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# POLICY TRACKER

*A Monthly Bulletin of Financial Inclusion Policy Developments*



**LAGOS  
BUSINESS  
SCHOOL**

PAN-ATLANTIC UNIVERSITY

## Editor's Note

# Financial Inclusion: A Low-hanging Fruit for Post COVID-19 Economic Recovery and Growth in Nigeria<sup>1</sup>

COVID-19 is the sci-fi sounding name given to the latest coronavirus from Wuhan, China. In Nigeria, there was an apparent early response and bated confidence that the decisive handling of the Ebola outbreak would somehow deliver learning points and capacity to minimize the spread of the virus.

Measures were taken by the Central Bank of Nigeria (reported in this edition of the Tracker), to help cope with the unfolding impacts on the financial services sector and a more strategic attempt to mitigate likely recessionary impacts and risks of credit default by SME's after the crisis. Financial service providers (FSP's), are also offering rebates and other palliatives to customers, as documented in the Tracker. Will any business be interested in taking loans at this time, as they will be more concerned with sheer survival?<sup>2</sup> During the Great depression, President Franklin Roosevelt's "New Deal" (I & II)<sup>3</sup> helped the private sector 'overcome risk-aversion and finance new opportunities for growth'.<sup>4</sup> It went beyond merely trying to save businesses. It audaciously rewrote the economic compact by economically empowering and recruiting the poor and underprivileged. The development model of China also was largely successful because it was audacious and people centered.

Audacious investment, innovation and measures designed to mobilize idle economic capacity from the financially excluded - women, youths, agriculture and rural communities (comprising a new market of 80 million Nigerians), is a low-hanging fruit and ready route to quicker economic recovery and development for Nigeria. A potential market of 135 million is available if the underserved or entire Bottom of Pyramid (B.O.P.) market are also financially included.<sup>5</sup> Public policy should go beyond the current palliatives. It must facilitate competition, innovation and help financial services providers (FSP's), to overcome risk aversion and



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embrace opportunities for investing in new markets and opportunities for growth. The customer segmentation study we commissioned at SIDFS identified viable customer segments which<sup>6</sup>, with appropriately designed products, can help FSP's quickly improve their profit post-COVID-19 crisis. Public policy and market creating innovation by FSP's to creatively and boldly overcome the challenges of identity verification/KYC, activate the payment service banks, steeply increase agent networks and develop customer focused products and inclusive financial services for every Nigerian, is a national socio-economic priority and necessity. The next pandemic or global economic shock may be absolutely and irreparably ruinous.

**The time to act is now!**

<sup>1</sup>This is an extract from an opinion piece available at: <https://medium.com/@SustainableDFS/financial-inclusion-a-low-hanging-fruit-for-post-covid-19-economic-recovery-and-growth-in-nigeria-fa59835fdb32>

<sup>2</sup>Marcel Okeke, COVID-19, economic stimulus and time lag, business.am, March 26, 2020. Available at: <https://www.businessamlive.com/covid-19-economic-stimulus-and-time-lag/>

<sup>3</sup>John Hardman, (1999), The Great Depression and the New Deal, Ethics of Development in a Global Environment (EDGE) - Poverty & Prejudice, Social Security at the Crossroads. Available at: [https://web.stanford.edu/class/e297c/poverty\\_prejudice/soc\\_sec/hgreat.htm](https://web.stanford.edu/class/e297c/poverty_prejudice/soc_sec/hgreat.htm)

<sup>4</sup>Louis Hyman, The New Deal Wasn't What You Think - If we are going to fund a Green New Deal, we need to acknowledge how the original actually worked, The Atlantic, March 6, 2019, Available at: <https://www.theatlantic.com/ideas/archive/2019/03/surprising-truth-about-roosevelts-new-deal/584209/>

<sup>5</sup>LBS identifies broad community engagement — Religious institutions key to 80% financial inclusion target, Techpoint.africa, August 20, 2018. Available at: <https://techpoint.africa/2018/08/20/lbs-identifies-broad-community-for-financial-inclusion-target/>

<sup>6</sup>These are: Vulnerable Believers, which form 12% of the population; Resilient Savers, which form 21% of the population; Dependent Individualists, 22% of the population; Digital Youth, 19% of the population; Confident Optimists, 14% of the population and lastly, Skeptical Cultivators which form 12% of the population.



## Global Identity Management/Know-Your Customer

### *Ebonyi State collaborates with NIMC on NIN registration*



Ebonyi State's Commissioner for Information and State Orientation, Mr. Uchenna Orji decried the low registration status of the State and disclosed that the State was targeting registration of 4 million Ebonyi citizens at home and abroad<sup>1</sup>. It would step-up sensitization on NIMC, especially in the rural areas, establish a Committee to interface with NIMC and set up 100 registration Centre's across the State. About 200 personnel would be employed for about 18 months and paid N30,000 per month to drive the exercise.

