



THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA
(Incorporated in 1976 and Chartered by CIBN Act 12 of 1990 New Act No. 5 of 2007)

2014 ANNUAL LECTURE

Identity Management: A Catalyst for the New Economic and Financial Service Transformation

GUEST SPEAKER

Sir Ademola Ben A. Aladekomo
Group Managing Director, Chams Plc

DATE

Thursday, October 23, 2014

VENUE

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by

Sir Ademola Ben A. Aladekomo
Group Managing Director, Chams Plc

THURSDAY, OCTOBER 23, 2014

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The Lecture has in the past benefited from the wealth of knowledge of scholars and technocrats of international repute. Some of the earlier lectures (1991 – 2013) delivered include:

- **“International Trends in Bank Capital and its Adequacy: How Does it Relate to Bank Performance?”** by Prof. Zannis Res, City University, London in 1991.
- **“The Nominalisation of the Nigerian Economy”** by Prof. Dotun Philips, Director – General, Nigerian Institute for Social and Econ. Research in 1992.
- **“Managing Government Fiscal Deficits: Experience from Selected Developed and Developing Countries”** by Prof. S. Tomori, University of Lagos, Nigeria in 1993.
- **“Economic Recovery Programme in the Third World Economies: What Viable Options?”** by Prof. Femi Fajana, University of Lagos, Nigeria in 1994.
- **“Is Democratisation Conducive or Detrimental to Development in Africa?”** by Prof. Claude Ake, Centre for African Development, Port Harcourt, Nigeria in 1995.

- **“The Nigerian Financial System”** By Mr. Pascal Dozie, Chairman/Chief Executive, Diamond Bank Nigeria Ltd in 1998.
- **“Mirco-Credit: An Instrument for Economic Growth and Balanced Development”** by Prof. Francis O. Okafor, University of Nigeria in 1999.
- **“Globalisation: What Future for Developing Countries”** By Prof. Alaba Ogunsanwo. Ex. Nigerian Ambassador Extra-Ordinary and Plenipotentiary to the Kingdom of Belgium and the European Union in 2000.
- **“Africa, the Greatest Development Challenge in the 21st Century”** by Prof. E.C. Ndekwo, Research Professor, Nigerian Institute of Social and Economic Research, NISER, Ibadan in 2001.
- **“New Partnership for Africa’s Development (NEPAD): Agenda for Banks”** by Mr Rebily D. Asante. Technical Adviser to the West African Monetary Institute (WAMI), Accra, Ghana in 2002.
- **“Harnessing Nigerian’s Resources for the Successful Implementation of the National Economic Empowerment and Development Strategy (NEEDS)”** by Prof. Sheidu Aminu Diyo, Dean of Management Sciences, Usman Dan Fodio University, Sokoto in 2004.
- **“Domestic Debt: It’s Bondification for National Development”** by Prof. Bob Osaze, Director (Special Projects) Securities & Exchange Commission, Abuja in 2005.
- **“Bankers and The NAFDAC War”** by Professor Dora Akunyili, OFR, FPSN, Director-General, National Agency for Food & Drug Administration and Control (NAFDAC), in 2006.

- **“Promoting Entrepreneurship for Economic Empowerment of Nigerians”** by **Professor Cyril Segun Ige**, Head of Economics & Development Studies and Co-ordinator of Entrepreneurship Development Studies, Covenant University Ota, Ogun State in 2007.
- **“Public-Private Partnership in the Nigerian Energy Sector: The Role of Banks and Experiences from other Economies”** by Professor John C. Anyanwu, Chief Research Economist, Research Division, Development Research Department, Office of the Chief Economist, African Development Bank (ADB) , Tunisia in 2008.
- **“The Case for Promoting Economic and Trade Diversification in Africa”** by Jean Louis-Ekra, President, African Export-Import Bank, Egypt in 2009.
- **“Reinvigorating Nigeria’s Value System for Enhanced Socio-Economic Development”** by Hon Justice Emmanuel Ayoola, CON, (Rtd), The Honourable Chairman, Independent Corrupt Practices & Other Related Offences Commission (ICPC) 2010.
- **“Building a Resilient Financial System to withstand External Shocks: Lessons from Selected Economies”** by Mr. George Lewis, Chairman and Portfolio Manager, Royal Bank of Canada (RBC), 2011.
- **“The New Agricultural Transformation in Nigeria: Opportunities for Banks and Other Stakeholders in Economic Diversification”** by Dr. Akinwunmi Ayo Adesina, Hon. Minister of Agriculture and Natural Resources, Federal Republic of Nigeria in 2012.
- **“Banking Makeover – What Will Change?”** by Dr. Andrew Hilton, Director and Joint Founder, Centre for the Study of Financial Innovation (CSFI), United Kingdom in 2013.

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Invited guests and members of the Press

I am delighted to be here to speak to you on ***Identity Management: A Catalyst for the New Economic and Financial Service Transformation***, a subject matter that is very timely and critical to the development of the Nigerian nation.

I am grateful to CIBN for accommodating the request to revise the topic from *Biometric Data Capture: A Catalyst for the New Economic and Financial Service Transformation* to *Identity Management: A Catalyst for the New Economic and Financial Service Transformation*.

Whereas Biometric Data capture is a subset of Identity Management, focusing on Identity Management itself will raise the level of discourse and emphasise the importance of a major issue that is germane to our existence as a nation.

INTRODUCTION

I will start this paper by outlining my understanding of what identity management entails. I will attempt to answer the question of who a Nigerian is, how others see the Nigerian, the corruption perspective and related issues before delving into the nitty-gritty of how a well-coordinated identity management system can serve as a catalyst for new economic and financial service transformation in the country. I will also outline how Nigeria can become a global leader in secure Financial Services delivery and the global benefits derivable from an identified and identifiable Nigerian population.

Identity management is a term that refers broadly to the administration of individual identities within an entity. The entity here could be a company, a network, a state or a country. In simple terms, Identity Management is the identification and management of those attributes that are used to ascertain that you are who you claim to be. The objective of Identity management is to standardise communication among institutions that interface with individuals across the country, so that one can identify, verify and authenticate each citizen for their true identity. A good identity management system allows the holding of an individual responsible for their actions or inactions. It ensures non-repudiation of identities, transactions and responsibilities. At this forum, we are more concerned with the administration of the identities of individuals who qualify to be addressed as citizens of Nigeria and old enough to be involved in financial transactions.

WHO IS A NIGERIAN?

Let us ask ourselves: Who is a Nigerian? Who qualifies to be addressed as a Nigerian? Is it everyone living within Nigerian borders? Does the definition of the Nigerian include others who live outside Nigeria? For brevity, let us describe the Nigerian whose identity must be established and managed to include persons recognised by the Nigerian Constitution as citizens either by birth, registration or by naturalisation and who have full rights of citizenship.

To me, the Nigerian embodies a lot more than simple citizenship. The Nigerian is confident, innovative and hard-working. There is something about the Nigerian that I have noticed. When you train him very well and give him access to resources, technology and tools, he becomes extremely good at it. That is why I can confidently say that a lot of individuals who have passed through us in Chams are among the world's best. They can compete and stand a shoulder above a lot of other nationals. You will find a lot of Nigerians doing pretty well in several areas of life in medicine, in engineering and sports, among others. You will find that Nigerians in the US, Canada or in Europe are doing very well and well above other nationals on the average. You will find us proud, dominating Medicine, Pharmacy and other professions in the Americas, Europe and Southern Africa. Even in technology, we excel. You will find us in MIT, Harvard, Cambridge, Oxford, NASA etc.

More interesting is Nigeria's remarkable demography. A McKinsey Global Institute (MGI) report titled – 'Nigeria's renewal: Delivering inclusive growth in Africa's largest economy', indicated that Nigeria has a young and growing population. According to the report, "Many aging advanced economies, particularly in Europe, face the prospect of slow growth due to flat or declining populations, but Nigeria and other developing economies have large and growing working-age populations, which can be drivers of growth. Nigeria already has

the ninth-largest working-age population in the world, and by 2030 the number of Nigerians of working age (15 to 64) is expected to be 50 percent higher than today.”

By 2030, Nigeria is one of the few countries in the world that will definitely have abundant supply of young workers. The CIA Fact Book 2014 estimates provide interesting data, which indicate that out of a current projected population of 174 million Nigerians, young people account for over 62.5 percent of the population with a median age of 18.2 years. This implies that there are currently over 108 million young people below the age of 25 in the country. Thus, youth, more than oil, could be Nigeria’s asset in the years ahead depending on how this demographic reality is managed.

