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Opportunities and Barriers to Digitising Social Protection and Humanitarian Payments in Nigeria

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GSMA

EFInA
Enhancing Financial Innovation & Access

STRATEGIC IMPACT ADVISORS

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Table of contents

Acronyms

BAY states	Borno, Adamawa and Yobe states
BVN	Bank Verification Number
CBN	Central Bank of Nigeria
CTFs	Cash Transfer Facilitators
DFS	Digital Financial Services
DMBs	Deposit Money Banks
EFInA	Enhancing Financial Innovation and Access
FCDO	Foreign Commonwealth & Development Office
FGD	Focus Group Discussion
FSD Africa	Financial Sector Deepening Africa
FSP	Financial Service Provider
HUP	Household Uplifting Program
IDP	Internally Displaced People
KII	Key Informant Interview
KYC	Know-your-customer
LGA	Local government area
MFS	Mobile Financial Services
MNO	Mobile Network Operator
NASSCO	National Social Safety Net Coordinating Office
NBR	National Beneficiary Register
NCTO	National Cash Transfer Office
NFC	Near-Field Communication
NIBSS	Nigeria Inter-Bank Switch and Settlement System
NIMC	National Identity Management Commission
NIN	National Identification Number
NSR	National Social Registry
POS	Point of Sale
PSB	Payment Service Bank
PSP	Payment Service Provider
PVHH	Poverty and Vulnerability Household Assessment
QR	Quick Response
RRR	Rapid Response Registry
SANEF	Shared Agent Network Expansion Facilities
SSR	State Social Register
URB	Unified Registry of Beneficiaries
USSD	Unstructured Supplementary Service Data
WFP	World Food Programme

1. Executive Summary

Since the early 2010s, humanitarian organisations, development organisations and the Nigerian government have disbursed both cash and voucher assistance to millions of Nigerians in urgent need of assistance. Extreme poverty fueled by violent conflict, climate shocks and a neo-patrimonial distribution of wealth have left 40% of Nigerians living below the poverty line.[1] While much of Nigeria's humanitarian aid is delivered in-kind, there is an increased focus on cash and vouchers where feasible and appropriate, which can offer recipients more flexibility to make purchases according to their needs. The Nigerian government's social protection cash transfer programming does not use vouchers in most contexts, but offers program recipients cash transfers. Where cash transfers are used over vouchers in both the humanitarian and social protection contexts, most are delivered through over-the-counter cash collection instead of directly into recipient electronic wallets. This research focuses primarily on unrestricted cash transfers, instead of vouchers, in both humanitarian and social protection programming. This research acknowledges that the use of cash transfers as a tool to support the poor and vulnerable is not feasible in all of the locations that humanitarian and social protection actors work, and that modality decisions must be evidence based and determined by feasibility and appropriateness. This research does not seek to replace that important program design process, but rather to propose steps forward that could enable the development of the local digital cash transfer ecosystem so that a greater breadth of modalities and delivery mechanisms could be considered and used to enable sustained access to relevant digital financial services (DFS) for program recipients.

Nigeria's DFS landscape is atypical by comparison to its regional peers. Driven by a primarily bank-led market, mobile money as per GSMA's definition – which includes transferring money and making payments using a mobile phone – is still developing in Nigeria. This complicates the delivery of digital cash transfers through a mobile wallet, given that many DFS ecosystems surrounding recipients are not robust enough to facilitate and support digital payments. The ideal scenario for cash transfer digitisation in Nigeria is to deliver cash transfers to a digital wallet, from where recipients can transact, save and access other financial services. A combination of factors restrict the development of the DFS landscape in the cash transfer context, including:

1. Regulatory restrictions
2. Low recipient readiness to receive digital payments
3. Minimal value proposition for financial service providers (FSPs) in serving recipients beyond the duration of cash transfer programs
4. Low government commitment to digitising cash transfers

Strategic Impact Advisors (SIA) was commissioned by Enhancing Financial Innovation and Access (EFInA), Financial Sector Deepening Africa (FSD Africa) and the GSMA to better understand the opportunities and barriers to digitising humanitarian and social protection transfers in Nigeria through an analysis involving desk research, key informant interviews (KIIs) with mobile financial service (MFS) providers, humanitarian organisations and government stakeholders, as well as focus group discussions (FGDs) with both humanitarian and social protection cash transfer payment recipients.

[1] National Bureau of Statistics. 2020. 2019 Poverty and Inequality in Nigeria.

This report highlights the primary challenges preventing large scale use of digital cash transfer delivery, as well as suggestions for making progress towards the end goal mentioned above. This report is accompanied by a detailed roadmap that outlines actionable suggestions and timelines to support the development of a digital payment ecosystem that could reliably service program recipients.

The table below summarises key challenges and opportunities for the stakeholders directly or indirectly involved in cash transfer delivery, including:

Regulators

Service providers and agents

Humanitarian organisations and government agencies issuing cash transfers

Table 1: Summarised Challenges and Opportunities

Stakeholder	Challenge	Relevance for Cash Transfers	Opportunities
Regulator	Daily agent e-float limits, mandated by the Central Bank of Nigeria (CBN), of 100,000 NGN for regular agents and 1 million NGN for super agents, restrict the capacities and potential turnover of digital payment agents.	Servicing cash transfer programs requires that agents be well-equipped to handle higher volumes on specific days and allowed to hold much higher amounts of float. Without higher liquidity thresholds, agents are unable to reliably service this segment.	The CBN is working to facilitate "risk-based float approvals," which will allow for super agents and their agents to apply for exemptions. These approvals should be contingent on a tiered agent know-your-customer (KYC) structure, whereby higher float ceilings require more extensive KYC collection. Given its relationship with the CBN, EFInA can play an advocacy role to support the roll out of the risk-based float approvals.
Regulator	CBN has yet to approve two major mobile network operators (Airtel and MTN) for a payment services bank (PSB) license, likely to give domestic companies a head start. However, these providers have both the capital and mobile money experience required to invest in agent infrastructure and products to suit this segment.	PSBs are expected to serve rural populations, with the regulation requiring that 25% of all operations focus on rural areas. Their success could mean improved access to functioning digital finance ecosystems in the areas where humanitarian and social protection cash transfers occur and offer high volume low value payment streams as a potential source of untapped demand.	It is unlikely that the PSBs currently licensed, including Globacom's Money Master, will focus their attention on rural markets first as they are less commercially viable. Even though PSBs are required to have 25% of their financial service touch points (e.g., agents) in rural areas as part of their license, they will likely focus on urban areas, where costs are lower, when they launch. The licensing requirement to serve rural areas could hold the long-term key for improving access to DFS among humanitarian and social protection cash transfer recipients based in rural areas, but it is likely not a short-term solution.
Regulator	CBN has installed financial incentives and disincentives for digital payments across different laws and policies such as the Cashless Policy and Finance Act 2020, which establishes fees and stamp duties for both cash and digital transactions.	The conflicting regulations on digital transactions creates doubt among service providers, as well as additional costs that make sending and receiving funds more expensive for recipients.	As the Finance Act 2020 is relatively new, viable solutions for the conflicting messages coming from CBN on this matter have yet to emerge. Continued investment in regulator education and additional advocacy campaigns could be part of the solution.

Stakeholder	Challenge	Relevance for Cash Transfers	Opportunities
Service Providers and Agents	**There is minimal economic viability and no clear value proposition for FSPs to open permanent financial accounts for recipients. In most cash transfer programs in Nigeria, FSPs only open temporary, virtual accounts for recipients which are closed after the program ends.**	Recipients do not make enough financial transactions or receive enough cash transfer support in terms of values and volumes to have formal financial accounts, thus inhibiting financial inclusion and access to financial services for this segment.	Recipients should be profiled and segmented based on their readiness to receive digital payments. A select group who meet this criteria can be targeted for a digital payment pilot. In addition, existing community and savings groups can be leveraged as an entry point for digital financial literacy training.
Service Providers and Agents	**Agents do not have a clear value proposition to support the delivery of cash transfer payments.**	The volumes and values of cash transfer assistance, coupled with low recipient transaction frequencies, do not build a clear value proposition for agents to service this segment.	Different humanitarian organisations serve the same households with different cash transfers to meet different specific needs (ie food, or water, sanitation and hygiene). Integrated cash transfers designed to meet multiple needs, as appropriate, would help to better demonstrate a viable value proposition to FSPs. Improved data on end-user spending capacity, spending habits and other transactional data flow mapping can help establish whether a business case exists, and open the door for additional value added services that can make digital wallets more relevant for end-users.
Service Providers and Agents	**High unstructured supplementary service data (USSD) costs, which are established by the Nigeria Communications Commission (NCC), make providers less willing to use this highly accessible channel to reach the mass market.**	The vast majority of program recipients do not have a smartphone, so access to a mobile or virtual wallet would need to be possible using channels available on basic and feature phones such as USSD.	In March 2020, the NCC approved a new flat USSD rate of 6.97 NGN per session which may help with this issue. It remains to be seen whether this new rate helps boost provider willingness to push USSD as a channel to reach the mass market.
Service Providers and Agents	**Liquidity management remains a persistent pain point for FSP partners due to a number of factors, including:** 1. the availability of cash in bank branches for the volumes required, 2. strict security requirements and the logistical operations required to transport cash, 3. condensed timelines when they are given short notice of cash out days (typically more relevant in the case of social protection payments).	The challenges associated with the distribution and management of cash reduce the value proposition for FSPs to support the delivery of social protection payments and limits the number of FSPs that can actually service this market, given the demands.	Enabling the facilitation of digital payments for recipients and merchants will lead to less reliance on the cash out transaction and may help alleviate the liquidity crunch. Longer-term investment and coordination across humanitarian organisations is necessary to drive the ecosystem's sustainability, granting FSPs a value proposition for longer-term investment in the geographies.

Stakeholder	Challenge	Relevance for Cash Transfers	Opportunities
Humanitarian Organisations and Government Agencies	**Various different government and humanitarian registries use different types of identification to verify recipients of cash transfers, which undermines efforts to enable Know Your Customer (KYC) checks. However, data sharing including humanitarian recipients must adhere to humanitarian principles.**	Common standards across the way data is collected, and increased access to civil documentation, could help to enable greater interoperability when feasible, appropriate and in accordance with humanitarian principles	Humanitarian cash actors should establish data sharing agreements with other humanitarian actors to integrate cash payments to meet various different needs, and reduce duplication. This more cohesive approach to meeting needs would better enable the type of case management required to enable referrals to obtain/replace missing ID. Humanitarian organisations and government agencies should support recipient registration for the National Identification Number (NIN) in parallel to registration for cash transfer programs. Some organisations, such as NRC, have agreements with the National Identify Management Commission (NIMC) and have begun coordinating to arrange NIN registration of beneficiaries. Referrals to these actors, from humanitarian cash actors, would help to increase access to ID and help to enable broader interoperability. Humanitarians and the National Social Safety-Nets Coordinating Office (NASSCO) should work together to understand who would likely be eligible for government support, and explore a safe and principled way to enable registration for government social protection payments for recipients who wish to be registered. This could help to drive increased access to government-led social protection payments by enabling the government to extend the reach of the social protection registry into areas where coverage is low.
Humanitarian Organisations and Government Agencies	**Requirements for recipients to cash out 100% of their cash transfers result in minimal options to save and transact money digitally (more prevalent in social protection payments).**	The mandatory cash out requirement and the inaccessibility of a financial account mean that beneficiaries cannot save or transact digitally, even if it is their preference. This also limits recipients' digital financial inclusion and accessibility by reinforcing a reliance on cash.	The digitisation of community savings groups, which are already popular among recipients, should be explored. The increased use of digital wallets may help achieve cross selling of opportunities for other basic financial services, such as credit.
Humanitarian Organisations and Government Agencies	**There is low recipient awareness and literacy of mobile money and DFS. Most recipients equate mobile money with the use of point of sale (POS) devices, due to the nature of Nigeria's bank-led market.**	Recipient readiness to receive digital payments poses a significant barrier to digitisation, given that many recipients may not have the preexisting requirements to receive funds through a digital wallet. This includes owning a mobile phone, having access to an energy source for charging mobile phones, and being digitally or financially literate.	There is a need for better profiling of recipients using the data captured during the recipient registration process to determine those that would be best positioned to receive payments directly to a digital wallet. This is likely only relevant to humanitarians operating in urban areas where infrastructure and connectivity is more reliable. Efforts to digitise vendors – where cash transfers are used by the target population – is likely a realistic place to start. Community leaders should be further empowered to become digital payment champions and to facilitate discussion and knowledge sharing around DFS and its broader value-added services that could be particularly relevant for recipients. Humanitarian organisations and government agencies can also coordinate with their FSP partners to organise digital financial literacy training or awareness generation through short campaigns and market storms.

While much of the above summary incorporates our findings from primary data collection through FDGs with beneficiaries of both humanitarian cash and voucher assistance and social cash transfer programs, the below summarises some additional insights from this engagement

HIGH LEVEL FINDINGS

Government social protection and humanitarian cash payments to poor and vulnerable households in Nigeria are lifelines for millions of people. For the purposes of this assessment, GSB Alliance engaged: **448 recipients of cash assistance through 45 FGDs of 9-12 participants each. FGDs were conducted across four states: FCT, Kaduna, Borno and Adamawa.**

Demographics

	Humanitarian FGDs	Government Social Protection FGDs
Average age	38	40
Primary occupations	Farming, petty trading	Mostly petty trading, some farming
Household size	2-17 members	3-17 members
Cited a disability	Around 45%	Around 25%
Education	Less than 20% had completed primary education	Less than 30% had completed secondary school
ID	Almost 73% had national ID and/or voter ID cards	81% were registered with either a NIN, voter's ID or BVN

Digital capacity and access, phone ownership

There was an **84%** mobile phone penetration rate for the humanitarian participants and a **63%** penetration rate for social protection recipients.

