risks;

b. Also, in line with the recommendation by the FinTech Roadmap Committee of the Nigerian Capital Market, the SEC in March 2020 published Draft Crowdfunding Rules to regulate equity and debt securities-based crowdfunding in Nigeria. The Draft Crowdfunding Rules are yet to take effect;

c. In August 2020, the Central Bank of Nigeria (CBN) issued revised Guidelines for Licensing and Regulation of Payment Service Banks (PSBs) (the "Revised PSB Guidelines"). PSBs are required to enhance financial inclusion in rural areas by facilitating high-volume, low-value transactions in remittance services, micro-savings, and withdrawal services in a secured technology-driven environment;

d. On the part of the Securities and Exchange Commission (SEC), in September 2020, the Agency released a statement on digital assets (the "2020 SEC Statement on Crypto-Assets"), defining crypto-asset as "a digital representation of value that can be digitally traded and functions as

i. a medium of exchange; and/or
ii. a unit of account; and/or
iii. a store of value but does not have legal tender status in any jurisdiction.
A crypto asset is neither issued nor guaranteed by any jurisdiction and fulfils the above functions only by agreement within the community of users of the crypto asset; and distinguished from fiat currency and e-money;

e. In October 2020, the NITDA issued its proposed National Adoption Blockchain Strategy. This document covers the plan and tactics for the implementation of the blockchain technology by government in its digital transformation goal. It also highlights the strategic objectives and initiatives that will be actively pursued by the Federal Government through designated MDAs during the stipulated period;

f. Also, in December 2020, the CBN published a Circular approving new licence categorizations for the Nigerian Payments System (the "Payments Licensing Circular"). The CBN streamlined licencing to include switching and processing, mobile money operations, payment solution services, and regulatory sandbox;

g. To further regulate the FinTech market, the CBN in February 2021, issued a letter to Deposit Money Banks (DMBs), non-Bank financial institutions and other financial institutions prohibiting them from dealing in crypto currencies or facilitating payments for cryptocurrency in Nigeria. This letter further directed all regulated financial institutions to identify persons and/or entities transacting in or operating crypto currency exchanges within their systems and ensure that such accounts are closed immediately;

h. On May 5, 2021, The Securities and Exchange Commission (SEC) published its "Proposed New Rules on Robo-Advisory Services (the "Rules"), which signifies the progression of certain aspects of the Nigerian legal framework on financial advisory services. The Rules seek to apply to all capital market operators as well as individuals or corporate bodies, interested in providing "Digital (Robo) Advisory Services". The Rules also require that all interested individuals and companies shall be subject to registration by the SEC.

It is important to note that without the CBN's rapid action in issuing this circular, financial institutions, particularly those in the Fintech sector, would have faced several difficulties. Some advantages of the circular include:

a. Both domestic and foreign investors find the sector appealing as a result;

b.It prevents the growth of unregistered financial firms throughout the nation;

c. It aids in ensuring that the nation complies with international trends;

d. It slows the outflow of capital into emerging markets; and

e. Finally, it contributes to the development of the nation's first digital currency – the eNaira.

9.0. The eNaira

The eNaira is the Nigerian digital currency that is issued and regulated by the Central Bank of Nigeria. It was released to replace some unregulated digital currencies, such as cryptocurrencies, on the financial market. When compared to cash payments, the eNaira offers improved payment prospects in retail transactions and functions as both a means of exchange and a store of value.

With this innovation, Nigeria became the first African country to introduce a digital currency. It joins the Bahamas and the Eastern Caribbean Central Bank in being among the first jurisdictions in the world to successfully roll out national digital currencies.

10.0. Key Drivers of FinTech Companies Growth in Nigeria

a. Strategic Partnerships

FinTech companies benefit from strategic collaborations in a variety of ways, including by extending their clientele, broadening their product offerings, and enhancing their service standards. For instance, Flutterwave and PayPal worked together to make it possible for PayPal users to transact business internationally by paying African vendors. A multi-currency prepaid card has been introduced by Interswitch in collaboration with Kenya's Credit Bank as an alternative method of carrying out electronic transactions. Paga and Visa have teamed up to provide both consumers and businesses high-quality mobile payment options.

a. Product Quality

A wide concept called product quality encompasses elements including usability, product innovation, flawless execution, and response time. In the majority of the emerging markets we examined, fintechs listed this as one of their top success factors. Paystack (Payments), Carbon (Lending), and MyCoverGenius (Insurtech) are a few Nigerian fintechs that highlight this as a key selling proposition.

c. Targeting the Financially Excluded

Nigeria has a low level of financial inclusion. Therefore, fintech companies that serve unbanked
b.It prevents the growth of unregistered

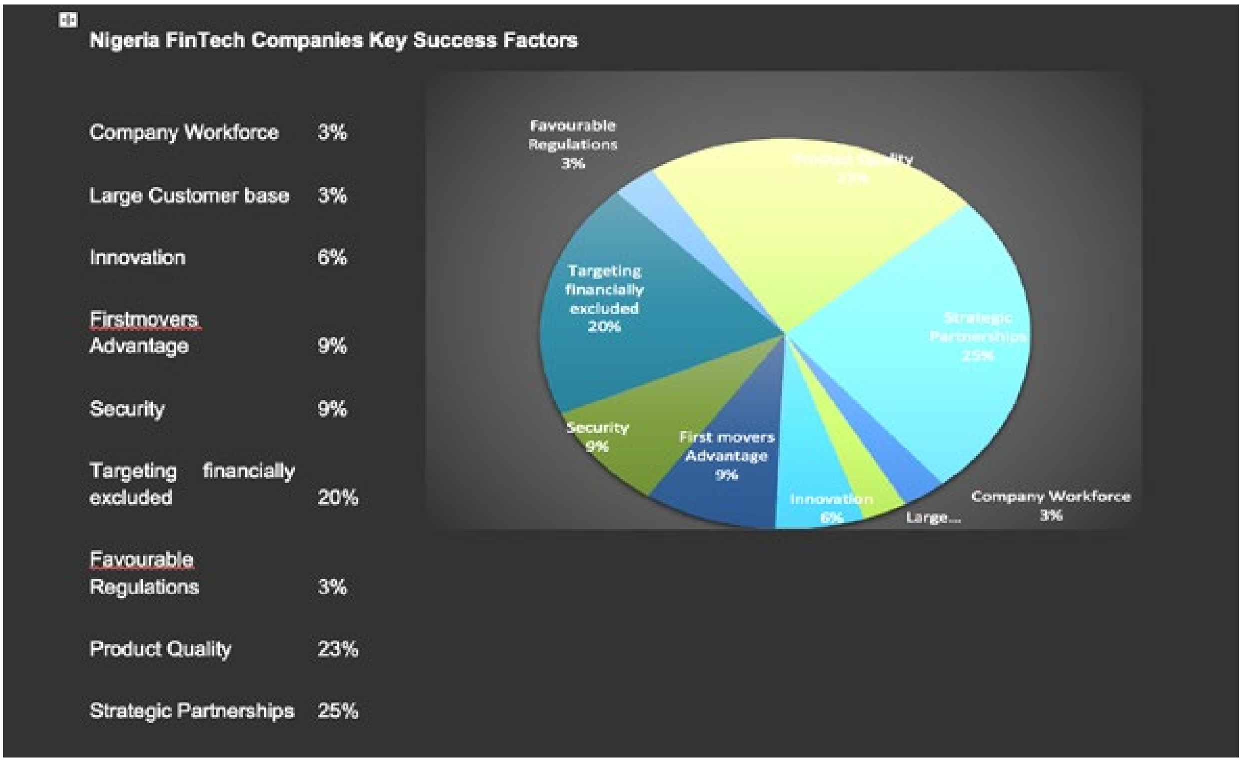


Chart: Rahul Shah, Rohit Kumar, and Rabail Adwani.
Source: Tellimer Research

serve unbanked or underbanked customers have a sizable target market. OPay (Payments), PalmPay (Payments), and TeamApt (Software solutions) are a few FinTechs that concentrate on this market.

11.0. Nigerian FinTech Companies Plans

a. Introducing New Products/Services
FinTech companies in Nigeria are actively introducing new products in their existing industry as well as new ones to further diversify and grow their offers. For example, Cashbox, a digital savings platform, plans to transform itself into an asset management firm and to introduce a number of investment products. AutoGenius, an InsurTech, has rebranded itself as MyCoverGenius to allow it to broaden its insurance product offering. Curacel, an AI-powered claim and fraud detection platform, plans to launch a cash advance product to provide working capital to healthcare providers, enabling them to continue providing necessary services without any turmoil.

b. Geographical Expansion

The presence of huge, financially underprivileged populations abroad in Africa might prove tempting for Nigerian FinTech Companies seeking new development drivers, particularly when businesses have already built up relevant, transferable knowledge and have the appropriate financial and management capability. For example, Curacel (Insurtech) targets expansion into 10 new African countries by the end of this year. Appzone (Software solutions) plans to use its recent US$10mn Series A funding to expand into other African countries. Kuda (Payments) also intends to grow worldwide to become a neobank for all Africans.

12.0. Key Challenges for Nigeria's FinTechs

a. Poor financial literacy

According to S&P's Global Finlit survey, in 2016 only 26% of Nigeria's adult population was financially literate, a lower level than most other emerging markets. Financial literacy is defined in this study as having at least a basic understanding of three of the following four ideas: Risk diversification, inflation, simple interest, and compound interest are the next four factors.

b. Lack of Trust

Financially challenged groups can greatly benefit from digital payments and other cutting-edge fintech technologies, but people must develop trust in these new businesses. Despite the often-low financial switching costs between traditional and digital service providers, consumers are typically wary of new service providers.

c. Threat of Fraud

People have been motivated to embrace digital working and consumption because of COVID-related lockdowns. However, this has given internet scammers new chances. According to a report by the Nigeria Inter-Bank Settlement System (NIBSS), there were 46,126 cases of digital banking fraud attempts in the first nine months of 2020, an increase of 186% year over year, resulting in losses of NGN5.2 billion and a 93% success rate.

(d) Regulatory Restrictions

In order to keep up with the rapid changes that fintechs are bringing to the financial system, regulators are constantly changing the policy framework. They are primarily concerned with protecting personal information and ensuring financial stability. As was already said, some of these legal developments are making it difficult for fintech companies to operate in markets like cryptocurrency and international investments. As we have seen in other areas like China, regulatory uncertainty can also stifle investor interest in the industry.

13.0. Conclusion

There remains tremendous room for expansion despite the uptick in activity in Nigeria's FinTech sector and the favorable multiplier effect on the economy. Only 1.25 percent of retail banking revenues were generated by fintechs in 2019. FinTech investments in Nigeria increased to over $460 million in 2019, with the majority coming from outside investors, although this was still a small portion of the $36 billion in FinTech investments made globally. FinTechs can have an impact in three main areas:

a. by boosting economic activity,
b. by producing an effect multiplier, and
c. by accelerating the achievement of development objectives.

Expanding revenue sources and luring foreign direct investment to the nation will have the biggest effects on the economy. By promoting higher capital, labor, and productivity through the digitalization of financial services, the industry can unleash economic advantages. By By supplying tools for business-to-consumer (B2C) marketplaces like payment integration on social networking platforms and further allowing the Nigerian e-commerce industry, for instance, increased FinTech activity could also indirectly increase the digital economy.

Business Facilitation Act 2023: A Tool to Enhancing the Ease of Doing Business in Nigeria

By Pedabo

Introduction

The President, in February 2023, signed the Business Facilitation Bill into law, thus birthing the Business Facilitation Act of 2023 ("the Act" or "BFA"), the first of its kind, which became effective from 8 February 2023. The objective of the Act is to eliminate impediments to the ease of doing business, entrench transparency, efficiency and productivity in the country, via the amendment of certain provisions of relevant extant laws.

The following legislations have been amended via the Act:

- Companies and Allied Matters Act 2020
- Export Promotion Act
- Financial Reporting Council Act
- Foreign Exchange (Monitoring and Miscellaneous Provisions) Act
- Immigration Act
- Industrial Inspectorate Act
- Industrial Training Fund Act
- Investment and Securities Act
- National Housing Fund Act
- National Office for Technology Acquisition and Promotion Act
- National Planning Commission Act
- Nigerian Custom Service Board Act
- Nigerian Export Promotion Act
- Nigerian Investment Promotion Commission Act
- Nigerian Oil and Gas Industry Content Development Act
- Nigerian Port Authority Act
- Patents and Designs Act
- Pension Reform Act
- Standard Organization of Nigeria Act
- Trade Marks Act

We have examined the major changes brought about by the BFA as they relate to the above mentioned statutes in the following paragraphs.

A. Companies and Allied Matters Act (CAMA) 2020

i. Section 127 – A company may now increase its share capital via resolution of the board of directors, subject to the direction laid down in the company's Articles of Association. Prior to now, this could only be carried out at a company's general meeting.

ii. Section 142 – The BFA clarifies that pre-emptive rights of shareholders, where newly issued shares **must first** be offered to all existing shareholders before their allotment to third parties, relates only to private companies. Furthermore, the offer must now either be accepted or declined within 21 days of receipt of such offer, compared to the erstwhile 'reasonable period' contained in the section prior to the amendment.

Your level of emotional intelligence, accounts for your self-awareness, which determine your disposition!

iii. Section 149 – This section has been amended to emphasize that the powers to allot shares are vested in the company and may only devolve to the directors where the board has express authority to do so either via the Articles or in a general meeting.

iv. Section 154 – A shorter timeline of 15 days (previously 1 month) has been introduced for filing notice of allotment of shares at the Corporate Affairs Commission (CAC).

v. Section 171 – Share certificates issued to allotees of shares may now be represented in electronic forms.

vi. Section 240 – The option to hold virtual general meetings has now been extended to public companies, provided that such meetings are conducted in line with the company's Articles.

vii. Section 275 – Public companies now expected to have at least one-third of the total number of directors sitting on the board as independent directors. Before now, the minimum number required was fixed at 3 independent directors.

viii. Section 572 – The monetary threshold for determining a company's inability to pay its debts which was previously stipulated as #200,000 has been deleted and replaced with 'a sum to be determined' by the CAC.

ix. Section 868 – The definition of 'Insolvency Practitioner' has been deleted as the previous provision was inconsistent with Section 705 of CAMA which outlines the qualifications expected of an insolvency practitioner. The latter provision now subsists and remains in force with no contradictions in the law.

B. Industrial Training Fund (ITF) Act

i. Section 6 of the ITF Act has been amended to the effect that only employers with at least 25 employees in their establishment are required to contribute 1% of their annual payroll as ITF Levy.

ii. The previous threshold of a minimum of five (5) employees and the turnover marker of #50m have been deleted effective from the commencement of the BFA.

iii. Employers operating within a free trade zone are also not required to pay the ITF Levy.

C. National Housing Fund (NHF) Act

i. The minimum threshold for eligibility to contribute to the NHF is pegged at minimum wage, currently #30,000.

ii. The previous base of charging NHF Levy being the basic salary has been deleted and replaced with monthly income.

iii. Employees in the public sector are now mandated to contribute 2.5% of their monthly income.

iv. Contribution into NHF by employees in the private sector is now deemed optional, the amended Section 4 of the NHF Act uses the word 'may' compared to 'shall' used in respect of the contribution by employees in the public sector.

v. Self-employed persons are mandated to contribute 2.5% of their earnings into the Fund.

