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THE ROLE OF THE MEDIA IN PROMOTING REAL SECTOR FINANCING



Gbenga Adefaye

INTRODUCTION

This paper is motivated by two factors. The first is that the real sector needs financing. The second is that the financial system, led by banks is not providing enough financing support for the real sector. The second point was echoed by the Managing Director of International Monetary Fund (IMF), Mrs. Christine Lagarde during her recent visit to Nigeria. She said, "The Nigerian financial sector is strong and solid but needs to increase its support to the real sector of the economy".

The second factor also suggests that past policy initiatives to boost real sector financing were not or were inadequate. Hence, the need for new initiatives to boost or promote real sector financing. The topic suggests that the media has a role to play in this regard.

This paper would focus on the Role of the Media as a social institution, why it should promote real sector financing and how it can promote real sector financing. This is premised on the belief that previous papers have dwelt

sufficiently on the issue of technicalities of real sector and aspects of financing.

ROLE OF THE MEDIA

As media practitioners, it is expedient that we remind ourselves of the powerful and influential roles we play in the society. These roles can be divided into two broad categories namely Traditional roles and Developmental roles.

Traditional roles

Information Dissemination: - The media informs the public about what happens in the society. The media monitors what goes in the various aspect of the society and reports this as news to the public. Given that man is limited as he can't be everywhere at all times and yet what happens elsewhere affects him, the media helps man to know what happens elsewhere and thus increases his knowledge and helps him to make informed decisions.

Education: - In the process of informing the public, the media also educate the public about issues and happenings in the society. The media helps the public to understand the cause and consequences of issues, government policies and other relevant phenomenal in the public space.

Entertainment: - The media also entertain the public through films, music, magazines and books. In fact the media have become so associated with entertainment that they perceived to be entertainment itself.

Cultural promotion: - The traditional roles above have also made the media to be the

custodian of culture and the means of promoting and preserving culture. Through the media today's generation learns about the way and lifestyle, the traditions and values of previous generations.

Developmental roles

Agenda setting: - Since it determines what people read, watch and hear about the society, the media also determines what people discuss and debate in the society. For example when media reports focus on bad roads, the people will discuss bad roads.

Shaping Public Opinion: - The media also influences the thinking and mindset of the public on any issue. When the media wants to influence positive opinion about any issue or situation, they would provide detailed analysis of that issue and its benefits to individuals and the public. The implication is that overtime the public bend towards the direction of the analysis of media and advocate for the issue.

Influencing public policy: - From its role of agenda setting and shaping public opinion the media have become a powerful force on public policy. Since it determines what people discuss and their opinions about what is going on in the society, the media determines expectation of the public from the government and from anyone in leadership position. And such expectations influences direction and focus of public policy.

Watchdog of Society: - The media serve as the eye of the public in monitoring the activities of government and businesses. As watchdog of the society, the media is expected to hold people in government and business

accountable, by asking questions and investigation to expose behaviour that undermines the welfare of the people.

The above however is not an exhaustive list of the role of the media. Other functions performed by the media include advertising, forum for public debate and discussion, agent for motivation and mobilisation, socialisation and integration.

In performing these roles, the media is guided by ethical codes such as the Code of Ethics of the Nigerian Press Council. Among other things the code requires journalists to be:

- Independent
- Accurate and fair
- Respect privacy of individuals
- Protect confidentiality of sources
- Dress and comport himself decently
- NonDiscriminatory

Critical to performing these roles, are Reporters who are saddled with the task of news gathering on a daily basis. For the reporter to perform his job effectively he or she must:

- Be Curious
- Ask questions
- Investigate
- Research

WHY SHOULD THE MEDIA PROMOTE REAL SECTOR FINANCING

The real sector consists of firms, households and other agencies engaged in production of goods and services which can either be consumed now or put to use with a view of producing more in the future. It is that sector of the economy where real resources are applied to produce something which people can buy and use.

Critical to the effective functioning of the real sector is money to pay for goods and services employed in the production processes. These

include money to buy raw materials, equipment, to pay suppliers and salaries of workers. Thus one of the critical determinants of the level and quality of real sector activity is the amount of money available to finance that activity. Hence no money, no real sector, no jobs, no incomes, no patronage for goods and services, in fact no economy

While the real sector deals with production of economic activities. The financial sector deals with money. It has the primary duty of mobilising money in the form of savings and channelling /allocating them in the form of loans to economic agents and activities. The finance sector links those who have want to save money and those who want to borrow money to purchase goods and services. Note that the savings are surplus generated from real sector activities, while the loans are to fund production of goods and services.

At the heart of the finance sector are banks and the central banks. Together, they determine the flow or allocation of money in the economy. Through their policies and operations they determine which economic activity and economic agents gets loan to produce goods and services.

Besides its social function, the media is a business and an industry within the economy. Every media organisation is a business organization employing real resources to produce news in the paper or electronic form. Thus the media itself is a member of the real sector. And like every other member of the real sector the media need financing. In addition the policies and operations of banks and the central banks affect the production and profitability of media organisations.

