

ISSN 1957-2968

# CENTRAL BANK OF NIGERIA

**PROCEEDINGS OF THE SEMINAR ON “Macro-Prudential Framework and Financial System Stability in Nigeria”, FOR CBN EXECUTIVE STAFF AT GOLDEN TULIP HOTEL, FESTAC TOWN, LAGOS STATE, NOVEMBER 27 - 30, 2012**

## **SECTION I**

### **ADDRESSES PRESENTED AT THE SEMINAR**

**Keynote Address by Sanusi L. Sanusi, CON**

Governor, Central Bank of Nigeria

**Welcome Address by Chizoba Mojekwu**

Director, Human Resources Department, Central Bank of Nigeria

**Special Remarks by Sarah O. Alade, Ph.D**

Deputy Governor, Economic Policy, Central Bank of Nigeria

## **SECTION II**

### **PAPERS PRESENTED AT THE SEMINAR**

**Macro Financial Linkages: Implications for Monetary and Financial System Stability**

Frank Chikezie

**Design, Institutional Arrangement and Implementation of Macro-Prudential Framework**

Charles Akoroda

**Systemic Surveillance and Use of Macro-Prudential Indicators**

Ik Muo

**Regulation and Supervision of Financial Institutions: The Nigerian Experience**

Samuel Oni

**An Overview of Macro-Prudential Framework and Financial System Stability: The Emerging Economies Experience**

Mudasiru A. Adegbite

**Macro-Prudential Regulation and Its Implications for Monetary Policy**

Moses K. Tule

**Banking Regulation and Risk Management: An Assessment of the Basle Market Risk Framework**

Emmanuel M. Abolo, Ph.D

**Macro-Prudential Policies and Financial System Stability:**

**A Theoretical Background**

Yusuf B. Duniya

**Leadership and Corporate Governance: Challenges for Bank Regulators**

Lucy S. Newman, Ph.D



## **Economic and Financial Review**

*Volume 50, Number 4*

*December 2012*

## Editorial Committee

### Editor-in-Chief

Charles N. O. Mordi

### Managing Editor

Banji S. Adebuseyi

### Editor

### Associate Editors

Abwaku Englama, Ph.D  
Adeniyi O. Adenuga

© Copyright 2012  
Central Bank of Nigeria

ISSN 1957-2968

Central Bank of Nigeria

# Economic and Financial Review

Volume 50, Number 4, December 2012

## Aims and Scope

The *Economic and Financial Review* is published four times a year in March, June, September and December by the Research Department of the Central Bank of Nigeria. The Review contains articles on research undertaken at the Bank, in particular, and Nigeria, in general, mainly on policy issues both at the macroeconomic and sectoral levels in the hope that the research would improve and enhance policy choices. Its main thrust is to promote studies and disseminate research findings, which could facilitate achievement of these objectives. Comments on or objective critiques of published articles are also featured in the review.

## Correspondence

Correspondence regarding the *Economic and Financial Review* and published articles should be addressed to:

Director of Research/Editor-in-Chief  
CBN Economic and Financial Review  
Central Bank of Nigeria  
33 Tafawa Balewa Way  
Central Business District  
P. M. B. 0187 Garki  
Abuja  
Nigeria

Email: [infor@cbn.gov.ng](mailto:infor@cbn.gov.ng)  
Website: [www.cbn.gov.ng](http://www.cbn.gov.ng)

## Subscription

Subscription to the Central Bank of Nigeria *Economic and Financial Review* is available without charge to institutions, corporations, embassies, and development agencies. Individuals can send written request for any particular edition of interest, also without charge. Articles may be reprinted, reproduced, published, abstracted, and distributed in their entirety on condition that the author and the source—Central Bank of Nigeria Economic and Financial Review—are duly credited.

## Disclaimer

Any opinions expressed in the *Economic and Financial Review* are those of the individual authors and should not be interpreted to represent the views or policies of the Central Bank of Nigeria, its Board of Directors or its Management.

## Notes to Contributors

Information on manuscript submission is provided on the last and inside back cover of the Review.

## **Contents**

### **PROCEEDINGS OF THE SEMINAR ON “Macro-Prudential Framework and Financial System Stability in Nigeria”, FOR CBN EXECUTIVE STAFF AT GOLDEN TULIP HOTEL, FESTAC TOWN, LAGOS STATE NOVEMBER 27 - 30, 2012**

#### **SECTION I**

##### **ADDRESSES PRESENTED AT THE SEMINAR**

###### **Keynote Address by Sanusi L. Sanusi, CON**

*Governor, Central Bank of Nigeria* ..... 1

###### **Welcome Address by Chizoba Mojekwu**

*Director, Human Resources Department, Central Bank of Nigeria*..... 7

###### **Special Remarks by Sarah O. Alade, Ph.D**

*Deputy Governor, Economic Policy, Central Bank of Nigeria*..... 11

#### **SECTION II**

##### **PAPERS PRESENTED AT THE SEMINAR**

###### **Macro-Financial Linkages: Implications for Monetary and Financial System Stability**

*Frank Chikezie*..... 19

###### **Design, Institutional Arrangement and Implementation of Macro-Prudential Framework**

*Charles Akoroda*..... 63

###### **Systemic Surveillance and Use of Macro-Prudential Indicators**

*Ik Muo*..... 93

###### **Regulation and Supervision of Financial Institutions: The Nigerian Experience**

*Samuel Oni* ..... 117

###### **An Overview of Macro-Prudential Framework and Financial System Stability: The Emerging Economies Experience**

*Mudasiru A. Adegbite*..... 141

###### **Macro-Prudential Regulation and Its Implications for Monetary Policy**

*Moses K. Tule*..... 153

**Banking Regulation and Risk Management: An Assessment of the Basel  
Market Risk Framework**  
*Emmanuel M. Abolo, Ph.D* ..... 177

**Macro-Prudential Policies and Financial System Stability:  
A Theoretical Background**  
*Yusuf. B. Duniya*..... 201

**Leadership and Corporate Governance: Challenges for Bank Regulators**  
*Lucy S. Newman, Ph.D*..... 211