

MARCH 2023

CORPORATE DIGEST

CONNECTING NIGERIA: The Booming Telecommunications Industry

All enquiries should forward to:
The Economic Intelligent Group
14/15, Prince Alaba Oniru Street
Oniru Estate Lekki,
Lagos, Nigeria
T: 01-2712005-7, 0700 300 0000
E: economicIntelligence@accessbankplc.com

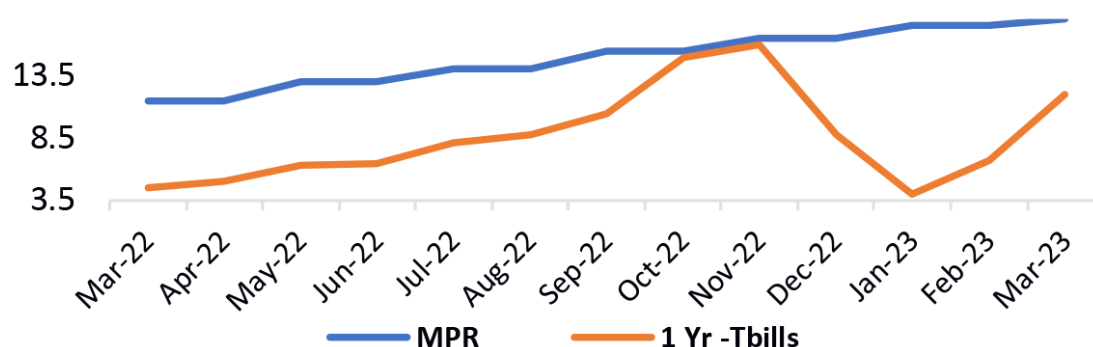
Disclaimer: This report is our opinion on the Nigerian macroeconomic landscape and investment environment. Reliance upon information in this report is at the sole discretion of the recipient/reader. Access Bank PLC does not warranty its completeness, timeliness or accuracy. Past performance is not a guarantee of future results. Any forecast contained herein is for illustrative purposes only and is not to be relied upon as advice or interpreted as a recommendation. Always consult your financial advisor before making investment decisions.



more than banking

Macroeconomic Updates

Rates (%)



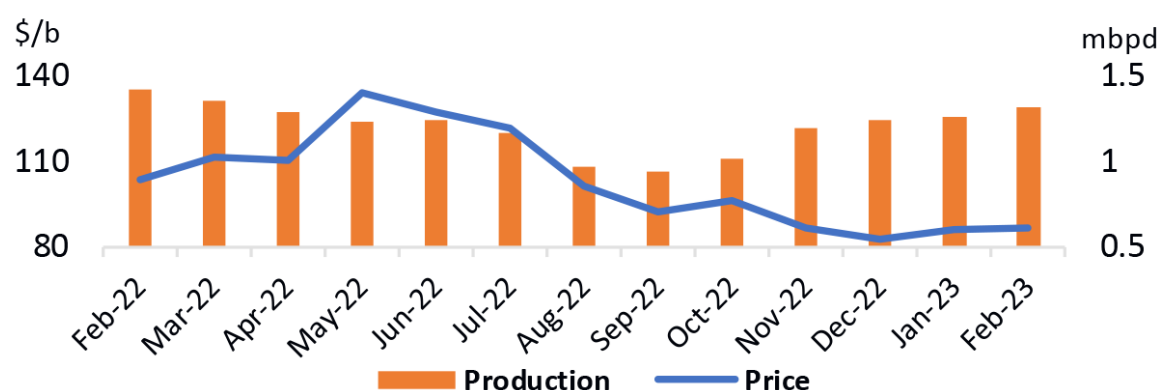
The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) lifted the Monetary Policy Rate (MPR) by 50 bps to 18% at its 2nd meeting for 2023, held in March.

This is the 6th consecutive rate hike since May 2022, pushing the aggregate rate hike by 650bps in less than a year. Curbing inflationary pressures while moderating growth remains the

priority of the MPC.

The 270-Day Treasury Bills (T-Bills) rose significantly in March 2023 to 11.96% from 6.66% posted in the previous month.

