

UPDATE NIN/BVN BANK ACCOUNT CUT-OFF IMPACT SNAPSHOT

CBN'S "Post no Debit or Credit" DIRECTIVE

by **1 March 2024**

REVALIDATED BY **31 JANUARY 2024**

We **previously shared** that the **Central Bank of Nigeria (CBN)** directed all banks to freeze accounts without a **Bank Verification Number (BVN)** or **National Identification Number (NIN)**. This "Post no Debit or Credit" freeze was fixed to apply to all existing Tier-1 accounts or wallets without BVN or NIN by 1 March 2024 in a bid to strengthen the know-your-customer (KYC) procedures in financial institutions and promote financial system stability. The directive also mandated that no new Tier-1 account or wallet could 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.

? What has changed since the passing of the deadline?

as of **5 April 2024**

As of 5 April, customers **claim** that banks have already begun applying the freeze. A wave of bank customers have therefore reportedly flooded banks following the passing of the deadline. **Media reports**, however, reveal that besides sending emails and texts to their customers, most banks are yet to place restrictions on accounts not linked to NIN.

Factors to be considered to avoid worsening financial exclusion

While we applaud the CBN's efforts to strengthen the financial system and achieve NIBBS compliance, it's crucial to address concerns about financial exclusion for vulnerable groups.

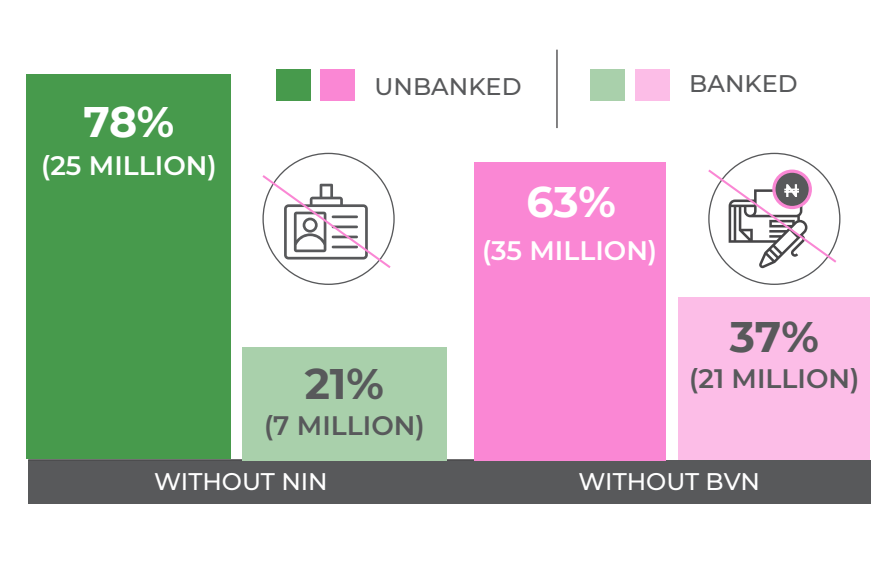
The mandatory BVN and NIN verification for tier 1 accounts, as highlighted in the **previous report**, risks disrupting transactions for small businesses and pushing them, along with financially disadvantaged individuals, back into the informal sector. Further complicating matters, Nigerians continue to **report** significant challenges obtaining NINs, citing long queues, overwhelmed agents, and technical issues.

What does the new data tell us?

New data from the **A2F 2023 Survey** strengthens our concerns about the CBN's directive. The survey reveals an even greater risk of financial exclusion for women, rural residents, and the poorest segments of society.

BVN/NIN Enrollment Challenges Persist

The **A2F 2023 Survey** data shows that over 25 million (78%) of those without NIN are unbanked and 35 million (63%) of those without BVN are unbanked, while over 7 million individuals (21%) without NIN are within the banked population and 21 million (37%) without BVN are banked. The lack of NINs for millions jeopardises their ability to access financial services.



SPOTLIGHT

AMMBAN's plan to drive NIN/BVN enrollment: Neighbourhood Financial Inclusion Centre

Understanding the gap in the current NIN/BVN enrollment process, the **Association of Mobile Money and Bank Agents in Nigeria (AMMBAN)** developed the **Neighbourhood Financial Inclusion Centre** as a solution to bridge the gap. The basis of the initiative stems from the following:

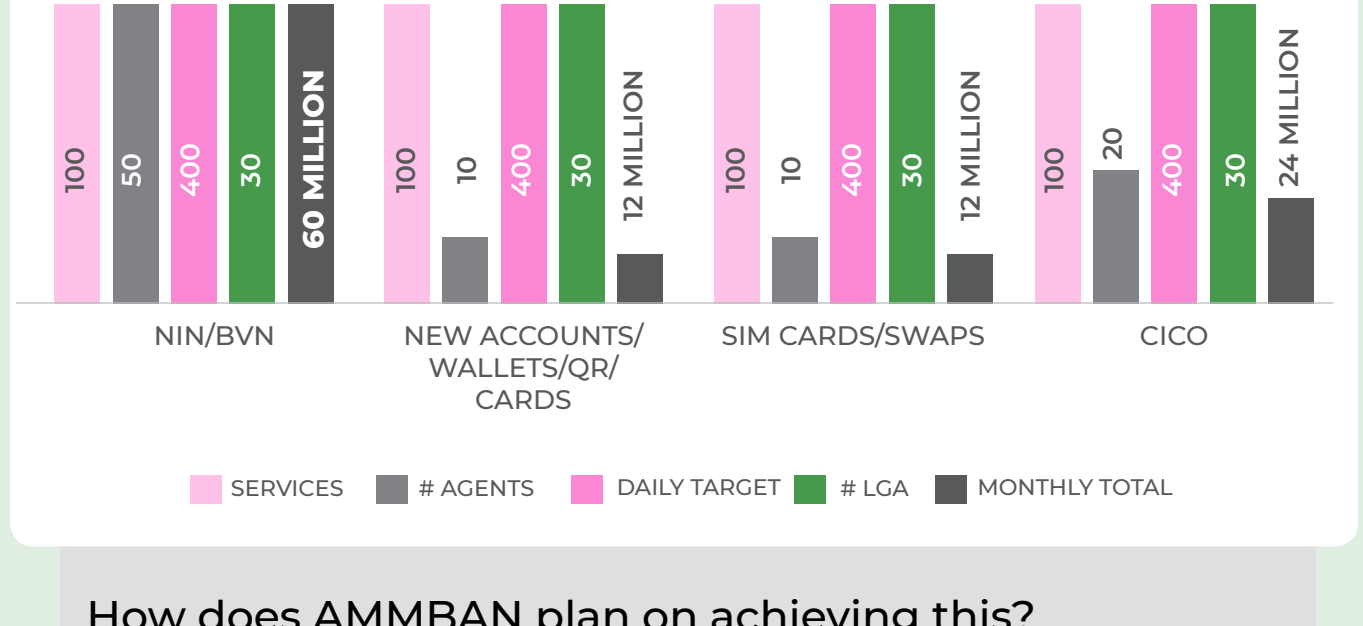
Only commercial banks can verify and modify BVN but Nigeria has over 300 out of 774 local government areas without banks.

