

Bill Gates canvasses support for advancing financial inclusion in Nigeria

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Financial Inclusion Meeting in Lagos, Nigeria: Mr. Godwin Emefiele, Governor, CBN with Mr. Bill Gates, Co-Chair – Bill & Melinda Gates Foundation, Mrs. Temitope Akin-Fadeyi – Head, Financial Inclusion Secretariat, CBN and Dr. Paul Basinga – Nigeria Country Director, Bill & Melinda Gates Foundation

The Co-chair of the Bill & Melinda Gates Foundation; Mr. Bill Gates has called on the Federal Government of Nigeria to take advantage of the potentials of digital financial services (DFS) in lowering the barriers for access to finance by citizens, particularly smallholder farmers living in the rural communities.

He made this call while delivering his speech at the National Economic Council (NEC) Special Session at the Aso Rock Presidential Villa in Abuja.

Mr. Gates added that in a country with three quarters of the people having mobile phones; DFS could greatly boost the economy, adding about 12.5 percent increase to the Nigerian Gross Domestic Products (GDP) by 2025. Access to DFS also enhances citizens' ability to manage risk, build assets and a credit history, as well as gradually lift themselves out of poverty.

The visit in March, 2018 was to monitor the progress the country has made on primary health care, polio eradication, nutrition and financial inclusion.

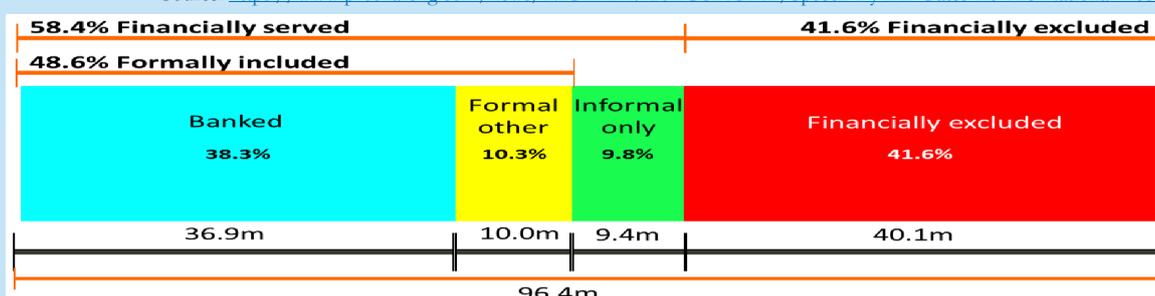
During his visit, Mr. Gates met with Mr. Godwin Emefiele, the Governor of the Central Bank of Nigeria (CBN) to deliberate on strategies to accelerate financial inclusion in the country. The Foundation has supported the implementation of the National Financial Inclusion Strategy since its launch in 2012.

The Foundation collaborates actively with the Federal Government, private sector and civil societies to support Nigeria's progress in several sectors including financial services, agriculture and health. The Foundation has committed over \$1.6 billion in Nigeria so far, and plans to increase its commitment over the years ■

Source: <https://www.proshareng.com/news/NIGERIA%20ECONOMY/Speech-By-Bill-Gates-At-The-National-Eco>

Financial Inclusion Status as at December 2016

Source: Enhancing Financial Innovation & Access (EFInA)





National Financial Inclusion Steering Committee approves State-level Implementation Framework to advance Financial Inclusion across the country

Financial Inclusion State Steering Committee (FISSCO) established



CBN Branch Controller, Jigawa with the Secretary to the State Government during the Jigawa FISSCO inauguration



CBN Branch Controller, Delta with some members during the Delta FISSCO inauguration

The National Financial Inclusion Steering Committee has approved the establishment of the Financial Inclusion State Steering Committee (FISSCO) in the 36 States of the Federation and the Federal Capital Territory, Abuja. This was done at the meeting held on 6th December, 2017 under the chairmanship of the Governor of Central Bank of Nigeria, Mr. Godwin Emefiele.

Prior to the approval of the FISSCO, the CBN Branch Controllers were invited to the 12th National Financial Inclusion Technical Committee Meeting held in Lagos on November 23, 2017. This was to acquaint them with the Terms of Reference (TOR) of the FISSCO and provide common understanding on their roles as Chairpersons of the Committee. The Committees were inaugurated nationwide in January, 2018 under a common agenda that provided uniformity of purpose and ensured effectiveness nationwide.

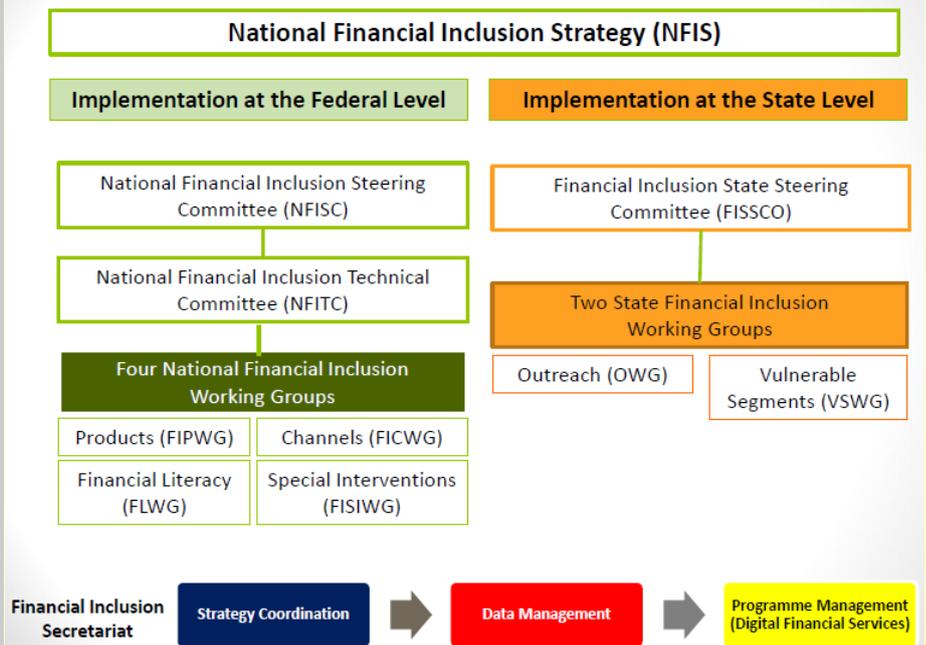
The inaugural FISSCO meetings held simultaneously on January 11, 2018 and are chaired by the CBN Branch Controllers, with the Development Finance Officers as Secretaries. Members include Ministries, Department and Agencies (MDAs), Financial Services Providers such as Deposit

Money Banks, Microfinance institutions(MFIs), Other Financial Institutions (OFIs) Pension Administrators (PFAS), Mobile Money Operators (MMOs), Advocacy Groups and other Civil Societies.

Presentations were made on the concept of financial inclusion in Nigeria, the status of implementation of the Strategy and the key roles FISSCO had to play in achieving the set goals for each state. Two Working Groups namely Vulnerable Segments Work-

ing Group (VSWG) and Outreach Working Group (OWG) were constituted with each given a detailed TOR to guide its operations.

Following the inauguration of the FISSCO nationwide, detailed work plans which would include identification of critical barriers to financial inclusion in each state as well as proposed interventions and initiatives are to be developed and implemented across all states of the Federation.



