

# Unity Bank Digest

September 19, 2024

Finance

Economic News

Lifestyle

Improved  
business  
activities to  
drive economic  
growth

## Unity Bank Towers

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

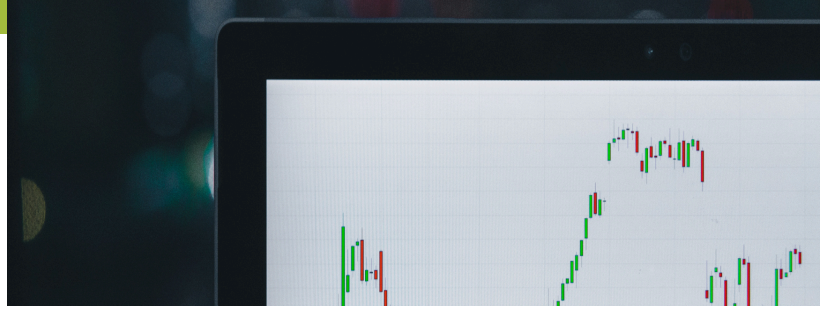
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# The Macro



## 1 Growing flood in Nigeria to worsen food insecurity

Recent flooding in Borno State has caused extensive damage across the state, resulting in at least 30 fatalities. This disaster has also displaced thousands of residents and destroyed vital infrastructure, including homes, schools, and farmlands. The immediate aftermath has left many households struggling to secure basic necessities, exacerbating the already dire humanitarian situation in the region.

The risk of similar flood incidents in other states remains high, particularly in areas such as Bayelsa, Delta, Anambra, Jigawa, Kogi, Nasarawa, and Lagos. These regions are vulnerable due to anticipated heavy rainfall and other climatic factors. If these predictions materialize, the impact on Nigeria's food security could be severe. Flooding disrupts agricultural activities, leading to reduced crop yields and higher food prices. This, in turn, places additional financial strain on consumers, particularly those in low-income brackets. This could further push several vulnerable Nigerians into food insecurity. The United Nations International Children's Emergency Fund (UNICEF) reports that about 160 million Nigerians are moderately and severely food insecure.

Moreso, the growing frequency and severity of these floods underscore the need for a robust insurance sector. As more Nigerians face the prospect of losing their homes, farmlands, and livelihoods, insurance could play a critical role in mitigating the expected negative consequences of the disaster and slightly preserving living standards in the country.



## 2 Business activities rebound in August 2024

Business activities in Nigeria were favorable in August 2024. This positive development was reinforced by the Purchasing Managers' Index (PMI) rising to 50.2 from 49.2 in July. This slight increase in PMI was primarily due to improvements in output (up from 49.7 points to 50.8), new orders (up from 48.8 to 50.5), and the stock of raw materials (up from 50.7 to 51.3). However, employment levels continued to decline, marking the eight consecutive months of contraction.

A further look at the data reveals that sectoral performances varied. The service sector grew for the third consecutive month, with a PMI of 50.7 in July up from 50.3 in June. This growth was mainly driven by the rise in business activities, new orders and higher stock levels of raw materials, with the repair, maintenance, and washing of motor vehicles subsectors at the forefront of this expansion. Agriculture also grew with a PMI of 50.5 points, up from 49.7 points. Conversely, the industrial sector contracted for the seventh straight month with a PMI of 49.2, down from 48.3 in June.

Companies faced rising operational costs in August, driven by higher input costs, particularly for items like animal feed and paper, transportation, and wage expenses. These increases forced businesses to pass on costs to consumers by raising prices. Despite the overall improvement in business operating conditions, there are concerns about the decline in employment levels. This indicates a reduction in employment opportunities and lower income levels in the near term. However, with the PMI still above the expansion benchmark of 50 points, investor confidence is likely to increase. Also, this rise in business activity could help ease inflationary pressures, as evidenced by the recent decline in the prices of goods and services alongside peaking demand.

## **Nigeria's oil production rises for the fourth consecutive month to 1.35mbpd in August.**

In August 2024, Nigeria's crude oil production climbed to 1.352 million barrels per day (mbpd), the highest level since May 2024. This marked the fourth consecutive month of increment in production, rising from 1.307mbpd in July.

The modest increase (3.44%) of 45,000bpd from July's 1.307mbpd, can be attributed to the reforms aimed at addressing inefficiencies in the Petroleum Industry Act announced earlier in May. Consequently, Nigeria reclaim its position as Africa's largest oil producer, surpassing Libya which faced production challenges during the same period.

