

# **Emerging Opportunities in Nigeria's Cards and Payments Industry**

**Market Size, Trends and Drivers,  
Strategies, Products and Competitive  
Landscape**

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## 1 Executive Summary

The Nigerian card industry recorded strong growth during the review period (2008–2012) both in terms of volume and value. The card industry grew at a CAGR of XX.XX%, rising from XX.X million cards in circulation in 2008 to XX.X million cards in 2012. Over the forecast period, the cards and payments industry is forecast to register a CAGR of X.XX%, rising from XX.X million cards in circulation 2013 to XX.X million cards in 2017.

### **Stable economic growth enables industry growth**

In comparison with the same period in 2011, Nigeria's GDP recorded a CAGR of X.X% in the third-quarter of 2012. The country's annual GDP increased from X.X% in 2011 to X.X% in 2012. Economically, the nation mainly comprises oil and non-oil sectors, which posted decelerated growth rates in third-quarter of 2012. According to International Monitor Fund (IMF) forecasts, over 2013–2017, Nigeria's GDP is expected to grow at an average rate of X.X%. This will maintain consumer prosperity and foster growth opportunities in the cards and payments industry.

### **Increasing internet and smartphone users**

Nigeria's internet penetration levels rose by XX% from XX.X million internet users in 2011 to XX million in 2012, equivalent to XX.X% of total population. This is creating a new high-impact distribution channel for many businesses, especially due to the increasing popularity of social media. Nigeria recorded the strongest internet penetration levels in Africa in 2011, followed by Egypt with XX.X million users, Morocco with XX.X million and Kenya with XX.X million. Mobile media consumption is growing exponentially due to the increasing number of web-enabled smartphone users. Nigeria had nearly five million smartphone users in 2012, an increase of XX% in comparison with four million users in 2011.

### **Credit and prepaid card categories posting strong growth rates**

The credit card category recorded a CAGR of XX.XX% during the review period, growing from XXX,XXX cards in circulation in 2008 to XXX,XXX cards in 2012. Over the forecast period, the category is projected to register a CAGR of X.XX%, rising from XXX,XXX cards in circulation in 2013 to XXX,XXX cards in 2017. The prepaid cards category recorded a CAGR of XX.XX%, rising from X.X million cards in circulation in 2008 to XX.X million cards in 2012. Over the forecast period, the volume of prepaid cards in circulation is expected to reach XX.X million cards by the end of 2017, representing a CAGR of X.XX%. The debit card category held the highest market share of XX.X% in terms of the volume of cards in circulation.

### **Market shares of key financial institutions**

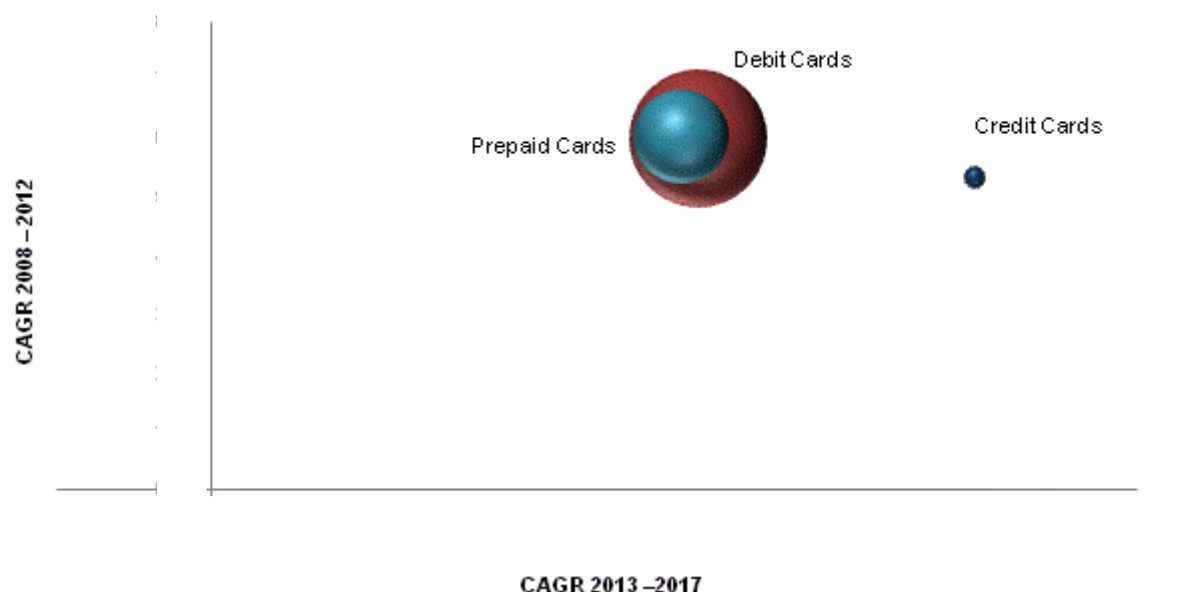
UBA Bank was the leading bank in terms of debit card issuance volume in 2011 and accounted for XX.X% of the total debit card volume. Other key operatives in the debit cards category include are Guaranty Trust Bank, First Bank, Oceanic Bank and Union Bank, which accounted for respective industry shares of X.X%, XX.X%, X.X% and X.X%.

