



Economic & Financial Inclusion Headline Indicators

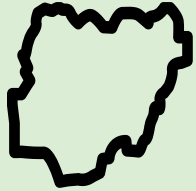
A deep-dive on Northern Nigeria

A2F 2023 Survey - Coverage and methodology



Design

- Provided by the National Bureau of Statistics (NBS)
- Sampling of respondents was based on equal representation (around 750 respondents) per state
- Allows for statistically robust headline indicators of financial access at the state, regional and national level



Coverage

- Nationally representative sample of Nigerian adults (18+) across all 36 States and FCT Abuja
- Achieved 26,930 interviews (97% of target sample (27,750))
- Household listing and data collection was conducted from August to October 2023 with supervision from the National Bureau of Statistics (NBS)



Questionnaire

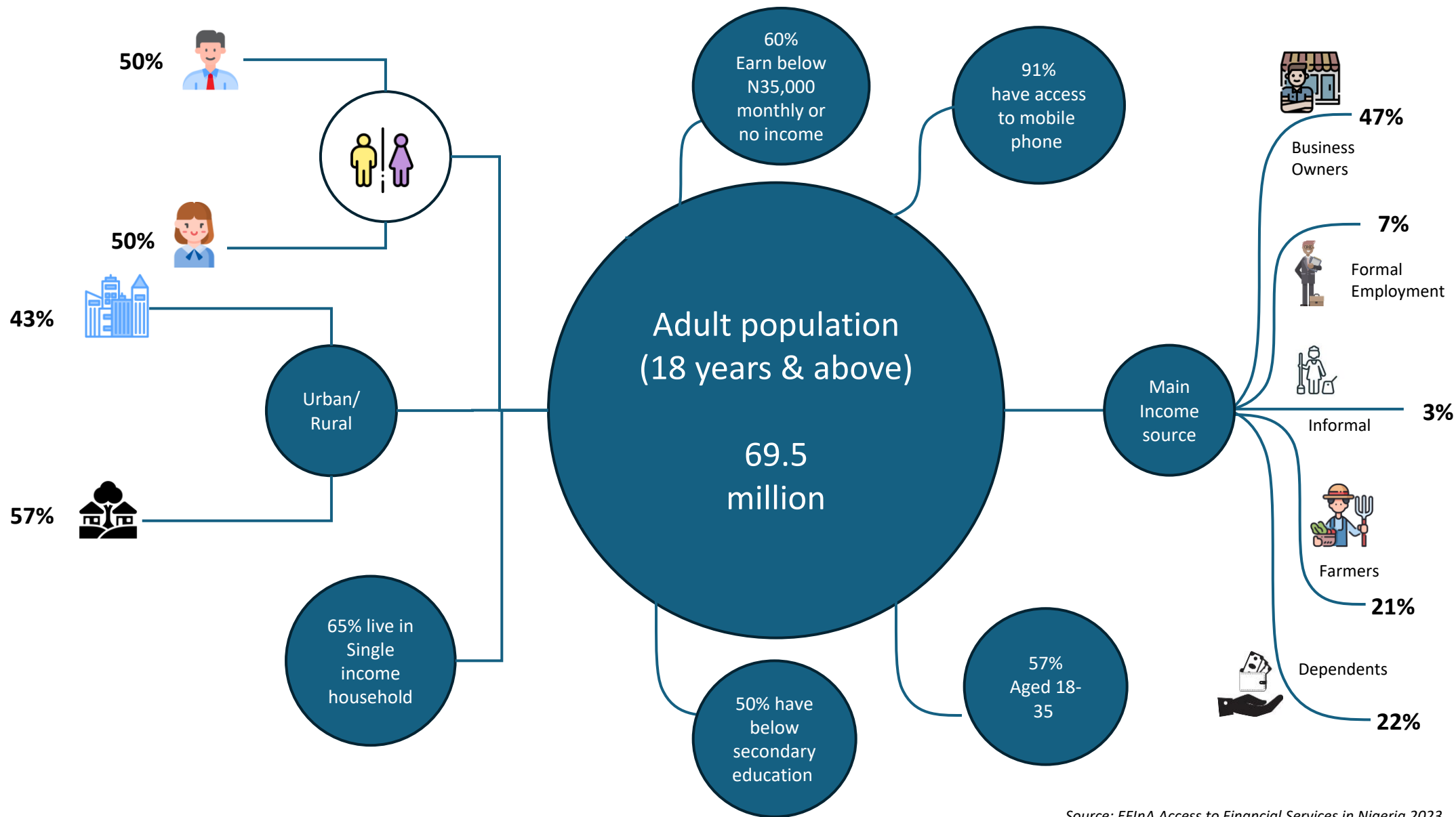
- The questionnaire (in English), was translated into and administered in Hausa, Yoruba, Igbo and Pidgin English



Results

- Results were weighted by the NBS to provide for the total adult population
- Also benchmarked to national population estimates for verification

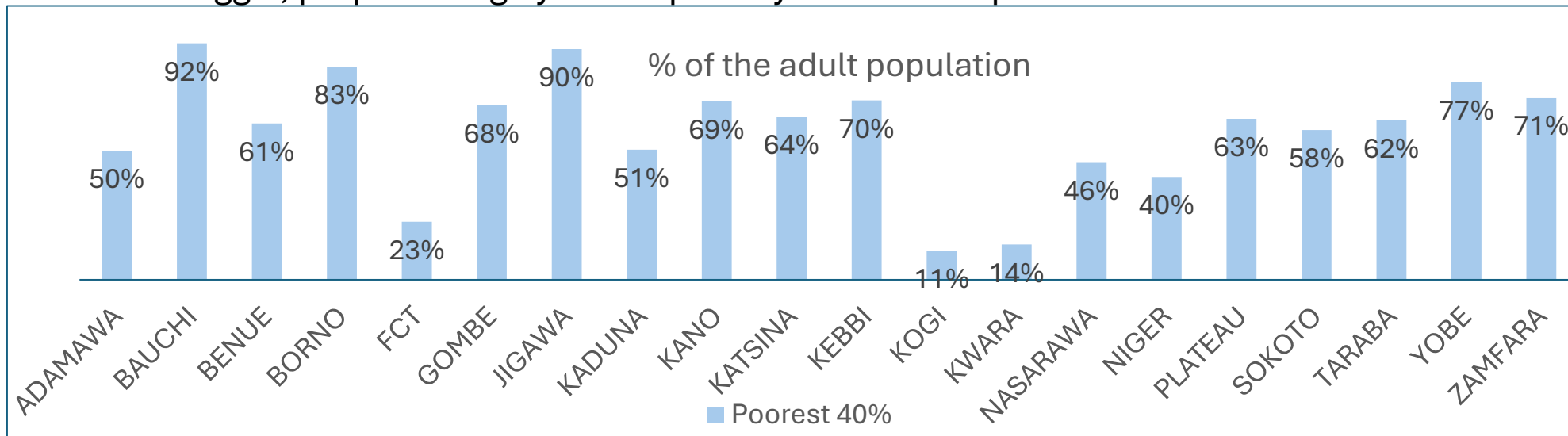
A predominantly young, entrepreneurial and digitally active population. However, low education, high dependence and vulnerability poses challenges to optimizing economic potential



Wide economic inequalities and vulnerabilities exist across the 19 Northern states and the FCT

In 12 out of the 19 Northern states and the FCT, over 60% of the adult population belong to the poorest 40%.

