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Founded in 1972, ALP has established itself as one of the leading law firms in Nigeria. The firm engages in corporate and commercial law and litigation and has offices in three commercial cities of Nigeria –

Lagos, Abuja and Ibadan. The Lagos Office is located close to the nerve-centre of the city and within easy reach of the Law courts. Over the years we have retained an impressive client-list, spanning both the public and



Chief Akinwande Delano (SAN) is flanked by Mr Oluyele Delano (SAN) ALP and the newly appointed Senior Advocate of Nigeria Mr Olayode Delano (SAN)

private sectors from of medium-sized companies to major multi-national corporations.

With more than 40 years of experience, we have drawn on a rich heritage of excellence to create a dynamic and successful business Law firm. Our clients' business remains at the core of our practice and our goal is to achieve a good understanding of the internal and external factors driving their business and to build of an efficient business relationship with them.

Once we are able to understand our client's challenges we find we can then create

a framework in which our clients' issues can be handled efficiently by dexterous and dedicated practitioners – in complete confidence. Our working practice is to provide a dedicated team to each client comprised of at least one partner and Two practitioners. We have found this a good way of ensuring a high quality of service.

In addition to its legal services ALP has also built an impressive international Journal – ALP Business Review and run an annual seminar series which deals with pertinent legal and commercial challenges facing businesses in Nigeria.

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ALP SEMINAR
SERIES

Mrs. Ronke Kuye, CEO SANEF discussing with
one of the delegate at the ALP 2019 seminar
on FinTech and Financial Inclusion

PEOPLE IN FOCUS THIS EDITION



Mr. John Delano graduated from Hull University with an LLB (honours) degree. He practiced as a solicitor with Irving & Bonnar Lagos. Specializes in corporate company law, Agriculture and Fintech. He has worked in publishing in the UK for such companies as Informa and The Independent.

Founded in 1972, **ALP** has established itself as one of the leading law firms in Nigeria. The firm engages in corporate and commercial law and litigation and has offices in three commercial cities of Nigeria – Lagos, Abuja and Ibadan. The Lagos Office is located close to the nerve-centre of the city and within easy reach of the Law courts.



Mr. Kobi Bendelak was the founder and CEO of Reshef Insurance Brokers, part of Migdal Insurance Group. Kobi has 22 years' experience in the insurance industry.

Kobi holds a BA in Management and an MA in Law from Bar Ilan University. Kobi is the CEO of InsurTech Isreal, the leader in investments in technology companies to the insurance industry.

Insur tech is a boutique strategy consultancy dedicated to engendering innovation in the insurance industry. Immersed in the flourishing ecosystem that is Israel, our extensive network and deep industry knowledge are just some of the tools we employ when connecting global insurers with dynamic and game changing startups.



Mrs. Ronke Kuye is the Chief Executive Officer of the Shared Agent Network Expansion Facilities Limited (SANEF), an initiative of the Central Bank of Nigeria (CBN), supported by the Deposit Money Banks, Nigeria Inter-Bank Settlement Systems [NIBSS] and Licensed Mobile Money Operators/Shared Agents.

SHARED AGENT NETWORK EXPANSION FACILITIES (SANEF) The Shared Agent Network Expansion Facilities (SANEF) was incorporated in 2019 with the objective of accelerating financial inclusion in Nigeria. SANEF is an initiative of the Central Bank of Nigeria (CBN), supported by Deposit Money Banks (DMBs), Nigeria Inter-Bank Settlement Systems (NIBSS) and Licensed Mobile Money Operators/Shared Agents.



Mr. Aderemi Adejumo is a veteran database administrator, he has played in the IT field for 30 years whilst working in different countries. He led many innovations at Ecobank including implementing cloud computing for the first time in 2013 and implementing VoIP phones in Nigeria as well as video phones for all the senior staff.

ComerCio cloud computing Limited is Nigeria's' leading Enterprise local cloud service Provider. We are the first choice of Cloud Solutions and managed data services for local and Global businesses with great ambitions.



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Mr. **Adegbola Abudu** has over 10 years' experience in corporate finance, mergers & acquisitions, tax structuring, project finance and debt/equity capital markets activities.

Capricorn Digital Limited (CDL) is an independent technologically driven, digital distribution Company providing aggregated payments and collections services to a broad array of Digital Service Providers (DSPs) through our digital platform. A core part of our strategy is to provide digital distribution services through an agent network that is designed to target grass root customers in Nigeria through a customized POS (called the Baxi Box).



Dr. **Tsanis** is leading the Innovation and Data arm of WEMA Bank Plc, the oldest indigenous bank of Nigeria, that has among others launched the first digital bank of West Africa, Alat.

ALAT WEMA BANK Alat by Wema Bank is Nigeria's first fully digital bank. As opposed to the regular banking system' everything is done from the comfort of your mobile phone through an app.



Dr. **Coker** has over 30 years' international experience across Europe, USA, Asia and Africa. He worked in the UK with companies like Cap Gemini, Egg Bank the first European Internet Bank, BP, CTO UK Criminal Justice, IT Director, Ministry of Justice.

RACK CENTRE is a premium data centre provider in West Africa offering colocation and disaster recovery services with the support of the most competent and highly motivated personnel in the industry.



Mr. **Esaie Diei** has over 30 years professional experience in management, product development, marketing and digital innovation. He is an alumnus of ESCA (Ecole Supérieure de commerce d'Abidjan), a highly rated Business School in Cote d'Ivoire in partnership with the University of Brighton (United Kingdom).

ENHANCING FINANCIAL INNOVATION & ACCESS (EFINA) It is a financial sector development organization that promotes financial inclusion in Nigeria. Established in late 2007, our vision is to be the leader in facilitating the emergence of an all-inclusive and growth-promoting financial system. EFInA is funded by the UK Government's Department for International Development (DFID) and the Bill & Melinda Gates Foundation.

PEOPLE IN FOCUS THIS EDITION



Women's World Banking

Dr. **Zino Afiegbe** is an experienced business development and relationship management executive, hands-on digital payments practitioner and motivational educator. With over 17 years experience working with leading financial institutions towards developing digital payments adoption in Africa, Zino has been an active player and driver in the evolution of payments on the continent.

WOMEN'S WORLD BANKING (WWB) is a nonprofit organization that provides strategic support, technical assistance and information to a global network of 40 independent microfinance institutions (MFIs) and banks that offer credit and other financial services to low-income entrepreneurs in the developing world, with a particular focus on women. The WWB network serves 24 million micro-entrepreneurs in 28 countries worldwide, of which 80 percent are women.



Mrs. **Yemi Keri** is one of the foremost Women in Technology in Nigeria. She is the Chief Executive Officer of Heckerbella Limited, a Technology Business Transformation company, and also a Partner at Holmen Consulting, an Information Technology Consulting firm.

Heckerbella is a business transformation firm delivering effective, reliable and sustainable information technology solutions to businesses in Africa. We leverage information technology tools to help our clients make the best possible business decisions, build their team's capabilities and drive longterm growth.



ASSECO

Mr. **Adefolu Majekodunmi** is the co-founder and Managing Director of Asseco Nigeria, a subsidiary of The Asseco Group, the 5th largest technology company in Europe. Asseco is a multibillion dollar organization that operates in 50 countries with over 24,000 employees.

ASSECO GROUP is a federation of companies engaged in information technology. Asseco Group operates in most of the European countries as well as in Israel, USA, Japan, and Canada. Asseco Group companies are listed on the Warsaw Stock Exchange, Tel-Aviv Stock Exchange as well as on the American NASDAQ Global Markets. Asseco Group offers comprehensive, proprietary IT solutions for all sectors of the economy. Own solutions account for over a half of Asseco Group total sales revenues. This puts Asseco Group on the 6th place among the top software vendors in Europe.

Highlights of ALP'S Seminars on Fintech and Digital Finance 2019



L-R Chineye-Mba Uzoukwu (InfoGraphics), **Yinka Aderonbi** (Leadway Assurance), **Tsanos Wema** (Alat), **Emeka Okoye** (Cymantis), **Ade Abobatele** (Gbosa) and **Olayode Delano SAN,** (ALP)

The 2019 edition Akindelano Legal Practitioners held its annual ALP Seminar series at the Lagos Oriental Hotel on Friday the 20th of June. The Seminar theme was the Role of FinTech and Digital Finance in Nigeria's Economy.

The Seminar kicked off at 9.30 with a video presentation by Kobi Bendelak of InsurTech Israel, in which he explained how the Insurance industry could benefit from FinTech and made mention of the investment funds available for the development of advanced technologies in insurance industry.

Thereafter Mrs Ronke Kuye of SANEF made a presentation about the progress of Financial inclusion in Nigeria.

She concluded that there were about 36 million adult Nigerians (mostly females) who are

currently excluded from the mainstream of the financial community. She remains optimistic that through the current network of financial agents and the planned increase SANEF will attain its target of full inclusiveness by the end of 2020.

SANEF (Shared Agent Network Expansion Facility) is a project powered by the Central Bank of Nigeria (CBN) and a number of government financial organisations such as Deposit Money Banks (DMB), Nigeria Inter-Bank Settlement Systems (NIBSS), Chartered Institute of Bankers of Nigeria, licensed Mobile Money Operators and Shared Agents with the primary objective of accelerating financial inclusion in Nigeria.

Her presentation was followed by a series of panel discussions moderated by ALP's John



Delano. The first involved Emezini Afiegbe (Women's World Banking) Esaie Diei of Efina (Enhancing Financial Innovation and Access) and Mrs Kuye (Sanef). According to Efina's data, majority of Nigeria's population (61.9%) live in rural areas and available financial services are usually informal. 50 million adults do not have accounts at a formal financial institution, 41.6% of the adult population are financially excluded while almost 10% (9.4m) rely solely on informal finance

The second panel discussion on The Challenges for the FinTech and Digital Finance in

Nigeria featuring Degbola Abudu of Capricorn Digi; Folu Majekodunmi of Asseco and Mr Adejumo. The panellists concluded that chief among the challenges were the lack of protection for intellectual property, a faltering education system which fostered a lack of understanding even amongst Agents of the opportunity available; Suspicion and lack of trust of the populace for any finance related services and lack of funding.

The third panel discussion considered The Data Economy in Nigeria. It featured Mr. Yinka Aderombi of Leadway Insurance; Ade Atobatele, Chineye Uzoukwu; Emeka Okoye Cymankis and Konstatinos Tsanis of Wema Bank. It evaluated the importance of Data in enhancing the growth of every sector of the Nigerian economy. The panellists all agreed that the Nigerian ecosystem required a lot more data than it currently has. It was asserted that a great deal of the data which can be mined to predict consumer behavior is currently flowing freely out of the country to organisations such as facebook Google and other foreign owned



In the foreground Mr Jason Mycroft, Palmpay and John Delano, ALP

platforms. In addition to some of the panellists agreed that the Government could potentially be the most significant holder of Data in Nigeria.

The debate that ensued in this segment hinged on how best to develop the Nigerian data ecosystems. The panellists agreed that more localised innovation was required if the

Nigerian economy is to enjoy any significant benefits from digitalisation. The Seminar closed at 2pm with a lunch hosted by ALP

All sessions are accessible on the ALP website: www.AkinDelano.com.



In the foreground Mrs. Kuye and John Delano





Mr. Segun Akerele, Chairman, Efina standing up to ask questions at the Q&A





Hope Ashike

SANEF: Addressing Challenges Of Financial Agent Networks

“SANEF is an intervention to widen and deepen financial access points and services for the purpose of increasing financial inclusion to 80% by 2020.”

