

# A2F 2023 Survey – Key Highlights

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UNLOCKING INSIGHTS TO  
ACCELERATE  
FINANCIAL AND  
ECONOMIC INCLUSION



# A2F Survey – Overview & objectives

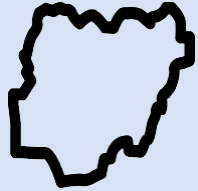
- *Since 2008, the A2F survey has provided credible data on financial inclusion*
- *Currently funded by the Bill & Melinda Gates Foundation following previous funding from the UK Foreign Commonwealth Development Office*
- *Answers questions about how adult Nigerians manage their money, make and receive payments, save, borrow, and manage financial risks*
- *Provides metrics on women, rural and Northern population, and low-income households*
- *Tracks progress towards improving financial inclusion and achieving the National Financial Inclusion Targets*
- *Supports programming design for wider development objectives – health, agriculture, women’s economic empowerment etc.*





## 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))
- The survey also includes 2 booster samples for Kaduna state (6900 respondents) and the teen (15-17) population which are not covered in this report
- 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

# Outline of the presentation

- A** | **Nigeria at a Glance**
- B** | **Financial Inclusion – Access, Usage, Quality, Impact**
- C** | **Conclusion & Opportunities for Action**

# Nigeria at a Glance

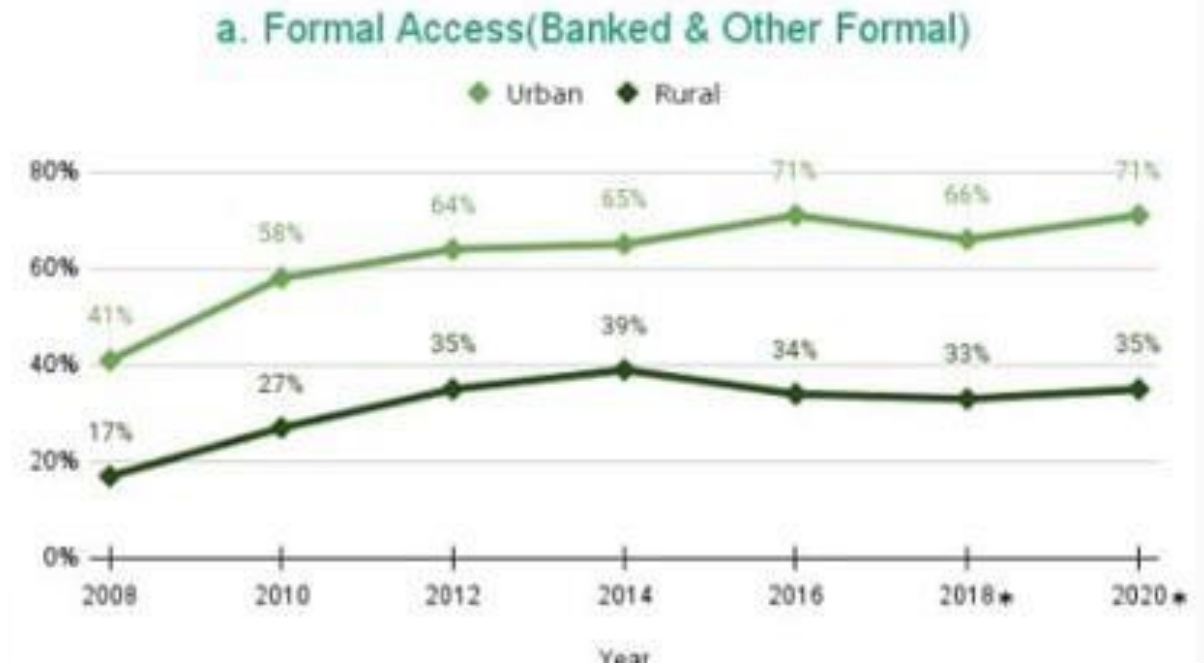
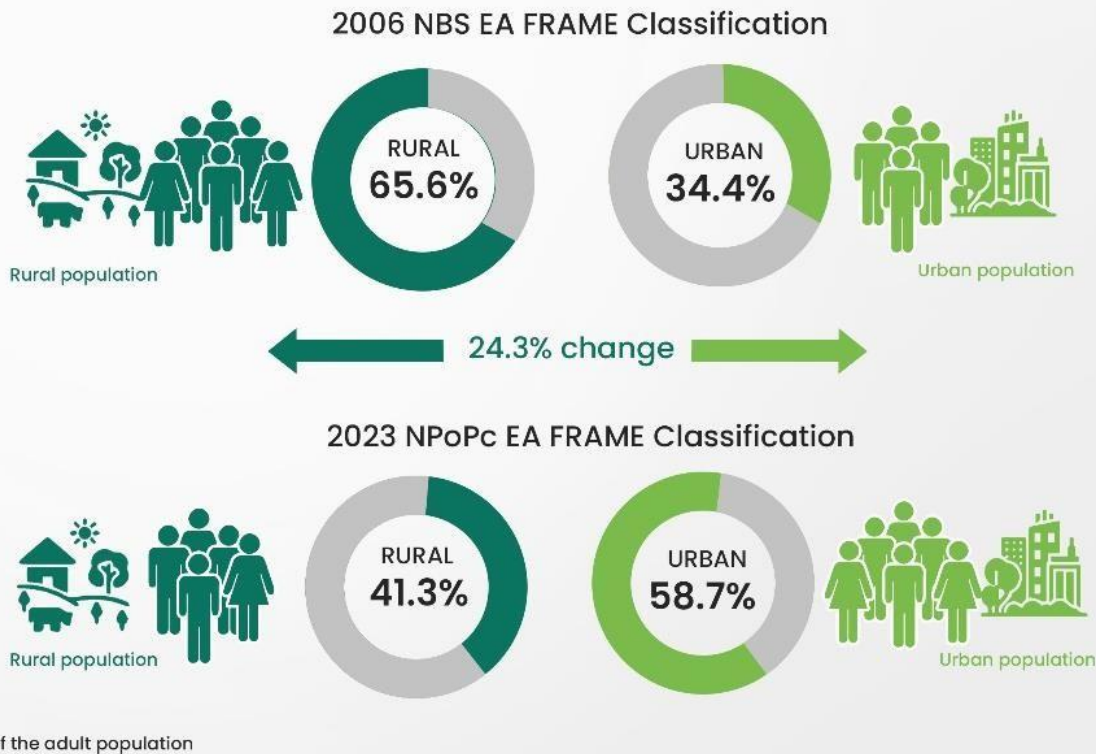
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# In the last two years, Nigeria has reported changes in the population dynamics evidenced by increased urbanization of the population. This has significant implication for financial inclusion

The 2023 Enumeration Area Frame has recorded a significant shift in urbanization of the Nigerian population

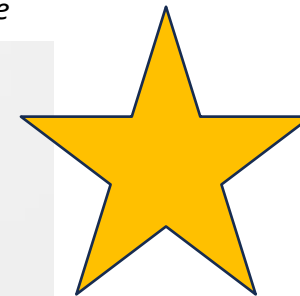
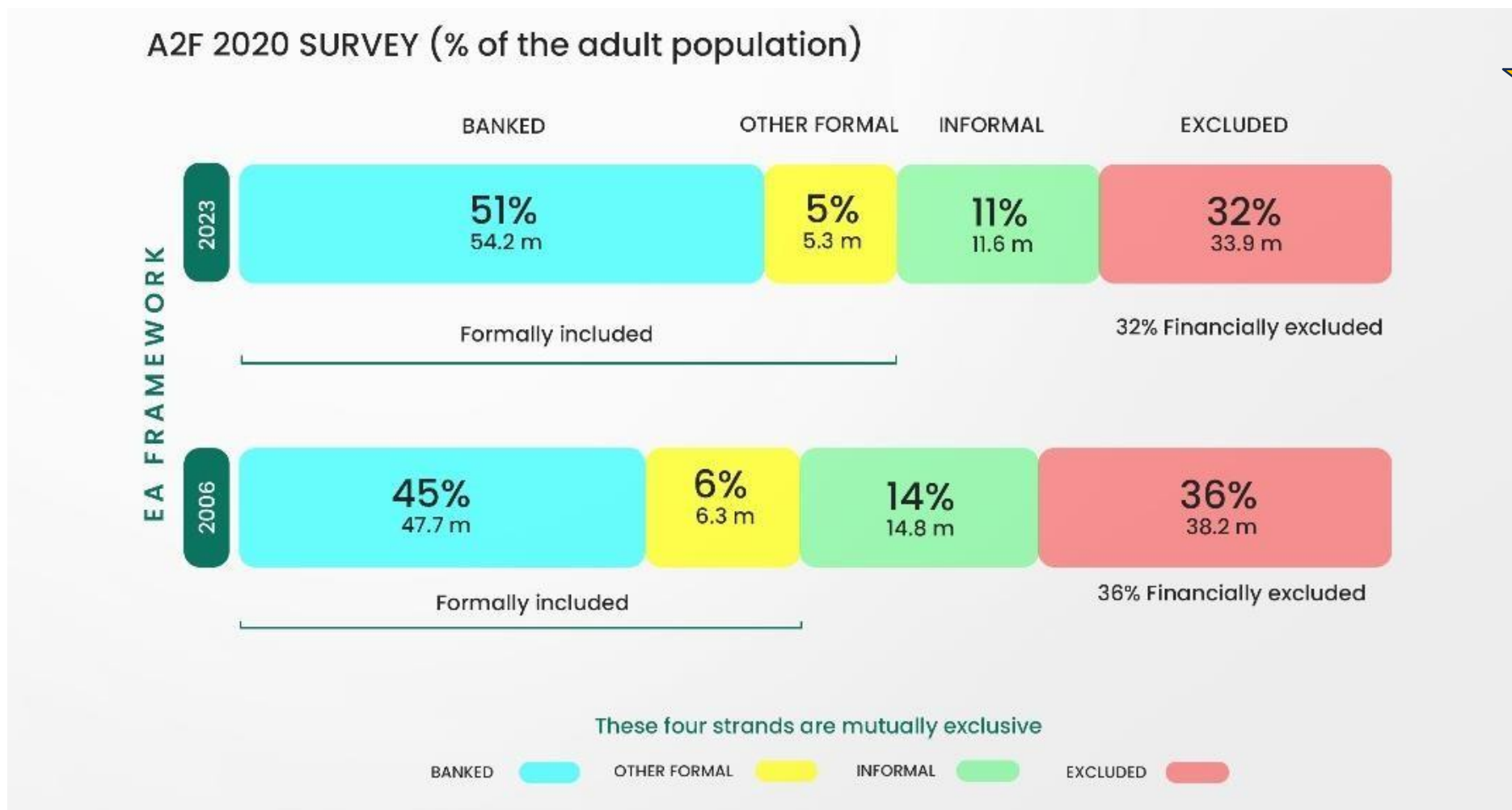
Traditionally, formal FI tends to be urban biased. Hence, increased urbanisation of the population is likely to result in an increase in FI.

Formal inclusion by residence 2008 - 2020 (rural/urban split, % of the adult population)

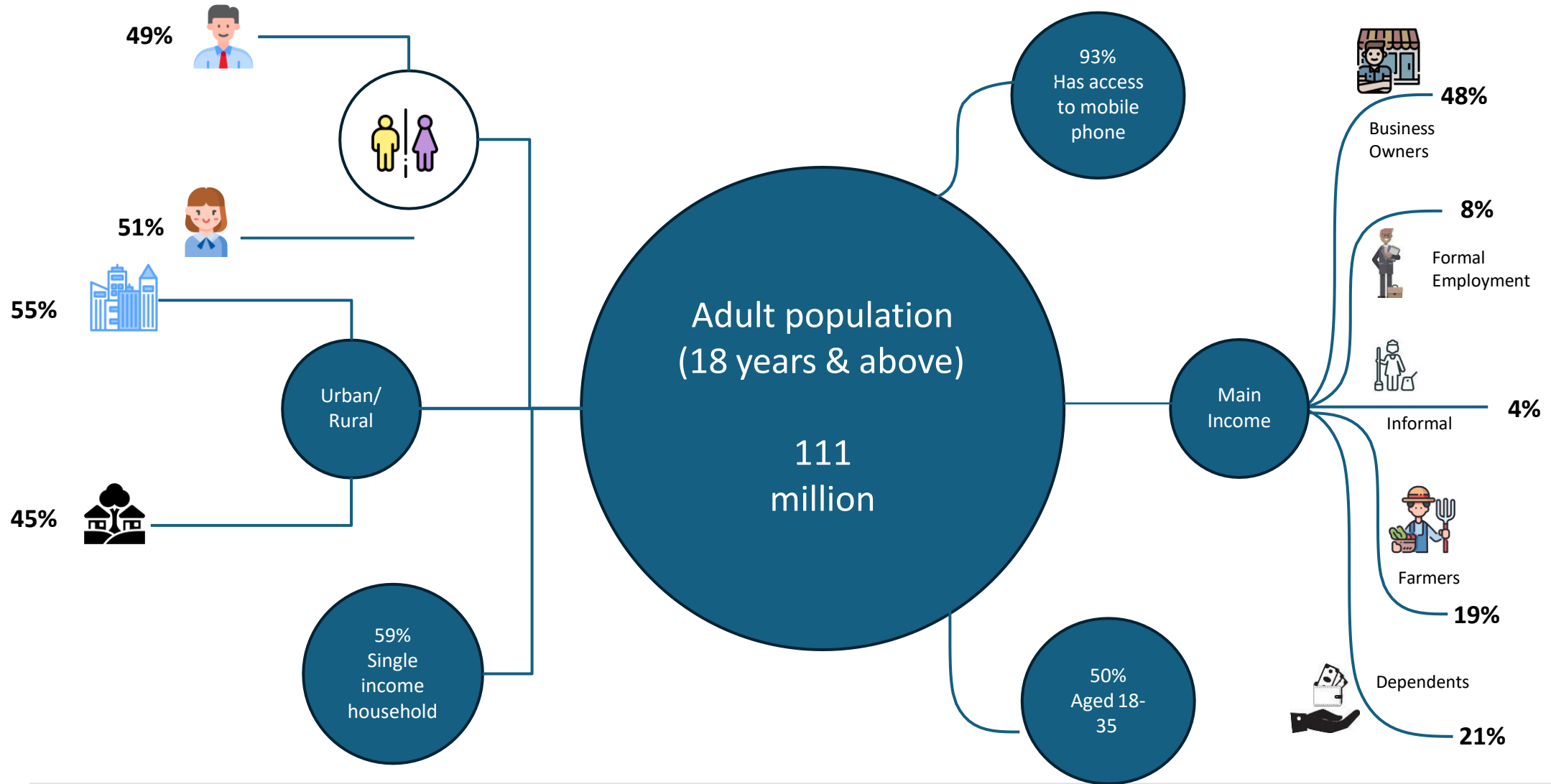


# A retrospective analysis of the A2F 2020 survey findings using the 2023 EA framework reveals a 10% increase in formal inclusion and an 11% decrease in financial inclusion

All reported estimates for 2020 have been adjusted based on the new 2022 National Population Commission Enumeration Area Sample Frame



The population is predominantly young and digitally savvy, experiencing a significant rise in urban residency, and a marked boost in entrepreneurial activities, However, a larger percentage is still highly dependent.





