EFInA
Enhancing Financial Innovation & Access

Key Findings:
EFInA Access to Financial Services in Nigeria (A2F) 2016 Survey

UKaid
from the British people

Updated July, 2017

Contents

A — Background

B — Financial Access Strands (FAS)

C — Deeper Analysis of Financial Sector Segments

D — Post Survey Focus Group Discussions

E — Forecasts of Financial Access Strands (FAS)

F — Closing Remarks

A.   Background

Background

About EFInA

- Enhancing Financial Innovation & Access (EFInA) is a financial sector development organisation that promotes financial inclusion in Nigerian

- EFInA's vision is to be the leader in facilitating the emergence of an all-inclusive and growth-promoting financial system. EFInA adopts a holistic approach to impact the market at three levels – micro, meso and macro levels

Leveraging EFInA's A2F Surveys

- EFInA's A2F Survey identifies the financial needs of the adult population and provides service providers data and analyses to develop innovative inclusive financial products to serve them

- Provides insights into regulatory and market obstacles to growth and innovation in the financial sector

Approach & Methodology

- The EFInA A2F Survey has been conducted biennially since 2008. The number of respondents each survey is over 20,000, with a proportional representation across states.

- Nationally representative sample of Nigerian adults (18+) across all 36 states and FCT Abuja

- Results are weighted by the National Bureau of Statistics (NBS) to provide for the total adult population and benchmarked to national population estimates for verification

Coverage and Methodology for the A2F 2016 Survey

|	
Design	Provided by the National Bureau of Statistics (NBS) • Sampling of respondents was based on proportional representation per State
Coverage	Nationally representative sample of Nigerian adults (18+) across all 36 States and FCT Abuja • Achieved 23,072 interviews (96% of target sample) • Household listing and data collection was conducted from June to September 2016 by Research Firm - Ipsos Nigeria, with supervision from the National Bureau of Statistics (NBS)
Questionnaire	The questionnaire (in English), was translated into and also 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

Nigeria at a Glance

Demographic Profile

The total adult population (18 years and above) of Nigeria is 96.4 million

Of this adult population:

- 59.6m (61.9%) are based in rural areas
- 56.2m adults (58.3%) are under 35 years
- 18.4m adults (19.1%) get their main source of income from subsistence/commercial farming
- 18.9m adults (19.6%) get their main source of income from own business (non-farming)
- 7.9m adults (4.2%) get their main source of income from the formal sector
- 21.8m adults (22.6%) have no formal education
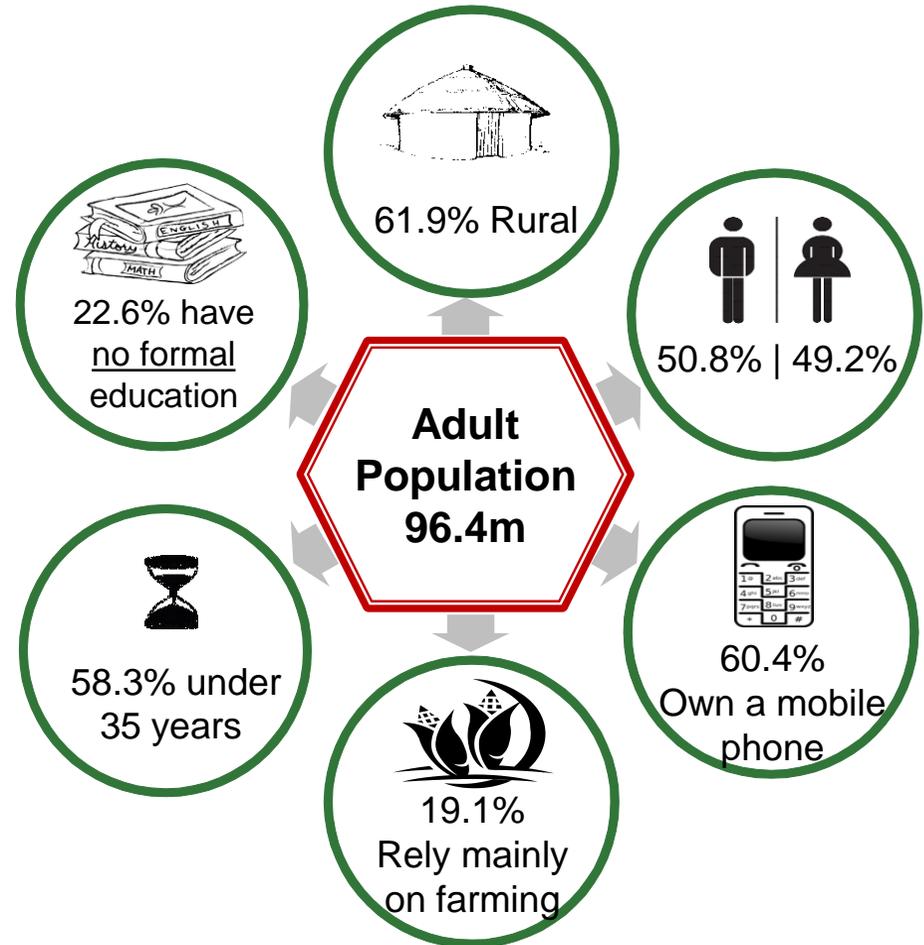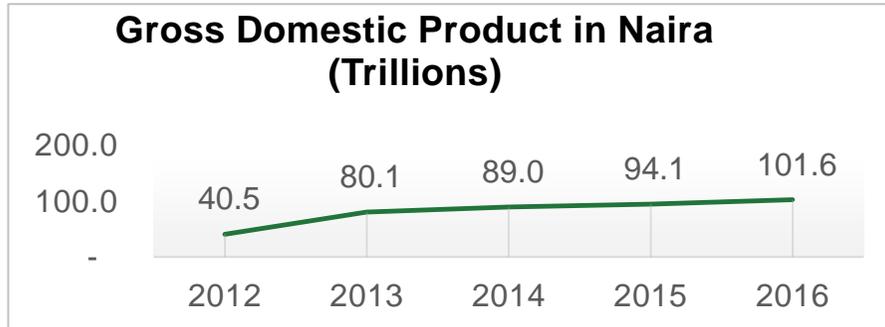
61.9% Rural

22.6% have no formal education

50.8% | 49.2%

58.3% under 35 years

Adult Population 96.4m

60.4% Own a mobile phone

19.1% Rely mainly on farming

EFInA
Enhancing Financial Innovation & Access

Gross Domestic Product in Naira (Trillions)

Year	2012	2013	2014	2015	2016
Value	40.5	80.1	89.0	94.1	101.6

Source: National Bureau Of Statistics (NBS)

USD/Naira Exchange rate (Max. Selling Rate: Official)

Year	2012	2013	2014	2015	2016
Value	157	156	168	197	310

Source: CBN

Crude Oil Price (US$/Barrel)

Year	2012	2013	2014	2015	2016
Value	114	111	100	53	41.8

Source: CBN

Maximum Lending Rate

	2012	2013	2014	2015	2016
	24	25	26	27	27
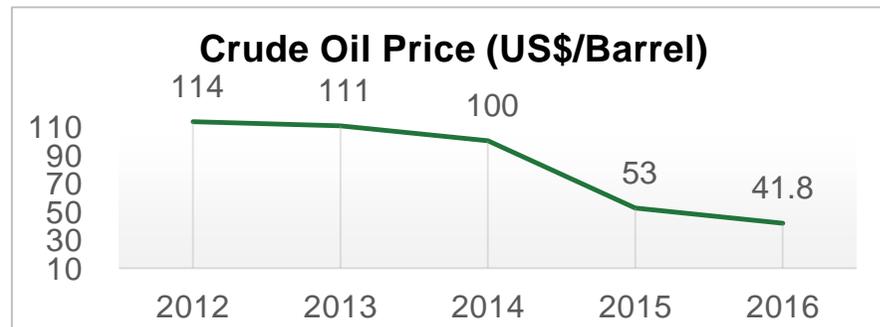
Source: CBN (Money Market Indicators In Percentage)

Average CPI

	2012	2013	2014	2015	2016
	135	147	159	173	190
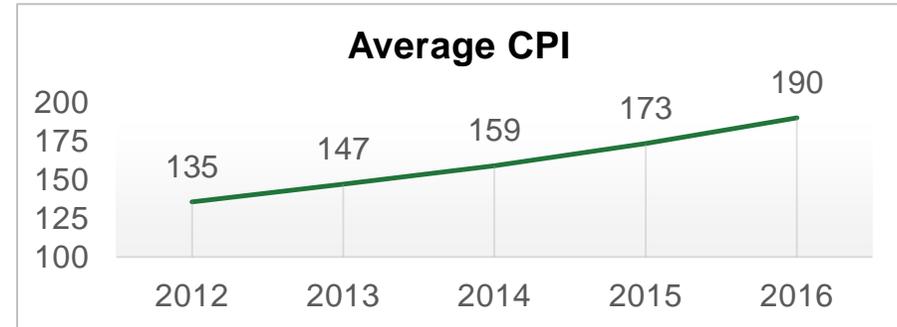
The Consumer Price Index (CPI) measures the average change over time in prices of goods and services consumed by people for day-to-day living•
Source: National Bureau Of Statistics (NBS)

Unemployment Rate

	2012	2013	2014	2015	2016
	10.6	10	7.8	9.0	12.1

Source: National Bureau Of Statistics (NBS)

From 2015 Nigeria Started Experiencing an Economic Downturn to the Decline in Oil Prices

Economy

GDP ↑   Currency Value ↓   Oil Revenue ↓
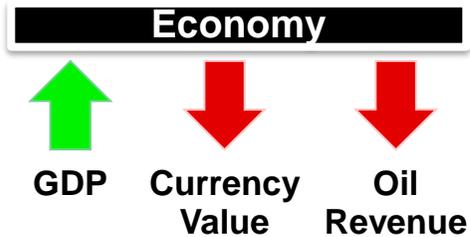
Declining oil revenues triggered a reduction in the federal government income and culminated in a recession* in the first half of 2016.

Population

Population ↑   Savings ↓   Employment ↓

Household (HH) consumption fell year on year by 1.05% in the first of 2016 and by 6.00% in the second quarter of 2016.

In the same period, unemployment rose to 12.1% and 13.3%, compared to 7.5% and 8.2% in the first and second quarters of 2015.

This reflects the difficulties that consumers faced in 2016, with rising unemployment, and high inflation eroding purchasing power.

according to the conventional definition of two consecutive quarters of negative growth
Source: NBS - Nigerian Gross Domestic Product Report (Expenditure and Income approach) Q1, Q2 2016

B. Financial Access Strands (FAS)

Definition of the Access Strand

Adult Population (96 Million)

- **Financially Served**
  - **Formal Inclusion**
    - **Banked**
    - **Formal Other**
  - **Informal Inclusion**
- **Financially Excluded**

Financially excluded: Adults who do not have or use deposit money banks, other formal or any informal financial services. If they borrow or remit they do this through family and friends; if they save, they save at home.

Informal only: Adults who do not have or use deposit money banks or formal financial products and services but use informal financial services such as savings clubs/pools, esusu, ajo, or moneylenders; as well as remittances (through informal channels such as via a transport service or recharge card).

