

## **KEYNOTE ADDRESS BY THE DIRECTOR, BPSD, CENTRAL BANK OF NIGERIA, AT THE NIGERIAN BLOCKCHAIN ALLIANCE CONFERENCE, 2017**

### **Protocols**

1. I am delighted to be invited to deliver this Keynote Address to this gathering of distinguished ladies and gentlemen. This event is no doubt a continuation of the efforts of stakeholders in developing innovative, secure and reliable electronic payments system and sensitizing the public on the achievements made thus far.
2. One of the key tasks of the CBN is to promote the smooth operations of an efficient payments system, which is core to the financial stability of any country. Payments systems have important implications for monetary policy implementation and for the efficiency of the economy
3. Technology is perhaps the greatest agent of change in the modern world. While never without risk, technological breakthroughs promise innovative solutions to the most pressing global challenges. It has transformed how we work, play and transact. It has provided new solutions to old problems, changed traditional business models and is helping us become more efficient.
4. The speed and scale of these changes in recent times have been rapid and consistent, creating significant opportunity and risk for the Nigerian Economy
5. In order to achieve the broad objectives of the Payments System in the country, the CBN develops and regulates the implementation of regulation to facilitate the growth of initiatives that will harmonize payment operations in the country. In its regulatory role, the CBN is careful to approach the dynamic of payments system policy creation as a delicate balance, in order not to stifle innovation and growth in the payments system
6. In addition to the aforementioned, the Bank has developed a financial inclusion strategy, the PSV 2020 Vision and cash-less policy drive with

specific targets and timelines. The sustenance of these initiatives will ensure that financial services are provided at affordable costs to sections of disadvantaged and low-income segments of the society.

7. With growing usage, and the growing of new technology; there is continuous need to update payments system regulation as a result of its dynamic and ever changing nature. Financial authorities around the world have a need to regulate payment services to protect consumers while ensuring the development of a secure, competitive and innovative environment for electronic payments.
8. Disruptive innovations in the financial system are facilitating the expansion of electronic payments and helping in providing financial services to previously unreached groups. These developments have led to the participation of non-financial organizations in the payments system.
9. Many institutions are experimenting and building applications with Distributed Ledger Technology (DLT) across multiple use cases, which include; supply chain tracking, digital identity management, distributed cloud storage, smart contracts, verifiable data, digital voting, central counterparty clearing, trade settlement, collateral management, remittance services, etc.
10. However, most of the notable applications of the technology have been in financial services and are increasingly being provided by non-financial institutions-FinTechs
10. They are redrawing the competitive financial services landscape and blurring the lines that define players in the sector. Capitalizing on the latest mobile, cloud and digital technologies, their offerings range from competing financial services such as alternative lending, to additive solutions atop existing banking services, to enabling technologies for the banks themselves.

As acceptance for these channels increases, so will its spread. This poses a challenge for the oversight of the payments system in Nigeria

11. The CBN, in its effort is incorporating a number of these service providers into the regulatory space but a number of these FinTech companies still operate under the radar, providing user-friendly mediums and platforms for accessing financial services, while preferring to remain in the unregulated space, as a result of the perceived difficulties of licensing and regulation.
12. The CBN is currently holding broad Industry consultations on DLT and Cryptocurrency use cases and regulation, Innovators Forums hold regularly and it is planning to implement a Regulatory Sandbox regime
13. The CBN is excited at the opportunities, especially for financial inclusion. I anticipate that the Conference will enhance awareness and highlight the prospects of DLT in Nigeria on one hand and proffer mitigations for the new risks that these technologies bring to the payments system
14. I thank you for your attention and wish you happy deliberations.

**'Dipo Fatokun**  
**Director, Banking & Payments System Department**  
**Central Bank of Nigeria**

**November 23, 2017.**