# Nigerian economy remains under strain with sluggish growth

## Economy



GDP



Currency Value



Employment



Inflation



Poverty

- Real GDP growth rate of 2.54% in Q3 2023 is higher than the 2.51% recorded in Q2 2023 and 2.25% recorded in Q3 2022
- Weak economic fundamentals led to a 17-year high Inflation rate of 25.8% in August 2023
- Sluggish growth with high inflation has left millions of Nigerians in poverty, with 63% (133m) of Nigerians multidimensionally poor in 2022

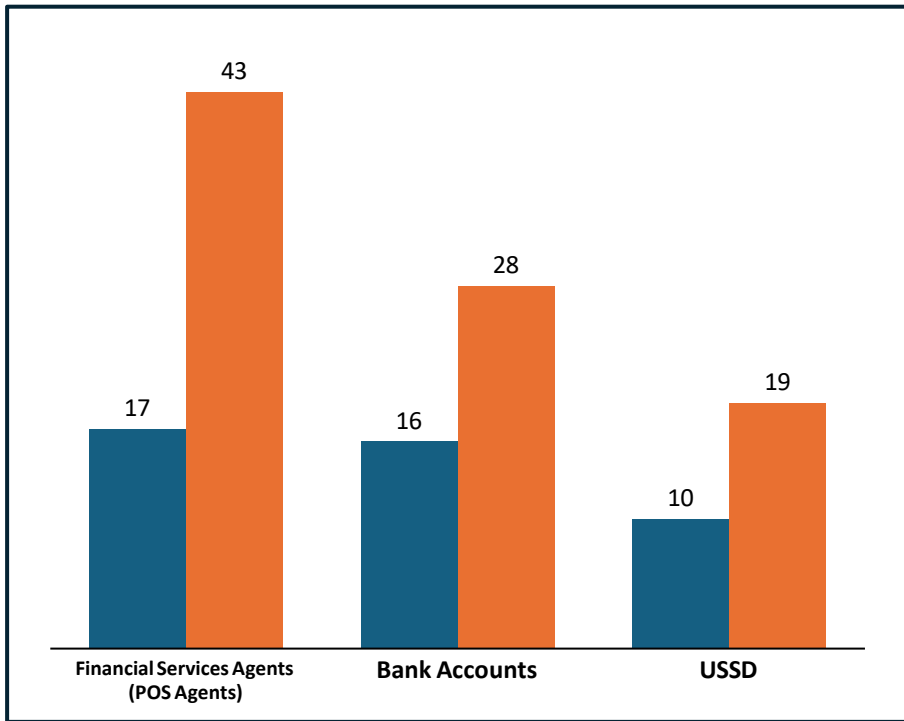
## Financial Regulation



- National Identification Number and SIM card linkage – 100m+ NIN holders
- E-Naira - CBN digital currency was launched in 2021 – 1m+ users
- Revised National Financial Inclusion Strategy – November 2022
- Framework and Guidelines for Digital Lending by the Federal Competition and Consumer Protection Commission (“FCCPC”)
- Naira redesign – December 2022
- Regulatory/supervisory framework for Mobile Money Services, Payment Service Banks, Regulatory Sandbox Operations, Agent Banking

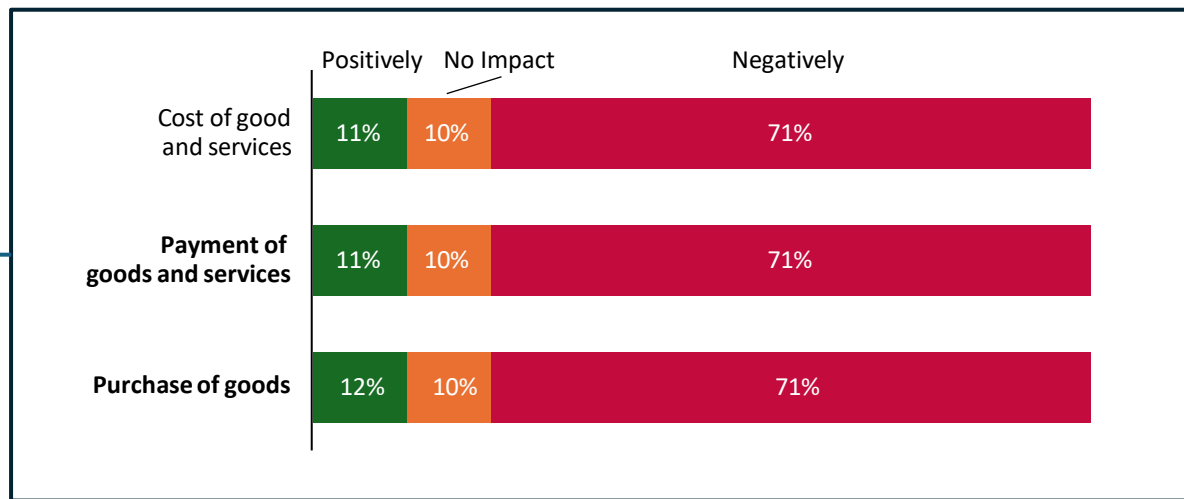
# The Naira redesign policy advanced digital finance but had broad negative impacts. Businesses and households saw more harm than good. About 70% of entrepreneurs reported setbacks, with losses in revenue and market disruptions.

Products/services Nigerians have used due to this Naira redesign, %



■ Did you use to have but stopped or now use less  
■ Did you start using or used more due to the Naira redesign policy

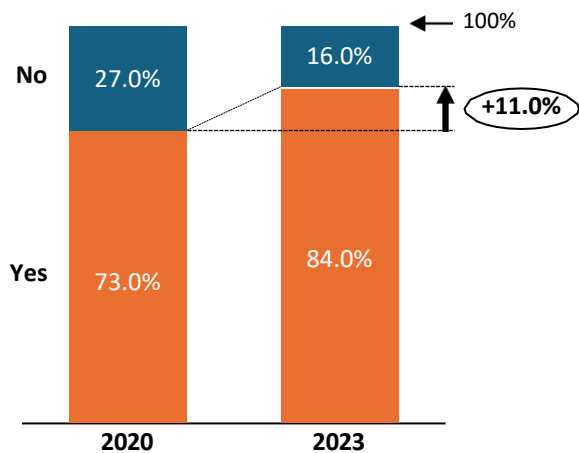
Ways the Naira redesign policy implementation affected the livelihood of Nigerians, %



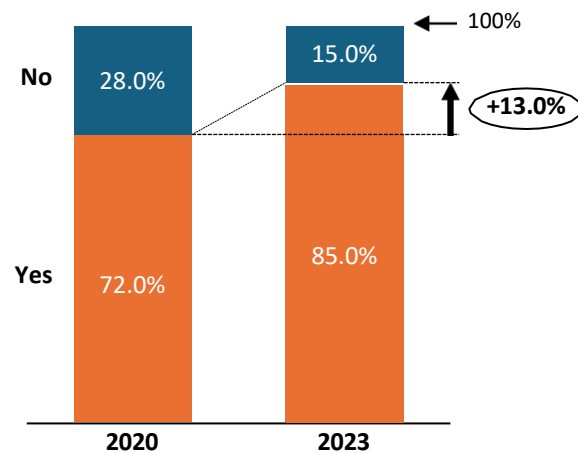
Impact of the Naira redesign on business owners/operations during the policy implementation, %

# Although Nigerians remain even more ambitious with at least 4 in 5 working towards achieving a goal, they continue to be increasingly plagued with severe liquidity distress and financial shocks in the magnitude of the COVID-19 shocks

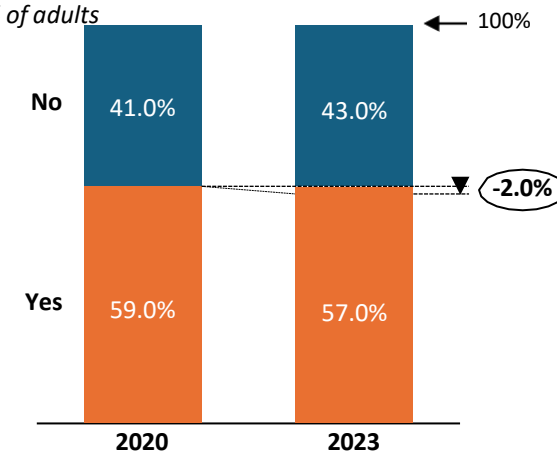
Adults with goals %



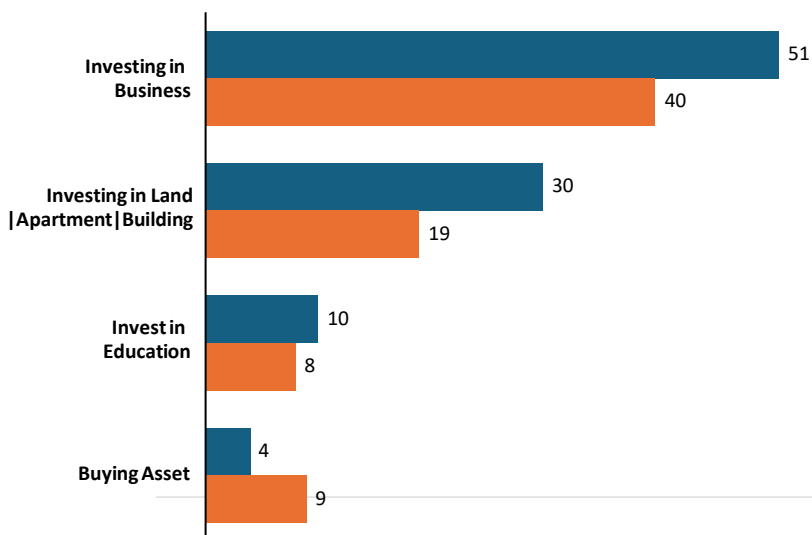
Adults with liquidity needs, %



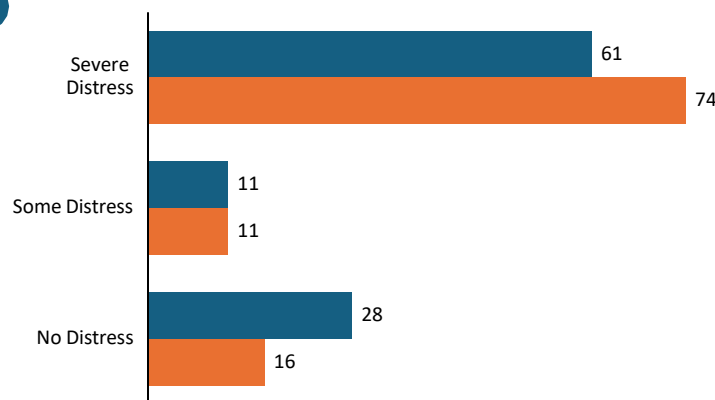
Adults who faced shock, % of adults



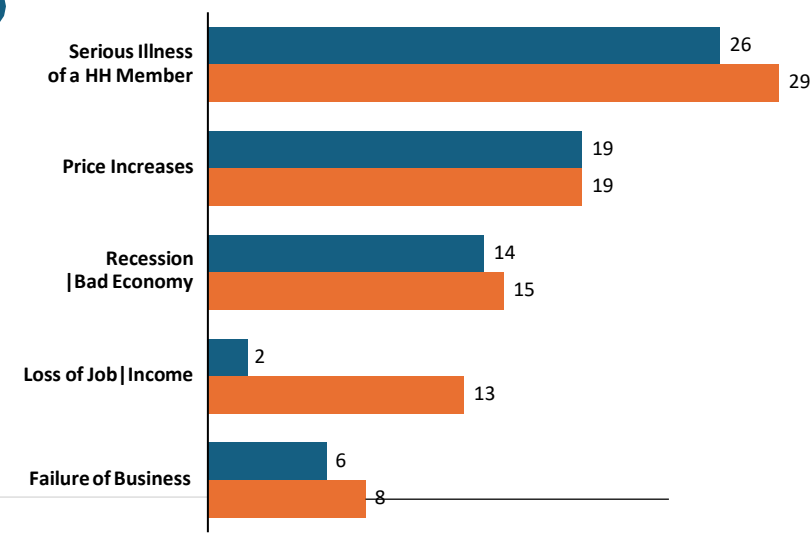
Top goals (% of adults)



