



CENTRAL BANK OF NIGERIA

FINANCIAL INCLUSION NEWSLETTER

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Digital Finance takes centre stage at Financial Inclusion Summit in Nigeria

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L-R: Professor Njuguna Ndung'u, Former Governor, Central Bank of Kenya, Mrs. Elly Ohene-Adu, Head of Banking Department, Bank of Ghana and Mr. Godwin Emeziele, Governor, Central Bank of Nigeria at the Business Day Financial Inclusion Summit in December, 2016

Source: <http://www.thisdaylive.com/index.php/2016/12/09/emefiele-digital-financial-services-can-create-three-million-jobs-by-2025/>

On December 8th, 2016, Business Day Newspaper in conjunction with the Bill & Melinda Gates Foundation and McKinsey Global Institute held the flagship Financial Inclusion Summit themed: *“Realizing the potential of Digital Financial Services in Nigeria (DFS)”*. The event was held at the EKO Hotels & Suites, Lagos.

Speaking in a Keynote Address at the event, Mr. Godwin Emeziele, Governor, Central Bank of Nigeria disclosed that DFS has the potential to add about 46 million Nigerians into the formal financial system by 2025. He pointed out that agencies of government stood to gain immensely by digitizing cash payments

which would in turn, reduce leakages and enhance transparency in financial transactions.

He further stated that the National Financial Inclusion Strategy had identified long distance to financial services as a key barrier to financial inclusion. According to him, DFS transcend physical barriers through the use of ubiquitous electronic channels to particularly reach underserved, rural areas.

The Governor also acknowledged the enhanced collaboration with the Telco sector towards deepening uptake of DFS in Nigeria, while charging industry players to scale up innovations that leverage the mobile platform for financial inclusion of excluded population in the country.

The summit featured the launch of a study conducted by the McKinsey Global Institute titled *“Digital Finance for All: Powering Inclusive Growth in Emerging Economies”*.

The report quantified the economic impact of DFS in selected countries, including Nigeria which are considered as emerging markets.

One key insight from the report was the fact that the use of digital finance could boost annual GDP of all emerging economies by \$3.7 trillion by 2025.

Lower-income countries such as Ethiopia, India, and Nigeria have the largest potentials, with the opportunity to add 10 to 12% to their country's GDP.

See pg. 11 for more on the McKinsey report.

Nigeria:

Impact of Digital Financial Services By 2025

New Jobs:
3million

GDP Boost:
12.4%

Formal Financial System:
46million adults

Public Sector Savings:
\$2 billion

Credit to SMEs:
4.6million



National Financial Inclusion Governing Committee meets to drive Strategy Implementation

8th National Financial Inclusion Technical Committee Meeting



L-R: *Committee Chairman*
Dr. O. J. Nnanna

The 8th meeting of the National Financial Inclusion Technical Committee took place on Thursday, November 24th, 2016. The Committee was set up to provide technical support on the implementation of the National Financial Inclusion Strategy and serve as the advisory body to the National Financial Inclusion Steering Committee. The 8th meeting was chaired by the Deputy Governor, Financial System Stability (FSS), Central Bank of Nigeria (CBN), Dr. Okwu Joseph Nnanna.

The meeting, which was the last for 2016 featured a presentation by Mrs. Umma Dutse, Director, Consumer Protection Department, Central Bank of Nigeria on the approved Consumer *Protection* Framework. The Framework was developed to enhance consumer confidence in the financial services industry and to promote financial stability, growth and innovation.

Other presentations included implementa-

tion updates from the Securities & Exchange Commission (SEC) by Mr. John Achille and the NYSC Peer Educator Financial Inclusion Programme by Mr. Samuel Oduyebo, Deputy Director, Federal Ministry of Youth and Sports.

The Secretary to the Committee and Head Financial Inclusion Secretariat, Mrs. Temitope Akin-Fadeyi provided update on key strategic engagements towards the implementation of the National Financial Inclusion Strategy for the last quarter of 2016. The following were the major highlights:

- **Change in Leadership of the Technical Working Groups:** In line with the Terms of Reference, new EXCO members were elected to lead three of the four working groups for the next two years (2017/18). Executives were nominated by institutional members and elected through an electronic ballot system.
- **National Council on Information Engagement:** The Secretariat presented a Memorandum to the National Council on Information requesting for collaboration towards disseminating Financial inclusion information through National media platforms. The Council approved the request and directed the Secretariat to work out the implementation modalities with the Federal Ministry of Information & Culture.
- **Borno State Follow up Visit:** The Secre-

tariat visited Borno state to follow up on implementation of the National Financial Inclusion Strategy which had kicked off in 2013 but was stalled due to insurgency in the State.

- **Data Management activities:**
 - ◇ **Financial inclusion target-setting:** The Secretariat made a presentation at the Committee of Microfinance Banks meetings and during the National Consultative Workshop for Rural Finance Outreach Coordinating Committee (ROCC) in November, 2016 on the need to set financial inclusion targets for microfinance banks and institutions, as well as on modalities to define financial inclusion targets.
 - ◇ **Financial Inclusion Database:** The Secretariat had initial discussions with the Information Technology Department of CBN on automating data collection processes and publishing data in a financial inclusion database. This was to enhance the current manual annual returns from regulatory agencies to the Secretariat during the bi-annual assessment. It was also to create an online information repository on Nigeria's progress on the National Financial Inclusion Strategy.

The Technical Committee approved the onboarding of the under listed stakeholder institutions as members of the Financial Inclusion Working Groups.

S/N	Stakeholders	Stakeholder Type	Area of collaboration
1	National Social Insurance Trust Fund (NSITF)	Public Organization	Access to Insurance
2	National Health Insurance Scheme (NHIS)	Public Organization	Access to Insurance
3	Nigerian Inter-Bank Settlement System (NIBSS)	Public Organization	Digital Financial Services
4	Interswitch Financial Inclusion Services (IFIS)	Super Agent	Digital Financial Services
5	Innovectives LLC	Super Agent	Digital Financial Services
6	Committee of e-Banking Industry Heads (CeBIH)	Industry Association	Digital Financial Services
7	Cooperative Financing Agency of Nigeria (CFAN)	Industry Association	Access to credit
8	Small & Medium Enterprise Development Agency of Nigeria (SMEDAN)	Public Organization	Access to credit



8th Financial Inclusion Working Group Meetings



Mrs. Hawvan Gambo; Chairperson FIPWG speaking during the 8th Working Group meeting



Mr. James Iyari (Branch Controller, CBN, Lagos) and Mrs. Temitope Akin-Fadeyi (Head, Financial Inclusion Secretariat) presenting an award to the outgoing FISIWG Chairperson, Dr. Aisha Mah'mood

The Financial Inclusion Working Groups held their 8th meeting at the Central Bank of Nigeria building, Lagos on Wednesday, November 23rd 2016. The major highlights of the meetings included an update on strategic engagements to promote financial inclusion in Nigeria and initiatives by various institutions on assigned roles and responsibilities. The meeting also featured elections of the Leadership of three of the four working groups for the next two years (2017/18) as follows;

1. Financial Inclusion Products Working Group (FIPWG) **Nigeria Deposit Insurance Corporation (NDIC)**
2. Financial Inclusion Channels Working Group (FICWG): **Fund Managers Association of Nigeria (FMAN)**
3. Financial Inclusion Special Interventions Working Group (FISIWG): **Enhancing Financial Innovation and Access (EFInA)**

Other highlights from the meetings included:

Financial Inclusion Products Working Group (FIPWG)

1. **Implementation of Bancassurance Framework** : Ongoing collaborations between NAICOM and CBN to ensure successful finalization of the framework.
2. **Draft Micro pension guideline**: Draft guidelines awaiting the approval of National Pension Commission Board.
3. **Harmonization of Data Capturing for National ID**: A presentation to be made to the Financial Services Regulation Coordinating Committee (FSRCC) to advocate for financial support from all financial institutions.
4. **National Collateral Registry**: 64 Banks had registered while 28 financial statements had been submitted, valued at N93 million.

Financial Inclusion Channels Working Group (FICWG)

1. **Implement the Shared Agent Network**: Agent database completed and deployed with over 14,000 unique agents uploaded by 14 out of 22 operators as at November 2016.
2. **Distribution channels for the Capital Market**: A proposal on the structure of distribution fees had been submitted to the Securities and Exchange Commission (SEC). SEC was expected to consider and approve the proposal in the first quarter of 2017.
3. **Internet connectivity in 774 LGAs**: Network Providers had been appointed to provide fibre-optic technology in under- and un-served areas of Lagos and the North Central geopolitical zone.
4. **Agent Banking Study** : Major Contracts Tender Committee (MCTC) of CBN was yet to award contract for the study.

