



**NIGERIA - TRANSITING TO A
CASH-LESS SOCIETY:
POSSIBILITIES AND
CHALLENGES**

8TH – 9TH OCTOBER 2012

CONFERENCE REPORT

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EXECUTIVE SUMMARY

The conference, Nigeria Transiting to a Cash-less Society: Possibilities and Challenges which took place on the 8th -9th October 2012 brought together key stakeholders and policy makers within the electronic and mobile payments ecosystem with international experts from the payments industry to provide the global perspective. The conference focused on the pertinent issues facing Nigeria in its transition to a cash-less society whilst at the same time highlighting the benefits of the transition to the Nigerian economy as a whole and acknowledging the solutions already implemented.

The idea for the conference arose from the organising team, one of whom has expertise in this area, identifying the need to plan an event which would provide a holistic outlook on the cash-less initiative, as no other conference had at the time sought to do this, and would bring together key stakeholders in the payments industry together with policy makers to consider solutions to, and facilitate a smooth transition of, the cash-less society. To achieve the stated aim, the conference team engaged government functionaries and sought to bring in industry experts at the highest level. Despite the challenges faced by the team which is explained in greater detail in the full report, the conference held successfully over the two days with approximately 140 delegates and positive feedback from attendees. Feedback from many of the attendees is that this should be an annual event on a larger scale.

The conference structure included international and local speakers with panel sessions and dynamic discussions which helped to draw out the pertinent issues in relation to the transition and successful implementation of electronic and mobile payments in Nigeria. Delegates listened to experts on global best practices in the electronic and mobile payments industry which can be brought to play within the local jurisdiction and were challenged to own the policy, address specific challenges identified and develop solutions which could address these challenges.

Each session was very informative and engaged delegates' attention. The keynote address by Ceu Pereira, Payments Systems Development Group World Bank, pointed out that infrastructure in many developing countries was characterised by slow development of access channels to initiate and deliver cashless payments, limited interoperability of POS and ATM systems and lack of access by individuals to modern payment instruments. She explained the work being done by the World Bank to assist various countries in the payments space. This was coupled with quality statistics to demonstrate the points made by Ms Pereira.

Key points/recommendations made by speakers and panellists during the conference include:

- ATM systems should offer value added services as a contributory factor to the efficiency of payment systems.

- Consumer protection and competition laws should have greater influence within the payments space.
- Cost of payments and associated services could be a deterrent. Central banks involvement in the pricing and payment services oversight is essential.
- Risk Management should address protection of consumer deposits particularly with regards to non bank issuers.
- Greater information is required as to steps being taken to address the infrastructural challenges.
- Mobile money requires Telcos synergy and greater involvement, therefore Telcos cannot be passive onlookers.
- Nigeria is ahead of many countries in terms of card security with the roll-out of chip and pin technology. Nevertheless greater protection is required in terms of online and CNP transactions particularly in relation to identity theft.
- The role of the policy maker is to provide sustainable consumer welfare, to ensure market driven demand side policy intervention, to promote multi-stakeholder processes, avoid regulatory capture and embrace new technologies, services and business models in order to achieve the objectives of a cashless society.
- M-Pesa has had a huge impact on Kenya's payment services. The key success factors were progressive non prescriptive regulation, market demand, high literacy levels, market segmentation with simple value proposition, simple registration process, consumer education and awareness initiatives, winning partnerships and dedicated customer service. Many of these can be replicated within the Nigerian environment but will need to be given time to work.
- The legal framework should promote an enabling environment with high certainty and openness so as to create socially desirable outcomes.
- Nigeria urgently needs to enact evidence based and adequate regulatory and legal framework to engender consumer confidence. Global legislative best practices can be tailored to the Nigerian environment.
- A holistic approach to mobile money service design which not only addresses product features but focuses on user experience, distribution and pricing model is critical for the successful adoption of mobile money. This is especially true of unbanked consumers for whom mobile money is possibly the first formal financial service product.