Other Notable Changes

i. An amendment to the Pension Reforms Act; now qualifying pension assets as eligible securities for lending as approved by the regulator.

ii. A Nigerian entity which acquires foreign participation post-commencement of business is required to register with the Nigerian Investment Promotion Commission within three months of such acquisition.

iii. The definition of 'goods' is now extended to include services under the Trademarks Act.

iv. Companies in their first 2 years of business operations are exempted from incurring late registration penalties where eligible contracts are registered with the National Office for Technology Acquisition and Promotion (NOTAP) Act before

the end of the second year of business operations.

v. The Investment and Securities Act (ISA) has been amended to the effect that private companies can only allot their shares offered to the public through means prescribed by the Securities & Exchange Commission.

vi. The Central Bank may revoke the licence of any authorized dealer, i.e. a bank, or any authorized buyer, such as bureau de change, hotels, etc., where such dealer or buyer fails to utilize the licence within 30 days of obtaining same, ceases to qualify for the licence, applies for its liquidation, provides false material information, amongst other contraventions.

vii. The Registrar-General of CAC is now charged to ensure that all application processes at the CAC are fully automated from start to completion.

Requirements for Ministries, Departments & Agencies (MDAs)

The BFA also provided for new administrative regulations for MDAs which provide products or services to the public. The following are now required of such MDAs:

i. All MDAs are now mandated to publish on their websites, a comprehensive list of requirements to obtain the products and/or services they provide, as well as a service level agreement which shall include the following:

- a list of products and services rendered.
- documentation requirements
- applicable fees
- timelines for processing applications
- summary of the procedure for application
- redress mechanisms, etc.

ii. The hard copy version of the list is also required to be kept updated all at times and made available at the offices of the MDAs.

iii. Where there is a conflict between a published list of requirements and an unpublished one, the provisions of the published list will prevail.

iv. The timeframe for every application as well as at least two modes of communicating official decisions to applicants, are to be included in the publication.

v. Where any MDA fails to communicate an approval or rejection of any application within the specified timeline, such application will be deemed approved and granted.

vi. All notices of rejection must be communicated with grounds of rejection to the applicant within the stipulated timeline.

vii. All MDAs are required to work collaboratively under a 'one government' directive, to ensure the seamless delivery of products and services to the public.

(e) In October 2020, the NITDA issued its proposed National Adoption Blockchain Strategy. This document covers the plan and tactics for the implementation of the blockchain technology by government in its digital transformation goal. It also highlights the strategic objectives and initiatives that will be actively pursued by the Federal Government through designated MDAs during the stipulated period;

Our Comments

The enactment of the BFA is a welcome development for all companies doing business in Nigeria. It is not surprising that the majority of the changes are contained in CAMA, being the primary legislation that deals with the administration of companies in Nigeria. Therefore, it is only logical that the changes necessary to bring about efficiency in the regulatory environment of companies to ensure ease of doing business start from the amendment of the core statute.

Embracing technology by giving a nod to electronic share certificates, meetings, delivery of notices, voting and an end-to-end automation of processes at the CAC, is a laudable step in the right direction to ensuring that the administration of companies is seamless and in tune with global best practice.

Many companies will be gratified with the amendment of the ITF Act by the BFA. In effect, the ITF Act has been stripped of provisions that were introduced in 2011 which sought to make virtually every company a contributor to the Fund to the chagrin of many. However, it is important to note that this amendment of the ITF Act may not affect contributions already due as at February 2023 when the BFA was signed, irrespective of the fact that the payment deadline is March 31 of every year.

Employers in the private sector must now take note of the option allowed by law in respect of deduction of NHF Levy. Employees must now be made to confirm their desire to continue contributing or otherwise, and for those that choose to continue contribution, the 2.5% will now be based on the monthly gross salary instead of the 2.5% previously charged on basic salary.

Also, it is important to note that while the amendment to the ISA suggests that private companies may now offer their shares to the public for subscription, there is still a need to reconcile this provision with Section 22 of CAMA which restricts private companies from doing so, to avoid uncertainties in the business space.

In the same vein, while the deletion of the monetary threshold for determining a company's inability to pay its debts in CAMA will enable quick updates via Regulations in view of fast-changing economic realities, care must be taken to avoid arbitrary upward adjustments of this amount so as not to make doing business even more tedious especially for small businesses.

That is, small businesses may suffer unduly where this amount is increased beyond what is fair and reasonable, thus making it more difficult for these businesses to thrive.

The success or otherwise of the BFA will largely depend on the compliance of MDAs to the requirement for them to publish their list of requirements and having this list updated whenever changes occur. The willingness and ability of agencies to collaborate effectively in delivering services and providing oversight to businesses will also go a long way in seeing to the success of the Act.

Finally, the general public, especially owners and managers of businesses are urged to seek professional advice in respect of any of the changes brought about by the BFA to ensure compliance and full enjoyment of attendant benefits of the new provisions of the extant laws.

Culled from Pedabo.com/buinessfacilitations

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How Artificial Intelligence is Transforming the Financial Services Industry

by Delloite

The Financial Services industry has entered the Artificial Intelligence (AI) phase of the digital marathon, a journey that started with the advent of the internet and has taken organisations through several stages of digitalisation. The emergence of AI is disrupting the physics of the industry, weakening the bonds that have held together the components of the traditional financial institutions and opening the door to more innovations and new operating models.

AI is an area of computer science that emphasises on the creation of intelligent machines that work and perform tasks like humans. These machines are able to teach themselves, organise and interpret information to make predictions based on this information. It has therefore become an essential part of technology in the Banking, Financial Services and Insurance (BFSI) Industry, and is changing the way products and services are offered.

How Artificial Intelligence is Transforming the Financial Services Industry Download the article

Why AI in Banks? Why Now?

AI is changing the quality of products and services the banking industry offers. Not only has it provided better methods to handle data and improve customer experience, but it has also simplified, sped up, and redefined traditional processes to make them more efficient.

With the availability of technologies such as AI, data has become the most valuable asset in a financial services organisation. Now more than ever, banks are aware of the innovative and cost-efficient solutions AI provides, and understand that asset size, although important, will no longer be sufficient on its own to build a successful business.

Instead, the success of the BFSI companies is now measured by their ability to use technology to harness the power of their data to create innovative and personalised products and services.

What are the drivers of AI disruption in Banking?

• The explosion of Data (Big Data): The explosion of the big data market has had a major impact on the Banking industry due to the changing expectations of customers. Customers now interact with their banks on a more digital level, and in addition to the traditional structured data e.g. transactional data, organisations nowadays collect large volumes of unstructured data such as emails, text and voice messages, images and videos via their customer service, social media platforms and other mediums of data collection. Leveraging on big data, banks are now able to offer more personalised services. Banking organisations are using a 360-degree view of the customer's interaction with the brand, including basic personal data, transaction history, and social media interactions to inform their decision-making processes.

• Availability of infrastructure (Fast computers, hardware, software, Cloud): The explosion of cloud technology as well as high computational resources and infrastructure availability, allows for quick processing of large data at lower costs and efficiency in scalability. This means organisations are ready to leveraged AI now, more than ever. ·

• Regulatory requirements: Banks are under a lot of scrutiny from regulators to provide accurate reports in a timely manner, to meet their regulatory obligations. Regulatory compliance processes require the collection of data from various source systems. AI-driven solutions offer a chance to address some of the challenges in today's financial systems by automating the data collection processes, improving the speed and quality of decisions and enhancing the organisation's readiness to meet regulatory compliance obligations. Continued development of AI will radically transform the front and back-office operations of financial institutions. The AI expansion will also require adjustments to long-standing regulations and major changes to the current structure of global financial markets. This shift is an opportunity for compliance teams to strategically invest in new technologies in order to enable banks to become more future-ready.

• Competition: Banks are constantly competing with their peers in the industry, and more recently with FinTechs, to provide the best services to their clients. Technology has become a differentiator in this space as organisations take advantage of available cutting edge technologies to harvest the vast amount of data they possess. As a result, banks are using AI to optimise current service offerings, take new offerings to market and provide a more personalised experience for their customers.

The above-mentioned factors are constantly evolving and bringing new values and opportunities to businesses, to effectively capitalise on the advantages offered by AI. The BFSI market is ideally positioned to be part of this disruption and advance in its digital transformation journey.

AI Applications in the banking sector

We are already seeing several areas in banking services that have been taking advantage of this disruptive technology. The following are some use cases where AI has been most impactful within the BFSI industry.

• **Chatbots:** AI-powered chatbots incorporated with Natural Language Processing (NLP), engage and interact with customers 24/7 and enhance online conversations. In addition to typical responses to customers' questions to help them work through their account details, chatbots can now help in opening new accounts and directing complaints to appropriate customer service units amongst others.

•**Fraud Detection & Prevention:** Until very recently, banks have relied on traditional, rule-based Anti-Money Laundering (AML) transaction monitoring and name screening systems which generate a high number of false positives. With the alarming increase in fraud-related crimes and ever-changing fraud patterns, enhanced AI components are being added to the existing systems to enable the identification of previously undetected transactional patterns, data anomalies and suspicious relationships between individuals and entities.:

This allows for a more proactive approach, where AI is used to prevent fraud before it happens as opposed to the traditional reactive approach to fraud detection.

•**Customer Relationship Management:** • management is an important factor for banks. Banks are now providing more personalised 24/7 services to individual customers such as providing facial recognition and voice command features to log in to financial apps.

Banks are also leveraging Artificial Intelligence to analyse customer behavioural patterns and automatically perform customer segmentation which allows for targeted marketing and improved customer experience and interaction.

·**Predictive Analytics:** The advent of Machine Learning (ML) & AI has opened the door to accurate forecasting and prediction. Data Analytics and AI are being applied to revenue forecasting, stock price predictions, risk monitoring and case management. The exponential increase in the data collected has been pivotal in improving the performance of the models, resulting in a gradual decline in the level of human intervention required.

• **Credit Risk Management:** As regulators continue to focus on risk management supervision, financial institutions are mandated to develop more reliable models and solutions. The use of AI in credit risk management is gaining more popularity especially in the Fintech and the Digital Banking market.

AI is used to determine the creditworthiness of the facility borrower by harnessing data to predict the probability of default which helps to improve the accuracy of credit decisions. As a result, the market is moving towards insights-driven lending rather than expert judgement, which helps maximize rejection of high-risks customers and minimize rejection of creditworthy customers as well as a reduction in credit losses incurred by /the financial institutions.

What Next for Nigeria?

Similar to the global trends, the Nigerian market has very much been disrupted by AI technology. Though this journey is still in its infancy, Executive Leaders of BFSIs are starting to realize the potential of AI and strides are being taken to accelerate this transformation.

At Deloitte, we help our clients, including Financial Institutions, on this journey to becoming an Insight-Driven Organisation (IDO) by creating organisational changes in various aspects of the business including Strategy, People, Process, Data and Technology, each of which must align for this objective to be achieved.

Culled from www.Delloite.com

Responsible Taxation: Evaluating the Benefits of Tax Transparency Reporting to Nigerian Businesses in Changing Times

by KPMG

Introduction and Overview

Tax is the price we pay to achieve a civilized society, provide for roads, schools, hospitals, social programs, and other critical infrastructure. With Environmental, Social and Corporate Governance (ESG) now at the top of the leadership agenda, tax has an important role to play, and decisions in this space can have a profound impact on the world of tax.

From Government tax measures in place to reward or remediate behaviours, to the impact organisations' tax affairs now have on their reputation and bottom line, a socially responsible approach to tax is increasingly important to organisations and the way they do business. It is not only the right thing to do for society; it is also a driver for sustainable growth

There has been a lot of talks globally, around responsible tax and the role of corporate citizens towards contributing their fair share to the societies where they operate through the taxes they pay. The structure and operations of companies today are very different from what they were a few decades ago. It is now possible to operate and earn profit from a particular jurisdiction without a physical structure, using predominantly digital and intermediary platforms. This has made the establishment of a framework under which the contribution of these companies to the societies from where they earn their revenue can be reported more important than ever.

There is also growing interest amongst investors to understand how companies in their portfolios approach tax-related issues. As multinational companies continue to face increased scrutiny in relation to their tax practices, investors are demanding greater transparency to evaluate companies' exposure to potential earnings, governance, reputational and broader societal and macroeconomic risks.

In general terms, where corporate disclosure is poor, investors may engage with companies to encourage improvements in their publication of tax-related qualitative and quantitative information to aid investment decision-making. With the significant pressure on executives to deliver record profits while countries are also in competition to attract investments and create opportunities for their population, it has become imperative for companies to maintain transparency and responsibility in their transactions to the general public and their respective stakeholders. Further, there is an increased demand for companies to not only contribute their part but take proactive steps to tell their story in terms of their tax contribution and its impact on the societies in which they operate.

Tax transparency and responsible taxation could mean different things to different organisations and people. It can be viewed as a spectrum. What is deemed 'enough' by the business, the public, investors, and Governments, will change over time. Likely, "the norm" will move along the spectrum so that more disclosure is necessary. However, in general terms, tax transparency is an approach to tax that is open, developmental, and considers the interests of all stakeholders both within and outside of an organisation .

The African Union global forum on transparency and exchange of information for tax purposes estimates that Africa loses about 40 – 80 billion United States dollars (USD) in tax evasion on an annual basis(3). This creates a huge gap in revenue generation for Governments and consequently, reduces the resources available to implement developmental initiatives and create additional opportunities for investors into their countries.

In 2014, the African members of the above-mentioned global forum comprising 32 member countries, including

Nigeria, created the African Initiative on Transparency and Exchange of Information for tax purposes. The objective of the initiative was to unlock the potential for tax transparency and exchange of information in Africa to battle tax evasion and ensure that African countries are well-positioned to benefit from the improvements in global transparency.

The question however is, how successful has this initiative been? Can we say that we have seen increased transparency in tax reporting in the continent and subsequently, its impact on tax collected and overall development of African societies?

Why is Corporate Tax Transparency Important?

Tax has, in recent times, become an issue of reputation and corporate governance. External stakeholders such as the media, civil society organisations, Government, investors and the public at large are showing an interest in a company's tax affairs including its strategy, and the amount of tax that it pays.
Tax transparency is often a key metric when demonstrating a responsible attitude towards tax. There are four (4) key arguments that enhance corporate tax transparency as a key business issue, which affects the way external stakeholders view a company's corporate reputation.

The amount of tax a company pays is material to its profitability

Therefore, external stakeholders, especially investors, need to understand the extent to which future cash flows are based on the performance of the underlying business, and the extent to which they rely on other factors such as access to subsidies and the use of artificial tax structures, which may be challenged in the future.

Corporate tax avoidance activities may suggest underlying legal, operational, reputational, financial and/or governance risks

Investors increasingly recognise that companies that pursue structures that aggressively minimise their tax activities may be sending a signal regarding the board's or management team's risk tolerance. High risk tolerance can create a variety of damaging outcomes for the business. For example, where boards are focused on short-term tax-related strategies and gains, opportunities linked to genuine economic activity may be overlooked. Therefore, it is important that investors can access corporate information that provides a wholistic view of a company's governance of tax-related issues.