The contemporary youth in the age of internet/social media in which the monopolies of governments and nation-states on the media has been broken can be restive. This is because the youthful demographic is highly aspirational, mobile and impatient, and is not content with status quo. In the face of inequality and corruption, the bid to survive by this critical mass can lead to the emergence of a Hobbesian State of Nature where life is nasty, short and brutish, in societies in which they are in abundance.

Let me refresh our memories by referencing the Arab Spring - a revolutionary wave of peaceful protests, violent riots and civil wars in the Arab world that began on 18 December 2010 spreading across the countries of the Arab League. It was powered by a youthful demographic who took advantage of social media to say no to inept leadership, nepotism, cronyism, dictatorship and inequity.

The release of the second edition of the Arab Social Media Report by Dubai School of Government confirmed what we all knew all along that Facebook and Twitter enabled the historic region-wide uprisings of early 2011. According to the report, nine out of ten Egyptians and

Tunisians used Facebook to spread awareness for the protest to enable it gain traction.

In his 20 September, 2011 article for Huffington Post, Raymond Schillinger advised that to understand the role of social media during the Arab Uprisings, it must first be understood in the context of high rates of unemployment and corrupt political regimes led to dissent movements within the region.

Let me ask a rhetorical question – have we learnt anything of value from the role played by the youth and social media in galvanizing the Arab Spring?

I am disturbed that there appears to be no strategic plan towards tapping the great potentials hidden in our growing youth population. Currently, youth unemployment is estimated at about 50 percent of the youth population, and has been linked to the growing menace of kidnappings being perpetrated by angry youths. With the massive recruitment of young people into terrorist gangs and the ever-growing number of desperate young people willing to become thugs for self serving politicians, my worry is not misplaced.

I am however consoled by the recent year-long study of the country by the McKinsey Global Institute which indicated that over the next 15 years, Nigeria has the potential to become a major global economy.

So much for politics related to the Youth. The Nigerian is garrulous, largely spoken of, envied and cynically admired by other Africans and the world at large. Our boldness and bluster confounds the world simply! Only a few nationals will challenge the status quo with a straight face and attempt the impossible. Nigerians will do and ask for the next challenge. The Nigerian, is that creature who is never satisfied with his or government, will criticize and seek ways to change

things without fear. Overzealous. Critical. One remembers Aminu Kano, who forgot he was the Governor of Kano State and went about criticising his own government. That is a Nigerian. On the average, extroverted, daring, ambitious with the potential of being the best in the world. The Nigerian. To me, the Davido in music, Omoni Oboli in movies, Imoteda in beauty/TV, Tolu Ogunlesi in journalism, Temitope in publishing/politics, Dbanj also in music, Fela Durotoye in Motivational Speaking, Roosevelt O in banking etc are Nigerians shaping not just our future but telling us who we truly are. They are young, sure footed, aggressive, obstinate, creative and highly dynamic in thoughts and deeds. We are proud of them. We salute them. We wish them well.

HOW OTHERS SEE NIGERIANS

It is unfortunate that a lot of foreigners see Nigerians otherwise. The wide-ranging view among non-Nigerians is that the Nigerian people are dishonest and corrupt. We are considered to be a people that are not trustworthy. A BBC Africa initiative titled 'Nigeria in a word' affirmed this and the results are far from palatable. BBC Africa asked people to describe Nigeria in one word using the hashtag #OnewordNigeria. Corruption and Boko Haram were the two top ranking one word hashtags used to describe Nigeria in the digital space. Great, Great Nation and Fraud came a distant third, fourth and fifth respectively. How did we get to this sorry state?

The major issue we have is the perception that Nigeria is corrupt but I make bold to say that it is not. When foreigners come here and interact with us, most times, they realise that Nigeria is not as corrupt as they thought and they are amazed. Usually, the first time they are obliged to visit Nigeria, they ask for bulletproof cars but after coming into Lagos, by the third or fourth week, they are busy enjoying themselves buying corn or suya on the street. When you employ them, after three or four years, they do not want to go back to their countries. The stories are told of retiring USA Ambassadors to Nigeria who prefer to come back "home" to Nigeria to either live, marry our ladies and do business. So, it is a perception issue.

In any society, it is almost a fact that one per cent of the people will be either be criminals or have criminal tendencies. They will be found as thieves, murderers or corrupt persons. It is almost a law which applies even in the Vatican City. If you take one per cent of the population of Nigeria, which is about 174.5 million people, you will have 1.745 million corrupt or criminally minded persons that unfortunately we do not know and that is a huge burden. So if someone out of this

one per cent commits a fraud in his dealings with foreigners, law enforcement agents will want to know details about the person but this would be impossible because they do not know and currently may not have the tools to know the person. They cannot track nor trace the person. An unknown or unquantifiable problem can take on a larger than life proportion. The crisis of the unknown one percent leaves the average Nigerian with a characterisation of being potentially fraudulent and totally criminal minded.

In the recent past, there was a startling revelation by a former Inspector General of Police, who said there are criminals that were released from prison who have found their ways into the police force, because of the Police Authority's inability to identify them. This applies to almost all other social, political and economic institutions in our society. A fraudulent banker dismissed in a Bank can today easily find his way into another bank to commit same atrocities because we lack the capability to proper hold people to their identities and responsibility. Due to our inability to identify criminals, they continue to find their way into many other areas of the society and so continue to be the key perpetrators of nefarious activities.

However, it is impossible for all 174.5 million Nigerians to be fraudulent. This perspective has been so generalized by foreigners who never visited Nigeria and it is almost becoming a fact. A fallacy becoming the truth. The situation is not helped by the damage done by overzealous Nigerians who want to impress foreigners by casting aspersions on their own. The situation is worsened by Nigerians in diaspora, who, wanting to justify why they live abroad or cannot afford to come back home, cast aspersions on the country. They tell tales of third parties who encountered one problem or the other whilst in Nigeria. When challenged, they claim it to be a friend's uncle who emailed an aunty who is a friend to a co-worker to a classmate who

alluded to the possibility of the case happening in Nigeria. Contorted, always. A case of Aminu Kano? Perception.

Nothing supports my position that we are grappling with a perception issue more than testimonials of two global senior business leaders who visited Nigeria recently – Ivan Menezes and Andrew Harding. Ivan and Andrew visited Nigeria in September and October 2014, respectively.

Andrew Harding, Managing Director, Chartered Institute of Management Accounts (CIMA) with presence in 177 countries described Nigeria as a vibrant country, and Nigerians as intelligent, dynamic and truly inspiring entrepreneurial people. According to him, the world gives Nigeria a lot of bad press, which is at variance with his experience. He disclosed that his trip to Nigeria was an unexpectedly wonderful experience of meeting with dynamic, intelligent and truly inspiring entrepreneurial people.

On his part, Ivan Menezes, CEO of Diageo, one of the world's leading alcoholic beverage companies with presence in 180 countries, described Nigeria as an exceptional and exciting consumer environment. In his words, "Diageo is extremely confident in the opportunity in the Nigerian market. It is a market we cannot ignore. The fundamentals of the Nigerian economy are very robust, same for the energy, optimism and vibrancy of the people. This market represents an exceptional and extremely exciting consumer environment."

THE CORRUPTION PERSPECTIVE

We (The business entities I represent and myself) completely and totally DENOUNCE corruption in all its ways, guises or formations. It is evil and an abomination. I have been very fortunate to have been in business for almost 30years. In those years, due to corruption in high places, we went through three cycles when our business almost collapsed. By the Grace of God, through the hard work and perseverance of our staff members we are still alive, waxing stronger despite the odds. Even in our public works, including a 102 hectare charitable cemetery project, corruption from other parties made life almost impossible for us. By His Grace, our dead will be buried respectfully soon enough, including the corrupt ones. We condemn corruption totally!

After all the condemnation of corruption, we beg to differ on the pervasive assertion that Corruption is NIGERIAN. Nigerians speak publicly, loudly in denouncing ourselves so much that the rest of the world does not have any need to do more in condemning and crucifying us. We are the first to stand up in all circles, local or international to condemn NIGERIA and Nigerians. It is this destructive criticism that has made us want to address the issue.

It is simply a PERCEPTION issue. The Americans do not condemn their country wholesale as being corrupt. They discuss specific cases, prosecute them and jail them where found guilty. They do not show the nakedness of their mothers in the market place and then clothe her in the corners of their bedroom as we do with Nigeria. Let the country without corruption cast the first stone?