- Flow influencer Go-To-Market approach relying on brand relevance achieves faster consumer adoption. This is achieved by the incentivising of flow influencers through cost reduction and identifying new revenue opportunities. This requires out-of-the-box thinking.
- Consumer awareness and education strategies must be coupled with merchant or retailer incentive and consumer protection for greater adoption.
- The World Bank (WB) as part of its intervention in the retail payments space has created comprehensive retail payments system strategies and new Retail Payments Guidelines including stocktaking methodology.
- Government Payments play an important role in promoting financial inclusion by extending non cash electronic payments to the unbanked and may improve cost savings at all levels of national economy.
- There is a need to engage the commercial sector and industry in the dialogue with stakeholders. At present, some key industry figures are of the opinion that they have not been invited to participate in the dialogue.
- Statistics should be collated to demonstrate the extent of the take up of electronic payments within the public sector in Nigeria.

Throughout the conference, delegates had many opportunities to ask questions of speakers and panelists, engage in the debate, offer opinions and develop ideas which will enhance the implementation of the cash-less policy. The feedback from delegates is that this was a highly educational and informative conference. General consensus from many of the attendees is that this should be an annual event on a wider scale.

1. INTRODUCTION

The recent conference on the cash-less initiative held at the Lagos Oriental Hotel in Lagos, on the 8th and 9th October 2012, organised by De Novo, a strategy, brand and media company and Reach Legal, an IT and telecommunications law consultancy, with CBN as main sponsor, brought together key stakeholders in the Nigerian mobile and electronic payments ecosystem.

The aim of this conference was to assist the CBN in the smooth implementation of the cash-less policy, not only in Lagos but also nationwide within the shortest possible time, by bringing together all key stakeholders with a view to harmonising positions on pertinent issues. The conference sought to do this in the following ways:

- Bring in experts in the global payments industry who will provide insight and present key developments from other jurisdictions which could be used to benchmark the way forward
- Provide the forum to discuss the risks and challenges associated with electronic and mobile payment systems with potential solutions
- Provide the platform for policy debate whilst drawing on international comparators and global best practices
- Explore the appropriate legal and regulatory framework for a successful implementation of the system
- Explores the role of government in providing consumer and market protections whilst drawing on international comparators and global best practices.
- Engage stakeholders with a view to sharing information, collaborating, forming partnerships and harmonising solutions.

2. BACKGROUND TO THE CONFERENCE

Nigeria is embarking on an electronic and mobile payments revolution that is set to change the financial sector in an unprecedented way. The CBN policy to create a cash-less society will not only modernise the nation's financial system but will, also, facilitate the growth of e-commerce and maximise the nation's opportunities within the context of global finance development. Consumers, businesses, financial institutions and payment service providers will benefit from a well implemented system with robust technological and market infrastructure and a coherent and effective regulatory framework.

Some of the benefits include:

- Reduction in the costs of cash processing
- Decline in crime due to less cash in circulation
- Enhanced markets infrastructure and integration by financial institutions and service providers
- Improved financial services leading to customer satisfaction and greater adoption.
- Financial inclusion using innovative mobile payment services to reach the unbanked - according to the World Bank¹, 64% of adults in developing countries remain unbanked whilst EFINA,² in a survey conducted in 2010, found that only 30% of the Nigerian adult population are banked.

2.1. CHALLENGES FACED BY THE INDUSTRY

Electronic and mobile payments raise novel issues which need to be addressed from the onset in order to avert future potential problems and to engender consumer confidence in the system.

- Poor infrastructure constitutes a major hindrance to the development and effective operation of innovative payment systems. Though the percentage of Nigerians living within a GSM signal has expanded with many Nigerian possessing mobile phones, inadequate infrastructure continues to pose a problem to the deepening and broadening of financial services in more innovative ways thereby limiting financial inclusion.
- Security concerns remain one of the major hindrances to general acceptance of electronic and mobile payments. Business and consumer reluctance to embrace e-payments stem from the legitimate fear of financial loss due to fraud. A robust system which utilises technology, such as, encryption, e-signatures and public key infrastructure as an added layer of security will provide protection during transmission of transactional data which will reduce instances of fraud.
- Consumer adoption is critical to the success of the system, however, consumers generally possess limited understanding of the workings and benefits of electronic payments over

¹ Oyar Pinar Ardic et al (2011) 'Access to Financial Services and The Financial Inclusion Agenda around the World', The World Bank, Financial and Private Sector Development, Consultative Group to Assist the Poor.

² Enhancing Financial Innovation and Access (EFInA) is a financial development organisation which promotes financial inclusion in Nigeria.

cash transactions. This coupled with a general apathy towards change means that consumer education and engagement will be crucial to the success of the system.