Investors want reassurance that the tax practices of their portfolio companies can withstand stakeholder scrutiny and potential regulatory changes.

As corporate tax regimes are reconsidered across countries to avoid revenue loss due to tax avoidance, multinational companies face increased pressure to defend their tax-related transactions and/or may see new forms of taxation applied. Therefore, a corporate reporting that shows how the corporate tax structure and strategy are implemented in light of regulatory environment as well as tax contributions to the operating environment will boost investor confidence.

Investors recognise that corporate taxes support society's tangible (i.e. infrastructure) and intangible (i.e. education, governance/legal, etc.) needs.

Investors understand that strong Government institutions create a solid foundation for competition, growth and other factors that enable long-term business sustainability at investee companies. Therefore, corporate income taxes are an important part of most Government's revenue base, and thus, would want to help to support it.

Practical Implementation of Tax Transparency Reporting

Tax touches all the United Nations Sustainable Development Goals and has huge potential to affect how communities thrive and prosper. Reporting on tax is not only about being transparent or about how much tax you pay, it is about the principles applied and the impact your tax footprint makes, and actively demonstrating the impact your business is making on achieving sustainable and inclusive growth.

There have been several initiatives launched at the continental level to ensure tax transparency reporting. These initiatives mainly focus on mitigating incidences of tax evasion through automatic exchange of information, exchange of information on request, tax information exchange agreement, effective tax rate benchmarking and country-by-country reporting for multinationals.

However, there is no local framework that requires mandatory tax reporting by companies operating in various jurisdictions. Even the initiatives promoted by the various African countries are only tailored towards income reporting rather than tax reporting which would show the various tax contributions of companies and enhance tax transparency. Corporate income tax-related information published by companies appeared to be largely focused on meeting regulatory requirements rather than stakeholder demand. This driver is reflected in the type of information and the level of details published by companies.

We have highlighted below some of these initiatives as follows:

. • South Africa

The South African Revenue Service launched the Special Voluntary Disclosure Programme (SVDP) which ran from 1 October 2016 through to 31 August 2017. The SVDP provided an avenue for taxpayers to voluntarily disclose assets and income streams held offshore. In other to incentivise compliance, the SDVP provided exemptions from income tax, donations tax and estate duty liabilities from the past assets and income reported by participating companies .
Based on the tax transparency in Africa report, the Programme contributed USD1.8 billion in foreign assets and resulted in revenue to tax authorities of about USD296 million.
However, not all companies participated due to non-mandatory requirements for the Programme. It is safe to assume that only companies who would benefit from the incentive participated in the scheme.

• Nigeria

Nigeria has also developed a few initiatives/ programmes aimed at promoting voluntary tax compliance amongst large organisations and high net worth individ-

uals, such as the Voluntary Assets and Income Declaration Scheme (VAIDS) and the Voluntary Offshore Assets Regularisation Scheme (VOARS).
Again, the jury is out as to how successful these Schemes have been and whether they have encouraged more transparency from taxpayers. Furthermore, the Schemes were one-off, and time-bound and so, do not contribute to a process of continuous voluntary disclosures.

An omnibus model for Nigeria and developing countries to improve

Although the Nigerian Government has taken significant and applaudable steps towards responsible taxation and the utilisation of tax as a tool for companies to show responsibility towards their society, the schemes need to be well structured, moderated, and transparent to allow for some uniformity and ease of tracking.

Presently, Nigeria has deficits in infrastructure across various sectors including health care, education, power, affordable housing, and transportation. These are sectors which primarily benefit the ordinary Nigerian citizen and should be major focus areas for development for the Government. Therefore, an incentive scheme targeted at these areas will pave way for sustained and advanced developmental opportunities across other sectors in the country and benefit the Nigerian Government and the people at large.

It may therefore be necessary for the Government to enact legislation that mandates minimum tax reporting requirements. The current scenario where only income tax paid in any given year is disclosed in the audited financial statement may no longer be sustainable. Companies operating in the country should disclose information on the total amount of taxes and contributions made to the various revenue collecting agencies in the country and how it compares to other financial indices. Stakeholders should be able to pick up a company's financial statement and see immediately how it interacts with the society where they operate and how it compares with similar companies in their sectors of operations.

Linking tax contributions to specific infrastructure development schemes akin to what is in place with the Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme (RIDRICTS) in Nigeria today.

Government can also further incentivise responsible tax behaviour by commissioning an annual review of the information provided by the companies led by the private sector to evaluate this information and create a ranking system that seeks to show the perception of how much each company does in response to the amount of revenue generated in each area.

Potential challenges and benefits to all parties (companies, Government, and citizens)

Governments in Africa and Nigeria especially have continued to lament about the poor rate of contribution of tax to their overall revenues. However, there has always been a lack of clarity as to why this is the case. Do multinationals operating on the continent pay their fair share, or is the issue a lack of structure to tax the opaque but large informal sector, which constitutes a significantly large part of the economy of most African States? There is obviously a paucity of information which a tax transparency framework would seek to resolve.

It is therefore in the interest of Governments across the continent to ensure the establishment of such a framework. Africa also has a bludgeoning middle class whose taste and demand for goods and services made in the West continue to grow. However, it is difficult to determine if these companies, which earn revenue from the wants of the continent, contribute anything to the development of the region through the payment of appropriate taxes. And if they do, how does it compare to the amount of revenues they generate from the continent. A tax transparency framework, which contains minimum disclosure requirements, would address this issue.

There has also been talk over time about the cost of enforcement of tax laws in Nigeria and African countries. It is not economically feasible to effectively enforce tax compliance. Therefore, it is important for the Government to evolve ways of channeling limited resources to ensure improved collection and compliance. The publication of a tax transparency report would contribute to this effort. Government can at a glance identify outliers based on information available and focus compliance initiatives on these outliers.

The benefits though are not limited to only Government. The link to infrastructural development will surely improve operational capacity of these companies and by extension their profitability.
Furthermore, companies who have always argued that they are overtaxed with minimal benefits can now show this fact clearly. It has always been argued that though tax contribution to GDP in Nigeria is low, the number of entities, which contribute these amounts compared to the total number of players in the country maybe even lower. We may have consistently placed more and more burden on the same set of taxpayers rather than focusing on expanding the net.

A lot of companies also may not have an overview of the amount of taxes they pay on an annual basis and how it compares to their other cost profiles. Tax is typically embedded in the cost of several items and across several expense accounts that top management of companies do not necessarily have insights into how much they pay and for what taxes and levies other than the income tax which is a line item in the audited financial statement. The publication of this information would provide management with tools to make informed decisions. This does not even consider the increase in the reputation and goodwill of the participating organisations and public acceptance.

On the flip side, a major challenge, which may be faced by the scheme would be the accountability and transparency of the organisation though this can easily be addressed by ensuring that reputable auditing firms assure the numbers before they can be disclosed.

However, from a broader tax accountability and transparency perspective, one way to raise corporate tax morale is for any Government to be seen as transparent and accountable. Citizens need to know how tax money is used and spent. They need to feel the dividends of tax. In other words, tax needs to pay! Oftentimes, tax accountability is the missing part of the jigsaw.

A recent study on taxation in Nigeria 5 concluded that citizens have a very poor perception of the Government in relation to tax accountability. It is like pouring money into a bottomless pit. They often argue that they pay taxes and are still their own "local Governments" – i.e. they still provide those amenities their taxes should have provided for them if well spent. Some argue that the Government cannot be trusted with more money until the Government is able to make better use of existing revenues.

Unfortunately, the lack of trust due to low tax accountability will continue to impede and undermine tax compliance if not addressed. Perhaps, it is time to institutionalise tax accountability in Nigeria. The Federal Inland Revenue Service (Establishment) Act, for instance, only mandates it to raise tax revenues. Beyond that, it cannot account for how tax revenues are used. The Government may want to set up a tax accountability desk that will be in charge of communicating and publicising how tax revenues are utilised.

The other suggestion is for tax revenues to be earmarked for development goals. For instance, the Government can have a 10-year plan where one of the Sustainable Development Goals (SDGs) could be identified a year ahead as the target of the following year's tax revenues. Where and when these commitments are fulfilled over the suggested period, it would be a very good way to build trust and restore the social contract between citizens (especially corporates) and the Government.

Conclusion and way forward

Overall, responsible taxation is a major area which needs to be further explored and better structured to position organisations for better access to communities through developmental projects that directly profit the local communities as well as provide tax benefit incentives to the organisations.

The proposed model for Nigeria provides an extensive opportunity for the rehabilitation of numerous sectors integral to the progress of the Nigerian economy without extensive input or manpower from the Government. This will also provide the Government with an opportunity to devote resources to more pressing areas of governance, leading to an overall improvement in the livelihood of Nigerians.
For investors looking to engage in tax transparency, a starting point could be to check for a publicly available tax policy. Where companies are yet to publish a policy, the model should encourage investors to query if there are any barriers to publishing tax principles and existing tax governance and control processes, communicate to portfolio companies about what kind of information is relevant and useful in a tax policy, and refer to good practice examples of tax policies from peer companies.

For companies, the proposed model provides an avenue for a public-private-sector partnership to develop critical infrastructures that will improve their business operations, expand opportunities, improve the relationship with host communities and public perception.

Culled from KPMG.com

Company Income Tax in Nigeria: Everything you need to know

By Iniobong Umoh

The Company Income Tax Act (CITA) is the primary law that governs company taxation in Nigeria.
Nigeria's tax system is a multi-level tax system, which means that taxation is handled by three levels of government.
The Federal Inland Revenue Service (FIRS) is in charge of administering or overseeing corporate income taxes.
The Companies Income Tax (CIT) is a tax imposed in Nigeria on the profits of registered businesses. It also covers the tax on earnings earned by international corporations doing business in Nigeria.
Limited liability firms, including public limited liability companies, pay the CIT.
Non-residents are subject to CIT on their Nigeria-sourced income, while resident corporations are subject to CIT on their worldwide income.
Corporate income tax is calculated using accounting gains that have been taxed.

Income Tax Classification of the Assessment

Best of Judgment (BOJ)

This is the method through which the applicable tax authority assesses the tax payable when no financial data or returns have been presented to the tax authority on which to base the assessment.
Because the company's financial records are untrustworthy, the BOJ method of assessment may be used.

Self-assessment of tax payables

This method of calculating tax payable is based on a system in which a company pays tax in instalments and is allowed by the relevant tax authority to estimate the company's chargeable revenue and tax payable for the assessment year.
Section 53 of the Company Income Tax Act (CITA) of 2011 allows for self-assessment of tax owed.

The currency of assessment

As stated in section 54, this provides for the currency of assessment of tax payable by a firm.
The Act states that, notwithstanding anything in any law to the contrary, an income tax assessment made under sections 52, 53, or 55 of this Act must be made in the currency in which the transaction giving rise to the assessment occurred.

Rates of income tax on companies

For enterprises with a turnover of more than N100 million Naira, the CIT is currently imposed at a rate of 30%. For enterprises with a turnover of between N25 million and N100 million, it is additionally taxed at a 20% rate. The tax is calculated based on the previous year's earnings.
According to the Finance Act 2019, enterprises with a turnover of less than N25 million are exempt from paying company income tax.
A non-resident firm with a fixed base or a permanent establishment (PE) in Nigeria is taxable on the profits attributable to such fixed base in terms of business profits. As a result, it must register for CIT and file tax returns.

Deductions permitted by the company income tax

There are some deductions that can be made when calculating profits under the CITA. The deductions allowed in determining the company's taxable profits are fully encapsulated in Section 24 of the CITA.
Section 24 also allows for the following types of deductions:

(a)any amount due as interest on any money borrowed and used as capital in the acquisition of profits;

(b) rent for that period, as well as premiums for which obligation was incurred during that period, in respect of land or building used for the purpose of procuring housing for the company's employees.

c) in the case of any real estate investment trust expenses related to the property's upkeep, directors' salary, which shall not exceed N10,000 per annum in respect of each director, with no more than three directors to be so compensated;

(d) any expenditures or expenses made during the year in connection with senior personnel and executives are paid a salary, wages, or other form of remuneration.
Any reward or allowance offered to senior staff and executives at the company's expense shall not exceed the amount set forth in the collective bargaining agreement between the company and the employees.

(e) Any costs of repairing the premises, plant, machinery, or fixtures used in obtaining the profits.

(f) Bad debts incurred as a result of the curse of a trade or business have proven to have gone bad within the time for which earnings are being calculated.

(g) Any contribution to a pension, provident, or other retirement benefits fund, society, or plan authorised by the Joint Tax Board under paragraph (g) of section 85 of the Personal Income Tax Act.

(i) any expense or part thereof in the case of earnings from a trade or business

(ii) the liability for which was incurred during that period wholly, exclusively, necessarily, and reasonably for the purposes of such trade or business and which is not specifically referable to any other period or periods, or

(ii) the liability for which was incurred during that period wholly, exclusively, necessarily, and reasonably for the purposes of such trade or business and which is not only applicable to any other periods, or

(ii) the obligation for which was incurred during any prior period entirely, exclusively, necessarily, and fairly for the purpose of such trade or business, and which is clearly referable to the period for which profits are being calculated;

Sections 25 and 25A of the CITA also allow for the deductibility of gifts paid to a Nigerian fund, body, or institution for the purpose of calculating profits.
A deduction for research and development is allowed under Section 26 of the Act, as long as the deduction does not exceed 10% of the profit before any deductions.

Deductions are not permitted

Section 27 deals with the types of deductions that aren't allowed when calculating a company's profits. The following is provided in this section:
No deduction shall be allowed, notwithstanding any other provision of this Act, for the purpose of determining a company's profits in respect of-
capital reimbursed or withdrawn, as well as any capital expenditure;
any amount recoverable under an insurance or indemnification contract;
taxes on income or profits imposed in Nigeria or elsewhere, excluding taxes imposed outside Nigeria on earnings that are also subject to tax in Nigeria and for which no relief from double taxation is available under any other provision of this Act;
save as authorised by paragraph (g) of section 24 of this Act, any payment to a savings, widows and orphans, pension, provident or other retirement benefit fund, society or scheme;
the loss of value in any asset;

any sum set aside from profits, except as permitted by paragraph (f) of sections 24 or 25 of this Act, or as may be estimated to the satisfaction of the Board, pending determination of the amount, to represent the amount of any expense deductible under that section, the liability for which was irrevocably incurred during the period for which the income is being calculated;

any expense of any kind incurred within or outside Nigeria for the purpose of generating a management fee unless the Minister has approved the arrangement giving rise to the management fee in advance;
any expense incurred as a management fee within or outside Nigeria under any agreement entered into after the start of this section, except to the extent that the Minister may allow;
any expense incurred outside of Nigeria for and on behalf of any company, unless it is of a nature and size that the Board deems permissible.

Adjusted profit computation

After putting back disallowed expenses and subtracting authorized expenses and earnings exempted, adjusted profit is calculated.
The adjusted profit is the result of this calculation, and the education tax rate can be deducted at this stage. The rate of education taxation is 2% of adjusted profit.

Profits that are taxable

After calculating the adjusted profit, the taxable profit must be calculated. After removing the capital allowance and loss relief, the taxable profit is calculated by adding the balancing charge to the adjusted profit.
The taxable profit is the result of this calculation, and it is at this point that the appropriate tax rate can be applied.