Financial Inclusion Governance Arrangement with the newly established State-level Framework (FISSCO)



National Financial Inclusion Steering Committee approves State-level Implementation Framework to advance Financial Inclusion across the country

Regional Capacity Building programme for FISSCO Members



Dr. Abdul Zubair (Ag. Director-General, SEC) with Mr. Suleyman M. Dabai (Director, FSS2020) and Mr Alaka Kazeem (CBN Branch Controller, PortHarcourt) at the South-South Region (PortHarcourt)



Training Faculty members for the North-West Region (Kano), led by Mrs. Ameena Pindar Abubakar (CBN Branch Controller, Kano)

Following the approval to implement the state level arrangement for financial inclusion, the Financial Inclusion Secretariat organized Regional Workshops to enable members effectively address their mandates and drive the achievement of the National Financial Inclusion Strategy (NFIS). The 2-days Regional Capacity Building Workshop held in the six (6) geopolitical zones at South-West (Lagos), South-East (Enugu), South-South (Port Harcourt), North-West (Kano), North-East (Bauchi) and North-Central (Abuja). It was attended by over 750 participants; including top government officials, regulators and financial services providers.

During the workshop, facilitators delivered technical papers followed by interactive sessions on various topical financial inclusion issues. There were also breakout sessions during which FISSCO members were provided with the opportunity to discuss challenges and prospects for their respective states. The report from the breakout sessions together with a work plan now form the basis for FISSCO monitoring and evaluation by the Financial Inclusion Secretariat.

At the end of the workshops, it was recommended by participants that the National Youth Service (NYSC) Peer Educator programme for financial inclusion should be leveraged to deepen outreach in rural areas. The introduction of financial inclusion annual conference to provide a platform for experience sharing was also recommended. The scaling up of the adoption of Takaful insurance in the Northern regions as a means of reducing the high exclusion rate was also noted as critical. The need to leverage the postal agencies at the local governments areas as financial access points and the introduction of special products for the physically challenged was also agreed across the six geopolitical zones.

The Regional FISSCO Capacity Building workshop was described as timely and an enabling strategy for achieving the target of 20% adult exclusion rate in Nigeria by 2020, particularly spreading the impact of implementation to the grassroots.



Representative of Director-General, NCC - Mrs. Josephine Amuwa, (Director, Policy Competition & Economic Analysis) delivering the Opening Remarks at the South-East Region (Enugu)



Training Faculty members for the North-East Region (Bauchi), led by Mr. O. S. Thomas (Deputy Commissioner for Insurance - NAICOM)



National Financial Inclusion Governing Committee Meetings

5th National Financial Inclusion Steering Committee Meeting



CBN Governor, Mr. Godwin Emefiele, Chairman of the National Financial Inclusion Steering Committee

The 5th meeting of the National Financial Inclusion Steering Committee took place on Wednesday, December 6, 2017. The meeting was chaired by Mr. Godwin Emefiele, Governor, Central Bank of Nigeria (CBN).

The Governor commended members on their efforts towards the implementation of the National Financial Inclusion Strategy and pointed out that a lot of work needed to be done to achieve the 2020 target of 80% financial inclusion rate in Nigeria, considering the fact that the exclusion rate stood at 58% as at 2016.

According to the Governor, the 20% target in 2020 was possible in the light of tremendous progress being made in countries, such as Ghana, who had leveraged mobile money and mobile payment systems to pursue impressive financial inclusion goals.

During the meeting, the Head Financial Inclusion Secretariat, Mrs. Temitope Akin-Fadeyi provided the progress update on the implementation of the National Financial Inclusion Strategy. The presentation highlighted the core financial inclusion activities of stakeholders, specifically pointing out that while considerable financial inclusion progress was rec-

orded in the South West, South East and South-South, the North West, North East and North Central recorded high financial exclusion rates in 2016.

This situation according to her, called for concerted efforts to address the cultural and religious barriers to financial inclusion in those geopolitical zones. In the report, Mrs. Akin-Fadeyi also highlighted some critical issues for the attention of the Steering Committee including;

- The need for the committee to consider and approve the Mid-term Review Report of the National Financial Inclusion Strategy
- The need for the Committee to approve the proposed State Level Financial Inclusion Strategy Implementation Framework.

Other key issues raised during the meeting included the Financial Literacy Curriculum Development exercise for Primary and Secondary schools. In addition, the issue of support and funding by members for the NYSC Peer Educator Programme for Financial Inclusion was stressed in view of its high impact on grassroots financial literacy and inclusion. Critical issues were as follows;

- That the Committee considers and approves the setup and funding of

a Financial Inclusion Trust fund to expand financial services to rural areas.

- That the CBN considers developing a Concessional guideline for the disbursement of the Micro, Small & Medium Enterprise Development Fund (MSMEDF) to persons with disabilities entrepreneurs in view of the low patronage and operational challenges peculiar to the segment.
- That more sensitization campaigns was required to create needed awareness on the Collateral Registry as enabler for access to credit.
- That there was a need to scale up the adoption of non-interest finance in order to enhance Financial Inclusion levels, particularly in the Northern geopolitical zones.

At the end of the meeting, Mrs. Akin-Fadeyi presented the Mid-term Review of the National Financial Inclusion Strategy (NFIS) and the initiative to establish the Financial Inclusion State Steering Committees (FISSCOs) in every State and also discussed the proposed modalities for the establishment of Financial Inclusion Trust Fund. ■



12th Financial Inclusion Working Group Meetings

The four Financial Inclusion Working Groups held their 12th meetings at the Westtown Hotel, Ikeja, Lagos on 21st November, 2017. Highlights are reported below:

<u>Financial Inclusion Product Working Group (FIPWG)</u>	<u>Financial Inclusion special Intervention Working group (FISIWG)</u>	<u>Financial Literacy Working Group (FLWG)</u>	<u>Financial Inclusion Channels Working Group (FICWG)</u>
<p>1. Micro Pension Guideline: The guidelines had been internally reviewed by the National Pension Commission and comments were being incorporated.</p> <p>2. The National identity management Commission (NIMC) was partnering with other stakeholders to enhance the National Identity Number (NIN) registration process.</p> <p>3. National Collateral Registry Implementation About 19,988 Financing Statements had been registered on the platform.</p> <p>4. Reduction of exclusion rate in the North through non-interest products: Discussion were ongoing with non-interest financial institutions on the best ways to improve access to non-interest financial products.</p>	<p>1. Scaling up disbursement of 2% Micro, Small and Medium enterprises Development fund (MSMEDF) to People with Disabilities (PWDs)</p> <ul style="list-style-type: none"> A total of 1,929 Persons With Disabilities were trained Interested PWDs opened accounts with participating Financial institutions after the training in order to be eligible to apply under the Fund. <p>2. The National Financial Inclusion Peer Educator Programme for National Youth Service Corps (NYSC): About 968 Volunteer Corps Members were trained during the Batch A Stream I & II orientation exercise Training for an additional 480 volunteer corps members was scheduled for December.</p>	<p>1. 2017 World Savings Day: In March 2017, several stakeholders participated in World Savings Day celebrations as follows;</p> <ul style="list-style-type: none"> The Central Bank of Nigeria provided financial literacy to 1,426 students across 14 rural secondary schools in 14 states of the federation. The National Pension Commission engaged schools across the six (6) geopolitical zone in the country training 200-250 students in each location. The Bankers' Committee mentored over 88,000 children across the country during the event. <p>2. 2017 Global Money Week: Over 2,000 accounts were opened for students as a direct impact of the Global Money Week celebrations by banks.</p>	<p>1. Implementing the Shared Agent Network</p> <ul style="list-style-type: none"> The CBN had licensed 3 super agents. Agent banking database was being overhauled to assign a unique code to each agent and to include demographic information. NIPOST applied for a super-agent license in September 2017. Six MFBs signed MOUs with NIPOST and 20 NIPOST offices were being used for agent banking. <p>2. Bancassurance Four Banks obtained approval to offer the Bancassurance Referral Model while others have sent in applications that were being processed.</p>