Bonny Light Crude Oil



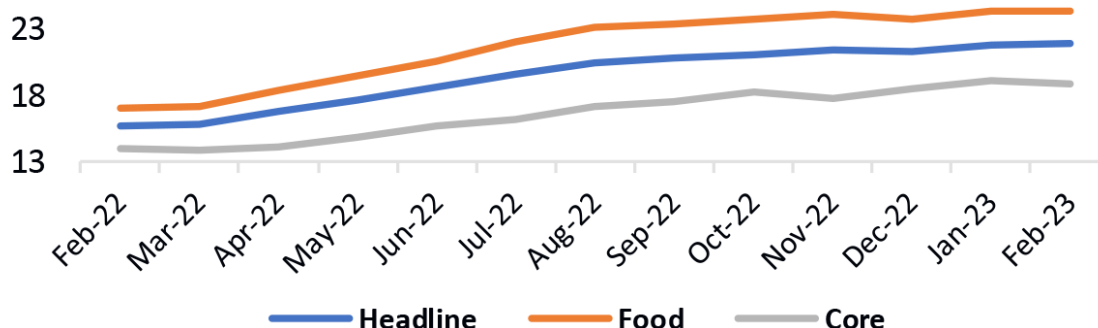
Amidst the uncertainties that rocked the global banking sector, the signs of robust crude supply from Russia caused oil price to decline at the end of the first quarter of 2023

Oil price closed at \$80.8 per barrel at the end of March 2023 compared to \$86.87 per barrel at the end of the preceding

month.

Crude oil production continues to improve as production reached 1.31mbpd in February 2022 compared to 1.26mbpd posted in the previous month.

Inflation Rate (%)



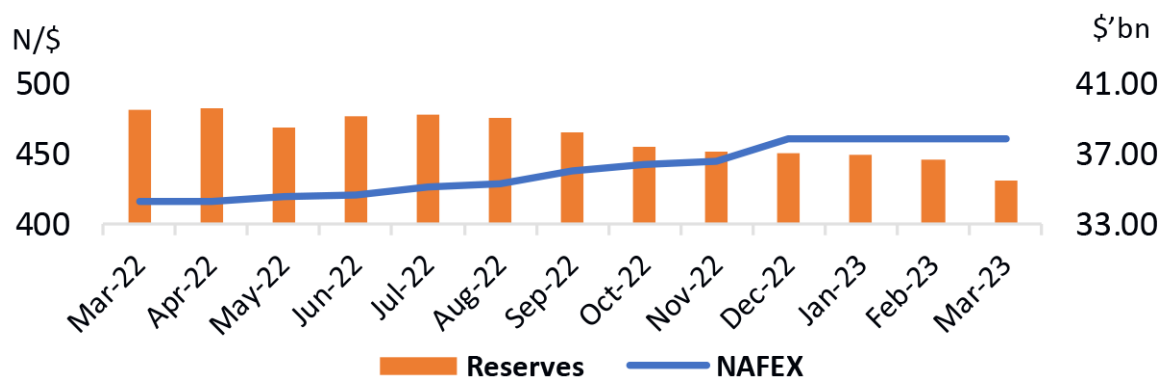
The annual inflation rate accelerated for the 2nd consecutive month in February 2023, after a decline in December 2022, to a near 17.5-year high of 21.91%, from 21.82% in the prior month.

Growth in food prices climbed further to 24.35% in February,

after jumping by 24.32% in the preceding month. This was partly due to the cash crunch stemming from the scarcity of the redesigned Naira notes.

On the other hand, core inflation eased slightly to 18.84% from 19.16%.

Reserves & FX Rate



External reserves dipped at c.\$35.53 billion at the end of March 2023, losing \$1.15 billion in a month. This represents a 3.13% contraction relative to February 2023 figure.

The Naira depreciated slightly in March 2023, closing at N461.15/\$ from N461.07/\$ recorded in the previous month

at the NAFEX window. This showed a 0.02% depreciation.

The forex market remained relatively illiquid due to the limited Dollar supply available to meet increasing demand

Introduction

Telecommunications (Telecoms) in Nigeria dates back to 1886 when submarine cable lines were laid enabling the first telephone connection in the country which was between Lagos and London.

Nigeria's independence brought about the need for the expansion of the network to drive the growth and development of the economy. Nigerian Telecommunications Ltd. (NITEL) was established in 1985, to administer both internal and external telecommunications services in Nigeria.

