

Nigeria eyes Japanese 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 precious natural resources like oil and gas, Nigeria is one of Africa's economic heavyweights and, by diversifying its economy and introducing a series of sweeping reforms, has established itself as the region's financial services hub.

The continent's most populous country with 150 million citizens, Nigeria is sub-Saharan Africa's second-largest economy and the world's eighth-largest oil exporter, with a daily output of more than 2.2 million barrels that generates huge foreign exchange earnings.

Federal and state governments are investing these massive windfalls 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 economy and reduce the country's reliance on the oil and gas sector and meet the goals set out in its ambitious development plan.

Called Vision 2020, the plan aims to transform Nigeria into "one of the world's 20 largest economies by 2020, consolidate its leadership role in Africa and establish itself as a significant player in the global economic



John Aboh
Group Managing
Director and CEO
Oceanic Bank



Oba Otudeko
Chairman
First Bank of Nigeria
PLC.

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 trade, business, and investment commissions of both countries.

The pair also benefit from cordial 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 exports have 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 practices.

The undisputed leader in its field with millions of clients and an extensive branch network, First Bank of Nigeria PLC has been revolutionizing the banking and financial services sector in Africa's most populous country for 116 years.

An industry giant that enjoys an outstanding domestic and international reputation and millions of customers, FirstBank is one of the country's most successful and important enterprises.

FirstBank was established in 1894 even before Nigeria was an independent country. For many generations since, the bank has been meeting Nigeria's growing demands for financial services through continuous reinvention. A customer-centered ethos has earned the bank an unrivalled reputation for dependable service that is strong on choice and convenience as the bank modernizes and grows.

Having played a strategic role in the country's economic development over the years, FirstBank has become the leading banking franchise in Nigeria, with numerous awards and accreditations.

FirstBank was listed on the Nigerian Stock Exchange in March 1971 and is now its most capitalized company, with 1.5 million shareholders and 4.2 million customers serviced through a real-time online network of 576 branches. The

"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."

Oba Otudeko
Chairman
First Bank of Nigeria PLC.

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

Headquartered in Lagos, FirstBank has an international presence through its subsidiary, FBN Bank (U.K.) Ltd. in London and Paris, and representative offices in Johannesburg and Beijing. The bank is eagerly eyeing up the Japanese financial landscape.

"As a national icon, we are aligned with the various strategic imperatives of our country. Therefore it goes without saying that we would partner with governments and the private sector accordingly, and explore opportunities in the Southeast Asian markets," says Oba Otudeko, who after many years as company director was appointed chairman of FirstBank in 2009.

A chartered banker, former president of the Nigerian Stock Exchange, and founder and executive chairman of large conglomerate Honeywell Group, Otudeko believes Nigeria is a great platform for serious businesspeople. "We have a large market and a population of 150 million. The measure of integration into West and Central Africa means our production capacity is as high as our cross-border possibilities," he says.

He is equally positive about FirstBank's strengths and potentials. "We are working exceptionally hard to outperform even our own vision," he states, pointing out that he believes the opportunities are tremendous for FirstBank. "We passed the Central Bank's 'stress' test with flying colors, and are looking to become the bank of choice not

only in Nigeria but beyond.

"FirstBank appeals to a large cross-section of the Nigerian population, with 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 bank of reference because even though it is an old bank, FirstBank has remained relevant over the decades through a continuous process of re-invention."

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 as the major driver."

Meanwhile, one of the best-known names in Nigeria's banking sector is Oceanic Bank. With more than 400 branches across Nigeria, a secure Web site, and deep understanding of customer segments and needs, the Lagos-based bank has come a long way in 20 years.

Now one of the largest and most profitable banking groups in the country, Oceanic Bank has an enviable customer portfolio that includes major businesses and federal and state governments.

The company has been listed on the Nigerian Stock Exchange since 2004 and has branches in Cameroon, Ghana and The Gambia. In order to provide the best service to its clients, the company has structured itself into efficient and fast-response relationship management units

that include a corporate banking group, treasury and financial institutions group, retail banking group and public sector group.

Through this dynamic approach, Oceanic Bank has established itself as a leading one-stop financial services conglomerate that is committed to providing world-class financial solutions and products that create and preserve wealth for all its customers and stakeholders.

Since 2009, Oceanic Bank has been led by Group Managing Director and CEO John Aboh, an industry veteran with nearly three decades of valuable experi-

systems and recapitalization, as a basis for resuming its growth."