Financial Literacy Working Group (FLWG)

1. **Financial Education Curriculum Development**: Planning and writing workshop for the Infusion of the standalone curriculum into Carrier-compulsory subjects in the Basic and Senior Secondary schools have successfully been conducted. The primary input into the workshop was the approved standalone curriculum for financial education
2. **2016 World Savings day**: The Central Bank of Nigeria visited 14 rural secondary schools in the 6 Geo-Political zones and impacted over 1000 school children. Several financial institutions and financial literacy professionals participated in engaging students across the country.
3. **Financial Literacy Stakeholders Workshop**: Ongoing preparations to hold workshop in first Quarter of 2017

Financial Inclusion Special Interventions Working Group (FISIWG)

1. **Government Enterprise and Empowerment Programme (GEEP)**: N1.6 Billion received for the project. Strategy development for implementation (disbursement to women groups) ongoing.
2. **Scaling up of Disbursement of Micro, Small and Medium Enterprises Development Fund (MSMEDF) to People With Disabilities (PWD)**. Modalities were ongoing to identify eligible beneficiaries for the approved pilot. Linkages with financial institutions and Pre-disbursement training planned for 1st quarter 2017.
3. **Youth Empowerment Scheme (YES)** : The Bank of Industry was collaborating with the National Youth Service Corps to extend access to finance to youths.



SPOTLIGHT: The Consumer Protection Framework

Overview of the Framework

In order to enhance the achievement of the targets set in the National Financial Inclusion Strategy, several policies were identified as enablers. Some of these include; the development of a Consumer Protection Framework, Agent Banking Guidelines, Tiered Know Your Customer Requirements, National Financial Literacy Framework, Mobile Payment Systems and Credit Enhancement Schemes.

In view of the need to focus on the consumer agenda and ensure that consumers of financial services are protected and treated fairly, the Central Bank of Nigeria has released a strong overarching regulatory/supervisory Consumer Protection Framework. The Framework which was developed by the Consumer Protection Department of the Central Bank of Nigeria (CBN) has the following objectives;

- ◆ Protect consumers from fraud and sharp practices;
- ◆ Enhance faster complaints handling and dispute resolution;
- ◆ Enhance consumer risk management framework among financial services operators;
- ◆ Empower consumers of financial services to make better decisions through education; and
- ◆ Outline the rights and responsibilities of consumers of financial services.

A draft copy of the Framework was developed in 2015 and presented to the Management of the CBN for approval to expose it to relevant stakeholders for comments. Following the incorporation of the inputs from the public, the framework was re-presented to the Management of the CBN in 2016. The Framework was approved for dissemination to the public in the last quarter of 2016. A stakeholder's conference is scheduled to hold in the second quarter of 2017 to formally launch the document to the Nigerian Public.

Principles of the Consumer Protection Framework

The Framework is guided by 9 (nine) principles as follows:

1. **Legal, Regulatory & Supervisory Structures:** There shall be effective legal, regulatory and supervisory structures to protect consumers of banking and other financial services regulated by the Bank.
2. **Responsible Business Conduct:** As a matter of principle, financial operators shall be required to observe the highest ethical standards and professionalism in their transactions with consumers.
3. **Disclosure & Transparency:** Financial operators shall provide accurate information on financial products and services to consumers at all times to enable them make informed decisions.
4. **Consumer Financial Education:** The CBN and other relevant stakeholders shall work towards enhancing the quality of consumers' financial knowledge through the roll-out of a robust financial education or enlightenment program.
5. **Fair Treatment:** The concept of fairness in the provision of financial services suggests that consumers shall be treated equitably without bias at all stages of their relationship with financial operators.
6. **Protection of Consumer Assets, Data & Privacy:** Appropriate measures shall be established to guarantee protection.
7. **Complaints Handling & Redress:** Adequate measures should be established to address complaints when they arise.
8. **Competition:** Competitive markets should be promoted in order to offer consumers diverse range of financial products and services, encourage innovation, excellent service delivery and ultimately ensure that consumers benefit.
9. **Enforcement:** Effective enforcement of regulations, with the adoption of sanctions, where applicable.

Implementation of the Framework which will commence in 2017 is planned to span five years. By 2021, all Consumer Protection Principles are expected to have been implemented.



STAKEHOLDER ACTIVITIES



Director, Development Finance
Department—CBN

Dr. M. A. Olaitan

The Central Bank of Nigeria (CBN) in partnership with The Rural Finance Institution Building Programme (RUFIN) organized a 3-day National Consultative Summit from 11th to 13th November, 2016 for Rural Finance Outreach Coordinating Committee (ROCC) members and other stakeholders in the 12 RUFIN pilot States.

The objective of the Summit was to re-examine the ROCC and come out with a blue print for its effective implementation at

Rural Finance Outreach Coordinating Committee (ROCC) holds National Consultative Workshop

state levels and deepen financial inclusion in rural areas.

The Summit was attended by 254 participants drawn from relevant stakeholders including: CBN, IFAD Nigeria Country Office, FGN/IFAD/RUFIN National Programme Coordination Units, IFAD/FGN Supervision Mission Team members, Small Medium Enterprises Development Agency of Nigeria (SMEDAN), Nigeria Incentive-based Risk Sharing System for Agricultural Lending (NIRSAL), Federal Department of Cooperatives, Bank of Agriculture (BOA), National Association of Microfinance Banks (NAMB), amongst others.

The workshop commenced with a welcome address by the Director of Development Finance Department, CBN, Dr M. A. Olaitan who was represented by Mr. E.C.

Nzelu, (Head, Microfinance Management Office).

The technical session was designed to provoke the re-examination and discussion of the following key issues:

- Rural Finance Outreach Coordinating Committee (ROCC): Vision, Strategy and Expanded Terms of Reference.
- ROCC Reporting Templates.
- Criteria for determining Best Performing ROCC State.
- Discussion with the IFAD Supervision Mission Team on sustaining the gains of RUFIN through ROCC.
- Update On RUFIN/NIRSAL Guarantee Scheme.
- Presentation on Rural Outreach Unit (ROU).
- Overview Of Rural Business Plan (RBP).
- Update of Assessment/Oversight Activities on Im-

plementation of Rural Business Plan.

- Presentation of Criteria For Best Rural Business Plan Implementer.
- Presentation on Work plan and budget for ROCC.
- The state of financial inclusion in Nigeria: Role of ROCC members

The presentation on Financial Inclusion was delivered by Mr. Johannes Prochazka (Data Analyst, Financial Inclusion secretariat).

Mr. Prochazka provided an overview of the state of financial inclusion in Nigeria, highlighting key achievements and trends, major barriers and the role of microfinance banks in driving Financial Inclusion.

He also challenged participants to play their part in driving financial inclusion, and stated that MFBs/MFIs dispersion still needs to be improved, particularly in the Northern regions where high exclusion rates are recorded.

Nigerian Inter Bank Settlement System (NIBSS) unveils mCash payment solution in collaboration with Etisalat and others.

The Nigerian Inter-Bank Settlement System (NIBSS) has, in November, 2016 unveiled a new payment platform that improves the Nigerian Payment System in collaboration with several Deposit Money Banks and Mobile Network Operators.

The initiative will support the achievement of the targets set in the National Financial Inclusion Strategy, particularly the 70% payment target for adult Nigerians by the year 2020.

The Managing Director of NIBSS, Mr. Adebisi Shonubi stated, at the session, that the payment solution would facilitate low-value retail payments, provide accessible electronic channels to a wider range of users, by extending electronic payment services to Payers and Merchants at the bottom of the pyramid .

Other speakers at the event included the Director, Digital Business, Etisalat Nigeria, Ms. Adia

Sowho, who lauded the initiative as a product of 'new thinking in the right direction' that will benefit all stakeholders and further propel the drive for financial inclusion.

Mr. Joe Obogo who represented the Director, Banking and Payment System Department, CBN assured stakeholders that the apex regulator would not relent in its efforts to achieve full financial inclusion, but rather keep looking out for more innovative ways to do things better .

mCash leverages the USSD technology which in recent times has become the most accessible channel for pro-

cessing financial and non-financial transactions in Nigeria.



Middle: MD/CEO of NIBSS

-Mr. Adebisi Shonubi flanked by industry leaders at the launch



WOMEN EMPOWERMENT

Emir of Kano calls for assistance to boost women entrepreneurship



H. H. Muhammadu Sanusi II
Emir of Kano

The Emir of Kano, His Royal Highness, Muhammadu II has called for support for women who are restricted from access to finance due to several factors including legal regulations, customary rules and lack of collateral such as land or livestock.

