

# IFC Mobile Money Scoping Country Report: Nigeria

June, 2012

# About The MasterCard Foundation Program

IFC and the MasterCard Foundation (MCF) entered into a partnership focused on accelerating the growth and outreach of microfinance and mobile financial services in Sub-Saharan Africa. The partnership aims to leverage IFC's expanding microfinance client network in the region and its emerging expertise in mobile financial services to catalyze innovative and low-cost approaches for expanding financial services to low-income populations.

## The Partnership has three Primary Components

### Microfinance

Through this partnership, IFC will implement a scaling program for microfinance in Africa. The primary purpose of the Program is to accelerate delivery of financial services in sub-Saharan Africa (SSA) through the significant scaling up of between eight and ten of IFC's strongest microfinance partners in Africa. Interventions will include product and channel diversification into underserved areas.

### Mobile Financial Service

IFC and The MasterCard Foundation see tremendous opportunity with mobile banking, particularly for those living in rural areas. Mobile phones result in lower transactions costs and reduce the cost of information. This partnership will (i) identify nascent markets to accelerate the uptake of branchless banking services, (ii) work with private sector players to build expertise and infrastructure to sustainably offer financial services to the unbanked using mobile technology and agent networks and (iii) build robust business models that grow to scale and demonstrate to the market that MFS can be used to profitably deliver financial services to the poor.

### Knowledge & Learning

This partnership will include a major knowledge sharing component to ensure broader dissemination of results, impacts and lessons learned from both the microfinance and mobile financial services. These knowledge products will include

IFC has undertaken six (6) scoping reports in Rwanda, South Sudan, Liberia, Ivory Coast, Nigeria and Sierra Leone. These countries were chosen for the study because MFS were nascent, markets were difficult to reach, or other factors presented unique challenges. From these scoping reports, IFC will identify two nascent markets to provide broad and deep support to accelerate the uptake of branchless banking services, particularly among underserved and rural customers.

This deck summarizes the non-confidential findings that were obtained by IFC and the UNDCF during the scoping mission. It provides a brief perspective on regulations, financial market, telecom market, and mobile financial service implementations.

# Acronyms

- AML Anti-Money Laundering
- B2P Business-to-Person (transfer)
- CBN Central Bank of Nigeria
- FI Financial Institutions
- G2P Government-to-Person (transfer)
- GDP Gross Domestic Product
- KYC Know Your Customer
- MCW MasterCard Worldwide
- MFI Microfinance Institution
- MFS Mobile Financial Services
- MFSP Mobile Financial Services Provider
- MMO Mobile Money Operator
- MNO Mobile Network Operator
- NCC Nigeria Communications Commission
- NPS National Payment System
- P2P Person-to-Person (transfer)
- POS Point of Sale Terminal
- PSP Payment Service Provider
- PTSP POS Terminal Service Providers



# Nigeria Executive Summary

Overall Mobile Money Readiness	4 (high, on a scale from 2-4 where 2 is low and 3 is medium)
Current Mobile Money Solutions	15 licenses, 8 more in process
Population:	155,215,573 (July 2011 est.), 8th largest country in the world
Mobile Penetration:	Approx 102 m subscribers, or 65%
Banked Population:	25.4 m adults, or 16% of population
Remittance % of GDP:	Inbound \$9.585 m, 5.56%
Percent under poverty line:	70%
Economically Active population:	56.3% - ages 15 to 64
Adult Literacy:	68%
Banks with largest branch networks:	UBA, Access/Intercontinental, First Bank, and Ecobank/Oceanic
Mobile Network Operators:	MTN, Glo, Airtel, Etisalat
Ease of doing business:	133 out of 183
Additional comments:	Nigeria is both unique and interesting, due to the regulatory framework as well as the large number of licensed MMOs. The manner in which the market unfolds over the next 12-18 months will shed light on issues of cash-lite, consolidation, agents, interoperability, and the broader payments landscape. Therefore, Nigeria will be an important country to watch and track. Quantitative measurements will be particularly informative.



**NOTE: In Nigeria, Mobile Financial Service Providers are referred to as Mobile Money Operators (MMOs)**

- Macro-economic Overview
- Regulations
- Financial Sector
- Telecom Sector
- Distribution Channel
- Mobile Financial Services Landscape
- Conclusion
- Appendixes

# Macro-Economic Overview

## Key Country Statistics

- Population: 155,215,573 (July 2011)
- Age distribution: 40.9% (0-14 years), 55.9% (15-64 years), 3.1% (over 65 years)
- Urban/rural split: 48.4% urban
- GDP (PPP): \$377.9 billion, 32<sup>nd</sup> globally
- GDP per capita (PPP): \$2,500, 175<sup>th</sup> globally
- Population below poverty line: 70%
- Economically active: 50.5 m in labor force (2010), 4.9% unemployed (2007 est.)
- Literacy rate: 68%
- Banking penetration: 25.4 m or 16% of population has formal financial services<sup>#</sup>
- Mobile phone penetration: 102 m (June 2012) accounts, equals 65% penetration
- Remittance (% of GDP): 5.56%, \$9.585m

