EFInA Quarterly Review

(January to March 2015)

1 Global Economy

1.1 Growth

According to the World Bank, after growing by an estimated 2.6 per cent in 2014, the global economy is projected to grow by 3.0 per cent this year, 3.3 per cent in 2016 and 3.2 per cent in 2017. Developing countries grew by 4.4 per cent in 2014 and are expected to grow by 4.8 per cent in 2015, and 5.3 and 5.4 per cent in 2016 and 2017, respectively.

Activity in the United States and the United Kingdom is gathering momentum as labour markets recover and monetary policy remains accommodative. In the Euro Area and Japan, recovery has been inconsistent, as legacies of the financial crisis linger. China is undergoing a carefully managed slowdown, with growth slowing to a still robust 7.1 per cent in 2015, 7.0 per cent in 2016 and 6.9 per cent in 2017.

Risks to the global outlook remain tilted to the downside, due to four factors. First is persistently weak global trade. Second is the possibility of financial market volatility, as interest rates in major economies rise. Third is the extent to which low oil prices strain balance sheets in oil-producing countries. Fourth is the risk of a prolonged period of stagnation or deflation in the Euro Area or Japan.

Trade flows are likely to remain weak in 2015. Since the global financial crisis, global trade has slowed significantly, growing by less than 4.0 per cent in 2013 and 2014, well below the pre-crisis average growth of 7.0 per cent per annum. The slowdown is partly due to weak demand and to what appears to be lower sensitivity of world trade to changes in global activity. Changes in global value chains and a shifting composition of import demand may have contributed to the decline in responsiveness of trade to growth. Commodity prices are projected to remain low in 2015. The unusually steep decline in oil prices in the second half of 2014 could significantly reduce inflationary pressures and improve current account and fiscal balances in oil-importing developing countries.

India is amongst the large middle-income countries that will benefit from lower oil prices, where growth is expected to accelerate to 6.4 per cent this year (from 5.6 per cent in 2014), rising to 7.0 per cent in 2016-17. In Brazil, Indonesia, South Africa and Turkey, the fall in oil prices will help lower inflation and reduce current account deficits, a major source of vulnerability for many of these countries. However, sustained low oil prices will weaken activity in exporting countries. For example, the Russian economy is projected to contract by 2.9 per cent in 2015, with a growth rate of 0.1 per cent in 2016.

In contrast to middle-income countries, economic activity in low-income countries strengthened in 2014 on the back of rising public investment, significant expansion of service sectors, solid harvests, and substantial capital inflows. Growth in low-income countries is expected to remain strong at 6.0 per cent in 2015 through to 2017, although the reduction in oil and other commodity prices will stifle growth in commodity exporting low-income countries.

In Sub-Saharan Africa, growth is expected to remain flat in 2015 at 4.6 per cent (lower than previously expected), largely due to lower commodity prices; and rise to 5.1 per cent by 2017, supported by infrastructure investment, increased agriculture production, and buoyant services. The outlook is subject to significant downside risks arising from a renewed spread of the Ebola epidemic, violent insurgencies, lower commodity prices, and volatile global financial conditions. Policy priorities include a need for budget restraint for some countries in the region and a shift from spending to productive projects.

1.2 Employment

In January, the International Labour Organisation (ILO) stated that a slowdown in economic growth means more jobs will be lost this year, with young people again bearing the brunt of the financial crisis and its aftermath. According to the ILO, more than 61 million jobs have been lost since the start of the global crisis in 2008 and the projections show that unemployment will continue to rise until the end of the decade. By 2019, it is estimated that more than 212 million people will be out of work, up from 201 million in 2014.

The employment situation has improved in the US and Japan, but remains difficult in many advanced economies, particularly in the Eurozone. The previous forecast for the global unemployment rate was 5.9% in 2015 and 2016, compared with 5.5% before the global financial crisis in 2007.

The ILO predicts income inequality will continue to widen and that the richest 10.0% earn 30.0 to 40.0% of total income, while the poorest 10.0% earn around 2.0% of total income. The ILO warns that if low wages lead people to consume less, and investment remains subdued, growth rates will suffer. Young people, especially young women, continue to be disproportionately affected by unemployment across all regions of the world. Almost 74 million young people, aged 15 to 24, were looking for work in 2014.

