

**FINTECH ASSOCIATES LIMITED (FAL)**

**in Collaboration with**

**THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA  
CENTRE FOR FINANCIAL STUDIES (CIBNCFS)**

**and**

**FINTECHSTAGE**

**COMMUNIQUÉ ISSUED**

**At the End of the**

**2<sup>ND</sup> NATIONAL FINTECH CONFERENCE**

**on**

**HARNESSING EMERGENT TRENDS IN FINTECH**

**Held at**

**LANDMARK EVENTS CENTRE, VICTORIA ISLAND,  
LAGOS**

**Date: January 25 – 26, 2018**

## Introduction:

The 2<sup>nd</sup> National FinTech Conference, a collaboration between Fintech Associates Limited (FAL), The Chartered Institute of Bankers of Nigeria Centre for Financial Studies (CIBNCFS) and FinTechStage was held between January 25 – 26, 2018 at Landmark Events Centre, Victoria Island, Lagos. The Conference attracted participants from startups in the FinTech space, regulators and operators in the financial services industry, academics and policy makers. Fifteen (15) countries were represented at the two-day National Conference. It played host to sixty seven (67) speakers and four hundred and two (402) attendees.

The Conference, with the theme Harnessing Emergent Trends in FinTech, also featured the Startup Nigeria Challenge 2018.

The Opening Keynote was delivered by Dr Ogbonnaya Onu, Honourable Minister of Science and Technology, Nigeria represented by Professor Glory Elemo, Director General, Federal Institute of Industrial Research, Oshodi (FIIRRO). There were Opening Talks by Matteo Rizzi, Co-Founder, FinTechState and Dr Segun Aina, OFR, FCIB, Founder/Chairman, Fintech Associates Limited & President, FinTech Association of Nigeria (FinTechNGR). A Goodwill Message was delivered by Dr .Adebayo Shittu, Honourable Minister of Communications, Nigeria while Professor Segun Ajibola, Ph.D., FCIB, President/Chairman of Council, The Chartered Institute of Bankers of Nigeria delivered the Final Keynote at the Conference.

In his Keynote Address, Dr Ogbonnaya Onu noted that Science, Technology and Innovation (STI) continue to play central role in the development of nations and that there has been a shift from relying on petrodollar to leveraging technology for economic growth and development. He stressed that innovation is an important determinant for competitiveness in the global market and economies with huge investments in innovations are better positioned for growth and expansion.

The Conference had sessions on FinTech Opportunities in Nigeria's Financial Services; Financial Inclusion; Innovation, Incubation & Acceleration Modalities; Investment Trend; People Implications in Innovation and Technology; Deepening Capital Market Activities with FinTech; Entrepreneurship Stories; InsurTech; Regulatory Technology (RegTech); Crypto-Economy; Women Leaders in FinTech and; Building FinTech Ecosystems.

## Highlights

### The highlights of the Conference are:

- Leveraging technology and creating an enabling environment for innovative ideas in Nigeria would facilitate the country's achievement of the diversification clamour.
- There has been a significant incursion of financial technology (FinTech) into Nigeria's financial services industry and the business environment has supported a seamless relationship between operators in the industry and FinTechs.
- The speed of innovation by FinTechs and advent of cloud technology have promoted their rapid expansion in Nigeria.
- The adoption of FinTechs has improved customers' experience in the provision of financial products and services. However, more symbiotic relationships between banks and FinTech would further improve this experience.
- There are huge investment opportunities in FinTech in Nigeria due largely to a significant population of the unbanked and underbanked.
- The digital ecosystem is still at an infancy and incremental stage in the country with payment settlement systems mainly emphasized. As the digital space continues to grow, payments would be de-emphasized and FinTechs would be deployed more for provision of other financial services and products.
- There are immense opportunities for the adoption of the Blockchain technology in the country if appropriate infrastructure are provided.
- Blockchain technology is solving the problem of trust in the financial services industry and providing the opportunity to bring the informal sector in the formal sector.
- The Blockchain technology has numerous use cases apart from its current use as the technology behind cryptocurrencies. Other use cases of the technology include distributed cloud storage; digital identity; smart contracts; unhackable electronic vote-counting system amongst others.
- Over ninety (90) Central Banks are studying the prospects of Blockchain technology and cryptocurrency.
- Crypto-economy arose as a result of private economic actors drive towards creating a privately-owned and managed currency.
- Bitcoin may not be a day-to-day virtual medium of exchange due to the time lag required for transactions to be consummated – it takes about ten (10) for a new block to be created.
- Cryptocurrency was created to increase speed and reduce the cost of cross border payment systems.
- Cryptocurrency is not a Ponzi scheme.
- The major obstacle to the spread of Blockchain technology in Nigeria is lack of awareness and education on the technology.

