CO
CO-DEVELOP

GLOBAL DPI SUMMIT 2024

DPI Exemplar Stories

CASE STUDIES OF DPI IMPLEMENTATION ACROSS THE WORLD

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KNOWLEDGE PARTNER

Kalpā Impact

Co-Develop is a global, nonprofit fund accelerating the adoption of safe and inclusive shared digital public infrastructure (DPI) at scale.

Answering the call to promote the deployment of DPI in 50 countries building DPI in the next five years, Co-Develop makes strategic investments to:

- Unlock bottlenecks in safe and inclusive DPI adoption by countries
- Build an evidence base to understand the impact of DPI
- We operate on the ethos that, together with like-minded partners, we must "co-develop" the foundations for a fairer future.

Kalpā Impact

Kalpā Impact partners with funders to accelerate sustainable development through technology and creative solutions.

We deploy the power of responsible technology and human ingenuity to accelerate progress on sustainable development goals.

We choreograph the entire impact journey with services across research, strategy, portfolio support, creative storytelling, impact evaluation and coalition building.

For a conversation reach out to sushant@kalpaimpact.com

Nigeria

NIP

Instant Payments

Launched in 2012, NIBSS Instant Payment (NIP) is Nigeria's leading digital payment infrastructure. It is owned and operated by the Nigeria Inter-Bank Settlement System (NIBSS), which was established in 1993 and is owned by the Central Bank of Nigeria (CBN) and licensed banks in Nigeria.

The NIP platform operates 24/7 and serves as an account-based, online real-time Electronic Funds Transfer (EFT) system. Initially designed as a peer-to-peer EFT service, NIP has evolved into a comprehensive payment platform, enabling funds transfer and value-added services across all available electronic channels.

NIBSS has played a crucial role in transforming Nigeria's financial landscape by reducing operational cost for financial institutions and offering Nigerians with easy, secure, fast and convenient payment solutions through innovative technologies.

GOAL

To create an inclusive, efficient, and secure financial system by lowering transaction costs, increasing access to financial services, and promoting digital payments.

Nigeria Inter-Bank Settlement System Plc

APPROACH

NIP allows both banks and mobile money operators to participate in its system as direct participants. Transactions among these players are interoperable, enabling users to make payments via NIP through various channels such as internet banking, mobile banking, Points of Sale (PoS), agents, USSD, ATMs, and bank branches.

The Central Bank of Nigeria (CBN) has consistently demonstrated its commitment to innovation and excellence in the financial sector through the introduction of key initiatives.

In 2014, the CBN launched the Bank Verification Number (BVN), providing a secure and reliable platform for unique customer identification across all financial operators within the Nigerian Financial System.

Building on this foundation, in 2023, the CBN introduced the AfriGO Card, a national domestic card scheme offering significant benefits to the industry, bank customers, and the nation.

The AfriGO Card enhances transaction security, ensures data sovereignty, and offers better pricing opportunities in local currency, while reducing interchange fees and easing pressure on the Naira. Additionally, it fosters the development of local skills and creates new opportunities within the card business ecosystem.

Recently, the AfriGO Card scheme launched instant POS settlement for AfriGO card transactions, marking a major advancement. This service provides merchants with instant credit, thereby enhancing cash flow and mitigating risks associated with delays or disputes.

Nigeria

NIP

Instant Payments

IMPACT

Nigeria's financial services ecosystem is increasingly reliant on digital payments facilitated by NIP. Over the years, NIP has significantly improved financial inclusion by offering a digital payment solution that functions even in offline mode, benefiting citizens without smartphones.

Between 2021 and 2023, Nigeria's volume of instant transactions increased by 178%. In 2023, 13% of Nigeria's 224M projected population used NIP for transactions, up by nearly 77% from 2020.

More recently, Nigerians have relied on digital payments as an alternative way of paying for goods and services. As reported by NIBSS in the first quarter of 2024, transactions reached a volume of 2.8Bn representing a year-on-year increase of 11%.

OUTCOMES

Nigeria's payment DPI has led to increased adoption of digital payments. The infrastructure has supported government-to-person payments, utility bill payments, and peer-to-peer transactions, contributing to a more inclusive financial ecosystem. Moreover, this has supported a vibrant fintech ecosystem in Nigeria - both bank and non-bank led.

There are currently 17 companies licensed by the CBN as mobile money operators (non-bank-led), which include OPay, Palmpay, E-Tranzact, and KongaPay, amongst others and over 200 + fintechs providing various financial services, including credit.

THE DPI APPROACH

NIBSS played a central role in designing and implementing the system, ensuring that it meets the needs of all participants in the financial ecosystem. NIP enabled various features for NGN transactions such as real time payments, using IBAN as an alias, supported mobile money operators, deferred net settlements, etc. While the service started with two commercial banks, the number of participants have grown to include all commercial banks, MicroFinance banks (MFBs), and Mobile Money Operators (MMOs).

NIP has become a foundational platform on which banks and other payment service providers operate chat banking, card-less payments, and IOT proof, as reported by the World Bank Fast Payments Toolkit. Moreover, it utilizes a BVN functional ID that is linked to the foundational NIN ID.

The deployment strategy included:

- **Stakeholder collaboration**: Engaging banks, government agencies, and private sector players to ensure broad adoption and value realisation.
- **Tech integration**: Implementing instant payment systems, QR codes, messaging systems, and domestic card schemes.
- **Infrastructure expansion**: Establishing a network of agents through Shared Agent Network Expansion Facilities to provide banking services in rural areas, reducing the need for physical bank branches.
- **Security and trust**: Addressing cybersecurity concerns and building trust.

Nigeria

NIP

Instant Payments

LESSONS LEARNED

1

Trust building is key

Real-time settlement by NIP was a game changer. This real-time capability, coupled with the security ensured by the BVN system, played a crucial role in building trust.

2

Adoption challenges addressed through outreach campaigns

NIBSS and its partners addressed the concerns of hesitant rural citizens through targeted educational campaigns. Community outreach representatives would visit rural areas to provide hands-on demonstrations in the local language, talking about how digital payments could make everyday transactions easier and safer.

3

Cybersecurity

NIBSS implemented a multi-layered cybersecurity strategy, which included monitoring transactions for unusual patterns, robust encryption methods, and regular security audits. Collaborations with international cybersecurity firms and local tech experts also helped ensure security and resilience.

4

Inclusive design

Designing systems that cater to both urban and rural populations, including those without smartphones (e.g. payment by USSD), ensured broader financial inclusion.

Network reliability

Stable, secure and accessible network infrastructure is vital for seamless digital payment experiences.

5

Resources

- World Bank Fast Payments Toolkit, Nigeria
- nibss-plc.com.ng