The data reveals significant financial hardship among adults, particularly in managing essential expenses and coping with food insecurity. There is an urgent need for interventions to improve financial resilience, access to basic needs, and overall quality of life. Without addressing these critical issues, the affected populations will continue to struggle, perpetuating cycles of poverty and hardship.



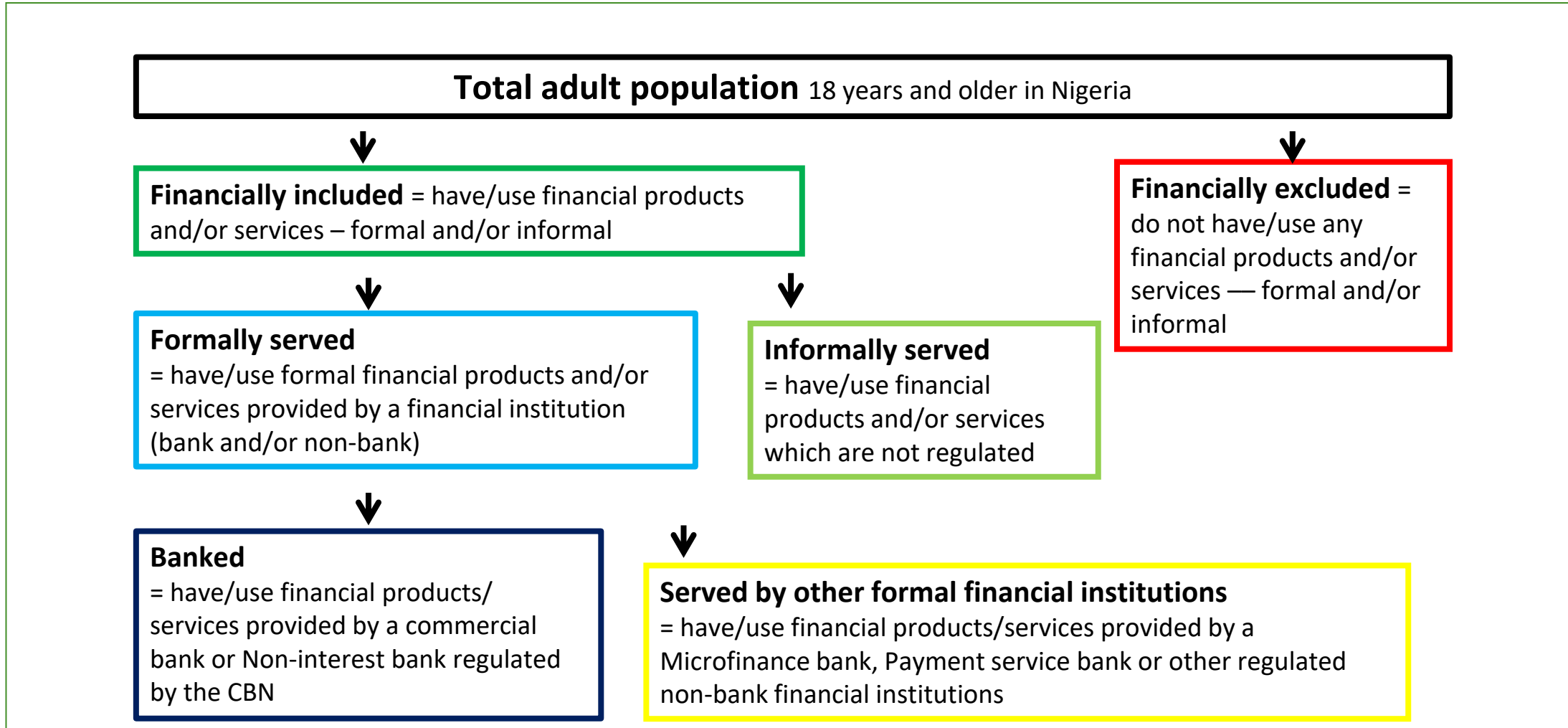
Of the
69.5m
adults

60% sometimes went
without medicine

65% sometimes went
without healthy
food due to lack
of funds or other
resources

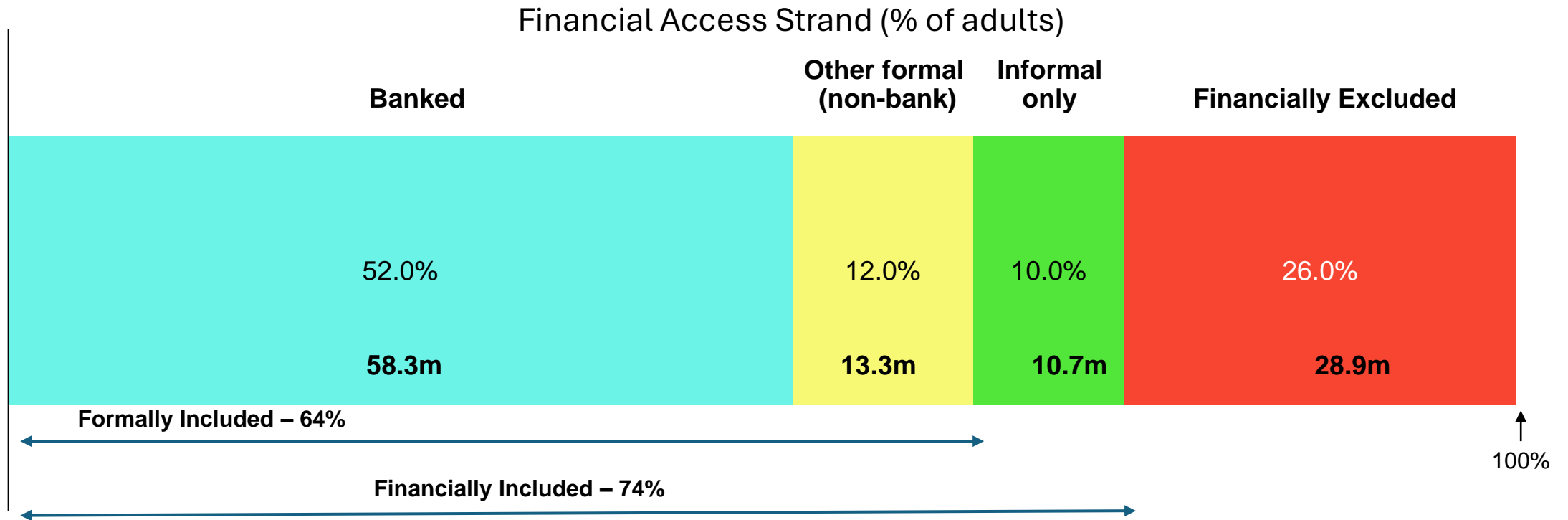
40% sometimes went
without food for a
whole day due to
lack of funds or
other resources

