





Tapping into Digital Identity Opportunities: Nigeria's experience

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Presentation Highlights

- Nigeria Social-Economic Fundamentals
- Get to know NIBSS Plc
- Bank Verification Number
 - Progress
 - Present Use Cases, including Merchant Payments
 - Future Use Cases

NIGERIA

MACROECONOMIC

GDP (2015)	\$481Bn
GDP ANNUAL GROWTH (Dec,2016)	-1.3%
POPULATION (2015)	182m est
INFLATION RATE (Feb/2017)	17.78%
UNEMPLOYMENT RATE (Dec/2016)	12.1
*MOBILE SUBSCRIBERS (Feb/2017)	154m

BANKING INDUSTRY

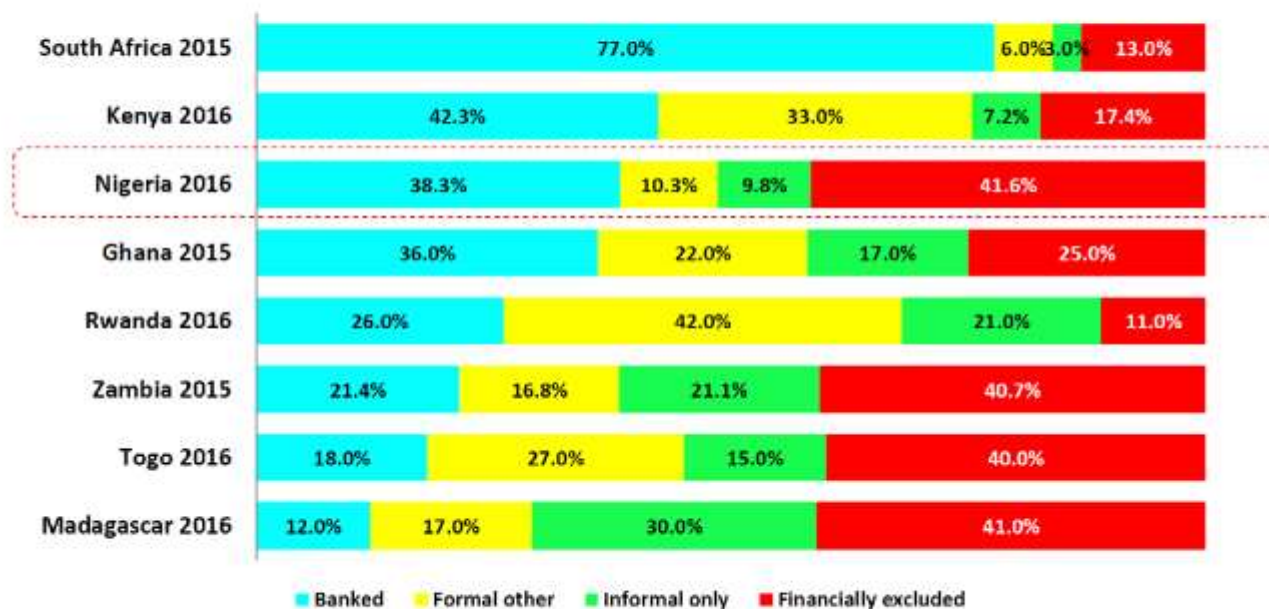
**NUMBER OF BANKS	25
**BANK BRANCHES	4,993
**TOTAL NUMBER OF ACCOUNTS (Feb/2017)	97.57m
**TOTAL ACTIVE ACCOUNTS (Feb/2017)	67.20m
**CURRENT ACCOUNTS (Feb/2017)	25.10m
**TOTAL INDIVIDUAL (Feb/2017)	69.78m; BVN Count: 28.7m

Source: <http://www.tradingeconomics.com/nigeria/indicators>
*Nigerian Communications Commission; **NIBSS