## Insights

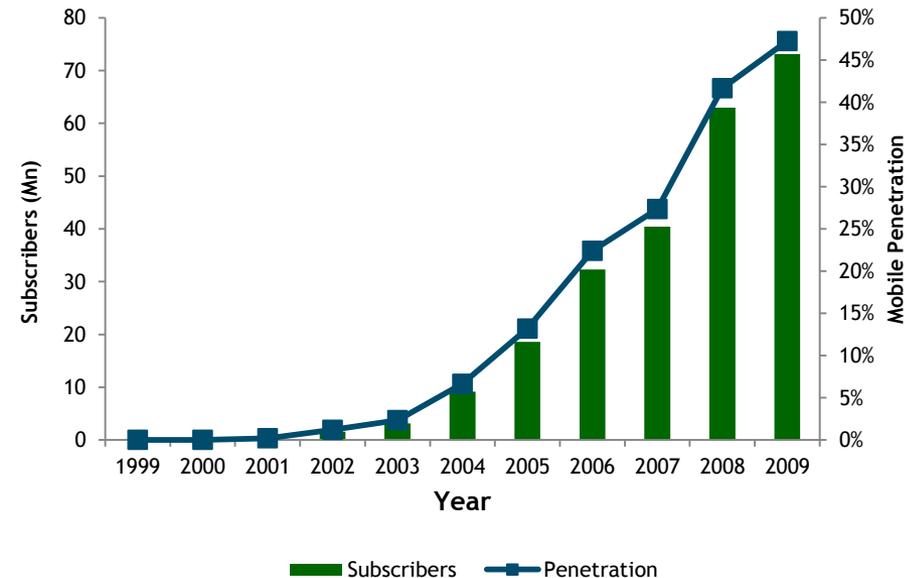
- 8th largest global population
- Banked population and mobile penetration numbers varied among interviewees
- 40.9 % of population under 14 indicates strong future growth of economically active population
- Median age of 19 is an enabling factor for MFS
- 70% in agriculture, 10% industry, remaining 20% in services
- Urbanization growth rate of 3.5% indicates future pressure on infrastructure, and access challenges in rural areas
- High percentage and value of remittances indicate International Money Transfer opportunity post domestic MFS deployments
- Low banked population coupled with high mobile penetration indicate growth opportunity for mobile money

Sources: Primary - CIA Factbook Website Jan 2012, EFinA Access to Financial Services Survey 2010. # Secondary- Based on interviews, 2012.

# Banking and Mobile Penetration

Several factors constrain banking & payments growth, while mobile penetration has increased steadily

1. MMOs received licenses to provide mobile services in September 2011, so businesses are just starting.
2. Regulatory clarity is needed in regards to payments and interoperability
2. There are infrastructure challenges, i.e. electricity and communications. Nigeria is a cash-based economy and infrastructure challenges have hindered near-term adoption of ATM and PoS.
4. Most banks seem unwilling to extend reach to the mass market and MNOs are limited to providing communication infrastructure, which could lead to reduced outreach.
5. With 155 m population, hugely expensive customer awareness campaigns are required.



**Successful mobile money deployments may bridge many of the challenges faced in growing traditional banking**

Source: World Bank DataFinder

- Macro-economic Overview
- Regulations
- Financial Sector
- Telecom Sector
- Distribution Channel
- Mobile Financial Services Landscape
- Conclusion
- Appendixes

# Regulatory Bodies

Central Bank of  
Nigeria  
(CBN)

Nigerian  
Communications  
Commission  
(NCC)

## Roles & Responsibilities

- CBN Payments Division regulates all aspects of the National Payments System
- Mobile money is regulated by CBN, but managed in conjunction with the NCC
- National Payment System Management Bill and Mobile Money Regulatory Framework were released in 2009

- Responsible for regulating infrastructure required to support mobile money
- Mandate through Nigerian Communications Act 2003 requires all new SIM cards be registered as of May 1, 2010
- Draft bill is in the National Assembly to deal with registering current customers

## Implications

- NPS Management Bill provides for management, administration, operation, regulation, oversight, supervision of payments, and clearing and settlement systems
- Regulatory Framework for Mobile Payments, which has been developed to deepen financial inclusions, covers infrastructure, business rules, technology and compliance
- Components of the payment regulation are leading to some uncertainty in the industry (switching, ATM, POS)
- Payment regulations fall under various frameworks

# Other Industry Bodies

## Roles & Responsibilities

### Bankers Committee (Formal)

- Includes CBN Governor and Bank CEOs
- Mandate from the CBN to lead industry
- Appears that many payment related issues are discussed and decided here

### E-PPAN (Formal)

- Membership includes broad range of players in the e-payments landscape
- Aims to provide “voice of the industry” to the CBN and other regulators
- Identify themselves as thought leaders in recent regulatory changes (cashless Lagos)

### Intermarc (Semi-formal)

- Event management company expanding scope to include e-payments
- Members, don't pay fees to belong
- Aims to provide consumer awareness and training in e-payments

### Mobile Money Groups (Informal)

- Informal group of all licensed MMOs
- In the process of being formalized

## Implications

- Various industry bodies already exist, but many have limited mandates
  - ✓ Several informal mobile money bodies being formed by MMOs, but lack cohesion or mandates
- A broader industry led initiative creating the correct structures around industry bodies, their remits, and mandates would be helpful

# Regulatory Framework - Mobile Money Models

## Current Regulations

## Implications

### Mobile Money Operators (MMO)

#### Models in Regulatory Framework:

- Bank-focused: only deployed by deposit taking financial institutions (FI)
- Bank-led: FI or its consortium as lead
- Non-bank led: corporate organization as lead, explicit that this cannot be an MMO.

- 15 licensees with 8 more anticipated, CBN willing to license up to 30 MMOs
- Confusion by customers in market anticipated due to large number of players
- Role of MMO is restricted to provision of infrastructure

### Mobile Network Operators (MNO)

- MNO activities limited to providing infrastructure to licensed MMOs
- Cannot refuse to provide services to any licensed MMO

- MNO mobile money business models available elsewhere are not possible in Nigeria. Leads to limited MNO value prop
- MNOs may find creative ways to position themselves around this regulation

### Lead Organizations

#### Lead organizations must:

- Ensure regulatory compliance
- Develop and manage agent network
- Educate customers
- Ensure adequate reporting by all parties, including MMO
- Implement risk controls

- Burden of all aspects of management and risk resides with lead organization, including corporations that lead in non-bank led mobile money model

# Regulatory Framework - Agents & Customers

## Current Regulations

## Implications

### Deposit Taking

- Allowed: deposit money banks, microfinance banks, and discount houses
- Not Allowed: mobile network operators
- CBN is regulating push toward e-payments and away from cash through Cash-Lite Lagos

- Cash-Lite Lagos regulations penalize cash deposits and withdrawals
- Infrastructure not in place to easily enable shift from cash, so customer concern
- Ultimately, regulations should help drive customers to mobile money alternatives

