ACCESS TO FINANCE

Access To

Financial Services In Nigeria (A2F)

2023 SURVEY REPORT

Unlocking Insight to Accelerate Financial and Economic Inclusion

Published by:

EFInA

Enhancing Financial Innovation & Access

The 2023 Access to Financial Services in Nigeria Survey, authored by Oluwatomi Eromosele, Chioma Nwaiwu, Norah Igwe, Tabitha Chamboko & Jabulani Khumalo provides comprehensive insights into the financial landscape of Nigeria. This significant survey offers valuable data and analysis on the accessibility of financial services within the country.

How to reference

APA style: Eromosele, O., Nwaiwu, C., Igwe, N., Khumalo, J., & Chamboko, T., (2023). *Access to Financial Services in Nigeria Survey* 2023.

Photo credit/ joshua-oluwagbemiga-unsplash

Access To Financial Services In Nigeria (A2F)
2023 SURVEY REPORT

List of Figures and Tables

List of tables

The A2F 2023 survey, now in its eighth edition, extends beyond financial access and usage to provide insights into the quality and impact of financial services, with emerging topics such as financial capability and financial health.

namnso-unsplash

Word from the EFInA Board chairperson

Dr Agnes 'Tokunbo Martins

Financial inclusion is a crucial catalyst for economic growth, social development, and pov-erty reduction. Providing acce-ssible and suitable financial services enables individuals and businesses to save, invest, and manage risks, significantly improving their livelihoods and overall well-being.

Despite its importance, achi-eving widespread financial inclusion remains a formidable challenge in many developing countries, particularly in sub-Saharan Africa, where over half of the adult population still lacks financial access. Nigeria, being the largest economy and most populous nation in the region, holds a substantial opportunity and responsibility to drive financial inclusion for its citizens and the broader continent.

To gauge and track the progress of financial inclusion in Nigeria, Enhancing Financial Innovation & Access (EFInA) has been conducting the Access to Finance (A2F) survey since 2008. This nationally representative household survey yields comprehensive and reliable data on the demand and utilization of financial services in Nigeria.

EFInA is delighted to present the A2F 2023 survey findings under the theme "Unlocking Insights to Accelerate Financial and Economic Inclusion." The report unveils pivotal survey findings, fostering transformative dedu-ctions for positive change. It reveals key insights, emphasizing the power of demand-side financial inclusion data and its broader role in promoting inclusive and sustainable eco-nomic outcomes.

We invite you to delve into this report, shaping the future landscape of financial inclusion in Nigeria and beyond.

Dr Agnes 'Tokunbo Martins
Board Chair, EFInA

Acronyms and abbreviations

A2F	Access to Financial Services in Nigeria
ACCION	Accion Microfinance Bank
AFI	Alliance for Financial Inclusion
ATM	Automated Teller Machine
B2G	Business to Government
B2P	Business to Person
CAPI	Computer-Assisted Personal Interviews
CBN	Central Bank of Nigeria
COVID-19	Coronavirus Disease 2019
DFS	Digital Financial Services
EA	Enumeration Area
EFInA	Enhancing Financial Innovation & Access
FAS	Financial Access Strand
FCT	Federal Capital Territory
FIDU	Financial Inclusion Delivery Unit
FX	Foreign Exchange
G2P	Government to Person
GDP	Gross Domestic Product
ID	Identity Document
IPA	Innovation for Poverty Action
LAPO	Lift Above Poverty Organization Microfinance Bank
MNO	Mobile Network Operator
NAICOM	National Insurance Commission
NBS	National Bureau of Statistics
NFIS	National Financial Inclusion Strategy

NIN	National Identification Number
NISH	National Integrated Survey of Household
NPoPC	National Population Commission
P2B	Person to Business
P2G	Person to Government
P2P	Person to Person
PSU	Primary Sampling Unit
SEC	Securities Exchange Commission
SDG	Sustainable Development Goals
SSU	Secondary Sampling Unit
ToV	Transfer of Value
TV	Television
USSD	Unstructured Supplementary Service Data
WEE	Women's Economic Empowerment

Shutterstock

Acknowledgment

This report presents the top-line findings of the eighth edition of the Access to Financial Services in Nigeria since the baseline in 2008. The survey was made possible through a collaboration of stakeholders who are passionate about promoting inclusive finance in Nigeria.

This report would not have been possible without the generous funding from the Bill & Melinda Gates Foundation.

We appreciate the guidance and support of the EFInA Board of Directors on the success of this round of the survey.

We appreciate the support of the National Bureau of Statistics and the Kaduna Bureau of Statistics, all statisticians and sampling experts, for their technical expertise in the design, supervision, and monitoring of this survey round. We hope to continue working collaboratively on future rounds of the survey.

We take this opportunity to express our gratitude to the leadership of the A2F 2023 Technical Advisory Council for their direction, guidance, and unwavering support to ensure the survey was successfully conducted. The stewardship was provided by Prof. Yinka David-West, Associate Dean LBS; Dr. Paul Oluikpe, former Head FIDU CBN; Dr. Tony Okpanachi, MD/CEO of the Development Bank of Nigeria; Leora Klapper, Lead Economist, Development Research Group World Bank; Mr. Olu Akanmu, Executive in Residence LBS; Mr. Eghosa Omoigui, Head of Stakeholder Relationship, Nigeria Governors Forum; Cara Myers, Program Officer for Gender Data and Evidence at BMGF; Mr. Niyi Ajao, Lead Financial Inclusion thematic unit NESG; and Mr. Nasir Ingawa.

We acknowledge the technical contributions of

the FinMark Trust team, including Ms. Tabitha Chamboko, Mr. Jabulani Khumalo, and Dr. Kingstone Mutsonziwa, who provided invaluable oversight, support, and guidance in planning, implementing, conducting, and reporting this survey.

Special thanks go to the EFInA staff led by Dr. Oluwatomi Eromosele, Norah Igwe, Chinasa Collins-Ogbuo, and Chioma Nwaiwu, for their dedication throughout the planning, implementation, and successful rollout of the 2023 survey.

We express our gratitude to all institutions that contributed to the development of the survey questionnaire. Additionally, we appreciate the active participation of stakeholders who attended the stakeholder engagement session to review the questionnaire before the commencement of field activities.

We appreciate Mr. Peter Ada and Mr. Bakare Saheed Olalekan for their support in the validation of our survey data.

We appreciate the efforts of all enumerators, supervisors, quality control officers, state coordinators, and regional coordinators for their persistent efforts and dedication to implementing the data collection exercise. We also extend our gratitude to the market research firm, IPSOS, for coordinating the data collection efforts.

We extend our heartfelt appreciation to our esteemed community leaders, gatekeepers - Kings, Emirs, Obas, Ezes - and the communities who welcomed us with generous hospitality and allowed us to conduct surveys time after time. Their open-handed cooperation has significantly contributed to the success of our research efforts.

Our sincere gratitude extends to the community guides, who played a crucial role in ensuring the safety and support of our enumerators during their fieldwork. Their assistance has been instrumental in the smooth and efficient execution of our survey.

We express our profound thanks to the nearly 34,000 Nigerians who took the time to respond to the survey instrument, dedicating a portion of their day to provide valuable insights. Their willingness to engage in our survey has greatly enriched our understanding and will undoubtedly contribute to the meaningful outcomes of our research.

Furthermore, we acknowledge the efforts and contributions of all other individuals not mentioned here, but who played vital roles in making the entire process of the 2023 Access to Financial Services in Nigeria survey successful

Executive Summary

Financial inclusion, defined as access to a broad range of useful and affordable financial services – savings, credit, payments, insurance, pension, and investments, can increase the ability of individuals and households to generate livelihoods and withstand shocks.

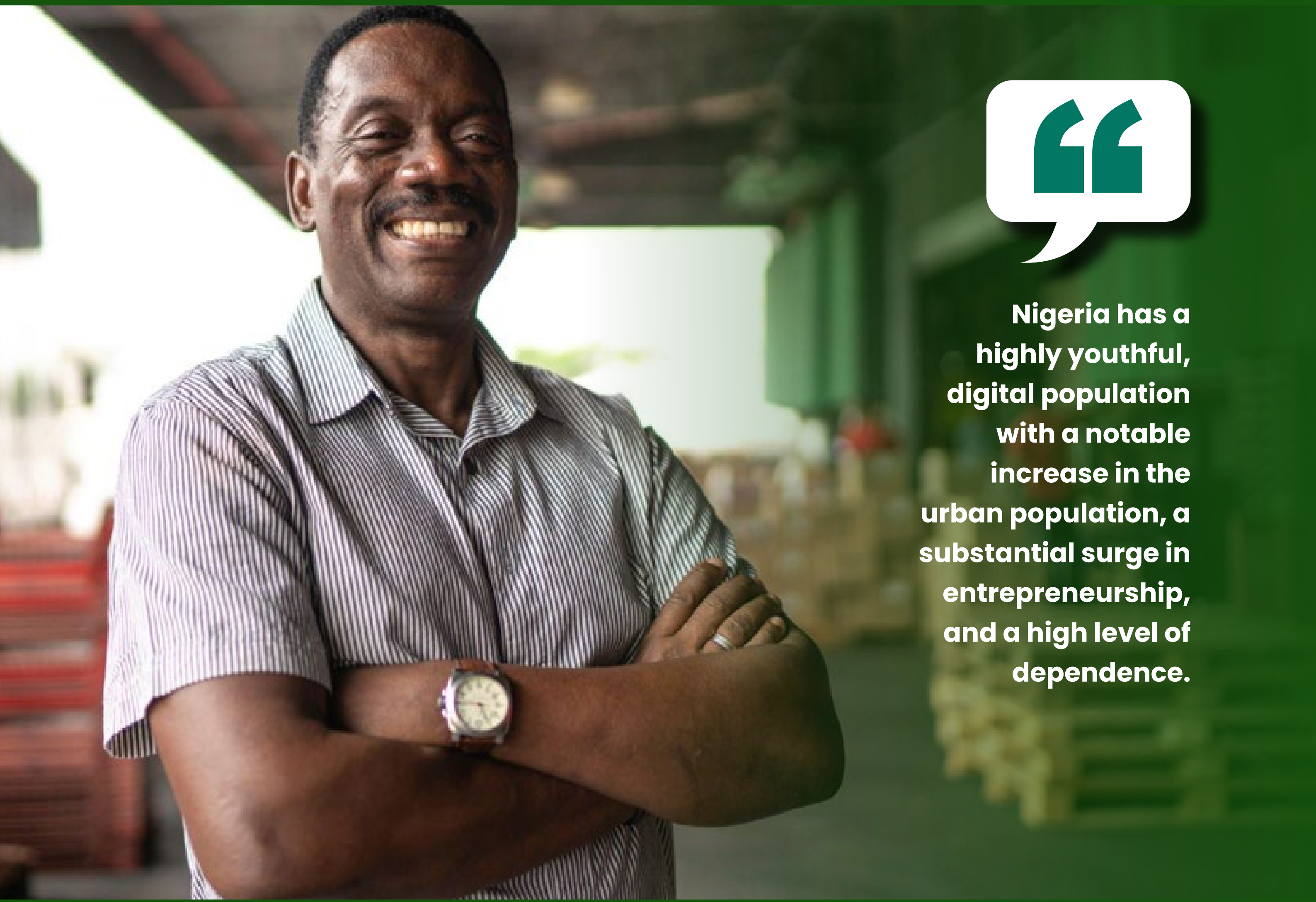
Amidst the turbulent socioeconomic context, we remain convinced by evidence that appropriate financial tools in the right circumstances can enhance the resilience of households and businesses against financial shocks[1].

Exploring financial resilience in Bangladesh using World Bank Findex data, evidence[2] suggests that account holders are 1.4 times more resilient than non-account holders. Gender also plays a significant role, with males being 1.4 times more resilient than females after considering other factors. In Ethiopia[3], financial inclusion significantly boosts household expenditures on food, education, and utilities. Access to finance enables households to enhance their dietary intake, invest in children's education, and cover basic utility expenses, thereby improving overall quality of life. In Ghana, research[4] reveals that increased financial inclusion reduces household poverty levels by 27% and mitigates future poverty risks by 28%. Female-headed households experience a more significant reduction in poverty and vulnerability compared to male-headed households, especially in rural areas.

Similar evidence from Nigeria[5] shows that owning financial accounts increases the probability of saving by 37%. Mobile money account holders are 3% more likely to borrow from financial institutions, while gender influences formal savings negatively. However, opening accounts and using mobile money positively affect emergency fund availability, emphasizing the importance of promoting financial inclusion, particularly for women. Recent studies[6] show that Nigerian households with female savings group members are more likely to save and obtain loans during the pandemic. Membership in savings groups is associated with improved food security and business resilience, suggesting a contribution to overall household resilience.

1. Moore, et al. 2019.
2. Belayeth, et al. 2019.
3. Hussen, et al. (2023)
4. Koomson, et al. 2020.
5. Kemi Funlayo Akeju 2022.
6. De Hoop, et al. 2022.

Shutterstock



Nigeria has a highly youthful, digital population with a notable increase in the urban population, a substantial surge in entrepreneurship, and a high level of dependence.

The Government of Nigeria recognizes the role of the financial sector in facilitating economic growth through mobilizing investment into productive sectors and enhancing access to financial services. The new government's ambition to grow Nigeria into a $1 trillion economy will be achieved if we can drive inclusion in the formal; with financial inclusion playing a fundamental role. Financial inclusion therefore remains a critical enabler of Nigeria's broader socioeconomic development objectives, ensuring that social welfare can be reliably, efficiently, and affordably delivered to help those who need it most.

The A2F survey is the key reference point assessing the progress towards Nigeria's financial inclusion goals as stated in the National Financial Inclusion Strategy. Since the A2F survey was first conducted in 2008, we have seen a steady expansion of access to financial services - but admittedly, progress has been slower than we would like. For example, in 2020, 45.5 million[7] Nigerians were excluded from formal financial services, with women, youths, adults living in rural and Northern communities. Nigerians working in the agriculture sector as traders, or subsistence farmers, as well as those in the North-East and North-West, have been particularly impacted.

7. This is the adjusted estimate based on the reweighting of the A2F 2020 data using the 2022 National Population Commission sample frame.

Shutterstock

The A2F 2023 survey marks an improvement from previous surveys as the sample frame is drawn from the 2022 National Enumeration Area (EA) demarcation exercise. The samples for previous A2F surveys were drawn from the 2006 National Bureau of Statistics (NBS) master frame which was drawn from the 2006 National Population Commission (NPoPc) sample frame and assumed a 66:35 rural-urban classification. Over the years, evidence has shown the inability of the 2006 sample frame to represent the Nigerian population accurately, nearly two decades later. A recent enumeration area (EA) demarcation exercise conducted by the NPoPc in 2022 provides an updated national sample frame that specifies a 46:54 rural-urban classification, indicating a shift from the old. Based on evidence that formal financial inclusion is urban-biased, this shift constitutes a key consideration for the A2F 2023 survey.

For consistent trend analysis, we have conducted a retrospective weighting of the A2F 2020 survey dataset using the 2023 NPoPc sample frame. In line with existing evidence, an analysis of the adjusted data reveals a 10% increase in formal inclusion and an 11% decrease in financial inclusion. This re-weighted and adjusted dataset improves the precision and reliability of the survey estimates, facilitating comparisons across the 2020, and 2023 survey findings. The 2020 statistics presented in this report are therefore adjusted statistics and reflect a more accurate measure of financial inclusion, based on more accurate population estimates.

In this report, we present the 2023 state of financial inclusion for adult Nigerians across the access, usage, quality, and impact dimensions. This approach allows us to look beyond access, to explore the ability of adult Nigerians to use a broad range of affordable, useful; and impactful services that meet their financial needs.

Nigeria has a highly youthful, digital, and increasingly urban population, with a substantial surge in entrepreneurship, and a high level of dependence. Nigeria has an estimated population of approximately 111 million adults (18 years and older), and 51% (56 million) are youths aged between 18-35 years. Nearly 1 in 2 adults (52.8 million) rely mainly on their businesses for survival, largely driven by non-farm trading. The population also displays a high level of dependency with around 21% (23 million) of adults (students, retired, and unemployed) depending on family or friends as their main source of income. With an average household number of five, 60% of which are single-income households, the financial burden on income earners is significant. The personal monthly income also shows that most Nigerians (62%) earn less than N100,000 per month.

Financial inclusion (formal and informal uptake) has increased to 74% in 2023, up from 68% in 2020, representing about 10 million Nigerian adults who have been added to the financially included universe. The proportion of adult Nigerians who do not use any financial products or services to manage their financial lives has therefore declined from 32% in 2020 to 26% (28.9 million) in 2023. Traditionally vulnerable groups such as the poor, those living in remote rural areas, women, those with low education, farmers, and vulnerable age groups (18-21 years and older than 60 years) are more likely to be financially excluded. The North-East and North-West regions record the highest number of financially excluded adults - 8.9 million and 9.8 million, representing 38% and 47% of adults respectively. The rural-urban financial inclusion gap has reduced from 30% in 2020 to 20% in 2023 (63% rural vs. 83% urban). The gender gap persists in 2023 with 70% of females financially included versus 79% of males.

Formal financial inclusion increased from 57% in 2020 to 64% in 2023 almost reaching the recommended[8] National Financial Inclusion Strategy (NFIS) targets of 65% of adults formally included by 2024. The growth in formal inclusion is largely driven by the uptake of other formal non-bank financial products/services which increased to 57% (62.8 million) from 32% (33.9 million) in 2020. Growth in the non-bank sector was most significantly driven by the uptake of mobile money services (increasing from 5% in 2020 to 12% in 2023) and the growing penetration of financial agents (increasing from 24% in 2020 to 54% in 2023).

8. Based on *progress to date, population growth and status of enablers, the 2022 NFIS recommended a formal financial inclusion target of 64% by 2024*

Nigeria's financial system remains largely bank-led. The majority of formally served adults use banking services. Half of Nigerian adults (52% or 58.3 million) use banking products or services, growing from 54.6 million in 2020. About 6 million adults opened new bank accounts between 2021 - 2023, and around 2 million adults are estimated to be lapsed bank account holders in that time. The uptake of banking products is mainly driven by merchant payments or people sending and receiving money. This is accompanied by a high frequency of usage as 1 in 2 banked adults use their accounts more regularly, 14% daily and 36% weekly. About 45% of Nigerian adults used digital financial services or transacted digitally, mostly through banking channels (98% of DFS users).

Informal financial service providers continue to play an important role in extending the overall levels of financial inclusion, particularly in rural agricultural areas, among women, and in the Southeast. At least two in five Nigerian adults (45.4 million) use informal mechanisms to manage their financial lives, as Nigerians increasingly use a combination of both formal and informal financial services to meet their needs. A positive finding is a reduction in the number of adults relying exclusively on informal mechanisms from 11.3% (12 million) in 2021 to 10% (10.7 million) in 2023.

Looking at the uptake of financial services across the financial landscape, the following trends emerge:

With high inflation eroding the purchasing power and disposable income of Nigerians, the savings landscape has not changed much since 2020, with the same proportion (62%) of adults saving in 2023. Saving money is vital, as it not only ensures financial security but also acts as a support during unforeseen financial emergencies. Nigerian adults mainly save through banks, informally, and at home. Bank savings grew by three percentage points to 34% in 2023. The uptake of pension has remained relatively stagnant since 2018 at about 8% of adults. The main drivers of savings included starting or expanding a business, and to pay for business-related expenses (63%). The primary obstacle to saving is having nothing to save after covering living expenses and unemployment

The proportion of adults borrowing formally doubled, growing from 3% in 2020 to 6% in 2023. Still, the proportion of adults borrowing formally remains relatively low at just 16% of adults who save formally. One in every three (38%) adults in Nigeria borrowed in the 12 months before September 2023, including all forms of borrowing (around 42.1 million). Although credit uptake is relatively low, there has been an 11-percentage point increase in the use of credit since 2020. Drivers for credit included both consumptive (living expenses, medical expenses) and developmental reasons (expanding or starting a business, buying livestock/farming inputs). Some of the consumptive reasons show the vulnerability of the poor.

The uptake of insurance remains roughly stagnant and critically low as only 3% of adults (3.4 million) were reportedly covered by a regulated insurance policy. Insurance uptake is driven by medical insurance. The main perceived barriers to insurance uptake are related to affordability issues i.e., no income, insufficient income, lack of consumer awareness, and limited knowledge of the importance of insurance. This is a call for further strategic intervention from insurance providers and regulators to deepen financial education around insurance, while also strengthening the value proposition to Nigerians. Around 29 million adults (26%) in Nigeria experienced climate-related shocks such as heavy rains and floods, associated with an increase in the frequency of extreme weather and soil erosion.

Though mobile money uptake remains low, there has been significant growth in uptake, with around 12% (12.8 million) of adults reporting usage compared to 4.9% (5.2 million) in 2020. At least 9 out of 10 mobile money users concurrently make use of banking services. Low awareness and limited product knowledge continue to be key barriers to product uptake and usage. More effort is required to push the boundaries to reach the underserved and unbanked populace through affordable and innovative ubiquitous channels such as basic phones which are widely used among excluded groups.

Amidst the deteriorating economic context, domestic remittance is increasingly becoming an important part of consumption smoothing and livelihood management. About 63% of adults in Nigeria have sent and or received money in the past six months, up from 49% in 2020. Domestic remittances have increased but cross-border remittances have remained largely the same. The majority of those who remitted used both banking services (39%) and other formal channels (32%) driven by an uptake in the use of financial service agents.

Most Nigerians are struggling to spend, save, plan, or manage risks in ways that allow them to be resilient and seize opportunities, including 80% of formally included adults. Despite increasing formal and overall financial inclusion, Nigeria records declining financial health. Just 16% of adult Nigerians are financially healthy, down from 28% in 2020. This is not surprising considering the low uptake of credit, savings, pensions, and insurance where the socioeconomic impact of financial inclusion would be significant. There is therefore the need to expand the national focus on expanding access, to incorporate the outcome of financial health and improved livelihoods.

Beyond access and usage, it is equally essential to prioritize enhancing the quality of financial services. 24 million of formally served Nigerians have experienced taking a financial product or service and later being surprised by unexpected fees or charges. 27 million of formally served Nigerians do not agree that bank fees or charges are affordable. Expanding services alone is insufficient; rather, a concerted effort to improve the overall user experience and foster trust is paramount. Trust emerges as a critical factor shaping consumers' relationships with financial service providers.

1.0 Introduction

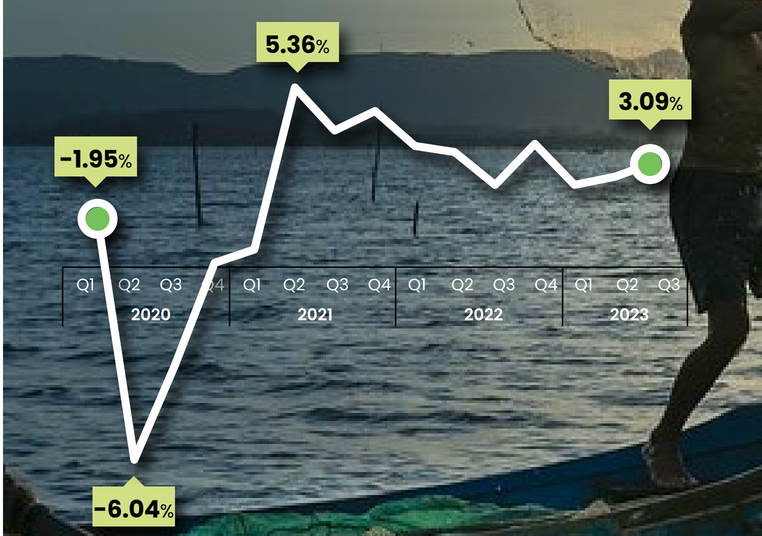
Economic and Financial context

Since the launch of the A2F 2020 Survey in June 2021, Nigeria's economy has faced numerous unprecedented challenges. Despite signs of recovery in 2021 after the 2020 recession, the ongoing effects of the COVID-19 pandemic, rising energy and food prices due to Russia-Ukraine tensions, and persistent domestic issues continue to strain Nigeria's economy.

The country's economic growth has consistently declined year-on-year, with real GDP growth declining from 3.6% in 2021 to 3.3% in 2022 and further to 2.9% in 2023 as shown in **Figure 1**. Unfortunately, complimentary fiscal and monetary measures put in place during this period have not led to the expected improvements in growth, inflation, and overall socioeconomic development. For example, monetary policies by the CBN have both been restrictive – increased monetary policy rate from 11.5% in May 2021 to 18.75% in July 2023, and cash reserve requirement from 27.5% to 32.5%; and expansionary – increased money supply through the printing of N22.7tn under the "ways and means " facility. The result is a continued hike in inflation as shown in **Figure 2** below.

In October 2022, the Central Bank of Nigeria (CBN) announced a redesign of the N200, N500, and N1000 banknotes[10], making the previous series obsolete by January 31st, 2023. This decision was prompted by widespread hoarding practices, with about 80 percent of the circulating currency reportedly outside of commercial bank vaults. From a macroeconomic perspective, the plan to introduce the redesigned banknotes was expected to encourage more people to save money formally, lower interest rates, and make monetary policy more effective. At the micro

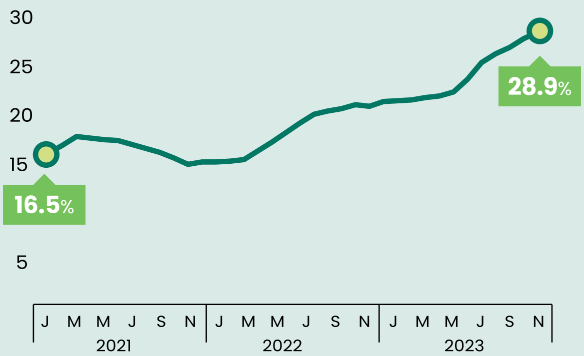
Figure 1: Real GDP growth rate 2020 - 2023 (%)



Source: NBS Nigerian Gross Domestic Product Report (Q3 2023, Q4 2021)

9. Ways and Means is a loan facility that the Central Bank of Nigeria uses to fund the federal government's budget when it's short on revenue.
10. The Nigeria's Supreme Court in March 2023 ruled that both the old and new Naira notes will continue to coexist until further notice.

Figure 2: Inflation rates 2021 - 2023 (Year on Change)



Source: NBS 2024

level, there were concerns how this policy might negatively affect unbanked Nigerians and what it could mean for their livelihoods.

In the first quarter of 2023, the implementation of the redesigned banknote policy led to a liquidity crisis, severely affecting economic activities, and causing contractions in multiple sectors, leading to widespread socioeconomic challenges. This crisis also stressed the information technology infrastructure and payment platforms of financial institutions, causing increased downtime and disruptions.

To address these issues, the new government started critical reforms such as removing the petrol subsidy and unifying the foreign exchange market. However, these reforms, coupled with weak fiscal and structural fundamentals, caused a significant increase in energy costs, with fuel prices rising by over 200% from N165 per liter to an average of N560 per liter. Additionally, the value of the naira depreciated by over 50% in 2023. By mid-2023, Nigeria faced a surge in inflation, reaching a 17-year peak of 22.41%. This economic turmoil was worsened by uncertainty surrounding the naira and increased demand for foreign exchange, which heightened inflationary pressures due to Nigeria's heavy reliance on imports.

The sudden price hikes had widespread impacts on businesses and households, exacerbated by the lack of government support measures. This policy stance affected purchasing power and increased production costs, impacting economic sustainability and growth. Around 63% of Nigerians were estimated to be multidimensionally poor in 2022. Additionally, the World Bank estimates a significant increase in poverty, with 104 million Nigerians below the poverty line in 2023. Low income and trust are key drivers of formal financial exclusion in Nigeria, prompting concerns about the impact on financial inclusion.

Still, amidst this turbulent economic context, financial ecosystem players have continued to advocate for increased financial inclusion as an enabler for economic growth and wider socioeconomic development, particularly for the 45.5 million formally excluded adults, 68% of whom are poor. Access to a broad range of relevant, appropriate, and affordable, financial inclusion is key to enabling wealth creation and is therefore key to tackling the 'poverty' trap in Nigeria. Since the launch of the A2F 2020 survey, several regulatory and systemic progress have been recorded. This includes the following amongst others:

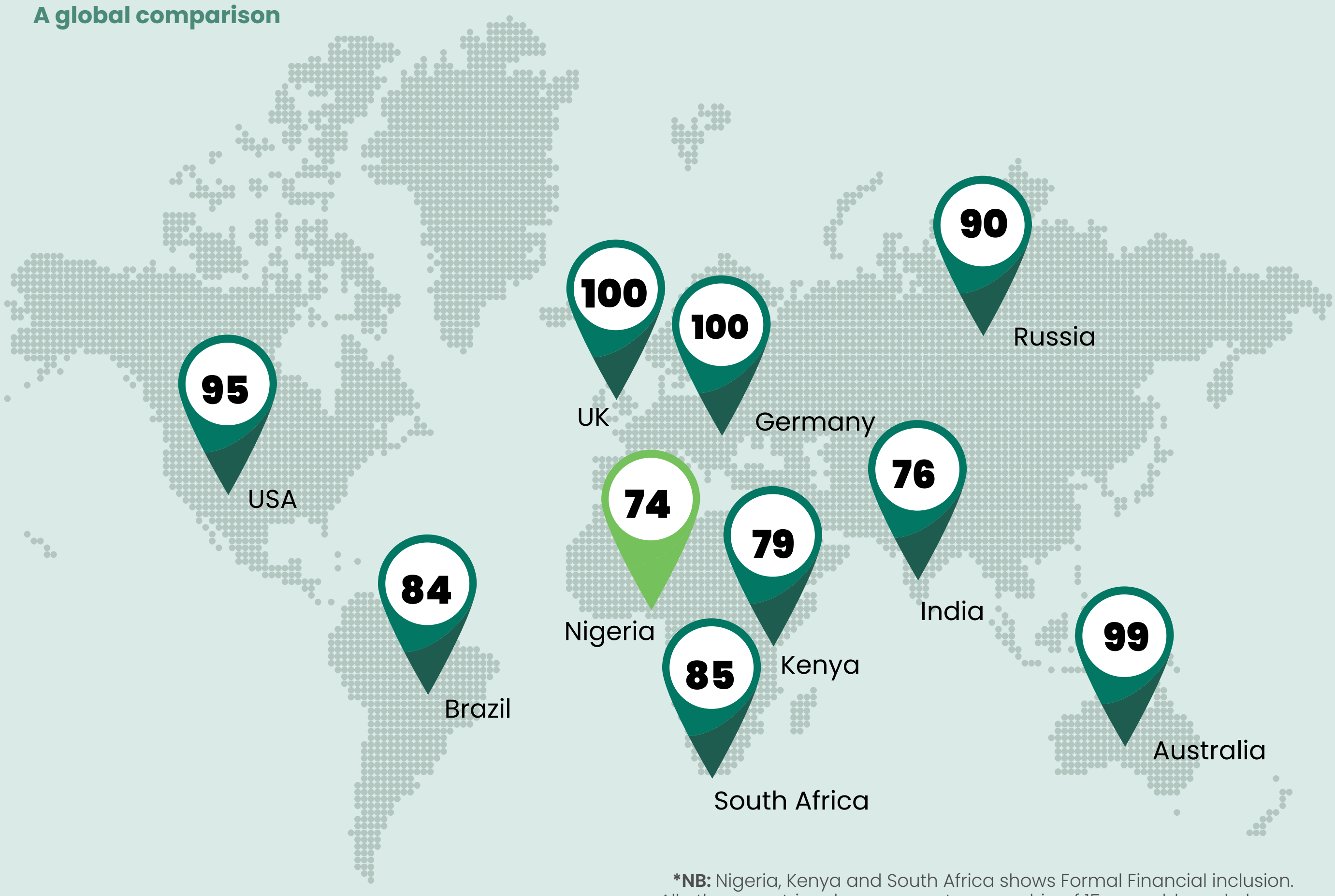
- Regulatory changes that enabled an increase in access to the National Identification Number from 27 million in 2021 to over 100 million in December 2023.
- The launch of the ENaira in 2021 with over 1 million users in 2022.
- Approval of Payment Service Banks licenses to telecom giants MTN and Airtel
- The framework and guidelines for digital lending by the Federal Competition and Consumer Protection Commission (FCCPC) have seen the number of licensed digital lenders increase from 94 in January 2023 to 211 in November 2023.
- Revisions to the regulatory framework for agent banking in Nigeria have resulted in the ubiquity of financial services agents across Nigeria, growing from about 230,000 in 2020 to about 1.8 million in 2023.
- Changes in economic and financial policies significantly impact financial inclusion. The A2F 2023 survey provides a valuable tool to track these effects, enabling more informed decision-making. This survey offers an opportunity to evaluate the collective impact of recent policies on financial inclusion, guiding future policy development.

About the A2F Survey

The Access to Financial Services in Nigeria (A2F) survey, led by EFInA, provides comprehensive data on financial inclusion of Nigerians aged 18 and above. Conducted biennially since 2008, it offers crucial insights for stakeholders, including policymakers, regulators like the Central Bank of Nigeria (CBN), private sector entities, and researchers. The survey aids in assessing financial inclusion, shaping product design, and guiding policy interventions. By collecting both financial and non-financial data, it serves as a vital resource for understanding consumer needs and monitoring developmental outcomes.

The A2F survey's mission is to strengthen the measurement of financial inclusion, provide essential data for interventions, and track trends in Nigeria's financial landscape. The survey's findings inform regulatory decisions, market opportunities for financial service providers, and donor program interventions, ultimately contributing to efforts to enhance financial inclusion in Nigeria.

Access to Financial Services:
A global comparison



***NB:** Nigeria, Kenya and South Africa shows Formal Financial inclusion. All other countries show account ownweship of 15 year olds and above.

Source: https://www.worldbank.org/en/publication/globalfindex/Data

Survey objectives

The A2F Survey aims to:

1. Measure financial inclusion levels among adults - encompassing their utilization of both formal and informal financial products and services.
2. Track 15-year trends (2008 - 2023) for access to and usage of financial services.
3. Characterize the landscape of financial access, including types of financial services (savings, credit, insurance, pension, and investment) used.
4. Provide credible data for policy reforms.
5. Identify the diverse financial needs of the adult population. This knowledge equips service providers with valuable insights to craft innovative, tailored products that address these specific needs.
6. Monitor the impact of financial sector policies on access to finance.

