



Opening Remarks

By

Governor Godwin I. Emefiele

During the Inauguration of the Payments System Strategy Board

Victoria Island, Lagos—30th January 2015

Good morning Ladies and Gentlemen, and thank you for your kind introduction. On behalf of the Management and Board of the Central Bank of Nigeria, let me appreciate the presence of the Honourable Minister, Ministry of Communication Technology, the Accountant General of the Federation, the Deputy Governors, Central Bank of Nigeria, the Chairman, Federal Inland Revenue Service, the Executive Vice Chairman, Nigerian Communication Commission, the Director-Generals here present, the Permanent Secretary, Ministry of Justice, Chairmen of the Payment Scheme Boards, Members of the Payments Initiatives Coordinating Committee (PICC), Ladies and Gentlemen of the Press, Ladies and Gentlemen.

It is my pleasure to personally welcome you all to this important occasion. As you know, this year marks the 8th year of the journey that started in 2007, a journey that is meant to revolutionize the national payments system in Nigeria. Today, we are all here to witness another milestone in realizing our vision of “facilitating economic activities, by providing safe and efficient mechanisms for making and receiving payments with minimum risks to the central bank, payment service providers and end users, extending the availability and usage to all sectors and geographies, banked and unbanked, and conforming to internationally accepted regulatory, technical and operational standards”.

As we may all know, Nigeria is gradually realizing her dream of becoming one of the 20 largest economies in the World by the year 2020. We are now ranked as the 26th largest economy in the world, with our activities getting much more intertwined with occurrences in the global economy. In order to participate actively in the global economy, therefore, our payments system must be successfully benchmarked against the global best practices, as in most developed nations of the world. In this regard, I am delighted to note that we have made significant achievements in this journey.

In March 2007, the Central Bank of Nigeria (CBN) launched the Payments System Vision 2020 (PSV2020) programme with the aim of transforming the

Nigerian Payments System. This vision originally identified the seven priorities/ and key initiatives that will drive the usage of electronic payments, including:

1. Government Supplier Payments
2. Person-to-Person Payments (P2P)
3. Salary Payments
4. Bills Payments
5. Taxes - for Business
6. Taxes - for Individual
7. Securities Settlement and Income Processing

These initiatives were intended to benchmark the existing core payments infrastructures in Nigeria against international best practices. Through the implementation of these initiatives by the CBN, in association with the banking community, Nigeria has witnessed an impressive growth of electronic payments and a shift from the overwhelming dominance of cash as a means of payment. Let me use this medium to highlight a few of the achievements we have made so far in this regard:

- Implementation of Nigerian Uniform Bank Account Number (NUBAN);

- The deployment of a new RTGS that is built on the Society for Worldwide Interbank Financial Telecommunication (SWIFT) messaging standards;
- Introduction of the Cash-Less Policy;
- The deployment of the Scriptless Securities Settlement System (SSSS);
- Adoption of Mobile money as a major channel for delivering financial inclusion; and
- Active support for the implementation of the Federal Government Treasury Single Account (TSA).

Ladies and gentlemen, while we applaud this progress in our payments system, I must confess that there is work to be done. In fact, a detailed assessment of the Nigerian Payments infrastructure has identified eight new industry verticals aimed at advancing the adoption of the electronic payments in Nigeria. These verticals and their objectives are as follows:

- i. **Agriculture** - to develop electronic payment methods to support the agriculture value chain (inputs through to tertiary production and supply);
- ii. **Smart Cities**- to develop a cashless model for Smart Cities. The focus will be on both existing cities and “greenfield cities”, to ensure that less cash is used as a means of payment;