### Retail Agents

- Can enrol customers, accept deposits, and perform cash-out transactions
- Can be individuals or companies, but must have a bank account in Nigeria
- Can be shared by multiple providers and may not be exclusive to a single MMO
- Lead organization must purchase fidelity insurance coverage for agents

- Agents are required to have e-floats of as much as N100,000 (USD\$615) for each MMO they represent
- Float management may lead to liquidity issues if agent represents more than 1 MMO
- MNO may not be seen as driving customer acquisition

### Customer Protection

- Payment service providers must:
- Provide customers with training and support services
  - Have procedures for efficient dispute resolution
  - Guarantee 99% platform availability

- Office of Ombudsman created by CBN to facilitate dispute resolution process
- Mandate is to resolve complaints, encourage transparency, monitor, and improve process

# Regulatory Framework - KYC

## Current Regulations and Implications

### KYC/AML Requirements

Banking status	Customer due diligence level	Verification required	M-payment transaction limit
Unbanked	Least KYC	Name, phone no	Max transaction limit N3000 (US\$20) and daily limit of N30000 (US\$200)
Partially banked	Partial KYC	Name, phone no, physical address	Max transaction limit N10000 (US\$67) and daily limit of N100000 (US\$670)
Fully banked	Full KYC	Name, phone no, physical address, physical check	Max transaction limit N100000 (US\$670) and daily limit of N1000000 (US\$6700)

- Three levels of proportional KYC are available for mobile money
- Enables easy registration of unbanked and underbanked customers
- Lowest level KYC equivalent to requirements for SIM registration
- Few to no issues or concerns about KYC reported by licensed, or potential, MMOs

# Regulatory Considerations - Interoperability

## Current Regulations

## Implications

### Interoperability (Card)

- ATM and POS infrastructure rollout and management must be outsourced by banks
- CBN licensed 6 companies to serve as POS Terminal Service Providers (PTSP). Similar situation with ATMs
- All ATMs and POS must accept all cards (Interswitch, Visa, MCW)
- NIBBS (National switch) will act as merchant management system, all terminals route to NIBBS first

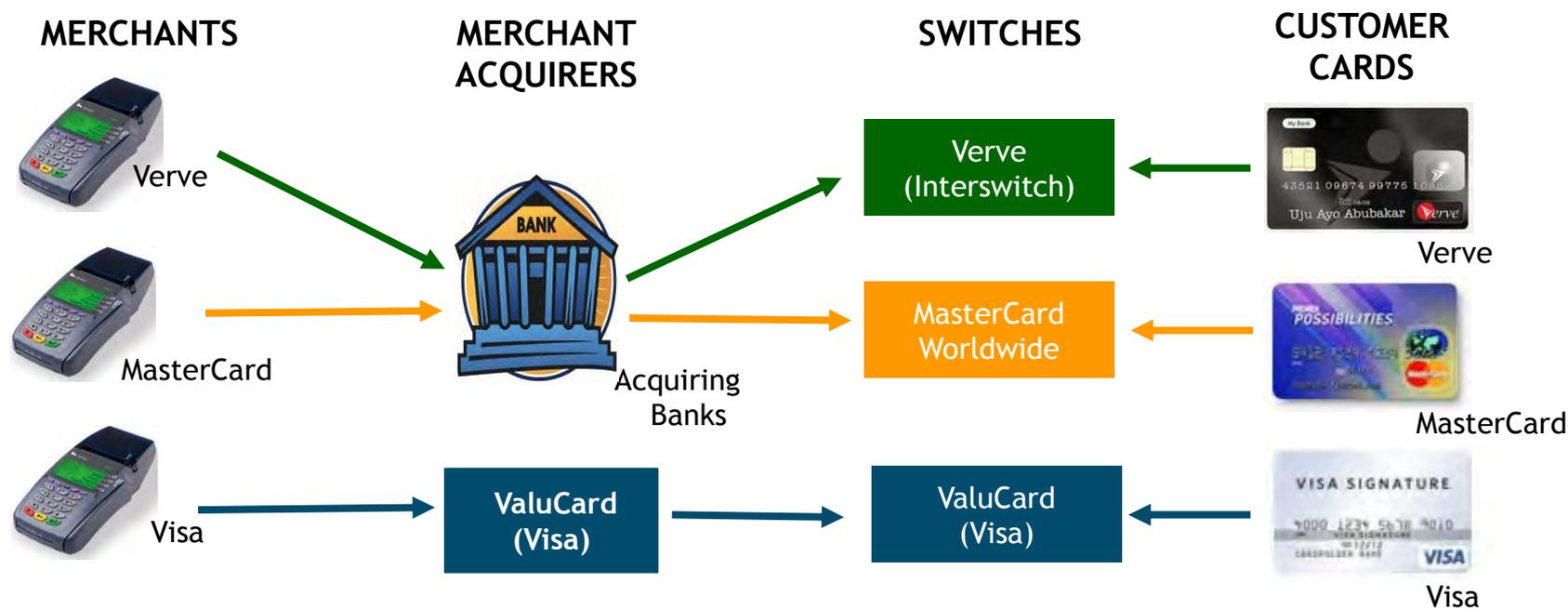
- Banks only responsible for sales, PTSPs responsible for installation and service
- NIBSS strategy presents a single point of failure for all card based transactions

### Interoperability (Mobile)

- All MM solutions must be interoperable
- All lead organizations will be issued a unique code by the NCC for managing interoperability
- Final settlement will be through the CBN mandated settlement system
- All mobile money deployments must also enable shared agent networks