Defining the Financial Access Strand



Nationally, formal financial inclusion has grown significantly from 57% in 2020 to 64% in 2023, fueled by marginal growth in the banked population and major gains in non-bank formal adoption

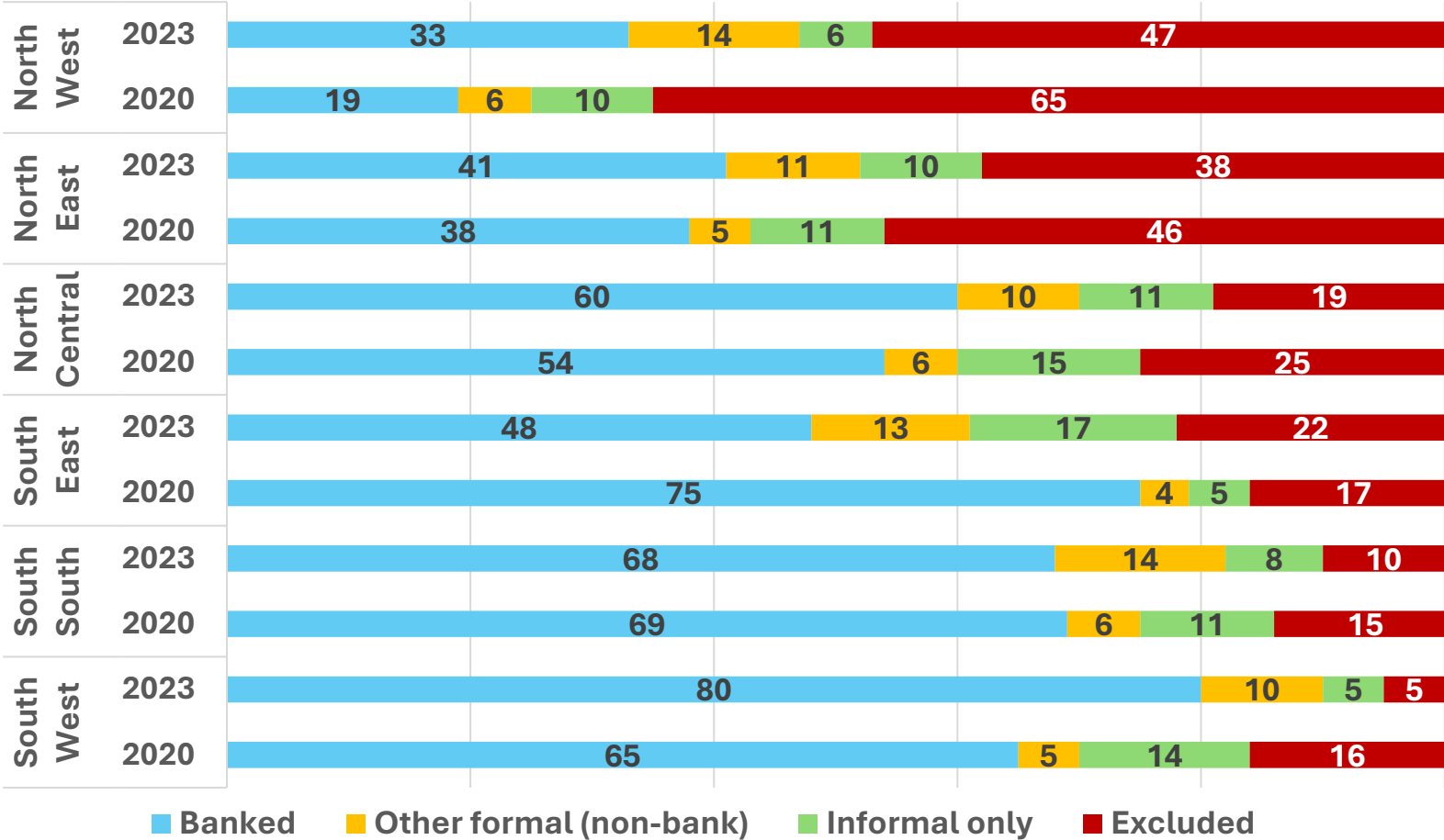
- Nearly 3 in 4 adult Nigerians are financially included, compared to 68% in 2020
- Notable decline in the proportion of adults who rely on informal financial providers
- Financial exclusion reduced by 10% points from 2020 (est. 9million drop in excluded adults). Still, about 1 in 4 Nigerian adults remain financially excluded
- Over the last 15 years, the proportion of formally served adults has more than doubled, while the proportion of adults who rely on informal providers only and the financial excluded has more than halved



The above strands are mutually exclusive

Between 2020 and 2023, formal inclusion increased across all Northern zones, with the North West reporting a 22-percentage point increase

Financial Access strand by Regions (% of adults)



Despite significant progress in formal inclusion, the North continues to report relatively higher exclusion rates

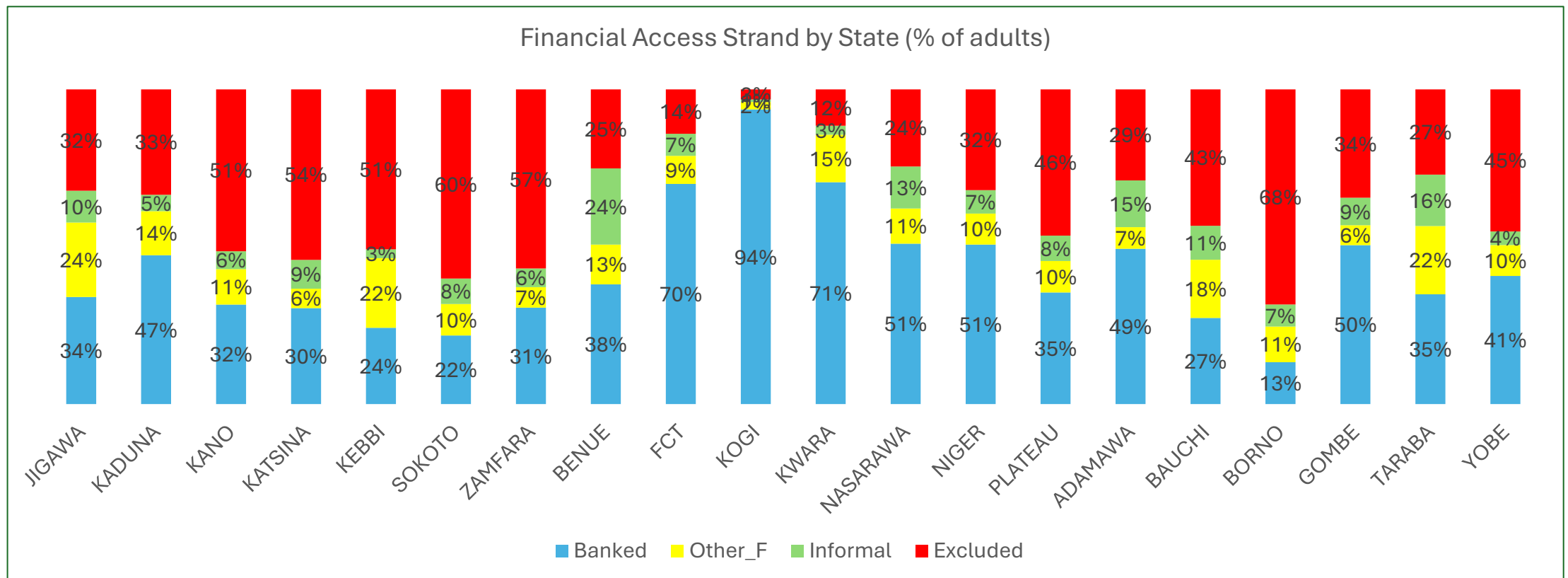
The North-East and North-West exhibit the highest exclusion rates, at 38% and 47% of adults, respectively. These two regions account for 56% of the formally excluded population.