1.3 Financial Inclusion

The findings from the World Bank's Global Findex 2014 report revealed that between 2011 and 2014, 700 million people became account holders at banks, other financial institutions, or mobile money service providers. The report also revealed that the number of unbanked individuals dropped by 20 per cent to 2 billion adults. "Access to financial services can serve as a bridge out of poverty. We have set a hugely ambitious goal – universal financial access by 2020 – and now we have evidence that we're making major progress. This effort will require many partners – credit card companies, banks, microcredit institutions, the United Nations, foundations, and community leaders. But we can do it, and the payoff will be that millions of people lifted out of poverty," the World Bank Group President, Jim Yong Kim said.

Between 2011 and 2014, the percentage of adults with an account increased from 51.0 per cent to 62.0 per cent, a trend driven by a 13 percentage point rise in account ownership in developing countries and technology. In particular, mobile money accounts in Sub-Saharan Africa are helping to rapidly expand and scale up access to financial services. Along with these gains, data also shows big opportunities for boosting financial inclusion among women and poor people.

Financial inclusion, measured by the Global Findex as having an account that allows adults to store money and make and receive electronic payments, is critical to ending global poverty. Studies showed that broader access to, and participation in, the financial system can boost job creation and increase investments in education, and directly help poor people manage risk and absorb financial shocks.

1.4 Mobile Money

Billionaire philanthropist Bill Gates is betting on mobile money to transform the lives of over 2 billion people who are outside the formal financial system. Bill Gates said that “In Kenya, there are almost a thousand accounts for every 1,000 adults and that’s what we want for everyone.” The philanthropist, through the Bill & Melinda Gates Foundation, is keen to see digital wallets take over unstructured and inefficient banking systems in the next 15 years. Bill Gates stated that the next 15 years will see major breakthroughs for most people in poor countries. He said, “By 2030, 2 billion people who don’t have a bank account today will be storing money and making payments with their phones; and by then, mobile money providers will be offering the full range of financial services, from interest-bearing savings accounts to credit to insurance.” It’s not just in Kenya that mobile money is turning traditional banking on its head. In Bangladesh, Bill Gates said that the fastest growing financial services company is a mobile money provider called bKash. He further stated that, “Less than four years after launching, it processes roughly 2 million transactions per day, with a total value of nearly $1 billion each month.”

2 **African Economies**

2.1 Growth

According to the World Bank report called ‘Global Economic Prospects’, the irony of growth amid poverty may have repeated itself, as the Sub-Saharan African economy recorded a growth rate of 4.5 per cent compared with 4.2 per cent in 2013, with Nigeria leading the pack, amid high levels of poverty. However, in South Africa, growth slowed markedly, constrained by strikes in the mining sector, electricity shortages, and low investor confidence.

Angola also suffered a set-back due to the decline in oil prices; while the Ebola outbreak severely disrupted economic activities in Guinea, Liberia, and Sierra Leone. For Nigeria, the continent’s largest economy, activity expanded at a robust pace, supported by a buoyant non-oil sector, though it suffered macroeconomic challenges towards the end of 2014 as a result of crude oil price volatility. Growth was also strong in many of the region’s low-income countries, the average growth for the rest of the region was 5.6 per cent, excluding South Africa. However, extreme poverty remained high across the region.

Investment in public infrastructure, increased agriculture production, and buoyant services were the key drivers of growth in the region. Foreign Direct Investments flows - an important source of financing of fixed capital formation in the region - declined in 2014, reflecting slower growth in emerging markets and lower commodity prices. However, several frontier market countries including Cote d’Ivoire, Kenya and Senegal, were able to tap international bond markets to finance infrastructure projects. Regional Gross Domestic Product growth is projected to remain broadly unchanged at 4.6 per cent in 2015, rising gradually to 5.1 per cent in 2017, supported by sustained infrastructure investment, increased agricultural production, and expanding service sectors.

2.2 Capital Markets

The first phase of integration of the West African capital markets will begin in April 2015. Inaugurated on January 18, 2013, the West African Capital Markets Integration Council (WACMIC) is the apex governance body for integrating the West African capital markets. It comprises of the Chief Executives of the Securities and Exchange Commissions of Nigeria, Ghana, Sierra Leone and the West African Economic and Monetary Union (WAEMU), which is the body of francophone countries in West Africa.

The primary role of WACMIC is to spearhead the integration of capital markets in West Africa and promote strong relationships among the member states. To achieve this objective, the Council is expected to harmonise a platform for listing and trading of securities, harmonise capital market regulations and practices across the region, accord a mutual recognition of capital market operators in the sub-region, and harmonise the process for the clearing and settlement of transactions across all member states.

