

Nigeria's Economy Reaps Benefits of Real-Time Payments and Digital Banking Transformation – US\$6 billion of Additional GDP Growth Forecast by 2026 – ACI Worldwide Report

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- Nigeria is Africa's undisputed real-time payments and digital payments leader, recording 3.7 billion real-time transactions in 2021 and ranking sixth in the league table of the world's most developed real-time payments markets, according to the third edition of ACI's *Prime Time for Real-Time* report
- The widespread uptake of new digital and real-time payment services helped to unlock US\$3.2 billion of additional economic output in 2021, representing 0.67% of the country's GDP – forecast to rise to \$6 billion in 2026 (1.01% of the country's GDP)

Miami, FL./Lagos, Nigeria – July 19, 2022 – Nigeria's real-time and digital payments revolution is driving economic growth and financial inclusion at unprecedented levels for the largest African economy, according to the third edition of *Prime Time for Real-Time*, published by [ACI Worldwide](#), (NASDAQ: ACIW), in partnership with [GlobalData](#), a leading data and analytics company, and the [Centre for Economics and Business Research](#) (Cebr). The report – tracking real-time payment volumes and growth across 53 countries – includes an economic impact study for the first time, providing a comprehensive view of the economic benefits of real-time for consumers, businesses, and the broader economy across 30 countries.

The report reveals Nigeria as Africa's undisputed real-time and digital payments leader. The country recorded 3.7 billion real-time transactions 2021, ranking sixth in the league table of the world's most developed real-time payments markets behind India, China, Thailand, Brazil, and South Korea. The widespread uptake of new digital and real-time payment services helped Nigeria unlock US\$3.2 billion of additional economic output in 2021, representing 0.67 percent of the country's GDP.

Real-time transactions are forecast to rise to 8.8 billion annually by 2026, a 5-year CAGR of 18.6 percent. This will help unlock US\$6 billion of additional GDP in 2026, representing 1.01 percent of the country's GDP, meaning Nigeria will rank in fourth place among the world's economies realizing the maximum economic benefits of real-time payments.

“Nigeria is fast becoming a posterchild across Africa for the successful digital transformation of the country's economy,” said Santhosh Rao, Head of Middle East, Africa, and South Asia, ACI Worldwide. “Accelerated by the COVID-19 pandemic, Nigerians increasingly expect higher speeds, greater simplicity, and modern thinking from financial service providers. While cash is still being used widely, the shift towards digital and real-time payment services is testament to the success of government regulators in fostering rapid growth in digital openness, particularly payments.”

The rapid growth has also been propelled by key players in the country's payments industry. One of these players, [Interswitch Group](#), a leading payments technology company, has been actively driving payments innovation in Nigeria for 20 years.

In recent years, Interswitch has partnered with ACI to deploy cutting-edge technologies that are changing the face of payments in Nigeria. These innovative products include single-issuing platforms for all payment types, digital payment acceptance for acquirers, enterprise payments platforms, and secure omni-channel payment processing platforms, among others.

“As more Nigerians adopt real-time and digital payments, we have seen a commensurate increase in the need for backend infrastructure to enable these transactions,” explained Jonah Adams, Managing Director, Digital Infrastructure and Managed Services, Interswitch Systegra. “Interswitch and ACI are committed to driving digital transformation across Africa via the deployment of relevant digital, innovative infrastructure

and solutions that optimize business efficiency and drive customers' growth and profitability.”

“Our research shows that governments that advance the real-time modernization of their national payments infrastructure create a win-win situation for all stakeholders in the payments ecosystem,” added Rao.

“Consumers and businesses benefit from fast, frictionless and hyper-connected payments services, financial institutions future-proof their business in a highly competitive environment by speeding up cloud-first and data-centric modernization, and national governments boost economic growth, reduce the size of their shadow economy and create a fairer financial system for all.”

Nigeria's real-time payments scheme – NIBSS Instant Payments (NIP) – was launched in July 2011. The system is supported by all commercial banks, micro-finance banks and mobile money operators, and can be used via a number of channels, including internet and mobile banking, bank branches, kiosks, mobile USD, POS terminals and ATMs. This ubiquity has helped NIP achieve today's high adoption and usage rates.

There is now an ongoing drive within Nigeria to extend this momentum to cross-border use cases – a logical next step that will simplify and reduce the cost of international business, while removing exchange rate-related surprises on returning home or for remittance payments. And nations across the continent are increasingly positioning themselves to replicate Nigeria's success as Africa as a whole remains a continent of untapped potential.

“Africa is in an ideal position to capitalize on the lessons learned from other countries and continents and maximize the impact and benefits real-time payments provide,” concluded Rao. “There is a renewed appetite and enthusiasm across the continent to increase financial inclusion and use real-time payments to build the continent's future digital economies. Banks should look at the market as entering a new phase of high opportunity and assess whether the technology they currently use is fit for purpose. Banks that want to succeed and successfully compete in the future need to embark on a long-term digital transformation strategy, that allows them to both connect to new schemes easily and innovate quickly using the real-time rails.”

Other key findings of the report:

- In 2021, 55% of the value of payments transactions in Nigeria were real-time, 37.7% via other means of electronic payments, and 9.3% in cash – the value of real-time transactions as a percentage of total transactions is set to rise to 64.4% in 2026 (whereas the value of electronic and cash transactions is set to fall further, to 30.7% and 4.9% respectively)
- 64.7% of consumers in Nigeria own and use a mobile wallet
- The theoretical impact of all payments in Nigeria being real-time could add 4.4% of formal GDP by 2026. This does not suggest that there is no longer a place for non-instant electronic payments or paper-based payments.
- Real-time payments have substantially contributed towards the formalization of Nigeria's shadow economy – the size of the shadow economy was estimated to be 47% of formal GDP in 2021, equivalent to approximately USD 228 billion – in the absence of real-time payments, Nigeria's shadow economy would have been 1.4% larger
- On the flipside, payments fraud is on the rise; 1 in 4 consumers in Nigeria (25.2%) were a victim of fraud in 2021, of which 27% fell victim to a confidence trick, and 14.3% had their card details stolen
- Banking modernization: Banks increasingly look at the cloud to help with their digital transformation strategy – 80% of banks in Nigeria are planning to transition to a cloud-based management platform, while 70% are looking actively at a Software-as-a-Service (SaaS) model

About ACI Worldwide

[ACI Worldwide](#) is a global leader in mission-critical, [real-time payments software](#). Our proven, secure and scalable software solutions enable leading corporations, fintechs, financial disruptors and merchants to

process and manage [digital payments](#), power [omni-commerce payments](#), present and process [bill payments](#), and manage [fraud and risk](#). We combine our global footprint with a local presence to drive the [real-time digital transformation](#) of payments and commerce.

About Interswitch:

[Interswitch](#) is a leading technology-driven company focused on the digitization of payments in Nigeria and other countries in Africa.

Founded in 2002, Interswitch disrupted the traditional cash-based payments value chain in Nigeria by supporting the introduction of electronic payments processing and switching services.

Today, Interswitch is a leading player with critical mass in Nigeria's developing financial ecosystem and is active across the payments value chain, providing a full suite of omni-channel payment solutions.

Interswitch's vision is that of a prosperous Africa, driven by a seamless exchange of value and commerce and its mission is to create technology solutions that connect and empower individuals, businesses, and communities. Interswitch's broad network and robust payments platform have been instrumental to the development of the Nigerian payments ecosystem and provide Interswitch with the infrastructure to expand across Africa.

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