

# Roadmap for Social Protection and Humanitarian Payment Digitisation in Nigeria

Prepared for: EFINA, FSD Africa, GSMA & WFP

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# 1. Introduction

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Nigeria's digital payment ecosystem is unlike its regional peers and faces regulatory restrictions, challenges in service delivery and a heavy influence by banks that drive the market. Nigeria's humanitarian crisis is also urgent, with 10.6 million people in need of humanitarian assistance due to violent conflict, extreme poverty and inequitable economic distribution and opportunities.<sup>1</sup> Cash transfers from humanitarian organisations and government agencies are a lifeline for millions of Nigerians.

Strategic Impact Advisors (SIA) was commissioned by Enhancing Financial Innovation and Access (EFInA), Financial Sector Deepening Africa (FSD Africa) and the GSMA to understand the potential for digitising these payment flows, which are currently delivered almost exclusively in cash (excluding vouchers). This roadmap offers actionable suggestions for improving the ecosystem's capacity to deliver digital unrestricted cash transfers, and also considers ways e-voucher products could contribute to a more robust merchant payment ecosystem. In addition to this roadmap, there is the [main report](#) and [summary report](#).

Recommendations for digitisation must first come from an understanding of why there is a strong preference for distributing transfers through cash. These reasons include:



**Physical cash allows recipients to receive assistance according to their needs.** Cash grants recipients the flexibility to use their transfers for the goods and services most relevant to them. Most of the recipients engaged for this research preferred cash because of convenience, given cash is accepted everywhere.



**Recipients' lack of readiness for digital payments.** Many recipients do not have the pre-existing requirements to receive payments on their mobile phone. This includes mobile phone adoption and ownership, digital and written literacy, network connectivity and access to a reliable source of energy to charge a mobile phone. There is also very little awareness or knowledge of digital wallets in Nigeria, particularly amongst cash transfer recipients.



**The absence of a broader digital payment ecosystem.** Mobile money does not operate in Nigeria the way it operates in other Sub-Saharan African countries. The Central Bank of Nigeria (CBN) restricted the eligibility of mobile network operators until 2018 and to date, two of the largest mobile money operators in Africa (MTN and Airtel) have not been issued their payment service bank (PSB) license. Mobile money and digital payment agents in Nigeria are often equated with the use of point of sale (POS) devices, typically to cash out funds (similar to an ATM). Merchant acceptance through POS devices or digital payment wallets are not as common in more rural areas where recipients receive cash transfers.

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<sup>1</sup> UNOCHA. 2021. Nigeria Situation Report.

This roadmap is grouped into four overarching factors that can contribute to the ideal scenario for Nigeria's unrestricted cash transfer programming, which is the delivery of funds to a permanent digital wallet account in an open-loop payment ecosystem that recipients can access and use through a mobile phone to make transactions, save and pay bills. These type of payments will only work in an unrestricted cash transfer environment, where recipients can use the funds freely.

While much of humanitarian cash and voucher assistance in Nigeria is delivered through vouchers, this roadmap primarily focuses on unrestricted cash transfers from both humanitarian organisations and the National Cash Transfer Office.

Four factors to achieving the end goal mentioned above include:

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## 1 Longer-term coordination and investment

There are a number of state, federal and humanitarian organisation registries that consolidate and track recipient information. Despite their shared relevance for identifying and verifying recipients, none of these registries are integrated or directly shared with each other. Data sharing across relevant stakeholders can strengthen the efficiency of the recipient identification process, support the validation and verification of recipients and avoid recipient duplications across programs. A more concerted effort towards registering recipients for Nigeria's foundational ID, the National Identification Number (NIN), will also contribute to recipient resiliency and eligibility to access digital finance solutions. In addition, establishing a dashboard that includes humanitarian and government agencies' quarterly anticipated cash transfer volumes, values and geographies will enhance visibility and coordination among the actors issuing cash transfers.

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## 2 Recipient segmentation

Nearly all transfers besides voucher delivery mechanisms are made in cash at both the humanitarian and government level. While cash may always be the best cash transfer delivery option for some recipients that face mobile phone adoption and literacy issues, there are also recipients that are more ready to receive digital payments. There is a strong need to better understand and segment recipients based on their digital payment readiness, which can inform the target group for future digital payment programming.

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## 3 Digital ecosystem development

Digital payments in Nigeria are typically synonymous with cashing out funds through a POS device (similar to an ATM). There is minimal recipient awareness of digital wallets and low merchant acceptance of digital payments. Most recipients use cash transfers to purchase goods and services from retailers. Digitising these transactions in an open-loop system could make the most impact on boosting the surrounding digital payment ecosystems and removing the liquidity burden from cash outs. Without requisite digital literacy training, awareness building and education to end-users, building the digital ecosystem becomes somewhat redundant.