Over **90%** of these phones were basic feature phones. **72%** of all participants had phones. Only about **17%** were smartphone users.

Community savings groups

More than half of participants were members of a community savings group. Groups were cited as saving up to 50,000 NGN in a month.

Cash or digital?

Most recipients prefer to receive funds in cash for the following reasons:

1. ease of access,
2. it's not subject to network issues,
3. no training or education required, and
4. all vendors accept it.

Awareness and use of MFS

Recipients have low awareness of digital financial access points and services. Most were familiar with basic savings, deposit and withdrawals services offered by traditional banks. While the term POS agent was used by many FGD participants, the terms mobile money and mobile money agents were rarely known.

Transaction mapping - the vast majority of FGD participants spend their money on:

- **Food**
- **School fees/ supplies**
- **Business or farm-related costs**
- **Healthcare**
- **Energy** (charcoal, wood)

They make these purchases in more central markets based in commercial hubs, mostly on a weekly basis, away from camps or villages where they reside. There was a greater frequency of local transactions and purchases in nearby shops in the humanitarian context.

This report dives deeper into each of these challenges, recommendations and opportunities, and also provides a comprehensive overview of Nigeria's digital payment ecosystem, the current method of cash transfer delivery, as well as an analysis of the needs and preferences of program recipients.

2. Background

Nigeria's protracted humanitarian crisis has lasted well over a decade and shows no signs of abating, with 10.6 million people currently in need of humanitarian assistance.[2] The North-eastern Borno, Adamawa and Yobe (BAY) states have faced 11 years of conflict with the deadly militant group, Boko Haram, and are also home to Nigeria's largest population of internally displaced people (IDP) and refugees. Beyond violence, Nigeria is also vulnerable to environmental and extreme weather shocks, with 3.8 million people struggling to access food and 60 million living without access to water.[3] The COVID-19 pandemic has only exacerbated the daunting reality for many Nigerians teetering on the poverty line. The oil-dependent economy is suffering from a decline in oil prices, creating ripple effects for the country's 206 million people — the largest population in Africa. Nigeria recently surpassed India and is now home to the largest number of people living in extreme poverty globally, with 40% of its population surviving on less than $381 per year.[4]

Despite worsening conflict and increasing poverty levels, Nigeria has witnessed a decline in humanitarian aid funding since 2017. In 2021, UNOCHA identified a need for $1.006 billion in funding to respond to Nigeria's humanitarian crisis.[5] A portion of funding put toward humanitarian relief is allocated to direct assistance payments provided to recipients through the disbursement of cash transfers. In 2019, humanitarian organisations working in Nigeria disbursed $108.5 million in cash and voucher assistance in the BAY states.[6] Figures from 2019 show that 56% of cash assistance in Nigeria was restricted, meaning it was in the form of a voucher.[7] Based on a survey with over 2,000 recipients in September 2020, this figure increased to 59%.[8] When cash transfers are being used instead of vouchers, most are made through an over-the-counter cash distribution where the recipient is simply receive cash instead of having funds delivered into their own digital wallets. This is primarily due to the fact that digital financial services in Nigeria has not yet reached an uptake tipping point in ecosystem development or individual use, particularly in the northern states. There is increasingly pressure for humanitarian actors to use registered FSPs to issue funds to recipients, as reiterated by Nigeria's Economic Financial Crimes Comission (EFCC) and Special Control Unit Against Money Laundering (SCUML). However, many areas where humanitarians work are hard-to-reach, characterised by weak infrastructure and insecurity, and access to FSPs is limited. Efforts to enable the payment ecosystem to develop and extend are critical to the humanitarian response.

The government of Nigeria also has a number of programs that provide social protection payments to its citizens. However, social protection payments administered by the government cover 17% of poor and vulnerable households.[9] Currently, all recipients of social protection payments receive cash over-the-counter by presenting a near-field communication (NFC) card or a paper-based quick response (QR) code to access funds deposited in a single purpose, virtual and temporary account created by FSPs to process the payment. Program participants of humanitarian and social protection programs are typically found in the North.

EFInA, the GSMA and FSD Africa commissioned this study to survey the landscape of current delivery mechanisms used to disburse humanitarian cash payments and government social protection payments and to assess the current state of play in MFS and digitally enabled payments. In recent years the landscape of FSPs has shifted in Nigeria in response to the CBN policies that specifically encourage

2 UNOCHA. 2021. Nigeria Situation Report.
3 World Bank. 2021. Nigeria: Ensuring Water, Sanitation and Hygiene for All
4 National Bureau of Statistics. 2020. 2019 Poverty and Inequality in Nigeria.
5 UNOCHA. 2021. Financial Tracking Service.
6 Cash Working Group. 2020. 2019 Annual Report.
7 Ibid.
8 Groundtruth Solutions. 2020. Cash Barometer Nigeria 2020.
9 World Bank. 2018. World Bank Data Portal.

the use of digital and mobile technologies to advance financial inclusion. Humanitarian and social protection payments of significant volume may drive FSP investment in increasing the supply of MFS in underserved areas, particularly in the north, and facilitate financial inclusion for those receiving cash assistance as a tool to build resilience.

Volume alone, however, is not enough, and there are significant challenges that need to be identified and addressed. Based on data collected from key stakeholders on the supply and demand side of the payment transactions and on FGDs with cash transfer recipients, this study outlines the challenges and opportunities that should be considered in efforts to digitise humanitarian and social protection payments in Nigeria. Looking at the feasibility of building digital economies around these payments in Nigeria, the study offers a synthesis of recommendations, a roadmap to additional areas for exploration, and strategies to manage the risks that accompany digital adoption.

3. Methodology

Led by SIA, the research team for this study included both Nigerian and international consultants. SIA's methodology included a combination of desk research, KIIs and FGDs. SIA completed an exhaustive literature review of over 20 reports, dashboards and regulations around Nigeria's MFS products and offerings, an identification and analysis on the current social protection and humanitarian payment flows, and a review of the regulatory frameworks for licensing of financial institutions and payment processors, as well as for social protection frameworks.

SIA conducted 37 KIIs with stakeholders involved in disbursing and managing humanitarian and social protection cash transfer payments in Nigeria. The stakeholders were segmented and included 9 government officials, 8 development agencies and 21 MFS providers.

Table 2: Stakeholders Engaged for KIIs

Segment	Sub-Segment	Stakeholders
Government	Federal	1. Ministry of Communications and Digital Economy 2. Ministry of Humanitarian Affairs and Social Development 3. National Cash Transfer Office (NCTO) 4. National Commission for Refugees, Migrants and Internally Displaced Peoples (NCFRMI) 5. National Social Safety Net Coordinating Office (NASSCO)
	State	6. Kaduna State Financial Inclusion Committee 7. Kwara State Social Investment Programs
	Regulator	8. Central Bank of Nigeria 9. Financial Inclusion Secretariat, Central Bank of Nigeria 10. Nigerian Communications Commission (NCC)
Development and Humanitarian Agency	United Nations (UN) Agencies	11. UNICEF 12. UNOCHA 13. World Food Programme (WFP)
	INGOs	14. Mercy Corps 15. NRC
	Donor Organisation	16. Foreign Commonwealth & Development Office (FCDO) 17. USAID Nigeria 18. World Bank
	Coordinating Body	19. Cash Working Group 20. INGO Forum
MFS Providers	Payment Service Provider (PSP) facilitating government payments	21. Fets 22. Fortis 23. Teasy Mobile 24. Softcom 25. Unified Payments 26. Visual ICT 27. eTranzact
	Last Mile Provider	28. Innovectives Super Agent Ltd 29. Interswitch Financial Inclusion Services Ltd 30. Mobile money agent association of Nigeria

Segment	Sub-Segment	Stakeholders
MFS Providers *(Continued)*	Mobile Wallet Provider	31. Opay 32. Paga
	Commercial Bank	33. Access Bank 34. Ecobank 35. First City Monument Bank 36. Sterling Bank 37. Union Bank
	Payment Service Bank	38. 9PSB 39. Money Master PSB 40. MTN and Airtel's subsidiaries have been issued "approval in principle" for their licenses in November 2021
	Infrastructure Provider	41. IHS Towers

For insights into the payment recipient experience, SIA hired the enumeration firm GSB Alliance to conduct 45 FGDs across four states. These locations were selected due to the substantial number of social cash transfer and humanitarian payment recipients living in these states. Each FGD had approximately 10 participants. Participants receiving social protection payments were selected based on the length of time they have received cash transfers, focusing on those that have received transfers for close to 2 years. Participants receiving humanitarian cash transfers were identified through the camp registers and priority was given to those receiving cash transfers for an extended duration. All FGDs were segregated by gender except for one in Adamawa that included both men and women. GSB Alliance followed COVID-19 protection protocols in conducting the FGDs. The full questionnaire, transcripts from the FGDs and transcript data analysis may be found in a separate attachment to this report (Annex A). The regional distribution of the FGDs is detailed below.

Table 3: FGD Distribution

Payment Type	State	FGDs	FGD Participants
Social Protection Payments	Kaduna	12	127
	FCT	12	121
Humanitarian Payments	Adamawa	10	99
	Borno	11	111

4. Limitations

The primary limitation of this research is its qualitative nature. While nearly 500 people participated in the FGDs, recipient research is not statically representative of the total population of program recipients. The FGDs provide anecdotal evidence of how recipients interact with their cash transfers and the digital tools at their disposal. Insights from FGDs will need to be ground truthed and complemented by statistically significant quantitative surveys. While an attempt was made to pull information that was more quantitative in nature out of the FGDs, some of the transcripts made it difficult to determine whether everyone in the group answered specific questions.

COVID-19 also presented challenges to data collection. The remote nature of meetings made it more difficult to secure meetings from all of the stakeholders targeted for this research. A full list of stakeholder outreach and mapping is provided in a separate attachment to this report (Annex B). While most interviews were only with one or two people, some included a larger number of participants which made it difficult to ensure all voices were heard.

5. Payment System Landscape Summary

5.1 Payment Provider Categorisations in Nigeria

Nigeria's payment provider landscape is defined by the CBN's licensing frameworks and regulations. The CBN generally separates providers into financial institutions and PSPs. Licensed financial institutions include commercial banks that take deposits, microfinance banks, PSBs and specialised institutions such as merchant banks and development finance institutions.[10] In December 2020, the CBN streamlined the categories of permitted PSPs into four licensing categories: 1) switching and processing, 2) mobile money operators, 3) payment solution services (including super agents) and 4) those participating in the regulatory sandbox created in 2020 to encourage Fintech experimentation and innovation.[11,12] Among payment providers, mobile money operators accept customer funds offering a pass-through account. These funds sit in a float/escrow account in partner commercial banks.[13]

Table 4: Service Providers Engaged

Relevant CBN License Category	Providers Interviewed for this Research
Commercial Banks	First City Monument Bank, Sterling Bank, Union Bank of Nigeria
Payment Service Banks	9PSB, Moneymaster PSB
Payment Service Providers	eTranzact, FETS, Fortis Mobile Money, Paga, PayCom Nigeria, Teasy Mobile, Visual ICT Limited

5.2 Digital Technology, Agents and Geographic Reach

Regardless of their categorisation, most banks and PSPs integrate mobile and digital transaction capabilities offered through agents.[14] Financial institutions and PSPs have a more concentrated presence and skew their investments in distribution channels to reach urban areas with denser populations with more disposable income. Rural areas and the BAY states have fewer financial access service points that can readily service digital payments. While the CBN is pushing providers into underserved areas by backing initiatives like the Shared Agent Network Expansion Facilities (SANEF) and imposing licensing terms on PSBs that set minimum levels for rural area services, there may be less choice in the payment delivery options for humanitarian programs focused on payees in the BAY states than for government social safety net payments that have a broader geographical scope of payees.[15]

10 See the CBN's list of licensed financial institutions here.
11 See the CBN's framework for the regulatory sandbox here.
12 See the CBN's list of licensed payment system providers here.
13 See the CBN's categorisation for payment providers here.
14 The CBN has specific guidelines that authorise licensing of financial institutions (including PSBs) to use agent banking and set standards for agents. The CBN issued separate guidelines for super agents in 2015 that establish levels of pricing for agent services and require interoperability. Provisions of the CBN's mobile money guidelines and the PSB guidelines also address the use of agent networks which can make the regulatory landscape confusing. See: EFInA. 2020. Payment Service Banks (PSBs) in Nigeria: Landscape Assessment and Key Learnings from India to Implement Optimal Payment Service Banks.
15 SANEF, formed in 2019 and supported by the CBN, is a collective effort of DMBs, NIBSS and mobile money operators/shared agents to widen financial access points and services to increase financial inclusion to 80% by adding 500,000 agents by 2020. Learn more about SANEF here.

5.3 Nigeria's Definition of Mobile Money Services

Until 2018, the CBN excluded telecommunications companies from offering financial services and payment services, which caused Nigeria to lag behind other West African countries in the delivery of financial services offered in affiliation with MNOs. The CBN regulations for licensing mobile money operators specifically excludes telecommunications companies.[16]

In its 2018 regulations for PSBs updated in 2020, the CBN permitted telecommunications companies to create subsidiaries to apply for licensing as PSBs. The CBN's construct for PSBs specifically looks at the providers' use of digital and mobile technologies to extend reach into the rural and underserved areas. The CBN further requires a particular focus on reaching financially excluded Nigerians, requiring a minimum 25% of financial service touch points be located in rural areas.