Financial Access - Cross Country Comparisons

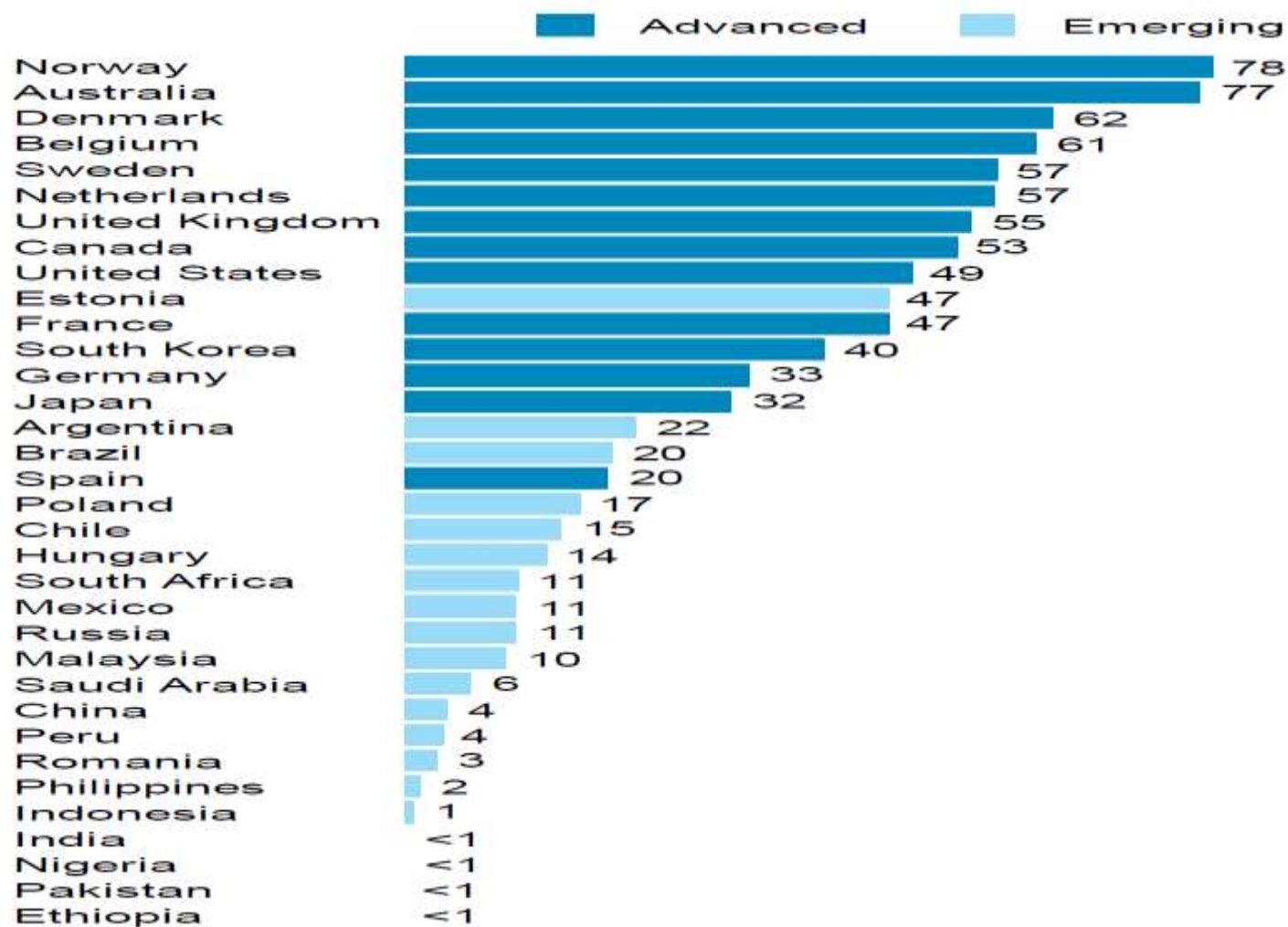
- Compared to other countries in Sub Saharan Africa, Nigeria has one of the lowest penetration in mobile money (formal other). As a result, despite the fact that Nigeria has one of the highest banked population (38.3%), the percentage of financially excluded is the highest at 41.6%