In a paper titled; “Increasing Women’s Access to Finance: Challenges and Opportunities, the Emir pointed out that cultural norms and family responsibilities had profound effects on the type of economic activities that women could engage in, the technologies available to them, the people and agencies with whom they could interact with, the places they could visit, the time they had available and the control they could exert over their own resources.

He called for the need to reduce gender-based barriers in the business environment, creation of opportunities in institutions and in the private sector to improve working

conditions for female employees, market segmentation, and inclusion of women in community relationships.

A Principal Consultant for Toki Mabogunje & Co (TMC), a business development firm focused on SME development in the organized private sector of Nigeria, Mrs. Toki Mabogunje while noting that there were obvious discriminations against women, there was need for government to prioritize investments in accessible, affordable and quality social infrastructure and essential services that reduce and redistribute women’s unpaid care and domestic work to enable their full participation in the economy as many of the sectors critical for economic growth rely heavily on women.

Source: <http://thenationonlineng.net/financial-inclusion-can-boost-women-entrepreneurship-others/>

Stakeholders deploy new platforms to improve financial inclusion for women in Nigeria



Women arrange produce for sale at a roadside market in Ojodu District in Nigeria’s commercial capital, Lagos.

Photo Source: <http://blogs.cfr.org/women-around-the-world/2016/12/01/new-tools-increase-womens-financial-inclusion-in-nigeria/>

Financial Inclusion stakeholders have launched products across the financial sector to improve access to financial services for unbanked and underserved women in the country.

According to the World Bank, women comprise the majority of Nigeria’s “unbanked with “only one-third of Nigerian women owning a bank account”

In recognition of the plight of the Nigerian woman, worst hit by inability to travel to bank branches, limited financial literacy,

and inadequate proof of identification, a nonprofit financial platform, Stellar and the fintech service provider, Oradian launched a Mobile Money Platform to enable women in rural Nigeria to transfer money to one another

Another of such innovations is the ‘One woman, One ID card’ project launched by UN Women in collaboration with Zamani Foundation, MasterCard, and the National Identity Management Commission.

The project seeks to reduce the number

of women without a form of personal identification and provide women with finance and business training.

These efforts are expected to go a long way in contributing to increased access to financial services by women and the achievement of the targets set in the National Financial Inclusion Strategy.

Source: <http://blogs.cfr.org/women-around-the-world/2016/12/01/new-tools-increase-womens-financial-inclusion-in-nigeria/>



PENSION SECTOR

Micro Pensions scheme to boost pension contribution across Nigeria

The National Pension Commission (PenCom) has reported that as at September, 2016, the pension coverage in Nigeria stood at 7.24million under the Contributory Pension Scheme (CPS) representing only about 7.7 percent of the Nigerian Labour Force.

While the formal sector had been catered to under the CPS, PenCom had realized that the informal sector was largely excluded from access to Pensions.

In order to protect the financial future of this segment, a Micro-pension scheme was launched specifically targeted at self-employed people, especially those with irregular income, usually in the informal sector and who are largely financially unformed and have limited or no access to financial services especially pension plan.



Mrs. Chinelo Anohu-Amazu
Director General, National Pensions Commission (PENCOM)

At a recent pension, insurance and finance workshop which held in Calabar, the head of the Micro pensions Department of PenCom, Mr. Polycarp Anyawu stated that the micro pension scheme was expected to help boost the pension contributors to 20 million Nigerians by 2019 and 30 million by the year 2024.

Mr. Anyawu also stated that the Micro Pension scheme would directly address issues to avert old

age poverty and the breakdown of family support. Just like in other jurisdictions, it is expected that the initiative will provide pension coverage to self-employed persons and cover the Lowest, Middle and High income earners in the country.

As an offshoot of the pension industry 5-year strategic plan to extend pension coverage, the micro pension scheme will have simplified registration process through physical presence, internet, or through mobile phone.

In order to ensure its success, the National Pension Commission was also collaborating with Chambers of Commerce and other government agencies like the CBN, SMEDAN, etc and reviewing the implementation of Micro Pension in other jurisdictions e.g. Kenya and Ghana.

Source: <http://www.dailytrust.com.ng/news/business/micro-pension-scheme-features-prospects-concerns/176212.html#b17GQw4PcigFHccA.99>

Economic recession adversely affect pension penetration in Nigeria

Over 20,000 Nigerians who lost their jobs in 2016 due to harsh economic conditions have applied to access 25 per cent of their pension contributions.

This has been the response to companies downsizing or closing shop in a bid to cope with the emerging economic realities battling the nation.

At a recent workshop organized by the National Pension Commission, the Head, Benefits and Insurance Department, PenCom, Mr. Olulana Loyinmi, said the increase in the number of contributors applying for the 25 per cent of their pension contributions was as a result of increase in the number of people that had lost their jobs between January and September, 2016.

Reports revealed that in the first quarter of 2016, the National Pension Commission (PenCom) granted approval for the payment of N3.32 billion to 10,481 RSA holders under the age of 50 years who were disengaged and were unable to secure another job within four months of disengagement.

According to reports, some of the beneficiaries were investing the money in their business ideas in a bid to be self employed, while some used it to meet their more immediate financial needs.

Speaking at the workshop, the Director General of PenCom, Mrs. Chinelo Anohu-Amazu, represented by the Commissioner, Inspectorate, PenCom, Professor Mohammed Kaoje stated that the enactment of the Pension Reforms Act (PRA) 2014 will allow the commission to expand the coverage of the CPS to

the underserved economic sectors through micro pension initiative, noting that the commission seeks to increase registered pension contributors to at least 20 million by the year 2019.

The Director General reiterated that the micro pension plan would provide the impetus for improved access to pensions especially by the informal sector.

The Commission had also enhanced its support to the States in facilitating their adoption and implementation of the CPS by providing a bespoke technical assistance, through State Operations Department and Zonal Offices in each of the 6 geo-political Zones.

Source: <http://business247ng.com/28120-nigerians-withdraw-from-pension-fund-amidst-job-loss-in-2016/>



CAPITAL MARKET

SEC Launches Capital Market Journal to Improve Financial Literacy,



Mr. Mounir Gwarzo
Director General, Securities and Exchange Commission

The Securities and Exchange Commission (SEC) has launched its Nigerian Journal of Securities Market (NJSJM) as part of efforts to increase awareness on Capital Market issues across Nigeria.

Speaking at the launch which took place in November, 2016, the Director General of

SEC, Mr. Mounir Gwarzo stated that the journal was one of SEC's strategies to bridge the knowledge gap in the capital market sector and ultimately improve financial inclusion in Nigeria.

Mr. Gwarzo also stated that the Commission was dedicating all of its time and resources into implementing the Nigerian Capital Market Master Plan, while focusing on several financial literacy initiatives as part of its market development Strategies.

Speaking further, Mr. Gwarzo highlighted the fact that the Journal would serve as a means of information dissemination to all Nigerians on the current happenings in the Nigerian Capital Market.

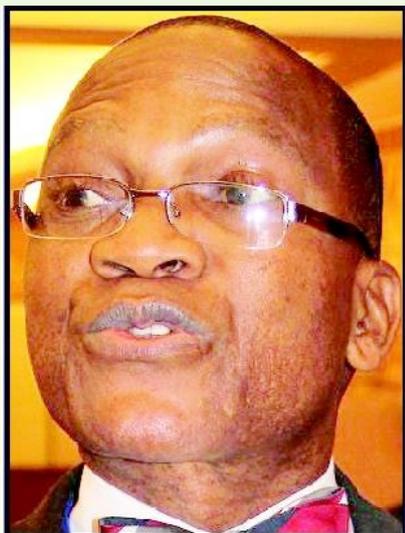
The Managing Director, Financial Derivatives Ltd, Mr. Bismarck Rewane who launched the Journal stated that SEC had taken commendable steps in its efforts to promote financial literacy, stating that it was important for Nigerians to be financially literate especially given the current economic recession.

He went on to state that the Journal represented a milestone in the endeavor of the Commission to fulfill its Capital Market Literacy Master Plan in which developing a regular and up to date publication and journal on capital market operations was a major recommendation.

