

*Financial Inclusion Steering Committee braces up for 20% financial exclusion, as the rate reduces from 41.6% to 36.8%.*

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**Mr. Godwin Emeffele, Governor Central Bank of Nigeria—Chair, Financial Inclusion Steering Committee.**

The 7<sup>th</sup> meeting of the National Financial Inclusion Steering Committee held on Thursday, December 13, 2018 and was chaired by the Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emeffele. The Committee provides policy and strategic direction on the implementation of the National Financial Inclusion Strategy (NFIS).

The Chairman gave a narrative of the work that needed to be done by explaining how population growth would be a key concern for meeting the NFIS target. At an annual population growth rate of 2.5%, he stated **that Nigeria's population by 2020 would stand at about 210 million people and that 80% of this number must be included.**

According to him, the Central Bank of Nigeria (CBN) had commissioned several initiatives to drive financial inclusion one of which was the introduction of the cashless policy aimed at promoting electronic payments and reducing the use of cash in business transactions.

He recognized the key role that CBN played in the banking sector and called on the need for other Steering Committee members to sustain their commitment as a lot of work still needed to be done to achieve the financial inclusion target by 2020. The Chair-

man went on to share that the introduction of the Guidelines for Payment Service Banks, would provide an avenue for telecommunication companies and non-bank operators' to participate in the payment space.

He called for the critical support of the Steering Committee members especially for telecommunications infrastructure that would enable internet service across the shores of Nigeria. He further reiterated the need for all member agencies to play stronger roles in meeting the National Financial Inclusion Strategy (NFIS) 2020 goals, highlighting the need for a "Nigeria First" approach by all citizens.

During the meeting the Chief Executive Officer, Enhancing Financial Innovation and Access (EFInA), Mr. Esaie Diei also presented the findings from the 2018 Access to Financial Services Survey which revealed that the country added 2.6 million people to the banking system with a reduction in exclusion rate from 41.6% in 2016 to 36.8% in 2018■



## National Financial Inclusion Governing Committee Meetings

### Financial inclusion Steering sets up Financial Inclusion Trust Fund at 7th Meeting



Mr. Godwin Emefiele, Governor Central Bank of Nigeria Chairman, Financial Inclusion Steering Committee during the 7th National Financial Inclusion Steering Committee Meeting



L-R: Engr. Aliyu A. Aziz, Director General, National Identity Management Commission, Mr. Adesola Olusade Permanent secretary, Federal Ministry of Youth and Sports and Mr. K.O Nwalgwe, Director Nigeria Deposit Insurance Corporation

The 7th meeting of the Financial Inclusion Steering Committee took place at the central Bank of Nigeria Head Quarters, Abuja on December 12, 2018.

A key highlight from the meeting included the approval to set up a Financial inclusion Trust Fund. The Fund will provide resources for institutions to execute critical cross agency initiatives that will help achieve the National Financial Inclusion objective.

The Secretary to the Committee, Mrs Temitope Akin-fadeyi in her presentation on the Financial Inclusion Trust Fund, stating that in view of the fact that implementation plans of stakeholders would be self-funded, the elements of the Fund had been streamlined and 3 cross-cutting initiatives, had been proposed as follows :

- National Peer Group Educator Programme (NAPGEP),
- Communication plans
- Financial Inclusion State Steering Committee (FISSCO).

The Committee charged members including regulators, government and other stakeholders to make their contribution which would be coordinated by the Financial Inclusion Secretariat.

The Meeting also featured three key presentations by representatives of Enhancing Financial Innovation and Access (EFInA), Lagos Business School (LBS) and National Identity Management Commission (NIMC).

Mrs. Oluwatomi Eromosele in her illustration of the 2018

EFInA Access to Financial (A2F) Services Survey revealed that the sample size was 27,000 and that the results showed that 82% of Nigerians were still paid in cash.

There was a 6.7% decrease in savings as result of rising unemployment and a case of institutional exclusion, with respondents stating that the banks were too far.

About 63.3% of Nigerians were financially served made up of 48.7% in the formal category and 14.6% in the informal sector.

Mr Nkem Iheanachor (Faculty member, LBS) presented on sustainable & Inclusive digital Financial Services. He explained that LBS had identified six broad financially excluded customer segment types: Vulnerable believers, Resilient savers, Dependent individualists, Digital youth, Confident optimists and Sceptical cultivators

The Director General, National Identity Management Corporation (NIMC), Engr. Aliyu Abdulaziz in his presentation emphasized the need for the ecosystem to be digital as unique **identity plays a critical role in Nigeria's economic growth and recovery plan. He shared NIMC's mandate which involved:** registration/enrolment of every individual into the National identity database, provision of identity authentication services, and harmonization of existing Identity databases among others.

At the end of the presentations, Mrs. Aishah Ahmad (alternate Chair) appreciated members for their contributions and advocated for an action mindset to drive financial inclusion. She acknowledged members sustained collaboration and urged all not to relent, so that by working together, **the 20% target by 2020 could be met**■





## National Financial Inclusion Governing Committee Meetings

### 16th National Financial Inclusion Technical Committee Meeting



DG, FSS—Mrs. Aishah Ahmad giving a letter of commendation to outgoing Working group executives

The 16th meeting of the National Financial Inclusion Technical Committee (NFITC) meeting took place on Thursday, November 15, 2018 and was chaired by Mrs. Aishah Ahmad, Deputy Governor, Financial System Stability, Central Bank of Nigeria (CBN). In her welcome remarks, she commended members for the progress made in the implementation of the National Financial Inclusion Strategy (NFIS) and urged participants to make extra efforts to wrap-up the activities for 2018, as this was the last meeting of the year.

She further stated that the continued dedication and commitment of stakeholders led to several meetings and visits to her office since the last meeting. Some of these include: A delegation from the National Social Investment Office (NSIO) of the Presidency, Consultants from the National Cash Transfer Office, (NCTO) of the Vice President’s Office delegation from Banque Centrale Des Etats De L’Afrique de L’Ouest (BCEAO) and eight (8) member countries of the West African Economic Monetary Union (WAEMU) on a Knowledge Exchange visit to understudy Nigeria’s implementation of the National Financial Inclusion Strategy (NFIS).

Mrs. Ahmad re-affirmed the critical importance of the NFIS and also expressed her excitement on the release of the guidelines for the licensing and regulation of Payment Service Banks in Nigeria. The guidelines according to her, had expanded the digital financial services space and this was anticipated to impact positively on financial inclusion.

Mrs. Temitope Akin-Fadeyi (Head, Financial Inclusion Secretariat/Secretary) gave a brief recap of the Alliance for Financial Inclusion (AFI) - 2018 Global Policy Forum at Sochi, Russia. She highlighted that during the event, the CBN was presented with a Special Award which was in recognition of the country’s lead role and contributions as host of Financial Inclusion Knowledge Exchange programmes for the global network and also a nominee for the Maya Declaration Award.