Note: There are some differences in the classification of products/services in the categories of the access strand between the countries

Source: FinScope; FinAccess National Survey, Kenya; EFInA Access to Financial Services in Nigeria 2016 survey |

Share of digital payments—by country

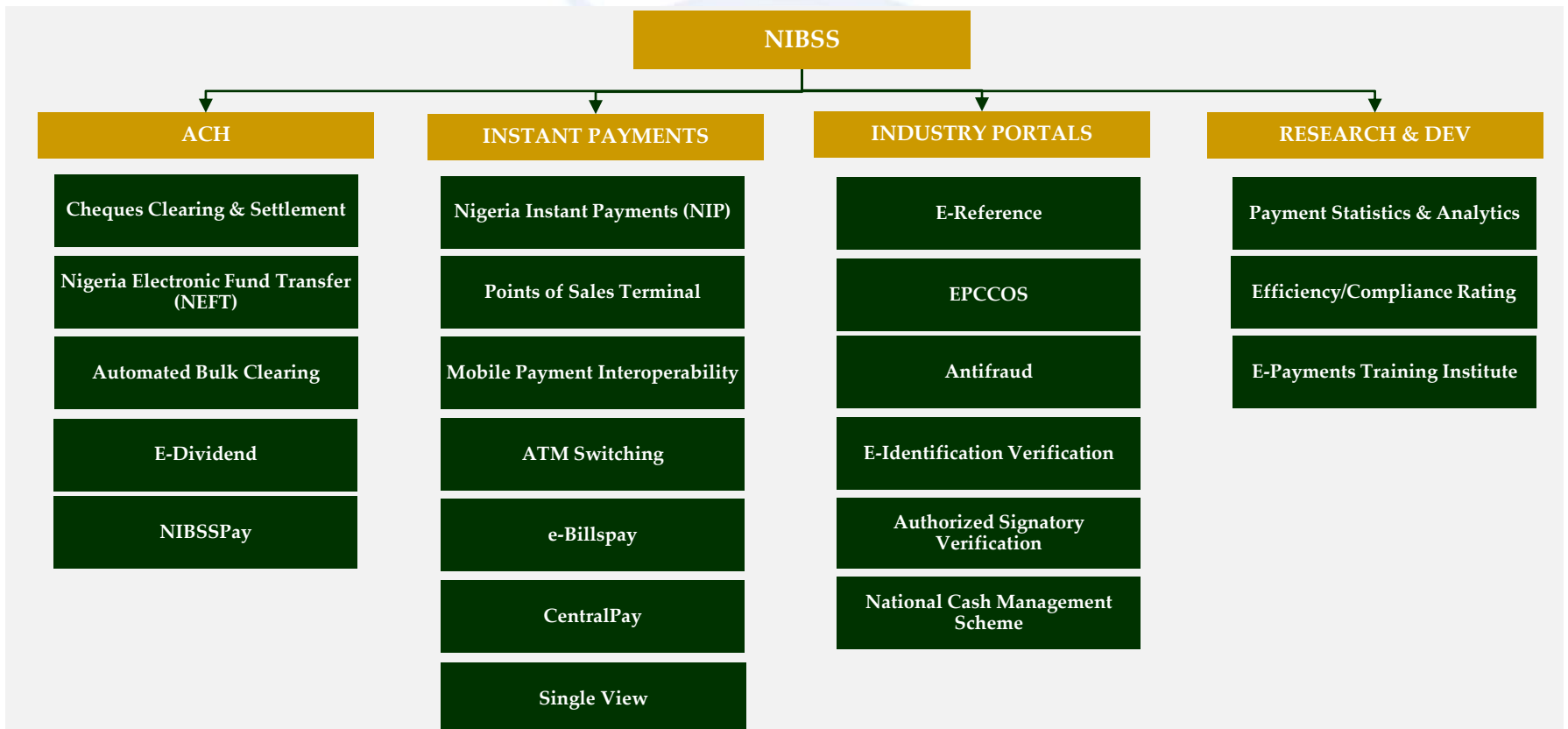


NIBSS Owners



Nigeria Inter-Bank Settlement System (NIBSS), a shared service company owned by banks and the Central Bank, is at the heart of the Nigeria financial services industry