There are a number of regulatory blockages that limit the growth of Nigeria's digital payment ecosystem including delay in granting PSB licenses, prohibitive USSD costs and low local government willingness to digitise cash transfers.

Regulatory support to Nigerian regulators and government agencies directly or indirectly involved in the issuance of cash transfers could support positive reform. These government bodies include the CBN, Nigeria Communications Commission (NCC), National Identity Management Commission (NIMC), National Cash Transfer Office (NCTO) and the National Social Safety Net Coordinating Office (NASSCO).

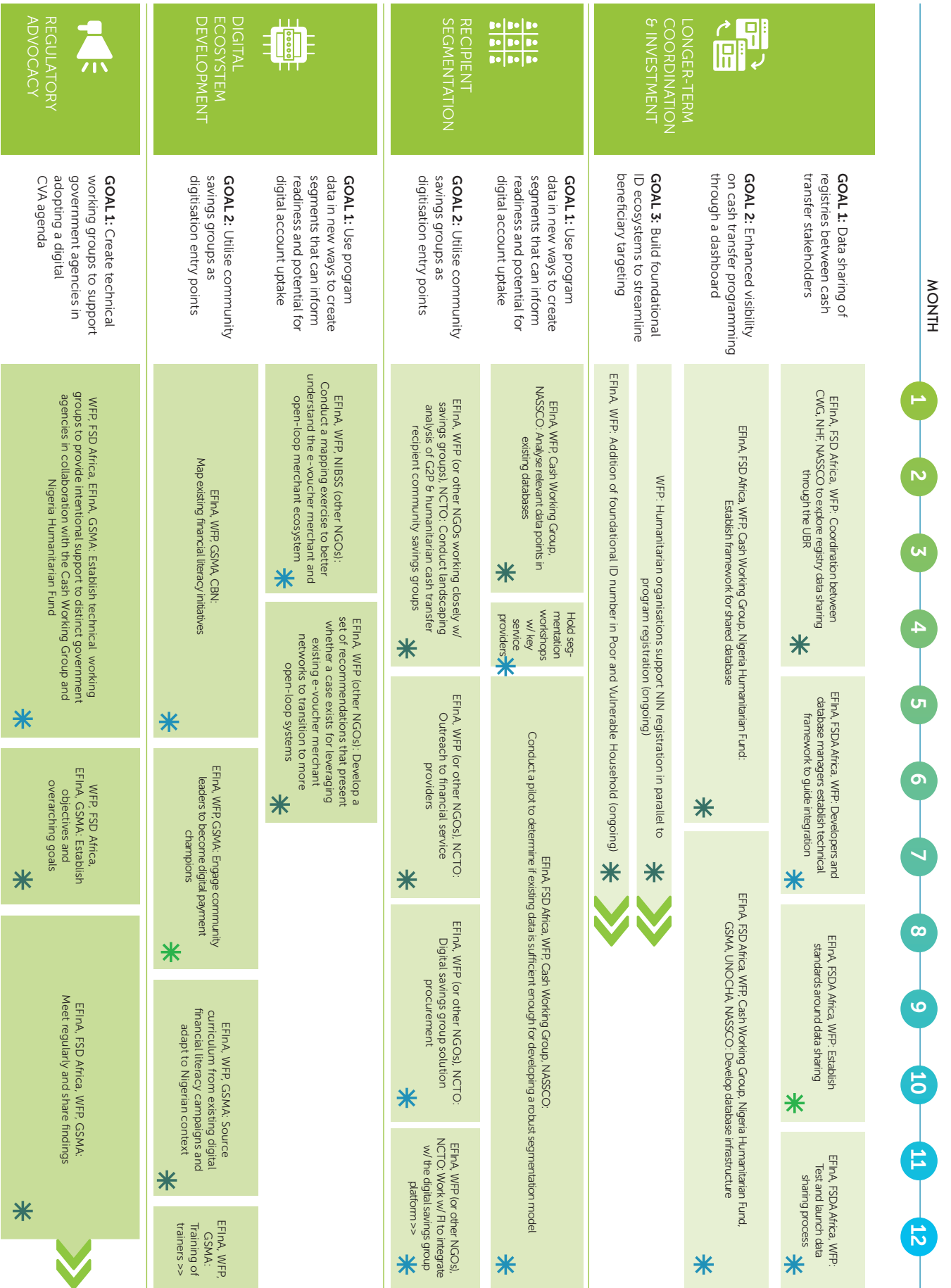
Within each of these overarching factors, we have identified specific goals that can be taken to advance the digitisation of cash transfers. The table below prioritises these goals based on their impact on digitisation, the level of stakeholder involvement required and the duration. Tier 1 goals represent the initiatives that should be prioritised, while Tier 2 and 3 goals can be those that follow on after the first-tier goals are achieved.

