



# E-NAIRA WEBINAR REPORT

## The Role of e-Naira In MSMEs

FEBRUARY 2023

## INTRODUCTION

In the drive to achieve a digitized economy, the Federal government through Central bank of Nigeria introduced the E-Naira in October 2021. The E-Naira can be called electronic currency (e-currency) or digital money, or cybercash for Internet transactions. This home grown currency was in response to the ban on the transaction of cryptocurrencies in Nigeria, citing reasons such as unregulated (uncontrolled), high volatile, susceptible, and discontinuity nature of cryptocurrency and the funding of #EndSars through the use of cryptocurrency.

However, the ban saw traders used alternative means to continue their crypto trading underground. Cryptocurrency is a blockchain currency that facilitates easy payment with a peer-to-peer process and Nigeria is ranked second behind the United States of America in countries that are trading in cryptocurrency.

The introduction E-Naira remains unclear compared with other cryptocurrencies like Ethereum, Bitcoin, and many others. Blockchain provides cryptocurrency platforms that enable decentralized digital crypto, such as Bitcoin and others in the digital world. Bitcoin.

The E-naira can be purchased through Financial Institutions and transferred to an E-wallets (eNaira Speed Wallet) account created by the user. Most entrepreneurs in Nigeria are in the informal (unstructured) economy sector, which made cryptocurrency thrive because crypto is unregulated (unstructured). In the same vein, the business community is yet to really feel the effect of the E-Naira policy.

This meeting is billed to spotlight on the progress and challenges in relation to MSMEs and how the business community can tap into the potentials of the initiative.

## Summary

The e-naira webinar themed “The role of e-naira in MSMEs: Progress and Challenges” was organized by the National Policy Advocacy Centre(NPAC) of Abuja Chamber of Commerce and Industry (ACCI) on the 16th of February 2023 and was Co-Anchored by the center manger Mrs. Olayemi John-Mensah and the program manger Jegede David.

The webinar had 4 keynote speakers namely; Amb. Segun H. Olugbile, CEO, Araba Technologies Ltd, Fejiro Hanu Agbodje, CEO, Patricia Technologies Limited, Mr. Adekunle Elumaro, CEO, KSM2G, Mr. Ayo Othihiwa, Partner & Head, Financial, KPMG.

## WELCOME ADDRESS –

Director-General of ACCI- Victoria Akai

The Director-General welcome address was read by the center manger Mrs. Olayemi-John Mensah as she unavoidably absent due to official engagements. In her address, the webinar was an avenue to sensitize the business community on the benefit of e-naira and how this digital currency can optimize their business operation.

She described the e-naira as an electronic version of the local paper naira currency, equal in value and issued by the Central Bank of Nigeria which can be accessed through the internet allowing customers to purchase eNaira through Financial Institutions and transfer to their e-wallets account and commended the federal government for this bold initiative as Nigeria is the African country to introduce a digital currency.

She bemoaned the low awareness of the opportunities of e-naira in the business community as most entrepreneurs in Nigeria are in the informal sector which makes e-naira well suited for them, especially with the recent push for a cashless economy by the central bank of Nigeria.

She urged the federal government to partner with the organized private sector and associations for wider acceptance in the business community.

“  
*Government should partner with the private sector for wider acceptance of e-Naira*  
”

# PRESENTATION

## Mr. Adekunle Elumaro - CEO, KSM2G

In his presentation hailed ACCI for organizing the webinar to create awareness on the e-naira initiative as it is timely considering the challenges of the Naira Redesign policy.

He underscored the importance of the MSMEs sector to any economy as they create jobs hence the reason for unemployment in the country as there are still challenges hindering the growth of the sector.

According to him, the mode of transactions is very important in business, and saluted the CBN for the e-naira initiative. He spelt out the pillars to will improve the effectiveness of e-naira;

**Digital Infrastructure:** it will allow for seamless online transactions and without an efficient infrastructure the e-naira will be frustrated.

