

Case Study

Nigeria Bank Verification Number Project



Nigeria



Overview

According to a study published by the World Bank, less than a quarter of all adults in Africa make use of bank accounts or other financial products from a formal financial institution and 90 percent of all consumer payments are conducted with cash. With approximately 174 million inhabitants, Nigeria is the most populous country in Africa of whom many are unbanked and need financial inclusion. However, the country has an estimate of 50 million bank clients.

(BVN), a code that represents a customer's identity and enhances security for a wide array of financial transactions. Uniquely identifying banking customers significantly reduces administrative costs of know your customer (KYC) requirements.

The project represents a major landmark in dealing with money laundering and other financial industry problems. As well, it promotes financial inclusion drive, expands banking services and improves access to credit. The project enhances the integrity of banking services by building a reliable customer identification system. It complements various other projects being embarked upon by several government agencies.

Project/Solution:

- ABIS
- Fingerprintscanners



Customer:

**Central Bank of Nigeria (CBN)
Nigeria Interbank
Settlement System (NIBSS)**

Sector:

Financial

Requirements:

- > Collecting customers' biometrics to curb fraud
- > Verify the identity of each customer through KYC purposes
- > Perform credit checks
- > Verify customer's integrity
- > Authenticate customers from a point of transaction device
- > Meeting anti-money laundering and counter-terrorism requirements
- > Creating efficiency within the payment system
- > Identification of blacklisted customers

On February 14, 2014 commercial banks in Lagos, Nigeria, officially launched the "Bank Verification Project", a joint initiative led by the Central Bank of Nigeria (CBN) and the Nigeria Inter Bank Settlement System (NIBSS). Bank branches have started to commence enrollment and verification of bank customers from March 31, 2014. The implementation of BVNs is a part of the CBN's financial sector's strategy of helping the country to become one of the largest economies in the world by 2020.

On the basis of collecting biometrics to curb fraud, customers of Nigerian banks register for a bank verification number

IT Challenge

In order to adopt a biometrics-based solution, Nigerian banks have decided to use the fingerprint as a means of identification in banks and ATMs and POS terminals. Following customer registration approval, the system can link the BVN to all accounts held by the user across all participating banks.

During the BVN project the need to organize a uniform repeatable approach was recognized in using the centralized biometric system for the country's banking industry. Hence, routine processes and procedures followed by any organization in the industry needed to be defined.

This approach facilitates a consistent conformance to technical and quality system requirements and support data quality. A standard operating procedure for the biometric system would be specific to the banking industry and assist the participating banks to maintain their quality control and quality assurance processes. Moreover, it ensures compliance with governmental and non-governmental regulations.

DERMALOG Solution

DERMALOG offered a solution to use biometric information as a means of identifying and verifying all individuals that have one or many accounts in the participating banks.

The company's biometrics has been chosen as it is easy to use and has no associated stress of forgotten passwords or password resets. Furthermore, the

solution eliminates the need for address verification. It operates without resort to documents that may be stolen, lost or altered. No two persons can have the exact match.

During the customer's enrollment process, every bank customer is required to walk into any of the selected bank branches, fill and submit the BVN enrollment form and to present data. The Nigerian Central Bank requires that customers of all banks must enroll within a fixed period after which they shall no longer be able to operate their bank accounts.

DERMALOG's project comprised a single repository of biometric identity that uniquely identifies all customers across the banking industry („Automated Biometric Identification System“ - ABIS) and authenticates customer's identities at points of transactions. In addition, it reduces administrative costs associated with know your customer (KYC) processes.

Furthermore, the credibility and reliability of credit checks and similar reports are increased. As well, it becomes more difficult to repudiate transactions and the traceability of fraud reports is increased; blacklisted customers are easily identified. With DERMALOG's biometric solution it will no longer be possible to fake and misuse identities which solves one of the most pressing problems for the Central Bank of Nigeria. Furthermore, the solution helps to increase deterrent controls on financial transactions and manage fraud occurrences.



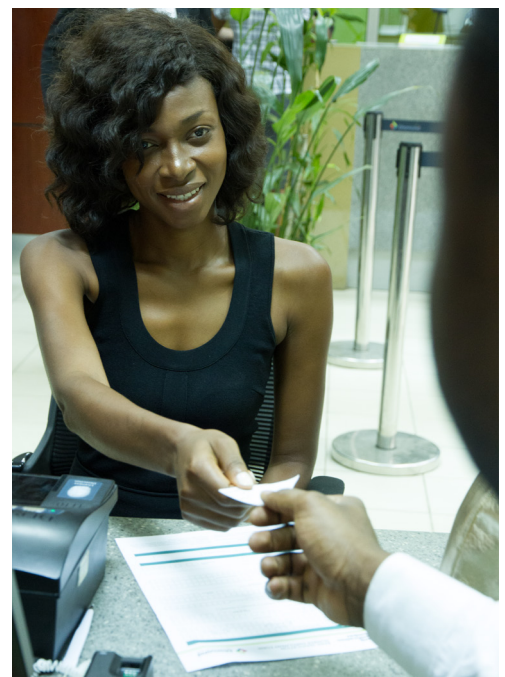
During the enrollment process the bank customer registers with his fingerprints.