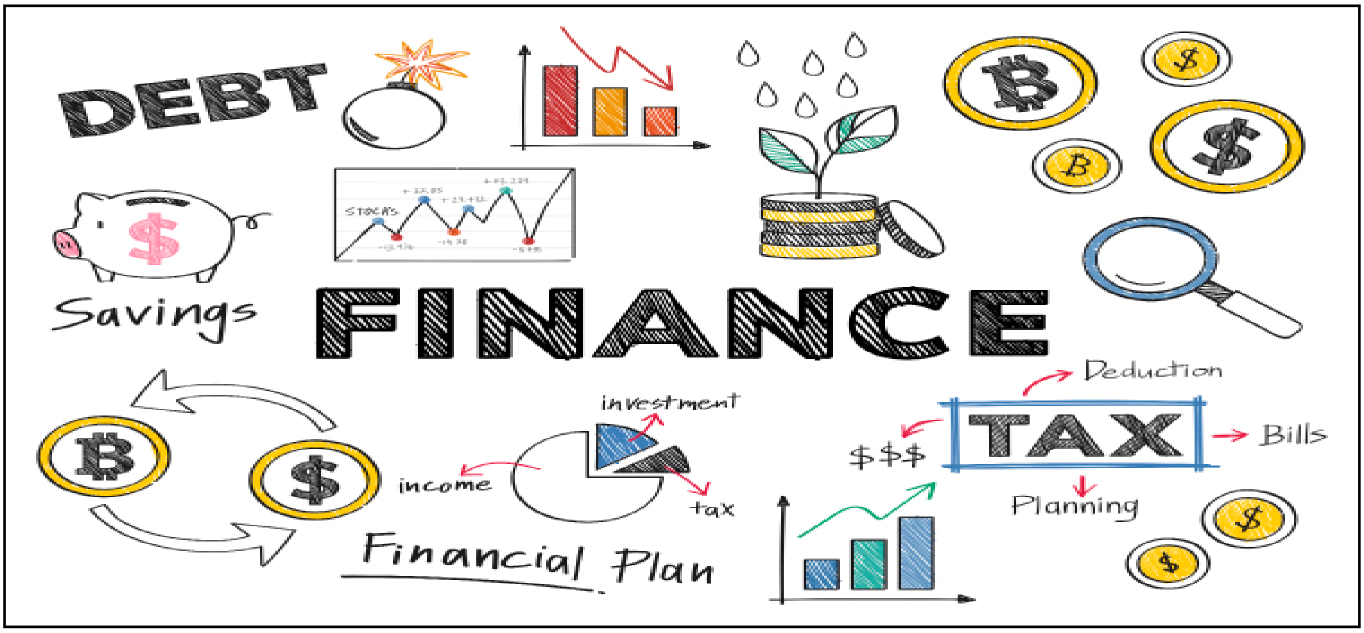
Conclusion

Other taxes, in addition to CIT, may apply to businesses in Nigeria. The Withholding Tax, for example, is paid in advance on contracts that are completed by corporations but is deducted from taxable profits.
Also included is the Value Added Tax, which is levied on a variety of goods and services. Companies operating in Nigeria must also pay Education Tax and Industrial Training Funds.
Small businesses with a turnover of less than N25 million are now totally free from paying company income tax, thanks to the Finance Act 2019.

niobong Umoh is a techie and content writer with MakeMoney.ng.

Corporate - Taxes on Corporate Income

By PWC



Resident companies are liable to corporate income tax (CIT) on their worldwide income while non-residents are subject to CIT on their Nigeria-source income.

The CIT rate is 30% for large companies (i.e. companies with gross turnover greater than NGN 100 million), assessed on a preceding year basis (i.e. tax is charged on profits for the accounting year ending in the year preceding assessment).

Investment income paid by a Nigerian resident to a non-resident is sourced in Nigeria and subject to WHT at source, which serves as the final tax.

In respect of business profits, a non-resident company (which is not tax resident in a treaty country) that has a fixed base or a PE in Nigeria is taxable on the profits attributable to that fixed base. Non-resident digital companies (which are not tax resident in a treaty country) that have a significant economic presence (SEP) will be subject to income tax in Nigeria on profit attributable to the taxable presence in Nigeria.

A foreign entity involved in digital transactions will be deemed to have created an SEP in Nigeria and is therefore liable to tax if it:

i. derives income of NGN 25 million or equivalent in other currencies from Nigeria in a year

ii. uses a Nigerian domain name (.ng) or registers a website address in Nigeria, or

iii. has purposeful and sustained interactions with persons in Nigeria by customising its digital platform to target persons in Nigeria (e.g. by stating the prices of its products or services in naira).

For the purposes of (i) above, revenue derived from Nigeria includes that in respect of:

- Streaming or downloading of digital contents.
- Transmission of data collected about users in Nigeria.
- Provision of goods or services directly or through a digital platform.
- Intermediation services that link suppliers and customers in Nigeria.

Activities carried out by connected persons shall be aggregated to determine the NGN 25 million threshold (where applicable).

Any company covered under any multilateral agreement to which Nigeria is a party will be treated in accordance with those agreements from the effective date in Nigeria.

Non-resident companies providing professional, consultancy, management, and technical (PCMT) services to Nigeria residents will be subject to tax at 10% final tax where such company has an SEP in Nigeria.

A foreign entity providing technical (including training, advertising, supply of personnel), professional, management, or consultancy services shall have an SEP in Nigeria in any accounting year if it earns any income or receives any payment from a person resident in Nigeria or a fixed base or agent of a foreign entity in Nigeria.

As such, it is required to register for CIT and file its tax returns. Any WHT deducted at source from its Nigeria-source income is available as offset against the CIT liability save for non-resident companies carrying out PCMT services where the WHT paid at 10% is deemed to be final tax.

Small company rates

The CIT rate is 0% for companies with gross turnover of NGN 25 million or less.

Medium company rates
The CIT rate is 20% for companies with gross turnover greater than NGN 25 million and less than NGN 100 million.

Real Estate Investment Companies

Real Estate Investment Companies approved by the Securities Exchange Commission to operate as a real estate investment scheme in Nigeria will be exempt from income tax on rental income, and dividend income earned in a financial year will be exempt from income tax provided that at least 75% of such income is distributed within 12 months. For the purposes of the CITA, A Real Estate Investment Company is a company (including a Real Estate Unit Trust) duly approved by the Securities and Exchange Commission.

(Petroleum profit tax (PPT)

PPT is a tax on the income of companies engaged in upstream petroleum operations in lieu of CIT.
The PPT rates vary as follows:

• 50% for petroleum operations under production sharing contracts (PSC) with the Nigerian National Petroleum Corporation (NNPC).

• 65.75% for non-PSC operations, including joint ventures (JVs), in the first five years during which the company has not fully amortised all pre-production capitalised expenditure.

• 85% for non-PSC operations after the first five years.

• 30% for upstream gas profits.

Following the enactment of the Petroleum Industry Act 2021, holders of a Petroleum Prospecting Licence and Petroleum Mining Lease will be subject to both CIT at 30%, and Hydrocarbon Tax (HCT).

HCT rates are as follows:

• 30% for converted/renewed onshore and shallow offshore Petroleum Mining Lease.

•15% for onshore and shallow onshore Prospecting Petroleum Licence and Marginal Fields.

• Deep offshore is exempt from HCT.

This means that the highest headline tax rate for companies in the upstream oil and gas industry will be 60%.
Current Oil Mining Licence and Oil Prospecting Licence holders will continue to be taxed in line with the Petroleum Profits Tax Act (PPTA) unless a conversion contract is executed in line with the provisions of the Petroleum Industry Act 2021.

save as authorised by paragraph (g) of section 24 of this Act, any payment to a savings, widows and orphans, pension, provident or other retirement benefit fund, society or scheme;
the loss of value in any asset;

any sum set aside from profits, except as permitted by paragraph (f) of sections 24 or 25 of this Act, or as may be estimated to the satisfaction of the Board, pending determination of the amount, to represent the amount of any expense deductible under that section, the liability for which was irrevocably incurred during the period for which the income is being calculated;

Tertiary education tax

Tertiary education tax is imposed on every Nigerian company at the rate of 2.5% of the assessable profit for each year of assessment. The tax is payable within two months of an assessment notice from the FIRS. In practice, many companies pay the tax on a self-assessment basis along with their CIT.
For companies subject to PPT under the PPTA, tertiary education tax is to be treated as an allowable deduction. For other companies, income/profit taxes are not deductible in arriving at taxable income.
Tertiary education tax is not tax deductible for companies subject to income tax under the Petroleum Industry Act 2021.
Non-resident companies and unincorporated entities are exempt from tertiary education tax.

Minimum tax

Minimum tax is payable by companies having no taxable profits for the year or where the tax on profits is below the minimum tax. However, companies in the first four calendar years of business, companies engaged in the agriculture business, or small companies are exempt from minimum tax.
Minimum tax payable is calculated as 0.5% of gross turnover less franked investment income.
For non-life insurance companies, minimum tax is calculated as 0.5% of gross premium.
For life insurance companies, minimum tax is calculated as 0.5% of gross income.

Alternative tax on distribution

There is a tax on distribution where a company pays a dividend in excess of its taxable profit. Certain profits should be deducted from the dividend that is compared to the taxable profit, including dividend income that has suffered WHT, profits exempt under the Companies Income Tax, Capital Gains Tax, Petroleum Profit Tax, Industrial Development (Income Tax Relief) Act, and retained earnings that had suffered tax previously.

Alternative tax on deemed profit

The law allows the FIRS to assess and charge companies to tax on a fair and reasonable percentage of turnover under the following circumstances:
• When the trade or business produces no assessable profits.
• When the trade or business produces assessable profits that, in the opinion of the Board of the FIRS, are less than might be expected to arise from that trade or business.
• When the true amount of the assessable profits of the company cannot be ascertained.

The above provision of the law also applies to foreign digital companies deriving profits from Nigeria.

Local income taxes

CIT is payable only to the federal government. State governments collect income taxes of individuals and unincorporated entities, while local governments are only allowed to collect levies and rates but not income tax.

Culled from taxsummaries.PwC.com

Finance Act 2023: Key Changes and New Introductions

By Pedabo

The Finance Act 2023 ("the Act") was finally assented to by His Excellency, President Muhammadu Buhari on the 28th May 2023 just before he left office. It is the fourth of its kind since the reintroduction of the annual Finance Act in 2019. The Finance Act which has an effective date of 1st May 2023 amends some provisions in eleven (11) existing statutes.

The Act is aimed at promoting the macroeconomic policy reforms of the federal government, whilst making additional provisions and amendments to specific laws to improve tax administration and collections.

The amended statutes include Capital Gains Tax Act, Companies Income Tax Act, Customs and Excise Tariff etc. (Consolidated) Act, Personal Income Tax Act, Petroleum Profit Tax Act, Stamp Duty Act, Value Added Tax Act, Tertiary Education Trust Fund (Establishment) Act, Corrupt Practices & Other Related offences Act, Public Procurement Act and Ministry of Finance (Incorporated) Act.

KEY CHANGES

Capital Gains Tax Act (CGTA)

Amendments to the CGTA include the introduction of a new Section 3(a) which brings gains from the sale of digital assets to the list of chargeable assets. This means that any gains realised from sale of Bitcoins and other crypto currencies are now taxable under the CGTA, a first initiative towards the taxation of crypto transactions in Nigeria.

Section 5 of CGTA has also been amended to allow for the deduction of loss from the sale of shares from the gains made in subsequent periods from similar transactions, provided that such losses are not carried forward beyond five (5) years from when the loss was incurred. Similarly, Section 31(6) has been amended to allow taxpayers to claim a Roll-Over Relief on the disposal of shares and stocks. Prior to this amendment, roll-over relief was only applicable to sale of buildings, plant & machinery, ships, aircrafts, and goodwill. The introduction of roll-over relief for taxing gains from the disposal of shares implies that the chargeable gains for subsequent disposal of reinvested proceeds will be determined using the cost of the assets whose disposal proceeds were reinvested and not the cost of acquiring the new asset now disposed.

Companies Income Tax Act (CITA)

The amendments to CITA include the streamlining of capital allowance claimable by companies, with the repeal of Sections 32 and 34 which hitherto granted the popular 10% investment allowance on plant and equipment as well as the rural investment allowance which ranged from 15% to 100%. Any previously claimed but yet to be fully utilised allowances shall remain available to the company. However, there is good news for upstream and midstream gas companies who are now allowed to recover their capital allowance to the maximum possible each year, via the amendment of Section 24 (7) of the Second Schedule to CITA. The hitherto restriction of capital allowance to 66 2/3% will no longer apply to these companies.

The amendment of Section 14(4) of CITA has now also given legitimacy to the request by the tax authority for foreign shipping companies and airlines to submit some form of special financial statements of their Nigerian operations, certified by directors and a Nigerian auditor, as part of their tax returns in Nigeria. The companies must also be able to furnish the FIRS with details of all invoices issued to customers during the period. Furthermore, a new subsection (6) has been inserted in Section 14 to mandate Nigerian regulators of shipping and air transport operators to request evidence of income tax filing and tax clearance certificates before granting permits or relevant approvals to carry on business in Nigeria.

Finally, Section 37 has been deleted from CITA, thereby withdrawing the hitherto incentive that granted 25% exemption for hotels on incomes received in convertible (foreign) currencies. This means that all the income of a hotel business are now fully taxable unless otherwise exempted. However, companies that have set aside reserved funds shall continue to enjoy the exemption until the funds are fully utilised or lapsed after five years, whichever occurs first.

Petroleum Profit Tax Act (PPTA)

The amendments to the PPTA are in three main areas:

Deduction of Contributions to Decommissioning and Abandonment Fund (DAF): A new paragraph (1A) was introduced to Section 10 to allow for tax-deduction of any amount contributed to a fund, scheme or arrangement approved by the Nigerian Upstream Petroleum Regulatory Commission for the purpose of decommissioning and abandonment. However, any surplus or residue of the fund after decommissioning and abandonment of the field shall be subject to tax under PPTA. This amendment gives equal benefits to companies that are yet to convert to the Petroleum Industry Act (PIA) with regards to these costs, as granted under the PIA.

Value Added Tax Act (VAT)

There are also three (3) notable amend-

Additional Chargeable Tax: A new Section 23 has been introduced to replace the old provision, also to align with Section 268 of PIA which provides the basis for determining the total value of Chargeable Oil for a period, i.e. the number of barrels of crude oil determined at the measurement point multiplied by the fiscal oil price per barrel, provided that the Nigerian Upstream Regulatory Commission (NUPRC) have the power to establish the fiscal oil price for any stream for which no fiscal price is available.

Updated Penalty Regime: Amendments to align the penalty regime under PPTA with that of the PIA have been made by the introduction of a new Section 30(4) and the amendments of Sections 51, 52, and 53, and the deletion of Section 55. The new penalty regime is summarised in the table below.