The six key banks in the credit card issuance business are UBA Bank, Zenith Bank, Ecobank, Access Bank, Guaranty Trust Bank and Keystone Bank. These banks collectively accounted for an industry share of XX.X% in terms of card volume. UBA Bank is the leading bank with the highest market share of XX.X%. Other banks including Zenith Bank, Ecobank, Access Bank, Guaranty Trust Bank and Keystone Bank hold respective shares of XX.X%, X.X%, XX%, X.X% and X.X%.

## 2 Market Attractiveness and Future Prospects of Cards and Payments Industry

Debit and credit and prepaid cards are gaining popularity in Nigeria. Both debit and prepaid card categories accounted for the aggregate market share of XX.X% in 2012. The debit cards category held the highest market share of XX.X% in 2012, whereas the prepaid card category held the second-largest share of XX.X%. Due to economic growth, increasing disposable income levels, rapidly developing infrastructure, the advent of new technologies and increasing consumer awareness, the Nigerian cards and payments industry is set to be the most rapidly growing market in the African region.

**Figure 1: Current and Future Prospects of Various Cards in Nigeria**



Source: Timetric analysis

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### Significant potential for both credit and charge cards

As stated earlier, both debit and prepaid cards accounted for XX.X% of the total cards and payments industry market share in 2012. The credit card category held the smallest market share of X.X% in terms of the volume of cards in circulation in 2012, representing the lower market penetration. Charge cards which can be offered to prosperous customer segments such as corporates and high net worth individuals (HNWIs) are much more familiar in emerging economies such as India and China. The nation's increasing middle class population's rising per capita income represents future growth prospects for both credit and charge cards.

### Demand for cards with enhanced security features

Due to the introduction of EMV chip-based cards, ATM card fraud incidents were drastically reduced during the review period. Notably, the highest incidences of fraud were recorded at ATM terminals. In other developing and developed countries, banks have been introducing advanced technologies such as contactless and biometric cards in order to reduce fraud. The Nigerian cards and payments industry has potential to grow as cards with enhanced security features are introduced as it thought customers will respond well to added security. Such features will increase the banks' card portfolio.



### 3 Analysis of Nigeria Cards and Payments Industry Drivers

With an increasing middle class population, changing spending patterns, the advancement in e-banking services and the emerging trend of online shopping, Nigeria seems to be a land of ample opportunities for card product providers. Nigeria's retail sector is the key driver of its cards and payments industry and still in its infancy. This provides opportunities for Shoprite, Walmart and others to enter the market as currently the majority of the population shop in open-air markets. Much like other emerging countries such as India, China and Hong Kong, Nigeria's future prospects for cards and payments is extremely positive.

**Figure 2: Nigeria's Cards and Payments Industry Drivers**

Macroeconomic Fundamentals	Infrastructure Drivers	Business Drivers	Consumer Drivers
<ul style="list-style-type: none"> <li>➤ GDP Growth</li> <li>➤ Financial Inclusion Strategy</li> </ul>	<ul style="list-style-type: none"> <li>➤ Internet Penetration</li> <li>➤ Smartphone Penetration</li> <li>➤ Security Measures on Card Products</li> <li>➤ Growing Number of ATMs</li> <li>➤ Increasing Number of POS Terminals</li> </ul>	<ul style="list-style-type: none"> <li>➤ Growing Retail Sector</li> <li>➤ Lower Banking Penetration</li> </ul>	<ul style="list-style-type: none"> <li>➤ Changing Lifestyles and Spending Habits</li> <li>➤ Growing Urban Population</li> <li>➤ Increasing Consumer Confidence</li> </ul>

Source: Timetric analysis

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#### 3.1 Macroeconomic Fundamentals

The following section discusses the macroeconomic fundamentals of the country which have a significant impact on the growth of cards and payments industry.

##### 3.1.1 Sustainable gross domestic product (GDP) growth

In comparison with the same period in 2011, Nigeria's GDP recorded a CAGR of X.X% in the third-quarter of 2012. The country's annual GDP increased from X.X% in 2011 to X.X% in 2012. Economically, the nation mainly comprises oil and non-oil sectors, which posted decelerated growth rates in third-quarter of 2012. According to International Monitor Fund (IMF) forecasts, over 2013–2017, Nigeria's GDP is expected to grow at an average rate of X.X%. This will maintain consumer prosperity and foster growth opportunities in the cards and payments industry.

##### 3.1.2 Financial inclusion strategy

In 2010, the Central Bank of Nigeria (CBN) announced its financial inclusion strategy which includes providing financial services such as loans, savings, money transfers, insurance and pensions in adequate measures to the disadvantaged and low income population, with the aim of reducing the percentage of Nigerians excluded from financial services from XX.X% as of 2010 to XX% by the end of 2020. The Central Bank has been encouraging commercial banks to increase banking penetration rates while issuing various regulations and guidelines. For example in 2010, the Central Bank of Nigeria raised the maximum amount that can be loaded onto a prepaid card from NGNXX,XXX to NGNXX,XXX per day in order to increase the number of cardholders not linked to a bank account. The nation's financial inclusion strategy and efforts are expected to increase the banked population.

## 3.2 Infrastructure Drivers

The following section discusses the infrastructure drivers expected to have a significant impact on the growth of the cards and payments industry.