- iii. **Government Flows**– to ensure adoption of end-to-end electronic channels for all forms of salaries, pensions, suppliers, individual & business taxes payment and collection of revenues by private and public sector organizations;
- iv. **Hotels and Entertainment**—to work with key pilot hotels and other key entertainment venues such as restaurants, cinemas, sports centres to promote the ‘cashless initiative’;
- v. **Transport**—to develop strategies for getting the public to pay for transportation electronically. A pilot implementation would be organized with various transportation companies. I am aware that a lot of traction has been gained on this initiative, on air transportation, but a lot still remains to be done on such other means as land, water and rail;
- vi. **Education**—to design and develop an electronic fund transfer system, which utilizes multiple channels in processing electronic payments that supports the educational ecosystem with components such as grants, scholarships, consultancy services, Internally Generated Revenue (IGR), tuition and administrative fees;

- vii. **Health** - to provide solutions that supports the provision of personal and medical information and payments for health and medical services;
- viii. **Bill Payment and Direct Debits**- to drive the current initiative for Bill Payments to conclusion, by building on the significant improvements to the Direct Debit programs, by increasing usage of Bill Payments programs across suitable industry segments such as insurance, pensions, telecommunications, Cable TV and utilities.

In order to facilitate the achievement of these objectives, we have set up Working Groups for each of these initiatives. In addition, the existing four Special Interest Working Groups and one Initiative Working Group will continue to pursue the objectives earlier set for them, more so with the injection of new members into the groups. These groups and their functions are:

- I. **West African Monetary Zone (WAMZ) Special Interest Working Group**—To ensure consistency between domestic and WAMZ payment initiatives;
- II. **Legal Special Interest Working Group**—To promote the appropriate legal framework for payment systems;

- III. **Information Security and Risk Management Special Interest Working Group**—To develop and implement Information Security & Risk Management Framework for the payments system;
- IV. **Public Awareness Special Interest Working Group**—To act as a respected spokesperson for the payments industry, on behalf of the CBN and industry participants; and
- V. **Securities Settlement Working Group**—To create ‘best-practice’ solution for securities market-side and investor-side clearing and settlement.

Ladies and Gentlemen, you will agree with me that having put in place all the aforementioned Initiatives Working Groups and the Governance Scheme Boards, best practice recommends that there should be a senior and superior body that oversees all payment systems activities, and provides strategic direction for the National Payments System. It is in this respect that the **Payment Systems Strategy Board (PSSB)** is being put in place today. This body will replace the National Payment Systems Council (NPSC), and will be the pinnacle organization for the governance, management and operation of the Nigerian Payment Systems.

The terms of reference for this Board are as follows:

- To provide strategic direction and drive the overall National Payments System Strategy;
- To provide cross-scheme priorities and resource allocation; and
- To arbitrate in cross-scheme decisions

The Board, which shall be chaired by the Governor of the Central Bank of Nigeria, would have the following members:

- The Honourable Minister of the Ministry of Communication Technology
- The Accountant General of the Federation;
- The four Deputy Governors of the Central Bank of Nigeria;
- The Chairmen of the four Payment Scheme Board;
- Independent Directors from the end-user community represented by the Director Generals, NACCIMA and Consumers Protection Council;
- The Director Generals of the Securities and Exchange Commission (SEC) and the National Identity Management Commission (NIMC)
- The Chairmen of 2 subcommittees of the Banker's Committee (Payments Infrastructures and Financial Literacy subcommittees);

- The Executive Chairmen of the Nigerian Communication Commission and Federal Inland Revenue Service; and
- The Permanent Secretary of the Ministry of Justice.

It is pertinent to note that the selection and appointment into the various boards and initiative working groups was done after extensive deliberations and consideration of the importance and roles of the individuals or the organizations they represent.

Ladies and Gentlemen, at this juncture, it is my pleasure and honour to formally inaugurate the Payment System Strategy Board, the Governance Scheme Boards, the Initiatives Working Groups and the Special Interest Working Groups of the Nigerian Payments System. I wish all of you fruitful and result oriented deliberations at your various meetings. I thank you for your attention.

Godwin I. Emefiele, CON
Governor, Central Bank of Nigeria