**Government Backing:** the political will of the government through the CBN to regulate the e-naira operation is commendable.

**Public Trust:** the confidence of the people needs to be strong to get their buy-in.

**Financial Inclusion:** all banks need to be brought on board which is being done.

He alluded to the ease of payment with the e-naira but stressed on the need to improve the digital infrastructure with the national communication commission. Also, the absence of many incentives for using e-naira, unlike other cryptocurrencies that have stunted its growth.



## PRESENTATION

### Mr. Ayo Othiwiwa - Partner & Head, Financial, KPMG

He was represented by Mr. Dotun Adeniran, Associate Director, Tech Platform, KPMG who was delight about the discussion on the e-naira policy. He gave detailed insight into the progress and challenges of the e-naira digital currency. He alluded to the fact that the use of banknotes is rapidly declining and digital currency advocacy is continuously intensified by technological innovation in the Global payment landscape.

He compared the central bank digital currency (CBDC) and digital currency in the area of liability where the CBDC is the liability of the Central bank as opposed to the digital currency where it is the liability of the commercial banks, the area of Accessibility to the "Unbanked" where the CBDC requires no bank account as to digital currency that requires a bank account and many more area.

Furthermore, he emphasized that Nigeria is the foremost African country and one of the first three (3) global pioneers to successfully launch CBDC (eNaira). 119 countries (representing over 95 percent of global GDP) are now exploring a CBDC and Financial sanctions on Russia have led countries to consider payment systems that avoid the dollar.

He gave global use case scenarios of CBDCs by comparing Jamaica, Bahamas, and China to the E-Naira and submitted China CBDC was popular due to some factors like; Expansion through invites and cash incentives, Integration with Alibaba services ecosystem (Alipay), Social media integration on WeChat platform with 1.2 billion users., Conducted pilot tests in 23 cities to test run the solution and gather feedback amongst others.

He concluded by citing the potential of e-naira siting the contactless and offline payment capability as customers can make in-store payments using their eNaira wallet on their smartphone by scanning QR codes. Also, Cross border remittance as eNaira promises to lower remittance transfer costs, making it easier for the Nigerian diaspora to remit funds to Nigeria by obtaining eNaira from international money transfer operators and transferring them to recipients in Nigeria by wallet-to-wallet transfers free of charge.

He thanked everyone for listening.



## KEY FACTS ABOUT e-NAIRA

- Nigeria is the foremost African country and one of the first three (3) global pioneers to successfully launch CBDC (eNaira)
- 119 countries (representing over 95 percent of global GDP) are now exploring a CBDC.
- 11 countries have fully launched a digital currency. Jamaica is the latest country to launch its CBDC, the JAM-DEX.
- In 2023, over 20 countries will take significant steps towards piloting a CBDC. Australia, Thailand, Brazil, India, South Korea and Russia intend to continue or begin pilot testing in 2023.
- As of December 2022, all G7 economies have now moved into the development stage of a CBDC. The New York Federal Reserve's wholesale CBDC experiment, Project Cedar, has shifted the US from research into development.
- Financial sanctions on Russia have led countries to consider payment systems that avoid the dollar.

# CASE STUDY OF OTHER Central Bank Digital Currency (CBDC)

## Bahamas - Sand Dollars



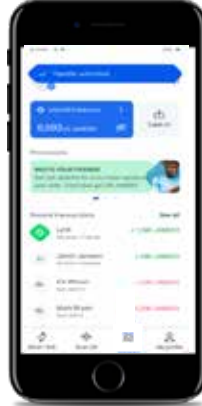
Users **10k**

Merchant **2.3k**

Transactional Value **\$ 300k +**

Use case	Cross Border	Technology
Retail	N/A	Distributed Ledger Technology

## Jamaica - JAM DEX



Users **120k**

Merchant **2.3k +**

Incentivization **\$ 16 for 1st 100k user**

Use case	Cross Border	Technology
Retail	N/A	Distributed Ledger Technology

## Nigeria - eNaira (Launch)



App Download **500k**

Transactional Volume **700k +**

Transactional Value **\$ 10M +**

Use case	Cross Border	Technology
Retail	N/A	Distributed Ledger Technology

## China - e-CNY(Pilot)



Users **260 M**

Transactional Volume **\$ 360M +**

Transactional Value **\$ 13.75b +**

Use case	Cross Border	Technology
Retail & Wholesale	Yes	Distributed Ledger Technology & Central DB

