



COMMENTS MADE BY THE HONOURABLE MINISTER OF STATE FOR FINANCE AT THE LAUNCH OF THE ELECTRONIC DIVIDEND PAYMENT SYSTEM

PROTOCOL

Today's launch of the electronic dividend payment system marks yet another significant milestone in the evolution of a modern Capital Market system in Nigeria. It is gratifying to note that the new system will usher in the payment of dividends into shareholders' accounts within 24 hours electronically. I must commend the efforts of the Securities and Exchange Commission (SEC) for up-scaling its supervisory and regulatory activities. With this renewed drive for synergy and collaboration amongst financial services regulators and operators, we are reassured the economy is in good stead.

2. The payment of dividends is an important element in the growth of an economy. This launch is therefore expected to mark an era of drastic decline in the volume of unclaimed dividends in Nigeria, which stood at N19 billion as at the end of 2007. Undoubtedly, with this launch SEC has further shown serious commitment to removing some of the binding constraints in dividend payments, especially in the areas of:

- a. Eliminating unclaimed dividends;
- b. Eliminating physical dividend warrants;
- c. Eliminating delays in depositing dividend warrants into current or savings accounts;
- d. Eliminating dividend warrants lost due to change of address, incomplete address, poor and/or inefficient dispatch procedures amongst others;
- e. Eliminating delays in receipt of dividend warrants.

In addressing these challenges, SEC is utilising the existing electronic payment platforms through the Nigerian Inter-Bank



Settlement Systems to effect payments into shareholders bank accounts. In doing this, Registrars are expected to issue notices to shareholders to inform them of dividend deposits into their respective bank accounts. A great development for our market!

3. The use of electronic payment platforms will bring about the transparency required in the payment of dividends. This confidence booster is paramount for the development, strengthening and deepening of the Nigerian Capital Market, making it more competitive for both domestic and foreign investors. It is important that we all continue to work harmoniously to achieve this. This is very imperative now that the World Bank and the IFC have listed the Nigerian Stock Market among the top 20 emerging markets ranking with Brazil, Russia, India and China for the purpose of developing Emerging Market Index.

4. To ensure that this policy is fully effective, well in advance of the December 2008 deadline, all key stakeholders are expected to play their roles effectively in putting this in place. In specific terms:

- a. Shareholders must ensure they all have bank accounts and update same with their respective registrars.
- b. Registrars must work on providing an electronic platform to ensure all shareholders are able to update their bank account details from time to time.
- c. SEC should also publish the list of Registrars for each publicly quoted company to enable the investing public commence the process of updating their records with Registrars.
- d. Stockbrokers and Issuing Houses must ensure that all subscription forms for all capital market issues must be updated to include shareholders' bank account information for the benefit of all investors. This must be closely monitored by SEC.
- e. A sense of corporate responsibility must also be made known. Apart from meeting all dividend payment obligations, all corporate institutions should make e-dividend payment a corporate policy to instil



confidence, and engender the spirit of accountability and transparency in the system.

5. As you can see, there is still a lot of work to be done in meeting the December 2008 deadline. We must all work together to achieve this. The use of electronic payment system will compliment all other works being done by SEC and the Nigerian Stock Exchange, especially in the area of deploying electronic trading platforms across the country.

6. I would like to appeal to the Securities and Exchange Commission, the Nigerian Stock Exchange, the quoted companies, the Banks and other financial institutions including Issuing Houses, Stockbrokers and Registrars to continuously strive for a robust, transparent and well regulated capital market. SEC should also work vigorously for an all round electronic interface with shareholders including e-bonuses and e-certificates.

7. At this point, I would like to assure SEC of government's continued support and encouragement for them to continue to do the right thing at all times. We expect more innovative ideas and actions from SEC and other key stakeholders in order to move the system to an enviable height.

Thank you for listening.

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