### *Transparency & Accountability in NIMC*



Participants at the sixth regulatory conversation series organized by Integrity Organization Limited, an anti-corruption research, advocacy and consulting group, advised the World Bank to involve civil societies and other key stakeholders in monitoring the spending of the \$433 million funding support to NIMC<sup>2</sup>. They

recommended digitisation of the entire registration processes to enhance transparency.

They also complained about an apparent lurch to revenue generation by the introduction of 40 pounds and 70 dollars fees for enrolment of Nigerians in the Diaspora and the introduction of N20 charges for using Unstructured Supplementary Service Data (USSD) format to check a National Identity Number (NIN). Mrs. Jamila Ahmed, NIMC's head of corporate communications, in response, said the details of the various fees charged by the agency are uploaded on its website. The N20 charged for identity number check on mobile phones was paid as commission to the Telco's.

### *Identity verification*

Nigerian identity verification startup, [Youverify](#) raised a \$1.5 million seed round with Orange Digital Ventures Africa (ODV), Loftyinc Afropreneurs Fund, Village Capital (Africa focused venture funds) and Chinook Capital as investors<sup>3</sup>. Youverify is an API service that aggregates all the existing government IDs to verify any government-issued ID. Claiming that some of the biggest banks, fintech platforms and on-demand platforms in Nigeria utilize its API, it plans to expand its services to other African countries and to foster financial inclusion, strengthen security and preserve user rights over their data.



[BIO-key International, Inc.](#), has secured a contract to provide its biometric software and hardware solutions for a National Electronic Labour Exchange (NELEX), (Federal Ministry of Labour), program to educate,

<sup>1</sup>Felix Uka, Vice President Osinbajo arrives Abakaliki, to Flag off SME Clinic, Independent Newspapers, 5 March 2020. Available at: <https://www.independent.ng/vice-president-osinbajo-arrives-abakaliki-to-flag-off-sme-clinic/>

<sup>2</sup>Mojeed Alabi, Identity Enrolment: Nigerians want World Bank's \$433 million support for NIMC, others monitored, Premium Times Newspaper, 6 March, 2020. Available at: <https://www.premiumtimesng.com/news/headlines/380552-identity-enrolment-nigerians-want-world-banks-433-million-support-for-nimc-others-monitored.htm>

<sup>3</sup>Abubakar Idris, Nigerian startup, Youverify raises \$1.5 million and is looking to solve Africa's identity verification problem, Tech Cabal, 10th March 2020. Available at: <https://techcabal.com/2020/03/10/nigerian-startup-youverify-raises-1-5-million-and-is-looking-to-solve-africas-identity-verification-problem/>

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[BIO-key International, Inc.](#), has secured a contract to provide its biometric software and hardware solutions for a National Electronic Labour Exchange (NELEX),



(Federal Ministry of Labour), program to educate, empower and create employment for one million recent college graduates in Nigeria<sup>4</sup>. It will also foster the creation of a secure and scalable e-commerce

<sup>1</sup>BIO-key Secures \$45M Contract to Build Secure E-commerce Infrastructure Across Nigeria and to Support the Creation of Employment for One Million, in Partnership with Nigeria's Federal Ministry of Labour, Through its National Electronic Labour Exchange, AP News, 27 March 2020. Available at:

<https://apnews.com/Globe%20Newswire/95e4de84d1cc28d0563406cfc1ce9577>

<sup>2</sup>Maintaining and Updating Comprehensive Investors/Shareholders Account Information, Securities and Exchange Commission Circular, 13 March 2020. Available at:

<https://sec.gov.ng/maintaining-and-updating-comprehensive-investors-shareholders-account-information/>

<sup>3</sup>COVID-19: NIMC Suspends Enrolment and Other Ancillary Services Nationwide, NIMC press release, 24 March 2020. Available at: <https://www.nimc.gov.ng/covid-19-nimc-suspends-enrolment-and-other-ancillary-services-nationwide/>

<sup>4</sup>Alade-Williams Anu, Coronavirus: Nigerian embassy, consulates in US suspend passport interviews, TheCable, 16 March 2020. Available at:

<https://www.thecable.ng/coronavirus-nigerian-consuls-us-suspend-passport-interviews>

<sup>5</sup>NCC's committee advances on deliberations towards national strategy against e-Fraud, TechEconomy, 13 March 2020. Available at: <https://techeconomy.ng/2020/03/nccs-committee-advances-on-deliberations-towards-national-strategy-against-e-fraud/>

infrastructure to support a variety of industries across Nigeria and deliver a variety of education, healthcare, retail, financial and identity management services across the country.

