



SMILE IDENTITY

# Nigeria Scale Up Kit: KYC, User Onboarding, and Identity Verification in Nigeria.

Smile Identity's quick start guide to scaling  
your startup into Nigeria.

# Facts about Nigeria

Capital city <b>Abuja</b>	Commercial centre <b>Lagos</b>	Currency <b>Nigerian Naira</b>	Population <b>212,869,055</b>
Official language <b>English</b>	Literacy rate <b>62.2%</b>	Internet Penetration <b>139,744,180 (65.65%)</b>	
<b>Other Key cities</b> <b>Aba, Benin, Calabar, Enugu, Jos, Kaduna, Kano, Ibadan, Ilorin, Port Harcourt, Warri, Zaria</b>			

# Facts about Nigeria

## Population



**50.6%** Male

**49.4%** Female

**53.8%** Age 15 - 65

**18 years** Median Age

**52%** Urban population

**48%** Rural population

## Mobile Operators (June 2021)

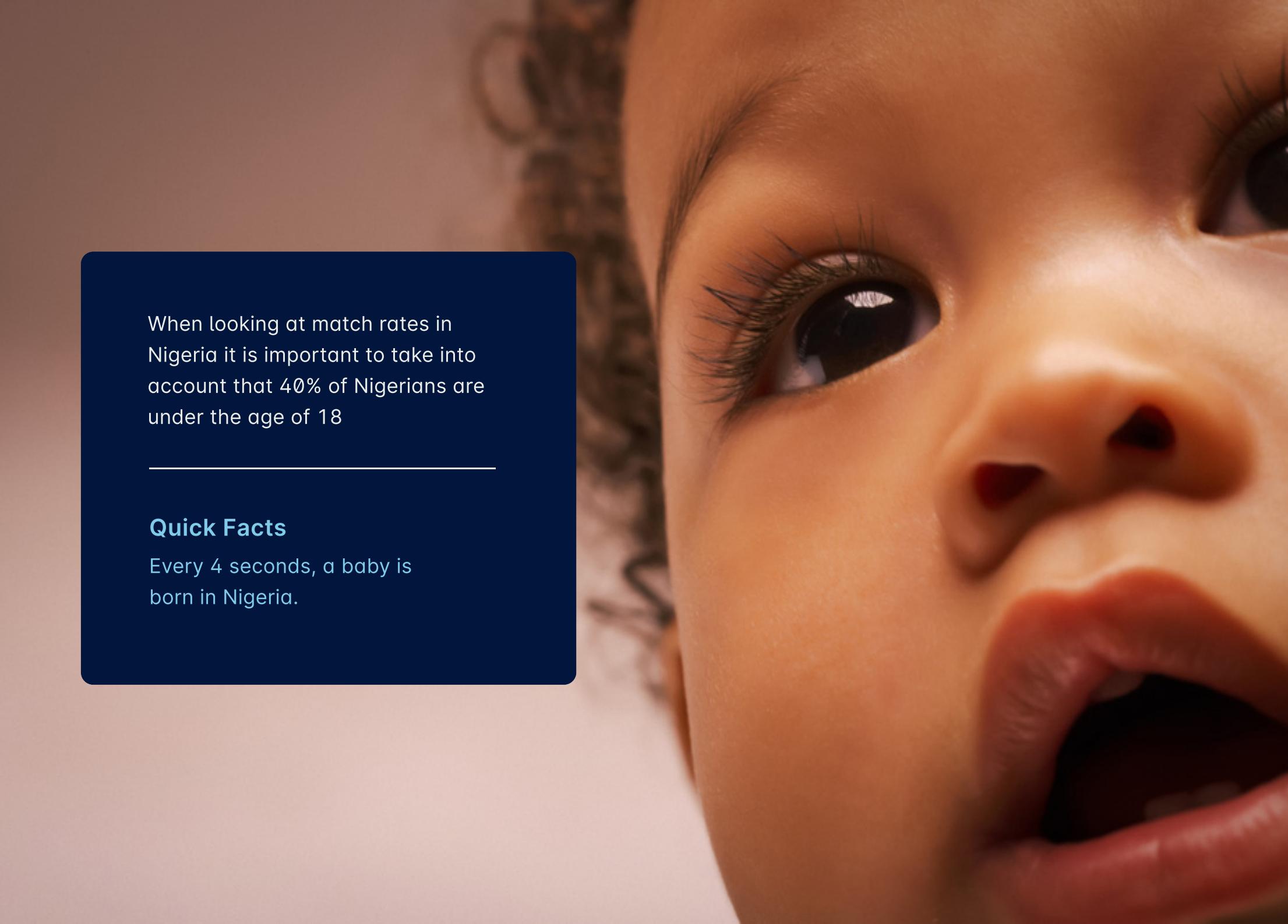


**39.01%** MTN (73,123,732)

**26.83%** AIRTEL (50,301,237)

**27.28%** GLO (51,137,799)

**6.89%** 9MOBILE (12,908,092)

A close-up photograph of a baby's face, focusing on the right eye, nose, and mouth. The baby has dark hair and is looking slightly away from the camera. The lighting is soft, highlighting the skin texture.

When looking at match rates in Nigeria it is important to take into account that 40% of Nigerians are under the age of 18

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### Quick Facts

Every 4 seconds, a baby is born in Nigeria.

# Facts about Nigeria

There are 3 major languages in Nigeria — Hausa to the north; Yoruba to the west; and Igbo to the east. But the official language is English.