In November 2012, for instance, some of us were alarmed to see screaming newspaper headlines distilled from a KPMG Africa

Fraud Barometer stating that “Nigeria is the most fraudulent African country”. The report stated that the number of fraud cases in Nigeria has been worsened by fraud and corruption in the oil sector. It identified the common forms of fraud in the country as bribes in the private and public sectors, misappropriation, and contract inflation. Government officials and top management staff in private companies were described as the worst offenders leaving companies shareholders and the general public to bear the brunt of their profligacy. The report further blames the long and tedious legal system in the country of doing next to nothing in bringing perpetrators to book. It is instructive to note that data for the KPMG fraud barometer were aggregated from news articles and reviewing fraud cases from designated databases.

It is ironic that dear country, Nigeria, remains highly rated on the KPMG Fraud Barometer as one of the three most fraudulent countries in Africa. Yet, recently published Transparency International Corruption Perception Index for 2013, rated Somalia, Sudan, South Sudan and Libya among Top 10 most corrupt countries in the world. The index ranks countries around the world by perceived level of government corruption, with a score of 100 signaling an absence of official corruption and a score of 0 indicating a country that is hopelessly corrupt.

Here are the world’s 10 most corrupt nations, starting with the worst:

1. Somalia
2. North Korea
3. Afghanistan
4. Sudan
5. South Sudan
6. Libya

7. Iraq
8. Uzbekistan
9. Turkmenistan
10. Syria

SOURCE: Transparency International Corruption Perception Index for 2013

Certainly, corruption is not exclusive to Nigeria. Corruption abounds in all governments across developing and developed economies of the world. Developed western countries are as corrupt as African ones, but are only more adept at covering their fishy business. The popular perception in these societies is that anti-corruption measures are constantly at work through laws, committees, watchdogs, investigations and journalists that never sleep until their mandate of preventing, exposing and ideally punishing abuses of power are fulfilled.

In terms of quantum, quality of fraud and scale of corruption, Nigeria and lots of African countries are several light years behind the developed economies of Europe and the Americas. The biggest bribe cases in business history as documented by Investopedia involve western corporations paying public officials in Europe and Americas to expedite legal processes or obtaining contracts. Sizes of most of these corporate bribery episodes are mind boggling, yet these economies are not demonized.

Though Nigeria and Nigerians have had to contend with the stigma of being the most notorious country for scams and e-commerce fraud, it is all but negative perception and some sort of scam. Thanks to Sift Science, a fraud fighter service provider, I can tell you without equivocation that Nigeria is not among the Top 15 on e-commerce fraudulent list.

See Top 15 e-commerce fraudulent nations, starting with the worst:

1. Latvia
2. Egypt
3. United States
4. Mexico
5. Ukraine
6. Hungary
7. Malaysia
8. Colombia
9. Romania
10. Philippines
11. Greece
12. Brazil
13. China
14. Indonesia
15. Russia

SOURCE: Sift Science 2013

Prevalence of low level 'stomach' crimes motivated by subsistence and the ridiculously unintelligent approach to committing fraud/corruption certainly sets Nigeria apart.

THE RULE OF LAW ANGLE

Most Nigerians who are of age since the advent of the Fourth Republic cannot forget in a hurry the curious and highly celebrated litigation cases of James Onanefe Ibori and the Late Evan Enwerem, who allegedly had criminal past. James Ibori was a two-term Governor of Delta State, while the Late Evans Enwerem was the Senate President, holding the fourth highest political office in Nigeria in 1999.

It was alleged that James Ibori was convicted in 1995 in Suleja in Niger State for stealing building materials which automatically disqualified him from holding political office. In a similar vein, it was alleged that Evan Enwerem was convicted shortly after Nigeria's independence in the 1960s, and so unfit to be hold political office.

We all watched the confusion interjected into the James Ibori criminal proceeding when a ghost Ibori was said to be the culprit of the Suleja stolen building materials and not James Onanefe Ibori. While Ibori was acquitted in Nigeria because there was no identity database in place to ascertain his identity, he was convicted in London for a similar offence because he was tracked and properly identified using an identity database.

His travails started in London when the Metropolitan Police discovered more than \$1.5 billion in his private accounts and did a background check on him. Then it was discovered that James Ibori and girlfriend turned wife, the ex-first lady of Delta State (Theresa Nakanda), had a history of criminal offences including stealing building materials from Wickes Building Depot, London, in the early 90's. They both were convicted twice for similar offences. An identity management issue.

On his part, it was alleged that Evan Enwerem stole a goat. Evidence was uncovered to show that a certain Evans Enwerem had been convicted by a court of law in the immediate months after Nigeria's independence. The media later then reported that the Senate President had put up a spirited defence that the Evans Enwerem convicted was his twin brother, who had died. His own name he gave as Evan Enwerem. What will it be? Evans or Evan?

After months of denials and allegations of criminal record and falsification, rounds of partisan political fights and intrigue, Enwerem was toppled in November 18, 1999. Enwerem, a survivor of a previous impeachment fight, lost this time in an overwhelming vote cast by his colleagues; 90 senators of 109 voted to impeach him.

The high profile cases of James Ibori and Evans Enwerem, were a national embarrassment and are testaments to the fact that without a proper identity database, implementing the rule of law becomes challenging because we then cannot identify our people and prosecuting offenders become cumbersome. In such a dilemma the criminal may end up going scot-free and the innocent gets punished.

A PROBLEM NOT WELL STATED

Conventional wisdom suggests that a problem well stated, is a problem half solved. Thus, the inability to clearly state a problem is in itself a major problem.

From the aforementioned, it is apparent that the dilemma of the Nigerian and Nigeria, stems largely from the Identity Management challenge. So I ask;

How can we identify each of our 174.5million citizens in a manner that is traceable, verifiable, inimitable and non-repudiable?

Who makes up the 1% corrupt and criminally minded population of Nigeria?

If I do not know who the Nigerian is, how can I do business with the person; how can rule of law be followed through; how can corruption be tackled and perpetrators punished; how can government do proper planning and allocation of resources; how can we build infrastructure to meet the needs of the people; how can the banks bank me or give me access to credit; how can I be trusted to fulfill my financial obligation; and the list of hows continues?

As Nigerians, we are perceived wrongly and often always judged wrongly because of this identity problem. When transacting business, you are greeted with so much suspicion because it's not certain that the person you are transacting business with is who he or she claims to be. Hence the reason you bankers ask for every possible paper work to prove I am who I say I am before I can get access to financial service. .

A very good example I often like to reference is Femi Williams, the Deputy Managing Director of Chams PLC. He had three different accounts with a now defunct bank and each account had different

names, Olufemi Willams, Femi Williams, and Williams Olufemi. All three variants belong to one and the same person, with three different names and accounts, but with a single identification hub in place, it would not have mattered what name he had, Femi Williams would have remained same on all three accounts and the bank will know it is dealing with one individual and not multiple persons.

One is neither discouraged nor perplexed by the identity challenge, because the trajectories are being defined and already being implemented at various levels to see to the resolution of this dilemma. It's a course that has been on for a while but only just started to gain traction with the private sector participation. I acknowledge that the banking sector is making tremendous progress with the three-tier Know Your Customer (KYC) project introduced by Central Bank under Mallam Sanusi Lamido Sanusi, with the Bank Verification Project. The challenge of identity in the financial service sector will be largely mitigated. I will talk more about this subsequently.

Let's take the recent case of Ebola Deadly Virus. Imagine that Lagos State Government and the doctors didn't know what they were tackling in good time, the number of casualties would have been much more and the whole nation would have been in serious jeopardy. But thanks to the very courageous professionals and the swift response of the Lagos State Government. All possible contacts were quarantined and the nation saved from a deadly epidemic.

In the same view, I want us to view the 1% corrupt and criminally minded population as such, see them as the inherent epidemic in the nation. One potential criminal is the reason about 100 innocent Nigerians – do not have access to loans; are labeled corrupt; are out of jobs; cannot do some online transactions; are harassed and embarrassed at international airports; denied health care; new businesses die and old businesses go bankrupt, all of these and much more are the attendant effects of the lack of identity.

Having a good grasp of the identity dilemma, will help us have a more holistic view of the problem at hand.

As we become clearer on the real issues that bedevil our nation, we understand more that identifying ourselves and knowing who the next man is becomes all the more important for us as individuals as it is for our nation.