The strategic objectives of the A2F 2023 survey:

- Designing for increased usability of the data to support decision-making and developmental outcomes.
- Increasing shift beyond access and usage to include quality and impact indicators.

Unlike the previous surveys, the 2023 A2F survey has new measurements on financial needs, financial health, women's economic empowerment, climate resilience, and the capital market.

Survey methodology and design

Survey Instrument

The questionnaire for the A2F survey is structured to capture rich data on how Nigerians manage their finances, covering all four dimensions of financial inclusion. It also captures relevant non-financial data across a range of development programming. In addition to the demographics section, which establishes the respondent's gender, age, educational qualifications, employment status, marital status, etc., and allows for adequate disaggregation for more targeted interventions, the main sections of the questionnaire can be categorized into the following:

- **Developmental focus:** This includes a household section that captures household information relevant to measuring poverty from a multidimensional or asset-based point of view. The gender norms section covers indicators of gender roles in the household, asset ownership and control, and decision-making, all helpful in measuring women's economic empowerment (WEE).

- **Access to financial services:** This section captures information on account ownership across various formal (regulated) and informal financial services providers. It also covers information on barriers to uptake, including ID ownership, and proximity to financial access points, and explores potential channels for distributing financial services, including mobile phone ownership.

- **Usage of financial services:** This includes a couple of sections that further explore the usage of accounts and banking services, digital financial services, payments, mobile money, money transfers, the incidence and usage of savings, credit, risk management, and insurance money transfer usage, and informal financial services.

- **Quality and impact of financial inclusion:** This section seeks to gather information about the quality and impact of financial services. It covers indicators for measuring financial capability, financial needs, and financial health. Beyond financial inclusion, these concepts explore the financial well-being of the respondent and the extent to which the respondent uses financial products and services to advance their well-being and enable them to meet their needs. Respondent's trust level in their formal financial services is also measured in this section.

- **Impact of policies:** This section covers the effect of new policies and measures the impact of government policies, interventions, and national and global occurrences (e.g., naira redesign policy) on people's financial behavior.

The A2F survey tool and datasets may be accessed at ***http://www.a2f.ng***

Notably, this year's survey introduces a series of enhancements in areas such as consumer protection, financial literacy, the capital market, climate resilience, and a wealth index. The survey instrument also incorporated indicators that capture a needs-based framework. It remains committed to maintaining a time series of key variables to trace the progress made in the financial inclusion space since the inaugural survey in 2008.

Universe and sample

The 2023 A2F utilizes a cross-sectional survey design at the household level. The target population is adult Nigerians aged 18 years and above. The survey sample is designed to provide robust estimates at the national, regional, and state levels. To accomplish this, a target sample of 27,750 respondents (750 per state and the FCT) was selected across 1,800 EAs. 97% of the target sample was achieved (26,930).

Sample design

The sample was drawn from the newly digitized EAs demarcated by the National Population Commission (NPC) for the forthcoming National Housing and Population Census. Over the years, stakeholders have highlighted the shortcomings of the 2006 frame, chief of which is its inability to represent the Nigerian population accurately, nearly two decades later. Hence, in preparation for the initially planned 2023 population census, the NPoPC completed a revised demarcation of the Nigerian population into EAs. Following this development, the NBS and other technical partners recommended a shift to the new sampling frame for all nationally reported surveys. This new frame was therefore adopted for the A2F 2023 survey, as it presents a more precise foundation for measuring the level of financial inclusion of the Nigerian adult population in 2023. The updated sample frame ensures that we can accurately measure the progress of our financial inclusion initiatives, allowing us to track our success and adjust strategies as needed.

Based on evidence that formal financial inclusion is urban-biased, a key consideration for the 2023 NPoPC sample frame is a shift in the rural-urban classification. Although the 2006 NPoPc sample frame did not specify a rural-urban classification, the 2006 NBS master frame assumed a 66:35 rural-urban classification and was used to guide the sampling design for all household national surveys before 2022. The 2023 NPoPC sample frame specifies a 46:54 rural-urban classification. Rural classification has shifted from 66% in the 2006 sample to 46% in the 2023 sample, respectively; a lot of the rural EAs are now classified as urban EAs.

For consistent trend analysis as part of the A2F 2023 survey data analysis, EFInA conducted a retrospective weighting of the A2F 2018 and 2020 survey datasets using the 2023 NPoPc sample frame. In line with existing evidence, analysis of the adjusted data reveals a 10% increase in formal inclusion and an 11% decrease in financial inclusion. These re-weighted and adjusted datasets will help improve the precision and reliability of the survey estimates, facilitating comparisons across the 2018, 2020, and 2023 survey findings. See more details on the reweighting and insights here https://tinyurl.com/A2F-2023-frame.

In the A2F 2023 survey, the sample design is based on the National Integrated Survey of Household (NISH) master sample design developed by the National Bureau of Statistics (NBS) from the NPoPc main frame. The NISH design employed a replicated sampling design - which is the technique by which many samples (replicates) were selected independently from a population in a way that each replicate sample represents the population.

The NISH sample design is a two-stage replicated and rotated cluster sample design with EAs as the primary sampling units (PSU) and households, as the secondary sampling units (SSU). Generally, for each state of the Federation and Abuja FCT, the NISH Master Sample is made up of 200 EAs drawn in 20 replicates. A replicate consists of 10 EAs.

To select the sampling units, a multi-stage stratified cluster sampling procedure was employed. This procedure involved the sampling of three sets of units: EAs, households, and eligible individuals within those households.

The process unfolds as follows:

- The 1,800 EAs are drawn from the NISH master sample of each state and the FCT. Within each selected EA, a comprehensive listing of households will be conducted.

- Subsequently, fifteen households will be systematically selected in each EA, after the listing exercise. The second stage of sampling will yield a national sample of 28,500 households, inclusive of the (15-17-year group) booster sample, which was thoughtfully distributed among the states.

- As for the selection of respondents, the survey targets one eligible individual per selected household. The interviewers compiled lists of all the members in the sampled households, from which one individual aged 18 years and above, and or 15 years and above in the case of the boosted household, was randomly selected using the Kish Grid. This selection process is fully automated, with no manual intervention by the enumerator, thanks to the integration of the Kish Grid random number table into the Survey CAPI software.

Data weighting

The sample data is weighted to be representative of the adult population. The weighting process compensates for unequal inclusion probabilities (design weight), non-response, non-coverage, and skewness resulting from sample design and fieldwork. An appropriate population adjustment factor is also applied during the weighting.

The weighting is computed at the state level and comprises:

- EA weight – computed from total EAs at the state level.
- Household weight - computed from total households at the EA level.

Stages of weighting

Weights are usually developed in different stages to compensate for

- unequal inclusion probabilities (design weight),
- non-response, and
- non-coverage and skewness resulting from sample design and fieldwork.

- **1st Stage | Design Weight**

Since this survey was designed in three stages, a weighting component was calculated for each stage (i.e., Enumerator Area - EA, household, and individual), and multiplied to obtain a design weight for each respondent.

- **2nd Stage | Non-response**

Non-response occurs when some respondents included in the sample do not participate in the survey. The second stage of weighting attempts to compensate for non-response, by adjusting the design weights of responding elements (those who had participated).

- **3rd Stage | Calibration**

After compensation for non-response, the respondent weights were adjusted to compensate for differential non-response (i.e., underrepresentation of certain parts of the population) by using calibration/integrated weighting, an internationally used benchmarked technique. The A2F 2023 survey was adjusted for the new rural-urban split and gender within the new frame.

Classification of terms

The A2F survey employs the Financial Inclusion Framework to define headline financial inclusion indicators as shown in **Figure 3**. This hierarchical framework categorizes users based on their most formal service provider, prioritizing access to a transactional account held at a bank or other deposit-taking regulated institution as the foundation of formal financial inclusion. Accounts allow individuals to manage their finances securely and affordably. They can use these accounts to store, transfer, and receive money for daily expenses, emergency planning, and future investments in areas like healthcare, education, and business endeavors.

Additionally, the Nigerian financial landscape has been traditionally bank-led, allowing other non-bank formal financial services to ride on the ownership of an account. On the other hand, individuals lacking formal access (bank and non-bank) must rely on informal methods such as group-based mechanisms which can be less secure, less dependable, and more costly than formal financial options. Lastly, some individuals are financially excluded, lacking access to either formal or informal financial service providers.

The Financial Access Strand further aims to streamline the classification, emphasizing formal financial inclusion and removing overlaps between formal and informal usage. The resulting four strands are therefore mutually exclusive. For example, the A2F 2020 survey reported that of the 106 million adult Nigerians, 51.4% were banked, an additional 5.3% used other formal non-bank providers, 11.3% relied on informal providers only, and 32% were financially excluded. This classification allows financial inclusion stakeholders to better classify and understand the varying levels of exclusion and design appropriate policies or programs to address the same.

The rest of the report is organized according to the four dimensions of financial inclusion – ***access***, ***usage***, ***quality***, and ***impact***. It therefore aligns with the shifting development-focused approach targeted at driving the impact of financial inclusion beyond access.

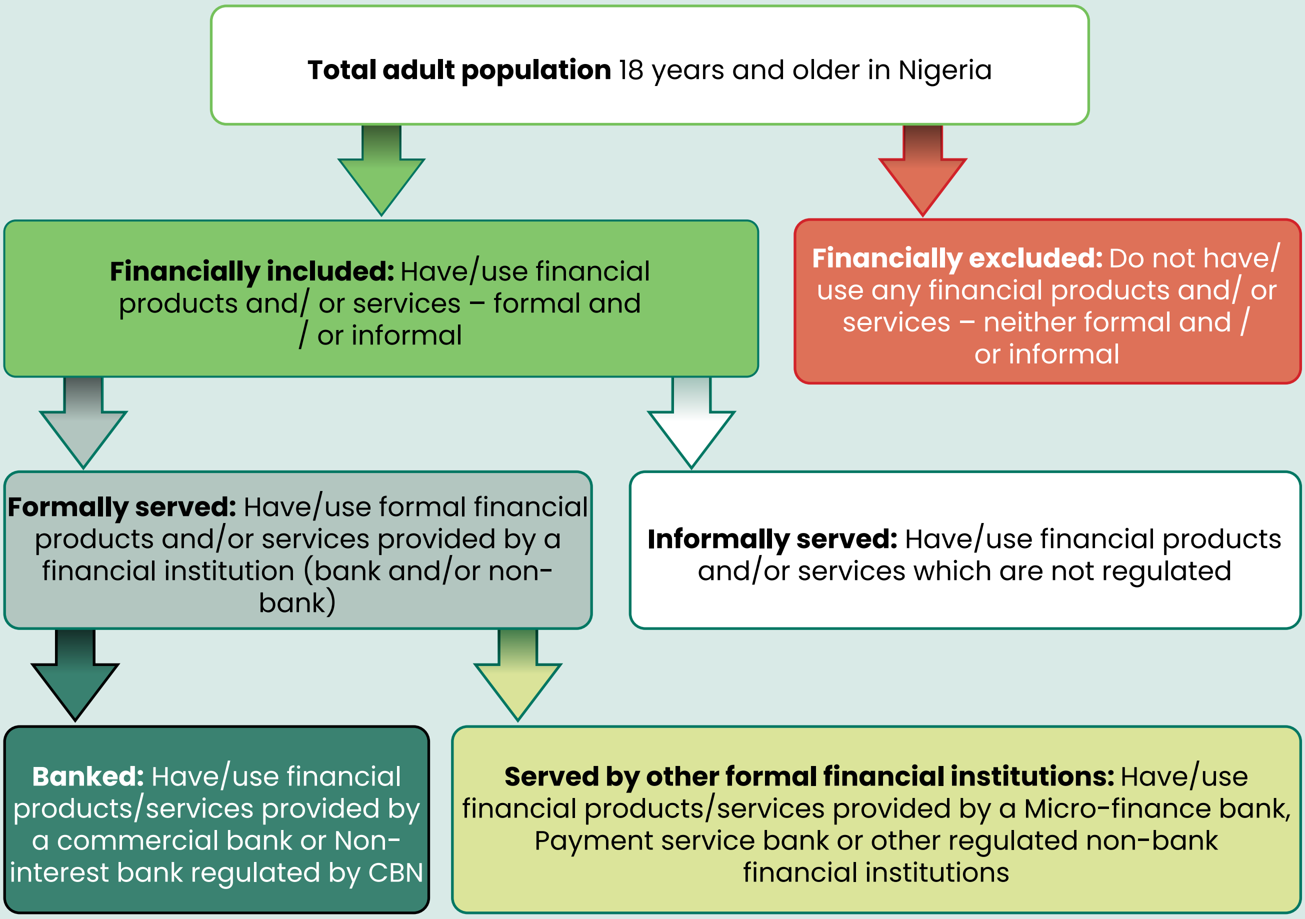
- ***Access*** captures individuals with an active account in their own name or joint account in the last twelve (12) months with at least one financial service provider in either the formal or informal category. A consumer who does not access any financial services or products from any formal or informal category is classified as excluded.

- ***Usage*** measures the actual use of an account in their name and or through someone else's account (indirect usage) in the last twelve (12) months with at least one financial service provider in either the formal or informal category.

- ***Quality*** measures whether the financial product/service is appropriate and matches the client's needs, the range of options available to customers, and clients' awareness and understanding of the product and services and its features.

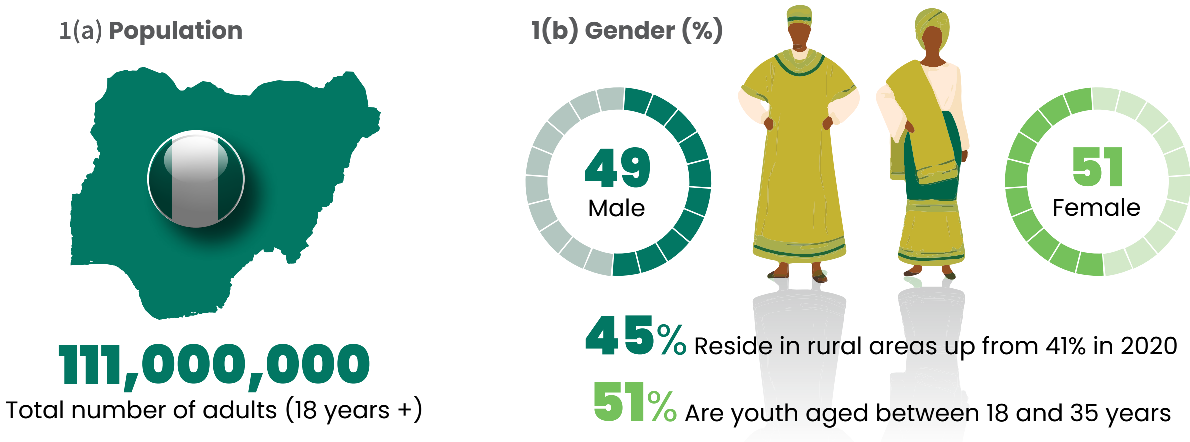
- ***Impact*** captures the likely outcomes or welfare gain in the use of financial services and products on the consumers' financial behavior and welfare.

Figure 3: Financial inclusion framework



02

Figure 4: Demographic Profile



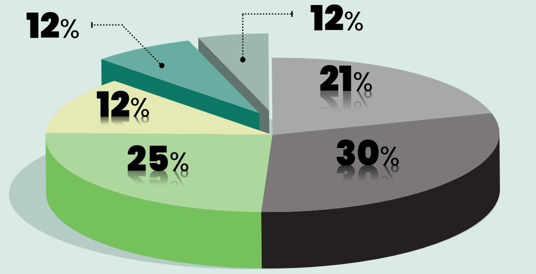
2.0 Findings: Demographic Profile

The Access to Financial Services in Nigeria survey captures a range of information including data on individuals, as well as some household information. The demographic profile provides valuable insights into consumer behavior and potential interaction with the financial system. This section of the report seeks to describe the characteristics of the respondents interviewed displaying the profile of individuals aged 18 years and older, gender distribution, livelihoods, and levels of education.

2.1 Demographic characteristics

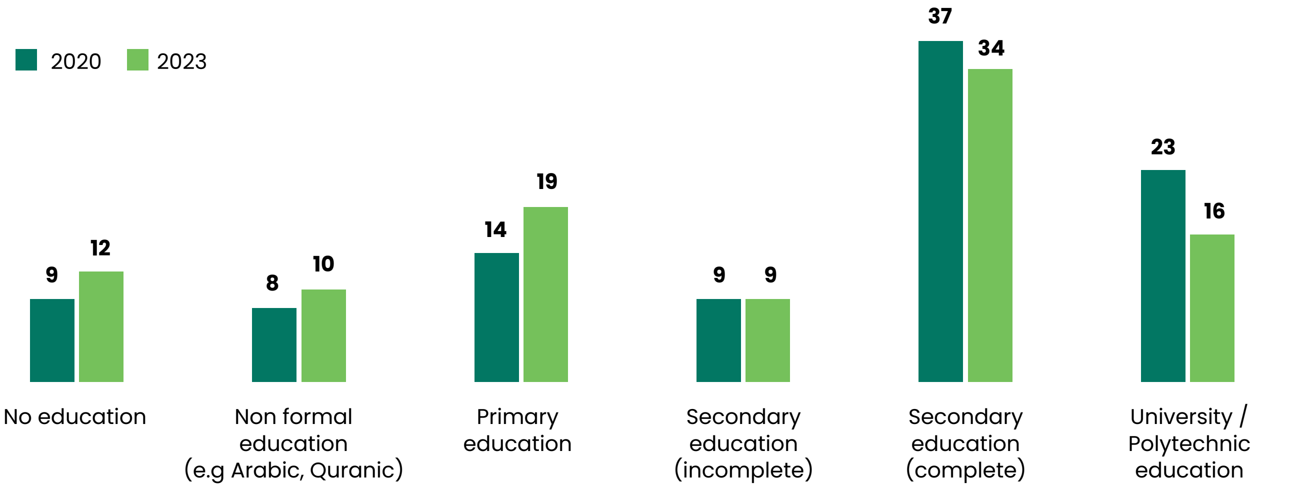
The A2F 2023 survey estimates an adult population of about 111 million, representing a 5 million increase from the A2F 2020 survey. This population is largely urban (55%), youthful (51% aged between 18 and 35 years), entrepreneurial (53% own businesses), and digital (93% own mobile phones). These statistics present a huge opportunity for financial inclusion.

1(c) Age Groups (%)



1(d) Area (Residence) (%)

Figure 5: Educational levels on the Nigerian Adult Population (%)



2.1.1 Education levels

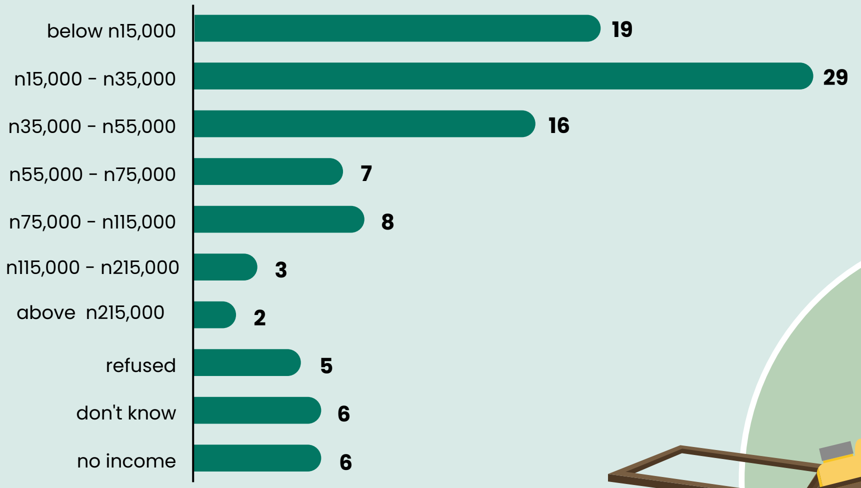
The A2F 2023 survey estimates a 10%-point drop in adult Nigerians who have completed secondary education and above when compared with the A2F 2020 . While the shift from formal education could be driven by inflationary pressures, it could also mean a shift to non-traditional education such as vocational training, online courses, and skill development programs, which are perceived to be more directly linked to income generation. Understanding the nature of this shift is important as higher levels of education have been identified as a critical driver of financial inclusion in Nigeria.

2.1.2 Livelihoods

The formal sector (private and government) employs only 8% of adults, a decrease from 10% in 2020. This decline in formal employment coincides with a significant rise in entrepreneurship. Nearly half (47%) of Nigerian adults, representing 58.6 million people, now rely primarily on their businesses for survival. This is a substantial increase from 44% in

Credit/ Michele Ferari-pexels

Figure 6: Personal Monthly Income Bracket (% of adults)

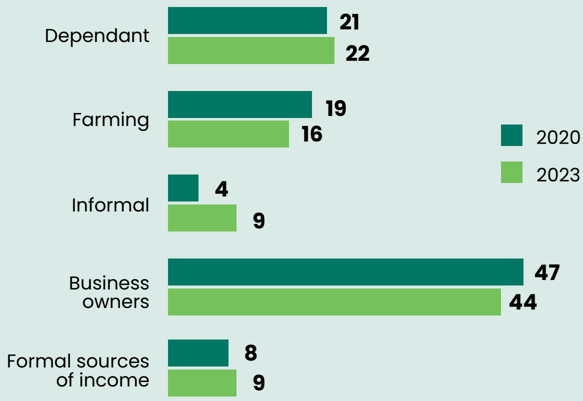


2020. The dominance of entrepreneurship can be attributed to several factors, particularly the limited employment opportunities offered by the formal sector. The relatively low number of job openings in both private and government sectors has pushed many individuals towards informal entrepreneurial ventures. About 20% (21.7 million) of Nigerians are into farming, mostly at a subsistence level. Subsistence farming often requires minimal investment in terms of equipment, seeds, and land, making it an accessible livelihood option for many Nigerians, especially those in rural communities.

22% (23.9 million) of Nigerians report that they are dependents – these are individuals who rely on others to get money to meet their needs. Individuals who fall within this group include students, those who are retired, and unemployed. It is important to note that 70% of dependents are female. This proportion of dependency within the Nigerian population highlights the interconnectedness of familial and social networks in Nigeria and the potential financial vulnerability of certain demographics.

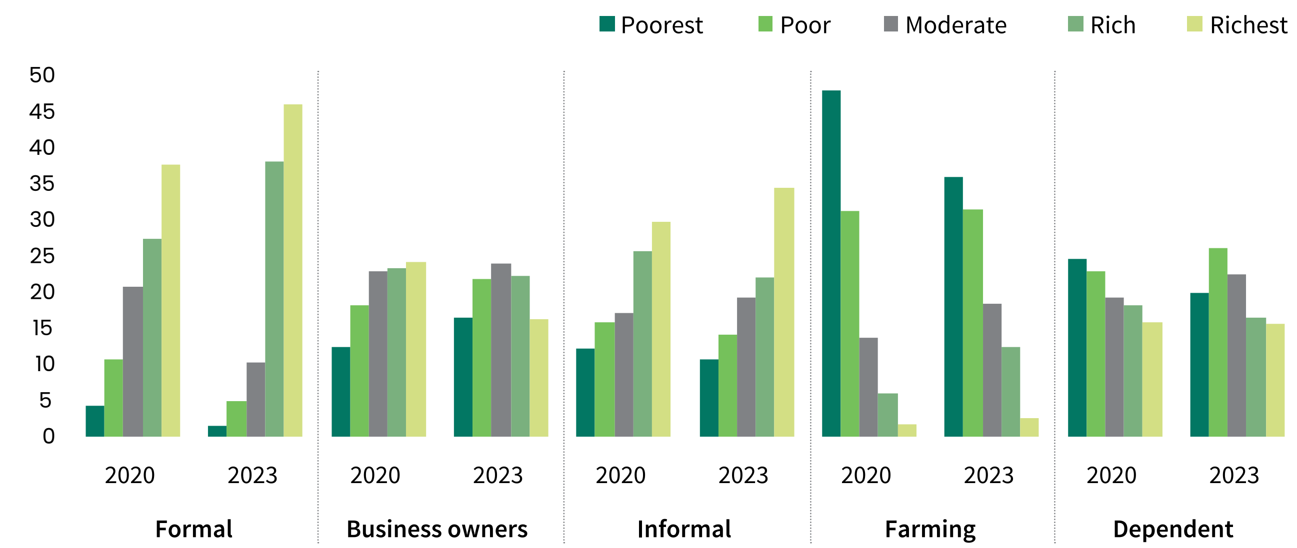
62% of adults earn less than N100,000 per month, with an average income of around N31,000. This low-income reality underscores the pressing need to improve the financial conditions of the workforce, a fact acknowledged by the current administration's pledge to implement a minimum wage increase in 2024 higher than the current minimum wage of N30,000 in 2023. The proposed increase aligns with the recognition that a substantial number of Nigerians grapple with incomes below the proposed minimum wage, making it difficult to meet basic living expenses.

Figure 7: Main Source of Income (% of adults)



Income, ownership of assets, and access to basic amenities as well as infrastructure, are some indicators of economic status and livelihood. These factors

Figure 8: Wealth quintile by main income source (% of adult population)



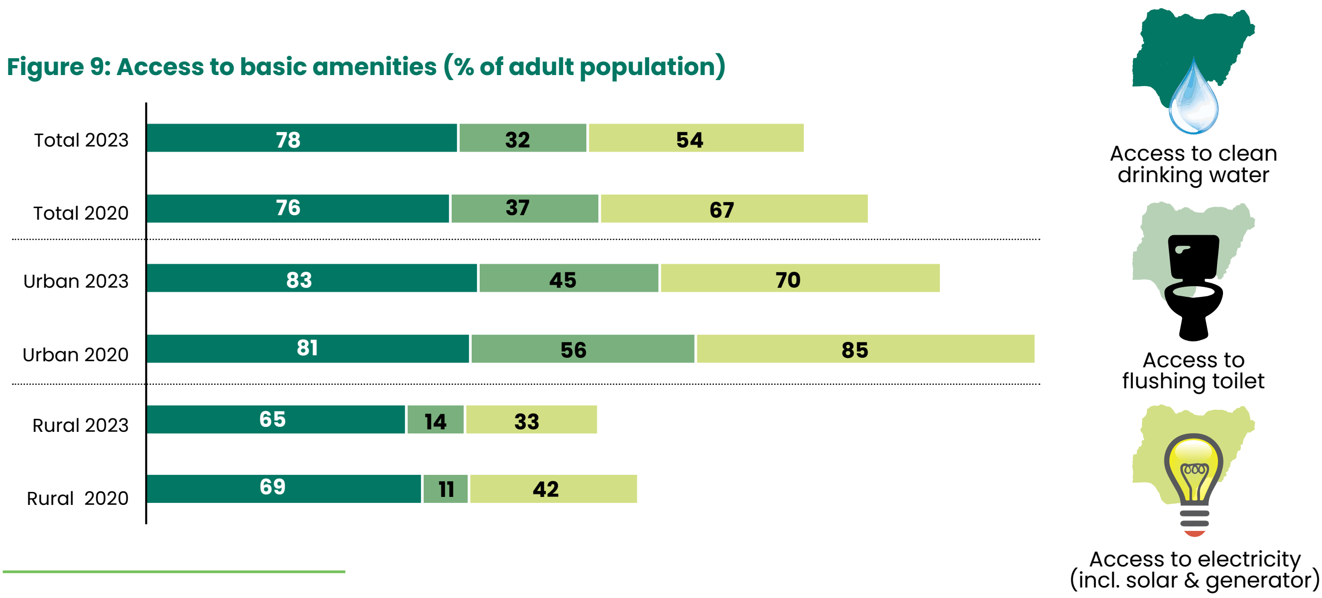
have a significant impact on how people interact with financial services. People who lack access to basic amenities and infrastructure, and who are struggling to make ends meet, may not prioritize using financial services, given their limited means to afford these services.

The wealth quintile, a measure of living standard based on household assets and characteristics, reveals major inequalities and disparities across livelihoods. Farmers are more likely to be in the poorest 40%, showing worse deprivations than dependent adults. Agriculture remains the largest sector in Nigeria contributing an average of 24% to the nation's GDP and employing more than 36% of the country's labour force[11], mainly at the subsistence level. Farmers particularly face numerous challenges resulting in low productivity, processing capacity, and profitability, ultimately impacting the quality of their livelihoods.

2.1.3 Access to basic amenities

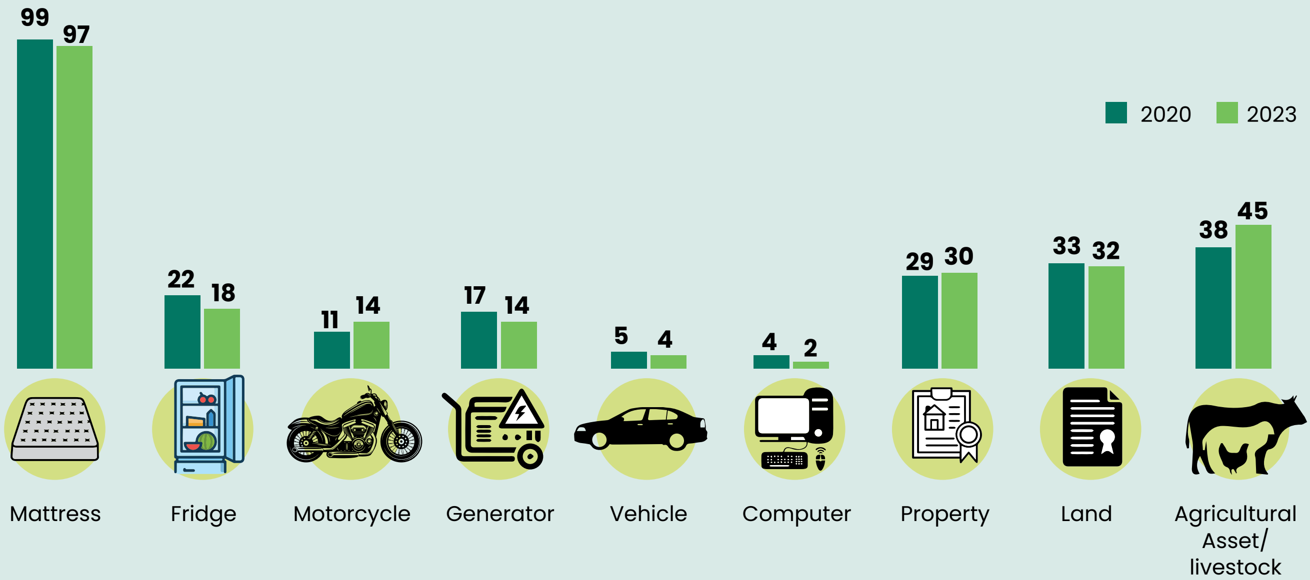
The survey findings reveal that Nigerian households have low levels of access to basic amenities, including flush toilets and electricity; with rural areas recording significantly lower access.

Figure 9: Access to basic amenities (% of adult population)



11. Current State of Nigeria Agriculture and Agribusiness Sector, PWC 2020

Figure 10: Asset ownership (at the household level) (%)



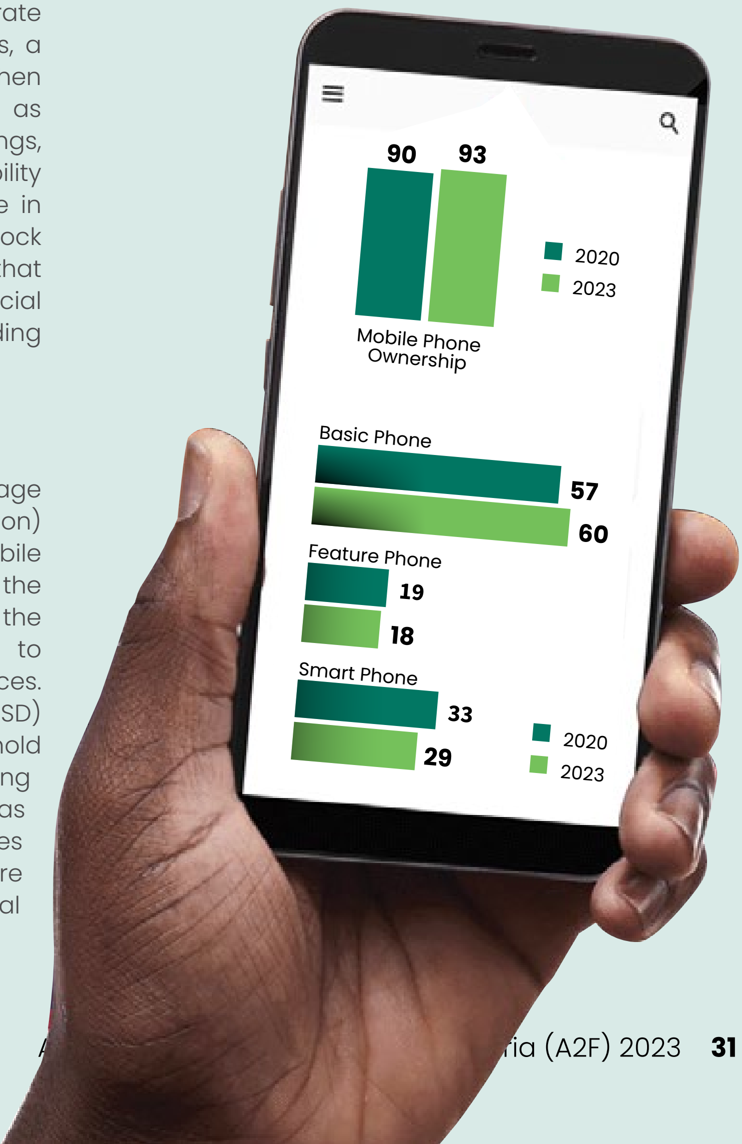
2.1.4 Asset ownership

Productive assets provide a means to generate income and build wealth across generations, a crucial step in tackling hereditary poverty. When households possess productive assets such as land, property, livestock, or financial savings, they have a foundation for economic stability and resilience. We see a significant increase in the ownership of agricultural assets/livestock at the household level. Financial models that can leverage these assets to deepen financial inclusion are needed, particularly regarding agricultural finance.