Level of Distress, %



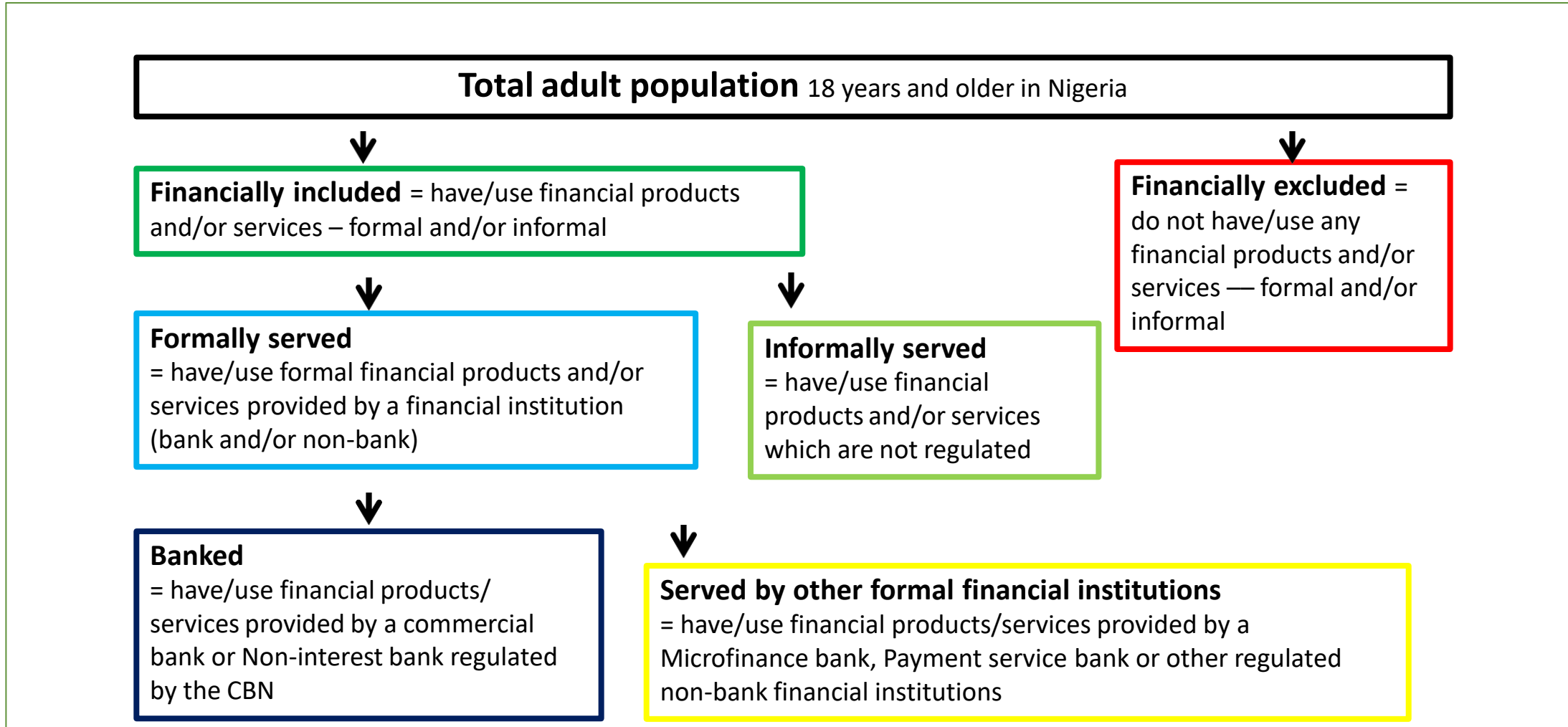
Top risks experienced by Nigerians, %



# Financial Inclusion

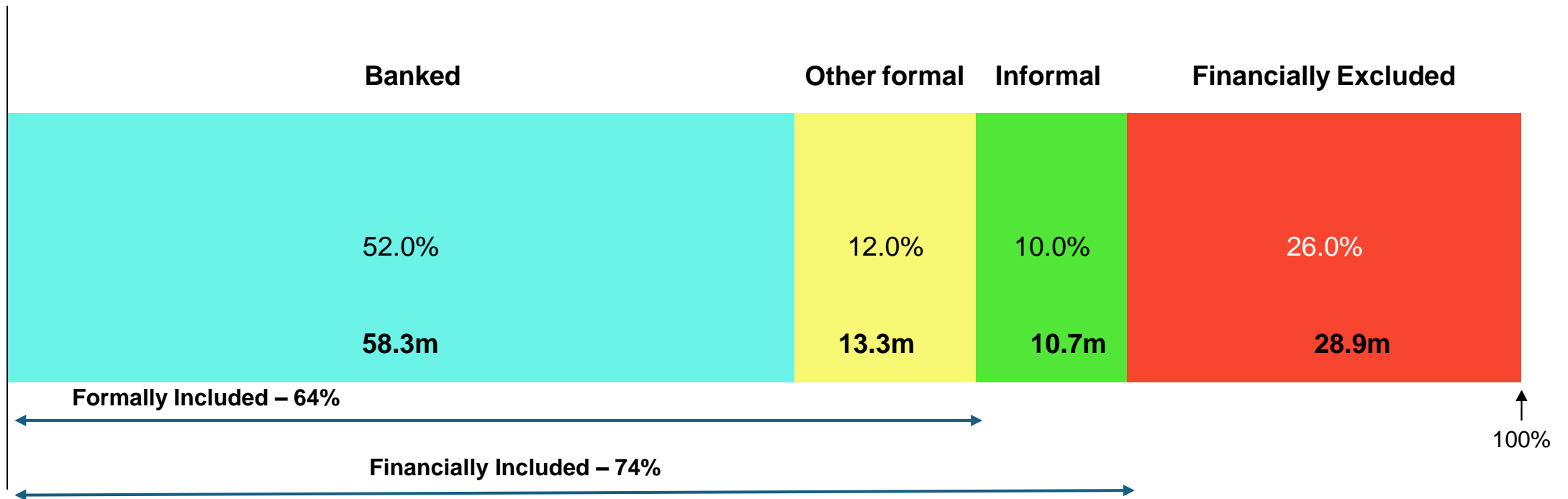
**Access, Usage, Quality, Impact**

# Defining the Financial Access Strand

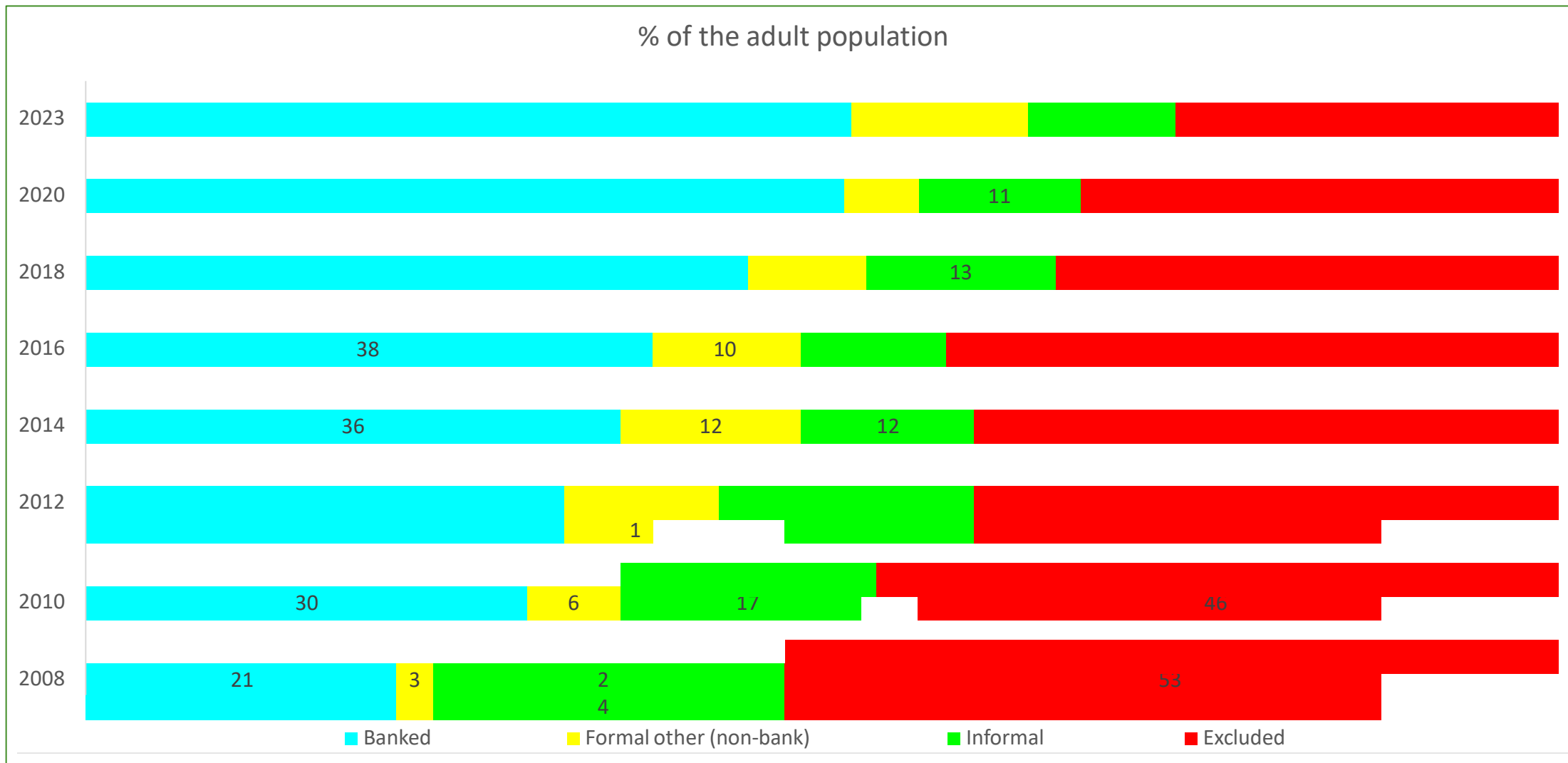


# Formal financial inclusion has grown significantly from 56% in 2020 to 64% in 2023, fueled by marginal growth in the banked population and major gains in non-bank formal adoption

- Nearly 3 in 5 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

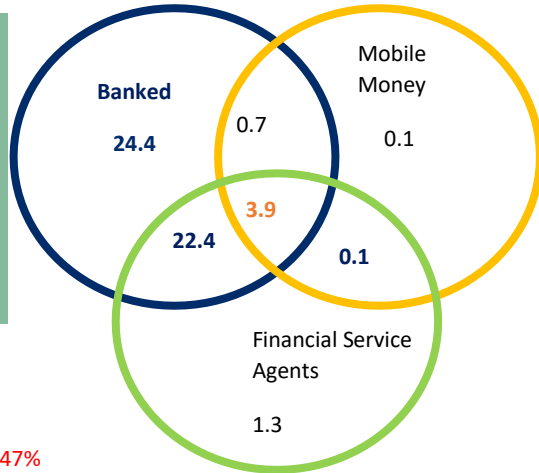


Ecosystem shift portrayed by a growing decline in the proportion of adult Nigerians who rely exclusively on banking services and the increasing use of a combination of providers to meet financial needs, suggests that certain needs are being met outside of the banking and formal system. It also highlights the role of technology in driving access

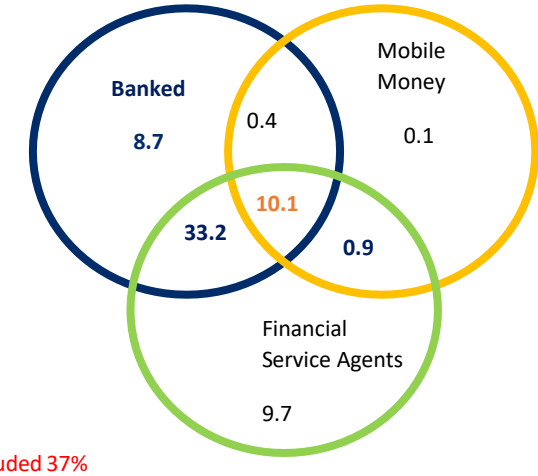
2020

2023

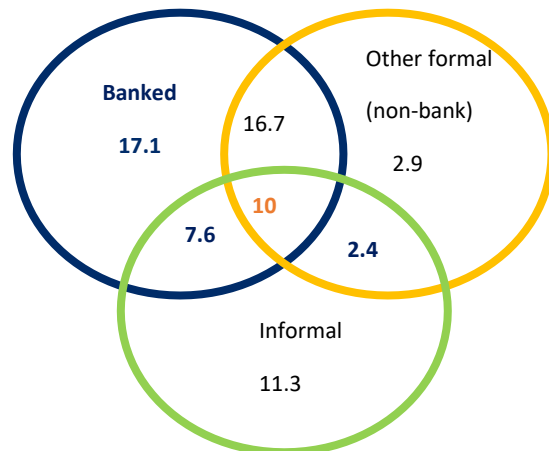
Overlaps in use of Transactional account & Agents



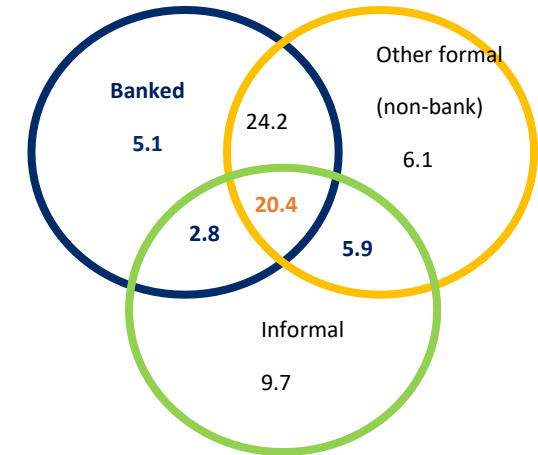
Use of a combination of bank, non-bank and informal mechanisms to manage financial needs has doubled to 20% in 2023 from 10% in 2020