12th National Financial Inclusion Technical Committee Meetings

<p>The 12th meeting of the National Financial Inclusion Technical Committee took place on Thursday, November 22, 2017 under the Chairmanship of Dr. Okwu Joseph Nnanna, Deputy Governor, Financial System Stability (FSS) of the Central Bank of Nigeria (CBN). In attendance were the Dalberg Global Development Advisors, Strategy Consultants, the CBN Branch Controllers across the 36 states including Federal Capital Territory (FCT), Directors and from members from stakeholder institutions.</p> <p>The major focus of the meeting included:</p> <ul style="list-style-type: none"> Highlights of the key findings from the Mid Term Review of the National Financial Inclusion Strategy (NFIS). Modalities for the implementation of the Financial Inclusion State Steering Committee Framework. <p>Dalberg Global Development Advisors presented the key findings from the</p>	<p>NFIS review as follows:</p> <ul style="list-style-type: none"> Five (5) Financial Inclusion gaps were identified gender gap, urban/rural gap, age gap, regional gap and SME gap Specific steps will need to be taken to address these gaps including; building foundation for financial inclusion, unlocking higher potential models and broadening/deepening financial inclusion. <p>The meeting also featured a presentation by the Financial Inclusion Secretariat on Financial Inclusion State Steering Committee (FISCO) framework to the members. The framework provided highlights on the global and Nigerian perspective on financial inclusion and its importance in supporting national goals and aspiration. The framework was established to improve the capacity of stakeholders at state level to implement state specific initiatives to tackle peculiar financial</p>	<p>inclusion challenges.</p> <p>At the end of the meeting, the Secretary, Mrs. Akin-Fadeyi Temitope, provided a list of critical issues on financial inclusion for the Technical Committee to escalate to the next Steering Committee meeting as follows:</p> <ul style="list-style-type: none"> Approval of the Mid-term review report on NFIS and the proposed State level Financial Inclusion Strategy Implementation framework Sensitization around the Collateral Registry particularly as it affects women groups who may not have traditional means of collateral to support their credit needs. Creation of awareness of non-interest finance in order to enhance Financial Inclusion levels in the Northern geopolitical zones. ■
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13th Financial Inclusion Working Group Meetings

The 13th meeting of the four Financial Inclusion working Group held at the International Training Institute, Abuja on 28th, March 2018. The Highlights from the meetings were as follows below:

<u>Financial Inclusion Product Working Group (FIPWG)</u>	<u>Financial Inclusion Special Intervention Working Group (FISIWG)</u>	<u>Financial Literacy Working Group (FLWG)</u>	<u>Financial Inclusion Channels Working Group (FICWG)</u>
<p>1. Harmonization and integration of identification scheme</p> <ul style="list-style-type: none"> The Nigerian Identity Management Commission (NIMC) had sent the cost implication of the harmonization exercise to the Presidency for approval. NIMC reported over 30million Registered National Identity Number with (NIN) and with a target to reached 78 million by 2018 end. <p>2. Micro insurance guidelines:</p> <ul style="list-style-type: none"> The Guidelines were release in January, 2018. NAICOM was in the process of licensing 3 Insurance Companies that will offer micro insurance services in the country. 	<p>1. Government Enterprise and Empowerment Programme (GEEP)</p> <ul style="list-style-type: none"> About 250,000 beneficiaries across 36 States and the federal Capital Territory (FCT) with N14.6 billion had benefitted from GEEP. About 52% of the beneficiaries were women. <p>2. Refocusing on Interventions for Women (60% Micro Small and Medium Enterprises Development Fund - MSMEDF)</p> <p>As at March 2018, the total number of female recipients under the MSMEDF was 121,311 out of the total number of 202,284 recipients representing 60 percent.</p>	<p>1. Financial Education Curriculum Development</p> <ul style="list-style-type: none"> The Financial Education Curriculum had been developed and approval gotten to conduct pilot training for teachers. <p>2. Financial Education Strategy</p> <ul style="list-style-type: none"> The Development of the Financial Education Strategy in collaboration with World Bank had been concluded. <p>3. Mass sensitization and Awareness.</p> <ul style="list-style-type: none"> The Securities and Exchange Commission sensitized 395 Farmers, Artisans Road Transport workers etc. in Karshi, Abuja on capital market production. The Nigerian Postal Service sensitized farmers on access to funds for agricultural input in collaboration with the Bank of Industry. 	<p>1. Microfinance Bank (MFB) Financial Inclusion Target Setting</p> <ul style="list-style-type: none"> Financial Inclusion targets had been developed and communicated to MFBs nation wide. Targets were being developed for the insurance industry, in cooperation with the National Insurance Association (NIA). <p>2. Bank Verification Number</p> <ul style="list-style-type: none"> Cost of BVN machines had been reduced significantly and N 2 billion had been disbursed among registration agents The target was to capture 10 million BVNs annually going forward.

13th Financial Inclusion Technical Committee Meetings

<p>The 13th meeting of the National Financial Inclusion Technical Committee held on Thursday, March 29, 2018. The meeting was co-chaired by Dr. M.A Olaitan, Director, Development Finance Department, CBN and Dr. Farouk Umar Aminu, Director/Head of Corporate Strategy & Research of the National Pensions Commission (Pencom) on behalf of the CBN Deputy Governor, Financial System Stability. In attendance were Knowledge Exchange delegates from seven (7) Alliance for Financial Inclusion (AFI) member countries who participated as observers, as well as statutory members including Directors and their equivalents from relevant stakeholder institutions.</p> <p>During the meeting, Dr. Olaitan especially noted the presence of delegates from AFI, Inclusion stating that the visit and participation of the delegates would allow for cross fertilization of ideas in the</p>	<p>implementation of National Financial Inclusion Strategies</p> <p>The meeting had the following highlights:</p> <ul style="list-style-type: none"> Update on the Inauguration and Regional Capacity Building of the Financial Inclusion State Steering Committee (FISSCO) Presentation of the 1st draft of the Refreshed document on National Financial Inclusion Strategy (NFIS) Updates on strategic initiatives by the chairpersons of each of the Financial Inclusion Working Groups. <p>In addition, the Head, Financial Inclusion Secretariat, Mrs Akin-Fadeyi Temitope provided updates on the key decisions reached at the last meeting including:</p> <ul style="list-style-type: none"> The Regional Capacity Building workshop held for FISSCO members 	<p>from 12th to 16th March 2018.</p> <ul style="list-style-type: none"> Circulation of the paper on the impact of the cashless policy by the Shared Services Office of the Central Bank of Nigeria to members. Presentation by NIPOST to the Central Bank of Nigeria and plans by the for the Bank to conduct on-site visits to ascertain their readiness for a super-agent license. <p>At the end, Ms Madhurantika Moulik from AFI thanked the Central Bank of Nigeria for hosting the delegates to understand the implementation of the National Financial Inclusion Strategy. The delegates iterated that they had learnt a lot from the Bank, stating that there was a need for Nigeria to leverage on opportunities in Digital Financial Services in order to effectively achieve 80% financial inclusion by 2020.</p>
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SPOTLIGHT

Nigeria Financial Services Maps Project Kickoff and Proof of Concept



Centre: Mr. Olayinka Peter (Head, Data Management Office) and Mr. Joseph A. A. Attah (Head, Strategy Coordination Office) of the Financial Inclusion Secretariat with participants at the workshop organized on the 2018 Nigerian Financial Services Maps / Workshop facilitated by Experts from Bankable Frontiers Associates (BFA)

Nigeria launched its National Financial Inclusion Strategy in October, 2012 with the overall target of reducing the adult financial exclusion rate from 46.3% in 2010 to 20% by 2020. A strong network of financial access points – including commercial bank branches, microfinance bank branches, Automated Teller Machines (ATMs), Point-of-Sales (POS) terminals, agent banking outlets and mobile money agents were important prerequisites to achieving this goal. While the number of financial access points is an important indicator of availability of financial services in the country, it is also important to measure dispersion of the access points in order to ensure that there is the spread around the population in all States and Local Government Areas.