- Nigeria has an underdeveloped legal and regulatory framework which is inadequate to regulate and supervise technological developments effectively. With no clear policy objectives, it becomes more difficult to address challenges, provide certainty and engender consumer confidence. This underscores the urgent need for an unambiguous regulatory framework and industry standardisation which promote financial inclusion, competition and innovation.
- A high percentage of the Nigerian population, to date, remain unbanked due to a variety of reasons including high rate of financial illiteracy among the populace, the cost of, and in some cases, lack of access to, financial services. Part of the aims of the cashless society should be to bring financial inclusion to the unbanked. The dilemma is to find the long-term solution for this status quo. Mobile money remains, to date, one of the most successful solutions deployed in some African nations to provide access to financial services, however, one size does not fit all and the type of mobile money solution which is best for the Nigerian society will need to be considered.
- Mobile payments raise concerns of transactional integrity and money laundering challenges as increasing amounts of money are transferred through the system. Areas which are susceptible to such vulnerabilities need to be explored and solutions put in place.

3. CONFERENCE PLANNING

The conference organisers identified that these challenges needed to be addressed whilst at the same time recognising the immense benefits associated with the cash-less policy. It was decided that a conference which provided a holistic view of the potentials and challenges for a successful implementation of the cash-less initiative would add value. An important observation by the team was that a number of jurisdictions with similar socio-economic structure to Nigeria had successfully implemented electronic and mobile payments and it was germane to seek to understand what the key success factors in these jurisdictions were. These could potentially be utilised within the Nigerian local context. To this end it was proposed to bring in international experts from various parts of the world with hands-on experience within the payments space. The team also took cognisance of the fact that one size does not fit all and appreciated the importance of tailoring international global best practices to the Nigerian environment, therefore, local experts were engaged as speaker and panelists to bring the discussions within the local context. This strategy was successful as there was debate and discussions generated during the

sessions, among the various stakeholders, on a range of issues within the Nigerian electronic and mobile payments ecosystem.

The team engaged government functionaries at the highest level. This included Mrs Omobola Johnson, the Minister for Communications Technology, Adoke Bello SAN, the Attorney General of the Federation, Babatunde Raji Fashola SAN, the executive Governor of Lagos State, who all were designated and promised to attend but no longer could due to the date change from 6th and 7th September to the 8th and 9th October 2012. The team also directly engaged the Minister for Foreign Affairs who was kind enough to personally intervene to ensure that all the foreign speakers obtained visas, expeditiously, from their respective bases at short notice.

Various segments of the electronic and mobile payments space were represented at the conference. The team placed a minimal registration fee for the purposes of quality control as this was meant to be an educational event and it was important to ensure the right quality of delegates attended. The conference was well attended with excellent audience participation from start to finish.

4. EVENT SUMMARY

The conference team welcomed approximately 140 delegates from various sectors within the payments industry. The conference commenced with a brief welcome by hosts Ms Funke Aboyade and Mrs. Henrietta Abraham. Thereafter the Lagos State Attorney General and Commissioner for Justice, Mr Ade Ipaye, representing the Lagos State Governor made the welcome remarks commenting on the cash-less policy in Lagos, being the pilot state. This was followed by the opening address by Mr. Olu Adaramewa who represented the CBN Governor and thereafter the keynote address by Ceu Pereira, Senior Payments Expert, Payment Systems Development Group, World Bank.

The conference provided the forum for key stakeholders in the electronic and mobile payments space and policy makers to engage, discuss the cash-less initiative, make recommendations and consider the way forward and the future of electronic and mobile payments in Nigeria. The sessions were very informative and enlightening with lead speakers focusing on the global aspects and panelists considering the local perspective. Each session had a dynamic feel to it with lively debate and thought provoking questions from the delegates on both days. A number of thoughts were shared and recommendations made which it is hoped will be taken into consideration in the transition to a cash-less society. Networking opportunities abounded throughout the conference and the cocktail session on the evening of the first day proved to be

successful. Many delegates were able to expand their contacts with others within the payments space and allied industries.