Formal other: Adults who have or use financial products and/or services provided by formal financial institutions which are not deposit money banks (including those adults who use the products through somebody else) such as insurance companies, microfinance banks, pension schemes or shares. It also includes remittances (through formal channels).

Banked: Adults who have/use deposit money banks (including adults who use products through somebody else) i.e. they have/use traditional bank products such as ATM card, credit card, savings account, current account, fixed deposit account, mortgage, overdraft, loan from a bank, or non-interest banking product.

The access strand categories are mutually exclusive and hierarchical. Each adult can only be included in one segment.

Financial Access Strand 2016

- A large proportion of the adult population are financially excluded

58.4% Financially served

41.6% Financially excluded

48.6% Formally included

| Banked 38.3% | Formal other 10.3% | Informal only 9.8% | Financially excluded 41.6% |

36.9m | 10.0m | 9.4m | 40.1m

96.4m
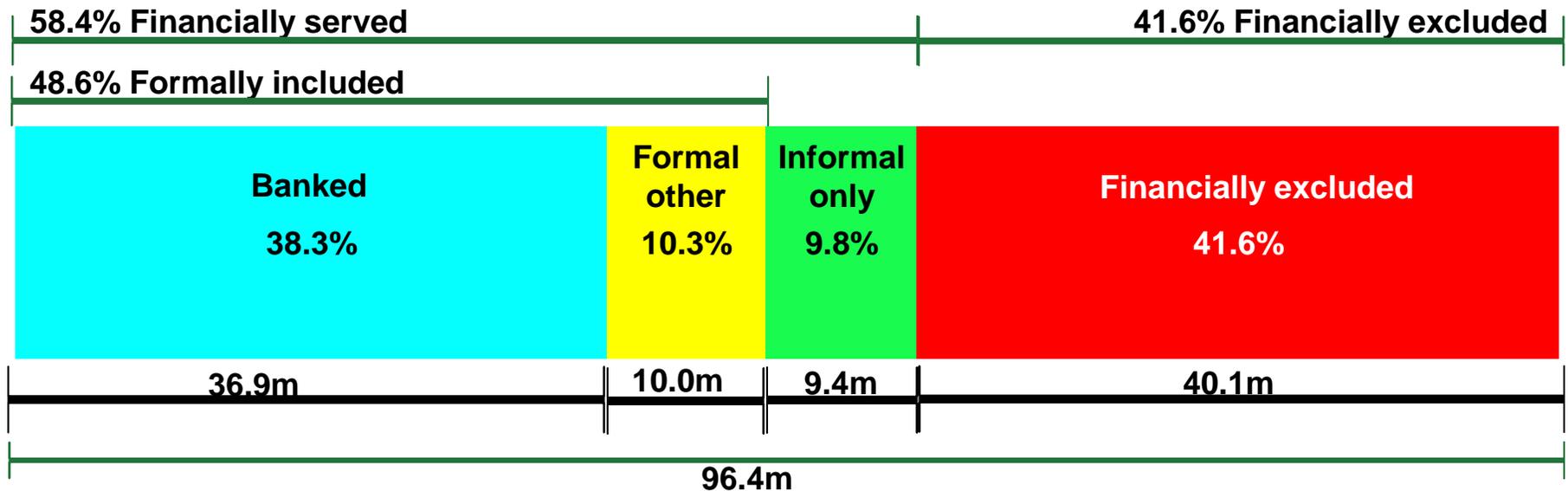
These four strands are mutually exclusive

# Trends In Financial Access Strand – 2008 to 2016

Between 2014 and 2016:
- The adult population growth outpaced the growth in the banked population
- The financially excluded population grew from 36.9 million to 40.1 million
- Contribution of MFBs to formal financial inclusion declined, with adult users reducing from 2.6m to 1.8m

Adult Population 18+ Years

2016 (96.4 m) — 36.9m | 10.0m | 9.4m | 40.1m
- Banked: 38.3%
- Formal other: 10.3%
- Informal only: 9.8%
- Financially excluded: 41.6%

2014 (93.5 m) — 33.9m | 11.5m | 11.3m | 36.9m
- Banked: 36.3%
- Formal other: 12.3%
- Informal only: 11.9%
- Financially excluded: 39.5%

2012 (87.9 m) — 28.6m | 9.2m | 15.2m | 34.9m
- Banked: 32.5%
- Formal other: 10.5%
- Informal only: 17.3%
- Financially excluded: 39.7%

2010 (84.7 m) — 25.4m | 5.3m | 14.8m | 39.2m
- Banked: 30.0%
- Formal other: 6.3%
- Informal only: 17.4%
- Financially excluded: 46.3%

2008 (86.6m) — 18.3m | 2.2m | 20.7m | 45.4m
- Banked: 21.1%
- Formal other: 2.5%
- Informal only: 23.9%
- Financially excluded: 52.5%

Legend: ■ Banked ■ Formal other ■ Informal only ■ Financially excluded

Financial Access - Cross Country Comparisons

- Compared to the selected countries, Nigeria has a fairly large banked population (38.3%), but also has the highest proportion of financially excluded adults at 41.6%

Country	Banked	Formal other	Informal only	Financially excluded
South Africa 2015	77.0%	6.0%	3.0%	13.0%
Kenya 2016	42.3%	33.0%	7.2%	17.4%
Nigeria 2016	38.3%	10.3%	9.8%	41.6%
Ghana 2015	36.0%	22.0%	17.0%	25.0%
Rwanda 2016	26.0%	42.0%	21.0%	11.0%
Zambia 2015	21.4%	16.8%	21.1%	40.7%
Togo 2016	18.0%	27.0%	15.0%	40.0%
Madagascar 2016	12.0%	17.0%	30.0%	41.0%

■ Banked   ■ Formal other   ■ Informal only   ■ Financially excluded
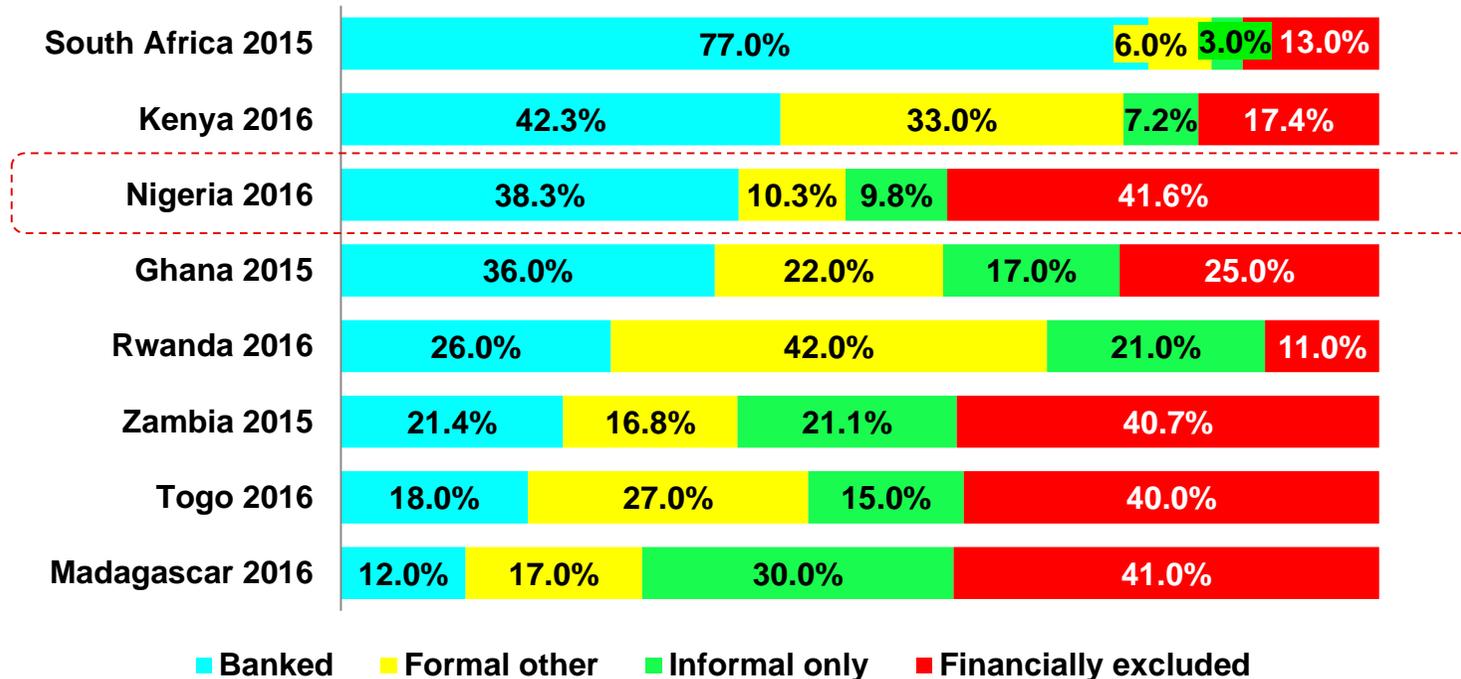
Note: There are some differences in the classification of products/services in the categories of the access strand between the countries

Emerging Trends

2.0% Increase in banked adults, but overall decrease in financially served adults

- The financially served proportion of the Nigeria's adult population grew by an average of 6.4% between 2008 and 2012. This growth slowed down to 0.2% in 2014, with an eventual decline of 2.1% in 2016
- This decline was driven by a reduction in the proportion of adults accessing financial services through Other formal providers (other than DMBs) and informal financial providers
- Deposit money banks have been better able to withstand the economic crisis and maintain their customer acquisition drive at the expense of formal other channels like MFBs most of which have struggled under the economic strain
- Banks have focused more on the population that already has some level of financial stability – this group is better able to cushion the effects of the economic hardship in the short term

2.1% Increase in excluded adults

- Effects of recession (loss of jobs, lower disposable income, increasing inflation) have an immediate negative effect on the B-O-P population who do not have the means to cushion themselves against these shocks.
- The most affected are the those aged 18 – 25 years, above 56 years and living in the rural areas

## Shrinking access through 'Formal Other' and 'Informal' segments

- MFBs struggling under the burden of re-capitalisation during the tough economic climate
- Lack of trust of MFBs – approx. 12.1% insolvent since Jan. 2016
- Less income available to the B-O-P to save through cooperatives and other informal channels hence resorting to keeping monies at home or on self

Financial Access Strands (FAS)
Across Geopolitical Zones

Financial Access Performance Across Geo-Political Zones

North West	2012	2014	2016
Total Adult Population	19M	21M	22M
Formally Included	23%	35%	24%
Informal Only	14%	9%	6%
Financially Excluded	64%	56%	70%

North Central	2012	2014	2016
Total Adult Population	13M	14M	14M
Formally Included	48%	49%	48%
Informal Only	20%	19%	14%
Financially Excluded	32%	33%	39%