### *KYC directive for capital market operators*

The Securities and Exchange Commission, on 13 March 2020, issued a directive to capital market operators to capture and update KYC, (Bank account, BVN, telephone number and/or email address), details of new and existing clients. Brokers will be sanctioned if a transaction is consummated on an account without the



relevant KYC or updated and validated information.

The directive, with operative date of 1 April 2020, aims at forestalling, reducing and ultimately eliminating the incidence of unclaimed dividend to ensure that investors receive the benefits accruing to their investments, timeously and with ease<sup>5</sup>.

### *NIN Enrolment and Biometric Data Capture suspended*

Due to the rising number of persons infected with COVID-19, the National Identity Management Commission (NIMC) announced suspension of all enrolment activities and other ancillary services across the country till further notice. This suspension took effect March 24, 2020<sup>6</sup>. Nigeria's diplomatic missions in

Washington, New York and Atlanta, United States also suspended biometric data capture and passport interviews, with effect from March 16, 2020<sup>7</sup>.

## Consumer Protection, Privacy and Data Protection, Cybercrime and Fraud

### *Collaboration to Combat Electronic Fraud*

The 26-man committee inaugurated by the NCC in November, 2019 to develop a Memorandum of Understanding on how public and private organizations can collaborate to combat electronic fraud perpetrated through telecommunications platforms met a second time on 12 March, 2020. The Committee received submissions on different issues and deliberated on how to address the cost of accessing financial services, telecoms and banking security infrastructure, SIM swap and the process for determining who should assume the responsibility to compensate a consumer in the case of electronic fraud<sup>8</sup>. The Committee is expected to reconvene in April, 2020.

### *Hackathon*

The Financial Services Innovators (FSI) in a bid to foster safe, innovative payment and identity solutions and to prevent fraudulent activities within the banking space



organized its maiden Hackathon competition in various regions of the country<sup>9</sup>. The theme was, "How would you innovate payment and identity systems to prevent fraud and keep people safe with payments". The initiative brought ethical hackers from around the world

<sup>5</sup>Hamid Ayodeji, FSI Pledges to Enhance Financial Inclusion, This Day Newspaper, March 11, 2020. Available at: <https://www.thisdaylive.com/index.php/2020/03/11/fsi-pledges-to-enhance-financial-inclusion/>

<sup>10</sup>Elizabeth Adegbesan, Banks face nightmare as customers move to Fintechs, Vanguard Newspaper, March 2 2020. Available at: <https://www.vanguardngr.com/2020/03/banks-face-nightmare-as-customers-move-to-fintechs/>

<sup>11</sup>Adeyemi Adepetun, '30% of banking revenues come from digital payment ecosystem', The Guardian Newspapers, 4 March 2020. Available at: <https://guardian.ng/business-services/30-of-banking-revenues-come-from-digital-payment-ecosystem/>

<sup>12</sup>Ruby Hinchliffe, Inclusion, innovation, and mobile money in Sub-Saharan Africa, Fin Tech, 12th March 2020. Available at: <https://www.fintechfutures.com/2020/03/inclusion-innovation-and-mobile-money-in-sub-saharan-africa/>



together. The best team received a prize of N3 million; the second place winner, N2 million and the third place team, N1 million.

## DFS Environment: Interoperability, Collaboration and Competition

### *Fintechs impact on micro credit and Bank earnings*

The increasing easy and convenient accessibility of micro credit from fintechs by SME's and individuals, albeit at steep rates of interest (up to 48% per annum), is forcing some DMB's to extend non-collateralized and soft loans at lower rates of interest (16% per annum, in some instances)<sup>10</sup>. Some Microfinance banks (Mfbs) now offer quick loans with interest rates as low as 4.0 percent per month particularly, to salaried customers within 24 hours on submission of relevant documentation. Consequently, the earnings of banks have come under further pressure.

Meanwhile, Mr. Segun Agbaje, CEO Guaranty Trust Bank plc, at the Social Media Week (SMW) Lagos, 2020, asserted that 30 per cent of banking revenues now derive from the various digital platforms made available



to customers. He also observed that: “apart from Fintech and Telcos, global companies which are not fintech but provide such services like Alipay, Amazon pay, Apple pay, Google pay and the rest, have advantages that local banks cannot have. These companies have the resources and the technical know-how, such that anytime they choose to play on the

African continent, it would be an easy entry for them and 30 per cent of banking income is easily at risk.”<sup>11</sup>

### *Innovation and competition in Mobile Money*



Telco's operating as Mobile money operators have generally been halted by many African Central Banks from providing direct or full suite banking services, even when licensed as payment service banks. Telcos in Africa increasingly view, their biggest rivals not to be the banks, or local Fin techs, but Chinese and US Big Techs like Facebook, AliBaba and WeChat, according to Deputy CEO at Orange Money, Paul De Leusse<sup>12</sup>. With the likes of Huawei, Tecno, ZTE, Tencent and Alibaba all making investments in major African markets like Nigeria and Kenya, established telco firms are mulling how to react to the potential of new and dangerous competition in the mobile money space and for micro credit and micro savings solutions.