For the full journal, visit; <http://sec.gov.ng/market-information/sec-journals/>

Source: <https://www.businessdayonline.com/sec-to-improve-financial-literacy-launches-capital-market-journal/>

Federal Government Unveils Strategic Plan on Bond Market



Dr. Abraham Nwankwo
Director General, Debt Management Office (DMO)

The Debt management office has unveiled its strategic plan to improve the savings culture in Nigeria by floating a savings bond. The instrument which is part of strategic plans for 2013-2017 has the objective to

deepening and broadening Federal Government's securities market and sustaining the development of other segments of the bond market.

Speaking at a recent news briefing with the Nation Newspaper, the Director General of the Debt Management Office, Dr. Abraham Nwankwo stated that the proposed Federal Government of Nigeria (FGN) Savings Bond was conceptualized in order to provide an opportunity for Nigerians across various income segments to invest in bonds.

In order to promote inclusion of low income earners, Dr. Nwankwo also highlighted that the new bond which would be issued before the end of the first quarter of 2017 will offer investment opportunities for as low as N5,000 to additional multiples of N1,000, subject to a maximum of N50 million. He pro-

vided additional information on the proposed instrument, stating that it will have a tenor of between two and three years at a competitive fixed interest rate that would be announced by the DMO on the first working day of every month or as may be determined by the organization from time to time.

The proposed instrument is being conceptualized at an opportune time as low income earners and financially excluded populations stand to benefit from capital market products that are affordable and meet their needs.

Lastly, Mr. Nwankwo stated that the savings bond would help improve access to available funds for investment, which would ultimately increase output within the economy.

Source: <http://thenationonline.net/fed-govt-unveils-strategic-plan-bond-market/>



Photorama



L-R: Executive Director, Operations (NDIC), Prince Aghatise Erediaunwa, Alb. Umaru Ibrabim—Managing Director (NDIC) and the Hon. Minister for Finance - Mrs Kemi Adeosun at the inauguration of the Senate Committee on Banking and Other Financial Institutions at the National Assembly (December 2016—Abuja, Nigeria)



Deputy Governor, Operations (CBN), Mr. Adebayo Adelabu, restated the Bank's commitment to the Cashless policy at the 2016 Electronic Payment Incentive Scheme (EPIS) Efficiency Award (February 2017—Lagos, Nigeria)



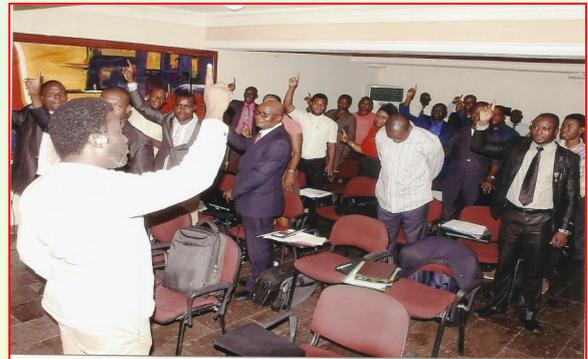
Alb. Umaru Ibrabim—Managing Director (NDIC) in a group photograph with students who participated at the 2016 NDIC Stakeholders Town Hall Meeting November 2016—Northern Zone, Nigeria)



2nd Right: Director-General, Nigerian Insurers Association (NIA) - Mr. Thomas Oluware leading the Insurance Awareness Campaign targeted at the informal sectors.



L-R: Head, Strategy Coordination Office—Financial Inclusion Secretariat, Mr. J. A .A. Attah and Director, Consumer Protection Department (CBN) during the 8th National Financial Inclusion Technical Committee meeting (November 2016—Lagos, Nigeria)



Cross-section of participants at the Rural Business Plan RBP Training Session with a Master Trainer organized by the National Association of Microfinance Banks (NAMB) in conjunction with Rural Finance Institution Building Programme (RUFIN)



L-R: Mrs. Fimsho Oyelobunnu (Head, Agency Banking - Ecobank), Mrs. Uche Ben-Ozofo (Head, Agency & Merchant Services - Diamond Bank at the BusinessDay Financial Inclusion Summit (December 2016—Lagos, Nigeria)



Cross section of students of the Lagos Business School who participated in the Case exhibition during the Digital Finance Conference (December 2016—Lagos, Nigeria)



DIGITAL FINANCIAL INCLUSION

Lagos Business School holds Digital Financial Services Conference



Dr. Olayinka David-West—Academic Director, Lagos Business School presenting the findings of ‘the State of the Market Report’



Visa Country Manager, West Africa), CEO, Pagatech, Head, Financial Inclusion Secretariat, MD/CEO NIBSS and Head Financial Inclusion, Diamond Bank during a panel discussion at the LBS Digital Financial Services Conference.

The Lagos Business School organized a stakeholder’s forum on Digital Financial Services on the 7th December, 2016.

The forum was part of a research project titled “Sustainable Business Models for Delivering Digital Financial Services (DFS) to Lower Income Unbanked Citizens of Nigeria. It sought to better understand the delivery and access constraints that the poor face in relation to the financial system and proffer appropriate DFS business models to enhance access and financial inclusion.

In attendance were industry stakeholders from the Bill and Melinda Gates Foundation, the World Bank Group, Nigerian Inter-Bank Settlement System, McKinsey Global Institute, Financial Services Providers (Mobile Money Operations, Deposit Money Banks, and Microfinance Banks etc.).

The Dean of the Business School, Dr. Enase Okonedo delivered the Welcome address highlighting the fact that the conference aimed to look into the ways in which financial inclusion can be

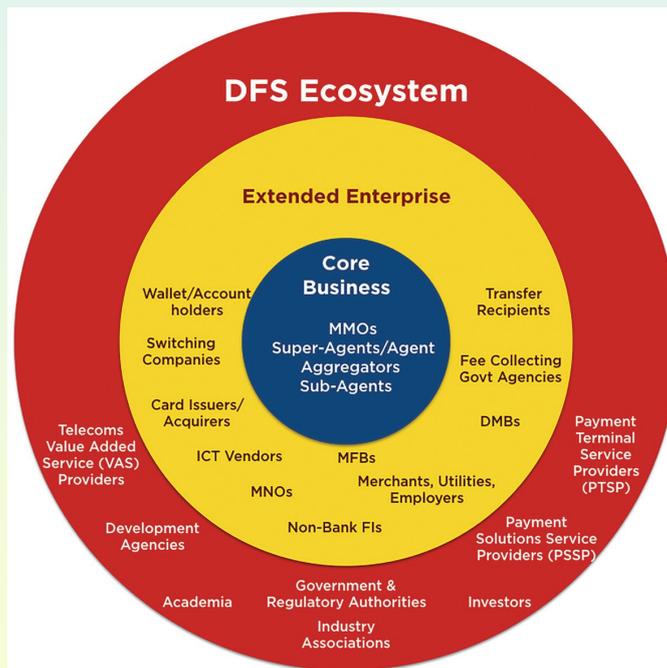


Figure: DFS Ecosystem and Capabilities

strengthened for the low income earners in the society.

In his opening remarks, the Deputy Director of the Financial Services for the Poor at the Bill and Melinda Gates Foundation, Mr. Kosta Peric harped on the need for significant contribution from government and providers to

financial services in the country.

During the conference, Dr. Olayinka David-West, Academic Director of the Business School and Enterprise Development Centre (EDC) presented an executive summary of the State of the Market report. The report provided insight into the Digital Financial Sys-

tem ecosystem and its rich population of varying sector players which needed to be systematically built into a Network to enhance the national vision of Financial Inclusion.

Dr. David-West highlighted the fact that under banked or financially excluded were low income persons who earn less than \$2.50 a day, the married and unmarried women below the age of 35 years old, and people who reside in rural communities.

She also stated that the key factors which limit financial inclusion included lack of awareness, socio-economic status like the lack of employment, monetary and non-monetary costs, and product fit.

The conference also featured a panel discussion on ‘insights from consumer perspectives and supplier capabilities in the Nigerian system.

At the end of the conference, students of LBS presented their case exhibition of Digital Financial Service initiatives, which had been deployed across the world, primarily focusing on emerging markets and a winner was selected from amongst them.