As part of efforts to the spread, the Central Bank of Nigeria, in collaboration with the Bill & Melinda Gates Foundation had implemented two previous edition of the geographical mapping of the financial access points in the country in 2013 and 2015. The third round of the survey, which now includes the Nigeria Interbank Settlement System (NIBSS) and insight2impact (an international and innovative research firm) aims to develop a more dynamic

web-based database of the financial access points. It would combine published data from both demand and supply-side sources and transaction data from NIBSS to produce a real or near real-time database, tagged the “Nigerian Financial Services maps (NFSmaps).

The Project will be developed in 3 phases:

The first phase would deal with the Proof-of-Concept, the second phase with the Prototype while the third phase would provide the final solution.

The Proof-of-Concept was delivered in March 2018. Using hypothetical data from the financial sector, it displays dashboards for different users (personas). The second and third phases of the Project is expected to be delivered in September and December 2018, respectively. The project is being handled by a team of Nigerian software engineers.

The NFSmaps will not replace any of the existing databases but will feed from relevant data sources to produce dashboards that simplifies access to financial inclusion information in Nigeria.■

Visit www.fspmmaps.com for past editions of the maps.



Credit Enhancement Schemes

Anchor Borrowers programme (ABP) leverages technology to reach more farmers

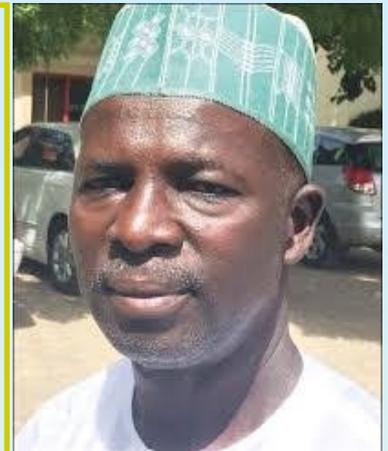
The Central Bank of Nigeria (CBN) has introduced the use of technology to guide input distribution to farmers under its Anchor Borrowers Programme (ABP). In order to do this, the Apex Bank announced that Biometric information of each farmer would be taken, their farms mapped and biometric cards issued to them for ease of identification during input collection.

During the flag off ceremony in Abuja in February 2018, the Governor of the Central Bank of Nigeria emphasized the need to use already mapped farmlands for the season to avoid false claims. He also stated that the Federal Capital Territory (FCT) was used as a pilot for the technology innovation and that it would spread across the 24 states participating under the Rice Farmers Association (RIFAN) dry season farming. The CBN Governor was

represented at the event by his Special Assistant, Development Finance—Mr. Olatunde Akande.

The Chairman of (RIFAN), Alhaji Aminu Muhammad Goronyo also spoke during the flag off, noting that “Mr President must be commended for the passion he has shown for agriculture... he has shown commitment for total diversification to agriculture and has paid specific attention to rice product, which import has continued to gulp a sizable amount of our foreign exchange, every year. The CBN/RIFAN Anchor Borrowers’ Programme, the first of its kind in Nigeria, is being flagged off today by training input suppliers, service providers and other stakeholders”.

Alhaji Goronyo also commended the efforts of the CBN in committing to econom-



Chairman of (RIFAN), Alhaji Aminu Muhammad Goronyo

ic development through the programme and urged members to take advantage of opportunities presented therein.■

Source: <https://guardian.ng/news/cbns-tech-strategy-for-anchor-borrowers-cleaner-notes-2/>
http://rifan.org.ng/2018/02/08/rifan-lauds-buhari-on-flag-off-of-anchor-borrowers-programme/#.WzT_e9JKjIU



Commercial Agricultural Credit Scheme now allows for the participation of Non-interest financial institutions

As part of its efforts to promote access to finance for all Nigerians, the Central Bank of Nigeria has revised the guidelines for its N200 billion Commercial Agricultural Credit Scheme to allow for the participation of Non-interest financial institutions. In the guidelines released via a circular titled “**Amendment to the Commercial Agricultural Credit Scheme (CACS)**”, guidelines the key objective of the revision was to deepen access to finance and reduce financial exclusion rate. The revised guidelines created, amongst other things, a non-interest window for participating Non-interest Financial Institution (NIFI).

The non-interest window according to the guideline will be a operated in a two tiered structure as follows:

- **CBN and the NIFI:** This structure will be based on restricted profit-sharing agreement between the two parties
- **NIFI and Investors:** In this model. The NIFI uses CBN approved non-interest financial contract appropriate with the type of financing request like murabahah, Salam, istisna and Ijara and Wakalah.

The CACS which was created in 2009 is aimed at providing finance across the agricultural value chain and is being implemented by the CBN in collaboration with Federal Ministry of Agriculture and Rural Development. Offered at 9.0%, the Scheme was funded from a N200billion bond raised by the Debt Management Office.

From inception, the CBN had disbursed about N551.18 billion for 547 projects through participating financial institutions. Some of the key projects funded under the Scheme include sixty-five (65) state government projects and eight (8) Paddy Aggregate Scheme (PAS)”

Source: <https://www.vanguardngr.com/2018/02/cbn-extends-n200bn-commercial-agric-fund-non-interest-banks/>



DIGITAL FINANCIAL INCLUSION

Lagos Business School Launches 2017 Digital Financial Services Report on Nigeria



L-R: Dean of the LBS, Dr. Enase Okonedo, Mrs. Temitope Akin-Fadeyi—Head, Financial Inclusion Secretariat, CBN, Dr. Olayinka David-West - Academic Director, LBS, Dr. Abi Jagun—Program Officer (Nigeria), Bill & Melinda Gates Foundation, Hon. Jones Onyere—Chairman, House of Representatives’ Committee on Banking and Currency, National Assembly and Prof. Olawale Ajai—Professor of Legal, Social and Political Environment, LBS.

The Sustainable and Inclusive Digital Financial Services of Lagos Business School (LBS) have unveiled the Digital Financial Services: State of the Market Report 2017. The unveiling took place on 5th December 2017 at the Financial Inclusion Confer-

ence organized by the Lagos Business School (LBS), in collaboration with Business Day, Micro Save and International Finance Corporation (IFC).

The report expands the discussion of financial inclusion in Nigeria beyond the core ecosystem and provides evidence-based insights into the institutional and regulatory framework required to deepen the space. It also recommended market-enabling policies for creating an ecosystem for delivering digital financial services (DFS) to the unbanked population and ultimately attain the Central Bank of Nigeria’s commitment to 20 percent financial exclusion rate by 2020.

