EFInA Quarterly Review

(July to September 2011)

1 African Economy

1.1 African Banking Industry

According to the Economist Intelligence Unit (EIU), by 2020, banking sector assets in Sub-Saharan Africa will have reached $1.37 trillion, an increase of 248 percent. The three main drivers for this growth are expected to be: (i) very high rates of economic growth; (ii) financial deepening to fulfil huge unmet needs for basic financial services; and (iii) new technologies to provide them – particularly mobile phones. The EIU linked the forecast growth to the financial markets of Nigeria, Angola, Botswana, Namibia, South Africa, Cameroon, Cote D'Ivoire, Democratic Republic of Congo, Ethiopia, Ghana, Kenya, Mozambique, Senegal, Tanzania, Uganda, and Zambia.

In the report titled, 'Banking in Sub-Saharan Africa to 2020: Promising Frontiers', the EIU highlighted two scenarios for the growth of the banking sector. In the conservative scenario, driven exclusively by economic expansion, they project that the industry in 16 key African economies will boost the Continent's financial assets by 178 percent to $980 billion by 2020. In the more likely scenario, driven by both economic growth and financial deepening, they foresee assets expanding by 248 percent to $1.37 trillion by 2020. The boom is expected to vary markedly across the Continent. Banking is likely to experience its most rapid expansion in Angola, increasing assets at least five-fold by 2020, as Angola experiences a surge in petroleum production and builds a thriving banking industry hampered by civil war and economic malaise in the past. Banks in a number of other economies – including Ghana, Tanzania and Uganda – are expected to expand assets at least threefold over the same period.

Slower growing markets will include South Africa, which is the financial powerhouse of the Continent, but will expand its own banking sector only modestly by 2020. The report stated that Nigeria, with its massive population, oil riches and free market orientation (following a more transparent election than usual in 2011), has considerable promise, although weak infrastructure, inefficient administration and extensive corruption, mean caution is warranted. Botswana and Namibia, two other economies with well-developed banking systems, are also expected to expand banking assets at rates below the regional average.

The EIU believes that countries in the Sub-Saharan African region are trailing the rest of the world in developing the banking systems which are vital for stronger economic development and growth. However, in some key aspects, Sub-Saharan Africa is leading other regions in ways that will allow it to rapidly catch up, or even leapfrog into the next decade and beyond. The Continent's banking industry is a leader in mobile banking and other innovative approaches to reaching new customers. More than anything else, it offers huge unmet financial needs in a world largely marked by excessive debt and leverage.

2 Nigerian Economy

2.1 Growth Forecast

Gross Domestic Product (GDP) in real terms grew by 7.72 percent in Q2 2011 versus 7.69 percent in the corresponding quarter of 2010. According to the Statistician General of the Federation, Dr. Yemi Kale, from a total of 70 countries that have so far published their Q2 2011 GDP results, only three countries, China (9.5%), Turkey (8.8%) and Estonia (8.4%) grew faster than Nigeria. India grew at 7.7%, South Africa at 3.0%, Indonesia at 6.5% and Brazil at 3.1%. This means that Nigeria is making good progress towards its Vision 20:2020 goals of being among the top twenty economies in the world by 2020.

2.2 Foreign Reserves

On 14 September, foreign exchange reserves were at $34.11 billion, up from $32.92 billion at the end of August. The improvement in reserves was attributed to accretion from royalties into the federation account, reflecting the upward trend in international oil prices and stable oil production in the Niger Delta.

In September, the Central Bank of Nigeria approved the inclusion of the Chinese currency – Renminbi (Yuan) in the country's external reserves mix. The Apex Bank stated that the move was part of the measures aimed at diversifying the country's external reserves holdings. The Chinese Renminbi would be added to the existing currency mix of the US Dollar, Euro and British Pound.

2.3 Inflation

Nigeria's headline inflation fell in July reaching its lowest level for more than three years following an aggressive period of monetary tightening by the Central Bank of Nigeria (CBN). According to the National Bureau of Statistics (NBS), gains in consumer prices eased to 9.4 percent in July from 10.2 percent in June. The CBN has been implementing a monetary tightening policy for months in an effort to get inflation into single digits, increasing its benchmark interest rate to 8.75 percent in July, which was the fourth hike in 2011. The CBN has been balancing the need to curb inflation, while promoting growth in the economy and reducing high unemployment. The headline inflation figure was the lowest since April 2008, when it was 8.2 percent.