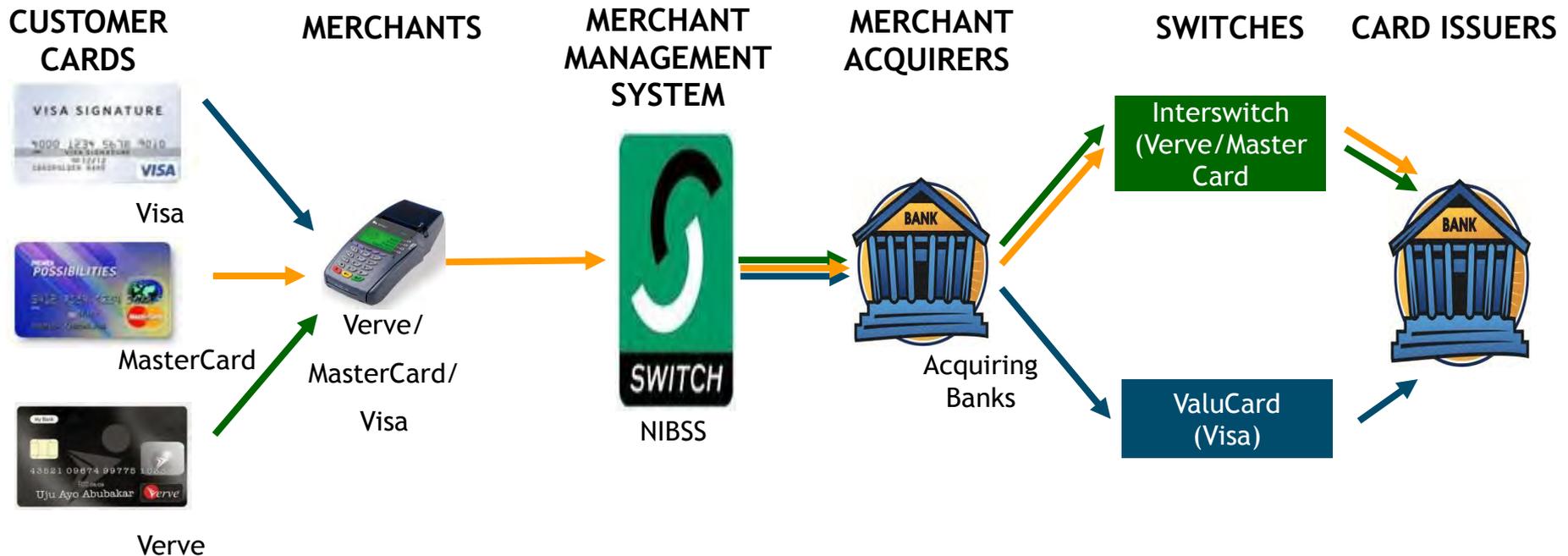
- Regulations about timing and approach to both MMO and agent network interoperability unclear
- Issues likely to surface with agent liquidity when more than one MMO is represented

# Historical Card Interoperability Model



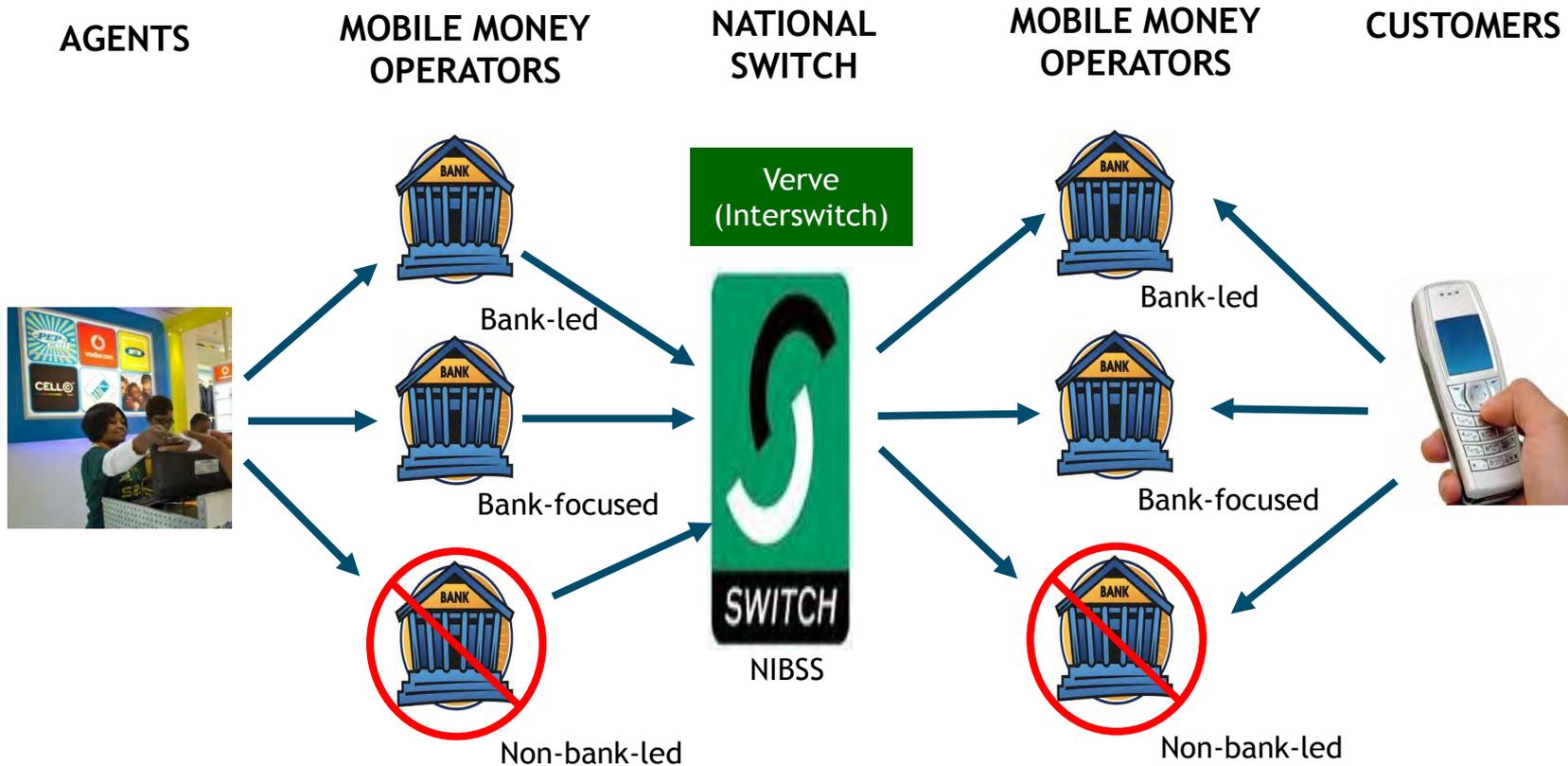
- ValuCard had an exclusive Visa merchant acquiring license for Nigeria and acted as an acquiring bank. All Visa cards were first routed through ValuCard for onward switching. Due to this exclusivity, merchants who wanted to accept other brands, such as MC and Verve, are forced to have multiple terminals.
- Interswitch as a domestic switch developed its own payment scheme called Verve.
- MasterCard followed its traditional model in Nigeria, but entered into a co-badging agreement with Interswitch for domestic transactions.
- The economics behind the three payment schemes differed, creating confusion in the market.

