

REMARKS OF THE EXECUTIVE VICE CHAIRMAN/CEO OF THE NIGERIAN COMMUNICATIONS COMMISSION, PROF. UMAR GARBA DANBATT, FNSE, DURING A COURTESY VISIT TO THE GOVERNOR OF THE CENTRAL BANK OF NIGERIA, MR. GODWIN EMEFIELE, CON, AT THE CBN HEADQUARTERS, ABUJA ON TUESDAY, APRIL 10, 2018.

The Governor, Central Bank of Nigeria, Mr. Godwin Emefiele, CON.

Deputy Governors of the Central Bank, Directors, Deputy Directors and other Senior Members of Management of the CBN

Executive Commissioner, Stakeholders Management of the NCC,

Directors, Deputy Directors, and other members of the Senior Management.

Gentlemen of the Press

Let me, most sincerely, express our profound appreciation of the Management of the Nigerian Communications Commission, NCC, to the leadership of the CBN, for this opportunity to share in our telecommunications regulatory experience.

We are fully aware that by the dint of its crucial role in regulating the financial sector, the Central Bank of Nigeria has been a part, and partner to Nigeria's telecom development. In all its ramifications, telecommunications industry is tied to the financial system. Its infrastructure is on global demand. For a nation like our, the infrastructure is foreign dependent. On the other hand, the financial system is dependent on telecommunications to function effectively, and remain connected. One could imagine how backward and ineffective the financial system could have been without tying strongly to ICT. Therein lies the mutually beneficial relationship between the two sectors.

This is why the two regulators need to be as close as possible, discussing and proffering solutions to emerging challenges that are bound to arise in our ever demanding regulatory environment.

Telecommunications have made significant impacts in Nigeria's economy. According to figures published by the National Bureau of Statistics, in the 1st Quarter of 2017, it contributed N1.45 Trillion to the GDP. In the 2nd Quarter, the figure rose to N1.549 Trillion. This performance at a period of recession is very remarkable. We are keeping dates with the NBS, to identify and track how these trends continue to grow. On the aggregate, the telecoms industry contribution to GDP in Nigeria stands at 10 per cent per annum in the past four years.

But that may not tell the full story. Investments in the sector, in human and material resources, have continued on the rise. In 2001, the telecom sector

could boast of a mere US\$50 Million worth in investments but as at September 2017, we have investments of worth US\$70 Billion. The Value Added Services, VAS, market in Nigeria today is worth US\$200 Million and is estimated to grow to US\$500 Million by 2021. The industry has provided vast direct and indirect employment opportunities, and accentuated growth and expansion of industry related SMEs.

In subscription numbers, the less than 500,000 lines in 2001, has grown to more than 147 million recorded as at January 2018. Teledensity weighted in the ITU formula of one line to 100 of population, stands 105.21 per cent, while Internet penetration had hit the 100 Million mark as at January 2018.

Let me also mention that the International Telecommunications Union reports credited to Nigeria have confirmed a 22% broadband penetration already. It was less than 10% in 2015 when we assumed the leadership of the Commission. I am glad to say that the Commission is working assiduously to accomplish the 30% national target for 2018 as envisaged in the Nation's Strategic Broadband Plan.

Our commitment to achieve the three "A" of Availability, Accessibility and Affordability is hinged on broadband deployments across the country. You may also be aware that "Facilitation of Broadband Penetration" in the country is the number one agenda item and flagship of our 8-Points Agenda. The potentials in broadband penetration is very enormous which explains why the entire global community is investing huge resources to exploit, and assimilate broadband which is expected to guide global economic index of development in the future. A World Bank study has concluded that a 10 percentage point increase in fixed broadband penetration would increase GDP growth by 1.21% in developed economies, and 1.38% in developing ones. Hence, the clamour for deployment of broadband, and the Nigerian Communications Commission is not relenting in leading Nigeria to that stage.

Within the threshold of the third year of the five-year agenda, the Commission has made satisfactory progress towards realizing the objectives of the agenda, especially as it relates to broadband. While time will not permit me to discuss these achievements in details, we must highlight our recent efforts in facilitation of broadband penetration. A major milestone was achieved recently with the licensing of four Infracos (Infrastructure Service Providers). Recently Zinox Technology Limited was licensed for broadband infrastructure provisioning for South East while Brinks Integrated Solutions Limited was issued

a license for North East. MainOne Cable Company Limited had earlier been licensed to provide services in Lagos while IHS has the license to cover the North Central geopolitical zone, including Abuja. The Infracore licenses are based on the NCC's Open Access Model (OAM) in line with the National Broadband Plan (NBP) of (2013 – 2018). Licenses are being processed for South South, South West, and North West.