The Dean of the LBS, Dr. Enase Okonedo in her opening remarks, said that financial inclusion had become a global trend and the LBS organized the Conference to Nigeria to achieve the desired objectives of the policy for the betterment of its citizens.

Experts at the event called on the need to incorporate Digital Financial Inclusion in Nigeria’s Development Agenda. ■

Source: <http://businessstandard.com.ng/2017/12/04/lagos-business-school-host-2017-financial-inclusion-conference/>

2nd National FinTech conference holds in Lagos, stakeholders call for more robust ecosystems

The 2nd National Fintech Conference in Nigeria held between January 24–26, 2018. The Conference which was a gathering of stakeholders from financial institutions, fintech startups, technology companies and industry experts to discuss key issues that will improve the ecosystem for digital financial services in the country. During the conference, participants reached a consensus that there was a critical need for robust Fintech solutions across the country and Africa to drive innovative and viable products that would improve access to finance by the excluded population.

The “Artificial Intelligence and Machine Learning” discussed the need for industries to leverage on universities to develop necessary skills for the global Artificial Intelligence revolution. The session on ‘Blockchain and New Opportunities’ focused on the need for Nigerians to properly understand the impact blockchain will have on its population. Some use cases including bringing efficiency

to inefficient markets and providing a platform for smart contract and internet were also discussed.

A major part of the general discussions stressed the need for gender inclusion and the roles of more women in deepening the Fintech space. It was noted that regulators like the Central Bank of Nigeria, Securities and Exchange Commission and the National Communications Commission needed to keenly focus on the evolving nature of digital financial services and factor in the role of Fintech in optimizing the benefits. The case of low penetration of insurance in the country was also a source of concern at the conference. The opportunities in technology and innovation by insurance companies to drive improved uptake of insurance products was a major take away from the program.

The participants agreed that the development of strategic technological hubs in the country could attract investments and promote innovation in the Fintech space. ■



INTERNATIONAL COLLABORATION

Alliance For Financial Inclusion holds Peer Advisory Service in Nigeria



From left-right: Dr. M. A. Olaitan, Director, Development Finance Department - CBN; Madhurantika Moulick, Capacity Building Manager - AFI; Mr. Salisu Rabeh, Director, Branch Operations Department - CBN; and Mrs. Temitope Akin-Fadeyi, Head of Financial Inclusion Secretariat - CBN

The Central Bank of Nigeria and the Alliance for financial inclusion (AFI) co-hosted delegates on a knowledge exchange/ Peer Advisory Service from 26th to 30th March, 2018. The delegates were drawn from Royal Monetary Authority of Bhutan, Central Banks of The Gambia, Ghana, Liberia, Nepal, Sri Lanka and Nepal as well as the Ministère de l'économie et des finances de la Côte d'Ivoire. The purpose of the visit was to provide learning opportunities and insight into the procedure for the development and implementation of Nigeria's National Financial Inclusion Strategy (NFIS). Some of the specific components included:

- * Overview of the Nigerian Financial system, its operations, regulations and supervision;
- * Rationale and approaches to CBN's Development Finance interventions;
- * Nigerian National Financial inclusion strategy implementation challenges and future perspectives
- * Cashless policy initiatives and the Nigerian Electronic Fraud forum;
- * Introduction of the three-tiered know your customer (TKYC) requirements
- * Strategic initiatives within the Insurance, Pension and Capital Markets to drive financial inclusion
- * Deposit Protection and the Pass-through Insurance for Mobile Money Operators
- * Financial Literacy Framework and the Curriculum Development Exercise for Nigerian schools

The delegates also joined the Financial Inclusion Working Groups' plenary session as Observers and took part in the subsequent meetings of the National Financial Inclusion Technical Committee in order to gain practical insights into institutionalizing similar structures in their home countries. Field visits for the delegates to the Nigeria Police force (NPF) microfinance bank, LAPO microfinance bank and Teasy mobile money was also organized to provide delegates with experience on how financial institutions in Nigeria provided services to financially excluded population. The visit featured testimonials from customers who had accessed financial services from the institutions visited.

The delegates particularly noted that the most learning discussions were around the Governance structure of the National Financial Inclusion Steering Committee and the role of the Financial Inclusion Secretariat, monitoring and evaluation of NFIS and the integration of digital financial services as the most secure, efficient and cost-effective way of scaling up financial inclusion. At the end of the session, Ms. Madhurantika Moulik, Head of Delegation and AFI's Capacity Building Manager appreciated the advancement made by Nigeria in the field of financial inclusion on behalf of the delegates. She thanked the Central Bank of Nigeria and other stakeholders, including regulators and other public-private sector partners for the commitment and dedication in providing the delegates with the learning opportunity during the peer advisory visit. ■



Photorama - AFI holds Peer Advisory Service in Nigeria



Decoration of AFI's Head of Delegation for the Peer Advisory Visit to Nigeria as a Financial Inclusion Champion



Dr. Farouk Aminu (Director, PenCom) and Dr. Mudashiru Olaitan (Director, CBN), Co-chairs for the 13th National Financial Inclusion Technical Committee Meeting



Mr. Ahmad Kollere, Head of Market Development - NAICOM delivering a presentation on the Commission's Financial Inclusion initiatives



Cross-section of AFI Delegates as Observers during the 13th Financial Inclusion Working Group Meetings



Field Visit to LAPO Microfinance Bank



Field visit to NPF Microfinance Bank



Reception and Nigerian Cultural Displays for the Delegates



Cross-section of AFI Delegates with Staff of the Central Bank of Nigeria during the Visit



FINANCIAL LITERACY

Nigeria Celebrates 2018 Global Money Week (GMW)

Global Money Week (GMW), a Child and Youth Finance International initiative, is an annual money awareness campaign to inspire children and young people to learn about money matters, livelihoods and entrepreneurship.

The 2018 Global Money Week took place between 12th – 18th March and the theme highlighted the need for children and youth to be economically equipped and empowered to close inequality gaps and build a brighter future.

The Bankers' Committee in collaboration with other organizations such as Nigerian Stock Exchange (NSE), Securities and Exchange Commission (SEC), Junior Achievement Nigeria (JAN) participated in the celebration. Some key activities during the GMW included;

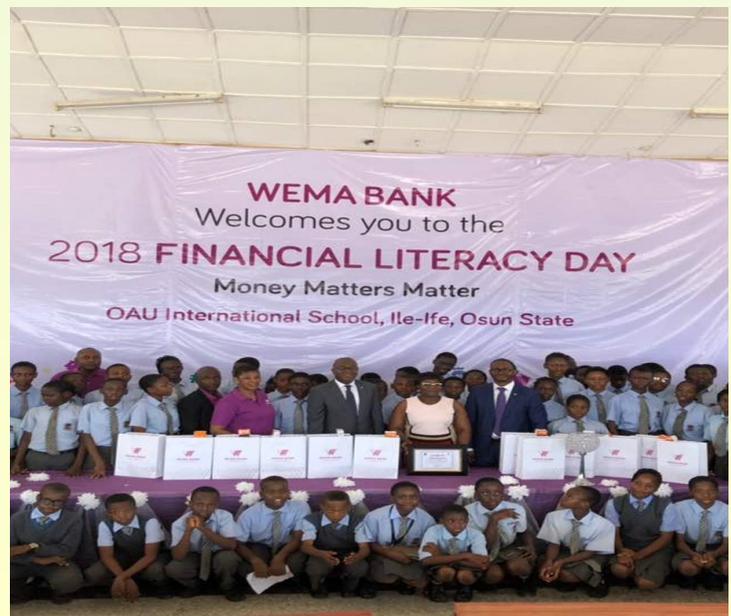
- Financial Literacy Day (FLD), by the Central Bank of Nigeria focused on activities that promote the Bank's Financial Inclusion drive. Bank Chief Executives were mandated to teach a financial literacy curriculum developed by JAN to primary and secondary school students across the country.
- Unveiling of First Bank's Products (KidsFirst and MeFirst) to promote an effective savings culture among young people. The product encourage parents to guide their wards on savings at a tender age whilst building financial savvy skills for future purposes".
- Monopoly Open Competition for children between the ages of seven and fifteen years the by Nigerian Stock Exchange, in collaboration with Bestman Games Limited. The competition which took place in Lagos was designed to help children learn and show their basic financial planning skills.
- Visit by Wema Bank to several public schools across the country to educate students on the benefits of growing their financial knowledge and nurturing healthy investment habits.
- Skills for financial planning and discipline by saving money in piggy bank as a way of securing their future by Security and Exchange Commission.■



