

Unity Bank Digest

March 5th, 2025

Finance

Economic News

Lifestyle

Lower petrol prices to slightly ease the cost of living crisis

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Burning Issues

FG plans hike in Electricity tariffs for non Band A customers

On February 27, 2025, the Nigerian government announced plans to restructure electricity tariffs to address the pricing disparities across consumer bands. Currently, Band A customers, who benefit from at least 20 hours of uninterrupted electricity daily, pay ₦209/kWh, while Band B consumers, with access to 17-18 hours of electricity, are charged a significantly lower rate of ₦63/kWh. This price gap has created inefficiencies in revenue collection, discouraged investment in power infrastructure, and slowed the migration of lower-band customers to higher service categories.

Since the implementation of cost-reflective tariffs in 2024, power sector revenue has increased by 70%, rising to ₦1.7 trillion from ₦1.05 trillion in 2023. However, this revenue growth is insufficient to offset rising debt service burden as a result of higher interest rates. This makes the case for a tariff review imperative and also justifies the call for a debt forbearance for the DisCos who are mostly underwater. A poorly managed tariff realignment could push businesses to revert to expensive alternative energy sources, such as diesel and petrol generators, thereby negating any potential economic benefits of improved power supply. Higher tariffs without corresponding service improvements would strain household and business budgets, making cost-reflective pricing a contentious issue.

Additionally, the power sector's demand elasticity suggests that a sudden tariff hike without a corresponding improvement in service delivery will likely reduce consumption and increase default rates. To sustain consumer confidence and justify higher charges, DisCos must invest in metering, upgrade infrastructure, and implement transparent billing systems. Without these measures, tariff revisions will exacerbate economic hardship rather than enhance efficiency in Nigeria's electricity market.



Pump price of petrol drops to ₦860/litre in February 2025

The pump price of petrol has declined by 7% to ₦860/liter from ₦925/liter, following a reduction in the ex-depot price by Dangote Petroleum Refinery. On February 26, Dangote Petroleum Refinery announced a 7.3% reduction in the ex-depot price of Premium Motor Spirit (PMS) to ₦825/litre from ₦890/litre. This marks the second price cut in February, following an earlier reduction of ₦60/liter at the beginning of the month. The latest adjustment brings the total reduction since January 2025 to ₦125/litre, signaling a deliberate effort to alleviate cost pressures on businesses and households amid ongoing economic challenges.

Fuel prices remain a critical determinant of inflationary trends, influencing transportation costs, production expenses, and consumer purchasing power. For the transportation and logistics sector, lower fuel prices could marginally reduce operating expenses, potentially leading to slight fare adjustments for commuters and traders moving goods across the country. Consumers who depend on petrol-powered generators will experience a marginal decrease in energy expenses, easing the burden of rising operational costs. While this could lead to improved price stability in the cost of goods and services, broader economic relief will depend on other inflationary pressures, such as currency depreciation and supply chain constraints.



Why Local Businesses and SMEs Should Record and Keep Track of Their Business Finances: Driving Success Through Financial Management

Culled from Medium¹

Local businesses and Small and Medium-sized Enterprises (SMEs) often find themselves competing against large corporations. To survive and thrive, it's essential for local businesses and SMEs to maintain a strong financial foundation. With accurate recording and keeping track of their business finances, these smaller enterprises can gain a competitive edge and pave the way for sustainable growth and success. We will explore the reasons why maintaining accurate financial records is crucial for local businesses and SMEs.

Enhanced Decision-Making:

Accurate financial records provide valuable insights into a company's financial health. Armed with these insights, business owners can make well-informed decisions. Let's consider an example:

A small retail store is looking to expand its product offerings. By analyzing its financial records, the store owner discovers that a specific category of products consistently outperforms others in terms of profitability. Armed with this information, the owner can confidently

allocate resources to expand that category further, which may lead to increased revenue and higher overall profitability.

According to a study conducted by Intuit, 89% of SMEs that use financial data for decision-making reported an improvement in their business performance within the first year.

Improved Cash Flow Management:

For local businesses and SMEs, maintaining a healthy cash flow is vital for day-to-day operations and long-term growth. Proper financial records can aid in understanding when and where cash flows into and out of the business, facilitating better cash flow management.

