



HOW TECHNOLOGY WILL RETOOL THE NIGERIA BUSINESS ECO SYSTEM FOR FOREIGN DIRECT INVESTMENT

Victor Uche Obioma is Chairman, **VICFAUS INTEGRATED SOLUTIONS LIMITED (Division of VIEWS GROUP Co.)**, He is an International Partner for Nigeria; **World Business Angels Investment Forum-WBAF** and Member; **Global Start Ups Committee**. He is Member, **Global Chamber of BUSINESS LEADERS-GCBL**

OVERVIEW

Technology is the practical Application of tested scientific knowledge to create solutions, improved approach and or methods to enhance expected outcomes, increase efficiency, hasten or speed up processes to better human wellbeing and industrial results. Nigeria is home to some of the World's most innovative minds, Industry Champions and Technology Leaders scattered within her over 200+ Million population. In 2020, Nigeria had 99.05 million internet users. This figure is projected to grow to 131.7 million internet users by 2023. The internet penetration amounted to 46.6 percent of the population in 2020 and is set to reach 65.2 percent by 2025. In the most recently measured period, there were almost 85 million mobile internet users in Nigeria, and mobile phone internet usage is particularly popular. Nigeria is considered a mobile-first market where infrastructure and online usage development skipped wide-ranging desktop PC adoption and went straight to mobile internet usage via inexpensive smartphones instead. With almost three quarters of Nigerian web traffic being generated via smartphones, Nigeria ranks at the top of the list of African countries based on the share of traffic via mobile. Other African markets with a similar share of mobile online traffic are Sudan and Ghana. According to the Freedom House Index 2019, Nigeria was ranked fourth in Sub-Saharan Africa and 22nd out of the 65 global markets that were measured for internet freedom in 2019 (Source Statista.com).

The outcome of these tech-powered commitment on the part of policy makers, has helped the nation leapfrog, re-shape, domesticate the institutional framework and enablement to re-tool her SME architecture and general business ecosystem; leading to the emergence of interesting indigenous Startups like Flutterwave, Paystack, Paga, SecureID, Interswitch, Verve etc. These technology solutions did not only ease the challenges faced by Federal Government of Nigeria-FGN, Government Agencies and Startups across key business peripherals like payment, distribution, transportation and other digital complexities, but also provided competitive yet comparative mind-blowing access which contribute meaningfully to improve the ease of doing business, prioritizing value addition, enhancing supply chains and operations in addition to scattering impact through stimulative thinking for more Data Driven technology solutions, which is supporting the emergence of more interesting Startups offering cutting edge solutions to developers and consumers.

Before 2000 for instance Business Registration, Government Levies and Duty Payments were done staying on long queues over the counter in Commercial Banks or by hand at Government Offices and Agencies responsible for collection; with little accountability. whereas today due to advancement in FinTech and evolution of Online Payment Gateways like Flutterwave, Paystack, Remita etc. the story is different as Taxes: Value Added Tax- VAT, Personal Income Tax like Pay as You Earn-PAYE, Duty payments like Custom and Excise Duty, etc. are paid online and collected electronically direct to relevant FGN Accounts. This has reduced leakages, increased accountability and track able amounts collected by FGN from Taxes and Levies. The results are evident in the year on year total collections declared by Government Agencies. For instance FGN generates NGN 424.71bn VAT in Q3 2020, while NGN 275.12bn was generated in Q3 2019; 29.80 percent increase Quarter-on-Quarter and 54.37 per cent increase Year- on-Year (source Nigeria Bureau of Statistics) Other Agencies like Nigeria Customs Service-

NCS have also recorded meaningful numbers (1.20 trillion generated in 2018, 1.341 trillion in 2019 exceeding target of 404 billion set), Federal Inland Revenue Service-FIRS (5.3 trillion in 2018- the highest before this time, 5.26 trillion in 2019), Corporate Affairs Commission-CAC (85,635 new entities registered in 2018, 89,917 new entities in 2019).

