

**Communique issued at Mobile Money Conference 2019 organized by the Association of Licensed Mobile Payment Operators (ALMPO) under the theme: *Beyond Payments*, 27<sup>th</sup> November, 2019 at the Four Points by Sheraton Hotel, Oniru, Victoria Island, Lagos.**

Nigeria needs improved innovations, cross-industry alliances (among operators – Mobile Money Operators (MMOs), banks and telcos), infrastructure sharing and regulatory alignment to drive value propositions to deepen Mobile Money adoption and the attendant benefits to the citizenry. More importantly, every stakeholder has a role to collaboratively engage for steady growth in financial inclusion by scaling Mobile Money adoption, distribution and transaction volumes.

These were the unanimous views of speakers and guests at Mobile Money Conference 2019 on '*Beyond Payments*' organized by the **Association of Licensed Mobile Payment Operators (ALMPO)** at the Four Points by Sheraton Hotel, Oniru, Victoria Island, Lagos.

Discussants from the Regulator – Central Bank of Nigeria (CBN); ALMPO members; Banks, MMOs, telecommunications operators & economic analysts, public policy analysts, Civil Society Organisations (CSOs) and the media, agreed that Mobile Money industry in Nigeria is now of age hence scaling is no longer a matter of 'if', but 'how' fast.

The Conference agreed that the momentum for agent rollout, cluster development and customer adoption has reached cruising altitude.

However, from year 2020, stakeholders must pay close attention to increasing consumer engagement and retention from walk-in or Over-The-Counter (OTC) customers; implying that MMOs need to actively engage in development of new and compelling value propositions wrapped around real customer needs.

## INTRODUCTION

The event Lead Convener and Chairman, **Association of Licensed Mobile Payment Operators** (ALMPO), Mr. Chinedu Onuoha welcomed all attendees and highlighted the theme '*Beyond Payments*' as aptly capturing the general direction of the industry, hence members are of the opinion that the objectives of financial inclusion, to be realized, must go beyond payments and attract more people into formal financial services.

This is because the financial needs of the average citizen are much more than paying and receiving funds; they also need to save and earn interest, participate in pensions, engage in forms of insurance, and have access to credit amongst other needs.

## OBSERVATIONS:

### (Trends)

- A Study by the GSM Association (GSMA) stated that by end of 2018, there were 456 million mobile subscribers in Sub-Saharan Africa (SSA); an increase of 20 million over the previous year and representing a subscriber penetration rate of 44%.
- The Study also found that around 239 million people which is an equivalent of 23% of the SSA population, also use the Mobile Internet on a regular basis.
- SSA will remain the fastest growing region, with a compounded annual growth rate of 4.6% and an additional 167 million subscribers over the period of 2025.
- These figures have made SSA a very conducive environment for mobile money to thrive, because Mobile Money rides on mobile phone subscription.

## Regulations

- The Central Bank of Nigeria (CBN) identified person-to-person (over the mobile phone infrastructure) as a practical strategy for financial inclusions of the un-banked.
- CBN engaged and consulted with relevant stakeholders in developing a framework for the creation of an enabling regulatory environment towards achieving availability, acceptance and usage of mobile payments services in Nigeria. Hence, the framework was first issued in 2004 and subsequent amendments have been made to cover observed gaps overtime.
- In response to some of the issues faced by MMOs in the payments ecosystem, CBN had taken several approaches to promote enabling environment for both start-ups and incumbents; some of which involve intensifying collaboration with major stakeholders leading to review of USSD pricing, setting up of a fraud forum and enhancing security of payment transactions done on mobile infrastructure.
- Notwithstanding the progress made in the Mobile Money adoption, the Apex Bank observed that there is a lot of ground to cover as the last survey by EFINA indicated that the level of exclusion is still far from the national target.