## Other languages



**Niger Pidgin** - (100m)

**Hausa** - ( Approx 49m)

**Yoruba** - (Approx 42m)

**Igbo** - (Approx 30m)

**Fulfulde** - (15m)

**Bini, Igala, Ijaw** - (Approx 2m - 3m)

**Efik-ibibio** - (10m)

**Kanuri** - (8m)

**Tiv** - (15m)

**Gbayi** - (5m)

**Nupe** - (4m)

## Ease of doing Business

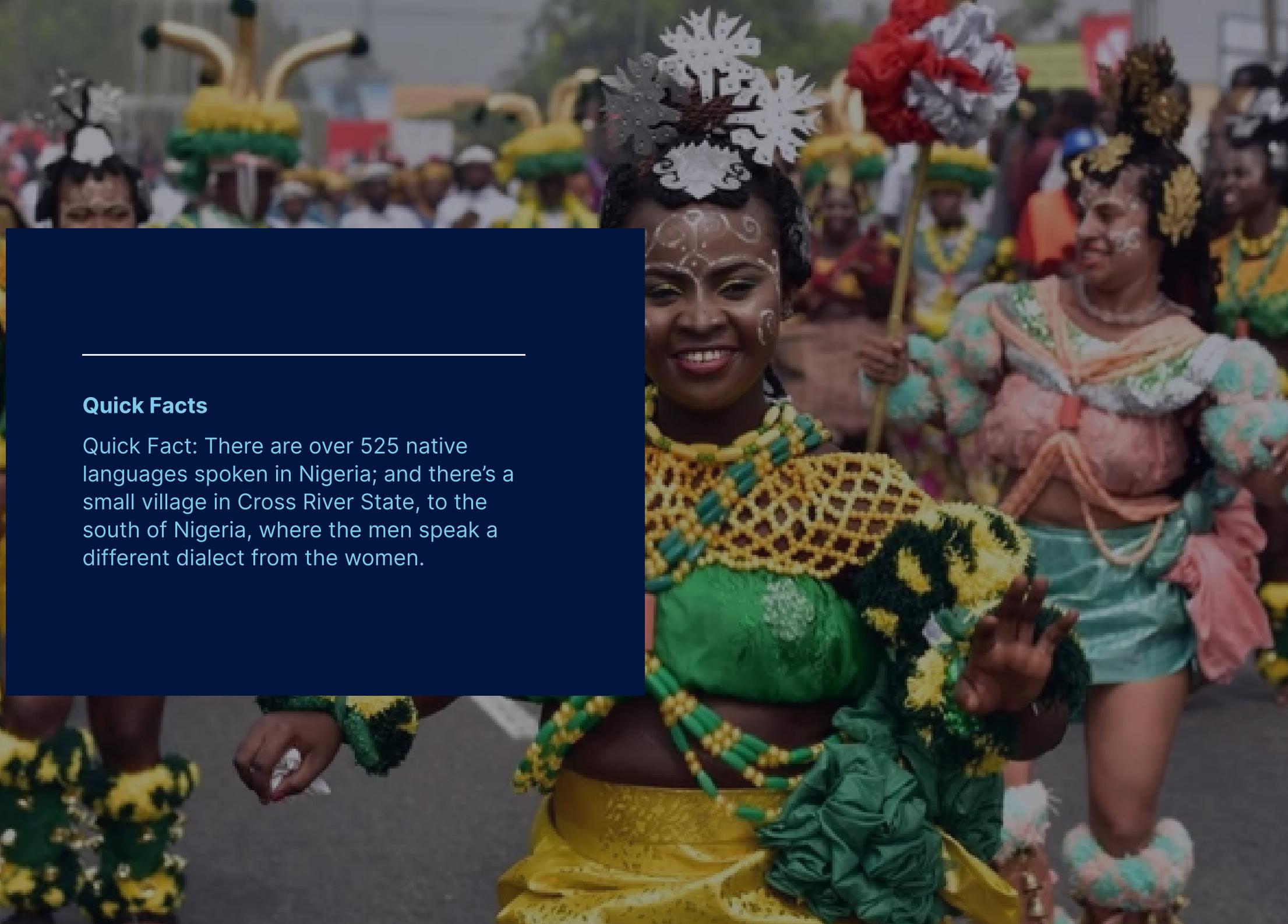
**Starting a business** - Rank 105/190

**Enforcing Contracts** - Rank 73/190

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## Quick Facts

Quick Fact: There are over 525 native languages spoken in Nigeria; and there's a small village in Cross River State, to the south of Nigeria, where the men speak a different dialect from the women.



# Identity Verification

## Accepted Official ID Types:



### Bank Verification Number (BVN)

49.7 million users

A BVN (known locally as BVN number) uniquely identifies every customer across the Nigeria Banking industry for KYC and other identity verification purposes, using their biometric details. It is a requirement for operating a bank account in Nigeria.

### National Identification Number (NIN)

Over 60 million users

The National Identification Number (NIN) is assigned to an individual upon completion of enrollment into the National Identity Database (NIDB).

### NIN Slip

Upon enrollment in the NIDB, before receiving a National ID card, enrollees get an NIN Slip. An NIN Slip confirms that the holder has been issued a National Identification Number and displays the holder's NIN, picture, and other information.