With a combination of licenses for infrastructure provisioning and frequency spectrum auctions and re-farming of some of the existing frequencies to make them more efficient, we hope to attain the recommendation of the National Broadband Plan and possibly surpass it by end of 2018.

In addition with the above, we are not relenting attention to other items of the 8-Point Agenda, itemized in the document as (2) Improvement in Quality of Service (3) Optimization of Benefits of Spectrum (4) Promotion of ICT Innovations (5) Facilitation of Strategic Collaborations and Partnerships (6) Consumer Protection and Empowerment (7) Promotion of Competition and Inclusive Growth and (8) Regulatory Excellence and Operational Efficiency.

FORWARD LOOKING

1. Given the huge potentials that a broadband-enriched economy presents to a country like Nigeria, we wish to invite the Central Bank to explore some financial models, or policies that will accelerate broadband penetration, usage, innovations, collaborations, applications (apps), local content support, and inclusiveness for SMEs. The versatility of telecommunications generally, and broadband, in particular, is shown in its application in several other areas of human endeavor, including health, education, agriculture, security, employment opportunities, governance among others.

2. We must clearly express our understanding of the positive impact of the financial system to all our regulatory efforts. We recall with gratitude, your timely intervention in making forex available to telecom companies who wish to import equipment. This was at a very critical and volatile stage in the forex market. We believe your approval for access to the forex market, helped in no small way in containing the negative tendencies that it portended for the telecom industry. However, some Service Providers have lately reported about some hitches in the access to forex, and we want to seize this opportunity to request the esteemed Governor to look into some of these issues with a view to addressing them.

3. Your collaborative role in the ongoing revitalization of 9Mobile is phenomenal. We cannot but commend your efforts in supporting the telecom industry in Nigeria, and to urge you to remain steadfast until the success is achieved in this direction.

4. We also note with satisfaction, the various collaborative efforts between the Commission, and the CBN on many fronts. In the nearest future, we look forward to signing the revised strategy of the Anti-money Laundering/Combating of Finance of Terrorism AML/CFT aimed at preventing, detecting, interdicting and control of money laundering and financial terrorism. The Secretariat of this Committee is at the CBN, with NCC in active participation.

5. Distinguished Governor, the Commission has critically reviewed the existing framework for the regulation of mobile payments in Nigeria, within the membership of a Committee comprising of the CBN, NCC, NDIC and the NIBSS. We have specifically noted the importance of participation of the telecom industry players in the provision of services, either through subsidiary companies, or special purpose vehicles, SPV, but with conditions that will safeguard the conditions of their licenses and prescription of the financial regulator. In this case, some contentious issues such as the USSD tariffs should be determined on cost-based models which the Commission is currently undertaking for all types of telecom services in the industry. The Commission is currently uncomfortable with the low uptake of mobile money operations in Nigeria. The process of implementation has also dragged. We request your intervention to accelerate the forward-looking recommendations and resolutions of this committee for the benefit of desirous Nigerians, who want to enjoy such services that have become commonplace across other African countries.

6. Another important collaboration between NCC, and the CBN, that needs some action is the Confirmation of the Reasonableness of Service Fees (CRS) of intangible telecommunications-related transactions. This collaboration began in 2002. Emerging trends in the telecom industry demand review of the CRS existing guidelines to make it more effective.

We request you to also direct the review of this process so as to sustain its huge benefits to the industry.

7. Our dear Governor, today marks another milestone in the collaboration between the Commission and the CBN in yet another endeavour. I am pleased to inform you that the CBN/NCC Joint Technical Committee on Payment Systems, has finalized a Memorandum of Understanding, MoU for its operations. The MoU takes serious cognizance of very crucial areas of collaboration between the two important regulators with respect to financial inclusion strategy, already being driven by the CBN. The strategy also provides responsibilities of the two organizations towards the achievement of government's objective on payment systems, including but not limited to mobile money services. I respectfully request that this MoU be signed at this event, to trigger its full implementation.

On this note distinguished ladies and gentlemen, we refresh our appreciation to the CBN Governor and his team, for taking the time and efforts to welcome us in their offices, and listened to us. God bless you all.

Professor Umar Garba Danbatta, FNSE

EVC/CEO, NCC

Dated this 10th Day of April, 2018.