A small manufacturing company often struggles to pay its suppliers on time due to inconsistent cash flow. By analyzing its financial records, the company identifies seasonal fluctuations in demand and adopts a staggered payment strategy with its suppliers. This enables the business to manage its cash flow more effectively and avoid cash shortages during peak production periods.

1. <https://medium.com/@shoptreoblog/why-local-businesses-and-smes-should-record-and-keep-track-of-their-business-finances-driving-553dca6e48e3>

Easier Tax Compliance:

Maintaining proper financial records simplifies tax compliance, which is often a daunting task for local businesses and SMEs. Detailed financial records ensure that all income, expenses, and deductions are accurately reported, minimizing the chances of errors during tax filing.

A small marketing agency overlooked an essential business expense and failed to claim a legitimate deduction during tax filing. As a result, they paid more taxes than necessary, impacting their financial resources for the following year.

Enhanced Access to Funding:

Local businesses and SMEs seeking external funding, such as loans or investments, will find that having well-organized financial records can significantly improve their chances of securing capital.

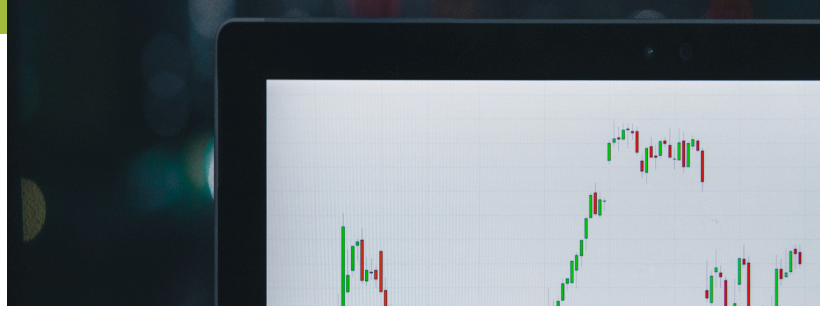
A promising startup with innovative technology approached investors for funding but struggled to convince them of its financial stability. With comprehensive financial records showcasing steady revenue growth and prudent financial management, the

startup was successful in securing the investment it needed to scale its operations.

Maintaining accurate financial records is the backbone of every successful local business and SME. It empowers business owners with vital insights for better decision-making, enhances cash flow management, simplifies tax compliance, and increases their access to funding opportunities. Embracing sound financial practices is not only a regulatory requirement but also a strategic move that can elevate a small enterprise from survival and pave the way for long-term success and sustainable growth.



The Macro



Naira appreciates to ₦1,492/\$ at the parallel market in February 2025

The naira exhibited a period of sustained appreciation throughout February, strengthening by 7.62% to ₦1,492/\$ on February 26 before weakening to close the month at ₦1,510/\$ (February 28). However, so far in March, the naira has gained slight ground (0.27%) to trade at ₦1,506/\$ on March 04. This appreciation was largely driven by improved foreign exchange liquidity and the Central Bank of Nigeria's (CBN) commitment to stabilize the naira.

For many Nigerians, the naira's appreciation has provided temporary relief from the rising cost of living. Imported essentials such as food, fuel, and household goods became slightly more affordable, easing cost pressures for traders and businesses. However, with the currency dipping again to trade at ₦1,500/\$ in March, concerns persist over the sustainability of this stability.

Meanwhile, while some businesses saw improved profit margins and more stable pricing, the naira's subsequent depreciation highlights the ongoing fragility of the foreign exchange market. Currency fluctuations make it difficult for businesses, especially those with thin profit margins, to plan effectively. Many traders remain reluctant to lower prices during periods of appreciation, fearing sudden reversals. As a result, despite the naira's gains for most of February, consumers saw little immediate relief at the retail level.



The business confidence index in Nigeria increased to 8.12 points in January 2025

The NESG-Stanbic IBTC Business Confidence Index (BCI), which presents a snapshot of Nigeria's economic landscape, saw a staggering 954.54% increase to 8.12 points in January 2025 from 0.77 points in December 2024. Similarly, the Current Business Index rose to 5.69 points from 0.77 points. While this suggests a positive short-term outlook, underlying challenges continue to weigh on the broader economic environment.