Tier 1 GOALS	Tier 2 GOALS	Tier 3 GOALS
1. Utilise community savings groups as digitisation entry points	1. Enhanced visibility on cash transfer programming through a dashboard	1. Improve coordination with between Humanitarian, Social Cash Transfer and national ID stakeholders (i.d. NIMC) to improve the registration of Nigerian citizens in the NIN ID to help support broader inclusion in Nigeria's foundational ID
2. Use program data in new ways to create segments that can inform readiness and potential for digital account uptake	2. Broader awareness and understanding of digital payments and introduction to mobile money	
3. Explore feasibility of transitioning closed-loop (restricted cash transfers) merchant payments to open-loop (unrestricted cash transfers) merchant payments in the BAY states	3. Create technical working groups to support government agencies in adopting a digital cash transfer agenda	

The remainder of this report will detail actionable recommendations for achieving digital distribution of cash transfers and digital financial inclusion for recipients through an analysis of the goals of each overarching theme identified above.

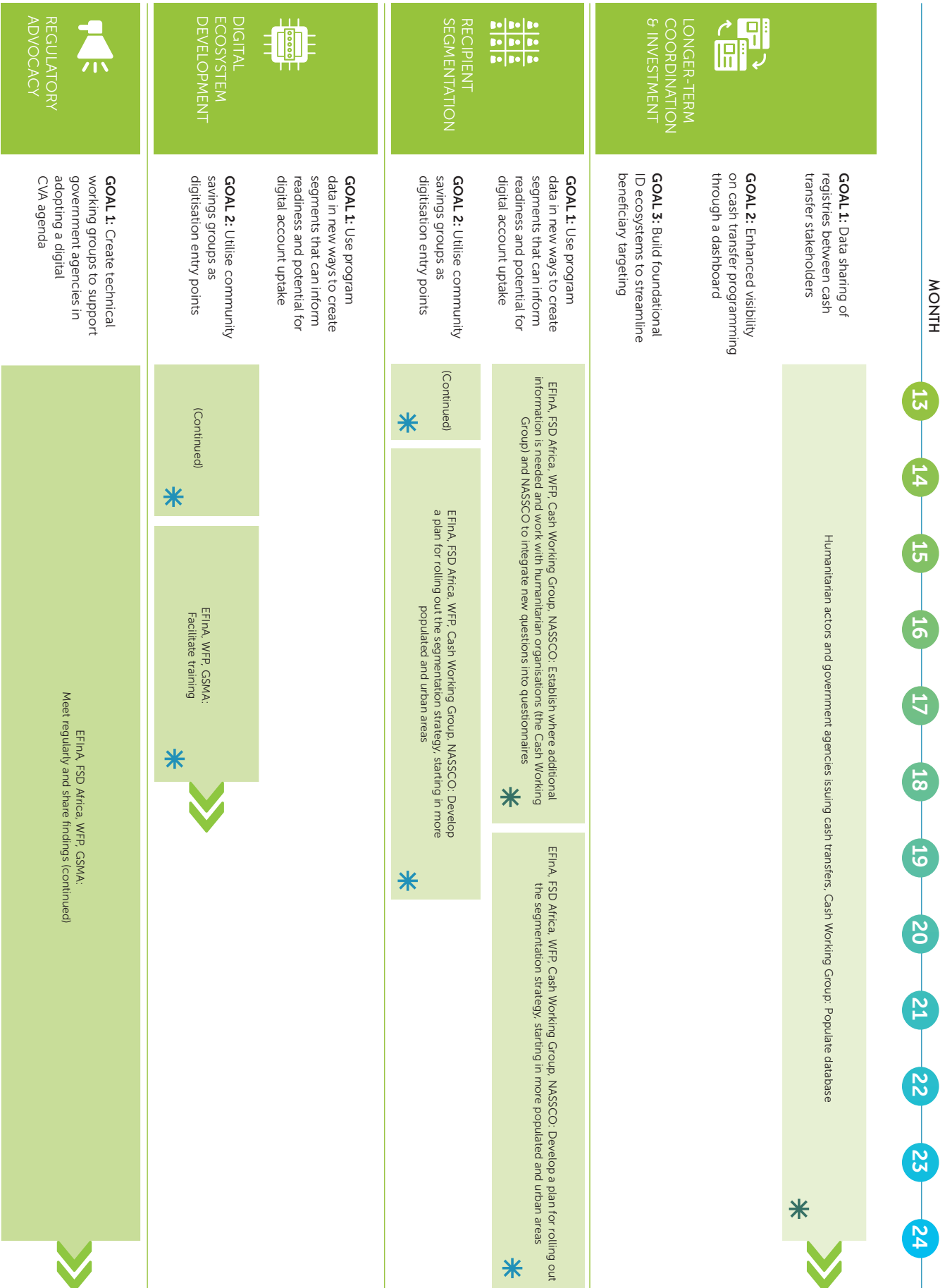
# Implementation Roadmap Year 1

Feasibility: \* Difficult \* Medium \* High >>> Ongoing



# Implementation Roadmap Year 2

Feasibility: \* Difficult \* Medium \* High >>> Ongoing





## 2. Longer-Term Coordination Between Humanitarian Organisations and Government Agencies Issuing Cash Transfers



**What problem does it solve?** Enhanced coordination and investment among the actors issuing cash transfers could lead to joint efforts in cash transfer digitisation, increasing value propositions for financial service providers (FSPs) to build digital payment ecosystems. Currently, most cash transfer programs operate in silos, sometimes even unknowingly supporting the same recipients. This is due to a lack of registry harmonisation, as discussed earlier, and a lack of visibility into the cash transfer programming of other organisations. While there are a number of dashboards related to humanitarian response from UNOCHA and the Cash Working Group, they mostly depict cash transfer figures post-disbursement and are released quarterly or annually, which does not allow for programming synergies across organisations.

**What are the expected outcomes?** Greater visibility between organisations issuing cash transfers in terms of geographies, values, volumes and FSP partners will allow organisations to coordinate cash transfers with the same FSP partner in similar geographies. Higher volumes and values for FSPs in turn increases the value proposition for longer-term FSP investment in building digital financial service (DFS) ecosystems and, perhaps, servicing recipients longer term.

### Recommendations

1

**WFP, EFINA, FSD Africa, Cash Working Group, Nigeria Humanitarian Fund:**  
Develop dashboard infrastructure (6 months, medium feasibility)

Through the Cash Working Group, in parallel to building the data sharing framework for registries, cash transfer stakeholders should commit to sharing their quarterly or monthly projections for cash transfer programming, including the geographies, volumes, values and FSP partners through an MoU or teaming agreement.

2

**WFP, EFINA, FSD Africa, Cash Working Group, Nigeria Humanitarian Fund, GSMA, UNOCHA, NASSCO:**

Develop dashboard infrastructure (6 months, medium feasibility)