For example, one of the raw materials of newspapers is newsprint, which is imported and

hence the cost is affected by the exchange rate policy of the CBN. This means the higher the exchange rate the more newspapers will pay to purchase newsprints and hence reduction in profitability and ability to meet other obligations. But in an atmosphere where the newspaper organisation can easily access loans to buy newsprint in bulk, the impact of exchange rate depreciation would be minimised.

Furthermore, media survival and profitability is affected by the health of the economy in general. For example, before you think of buying newspaper, you must first have a job that pays you regular income to finance your basic needs. The same goes for organisations in terms of purchasing newspapers for their staff or even placing advertisements in media organisations.

Today, the media is also feeling the impact of the decline growth rate of the economy, vis-a-vis decline in crude oil price, government revenue and depreciation of the naira.

Thus media patronage is affected by level of employment which is closely linked to production of goods and services in the economy.

The above imply that it is in the interest of the media to promote increased allocation of loanable funds to the real sector. The media must do everything within its ability to ensure that the real sector gets adequate financing from the finance sector because we are involved. Our livelihood, our profitability and even the number of relatives and friends that depend on us for survival is determined by volume of loans banks allocate to the real sector.

HOW CAN THE MEDIA PROMOTE REAL SECTOR FINANCING

Hardly will you see any bank in Nigeria today that does not claim to be financing the real sector. Almost all the banks claim to finance real sector. Most of their advertisements talk about financing small and medium enterprises, artisans etc.

But the 2009 banking sector crises reveals that banks are more disposed to financing trading activities, stock market activities, foreign exchange and real estate speculations.

In recent times, they have shifted to either keeping their money idle with the CBN or invest in treasury bills, earning billions of naira in the process.

That is why despite their claims; real sector operators continue to complain of lack of access to finance.

As media practitioners, it is our job to investigate and inform the public and policy makers on the reality of real sector financing in Nigeria. We need to understand the issues so as to inform and educate the public. This however requires that we ask pertinent questions. Among other things we need to ask the following questions:

What are the financing needs of the real sector?

What kind of financing are banks offering to the real sector?

What are the gaps between the financing needs of the real sector and what the banks are offering?

What are the conditions attached to the financing offered by banks?

What makes the real sector less attractive to banks in terms of financing?

Are banks really financing the real

sector as they claim?

Who are the beneficiaries of banks' real sector financing?

What are the policies encouraging or discouraging real sector financing

Why did past policies and efforts to boost real sector financing fail to make significant impact

These and many more are questions the media need to ask in order to understand the issues and able to inform the public and policy makers. The answers to these questions will reveal the effectiveness of past and present policies and the need or otherwise of new policy to boost real sector financing.

In recent times the CBN has introduced many real sector financing initiatives. But it has also gone a step further by issuing periodic reports on the implementation of these initiatives. These periodic reports are rich in information and resources vis-a-vis realities of real sector financing.

For example the reports on Commercial Agriculture Credit Scheme (CACCS) and the N220 billion Micro Small and Medium Enterprises Fund (MSMEF) contains revelations of sharp practices by banks in the area of real sector financing and sanctions imposed by the CBN.

Such revelations should be prominently reported by the media so as to put the banks and the industry on their toes.

Most importantly, the media should be the voice of the real sector. We should not just publish press releases of banks and the CBN showcasing their real sector financing efforts, we should interview real sector operators to obtain and publish their views as they know where the shoe is pinching them the most.

We need to remember that banks have the money to publish adverts, issue press statements and even organise press conferences to publicise their claims about real sector financing. However, organisations that constitute the real sector do not have such resources hence the error of not been heard or ignored by the media is very possible. Yet they are the ones that needs the financing, they are the ones that can authoritatively tell us how true or false the real sector financing of banks.

While the various efforts of the Central Bank of Nigeria (CBN) in recent times to boost real sector financing is quite commendable, especially the amendment of the guidelines for the MSMEF to allow financing of business start-ups, which allows fresh graduates to use their certificates as collateral to borrow money to establish business, it is however important that the CBN improve on its communication about the implementation of these efforts, challenges and lessons learnt.

Most importantly, the CBN should showcase the beneficiaries of the various funds been devoted to real sector. Let the media know and interact with them, so that they can publish their story. Among other things, this will confirm to the public the funds are real and educate them on how to also access the funds to boost their activities.

While I commend the CBN for their efforts so far, I want to challenge the management of the bank to devote more resources to publicising the various funds and schemes it has created for real sector financing.

There are millions of businesses out there that need these funds, but the truth is that they are not aware of their existing. Some are even deliberately misinformed by their

banks who of course do not want them to access the funds which offer cheaper interest rate than they offer.

The solution is for the CBN to engage in mass publicity campaign similar to the one conducted to publicise the cashless policy. These include TV and radio jingles, Bill boards and BRT posters, town hall meetings with various groups and

newspaper advertisements.

CONCLUSION

The media indeed has roles to play to promote real sector financing in the country. It starts with recognising that the media is also a part of the real sector, and will benefit from availability of finance to the sector. Furthermore, more effort should be concentrated on being the voice of real sector

operators and telling their stories. The ability of the media to facilitate real sector financing will be enhanced by the readiness of the CBN to improve on communication of implementation of real sector financing efforts as well as devoting more resources to creating awareness and education on its efforts in this regard.