According to the NBS, the headline inflation was 9.3 percent in August, down from 9.4 percent in July. Core inflation, which excludes some volatile components such as food and energy, remained in double digits in August and combined with a need to support the local currency, may prompt the Monetary Policy Committee to raise rates again, despite steadying inflation. The biggest risk to curbing inflation in the medium term is likely to be the potential removal of subsidies on petroleum products.

2.4 National Identity Scheme

In September, the Federal Executive Council approved N30bn for a new national identity scheme for Nigeria. This amount covers the implementation of the first phase of the scheme, known as the Integrated National Identity Management System (which will start in 2011 and should be completed by 2013). The Minister of Information, Mr. Labaran Maku, said the decision to embark on the fresh national registration was borne out of government's desire to have a unified database of Nigerians who are 18 years and above. The Minister added that the project would also simplify the current process, where different government agencies such as the Federal Road Safety Commission, the National Health Insurance Scheme and the Independent National Electoral Commission separately capture citizens' data for their individual use. The new system is expected to reduce the cost incurred by these agencies in undertaking separate registration processes. He added that the new system would also help improve security, as the identities of many people residing in Nigeria cannot be verified.

2.5 Middle Class

According to a Renaissance Capital report released in September, Nigeria's middle class is well educated, earns between N75,000 and N100,000 monthly, and accounts for 23 percent of the national population. The Renaissance Capital survey was conducted with 1,004 middle-class Nigerians, residing in the cities of Lagos, Abuja and Port Harcourt, 70 percent of whom were aged 40 or younger and also incorporate data from the African Development Bank. Of the sample in the survey, over 90 percent are educated to university level, over 50 percent work in the public sector, and 68 percent live in rented or leased accommodation. The middle class is considered vital to any economy, as it constitutes the bulk of the catchment group that has broken the poverty barrier and holds the purchasing power which supports the productive sector.

The Nigerian middle class has a culture of saving: they are not sensitive about the deposit rate and do not expect to borrow from a bank. If they had the funds, they would rather invest in land/property than shares or bonds. Their principal sources of information are the TV and radio. 48 percent have internet access, but only 2 percent shop online at least once a month. Only 15 percent of this class have travelled abroad; 35 percent of households have at least one person with an international passport, while the United Kingdom is the most favoured travel destination. The key areas of concern over the next 12 months for 19 to 23 percent of them are the supply of electricity and unemployment, while crime (5 percent) and corruption (3.5 percent) are seen as far less concerning.

Even more critically and perhaps presenting the highest growth opportunity is the low level of debt of the middle class. Most of those sampled did not have mortgages or credit cards, reflecting the underdevelopment of the consumer lending sector in Nigeria.

3 Financial Sector

3.1 *Nigerian Stock Exchange*

From the beginning of the year up to mid September, the All Share Index has lost over N1.188 trillion The NSE market capitalisation of the 194 first-tier equities, which opened the year at N7.913 trillion, had appreciated to N8.884 trillion during the first quarter of the year, before declining to N6.725 trillion as at 9 September 2011, which represents a drop of 15 percent.

3.2 *Banking Industry*

According to a banking industry report released by Agusto & Co., as at 31 December 2010:

- The total assets of the Nigerian banking industry were N17.97 trillion. This represents a 12 percent increase from 2009 and makes the Nigerian banking industry the second largest in sub-Saharan Africa behind South Africa
- The banking sector remains one of the major contributors to the Nigerian economy, despite the difficulties it has experienced in recent years
- The banking sector's gross earnings of N1.7 trillion ($11.3bn) accounts for approximately 7 percent of the nation's GDP
- The total loans in the banking industry declined by 17 percent, compared with a three-year annual average growth rate of 76 percent between 2006 and 2009
- Credit penetration in Nigeria remained low at 25 percent of GDP
- The bulk of the banking industry's loans were to companies in the oil and gas; manufacturing; and general commerce sectors (importers of consumer goods). These three sectors jointly accounted for about 49 percent of the industry's consolidated lending
- Despite the nation's population, the banking industry only lent 3 percent of its total loan portfolio to individuals
- Non-performing loans of Nigerian banks dropped by 62 percent from N2.9 trillion in December 2009, to N1.1 trillion in December 2010
- The industry's level of delinquent loans to total loans improved significantly to 16 percent in 2010 from 36 percent in 2009, largely due to the sale of bad loans to AMCON, aggressive loan write-offs and moderate loan recoveries

Cashless Economy

Deposit Money Banks have begun the implementation of the Central Bank of Nigeria's policy to promote a cashless economy ahead of the deadline for its take-off next year. The proposed date for starting the policy is 1 June 2012, while a pilot scheme is due to begin in Lagos on 1 January 2012. The apex bank had said that the policy would help reduce the use of cash in the country, thereby facilitating a cashless economy.

