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Editor's Note

Effective Business Models are Required for Optimally Delivering Services to the Larger Market

The Central Bank of Nigeria (CBN) has issued final approval to Payment Service Banks (PSB's). It has pursued a bank-led Financial Inclusion (FI) strategy¹. PSB's are supposedly an avenue to allow others, including Telco's, play a more active role. Creating room for a diverse mix of players in the competitive space is a recognized principle and one of the fundamental building blocks for driving FI. Revised Guidelines preclude PSB's from advancing credit in any way possible, proscribe creation of virtual money and restrict the classes of investment open to PSB's. However, PSB's can now handle forex from international money transfer services. They are however, restricted to (apparently, the sub-prime) rural markets. Some analysts are pessimistic about the commercial viability of PSB's and their potential to move the inclusion needle, particularly by restriction in permissible activities and to low yield investments.² The larger issue really is that of viable business models.

Business models determine how a business makes money after clearing all costs and optimizes the opportunity cost of investment. Except returns exceed mere accounting profit and offer economic profit, the business will eventually collapse.³ Financial service companies boards, especially the larger ones, have a fiduciary duty to the company and larger duties to the investing public, to carefully consider the opportunity cost of capital proposed to be deployed to "FI business". Requiring them to accept an inferior rate of return from that business when the same capital can be more profitably invested in other legitimate activities can only make sense if it is treated as CSR. How much financial inclusion can financial service providers (FSP's) CSR outreach drive? Not much, not sustainably and not long term. Margins from "FI operating division" must contribute not less and probably even more than the average returns for main line business for it to move the needle and be main streamed as an organizational priority and in the financial system.

Therefore, FI is never going to happen by merely lowering the price of products and services or by value dilution. Costs must be slashed and value must match mid-segment products for returns to exceed mere accounting profit. Don't even talk about below accounting profit or below cost returns. For profit businesses are not set up to provide subsidies to customers. Commensurately, productivity and efficiency in operations and service delivery must be increased. Therefore, FI business requires more ingenuity, the most capable human capital and the most intrepid leadership and strategic management, not less.

This level of capability requires a radical rethinking and reconfiguration of the business, continuous innovation – operations, channels, and products. They require stakeholder partnerships that make customers and trade partner's integral and truly valued parts of the value creation chain. FSP's must begin the journey of business model reinvention with the customer in mind (reimagining customer value propositions). This requires transformative entrepreneurship. FSP's must find a way to increase Gross Margins, not by squeezing the customer with inferior value, or pauperizing the supply chain, or increasing negative externalities, but by squeezing costs and increasing productivity ingeniously, yet making the product affordable and top value. It will be well worth it, because there is unimaginable wealth at the bottom of the pyramid (the larger market segment). If by market creating innovation products and services empower the poor that is win-win: for FSP, society and industry, giving unmatched competitive advantage over less visionary and lazier competitors.

Also, regulators should consider business models before issuing regulations and offer more incentives to operators to innovate customer value propositions. At least, don't make it more difficult for them to do so. FI requires value added services, including affordable credit. Are the regular banks really configured for FI? Are new types of main line banks/banking required for the poor, not just rural poor?⁴

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¹ Sola Fanawopo, PSB's, Financial Inclusion & the Missing Links, November 16 2018. Available at: <https://www.financialtechnologyafrica.com/2018/11/16/psbs-financial-inclusion-the-missing-links/>

² E.g., Mondato, Payments Banks: Nigeria Takes a Page from India, August 27 2019. Available at: <https://blog.mondato.com/payments-banks-nigeria-page-from-india/>

³ Olawale Ajai, Profit Creation, intra and inter-generational equity: Need for new company law, African Journal of Business Management, (2014) Vol. 8(14), 511 – 528. Available at: <https://academicjournals.org/journal/AJBM/article-abstract/3F33BC846319>

⁴ Eshe Nelson, Nobel winner Muhammad Yunus wants two financial systems—one for the rich and one for the poor, Quartz, 18 October 2018, Available at: <https://qz.com/1430076/nobel-winner-muhammad-yunus-wants-two-financial-systems-one-for-the-rich-and-one-for-the-poor/>

Global Identity Management / Know Your Customer

Harmonisation of Identity Data Bases



The Committee on Citizen Data Management and Harmonisation in its report to the President on Thursday, 13 August 2020 recommended that the harmonisation of all existing identity data held by Agencies with National Identification Number should be completed by 30th June, 2021.⁵ That of INEC was extended to 31st December 2021. Digital identity should replace physical cards production which was strenuous and waste of funds. Digital ID is already being used on international passports.