### *Calls for Synergy and Collaboration*

Through the month of March, regulators and advisory bodies have called for collaboration and synergy among stakeholders to accelerate the pace of financial literacy, inclusion and digital literacy.

The MD/CEO of the Nigeria Deposit Insurance Corporation (NDIC), Mr. Umaru Ibrahim while meeting with the Alumni Association of the National Institute (AANI) on 10<sup>th</sup> March 2020 urged the Association to

<sup>13</sup> NDIC to Partner with the Alumni Association of the National Institute on Financial Inclusion, NDIC website, 10 March 2020. Available at: <https://ndic.gov.ng/ndic-to-partner-with-the-alumni-association-of-the-national-institute-on-financial-inclusion/>

<sup>14</sup> NCC, Operators Need Stakeholders' Support for Improved QoS – ICAF, NCC website, 9 March 2020. Available at: <https://www.ncc.gov.ng/media-centre/news-headlines/797-ncc-operators-need-stakeholders-support-for-improved-qos-icaf>

<sup>15</sup> Modupe Abidoye, Unity Bank Introduces USSD in Nigerian languages, TechEconomy, 9 March 2020. Available at: <https://techeconomy.ng/2020/03/unity-bank-introduces-ussd-in-nigerian-languages/>

<sup>16</sup> Paul I. Oluikpe, Nigeria's central bank advances women's access to finance, AFI website, 10 March 2020. Available at: <https://www.afi-global.org/blog/2020/03/nigerias-central-bank-advances-womens-access-finance>

<sup>17</sup> NM Partners, Access Bank Launches TraderLite for Micro SMEs, Nairametrics, 9 March 2020. Available at: <https://nairametrics.com/2020/03/09/access-bank-launches-traderlite-for-micro-smes/>

partner and collaborate with the corporation to accelerate the pace of financial literacy and financial inclusion among the Nigerian public<sup>13</sup>. He also called on the public, especially retired senior public servants and



retired bankers to acquire Agency Banking and MFB licences, so as to grow and promote financial inclusion in their respective communities.

Similarly, in order to improve quality of service by Mobile Network Operators (MNOs), the Industry Consumer Advisory Forum (ICAF) advocated collaboration between NCC, MNOs and other stakeholders at the federal, state and local levels (both at the public and private sectors) at its first quarter 2020 meeting held on March 5, 2020<sup>14</sup>.

## Enabling Financial Inclusion at the Last Mile

### USSD Banking in Nigeria's Three Major Languages

Targeting market segments at the lower level of the pyramid with the intent to drive inclusion through mobile banking channel options, Unity Bank launched an Unstructured Supplementary Service Data (USSD) banking service in three (3) major Nigerian languages – Hausa, Igbo, Yoruba.<sup>15</sup>

This service can be accessed by dialing the USSD short

code - \*7799#.

### CBN to develop Inclusion Strategy for Women

Alliance for Financial Inclusion (AFI) has awarded the Nigerian Financial Inclusion Secretariat (FIS) a grant to develop a National Women's Financial Inclusion Strategy<sup>16</sup>. This was at the request of the Gender Desk of the Secretariat and is meant to complement the revised National Financial Inclusion Strategy 2018 (NFIS). Among other things, it would map out specific targets for women's financial inclusion and provide guidelines for 'gender-friendly' policies and product development by regulators and FSPs.

### New MSME Accounts-Capacity development Product

Access Bank Plc on 10 March, 2020 launched [Diamond Business Advantage \(DBA\) TraderLite](#). It enables MSMEs with N50,000 – N1 Million turnover to operate their businesses with their individual name or registered business name, while equipping them with the required skills to grow their businesses<sup>17</sup>. The account provides loans, seminars, payment solutions, business/financial advisory, website development, newsletters etc., to MSMEs through smart banking.



The product has two variants namely: DBA Trader Lite Individual which is for individuals with unregistered businesses and DBA TraderLite Business for registered businesses.