South West	2012	2014	2016
Total Adult Population	19M	20M	21M
Formally Included	58%	63%	78%
Informal Only	18%	13%	4%
Financially Excluded	25%	25%	18%
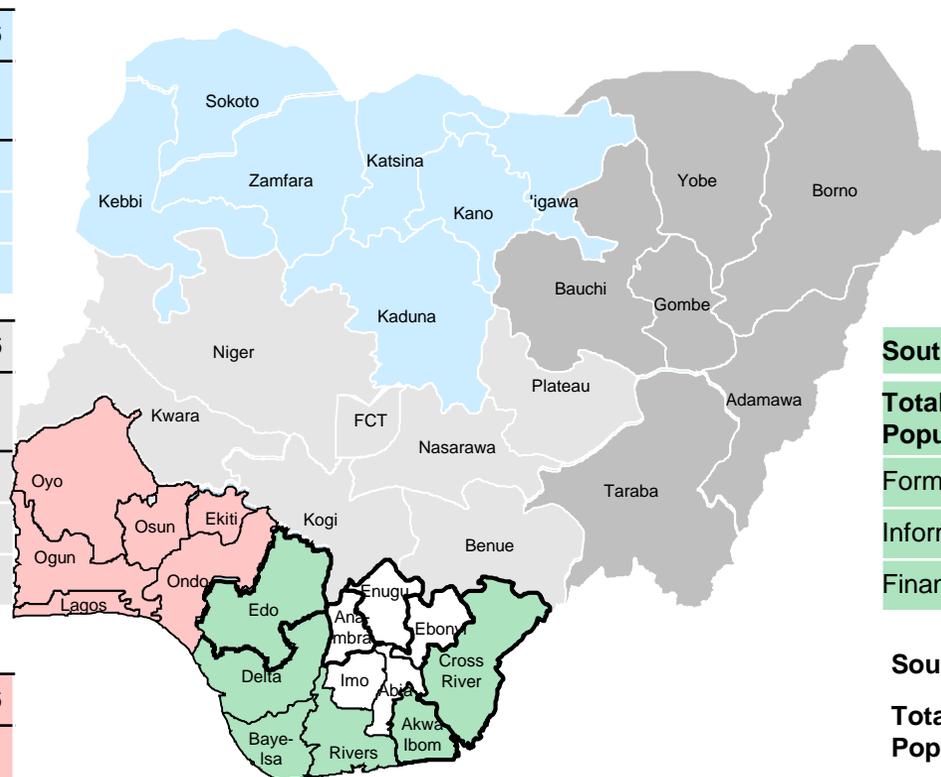
North East	2012	2014	2016
Total Adult Population	11M	11M	12M
Formally Included	26%	26%	25%
Informal Only	15%	5%	14%
Financially Excluded	60%	68%	62%

South South	2012	2014	2016
Total Adult Population	14M	15M	16M
Formally Included	52%	52%	55%
Informal Only	18%	15%	14%
Financially Excluded	30%	33%	31%

South East	2012	2014	2016
Total Adult Population	12M	12M	12M
Formally Included	52%	63%	59%
Informal Only	22%	11%	13%
Financially Excluded	26%	25%	28%

Map labels: Sokoto, Katsina, Kebbi, Zamfara, Kano, 'igawa, Yobe, Borno, Bauchi, Gombe, Kaduna, Niger, Plateau, Adamawa, Kwara, FCT, Nasarawa, Oyo, Osun, Ekiti, Kogi, Benue, Taraba, Ogun, Ondo, Edo, Enugu, Anambra, Ebonyi, Lagos, Delta, Imo, Abia, Cross River, Baye-lsa, Rivers, Akwa Ibom

Summary of Findings By Geopolitical Zones

Financial exclusion is more evident in the North West geopolitical zone with up to 70% of the population being excluded

- In 2016, financial exclusion increased by 12% with Kano, Jigawa and Kebbi contributing the most to this trend

The South West geopolitical zone has already achieved the National Financial Inclusion Strategy target of reducing the proportion of adults that are financially excluded to 20% by 2020

- South East (28%) and South South (31%) are closer than the northern regions to meeting the national target
- North East (62%) and North West (70%) are lagging behind on the national target

Learn from states in the South West geopolitical zone where there were big improvements in the formally included adult population

Differences in population profile by geo-political zones suggests the need to move away from the one-size-fits-all to a more customer-centric model

Financial Access Strands (FAS)
Across Population Demographics

Financial Access by Gender

- Financial access is skewed towards male adults
- Adult men are more likely to be banked than adult women
- Adult women tend to use more formal other and informal financial services than adult men

Male
| 22.7m | 4.0m | 4.3m | 18.0m |
| 46.3% | 8.2% | 8.7% | 36.8% |

Female
| 14.2m | 6.0m | 5.2m | 22.1m |
| 30.0% | 12.6% | 10.9% | 46.6% |

Total
| 36.9m | 10.0m | 9.4m | 40.1m |
| 38.3% | 10.3% | 9.8% | 41.6% |

■ **Banked**   ■ **Formal other**
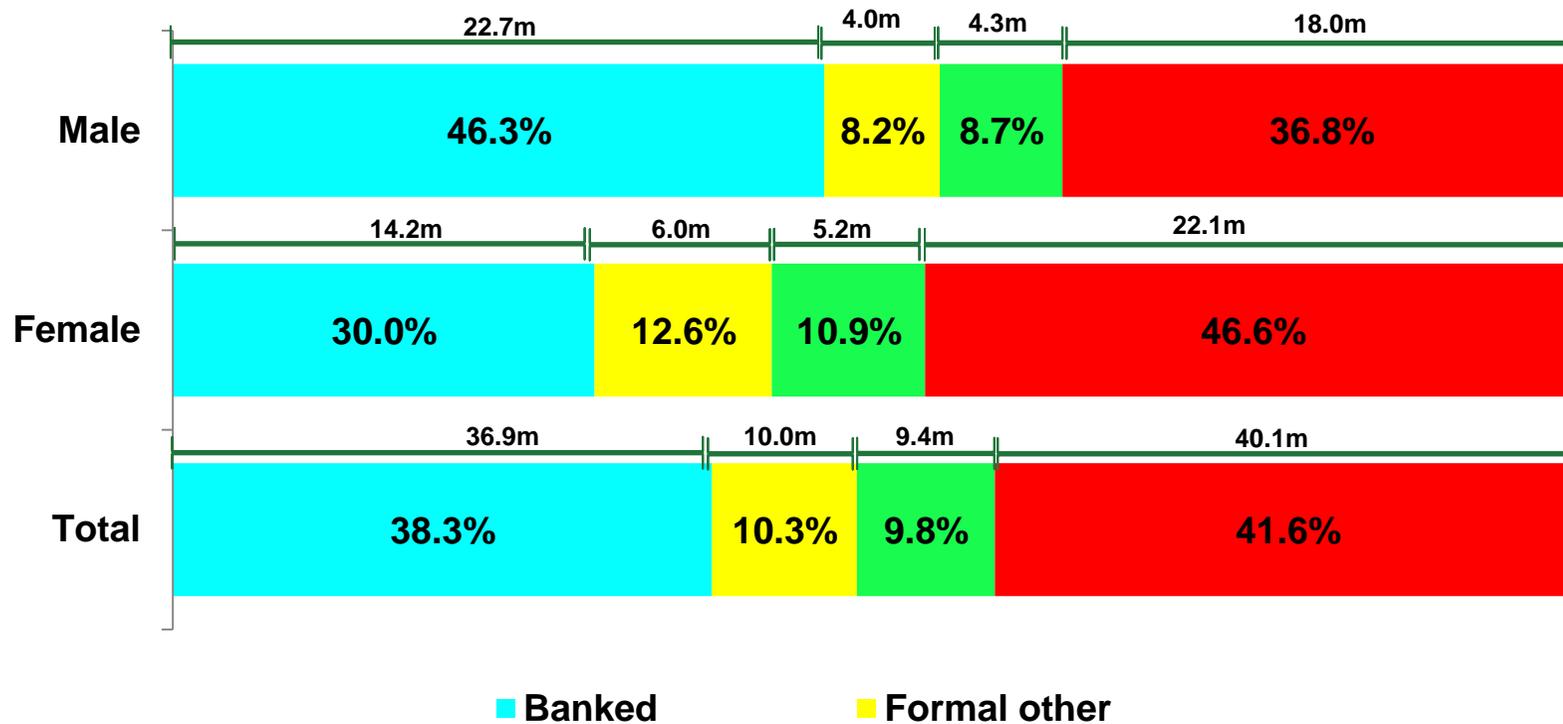
Financial Access by Age Group

- The 26 to 35 age bracket has the highest population but rank second for formal financial inclusion
- The highest level of formally included are in the 36 to 45 age bracket
- The highest level of financially excluded are in the 18 to 25 age bracket

Adult Population 18+ Years

		Banked	Formal other	Informal only	Financially excluded
25.5 m	18 to 25 Years	27.5%	10.1%	8.9%	53.5%
30.7 m	26 to 35 Years	44.2%	10.8%	9.2%	35.9%
18.5 m	36 to 45 Years	45.6%	10.8%	11.0%	32.6%
10.2 m	46 to 55 Years	39.0%	11.3%	10.8%	38.9%
11.5 m	Above 56 Years	34.2%	8.2%	10.4%	47.2%

■ **Banked**   ■ **Formal other**   ■ **Informal only**   ■ **Financially excluded**
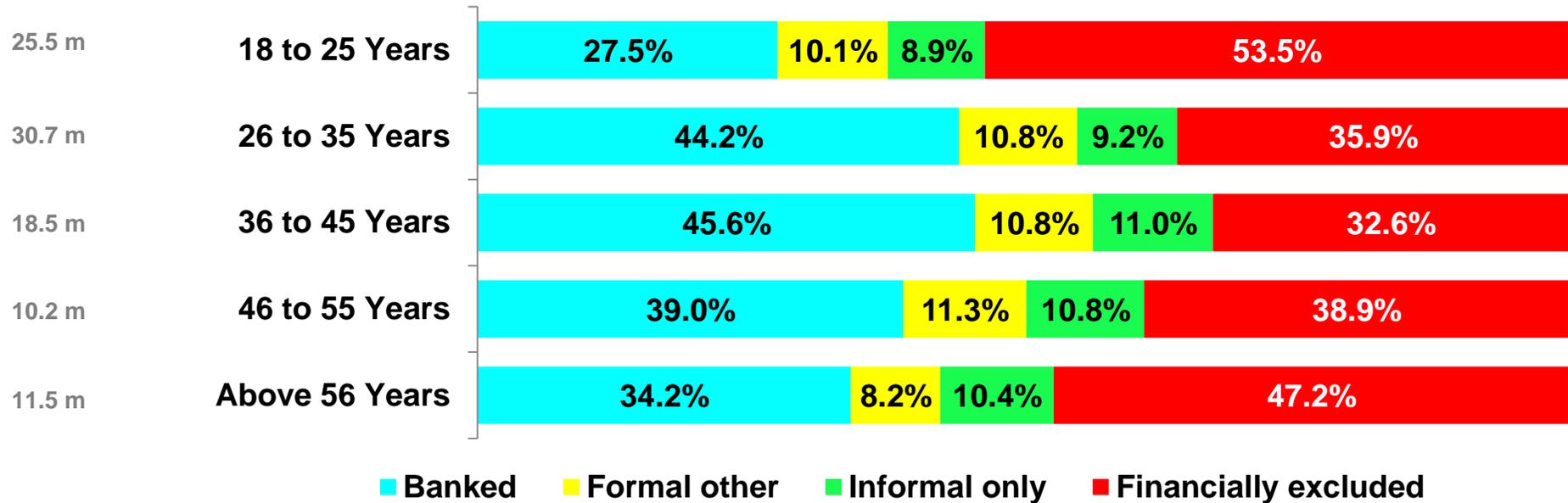
Financial Access by Urban/Rural Setting

