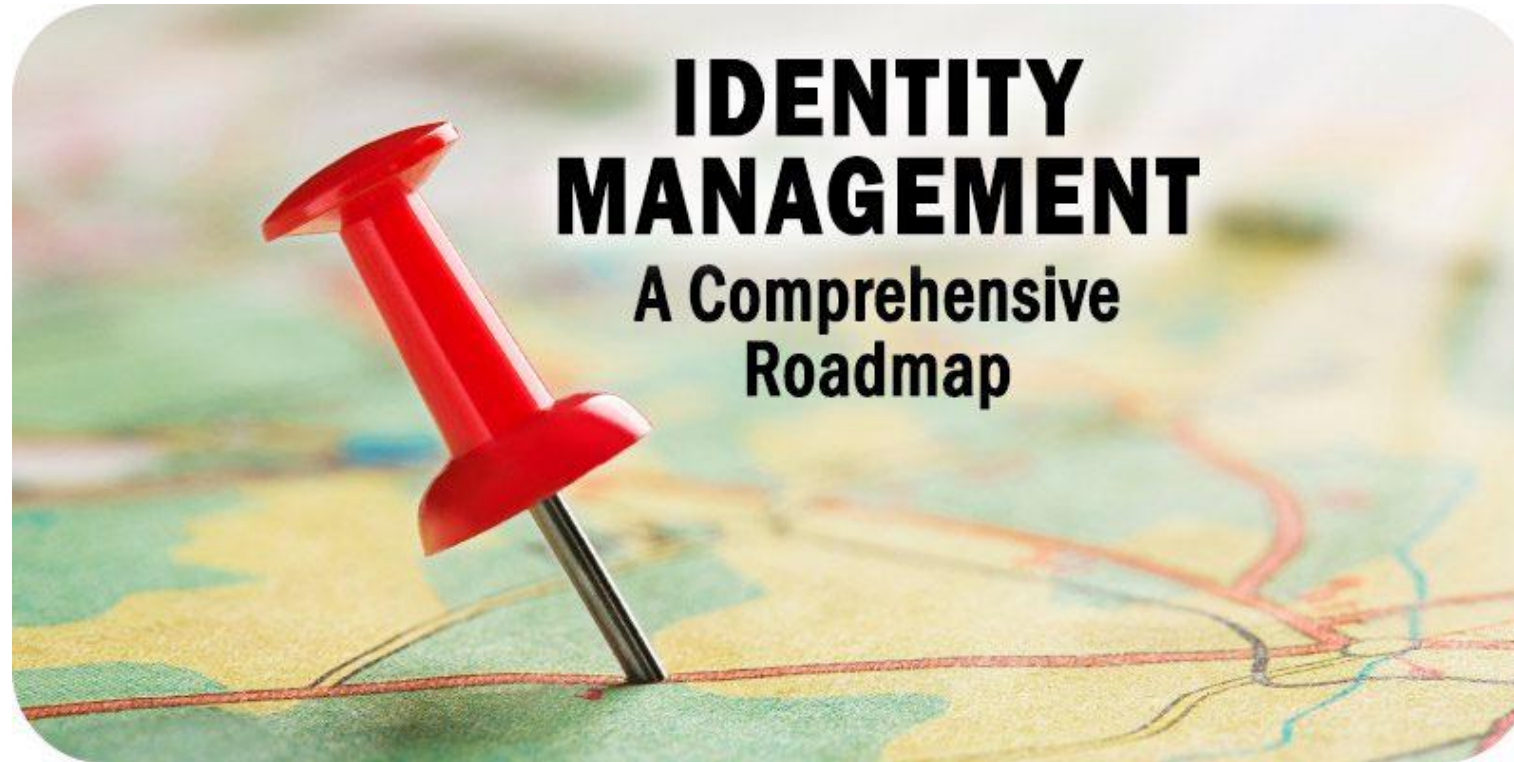




AACN INVESTOR CONFERENCE 2023



- ✓ **IDENTITY MANAGEMENT SYSTEM FOR THE NIGERIA
CAPITAL MARKET**
- ✓ **UPDATE ON E-DIVIDEND**

Dr Bayo Olugbemi, FCIB, FCTI, FIoD

MANAGING DIRECTOR/CEO

**FIRST REGISTRARS AND INVESTOR SERVICES
LIMITED**

&

IMMEDIATE PAST PRESIDENT

CHARTERED INSTITUTE OF BANKERS OF NIGERIA (CIBN)

IDENTITY MANAGEMENT FOR THE CAPITAL MARKET

The Nigeria Securities and Exchange Commission (“SEC”) as part of its objective of deepening the Capital Market in Nigeria has identified certain challenges that have led to significant friction in the functioning of the market. Nigeria has an estimated population of over 200million people, yet the capital market recorded the participation of barely 281,215 unique individuals and companies in the past five years. This is a sharp contrast to the 18 million unique individuals who engage in interbank transfers every month. The erosion of investor confidence in the capital market has festered over the last decade and has significantly impacted participation.