<sup>13</sup> OpenLife Reporter, Zenith Bank supports Abule-Ado victims, partners MTN as it launches mobile payment \*5966# code, Open Life, 19 March 2020. Available at: <https://openlife.ng/zenith-bank-supports-abule-ado-victims-partners-mtn-as-it-launches-mobile-payment-5966-code/> <https://www.cnbcafrica.com/news/west-africa/2020/03/19/zenith-prudential-seek-to-expand-financial-inclusion-in-nigeria-with-the-launch-of-mobile-insurance-service/>

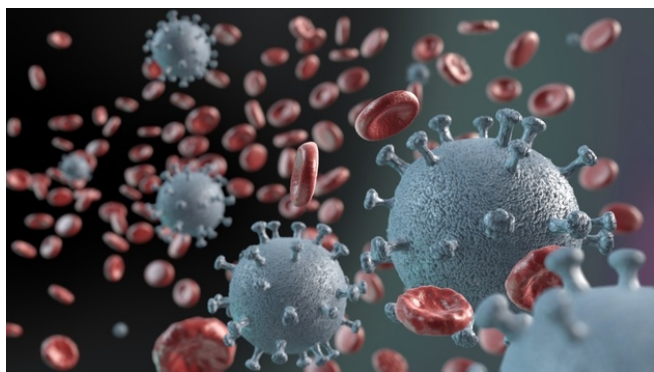
<sup>15</sup> GTBank Launches Beta Health...Expands Access to Health Insurance for Low-Income Nigerians, GTBank website, 19 March 2020. Available at: <https://www.gtbank.com/media-centre/press-releases/gtbank-launches-beta-health-expands-access-to-health-insurance-for-low-income-nigerians>

<sup>20</sup> SystemSpecs Unwraps Paylink, Empowers SMEs, Others with Easier Funds Collection, Communications Week, March 30, 2020. Available at: <https://www.nigeriacommunicationsweek.com.ng/systemspecs-unwraps-paylink-empowers-smes-others-with-easier-funds-collection/>

<sup>21</sup> After Covid-19 donations, banks commence stamp duty collections, Love World Plus website, March 31, 2020. Available at: <https://www.lovetheworldplus.tv/after-covid-19-donations-banks-commence-stamp-duty-collections/>

### Mobile-Micro Insurance

Zenith Bank and Prudential Zenith Life through Prudential Zenith Life Insurance Limited and MTN launched on 18 March 2020 a mobile insurance product. It enables customers to purchase on their mobile phones life insurance or hospital cash plan policy in a matter of minutes with the USSD code \*5966#<sup>18</sup>. They can also purchase Third Party Motor Insurance and



Personal Accident Insurance through the same product.

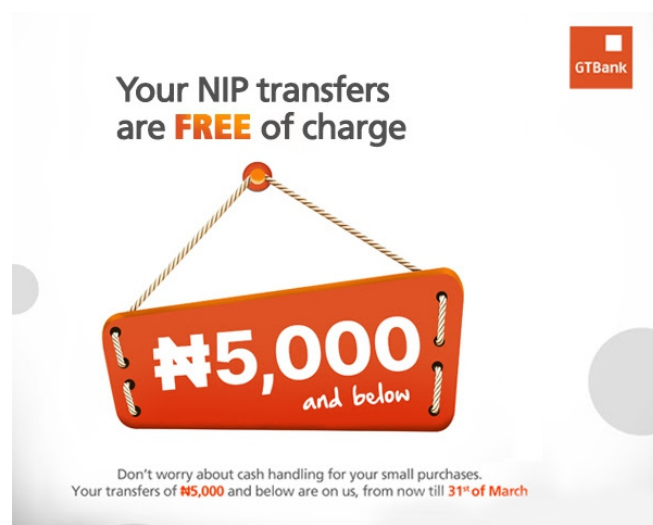
On 19 March 2020, GTBank launched a health insurance product – Beta Health. This product provides coverage for basic and essential health services for a subscription fee of N500 per month. Subscribers to Beta Health have access to over 1,000 hospitals nationwide<sup>19</sup>.

This product is the first of its kind and will offer basic healthcare services such as – general consultations, ante-natal care, malaria, measles, BCG, polio & Hepatitis immunization for children under 5 etc. – to people in any part of the country. To subscribe customers simply dial \*737\*52\*500\*50#

### Easy funds collection for SME's, others

SystemSpecs has launched Paylink, a web-based solution that helps Micro, Small and Medium-scale Enterprises (MSMEs) as well as religious organizations, not-for-profit outfits, social media sellers, freelancers, individuals and many more to swiftly receive local and overseas payments everywhere and to encourage

remote work<sup>20</sup>. It provides a personalized means of collecting money without sharing account details, creates specific links for distinct products and services, generates e-invoices. It collects additional information



from payers and tracks inflows through comprehensive reports. No fees are charged as set up costs.