As at the end of December 2014, the stock exchanges in the West African sub-region had a combined market capitalisation of $114 billion. The Nigerian Stock Exchange (NSE) had the largest capitalisation of $77.45 billion, Ghana Stock Exchange (GSE) capitalisation was $28.11 billion, while BRVM (the West African Regional Stock Exchange) was $8.31 billion. It is believed that harmonising these markets will lead to many benefits for stakeholders including investors, companies, operators and regulators.

The first phase of integration will become operational in April 2015, which will involve sponsored access for stockbrokers. In the last phase of the integration, there will be a fully integrated West African Securities Market (WASM). Capital market operators including stockbrokers, underwriters and issuing houses will be given a common passport and recognition after meeting certain criteria that WACMIC has put in place.

2.3 Telecoms

According to the GSM Association (GSMA), the rapid pace of mobile adoption has delivered an explosion of innovation and huge economic benefits in the region, directly contributing $32 billion to the Sub-Saharan African economy, or 4.4 per cent of GDP. With necessary spectrum allocations and transparent regulation, the mobile industry could also fuel the creation of 14.9 million new jobs in the region between 2015 and 2020. Sub-Saharan Africa currently accounts for about two thirds of connections in Africa. GSMA expects connections to grow by a further 50.0 per cent, or 250 million connections, over the next five years.

GSMA stated that Sub-Saharan Africa has some of the highest levels of mobile internet usage globally. In Zimbabwe and Nigeria, access through mobile phones accounts for over half of all web traffic at 58.1 per cent and 57.9 per cent respectively, compared to a 10.0 per cent global average. 3G penetration levels are forecast to reach a quarter of the population in Sub-Saharan Africa by 2017 (from six per cent in 2012) as the use of mobile-specific services develops.

However, despite the high number of connections, rapid growth and mobile internet usage, mobile penetration among individuals remains relatively low. Fewer than 250 million people have subscribed to a mobile service in the region, putting unique subscriber penetration at 30.0 per cent, meaning that more than two thirds of the population has yet to acquire their first mobile phone. This represents an important opportunity for the telecoms industry to bring connectivity, access to information and services to the people in the region.

According to GSMA, the mobile industry contributes approximately 3.5 million full-time jobs in the region. This has also spurred a wave of technology and content innovation with more than 50 'innovation hubs' created to develop local skills and content in the field of ICT services, including the Limbe Labs in Cameroon, the iHub in Kenya and Hive Colab in Uganda. To support this huge increase in innovation, the mobile industry has invested around $16.5 billion over the past five years across the five key countries in the region, mainly directed towards the expansion of network capacity.

At the same time, given the exponential growth, Sub-Saharan Africa faces a looming 'capacity and coverage crunch' in terms of available mobile spectrum. GSMA research has found that by releasing the Digital Dividend and 2.6GHz spectrum by 2015, the governments of Sub-Saharan Africa could increase yearly GDP by $82 billion, yearly government tax revenues by $18 billion and add up to 27 million jobs by 2025.

2.4 Mobile Money

According to the Boston Consulting Group (BCG), Sub-Saharan Africa is adopting mobile financial services at a pace seen in few other places, presenting banks and mobile network operators (MNOs) with a set of strategic choices that will go a long way toward determining their success in the region. The use of mobile financial services in sub-Saharan Africa to do such things as pay utility bills and send money to relatives could produce an estimated $1.5 billion in fees for mobile money providers by 2019. Sub-Saharan Africans are looking for more-secure ways to borrow and save money and are open to other financial products delivered using mobile phones, including loans and insurance.

Although mobile financial services are emerging all over the world, Sub-Saharan Africa's unique circumstances - a combination of a mostly 'unbanked' population and high mobile phone penetration - have turned the region into an early adopter of mobile money and a test bed for the technology's potential. Eight of the ten countries that make the most use of mobile financial services are in Africa, and sub-Saharan Africa has the highest proportion of active accounts (43.0 per cent).

With the population in Sub-Saharan Africa growing and becoming wealthier, the number of people aged 15 or older with an individual annual income of $500 or more will rise to more than 460 million by 2019. This trend is likely to strengthen as governments in Sub-Saharan Africa increasingly focus on their education, health, and security systems - enhancing the potential for long-term economic growth in their countries. According to BCG, by 2019 there will also be some 400 million unique mobile phone subscribers and almost 150 million traditionally banked Sub-Saharan Africans. This gives a sense of the potential market for mobile financial services.

