

# Speech: The City of London's Offer to Nigeria

Honourable Minister, High Commissioner, ladies and gentlemen.

It is a real honour to be here with you all this afternoon.

I'd like to start by thanking the Honourable Minister of Industry, Trade and Investment whom I first met in London at the UK/Nigeria Trade & Investment Summit in the margins of the Commonwealth Business Forum. I also had the pleasure of meeting him alongside His Excellency Vice-President Osinbajo in Abuja a few days ago. Many thanks for that generous introduction and for joining us today.

Just a few words about myself, I have the privilege of being the 690th Lord Mayor of the City of London. And often get asked two questions:

- "Gosh, have you been around for all that length of time?"
- And, "What is the difference between you and the Mayor of London" – my good friend Sadiq Khan.

As the Lord Mayor, my principal role is to act as an ambassador and a key spokesperson for the UK's financial and professional services sector, which has had its historic links in the City..

It is a sector that employs two point three million people nationwide..

...it accounts for some twelve per cent of our GDP..

It is the world's leading exporter of financial services, it has the largest insurance sector in Europe, and hosts more than 250 foreign banks – more than any other international financial centre.

It is a national, European and international jewel.

In this role, I will spend some 110 days during my year in office travelling to 30 countries to promote the UK financial and professional services sector. And it is no coincidence that I have chosen Nigeria – an important bilateral partner with whom the UK already enjoys a special bond as evidenced by the important contribution the 200,000-strong Nigerian diaspora make to the UK. We have a rich history of collaboration and a joint desire to deepen this further.

And whilst in Nigeria, I have five key objectives:

First, to provide assurance that the City of London will remain the pre-eminent global financial centre well into the future.

Second, to advance the strong ties that exist between the UK and Nigeria.

Third, to harness this relationship to improve bilateral trade, investment and business-to-business opportunities.

Fourth, to promote innovation in financial services.

And fifth and finally, to engage, discuss and promote my Mayoral programme – The Business of Trust – which aims to create a lasting legacy of better business, trusted by society.

It is these five priorities that I want to talk to you about today – in short, I want to talk about the City's offer to Nigeria.

The relationship between Nigeria and the UK is strong.

Our bilateral trade is strong, currently standing at around £3.4 billion pounds per annum. And it is set to become even stronger – forecast to reach £7 billion by 2030.

This is a great foundation on which to build future success, but in my view, we can do much more.

As I've travelled in Abuja and Lagos these past few days it has become abundantly clear that Nigeria – already Africa's largest and most populous country – is at an important point. With the rapidly rising population and the current economic growth rates, the IMF has forecast declining GDP per capita for the foreseeable future. To convert the democratic reality from challenge to opportunity, the country needs to sustain some 3-4 million jobs each year and, to achieve that, economic growth must rise from the current 2 per cent to at least 6-7 per cent.

Ladies and gentlemen, this is clearly possible. But to ensure the opportunity is harnessed, the economic engine needs to shift up a gear or two.

I've been hearing during my three days in Nigeria that in order to achieve this four things need to happen:

- Creating investable infrastructure assets;
- Improving access to capital;
- Promoting financial inclusion;
- And developing an enabling and compliance-based business environment.

I'm pleased to announce today that the City is well positioned to be Nigeria's partner of choice in all four areas. Let me take each of these in turn:

First, Nigeria needs to finance and create the modern infrastructure that every successful economy needs, specifically in the areas of power, gas distribution, transport, IT and broadband. Whilst not forgetting the softer areas of health and education.

London hosts the largest cluster of professional and financial services required for largescale infrastructure projects. We can finance projects, advise on their legal and regulatory framework, deliver the projects through our civil engineering and project management experts, and insure the final product. In short, the City is a full-service centre for infrastructure. And more details on all these strengths can be found in this booklet published on the City of London's website.

Here are just some of the projects we are working on.

On my own doorstep in London: the Crossrail project, the largest construction project in Europe – to open this December -, will provide a modern and efficient rail link crossing London from East to West.

And, internationally we are busy the world over. For example, becoming key partners with China in its 'One Belt, One Road' programme providing the Chinese with both the hard and soft skills necessary to deliver this extraordinary vision.