However, with oil prices dipping, government oil revenue is likely to shrink, worsening budget deficits and depleting external reserves. In August, average oil prices declined by 5.88% to \$78.93 per barrel, down from \$83.86 per barrel in July. Businesses reliant on oil-based products could see a reduction in operational costs, improving profitability. Nonetheless, the government's investment incentives in the oil sector may create new job opportunities and boost profit levels for businesses.

## **FAAC allocates ₦1.36 trillion to the tiers of government**

In July 2024, the Federation Accounts Allocation Committee (FAAC) disbursed a total of ₦1.36 trillion (trn) to the three tiers of government, marking a 0.74% increase from the ₦1.35trn in June. This disbursement was derived from a gross statutory revenue of ₦2.61trn, supported by significant contributions from various sources, including oil and gas royalties, value-added tax (VAT), petroleum profit tax, and other levies. The total revenue distributable for July 2024 included statutory revenue of ₦161.59bn, VAT of ₦528.31bn, ₦18.82bn from the electronic money transfer levy, ₦581.71bn from exchange differences, and ₦13.65bn, totaling ₦1.358.1trn.

Notably, VAT collections were the highest, increasing by 11.13% to ₦625.33 billion (bn) from ₦562.69bn in June. This uptick in VAT revenue is attributed to higher consumer

spending and improved tax compliance, with the Federal Inland Revenue Service (FIRS) reporting a 20% increase in compliance over the year. The FIRS collected ₦3.94trn in taxes during Q1'24, a 56% increase from ₦2.52trn in Q1'23.

Since 2020, when VAT was increased to 7.5% from 5%, collections have consistently risen, signaling intensified government efforts to curb tax evasion and broaden the tax base. However, there have been proposals for a VAT increase to 12.5% by 2026 since the government would require more revenue to finance the new minimum wage of ₦70,000 and reduce the budget deficit.

However, there was a decline in company income tax collections, which can be attributed to a slowdown in company profitability. The purchasing managers' index dropped to 49.2 in July from 50.1 in June, indicating a contraction in the private sector due to inflationary pressures negatively impacting consumer demand.

This increase in FAAC allocation provides the government with more revenue to effectively carry out operations, meet wage demands, and provide public goods. However, there are risks of fund mismanagement that will likely offset the expected benefits of the increase in FAAC allocations.

## **Nigeria's gas waste could supply power to three million homes**

Nigerians have long depended on generators for over 40% of their electricity needs. Between 2017 and 2023, the national power grid experienced forty-six collapses, with three additional collapses in 2024, leading to an epileptic power supply. In 2023, natural gas accounted for 75% of Nigeria's electricity generation.

Nigeria flared an estimated 148.7 million standard cubic feet of gas in the first half of 2024. This is enough to generate 3,401.83 megawatts (MW) of electricity, sufficient to power at least 3.4 million homes and significantly reduce the country's electricity deficit. For context, Nigeria's peak power generation so far in 2024 is 5,000 MW, which is 25% below the 6,000 MW potential.

The energy sector remains hampered by dilapidated substations and aging transformers. This wasted gas exacerbates the energy crisis and has led to economic losses estimated at approximately \$360 million, affecting both businesses and households. As a result, more than 100 million Nigerians remain without access to electricity, and over 75% of the population lacks access to clean cooking energy.

For consumers, much of the liquefied petroleum gas (LPG) used domestically is imported due to low LNG production and poor refining capacity. The country is still subject to imported inflation, with households facing uncertainty and volatility in energy supply, straining the economy. Imported inflation rose by 40.67% in July 2024 from 37.95% in June 2024. The lack of consistent and affordable electricity directly limits consumers' ability to achieve substantial income growth and productivity and restricts economic expansion.

### **Nigeria seeks \$500 million loan from the World Bank to address workforce shortages**

The Nigerian government is set to secure a \$500 million loan from the World Bank under the Nigeria Human Capital Opportunities for Prosperity and Equity Governance Programme. This programme aims to address human resource shortages in education and healthcare. The World Bank is expected to give its final approval for the loan on September 26, 2024. This initiative is included in a broader \$2 billion program targeting systemic reforms from 2024 to 2028.

The loan would alleviate the shortages of qualified teachers and healthcare workers, especially in regions where these deficits are most severe. The focus will be on improving recruitment, deployment, and performance management, enhancing service delivery nationwide. An advantage of the loan is that it supports implementing modern payroll management systems, such as Nigeria's bank verification numbering and national identity numbers platforms, to reduce fraud.