Section	Offences	New Penalties
30 (4)	Penalty for Late Filing of Returns	N10 million on the first day and N2 million every subsequent day in which the failure continues. Previously N10,000 on the first day and N2,000 every subsequent day in which the failure continues
51	Penalty for Offences and Other Offences for which no penalty is specifically provided.	▪ Administrative penalty of N10million on the first day of such offence and N2 million every subsequent day in which the failure continues. ▪ Fine of N20 million or as may be prescribed by the Minister of Finance, Budget and National Planning upon conviction or imprisonment for 6 months or to both fine and imprisonment. Previously N10,000 on the first day and N2,000 every subsequent day in which the failure continues.
52	Penalty for making incorrect accounts	Administrative penalty of N15m or 1% of the amount of tax which has been undercharged, whichever is higher. Previously N1,000 and double the amount of tax in respect of which the offence was committed.
53	Penalty for false statement and returns	Administrative penalty of N15m or 1% of the amount of tax which has been undercharged, whichever is higher. Previously N1,000 and treble the amount of tax in respect of which the offence was committed.

ments to the VAT Act; first is with regards to the shortened due date for filing VAT returns for companies appointed to withhold VAT at source, via the amendment of Section 14(3). Such companies are now to remit the withheld VAT within 14 days following the month of transaction. It is expected that this will allow enough time for the beneficiaries of the VAT withheld to have access to the credit arising from the payment within the same return circle.

Also amended is Section 16(3) of VAT Act to cater for the supply of goods to Nigeria via digital platforms operated by a non-resident supplier that has been appointed by FIRS as agents for the collection of VAT. With this amendment, the risk of double taxation at the port of entry by inclusion of VAT by the Nigerian Customs Service has been eliminated. The non-resident supplier/importer must however provide proof of such appointment by FIRS, or other documentation to be advised by FIRS at the point of clearing.

The term "Building" has been redefined in Section 46 to exclude fixtures or structures that can easily be removed from land, such as radio and television masts, transmission lines, cell towers, mobile homes, caravans and trailers. This implies that rent paid for the use of these excluded items will no longer be exempted from VAT.

Other Notable Changes: the Finance Act 2023 also contains some other important provisions, such as the following:

a. Increase in Tertiary Education Tax rate from 2.5% to 3% based on the amendment of Section 1 (2) of the Tertiary Education Trust Fund (Establishment) Act, and this comes only one year after the rate was increased from 2% to 2.5%

b. Introduction of Excise Duty on all Services provided in Nigeria, including telecommunication services. An Order to be signed by the President is expected to guide the implementation.

c. Duty on Imported Goods from Outside Africa: A 0.5% special levy on all eligible goods imported into Nigeria from outside Africa. The proceeds of this levy is earmarked for financing capital contributions, subscriptions and other financial obligations to multilateral institutions to which Nigeria belongs. A regulation detailing the eligible goods and the process of collection is expected to be issued by the Minister of Finance.

d. Deduction of Life Insurance Premium for PAYE: Payment of premiums under a contract of life insurance or deferred annuity in the preceding year on the life of the taxpayer or that of his/her spouse has again been reintroduced as a tax relief via the amendment of Section 33 of the Personal Income Tax Act (PITA). However, any withdrawals before the end of the 5th year from the date the premium was paid shall be subject to tax at the point of withdrawal.

e. Distribution of EMT Levy to be based on Derivation: Revenue accruing from the Electronic Money Transfer Levy shall now be distributed on the basis of derivation, with 50% going to States, 35% to Local Government Areas and 15% to the Federal Government. The Minister of Finance is expected to issue Regulations on how financial institutions are to make returns to enable the implementation of this new provision.

Conclusion

The Finance Act 2023 provides mainly for the correction and updating of the various tax laws to align with current realities, remove redundant provisions and eliminate some perceived ambiguities that may have affected effective implementation in the past. It is expected that the fiscal authorities will be issuing further implementation guidance soon, but a common question in the minds of most people would be how the unusual effective date of 1st May 2023 will affect implementation, considering that the year is already almost half-spent, and with income tax returns for 2023 year of assessment just 60 days away from the effective date and barely 30 days from the date the law first became public, even though the official gazette is yet to be published.

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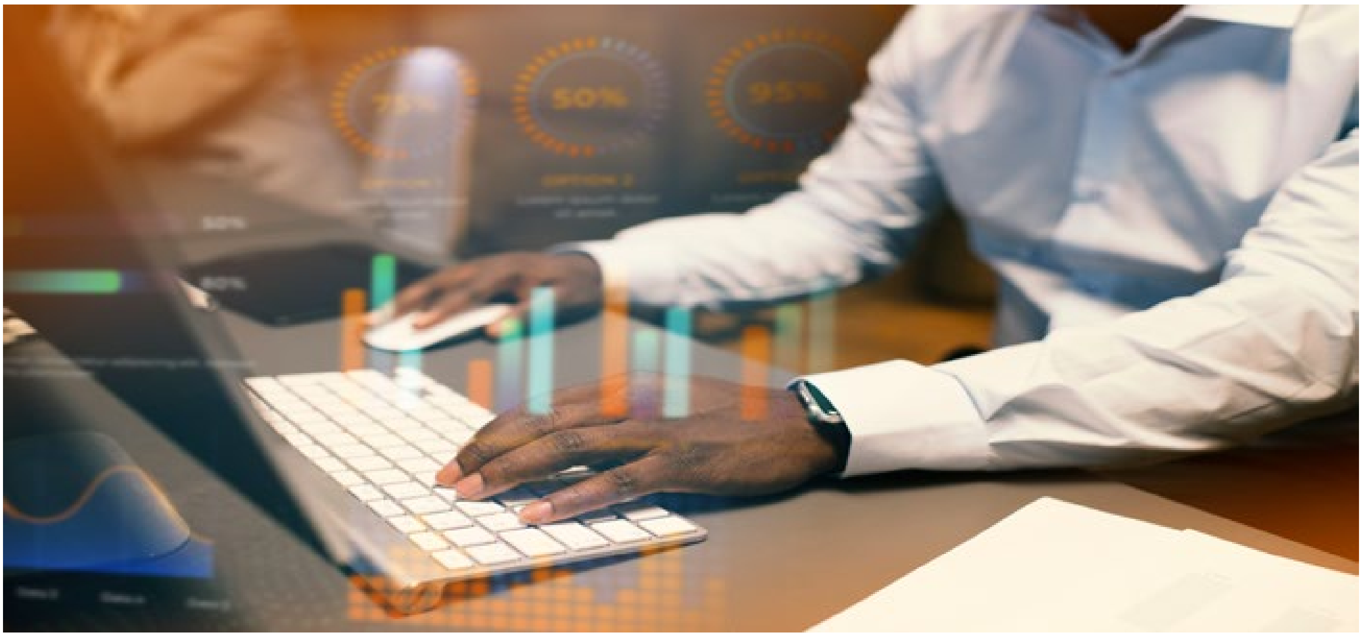

LIBOR Transition

Introduction

London Interbank Offered Rate (LIBOR) is a reference rate at which some of the global banks lend one another given their outlook on local economic conditions. The LIBOR is an interest rate average obtained from submissions made by panel banks, representing an estimate of the rate at which the banks would be charged were they to borrow from other banks.

The LIBOR existed in five currency fixings: UK Pound Sterling, the Swiss Franc, the Euro, Japanese Yen and the U.S. Dollar across various maturities. The LIBOR was used to price different types of debts ranging from floating-rate mortgages, corporate loans, and asset-backed securities, amongst others. In pricing a typical loan anchored on Libor, a lending institution would take a Libor rate and add another percentage that represents the margin on the product pricing.

For decades, the LIBOR became a reference interest rate for tens of millions of contracts worth more than USD 240 trillion, hardwired into various financial activities ranging from risk, valuation, performance modelling to financial contracts (Oliver Wyman 2018). The acceptability of this reference rate stemmed from its ease of use given the wide range of currencies and tenor quotes that existed for the fixings.

1. LIBOR Transition

Following the 2007/2008 financial crisis, significant concerns about manipulation of LIBOR arose, and this ranged from panel banks reporting low rates to appear stronger than they were, to quoting false rates to record gains on LIBOR-based financial products. These irregularities prompted the Commodity Futures Trading Commission (CFTC) in June 2012 to levy a huge penalty against one of the banks on the LIBOR panel for manipulating the LIBOR and another reference rate based on the outcome of an investigation that had begun in 2008. Also, quite a number of large institutions that were implicated paid huge fines, while some senior bank executives, including the CEOs of two large banks, resigned.

Overtime, the credit risk-capturing ability, near 'risk-free' status and fairness of LIBOR became questionable. Several reforms were initiated by Policymakers in response to the scandal, one of which was the transfer of LIBOR publication from the British Bankers Association in the bid to improve transparency. Second, the British financial regulator commenced regulatory oversight of the production of the LIBOR. Third, there was modification in the calculation of the rate to assign increased weight on actual data and reduce the weight on "best guesses" in instances where there are no borrowings. Fourth, policymakers encouraged a transition away from the use of LIBOR.

Despite efforts identified above, data quality and integrity remained questionable as there was insufficient borrowing to determine LIBOR for all but the most popular currencies and tenors. Overtime, market confidence in the widely used London Interbank Offered Rates (LIBOR) was eroded. As a result, the Financial Conduct Authority (FCA) of the UK announced in 2017 that LIBOR panel bank submission will become discretionary from end of 2021, which meant availability of LIBOR as a benchmark rate becomes completely uncertain. As a result, policymakers and market participants actively encouraged financial institutions to transition from LIBOR to alternative benchmarks. This will have a significant impact on the banking and financial services industry going forward.

LIBOR is being replaced for two major reasons: paucity of volume of interbank lending transactions, resulting in an unreliable benchmark; and the pervasive manipulation of LIBOR following the global financial crisis, which led regulators to question LIBOR's future.

2. New alternative Risk-free Rates

Given the announcement to replace LIBOR, financial authorities across the world commenced crafting alternative benchmark rates to replace LIBOR. Below are reference rates after the deadline of Dec 2021:

Benchmark rate	Alternative Risk free rate	Jurisdiction	Administrator	Working Group
USD LIBOR	Secured Overnight Financing Rate (SOFR)	United States of America	Federal Reserve Bank of New York	Alternative Reference Rates Committee
GBP LIBOR	Sterling Overnight Index Average (SONIA)	United Kingdom	Bank of England	Working Group on Sterling Risk Free Reference Rates
EUONIA EUR LIBOR	Euro Short Term Rate (ESTR)	Euro area	European Central Bank	Working Group on Risk Free Reference Rates for the Euro Area
JPY LIBOR	Tokyo Overnight Average Rate (TONAR)	Japan	Bank of Japan	Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks
CHF LIBOR	Swiss Average Rate Overnight (SARON)	Switzerland	SIX Swiss Exchange	National Working Group on Swiss Franc Reference Rates

Source: King & Wood Mallesons (2021)

3. LIBOR cessation dates

Cessation date	Cessation date
31 December 2021 • USD LIBOR : One week, two months tenor • GBP LIBOR: All tenors • EUR LIBOR: All tenors • CHF LIBOR: All tenors • JPY LIBOR: All tenors	**30 June 2023** All remaining USD LIBOR settings including: • USD LIBOR – Overnight, one month, three, six and twelve months

Source: Uwadia (2023)

The Financial Conduct Authority also announced that for all sterling and yen-denominated legacy LIBOR contracts that are yet to be changed at or ahead of end-31 December 2021, the FCA will permit the temporary use of 'synthetic' sterling and yen LIBOR rates. The challenge with the use of the "synthetic" LIBOR is that quotes will not be based on the contribution of panel banks and will not be representative of the underlying market dynamics the LIBOR fixings are intended to measure.

4. LIBOR Versus New Risk-free rates

IBOR	Alternative Risk free rate
USD LIBOR – Unsecured rate with multiple tenors; Based on quotes; Forward looking;	SOFR - Secure rate that covers multiple overnight repo market segments; Mostly backward looking; Fully transaction based;
GBP LIBOR - Unsecured rate with multiple tenors.; Based on quotes; Forward looking	SONIA - Unsecure rate that covers overnight wholesale deposit transactions; Backward looking
EUR LIBOR – Unsecured rate with multiple tenors; Based on quotes; Forward looking;	ESTR – Unsecure rate that captures overnight wholesale deposit transactions; a larger number of banks are contributing input data from the wholesale market that has a much higher transaction volume than the interbank market; Backward looking
JPY LIBOR – Unsecured rate with multiple tenors; Based on quotes; Forward looking;	TONAR – Unsecured and Overnight; Fully transaction based; Backward looking;
CHF LIBOR – Unsecured rate with multiple tenors; Based on quotes; Forward looking	SARON: Unsecured and overnight Not fully transaction based (trades and quotes); Backward looking;

Source: Asian Development Bank (2020)

5. Challenges with LIBOR Transition

TThe international financial system has been faced with challenges relating to transitioning away from LIBOR, and the following are some of the key issues encountered:

(a) **Risk-free rates:** Most of the alternative benchmark rates are risk-free, while the LIBOR incorporates a credit risk premium of borrowing from another institution.

(b) **Term Structure:** The LIBOR transition will require many markets to change from LIBOR to overnight RFRs, while some markets still require forward-looking rates for their product pricing. Different conventions are currently to address this, and the methodologies range from compounding the interest rates in arrears, compounding rates in advance, or adopting a term structure. As a result, a recommendation was made by the UK Working Group on Sterling Risk-Free Reference Rates on the use of Term SONIA benchmark by Refinitiv. The Term SONIA is a forward-looking sterling risk-free rate with available tenors ranging from 1-month, 3-month, 6-month to 12-month tenors, and was designed to be an alternative to LIBOR. This reference rate has a wider appeal among loan products however, the UK Working Group expects the use to be relatively limited. In a similar vein, the Alternative Reference Rates Committee (ARRC) proposed the use of the CME Group's forward-looking Secured Overnight Financing Rate (SOFR) term rates nancing Rate (SOFR) term rates as a replacement for LIBOR, in the booking of syndicated and bilateral loans. The Term SOFR is a forward-looking interest rate estimate set on a daily basis and published for tenors ranging from 1 month, 3 months, 6 months to 12 months. There is currently no term structure for the other currencies.

(c) Tough Legacy Contracts:

This refers to contracts referencing LIBOR, which are not able to either convert to a non-LIBOR rate or be amended to add fallback clauses on or before the relevant LIBOR cessation dates. This impacts loans, bonds, and derivative products. For such contracts, parties to the contract need to decide whether they are still able to provide financing based on the existing terms given the inherent risk that the underlying interest may not be able to be calculated in accordance with agreed terms. In the United States, where a legacy contract has no fallback or the fallback is based upon LIBOR, the law strikes out any existing language and replaces it with the ARRC's recommended fallback language which specifies that such contracts would fall back to the relevant Secured Overnight Financing Rate (SOFR) plus a fixed spread adjustment at the point of transition (Refinitiv, 2021).

(d) Adjustment Spread: Another challenge with the transition to a new risk-free rate is the selection of the appropriate credit adjustment spread. Understanding the differences between LIBORs and RFRs is essential and there will be need to consider these peculiarities when making relevant adjustments to client contracts or when assessing valuation impacts.

(e) Change in IT infrastructure: This will largely depend on the choice of alternative rates and the type of compounding required. As most systems have been configured to accepting forward-looking rates, a choice of compounded overnight rates will require changes to the IT infrastructure.

6. LIBOR Transition update in Nigeria

The financial industry is yet to release any pronouncement or guidance with respect to the LIBOR transition. Currently, some banks operating in the country have adopted alternative risk-free rates similar to what has been recommended internationally, but with varying methodologies for compounding the risk-free rates and estimating the fixed adjustment spreads.