## Challenges

The industry is still struggling with digital payments due to many challenges such as infrastructure, and operators operating in silos. Other challenges include, but not limited to:

- **Trust Issues and Consumer Behaviour:** Consumer behavior appears not on the front-burner in 2010 when the first regulatory framework was considered. Issues of trust still arise from customers who are still battling to understand how mobile money works. The operators need to start viewing the industry from the consumer perspective.

- **Environmental Constraints:** Operators need to understand the challenges and have a critical look at the several contexts such as cybersecurity, connectivity, taxes, power etc. Connectivity coverage is not universal and agents need power to operate and this affects their operations and productivity.
- **Innovation:** Operators need to rethink their approach to innovation and ensure that they create products that have strong relevance to target customers.
- **Expanding the scope of Mobile Money:** Focusing on mobile financial service as against mobile money only will provide the right perspective to deliver products that work for the customer. Focus should be ‘service’ and not product alone.
- **Information sharing:** Limited intra-industry intelligence on fraud and incidences have negatively affected the review and tactical engagements to protect the consumer and for adequate security assessment of products before rolling-out.
- **Collaboration with Government:** The need to ensure that certain government payments such as contracts and social intervention schemes are paid digitally through Mobile Money wallets.
- **Focus on MSMEs and Rural dwellers:** Mobile Money and financial inclusion will rave-up with key focus on MSMES (with over 41million of them in operation with 99.8% of them Micro) and rural dwellers. These people are the engine of the economy and require credits e.g. everyday credit, micro-insurance, micro-pension, micro-savings, health, agriculture and mobility which can be done through MM products.

## **Recommendations**

*Mobile Money Conference 2019 recommends:*

- **Policy Reviews/Intervention:**
  - That the Central Bank of Nigeria (CBN) should fast track ongoing discussions around paying interest on Wallet Savings.

- There is need for CBN to streamline Stamp Duties and other charge; as means to give incentives for improved Mobile Money adoption by the citizens. Agents need not be charged for cash out transactions.
- Pricing as currently fixed needs to be reviewed to make the service more viable and to attract new investments.
- CBN should intensify engagements with other regulatory agencies, especially the Nigerian Communications Commission (NCC) and the Office of the National Security Adviser (ONSA), as means to Mitigating electronic frauds (e-Frauds) that are often perpetuated using SIM Cards.

- **Infrastructure Upscaling:**

- That, for the required growth to be achieved, operators require robust and resilient infrastructure that guaranty high availability of the transaction switching systems and reliable network connectivity. Thus, the telecommunication companies, ISPs, Nigeria Inter-Bank Settlement System Plc (NIBSS), among others, should work together to guarantee a reliable payments infrastructure.
- There is need for banks and MMOs to prepare for future digital disruptions by innovating to replace USSD transactions which are powered by second generation (2G) technology that will soon be phased-out.
- Blockchain, Artificial Intelligence and Internet of Things (IoT) are technologies of the future that MMOs should embrace to unleash products to grow financial inclusion and adoption.

- **Advocacy & Enlightenment:**

- That, there is need for adequate enlightenment of security agencies to reduce harassment of Mobile Money Agents in the field.

- **E-Fraud**

- That, the Operators need intra-industry intelligence on e-fraud, incidences to review and prepare tactically to protect the consumer and get adequate security assessment of products before rolling-out.
- Operators should deploy or enhance their Fraud Intelligence Solutions.

- **Operators**

- That, to achieve the objective of reducing financial exclusion gap from 36 percent to 20 percent by the end of 2020, MMOs should develop anchor products targeted at empowering the people at the bottom of the (economic) pyramid.
- MMOs should partner with lenders to deliver micro-credit solutions to customers through their agent networks.
- Work with regulators and other stakeholders towards the Digitalization of collaterals to ensure that customers who have access to credit pay all the time without compromise.

- **Government Support**

- That, government should deploy its anchor programmes such as the Social Intervention Programme (SIP) viz a viz TraderMoni, MarketMoni, etc., through Mobile Money platforms to encourage more adoption and financial inclusion.