These technology enhancements and her impact has helped FGN see the need for a harmonized comprehensive data of her citizen's population in order to accurately determine her Infrastructure deficit calculation and permutation; this is the reason FGN directed Nigerians in February 2003 and February 2014 respectively to register and obtain National Identity Number-NIN as well as compulsory Bank Verification Number-BVN that ties and links individual and corporate accounts in all banks where these accounts are domiciled to an individual BVN. The exercise deeply exposed fraud within the Nigerian Banking system as the number of traceable cases increased by over 30 percent with good number of arrests carried out by Nigeria Anti-Graft Agency-Economic and Financial Crimes Commission-EFCC which secured 312 convictions in 2018, 406 in 2019 and total of 1900 convictions between 2015-2019 plus more than NGN 794 billion looted funds recovered from top Government Officers, Security Chiefs, Civil Servants, Former Governors, Oil subsidy merchants and scores of big wigs in the private sector.

FGN have taken steps further to include National Identity Number-NIN and Bank Verification Number-BVN as compulsory requirements for bank account opening, business registration, tax clearance certificate issuance, vehicle and other license registration, Duty and Levy payments etc. to remove chance of multiple identity to cheat the system which was possible ab-intio, but extremely difficult with NIN and BVN which are end to end adoption of technology within the government process architecture. Recently in August 1 2020 The Central Bank of Nigeria-CBN issued a Global Standing Instruction- GSI Directive that allows Bank B to debit the account of her customer in Bank A to set off defaulting loans owed by same customer to Bank B where there exists a record of defaulting or bad loan. The aim by CBN is to create a healthy loan repayment culture within the Nigerian SME space to strengthen her plans to grant SME growth support funds or loans while keeping sight to reduce the number of non-performing bad loans and Loan repayment default rate by SME Owners who successfully obtain these SME Support loans. NIN and BVN as technology enabled initiatives have been very helpful to the FGN and her support Agencies to curb FRAUD.

HOW THE BUSINESS ECOSYSTEM RE-TOOL WILL HAPPEN

With online transactions in Nigeria reaching \$116 billion in Q3 2020 (<https://techpoint.africa/2020/11/05/instant-payment-nigeria-q3-2020/>) from approx. \$13 billion in Q3 2019 clearly showing penetration in architecture, structure and overall outlook as to how technology can enable businesses and power society, one can only imagine the positive impact this will have on the general business ecosystem in Nigeria. A critical examination of the flow of events shows that

Firstly will be **FORCED ADOPTION** by Principal Officers and decision makers in Government- Federal Executive Council-FEC, Members of Parliament, Assembly Representatives, Heads of Government and Government Agencies, Heads of Micro, Small and Medium Enterprises- MSMEs, Organized Private Sector and all critical stakeholders within the economy who will have no CHOICE but to adopt technology to increase process efficiency and results/outcomes going by the pace of disruptive outlook and innovation that technology will power by 2023 if we are to go by the successive speed at which the human mind is thinking and applying technology to create leading solutions that enhance business and societal wellbeing.

Next will be **UNAVOIDABLE INTEGRATION** of technology to process innovation to create more acceptable ways of doing things by key economic players- Politicians, Government Agencies, Micro, Small and Medium Enterprises- MSMEs, Organized Private Sector who are major decision makers and influencers. The measurable proofs in outcomes that will be relatable and too visible to overlook plus unmatched efficiency in process, methods, systems and outcomes of early adopters to technology will act as eye opener to the obvious "innovate or risk extinction". This will create a new order that will naturally influence Key Principal Officers of Government, Government Agencies, and Organized Private Sector etc. to adopt technology based on the level of scattered impact which is a core technology feature/characteristic that defines all technologically advanced societies like Germany, Netherlands, Sweden, Norway, UK, and USA etc.