I reiterate that the journey to resolving the Nigerian identity problem has begun and with this done, we will be resolving a lot of the attendant effects the lack of identity has caused and is causing our nation.

THE REPUTATIONAL AND TRUST ISSUES

Reputational issue is still a major hurdle that we need to cross in Nigeria but I will say that is being broken down now. Foreign investors still perceive Nigeria as being very weak in corporate governance. They believe that the rule of law is still an issue. Some of these are true but some other things are over-rated and over-flogged.

For instance, I do not believe and restate for emphasis that Nigeria is any more corrupt than any other country. If anything at all, I believe we are even cleaner than many other countries in the world but the perception and the unfortunate colonial mentality of Nigerians makes us blame ourselves even more than outsiders. We tend to be more catholic than the Pope in helping other nationals hang us on the fields of frivolities. We are always the first to talk ill about our country. I have worked in a lot of countries worldwide and I have seen corruption. What we have in Nigeria is still petty stealing by ill-tutored people that do not know what to do with money. What does a man need N20 billion for? Is it the civil servant that will wear the same suit to the office every day? He cannot spend it. Such a man is simply an illiterate. He went to school to acquire certificates but he is still an illiterate because he should have known that the N20 billion is more useful in raising up the society where he could live better than hiding it in a Swiss account or dumber as cash all over his village contraption called, castle of peace. Peace of the graveyard!

That being said, a proper identification of people, will give comfort to us in business dealings as we know that even when I do not know Mr. A so well, he is known in his country, or in the state where he resides and so, traceable. His identity is non-repudiable so he can't claim to be Mr. A1 when issues arise. Really, there is just no hiding place for anyone with a full proof identification system and with it in

place would some of our reputational damages be laundered and trust earned.

As earlier mentioned in a previous chapter, the 1% corrupt population is there in every country, the major challenge with Nigeria as with some other developing countries, is IDENTITY. Without Identity, Mr. A can be Mr. B tomorrow and C the day after. He will evade taxes, benefit from government facilities, obtain loan from Bank Y and another from Bank Z, and not fulfill his obligation, yet he will walk the streets of Lagos, vie for public office and may even be appointed the Chief Justice of the Federation.

Narrowing in on the identities of the 1% population who are the perpetrators of criminal acts, put the society at peace and everyone on the watch.

ECONOMIC AND FINANCIAL QUAGMIRE

Nigeria's failure to establish a functional identity management system over the years has contributed immensely to the economic and financial quagmire it finds itself in today. It is scandalous that a country with over 174.5 million people, and immense resources like Nigeria does not yet have a sound, secure and sustainable identity system. Millions of adults do not have valid identification means, and are denied access to financial services. Before the October 2012 directive of CBN to deposit money banks to accept voters' cards in lieu of identity cards for basic banking transactions across the country, life was horrible just to prove who you are.

In United States, I have unlimited credit in the banking system. I do not live in USA, but because I have been known for ages as an individual, I have an unlimited credit line that allows me to buy a million dollar house today with just \$5,000 deposit or buy a Rolls Royce practically without cash. Why? I maintain a good credit rating. I have been identified with my Social Security number and I have a traceable record.

But it's a quagmire for me, that in my homeland where I live and transact most of my business, I cannot walk into a bank and have this facility available, because I am not known, I cannot be tracked and there is no record of me. Yet in a country where I do not live, simply because they know and can track me, I have access to funds and in case I do anything funny, they can blacklist me and in no time all my unlimited credit becomes zero until I repair the credit over the years.

You will find that many of the developed economies of the world are credit driven, this is because there is a proper identification system

where by each individual can be traced. Mortgage is a major driver for their economies.

Economies like Nigeria are still very much cash laden, access to credit remains almost unattainable particularly for the people in production, employers of labor and the informal sector. The question is how do they grow their business without access to credit? If businesses do not grow, jobs are not created and if jobs are not created, crime becomes the easy way out for the restive young population.

Hernando de Soto, one of the world's-renowned economists of the last decade, in his book *The Mystery of Capital: Why capitalism triumphs in the West and fails everywhere else* posits that it does not matter how much foreign investment a country has or how liberal its system is, it will not succeed in bringing prosperity to ordinary people until it has established a formal system of property rights. The big difference between developing countries and Western countries is that the latter have legal structures and established property rights, while the former have informal and often local ownership structures that are not transferable or dependable.

He explains further;

“Imagine a country where nobody can identify who owns what, addresses cannot be verified, people cannot be made to pay their debts, resources cannot be conveniently turned into money, ownership cannot be divided into shares, descriptions of assets are not standardised and cannot be easily compared, and the rules that govern property vary from neighbourhood to neighbourhood or even from street to street.”

What this means is that although people have wealth, even the poor have assets – they have homes and farms, small businesses and even quite large enterprises - but what they possess is not represented in such a way as to produce “*additional value.*” Informal property rights do not allow people to monetise their assets. In a Western country,

you have property deeds, and this allows you to use your assets to raise capital.

The ability to raise capital is the essence of capitalism, and in a Western country anyone can do it. I can take out a loan against my house and use it to start a business, but that's just the start of it. My Identity and the address serves as a point of contact for civic purposes such as jury duty, voter registration or taxation, for commercial purposes such as buying things and having them delivered. It just simply means that I can be found, if I default on debts or break the law. It's also a point for services, such as energy, water, or telephone lines, so I cannot be lost in the crowd, the system will seek me out at one point or another.

You will find that Lagos today has some of the most valued properties in the world, with people sitting on huge 'Dead Capital'. Such capital should be put to use to generate funds for businesses, create employment opportunity, fund the credit. Nobody goes ahead in the western world to buy a one million dollar property or car cash down. That being said, it will come across that we are poor, yet we are very rich but the lack of an Identity based system and proper support structures leave us deprived of access to our own wealth and almost put us perpetually at a disadvantage.

Thus, going by the myriad of difficulties that Nigerians still face in their dealings with the international community, coupled with the suspicion that greets anything Nigerian, it is expedient that we put in place an unimpeachable identity management register or database that will enable well-meaning Nigerians transact business across the globe with little or no harassment or unjust treatment. The database must be one that will enable easy access to credit because the bank is confident of the identity of its client; Credit, visa, passport etc issuance becomes easier and life invariably pleasant for all citizens.

Identity issues and frauds have continued to pose a significant threat to the development of the financial services sector, in spite of safeguards by market participants and the efforts of regulators. The banks and the Central Bank must be commended for the framework deployed so far in managing industry frauds in an increasingly sophisticated social milieu in view of the dire infrastructure challenges in the Nigerian market. It is for this reason that the banking industry biometric matching solution is a very timely and welcome development. Apart from easing the KYC challenge facing banks, it will equally reduce the risk of identity and payment frauds that may arise from the cashless economy initiative being implemented nationwide by the banks and CBN. The Bank Verification Number will not only go a long way in helping to curb fraud in the financial services sector but it will dramatically improve service delivery.

MANAGING THE NIGERIAN IDENTITY: THE FEDERAL GOVERNMENT APPROACH

The Federal Government's attempt at identifying Nigerians dates back to 1976, during the military regime of Chief Olusegun Obasanjo. After the many failed attempts, in 1998 a government envoy was referred to Chams. In 1999, Chams completed the pilot and issued the first ever successful One million ID Cards to Nigerians as pilot out of a 52.5M card award. The intrigues that followed after the successful pilot is a story for another day.

The well-conceived but torpidly implemented deployment of a robust national identity management database by National Identity Management Commission (NIMC) will certainly eliminate the pervasive anonymity of Nigerians. Currently, the Federal Government is investing in infrastructure that will empower law enforcement agencies to proactively combat terrorism. For instance, the ability to launch attacks at a time and place of their choosing are tactical advantages utilised by terrorists.⁷ Anonymity is another advantage being enjoyed by terrorists as we have seen with the deaths and many resurrections of Abubakar Sherkau, the supposed leader of the Boko Haram insurgent sect.

The National Identity Management Commission (NIMC), established by the Federal Government in 2005, has the constitutional right to register all Nigerians through Concessioning. I believe NIMC concessionaires should be provided with the resources to accomplish the task. Starting with the government of former President Olusegun Obasanjo who believed that the private sector should have been given a role to play in the exercise, NIMC appointed two concessionaires to

get the job implemented. The Jonathan government also acknowledged that it will be an expensive exercise and committed to helping the project front-end partners to get the job done. Unfortunately, the exercise is being turned into a contract job for the boys by NIMC instead of getting it done by concession.

