

Financial System Strategy 2020



FSS 2020 International Conference
Information and Communications Technology
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Presentation Objectives

- **Present an overview of the use of ICT in the Nigerian Financial Services Industry**
- **Discuss key issues facing the use of ICT in the FS & Nigeria, identify gaps & Key Success Factors**
- **Discuss the ICT vision for FS2020**
- **Identify Strategic Initiatives**
- **Propose a broad Implementation Plan with timelines**



The Challenge

- To develop an IT strategy that will support the successful achievement of FSS 2020 Vision, Mission and Strategic Objectives.
- To formulate ICT strategic plans that will enable the use of Information Technology to transform productivity, generate economic growth and improve the quality of life
- To develop strategies and initiatives that is relevant to our environment which will conform with global trends/standards

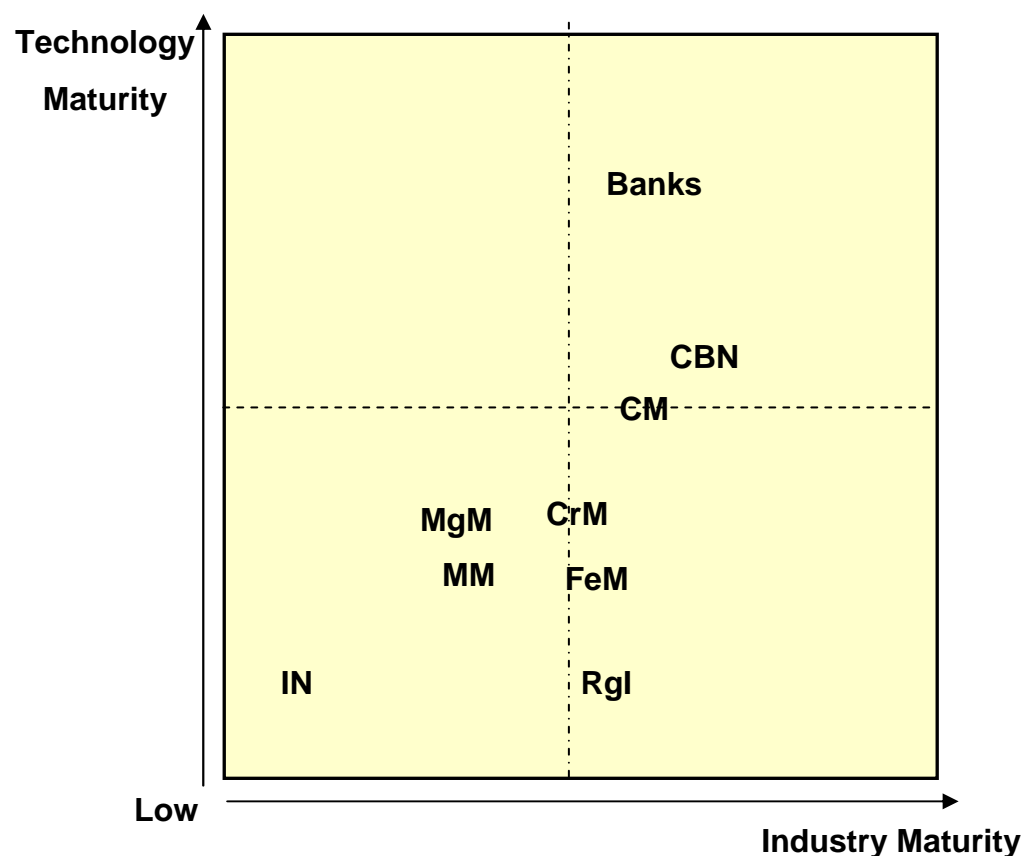




AN OVERVIEW OF ICT IN THE NIGERIAN FINANCIAL SERVICES INDUSTRY

Assessment of usage of ICT in the FS Industry by key Players/Markets

ICT use in Nigeria's financial services sector is growing however its overall adoption industry-wide has been low



Legend

- CBN - Central Bank
- CM - Capital Market
- CrM - Credit Market
- FeM - Foreign Exchange Market
- IN - Insurance
- MM - Money Market
- MgM - Mortgage Market
- Rgl - Other Regulatory Institutions