# Identity Verification

## Accepted Official ID Types:



### Driver's License

The Federal Road Safety Commission (FRSC) issues driver's licenses to qualified individuals to drive or operate motor vehicles on public roads. Driver's Licenses in Nigeria have a 5-year expiry date.



### Voters ID

Also known as PVC (Permanent Voter's Card) or simply as a Voter's Card, this ID type enables registered voters to vote during elections.



### International Passport

Nigeria issues passports with 5-year and 10-year validity periods.

# Authorities and Regulations

## ID Credential Authorities

- National Identity Management Commission (Issues NIN and National ID Card)
  - Independent National Electoral Commission (Issues Voter's Card)
  - Central Bank of Nigeria (Issues a BVN)
  - Federal Road Safety Commission (Issues Driver's License)
  - Nigeria Immigration Service (Issues Nigerian Passport)
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## Other Pertinent Authorities

- Nigeria Inter-Bank Settlement System (NIBSS)
  - Nigerian Financial Intelligence Unit (NFIU)
  - National Information Technology Development Agency (NITDA)
  - Economic and Financial Crimes Commission (EFCC)
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## Regulatory and Compliance Frameworks

- Mandatory Use of the National Identity Number Regulations, 2017

# Authorities and Regulations

## Credit System

Credit systems are still under development in the Nigerian market. A few credit agencies currently operate in the market. However they only have credit ratings for a small group of the traditionally banked population; and although these credit agencies may have APIs, they are very costly to access and have very low population coverage.