I strongly believe that the only way for the exercise to succeed is for the private sector to do the job. The government has empowered NIMC to identify all Nigerians and have a base data of all Nigerians and also have data for all foreigners living in Nigeria. That is their job. They must get that job done and they have front-end partners that can get the job done for them. The preference for foreign contractors and suppliers over the local concessionaires to get the job done is unfortunate and must be addressed because the project was designed by Nigerians for Nigerians. The implementation should naturally be handled by Nigerian companies with the requisite competence and capacity to handle the job.

Allowing Nigerian companies to implement the exercise will also provide job opportunities for Nigerians, because they will be engaged in the data capture and smart card production exercise. This definitely will boost our country's knowledge capacity base and we will be better off for it, instead of ceding the execution to foreign countries who will take such expertise and knowledge base outside of Nigeria. It is sad that government appears not to have learnt anything from the mistakes of the past. The project which started in 1976 is still begging for completion about 38 years later. Interestingly, the only time it recorded any modicum of success was in 1999 when a Nigerian company was involved in its implementation.

WHAT IS IDENTITY MANAGEMENT?

I cannot but reminisce about our Nigerian and African forbearers' uncanny insight on the importance of identity management even in an age termed primitive. As such, tribal marks were imperative ethnic/national emblems worn with grace and pride mostly from childhood in ancient Nigeria and Africa.

The centuries old Ife bronze head and its elaborate and regal tribal markings is a strong testament to my position. It points to tribal marks as elaborate forms of identification passed down through family lineage (royalty etc.), clan and membership of social groups. By their unique properties deployed by some sort of skilled artisans, they differentiate the Yoruba ethnic group from their close Ebiraland neighbours.

This permanent form of identification could be vertical, horizontal or both vertical and horizontal marks slanted on the cheeks, forehead, on the temple and under the chin. These marks are in patterns based on the ethnic group of their bearer and have different meanings and different names.

In that age, the need to maintain national identity was so strong that chronicles of the Greek Historian - Herodotus revealed that in the fifth Century B.C. Carian living in Egypt cut their foreheads with knives as a means of proving that they were foreigners and not Egyptians. Other nationalities wanted to be identified for who they were in spite of the fact that Egypt was an important centre of culture and commerce in the ancient world.

This readily proves to us all that the need for identity management is almost as old as civilisation, and this need has not diminished with time. It has only evolved beyond the rudimentary tribal markings and piercings in line with the development of humanity.

According to the Oxford Dictionary, Identity is - the fact of being who or what a person or thing is. But within the context of this paper, identity data is comprised of a mixture of biographic data (including Personally Identifiable Data), behavioral data (such as identity metadata, relationship data) and biometric data (for example, fingerprint, face, iris data), within a given register-dependent context and at a particular point in time

Thus, Identity management broadly deals with identifying individuals in a system (such as a country, a network, or an enterprise) and controlling their access to resources within that system by associating user rights and restrictions with the established identity.

Moving from sector to sector, identity/ record requirement will differ. Your identity record at the hospital is not what is required at the bank, same for school or for voting. Whilst the individual remains same his/her inimitable self, the data required from him/her at the various points of service will differ, hence the reason he/her must be identified with his/her traceable record history at each service point.

CASE FOR MULTI-DIMENSIONAL APPROACH TO IDENTITY MANAGEMENT

Increasingly Government departments and agencies are deploying new services that are reliant on national scale population identity registers. These registers include a wide range of identity data for:

- Births, Deaths and Marriages
- National Voter Registrations
- National Health Insurance Services and records
- Education and Examinations
- Motor Vehicle / Driver License records
- Residency for States
- Revenue / Taxation data
- Visa, Immigration and Borders control data.

Not just Government departments and agencies are involved. Recently, we have noticed that banks, schools, churches, professional groups/ associations , the private sector and others have all joined in creating various registers to resolve issues of Identity in their domains.

While each register performs a unique function, at the core of each of them is the need to manage the identity data for 174.5 million Nigerians. This identity data is comprised of a mixture of biographic data (including Personally Identifiable Data), behavioral data (such as identity metadata, relationship data) and biometric data (for example,

fingerprint, face, iris data), within a given register-dependent context and at a particular point in time.

Some of the challenges that must be overcome to implement an effective National Population Register solution include:

REGISTER INTEGRATION

The creation of multiple discrete registers, potentially managed by different agencies, each containing context specific identity data, poses a significant barrier to the efficient consolidation of the available identity data. This reduces the overall utility that the registers can provide as a whole, and the effectiveness of the overall identity management solution.

With each register holding only partial (context specific) identity profiles, to efficiently leverage the value of identity data it is essential to be able to resolve the relationships between these partial identity profiles. To achieve this it is essential to be capable of constructing consolidated (360 degree), person-centric identity profiles and identity relationship graphs.

DISCOVERING AND MAINTAINING IDENTITY RELATIONSHIPS

It is difficult to resolve relationships between apparently unrelated Identities held in different registers, where the Identity attributes may be incomplete, intentionally different (identity theft, fraud, user aliases) or contain errors (data input errors).

HISTORICAL SEARCHES FORGOTTEN

Out-of-date register data, and unsynchronized updates to individual registers, may provide a window of opportunity for Identities that previously did not appear in search results at the time of query. If the registers' data is subsequently updated and synchronized, interested

parties will now be informed of new search results, which were potentially missing from the initial results.

Solution to this major problem would lie with starting from a major Register, the National Identity Register. Where and when not possible to start with that, effort should be made as soon as possible to integrate, link and purify the registers or databases with the National register as the core. There would be a need as later to be discussed to ensure that these discrete registers are kept as they perform their own functions apart from the various Nigerian National Constitution which established them. They all have regulatory powers to manage their databases and registers. The NIMC project would have been the best solution as a foundation to building these registers

The National Identity management Commission, NIMC reserves the right to identify, capture and store the data of every Nigerian and residents in Nigeria. The NIMC register should be the foundation of knowing who a Nigerian is before other sectoral needs of identity. However, the case for the multi-dimension approach to Identity management argues on the path of the dynamic nature of some biometric requirement varying from sector to sector.

The Financial service sector, for instance, has about 28 million account holders (we shall be sure after the BVN project is completed). Not all of the 174.5 million Nigerians that will be identified as Nigerians will operate a bank account. Assuming against all hope that the 174.5M Nigerians are bank account holders, Basel and KYC requirements still require additional information to know them as bank customers. The fundamental question for them is, who are bank customers?

The same applies to the 36 states of the federation and the Federal Capital Territory and other agencies, institutions, parastatals that interface with the people

Everyone living in the country must be resident in one state or the other where each of them consumes products and services and owe certain obligations like payment of tax. The security in that state, the public water they drink, the public hospital they visit when sick, their children's education, the markets they patronise, the public transport they enjoy and other infrastructure like roads that the state may be providing need funding and every citizen should play a part in all of these wherever it is they reside. I cannot be consuming in Akwa Ibom State and say because I am a Nigerian I have the right to be consuming there and fail to pay my taxes. The state has the right to know people resident in Akwa Ibom State under its Residency program.

In the health sector, some measure of unique individual information is also needed, so each individual needs to be identified and his health record up dated. NIMC can identify its 174.5M Nigerians but not all of them will have same allergies and blood grouping to say the least. Let us not think of Ebola, AIDS etc. With such record in place, health service delivery improves. Same argument applies to the FRSC- Federal Road Safety Corp; INEC – Independent National Electoral Commission, the Education sector; etc.

With each register holding only partial (context specific) identity profiles, to efficiently leverage the value of identity data, it is essential to be able to resolve the relationships between these partial identity profiles. To achieve this, it is essential to be capable of constructing consolidated (360 degree), person-centric identity profiles and identity relationship graphs.

So what the states and the banks are supposed to do is that if the database already exists they can go to this database and get the details of the people they want and then give them a new number to identify them as people resident in the state or as customers of the bank. For health insurance, maybe 25 million people want to do private health insurance, they get their NIN and a new health specific identity is

given to them as people on health insurance. The same thing applies to driver's licence and Voters registration. INEC will not say because people have NIN they will not identify people who are eligible to vote. However, we do agree that there must be a base data upon which we all vote. But if that base data is not ready or it is being politicized or affected by pecuniary issues, then other agencies must go ahead and do theirs. This was the case we believe, when the Central Bank and the Banks decided to go their own way in creating their Identity Management system. INEC, NCC, NHIS and the States are creating their own systems because of the inability of NIMC to come on stream fast enough. We recommend that all these systems should be harmonized once the structures are in place and implementation completed.