- Banking services are not getting to rural areas
- Informal financial services are more dominant in the rural areas

Adult Population 18+ Years

	Banked	Formal other	Informal only	Financially excluded

Urban — 36.7m

- 22.4m → 60.9%
- 3.8m → 10.4%
- 1.6m → 4.3%
- 8.9m → 24.4%

Rural — 59.7m

- 14.6m → 24.4%
- 6.1m → 10.3%
- 7.8m → 13.1%
- 31.2m → 52.2%

Total — 96.4m

- 36.9m → 38.3%
- 10.0m → 10.3%
- 9.4m → 9.8%
- 40.1m → 41.6%

Legend: ■ Banked ■ Formal other ■ Informal only ■ Financially excluded
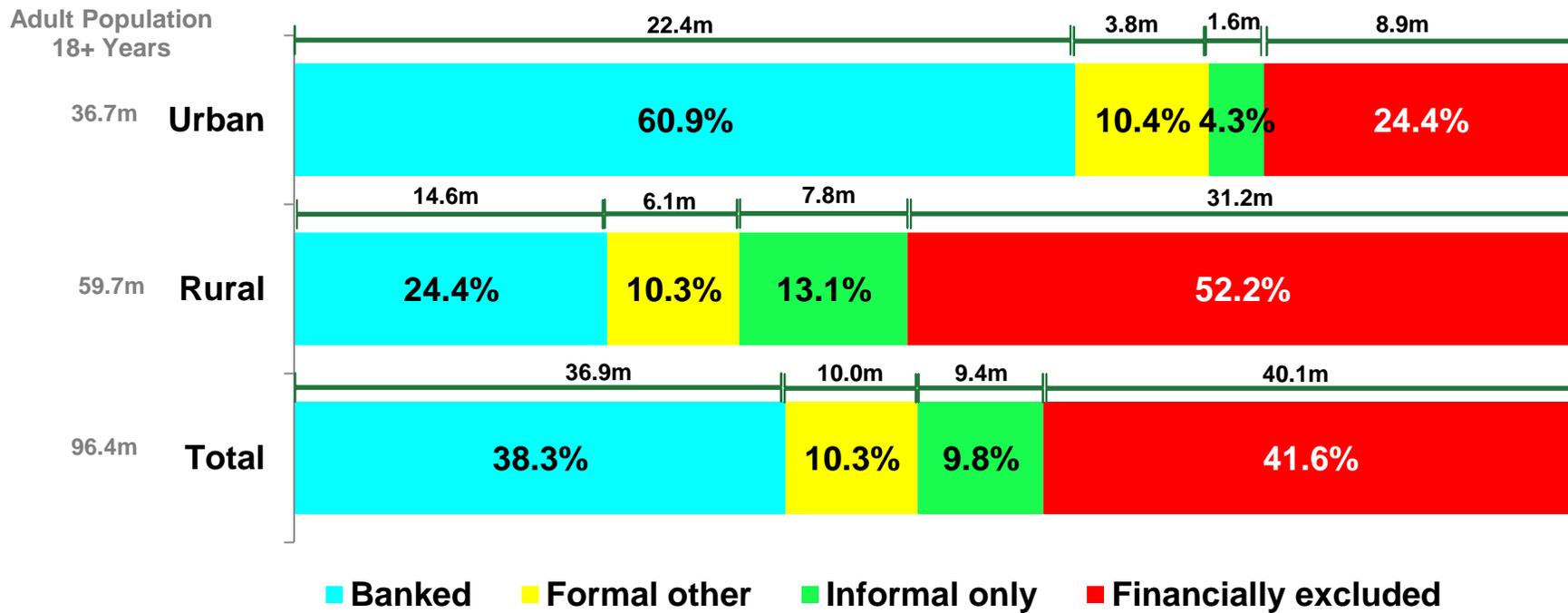
Women, the Youth (under 35 years), Rural residents and those in Northern Nigeria (North East and North West) are the most financially excluded

96.4m
Total Adult Population

40.1m
Financially Excluded

F 55.1%
M 44.9%
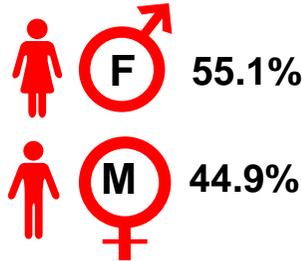
35.2%
Individuals Owning Mobile phone(s)

Urban 22.3%
Rural 77.7%

38.2%
18.3%
13.2%
9.8%
8.5%
11.9%
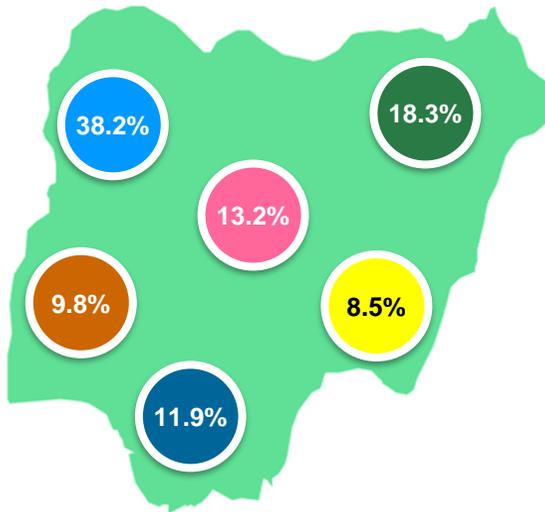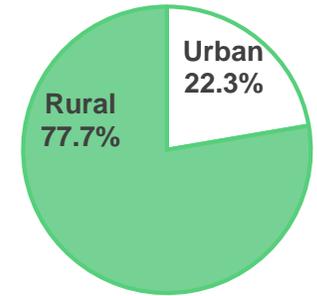
- **61.5% are under 35 years**
- **56.6% are in NE and NW Nigeria**
- **55.1% are female**
- **Only 4% are aware of MM**

Main Income Source	
Own business/trader (non-farming/Services)	24.3%
Subsistence/small scale farming	19.6%
Own business/trader (Agric products/Inputs)	12.0%
From HH member/Family/Friends	10.4%
Commercial/large scale farming	6.0%
Salary/Wages (Informal Sector)	3.1%
Salary/Wages (Formal Sector)	0.8%
Pension	0.0%
Others	23.8%

	Excluded Population
	40,092,008
Income	
N250 or Less	8.4%
N251 - N1,000	8.4%
N1,001 - N3,000	17.9%
N3,001 - N6,000	18.7%
N6,001 - N13,000	19.6%
N13,001 - N20,000	11.0%
N20,001 - N40,000	9.2%
N40,001 - N70,000	3.9%
N70,001 - N100,000	1.5%
N100,001 - N200,000	0.9%
Above N200,000	0.7%
Highest Level of Education	
Primary School	26.6%
Secondary School	32.2%
University/OND/HND	1.7%
Post University	0.2%
Non-formal education	18.4%
No education	21.0%

In the past 12 months:
- **44.9% have saved at home**
- **26.5% have borrowed from family**

Saved (Past 12 Months) — 44.9%
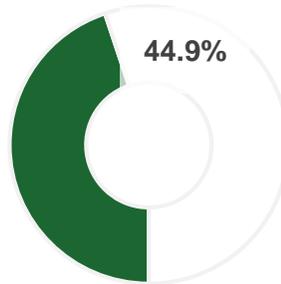
Borrowed (Past 12 Months) — 26.5%
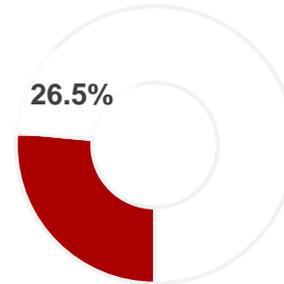
Received money from Friends/ Family — 16.6%

Implications for Financial Inclusion
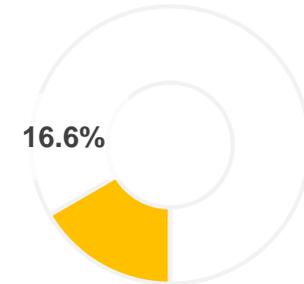
Both challenges and opportunities exist for financial access, during the economic downturn

Challenges
- Financial institutions:
  - With a downturn in the economic climate, institutions tend to focus on short-term, income generating activities rather than long term innovations to drive financial inclusion

- Low-income population:
  - Greater levels of poverty, less employment/income-generating opportunities
  - Banking/formal financial access is not their priority
  - They are more focused on survival & marginal economic activities

Opportunities
- Large numbers of unbanked people, not just at the base of the pyramid
- Develop a broad range of relevant products and services (micro-insurance, micro-pensions, etc.) that can be provided through digital and non-digital channels
- Focus on SMEs, agricultural producers, households and individuals, especially those in the informal sector
- Focus on women and youth (under-served groups), to reverse loss of productivity to the economy

C. Deeper Analysis of Financial Sector Segments

Overlaps in Financial Access

- A large proportion of adults that use formal other services are also banked

Aggregate Levels of Financial Access*

Strand	%
Banked	38.3%
Formal Other	31.9%
Informal	29.1%
Excluded	41.6%

Legend:
- Banked
- Formal Other
- Informal
- Excluded

Banked 13.7%

3.1% 12.7%

8.8%

Informal 9.8%

7.5%

Formal Other 2.8%

Excluded 41.6%
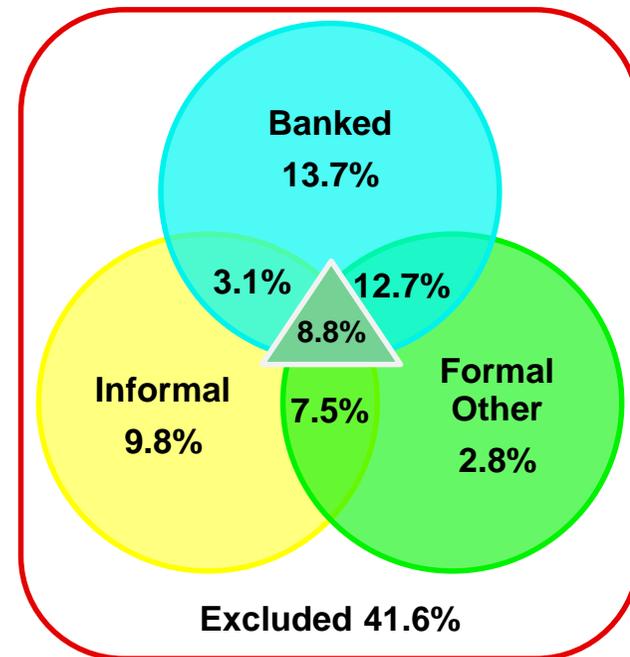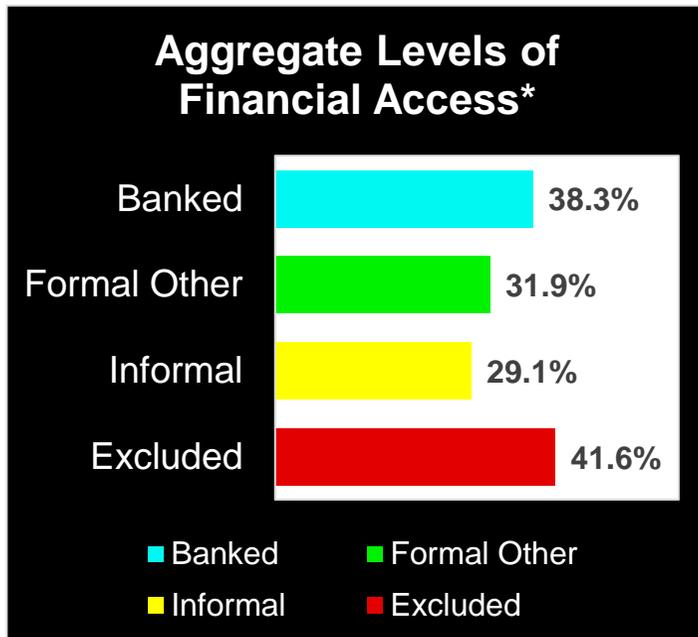
*Figures may include overlaps across access strands