With technical support from the actors listed above, the Cash Working Group should develop an internal dashboard to house the projected cash transfer programs. The dashboard should remain internal to Cash Working Group members given security concerns. The dashboard could start as a simple locked spreadsheet, especially while its effectiveness is determined.

3

**Humanitarian actors and government agencies issuing cash transfers, Cash Working Group:**

Populate dashboard (Ongoing, high feasibility)

Either quarterly or monthly, the Cash Working Group should request the programming projections from its partner's via email or during meetings. The Cash Working Group will be responsible for transferring this information into the dashboard and sharing it with partners via email.

## GOAL 2

Build foundational ID ecosystems to streamline beneficiary targeting

(7 months to ongoing)



7 months to ongoing timeline



High stakeholder engagement



High impact on digitisation



Longer-term win

**What problem does it solve?** Nigeria has a number of ID registries, however the government has been pushing the NIN as the primary foundational ID in the country. Currently, the NIN registration process is arduous, with well-documented cases of people waiting for hours in non-COVID-19 friendly queues. While NIN registration is free, it is particularly difficult for Nigerians living in conflict and poverty-prone areas to complete due to 1) inability to access NIN registration sites, 2) lack of identification required and 3) lack of funds to afford transport. Access to a NIN for this population segment would contribute to their resiliency.

**What are the expected outcomes?** Aligning humanitarian, social cash transfer and NIN stakeholders that serve similar populations in Nigeria to coordinate the registration of more citizens onto a foundational ID such as NIN can support program recipients' ability to access additional services.

## Recommendations

1

### Cash Working Group:

Humanitarian organisations support NIN registration through increased coordination with NIMC (7 months to establish and then ongoing, high feasibility)

- At the moment, some humanitarian organisations do support NIMC in arranging registration venues where NIMC staff comes to register beneficiaries for the NIN.
- Yet, this exercise is not common at the time this report was written. The cash working group and others can learn lessons on how to best coordinate with NIMC by engaging the humanitarian NGO, Norwegian Refugee Council (NRC) on their experiences. NIMC should also be engaged to determine what has worked well and what hasn't during this arrangement with NRC.
- Conduct outreach to social cash transfer stakeholders within NAASCO and NCTO to also understand how their programs can also better coordinate with NIMC on NIN registration.
- Build guidance based on best practices from this experience and discuss amongst other humanitarian actors.
- Work with key stakeholders to build out the following items:
  1. Leverage MoUs that humanitarian organisations already have with NIMC to build a referral system that enables NIMC to reach more people with the NIN (3-5 months).
  2. Build capacity of humanitarian and social cash transfer staff to understand how to target and inform beneficiaries about the NIN. Build out a suite of messaging that helps sell citizens on the benefits of having a NIN.
  3. Educate and inform recipients on the NIN including accessibility and reach (Ongoing).