Overlaps in Financial Access



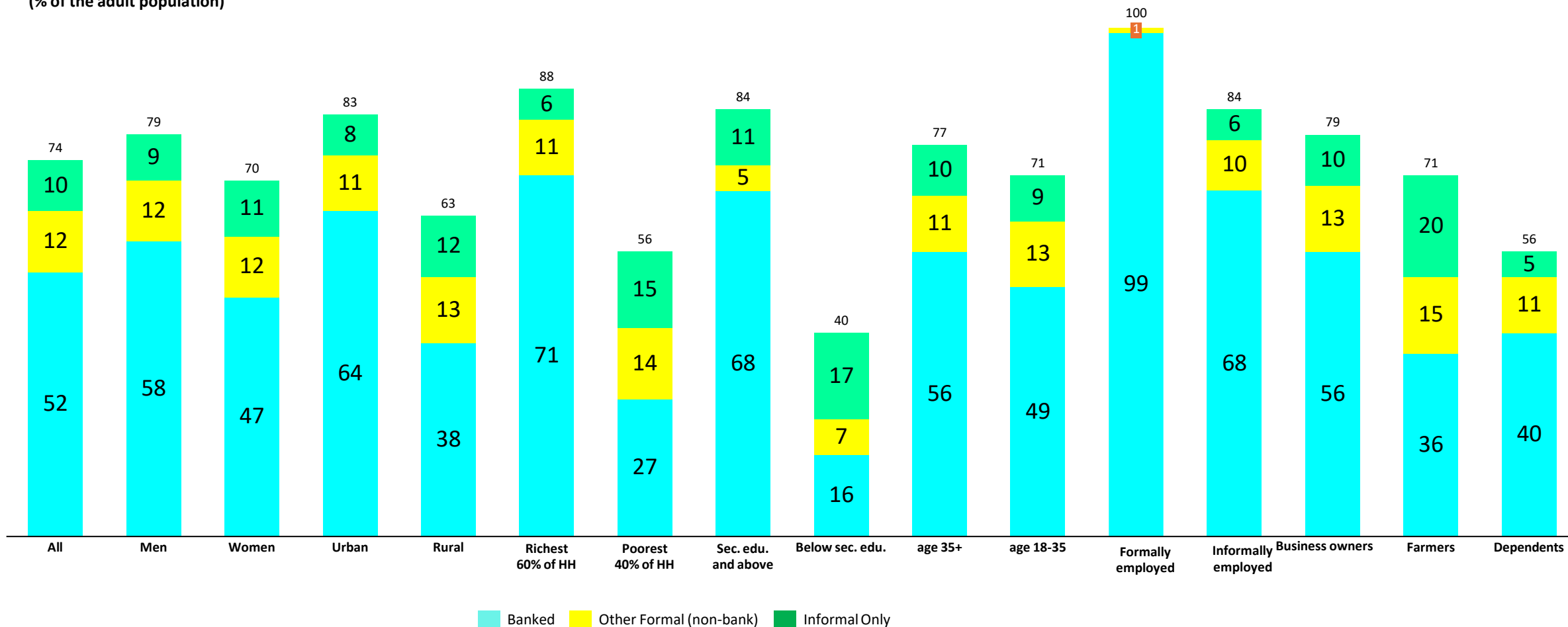
Financial Service Agents extend access to 11m adults who do not use banks or mobile money





# Despite growth in access, certain demographic gaps continue to persist in Nigeria

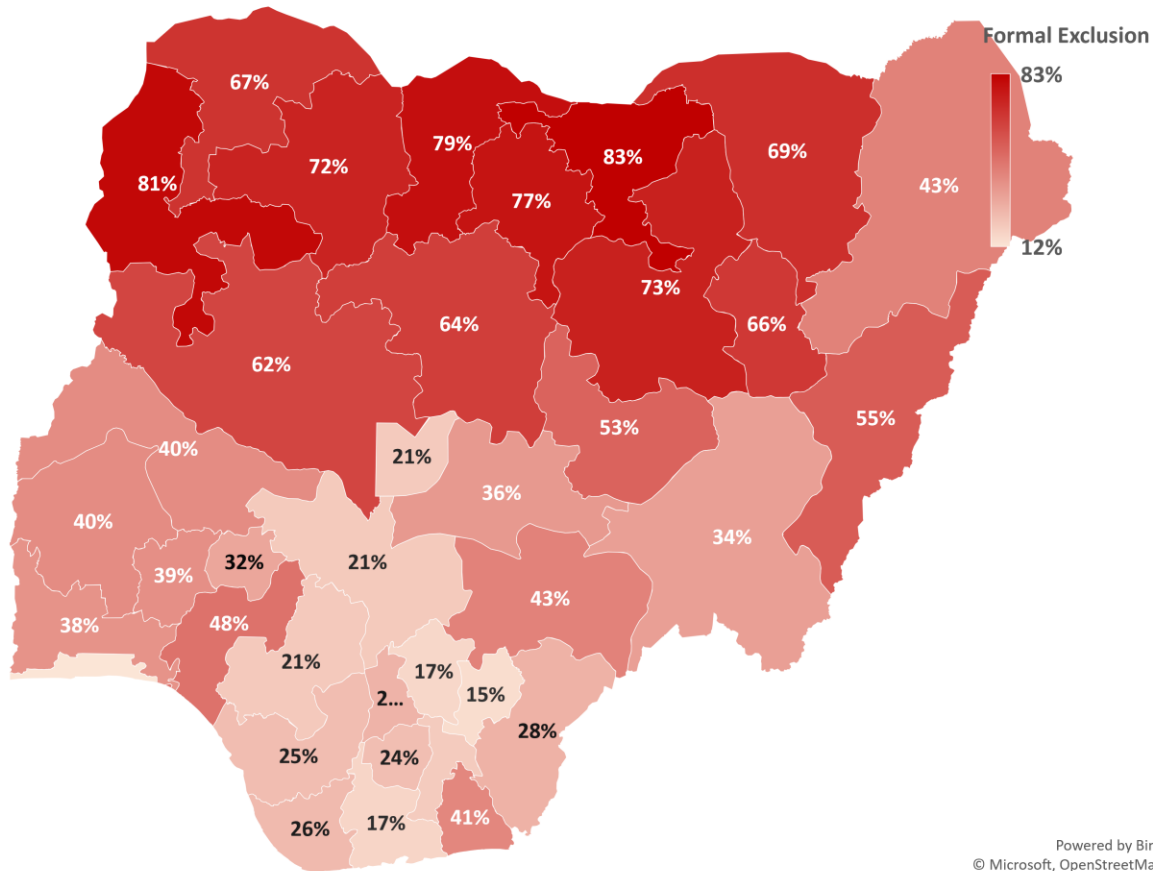
Financial Access Strand,  
(% of the adult population)



These four strands are mutually exclusive

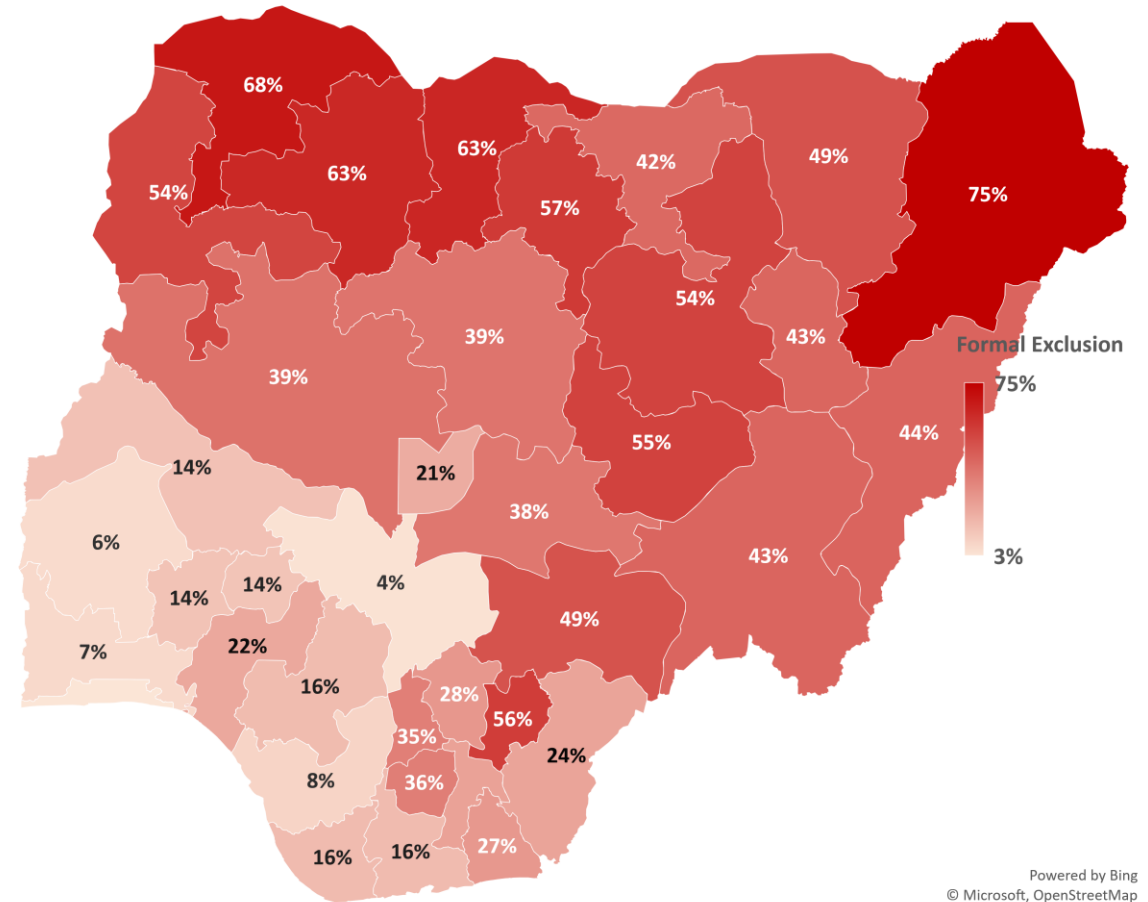
Despite growing access, including significant gains in the North-East and North-West, all states in the North-East report exclusion levels above the national average. Gains in the adoption of non-bank formal services should also be explored to adopt learnings in lagging states to ensure no state is left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

2020 State Formal Financial Exclusion (% of adults)



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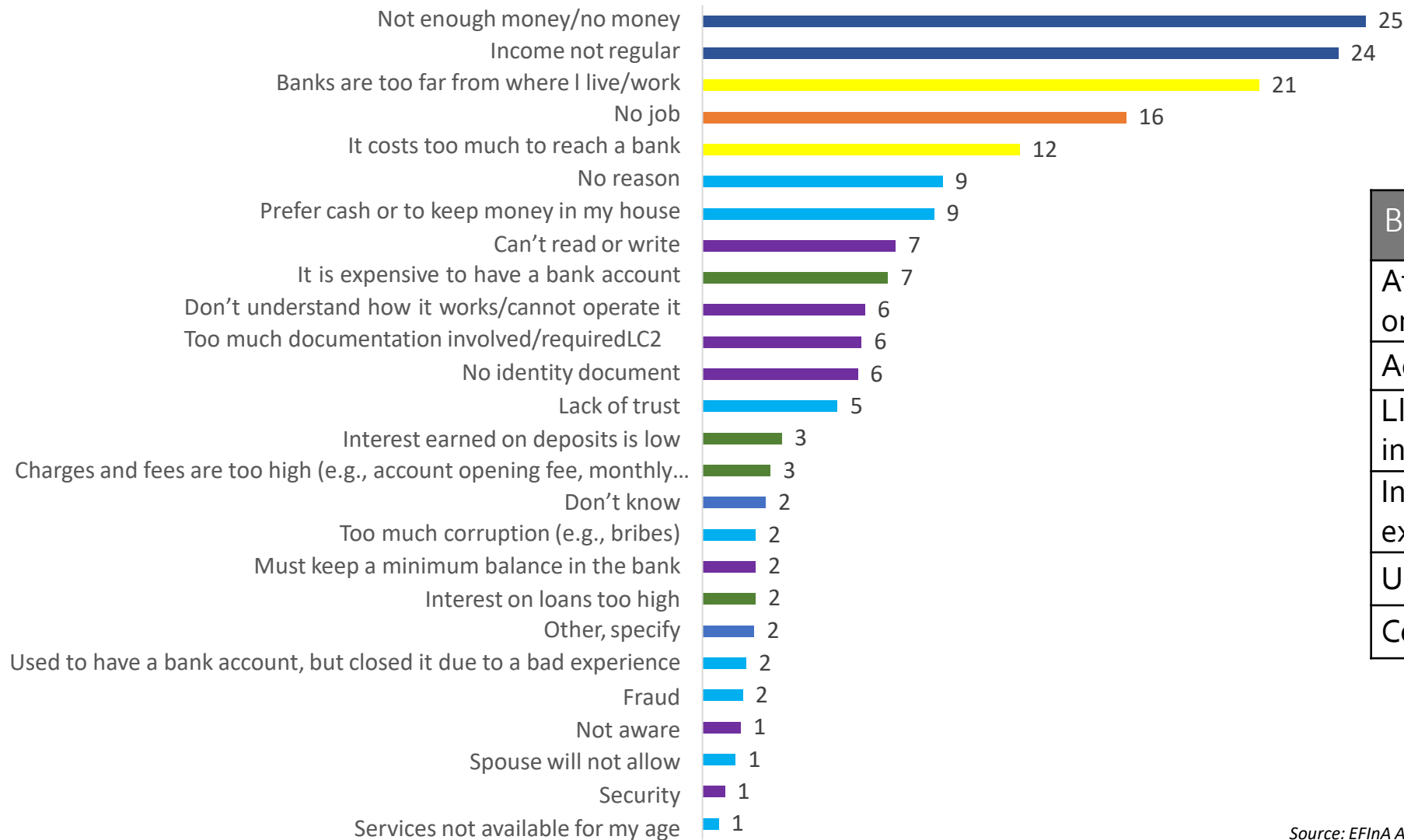
2023 State Formal Financial Exclusion (% of adults)



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# Little/irregular income has become a prominent barrier, surging from 31% in 2020 to 49% in 2023, indicating a heightened awareness of income-related challenges, while the ongoing relevance of physical access to financial institutions persists.