4.1. CONFERENCE SESSIONS AND KEY POINTS

The 2-day programme brought together experts in the global electronic and mobile payments industry who presented key developments followed by in-depth discussions by panelists. The essence of the conference was to assist the CBN in the smooth implementation of the cash-less policy, not only in Lagos but also nationwide within the shortest possible time by bringing together all key stakeholders with a view to harmonising positions on the following issues:

- Security strategies to combat fraud and money laundering in the payments industry.
- Robust communications, technological and market infrastructure for an effective and resilient system.
- Creating an appropriate and balanced legal and regulatory framework.
- Access to payment services - Financial inclusion.
- Mobile payments services.
- Consumer and retailer adoption.
- Facilitating e-Business and e-Government through payment initiatives.

4.1.1. DAY ONE

Keynote Address:

Strategic Infrastructural Planning for Resilience of Payment Systems

Ceu Pereira, Senior Payments Expert, Payment Systems Development Group, World Bank

The speaker explained that infrastructure in many developing countries was characterised by slow development of access channels to initiate and deliver cashless payments, limited interoperability of POS and ATM systems and lack of access by individuals to modern payment instruments. She commented on the growth and current status of retail payment systems worldwide with statistics to demonstrate points made.

Key points from the session include:

- World Bank general principles for retail payments propose a robust financial, communications and other infrastructure which include an inter-bank electronic funds transfer system, an inter-bank card payment platform, credit reporting platforms, data sharing platforms, large value inter-bank gross settlement systems, availability of robust communications infrastructure as well as a national identification infrastructure.
- The ability of ATM systems to offer value added services is a contributory factor to the efficiency of payments systems.
- Consumer protection and competition laws currently have a limited influence within the payments space although over 50% of Central Banks have identified in the World Bank survey that this issue is being addressed with the EU leading with extensive legislation.
- The cost of payment and associated service could be a deterrent where too high and incentives low. The involvement of the Central Bank in the pricing and oversight of payment services was essential. Innovative payment products generally have a well developed pricing model with 75% generally charging per transaction fee and 10% reported to have no fees.
- In the case of remittances, the World Bank Global Payments Systems Survey 2010 showed that transparency from providers was an essential success factor.
- World Bank survey revealed that innovative payments products are growing at a faster rate than traditional electronic retail payments with banks playing a dominant role but working in conjunction with other entities in 73% of cases. Information regarding the usage of these products is not widely available.
- Regulator involvement in setting risk management requirements is higher in high income countries with the EU having a higher percentage than the worldwide figure. Risk management should address protection of consumer funds particularly with regards to non bank issuers.
- Public Policy objectives in retail payments and the implications for innovative payment instruments.

SESSION 1

Topic: Cash-less Economy from the Perspective of a Telecommunications Organisation.

Speaker: Mr Ayotunde Kuponiyi, Director of Telebanking, Globacom

The speaker addressed the audience on ten perspectives on the cash-less policy from the viewpoint of a telecoms organisation.

Key points made include:

- Telcos as infrastructure service providers cannot be passive onlookers due to the huge mobile penetration in the country and the technology already deployed .
- Scheme operators require more Telco support and involvement, regulation permitting, as mobile payments is 90% mobile business.
- Telcos can assist in the proper positioning and communication of airtime business.
- Mobile payment services must be tools for subscriber acquisition and retention which require Telco synergy.
- Greater collaboration required between Telcos & the scheme operators as the Telco brand equity may, otherwise, be at risk.
- Telco driven retail network must serve its interests, therefore, Telco branding and exclusivity of the retail network is required.
- Mobile subscribers have higher expectations than bank customers, therefore, scheme operators need to transform and think like mobile operators.
- The cash-less economy requires greater Telco involvement.

Plenary Session

Topic: Strategies for Electronic Payments Infrastructure within the Nigerian Context

This session considered the technical, communications, financial and market infrastructural challenges faced by Nigeria in the rollout of the cash-less initiative and the steps taken by the CBN to address these. This session generated lively debate and questions from the audience to the panellists particularly the CBN representative, Mr Olu Adaramewa, who explained some of the strategies and steps taken by the CBN to address these challenges including collaborating

with other regulators, for instance, hosting the Minister for Communications Technology, Mrs Omobola Johnson, the previous week to discuss IT infrastructural development.

SESSION 2

Combating Fraud and Money Laundering within the e-Payments System

Speaker: Ms Omokehinde Ojomuyide, Country Manager West Africa, Mastercard Worldwide

The speaker took a critical look at transaction security vulnerabilities inherent in electronic payments and the ongoing fraud challenge in the payments industry. It considered solutions which address these and the strategy execution modes which enable fraud prevention in e-payment transactions. The presentation considered international best practices in combating fraud, such as, chip and pin technology and secure online payment technology, such as, MasterCard SecureCode, to provide greater protection to consumers making online card payments. The speaker also discussed best practice that can be adopted in Nigeria.