Industry Trends

- The banking sector has made huge investments in ICT and has pioneered the use of a number of innovative ICT-driven business solutions
- Technological resources are now being used to
 - manage the business
 - manage risks
 - enhance operations,
 - develop and deliver products & services
 - achieve the much-needed competitive advantage
- The recent adoption of e-payment systems has resulted in
 - Increased proliferation of ATMs at secured locations nationwide
 - Growing acceptance by citizenry
 - Rapidly increasing monthly volume and value of e-transactions

A study of the global trends reveal that countries with developed economies:

- achieve their success with robust ICT infrastructure and support
- run their financial services on an integrated network
- developed and implemented ICT tools to effectively anticipate, identify, mitigate and manage several risks
- ensured information systems security
- established strong collaboration between public and private sector

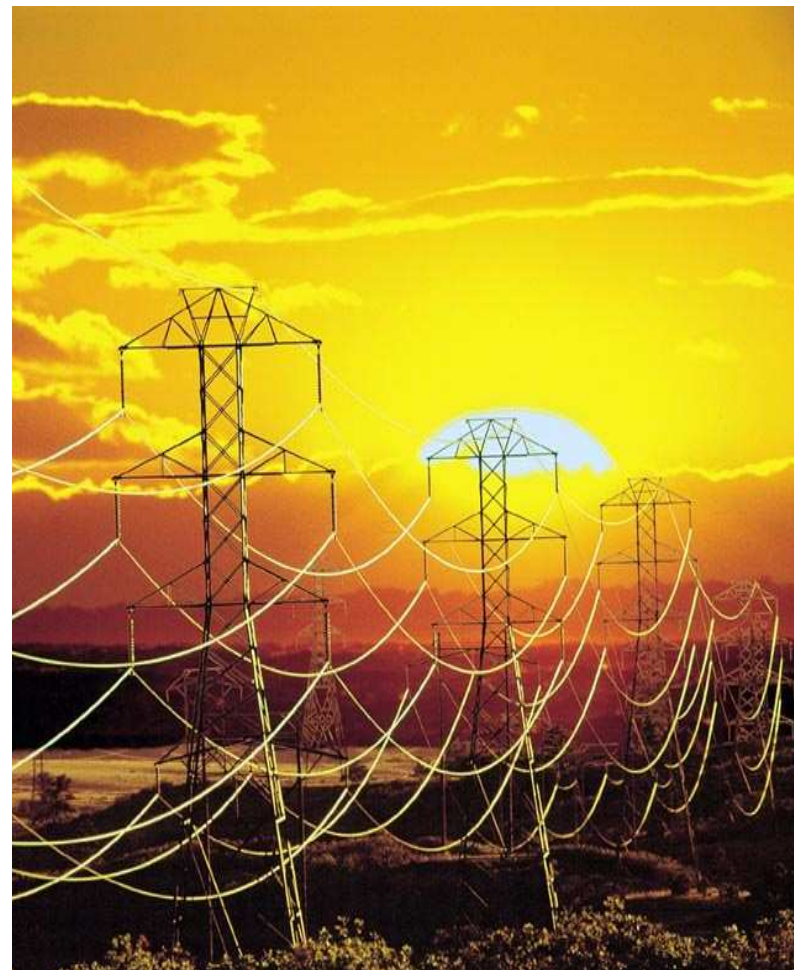




ISSUES, GAPS & KEY SUCCESS FACTORS

Issues affecting use of IT in Nigeria

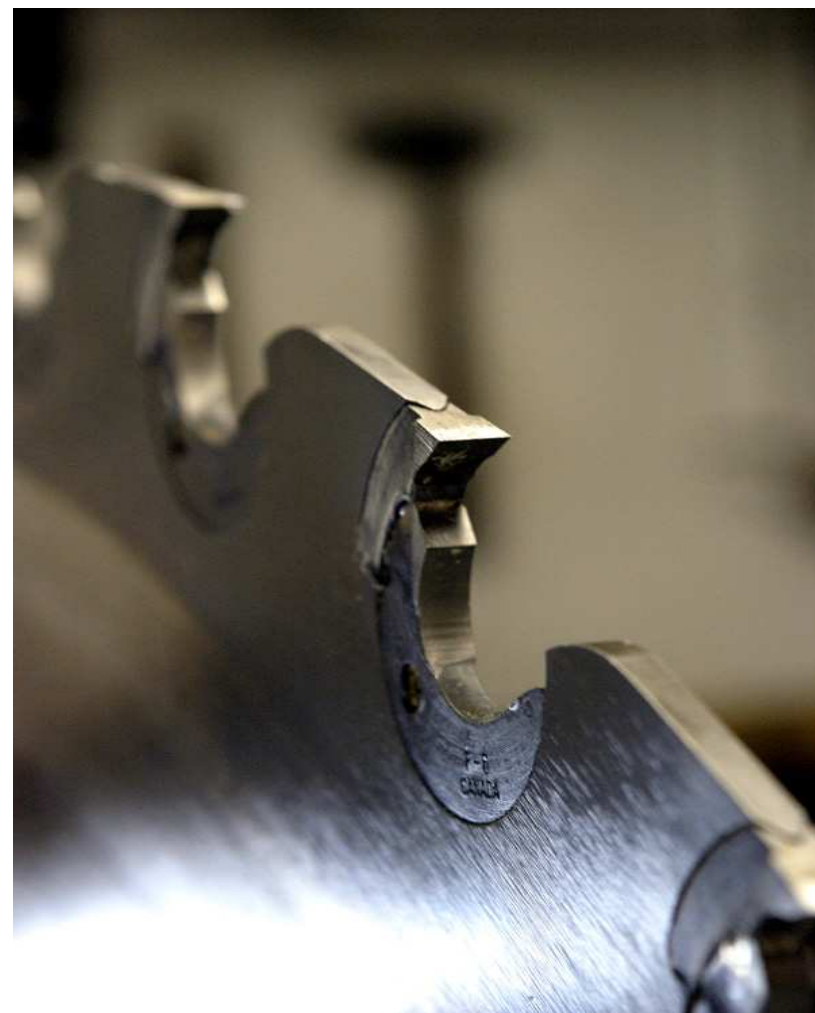
- Weak Communication Infrastructure
- Inadequate electricity supply
- Low IT education
- Low IT penetration
- Inadequate IT security
- High Cost of Implementation
- Low industry collaboration
- Poor systems implementation
- Poor Transaction Monitoring
- E-payment challenges
 - Discrimination
 - Limited channels' outlets
 - Absence of legal framework





Key Success Factors

- Rapid development of communications network - build new and leverage on existing communications infrastructure
- Availability of constant electricity supply
- Collaboration between regulators and operators within the financial services Industry
- Defined standards for interoperability
- Clearly defined industry standards, policies, processes and procedures
- Clearly defined and non-disruptive implementation approach
- Availability of skilled manpower
- Government Support





ICT VISION AND MISSION



Vision

"To Make Financial Services & Products Readily Available to Everyone, Everytime, Everywhere"



Mission

To use Technology to develop and support an Accessible, Secure, Reliable, Affordable and Collaborative Financial System



By the year 2020, there will be:

■ Adequate technological infrastructure:

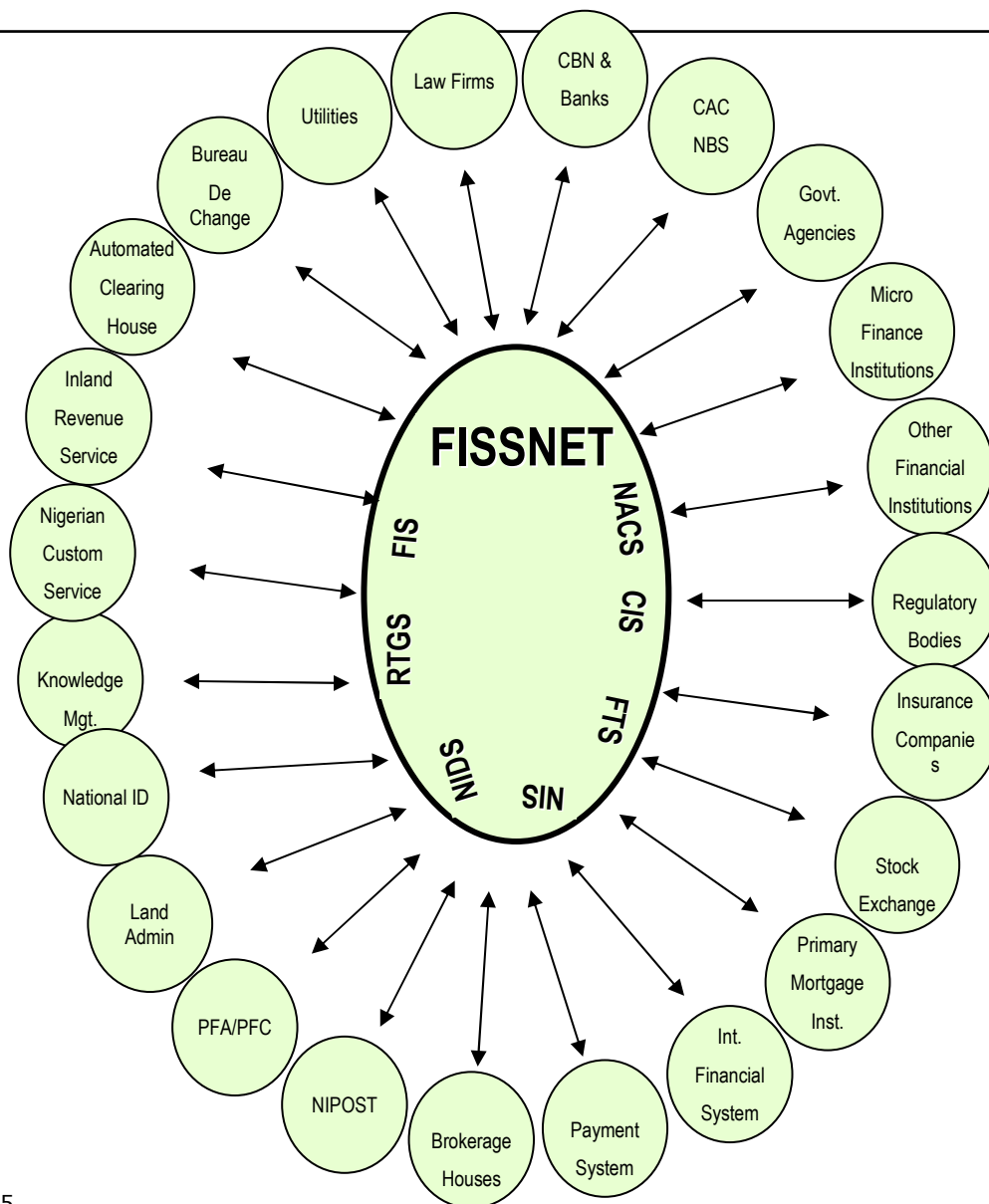
- Optic fiber backbone and wireless connectivity nationwide
- High ICT penetration and literacy
- Easy and affordable access to all service delivery channels

■ Financial products & services available nationwide:

- can be purchased online through service delivery channels like mobile phones, ATMs or kiosks
- financial instruments are dematerialized and available online
- credit Information & financial statistics available within the Financial systems network

Proposed Industry Model

- A 'virtual' network of Financial Systems tagged FISSNET (Financial Integrated System Services Network)
- FISSNET network will be a joint public and private sector partnership initiative
- It will be accessible through multiple service delivery channels nationwide



