Nigeria eyes FDI

Long reliant on its oil and gas reserves, Nigeria has fully embraced economic diversification and is offering foreign investors a vast array of opportunities as it looks to fulfill its ambitious Vision 2020 goals. Japanese companies are heading the international race to explore these golden business openings and capitalize on the pro-business environment.

Rich in natural resources like oil, gas, and iron ore, Nigeria is one of Africa’s economic heavyweights and, by diversifying its economy and introducing its resources like oil and gas, Nigeria has established itself as a regional financial center.

The continent’s most populous country, with over 160 million citizens, Nigeria is also a haven for a large deutsche bank, the second-largest economy in the world and the sixth-largest oil exporter, with a daily output of over two million barrels that generates huge foreign exchange earnings.

Federal and state governments are investing in these massive resources in major infrastructure projects and Japanese companies are among the many foreign investors doing business in Nigeria in various sectors and industries.

Key investment areas include agriculture, mining, manufacturing and tourism, as the government looks to diversify the economy and reduce the country’s reliance on the oil and gas sector and meet the goal set out in its ambitious development plan.

Called Vision 2020, the plan aims to transform Nigeria into “one of the worlds 20 largest economies by 2020, consolidating its leadership role in Africa and establishing itself as a significant player in the global economic and political arena.”

Japan and Nigeria have enjoyed positive trade and political bilateral relations for several decades, with these bonds strengthened by frequent visits between high-level government officials from the two countries, trade and investment communities of both countries.

The pair also benefit from cultural relations and close cooperation at the international level such as the World Bank, the International Monetary Fund, World Trade Organization, and the United Nations.

Substantial revenues from the oil and gas sector are not only funded major infrastructure works across Nigeria, but also enabled the government to introduce business-friendly reforms and legal frameworks that encourage free market operations.

The unbridled leader is in debt with millions of clients and an extensive branch network, FirstBank of Nigeria PLC has been repositioning the banking and financial services sector in Africa’s most populous country for 130 years.

An industry giant that enjoys an outstanding domestic and international reputation as a major financial institution, FirstBank, is a reliable and trustworthy financial intermediary.

The bank also has an unrivalled Global Depository Receipt (GDR) program.

Headquartered in Lagos, FirstBank has an international presence through its subsidiary, FirstBank UK Ltd, in London and Paris, and representative offices in Johannesburg and Beijing. The bank is rapidly expanding in the Japanese financial market.

“As a national icon, we are aligned with the various strategic imperatives of our country. Therefore, we go without saying that we would partner with government and the private sector accordingly, and explore opportunities in the Southeast Asian market,” says Oba Otudeko, who, after many years as company director, was appointed chairman of FirstBank in 2008.

A seasoned banker, former governor of the Nigerian Stock Exchange, and founder and executive chairman of FirstBank of Nigeria PLC, Otudeko believes Nigeria is a great platform for some banking companies. “We have a large market and a population of 160 million. The measure of integration between West and Central Africa means our growth is inextricably linked with Nigeria’s,” he says.

Nigeria, one of the best-performing African economies and the home of one of the world’s largest legal and financial systems, has a wealth of resources and a vast market size. The country’s economic diversification has provided a platform for FirstBank to further strengthen its position in the market, not only in Nigeria but beyond.

“FirstBank appeals to a large cross-section of the Nigerian population, over 4.2 million customers. We have one of the largest branch distribution networks in Nigeria and certainly the largest in total assets. By virtue of our heritage, we are the first bank of reference because even though it is an old bank, FirstBank has again demonstrated over the decades a consistent process of innovation. In terms of diversifying the Nigerian economy, Otudeko says, “FirstBank is leading the organized private sector partnership with the government to improve the development of different sectors so we can have a more balanced economy and develop the capital markets and rely less on the financial services sector in the major cities.”

Meanwhile, one of the best-known names in Nigeria’s banking and insurance sector, Oceanic Bank has embraced Good corporate governance. “We have succeeded in sending a clear message to the public of our commitment to good corporate governance,” he says.

John Aboh, Group Managing Director and CEO, Oceanic Bank has been an industry veteran with nearly two decades of experience in the banking sector, with these bonds developed capacities by creating the right infrastructure, branch network and well-trained staff to deliver efficient services.

Nigeria is one of the largest and most dynamic banking systems in the middle-market and has developed capacities by creating the right infrastructure, branch network and well-trained staff to deliver efficient services.

FirstBank of Nigeria PLC’s latest move is to open an international branch network in the country to further strengthen its position in the market, not only in Nigeria but beyond.