## Digital Yuan Wallet, What China did right



Expansion through invites and cash incentives



Integration with Alibaba services ecosystem (Alipay)



Social media integration on WeChat platform with 1.2 billion users.



Conducted pilot tests in 23 cities to test run the solution and gather feedback



Sign-up was provided for 7 commercial banks and 2 online banks



Promises eNaira Holds for the Country and its Economy



## PRESENTATION

### Amb. Segun H. Olugbile - CEO, Araba Technologies Ltd

He praised the organizers of the event for initiating the topic and bringing everyone to review the progress and challenges of the E-Naira policy.

He stated that E-Naira is a digital revolution creating a phenomenal transformation across the world. This phenomenon has Boosted e-commerce activities with cashless transactions recorded in Nigeria between January and April 2021 totaling N81.54tn. It is founded on a key objective of enhancing financial inclusion-Access to financial services for underserved and unbanked segments of the Nigerian population.

He explained that the motivation behind the Issuance of Central Bank Digital Currency (CBDC) was Financial Stability; Monetary Policy Implementation; Financial Inclusion; Payment Efficiency (Remittances); Payment Efficiency (Cross border); and Payment Safety/Robustness etc.

According to him, the direct benefit of the E-Naira was numerous such as Improved financial inclusion: Increased efficiency and reduced costs, Improved monetary policy effectiveness, Increased competition, Enhance security, Better data gathering, and many more.

He encouraged MSMEs to take advantage of the E-Naira accepting the e-Naira as a form of payment from customers, which can help increase the adoption and usage of eNaira. They can also, explore new and creative ways to use eNaira, such as offering loyalty programs or rewards for customers who use eNaira for transactions.

He rounded up by urging everyone, especially MSMEs to adopt the e-Naira an online means of payment to promote its benefits.

“  
*Expolring e-Naira as a form of payment  
from custormers will increase its usage.*

”

## Integrations for eNaira currently include:

**Retail transactions:** The eNaira is being used in cities for small-scale transactions such as purchasing goods and services at designated retail outlets, including supermarkets and convenience stores.

**Public transportation:** The eNaira is also being prepared for use in public transportation payments, including buses, subways, and taxis in cities.

**Online payments:** The eNaira is being integrated into e-commerce platforms and online payment systems, including ; SystemSpecs (Remita), Flutterwave , FIC Exchange, SystemSpecs (Remita), Flutterwave, Interswitcht etc.

**Government services:** The eNaira is also being used for government services such as payment of JAMB ePins and Integration with NYSC.

**SMES Company Salaries:** Some companies are now paying their employees' salaries in eNaira.

## SMES Roles & Benefits from eNaira?

Small and medium-sized enterprises (SMEs) can participate in Central Bank Digital Currencies (eNaira) in several ways:

- 1. Adoption:** SMEs can start accepting eNaira as a form of payment from customers, which can help increase the adoption and usage of eNaira.
- 2. Integration:** SMEs can integrate eNaira into their existing systems such as accounting and invoicing to streamline the payment process and reduce costs.
- 3. Innovation:** SMEs can explore new and creative ways to use eNaira, such as offering loyalty programs or rewards for customers who use eNaira for transactions.
- 4. Financial inclusion:** SMEs can use eNaira to reach new markets, such as those without access to traditional banking services, and help to increase financial inclusion.
- 5. Collaboration:** SMEs can collaborate with other SMEs, financial institutions, and the central bank to develop and test new use cases for eNaira and to support interoperability between different eNaira.