To fully exploit these opportunities, banks, MMOs and MNOs will need to invest in infrastructure, business capabilities, and governance. A critical piece of infrastructure is a network of agents. Consumer insights are among the important business capabilities. This relates to a bank or MMO or

MNO's ability to identify and develop the offerings that would matter most to consumers. It also has to do with knowing when to introduce different services. Good governance is critical because of the partnerships that will be needed to create an ecosystem for mobile service offerings. Mobile financial services should not be a go-it-alone proposition; neither banks nor MNOs have everything that's needed to succeed on their own. The banks have the back-office systems and the understanding of risk and financial-industry regulations; the MNOs have the access to customers and the relationships with mobile phone store operators that could become a foundation for agent networks. Banks and MNOs are complementary in this space; each has something the other needs.
The vendors that want to establish a strong market position are going to need to find the right partners and start developing appropriate product offerings.

3 Nigerian Economy

In March, Standards and Poor's (S&P) stated that the Nigerian government fiscal policies in response to the fall in the global oil price were 'proactive and ambitious'. S&P further added that the rating for Nigeria's economy has been downgraded from BB- to B+. The downgrading was attributed to the decline in oil price which affected external position and external vulnerability of the country. S&P identified the upcoming general elections and the potential under performance in oil production as possible negative factors. S&P also stated that it based its decision on significant political risk arising from the upcoming elections as well as the impact of insurgency in the North East.

3.1 GDP

According to the National Bureau of Statistics (NBS), Nigeria's economy grew year-on-year by 5.94 per cent in the fourth quarter of 2014, compared to 6.23 per cent in the third quarter. The nominal GDP at basic prices for Q4 of 2014 was estimated at N24.2 trillion, up 5.55 per cent from N22.9 trillion recorded in Q3 of 2014. In Q4 of 2014 the non-oil sector grew by 6.44 percent growth in real terms. The non-oil sector growth was driven by growth in activities recorded in crop production, trade, textile, apparel and footwear, and real estate sectors. On the other hand, the oil sector only grew by 1.18 per cent in Q4 of 2014.

In 2014, the total output of the Nigerian economy in nominal terms rose by 11.2 per cent year-on-year from N80.1 trillion to N89.0 trillion. However, there was decline in dollar terms in the output of the Nigerian economy from $514.3 billion in 2013 to $449.7 billion in 2014, attributable to the devaluation of the currency.

3.2 Inflation

According to the NBS, Nigeria's Consumer Price Index (CPI) which measures inflation rate rose by 8.5 per cent year-on-year in March 2015, which was marginally higher than the 8.4 per cent rate recorded in February. This is the fourth consecutive month of a faster increase in the Headline index to reach the highest inflation rate recorded for the year. The Headline rate for March also equals last year's highest inflation rate which was recorded in August. While the pace of increase in food prices held firm for the second consecutive month, the increase in the Headline index was driven by increases in the non-food Classification of Individual Consumption by Purpose (COICOP) divisions.

3.3 Foreign Reserves

The value of Nigeria's foreign reserves has been on the decline and fell below the $30.0 billion mark to $29.865 billion as at March 25, 2015, according to the Central Bank of Nigeria. The current level of foreign reserves, which is derived mainly from the proceeds of crude oil earnings, has fallen by 13.4 per cent or $4.628 billion this year, compared with the $34.493 billion it was at the beginning of 2015. This has been attributed to the significant reduction in foreign exchange inflow into the country, caused by sustained low crude oil prices.

3.4 ICT Sector

With more Nigerians migrating to the middle class, Nigeria's Information and Communication (ICT) sector gross earnings are expected to reach N50 trillion by the end of 2015. According to the NBS, the gross earnings in the sector between 2010 and 2012 were estimated at N42.6 trillion ($215 billion). Industry stakeholders believe the federal government's effort to diversify the economy will be greatly enhanced if it can tap into the enormous potential of the ICT sector. The federal government recently disclosed plans to complete the installation of 158 Base Transceiver Stations (BTS) which are expected to assist in extending ICT platforms to rural communities that currently have little or no access.

According to the rebased GDP figures, the ICT sector accounted for 11.0 per cent of GDP in 2013. Currently, the information services segment of the ICT industry remains the leading sub-sector, accounting for 82.0 per cent of the total revenue of the ICT sector, while broadcasting and motion pictures accounts for 11.0 per cent and 4.2 per cent respectively.

3.5 Millennium Development Goals

The federal government has called on the global community to give adequate attention to issues of poverty eradication, inclusion and inequalities in the framing of the successor framework for the Millennium Development Goals (MDGs). The Senior Special Assistant to the President on MDGs, Dr. Precious Gbeneol, said, "Nigeria believes that for the Post-2015 Development Agenda to be truly open, inclusive and transformative, it must take due cognisance of the aspirations and dreams of the less privileged members of the society. The formulation process needs to continue to be inclusive so that developmental realities and not academic conjectures are tackled. This inclusion has the added benefit of increasing community buy-in across the world."