# Current Card Interoperability Model



- To resolve the issue with multiple POS terminals at merchant locations, the Central Bank mandated that all card transactions go through NIBSS, the central switch, before they are processed by other domestic and international switches.
- The market is moving towards the above model
- In addition to its merchant management system role, NIBSS will also perform settlement between the switches in the country.
- The economics behind the three payment schemes is the same for domestic transactions - all charging 1.25% to merchants (with a cap of N2000) with issuers earning 0.25% in interchange

# Framework for Mobile Interoperability Model



Any customer from any mobile money operator (MMO) can transact at any agent of any other MMO. NIBSS will handle all switching, clearing, and settlement between the agent acquiring and mobile money issuing (customer) sides of the transactions.

# Additional Regulatory Considerations

## Current Regulations

### International Remittances

- Receipts of international remittances must be paid to a bank account or a reference provided by a bank account holder (CBN circular 7.5.10)

### Cash-Lite Lagos Pilot

- Cash deposits and withdrawals of greater than N500,000 (USD \$3,125) per individual or N3 million (\$18,750) for businesses incur transaction fees\*. Recent MFI relaxation.
- Pilot taking place in Lagos - fees will become effective 1 April 2012

### Risk Mitigation

- Payment service providers must:
- Ensure that payment system automatically generates settlement information
  - Maintain audit and settlement trails for five years
  - Maintain a minimum paid-up capital of N20 million (\$126,000) unimpaired by losses

## Implications

Could result in several outcomes:

- Increase and encourage account opening
- Make it harder for unbanked to access international remittance services
- Increase informal international remittances

- Previously cash was free
- Short term impact of cash deposit fee of keeping cash out of the financial system
- Only 5% of transactions affected due to threshold

- Broader fraud issues are not discussed in detail in the framework, fraud risk therefore not sufficiently addressed in terms of reporting, monitoring, or control
- Storage of information, specifically PINs, not governed by overarching set of rules

\*Deposits over the limits are charged at 2% for individuals and 5% for businesses, while withdrawals are charged at 3% and 5% respectively

- Macro-economic Overview
- Regulations
- Financial Sector
- Telecom Sector
- Distribution Channel
- Mobile Financial Services Landscape
- Conclusion
- Appendixes

# Financial Sector Overview

CBN Regulated financial Institutions	Number
Commercial Banks	21
Microfinance Banks	904 licensed
Development Finance Institutions	5
Bureaus de Change	658
Finance Companies	81
Primary Mortgage Institutions	101
Discount Houses	5

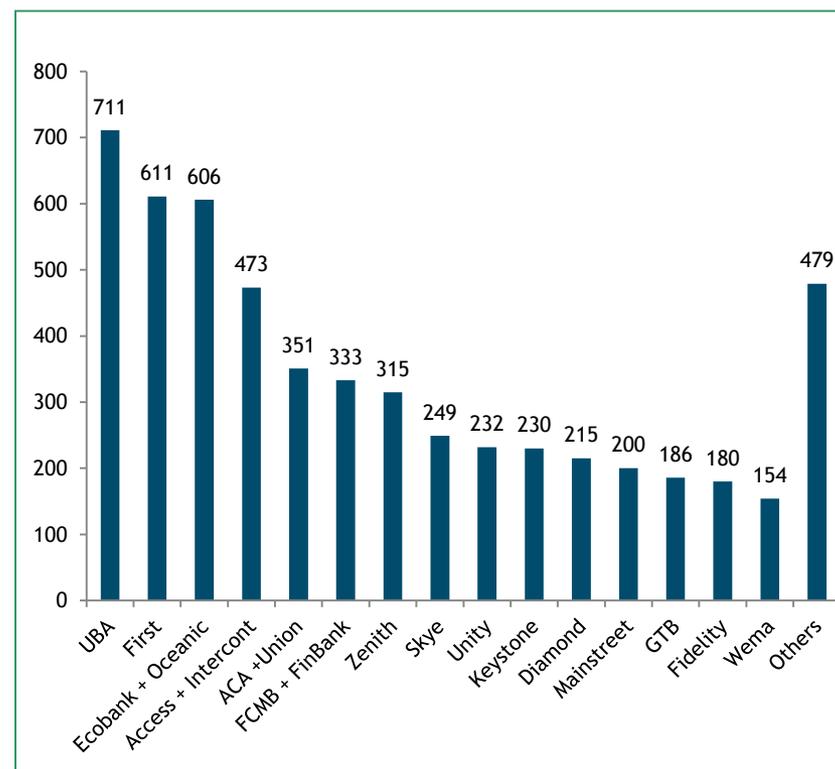
Source: CBN Feb 2012

## Market Share in e-Payments (2011)

e-Payments Segment	Volume (Millions)	Value (N'Billion)	Value (USD Billion)
ATM	347.6	1561.8	9.8
% of Total	97.9	93.4	
Web (Internet)	3.6	58	0.4
% of Total	1	3.5	
POS	2.1	31	0.2
% of Total	0.6	1.9	
Mobile	1.9	20.5	0.1
% of Total	0.5	1.2	
TOTAL	355.2	1671.4	10.5