Sectoral performance data reveals a mixed impact across industries. The non-manufacturing, services, trade, and manufacturing sectors recorded negative outcomes, with performance scores of -4.64, -1.40, -0.84, and -0.66, respectively. However, relative improvements were observed compared to December 2024, particularly in agriculture, which reported a positive performance score of 10.86 from 13.93.

Despite ongoing structural challenges—including frequent power shortages, limited foreign exchange, and restricted access to finance—the rise in the Business Confidence Index signals moderate improvement in business performance and potential for growth in 2025. Encouragingly, businesses are seeing some relief in operational expenses, as the Cost of Doing Business Index declined to +47.58 in January 2025 from +50.32 in December 2024. This reduction is largely driven by exchange rate stabilization and slower price increases.

Lower inflationary pressures offer some respite for small businesses and consumers as prices for goods and services stabilize. Additionally, small business owners may find it slightly easier to manage overhead expenses, allowing for business expansion, job creation, or reinvestment into operations.

Federal government allocates ₦758 billion to clear pension arrears and boost retiree spending

A decisive intervention in Nigeria's pension sector has been set in motion with the approval of a ₦758 billion Federal Government bond aimed at clearing long-standing pension liabilities under the Contributory Pension Scheme (CPS). This move is expected to ease financial strain on retirees, particularly university professors and low-income earners. For over a decade, pension arrears have strained retirees, particularly university professors and low-income earners, reducing their purchasing power and creating uncertainty around post-retirement financial security. The government's intervention seeks to restore confidence in the system, but its broader economic impact will depend on how efficiently these funds are disbursed and sustained.

The bond, approved by the Federal Executive Council (FEC) earlier in February, authorizes the Debt Management Office (DMO) to raise funds to settle pension arrears that have accumulated over the years due to funding shortfalls. A breakdown of the bond provides ₦253 billion to clear

backlogs for retirees from government ministries and agencies, ₦388 billion to cover pension increases dating back to 2007, and ₦11 billion to correct the shortfall for university professors, ensuring they retire on full salaries.

For the economy, this injection of funds into the hands of retirees could stimulate consumer spending, especially in key sectors such as retail and healthcare, as pensioners regain financial stability. Small businesses that cater to this demographic may experience a boost in demand.



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Press Release



Unity Bank Posts N59.3B in Gross Earnings, Grows Deposits by 23% in 2023 FY

LAGOS.24.02.2025. Retail lender, Unity Bank Plc posted gross earnings of N59.3 billion for the full year ended December 31, 2023, representing a growth of 3.84% year-on-year.

In its audited financials submitted to the NGX Group Limited, the Bank also witnessed improvements across key performance indicators, including a significant appreciation of customer deposits by 23% to N402.9 billion from N327.4 billion within the period under review – an indication of sustained retail growth and customer confidence.

Other key highlights of the full-year results include the total assets which stood at N472.5 billion; net fee and income commission, N5.2 billion and an increase in interest income by 9.6% to 53.7 billion from N48.8 billion within the period.

Commenting on the result, the Managing Director/Chief Executive Officer of Unity Bank Plc, Mrs. Oluwatomi Somefun said the Bank had issued a profit alert to reflect revaluation loss arising from Naira devaluation which was due to acute shortage of Forex that created an inclement business environment and, on the aggregate, set in an economic headwind. She noted, however, that in the full-year statement, this has bottomed out and the key performance indicators are rebounding from the low level of growth and negative trends that characterized the year.

Mrs. Somefun stated: “As we begin to see the margins being closed, it is an indication that the measures being taken to revamp all aspects of the business is being well received by the market: be it workable recapitalization plan, aggressive drive for asset creation, product innovation, or digital banking”.

“We will need to covet the improvements and further build upon it. As a corporate brand, we have a lot that is keeping us going: the positive sentiments and optimism, the growing franchise of the business and steady growth in different segments of the retail market across all the geo-political zones of Nigeria”, She said.

She added, “We have the right indicators to reclaim lost grounds - innovating with the development and soon to be launched omnichannel digital app to improve reliability, customer experience, support diverse products functionality which will impact earnings, income and profitability.”

The Central Bank of Nigeria (CBN) has recently approved a business combination with another innovative Bank in Nigeria, marking a significant milestone in the Bank's growth strategy as it advances its recapitalization plans. This partnership is built on a shared vision to redefine the banking experience for our customers and will drive the transformation of the consolidated entity. By leveraging Unity Bank's extensive branch network and strong customer relationships alongside the entity's digital expertise and commitment to innovation, we aim to create a seamless integration of traditional and modern banking services.