## Recommendations

1

Awareness should be intensified about the benefits of e-Naira, especially in the business community

Awareness should be taken to the doorstep of the business community as they are the main beneficiaries of the initiative

2

Incentives should be made for subscribers of e-Naira

This will go a long way to entice people, especially the youth to use the app

3

Digital Infrastructure should be enhanced for the efficiency of digital currency

This will boost the confidence of MSMEs as fluctuating network tends to frustrate transactions and give the E-Naira a wide coverage

4

Government should use E-Naira as the main channel for invention and public subscription

Government adopting the E-naira platform as a major payment platform for giving grants, paying for JAMB, etc will make the populace familiar with it.

5

Collaboration between whole merchants, and business associations will allow businesses to benefit from E-Naira cashless policy

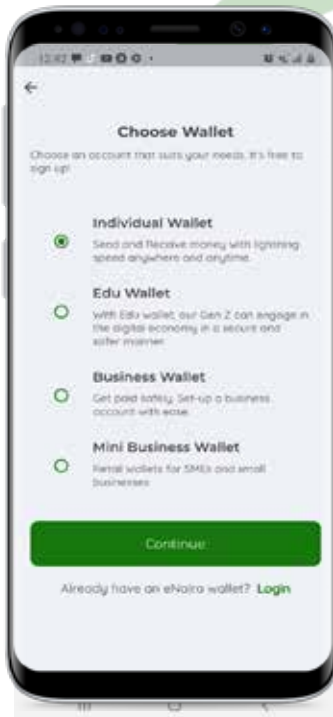
Partnerships with platforms like JUMIA, PATRICIA, ACCI, NACCIMA, MAN, will fastrack the transition to a cashless economy

## 6

Unclear use cases

Unclear roadmap and features available to users of the product.

## Features of e-Naira



- CBDC is a liability of the Central Bank. Eliminates the third-party risk to customers in events like bank failures.
- CBDC promises lower charges as transactions will not require to travel through various banks
- No Bank account required. Users can receive and send money through digital currency wallets
- Usually "Blockchain-based" with a promise to facilitate seamless transactions and visibility to all parties in the Blockchain

## BENEFITS OF E-NAIRA



- **Zero charges for merchant service**

The CBN has rolled out incentives to attract merchants and other businesses, such as ZERO Merchant Service Charge\* (compared to current 0.5% of the transaction value, to a maximum of N1000).

- **Innovative and flexible payment options**

The ever-evolving payment technology landscape will influence the service offerings of the eNaira speed wallet. In the near future users can benefit from flexible payment options such as; one-tap-pay, scheduled payments, 3rd party lifestyle extensions, pay with code, and virtual pay amongst others.

- **Cross-border remittance**

The eNaira promises to lower remittance transfer costs, making it easier for the Nigerian diaspora to remit funds to Nigeria by obtaining eNaira from international money transfer operators and transferring them to recipients in Nigeria by wallet-to-wallet transfers free of charge.

- **SMES Company Salaries**

Some companies are now paying their employees' salaries in eNaira.

- **Contactless and offline payment capability.**

Customers can make in-store payments using their eNaira wallet on their smartphone by scanning QR codes. CBN has also provided USSD code for its eNaira, indicating that Nigerians without internet-enabled phones can transact seamlessly.

## NCPC MANAGEMENT TEAM



**Chidiebere Onwumere**  
Executive Director



**Olayemi John-Mensah (Mrs.)**  
Center Manager



**Adetoye Kayode**  
Policy Advocay



**Sophia Okiasi**  
Policy Marketing Officer



**David Jegede**  
Policy Research/ IT  
Officer



**Ama Agbebaku**  
Event Officer



**Ivivre Mendi**  
Grant Officer



**Musa Akebe**  
Photographer