Reasons for not having a bank account (%)



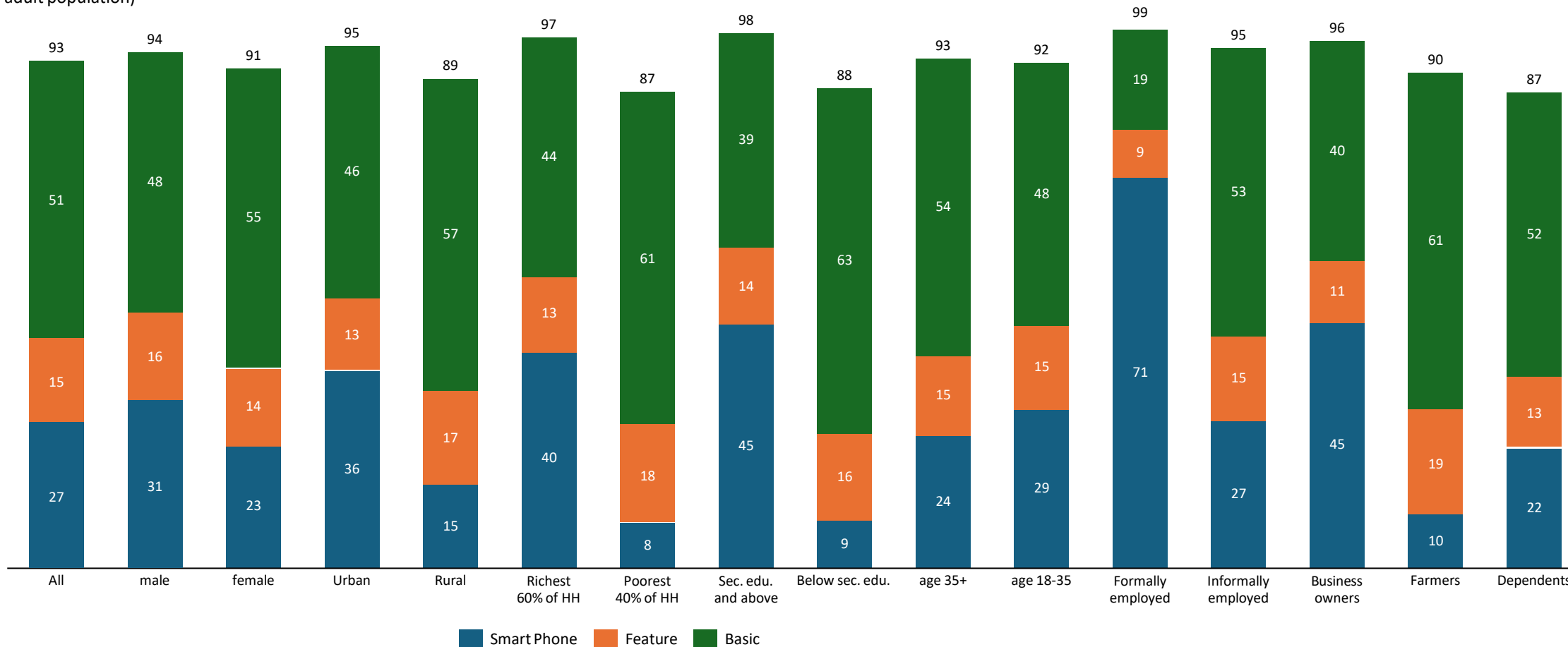
Barriers	2020	2023
Attitudes/perceptions	34	33
Access to banks	31	33
Little/irregular income	31	49
Institutional exclusion	22	29
Unemployment	21	16
Cost of banking	15	10

Source: EFinA Access to Financial Services in Nigeria 2023

# Usage of mobile phones has increased to 93% (103 million) in 2023 from 90% in 2020, with a 4-percentage point and 1 percentage point decrease in the usage of smartphones and feature phones. At least 1 in 2 reported access for the priority excluded groups is to basic phones

- 52% (28m) unbanked adults have NIN, 5% (3m) of banked adults are without BVN or NIN

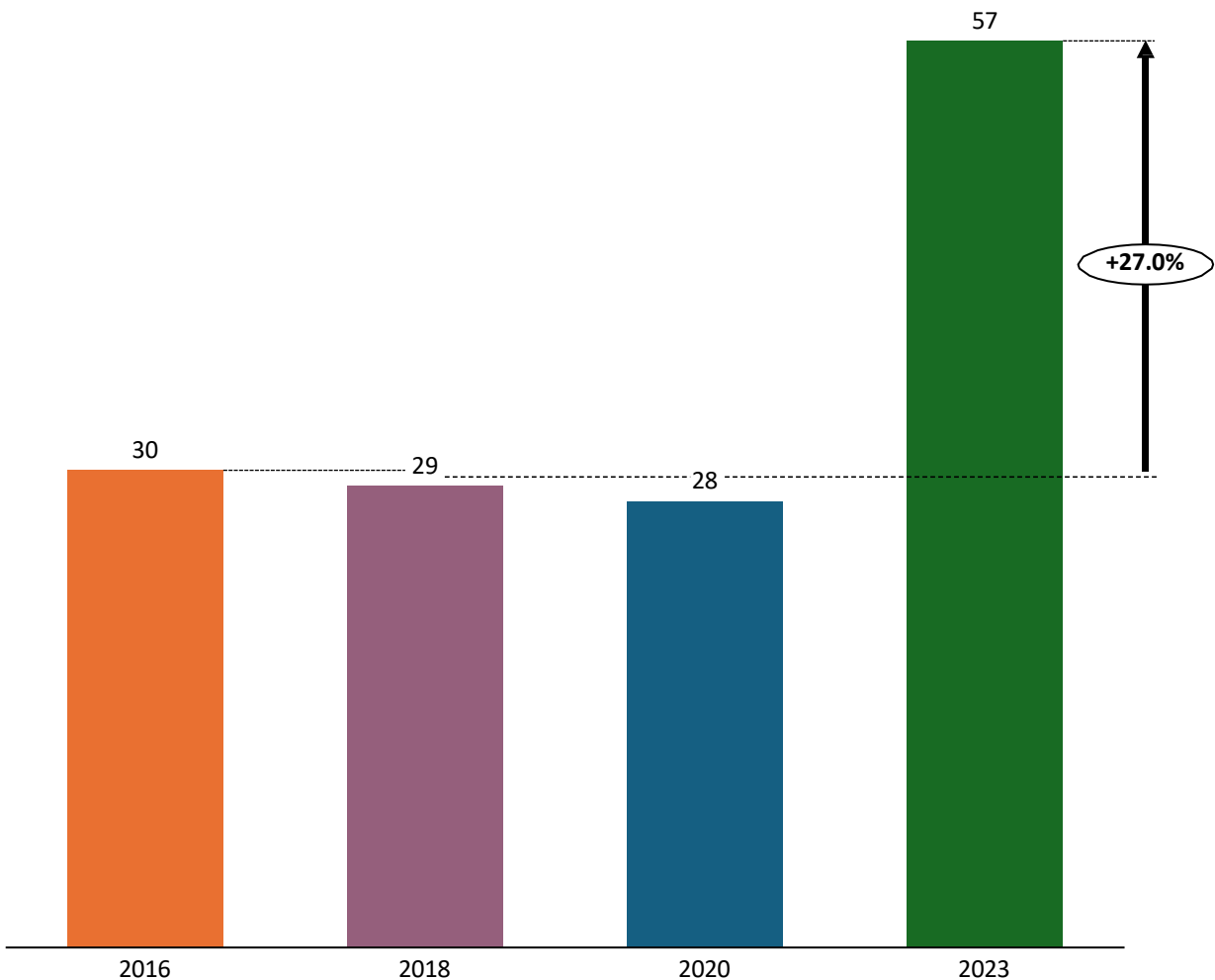
Phone access strand,  
(% of the adult population)



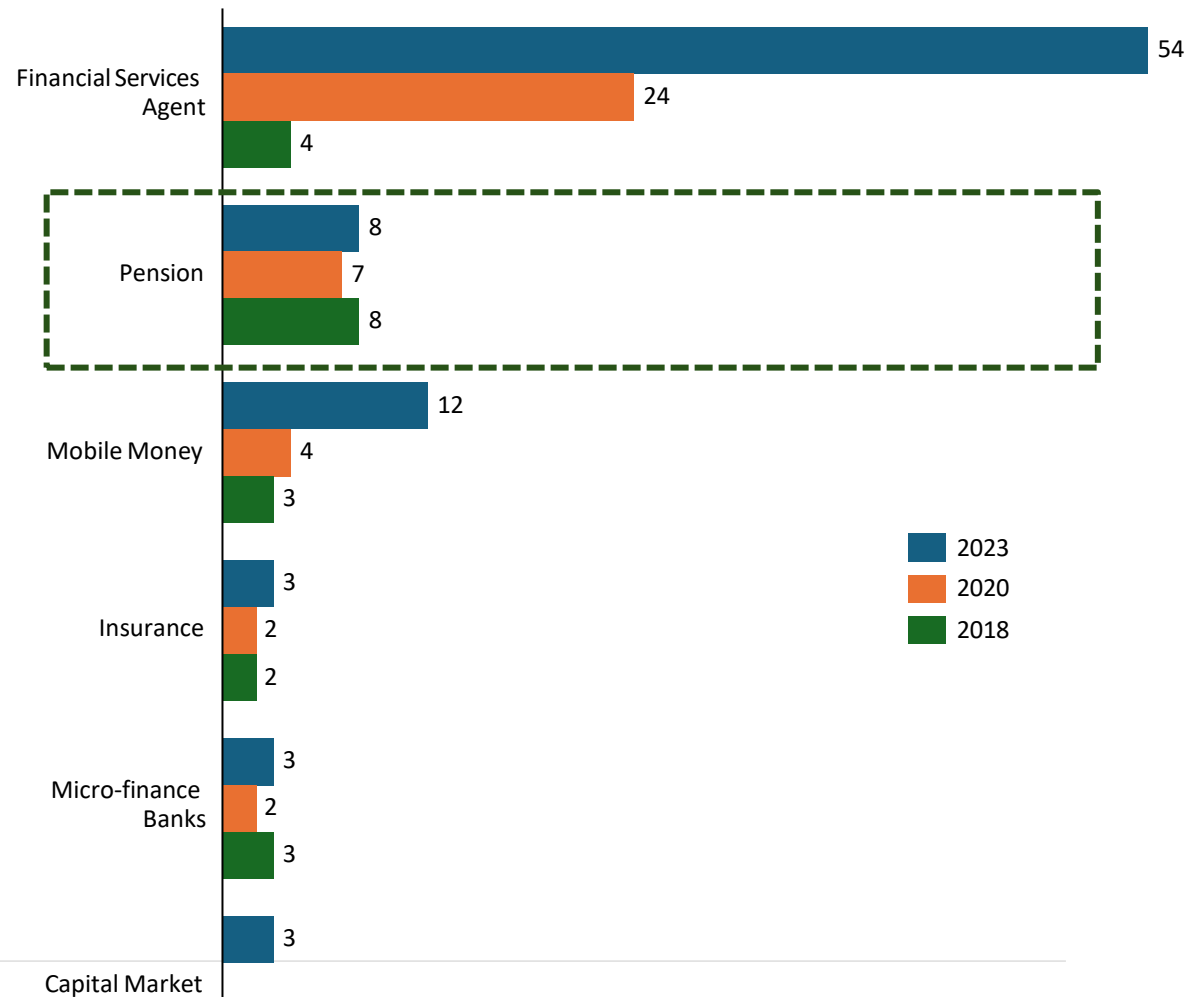
These four strands are mutually exclusive

**Nigeria's financial inclusion landscape has transformed significantly from 2016 to 2023, with formal financial service usage growing from 30% to 57%. The adoption of financial service agents has also skyrocketed, from 4.4% in 2018 to 54% in 2023.**