Additionally, this initiative is much needed as Nigeria's human capital index is among the lowest globally. World Bank projections suggest that children born today will achieve only 36% of their potential productivity if current conditions remain unchanged. Investing in human capital is essential for

driving sustained growth and yielding future benefits, and this can only be achieved through the advancement of education and healthcare.

If properly utilized, the loan will have a significant impact. Education is irrefutable in breaking the vicious cycle of poverty. If better services are offered, enrollment rates increase, leading to a growing productive labor force. Given that Nigeria's health and education sector is underfunded, accounting for only 5% and 7.9% of the 2024 total budget allocation, this funding will be particularly beneficial for the country, especially for low-income households.

### **Insecurity ranks as the top constraint faced by Nigerian businesses**

In July 2024, insecurity topped the list as the most pressing issue faced by Nigerian businesses. High interest rates, insufficient power supply, multiple taxations, extortion, corruption, and many more followed. This analysis was reinforced by the business expectation survey conducted by the CBN for July 2024.

The persistent insecurity has its roots in several regional conflicts, which have severely disrupted economic activities. This is particularly true in the northeast and north-central regions, where banditry and kidnapping have negatively impacted agricultural productivity and overall businesses in the country. Despite these challenges, business confidence varied across several regions. For example, in the north, businesses showed more optimism, while in the southern regions, they were more pessimistic about the upcoming months. This can be attributed to regional disparities in economic pressures and security concerns.

Over the next six months, a gradual improvement in security is anticipated, which should positively impact business conditions. This expectation is attributed to government initiatives, such as the Pulako resettlement initiative, which secured ₦51 billion in June to revitalize affected areas and promote peacebuilding efforts. Moreover, when businesses face safety uncertainties, they cannot carry out operations effectively, leading to scarcity of goods and services, which worsens living costs and diminishes consumers' purchasing power. Addressing these issues would go a long way in enabling a more secure business environment to support output growth and improve living standards in the near term.

# Convenient Banking

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# Press Release

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## Unity Bank Champions Digital Literacy and Innovation for Youth Empowerment

In line with its commitment to supporting youth empowerment and technological innovation, and creating opportunities for Nigerian youths to thrive in the digital economy, Unity Bank Plc recently held a high-impact webinar to explore the role of digital technology in sustainable development.

The event drew participants from across Nigeria featuring the Telecommunications, Media and Technology, (TMT) ecosystem including start-ups, players in fintech, content creators, etc.

The event featured two Nigerian technology industry leaders including Mr. Gbolahan Salami, Senior Vice President, Growth, Product, and Strategy at WakaNow, and Mr. Micheal Ogundare, who is the CEO and Co-founder of Crop2Cash. Both speakers shared insightful perspectives on leveraging digital technology to empower the next generation and foster inclusive growth.

Commenting on the International Youth Week webinar, Unity Bank's Head of Strategy and Innovation, Mr. Ibukun Coker, said that through youth-friendly products, special business grants from the Bank's youth-focused initiatives such as the Corpreneurship Challenge programme as well as other financing packages, the Bank will continue to accord priority to Micro, Small and Medium-sized businesses in technology.

He added: "Empowering the youth through digital technology is key to unlocking sustainable development in Nigeria. At Unity Bank, we are committed to driving initiatives that bridge the digital divide and equip young people with the skills needed to thrive in today's fast-evolving economy. This webinar is part of our ongoing effort to support the growth of a digitally inclusive society, ensuring that our youth are well-positioned to harness technology for positive change and economic progress."

The event provided an opportunity for participants to interact directly with the speakers, with many expressing renewed optimism about their potential to leverage digital technology for personal and societal advancement.

Recall that recently Unity Bank partnered with SkillPaddy in its "Count Her In" tech Programme focused on empowering no fewer than 1,000 female beneficiaries in Software Engineering Training. The IT skill development and empowerment initiative was intended to bridge talent supply gaps while providing individuals with the opportunity to meet their training goals and launch careers in the tech industry. About 40 young girls received full sponsorship from the Bank in the special training initiative, which was conceived as part of activities to commemorate this year's International Women's Day 2024.