The panel discussion focused on how initiatives which have been employed at international level can be adopted and adapted within the Nigerian context to make electronic payments transactions safe. Deliberations included analysis and assessment of threats such as identity theft, defining and maintaining robust security standards, customer due diligence - adapting KYC requirements to risk levels, gaining PCI-DSS certification standards, setting transaction limits to tackle money laundering, managing payments outlets risks.

SESSION 3

Topic: Regulation v Competition: To Regulate or Allow Market Forces to Drive Competition – The Immovable and the Unstoppable

Speaker: Professor Emeritus Howard Williams, University of Strathclyde, UK

The speaker explored some of the policy challenges that arise in the transition to a cashless society. The basic tenet is a 'cashless' society is a policy conglomerate and that the tools needed to achieve different policy objectives will, at times lead to challenges and at other times create synergies.

Key points included:

- Mobile money - The speaker explained the tangible evidence of new price points, demand and supply side in relation to mobile money. Mobile money side steps the traditional definition of e-money as 'stored value of money' and creates new solutions to

KYC and AML. The question which arises is whether these services are for the banked or unbanked.

- In relation to consumer welfare and distributional perspectives, some of the issues focused on allowing competition within the market and disallowing abuse of dominant position and collusive behaviour.
- Price, ease of use, convenience, and trust are key determinants of demand.
- On the supply side, barriers to entry from a misunderstanding of the market limits the forces of competition and may lead to regulation that reinforce a skewed view of demand
- The confusion of regulation and competition for example in licensing and authorisation regimes
- With regards to branchless banking, radically alter the costs by introducing a new business model and unbundling financial services. In addition, redesign products and services, add informational analysis so that reliance is not on ‘educating’ consumers’
- It is important to shift policy making focus on to consumer welfare and distributional issues. Where markets are dynamic, the key message is to minimise policy interventions.
- The role of the policy maker is to provide sustainable consumer welfare, to ensure market driven demand side policy intervention, to promote multi-stakeholder processes, avoid regulatory capture and embrace new technologies, services and business models in order to achieve the objectives of a cashless society.

Panel discussion included discussions on reconciling the tension between regulation and market forces to drive competition, arguments for developing non prescriptive regulation proportionate to risk involved and which allows market evolution, competition and innovation, role of government in formulating policy and role of the CBN in providing a supervisory framework, scope of the policy considerations.

SESSION 4

The Mobile Money Landscape: Potentials and Barriers - Case Study: Kenya

Speaker: Gerald Rasugu, Ex Head of Sales Safaricom, Kenya, Lead Agent Network Group, ShoreBank International, USA.

The speaker discussed access to payment services with case study of Kenyan M-Pesa, one of the most successful mobile money services in the developing world.

Key presentation points include:

- The population of Kenya and similarities to Nigeria.
- Kenyan mobile money market share consists of Safaricom 66.6% with 15m customers and 40,000 agents, Airtel 15.2%, Orange 10.3%, Yu 7.9%.
- M-Pesa launched as an innovative money transfer service but later developed other services such as bulk payments, bill payments, deposit system (M-Kesho) which were driven by customer needs.
- M-Pesa key success factors:
 - Progressive non prescriptive regulation
 - Market demand
 - High literacy levels
 - Market segmentation with simple value proposition
 - Simple registration process
 - Consumer education and awareness initiatives
 - Winning partnerships
 - Dedicated customer service
- M-Pesa Challenges at the initiation to pilot stage:
 - High operational costs
 - Agent distribution and management
 - System stability
 - Float management and agent liquidity
 - Consumer education

Impact on payment services in Kenya has been immense:

- Used for bill payments with over 1000 bill partners as well as merchant small value payments with over 200 partners.
- Opened the gateway for online payments and ATM withdrawals.