The Director-General said the commission decided to engage relevant stakeholders in a bid to resolve issues of identity management to tackle the problem of unclaimed dividends amongst others.

KEY IDENTITY MANAGEMENT ISSUES

Poor Technology & Market Infrastructure

• Inefficiencies in certificate verification, identification of investors and customers

Lack of Integration of Securities Settlement International Participation

• The NSE factbook for 2010/2011 shows that only 3million individual investors participated in the Nigerian capital market

Operational Capacity:

Poor operational processes

Investor Protection

• Global financial crisis leading to market crash. Investors are now very skeptical

Enhanced Corporate Governance:

Government policy is one major reason that has deterred potential investors in the Nigerian capital market especially where they are perceived to be unfriendly to investors

Unaligned Multiple Data Sources:

There is not a single identity management source in the industry among the various stakeholders



Create a market-wide identity management platform that will:

- provide a means of enrolling and uniquely identifying Capital Market investors, verifying their data and retrieving this data during the course of transactions.
- Integrate ALL market operators with access to a 'single view' of investors
- Integrate with credible identity management platforms that exist today (NIN, BVN) for validation of investor data.

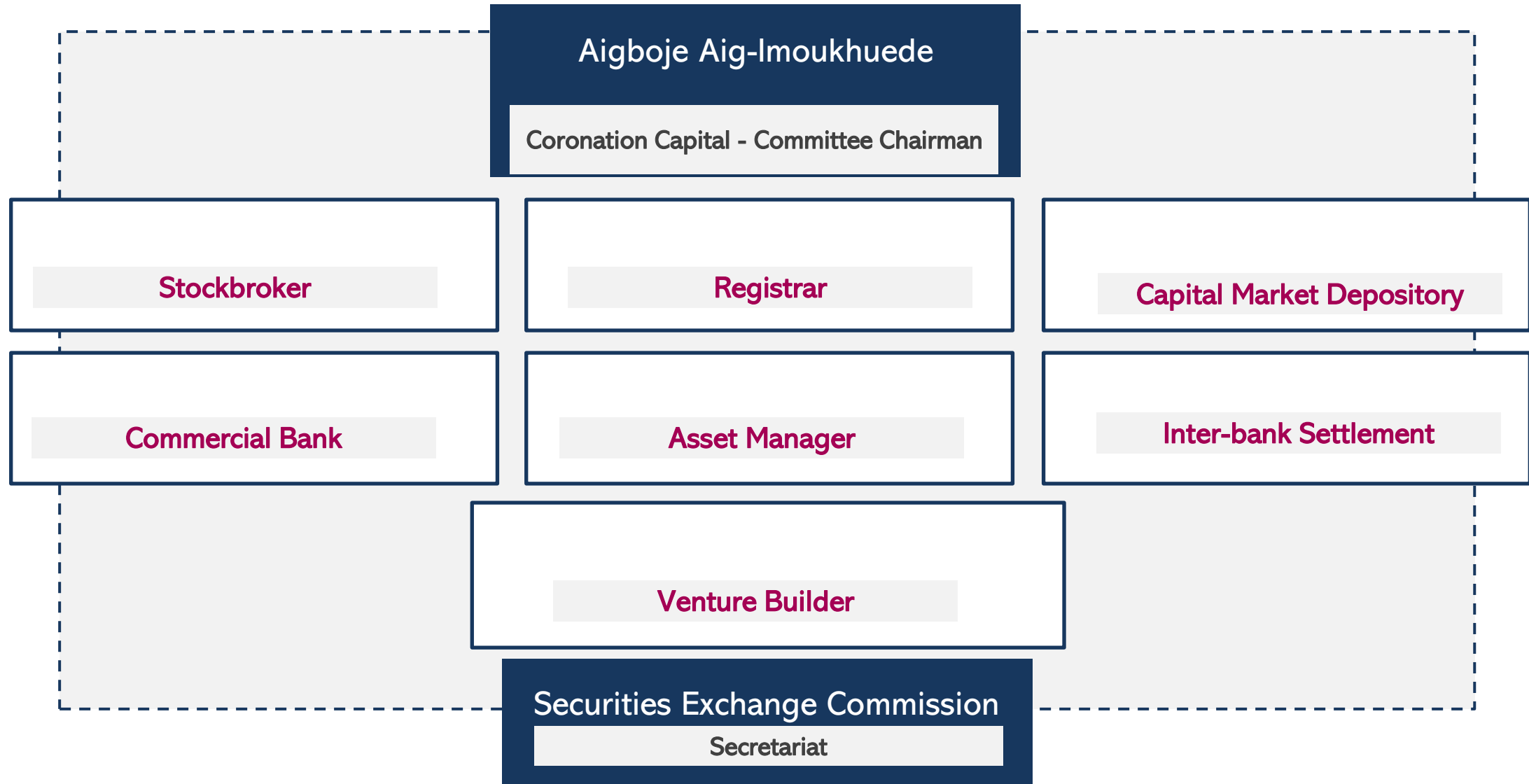
Facilitate ease of onboarding and capital market transactions

