

Unity Bank Digest

May 31st 2024

Finance

Economic News

Lifestyle

Higher domestic commodity prices to worsen living standards

Unity Bank Towers

Plot 42, AHmed Onibudo Street
Victoria Island, Lagos, Nigeria

Head Office Annex

Plot 785, Herbert Macaulay Way,
Central Business District, Abuja, FCT

www.unitybankng.com

unity
bank

The Macro

E-commerce platforms begin to adopt digital payment methods

The use of digital payment methods are rising significantly in Nigeria, driven by innovations and collaborations in the fintech sector. This is evident in the 10.58% rise in digital payment users and 640% growth in the local digital payment space between 2008 to 2023.

Notably, Jumia and CredPal have introduced the "Buy Now, Pay Later" (BNPL) plan, a strategic collaboration between the African e-commerce giant and the payment fintech, which is set to significantly boost e-commerce growth in Nigeria and across Africa. Other flexible payment schemes, such as the "Save Now, Pay Later" (SNPL) plan, are also being adopted by some local firms like Keza Africa and CDcare, further enhancing the digital payment landscape.

By offering a BNPL & SNPL option, consumer's access to the marketplace will be significantly enhanced, making it more inclusive and financially accessible. This aligns with the broader economic goals of promoting digital financial services and increasing financial inclusion across Nigeria, as flexible payment solutions such as BNPL can attract more users to e-commerce platforms. Its flexibility can help ease budget constraints and improve financial planning, particularly for those with irregular incomes.

Additionally, the BNPL & SNPL can stimulate consumer spending by lowering the barrier to purchase, which can drive higher sales volumes for retailers and contribute to economic growth. This is particularly beneficial in developing markets with lower disposable income levels. The scheme also promotes financial inclusion by offering credit options to consumers who may lack access to traditional credit facilities, enabling them to build credit histories and gain access to other financial products.

For consumers, especially those with limited access to traditional banking services, BNPL & SNPL payment options represents a crucial gateway to financial empowerment. This model provides an accessible form of credit, enabling individuals to manage cash flow more effectively and build credit histories. As more consumers engage with BNPL services, the resultant data can enhance credit assessments, leading to future tailored financial products and services.



Diaspora remittances drop by 6.28% to \$282.61 million in Q1 2024

In Q1'24, Nigeria received \$282.61 million in direct forex remittances, marking a 6.28% decrease from the \$301.57 million recorded in Q1 2023. These remittances represent money transfers from abroad to individuals within Nigeria.

A detailed breakdown reveals that remittances increased significantly to \$138.56 million in January 2024, representing a 75% surge compared to \$79.19 million in January 2023. However, in February 2024, it experienced a steep decline to \$39.15 million, a reduction of over 53% from the \$83.76 million recorded in February 2023. Similarly, in March 2024, remittances fell to \$104.91 million, down 24% from \$138.63 million in March 2023.

Around 25-30% of Nigerian households depend heavily on remittances as a significant source of income; therefore, this decline will result in reduced funds for essential expenditures such as healthcare, and education. This financial strain will likely compel families to increase borrowing or curtail essential spending, diminishing their overall quality of life. Additionally, the reduction in remittance inflows constrains the availability of foreign currency, potentially depreciating the naira and escalating import costs, leading to higher inflation. This inflationary pressure increases the prices of goods and services, further burdening consumers.

The broader economic implications of lower diaspora inflows include diminished support for small businesses and local economies, potentially affecting employment and economic growth. Currently, an estimated 10% of remitted cash goes to community organizations. Overall, the decline in remittances is likely to result in financial hardship, heightened inflation, and broader economic challenges, adversely affecting consumers' purchasing power and economic well-being.



Nigeria's MPC hikes rates for the third time in 2024

The Monetary Policy Committee (MPC) raised the MPR by 150 basis points, from 24.75%p.a to 26.25%p.a, after its meeting on May 21, 2024. This marks the third consecutive increase in 2024 aimed at curbing inflation, which stood at 33.69% in April 2024.

This policy adjustment reflects the CBN's aggressive stance on inflation control, driven by food price inflation, rising transportation costs, infrastructure deficits, security issues, and exchange rate volatility. The Central Bank of Nigeria's (CBN) measures—including targeting cryptocurrency operations, stabilizing foreign exchange rates, and maintaining high interest rates supported the appreciation of the naira in the NAFEM market by 24.29% in May.

The MPC's hawkish stance will challenge the private sector as the cost of capital increases. Moreover, as the cost of borrowing increases, consumers will be less inclined to spend. This will result in lower economic activities and discourage foreign investment in the country.

