

PART C

THE CAPITAL MARKET LITERACY MASTER PLAN

2015 - 2025

The Capital Market Literacy Master Plan Report

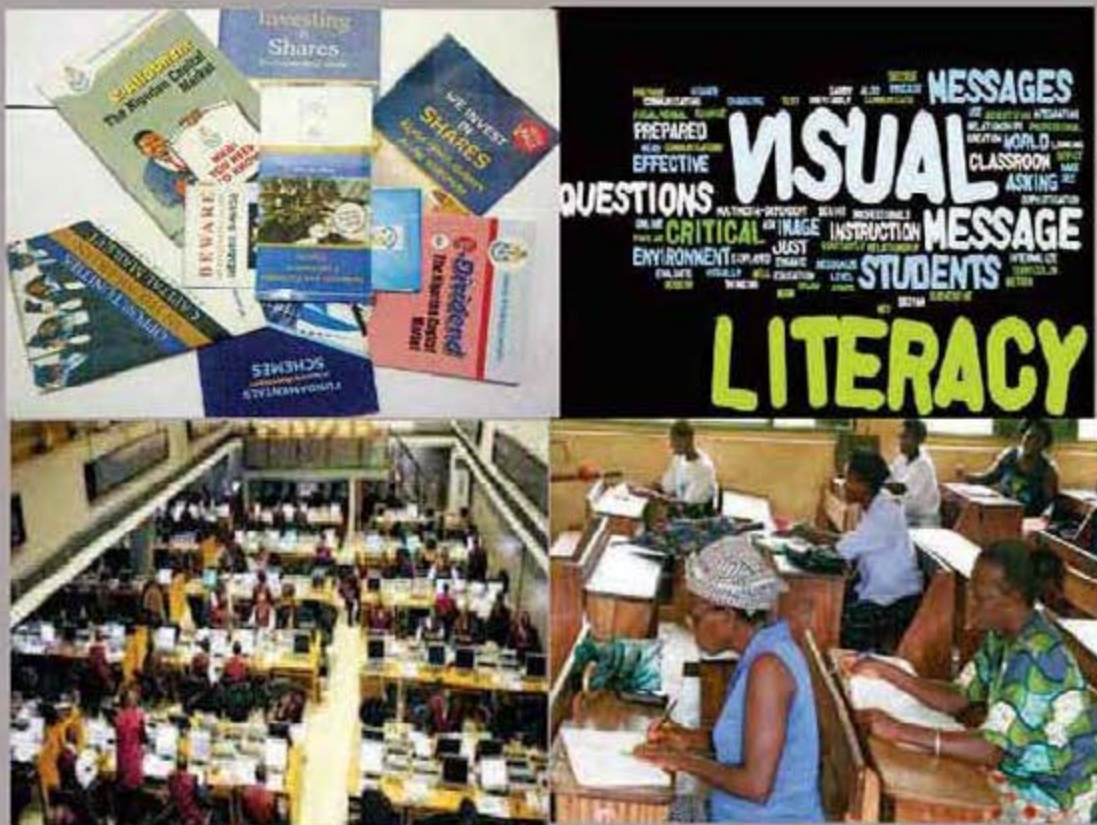


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Executive Summary

Background

Capital market is the part of a financial system concerned with raising capital by dealing in shares, bonds, and other long-term investments. The capital market plays an important role in facilitating the process of economic growth and as well as improving the standard of living of the people.

A variety of evidence indicates that financial literacy is correlated with investment behavior. The financial crisis has been blamed in part on low levels of financial literacy in the U.S and around the world. The strategy of investor education is therefore regarded as a critical element in achieving global success.

Studies have shown that Capital Market Literacy is surprisingly low even in the advanced economies of the world. In Nigeria, illiteracy – amongst other factors - could be said to have contributed to the crash of Capital Market in 2008/2009. A similar study conducted by EFINA 2012 showed limited knowledge about the Financial Market generally and its activities in Nigeria.

From a regulatory and supervisory perspective, financial literacy may act as a means of investors' self-protection, would improve safety and soundness of capital market by investors' effective decisions, and can promote efficiency and fairness of capital market by investors request on more accurate information with more quality.

The World Bank recently organized an African regional dialogue in Kenya on Financial Literacy and Capability. The objectives of the one day event were to:

- Promote a dialogue between countries on experiences with financial literacy and capability including varied approaches as well as ways to evaluate the impact and experiences to date; and
- To better understand how the World Bank can best serve our clients and collaborate with our partners in this area.

The work by Financial Sector Deepening (FSD) Kenya, the World Bank and others on financial literacy and capability increasingly focuses on not only increasing the financial knowledge and information consumers have (their financial literacy) but also the skills, attitudes and especially behaviors needed to make sound financial decisions and be financially capable.

Some Nigerian initiatives

The Central Bank of Nigeria (CBN) is developing a financial literacy framework to provide a roadmap for enhancing financial literacy to achieve financial inclusion in Nigeria and ultimately the attainment of the goal of Financial System Strategy (FSS) 2020.

The Nigerian Stock Exchange (NSE) currently offers ad-hoc training for all external audiences—market operators and investors who show interest in knowing more about NSE and the Nigerian capital market. This is

an important requirement, given the role NSE plays in the capital market. By enabling the acquisition of knowledge and skills, NSE is investing in specific useful competencies that will positively impact on the growth of the capital market. Investors' Clinic is one of the new investor education initiatives designed to address low investor confidence and create better informed investors.

The NSE sponsored the Nigerian Capital Markets Forum 2014 hosted in the City of London, UK in April 2014 organized by African Market Development Partners (AMDP) with the objective of attracting investment into the Nigerian Stock Exchange.

The Securities and Exchange Commission (SEC) set up three committees to provide long-term plans for the growth of the capital market. The three committees are:

- Capital Market Master Plan Committee which will set out clear strategies for the entire capital market to achieve its full potential;
- Capital Market Literacy Master Plan Committee which will articulate a market-wide continuous investor education strategy; and
- Non-Interest Capital Market Products Master Plan Committee to create a roadmap for the development of a vibrant Islamic finance industry in Nigeria.

Capital Market Literacy Master Plan Committee is required under its mandate to "Examine the current level of capital market literacy in Nigeria". In order to effectively fulfill this mandate, Ernst & Young (EY), a global professional services firm, was engaged to conduct a survey with the objective of assessing the Capital Market Literacy level in Nigeria and providing recommendations on literacy initiatives and programs that can be implemented to improve the literacy level.

The Capital Market Literacy Master Plan is a comprehensive plan showing the focus of the capital market literacy activities for the next ten (10) years. This master plan identifies key areas for market education, awareness and development. The need for a master plan on capital market literacy is re-enforced by the lack of knowledge among the investing public on the risks and rewards of the capital market, a clear need to rebuilding investor confidence and enhance market participation. As investors and potential investors gain more confidence in the capital market, companies will attract long term funding more easily through either raising equity or issuing long term debt. These sources of funding will allow companies to finance their investments and as such contribute to the advancement and development of the Nigerian economy.

The Capital Market Literacy Master Plan Committee therefore, having studied what obtains in other jurisdictions and the current Capital Market Literacy Programs available in Nigeria; will make necessary recommendations which when implemented, will not just improve the level of Capital Market Literacy, but will substantially drive the development of the Capital Market and the entire financial system.

Definition of Capital Market Literacy

Literacy can be defined as a person's knowledge of a particular subject or field. The synonyms are articulation,

education, knowledge, learning, proficiency, refinement and scholarship.

On the other hand, Capital Market can be defined as the Market for raising and trading in long tenured securities in the country's financial system. The Capital Market channels the wealth of savers to those who can deploy it to productive use through the inter play of several operators, systems and laws. The Capital Market is one of the most regulated markets in the world.

Capital Market Literacy is therefore, the level of education, learning, articulacy, proficiency and scholarship of a country's population about Capital Market Activities. It is also, the ability to critically think about and participate in the Capital Market, understand its role, instruments, institutions, operations, functions and processes by individuals, organizations and societies.

- **Terms of reference**

The terms of reference of the Capital Market Literacy Master Plan Committee are to:

- Examine the current level of capital literacy in Nigeria and make recommendations for ways to improve on the quality and depth of knowledge in an effective and efficient manner.
- Identify and review the strengths, weaknesses, opportunities and challenges of the current structure of Nigerian capital market literacy programs to meet the immediate and future developmental aspirations of the market and the national economy.
- Examine current policies and plans for capital market literacy and recommend appropriate strategies in line with best practices to enhance participation in the market and determine the reforms; policies regulations and infrastructure required to encourage financial inclusion in the capital market.
- Suggest ways that could be adopted to influence a large population of Nigerians to make decisions towards investing in the capital market.
- Consider any additional issue(s) required to achieve the level of capital market literacy comparable with any world class capital market.

- **Statement of Objective**

- To develop a framework for continuously building capacity of all Stakeholders for a wider and more informed participation in capital market.

- **Global Trends**

Investor education is becoming ever more important in the wake of the recent global financial crisis. This reflects the realization that the crisis can be partly attributed to insufficient investor education as well as to human greed and a lack of preventive systems.

Building and restoring investor confidence, above anything else, is essential to normalize the global financial system that has been crashed by the recent financial turmoil. To that end, a great deal of effort is required of all

parties concerned including government and market participants.

Investor's education initiatives in Developed and Emerging markets

Several jurisdictions consider investor education to play an essential role in achieving investor protection. Some of these jurisdictions like France and Hong-Kong have established independent investor education bodies; others have units or departments within the supervisory authority that are charged with investor education. However, some supervisory authorities limit their own investor education initiatives largely to the issuance of investor alerts.

Many supervisory authorities like Financial Industry Regulatory Authority (FINRA) US, The Autorité des Marchés Financiers (AMF) France and the Securities & Exchange Board of India (SEBI) provide information for investors on their website homepages about investment services and specific financial instruments. The Australian Securities and Investment Commission (ASIC)'s Money Smart website complement online information about specific complex instruments with case studies that illustrate, based on specific examples, how investors might lose their investments, thereby translating otherwise theoretical risks into realistic scenarios

The Comision Nacional del Mercado de Valores (CNMV) Spain also make use of online tests and quizzes for investors on subjects such as scam potential or on general information about investments and securities. Such tests are found to be popular with investors as they offer a more informal approach to financial matters.

A widely followed approach to investor education is to divide the population into target groups, each with a different risk profile and varying levels of financial knowledge. This approach helps to target investor education measures and make them more effective. For example, measures that target schools or university students, retirees or middle-income groups have frequently been used. In jurisdictions with emerging markets and rapidly rising middle-classes such as India, Brazil and Hong-Kong, a focus on the middle-income group is found to be especially effective. In addition to targeting particularly vulnerable groups, some authorities like Securities and Futures commission (SFC) Hong Kong also address more advanced investors and convey specialized information to them via website and other means.

In addition to using conventional tools in their investor education initiatives, such as written information, conferences and websites, some authorities like SFC Hong Kong and CNMV Spain employ more innovative tools such as TV campaigns or social marketing. AMF Quebec uses a known celebrity to host these shows, giving these measures enormous publicity.

In many jurisdictions, the supervisory authority or national central bank are not the only institutions to be concerned with investor education. For example, France has set up an entity named "Institute for Public Financial Education" specifically to coordinate the different investor education initiatives provided by various stakeholders; this entity is often headed by a member of a ministry or the supervisory authority. In other jurisdictions such as Australia and Brazil, the coordination among stakeholders is performed informally without the help of a separate coordinating entity. E.g. ASIC does not have a formal statutory coordinating role. However

as the lead Australian Government agency with responsibility for financial literacy, ASIC facilitates collaboration, consultation and promotion of financial literacy programs and initiatives, including those aimed at investors, through various collaborative initiatives, including a cross-sectoral Financial Literacy Community of Practice, where each month ASIC uses its national video-conferencing facilities to bring together key stakeholders around Australia and New Zealand for regular discussion and sharing of information, exploration of topical issues and showcasing of financial literacy initiatives.

Industry representatives and other stakeholders also carry out investor education initiatives in most jurisdictions such as Japan, Germany and Singapore. In some jurisdictions like Japan and Germany, such initiatives include for example, "stock market games" that simulate the experience of purchasing, holding and selling financial instruments over a certain period of time. These games are often targeted at students to give them first-hand experience in the field of investment services.

Generally for most jurisdictions, the investor education measures adopted by other stakeholders are not governed by statutory guidelines but rather are performed on a voluntary basis.

On the issue of assessing the effectiveness of investor education measures, most authorities have not introduced formal evaluation processes to examine the results of their measures. Generally, finding the appropriate measurement tools has proved difficult. However, the Autorité des marchés financier (AMF) Québec is currently developing a financial literacy index to assess the impact of financial education initiatives.

Investor's education initiatives in Frontier markets

The state of development of financial education initiatives is quite heterogeneous across countries. The government of Ghana adopted a National Strategy for Financial Literacy and Consumer Protection in the Microfinance Sector in 2009, and is planning to enhance financial education in schools. Other programs are implemented by NGOs, sometimes involving financial institutions.

The Capital Market Authority of Kenya is coordinating the development of a national financial education policy and strategy for Kenya. The National Financial Education strategy is designed to use a risk based approach to decide on which target groups to focus on (such as university students, retail investors, consumers (e.g. farmers) and mass market). In Kenya, financial literacy, consumer education and investor education are conducted on a sectoral basis across the financial services sector. In most cases, within each sub-sector, whether banking, pensions, insurance or capital markets, these are done separately by the regulator, industry associations, and among individual firms. External, mostly non-profit, donor-funded, organizations also provide financial literacy and education targeted at lower-income groups.

The Central Bank of Uganda is working with various stakeholders to develop a National Strategy for Financial Literacy and has promoted a financial literacy survey. The Capital Markets Authority has embarked on programs to increase public awareness about capital markets. The Capital Markets Authority and the Central Bank partnered with the financial sector in the FinLit Foundation, carrying out other financial education programs. Several other organizations from the non-profit and private sectors have implemented financial education

initiatives.

The Namibia Financial Institutions Supervisory Authority carries out a Consumer Education initiative. The Central Bank of Kenya, the Reserve Bank of Malawi, the Bank of Tanzania, and the Bank of Zambia are developing national strategies for financial education in their countries. Other countries featuring some limited initiatives on financial education include Botswana, Burkina Faso, Egypt, Mali, Morocco, Rwanda and Senegal.

Some form of financial literacy measurement has been undertaken in Malawi, Namibia, Tanzania, Uganda, Zambia, and to some extent in Kenya.

- **Nigerian Context**

The Nigerian capital market is currently undergoing transformation: Given the challenge of restoring investor confidence, the capital market is faced at the macro-level on how to attract capital, improve corporate governance, safe guard investors' rights and empower the investing public through continuous information disclosure and education. At the micro-level the SEC Nigeria is challenged on how to synchronize the various internal initiatives and innovations on the path to get a robust program that will build trust, get people interested in financial education, carry stakeholders along and protect investors.

In Nigeria, the public is largely uneducated about the essence, working and benefits of the capital market. The recent crisis in the banking industry and capital market which led to the erosion of public trust and confidence in the financial system, could be attributed to lack of financial knowledge by the populace on the working fundamentals of the financial system, especially the capital market. The investors were unaware of the high risks involved while accessing huge margin loans during the market's bullish period. If the investors had known the magnitude of risks they undertook before the bubble burst, the downward trend in stock prices could have been minimized if not averted. Perhaps, if the investors were better informed on the enormity of risks that were associated with their level of activities in the companies in the capital market, the level of their investment decision would have been different.

Investors in the Nigerian bourse, like their counterparts in other climes, need to be well informed in order to take informed decisions about various investment products in the market and avoid scams. Also, investors need to learn to take responsibility for their financial decisions. The regulator is always blamed whenever investors are misled.

Since education helps improve financial literacy of investors, the most effective investor protection starts with a well-informed and educated investor. A well informed investing public will be better placed to protect itself, forming the first layer in investor protection. For instance, an investor who understands his right is most likely to assert his right and seek redress when such rights are violated. Similarly, an investor who understands the workings of the market is less likely to be taken advantage of by unscrupulous market participants than one who has a low knowledge of the market. When investors are knowledgeable about the workings of the capital markets, they are also better able to assess the risks and rewards of investment opportunities and participate in the market.

The need for an enhanced campaign remain important as local investor's appetite for investment in stocks have continued to wane, due to what market watchers believed was lack of adequate investors' awareness. In the light of the lessons learned from the stock market collapse, there is need to strengthen the regulator's investor education and awareness function, especially for retail investors.

The latest report from the Nigerian Stock Exchange (NSE) shows that Foreign Portfolio Investment (FPI) transactions, which accounted for 49.28 per cent at the beginning of the year, increased significantly to 78.25 per cent at the end of March 2014.

In contrast, domestic transactions decreased significantly from 50.72 per cent to 21.75 per cent over the same period. However, this represents an overall decrease of 8.31 per cent in total transactions, broken down into a 50.42 per cent increase in FPI transactions and a 60.68 percent decrease in domestic transactions.

The global financial crisis which led to the collapse or near collapse of many institutions around the world heightened the importance of corporate governance. While pushing for higher standards of corporate governance and accounting, regulators and government alike, have continued to realize that investors' confidence is an essential aspect of overcoming financial crisis. It is equally being acknowledged that investor education is a key and effective tool for rebuilding investor confidence.

The International Organization for Securities Commissions (IOSCO), which the SEC Nigeria is also a member, also posits that investor education is a way of providing investor protection. This underscores the importance of investor education in the development of securities market. Indeed, Section 13 (s) of ISA (2007), which SEC has the mandate to implement, emphasizes the need to promote investor education and the training of all categories of intermediaries in the securities industry.

The strategy of investor education is therefore regarded as the most critical element in achieving global success as the financial crisis was in part as a result of lack or low level of financial literacy and proper understanding of the working of the financial market.

In recent times, public awareness, knowledge and participation in capital market activities have become critical to effective capital markets development in an effort to overcome the problem of low levels of capital market literacy.

Whilst there are a number of capital markets literacy activities being carried by some stakeholders in Nigeria to address the foregoing, these efforts are inadequate and not properly coordinated. In addition, the full impact of these initiatives is yet to be ascertained.

SEC as the apex capital market regulator in recognition of such issues, has established a number of capital market literacy initiatives; independently as well as in collaboration with other organizations.

Regulators Initiatives

Over the decades, SEC has made significant efforts in investor's education strategies by coming up with several programmes to improve capital market literacy in Nigeria. Some of the initiatives are; providing educational

materials for various investor types, sponsoring seminars, out-reach and town hall meetings, quiz competitions, establishment of capital market clubs in secondary schools and capital market studies in universities. It also has capacity building program for judges and runs an academy for financial journalists and Shareholder's Association.

Given the centrality of social media to stakeholder management in the 21st century, SEC has incorporated the use of Facebook and Twitter into the stakeholder management matrix. The deployment of this new media has enhanced public awareness on the market and also created a platform for an increased number of Nigerian and foreigners alike to interface with the Commission directly.

In 2011 the SEC commenced an Investor/Issuer Out-Reach programme which was consequently hosted by the various geo-political zones. The NYSC Lecture Series also commenced in 2012 and held at the various NYSC Camps across the Federation. Similarly in 2013, the Health and Wealth financial educational programme commenced in addition to the Eye on the Nigerian Capital Market which is aired on CNBC TV station.

The SEC also embarks on campaigns to States of the Federation on "investment opportunities in the capital market" to create awareness, encourage the utilization of the capital market as an alternative source of funding, provide enlightenment on collective investment schemes, etc. during which relevant publications - books, pamphlets, fliers, journals – are distributed.

Nigerian Stock Exchange (NSE) has also established a number of capital market literacy initiatives to increase the level of capital market awareness in Nigeria. NSE's current capital market initiatives are classified into Business and Corporate Social Responsibility.

In February 2012, NSE kicked off its financial literacy program as a first step in protecting investors, adding that the program aims to enhance investors' understanding of the basics of investing around portfolio construction, asset allocation and risk diversification.

In 2013, NSE in collaboration with Greenwich Trust Ltd., Stanbic IBTC Asset Management Ltd., First Bank Nigeria Capital Ltd., CSL Stockbrokers Ltd., Capital Asset Ltd., and CFA Society Nigeria, hosted two separate Investor Clinics; one for professional bodies such as the Institute of Chartered Accountants of Nigeria (ICAN), and the other for religious bodies.

Similarly, NSE organized 287 other workshops for retail investors in various parts of the country, as part of the bourse's capital market literacy program to educate investors and enhance their potential to save, invest and build wealth, while managing risk. In July 2013, the NSE together with organizations such as the Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC), National Insurance Commission (NAICOM), Federal Ministry of Finance, Federal Ministry of Education, Pension Commission (PENCOM) and the National Communications Commission (NCC) amongst others, joined the Financial Literacy Steering Committee (FLSC), to develop and implement the Financial Literacy Framework for Nigeria.

The Central Bank of Nigeria (CBN) has developed a Financial Literacy Framework to enhance financial inclusion

of the unbanked. In addition The CBN is planning to conduct a baseline survey for Financial Literacy in Nigeria. This exercise will be accomplished in collaboration with the National Bureau of Statistics (NBS). The purpose of the survey is to achieve an internationally comparable dataset.

- **RAG Literacy Status (As Is)**

To measure the current level of capital market literacy, a calibrated approach was used for the following definition of capital market literacy:

“The level of education, learning, articulacy, proficiency and scholarship of a country’s population about Capital Market Activities. Also includes the ability to critically think about and participate in the Capital Market, understand its role, instruments, institutions, operations, functions and processes by individuals, organizations and societies”.