Savings: Majority of Nigerian Adults Set Aside Money

- 68.0% of Nigerian adults save

Saving (Base = 96.4m adults)

68.0%	32.0%

■ Saving ■ Not Saving

Savers Only
(Base = 65.6m adults)

Informal Only 22.1%

Other Formal 0.7%

Save at Home 36.5%

Banked 40.7%
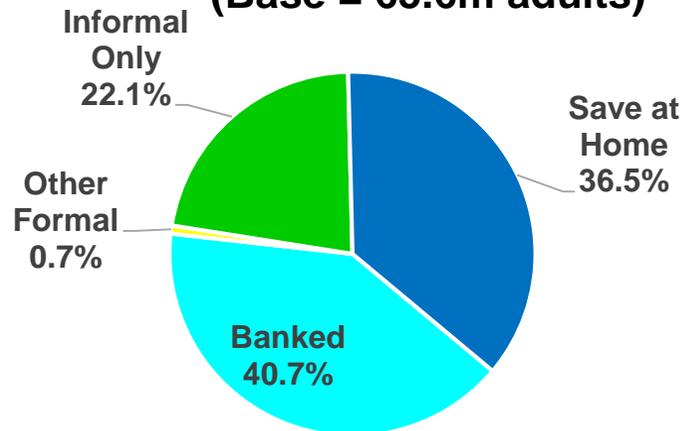
Credit: Majority of Nigerian Adults Did Not Access Credit in the Past 12 Months

- Nigerian adults who borrow, do so mainly from family and friends (76.3%) and other informal channels (18.1%)

Credit (Base = 96.4m adults)

33.0%	67.0%

■ Borrowing ■ Not borrowing
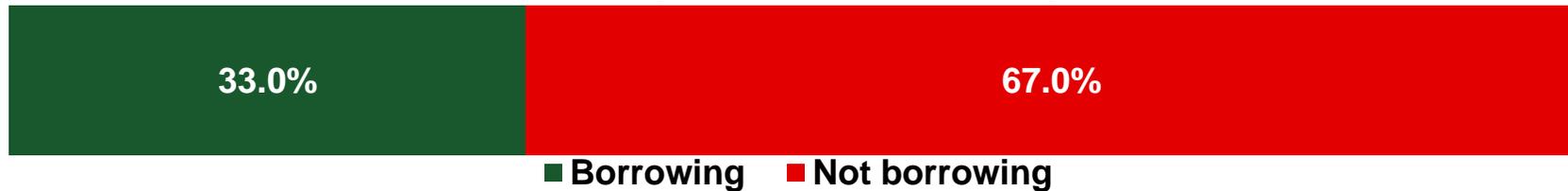
Credit - Borrowers Only (Base = 31.5m adults)

Borrow from Family and Friends 76.3%

Banked 2.7%

Other Formal 2.8%

Informal Only 18.1%
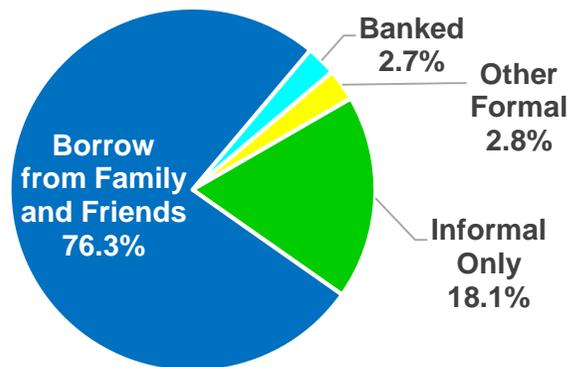
Financial Segment Access

Marginal changes in access over the past two years across financial segments

Proportion of adult population that have access

Segment	2014	2016
Microfinance Bank (MFB)	2.8%	1.9%
Insurance	1.1%	1.9%
Mobile Money	0.8%	1.0%
Deposit Money Bank (DMB)	36.3%	38.3%

■ 2014   ■ 2016
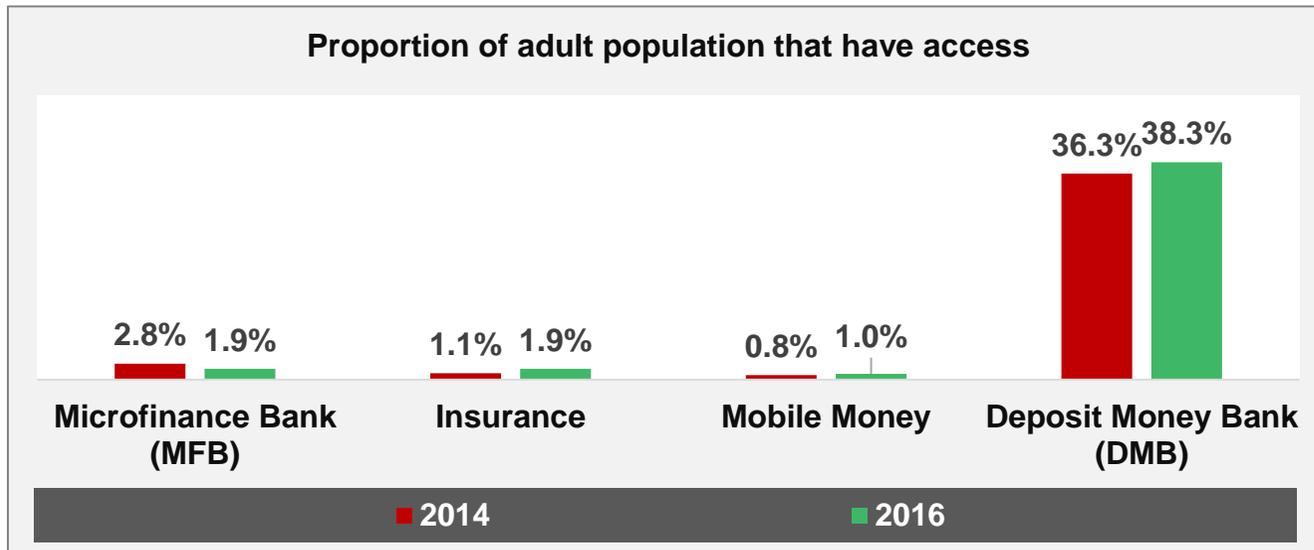
Mobile Money Usage

- Mobile money usage is still very low and has not changed significantly since 2014

Mobile Money Experience

Experience	2016	2014
You are a registered mobile money user	0.8%	0.5%
You use mobile money services but you are not registered	0.2%	0.3%
You have used it before but not any more	0.3%	0.4%
You are not registered and have never used mobile money services	98.7%	98.8%

■ 2016 ■ 2014
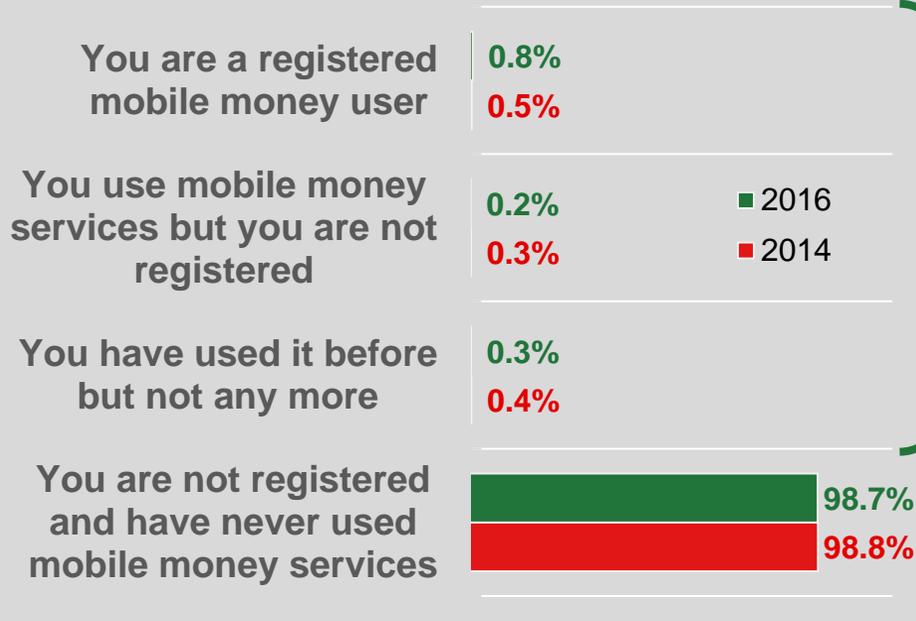
| Reasons for first time usage	
To conduct fast transactions	55.2%
Easy to use	32.5%
Family/friends are using mobile money	22.0%
To store/save money	12.5%
Just to try or test mobile money	10.8%
To conduct safe transactions	8.5%
To pay bills	5.1%

Mobile Money Usage – First Transaction

First Transaction Using Mobile Money

Category	2016	2014
Sending money	45.4%	19.1%
Airtime purchases	25.0%	37.5%
Receiving money	15.4%	18.3%
Paying bills	7.8%	7.3%
Sports betting	2.4%	
Paying for goods or services	2.3%	7.7%
Storing/saving money	1.0%	0.4%
Receiving payments from customers	0.7%	1.9%
Receiving wages/salary		4.2%
Receiving payments from government		1.0%
Other, specify		2.4%

Legend: ■ 2016 ■ 2014

- In 2014 more mobile money users started their usage journey with Airtime purchases

- In 2016, 'sending money' was more prominent for first time users

Mobile Money Services

- Mobile money transactions have transitioned from being dominated by airtime purchases in 2014 to Sending and receiving money in 2016

What do you use mobile money services for?