To date, the CBN has issued PSB licenses to three entities. Only two of Nigeria's mobile telecommunications providers, 9 Mobile and GLO, have had their subsidiaries licensed by the CBN as PSBs.[17] The CBN issued the third PSB license to Hope PSB, a subsidiary of Unified Payments. MTN and Airtel, two of the largest MNOs in Nigeria, established subsidiaries that filed applications for PSBs, but have yet to receive any feedback from the CBN. MTN currently has a super agent license through its subsidiary, Y'ello Digital Financial Services Limited.

5.4 Payment Interoperability

A lack of payment system interoperability can create a roadblock in delivering cash payments. In Nigeria, the CBN promoted interoperability at multiple levels in the payments value chain. There are competitive switch offerings designed to enable interoperability and cross platform settlement of payments. These include the Nigeria Inter-Bank Settlement System (NIBSS), a switching company owned by the CBN, and all of the licensed Deposit Money Banks (DMBs) in Nigeria. The CBN requires all licensed PSBs to interface with the NIBSS platform to promote interconnectivity and interoperability of operations.

NIBSS offers m-Cash, a service that uses USSD to facilitate retail payments to merchants. m-Cash, which processed 88.56 NGN billion between October 2018 and September 2019, leverages the NIBSS Instant Payments infrastructure to provide immediate payment delivery to merchants' accounts.[18] The solution is also available for bills as well as web-based and point of sale (POS) payments. Using USSD helps m-Cash provide an accessible service for small business merchants to receive payments from low-income customers. It extends e-payment benefits to customers and merchants operating at the local level to encourage the use of USSD as a primary channel for financial and non-financial transactions in Nigeria.

However, there is limited uptake of m-Cash, and NIBSS very recently also launched a QR code payment system called NQR. NIBSS is hopeful NQR will support the greater uptake of merchant payments, but the use of the QR code makes it less accessible than USSD as a smartphone is required to interact with the platform.[19]

There are other commercial switching companies licensed by the CBN including ARCA, Chams, CoralPay, eTranzact, Interswitch, Unified Payments and Capricorn Digital. These switches can be used to process transactions between platforms of payment providers and are not limited to banks. Interoperability also exists at the agent level, at least in theory, as the CBN's regulation on banking agents prohibits exclusivity of agents. In practice, agents still have a choice in the institutions for which they choose to process payments.

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16 The CBN. 2014. Guidelines on Mobile Money Services in Nigeria.
17 See the CBN's list of the 3 licensed PSBs here.
18 Nairametrics. 2020. mCash transactions hit N88.56 billion one year after re-launch – NBS
19 https://nibss-plc.com.ng/services/nqr

The SANEF initiative was also designed to support shared agents as a way to lower the costs of agent acquisition and to support extension of agent networks into underserved areas. As of May 2020, SANEF reported having 326,444 agents — a significant increase from the 83,000 agents available at the end of 2018. While these numbers are impressive, reporting makes it unclear how many of these agents are in fact active, though COVID-19 did seem to fuel more agent activity, with transactions more than tripling from February 2020 to April 2020.[20] Based on an 2020 EFINA survey on agents, it is also safe to assume that over 60% of SANEF agents operate in urban and peri-urban settings, and 27% of them exist in rural commercial centers, with very few existing in rural villages.[21]

5.5 Identity Systems: BVN vs. NIN

Proving identity is key to setting up an account to receive payments. At the national level, Nigeria has two primary identity schemes that are still in the implementation process: the Bank Verification Number (BVN) and the NIN.

The BVN is a functional ID developed by the CBN that uses biometric technology and assigns a unique ID number to facilitate the opening of bank accounts. As of December 2020, 45.7 million Nigerian bank account holders had registered BVNs.[22]

NIN is a foundational ID overseen by the country's National Identity Management Commission (NIMC). The NIN can be used for SIM registration. NIN registration has outpaced BVN registration, with 52 million Nigerians, or about 27% of the population, holding a NIN. The CBN recently issued a guideline mandating that BVN is a compulsory requirement to opening a bank account.

Currently, customers have to provide a BVN to open a bank account or a mobile money wallet with a mobile money operator that allows transactions and cumulative balance limits beyond Tier 1.[23] For Tier 1 accounts at a PSB or a mobile wallet with a mobile money operator, customers can meet KYC requirements by providing their name and phone number with no formal identification number or card required. This can be done as their sim card and associated phone number are now required to be linked to the user's NIN. There is no interoperability between the two registries at the moment; however, there have been confirmed efforts to integrate both the BVN and NIN to enable identity verification across both databases.

[20] The CBN Financial Inclusion Newsletter Q2 2020 https://www.cbn.gov.ng/Out/2020/CCD/2rd%20Quarter%202020%20Financial%20Inclusion%20Newsletter.pdf

[21] EFINA Agent Network Survey 2020

[22] NIBSS. 2020. BVN Enrolments Hit 45.7m, Increase By 1.7m in 2 Months.

[23] In 2017, the CBN issued a review allowing mobile money operators to open Tier 1 mobile money wallets in which customers can hold a cumulative balance of 300,000 NGN and conduct daily transactions up to 50,000 NGN. Customers seeking to open mobile money wallets at the Tier 2 and Tier 3 level are required to provide a BVN.

6. Key Challenges in the Payment Landscape for Nigeria

SIA conducted KIIs with 18 financial service providers. The table below summarises the six service providers who are currently delivering payment services to humanitarian and social protection cash transfer programs.

Table 5: Service Providers Supporting Cash Transfer Delivery

Provider	Geographical Footprint	CBN License Profile	End-User Delivery Channel	Cash Transfer Clients	# of Active Agents
Access Bank PLC	Nationwide	• Bank	USSD, Cards, Mobile, App, QR, branches, Agent banking, Internet banking, Facebook, WhatsApp, FacePay (facial recognition)	WFP	55,000 Access Bank Agents 10,000 Access Money + Airtel Agents 50,000 MTN MoMo Agents Total: 115,000
eTranzact	Nationwide	• Mobile Money Operators • PSPs • Switches • Third Party Processors (TPP)	USSD, Cards, mbanking, iBanking, App, POS	UNICEF, ICRC	16,000
Fortis Mobile Money	Nationwide	• Mobile Money Operator • Super Agent	USSD, Cards, Mobile, App, QR, NFC (offline/online), Web (mobile), POS	NCTO, Mercy Corps	Declined to comment
Funds and Electronic Transfer Solutions (FETS)	Nationwide	• Mobile Money Operator • Payments Terminal Service Provider (PTSP)	USSD, Mobile, App, QR, USSD (also in local languages)	NCTO	9,500
Paga	Every local government area (LGA) (agents at fixed location)	• Mobile Money Operators • International Money Transfer Operator (IMTO)	USSD, Mobile, App, QR, cards coming soon, POS	Save the Children, Dangote Foundation, FHI 360, Ebonyi and Anambra state governments	27,393
Teasy Mobile	Nationwide (Especially in the north)	• Mobile Money Operators	USSD, Mobile, App, QR, NFC	NCTO, ICRC, NexLeaf (Cookstove carbon credits)	Declined to comment

Nigeria has developed a robust retail payment infrastructure through initiatives like the NIBSS, among other private payment switches already discussed above. A recent report from Glenbrook Partners, funded by the Gates Foundation, found that these platforms offer a strong infrastructural backbone for digital payments in the country. Despite this backbone and some fundraising successes for Nigerian Fintechs,[24] account ownership among Nigerians still sits at around 40%.[25] This is compounded by a gender gap where women are 13% less likely to have access to an account than men.[26]

There are a variety of challenges to the growth and prosperity of digital payments and expanded access to financial services in Nigeria. The below analysis looks at some of the key challenges faced by the country as it strives to attain its financial inclusion goals.[27] Key challenges are separated by ecosystem stakeholders. This is not meant to be an exhaustive list; rather, it focuses on the challenges that are most likely to impact the digitisation of humanitarian and government social protection cash transfers. It should be noted that infrastructure is a primary challenge faced by all stakeholders in the digital finance ecosystem, which primarily includes roads, energy sources and network signal. Unstable energy and poor roads make it more difficult for last mile distribution networks to function, while a lack of network signal makes it nearly impossible to serve clients digitally. The majority of network coverage in Nigeria is 2G (for over 80% of the population), but there are large rural areas still completely uncovered by network signal.[28] The Nigerian government established the Universal Service Provision Fund (USPF) to facilitate the achievement of the national policy goals for universal access to information and communication technologies in rural, unserved and underserved areas in Nigeria.

6.1 Regulators

Financial and telecommunication regulators in Nigeria have increasingly shown more willingness to explore policies and laws that establish stronger enabling environments for digital finance. Initiatives such as the regulatory sandbox and requirements around interoperability through NIBSS are strong enablers for a more robust digital payments ecosystem. Yet, despite these advances, many service providers believe policymakers are still falling short in establishing enabling environments that help progress financial inclusion. The below challenges highlight a few areas where regulation has been seen as an inhibitor to a healthy digital finance ecosystem, and more specifically to the expansion of digital payments in both social protection and humanitarian cash transfer contexts.

Key Challenge: Agent e-Float Limitations

What is the challenge? The CBN regulations limit the amount of e-float (and thus cash) agents are able to transact and hold at one time due to concerns around agent security and theft. This cap is currently 100,000 NGN ($395) for normal agents and 1,000,000 NGN ($2,620) for super agents.[29,30]

Why is it a challenge? The e-float caps severely limit agents' ability to adequately serve customers. The average payment to social protection recipients in the national cash transfer program is 10,000 NGN and many humanitarian transfer values for crisis affected recipients are higher. This wallet limit means a single typical agent wallet could only serve a maximum of 15 customers receiving 10,000 NGN per day, which is under the estimated 27 transactions a day it takes for agents to be economically viable.[31]

24 According to Disrupt Africa, 4 of the top 6 largest funding rounds in Nigeria were Fintechs in 2020 and 59% of Nigeria's total startup fundraising went to Fintechs. https://disrupt-africa.com/funding-report/
25 EFInA. 2018. Access to Financial Services In Nigeria Survey.
26 Bill and Melinda Gates Foundation. 2020. Nigerian Payments Ecosystem and Financial Inclusion: Landscape Report.
27 The CBN governor updated the goals to 95% (formal and informal) inclusion by 2024.
28 Bill and Melinda Gates Foundation. 2020. Nigerian Payments Ecosystem and Financial Inclusion: Landscape Report.
29 The Central Bank of Nigeria. 2009. Regulatory Framework for Mobile Payment Services in Nigeria.
30 The Central Bank of Nigeria. 2015. Regulatory Framework for Licensing Super-Agents in Nigeria.
31 EFInA. 2020. Financial Services Agent Survey.

What is the relevance for humanitarian and social protection cash transfers? In the cash transfer context, agents are put under additional liquidity and e-float stress, as they are required to cash out a significantly higher volume of payments than during a typical business day. Servicing cash transfer programs requires agents that are well-equipped to handle higher volumes on specific days and are allowed to hold much higher amounts of float. Our discussions with service providers found there to be little adherence to this float balance cap, as agents would not be able to meet their customers' demands. Some agents are forced to open multiple tills (wallets) as a means of working around this issue, while others simply do not adhere to the regulation and therefore put their own agent license at risk.

Are there any solutions being proposed? The CBN is aware of the issues this is causing and is working to facilitate what they call "risk based float approvals" that will allow for super agents and their agents to apply for exemptions. Yet this may not help the agents serving cash transfer programs, particularly those in North-east Nigeria, as those contexts are often considered higher risk. There is also a lack of clarity on what the process would be to seek and attain an approval for service providers.

Key Challenge: Conflicting Regulations on Digital Transactions

What is the challenge? The CBN has installed financial incentives and disincentives for digital payments across different laws and policies. An example of this is the Cashless Policy and the Finance Act 2020.

Why is it a challenge? The Cashless Policy is an attempt to incentivise the use of digital payments by making cash management more expensive. The policy requires that any withdrawal or deposit of cash over 500,000 NGN for individuals carries a fee of 3% for withdrawals and 2% for deposits. The fees increase for companies: any withdrawal or deposit of cash over 3,000,000 NGN comes with a 5% charge on withdrawals and 3% charge on deposits. While the Cashless Policy adds these incentives to use less cash, the Finance Act 2020 has introduced the Electronic Money Transfer Levy. This stamp duty of 50 NGN is applicable to any digital receipt or transfer of funds across any type of account for values over 10,000 NGN.[32]

What is the relevance for humanitarian and social protection cash transfers? The conflicting regulations on digital transactions creates doubt among service providers on top of additional costs that make sending and receiving funds more expensive for recipients. It can also discourage humanitarian providers from opening their systems to reduce cost and avoid regulatory uncertainty. Conflicting and quickly changing policies from the CBN have created an air of uncertainty for service providers, who feel there is a lack of clarity and direction around regulation.[33]

Are there any solutions being proposed? As the Finance Act 2020 is relatively new, viable solutions for the conflicting messages coming from the CBN on this matter have yet to emerge.

[32] Lagos Business School. 2020. Digital Financial Services in Nigeria: State of the Market Report.
[33] Bill and Melinda Gates Foundation. 2020. Nigerian Payments Ecosystem and Financial Inclusion: Landscape Report.