In August, the Federal Executive Council (FEC) endorsed the proposal by the Central Bank to use Lagos State as a test case for the e-banking and cashless economy projects. The Minister of Information, Labaran Maku, said that the FEC gave its approval because of its multidimensional advantages, particularly, in reducing the running costs of banks by almost 30 percent and ensuring that every Nigerian has the opportunity to directly participate in the financial sector. The CBN has decided to start the cashless economy in Lagos in partnership with the Governor of Lagos State. In conjunction with the introduction of mobile payments in Nigeria, the hope is that people in rural areas will be able to participate in the financial sector.

As part of the joint effort of the Central Bank and the Bankers Committee to implement the pilot scheme 'cashless Lagos', the following six Payment Terminal Service Providers (PTSPs) have been licensed to deploy, maintain and support point-of-sale (POS) terminals on behalf of Acquirers:

1. ValuCard
2. ETOP
3. ITEX
4. PayMaster
5. CitiServe
6. EasyFuel

The PTSPs will play a critical role in providing support for the over 40,000 POS terminals to be deployed for the 'cashless Lagos' program. They will be routinely assessed to ensure that their performance is in line with the expectations of the market. Licenses of PTSPs that fail to meet performance expectations may be withdrawn and new licenses will be issued to other qualified companies.

3.2.1 Banking Reforms

Point of Sale (PoS) Transactions

In order to ensure that its ambition of reduce the dominance of cash in the Nigerian economy succeeds, the Central Bank has threatened to phase out existing PoS terminals that do not comply with the standards in its guidelines by 31 December 2011. The apex bank stated this in a circular titled: 'Guidelines on PoS Card Acceptance Services' in August. According to the guidelines, any payment scheme operator, processor, infrastructure provider, switching company, service provider or bank that contravenes this policy may be suspended for a minimum of one month and may face stricter sanctions if the practice persists. The apex bank pegged the maximum total fee that should be charged for PoS transactions at 1.25 percent of the transaction value or a maximum of N2,000. The CBN stressed that fees and charges for PoS Card Acceptance services were to be agreed between service providers and banks or entities to which the services were provided. The Apex Bank pointed out that exceptions may apply in respect of travel and entertainment merchants such as hotels, restaurants, airlines, among others, but warned that under no circumstances can merchants charge customers for using their cards. Fees and charges are only applicable to PoS transactions performed with naira denominated cards. According to the guidelines, fees charged for PoS transactions will be split as following: Issuer – 30.0 percent; Acquirer - 32.5 percent; Payment Terminal Owner – 25.0 percent; Local Switch – 5.0 percent; and Payment Terminal Service Aggregator - 7.5 percent. The CBN assured operators that the fees schedule will be reviewed annually.

Prior to 1 December 2011, the effective date for the new arrangements, all commercial switches, processors or entities deploying PoS terminals in Nigeria shall ensure full and secure connection to the Nigerian Central Switch (NCS). All transactions in respect of any card that the switch, processor or other entity is not licensed to process or switch shall be routed through the NCS to a licensed switch or processor on behalf of the relevant Acquirer. All PoS terminals must be linked to Nigeria Interbank Settlement Systems (NIBSS), the Payments Terminal Service Aggregator on or before 15 November 2011. There shall be no form of exclusivity in any area of payment services including but not limited to issuing, acquiring, processing, sale and maintenance of hardware and software. It shall be the responsibility of every Card Association/Payment Scheme and other relevant parties to ensure that all existing exclusivity contracts are amended no later than 30 September 2011, to ensure conformity with these guidelines and other regulations.