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## Are There Any Data Protection Laws or Regulations?

Yes. [The Nigeria Data Protection Regulation \(NDPR\) 2019](#). These regulations apply to all transactions for the purpose of processing the personal data of natural persons resident in Nigeria, or of Nigerian citizens resident in foreign jurisdictions. Data processing as defined by the NDPR includes the collection, recording, storage, retrieval, use, disclosure, transmission, erasure and destruction of personal data. The NDPR also confers certain rights on data subjects such as the right to access their personal data, the right to rectify their information, the right to object or withdraw consent, the right to data portability, and the right to be forgotten.

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## Are you required to store ID locally

No

# Other Laws and Regulations to Keep in Mind

There are various laws governing labor and employment-related matters in Nigeria, all enforced to varying degrees.

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## **Companies and Allied Matters Act, 2020 and Companies Regulations 2021**

Section 18 of the [Companies and Allied Matters](#) Act makes provision for the creation of a private company with only one member or shareholder; and Paragraph 25 of the [Companies Regulations 2021](#) allows for a foreign Limited Liability Partnership (LLP) to apply for exemption from incorporation under certain conditions.

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## **The Nigerian Labour Act 2004**

Noteworthy: Section 91 broadly defines an employee (referred to as a worker) to include anyone who works under a contract with an employer, and this contract can be oral or even implied.

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# Other Laws and Regulations to Keep in Mind

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## Pension Reform Act 2014

Noteworthy: Section 2 mandates private sector employers with fifteen (15) or more employees to establish a Contributory Pension Scheme for the benefit of their employees; and Section 4 sets the contributory rate at 18%.

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## Nigerian Investment Promotion Commission Act 1995

Noteworthy: Sections 19 and 20 provide that an enterprise in which foreign participation is permitted must be incorporated under the Companies and Allied Matters Act, and registered with the Nigerian Investment Promotion Commission.

