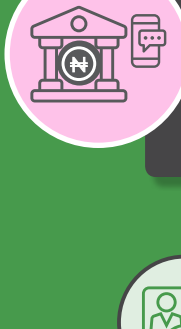


Inclusion for all

NIN/BVN BANK ACCOUNT CUT-OFF IMPACT SNAPSHOT



from
April
2024

On 1 December 2023, the Central Bank of Nigeria (CBN) announced that it would freeze accounts without a Bank Verification Number (BVN) or National Identification Number (NIN) from April 2024.

This "Post no Debit or Credit" freeze will apply to all existing Tier-1 accounts or wallets without BVN or NIN.

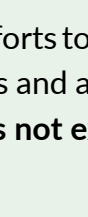


REVALIDATED BY
31 JANUARY
2024

Additionally, effective immediately, no new Tier-1 account or wallet can be opened without a BVN or NIN, and all BVN or NIN attached to accounts or wallets must be electronically revalidated by 31 January 2024. Come April 2024, all funded Tier-1 accounts will no longer be able to make withdrawals, transfers, or debits. Previously, only Tier-2 and 3 accounts and wallets were required to have BVN or NIN.

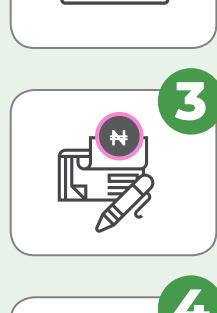
The stated objective of the order is to promote financial system stability, strengthening the know-your-customer (KYC) procedures in financial institutions.

WHAT IS A "POST NO DEBIT OR CREDIT"?

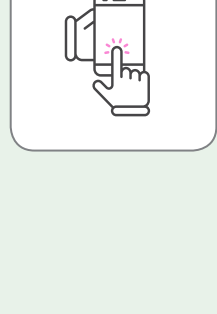


A measure taken by banks to limit specific accounts, barring customers from executing withdrawals, transfers, or any debits from their accounts.

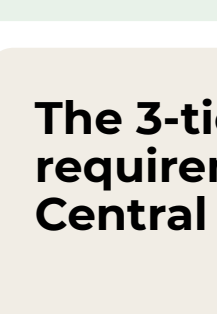
While we strongly support the CBN's efforts to promote financial system stability by strengthening KYC procedures in financial institutions and achieving NIBBS compliance across the population, it is crucial to ensure this process does not exacerbate financial exclusion among marginalised groups.



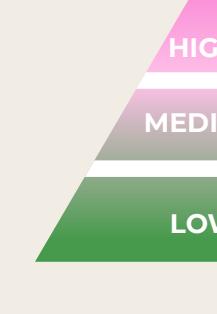
1 The mandatory BVN and NIN verification requirement for Tier 1 accounts will have a **significant impact on small businesses, SMEs, and traders**. Without efficient and accessible verification options, they will have to invest time in the process, and if unsuccessful, their transactions will be halted, potentially crippling their operations.



2 The **immediate freeze of unfunded accounts that do not have NIN or BVN could impact financial inclusion metrics**, as it is likely to push financially vulnerable individuals into the informal sector, or back into exclusion.

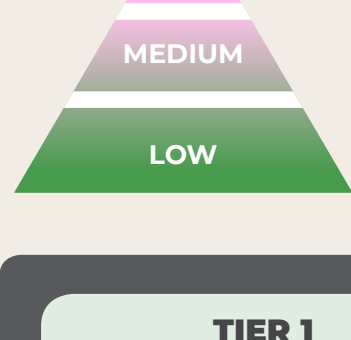


3 Limited NIN and BVN registration centres, and source document requirements may **discourage individuals from using or opening bank accounts**, hindering financial inclusion efforts.



4 While the revalidation process can be done through the NIMC mobile app and therefore offers a promising path towards a convenient and accessible process, there have been **reports of occasional app glitches by users**. Moreover, many account holders in rural regions do not own smartphones - of those who have access to a phone, **60% use basic phones** - so online revalidation may prove challenging for some. Addressing these issues promptly will be crucial in ensuring a smooth experience for all.

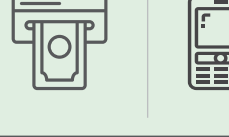
The 3-tiered KYC requirements by the Central Bank of Nigeria



In 2013

the CBN introduced **3-tiered KYC requirements** to provide a flexible approach to account opening for low, medium, and high-value accounts. The requirements are subject to caps and restrictions as the number of transactions increases.

TIER 1 LOW-VALUE ACCOUNTS



They target the unbanked and were easy to open with just basic information such as passport photograph, name, address, date of birth, gender, and phone number. They offer basic banking features like ATM access and mobile banking but have restrictions on withdrawals, type of account, and international transfers.