2.1.5 Mobile phone access

The notable increase in mobile phone usage from 91% (96 million) in 2020 to 93% (103 million) in 2023 reflects a growing adoption of mobile technology in Nigeria. Basic phones remain the predominant device used, emphasizing the importance of designing services to cater to the capabilities and limitations of these devices. Unstructured Supplementary Service Data (USSD) and Short Message Service (SMS) therefore hold the potential for wider digital reach. Addressing the barriers to smartphone adoption, such as affordability and access to data, becomes crucial to fully harness the potential of more advanced mobile technologies for digital inclusion and development initiatives.

Figure 11:
Mobile phone ownership (% of adult population)



3.0 Financial Access

More adults are formally included in 2023 compared to 2020. Formal inclusion increased by 7 percentage points from 57% in 2020 to 64% (71.7 million) in 2023. This is driven by a slight increase in the uptake of banking products or services from 51% in 2020 to 52% in 2023, and significant growth in the use of other formal non-bank products/services, from 32% in 2020 to 57% in 2023 (62.9 million). This trend marks a notable shift from traditional banking channels, indicating a broader and more diversified financial landscape. The growth in financial access is on account of financial technology and innovation, especially in financial service agents and mobile money.

Figure 12: Overview of financial products/services (%)

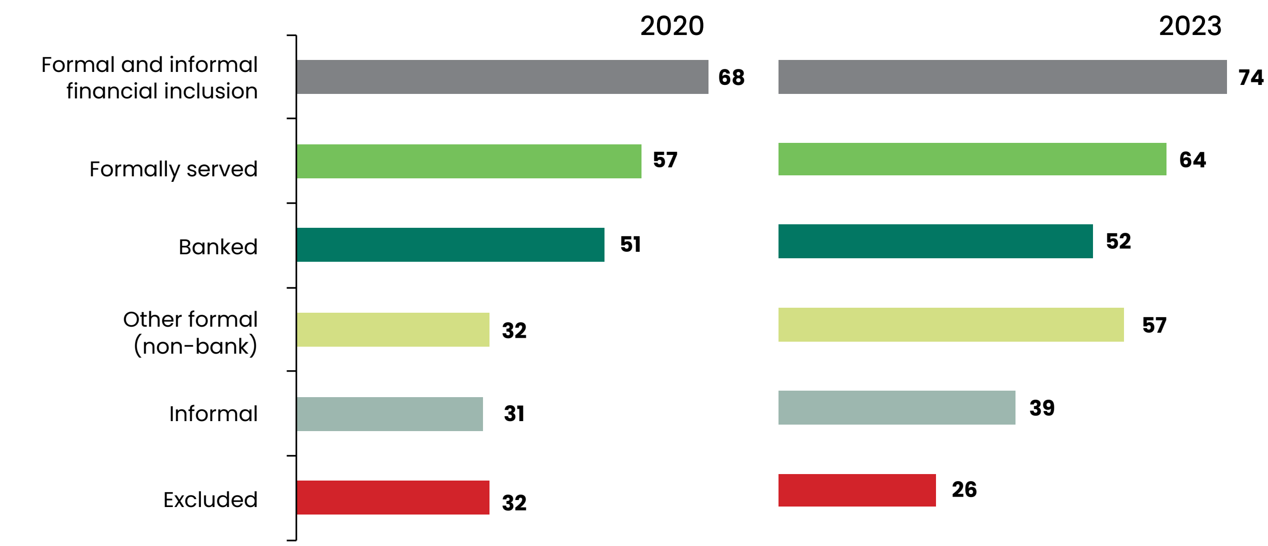
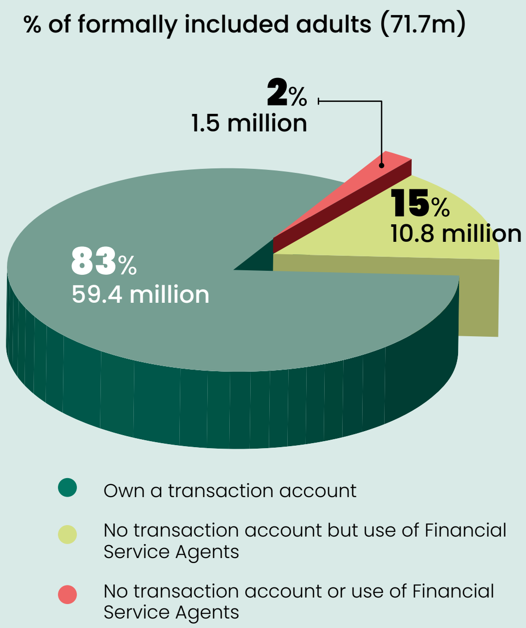


Figure 13: The role of financial service agents in extending formal access



However, taking a closer look at the true nature of formal inclusion, approximately 17% (12.2 million) of formally included adults do not possess a transactional account. Of these, 88% (10.8 m) use formal financial services through financial service agents. With agents offering largely cash-in cash-out (CICO), funds transfer, and bill payment services, amidst evidence of declining account opening by agents, this underscores a notable gap in the depth of formal inclusion. First, financial service agents deliver a limited number of services. Second, while individuals without a transactional account may be able to drive some broad development outcomes, individuals with a transactional account report relatively higher levels of financial health and living standards. Yet, the significant increase in the uptake of financial service agent offerings emphasizes their pivotal role in extending access to formal financial services and the need to deepen the offerings to maximize the potential.

Informal mechanisms remain relevant alternatives for Nigerian adults, showing an increase of 8 percentage points from 31% in 2020 to 39% in 2023. This signals the critical role informal financial providers play in meeting the financial needs of a substantial segment of the population.

Overall, more adults are financially included in 2023 compared to 2020. Financial inclusion increased by 6 percentage points from 68% in 2020 to 74% in 2023, representing an increase of about 10 million people who are now financially included. This increase suggests progress in broadening financial access and reducing the number of individuals left outside the formal financial system. The following data points to positive trends in financial inclusion, with increased formal service adoption, a notable expansion in the usage of non-bank financial products, and a reduction in overall financial exclusion. Still, 28.9 million Nigerian adults remain excluded from accessing any form of formal or informal financial service provider. This finding underscores the need for targeted efforts to extend financial services to the excluded population, ensuring that the growth in financial inclusion is inclusive and reaches all segments of society.

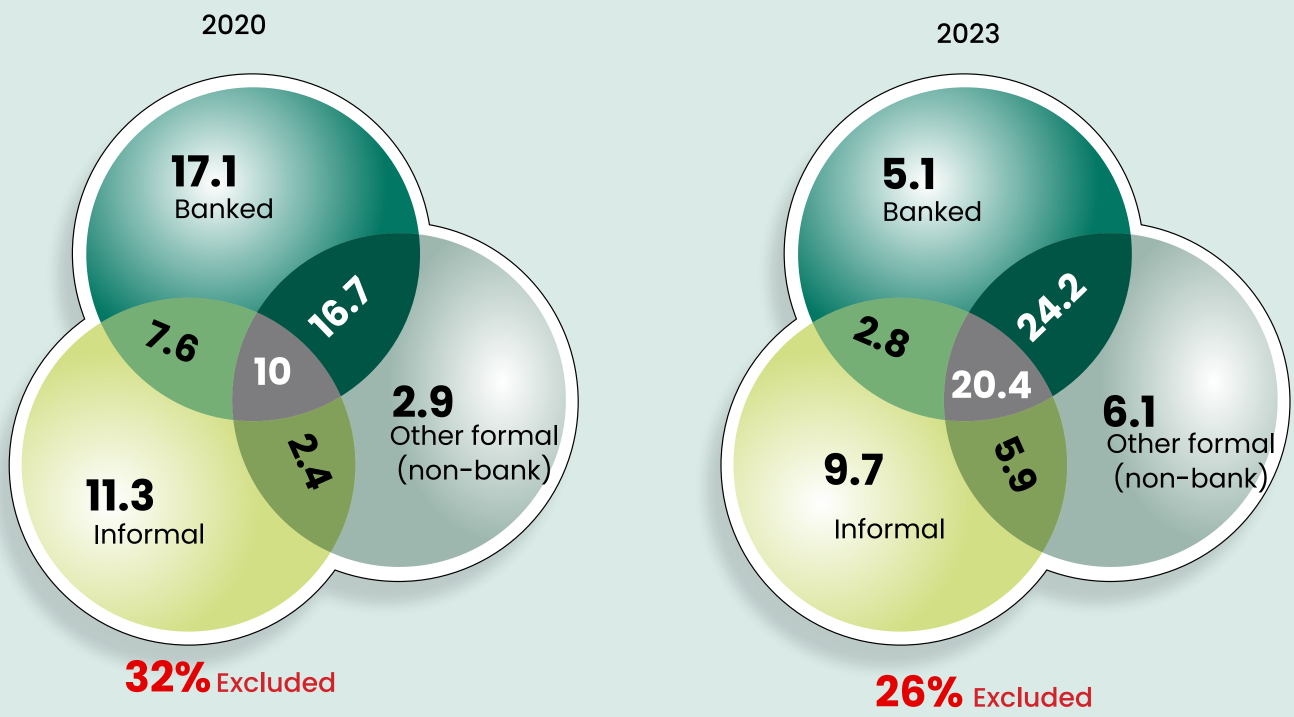
3.1 Overlaps in Financial Access

The financial behavior of Nigerians reflects a diversified approach to meeting their financial needs. Nigerians increasingly utilize a combination of formal and informal products and services, demonstrating a nuanced understanding of the advantages and limitations of different financial mechanisms. A typical instance is a person may have a bank account for receiving their salary but also participate in a savings group to secure quick access to funds during emergencies or employ mobile money services for speedy remittances.

- The proportion of adults who use a combination of banking, non-banking, and informal mechanisms to manage their financial needs has doubled to 20% (22.6 million) in 2023 from 10% (10.6 million) in 2020, indicating that their needs are not fully met by the formal sector alone. This also indicates that those who were served only by informal mechanisms are now able to use formal financial products.

- There has been a decline in Nigerian adults who rely exclusively on banking services, from 17% (18.1 million) in 2020 to 5% (5.6 million) in

Figure 14: Overlaps in Financial Access (% of adult population)



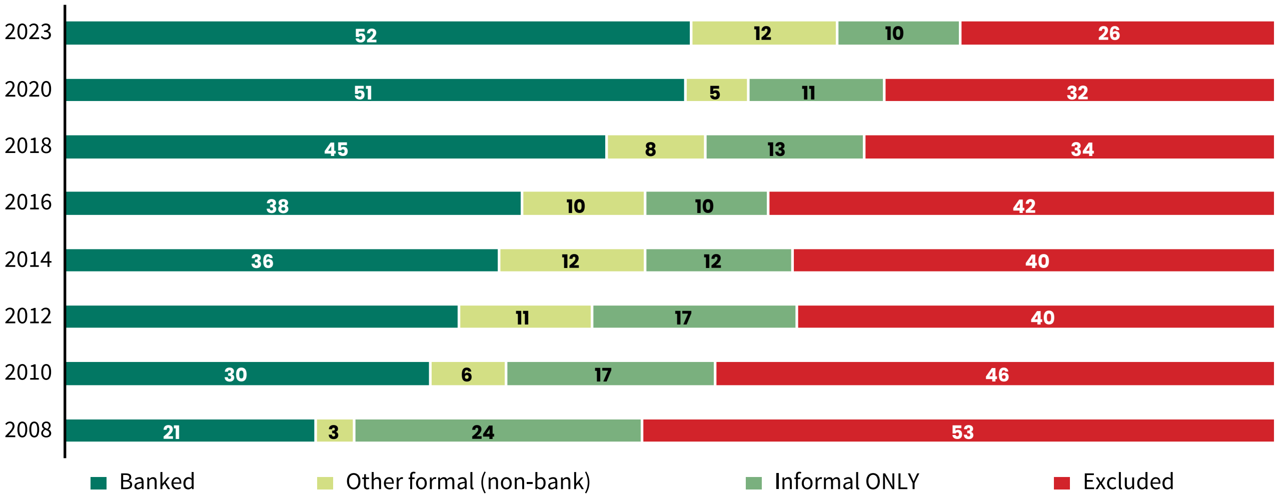
2023. This shift suggests a growing recognition among individuals that a broader array of financial tools may better cater to their diverse needs.

- About 10% (10.7 million) of the adult population rely only on informal mechanisms such as savings and loan groups, money lenders, etc. This is down from 11% in 2020 and signifies a decreasing reliance on informal financial services only.

3.2 Financial Access Strand (FAS)

There has been a gradual increase in the uptake of banking products over the past 15 years and a steady decline in the usage of only informal products or services. This trend reflects a notable shift in the financial behavior of Nigerian adults, marked by a growing integration of formal banking services into their financial practices. The rise in the uptake of banking products over this period underscores the increasing accessibility and availability of formal financial services across the country. Factors contributing to this trend may include advancements in banking infrastructure, expansion of agent banking networks into previously underserved areas, and the proliferation of digital banking solutions. Additionally, efforts by financial institutions to enhance financial literacy and promote the benefits of formal banking may have influenced individuals' decisions to adopt banking products. Financial exclusion also dropped over the past 15 years from 53% in 2008 to 26% in 2023. The reduction in exclusion was caused by a significant increase in the proportion of adults who are formally served (i.e., who have or use a product or service from a formal financial institution). This trend underscores the importance of ongoing efforts to expand access to formal financial services and promote financial inclusion as a means of fostering economic empowerment and stability among the population.

Figure 15: Nigeria Financial Access Strand 2008 - 2023 (%)



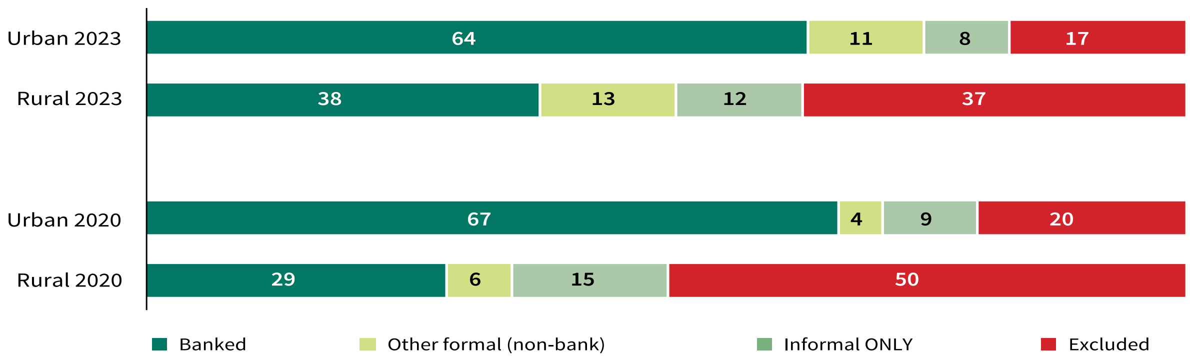
3.3 Financial access by demographics

The report also analyzed the financial access strand by various demographics, in particular, residence, gender, age, education, livelihoods wealth quintiles, and region. Varying disparities exist, indicating that a one-size-fits-all approach will not yield results. Tailored interventions are most likely to lead to the desired outcomes.

Financial Access by urban-rural

About 63% (31.8 million) of the rural population are financially included compared to 83% (50.6 million) of the urban populace. This reflects a 20-percentage point rural-urban gap in financial inclusion. This is a notable decrease from the 30-percentage point gap in 2020. The narrowing of the rural-urban gap in financial exclusion signifies progress in efforts to promote last-mile access across hard-to-reach areas in Nigeria. Formal financial inclusion in the urban areas and rural areas stood at 75% (45.9 million) and 51% (25.8 million) respectively. The growth in access for the rural population stems from a significant growth in bank and non-bank access. Several drivers include increased access to financial service agents, a proliferation of mobile banking and digital platforms, growing digitization of government-to-person cash transfer programs, etc. Beyond formal access, informal financial providers play a greater role in extending financial access for the rural population compared to the urban

Figure 16: Access Strand by residence (% of the adult population)



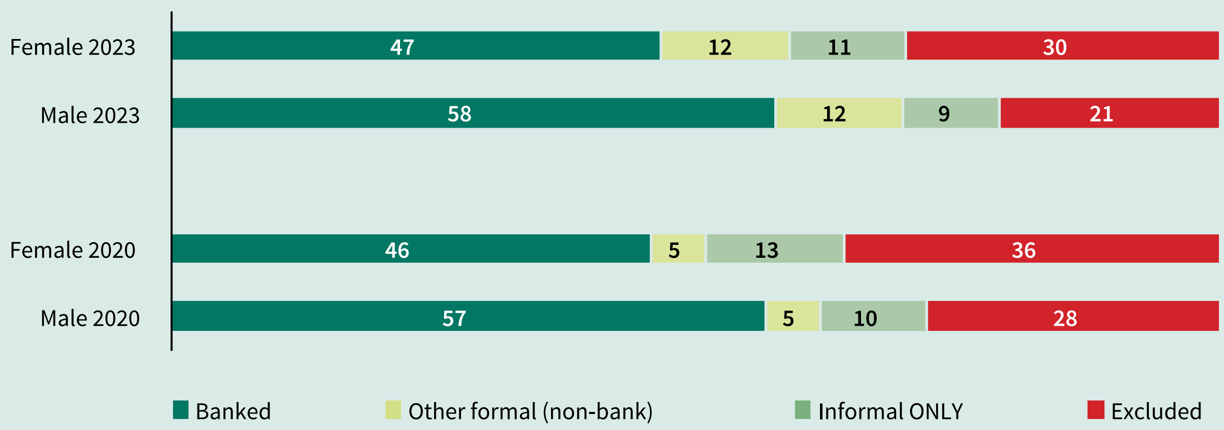
population. Still, nearly 2 in 5 adults in rural areas are financially excluded, despite a 13-percentage improvement from 2020.

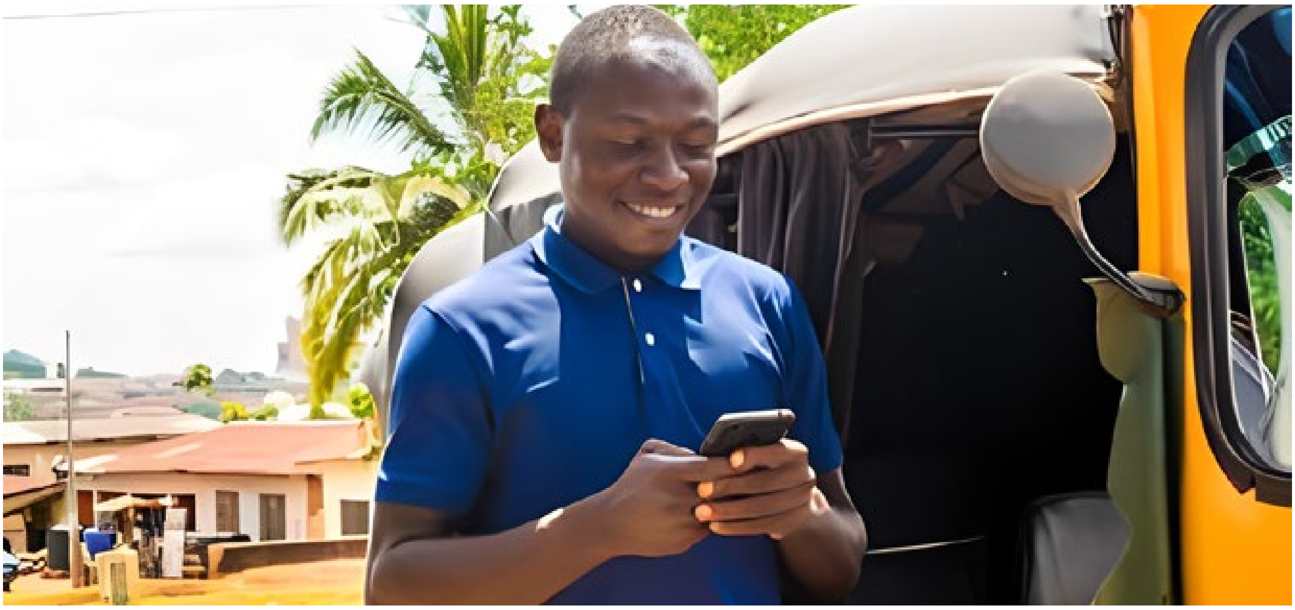
Hence, despite these positive developments, more effort is needed to further expand financial inclusion in rural areas. This includes expanding financial agent networks and mobile/digital infrastructure in underserved areas; strengthening regulatory frameworks to enable the formalization and digitization of informal groups for linkage to formal providers; enhancing consumer protection, promoting awareness and financial education, infrastructure development, tailored financial products, and continued collaboration between public and private sectors, are essential components of the comprehensive approach required to extend the reach of financial inclusion in Nigeria.

Financial Access by Gender

- Males are more likely to access formal financial services compared to females, creating an 11% gender gap in access and uptake of formal financial services or products (females at 59% vs. males at 70%). Women are also more likely to rely only on informal providers compared to men. The result is a persistent gender gap in financial inclusion as revealed in **Figure 17** below. 70% (39.1 million) of females are financially included versus 79% (43.2 million) of males, indicating a 9% gap, up from 8% in 2020.
- The above trend underscores ongoing challenges in achieving gender equality in access to financial services and holds significant implications for economic and social development. Despite the growth in women's financial inclusion, it is not surprising to see that this is lower relative to men. Evidence suggests that women are often more plagued during periods of economic crisis, and less resilient compared to men. To address this, it is imperative to nurture women's entrepreneurship, foster economic independence, and facilitate wealth accumulation. Disparities in access also highlight potential gaps in financial literacy and awareness, emphasizing the need for initiatives focused on enhancing financial education, particularly for females.
- Closing the gender gap in financial inclusion can have positive effects on women entrepreneurs, providing them with increased access to formal financial services, fostering business growth, and contributing to the overall development of enterprises led by women. This aligns with broader goals of achieving social and gender equality, ensuring that both men and women have equal opportunities to access and benefit from financial services, and fostering a more inclusive and equitable society.

Figure 17: Access Strand by gender (% of the adult population)



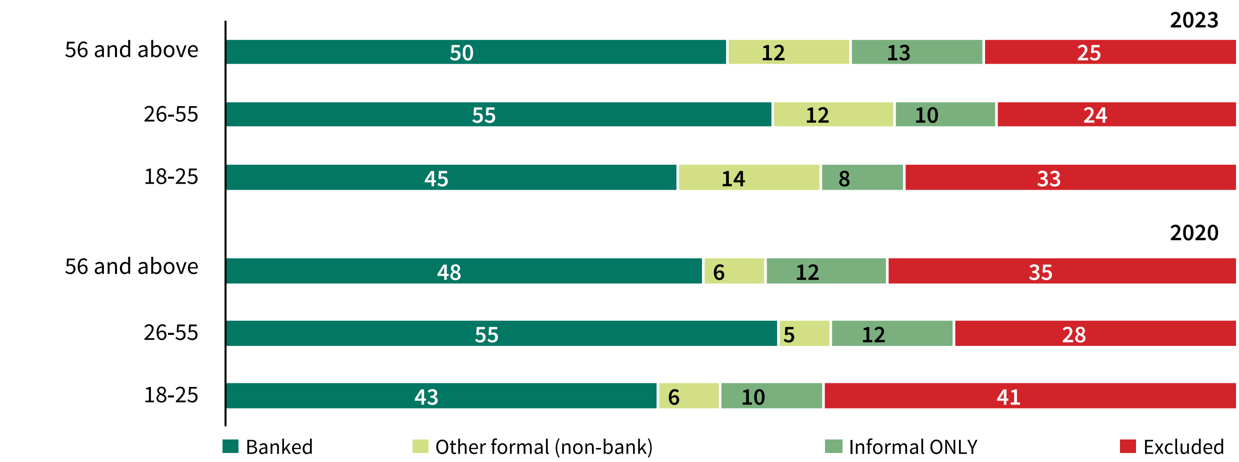


Getty Images

Financial Access by Age Groups

- Despite an 8-percentage point increase in formal financial inclusion from 2020 to 2023, young adults aged 18-25 remain disproportionately excluded from accessing financial services and products. Compared to other age groups, they are less likely to have formal access to financial institutions and more likely to be unbanked.
- Across all age groups, there's a shift towards the utilization of formal non-bank financial services and a decline in reliance on informal channels. This reflects how innovation in the other formal non-bank subsector is transforming how people conduct financial transactions and live their lives. Mobile phones and the availability of new digital technologies are at the forefront of this change, helping to draw more young people into the formal economy.
- While adults aged 56 and above show a similar increase in access to bank and non-bank financial services, a relatively higher proportion of them still rely solely on informal financial services.
- Addressing the unique needs and barriers faced by each demographic group is crucial for promoting broader financial inclusion and ensuring that the benefits of formal financial services are accessible to individuals across all age ranges.

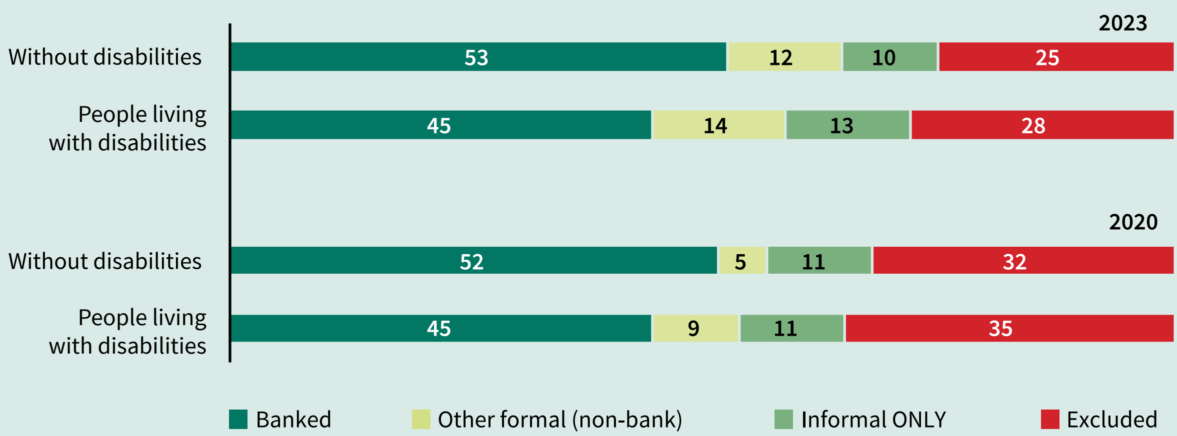
Figure 18: Access Strand by age (% of the adult population)



Financial Access by persons living with disabilities (PLWDs)

- About 59% (3.4 million) of persons living with disabilities use formal financial products or services to meet their needs, compared to 65% (68.1 million) of persons living without disabilities. The 2023 data records an 8-percentage point gap in bank access for PLWDs compared to those without disabilities.
- Beyond access to banking services, other formal non-bank financial services play a greater role in extending formal access to PLWDs compared to those without disabilities.
- Similarly, PLWDs report a higher proportion of adults who rely solely on informal financial services (13%) compared to those without disabilities (10%).
- While the proportion of banked PLWDs has stalled, the growth in access to other formal and informal providers demonstrates the role of these actors in extending financial services to this priority segment of the population. There is a need to strengthen the capacity of these providers to deliver impactful financial services for this group.
- The data reveals that 28% of PLWDs are excluded from formal or informal financial services, a higher percentage than the 25% for those without disabilities. This exclusion highlights the urgent need to address systemic barriers that prevent individuals with disabilities from fully participating in the financial system.
- Literature[12,13,14] shows that some of the common financial challenges faced by PLWDs in Nigeria include:
    - o Limited access to financial services, such as bank accounts and other formal financial tools.
    - o High reliance on informal financial services like money lenders and friends.

Figure 19: Access Strand by People Living with Disabilities (PLWD) (%)



12. Jiya, A. N. et. al. (2022).
13. Imandojemu, K et al. (2018).
14. AFI 2023.

- o Exclusion from financial systems, leading to dependence on cash transactions and informal networks.
- o Stigma and discrimination hinder access to financial services and create barriers to financial inclusion.
- o Negative attitudes toward people with disabilities, which can lead to unfair practices and unequal access to financial resources.
- o Poor infrastructure, such as inaccessible ATMs and buildings, can limit the ability of people with disabilities to participate in the financial system.
- o Lack of appropriate assistive technologies and adaptations to financial services, making it difficult for people with visual or auditory impairments to use financial services independently.
- o Low income and high costs of living can exacerbate financial hardships for families with disabled members.

These findings underscore the importance of targeted interventions to enhance financial inclusion for PLWDs. Addressing accessibility issues, providing tailored financial products and services, and promoting inclusive policies are crucial steps towards ensuring equal access to financial resources for this marginalized group.

Financial Access by Education Levels

- Adults with higher levels of education are significantly more likely to be financially included and use banking services or products.
- There is a high reliance on only informal products and services among adults with lower levels of education.

The data indicates a strong link between higher education levels and financial inclusion, as individuals with tertiary education show the highest formal access at 98%. Conversely, there's a notable decrease in formal access as educational attainment decreases, with individuals at lower education levels facing more challenges in accessing formal financial services. Across all demographic segments, the population with no education has the highest exclusion rate at 62%.

Tailored financial education programs targeting individuals with lower education levels could enhance financial literacy and inclusion. Efforts to broaden access to formal financial services should consider the unique needs and obstacles encountered by those with incomplete secondary education, completed primary education, non-formal education, and no education.

Figure 20: Access Strand by educational levels (% of the adult population)

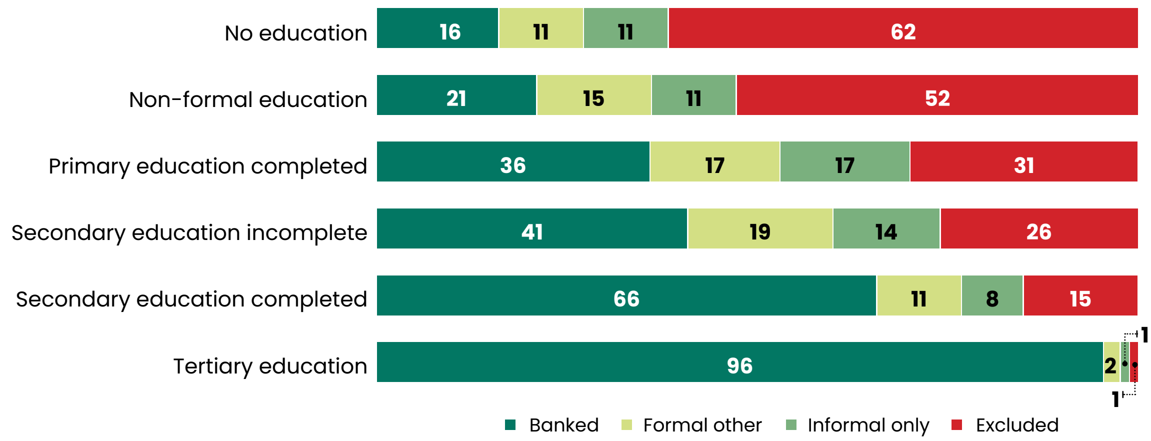
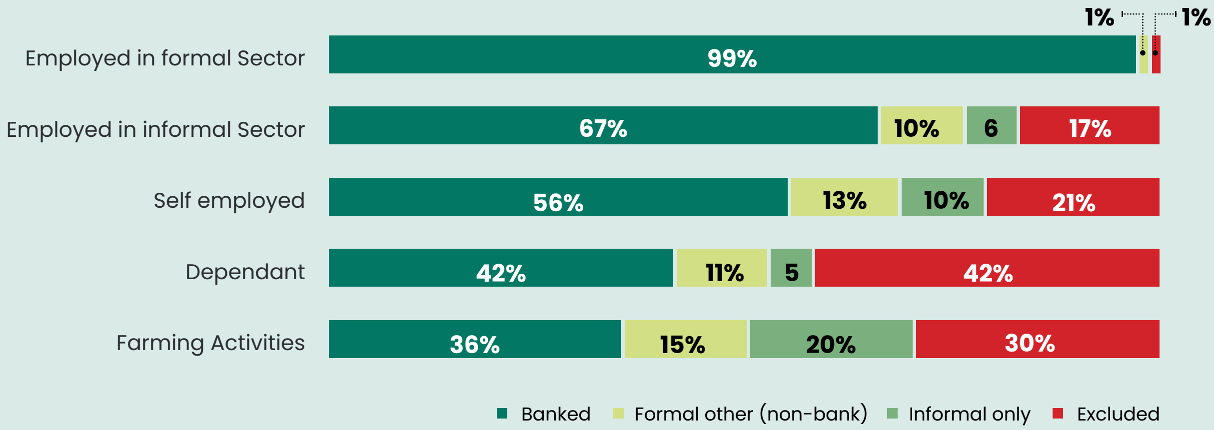


Figure 21: Access Strand by main income generation activity (%)



Financial Access by Livelihoods

The formal sector exhibits near-saturation in access to banking services, with 99% of formally employed adults accessing them. However, informal financial services are extending financial inclusion, especially among business owners and farmers, who often have unique financial needs. This trend highlights a demand for tailored financial solutions catering to specific challenges in livelihoods. Informal services offer flexibility, quick credit, and risk mitigation, particularly beneficial in rural areas with limited formal banking infrastructure. Yet, this reliance poses challenges for formal institutions, urging adaptation and policy adjustments for a more inclusive financial landscape.

Among farmers, the extensive usage of informal services, surpassing even business owners, is influenced by factors such as limited formal banking access in rural areas, seasonal cash flow, and lack of traditional collateral for formal loans. Trust within local communities, simplicity of informal processes, and participation in community-based savings groups drive preference for informal services. Cultural dynamics and adaptability to agricultural cycles further shape this preference. This emphasizes the need for tailored, community-centric financial services in the agricultural sector to address specific challenges faced by farmers.