There is a saying that “a problem shared is a problem solved.” There are lots of problems or challenges confronting financial services agents or money agents, which the Shared Agent Network Expansion Facility (SANEF) is currently addressing.

Some of the problems have to do with network issues, customers not disclosing their information, cultural, religious and security challenges, and cost of agent set-up for Bank Verification (BVN) enrolment. Others include education and awareness, ₦100 agent remuneration/incentive, and Internet infrastructure for enrolment synchronization.

As part of efforts to address these problems, SANEF plans to engage with

regulatory bodies to achieve favourable policies and a conducive environment for growth as well as appropriate pricing for all stakeholders – super agents, agents, and consumers.

SANEF is a project powered by the Central Bank of Nigeria (CBN), Deposit Money Banks (DMBs), Nigeria Inter-Bank Settlement Systems (NIBSS), licensed Mobile Money Operators (MMOS), and Shared Agents with the primary objective of accelerating financial inclusion in Nigeria.

It started as a project in February 2018 but was incorporated as a company in January 2019. SANEF is an intervention to widen and deepen financial access points and services for the purpose of increasing financial inclusion to 80% by 2020.



The company plans to provide support to super agents, banks, and other stakeholders to acquire agents in the six geo-political zones to accelerate and simplify BVN enrolment, the introduction of basic products and special accounts with benefits designed to attract the unbanked, and to drive financial literacy and campaign awareness via print, radio, social media, and community engagements.

Also, SANEF is currently embarking on a Quarterly Financial Services Agent Forum, a platform organised in conjunction with EFInA to bring together top agents of various agent network providers to discuss recent happenings in the agent networks space that are impacting their business.

The forum will also serve as a platform to provide basic business training for agents and introduce agents to potential partners and opportunities. The information to be shared at the forum serves to enable stakeholders to take full advantage of opportunities to move agent networks in Nigeria to the next level. The forum will provide the opportunity to discuss and resolve challenges to the growth and

development of agent networks. It will also highlight regulatory requirements for the industry.

This initiative, which commenced in Lagos in July, will be executed in the six geo-political regions of the country and lasted till December. At the financial services agents forum held in July 2019, in Lagos, Ronke Kuye, CEO, SANEF, said the company intends to include 250,000 agents by the end of 2019 and 500,000 agents in the six geo-political zones by the end of 2020. She said the company was collaborating with relevant stakeholders including the super agents, banks, the police, and others towards achieving the financial inclusion target. “What we intend to do is to have a forum like this every quarter where we meet with our agents to discuss the progress we have made so far and the products that we are pushing out there,” Kuye said. “We also discuss the way forward into achieving the financial inclusion target for 2020.”

Meanwhile the CBN has reiterated its support, not just through implementation activities, but also through policy and



operationalization of research outcomes into financial inclusion.

Speaking at the forum, Joseph Attah, Head, Financial Inclusion Secretariat, CBN, said the commitment of the CBN and the government is immediately evident, unequivocal, and irrevocable. Represented by Paul Oluikpe, Assistant Director, Finance Development, the CBN continues to demonstrate its commitment to SANEF and its activities and objectives through providing complementary support, using its multi-stakeholder platforms, activities, coordination and engagements.

Such key activities include financial literacy programmes, financial inclusion state steering committee activities, outreach and sensitization, account opening weeks planned across 36 states of the federation, and the peer educator programme, which would see youth

corps members posted to financial institutions and local governments to drive inclusion. All of these, Attah said, will ride and utilize the agent networks and platforms to fulfill their activities: “As a policy institution, the CBN would ensure that it advances policy positions that enable and smoothe the spread of agent networks across the country, as this is mutually beneficial for all and sundry.”

SANEF Bank Verification Number (BVN) enrolment is currently 40 million. Gbekeleoluwa Nubi, of NIBSS, said the SANEF (BVN enrolment) Project commenced in February 2018 and went live on August 1, 2018. The financial inclusion rate currently stands at 63.6%.

Note: This article was originally published by BusinessDay.

Hope Ashike is a Senior Correspondent for BusinessDay Media, Ltd. She holds a PhD in Journalism from the University of Nigeria Nsukka.



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What is SANEF?

SANEF (Shared Agent Network Expansion Facilities), an initiative of the Central Bank of Nigeria (CBN), supported by the Deposit Money Banks, Nigeria Inter-Bank Settlement Systems (NIBSS) and licensed Mobile Money Operators/Shared Agents with the primary objective of accelerating financial inclusion in Nigeria. In line with the objective of the project, SANEF plans to rollout 500,000 registered agent network, to provide financial access and services to low income un-banked/underserved Nigerians on or before the year 2020. To achieve its objective, SANEF will promote access to mobile and digital financial products and services such as savings accounts, micro-loans, micro-insurance and micro-pensions for Nigerians.

Why SANEF?

The project seeks to deepen financial inclusion in Nigeria through an integrated ecosystem with strong regulatory oversight, consumer protection and interoperable systems with limited concentration risk. It will create a platform for financial and technology services company to grow whilst empowering and creating jobs for Nigerians. So, wherever you see the SANEF sign, you can perform basic financial services such as account opening, cash deposits, cash withdrawals, funds transfer and bill payment.

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sanefnigeria



Attaining A Digital Economy

“It is imperative that Nigeria should implement strategies to further bridge the financial inclusion gap and improve cost and access to connectivity, data services, and devices.”

The economic growth of Nigeria is stifled by many factors – natural disasters at one extreme and the implementation of strategies and policies at another.

There is a school of thought that the adoption of technology in different industries will pivot economic development of Nigeria.

There are new and sustainable technologies that are shaping the world to be a safe, balanced, and more habitable place for all. Across the continent, digital technologies are being incorporated into the strategy and operational processes of organizations and governments and changing people's perception and attitudes towards the use of information technology for varying transactions.

Digital transformation is making life easier, but is its adoption impactful on the economy?

Multiple Sectors Impacted

As defined by i-SCOOP (<https://www.i-scoop.eu/>),

“Digital transformation is the profound transformation of business and organizational activities, processes, competencies and models to fully leverage the changes and opportunities of a mix of digital technologies and their accelerating impact across society in a strategic and prioritized way, with present and future shifts in mind.”

The eco-system in Nigeria has seen a massive change over time in sectors such as education, healthcare infrastructure and administration, finance, e-commerce, and agriculture.

Banking

At the baseline of digital transformation is the Internet, which has changed the banking industry as we know it. Retail banking and e-banking channels have improved customer experience and opened access to the bottom of the pyramid and financial inclusion.



A report by the Nigerian Interbank Settlement System indicates that Nigeria's e-payment services recorded N38.5tn transactions in the first half of 2018, a 38.4% increase from N27.8tn in the corresponding period of 2017. FinTech has evolved from back-end applications to include financial literacy, education, retail banking, investment, loans and credits, and even cryptocurrency.

FinTech has broken down the functions of traditional banks into specialized products to the extent that the banks are acquiring the FinTech companies. For instance, Piggy Bank, which started out as a provider of budgeting and savings tools, now also provides investing opportunities at a minimal amount per investment through PiggyVest.

KudaBank (previously known as KudiMoney) is Nigeria's first digital-only bank with no physical branches, responding to complaints online and having bank cards delivered to users – a new level of innovation and customer experience.

Healthcare, Education, and Agriculture

With the adoption of digital technology in the healthcare sector, health workers are able to capture patients' medical histories and treatment options with the use of CliniPAK

(Clinical Patient Administration Kit), a tablet computer-based digital solution that operates via satellite technology. LifeBank, a medical distribution company, focuses on connecting blood banks to hospitals using an app and web-based platform.

Once the blood is delivered it *can only* be opened by the recipient using a Bluetooth connection. LifeBank has now launched SmartBag, a blockchain-powered blood system that enables patients and health providers to know the safety records of blood and blood products, and AirBank, an on-demand emergency medical oxygen delivery service.

Access to mobile devices such as smart phones and tablets has improved teaching and learning. Mobile technology is playing a great role as students have taken advantage of these devices to expand their learning experience beyond the four walls of a classroom, while the teachers act as guides in this teaching and learning process.

Education is now affordable at various levels. Professionals are able to obtain degrees and diplomas online without having to disrupt their daily schedules. Stemres, Pearls Africa Youth Foundation, GitGirl, and iAspire Data Science Fellowship are a few of the platforms equipping Nigerian children and youth with



highly competitive Science, Technology, Engineering and Mathematics (STEM) skills essential for the fourth industrial revolution job market.

Data is playing a major role in the value chain of the agricultural sector. In 2013, the Ministry of Agriculture distributed 10 million mobile phones to rural farmers across the country. Since then, farmers have been able to better connect with buyers and suppliers, receive daily weather forecasts, and get the opportunity to have their products included on investment platforms.

The GDP from agriculture increased to NGN 3.857m in the second quarter of 2019 from NGN 3.597m in the first quarter of 2019. There has been a steady year-over-year growth over the last eight years. We have also witnessed a rise in agro tech start-ups like Farmcrowdy, Thrive Agric, Farm Kart, and Hello Tractor that allow for crowd farming, online farm management information systems, and online agro-trading.

Economic Impact

Even with all of these new efficiencies, the impact of digital transformation on the economy of Nigeria is infinitesimal, and a lot needs to be done to increase the adoption of technology.

It is imperative that Nigeria should implement strategies to further bridge the financial inclusion gap and improve cost and access to connectivity, data services, and devices. Though the private technology set-ups are working towards making Nigeria more inclusive to ensure that knowledge and infrastructure are available to all, their contribution is inadequate to say the least. We must be deliberate as a people in our attempt to ensure the fusion of a digital economy.

This means that Government's policies and implementation of the policies need to support an aggressive adoption of digital transformation for the country to feel the impact.



Olayemi Keri is CEO of Heckerbella Limited, a digital transformation and technology consultancy. She is also a Partner at Holmen Consulting. She is the co-founder of Rising Tide Africa, a women's movement initiated with a vision to increase women's participation in angel investing as an asset class and promote education, cross-border investing, and investor mentoring across Africa. An alumna of the London School of Economics, Lagos Business School, and IESE Business School, Keri holds a Master's Degree in Information Technology Project Management from the American InterContinental University and is a graduate in Accounting of the University of Maiduguri.



Nigeria Has An Opportunity To Establish Itself As One Of The Hottest Fintech Hubs

Professionals emphasize that significant FinTech opportunities in Nigeria could potentially redefine the financial services landscape over the next five years. As noted by Boye Ademola, Partner, KPMG & Lead for Digital Transformation KPMG in Nigeria: “The fast growing young population (115 million people below the age of 35), exponential growth of mobile phone lines (estimated at 150 million as at July 2016), huge financial inclusion potential (less than 50 million people with bank accounts in a population of 170 million, based on Bank Verification Number data), and a relatively strong talent pool (buoyed by Nigerians in diaspora) are pertinent indicators of the FinTech opportunity.”

Some of the important highlights of the opportunities in Nigeria's financial services industry, as observed by industry professionals, include the following observations. The predominantly cash-driven Nigerian economy has been responding well to the FinTech opportunity, as partly demonstrated by the

exponential growth in mobile money operations, from an average monthly transaction value of \$5 million in 2011 to \$142.8 million in 2016. The growing FinTech penetration is also attributed to a surge in e-commerce and smartphone penetration.