Other formal non-bank, %

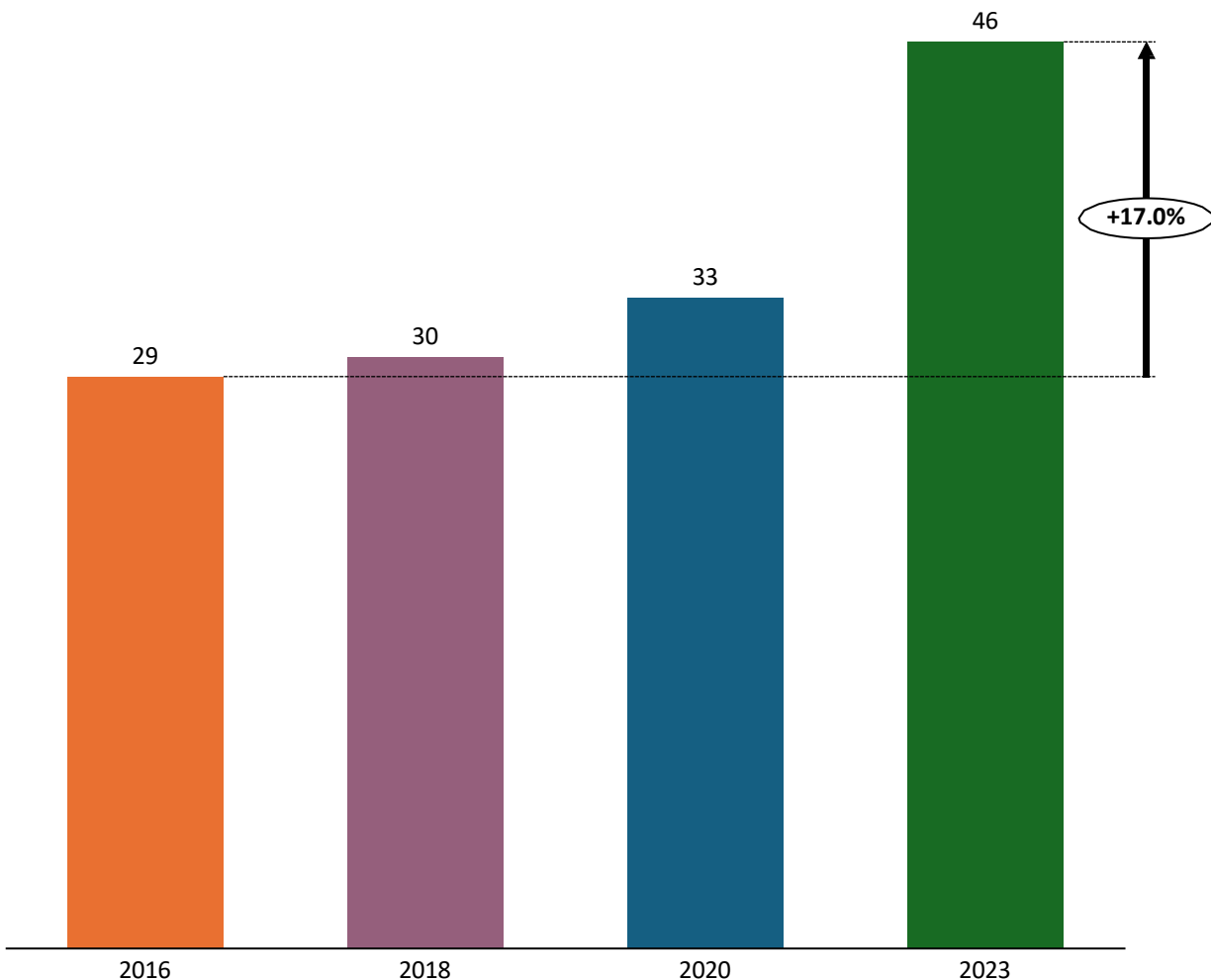


Change in select categories, %

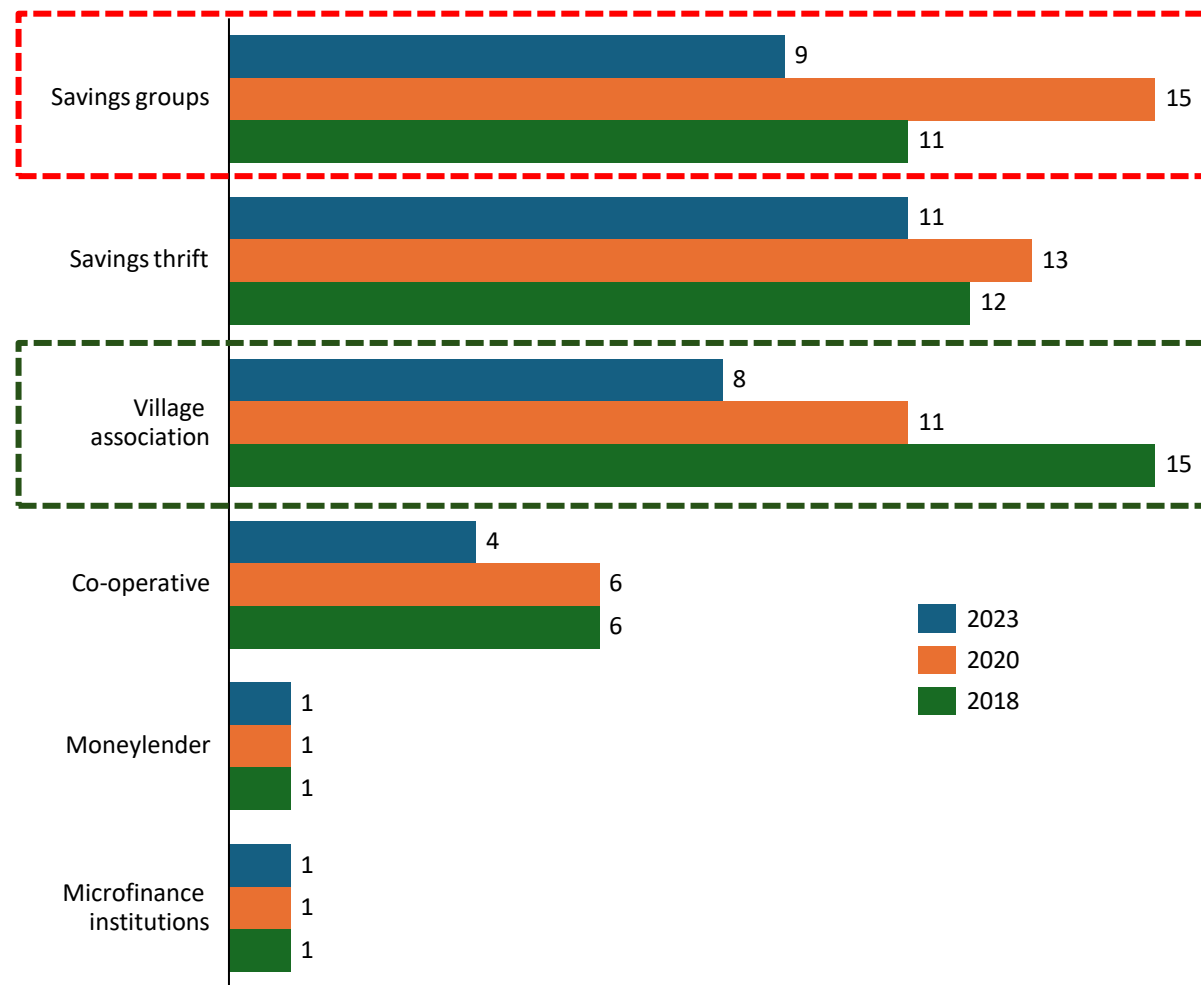


# Usage of informal financial service providers increased by 39% since 2020, with significant increase in the use of village associations predominantly in the South East

Informal financial services uptake, %

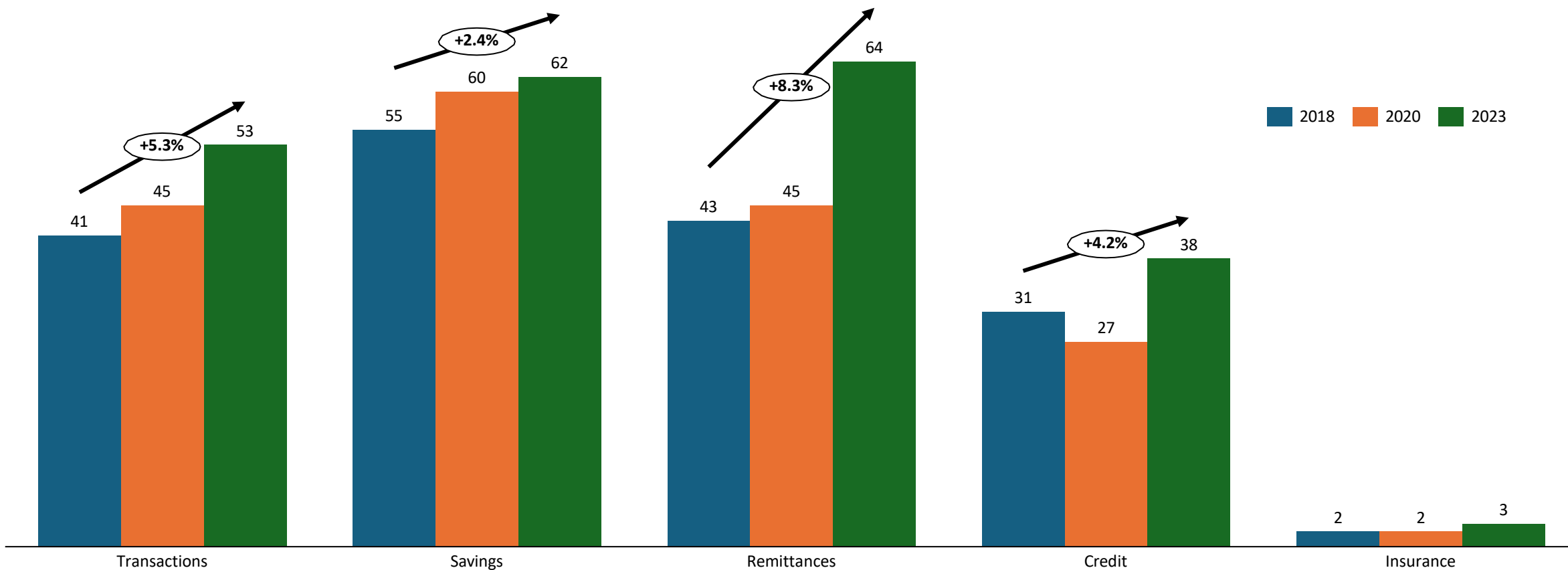


Drivers, %



# The use of financial services, including transaction accounts, savings, remittances, credit, and insurance, is on the rise. Notably, savings increased by 2%, remittances by 8%, and credit by 4%, indicating an increased deepening of inclusion

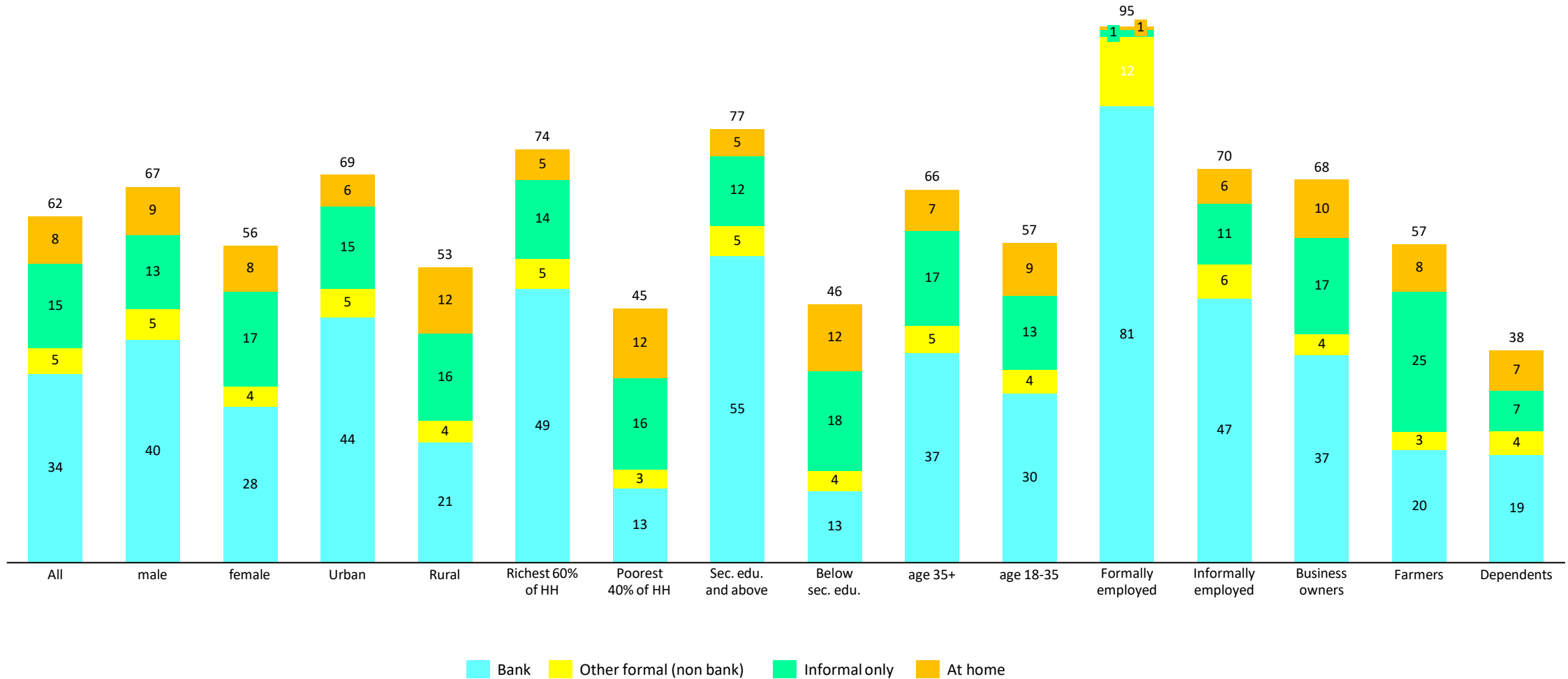
- **Savings** includes saving at home and with family and friends.
- **Credit** includes borrowing from family and friends.
- **Transaction** captures those who have access to/use formal transactional accounts-commercial banks, microfinance banks, mobile money accounts



Growth is calculation is CAGR (cumulative average growth rate)

# 38% of adults—69% of adults with a transactional account – saved formally

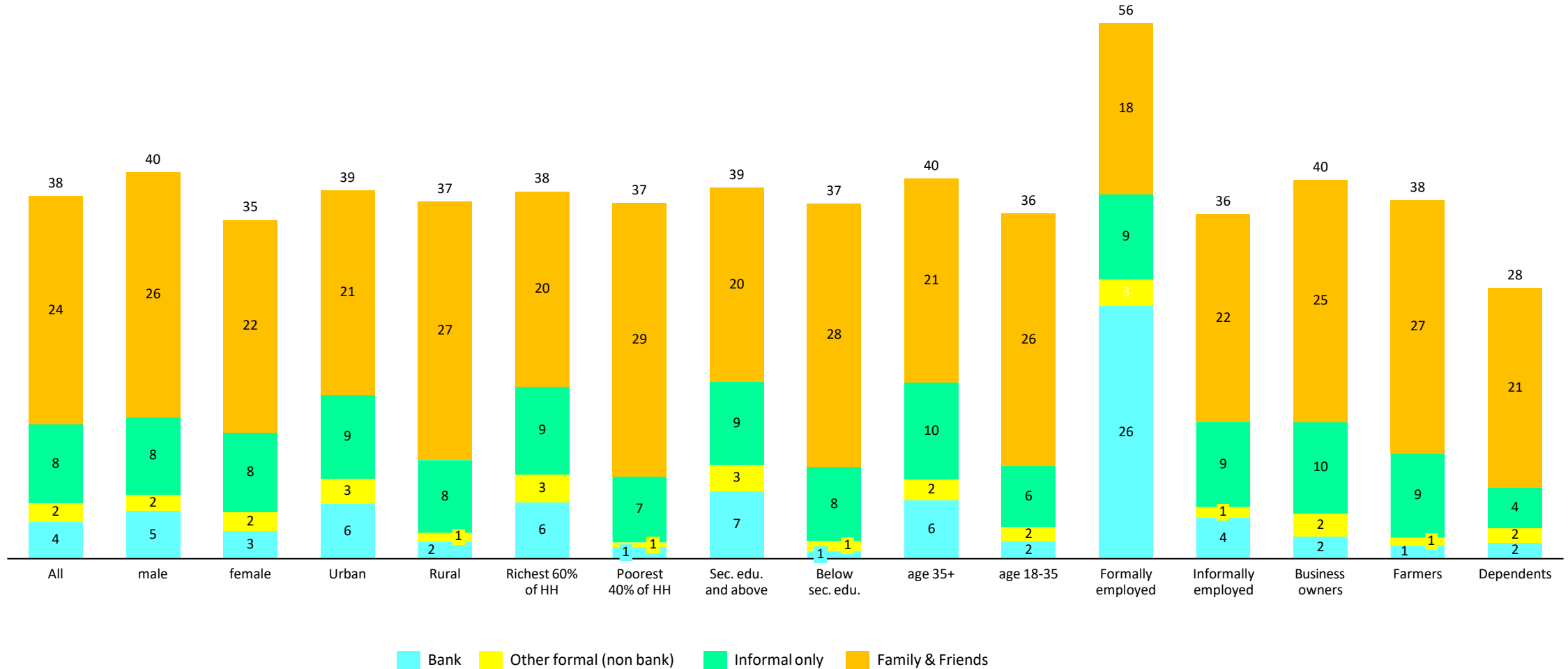
Saving channels by demography, (% of adults)