Category	2016 (Base = 0.9m)	2014 (Base = 0.7m)
Sending money	70.8%	23.0%
Receiving money	45.6%	23.6%
Airtime purchases	40.6%	45.8%
Paying bills	17.1%	19.5%
Paying for goods or services	11.4%	23.6%
Sports betting	4.7%	
Storing/saving money	2.7%	1.7%
Purchasing bus tickets	1.9%	
Receiving wages/salary	1.6%	4.4%
Receiving payments from…	1.5%	6.2%
Receiving payments from…	0.1%	3.9%
Paying for insurance		3.4%
Don't know/can't remember	2.5%	19.0%
Other, specify	0.2%	2.5%

Use of Mobile Money agents has declined marginally from 19.5% of users in 2014 to 16.2% of users in 2016

■ **2016 (Base = 0.9m)**

■ **2014 (Base = 0.7m)**

Reasons for Not Using Mobile Money

- Lack of awareness and access are the biggest obstacles to the adoption of mobile money in Nigeria

Reasons for not using Mobile Money

Reason	Percentage
Don't know what mobile money is	76.7%
Don't know where/ how to get mobile money	16.0%
No reason	8.8%
I do not trust it	6.2%
I use other ways to do the same transactions	4.7%
It is not easy to use	3.7%
It is expensive	2.2%
Services I need are not available on mobile money	0.6%
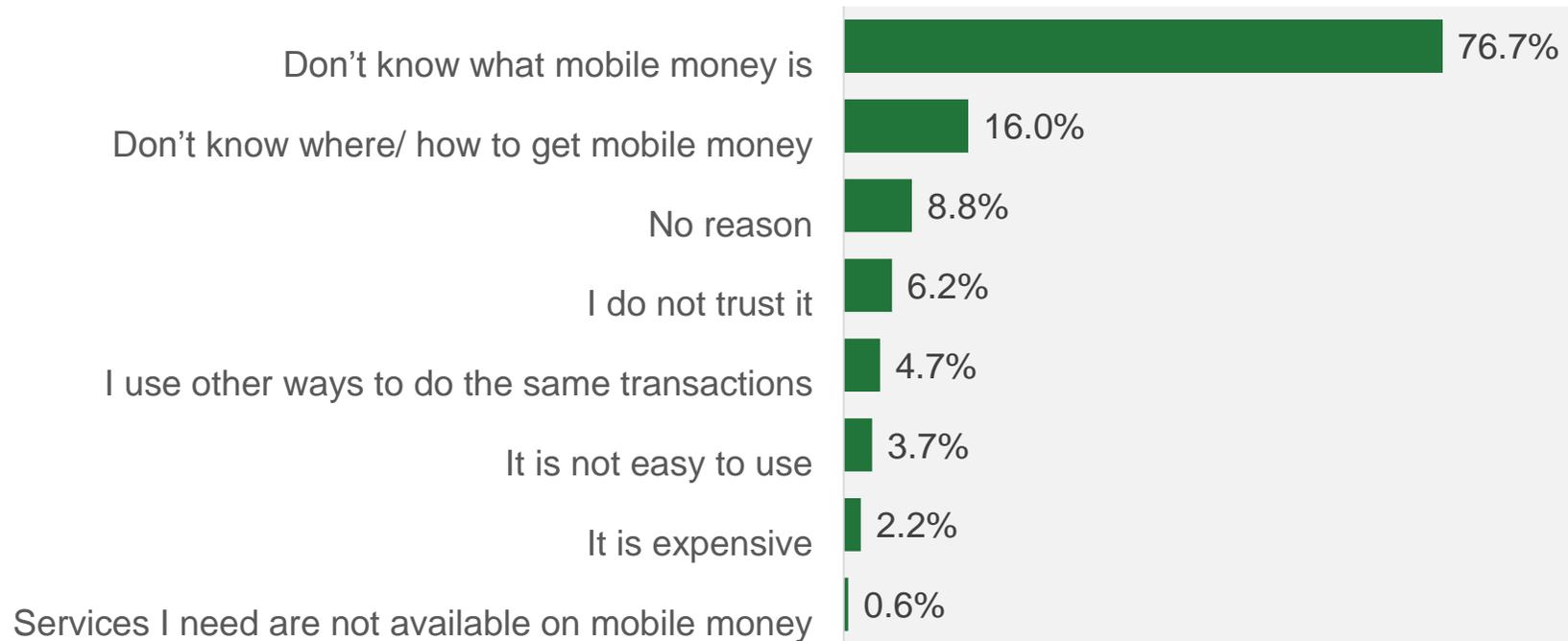
D. Post Survey Focus Group Discussions*

Post Survey FGDs: Objectives and Coverage

- The primary objective of the Post Survey Focus Group Discussions (FGD's) was to identify factors responsible for changes in the levels of access to financial services over the past two years in some selected locations.

- For states where there was a significant increase in banked/formal other segments - what were the key drivers for customers opening their accounts (DMB, MFB, and/or MMO) in the past 2 years?

- For states where there was a significant decrease in the banked/formal other segments - why did customers close their accounts (DMB, MFB, and/or MMO) in the past 2 years? What can providers do to encourage them to reopen these accounts?

- 12 FGDs were held between February 17 - 23, 2017 in the locations stated in the table below

Geo-political Zone	States	Rationale (Comparison A2F 2016 vs. A2F 2014)
South West	Ekiti (1) and Osun (1)	Banked segment: Ekiti – 21.5%↑; Osun – 15.3%↑
North East	Taraba (1) and Yobe (1)	Banked segment: Taraba – 11.1%↑; Yobe – 20.5%↑
North West	Jigawa (2) and Kano (2)	Banked and Formal Other segments: Jigawa – 31.2%↓; Kano – 28.7%↓
North Central	Abuja (2) and Niger (2)	Banked segment: Abuja – 21.6↓; Niger – 16.7%↓

Comparison of Trends in Financial Access Between 2014 and 2016

- **Ekiti:** Banked segment up by 21.5%, Reduction in Excluded and Informal segments
- **Osun:** Banked segment up by 15.3%, Reduction in Excluded and Informal segments

A combination of government interventions in the earlier part of the past two years and the ensuing economic crisis contributed significantly to the increased number of bank accounts in the past 2 years.

- **Yobe:** 20.5% increase in Banked segment, 35.9% reduction in Excluded segment
- **Taraba:** 11.1% increase in Banked segment, 9.1% reduction in Formal Other segment

Increased NGO activities and government initiatives within the state have not only forced many individuals to open up bank accounts prior to accessing any potential benefits but these have also contributed to improved financial literacy, which has led to individuals consciously seeking out bank services.

- **Abuja:** 21.6% reduction in Banked segment, 13.7% Increase in Formal Other Segment
- **Niger:** 16.7% reduction in Banked segment, 32.2% increase in Excluded Segment

The status of the North Central especially Abuja as the land of opportunity has left many individuals stranded during these difficult economic times and this has significantly contributed to the decline in usage of financial institutions as many individuals consider their dwindling cash inflows too small to justify using a bank account. Increase in unemployment rate forced many companies to shut down, leading to smaller disposable incomes across many households.

- **Kano:** Reduction in Banked + Formal Other segments, 28.7% increase in Excluded segment
- **Jigawa:** Reduction in Banked + Formal Other segments, 31.2% increase in Excluded segment

Massive job losses within the states have left many without sufficient income, hence leading to their abandoning existing accounts
Increasing inflation on basic necessities has put more pressure on limited resources, leaving respondents with 'close to nothing' to justify using bank accounts

Factors Contributing to Changes in Financial Access

Effects of recession (loss of jobs, lower disposable income, increasing inflation) have had an immediate negative effect especially on the B-O-P population who do not have the means to cushion themselves against these shocks

I don't even have money to feed myself, not to talk of saving it somewhere. I have only been coping with the help of a friend
Mentioned across all study locations

The difference is that the price of things/commodities we used to buy in the past two years has skyrocketed. Some have doubled while some are almost tripled & this is as a result of economic recession…meanwhile all our income stays the same!"
Male Lapsed user, Jigawa rural

You'll discover that recession in the economy has actually affected the people on the street because the group of people who are to receive salaries and allowances from the government will equally go to the market, to spend it but once the salary is not forthcoming, there will be less patronage in the marketplace
Opened DMB/ MFB/MMO account(s) in the past 2 years, 36-45 yrs, Ekiti state

It is an insult for me not to be able to withdraw all my money as I like!? They will say, you must leave some money in the account….MY money!
Mentioned across all study locations

Getting extra money is difficult these days because everything I make goes on daily spending
Mentioned across all study locations

Consideration is given to the amount or available cash at hand before I choose the number of times (frequency) or the sum of money to save at a time…sometimes all of us in the group will agree on a certain amount
Mentioned across all study locations

Key Drivers for Opening DMB Accounts in the Past Two Years

- *I opened the account for my salary & to be able to keep some of the profits from my business*
- *For me, it's for nothing more than to be able to receive money from my friends and relatives living afar*
- *Keeping money at home attracts theft but in the bank even when they are robbed, they still will pay you your money back*

Opened account in the past 2 years, 26-45yrs, female, Taraba rural

I opened in order to have access to loan…was told that if you keep money with them for a while & you are consistent…then maybe you could get a loan
Mentioned across both North East & South West

Mine was opened because I started a new business (farming)…
Opened account in the past 2 years, 26-45yrs, male, Yobe urban

So, that I can be keeping money for anytime I will need & so that I don't spend it on something else…

The government wants us to open bank account as civil servants
Mixed gender, 26-35yrs Opened account in the past 2 years, Osun urban

Reasons for Lapsed Users

I stopped using savings account in various DMBs. Before I stopped, I could think of no benefit aside *it only helps me to keep my money*
Mentioned across study locations

The financial institutions, banks in particular have gone far in terms of technology. There is more security now with the BVN introduced for depositors …I like the screening at the entrance as well…& mobile app. I heard they also do 'zero' account opening…
Lapsed users of DMBs only, 26-45yrs, mixed gender, Abuja urban

The situation of the country is getting tougher given that my income cannot meet my expenses any longer. So my saving has gone down because everything has changed and you have other responsibility to take care of and so when you are saving you just have to save less in order to meet up with other needs"
Male lapsed users, Kano Urban

I will rather keep my money under my carpet….or under the pillow than go to the bank…it is too small to be taken there!
Mentioned across lapsed users of DMBs & FS, North central & North West

There is increased rate of money doubling nowadays. People want quick money to cater for their needs & that is why 'MMM' hit everybody hard after its collapse…
Lapsed users of DMBs only, 26-45yrs, mixed gender, Abuja

Potential Action Points for Financial Institutions (FIs) to Regain Lapsed Users

Across all the locations, the 'must-dos' to enthuse repeat patronage of formal financial institutions are:

- Cordial staff-customer relationship
- Develop innovative & accessible loans especially for low income segments
- Address challenges with IT platforms (systems availability & ATM proliferation)
- Offer reasonable & transparent charges on products & services

Additional needs & expectations in rural areas include:

- Increasing the visibility of existing branches
- Opening additional branches
- Introducing non-interest banking products