2

### EFinA, WFP:

Addition of foundational ID number in Poor and Vulnerable Household (PVHH) (Ongoing, high feasibility)

The PVHH survey by which NAASCO determines eligibility for social protection payments, does not currently include a question regarding recipients' NIN or other ID numbers. Inclusion of the NIN in the PVHH is a critical step towards linking recipient registries to the foundational ID ecosystem.

# 3. Recipient Segmentation

**GOAL 1**

Use program data in new ways to create segments that can inform readiness and potential for digital account uptake

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24 months to ongoing timeline



High stakeholder engagement



High impact on digitisation



Longer-term win

**What problem does it solve?** At the moment almost all transfers (not including voucher delivery mechanisms) are done in cash. For government issued social protection disbursement, all recipients receive funds in single-use accounts, which simply act as a digital tracking system for cash disbursement. This is similar for most humanitarian programs where unrestricted cash is the delivery modality. Digital wallets that recipients can interact with and use on their own are not currently being used based on SIA's research. While humanitarian and government stakeholders are interested in the use of these digital wallets, their priorities are ensuring the funds are delivered to recipients. In many areas where cash is disbursed there is simply not a strong enough digital payment ecosystem to support the elevated demand for cash out transactions. Yet this is not the case for all recipients, as some live in more populated areas and have an elevated level of digital capacity to manage their own account.

**What are the expected outcomes?** Establishing a segmentation strategy that uses a mix of registry data and new data sources could help inform where to roll out digital transaction accounts among specific segments of the recipient population. This can lead to program recipients' accessing and using these accounts to help manage their financial lives.

## Recommendations

1

### **EFlInA, WFP, Cash Working Group, NASSCO:**

Analyse relevant data points in existing databases (3 months, high feasibility)

Conduct an analysis of the existing types of information held on program recipients to determine where proxy data points for digital account readiness might exist. Reference the segmentation score card we developed in the program recipient section of the report. Develop a minimum viable segmentation model to use in the initial pilot. This work could contribute with work done on analysing and standardising databases mentioned above in the foundational ID recommendation.

2

**EFInA, WFP, Cash Working Group, NASSCO:**

Conduct segmentation workshops with key service providers already being used to deliver payments in current programs (1 month, medium feasibility)

Gather feedback on the type of data used within the segmentation model from providers. Align with specific providers on their interest in participating in a pilot program. Develop expectations for the providers around support for registration and account troubleshooting, as well as sharing high level data on transactions to understand whether the segmentation is working.

3

**EFInA, FSD Africa, WFP, Cash Working Group, NASSCO:**

Conduct a pilot to determine if existing data is sufficient enough for developing a robust segmentation model (8 months, medium feasibility)

Select an appropriate location to facilitate the pilot and conduct the segmentation exercise based on the model developed. Support the registration of Tier 2 (possibly Tier 3) accounts with the selected segment of recipients. Run the pilot for 6 months (at least 3 transaction periods) and conduct monitoring and feedback sessions with providers and recipients. Provider transaction data should also be analysed in this stage.

4

**EFInA, FSD Africa, WFP, Cash Working Group, NASSCO:**

Establish where additional information is needed and work with humanitarian organisations (the Cash Working Group) and NASSCO to integrate new questions into questionnaires (6 months, high feasibility)

Based on pilot findings, adjust the minimum viable segmentation model to adapt any existing or new data. If new data is needed, align with primary stakeholders who oversee questionnaire development and discuss options for adding questions to fill the data gaps during the next round of data collection from G2P or humanitarian organisations. Any new data that is needed must be easily collected and should not exceed 3 additional questions.

5

**EFInA, FSD Africa, WFP, Cash Working Group, NASSCO:**

Develop a plan for rolling out the segmentation strategy, starting in more populated and urban areas (6 months, medium feasibility)

Using the updated segmentation model, develop a roll out plan based on the area where the model indicates the largest segment of recipients who are ready to begin using an open-loop transaction account. Conduct registration and education events in those areas preceding the first transfer. Launch a phase 1 of the roll out and monitor success.

## GOAL 2

Utilise community savings groups as digitisation entry points



19 months



Minimal stakeholder engagement



High impact on digitisation



Quick win

**What problem does it solve?** While some program recipients who participated in the FGDs appreciated the value of receiving their cash transfer disbursements into an account, most prefer to receive physical cash. There is a common theme among payment digitisation efforts in that it is usually the payer who is leading the process instead of the payee. That is to say, many recipients do not see any value in receiving their money digitally. Oftentimes, the best way to encourage uptake of digital payments is to focus on a product or solution recipients might want but would need a digital transaction wallet to have. An example would be helping a recipient's savings group attain access to an interest-bearing savings account that also has the potential to establish a line of credit. Many of the cash transfer recipients participate in savings groups, and beyond security concerns cited during our FGDs, there could be additional interest in using digital channels to link their groups to more formal financial institutions.