FirstBank has one of the largest branch distribution networks in the country, we are a national icon and have more than 4.2 million customers.”

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Banking sector offers investors golden opportunities

Firmly established as West Africa’s banking and financial services hub, Nigeria is benefiting from major investment in state-of-the-art information and communications technologies.

Foreign-direct investment (FDI) opportunities exist throughout Nigeria’s vast range of urban and rural sectors. They include potentially lucrative business opportunities in agriculture, mining, oil and gas, transport, shipping, banking and financial services, and telecommunications.

Telecommunications and finance are well fostered in Nigeria, the telecommunication sector has one of the largest domestic markets on the continent, while finance is continuously challenging the world of regulations and business practices. As such, the government and regulatory agencies are paying a lot of attention to these sectors. Regulatory stability and economic growth have increased Nigeria’s attractiveness as a potential investment destination for FDI.

The telecommunication sector continues to flourish, to ensure the financial services structure projects and in order to facilitate the process of bank consolidation programs.

At the heart of these initiatives is to enable the sector’s healthy development; enable the sector’s healthy growth and to fix the problems," states Sanusi Aminu, Governor of the Central Bank of Nigeria.

The Nigerian government has taken measures to promote transparency and ensure good governance and risk management.

Regulators in the state capitu, Abuja, and banking officials in the country’s financial sector, Lagos, have been given new powers to tackle issues such as money laundering as they work to boost levels of confidence and trust in the system.

During his time as president of Nigeria between 1998 and 2007, Olusegun Obasanjo was the driving force behind most of the legislation, procedures and reforms that have paved the way for much of Nigeria’s recent economic success. In particular, his government overhauled the banking and financial services sector and Obasanjo is pleased with the way the sector has continued to develop. "Banks must be seen as one of the foundations to make an economy grow," he states. "Whatever can be done to strengthen our banking sector should be done. Reform is not simple. It’s delicate. You have to keep working at it.".

Many other countries around the world, Nigeria was adversely affected by the global economic crisis that hit growth, exports and the financial markets. The Central Bank of Nigeria injected billions of dollars into the nation's financial system in a deal moving that stabilized the economy, reversed stock markets' falls and recovered investor confidence.

The Nigerian economy has immense potential for growth, but to realize that potential it is imperative that we learn lessons from the crisis and take steps to fix the problems," states Sanasi Lamido Sanusi, governor of the Central Bank of Nigeria.

The pro-active and independent central bank has put together a blueprint focused on core pillars that it describes as “rebuilding the future.”

The aim of the blueprint is to enhance the quality of the banking sector; establish the sector’s healthy evolution and ensure the sector contributes to the real economy.

Financial sector and overall economic recovery across will require the Central Bank of Nigeria and the country to do a lot of heavy lifting in many policy areas," Governor Sanusi adds.

"Rapid financial growth is not just a risky growth strategy; it is also a key way of growing the economy. A sustainable growth path can be achieved only through substantiated and fundamental economic reform that includes creating physical and institutional infrastructure as it is the required rate and quality."

"We want to help businesses in Nigeria and be the leader in franchising, banking and asset management.

"We are establishing a huge operation in Nigeria and are looking at the country becoming Africa’s ICB hub."

"The challenge in a large country like Nigeria is to physically create the network. This is one of our biggest projects in the form of network construction, which includes financial links between old, data, online content and value-added services," says Etisalat CEO Steven Evans.

"JICA has been part of the Japanese government's program for the establishment of an industrial zone in Nigeria. The program is to be carried out in two phases. In the first phase, JICA will provide technical assistance for the establishment of an industrial zone in Nigeria. In the second phase, JICA will provide financial assistance for the development of the industrial zone in Nigeria."

"Japan is not among the big suppliers of telecommunications infrastructure and equipment, but it offers many advantages of firms located in Japan, the Japanese and Nigerian cooperation, has constructed a number of JICA projects in Nigeria, especially in the energy, transport, agricultural, and rural electrification sectors. The projects include a number of Japanese banks, which have been involved in a number of projects in the continent."

"Nigeria and Japan have been involved from the earliest relations for more than half a century and 2011 will see the 30th anniversary of the Japan-Nigeria Special Partnership Forum (JNSPF), the first agreement of its type between Japan and an African nation.

At the last JNSPF meeting in May 2009, senior officials from the Japanese and Nigerian Foreign Ministries discussed a variety of mutually beneficial issues and the following month, the Nigerian foreign minister visited Japan at the invitation of the Japanese Foreign minister to discuss these issues in greater detail.

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