The Secretary further highlighted that the current Working

Group Executives had served their two years tenure (2017/2018) and that new Executives were elected during the Working Group meeting held on November 14th, 2018. The Chair (Mrs. Ahmed) went on to give letters of commendations to all existing executives and urged the new ones to work twice as hard.

The four Working Group Executive presented the revised Terms of Reference of the Groups and also gave update on the progress of their key achievements.

Mrs Akin-Fadeyi Temitope further disclosed that the CBN Management had approved the revised NFIS document which was to be published for dissemination. She stated that in line with this, the Secretariat had developed a guide for all stakeholder institutions to support the development of specific implementation plans in order to operationalize the revised NFIS. She stated that while some institutions had submitted their plans, others were yet to, and called on the outstanding members to finalize their plans and submit to the Secretariat, in readiness for presentation, review and adoption at the January, 2019 Financial Inclusion Stakeholder Workshop.

Mr. Segun Akerele (EFInA) announced that the 2018 Access to Financial Services in Nigeria survey (A2F) would be launched by December 12, 2018 and called on members to honor their invitation to attend. The A2F will provide new indicators for the country’s Financial Inclusion rate from the current 58.4% (2016), as we progress towards the 80% target for 2020.

At the end of the meeting, Mrs. Aishah Ahmad (Chair) appreciated all participants for their contributions and urged them to work diligently on the issues discussed and deliver progress reports at the next meeting. She called on members to ensure that their implementation plans were finalized in earnest and to participate actively during the Financial inclusion Stakeholder Workshop in January 2019, in order to set a clear path for the implementation of the NFIS 2.0 during the year■



Cross section of members at the Financial Inclusion Technical committee meeting



## National Financial Inclusion Governing Committee Meetings

### 16th Financial Inclusion Working Group Meetings

The Four Financial Inclusion Working Groups held their 16th meeting at the Central Bank of Nigeria, Tinubu Square, Marina, Lagos on 14th November, 2018. Key Highlights from the meetings are summarized below:

#### Financial Literacy Working Group (FLWG)

##### 1. Update on World Savings Day (WSD)

- CBN reported that they had visited 12 locations as part of the World Savings Day (WSD) activities with approximately 800 students in each school impacted.
- **Banker's Committee** stated that Approximately 53,000 students were impacted in comparison with 85,000 students in 2017 which resulted in low impact in 2018 attributable to waning interest of banks in the WSD activities.

##### 2. Mass Sensitization and awareness

- Securities and Exchange Commission (SEC) reported that they were working with the support of the Nigeria Educational Resource and Development Centre (NERDC) on a planning and writing workshop for capital market literacy for secondary schools.
- **Banker's Committee** reported that the subcommittee on Financial Literacy and Public Enlightenment was running campaigns on fraud management and the mutilation of Currency notes.

##### 3. Financial literacy conference

CBN reported that the Conference was scheduled to hold on the 17th and 18th of January, 2019■



Mr. Emmanuel Atama (CFAN), Chairman, Products Working Group

#### Financial Inclusion Product Working Group (FIPWG)

##### 1. Micro pension Guidelines

National Pension Commission reported that the Micro Pension Guidelines was set to be launched in January, 2019 as it had been posted on the Commission's website to that effect.

The Working Group advised that the detailed plan of action on the launching of the Micro Pension Guidelines should be made available on the FIS for necessary actions.

##### 2. Financial Inclusion Desk at the Federal Ministry of Finance:

The working group members agreed that a formal communication and physical engagement is required with the Federal Ministry of Finance to elicit continued commitment to the implementation of the NFIS.

##### 3. Super Agent License

NIPOST reported that they had been granted an Approval-In-Principle to carry out Super-agent operations in Nigeria■

#### Financial Inclusion Channels Working Group (FICWG)

##### 1. Shared Agent Network Expansion Facility (SANEF)

SANEF reported that as at November, 2018 a total of 63,921 agents had been on boarded. The guideline for the Monitoring & Evaluation of SANEF had been concluded, and currently awaiting CBN Management Approval.

##### 2. USSD pricing and the engagements with CBN – Nigerian Communications Commission. (NCC)

NCC reported that they had convened Stakeholder meetings with operators and Value-Added Service Providers, and they were currently liaising with their management on the outcome of the USSD Pricing Study for publishing.

##### 3. Resuscitation of cashless policy

The Shared Services Office of the CBN reported that there was an ongoing engagements to reintroduce the cashless policy to drive the adoption of digital financial services in Nigeria■



Mrs. Henrietta Bankole-Adesina (FMAN), Chair, Channels Working Group

#### Financial Inclusion Special Interventions Working Group (FISIWG)

##### 1. Biometric capture for People with Disabilities to support database creation.

The National Identity Management Commission has been given an approval to commence the identity ecosystem in which the commission would serve as regulator while corporate entities and bank agents would be empowered to capture data. The biometric needs of PWDs would also be taken care of as part of the process.

##### 2. NYSC Peer Educator Programme For Financial Inclusion

The Federal Ministry of Youth and Sports Development reported that 96,000 new accounts had been opened with additional 694 Volunteer Corps Members (VCMs) trained in 2018 Batch C, stream 1 totaling 3,894 trained VCMs.

A review of the budget for the programme with GIZ had commenced with a subcommittee established for the purpose.

##### 3. Use of NYSC Corps Members for Financial Inclusion in the 2019-2020 period

A meeting has been scheduled with the NYSC to explore the possibility of posting NYSC members to financial institutions solely for the purpose of financial inclusion. In anticipation, the SANEF Secretariat had been tasked with presenting a proposal on the modalities■





### 2018 Access to Financial Services (A2F) Survey

## Financial exclusion declines to 36.8% from 41.6% as EFInA releases the result of its 2018 Access to Financial Services (A2F) Survey

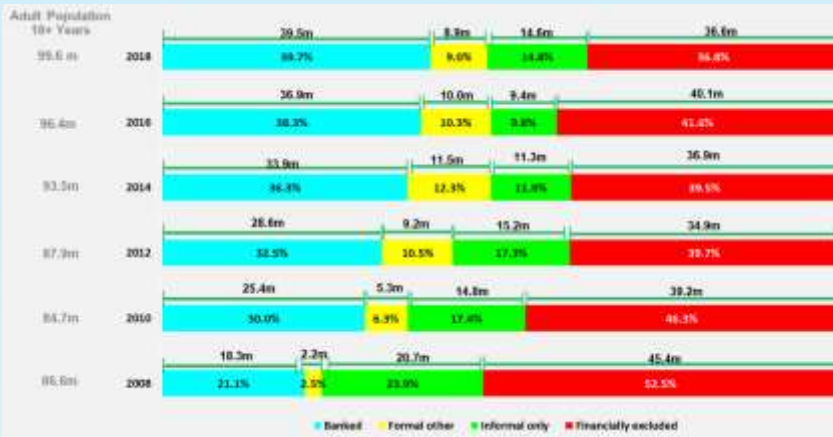


Figure 1: Access strands 2008—2018

The results of the 2018 Access to Financial Services (A2F) Survey conducted by Enhancing Financial Innovation and Access (EFInA) were released on 11th December, 2018. The biannual demand side survey provides the status of financial inclusion in the country and this year, the results revealed that the financial exclusion rate reduced from 41.6% in 2016 to 36.8%. The survey further reveals that 55.9% women were financially excluded in comparison to 44.1% men (Gender Gap). Similarly, rural areas had a higher financial exclusion rate of 78.5% compared with an exclusion rate of 21.5% in urban areas.

