Written evidence submitted by Oluwatosin Adeshokan Relating to Implementing the Integrated Review in Nigeria (IRN0028)

One emerging opportunity for aid and investment in Nigeria now should be in financial technology and services.

Despite the negative press that Nigeria gets now, Nigerian entrepreneurs and technology engineers have in fact excelled in building new financial technology products that have grown the profile of the country and even gained international status. Recently, Stripe acquired Nigeria's Paystack for $200 million.

London has a reputation as the financial headquarters of the world and the potential for technology transfer between the UK and Nigeria presents a unique opportunity for both countries. For Nigeria, there is an opportunity to develop capacity as well as uniformity in financial services. For the UK, it is a new challenge and a rebuilding of the UK economy through integration with its former colony and potentially other colonies.

After leaving the European Union, the UK needs to build a new framework for economic development and new cross border developments.

In 2019, about 71% of the UK's GDP was generated by the services sector. The previous access that UK companies had to a much larger EU market made UK companies able to operate in the EU a much larger market that is suddenly unavailable. England has been hemorrhaging jobs and companies especially in the financial sector. According to EY's Financial Services Brexit Tracker, over 7,500 jobs have left the UK for places like Dublin, Luxembourg and Frankfurt. Following the announcements by several companies to leave the UK for access to the EU market post Brexit, over £1.6 trillion in assets have left the UK to the EU.

There is a new opportunity for the UK to build a new Commonwealth especially through financial technology and services. The UK needs to find a way to make up for the deficits through Brexit. There are a lot of benefits for the UK and for the African contingent of the Commonwealth through financial integration.

While Africa has a lot of unfulfilled potential, but with a new partnership with the UK that is careful and intentional about moving on from its colonial history with the continent, a financially connected Commonwealth will be a win for all.

But Africa today especially the members of the Commonwealth have formed their new alliances that are perhaps stronger than the relationship with the UK. The continent is very different from the last time the UK actively looked to trade with the continent–before the UK joined the EU. Now, China, Russia and Turkey are expanding on their partnerships especially in trade, loans, infrastructure programs and military agreements.

Challenges

In Nigeria, the UK enjoys a very mixed reaction. There is a generation of Nigerians that blamed the UK and colonialism for Nigeria's many problems. But even in government, China has presented itself as a more favorable trade partner to the country than the UK.

For the most part, Chinese loans do not come with extra stipulations that are expected of EU and US loans. On the other hand, China's incursion into the country and Nigeria has many Nigerians worried about the future of the country.

Public trust in the Nigerian government is at an all-time low now and any new trade deals will be seen as an endorsement of the current government and its style of governance.

There is a general lack of understanding of the mechanism of trade and investment and that presents a bigger problem particularly for the intellectual class of the country. Some of the few questions that will need answers are

- "Is this a form of British neocolonialism?"
- "How will the solutions being put forward be mindful to not perpetuate imbalances that will end up meaning that the UK is winning at the expense of Nigeria?"
- "How will the UK be mindful of the very uneven economic and political power dynamics between the UK and Nigeria.

Nigeria's economic outlook is not exactly great at the moment. The UK faces a serious risk trying to tether its economy to the developing economy of Nigeria and the rather developing African commonwealth.

The erratic nature of the Nigerian government also makes it perhaps a terrible option as a trade partner despite Nigeria's potential. The Nigerian government shut down its land borders with neighboring countries because it wanted to boost the profile of locally produced rice, but its expected result was not met as experts had predicted.

Insecurity in Nigeria is at an all-time high. Law enforcement especially in financial crime is largely political and that makes the financial system fragile in its own way. The country has been accused to human rights abuses and with the recent banning of Twitter, those accusations are not going away.

But perhaps the UK's new focus on Nigeria might be undercut by China. For all of its investment in the country and continent, there will be an expectation of reciprocity. Chinese policy has started to permeate African policy for example Taiwan and the widespread shut down of diplomatic relations on the continent.

In Conclusion

Deeper ties to Nigeria through trade and investment in financial technology and services is a win-win for Nigeria and the UK. There is a lot of growing that Nigeria will need to do to become a great trade partner with the UK, but technology transfer as well as easier access to the UK market and people will go a long way in accelerating Nigeria’s development.

The UK runs a serious risk especially by tethering its economy to that of Nigeria, but there are fundamental problems that the UK can help Nigeria solve. In money laundering and in funding for terrorism, the UK’s expertise and deeper financial ties to Nigeria can help solve that problem.

June 2021