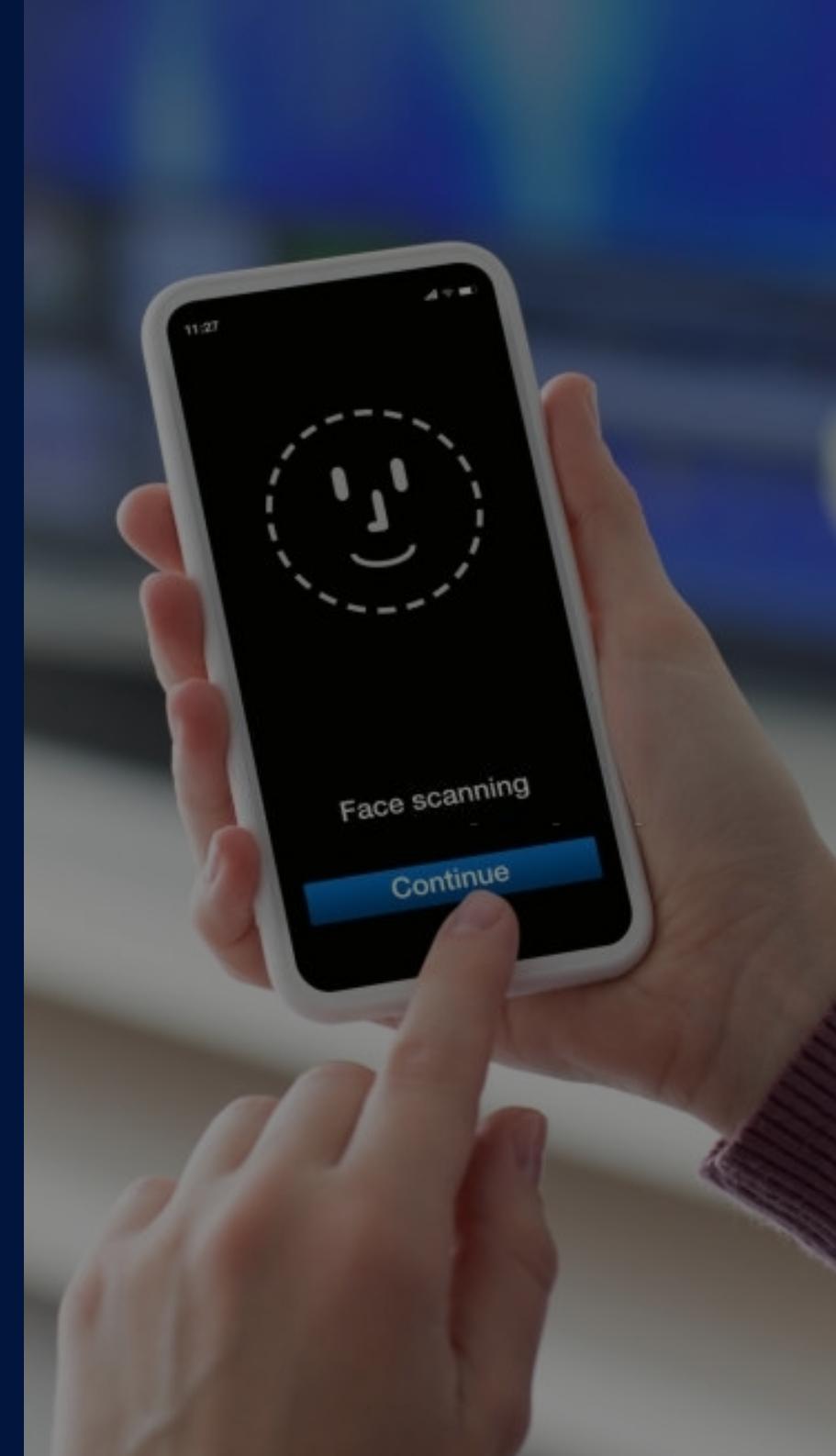
→ Want to do some further reading? [See here.](#)

## Are There Tiered KYC Requirements?

Nigeria has a [3-tiered KYC approach](#). This regulation was implemented in 2013 by the CBN with the goal of creating more flexibility for low and medium value accounts. This regulation mainly applies to banks and financial institutions. There are three types of checks for different levels of limits on the accounts. Document verification is one of the steps in the three-tiered KYC approach that the Nigerian government implemented.

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BVN and NIN are the ID types with the widest coverage in Nigeria.



# What is the Best Use Case for Each ID Type?

## Bank Verification Number

While BVN is the primary ID used for financial services, Nigerians are very careful about sharing this information because it is linked to their banking information such as account balance. This ID is most commonly shared for the use of national services apps and apps that offer financial services.

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## National Identification Number

The next most widely covered ID is the National ID (NIN). Though the National ID system is relatively new, there is a massive ongoing enrollment campaign. An NIN is a prerequisite for getting a SIM card, and this has been instrumental to driving sign ups. NIN is now the dominant ID type in Nigeria, covering about 52 million individuals.

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# What is the Best Use Case for Each ID Type?

## NIN Slips

NIN Slips are the receipts given to people when they enroll for an NIN. Not everyone has a card yet but while waiting, the slip can act as a photo ID. This paper slip is very common for some financial services to keep on file in case they are audited by regulators.

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## Drivers license

The Drivers LicenseID type has less coverage but can be a great resource for rideshare and delivery apps to check the validity of a driver's credentials.

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## International Pasports

Passports are the least covered ID type, and are typically only useful for travel websites or applications that conduct travel bookings.