Key Challenge: Market Entry Barriers for PSBs

What is the challenge? The PSB license was seen as a way for additional stakeholders, particularly MNOs, to receive a license to provide a broader suite of financial services to Nigerians. Yet the licensing process has a variety of strict requirements, such as a minimum capital requirement of 5 billion NGN.[34] Beyond the capital requirements, the CBN continues to favor a bank-led digital payments market, which has made it more difficult for major non-Nigerian MNO players to attain the PSB license.

Why is it a challenge? The most successful mobile money deployments around the world have been MNO-led. There is a question as to whether PSBs have the ability to extend their footprint down market to the most rural and poor customers. While two of the PSB licensees are subsidiaries of Nigerian MNOs (Glo and 9mobile), two of the largest players in the market, MTN and Airtel, have yet to receive an answer to their applications. Glo is the third-largest MNO by customer market share in Nigeria, but their PSB (Master Money Glo) has yet to launch.

What is the relevance for humanitarian and social protection cash transfers? PSBs are expected to serve rural populations, with the regulation requiring that 25% of all operations focus on rural areas. Their success could mean improved access to functioning digital finance ecosystems in the rural areas where humanitarian and social protection cash transfers occur. No PSBs are currently working with cash transfer programming.

Are there any solutions being proposed? As the PSB licenses begin to roll out, specifically Master Money Glo, it is unlikely they will focus their attention on poor, rural or more challenging urban markets first. While this is a requirement of the license, it would not make economic sense to begin in the most expensive operating environments. While the PSB model could hold the long-term key for improving access to DFS among humanitarian and social protection cash transfer recipients, it is likely not a short-term solution.

6.2 Service Providers and Agents

The regulatory issues listed above also present challenges for service providers and agents. However, there are other additional challenges these stakeholders face when trying to serve rural and poor populations. Below is a summary of some of the larger challenges identified during conversations with service providers and through desk research.

Key Challenge: Economic Viability for Providers

What is the challenge? As with many financial services, serving the last mile comes with many challenges and costs. Many of the service providers engaged during this study felt there was a business case to be made for serving rural and poor customers, yet none offered a comprehensive analysis of what that entails.

Why is it a challenge? The primary reason for this challenge is the actual spending power of this customer segment. While recipients are in no way a homogeneous group, most people receiving support from humanitarian and social protection programs are living on under $2 a day. This means their ability to reach an economically viable transaction threshold is severely limited.[35] Cost centers for

[34] Central Bank of Nigeria. 2018. Guideline for Licensing and Regulation of Payment Service Banks in Nigeria.
[35] One interviewee cited 8 transactions per month, but we were unable to verify this number with any other interviewees, so we opted not to use it.

providers mostly come from marketing efforts, agent onboarding and hardware costs, card and account maintenance costs, and platform licensing.[36] Marketing efforts, agent onboarding and distribution of hardware becomes more costly and difficult in rural settings. To support these additional costs while also serving a customer that likely won't reach an economically viable transaction per month threshold, most providers have to focus on scaling and thriving in the more populated urban areas first, and then use the stronger margins from serving that market segment to fuel investment that helps them move into more rural areas. Another challenge is that information on the number of recipients receiving humanitarian and/or social protection cash transfers is hard to access and distill. The humanitarian response is organised based on the need the type of assistance is intended to meet, so different actors will serve the same households with cash transfers to meet different needs. This makes the unique caseload hard to distill and undermines FSP efforts to develop evidence-based business cases.

What is the relevance for humanitarian and social protection cash transfers? Reaching a viable transaction threshold per month milestone with social protection and humanitarian cash transfer recipients may be challenging, as these transactions occur once a month at most. In addition, most recipients cited a maximum average of 6 or 7 transactions for the purchase of food each month.[37] School fee payments varied, but typically occurred 3 times a year. Recipients are also topping up their airtime around 3 times a month. Based on our conversations with recipients, there is a possibility that transactions could reach between 8-10 a month, but most of these transactions would not be relevant to digital financial service agents who are typically serving withdrawals, airtime top ups and bill payments. The purchase of food and household items are the most frequent types of transactions, and those would fit more into the profile of merchant payments. Merchant payments would require the build out of a more robust ecosystem, and most importantly the digitisation of transactions at the market, where the majority of household items are purchased. The economic viability of serving this customer segment would require further segmentation, which is explored in greater depth in the end-user section of this report.

Are there any solutions being proposed? The World Bank plans to work with the NCTO on the possibility of segmenting recipients to determine whether certain profiles of program participants may be better suited to utilise DFS. Following this, a select group of recipients could be given the choice to receive their transfers into unrestricted digital wallets, which can be used for more than cashing out. Having a better understanding of recipient segmentation will also allow providers to build realistic return on investment forecasts. In addition to this pilot, greater coordination amongst humanitarian and development crossovers (i.e., working with agriculture or other economic growth programs) could bring higher cash volumes and values to incentivise and encourage larger scale FSP investment in the digital payment ecosystem. The Humanitarian cash working group continues to support the use of Multi-Purpose Cash Assistance (MPCA) which is designed to meet a variety of needs and some humanitarian actors are trying to integrate different cash transfers where they are serving the same household as demonstrated by the WFPs consultations to inform a joint tender for FSP services that other cash actors could piggyback off. This type of integration and cohesion would help to enable FSPs to better understand the volume of potential clients and their transactions. Multi-wallet functionality of digital financial services would help to enable this shift.

[36] In most cases, providers give POS terminals to their agents and expect a certain transaction threshold.
[37] FGDs with recipients

Key Challenge: Economic Viability for Agents

What is the challenge? The growth of agents in Nigeria has been impressive in recent years, increasing from just over 80,000 agents in 2017 to 326,444 by May 2020.[38] However, it should be noted that these numbers may not necessarily reflect active agents in the market. Agent services are thriving, especially around the POS, with electronic transfers growing by 42% in 2020.[39] Yet most of this growth is limited to more urban settings. A recent study from EFInA found that nearly 60% of agents were located in urban or peri-urban settings.[40] The breakdown in agent economic viability occurs as agents move further away from urban centers when liquidity management becomes more expensive and lower population density means lower transaction volumes.

Why is it a challenge? EFInA estimates that agents need between 27 to 29 transactions per day to be profitable. This volume of transactions will be difficult to generate in smaller villages, but is achievable and feasible in rural towns closer to roads that also serve as economic hubs for the area. The same EFInA study found that 27% of all agents engaged were located in rural town settings.

What is the relevance for humanitarian and social protection cash transfers? The vast majority of recipients interviewed during the FGDs rarely use formal financial services. Those that do have bank accounts do not actively use their accounts on a regular basis, and all transactions are done in cash. The frequency of cash transfer disbursements is typically bi-monthly, and at the best of times can be monthly for a few recipients. If there are typically 500 people in a certain area receiving payments over a 5-day period, this would generate around 500 transactions for agents in the area every two months (assuming nearly everyone fully cashes out). These transactions would represent only 31% of the total transactions necessary for an agent to be viable. While cash transfer payments can serve as part of the transaction mix needed by agents to support stronger ecosystems, other transactional needs of recipients must be digitised to support agent viability.

Are there any solutions being proposed? At the moment, SANEF and the other digital payment service providers engaged are continuing to build out their agent networks. Improved data on end-user spending capacity, spending habits and other transactional data flow mapping can help establish whether a business case exists. In the humanitarian context, post distribution survey data can offer some offer some insights into spending habits of recipients, and could prove useful for better understanding end user habits.

Key Challenge: Channel Costs

What is the challenge? The cheapest transactional channel cost in Nigeria is via web-based transactions, estimated at around 2.50 NGN per transaction. However, web-based transactions are not yet accessible to the masses, as they require either a POS or smartphone to conduct. USSD is the preferred channel of many mobile money deployments throughout Africa, yet due to the bank-led nature of the market and NCC regulations, USSD menus come at a cost that is either passed to the customer or absorbed by the provider. USSD transactions are estimated to be 3 times more expensive than web-based transactions.[41] POS and smartphone access is limited mostly to agents, and it is rare to find people with smartphones who are also receiving cash transfer support.

[38] The CBN Financial Inclusion Newsletter Q2 2020 https://www.cbn.gov.ng/Out/2020/CCD/2rd%20Quarter%202020%20Financial%20Inclusion%20Newsletter.pdf
[39] Techpoint. Africa. 2021. Nigeria recorded $428 billion worth of e-transactions in 2020, 42% higher than in 2019.
[40] EFInA. 2020. Financial Services Agent Survey.
[41] Bill and Melinda Gates Foundation. 2020. Nigerian Payments Ecosystem and Financial Inclusion: Landscape Report.

Why is it a challenge? USSD costs make providers less willing to double down on this channel as a primary way to reach the mass market, as these charges are passed directly to customers. As a result, POS devices have become the most popular agent service. Yet POS is another solution that many agents and providers see as a major cost center (representing 7% of startup costs for agents).[42] USSD has been the primary channel for millions of new financial service customers around the world as it requires very minimal network and hardware. If the costs of USSD, which are capped by the NCC, continue to be prohibitive, it may be difficult to extend new financial products and services to more rural and poor populations. Recent news from NCC indicates that banks have not paid the MNOs their dues for the use of USSD channels. It is feared that if banks do not settle their debts, the MNOs will refuse access to USSD channels for bank customers.[43] USSD channel issues like this make it more complicated for all types of financial service providers to deliver digital services.

What is the relevance for humanitarian and social protection cash transfers? The vast majority of program recipients do not have a smartphone, so accessing a mobile or virtual wallet would need to involve use of channels available on basic and feature phones. While the USSD channel is available, and many of the service providers do offer it as an option, there has been minimal uptake.

Are there any solutions being proposed? In March 2020, the NCC capped the cost of USSD at 6.97 NGN per session. This was a result of a deadlock between banks and MNOs in the payment of the bank's delinquent payments on their USSD fees. It is thought this may lower costs for USSD channels, but there are questions as to whether the definition of a USSD session will also be adjusted by MNOs. Currently a session is 20 seconds, which means customers who spend more than 20 seconds on the USSD will levy an additional session fee at the flat rate, doubling the cost of the USSD interaction. In order to adjust this, MNOs could consider charging per USSD interaction instead of 20-second sessions. Humanitarians could look to leverage USSD services which would be relevant to a large proportion of humanitarian recipients but would likely rather absorb the costs themselves rather than vulnerable recipients. A flat rate fee could help to enable this shift and donor advocacy on the benefit of supporting use of the service despite increased costs.

[42] EFInA. 2020. Financial Services Agent Survey.
[43] Adepetun, A. 2021, March 21. Telcos may shut down bank USSD services from March 15. The Guardian.

7. Cash Transfers for Humanitarian and Social Protection Payments

7.1 Nigeria's Humanitarian Crisis

7.1.1 The Northeast Nigeria Conflict

Nigeria has witnessed a decline in humanitarian aid funding since 2017, despite worsening conflict and violence in the northeast from a decade-long battle with the world's deadliest militant group, Boko Haram, and its splinter faction, Islamic State West Africa Province. In 2020, the International Rescue Committee (IRC) cited the conflict as the deadliest crisis for civilians.[44]

Home to Africa's largest population (196 million people), 10.6 million people in Nigeria are in need of humanitarian aid, 8.7 million of which are concentrated in the Northeastern BAY states.[45,46] Compounding the violent conflict, Nigeria is also vulnerable to environmental and extreme weather shocks, with 12.8 million people struggling to access food.[47] Due to conflict in the BAY states, there are:

2.9 million IDPs[48]	**308,000 Nigerians refugees in West Africa[49]**	**15,100 civilians killed since 2009[50]**

7.1.2 Extreme Poverty and Vulnerability

Despite its status as a wealthy, oil-rich country and the largest economy in Africa, millions of Nigerians still struggle to meet their basic needs. Nigeria has the largest population of extremely poor people in the world, with 40% of the population living on less than $381 per year.[51] The rate of people living in poverty has also increased in recent years, totaling 83 million people in 2019.[52] A total of 71 million people face difficulty accessing water and 130 million people live in conditions that do not meet the Millennium Development Goal standard for sanitation.[53] Nigeria's crippling poverty levels may be attributed to a confluence of factors including the decade-long battle with non-state militias in the northeast, where only 25 to 28% of people have access to basic services (i.e. water, sanitation and electricity); vulnerability to climate change and the environment; high unemployment (at 21%); deeply rooted corruption and a neo-patrimonial culture, as well as extreme inequality.

Half of all Nigerians work in the agricultural sector, most as smallholder farmers, which has become an increasingly unreliable source of income with changing weather patterns. Half of the Nigerians working in the agricultural sector also belong to the poorest 40% of the population.[54] The services sector, which contributes to 56% of Nigeria's nominal GDP, has stagnated in recent years due to limited demand, high competition and a lack of lending.[55]

44 International Rescue Committee. 2021. Nigeria Country Page.
45 UNOCHA. 2021. Nigeria Situation Report.
46 Ibid.
47 USAID. 2021. Nigeria-Complex Emergency Fact Sheet
48 Ibid.
49 Ibid.
50 Ibid.
51 National Bureau of Statistics. 2020. 2019 Poverty and Inequality in Nigeria.
52 Ibid.
53 International Rescue Committee. 2021. Nigeria Country Page.
54 World Bank. 2019. Advancing Social Protection in a Dynamic Nigeria.
55 Central Intelligence Agency. 2021. Nigeria Country Page.