FAAC climbs to N1.21 trillion in May 2024

In May 2024, the Federation Account Allocation Committee (FAAC) allocated N1.21 trillion to government tiers, marking an 8% increase from the previous month's N1.12 trillion. This rise was driven by increased oil and gas royalties, companies' income tax, excise duty, petroleum profit tax, electronic money transfer levy (EMTL), and common external tariffs (CET) levies. The allocation included N284.716 billion from statutory revenue, N466.457 billion from value-added tax (VAT), N18.024 billion from EMTL, and N438.884 billion from exchange rate differentials.

A further breakdown of the data reveals that total revenue climbed by 17.34% to N2.192 trillion from N1.868 trillion in April. This was due to the 21.3% rise in gross statutory revenue, which outweighed the 8.9% decrease in VAT revenue (N500.920 billion). The federal government received N69.969 billion from the distributable VAT revenue, state governments N233.229 billion, and local government councils N163.260 billion.

Increased FAAC allocation will likely lead to enhanced public services and infrastructure development. With greater government revenue, we can expect substantial healthcare, education, transportation, and other essential services investments. These improvements will benefit consumers by elevating their quality of life and providing better access to crucial resources. While higher government spending might initially suggest potential inflationary pressures, it also signifies a potential boost in public sector wages and subsidies, which can increase consumer spending power. This, in turn, can drive economic growth and stability.

60% of manufacturers in the north-east shut down due to insecurity

Nigeria's manufacturing sector faces formidable challenges, prominently characterized by heightened costs associated with security risks. Rising insecurity in the north has hindered

farmers' access to their fields and significantly reduced crop yields in the region. This has resulted in the shutdown of 56-60% of firms in the North-East.

In tandem with security concerns, manufacturers grapple with fiscal strains emanating from multiple tax impositions and soaring energy tariffs. Increased security expenditures by manufacturers could lead to higher production costs, potentially resulting in elevated prices for consumer goods. Furthermore, persistent insecurity could lead to supply shortages, driving up prices and affecting consumers' purchasing power and affordability. Overall, consumers may face higher prices, reduced product options, and decreased purchasing power due to manufacturers prioritizing security spending.



Convenient Banking

DIAL

*7799#

Account Opening

Fund Transfer

PIN Change

Balance Enquiry

Bills Payment

Loans

Airtime / Data TopUp

BVN Verification

Cardless Withdrawal

Get started today...



Social story

2024 AMVCA



- The 2024 Africa Magic Viewers Choice Awards (AMVCA), held on May 20, 2024, at the prestigious Eko Hotel in Lagos, Nigeria, celebrated excellence in African film and television and highlighted remarkable achievements within the industry.
- Lola Awe's exceptional costume designs in "Jagun Jagun: The Warrior" captured attention and earned her the prestigious title of Best Costume Designer.
- Meanwhile, Tunde Babalola's skillfully penned emotive storytelling of Funmilayo Ransome-Kuti clinched the Best Writing accolade, emphasizing the profound impact of narrative in captivating audiences.
- In another realm of creativity, Isaac Ayomide Olayiwola, popularly known as Layi Wasabi, won the 'Best Digital Content Creator' award for his impactful work on 'Medical Negligence and Copyright Infringement.'
- The award for Best Movie went to "Breath of Life," and Kehinde Bankole received the award for Best Lead Actress for her performance in "Adire."
- Beyond the limelight, industry stars Chimezie Imo, Esther Idowu Philips (fondly known as Iya Rainbow), and Richard Mofe-Damijo were lauded for their invaluable contributions, receiving well-deserved recognition for their unwavering dedication and talent.
- The AMVCA red carpet was transformed into a spectacular showcase of fashion, with celebrities and their stylists turning it into a battleground of style and glamour.
- Among the best-dressed women at the event were Caroline Hutchings, styled by Tiannah Empire, and Tacha, styled by Medlin Boss.
- Neo Akpofure made a lasting impression with his bold fashion statement, donning a fully beaded form-fitting suit that exuded drama and confidence. Meanwhile, Richard Mofe-Damijo epitomized African royalty with his attire, staying true to the event's theme and paying homage to the rich cultural heritage of the continent.
- As the night unfolded, it became clear that the AMVCA was not just a celebration of talent, but a fusion of artistry and style, where creativity knew no bounds

10 Money-Saving Tips to Survive Inflation

Culled from the CFI.CO¹

What is inflation? It is the decline in the purchasing power of currency and can seriously affect an individual's financial health as prices rise. Luckily, there are many things that you can do to prepare for inflation. Do you want to learn how to survive inflation?

Keep reading this guide for the top 10 money-saving tips that will help with surviving inflation.

1. Assess Your Spending Habits

Assessing your spending habits is one of the easiest ways you can save money in times of high inflation. Inflation can make it difficult to stick to your budget, so you should try to identify all the areas where you are spending money.

This will allow you to adjust your budget and change your spending habits in response to the higher prices.