### 3.2.1 Growing internet penetration rates

Nigeria's internet penetration levels rose by XX% from XX.X million internet users in 2011 to XX million in 2012, equivalent to XX.X% of total population. This is creating a new high-impact distribution channel for many businesses, especially due to the increasing popularity of social media. Nigeria recorded the strongest internet penetration levels in Africa in 2011, followed by Egypt with XX.X million users, Morocco with XX.X million and Kenya with XX.X million. Mobile media consumption is growing exponentially due to the increasing number of web-enabled smartphone users. According to Internet World Stat, provider of internet market research data, Nigeria occupies the 11th position globally, after France, which has internet population of XX.X million.

### 3.2.2 Smartphone penetration

Mobile media consumption is growing exponentially with the increasing number of web-enabled smartphone users in Nigeria. Nigeria had nearly five million smartphone users in 2012, an increase of XX% in comparison with four million users in 2011. Blackberry is dominating the country's smartphone market with X.X million users of Blackberry smartphones, representing XX% of total market.

### 3.2.3 Enhanced security measures on card products

In Nigeria, card fraud posted a CAGR of XX.XX% during the review period, rising from NGNXX.X million in 2008 to NGNXXX.X million in 2012. In response to this, most of Nigeria's commercial banks are implementing advanced technologies such as chip-based EMV technology. Zenith Bank, Guaranty Bank Trust and First Bank of Nigeria is offering various card products with EMV chip-based technology.

In June 2012, the Central Bank of Nigeria issued a circular which compels the financial sector to collect biometric information of their customers for real-time and easier identification of account holders in the country. This project was expected to be complete by the end of 2012 and aimed to adopt a new national identity number (NIN). This biometric information may lead to emerging technologies such as biometric cards

### 3.3 Regulatory Framework

The CBN is an authorized government body in Nigeria which issues supervisory and regulatory guidelines in exercise of the powers conferred on it by the provisions of Section 28 subsection (1) (b) of the CBN Act 24 of 1991 [as amended] and in pursuance of the provisions of Sections 56-60A of the Banks and Other Financial Institutions Act [BOFIA] 25 of 1991 (as amended). The guidelines are to regulate the financial institutions in Nigeria.

#### 3.3.1 Guidelines on stored value and prepaid card issuance and operations

The CBN issued guidelines to provide minimum standards and requirements for the operation of stored value/prepaid card issuance and operations in 2010 as follows:

##### Guidelines

- Only deposit taking licensed by the CBN with clearing capacity or financial institutions are authorized to issue stored value/prepaid cards.
- An issuer can issue only one stored value/prepaid card per person per currency per product.
- Participating banks must define usage limits and frequencies.
- All stored value/prepaid card transactions shall be subject to current Nigerian Financial Intelligence Unit (NFIU) reporting requirements.
- The fee for loading salary payments into a stored value/prepaid card shall be paid separately by the salary payer and not deducted from the balance value of the stored value/prepaid card.
- All stored value/prepaid cards shall be equipped with EMV-compliant.

##### Requirements for stored value cards

- A stored value card shall not be issued to a person without obtaining minimum policy of know your customer (KYC) which includes name, phone number, and address of the person. The issuer shall ensure that at least one of the KYC information is validated.
- The amount that can be loaded on the stored value card shall not exceed NGNXX,XXX per day.
- The balance on the stored value card shall not exceed NGNXXX,XXX at any time.

##### Requirements for prepaid cards

- KYC policy is applicable to prepaid card issuance and loadable limits (in Naira and Foreign currency) as well as daily balances will be determined by the issuing bank.
- A prepaid card shall not be issued beyond the limits of a stored value card to a person or a corporate organization. Where a customer desires to do transactions beyond the limits prescribed above. Full KYC would be required.

#### 3.3.2 Regulations on credit cards

##### Measures for delivering the card

Banks should deliver credit cards through the secure means and the cardholders should be advised to take reasonable steps to keep their cards safe and the PIN secret.

##### Transactional communication

Banks are required to provide the statement of account at monthly intervals, unless there has been no transaction or no outstanding balance on the account since last statement to the cardholders. Due dates for payments are required to be mentioned in the statement of accounts.

**Consumer protection in case of cars stolen**

Banks are liable for all transactions not authorized by the credit card holders after they have been properly served with a notice that the card has been lost or stolen. In order to avoid the risk in this respect, banks are encouraged to take out insurance coverage against wrongly charged amounts and fraud.

Banks are prohibited to charge the borrowers' account with any amount under the head of insurance premium without obtaining consent of both the existing and prospective customer in writing.

**Card limits and payments**

In order to avoid possibility of charging excess amount of interest, banks should consider partial payment if paid before charging service fee / interest amount on the outstanding / billed amount. Credit limit is allowed to set based on the customer risk profile.

**3.3.3 KYC and anti-money laundering measures****Limits on daily cash withdrawals and lodgments**

The Money Laundering Prohibition Act (MLPA) of 2004 prohibits the payment or collection of cash when buying or selling any good whose value exceeds NGNXXX,XXX and NGNX million for individuals and corporate bodies respectively. The violation of this law attracts a fine of NGNXXX,XXX or two years imprisonment. On April 2011, the act resolved to peg daily cash withdrawals and lodgments by individuals and corporate bodies to NGNXXX,XXX and NGNX million respectively.

**KYC**

All banks or financial institutions are required to comply with the principles and procedures of Know Your Customer (KYC) and relevant circulars as issued by the CBN from time to time.