Additional customer data is collected and a photograph of the face is taken.



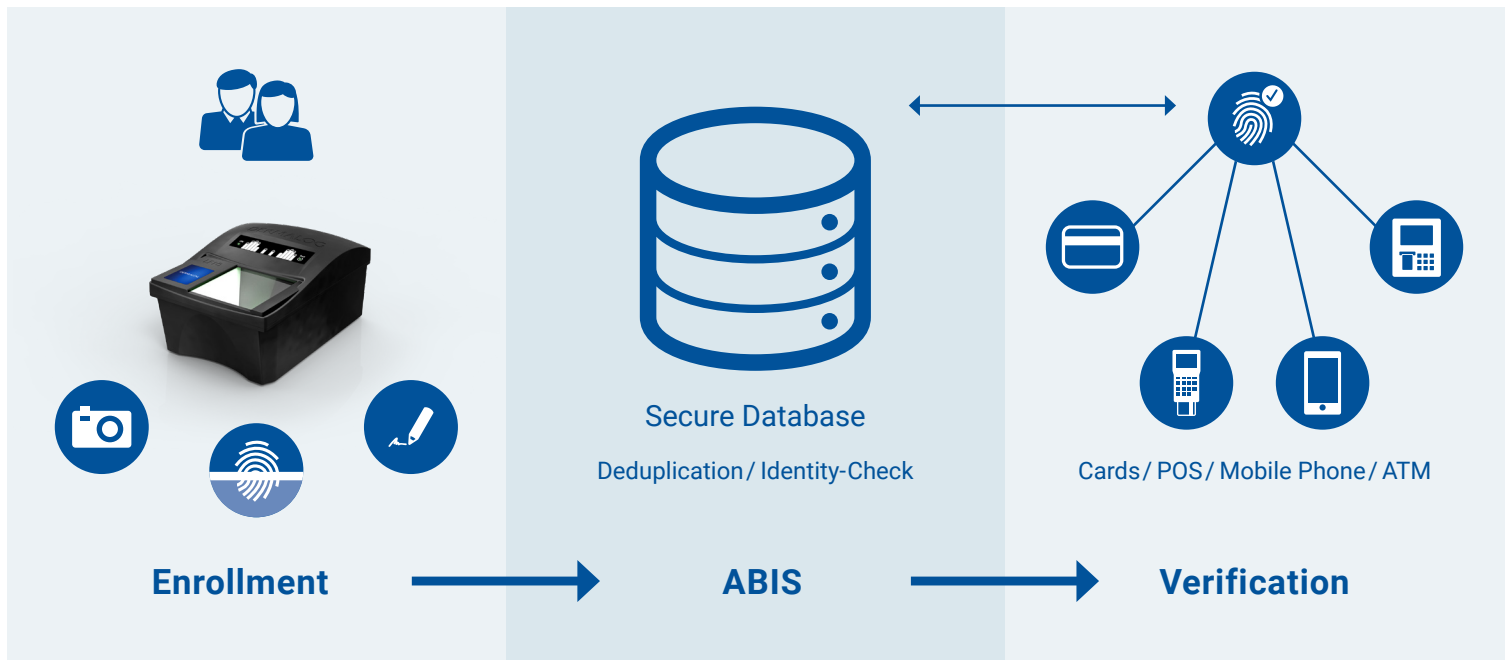
The customer's signature is registered on a DERMALOG LF10 scanner.



After successful enrollment, the customer receives her individual BVN.

Partners in the BVN project

- | | | |
|---------------------------|---------------------|----------------------|
| > Access Bank | > First Bank | > Standard Chartered |
| > Central Bank of Nigeria | > GTBank | > Sterling Bank |
| > CitiBank | > Heritage Bank | > UBA |
| > Diamond Bank | > Jaiz Bank | > Union Bank |
| > Eco Bank | > Keystone Bank | > Unity Bank |
| > Enterprise Bank | > Mainstreet Bank | > Wema Bank |
| > FCMB | > Skye Bank | > Zenith Bank |
| > Fidelity Bank | > Stanbic IBTC Bank | |



BVN workflow

Last but not least, DERMALOG provides better service to Nigeria's bank customers - in future they will not have to remember any PINs or passwords and will simply place their finger on the provided readers.