Source: CBN July 2012

## Nigerian banks by branch network



Source: Renaissance Capital Estimates. Post-Acquisition 2010 Note: Oceanic Bank has since merged with Ecobank

# Large Financial Flows

Potential Market	Opportunity	Description	Potential Transactions/Mth
Bill payments (utilities)	●	<ul style="list-style-type: none"> <li>Majority pay bills by cash directly or through bank teller</li> <li>Little competition from financial sector</li> </ul>	21,650,000
Person-to-person (P2P) transfers	▲	<ul style="list-style-type: none"> <li>Large rural population</li> <li>High use of informal channels</li> <li>Almost 80% of non-users and slightly over 50% of users still use bank tellers to transfer money</li> </ul>	46,252,000
Government-to-person (G2P) payments	■	<ul style="list-style-type: none"> <li>Some government programs, but very small</li> </ul>	40,000
Payroll (informal sector)	▲	<ul style="list-style-type: none"> <li>Large informal sector employing 70% of workers</li> <li>Offers potentially large unmet demand</li> </ul>	37,821,000
Public transport	■	<ul style="list-style-type: none"> <li>Limited opportunity</li> <li>Small card industry and low penetration</li> </ul>	10,000,000
<p>● Significant and unrealized opportunity for m-money. Many of the preconditions for m-money exist, such as demand, supportive regulation, and an identifiable group of customers</p> <p>▲ Potential opportunity, but substantial challenges</p> <p>■ Unlikely to be m-money opportunity due to lack of economies of scale or other constraints</p>			

Source: IFC Mobile Money Study 2011

# Nigeria E-Payment Analysis

- Nigeria has powerful and experienced players in the traditional card payments business, as well as ambitious new entrants in the mobile money arena
- Three themes are emerging which will influence the e-payments landscape over the next few years:
  - ✓ Regulations in the card payments business may put pressure on the profitability of the POS acquiring business
  - ✓ The Cash-Lite Lagos pilot aims to drive more transactions through the e-payments network and may thus exert further pressure on existing margins, forcing POS acquiring businesses to look at other avenues for cost reduction and profitability
  - ✓ Mobile money interoperability regulations may create a release valve for e-payment companies.

# Payment Service Provider Snapshot

## Interswitch

- Offers domestic card issuing and acquiring processing services through Verve and international services through MCW
- All 21 banks In Nigeria currently have connectivity to Interswitch, all MNOs connect to Interswitch for airtime top-up through ATMs and POS terminals

## ValuCard (Visa)

- Offers domestic and international issuing and acquiring processing services for Visa
- Acts as a domestic switch for Visa cards processed by ValuCard
- Historically functioned as exclusive POS acquirer for Visa, changed by recent regulation
- All 21 banks In Nigeria currently have connectivity to ValuCard

## eTranzact (Genesis)

- Offers mobile banking and payment services to member banks and institutions on their platform
- Operations in Nigeria, Ghana, Zimbabwe, Cote d'Ivoire, UK and South Africa. All 21 banks in Nigeria and major banks in Ghana currently have connectivity to eTranzact
- Also all MNO's in Nigeria, Ghana and South Africa connect to eTranzact for airtime top-up via the mobile phones of subscribers

# Other Industry Players Snapshot

## Nextzon

- Business consortium that includes management consulting, advisory services in financial and non-financial sectors, technology consulting, and business incubation
- Spun out E-PPAN, a financial industry consortium, FinConnect, a shared platform for microfinance institutions, and One Network, which is building a shared agent network

## E-PPAN (Electronic Payment Providers Association of Nigeria)

- Payments association that was formed less than 2 years ago
- 85 members that include banks, payment providers, and some MNOs.

## FinConnect

- Using a web-based model to provide shared back-office and front-end technology platform for microfinance institutions (MFIs)
- Enables MFIs to offer cards and mobile services to their customers

## Intermarc

- Consulting and media firm focused on payments systems
- Run a number of card conferences across Africa, and publish a magazine called “Card Technology”

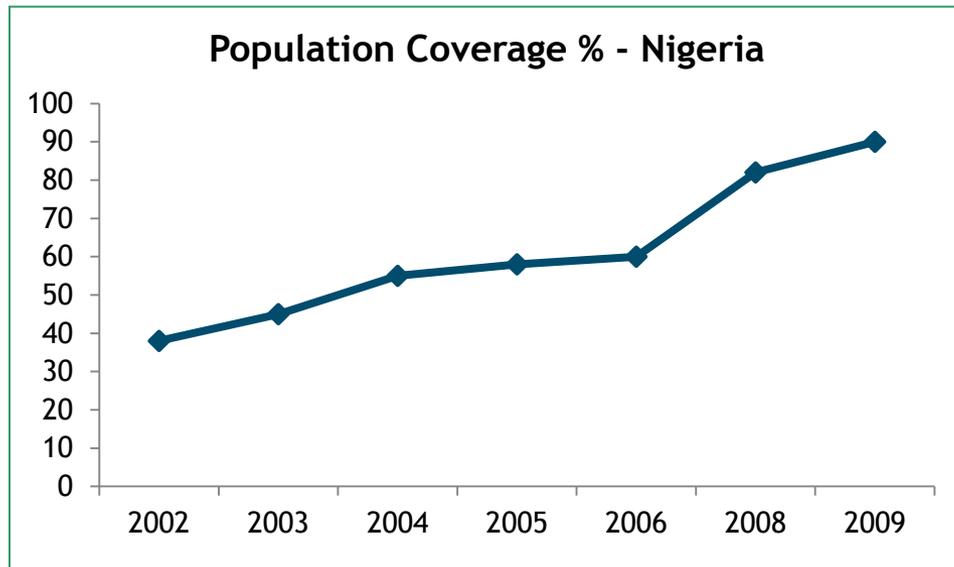
NOTE: EFinA was not available for an interview during this mission. However, they are a very important player in mobile financial services in Nigeria. Their reports were an important source of background information to the team.