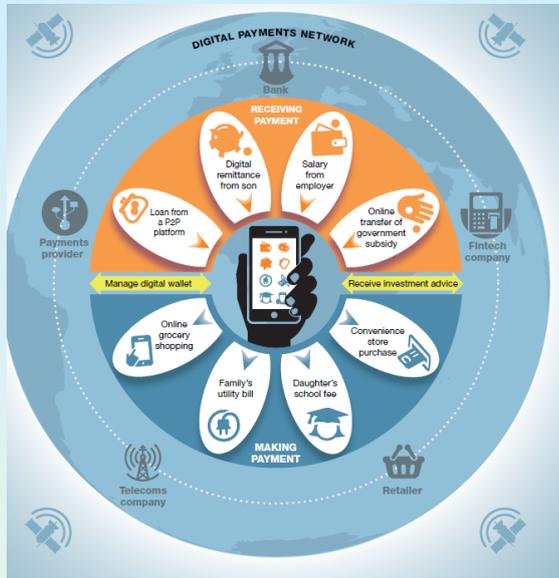
DIGITAL FINANCIAL INCLUSION

Digital Finance for all: Powering Inclusive Growth in Emerging Economies. A McKinsey Global Institute (MGI) Report

A recent report by McKinsey Global Institute on the potential of Digital Financial Services to increase access to finance in emerging economies has revealed that rapidly spreading digital technologies now offer an opportunity to provide financial services at much lower cost, and therefore profitably, boosting financial inclusion and enabling large productivity gains across the economy.

The report which sought to quantify the economic impact of digital financial services offered some opportunities of DFS adoption, some of which include;

- Potential to provide access to financial services for 1.6 billion people in emerging economies, more than half of which will be women.
- Potential to boost annual GDP of all emerging economies by \$3.7 trillion by 2025. Lower-income countries such as Ethiopia, India, and Nigeria have the largest



potential, with the opportunity to add 10 to 12 percent to their GDP.

The rapid spread of mobile phones is the game changer that makes this opportunity possible. In 2014, nearly 80 percent of adults in emerging economies had a mobile phone, while only 55 percent had financial

accounts—and mobile phone penetration is growing quickly. Mobile payments can lower the cost of providing financial services by 80 to 90 percent.

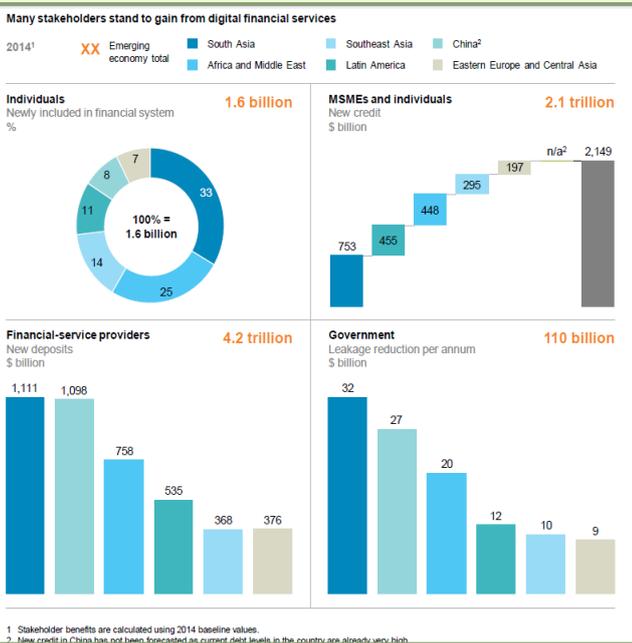
The report also showed a positive correlation between digital payments by individuals/businesses and ability to access credit from financial institutions as the data trail of their receipts and expenditures enables financial service providers to assess their credit risks.

In the course of the study, MGI identified three building blocks which are essential for capturing the benefits of Digital Finance.

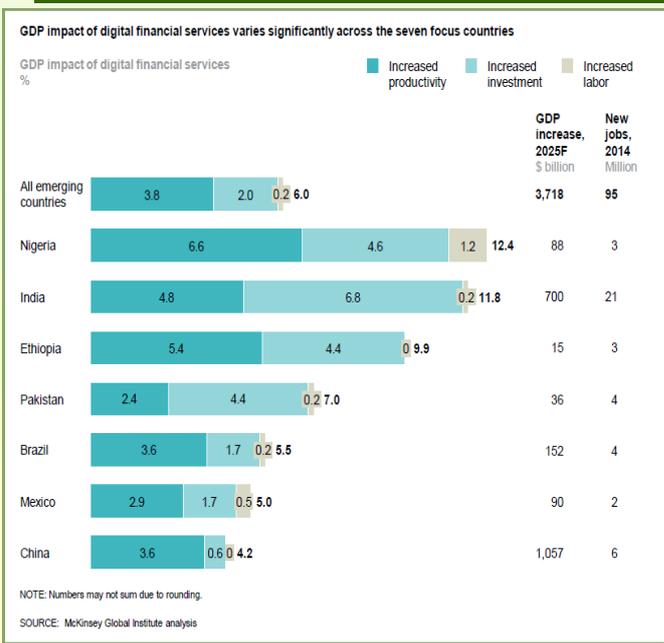
These include:

- Building a robust and broad digital infrastructure.
- Ensuring dynamic and sustainable financial-services markets.
- Offering financial products people prefer to existing alternatives.

Digital Finance could boost the GDP of emerging economies by \$3.7 trillion by 2025 and benefit numerous stakeholders



GDP impact of Digital Financial Services across seven focus countries.



For full report, visit: <http://www.mckinsey.com/~media/McKinsey/Global%20Themes/Employment%20and%20Growth/How%20digital%20finance%20could%20boost%20growth%20in%20emerging%20economies/MG-Digital-Finance-For-All-Full-report-September-2016.aspx>



Credit Enhancement Schemes

Act for the Regulation of security interest in movable assets to boost financial inclusion and improve Nigeria's scorecard on the World Bank's 'Ease of Doing Business'.



A bill for an Act to provide for secured transactions, registration and regulation of security interests in movable assets to encourage financial institutions operating in Nigeria to accept them as security for loans granted to Medium and Small and Micro Enterprises (MSMEs) in Nigeria is being floated.

At a public hearing on the bill, the Governor of the Central Bank of Nigeria, Mr. Godwin Emefiele who was represented by Johnson Akinkunmi, CBN's Acting Director, Legal Services expressed optimism that the passage of the bill will help to formalize over 37 million MSMEs across the country out of which only 2 million had so far been formalized.

The establishment of the Registry in 2014 improved Nigeria's status in the World Bank and International Finance Corporation (IFC) scorecard on Ease of Doing Business for that year as Nigeria moved up by 44 steps in the ranking from the pre-Registry era.

The Reform Leader, Presidential Enabling Business Environment Council (PEBEC), Mrs. Funmi Ilaiah, has applauded the legislative framework on secured transactions, expressing optimism that the passage of the bill into law will continue to boost Nigeria's rating on Ease of Doing Business.

Mrs. Ilaiah explained that the bill was

one of the seven bills identified to help achieve the FSS 2020, adding that its enactment will boost wealth and employment generation through the MSMEs which engages 75% of the working class.

Since the establishment of the National Collateral Registry which became operational on 16th November 2016, Twenty eight transactions worth N32 million took place on the platform.

The bill, if passed into law, will align Nigeria's secured transactions regime with international best practices as the world bank's ease of doing business has 'access to credit' as a key indicator.

Source: <https://www.businessdayonline.com/nigeria-records-landmark-achievement-with-establishment-of-national-collateral-registry/>

Bank of Agriculture, Anchor sign MOU on Anchor Borrowers Programme with the Central Bank of Nigeria in Lagos State

The Central Bank of Nigeria (CBN) has signed a Memorandum of Understanding (MoU) on the Anchor Borrowers Programme with the Bank of Agriculture (BOA), Anchor (Off-taker) and Poultry Farmers' Association in Lagos.

The Anchor Borrowers Programme is an effort of the Central Bank of Nigeria to deepen the growth of Nigerian economy, improve access to finance for the agricultural sector and encourage sustainable entrepreneurial spirit in the country.

According to the Director, Development Finance Department, CBN, Dr. Mudashiru Olaitan who was represented by a Deputy Director in the Development Fi-



Head, Development Finance Office, CBN Lagos- Mr. A. A Adedeji and team with stakeholders during the MOU signing.

nance Office, Lagos, Mr. Adebisi Adedeji, the pilot Anchor Borrowers' Programme, which started off with 300 farmers, aims to have as many as 2000 farmers successfully on the programme in Lagos state. The pilot was expected to run up to six production cycles in

2017, which should produce an additional 24 million birds for consumption across the state and beyond with the potential to increase GDP by ₦48 billion.

While reiterating the significance of entrepreneurship for rapid and continued economic growth and development, Dr. Olaitan restated the Bank's commitment to fulfill its own part of the agreement. He therefore urged the other parties to play their respective roles in the success of the Bank's initiative.

The signing of MoU was between the CBN, Bank of Agriculture, AMO Farm Sieberer Hatchery Limited and Erikorodo Poultry Estate Farmers Association.