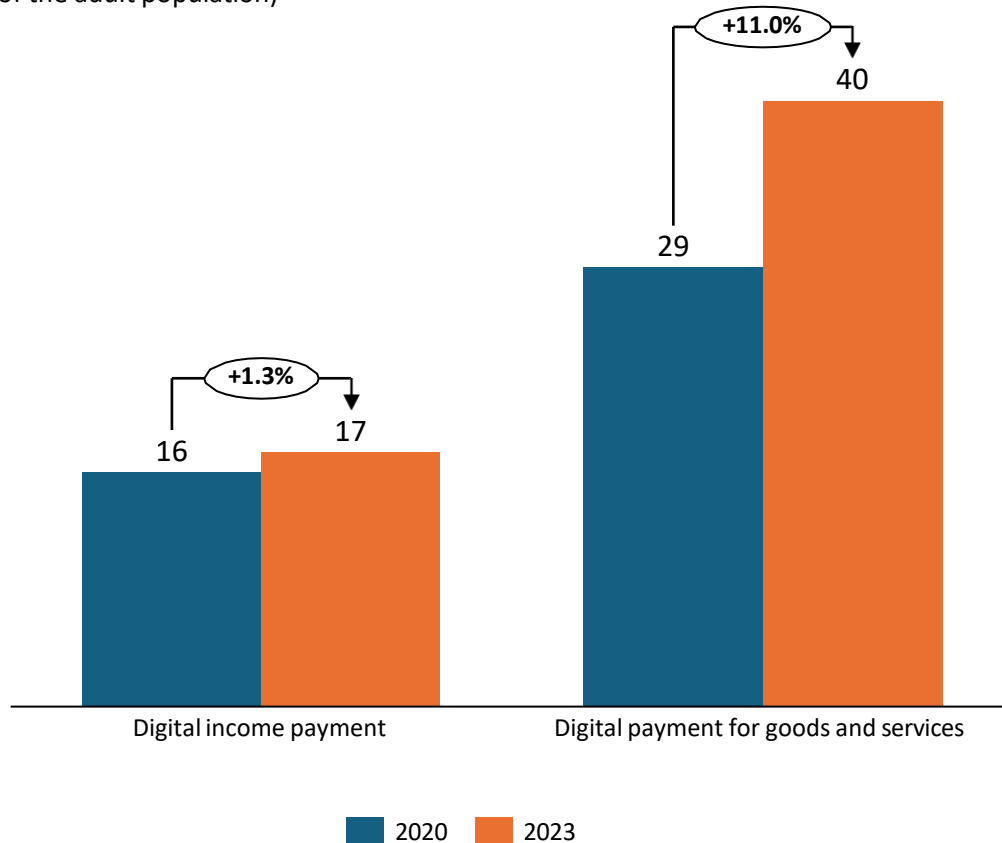
# 6% of adults—10.5% of adults with a transactional account - borrowed formally

Source of borrowing by demography, (% of adults)



# 45% of Nigerians used Digital Financial Services in the past 12 months, up from 34% in 2020

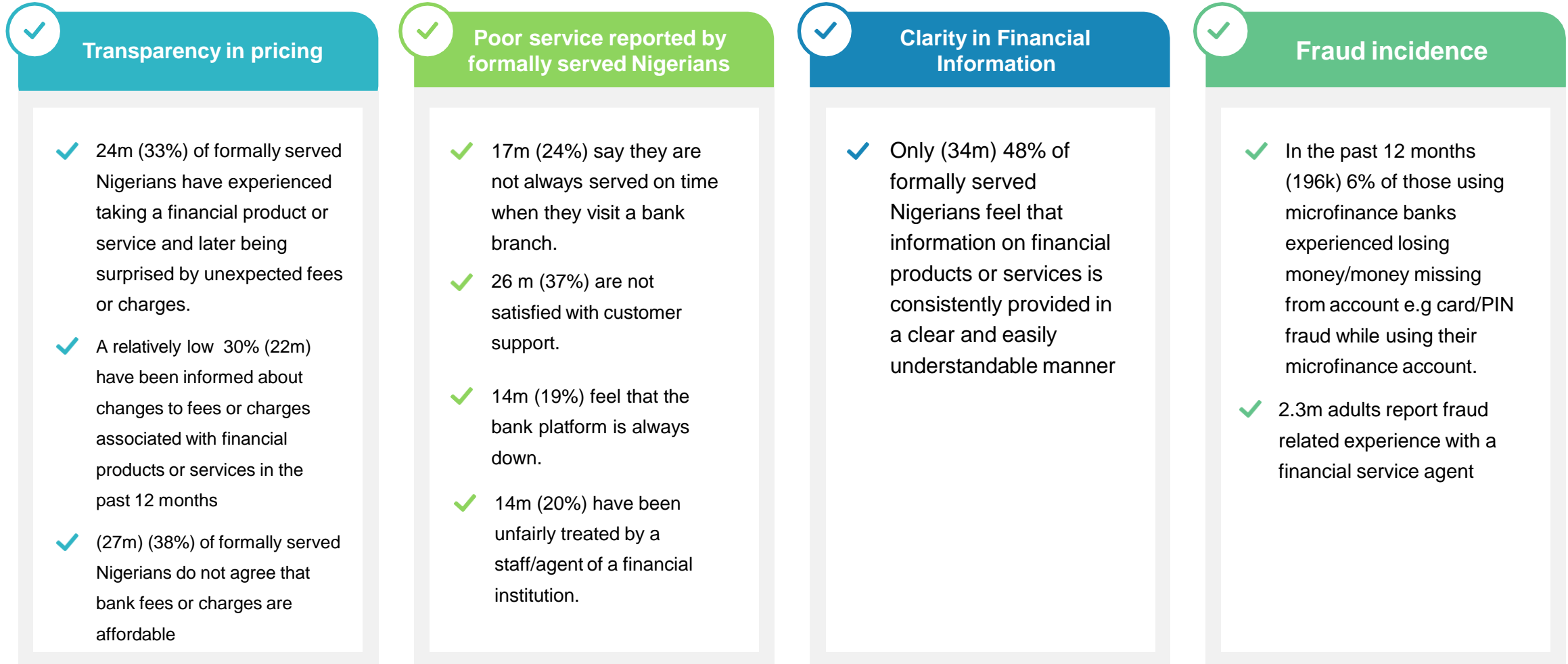
Usage of Digital Financial Services  
(% of the adult population)



83% of adults with a transactional account use digital financial services up from 60% in 2020

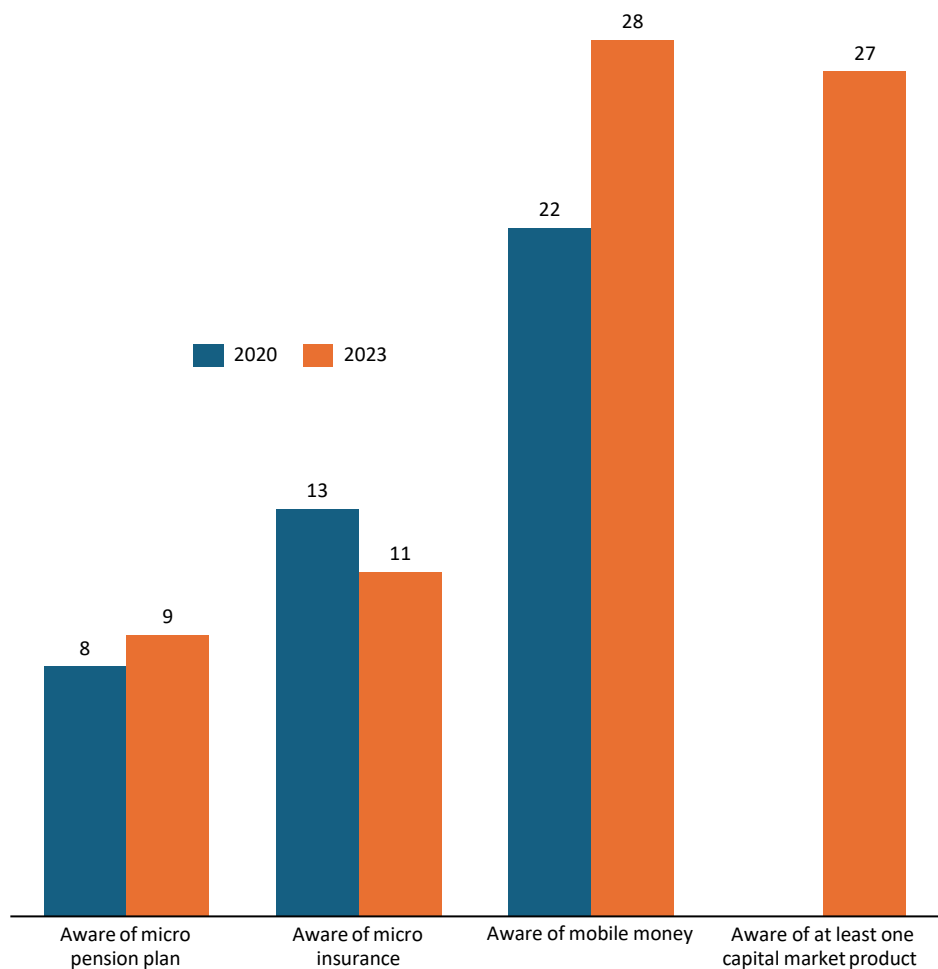
- 31% receiving digital income payment
- 75% making digital payments for goods

# A significant proportion of formally served Nigerians face challenges related to fraud incidence, poor service, high banking costs, and a lack of clarity in financial information.

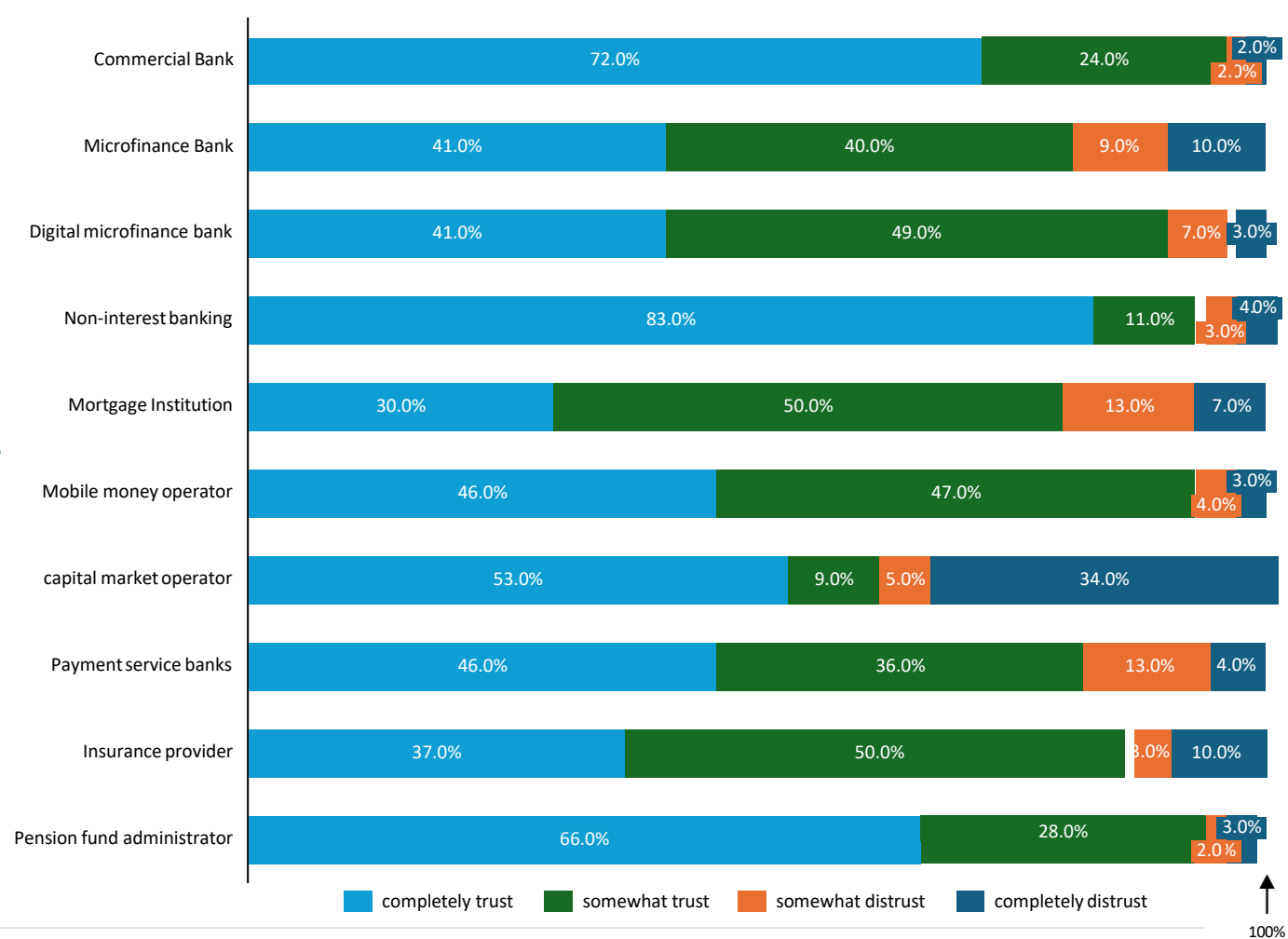


# Low levels of awareness, limited understanding of product offerings continue to hamper trust in other formal (non-bank) products