- Macro-economic Overview
- Regulations
- Financial Sector
- Telecom Sector
- Distribution Channel
- Mobile Financial Services Landscape
- Conclusion
- Appendixes

# Mobile Network Overview

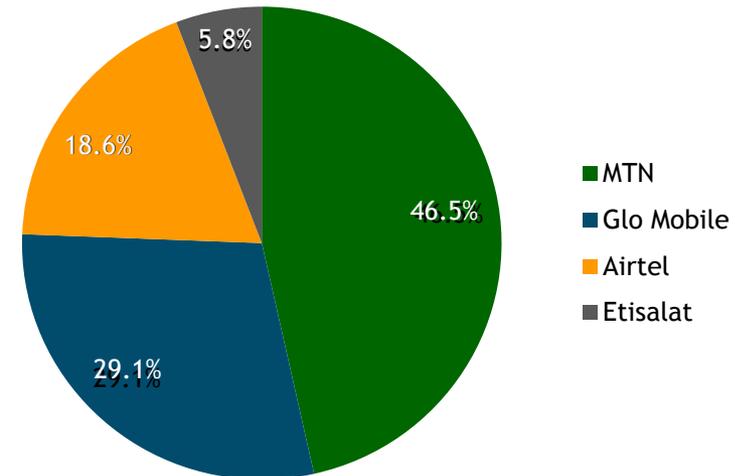
Mobile Profile	
Mobile Operators	4 GSM MNOs
Mobile Coverage	Over 90%
Mobile Subscribers	86 million

## Population Coverage of Mobile Cellular Technology (%)



Source: World Bank DataFinder (iPad Application). March 2012

## Mobile Market Share (GSM) % Share



# Mobile Network Operators



- MTN Group owns 76% of shares
- Nigerian individuals and key institutions own remaining 23%

- 40 million subscribers
- 46.5% market share



- Privately owned by Mike Adenuga Group
- Company also owns gas stations, which will partner with Glo

- 25 million subscribers
- 29.1% market share



- Owned by Etisalat, Mubadala (Abu Dhabi sovereign fund) and Myacinth (group of Nigerian businessmen)

- 5 million subscribers
- 5.8% market share



- Airtel (India)
- Econet Wireless (under dispute)

- 16 million subscribers
- 18.6 % market share

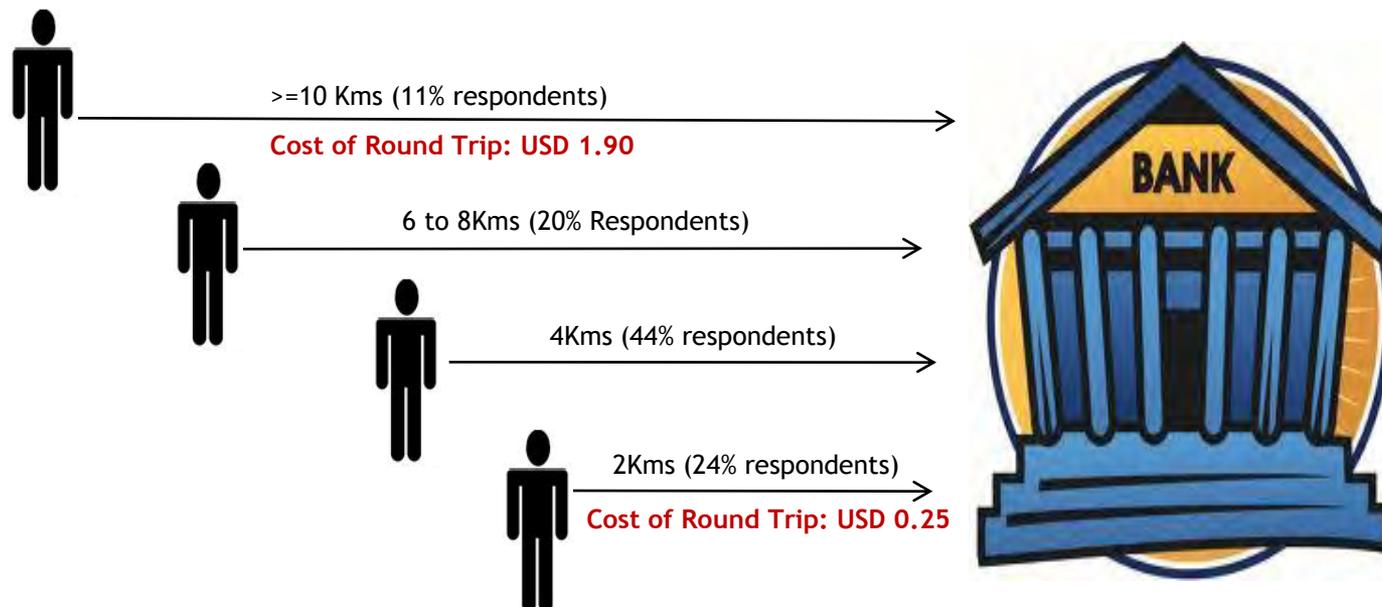


- Macro-economic Overview
- Regulations
- Financial Sector
- Telecom Sector
- Distribution Channel
- Mobile Financial Services Landscape
- Conclusion
- Appendixes

# Distribution Channel Overview

- Some MMOs interviewed believe that Nigeria will need 50,000 to 150,000 cash-in/out agents, which is not incomprehensible in a country with such a large market size
- Entrepreneurial companies, many aimed at providing services on the agent side, have started setting up on the periphery of the mobile money ecosystem. Their models include agent aggregation, agent management, and training.
- If agents are shared by multiple MMOs without some form of aggregation, there will be agent liquidity challenges and agents will likely serve only a few MMOs at most.
- Agent liquidity and interoperability issues will likely provide more opportunities for aggregators over time. These companies need to find ways to survive in the short term. Finding a space to operate will be a critical immediate challenge that must be mitigated to stay in the game

# Customer Proximity to Bank Branches



68% of respondents live within 4 km of a bank branch, which is relatively close  
Thus, it may be important to understand why these branches are not used and what will be required to drive agent usage

Sources: IMTFI MM Usage and EFinA Customer Research  
Conversion Rate: 1.00 NGN = 0.0063419 USD