- The role of regulation is critical in FinTech ecosystem to address inherent risks such as cybercrime and exploiting of unsuspected subscribers by FinTech providers.
- Startups in the FinTech ecosystem need to fully understand the workings of this emerging sub-sector if the returns on investments would be guaranteed.
- There is still a wide gap between the products and services of FinTech startups and the level of awareness of end-users for these products.
- FinTech and other forms of digital technologies have impacted positively on credit management by financial institutions. For instance, the use of big data and analytics has led to increase in debt recoveries and low risk of loan default.
- Data is the “new oil” in global economies. Although there is a huge amount of data in Nigeria but the data are not harmonized but stored in silos.
- Know Your Customer (KYC) has been a major challenge to financial inclusion in the country.
- Financial inclusion has also been worsened due to religious and cultural sentiments on traditional financial services. To address this, the Central Bank of Nigeria has developed alternative banking channels such as the non-interest banking and ethical insurance.
- Promotion of local content initiatives in the country does not mean the exclusion of foreign partners but collaboration with the foreign partners to enrich and strengthen Nigeria’s local industries.
- Female-owned companies are usually more constrained in terms of access to capital.
- FinTech expansion in Nigeria would require both financial capital and human capital i.e building the technological skill set of professionals in the financial services industry.
- The nature of work and the demand of the current workforce are changing rapidly. Similarly, work is no longer limited by geographical boundaries.
- The African continent is still behind in its ability to collate data, mine and process the data to make informed decisions for policy purposes.
- Innovative ideas from FinTech startups are required to further deepen the activities of players in the capital markets.
- FinTechs are not displacing banks and other financial services providers but are complementing the activities of the industry for service efficiency and effectiveness. Hence, FinTechs are not threats to the banking industry however financial services firms that fail to leverage technology stand a risk of becoming less competitive in the market.
- Ease of use and simplicity is the key for adopting any form of technological interventions in the financial services industry.
- Established FinTechs and startups are presently not addressing the financial needs of the less literate population in the country. Most of FinTechs’ interventions do not take into consideration the limitations of this population cohort.

- Artificial Intelligence (AI) is applied in financial institutions in the area of security, biometrics, algorithms, building an intelligent database and management systems. Machine learning can also be deployed in making intelligent predictions of financial transactions.
- AI augments the limits of human intelligence and this leads to more efficiency and effectiveness.
- There is still a very low adoption of FinTech for driving sales and market penetration in the insurance sector.
- InsurTech has as much potential as FinTech in the insurance sector. Its success would however require a robust institutional framework to realize this potential.
- The major challenge of Nigeria's Small and Medium Enterprises (SMEs) is access to finance. This creates huge opportunities for FinTechs in filling the funding gap of SMEs.
- Emerging trends in crowdfunding for SMEs is a major development in the FinTech ecosystem.
- Regulatory Technology (RegTech) can significantly reduce regulatory compliance in financial institutions.
- RegTech in Nigeria is currently focused on payments and it has not been applied to other areas such as credit administration, pension, billing and tariff management.
- Regulatory Sandbox – a framework that allows businesses to test innovative products, services, business models and delivery mechanisms in the real market, with real consumers under a regulatory supervision – is a good concept.
- There is usually a shortage of women in Science, Technology, Engineering and Mathematics (STEM). This has resulted to a lower population of women in FinTech.
- The FinTech ecosystem comprises startups, banks, academics, Telcos and the government. There are basically four (4) categories of FinTech ecosystem – non-existent; disconnected; connected and; integrated. The African Continent is connected but not as integrated as other developed economies.
- Government plays a central role in the developed countries in catalyzing the growth of the FinTech industry.
- Capacity is key to building a vibrant and sustainable FinTech ecosystem.
- The sustainability of startups is tied to the quality and ease of use of their problem-solving models.

## **b. Recommendations**

At the end of the Sessions, the roles of the different stakeholders in the growth of the digital economy were emphasized as follows.

## 1. Government and Regulatory Institutions

- There is the need for an appropriate and well-thought-out framework for Science, Technology and Innovation (STI) in the country.
- Regulatory institutions should continue to develop the capacity of its staff on emerging technological trends in the banking and finance industry in order to remain abreast of developments and disruptions in the system.
- Government should intensify efforts at promoting financial literacy and education at all educational levels in the country.
- Branch networks are limited in their capacity to address the financial inclusion gap in the country. Hence, stakeholders in the FinTech space should collaborate to address the challenges to FinTech incubation and acceleration in the country. The challenges include infrastructure, activities of quacks etc.
- Government and regulatory agencies should guard against the formulation and implementation of policies that would stifle innovations. There is therefore the need to strike a balance between promoting innovation and preserving financial stability and consumer protection.
- Government should strengthen and enforce Intellectual Property Right (IPR) laws in the FinTech ecosystem. There is also the need to revise and expand the scope of IPR to cater for non-tangible intellectual property.
- There is the need to build capacity in Artificial Intelligence (AI) at all level of education in the country.
- Government should spearhead the harmonizing of important data required to ensure the prospects of analytics, AI and machine learning are achieved in the country.
- It is important to create a robust institutional framework for the incursion of InsurTech into the country's insurance sector.
- There is the need for analytics to be embedded in the various reporting technologies in the payment system.
- Regulatory institutions in Nigeria's financial services industry should leapfrog by leveraging on the experiences of regulatory agencies in other climes to weather the regulatory challenges in the digital age.
- A central organization of the FinTech ecosystem is required in the African continent.

## 2. Financial Services Industry, FinTech Companies and Tech-Preneurs

- Disruptive financial technologies should be focused on providing products for low income sectors. FinTech companies and banks should collaborate to provide these services.
- It is important to synchronize the activities of technology startups with the requirements of investors to ensure adequate funding of innovative ideas.
- There is the need for a robust working relationship and constant engagements between FinTech startups and human resources professionals in the banking industry. This is to facilitate a mutual understanding of the required skill set in the new emerging banking models.
- There is the need to create a gender-balanced working environment in the FinTech space to promote the participation of more women.
- FinTech startups should have a deep knowledge of the activities of players in the capital markets in order to develop innovative intervention platforms that would aid the activities of the capital market sub-sector players. Such innovative interventions may include technology to reduce transaction costs improve liquidity and skill enhancement of capital market operators.
- There is the need for established FinTechs and startups to develop products and services that would be user friendly to the less literate population in Nigeria.
- Established women in the FinTech ecosystem should leverage on their expertise and opportunities to mentor and bring in more women into this space.

### Conclusion

The well-attended Conference was very insightful and the discussions were robust. The resource persons handled the different sessions with an excellent touch of expertise and participants appraise the programme as generally educative.

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Chairman/Founder

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**'Seye Awojobi, FCIB**

Registrar/Chief Executive

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