THE BANK VERIFICATION PROJECT

The significance of biometric data for efficacy of monetary policy operations and economic stabilization informed the decision of the Central Bank of Nigeria and Bankers' Committee to implement the Bank Verification Number (BVN) as part of its Know Your Customer initiative.

The BVN official project kick off took place in November, 2013, after a very rigorous, and stiffly competitive bid process which involved about 70 international companies and consortia. Chams PLC and Dermalog, a German company in consortium emerged the winner of the bid. It's now about 9 months into the BVN project and major milestones have been achieved, making this by far one of the most successful and fastest Biometric identification projects conducted on such a large scale. The implementation by Chams PLC and Dermalog is going on very well and progress being made rapidly.

It is noteworthy that economies with thriving small and medium scale businesses have functional identification systems driving the credit administration system. As such, banks are able to lend to the people, and are also able address the issue of fraud. Against this backdrop, the decision of Central Bank of Nigeria (CBN) and the Bankers' Committee to improve the banking industry Know Your Customer (KYC) requirement by deploying a biometric solution in 2013 is heartwarming. In all, the BVN initiative will strengthen the integrity of Nigeria and its financial services landscape by preventing pervasive identity theft, financial fraud, money laundering and terrorist financing.

The objective of the astute promoters of the Banking Verification Number project is to create a more reliable, technology-driven, and

fraud-free financial services landscape for the benefit of Nigerians and the economy at large. This entails building a central database in which the data of existing bank customers are domiciled such that information in Bank A, B and C is one and same for the same customer thereby preventing duplicity. It must be a big relief for the banks that a centralised platform through which they can enroll and uniquely verify the identity of each customer is being built.

Without a doubt, BVN will revolutionise banking and transaction payments in Nigeria, making it inclusive and more customer friendly. The major benefits of Banking Verification Project are improved banking KYC standards, fraud prevention, and unrestricted access to financial access by tens of millions of Nigerian adults in the informal sector that lack standard means of identification. Other benefits include emergence of a more robust lending regime, access to micro-credit for small businesses, as well as improved business performance and profitability for banks in the country.

It is in alignment with developments in Europe and America's sophisticated financial markets where the establishments of Know Your Customer utilities are gaining ground. Over 10 of such utilities have been launched or are in the process of launching to cover various aspects of KYC that include fraud prevention, anti-money laundering and terrorist financing, as well as tax evasion tracking, and knowing trade counterparts.

Basically, Know Your Customer in banking is the process of screening a customer, both initially and periodically by collecting detailed and authenticated information before allowing the customer to conduct banking transactions. For banks, both in developed and emerging financial markets, serving their customers well while at the same time complying with KYC legislation and regulation is a considerable challenge.

Beyond regulatory compliance, a robust Know Your Customer utility such as the BVN can deliver immense benefits to financial institutions if optimized. By this, I mean, unending KYC monitoring, which is a compliance requirement, can be used to uncover customer needs over time. With this insight, banks can improve business performance, increase cross-sales and profitability because of the capacity to understand, predict and shape future behaviour of the customer.

It will also simplify and fast track the customer acquisition process, enabling banks of all sizes to create positive customer experience through shortened transaction time, prevent identity theft thereby enhancing security of customer's funds as Nigerians fully embrace electronic payments and e-commerce. This is because its biometric nature provides an additional layer of personalized protection for customer information, and serves as a buffer from the risks associated with identity theft.

On the part of banks, unfolding financial market realities necessitate the adoption of a system that enables growth, manages cost and controls risk. Accurate identification of customers is a major requirement for achieving these success factors.

With the integration of a biometric solution to the core banking system, banks will engage in biometric enrollments at the time of account setup, loan application or at the time of transaction execution. Once captured, these enrollments can be used to validate the identity of a customer across multiple channels including in-branch, online and ATM banking, making it easier for customers to take full advantage of the bank's offerings.

Banks can use this structured knowledge of re-occurring customer choice/behavior, to identify and meet needs for improved business performance. This initiative also provides a holistic and synchronised view of banked Nigerians to the banks across board. Banks will also

have up-to-date information on fraudulent customers, and those at credit risks, shielding the industry from revenue loss to financial criminals.

In terms of benefits to the national economy, the project will boost financial inclusion, improving access to banking product and services in semi-urban and rural areas, thus raising household incomes through improved saving culture and access to micro-credits, which will in turn boost local industries and the national economy in the long term.

In no small measure, the deployment of a KYC biometric system by the Central Bank of Nigeria and the Bankers' Committee will ameliorate the customer identification and verification challenges facing banks and other financial institutions in Nigeria.

More so, the use of biometrics for identification and verification during financial transactions is the next frontier in secure identity management and personalization for both advanced and developing financial markets, and the Nigerian banking industry is leapfrogging others into the future with this initiative. It is a first in the global financial markets, and the regulators of non-banking financial sectors such as the insurance, pension, mortgage banks and capital market must leverage on this beneficial policy initiative.

The CBN also believes that the adoption of BVN will go a long way in bringing our unbanked populace to the formal sector of the economy and provide a rare opportunity for uneducated customers to perform independent authentication of their banking transactions.

Indeed, the growing need for a reliable form of identification in the wake of cashless initiative and desire for inclusive financial services, is a key reason for the implementation of the CBN's Bank Verification Number (BVN) Project. Many have also postulated that BVN project is one of the most significant projects happening in Nigeria at this

time. It is sure to put Nigeria on the world map, and possibly take us further down the world corruption index.

Recent research data on e-fraud in Nigeria by the Financial Institutions Training Centre (FITC) indicate that banks lost a total of N159 billion to electronic fraud between 2000 and first quarter of 2013. Let me repeat again for emphasis: One hundred and Fifty Nine Billion Naira. In three years. This was partly linked to ineffective banking industry KYC standards. Biometric KYC will yield significant cost savings to banks in the long term. I strongly believe that the banks have the right to know their customers. Under the Basel Commission I, II and III, know your customer (KYC) is a rudimentary and fundamental aspect of banking. You must know your customer and how do you know your customer? You know them through their biometrics. The banks have a right to identify their customers if only to meet up with the international conventions that they signed on to. There is an urgent need for accelerated identity management in Nigeria to comply with regulations and stay in the comity of nations.

CHAMS PLC INVOLVEMENT AND APPROACH TO IDENTITY MANAGEMENT

I remember with nostalgia how Identity Management became a part of Chams business and how the National Identity Card project was responsible for the twice near collapse we have witnessed in our 29 years of existence.

After fulfilling the societal needs of PC maintenance, Local, Metropolitan Area and Wide Area networking which were all a novelty at those times, we veered into identity management, e-payment and smart card technology owing to the pit fall in the wide area networking service which was due to shortage, better, lack of the then NITEL leased lines.

It all started with a failure of the Commercial Bank Credit Lyonnaise Wide Area Network (WAN) project we were handling then. The question we asked ourselves was, 'how can a bank customer transact business outside the branch where his account is domiciled?' For instance, if a customer opens an account in Lagos, how can he travel to Calabar and conduct business transactions with the bank without bottlenecks? It took intensive and extensive research work of close to two years to come up with a solution to the problem. We came up with an electronic purse to carry the customer's account, which means the account is carried inside the minicomputer that is embedded in the card so that when the customer gets to Calabar, he can then slot the card into a terminal there and the whole account can be accessed and he can transact business. We were able to demonstrate this and it worked. Because there was no Wide Area Network to authenticate mandates, the question that arose was 'how will the branch in

Calabar identify the customer from outside his domain?’ In those days the laminated ID card was prevalent and the ‘Oluwole Boys’ in Lagos were easily forging and faking the cards. So we needed to give the banks something far better. We needed to transfer the identity of the customer to the card and eliminate the laminated ID cards, which were unreliable. We asked the banks if they wanted to use two different identification cards - one from the bank and a personal one presented by the customer. Because the bank card is already in PVC, the question again was, ‘how can we transfer the customer’s identity on to the PVC?’ and that gave us a lot of issues. It took us another two years of research and development to come up with the technology that helped to resolve the challenge.