- Provide a market wide standard framework for the adoption of digital channels.
- Establish minimum operating standards for identity management

Facilitate quick win implementations at scale with Banks, FinTechs, Telcos etc to facilitate market access to investors across demographic and regional barriers.

- Resolving lingering issues and unclaimed dividends
- Mitigate Fraud, KYC and AML Risks

STAKEHOLDER REPRESENTATIVES

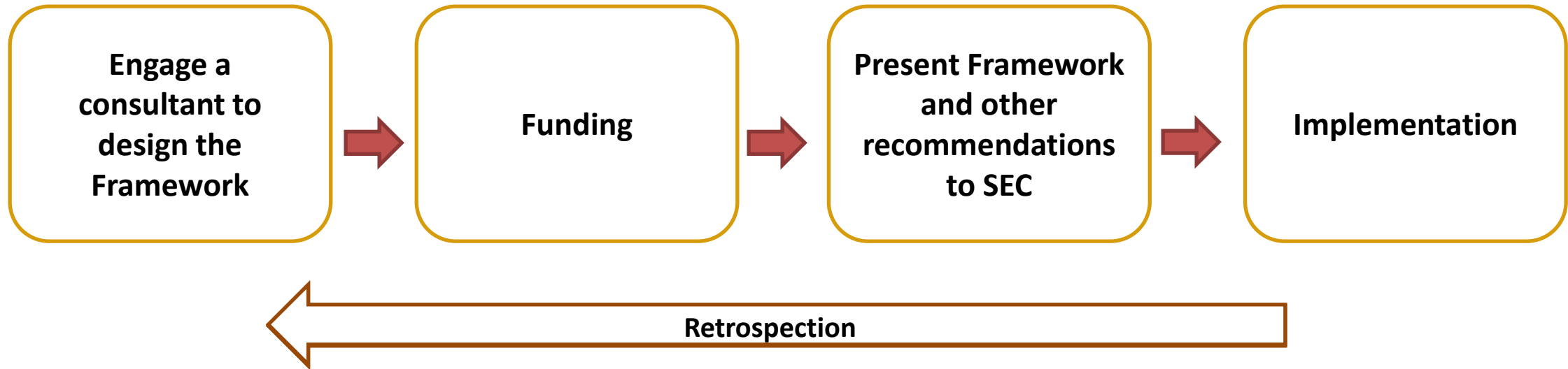


**Design and
Implement a
Framework for
Digital Identity
Management
for the Capital
Market**

**Increase
Inclusion of
Investors and
Enhance
Transaction
Experience**

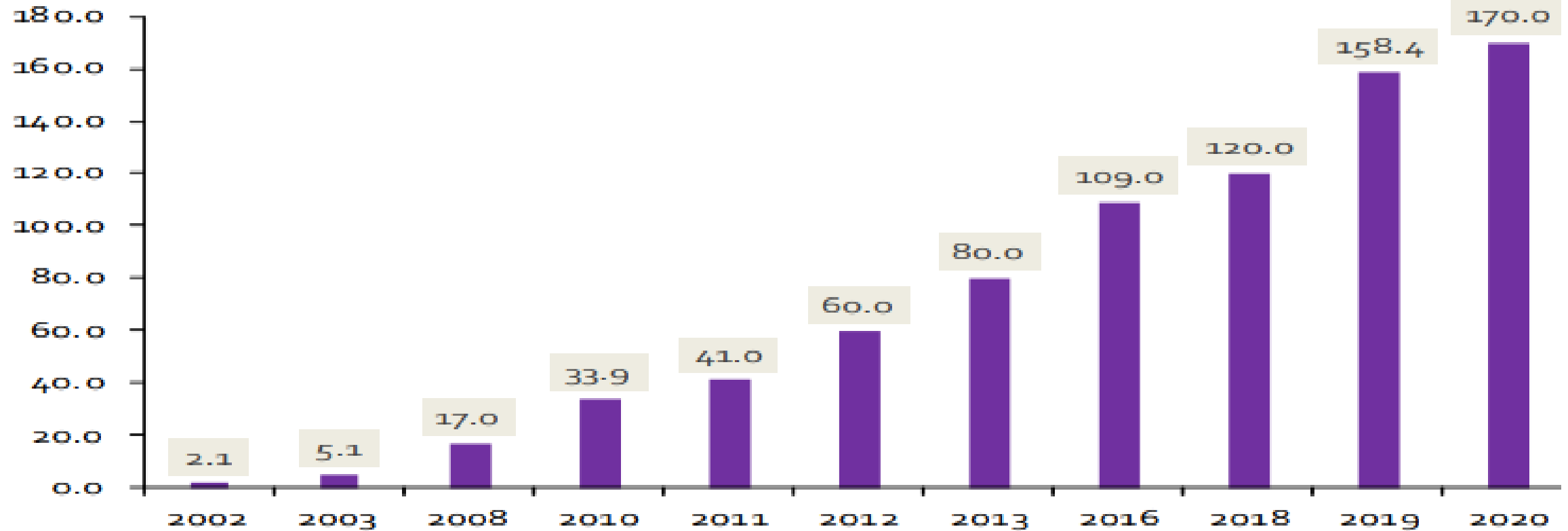
**Benchmark
Selected Capital
Market Digital
Processes**

**Digitize the
Entire
Transaction
Processes in the
Nigeria Capital
Market**



UPDATE ON E-DIVIDEND

Total unclaimed dividends (N'bn)

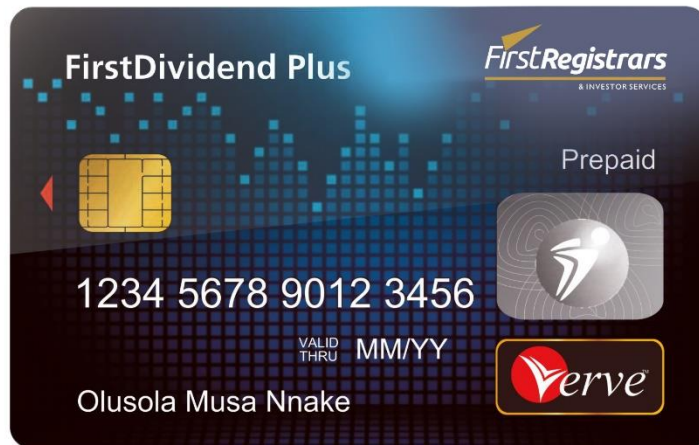


Source: SEC, CSL Research

The Nigerian Exchange Limited (NGX) has said unclaimed dividends which stood at **N180 billion in 2021**, represents only **5 per cent** of the entire dividend declared in the Nigerian Capital Market (NCM).

Stakeholders at the industry level have simplified the onboarding process for e-Dividend:

- The Electronic Dividend Mandate Management System (EDMMS) can be accessed both by the Registrar and the Banks
- Shareholders need not visit the Registrars to enroll for e-Dividend
- Upon enrolment, all outstanding dividends are automatically paid into the shareholder/investor's bank account without necessarily initiating a request for the payment of outstanding dividends
- The SEC portal of non-mandated accounts is also pivotal in helping investors track their unclaimed dividends and initiate processes to claim them
- **The goal is to reduce unclaimed dividends to the barest minimum through market sensitization**



Another initiative that we have initiated at the company level is the introduction of **DIVIDEND Prepaid Card** that allows shareholders who **DO NOT** have bank accounts to still have access to their dividends.

In this instance, dividends are credited into the shareholders/investor's prepaid cards on the payable. Shareholders must have requested and activated the card prior to the payable date.

THANK YOU FOR LISTENING!