Other recommendations include:

- NIMC should concentrate on the issuing of unique identity token, whilst specified licensees are authorized to collect biometric data under the digital identity ecosystem on its behalf;
- issuance of National Identification Number (NIN) to all citizens and legal residents in Nigeria;
- a centralized identity database for all citizens and legal residents for validating and authenticating identity related information;
- providing a reliable and comprehensive database that meets international specifications for identity management protocol and information sharing; and
- the collection of citizens and residents DNA in the criminal information database.

The committee also recommended that an Executive order be issued to require, inter alia:

- exclusive collection of biometric data by NIMC and its Licensees;

- exclusive storage of biometric data in the National Identity Database (NIDB) and the discontinuance of biometric data storage of new registrations by any other agency;
- the mandatory use of the NIN for identification, issuance of Subscriber Identification Module (SIM) with effect from 30th June, 2021; and
- the commencement of digital birth, death and other vital registrations (marriage, divorce, adoption etc.) by the National Population Commission (NPC), as well as integration of such data with the NIDB.

Transfer of NIMC to Communications Ministry

The President has granted approval for the transfer of the National Identity Management Commission (NIMC) to the Ministry of Communications and Digital Economy.⁶ The aim is to achieve synergy in harmonization of citizen identity data given NCC's identity data base of 191 million mobile subscribers, National Information Technology Development Agency Data Protection mandate and in driving the digital economy initiative.

NIMC Mobile App



The National Identity Management Commission (NIMC) is developing a Mobile App which will host digital versions of citizen's credentials. The App is still in the test environment and currently being fine-tuned for best user experience with adequate privacy and data security safeguards. After this test stage, the Commission intends to issue a formal statement to the public regarding its usage.⁷ However, some citizens may have been duped by

⁵ Government of Nigeria, Citizen Data Management and Harmonization Report, Medium, 13 August 2020. Available at: <https://medium.com/@TheAsoVilla/citizen-data-management-and-harmonization-report-1e0fd4d7444a>

⁶ Emmanuel Elebeke, FG moves NIMC to federal ministry of communications and digital economy, 31 August 2020. Available at: <https://www.vanguardngr.com/2020/08/fg-moves-nimc-to-fed-ministry-of-communications-and-digital-economy/>

⁷ Public Notice: NIMC Mobile App Not Yet Approved For Public Consumption. NIMC Website, 18 August 2020. Available at: <https://www.nimc.gov.ng/public-notice-nimc-mobile-app-not-yet-approved-for-public-consumption/>

a false version apparently available at some point on Google Play store and Apple store and must beware.⁸

BNV Registration

BNV registration increased by 1.3 million between May and August bringing the total registration to 43 million as of August 16.⁹ Registrations had slowed down to 761, 556 due to the coronavirus pandemic between February and May when all banks were shut.

Identity Verification Services



[Verify Me Nigeria](#) is building an identity checking service by interacting with government ID agencies and commissioned agents to corroborate people's addresses, career history and checking certificates as a way to confirm subscriber's details.¹⁰ This will allow One-off checks for prospective tenants or borrowers. Information collected authorizes CBN Tier 3 KYC requirements. The firm is regulated by the Nigerian Identity Management Commission (NIMC) and the Nigerian Information Technology Development Authority.

[Binance](#) introduced identification and verification processes with three account verification levels to protect users and prevent fraud.¹¹ These enable higher withdrawal

amounts and withdrawal fee adjusted from a percentage structure of 0.02% to a flat fee of NGN300.