Understanding regional and state level nuances is crucial for designing targeted interventions to address specific challenges

Overall financial exclusion rates were highest in Borno State, at 68.4 percent, followed by Sokoto, Zamfara, Kano, Katsina, and Kebbi states where at least 50 percent of adults are financially excluded

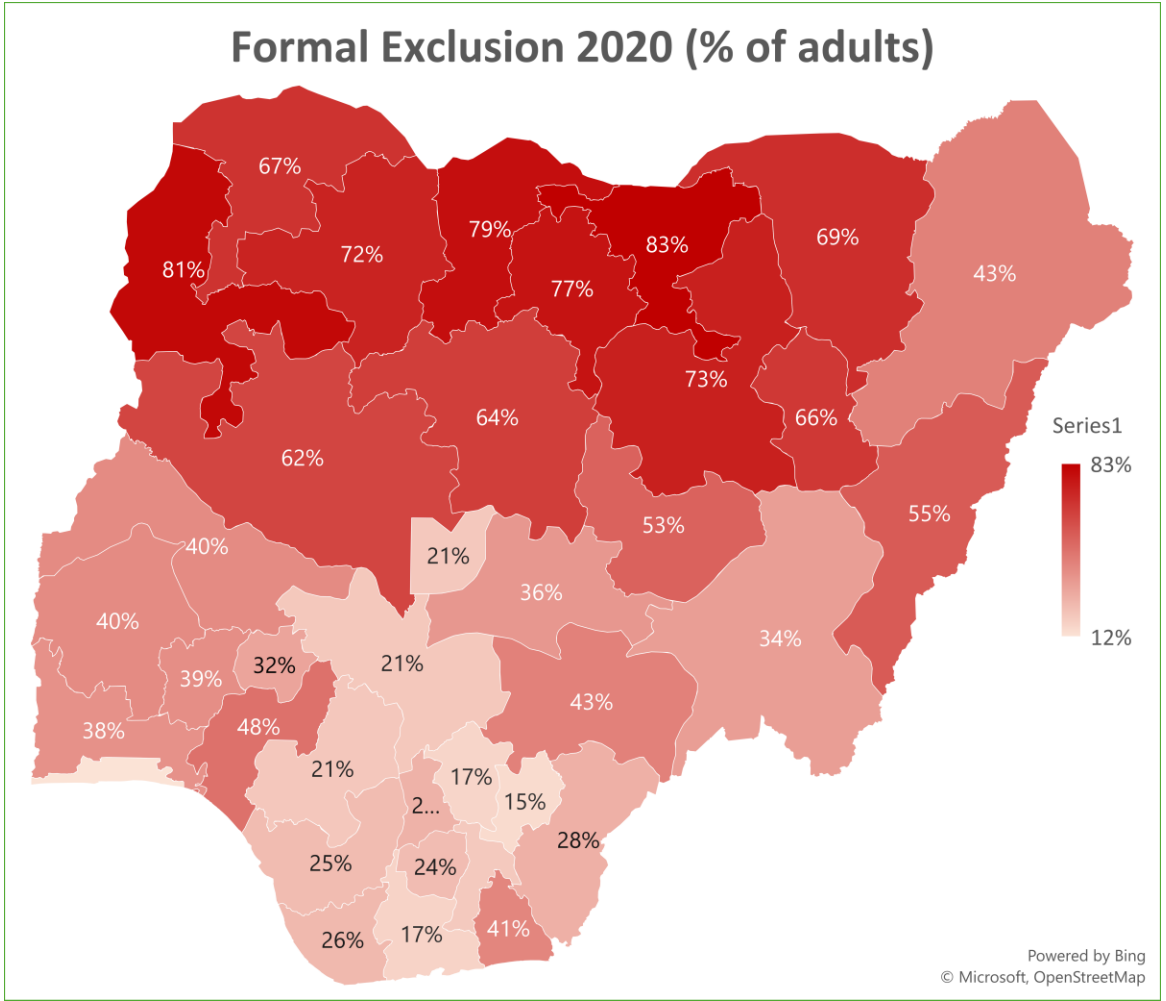
The top 7 states with the highest number of excluded adults, accounting for 45% of the 28.9million excluded adults with a minimum of 1.5 million excluded adults each, include Gombe, Benue, Yobo, Kebbi, Sokoto, Zamfara, and Kaduna state

Other formal non-bank providers are particularly extending formal access in Jigawa, Kebbi, and Taraba. In Benue, Taraba, and Adamawa, a relatively high number of adults (particularly farmers) rely on informal financial services only.