7.2 Humanitarian and Social Protection Funding

7.2.1 Humanitarian Funding

In 2020, UNOCHA identified a $1.1 billion need to respond to Nigeria's humanitarian emergencies.[56] A little over half of this total funding requirement was met (at $675.3 million). Humanitarian funding in Nigeria peaked in 2017 at $943.3 million and has declined in the years since.[57] The United States Government contributed to nearly 60% of Nigeria's total humanitarian budget in 2020, followed by other governmental bodies including the European Commission (9%), Germany (7.6%) and the United Kingdom (3.6%).[58]

In 2020, Nigeria received a total of $805.3 million in humanitarian funding.[59] The primary needs for humanitarian relief in Nigeria include food, water, sanitation, protection, education, shelter and health services. Nigeria's 2021 funding allocations were prioritised to the following areas:

Coordination and Support Services: $173 million	**Food Security: $87.4 million**	**Nutrition: $27.7 million[60]**

In 2021, Nigeria's Cash Working Group, which coordinates the implementation of cash transfers in northeast Nigeria, worked with 27 humanitarian partners for cash assistance in 25 LGAs in the BAY states. Thus far in 2021, a total of 1.3 million recipients have received cash and voucher assistance.[61] Since 2018, only 1% of the Nigeria Humanitarian Fund's total allocations are dedicated to cash programming, totaling $130,000 thus far in 2021 with 100% of these transfers restricted.[62] The Humanitarian Fund is just a sample of the broader humanitarian funding in Nigeira, but is indicative of funding trends. Restricted cash transfers can only be used within certain limitations (e.g., for purchasing goods at a specific retail outlet).

7.2.2 Social Protection Funding

In 2004, the National Planning Commission (NPC) drafted a social protection strategy to respond to the vulnerability needs identified above, but it was not ratified by the Executive Council. In 2017, a new social protection strategy was drafted and ratified that established a gender-sensitive and age-appropriate framework to support efforts towards a minimum social floor for all Nigerian citizens.[63] In addition to the strategies, Nigeria's 2016 National Social Protection Policy established a framework for social protection strategies to continue being updated and adapted.[64] The total budget for social protection payments is $500 million (supported in large part by the World Bank) and in 2019, the government provided payments for 1.5 million Nigerians. Beyond funding, the World Bank has also provided significant technical assistance to the government in its implementation of social protection cash transfers since 2016.

The Nigerian government has issued social cash transfers through its flagship program, the Household Uplifting Program (HUP), since 2016. Implemented by the NCTO, HUP provides 10,000 NGN every 2 months to about 748,000 households in 24 Nigerian states.[65] Unfortunately, the current volume and value of social cash transfers is not close to meeting the demand or needs of people living in extreme poverty in Nigeria. Social protection payments in Nigeria only cover 17% of households, are skewed

[56] UNOCHA. 2021. Nigeria Situation Report.
[57] UNOCHA. 2021. Financial Tracking Service Nigeria Appeal Data.
[58] Ibid.
[59] Nigeria Humanitarian Fund. 2021. 2020 Annual Report.
[60] Ibid.
[61] OCHA. p. 2021. Cash and Voucher Assistance.
[62] Nigeria Humanitarian Fund. 20210. 202019 Annual Report.
[63] Central Bank of Nigeria. 2018. Social Protection Framework.
[64] Federal Republic of Nigeria, Ministry of Budget and National Planning, Draft National Social Protection Policy. 2016
[65] Africa Network for Environment and Economic Justice. 2020. Spot Checks on Payments to Beneficiaries.

towards urban areas and primarily reach the second from the bottom in the consumption decile (not the most vulnerable).[66] The Nigerian government has 3 programs related to social protection payments, outlined below.

Table 6: Nigerian Social Protection Programs

Program Name	Program Focus
Community Social Development Project (CSDP)	National flagship program that provides grants for human capital development of communities and vulnerable groups in education, health, rural electrification, potable water supply, transportation, socioeconomic development, environmental/natural resources and community housing.
Household Uplifting Program (HUP)	A component of the National Social Safety Nets Project (NASSP), which is supported by the World Bank, to provide financial support to targeted poor and vulnerable Nigerian households.
Nigeria CARES	A new program that is part of the World Bank's COVID-19 Action Recovery and Economic Stimulus Program. Nigeria CARES will help increase access to social transfers and basic services, as well as provide grants to poor and vulnerable households. It will also strengthen food supply chains for poor households while facilitating recovery and enhancing capabilities of MSMEs.

7.3 Actors in Humanitarian and Social Protection Cash Transfers

7.3.1 Humanitarian Actors

Given the severity of its humanitarian crisis, Nigeria's humanitarian landscape is populated with a number of international and national NGOs, UN agencies, private foundations, inter-governmental agencies and national agencies. For the purposes of this assessment, SIA engaged the following humanitarian organisations to better understand the challenges and opportunities associated with digitising cash transfers: 1) WFP, 2) UNICEF, 3) NCFRMI, 4) FCDO, 5) Norwegian Refugee Council, 6) Save the Children and 7) Cash Working Group.

7.3.2 Government Social Protection Actors

The 2017 Social Protection Strategy, as part of the National Social Protection Policy, was ratified by the Executive Council does not identify a lead agency to oversee social protection policy and programs. However, there is a clear hierarchy structure when it comes to the budgeting and distribution of funds for cash transfer payments. Figure 1 describes the hierarchy structure and the associated roles of each actor.

Figure 1: Social Protection Hierarchy Structure[67]

Ministry of Humanitarian Affairs and Disaster Recovery	Controls budgeting
NASSCO	Coordinates recipient onboarding, registry management & livelihood support
NCTO	A unit under NASSCO that coordinates payment issuance
State Cash Transfer Unit	Manages and coordinates cash transfers at state level
Local Government Desk Office	Local government cash transfer team that implements at the community level

66 World Bank. 2019. Advancing Social Protection in a Dynamic Nigeria.
67 Adapted from EFInA. 2020. Making Digital Payments work for Conditional Cash Transfers in Nigeria.

7.4 Recipient Identification and Registration

7.4.1 Humanitarian Recipient Identification

The majority of humanitarian cash transfer recipients are women, typically with minimal education, who are members of households ranging from 5-13 people. Most of the recipients are poor and vulnerable households affected by food insecurity and conflict. According to the Nigeria Humanitarian Fund, as an indicative example of how humanitarian aid is used, people with disabilities represented 1% of the people (15,000) who received humanitarian assistance.[68]

The humanitarian organisations engaged during this study have varied means of identifying program recipients, and criteria differs depending on the program (i.e. food insecurity, sanitation, etc.) but most begin with a mapping or assessment typically involving geographic targeting, community referrals or household assessments. Once recipients are identified, they are typically registered and enrolled into the humanitarian aid organisations' recipient data management system. Typically, recipients are then issued an identity card that is often used to purchase goods in restricted cash transfers, or used as a point of verification for over the counter cash collections.

The CBN recently mandated that refugee identity documents qualify as acceptable KYC to open a financial institution account. Additionally, in December 2020, the NIMC mandated that all Nigerians provide a valid NIN to update their SIM registration within 2 weeks and halted the issuance of SIM cards until the integration with NIN was complete, which also brings complications for digitisation through mobile wallets.

7.4.2 Social Protection Recipient Identification

Poor and vulnerable households are the primary focus of social protection payments. Vulnerability is classified during identification as those that live below the poverty line ($1.90 / day) and are unemployed, food insecure, elderly and have health issues and/or disabilities. Many of the households who receive social protection payments are female-headed households with 5-7 people. Payments are concentrated in Katsina, Jigawa, Benue, Nasarawa and Zamfara states, which were the first states to register for the social assistance cash transfers due to the urgent need for social protection support. Each state has a maturity date for social protection assistance, and soon payments will be concentrated in states that recently joined the program such as Lagos.

NASSCO adopts 4 primary strategies for recipient identification including:

Geographic targeting by using a poverty map to identify the poorest LGAs.

Community ranking by assessing a household's access to basic needs and community infrastructure.

Community-based targeting facilitated by the community-based targeting team from the NCTO, whereby community members and local chiefs identify households that are particularly vulnerable.

A proxy means test in which households are ranked based on poverty status into deciles through an algorithm.

[68] Nigeria Humanitarian Fund. 2020. 2019 Annual Report.

Once potential recipients are identified, they are administered via the Poverty and Vulnerability Household Assessment to determine their eligibility to receive assistance. This questionnaire is included as a separate attachment (Annex C). The Nigerian government has both state and federal recipient registries, as well as state and national ID registries. The state level social protection recipient registry is the State Social Register (SSR), which is populated from the results of the 4 identification strategies outlined above. The SSRs are managed independently by the states, but live on the same server, and information is available to other government agencies only upon request. Once a recipient is identified and approved for social protection payments, they are registered on the SSR, whereby biometric (fingerprint) information is sometimes captured depending on the program and a photo of the recipient. The recipient information is then shared with the National Social Registry (NSR). The recipient is issued a program ID card which includes their NSR number as well as their photo. Once a recipient receives social protection payments, their name becomes part of the National Beneficiary Register (NBR).

Beyond the recipient registries, there are also state and federal level IDs that are linked to some of the social protection registries. Kaduna state, for example, has a state resident card which can be used to open financial accounts and is linked to the NIN. Launched in 2014, BVNs are 11-digit numbers associated with a biometric identifying system that acts as a universal ID for all commercial banks in Nigeria; these numbers have been mandated by the CBN to create identification certainty within the financial services sector. The NIN, an initiative from the NIMC, is a set of numbers assigned to a person residing in Nigeria after recording demographic data, ten fingerprints, a head-to-shoulder facial picture and digital signature.

In the section below, the primary challenge related to recipient identification and registration is identified along with current and potential opportunities to streamline identification.

7.4.3 Key Challenge: Registry database harmonisation between and among government and humanitarian registries

What is the Challenge? Various different government and humanitarian registries use different types of identification to verify recipients of cash transfers, which undermines efforts to enable Know Your Customer (KYC) checks. Common standards across the way data is collected, and increased access to civil documentation, could help to enable greater interoperability when feasible, appropriate and in accordance with humanitarian principles.

Opportunities:

- **Establish standards around data sharing:** Further efforts should be made across the Cash Working Group to explore the feasibility of developing standards around data sharing between humanitarian organisations through the development of a data sharing framework. Humanitarian cash actors should establish data sharing agreements with other humanitarian actors to integrate cash payments to meet various different needs, and reduce duplication. This more cohesive approach to meeting needs would better enable the type of case management required to enable referrals to obtain/replace missing ID and link into government social protection programs.

- **Build foundational ID ecosystems to streamline recipient targeting:** A major effort is underway by Nigeria's National Identity Management Commission (NIMC) to roll out the National Identification Number (NIN) to all Nigerian citizens. While functional IDs, such as the Bank Verification Number (BVN), have had some success, Nigeria hopes to provide a more robust foundational ID system through NIN. Much of the information required on the NIN enrolment form is already collected by both humanitarian organisations and the national social protection programs. A greater effort could be made to come to a data sharing agreement between NIMC and cash transfer programming to help boost enrollment. NRC and some other humanitarian organisations have begun coordinating with NIMC officials to organise beneficiaries for NIN registration. These types of partnerships should be leveraged for referrals from humanitarian cash actors to humanitarian actors providing support to obtain/replace missing ID. In addition, the PVHH should include a question regarding recipients' NIN or other ID numbers. Inclusion of the NIN in the PVHH is a critical step towards linking government recipient registries to the foundational ID ecosystem.

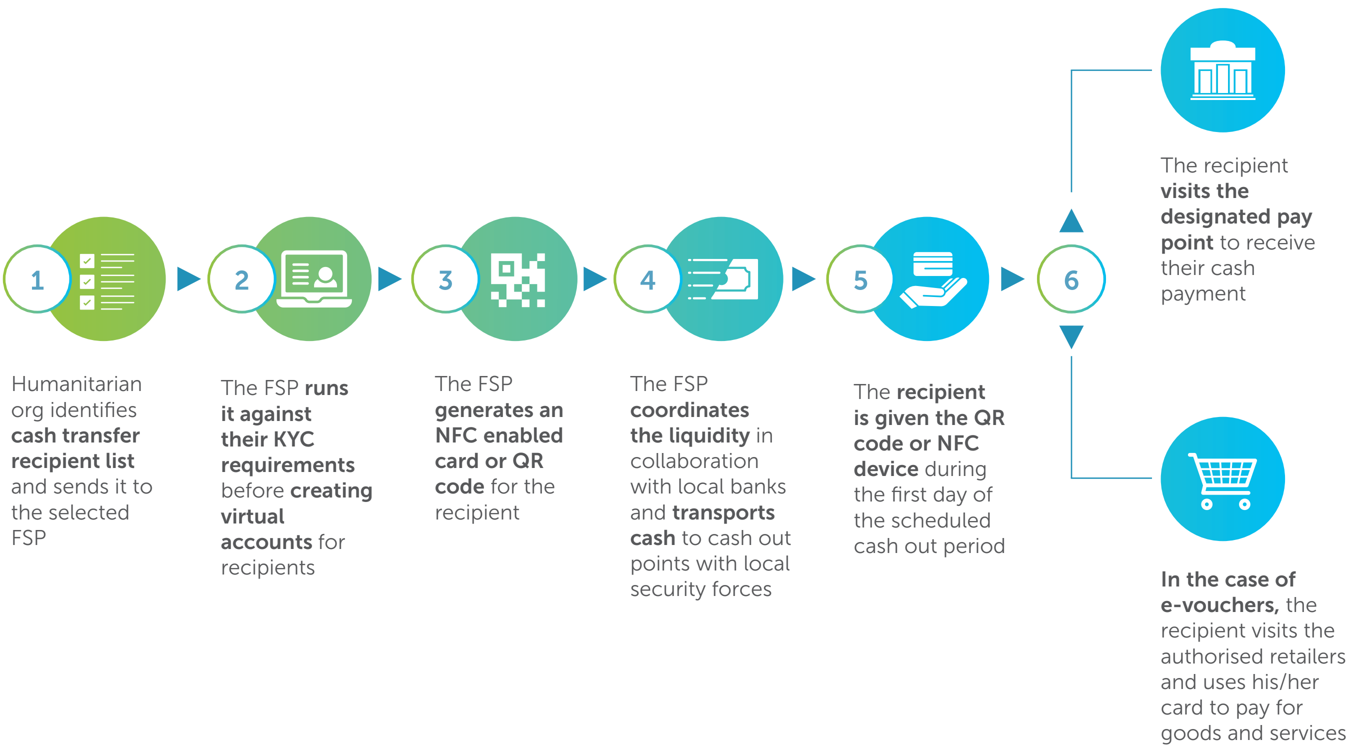
- **Support opportunities for humanitarian recipients to register with government social protection programs:** Although dependent on different state-level decisions, a growing trend is that government enumerators must verify and validate information to be included in government registries. Given the importance of expectation management and accountability to affected communities, the Cash Working Group should work closely with the NASSCO to understand eligibility for government social protection payments. With that information, humanitarians can explore opportunities to enable humanitarian recipients likely eligible for social protection payments, to register for the government's intake process. This would require careful communication and consent. Meanwhile, [above] efforts to integrate access to ID will help to support government efforts incorporate ID to various social protection registries and enable interoperability.