**Anti-money laundering measures*****Record retention***

All banks are instructed to keep records of transactions and customer identification data in case they are required by courts of law.

***Suspicious transactions***

Banks are required to pay special attention to all complex, unusually large transactions and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose.

## 4 Emerging Consumer Attitudes and Trends

Consumer attitude and preference play a key role in the success of any product. Organizations must research their target market thoroughly, considering age group, income level and locality. Precautions must be undertaken when determining consumer expectations of product pricing and service. The following section discusses factors which help the Nigerian cards and payments industry to make effective business decisions.

### 4.1 Market Segmentation and Targeting

The cards and payments industry grew strongly during the review period both in terms of volume and value and registered a CAGR of 1X.XX% in volume terms, rising from XX.X million cards in 2008 to XX.X million cards in 2012. The use of, and demand for, these cards vary significantly based on the market targeted. Notably, large domestic and foreign banks are making a concerted effort to segment the industry and target the most profitable areas.

#### 4.1.1 Retail customers

Classifications are segmented by age and basic banking needs. Banks offer specialized products, adopt marketing strategies and provide promotional offers to attract customers. The following section details the key segments of the retail sector and how they are being targeted.

##### Segmentation based on age group

In Nigeria, debit cards are more popular than credit, prepaid and charge cards. The debit card category occupied the largest market share of XX.X% in 2012. Banks segment customers based on age, for example university students and teen groups. Nearly XX.X% of the total population is aged 10–24. However, few banks are taking advantage of this. GT Bank is offering the GTBank Smart Kids Save (SKS) Teen Card to SKS Teen account holders (ages 13–18) giving them 24/7 access to funds. The bank is also offering GTCrea8 Card, a variant of the Naira MasterCard which is designed for students.

#### 4.1.2 Corporate sector

Banks and card service providers classify this group by need type and specific service requirements. Travel, commercial and food cards are offered to specific business units. The following section details key segments of corporate market and how they are being targeted.

##### Corporate cards

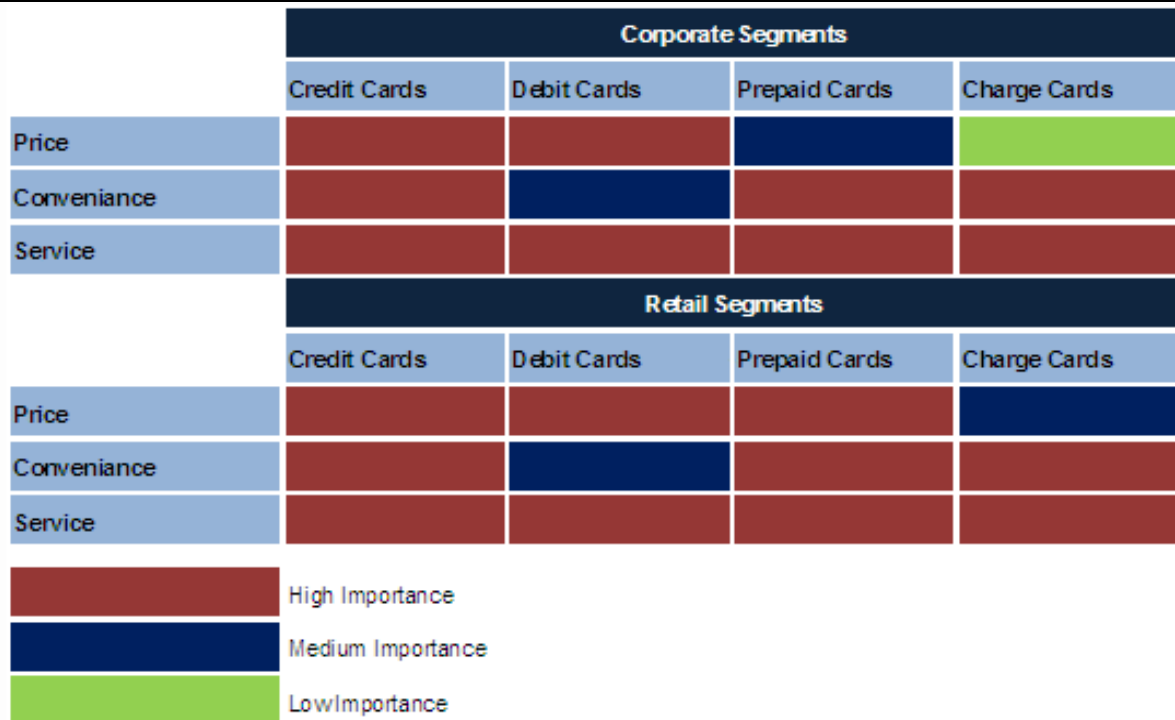
Corporate cards allow businesses to exercise control over their travel, entertainment and other business-related expenses. Corporations can provide such cards to their employees in order to keep track of business expenses. United Bank for Africa (UBA) provides the UBA Corporate Debit Card. It can be used to pay bills and manage corporate business expenses without writing or issuing company checks. Organizations can specify limits, choose where cards can be used and accessed. Conveniently, this card can be combined with other e-banking solutions to create a total payment package.

## 4.2 Consumer Preference

The main factors which influence customer preferences are price, convenience and associated services. Service and convenience have a significant role for corporate and retail customers when deciding which payment card to choose.