### Micro savings & micro credit loans via USSD

Ecobank Nigeria has introduced Xpress Save and Xpress Loan product, an online real-time, 24 hours self-service solution. It will enable micro entrepreneurs, artisans, traders, low income earners, the unbanked and underbanked to open digital savings accounts and obtain short-term micro credit loans using their mobile phones through a USSD platform, \*326#.

To access a loan a customer only needs to open Xpress Save account digitally, meet Tier 1 KYC requirements and the designated credit score. No fees are charged for onboarding.

### Customers decry Stamp duty on savings accounts

Some customers of DMB's are reportedly complaining about the imposition of stamp duty on transfers above N10000 on savings account arguing that it is a

<sup>22</sup>Correspondents, Heritage Bank Stimulates CBN's Financial Inclusion On 2020 Target, Independent Newspaper, 23 March 2020: Available at:

<https://www.independent.ng/heritage-bank-stimulates-cbns-financial-inclusion-on-2020-target/>

<sup>23</sup>CBN Circular of 16 March 2020 on POLICY MEASURES IN RESPONSE TO COVID-19 OUTBREAK AND SPILLOVERS. Available at:

<https://www.cbn.gov.ng/Out/2020/FPRD/CBN%20POLICY%20MEASURES%20IN%20RESPONSE%20TO%20COVID-19%20OUTBREAK%20AND%20SPILLOVERS.pdf>

<sup>24</sup>CBN circular of 23 March 2020 on GUIDELINES FOR THE IMPLEMENTATION OF THE ₦50 BILLION TARGETED CREDIT FACILITY. Available at:

<https://www.cbn.gov.ng/Out/2020/FPRD/N50%20Billion%20Combined.pdf>

<sup>25</sup>CBN Circular of 25 March 2020 on GUIDELINES FOR THE OPERATIONS OF THE ₦100 BILLION CREDIT SUPPORT FOR THE HEALTHCARE SECTOR. Available at:

<https://www.cbn.gov.ng/Out/2020/FPRD/healthcareintervention.pdf>

<sup>26</sup>GTBank removes charges on all transfers of ₦5000 and below, GTBank Twitter update, 22 March 2020. Available at:

<https://twitter.com/gtbank/status/1241734553573744640>

<sup>27</sup>Jake Brigh, Africa turns to mobile payments as a tool to curb COVID-19, Tech Crunch, 25 March 2020. Available at: <https://techcrunch.com/2020/03/25/african-turns-to-mobile-payments-as-a-tool-to-curb-covid-19/>



disincentive to savings and would negatively impact the government's financial inclusion drive.<sup>21</sup>

### *"Account opening week" in rural areas*

Heritage Bank implemented this CBN policy initiative to reach rural areas. It successfully opened more than 2,000 bank accounts in designated rural centers in Kano, Ebonyi, Nasarawa, Gombe, Bayelsa and Ondo States.<sup>22</sup>

### *COVID-19 impact mitigation & financial stimulus*

In light of the COVID-19 pandemic, CBN announced interest rate moratorium of one year on repayment of principal sums was granted on all intervention funds. Interest rates were reduced from 9% to 5%; N50 billion targeted facility for households and SME's badly hit by COVID 19 (hoteliers, airline service providers, health care merchants, etc. Deposit money banks (DMB's) were given permission to work out loan repayment restructuring and forbearance for these households and businesses, particularly, oil & gas, agriculture and manufacturing, in close consultation with CBN. DMB's were enjoined to build more capital buffers, whilst CBN would explore additional incentives for longer tenured lending<sup>23</sup>.



On 23 March 2020 it issued [guidelines for households and SMEs](#) who are badly hit by COVID-19 to access N50 billion credit facility.<sup>24</sup> Through this facility, households and SMEs can access a maximum term loan of N3 million and N25 million respectively. On 25 March 2020, CBN issued [guidelines for operators in the Healthcare Sector](#)

to access the N100 billion credit facility.<sup>25</sup> Through this facility indigenous operators in the healthcare sector – product manufacturers, service providers, products distributors etc. – can access a maximum term loan of N2 billion at a 5% interest rate.

To facilitate ease of money transfer and less cash handling, especially for those at the base of the pyramid during the COVID-19 pandemic, Guaranty Trust Bank Plc (GTBank) has abolished charges for transfers of N5000 (Five Thousand Naira) and below.<sup>26</sup> This was announced



on 21 March 2020 and is to remain in effect till 31<sup>st</sup> March 2020.

