

**The day in review**

- Equity market rose 2.9%
- Interbank rates ficked downwards
- Flattish activity in Bonds market
- Naira depreciated at the NAFEX window

**Looking forward**

Oct Inflation Report - NBS

**Daily Insight**

**Payment Service Banks (PSB) Series I – Impact on financial inclusion**

Last week, the subject of Payment Service Banks (PSB) became the forefront of economic discussion, after the CBN granted an approval in principle to Airtel Africa Plc and MTN Nigeria allowing their subsidiaries, SMARTCASH Payment Service Bank Limited and Momo Payment Service Bank to operate PSBs. In 2019, the CBN had granted three licenses to three new PSBs: Hope PSB (a subsidiary of Unified Payment), Money Master PSB (a subsidiary of Global telecommunications) and 9PSB (a subsidiary of 9Mobile Telecommunications).

A PSB is usually a subsidiary of a telecommunications company or a similar large B2C firm that acquires a license to provide financial services by leveraging its existing telecommunications or distribution infrastructure. PSBs are permitted to offer banking services such as deposit-taking, remittances, payments processing and mobile wallets. The objective of these banks is to increase financial inclusion and depth in Nigeria by providing tailored financial products to unserved and underserved customers. Under the CBN guidelines Payment Service banks are not allowed to grant any form of loans, advances, and guarantees to customers (directly or indirectly), accept foreign currency deposits or deal in the foreign exchange market or provide insurance underwriting services.

Looking ahead, we welcome the decision to grant PSB licenses to the other two leading telcos. According to Efina's most recent financial inclusion report, only 45.0% of Nigeria's adult population are banked, way off SSA peers like South Africa which had 80% of its population banked. The sheer reach of the telcos means the financial inclusion gap would be breached. The Nigerian Communications Commission (NCC) maintains that telcos reach up to 98% coverage and are present in all but one of the 774 local governments in the country, compared to 7 bank branches per 100,000 people in Nigeria for commercial banks in 2020, essentially granting telcos access to offer minor banking services which will improve financial inclusion.

Headline	Level	1 day	YTD
NGX ASI	43,246.9	▲ 2.9%	▲ 7.4%
Mkt. Cap (N'bn)	22,569.0	▲ 2.9%	
Mkt. Cap (\$'mn)	54,442.3	▲ 2.9%	
Value (N'mn)	5,048.3	▲ 111.9%	
Value (\$'mn)	12.2	▲ 111.7%	
Volume	443.6	▲ 60.1%	
Deals	5,233.0		
Market Breadth	1.0x		

T-Bills Yields	Current	Previous	%Δ
3 months	4.04	4.04	0.00
6 months	5.55	4.81	0.74
12 months	7.14	7.15	-0.01

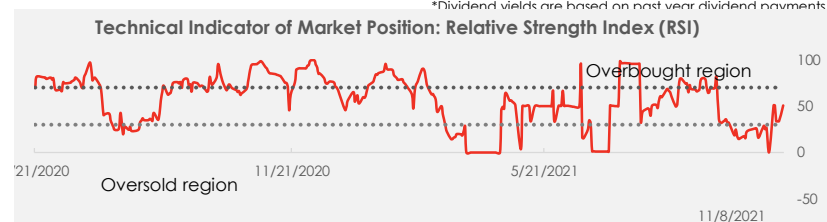
Bonds Yields	Current	Previous	% Δ
3 years	10.58	10.59	-0.01
5 years	11.56	11.56	0.00
7 years	11.68	11.68	0.00
10 years	11.90	11.90	0.00

Currencies	Current	Previous	% Δ
NAFEX	414.55	414.30	-0.1%

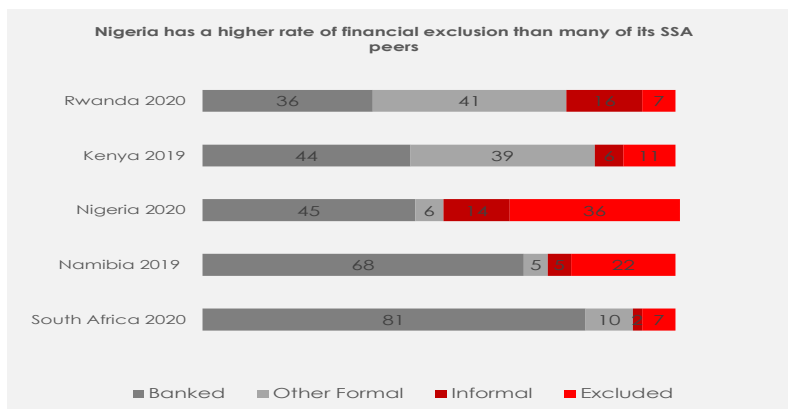
Other Key indices	Current	Previous	% Δ
OBB	4.8	12.0	-7.25
OVN	5.3	12.4	-7.13
Brent	83.6	82.7	1.03

	1 day	MTD	YTD	P/E (x)	Div. Yid.
Agriculture	0.0%	3.1%	43.9%	na	na
Banks	-0.1%	-1.8%	2.5%	3.2	8.5%
Consumer	0.3%	-0.5%	-1.2%	41.1	3.6%
Industrial	0.1%	1.0%	7.2%	17.9	3.4%
Insurance	-1.4%	-0.5%	-5.5%	2.5	3.1%
Oil & Gas	-0.6%	-2.2%	69.0%	9.3	3.9%
<b>Mkt. Avg. P/E</b>	<b>N/A</b>	<b>Mkt. Avg. Div. Yid</b>	<b>4.6%</b>		

\*P/Es are based on the last twelve months trailing earnings  
\*Dividend yields are based on past year dividend payments



Pan African Market Monitor as at today					
Equities	Level	1 day	YTD	P/E (x)	Div. Yid.
BRVM	190.5	-0.7%	31.1%	9.9	5.7%
Egypt	11,497.5	-0.5%	6.0%	10.0	1.4%
Kenya	170.4	-0.3%	12.0%	14.0	3.4%
Mauritius	2,119.1	0.3%	28.5%	na	1.9%
Morocco	350.7	-0.9%	15.0%	26.0	3.3%
MSCI FM	684.2	-0.3%	19.7%	15.0	2.5%
South Africa	68,049.3	0.3%	14.5%	12.3	4.4%
Tunisia	7,002.4	0.0%	1.7%	21.9	2.3%
Zimbabwe	284,817.3	-0.2%	514.8%	2.3	1.1%



Source: United Capital Research

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