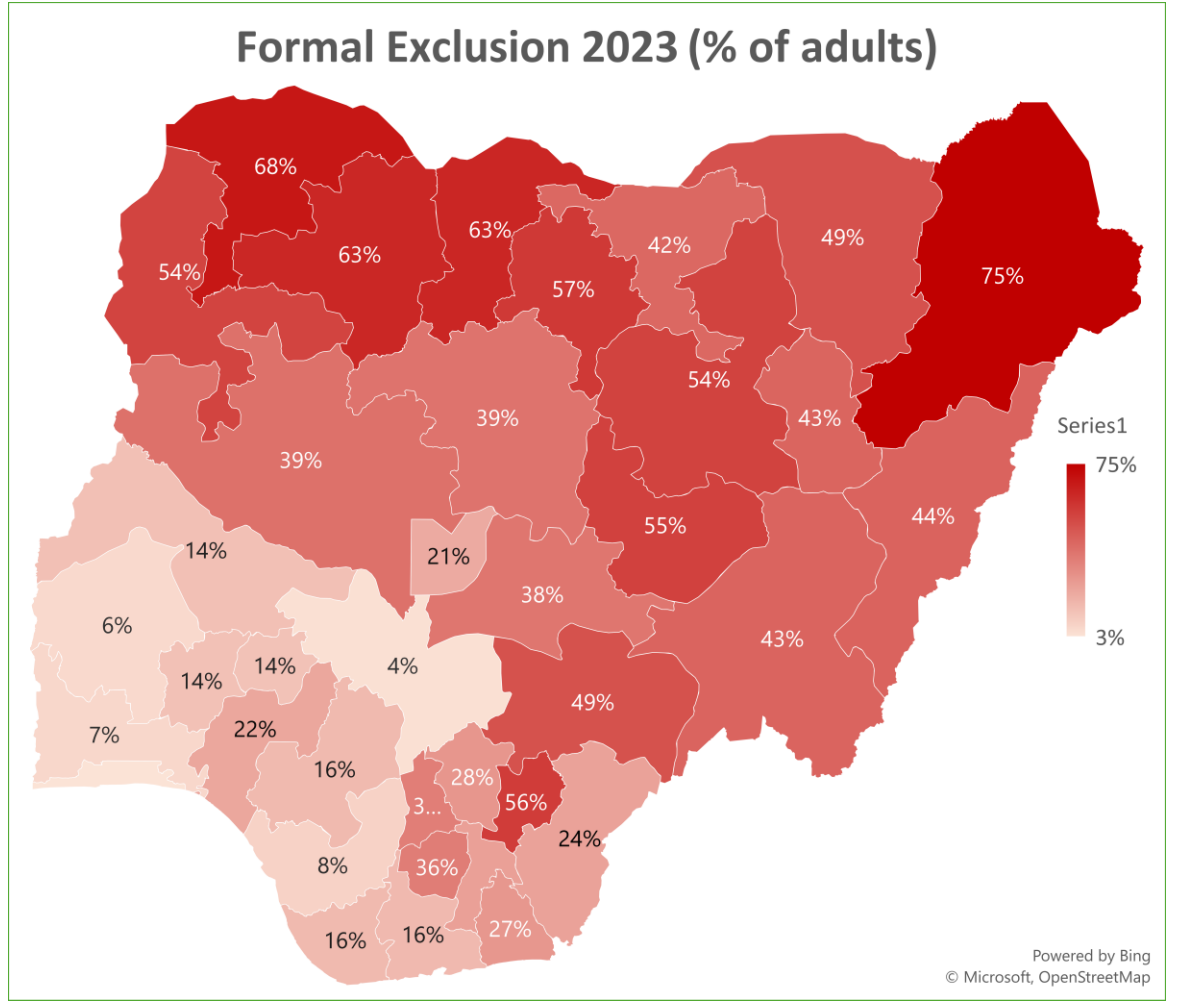


Despite growing access, including significant gains in the North-East and North-West, all states in the North-East report exclusion levels above the national average. Gains in the adoption of non-bank formal services should also be explored to adopt learnings in lagging states to ensure no state is left behind.

Formal Exclusion 2020 (% of adults)

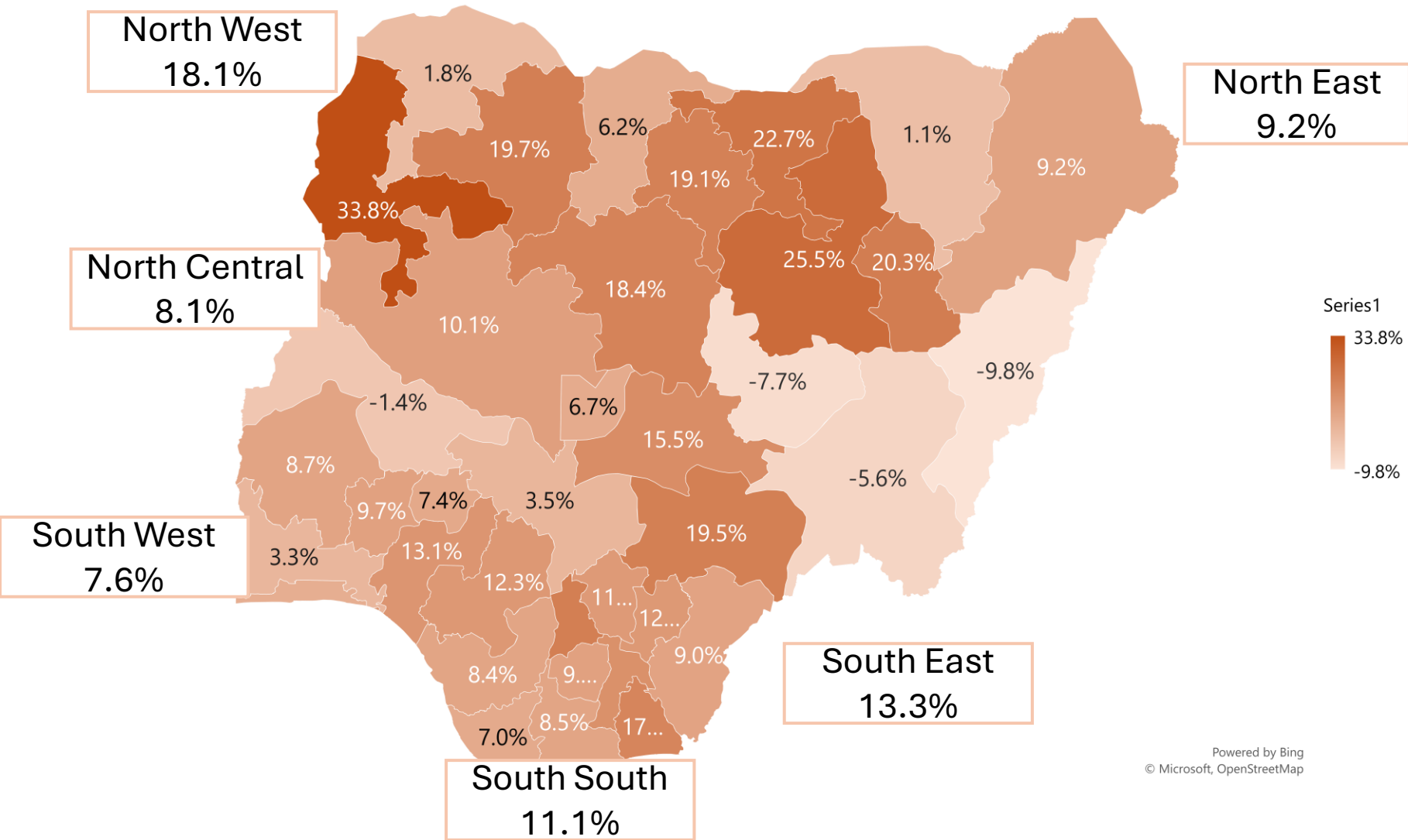


Formal Exclusion 2023 (% of adults)



At the regional level, the gender gap varies widely from 7.6% in the South West to 18.1% in the North West