7.5 Cash Transfer Delivery

7.5.1 Humanitarian

Once a humanitarian organisation has identified the cash transfer recipient list, it is sent to the selected financial service provider (FSP) partner, who runs the recipient list against their KYC requirements (including bio details, photo and phone number) before opening virtual accounts on their behalf. After the virtual account is created, the FSP either generates a NFC enabled card or QR code for the recipient. The FSP coordinates the liquidity in collaboration with local bank branches and transports cash to the cash out points along with local security forces. The recipient is then given the QR code or NFC device during the first day of the scheduled cash out period. During the time of payment, the recipient visits the FSP's designated pay point to receive their cash payment. In the case of e-vouchers, the recipient visits the authorised retailers and uses their card to pay for goods and services. Figure 2 provides an overview of this process.

Figure 2: Example of a Humanitarian Payments Process



Very few humanitarian organisations and no government agencies issue payments directly to a recipient's mobile money or bank account; rather, there is a strong preference for e-vouchers. E-vouchers were cited as being more convenient and efficient for rural or hard-to-reach locations due to limited levels of financial literacy and reduced demands on the digital payment ecosystem (such as reducing the liquidity burden). E-voucher products work in much the same way as a gift card product would, as they are restricted to specific retailers (and sometimes may only be used for certain items). Retailers are part of a merchant network established by humanitarian actors to help facilitate the transactions and provide goods and services to recipients. There are several local financial service providers that have developed voucher products for humanitarian actors. Financial service providers that were interviewed see vouchers as a short term solution that does not meaningfully contribute to the development of a stronger digital financial ecosystem in Nigeria.

7.5.2 Government Social Protection

Currently, all recipients of social protection payments receive cash over the counter by presenting either an NFC card or a paper-based QR code. Once the recipient list is finalised for a program, NCTO generates a digital payment schedule via its management information system. This list is shared with the FSP partner through an API. The FSP then creates virtual accounts on behalf of recipients and generates the QR codes or issues the NFC cards depending on the selected modality. Similar to humanitarian payments, these virtual, temporary accounts are inaccessible by recipients. The FSP shares the account information with NCTO, which triggers a payment to the FSP through Remita, an electronic payment platform. The FSP then credits recipients' virtual wallets with the funds. At this point, the FSP coordinates with bank branches or bank partners in the geographies of focus to ensure adequate liquidity. The cash is either enveloped at the bank or transported in bulk to the cash out locations, accompanied by cash-in-transit security as well as onsite security with the support of local government security agencies.

On the first day of the disbursement period, the FSP, in collaboration with local government staff called Cash Transfer Facilitators (CTFs), distributes the paper-based QR codes or NFC cards by calling recipient names and verifying their identity with their program ID cards. The FSP brings in their staff, not their digital payment agents, to help facilitate the cash out process. Recipients are mobilised by the CTFs on their respective cash out days. Cash out days per recipient are typically spread across the 10-day period that recipients and FSPs have to fulfill the cash out process, given the lack of digital payment availability. The list of PSPs servicing certain geographies for NCTO are listed in Table 9.

Figure 3: Social Protection Payments Process

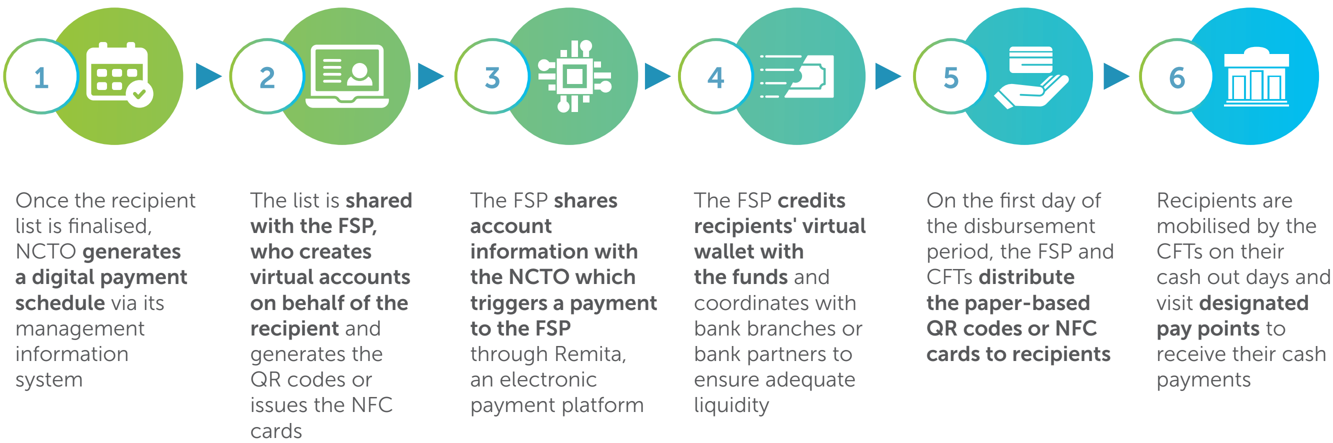


Table 9: FSP Partners Supporting Social Protection Payment Delivery[69]

FSP Partners	States
JV Fortis Mobile money/Bauchi CFA Microfinance Bank	Akwa Ibom, Bauchi, Gombe, Taraba
JV Teasy International/Harkonix	Kaduna, Adamawa
Fortis Mobile Money	Niger, Kwara, Kogi, Plateau, Cross River
JV Softcom/Netplusdotcom	Rivers, Nasarawa
Funds and Electronic Transfer Solutions	Anambra, Benue, Jigawa, Kano, FCT, Osun, Borno
Unified Payment	Yobe, Sokoto, Oyo, Ekiti, Katsina
JV Visual ICT/Trivnet	Jigawa, Imo

Below are some of the key challenges FSPs face with the current cash transfer delivery mechanisms, as well as opportunities to streamline delivery and digitise the delivery of cash transfers.

7.5.3 Key Challenge: High costs for FSPs to manage the liquidity, logistics and operational costs involved in the distribution of social protection and humanitarian payments

What is the challenge: Liquidity management remains a persistent pain point for FSP partners due to a number of factors, including: 1) the availability of cash in bank branches for the volumes required, 2) heavy security requirements and the logistical operations required to transport the cash and 3) condensed timelines for FSPs when they are given short notice of cash out days (typically more relevant in the case of social protection payments). The challenges associated with the distribution and management of cash reduces the value proposition for FSPs to support the delivery of social protection payments and limits the number of FSPs that can actually service this market given the demands. At times, FSPs exhaust their available liquidity and have to reschedule the cash out days for certain recipients. FSPs also often bring their own staff to facilitate the cash out process, not their digital payment agents in the surrounding ecosystems, due to the lack of agent availability. This does not support the development of the digital payment ecosystem or recipient familiarity and comfort with their local digital payment agent.

Opportunities:

- Explore merchant payment solutions instead of relying on cash out: Liquidity pressure on agents during a cash transfer distribution day is significant, and a primary reason cash transfer program payment providers opt to send staff out with cash to conduct the distribution instead of relying on their network of agents. Creating less reliance on the cash out transaction by enabling recipients and the merchants they purchase goods from to facilitate digital payments is an option to alleviate the liquidity crunch. Humanitarian organisations use e-vouchers in many of their cash interventions for very good reasons including availability of goods and services in local market contexts and funding restrictions and requirements. These e-vouchers are essentially restricted merchant payment systems, acting as both the merchant acquiring and card issuing institution. Within this delivery mechanism, recipients use prepaid cards to purchase goods at participating merchants. The user experience of a merchant payment is already established, and exploration into what steps might be taken to link these merchants to a more unrestricted payment system could help increase the use case for digital wallets while also helping reduce demand for cash out during distribution.

- Longer-term investment and coordination by humanitarian organisations: The nature of humanitarian response is often reactive, with budgets and funding allocated after an emergency for a specific duration. Longer-term investment and coordination across humanitarian organisations is necessary to drive the ecosystem's sustainability, granting FSPs a value proposition for longer-term investment in the given geographies. The Cash Working Group supports coordinating FSPs to humanitarian organisations; however, many humanitarian organisations work in silos, without cross-verification of beneficiaries against each other's registries. The Cash Working Group must be supported/resourced to play a larger and more concerted role in planning cash assistance across humanitarian agencies and coordinating with FSPs for longer-term investment. This could include the development of a cash assistance dashboard that is updated quarterly and contains cash assistance programming plans for the next quarter. This would allow humanitarian organisations and government agencies to better coordinate.

- Financial service providers as partners, not contractors: Reframing agreements between financial service providers and organisations issuing cash assistance as partners rather than contractors will encourage a greater understanding of recipients' needs and the types of products best suited to those needs. It could also foster innovation and, potentially, the creation of new products and services that better suit the needs of humanitarian actors and their recipients including multi-wallet functionality for instance. This partnership model may also encourage financial service providers and organisations issuing cash assistance to conduct cash transfer pilots (instead of vouchers) in harder to reach areas that financial service providers are not as familiar with. Donor advocacy would be required to carve out space for different approaches to procurement processes for financial services.

- Partnering with more than one financial service provider: Given the geographic fragmentation in Nigeria, partnering with only one service provider may not grant organisations issuing cash assistance the geographic breadth required. Partnering with multiple financial service providers will also encourage innovation in the sector without contributing to an early monopoly which could slow the sector's development.

7.5.4 Key Challenge: High risk of fraud with the QR code payment modality

What is the challenge? QR codes are not verified against any identity registry and do not need to be accompanied by a PIN during the time of cash out. QR codes can easily be photocopied and sold to other recipients or fraudsters.

Opportunities:

- Establish a second factor authentication procedure at cash out: Linking the QR codes to the recipient's information collected at registration, including their image, will serve as an authentication method to ensure the person holding the QR code is the intended recipient.

- Issue digital payments directly to recipient wallets: Direct digital payments to recipients' digital wallets, which must be validated by a PIN, would offer an additional layer of security and verification to the cash out process for a select group of recipients that are ready and able to receive digital payments.

7.5.5 Key Challenge: Siphoning of social protection payment funds by intermediaries who support mobilising recipients for the cash out process

What is the challenge? This is more prevalent in social protection payments rather than humanitarian payments. Intermediaries who engage directly with recipients abuse their power to influence the cash out process by spreading false information that disbursements are distributed by political parties and may even convince recipients to give them a share of their social protection payment.[70] Recipients are thus not receiving their full payment due to corruption and mismanagement.

Opportunities:

- Explore a digital payment pilot with select recipients: Physical cash can heighten opportunities for corruption and neopatrimonialism, especially in the Nigerian context. Digitising social protection payments to the end-user is an effective method for promoting transparency and the full delivery of payment to the intended recipient. Given that social protection payments are skewed to more urban areas, where connectivity and mobile phone penetration are stronger, NCTO should explore a digital payment pilot with a digital wallet partner for a select group of beneficiaries that have been profiled as ready to receive digital payments. This profiling can be determined based on the data collected during registration and could include indicators such as:

7.6 Broader Digital Payment Ecosystem

7.6.1 Humanitarian Payment Ecosystem Development

As mentioned earlier, Nigeria has a strong preference for and reliance on POS devices for cashing out (similar to an ATM) and for retail payments due to the nature of its bank-led market. As documented in this report, regulations have restricted the eligibility of key ecosystem players to receive PSB licenses, such as major telecommunications companies like MTN and Airtel. Thus, the available pool of FSP partners who can reliably service this hard-to-reach segment is limited. Given the continued nascency of mobile money in Nigeria, card-based transactions through POS are the priority for agents and retail outlets. This poses challenges for humanitarian organisations eager to push non-card-based forms of cash assistance as well as for recipients who have limited retail options for mobile phone-based transactions. This is compounded by challenges in network connectivity, mobile phone adoption and the preference for restricted systems by humanitarian organisations. There is strong acceptance of POS devices in Nigeria among retail outlets, making it easier to deploy the restricted e-voucher process then to transport and maintain a reliable liquidity stock.