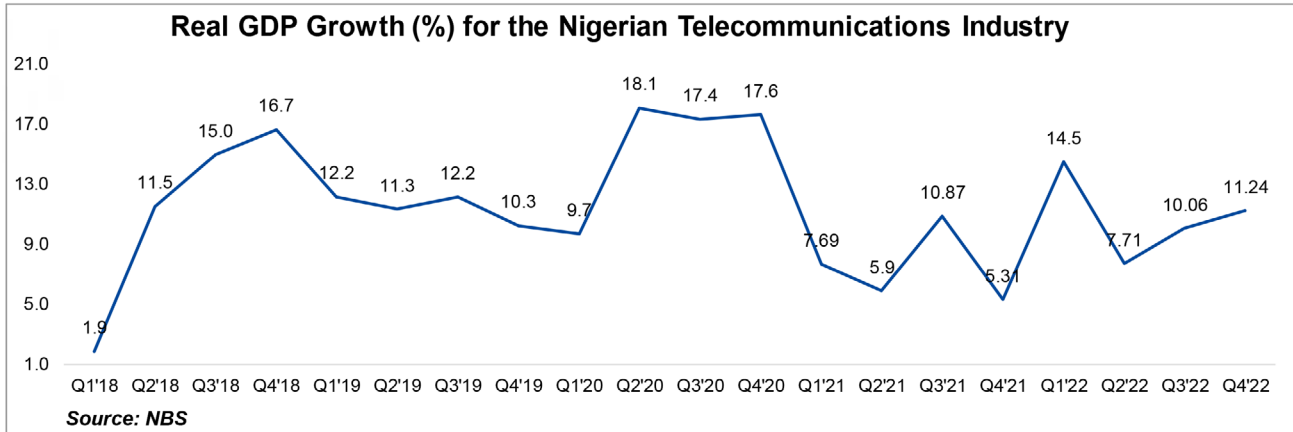
The evolution of telecom sponsored by the inefficiency of NITEL drove the establishment of the Nigerian Communications Commission (NCC) in 1992.

The size of the Nigerian telecoms industry currently sits at N16.78 trillion, contributing 8.42% to the full-year growth recorded in 2022. The telecoms industry is considered one of the bright spots with the potential to increasingly contribute to the overall growth of the economy

Based on the latest data from the industry regulatory, NCC, the total number of subscribers rose to 226.2 million subscribers from 198.1 million subscribers recorded a year ago, reflecting an increase of 14.7%.

The industry is said to be near maturity as the subscriber base, operator pool and network technology are almost at par with the rest of the world. However, infrastructural deficiencies continue to impede growth in the sector.