Formal inclusion gender gap (% point difference)



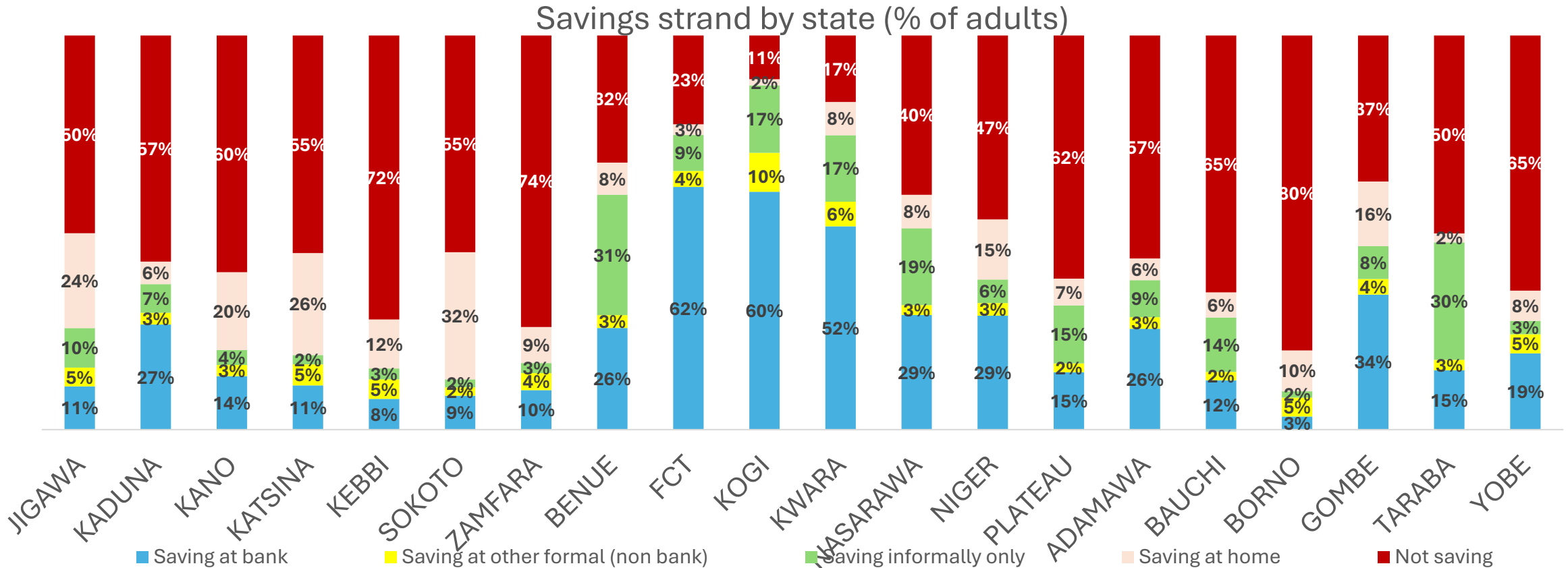
Males are relatively more likely to be formally included, creating an 11% formal inclusion gender gap nationally (females at 59% vs. males at 70%).

Formal inclusion gender gap varies widely at the state level from -9.8% in Adamawa to 33.8% in Kebbi

Adamawa, Taraba, and Plateau stand out as states where women are more likely to be formally included than men

Just about 30% of adults in Northern Nigeria save formally

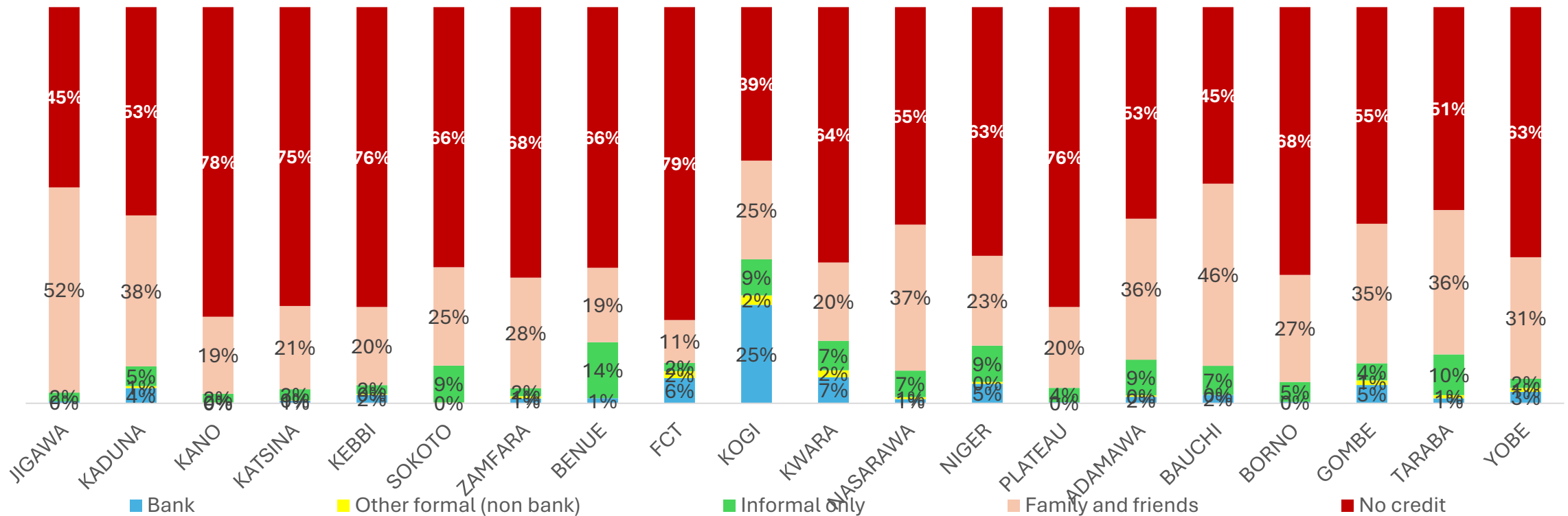
- In the North Central, North East and North West, less than 50%, 30%, and 20% of adults respectively save formally
- While FCT, Kogi and Kwara lead with relatively high percentage of adults saving formally, Benue, Taraba, Nasarawa and Plateau report high reliance on informal savings
- In Borno, Kebbi and Zamfara, over 70% of adults have no savings, pointing to low income or unemployment as a key factor



Just 5% of adults in Northern Nigeria borrow formally as majority of adults rely on credit from family and friends (29%)

- In the North Central, North East and North West, 8.5%, 3.5%, and 1.8% of adults respectively had formal credit
- While Kogi leads with relatively high percentage of adults borrowing formally at 25%, Benue, and Taraba, report high reliance on informal credit
- The relatively high reliance on credit from family and friends reflects a need for credit that is not currently being met by the formal system, including among formally included adults

Credit strand by State (% of adults)