Each of the key elements in the above definition is in bold. These are education and learning, ability to critically think and participation. These were measured respectively by looking at the level of understanding of 6 key terms, whether the person does trade, and the level of confidence in SEC. The six terms used are:

- shares,
- broker/ dealer,
- investment advisor,
- fund manager,
- government /corporate bonds, and
- Unit trust / mutual fund.

If we require that a person understands all six terms and the person knows his or her level of confidence in SEC, the resulting current literacy level is 16%.

Capital Market Literacy Level			
Knowledge and understanding of CM products	Level of education and learning	Actively participate in the capital market	Ability to critically think about the capital market
6 out of 6	19%	N/A	16%

Note that the ability to actively participate in the capital market has been excluded since this measures the end result of the increment expected in improving the CM literacy level.

As expected, the geographical zones in Nigeria do not have the same amount of understanding about the market. While it was expected that those in the south, would have more knowledge of how the Capital market works, the pattern that emerged was that those in the North West have more knowledge about the market than even those in the South West. The South-East and North-East had the less impressive responses to the questions posed to them. The level of understanding of these terms presents a mixed picture as across the regions.

One important point to consider is that; a strategy which will improve Capital Market literacy in the country will target specific age, gender and educational classes within the country rather than a particular zone.

Capital Market Literacy Level by Geo-political zones in Nigeria using the six terms



• BAC Literacy Status (To Be)

The planning horizon for the capital market literacy improvement initiatives is 10 years. At the end of the period a significant increase of more than double the current literacy rate to 40% is expected as an ambition target level.

10 year horizon to improve capital market literacy level				
	May 2014	1-2 years	2-5 years	5-10 years
Capital market literacy level	16%	improvement	halfway	double
RAG status	Red	Red	Amber	Green

Red Amber Green

• Key Findings and Recommendations

From the reviews and research work done (through the survey administration), the following are the major findings and recommendations of the committee.

Findings

- Generally, there is a low level of capital market awareness across the country. People are generally aware of simple and not too complex terms/products such as “shares” and are less aware of more complex terms such as “unit trust”. This could be due to several factors such as limited channels to educate the public on capital market operations, inadequate public awareness campaigns, inadequate & insufficient publications on capital market.
- The socio-economic characteristics of investors (age, gender, income and educational qualifications) have statistically significant influence on the investment decisions of investors in Nigeria. The literacy level therefore varies with the demographic characteristics of the population as certain groups are more aware of the capital market than others.
- There are limited coordinated and measurable capital market activities or programs to educate the public. The current capital market literacy programs are not sufficient to cover the public and are not adequate to reach the different stakeholder groups.
- There is low level of awareness about the capital market products, how they are traded and the metrics used to determine their profitability.
- There is ineffective collaboration among capital market stakeholders to run capital market literacy programs. The different stakeholder or trade groups run their own literacy activities with focus on various target groups thereby not making full and adequate use of available resources to reach a larger target group that will generate a greater impact.
- There is inadequate funding to implement capital market literacy programs. Lack of funds prevents or delays the implementation of intended capital market literacy activities or programs.

Recommendations

- **Targeted public awareness**

Capital market industry needs to put more effort on targeted public awareness (multi-channel), such as town hall meetings, roadshows, advertisements, websites launch, public enlightenment campaigns, and introduction of radio programs in local dialects. The peculiarities of distinct groups must be factored into awareness campaigns in the process of disseminating information to those who are less aware of the market

- **School based curriculums**

Introduce capital market education into school curriculums at all levels of education and encourage capital market studies as a degree program offered in universities

- **Capital Market Literacy Week**

Introduce a Capital Market Literacy Week during which papers are presented in various schools all over the nation at all levels of education by the different capital market stakeholders.

- **Education and Training programs**

Conduct education and training programs for Journalists, Lawyers, Association of Capital Market correspondence, leadership of Shareholders' Association and other groups. There is need for a continuous collaboration with institutions like professional bodies, stakeholders associations, etc. to run capital market literacy programs. Establish investor education forum through shareholders association, operators' forum, etc.

- **Enhancement of CM policies and regulations**

Policies and regulations should be enhanced to protect investors. These policies should be simplified for ease of interpretation. There should be better enforcement of rules and regulations established by the Securities and Exchange Commission (SEC).

- **Complaints resolution channel**

A complaints resolution channel or mechanism should be introduced, e.g., a toll free line. Re-visit the investor protection fund and Trade guarantee.

- **Publications, Articles, Journals, Newsletters and Literatures**

Regular and up to date publications and articles on the capital market operations. Publications should be made in English and local dialects. Literatures on capital market should be encouraged. Journals of the Nigerian Capital Market should be jointly developed by all stakeholders, trade groups to also develop and circulate their periodic newsletters or e-newsletters.

- **Mass Media**

Provide more information through the television, radio and newspapers. Trade groups to have detailed FAQs on their websites.

- **Funding**

Create a common fund to which all stakeholders will contribute and continued sponsorship of specific events by regulatory bodies, SRO's and Trade Associations (including SEC, NSE and CSCS).

- **Feedback**

Embark on well-designed surveys /questionnaires, in order to continuously measure the effectiveness and success of the Capital Market Programs.

Summary of Nigerian Capital Market Literacy Initiatives versus Global Best Practices

Global Trends

Capital Market literacy strategies in other countries like South Africa, Canada, India United States, Kenya, Brazil and Malaysia were reviewed in order to have an insight to jurisdictional response to global trends and to lay the ground work for designing appropriate frameworks and strategies implementable, given our peculiar environment. Similar studies were reviewed to identify existing structural deficiencies, impediments and to harmonize the efforts on ground.

In order to have a complete understanding of the global trends, the countries were classified into three markets namely; Developed, Emerging and Frontier market based on Morgan Stanley Capital International (MSCI) market classification framework. The MSCI Market Classification Framework consists of 34 countries, out of which 21 countries were reviewed as shown in the following table.

Developed markets	Emerging markets	Frontier markets
USA	Brazil	Kenya
Canada	Argentina	Uganda
France	India	Ghana
Australia	Japan	Rwanda
Germany	South Korea	Nigeria
Sweden	South Africa	
United Kingdom	Malaysia	
Israel	Czech Republic	

According to MSCI market classification, a country is classified as developed, emerging or frontier market if it has met the following criteria

Criteria	Developed	Emerging	Frontier
A. Economic Development			
A.1 Sustainability of economic development	Country GNI per capita 25% above the World Bank high income threshold* for 3 consecutive years	No requirement	No requirement
B. Size and Liquidity requirements			
B.1 Number of companies meeting the following standard index criteria	5	3	2
Company size (full market cap) **			
Security size (float market cap) **	USD 2519 mm	USD 1260 mm	USD 630 mm
Security liquidity	USD 1260 mm	USD 630 mm	USD 49 mm
	20% ATVR	15% ATVR	2.5% ATVR
C. Market Accessibility Criteria			
c.1 Openness to foreign ownership			
c.2 Ease of capital inflows/outflows	Very high	Significant	At least some
c.3 Efficiency of the operational framework	Very High	Significant	At least partial
c.4 Stability of the institutional framework	Very High	Good and tested Modest	Modest
	Very High		Modest

*High income threshold for 2012: GNI per capita of USD12,615 (World Bank, Atlas method)

**Minimum in use for the May 2014 Semi -Annual Index Review, updated on a semi-annual basis

Developed Markets

Country	Target group	Initiatives / Program
United States	<ul style="list-style-type: none"> • Retail Investors • Youth • Low-income families and individuals 	<ul style="list-style-type: none"> • National Strategy for Financial Literacy focus on: <ul style="list-style-type: none"> • Encouraging government and private sector efforts to promote financial literacy; • Coordinating the capital education efforts of the federal government, including the identification and promotion of best practices for capital education. • Establishing a website to serve as a clearinghouse and provide a coordinated point of entry for information about federal capital market literacy and education programs. • National Financial Capability Challenge: <p>The National Financial Capability Challenge was designed to increase the financial knowledge and capability of high school aged youth across the United States so they can take control over their financial futures</p> • Community Financial Access Program (CFAP): <p>It was designed to increase access to financial services and financial education for low- and moderate income families and individuals.</p> • American Association of Individual Investors (AAII): specializes in providing education in the area of stock investing, mutual funds, portfolio management and retirement planning. AAII has a two day annual conference intended to educate retail investors about various aspects of the investment process, hosts individual chapters in the main urban areas which have their own program of activities and also provides publications on various investment topics. . • Investment Company Institute Education Foundation (ICIEF): Formed in 1989, an educational affiliate of the Investment Company Institute, partners with government agencies and other nonprofit organizations to help promote or enhance investor awareness on behalf of the mutual fund industry. For the past three years, the Foundation's primary focus has been the Investing for Success program and partnerships. This program is designed to strengthen investor awareness in the African-American and Hispanic communities. The Foundation also participates in national educational partnerships and programs. • Alliance for Investor Education (AIE): The Alliance for Investor Education brings together the main providers of investor education in the U.S. so that they can exchange information about their various investor education programs. In addition, the Federal Reserve Board, North American Securities Administrators Association, the SEC and the Federal Trade Commission advise AIE. Publications for investors and other information can be found on . • Securities and Exchange Commission (SEC): The SEC's Web site contains an interactive program dealing with the steps to take in order to become a smart saver and investor. In addition, the SEC's Office of Investor Education and Assistance publishes free brochures and other educational materials on numerous investing topics. These materials and other information are available on www.sec.gov/investor.shtml. Most state securities regulators in the U.S. are involved in investor education in their own jurisdictions. In particular, State Securities Regulators have many grass roots initiatives to educate investors and support capital literacy efforts in schools.

<p>Canada</p> <p>Individual Investor</p> <p>General Public</p> <p>Students</p>	<p>Canadian Securities Administrators (CSA): Securities regulators from each province and territory have teamed up to form the (CSA) which is primarily responsible for developing a harmonized approach to securities regulation across the country. One of CSA's objectives is to protect investors from fraudulent, manipulative or misleading practices.</p> <p>The CSA's Investor Education Committee has conducted national surveys and developed a number of educational resources aimed at helping investors.</p> <p>The Manitoba Securities Commission: The Manitoba Securities Commission strives to develop and offer public education, to provide information about potentially illegal activity, to help members of the public understand investing and market issues and to be able to make informed investment decisions. The Commission's web site at www.msc.gov.mb.ca has a variety of resources that help to achieve these goals.</p> <p>The British Columbia Securities Commission: The BC Securities Commission conducts investor education under the InvestRight umbrella. InvestRight features tools, information, and a blog to help investors avoid and report investment fraud and assess investment opportunities. Partners as diverse as the God's Fraud Squad and the Canadian Conference of Mennonite Brethren, the credit union-based CUSOURCE Knowledge Network, and enforcement agencies such as the RCMP and Vancouver Police Department, enable the BCSC to plant investor caution and education messages deep in the community. In a joint initiative with the Financial Consumer Agency of Canada (FCAC), the BCSC recently launched a unique, web-based youth education program called The City / La Zone.</p> <p>Autorité des marchés financiers (Québec): The Autorité des marchés financiers (AMF) supervises Québec's financial sector and provides assistance to consumers of financial products and services. It protects consumers by enforcing the statutes and regulations governing the following areas of activity: insurance, securities, deposit institutions (other than federally chartered banks) and distribution of financial products and services. The AMF responds to information requests, receives consumer complaints concerning financial sector participants, and can either recommend services for examining complaints and resolving disputes or pay compensation directly to the consumer, if applicable. It also disseminates consumer education programs on financial products and services in co-operation with consumer protection organizations.</p> <p>Ontario Securities Commission (OSC): The OSC provides resources and programs to help retail investors understand risk and make informed investment decisions, as part of its investor protection mandate. The OSC website www.osc.gov.on.ca hosts investor information with a focus on informed investing and fraud prevention. The OSC also established the Investor Education Fund, an unbiased, non profit source of information and tools that help consumers make better decisions when investing and managing their money.</p> <p>Nova Scotia Securities Commission: Nova Scotia launched a new investor focused website: www.beforeyouinvest.ca. The main feature of the site is the Before You Invest blog, intended to be updated 2-3 times a week once fully launched. NSSC has also incorporated much of the information from our brochures and previous site under 5 headings: Investing Basics, Invest Wisely, Choosing an Advisor, Fraud, and Getting Help. More content may be added in the future, based on feedback and demand. NSSC has worked hard to make the site easy to read and easy to navigate and looks forward to your comments.</p>
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New Brunswick Securities Commission: Invest in Knowing More (IKM) is the New Brunswick Securities Commission's (NBSC) public awareness campaign that has run since 2006. It creates awareness of the seriousness and reality of investment fraud in New Brunswick and helps to influence reporting behaviour by encouraging investors to report suspected investment fraud to NBSC.

Special Focus Programs

Alberta Capital Markets Foundation: The Alberta Capital Market Foundation was established in November 1998 with funding from the Alberta Securities Commission and The Alberta Stock Exchange (now the TSX Venture Exchange). The Foundation does not conduct active operations as an educator but instead funds specific projects intended to educate the public and entrepreneurs about the functions, operations, benefits and risks associated with capital markets. The Foundation's Web site is at: www.acmfoundation.org.

Council for Investor Education (CIE): The Council for Investor Education is a forum composed of industry organizations and securities regulators interested in empowering Canadians with the knowledge to make informed capital decisions. The members of the Council for Investor Education shares, coordinates, and promotes ideas and initiatives that facilitate the best and most efficient use of its collective expertise. The Council does not yet have its own Web site.

Programs for Children and Young Adults

CSI Global Education Incorporated: CSI Global Education Inc. (CSI), Canada's leader in professional capital services education has partnered with Junior Achievement of Central Ontario to bring capital literacy to grade seven students. More than 1000 students have benefited from the expertise these volunteers brought into their classrooms, and now each of those students has increased capital literacy and greater confidence in managing their money today and into the future.

France

Retail Investors
Shareholders
Workers

Programs by Government Regulators

(Autorité des marchés financiers (AMF): The program is run in partnership with private sector representatives of the securities industry, established an investor education that:

Provides consumers with information about financial markets and products on a very broad basis; Set standards for private sector providers of financial education and evaluate private sector providers of investor education on the basis of those standards

Promotes research and international cooperation on financial education for French consumers.

The institute offers classes when a demand exists, that private sector providers of investor education are not able to satisfy.

In addition to the national institute, the AMF publishes a wide variety of pamphlets and other educational materials for consumers interested in investing in France's securities market. www.amf-france.org.

Programs for Individual Investors (Ecole de la Bourse)

Sponsored in part by Euronext, Ecole de la Bourse, a private school was established to provide training seminars for retail investors in 50 different cities throughout the country.

It also uses online information about investing, financial markets and

financial instruments.

Listed firms in France also offer classes to their shareholders using the Ecole de la Bourse's facilities and training materials. The Ecole de la Bourse also offers individualized courses covering economics and investment topics at workplaces and other locations. www.ecolebourse.com,

Fédération Française des Clubs d'Investissements (FFCI): FFCI sponsors investment clubs throughout France. (www.clubinvestissement.com).

Australia	Children and Young Adults Individual Investors Employers Public/Private organisations Professionals	<p>National Strategy for Financial Literacy</p> <p>The Australian government established the Financial Literacy Foundation in mid-2005, with the objective of implementing a national strategy intended to provide a framework within which financial literacy initiatives in Australia could function more effectively. The specific objectives of the Foundation are:</p> <ul style="list-style-type: none">The adoption and integration of consumer and financial literacy into the school curriculum, starting at primary school and including the professional development of teachers in teaching consumer and financial education;The adoption and integration of consumer and financial literacy into the workplace through vocational education programs and employer information channels;Commissioning and conducting an ongoing national research program on the factors leading to key consumer and financial decision-making;Providing a clearinghouse Web site to assist consumers and consumer intermediaries with better access to existing information;Facilitating collaboration between organizations that might benefit from each other's expertise with the objective of reducing duplication and inconsistency across existing initiatives and programs. The Foundation will also work with public, private and community organizations to ensure that there is a collaborative approach to advancing and coordinating financial literacy initiatives; and,Facilitating an ongoing social marketing campaign to embed a key consumer financial literacy message within the Australian culture (the financial equivalent of 'don't drink and drive') and providing best practice guidance to organizations regarding effective education approaches to key consumer issues based on research and policy expertise. <p>The Financial Literacy Foundation has already established a Financial Literacy Educators and Trainers Network that will assist educators, human resource professionals, and resource developers to provide quality financial literacy education and training. In addition, the Foundation is working collaboratively with states and territories to develop a National Curriculum Framework for consumer and financial literacy for young people which would provide nationally agreed upon, multi-disciplinary benchmarks and guidance for teaching financial literacy. The Web site for the Financial Literacy Foundation is found at: www.moneysmart.gov.au/.</p> <p>Programs by Governments</p> <p>Centrelink: Centrelink is a government agency delivering a range of Commonwealth services to the Australian community. They offer free and independent financial information including confidential interviews with Financial Information Service Officers where the client may discuss financial issues and options as well as financial seminars and workshops. Centrelink also offers information on financial markets and products on its Web site, which can be found at: www.centrelink.gov.au.</p>
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Programs by Government Regulators

Australian Securities and Investment Commission (ASIC)

Initiated in 2001, ASIC's consumer education strategy is focused on helping consumers actively look after their money and their financial futures. ASIC's consumer education campaign intensified in mid 2003 after the release of a national survey by ANZ Bank, which found that Australians lacked knowledge in areas such as investment, superannuation and retirement planning, despite having good basic financial skills. ASIC has a dedicated consumer Web site which provides information about financial products and services and information on how to avoid scams and swindles. ASIC, which provides an outline of their consumer education strategy on their Web site, also communicates directly with consumers through investor forums across the country. ASIC's dedicated consumer Web site can be found at: www.moneysmart.gov.au/.

Australian Investors Association (AIA)

The Australian Investors' Association was formed in 1991 by a small group of investors who recognized there was a need for an organization that could represent the interests of private investors across the broad spectrum of investment products available in the retail market. The Association offers investor education to individuals in a variety of ways, including meetings, seminar and its Web site. AIA's Web site can be found at: www.investors.asn.au.

Australian Shareholders Association (ASA)

The Australian Shareholders' Association was established as a not-for-profit organization in 1960 to protect and advance the interests of investors. In that capacity, ASA liaises extensively with other bodies such as regulators, lawmakers, industry groups and accounting bodies. The ASA represents its members' views on a number of accounting and financial industry bodies. In addition, ASA holds regular members' meetings all across the country and conducts adult education workshops aimed at improving members' financial literacy. ASA's Web site is found at: www.asa.asn.au/.

Australian Stock Exchange (ASX)

The Australian Stock Exchange (ASX), which with its predecessor state exchanges has been the longest running provider of accessible public education in Australia's share market, offers an extremely comprehensive investor education program. This program includes free on-line classes for investors with varying levels of sophistication, one-day forums for active investors held in various locations, and a two-day Traders and Investors Expo and three-day Investment Expos that are also held in various locations. In addition to these intensive programs, ASX's Web site provides information about beginning and running investment clubs, has games that allow individuals to experience virtual investment in stocks actually listed on the exchange, and provides resources designed to help educators teach the basics of share investment in a fun and innovative manner. In conjunction with the Australian Shareholders' Association (ASA) and the Securities Derivatives Industry Association (SDIA), ASX also offers a monthly lunchtime seminar series with lectures presented by experienced speakers from the broking and finance industries intended to help investors stay up-to-date with issues and trends in the financial market. Finally, ASX provides an extensive amount of educational materials, including pamphlets and audiovisual presentations, all of which can be downloaded from their Web site. ASX's Web site can be found at: www.asx.com.au.

		<p>Investors Education Association (IEA)</p> <p>The Investor Education Association is an independent educational organization dedicated to providing Australians with the skills and knowledge necessary to successfully manage their personal finances and achieve their financial goals and objectives. IEA conducts workshops and seminars on a wide range of personal financial planning topics. The Association's Web site can be found at: www.moneywise.gov.au/.</p> <p>National Information Centre on Retirement Investments (NICRI)</p> <p>NICRI is a free, independent, confidential service that aims to improve the level and quality of investment information provided to people with modest savings who are investing for retirement or facing redundancy. NICRI offers a range of leaflets that general information about financial markets as well as information about financial planning and investment products. NICRI's Web site can be found at: www.nicri.org.au.</p> <p>Proshare Investment Clubs</p> <p>Dedicated to helping consumers to become more informed about their investment decisions, Proshare provides extensive information about beginning and running an investment club, offers a message board on their Web site for individuals that thinking about starting or already running investment clubs and also provides information on an individual basis. Their Web site is at: www.proshareclubs.co.uk/cgi-bin/proshareclubs/home/home.cgi</p>
Germany	Individual Investors	<p>Deutsche BörseDeutsche Börse's Web site has a Private Investors portal that allows investors to create their own watchlists along with real time data and newsletters. The Web site also has information for investors about different financial products and trading strategies and has an investment club corner. The Web site can be found at: deutscheboerse.com/dbag/dispatch/de/kir/gdb_navigation/home.</p>
Sweden	Individual Investors Private Individuals	<p>Programs for Individual Investors</p> <p>Stockholm Stock Exchange (Stockholmsbörsen): The Stockholm Stock Exchange provides courses to public schools regarding investment in equities, unit trust investment funds and other equity-related securities that are quoted on the stock exchange. It also provides various courses for the general public and publishes monthly a magazine that informs the public by means of educational articles regarding various financial products. The Stockholm Stock Exchange's Web site can be found at: www.stockholmsborsen.se</p> <p>Swedish Shareholders' Association (Aktiespararna): Aktiespararna is an independent organisation representing the interests of private individuals who invest in stocks, mutual funds and other equity related securities in Sweden. Aktiespararna was founded in 1966 and had more than 80,000 members in 2004. Among other activities, Aktiespararna informs and educates its members about shareholding, with the aim of improving their capacity to independently make decisions about investing in equities. Aktiespararna's Web site can be found at: www.aktiespararna.se/english.</p> <p>Special Focus Programs</p> <p>Premium Pension Authority (PPM): Under Sweden's pension system workers contribute 2.5 percent of their salary toward a "premium pension". These funds are placed in individual investment accounts and contributors select the specific investments for their accounts from a wide variety of funds. Within these categories, individual funds offer a variety of special features, such as active versus index-based management, ethical</p>

investment criteria, and more or less aggressive growth strategies. Contributors can also invest a portion or all of their contributions into a default fund called the Premium Savings Fund. PPM's Web site can be found at: www.ppm.nu/top/infodocument/1:1:250,251.