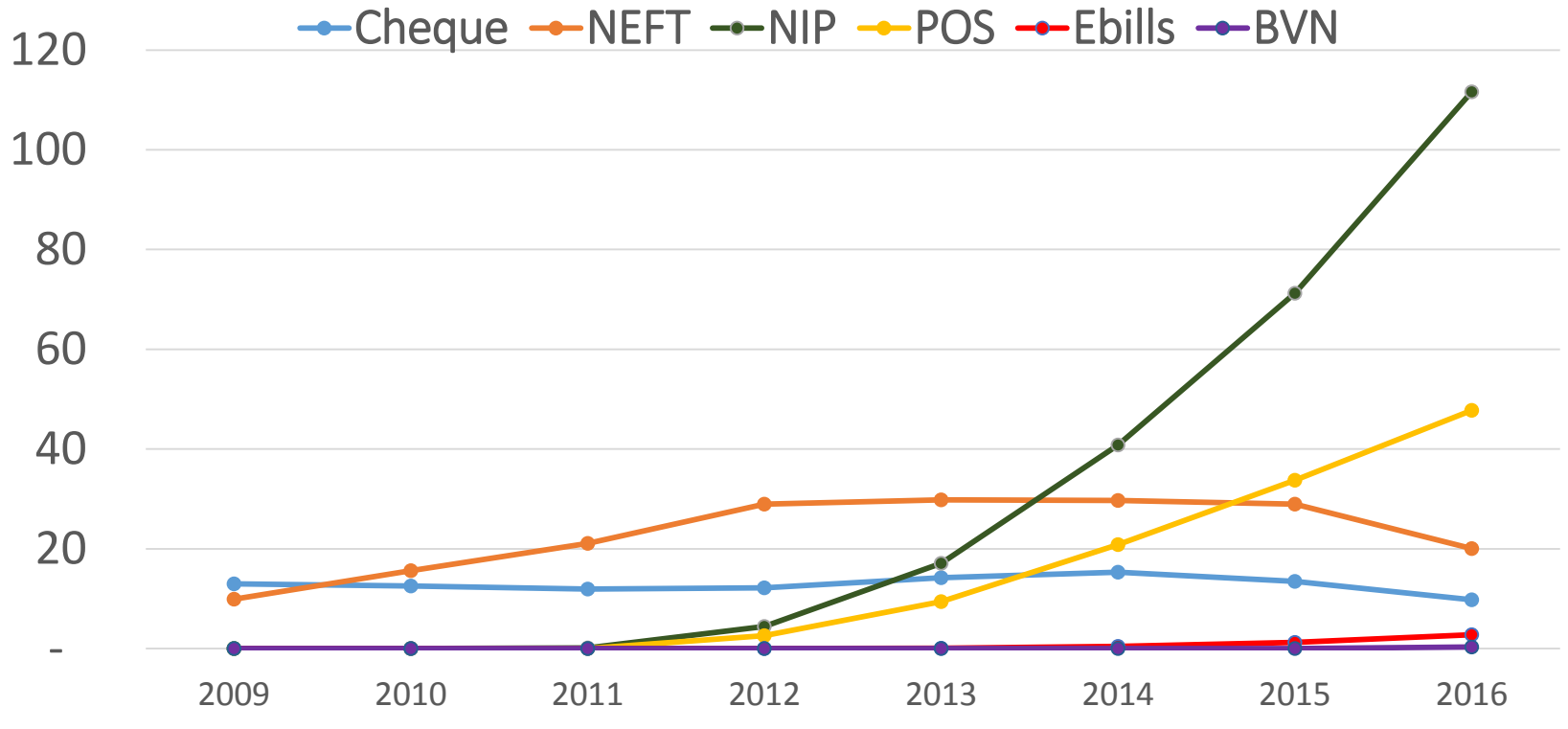
NIBSS Products & Services



NIBSS provides a shared infrastructure platform for e-payments that supports the Nigerian Financial Industry