- Macro-economic Overview
- Regulations
- Financial Sector
- Telecom Sector
- Distribution Channel
- Mobile Financial Services Landscape
- Conclusion
- Appendixes

# Mobile Money Overview

- By not allowing MNOs to be licencees, the CBN aims to avoid scenarios where MNOs become entrenched in the banking and payment space to serve the mass market.
- In response to current regulations, MNOs are developing strategies to leverage their brands, reduce attrition, and save on airtime distribution.
- MNOs may gain more acceptance over time if bank-led strategies fail to meet CBN expectations.
- In the short term, the large number of players receiving mobile money licenses is likely to create confusion in the marketplace. This situation is likely to stabilise over the next 12 to 18 months.
- There is general agreement that education and financial literacy across the industry is a key requirement

# Mobile Money Licensees

CBN has awarded 15 MM licenses, 8 more are in process. The licenses to date are:

## **Bank-led**

Ecobank, partnering with Airtel in 14 countries across Africa  
First Bank, MOUs with Glo Mobile and Airtel, has not delivered service to market yet  
Stanbic Bank, in partnership to Glo Mobile  
GT Bank, partnership with MTN and being driven more by MNO than bank  
Zenith Bank, recently received a license

## **Bank-focused**

Afri-pay, a subsidiary of UBA that has a multi-bank strategy  
Fortis Mobile Money, creating shared services for microfinance institutions

## **Non-bank-led**

Pagatech  
eTranzact  
Eartholeum  
Monetise  
FET  
Paycom  
M-Kudi  
Prada Systems

- Macro-economic Overview
- Regulations
- Financial Sector
- Telecom Sector
- Distribution Channel
- Mobile Financial Services Landscape
- Conclusions
- Appendixes

# Potential Risks

- There are limited commercial alignment, branding, and scheme rules to set the playing field and the “rules of the game”
- With 20-30 mobile money operators concurrently marketing their solutions, customer confusion is more likely to result than understanding and acceptance
- Several players have overly optimistic views of the level of scale that can be achieved in one year, as well as the level of effort required
- Failure by one of the less prepared mobile money operators, or a serious fraud, could undermine customer trust and set back the industry. This issue is further exacerbated by limited fraud risk mandates in the regulatory framework.
- Challenges with electricity and mobile downtime across the country could have a negative impact on customer experience
- On the card side, the requirement for all POS terminals to connect through NIBSS is establishing the potential for a single point of failure
- Cash-Lite regulations are being implemented by the CBN before the infrastructure is in place to enable consumers to make the shift

## Summary

With its unusual regulatory environment and large group of newly licensed MMOs, Nigeria provides a unique opportunity to study the impact of a government-mandated move to electronic financial services. Research that tracks the industry's response to specific regulatory and market events in both the payments and MFS spaces would be instructive for Nigerian stakeholders as well as the broader MFS industry.

The Nigerian MFS market is currently nascent and fragmented. With 15 licensees and the prospect of an additional 8 in the coming months, it can be expected that the number of players in the market will decline over time due to mergers, strategic partnerships, and/or business dissolution.

Customer education was a primary challenge cited by all interviewees. Given the size of the market, this will be a substantial and costly undertaking that will require investment and commitment from all industry players. Participants might benefit from it by working together to share the cost of general awareness campaigns.

Similarly, agent network build-out and management will be cost intensive. Although they have received limited traction at this time, some of the companies seeking to provide shared agent networks may achieve success as the market begins to mature.

- Macro-economic Overview
- Regulations
- Financial Sector
- Telecom Sector
- Distribution Channel
- Mobile Financial Services Landscape
- Conclusion
- Appendixes

# Bibliography

- EFinA Reports
  - ✓ *“Understanding the Low Income Population in Nigeria”*. Mar 2011.
  - ✓ *“Access to Financial Services in Nigeria 2010 Survey”*. Nov 2010.
  - ✓ *“Financial Services Landscape in Nigeria”*. Sep 2010.
  - ✓ *“Savings Mobilization in Nigeria: Scoping Study on Informal Savings in Lagos”*. Mar 2010.
  - ✓ *“Scoping Study on Payment Systems in Nigeria: Demand Side Key Findings”*. Aug 2010
  - ✓ *“Scoping Study on Payment Systems in Nigeria: Supply Side Key Findings”*. Aug 2010
- IFC. *“IFC Mobile Money Study - Nigeria”*. 2011
- IMTFI. *“Nigerian Mobile Money Knowledge and Preferences: Highlights of findings from a recent mobile money survey in Nigeria”*. Jan 2011.
- A.A. Ojo & S.Gaul. *“Exploratory Analysis of Local Geographies of Need and the Proximity of Microfinance Service Providers in Nigeria”*. Microbanking Bulletin. 2011.

# Interviews

Organization	Contacts	Organization	Contacts
Afri-Pay	MD/CEO Head Retail Business Development	Keystone Bank	Divisional Head, Retail & Consumer Banking
Central Bank of Nigeria	Assistant Director	LFS Financial Systems	Banking Advisor
Co-Creation Hub NIGERIA	Founder	Nextzon	Managing Director/CEO
Eartholeum	ED/COO Chief Visionary Officer	Nigerian Communications Commission (NCC)	Policy & Competition Department
Ecobank - The Pan African Bank	Executive Director, Domestic Bank Head, Ecobank Mobile	Nigerian Communications Commission (NCC)	Director - Policy, Competition & International Affairs
E-PPAN	EXEC SEC / CEO	Paga	CEO
eTranzact	CEO	ShoreBank International	Local Resident Advisor, IFC/ETI SME Development Program
Fortis Mobile Money	Executive Director Managing Director	ShoreBank International	Local Resident Advisor, IFC/ETI SME Development Program
GLO Mobile	Head, Mobile Money Head, Telebanking	Stanbic IBTC Bank PLC	Head, Personal and Business Banking
Intermarc Consulting Limited	Managing Partner	Standard Bank	Head, Financial Institutions
Interswitch	Managing Director/ CEO Director, Payment Solutions & Business Expansion	1 Network	