## **Why Are Addresses Not A Good Identifier, And Why Isn't This A Field Smile Identity Offers?**

Nigeria has no infrastructure or database in place to verify addresses. When banks do address verification for individuals they use a physical utility bill that a person must bring to the branch.

At this point Nigeria regulators still require a physical visit to consider an address as verified; yet no one geocoding system has been widely accepted as a standard.

For local fintechs address verification is generally seen as too inefficient and expensive as a verification method, it is generally only used for business verification.



# Nigerian Names

Nigerian names can sometimes be very long. Because of this people often tend to use a shortened version of their name on a regular basis even to create accounts.

This might lead to some confusion where the given (shortened) name doesn't match the (full) name on the ID authority database.



# Registering a Business

The Corporate Affairs Commission (CAC) is charged with the responsibility of regulating the formation and management of companies in Nigeria. To register a business, visit the CAC website and follow the [instructions on this page](#).

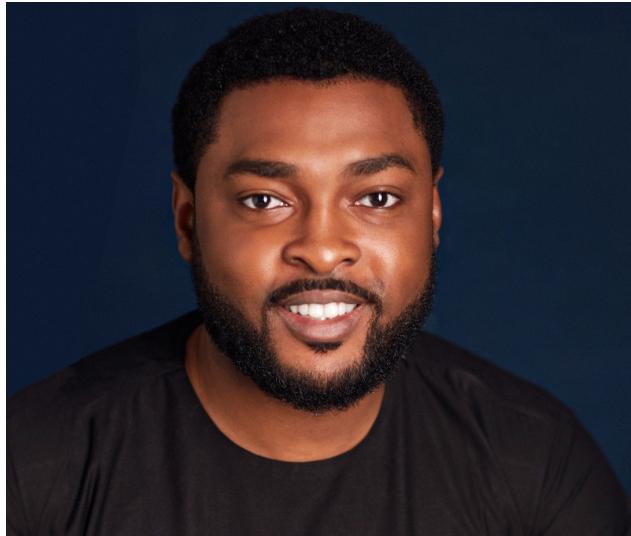
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## Further Information

We are happy to provide you with recommendations for professional services firms and any other information you might need.



# Want to Speak With an On-the-Ground Resource Person?



## **Shile Owoka**

Nigeria country manager,  
Smile identity

[Send Shile Owoka an email](#) to schedule a conversation.

# Cultural Primer



# Food

Nigerian cuisine is home to some of the tastiest savory flavors in the world and is known for being colorful, rich, and spicy. From delicious stews to tasty street food, here are some of the must-try staples of Nigerian cuisine:

If you'd like to try your hand at making some of these yourself, there's an [excellent list here](#), along with links to detailed recipes.

## Food types

Jollof Rice

Garri

Small chops

Pepper soup

Moin-Moin

Pounded Yam

White rice and stew

Suya

Akara

Dodo



## Fun Fact

Nigerians and Ghanaians online have a long running friendly war, and have frequently engaged in lighthearted banter about which country's jollof rice is better. Naturally, Nigeria always wins.

# Greetings

How to greet in Nigeria depends on multiple factors including the setting, the age of the person being greeted, their gender, and sometimes their religion. The most common greeting is a handshake with a warm, welcoming smile, along with other pleasantries. Expect to hear questions about your health, your trip, and the welfare of your family; and keep in mind that it is rude to rush the greeting process.

## Fun Fact

The phrase "How far?" is a uniquely Nigerian multipurpose phrase that can mean anything from 'Hello' to 'Gentle reminder', depending on the context.

In most formal settings, a simple 'Hello' or 'Good morning' works just fine, along with a handshake if offered. Observing muslim women tend not to offer handshakes to men, and observing muslim men tend not to offer handshakes to women; don't be offended if this happens. In informal settings, greetings such as the general purpose 'How far?' are more common, with the typical response being 'I dey'. One seemingly strange question you might hear often is, 'How was your night?' Do not feel offended by it, as this is merely intended to ask if you had a good night's sleep

Nigerians can be big on titles so if a person has a title (Chief, Dr., Alhaji, etc), feel free to use it. When greeting people who are much older, it is a sign of respect and deference to bow the head.