Cards

In August, the Central Bank directed all Deposit Money Banks to ensure that they submit comprehensive data on all issued cards as well as the total number of active cards on a monthly basis. All banks were directed to ensure that their monthly reports, which should take effect from 3 September 2011, capture the total number of active accounts, cumulative cards issued, cumulative active cards, number of cards issued and number of cards activated. Active accounts are defined as accounts with at least one transaction in the past six months; while active cards are those that have been picked up and activated. The directive, the apex bank explained, is in furtherance of the Bankers Committee's agreement, which requires all banks in the country to drive card issuance and create an enabling environment for a 'cashless' society due to commence in January 2012.

Management Positions

In August, the Central Bank of Nigeria issued new requirements for individuals employed at top management positions in any bank or other financial institutions under its supervision. The move was to ensure that only 'fit and proper persons' are considered for such appointments. The apex bank also directed that shareholders with five percent stake and above in banks and other financial institutions in the country must attend an oral interview to be conducted by it. Investors are also expected to complete an 'Approved Persons Regime' questionnaire to be administered by the CBN. The CBN will adopt 'fitness tests' to assess the competence of candidates for board, top management and critical operational positions and their capacity to fulfil the responsibilities of their positions, while it would to also use 'propriety tests' to assess their integrity and suitability. The CBN stated that the fitness requirements for appointing a managing director, deputy managing director and executive director in banks or discount houses should include, a minimum of first degree or its equivalent in any discipline (additional qualifications or degree in any business related discipline may be an advantage); a minimum of 15 years post qualification experience, out of which, at least 10 must be in management and leadership positions.

The fitness requirements for managing directors and executive directors of other financial institutions included a minimum of first degree or its equivalent in any discipline (additional qualifications in any business related discipline may be an advantage). For Primary Mortgage Institutions, a minimum of 10 years post qualification experience out of which, at least 5 must have been in financial services industry and at least three at the senior management level. For finance companies and microfinance banks, a minimum of 8 years post qualification experience out of which, at least 5 must have been in financial services and at least 3 at the senior management level.

Bank Charges

In a move to reposition the banking sector for economic growth, in September the CBN said that it has started a review of its guide to bank charges. The apex bank added that it has finalised plans to increase savings to at least N25.5 trillion in the next 10 years. In reviewing and updating this regulatory document, Kingsley Moghalu, Deputy Governor, Financial System Stability, CBN said the apex bank will be guided by considerations of financial inclusion (in particular, consumer protection), unit cost of banks and current developments in Nigeria's banking industry, among others. Moghalu said the Central Bank is committed to achieving the goal of financial inclusion. He said, "There is a need to take a different approach to bank charges and fees to customers. Banks should bear financial inclusion considerations in mind in developing business models and products. While it is recognised that their unit costs are high, banks should avoid charges that can be perceived as predatory or extortionist and have the effect of excluding low-income customers or eroding the savings of depositors".

3.2.2 Deposit Money Banks (DMBs)

Nationalisation

In August, the Central Bank revoked the operating licences of Afribank, Spring Bank and Bank PHB, as they had not shown the ability to recapitalise before the 30 September deadline. The assets and liabilities of the three affected banks were transferred to the following Bridge Banks - Mainstreet Bank Limited (Afribank), Keystone Bank Limited (Bank PHB), and Enterprise Bank Limited (Spring Bnak), effective from 5 August 2011. The three banks were among the eight institutions rescued by the CBN in 2009.

Mr Ibrahim, MD, Nigeria Deposit Insurance Corporation (NDIC) explained that the Bridge Banks will still operate as a growing concern, adding that the managements of the affected banks appointed by the CBN in 2009 have stopped working for their respective banks. He added that the Corporation invoked the Bridge Bank option as a veritable tool to enhancing depositors' protection and to restore the confidence of the stakeholders in the banking industry. He further stated that despite the change in nomenclature, depositors would still have access to their deposits and could transact business as usual.

On 9 August, the three nationalised Deposit Money Banks liquidated the N170bn loan they obtained from the Central Bank of Nigeria in 2009. According to AMCON, Mainstreet Bank and Enterprise Bank paid N50bn each, while Keystone Bank paid N70bn to the CBN.

3.2.3 Agricultural Lending

The Central Bank said that as at June 2011, it has paid out a total of N131.49 billion to 148 farmers (made up of 122 individuals and private promoters), under its Commercial Agricultural Credit Scheme (CACS). Twenty six State governments accessed N1 billion each, for on-lending to farmers' unions and co-operatives and to finance agricultural interventions within their various States. The apex bank also revealed that out of the N200 billion earmarked for CACS (which was established in 2009), the balance was N68.51 billion as at June 2011. The CACS was created to promote commercial agricultural enterprises in Nigeria. The fund complements other special initiatives of the apex bank in providing concessionary funding for agriculture.