For retail customers however, price is the most influential factor. In the corporate sector, convenience and price are of high importance when a company is procuring a payroll, travel and entertainment card.

**Figure 3: Consumer Preferences on Various Types of Cards**



Source: Timetric analysis

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### 4.2.1 Price

Card-based payment service comes with associated costs for customers. In addition to a joining fee, annual maintenance and service charges may be applied alongside interest on credit. For retail customers, price plays an important role where as for corporate customers it is of little importance. The low costs associated with debit cards encourage a large proportion of the population to apply for such products. The initial cost of acquiring a debit card remains zero as they can be acquired while opening an account with the bank and, while there are some cards that have an associated annual fee, the majority of the country's leading banks offer debit cards entirely without fees. Corporate that apply for large volume of cards can negotiate on price and acquire bulk discounts.

## 5 Strategies Adopted by Key Players

The growing cards and payments industry along with strong economy has encouraged several foreign banks and card providers to enter the industry. In order to achieve a maximum customer base, banks are adopting structured marketing and growth strategies. The following section discusses the marketing, pricing and product strategies adopted by commercial banks to enter the industry.

### 5.1 Market Entry Strategies

In Nigeria, the presence of foreign banks' is minimal due to the strict regulations issued by the CBN. According to regulations issued in 2008, if a group of foreign institutions decides to invest in any local bank, the aggregate investment must not be more than XX% of the latter's total capital. In addition, any foreign-owned bank must have operated in Nigeria with a spread of two-thirds of the states of the federation for a minimum of five years in order to acquire, or merge with, a local bank. This regulation forces foreign banks to have branches in at least XX out of the XX states of the federation. These regulations are applicable to the 10-leading banks which constitute nearly 70% of total banking sector in Nigeria. It seems that the new regulations are intended to protect the local banks' dominance in the country.

However foreign banks can establish their business in Nigeria if they can satisfy the NGNXX billion capital base requirement and other statutory prescriptions.

#### 5.1.1 Case studies

##### ***Standard Chartered in Nigeria***

Standard Chartered Bank has been in Nigeria since 1965, when the Standard Bank of South Africa merged with the Bank of West Africa. The name of the bank was changed to Standard Bank of West Africa. In 1969, Standard Bank Nigeria was incorporated locally and in 1971, according to the regulations, XX% of the share capital was held by Nigerian investors. In 1979, the government sought to increase local control of the retail-banking sector, the Bank's investment in Standard Bank Nigeria was reduced to XX% and its name was also changed to FirstBank of Nigeria. The bank remained as a shareholder of First Bank of Nigeria until 1996.

In 1999, Standard Chartered re-entered Nigeria in 1999 and opened to customers as a wholly-owned subsidiary of Standard Chartered Bank Plc, headquartered in the UK.

As of December 2011, the bank has XX branches located in Lagos, PortHarcourt, Abuja, Ibadan, Kano, Kaduna, Maiduguri, Ota, Aba, Onitsha and Onne. Standard Chartered offers a range of products and services in both consumer and wholesale banking in Nigeria and employs nearly XXX people.

##### ***Citibank Nigeria Limited***

Citibank has been operating in Nigeria since 1984. The bank formerly operated under the name Nigeria International Bank Limited and it was renamed Citibank Nigeria Limited in 2008 to fully align with Citi's global brand and identity.

The bank offers a range of services, including global transaction services, sales and trading, corporate finance and investment banking services to corporate and commercial customers, financial institutions and public sector organizations. As of December 2011, the bank had XX branches and employed around XXX people in Nigeria.



## 5.2 Marketing/Product Strategy

This section discusses the marketing and product strategies adopted by commercial banks and service providers to attract new customers and retain existing ones. The cards covered in this section include debit and credit cards.

### 5.2.1 Debit cards

The debit card category recorded impressive growth during the review period and posted a CAGR of XX.XX%, rising from XX.X million cards in circulation in 2008 to XXX million cards in 2012. Notably, convenience of use and time saving benefit are among the motivational factors influencing consumers' continuous use of debit cards in Nigeria.

#### EMV chip-based secured debit cards

In 2009, the CNB prohibited the production and issuance of cards with magnetic strip in response to an increase in fraudulent activity. Consequently, all commercial banks in Nigeria began to provide debit cards with enhanced security features. Zenith Bank, Guaranty Trust Bank, Eco Bank and Skye Bank now offer debit cards with embedded EMV chip-based technology for more secure transactions.

#### Cards targeted to teen group

Financial institutions are offering family card products to increase the number of cards in circulation. Individual family members are offered credit or debit card with spending limits set in advance by the primary account holder.

#### Cards designed to cater to the unique banking needs of university students

University students are a considerable growth target for card providers. Higher education institutions all over the country are currently adopting and developing new methods which enable the students pay their tuition and other payable fees via ATMs. These include Babcock University, Ilisan-Remo, Covenant University, Otta, both in Ogun state, The University of Lagos, Akoka, Lagos state and the University of Ado-Ekiti in Ekiti state.

