



E-Payments

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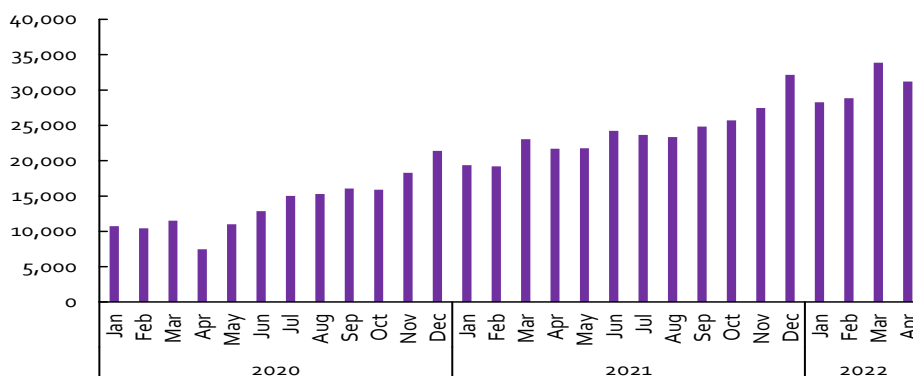
E-Payments: Relatively young and getting it

The latest data from the Nigeria Inter-Bank Settlement System (NIBSS) showed that the growth recorded across the various e-payment channels remained strong in the first four months of 2022 (January-April). Specifically, NIBSS Instant Payment (NIP) transactions recorded a solid 44.3% y/y and 50.0% y/y increase in transaction value and volume to N114.8tn and 1.5bn, respectively, in the first four months of the year. For POS transactions, total transaction value and volume grew 26.7% y/y and 25.2% y/y, respectively, to N2.5tn and 376.9m in the same review period. The highest growth was recorded in the mobile transactions category where transaction value was more than twice as tall, beating that of the equivalent period in 2021 by 173.0% y/y to N4.9tn. Likewise, transaction volume was up by 128.3 y/y to 128.3m in the first four months.

The pandemic which allowed for the blossoming of digital payments has paved the way for the continued growth in e-payments transaction volume and value in Nigeria, reflecting the enduring shift away from cash. The growth in e-payments has also been driven by the increasing internet & mobile penetration and investment by banks and other payment-based fintech companies in payment technology infrastructure. Furthermore, the growth in POS transactions shows the increase in agency banking services. Also, we believe the newly launched e-Naira, though still at the nascent stage, if fully integrated into the e-payment channels, will spur growth.

Notwithstanding the growth, the Nigerian e-payments industry is still poised for further growth as alternative payment channels evolve. We have seen the development of Nigeria Quick Response (NQR) code by the NIBSS and, more players are keying into facilitating contactless payments. The country's favourable demographics and regulatory support continue to inform our expectation of accelerated growth of the Fintech industry in Nigeria. This expectation has received much attention from investors, which has led to significant investments as existing players look to position for future growth.

Sum of E-payment transactions via POS, Mobile & NIP (Jan 2020 - Apr 2022)



Source: NIBSS, CSL Research

MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	38,219.88	42,716.44	54,791.45
Naira/ US\$	411.25	435.00	425.50
Brent, US\$/bbl	76.17	77.78	113.50
MPR %	11.50	11.50	13.00

Source: Nigerian Stock Exchange, Central Bank of Nigeria, Bloomberg. *Nigerian Stock Exchange All-Share Index.

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Today's news headlines:

Telcos get 30 days deadline to resolve subscribers' complaints: The Nigerian Communications Commission is set to mandate network operators and non-network operators to resolve any problematic complaint by their subscribers within 30 days. According to the commission, if the subscriber is not satisfied with the result of an original complaint, they can choose to refer it to the commission after a month of expressing their dissatisfaction to their operator. This was disclosed in its 'Draft – Consumer Code of Practice Regulations' document that was uploaded to its website on Monday. It said, "In the event that a complaint, including any escalation process, has not been resolved to the consumer's satisfaction within thirty days of being communicated to the Licensee, the Licensee shall advise consumers that they may refer the complaint to the commission. Source:punchng.com <https://punchng.com/telcos-get-30-days-deadline-to-resolve-subscribers-complaints/>

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Concern mounts over rising import of contrabands: Fresh findings conducted by The PUNCH have shown that despite the government's ban on some commodities and with almost all the security agencies having their presence in the ports, contraband goods still find their way into the Nigerian markets. Some of the agencies at the ports are: Nigeria Customs Service, Nigeria Immigration Service, Department of State Service, and Nigerian Drug Law Enforcement Agency, among others. Precisely in 2015, the Federal government, through the Central Bank of Nigeria, placed a ban on the importation of 41 items from accessing foreign exchange in the official window. Source:punchng.com <https://punchng.com/concern-mounts-over-rising-import-of-contrabands/>

CBN's MPC members disagree with FG's debt structure, borrowings: Members of the Central Bank of Nigeria's, CBN, Monetary Policy Committee, MPC, have expressed concern over the increasing Eurobonds component in the Nigeria's external debt structure. They noted that the federal government's preference of Eurobonds at high interest costs, with the associated exchange rate risk may likely hurt Nigeria soonest. In his personal statement in the just released communiqué of the May 2022 meeting, a member of the Committee, Asogwa Robert, said: "The escalating fiscal sector deficits with the attendant rising debt ratios are part of the weak links in the domestic economic environment. Source:vanguardngr.com <https://www.vanguardngr.com/2022/07/cbns-mpc-members-disagree-with-fgs-debt-structure-borrowings/>



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Coverage universe	17	10	5	3	35
% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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