- Prepaid Visa cards which can be obtained with no bank account and topped up using M-Pesa
- Microfinance facilities to small business using M-Pesa - Musoni
- Innovative mobile enabled savings service - M-Kesho
- Agency banking initiatives successfully deployed by 4 banks.
- Used for bulk payments such as salary and loan disbursements and dividend payments
- Facilitates social aid payments
- Micro-insurance payments through mobile money accounts for example weather index micro-insurance product offering protection to farmers.
- Health services smart card top-up

Panel discussion centred around scoping out the feasibility of mobile money services in Nigeria and what this might look like, the possibility of, or difficulties in, adopting the Kenyan model within the Nigerian environment and lessons Nigeria can learn from Kenyan experience, market participation – who should run mobile payments services: banks, non bank financial institutions or telecoms providers, workability and profitability of mobile payment services, pricing of services, agent management and liquidity, financial inclusion strategies within the Nigerian context.

4.1.2. DAY TWO

Keynote Opening Address (By Video): Payments Market Infrastructure and Integration in Europe: What Lessons can Nigeria Learn?

Speaker: Wiebe Ruttenberg, Head, Market Integration Division, DG Payments and Market Infrastructure, European Central Bank

The keynote opening video featured Wiebe Ruttenberg discussing the European Central Bank efforts to streamline payments within Europe with the recent enactment of the Single Euro Payments Area (SEPA) whereby EU residents will be able to conclude transactions and make payments within Europe regardless of their place of residence. This would be done through the creation of International Bank Account Numbers (IBAN) and the incentive to consumers would be to ensure that the fees charged for this service by banks is no more than what is chargeable for domestic transactions. SEPA was preceded by the e-money Directive which allowed new entrants onto the payments market with less restrictive regulations and the Payment Services

Directive which paved the way for SEPA. The aim is to harmonise payment systems across the EU and it was hoped that Nigeria would find some of the strategies used by the EU beneficial in its transition to a cash-less or less-cash society.

SESSION 1

The Legal Framework: Creating an Appropriate Regulatory Environment for Electronic and Mobile Commerce

Speaker: Henrietta Abraham, Partner, Reach Legal, UK

The speaker explained that with the advancement of technology, it becomes imperative that adequate legislation is enacted to meet the challenges posed by technology. This session considered what is required to develop effective, evidence based regulatory oversight and what an appropriate regulatory framework should consist of.

Key presentation points include:

- The legal framework should create an enabling environment which promotes socially desirable outcomes.
- Five main socially desirable outcomes:
 - Financial stability
 - Economic efficiency
 - Financial integrity
 - Access to financial services
 - Consumer protection
- An enabling environment requires that the law provides:
 - High certainty meaning that the regulation is stable and not subject to arbitrary changes. This gives investors the confidence to invest in the market.
 - High openness in the sense that new players are allowed in the market. This fosters competition and innovation.
- Creating an appropriate legal and regulatory framework is a balancing act which requires the correct balance between risk management (systemic risks, client due

diligence, consumer protection) and opportunities maximisation (mainly driven by consumer demand)

- There are several key elements which form global legislative best practices:
 - In formulating legislation, a consultative mechanism is often required to give stakeholders the opportunity to canvas their viewpoint as to how the legislation might affect them and issues to take into account in legislating.
 - Legislation should be technology neutral to avoid transient effectiveness.
 - Legislation must fit the local environment and should not be lifted piecemeal from elsewhere.
 - In new markets, regulation should be less prescriptive to allow for the market to evolve with close monitoring and continuous review.
- A number of regulatory areas which require formulation or amendment include:
 - Competition: There is as yet no competition law in Nigeria. This should be addressed with the ubiquity of technology and as the country embarks on the cash-less initiative. Competition law will discourage abuse of dominance and anti-competitive behaviour allowing the market to evolve, encourage injection of foreign investment and foster innovation.
 - Licensing: Service provider and agent licensing should be clearer and ensure greater transparency. Legislation should address the protection available for the consumer in the event of insolvency of one of the parties.
 - E-Commerce: The cash-less society is bound to lead to increase in e-commerce. Enacting legislation addressing electronic commerce challenges, such as electronic online contracts, online dispute resolution, ISP liability, identity fraud and cybercrime, will serve to engender consumer confidence.
 - Liability of the parties: Legislation should set out the rights, obligations and liabilities of the parties. Where consumers are concerned, there should be greater clarity as to who bears the burden for loss resulting from fraud or card theft, due to no fault of the consumer, particularly in relation to CNP or online transactions.
 - Data Protection: Legislation governing data protection which obliges all organisations processing consumer information to adequately protect such information. Ascertaining who owns, or has the rights to, the consumer data

collected, is essential, as it ultimately determines the liability of the parties in the event of data loss or other breach.