Consumer Protection, Privacy and Data Protection, Cybercrime and Fraud

NCC revises USSD Price; asks CBN to follow suit



The Nigerian Communication Commission (NCC) released a revised USSD session effective 1 August 2020 meant to resolve the lingering dispute between the Telco's and the Banks.¹² A USSD (Unstructured Supplementary Service Data) session is 20 seconds, costs N1.63 and is billable to the financial institution alone. This does not apply to USSD sessions for Telco related services (customer service, balance enquiry, purchase of air time and data, etc.) which remain zero-rated.

NCC, through its Director of Public Affairs, Mr. Henry Nkemadu, called on CBN to: "...conclusively address alleged high and arbitrary charges by financial service sector players, [ensure] that all other players in the ecosystem [are] ...more transparent with their charges...The Commission encourages the adoption of a revenue sharing model aimed at reducing the overall cost of the service for consumers."¹³

Draft Data Protection Bill 2020

On August 20, 2020 the draft Data Protection Bill 2020¹⁴ was released for public comments up to 10 September

⁸ Oluwanifemi Kolawole, UPDATED: Why you should not use the NIMC app yet, August 17, 2020. Available at: <https://techpoint.africa/2020/08/17/nimc-app-possible-mass-phishing/>

⁹ Samson Akintaro, BVN Enrolments Rise by 1.3m in 3 Months, New Telegraph Newspaper, August 24, 2020. Available at: <https://www.newtelegraphng.com/bvn-enrolments-rise-by-1-3m-in-3-months/>

¹⁰ Verify my life: could a Nigerian problem lead to a global trust solution? August 5 2020. Available at: <https://www.biometricupdate.com/202008/verify-my-life-could-a-nigerian-problem-lead-to-a-global-trust-solution>

¹¹ CryptoGuru, Binance Introduces a New KYC Framework for the Nigerian Community and Cuts Withdrawal Fee to Only \$0.7, BitcoinKe, August 3 2020. Available at: <https://bitcoinke.io/2020/08/binance-kyc-framework-in-nigeria/>

¹² Oluwanifemi Kolawole, NCC: Nigerian banks, not customers, to pay for USSD sessions, Techpoint.africa, August 7 2020. Available at: <https://techpoint.africa/2020/08/07/ussd-service-charge-ncc/>

¹³ Prince Osuagwu, Why we crashed telcos USSD price cap — NCC ...New price, not realistic Telcos reply, Vanguard Newspapers, August 21, 2019. Available at: <https://www.vanguardngr.com/2019/08/why-we-crashed-telcos-ussd-price-cap-ncc/>

¹⁴ <https://nitda.gov.ng/wp-content/uploads/2020/08/Draft-Data-Protection-Bill-2020.pdf>

2020.¹⁵ The bill prescribes the processing of data in a lawful manner, for fair use, based on informed consent and compatible with fundamental rights. A Data Protection Commission, an independent regulatory authority for matters connected with data protection, shall be established. The various rights of data subjects and duties of data controllers/processors, protections for vulnerable parties, applicable processes, enforcement and sanctions, among other matters, are also prescribed.

NITDA warns against Consumer Scams



The National Information Technology Development Agency (NITDA) released a press statement on 14 August 2020 debunking any news claiming that the Agency or its staff endorses money doubling Financial Investments scheme. The Agency warned the general public to disregard such news and to avoid dealing with such schemes, particularly through WhatsApp platforms which grants them access to users WhatsApp profile.¹⁶

Consumer Data Confidentiality

Unity Bank has reacted to a report alleging that the bank exposed the personal data of over 53,000 job seekers on its job portal.¹⁷ The Bank reassured customers of the security of their data and integrity/continuous upgrade of its systems and controls.

Covid-19: Online Banking & Access to Credit

Covid-19 has reduced customer foot falls in banking halls, necessitating a redefinition in banker-customer

relationships and increased investment by banks in digital platforms.¹⁸ Correspondingly, the uncertainties and reduced level of activities had reduced customer's access to loans, except through CBN intervention funds.