Then **SYSTEM AND PROCESS INNOVATION** will follow within the Governance Architecture, key Principal Offices of the FGN, Organized Private Sector as well as critical economy stakeholders. This will render archaic traditional systems, methods and practices obsolete to be replaced by modern, innovative technologically driven process like cloud based recording, implementation of automation of end to end work process and flow, integration to relevant software and effective technology enabled work environment; known and seen to be fast, seamless and more efficient- The results will be too clear to overlook or be undermined by Influential and powerful persons in Administrative and key decision making tables within the circles of Government.

With the foregoing **AWARENESS AND DRIVE** to deepen conversations within the Nigerian business space for a more technologically driven business ecosystem by key sector actors: Organized Private Sector, Business Industry Chiefs, MSME Clusters etc. based on the shift in narrative and results that will show in process outcomes of adopters of technological tools, software and innovation to support their business processes. This will lead to continuous Successive obsolescence of methods across relevant sectors of Decision Making within Nigeria. Validation and implementation of interesting technological solutions to change obsolete methods to new methods for better results will at this stage be the Drive.

Finally the most interesting phase will be- **BUSINESS/SME POLICY DOCUMENTATION** by FGN and her relevant Agencies responsible for policy formulation and implementation. The essence will be to document, domesticate, sustain and duplicate

the successes witnessed from technological innovation by enshrining them as policy statements and documents for use as National Development Template to be replicated or duplicated by subsequent Government Administrations to sustain and deepen recorded progress. The effect of leading technology driven business solutions by startups will naturally cause an adoption model within Government. At which time the Business Ecosystem would have become Matured and more developed having witnessed unavoidable trajectory shifts, change curves and improvement milestones; that the FGN will have no option than to align, frame and implement Business/ SME support policies to sustain the new normal or Status Quo of technology driven business and Government process ecosystem to encourage Ease of Doing Business seeing that they themselves- Government and her Policy Agencies alike: Central Bank of Nigeria- CBN, Small and Medium Enterprises Development Agency- SMEDAN, Corporate Affairs Commission-CAC etc. can no longer be shallow in delivery. The positive outcomes in systems, processes and results is relatable and undeniable. As such the way forward will be to support these Enterprising Innovative Thinkers with the right policies to stimulate more and more break through using Technology to enhance livelihood. This is the reason for interesting news headlines like Business formalization Support of the MSME Survival Fund- FREE 250,000 FGN BUSINESS NAMES REGISTRATION FOR SMEs <https://www.cac.gov.ng/free-250000-fg-cac-business-names-registration-for-msmes/> announced in October 2020.

The World Bank (WB) recently released its EASE OF DOING BUSINESS 2020 Report. Nigeria's ranking jumped from 146 to 131; representing its second highest annual progress of 11.45% in a Decade. The annual report looked at ten (10) parameters. Dealing with Construction permits (14.6%) and trading across borders (6.1%) had the best growth. Nigeria improved its rank in 5 Parameters while moving closer to global best practices in 2 Parameters. WB also recognized Nigeria amongst the ten most improved economies, thanks to 6 distinct reforms from the Presidential Enabling Business Environment Council (PEBEC) which showed a significant business regulations Distance to Frontier (DTF) score which identified 2018 as a year of new cycle of better policies for businesses as the DTF score rose from 52.33 to 56.9 by 2020. Certainly technology adoption was a major contributory factor. Key Government Revenue Generation Agencies like Central Bank of Nigeria (CBN), Nigeria Ports Authority (NPA), Nigeria Immigration Service (NIS), Federal Inland Revenue Services (FIRS), Corporate Affairs Commission (CAC), Department of Petroleum Resources (DPR), National Agency for Food and Drug Administration and Control (NAFDAC) etc., cannot deny the impact of technology as business and operations enabler as each of these Agencies have witnessed firsthand transformation in their processes and year on year results/target numbers comparatively- doing things traditionally Versus using Technology. A good example is FIRS Tax Statistics/Reports- ANNUAL SUMMARY OF COLLECTION from year 2000 – 2020 showing year on year increase in collections by 25-45% consistently with significant improvements from the previous year.