Figure 22: Access Strand by regions

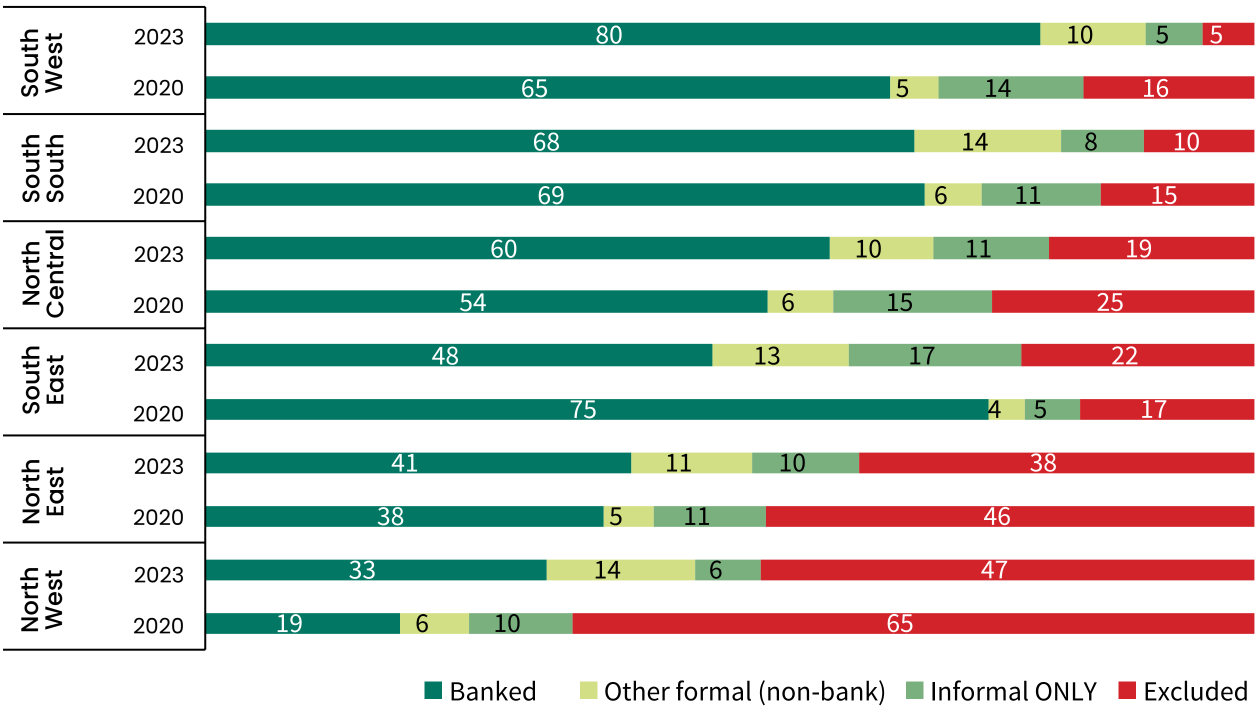


Figure 23(a): Regional contribution to formal financial exclusion

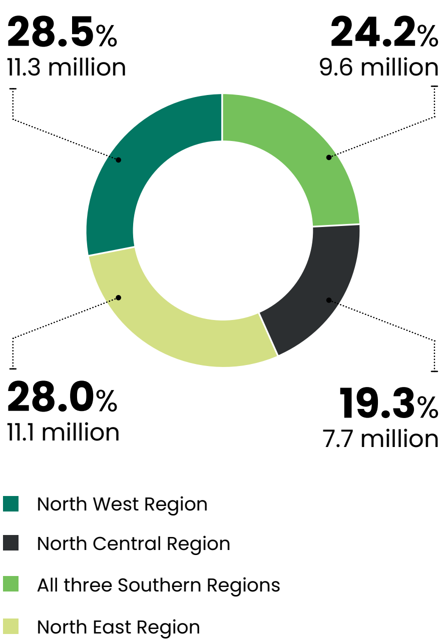
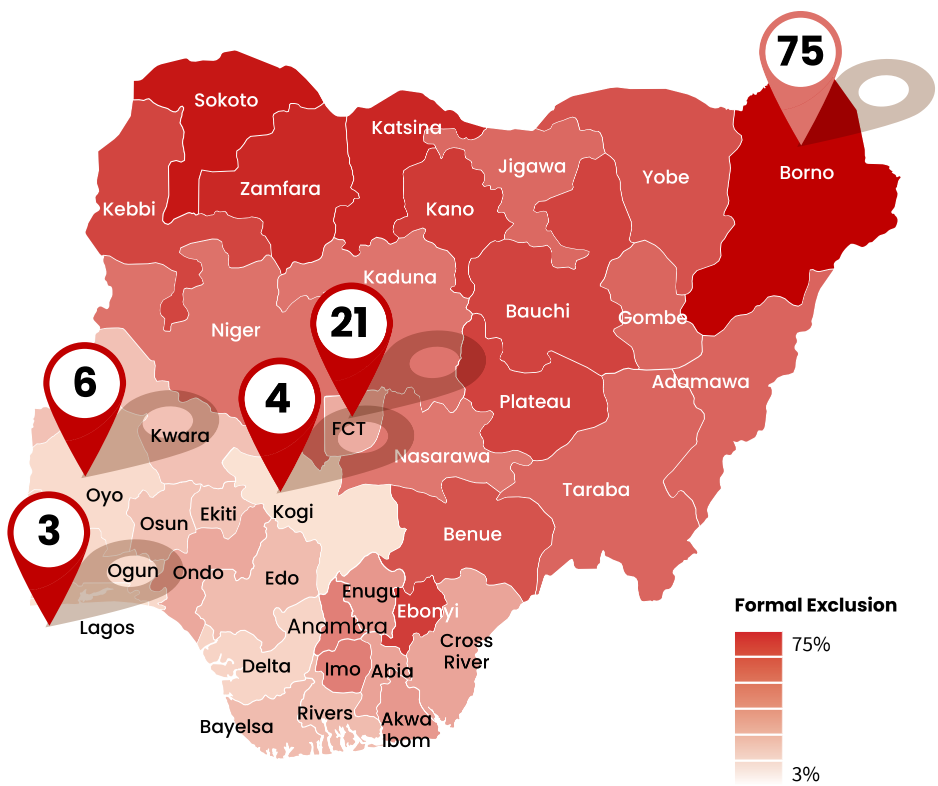


Figure 23(b): Formal financial exclusion heatmap (% of adult population)



Financial Access by regions and state

- The South-West region, led by Lagos, boasts the highest financial inclusion rate (95%, 11.8 million adults), primarily driven by an increase in banking access.
- The South-South follows closely with a 90% inclusion rate (13.4 million adults).
- The South-East records a significant decline in the banked population and is the only region with an increase in financial exclusion from 17% in 2020 to 22% in 2023. Despite major gains in access to other formal non-bank and informal providers, this is insufficient to cushion the effect of the decline in banking on exclusion. The increased access to informal services in this region is worth interrogating.
- 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.

Beyond regional differences in financial access, within regions, the level of financial access at the state level varies significantly. Lagos State has the highest formal access while Borno State has the lowest access to formal channels. In terms of informality, Ebonyi and Benue States top the list of those countries relying on informal channels. Overall financial exclusion rates were the 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 (**figure 23b**). 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 states. Understanding regional and state-level nuances is crucial for designing targeted interventions to enhance financial inclusion and address specific challenges faced by each region and state.

Figure 24: Financial Access by State (% of adult population)

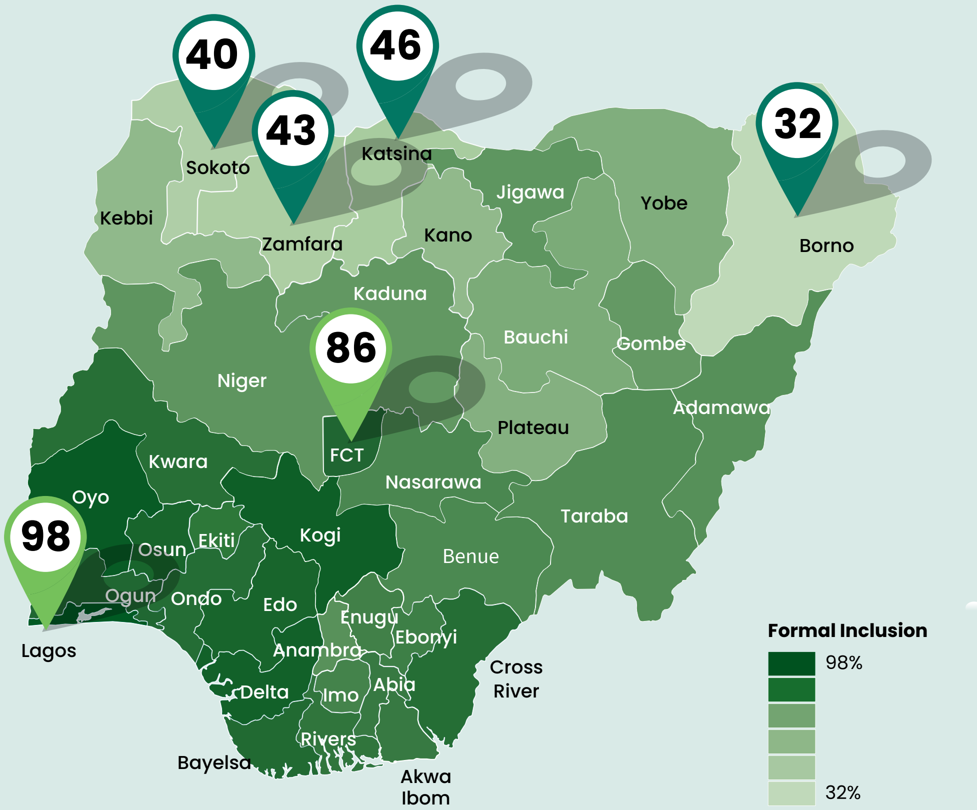
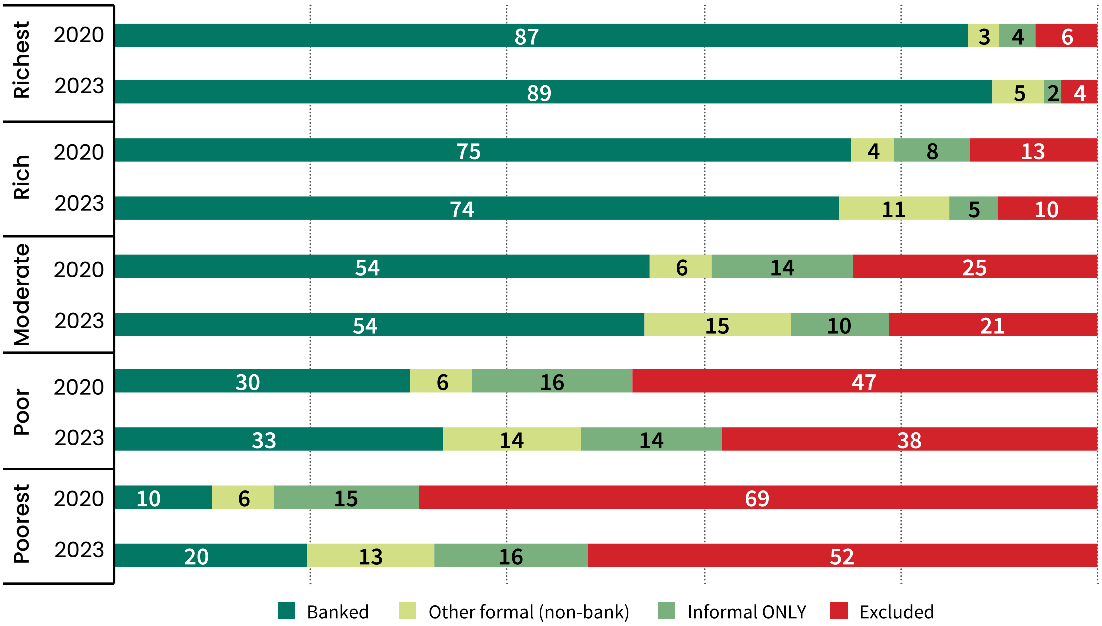


Figure 25: Access Strand by wealth quintiles (%)



Financial Access by Wealth Quintiles

The wealth quintile is a living standard index for households, modeled using data on household assets and characteristics. It is a way to measure and compare the distribution of wealth among different groups within a society, providing insights into income inequality and economic disparities. Adults in the highest wealth quintile reported higher levels of formal access while adults in the lowest quintile had the highest formal exclusion levels. Adults in the lowest quintile were relatively more likely to access financial services and products through informal providers only. This shows a correlation between the wealth quintile and the formality and informality of access, as the poorer a Nigerian is the less likely he/she is to be formally included. The disparity in financial inclusion may perpetuate and exacerbate existing economic inequalities, limiting opportunities for upward mobility and hindering broader economic progress. Therefore, addressing the gap in financial access becomes crucial for fostering a more equitable and inclusive economic landscape in Nigeria.


Getty Images

On a positive note, compared to 2020, there was a general increase in formal access across all five wealth quintiles. Adults in the lowest quintile recorded the highest increase in banking access, increasing from 10% in 2020 to 20% in 2023.

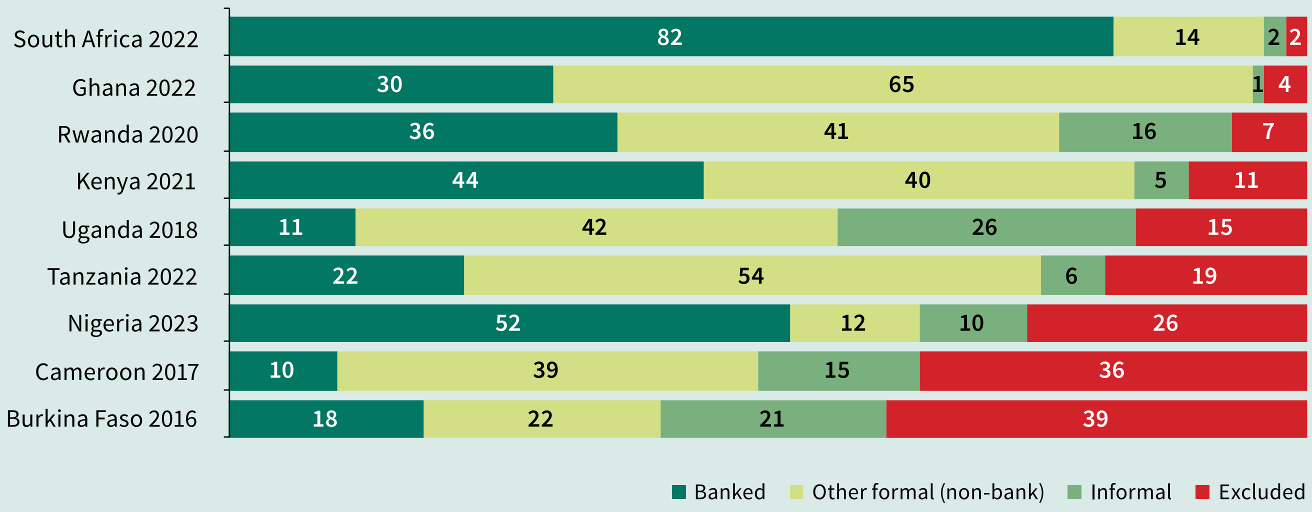
Financial Access by Country Comparisons

Comparing the Nigerian Access Strand to other selected countries where FinScope surveys have been conducted, **Figure 26** shows that:

- Though Nigeria has a high proportion of financially excluded adults at 26%, the uptake and usage of banking services and products is higher than many comparator countries. Ranking the financial inclusion by banked population, Nigeria would rank second after South Africa.
- Ghana and Tanzania are exemplary countries in leveraging non–bank players to expand financial inclusion. In both countries, we see an evolution of mobile money services, digital financial solutions, partnerships with FinTechs, and innovative business models by these non-bank players.
- A similar trend is emerging across Nigeria, with the Central Bank leading regulatory changes to create an open and fair environment for a diverse range of financial service providers. Further regulatory adjustments that foster a supportive environment for non-bank entities and encourage collaborations among different providers will aid in reaching underserved populations, including women, rural residents, and citizens in northern regions.
- The regulatory approach is yielding positive outcomes: market competition is increasing, facilitating a non-bank-driven approach that promotes formal financial inclusion. Innovations aimed at enhancing market incentives to stimulate account opening and expand financial access beyond basic payments are essential to drive progress in this area.

The financial landscape in Nigeria has experienced significant changes from 2020 to 2023, with a notable increase in formal financial inclusion, driven by a shift towards financial technology and innovation. The growth in financial access is evident, with more adults utilizing a combination of formal and informal products and services to manage their finances. Despite the progress made in financial inclusion, approximately 28.9 million Nigerian adults remain excluded from accessing any form of formal or informal financial service provider, highlighting the need for targeted efforts to extend financial services to the excluded population and ensure that the growth in financial inclusion is inclusive and reaches all segments of society.

Figure 26: % Comparison of the Nigerian Access Strand with that of other countries where FinScope surveys have been conducted – ranked by the financially included



To further improve access to financial services in Nigeria, regulators, financial service providers, and other stakeholders can implement several strategies:

1. **Regulatory Reforms:** Regulators can enact policies that facilitate easier access to formal financial services, such as simplifying account opening procedures, reducing documentation requirements, and streamlining regulatory frameworks for fintech companies.

2. **Enhanced Financial Literacy:** Investing in financial education programs can empower individuals to make informed decisions about their finances, including understanding the benefits of formal financial services and how to access them.

3. **Expansion of Banking Infrastructure:** Increasing the number of bank branches and ATMs, particularly in rural and underserved areas, can improve physical access to formal financial services.

4. **Promotion of Digital Payments:** Encouraging the adoption of digital payment solutions, such as mobile money and electronic funds transfers, can broaden access to financial services, especially among populations without traditional bank accounts.

5. Agent Banking Support: Providing incentives and support to financial service agents can enhance their capacity to deliver a wide range of financial services, including account opening, deposits, withdrawals, and payments, thus improving access for individuals who rely on agent banking.

6. **Innovative Products and Services:** Financial service providers can develop tailored products and services that meet the specific needs of underserved populations, such as microfinance loans, savings accounts with low minimum balance requirements, and insurance products designed for low-income earners.

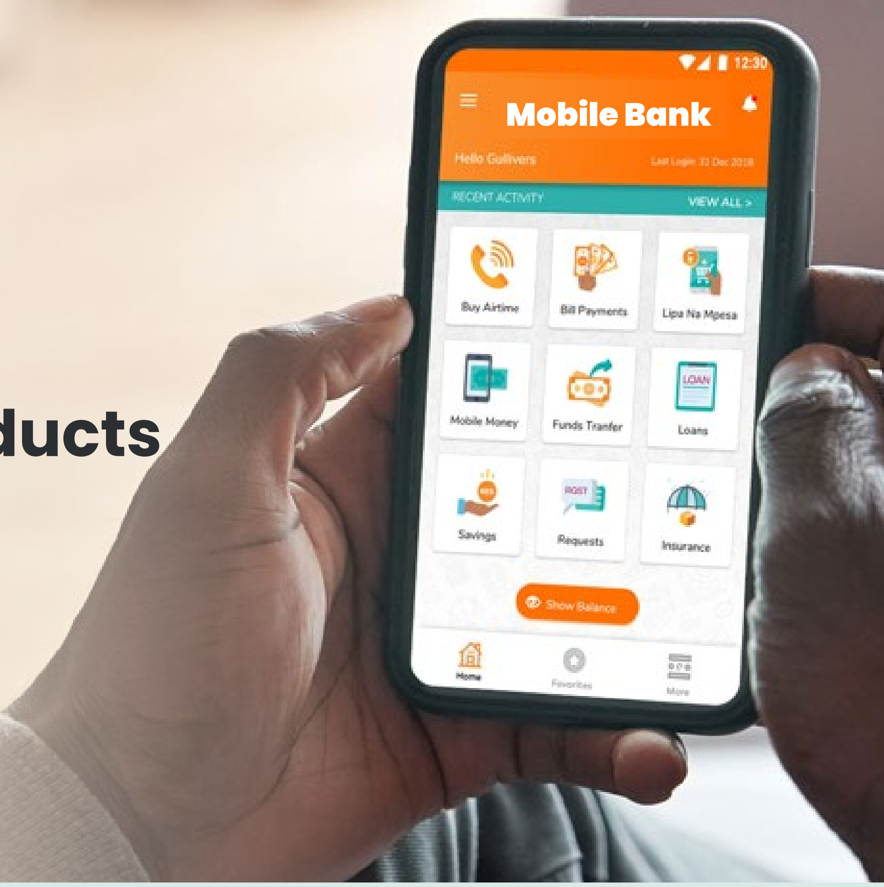
7. **Partnerships and Collaboration:** Collaborating with non-profit organizations, community groups, and local governments can facilitate outreach efforts and extend financial services to marginalized communities.

8. **Addressing Barriers to Inclusion:** Identifying and addressing barriers to financial inclusion, such as lack of identification documents, high transaction costs, and limited awareness of available services, can help overcome obstacles preventing certain segments of the population from accessing formal financial services.

.

04

4.0 Usage of Financial Products and Services



4.1 Usage by Financial Providers

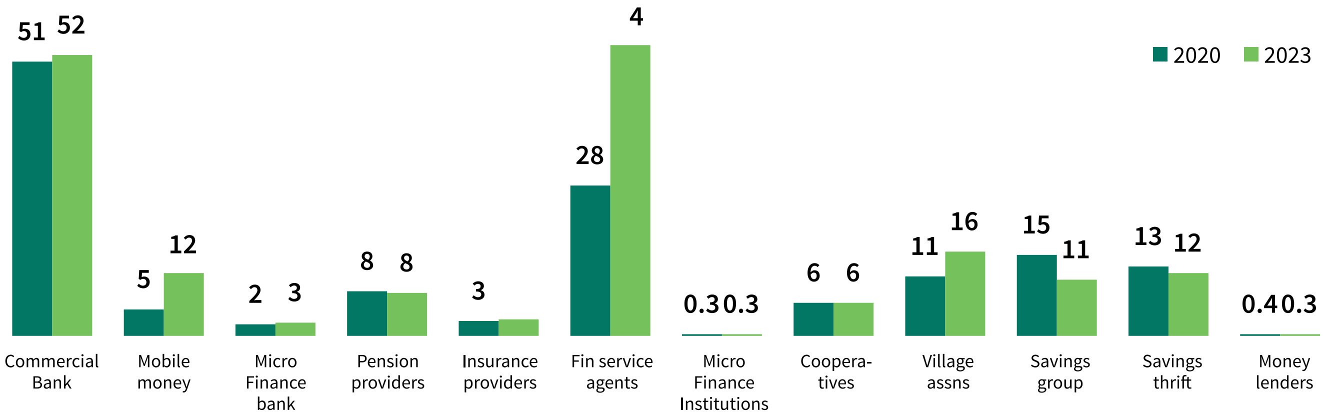
Access to financial products or services like a bank account does not presuppose usage. The usage dimension explores the depth of usage and provides information on the actual consumption of financial products and services.

This includes the types of providers (formal and informal) used and the landscape of service usage - accounts, and financial services like making payments (inbound/outbound transfers, bills, merchants, etc.), savings, credit, insurance, pensions, and investments. It touches on the channels used, frequency, length of use, and the reasons for usage and/or non-usage. The report also presents an analysis of usage across key demographics, specifically gender, education, and wealth quintile.

The A2F 2023 survey reports a significant growth in the usage of formal financial services in Nigeria, underpinned by a multifaceted transformation across the non-bank sector. While the ecosystem remains largely bank-led, usage of mobile money and financial service agents doubled in the last three years, showcasing the increasing role of technology in facilitating financial access nationwide. On the contrary, the uptake of insurance remains roughly stagnant and critically low as only 3% of adults (3.4 million) were reportedly covered by a regulated insurance policy. The uptake of pension has remained relatively stagnant since 2018 at about 8% of adults. The above puts a dent in the depth of financial inclusion, implying that an estimated 9 out of 10 adult Nigerians face a greater risk of financial instability, hindering their ability to cope with emergencies and achieve long-term financial security.

Mobile money and financial service agent usage doubled in the last three years, highlighting technology's growing role in nationwide financial access.

Figure 27: Financial products and service usage (% of adults)



The informal service sector plays a vital role in providing financial access through savings and credit groups, acting as a crucial alternative for those excluded from formal financial institutions and fostering broader social and economic development. These groups foster social capital, knowledge-sharing, mutual support, gender empowerment and community development. In 2023, 39% (40 million) of Nigerians utilized informal financial services, up from 31% in 2020. This growth highlights the resilience of informal channels, especially in rural areas. Village or community associations are the primary drivers of informal mechanisms, followed by savings thrift and savings groups.

Usage of financial products by the adult population

Looking at the usage of financial products by the adult population, there has been substantive growth in the number of consumers served in 2023. Many of the consumers are served by banks – 58.3 million, up from 54.6 million in 2020. Mobile money providers and village community associations also served a large pool of consumers, 12.8 million and 17.5 respectively.

Table 1: Financial products and service usage by adult population

Financial Providers	2020 (million)	2023 (million)
Commercial bank	54.6	58.3
Financial agents	29.2	60.0
Microfinance bank (LAPO, ACCION,)	2.0	2.8
Digital Microfinance banks (neo banks like Money Point, Fair Money, carbon, Kuda	-	1
Mobile money operator (Palm Pay, Opay)	5.2	12.8
Cooperative Society	5.9	6.6
Insurance provider	2.7	3.4
Pension fund administrator	8.8	9
Savings group that you save with or borrow from	14.9	11.7
Village/community association	11.6	17.5
Savings/thrift collector/merchant	13.7	13.1

4.2 Usage by Demographic Factors

Financial service providers serve different people located in different geographical areas in the country. This section analyses usage by location, gender, education, and wealth quintile.

Usage of financial service provider by gender

Usage of formal financial services is higher among males than females. The relatively narrow gender gap in mobile money usage suggests that mobile financial services might serve as a more inclusive and accessible avenue for both males and females. Although the percentage point gender gap in the usage of financial service agent and mobile money has widened from 8% in 2020 to 12% in 2023 and 2% in 2020 to 5% in 2023 respectively, the growth in usage for both men and women has remained roughly the same. This is an indication of digital financial services creating equal opportunities for both men and women. Understanding the pathways of impact and strengthening the connections for various segments of women, is crucial for fostering more equitable access to formal financial services for women. This insight has significant implications for leveraging technology to bridge gender disparities in financial inclusion.

Interestingly, while more women report usage of financial services offered by savings groups and savings thrift activities, more men engage in village savings associations and cooperatives contrary to common assumptions, emphasizing the nuanced gender dynamics within informal financial services. The prevalence of women in savings groups and savings thrift activities could be attributed to the specific design and objectives of these informal financial services. Savings groups typically entail smaller-scale, community-based savings and lending practices, aligning with financial activities that women may find more accessible. The informal and communal nature of savings groups may foster a sense of trust and solidarity, making them attractive to women seeking financial stability and support within their immediate social circles.

Usage of financial service provider by area

In terms of geographic distribution, the urban-rural divide remains notable, with urban areas leading in the usage of formal and informal financial service providers, apart from village/community associations which are more widely used in rural areas. However, while the percentage point rural-urban gap has remained in 2023, the growth

Figure 28: Usage of financial service providers by gender (%)

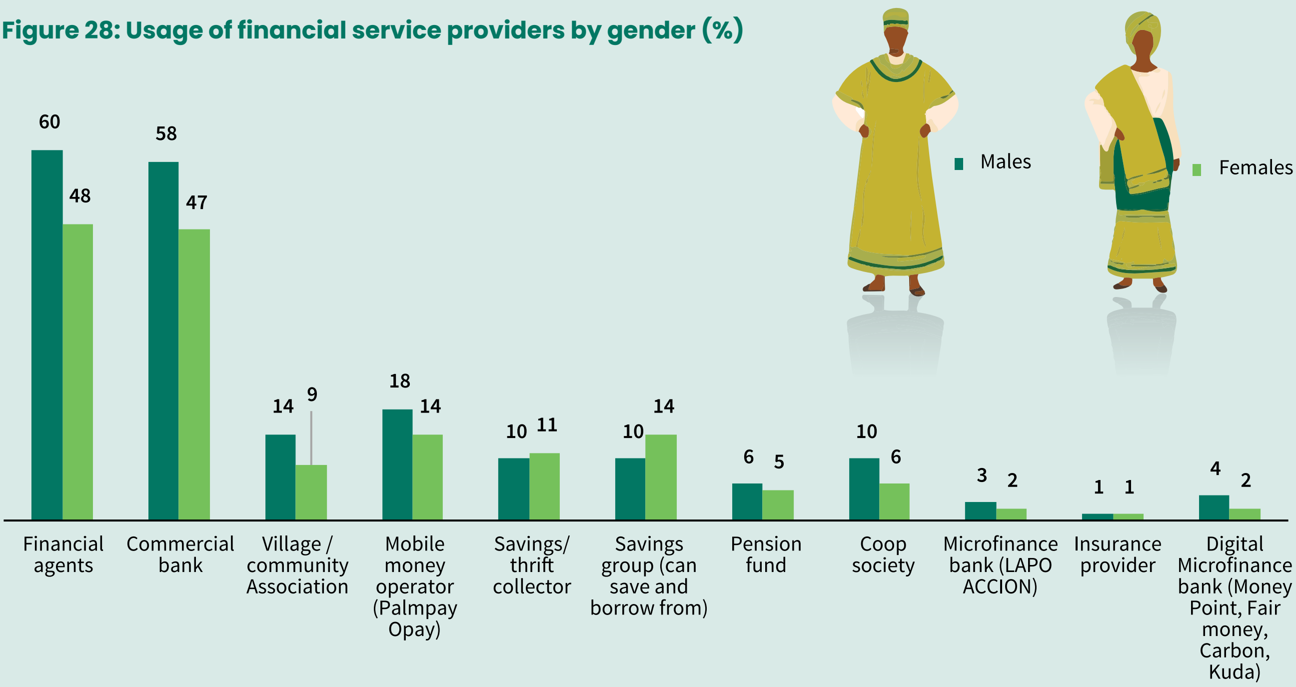
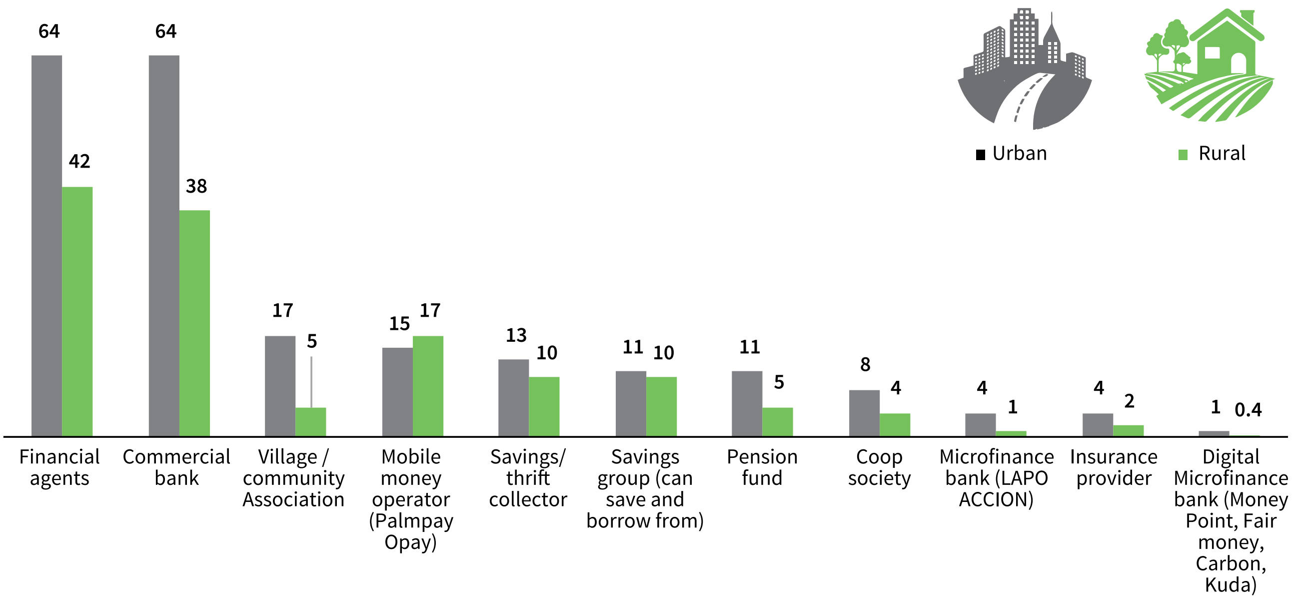


Figure 29: Usage of financial service provider by area (%)

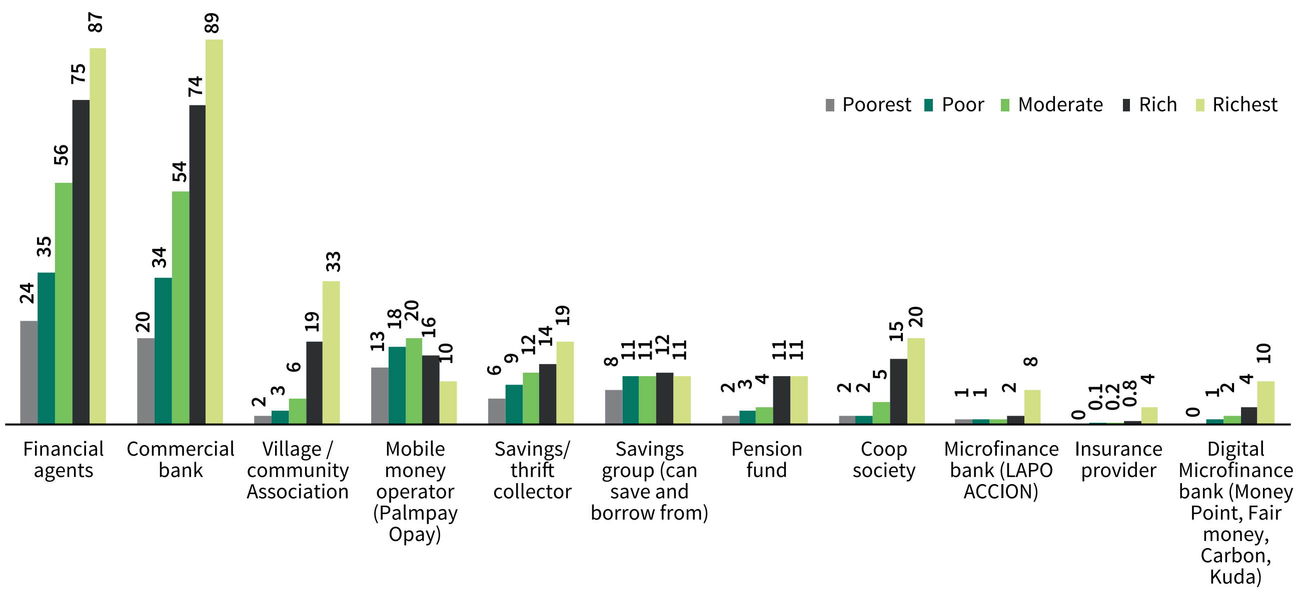


in mobile money usage in rural areas slightly outweighed the growth rate in urban areas. For financial service agents, the growth rate in usage for the rural population doubled the growth rate in the urban population. This finding demonstrates the potential of financial service agents in bridging gaps in financial access and usage in rural communities.