Central Bank of Nigeria during the financial literacy outreach to schools



Chizoma Okoli, Executive Director—Business Development, Diamond Bank with ECWA Church representative and principals of Government Secondary Schools



Students at Wema Bank During financial literacy day



INSURANCE SECTOR

FG Launches a Climate Insurance Roadmap for Nigerian Farmers



Participants at the Launch of The Roadmap for Evidence-Based Insurance Development For Nigerian Farmers at Federal Ministry of Agriculture & Rural Development, Abuja

As part of efforts to support the contribution of agriculture to the Nigerian economy, the Federal Government launched a Climate Insurance framework titled “A Roadmap for Evidence-based Insurance Development for Nigerian Farmers” in December, 2017.

The aim of the roadmap was to improve existing knowledge on risk profiles of value chains, while creating a mechanism for expanding insurance products that ensures farmers increase their resilience to climate changes. The design of the framework was jointly conducted by Consultative Group on International Agricultural Research (CGIAR) on Climate Change, Agriculture and Food Security (CCAFS) in partnership with Federal Ministry of Agriculture & Rural Development (FMARD).

During the launch, Mr. Audu Ogbah, Honorable Minister of Agriculture and Rural Development noted that climate change was a global phenomenon and a reality, which continued to have devastating impacts on flood supply, with episodes of drought that could wipe out the entire harvest of farmers. He noted that in recent years particularly between 2012 and 2017, Nigerian farmers had suffered as a result of the effects of climate change.

He further stated that to ensure food security and nutrition, it was paramount for farmers to insure their crops to obtain financial succor in the event of the occurrence of any disaster.

Also speaking at the Launch, Dr. James Hansen Senior Research Scientist at the International Research Institute for Climate and Society (IRI) while presenting a working paper on the roadmap, emphasized on the importance of a robust insurance framework that expands inclusive insurance products for smallholder farmers to enable them cope with shocks of climate change and increase productivity. He called on all stakeholders in the agricultural sector to show commitments tackling the climate challenges. ■

Source: <https://guardian.ng/features/climate-change-fg-launches-insurance-roadmap-for-farmers/>

Financial Inclusion takes center stage at Insurers’ Committee Maiden Retreat



Mr. Mohammed Kari
The Commissioner for Insurance

The First Annual Insurers’ Committee Retreat organized by The National Insurance Commission (NAICOM) held in February 2018 at the Radisson Blu Hotel in Abeokuta

The Committee was set up to provide a veritable platform for the regulator and regulated entities to periodically interface towards developing strategies to drive sustainable growth and development of Nigerian Insurance sector. The CEOs of insurance companies and top Management staff of the National Insurance Commission are members of the body.

In focus at the retreat was the “**Development of a roadmap to repositioning the insurance industry in Nigeria towards self-actualization and growth**”.

Mr. Mohammed Kari, the Commissioner for Insurance in his keynote address, acknowledged the challenges faced by the sector and noted the huge potentials available for the industry to attain lofty heights within and outside Nigeria. He added that the objective of the gathering was to review activities of the sector to determine ways of addressing challenges and developing a roadmap to optimally harness the potentials of the insurance sector.

According to him, “We have also long identified the potentials inherent in embracing financial inclusion products in the growth of the industry. It is this realization that led the Commission into introducing financial inclusion products to the market a few years back. We are glad that Takaful and Micro insurance is now taking firm root in the industry. It is also noteworthy that insurance companies have started to make good attempts at shifting focus from corporate segment to retail segment of the market”.

The paper on “**National Financial Inclusion Strategy: The Agenda for Insurers**” by Mr. Joseph A.A. Attah, (Head, Strategy Coordination Office, Financial Inclusion secretariat) and highlighted the importance of insurance to management of smallholder economics. He also called on the Committee to solidify plans to set up financial inclusion targets for the insurance industry, so that the operators would have something to work on which would serve as a basis for measuring performance of the industry. ■

Source: <https://www.pressreader.com/nigeria/thisday/20180219/28165107>



STAKEHOLDER ENGAGEMENTS

Securities and Exchange Commission (SEC) extends Financial Inclusion Outreach Programme to Karshi Area council, Abuja

The Securities & Exchange Commission organized a **Financial Inclusion Outreach Programme for Nomadic and Market people** in Karshi Area Council in the Federal Capital Territory, Abuja to commemorate the International Organization of Securities Commission (IOSCO) World Investor Week. The programme took place at Karshi Area Council Secretariat's premises on 15th February, 2018.

The aim was to create awareness on financial inclusion products such as Capital Market, Insurance, Pension, Saving, Credits and the danger of illegal financial services like Ponzi schemes. The programme had in attendance, representatives of the Central Bank of Nigeria (CBN), the National Pension Commission (Pencom) and the National Insurance Commission (NAICOM).

During the programme, the Director-General of SEC, represented by the Director of Marketing Development, Mr. Abdul Bello, Zubair, delivered the Welcome Remarks to formally welcome all participants to the programme. He also thanked everyone for sparing time to attend the event, noting that the program had earlier recorded huge successes in Bwari, Kuje Area Councils and the University of Abuja.



National Youth Corps members at the Financial Inclusion Outreach Programme

He further educated the participants on the importance of savings and investment, stressing that a little money could be invested in businesses instead of keeping it at home. He later thanked the Karshi Area Council for giving them the opportunity to execute the programme.

Similarly, the Chairman of Karshi Area Council, represented by Honorable Bulis Dogo delivered the Opening Remarks in which he welcomed SEC, PENCOM, NAICOM and CBN to the Council, and prayed for a successful deliberation and positive responses from the audience. He also advised people to ask questions as much as possible.

Mr. Gorge Ogudu (Strategy Coordination Specialist, Financial Inclusion Secretariat), CBN delivered the Goodwill message and commended SEC for organizing the programme. He highlighted the im-

portance of financial inclusion and financial literacy in providing people with the capacity to manage their money more efficiently and also have opportunities of accessing various loans in order to build their businesses.

He further emphasized that loans were not free money and beneficiaries should put them to good use to build their businesses and repay as at when due. In conclusion, he called on those who intend to borrow money from financial institutions to form small market women groups or co-operatives, in order to open accounts where they can access services like savings and credit as required for their needs. ■

Identity Harmonization exercise critical to Financial Inclusion—NIMC



Engr. Aliyu A. Aziz — Director-General/CEO

The National Identity Management Commission (NIMC) has commenced Identity Harmonization Exercise. The Commission reported that about 30 million identities of Nigerians had so far been harmonised .