Swedish Consumers' Banking and Finance Bureau: The Bureau is an independent agency whose objective is to meet consumers' need for neutral information and guidance with regard to financial services and to provide support in dealings with banks, credit institutions, investment firms and mutual fund companies. The specific objectives of the Bureau are to: (1) satisfy the consumer's need for information and guidance concerning financial services and give them support in their contacts with the financial institutions; (2) help both to highlight consumer problems in the financial sphere and to ensure their prompt rectification; (3) convey an objective picture of the financial industry to the general public and media; (4) increase the public's and media's knowledge of the financial industry; (5) help to bring about flexible solutions to customer complaints; and (6) be responsible for feedback on identified consumer problems relating to individual member companies or the industry as a whole. The Web site for the Bureau can be found at: www.konsumentbanktyran.se.

United Kingdom
 Young Adults
 Individual Investors
 Employees
 Retirees
 Students
 educationalists,
 financial services industry
 representatives,
 regulators,
 government departments

National Strategy for Financial Capability: The Financial Services Authority (FSA), the government regulator for the capital market in the UK, is the coordinator of the UK's National Strategy for Financial Capability which was launched in 2003 with the objective of increasing financial capability in the UK by working with private sector stakeholders. As defined by the FSA and its partners financial capability is about being able to manage money; keeping track of it; planning ahead; choosing financial products; and staying informed about financial matters. The FSA and its private sector partners are focusing their efforts on seven specific priority areas: (1) schools; (2) young adults; (3) workplace; (4) families; (5) retirement; (6) borrowing; and (7) financial advice. At the start of the campaign the FSA stated that the intent was to treat financial capability messages, "...like a commercial product that we want people to adopt and act upon. That means reaching out to individuals with innovative and imaginative marketing techniques and 'selling' them the idea that personal finance matters and that it need not be difficult. "The FSA's website for the financial capability campaign sets out the programs and events which the FSA is helping to coordinate in order to promote financial capability across the seven priority areas as well as links to research, speeches and current news and can be found at: www.fsa.gov.uk/library/other_publications/fcp.

Programs for Children and Young Adults

Financial Education Partnership (FEP): FEP offers free workshops in financial capability and a range of other finance related topics to schools and pupils in Scotland. Formerly known as the Banking Education Partnership, the aims of the FEP are to provide financial education to young people across Scotland, to give young people in schools access to real business experience and to encourage pupils to prepare for adult life. The Partnership's Web site can be found at: www.fep.org.uk.

Personal Finance Education Group (pfeg): pfeg is an educational charity whose mission is to make sure that all young people leaving school have the confidence, skills and knowledge in financial matters to take part fully in society. Pfeg offers a range of advice and resources suitable for pupils of all ability levels, as well as reflecting different social, economic and cultural backgrounds. pfeg aims to help teachers to develop financial capability in

young people, particularly those working with children and young people aged 4 to 19. It brings together educationalists, financial services industry representatives, regulators, government departments, and consumer representatives in order to educate all those at school about personal finance. The Web site contains free download case studies and directory of resources with summary of contents. Pfeg's Web site can be found at: www.pfeg.org.

Scottish Centre for Financial Education (SCFE): The role of the SCFE is to help teachers, schools and education authorities in Scotland provide a high standard of financial education to meet the needs of all their learners. The Centre will provide help in planning continuing development and advice on useful resources for learning and teaching. SCFE's Web site can be found at: www.cas.org.uk/.

Programs for Individual Investors

Institute of Financial Services (ifs): The Institute of Financial Services is the official brand of the Chartered Institute of Bankers (CIB), a registered charity and one of the leading bodies for the provision of both education and life-long career support services to the financial services industry, and formal financial education to the public at large. In addition, the Institute of Financial Services now owns and operates ifs ProShare, which provides a range of competitions that complement the IFS' qualifications and helps to educate students about investment, the stock market, business economics and personal finance. The Institute's Web site is at: www.ifslearning.ac.uk/.

Life Academy: Life Academy, an educational charity, and the national centre for life planning in the UK, provides pre-retirement and life planning courses for individuals and companies that help individuals to increase their financial awareness and prepare for their departure from full-time paid work. Among its various programs, Life Academy offers "Learn About Money", which addresses the need for better financial education among adults by providing a bridge between basic money handling skills and the information provided by financial products and advisors. The program is independent of any commercial interest and does not promote any financial product. Life Academy also offers pre-retirement courses that address a variety of topics including finance, health, work, leisure, relationships, self-identity, and other issues related to the transition into retirement. Life Academy's Web site can be found at: <http://www.life-academy.co.uk>

Training for Profit (TFP): Training for Profit has been providing private investor education since 1997. TFP offers a wide range of workshops for private investors as well as online training programs.

Special Focus Programs

Citizens Advice: Citizens Advice is a registered charity with offices in England, Wales and Northern Ireland, provides free information and advice from nearly 3,400 locations and works to influence policymakers on a variety of issues of concern to consumers. Citizens Advice helps people resolve their debt, benefits, housing, legal, discrimination, employment, immigration, consumer and other problems and is available to everyone regardless of race, gender, sexuality, age, nationality, disability or religion. In addition to the advice that it offers to consumers, which is done primarily by trained volunteers, Citizens Advice also co-ordinates social policy, media, publicity and parliamentary work and maintains an information and advice Web site at www.adviceguide.org.uk.

Money Advice Scotland: Money Advice Scotland (MAS) was set up in

1989 courtesy of a grant from the Scottish Consumer Council as the umbrella organization to represent individuals and agencies involved in all areas of money advice (debt advice). Money Advice Scotland does not provide an advice service direct to the public, but does keep up to date details of advice agencies throughout Scotland who provide a free, independent, impartial and confidential money advice service. Money Advice Scotland provides training for individuals providing debt advice to consumers. Money Advice Scotland also represents the view of its members on policy issues, and liaises with national, statutory and voluntary agencies on the promotion and development of money advice services. Money Advice Scotland's Web site is found at: www.moneyadvicescotland.org.uk.

Israel	Individual Investors	<p>The Securities Exchange Commission has 3 major classifications including;</p> <p>Investment Advisor - a person engaging in providing advice to others which pertains to evaluation of investing, holding, acquiring or selling securities and financial assets.</p> <p>Marketing Agent - a person engaging in investment advice that has ties to certain financial products (i.e., an advisor that is not necessarily objective).</p> <p>Portfolio Manager - a person engaging in discretionary execution of investment transactions on behalf of others. According to the Law, all legal persons engaged in investment advice, investment marketing or investment portfolio management in Israel and vis-a-vis investors in Israel must be licensed by the Investment Securities Act (ISA).</p>
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Emerging Markets

Country	Target group	Initiatives / Program
Brazil	General public Individual Investors	<p>Programs by Government Regulators</p> <p>Comissão de Valores Mobiliários (CVM): The CVM has set up an Investor Education and Assistance Program that holds town meetings for the general public around the country in places like São Paulo, Brasília, and Fortaleza. The program also produces brochures, booklets, investment guides, and has a toll-free number, among other resources available for the individual investor. The CVMs Web site can be found at: www.cvm.gov.br/ingl/indexing.asp.</p> <p>Programs for Individual Investors</p> <p>Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais (ANBIMA) Anbima's financial education website (www.comoinvestir.com.br) is designed to highlight the importance of financial planning and the benefits accruing from long-term investments. The site mission is to become a benchmark by offering the best and the most comprehensive didactic information on the various investment alternatives, such as mutual funds, equities, debentures and private and public bonds as well as serving the needs of investors through content, services and e-</p>

learning tools. Besides the site has one section to help ordinary people and families to prepare a house budgeting and to disseminate knowledge of the mechanisms to be used in personal investments.

Information for Individual Investors on Foreign Exchange (FOREX)

CVM-Securities and Exchange Commission of Brazil

<http://www.cvm.gov.br/port/taxas/mercadoForex.pdf>.

There are no brokers/dealers authorized by the CVM to offer FOREX contracts to Brazilians. FOREX is not a regulated product in Brazil at this time. CVM has been working in the Brazilian capital markets to raise awareness among individual investors about the market and legal risks involved. This guide was published in 2008. Web site is at: www.cvm.gov.br

Argentina

General Public

Programs for Individual Investors

Bolsa de Comercio de Buenos Aires (BCBA) Through the BCBA Foundation, the stock exchange offers an introductory course to the general public (Curso para inversores bursátiles). The free course, which is offered over a four-week period once a year, covers the capital market, financial instruments, regulation and portfolio management. In conjunction with El Colegio de Graduados en Ciencias Económicas, the Bolsa offers more advanced courses intended for individuals interested in working in the financial sector. The Bolsa's Web site is found at: www.bcba.sba.com.ar/.

India

Individual Investors

Program by Regulator

The Securities & Exchange Board of India (SEBI) launched a comprehensive education campaign aimed at creating awareness among investors about securities market, which has been christened "Securities Market Awareness Campaign" (SMAC). The motto of the campaign is 'An Educated Investor is a Protected Investor:

The structural foundation of the campaign is based on workshops that are being conducted all across the country with the continued and active participation of market participants, market intermediaries, Investors Associations etc., to spread the message: "Invest with Knowledge".

The Workshops aimed at acclimatizing the investors with the functioning of the securities market, the basic fundamentals of investment and risk management and their rights and responsibilities. Till date, more than 2188 workshops have

been conducted in around 500 cities/towns across the country.

Advertisement: Simple "do's and don'ts" for investors relating to various aspects of the securities market. Till date, over 700 advertisements relating to various aspects of Securities Market have appeared in 48 different newspapers/6 magazines, covering proximately 111 cities and 9 regional languages, apart from English and Hindi.

Educative Materials - Standardized reading material and presentation material for the workshops.

All India Radio - With regard to educating investors through the medium of radio, SEBI Officials regularly participate in programmes aired by All India Radio.

Website dedicated to Investor Education (<http://investor.sebi.gov.in>)

Cautionary Message on television - With a view to use the electronic media to reach out to a larger number of investors, a short cautionary

Programs for Individual Investors:

The Institute of Chartered Accountants of India (ICAI) realizing the need of the current market scenario and investor requirement, the Committee on Financial Markets and Investors' Protection of ICAI has published a "Handbook for Investing & Investor Protection." This publication provides information on investment process, rights of investor, commodity and currency market, clearing and settlement, grievances, arbitration aspects, etc. The contents of the book are simple and very precise and were written keeping in view in the interest of investors at large.

India makes use of Independent financial advisors (IFAs) which are licensed individuals/entities that paly a very important role in helping investor (retail and institutional) makes the right investment decisions and expanding the retail investor base in achieving the retail participation and financial inclusion plan of the SEBI. IFA's engage in education and marketing of financial products to retail investors.

Japan

Retail Investors
Students
School teachers
General Public

Program by Government Regulator

The Financial Services Agency (FSA), the government regulator for Japan's capital market, carries out its consumer education program primarily through the network provided by the Central Council for Financial Services Information as well as similar networks provided by local governments. The

FSA has a web site that contains extensive information for retail investors. In addition, the FSA is working to increase the level of economic and financial education in schools by developing teaching materials for these topics. The FSA's Web site can be found at: www.fsa.go.jp/en/index.html.

Programs for Individual Investors:

Central Council for Financial Services Information: Established in 1952 by the Bank of Japan, the Council offers a wide variety of consumer education programs on finance intended primarily to enlighten the public regarding the importance of basic financial and economic knowledge related to daily life. The Council provides brochures, educational video, symposium and lectures and also provides some educational material on its Web site, which can be found at: www.saveinfo.or.jp/e/.

Japan Securities Dealers Association (JSDA):

The Tokyo Stock Exchange provides brochures, educational video, seminars and lectures to individuals and groups interested in information about financial markets. TSE has recently established a TSE Academy to provide educational programs intended to increase consumers' understanding about securities products. These programs target the general public as well as students and school teachers. The programs for the general public provide basic courses as well as more advanced courses that focus on specific areas, such as financial statements, bond transactions and margin transactions. TSE also sponsors, along with JSDA, the Securities Quest Web site. The Web site for the Tokyo Stock Exchange is at: www.tse.or.jp.

Special Focus Programs:

A number of private sector organizations also provide investor education in Japan. These organizations include The Investment Trusts Association, Japan Association of Financial Planners and some NPOs. All of these groups provide brochures for individual investors while some also provide correspondence courses, lectures and seminars.

Programs by Government Regulators

The Korea council for investor education provides a wide range of financial literacy programs for children, teenagers and general investors. As part of this effort, the KCIE has published based on its extensive experience and expertise in investor education and English version of investing for your dream, a set of financial education materials consisting of a teacher's guidebook and a student's textbook package. http://www.kcie.or.kr/junior_invest/eng/index.jsp. The KCIE hopes that this multimedia education content will serve as a useful guide to help the young minds of the world enhance their financial capabilities to learn, budget, save and manage their money.

Programs for Individual Investors

Korea Institute of Financial Investment (KIFIN): KIFIN, a subsidiary of the Korea Financial Investment Association (KOFIA), was originally geared toward providing industry practitioners with training and education courses, registration and qualification exams, but has broadened the breadth of its programs to the general public, including retail investors. KIFIN provides courses appropriate for market practitioners and the general public ranging in experience from novice to expert. Courses are classified into General, Professional, Qualified, Special and Cyber training. KIFIN's Web site can be found at: www.kifin.or.kr.

Korea Stock Exchange (KSE): KSE is a stock market and self-regulatory organization that offers programs and seminars meant to improve retail investors' general knowledge of Korea's securities markets. These programs include the Sound Investment Strategy Seminar, the Security School for University Students, which is available upon demand, the University Visiting Lecture program every month, the Elementary Stock Market Class for Elementary School Students and the Stock Market Workshop for secondary school teachers. KSE's Web site can be found at: <http://eng.krx.co.kr/>.

Special Focus Programs

There are a number of private organizations in Korea providing various investor education programs related to their specific area of the financial industry. For example, the Korea Investment Trust Companies Association covers topics relevant to investment trusts. The Korea Banking Institute (www.kbi.or.kr) provides a wide range of programs based on topics germane to banking and financial services while the

		Korea Federation of Banks' (www.kfb.or.kr) education program also covers topics on banking and financial services
South Africa	Youths General Public	<p>Programs by Regulator:</p> <p>Financial literacy summit by the Johannesburg Stock Exchange in partnership with the KwaZulu-Natal Financial Literacy Association which successfully hosted more than 350 youth from all the corners of the province in one day. The audience comprised of students at tertiary institutions, high school learners, young entrepreneurs and youth ambassadors, who were educated about savings and investment, as well as debt awareness</p> <p>Community Engagement</p> <p>Commuter and Shopper Education</p> <p>Schools and Youth :Money in Action</p>
Malaysia	Retail Investors Foreign regulators	<p>Investor's Education Programs</p> <p>Malaysia has consistently been ranked fourth for investor protection in the World Bank's 'Doing Business Report'. A number of investor's education programs/initiatives are currently deployed in Malaysia to help Malaysians tap into the capital market and achieve their investment goals. Paramount amongst them are:</p> <p>The Securities Commission's (SC) 'National Smart Investment Campaign' (this was held between Oct 2012 and March 2013 and reached close to six million new and potential investors).</p> <p>Investors Education Road shows</p> <p>Improvement of the country's corporate governance framework.</p> <p>The Securities Industry Development Corporation (SIDC) which is a training and development arm of Securities Commission Malaysia (SC). The SIDC has been in the business of training and developing capital market participants in Malaysia and internationally for almost two decades. It designs and facilitates training program for Malaysian and foreign regulators, company directors and market professionals as well as conducts Public Investor Education Seminars on wise investing and investors' rights.</p> <p>Talent development program organized by SIDC to builds human capital for the Malaysian capital market.</p> <p>In addition, the SIDC works closely with the SC to develop maintain and administer the SC Licensing Examinations and the mandatory Continuing Professional Education (CPE)</p>

		program as part of the licensing regime for Malaysian capital market intermediaries
Czech Republic	Schools General Public	<p>2002 Investor Adviser project: This project is run by the Czech Securities Commission with a focus on the capital market. The project uses leaflets, website, school visits, TV series to reach out to their target groups.</p> <p>Development of a more systematic approach to consumer protection on financial market in 2005. This initiative is coordinated by the Ministry of Finance.</p> <p>Dialogue of governmental agencies, market participants and consumers.</p> <p>Establishment a modular system (school education, adult education and focused education) and coordination platform for financial education projects.</p> <p>Introduction of Czech National Financial Education Curriculum into Schools.</p>

Frontier Markets

Country	Stakeholder	Initiatives/Program
Kenya	University students Capital market stakeholders Investment groups Capital Market operators e.g. issuers, stockbrokers Professionals Youths Institutions Investment Clubs	<p>National Consumer Financial Education Policy</p> <p>CMA to support the development of a national consumer financial education policy and strategy in consultation with key ministries like National Treasury and Ministry of Education, and a cross section of relevant stakeholders including regulators, industry associations, academics, external organizations like the Financial Education Partnership for Kenya, and any others which may be relevant.</p> <p>The National Consumer Financial Education strategy defines target groups using a risk based approach to decide on which target groups to focus on (such as university students, retail investors, consumers (e.g. farmers) and mass market). Components of the strategy include:</p> <ul style="list-style-type: none"> A framework (including a national committee and strategy) for collaboration and coordination of financial sector stakeholders around consumer financial education; Recommending the allocation of funding for consumer financial education programs and initiatives; Key performance indicators, data and measurement of consumer financial education programs to

		<p>determine whether policy and program goals are being achieved; and</p> <p>Advising on the development of broad-based curricula and materials. The lower the age at which financial education commences (for example at primary school level), the more impactful the longer term outcomes will be. Balanced against this is the need to achieve rapid results, which points to targeting those just at the point of entering the labour force (i.e. secondary and tertiary students).</p> <p>Enhance dissemination of investor education to various segments of the target market.</p> <p>Increase avenues for the delivery of capital market education.</p> <p>Enhance awareness of capital markets opportunities and developments.</p> <p>Population Segmentation: The Capital Market Authority continued to segment the various audiences and this enables the Authority's investor education program to reach university students, capital markets stakeholders and investment groups.</p> <p>Stakeholder involvement: In recognition of the important role that issuers, stakeholders and intermediaries play in the development of the capital markets, the authority held a workshop for prospective issuers, investment banks, and stockbrokers.</p> <p>Educational materials: Publications and research materials on capital markets were made available with a view to creating quick capital market reference brochures and handbooks that can be distributed to various constituents in the capital market such as the youth, investment clubs, professionals, and institutions; leveraging technology.</p>
Uganda	<p>General public</p> <p>Uniformed forces</p> <p>Professionals</p> <p>Students</p>	<p>Capital Market literacy campaign include radio spots and call-in shows; print materials, including posters, leaflets and flyers; and live presentations by Financial Extension Workers.</p> <p>Capital market education through newspaper inserts in the main languages; short awareness raising messages in local dialects using radio spots; or radio call- in programs, during which a local expert responded to callers' questions; drama performances, posters which train on capital negotiations, debt management, budgeting and savings.</p> <p>Secondary School Challenge: The Capital Markets Authority</p>

		<p>has run a Secondary Schools Challenge. A competition to educate Advanced Level (A Level) students on capital matters.</p> <p>Establishment of Investors Club which runs an annual Capital Market Literacy Week and capital market literacy clinics targeted at the uniformed forces, professionals and students. Activities of the week are intended to promote savings and best practices in personal finance.</p> <p>Investors Club: The Investors Club is a private company that has two aspects to its business: investment advice and capital market literacy.</p> <p>Capital Market Literacy Week: Financial Literacy Foundation in conjunction with the Investors' Club runs the Capital Market Literacy Week, together with capital literacy clinics in various Ugandan towns. The clinics create awareness of capital market products, teach people to save and also plan to develop capital market literacy booklets in English and in local languages.</p> <p>Information sharing group – for example, through letters and emails; newsletters; and articles in newspapers and journals.</p>
Ghana	<p>Investment clubs</p> <p>General public</p> <p>Capital market operators</p> <p>Policy makers and law maker</p> <p>Youths</p>	<p>Promotion of Investment Clubs: The SEC is working to promote Investment Clubs in the country and educate their members on investment and securities. The SEC will develop and publish guidelines for Investment Clubs</p> <p>Institution of Capital Market Week and Other Investor Education Programmes</p> <p>Annual Capital Market Week (formally Securities Week)</p> <p>Designing and Printing of Investor Education Materials</p> <p>Development of Computer Based Investor Education Programs. The publication of a quarterly newsletter for the Commission to increase the knowledge and awareness of the capital market in Ghana by providing information to readers.</p> <p>Partnership with a private sector institution to organise a Youth Investment Program. The first was held in Accra in November 2011. Subsequent ones are to be held in Kumasi, Takoradi and Cape Coast.</p> <p>Establishment of tips, complaints and referrals ("TCRs") system with a toll free telephone line to improve the SEC's ability to obtain information from the public and educate the public.</p> <p>Institution of Annual Capital Market Conference. This</p>

conference is established to bring together all capital market operators, policy makers, and law maker to brainstorm about issues concerning the capital market. Some regulators, policy makers, and operators from other African markets are also invited to share their experiences during the conference.