Usage of financial service providers by wealth quintile

The gap in the use of formal financial service providers is substantial across wealth quintiles as opposed to the gap in the use of informal financial service providers. Nigerians in the richest wealth quintile recorded the largest proportion across all the financial service providers, apart from village/ community associations.

Figure 30: Usage of financial service providers by wealth quintiles (%)



The gap in usage across pension and insurance further depicts the greater risk of financial instability faced by the poor, hindering their ability to cope with emergencies and achieve long-term financial security. This finding is particularly instructive for designing and enabling a more inclusive financial system that works for all, including the poor.

Usage of financial service providers by level of education

The usage of different financial services providers might also be influenced by level of education. A higher proportion of the adult population with tertiary education use formal financial providers. The gap in formal usage, including pension and insurance, further depicts the greater risk of financial instability faced by approximately 45 million adult Nigerians who report primary education and below as their highest level of education. This further hinders their ability to cope with emergencies and achieve long-term financial security.

4.3 Usage of financial services

4.3.1 Banking

The banking sector stands as a pivotal pillar in fostering financial inclusion within Nigeria, with approximately 52% of the adult population, totaling 58.3 million individuals, utilizing banking channels or services to manage their finances. This figure reflects a marginal uptick from the 51% recorded in 2020, demonstrating a gradual but steady expansion of banking penetration across the country. Approximately 6 million adults opened a bank account for the first time between 2021 and 2023. However, this growth is offset by around 2 million adults who could be categorized as lapsed bank account holders, resulting in a net growth of around 4 million adults.

The usage patterns within the banking sector underscore the importance of merchant payments, and person-to-person remittances as key drivers of banking product utilization as shown in **Table 2**. Digital platforms such as point of sale (POS) terminals in the hands of a ubiquitous agent network, as well as mobile applications play a crucial role in facilitating financial transactions, particularly in underserved or remote areas where traditional banking infrastructure may be limited. By leveraging these alternative channels, banks have been able to extend their reach, improve accessibility, and enhance the convenience of banking services for a broader segment of the population, thereby driving greater financial inclusion.

Figure 31: Usage of financial service providers by education levels (%)

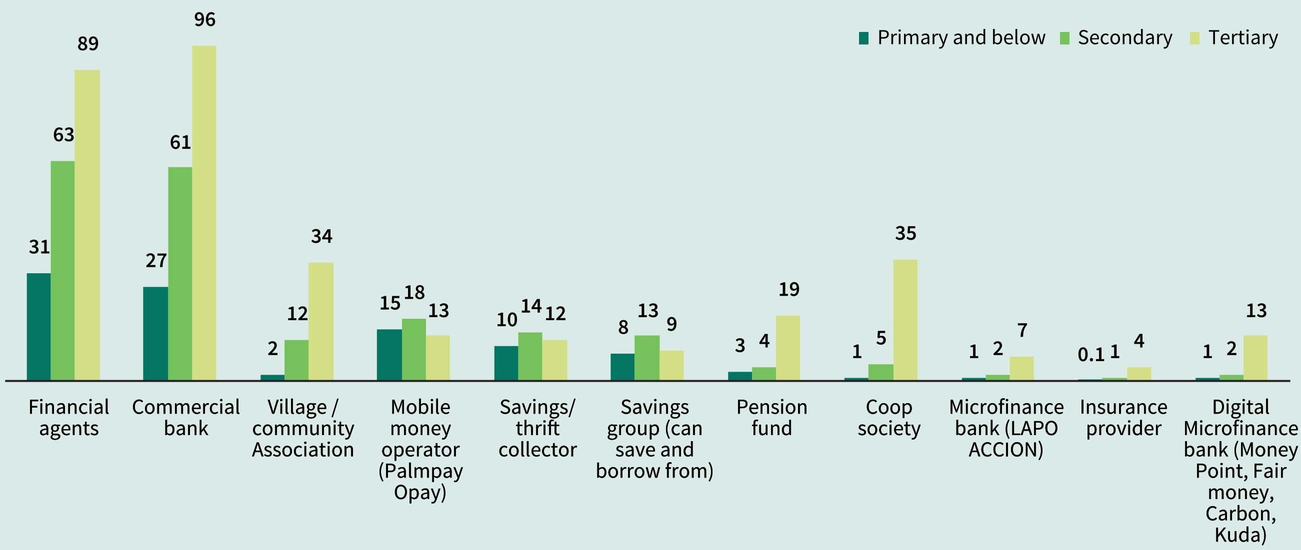


Table 2: Usage of banking services (% of the adult population)

	2020	2023
Banked population	51%	52%
Remittances	30%	39%
Savings account	31%	34%
Payments	29%	45%
Receive income	16%	17%
Loan with a bank	2%	4%

Access to financial services on its own does not guarantee economic outcomes that arise from financial inclusion. Individuals can reap the benefit of financial inclusion only if they effectively employ the services to derive value. The majority of those using a bank are high users (50%), they use their accounts more regularly, with 14% using their accounts daily and 36% using their accounts weekly. Compared to 2020, there has been an increase in the daily usage of banking services, indicating an increased role of banking services in the daily lives of Nigerians.

The main transactions performed mostly by bank users include cash deposits and withdrawals (95%), remittances (69%), and savings (67%). The combined proportion of bill payments and payments for groceries is 37%. About 38% of bank users bought airtime or paid for the phone bill. Only 5% of the bank users borrowed money from the bank. The data shows major gains in usage around remittances, savings, airtime purchases, payments, income receipts, and credit.

Although the proportion of adult Nigerians borrowing from banks nearly doubled, the ratio of borrowers to savers at 1:13 implies that for every 13 adults saving with the bank, just one can access credit. Addressing barriers to credit access and promoting responsible lending practices will be essential in fostering greater financial inclusion and economic empowerment across diverse segments of society.

Figure 32: Frequency of bank account usage (%)

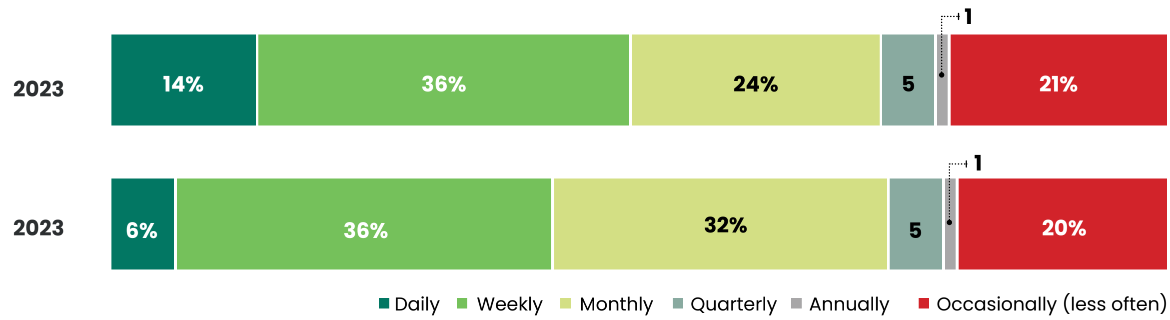
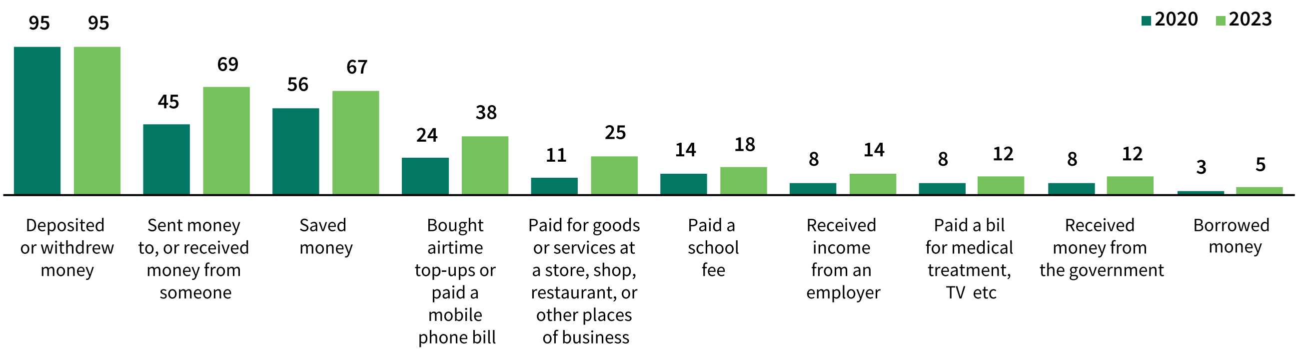


Figure 33: Activities conducted by bank users (% of bank users)



Barriers to Bank account uptake

Exploring the drivers of the lack of transactional account ownership among formally included Nigerians (indirect users via financial services agents), the data reveals that income, cost of banking, and institutional exclusion are still the major drivers for these secondary levels of exclusion.

There are two forms of exclusion explored in the A2F survey due to the nature of the Nigerian financial landscape. First is financial exclusion (no access or use of any financial services) and the second is formal exclusion (no access or use of any formal financial services). The mutually exclusive nature of the A2F access strand enables us to identify and categorize Nigerians into distinct groups. This table below unravels reasons contributing to the phenomenon of unbanked individuals within two specific subgroups: those who rely on informal financial services but remain unbanked, and those who do not use any form of financial services and are consequently unbanked. By exploring the factors influencing these patterns, we gain valuable insights into the barriers and challenges faced by different segments of the population in integrating with formal financial institutions.

Table 3: Reasons for not owning a bank account

Reasons for being unbanked	Formally included without a transactional account (12.2m)		Informal only (10.7m)		Financially excluded (28.9m)	
	Population (approx.)	Percentage	Population (approx.)	Percentage	Population (approx.)	Percentage
Income reasons						
Not enough money/no money	2.7m	22	2.6m	25	6.1m	21
Income not regular	2.1m	17	2.3m	21	6.4m	22
No job	0.9m	8	0.9m	9	4.9m	17
Distance and cost to reach a bank						
Banks are too far from where I live/work	2.9m	24	2.9m	27	3.7m	13
It costs too much to reach a bank	1.6m	13	1.7m	16	2.1m	7
Choice						
No reason	0.3m	2	0.9m	8	2.2m	8
Prefer cash	0.8m	7	0.9m	8	2m	7
Negative perception						
Too much corruption	0.2m	2	0.3m	3	0.3m	1
Lack of trust	0.6m	5	0.6m	5	1.1m	4
Closed my account due to a bad experience	0.3m	2	0.1m	1	0.3m	1
Fraud	0.2m	1	0.2m	2	0.4m	1
Gender norms						
Spouse will not allow it	0.1m	1	0.1m	1	0.4m	2
Institutional exclusion						
Can't read or write	0.5m	4	0.9m	8	2m	7
Don’t understand how it works	0.6m	5	0.7m	7	1.5m	5
Too much documentation required	0.7m	6	0.8m	7	0.9m	3
No identity documents	0.8m	7	0.8m	8	1m	3

Income Constraints

Nearly 50% of unbanked adults have no financial account because they lack sustainable income. Complementary market-friendly economic policies that tackle endemic poverty through social investments in access to job opportunities, education, vocational skills, and entrepreneurship, are important to promote sustainable livelihoods and ensure a wider social impact of financial inclusion. In the same vein, regulation that encourages the entrant of new non-bank players with sufficient incentive to design for and serve the unbanked is needed.

Geographical and Cost Barriers: Access to banking services is hindered by geographical factors and associated costs. Many individuals mentioned that banks are too far from their residence or workplace, and the expenses involved in reaching a bank are prohibitive, particularly notable in the "Informal only" and "Formally included without a transactional account" categories. This explains the adoption of financial service agents or informal financial services, often embedded within the community, especially in rural or remote areas where formal banking infrastructure is limited.

Choice Exclusion

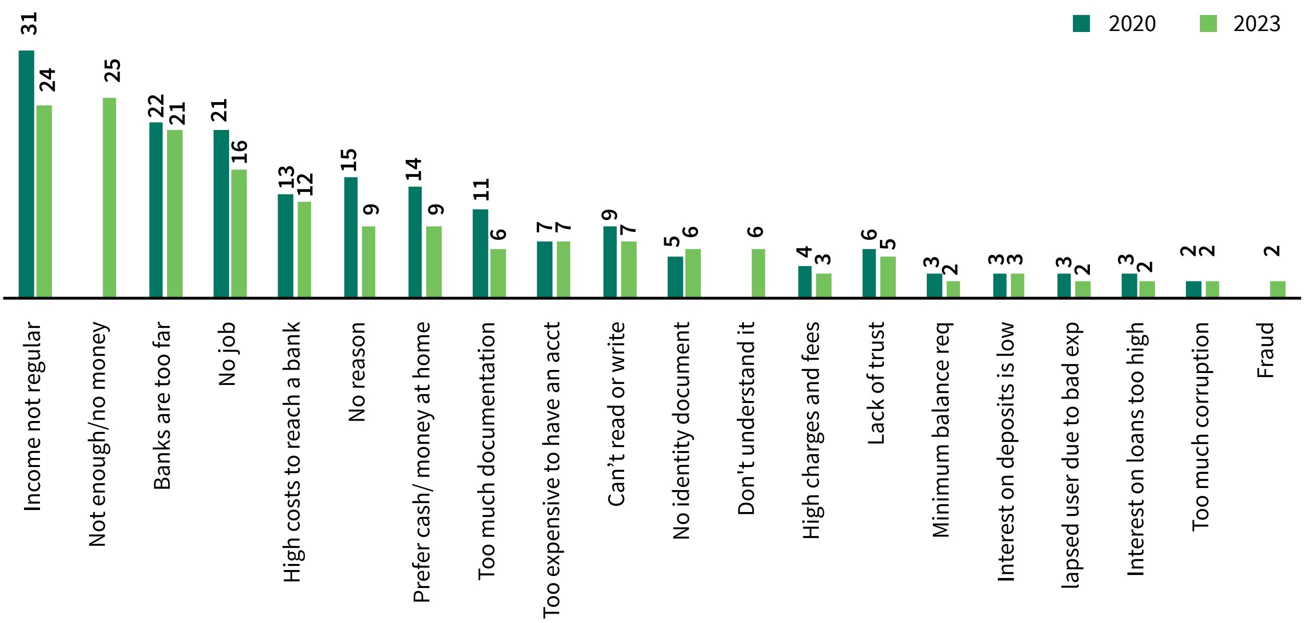
Being unbanked by choice contributes to formal exclusion. Excluded Nigerians are more likely to highlight these factors compared to other groups above.

- **Preference for Cash Transactions:** A considerable proportion prefer cash transactions, potentially due to habit or concerns about convenience and control over finances.
- **Trust and Perception Issues:** Negative perceptions, including concerns about corruption, lack of trust in financial institutions, and previous bad experiences leading to closed accounts or fraud, also deter individuals from engaging with formal banking systems.

Institutional Exclusion

- **Lack of Understanding and Documentation:** Institutional barriers such as illiteracy, lack of understanding of banking operations, excessive documentation requirements, and absence of identity documents contribute significantly to exclusion from formal financial services.

Figure 34: Barriers to opening a bank account (% of unbanked adults)



- **Education and Literacy Challenges:** The inability to read, write, or comprehend banking procedures presents a notable barrier to financial inclusion, especially among the excluded and informal groups of users.

Gender norms

- Interestingly, **spousal influence** plays a role for a small segment of the population, where individuals refrain from banking due to their spouse's preference. Women make up a significant proportion of Nigerians reporting this. The reasons behind this spousal influence can vary widely. It may stem from traditional gender roles where one partner is expected to handle financial matters, or it could be influenced by past experiences or perceptions of formal financial institutions. Additionally, lack of financial education or awareness about the benefits of banking services may also contribute to this dynamic.

In conclusion, addressing these multifaceted reasons for being unbanked requires targeted interventions that focus on improving income stability, reducing geographical and cost-related barriers, enhancing financial literacy, simplifying banking processes, building trust in financial institutions, and adapting services to accommodate individual preferences and circumstances. Policymakers, financial institutions, and development organizations can leverage these insights to design more inclusive and accessible financial services tailored to the diverse needs of unbanked populations.

4.3.2 Mobile Money Penetration

While awareness levels of mobile money remain relatively comparable to 2020, in 2023 there has been significant increase in conversion to usage. Approximately 40% of those aware now use compared to less than 10% in 2020. The result revealed that perceived ease of access, speed of transactions, return on savings and low charges have a significant influence on the user.

Transactions performed: While remittances remain a prominent feature of mobile money, other use cases around airtime purchases, goods payments, savings, and bill payments have emerged. Approximately 5 million individuals rank mobile money as their primary choice for financial management, reflecting the increasing relevance and utility of mobile money services in the lives of Nigerians. This shift toward mobile money usage signals a broader trend toward digital financial inclusion and underscores the potential of mobile technology to drive financial empowerment and inclusion across diverse segments of society.

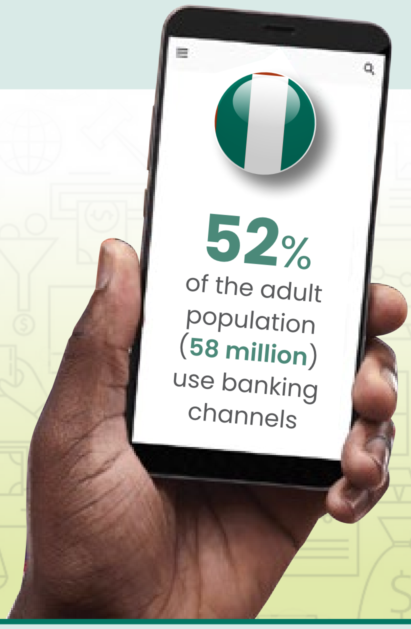


Figure 35: Mobile money awareness and ownership (% of adults)

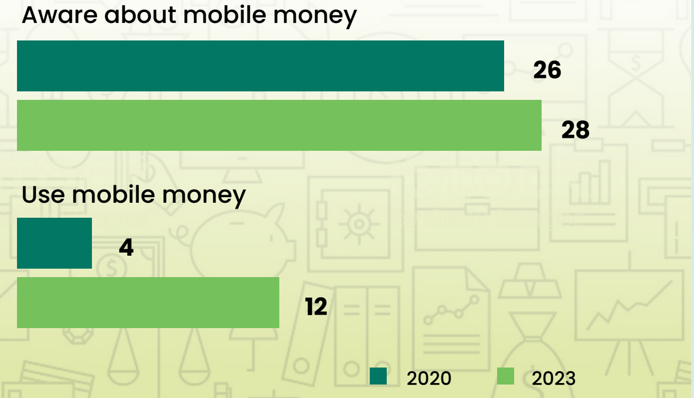
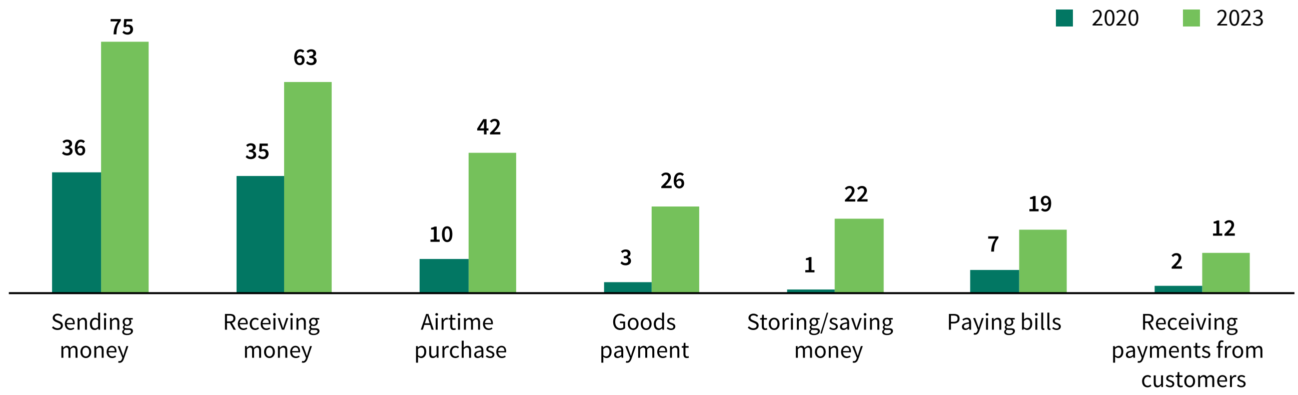


Figure 36: Activities conducted by mobile money users (%)



Frequency: 62% of mobile money users now use their account at least weekly, up from 35% in 2020. Particularly when compared to the frequency of bank account usage, this finding suggests that mobile money is more frequently used, especially for daily use, indicating increased relevance for managing daily financial lives. It could also be an indication of greater convenience and accessibility.

Challenges encountered: The main challenge reported by mobile money users is service reliability or poor mobile network (34%), especially in remote areas, and failed transactions (21%) top the list of key challenges that mobile money users are facing. Including for those who are aware of mobile money but do not use, the key barrier relates to a lack of trust (27%). Other factors preventing usage include a lack of knowledge about mobile money (20%), how it works (13%), and how to get it (8%).

Figure 37: Frequency of mobile money usage (%)

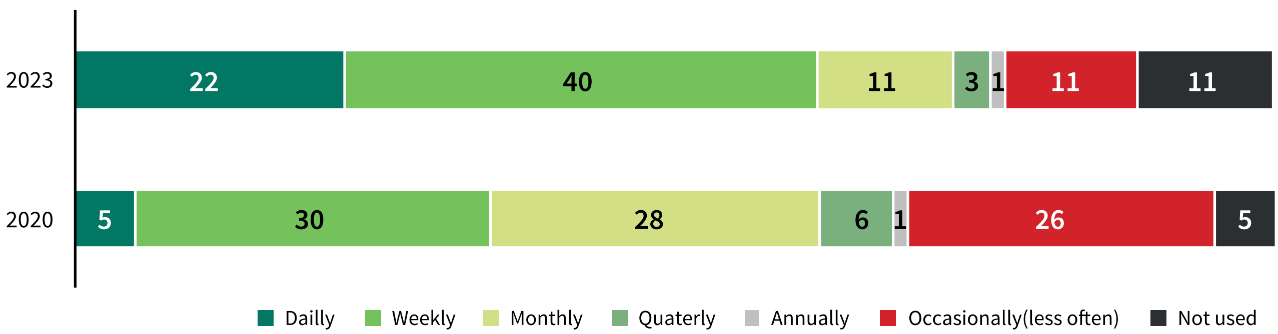
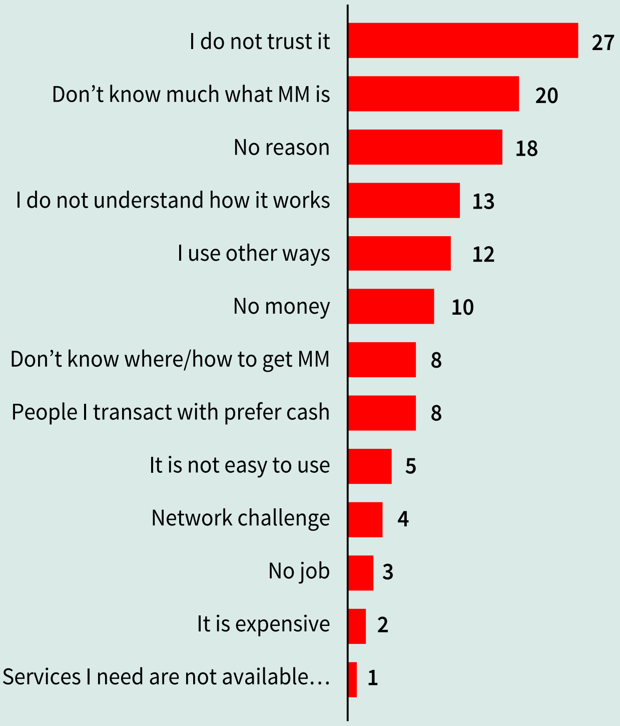


Figure 38: Reasons for not using mobile money (%)



Despite the growth in mobile money uptake and usage, the key challenges and barriers reflect quality gaps on the supply side as well as limited financial capability on the demand side. Raising awareness and product functionality is crucial, especially in rural areas where the uptake is low.

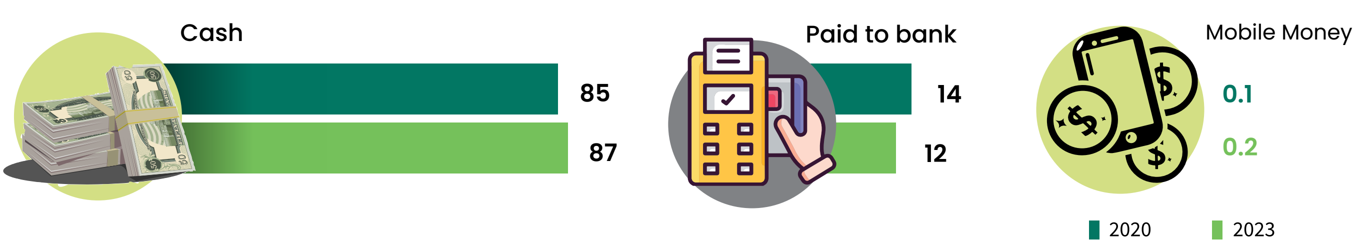
4.3.3 Payments

Payments – receiving income

Despite the widespread adoption of electronic payment methods, cash remains the most common method for receiving income in Nigeria, indicating a persistent preference for tangible currency transactions. Surprisingly, only about 12% of adults receive income through banking channels, despite a considerable usage of banking services (52% of adults). This suggests a disconnect between the availability of banking services and their adoption for income receipt purposes.

The enduring preference for cash transactions is further highlighted by a slight increase in the proportion of adults who primarily receive income in cash, rising from 85% in 2020 to 87% in 2023. This trend underscores the challenges associated with transitioning to digital payment methods, including perceived security concerns, limited banking infrastructure access, and cultural norms. The implications of cash remaining the dominant payment method for receiving income are multifaceted, potentially hindering efforts to promote financial inclusion, formalize the economy, and combat security risks, theft, corruption, tax evasion, and money laundering.

Figure 39: Main channel for receiving income (%)



Payments – Payments of Goods and Services

Despite a noticeable increase in the usage of debit cards, financial service agents and USSD for payment of goods and services, cash remains the dominant method for payments, with 97% of adults using it. This preference for cash stems from factors like familiarity, convenience, and trust issues with digital platforms. Cultural norms and habits also contribute to the slow adoption of digital payments, as people value the tangibility and immediacy of cash exchanges.

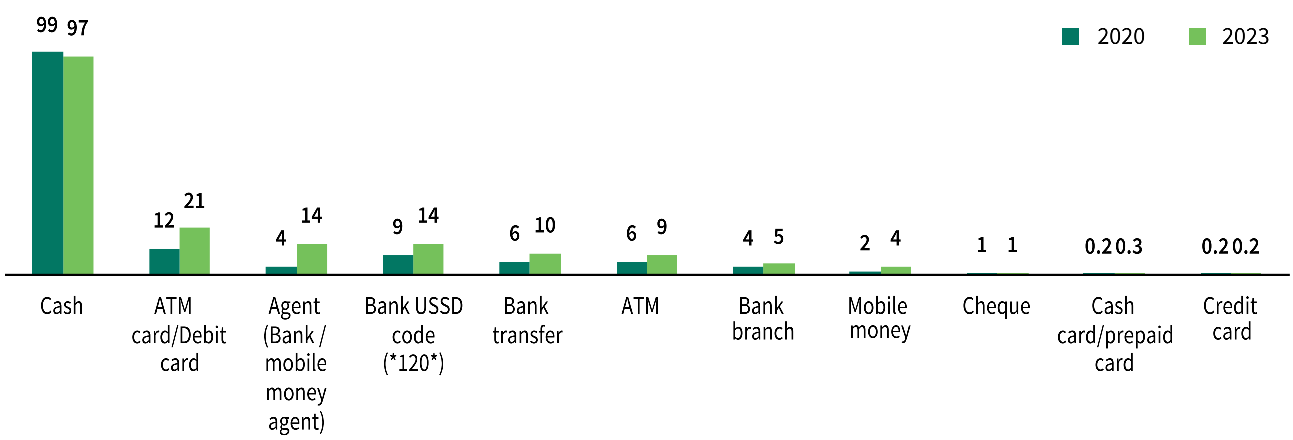
Challenges related to infrastructure, accessibility, and awareness further hinder the widespread adoption of digital payment solutions, particularly in rural areas.

Despite these hurdles, the untapped potential of digital payments presents significant opportunities for financial inclusion, economic growth, and innovation. Encouraging the adoption of digital payment methods can enhance efficiency, transparency, and security in financial transactions, offering greater convenience and accessibility. Moreover, it can drive financial inclusion by expanding access to formal financial services and reducing reliance on cash-based transactions, thus empowering individuals to participate more fully in the formal economy.

4.3.4 Digital Financial Services

Another dimension of transactions is digital financial services (DFS), which considers end-to-end electronic transactions. The usage of DFS inclusion in Nigeria has had undeniable successes. DFS in Nigeria is predominantly bank-based. About 46% (51.4 million) of Nigerian adults used digital financial services or transacted digitally.

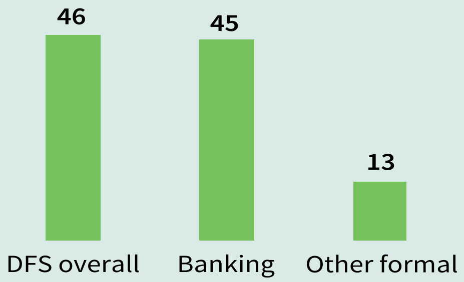
Figure 40: Channels for paying for goods and services (% of adult population)



About 46% (51.4 million) of Nigerian adults used digital financial services or transacted digitally.

Most of the adults used DFS through banking channels (45% or 98% of DFS), and 13% (or 28% of DFS) performed DFS through other formal channels. For both bank and other formal DFS usage, merchant payments and remittances are the most common transactions. The prevalence of merchant payments and remittances as the most common transactions in both bank and other formal DFS channels highlights the transformative potential of digital financial services in Nigeria.

Figure 41: Digital financial service drivers (% of adult population)

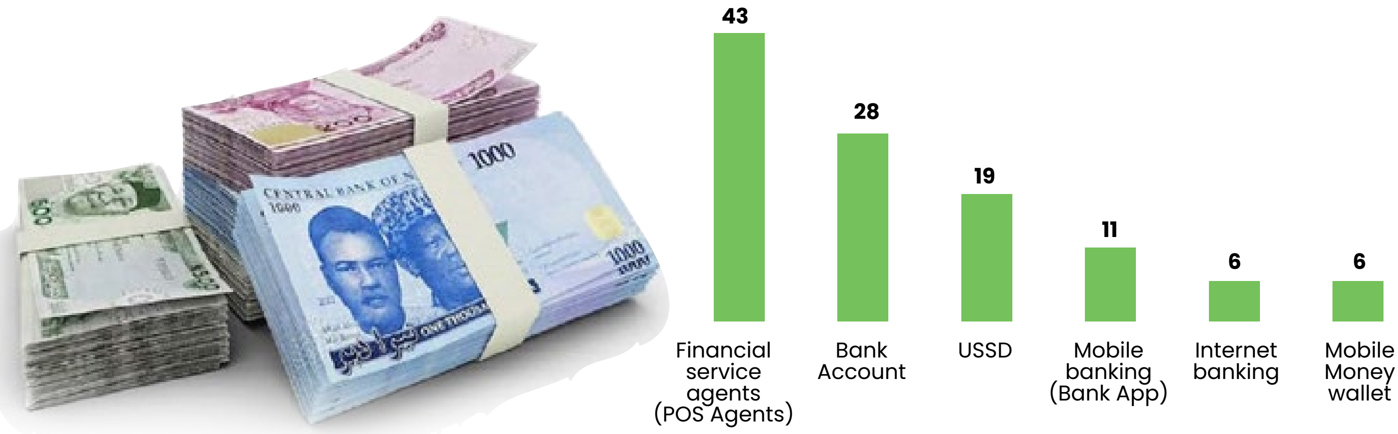


This Naira redesign initiative initially introduced by the CBN in December 2022 appears to have further spurred the adoption of digital financial platforms, with approximately 43% of adults reporting increased use of financial service agents due to the naira redesign effect. Leveraging this momentum, stakeholders can further drive digital financial adoption. However, challenges like the cost of USSD, the high cost of smartphones, data privacy, cybersecurity, and digital literacy must be addressed collaboratively by policymakers, regulators, and industry stakeholders to ensure responsible digital financial practices and consumer trust.

CBN eNaira wallet:

The eNaira is the digital currency introduced by the CBN. The eNaira wallet is designed to facilitate the storage, transfer, and use of the eNaira digital currency. One of the main reasons for creating the eNaira was to increase cross-border transactions, facilitate diaspora remittances, and complement existing payment systems. However, awareness and adoption have been low, as only 11% (12.5 million) of Nigerian adults are aware of the CBN eNaira wallet. Of those who are aware, only 5% have used it. Several factors may contribute to the low awareness and adoption of the CBN eNaira wallet. These include limited promotional efforts and awareness campaigns, concerns about security

Figure 42: Effects of naira redesign – started using/used more products/services (%)



and trust in digital financial platforms, and existing preferences for traditional payment methods. Additionally, issues related to digital literacy, access to smartphones and reliable Internet connectivity may also impede its uptake among Nigerians. While the CBN eNaira wallet holds promise as a transformative digital payment solution, its success hinges on overcoming the barriers to awareness and adoption.