While reaffirming the successes recorded in the implementation of pro-poor policies with the MDGs, she reiterated that the post-2015 framework must cover vital areas that were not attended to in the MDGs. Dr. Gbeneol further added that, "The formulation of the post-2015 Development Agenda is one that has generated a lot of interest following the success of the MDGs. The MDGs have significantly impacted the lives of the poor and vulnerable in developing countries. Nigeria is of the view that its unfinished business must be attended to in the next development agenda. The new set of goals must tackle the crucial issues that were not addressed under the current framework with poverty eradication, access to sustainable energy, infrastructure, population demographics, adequate development financing and governance at the centre. The new goals must be carefully woven to integrate the social, economic and environmental dimensions of sustainable development. It must be understood that these are crucial to the process and cannot be left out. The new framework must consider the most fundamental problems facing the least developed societies in the world. It must tackle these problems first."

4 Financial Sector

4.1 Development Bank of Nigeria

In March, President Goodluck Jonathan formally inaugurated the Development Bank of Nigeria (DBN) with a capital base of $1.5 billion (about N300 billion). The DBN is being supported by development partners such as the African Development Bank, World Bank, Agence Francaise de Development, and KFW. The DBN will support medium to long-term lending to Micro, Small and Medium-scale Enterprises (MSMEs), with duration of up to 10 years and a moratorium period of up to 18 months. The moratorium period is to enable the MSMEs a grace period before they start repaying the loans.

About 200,000 new loans are expected to be disbursed to MSMEs within the first five years of operation of the DBN. With each MSME creating an average of five new jobs, the government is projecting that the DBN will assist in creating one million direct jobs. The DBN, in collaboration with the development partners, is also expected to provide business training for over one million MSMEs in order to make their businesses more attractive for deposit money banks to lend to.

4.2 Financial Inclusion

CBN

In March, the CBN stated it would increase the financial capability of young Nigerians to enable them build and accumulate assets to secure their future. The CBN Governor, Mr. Godwin Emefiele, disclosed this during the global money week, an initiative of Child and Youth Finance International, which is dedicated to the promotion of economic citizenship among children and youths. The CBN Governor urged children to take advantage of the financial literacy programme of the Central Bank to start planning their future at an early stage. He said, "As economic agents, they were expected to be financially capable, know their rights as responsible members of the society, and have the capability to create sustainable means of livelihood for themselves." The CBN Governor said the apex bank was committed to creating an enabling environment that would produce people that are capable of positively contributing to the economic growth and development of Nigeria.

NIPOST

The federal government announced the appointment of International Investment Facilitation Company, as advisor on a project that will transform the Nigerian Postal Services (NIPOST) into a financial services provider. This project is aimed at reducing the number of Nigerians without access to financial services, especially in rural communities. Working with different financial services solution providers, the project, financed by the CBN aims to transform post offices and postal agencies across the country into financial service hubs in order to extend services to unbanked communities. The multi-agency initiative involves the Ministry of Communication Technology, the CBN, Bureau of Public Enterprises, Infrastructure Concession Regulatory Commission, and the Public-Private Partnership unit of the Ministry of Finance. The project will utilise the vast network of post offices across the country to create and improve the access of rural dwellers to financial services as part of the financial inclusion drive of the CBN.

The project according to Mallam Ibrahim Mori Baba, Post Master General of NIPOST, will enable the NIPOST to incorporate over 40 million rural people into the financial market with the establishment of shared financial agent services across the country. The launching of the project was described as a major milestone in making financial inclusion a reality in Nigeria, with about 1,170 post offices available for the provision of the shared financial services by institutions such as First Bank's Firstmonie, Nigeria Agricultural Payment Initiative (NAPI) involving NIMC, Ministry of Agriculture and the CBN based on Cellulant's mobile money platform. Under the scheme, other financial institutions and service providers would also have the opportunity to become a part of the NIPOST Financial and Citizen Benefit Shared Services Scheme, which is targeting 50,000 locations across the country. In addition, the National Identity Management Commission (NIMC) will also leverage the facility for enrolment of local citizens to obtain their National Identity Cards.