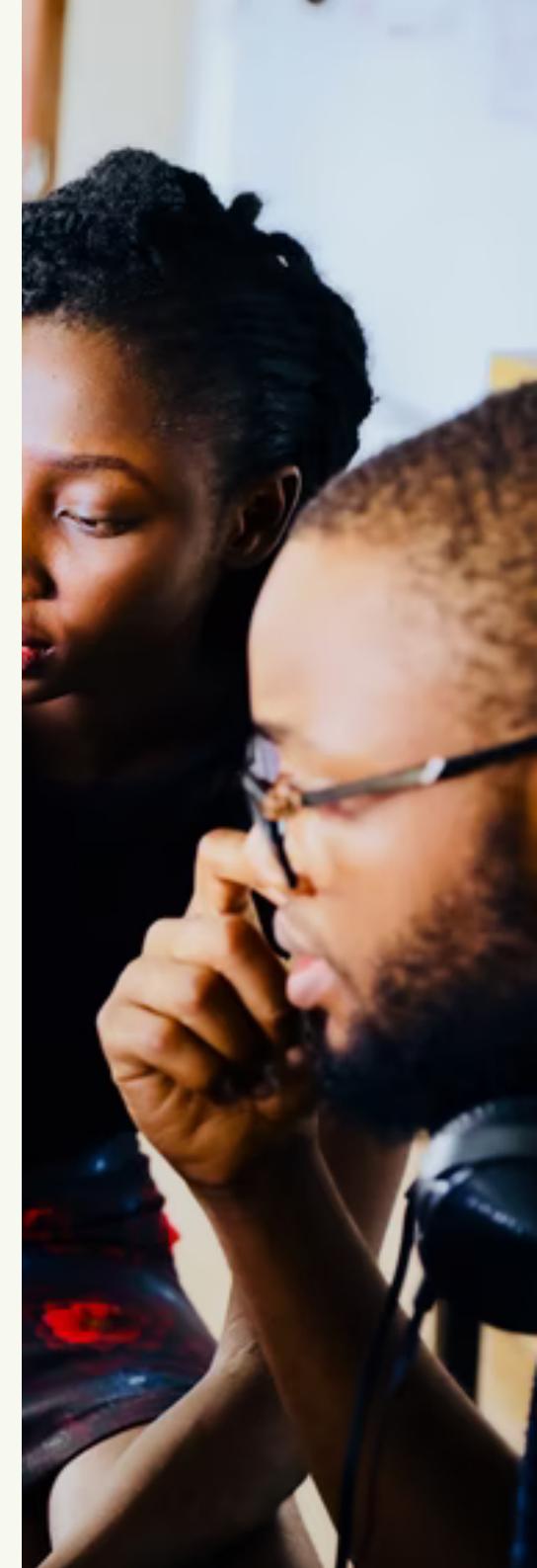
# Business culture

The business language of Nigeria is English, with most business owners speaking it at a proficient level. Generally speaking, business meetings in Nigeria can be very social occasions. Business in Nigeria is very relationship-based, and is often conducted in informal settings. Face-to-face meetings are the preference, and many Nigerians prefer those to calls or emails.

Business meetings can often take place without prior appointment. Expect business deals to progress at a slower pace than is common in, for example, Europe.

Office hours are between 8.00am to 4.00pm at government offices; and 8.00am to 5.00pm for private businesses. However, in northern states as well as other states with large muslim populations, business may close at 1.00pm on Fridays for Muslim workers to go take part in prayer services which begin at 2.00pm.

Nigerians are very friendly and hospitable people who take a genuine interest in the lives and experiences of others; expect to spend a lot of time getting to know your business contacts, and possibly being introduced to their circles or families.



# Contact Details

## Nigeria

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