3.2.4 Microfinance

Operators have recommended to the Central Bank that in order to facilitate the sustainable development of the sub-sector it should increase the Portfolio at Risk (PAR) to 10 percent. The PAR is the outstanding principal amount of all loans that have at least one instalment overdue for one or more days and is currently pegged at 2.5 percent by the CBN. The recommendation to increase the PAR by microfinance operators, especially those in Lagos is as a result of the large number of delinquent loans in the sub-sector which has been blamed on the harsh operating business environment in Nigeria, especially in the urban areas. In Lagos State alone, over N10 billion is owed by micro depositors who borrowed money from various microfinance banks.

Operators have also asked the CBN to set up a discount window for microfinance banks. They want the CBN to act as a lender of last resort to microfinance banks. In addition, they think that the CBN should assist microfinance banks by setting up an institution in the mould of AMCON that will buy their bad debt.

3.3 Non-interest Banking/Finance

Central Bank of Nigeria Governor, Sanusi Lamido Sanusi said the Islamic banking has the potential of providing the much needed funds for infrastructure development through Foreign Direct Investments. Governor Sanusi pointed out that infrastructure plays a critical role in the overall national development and has a multiplier effect on the socio-economic well being of the society. In terms of the development of Non-interest banking/finance in Nigeria, the CBN has granted two Approval in Principle licenses for Non-interest banking; the Security and Exchange Commission (SEC) have registered a number of Islamic Fund Management Companies; while a number of insurance operators have opened windows for Islamic Insurance.

The Director General of Infrastructure Concession Regulatory Commission, Mansur Ahmed, said that between $12-15 billion is required annually to bridge the infrastructural deficit in the country spanning various sectors such as transportation, housing, power, water supply, education and health. He said, “The CBN just like many regulatory authorities all over the world recognises the potential of Non-interest banking as an alternative form of finance”. In the past decade, Non-interest (Islamic) finance has been used to complement and in some cases serve as an alternative in financing infrastructure projects in various part of the world.

3.4 Housing Finance

The Federal Government says it would require about N60 trillion for the provision of adequate housing for all Nigerians. Minister of Housing, Lands and Urban Development, Ama Pepple, said that the amount is only a conservative estimate based on a cost price of N3.5 million per unit and the minimum requirement of providing 17 million new housing units in Nigeria. The Minister stated that over the next four years, the sustained intervention of the government in the housing sector will increase and substantially reduce the present deficit in sustainable and decent homes currently estimated at between 16 and 17 million housing units nationwide. With an estimated population of 150 million people, rising population growth rate, growing urbanisation as well as increased demand for sustainable housing across the country, the Minister said only a concerted effort to reduce the deficit would avert an imminent housing crisis in the foreseeable future. The Federal Government is committed to injecting about N200 billion into housing development through the Federal Mortgage Bank of Nigeria (FMBN). As the economy improves, disposable incomes of workers would increase and their ability to access mortgage finance would no longer be an issue. One of the ways to address the challenge is to review the national housing policy and national building code targeting low income earners in the delivery of affordable houses under social housing.

CBN's Deputy Governor, Financial Services Surveillance, Kingsley Moghalu, stated that mortgage finance currently contributes less than one percent of the country's GDP. This is in contrast to other emerging markets, like Malaysia, where it accounts for 25 percent, 29 percent in South Africa and 85 percent in New Zealand. He identified some of the major impediments to housing/mortgage finance in the country as being the dearth of long-term funds; absence of mortgage re-finance/liquidity companies or a secondary mortgage market; and inadequate branch network of Primary Mortgage Institutions for easy disbursement of loans from the National Housing Fund. Other challenges include: a poorly designed National Housing Fund; inadequate capital and weak corporate governance of the FMBN; inadequate skilled labour and high cost of building materials; weak legal and land registration systems leading to difficulties in accessing land, title to land and transferring title, due to the shortcomings of the provisions of the Land Use Act of 1978; weak foreclosure laws; and inadequate legal framework and institutions to support effective and efficient mortgage operations.