- Consumer Protection: Nigeria needs an overhaul of its dated consumer laws to make them fit for purpose and to offer greater protection to consumers particularly in the technological era and to boost consumer confidence.
- Electronic Evidence has posed a challenge within the Nigerian legal system. In response to the challenge, the legislature passed the 2011 Evidence Act which goes some extent in meeting these challenges by making electronic evidence admissible in proceedings. Electronic evidence can be complex and the changes, though welcome, do not go far enough to address some pertinent issues and has possibly, created other dilemmas which were nonexistent.
- Converged services environment requires a coordinated approach by regulators as well as consistency and harmonisation in formulating legislation otherwise there is the potential for conflicts, tension and turf wars where regulators fail to adopt these ideals.

Panel discussion focused on the critical areas where Nigerian legislation needs to be addressed to provide the necessary framework for, and enhance, the cash-less initiative. Deliberations included the jurisdiction of the courts and whether there was a need for a specialist court for technology matters which received a mixed response from some of the panellists who felt this might not be appropriate within the Nigerian context. The panel also considered the need for, and role of, an Ombudsman to address consumer grievances.

SESSION 2

Mobile Payments: Consumer and Retailer Adoption – Key Enabler of the Ecosystem

Speaker: Avi Erapatali, Global Product Manager, Global Mobile Solutions, CitiBank, USA

The speaker considered the lessons learnt from successful mobile money models to gain scale in consumer adoption. An alternative Go-To-Market approach to overcome consumer adoption challenges and B2B payment driven retailer adoption was recommended. The session concluded that success requires a keen understanding of the core value proposition of the offering for all constituents.

Key issues discussed include:

- Mobile money has seen very few scaled developments. Mobile Money adoption survey by GSMA revealed only 11 services reported more than 1mn registered customers.

- A holistic approach to mobile money service design which not only addresses product features but focuses on user experience, distribution and pricing model is critical for the successful adoption of mobile money. This is especially true of unbanked consumers for whom mobile money is possibly the first formal financial service product.
- A lifecycle approach to marketing is a critical success factor as consumer adoption is complicated and may involve various stages necessitating different marketing and advertising strategies.
- Incentivising agents at the initial deployment stage is crucial to keep motivation high. Thereafter, strategic management of customers and transactions per agent location is required to ensure ongoing agent profitability.
- Flow influencer Go-To-Market approach relying on brand relevance achieves faster consumer adoption. This is achieved by the incentivising of flow influencers through cost reduction and identifying new revenue opportunities.

Panel discussants considered the suitability of the various mobile money models for the Nigerian local market. It was agreed that a practical approach and consumer education and awareness sessions were required to overcome consumer adoption challenges, engender consumer confidence and gain critical mass within the Nigerian context.

SESSION 3

Facilitating e-Business and e-Government through e-Payment Initiatives

Speaker: Ceu Pereira, Senior Payments Expert, Payment Systems Development Group, World Bank.

The speaker provided an overview of e-business and e-government concepts and processes and considered the critical factors for success as well as the advantages inherent in government adoption of innovative payments model.

Key points made include:

- The World Bank (WB) as part of its intervention in the retail payments space has created comprehensive retail payments system strategies and new Retail Payments Guidelines including stocktaking methodology.
- In scaling up its intervention, the WB supports inclusion of the public sector in the retail space to enhance the efficiency of government payments (IAG for Government Payments)

- Part of ongoing initiatives is to expand support for additional countries to improve their retail and government payments systems to increase the number of per capita electronic transactions.
- Government Payments play an important role in promoting financial inclusion by extending non cash electronic payments to the unbanked and may improve cost savings at all levels of national economy.
- Large Scale government payments projects encourage coordination and cooperation between financial service providers and government authorities to develop efficient business processes for delivery of payment solutions.
- Public policy goals set for government payment with transparent management of public financial resources systems will accelerate the development of national payment systems. Goals should include safety and cost efficiency in payments, financial inclusion, access to payments infrastructure and consumer protection.
- Key drivers for government payments include transaction costs reduction, fraud and leakage control, mandatory regulatory and reporting requirements.
- Study reveals that complete migration of payments from paper-based instruments to electronic payment instruments could result in savings of 1% of GDP.