FinTech investment in Africa has increased significantly, from \$198 million in 2014 to about \$800 million in 2016, as investors are increasingly attracted to the industry's potential to tap into Africa's huge unserved/underserved population.

Investments in Nigeria and Africa as a whole have been primarily focused on payment solutions, as other FinTech segments, such as lending and wealth management, are in a relatively nascent stage. Smartphone penetration in Nigeria (i.e., the percentage of adults owning a smartphone) is estimated at 28%, with 76% of Internet traffic routed through mobile phones.

The payment space is one of the most attractive segments for FinTechs in Nigeria, and



it has become a key source of revenue for banks and other payment service providers. As part of its Payments Systems Vision 2020 initiative (PSV) to reform the payment industry, the Federal Government of Nigeria launched the cashless Nigeria policy giving rise to several innovative payment systems propelled by changing consumer patterns, rising adoption of smartphones, increased Internet penetration, and deployment of ATMs.

A strong talent pipeline existing from an inexpensive and easy-to-hire tech workforce is one of the driving forces behind the emergence of FinTechs in Nigeria. Findings from a study conducted by EFInA (2014) revealed that about 70% of Nigerian traders surveyed own a mobile phone. Findings also showed that 74% of them are prepared to learn a new technology and that over 30% have been denied access to credit from a financial institution. Also important is that 56% of the traders surveyed source funds from families, friends, and unions, and over 60% require funds of less than N30,000.

With the size of annual diaspora remittances to Nigeria estimated at \$21 billion

in 2015, this is one area prone to disruption from digital currencies given the speed, efficiency, and cost benefits of the latter. For instance, Bitcoin remittance firms charge fees in the range of 3% compared to the 7% – 10% commission charged by traditional players.

While blockchain is in its early stages of adoption in Nigeria, consumers have used Bitcoin and digital currencies since the late 2000s. The Bitcoin Market Potential Index (BMPI) by the London School of Economics ranked Nigeria 7th out of 178 countries likely to adopt Bitcoin.

According to the Global Findex report, in Nigeria 80% of adults paid utility bills with cash, while 15% made payments directly from a financial institution account. What's more, another 1% of users reported that they paid their utility bills both from a financial institution account and through a mobile phone – in all cases from a mobile money account.

Over the past few years, there has been steady progress in improving financial inclusion in Nigeria. It is estimated that about 40% of Nigerians are still financially excluded, which is



down from 53% in 2008 but remains some distance from the 2020 target of the Central Bank of Nigeria (CBN) of 20%.

As the Nigerian customer evolves, banks are leveraging new technologies to improve the banking customer experience since more and more financial transactions are now conducted via digital channels. In February 2014 the CBN,

through the Bankers' Committee and in collaboration with all banks in Nigeria, launched a centralized biometric identification system known as the Bank Verification Number (BVN) for the banking industry. Today, virtually all P2P lenders depend on the BVN in addition to other information for operating their lending models.

Note: Content for the Introduction is based on FinTech in Nigeria, a publication by KPMG.



Financial Inclusion: Is CBN On Track To Meet Deadline Target?

“Nigeria has 36.8% of its adult population excluded from the financial cycle. This translates to a population of 36.6 million who, at the moment, are not included in the financial net.”

With less than six months to the deadline set out by the Central Bank of Nigeria (CBN) to ensure it includes 80% of Nigerian adults into the financial cycle, many have raised the question on whether the apex bank is on track to achieve its goal.

Analysts polled by *BusinessDay* expressed mixed feelings on whether the central bank can pull off the target – some expressed optimism while others questioned the lender's methodology.

On October 23, 2012, Nigeria's apex bank in collaboration with industry stakeholders launched the National Financial Inclusion Strategy (NFIS) aimed at reducing the financial exclusion rate of the country's adult population from 53% in 2008 to 20% by 2020.

According to the most recent data by EFInA, as analysed by *BusinessDay*, Nigeria has 36.8% of its adult population excluded from the financial cycle. This translates to a population of 36.6 million who, at the moment, are not included in the financial net.

Going by that figure, the apex bank is left with an inclusion gap of 16.8%, expected to be bridged at the end 2019 to enable CBN achieve the targeted 20% exclusion rate.

“Despite the challenges, achieving the set financial inclusion target is possible and requires a strong will, sustained commitment, and active collaboration of all stakeholders towards the removal of bottlenecks militating against financial inclusion in the country,” CBN assured Nigerians in its newsletter dated July 6, 2018.



Since then, the industry regulator has implemented various initiatives geared towards achieving the set goal.

In furtherance of CBN's mandate to promote a sound financial system in Nigeria and recognising the need to enhance access to financial services for low income earners and unbanked segments of the society, the industry regulator, the Nigeria Interbank Settlement System Plc., Chartered Institute of Bankers of Nigeria (CIBN), commercial banks, and other operators in the payment system in 2018 developed a Shared Agent Network Expansion Facility (SANEF) initiative to offer basic financial services across the country.

"We believe financial inclusion is going to increase rapidly because of the focus of the CBN (through SANEF and other initiatives already in process) and because payment innovation is going to make payments much easier at lower cost, including for feature phones," said Andrew S. Nevin, Advisory Partner and Chief Economist at PwC, who believes the CBN is right to set this ambitious target.

According to Yele Okeremi, MD/CEO, Precise Financial Systems (PFS), a Software company, financial disempowerment is the reason why the financial exclusion rate is high in Nigeria. "People will remain financially excluded because they are financially disempowered," Okeremi said, adding that Nigeria still has a large number of its population living below two dollars a day: "How do you want to include them financially?"

Nigeria's population currently numbers more than 201 million, with a population growth rate that has been above the economic expansion rate since 2015.

According to the World Poverty Clock, Nigeria became the poverty capital of the world when it overtook India as the country with the most extreme poor people.

The apex bank plans to intensify financial literacy and consumer protection programs so that current and eligible bank customers are fully aware of the financial services being offered to them as well as the cost of utilizing these services, "which will enable them to make well informed choices."

As a result, the central bank recently came up with a policy that will ensure Microfinance Banks (MFB) open 64 new accounts at each branch per month. This was after to it planned to on-board 500,000 mobile money agents by the year 2020. So far, the apex bank has enrolled only 65,753 mobile agents, data obtained from the Nigeria Interbank Settlement System (NIBSS) showed.

“The population is not stagnant, that is my problem,” Yewande Adewusi, a Lagos-based financial inclusion consultant, said. “People who were not eligible for financial services are now joining the excluded adult, so the numbers are growing. What exactly is happening that they are suddenly going to have 15 percent inclusion in five?”

Recall that Godwin Emefiele, the governor of Nigeria's central bank, said recently that over the next five years, through initiatives and policy measures such as SANEF, the apex bank intends to broaden access to financial services to individuals in underserved parts of the country. “Our ultimate objective is to ensure that 95 percent of eligible Nigerians have access to financial services by 2024,” Emefiele said.

Checks by *BusinessDay* revealed that the Telco-led model in driving financial inclusion in Africa countries reported tremendous progress owing to the already existing large customer base of the Telcos.

In comparison, Kenya has about 60% mobile money service penetration, while Ghana has about 40% service penetration, and Nigeria, with a lot higher population, remains at 1%.

According to World Bank data, Ghana's decision to have a Telco-led model resulted in a 73% increase in registered mobile money customers in just one year, and has helped lift financial inclusion rates in Ghana to 58% in 2017 from 41% in 2014.

This was not different for Ivory Coast, which has experienced a mobile money revolution. As a result, there are now more adults with mobile money accounts (24.3%) than with bank accounts (15%).

Nigeria has a bank-led financial inclusion model, which is argued by industry players as one of the reasons for the lag in the country's inclusion rate.

Thus, the International Monetary Fund (IMF) and other industry stakeholders applauded the apex bank when it revealed its plans to give a Payment Service Bank (PSB) license to Telcos among other industry players to participate in the country's financial inclusion space. It's almost one year since it proposed the license (in October 2018), yet no license has been issued to any of the applicants.

To achieve any real financial inclusion impact, Mastercard explained that people also need to become active users of financial products. “Simply providing access to financial services is not enough,” Ann Cairns, Vice Chairman of Mastercard said. “To achieve any real impact, people also need to become active users of financial products.”

Note: This article was originally published by *BusinessDay*.



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Bua Group Emerges With A Hybrid App To Spur Financial Inclusion

“The multi-layered messaging and financial technology platform, on which people can send and receive money using their phone, is poised to spur financial inclusion.”

With the aim of providing Nigerians with easy and fun means of carrying out financial transactions, Hollaport Technologies Limited, a Nigerian financial technology company backed by BUA Group, has launched Hollaport, a hybrid mobile money app with social media features.

According to the company, the multi-layered messaging and financial technology platform, on which people can send and receive money using their phone, is poised to spur financial inclusion.

Speaking during the launch, Hollaport Founder and Managing Director (and Group

Executive Director, BUA Group) Kabiru Rabiú explained that the app would create the opportunity for Nigerians in remote communities to partake in the various banking transactions. “Our focus is to boost financial inclusion of the unbanked and to also increase the possibilities and convenience of chatting, sending and receiving money without leaving the chat platform,” Rabiú said.

The MD further explained that the Hollaport app was solely an indigenous platform designed to meet the needs and yearnings of Nigerians while also addressing the issue of financial inclusion.

The app, which is available on the Google Playstore and the iOS Appstore, has features like airtime top-up; cable, electricity, data subscription; and a paycode system that enables recipients to withdraw cash from an ATM without the need to have a card or bank account.

The Hollaport chief executive said new features will make it exciting and extremely

convenient to transfer money and make payments, not only in Nigeria but also throughout the African continent. He said financial inclusion is a major issue in Nigeria, with about half of the adult population being unbanked and only a fraction of the banked citizens using technology in their transactions.

“Despite the simple interface, Hollaport is packed with features such as media functionalities where you can send photos, videos, and documents,” Rabiú added. “Users can request or send money within the chat area for a seamless experience; they can also pay bills and utilities and make subscriptions.”

Commenting on the App, Michael Olowojesiku, the general manager of the technology company, said the company will work assiduously towards making the app available to Nigerian telephone users in all parts of the country.

Note: This article was originally published by BusinessDay.





Church, Mosque To Receive Financial Literacy Message

“It is imperative that Nigeria should implement strategies to further bridge the financial inclusion gap and improve cost and access to connectivity, data services, and devices.”

In a bid to boost financial inclusion, the Central Bank of Nigeria (CBN) has announced that it will partner with churches and mosques to improve financial literacy in a country that has one of the highest numbers of excluded people in Africa.

Recall that financial inclusion is on the agenda of Godwin Emefiele, the governor of the Central Bank, and to this effect, various industry stakeholders, deposit money banks, insurance companies, capital market operators, and pension fund operators are involved in spreading the word.

Kofo Salam-Alada, CBN's director for consumer protection, recently told newsmen that the financial regulator settled for a

religious approach in achieving the set goal because of the spiritual and religious nature of most Nigerians.

He also said the apex bank has organised outreach programmes with faith-based organizations.

“We are developing a lot of materials on this, and we have also trained a lot of master trainers on this project,” Alada said, adding that “financial literacy is important because it helps individuals to make investment decisions and equally help in planning for retirement.”

Note: This article was originally published by BusinessDay.



The Future Of Fintech

Q&A with Segun Adeniyi, CEO, Africa FinTech Foundry

Melissa Mordi

"We're open to all technology businesses at different levels of maturity."

Africa FinTech Foundry (AFF) is a name that is quickly becoming recognized everywhere.