According to the survey, banked population

has continued to rise steadily from 21.1% in 2008 to 39.7% in 2018.

About 95.9% of the survey respondents reported not being aware of mobile money services and 89.4% were unaware of the presence of banking agents in their communities. Mobile money usage was predominant amongst already financially included populations while cash transaction continued to hold sway among subsistence farmers and business owners in rural areas.

While the Northern regions remained the most financially excluded, the South West exceeded the national target with an exclusion rate of 19% and the South South, South East and North Central recording exclusion rates of 23%, 29% and 31%, respectively, indicating positive prospects towards the 20% exclusion rate in 2020.

The revised National Financial Inclusion Strategy provides for keen focus on regulatory & policy environment, agent networks, Digital Financial Services, Identity/KYC, Community Lending: Micro Finance Institution (MFI) & Micro Finance Bank (MFBO Model, Financial Service Provider (FSP) investment in tailored savings and credit products, People to Government (P2G) and Government to People (G2P) and digital payments ecosystems and Financial/digital Literacy.

The renewed focus coupled with stakeholder commitment is expected to drive improvements in access to finance in the country to 80% by 2020.

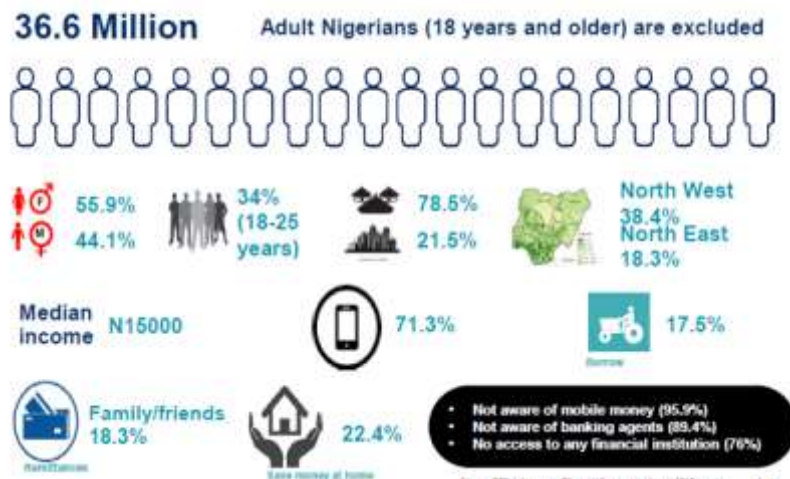


Figure 2: Profile of the financially excluded

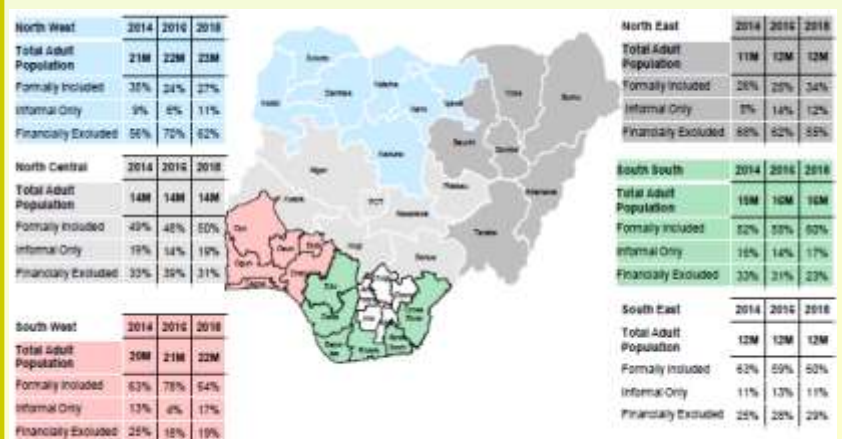


Figure 3: Financial exclusion rate by geopolitical zone

For full report, visit: [https://www.efina.org.ng/wp-content/uploads/2019/01/A2F-2018-Key-Findings-11\\_01\\_19.pdf](https://www.efina.org.ng/wp-content/uploads/2019/01/A2F-2018-Key-Findings-11_01_19.pdf)



## Spotlight

### Policies to support Financial Inclusion

#### 1. LICENSING AND REGULATION OF PAYMENT SERVICE BANKS

One of the key challenges to financial inclusion in Nigeria remains the uneven spread of financial access points particularly in rural areas, limiting access to appropriate products and services. The advent of Digital Financial Services as a means of reaching customers at lower cost to the financial services providers has provided a solution to this challenge.

It is in recognition of this and in a bid to support innovation in deepening the financial services sector that the Central Bank of Nigeria released the exposure draft on the Guidelines for Licensing and Regulation of Payment Service Banks. The guidelines stipulated that provisionally, telecommunications companies and other private sector participants can take advantage of the guidelines to obtain the licenses, reach out to excluded populations and enhance Financial Inclusion in Nigeria■



#### 2. MANDATORY USE OF NATIONAL IDENTITY NUMBER



The Federal Government in September, 2018 pronounced that the mandatory use of the National Identity Number would commence in January, 2019. The disclosure, came after the National Identity Management Commission (NIMC) received approval from the Federal Executive Council to implement a strategic roadmap for digital identity ecosystem in Nigeria.

In line with the mandate, all government agencies and private sectors responsible for the business of data collection/capture were asked to note that the guidelines would be published in due course. It is expected that licensed will be expected to carry out front end services of the identity ecosystem and ensure they complied with provisions of the Nigeria biometric s standards■

#### 3. MICRO PENSION GUIDELINE

The guidelines for Micro Pension Plan was released in September, 2018 to provide pensions to the self employed, and persons operating in the informal sector. The guidelines set the criteria for participation in micro pension plan and identified roles and responsibilities for all stakeholders.

The main rationale for micro pension is the inclusion of unbanked or under banked Nigerians in the pension sector. The Guidelines removed prescriptions which hitherto restricted participation of excluded populations in the scheme. Accordingly a micro pension contributor is expected to open a Retirement Savings Account with any Pension Fund Administrator of their choice, make contributions into their RSA in accordance with the guidelines and decide to make contingent withdrawals amongst other things.

The expectation is that the implementation of the plan would provide the impetus for improved uptake of pension and ultimately contributes to improved financial inclusion in Nigeria■



For full guideline, visit <https://pencom.gov.ng>



### Capital Market Sector

## Nigeria Stock Exchange (NSE) conducts annual essay competition for students on long-term personal financial planning

The Nigerian Stock Exchange (NSE) conducts annual essay competitions as part of its Financial Literacy initiative and Corporate Social Responsibility to bridge the gap between classroom learning and practical knowledge required for long-term personal financial planning.