Establishment of an Investor Education Fund. The focus to ensure a sustained investor education in the country.

Establishment of Investor Protection Fund. The fund will ensure investor protection and market stability.

Rwanda

School children
Youths

Embarked on a countrywide capital market literacy campaign for children in schools across the country. Financial education was offered at schools during the time for extra-curricular activities and weekends.

The government of Rwanda in conjunction with Visa Inc. officially launched a free Capital Market Football game called "Visa Financial Football game" which combines the world's most popular sport with a capital literacy curriculum developed especially for Rwanda. The game, which will be distributed for free in public and private schools, is available in both Kinyarwanda and English. The campaign was targeted to reach the length and breadth of the country.

The capital literacy game challenges players on their level of capital literacy through a set of multiple choice questions which cover a wide of range of topics including savings, budgeting etc. This can be accessible at www.rwanda.capitalfootball.com

Regulator / Body	Target group	Initiatives / Program
Securities and Exchange Commission (SEC)	General Public	<p>Introduction of capital market studies in the school curriculum (Senior Secondary Schools curriculum and the university)</p> <p>Awareness programs at the six geopolitical zones</p> <p>Capital market awareness campaigns at NYSC orientation camps</p> <p>National Quiz Competition among Secondary Schools</p> <p>SEC Nigeria publication</p> <p>Workshops and seminars</p> <p>Introduction of capital market investment clubs,</p> <p>Partnership with media and trade groups,</p> <p>Journalist Academy</p> <p>Shareholders' Academy</p> <p>Town hall meetings</p> <p>Outreach programs for market women, youths, general public, women in management and business</p> <p>Judges Conference (annually)</p> <p>Championing West Africa Capital Market Integration</p> <p>Journalist Essay Competition</p> <p>Integrity Award for the general public</p> <p>Police desk on site by liaison with the Office of the Attorney General of the Federation</p> <p>SME Corporate Governance</p> <p>International investor forum</p> <p>Film production by Nollywood on capital market e.g. Breeze, Hidden money, mutual benefits. These films are distributed at the outreaches and also on television and aired on Africa Magic</p> <p>Investor/issuer education outreach</p> <p>Market development monthly television program on Consumer News and Business Channel (CNBC) called 'Eye on Nigeria's Capital Market'</p> <p>Financial Literacy sponsorship programs such as Kindles,</p>

		<p>monopoly game board ,sport competition,</p> <p>SEC Wealth and Health days</p> <p>Quarterly meetings with trade groups and operators</p> <p>Exhibitions, trade fairs and speaking engagement with a view of deepening capital market literacy</p> <p>Engagement with Nigerian Law School by conducting training modules</p> <p>Engagement with other regulators e.g. Financial literacy committee, Financial System Strategy 2020 committee</p> <p>Twitter and Face book</p>
Nigerian Stock Exchange (NSE)	General Public	<p>NSE Investor Clinics: Quarterly interactive forums to educate target segments within the Retail (HNIS, Professionals) and Institutional investor groups. The program is targeted at retail and Institutional investors</p> <p>"Grass-root" Investor Education Seminars: Localized investor education events driven through NSE 13 branch offices, targeted at low-end retail investors (e.g. students, market women, local government officials etc.)</p> <p>National Essay Competition: Annual essay writing competition for secondary and tertiary students, with essay questions/topics focused on capital market issues/matters.</p> <p>School Visits to the NSE Trading Floors: Host class field-trip tours of NSE trading floors across the country. Tour of the floor and educational overview session gives students a 'live' view of what happens at a stock Exchange and opens them up to the idea of seeking career opportunities in the capital market the future.</p> <p>Introduction of Mobile apps targeted at young investors (current initiative)</p> <p>Talk shows and seminars</p> <p>Stakeholder seminars for high net worth individuals and institutions, religious bodies, professional bodies and shareholder associations.</p>
Chartered Institute of Stockbrokers (CIS)	<p>Student members of the Institute</p> <p>Qualified members</p>	<p>Awareness program on capital market at NYSC Orientation Camps (so far only Lagos),</p> <p>Training of ICAN inductees on Capital market at the Annual</p>

	<p>Tertiary Institutions</p> <p>National Youth Service Corps</p> <p>General Public</p>	<p>Induction Program,</p> <p>Workshops, Seminars, conferences</p> <p>Continuing Professional Education Programs for Capital Market operators.</p> <p>Career talk to University and polytechnics students across the country</p> <p>Publications</p> <p>Investor's Education forum</p>
Institute of Capital Market Registrars (ICMR)	<p>Registered members</p> <p>Associates and Fellows</p> <p>Staff of Registrar companies</p> <p>Executive management of Registrar companies</p> <p>General public</p>	<p>Professional examination for members,</p> <p>Mandatory Continues training Programmes (MCTP)</p> <p>Annual Conferences and induction</p> <p>Investitures lectures</p> <p>Certificate course in Practice Share Registration</p> <p>Advance Certificate Course</p> <p>Executive Management retreat</p> <p>Workshops /Seminars e.g., Lecture on unclaimed dividend</p> <p>Website for information</p>
Central Bank of Nigeria (CBN)	<p>Students</p> <p>Educated Nigerians</p> <p>Uneducated / illiterate population</p> <p>Financial services providers</p> <p>Policy makers</p> <p>Regulators</p> <p>Government agencies</p> <p>Professional bodies</p>	<p>Central Bank of Nigeria (CBN) is championing the promotion of financial education in Nigeria, not only for the financially excluded but also for the current users of financial products and services. Examples of efforts of the CBN in addressing financial literacy include:</p> <p>Development of Financial literacy Framework</p> <p>Sponsorship and presentation of several television and radio programmes to inform sensitize and enlighten the general public on various policies such as the cashless initiative, You and the Economy, the people's parliament, caution on the activities of illegal/"wonder banks", etc.</p> <p>Production and distribution of flyers, brochures, hand bills and posters on money matters and basic banking transactions.</p> <p>Publication of the Guide to Bank Charges (GBC)</p> <p>School reach out program</p> <p>Financial Literacy week (to hold every March 13)</p> <p>Sensitization programs at both national and geopolitical zones. The programs are targeted at different sectors of the economy. The objective of the program is to sensitive the public on the banking products and services.</p>

Nigeria Deposit Insurance Corporation (NDIC)	Financial Institutions	Survey on the financial literacy in Nigeria. The study was aimed at assessing the knowledge of Nigerians with respect to financial literacy in areas such as money management, financial planning and personal financial behavior.
	Secondary and Tertiary Institutions	Seminars for banks, insurance companies and others financial institutions through the media house on an annual basis.
	General Public	Seminars for churches and mosques on financial literacy Roadshows to promote public awareness on financial literacy. Researchers program where topical issues on financial inclusion are discussed. Publications to promote public awareness e.g., books, pamphlets which are distributed to secondary schools across the six geopolitical zones, 24 hours air time (toll free) for depositors for enquiries and complaints.

Capital Market Literacy Channels

The Capital Market literacy programs are delivered essentially through the use of printed or published materials such as flyers, booklets, Comic Strips. Other channels include Town Hall meetings, Mass Media (TV, Radio, and Press). The use of local languages and drama (Home Video) is gradually coming on stream. The SEC, for example, has released three home videos – “Breeze”, “Easy Money” and Mutual Benefits.

Segmentation of Stakeholders

Identified Stakeholders

The identified stakeholders of the capital market have been classified as shown in the table below.

Stakeholder groups	Identified focus groups
Regulators	<ul style="list-style-type: none"> • Securities and Exchange Commission (SEC) • Nigerian Stock Exchange (NSE) • Central Bank of Nigeria (CBN) • Nigeria Deposit Insurance Corporation (NDIC)
Operators	<ul style="list-style-type: none"> • Issuers • Fund managers • Stock brokers / dealers • Registrars • Trustees • Solicitors • Underwriters

	<ul style="list-style-type: none"> • Rating Agencies • Institute of Capital Market Registrars (ICMR) • Chartered Institute of Stockbrokers (CIS)
Companies	<ul style="list-style-type: none"> • Listed Companies • Unlisted Companies
Academic Community	<ul style="list-style-type: none"> • Primary Schools • Secondary Schools • Tertiary Institutions
Government	<ul style="list-style-type: none"> • Federal • State • Local
Society at large	<ul style="list-style-type: none"> • Individual Investors • SMEs • NGOs • Labour Unions • Youth

For the purpose of the literacy survey conducted and to analyze the result of the survey, correspondence analysis was used to identify the most effective segmentation. Below is a description of this statistical technique and the four most interesting results of the analysis.

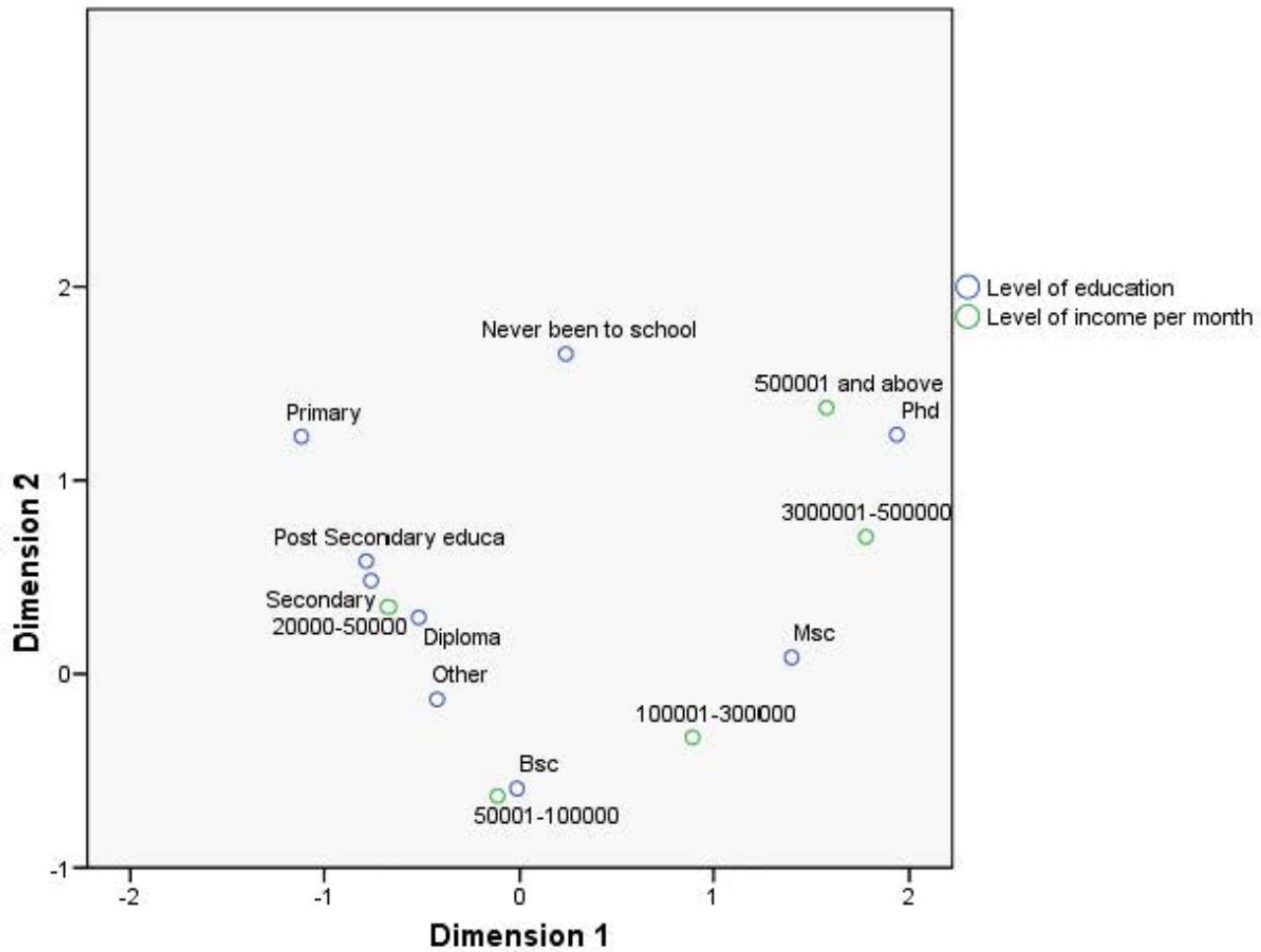
Correspondence analysis

In statistics, correspondence analysis is a data analysis technique for nominal categorical data, used to detect and represent underlying structures in a data set. It does this by representing data as points in a low-dimensional Euclidean space. Associations between variables are uncovered by calculating the chi-square distance between different categories of the variables and between the individuals (or respondents). These associations are then represented graphically as "maps", which eases the interpretation of the structures in the data. In other words if the categories of variables are close to each other this indicates a degree of correspondence or association between these categories.

The most interesting charts as a result of the correspondence analysis are between:

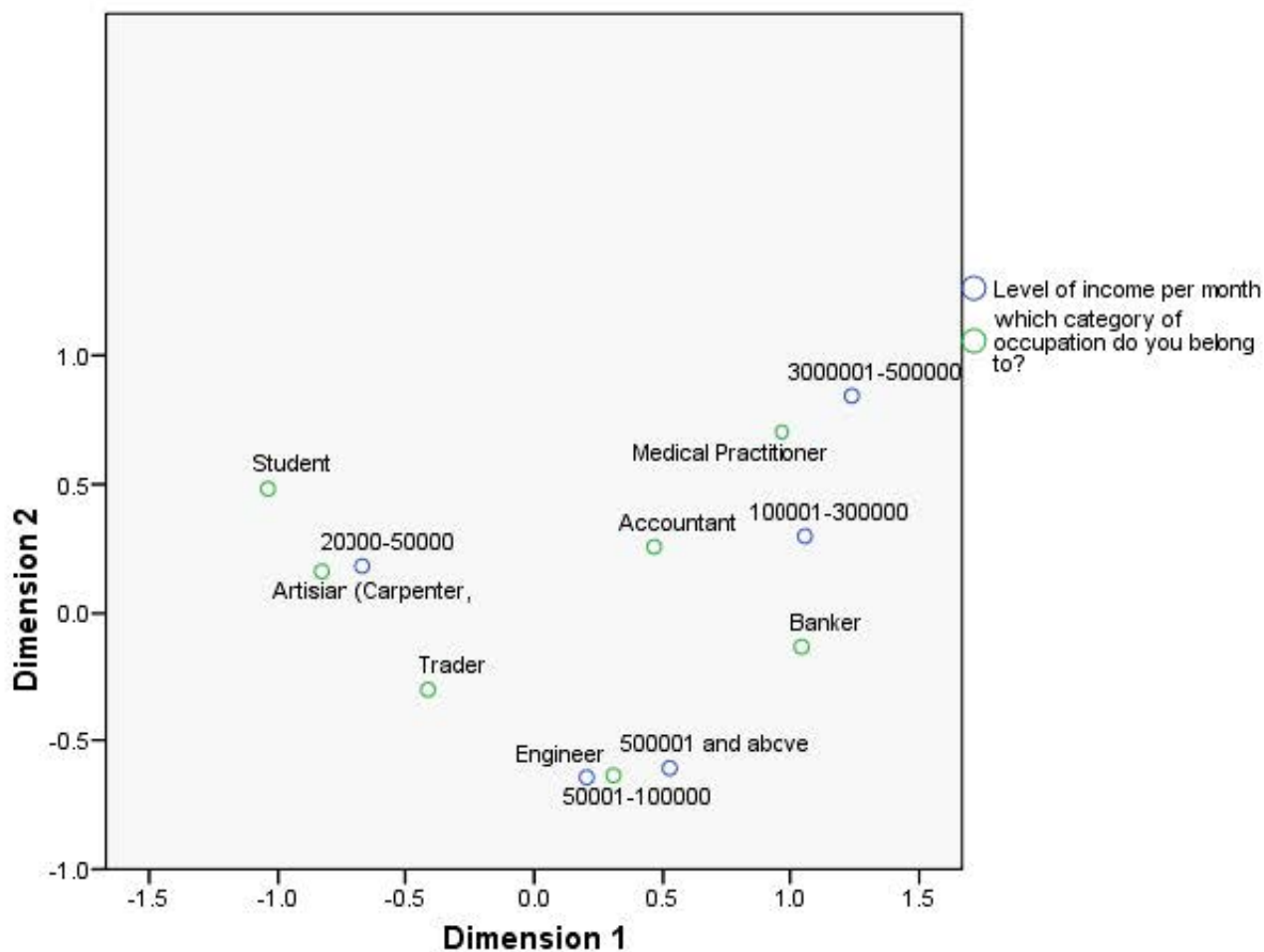
(a) Level of education and income

What we see in this "map" is a strong relation between higher education and income (in red) and a separate low income group with other forms of income.



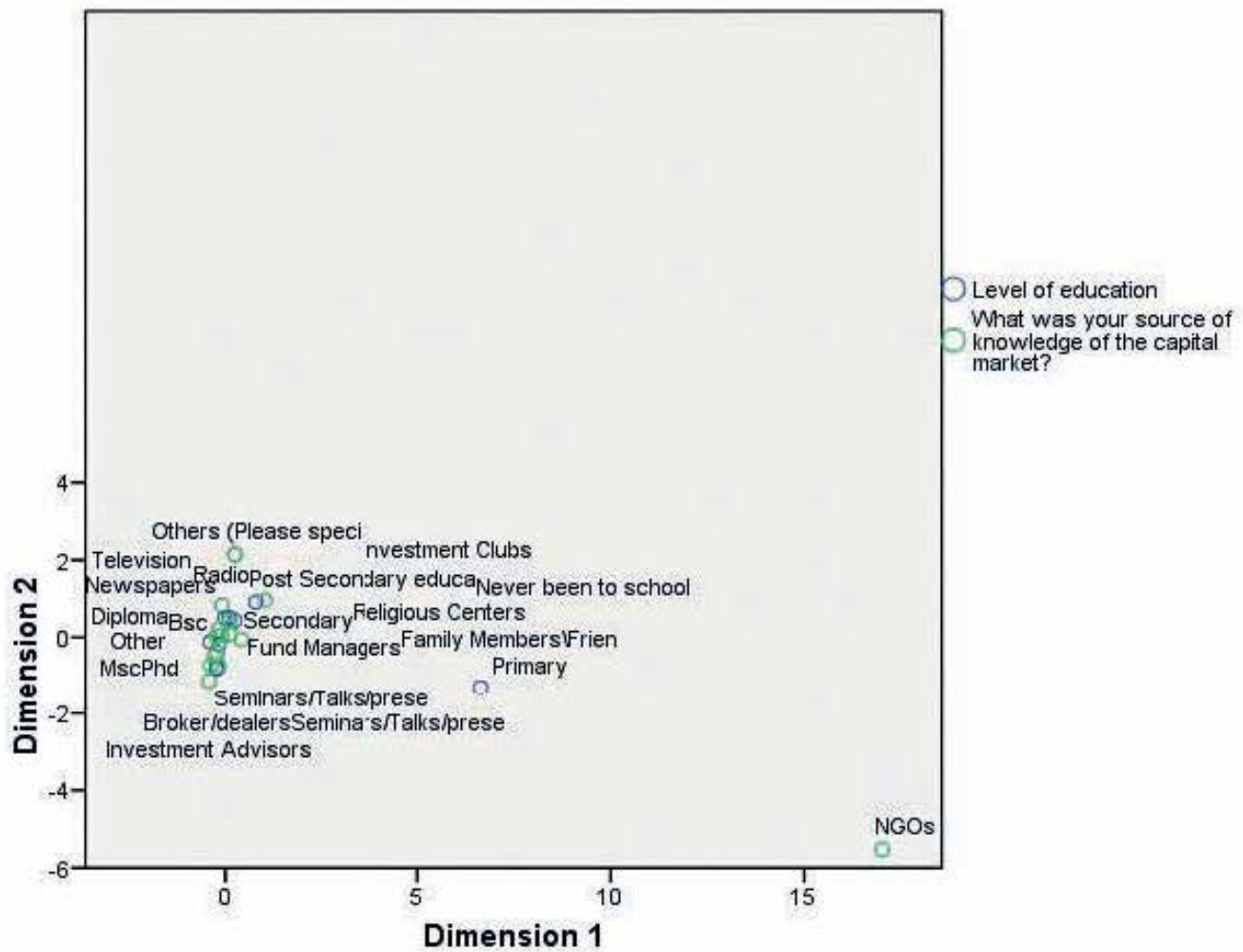
(b) Level of income and occupation

In this map we see the contours of people with high income jobs (in red) and low income jobs (in blue). The students (in green) have initially no income or a low income. However in 10 years a large part of them will be part of the high income group.