I said a moment ago Nigeria's second priority should be improving access to capital – moving away from an over reliance on the banks and unlocking dead capital – be it in pensions or real estate, finding innovative solutions and unleashing the capital market

And Nigeria is and can further benefit from access to London's capital markets.

The City of London has always been at the forefront of financing the African growth story, ever since 1938 when the first African company listed in London.

Eighty years later there are now 116 African companies listed in London with a combined market capitalisation just under £200 billion – the largest concentration of African listed companies outside of Africa. But the City of London will not rest on this privileged history. We are here to work in partnership and collaboration to innovate on financing solutions underlined by the strong partnership with the London and Nigerian Stock Exchanges.

The two stock exchanges have created an innovative platform for dual listing of equity and bonds which has already proved successful, as the heavily oversubscribed Eurobond and Diaspora bond showed last year. Nigerian sovereign bonds have raised £6.5 billion in total so far.

The massive demand is a strong statement of international investor interest in building exposure to Nigeria's economy. It demonstrates the City's ability to provide a deep additional channel of finance for the development of Nigerian infrastructure and the growth of its economy. The City of London also recognises the need to finance Nigeria's infrastructure using Naira-denominated financial instruments. Engagement has begun with the City of London and key Nigerian institutions to develop the concept of a Jollof Bond. Similar instruments have already been used successfully in India and China. And will eliminate foreign exchange risk for Nigerian issuers – from the

government down to SMEs and provide even greater access to capital for this key sector.

Moving forward, the opportunities for London to facilitate the finance of Nigeria's growing infrastructure, includes green infrastructure as Nigeria moves towards a low carbon economy. London is the global centre for green finance. To date, London has raised £20 billion via green bonds and another £9 billion via the 13 green equity funds that are listed on the LSE. Nigeria is developing its status in this field and was a pioneer as one of the first governments in the world to issue a sovereign green bond. To advance Nigeria's ambitions, the LSE will be initiating an international green advisory board spearheaded by the finance and environment ministries to further develop Nigeria's green finance aspirations.

I am delighted that Ibukun Adebayo (Head of Emerging Market Strategies at the London Stock Exchange) is a member of my business delegation this week in Nigeria. And I know that he would be pleased to meet with you afterwards and answer any questions you may have.

Let me turn from the financial markets to the marketplace. UK Export Finance, the UK's Export Credit Agency, offers Naira denominated buyer credit guarantees providing commercial loans at competitive rates with tenors of up to 18 years for Nigerian clients wishing to purchase UK goods and services.

In Nigeria, UKEF is eager to deploy £750m towards viable trade opportunities, of which only a fraction has so far been used. And I'm delighted to have with me Steve Gray, UKEF's West Africa representative who can give you more details.

Put simply: if you have the investable infrastructure opportunities, we have the capital and knowhow to ensure they succeed.

I suggested that Nigeria's third priority should be to promote financial inclusion so that more of the population can access and benefit from the financial sector. I understand that only 40 per cent of adults are currently banked and some 42 per cent of the population are financially excluded. And thus stifling the development of SMEs – the lifeblood of any successful economy.

Promoting financial inclusion requires innovation, something the City has always had at its heart. Perhaps the most exciting innovation in finance today is fin tech, which is changing the way we all access financial services. As Bill Gates put it, "banking is needed, but banks are not."

London has become a world leader in fin tech, through, strong government tone from the top, a supportive regulatory environment and healthy private investment. We are home to about 1,600 fin tech firms helped by the fact that the Square Mile and the Tech City are only 500 meters apart compared with 5,000 kilometres for their equivalents in the United States.

This proximity has been a key driver for increasing technological innovation in the City. Access to expertise, the huge potential for commercial

partnerships and an explosion in demand for digital products within finance are all major pull-factors.

A very exciting development in fin tech as far as Nigeria is concerned is the Open Banking Initiative which was launched in the UK and has since gone global. Open Banking combines security, innovation and accessibility, underpinned by a strong regulatory framework. If given the right regulatory support, Open Banking in Nigeria has the potential to provide a pathway so that millions more can access basic financial services, empowering them to lead more prosperous lives. Indeed, Nigeria could become the leading country in Africa for Open Banking.

