

### EXECUTIVE SUMMARY

According to the International Finance Corporation (IFC) and Google's "eEconomy" report, Africa's Internet economy has the potential to contribute USD 180 billion to the continent's economy by 2025, and a further USD 712 billion by 2050. This is 7% and 27%, respectively. Globally, studies by the International Data Corporation (IDC) estimate that as much as 60% of the world's gross domestic product (GDP) will be digitalised by 2022. Given the anticipated volume of interactions and transactions between governments, businesses, and individuals via digital technology, there are 4 crucial measures that need to be in place to ensure that digital interactions happen in secure and credible ways.



#### Asset registries and verification

to ensure that goods being traded indeed belong to those trading them



#### Secure payment

processing systems for the exchange of money both within and across borders and exchange rates



**Addressing systems** that ensure goods and services reach their intended recipients, even in regions where address schema are vague or do not match typical formats used in Global Positioning Systems (GPS)



**Digital ID** that enables knowing who one is interacting, enables financial institutions to meet Know Your Customer (KYC) requirements, and allows the government to keep track of key movements across migration, education, health, taxes, criminal justice, etc.

The Industry Report on Digital ID in Nigeria hones in on national level digital ID given its role as a core enabler of the digital transformation agenda.

# DIGITAL ID

## STATE OF THE INDUSTRY AND ACCELERATION POTENTIAL IN NIGERIA

### KEY STATS



The online economy is projected to contribute 7% to Africa's economy by 2025 and 27% by 2050



Population of **206M** people



**49%** people have no ID



**15%** of Nigerians have a NIN and an eID card (30 million)



**30%** of Nigerians have a NIN (63 million)



**23%** of Nigerians have BVN (47 million)



**15M** people have NIN but no eID card



**15%** Nigerians who have digital ID in the form of a NIN and an eID card



**12%** of Nigerians have a NIN but no eID card (24 million)

**Nigeria's digital ID system** is led by the National Identity Management Commission (NIMC), currently in the midst of a multi-year effort to digitise and harmonise core identity data into a central, national identity database.

**The harmonisation architecture is well designed and has significant potential to add value and reduce friction across the economy.** However, there is an urgent need to overcome the challenges associated with legacy systems and data sets, incentivising transition to digital identity in a way that is convenient and ensuring in adequate technical and implementation capacity.

**Given the robust design, political buy in, and time and financial resources invested to date, the priority is identifying and implementing measures that will accelerate uptake.** Increasing the uptake of foundational ID and the basis for universal digital ID by leveraging legacy functional ID systems through turning them into entry points into the digital ID system at ID renewal and application touchpoints.

As we increasingly shift towards the digital space, many countries continue to advance digital ID to improve inclusive economic and social mechanisms and develop services for citizens. Learnings to date indicate three main principles to overcome the challenges of transitioning to advanced digital ID systems:

#### 1 Effectively leveraging existing data sets:

- Leveraging legacy, analogue systems to effectively use and build on existing data, processes, and infrastructure
- Ensuring that existing data sets, from legacy systems, on which digital ID will be based are relevant, up to date and accurate

#### 2 Create incentives

- Incentivising societies to shift their ways of doing things across users, regulators, and identity issuers. For example, adopting a mix of incentivising via demand drivers like requiring new ID system to be linked to key services, and enforcement penalties for non-compliance with the new system

#### 3 Ensuring technical and implementation capacity

- Maintaining cost effectiveness and convenience striking a balance between analogue and digital means of enrolment
- Managing the technological architecture complexities through effective public private partnerships with both local and multinational vendors
- Designing and implementing a data capture, storage, retrieval, and deletion schema that protect national interests and a country's digital sovereignty, user privacy, and prevent the misuse of data

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