**What are the expected outcomes?** Using savings groups as a primary point of digitisation may also help recipients see the value of receiving their funds into the same wallets they use to transact with their savings group.

### Recommendations

1

**EFInA, WFP (or other NGOs working more closely with savings groups), NCTO:**

Conduct a **landscaping analysis of social protection and humanitarian cash transfer recipient community savings groups** (4 months, high feasibility)

This assessment should include direct interviews and survey questions for savings groups established by cash transfer recipients. The landscape should include: 1) insights on the health of the savings groups (membership, attendance, assets), 2) level of interest to link to formal financial services, 3) specific financial products sought by savings groups and 4) digital readiness of the groups. This information will help build out profiles of savings groups that are more likely ready to be digitised than others.

2

**EFInA, WFP (or other NGOs working more closely with savings groups), NCTO:**

Analyse **relevant data points in existing databases** (3 months, high feasibility)

An initial step will be to discuss the potential and interest of FSPs in serving savings groups. This will include conducting desk research and assessing whether digital solutions already exist for savings groups. A series of workshops with providers can be conducted to better understand their doubts and the type of information they would need to make a final decision on engaging savings groups. Teasy Mobile Money and Fidelity Bank are both interested in thinking through a pilot for this idea.

3

**EFinA, WFP (or other NGOs working more closely with savings groups), NCTO:**

Digital savings group solution procurement (3 months, medium feasibility)

A performance-based agreement should be reached with a digital savings group provider (e.g. Matontine, Dreamstart Labs) to bring their product to market in the pre-designated areas the landscaping assessment suggests as early pilot areas due to the good health of savings groups.

4

**EFinA, WFP (or other NGOs working more closely with savings groups), NCTO:**

Work with interested financial institution to integrate with the digital savings group platform (3 months, medium feasibility)

Digital savings group products ensure their ability to facilitate push/pull with the FSP.

5

**EFinA, WFP (or other NGOs working more closely with savings groups), NCTO:**

Launch the product in preselected pilot areas, and monitor uptake and usage (6 months, medium feasibility)

Collect feedback from groups, savings group platform and financial institutions. Iterate on the product and seek to roll out in other areas through partnerships with NGOs and NCTO.

# 4. Digital Ecosystem Development

## GOAL 1

Explore feasibility of transitioning closed-loop merchant payments to open-loop merchant payments in the BAY states



6-month timeline



Minimal stakeholder engagement



High impact on digitisation



Quick win

**What problem does it solve?** Agent ecosystems are typically set up to help people move cash from one place to another. In Nigeria this is no different, as the majority of transactions agents conduct are withdrawals and transfers. While these services are extremely important for a cash-based economy, they do not necessarily reflect a broader set of transactions households make on a regular basis. Agents need a certain threshold of transactions to remain viable and based on the transactional profiles of participants in our FGDs, there is a big question as to whether there would be enough withdrawals and transfers to support agent ecosystems in rural villages that fall outside of commercial hubs. We found that most household transactions revolve around food, clothing, health, school and business costs such as agricultural inputs for farming and livestock. The only transaction an agent could really serve outside of those purchases is sending school fees. These transactions are more relevant to merchant payments, which facilitate the exchange of digital money between the buyer and the merchant. Much of the cash support provided by humanitarian actors across the BAY states is in the form of electronic vouchers. E-vouchers require humanitarian organisations to acquire merchants (retailers) to accept vouchers, usually via a card swipe or NFC connection, similar to what a typical merchant payment user experience would be.

**What are the expected outcomes?** Exploring how this existing merchant ecosystem could transition to accept open-loop merchant payment solutions could help alleviate the issue of a lack of agents by making it easier to use money held in digital wallets for common transactions. This would allow program recipients to see greater value in receiving their funds digitally, while helping to encourage increased uptake and usage of digital transaction wallets.

Identify where the pilots could be with more urban focus areas first. These require a movement away from restricted payments in the humanitarian sector in Nigeria in the first place.

### Recommendations

1

#### EFInA, WFP, NIBSS (other NGOs):

Conduct a mapping exercise to better understand the e-voucher merchant and open-loop merchant ecosystem (3 months, medium feasibility)

- Conduct interviews and outreach to participating merchants and recipients to gain a better understanding of transaction trends and volumes. Engage e-voucher providers to better understand the ability of their systems to connect to Nigerian payment infrastructure (NIP,



Interswitch, etc.). Engage merchant payment solutions to better understand merchant acquisition practices, transactional threshold expectations and the different types of payment acceptance form factors (e.g. QR codes, cards, USSD instances, NFC). As part of the outreach to e-voucher merchants during this process, test willingness by presenting different payment and pricing scenarios while also highlighting key benefits to merchant payments (i.e. increased potential for loan/inventory support).