Aboh says the new management team has stabilized the bank and restored customer confidence in its operations following a difficult period. They now have set their sights set on transforming the bank into one of the top three financial institutions in the country.

"Oceanic Bank is a well-accepted brand in the Nigerian marketplace and has supported local entrepreneurs and contributed to the economic development of the country," Aboh says. "Oceanic Bank is a niche player

"We have sent a clear message to the public of our commitment to good corporate governance."

John Aboh, Group Managing Director and CEO, Oceanic Bank

ence under his belt at leading African banks.

He was appointed amid the global financial crisis that impacted the bank's performance. Under his guidance, Oceanic Bank has embraced best practices, tightened its credit administration processes, and improved transparency and corporate governance levels.

"We have succeeded in sending a clear message to the banking public of our commitment to good corporate governance and high ethical standards," states Aboh. "Management has evolved a recovery plan for the bank, which hinges on the recovery of classified loans, expense reduction, liquidity generation, deposit growth, overhaul and upgrading of risk management

in the middle market and has developed capacities by creating the right infrastructure (branch network) and well-trained staff to deliver efficient services."

Oceanic Bank is one of the leading banks in transaction banking in Nigeria and benefits from substantial investment in ICT systems. "Our range of innovative transaction banking solutions targeted at the public sector has positioned us as a leader in revenue collections at the government level," he comments.

"Banking reforms are geared toward providing a safe and sound banking system and are anchored on good corporate governance, transparency, full disclosure and risk-based supervision of the banking system."

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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 industries and sectors. They include potentially lucrative business openings in agriculture, mining, oil and gas, transport, shipping, banking and financial services, and tourism.



Sanusi Lamido Aminu Sanusi
Governor of the Central Bank of Nigeria



Olusegun Obasanjo
Former President of Nigeria

the government has brought in tougher measures to promote transparency and encourage good governance and risk management.

Regulators in the state capital, Abuja, and banking officials in the country's financial center, 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 1999 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 static, it's dynamic, you have to keep working at it."

Like 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 several billion dollars into the nation's financial system in a daring move that stabilized the economy, reversed stock markets' falls and restored investor confidence.

"The Nigerian economy has huge potential for growth but to realize that potential it is imperative we learn lessons from the crisis and take steps to fix the problems," states Sanusi Lamido Aminu Sanusi, governor of the Central Bank of Nigeria. The pro-active and independent central bank has put together a blueprint focused on four core pillars that will act as a "roadmap to the future."

The aim of the blueprint is to enhance the quality of the banks; establish financial stability; enable the sector's healthy

evolution and ensure the sector contributes to the real economy.

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

"Rapid financialization is not just a risky growth strategy; it is also a lazy way of growing the economy. A sustainable growth path can be achieved only through substantial and fundamental economic reform that includes ensuring physical and institutional infrastructure is of the required scale and quality."

Spearheading innovation in Nigeria's financial services sector is banking giant Stanbic IBTC Bank PLC. The group was created through the September 2007 merger of Stanbic Bank Nigeria and IBTC Chartered Bank PLC. Offering a range of corporate, investment, business and personal banking products, Stanbic IBTC Bank runs more than 60 branches across the country and employs more than 1,500 people.

The fast-growing group plays a significant role in some of the largest capital markets deals, not only in Nigeria but also throughout the continent. Together with its parent company, Standard Bank, the group recently put together Africa's largest-ever telecommunications deal — a \$2 billion syndicated loan for MTN Nigeria.

"The merger of two banks into a single Stanbic IBTC brand should ensure that we and our customers are well placed to take advantage of the favorable economic environment in Nigeria and the rest of the continent," says Stanbic IBTC Bank CEO Chris Newson, who worked for Standard Bank Group for 17 years before joining Stanbic.

"We want to help businesses across Nigeria and Africa and want to be the leader in terms of franchise, business banking and asset management for many years." With close links to a leading financial institution in China, Stanbic IBTC Bank's

wealth of experience in dealing with Asian organizations is sure to stand it in good stead as it looks to gain an important foothold in the Japanese market.

"At Standard Bank Group, there are significant relationships with a number of Japanese banks, most of which have been operating for many years," Newson says. "The Japanese have always been important players in Africa and they have many investments on the continent."