4.3 Banking Industry

According to the Central Bank of Nigeria's Economic Report for January:

- The total specified liquid assets of deposit money banks was N6.62 trillion, representing 36.8 per cent of their total current liabilities. The liquidity ratio, which measures the ability to meet short term demands, rose by 2.3% above the level in the preceding month and was 6.8% above the stipulated minimum ratio of 30.0 per cent.
- The loans-to-deposit ratio was 64.5 per cent, which was 0.9 per cent above the level at the end of the preceding month, but 15.5 per cent below the prescribed maximum ratio of 80.0 per cent.
- Credit to the domestic economy grew by 7.1 per cent to N17.28 trillion, when measured on a month-on-month basis.

4.3.1 Central Bank of Nigeria

Bank Verification Number (BVN)

The impending deadline of the Bank Verification Number registration policy of the CBN is June 30, 2015. The apex bank recently made it clear that any bank customer without the BVN would be deemed to have inadequate know-your-customer (KYC), which may affect the transactions he or she can conduct. The regulator announced that from April, banks would stop honouring transactions from N100 million and above from customers that don't have their BVN. Such transactions, according to the CBN, include but are not limited to, money transfers, loans and contingencies.

National Collateral Registry

The International Finance Corporation (IFC) and the CBN are collaborating to launch a National Collateral Registry in June 2015. The Collateral Registry will help to stabilise the MSME financing and also boost the confidence of Nigerian banks in playing active roles in financing the sector.

4.3.2 Deposit Money Banks

The volume of non-performing loans in the Nigerian banking sector is set to rise further on the back of the devaluation of the Naira amid weak global crude oil prices. The nation's weak currency is currently taking a huge toll on companies involved in manufacturing and fast moving consumer goods, driving down their revenue and bottom line. Analysts say some of them may not be able to meet their loan obligations to banks as a result of the increase in the cost of inputs. In addition, low oil prices, which forced the CBN to technically devalue the Naira again in February by closing its official foreign exchange window, constituted a major threat to oil companies' ability to pay up loans.

4.3.3 E-Payments

Dr. Sarah Alade, Deputy Governor, Economic Policy, CBN said that Nigeria has witnessed an impressive growth in electronic payments and a steady shift from the dominance of cash payments. According to the Nigeria Inter-bank Settlement System (NIBSS) between January 2013 and December 2014:

- The total volume of NEFT transactions decreased from 29.8 million in 2013 to 29.7 million in 2014; whilst the total value of transactions increased from N14.4 trillion in 2013 to N14.6 trillion in 2014.
- The total volume of NIP transactions increased from 17.1 million in 2013 to 40.8 million in 2014; whilst the total value of transactions increased from N10.8 trillion in 2013 to N19.9 trillion in 2014.
- The total volume of POS transactions increased from 9.4 million in 2013 to 20.8 million in 2014; whilst the total value of transactions increased from N162.0 billion in 2013 to N310.0 billion in 2014.
- The total volume of cheques cleared increased from 14.2 million in 2013 to 15.3 million in 2014; whilst the total value of cheques cleared decreased from N7.7 trillion in 2013 to N7.3 trillion in 2014.

PayPal

PayPal revealed that Nigeria is its second largest market in Africa. Malvina Goldfeld, Head of Business Development, sub-Saharan Africa at PayPal said that South Africa remains the company's biggest market in Africa with over a million accounts, followed by Nigeria and Kenya. PayPal is meeting the needs of millions of Nigerians that desire to engage in e-commerce on foreign platforms. She said, "There are millions of people in Nigeria who are eager to engage in online commerce and our goal is to help them make payments more easily and securely. Currently, we offer Nigerians the opportunity to register for free for a PayPal account to make payments on overseas websites. Over time we plan to expand our service offering in Nigeria to include services that will lead to better experiences in online and mobile payment methods in Nigeria."

4.3.4 Agriculture Finance

The federal government has released about N985.0 million ($5 million) to the Nigeria Agricultural Insurance Corporation (NAIC) for enhancement of its on-going reform and repositioning of agricultural insurance in the country. Minister of Agriculture and Rural Development for Nigeria, Dr. Akinwumi Adesina, said the funds will be utilised to strengthen NAIC's operations in order to make agricultural insurance in Nigeria attain global standards. He also said the Ministry has set a goal to ensure that in the next three years, over 15.0 million farmers are covered by crop and livestock insurance.

To ensure that farmers received their farm inputs, Dr. Adesina said, the Ministry launched the 'Growth Enhancement Scheme', which provides subsidised farm inputs to farmers directly via electronic coupons on their mobile phones – or the e-wallet scheme. He said within the past three years, over 14.5 million farmers have received their farm inputs directly through the e-wallet scheme, including over 2.5 million women farmers. According to the Minister, the impact of this on food production has been massive, as national food production expanded by an additional 21.0 million metric tons within the past three years, while Nigeria's food import bill declined from N3.9 trillion in 2011 to N635 billion in 2014.