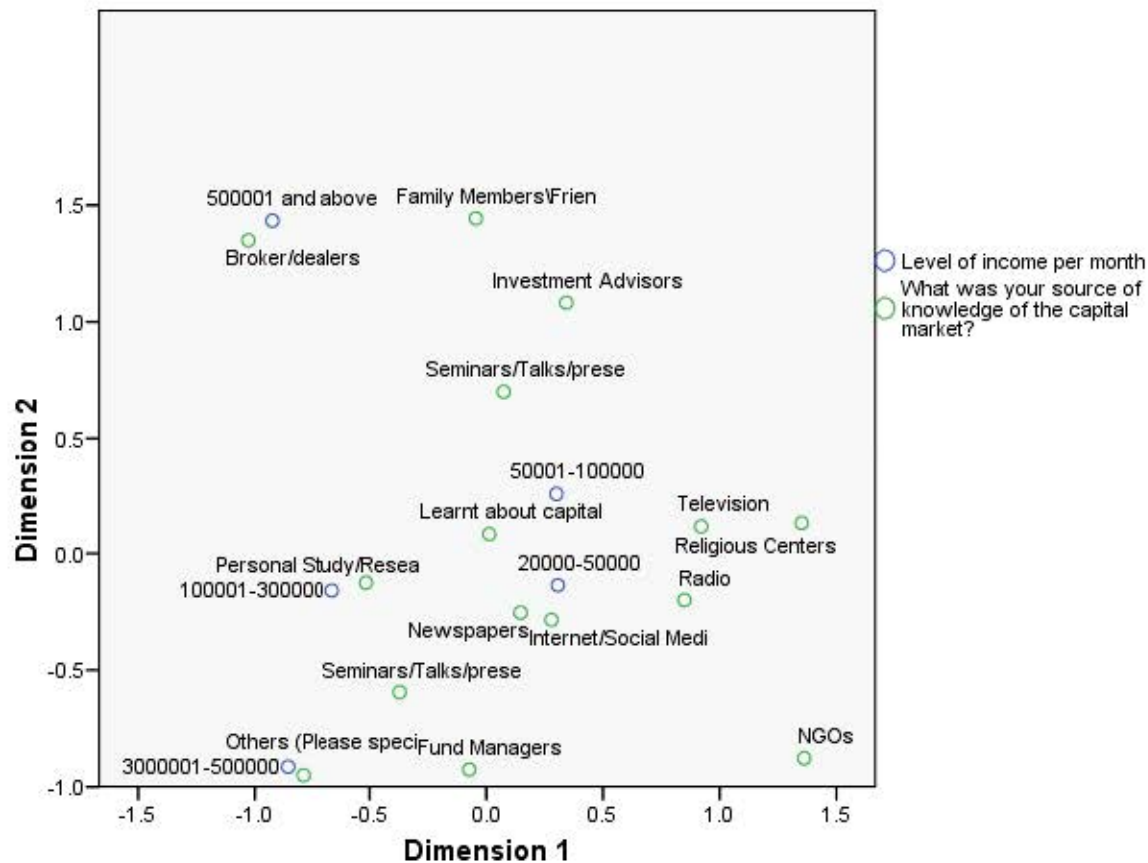
(c) Level of education and source of knowledge of capital market

People with higher education (in blue) get their information mostly from newspapers, radio/tv, broker/dealer and investment advisor. People who have never been to school get their information from investment clubs, religious centers and family and friend (in red).



(d) Level of income and source of knowledge of capital market

People with the highest incomes get their information from broker / dealers (in blue) while the group with the lowest income (in red) gets its information more from mass media, i.e., newspapers, television and radio.



Identified segmentation and possible channel strategy

Based on the above four charts we identified three groups:

- Students: people with no income or low income, though with high level of digital literacy
- Middle class: people with relatively low income and relatively low level of digital literacy
- Elite: people with high income and high level of digital literacy
- For each of these groups the most effective channel strategy to improve their capital market literacy is:

Segmentation and channel strategy			
Digital literacy	Students	Middle class	Elite
High	<p>Make more Financial information available online</p> <p>Improve Financial curriculum at school</p>	*	<p>Create more confidence in the capital market by improving legal framework to resolve disputes</p>
Low	*	<p>Promote investment clubs amongst own community / church / friends</p>	*
	<p>For both students and middle class the focus should be on the effective deployment of mass media (television, radio, newspapers and internet)</p>		<p>For the elite group the focus should be an change of regulation</p>

Market segmentation analysis

The table below shows the level of literacy of the Nigerian population by segmentation based on the survey conducted. The segmentation was done by consideration of basic demographic factors. See Appendix C for the full report of the Investors' Survey.

The basic knowledge required by these groups to effectively make informed decisions on the capital market includes:

- Understand key concepts such as equity and debt
- Understand the basic types of products available (stock, mutual fund, bond etc.)
- Understand that investment options carry risks and rewards
- Know that it is important to conduct due diligence before investing, and know where to get credible advice and find sources of information (stock prices, annual reports, etc.)
- Basic awareness of regulations and the need to engage authorized providers
- Numeracy (e.g., understanding compound interest)
- Awareness of the advantages of long-term financial planning

Understand how capital markets investments fit into a personal financial management portfolio alongside other financial instruments

Market segment	Description	Current levels of CM literacy	Source / Channel of knowledge of the CM
Age (12-39)	Children, Youth and Young adults	<p>As the age increases, our study showed that the knowledge of the capital market terms also increases. People tend to know more about the capital market as they get older.</p> <p>For example, within the age bracket of 12-19, 52% said that they could explain the term "share" and 21% said that they could explain the term "unit trust", while within the age bracket of 20-29, 77% said that they could explain the term "share" and 25 % said that they could explain the term "unit trust".</p>	<p>The majority of people within this age bracket get their information about the CM from television, radio, newspaper, school and personal study.</p> <p>Television seem to be the highest source of information for people within the age bracket of 12 -29 years while those in the range of 30 -39 get their information majorly from newspapers.</p>

Gender	Male Female	<p>and More men know about the basic operations of the Capital Market than women. The difference in depth of knowledge becomes more obvious when more complex Capital Market terms are considered.</p> <p>For example, while 70% of females indicated that they have heard and understand the phrase Capital Market, 79% of their male counterparts said they have heard the term and understand what it means. While 75% of females say they have heard and understand the meaning of the word "shares", 83% of their male counterparts have heard and understand what shares means. While 30% of females say they have heard and understand the meaning of the word "unit trust", 34% of their male counterparts have heard and understand what the same term means.</p>	<p>The major channels of information about the CM are obtained from television, radio, newspaper, school and personal study.</p> <p>The trend seems to be the same for both the men and women. While 19% of females get information from the TV, 17% of the males also get their information from the TV.</p>
Education	Never been to school, Primary, Secondary, Diploma, University, Masters, Ph.D.	<p>The level of understanding is diluted down the educational attainment level, as those with less education seem to have less grasps of key market terms.</p> <p>Based on the survey data, it can be concluded that those in the lower spectrum of the education ladder have less understanding of the workings of the Capital Market.</p>	<p>30% of those who have attained primary school education get their information from the radio while 18% of BSc. holders get their information from television and another 18% from newspapers. 18% and 20% of people who have attained MSc. and PhD both have newspaper as their major source of information.</p>

Geographical location	North-West, North-Central, North-East, South-West, South-South, and South-East	84% of those in the North -West understand the meaning of the word Capital Market while in the South West, 79% of respondents understand the term. In the South-South, North-Central and North-East, 80%, 78% and 69% of respondents understand the term respectively. In the South -East, we have the lowest percentage of those who understand the meaning of the term Capital Market which is 58%.	In the SE, the major source of knowledge is the television, followed by newspaper and then radio while in the SW, we have newspaper being the highest source of information, followed by television and school. School, newspaper, radio and television are the major sources of information for the SS, NC, NE and NW respectively.
Occupation	Students, Artisans, Traders, Accountants, Medical practitioners, Engineers, Bankers	94% of Bankers said they understood the term "shares" while 90% of Accountants and Medical Practitioners also understood the term. Students and Traders who understood the term "shares" were 64% and 68% respectively. Our findings show that the bankers fall within the category of respondents that trade most in the capital market products while students, followed by the artisans fall within the categories of respondents that trade less in the capital market products.	The major source of knowledge of the capital markets for these different groups is from television, radio and newspapers followed by school and personal studies. The least source of knowledge are brochures and religious centres.
Income level	Low, Middle and High income earners (between N20,000 and N500,000).	The knowledge of capital market terms increases with increase in income level. The majority of the people earning between N300,000 and N500,000 had heard of almost all the terminologies tested. Our study also shows that the highest proportion of respondents (71%) that trade in the capital market falls within the income group of N500,000 and above while the 38% representing the low income earners (N20,000- N50,000) least trade in the capital market products.	19% of the people within the income bracket of 20,000 -50,000 get their information from the television followed by 18% from newspapers and 17% from radio. Within the income bracket of 100,000 -300,000, 19% obtain their information from newspapers while 17% knew about the CM from the radio.

Gap Analysis

In comparing the capital market literacy policies, programs and activities currently going on in Nigeria with that of other countries, we reviewed activities of about 20 countries in the developed, emerging and frontier markets. These countries are discussed in section

- Findings from Current Literacy Activities in Nigeria

The following are similar activities between Nigeria and the developing, emerging and frontier countries

reviewed:

- Introduction of curriculum at the senior high schools and tertiary institutions
- Quiz, essays and other competitions
- Investment Clubs
- Workshops & seminars
- Awareness campaign
- Publications
- Cautionary Message on television

The following activities are currently being performed in these countries and can be included as part of the activities to be implemented in Nigeria.

- Financial Education Partnership
- Capital market literacy clinics
- Capital market literacy booklets in English and in local languages.
- Advertisement on various aspects of the securities market
- Financial education website
- Live presentations by CM regulators' representatives on Television
- Establish Centre for Financial Education
- Commuter and Shopper Education
- Financial Literacy Foundation
- Capital Market Literacy Week
- Participation of CM regulators in Radio program on a regular basis
- Website dedicated to Investor Education
- Use of Independent financial advisors (IFAs), which are licensed individuals/entities to make the right investment decisions.
- Sponsored write-ups and editorials
- Funding through foundation and partnership with institutions and professional bodies
- Decentralization of capital market operations

- **Recommendations Based on Gap Analysis**

The key objective of the master plan is to increase the level of capital market literacy in Nigeria and hence increase market participation. The master plan recognizes the different stakeholder groups within the Nigerian population and has therefore identified different initiatives or programs that will be best suitable for each group.

Stakeholder groups	Recommendations
Academic community <ul style="list-style-type: none"> • Primary schools • Secondary schools • Tertiary schools • Teachers • Lecturers 	<ul style="list-style-type: none"> • Introduce capital market education into school curriculums at all levels of education • Encourage capital market as degrees offered in universities • Introduction of a Capital Market Literacy week during which papers are presented in various schools • Encourage writing and publishing of Books and literatures on CM • Increase the frequency and coverage of Quiz / essay competition
Capital market operators and trade groups <ul style="list-style-type: none"> • Issuers • Stock brokers • Fund managers • Registrars • Trustees • Underwriters • Dealers • Solicitors • Rating agencies • Shareholders association 	<ul style="list-style-type: none"> • Establish investor education forum through shareholders association, operators' forum, etc. • Encourage Trade groups to have detailed FAQs on their websites • Education and training programs for Association of CM correspondence, leadership of shareholders' association and lawyers • Journal of the Nigerian Capital Market to be jointly developed by all CM stakeholders • Trade groups to also develop and circulate their periodic newsletters or e-newsletters • Trade groups to play a vital role in non-interest products • Continuous collaboration with institutions like professional bodies, stakeholder associations, etc. to run capital market literacy programs
Government <ul style="list-style-type: none"> • Federal / State / Local • Executive / Legislative / Judiciary • Armed forces / Security personnel 	<ul style="list-style-type: none"> • Promotion of investment clubs • Hold town hall meetings to educate civil servants on the CM products and investment opportunities • Organise periodic Workshops and Seminars to further educate civil servants on the CM • Regular and up to date publications and articles on the CM activities and initiatives
Companies (including institutional investors: local and foreign) <ul style="list-style-type: none"> • Listed • Unlisted • Small and Medium Scale Enterprises (SMEs) 	<ul style="list-style-type: none"> • Targeted enlightenment programs • Promotion of investment clubs • Encourage companies to have a page on their websites dedicated to Investor Education • Organise Investment conferences • Regular and up to date publications and articles on the CM activities and initiatives • Regular newsletters on capital market operations to be circulated • Encourage the writing of CM Literature

<p>Media (Information agencies)</p> <ul style="list-style-type: none"> • Journalists • Ministry of information • TV and Radio stations 	<ul style="list-style-type: none"> • Journalists education and training programs • Institutionalize the journalists that report activities on the CM to check quality of information reported • Organise periodic Workshops and Seminars to further educate the media on the CM • Arrange periodic press conferences to address and educate the media on CM • Regular and up to date publications and articles on the CM activities and initiatives • Regular newsletters on capital market operations to be circulated • Encourage the writing of CM Literature
<p>Labour Unions</p> <ul style="list-style-type: none"> • NLC • TUC • NUPENG • PENGASAN 	<ul style="list-style-type: none"> • Promotion of investment clubs • Organise periodic Workshops and Seminars to further educate people on the CM • Regular and up to date publications and articles on the CM activities and initiatives • Regular newsletters on capital market operations to be circulated
<p>Associations and informal groups</p>	<ul style="list-style-type: none"> • Organise town hall meetings • Organise periodic Workshops and Seminars to further educate people on the CM • Regular and up to date publications and articles on the CM activities and initiatives
<p>General Public</p>	<ul style="list-style-type: none"> • Enhancement of policies and regulations to protect investors • Simplify policies for ease of interpretation • Better enforcement of rules and regulations established by SEC • Regulators and the market operators need to be more sincere and transparent in their dealings/operations • Introduction of a complaints resolution channel or mechanism e.g., a toll free line • Re-visit the investor protection fund and Trade guarantee • Regular and up to date publications and articles on the capital market activities and initiatives • Publications in English and local dialects • More information to be provided through TV, radio and newspapers • Organise roadshows to sensitise the public • Regular advertisements in newspapers • Send bulk SMS to educate the people on their rights and benefits • Public enlightenment campaigns • Introduction of radio program in local dialects • Website dedicated to Investor Education to be updated regularly • Regular and frequent cautionary message on television and radio • To encourage professionals in the Industry to write relevant stories for movie producers

Movie and Music Industry	<ul style="list-style-type: none"> • To encourage and support the production of educative movies • To explore the use of music to promote capital market literacy in the Country • Employ the use of the social media to educate the public • Concerted enlightenment programs on collective investment schemes to the populace • Train -the trainer programs for teaching/training institutions across the country
Others	<ul style="list-style-type: none"> • Prescription of minimum literacy standard for CMO support staff • Enhance capital market literacy of NYSC members • Re-brand and re -launch the capital market as publicity tool to create awareness

• **Implementation Plan and Approach**

The realization of the CM Literacy initiatives will depend on the effective implementation of the programs and activities. To ensure that this is achieved, the implementation plan describes the implementation process, roadmap / timing of initiatives, roles and responsibilities of parties involved, the key performance indicators, the dependencies and success criteria, guidelines on managing and monitoring the master plan implementation process and highlights the funding strategy to ensure implementation is achieved.

• **The Implementation Process**

The CMLMPC or such other Committee to be designated by the Commission should manage and monitor the implementation process to ensure that all approved initiatives and programs are implemented as contained in the master plan and within the stipulated timeframe. Where timelines need to be adjusted, the Committee will review the initiatives involved and reschedule accordingly.

Performance measures against which to benchmark progress should also be put in place. Variances in performances should be tracked, analyzed and highlighted to the relevant stakeholders for necessary actions. The Committee should prepare and circulate regular progress reports to ensure that all stakeholders are kept reliably informed.

Recognizing that timelines and process initiatives could change during the implementation period, the Committee should regularly review and update the master plan's initiatives, and programs to ensure continued relevance and applicability. The Committee will then make appropriate revisions and additions as necessary.

The Implementation Structure and Management

The structure for the implementation and monitoring of the CML Master Plan as well as the various stakeholders that are involved in this process are depicted below.

The CMLMPC will lead the drive for capital market literacy in Nigeria with other stakeholders required to play various roles towards achieving the level of education required. The identified stakeholders include: Regulators, Operators, professional bodies, Associations, Ministry of Education and Government.

Group	Members	Responsibility
SEC		<ul style="list-style-type: none"> Anchor the implementation of the CML programs Constitution of an implementation committee Establishment of the CML Fund Half yearly review of the CML Master Plan against targets Convene an International Conference on CML
CMLMP Implementation Committee		<ul style="list-style-type: none"> Secretariat for the implementation of the Master Plan Develop detailed action plans for proposed initiatives or activities identified Coordinating the implementation of actions, including liaising with the various stakeholders Identifying and managing the re solution of issues which may arise in the course of implementation Monitoring the progress and evaluation of performance based on specific targets Coordinating the communication program for the CML Master Plan
Self-Regulatory Organisations (SROs)	<ul style="list-style-type: none"> NSE CSCS 	<ul style="list-style-type: none"> Contribute to the CML Fund Collaborate with the Commission in the implementation of the CMLMP Design and implement capacity building programs for staff and operators
CM Operators	<ul style="list-style-type: none"> Issuers Stock brokers Fund managers Registrars Trustees Underwriters Dealers Solicitors Rating agencies 	<ul style="list-style-type: none"> Contribute to the CML Fund Collaborate with the Commission in the implementation of the CMLMP Engage in sensitization and capacity building programs for staff

Other Stakeholders		
	<ul style="list-style-type: none"> • CIS • ICMR • Shareholders association 	<ul style="list-style-type: none"> • Collaborate with the Commission in the implementation of the CMLMP • Design and deliver capacity building programs for members and other target groups
	<ul style="list-style-type: none"> • Government 	<ul style="list-style-type: none"> • Provide sponsorship for the CMLMP • Provide necessary support for the implementation of the CMLMP
	<ul style="list-style-type: none"> • Ministry of Education 	<ul style="list-style-type: none"> • Design and implement curriculum for CML programs in the educational system • Design and deliver capacity building programs for teachers and lecturers
	<ul style="list-style-type: none"> • Ministry of Information 	<ul style="list-style-type: none"> • Disseminate information on CML through government owned media • Engage in sensitization and capacity building programs for media practitioners

• **Proposed Activities / Timeline / Responsibility**

Short term: (1 – 2 years)

This period will cover implementation of immediate action plans (quick wins) that can be easily approved and implemented by the Commission with little or no dependency on government or other regulatory agencies.

Medium term: (2 - 5 years)

Over the medium term, activities that require more funding, rigorous reviews and regulatory changes or interventions will be implemented.

Long term: (5 – 10 years)

Steps taken over the first five years should have established the foundation and initial momentum for increasing the level of literacy of the capital market. Long term initiatives will focus on implementing the most challenging programs and activities.

Every initiative, program or activity once implemented will continue to be carried out and improved upon. The implementation committee will further develop detailed action plans for each of the proposed activities listed below.

Proposed Activities	Timeline	Responsibility
Journals & Publications	Short term	Regulators, Operators
Organizing of Workshops, Seminars and Annual Public Lectures	Short term	Regulators, Operators
Institutionalizing Quiz competitions for schools	Short term	Regulators
Television and Radio Talk Shows	Short term	Regulators, Operators
Annual Essay Competition	Short term	Regulators
Special training programs for shareholders Associations	Short term	Regulators, Operators
Conducting trade fairs	Short term	Regulators, Operators
Hosting of capital market literacy programs on the website of Regulators, Operators and institutional investors	Short term	Regulators, Operators
Restructure the Nigerian Capital Market Institute (NCMI)	Short term	Regulators
Newspapers Advertorials	Short term	Regulators, Operators
Handbills	Short term	Regulators, Operators
TV game shows	Short term	Regulators
Social media	Short term	Regulators, Operators
Religious centers' outreach	Short term	Regulators, Operators
Capital Market Literacy Week	Short term	Regulators, Operators
Complaints handling	Short term	Regulators
Website dedicated to Investor Education	Short term	Regulators
Continuous Professional development (CPD) for operators	Medium term	Regulators
Reality TV shows	Medium term	Regulators
Film Production	Medium term	Regulators
Publishing of books and literatures	Medium term	Regulators, Operators
Curriculum development for schools at all levels	Medium to Long term	Regulators
Regulatory reforms that will impact literacy	Long term	Regulators

- **Funding Approach**

- **Funding approaches have been considered and two options are hereby recommended:**

- **OPTION 1**

Financial resources will be provided via a fund set aside for the exclusive purpose of executing the initiatives set forth in this Master Plan. Funding will be sourced from stakeholders in the Nigerian Capital Markets, including but not limited to the Securities and Exchange Commission, Nigerian Stock Exchange, CSCS, and market operators. The contribution amount will be agreed to by all stakeholders in writing.

- **Stewardship of Funds**

- One member of the CML Implementation Committee will be designated as the Treasurer, with responsibility

for budgeting, financial projections, and accounting for the funds. A Vice Treasurer from a separate organisation will be appointed. Signatures of the Treasurer and Vice Treasurer will be required for approval of the annual budget and for all disbursements. The annual budget will also need to be approved by the Commission.

- Financial reporting will be provided each quarter, including financial inflows during the quarter, expenditure/costs incurred during the quarter, actual cashflow/disbursements made during the quarter, and the Fund balance as of the last day of the quarter. The report will be circulated to all members of the Committee and to any additional departments within funding organisations as requested. A financial report will also be made publicly available on an annual if not a quarterly basis. The Fund will be audited on an annual basis.
- Any expenditure made via the Fund will adhere to relevant government laws and regulations that govern procurement and accounting of government funds. Changes may be made to the fund management approach if the CMLMPC and all donors contributing to the fund agree to the proposed change in writing.
- OPTION 2
- Financial resources will be provided via a fund set aside for the exclusive purpose of executing the initiatives set forth in this Master Plan. Funding will be sourced from stakeholders in the Nigerian Capital Markets, including but not limited to the Securities and Exchange Commission, Nigerian Stock Exchange, CSCS, and market operators. The contribution amount will be agreed to by all stakeholders in writing.
- Stewardship of Funds
- The Fund will be managed by the Securities and Exchange Commission, per standard SEC procurement and financial management practices. However, funds will be kept separately and will not be eligible for use by any SEC activities outside of what has been planned and agreed upon by the Implementation Committee.
- Financial reporting will be provided each quarter, including financial inflows during the quarter, expenditure/costs incurred during the quarter, actual cash flow/disbursements made during the quarter, and the Fund balance as of the last day of the quarter. The report will be circulated to all members of the Committee and to any additional departments within funding organizations as requested. A financial report will also be made publicly available on an annual if not a quarterly basis. The Fund will be audited on an annual basis.
- Definition of Targets / Key Performance Indicators (KPIs) The following table presents key market performance indicators that shall be used by the Committee to monitor and evaluate performance in achievement of objectives. These performance indicators measure the outcome or expected results of the CML activities or programs.