The Commission made this assertion while speaking with the State House Correspondents after a presentation on its strategic roadmap for developing a harmonised National Digital Identity to the Vice President, Prof. Yemi Osinbajo.

According to the Director-General of the Commission, Engr. Aliyu Aziz, the approach was for all agencies to collaborate with NIMC to increase the National Identity Numbers and cover the entire Nigerian population .

He further informed that the focus for the three-year timeline was to get the

digital identity numbers not the possession of physical cards, citing the Indian experience where 1.4 billion digital identities were issued.

The Presidential Aide on Logistics and ICT, Mr. Lanre Osinbana commented that the purpose of the harmonisation exercise was to develop a digital economy, as digital identity was key to achieving the objectives of the exercise. He further added that, identity was also a critical aspects in the Federal Government's programme on Social Safety net, as well as Financial Inclusion.■

Source: www.premiumtimesng.com/news/top-news/2559769-nimc-harmonises-30-million-identities



STAKEHOLDER ENGAGEMENTS

2nd Financial Inclusion Stakeholders Workshop holds in Kaduna



Mr. Joseph A. A. Attah (*Head of Strategy Coordination Office—Financial Inclusion Secretariat*) with a cross-section of participants on a field visit to Bizi Mobile Agent location for a live demo of Mobile Money services



Mr. Stephen Ambore (*Head of Digital Financial Services, Programme Management Unit—Financial Inclusion Secretariat*) anchoring an interactive session with participants at the workshop

The Financial Inclusion Secretariat held a two day stakeholder workshop at Bafra International Hotel on Tuesday and Wednesday, January 16 and 17, 2018. The objective of the workshop was to review the activities of national stakeholders in Financial Inclusion in 2017 and undertake plans for 2018.

The event kicked-off with an opening remark by Mrs. C.S. Gaiya, a representative of the Branch Controller (BC), Central Bank of Nigeria (CBN), Kaduna. She commended the Financial Inclusion Secretariat (FIS) for bringing all stakeholders together and appreciated the efforts of the stakeholders at the national level.

During the workshop, 20 presentations by participants from over 16 organizations and CBN departments were presented. Also a technical session to kick-off the refresh phase of the National Financial Inclusion Strategy refresh exercise was anchored by the Consultants, Dalberg Global Development Advisors.

Mr. S. F. Mohammed representative of Director, Development Finance Department (DFD) provided some comments regarding the Peer Educator Programme to FMYSD. He advised that the programme should be scaled and the number of Corps members being trained as investors needed to be increased in order for there to be increased impact. He also applauded NIPOST's financial inclusion drive, advising them to collaborate with distribution companies to achieve wider coverage.

At the end of the workshop, the Head Financial Inclusion Secretariat (FIS), Mrs. Akin-Fadeyi Temitope stated that she was optimistic about financial inclusion plans for 2018, especially as the Financial Inclusion State Steering Committee (FISSCO) had been inaugurated in all the states. She encouraged everyone to ensure that the action plans approved at the workshop were implemented diligently. Stressing that the work plans should be revised to show timeline and responsibility and sent back to the Secretariat for consolidation and ongoing monitoring through the respective working groups.■



Cross-section of participants on a field visit to Micro-cred Microfinance Bank to interact on their initiatives for financial inclusion



Mr. Nkemjika Nnake of the Nigerian Stock Exchange (NSE) providing an update on NSE's Financial Inclusion activities in 2017



INTERNATIONAL FINANCIAL INCLUSION NEWS

China Makes Headway on Financial inclusion

China has made progress in the evolution of its Financial Inclusion, through propagation of digital finance innovation. According to a report jointly written by the People's Bank of China and the World Bank Group, China has established one of the world's largest agent banking networks.

The report stated, "China's rate of account ownership, a basic metric of financial inclusion is at par with that of other G20 countries."

Its financial infrastructure promotes extension of the formal financial sector into rural areas and establishing new financial service providers. So of the challenges to be addressed in achieving long-term financial inclusion, as market-oriented and sustainable approaches include ability to manage the risk associated with new technology-driven providers and products. China is poised to systematically address the challenges headlong. ■



Source: http://www.xinhuanet.com/english/2018-02/18/c_136983674.htm

Concerns for Banks as WhatsApp Adds Payment feature



Whatsapp has introduced payments to its messaging app in India, making it the latest service to let users transfer money to one another with a text.

After the pilot in India, this payment option will be available in Nigeria and other African countries and will have an effect on banks already suffering from revenue losses.

This new service will enable users to link their bank account to their Whatsapp account through Unified Payments Interface (UPI) and begin making payments to another user's bank account through a Whatsapp chat.

According to Dr. Ndubisi Ekewe, a renowned Nigerian professor and inventor, who is familiar with the recent development, the banks have everything to worry about, as the risks to them are clear. He added that if Whatsapp becomes successful in payments, it may become a small bank of itself which would make most banks struggle.

The case may be worse for some banks because most banks are enjoying transaction based fees with ATM charges including other fees from digital transfers. ■

Source: <https://guardian.ng/business-services/concerns-for-banks-as-whatsapp-adds-payment/>

Migrants Remit \$581bn To Families Via Mobile Money

Migrants are now sending an estimated \$581 billion in remittances to their families according to the 2017 State of the Industry Report on Mobile Money. While Sub-Saharan Africa continues to take a leading role in the share of registered and active mobile money accounts, new regions such as South Asia have experienced a significant growth in mobile money services. Active mobile money accounts grew from less than a million in December 2011 to more than 10 million by the end of 2016.

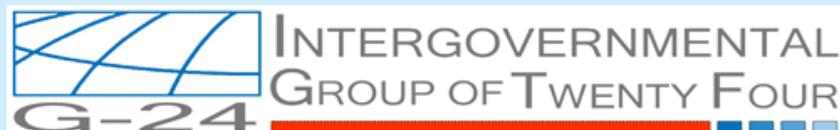
When the Global Findex survey was updated in 2014, it showed the number of unbanked people significantly dropped in just five years which has been attributed to the spread of mobile money. The biggest impact was felt in Sub-Saharan Africa.

In this context, mobile money is serving as a primary tool for reaching the underserved. Globally, there are 556million registered mobile money accounts globally of which 174 million are active on a 90-day basis. ■

Source: <https://sundiatapost.com/2018/02/20/migrants-remit-581bn-to-families-via-mobile-money/>



INTERNATIONAL FINANCIAL INCLUSION NEWS



G-24/AFI High-Level Roundtable marks its 10th Year Anniversary with FinTech for Financial Inclusion dialogue



“Fintech for Financial Inclusion” was the main focus at the 10th year anniversary of the G24/AFI High Level Roundtable which held on 18 April 2018 at the IMF headquarters in Washington D.C.

The Annual Policymakers roundtable is a forum for discussing issues relevant to Financial Inclusion particularly in the developing countries. The forum is attended by members of Intergovernmental Group of Twenty Four (G24) from across the world including Nigeria that coordinates the position of developing countries on monetary and development issues.

Over 100 senior policymakers, led by 30 Central Bank Governors from emerging and developing countries including the Central Bank of Nigeria convened to discuss the aspects of Fintech that hold the greatest potential to support financial inclusion goals.

The general consensus at the forum was that FinTech has the potential for developing solutions to address digital identity for the financially excluded, as well as sharing useful lessons to effect transformation. Technology can be used to achieve financial inclusion objectives and create efficiencies in the market in terms of costs, transparency, trust in institutions and provide stronger consumer protection regime.