I am pleased to have brought with me in my delegation, Carlos Figueredo from Open Vector, whose team co-authored the UK's Open Banking Initiative and we have had constructive discussions with the Central Bank and Finance Ministry about furthering this important agenda.

And let me turn finally, to creating a more enabling business environment. Success here will enable Nigeria to make further strides up the Ease of Doing Business ranking, as well as bringing more business into the formal economy and thus generating the tax revenues to improve the public services. A crucial component of this favourable business environment is high-quality regulation and high professional standards that inspire Trust.

The City's pre-eminence as the leading international financial centre is in no small part down to our robust, modern and proportionate regulatory framework.

I believe that there is a lot of scope for the UK and Nigeria to deepen our regulatory dialogue whether that's through technical expertise, knowledge transfer or capacity building. And by way of example, I know that the Prudential Regulatory Authority is happy to offer secondments to share best practice with Nigerian regulators.

Given Nigeria's blossoming fin tech industry, which I heard from yesterday, I also think that regulatory dialogue on fin tech between our two countries would be particularly valuable.

A second underpinning of London's pre-eminence are strong professional standards. Nearly 1 million people have qualifications administered by the UK's legal, accounting and professional services bodies. I am delighted that my own institute, the Institute of Chartered Accountants of England and Wales, signed a Memorandum of Understanding earlier this year with the Institute of Chartered Accountants of Nigeria to promote high professional standards in accounting and finance.

Which brings me to my final point – trust. We can all recognise that since the global financial crisis, public trust in business and finance has been sharply eroded, both in the UK and throughout the world.

I believe that we have a responsibility – indeed a duty, to rebuild public trust so that people can regain confidence in our respective industries. That

is why I have made the Business of Trust a personal priority for my year in office. Working towards, helping to create, a lasting legacy of better business trusted by society.

Trust is at the heart of everything we do. It is the cornerstone and fundamental foundation to trade. Trade generates the prosperity, which in turn creates the social cohesion that provides the stability, that results in security for us all.

I've had many engaging conversations about the importance of trust during my visit. And looking ahead to the elections in February, I think we can all recognise the importance of a fair, free, credible and peaceful democratic process in strengthening that foundation of trust and building on the progress Nigeria has made.

Indeed, I am pleased to report that my Business of Trust is resonating everywhere I go. So much so, that we began interviewing public figures on my travels. So far, we have carried out some 25 interviews including with the Governor of the Bank of England, Mark Carney, the Archbishop of Canterbury, Mayor of London Sadiq Khan, and even – rugby fans will be pleased to hear – the All Black legend Sir John Kirwan.

And on Tuesday, I had the privilege of interviewing your own Minister of Finance, Kemi Adeosun. These interviews and a link to our survey on Trust can be found on my Twitter page – @CityLordMayor – and I would be delighted to receive your views.

Ladies and Gentlemen, I have seen and heard first-hand how Nigeria has so much going for it.

People that don't know Nigeria often have negative preconceptions of this country, through media reports that focus on the challenges and not the successes and opportunities.

Having spent three amazing days here, I can only echo what some Nigerians working in the City told me before my visit: "Nigeria may be scary from afar, but up close it's far from scary."

This view has been reinforced throughout my visit. Just yesterday I met with ambitious Nigerian start-ups like Riby, Flutterwave and Paga – if this is the face of the new Nigeria we can all be confident that the future is a bright one.

I do believe that the UK and Nigeria can work closer together in the years ahead.

Whether that's through working together on infrastructure projects...

Or accessing finance through our capital markets and UK Export Finance...

Or using fin tech to promote financial inclusion

Or, working together to improve regulation, professional standards and trust.

But perhaps you have your own points which I haven't discussed...and I look forward to take any questions you have after my speech...

But before I finish I want to say this...

Let's keep up the momentum,

Let's put Nigeria at the forefront of exciting developments.

Let's work together for our mutual benefit.

May the long history of our countries' collaboration continue. Thank you