DFS Environment: Interoperability, Collaboration and Competition

Pan-African Banking Sandbox & Virtual Card



Ecobank Group's Pan-African Banking Sandbox is now fully operational.¹⁹ Fintechs may access its Application Programming Interface (APIs) for the development of innovative solutions. They will be able to carry out mobile money, card payment transactions, allow merchant identification for future merchant terminal creation as well as to generate unique merchant and dynamic QR payment codes and account statements, among other things.

The Bank also launched a digital payment solution for safe online payments called the *Virtual Card*. This Card is integrated into its digital banking channel, Ecobank Mobile. The card supports recurrent payments and subscriptions such as Netflix, Apple Music etc. With the virtual card, customers can make online payments without having to use their plastic debit, prepaid or credit card.²⁰

¹⁵ National Identity Management Commission, Nigeria Digital Identification For Development Project, Legal Regulatory Reform Working Group - Invitation To Comment On The Draft Data Protection Bill, 2020: https://www.nimc.gov.ng/docs/adverts/Advert_for_review_of_Draft_Data_Protection_Bill_2020_for_print.pdf

¹⁶ NITDA Debunks Endorsement of All Money Doubling Financial Investment Schemes. NITDA Website, 14 August 2020. Available at: <https://nitda.gov.ng/nitda-debunks-endorsement-of-all-money-doubling-financial-investment-schemes/>

¹⁷ Yinka Okeowo, Unity Bank assures customers of data confidentiality, TechEconomy.ng, August 31, 2020. Available at: <https://techeconomy.ng/2020/08/unity-bank-assures-customers-of-data-confidentiality/>

¹⁸ Omodele Adigun et al, COVID-19 redefines bank-customers relationships - Fear of pandemic driving depositors off banking halls, Sunnewsonline.com, August 31 2020. Available at: <https://www.sunnewsonline.com/covid-19-redefines-bank-customers-relationships/>

¹⁹ Yinka Okeowo, Fintech: Ecobank Group's pan-African banking sandbox goes live, TechEconomy.ng, August 28, 2020. Available at: <https://techeconomy.ng/2020/08/fintech-ecobank-groups-pan-african-banking-sandbox-goes-live/>

²⁰ Hope Ashike, Ecobank unveils Virtual Card for safe online payments, Business Day Newspaper, 25 August 2020. Available at: <https://businessday.ng/companies/article/ecobank-unveils-virtual-card-for-safe-online-payments/>

Digital Banking Platforms

Coronation Merchant Bank has launched the first mobile banking application by a merchant. The app provides customers with easy access to their accounts and the ability to perform transactions without the need for in-person banking.²¹

Also, a subsidiary of Finex Microfinance Bank – Mint Digital Bank - has introduced a digital banking application that allows customers open an account without paper trail, transfer money, request money from Mint customers, pay bills, top-up phone calling cards, fund virtual cards, set up recurring payments, pay back loans, all through the bank's mobile application. The Application also offers customers a chance to earn up to 15% interest on money with flexible goal-based savings.²²

Islamic Fintech Potentials



Mr. Abdul Azeez Oguntinyinbo, the Founder & CEO of Esusu Africa, while speaking as a guest on WebTV's programme, Islamic Finance Weekly, emphasized the need for collaboration between Islamic finance providers, fintechs, Imams/religious leaders, Islamic organizations and institutions.²³ Affordability, accessibility, simplicity and appropriateness should be integrated in products designed for Islamic Finance to boost financial inclusion. He noted that Esusu was collaborating with non-interest financial Institutions, and asset management firms and that the Esusu App provides access to Islamic financial product and services.