Are there things that you can temporarily stop paying for to save money? Consider all of the non-essential expenses that you can cut back on!

2. Avoid New Debt

Another important tip that can help you save money as inflation rises is avoiding new debt when possible. In the last year, interest rates have risen, which makes it more difficult to pay off your loans.

This is especially difficult if you have variable rate loans, as the rates can change without much notice.

Avoiding new debt can help you reduce your monthly payments and will give you more financial flexibility!

3. Pay Off Existing Debt

Not only do you need to avoid new debt, but you must also pay off existing debt. When you are in debt, you are responsible for a monthly payment. These obligations can make it more difficult to pay for the things that you need to survive.

To pay off your existing debt faster, you should try paying

1. <https://blog.cfi.co/finance/2022/06/10-money-saving-tips-to-survive-inflation/>

more than the minimum payments on your balances each month!

4. Have an Emergency Fund

Building an emergency fund is necessary for any budget, but is especially helpful when inflation increases. This will help you plan for the future and will protect you in the event of an emergency or changes to the economy.

It is a designated savings account that has reserve funds and will provide you with a buffer that will protect you as prices continue to increase.

5. Wait for Large Expenses

If you were planning on making any large purchases, like a new car or a new appliance, these prices may be affected by inflation.

If possible, it is best to wait to buy these large expenses until it is completely necessary. This way, you can start setting aside extra money to prepare for the increased prices!

6. Shop Sales

Being frugal and learning to save money can help you survive when prices start to rise. One way you can do this is by starting to shop sales. Just because prices are starting to rise doesn't mean you can't enjoy the things that you normally purchase.

Instead, you can just wait until things go on sale to buy them!

There are also other ways you can save money, like buying in bulk or using rewards programs to save money.

7. Diversify Your Portfolio

Having a diverse portfolio can help you prepare for increasing inflation and will help you save money! It is important that you have investments that will continue to appreciate, even as the value of money decreases.

Make sure you don't put all of your eggs in one basket! Having many types of investments will ensure that you don't lose all of your investments to inflation and will protect your portfolio.

8. Find Ways to Increase Your Income

Not only do you need to save money when you are dealing with inflation, but you also must find ways to increase your income. This will help balance the rising costs to keep up with the cost of living.

For example, you can ask your boss for a raise to account for changes in inflation.

There may be other ways that you can increase your income with a side hustle or a hobby that you can use to start making more money.

9. Conserve Energy at Home

There are many expenses that are often out of your hands, like your rent or mortgage payments. However, things like utility bills change each month and you can make changes to your habits to save money!

Finding ways to conserve energy at home can help you save money to combat inflation.

For example, you can start by turning off the lights in rooms that you are not using. You can also keep your

home at a lower temperature during the winter and at a higher temperature in the summer months.

Making these small changes to your energy usage can save a lot of money in the long run.

10. Be Prepared

Finally, it is essential that you are prepared for inflation! You can often expect inflation rates to rise over the years, so learning to prepare for inflation can help you get through the difficult times.

Learning to be frugal and how to increase your savings will provide you with additional cushioning when inflation starts to increase.

When you are prepared, you don't have to panic. You will know what changes to make to survive inflation and you will be okay!

Learn How to Survive Inflation by Preparing Now

Inflation is something that you cannot avoid. Still, there are ways that you can prepare for inflation so it doesn't affect you as much as it affects others around the world. Following each of these tips can help you survive inflation without affecting your financial health.



Contact

Would you like to open an account with us?

Kindly direct all account opening enquiries to:

Angela Odoh

08034520362

aodoh@unitybankng.com

For all other enquiries, contact:

 07080666000/ 07057323225-30

 we_care@unitybankng.com

 www.unitybankng.com

 **Unity Bank Plc**

Plot 42, Ahmed Onibudo Street

Victoria Island

Lagos

Connect with us on Social Media: @UnityBankPlc



IMPORTANT DISCLAIMER: This commentary has been prepared by UNITY BANK. Opinions and any other content including data and market commentary in this document are provided by us for personal use and informational purpose only. Nothing contained in this document constitutes investment, legal, tax or other advice and is not to be relied on in making an investment or other decision. Any pricing included in this communication is indicative and is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has been obtained from sources believed to be reliable but UNITY BANK does not represent or warrant that it is accurate and complete. Neither UNITY BANK, nor any officer or employee thereof accepts any liability whatsoever for any direct or consequential loss arising from any use of this publication or its contents. Any securities recommendations made herein may not be suitable for all investors. Past performance is no guarantee of future returns. Any modeling or back-testing data contained in this document is not intended to be a statement as to future performance. UNITY BANK is incorporated as a public limited liability company in Nigeria and is regulated by the Central Bank of Nigeria (CBN)