So far, 23 banks have been supplied with an ABIS plus Nigeria's Central Bank. Furthermore, the delivery of biometric ATMs that are connected with a central ABIS infrastructure has begun. DERMALOG ensures, that within 24 hours the bank verification number is generated from the point in time of data capturing. The Central Bank has urged all bank customers to register on the BVN by June 2015.

"DERMALOG was looking to establish a good relationship and not just signing a contract. We learned that they were interested in how we would make it work, rather than just signing a piece of paper and buying a box. This made the difference to us. It has been a wonderful relationship."

Ade Shonubi, CEO of NIBSS
Nigeria Interbank Settlement System

The Results

DERMALOG has equipped more than 20 banks plus the Central Bank of Nigeria with its biometric systems. Numerous branches have been connected with the system in the 4th quarter of 2014 and counters have been supplied with identification and verification systems. DERMALOG has provided several thousand systems and scanners for customer enrollment and identification.

In Nigeria, DERMALOG has implemented one of the largest biometric fingerprint mass applications in the world. In May 2015 over ten million bank customers have been registered in the ABIS systems provided by DERMALOG.

The systems installed by DERMALOG will allow further improvements in the country's financial system, e.g. the use of fingerpayment systems or biometric ATMs. "Fraud is one of the biggest challenges in the Nigerian banking sector", says Günther Mull, managing director of DERMALOG. "Thanks to secure and convenient fingerprint identification, it will no longer be possible to fake and misuse identities in the future. This will solve one of the most pressing problems for the Central Bank of Nigeria." It will also make life easier for bank customers - they will not have to remember any PIN numbers or passwords and will simply place their finger on the reader.



POS transactions can securely be completed without PINs or Passwords.



DERMALOG provides entire solutions including maintenance and support.

About DERMALOG

DERMALOG Identification Systems GmbH with head offices in Hamburg is Germany's pioneer for biometry and the largest German manufacturer of biometric devices and systems. One of the shareholders in DERMALOG is the state-owned German "Bundesdruckerei".

DERMALOG employs a team of scientists who continuously develop biometric identification systems (so-called "AFIS" and "ABIS" systems), including cutting-edge fingerprint scanning devices. The product portfolio is complemented by biometric Border Control Systems and Biometric ID Cards and passports as well as Biometric Voting Systems. "FingerLogin", "FingerPayment" and "FingerBanking" are also solutions developed by DERMALOG, as are systems for automatic Face and Iris Recognition.

As well as Germany and Europe, the main markets of DERMALOG are in Asia, Africa, Latin America and the Middle East. To date, the company has provided its technologies and solutions to more than 200 large scale installations in more than 80 countries.

In addition, DERMALOG offers biometric solutions for banks and for the manufacturers of Automatic Teller Machines. This includes the largest biometric banking project world-wide (USD 50 million), which was delivered by DERMALOG (the so-called "BVN Project"): 23 banks and the Central Bank of Nigeria were provided with DERMALOGs ABIS, which prevents double identities among bank customers by means of Finger and Face Recognition and guarantees the best-possible biometric identification of customers (KYC) for these banks. Furthermore, many ATMs across the globe have been equipped with DERMALOG's fingerprint technology.

Key facts



- > 23 banks involved
- > ABIS for 50 million customers
- > 10,000+ enrollment systems
- > 20,000+ verification systems
- > 5,000 bank branches equipped
- > 18 million customers enrolled within the first 12 months
- > Almost 25 million customers enrolled until today

DERMALOG systems

- > ABIS
- > enrollment solution: LF10 scanners as biometric capturing device
- > verification solution: ZF1 as biometric verification device
- > facial recognition technology
- > mobile units for enrollment

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GERMANY**

Contact us

Get advice from our skilled sales team
+49 (0) 40 413 227 0
info@dermalog.com

Receive further information
on our company website
www.dermalog.com

Head Office

DERMALOG Identification Systems GmbH
Mittelweg 120
20148 Hamburg
Germany

Berlin Office

DERMALOG Identification Systems GmbH
Kronenstrasse 1
10117 Berlin
Germany

Malaysia Office

DERMALOG ABIS Asia Sdn Bhd
8-4, 8th Floor, Bangunan Malaysia RE
No. 17, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

Singapore Office

DERMALOG Singapore Technical Services Pte. Ltd.
Southbank
883 North Bridge Road, #17-02
198785 Singapore

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