The day in review

- NSE-ASI down 0.3%
- Interbank rates remained in single-digits
- Bearish performance in NTB market
- Naira remained flat at the NAFEX window

Looking forward

NTB Primary Auction - CBN

Daily Insight

New USSD pricing model, a setback for financial inclusion?

The Executive Vice Chairman of the National Communications Commission (NCC) in Q1-2021 disclosed that Deposit Money Banks (DMBs) owed Telcos N42.0bn in accrued fees for unpaid Unstructured Supplementary Service Data (USSD) charges provided to banks by Telcos. These accrued fees followed protracted disagreements over the pricing structure of USSD payments between Telcos and banks, after a revised template, released by the NCC in Aug-2020, stated that the USSD fee should be a corporate charge between the financial institutions and the network providers. Thus, customers should not be involved.

Before 2019, Nigeria operated a bank-led mobile money system, which differs from the telco-led mobile money model practised in Ghana and Kenya. The critical difference between both models is that in a bank-led model, Telcos provide the underlying infrastructure for USSD services, whilst the banks leverage this infrastructure to provide the banking services. However, since 2019, the CBN began issuing, Mobile money and Payment Service Bank licenses to Telcos, enabling Telcos and other larger institutions to offer payment and related services. Effectively, Nigeria now operates a mixed model. However, banks and potential new entrants will still rely on the telco infrastructure to provide mobile money services. Nevertheless, disagreements continued to linger between both parties.

In Q1-2021, the Association of Licensed Telecommunications Operators of Nigeria (ALTON) threatened to phase out their USSD service offering to DMBs if their outstanding debts were not settled. In Mar-2021, following several engagements, a joint statement between the CBN and the NCC announced plans to hike USSD charges from N4.00 to N6.88, a 72.1% increase. Notably, in the new pricing template, the banks will now collect the customer accounts' charges on behalf of the Telcos. This means the customer will bear the full effect of this price increase. That said, while we consider the new charge a headwind to the overarching objective of financial inclusion, we do not think this will weigh on mobile money transaction volume growth.

Headline	Level	1 day	YTD
NSE ASI	38,601.9 ▼	-0.3% ▼	-4.1%
Mkt. Cap (₦'bn)	20,250.0 ▼	-0.3% ▼	-3.8%
Mkt. Cap ($'mn)	53,430.1 ▼	-0.3% ▼	-3.8%
Value (N'mn)	2,909.1 ▲	113.3%	
Value ($'mn)	7.7 ▲	113.3%	
Volume	208.7 ▲	7.6%	
Deals	-		
Market Breadth	0.9x		

T-Bills Yields	Current	Previous	%Δ
3 months	2.52	2.42 ▲	0.10
6 months	3.57	3.51 ▲	0.06
12 months	7.49	7.40 ▲	0.09

Bonds Yields	Current	Previous	% Δ
3 years	9.02	7.21 ▲	1.81
5 years	10.49	10.49 ▬	0.00
7 years	10.94	10.94 ▬	0.00
10 years	11.72	11.69 ▲	0.03

Currencies	Current	Previous	% Δ
Official	379.00	379.00 ▬	0.00%
Parallel	482.00	482.00 ▬	0.00%
NAFEX	411.00	409.75 ▼	-0.31%

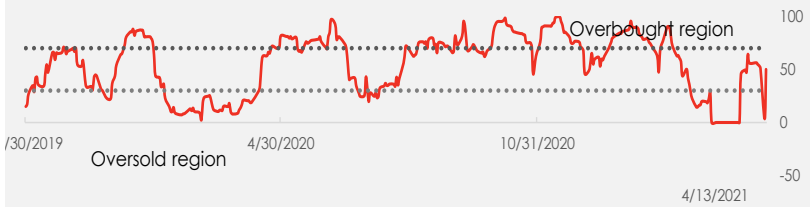
Other Key indices	Current	Previous	% Δ
OBB	12.3	12.0 ▲	0.25
OVN	12.8	12.3 ▲	0.50
Brent	63.7	63.2 ▲	0.68

		1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	▬	0.0% ▼	-5.6% ▼	-3.8%	0.0	0.0%
Banks	▲	0.5% ▼	-5.5% ▼	-7.9%	3.4	9.2%
Consumer	▲	0.5% ▼	-4.3% ▼	-5.9%	57.2	4.1%
Industrial	▲	0.1% ▲	1.6% ▼	-6.0%	19.4	4.8%
Insurance	▼	-0.4% ▼	-1.4% ▲	5.2%	4.3	2.7%
Oil & Gas	▼	-0.1% ▲	0.7% ▲	18.2%	na	5.4%
Mkt. Avg. P/E		13.9		Mkt. Avg. Div. Yid		4.6%

*P/Es are based on the last twelve months trailing earnings

*Dividend yields are based on past year dividend payments

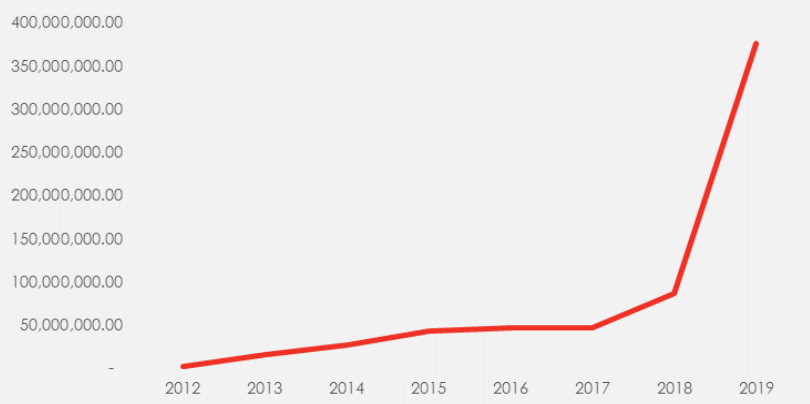
Technical Indicator of Market Position: Relative Strength Index (RSI)



Pan African Market Monitor as at today

Equities	Level	1 day	YTD	P/E (x)	Div. Yid.
BRVM	139.6 ▼	0.0% ▼	-4.0%	8.8	6.8%
Egypt	10,782.9 ▼	-0.8% ▼	-0.6%	12.8	2.7%
Ghana	2,214.3 ▼	0.0% ▲	14.2%	n/a	n/a
Kenya	166.5 ▼	-1.4% ▲	9.4%	12.5	2.3%
Mauritius	1,605.3 ▼	-0.1% ▼	-2.6%	n/a	1.0%
Morocco	306.8 ▼	-0.1% ▲	0.6%	24.4	3.4%
MSCI FM	551.1 ▲	0.0% ▼	0.0%	12.8	3.1%
South Africa	67,102.2 ▲	0.4% ▲	12.5%	26.5	2.7%
Tunisia	7,101.8 ▲	0.3% ▲	3.1%	19.6	0.6%
Zimbabwe	96,623.2 ▲	9.8% ▲	108.6%	5.2	1.2%

Nigerians have taken to mobile money
Volume of mobile money transactions



Source: United Capital Research, CBN

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