#### Dual currency cards

Many banks offer dual currency cards, which are linked to both Naira and US dollar domiciliary accounts in Nigeria. Thereafter, transactions are routed through their Naira account when they make local purchases / withdrawals in Nigeria but whenever they make international purchases / withdrawals transactions are routed through your US dollar account. This unique feature of the card is called the dual currency functionality. Frequent fliers can enjoy the payment flexibility in Naira and US dollars without worrying about exchange fluctuations. For example, UBA bank is offering Visa Dual Currency (DCDC) Debit Card and First Bank of Nigeria is offering the FirstBank VisaCard (Debit), which is linked to both Naira current or savings account and US dollar domiciliary account.



### 5.2.2 Credit cards

In Nigeria, credit cards are not a popular means of transaction due to the Nigerian middle class culture of saving. The category held an industry share of X.X% in 2012.

#### **Value added services such as credit life insurance and purchase protection**

As part of market segmentation strategies, many credit card issuers provide purchase protection insurance for premium credit cards in order to attract customers. Purchase protection covers goods paid for with the card against loss, theft or accidental damage, usually for around three months after purchase. Credit card issuers also provide insurance coverage for unfortunate event of accidental permanent disability or death. In Nigeria, few banks offer credit cards with value added services. Standard Chartered Nigeria provides Visa gold and platinum credit cards which are entitled for credit life insurance. Purchase protection coverage is offered to Visa platinum credit cardholders. Cardholder's purchases are insured against loss, damage, theft and breakage for the first 90 days for up to US\$X,XXX.

#### **Cash back offers and merchant discounts**

Increased competition in the cards and payments industry has caused banks to devise structured marketing strategies to attract more customers. Discounts or special offers are one of the most common features in Nigeria. For example, Standard Chartered Bank is offering Visa platinum credit cards with 5% cash back on dining and discounts at participant merchants in Lagos.

### 5.2.3 Prepaid cards

#### **Prepaid cards with banking functions**

As of 2012, XX.X million adults, equivalent to XX.X% of the adult population, were financially excluded. Only XX.X million adults were banked, representing XX.X% of the adult population. In order to tap this significant pool of the unbanked adult population, banks are providing prepaid cards which are not linked to accounts. United Bank for Africa (UBA) is offering the UBA Visa prepaid card called the Africard, a debit card variant denominated in naira and pre-funded. This card is equipped with banking features such as real-time banking transactions, balance enquiry options, is POS compatible, facilitates online purchases and ATM cash withdrawals.

#### **Cards addressing corporate needs**

Nigeria's steadily growing economy indicates corporate sector growth. This will facilitate the growth of payroll and corporate cards which are designed to cater corporate banking needs. GT Bank is offering a prepaid payroll card, a pre-funded naira-denominated card which is linked to a virtual account, with all card transactions directed online in real-time.

## 6 Market Size and Growth Potential of Payment Card Industry

This section provides an overview of the market size and growth potential of various segments of Nigeria's cards and payments industry. The various sub-sections cover the market share of various types of card, and the current and forecasted market size of card categories. It analyses market size in terms of transaction volume, value and number of cards in circulation. The section covers both past performance and future growth potential.

### 6.1 Market Share Analysis by Type of Card

In terms of cards volume, the debit card category held the highest market share of XX.X% in 2012. The second-largest market share was held by prepaid cards with a XX.X% share and followed by credit cards with a share of X.X%. Over the forecast period, the debit card category is projected to post a CAGR of X.XX%, rising from XX.X million cards in circulation in 2013 to XX.X million cards in 2017. The prepaid cards category is expected to post the highest growth with a CAGR of X.XX%, rising from XX.X million cards in 2013 to XX.X million in 2017.

### 6.2 Total Market Size and Forecast of Card Industry

During the review period, the total card industry registered a CAGR of XX.XX%, growing from XX.X million cards in circulation in 2008 to XX.X million in 2012. Over the forecast period, the credit and prepaid cards categories are expected to gain market share and record respective CAGRs of X.XX% and X.XX% in 2017. The debit card category registered a CAGR of XX.XX% during the review period, increasing from XX.X million cards in 2008 to XX million in 2012. All card categories expected post a grow at a CAGR of X.XX% over the forecast period, rising from XX.X million total cards in circulation in 2013 to XX.X million in 2017.

#### 6.2.1 Analysis by number of cards

The total number of cards issued increased from XX.X million in 2008 to XX.X million in 2012 at a CAGR of XX.XX% as stated earlier. The total number of cards issued is expected to grow at a CAGR of X.XX% Over the forecast period with the number of cards in issuance expected to rise from XX.X million in 2013 to XX.X million in 2017.

#### 6.2.2 Analysis by transaction value

In terms of transaction value, the overall card category grew from NGNXXX.X billion (US\$X billion) in 2008 to NGNX.X trillion (US\$XXX.X billion) in 2012, at a CAGR of XX.XX%. The card industry is expected to grow from NGNX.X trillion (US\$XX.X billion) in 2013 to NGNX.X trillion (US\$XX.X billion) in 2017, at a CAGR of XX.XX%. The industry is expected to decline by XX.X percentage points over the forecast period.

#### 6.2.3 Analysis by transaction volume

The cards and payments industry posted a CAGR of XX.XX% during the review period with the number of transactions growing from XX.X million in 2008 to 595.3 million in 2012. The cards and payments industry is expected grow at a CAGR of XX.XX% over the forecast period, rising from XXX.X million in 2013 to X.X billion in 2017.