However, a major challenge highlighted by policy

makers/ regulators was how to foster innovation while safeguarding consumer protection and enhancing stability of the financial sector.

The President of National Bank and Securities Commission (CNBV) of Mexico Bernardo Gonzalez Rosas shared experience of Mexico on the recent establishment of a law to regulate the Fintech space which was based on five principles: promote financial inclusion, protect consumers, strengthen financial stability, guarantee financial integrity and foster competition among participants.

AFI’s partners at the meeting, stressed the importance of knowledge sharing and capacity building among regulators to support the implementation of key policy enablers.

The roundtable concluded that in the future, FinTech should effectively implement proportionate regulatory regimes that come from practical examples based on peer-learning. In addition there was a huge need to strengthen public-private dialogues to enhance better understanding of the role of FinTech in enhancing financial inclusion which could be translated into implementing policy and regulatory reforms to catalyze inclusive growth. ■



Nigerian Financial Inclusion News

Paga Agent Launches Largest Financial Services Centre

A retail entrepreneur, Leumastek Ventures registered as part of the Paga Agent Network launched a building dedicated to offering financial services to communities in Badagry, Lagos on Monday 12th February, 2018. The building was borne out of the commitment of Leumastek Ventures to be closer to the people in order to effectively serve the community with cash in, cash out services from any bank account, bills payment as well as other financial products and services.

In attendance at the event were Traditional leaders, customers, friends of the agent and the Paga Founder and CEO, Tayo Oviolu . Speaking during the launch, the General Manager ,Paga Agent Network and Sales, Mr. Arike Okunowo noted that the building demonstrated immense opportunities of the Paga agency business which were focused on solving the payment needs of all Nigerians and delivering financial services to the mass market.

He noted that the building in particular, will serve as one-stop centre for payment services for the people in Badagry.■



Mr. Taiwo Oviolu

Founder/CEO of Pagatech

Source <https://independent.ng/financial-inclusion-paga-agent-launches-largest-financial-services-centre/>



Ecobank Leverages Digital Channels, Xpress Account to Drive Financial Inclusion

Ecobank of Nigeria has unveiled a new product ,‘Xpress account’ as part of its efforts to promote financial inclusion through digital channels. Speaking at the event, the Executive Director, Consumer Banking , Mrs. Carol Oyedeji stated that the Xpress Account which was a mobile based digital account was developed to provide customers with the opportunity to open accounts with ease. She noted that sign up time for an Xpress Account was only about 5 minutes the and account not require any form of documentation as it is a tier-one mobile wallet account.



Mrs. Carol Oyedeji—Executive Director, Consumer Banking

Benefits derivable from this types of account according to her include simplicity and ease of transacting. In addition, the account could be funded through transfer from accounts in Nigerian banks or by simply paying in cash at one of the Eco bank Xpress points at agent locations Nationwide.

Mrs. Oyedeji explained that Ecobank was focused on leading the customer banking industry by leveraging its robust digital channels to drive financial inclusion for the un-banked in the different parts of the country.■

Source: <http://www.businessdayonline.com/ecobank-leverages-digital-channels-xpress-account-drive-financial-inclusion/>

Inlaks to Unveil a Solar Powered Mobile Branch Solution in Support of Financial Inclusion

Inlaks, a Technology Company has revealed that a solar powered Branch solution that eliminates challenges associated with traditional banks and other financial institutions would soon be unveiled. The mobile powered solution described as self-contained, would be equipped with CCTV, burglar alarm system, state of the art fire system, solar power system air conditioned inverter, among other elements.



Mr. Tope Dare

Director of Infrastructure Business

Mr. Tope Dare, the Director of Infrastructure Business at Inlaks Technology, stated that the solution would make financial institutions more efficient and make it easier for them to reach the remotest areas whilst also promoting self-service and brand awareness among customers. He explained that the mobile solution had been designed to provide customers convenient access to cash at remote locations as well as busy areas without physical bank structures. According to him, the company was working with financial Institutions who plan to establish new branches to adopt the solar powered mobile branch solution before construction/completion of their permanent branches.■

Source: <http://leadership.ng/2017/06/25/nibss-issues-29-4m-bvns-customers/>



Regulatory Sandboxes and Financial Inclusion

The rapid growth of the Financial Technology (FinTech) industry and its increasing contribution to the global economy has prompted regulators to start exploring measures to effectively regulate the industry without stifling innovation and its promises.

It is on this premise, that regulators around the world have begun to consider Regulatory Sandboxes, a concept that prescribes set of rules that allows Fintech innovators to test their products/business models in live environment without following some or all legal requirements, subject to predefined restrictions such as limitations on Number of clients; risk exposure, testing under regulators supervision and other factors² that would ensure a streamlined oversight.

The U.S. Consumer Financial Protection Bureau (CFPB) set up the first sandbox-like framework in 2012 under the name Project Catalyst. In 2015, the U.K. Financial Conduct Authority (FCA) coined the term “regulatory sandbox” and launched the FCA regulatory Sandbox in 2016. Since then, the concept has spread across more than 20 countries from Abu Dhabi to Sierra Leone.

Regulatory Sandboxes provides regulators with the following benefits:

- A standardized and publicized framework for dealing with innovations that promote open and transparent communication between regulator and the sandbox entity(ies) to facilitate learning from each other.
- A clear signal to the market and among the regulatory and supervisory staff that innovation is on the regulator’s agenda.
- A safe space where live experiments can be conducted in a controlled manner and with safeguards in place to contain (and compensate for) any potential harm to customers and the financial system as a whole.
- Potential for reduced time-to-market cycle by streamlin-

ing the authorization process and reducing uncertainty for market players.

The concept is prevalent in high and middle-income countries, a majority of which do not struggle with significant financial inclusion problems. However, the contribution of the Fintech industry in lowering the barriers of the financial inclusion cannot go unnoticed. The Central Banks of Malaysia, Bahrain, Sierra Leone and India have explicitly identified promoting financial inclusion as one of the objectives for establishing regulatory sandboxes in their various jurisdictions.

Using a regulatory sandbox, specifically, digital financial inclusion may impact financial inclusion by spurring innovation and improving capacity of regulators to balance financial inclusion with other regulatory objectives. Several ways in which innovations may improve financial inclusion, include:

- Development of affordable products or services that address the needs of the underserved and unserved segments
- Improved distribution channels that reach out to the rural areas
- Alternative solutions to address compliance and risk management
- Increased competition, which might prompt reduction of financial service costs by players in the industry.

However, operating a regulatory sandbox requires adequate resources (staff and funding) to monitor the entity in the sandbox, failure of which may result in several risk implications; including financial inclusion risks.

In implementation of a sandbox, regulators should take into cognizance financial inclusion criteria and leverage testing as an opportunity to measure potential impact of the innovation on financial inclusion. ■

Countries with an Existing or Proposed Regulatory Sandbox

Australia ^a	Hong Kong	Malaysia	Singapore	Turkey
Bahrain	India	Mauritius ^b	Republic of Korea	UAE (Abu Dhabi)
Brazil	Indonesia	Mexico	Sweden	UK
Brunei	Japan	Netherlands	Switzerland	USA
Canada	Jordan	Russia	Taiwan	
China	Kenya	Sierra Leone	Thailand	

Note: The list includes countries with an operational (■), established (■), and officially announced (■) regulatory sandboxed (as at 31 August 2017)

a. Regulatory sandbox is used to describe a regime based on industry wide waivers.

b. The regulatory sandbox is not limited to providers of financial services, is open to any industry.



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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