4.3.6 Remittances

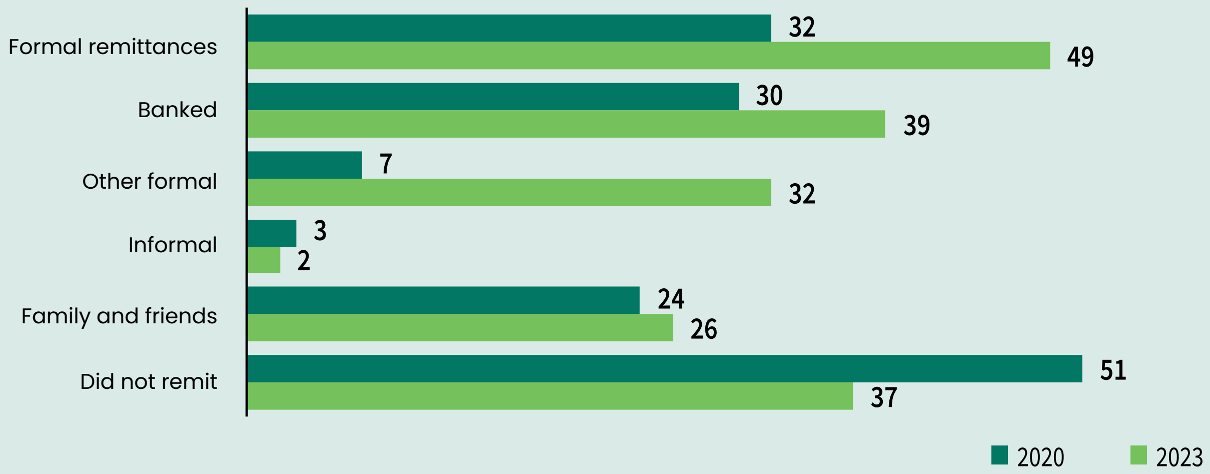
Remittances are believed to help households smooth their income flows and even fund small enterprises. Remittances can be made within the country or extend beyond the national borders. This section provides insight into access and use of money transfers (remittances) and the remitting channels through which money transfer transactions are made.

Remittances have experienced significant growth in recent years, with 63% of adults engaging in remittance transactions within the past six months, marking a notable increase from 49% in 2020. This upward trend underscores the growing importance of remittances as a source of financial support for households in Nigeria. Furthermore, formal remittances have substantially increased, rising to 49% from 32% in 2020. This shift towards formal channels highlights a growing preference for safe, reliable, and regulated money transfer methods.

Among the various mechanisms used to transfer money, formal channels emerge as the most common choice among remitters. The majority of individuals who sent money in the past six months utilized both banking services (39%) and other formal services such as agents (32%). Additionally, one in every four adults (26%) received money through a relative or in person, indicating the persistence of informal remittance practices alongside the growing popularity of formal channels.

Remittances serve as a lifeline for many households, providing essential financial support for meeting basic needs (food & unexpected expenses) and starting a business. Furthermore, the increasing use of formal remittance channels contributes to financial inclusion, promoting access to formal financial services and reducing reliance on informal and potentially risky transfer methods. To sustain this positive momentum and maximize the benefits of remittances, efforts should focus on further enhancing the accessibility, affordability, and efficiency of formal remittance channels. This may involve initiatives to expand the coverage of banking services, improve infrastructure for digital payments, and streamline regulatory processes to reduce transaction costs and enhance transparency. Additionally, targeted interventions to promote financial literacy and awareness among remittance senders and recipients can empower individuals to make informed decisions about managing and utilizing remittance funds

Figure 43: Remittance overall (%)



effectively. By leveraging the growth of remittances and fostering an enabling environment for formal money transfer channels, Nigeria can harness the full potential of remittances as a driver of economic development and poverty reduction.

Domestic remittances have increased but cross-border remittances have remained stable. About 55% (60.6 million) of adult Nigerians have remitted money domestically in the past 6 months while 3% of adults have conducted cross-border remittances. For both domestic and cross-border remittances, a higher proportion of adults have received money versus those who have sent money.

4.3.7 Savings

For this study, the term, savings, refers to money or a store of value that is set aside to pay for something other than normal expenditures or transactions.

The uptake of pensions and use of capital markets remain relatively the same, resembling a similar proportion to that of 2020 in percentages or proportions.

Savings play a crucial role in raising funds for investment and ensures financial security. Despite stability in the saving landscape since 2020, with 62% of adults saving in 2023, there's a preference

Figure 44: Remittances – Cross border and Domestic (%)

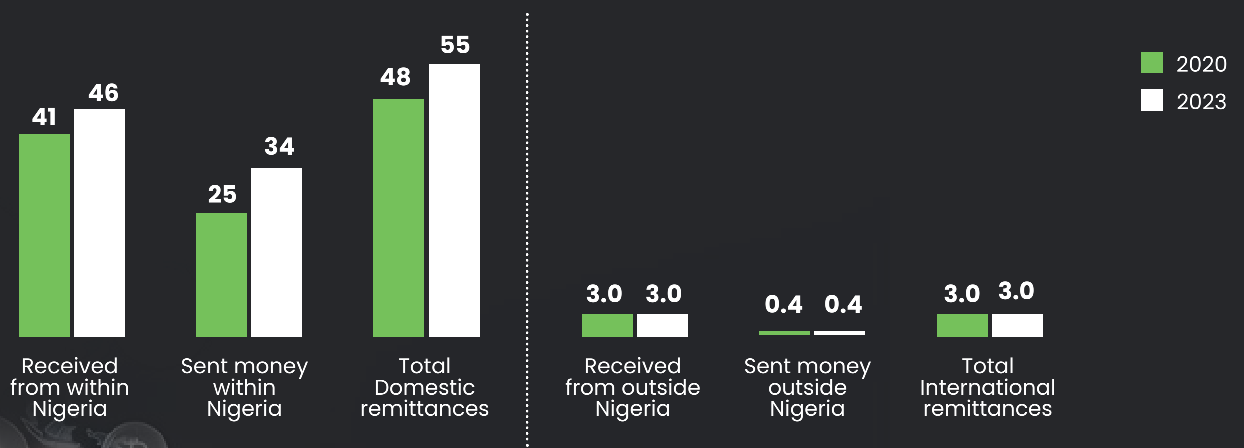
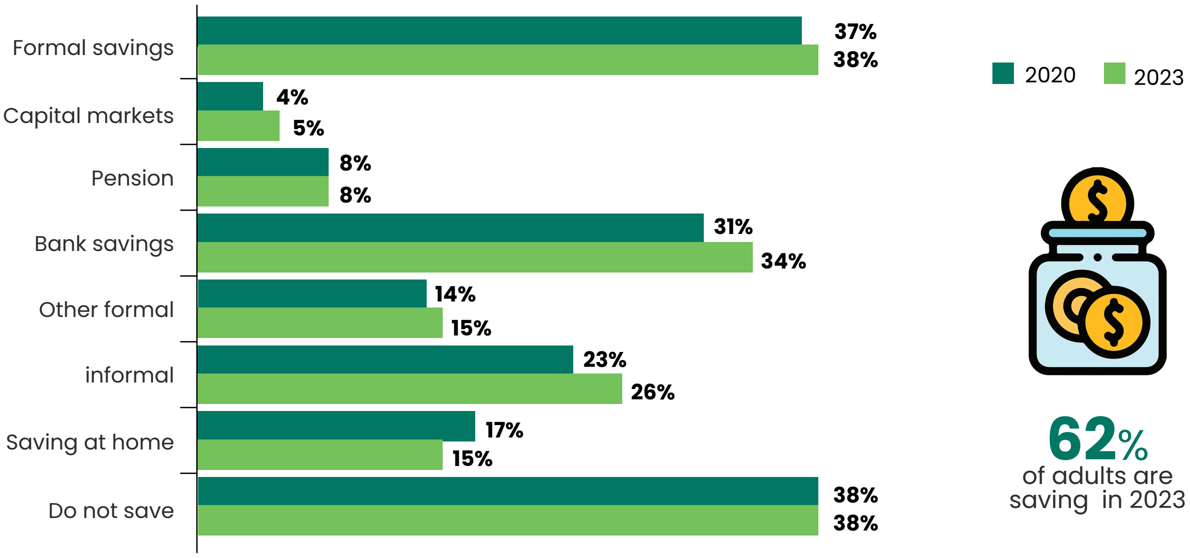


Figure 45: Savings overall



for traditional banking (34%) over other formal methods (15%) and home savings. This static trend may signal limited access to financial services, low financial literacy, or distrust in formal institutions, impacting wealth-building and economic growth. Without robust savings, individuals face challenges in preparing for emergencies or long-term goals like education or homeownership, ultimately constraining capital formation and investment potential.

The implications of this stagnant saving landscape are significant for both individuals and the broader economy. On an individual level, stagnant saving habits may reflect limited access to financial services, low levels of financial literacy, or a lack of trust in formal financial institutions. Without adequate savings, individuals may struggle to build wealth, prepare for emergencies, or invest in long-term financial goals such as education or homeownership. Moreover, stagnant saving patterns can hinder economic growth by limiting the pool of investable funds available for capital formation and productive investment.

A deep dive into the channels reveals that Nigerians keep their savings in banks, a good option for storing cash to address medium to long-term needs. The drivers for informal savings are savings groups, savings thrift, and community associations.

Table 4: Saving channels

Saving mechanisms		2020	2023
Savings at bank (all savings products at bank)		31%	34%
Savings at other formal institutions	• Pension	8%	8%
	• Capital markets	6%	5%
Savings at other informal institutions	• Savings/thrift/collector/merchant	9%	8%
	• Savings group (e.g., Meri-go -round group)	8%	8%
	• Village/community association	5%	10%
	• Co-operative	3%	3%
Savings in a secret place or at home		17%	15%

Pension: Nigeria faces a significant challenge with low pension uptake. Only 8% of adults have pension funds, and most of these participants are formally employed. This low participation rate poses significant implications on financial security and retirement planning for citizens in the country. While pensions offer a crucial means of maintaining a standard of living in retirement and providing a source of income when individuals cease working, numerous barriers hinder their widespread adoption. One of the primary obstacles is the prevalence of unstable employment opportunities, which often lack formal pension provisions. Many Nigerians work in the informal sector, where access to pension schemes is limited or non-existent, leaving them vulnerable to financial insecurity in old age.

Furthermore, a lack of awareness (only 9% of adult Nigerians have heard about micropensions) about the importance of pension savings and the benefits of long-term investment compounds the challenge. Many individuals may not fully understand the necessity of saving for retirement or may underestimate the impact of inflation and rising living costs on their future financial well-being. Additionally, affordability is a significant barrier, particularly for low-income earners who struggle to meet basic needs, let alone set aside funds for pension contributions. The high cost of living and competing financial priorities may deter individuals from prioritizing pension savings, further exacerbating the retirement savings gap.

Figure 46: Have heard and have about micro-pension and pension fund

The implications of low pension uptake are far-reaching. Without adequate retirement savings, individuals risk facing financial hardship in old age, relying solely on social welfare programs or family support networks for financial assistance. This not only places strain on public resources but also undermines individuals' dignity and autonomy in their later years. Moreover, the lack of pension coverage perpetuates income inequality and exacerbates poverty among retirees, particularly for those who are unable to access formal pension schemes.

Getty Images

Capital market: One of the crucial drivers of development and economic growth, capital markets help channel the wealth of savers to those who can put it to long-term productive use. Despite their significance, the uptake of capital market investments among Nigerians remains relatively low, with only 5% of adults actively participating in the capital market—a slight decline from 6% in 2020. This low participation rate highlights several barriers that hinder broader engagement with capital markets.

One of the primary barriers to capital market participation is the perception of insufficient resources or income to invest. Many Nigerians, particularly those with limited disposable income or financial resources, may perceive capital market investments as inaccessible or out of reach. Additionally, a lack of financial awareness and understanding of different financial market terms, such as bonds and stocks, contributes to low participation rates. About 28% (30.9 million) of adults are aware of different financial market terms such as bonds, and stocks, among others, with fixed deposits being the common term. Despite efforts to promote financial literacy, a significant proportion of the population remains unaware of the potential benefits and risks associated with capital market investments.

Moreover, trust in capital markets represents another significant barrier to participation. Historical incidents of market volatility, fraud, and mismanagement have eroded confidence in the integrity and reliability of capital market institutions. As a result, many individuals may be hesitant to entrust their savings or investments to the capital market, preferring instead to rely on more familiar and perceived safer investment options.

The implications of low capital market participation are profound for both individuals and the broader economy. Individuals miss out on the opportunity to diversify their investment portfolios, potentially limiting their ability to generate long-term wealth and achieve financial goals. Furthermore, low capital market participation constrains the availability of capital for businesses and entrepreneurs, hindering innovation, job creation, and economic growth.

Table 5: Awareness and use of stock market products/services

Products	Aware of	Have used	
	2023	2020	2023
Total	**28%**	**6%**	**5%**
Stocks/ equity/shares	16%	2%	3%
Bonds	8%	1%	0,4%
Treasury bills	6%	-	1%
Collective investments or mutual funds	6%	3%	1%
Non-Interest products e.g., Sukuk, I-REITS	5%	-	1%
Bitcoin		1%	1%
Capital market	12%	N/a	
Security exchange commission	6%	N/a	
Stockbroker	9%	N/a	
Unit trust	3%	N/a	
Fixed deposits	20%	N/a	
Asset manager	6%	N/a	

Savings barriers: The primary motivation for the majority of savers in Nigeria, accounting for 63% of respondents, is to support entrepreneurial endeavors, either by starting a new business venture, expanding an existing one, or covering business-related expenses. This reflects the entrepreneurial spirit and aspirations for economic empowerment among Nigerians, who recognize the importance of savings in fueling entrepreneurial activities and driving business growth. By prioritizing savings for business purposes, individuals aim to capitalize on opportunities for income generation, wealth creation, and economic self-reliance, ultimately contributing to job creation, innovation, and economic development.

In addition to business-related savings, respondents also allocate funds towards various household and personal expenses, underscoring the diverse financial needs and priorities of savers. A significant proportion of savers prioritize setting money aside for monthly cycles, such as covering household living expenses (31%), medical needs (16%), personal expenses (19%), and school fees (25%). These savings drivers reflect the importance of financial planning and preparedness in managing day-to-day expenses, meeting essential needs, and safeguarding against unexpected emergencies or life events.

These savings drivers are multifaceted and have profound implications for individuals, households, and the broader economy. By prioritizing savings for entrepreneurial activities, individuals can enhance their economic resilience, seize opportunities for income generation, and pursue self-employment or small business ownership, contributing to job creation and economic growth. Moreover, savings allocated towards household and personal expenses enable individuals to maintain financial stability, access essential services, and invest in human capital development, such as education and healthcare, thereby improving overall well-being and quality of life.

However, the ability to save for various purposes may be constrained by factors such as income levels, access to financial services, and economic stability. Inadequate income or financial resources may limit individuals' ability to save and invest, particularly for long-term goals such as starting a business or covering education expenses. Additionally, challenges such as inflation, currency devaluation, and economic volatility may erode the value of savings over time, diminishing individuals' purchasing power and undermining their financial security.

To address these challenges and support savers in achieving their financial goals, efforts are needed to enhance financial inclusion, promote savings mobilization, and create an enabling environment for entrepreneurship and economic growth. This may involve expanding access to affordable financial services, providing financial education and literacy programs, implementing supportive policies and regulations, and fostering a culture of savings and investment within society. By addressing these barriers and promoting a savings-driven economy, Nigeria can unlock the potential of savings as a catalyst for economic empowerment, prosperity, and sustainable development.

Figure 47: Reasons for saving (%)

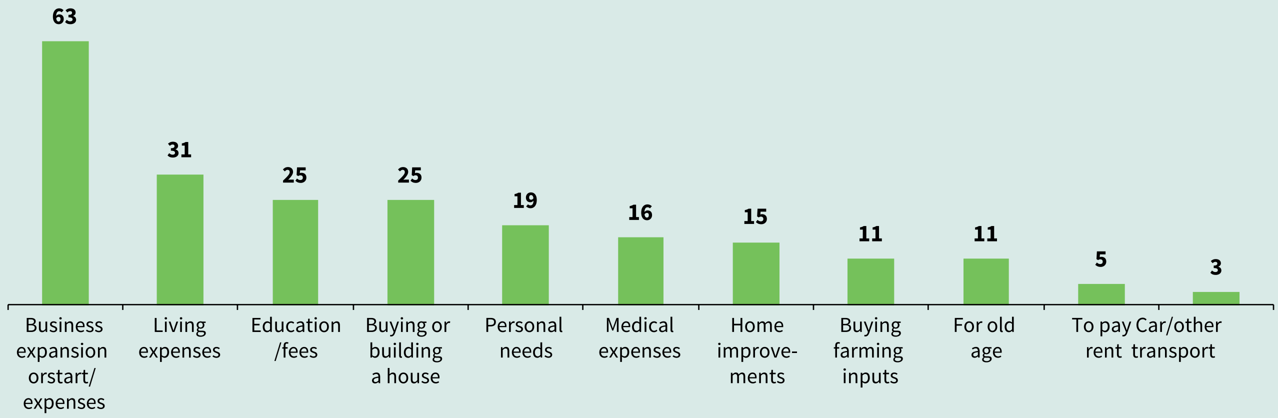


Figure 48: Saving barriers

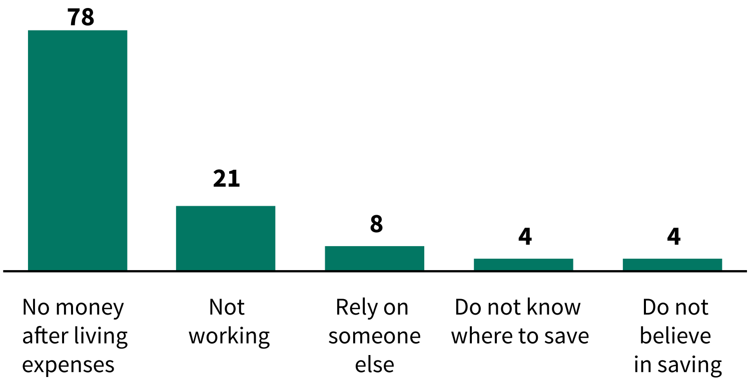
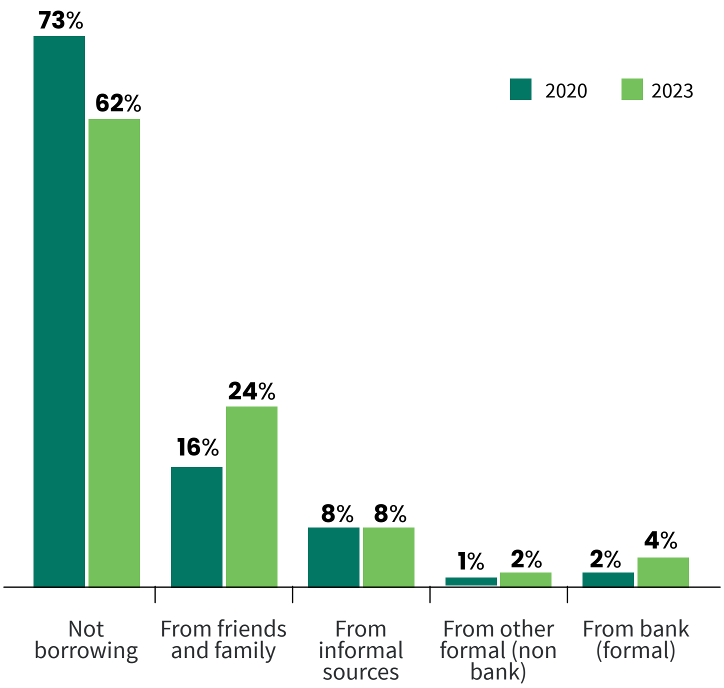


Figure 49: Credit overall (%)



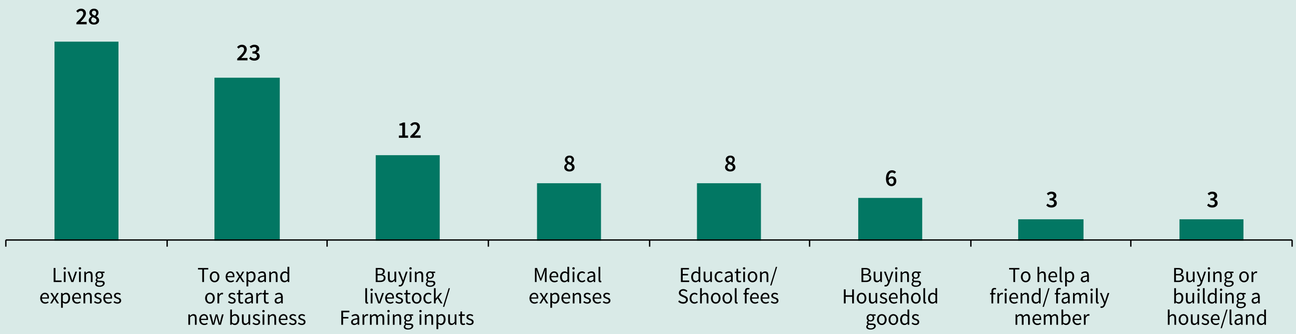
As shown earlier, 38% of adult Nigerians do not save money. **Figure 48** shows the primary reasons that impede adults from saving. The most common reason is 'not enough money after paying for living expenses' (78%). **Figure 48** illustrates the obstacles to saving that relate to the motivations for saving. The primary obstacle to saving is the lack of disposable income. This barrier is common across the developing markets and can be addressed by reducing unemployment and creating more productive jobs.

4.3.8 Credit

Although formal credit doubled from 3% of adults in 2020 to 6% in 2023, uptake remains low and insignificant when compared to the proportion of adults who save formally (38%). Credit uptake remains largely driven by borrowing from friends and family and informal financial service providers. Limited access to credit can hinder economic growth and development by constraining investment in productive assets, stifling entrepreneurship, and impeding consumption. Without access to credit, individuals may struggle to seize opportunities for economic advancement, such as starting or expanding businesses, investing in education or training, or purchasing essential goods and services. This lack of financial resources can perpetuate cycles of poverty and inequality, exacerbating socio-economic disparities within the country.

Drivers: Amidst a predominant trend of consumptive borrowing, like living expenses (29%) and medical expenses 8%, etc., there is an equally significant borrowing for developmental purposes such as business start-ups (23%), agricultural investments (12%), and housing (8%). This underscores credit's role in fostering entrepreneurship, enhancing agricultural productivity, and supporting aspirations for asset accumulation and improved living standards. While consumptive borrowing signals financial vulnerability, developmental

Figure 50: Drivers of credit (%)



borrowing presents opportunities for stimulating economic activity and poverty alleviation. Stakeholders can leverage these insights to promote responsible borrowing, develop targeted interventions, and foster inclusive economic growth and household well-being in Nigeria.

For adults who are not borrowing, the lack of a perceived need for credit as well as the desire to live within one's means, top the reason for not borrowing. Still, about 70% of adults not borrowing report severe liquidity distress (defined as the inability to cover one's expense within one income cycle for more than one month in the last year), indicating an existing financial need. Other reasons include the lack of knowledge about available offerings or suitable lenders, insufficient income or unemployment, the potential loss of collateral, among others. These barriers impede individuals' ability to invest in education, entrepreneurship, or housing, hindering socio-economic outcomes.

One way forward is to enhance financial literacy and awareness among the population, empowering individuals to make informed decisions about borrowing and managing debt responsibly. Furthermore, policymakers can enact measures to promote responsible lending practices and consumer protection, ensuring that borrowers are not exploited or exposed to predatory lending practices. By addressing these barriers and fostering a supportive environment for borrowing, Nigeria can unlock the potential of credit as a tool for economic empowerment and inclusive growth.

Figure 51: Barriers to borrowing (%)

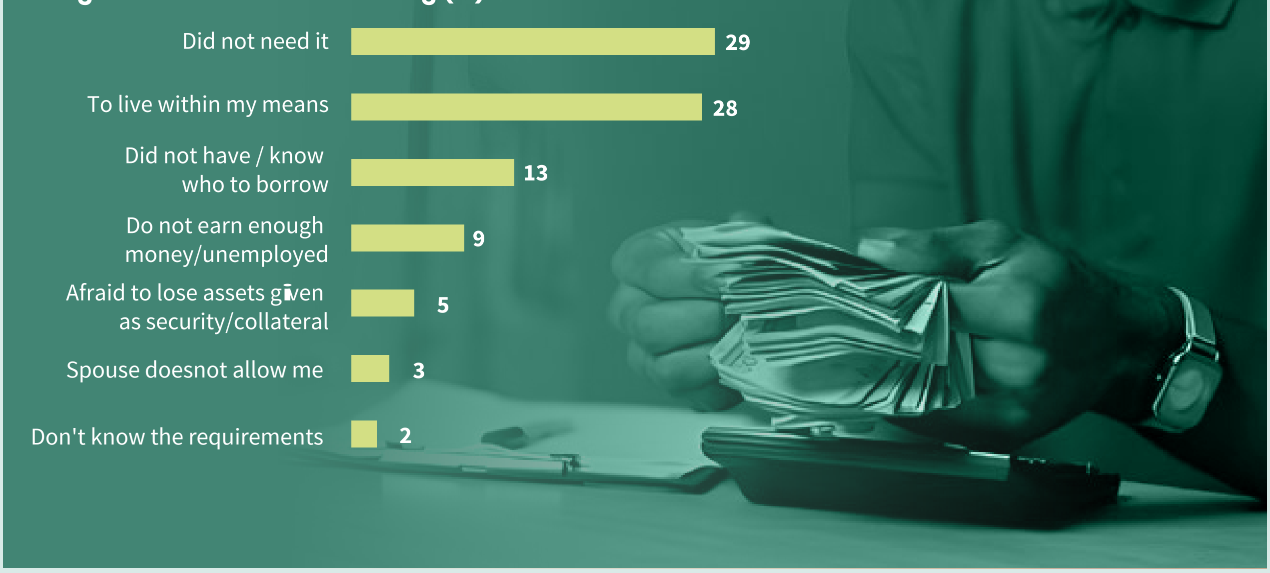
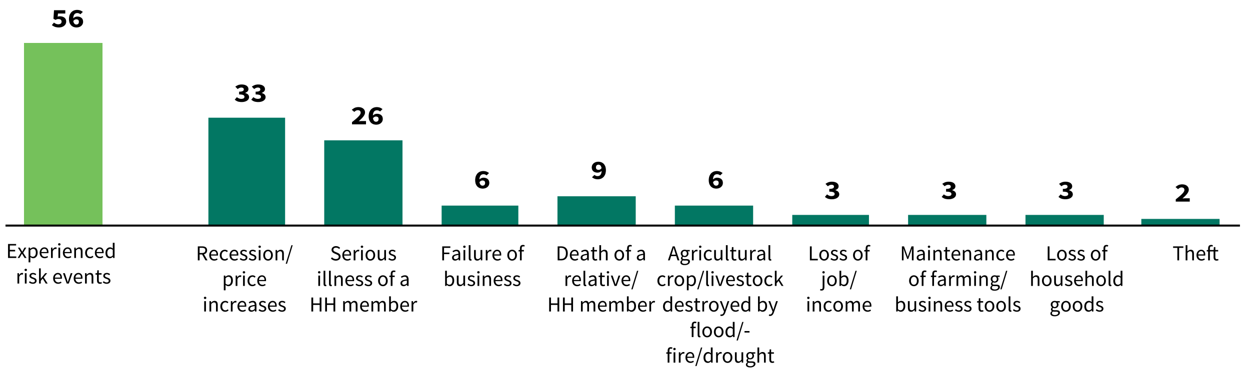


Figure 52: Main risks experienced (% of the 62.7m adults who experienced a shock)



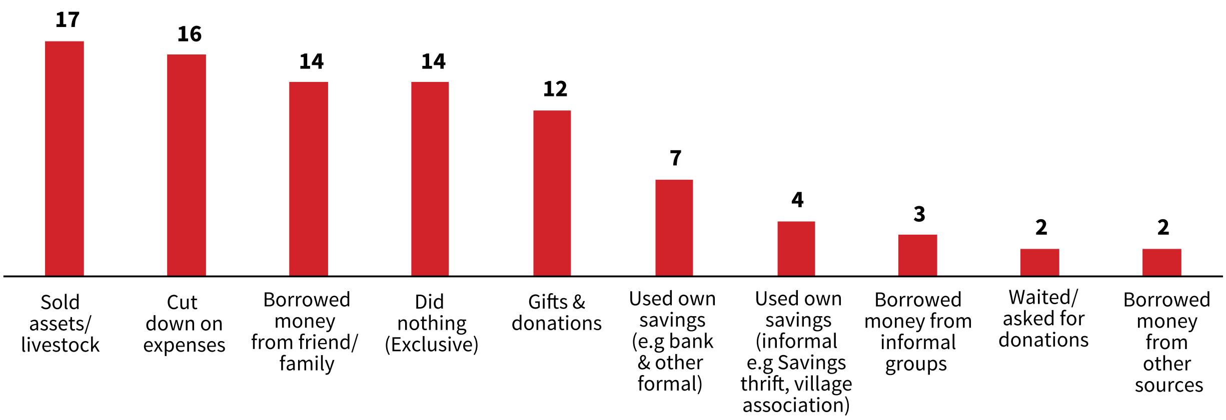
4.3.9 Insurance and Risk Management

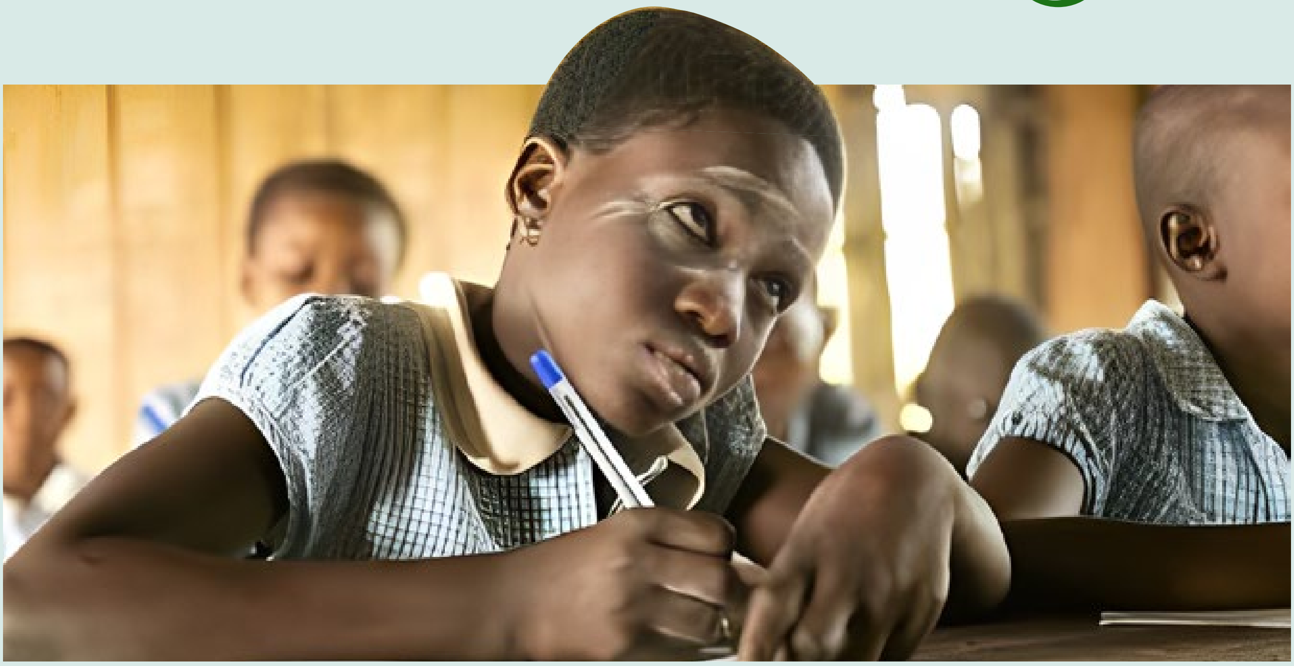
In the day-to-day lives of individuals, unexpected events occur and are likely to affect families differently. These unforeseen events and shocks pose a significant amount of strain on individuals and households, especially when not budgeted for.

The study asks respondents to report on shocks they faced that led to unexpected expenses and caused difficulty in meeting other expenses, and what mechanism they have used to cope with or recover from these shocks. About 62.7 million Nigerian adults (56%) experienced a major risk or event in the 12 months preceding September 2023. The biggest risk experienced among those who experienced shocks was illness or health problems among family members (26%) followed by economic factors – price increases (19%) and bad economy (14%). These findings underscore the pervasive economic vulnerabilities and health-related challenges experienced by Nigerian households, highlighting the urgent need for effective risk management solutions.

Of those adults who experienced a major event, the main coping mechanisms were cutting down on expenses (16%), selling assets (17%), doing nothing (14%), and borrowing money from family/friends (14%). Although these choices depend on the nature and severity of the risk, availability of resources, cultural norms, and individual preferences, they often provide short-term relief with potential long-term financial instability and deeper economic challenges. Cutting down on expenses, for instance, can help free up funds in the short term but may compromise essential needs and delay investments in education, health, or income-generating opportunities, perpetuating cycles of poverty. Similarly, selling assets, while providing immediate cash, erodes long-term wealth and reduces household resilience to future shocks,

Figure 53: Main coping strategies (% of adults with shock)



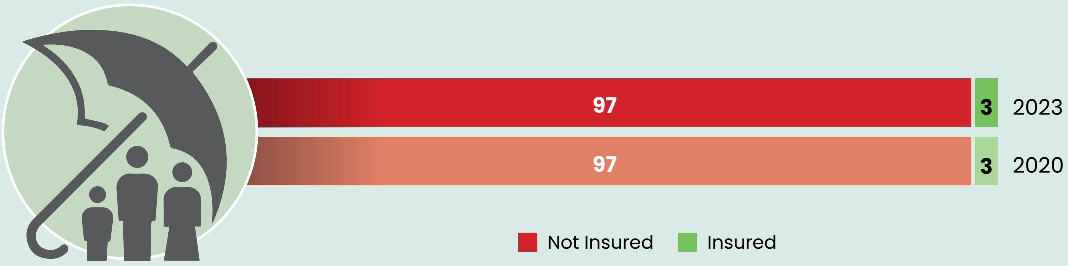


leaving families more vulnerable to economic downturns. Doing nothing in response to risks or hardships can prolong financial vulnerabilities and hinder households from accessing necessary support or resources to address their needs effectively.