- Build out profiles of potential payment service providers that could provide merchant acquisition services in target markets.

2

**EFinA, WFP (other NGOs):**

Based on the mapping exercise findings, develop a set of recommendations that would present whether a case exists for leveraging the existing e-voucher merchant networks to transition to more open-loop systems (3 months, high feasibility)

These recommendations should highlight where initial pilots could be launched, and specific steps on merchant onboarding and customer transactional account issuance. They should also consider alignment with cash transfer programming to ensure the possibility of using an open-loop cash disbursement mechanism instead of vouchers as feasible and appropriate.

## GOAL 2

Broader awareness and understanding of digital payments and introduction to mobile money

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14 months to ongoing timeline



Moderate stakeholder engagement



Moderate impact on digitisation



Longer-term win

**What problem does it solve?** Mobile money is still developing in Nigeria. Most of the recipients engaged for this assessment had never heard of the term and equate mobile money with the use of POS devices, which are typically used to cash out funds from a bank account.

**What are the expected outcomes?** Broader understanding and awareness of the varying product offerings in Nigeria around digital payments, and in particular, the accessibility of value-added services through digital wallets will help close the knowledge gap. This can help program recipients overcome the general opinion that DFS are not relevant for them.

## Recommendations

1

**WFP, GSMA, EFINA, CBN:**

Map existing financial literacy initiatives (5 months, medium feasibility)

Many humanitarian and government cash transfer programs indicated that financial literacy trainings are ongoing through community savings groups and in collaboration with community leaders. Better understanding of the content and structure of these trainings will help inform how they can be leveraged to share digital literacy and financial skills as well. A landscaping assessment should build on SIA's end-user analysis to focus further on 1) current barriers to accessing finances, 2) current understanding of digital payments and 3) needs and preferences around financial services.

2

**WFP, GSMA, EFINA:**

Engage community leaders to become digital payment champions (3 months, difficult feasibility)

The role and influence of a trusted community leader cannot be underestimated. Many organisations engaged indicated that securing the buy-in of community leaders is a critical component of the cash transfer process. Leveraging this, community leaders should be incentivised to become digital payment champions and start conversations in their communities around how digital finance could better support community savings, access to insurance or access to finance.

3

**WFP, GSMA, EFINA:**

Source curriculum from existing digital financial literacy campaigns and adapt to Nigerian context (3 months, high feasibility)

Designing a dedicated curriculum for the Nigerian context is critical given the unusual nuances of digital payments and mobile money in the market. The curriculum should be built on the findings of the mapping and can be adapted from existing digital financial literacy campaigns such as Hey Sister! Show Me the Mobile Money! and GSMA's Mobile Internet Skills Training Toolkit or Mobile Technical Literacy Toolkit.

4

**WFP, GSMA, EFINA:**

Training of trainers (3 months, medium feasibility)

The identified digital payment champions should be empowered to deliver the training themselves through an iterative training process, ensuring the training messaging is receptive to the champion's community.

5

**WFP, GSMA, EFINA:**

Facilitate training (Ongoing, medium feasibility)

The digital payment champion leads and facilitates the structured digital literacy campaigns to promote broader awareness and understanding of digital payments and an introduction to mobile money.

# 5. Regulatory Advocacy

## GOAL 1

Create technical working groups to support government agencies in adopting a digital cash transfer agenda (7 months to ongoing)



7-month to ongoing timeline



High stakeholder engagement



High impact on digitisation



Longer-term win

**What problem does it solve?** There are a number of current regulations from both the CBN and NCC that limit the growth of the digital payment ecosystem to reliably process digital cash transfers. Firstly, agent e-float limitations mandated by the CBN restrict agents to holding a maximum of 100,000 NGN (\$395) in e-float due to security concerns. This limits agents' capacity to meet the estimated 27 transactions a day to be viable, as well as their ability to service large volumes as is required in cash transfer programs. The second primary regulatory barrier is the issuance of PSB licenses to 2 of the major mobile money operators in Africa: Airtel and MTN. Both mobile money operators have yet to receive a response from the CBN on their applications, likely due to a desire to give domestic companies a head start (all 3 PSB licenses that have been approved are Nigerian companies). The last primary barrier to digital cash transfer delivery is the USSD channel costs. The cheapest transactional channel cost in Nigeria is via web-based transactions, with USSD transactions estimated to cost over three times as much as web transactions. USSD costs are transferred to the end-user, and for those that have little money to spare and more immediate needs, using a USSD channel is not worth the cost.

**What are the expected outcomes?** Improving the regulatory environment for DFS in Nigeria will help improve the country's ability to achieve its financial inclusion goals.