In the end, we were able to produce a card that had banking information on one side and identity information on the other side. So we pioneered the technologies of having both banking and identity information on a single card. After we did that, it still took us another one year to convince the banks that this was the solution to our Wide Area Network dilemma. We were concentrating too heavily on resolving the initial failure and pioneering a new set of technology for the banking sector that we were almost running out of cash. We were still doing the maintenance of other technologies that we pioneered but the passion of the company then was to satisfy that need which required that a bank customer can actually go outside his account domain and transact business successfully. Accidentally, the identity business took off faster than the payment system.

Back then, we had Aliko Dangote as a major customer in our local network and maintenance business. We requested and he granted us the favour of using him as a test case for our newly pioneered technology in Nigeria. We were at a meeting and casually mentioned to him that we had just developed a solution for identity management and we were looking for a company where we could test the solution.

Dangote then told us to come and test it in his company first. This was in 1994. So we went to Dangote's office in Apapa with studio cameras, floodlights and PCs because laptops were not too popular in those days and it took us three hours to set up in his office. After setting up, it took us one hour just to take his photograph and put it on an ID card. We were quite happy that our first commercial ID card was produced in Aliko Dangote's office. Aliko was very excited and on that day in 1994 we produced ID cards for 60 staff members of Dangote Limited. He was so excited that unlike in the past when we used to negotiate for days on maintenance fees for PCs, he paid us for the ID cards the following day without even negotiating. The success opened a new vista of opportunities for us.

The first set of plastic ID cards in Corporate Nigeria were produced by Chams. From 1994 till the late 90s, we did a lot of Identity business. The beauty of pioneering a technology or being the prime mover is that it allows you to dominate and dictate to the market for a few years. So you find that at Chams, once our technology succeeds, we become rich for the next couple of years but soon again we get bored and we get on to discovering the next big technology that can meet human needs even if they do not yet know of such needs. As soon as we succeeded with maintenance we started looking for the next thing because maintenance had become routine and people were coming into that market. So we said why don't we leave the newcomers to this while we move on to something bigger or more esoteric like Local Area Network in those days? By the time we perfected it, people learned from us and the market started getting crowded so we moved on to Metropolitan Area Network and by the time that one also became boring, we moved on to Wide Area Network. Fortunately, when Wide Area Network failed in Port Harcourt, we moved on to identity management and payment systems.

We were able to dominate that for so long because it was really a tough technology and the barrier to entry was pretty high. We dominated till 1996 when we brought together the first six banks to do e-payment system on a large scale. First Bank, Union Bank, MBC, GTB and FSB came together to form the first consortium to do e-payment and that consortium came about through Chams. It was called Smartcard Nigeria Limited and later Valucard. The feasibility study and business plan was done by Dr. Patrick Merino, my teacher at the Lagos Business School, who I invited to help work on the study. He later became the Managing Director of the company.

In 1998, the Federal Government came to us for advice on the National ID Card project. Initially, they went to France and they were directed to us in Lagos because we were already doing smart cards. They went to Datacard Corporation in the US to look for personalization machines. Again, they were asked to come to Chams in Lagos. They were told that they did not need to do ordinary plastic cards because we were already doing personalized smart cards in Lagos. But they did not believe this because the National ID Card project had been on since 1976 with major foreign companies failing on it. They still had no solution to it. They came to us and fortunately they met us printing smart cards for First Bank. They said it was not possible, that we could not have the technology but we told them that we had been doing this in Surulere for some years. They put out a tender for the National ID Card project and fortunately we won. The National ID Card project succeeded for the first time in April 1999 which was made possible by Chams.

In 2006, INEC ran into a major issue on the issuance of Voters Cards for the 2007 Election. They gave the contract to a foreign company but for about a year they could not deliver because they did not understand the local environment. With our deep understanding of technologies, we localized foreign technologies to suit our environment, partnered

with Datacard and four other foreign companies and were able to deliver in 90 days what a multinational could not deliver in a year. We produced 70 million cards, identified and produced the nominal roll for the 2007 National elections, personalized and delivered 53.4 million cards. Interestingly, when we went to Datacard, they said the job could not be done. We had to sign a waiver that Datacard would not be blamed if the project did not work. Datacard was amazed, they sent four people to come and see what we were doing. They were surprised that it worked. At the global exhibition 2009 in Cartes, France, Chams and Nigeria were the stars for the feat. Unusually, because of the political tension pervading the nation in March 2007, the National Council of State consisting of three past presidents, twenty nine governors, SGE, Chief Justice etc with INEC officers all visited Chams office/plant in Abuja to ascertain that we were able to deliver the nominal roll and cards for the 2007 Elections. It was at this visit to Chams, that General Buhari declared that he was happy that the country was ready for the 2007 Elections. The tension in the country calmed down. It is worthy of note however that technologies and Chams ability to deliver the nominal roll and cards for the election do not conduct elections, human beings do!

That has been our journey. It has been very interesting. Today, e-payment is pervasive. We have cashless society. Identity Management is thriving and helping towards resolving critical issues and Information and Communication Technology (ICT) has become a key driver of economic activity in Nigeria. Remarkably, there is a huge gap to fill in the identity management infrastructure and solutions space which is our area of focus at Chams Plc. Without filling this yawning gap, the payments transaction industry and economy at large may not thrive to its full potential.

Identity management needs of the financial services industry, state governments, tertiary institutions, and specialised government

agencies are the catalyst of the rapid growth in the issuance of identity cards and registration of citizens for record-keeping purposes.

There are many government-driven identity management programmes going on in Nigeria currently and they are with biometrics, our core specialty. We have the national identity programme by NIMC and the Bank Verification number project for bank customers, as well as residency and smart residency identity programmes being championed by some state governments and private institutions. As a leading player in the identity management space, we are engaged with governments at both state and federal level and relevant agencies to provide these identity management services. The demand for identity management services will continue to grow due to increasing financial inclusion, ongoing implementation of CBN's cashlite policy and digitization of commerce.

It is noteworthy to mention that today, though we have developed various identity based solutions for all the sectors of the economy – government, private, health, education, financial services etc, we still need to tackle a fundamental question of who is a Nigerian? That can only be tackled with the National Identity Management project.

THE NATIONAL IDENTITY MANAGEMENT PROJECT

The new National Identity Management project was conceived in 2006, in the wake of the failure of the National Identity Card project (poorly executed by SAGEM), and its subsequent rejection as a means of identification by commercial banks and the government.

Given the overwhelming importance of Identity Management system in any nation, the Department for National Civic Registration (DNCR) transmuted into the National Identity Management Commission (NIMC) in 2007, under the Obasanjo administration; and was saddled with the responsibility of creating the National Database or register for the country and also issuing the General Multi Purpose Card through a Public Private Partnership Initiative. Its emphasis was Identity Management not the less encompassing term “NationalID Card”.

NIMC threw its doors open to local and international players to bid in a transparent and competitive manner for the project. The competitive bidding involving more than 46 international companies threw up Chams Consortium as one of the two selected consortia. The two consortia were awarded the National Identity Database project for implementation via a PPP Concession model.

This is in tandem with NIMC’s mandate to implement the NIMS project on a Build, Transfer and Operate basis, which spans conceptualization, design, development, execution and management of the front-end operations of the proposed systems. The Consortium would deploy biometric data capturing machines to enroll Nigerians and issue multi-purpose smart cards thereafter. The cards would serve a range of purposes, especially as data to be stored on the chip include personal information, biometrics, residency reference numbers for immigration

e-passports, and driver's license. The consortium would also provide card acceptance devices, among others services, with the aim of recouping its investment in 12 years

In the letter of award to the consortium, the government stated that the scheme would be implemented as a Build, Transfer and Operate agreement. The partnership would cover areas of conceptualization, design, development, execution and management of the front-end operations of the proposed systems. The secretariat of the Implementation Committee would arrange for the proper documentation and subsequent execution of the agreement.

At the news of the victory, Chams went to the market to raise funds with the confidence that the National ID this time will work out fine in view of the Public Private Partnership model. In show of our faith in the project, we started committing resources of almost over N7.1bn to infrastructure such as the Guinness world-certified ChamsCities located in Lagos, Abuja, Port Harcourt and Benin; the purchase of the 4,000 units of biometric point of transaction terminals nationwide et al.

We also invested in the development of applications; designed the cards, invited banks and international partners which included MasterCard, NXP, Cryptovision, Neurotech and Datacard to collaborate with Chams and the Commission to achieve the set objective. Over a period, we obtained five CBN licences for complementary solutions necessary to achieving the payment side of the National Identity project such as Switching, IAD, POS, Mobile banking and Pre-paid licenses.