Source: <http://banknet/txtlstvw.aspx?LstID=8df4e879-baa6-4d21-aac3-e3cf26b3d3ee>



STRATEGIC ENGAGEMENTS

Borno State financial services providers reaffirm commitment to Financial Inclusion



Participants at the Borno State stakeholder engagement session



Participants at the Borno State stakeholder engagement session

Following the launch of the National Financial Inclusion Strategy, in 2012, Borno State was selected by the Bankers' Committee as the pilot implementation state due several reasons;

- Being the state with the highest percentage of financially excluded adults (68%) in the country.
- High level of youth restiveness occasioned by poverty and financial/economic exclusion.

One of the major responsibilities of the CBN was to regularly monitor the implementation of the programme in Borno and other states of the federation and undertake necessary reviews.

In 2013, Borno state recorded some success including the establishment of a Financial Inclusion Secretariat to liaise with the CBN to monitor progress.

However, due to security concerns, the pilot phase slowed down and

Nationwide implementation of the NFIS commenced.

In November, 2016, the Financial Inclusion Secretariat resumed visit to the State to assess the programmes on financial inclusion and their impacts.

During the visit, meetings were held with the staff of CBN Maiduguri branch, Borno State Deputy Governor/State Government officials, and Financial Institutions. The meetings revealed that there was a strong need for financial literacy for the indigenes of the state.

The Financial Services providers while stating the challenges being faced in the region reaffirmed their commitment to the implementation of the National Financial Inclusion Strategy urging the Financial Inclusion team to provide adequate support when requested.

1st Financial Inclusion Stakeholder's retreat holds in Kaduna

The 1st meeting of the National Financial Inclusion Stakeholder Retreat took place on the 11th-12th, January 2016.

The Retreat was held to assess the financial inclusion interventions/initiatives of stakeholders and impacts on the strategy targets, identify gaps in the implementation process and map out strategies for addressing them. It also provided a platform for jointly defining stakeholder financial inclusion work plans for 2017 in line with the set targets.

The meeting which was chaired by the Branch Controller, Central Bank of Nigeria, Kaduna featured a presentation on the National Financial Inclusion Strategy implementation in 2016, a presentation on the pass through Deposit Insurance for Mobile Money subscribers by Nigeria Deposit Insurance Corporation. There were also presentations from the National Insurance Commission (NAICOM), Nigerian Postal Service

(NIPOST), Nigerian Communications Commission (NCC) amongst others.

A representative of Mobile Money Operators provided key insights into the experience of mobile money agents in the field and the challenges they encounter. He provided participants hands-on mobile money experience as he showed participants how they could register for a mobile money accounts with their phone and transfer money in a simple way .

The meeting kicked off financial inclusion plans for 2017 with stakeholders providing concrete action plans/activities which each institution would be measured against in a bid to improve access to financial services for under banked/low income Nigerians.

At the end of the retreat, a draft work plan was developed which will drive favorable changes in policies, processes and products in order to positively impact on people.



R-L: Branch Controller, CBN Kaduna (Ibrahim M. Gusau), Head Financial Inclusion Secretariat (Temitope Akin-Fadeyi) and participant at the Financial Inclusion Stakeholder retreat in Kaduna.



STRATEGIC ENGAGEMENTS

Kano and Jigawa State Emirate Councils pledge support for financial inclusion initiatives for indigenes



Group photograph of Financial Inclusion Team with the Emir of Dutse, Alhaji Nuhu Muhammad Sanusi



Financial Inclusion team making a presentation to the Kano Emirate Council

In order to monitor the progress of the implementation of financial inclusion nationwide, the Financial Inclusion Secretariat (FIS) undertook strategic engagement visit to Kano and Jigawa States in January, 2017.

The visits involved the presentation of progress updates to key stakeholders in the States including the State Government, Emirate Councils and Financial Services Providers.

During the visits, the team paid a special courtesy call to the Emir of Kano and the Emir of Dutse to solicit for their support in ensuring that the indigenes of the states had improved access to financial services.

The team lead, Mr. Joseph Attah presented a 'call to action' to the Emirate Councils proposing ways in which they could support financial inclusion as follows:

- Support existing initiatives which have the potential to lift the indigenes out of poverty in collaboration with Government e.g. CBN schemes.
- Use its structures to disseminate information and enlighten the people on the benefits

of financial inclusion.

- Assist indigenes to address consumer protection related matters and form groups and cooperatives for purposes of accessing financial services.
- Use good will to attract development partner support for building needed capacity for the MFBs in the State in collaboration with the State Government.
- Collaborate with the State Government to create favorable business environment small enterprises e.g. clusters.

Receiving the Financial Inclusion team, the Kano Emirate Council highlighted some issues including the fact that poverty, and illiteracy in the society were major causes of exclusion.

The Council also expressed their gratitude for the visit, stating that the establishment of a Microfinance Institution in the Council would go a long way in serving the underserved people.

In Jigawa state, The Emir of Dutse Alhaji Nuhu Muhammad Sanusi received the team thanking them for the presentation and stating that more needed to be done on financial inclusion especially with respect to women.

The Emir provided the team with some

insight into the usage of **zakat system** which has a means of influencing the income level of the poor. He mentioned that the system leveraged on collections (in cash and goods) from the rich and influential people in the communities and distributing same to the poor.

He noted that this system had worked for centuries providing some measure of poverty alleviation for the people.

The Emir went on to request for assistance of the Central Bank of Nigeria in certain areas including:

- reducing the burden of interest rates for loans they took from the bank.
- Looking into the Provision of preservation and storage facilities for farmers in the State
- Creating agricultural centers for the locals and,
- Sensitizing for the Emirate Council on how to access the Micro, Small and Medium Enterprises Development Fund.

At the end of the visits, the Emirate Council in Kano and Jigawa States pledged their support to promoting financial inclusion for their people.



International Financial Inclusion News

DENARAU ACTION PLAN—The Alliance for Financial Inclusion Network's commitment to Gender and Women's Financial Inclusion

At the Alliance for Financial Inclusion Global Policy Forum in Nadi, Fiji in 2016, members affirmed their commitment to closing the gender gap in financial inclusion. They vowed to strive towards this through:

1. ACKNOWLEDGING that there was a persistent gender gap in access to financial services and that over one billion women globally were financially excluded.

2. BELIEVING that by paying attention to the gender dimensions of access, usage and quality of financial services, the aim of full financial inclusion will be achieved

3. RECOGNIZING that proactive strategies to consider women's financial inclusion will better inform and enhance policy objectives and,

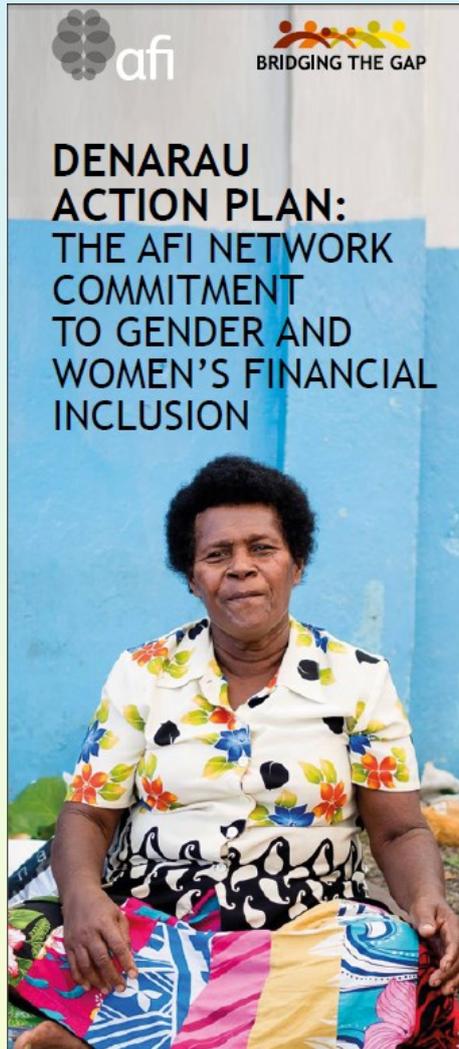
4. RECALLING some of the milestones achieved by the AFI network including:

- The first discussion of women's financial inclusion at the Global Policy Forum in Port of Spain, Trinidad & Tobago, September 2014;
- The development of a policy framework to support women's financial inclusion, based on good practices and mapping of successful policies; and
- The endorsement of the Action Plan at the second high-level conference on the financial inclusion of women in Dar es Salaam, Tanzania, co-hosted by Bank of Tanzania on 28 April 2016.