## 7 Company Profiles, Product, and Marketing Strategies

### 7.1 United Bank for Africa (UBA) Plc

United Bank of Africa (UBA/group) is a financial services group in Sub-Saharan Africa with presence in XX African countries as well as the UK, the US and France. Aside from traditional banking practices, the bank also provides investment banking, wealth management, trusteeship, life insurance, pension custody and stock-broking. As of December 2011, the bank had X.X million customers in the personal, commercial and corporate market segments, XXX branches and retail outlets, X,XXX ATMs, X,XXX POS terminals and XX,XXX employees.

The group's business is primarily categorized into four main product divisions: retail and commercial banking, asset management, investment banking and pension custodian.

#### Retail and commercial banking

This division offers a comprehensive range of retail, personal, commercial and corporate banking services and products to individuals, small business customers, corporates, medium and large business customers.

#### Asset management

The group's asset management division provides individuals and financial institutions with asset management and advisory services.

#### Investment banking

This division includes investment and capital market services to both individual and institutional investors. It also offers insurance and registrar services to listed and private companies and individual customers.

#### 7.1.1 Strategies

The following table provides a snapshot of UBA's card offerings and the target market strategy adopted for debit, credit and prepaid cards:

**Figure 4: UBA's Market Segmentation of Cards Offered**

Card Type	Card Name	Customer Segmentation
Debit Card	UBA Debit MasterCard	Individual Customers
	UBA Gold MasterCard	Individual Customers
	UBA MasterCard Verve Debit Card	Individual Customers
	Verve Debit Card	Individual Customers
Prepaid Card	UBA Prepaid Card	Individual Customers

Source: Timetric analysis

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#### Prepaid cards with banking functions

United Bank for Africa (UBA) is offering the UBA Visa Prepaid card (Africard), a pre-funded, debit card variant denominated in naira. The card is equipped with features such as real-time banking transactions, balance enquiry, online purchase facilities and ATM cash withdrawals.

## 7.2 Zenith Bank Plc

Zenith Bank Plc (Zenith/group/bank) was incorporated as Zenith International Bank Limited in 1990. In 2004, the bank listed its stock on the Nigerian Stock Exchange and changed its name to Zenith Bank Plc, to reflect its status as a public limited company. Zenith is headquartered in Nigeria, and operates subsidiaries in the UK, Ghana, Sierra Leone, Gambia, and South Africa (Representative Office). As of December 2011, the bank has XXX branches with nearly XXX off-site locations in various commercial centers. The group operates its business through four business divisions:

### Corporate and retail banking

The corporate and retail banking division offers a range of banking services to corporations, financial institutions, investment funds, governments and individuals.

### Investment management and securities trading

This division provides investment advisory, financial planning services and investment product offerings which include mutual funds and private investment funds to a diverse group of institutions and individuals. It also includes brokerage services, financing services and security lending services to institutional clients.

### General health and life insurance

The bank's general insurance operations write all lines of insurance other than title insurance, while its life and health insurance operations offers a broad line of individual and group life, annuity and accident and health policies.

### Others

The group's others division provides share registration, pension custodial and funds trusteeship services.

#### 7.2.1 Card products

##### Etranzact Card

Etranzact is an online card for use across POS terminals, the internet and mobile phone platforms.

##### Z-Save Card

Z-Save is an online debit/photo ID card for the bank's account holders. It can be used for cash withdrawals and payments.

##### Zenith Credit Card

Zenith is a member of the MasterCard and Visa brands and provides an approved interest-free credit line for up to 45 days. The bank offers Classic Red, Gold and Platinum cards.

Features:

- The cards are entitled with settlement options of X%, XX% or all of expended amount on a due date.
- All cards can be acquired for US\$X.
- Cardholder can access a 24 hour online transaction history.
- Cards can be used at POS terminals, ATMs, over the phone or online.
- Card-to-card fund transfer is available for Visa credit cardholders.

##### Zenith Charge Card

This card is a member of the MasterCard family and is designed for non-Zenith account holders. It provides all the same benefits of a credit card except that it requires collateral.

##### Web Surfer Card

This card is designed especially for online payments. It is a prepaid reloadable card which can be used online and provides extra security for Zenith card holders.

### 7.3 Guaranty Trust Bank plc

Guaranty Trust Bank (GT Bank/GTB) was incorporated as a limited liability company in 1990 and listed its stock on the Nigerian Stock Exchange in 1996. The bank employs nearly X,XXX people and operates in Nigeria, Cote d'Ivoire, Gambia, Ghana, Liberia, Sierra Leone and the UK. The bank's business is organized into three business divisions:

#### Retail banking

The retail banking division includes private banking services, current accounts, savings deposits, investment savings products, custody, credit and debit cards, customer loans and mortgages.

#### Corporate banking

This division provides direct debit facilities, current accounts, deposits, overdrafts, loans, foreign currency and derivative products.

#### Commercial banking

Through the commercial banking division, the bank offers direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency and derivative products for medium-sized companies.