Powered by Access Bank, AFF is revolutionizing the face of technology, not just in Nigeria but also across the African continent, and have won several awards for their impressive work.

The Guardian Life recently spoke to the head, 'Segun Adeniyi about FinTech, AFF, and technology evolution in the next 10 years.

How would you define FinTech?

FinTech is technology and innovation that's used to compete with traditional financial methods in the delivery of financial services. So,



it's essentially an emerging industry that leverages technology to deliver financial services and products to consumers, and this could be in the areas of banking, insurance, investing—anything that relates to finance.

Your company's focus is on startups. Do you feel a responsibility to the new generation of African tech?

Yes. We nurture and empower them and open up opportunities to help them grow. We do that in a number of ways – one is to open up opportunities within our ecosystem, so essentially, they can provide services to us and/or our customers; another is by leveraging our investor network to help them become commercially valuable in their journey.

What have been your best and worst moments in the industry?

My best are the opportunities. I have had to drive transformation and new thinking. Being able to ride on previous successes of AFF and

build to a stage where we have become a thought leader for FinTech innovations and disruptions, reviewing and assessing over 100 African start-ups every quarter is very fulfilling.

My low moments are the points where people tend to attribute mediocrity to being in Africa; there are points where technology hasn't worked well, and I've been told it's because we're in Africa. I find it very annoying especially when I think about how things have changed in the past couple of years. For example, I know a plethora of people who rely on Whatsapp as a form of communication instead of using phones to make personal calls or Netflix for streaming, rather than cable or satellite TV.

I believe and have seen that technology can work and is working in Africa. If foreign firms can build platforms that work for us, how much more could we – who truly know ourselves, our problems and our needs – achieve? I look forward to seeing more African companies build solutions being used globally.

How do you choose the startups you mentor?

We're open to all technology businesses at different levels of maturity. To mention a few, we have some metrics we use in the selection process – alignment on the problems they solve, the uniqueness of the solution they provide, the potential for opening new markets, risks they are exposed to, and their readiness/understanding of their competitive landscape.

What are you currently doing to spread awareness of FinTech?

We are passionate about creating an enabling environment for FinTechs. We are progressively empowering FinTechs by providing opportunities to leverage our experience to validate their solutions commercially and expose them to investors for enablement. We are taking further leaps to influence regulations around the space in order to make it a healthier environment for key stakeholders, i.e., innovators, investors, banks, and consumers. This will allow regulators to know what to regulate, how to regulate it, and protect

investors, as well as drive commerce.

Do you feel that AFF sets the standards, and how do you stay on top of the game?

Very clearly, we are a leader in this space and the services we have rolled out assert that. We have won a number of awards, especially around digital enablement within the Financial Services industry. We are totally focused on providing mentorship and supporting startups through our accelerator programs and hackathons.

Something that further affirms our position is the conference we completed recently, which was themed “Digital Gold Rush: Building a Sustainable Tech Economy.” It is the largest technology conference in Africa with about 8,000 attendees physically and 5,000 online. Focused on the fact that data is the currency for the new and growing economy, besides delivering some key thought-leading and knowledge sharing interactive sessions and master classes, the conference also showcased some innovative solutions from startups within our ecosystem.



What do you think the technological face of Africa will be like in ten years?

There's already a growing confirmation that technology has become an enabler across a multiplicity of industries. Africa is getting a good share of that because there's a lot of innovation going on locally today. Yes, you can argue that they're slightly rough around the edges, but there's also a lot of focus from the investment community to bring out the diamonds in the rough. I think the new face of technology is going to be birthed out of a focus on solving real socio-economic problems, and they're going to be harnessed primarily by the investors and regulations that come in to enable good investments within Africa.

Ten years from now, I imagine there'll be new definitions of asset ownership as the sharing economy grows (e.g., you can stay in another person's house or fly in another person's private plane); simplification of connected ecosystems (e.g., controlling fridge temperature remotely); and advancement from voice-controlled technology to brain-controlled interfaces (e.g., progressing from saying "Hey Siri" to thinking "Hey Siri" on an Apple device).

FinTech is a word that primarily revolves around material profit. How do you define success?

Success is beyond material profit to me. It is about leveraging a wealth of knowledge and experience from the perspective of impact and knowledge that you're able to share with people and businesses and that all parties derive value from.

It is about being able to leverage more technology in order to deepen experience and exposure within communities; being able to drive empowerment for financial inclusion and deliver services to be more pervasive to the undeveloped and underdeveloped environments; being able to help businesses in other industries, for example, technology being used in agriculture to help farmers in rural areas; being able to eliminate human errors – being able to create career options for the masses and empowering people. For me, those are examples of success.

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Melissa Mordi is a writer for *The Guardian*.



Bunmi Lawson
Former CEO, Accion Microfinance Bank

One Woman's Effort To End Financial Services Inequality In Nigeria

Q&A with Former Accion Microfinance Bank CEO **Bunmi Lawson**

"Nigeria is a very entrepreneurial country. A large proportion of the Nigerian adult population desires to set up and own their own business."

Women. Farmers. Entrepreneurs. The people who need loans in Nigeria are the same groups that have been underserved around the world.

Bunmi Lawson has spent her career building a more equitable and prosperous society in Nigeria. For the past decade, she's

served as Managing Director and CEO of Accion Microfinance Bank in Nigeria. Under her direction, the institution has grown from one branch to nearly 50 and helped close the gap in access to financial services in Nigeria.

As she prepared to retire from this role in late 2017, Ms. Lawson shared insights she's



gleaned during her time at Accion Microfinance Bank and looks to the future as the work of financial inclusion continues.

Q: What initially drew you to work in financial inclusion?

A: Following my MBA, I sought roles that created significant social impact as well as offered a rewarding and exciting career. I initially joined a business advisory nonprofit that focused on reducing Nigeria's massive number of unemployed youth by supporting them to create a viable business. However, after all the business training, linkages to markets, and mentors, access to finance remained a key challenge.

Most of these youths didn't have a bank account, and this followed a history of even their parents not having access to financial services. It made me realize that financial exclusion was an even more widespread issue, and it was about the same time that Accion visited Nigeria to carry out a feasibility study on setting up a microfinance bank in Nigeria.

I met Alfred Nicayenzi and Beth Rhyne, with their passion for microfinance, the track record of Accion globally, and the significant impact

achieved in transforming lives through financial inclusion, and I knew I wanted to be a key part of driving access to financial services in Nigeria.

Q: In the past decade, how have you seen financial inclusion change?

A: At the time we started, the word was microfinance not financial inclusion. Accion Microfinance Bank was one of the first formally licensed microfinance banks. Prior to that, most were set up as informal or nonprofit microcredit lenders. Over the past decade, we have seen significant changes in the number and types of financial services and channels available to those previously financially underserved or excluded. The industry has grown to offer loans, savings, insurance, and payment channels both face to face and through digital channels.

In Lagos and the South West, we have achieved the targets of the government, reducing the number of those financially underserved to less than 20 percent. However key challenges of penetration still exist in rural areas, especially in the northern parts of Nigeria where EFfINA reports that in the North West geopolitical zone up to 70 percent of the population is financially excluded.

Q: There is a global gender gap in access to financial services. How does financial inclusion work to bridge that gap?

A: At Accion Microfinance Bank, 68 percent of clients are female. We ensure that, as we design our products, they are gender-friendly, and we take particular interest in ensuring that women can use our products easily and without fear.

This is done through training our account officers and also ensuring gender balance within our account officers. We are currently developing gender-specific products as we go into the rural areas and the northern parts of Nigeria.

Q: What role does entrepreneurship play in financial inclusion in Nigeria?

A: Nigeria is a very entrepreneurial country. A large proportion of the Nigerian adult population desires to set up and own their own business. In recent times, we have seen a number of FinTech companies being established in Nigeria and set up by Nigerian entrepreneurs.

KPMG reports that “investment in Nigerian FinTechs over the last two years exceeded the \$200 million mark.” These firms provide the technology and innovation, which when they partner with microfinance would drive financial inclusion.

That entrepreneurial spirit of the average Nigerian I hope will lead to great uptake of digital financial products.

Q: Nigeria has one of the largest economies in Africa, and it continues to grow. How can we ensure that this growth reaches traditionally underserved segments of the population?

A: Nigeria is the second largest country in Africa based on population size and second largest economy when measured by GDP. In 2016 population growth was 2.6 percent while the economy shrunk by 1.5 percent, according to the World Bank.

In the first quarter of 2017, GDP growth was less than 1 percent. Bottom line: The economy is not growing fast enough to achieve GDP per capita growth. Providing financial services that





meet the needs of people living with low incomes, in both urban and rural areas, can help them increase their incomes and, over the long-term, fuel economic growth.

Q: While still a major industry in Nigeria, the agriculture sector is struggling to keep up with a rising population. How can inclusive financial services enable farmers to expand their work and meet growing demands?

A: Improved access to finance could enable farmers to access new farming technologies, leading to improved yields and the ability to better manage incomes. With micro-insurance, they are better able to weather setbacks and continue their farming activities faster.

Q: You've met many clients over the past 10 years. What are some specific client stories that have stayed with you and inspire you in your work?

A: Our clients are the reasons for all the work we do. One aspect I love about this work is the positive impact we see in creating “a brighter future” for our clients.

I recall a client thanking Accion for making them “somebody,” i.e., they are now able to contribute to their family needs and their community. Mrs. Olufelo is one of our flagship clients growing her business from a few racks of clothes to becoming a wholesaler in textiles and sending her children to university, all from having access to finance. Our clients in the education sector are also growing their business while providing education to the next generation of Nigerians.

There are so many of our clients, who, through their hard work and having access to finance, have better standards of living and have the ability to take advantage of opportunities that they would hitherto have felt were beyond their reach. At Accion



Microfinance Bank, what we give our clients is the ability to take advantage of opportunities. We open doors that may otherwise have been shut!

Q: The theme of Accion Microfinance Bank's 10th anniversary celebration is "Building a Brighter Future." What does that mean to you?

A: The 10th anniversary celebrations gave us the opportunity to showcase Accion Microfinance Bank, the bank we have built over the last 10 years and how, in creating this banking institution, we have given our clients a brighter life, a brighter future. Building this bank, starting as an eight-man team, which has grown to over 1,000 employees, has been so fulfilling for me.

We have changed the landscape in Nigeria when it comes to financial inclusion. The Accion brand, amongst its stakeholders, is seen as a safe, reputable, professionally run, award-winning financial institution. We have staff who are passionate about the impact they are having within the Nigerian economy and that they, too,

have the opportunity to work for a bank with a strong positive reputation and that they have been given the opportunity to develop their skills, through both local and international training programmes.

We have also been able to positively influence the financial inclusion landscape in Nigeria through our work with the Microfinance Bank Association and our regulators. So, building a brighter future is both about Accion as a leading organization and the impact we have had in the lives of our clients.

It is also about continuity – assuring our stakeholders that we will continue to build and be committed to creating brighter futures for our clients. It was an opportunity to also showcase the handover to a new incoming Managing Director, showing that we have created a bank that is here for the long run.

Q: What do you see as the path ahead to reach full financial inclusion in Nigeria?

A: The challenge now is to reach scale and grow access to appropriate financial services at a faster rate than population growth. Innovative

use of technology to provide better products and serve customers in a more convenient manner and reaching scale through digital channels will play a significant role in advancing financial inclusion in Nigeria.