Specifically the Action Plan will :

1 INCORPORATE gender considerations in the AFI Network's core activities, with each working group to promote peer learning and develop appropriate knowledge products relating to gender and women's financial inclusion between 2016 and 2018.

2 CONSIDER AND IMPLEMENT best practices in integrating policies for women's financial inclusion and gender considerations within national financial inclusion strategies, through AFI's Financial Inclusion Strategies Peer Learning Group



(FISPLG). Knowledge products will be developed to support this work.

3 LEVERAGE digital financial services and other innovative technologies, to accelerate progress.

4 HIGHLIGHT the role of appropriate financial infrastructure, such as interoperable payment systems, credit bureaus and

electronic collateral registries, in enabling women's financial inclusion.

5 INVITE focal points from each of the AFI working groups to coordinate with FISPLG and lead on issues and knowledge products relating to gender, and specifically women's financial inclusion, according to each of their mandates.

6 DEVELOP and promote best practices in collecting, analyzing and using sex-disaggregated data to promote financial inclusion for women through the Financial Inclusion Data Working Group (FIDWG). Guidance, including indicators, will be developed to support AFI members in the collection and analysis of the data.

7 ENCOURAGE all AFI members to set specific financial inclusion objectives and targets for women's financial inclusion within both the framework of the Maya Declaration and their national financial inclusion strategies, with progress to be monitored and reported on a regular basis.

8 CALL ON financial institutions and other private sector actors, including through AFI's public-private dialogue (PPD) platform, to take concrete actions to better understand the female market segment, develop internal capacity and support culture change to more effectively serve women clients.

9 COLLABORATE with other key stakeholders, including government agencies, development partners and civil society, to advocate the business case for the financial inclusion of women amongst other things and,

10 DRIVE greater gender diversity within member's own institution.

The Denarau Action Plan fosters strong partnership and collaboration with financial service providers to drive private sector leadership.

The Financial Inclusion Secretariat represents the Central Bank of Nigeria on the AFI's Financial Inclusion Strategies Peer Learning Group (FISPLG) and coordinates local implementation of the commitment through stakeholder institutions.



International Financial Inclusion News



Central Bank of Jordan announces National Financial Inclusion Strategy

The Governor of the Central Bank of Jordan (CBJ), Ziad Fariz recently announced the Kingdom's 2018-2020 national strategy for *financial* inclusion. According to the announcement at the Alliance for Financial Inclusion Global Policy Forum in 2016, the Bank had set a national goal of increasing financial inclusion from the current level of 24.6% (as indicated in the 2015 Findex study) to 36.60% of the adult population by 2020 and, and over the same time, to reduce the gender gap in the Kingdom from 53% to 35%.

The Central Bank of Jordan is a recent addition to AFI, having only joined the Alliance in April of 2016. However, it has quickly established itself as a regional leader for financial inclusion policy, and a valuable addition to AFI's network .

For more information visit: <http://www.afi-global.org/news/2016/11/central-bank-jordan-makes-bold-maya-commitment-financial-literacy-access-refugees>

Wells Fargo's Payments Facelift

The American international banking and financial services holding company, Wells Fargo has announced that it will be making some very big change to its Payments, Virtual Solutions and Innovation Group. The re-centered focus will be on payments around artificial intelligence and application programming interfaces (APIs) to help increase its payments efforts and speed up opportunities with corporate banking customers.

The Head of Payments, Virtual Solutions and Innovation, Mr. Avid Modjtabei in a press release stated that 'Customers wanted new types of services that make banking and managing finances convenient and easy, without disrupting their ability to interact with us how and when they desire' . He also stated that since the announcement of the Payments, Virtual Solutions and Innovation Group in October, the goal of the institution had been to redefine the next generation of capabilities and offerings and to prioritize research and development that elevates the customer experience .



For more information visit: <http://www.pymnts.com/data-dive/2017/new-tricks-edition-wells-fargo-amazon-and-paypal/>



Digital banking will boost financial inclusion - CBA Group boss

The Group Managing Director of the Commercial Bank of Africa, Mr. Isaac Awoundo has urged Rwandans to embrace mobile banking as it will boost financial inclusion in the country. Speaking to the press in December, 2016, Mr. Awoundo called for a complete suite of financial products to boost financial inclusion and increase access to finance across the country.

According to him, 'Mokash' a Mobile Savings and Loans product launched in partnership with MTN Rwanda will achieve a cash-less transaction economy. He also described mobile money as a phenomenal change driver all across East Africa, stating that lives had been transformed by improving the speed and convenience of payments. He disclosed that mobile money had played a key role in disintermediating money across distance, with profound socio-economic impact on the livelihoods of many Rwandans.

For more information visit: <http://www.newtimes.co.rw/section/article/2017-02-21/208207/>

CEO, FSD-Uganda states that in the near future, people who don't have access to finance will not be more than 8% due to technological advancements.

Mr. Christopher Musoke in an interview with the Independent has stated that with new technological advancements in access to finance, the excluded populations would not be exceed 8% in the near future.



Speaking during the interview, Mr. Musoke stated that the FSD Uganda was working on innovative financial services and facilitating research in the financial behavior of low income clients. He noted that drivers of the financial sector deepening had been identified and were being used to address constraints to financial inclusion.

For more information visit: <http://allafrica.com/stories/201611290209.html>



Nigerian Financial Inclusion News

Etisalat restates commitment to financial inclusion for Nigerians

Etisalat, the telecommunications company has reiterated that it is committed to promoting Financial Inclusion for all members of the Country.

Speaking at the 10th Annual Banking and Finance Conference of the Chartered Institute of Bankers of Nigeria in Abuja, the Etisalat Director of Digital Business, Mrs. Adia Sowho in her presentation on 'A Telco's perspective on Financial Inclusion' disclosed that telecommunication companies in Nigeria had a lot to offer in helping the government to achieve some of the set goals of the financial sector, especially the attainment of the financial inclusion goals of the Central Bank of Nigeria.



For more information visit: <http://www.vanguardngr.com/2016/09/etisalat-restates-commitment-fs-financial-inclusion-nigerians/>



Sterling Bank, Diamond Bank bag awards at 2016 Lafferty Global awards

The Lafferty Global awards celebrate innovations in retail banking products and services, cards, merchant and payment services from several countries including North America, Europe, Asia and Africa.

In 2016, two (2) Nigerian Financial Services Providers were amongst the winners at the Global Awards which reward long-term, sustainable excellence in financial services. **Sterling Bank of Nigeria** and South Africa's FNB won in the 'Excellence in Mobile Banking' category while **Diamond Bank Plc** won in the 'Excellence in Financial Inclusion' Category.

Some other winners include Voyager Innovations of the Philippines, winner of the Excellence in Fintech Lending category and Barclays Africa, winner of the Excellence in Retail Banking amongst others.

For more information visit: <http://www.lafferty.com/globalawards.html>

Wema Bank launches 'bespoke account' for Nigerian youths

In order to serve the underserved and unbanked youths in the country, Wema Bank has launched a product called 'WemaEasySavers', a Tier-1 savings account aimed at ensuring financial inclusion for more Nigerians, especially the youth.

Wema Bank is partnering with Etisalat Nigeria to expand its presence in the youth market. The product launch also forms a strong part of Etisalat's commitment towards driving the achievement of the Federal Government's financial inclusion goal.

Speaking at the launch, the Head of Retail and SME Banking at Wema Bank, Dotun Ifebogun welcomed the partnership as a significant milestone for the bank, stating that the bank had a renewed focus on the youth market because of their importance to growth and expansion of the Nigerian Economy.



For more information visit: <http://dailypost.ng/2016/12/01/wema-bank-launches-bespoke-account-nigerian-youths/>



FinTech to disrupt retail banking by 92% in Nigeria

According to a 2017 Fintech survey by PriceWaterHouse Cooper, the Banking and Payments sectors/systems in Nigeria is set to be disrupted by an industry composed of companies that use new technology and innovation with available resources to compete in the market place of traditional financial institutions and intermediaries in the delivery of financial services.

The survey has postulated that retail banking and funds transfer have the highest likelihood of disruption at 92 per cent and 85 per cent respectively, noting that FinTechs are redrawing the competitive financial services landscape and blurring the lines that define players in the sector.

Speaking ahead of the E-nnovators Breakfast Series (EBS) scheduled to hold in March 2017, the Chief Executive Officer, eMaginations, Sola Fanowopo stated that FinTech is reported to have reached as high as \$80 billion between 2010 and 2016. While the threat of disruption is quite appreciated, respondents also noted that the FinTech adoption will enable the unlocking of opportunities for more revenue sources and reduce operational cost.