4.4 Pensions

The National Pension Commission (PenCom) has decided to further expand the Contributory Pension Scheme (CPS) in order accommodate informal sector workers and those that are self-employed. In March, PenCom announced that the micropension programme has kicked off in line with the vision of President Goodluck Jonathan's administration adding that its target is to bring about 50 million self-employed persons and informal sector workers into the CPS. According to the Commission, the programme, if successful, would save many Nigerians who spent their active years working in the informal sector the sufferings associated with old age poverty. The Commission said the micropension scheme is in line with the stipulations of the Pension Reform Act 2014, which in addition to making it mandatory for states, local governments and workers in organisations that employ three or more workers to join the Scheme, makes it possible for self-employed persons and workers in the informal sector to be part of it. According to PenCom, these include entertainers, technicians, drivers, tailors, fashion designers and other professionals doing their trades at different levels across the country. The Commission said in flagging off the micropension scheme, it realises that old age poverty cuts across all sectors of the economy.

4.5 Micro Small and Medium Enterprises

In March, the federal government inaugurated the first Nigerian Business Development Services (NBDS) Network for the effective and productive performance of MSMEs in the country. The $200.0 million (N39.6 billion) project involves a network of private sector business development service providers that will work with MSMEs across the country to mentor them, provide support services and link them up with financial institutions. The Minister of Industry, Trade and Investment, Mr. Olusegun Aganga, said the new initiative marked another milestone in the current administration's determination to reposition the MSME sector as the major driver of inclusive and sustainable economic growth in Nigeria. Mr. Aganga noted that the biggest challenge for MSMES is access to funding, highlighting that approximately 84.6 per cent of small business owners in the country had to resort to personal savings and borrowing from friends and families. He said that in addition to helping the MSMEs to formalise their operations, the NBDS will also serve as indirect collateral for small business operators.

5 Telecoms Sector

According to the Minister of Agriculture and Rural Development for Nigeria, Dr. Akinwumi Adesina, the electronic wallet system for farmers, has impacted positively on the Telecommunications sector. The e-wallet system is deployed by the Agricultural and Rural Development Ministry to provide subsidised farm inputs to farmers through mobile phones. He said, "The e-wallet system has impacted massively on the telecommunications sector, as farmers invested in the purchase of 7.0 million handsets, adding N21.0 billion of devise sales, N3.0 to N6.0 billion of airtime sales and N116.0 billion of value to the market value of telecom companies."

According to the NCC, in February 2015 the number of connected lines was 190,575,684; whilst the number of active lines was 142,589,775. Teledensity reached 101.85%. The table below provides a summary of telephone subscribers in February 2015.

	Number of connected lines	Number of active lines
Mobile GSM	**186,410,917**	**140,275,599**
Mobile CDMA	**3,796,751**	**2,130,906**
Fixed Wired/Wireless	**368,016**	**183,270**
Total	**190,575,684**	**142,589,775**

Source: NCC

According to NCC, as of February 2015 in terms of GSM operators, MTN was the market leader with 61,001,529 subscribers (market share of 43%); followed by Globacom with 28,877,537 subscribers (market share of 21%); then Airtel with 28,380,848 subscribers (market share of 20%); and finally Etisalat with 22,015,685 subscribers (market share of 16%).

5.1 Internet Users

According to the NCC, the number of people accessing the internet through GSM mobile networks in Nigeria reached 83.2 million in February 2015. MTN was the market leader with 39,279,019 users; followed by Globacom with 18,184,587 users; then Airtel with 15,894,061 users; and lastly Etisalat with 9,852,713 users.

6 Mobile Money

6.1 Africa

Airtel Mobile Money

In March, Airtel Africa announced the launch of its cross-border money transfer service for customers living in the Democratic Republic of Congo (DRC), Zambia and Rwanda. Airtel currently operates in 17 countries across Africa and launched the service to help facilitate remittances and regional trade between the 3 countries at very low cost. It is also extending the service to Burkina Faso in West Africa.

In March, Bharti Airtel and Visa Inc. announced a partnership to bring innovative mobile payment services to seven markets in Africa including Gabon, Ghana, Kenya, Madagascar, Rwanda, Seychelles and Tanzania. Airtel and Visa and will build on the existing capabilities of Airtel's Mobile Money service, allowing subscribers to use their Airtel Money account to pay in stores and online wherever Visa is accepted. Additionally, customers can withdraw money and make payments from their Airtel Mobile Money account using their Airtel Money Visa companion card. Airtel and Visa have already launched Airtel Money Visa Card in Kenya and will roll out services in other markets starting in early 2015.