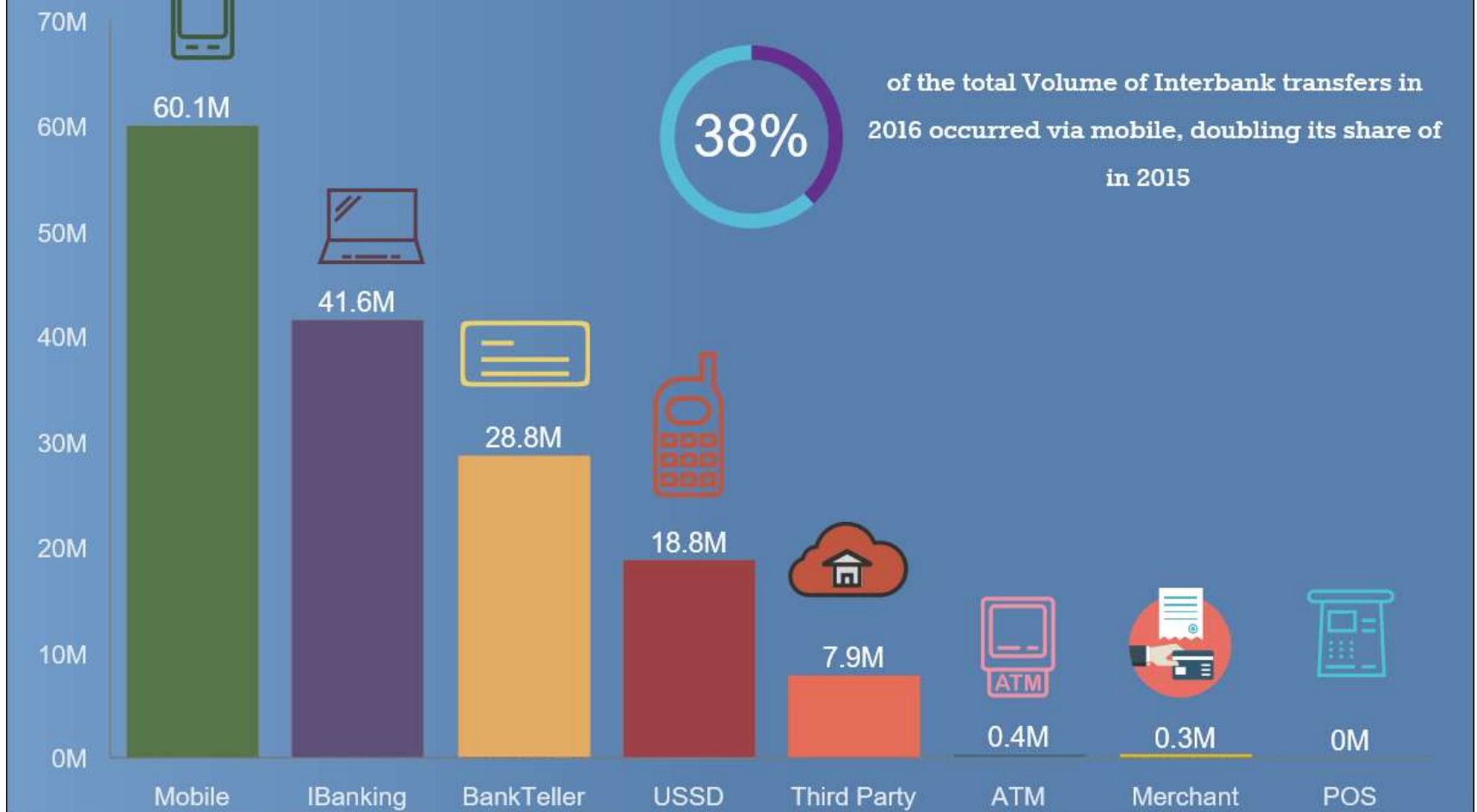


7-Years Transaction Summary



The upwards trends on NIBSS Instant Payment reflects its status as the preferred payment product, PoS continues to enjoy acceptance and shows consistent growth, while cheques and NEFT now trend downwards due to the market shift to faster payment services.