The NIM Commission in its wisdom decided mid-way in to the game to not just shift the goal post but frustrate the concession. It first took a long and frustrating three-year hiatus to prepare and sign the concessionaire agreement. NIMC in no small way frustrated the implementation of the project. NIMC went on to sign direct partnership agreements with

technical and value added partners that Chams brought to the table without any recourse to Chams.

NIMC has now turned the supposed PPP into a contract jamboree. The project has gulped about N15BN that the Federal Government disbursed to the Commission for the project. It has done so without achieving any major milestone beyond the designs and technical partnerships that Chams brought to the table. With no results, we can only pray for the system to get back on track by itself, either induced by legal intervention or the efforts of men and women of goodwill.

The actions of the Commission have not deterred the Chams Consortium. We have set up enrolment centres in 21 states, including the setup of the enrolment centres at Post offices and strategic locations. We are confident in the justice system and know that though it tarries, it shall surely happen.

Nigeria needs this project to succeed. We must do everything possible to ensure that it succeeds in spite of pecuniary interests.

There is need for a strong national identity management system to coordinate the various identity projects of various government and non-government institutions. These projects include the BVN project by the banks, Residency by some state governments, as well as identification by the National Health Insurance Scheme, Federal Inland Revenue Service, Federal Road Safety Commission and the Nigerian Immigration Service. All these need a very strong National Identity Management system upon which to build their systems.

The lack of a clear national identity management infrastructure integrated to coordinate and integrate all other systems is not helpful for the nation. Though these projects would succeed on their own, there is need for an all-encompassing system that aggregates all the data into a coherent national database. Thus the question would still remain, who is a Nigerian until the NIMC gets its act together and implement a concession and not a contracting regime.

CONCLUSION

Nigeria and Nigerians are unduly maligned for crimes such as drug trafficking, Internet and credit card frauds committed in other climes. These are deterring business growth, formation of new businesses and making financial services delivery impossible.

An integrated identity management system in Nigeria will certainly enable security agencies to track, prevent or apprehend those committing such crimes, and to also keep serial offenders under surveillance.

The various Identity Management programs by Government agencies such as NCC, INEC, NHIS, Immigration etc should be encouraged to go on without interruptions by the political powers that be for pecuniary interests. The State Residency projects and Education Identity projects should be encouraged. The nation will require multi databases or registers built over the next few years to really ascertain who a Nigerian is. The approach will be to integrate these databases over a period of time.

No system depends on a single point of failure such as a single National Database to meet all needs. We need to cross reference several databases to be able to ascertain who is who depending on the nature of transaction and parties involved. No single database can do this. We need multiple as happens in other climes and countries.

The major issue of Identity Management in Nigeria today lies with the lack of delivery by NIMC of a project that is urgent and critical to the nation. Tokenism of a launch as is the norm in Nigeria does not deliver a project. The Banks, foreign institutions and Nigerians require a well-delivered and accessible project and not one delivered on the pages of newspapers or on social media. A country of 174.5M Nigerians requires a database of 174.5M Nigerians or close to that and

not 5M. A situation where Identity Cards take the place of Identity Management is not acceptable. Where Identity cards are issued as token of identity management, it should not be labeled with a foreign brand as the Nigerian National Identity has been. It has cast aspersions on an otherwise great program. A columnist in *ThisDay*, an internationally read newspaper, humorously referred to us as Federal Republic of Mastercard simply because of the major mistake on our National Identity cards. Yes, foreign technologies can be brought in and used as we are not yet global inventors and players, but those technologies should have been localized. A local name brand should have been specifically developed for the payment option on our National Identity project. A solution must be found for this major, grave and unacceptable mistake. President Jonathan himself noted this at the launch and wondered how many Nigerians travel that wide and far to require a foreign name on our NIGERIAN NATIONAL Identity cards.

The NIMC project should also be implemented as originally conceptualized as a Concession PPP project. Governments worldwide have been known not to be as efficient as private sector players. The NIMC project should be returned to the private sector parties, approvals needed should be given and not frustrated. The technical partners should be returned to the private sector from where they were forcefully taken under heavy government influence and cajoling. Governments have no business in business. Government and its agencies are concession grantors and should respect their own agreements.

It will be to the benefit of Nigerians specifically and the world in general if the current accelerated rate of implementation of the BVN project, the various state residency programs, the NHIS, NCC, INEC, FRSC, JAMB and FIRS identity management projects are continued and encouraged. This should be complemented by the NIMC project

at national level by correcting its error of misnaming our national ID Cards, returning the project to a concession from contracting.

With Nigeria officially being the largest economy in Africa, the eighth most populated country in Africa, with her citizens being the richest black man and woman in the world, with a nobel laureate, 26th largest economy in the world not counting her largely unrecognized gray underground economy, a great, hospitable, and very well blessed people, a well-identified and managed Nigerian and Nigerians will benefit even more and greatly so economically and enjoy a greater financial services delivery.

God bless you all

Demola Aladekomo

Managing Director, Chams PLC

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A P P R E C I A T I O N

The Chartered Institute of Bankers of Nigeria Wishes to express its profound gratitude to the Guest Lecturer,

SIR ADEMOLA BEN A. ALADEKOMO

for the scintillating lecture and scholarly presentation, the panelist for their insightful contributions. All distinguished guests who found time to attend this lecture are highly acknowledged.

May God lead you all home safely.

The Chartered Institute of Bankers of Nigeria

**ABOUT
SIR
DEMOLA
ALADEKOMO**

FULL NAME

Ben Ademola Abiodun Aladekomo

EDUCATION

- Chief Executive Program (CEP-1) - Lagos Business School, 1991
- MBA (Distinction) - University of Lagos, 1984
- B.sc., Computer Engineering, University of Ife, 1982

Demola established Chams immediately after his MBA program in 1985 with virtually no capital. This was the resultant effect of an entrepreneurial spirit, which started with his coconut candy production and marketing in 1966-1968, photography business 1968-1972, sports promotion 1974-1976, Taxi-cab operation 1976-1984 and novel poultry egg distribution 1982-1985. He was prefect at primary school, house captain in secondary school, College Challenge Winner for Western Region 1976, NTA National Mastermind Champion 1977-1978, Literary and Debating president at A-levels, Club president at University.



Chams pioneered, and with its subsidiary companies dominate Identification and Payment Technologies for Governments and Financial Institutions. Chams has the biggest ID Card personalisation plant in the world in Abuja, Nigeria. Chams produced the first successful One million National ID Cards where foreigners had failed for decades. Also produced 70 Million Voters ID cards for INEC. Chams got into the Guinness Book of World Records with the world's largest digital malls, ChamsCity, located at Lagos and Abuja.

Chams has the concession for the new National ID program.

Sir Demola Aladekomo, a Knight of John Wesley was born December 31, 1957, he is married to Titilola and they are blessed with four children and a grand daughter.

A LIFE OF SERVICE

- **Managing Director/Founder** - Chams PLC
- **Director** - Paymaster Nigeria Limited
- **Director** - ChamsAccess Limited
- **Director** - ChamsSwitch Limited
- **Director** - Hardware Networks Limited
- **Chairman** - Cardcentre Nigeria Limited
- **Chairman** - Treasure Nest Limited
- **Chairman** - Crops Nigeria Limited
- **Chairman** - Smartcity Resorts Plc
- **Chairman** - Insider Concepts Limited
- **Chairman** - Chams Consortium Limited
- Professional Qualification/Memberships of Associations
- **Fellow and President**, Nigerian Computer Society 2011-2013
- **President**, Lagos Business School Alumni Association 2012-2014
- **Fellow**, Computer Association of Nigeria
- **Fellow**, Computer Professional Registration Council

- **Member**, Nigeria Society of Engineers
- **Council member**, Computer Professionals Registration Council 1996-1997, 1999-2001
- **P.R.O**, Computer Association of Nigeria 1994-1998

SOCIAL WORKS

- **Chairman**, DATA Foundation
- **Council Member**, Osun State University
- **Board Member**, Obafemi Awolowo University (OAUTECHEXCEL) Foundation implementing knowledge park at Ile-Ife
- **Patron**, Lagos City Chorale Group
- **Member**, Nigerian Economic Summit (NES) from inception/ Vision 2010 and Vision 2020
- **Founder**: Volunteer Corps
- **Founder**: Joint Christian Cemetery Council Ltd

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