We have seen supportive government policies, such as the Biometric Verification Number (BVN), movable collateral registry, credit bureaus, and open APIs. Recently the Central Bank of Nigeria (CBN) and The National Communication Commission (NCC) have signed an MOU to allow the mobile network operators to set up subsidiaries that will offer financial services.

Government has also introduced policies to

support start up FinTech companies by granting tax holidays to FinTech companies, subject to approval. With a stable economic climate and continuity in conducive government policies, we should see various types of financial institutions providing services to more clients, with the mobile phone and digital financial products playing a key role in achieving financial inclusion in Nigeria. It is an exciting future.

Accion Microfinance is a global nonprofit dedicated to building a world where everyone has access to the financial tools they need to improve their lives.

Note: This article was originally published by Accion International (Accion.org).



Bunmi Lawson is the immediate past CEO and Managing Director of Accion Microfinance Bank. Currently the CEO and Managing Director of EdFin Microfinance Bank, she holds an MBA from IESE Business School and has completed graduate study in strategic leadership and microfinance at Harvard Business School and the Boulder Institute of Microfinance.

She is a Fellow of the Institute of Chartered Accountants of Nigeria, a Board Director of EFInA, and an Executive Council Member of Women in Finance, Nigeria.



Ikenna Nwachukwu

How Nigeria's Banks Are Responding To The Fintech Revolution

“There's a battle brewing in the background.”

Nigeria's FinTech bosses aren't making any bold statements about disrupting the existing banking system. They often speak of being alternatives to the big financial service providers or collaborating with these established institutions. When they're on conference panels together, commercial bank CEOs and FinTech startup founders talk of

joining forces to usher in a new age of boundless possibilities in the payments space, enabled by digital technology.

Needless to say, not everyone is nodding along with this public chorus of unified purpose. Critics sense there's a battle brewing in the background – if it's not already spilled out into the open – and it's between the old guards of



the financial sector and the FinTech companies. Even if it doesn't seem obvious to the regular person on the street, the bank is wary of the new guys in the rapidly expanding digital payments space. But what is there to be concerned about?

Why the Banks Have Cause to Be Concerned

FinTech – short for financial technology – is really the deployment of general or specialized technological tools in the rendering of financial services. For example, online payments companies use digital technology to enable buyers and sellers to make and receive payments over the web. Online lenders use a web platform to connect borrowers who urgently need money with funds from savers/investors.

These sorts of ventures are doing the jobs of the traditional banks – and they seem to be doing these things more efficiently, thanks to technology. They receive, approve, and grant loan requests online. They're helping their customers save their monies. They're

facilitating payments in trade so that merchants and buyers don't have to physically meet to conclude trade transactions. And yes, they're offering interest rates that are probably more competitive than a lot of banks present to their borrowers or account holders.

With them, it becomes even less necessary to sweat it out in long queues at your local bank or have those difficult back-and-forths with troublesome tellers at the counter. Most of the things you'd usually get done at a brick-and-mortar bank branch can now be done on your smartphone or tablet anyways, thanks in great part to FinTech. What use then, for a physical bank?

Earlier in 2018, the CBN Governor Godwin Emefiele said that FinTech was a threat to Nigeria's banking industry. His comment raised some eyebrows and probably got not a few stakeholders in the country's FinTech arena shifting uncomfortably in their seats. Perhaps the ominous sense of those words has lost its ominous feel. But it's clear that the bank boards are taking this supposed threat seriously.



What the Bank Bosses Actually Think

You would think that the banks are batten down their hatches and preparing to square off against the supposed adversary in FinTech. At least, that's what the picture we've just painted might suggest. It turns out that they're probably not as worked up about the whole talk of disruption as you would expect.

A report published by Accenture, a global management-consulting firm, suggests that bank CEOs from across the world are largely confident that the traditional financial institutions will adapt well enough to the changing landscape to survive and thrive in it. The thinking behind this optimism was this: The big banks could either reinvent themselves to fit into the new digitally driven world, or they will simply buy up the FinTech companies. On the whole, about three out of every five respondents surveyed for the report thought it would all turn out fine for the banks. Only one-fifth of those polled thought the future was the eventual dissipation of the old order.

While it's worth noting that this report is

global and might miss out on some local nuances, you get the feeling that it mirrors the attitude of Nigerian banks to the rise of FinTech. Besides the CBN Governor's blunt assessment, it seems that there's a tempered belief in the banking industry that they will eventually learn to live with (if not subsume) the evolving FinTech ecosystem.

The Signs of the Times

A look at banks' response to the challenge posed by FinTech startups suggests that they're working with at least two strategies:

1. Adopting technologies that will help them stay competitive;
2. Attempting to gain a foothold (at the very least) in the emerging FinTech industry.

Banks have transformed significantly over the past couple of decades. They have incorporated electronic transactions into their regular service menus, introduced USSD for money transfers, and launched mobile apps. More recently, they've begun to create AI-powered digital banking assistants – UBA's Leo



and Diamond Bank's Ada are ready examples of this. These innovations are helping bank customers do more banking at any time, from wherever they may be.

But the old financial institutions are going a step further. They're now battling it out for a slice of the growing FinTech pie. Maybe they actually want all of it.

This year, Nigerian banks have opened a number of innovation labs, including First Bank's digital lab and Stanbic IBTC's Blue Lab. These spaces should have FinTech startups building products within their walls, and collaborating with these banks in the process. It's hard to not see this as banks wanting to have a say in how Nigerian FinTech evolves.

There's also been a gradual increase in the number of bank-sponsored FinTech competitions. Eco Bank's FinTech Challenge and the team pitches at First Bank's FinTech Summit

are examples. Winners of these contests get funded by and collaborate with the banks that organize them. With these interventions, commercial banks are increasingly playing a role in the cultivation of independent FinTech. They could be gaining allies in the sector as well.

Where All of this Could Lead

The traditional financial institutions want to have a seat at the table of Nigeria's burgeoning FinTech industry. They may well get what they seek. But there's no guarantee that this will be enough to stave off a disruption that will transform the banking sector beyond recognition. It seems that it's a question not of *if*, but of *when* this will happen.

Note: This article was originally published by ConnectNigeria.com.

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The Fintech Revolution: How Mobile Money Is Transforming Africa

“66% of Sub-Saharan Africans are 'unbanked.'”

The FinTech industry in Africa is predicted to be worth \$3 billion by 2030. Businesses in Africa cannot afford to ignore the digital revolution underway, and some of the most successful African start-up stories of the last decade have built their business models on mobile money.

Invest Africa (InvestAfrica.com), host of the annual Africa Debate (TheAfricaDebate.com) event, recently spoke to Milkah Wachiuri, Chief Growth Officer at Cellulant, a leading pan-African digital payment platform, about the impact of FinTech on African markets and how Cellulant plans to scale-up its business.

Over 57% of all mobile money accounts globally are in Sub-Saharan Africa. Why is FinTech so popular in the region?

Sub-Saharan Africa leads globally in mobile phone uptake, with a rapidly increasing mobile penetration rate in the last decade. Currently there are 420 million mobile phone users in the region (44% of the population).

The advent of mobile money, led by Kenya in 2007, heralded the FinTech revolution and extended financial inclusion to the unbanked. The World Bank lists 66% of sub-Saharan Africans as “unbanked.” This is a huge market. In most of sub-Saharan Africa, nearly 90% of all payments and transactions remain cash based.

However, with two-thirds of the region adopting mobile phone usage, there is a large opportunity to increase mobile-money penetration and as a result, enable consumers across Africa to become financially empowered.

Financial service providers in sub-Saharan Africa, such as Cellulant, are transforming Africa, which is largely a cash-driven society, by extending financial services to the unbanked populations, enabling peer-to-peer lending, powering micropayments, making payments to local and international merchants, and enabling the purchase of goods and services.

The FinTech market clearly has huge potential, and Cellulant has achieved remarkable growth since founders wrote the company's business model on the back of a napkin in 2002. The company now operates in 34 countries and processes 12% of Africa's digital payments. Can you tell us about Cellulant's business model? Why has it been so successful?

Since its inception, Cellulant has grown into a leading Pan-African technology company that connects buyers, sellers, and other critical stakeholders in Africa's marketplaces through an underlying payments solution, enabling them to make and receive payments. We provide a single digital payments platform that runs an ecosystem of consumers, retailers, merchants, banks, mobile network operators, governments, and international development partners.

Our business model hinges on building products and platforms that come together to serve multiple-use cases for businesses and consumers at both across all income levels:

- For consumers, Cellulant offers a single-payment solution that integrates all payment methods, be they debit/credit card, mobile money, or through a direct bank payment, giving consumers greater convenience and flexibility.
- For merchants, Cellulant offers a comprehensive solution that allows them to receive payments from their customers hassle-free through their preferred store of value across Africa. Merchants can access a single connection that will enable them to collect with multiple payment methods from over 220 million customers spread across 35 markets.
- For banks and mobile wallets, Cellulant offers a single point of connection for their consumers to pay over 600 merchants.
- For the Agricultural sector, Cellulant is digitising the entire agriculture value chain in Africa by building a blockchain-based, smart-contracting, and customer-relationship-management system used by millions of farmers across Africa, connecting them to markets and helping them sell their goods to a diverse range of corporate buyers.





In 2012, Cellulant's eWallet powered the Nigerian Government's Growth Enhancement Scheme (GES). It has since powered more than \$1 billion in subsidy payments to more than 17 million farmers. Can you tell us more about Cellulant's involvement in this scheme? How can technology scale up the impact of business ventures and development projects alike?

In July 2011, a chance meeting between our co-founders, Bolaji Akinboro and Ken Njoroge, with Dr. Akin Adesina, who later become Nigeria's Minister for Agriculture, led to a discussion about how the Nigerian government was spending \$400 million on fertilizer subsidies but only 11% of this sum was reaching farmers. The remaining portion found its way back onto the market and was sold to the farmers through the black market. The resulting structural anomaly dropped farmer productivity, pushing 20 million farmers into poverty. Subsequent decline in food production drove the food import bill in Nigeria to \$16 billion. This led to the government to initiate this GES project to distribute subsidies directly to farmers with Cellulant being awarded the contract to implement an eWallet solution.

With 14.5 million farmers being registered, this eWallet provided an efficient and

transparent system for the purchase and distribution of agricultural inputs. Ninety per cent of farm inputs had reached 7.1 million farmers by 2013, as the government could now distribute fertilizer and seeds subsidies directly to farmers. As a result, income for every farmer moved from \$700 to \$1800.

By 2014, the farmers were eligible for financing, and approximately \$600 million was created in lending and micro-financing opportunities. Upon implementation of the second phase of the project, the food import bill dropped by 75%, as farming had contributed over \$30 billion to the country's economy.

To date, a total of \$1 billion in government subsidies has been distributed through the scheme.

This project was a defining moment not only because it allowed us to deepen and broaden our offering across different sectors, but also because it built the foundation of our Agrikore platform. Agrikore is a blockchain-based, smart-contracting system which today transforms people's lives, communities, and economies. Technologies such as mobile wallet or blockchain can be pivotal in transforming sectors such as agriculture. We have now re-designed the value chain of subsidy payments



and linked multiple players – corporate commodity buyers, farmers, banks, and agro-input dealers – to digitize the agri-value chain in Nigeria and roll this out to the rest of Africa.

One of the core challenges in harnessing technological innovation is ensuring that the right projects receive funding. How was Cellulant able to stand out and receive Africa's largest investment in a financial technology firm from the American fund, TPG? What advice would you give to startups seeking funding?