Instant Payments Transactions by Channel





■ Objective:

- To use biometric information as a means of first identifying and verifying all individuals that have account(s) in any Nigerian bank and consequently, as a means of authenticating customer's identity at the point of transactions
- Government ID scheme implementation, commenced in 2001, is slow

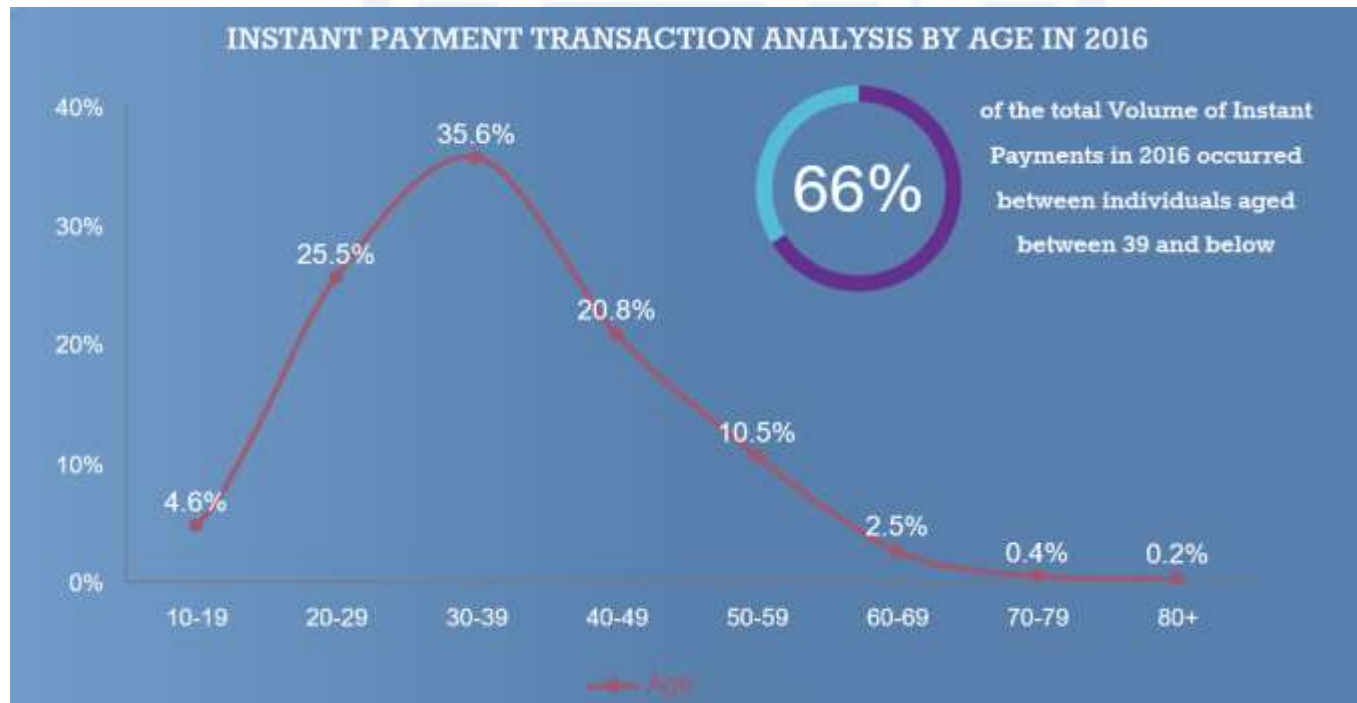
■ Status

- NIBSS in conjunction with the CBN, and Banks launched the Bank Verification Number Scheme (Biometrics) on February 14, 2014
- Full compliance commenced on Oct.31, 2015. Accounts without BVN are not allowed to be operated from this date.
- **28.75 million BVNs issued as at March 2017**
- **No cards. BVN holder recalls BVN with USSD service *565*0#**
- 10,000 enrolment devices deployed across 5,000 bank branches nationwide
- Banks and enrollment agents go to farms and rural areas with mobile enrolment devices