Overall, the depth of impact fostered by Technology will evidently expose now or in the near future; the need for creation of a visionary Business Policy Template of 5-10 years which will act as a **BUSINESS ENABLEMENT, INDUSTRIALIZATION ROAD MAP** to power Trade and Industrial Development Infrastructure components that drives, as well as encourage Foreign Direct Investment-FDI by harnessing the linkages and competitive advantages in new technology solutions to boost and Re tool the mechanism of Nigeria's Business Ecosystem – which is a major prerequisite and an enabler for the expected confidence by Foreign Investors to invest in Nigeria seeing the level of Business maturity Nigeria's Ecosystem would have garnered as evidence to the impact of Technology. This will clearly be visible in business process improvement, reliable and relevant National Data, sustained business policy regulatory changes and overall business growth Index. Let me wrap my message with quotes from two successful Enterprise Business Leaders in Nigeria and Africa:

“Africapitalism is about the intersection of economic prosperity and social wealth, the intersection of making profit and doing good, and not waiting to finish one before you do the other.”

“There is a better way to invest in Africa for a sustainable future that creates value for all.”

- **Tony O. Elumelu, Economist, entrepreneur, philanthropist**

“Whether you're a farmer, builder or engineer, the opportunities are equal: just add a little innovation.”

“The opportunities is in the problem. The moment I see a problem, I immediately begin to think about the opportunities that can be created by trying to solve it.”

- **Strive Masiyiwa, Zimbabwean billionaire businessman and philanthropist**

Reference:

- i. <https://www.statista.com/statistics/183849/internet-users-nigeria/#:~:text=In%202020%2C%20Nigeria%20had%2099.05%20million%20internet%20users.&text=The%20internet%20penetration%20amounted%20to,the%20most%20populous%20countries%20worldwide>.
- ii. [https://www.bomesresourcesconsulting.com/ease-doing-business-nigeria-2020.html#:~:text=The%20World%20Bank%20\(WB\)%20recently,of%20Doing%20Business%202020%20Report.&text=Nigeria's%20ranking%20jumped%20from%20146,anual%20growth%20remains%20at%2014.2%25](https://www.bomesresourcesconsulting.com/ease-doing-business-nigeria-2020.html#:~:text=The%20World%20Bank%20(WB)%20recently,of%20Doing%20Business%202020%20Report.&text=Nigeria's%20ranking%20jumped%20from%20146,anual%20growth%20remains%20at%2014.2%25).
- iii. <https://www.firs.gov.ng/TaxStatisticsReports>
- iv. <https://www.premiumtimesng.com/business/428493-how-we-reformed-firs-grew-nigerias-revenues-former-chairman-ifueko-okauru.html>
- v. <https://techpoint.africa/2020/09/21/mono-raises-500k/>
- vi. <https://www.afdb.org/en/news-and-events/press-releases/african-development-banks-agripitch-competition-awards-120000-prizes-african-youth-agripreneurs-39100>
- vii. <https://techpoint.africa/2020/11/18/autochek-raises-3-4m-pre-seed/>
- viii. <https://techpoint.africa/2020/11/17/talentql-raises-300k-pre-seed-zedcrest-capital/>
- ix. <https://techpoint.africa/2020/11/10/after-raising-1-6-pre-seed-last-year-kuda-bags-a-10m-seed-investment/>
- x. <https://techpoint.africa/2020/11/11/how-future-africa-invested-9-african-startups-q3-2020/>
- xi. <https://techpoint.africa/2020/11/19/blueloop-cross-border-payments/>
- xii. <https://techpoint.africa/2020/11/19/chipper-cash-raises-30m-series-b/>