Telecommunications Industry Overview



Resilient

**Sector
Characteristics***

16.78

**Nominal GDP
Size (N'trn)****

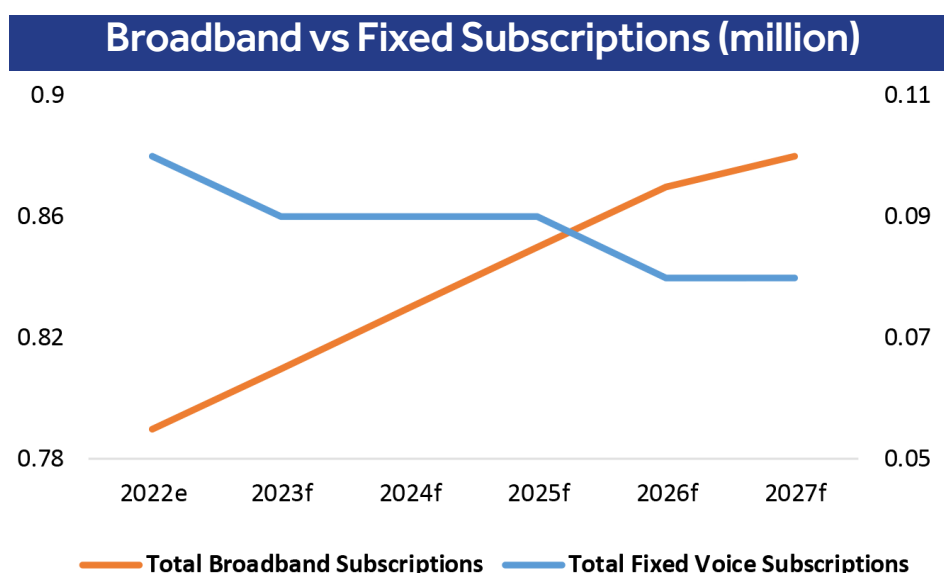
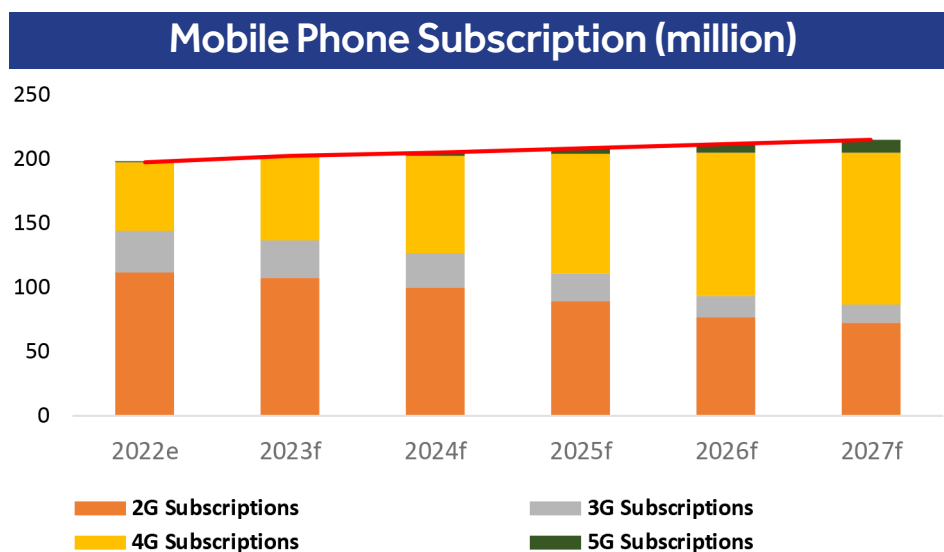
8.42

**Contribution to
GDP (%)****

Interest Rate Sensitive	Exchange Rate Sensitive	Employment Sensitive
✓	✓	

The telecommunications industry recorded more than 2 consecutive positive growth.
** - Data as at full year 2022

Nigerian Telecommunications Industry Outlook



- 4G uptake and organic subscriber growth will remain hallmarks of the mobile market over the next decade given the significant population growth. 4G connections will grow significantly, to 118.21 million outperforming 3G connections which are expected to decline gradually to 14.34 million subscribers by the end of the forecast horizon.
- Subscription growth in the mobile market is mainly driven by widespread acceptance of online platforms by individuals and businesses, operators' promotional activities, multiple SIM ownership, the entrance of registered SIMs that were previously discounted and the extension of network coverage to under-served areas.
- The market is expected to have a moderate start with the 5G technology, with expected full adoption in 2023, accounting for 0.56 million subscribers. 5G subscribers are expected to reach 7.35 million by the end of 2025.
- Broadband subscriptions are expected to become cheaper as international connectivity improves following the extension of fibre optic and mobile data networks throughout the country. 883,800 broadband connections are projected at the end of 2027, with a projected penetration rate of 0.36%.

Source: Fitch

Business Advisory for Corporates in the Telecoms space

- Stay up-to-date with the regulations governing the Nigerian telecoms industry, dynamic industry trends and changing macroeconomic environment.
- Remain Competitive. Pricing is a significant factor for consumers in Nigeria, so ensure pricing strategy is affordable, taking into consideration the purchasing power of the target market.
- Understand the unique needs and preferences of Nigerian consumers and develop innovative products and services that cater to those needs, such as affordable data plans, localized content, and relevant value-added services.
- Collaborate with local stakeholders, including government agencies, local content providers, and community organizations, to build mutually beneficial partnerships that can help your business thrive in the telecoms market.
- Deliver excellent customer service by providing prompt and efficient support, addressing customer complaints, and maintaining open communication channels to build customer loyalty and retention.
- Develop a skilled and diverse workforce by investing in training and development programs for employees, attracting and retaining local talent, and promoting diversity and inclusion in your organization.
- Protect customer data and ensure the security and privacy of your network and services to build trust with consumers and comply with local data protection laws.