7.6.2 Government Social Protection Payment Ecosystem Development

Recipients must cash out 100% of their social protection payments from one of the approved FSP cash out points within the 10-day cash out period. While recipients are encouraged to save funds through community savings groups and often receive financial literacy training from community groups as well, NCTO does not organise any formalised savings scheme for recipients. Given that the virtual wallet created for recipients by the PSPs are not accessible or usable to the recipients, maintaining the funds digitally is impossible, which consequently disincentivises the surrounding merchant ecosystem

[70] SIA Interviews and Analysis

to accept digital payments. While a program ID card or foundational ID (NIN, BVN) should technically allow recipients to open financial institution accounts, many FSPs do not have a value proposition to do so given the low value of payments and the high cost of account management, which implies minimal upside to offset the cost of the core banking systems. Thus, recipients are given no option but to transact and save their social protection payments in cash.

Key challenges related to the development of the broader digital payments ecosystem are identified in the section below, as well as accompanying opportunities to close these gaps and to build recipients' capacity to adopt and use digital finance solutions.

7.6.3 Key Challenge: Beneficiaries are not given permanent financial accounts or any option to save money or transact digitally

What is the challenge? NCTO and some humanitarian policies require beneficiaries to cash out 100% of their payment within the dedicated cash out period. This is compounded by the fact that beneficiaries cannot access or use their virtual accounts. The mandatory cash out requirement, and the inaccessibility of a financial account, means that beneficiaries cannot save or transact digitally even if that is a preference. This also limits recipients' digital financial inclusion and accessibility by reinforcing a reliance on cash.

Opportunities:

- **Digitise community-based savings schemes instead of cash transfer payments:** Community-based savings schemes are popular among recipients and should be formalised by NCTO and humanitarian and development agencies through the creation of a shared digital wallet, where part of a recipient's social protection payment funds would be automatically allocated. This could be achieved in partnership with FSPs who have existing, similar products.

- **Empower digital wallets to deliver broader financial services:** Achieve cross selling of opportunities for other basic financial services, such as credit, through the increased use of digital wallets. When recipients use their digital wallets, they expand their digital data footprint which can be used to help financial institutions make more informed decisions on other financial products offerings.

7.6.4 Key Challenge: Low recipient awareness and literacy of mobile money and digital payments

What is the challenge? The majority of recipients have minimal education and may not own a phone or have the literacy and/or digital literacy levels required to operate a digital wallet. There are also gender norm considerations around women controlling finances and receiving the social protection payment. For many recipients, cash is the preferred payment mechanism. Recipient readiness to receive digital payments poses a significant barrier to digitisation given that many recipients may not have the preexisting requirements to receive funds through a digital wallet.

Opportunities

- Segment beneficiaries based on digital payment readiness: Not all recipients have mobile phone access or literacy/digital literacy. There is a need for better profiling of recipients using the data captured during the registration process to determine who would be best positioned to receive payments directly to a digital wallet. NCTO and humanitarian agencies could explore conducting a pilot with this group. There are more details on this in the next section on cash assistance recipient analysis. Effective standardisation and harmonisation of recipient eligibility requirements for key humanitarian programmatic areas could also allow for greater synergies amongst humanitarian organisations, as well as improve the business case for financial service providers to expand their services to new geographic areas or create new product types better catered to recipients.

- Leverage existing community groups and create digital payment champions: Trusted community leaders such as religious leaders or chiefs are highly respected members of recipients' communities. In UNICEF's experience, once community leaders bought into the digital payment process, the community was more receptive to exploring alternate money transfer payment mechanisms. Some humanitarian organisations like UNICEF, WFP and the National Commission for Migrants, Refugees and Internally Displaced People (NCFMRI) are already leveraging local community leaders to support financial literacy, community savings, recipient verification and security to transport cash. Community leaders should be further empowered to become digital payment champions and to facilitate discussion and knowledge sharing around DFS and the related value-added services that could be particularly relevant for recipients (e.g., crop insurance, micro-credit). This should be a two-way process whereby community leaders are empowered to provide feedback on the efficacy of digital payments to service providers. Responsiveness by FSPs will help to build trust and understanding of needs.

8. Cash Assistance Recipient Analysis

Government social protection and humanitarian cash payments to poor and vulnerable households in Nigeria are lifelines for millions of people. For the purposes of this assessment, GSB Alliance engaged a total of 448 recipients of cash assistance (mostly cash transfers instead of vouchers) through 45 FGDs of 9-12 participants each, conducted across four states: FCT (12), Kaduna (12), Borno (11) and Adamawa (10). These locations were selected due to the substantial number of social protection and humanitarian payment recipients living in these states. Recipients were identified and verified using the recipients' National ID cards and identification papers provided to them by the organisation providing the intervention. Through the FGDs, SIA collected and analysed data on demographics, digital capabilities, MFS usage, awareness, needs, preferences, financial spending and concerns of recipients. The overall distribution of FGDs can be found below. A map of where the FGDs took place can be found in Annex D or by clicking here.

Table 10: FGD Gender Distribution

Payment Type	States	# of FGDs	Female Participants	Male Participants
Humanitarian Payments	Borno	11	61	41
	Adamawa	10	88	11
G2P Payments	Kaduna	12	107	20
	FCT Abuja	12	89	31
Total	4	45	345	103

8.1 Demographics

8.1.1 Humanitarian FGDs

The humanitarian payment recipients interviewed in Borno and Adamawa were all citizens of Nigeria with an average age of 38. The primary occupations were farming and petty trading in and around their rural communities. Household sizes ranged from 2 to 17 members. A majority of the adults received Islamic education with less than 20% completing their primary education. Electricity coverage is minimal, with the majority of households relying on torches and solar lamps for lighting. Charcoal and firewood were the primary heat source for cooking for most recipients.

Almost 73% of recipients had national ID and/or voter ID cards, enabling their identification and registration for cash assistance support. Those without any national ID cards were identified through recommendations from community leaders. Around 45% cited some form of disability. All participants also received a program ID card from the humanitarian organisation.

8.1.2 Government Social Protection FGDs

Social protection payment recipients interviewed in FCT and Kaduna were also all Nigerian citizens, with an average age of 40. A majority of the women engaged were petty traders of ground nuts, soya and beans. A minor segment are farmers of diverse crops. The household sizes ranged from 3 to 17 people, with nearly 30% of participants having completed secondary school. Most households were not connected to the grid, with many using torches as the primary source of lighting. Solar lamps were not common among participants, with most people relying on community charging points to charge handsets at an average fee of 50 NGN across the LGAs.

The majority of recipients interviewed (81%) were registered with either a NIN, voter's ID or BVN. Many of the recipients also carried their program ID with them, which included the QR code required to collect their cash. Around 25% of participants cited a disability.

8.1.3 Recipients with Disabilities

According to Nigeria's demographic and health survey, 7% of household members above the age of 5 (as well as 9% of those 60 or older) experience some level of difficulty in at least one functional domain — seeing, hearing, communication, cognition, walking or self-care.[71] Almost 91 recipients participating in our FGDs indicated a disability in the areas of seeing, hearing, walking or selfcare. This represents about 20% of total recipients reached.

8.2 Digital Capacity and Access

Our FGD findings revealed relatively high levels of mobile phone ownership, with an 84% mobile phone penetration rate for the humanitarian participants and a 63% penetration rate for the social protection recipients. Over 90% of these phones were basic feature phones; around 6% were smartphones. Among social protection recipients, FCT had the highest penetration of smartphones at around 9%, while Borno had the lowest penetration of smartphones at around 3%. Low smartphone adoption may be attributed to factors including low income levels, low spending behavior and limited digital literacy levels. Furthermore, many recipients did not know how to access and use digital payments on their mobile devices. In most cases, participants used their phones for more basic functions such as calls, texting and utilising the flashlight; however some participants also used their phone to listen to radio and a smaller segment purchased airtime through their phones.

Table 11 offers ranges of expenditure on phone costs. The higher ranges represent data users and petty traders who use significant airtime for their business. The spending value of airtime covers $0.52 to $7.87.

Table 11: Recipient Mobile Phone Usage Costs per Month

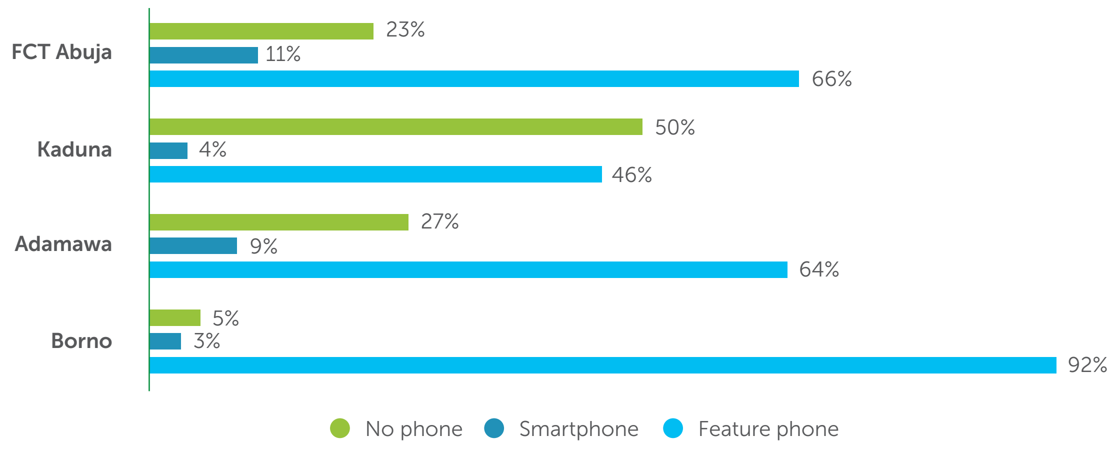
Payment Type	States	Amounts (NGN)	Amounts (USD)
Humanitarian Payments	Borno	500-2000	1.31-5.23
	Adamawa	200-3000	0.52-7.87
G2P Payments	Kaduna	500-1500	1.31-3.93
	FCT Abuja	500-3000	1.31-7.87

71 Martinez, R and Vemuru, V. 2020. Social inclusion of persons with disabilities in Nigeria: Challenges and opportunities. World Bank.

8.3 Phone Ownership

Phone ownership figures show that out of the 448 participants reached, 325 had phones and only 30 (about 17%) were smartphone users. Mobile phone users by state may be viewed in Figure 4.

Figure 4: FGD Mobile Phone Ownership (by state)



8.4 Community Savings Groups

More than half of participants were members of a community savings group where some participants' cash payments are channeled as savings (without interest) for future collections. Savings groups are prevalent, especially among women, and both humanitarian and social protection program organisations work with recipients to establish savings groups as a form of financial literacy training. Many participants were active contributors to their community savings groups, where monthly contributions are aggregated and disbursed to one member of the group each month until everyone has received their disbursement. Groups were cited as saving up to 50,000 NGN in a month. Participants cited concerns around the risk of collecting and saving their money in cash, indicating a potential entry point for community savings digitisation. As mentioned earlier, storing their savings in a digital wallet and making disbursements digitally could help improve security while also providing the transactional data of the group. This data can be of value to FSPs interested in providing groups with savings accounts that accrue interest while potentially providing lines of credit. It is worth exploring the potential of digitising savings groups that have been created around cash assistance programs as a potential entry point for digitisation instead of the cash assistance themselves. There are limited services that focus on savings groups, but one potential partner is Bankly, who just received a seed fundraising round of US$ 2 million.[72]

8.5 Awareness and Use of MFS

Recipients have low awareness of digital financial access points and services. Most of the participants were familiar with basic savings, deposit and withdrawals services offered by traditional banks, with a handful of participants using bank accounts to pay for school fees or cash out funds. While the term POS agent was used by many FGD participants, the terms mobile money and mobile money agents were rarely known. The activities of POS agents were not clear to most participants, with most equating agent activity with the facilitation of cash outs or transfers. It was clear based on the FGD discussions that the term mobile money is not well understood among this population. As mentioned in this report, cultivating digital payment champions in leaders of existing networks of trust – such as community savings groups – is a viable entry point for digital financial literacy training and DFS awareness.

[72] https://techcrunch.com/2021/03/24/nigerian-fintech-of-the-unbanked-bankly-raises-2m-led-by-vault-and-flutterwave/

8.6 Recipient Preferences

There is an overarching preference for receiving funds in cash as it is still the dominant means of paying for goods and services in the camps and communities. The primary reasons why recipients preferred cash included: 1) ease of access, 2) not subject to network issues, 3) no training or education required, and 4) universally accepted. Despite the preference for cash, a few recipients who had experiences with bank accounts were interested in digital payments as a possible medium to streamline how they receive funds and to support better savings. Some recipients had accounts with formal financial institutions such as First Bank and Lapo Microfinance Bank, a large community-based microfinance institution in Nigeria. Participants that said they would prefer receiving their funds digitally stated reasons such as: 1) account privacy, 2) safety of funds, 3) remote access to accounts, and 4) reduced or no queues. These recipients make the case for segmentation (discussed further below) stronger as it shows there are some recipients who would prefer digital transfers over cash. Below is a consolidation of the primary perceived benefits for both digital and cash payments.

