

SECURITIES AND EXCHANGE COMMISSION



Welcome Remarks

Interactive Session with UK Trade & Investment on Non-Interest Finance

**Rt. Hon. Zakawanu Garuba, Esq.
Executive Commissioner, Corporate Services &
Supervising Executive Commissioner Operations**

SEC Nigeria

Tuesday, 6th October, 2015

Abuja

Protocol

1. I am delighted to welcome our very distinguished guests to this interactive session. In particular, I would like to extend our very warm welcome to the Lord Mayor of the City of London, Alderman Alan Yarrow. We are pleased by your disposition towards Nigeria as outlined in your aptly titled article published in ThisDay Newspaper yesterday titled "*Nigeria's Road to Prosperity Strewn with Challenges*". We hope that your visit to Nigeria will strengthen the traditional bond that bind our two great countries and also strengthen areas of stronger partnership between Nigeria and the City of London.
2. At the Securities and Exchange Commission (SEC) we prioritize information sharing and operate an open door policy towards new ideas. We were therefore delighted to receive your letter seeking for this interaction, especially because of your focus on non-interest finance. Everyone in the room would agree that non-interest finance is an area of immense opportunity in Nigeria for a variety of reasons.
3. Within less than two decades, Malaysia experienced a remarkable transformation to emerge as an important global Islamic finance market because of its large Muslim population. Yet Nigeria has more than 80 million Muslims compared to Malaysia's total population of 30 million. In addition, Nigeria has a larger economy than Malaysia's, being the largest economy in Africa.
4. To harness this potential, proper planning is imperative. That is why at the SEC we set up an industry-wide Committee of

experts last year to produce a 10-year master plan on non-interest capital market product. Their recommendations have been incorporated into the broader capital market master plan which we have begun implementing. There have been many successful examples of market development through implementation of master plans and we are confident that our own master plan objectives will be achieved as well over the next decade.

5. Our goal is to boost non-interest capital market product innovation so that the segment can be at least a quarter (25%) of the overall market capitalization. We intend to build a strong regulatory regime for non-interest products, encourage stakeholders in the non-interest capital market and ensure the emergence of Nigeria as a prominent non-interest capital market hub both at the regional level and globally. A copy of the master plan is downloadable from our website www.sec.gov.ng.
6. Over the years, SEC has taken a leading role in deepening the non-interest finance space in Nigeria. Particularly, we developed very robust rules on Sukuk issuance which have already enabled the Osun State government to issue Nigeria's first ever Ijarah Sukuk. The award-winning issuance was oversubscribed to show the degree of appetite for such products in Nigeria. We also have rules on Islamic Fund management. We are currently planning regional roundtable events, starting with Kano, targeting potential non-interest

capital market product issuers such as State governments. The maiden one will be held in Kano on 19th October, 2015.

7. Going forward, we are considering modalities for setting up a Sharia Advisory Council as a body of experts to advise on non-interest product applications. To boost liquidity of non-interest products we are working with a committee to support the FMDQ platform enable secondary market trading of the products. We are also engaging the Central Bank of Nigeria (CBN) to obtain liquidity status for non-interest products (especially the sukuk).
8. In a nutshell, this is an area of immense opportunity for our country in which the major challenge we face is lack of capacity. I am hopeful that this meeting will look at that particular challenge with a view to coming up with workable solutions. We would be delighted to leverage London's wealth of capacity and experience in this regard. We would be most delighted to get any form of assistance in building a vibrant non-interest capital market in Nigeria that will help push national aspirations for inclusive socioeconomic development.

Thank you for your kind attention and I wish us all very fruitful deliberations.