Key BVN Use Cases

1. Analytics

- We now know the exact number of unique bank customers
- We now track retail payments volume per statistics per BVN



2. mCASH launched on Nov 3, 2016, to compliment POS payments and enhance Digital Liquidity.

- ❑ mCASH is a payment solution that allows you to make payment to ANY Seller using your mobile phone.

- ❑ It leverages on BVN to identify the Financial Institution where the Payer has an account.



- ❑ Payers can select the Bank and Account where they intend to make payment from.

- ❑ Sellers are given a Seller Code registered by their financial institution which is used to receive payments.

- ❑ Ideal for micropayments – value limit is N50,000 (\$150)

- ❑ mCASH is a product of a grand collaboration between all Banks, all GSM companies, and NIBSS – the first of such collaboration geared towards DFS promotion.

- ❑ Mobile Money operators and Micro-Finance Banks are permitted to participate



Volume



Value



- ❑ 8 banks are operating live; others at different levels of readiness
- ❑ 103,000 mCASH merchants on board vs 137,000 POS merchants in 5 years



Other current BVN Use Cases

3. Strong KYC to strengthen AML/CFT requirements. Also provides:
 - BVN Validation service – via Portal & API
 - BVN Verification service – via Portal & API
4. BVN API for DFS providers, including micro-lenders
5. BVN Watch list for Fraud Management, to track serial financial fraudsters and limit banks' exposure to their game
6. Customer Accounts consolidation in company/government payments file to spot multiple payments to individuals i.e. ghost workers:
 - Corporate payments
 - G2P payments & Donor Agencies payments
7. Customer Accounts consolidation in other sectors of the economy to facilitate detection of abuse e.g. the capital market investors
8. Account consolidation by State Security Services to track corruption and terrorism suspects
9. BVN Fetch – We get the BVN of a reluctant account holder with his names, date of birth, etc.



BVN Future Use Cases

1. Credit Rating Agencies will use BVN as basis of individuals identification, to boost trust in credit administration.

Nigerian banks' credit report poorest worldwide

The 22 deposit money banks in the country process a paltry 1,500 credit report on a daily basis. Making this disclosure recently was Mr. Miguel Llenas, who sits atop Dun and Bradstreet Credit Bureau Limited, a world acclaimed credit reporting agency with headquarters at the Dominican Republic. Llenas, who was the lead speaker at a public forum organised by CRC Credit Bureau Limited in Lagos, noted that most banks in the country today were technically in distress because they jettisoned core banking regulations.

Citing the outcome of a survey conducted by his firm, he said: "South Africa records over 60,000 credit report on a daily basis. Argentina does about 160,000. Sri Lanka does over 25,000. Egypt processes over 50,000, but sadly, Nigeria with a population of over 170 million people process a ridiculous 1,500 credit report. This is not good enough. This may account for the slow economic growth witnessed across the sectors."

Source: The Guardian publication of April 4, 2017.



Other BVN Future Use Cases

2. No Frills Account opening, without extensive form filling. Supply your BVN only for account opening.
3. Biometric Transaction Authentication on ATM, POS, Mobile Payments is under consideration by the financial industry.
4. Pensioners Verification (I'm Alive Service), to save pensioners the rigour of regular in-person appearances at the pensions offices located in the main cities.
5. BVN enrolment would become mandatory for all non-Bank deposit taking institutions later in 2017. Fraud is moving towards this market segment presently.