Balanced Scorecard

In determining the Key Performance Indicators shown in the table below, the four quadrants of a balanced scorecard were considered. These include:

Customer: This measures investor's experience and satisfaction with capital market activities.

Finance: This measures financial performance and activity ratios of the capital market.

Process / Operations: This measures the effectiveness and efficiency of the processes used in the capital market, safeguards and compliance with legal rules and regulations.

People: This measures the training, capability and skills of the capital market operators.

The idea of the balanced scorecard is to measure not only the financial but also the non-financial parameters that indicate the success of the CML Master Plan.

Proposed Activities	Timeline	Responsibility
Journals & Publications	Short term	Regulators, Operators
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- **Stewardship of Funds**
 - One member of the CML Implementation Committee will be designated as the Treasurer, with responsibility for budgeting, financial projections, and accounting for the funds. A Vice Treasurer from a separate organisation will be appointed. Signatures of the Treasurer and Vice Treasurer will be required for approval of the annual budget and for all disbursements. The annual budget will also need to be approved by the Commission.
 - Financial reporting will be provided each quarter, including financial inflows during the quarter, expenditure/costs incurred during the quarter, actual cashflow/disbursements made during the quarter, and the Fund balance as of the last day of the quarter. The report will be circulated to all members of the Committee and to any additional departments within funding organisations as requested. A financial report will also be made publicly available on an annual if not a quarterly basis. The Fund will be audited on an annual basis.
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and the Fund balance as of the last day of the quarter. The report will be circulated to all members of the Committee and to any additional departments within funding organizations as requested. A financial report will also be made publicly available on an annual if not a quarterly basis. The Fund will be audited on an annual basis.

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People: This measures the training, capability and skills of the capital market operators.

The idea of the balanced scorecard is to measure not only the financial but also the non-financial parameters that indicate the success of the CML Master Plan.

Targets / KPIs	Description	As Is	To be (Years)																			
			1	2	3	4	5	6	7	8	9	10										
Gross Domestic Product (GDP)	Market value of all officially recognized final goods and services produced within a country in a year/period	N80.3t																				
Number of investors	An individual who commits money to CM products with the expectation of financial return	4.7m		5.5m	7.15m	9.25m	12.084m	15.71m	19.635m	24.544m	30.68m	36.8169m	44.180m									
Market Capitalisation	Total capitalization of the stock market	N13.7t																				
Number of listings	Including listed companies, equities,	256																				
Size of mutual funds	A mutual fund is a type of investment company that pools money from many investors and invests the money in different securities	N184b		N 220.8b	N 264.96b	N 317.952b	N 381.5424b	N 457.8509b	N 549.4211b	N 659.3053b	N 791.1663b	N 949.3996b	N 1139.28b									
Level of awareness	Knowledge of specific products in the CM	16%		17.6%	19.4%	21.3%	23.4%	25.8%	28.3%	31.2%	34.3%	37.7%	41.5%									
CM Operators' capability	Knowledge and skills of CM operators																					
Penetration of market	Amount of sales on the CM compared to the number of investors																					
Investor confidence (local)	Level of reliance on CM regulators and operators																					
Investor confidence (foreign)	Level of reliance on CM regulators and operators																					
Ease of entry and exit	Complexity of transacting on the CM																					
Customer experience (Investor)	Investor's satisfaction about the operations of the CM																					
Customer experience (Issuer)	Issuer's satisfaction about the operations of the CM																					
Number of capital market initiatives / programs implemented	Implementation of programs contained in the CMLMP																					

- **Monitoring and Evaluation Approach (Including Measurements against KPIs)**

CMLMPC will apply both quantitative and qualitative techniques to monitor the planned performance of its activities. The major techniques of monitoring and evaluation that shall be used are variance analysis, surveys and budgets.

Variance Analysis: The Committee will simply compare targets with the relevant actual results and any variance identified. As a consequence of variance analysis and identification of causes, the Committee shall take appropriate remedial actions.

Surveys: Well-designed surveys / questionnaires will be administered every two years in order to measure the effectiveness and success of the Capital Market Programs and to monitor achievements against plan.

Budgetary Control: Actual results will continually be checked against planned results and variances investigated. If necessary, action plans will be changed so that they are brought in line with the budgeted results or the budget will be amended to take account of new developments that require action.

Monitoring the implementation of the capital market literacy master plan constitutes systematic tracking of activities and actions to assess progress. Progress is measured against specific targets and KPIs included in the plan. This is followed by analyzing and reporting of information to various users. This helps them to remain alert to any short-falls or deviations and taking early corrective action.

Effective monitoring also helps to identify difficulties and problem areas, and to take immediate remedial action, thereby ensuring that targets are achieved. Regular reporting at all levels is necessary for follow-up and record keeping. The following M & E framework will be put in place by the Committee in order to ensure effective implementation of the master plan:

Strategy Implementation Team

The Committee will establish a CM Literacy Implementation Team to follow up and ensure that activities are being implemented, performance is being measured, progress reports are made and discussed, and corrective action is taken where necessary.

Cascading the Plan to all Stakeholders

The CM Literacy master plan must translate to work. The Plan will therefore be cascaded downwards to all levels of stakeholders. This will help each member of the capital market to understand and plan for their respective roles.

Data and Information Collection Procedures

Elaborate data and information collection templates and procedures will be developed to measure performance as per the indicators and report to the Committee. The reports will describe actions taken toward achieving the specific activities of the Plan and will include achievements, challenges and emerging issues, costs, benefits and recommendations.

Regular Meetings

Quarterly Review Meetings at the Implementation Committee level will be scheduled to ensure implementation is on track. At least half yearly review meetings at full committee level will be scheduled to get and give feedback. The Master Plan and its implementation is a responsibility of the Capital Market Committee. Therefore progress reporting will be an Agenda Item in CMC Meetings.

Capital Market Literacy Master Plan Review

The Master Plan will be reviewed annually and at the mid-term to ensure that it remains relevant, feasible and delivers outputs that contribute to sustainable development. Annual review will evaluate the year's activities and indicate the extent to which the Plan has been implemented. A comprehensive review of the Master Plan will be undertaken at the end of the fifth financial year.

- **Communication Plan**

A coordinated communication plan for the CML Master Plan is necessary given the need to generate broad awareness and understanding programs contained in this document. This awareness needs to be communicated to all stakeholders, both regulators and operators. Ensuring stakeholders understand the content of the Master Plan is particularly important in view of the key role each stakeholder will play in ensuring the successful implementation of the actions.

The main objectives of the communication plan are thus to:

- Create awareness amongst the relevant stakeholders of the strategic initiatives of the Master Plan;
- Establish clear communication and feedback channels with all the relevant interest groups and industry associations;
- Ensure that information about the Master Plan and updates on the progress of implementation are disseminated in a timely and consistent manner; and
- Enhance the transparency of the implementation process and ensure the accountability of the stakeholders involved.

In terms of audience, the primary audience for this communication will be parties that are directly or indirectly affected by the actions contained in the Master Plan. These include the CM regulators, other financial sector regulators, CM operators, industry associations and professional bodies.

The Implementation Committee should continue to consult affected stakeholders at least every year to obtain their feedback and input throughout the course of implementation of the CML Master Plan.

Example of a communication plan

Type of communication	Purpose of communication	Owner	Audience	Frequency	Documentation
CMLMP Progress meeting	Project status	CML Implementation Committee	CMLMPC	Half yearly	CMLMP Progress report
Implementation Review meeting	Evaluate implementation status	CML Implementation Committee Chairman	CML Implementation Committee members	Quarterly	Progress report

Dependencies and Success Criteria

The success of the following activities will determine the success of the capital market programs.

Dependencies	What can we do? (Nothing / Engage)
Other regulators' initiatives: <ul style="list-style-type: none"> • Biometrics • Full dematerialization (ePayments) 	Advocacy / Engage National Assembly
Buy-in from CM stakeholders	Develop stakeholder matrix: Include financial crime supervision
Availability of finance <ul style="list-style-type: none"> • Capital Market Literacy Funds 	Encourage contribution from capital market regulators and operators
Cooperation among regulators to enable literacy <ul style="list-style-type: none"> • CAMA, Tax, SEC, CBN (KYC) 	Engage regulators and legislators
Enhance capability of financial crime supervision	

• Conclusion

The capital market literacy survey conducted shows that a majority of the population do not have sufficient knowledge to understand even the basic CM products and the risks associated with the products. Thus the majority of individuals may not adequately plan for their future and are likely to make ineffective decisions in managing their finances. Consequently, investor education is important to promote greater retail participation in the market.

This CML Master Plan has therefore identified initiatives and programs that will be implemented in order to improve the CML level of the populace. Though each of these initiatives is useful in its own right, a holistic and coordinated approach to capital market education has been considered to ensure consistent messaging and to educate investors as to the benefits and risks of the full range of capital market products on offer in the market, as well as the workings of the market.

At the same time, however, it is important to recognize that different strategies need to be applied to different

stakeholder groups of the population. By way of example, the content of capital market education targeting the academic community will differ significantly from the capital market education provided for the capital market operators. This integrated but tailored approach makes it possible to develop in-depth education for each stakeholder, rather than attempting to provide a shallow approach across the board.

The successful implementation of the capital market literacy master plan would guarantee the future economic well-being of Nigerians by increasing market capitalization and hence the gross domestic product.

Appendix A: Methodology

A. 1 Survey with Investors

A structured questionnaire was used to collect data for the survey. The questionnaire was administered across 12 states spread evenly within the six geopolitical zones in Nigeria. The questionnaire covered the thematic areas spelt out in the terms of reference and objectives, targets and expected outputs.

In choosing states/cities to be covered, a number of parameters including, size of states' population, amount of Internally Generated Revenue (IGR), and the level of sophistication of cities in each state were considered.

Essentially, two states were chosen from each geopolitical zone: one with the best of the aforementioned parameters and the other with the least impressive parameters.

A stratified random sampling technique was adopted for choosing respondents. This was done primarily to give voice to classes which are not considered as those in the forefront of transacting in capital market product. Ratios assigned to each class (Stakeholder group) in society are shown in Table 2. This stratification was used across all the 12 states where data was collected.

Table 1: Geographical Distribution

Zone	Frequency	Cities
South-West	232	Lagos Akure
South-South	211	Port Harcourt Benin
South East	126	Aba Enugu
North East	148	Gombe, Bauchi
North West	190	Sokoto Kaduna
North Central	138	Jos, Abuja

Table 2: Social classification of respondents

SOCIAL CLASS	%
Government	21
Companies	24
Academic Community	17
Society	39

Data analysis was done with Statistical Package for the Social Sciences (SPSS) and Microsoft Excel. Statistics including frequency distribution, percentages, and cross tabulations were computed to understand trends in the subject of the research. The research design made provision for the administration of 1,000 questionnaires, as a precaution to prevent fewer than that number of questionnaires being collected, 1060 questionnaires were distributed, fortunately, 1056 were returned, all of which were used for the analysis.

The survey can be found in the Appendix C attached to this report. The questions are summarized under 4 core themes:

- Awareness and knowledge capital market concepts (16 concepts)
- Level of Investment
- Investor's Protection
- Seeking Investment Advice

A.2 Survey with Operators

The survey was carried out with 250 participants. The target audiences for this survey were the stockbrokers, registrars, and solicitors, fund managers, issuing houses, trustees and other market operators.

Comprehensively designed questionnaires were administered online to the market operators using an online survey tool. The questionnaire covered level of capital market awareness, Operator's perception of the regulator, Level of stakeholder participation in capital market, factors affecting investment in Nigeria.

The completed questionnaires were processed and analyzed using the online survey tool reporting package.

A.3 Interviews

Key in-depth interviews were conducted with the SEC, NSE, CBN, NDIC, ICMR, and CIS using a key informant interview guide on their role and function within the capital market as it relates to capital market literacy initiatives/programs.

A.4 Literature Review/Secondary data or Desk Review:

A desk review of relevant documents with regard to capital market literacy programs, initiatives, policies, plans in Nigeria and other countries.

Secondary information to supplement the primary data was obtained from existing published information from the internet.

•Appendix B: References

- Framework for Financial literacy in Nigeria CBN 2011.
- Adetunji Wole 1999: Nigerian Capital Market "Role of SEC in the 21st Century" The punch Tuesday May 18 p21
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- Education Vital for market growth- New Telegraph, May 14, 2014
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- Financial Education in Africa: Draft preliminary report and initial guidance by OECD-FSB of South Africa (27-28 October 2011, Cape Town, South Africa).
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- Nigeria's capital market: Making world-class potential a reality. The Report of the SEC Committee on the Nigerian Capital Market - February 2009
- Presentation on the Nigerian Capital Markets by the Securities and Exchange Commission for the April 2012 Public Hearing Organized by the Adhoc Committee on Capital Market, House of Representatives of the Federal Republic of Nigeria
- Enhancing Financial Literacy In Capital Market; Report of the Financial Literacy Task Force of the COMCEC Capital Market Regulators Forum, September 2013
- MSCI Market Classification Framework, June 2014

Appendix C: Glossary of terms

AAIL	American Association of Individual Investors
AIA	Australian Investors Association
AIE	Alliance for Investor Education
AMDP	African Market Development Partners
AMF	Autorité des Marchés Financiers
ASA	Australian Shareholders Association
ASIC	Australian Securities and Investment Commission
ASX	Australian Stock Exchange
ATVR	Annualized Traded Value Ratio
BCSC	British Columbia Securities Commission
BSC	Balanced Scorecard
CAMA	Companies and Allied Matters Act
CBN	Central Bank of Nigeria
CFAP	Community Financial Access Program
CIB	Chartered Institute of Bankers
CIE	Council for Investor Education
CIS	Chartered Institute of Stockbrokers
CM	Capital Market
CMA	Capital Market Authority
CMC	Capital Market Committee
CML	Capital Market Literacy
CMLMP	Capital Market Literacy Master Plan
CMLMPC	Capital Market Literacy Master Plan Committee
CNBC	Consumer News and Business Channel
CNMV	Comision Nacional del Mercado de Valores
CPE	Continuing Professional Education
CSA	Canadian Securities Administrators
CSCS	Central Securities Clearing System
CSI	Canadian Securities Institute
CUSOURCE	Credit Union knowledge network
CVM	Comissão de Valores Mobiliários
EFINA	Enhancing Financial Innovation & Access
FAQs	Frequently Asked Questions

FCAC	Financial Consumer Agency of Canada
FEP	Financial Education Partnership
FFCI	Fédération Française des Clubs d'Investissements
FINRA	Financial Industry Regulatory Authority
FLSC	Financial Literacy Steering Committee
FOREX	Foreign Exchange
FSA	Financial Services Authority (UK)
FSA	Financial Services Agency (Japan)
FSD	Financial Sector Deepening
FSS	Financial System Strategy
GBC	Guide to Bank Charges
GDP	Gross Domestic Product
GNI	Gross National Income
ICAI	Institute of Chartered Accountants of India
ICAN	Institute of Chartered Accountants of Nigeria
ICIEF	Investment Company Institute Education Foundation
ICMR	Institute of Capital Market Registrars
IEA	Investors Education Association
IFAs	Independent Financial Advisors
IFS	Institute of Financial Services
IKM	Invest in Knowledge More
IOSCO	International Organisation for Securities Commission
ISA	Investment and Securities Act
JSDA	Japan Securities Dealers Association
KCIE	Korea Council for Investor Education
KIFIN	Korea Institute of Financial Investment
KOFIA	Korea Financial Investment Association
KPIs	Key Performance Indicators
KSE	Korea Stock Exchange
KYC	Know Your Customer
M & E	Monitoring & Evaluation
MAS	Money Advice Scotland
MCTP	Mandatory Continuous Training Program
MSCI	Morgan Stanley Capital International
NAICOM	National Insurance Commission

NBS	National Bureau of Statistics
NBSC	New Brunswick Securities Commission
NCC	National Communications Commission
NDIC	Nigeria Deposit Insurance Corporation
NGO	Non-Governmental Organizations
NICRI	National Information Centre on Retirement Investments
NPOs	Not for Profit Organisation
NSE	Nigerian Stock Exchange
NSSC	Nova Scotia Securities Commission
NYSC	National Youth Service Corps
OSC	Ontario Securities Commission
PENCOM	National Pension Commission
PFEG	Personal Finance Education Group
PPM	Premium Pension Authority
RCMP	Royal Canadian Mounted Police
SC	Securities Commission
SCFE	Scottish Centre for Financial Education
SDIA	Securities Derivatives Industry Association
SEBI	Securities and Exchange Board of India
SEC	Securities and Exchange Commission
SFC	Securities and Futures Commission
SIDC	Securities Industry Development Corporation
SMAC	Securities Market Awareness Campaign
SROs	Self-Regulatory Organizations
TCRs	Tips, Complaints and Referrals
TFP	Training for Profit
TSE	Tokyo Stock Exchange
TSX	Toronto Stock Exchange
UK	United Kingdom
US	United States

Appendix D: Survey Result for Investors

EXECUTIVE SUMMARY

This is a survey report focusing on the level of capital market literacy in Nigeria. The survey is intended to collect adequate information from the investors,

Specifically, to:

- Establish the profile of investors in Nigeria capital market;
- Establish the levels of knowledge and understanding of capital market concepts;
- Establish the levels of investment in the capital market;
- Establish the levels of investors' protection;
- Establish the levels of awareness and understanding about seeking investment advice;

This report therefore provides descriptive and analytical findings organized around the four core domains of capital market; awareness and knowledge of capital market; level of investment, investor's protection and investment advice.

The scope of the study covered individual investors across listed and unlisted companies, government establishments, academic communities and the society at large. In total, the survey covered 1,056 respondents.

- A summary of findings from the survey is as follows:-
- Demographic Characteristics
- Under the demographic characteristics of the respondents, the following results were obtained:
- Geographical Location:- Under the demographic characteristics of the respondents, 22% of the respondents are from South West region, 20% from the South -South, 18% from the North- West, 14% from the North East, 13% from the North-Central and 12% from the South East.
- Age:- 36% of the surveyed investors in the capital markets fell within the age category of 20-29 years. Other significant proportions of the investors were in the age range of 30-39 (33%) and 40-49 (20%) while less than 2% of the surveyed investors fell within the age category of 60 years and above
- Gender:- Males dominated the capital markets comprising of 65% almost doubling the female participants in the market who were 35%.
- Educational Level:- With regard to education, a significant percentage of the surveyed investors (37%) had attained a bachelor's degree as their highest level of education, 24% had completed Diploma degrees while 12% have attained Master's degrees.
- Employment Status:- It emerged that majority of the investors accounting for 51% of the respondents in the capital markets were in full time employment. While 23% and 11% of the respondents are in self-employment and part-time employment respectively.

- Income:- Majority of the investors accounting for 44% of the total respondents were earning between N20, 000- N50, 000 per month. A significant proportion (27%) was earning within the range of N50, 000 – N100, 000 per month. In addition, 21% of the investors was earning between N100, 000 and N300, 000. It should also be noted that approximately 8% of the surveyed investors earn N300, 000 and above.
- Knowledge and understanding of capital market concepts
- With regards to knowledge and understanding of the capital market concepts, the findings included:
 - 76% of those surveyed indicated having heard and understand what the concept “Capital Market” relates to (the main subject of this research).
 - The more technical the capital market concepts are, the lower the level of knowledge and awareness of these concepts.
 - “Unit trust” is the concept participants have the least knowledge and awareness of (32%).
 - Most of the respondents stated that they were familiar with the terminologies used in the capital markets industry and that they also knew what these terminologies meant. They were generally aware of: shares (81%); SEC (64%); Brokers (71%) and dividend (73%) among others.
 - Majority of the surveyed investors (36%) acquired information about capital markets and related terminologies from Newspapers and TV.
 - A significant number of respondents (32%) acquired this information from school and radio where less than 21% got their information from other sources such as seminars, investment-club, religious organizations and NGOs.
 - Among the respondents, the most reliable source in accessing capital market information is “learnt about capital market from school” (49%). “TV” and “Personal study/research and seminars” make up the second and the third most reliable sources with (43%) and (41%) respectively. It is noteworthy that the religion centers and Investment clubs are highest unreliable source of information (23%).

Capital market investment

Concerning Capital market investment, the survey established that:

- 50% of the respondents see investing in capital markets as an easy way of saving money; 40% of the total respondents were motivated by anticipated high returns while 10% use the market as a risk diversifying tool
- 55% of the total respondents had invested N200,000 and below. This constitutes more than half of the respondent.
- 23% of the respondents have been investing in the Capital Market for more than 10 years. Those that invested in capital markets everyday were 6%; 8% invest at least once a week; 4 % invest at least once a fortnight while 18% invest at least once a month.
- Investor protection

Under investor protection, the survey established that:

- 18% reported to be very confident that SEC is effectively regulating the market compared to 37% who were very unconfident.
- Seeking for investment advice
- With regard to seeking investment advice, the results were as follows:
- 49% of the respondents had sought professional advice on investment in capital markets compared to 51% who had not.
- Most of the investors accounting for 38% of the total respondents got the advice from Investment Advisers/representatives; 34% got professional investment advice from a broker/dealer representative while 13% got the advice from unit trust managers' representatives or investment clubs.
- 28% of the respondents had a lot of confidence in the investment advice; and 47% were fairly confident that the advice was appropriate to their circumstances.