For more information visit: <https://guardian.ng/business-services/fintech-to-disrupt-retail-banking-by-92-in-nigeria/>

**ARTICLES**

Deposit Insurance System and Deposit Protection in Nigeria



The **Deposit insurance system (DIS)** plays a major role in strengthening depositor confidence in the financial system. This is because of its pivotal role as a financial safety net that guarantees protection to depositors, particularly small and uninformed savers up to maximum insured limit. The DIS ensures that depositors do not lose all their money in the 'unlikely' event of a bank failure.

The DIS also guarantees depositor protection by providing compensation in time of need. The interplay of these factors coupled with effective banking supervision and distress resolution mandate of DIS goes a long way in discouraging apathy and anxiety that tend to exclude the unbaked from the formal financial system, thereby promoting financial inclusion.

In financial circles today, the strong relationship existing between Financial Inclusion, Financial Literacy and Consumer Protection has been recognized and given prominence in the quest to achieve Financial System Stability. It is also generally agreed that while inclusive growth is extremely necessary to financial stability, it is also largely driven by financial inclusion.

Financial inclusion and financial literacy are key features in a deposit insurance system. Availability and access to financial products are indeed important, but it is the knowledge of the products i.e. financial literacy that creates demand for the products and services.

Financial Literacy can simply be defined as the acquisition of knowledge and skills by individuals to manage financial resources effectively and enhance their economic well-being. The Organization of Economic Co-operation and Development (OECD) defines financial literacy as "the combination of consumers' or investors' understanding of financial products & concepts and their ability and confidence

to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being".

On the other hand, financial inclusion can be achieved when adults have easy access to a broad range of formal financial services that meet their needs and are provided at affordable cost. Financial inclusion is based on ease of access to financial products and services such as payments, savings, credit, insurance and pension products.

The Financial products must be within easy reach for all groups of people and should avoid onerous requirements. It is therefore important for all institutions involved in delivery of financial products and services to contribute to a well articulated financial literacy agenda.

The issue of consumer protection would lead to an understanding and appreciation of the all-important role of deposit insurance system to the mix - the need for 'customer' or as is in this case, 'depositor protection'.

The **Nigeria Deposit Insurance Corporation (NDIC)** administers the DIS with the mission statement: "**To protect depositors and contribute to the stability of the financial system through effective supervision of insured institutions, provision of financial/technical assistance to eligible insured institutions, prompt payment of guaranteed sums and orderly resolution of failed insured financial institutions**".

Protecting depositors and contributing to financial system stability explains the unique roles played by deposit insurance scheme as a forerunner to financial inclusion. It only where there is a strong depositor protection mechanism that people can be encouraged and be easily influenced to embrace the mainstream formal financial system. Against this backdrop, the NDIC

has continued to take steps that boost confidence in the system.

In 2010, the Corporation increased maximum coverage limits of deposit money banks (DMBs) from N200,000 to N500,000 per depositor per bank and that of microfinance banks (MFBs) from N100,000 to N200,000 per depositor per bank. Similarly, coverage level for depositors of Primary Mortgage Banks (PMBs) was reviewed upward from N200,000 to N500,000 in 2016.

The limits were set to cover over 95 per cent of total bank depositors in line with International Association of Deposit Insurers (IADI) core principle for effective deposit insurance which stipulates that coverage should cover large majority of depositors.

Other initiatives adopted by the Corporation to enhance depositor protection and financial inclusion included introduction of Non Interest Deposit Insurance coverage up to N500,000 per depositor to cater for depositors of Non Interest Banks (NIBs) as well as deposit insurance coverage up to maximum limit of N500,000 per subscriber of mobile money operators.

The Corporation organizes annual workshop for Business editors and Financial Correspondents (FICAN), road shows and participation in various international trade fairs and sensitization seminars for key stakeholders to enhance public awareness on its mandates.

In large measure, the NDIC as one of the three components of financial safety-net has contributed immensely toward engendering depositors' confidence, soundness and stability of the financial system while consolidating on the gains achieved in the drive towards financial literacy and consumer protection in promoting financial inclusion.

**ARTICLES*****Financial Inclusion in Nigeria: Trends, Achievements, Challenges and Prospects****Financial Inclusion Secretariat*

As many would argue, financial inclusion has its origin in the microcredit movement initiated under Professor Muhammad Yunus, a Bangladeshi economist and founding father of the globally known Grameen Bank .

Mr. Yunus's idea of the Grameen Bank originated in 1974 when he met a woman who borrowed raw bamboo from a middleman at a 10% interest rate per week in order to produce bamboo stools.

Mr. Yunus in turn decided to lend to more female micro entrepreneurs out of his own pocket, and given repayment success, founded the Grameen Bank ("Village Bank") in 1983. Grameen Bank's vision would be to provide microcredit "to the poorest of the poor in rural Bangladesh, without any collateral" (Grameen Bank, 2016a), based on the principles of trust and solidarity and in line with Grameen Bank's famous group lending model.

While there is no unique globally accepted definition of financial inclusion, Mader (2016) describes different concepts of financial inclusion:

- Financial inclusion as a state of being financially included. The Center for Financial Inclusion's (2009:1) defined "Full financial inclusion as a state in which all people who can use them have access to a full suite of quality financial services, provided at affordable prices, in a convenient manner, and with dignity for the clients."
- Financial inclusion as a process of becoming financially included. Sarma & Pais (2011:613) proposed that "Financial inclusion refers to a process that ensures the ease of access, availability and usage of the formal financial system for all members of an economy."

Nigeria adopted the first concept in its definition of financial inclusion in the National Financial Inclusion Strategy (CBN, 2012:VII): "Financial inclusion is achieved

when adult Nigerians have easy access to a broad range of formal financial services that meet their needs at affordable cost."

Nigeria committed to the development and implementation of a financial inclusion strategy at the 2011 Global Policy Forum of the Alliance for Financial Inclusion in the Maya Declaration (Alliance for Financial Inclusion, 2012). The Nigerian National Financial Inclusion Strategy was launched on October 23, 2012 with the overall goal to reduce the adult financial exclusion rate from 46.3% in 2010 to 20% by 2020.

Since 2010, progress had been made on the reduction of the adult financial exclusion rate. According to EFINA (2014a), the adult financial exclusion rate declined from 46.3% in 2010 to 39.5% in 2014. Formal financial inclusion, which includes the banked population ("Banked") and adults having access to any other formal channels only, such as microfinance banks or insurance companies ("Formal other"), increased substantially and gradually from 36.3% in 2010 to 43.0% in 2012 and 48.6% in 2014.

However, the percentage of Nigerian adults who had access to informal financial services only ("Informal only") decreased from 17.3% in 2012 to 11.9% in 2014, the percentage of adult Nigerians who were financially excluded decreased marginally from 39.7% in 2012 to 39.5% in 2014. In absolute terms, the number of adult Nigerians who were financially excluded actually increased from 34.9 million in 2012 to 36.9 million in 2014.

Key Challenges and Prospects

Several challenges exist, which need to be addressed so that most Nigerians can access financial services :

1. Sub-optimal dispersion of financial access points: Far more access points are currently deployed in the relatively more financially included Southern region than in North East

and North West, which have the highest financial exclusion rates. To drive financial inclusion nationwide, more efforts need to be placed by policy-makers and financial services providers on extending financial access points to currently un-served areas.

2. Limited role of mobile network operators (MNOs) in promoting mobile money: The role of MNOs in driving mobile money uptake has been limited compared to other countries (Bill & Melinda Gates Foundation and McKinsey & Co, 2016). It is crucial that the inter-agency collaboration between the CBN and the Nigerian Communications Commission is used to promote the role of MNOs in the delivery of financial services such that financial inclusion is enhanced and financial stability maintained at the same time.
3. Potential to optimize electronic payments infrastructure: The mobile money platforms of different operators were found to be not fully interoperable and this hampers mobile money adoption and usage. Also, agent commissions were found to tend to discourage investments in agent networks in Nigeria as agents earn less than what they receive in peer countries (Bill & Melinda Gates Foundation and McKinsey & Co, 2016). Regulators should encourage the usage of a centralized shared mobile money platform and examine optimizing USSD charges in order to drive transaction volume and improve agents' profitability.

Another analysis showed that Nigeria belongs to a group of countries that still needs to improve its digital infrastructure in order to maximize benefits from digitizing payments (Chakravorti et al., 2016).



CENTRAL BANK OF NIGERIA

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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