In 2018, the NSE supported by the Jim Ovia Foundation, Access Bank Plc and Prime Atlantic Limited received over 20,000 entries for the competition from across the Federation, 50% more than the total entries received in 2017.

As part of the process, applications opened for entries on July 16, 2018, and closed Friday, October 26, 2018 following which the assessment and selection of winners commenced and was concluded in November 14, 2018.

The programme was coordinated by E-Greens which also facilitated collection of hand written essays, while Chartered Institute of Stock Brokers (CIS) assessed the essay entries at different levels.

At the end of the assessment, the top 10 essays, were awarded prizes. The top three essay writers were rewarded with equity investments, university scholarship funds and personal laptops/tablets at the Awards Ceremony.

The winners were also hosted to a Closing Gong ceremony at the Exchange. The schools represented by the top three winners were recognized and presented with prizes such as trophies, desktop computers and printers.

The remaining seven (7) essay writers received consolation laptop prizes, certificates of achievement and recognition at the awards ceremony.

The Grand Finale and Award Ceremony held on Friday, November 16, 2018.

**The Stock Exchange also conducts its 'X-TOUR'** as part of its commitment to advancing financial literacy and inclusion amongst children and youths.

This commitment has led to the initiation of a number of financial literacy initiatives among which is the Excursion to NSE. Between Septem-



Mr. Bola Adeeko—Head, Shared Services Division, NSE presenting the first prize winner of the essay competition, Ms. Lawrence Deborah, with her prize money



Winners of the NSE essay competition on a tour at the exchange.

ber and December 2018, the X-Tours attracted 2,430 participants from about 10 schools. Through this initiative, the Exchange hosted participants on a field-trip of its offices across the country.

A tour of the trading floor and interactive sessions on financial education topics exposed participants to a 'live' view of what happens at a Stock Exchange, and creates interest for them to seek career opportunities in the capital market.

Contributed by the Nigerian Stock Exchange.





## Capital Market Sector

### Securities and Exchange Commission conducts sensitization on Financial Inclusion

The Securities and Exchange Commission, embarked on investors' sensitization programmes as part of its overall plan of achieving 80% Financial Inclusion by year 2020. The sensitization programmes were aimed at commemorating "World Investor Week" (WIW), which is a global event initiated by the International Organization of Securities Commission (IOSCO). It reaches out to educate and enlighten investors especially the excluded populace. The programme took place in Kano State and Gwagwalada Area Council of Federal Capital Territory, Abuja.

The Investors' Clinic in Kano was held at Kano Grand Hotel on October 2, 2018. The programme was attended by representatives of the Government, The Sultan Emirate, the Academia, Market Women, Students and Chambers of Commerce and the Security agencies such as the police, Army, Civil Defense and Customs Services. Papers on Non Interest Finance and Commodity Ecosystem were presented and thoroughly discussed. There were requests from the participants for the Commission, to increase the frequency of financial Literacy programme in Kano and also in the North West Geo-political zone. A request was made to make financial products that appeal to the religious belief of the people of the zone accessible. Some of these products were Sukuk, Ijara as well as the Takaful Insurance products.

The paper on Commodity Ecosystem evoked sentiments in the collapse and lack of promotion and patronage of agro allied products such as groundnut, cocoa, cotton, Hyde and Skin and other Commodities which could be employment generating and Gross Domestic Product assets. The audience implored the SEC to revive the Commodity Exchanges, educate the citizens on the processes of engagement and participation in commodity exchange ecosystem such as Braiding, Standardization, Warehousing, Receipt System, as well as promoting the infrastructural requirements for establishing a vibrant Commodity Exchange in the zone.

The farmers in attendance were highly impressed with the fact that their products would be well priced and price asymmetry will be eliminated in the Commodity Exchange Ecosystem.

The practitioners like agrarian farmers were all willing to commence action in these areas by the use of bank accounts as a point of departure to be involved in financial system and in participation in the commodity Exchange Ecosystem.

The Central Bank of Nigeria, National Pension Commission (PENCOM), Nigeria Deposit Insurance Cooperation (NDIC) were represented at the sensitization program and the representatives of these organizations gave goodwill messages and answered questions relating to their various organizations

The Gwagwalada edition of the program held on October 5,



Interactive sessions during Security and Exchange Commission's sensitizations.



Cross section of participants during the sensitization

2018 at Gwagwalada Area Council in Federal Capital Territory. The topic of the message was Capital Market as a Veritable Instrument of Financial Inclusion. Over **400 participants comprising Farmers' Cooperative Societies, Nomads, Fishermen, Market Women, Artisans, members of the National Union of Road Transport Workers (NURTW)** were at the event

Paper presentations were interpreted in Hausa Language. This was aimed at bringing the knowledge and information to the understanding of the invited audience.

Some of the stakeholders in financial inclusion such as the NDIC, PENCOM and National Insurance Commission (NAICOM) participated in the programme. They delivered goodwill messages and answered questions from the audience relating to financial inclusion, the benefits and the shortcomings as it related to their agencies ■

*Contributed by the Securities and Exchange Commission*





## Pension Sector

### National Pension Commission organizes targeted pension education and awareness for students, engages Ugandan Retirement Benefits Regulatory Authority

The National Pension Commission has hosted a delegation from the Uganda Retirement Benefits Regulatory Authority (URBRA) on a study tour.

The delegation was led by the Chairman of URBRA. The visit was aimed at benchmarking PenCom's model of the informal sector and the legal framework put in place to enable the informal sector workers save for retirement. The four-day visit covered presentations, interactive sessions and visits to relevant stakeholders including the Financial Inclusion Secretariat of the CBN. It also provided an opportunity for the Commission to learn from the Ugandan informal sector experience, which would assist in the implementation of the Micro Pension Plan. At the end of the visit, the delegates were brimming with ideas regarding reforming the entire Uganda pension system for greater effectiveness.

In another development, the National pension Commission has been collaborating with Tertiary Institutions in Nigeria to introduce Pension Administration Courses in order to educate students on pension management. In furtherance of this, a Memorandum of Understanding (MOU) was signed with Ahmadu Bello University (ABU), Zaria on the introduction of Pension Administration course in the school curriculum. Having trained the lecturers to equip them for the programme, the Pension Administration courses commenced in the 2018 academic session.

The Commission also signed an MOU with the University of Lagos

(Unilag) for the introduction of Pension Administration courses into the school curriculum. Training and implementation of the pension course is scheduled for 2019.