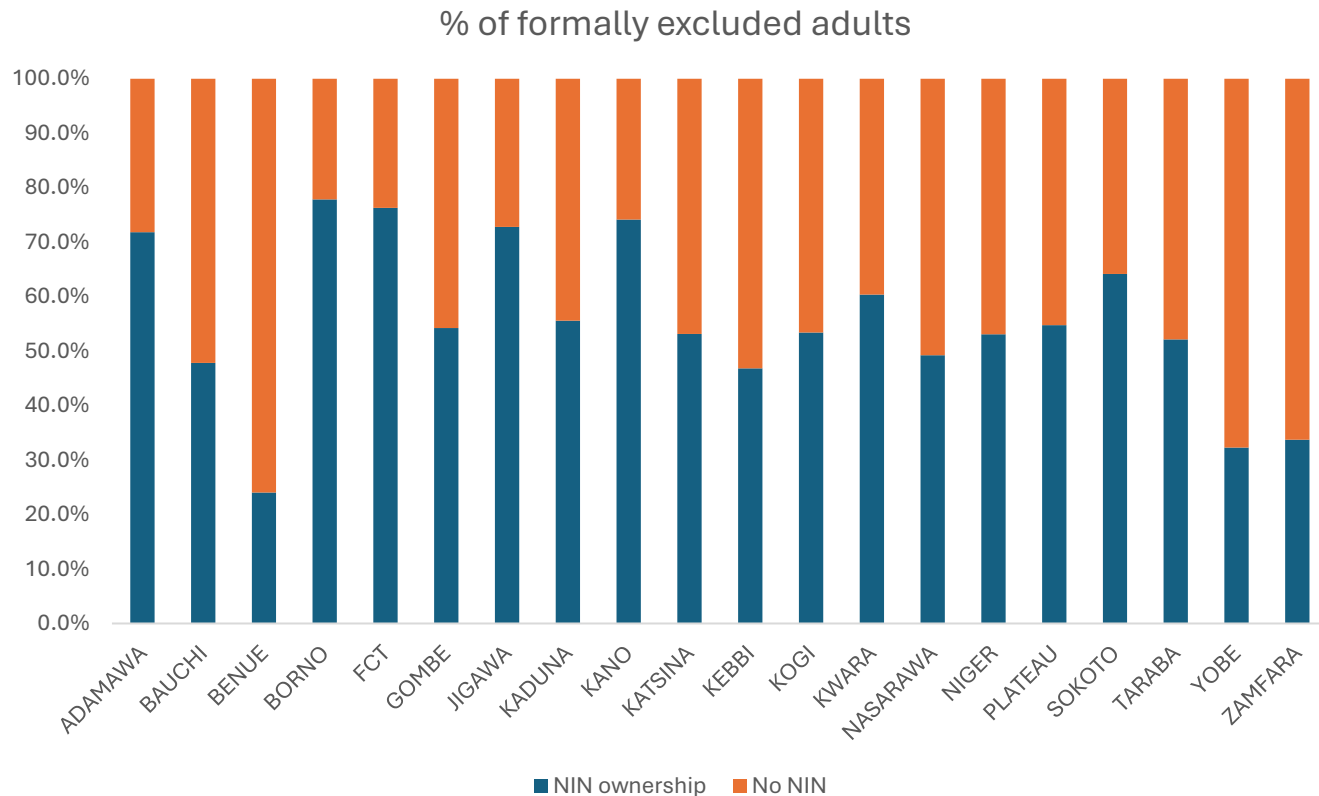
With high deprivations and relatively high formal exclusion, adults across Northern Nigeria are unable to cope with the financial shocks they experienced

- 61% (42.6m) of adults across the northern states and the FCT experienced financial shocks in 2023
- 27% (18.7m) of adults experienced a climate related shock
- Of these, health-related (15m) and economic – related (13m) factors top the list of shocks with the greatest impact on households
- Just 2.6% of adults have insurance, and less than 0.5% of those who experienced a financial shock were able to rely on insurance to cope and recover
- Of those who experienced shocks, majority relied on the sale of livestock (13%), credit from family and friends (15%), gift and donations (11%)

Low income limits an individual's ability to save or build financial reserves, making it difficult to absorb economic shocks resulting from job loss, medical emergencies, or unexpected expenses. This financial vulnerability increases the risk of falling into debt/over-indebtedness or poverty during such crises, further destabilizing their economic well-being.

Formal financial exclusion in the North could be reduced by half through transformative policies that allow for effective optimization of robust and useful digital identity

- Of the 69.5m adults in Northern Nigeria, 72.6%(50.4m)have NIN and another 14.6%(10.1m) have other forms of formal ID
- Benue, Taraba, Sokoto, and Bauchi states lead with the highest number of adults without a NIN.
- Borno, FCT, Adamawa, Jigawa, and Kano lead with the highest potential for converting NIN to account ownership