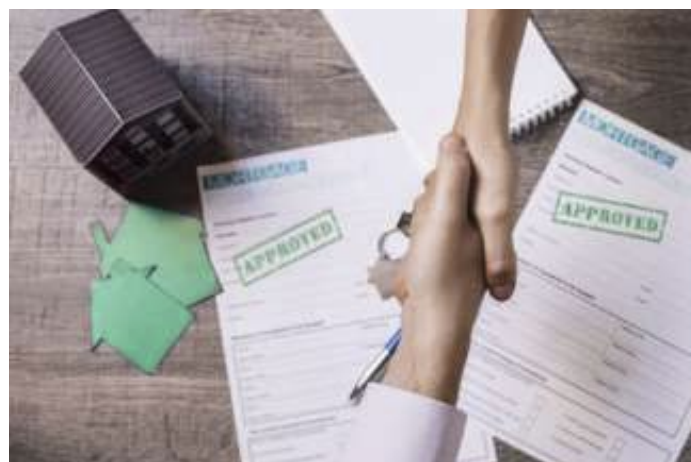
²¹ Coronation Merchant Bank, Coronation Merchant Bank Launches Mobile Banking App, Nairametrics, 24 August 2020. Available at: <https://nairametrics.com/2020/08/24/coronation-merchant-bank-launches-mobile-banking-app/>

²² NM Partners, Mint Digital Bank by Finex-MFB set to offer unprecedented value for individuals and Nigerian businesses, Nairametrics, 21 August 2020

²³ Abdul Azeez Oguntinyinbo, Accessibility and Simplicity Needed For Expansion of Islamic Finance In Nigeria, Proshare, August 28, 2020. Available at:

Enabling Financial Inclusion at the Last Mile

Conditional Cash Transfer



The Nigerian Postal Service (NIPOST) has registered full involvement in the Conditional Cash Transfer Programme by engaging and partnering with Western Union for the use of NIPOST outlets across the country for money transfers. This was confirmed by CBN in the [Financial Inclusion Newsletter](#) for Q1, 2020.

Access to Credit

First Bank of Nigeria is offering its Naira Credit Card customers N3 million credit facility. The Bank notified its customers of this facility through [a circular](#). Also, part of the offering includes: 45 interest-free days, flexible repayment plan, access to over 29 million channels worldwide, and card control and protection using the card services feature on FirstMobile App.²⁴

\$5trn Halal Consumer Market

Dr. Tausif Malik, founder of the [Halal Angel Network](#), in an interview on WebTV's Islamic Finance Weekly anchored by Bukola Akinyele, opined that Africa and Nigeria can benefit immensely from the \$5trn Halal Consumer market.²⁵ Halal businesses is ethical in nature, environmentally friendly, social, interest free, alcohol free, and a food business which follows the dietary laws. He said Halal Angels Network was launched to promote innovation and opportunities for Africa which has emerged as a preferred

<https://www.proshareng.com/news/Islamic%20Finance/Accessibility-and-Simplicity-Needed-For-Expansion-of-Islamic-Finance-In-Nigeria---Oguntinyinbo/529>

²⁴ Hope Ashike, First Bank gives N3m facility to Naira credit card customers, Business Day Newspaper, 25 August 2020. Available at: <https://businessday.ng/banking/article/first-bank-gives-n3m-facility-to-naira-credit-card-customers/>

²⁵ Tausif Malik, How Africa Can Tap Into The \$5trn Halal Consumer Market, Proshare, August 21 2020. Available at: [https://www.proshareng.com/news/Islamic%20Finance/How-Africa-Can-Tap-Into-The--\\$5trn-Halal-Consumer-Market---Tausif-Malik/52880](https://www.proshareng.com/news/Islamic%20Finance/How-Africa-Can-Tap-Into-The--$5trn-Halal-Consumer-Market---Tausif-Malik/52880)

region for the Halal products. He identified Block chain, cryptocurrency, and technology for farmers among innovative solutions which could create jobs for Nigerian/African youngsters and start up's.