Awareness, (% of adults)



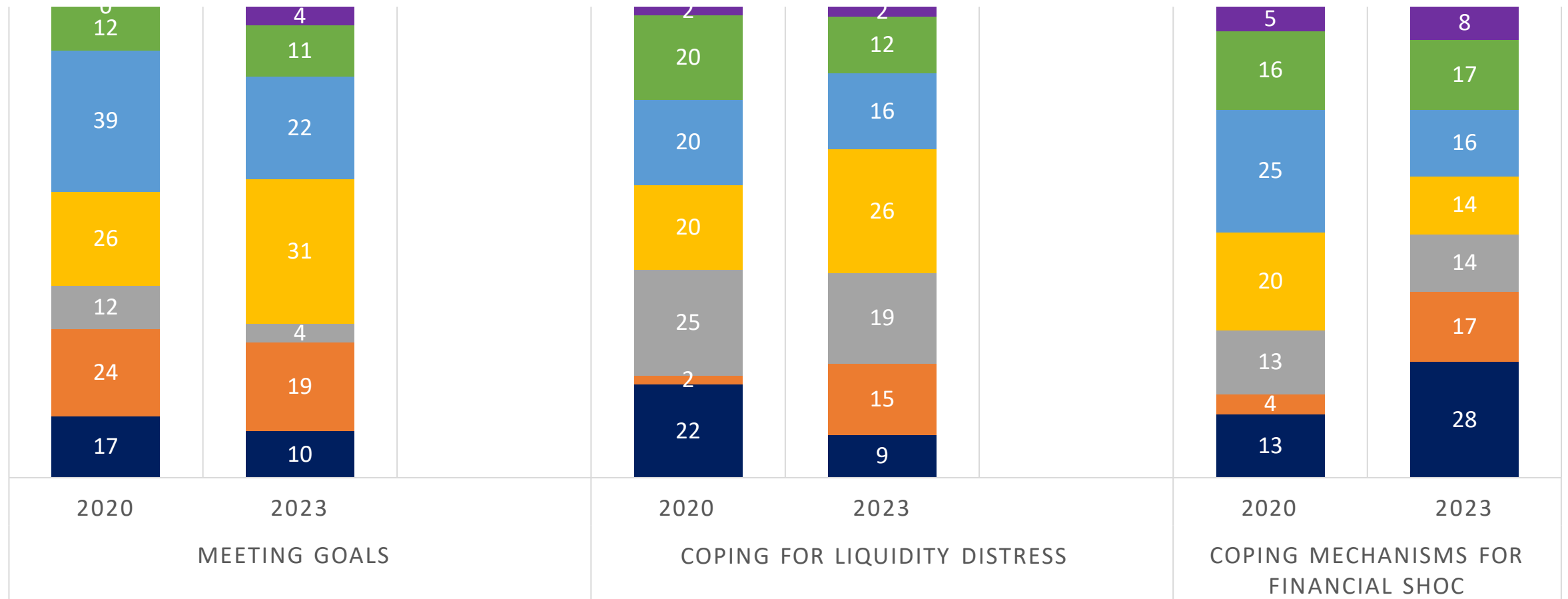
Level of trust of financial service providers, (% of adults who use the provider)





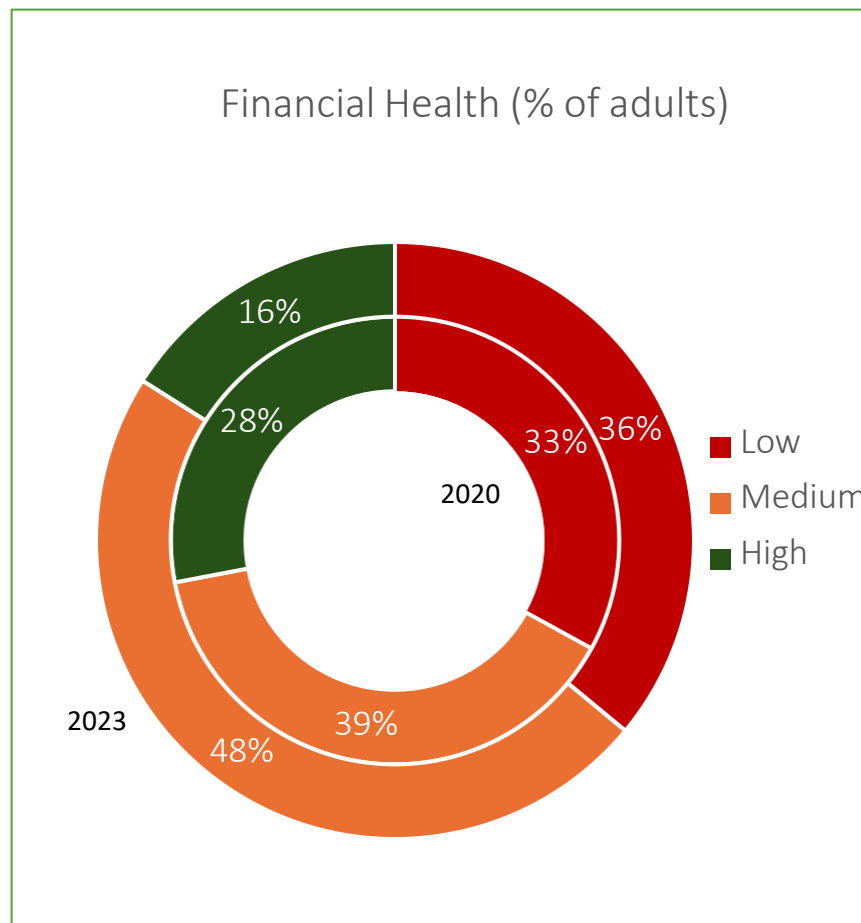
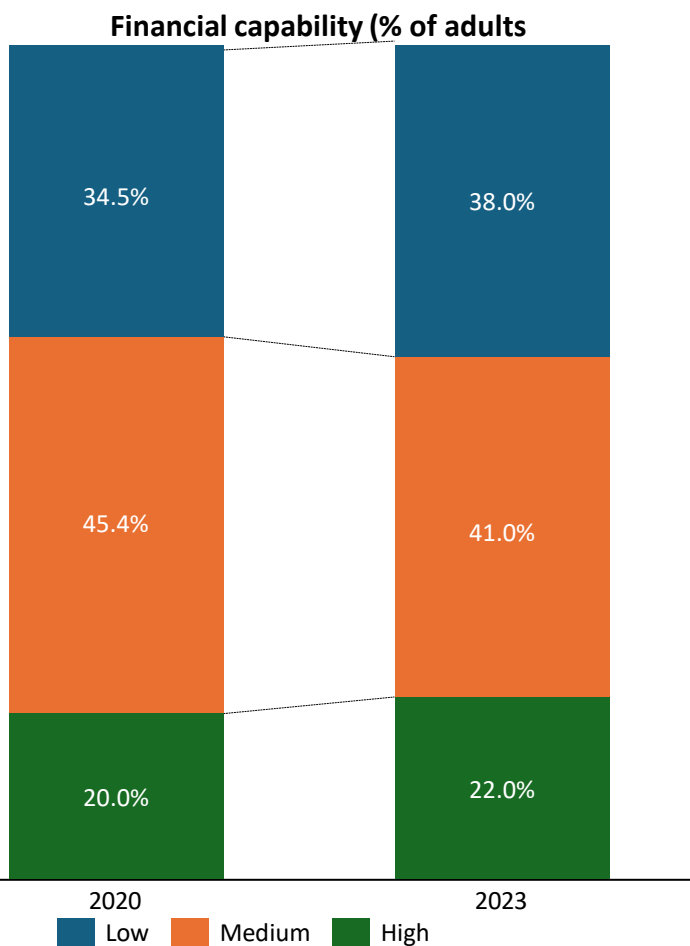
**Nigerians continue to rely on physical financial coping mechanisms to meet their goals, address liquidity distress and cope with shocks. Both active physical mechanisms, such as taking on additional work and cutting back on expenses, and passive physical mechanisms, like doing nothing, remain prevalent choices.**

■ Formal mechanism 
 ■ Informal mechanisms 
 ■ Social mechanism 
 ■ Did nothing 
 ■ Got additional work/cut back on expenses 
 ■ Used Assets 
 ■ Others



Source: EFINA Access to Financial Services in Nigeria 2023

# With over one-third of adults reporting low financial capability, and relatively low access to formal efficient mechanisms to meet financial needs, Nigeria report a 12% point drop in the proportion of adults who are financially healthy



High liquidity distress and shocks (health, economic, and climate) ultimately impacting financial well-being.

In the face of an emergency, 78% of adults (87m) will find it difficult to generate NGN75,000 in 7 days.

Notably, those who are financially excluded exhibit the lowest scores on the capability scale, particularly struggling with knowledge, choice, and control aspects.

**Nigeria is just 1% point away from achieving the 2022 NFIS recommended targets for 2024 and must now pay equal attention to deepening the quality and impact of inclusion. While innovation has catalysed growth in the payment ecosystem, translating the growth in payment services into broader impactful financial services remains a significant challenge that urgently requires attention.**

*\* The NFIS target is: Enable access to and usage of financial products and services to 95% of adults by 2024. However, based on progress to date, population growth and status of enablers, the 2022 NFIS recommended a financial exclusion target of 25% by 2024*

				Status as at								
	Focus Areas	Target by 2020/24	2022 NFIS recommended target by 2024	2010	2012	2014	2016	2018	2020	2023	Variance to 2020 Target	Variance to NFIS 2024 Target
% of Total Adult Population	Payments	70%	55%	22%	20%	24%	38%	40%	52%	52%	-18%	-3%
	Savings	60%	45%	24%	25%	32%	36%	24%	37%	38%	-22%	-7%
	Credit	40%	8%	2%	2%	3%	3%	2%	3%	6%	-34%	-2%
	Insurance	40%	8%	1%	3%	1%	2%	2%	3%	3%	-37%	-5%
	Pension	40%	20%	5%	2%	5%	7%	8%	8%	8%	-32%	-12%
	Informal	40%	40%				29%	30%	31%	39%	-1%	-1%
	Formally served	70%	65%	36%	40%	49%	49%	49%	56%	64%	-6%	-1%
	Financial Inclusion	80/95%	75%	54%	60%	61%	58%	63%	68%	74%	+1%	-1%

#### 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

# Conclusion and Recommendation

- **Inclusion is expanding:** Financial inclusion continues to grow, even as formal financial inclusion grew from 56% (2020) to 64% (2023). This is good progress yet approximately 40million adult Nigerians remain formally excluded
- **The regulatory approach is showing results:** The Central Bank deserves credit for encouraging competition in the market, and enabling a non-bank led approach, which is driving the growth in formal inclusion. **Innovations to improve market incentives to drive account opening with financial service agents is needed to rapidly extend the financial rail and deepen financial access.**
- **The journey is just beginning:** Expanding formal access to 64% is only the beginning. We need the ecosystem to do more to give the last mile access, and we need to focus on deepening inclusion for those with access. The rapid growth of access to payment is not translating to significant improvement in access to credit, savings pensions, and insurance where the social impact of financial inclusion would be bigger.
- Poverty is a major reason for financial exclusion. Nearly 50% of adults have no financial account because they have no income. **Complementary policies to financial inclusion that tackles endemic poverty with regards social investments in education, vocational skills, entrepreneurship, health, market-friendly economic policies are important to ensure wider social impact of financial inclusion.**
- **Exclusion has a human face:** There are significant disparities in the data released today that demonstrate the face of exclusion. It is predominantly in the North and in rural communities. It is more likely to be female, youth or farmers.
- **We must be intentional:** We must ensure that the incentives exist on both the supply side and demand side to serve excluded communities. We must be intentional about serving these communities.



# Coming Soon

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The A2F 2023 Survey Launch Report

EFInA Access to Financial Services in Nigeria 2023 Survey Kaduna State Deep Dive - Local Government Area (LGA) level representativeness.

The A2F 2023 Survey State Financial Inclusion Factsheet

The A2F 2023 Survey Dashboard

***Stay tuned for a launch of the data in March 2024***

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# How to use the Access to Financial Services in Nigeria 2023 Survey Data

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**These Key Findings are just the tip of the iceberg. The A2F dataset can be used for in-depth analysis of a variety of topics.**

**Reports and datasets are available to the public**

- Access to Financial Services in Nigeria Survey website: [www.a2f.ng](http://www.a2f.ng)
- EFInA website: [www.efina.org.ng](http://www.efina.org.ng)

**Want specific insights? Let us know**

Send a request to [info@efina.org.ng](mailto:info@efina.org.ng)

Contact

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## Acknowledgements

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- Bill & Melinda Gates Foundation

**Delivery partners:**

- National Bureau of Statistics
- Ipsos Nigeria
- FinMark Trust

**The many stakeholders and partners who provided input** to the survey questionnaire, and advised on approaches for conducting fieldwork safely following COVID

And **the more than 30,000 Nigerian survey respondents** who contributed their time and information to benefit this research.

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Thank you