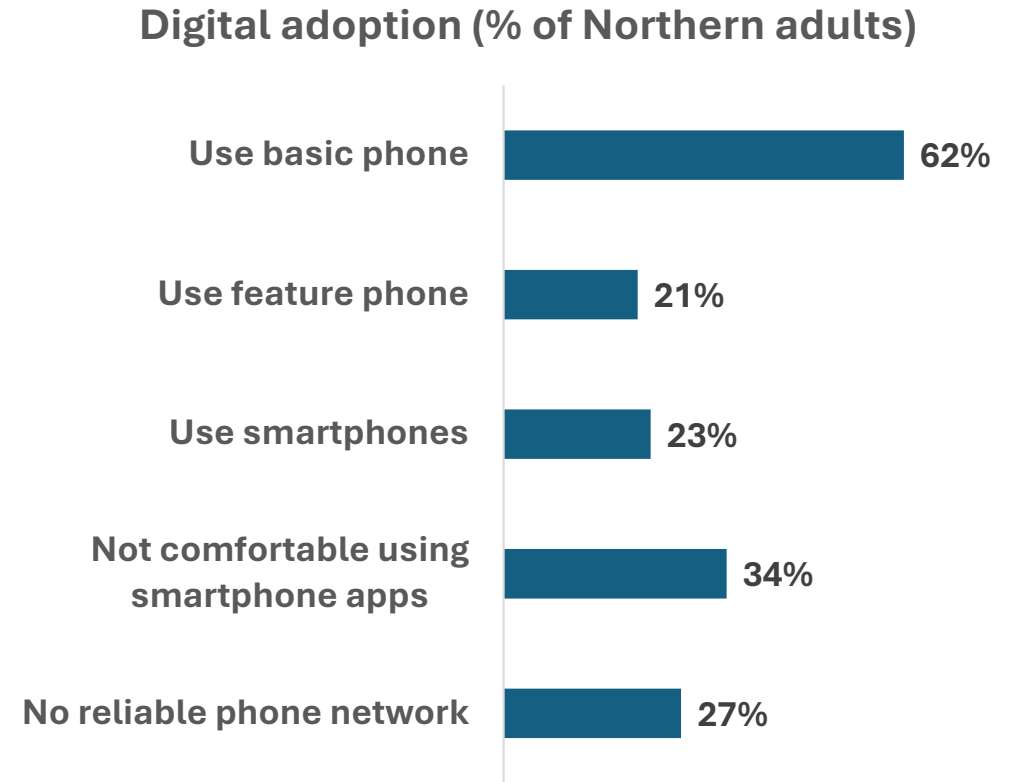
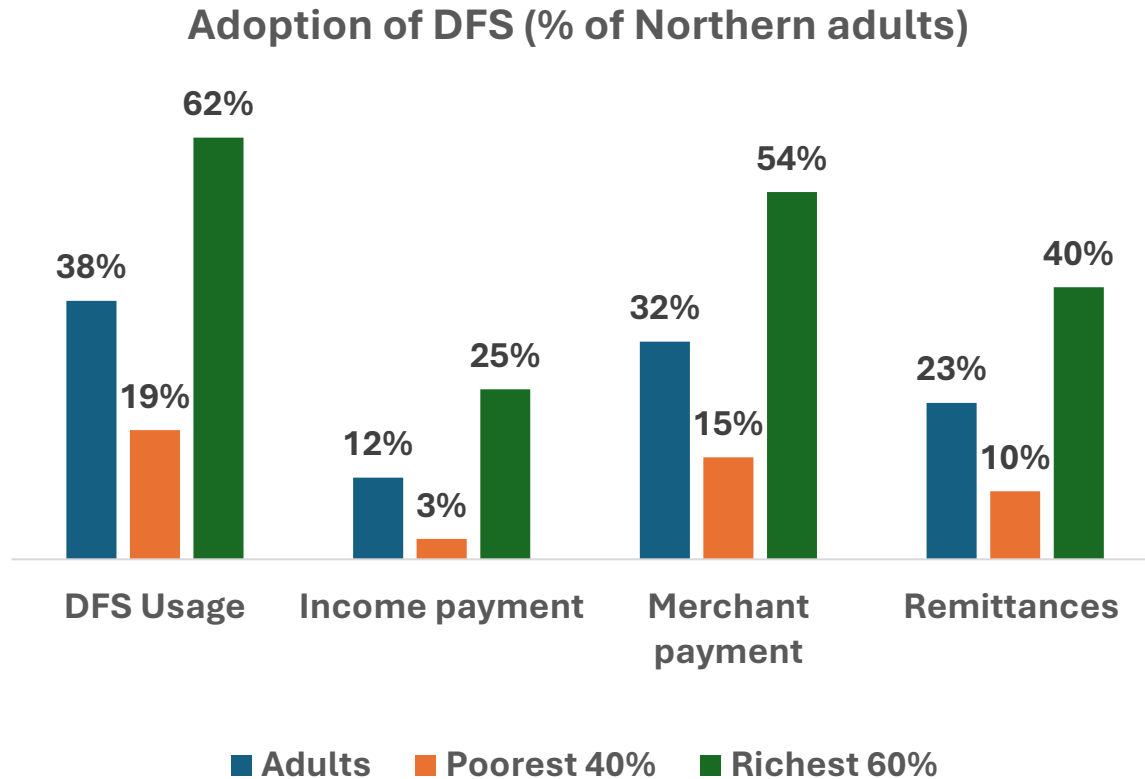
45% of formally excluded adults in the North have NIN

Considering all forms of formal ID (NIN, Int'l passport, voters card, drivers license), 76.8% of formally excluded adults in the North have at least one

38% of Northern Nigerians used Digital Financial Services in 2023

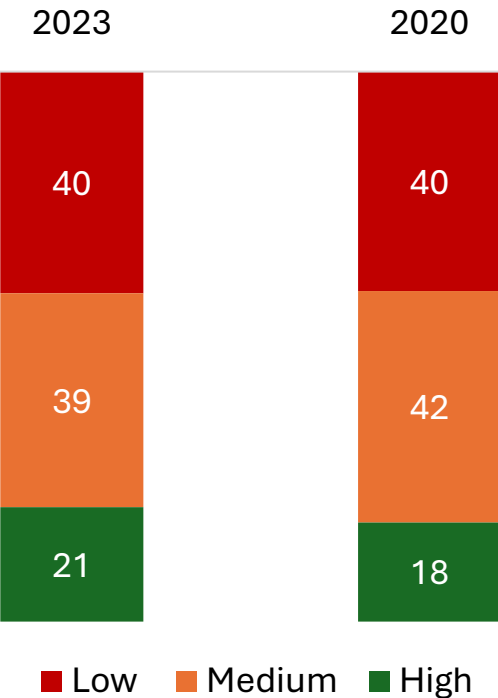
Opportunities exist for increasing digital adoption. However, this must align with market readiness and digital literacy levels. Digitising incomes for the poor might increase adoption of digital services.

Infrastructure challenges also need to be addressed as 1 in 4 adults do not have reliable phone network

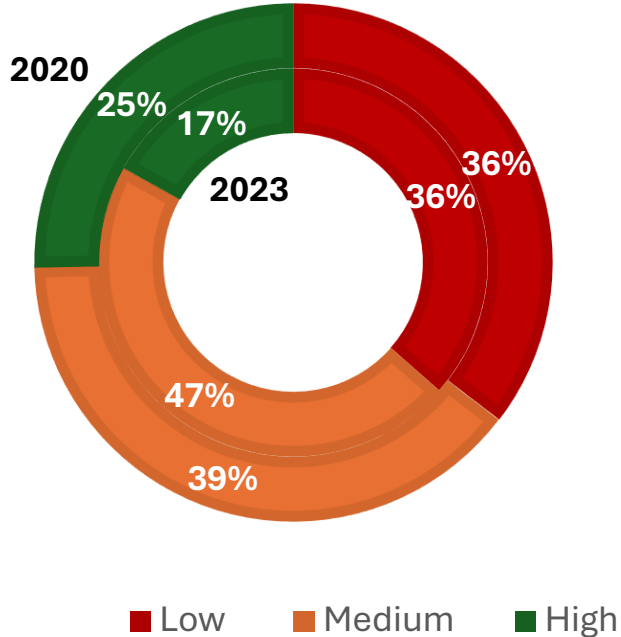


With about two-fifth of Northern adults reporting low financial capability, and relatively low access to formal efficient mechanisms to meet financial needs, Northern Nigeria report an 8% point drop in the proportion of adults who are financially healthy

Financial Capability (% of Northern adults)



Financial Health (% of Northern adults)



73% of adults (51m) face severe liquidity distress - unable to balance income and expense for more than one month in the last year, ultimately impacting financial well-being.

In the face of an emergency, 76% of adults (53m) will find it very difficult to generate NGN75,000 in 7 days in the face of an emergency.

The financial health framework seeks to assess how well one’s daily financial systems helps build resilience from shocks and creates opportunities to pursue one’s dreams.

THANK YOU