Enabling Environment for DFS Ecosystem

Stamp Duties Hiatus



Over the years, there has been a dispute between the Nigerian Postal Service (NIPOST) and the Federal Inland Revenue Service (FIRS) on stamp duty collection.²⁶ In July 2013, both agencies had resolved that NIPOST has the statutory mandate to provide stamps to be used by FIRS at both federal and state levels. However, since the enactment of the Finance Act, both regulatory agencies are again in conflict. FIRS, through a tweet by its Director of Communication and Liaison, stated that NIPOST is operating an illegal stamp duty account. NIPOST tweeted back on 9 August 2020 that the account is not illegal but opened by the Central Bank of Nigeria for stamp duty collection.²⁷

Consequently, both agencies were summoned by the House of Representatives on Tuesday 11 August 2020 to address the issue.²⁸

3 PSBs win Final Licenses

The CBN announced through its [twitter handle on 28 August 2020](#) final approvals to three (3) Payment Service Banks (PSB): **Hope PSB, Moneymaster PSB, and 9 PSB.**

CBN noted that the licensing of PSBs will strengthen financial inclusion drive in the country by leveraging mobile and digital channels and provide a diverse financial system to meet the needs of all stakeholders. The CBN also disclosed that it will continually monitor developments in the financial sector and grant additional PSB licenses in due course.²⁹

Revised PSB Guidelines



On 27 August 2020, the CBN [issued a Revised Guidelines for Licensing and Regulation of Payment Service Banks \(PSBs\) in Nigeria](#). Pertinent revisions include:

- **Section 4 – Sale of Forex:** Sale of foreign currencies realized from inbound cross-border personal remittances to authorized foreign exchange dealers.
- **Section 5 – Eligible Promoters:** Switching companies have been added to the list of eligible companies that can promote PSBs.
- **Section 8 – Fair Competition:** The parent/associate/related entities of a PSB shall not engage in discriminatory and/or differential pricing in products/services offered to other PSBs and/or CBN licensed institutions.
- **Section 10 – Supervision:**
 - i. All PSBs shall be required to interface with the Nigeria Inter-bank Settlement System (NIBSS) platform in order to promote interconnectivity and interoperability of operations within the Nigeria banking system; **also**
 - ii. The rate of charges to be imposed on any CBN regulated institution and/or their customers on mobile payment and other payment platforms by a parent/associate/related entity of any PSB shall be subject to the provisions of

²⁶ Oge Udegbonam, FIRS, NIPOST battle over stamp duties charge, Premium Times, 4 August 2020. Available at: <https://www.premiumtimesng.com/business/406726-firs-nipost-battle-over-stamp-duties-charge.html>

²⁷ Chike Olisah, NIPOST in disagreement with FIRS, says its stamp duty collection account is legal, Nairametrics, 9 August 2020. Available at: <https://nairametrics.com/2020/08/09/nipost-in-disagreement-with-firs-says-its-stamp-duty-collection-account-is-legal/>

²⁸ Bassey Udo, FIRS 'regrets' face-off with NIPOST over stamp duty, Premium Times, 11 August 2020. Available at: <https://www.premiumtimesng.com/news/headlines/408310-firs-regrets-face-off-with-nipost-over-stamp-duty.html>

²⁹ Chike Olisah, CBN grants final licenses to 3 Payment Service Banks, 28 August 2020. Available at: <https://nairametrics.com/2020/08/28/cbn-grants-final-licenses-to-3-payment-service-banks/>

the Guide to Charges by Banks, Other Financial and Non-bank Institutions where applicable or subject to prior written approval of the CBN as the case may be.

- **Section 15 – Revocation of License:** Any PSB that fails to comply with any on the provisions of the PSB guidelines or other circulars and guidelines issued by the CBN from time to time, will have their license revoked.

Connecting the Dots Initiative



DFS Africa, a London-based and Africa focused transaction advisory and strategic implementation firm, has announced the launch of the Connecting the Dots Initiative (CDI) in collaboration with a consortium of partners including the Federation of African Pharmaceutical Manufacturers Association (FAPMA).³⁰ The CDI is a technology platform that aggregates essential medical and pharmaceutical supplies and connects African manufacturers or suppliers of COVID-19 essential products to institutions and organizations that require these products across Africa. It also offers ease of payment through major African banks and financial institutions.