### Recommendations

1

#### WFP, FSD Africa, EFINA, GSMA

Establish technical working groups to provide intentional support to distinct government agencies in collaboration with the Cash Working Group, relevant sectors, and an inter-sector coordination group (5 months, medium feasibility)

Technical working groups would give government bodies involved in the issuance of cash transfers the direct support they need to make more informed and intentional decisions that drive a digital cash transfer agenda. The working groups should be established with support and coordination from the Cash Working Group and Nigeria Humanitarian Fund to ensure no duplication of efforts. While the working groups will hold independent meetings, there should be at least 2 meetings per year across all working groups.

The suggested working group breakdown is as follows:

Technical Support	Gov't Agency
GSMA	NCC
EFInA, Alliance for Financial Inclusion (AFI)	CBN
WFP, EFInA, World Bank	NIMC
FSD Africa, Gates Foundation, World Bank, FCDO	NCTO/NASSCO

2

**WFP, FSD Africa, EFInA, GSMA:**

Establish objectives and overarching goals (2 months, high feasibility)

The technical working groups could meet bimonthly to review a key question that would result in the establishment of objectives, goals and specific metrics. These metrics should be aligned with a broader question or objective across working groups. Workshops and study tours can also be organised to share findings from other markets in Sub-Saharan Africa. The following table outlines suggestions for both overarching questions and specific technical working groups.

OVERARCHING QUESTION	NCC	CBN	NIMC	NCTO/NASSCO
How can digital payment agents be empowered to support cash transfer facilitation?	How can telco agent infrastructure be leveraged to support cash transfer delivery?	How can agent e-float limitations be lifted while still minimising agent security risk?	How can linking SIM to recipient registries better inform which recipients may be most likely to receive digital payments?	How can social protection cash transfers be delivered through a digital payment wallet accessible on a mobile phone?
How can the mobile phone play a larger role in recipients' access to DFS?	How does the reduction in USSD tariffs impact uptake and usage? Is there an opportunity to waive tariff fees for cash transfer recipients?	What are the opportunities available for recipients to access a broader suite of financial services through a mobile phone (e.g. digitising community savings groups)?	What are the opportunities to synergise SIM and NIN information with cash transfer organisations to allow for better segmentation of recipients who already have mobile phones?	How could segmenting recipients by mobile phone ownership and literacy influence digital cash transfer delivery?
How can the long-term FSP value proposition to service customers be increased?	How can mobile financial services and digital wallets be leveraged to support digital cash transfer delivery?	How does the new mandate allowing refugee documents as an acceptable form of KYC to open a bank account impact account opening? Could FSPs be "obligated" to open bank accounts for recipients?	How can recipient identification be better shared with FSPs to allow for enhanced KYC and verification to access broader financial services?	How can coordination with humanitarian organisations be bolstered to support longer-term investment across cash transfer organisations?

3

**WFP, FSD Africa, EFinA, GSMA:**

Meet regularly and share findings (ongoing, high feasibility)

Findings from each individual technical working group may be shared across the Cash Working Group and the Nigeria Humanitarian Fund. In addition to this, 2 meetings per year across the technical working groups should be organised to discuss the findings from the individual technical working groups.

## 6. Conclusion

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The current state of Nigeria's digital payment landscape does not support an enabling environment for the digitisation and financial inclusion of cash assistance recipients. Current payment mechanisms reinforce a reliance on cash and do not encourage the development of the broader ecosystem or promote recipient awareness of digital finance offerings. Furthermore, current cash-based payments do not advance the financial inclusion of recipients, given that the virtual accounts created by FSPs on behalf of recipients are temporary and inaccessible.

The overarching end goal in digitising Nigeria's humanitarian and social protection payment landscape is for recipients to receive payments through a permanent digital wallet accessible on a mobile device where they can transact, save and access other financial services in an open-loop system. The primary inhibiting factors to reaching this goal are recipient readiness to receive digital payments and a lack of a robust merchant and agent network as well as streamlined methods to identify and segment beneficiaries. The value proposition for FSPs in permanently serving this population segment is unclear, given the cost of maintaining the account is higher than the low volumes and values of the cash transfers received.

The pursuit and achievement of this goal will require stronger coordination and commitment to streamline recipient identification by sharing registry information and prioritising NIN linkages to recipient registries. Further research into recipient digital payment readiness and transaction mapping is necessary to understand the recipient segments most likely to adopt and use digital wallets as well as the key retailers and ecosystem players that can receive digital payments for goods and services. Efforts to map existing initiatives around community savings and financial literacy should be made to leverage existing networks of trust and dialogue as an entry point for digital payment awareness and usage. While regulation and government commitment may continue to hamper the development of the ecosystem writ large, the actionable recommendations included in this report may help build recipients' immediate digital payment ecosystems as well as awareness and adoption of digital finance offerings.





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