TIER 2 MEDIUM-VALUE ACCOUNTS



They offer more flexibility than level 1 accounts but still require in-person verification at a branch. They offer basic banking features like mobile banking but are limited to domestic transfers and savings accounts. No opening deposit is required.

TIER 3 HIGH-VALUE ACCOUNTS



They require strict KYC procedures, in-person branch visits, and banks must obtain and verify the necessary KYC documents in line with [CBN's AML/CFT regulations](#). They can be savings or current accounts without minimum opening balance or cumulative balance limits.

What does the data tell us?



BVN/NIN enrolment challenges.

From the 2020 Enhancing Financial Innovation & Access (EFInA) survey, we know that **17 million unbanked adults remain without either BVN or NIN**, while over 3 million individuals within the already banked population also lack either identification. This translates to 5% of the banked population and a staggering 32% of the unbanked population, totalling over 20 million at risk of financial exclusion should they fail to enrol by the deadline.

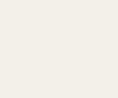
20 million



5%



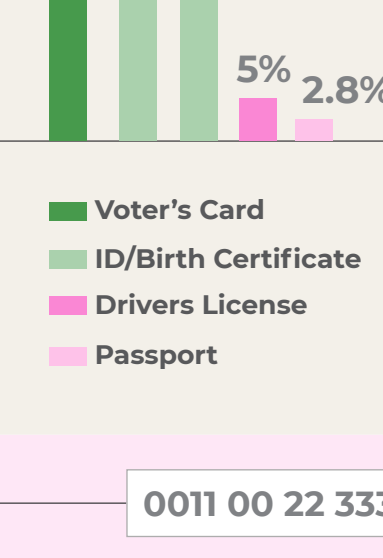
32%



How many Nigerians have the requisite source documents.

Even for those willing to register before the deadline, significant hurdles still need to be overcome. Many Nigerians lack valid source documents and face issues obtaining them, preventing them from completing the process and accessing essential financial services. While only four types of IDs are currently accepted for BVN enrollments, according to the [2020 EFInA survey](#), the vast majority (77.2%) of respondents indicated owning a voter's card, compared to drivers licenses (5.0%), national IDs (49.0%), birth certificates (49.0%), and passports (2.8%)

77.2%



Requirements for obtaining a BVN

0011 00 22 333

The typical requirements for enrolling in the Bank Verification Number (BVN) program in Nigeria include the following documents and information:

- Valid Identification Document: A valid identification document to prove your identity will be needed. Acceptable identification documents include:
 - Nigerian International Passport
 - Nigerian National ID card
 - Nigerian Drivers License
 - International Passport (Non-Nigerian)
- One passport photograph
- BVN Enrollment form.
- Enrolment fee

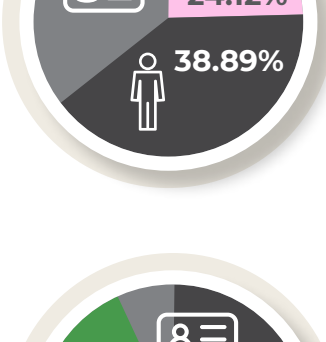
Requirements for a NIN

833

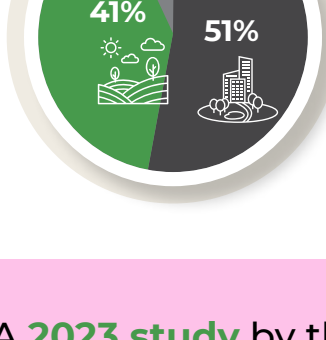
In addition to the BVN, any of the following supporting documents are required in their original format:

- Old National ID Card
- Driver's License
- Voter's card (Temporary or Permanent)
- Nigerian International passport
- Certificate of Origin
- Attestation letter from a prominent ruler in your community
- Birth certificate
- Declaration of age
- Attestation letter from religious/traditional leader
- NHIS ID card
- Government staff ID card
- Registered/recognized private organization staff ID card
- School ID Card (private/public)
- Tax Clearance certificate
- Valid immigration documents
- Nigerian Commission for Refugees (NCFR) Refugee Certificate
- Refugee ID card
- Refugee Factsheet

What do we know about those without NIN?



The 2020 Inclusion for all survey, conducted on over 29,000 Nigerian households, revealed a significant disparity in NIN ownership between men and women. At the highest poverty probability level (PPI 100), **38.89% of men possessed NIN compared to only 24.12% of women**. This pattern persists across all PPI levels, highlighting a widening gender gap in ID access as poverty increases. However, we also know that the gender dimension of NIN enrolment appears to be location-specific and further research is required.