Closing our recent investment was a key highlight in 2018. Although the African FinTech space is burgeoning, it continues to be poorly understood. We spent almost two years on the road, speaking to sixty investors and making 400 pitches selling our vision of Cellulant's role in organising and powering payments in Africa's marketplaces.

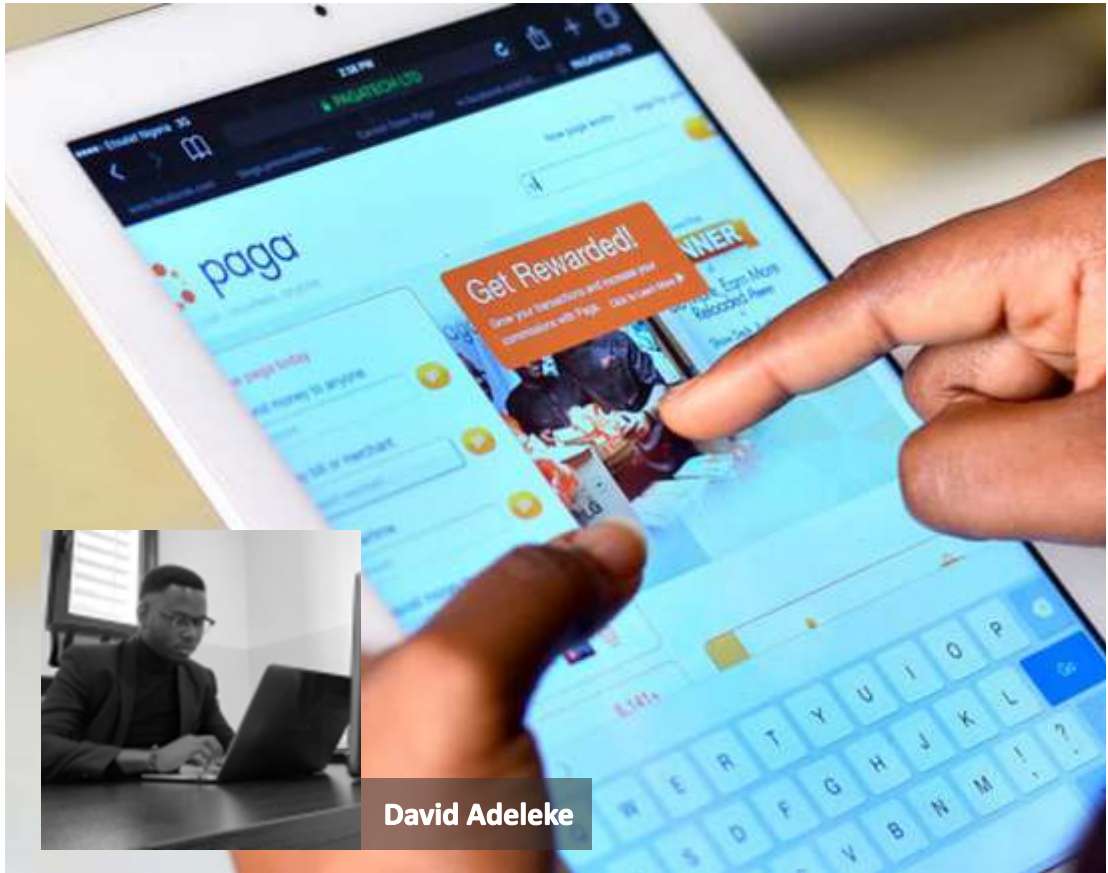
In the end, we got investors on board who not only understood our business but also believed in our mission and vision for Africa. This investment will give us the momentum to grow and scale the company. We plan on entering new geographies across the continent, but also consolidating our presence in existing markets.

In view of the steadily growing capital investments in youth-led tech startups, it is

tempting to sensationalize the achievements of a few young entrepreneurs and forget the multitudes who experience successive failures, despite the commercial viability of their solutions. I echo the three principles our Group CEO, Ken Njoroge, has noted to be particularly useful for young entrepreneurs who have tremendous talent but lack the benefit of experience:

1. Reach out to experienced people outside your core network to help you set up a board and establish solid corporate governance structures.
2. While it is understandable for entrepreneurs to be sentimentally attached to their first big idea, evolution and adaption are necessary, especially if there are other commercially viable opportunities within your ecosystem.
3. Young entrepreneurs need to realise from the outset that entrepreneurship is not an easy fix to their financial problems, but a demanding journey that requires long-term commitment. You will be stretched during the fundraising process for sure – but clear intent on *why* you want a partner and, more important, *who* you want as a partner will get you to the finish line.

Note: This interview was originally published by Invest Africa and TheAfricaDebate.com.



David Adeleke

What The Fintech Landscape In Nigeria Looks Like Right Now

“The FinTech sector is one of the most crowded tech sectors in Nigeria.”

Over the years, FinTech has grown beyond money transfer platforms. It has expanded to include many forms of technological innovation in the financial sector. FinTech innovations have changed the way we do business and see (or don't see) money. You don't need to hold cash or go to the bank anymore. You can sort all that out with a mobile phone and Internet connection.

The FinTech sector is one of the most crowded tech sectors in Nigeria. Almost every commercial bank has one FinTech platform or the other that they are backing, because they

know that it is the future.

There are now so many platforms in Nigeria that you may not even know them all. So here's an extensive (but not exhaustive) list of the FinTech platforms in Nigeria. I've categorised them to make the list neater. The platforms are grouped into payments, lending, merchant services, loyalty platforms, cryptocurrency, finance management, and banking services.

Payment Platforms

This is the most saturated group of the lot.



BuxMe – BuxMe (by WEMA bank) is a mobile app that lets you send and receive money to and from any email or phone number, whether they have the app or not.

Quickteller – Perhaps the most popular of them all, Quickteller by Interswitch is a money transfer and bill payment platform. It charges ₦100 per transaction. There is also the Verve World app, which is an extension of Quickteller that enables cardless ATM withdrawals.

SimplePay – SimplePay allows you to transfer and receive money from any part of the world. It charges you 1.90% of whatever amount you are transferring + ₦10 – that is for local cards; but if you're using an international card, it will charge you 3.50% + ₦10.

VoguePay – VoguePay's pricing for any transaction you want to make on its platform is quite extensive.

Remita – Remita does the normal money transfer; it also lets companies automate their payroll. CBN and several other government bodies and banks in Nigeria use Remita's platform for money transfer and payroll management.

Cashenvoy – Cashenvoy is for business owners to handle payments online. It works with a couple of peripherals like Interswitch, debit cards, and e-banking platforms.

Firstmonie – Firstmonie by First Bank is a mobile payment service that lets you use your phone number as your account number. Basically, your phone becomes your bank.

KongaPay – KongaPay is Konga's effort to cut card payments and make the eCommerce experience faster.

Paystack – Paystack allows you to use cards for online transactions, but as a one-off option. Once you put in your details, you don't need to do that ever again. It's safe, too (as it should be).

Paga – Paga works across several platforms including online and via SMS. You can use it to transfer money, pay bills, and buy airtime.

PayPad – PayPad is an mPOS (mobile point of sale) solution that enables merchants to accept card payments using a smartphone or tablet.

Other payment platforms include Etranzact, PayWithCapture (by Access Bank), Amplify, and Nairabox.



Lending Platforms

Paylater – This is a loan collection app by OneFinance. It allows you to apply for a quick loan of not more than 10,000 at a time. It's designed to meet urgent and short-term loan needs.

C24 Limited – A consumer lending firm based in Lagos, Nigeria, C24 Limited was created to bridge the financing gap in actualizing opportunities of employed individuals through technology and excellent service.

RenMoney – This app allows you apply for loans of up to ₦2,000,000, create fixed deposit accounts with interesting interest rates, and start targeted saving towards a financial goal.

Aella Credit – On this platform, you can borrow between ₦100,000 and ₦1,000,000 without any collateral at a 25.2% per annum interest rate.

Merchant Services

One Credit – One Credit exists to meet the short-term loan needs of the average Nigerian. They grant loans from ₦40,000 to ₦2 million

Slimtrader – This one is an eCommerce solutions company. Its services go from inventory management to shopping cart and payment solutions for eCommerce businesses.

PayAttitude – This platform makes use of NFC (near field communication) technology. It allows people to pay for items by tapping their mobile phones on a PayAttitude pad.

Loyalty Platforms

Suregifts – Suregifts is a gift card company, and their first platform is SureCredit. SureCredit gives employed Nigerians the chance to apply for a gift card/voucher loan to be paid back within six months with an interest rate of 24.8%.

Cryptocurrency

BitPesa – BitPesa is a platform for global mobile money transfer. It allows you send and receive payment in different currencies.

Finance Management

Piggybank – This service helps people save money using their debit cards. You decide how much money it automatically deducts from your account every month to help you save towards a financial goal.

Banking Services

737 – This is a mobile money platform for GTBank customers. It allows them to transfer and receive money, and buy airtime from their phones.

eSuSu – This is Diamond Bank's digital version of a savings platform. It allows their customers to save, individually or within a group, towards a financial goal.

Note: This article was originally published by TechPoint.Africa.com

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Yinka Awosanya
TECHPOINT

Fintech Startups Are Democratising Investment Opportunities For Nigerians, Irrespective Of Their Disposable Income

“The Nigerian financial system has seen more FinTech startups in the last couple of years, and most of them offer savings and loan services.”

The total value of Automated Teller Machine (ATM) transactions within the first quarter of 2019 was ₦1.5 trillion; aside from funds transfer and bills payment over the ATMs, a bulk of these funds end up in the informal sector.

Interestingly, one of the objectives of the Central Bank of Nigeria's cashless project, which started in 2012, was the reduction of the high-cash usages outside the formal economy. This reduction ensures effective economic growth.

The Nigerian financial system has seen more FinTech startups in the last couple of years, and most of them offer savings and loan services. As it is, the current trend is that some of these new players are now offering

investment opportunities to their customers.

CowryWise is joining the league of FinTech startups adding investment opportunities to its platform. Although the company started as a savings platform with the belief that most Nigerians understand the concept of saving, CowryWise co-founder and CTO Edward Popoola reveals that the company has always seen itself as a wealth management company.

In a recent chat with Techpoint, Popoola explained that the reason for adding investment opportunities to the platform was to ensure that funds stay within the formal economy. And for people outside the formal economy, Popoola said that CowryWise is looking forward to offering investment services to them through



different channels using their basic ID. This supports PiggyVest co-founder Joshua Chibueze's call for an efficient national identification system towards deepening the nation's financial inclusion drive. In the long run, efforts by CowryWise and other FinTech startups will ensure the success of the CBN's cashless project.

Taking Investment Mainstream

In the past, investment in Nigeria was mostly considered an affair for people with higher disposable income. This will change as platforms like CowryWise offer people the opportunity to invest even without in-depth knowledge of the capital market.

"We are trying to democratise access to asset management services for the masses," Popoola affirms.

CowryWise is making mutual funds accessible to everyone irrespective of the size of their disposable income. The platform is allowing its users to buy mutual funds for as low as ₦100. Simplifying investment instruments will definitely lead to more people investing, which aligns with the Central Bank of Nigeria's National Financial Inclusion Strategy.

According to the CBN strategy, financial inclusion "is achieved when adult Nigerians have easy access to a broad range of formal

financial services that meet their needs at affordable costs."

Evidently, FinTech startups are removing the barriers to entry for investment in Nigeria. It's already at the point where one doesn't need in-depth knowledge about investment.