6.1.1 Kenya

M-Shwari

M-Shwari (a joint partnership between the Commercial Bank of Africa and Safaricom), a mobile banking product that allows customers to save and borrow through their mobile phones signed up its ten millionth customer in March 2015.

Safaricom

In March, Safaricom partnered with the Tanzanian mobile service operator Vodacom to enable seamless transactions between Kenya's nearly 20.0 million M-PESA customers and Tanzania's 7.0 million M-PESA customers. With a presence in 10 countries; Kenya, Tanzania, South Africa, Lesotho, DRC, Egypt, Mozambique, India, Romania, and Fiji, M-PESA has emerged as the most compelling mobile-money proposition catering for both individual and corporate transactions.

In addition, Kenya Commercial Bank Group and Safaricom launched a new mobile banking product called the 'KCB-M-PESA Account'. The KCB-M-PESA Account will enable customers to get loans using their mobile phones, the loans will be offered with a flexible repayment period ranging from one to six months. The facility fee for the loan will start from as low as 2.0 per cent per month. Customers will also have the option of two fixed savings options - a fixed deposit account and a target savings account. Customers' loan limits will be determined by a number of factors, including but not limited to, the amount of savings they have, usage of M-PESA, and the amount of their savings on other KCB platforms.

6.1.2 Ivory Coast

Ivory Coast with a population of 20 million, is one of the rising examples of the effect of mobile e-money on financial inclusion, largely due to a supportive policy and regulatory environment, a growing mobile phone penetration rate that has increased from 50.0 per cent in 2008 to over 100.0 per cent in 2014, and an active mobile money sector largely driven by new non-bank players. The overall performance indicators show that mobile money services are growing on a per capita basis at one of the fastest rates of any country in Africa. By the end of 2014, there were over 4.6 million active mobile money customers (up over 240.0 per cent from 2013) who transferred more than CFA 2,233 billion ($4.6 billion) in transactions (up more than 186 per cent from 2013). Likewise, the agent network grew from 10,752 in 2013 to 19,260 in 2014. This increase in the provision of financial services is largely due to the regulations introduced by the Central Bank of West African States (BCEAO) that allowed the involvement of non-banks to issue, manage and distribute e-money as well as innovative partnerships between banks and telecom operators.

6.1.3 Ghana

In January, Brussels-based WSBI (World Savings and Retail Banking Institute) and Cignifi announced an agreement to develop and test an innovative mobile savings product targeted at underserved and dormant savers. The product will be tested in partnership with Airtel Ghana and HFC Bank Ghana (WSBI member) and will combine the features of mobile and savings products. Customers will be able to use Airtel's extensive network of mobile money agents to make deposits and withdrawals without needing to visit a bank branch. Airtel Ghana's customer base will be segmented using behaviour-based scores, to develop targeted marketing campaigns to drive customer acquisition and usage.

6.1.4 Uganda

Over the last six years the number of mobile money account holders in Uganda has grown to 18.5 million, which is much higher than the traditional bank account holders. Mobile money accounts have surpassed traditional banking accounts by threefold which stand at 5.5 million in financial institutions supervised by Bank of Uganda. Mobile money has already had an impact on financial inclusion across the East African region by enabling millions of people to access formal, though basic financial services for the first time. The parliament has asked government to set up a Trust Fund where unclaimed mobile money deposits will be banked and monitored.

6.1.5 Zimbabwe

Zimbabwe has been experiencing a rapid increase in mobile money services over the past year. Between January and September 2014, the total value of transfers and transactions on mobile money services increased from $296.0 million to $40.03 million. This trend is likely to continue through 2015. The most recent statistics released by the Postal and Regulatory Authority of Zimbabwe for the third quarter of 2014 shows that the number of agents for the period increased by 4,181 as mobile money operators seek to increase their distribution networks for mobile money services.

6.1.6 Rwanda

In March, Millicom, the international telecommunications and media company, announced that its Tigo operation in Rwanda has launched the country's first mobile-based savings product – Tigo Sugira with Tigo Cash. The service, launched with Urwego Opportunity Bank, puts Rwanda on track to reach its goal of 90.0 per cent financial inclusion by 2020, and will help boost the level of savings of Rwandans. Tigo Sugira is the most convenient way to save, with an interest rate of seven per cent annually. The service is free of charge for deposits, withdrawals or opening an account.