Table 12: Cash vs. Digital Payment Preferences

Payment Type	Preferences
Cash	• Ease of access • Not subject to network issues • No training or education required • All vendors accept cash
Digital	• Privacy and safety • Remote access to accounts • Reduced or no queues • Diverse suite of services

8.7 Preferences of Recipients with Disabilities

As mentioned above, 91 of the recipients participating in the FGDs stated they had a disability. Based on the interview questions, the most common challenge for individuals with disabilities was the long queues and waiting process for receiving their cash. Interviewees that had physical disabilities discussed how difficult the process of receiving cash payments was for them. In one FGD interview, a group of male program recipients from Kaduna specifically stated their preference for digital transfers over cash to avoid long lines. Beyond this interview, discussions did not reveal a strong preference for the digital delivery of funds for recipients with disabilities.

8.8 Recipient Transaction Mapping

SIA analysed recipients' transactional habits to understand what they spend money on, where and how often they spend it, and how much they spend. As mentioned in the limitations section, these are qualitative engagements and do not have any statistically significant value, but they do allow for the extraction of common themes that may be applicable to other program participants in the participants' immediate geography.

The transaction mapping analysis was based on 4 primary lines of inquiry during the FGDs:

1. What do you typically spend your money on?
2. Where and how often do you make these purchases?
3. How much do you spend (weekly or monthly) on them?
4. What payment mechanism (cash or digital) do you use?

While these questions do not provide a complete transactional diagnosis for recipients' day to day lives, the responses do offer key insights that can inform economic viability for service providers and agents, as well as the potential for further segmentation of recipients that would help classify them as more likely and less likely digital finance customers.

The vast majority of participants stated that they make their purchases in more central markets based in commercial hubs or what we have referred to as "rural towns." These transactions occur on a weekly basis for the most part, which means the majority of a recipient's purchases are made away from camps or villages where recipients reside. While rare, it was more common for the participants based in humanitarian IDP camps to make purchases in shops close to their homes. The distance to central markets could be as far as an hour to as close as 10 minutes. This means there is likely very little economic viability for agents in villages that are farther away from central markets. The EFInA survey on agents conducted in 2020 confirms this finding, as their classification of rural frontiers had the least amount of agent presence.[73]

Most agent transactions in Nigeria focus on withdrawals (cash out) and transfers (P2P). The vast majority of FGD participants responded with a core set of 5 household purchase categories: 1) food, 2) school fees/supplies, 3) business or farm-related costs, 4) healthcare, and 5) energy (charcoal, wood). Aside from school fee payments and possibly healthcare costs premiums (the type of healthcare costs were not specified), the rest of these transactions better fit a merchant payment vs. the services an agent provides. This raises the question of whether or not there are enough transactions from this customer segment to reach the profitability thresholds outlined earlier.

Digital merchant payment transactions are not used amongst the participants of the focus group, as they only use cash to purchase their items in the market and elsewhere. Establishing merchant payment ecosystems has been an uphill battle for most mobile money and other digital payment providers around Africa.[74] While POS terminals are becoming more prevalent, they are most often used by agents to perform withdrawals and transfers than for facilitating face-to-face digital transactions for the purchase of goods. There is a well-established friction between rolling agents that essentially provide an entry and exit point for digital money and cash and merchants who accept digital money for the purchase of goods. Agents collect commissions on the transactions they conduct on behalf of payment service providers, while merchants traditionally have to pay in the form of merchant discount rates to enable customers to purchase items digitally.

There may be an opportunity to leverage the user experiences that many humanitarian recipients have in Borno and Adamawa with e-vouchers. Many e-vouchers come in the form of cards that are to be used at specific retail locations for a specific set of goods. Both recipients and merchants experience what is essentially a card transaction when redeeming their vouchers, as they typically present their card to swipe or scan on a restricted POS device. Further exploration would be needed, but unrestricted merchant payment ecosystems could potentially be introduced to the current set of retailers working with e-voucher programs to identify whether there is interest in payment solutions from both the merchant and their customers. Many merchants participating in voucher programs are larger, so it would be important to consider smaller merchants who are not part of the voucher ecosystem as well.

When comparing transactions across the two different categories of recipients — social protection and humanitarian — there are no stark differences between the spending capacity and types of purchases being made. However, there was a greater frequency of local transactions and purchases in nearby shops in the humanitarian context. It seems some IDP camps, due to their population density, have more places to purchase items and thus more economic activity. This could mean there is a greater possibility for agents to reach their transaction thresholds in these contexts.

[73] EFInA defined rural frontiers as having a population density less than 150/km while also being located more than 5km from a central road.
[74] CGAP. 2017. Digitising Merchant Payments: What Will it Take?

8.9 Recipient Segmentation

The World Bank has proposed the use of social registry data to segment recipients in an effort to determine whether some recipients are located in places where DFS ecosystems would support a movement away from single purpose accounts, which require a 100% cash out. This segmentation would be a positive initial step towards moving away from cash disbursements.

Based on an analysis of the FGDs as well as the question sets and type of information collected by the PVHH and WFP's SCOPE platform (also found in Annex C), we propose a variety of potential key indicators that would point to the readiness or capacity for recipients to adopt and uptake digital wallets for their cash transfers and other aspects of their lives in the Nigerian context. These indicators are in no way definitive; the intent is to provide some examples and to identify whether this data is already collected by humanitarian or social protection implementing agencies.

Table 13: Example Indicators for Recipient Digital Payment Readiness

Indicator	Definition	Is data available in PVHH and/or SCOPE?
Mobile phone ownership	The individual or household owns a mobile phone. Mobile phones are a crucial entry point for managing digital transactions.	Yes. Both the PVHH and SCOPE have this data.
Account ownership	The individual or household has an account at a financial institution (bank, PSB, mobile money, etc.).	Yes. SCOPE collects this data, but PVHH does not.
Smartphone ownership	The individual or household specifies whether they have access to a smartphone. Access to a smartphone enables a wider variety of financial account access options.	No. Neither the PVHH nor SCOPE has this data.
Monthly spending capacity levels	The total amount of household spending per month. The greater household spending per month, the more likely customers can hit viable transaction thresholds.	No. Neither the PVHH nor SCOPE has this data.
Household generator ownership	Does the household have a generator? Greater access to energy in the household can positively impact its ability to use DFS.	Yes, PVHH collects this data, while Scope does not.
Proximity to market centers	How far is the household from a central marketplace? The closer a household is to these commercial centers, the more access to agents/infrastructure there will be.	Yes. Both the PVHH and SCOPE take GPS location data of recipient households.

Depending on the answers to these key indicator questions, different segments of potential DFS customers can be revealed. Scoring criteria suggestions can be found below, with 3 being the highest score and 1 being the lowest.

Table 14: Digital Payment Readiness Scoring Criteria

Indicator	Score of 3	Score of 2	Score of 1
Mobile phone ownership	Yes	N/A	No
Account ownership	Full bank account	Other formal financial account	No account
Smartphone ownership	Yes	No	N/A
Monthly spending capacity levels[75]	Above 50,000 NGN	Above 30,000 NGN	Below 30,000 NGN
Household generator ownership	Yes	No	N/A
Proximity to market centers	Under 20 minutes	Between 20-60 minutes	Over 1 hour

The lowest score possible using this scoring criteria is 7; the highest is 18. Individuals that score between 15-18 are strong candidates for offering transactions directly to a DFS account. Those that score between 11-15 could perhaps be ready for receiving funds into a DFS account, but may experience difficulties. Any scores below 11 should not be considered as candidates at the moment, as it will likely be too difficult or irrelevant to their current situation. There are three primary ways to lift their score: 1) continue promoting the utility of mobile phones among program recipients, 2) coordinate with development programming that focuses on developing livelihoods (e.g., agriculture, SME development) to help improve the overall economic wellbeing of recipients, and 3) continue promoting the utility of digital finance accounts to program recipients.

To test this exercise, we have developed 3 different fictional profiles based on the FGD answers. These profiles are meant to provide a proxy for the types of segmentation profiles that can come out of utilising the indicators above.

Profile 1: Digital Payment Ready

Name: Aisha Musa
Age: 32
Location: IDP camp close to Maiduguri in Borno state

Indicator	Score of 3	Score of 2	Score of 1
Mobile phone ownership	Yes		
Account ownership	Account at First Bank		
Smartphone ownership	Yes		
Monthly spending capacity levels[76]		Above 30,000 NGN	
Household generator ownership		No	
Proximity to market centers	Under 20 minutes		
Scores	12	4	
TOTAL SCORE	16		

[75] Based on FGD findings
[76] Based on FGD findings

Aisha is a trader who buys and sells goods at a main market in Maiduguri. She has recently bought a smartphone to better communicate with her suppliers. She has a bank account which she uses regularly to send funds to her suppliers for certain purchases via POS. She frequents the market every day and is surrounded by agent infrastructure there. Aisha represents a recipient that is fully ready to receive funds via digital account.

Profile 2: Digital Payment Ready but Requires Additional Capacity Building

Name: Fatima Usman
Age: 40
Location: Maresu Community in Kaduna state

Indicator	Score of 3	Score of 2	Score of 1
Mobile phone ownership	Yes		
Account ownership			No account
Smartphone ownership		No	
Monthly spending capacity levels[77]		Above 30,000 NGN	
Household generator ownership		No	
Proximity to market centers		Between 20-60 minutes	
Scores	3	8	1
TOTAL SCORE	12		

Fatima rears animals for a living and owns a basic mobile phone. She is unbanked, as most banking services are far from her village. Her brother has a bank account that she uses when there is a need for someone to send her money, or when she needs to send funds elsewhere. The market is distant, and she only goes in once a week to make purchases for her household. Fatima represents someone who could potentially utilise a digital financial account, but it would likely be less useful for her due to the distance to their primary market center.

[77] Based on FGD findings

Profile 3: Not Yet Digital Payment Ready

Name: Isa Hasan
Age: 60
Location: Sundaba Community in FCT

Indicator	Score of 3	Score of 2	Score of 1
Mobile phone ownership			No
Account ownership			No account
Smartphone ownership		No	
Monthly spending capacity levels[78]			Below 30,000 NGN
Household generator ownership		No	
Proximity to market centers	Under 20 minutes		
Scores	3	4	3
TOTAL SCORE	10		

Isa does not work and relies on family members and the social safety net program for her livelihood. She lives within the town of Kuje, which has several markets and a variety of financial services. She does not own a mobile phone but occasionally uses her daughter's device to speak with family in other parts of the country. She does not have a bank account, as she feels she does not have enough money to make use of it. Isa is likely not going to be a primary candidate for the uptake of DFS or the use of a transactional account for her cash transfers.

[78] Based on FGD findings

9. Conclusion

The current structure of Nigeria's digital payment landscape complicates digital cash assistance delivery. Some of the primary barriers include:

1. Regulatory restrictions that limit the potential expansion of the DFS landscape.
2. Unclear value propositions for FSPs to permanently and sustainably service recipients post program.
3. Minimal recipient readiness and awareness to receive digital payments.

While e-voucher usage is a strong digital delivery preference for humanitarian organisations, most e-vouchers are tied to inaccessible and temporary virtual accounts that recipients cannot use beyond the program purposes. E-vouchers are operational only in restricted systems, not only limiting the purchase options for recipients but also not contributing to digital payment ecosystem development.

The ideal goal for digital delivery of cash transfers in Nigeria is for recipients to receive their funds on a permanent digital wallet accessible to recipients on a mobile phone, which they can use to transact to meet all their needs, cash out, save and access other financial services digitally. There are a number of underlying factors that complicate this type of delivery, including network connectivity and mobile phone ownership levels as well as recipients' digital and written literacy. While these primary factors may limit some recipients' ability to receive funds on a digital wallet, there is a strong need to better understand recipients and to identify those that are more digitally capable and are ready to receive digital transfers and use digital wallets. These digitally ready recipients should be the focus of initial digitisation efforts.

Concerted efforts in mapping and segmenting recipients can also lead to a better understanding of recipient transaction flows and the retail outlets recipients transact with most. Given the success of e-voucher usage, digitising merchant payments through an unrestricted system could be one natural transition as user experiences of scanning or swiping a card is already in place. Whether through a mobile wallet or card wallet, digitising merchant payments will reduce the liquidity burden for mobilising cash for disbursement, build the broader ecosystem development, and support recipients' active use of financial accounts. Transaction mapping will also help FSPs and agents to better understand the potential economic viability of permanently servicing recipients beyond the duration of the cash assistance program. Building the merchant payment ecosystem should be done in parallel with the continued support and strengthening of agents offering additional services, with a particular focus on cash in cash out.

While Nigeria's digital payment landscape is unusual compared to its regional peers, the opportunity to digitise cash delivery is still present. Getting there, however, will require regulatory reform and lasting government commitment to digitising cash transfers and building an enabling environment to reach last mile customers. Humanitarian organisations and government agencies must also consider ways to collaborate to improve program efficiencies and to ensure recipient needs are being met. Using recipient data to support segmentation activities will help identify where pockets of digital transaction ready program recipients are located.

Service providers and agents must also better understand recipient transaction flows to assess the value proposition for servicing customers permanently and to design solutions that could generate larger and more profitable transactions such as community savings group digitisation. With this level of investment, humanitarian organisations and government agencies can not only facilitate digital cash transfer delivery, but also support the development of digital payment ecosystems and advance financial inclusion.

Annexes

Links to annexes

Link to Annex A: FGD Questionnaire

Link to Annex B: Stakeholder Mapping Sheet

Link to Annex C: PVHH and Scope Survey

Link to Annex D: FGD Map

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