7. Conclusion and Recommendations

As the sun finally sets on the LIBOR, banks have intensified efforts at ensuring a smooth transition, while also ensuring that fallback clauses are well integrated into legacy contracts.
LIBOR-linked loans have declined in volume given the increasing switch to alternative risk-free rates ahead of the LIBOR cessation, while lessons from the challenges of the December 2021 LIBOR discontinuation have helped shape decisions around cessation of the remaining LIBOR tenors.

As a result, we recommend as follows:

- Banks in Nigeria should collectively seek collaboration within the industry, and with the regulators, towards forging a common front to guide the LIBOR discontinuation across the financial industry.

- There is a need to continuously keep up-to-date with domestic and international developments as regards the alternative risk-free rates, given that conventions are still evolving till date.

- For institutions yet to update their loan contracts with counterparties, there is need to carefully review all fallback language to aid a seamless transition.

By ICAN the Corporate Finance Management Faculty

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ICAN BANK OF INDUSTRY

Central Banks Digital Currencies and the Monetary

Introduction

on numerous issues on Budget 2023 and In the last decade, there has been a series of discussions around the concept of Central Bank Digital Currency (CBDC) by Economists, Governments and Central Banks. Over a hundred countries are exploring CBDCs at one level or another. Some research, some testing, and a few are already distributing CBDC to the public. In the Bahamas, the Sand Dollar, the world's most advanced official digital currency, has been in circulation for more than a year. Sweden's Risk bank has piloted the first and second phases of the e-Krona, which tested the technological basis of the currency, its integration with existing point-of-sale terminals with the internal systems of commercial banks and explored legal as well as ethical issues. In China, the people's Bank of China has been working on the digital renminbi (called e-CNY) since 2014 and is ramping up efforts to roll it out. The Federal Reserve has also recently issued a report on CBDC. In Africa, Nigeria became the first country to launch its own digital currency: e-Naira with Ghana following suit with e-Cedis.

This article intends to look at what the CBDC is, the reasons why countries are keying into it and its likely effect on the monetary system.

What is Central Bank Digital Currency?

A CBDC is a country's fiat currency available exclusively in electronic form, which has the endorsement of the Federal government and serves as a legal tender. Though the CBDC share some similarities with cryptocurrency like Bitcoin, which is digital money in token format, supported by block-chain technology, the CBDC is not Bitcoin. Unlike other cryptocurrencies, the CBDC enjoys the support and backing of the Central Bank of the issuing country. The dynamics of the CBDC are centralized and controlled by the government, while other cryptocurrencies are fully decentralized and rely on adoption dynamics by users. CBDC will enable people and businesses to have bank accounts directly with the Central Bank through digital wallets. This is unlike the existing system where only banks can open accounts directly with the Central Bank.

Types of Central Bank Digital Currency

CBDC can either be wholesale or retail.
Wholesale CBDCs are for use by regulated financial institutions that hold reserve deposits with a central bank. They build on the current two-tier structure, which places the central bank at the foundation of the payment system while assigning customer-facing activities to Payment Service Providers (PSPs). The central bank grants account to commercial banks and other PSPs, and domestic payments are settled on the central bank's balance sheet. Wholesale CBDCs are intended for the settlement of interbank transfers and related wholesale transactions, for example, to settle payments between financial institutions. The wholesale CBDC is seen as the most popular proposal among central banks because of the potential to make existing wholesale financial systems faster, inexpensive, and safer.

Retail CBDCs modify the conventional two-tier monetary system in that they make central bank digital money available to the general public, just as cash is available to the general public as a direct claim on the central bank. One attribute of retail CBDCs is that they do not entail any credit risk for payment system participants, as they are a direct claim on the central bank. Retail CBDCs come in two variants. One option makes for a cash-like design, allowing for so-called token-based access and anonymity in payments. This option would give individual users access to the CBDC based on a password-like digital signature using private-public key cryptography, without requiring personal identification. The other approach is built on verifying users' identity ("account-based access") and would be rooted in a digital identity scheme.

Why are Central Banks Going for digital currency?

The increasing pressure on the Central Banks at the fast-growing trend of other digital currencies particularly bitcoin and the kind of disruptive effect they may have on the financial system is one major reason why most Central Banks are developing their virtual currencies. The need to facilitate financial inclusion is also a key driver of CBDC programmes which helps to bridge the gap with the unbanked. The declining trend of using physical cash to transact business, especially with the emergence of the COVID pandemic, has resulted in many Central Banks rolling their sleeves and familiarizing themselves with the nitty-gritty of the digital currency. This is to enable them to tap into the benefits of virtual currency as well as promote electronic transactions.

The Central Bank Digital currency and the monetary system

A Monetary System is defined as a set of policies, frameworks, and institutions by which the government creates money and control the exchange of money in an economy. The National Treasury, the Central Banks and commercial banks are part of the institutions that make up the monetary system. The three types of monetary systems are the commodity, commodity-backed monetary system and Fiat money.

Money and its institutional foundations have evolved alongside the technology available. Many recent payment innovations have built on improvements to underlying infrastructures that have been many years in the making. From Real Time Gross Settlement (RTGS) to retail Fast Payment Systems (FPS) which allow instant settlement of payments between households and businesses around the clock, the financial system has evolved and still evolving. Presently, the CBDC will play a very important role in further shaping the monetary system by promoting efficiency, convenience and safety of the payment system.

A well designed CBDC can address the issues around financial inclusion by offering the unbanked alternative pathways to open transactional accounts and participate in the digital economy, particularly those who might otherwise fail to meet banking requirements. This financial access can in turn help drive down poverty and increase economic growth.

CBDCs can help deliver public goods and improve government service delivery, including, for instance, government-to-citizen payments, such as social welfare disbursements and loan and subsidy programs for smallholder farmers or small-medium sized enterprises.

An interest-bearing CBDC as a store of value can have a rate of return in line with risk-free assets such as short-term government securities. The CBDC interest rate would serve as the main tool for conducting monetary policy.

The introduction and widespread use of CBDC can discourage tax evasion, money laundering, and other illegal activities that are made easier by paper currency, especially, large-denomination bills.

Conclusion

There is no doubt that a well-designed CBDC aside from improving settlement finality, liquidity, and integrity in financial services, will also improve the monetary system by providing new tools for controlling money supply, financial inclusion, and regulatory compliance. To this end, in order not to lose monetary control, it is very expedient for stakeholders especially the Central banks to ensure that the implementation and use of the CBDC are built on trust like any other monetary system tool.

By ICAN Corporate Finance Management Faculty

Three Tips for Financial Resilience and Business Survival

By Lee Henderson

Entrepreneurs can make their businesses more resilient with sound cash management.

In brief

• Many business closures directly result from poor cash management tactics.
• Knowing the phases of disruption can help entrepreneurs apprise how financially resilient they are.
• Business leaders should prioritize building a reserve to fall back on in case of hardship and embed cash-conscious behavior into every employee.

Entrepreneurs frequently ask me how they can make their businesses more resilient. I tell them that sound cash management plays a critical role as most mid-market companies typically function with just a 30- to 90-day liquidity buffer, without rich balance sheets, extensive credit lines or lots of cash lying around.

Any number of situations can set a business back: competitor innovation, inflationary pressure, a pandemic, supply chain disturbances and more. Regardless of the sector a business calls home or what product or service it offers, entrepreneurs need to confirm that their companies have ample cash lifelines during disruptions.

From watching companies go through ups and downs throughout my career, here are my top three tips for financial resiliency and business survival.

1. Be aware of and avoid common cash management fallacies

According to analysis of data from the Bureau of Labor Statistics, more than 18% of businesses fail within their first year and 50% within the first five years.1 While I can't speak for every company, in my more than 25 years of experience, a great many business closures directly result from poor cash management tactics that leave a business without good options and, therefore, the inability to overcome macroeconomic challenges.

During the height of the COVID-19 pandemic, there was massive disruption to the workforce, supply and demand. For some companies, that meant sales and cash evaporated overnight, while at the same time, their sources of capital dried up. You can't run a company without customers, and you can't satisfy obligations without liquidity.

Too often, ambitious entrepreneurs pour their energy into making their products or services more competitive at the expense of managing net working capital: accounts receivable, measured as days sales outstanding; accounts payable, or days payable outstanding; and inventory, or days inventory outstanding. They don't make sound cash management a priority and leave themselves vulnerable to disruptions, such as a pandemic or a down market.

As my colleague Peter Kingma said, "The balance sheet is your suit of armor in turbulent times, and if it's strong, it gives you the opportunity to respond in ways that others can't."

It's harder to see the impact of resiliency efforts if you're only looking quarter to quarter. For some companies facing shareholder pressure or other calls for an immediate return, this can create conflict with the need to generate short-term profitability. However, underinvestment in maintaining your balance sheet can lead to failure.

It falls to leadership to understand this and strike a balance; no one will enjoy returns if the business has zero operational resiliency.

2. Know your position in the different stages of a disruption

The wider business community categories resiliency according to the various stages of a market downturn and into three phases similar to how government agencies categorise natural disasters: prevention, response and recovery.
The stages are as follows:

- Prevention
- Response
- Recovery

3. Inculcate cash-conscious behaviour into your company

It all begins with leadership. The founder and executive team must prioritise building a reserve to fall back on in case of hardship, either by setting aside a lump sum for an emergency or building up that total over time.
Leaders also mLeaders also must embed cash-conscious behaviour into every new hire, business department and executive, especially during times of high inflation. Analyse the business's expenditures; what made sense a year ago might no longer be the best choice. Is it time to consider other options? Empower the CFO to ask these hard questions as doing so benefits all employees and stakeholders mutually.

Lastly, confirm that leadership has visibility and control over cash flow through regular updates and check-ins, which will help spot issues before they begin or mount. This will also help the company focus on the cash conversion cycle, pricing and improving long-term cash forecasting rather than pouring all its energy into the product.

A lack of financial resiliency is an active threat to the survival of a business

The winners of their time are companies that can execute successful resiliency turnarounds because they studied and avoided resiliency fallacies, understood the stages of a disruption, never shied away from the innate courage and optimism that encouraged them to start their business, and entrusted leaders who weren't afraid to prioritise business resiliency over short-term profit.

Summary
Businesses need to have ample cash lifelines during disruptions. Entrepreneurs should be aware of and avoid common cash management fallacies, know their position in the different stages of a disruption and inculcate cash-conscious behaviour into their companies.

Henderson is a Private Leader EV Entreprenuers Access Network.

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STUDENTS AFFAIRS

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	Professional Registration	7,000	8,000
2.	ATSWA Registration	6,000	7000
3.	Professional Subscription	4,000	4,400
4.	ATSWA Subscription	2,500	2,750

EXEMPTION

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	BSc/HND Full Exemption	72,800	80,100
2.	2 Papers in Foundation	28,700	31,600
3.	1 Paper in Foundation	22,500	24,750
4.	All Papers in Foundation & Skill	122,800	135,100
5.	12 papers (ACCA UK)	174,800	192,300
6.	4 Papers in Foundation, 2 in Skills	82,800	91,100
7.	3 Papers in Foundation, 1 Paper in Skill	66,600	73,300
8.	3 papers in Foundation (old ATS)	34,900	38,400
9.	14 Papers (CIMA UK)	191,000	210,000
10.	2 in Foundation, 2 in skills (AIA, AAT UK)	66,600	73,300
11.	All Papers in Foundation, Skill & Professional (ICAEW)	202,000	222,000
12.	1 Paper in Skills	31,700	34,900
13.	3 Papers in Skills	51,700	56,900
14.	2 Papers in Foundation, 1 Paper I Skills	60,400	66,500
15.	4 in Skills (ANAN)	61,700	67,900
16.	1 in Foundation, 5 in Skills	94,200	103,600
17.	3 in Foundation, 5 in Skills	106,600	117,300
18.	4 in Foundation, 5 in Skills, 4 in Professinal	181,000	199,100

ATSWA EXEMPTION

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	Part I & II	25,680	28,300
2.	Part I & PPFA	21,060	23,200
3.	Part I (Except BLAW)	10,860	11,950
4.	Part II only	13,500	14,850
5.	Part I	12,180	13,400
6.	Subject by Subject	8,220	9,050

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Accreditation

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	New Institutions	60,000	100,000
2.	Institutions due for Accrediation	60,000	100,000
3.	Recognition Fee	25000	28,750

PROFESSIONAL PRACTICE

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	Firm's Registration	10,000	11500
2.	Practice Licence Application Fee	50,000	55000
3.	Seal Application	15,000	17250
4.	Stamp	500	600

PROFESSIONAL EXAMINATIONS

FOUNDATION

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	1 Paper	22500	25300
2.	2 Papers	28,700	32300
3.	3 Papers	34900	39300
4.	4 Papers	41100	46200

SKILLS

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	1 Paper	31,700	35,700
2.	2 Papers	41,700	46,900
3.	3 Papers	51,700	58,200
4.	4 Papers	61,700	69,400
5.	5 Papers	71,700	80,700
6.	6 Papers	81,700	91,900

PROFESSIONAL

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	1 Paper	34,450	38,800
2.	2 Papers	45,700	51,400
3.	3 Papers	56,950	64,100
4.	4 Papers	68,200	76,700
5.	5 Papers	79,450	89,400

ATSWA

PART 1

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	1 Paper	14,700	16,200
2.	2 Papers	17,900	19,700
3.	3 Papers	21,100	23,200
4.	4 Papers	24,300	26,700

PART 2

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	1 Paper	15800	17400
2.	2 Papers	19350	21300
3.	3 Papers	22900	25200
4.	4 Papers	26450	29100

PART 3

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	1 Paper	17,200	18,900
2.	2 Papers	21,350	23,500
3.	3 Papers	25,550	28,100
4.	4 Papers	29,700	32,700

MPDD

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	MCPD	25,000	30,000
2.	MCPD - Webinar	15,000	20,000
3.	MCPD - Outside (Physical)	25,000	30,000
4.	EMCPD - Virtual	30,000	35,000
5.	EMCPD - Physical	80,000	100,000
6.	In - House	40,000	50,000
7.	Accreditation (Organization)	50,000	75,000
8.	Accreditation (Individual)	10,000	15,000

MEMBERSHIP AFFAIRS

Annual Accountants' Conference

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	Non-Resident with Meal	220,500	242,550
2.	Non-Resident without Meal	136,500	150,150
3.	Virtual Participants	75,000	82,500
4.	Young Accountants	60,000	66,000

Fellowship Conferment

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	Physical	120,000	140,000
2.	Virtual	110,000	130,000

AATWA Induction

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	Induction Fee	24,500	28,200

Professional Induction

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	Induction Fee	110,000	121,000
2.	Registered Accountant	380,000	414,000

Reciprocity

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	Special Candidates Route	600,000	690,000
2.	PAO Route	600,000	690,000

ANNUAL DINNER & AWARDS

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	Couple	25,000	30,000
2.	Table for 10	180,000	300,000
3.	Single	15,000	20,000

FACULTIES

Audit & Forensic

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	Virtual Seminar	7,500	8,000
2.	Module 1-6 Lagos	235,000	250,000
3.	Module 1-6 Virtual	200,000	220,000
4.	E Learning	10,000	12,000

Taxation

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	E Learning	10,000	12,000
2.	Tax Seminar - Virtual	7,500	8,000
3.	Tax Academy	180,000	216,000
4.	Induction Fee	25,000	30,000

Corporate Reporting

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	IFRS Modules 1& 2	125,000	150,000
2.	IFRS Module -Virtual	100,000	120,000
3.	IFRS Contemporary	80,000	96,000
4.	Practical Conversion	60,000	72,000
5.	E Learning	10,000	12,000
6.	Induction Fee	25,000	30,000
7.	Lagos Webinar	7,500	8,000

IT & Consulting

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	Modules 4 & 5	220,000	242,000
2.	Accountalk - Virtual	20,000	24,000
3.	E- learning	10,000	12,000
4.	Virtual Seminar	7,500	8,000
5.	Induction Fee	25,000	30,000

Corporate Finance

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	Webinar	7,500	8,000
2.	Modules 1-3 Lagos	200,000	220,000
3.	E Learning	10,000	12,000
4.	Induction Fee	25,000	30,000

Insolvency

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	Modules 1 & 2	90,000	108,000
2.	Online Certification 1 & 2	65,000	78,000
3.	Virtual Seminar	7,500	8,000
4.	Induction Fee	25,000	30,000
5.	Insolvency Intl Conf	20,000	24,000
6.	E Learning	10,000	12,000

Public Finance

S/N		Old Fees/Price (N)	Approved Fees/Price (N) Effective 1/1/2023
1.	IPSAS Lagos	80,000	96,000
2.	IPSAS Abuja	60,000	72,000
3.	IPSAS Workshop - Virtual	20,000	24,000
4.	Public Finance Certification	200,000	220,000
5.	E- learning	10,000	12,000
6.	Virtual Seminar	7,500	8,000
7.	Induction Fee	25,000	30,000

Prof. Ahmed M. Kumshe, FCA
Registrar/ Chief Executive

The Health Benefits of Swimming and How to Get Started

By Sherri Gordon

Swimming is a full body workout that is accessible to people of all ages and fitness levels. Not only do you use your entire body to propel you through the water, working your heart, muscles, and lungs, but the buoyancy of the water allows you to move without putting as much stress on your joints as you would with higher-impact activities like walking or running.