Before adding investment options to its platform, PiggyVest (formerly known as PiggyBank) conducted a survey, and over 65% of the respondents wanted more investing opportunities. This aligns with CowryWise's use of savings as a channel to take people further along the financial inclusion path.

Boosting Financial Education

According to Popoola, educating the populace about financial inclusion is key.

FinTechs are taking an active role in championing financial education, as they need more people in the financial system for a better return on their investment. Currently, their market size is limited to about 38 million people – the number of issued Bank Verification Numbers as of June 19, 2019.

These startups have the potential to reach more people than investment houses, whose activities are concentrated in the major cities.

Popoola believes having more startups offering investment services is good for the



industry, as it will increase financial literacy in the country while serving as an opportunity to grow the investment market. Considering the state of the economy, Popoola calls on all concerned government agencies to play an active role in educating the populace on the benefit of saving and investing.

Expanding the African Investment Landscape

CowryWise envisions itself as a platform that will showcase the best investment products for Africans, irrespective of the originating country of the investment or that of the person investing. “What CowryWise seems to be is the defacto wealth management platform for young Africans, irrespective of their income level,” Popoola explains.

The Relationship Between the Banks and FinTechs

As it is, FinTech is not much of a threat to Nigerian banks. Beyond serving as the backbone for the FinTech startups, the banks themselves have started offering services that

these startups are providing. A case in point is collateral-free loans that banks have started providing to their customers, and the banks are giving the loans at a relatively lower interest rate.

As it is, FinTechs and the banks will continue to co-exist, illustrated by PiggyVest co-founder's recent call for an initiative that allows easy collaboration between the two parties.

Popoola believes that both parties will survive. He affirms that the banks will definitely give startups a run for their money, as they have the financial resources.

“They [the banks] can try, but with an innovative FinTech startup, the sky is the limit,” he says pointing out that the startups have the potential of reaching more people.

On the banking sector in Nigeria, Popoola says there will be new players in a couple of years: “Some banks will have grown bigger while some will shrink.”

Note: This article was originally published by Techpoint.Africa.com.

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Yinka Awosanya
TECHPOINT

Fintech Is Not A Threat To Nigerian Banks; The Real Threats Are Less Obvious

“FinTech companies are here to stay, and the banks are not going away either.”

The world is changing rapidly, with Internet and technology disrupting every sector of the economy. The banking industry is not left out as financial technology (FinTech) solutions are beginning to play an important role in the provision of financial service.

The Banking Supervision division of the European Central Bank defines FinTech as “an umbrella term for any kind of technology

innovation used to support or provide financial services.”

The Central Bank of Nigeria (CBN) Governor, Godwin Emefiele recently made a comment through his Deputy Governor, Economic Policy Directorate, Okwu Nnana that FinTech is a threat to the banking industry.

In spite of the CBN's claim, commercial banks are relying on the power of technology to service their customers. Even microfinance



banks are not left out in using technology to automate their service delivery. An example is Asha Microfinance Bank, which provides tablet devices to its loan officers to ease their process, reporting among others.

Despite being one of the oldest banks in Nigeria, Wema Bank was the first to introduce a fully digital bank – ALAT. More traditional banks are already investing in financial innovation, as far as putting self-service points powered by mobile technology within their physical branches.

The Place of FinTech in the Banking Sector

Despite being a threat to the banking sector, everyone agrees that the digital revolution has been transforming the financial sector.

Speaking during a panel session titled “The Consumer, the Bank and FinTech” at the 2018 Techpoint Inspired conference, Julius Wanyaga, Head, Digital Banking Transformation, FCMB, claimed that there’s a disconnect between Nigerian banks and digital natives – those born or brought up during the age of digital technology and so familiar with computers and the Internet from an early age.

Other members of the panel were Divisional Head, FinTech & Innovation at

GTBank, Deji Oguntonade; TeamApt founder/CEO, Tosin Eniolorunda; MasterCard's Country Director, Omokehinde Adebajo, and Open Banking co-founder, Adedeji Olowe.

We are in an age where people want to be served at their own convenience, and FinTech solutions allow banking institutes to serve their customers whenever and wherever they want. As Richard Ikiele – the Director, Centre for Leadership in Journalism (CLJ), School of Media and Communication, Pan-Atlantic University – rightly said during his presentation, “Technology is about collaboration.”

Tosin Eniolorunda of TeamApt gave an affirmative response to the question of whether FinTech is a threat to the banking industry. However, despite being a threat, TeamApt collaborates with commercial banks. This has made it possible for the company not to bother about raising external funding. “Looking at the FinTech and banking environments,” Eniolorunda said, “I can project that in the next five years, there would be mergers eventually. Banks would probably acquire some FinTech companies that are real threats, and some FinTech would become really great, working with banks.”

Julius Wanyaga of FCMB revealed that the



Commercial Bank of Africa, Kenya, has over 20 million customers of the total 49 million population, and the website of the bank lists less than 50 physical branches. Technology is enabling financial institutions to serve customers without the need for physical contact.

Going into a banking hall to have an issue resolved with a customer service representative can be a nightmare. Technological innovation is capable of offering a refreshing and satisfactory experience to consumers.

“In the next ten years, if a bank is not a software company, it would mostly die,” Wanyaga said. He further claimed that FinTech will drive the cultural shift to a software-driven business model in the banking sector.

MasterCard's Country Director, Omokehinde Adebajo – who also agreed that FinTech is a threat – hinted at one of the company's initiatives, Start Path, with which MasterCard is ensuring partnership and collaboration between the banks and FinTech solutions. Adebajo also claimed some banks run FinTech solutions that are white label products. According to her, MasterCard plays between FinTech and banks, by leveraging the strength of all the parties involved.

The winner will be the company that makes financial services easier, faster, and cheaper. FinTech companies are here to stay, and the banks are not going away either.

The Real Threats: Consumers and Internet Giants

For Divisional Head, FinTech & Innovation at GTBank, Deji Oguntonade, FinTech companies will always be partners with the banking sector. According to him, the real threats are consumer Internet companies – like Google, Facebook, and WhatsApp – that are exploring the financial and payment space. These Internet giants continue making efforts to serve their users at every point of their need, both socially and financially.

Apple has 1.3 billion active devices globally, and its payment solution – Apple Pay – had 127 million users as at the end of 2017, up from an estimate of 62 million by end of 2016. Alibaba Group's payment platform, the Alipay app, controls over 50% of the \$5.5 trillion Chinese mobile payments sector, and tech giant Tencent is its only major competitor. These tech giants have access to customer insights with which they can provide a highly customised financial service experience.

Consumers are also a threat to the banking industry, as a failure of the banks to meet them where and when they want to be served could lead to a shift to FinTech or the Internet giants' solutions for their financial and payment services. Eniolorunda made mention of a survey which revealed that the major pain points for consumers are charges, ease of loan, as well as customer support. In all of these, the side that would win will be the one that can



address these pain points.

The future of the payment industry would be won and dominated by companies that are fast in providing financial and payment services with cheaper charges. Advocating for cheaper and smarter products, Adebajo said financial products need to be radically different and at a very low cost. “I cannot struggle to make money and struggle to spend the money,” she added.

Open Banking co-founder, Adedeji Olowe cited the cost of transactions as one of the reasons a larger share of the population is financially excluded. Olowe revealed that it costs the banks not more than ₦10 for an inter-bank transfer. Yet, banks used to charge as high as ₦100 before it was reduced to ₦50 last year. The reduction, no doubt, had an effect on the

number of inter-bank transfers conducted in a day.

“The product of the future for the financial segment is going to come from FinTech and FinTech banks,” Adebajo said.

According to a 2017 report by the World Economic Forum (“Beyond FinTech: A Pragmatic Assessment Of Disruptive Potential In Financial Services”), platforms that offer the ability to engage with different financial institutions from a single channel will become the dominant model for the delivery of financial services.

Note: A version of this article was originally published by Techpoint.Africa.com.

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POS Services - A Credible Driver For Financial Inclusion In Nigeria

“A quick win in deepening financial inclusion in the rural and semi-urban areas of Nigeria would be to have a good relationship between the banks and the FinTech industry to ensure more POS devices are accessible in every nook and cranny of Nigeria.”

The role and importance of efficient payment systems have been closely monitored and promoted by monetary authorities in all countries, however, the Nigerian payment system that is cash-driven has not guaranteed the much-needed efficiency required for sustainable economic development.

The Problem with Cash

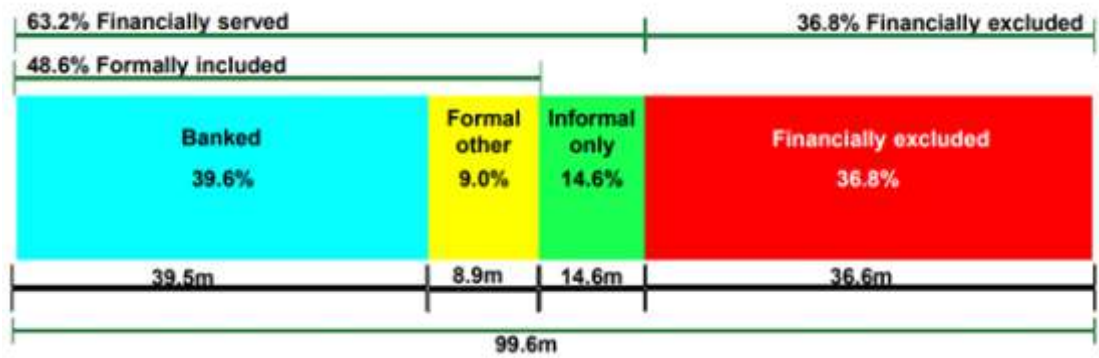
The problems often associated with cash transactions are armed robberies, use of counterfeit bank notes, cash-related fraud, inconveniences of carrying large quantities of currency notes, long waiting periods in bank halls, frequent trips to banks, and frequent printing of bank notes. (Source: Nnanna and

Ajayi, 2005, “An overview of the payments system in Nigeria”)

Nigerian consumers and banks apparently still regard “in-person banking” as a more important method for money transactions.

Nigeria has a large rural (63.3 %) population but significant urbanisation since 2012. (Source: EFINA's Access to Financial Services in Nigeria 2018 survey)

- 48.6% adults are formally included
- 36.8 % adults are financially excluded



Source: EFINA Access to Financial Services in Nigeria 2018 survey

Our needs keep increasing daily, and people are looking for a range of services, including how to pay their bills (utility, payTV, etc.), opening new accounts, and withdrawing/sending/depositing funds.

How quickly do I get serviced? How easy is the process? Is the process accurate and reliable? Is my personal information safe? These are all questions going through a customer's mind when he/she wants to carry out a point-of-sale (POS) transaction at any merchant outlet.

Challenges to the Use of POS Devices

Challenges associated with the use of POS devices in Nigeria include: limited number of POS devices across the country, network failure, poor security and telecom infrastructure, as well as lack of bank and FinTech synergy.

The Solution

A quick win in deepening financial inclusion in the rural and semi-urban areas of Nigeria would be to have a good relationship between the banks and the FinTech industry to ensure more POS devices are accessible in every nook and cranny of Nigeria.

This is important to a rural dweller or a farmer in Wara village, Kebbi State, who spends a minimum of ₦1, 000 to ₦1, 500 to withdraw ₦3, 000 in the city or semi-urban areas where banks are located. If a POS device were in closer proximity to the farmer, based on a better partnership between banks and FinTechs, there would not be a need to travel long distances to perform banking services. These services would be available at merchants, in kiosks, supermarkets, pharmacies, and the like.