RESEARCH METHODOLOGY

Data was collected through a nationwide survey. The survey process was designed to cover 12 states spread evenly across Nigeria's six geopolitical zones. In choosing states/cities to be covered, a number of parameters were considered including, size of the population of the state, amount of Internally Generated Revenue (IGR), and the level of sophistication of cities in each state.

Essentially, two states were chosen from each geopolitical zone: one with the best of the aforementioned parameters and the other with the least impressive parameters.

The size of the population and the level of commercial activity in each of the chosen states were factored into determining the number of respondents that were drawn. Table 1 shows the number of individuals to be sampled from each zone

Zone	Cities	Planned
South-West	Lagos Akure	200
South-South	Port Harcourt Benin	200
South East	Aba Enugu	120
North East	Gombe Bauchi	120
North West	Sokoto Kaduna	200
North Central	Jos Abuja	160
Total		1,000

Class	%
Society	40
Government	20
Companies	25
Academic community	15
Total	100

The selection process was designed to be as "all inclusive as possible". A simple random sampling technique was considered inadequate for this survey considering the diversity of the Nigerian people.

The fact that a simple random sampling technique could skew the outcome of the survey in a particular direction made it expedient to consider a two stage random sampling technique. In this direction, a stratified random sampling technique was adopted for choosing respondents.

This was done primarily to give voice to classes which are not considered as those in the forefront of transacting in capital market product. Ratios assigned to each class (Stakeholder group) in society are shown in Table 2. This stratification was used across all the 12 states where data was collected.

Data Analysis

A structured questionnaire was used to collect the data while analysis was done with Statistical Package for the Social Sciences (SPSS) and Microsoft Excel. Statistics including frequency distribution, percentages, and cross tabulations were computed to understand trends in the subject of the research. The research design made provision for the administration of 1,000 questionnaires, as a precaution to prevent fewer than that number of questionnaires being collected, 1060 questionnaires were distributed, fortunately, 1056 were returned, all of which were used for the analysis.

• DETAILED ANALYSIS

• Demographics of respondents

At the end of questionnaire administration and collection, 1056 individuals drawn from the six geopolitical zones had been surveyed.

Twenty-two percent (232 individuals) of them live in the South-West, 20% (211 individuals), in the South-South. The North- West, which is the most populated zone in the North, contributed 18% (190 individuals) to the sample.

The South-East, North-East and North-Central contributed 12% (126 individuals), 14% (148 individuals) and 13% (138 individuals) respectively.

Further analysis shows that those sampled represent the 36 states of the federation, even though most of them were reached in states other than their home states.

Of all the respondents, 35% are females while 65% are males.

The married make up more than half of respondents (52%) while singles make up 47%.

The age distribution of the sample reflects Nigeria's population structure which is composed majorly of youths and young people. The bulk of respondents, 89%, fall within the 20-49 years age bracket which should constitute the primary focus of any research of this kind.

Apart from age, the highest educational qualification of most respondents gives the impression that they have attained a fair level of education and are qualified to give reasonable insights on the capital market.

Seventy-five percent of them have either attained secondary school education, BSc. or Diplomas. While 12% have attained Master's degrees, less than 1% said they have never been to school, while 1%, said their highest educational qualification is primary school education. Some even have PhDs.

Respondents are engaged in a number of vocations which cut across both the formal and informal sectors of the economy. Fifty-one percent of them are in full time employment, 11% have part-time work while 12% are unemployed.

In terms of specific occupations, traders make up 14% of respondents; artisans (which include such vocations like carpentry, bricklaying, barbing, tailoring, vehicle repair etc.) make 6% of the sample. While students accounted for 13% of the sample. Medical practitioners, bankers, engineers, accountants are also among the respondents.

Considered from another perspective, respondents were also grouped according to the following categories: society, the academic community (lecturers and students), companies, and government (federal, state and local). The outcome of the sample considered along this line shows that government employees made up 21% of the sample. Employees of regular companies made up 24% of the sample. While society made up 39%.

• Knowledge and understanding of the capital market concepts

In determining the extent to which respondents understand what the Capital Market is, their understanding of a number of basic words and phrases (16 in all) related to the Capital Market was tested. Respondents were asked to indicate the degrees to which they understand each term. Their answers are used as proxy for the level of awareness the groups they belong to have.

In this section, the degree to which respondents know the terms is tested across the General Population, Age, Gender, Level of Income, Highest Educational Qualification, Geographic Locations, and Stakeholder Group. The goal was to determine if there are specific classes of individuals who are more aware of the Capital Market than others.

The general population

It was discovered that if basic words/phrases that describe the market (like Shares, Capital Market, or Securities and Exchange Commission (SEC)) are used as parameters to determine whether or not individuals across the population know about the existence of the Capital Market, then it can be reasonably assumed that over half of the population know about the market. However, it was also discovered that most people are ignorant about the market's products, how they are traded, and the metrics used to determine their profitability.

While 81% of individuals sampled have heard and understand the meaning of the word Shares, only 40% have heard and understand what the phrase "Price Earnings Ratios" means. Also, while over 76% of respondents have heard and know the meaning of the phrase Capital Market, 16% of respondents have heard the phrase, but do not understand what it means. 18% of those sampled have not even heard of the phrase "Secondary Market" at all.

During the process of data collection, some respondents were helped to recollect the IPOs which were made by some banks and other companies in recent times before the whole idea of the Capital Market was refreshed on their minds. Indeed, a vast majority of Nigerians, more than half of those sampled, have some basic understanding of what the Capital Market entails but they do not have enough understanding to make very important investment decisions.

Age and capital market awareness

Like the general population, the 16 Capital Market related words/phrases are not known in the same degree across all age brackets. But generally, all the age brackets exhibit remarkable knowledge of basic terms like Shares, Securities and Exchange Commission (SEC), Broker/Dealer, Investment Advisory, Dividend, and Capital Market. These are known by a considerable number of individuals within each age brackets. But other market related terms like Price to Earnings Ratio, Dividend Yield and Yield to Maturity are far less known across the age spectrum. Across the words/phrases presented, those in the 60 years old and above age bracket have a fairer understanding of all terms than others who are younger (it must be noted, however, that this group constitutes a small portion of respondents who took the survey).

Overall, those in the 12-19 years age bracket do not display the same depth of understanding of Capital Market terms as older respondents. Among those in that age bracket, 52% and 56% have come across the words Shares and Capital Market respectively. But in this group also, 44% have heard the word shares but do not know what it means. As for more rare terms like Unit trust, this group has more people who have not heard such words. Some words stand out as unknown to most 12-19 years-olds; these include terms like Unit trust, Yield to maturity, Price earnings ratio, Corporate Bond, and even investment advisory.

For those in the 20-29 years old age bracket, over 70% of them know what the term Capital Market means. While 18% have heard the terms but do not understand what it means, only 10% have never heard the term. This group seems to have a better grasp of what the Capital Market represents than the 12-19 years old group. So that, while in the 12-19 years age bracket, 56% of respondents have never heard of Unit Trusts, in the 20-29 years age bracket, only 38% have never heard the words or understand it.

The 30-39 years old age group mirrors the responses of the 20-29 years age group in terms of understanding of the Capital Market but at the deeper level. This age group has a much clearer understanding of the concepts, words and phrases than the preceding two groups. It has more people who understand the meaning of words that are even more intricate about the market. More people here understand intricate terms like Unit Trust, Broker/Dealer, Primary and secondary market, etc than the younger generation of respondents.

The other three age classifications exhibit the same pattern which the previous age groups have exhibited, an indication that to an extent, there is a strong positive correlation between the age of an individual and the extent to which they understand the workings of the Capital Market (but this assumption holds especially for those who are educated, as other findings show).

Policy which is directed at improving knowledge of the market should ideally focus on those channels which are used by the younger generation to gather information, since that group seems to be less informed about more intricate terms which concern the market. Generally when responses are considered based on the age distribution of respondents; no age group has more than 5% of its representative as individuals who have not heard of the word Shares.

Gender and capital market awareness

The data suggests that there is a gender correlation to knowledge of the Capital Market. Males responded slightly differently from females across most terms.

For instance, while 70% of females indicated that they have heard and understand the phrase Capital Market, 79% of their male counterparts said they have heard the term and understand what it means.

This trend also holds for words like Shares. While 75% of females say they have heard and understand the meaning of the word, 83% of their male counterparts have heard and understand what shares means.

The difference in depth of knowledge becomes even more obvious when more complex Capital Market terms are

considered. Such words as Price to Earnings Ratio, Dividend Yield, Broker dealer, etc are less popular among females than males.

Given that this data is representative of the general population, it is safe to assume that more men know about the basic operations of the Capital Market than women.

Education and capital market knowledge

There is a strong correlation between the level of education of respondents and their level of understanding of Capital Market terminology. This is obvious from Charts 19-27.

Chart 19 contains the responses of those who have attained PhD education. Ninety-four percent of them have heard the word Shares and understand what it means, while only 3% say they have heard the word but do not understand what it really means. Across other terms, there is an overwhelming number of individuals within this group who understand Capital Market terms. On average, more than 70% of respondents who hold PhDs understand all the terms which were used to capture knowledge of the Capital Market.

The level of understanding is diluted down the educational attainment rung, as those with less education seem to have less grasps of key market terms.

This is obvious from the level of understanding of terms among those who have never been to school. Sixty-seven percent of them indicated that they have never heard the term, Price to Earnings Ratio, 30% have never heard the term Capital Market. Half have never heard about the Securities and Exchange Commission (SEC) while an even a more staggering percentage of this set of respondents have heard some terms used on the Exchange but do not understand what they mean. This is also true of those who have attended only Primary schools, although to a lesser degree.

Based on the data, it can be concluded that those in the lower spectrum of the education ladder have less understanding of the workings of the Capital Market. Of course, there are those with higher education who exhibit various degrees of ignorance as well, but endemic ignorance about key terms which describe the market prevails with those with less education.

Geographical location and knowledge of the capital market

As expected, the geographical zones in Nigeria do not have the same amount of understanding about the market. But a major finding that contravened a prior expectation was the amount of knowledge those in the North-West have about it.

While it was expected that those in the south, would have more knowledge of how the Capital market works, the pattern that emerged was that those in the North West have more knowledge about the market than even those in the South West. The South-East and North-East had the less impressive responses to the questions posed to them.

84% of those in the North-West understand the meaning of the word Capital Market, in the South-West, 79% of respondents understand the term. In the South-South, North-Central and North-East, 80%, 78% and 69% of

respondents understand the term respectively. In the South-East, the lowest percentage of those who understand the meaning of the Capital Market, 58%, is presented. It is not impossible that the share number of those who do not know about the market in Akure affected the total number in the South West during calculations. But it is strange that among respondents, more in the North West seem to be aware of the Capital Market than those in the South West.

The level of understanding of these terms presents a mixed picture as across the regions. The responses are contained in Charts 28-33. One important point to consider which this mixed picture has thrown up is that; a strategy which will improve Capital Market literacy in the country, will target specific age, gender and educational classes within the country rather than a particular zone. However in doing this, the South East should be considered as a specific case that requires special attention.

Stakeholder groups and knowledge of the capital market

Perhaps because of the interconnection between the academic community, society, government workers and companies, there is no clear demarcation between each class as to which group has more knowledge of the Capital Market. When respondents are classified according to Society, Government, Companies and the Academic Community, their responses to the elements used as barometer to measure knowledge of the capital market seem so similar that it is almost impossible know which group needs more enlightenment. Their responses are contained in Charts 34-38.

• Who buys shares and why?

As expected, less than half of respondents have even been involved in transactions or investing on the Capital Market, only 44% said they have invested in any of the Capital Market products listed in the survey. And majority of them, 55%, have invested less than N200, 000 in total. Twenty-four percent have invested between N200, 001 and N300, 000.

Across gender, age, stakeholder group and occupation, from the data presented in Charts 38-47, it is clear that males are more prone to invest than females, the younger generation invest less than older ones, bankers are in the forefront of investing in the market, while academics tend to invest less than those who work in regular companies and government (Please note that students are included in the class designated academics).

When they were asked how frequently they invest in the market, almost half of those who invest said "I have never invested in the Capital Market since I bought shares/bond at the IPO".

Interestingly, most of those who have invested in the Capital Market have done so within the past 1-7 years, presumably during the series of IPOs which characterized the market before the global financial crisis of 2008. Twenty-three percent of the respondents have been investing in the Capital Market for more than 10 years.

The major reason for investing in the capital market according to the respondents is because they use it as a mechanism for savings. Half of respondents use the Capital Market as a savings mechanism, less, 10% use the

market as a risk diversifying tool while 40% invest in the market because of returns, present or anticipated in some distant future.

- **Source of knowledge of the capital market, confidence in sources of knowledge**

Most of the people who took the survey first got to know about the Capital Market through newspapers and television. Eighteen percent of respondents got the first hint of the existent of the capital market through this source respectively. Also equally important are such sources of information as Universities and other learning institutions, the Radio, Personal research, Investment Advisory and family members/friends and colleagues. Forty-eight percent of respondents got to know about the capital market through these mediums.

It must be noted that while 3% and 2% of respondents got to know about the market through Brokers/Dealers and the social media, just a modicum got to know about the market through the efforts of SEC and the NSE.

Both institutions have accounted for very few conversions to investing in the Capital market. For institutions which both regulated and run the processes of the market, SEC and NSE should ideally be at the helms of information dissemination on the workings of the market and how it could serve as a veritable store of value.

- **Regulation, advisory services**

Perhaps because they do not know the role that SEC plays in the market, as much as 22% of the respondents do not know if they are confident that SEC is effectively regulating the market. But 18% of them are very confident that SEC is effectively regulating the market while 37% are fairly confident that the market is being well regulated by SEC, while these numbers are in the commission's favour, it should be noted that as much as possible, considering the sensitivity of the market, there should be no doubt whatsoever on the minds of investors that the market is being effectively regulated.

Therefore, more should be done by the commission to highlight what it is doing in form of regulation. Also, the commission must make awareness a priority across the various groups which have been highlighted as less informed about the market. The responses to the question "Have you received professional investment advice about a Capital Market product in the past 5 years?" mirrors the answer to that which was concerned with if investors have invested in the market; for the most part, only those who have participated in investing in the market have really sought advice in the past five years. These responses suggest that most Nigerians actually seek advice in their investment decision process.

As indicated in Chart 52, most of the advice investors get comes from Investment Advisers' Representatives and Stockbroker/Dealers. According to respondents, advice also comes from Unit Trust Managers and Investment Clubs.

And for the most part, respondents are confident about the advice they receive from these key players in the market. Twenty-eight percent of the respondents are Very confident about the advice they have received, 47% are fairly confident about the advice they have received while others have taken advice with a grain a salt.

KEY FINDINGS

The research process threw up a number of issues surrounding how Nigerians view the Capital Market, and their level of awareness of key issues on the market. It has also given a glimpse into the level of awareness, trusted sources of information on the market, and the perception of SEC as a regulatory agency. The following summarizes the findings:

- If the total population is taken as a group, based on the data, it can be reasonably assumed that at least 50% of the population has some form of understanding that there is such a market as the Capital Market. That percentage also has basic understanding of basic terms which describe the market.
- Though knowledge of the market exists to a certain degree across the population, the depth of understanding of the Capital Market is still low. What is missing and needs to be passed to the general population is detailed information about decision making parameters and metrics.
- Across the population, certain groups are more informed about the Capital Market than other. This variation in understanding is clear across geographical location, social class, age, academic qualification and gender.
- The market has an age sensitivity element to it. While the younger generations know less, the older generation tend to be more aware of the market and complex matrixes which are used to determine profitability, therefore it must be considered a matter of priority that younger people be aware of the market. They should therefore be reached with information on the capital market through news platforms sensitive to them.
- It was also discovered that women are less likely to be aware of the workings of the capital market than men. Just as those with higher educational qualifications seem to know more about the Capital Market than those with less.
- The peculiarities of distinct groups must be factored into awareness campaigns in the process of disseminating information to those who are less aware of the market.
- COMMITTEE SPONSOR Sa'adatu Mohammed Bello
- COMMITTEE MEMBERS
- Ariyo Olushekun -Chairman.
- Madubuike Emeka
- Segun Sanni
- Dr. Jane Itseuwa
- Micheal Oyebola

- Bayo Rotimi
- Cynthia Eguiridu
- Mike Iteboje
- Ashley Emmanuel (Representing Modupe Ladipo)
- Ononuju Irukwa
- Jumoke Ogundare
- Vivien Shobo
- Dr. David Ogogo
- Nicholas Nyamali
- Modupe Mujota
- Abubakar Gaya -Secretariat
- Ojone Umoru -Secretariat.

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Special commendation to Committee members for their unrelenting commitment and dedication.

The invaluable contribution and assistance provided by Ernst and Young who went beyond the call of duty and their mandate of conducting a needs analysis to providing guidance and all relevant assistance to the Committee in the course of this assignment.

**PART A
CAPITAL MARKET MASTER PLAN**

APPENDIX 1

IMPLEMENTATION ROADMAP AND EXECUTION GOVERNANCE

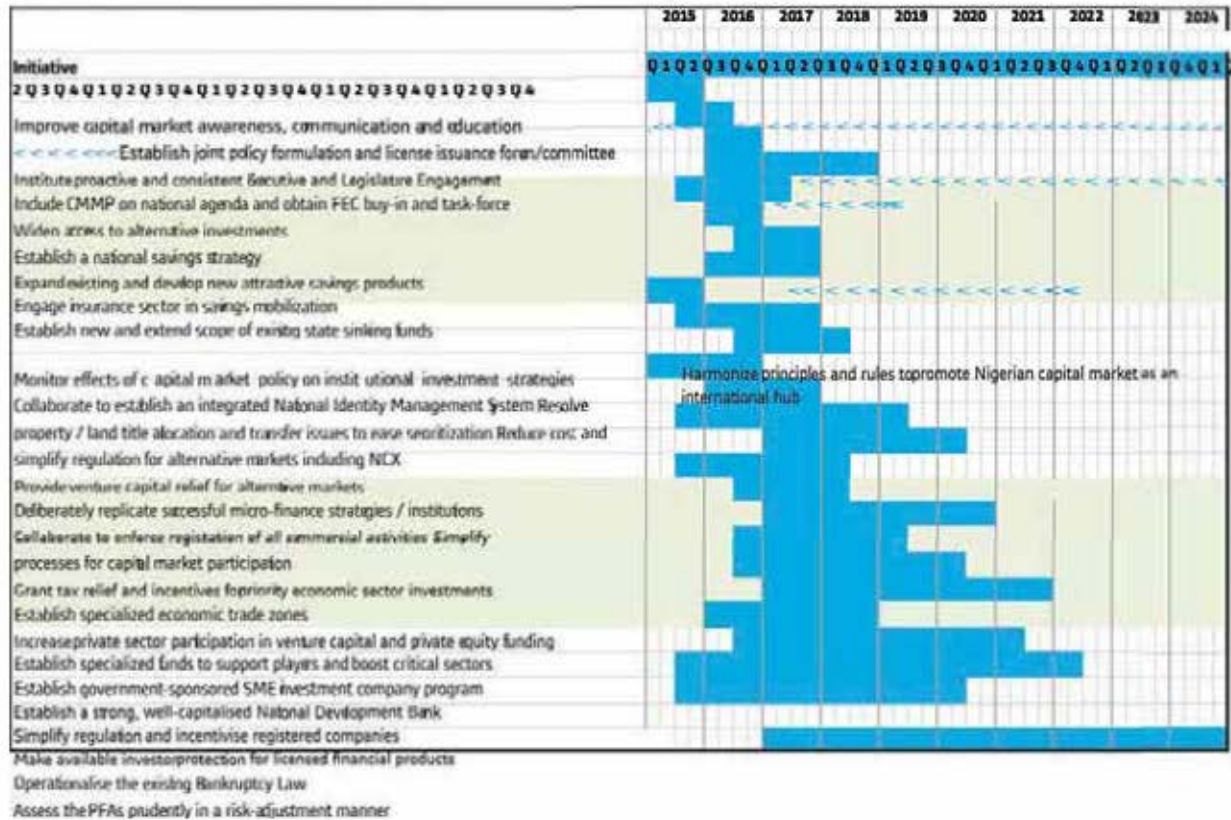
Overall Implementation Road Map

A total of 101 initiatives have been proposed along the lines of the four (4) strategic thrusts:

- 28 initiatives for Contribution to the National economy
- 20 initiatives for Market Structure
- 29 initiatives for Competitiveness
- 24 initiatives for Regulation and Oversight

The proposed timelines for the implementation and completion of these initiatives are presented subsequently.