As the fourth most popular sport in the U.S., swimming also offers a number of health benefits. In fact, people who swim have about half the risk of death compared with people who are inactive.1 Plus, it is a lifesaving skill that everyone should have regardless of their age.

Here are the health benefits of swimming and how to get started.

Helps Manage Arthritis

If you have osteoarthritis, you may want to consider spending more time in the water. Swimming can reduce your joint pain and stiffness as well as improve your muscle strength and functional capacity. Additionally, it can be just as effective as cycling—which is often prescribed for people with arthritis.

Some studies even show that swimming may be more beneficial than land-based activities for improving joint function, reducing pain, and enhancing quality of life in those with osteoarthritis. In fact, experts suggest that swimming and other aquatic exercises could be used alongside medication as well as with manual therapy and knee bracing.

As for those for rheumatoid arthritis (RA), it is important to work with a healthcare provider to determine whether or not swimming may be right for you. While there is some evidence that people with RA may experience less joint pain and improved joint function, the studies are small and limited.

16 Gentle Exercises for People With Arthritis

May Improve Mental Health

Swimming is one of the few sports that allows you to escape the outside world. Regardless of whether you are submerged in water swimming across a lake or doing laps in the community pool, you are essentially unplugged while you are exercising. This time away from technology can offer a number of mental health benefits. Plus, the sensation of the water gliding over the skin can be relaxing.

More specifically, swimming can not only boost your mood, but also may be useful in combatting anxiety. In fact, swimming on a consistent basis can help you manage your response to stress. Meanwhile, the release of feel-good chemicals in your brain like endorphins, serotonin, and dopamine help you feel more at ease.

Meanwhile, a study involving a 10-week swim program found that participants experienced reduced fatigue, anger, and depression symptoms. They also reported an improved mood and a heightened sense of well-being. And, a few case studies suggest that swimming consistently may reduce the need for antidepressants.

Improves Heart Health

Just like other forms of cardiovascular exercise, swimming supports your heart health. For instance, a study of 43 people with prehypertension or stage one hypertension showed that after 12 weeks of erably lower blood pressure. They also showed signs of improved cardiovascular health.

Provides Benefits for Older Adults

Swimming also is an ideal form of exercise for older adults, especially because it is a full body workout that has a low risk of injury. Not only are you working your heart and lungs with every movement, but you are not taxing your ligaments and joints in the process.
It also reduces your risk of heart disease, dementia, depression, and anxiety. Even the risk of sarcopenia, an age-related decline in muscle mass, is reduced because swimming creates the resistance you need to strengthen muscles.
Plus, there is some evidence that swimming and other water-based activities may improve your quality of life and decrease your risk of disability. Swimming also can have a positive impact on bone health—particularly for post-menopausal people.

There is even some evidence that using aquatic exercise as an intervention may reduce the behavioral and psychological symptoms in people with dementia as well as improve their psychological well-being.

Improves Sleep

If you have trouble sleeping at night due to pain or you regularly battle insomnia, swimming may help improve your sleep. While most research on how exercise impacts sleep has focused on land-based exercises, there is some evidence the swimming can have the same effect.
For example, one study of 30 adults with chronic musculoskeletal pain found that six weeks of moderate-intensity aquatic exercise improved their sleep and reduced pain. Meanwhile, a study on older adults with insomnia found that the participants experienced improved sleep quality and overall life satisfaction after participating in consistent aerobic exercise like swimming.

Burns Calories

If your health goals include burning more calories or losing weight, you may want to consider adding swimming to your workout regimen. Not only will you burn a significant number of calories, but you will be working out your entire body. Plus, most people can achieve a calorie deficit when swimming.
For instance, a 185-pound person swimming laps at a vigorous pace for 30 minutes could potentially burn 420 calories. Meanwhile, a person of the same weight participating in aquatic exercise or swimming at a more general pace for 30 minutes could potentially burn between 168 calories and 252 calories. As a comparison, the same 185-pound person would burn roughly 159 calories while walking 30 minutes at a moderate pace or 126 calories while weightlifting.15

What Exercises Can Burn a Ton of Calories?

Strengthens Muscles

Swimming is a type of resistance training where the water provides the resistance as you move your body through it. In fact, the resistance you get from water is 10 times what you would experience on land. As you swim, you also are working almost every muscle in your body, so you can expect to build strength in your upper body, your lower body, and your core if you swim consistently. In fact, the strokes you use to swim target your body's main muscle groups. From your abs, back, forearms, and shoulders to your hamstrings and glutes, you can expect to use almost every muscle in your body.
That said, if you want to do more than just strengthen your muscles, you may want to incorporate other exercises as well like weightlifting. Keep in mind that swimming is a low impact activity that is easy on the joints and can help improve your strength and fitness levels. But depending on your health and fitness goals, it may make sense to also incorporate some high impact activities as well.

Decreases Metabolic Syndrome Risk Factors

Swimming is not only an easily-accessible form of exercise, but it also can be performed by people of all ages, weights, and fitness levels. It also can play a key role in reducing your risk of chronic conditions like type 2 diabetes and high blood pressure.
In fact, researchers in a small study of 40 people found that 16 weeks of regular swimming sessions helped to reduce metabolic syndrome risk factors like cholesterol, blood glucose, and blood pressure. Consequently, swimming could be considered non-pharmacological approach to managing type 2 diabetes and high blood pressure. Regular swimming also improved metabolism rates, boosted mood, and increased the number of calories burned.

How to Get Started

To get started swimming, you will first need to find a safe place to swim nearby. For beginners, a pool is sometimes the easiest place to learn because there are lanes you can use and there are usually lifeguards on duty. As you get more comfortable, you can try swimming in open water.
If you are completely new to swimming, it is important that you learn to swim in a safe environment from a credentialed instructor. During your swimming lessons, you should learn different strokes, breathing techniques, and other tips on how to swim efficiently. To find adult swimming lessons near you, check the American Red Cross map of swim instructors or use the U.S. Masters Swimming database using your ZIP code.
If you already know how to swim but it is has been a while since you have done a swimming workout, it is important to start slow and try not to push yourself too hard too fast. Allow your body to adjust to swimming by limiting your swimming workouts to two to three times per week. Eventually, you could get to the point where you are comfortable being in the water every day.20
Although swimming is generally a safe activity for people of all ages and fitness levels, it is still important to talk to a healthcare provider before starting a swimming routine. They can evaluate your medical history and your fitness level to determine what is right for you. Also, as a general rule, you should avoid swimming if you have recently had surgery, have open wounds, or are sick.

Expert-Approved: The 9 Best Swimming Goggles of 2023

Tips for Safe Swimming

While swimming is a great skill to have, there is more to safe swimming than just knowing how to do a few laps. Here are some other things to consider before diving into in a pool, a lake, or an ocean:

- Enroll in an American Red Cross

learn-to-swim course if you cannot swim.

- Swim in designated areas that are supervised by lifeguards.

- Avoid swimming alone; choose a swim buddy.

- Designate someone to watch the water when swimming with a group.

- Keep a close eye on children and do not rely on life jackets as supervision.

- Make sure reaching or throwing equipment is nearby as well as a cell phone and a first aid kit.

- Stay out of the water if you are sick or have diarrhea.

- Check for closures first if swimming in a lake or the ocean.

- Avoid swimming in cloudy water as it could be a sign of germs or pathogens.

- Use well-fitting, Coast Guard-approved life jackets if you need flotation assistance.

5 Ways Chlorine Affects Your Body Long-Term

A Quick Review

Swimming is a low impact, full body workout that helps improve your heart health and muscle strength. Because it tends to be less taxing on your joints, swimming also can be a great alternative for people with osteoarthritis or those who are getting older. Swimming can even boost your mood, improve your sleep, and lower your risk for metabolic conditions.
If you are considering adding swimming to your workout regimen it is important to do so safely. Only swim in designated areas where lifeguards are present and never swim alone. And, if you do not know how to swim, consider taking swim lessons from American Red Cross certified instructors or other knowledgeable professionals.

Culled from www.health.com

2023 Annual Dinner and Award in Pictures.

The Institute held its 2023 Annual Dinner and Awards on Saturday, May 6th in Lagos. The awards were given in recognition of outstanding contributions to the ideals of ICAN. The awards were presented in three categories: Members, Non-Members, and Corporate Bodies.

Former Governor of Akwa Ibom State, Mr. Udom Emmanuel, FCA being decorated with his award insignia by the ICAN President in the Members' Category

The Managing Director/CEO of UYK Nigeria Ltd, Alhaji Usman Yahaya Kansila receiving his award from the ICAN President in the Non -Members' Category

Former Regional Partner & Chairman of KPMG Nigeria, Mr. Kunle Elebute, FCA receiving his award from the ICAN President in the Members' Category

Founder/CEO, Signa House Consulting Ltd, Dr. Greg Ezeilo, FCA receiving his award from the ICAN President in the Members' Category

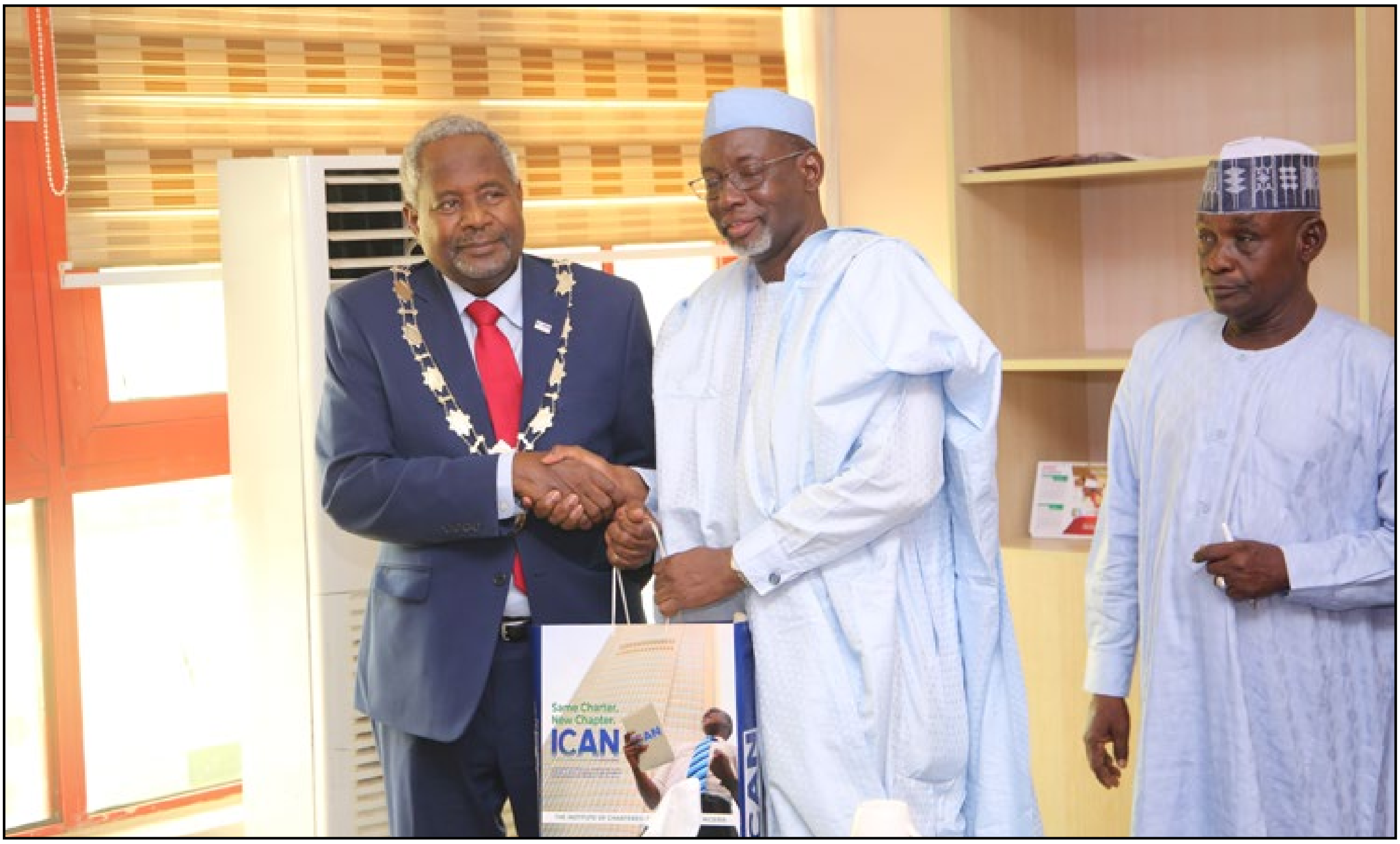
2023 Annual Dinner and Award in Pictures.

Chairman, Federal Inland Revenue Service, Mr. Muhammad Nami receiving his award from the ICAN President in the Non -Members' Category.

Speaker, Ekiti State House of Assembly, Rt. Hon. Olubunmi Adelugba, FCA, receiving her award from the ICAN President in the Members' Category

Representative of the Nigerian Bottling Company, receiving the award on behalf of the company from the ICAN President in the Corporate Body Category

Representative of Pedabo receiving the award on behalf of his organization from the ICAN President in the Corporate Body Category.