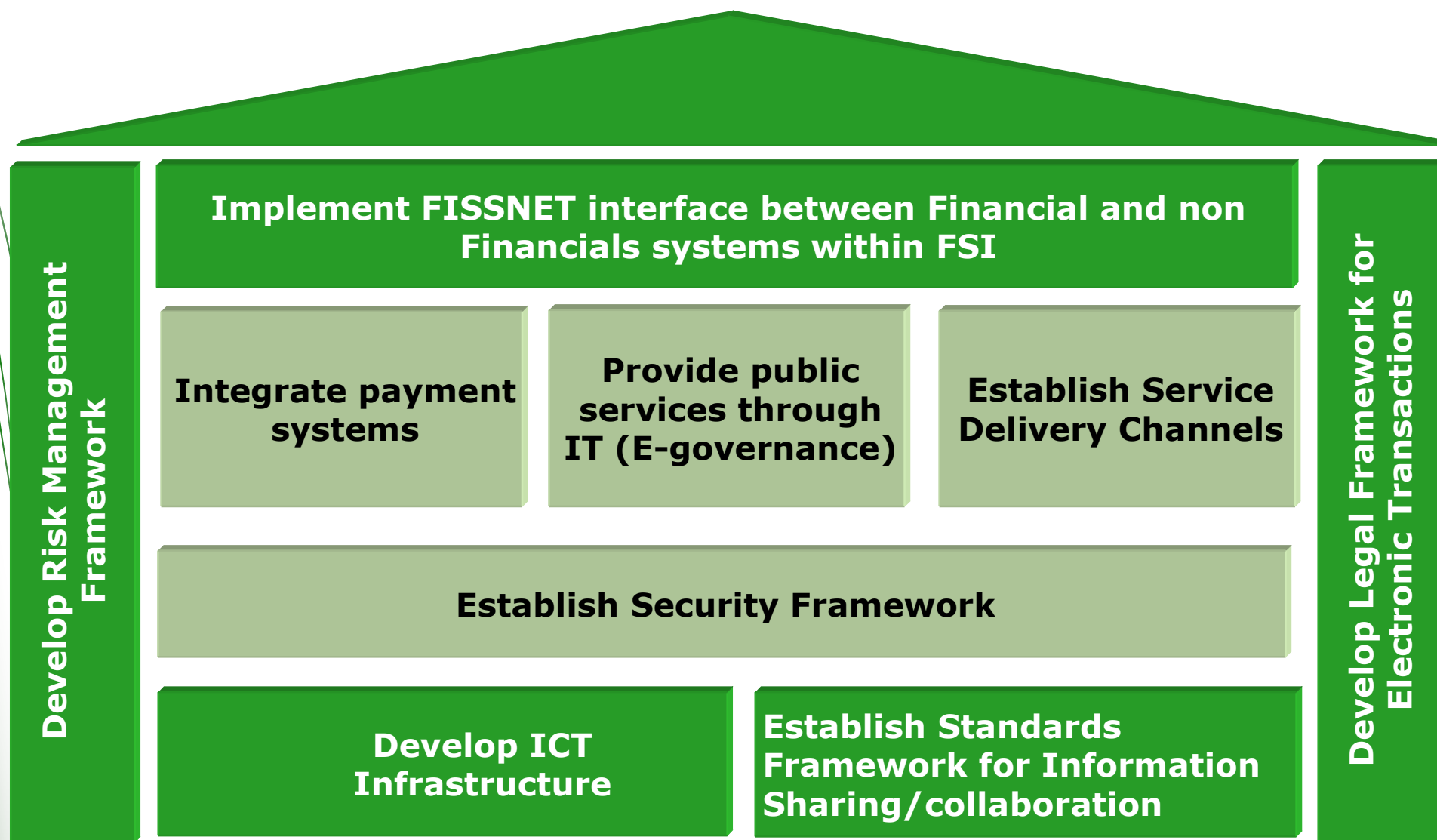


STRATEGIC OBJECTIVES & INITIATIVES



Implementation Strategy

FSS 2020





Objective 1: Create a legal and regulatory framework for electronic business transactions

- **Initiative 1:** Create the legal and regulatory framework which will support electronic transactions and enforce compliance to standards
 - **Law to address electronic and internet access issues; consumer protection and data protection/privacy laws (protecting electronic records)**
 - **Laws permitting electronic filing of documents (e.g. with government) and providing legitimacy to electronic transactions**
 - **Electronic signature law**
 - **E-payment laws**



Objective 2: Develop frameworks, guidelines and standards to enable IT driven/ based reporting, compliance monitoring, and risk management

- **Initiative 1:** Establish an organization to develop guidelines, frameworks and standards & monitor compliance.
- **Initiative 2:** Develop and implement ICT risk management standards and policies
- **Initiative 3:** Develop a reporting framework for corporate governance and compliance



Objective 3: Develop the ICT infrastructure that makes Financial Services available nationwide and meets current and anticipated future requirements

- **Initiative 1:** Extend fiber optic backbone to the whole country
- **Initiative 2:** Provide infrastructure required for broadband access nationwide



Objective 4: Design and implement a robust security framework and operational infrastructure

- **Initiative 1:** Develop an information security management program for the financial system by developing reliable security strategies, processes, policies and methodologies
- **Initiative 2:** Implement IT security strategies, Processes and policies to achieve Financial system-wide protection:
 - Security Governance
 - System monitoring
 - Identity management
 - Threat and vulnerability management
 - Data protection
 - Virus and Malicious software monitoring



Objective 5: Establish a framework for adapting internationally accepted standards to meet local needs for information sharing and interoperability.