#### 7.3.1 Strategies

The following table provides a snapshot of Guaranty Trust Bank's card offerings and the target market strategy adopted for debit, credit and prepaid cards:

**Figure 5: Guaranty Trust Bank's Market Segmentation of Cards Offered**

Card Type	Card Name	Customer Segmentation
Debit Card	GTBank Visa Classic Debit Card	Individual Customers
	GTBank Platinum Debit MasterCard	Individual Customers
	GTBank Debit MasterCard (US\$)	Individual Customers
	GTBank Naira MasterCard	Individual Customers
	GTBank Smart Kids Save (SKS) Teen Card	Individual Customers
	GTCrea8 Card	Individual Customers
Credit Card	GTBank Visa Classic Credit Card	Individual Customers
	GTBank Standard Credit MasterCard	Individual Customers
Prepaid Card	GTBank Prepaid Payroll Card	Corporate Customers
	GTBank Prepaid Dollar MasterCard	Individual Customers
	GTBank Prepaid Fuel Card	Corporate Customers

Source: Timetric analysis

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## 7.4 First Bank of Nigeria Plc

First Bank of Nigeria commenced its operations in Nigeria in 1894 as a branch of Bank of British West Africa Limited and was incorporated as a private limited liability company in 1969. The bank listed its stock on the Nigerian Stock Exchange in 1970. The bank operates through the following divisions:

### Corporate banking

The corporate banking division offers a range of products and services including oil and gas services, petroleum products importation, distribution and crude exports, trade, agriculture and project finance. The segments key target customers are private organizations with annual revenues in excess of NGNXXX million and medium and large corporations with annual revenues in excess of NGNX billion.

### Institutional banking

This division focuses on the largest corporations and organizations across six specialized industry groups such as energy, telecommunication and transport, conglomerates and services, manufacturing, financial services, and construction and infrastructure. It offers reserve-based lending, project finance, trade and corporate finance, term loans, foreign exchange, treasury services, cash management, guarantees, collections and payments, and remittance services.

### Private banking

The bank's private banking division serves HNWI's with personal banking, lifestyle management and wealth management services.

The bank's lifestyle management area provides customers with products and services aimed at meeting their transactional and day-to-day living needs such as cash delivery and pick-up, currency transfers, custodian services for assets, cash-backed loans, limousine services at destination points, and private jet and bespoke services.

### Retail banking

This division serves retail and consumer banking customers through the provision of tailor-made products and services to individual customers, SMEs with an annual turnover less than NGNXXX million and local government authorities. Retail banking offers a range of products and services such as liability, assets, cards, mobile/SMS banking, online banking, revenue collection, ATMs and POS terminals.

#### 7.4.1 Strategies

The following table provides a snapshot of First Bank of Nigeria's card offerings and the target market strategy adopted for debit and credit cards:

**Figure 6: First Bank of Nigeria's Market Segmentation of Cards Offered**

Card Type	Card Name	Customer Segmentation
Debit Card	Naira MasterCard	Individual Customers
	FirstBank VisaCard (Debit)	Individual Customers
	FirstCash (Verve) Card	Individual Customers
Credit Card	FirstBank Visa Gold Card	Individual Customers
	FirstBank Visa Credit Card	Individual Customers

Source: Timetric analysis

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## 8 Appendix

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### 8.1 Methodology

Timetric's dedicated research and analysis teams consist of experienced professionals with an industry background in marketing, market research, consulting and advanced statistical expertise.

Timetric adheres to the Codes of Practice of the Market Research Society ([www.mrs.org.uk](http://www.mrs.org.uk)) and the Society of Competitive Intelligence Professionals ([www.scip.org](http://www.scip.org)).

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### 8.1 Contact Us

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### 8.2 About Timetric

Timetric is an independent economic and business research firm that provides critical intelligence on emerging economies and key global industries. The company offers detailed economic and sector intelligence, business insights and independent and authoritative commentary.

Underpinning all Timetric's research services is a belief that data – if gained following the right technologies and analytic frameworks – can provide unique and powerful economic and business insights.

The Timetric economic and industry intelligence centers are premium decision tools that provide access to comprehensive research, data and expert analysis. They provide invaluable decision support, presented in an easily digestible format and grounded in rich, proprietary data and data analysis frameworks.

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Timetric helps its clients to:

- Gain an unbiased, expert insight from a genuinely independent and trusted source
- Save time in researching, visualizing and comparing economic and industry data
- Access the latest and most useful data sets, indices and forecasts
- Gain access to a unique methodology for understanding economic trends
- Forecast and predict trends more accurately



### Economic Research Services

Timetric's economic research services are founded on three key goals:

**1. To provide the strongest base data:**

- The most accurate data
- The most timely and frequently updated data sets
- The best data curation methodologies and standardizations
- Unique data sets and forward-looking indicators
- Industry-specific, premium data sets

**2. To develop the best data analysis frameworks:**

- Unique economic indices and data analysis frameworks
- Forward-looking indicators
- Proprietary indices and surveys
- Data analysis frameworks, scorecards and models

**3. To provide authoritative independent economic insights:**

- To give a uniquely local perspective on developing markets
- Truly expert, independent economic analysis and commentary
- Proprietary analysis techniques and frameworks
- Unique forecasts

Timetric believes that world-class content delivery should be the enabling factor across all it does. All its research services follow the principle that data and research should be easy to access, visualize and consume.

All economic research products are built on the Timetric economic research software platform, which has four layers:

1. Unique, proprietary aggregation and curation software for pulling together the world's data
2. A cloud time-series database filled with top-quality statistics from across the globe
3. Web-delivered search, discovery and research software to allow customized data searches
4. World-class browser-based display to visualize the data searched

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