4 Telecoms Sector

Quality of service (QoS) in the country's mobile telecommunications market is likely to remain poor for the next 15 months because new base stations will not come on stream before then. Over 90 million mobile subscribers in the country will continue to grapple with increased poor network availability, service accessibility and voice quality in the next 12 to 15 months. The quality of service across all networks in the country had been on the decline due to capacity constraints and infrastructure challenges such as poor power supply, logistic problems, vandalism and theft of vital telecoms equipment, among others. As a result of fierce price competition among the network operators, more Nigerians can now afford mobile phone services due to affordable tariffs. However, this has led to serious network congestion and poor QoS. According to experts, the solution to network congestion in the country is to build more base stations. Telecoms operators will have to invest in a total of 60,000 base stations to improve on the poor services currently being experienced. The telecoms companies also need to make additional investment in infrastructure such as cell sites to improve service quality for voice and data offerings. Of the 60,000 base stations required to boost QoS, the operators have so far deployed 13,000.

With fresh investment in infrastructure roll-out, the telecoms sector is expected to contribute seven per cent to the country's Gross Domestic Product by 2013. Growth in telecoms and other service sectors is crucial to Nigeria attaining its aspiration of becoming one of the 20 leading economies in the world by 2020. According to the Nigerian Communications Commission (NCC), the number of active GSM mobile lines grew from 82.6 million in January 2011 to 85.9 million in August 2011.

The table below provides a summary of telephone subscribers in Nigeria as at August 2011:

	Number of connected lines	Number of active lines
Mobile GSM	**105,725,775**	**85,885,346**
Mobile CDMA	**12,327,350**	**5,352,851**
Fixed Wired/Wireless	**2,278,356**	**856,003**
Total	**120,331,481**	**92,094,200**

Source: NCC

SIM Registration

In September, the NCC said that unregistered subscribers have been given a limited period to register their SIM cards to avoid being disconnected. The Commission said that there was need for proper harmonisation of the collected data, given the vast geographical spread of the country and the logistics involved in the registration exercise over the past six months. The exercise should have ended on 29 September 2011. This limited period, provides the last chance for all existing mobile phone users to register their SIM cards, as all unregistered SIM cards will be disconnected without further notice at the conclusion of the harmonisation exercise. The Commission stated that service providers would be directed not to disconnect any unregistered subscribers until the NCC announced the completion of the harmonisation process. The NCC is expected to begin the collation and harmonisation of all existing registered SIM Cards from across the country in October. The harmonisation process will involve the collation, reconciliation, cleaning and consolidation of the captured data into a central database.

5 Mobile Money

According to a Boston Consulting Group report, mobile financial services are expected to improve the lives of around 2 billion people in developing countries within a decade and boost economies, Overall, mobile financial services can reduce financial exclusion by 5 to 20 percent by 2020 and increase GDP by up to 5 percent, with Pakistan, for instance, potentially seeing a 3 percent uplift. The report focused on five countries -- Pakistan, Bangladesh, India, Malaysia and Serbia -- which represents a broad development range.

According to the report:

- 72 percent of the population in developing countries are without access to banks or credit cards. They manage to work around this by borrowing from friends and family, obtaining short-term credit from employers, forming savings clubs or using moneylenders but these options are often risky, costly and with indeterminate results
- Telecom firms such as Telenor, Vodafone, Orange and MTN have begun investing in mobile payment systems in Asia and Africa that allow consumers to make basic payments for utilities for example but also participate in savings, credit and insurance programmes via mobile phones
- Mobile financial services can also help overcome economic shocks such as natural disasters or unexpected medical emergencies. For example, in Kenya, UAP Insurance insures poor farmers through mobile phones (M-PESA platform) against weather-induced crop failures
- Telenor's EasyPaisa programme in Pakistan started with 2,200 retail outlets in October 2009 and now has 12,600 retailers spread over 650 cities across the country. It has 10 million estimated users and the total value of money transfers has reached 17.4 billion Pakistan Rupees ($167.2 million).

According to Telenor’s, Chief Executive, Jon Fredrik Baksaas, mobile financial services will be one of the key drivers for financial inclusion going forward and thus has the potential to be the most powerful tool for economic and social development in emerging economies.

Experts have stated that Nigeria requires over 10,000 agents to make mobile money services available in all ‘nooks and crannies’ of the country. However, Nigeria currently only has about 1,000 verifiable agent points.