- **Initiative 1:** Create a financial services institute that will be responsible for Research and Development and implementation of financial services technology:
 - Research and Development
 - Implementing standards
 - Coordinating the Implementation of financial services technology
- **Initiative 2:** Adapt internationally acceptable standards within the financial system to facilitate interoperability



Objective 6: Provide public services online (e-governance)

- **Initiative 1:** Automate public service operations in government ministries, agencies and parastatals
- **Initiative 2:** Develop a computerized Central Identification System for Individuals and Corporates
- **Initiative 3:** Roll out additional public services online
- **Initiative 4:** Create policies and infrastructure to ensure that taxes can be paid electronically
- **Initiative 5:** Create incentives to encourage individuals to make payments electronically
- **Initiative 6:** Develop a computerized and integrated land registry that is accessible online



Objective 7: Use ICT to increase the delivery of financial products and services to unbanked individuals and rural communities

- **Initiative 1:** Enhance the use of mobile devices, ATMs and the internet as service delivery channels by making more products and services available on them
- **Initiative 2:** Create a communications and technology infrastructure/network that would enable and drive the use of public establishments like post offices as financial service delivery channels for rural and remote areas
- **Initiative 3:** Facilitate the establishment of other service delivery channels such as Kiosks, etc.



Objective 8: Develop and implement an Financial Integrated System Services Network (FISSNET)

- **Initiative 1:** Create a coordinating body for managing the financial systems network
- **Initiative 2:** Develop and implement business continuity and disaster recovery plans for the financial systems network
- **Initiative 3:** Create a database for dematerialized financial instruments and collateral
- **Initiative 4:** Create an integrated referencing platform that includes: credit bureaus, identification system for users, collateral registry and repository of financial instruments
- **Initiative 5:** Design and implement a Comprehensive Financial Information Service that captures transactions within the Financial Systems network



Objective 8: Develop and implement an Financial Integrated System Services Network (FISSNET)

- **Initiative 6:** Design an automated competency information system to collate and continuously update data on competency levels in the Financial Services System
- **Initiative 7:** Implement the first phase of the virtual and collaborative financial systems network comprising:
 - National Identification System (NIS)
 - Real Time Gross Settlement System (RTGS)
 - Financial Trading System (FTS)
 - National Automated Clearing System (NACS)
 - Financial Information System (FIS)



Objective 8: Develop and implement an Financial Integrated System Services Network (FISSNET)

- **Initiative 8:** Implement the second phase of the virtual and collaborative financial systems network comprising:
 - National Instrument Depository Service (NIDS)
 - Competency Information System (CIS)
- **Initiative 9:** Implement the third phase of the virtual and collaborative financial systems network



Implementation Plan & Timelines

Strategic Objective	Description	Timeline
1	Create a legal and regulatory framework for electronic business transactions	2008
2	Develop frameworks, guidelines and standards to enable IT-driven/based reporting, compliance monitoring, and risk management	2008
3	Develop the ICT infrastructure that makes Financial Services available nationwide and meets current and anticipated future requirements	2012
4	Design and implement a robust security framework and operational infrastructure	2010



Implementation Plan & Timelines

Strategic Objective	Description	Timeline
5	Establish a framework for adapting internationally accepted standards to meet local needs for information sharing and interoperability	2008
6	Provide public services online (e-governance)	2012
7	Use ICT to increase the delivery of financial products and services to un-banked individuals and rural communities	2012
8	Develop and implement an Financial Integrated System Services Network (FISSNET)	2012

Information and Communications Technology:

- plays a vital role in helping nations achieve economic expansion and become major financial centers.
- provides support required to achieve competitive advantage
- is an essential tool for creating vibrant public and private sectors



Proper ICT adoption is essential for successful implementation of FSS2020 Strategy