[Paga](#) made fee adjustments, allowing merchants to accept payments from Paga customers for free, to slow the spread of the coronavirus by reducing cash handling in Nigeria.<sup>27</sup> Free transfers up to 5000 Naira from customer accounts to bank accounts will be allowed to encourage more digital payments use in Nigeria.

## **Enabling Environment for DFS Ecosystem**

### *Deposit Insurance Framework for Payment Service Banks*

The Nigeria Deposit Insurance Corporation (NDIC,) in its commitment to enhance public confidence in the nation's banking sector, has developed a framework for the extension of Deposit Insurance cover to the amount of N500,000 per depositor of Payment Service Banks

<sup>28</sup> John Shiklam, All Depositors of 18 Failed Banks have Been Paid, says NDIC Boss, This Day Newspaper, 5 March 2020. Available at: <https://www.thisdaylive.com/index.php/2020/03/05/all-depositors-of-18-failed-banks-have-been-paid-says-ndic-boss/>

<sup>29</sup> Bankole Orimisan, FG inaugurates working group to drive IFRS 17, The Guardian Newspaper, 9 March 2020. Available at: <https://guardian.ng/business-services/fg-inaugurates-working-group-to-drive-ifs-17/>

<sup>30</sup> Senate: Buhari's Finance Act Amendment Bill, 10 Others Scale Second Reading, NASS Website, 12 March 2020. Available at: <https://www.nassnig.org/news/item/1443>

(PSBS) – as soon as they start commercial operations. This was disclosed by Alhaji Umar Ibrahim, Managing Director of the NDIC on 5 March 2020, at the Kaduna International Trade Fair.<sup>28</sup> He assured that NDIC will continue to promote the required interface between the Nigerian financial system and the agriculture.

### *Insurance Industry Financial Reporting Working Group (IIFRWG)*

The National Insurance Commission (NAICOM) on March 2, 2020 inaugurated the Insurance Industry Financial Reporting Working Group (IIFRWG) to serve as an advisory and consultative team for the seamless adoption of IFRS 17 in Nigeria.<sup>29</sup> IFRS 17 – International Financial Reporting Standards 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. It would take effect from January 1, 2022 and replace the present IFRS 4.

### *Finance Act, 2019 (Amendment) Bill*

President Muhammadu Buhari in an executive communication sent to the National Assembly on 10th March 2020, is seeking to amend the Finance Act, 2020. This Bill scaled second reading in the Senate on 11th March 2020.<sup>30</sup>

Proposed amendments:

- To indicate commencement date to be February 1, 2020 not January 13, 2020 as stated in the gazette.
- To indicate that the annual fees payable on basic good items are different from Valued Added Tax
- To include animal feeds as basic food items exempted from Value Added Tax and aspects of the tax holiday incentive for agriculture

### *Revised Draft CBN Microfinance Banks Guidelines*

On 4 March 2020, CBN released a [revised draft guidelines](#) for the regulation and supervision of

different categories of MFBs in order to engender strong and financially sustainable microfinance banks. They



shall provide access to financial services such as, micro-savings, micro-credits, transfer services and other financial products targeted at the economically active poor, financial literacy, entrepreneurial and enterprise training, financial and technical assistance to SME's and the transmission of various government development funds. They are barred from forex and international transactions, trading, clearing house and speculative activities, etc.

Requisite certification in microfinance management from the Chartered Institute of Bankers of Nigeria shall be held by the MD/CEO and departmental heads. The guidelines cover: ownership and licensing requirements, permissible and prohibited activities, funding, corporate governance, prudential and anti-money laundering requirements, amongst others.

The guidelines now classifies MFBs into 4 tiers –

- i. Tier 1 Unit: An MFB allowed to operate only in the banked and high-density areas. Not allowed to open more than 4 branches outside the head office within 5 contiguous Local Government Areas.
- ii. Tier 2 Unit: An MFB allowed to operate only in rural, unbanked or underbanked areas and to open one (1) branch outside the head office within the same Local Government Area (LGA)
- iii. State Microfinance Bank: An MFB authorized to operate in one State or the FCT and allowed to

<sup>31</sup> Peter Oluka, Nigeria's Digital economy policy well-conceived, on track – Pantami, TechEconomy, 10 March 2020. Available at: <https://techeconomy.ng/2020/03/nigerias-digital-economy-policy-well-conceived-on-track-pantami/>

open branches within the same state or the FCT subject to CBN approval. Cannot open more than 2 branches in the same LGA unless it has established at least one (1) branch or cash centre in every LGA of the State.

- iv. National Microfinance Bank: An MFB authorized to operate in more than one State, including the FCT. A newly licensed National MFB shall not commence operations with more than ten (10) branches

NGO-MFI's wishing to obtain an operating licence as a microfinance bank shall be required to meet the stipulated provisions in the Regulatory and Supervisory Guidelines for MFBs in Nigeria.