BVN/NIN details must align before they can be mapped successfully to a bank account - mostly in the city branches of commercial banks.

NIMC has 5,500 enrollment centres - with over 4,000 currently suspended - and 15,000 devices with over 10,000 suspended.

Armed with the issues listed above and the fact that over **76 million people do not have BVNs while 96 million lack NINs**, AMMBAN resolved to close the gap by **delivering 60 million BVN and NIN**.

NEIGHBOURHOOD FINANCIAL INCLUSION PROJECTIONS



How does AMMBAN plan on achieving this?

AMMBAN will drive enrollment by creating stationed and mobile centres to service walk-in customers and cover village markets respectively.

NEIGHBOURHOOD FINANCIAL INCLUSION CENTRE

STATIONED

TO SERVICE WALK-IN CUSTOMERS

MOBILE

TO COVER VILLAGE MARKETS

For the successful implementation of this initiative, the support and collaboration of the following stakeholders is paramount:

SERVICE PROVIDERS
[as sponsors]

ENABLERS
NIBSS, NIMC [to provide critical access]

HOSTS
State governors, LGA Chairmen, political office holders [to mobilise and support financial inclusion]

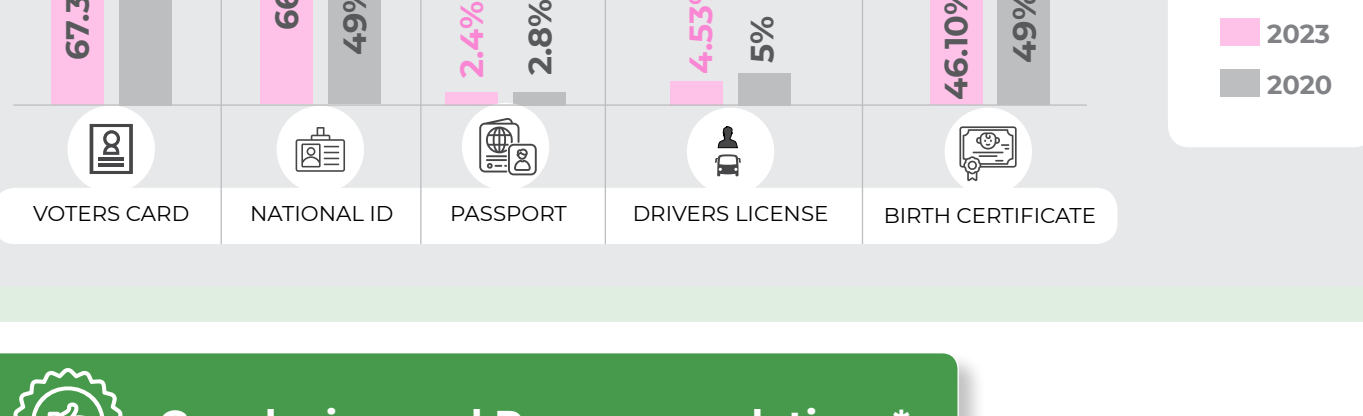
NGO/DONOR AGENCIES
[for financial literacy and empowerment]

AGENTS, AGGREGATORS & NETWORKS
[to service the excluded]

How many Nigerians have the requisite source documents?

Despite some progress since 2020, a significant portion of Nigerians still lack essential documents needed for financial inclusion. The **A2F 2023 Survey** reveals ownership rates far lower for national IDs (66.4%), birth certificates (46.1%), and passports (2.4%) compared to voter's cards (67.3%).

This lack of source documents presents a major hurdle, preventing many from accessing financial services. The survey highlights ongoing challenges in obtaining these documents, further hindering financial inclusion efforts.



Conclusion and Recommendations*

Our analysis of the **A2F 2023 Survey** data strengthens concerns raised in our **previous report**:

Marginalised groups face heightened financial exclusion risks due to the CBN's new mandate. To mitigate this, we reiterate our **previous recommendations**. Additionally, industry associations like AMMBAN are making great strides to streamline the NIN enrollment process and eliminate existing hurdles. NIMC should continue to collaborate with them and support their initiatives.

* UPDATE: In our previous report, we noted that the National Identity Management Commission (NIMC) reported over 102.39 million enrollments for the NIN. As of 31 December 2023, the National Identity Management Commission (NIMC) reports over 104.16 million enrollments for the NIN.