In pursuance of the efforts to increase pension literacy amongst youth, the PENCOM has also hosted students from the Department of Insurance, University of Jos. The visit was aimed at enlightening and sensitizing the students on the contributory Pension scheme (CPS) in Nigeria. The students, were introduced to the workings of the CPS, being a pension scheme that was built on regular monthly savings that are invested towards

payment of an employee's retirement benefits. Feedback from the students indicated that they were enthusiastic about the opportunities of the CPS and looked forward to the completion of their education and commencement of employment to start their pension savings■



Staff of the National Pension Commission with the team from the Uganda Retirement Benefits Regulatory Authority (URBRA)

*Contributed by the National Pension Commission*



## Photorama: 2018 Financial Inclusion Week Activities

The 2018 Financial Inclusion week in Nigeria Increased participation from the NYSC Financial Inclusion Volunteer Corps members (VCMs). They championed the activities of the 2018 Financial Inclusion Week.

The Financial Inclusion, a research and advocacy project at the Center for Financial Inclusion (CFI) at ACCION, is a week of global conversations about the most important steps for advancing financial inclusion. This year's FIW themed "Getting Inclusion Right" held from October, 29 to November, 2, 2018 . The Week aimed to build a momentum around how to address the most significant obstacles to financial inclusion through global conversations. Below are some pictures from the FIW activities championed by NYSC Financial Inclusion ■







## Consumer Protection

### Stakeholder Retreat on repositioning of Consumer Protection for Financial System Stability

As part of the activities to improve Financial Literacy in Nigerian, Central Bank of Nigeria (Consumer Protection Department) held a Retreat from 23<sup>rd</sup> to 24<sup>th</sup> November, 2018, at Sandralia Hotel, Jabi, Abuja. The theme of the Retreat was “**Repositioning Consumer Protection Department for Financial System Stability**”.

Present at the Retreat were representatives of the Nigerian Deposit Insurance Corporation (NDIC), the Nigerian Communications Commission (NCC), Nigerian Inter-Bank Settlement System Plc (NIBSS) Executive Compliance of Chief Compliance Officers of some banks and telecommunication operators, amongst others.

The Director, Consumer Protection Department, CBN, Mr. Kofo Salam- Alada in his welcome address, thanked the guests for honoring the invitation, highlighting the importance of financial services in the growth of the Nigerian economy. He further stressed the need for greater collaboration between financial and telecom service providers in the light of the launch of the Payments System Vision 2020 Strategy and the recent issuance of the Guidelines on Licensing and Regulation of Payment Service Banks .

The Deputy Governor Financial System stability (CBN), Mrs. Aishah Ahmad in her Keynote address emphasized that consumer protection was fundamental to achieving the 2020 financial inclusion targets as well as financial system stability.

She highlighted data privacy and cyber security as the major consumer risks in a digital environment and enjoined the stakeholders to take proactive steps to address them. The Retreat featured three sessions with the following sub - themes:

- I. Adoption of Digital Financial Services: New Frontiers of Consumer Risks, presented by the Ag. Managing Director, Nigerian Inter-Bank Settlement Systems Plc, Mr. Niyi Ajao,
- II. The Imperative for a Comprehensive Supervisory Framework for the Mitigation of Consumer Risks, presented by the Director, Banking



Mrs. Aishah Ahmad, Deputy Governor, Financial System Stability-CBN (Middle), flanked by Mr. Kofo Salam-Alada Director Consumer Protection Department—CBN and Mr. Abdullahi Ahmad , Director, Banking Supervision Department– CBN at the retreat.

Supervision Department, CBN, Mr. Ahmad Abdullahi.

- III. Review and Re-Alignment of Internal Business Processes for Effective Consumer Protection, presented by Mr. Joseph Angaye of Risk Management Department and Mr. Jimoh Maruf Kolawole of Strategy Management Department.

At the end of the Retreat, the recommendations were that:

- The CPD should be involved in the development of policies that have impact on consumers, including the on-going development of a regulatory sandbox.
- The CBN should make efforts to ensure that conduct regulation was included in the review/amendment of the BOFIA and CBN Act 2007.
- The CBN should strengthen collaborations with the Nigerian Communi-

cations Commission (NCC) to address cross-cutting consumer risks that undermine the objectives the two agencies.

- Financial Institutions should adopt consumer protection culture from an enterprise risk management perspective as it was in their overall best interest, since customer satisfaction enhances profitability.
- The CBN should engage critical stakeholders to ensure that the Financial Ombudsman Service Bill was passed into law as soon as possible.
- The CPD should improve its engagement with CBN Branches through periodic interactive forums with the Branch Controllers.
- The CBN should collaborate with critical stakeholders towards developing robust processes to address consumer risks associated with **Digital Financial Services (DFS)**■



Participants at the Consumer Protection retreat.





## Stakeholder Engagements

### Alliance for Financial Inclusion facilitates workshop on National Financial Inclusion Strategy Implementation in Burundi



Participants at the workshop in Burundi

The Banque de la Republique du Burundi (BRB), in partnership with Alliance for Financial Inclusion (AFI) has piloted the development of National Financial Inclusion Strategy of Burundi (NFIS) 2015-2020. To further advance the implementation of the NFIS, the duo organized a two-day workshop on NFIS with special focus on consumer protection and financial education/literacy on November 28-29 2018, in Bujumbura, Burundi,

The workshop had presentations from Nigeria, Tanzania and Zambia. Mr. Attah Joseph A.A who represented the Central Bank of Nigeria shared the Nigerian experience. The presentation provided the background to the launching of the Nigerian National Financial Inclusion Strategy, the targets, the identified barriers/remedies, key stakeholders in the implementation efforts/major strides, the governance arrangement for financial inclusion, implementation performance, highlights on the revised

National Financial Inclusion Strategy and focus areas in the remaining years to the terminal date of 2020 for Nigeria.

Zambia was represented by Mr. Moses Mosantu who shared his experience on Strategies and Mechanisms for efficient Consumer Protection. Speaking on Burundi experience, Head, Financial Inclusion Department of Bank de la Republique du Burundi (BRB), Mrs. Diane Bizimana, said the National Financial Inclusion was launched on October 6, 2014, and commenced implementation in January 2015. The Financial Inclusion Department was established in 2016 with only five staff which were not adequate. As at the time of the workshop, there were only three people left.

She implored AFI to build the capacity of the staff of the department in order to make the NFI strategy implemented to achieve the following:

- Monitor the state of FI in Burundi, collect data annually to give feedback every year on the findings.
- Initiate regulation on digital and agent banking.
- Monitor and update national policy and give update to AFI Secretariat in Malaysia.
- Build Capacity to improve on daily activities to meet the target.

The CBN representative gave assurance that if BRB was in need of advice on the implementation of the FIS, it would always be available. He implored the AFI Secretariat to provide support for BRB as the CBN had the support from Bill & Melinda Gate Foundation in its implementation activities■

### Sterling Bank launches Education Finance Scheme to improve access to Education

As part of its contribution to driving inclusion, Sterling Bank has designed a permanent way to appreciate its customers through quarterly reward systems for agents and customers. These rewards are tailored specifically to the needs and empowerment of both the agents and customers.

The rewards go a long way in enriching the lives of Customers and providing a platform to disseminate useful information. Customers are more open to follow instructions and take advice when they realize you care about their wellbeing and not just deposit drives.