E. Forecasts of Financial Access Strands (FAS)

Forecast for the Financially Excluded Population

- Current target is to lower financial exclusion to 20% of the adult population by 2020
- Projections based on current trends indicate that it could take up to 2030 before achieving this target
- However, there exists a best case scenario of hitting the target between 2022 and 2024
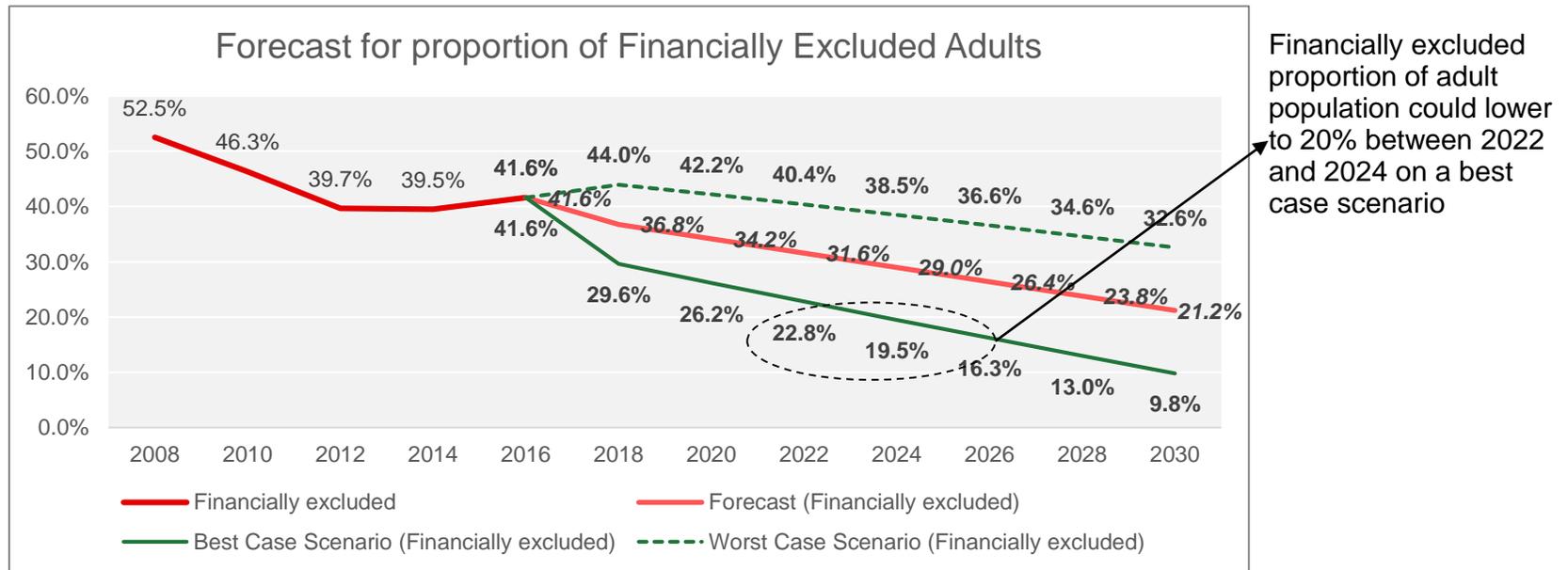
Forecast for proportion of Financially Excluded Adults

Financially excluded proportion of adult population could lower to 20% between 2022 and 2024 on a best case scenario

Note:
- Confidence interval set at 95%
- The forecast predicts future values using existing 2008 to 2016 data and the AAA version of the Exponential Smoothing (ETS) algorithm (Holt-Winters)

Forecast for the Banked Population

- The proportion of banked adults is likely to rise to 47% by 2020
- There exists the potential of getting to 52.1% on a best case scenario, if mitigating factors such as reversing the effects of the recession on the masses and providing a favorable regulatory environment are instigated
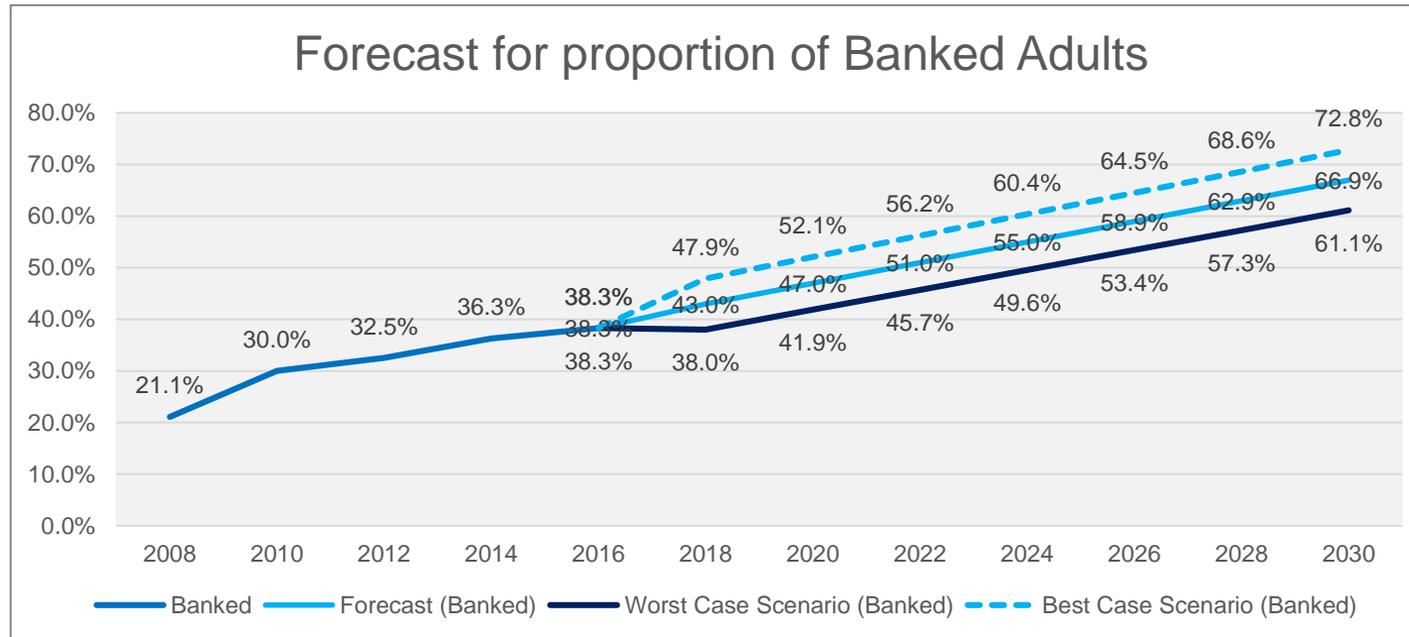
Forecast for proportion of Banked Adults

Legend: Banked, Forecast (Banked), Worst Case Scenario (Banked), Best Case Scenario (Banked)

Data labels: 21.1%, 30.0%, 32.5%, 36.3%, 38.3%, 38.3%, 38.3%, 38.0%, 43.0%, 47.9%, 47.0%, 41.9%, 52.1%, 51.0%, 45.7%, 56.2%, 55.0%, 49.6%, 60.4%, 58.9%, 53.4%, 64.5%, 62.9%, 57.3%, 68.6%, 66.9%, 61.1%, 72.8%

Note:
- Confidence interval set at 95%
- The forecast predicts future values using existing 2008 to 2016 data and the AAA version of the Exponential Smoothing (ETS) algorithm (Holt-Winters)

Forecast for 'Formal Other' Adult Population

- The 'Formal Other' strand could move from the current 10.3% to 16% by 2020
- Favorable initiatives could potentially raise this proportion to 20.9% in the same period on a best case scenario
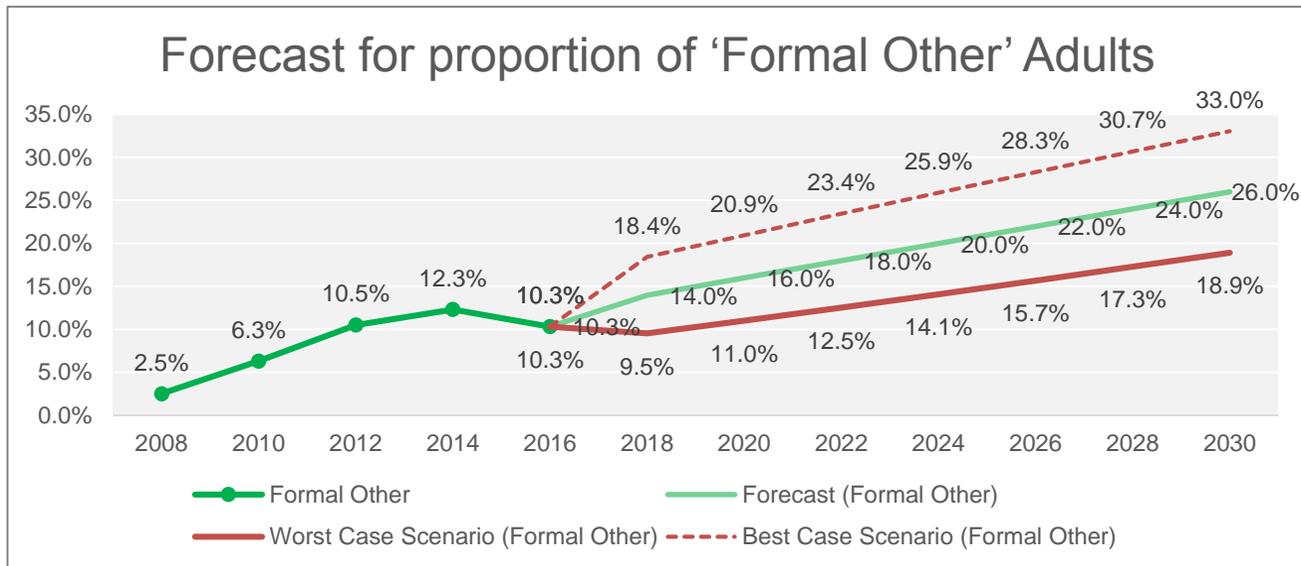
Forecast for proportion of 'Formal Other' Adults

Note:
- Confidence interval set at 95%
- The forecast predicts future values using existing 2008 to 2016 data and the AAA version of the Exponential Smoothing (ETS) algorithm (Holt-Winters)

F.   Closing Remarks

Progress on National Financial Inclusion Targets

* *Reduce financial exclusion rate of adults to 20% by 2020*

	Focus Areas	Target by 2020	Status as at				Variance to 2020 Target
			2010	2012	2014	2016	
% of Total Adult Population	**Payments**	**70%**	22%	20%	24%	**38%**	-32%
	Savings	**60%**	24%	25%	32%	**36%**	-24%
	Credit	**40%**	2%	2%	3%	**3%**	-37%
	Insurance	**40%**	1%	3%	1%	**2%**	-38%
	Pension	**40%**	5%	2%	5%	**5%**	-35%
	Financial Exclusion	**20%**	46.3%	39.7%	39.5%	**41.6%**	-21.6%

DEFINITION OF INDICATORS

Payments:	% of adult population that has a transaction account with a regulated financial institution and/or has made an electronic payment through a regulated financial institution in the last 12 months
Savings:	% of adult population that has a savings-related product at a regulated financial institution and/or has saved through a regulated financial institution in the last 12 months
Credit:	% of adult population that has had a credit product through a regulated financial institution in the last 12 months
Insurance:	% of adult population that is covered by a regulated insurance policy
Pension:	% of adult population that is contributing to a regulated pension scheme or receiving a pension through a regulated pension scheme

Profile of Customers by Geo-political Zones Suggests The Need to Move Away From The One-size-fits-all To a More Customer-centric Model

North West

33.3% have phones	42.0% are business owners*	80.2% rural	4million adults save N55b through formal channels*
19.7% have no formal education	14.7% are subsistence farmers	51.4% Male 49.0% Female	7 million adults save N104b through informal channels*

North Central

62.2% have phones	35.8% are business owners*	75.8% rural	6 million adults save N68b through formal channels*
21.0% have no formal education	23% are subsistence farmers	50.6% Male 49.4% Female	4 million adults save N99b through informal channels*

South-West

84.2% have phones	52.4% are business owners*	81.4% urban	14 million adults save N208b through formal channels*
8.0% have no formal education	5.6% are subsistence farmers	50.6% Male 49.4% Female	2 million adults save N89b through informal channels*

