
CHALLENGES OF THE DIGITAL ECONOMY IN NIGERIA AND THE POSSIBLE WAY FORWARD





ABSTRACT

Nigeria is only taking advantage of a fraction of the limitless potential in the present global digital economy. Therefore, Nigeria needs substantial strategic investments in this area to catch up with the rest of the world. Consequently, I believe that with improvements in digital connectivity, digital skills, digital financial services and other core areas of digital development in Nigeria, the country can fully unleash new economic opportunities, create jobs and transform people's lives.

According to Isabel Neto, World Bank Senior Digital Development Specialist, "As the biggest economy in Africa with one of the largest populations of young people in the world, Nigeria is well-positioned to develop a solid digital economy which can harness digital data and new technologies through innovations and investments. Further, the Nigerian economy can harness digital data and new technologies, generate new content, link individuals with markets and government services, and roll out new, sustainable business models. The essence of this article is to discuss the challenges of Nigeria's Digital Economy and proffer possible solutions to them.

WHAT IS A DIGITAL ECONOMY?

The digital economy is one collective term for all economic transactions on the internet. It is also Web Economy or the Internet Economy. It covers all business, financial, cultural activities, etc., supported by the web and other digital communication technologies. It is essential to state that with the advent of technology and the process of globalisation, digital and traditional economies are merging into one.

It is a notable fact that the digital economy has given rise to many new trends and start-up ideas. Almost all the biggest companies in the world (Google, Apple, Microsoft, Amazon) are from the digital world.

Although there is a vibrant digital entrepreneurship ecosystem in Nigeria supported by dynamic incubators, venture capital companies, digital start-ups and other global interests, the growth of digital firms is not without challenges.



The country's poor economic growth needs to be addressed before proper utilisation of the benefits of the digital economy can be seen. The key challenges therefore are;

1. Digital Divide

Digital Divide is the most significant barrier to the so-called digital divide. The quantity and quality of mobile phone network coverage in Nigeria are low than that of more advanced economies. Nigeria still lags behind in the accessibility of network coverage. Although it may be true that there is no country of any income level in which access to mobile phones and the networks that support their use is universal, Nigeria's digital divide is far more acute since it operates a lower- and middle-income economy. The digital divide is challenging because of lower urbanisation or rugged terrain, complicating the extension of physical networks.

2. Absence of Improved Digital Infrastructure:

Despite having the largest mobile market in Sub-Saharan Africa, supported by strong broadband infrastructure and improved international connectivity, Nigeria has minimal fixed broadband infrastructure and connectivity in rural areas, leaving many of the most marginalized segments of the population without internet access.

3. Absence of Strengthen digital platforms:

The absence of Strong public and private digital platforms to support the provision of digital services and a thriving E-Commerce platform. Even the available ones are not easily available such that millions of Nigerians need formal identification records to access a range of public and private services.

4. Increase access to digital financial services:

About 60 million Nigerian adults are without access to a formal account, stalling the country's journey toward financial inclusion. Whereas in other African markets, financial inclusion would primarily be driven by digital financial service (DFS) providers, in Nigeria, the vast potential of DFS remains untapped.

5. Improve the policy environment for digital entrepreneurship:

Despite its large, youthful, and entrepreneurial population, digital entrepreneurship is yet to be fully exploited, given its potential to become an engine of economic transformation in Nigeria.



6. Close the digital skills knowledge gap:

The capabilities and skills required to use various digital technologies remain limited to a small population segment; increases in higher-level education and accessible online training initiatives bring digital skills to those able to access them. However, low enrolment in basic education and the poor quality of that education coupled with a lack of digital skills in curricula is segmenting digital skills into a slim share of the population, excluding the poorest from the benefits of the digital world.

SOLUTIONS TO THE CHALLENGES OF THE DIGITAL ECONOMY

1. Provision of Adequate Experts

The Digital economy requires complex processes and technologies. Building the platforms and maintaining same require experts and trained professionals. These are not readily available, especially in rural and semi-rural areas. To help the advancement of the digital economy, there must be the provision of experts needed in this area, as well as the building of platforms to encourage the acquisition of the required skills, not just in Urban areas but in rural areas.

2. Heavy Investment

The digital economy requires a robust infrastructure, high-functioning Internet, strong mobile networks and telecommunication. All of these require heavy investment to achieve. In a developing country like ours, infrastructure and network development are prolonged, tedious and costly. Resources should therefore be channelled towards ensuring that proper structures are set in place to foster and support digital innovation in many areas of regional economies.

3. Creation of policies

In Addition to requisite hard infrastructure investment, policymakers also need to put in place good guidelines to help the advancement of the digital economy: the legislative and institutional frameworks necessary to sustain growth in the digital economy. This will help the digitalisation of public services in the country to transition, leading to progress in the economy because of the favourable regulatory environments in place.



CONCLUSION

More and more commercial transactions are moving online, and the so-called digital economy continues to expand its reach into every facet of the traditional analogue economy. Businesses can access new channels to reach existing clients and new opportunities to grow market share with a competitive digital offering.

For consumers, the ever-expanding digital economy promises greater access to products and services at their fingertips and increased ease of accessing and comparing information. This also tends to encourage more competitive pricing among providers. In emerging economies, developing digital channels has allowed sectors to skip stages of development seen in other countries, moving directly to digital solutions rather than investing in vast networks of hard infrastructure. Nigeria will experience a significant progress shift in its economy if the government adequately attends to the challenges impeding the digital sphere.

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Article by:



Margaret E. Ogbonah, Esq.