In September 2018, Sterling



Sterling Bank customers receiving prizes from the Bank

Bank launched its Education Finance Scheme to assist parents/customers pay their **children's school fees while** they repay at their convenience over a period of time. This was accompanied by free school bags, water bottles and raincoats for each child. It is hoped that in the year 2019, Health Insurance and Trader Credit will be a means to reach more Customers for better inclusion.

Sterling Bank believes in meeting its customers at their point of need and also values customers by ensuring that they feel appreciated■



## Stakeholder Engagements

### Enhancing Financial Innovation and Access (EFInA) Holds Consultative Forum on Bancassurance Guidelines



Participants at the Stakeholders' Consultative Forum on Bancassurance Guidelines.

A Stakeholder Consultative Forum organized by the Enhancing Financial Innovation and Access (EFInA) in collaboration with the Central Bank of Nigeria held on the 30<sup>th</sup> November 2018 at Chelsea Hotel, Abuja. This was in response to the decision taken at the 16<sup>th</sup> meeting of the National Financial Inclusion Technical Committee (NFITC) on the need to convene a Forum to discuss the challenges of the Bancassurance Referral Model and other issues preventing uptake of insurance products and services.

The event was attended by representatives of the insurance and banking sectors. It deliberated on the opportunities in Bancassurance using the CBN *Revised guidelines on Bancassurance referral model*, and NAICOM *Bancassurance referral operational guidelines* it also identified the constraints of the model, and ways to address them. The forum made the following recommendations:

- Definition of Bancassurance products in the guidelines should be expanded to include Health Insurance.
- The clause in the guidelines limiting participations to maximum of 2 partners should be reviewed to reflect market realities
- The need to review the guidelines to accommodate bundling of insurance and bank products to reduce risk exposure for the banks, enhance operational stability, reduce the cost of marketing and ultimately acquire more client to deepen the sector.
- Basic marketing should be allowed to create awareness of insurance products that are available but with explicit clarity on who bears the risk.
- The clause on premium collection should be opened to allow insurance companies to leverage the huge customer base to drive the referral model and in turn, deepen the adoption and utilization of insurance in Nigeria.

- NAICOM should scale-down the level of agent training needs required to sell simple insurance products for cost-effectiveness.
- Commercial banks should be included in the list to gain more traction on micro-insurance penetration in excluded segments.
- NAICOM to relax requirements, such that micro insurance business can be subsumed as a department in the operations of an insurance company.
- Regulator should lead the development of a strategy to address skill gap and leverage the opportunities associated with building skill gaps for the cross-selling of financial services across the banking, insurance and pension sectors through stronger collaborations, support, seminars, workshops etc.
- The need to emphasize that the underwriting of insurance liability lies solely with the insurers and the critical component needed by the insurance company is to leverage the bank's infrastructure, experience, and customer base for mass distribution of insurance products.
- The need for operators to create a niche for themselves by studying the behavior and lifestyle of targeted beneficiaries to design responsive products that truly cater to their needs while NAICOM should focus more on product design and liberalize distribution.
- Central Bank of Nigeria to include insurance operators as part of the parties that can access Bank Verification Number for customer validation, considering that the pension industry is allowed to collect BVN information of pensioners.
- The Payment Service Bank Guidelines that was recently issued by the CBN provides a platform for telecommunication companies to obtain a higher level of licensing that will enable them provide financial services. The operators will now depend on this new licensing regime to address the issue of micropayment for insurance premium.

In conclusion, the stakeholders emphasized the need for both the operators and the regulators to work in synergy to address the regulatory bottlenecks identified in the implementation of the Micro-insurance and Bancassurance Referral Guidelines as per the recommendations ■



## Digital Financial Inclusion

### *CBN Bags Excellence in Governance and Policy Awards at Africa Fintech Summit, 2018*



Mrs. Akin-Fadeyi Temitope, Head Financial Inclusion Secretariat receiving the Award on behalf of the Bank

The Central Bank of Nigeria received an award of “Excellence in Governance and Policy” at the Africa Fintech Summit which held on the 8th & 9th of November, 2018 at the Civic Center in Lagos, Nigeria.

The Africa Fintech Summit (AFTS) organized by Dedalus Global, an investment and strategy advisory firm focusing on emerging markets and emerging technologies brings the issues, entrepreneurs, and opportunities for **revolutionizing finance in Africa to the world’s stage**. The bi-annual event occurs each April in Washington, D.C on the sides of the spring meetings of the World Bank and IMF, and each November in an African city.

More than 50 speakers and 500 finance professionals, Technology enthusiasts, investors, and regulators from Africa gathered in Lagos to discuss technologies transforming finance on the continent, debate regulatory policies, compare best practices, and forge new ventures.

In his opening remarks, the Chairman of the Summit, Leland Rice, said that it was an incredibly exciting moment for fintech in Nigeria as the 2018 headline capital raises has shown that local founders are well positioned

to scale up across Africa and beyond. He added that the recently released Guidelines on Payment Service Banks by the Central Bank of Nigeria underscore an evolving regulatory landscape; and the overall level of investor capital, political will, and collaboration around technology in general and reflect a growing awareness that Nigeria’s future will be built not on oil and industry but on digital enterprise.

Other awardees at the Summit include:

- \* **Innovation of the Year:** Binkabi commodity network
- \* **Excellence in Blockchain:** Seso Global
- \* **Excellence in Payments:** Flutterwave online payment technology solution
- \* **Excellence in Lending and Financing:** Renmoney
- \* **Excellence in AI:** Branch International
- \* **Most Innovative Bank:** Access Bank
- \* **Best Customer Engagement Tool:** United Bank for Africa (UBA)
- \* **AFTS Tech for Good Award:** Piggy-bank.ng
- \* **Best Infrastructure Innovation:** Rack Centre
- \* **Accelerator of the Year:** Venture Platform
- \* **Investor of the Year:** EchoVC Partners■

### *E- Payment Providers Association of Nigeria (EPPAN) holds 2018 Annual Conference*

The key outcome of the 9th annual Payment Systems and Fraud conference organized by E-Payment Providers Association of Nigeria (EPPAN) on the 6th of November 2018 in Lagos was a call made by stakeholders in the electronic payment service sector for increased collaboration between operators and regulators, consumer education and improved capacity development in order to curb incidences electronic payment fraud.