### Cashless Policy Implementation

New charges for withdrawals and deposits nationwide commenced on Tuesday 31<sup>st</sup> March 2020. This is in accordance with the Central Bank of Nigeria (CBN) [Cashless Policy Circular](#) issued on September 17, 2019.

Individuals will be charged 2% processing fee for cash deposits and 3% processing fee for withdrawals above N500,000. For corporate accounts, 5% for withdrawal and 3% for deposits above N3 million will be charged.



### Capacity Building for ICT Industry Regulators

The Nigerian Communications Commission (NCC) in partnership with Swedish Post & Telecoms Authority (PTS) held an Information and Communications Technology (ICT) regulation workshop from March 9 – 11, 2020. The workshop focused on digital literacy and

skills acquisition for effective regulations for the ICT Industry. Participants included staff of NCC, National



Office for Technology Acquisition and Promotion (NOTAP), National Information Technology Development Agency (NITDA) and Federal Ministry of Communications and Digital Economy (FMoCDE).<sup>31</sup>

### NUBAN Standards Extended to Other Financial Institutions (OFIs)

The CBN on 9 March 2020 issued a circular on [revised Standards on Nigeria Uniform Bank Account Number \(NUBAN\)](#) for Banks and Other Financial Institutions (OFIs).

In view of the increasing role of OFIs in the Electronic Payments System, the scope of the standard was revised to them. The revised standards take effect from April 20, 2020 but with a deadline of March 15, 2021 for full compliance. Thereafter, appropriate sanctions would be imposed for contraventions and non-compliance.

### National MSMEs Clinic

The Vice President, Prof. Yemi Osinbajo on 12 March 2020, in partnership with Access Bank Plc, launched an edition of the [National MSME Clinic](#) in Abakaliki, Ebonyi State. Access Bank hopes to reach 30,000 MSME customers in 2020 through this clinic.<sup>32</sup> So far, twenty-three states have hosted the clinic, with over 400,000 MSME participation.<sup>33</sup>

<sup>32</sup>NM Partners, Access Bank Targets 30,000 Customers, as Osinbajo flags off MSME Clinic in Ebonyi, Nairametrics, 8 March 2020. Available at:

<https://nairametrics.com/2020/03/08/access-bank-targets-30000-customers-as-osinbajo-flags-off-msme-clinic-in-ebonyi/>

<sup>33</sup>Olusola Adeoye, VP Osinbajo shifts base to Kebbi for MSME Clinics, Todayng, 12 September 2019. Available at: <https://www.today.ng/news/nigeria/osinbajo-shifts-base-kebbi-msme-clinics-249795>

<sup>34</sup>NCC, Operators Need Stakeholders' Support for Improved QoS – ICAF, NCC website, 9 March 2020. Available at: <https://www.ncc.gov.ng/media-centre/news-headlines/797-ncc-operators-need-stakeholders-support-for-improved-qos-icaf>

<sup>35</sup>News and Events, African Development Bank to provide underserved communities in Nigeria with sustainable energy solutions, 17 March 2020. Available at: <https://www.afdb.org/en/news-and-events>

<sup>36</sup>Julia Tobias & Martina Castro, Understanding the impact of solar home systems in Nigeria, CDC Investment works, 25 March 2020. Available at: <https://www.cdcgroup.com/en/>



No.	Pillar	Initiative
1	Infrastructure	Critical National Infrastructure (CNI) – Issuance of Executive Order to Declare Telecoms infrastructure as CNI and full implementation of Plan
2	Infrastructure	Establish a coordinating body for Fibre Builds – to ensure open access, prevent overlap and facilitate RoW issuance at statutory rates
3	Infrastructure	Satellite – Leverage existing NIGCOMSAT infrastructure to reach unserved/rural areas
4	Infrastructure/Policy	Implement and enforce national uniform RoW charges for fibre builds at a rate of N145/m and ensure Open Access/Accounting Separation
5	Policy	Base Station Site Acquisition – Work with States to implement One-stop Shop to accelerate approvals and harmonize fees
6	Policy	Spectrum: Ensure efficient use of Spectrum; Use it or Lose It Policy, Open and transparent spectrum planning including TV White Space deployment for broadband
7	Funding / Demand Drivers	Affordability - Incentivize low cost smart phone devices and promote local assembly /manufacturing of Telecom network and end device components.
8	Funding / Demand Drivers	Co-ordinate Government spending, Schemes and Programs to ensure access in public institutions e.g. schools, hospitals and MDAs

Source: Nigerian National Broadband Plan 2020 – 2025 at Page 10

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