Amid a review of key highlights that support the steady growth of the retail business, analysts are of the view that the Bank has continued to reflect a good outlook in terms of perception and confidence in the market, which by and large creates an entity with remarkable resilience whilst investors' sentiments remain positive.

Social story

MOBO Awards 2025

- The 2025 MOBO Awards, held on February 18 at the Utilita Arena in Newcastle, was a night of historic wins and powerful performances, celebrating Black music and its global impact.
- Ayra Starr made history as the first woman in 16 years to win Best African Music Act. She further cemented her global recognition by also taking home the award for Best International Act, making her one of the night's biggest winners.
- Other Nigerian stars, including Burna Boy and Rema, were also recognized, highlighting Nigeria's continued influence in shaping contemporary Black music. Their nominations and growing presence at international award shows reflect Afrobeats' unstoppable rise.
- Darkoo had a stellar night, winning Best Female Act and Song of the Year for Favourite Girl, solidifying her influence in the UK music scene.
- Hosted by comedian Eddie Kadi and TV personality Indiyah Polack, the event featured a mix of humor, energy, and tributes to Black music excellence, keeping the audience engaged throughout the night.
- The 2025 MOBO Awards was not just about recognizing talent but also about celebrating the power of music in bringing diverse communities together, making it a truly memorable night.





Smart Shopping Tips to Save you Money

Culled from Newham London²

From your weekly food shop to your next big electrical purchase, here are a few smart and easy ways to get the most from your money.

Check your spending

To start saving, it's a good idea to look at where you're spending the most. Doing a budget and keeping a spending diary is an excellent way to get started.

Shop around

If your groceries seem expensive, try different stores. There can be a big price difference between the same products in different packaging. If possible, avoid smaller convenience stores as their prices are often higher.

Have a plan

We all know that feeling of unpacking the shopping and wondering what you're going to use to make a meal. So before you go shopping, it helps to check what you already have in, plan a few meals and make a list.

Watch the 'special offers'

Special offers can be a great way to save money, but they can sometimes make you spend more on stuff you won't use. Will those '3 for 2' or '3 for £1' offers really save you money? If you do find a genuine deal on goods that will last, it might be worth bulk buying, especially if you're shopping for a family.

Compare the market

If you're making a big purchase, always compare prices in a few different shops and online to find the best deal.

Buying online may be the cheapest option but you won't be able to try before you buy. However, in most cases buying online gives you the right to cancel up to 14 working days after you receive your goods. If you are buying online, check the cost of postage and packaging as these can stack up.

Comparison sites are a great way to save money on goods from fridges and washing machines, to digital cameras and TVs, and also supermarket shopping. You can also compare the price of your weekly shop across many of the

2. <https://www.newham.gov.uk/advice-support-benefits/spending-regular-savings/6>

big stores and see when your favourites are on offer.

Read the reviews

It's worth reading customer and expert reviews on the products you're interested in. Comparison websites also have user reviews to help you decide. You can look for unbiased reviews from independent consumer organisations online and compare reviews. Another good tip is to search for the product name and add the word problem error after the name to see what common problems other consumers have experienced.

Know your rights

Impulse buys are best avoided at any time, but especially in shops. You have the right to cancel an order on goods bought at a distance (by phone, online, mail order or shopping channel) from the moment you place the order, until 14 days after you receive the goods. These rights don't apply if you buy it in store, so if you change your mind, it might be harder to get a refund.

Money back offers

Paying for items through a cashback site can save money on your shopping. Just by clicking through to a site and making a purchase, you'll receive money back. But you probably won't receive it immediately so be prepared to wait and always compare prices first – you may get a better deal elsewhere.

Use vouchers and coupons

There are many websites that will email you discount vouchers for various products and services. Some of them seem too good to be true, and probably are. Others can really save you money.

Many deals claim to cut up to 90% off the original price, so check similar items or services to see if that's really true.

Some shops and restaurants may give you vouchers if you sign up to their weekly newsletter or follow them on Facebook or Twitter. This can be a great way to save on favourite brands you often use.

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Would you like to open an account with us?







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