The Conference brings together industry stakeholders to discuss and brainstorm on current trends and market updates in support of combating fraud within the payment industry■



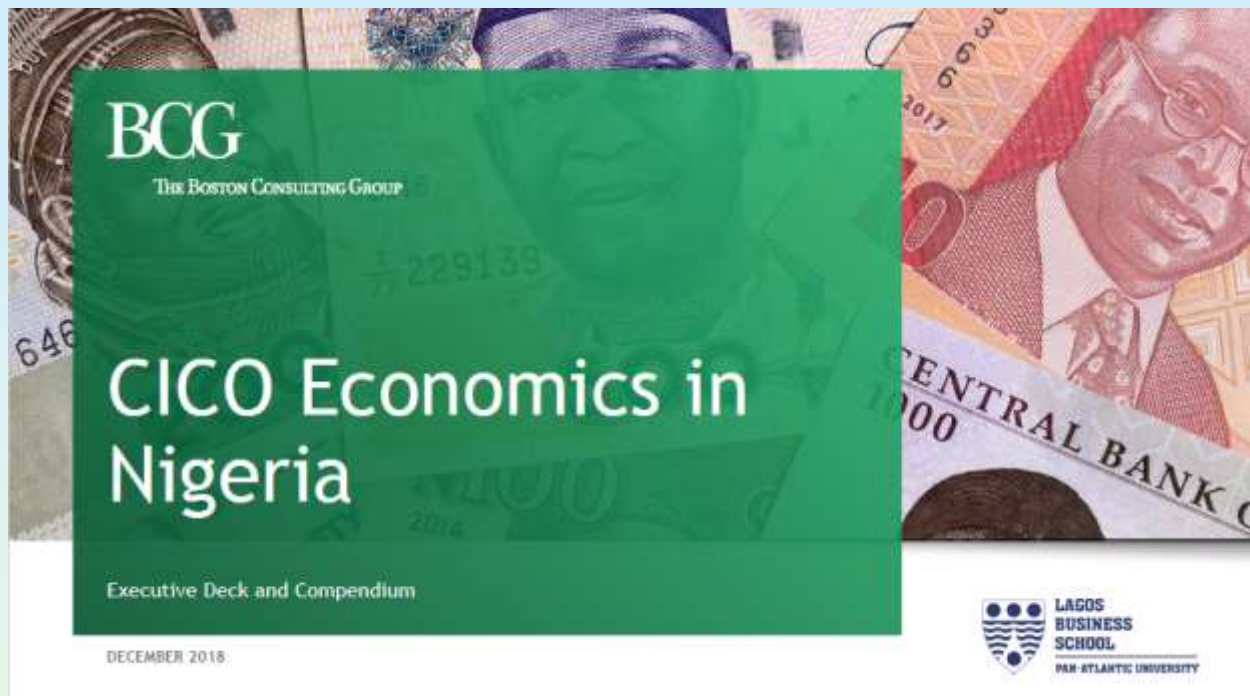
Source: <https://www.vanguardngr.com/2018/11/combating-e-payment-fraud-requires-collaboration-consumer-education-capacity-devt-stakeholders/>





## Digital Financial Inclusion

### CICO Economics in Nigeria—Lagos Business School



The Lagos Business School (LBS), in collaboration with the Boston Consulting Group (BCG) has published a research on agent Cash-in-Cash-Out (CICO) Economics in Nigeria.

The objective of the study was to provide the evidence regarding the economics of mobile money services, where CICO transactions make up about 85 per cent of **the agent's business**.

By understanding the key economic drivers for both providers and agents, the study identified major constraints, modelled their impact on viability reach and proffered recommendations on sustainable business models for agents and providers.

Key highlights of the study were as follows:

- \* CICO economics creates zones of viability:
  - \* Viable today for agents and providers are the Urban and Peri-urban geographies because of the higher Digital Financial Services (DFS) penetration.
  - \* **Potentially viable are the Rural "Oasis"** where there is low rate of DFS penetration latent demand, and/or proximity to bank branch.

- \* **Limits to CICO viability are the Rural "frontier"**, these are geographies with low population size and density and limitations to CICO economics and agent / provider viability (e.g. due to infrastructure, and/or requires new business models to reach).
- \* DFS is on average, a viable business. However, agent viability in challenged locations can be improved with interventions to address low revenue and high operating costs.
- \* The most significant cost driver in the agents operations is liquidity management (49%) due to poor financial infrastructure. Addressing high liquidity management cost by providing float runners for rural agents can improve agent viability.
- \* Improvement levers such as increased DFS penetration through customer education, marketing, technology reliability and increased bank account registration coupled with increased transaction frequency can extend viability at the rural frontier.

Further expansion would require interventions such as digitization of G2P, agent subsidies, and float runners. However, stakeholder engagements and more robust intervention assessment is required to answer open questions■



## Digital Financial Inclusion

### International Monetary Fund World Bank Group, unveils “The Bali Fintech Agenda”

The International Monetary Fund and the World Bank Group in recognition of the rapid pace of fintech and its uncertain impact, launched the Bali Fintech Agenda during their annual meeting that took place in Bali Indonesia from 8-10 October, 2018.

The Bali Fintech Agenda is a set of 12 policy elements aimed at helping member countries to harness the benefits and opportunities of rapid advances in financial technology that are transforming the provision of banking services, while at the same time managing the inherent risks.

The Agenda proposes a framework of high-level issues that countries should consider in their own domestic policy discussions and aims to guide staff from the two institutions in their own work and dialogue with national authorities.

The 12 policy elements calls upon member countries to :

1. Embrace the promise of fintech.
2. Enable new technologies to enhance financial service provision.
3. Reinforce competition and commitment to open, free, and contestable markets.
4. Foster fintech to promote financial inclusion and devel-

op financial markets.

5. Monitor developments closely to deepen understanding of evolving financial systems.
6. Adapt regulatory framework and supervisory practices for orderly development and stability of the financial system.
7. Safeguard the integrity of financial systems.
8. Modernize the legal frameworks to provide an enabling legal landscape.
9. Ensure the stability of domestic monetary and financial systems.
10. Develop robust financial and data infrastructure to sustain fintech benefits.
11. Encourage international cooperation and information sharing.
12. Enhance collective surveillance of the international monetary and financial system.

The IMF and World Bank strongly promote the need for international cooperation and information sharing on **Fintech to address uncertainties in the fintech space** ■





## Nigerian Financial Inclusion News

### Airtel Nigeria to set up a Payment Service Bank

The Managing Director, Airtel Nigeria, Mr Segun Ogunsanya has disclosed the **organisation’s plan to acquire a Payment Service Bank License from the Central Bank of Nigeria.**

According to him, Airtel has a vision of operating the largest and most secured PSB in Nigeria, in order to promote financial inclusion as well as enhance access to financial services to the rural poor, low income earners and financially excluded segment of the society.

He commended the CBN for this initiative and its commitment to using technology to accelerate financial inclusion.

He added that with a subscriber base of over 40 million customers and retail foot-prints across the country, Airtel Nigeria has the vantage position to empower and connect more Nigerians as well as deliver mobile banking to the doorsteps of the **financially excluded**■



Source: <https://www.thecable.ng/airtel-discloses-plan-to-set-up-service-bank-in-nigeria>



### Standard Chartered deepens investments in digital solutions

In it’s effort to **strengthen its digital banking platforms** , Standard Chartered Bank have increased its investments in digital solutions to provide clients with multiple and convenient alternate banking channels.