To drive inclusion, we also need a payment platform that supports offline capabilities and lower tariffs. It must:

- Promote the account-opening model that permits seamless POS account opening, BVN enrolment, and debit cards issuance at POS merchant outlets.
- Make loans accessible and affordable via POS merchants.
- Make roaming SIM's affordable and available to drive efficiency of POS machines.
- Build savings accounting products that have basic health insurance tied to them.

In our world today, the significance of POS services cannot be overemphasized. It is a system of payments that cannot be wished away. Hence, it should be embraced and enhanced to meet the desired objectives.



Here' Re CBN's Findings On Why Women Are Most Financially Excluded

BY OKAFOR ENDURANCE

"51% of Nigerian men had bank accounts in 2017 compared to the 27% reported for women."

Low income, low education, and low trust in financial service providers are the key findings that undermined women's access to financial services, a recent survey by the Central Bank of Nigeria (CBN) has revealed.

The apex bank disclosed the findings in its 2019 second quarter Financial Inclusion Newsletter where it stated that the survey recommended that "efforts should be made to advance education and income levels of women and create awareness on products and providers."

The survey on Women's Financial Inclusion in Nigeria was sponsored by the financial-sector

development organization Enhancing Financial Innovation and Access (EFInA) and conducted by Dalberg Global Development Advisors. It was presented at the 8th National Financial Inclusion Steering Committee meeting.

Nigeria has 36.8% of its adult population excluded from the financial cycle. This translates to 36.6 million people who do not have access to financial products and services as at December 2018.

According to data gathered by EFInA as analysed by *BusinessDay*, 44.1% of the total excluded adult population in Africa's most populous nation are men, while 55.9% are

women. This leaves the gender gap at 11.8 percentage points. Also, the 2017 figures from the World Bank's global Findex database revealed that the financial exclusion gap in Nigeria widened by 24 percentage points in the review year.

According to the report, 51% of Nigerian men had bank accounts in 2017 compared to the 27% reported for women. The gender gap was 4 percentage points wider when compared to the 20% gap that was reported in 2014 when the number of men with bank accounts stood at 54% while women were at 34%.

Meanwhile the Central bank remains optimistic about achieving 80% financial inclusion rate by the year 2020. But with less than five months to the projected deadline, the apex bank has 16.8% gap to bridge for it to achieve the set 20% exclusion target by next year. According to the World Bank study of 2017, men remain more likely than women to have an account.

The Washington-based lender reported that, “while account ownership has surged in some economies, progress has been slower elsewhere, often held back by large disparities between men and women and between the rich

and poor.”

As part of its efforts to promote financial inclusion and facilitate the emergence of an all-inclusive and growth-promoting financial system in Nigeria, EFINA's 2019 10th Agent Network Breakfast Series meeting, which was held recently in Lagos, focused on the topic “Assessment of Female Financial Service Agents in Driving Financial Inclusion in Nigeria.”

The Agent Network Breakfast Series is a platform organised to provide credible market information to stakeholders, discuss obstacles to the deployment of ubiquitous agent networks in Nigeria, and highlight regulatory obstacles and opportunities to move the industry to the next level.

The EFINA survey has shown that the agent network is important in driving access to financial services, especially at the last mile. In order to drive the deployment of widespread agent networks in Nigeria and close the gender gap in financial access, there is therefore need to encourage more participation of women in agent banking, EFINA has said.

Note: This article was originally published by BusinessDay.





Research: Cico Economics And Agent Profitability In Rural Nigeria

Distribution ranks high on the list of critical challenges facing Nigeria's financial inclusion goals and, it is likely to persist without proper interventions.

A careful review of the 2018 EFInA Access to Finance (A2F) survey reveals proximity to banks is a major obstacle for citizens to open bank accounts. The time, cost and effort associated with visiting a bank branch is a strong deterrent to account opening, for those living in remote and rural areas.

In the quest to provide affordable and accessible alternatives, the CBN introduced the agent banking guidelines which permitted licensed financial institutions and mobile money operators (MMOs) to appoint third party agents

(entrepreneurs) who will provide financial services on their behalf to the public.

Complementing this is the Super-Agent framework which permits institutions to gain and maintain agents on behalf of licensed financial institutions.

Despite these and other efforts, we are yet to witness any significant progress in financial inclusion as the inclusion needle moved by just 1.3 percent between 2016 and 2018 (EFInA, 2018).

In 2018, we set out to understand agent viability and sustainability by investigating the economics of the agent business and some of its inherent challenges. Our findings culminated in a report, CICO Economics in Nigeria, and we discuss a few of them in the subsequent paragraphs:



1. The addressable market is limited

By layering the viability of agent business in the different regions of Nigeria over the geospatial distribution of requisite infrastructure for agent business (such as mobile network connectivity, electricity supply, bank infrastructure and population sizes), the results revealed that only 51 percent of Nigeria's adult population today live in agent-viable areas.

This means, about half of all Nigerian adults live in areas where there's no enabling environment for agent businesses to thrive, and there's no strong business case for willing entrepreneurs to venture into these regions.

2. Urban and peri-urban are easy decisions; however, there are different types of rural

While urban and peri-urban locations have compelling business cases for agent locations, the real struggle is within areas classified as rural. We have expanded the typology of rural beyond a single dimension - within our classification; we identified two distinct types of rural and labelled them as rural oases and rural frontiers.

- The rural oases are locations in proximity to significant economic activity such as markets and bus parks. Other characteristics of such locations include infrastructure like power, paved roads and mobile connectivity.
- Rural frontiers refer to areas with lower population density and lagging in infrastructural development.

3. Agent viability varies between the two rurals

In the rural oases, we found agents are more likely to be viable due to their proximity to some levels of economic activity. We found that agents in such locations are near markets, village centres, busy streets, etc. These areas have people familiar with or use digital financial services (DFS). The availability of critical infrastructure (e.g. bank presence, roads, power and mobile connectivity) also increases the possibility of business viability for agents.

Viability in the rural frontier locations is more challenging. Some constraints include limited economic activity and absence of critical infrastructure (power, mobile connectivity, roads). Agents in these areas may witness limited transaction numbers, which makes breaking even more difficult.

The Need for Interventions

Tackling these distribution challenges requires strategies to make agent businesses viable in the rural frontiers. This requires practical and strategic interventions:

1. Infrastructure: Prioritise the infrastructure (rails) that enable financial access to increase the addressable market. Resources to improve mobile network connectivity, electricity supply, and even bank presence (or rebalancing outposts) are essential.

2. Incentives: As a for-profit venture, we limit the business case for agent businesses in rural

frontier locations. Hence, are subsidies or any other such interventions required to promote or support agents, FSPs or Super Agents interested in venturing into these regions?

In sum, stakeholders (including financial service providers and regulators, and even mobile network providers and their regulator) need to come together to produce realistic and sustainable ideas. Together, we can create an enabling environment for agents to thrive in the hard to reach - hard to serve regions, which will improve financial access and move the financial inclusion needle.

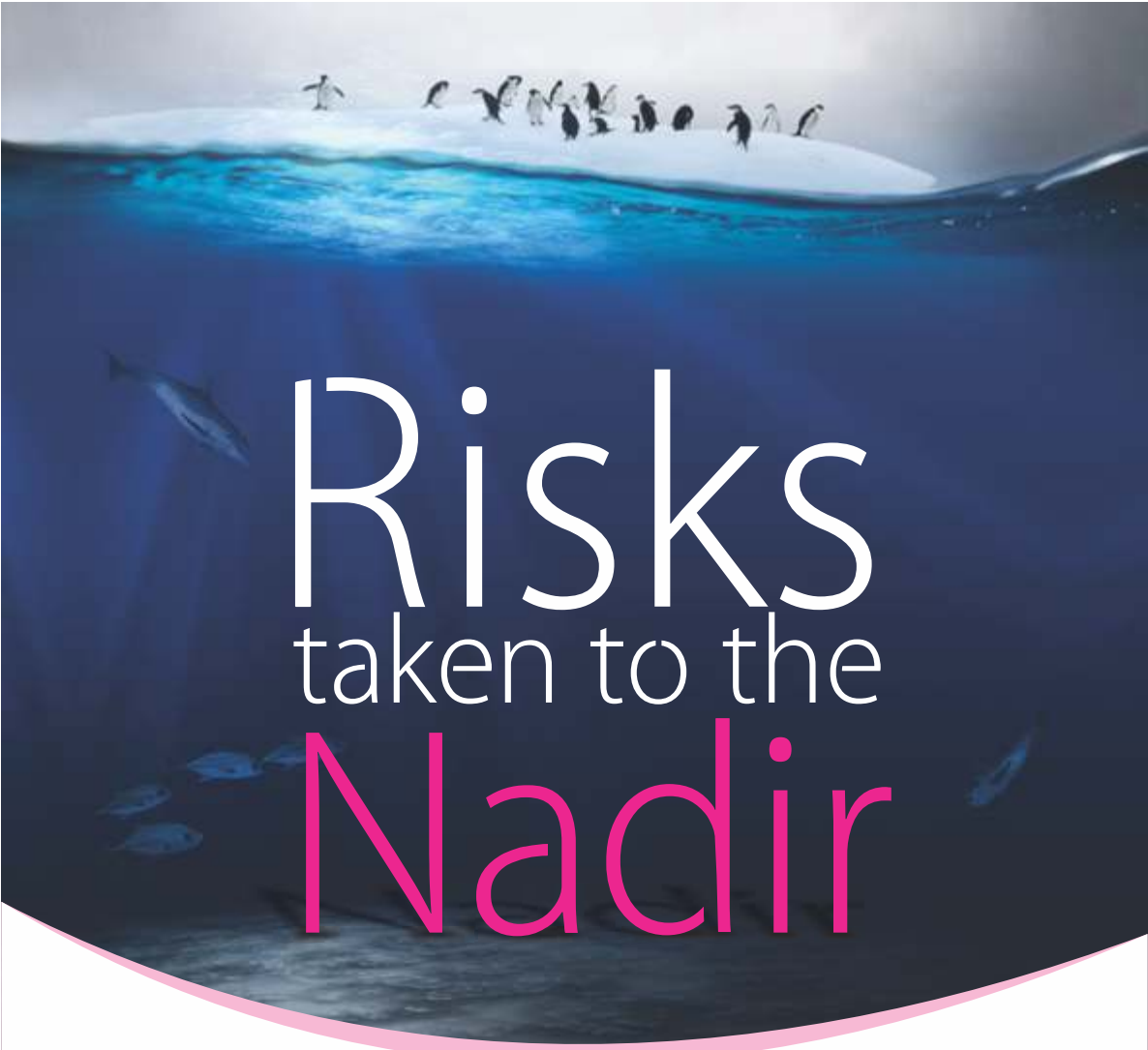
The CICO economics study is a treasure trove of insights into the dynamics of the agent business. Besides analysing the zones of business viability

for agents, the report also contains insights into agent economics (the number of daily/monthly transactions required for agents to break, how long it takes for businesses to breakeven, among other details), and agent provider economics (factors influencing the providers' decision and efforts to expand their agent networks, breakeven points, revenue and incurred costs, etc).

Download and read the full CICO Economics report [here](#).

Professor Olayinka David-West and Ibukun Taiwo are members of the Sustainable and Inclusive Digital Financial Services initiative of the Lagos Business School





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