Insurance uptake: Globally, the power and potential of insurance is acknowledged as a transformative force and a shield that protects against the uncertainties of life. Whether it be health crises, natural disasters, or unforeseen accidents, insurance can provide a safety net that enables individuals and communities to prevent, rebuild, recover, and thrive. However, despite the undeniable benefits of insurance and the evident need, Nigeria continues to report a persistent challenge – the lack of sufficient penetration. Millions of Nigerians remain unprotected, leaving them vulnerable to financial risks and uncertainties. As of 2023, only 3.1% (3.4m) of adult Nigerians are insured compared to 2.6% (2.8m) in 2020.

Barriers such as affordability, lack of awareness, and trust issues continue to hinder widespread adoption. Addressing these barriers and promoting greater insurance uptake is essential for enhancing financial resilience, reducing economic vulnerabilities, and fostering inclusive socio-economic development in Nigeria. Despite the introduction of microinsurance regulatory guidelines[15] to drive access to low-valued policies for low-income populations, and micro and small-scale enterprises, awareness of microinsurance is still very low in Nigeria. Only 11% of Nigerians, equivalent to 12.2 million people, are aware of microinsurance products. This highlights a significant gap in financial literacy and access to risk management tools in the country. This lack of awareness may stem from various factors, including limited outreach and education

Figure 54: Insurance uptake (%)



15. NAICOM defines microinsurance in Nigeria as "insurance developed for low-income populations, low valued policies, micro and small-scale enterprises provided by licensed institutions, run in accordance with generally accepted insurance principles, and funded by premiums." (Nigeria, NAICOM, 2018 Guidelines for Microinsurance Operation in Nigeria).

efforts by insurance providers, and cultural and social barriers. To address this issue, concerted efforts are needed to enhance financial literacy and promote awareness of insurance products among the Nigerian population. This entails implementing targeted education campaigns, leveraging digital technologies and media channels to reach underserved communities, and fostering partnerships between insurance companies, government agencies, and civil society organizations to expand access to affordable and relevant insurance products. By improving awareness and understanding of insurance, individuals and households can better protect themselves against financial shocks and build resilience to economic uncertainties, ultimately contributing to broader financial inclusion and socioeconomic development in Nigeria.

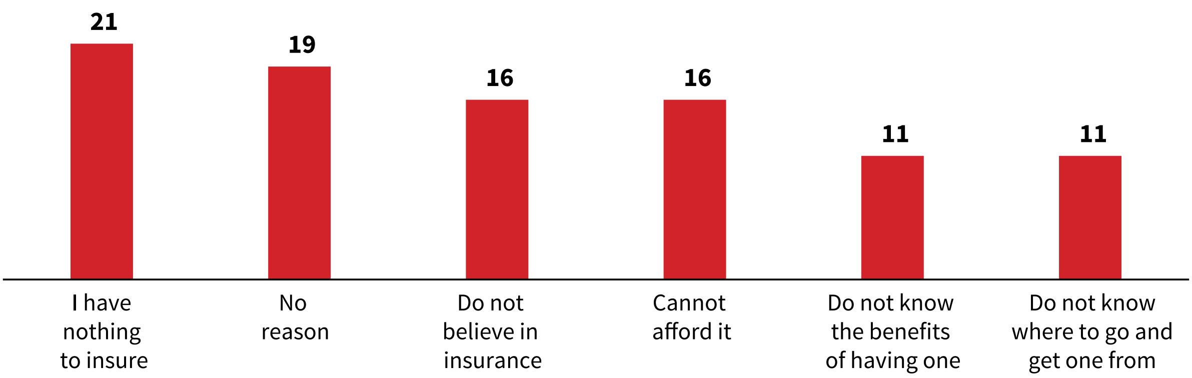
Barriers: Of those who are aware of insurance products, the lack of insurable products, affordability, and attitude (lack of trust) remain the major barriers to low uptake of insurance products. This trifecta of challenges underscores the complexities surrounding insurance uptake in Nigeria and the multifaceted nature of the problem. The implications of these barriers are far-reaching. Without access to suitable insurance products, individuals and households remain vulnerable to various risks, including health emergencies, property damage, and income loss, which can perpetuate cycles of poverty and financial insecurity. Furthermore, the lack of trust in insurance providers compounds these issues, eroding confidence in the efficacy and reliability of insurance as a risk management tool and further dampening demand.

This presents an opportunity for micro-insurance providers to fill the gap by offering tailored products that meet the needs of underserved populations. By providing low-cost insurance options designed to address specific risks faced by individuals and households, micro-insurance providers can empower vulnerable communities to better cope with shocks and build resilience. Additionally, efforts to raise awareness about the benefits of insurance and improve financial literacy can help bridge the gap between risk exposure and adequate protection, ensuring that more Nigerians have access to the financial tools they need to weather uncertainties and improve their well-being.

Around 64.3 million (33%) uninsured adults show a lack of product awareness – 21% have nothing to insure, 11% do not know the benefits, and 11% do not know where to get insurance. Sixteen percent of those not insured cited affordability as a barrier.

To address these challenges and foster greater uptake of insurance products, a comprehensive approach is necessary. Efforts should focus on expanding the availability and diversity of insurable products to better meet the diverse needs of the population. This may involve developing innovative insurance solutions tailored to specific risk profiles, such as micro-insurance products targeting low-income earners or weather-indexed insurance for farmers vulnerable to climate-related risks. Secondly, initiatives aimed at improving financial literacy and awareness of insurance benefits

Figure 55: Barriers to insurance (%)

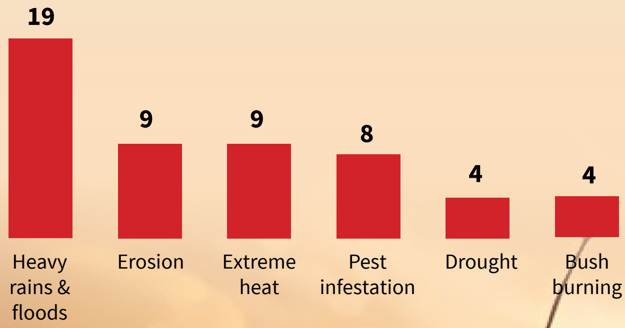


are crucial in dispelling misconceptions and building trust in insurance providers. Educational campaigns, workshops, and community outreach programs can help raise awareness about the importance of insurance in managing financial risks and promoting long-term financial security. Additionally, measures to enhance affordability, such as subsidizing premiums for low-income individuals or offering flexible payment options, can make insurance more accessible and attractive to underserved populations. By addressing these barriers holistically and fostering an enabling environment for insurance uptake, Nigeria can unlock the potential of insurance as a tool for promoting financial resilience and inclusive economic growth.

Climate change

The survey also sought to assess the effects of climate-related shocks on adult Nigerians. Around 29 million adults (26%) experienced a climate-related shock, with heavy rains and floods, soil erosion, extreme heat, and pest infestation top of the list.

Figure 56: Have experienced climate-related events (% of adults)



Three out of every five persons who faced heavy rains and floors, erosion, drought, and pest infestation, reported repetitive damages from these climate change events. Similarly, one out of every two persons who faced extreme heat and bush burning reported repetitive damages. This relatively high likelihood of recurrence heightens the possibility of escalating damage over time, and hence, the vulnerability of those affected. Repetitive damages from climate change events can have profound humanitarian and economic consequences. Individuals and communities may suffer from displacement, loss of livelihoods, damage to property and infrastructure, food insecurity, and adverse health effects. The cumulative toll of repeated climate-related disasters can exacerbate poverty and deepen socio-economic inequalities.

The top three coping mechanisms employed by Nigerians to mitigate the impact of climate change events are saving, borrowing from family and friends, and selling assets or livestock. These mechanisms have significant implications for their financial health. Saving, which accounts for 35% of coping mechanisms, is a proactive strategy to build financial buffers against unforeseen events. This approach promotes financial health by encouraging individuals to set aside a portion of their income for emergencies, thereby reducing the reliance on high-cost borrowing or asset liquidation. Borrowing from family and friends, which accounts for 21% of coping mechanisms, highlights the importance of social networks in times of crisis. While this approach provides a safety net for individuals facing financial shocks, it may also have implications for their financial health. Depending on the terms of the loan, borrowers may face pressure to repay the loan, potentially impacting their financial stability. Selling assets or livestock, which accounts for 12% of coping mechanisms, reflects a willingness to liquidate assets to meet immediate needs. This approach may provide short-term relief but could have long-term financial repercussions. Liquidating assets could lead to a reduction in wealth, potentially impacting an individual's long-term financial health and stability.

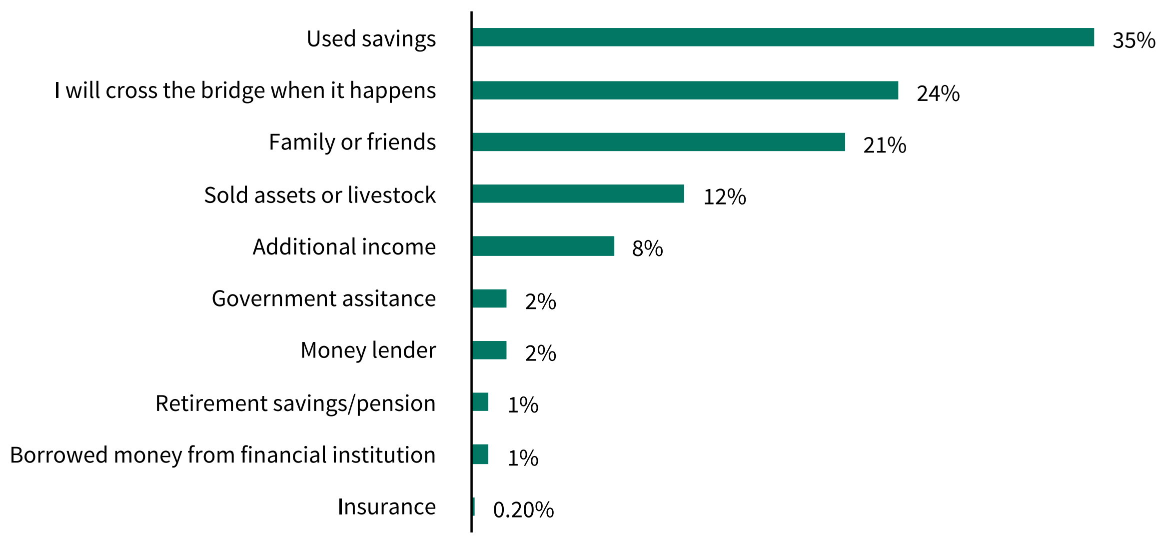
However, it is important to note that 24% of those who faced shock reported that they would cross the bridge when they get there as a response to coping mechanisms. This approach may indicate a lack of financial preparedness, potentially leading to a reliance on high-cost borrowing or asset liquidation in the future.

Overall, the coping mechanisms employed by Nigerians to manage the impact of climate change events reflect a diversified approach to financial resilience. While these mechanisms provide short-term relief, they may also have implications for long-term financial health. Therefore, it is essential to promote the use of transactional accounts and deepen the offerings of financial service agents to maximize the potential benefits for individuals, particularly in the context of climate change events.

As we examine these coping mechanisms we see that relying solely on savings may not always be feasible especially in cases of severe or prolonged climate-related disasters that deplete savings rapidly, relying on the support of family and friends may not always be sufficient to meet financial needs, particularly in cases where entire communities are affected simultaneously, liquidating productive assets can have long-term consequences on household resilience, economic stability, and diminishing future livelihood opportunities.

To provide reliable coping mechanisms for communities facing the impact of climate change from a financial inclusion perspective, two key strategies can be implemented: Firstly, promoting climate-resilient livelihoods and economic empowerment is essential for building long-term resilience. This entails creating a conducive policy environment that incentivizes investment in climate-smart sectors, facilitating access to credit and capital for small-scale farmers and entrepreneurs, and providing capacity-building programs to enhance skills in sustainable practices and business management. Collaboration and partnerships among stakeholders are also pivotal in mobilizing resources, sharing expertise, and fostering innovation in promoting financial inclusion

Figure 57: Coping mechanism for climate change events (%)



and climate resilience. By integrating financial inclusion strategies into climate adaptation and mitigation efforts, communities can not only cope with immediate impacts but also build resilience and seize opportunities for sustainable development in the face of climate change.

Secondly, efforts should focus on expanding access to affordable, secure, and convenient climate-resilient financial services tailored to the needs of vulnerable populations. This involves developing specialized financial products like micro-insurance covering climate risks, promoting digital financial services for remote areas, and establishing risk financing mechanisms such as weather-indexed insurance. Moreover, initiatives aimed at improving financial literacy and education are crucial to empower communities with the knowledge and skills to effectively manage financial resources and access appropriate services amidst climate-related challenges. By fostering a supportive financial ecosystem, communities can better withstand climate shocks and recover from losses more efficiently. By adopting these strategies, stakeholders can promote financial inclusion, build climate resilience, and empower communities to cope with the impact of climate change effectively.

Given the existing usage levels, to stimulate further utilization, there should be a focus on enhancing digital financial literacy, aiming to educate the population on financial concepts and the advantages of utilizing formal financial services. Additionally, there should be a commitment to upgrading digital infrastructure, recognizing its pivotal role in supporting the adoption and usage of digital financial services. Another crucial aspect involves promoting the incubation and adoption of sound practices among fintech firms, fostering an environment conducive to innovation in financial products and services. Lastly, acknowledging the distinct financial needs of women, private sector stakeholders are actively involved in developing tailored financial products to enhance the financial inclusion of women in Nigeria. These multifaceted approaches collectively contribute to the ongoing efforts to broaden and deepen financial access across the country.

05

5.0 Quality of financial services

It is imperative to recognize that while expanding the reach of financial services is undeniably crucial, it is equally essential to prioritize the enhancement of the quality of financial services.

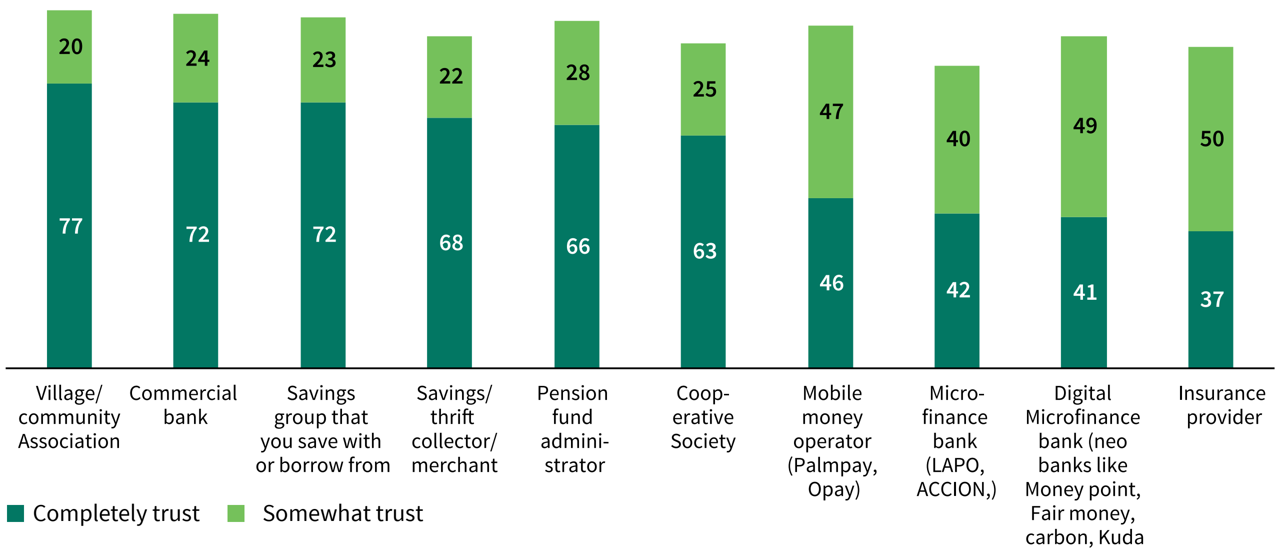
This refers to the ability of the financial services and products and financial services providers to meet the needs and expectations of the consumers. Service quality dimensions include consumer protection indicators like information transparency, complaints management, fair treatment and contracts, and financial capabilities that drive usability. Other dimensions include affordability, reliability, and convenience. While the rapid adoption of digital financial services and innovations has increased access to financial products and services, it has brought with it financial literacy and consumer protection concerns. By focusing on improving the quality of financial services, we can foster trust and pave the way for more inclusive, resilient, and sustainable financial ecosystems that benefit individuals, households, and communities alike.

5.1 The trust of financial service provider

Consumer trust significantly shapes Nigeria's financial inclusion dynamics. Trust acts as the foundation for relationships between financial institutions and clients, impacting individuals' decisions to use formal financial services. The findings reveal a range of trust levels among consumers, influencing engagement across financial sectors, and directly linked to the level of uptake and usage of respective providers.

Across formal providers, commercial banks and pension fund administrators emerge as the most trusted due to brand reputation and regulatory oversight, contributing to a sense of security and reliability among consumers. However, lower trust in the insurance sector poses barriers to insurance adoption despite its importance in mitigating risks and enhancing resilience. Insurance claims payment is the insurance service's end-product. When a claim is paid, and on time, it increases the insuring public's confidence and trust. We must leverage

Figure 58: Levels of trust of each financial service provider (% of those who currently use each financial service provider)



technology to capture, monitor, simplify, and expedite the claims process to build trust among policyholders. A smooth and efficient claims experience can enhance customer satisfaction and encourage positive word-of-mouth referrals.

Of particular interest is the unexpectedly high level of trust reported in community or village associations, surpassing trust in commercial banks. This phenomenon reflects the enduring social networks and informal financial mechanisms prevalent in Nigerian communities, where traditional forms of solidarity and mutual support coexist alongside formal financial institutions. Leveraging these community-based trust networks presents opportunities for fostering financial inclusion initiatives that are rooted in local contexts and tailored to the needs of underserved populations, thereby complementing formal financial services and expanding access to financial resources.

Understanding trust dynamics is crucial for policymakers and stakeholders to design interventions promoting trust, transparency, and inclusivity. Enhancing trust can empower Nigerians to engage more fully with a wide range of formal financial services

.

5.2 Understanding terms and conditions of financial contracts

The survey sought to assess if Nigerians understand the terms and conditions in the contracts with their financial institution. Among those who do utilize financial products and services, the statistics on comprehension of terms and conditions in contracts provide further insights. The data shows that only (34m) 48% of formally served Nigerians feel that information on financial products or services is consistently provided in a clear and easily understandable manner.

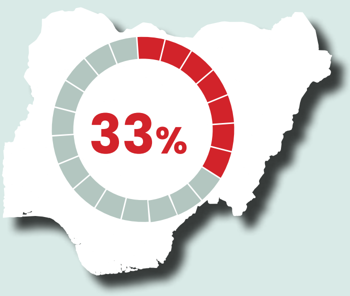
This suggests a widespread challenge in ensuring adequate comprehension of contractual obligations and rights among financial service users. A high proportion of users who struggle to comprehend the terms and conditions in financial contracts highlights potential risks related to consumer protection and fair treatment. Inadequate understanding of contractual obligations may leave individuals vulnerable to exploitation, misrepresentation, or unexpected fees and charges. To mitigate these risks, financial institutions and regulators must prioritize transparency, clarity, and consumer-friendly communication in drafting contracts and agreements.

5.3 Transparency in pricing

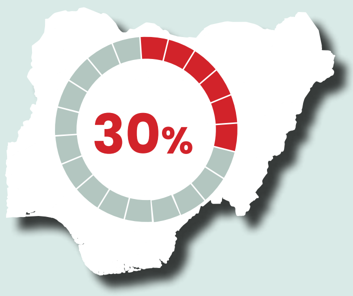
The transparency of pricing in financial services is essential for empowering consumers to make informed decisions and fostering trust in the financial system. It involves the clear disclosure of all costs and fees associated with financial products and services, enabling consumers to compare offerings and understand the true cost involved. Transparent pricing also promotes market efficiency, consumer protection, and financial inclusion. However, the lack of transparency can lead to consumer distrust, financial vulnerability, and regulatory scrutiny. To improve transparency, regulatory mandates, industry standards, and consumer education initiatives are essential.

In Nigeria, financial inclusion efforts have made significant strides in recent years, with a substantial portion of the population gaining access to formal financial products and services. However, despite increased access, there remain notable challenges related to transparency, affordability, and consumer protection within the financial sector. Recent data highlights concerning trends regarding unexpected fees or charges, inadequate communication about fee changes, and perceptions of affordability among formally served Nigerians.

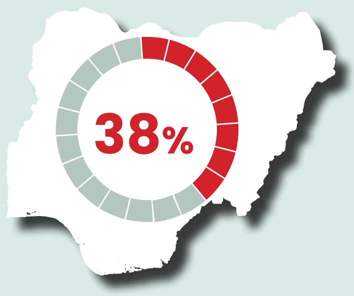
The data reveals significant issues related to transparency and consumer trust within Nigeria's financial landscape. The high percentage of individuals experiencing unexpected fees or charges after using financial products or services underscores the need for greater transparency and disclosure practices by financial institutions. Similarly, the low proportion of individuals being informed about fee changes suggests a lack of communication and accountability within the industry, potentially leading to consumer mistrust and dissatisfaction. Moreover, the substantial number of individuals who do not consider bank fees or charges as affordable highlights the urgent need for regulatory interventions to ensure fair and equitable pricing practices. Addressing these issues is crucial for enhancing consumer confidence, promoting financial inclusion, and ultimately fostering a more inclusive and resilient financial ecosystem in Nigeria.



24million
of formally served Nigerians have experienced taking a financial product or service and later being surprised by unexpected fees or charges.



22million
have been informed about changes to fees or charges associated with financial products or services in the past 12 months.



27million
of formally served Nigerians do not agree that bank fees or charges are affordable.

Yes No

5.4 Fraud incidence

In Nigeria, the incidence of fraud has been a growing concern, with the financial sector particularly vulnerable. According to data from the Nigeria Inter-Bank Settlement System (NIBSS), Nigerian banks lost N9.75 billion to fraud in the first half of 2023, representing a significant 276% increase compared to the same period in 2022[16,17,18]. The increasing sophistication of fraud tactics, such as the use of generative AI to create convincing fake identities and documents, has further compounded the challenge. In response, financial institutions and fintech startups have been teaming up to develop collaborative frameworks like Operation Radar to tackle fraudulent transactions within their networks. Additionally, regulatory bodies have been taking steps to mitigate fraud, such as mandating the linkage of Bank Verification Numbers (BVN) or National Identification Numbers (NIN) for all Tier 1 accounts. These efforts reflect the urgency to address the evolving landscape of fraud and the importance of implementing advanced fraud prevention solutions to safeguard businesses and consumers from financial losses and identity theft.

According to the A2F 2023 data

- In the past 12 months (196k) 6% of those using microfinance banks experienced losing money/ money missing from accounts e.g. card/PIN fraud while using their microfinance account.
- 2.3m adults report fraud-related experience with a financial service agent

These incidents highlight vulnerabilities within the financial system that can undermine consumer trust and confidence in formal financial services. With the increasing digitization of financial transactions and the growing reliance on financial service providers, safeguarding against fraud has become paramount for ensuring the integrity and security of the financial ecosystem.

The data underscores the urgent need for robust security measures and consumer protection mechanisms within Nigeria's microfinance banking and financial service agent sectors. The prevalence of fraud-related experiences among users of microfinance banks highlights vulnerabilities in these institutions' security protocols and the need for enhanced fraud detection and prevention measures. Similarly, the significant number of adults reporting fraud-related experiences with financial service agents signals potential lapses in oversight and regulation within this segment of the financial industry. Strengthening security protocols, implementing stringent regulatory frameworks, and enhancing consumer awareness and education initiatives are essential steps to mitigate the risk of fraud and protect consumers' financial interests.

5.5 Poor service reported by formally served Nigerians

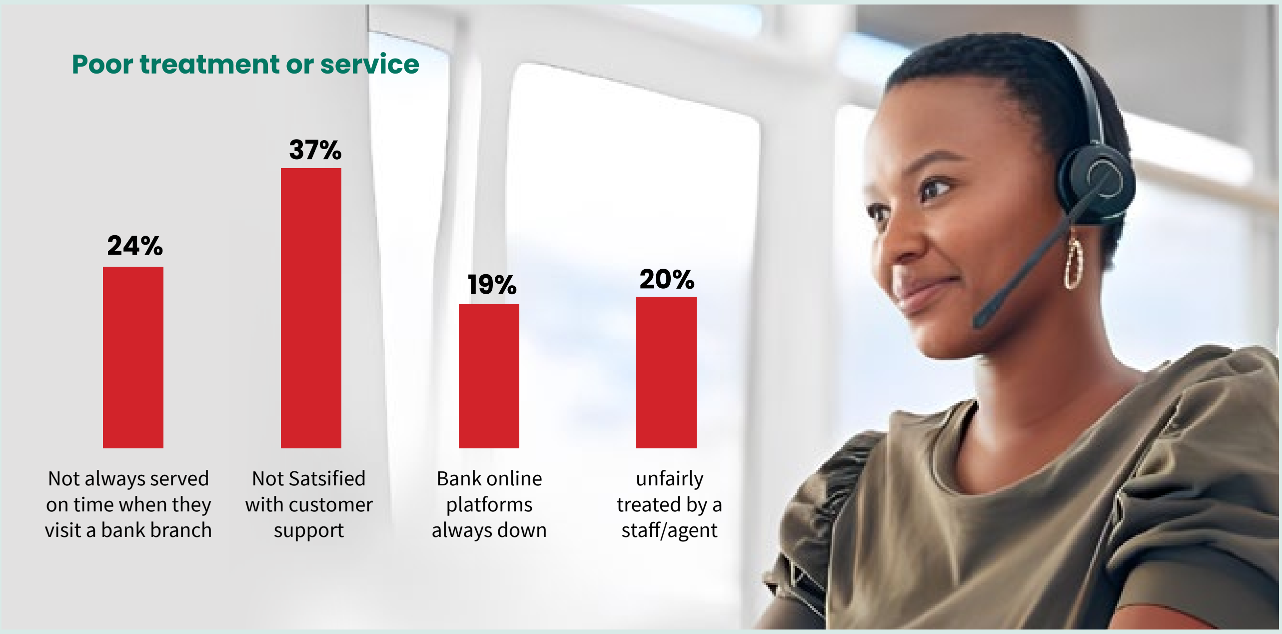
The experience of users of financial products and services plays a crucial role in shaping the success and effectiveness of financial inclusion efforts. Poor customer service and subpar experiences not only deter individuals from utilizing financial services but also convey a lack of empathy and understanding on the part of service providers towards the needs and preferences of users.

The data reveals that:

- **17m (24%)** say they are not always served on time when they visit a bank branch.
- **26 m (37%)** are not satisfied with customer support.
- **14m (19%)** feel that the bank platform is always down.
- **14m (20%)** have been unfairly treated by a staff/agent of a financial institution.

When users encounter issues with financial products or services, whether due to operational inefficiencies, regulatory compliance lapses, or

16. Electronic payment transactions in Nigeria hit all-time high in 2023 - NIBSS
17. Access Bank lost N6.15 billion to fraud in 2023 by Osamu Ekhator - Techpoint Digest
18. https://nairametrics.com/2023/08/19/nigeria-banks-lost-n9-5-billion-to-e-fraud-so-far-in-2023/



Shutterstock

poor communication, it can erode confidence in the financial system and deter further engagement. Negative experiences may lead individuals to perceive financial institutions as indifferent or unresponsive to their needs, resulting in reduced service uptake and diminished trust in formal financial channels. Moreover, instances of unfair treatment by staff or agents can exacerbate feelings of frustration, alienation, and mistrust among users, further impeding efforts to promote financial inclusion and empowerment.

The implications of poor customer service and negative user experiences extend beyond individual transactions to broader systemic challenges within the financial services sector. Addressing these issues requires concerted efforts from financial institutions, regulators, policymakers, and other stakeholders to prioritize customer-centricity, enhance service quality, and foster a culture of accountability and transparency. By investing in staff training, improving complaint-handling processes, and embracing technology-enabled solutions, financial institutions can enhance the overall customer experience and build stronger relationships with users.

Moreover, ensuring fair and equitable treatment of customers is essential for promoting inclusivity and protecting consumer rights within the financial ecosystem. Financial institutions must adhere to ethical standards and regulatory requirements, safeguarding against discriminatory practices and ensuring that all users are treated with dignity, respect, and fairness. By prioritizing customer welfare and actively listening to user feedback, financial service providers can identify areas for improvement, address systemic issues, and foster a more inclusive and responsive financial system that meets the diverse needs of all users.

5.6 Recourse mechanisms by financial service providers

The section underscores a significant gap in consumer empowerment within the Nigerian financial services landscape. The finding that consumers often do not know where to turn when faced with unresolved issues with their financial institution highlights the need for enhanced customer empowerment initiatives to address this critical deficiency. Without access to effective channels for grievance redressal and support, consumers may experience heightened vulnerability and diminished confidence in their interactions with financial institutions, thereby undermining their ability to make informed choices and assert their rights as empowered customers.

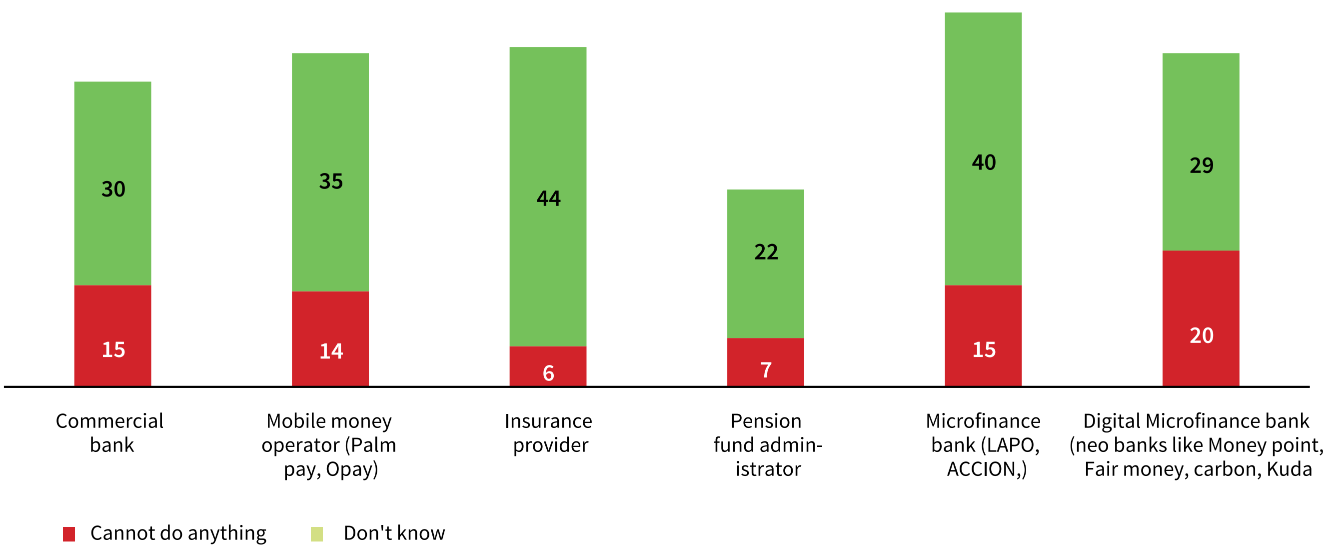
Indeed, empowered customers play a pivotal role in shaping the dynamics of the financial services sector and promoting a culture of accountability and transparency among service providers. When consumers are empowered, they are better equipped to navigate the complexities of financial products and services, make informed decisions aligned with their needs and preferences, and demand fair treatment and respect from financial institutions. Additionally, empowered customers are more likely to voice their concerns and hold service providers accountable for their actions, driving improvements in service delivery and promoting a customer-centric ethos within the industry.

Moreover, empowered consumers exercise greater control over their financial lives, enabling them to effectively manage their finances, mitigate risks, and pursue their financial goals with confidence. By fostering an environment where consumers feel empowered to assert their rights and preferences, financial institutions can enhance customer satisfaction, build trust and loyalty, and drive positive outcomes for both consumers and the broader financial ecosystem.

Addressing the challenge of consumer empowerment requires a multi-faceted approach that encompasses regulatory oversight, industry best practices, and consumer education and advocacy. Regulators and policymakers play a crucial role in establishing clear guidelines and standards for grievance redress mechanisms, ensuring that financial institutions prioritize customer empowerment and responsiveness. Likewise, industry stakeholders must invest in training and capacity-building initiatives to enhance frontline staff's ability to address customer concerns effectively and ethically.

Furthermore, consumer education and awareness campaigns can empower individuals with the knowledge and skills to navigate the financial landscape confidently, understand their rights and responsibilities as consumers, and advocate for their interests effectively. By fostering a culture of consumer empowerment, Nigeria can build a more inclusive, resilient, and customer-centric financial services sector that serves the diverse needs and aspirations of its population. Ultimately, the goal is to empower consumers to assert their agency, exercise their rights, and drive positive change within the financial ecosystem for the benefit of all stakeholders.

Figure 59: Know where to report when having issues with their financial service provider



In conclusion, the insights gleaned from the analysis underscore the multifaceted nature of financial inclusion in Nigeria and the imperative to enhance both access and quality of financial services. It is evident that expanding services alone is insufficient; rather, a concerted effort to improve the overall user experience and foster trust is paramount.

Trust emerges as a critical factor shaping consumers' relationships with financial service providers. While existing users demonstrate varying degrees of trust, issues with financial institutions are prevalent, particularly within the banking sector. Moreover, the lack of clear recourse mechanisms for dispute resolution poses a significant challenge, potentially undermining customer empowerment and accountability.

Poor service experiences further exacerbate the problem, deterring potential users and eroding trust in formal financial institutions. Addressing this requires a concerted effort to prioritize customer satisfaction, ensure fair treatment, and enhance the overall quality of service delivery.

Additionally, the findings highlight gaps in financial literacy, with a significant portion of the population struggling to understand the terms and conditions of financial contracts. This underscores the need for comprehensive financial education initiatives to empower consumers and enable them to make informed decisions.