The Head of Retail Banking, Standard Chartered Bank Nigeria Limited, Ebehijie Momoh, noted that the bank seeks to provide convenient and accessible banking for its clients everywhere and at anytime without time restrictions, physical limitations and dependence on branches.

In addition, the digital solutions are in line with the financial inclusion and cash-less policy strategy of the Central Bank of Nigeria (CBN)■

Source: <https://guardian.ng/business-services/standard-chartered-deepens-investments-in-digital-solutions/>

### FCMB signs MOU with WSBI to deepen financial inclusion in Nigeria

First City Monument Bank (FCMB) has signed a Memorandum of Understanding with World Savings Bank s Institute (WSBI) to boost financial inclusion in Nigeria.

The memorandum outlines a framework to deepen agency banking, financial inclusion and savings culture in the informal and agribusiness sectors under the technical oversight of the WSBI.

The project involves FCMB rolling out an integrated savings account – named ‘**Kampe Account**’ – to provide financial services under phase one of its plan to serve 150,000 unbanked and under-banked farmers across five states (Kaduna, Kano, Nasarawa, Ogun and Oyo) **through agricultural agents operating under the bank’s agency banking network.** The plan is to reach 2 million farmers across the entire nation by year 2023■



Source: <https://www.premiumtimesng.com/business/business-news/296030-fcmb-partners-wsbi-to-boost-financial-inclusion-in-nigeria.html>





## International Financial Inclusion News

### Gates Foundation Supports Expansion of an Open Mobile Banking Platform in Africa

The Bill and Melinda Gates Foundation in its effort to promote the development of pro-poor digital payment systems in Africa, has sponsored two of Africa's largest mobile Operators and Mobile providers, Orange Group and MTN Group to expand open mobile banking platform in Africa.

The two companies embarked on a joint venture tagged Mowali (mobile wallet interoperability) to enable interoperable payments across the continent.

According to Kosta Peric, Deputy Director of financial services for the poor at the Gates Foundation, "Interoperability of digital payments has been the toughest hurdle for the financial services industry in Africa to overcome in support of financial inclusion.

Mowali is a digital payment infrastructure that connects financial service providers and customers making it possible to send money between mobile money accounts issued by any mobile money provider including banks, money transfer operators and other financial service providers in real time and at low cost■



Source: <https://www.forbes.com/sites/tomgroenfeldt/2018/12/04/gates-foundation-supports-expansion-of-an-open-mobile-banking-platform-in-africa/#2f55262c2542>



### UN to improve Digital Financial Inclusion in Africa with FITA

The Universal Postal Union (UPU), an agency of the United Nations has officially rolled out a digital financial service project targeted to reach around 800,000 people across Africa, Asia, and the Pacific under its Financial Inclusion Technical Assistance Facility (FITAF) in 2019.

The project, borne out of the need to reduce the number of unbanked in highly excluded countries in Africa. Asia and the Pacific would help to build capacity to offer the digital financial services that can reach anyone, anywhere, anytime, giving citizens a safe place to keep their money and enabling small businesses to access the financing they need to grow and contribute to the economy.

Bishar A. Hussein, UPU Director General, while speaking at a panel session during UNCTAD's Africa eCommerce Week in Nairobi, said the UPU was "acting concretely to develop digital finance through the Post on the ground, to the benefit of the underserved population and businesses.

He added that in Africa, the project will first launch in Benin, Côte d'Ivoire, Ghana, Rwanda, while also focusing on the digitalization of postal financial services.

The UPU helps its member countries to introduce or develop inclusive and sustainable financial services■

Source: <https://allafrica.com/stories/201812200113.html>

### FINCA International and USAID PACE launch FINCA Forward, a fintech innovation platform

FINCA International, in partnership with USAID's Partnering to Accelerate Entrepreneurship (PACE) Initiative, announced the launch of FINCA Forward, an innovation platform facilitating collaboration between early-stage financial technology (fintech) enterprises and microfinance institutions supporting the world's poor. Through FINCA Forward, FINCA International embraces the vital role of small and growing fintech businesses in driving economic growth, creating jobs and advancing market-based solutions to address global challenges in financial inclusion■

Source: <https://www.prnewswire.com/news-releases/finca-international-and-usaid-pace-launch-finca-forward-a-fintech-innovation-platform-300724124.html>

**FINANCIAL INCLUSION CAPACITY BUILDING****International Monetary Fund conducts capacity building on financial development and financial inclusion at its Africa Training Institute**

The Africa Training Institute (ATI) of the International Monetary Fund (IMF) in line with its vision to develop countries' policymaking capacity through the transfer of economic skills conducted a two week training on Financial Development and Financial Inclusion. The course which held at the institute in Mauritius pooled together participants from regulatory agencies of twelve African countries. It was delivered through lecture modules, workshops and case study group discussions. .

Financial Inclusion was explained in diverse ways bordering on access, usage and quality. Some basic financial inclusion indicators based on the Group of Twenty (G20) principles included: formally banked adults, adults with credit at regulated institutions, adults with insurance, cashless transactions, mobile transactional use, high frequency of account use, saving propensity amongst others. On the other hand, indicators for measuring Financial Development included: banking depth (level of monetization and money in circulation, net domestic assets and credit) and the size and capitalization of the capital market (the volatility, liquidity and integration with the International market).

The key learnings from the course which could be inculcated in the implementation of Financial Inclusion in Nigeria include:

1. The need to drive financial education and financial capability in Nigeria through investment in media, particularly radio and films as obtained in South Africa where a daily soap opera promoted financial education titled 'scandal'.
2. The need to immediately conduct randomized control experiments to test the effectiveness of intervention initiatives designed to



Cross section of Participants at the course

promote financial inclusion as done in Botswana.

3. The possibility of promoting regional government-owned banks in six geo-political zones to address peculiar needs of the respective regions as in the case of Pradhan Mantri Jan Dhan Yojana (PMJDY) driven by state banks in India.
4. **The need for a "high-level" pronouncement related to financial inclusion initiatives/interventions by a high ranking Government official (for example the President/Vice President). This will provide a strong ground for states to adopt and swiftly embrace the national agenda on financial inclusion. The pronouncement on account openings by the Prime Minister of India had a huge impact on the country.**

Overall, participants were advised to look beyond the level of financial development of a country by comparing how well an economy was performing compared to its partners (neighboring countries and countries with similar economies). This process was referred to as benchmarking. In addition, it was surmised that financial development does not necessarily guarantee financial inclusion even though financial inclusion could help financial development. ■



Ms. Ezezi Esiekpe, Financial Inclusion Secretariat—CBN receiving her certificate on completion of the course



*The Financial inclusion Secretariat is the coordinating body for the implementation of the National Financial Inclusion Strategy in Nigeria.*

*The Secretariat is a liaison for all stakeholders in the Financial Inclusion space and is responsible for engaging, coordinating and evaluating initiatives geared towards the achievement of the Strategy targets.*

*This newsletter is a quarterly publication by the Financial Inclusion Secretariat and features industry news on financial inclusion as well as periodic updates on the progress of the implementation of the Strategy ■*

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