

# Digital Money in Nigeria 2013

<https://marketpublishers.com/r/D0788678A4AEN.html>

Date: April 2013

Pages: 289

Price: US\$ 4,000.00 (Single User License)

ID: D0788678A4AEN

## Abstracts

### PREFACE WHY THIS VIEWPORT

Nigeria is currently undergoing a transformation in financial services, with the spread of Digital Money aided by the rapid penetration of mobile phones. Along with other countries in the MEA region, it is engaged in creating an enabling environment to promote financial inclusion as well as improve payment systems for broader use.

At ShiftThought we work with organisations around the world to shift the thinking from a focus on Mobile Money to planning for the wider set of initiatives we term as Digital Money. Through this Country Series of viewports we share with you findings from our on-going in-depth analysis of the state of play of Digital Money Initiatives in each country, within the context of the larger region and world-wide trends.

Digital Money services are no longer confined to a single industry, and this breaks down traditional models of competitive analysis. Our approach is designed to help players to understand the strategies and business models coming from industries other than their own, across a range of products and services and from different parts of the world, to distil best practices for building successful brands that provide innovative access to financial services. This viewport shares the analytic frameworks we developed to communicate the complexities of the transformation underway in the country, within the broader context of the developments in Digital Money across the world.

### Key Questions Addressed

The Digital Money Country Viewport Series provides an understanding of the digitisation of payments globally and for each of the major regions and countries of the world. It provides contextual knowledge relating to markets and initiatives to help

regulators, developers and practitioners discover answers to questions such as the following: 1. What are the trends in the use of Digital Money in meeting market needs? 2. How have regulations changed recently and what other changes are likely? 3. How should you prioritise markets for launch? 4. Which are the leading innovations in each market, and what made them successful? 5. Which attempts at Digital Money services failed to take off and why? 6. How do you get consumers to adopt and stick with your new way of transferring money and making payments? 7. How do you make it beyond Year 1, and achieve commercial success? 8. How should you prioritise consumer segments? 9. What channels must you support? 10. Who should you look to partner with in each part of the world, and what if you are competing with them? 11. How do you get cash in and out of your digital wallet, what agent network is best for you? 12. What is the most effective way of managing regulatory compliance? 13. What approach should you take towards branding your services? 14. How should you manage personal data, with a win-win approach? 15. What technologies should you favour? 16. What is the package of services you will need to offer?

### **What makes this viewport unique**

This viewport is based on our in-depth research and analysis of over 1500 different digital money initiatives in over 200 countries and territories. We analyse the strategies of over 4000 players around the world, tracing their reach, ownership and partnering strategies across 32 services in order to determine and assess their current initiatives relating to Digital Money. This aims to provide a clear understanding of all the kinds of services that now compete with or supplement each other, how they apply in different geographies based on needs and regulations, and what they could mean to your business. What is at a premium is your time, so this aims to be educative but also to act as a ready reference that helps you harness new opportunities at the intersection of online, offline, mobile, social and local.

### **The Digital Money Series**

This viewport is part of the Digital Money Series that covers innovations in different services involved in digitising money and providing improved financial services around the world.

### **Audience**

This viewport will be particularly useful to providers who are in Nigeria or invest in the country, or operate in countries that have large volumes of related money transfers. It

will also be useful to Development agencies, Regulators and Government bodies and Funding organisations around the world. As this viewport covers a historic period in the development of branchless banking, in a country that is one of the pioneers of mobile-based branchless banking, it will be useful to people who are involved in similar projects elsewhere in the world.

As other countries have also adopted similar regulatory models, this viewport is relevant to those interested in other countries engaged in similar market development activity. You will also find this series of viewports useful if you are in Telecoms, Banking, Payments, Technology, Cards, Retail, Money Transfer, Venture Financing – indeed few industries are not actually touched by the revolution we make sense of here.

It will be relevant whether or not you are considering entry into financial services. If you are considering entry it will help you uncover aspects that we hope will contribute to the success of your enterprise. If you are not considering entry it will provide a useful guide for you to anticipate and detect changes that may affect your business. Did the advent of acceptance of cards affect your business? If it did, then get prepared for Digital Money 2.0.

If you are new to this field, you will still find this a useful introduction but may need to supplement this viewport with others in our series. We hope you enjoy using this viewport.

### **Guide to this view report**

This viewport provides a detailed guide and reference to the Nigerian Digital Money market.

The Executive Summary together with Fast Facts is a handy digest that offers the reader a short overview of developments in the market.

Chapter 1, The Context introduces the concept of Digital Money and explores how this exciting new area is developing around the world. We devote special importance to the trends in the APAC region.

Chapter 2, Digital Money in Nigeria provides an introductory overview of how services are developing in the country – What is driving Digital Money, the kinds of business models and the adoption and maturity of the market.

This Chapter describes the initiatives in Nigeria, within the larger context of developments of Digital Money in the MEA region, and Digital Money Worldwide.

Chapter 3, Market Segments goes into the detail of the needs of various market segments. It describes the demographics and the access to Financial Services.

Chapter 4, The Services Explored discusses the whole package of services expected by the market. A provider may choose to specialise in certain areas, and partner with others to ensure their consumers enjoy a seamless experience with all the features and functionality they expect.

The services analysed in detail include Payment services such as Mobile Payments, Near-Field-Communication (NFC) and Online Payments, Wallet services including Mobile Wallets, E-Wallets or Digital Wallets, Mobile Money and Card services including Prepaid Cards. Banking services include Mobile Banking, Online Banking and Branchless Banking.

Chapter 5, Regulatory Environment provides an overview of the regulations that shape the growth of the industry and provides a description of the regulations and the rules that govern the provision of services.

We cover Payments Regulations, Consumer Protection, E-Money, Branchless Banking Regulations, Mobile Money Regulations, Prepaid Regulations and some relevant Telecommunications Regulations that may impact on Digital Money.

Chapter 6, Ecosystem Analysis discusses the evolving models in the country. It provides an understanding of the Payments System in the country and introduces the various categories of players and the Partnerships that are forming around the delivery of Digital Money Services.

Chapter 7, Player Profiles provides a detailed profile of each of the players in the country. It is organised by class of trade. There are links from the Player Profile to each of the Digital Money Initiatives in which the player participates.

Chapter 8, Digital Money Initiatives (DMI) provides a detailed profile of each of the services launched in the market. We provide the Shift Thought framework to show the digital money flows in the end-to-end process between Sender and Receiver, and describe the services offered. There are links from the DMI Profile to each of the players involved in the initiative.

The Appendix provides a description of the Methodology we use, fully discusses the way we describe Digital Money and the associated services, and offers a useful Glossary of terms and concepts.

The document has a detailed set of references to sources cited and important documents that further supplement this viewport.

### **Partial list of players**

More than 70 players from across the ecosystem are analysed, to provide detailed profiles. This includes leading operator groups, banking groups, regulators, mobile operators, global and local money transfer operators, vendors and others. A few of the players analysed are list below chosen with no reference to their importance.

Access Bank

Accion Microfinance

Airtel

Ecobank

MTN

Citi Group

MasterCard

Moneybox

Monitise

MoneyGram

Ria

UBA

SAP

Utiba

Visa

Western Union

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### LIST OF INITIATIVES

Access Mobile  
Airtel Money partnerships  
...

Wema Mobile

## **LIST OF PLAYERS**

Access Bank Nigeria  
Accion Microfinance Bank  
Afri-Pay Ltd  
...  
MoneyGram  
Utiba  
Visa  
Western Union  
Zenith Bank

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