Nigeria and Japan have benefited from cordial relations for more than half a century and 2011 will be the 10th 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 affairs minister visited Japan at the invitation of the Japanese foreign minister to discuss these issues in greater detail.

Collaborative links

In a further sign of their close cooperation, Nigeria has also enjoyed solid educational and technical links with Japan through the Japan International Cooperation Agency (JICA). The agency, which acts as an important bridge between the two nations, has constructed schools and awards grants to Nigerian scholars for specific studies in Japan. It has also supported a wide range of important agricultural and rural electrification projects, and sponsors educational exchange programs that offer youngsters the chance to learn valuable new skills and experience new cultures.

"Japan is now better understood in Africa and the interest and awareness of Japan has certainly come a long way in the past 20 years," says former Nigerian President Obasanjo. "We want to see Japanese companies and investment here and there is still more to be done to encourage them to come to Nigeria where the rate of return is still good. I would certainly advise potential investors to explore the opportunities in the energy,

agriculture, and infrastructure areas, especially in the transport, railway, waterways, and airports sectors."

Nigeria's Information and Communication Technologies (ICT) industry is the largest and most technologically advanced in Africa, with an estimated 65 million people using mobile and fixed-line phone networks and Internet services.

This incredible growth was sparked by the changes to the country's communications act in 2003 that allowed the Nigerian Communications Commission (NCC) to introduce reforms that triggered a wave of investment in networks, services, shops, and related infrastructure.

As the industry's regulatory authority, the NCC is responsible for ensuring a level playing field and promoting fair competition in an extremely competitive environment.

In 2007, Nigeria overtook South Africa as Africa's largest mobile phone market, and that success is set to last as industry analysts predict subscriber numbers will reach 80 million in the near future.

A leading player in the mobile phone sector is Emerging Markets Telecommunication Services (EMTS), trading as Etisalat, a Nigerian company that works with Mubadala Development Co. and Etisalat of the United Arab Emirates.

Shortly after its formation in 2007, the company paid \$400 million for a government license that includes a mobile license and spectrum in the GSM 1800 and 900 MHz bands. Etisalat, which acquired a 40 percent stake in EMTS and launched operations in Nigeria in 2008, has modern networks in 17 countries in the Middle East, Asia and Africa.

"The challenge in a large country like Nigeria is to physically create the network. This is one of our biggest projects in terms of network construction, which includes transmission links between cell sites, data centers and value-added services," says Etisalat CEO Steven Evans.

With Japan a world leader in pioneering technology and innovative gadgets, the conditions appear ideal for investment, but Evans, who has worked in ICT for nearly 20 years, feels the Asian country is missing out.

"Japan is not among the big suppliers of telecommunications infrastructure and equipment,

tion on government activities, programs and initiatives, the Ministry of Information and Communications aims to create a technological environment for socioeconomic development.

The ministry, which supervises all telecommunications policies in the country, also seeks to create a pro-active technology-driven public information hub in line with global best practices that helps the telecommunications sector to grow and succeed.

The ministry is also behind a national and international re-branding campaign that aims to restore trust and confidence in a country that often suffers from an unfair negative image.

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

Chris Newson, CEO Stanbic IBTC Bank PLC.

"The Nigerian economy has huge potential for growth ... we must learn from the crisis and fix the problems."

Sanusi Lamido Aminu Sanusi, Governor of the Central Bank of Nigeria

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

Steven Evans, CEO, Etisalat

with the exception of handsets," he says. "They have pursued their own supply rather than producing for the world market."

As for Etisalat, the company is pursuing its aggressive expansion plan with vigor as it looks to enjoy the same success it has enjoyed in other countries across the continent and beyond.

"We are establishing a huge operation and Nigeria will probably end up as one of Etisalat's biggest, next to Egypt," Evans adds. "We are investing heavily in advertising in order to promote our brand and are looking at Nigeria becoming an ICT hub for Africa. The return on investment here is expected to be large."

Providing citizens with credible and timely informa-

Launched in 2009 and featuring a logo and new national slogan — Nigeria, Good People, Great Nation — the campaign highlights the many positive aspects of Nigeria like its people, strategic location, ease of doing business and commitment to improving transparency levels.

"With the Re-branding Nigeria campaign we began a new journey and opened up a new chapter in our attempt to re-define our country and re-examine our values and character," states Minister of Information and Communications Dora Nkem Akunyili. "Nigeria is a country with countless opportunities and many brilliant minds and experts who can hold their own in every field of endeavor."

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