# Social story

## Premier League 2024/2025 Season



- August 16, 2024, marked the start of the new season of the Premier League, which was eagerly anticipated by fans, elite soccer players, coaches, and spectators.
- This moment was full of excitement, fueled by the remarkable experience of the previous season, which broke the record with 1,246 goals scored, surpassing the previous record set in 1992/ 1993 despite fewer matches being played.
- It saw the victory of becoming the first premier league season to score more than three goals per game and the highest goals-per-game rate (3.28) since 1964/ 1965.
- The 2024/2025 game kicked off with a match between Manchester United and Fulham.
- The excitement continued on August 17, 2024, when Brighton & Hove Albion's Fabian Hurzeler made history as the youngest manager in Premier League history, leading his team against Everton.
- Soccer fans look forward to many more matches, including Manchester United versus Liverpool on August 31, 2024, and the first North London derby between Tottenham Hotspur and Arsenal on September 14, 2024.
- The Premier League continues to attract top talent from around the globe, with players from countries such as Brazil, France, and Portugal making significant impacts.
- Outstanding players that fans look forward to are David Raya, William Saliba, Gabriel, Declan Rice and Martin Odegaard from Arsenal, while Kyle Walker, Rodri, Phil Foden, and Erling Haaland from Man City were the top 2023/2024 PFA premier league team of the year,
- These players have made headlines with their performances by topping the charts and making victories for their various teams.
- The Premier League matches are aired on various platforms, including SuperSport channels on DSTV or DStv Stream/GOTv Stream app in Nigeria.

# Lifestyle



## 7 Ways for Seamless Online Financial Services with Digital Banking

*Culled from Medium<sup>1</sup>*

Digital banking has revolutionized how we manage our finances and has helped many financial institutions earn a service award. It has allowed us to conduct financial transactions at the touch of a button, saving time and effort. Here's a look at seven ways digital banking offers seamless online financial services:

### 1. 24/7 Access to Banking Services

Digital banking allows customers to access their accounts, view balances, transfer funds, and more, 24/7, from anywhere in the world. Gone are the days when you had to wait in long lines at the bank. With a simple internet connection and a smartphone or computer, banking is now conveniently at your fingertips.

### 2. Enhanced Security Measures

With the rise in online fraud and cyber threats, digital banking platforms have implemented robust security measures. From two-factor authentication to biometric verification, these security features provide peace of mind that your financial information is safe and secure.

### 3. Personalized Banking Experience

With AI and machine learning, digital banks analyze your spending and provide personalized suggestions. Whether it's budgeting advice, investment suggestions, or tailored offers, your banking experience is customized to your unique needs and goals.

### 4. Integrated Financial Management Tools

Digital banking often includes integrated tools that make financial planning and tracking easier. From budgeting tools that sort your expenditures to investment platforms enabling seamless portfolio management, these integrated solutions establish a comprehensive hub for your financial requirements.

### 5. Efficient Customer Support

Most digital banking platforms offer multiple customer support channels, including chatbots, email, phone, and video conferencing. This multi-channel approach ensures customers can reach out and get assistance most conveniently, enhancing the overall customer experience.

1. <https://medium.com/@mikeszczeszny.edco/7-ways-for-seamless-online-financial-services-with-digital-banking-cbe4bf07c19c>



## **6. Paperless Transactions**

Digital banking promotes sustainability by offering paperless transactions. Everything, whether statements, invoices, or receipts, can be accessed and stored digitally. This reduces the environmental impact and makes organizing and retrieving documents easier.

## **7. Global Reach with Localized Services**

With digital banking, geographical boundaries are no longer a limitation. You can access banking services from anywhere, and many banks now offer localized services to cater to different regions. Whether it's currency exchange, international transfers, or regional investment opportunities, digital banking makes it all possible.

### **The Future of Digital Banking**

Digital banking emphasizes a user-friendly experience, accommodating customers' varied needs. Its responsive design ensures that banking services remain intuitive and navigable across different devices, whether a desktop, tablet, or mobile phone.

One standout feature is simplifying cross-border transactions, making them more accessible and cost-effective. The ability to convert currencies and initiate international transfers online offers customers an effortless way to manage global financial matters. This ease of handling international transactions is complemented by integrated investment management services provided by many digital banking platforms. These services allow

customers to monitor and manage their investments within the same interface, streamlining the investment process with insights, recommendations, and trade facilitation.

Real-time notifications and alerts further augment the user experience. Customers can set up alerts for specific account activities like withdrawals, deposits, or low balances. These instant notifications empower customers to stay abreast of their financial state, enabling prompt action and informed decisions.

Moreover, recognizing the importance of financial literacy, many digital banking platforms now offer educational resources and tutorials. These insights cater to varying levels of financial understanding, from basic budgeting tips to complex investment strategies.

Additionally, some digital banks provide sustainable and socially responsible investment options. These options align with the principles of environmentally conscious and socially aware customers, reflecting the banks' commitment to broader societal values.

# Contact

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