Panel discussion considered the benefits of effective utilisation of electronic and mobile payments systems for business and government, improving economies of scale through seamless B2B, B2C, G2B and G2C transactions, creating the right synergy for e-government payments and tax, the possibility of levying penalties on businesses who fail to take up electronic forms of payments, the importance of engaging all stakeholders in developing policy as the industry (commercial sector) feel that they have been neglected in this aspect, what proposals there were to move government payments from cash to electronic payments and what timescales had been set to achieve this. It was noted that there were currently no statistics to show the extent of the take up of electronic payments within the public sector in Nigeria.

SESSION 4

Roundtable Discussion: Putting the pieces together: Best Practice in Implementing the Cash-less Policy within the Nigerian Framework.

Chaired by the Central Bank of Nigeria

The conference concluded with a roundtable discussion chaired by the CBN. The main points made were:

- Electronic and mobile money dynamics require the cooperation and partnerships of several key players. No one group can achieve the magnitude of what must be done on its own.
- Allowing competition within the market will discourage monopolistic behaviour, allow new players, encourage foreign investment and foster innovation and growth.
- Nigerians need to adopt a positive can-do attitude to the cash-less initiative. The way forward worldwide is cash-less, therefore every Nigerian should be educated on the benefits of the initiative. This will generate increased support and potentially change negative attitudes. It should not be the CBN alone championing these educational initiatives. Every organisation and individual must put their hands to the plough to make this successful. This will create a win-win situation in Nigeria.
- Banks need to do more to support the initiative by changing operational methods and offering greater incentives to encourage customer adoption. This requires out-of-the-box thinking.

5. CONFERENCE EVALUATION

Attendee general feedback was that the conference was well planned and structured, well attended and well moderated. Many delegates expressed that they would like to see this replicated on an annual basis. Some attendee comments are bulleted below.

- It was definitely one of the better conferences I attended this year. The panel discussions and conversations helped me sharpen my ideas further.
- This was a well organised and interesting event and the organising committee should be congratulated for bringing off such a complex and highly relevant event.
- The event was well organised and all the logistics prior to and during the event went well.

- The European Central Bank video presentation was good and interesting. There is probably room for one more such presentation if people find it hard to travel in future.
- The sessions were well attended throughout the two days - a great achievement.
- The debate was good and the questions interesting.
- There were probably too few people from sectors that would be affected by the change - it seemed only one large company was present.
- I felt the issue of the unbanked were not central to most people - that may be the reality of the policy given its current focus on Lagos, but the unbanked are a big issue.
- It is frustrating when big names on the programme don't show up. Somehow that balance needs to be improved. Most of the big names from the government did not attend.
- The issues discussed were topical for the world at large and Nigeria in particular. It was useful to hear experiences from other polities and how the issues were being tackled in different parts of the world.
- I would like to see another conference of this type on a larger scale that would strengthen CBN attempts to successfully achieve to its objective of moving Nigeria to a cash- less society.
- This conference was very educational and addressed the relevant issues.
- This should be an annual event.

6. APPRECIATION AND CONCLUDING REMARKS

The conference organisers are especially grateful to the CBN for its full support of this conference through sponsorship, attendance and participation. We would like to express a deep sense of gratitude and appreciation to Mallam Lamido Sanusi, Governor of CBN, without whom this event could not have happened, for believing in and supporting the project and to Mr Tunde Lemo, Deputy Governor, who was extremely supportive of this project from inception to the end and gave his time and attention. We also wish to sincerely thank Mr Chidi Umeano, Head of Shared Services, for his assistance as intermediary between the organising team and the CBN. We also extend our thanks to Mr Olu Adaramewa who represented the CBN Governor during the conference and all the CBN staff who attended and participated on the sessions, responding to delegate questions and providing clarity on the way forward.

This was a successful event which achieved its stated aim of bringing together key stakeholders and experts in the electronic and mobile payments industry to highlight the potential benefits and achievements so far and identify the challenges, share best practices and create the right synergy to progress the cash-less initiative. The issues discussed were relevant and clearly topical for Nigeria at this stage of its transition.

7. NEXT STEPS

The general consensus from attendees is that this was a successful conference which addressed the needs of the industry at this time and should be an annual event organised on a bigger scale. The conference team in response to feedback are beginning to put plans in place to replicate this conference next year on a wider scale with the aim of meeting the needs of the industry and assisting the CBN in forging ahead in the implementation and smooth operation of the cash-less policy nationwide.