DFS Infrastructure

UK Partners on RoW Policy & Regulatory Reforms

The British Government through its Prosperity Fund's Digital Access Programme has pledged to support and promote inclusive and sustainable digital access to unserved and underserved communities in Nigeria. This was made known at the first Nigeria Technical Conference on Right of Way held virtually by the Digital Access

Programme UK on 13 August 2020. The conference which was a collaboration with the Federal Ministry of Communications and Digital Economy and NCC aggregated views from key stakeholders for advancement of policy and regulatory reforms on Right of Way (RoW) and issuance of planning permits for mast and towers. The project will help accelerate the roll-out of backbone connectivity infrastructure, to underserved communities and help unlock Nigeria's digital economy for inclusive, digitally-enabled growth, development and job creation for Nigerians.³¹

Digital Switch Over



The Minister of Information and Culture, Alhaji Lai Mohammed, has informed that the Ministry will be pursuing a fully private-sector driven Digital Switch Over (DSO) in broadcasting and there will be no more subsidies, either of Set Top Boxes or of Signal Carriage. He said lack of funds has hindered the commencement of the process of Analogue Switch Off, which will in turn free up spectrum for resale, deliver the benefits of Digital Television and stimulate Nigeria's digital economy, adding that the Ministry is prioritizing the DSO project because it is critical to the post-COVID prosperity of the Creative Industry. At a meeting with stakeholders in the DSO project, the Minister charged them to come up with a creative strategy of implementing the DSO with an expressed commitment to continue with the process until every state has been

³⁰ DFS Africa to Launch Initiative to Ease COVID-19 Supply Chain Challenges, Proshare, August 24 2020. Available at.

³¹ Adeyemi, Adepetun, UK, Nigeria partner on RoW policy, regulatory reforms, The Guardian Newspaper, 14 August 2020. Available at <https://guardian.ng/news/uk-nigeria-partner-on-row-policy-regulatory-reforms/>

covered. Currently, the DSO has been launched in Ilorin, Enugu, Osogbo, Abuja, Jos, Plateau and Kaduna States.³²

DMB-Led Electricity Market Collections



The CBN issued [a circular on 21 August 2020](#) authorising banks providing guarantees to Nigeria Bulk Electricity Trading (NBET) Plc and the Transmission Company of Nigeria (TCN) on behalf of Electricity Distribution Companies (DisCos) to take full responsibility of the collection and remittance of the Discos to both NBET and TCN. CBN noted that no Deposit Money Bank (DMB) is permitted to open or continue to maintain a collection account for a DisCo without the express no-objection of the DMB that guaranteed its exposure to NBET or TCN.

The circular also stipulates that:

- payment or settlement of all Nigerian Electricity Supply Industry (NESI) related goods or services shall be made through the Nigerian Banking System into a designated account in the sole name of the DisCo selling those goods or services. It provides guidelines for the management of inflows received through collection agents of the DisCos;
- No entity shall be permitted to collect revenues for DisCos except if that entity is so authorized by a DMB in line with the relevant CBN Guidelines for Agent Banking and Agent Banking Relationships;
- All DisCo collections (cash and cashless) shall be regarded as an energy collection and, unless identified otherwise, shall be swept automatically into a Feeder Collections Account (FCA) in the sole name of the DisCo;
- DMBs shall ensure that Bulk purchasers/resellers of energy maintain a dedicated and segregated

account per DisCo for customer energy collections for that DisCo; while

- Supervised entities acting as Financing Agents for the purchase of energy, or similar, shall only charge fees in line with CBN regulations.

According to the CBN, the circular is in line with a directive of the Power Sector Coordination Working Group to improve payment discipline in the Nigerian Electricity Supply Industry (NESI), and thereby boost the overall quality of electricity generation, transmission and distribution.

³² Tunji Oyeyemi, Minister Pushes for Private-Sector Driven DSO, FMIC Website, 25 August 2020. Available at: <https://fmic.gov.ng/minister-pushes-for-private-sector-driven-dso/>

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