Timeline for contribution to the national economy initiatives



Timeline for market structure initiatives

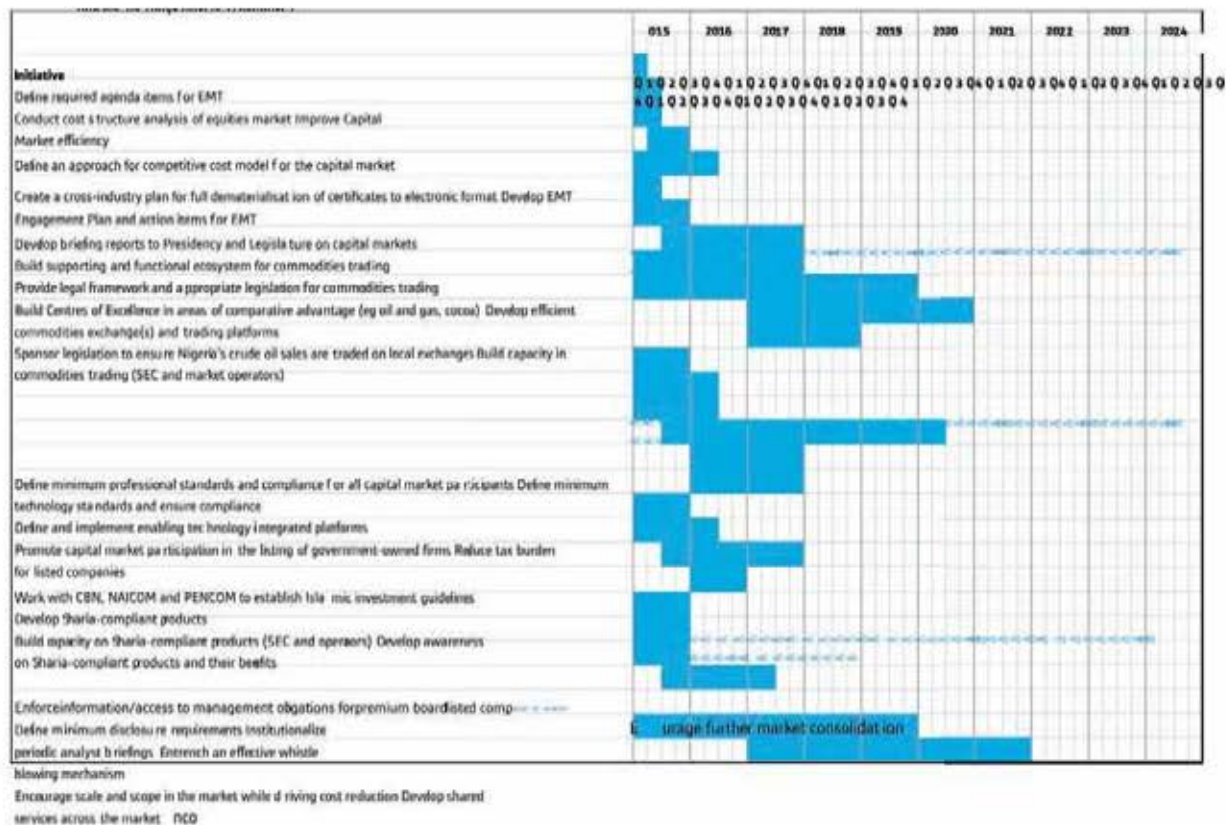
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Initiative	Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4										
Establish a unified licensing model for operators across money and capital markets	█	█	█	█	█	█	█	█	█	█	█
Harmonize the framework for securities lending	█	█	█	█	█	█	█	█	█	█	█
Approve securities depository as a repo counterpart	█	█	█	█	█	█	█	█	█	█	█
Encourage active securities lending by PFAs and PFCs (SEC and PENCOM driven)	█	█	█	█	█	█	█	█	█	█	█
Address structural imbalances between private sector savings and investments	█	█	█	█	█	█	█	█	█	█	█
Commence mandatory channelling of buy-side funds to critical sectors of the economy	█	█	█	█	█	█	█	█	█	█	█
Increase participation of pension funds in critical sectors	█	█	█	█	█	█	█	█	█	█	█
Create a national monoline financial guarantor	█	█	█	█	█	█	█	█	█	█	█
Establish minimum threshold for participation in primary issues	█	█	█	█	█	█	█	█	█	█	█
Increase the use of linked notes for retail investors	█	█	█	█	█	█	█	█	█	█	█
Commence equity trading in lot(s)	█	█	█	█	█	█	█	█	█	█	█
Incentivise use of collective investment schemes	█	█	█	█	█	█	█	█	█	█	█
Regularise mutual funds and make them more accessible	█	█	█	█	█	█	█	█	█	█	█
Build domestic investor base to hedge market against massive foreign investment outflow	█	█	█	█	█	█	█	█	█	█	█
Define minimum operating standards and capabilities for operators	█	█	█	█	█	█	█	█	█	█	█
Establish certifications/training programmes for investment and finance professionals	█	█	█	█	█	█	█	█	█	█	█
Put in place on-going training programmes and mandatory continuous assessment	█	█	█	█	█	█	█	█	█	█	█
Strengthen the capital market institution	█	█	█	█	█	█	█	█	█	█	█

Invest in building industry capacity/ specialized skill

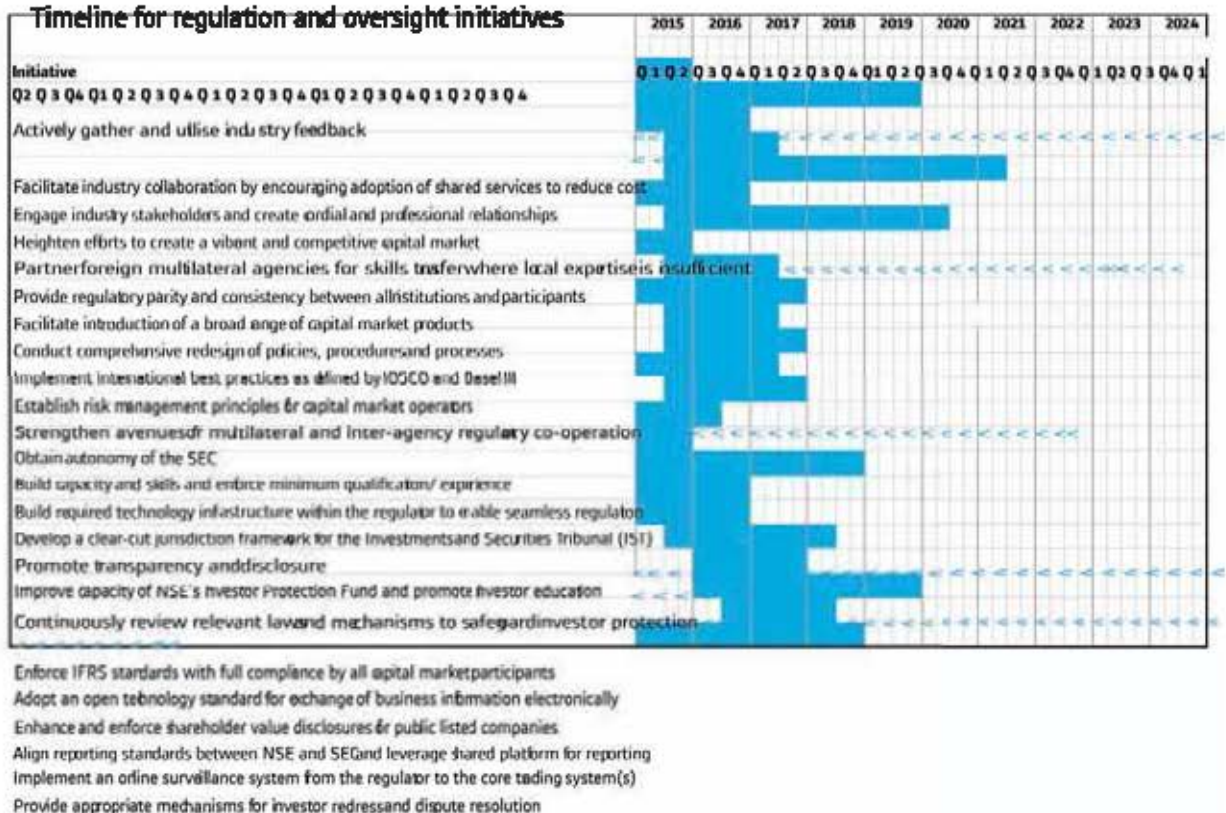
Timeline for competitiveness initiatives

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Initiative	Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4									
Establish a unified licensing model for operators across money and capital markets	█	█	█	█	█	█	█	█	█	█
Harmonize the framework for securities lending	█	█	█	█	█	█	█	█	█	█
Approve securities depository as a repo counterpart	█	█	█	█	█	█	█	█	█	█
Encourage active securities lending by PFAs and PFCs (SEC and PENCOM driven)	█	█	█	█	█	█	█	█	█	█
Address structural imbalances between private sector savings and investments	█	█	█	█	█	█	█	█	█	█
Commence mandatory channelling of buy-side funds to critical sectors of the economy	█	█	█	█	█	█	█	█	█	█
Increase participation of pension funds in critical sectors	█	█	█	█	█	█	█	█	█	█
Create a national monoline financial guarantor	█	█	█	█	█	█	█	█	█	█
Establish the Nigerian capital market as a major centre for innovation and intermediation	█	█	█	█	█	█	█	█	█	█
Establish minimum threshold for participation in primary issues	█	█	█	█	█	█	█	█	█	█
Increase the use of linked notes for retail investors	█	█	█	█	█	█	█	█	█	█
Commence equity trading in lot(s)	█	█	█	█	█	█	█	█	█	█
Incentivise use of collective investment schemes	█	█	█	█	█	█	█	█	█	█
Regularise mutual funds and make them more accessible	█	█	█	█	█	█	█	█	█	█
Build domestic investor base to hedge market against massive foreign investment outflow	█	█	█	█	█	█	█	█	█	█
Define minimum operating standards and capabilities for operators	█	█	█	█	█	█	█	█	█	█
Establish certifications/training programmes for investment and finance professionals	█	█	█	█	█	█	█	█	█	█
Put in place on-going training programmes and mandatory continuous assessment	█	█	█	█	█	█	█	█	█	█
Strengthen the capital market institution	█	█	█	█	█	█	█	█	█	█
Invest in building industry capacity/ specialized skill	█	█	█	█	█	█	█	█	█	█

Timeline for competitiveness initiatives



Timeline for regulation and oversight initiatives



Execution governance and responsibilities

Visible ownership and transformational leadership is a critical imperative for the achievement of the Capital Market Master Plan.

For effective implementation and monitoring of the plan, a Capital Market Master Plan Board or Council should be established. The Board should have the following characteristics:

- It should be small
- It should be comprised of very senior decision makers (i.e. CEOs of the relevant private and public sector institutions)
- It should span the breadth of the capital market, trade groups and related financial services institutions (i.e. capital market, pensions, insurance, banking, depositories, SROs, CBN, DMO, NAICOM etc.)
- Membership should be institutional rather than individual

It is recommended that the Chairmanship of the Capital Market Master Plan Board or Council be under of the Director General of the SEC as the SEC has both the interest in its success as a major stakeholder, as well as the clout as a regulator to give directives and ensure compliance by other stakeholders.

Reporting directly to the Capital Market Master Plan Board or Council, Working Technical Committees should be set up to drive the defined strategic themes and provide support to the Capital Market Master Plan Board or Council.

Task forces may be assigned responsibilities for completing specific tasks within defined timelines. These task forces should typically be chaired by the private sector and other key stakeholders.

The Capital Market Master Plan Board or Council should also be supported by an adequately resourced Secretariat / Programme Management Office domiciled in the SEC.

Key stakeholder communication and involvement management

Besides the capital market participants and regulator, there are other key stakeholders whose involvement is necessary to successfully execute the Capital Market Master Plan.

The following are specific actions to be taken towards ensuring their buy-in and participation.

The Presidency

- The SEC will work with the Federal Ministry of Finance (FMF) to arrange for a meeting with the President for presentation of the Capital Market Master Plan. Capital market operators are to support this effort
- A presidential retreat should be organized to launch the plan
- A presidential task force is to be appointed to drive the actualisation of the planThe Economic Management Team
- The Capital Market Transformation Plan should be presented to the Economic Management Team (EMT) with the President in council.

FSS 2020 and other stakeholders for consultation

- A wider range of stakeholders, including those that created and are driving the FSS 2020 plan are to be consulted to help address market issues outside the control of internal capital market stakeholders

Critical Success Factors / Key Dependencies

Some critical success factors have been identified that are pertinent to the successful execution of the Capital Market Master Plan:

Ownership and support at the highest level (Presidency, FEC, etc)

It is pertinent that the plan is accepted and owned not just by the market and the regulator, but by all the parties that possess the influence and decision-making power to enable it be executed successfully. This includes the President, the Legislature, the Federal Executive Council and the Economic Management Team. Without the cooperation and even endorsement of these parties, it will be difficult to meaningfully actualise many of the objectives and initiatives. Cross-cooperation across the Financial Services Industry

Cooperation with other regulators and players in the Financial Services Industry is also critical to ensure that initiatives requiring action outside the direct scope of the capital market, but which have a direct and material impact on the success of the CMMP, are indeed dealt with promptly and as required.

Right pricing for financial instruments

Proper pricing of financial instruments, particularly Government Securities, needs to be fundamentally examined. The current situation where the „risk-free “ rate (i.e. price for Treasury Bills) is very high makes any form of risk-taking very unattractive and results in the Government inadvertently crowding out the private sector. It also leads to a high cost of borrowing for the economy which makes businesses uncompetitive and puts them at a higher risk of default. To remedy this, there is a need to holistically examine the underlying pricing model for all instruments across the entire financial services industry.

Integrated National Identity Management System

The necessity of a functional Integrated National Identity Management System cannot be over-emphasised. It is a foundational requirement and potential tool for effective planning, customer identification, customer data aggregation and analytics, fraud and money laundering prevention and seamless integration of systems. Given the value of such a system not just to the capital market, but to almost every other aspect of the financial sector and indeed the national economy, it is imperative that collaborations occur to ensure that one is established.

Restructuring of Financial Services regulation in Nigeria

As has been highlighted, there are several areas of overlap as well as gaps within the Financial Services Industry. A prime example is the overlap in regulation of Merchant Banks by the CBN and the SEC, which leads to creation of bottlenecks and impasses in the course of doing business. There is also a need to re-examine the powers granted to and the structure of the various regulatory agencies, viz-a-viz what is required to properly perform their function

PART B NON INTEREST CAPITAL MARKET MASTER PLAN

Implementation Framework

The actualization of the earlier mentioned objectives and strategic initiatives will ultimately depend on the effective implementation of the recommendations.

SEC will be the primary driver of the Master plan implementation.

Implementation plan

The development of the NICM will be carried out over three phases as outlined below:

Immediate 0-12 Months	KPIs	Short Term 1-3 Years	KPIs	Medium Term 3-5 Years	Long Term 5-10 Years	KPIs
SEC to engage PENCOM to amend guidelines for PFA's assets selection criteria to be risk-based rather than the current approach which differentiates between alternative (non-interest) products and conventional products by removing specificity in guidelines such as Sukuk and focus on broad asset class and risk e.g fixed income, variable income and REITs.	The new guidelines should state that all funds can invest in all approved instruments (conventional and non-interest) with the exception of the ethical fund which can only invest in approved ethical investible products.	SEC to standardize operational guidelines in line with international best practice.	Deployment of standard operational guidelines.	Nil	Capital market stakeholders to jointly enlighten policy makers on the need to amend BOFIA to accommodate the use of CBN assets to create non interest liquidity instruments.	Revised BOFIA
PENCOM to fast track the release of guidelines on Non-interest multi-fund structure for Retirement Savings Account (RSA) Funds.	Release of guidelines on Non-interest multi-fund structure for RSA Fund.	CBN to provide optional generic NIB contracts template as a guide.	Issuance of the contract template	Nil	<p>§ The Land Use Act (LUA) should be amended to facilitate the process for perfection and transfer of title to make the creation of mortgages less cumbersome.</p> <p>§ SEC to engage the Governors and relevant stakeholders</p>	Revised LUA

Immediate 0-12 Months	KPIs	Short Term 1-3 Years	KPIs	Medium Term 3-5 Years	Long Term 5-10 Years	KPIs
					in the land registry to give a level playing field to property acquisition using non-interest structure with conventional structure and dispense with the need of seeking consent twice.	
CBN to fast tract the release of guidelines on liquidity status on NICMPs similar to the existing guidelines on conventional products	Release of guidelines on liquidity status on NICMPs	FIRS to release comprehensive guidelines and regulation on non-interest transactions to give confidence to investors in non-interest finance products	Release of comprehensive guidelines and regulation on non-interest transaction	Nil		
CBN to issue non-interest T-Bills and short term notes	Issuance of commercially competitive notes by June 2015	Capital market stakeholders to engage National Assembly to amend sections 28&29 of CBN Act to allow CBN use its assets to create non-interest liquidity instruments	Revised sections 28 & 29 of CBN Act			
SEC to encourage unquoted PLCs	Number of SEC's Executive Management	DMO should issue sovereign sukuk to establish a benchmark	Change in % growth in value of sovereign sukuk			

Immediate 0-12 Months	KPIs	Short Term 1-3 Years	KPIs	Medium Term 3-5 Years	Long Term 5-10 Years	KPIs
to list on the floor of the Nigerian Stock Exchange SEC to engage selected corporates to encourage them to issue sukuk	meetings with the corporates	yield curve for Nigeria				
SEC to engage Islamic Development Bank, AfDB and other multilateral institutions to issue supranational sukuk in Nigeria	Number of sukuk issuance	SEC in conjunction with IDB to encourage provision for shari'ah compliant guarantee	Provision for shari'ah compliant guarantee			
§ SEC to establish PMO to co-ordinate implementation of the NICM master plan. The PMO to train and build internal capacity on NICM. § The PMO should be staff with expertise on non-interest capital market. External expert on the field should be leveraged upon to strengthen the office	Expand and strengthen existing SEC's non-interest division to serve as PMO through immediate engagement of experts in the field by June 2015	SEC to encourage the setting up of 'functional' and standardized commodity exchange with varieties of shari'ah compliant instruments	% change in number of deals % change in value of transactions			
§ SEC to engage FMBN and	SEC's Executive	State governors should be	Number of Executive			

Immediate 0-12 Months	KPIs	Short Term 1-3 Years	KPIs	Medium Term 3-5 Years	Long Term 5-10 Years	KPIs
<p>NMRC to issue sukuk to fund PMBs</p> <p>§ FMBN and NMRC to encourage PMBs to offer non-interest products</p>	<p>management delegation to engage NMRC and FMBN</p>	<p>encouraged to access the NICM through sukuk issuance</p>	<p>Management meetings with State Governors</p>			
<p>§ SEC, CBN, and NAICOM to jointly consider and adopt any of the following structures of oversight bodies: establish a financial market regulatory advisory council, utilize FRACE or leverage external bodies.</p> <p>§ SEC should set robust minimum criteria for the qualification of Shari'ah adviser or advisory council for CMOs using CBN and NAICOM's template</p>	<p>§ Issuance of guidelines by June 2015</p>	<p>§ SEC should pursue synergistic relationships with other major Non-interest capital markets such as UK and Malaysia.</p> <p>§ SEC to sign Memorandum of Understanding with reputable international bodies such as International Islamic Liquidity Management (IILM) in Malaysia and AAOIFI as a means of enhancing its regulatory capacity and</p>	<p>Number of MOUs signed</p>			

Immediate 0-12 Months	KPIs	Short Term 1-3 Years	KPIs	Medium Term 3-5 Years	Long Term 5-10 Years	KPIs
		<p>attracting foreign investors</p> <p>§ SEC and NSE should actively work with domestic as well as international financial institutions that have an interest and possess the capacity to ensure the listing of Nigerian Non-interest equity funds on major exchanges</p>				
<p>SEC to work actively with other relevant regulators and the industry to initiate further measures to improve the incentives for NICM e.g. floatation cost at 50% discount, waiver of 50% on regulatory fees for the next years, shorten turnaround time for issuance of NICMPs</p>	<p>§ Agreement between SEC and NSE on floatation cost.</p> <p>§ Amended rule on fees for NICMPs from SEC, NSE & CSCS by June 2015.</p> <p>§ SEC's</p>	<p>To ensure neutrality in the current tax regime governing non-interest securities transactions, SEC should collaborate with the tax authorities to accelerate the process of addressing tax provisions that may impede products development and innovation, or discourage</p>	<p>Reduction in tax rate</p>	<p>Nil</p>		

Immediate 0-12 Months	KPIs	Short Term 1-3 Years	KPIs	Medium Term 3-5 Years	Long Term 5-10 Years	KPIs
	Executive management delegation to engage NSE and CSCS	participation in non-interest capital market transactions				
SEC to spearhead initiatives to enhance the awareness of the market at domestic and international levels	Detailed awareness programme on non-interest capital market contained in the report of Capital Market Literacy Master plan Committee					
Fund Managers Association of Nigeria (FMAN) to promote and educate its members on how to structure more shari'ah compliant products.	Number of seminars/work shops held by FMAN					
Operators to promote a wider range of NICMPs to create opportunities to tap external non-interest investment funds			Percentage change in the value of issuance			
FMAN to promote and educate its members on how to structure more shari'ah compliant products			Number of shari'ah compliant products			
SEC to foster synergy among regulators in the Non-interest financial sector through the Financial Services Regulation Coordinating Committee or any other standing committee						Number of SEC's Executive management meetings with financial sector regulators
SEC to engage NSE to understand structures and agree on classifications of NICMPs						SEC's Executive management

Immediate 0-12 Months	KPIs	Short Term 1-3 Years	KPIs	Medium Term 3-5 Years	Long Term 5-10 Years	KPIs
						meetings with NSE
For effective implementation of the Master plan reports, the mechanism for reviewing progress should be institutionalized (e.g. using the quarterly CMC platform to periodically obtain stakeholders' perspectives)	Quarterly reporting by PMO					

MASTER PLAN IMPLEMENTATION REVIEW MECHANISM

For effective implementation of the Master plan reports, the mechanism for reviewing progress should be institutionalized (e.g. using the quarterly CMC platform to periodically obtain stakeholders' perspectives).