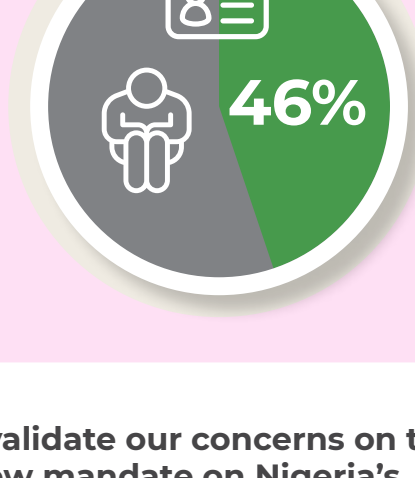
From the survey, we know that people in urban areas with higher incomes are considerably more likely to have national IDs than those in rural areas. **51% of respondents in urban areas had NINs as opposed to 41% in rural areas.**

A 2023 study by the Inclusion for All programme reveals that the rural poor are unlikely to have NINs for the following reasons:

- SENSITISATION/AWARENESS**
Enrollment partners have to spend time and money raising awareness about the importance of having a NIN in villages in contrast to urban locations.
- LACK OF TRUST**
Common in regions where they have been disenfranchised due to past negative experiences from the government.
- TRAVEL LOGISTICS/TRANSPORTATION**
Un-motorable roads, terrain, long distance, availability and price of fuel. These factors significantly impact the cost of transportation and travel logistics.
- NETWORK/CONNECTIVITY**
Poor cellphone network and internet connectivity - or a lack thereof - presents a challenge for FEPs.
- LACK OF ELECTRICITY**
The lack of electricity means that FEPs need to own or rent generators to power the required equipment for their enrolment centres.
- GEO-MAPPING RESTRICTIONS**
Restriction to the 50-kilometre radius of their allocated geographical coverage reportedly hinders enrolling more people, especially in hard-to-reach communities where limited centres are set up.
- BUY-IN FROM VILLAGE HEADS/YOUTH LEADERS**
Sometimes they will demand compensation in return for accessing community members.

The 2020 EFINA survey revealed a clear and concerning correlation between wealth and access to identification documents.

As the World Bank's PPI increases, indicating greater poverty, the likelihood of individuals having an ID significantly decreases. **NIN ownership amongst those who live below the poverty line is only 46%**. This trend holds true across all percentiles, highlighting a stark disparity in access to essential documentation based on socioeconomic background.



CONCLUSION

Our data insights validate our concerns on the impact of CBN's new mandate on Nigeria's marginalised groups:

There is a widening gender gap in ID access as poverty increases and women are at risk of becoming further disenfranchised through the CBN's new mandate. The disparity in ID access between urban and rural areas in Nigeria reveals a concerning digital divide. Individuals in urban areas with higher incomes are considerably more likely to possess NIN, BVN and other source documents compared to their counterparts in rural settings. **Only 46% of Nigerians living below the poverty line own a NIN**, highlighting a significant disparity in access. CBN's mandate may further exacerbate the difficulties faced by the marginalised groups.

As of 28 August 2023, the National Identity Management Commission (NIMC) reports over 102.39 million enrollments for the NIN. While this represents significant progress, reaching the most marginalised and vulnerable, stand to benefit the most from the empowerment and opportunities associated with NIN possession and bank accounts.

While the NIN remains a crucial element in financial inclusion efforts, access to essential source documents like birth certificates also presents a significant hurdle for many Nigerians.

RECOMMENDATIONS

While we resonate and align with the CBN's vision of promoting financial system stability, **Inclusion for all** recommends the following to ensure that marginalised groups are not further excluded:

- NIMC should run sensitisation campaigns to raise awareness around the importance of having source documents, and assist people in getting them. Also encourage the use of more accessible documents such as voter cards for BVN enrollments.
- The issues of server downtime, invalid NINs, and NINs not being generated needs to be addressed by NIMC to improve the NIN enrollment process before the deadline.
- Create more enrollment centres both in rural and urban areas as there is often an additional transportation cost for poor people in both areas.
- Given that NIMC already possesses individual BVNs as a prerequisite, leveraging this data by the government, banks, or both could significantly reduce the burden on banks. Additionally, implementing methods for bank customers to submit their BVN and NIN through bank apps and USSD would offer a convenient and accessible solution. Banks can ensure data accuracy by verifying that name, date of birth, and other relevant information match their existing records.
- With a vast number of individuals requiring revalidation of their BVN and NIN, a sudden influx at enrollment centres could overwhelm existing resources and lead to frustration and delays. To ensure a smooth and efficient process, a phased-out approach is ideal.