North East

46.7% have phones	35.4% are business owners*	74.7% rural	2 million adults save N41b through formal channels*
19.9% have no formal education	20.6% are subsistence farmers	51.4% Male 48.6% Female	5 million adults save N57b through informal channels*

South-South

65.4% have phones	44.5% are business owners*	69.3% rural	8 million adults save N124b through formal channels*
1.4% have no formal education	12.9% are subsistence farmers	50.9% Male 49.1% Female	4 million adults save N82b through informal channels*

South-East

72.7% have phones	45.4% are business owners*	67.6% rural	6 million adults save N83b through formal channels*
3.2% have no formal education	14.7% are subsistence farmers	49.8% Male 50.2% Female	3 million adults save N44b through informal channels*

Map labels: Sokoto, Katsina, Jigawa, Kebbi, Zamfara, Kano, Yobe, Borno, Kaduna, Bauchi, Gombe, Niger, Plateau, Adamawa, Kwara, FCT, Nasarawa, Taraba, Kogi, Benue, Osun, Ekiti, Ogun, Ondo, Lagos, Edo, Enugu, Anambra, Ebonyi, Delta, Imo, Abia, Cross River, Baye-lsa, Rivers, Akwa Ibom
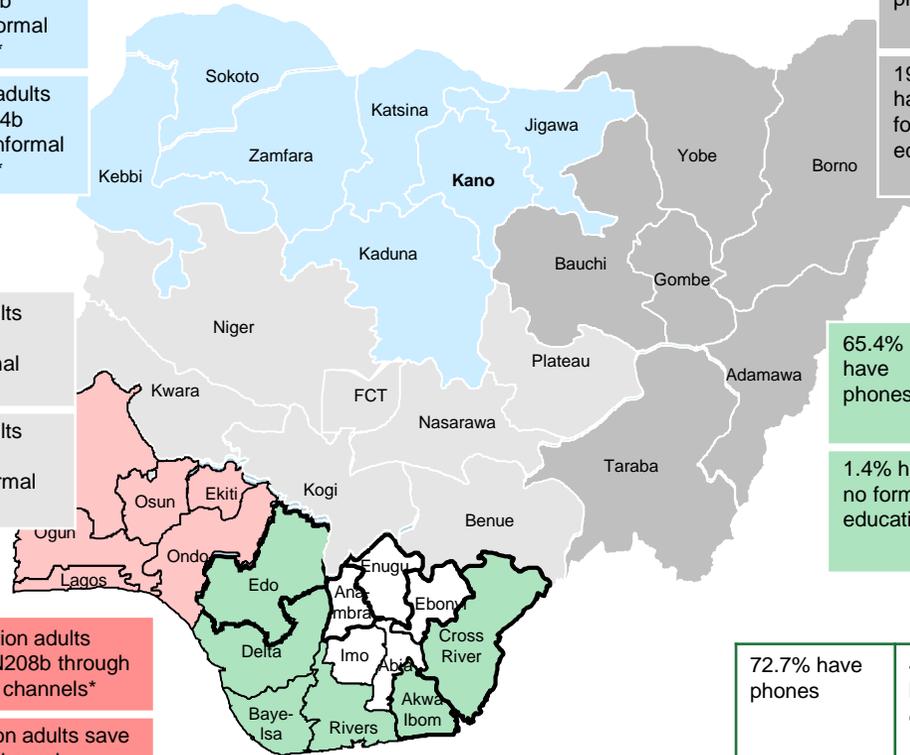
*Business Owners comprises of Artisans, Traders of farming/non-farming products, Traders of agricultural inputs
*Formal savings channels include Banks (DMBs, MFBs, Non Interest, Mortgage), mobile.
*Informal savings channels include MFIs, cooperatives/ savings groups, thrift collectors, family/ friends, at home.

There is Huge Potential to Increase Financial Inclusion by Attracting the Population that 'Save At Home'

- The total number of adults who save money increased from 52.8 million in 2010 to 65.6 million in 2016
- However, between 2012 and 2016 there was a significant reduction in the number of people who save in MFBs; whilst there was increase in those who saved in DMBs


Number of Adults who save/keep money (in millions)

Legend: 2010, 2012, 2014, 2016

Category	2010	2012	2014	2016
Total Number of Adults who save/keep money aside	52.8	58.6	59.1	65.6
Save at home	23.8	23.0	25.5	26.4
Save with DMBs	20.5	20.6	23.1	26.7
Save with group (such as a co-operative, savings group or village/community association)	19.6	24.5	17.7	11.5
Save with thrift collector/savings collector (e.g. Esusu, Ajo,)		12.4	9.4	10.5
Save with family/friends	6.0	4.9	4.7	7.0
Save with MFBs	1.7	2.4	1.8	0.8

Note: In 2010, "**save with group**" and "**save with thrift/savings collector**" were reported together

Credit is Heavily Skewed to Informal Channels and Offers a Significant Opportunity to Attract Borrowers to Formal Channels

- The total number of adults who took out a loan/borrowed money increased from 8.2 million in 2010 to 31.5 million in 2016
- Most borrowers rely on informal channels for their loans
- In 2016, 76.3% of borrowers took loans from family/friends/household member

Number of Adults who have taken out loan/borrowed money (in millions)

	2010	2012	2014	2016
Total Number of Adults who have taken out loan/ borrowed money	8.2	15.9	11.4	31.5
From Family/ friend/household member	5.9	9.8	6.5	25.4
From Co-operative, savings group or village/ community association	2.0	4.1	2.8	3.9
From Money lender	0.3	0.7	1.2	0.6
From Commercial bank		0.9	0.4	0.8
From Microfinance bank		0.7	0.6	0.7
From Government	0.2	0.0	0.2	0.1
From Employer	0.1	0.2	0.2	0.2

Note:
- In 2010, adults who borrowed from DMBs and MFBs were reported together (1.7 million adults)
- In 2016, adult who borrowed from Savings/thrift collector were reported to be 1.1 million

Reasons for Not Using Deposit Money Banks

- Irregular income, lack of access and unemployment are a major hindrance to using deposit money banks

	Urban		Rural	
	2014	2016	2014	2016
Irregular Income	45.3%	45.2%	45.0%	41.2%
Unemployed	27.1%	21.6%	21.4%	20.1%
Banks are too far from where I live or work	7.2%	12.4%	19.5%	33.0%
Too much documentation involved or required	3.8%	10.9%	3.2%	6.9%
Prefer cash	4.8%	9.4%	6.9%	10.4%
No reason	11.1%	7.9%	9.5%	5.9%
It is expensive to have a bank account	3.6%	7.7%	5.2%	9.2%
Can't read or write	4.3%	7.5%	8.5%	11.7%
It costs too much to reach a bank	3.4%	6.5%	7.5%	15.9%
No identity document	2.6%	5.4%	2.2%	4.2%
Don't know	2.4%	0.2%	4.9%	0.4%
Other	12.7%	1.8%	9.5%	0.4%

Current Projections Towards Achieving 20% Financial Exclusion Target by 2020

Scenario 1:
Based on Current Scenario Forecast

Year	Banked	Formal other	Informal only	Financially excluded
2016	38.3%	10.3%	9.8%	41.6%
2018	43.0%	14.0%	5.0%	36.8%
2020	47.0%	16.0%	4.6%	34.2%

Scenario 2:
Based on "Best Case" Scenario Forecast

Year	Banked	Formal other	Informal only	Financially excluded
2016	38.3%	10.3%	9.8%	41.6%
2018	47.9%	18.4%	6.4%	27.0%
2020	52.1%	20.9%	5.9%	21.0%

■ Banked ■ Formal other ■ Informal only ■ Financially excluded
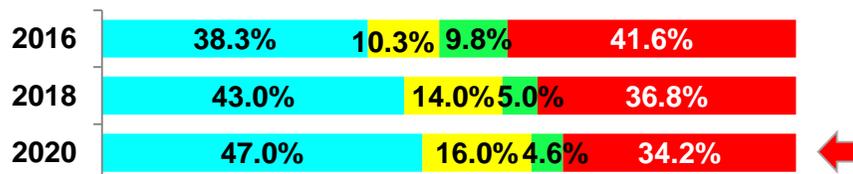
Counter Effects of recession
(Loss of jobs, lower disposable income, increasing inflation)

- Provide a cushion through micro credit, input subsidies to lower cost of living for the low income earners

Regulatory environment
(Mandatory charges – Discouraging especially the low income earners from using formal FS)

* Consider reviewing or suspending application of fees for B-O-P segments

Other potential initiatives
- Address trust and liquidity issues especially among MFBs
- Consider disruptive initiatives to promote MM usage

Product and service mapping
(Currently informal channels are popularly used for savings and credits – Cooperatives, Group contributions, thrift collectors)

- Create formal products that mirror the benefits enjoyed through current informal channels

With the right financial education, lower-income consumers will benefit from credit, savings, insurance and payments products that help them invest in economic opportunities, better manage their money, reduce risks and plan for the future.

How EFInA Intends to Deepen Financial Inclusion in Nigeria

Enhance collaborative efforts through EFInA's pillars

Review status, understand challenges, leverage opportunities	Support stakeholder linkages for an enabling environment	Provide incentives for developing innovative products and services	Support capacity to implement
Research	**Advocacy**	**Innovation Fund**	**Capacity Building**
• Continue to provide credible market information on the Nigerian financial sector • Disseminate bespoke results at EFInA breakfast series, working groups and at stakeholders' events	• Work closely with regulators & policy makers in Nigeria to foster an enabling environment for innovative inclusive financial services and products for the un-banked and under-banked segments	• Host and facilitate innovation fora to trigger debate and ideas about pertinent issues. • Financial support for new ideas and approaches to expanding financial access to the un-banked and under-banked segments	• Provide linkages between local stakeholders and experts who can help with the development and implementation of inclusive products • Facilitate skills acquisition through opportunities to attend training sessions or interact with success stories within and beyond Nigeria

---

Primary efforts will target selected thematic areas

Women, Northern Nigeria, Mobile Money, Non-Interest Finance, Micro Savings, Micro Loans & Micro Insurance, Financial Literacy

Data Dissemination Options

EFInA Access to Financial Services in Nigeria 2008 / 2010 / 2012 / 2014 / 2016 surveys

- Comprehensive database where information can be segmented in multiple dimensions, e.g., gender, geopolitical zone, age, education, etc.
- Data will be provided in SPSS or Ms Excel format
- Key findings can be downloaded from the EFInA website

Data Options

- Data request form can be downloaded from the EFInA website
  - Full dataset
  - Limited number of variables
  - Customised analysis

Contact

info@efina.org.ng

Website

www.efina.org.ng

Disclaimer

To the best of our knowledge, the information contained herein is accurate and reliable as of the date of publication; however, we do not assume any liability whatsoever for the accuracy and completeness of the above information and we provide no warranty, expressed or implied, in respect thereof.

The provision of the information contained in this report does not constitute legal or financial advice or opinions of any kind. No advisory, fiduciary or other relationship is created between EFInA and any person accessing or otherwise using any of the information provided in this report. EFInA and any of its directors, officers, employees, agents or contributors will not be liable for any damages, losses or causes of action of any nature arising from any use of any of the said information.

The content of this report does not necessarily reflect the views or official position of the UK Department for International Development with regard to financial inclusion in Nigeria.