ICAN President, Mallam Tijjani Musa Isa presenting a souvenir to Jigawa State Governor, Mallam Umar Namadi during his courtesy visit to the governor.

ICAN President, Malam Tijjani Musa Isa with the Commandant of Police Academy, Kano, AIG Banji Lawal during the launch of The ICAN Polac Forensic Accounting and Fraud Examination Certification Programme

ICAN President's entourage in a group pix with the Emir of Zazzau (Zaria), Mallam Nuhu Bamali at his palace

ICAN President, Mallam Tijjani Musa Isa presenting a souvenir to the Managing Director of Cornerstone Insurance, Mr Ganiyu Musa during ICAN's courtesy visit to the company

L-R - Dr Ademola Makinde, member of ICAN Golf Tournament committee; Mrs Katchy Patience, Coordinator, ICAN Golf Tournament; Mallam Tijjani Musa Isa, ICAN President; Mrs Comfort Eyitayo, immediate Past President, ICAN and Honorable Yakubu Dogara, former Speaker, House of Representatives at the IBB Golf course, Abuja during the 2022/2023 ICAN President Golf Tournament.

ICAN Delegation at the 21st World Congress of Accountants in Mumbai, India

ICAN

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA | *Accuracy and Integrity*

(Established by Act of Parliament No.15 of 1965)

MEMBERS' CONTINUING PROFESSIONAL DEVELOPMENT
2023 SCHEDULE OF VIRTUAL AND PHYSICAL TRAINING PROGRAMMES

Register on https://*icanportal.org/members/eventregistrations*

PROGRAMME	SECTOR	DATE	MODE/LOCATION	RATE (₦)
MCPD	Consultancy	March 1 - 2, 2023	Virtual	20,000.00
MCPD	Accountancy Practice	March 16 - 17, 2023	Virtual	20,000.00
MCPD	General Corporate Management Practice	March 22 - 23, 2023	Virtual	20,000.00
MCPD	Audit Practice sector	April 5 - 6, 2023	Virtual	20,000.00
MCPD	Tax Practice	April 13- 14, 2023	Virtual	20,000.00
MCPD	Entrepreneurship	April 26 - 27, 2023	Virtual	20,000.00
MCPD	Agriculture Sector	May 10 - 11, 2023	Virtual	20,000.00
MCPD	Information Technology	May 24 - 25, 2023	Virtual	20,000.00
MCPD	General Corporate Management Practice	June 7 - 8, 2023	Physical	30,000.00
MCPD	Manufacturing	June 14 - 15, 2023	Virtual	20,000.00
MCPD	Public & NFPO	June 21 - 22, 2023	Virtual	20,000.00
MCPD	Consultancy	July 5 - 6, 2023	Virtual	20,000.00
MCPD	Islamic Finance	July 19 - 20, 2023	Virtual	20,000.00
MCPD	Telecommunications	July 26 - 27, 2023	Virtual	20,000.00
MCPD	Accountancy Practice	Aug. 2 - 3, 2023	Virtual	20,000.00
MCPD	Energy	Aug. 16 - 17, 2023	Virtual	20,000.00
MCPD	Tax Practice	Aug. 23 - 24, 2023	Physical	30,000.00
MCPD	Entrepreneurship	Aug. 30 - 31, 2023	Virtual	20,000.00
MCPD	General Corporate Management Practice	Sept. 6 - 7, 2023	Virtual	20,000.00

MCPD	Insolvency & Corporate Re-Engineering	Sept. 13 - 14, 2023	Virtual	20,000.00
MCPD	Mining, Oil & Gas	Sept. 20 - 21, 2023	Virtual	20,000.00
EMCPD	Strategic Management in a VUCA World	Sept. 28 - 29, 2023	Physical	100,000.00
MCPD	Banking & Fintech	Oct 11 - 12, 2023	Virtual	20,000.00
EMCPD	Climate Change and Sustainable Development (CCSD)	Oct 23 - 24, 2023	Virtual	35,000.00
MCPD	Capital Market	Oct 31 - Nov. 1, 2023	Virtual	20,000.00
MCPD	Consultancy	Nov 8 - 9, 2023	Physical	30,000.00
MCPD	Insurance	Nov 22 - 23, 2023	Virtual	20,000.00
EMCPD	Managing today's workforce for the future	Nov 29 - 30, 2023	Physical	100,000.00
MCPD	Accountancy Practice	Dec 6 - 7. 2023	Physical	30,000.00
MCPD	Tax Practice	Dec. 13 - 14, 2023	Physical	30,000.00
EMCPD	Environmental, Social, & Governance (ESG) Goals and Stakeholder Management	Dec. 20- 21, 2023	Virtual	35,000.00

PLEASE NOTE THAT THESE DATES ARE SUBJECT TO CHANGES.

For further enquiries on the Institute's Professional Development programmes, **please contact:**
Email: contactcentre@ican.org.ng, mpdd@ican.org.ng or call: 017100311 016309354, 015200430, 08034220624, 08091186024, 07062647164 09053847539.

Members' Professional Development Department
ICAN Annexe-
82, Murtala Mohammed Way,
Ebute-Metta, Lagos.

Registrar/Chief Executive
Plot 16, Idowu Taylor Street
Victoria Island, Lagos
Email: info.ican@ican.org.ng

IPSASB Calls for Papers for 4th Research

In preparation for its 4th Research Forum, which will be co-hosted by Comparative International Governmental Accounting Research Network (CIGAR) at its June 2024 conference, the IPSASB is calling for scholarly contributions from the academic community. This is an opportunity for researchers to have a significant impact on accounting standards used by governments and public sector entities across the globe.

Coordinated through the Academic Advisory Group, which includes independent scholars from all parts of the world, as well as the IPSASB members who have an academic background, the IPSASB is offering a grant of USD $2,000 for selected scholarly papers submitted covering three research areas. Up to six grants are available in total [one of the Research Area 2 grants will be funded by the Association of Chartered Certified Accountants (ACCA)].

LIBOR for all but the most popular currencies and tenors. Overtime, market confidence in the widely used London Interbank Offered Rates (LIBOR) was eroded. As a result, the Financial Conduct Authority (FCA) of the UK announced in 2017 that LIBOR panel bank submission will become discretionary from end of 2021, which meant availability of LIBOR as a benchmark rate becomes completely uncertain. As a result, policymakers and market participants actively encouraged financial institutions to transition from LIBOR to alternative benchmarks. This will have a significant impact on the banking and financial services industry going forward.

The research areas of interest are:

Research Area 1: Research on Practical IPSAS Implementation Challenges
- Natural Resources
- Presentation of Financial Statements

Research Area 2: Sustainability Reporting Focused Research
- Climate Change and Public Sector Reporting Related to Sustainability
- Accounting for Biodiversity in the Public Sector

Research Area 3: Research on Adoption and Implementation of Specific IPSAS
- IPSAS 31, Intangible Assets
- IPSAS 33, First-Time Adoption of Accrual Basis IPSAS
- IPSAS 42, Social Benefits
- The grant recipients, as well as other scholars, will present the first drafts of their full papers at the 2024 Research Forum (June 2024). As a first step, academics are invited to submit abstracts by September 1, 2023. For more information, see the IPSASB's Call for Papers.

IFAC Applauds Release of ISSB's First Two Sustainability Standards

Issues urgent call for global accountancy profession to drive adoption and use of standards
As the global voice of the accountancy profession, IFAC has long supported the establishment of the International Sustainability Standards Board (ISSB) to develop a comprehensive global baseline of sustainability disclosures, endorsed by IOSCO, and used around the world. The goal is a global system for consistent, comparable, reliable, and assurable sustainability information that can be complemented by local standards or broader public policy needs.

With today's release of its first two standards, the ISSB has answered stakeholders' calls to move with pace, to focus on the needs of investors and capital markets, and to build upon existing and respected frameworks and standards.
IFAC CEO Kevin Dancey said, "In one sense, the finalization of S1 and S2 by the ISSB marks the beginning of the work to be done by the accountancy profession. All professional accountants—whether working in business, as preparers or auditors, or serving as leaders of professional accountancy organizations—must now advocate for and implement these standards so that high-quality corporate reporting of sustainability-related information becomes a reality. The ongoing work of the IAASB and IESBA will bring trust and confidence through high-quality—and hopefully mandatory—assurance."
"To that end, IFAC calls on the global accountancy profession to work with local regulators and stakeholders to support the adoption of ISSB standards, to help build capacity for their implementation alongside any local complementary reporting requirements, and to continue to contribute our expertise and feedback to the ISSB as its important standard setting work continues."

IPSASB Begins Development of Climate-Related Disclosures Standard for the Public Sector

The IPSASB has today announced that it will move ahead with the development of the first sustainability reporting standard for the public sector
Respondents to IPSASB's May 2022 consultation paper on Advancing Public Sector Sustainability Reporting agreed that the public sector urgently needs its own sustainability reporting standards and that the IPSASB, with its 25 years of standard setting experience, should lead their development. Public sector specific sustainability reporting standards will equip governments and other public sector entities to provide better transparency, accountability, and comparability of their efforts to combat the climate crisis and other sustainability challenges.
Following a scoping and research phase, the IPSASB has decided to move forward with the development of a public sector specific Climate-Related Disclosures standard and has published a project brief for this major new piece of work. Reporting on climate change is one of the most important issues in sustainability reporting, which also encompasses environmental, social and governance issues.
"The IPSASB's decision to develop a public sector specific Climate-Related Disclosures standard is a huge first step in addressing the public sector's need for sustainability reporting standards." said IPSASB Chair Ian Carruthers. "The Board is delighted to be able to respond to stakeholder calls in this way and hopes to be able to initiate other projects in this critical area in the coming months."

With this launch, the IPSASB will establish a Climate-related Topic Working Group to provide climate-related expertise and advice to support delivery of the project. The IPSASB will also set up a Sustainability Reference Group to provide advice on its overall sustainability reporting standards development program.

Global community engagement is essential to developing sustainability reporting
sustainability reporting standards development program and requires additional resources to be able to scale up its efforts and move with pace. To contribute financial or other support for the development of global public sector specific sustainability reporting standards, please contact Ross Smith, IPSASB Program and Technical Director (rosssmith@ipsasb.org).

The Five Opportunities That Make Accountancy a Passport to Meaningful Careers in the Private and Public Sectors

With the myriad of opportunities available to professional accountants across positions, locales and sectors with the ability to progress in many different roles, accountancy is a passport to meaningful and rewarding careers in both the private and public sectors. This was the theme of the latest meeting of IFAC's Professional Accountants in Business (PAIB) Advisory Group held in New York City, which convenes a global and diverse group of professional accountants working in a variety of leadership positions in business and the public sector.

A new article from IFAC explores five opportunities identified by the PAIB Advisory Group available to professional accountants to shape a career for themselves with lasting impact. By enabling digital transformation, connecting organisational goals to corporate sustainability targets and the sustainability development goals (SDGs), and by helping to manage short and long-term trade-offs, professional accountants are contributing to more resilient and sustainable organisations and economies.

“The accountancy profession is evolving, and there has never been a better time to be an accounting and finance professional,” said Sanjay Rughani, IFAC PAIB Advisory Group Chair. “Professional accountants are critical to driving sustainable prosperity, and we are at a time of unprecedented opportunity to meet the increasing demands for finance and accountancy skills from our multiple stakeholders, including society at large.”

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FEDERAL INLAND REVENUE SERVICE
15 SOKODE CRESCENT, WUSE ZONE 5, P.M.B 33, GARKI, ABUJA, NIGERIA

PUBLIC NOTICE

FILING OF TAX RETURNS AT THE TAX OFFICE CLOSEST TO TAXPAYERS' OPERATIONAL BASES IN LINE WITH FEDERAL INLAND REVENUE SERVICE SEGMENTATION POLICY

The Federal Inland Revenue Service (FIRS) wishes to call the attention of the general public and in particular its esteemed taxpayers to its subsisting policy on taxpayer segmentation and industry specific arrangements for carrying out taxing activities, including filing of tax returns.

The FIRS, by this notice, further reiterates and directs the taxpayers to file their tax returns at the tax office nearest to their business locations or operational bases in line with its taxpayer segmentation policy which comprises Large, Medium, Micro & Small and other specialised Tax Offices, as follows:

S/NO	Taxpayers	Tax Office to file
A	**Companies Operating in Oil and Gas Sector**	
i	Upstream Sector	LTO (Upstream) Lagos
ii	Downstream Sector	LTO (Downstream) Lagos
iii	Services	LTO (Services) Lagos
iv	Midstream	LTO (Midstream) Lagos
v	Other Oil and Gas (O&G) Companies engaged in Downstream or Servicing activities and located outside Lagos	Nearest LTO (O&G) located in Abuja and Port Harcourt
B	**By Size (for others not in category A)**	
i	₦0 – ₦500million Turnover	Nearest Micro and Small Tax Office (MSTO) /Satellite Office to the taxpayer
ii	N500million - below N2 Billion Turnover	Nearest Medium Tax Office (MTO) to the taxpayer
iii	N2 Billion and above Turnover	Nearest Large Tax Office (LTO) to the taxpayer
C	**By Industry (Irrespective of Size)**	
i	Fintech Companies	LTO - Non-oil Financial, Lagos Island
ii	Telecommunications & Broadcasting (including ICT and ISP Companies)	LTO, Telecom & Broadcast, Lagos (₦2billion & above) MTO Telecom & Broadcast, Lagos (between ₦500million – below ₦2billion) Nearest MTO outside Lagos (Below ₦500million)
iii	Aviation, Shipping, Construction & Logistics Companies in Lagos	LTO Aviation, Shipping Construction, Lagos
iv	Manufacturing and Conglomerates & other Professional Services in Lagos	LTO Non-oil Mainland, Ikeja, Lagos
V	Manufacturing, Conglomerates, Banks, Insurance, Aviation, Shipping, Constructions etc in locations other than Lagos (₦2billion & above)	Nearest LTO to the taxpayer
vi	Free Trade Zone Enterprises, Solid Minerals Mining Companies, Companies granted Pioneer Incentives and Entities exempt from tax or granted tax holidays (except Oil & Gas Companies).	Nearest Tax Incentive Management Office (Abuja, Lagos and Port Harcourt)
vii	NGOs	**i.** Tax Incentive Management Office in Abuja, Lagos & Port Harcourt for NGOs in FCT, Lagos & Rivers States. **ii.** Designated MSTOs in the State Capitals for NGOs in locations outside FCT, Lagos & Rivers States.
D	**Government Business**	
i	Federal, State, Ministries, Departments and Agencies as well as Local Government Councils	State Government Business Tax Offices
E	**Non-Residents**	
i.	All non-resident companies and individuals	Non-Resident Persons Tax Office, Lagos Island

The objective of this Public Notice is to encourage ease of doing business in Nigeria while also delivering a customer-centric service to all our esteemed taxpayers.

Signed
Muhammad Nami
Executive Chairman
Federal Inland Revenue Service
March 2023

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Q SQM

Are you prepared to comply with the requirements of ISQM?

From **15 December 2022**, ISQM 1 must be applied by all firms that provide the following services (in addition to audits and other assurance services):

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- Related services (ISRS 4000 – 4699), which include agreed-upon procedures engagements and compilation engagements.

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