To address these challenges and enhance financial inclusion, stakeholders must prioritize the following recommendations:

1. **Enhance Trust and Accountability:** Financial service providers should prioritize transparency, fair treatment, and effective grievance redress mechanisms to build and maintain trust among consumers.

2. **Improve Service Quality:** Investments in staff training, technology infrastructure, and customer service protocols are essential to deliver superior service experiences that meet the diverse needs of users.

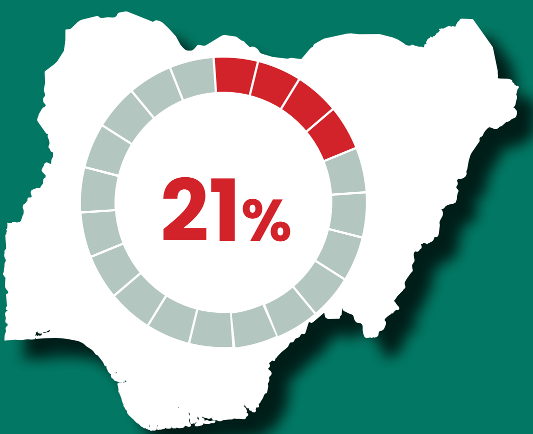
3. **Promote Financial Literacy:** Government agencies, financial institutions, and civil society organizations should collaborate to develop and implement robust financial education programs, equipping individuals with the knowledge and skills to navigate the financial landscape effectively.

4. **Strengthen Regulatory Oversight:** Regulators play a crucial role in ensuring consumer protection and market integrity. Strengthening regulatory frameworks and enforcement mechanisms can safeguard consumers' interests and promote a fair and inclusive financial ecosystem.

By implementing these recommendations and fostering a culture of trust, transparency, and empowerment, Nigeria can make significant strides toward achieving greater financial inclusion, ultimately unlocking opportunities for economic growth and prosperity for all segments of society.

06

Only 21% of Nigerians scored well on all the financial capability dimensions, implying that they can apply their financial knowledge in managing their finances, and make sound financial decisions in achieving financial goals.



6.0 Impact of financial services and product

While access to financial services is a critical first step, it is the impact of these services that ultimately determines their effectiveness in fostering economic development, reducing inequality, and enhancing the overall well-being of individuals and communities. An impact-focused approach ensures that financial inclusion efforts lead to meaningful and sustainable outcomes. In this section, we explore the impact of financial inclusion in terms of the ability of access to enhance the financial capability of Nigerians to make the right financial decisions, meet financial needs, and enhance the financial health of Nigerians.

6.1 Financial Capability

This report describes financial capability as the capacity of an individual or household to adequately manage their finances, make sound financial decisions, and have access to and utilize financial products and services to improve their economic well-being. Multiple dimensions make up financial capability. Some of the dimensions covered in the survey include planning, managing money, knowledge, and choosing and using products or services.

Shutterstock

Planning:

The ability to plan for one's future is deemed an important component of financial capability. Planning empowers individuals to proactively and strategically allocate resources effectively, in a way that enhances their financial well-being and achievement of long-term financial goals. More than three-quarters (77%) of Nigerian adults can plan for future events with 32% excelling in planning and saving.

Control dimension:

The control dimension entails budget management and keeping track of money spent, which helps manage sudden financial changes that can affect a person's life – 75% of Nigerians can keep track of their spending.

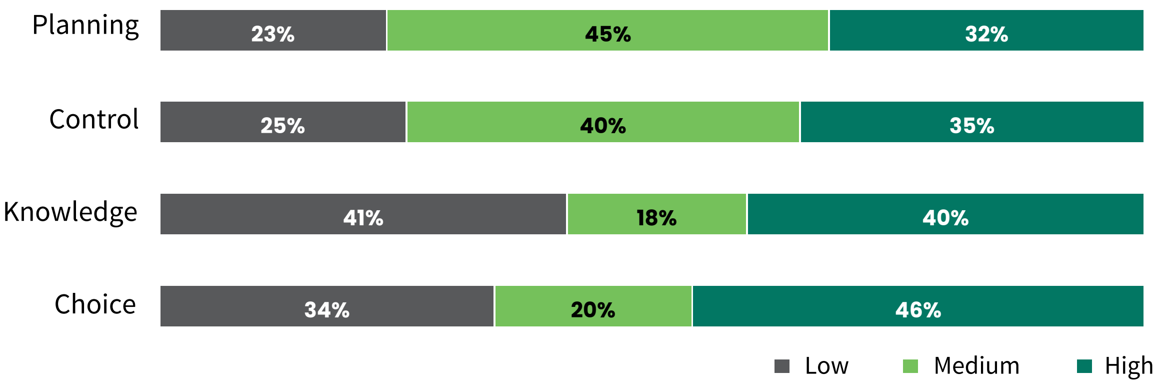
Knowledge dimension:

This entails the knowledge and understanding one requires to make judgments and decisions about managing money in their present and future lives. About 41% of Nigerians scored low in financial knowledge, i.e., understanding the terms and conditions in the contract with a financial institution and knowing what to do when not satisfied with a financial service or product. This is the dimension in which adults scored lowest.

Choice dimension:

This captures the ability of individuals to compare financial offerings and choose products or mechanisms that would enable them to meet their financial goals or objectives. Nearly half (46%) of Nigerian adults scored high in terms of choosing mechanisms or products that help them achieve their financial desires. However, considering that this capability is self-reported, one cannot but question the quality of choices being made given the level of knowledge.

Figure 60: Financial capability scores (% of the adult population)



The high scores in planning and control dimensions of financial capability among Nigerians stem from a cultural emphasis on saving and budget management necessitated by economic challenges. However, lower scores in knowledge and choice dimensions reflect limited access to financial education, complexities in financial products, and inadequate consumer protections. This imbalance suggests that while Nigerians excel in managing their finances day-to-day and planning, they lack essential knowledge to navigate financial terms and products, hindering their ability to make informed choices.

Overall, only 21% of Nigerians scored high on all the financial capability dimensions. This suggests that a large portion of Nigerians may struggle to effectively manage their finances, make sound financial decisions, and utilize financial products and services to improve their economic well-being. Such disparities in financial capability can have far-reaching implications for individuals' financial stability, access to opportunities, and overall quality of life.

Figure 61: Overall Financial capability (% of the adult population)

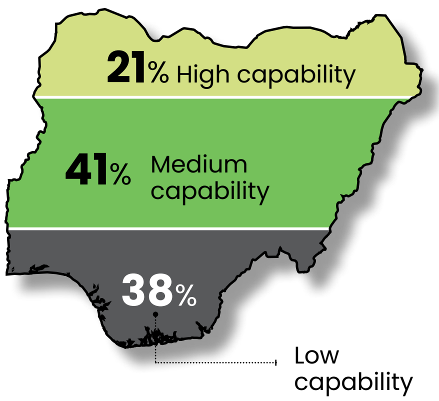
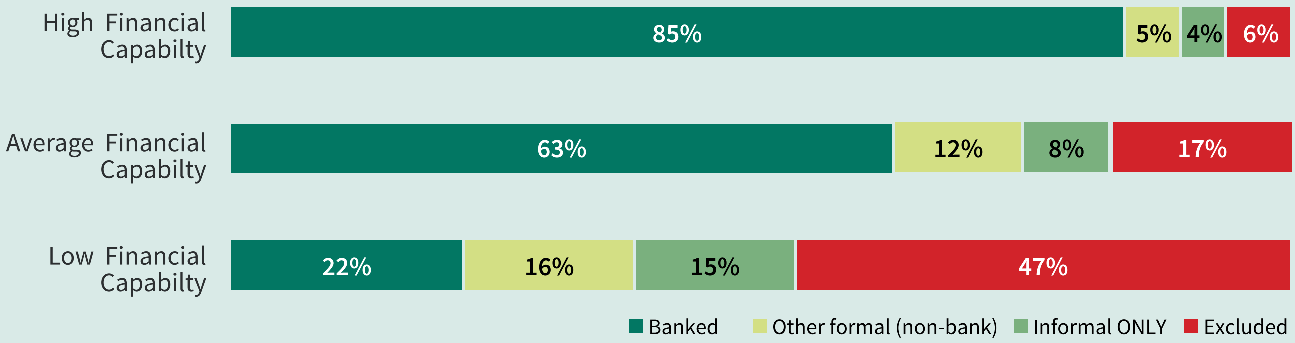


Figure 62: Access Strand by FinCap indicator (2023)



FAS by financial capability indicator

- Nigerians with high financial capabilities are significantly more likely to be financially included and use banking services or products.
- Almost half of the adults with low financial capability do not use any financial products or services.

Individuals with high financial capabilities, including knowledge, skills, and access to resources, are more likely to engage with formal banking services and products. These individuals possess the necessary understanding of financial concepts, such as budgeting, saving, and investing, which empowers them to make informed decisions about their financial matters. Moreover, their access to resources, such as stable income streams and savings, provides them with the means to utilize banking services effectively. As a result, high financial capability acts as a significant predictor of financial inclusion, enabling individuals to leverage formal financial channels for various purposes, including savings, payments, credit, and insurance. This highlights the importance of enhancing financial education and literacy programs to equip individuals with the skills and knowledge to navigate the financial landscape successfully.

Conversely, individuals with low financial capabilities face significant barriers to engaging with formal financial services and products. This segment of the population may lack basic financial knowledge, making it challenging to understand the benefits and implications of using banking services. Additionally, limited access to financial resources, coupled with economic constraints, may prevent them from opening bank accounts, obtaining credit, or investing in financial assets. As a result, a substantial proportion of adults with low financial capabilities do not utilize any financial products or services, relying instead on informal mechanisms or cash-based transactions to meet their financial needs. Addressing the barriers faced by this group requires targeted interventions aimed at improving financial literacy, increasing access to basic banking services, and designing inclusive financial products tailored to their specific needs and preferences. By empowering individuals with low financial capabilities, stakeholders can foster greater financial inclusion and enable them to participate more fully in the formal financial system.

Overall, these insights underscore the critical role of financial capability in driving financial inclusion outcomes in Nigeria. By enhancing financial education, expanding access to financial services, and promoting inclusive financial solutions, stakeholders can work towards narrowing the gap in financial capabilities and fostering greater financial inclusion across all segments of the population.

6.2 Financial Needs (FinNeeds)

The financial needs Framework is designed to help us understand what financial mechanisms or portfolios of financial services people use to meet their financial needs. It tells us how different types of financial services are utilized as complements or substitutes to one another in meeting each financial goal; and highlights untapped market opportunities.

For example, a health-related crisis presents a financial need/use case that can be met either through payments in cash, through medical insurance, through social mechanisms like support from family relatives, or through credit. For this framework, we will define a financial mechanism as any physical, social, or electronic mechanism that stores, accumulates, distributes, or transfers value, and can be used to meet a financial need. Saving in gold or other physical assets would be considered a "physical mechanism", while assistance from family and friends would be a "social mechanism". Thus, this framework conceptualizes financial mechanisms to be a broader concept than financial services provided by financial institutions.

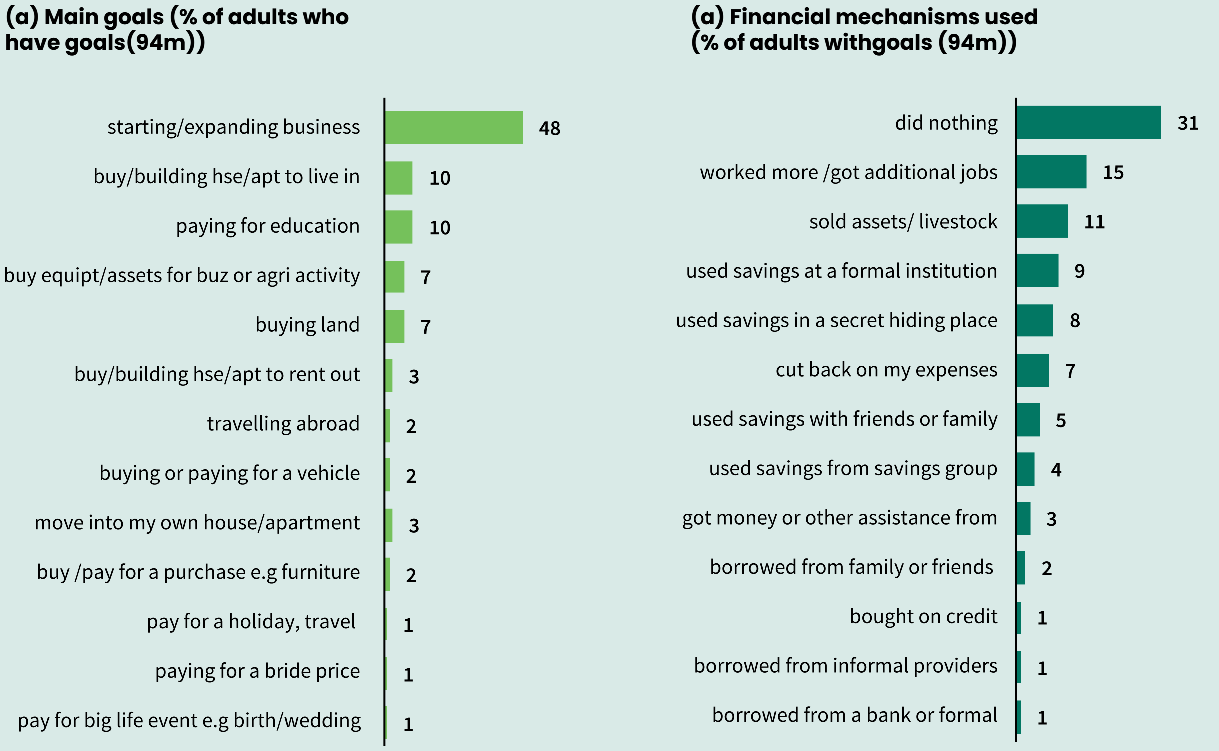
The framework recognizes 4 main use cases or needs that we expect financial services to meet.

1. **Transfer of value** – the need to make payment or transfer money whether in cash or digitally.
2. **Liquidity** – the need to meet expenses within an income cycle
3. **Resilience** – the need to meet large expenses resulting from a financial shock.
4. **Meeting goals** – they need to achieve events or life objectives that require financing.

With this understanding, our goal is to understand how these use cases are expressed among Nigerians and what financial mechanisms they use to meet them.

Shutterstock

Figure 63: Main goal and mechanism to achieve goals (%)



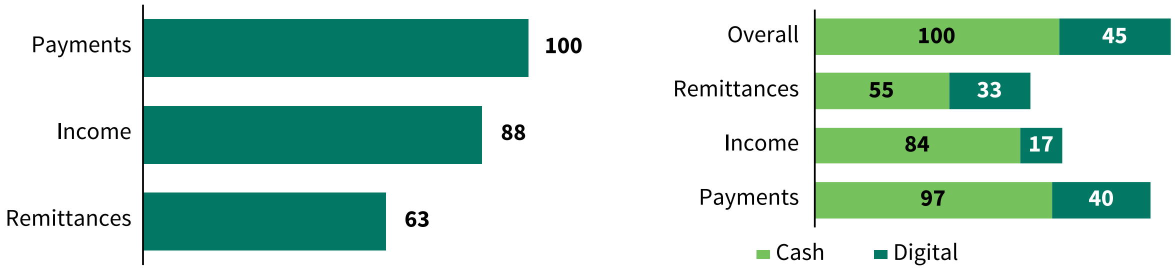
Life goals and priorities

Meeting goals – About 84% of adults reported a specific life goal or goals they are currently trying to meet. The main goal cited by 55% of these adults was starting, expanding, or buying assets for a business. Next, about 20% of these adults cite housing-related needs – buying land, buying/building a house to rent/live in - as the main goal they are trying to achieve. Another 10% cite educational-related goals. Among those with goals, 31% of them do not have a plan or have not started to work towards their goals. About 25% used savings and 15% worked more. Only 1% of Nigerians with goals report using formal credit to meet their goals. Importantly, the financial sector can grow its relevance in meeting people's needs, especially through credit (e.g., mortgage finance, car loans, etc.).

Resilience – experienced financial shocks and vulnerabilities (including climate change) More than half of Nigerian adults (56% or 62.7 million) experienced a financial shock – an event that had a large negative impact on their finances in the past 12 months, driven mainly by economic and health-related shocks. Of those experiencing financial shocks, one-third (33%) reported price increases or a bad economy as having the greatest financial impact, followed by the illness of a family member (26%). This indicator looks at the ability to deal with shocks. Nigerians are more likely to do nothing, sell assets, or cut down on expenses than to use savings to cope with crises. As shown in **Figure 53**, about a half of the adults (44%) relied on non-financial coping mechanisms –did nothing, received donations, or cut down on expenses, and 17% sold assets or livestock. This may indicate that the role of the financial sector in risk transfer is limited. Only 11% of those who experienced risk used savings, with 7% using formal sources and 4%, informal sources.

Figure 64: Transfer of value need

(a) Types of transfer of value need (% of adults) **(b) Drivers of transfer of value (% of adults)**



Transfer of value

Transfer of value – All surveyed adults experienced at least one of the use cases categorized as transfer of value in the past 12 months. This involved the need to make payments, such as buying airtime, paying bills, sending money, or transferring value from one person to another. A higher proportion of adults are meeting this need mainly using cash. The usage of digital channels has improved, mainly driven by banking. This shows that the financial sector is meeting the ToV needs of individuals.

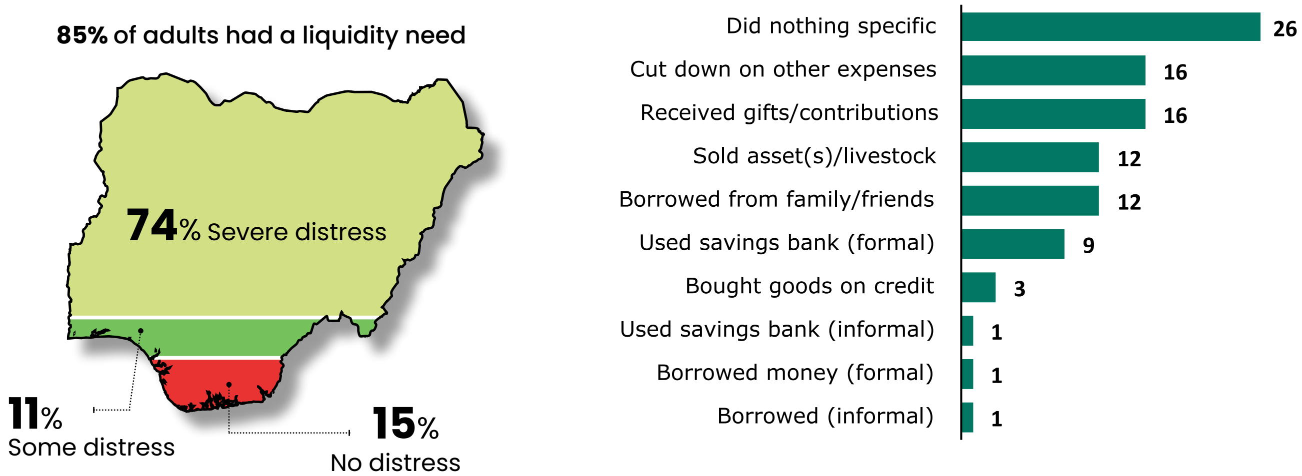
Liquidity management

Liquidity – The indicator looks at the ability to meet expenses within an income cycle. Eighty-five percent reported having run out of money for food or important things in the past 12 months – 74% more frequently (more than one month in the last year) and 11% less often (at least one month). About 42% of distressed adults did nothing or readjusted their expenses to manage liquidity issues. A further 28% used physical (sold assets) and social mechanisms (donations) to cope with liquidity needs.

Overall, most Nigerian adults relied on physical and social mechanisms (non-financial savings) to cope with risks, and liquidity and to finance their goals in the past 12 months. Perhaps, there might be strong arguments for considering the role these physical mechanisms play and exploring the opportunities to leverage them for more formal financial offerings. Particularly in Northern and rural Nigeria where people are more likely to invest in agricultural assets – agricultural produce, livestock, and equipment, innovative models that recognize these assets as financial mechanisms are needed.

Figure 65: Liquidity need and coping strategies

(b) Liquidity needs (%) **(b) Coping strategies (%)**



6.3 Financial Health

Nigerians are continuously striving to improve their financial lives. They spend, save, borrow, plan, and work to grow their assets and protect their resources, in the pursuit of improved financial health. The financial health framework seeks to assess how well one's daily financial systems help build resilience from shocks and create opportunities to pursue one's dreams.

Nigerians show good signs of financial health in two of the five domains – specifically, planning and saving). However, challenges with liquidity management do not allow them to build reserves (scored low), cope with risk, and balance their cash flows. The lowest dimension for financial health, as depicted in **Figure 67**, is access to funds - 80% of adults report that they will find it difficult to generate NGN75,000 in 7 days in the face of an emergency.

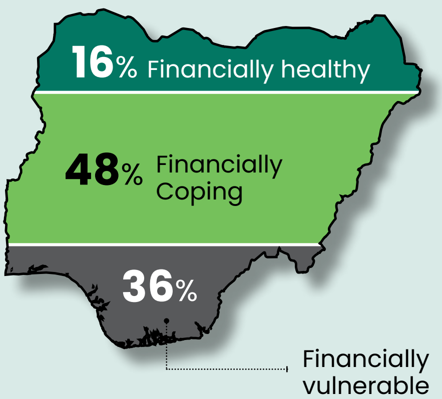
Thirty-six percent of the adults are classified as financially vulnerable, struggling with meeting day-to-day expenses, building reserves, and managing their finances. Only 16% of adults are financially healthy, implying that they can plan, meet day-to-day expenses with ease, cope with risk, and build reserves.

With over one-third of adults reporting low financial health and relatively low access to formal efficient mechanisms to meet financial needs, Nigeria reports a 12%-point drop in the proportion of financially healthy adults. High liquidity distress and shocks (health, economic, and climate) ultimately impact financial well-being.

A focus on financial health is particularly important given rising levels of deprivation and vulnerability. Individuals facing low financial health are more vulnerable to economic shocks and emergencies, hindering their ability to cope and potentially perpetuating cycles of poverty and inequality. Moreover, it can impede access to opportunities for personal and economic advancement, impacting overall well-being and social cohesion. The strain of financial stress can also have adverse effects on physical and mental health, while the broader economic consequences may include reduced consumer spending and hindered economic growth.

Figure 66: FinHealth dimensions and overall score

(a) Financial health indicator



(b) Financial health dimension (%)

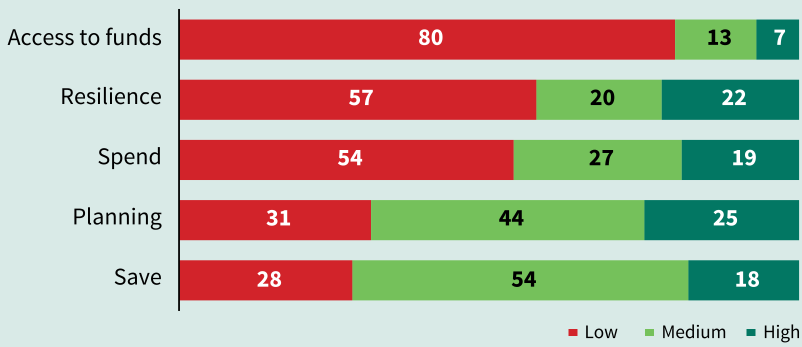
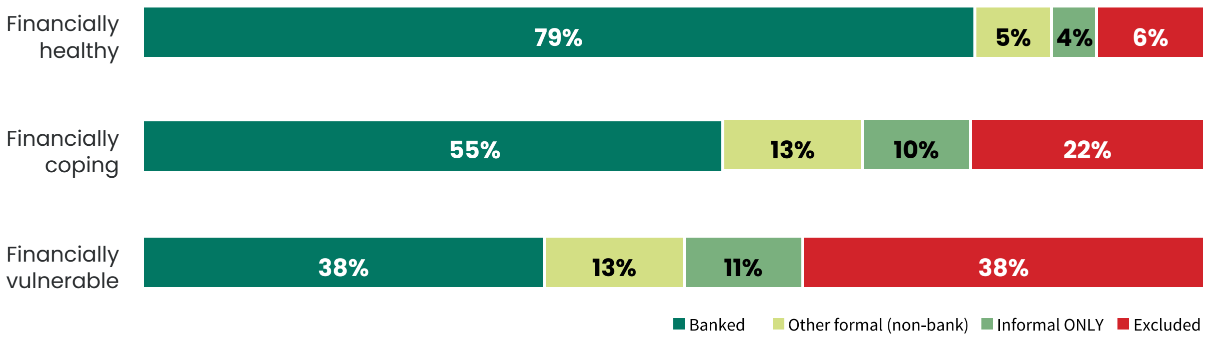


Figure 67: Access Strand by FinHealth indicator (2023)



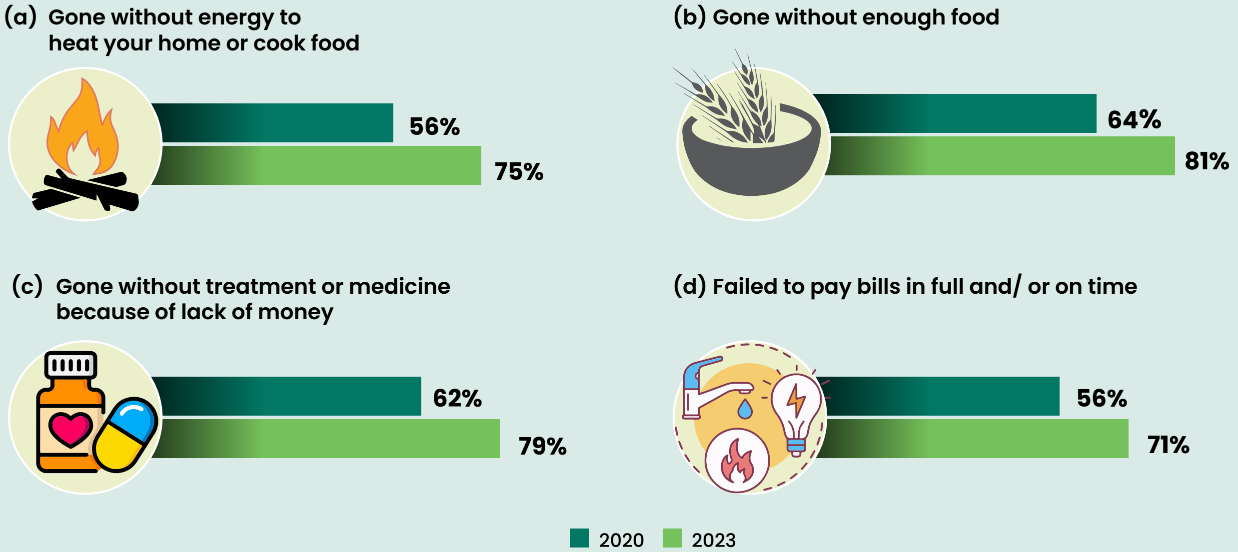
FAS by financial health indicator

- There is a direct correlation between financial health and financial inclusion. Financially healthy adults are significantly more likely to be financially included and use banking services or products.
- A third (38%) or 15.2 million of the adults who are financially struggling/vulnerable use banking services.

Financially healthy adults, who effectively manage their finances, plan for the future, and have sufficient resources to meet their needs, are more likely to engage with formal banking services and products. Their financial stability and security enable them to leverage banking services for various purposes, including savings, payments, borrowing, and investments. Moreover, their ability to access and utilize banking services reflects their inclusion in the formal financial system. Conversely, individuals who experience financial distress or instability may face barriers to accessing formal financial services, leading to lower levels of financial inclusion. Therefore, fostering financial health among individuals is not only beneficial for their well-being but also crucial for promoting greater financial inclusion and resilience in the broader economy.

Shutterstock

Figure 68: Welfare/Vulnerability indicators



Compared to 2020, more adults report having gone without treatment, energy, and food because of a lack of money. The most concerning symptom is households foregoing medical treatment (79%). Beyond financial inclusion, this speaks directly to a potential decline in the progress towards the SDGs. Again, considering rising deprivations amidst rising formal financial inclusion and at a time when financial inclusion has been identified as an enabler of 8 out of the 17 SDGs, one cannot but question the role of finance. The evidence further demonstrates that beyond financial inclusion, further intentional programming and design across the financial landscape is required to ensure that access to and use of financial services translates to financial health.

Shutterstock

Conclusions

In summary, the report provides an overview of Nigeria's financial sector and how the general population engages with it while tracking the changes in their interaction from the 2020 survey.

The A2F 2023 survey revealed how Nigerians of 18 years and older manage their finances and the elements that influence their uptake and use of financial services. The following conclusions were drawn from this survey:

Financial Inclusion

Nigeria's financial inclusion continues to be bank-led unlike most of the nations in the region (West Africa), which are largely driven by other formal non-bank institutions such as mobile network operators. Formal financial inclusion increased from 57% in 2020 to 64% in 2023 almost reaching the NFIS 2020-2024 recommended target of 65% of adults using formal products or services by 2024. Overall, about 3 in 4 Nigerians are financially included, making the financial inclusion journey in Nigeria an interesting but also challenging one considering the 29 million adults that remain excluded.

Some of the highlights of the positive financial inclusion figures seen in Nigeria include:

- 74% of the population 18 years and older are financially included (i.e. have or use financial products/services, whether formal or informal). More adults are using banking financial products/services to manage their financial needs. However, some disparities and levers could be pulled to enable a broader inclusion of the population:
    - Dependents from other people
    - Adults who receive an income from farming
    - Business owner (small businesses).
- The banked population increased by 3.7 million, albeit the banked populace growth is less than the adult population growth of 5 million from 2020. There has been an upsurge in the uptake and use of other formal (non-bank) mechanisms, largely driven by the usage of financial service agents and mobile money mainly to withdraw, deposit, and remit money. Around 47% of adults do not have access to a transactional account (bank account or mobile money account). The barriers to not having a transactional account in Nigeria remain low levels of product awareness for mobile money, while for commercial banks this is linked to little/irregular income.
- Use of ONLY informal mechanism declined slightly but a large proportion of Nigerians still rely on informal mechanisms, presenting opportunities to introduce formal financial products to informal social groups who also offer financial services to their members. The proportion of adults utilizing a combination of bank, other formal, and informal mechanisms has doubled to 20% in 2023, signifying that financial needs are not fully met by the formal sector alone – this also indicates that a significant number of adults who were served only by informal mechanism are now able to use formal financial product.
- While the saving incidence remains similar to the 2020 uptake, the number of adults saving their money at commercial banks and through informal mechanisms increased.
- Access to formal credit is still low but is increasing slowly. Formal credit is driven by formally employed adults borrowing mainly from commercial banks, and business owners mainly borrowing from formal non-banking financial service providers.
- Subscription to insurance remains very low at 3%. The ability to deal with unexpected setbacks that have a financial impact remains a major

financial need. Around one in five adults used physical assets (capital) to cope with risks.

- Remittances have grown in the past few years, 63% of adults have remitted in the past 6 months up from 49% in 2020. Remittances are an important source of assistance for families and communities. Workers frequently send money home to help their families and meet basic requirements such as food, and unexpected expenses, and to invest in businesses. By boosting the flow of money into the nation, remittances can promote local economies.

Emerging trends

This section was produced as part of the outputs of the implementation of some of the National Financial Inclusion Strategy priority areas and some industry emerging trends.

Positioning Nigeria as a cashless economy

The uptake and/or usage of transactional accounts (banking and mobile money) is reported at 53% in the reporting period (2023). This led to a growth in the total monetary value of transactions going through the payment system. The findings show that 45% of Nigerians used digital financial services in the past 12 months, compared with the 34% reported in 2020.

The usage of digital financial services in Nigeria is predominantly bank-based. The mobile money industry has hoped to aid Nigeria in meeting its financial inclusion targets but has not yet gained significant traction nor contributed much to achieving the Central Bank of Nigeria's cashless or financial inclusion policies.

Financial Capability

This Report shows that Nigerians continue to grapple with financial literacy challenges, as only approximately 22% demonstrate a high level of proficiency on the financial capability scale. A substantial number of individuals in Nigeria encounter notable difficulties across various facets of financial literacy. Notably, those who are financially excluded exhibit the lowest scores on the capability scale, particularly struggling with knowledge, choice, and control aspects. This means that over 70% of the population may lack the necessary knowledge and skills to make informed financial decisions. People need to be empowered with adequate information that enhances their ability to make the right financial decisions towards an improved livelihood. Coordinated efforts of financial education programs and a combination of intentional product design and service delivery that enhances consumer empowerment, will go a long way toward improving consumer financial capability in Nigeria.

Financial Health

Nigeria's state of financial health showed a decline, moving to worse levels of financial well-being. A significant proportion of Nigerians face challenges with liquidity management, affecting their abilities to build reserves, cope with risk, and balance their cash flows. From a policy standpoint, there is a need to put financial health at the core of financial sector policy. Beyond the current access and usage targets, targets on financial health will serve as a reminder that the purpose of financial inclusion is to improve outcomes for individuals, households, and small businesses. By applying a financial health lens to financial supervision, especially for consumer protection, regulators can ensure that the financial services people use are conducive to good financial health and that service delivery and product design adopt behaviourally informed approaches that support financially healthy habits and outcomes. Simply put, Nigerians are largely financially unhealthy and lack the financial mechanisms needed to cope with the current economic shocks. Formal financial institutions - regulators and providers alike – must be charged with the responsibility to do much more to deliver an inclusive financial system that ensures that Nigerians enjoy the transformative power of finance.

Priorities in Financial Inclusion today

Although levels of financial inclusion are progressing and seemingly nearing the 2024 target, there is room to further reduce the levels of those who do not have transaction accounts (bank account and/or mobile money), migrate those who are only served through informal mechanisms, and reducing the excluded.

Moreover, technological innovations have opened new opportunities for financial inclusion. Mobile banking, digital wallets, mobile money, and other digital financial services have the potential to bring formal financial services to millions of under-served and unserved individuals in Nigeria. However, the greatest opportunity will come from ensuring financial inclusion that goes beyond access and uptake to include measuring the impact of financial inclusion and financial health in Nigerians.

Priority areas

The priorities of financial inclusion in Nigeria continue to ensure that the lives of Nigerians are improved. To this end the following areas could be prioritised:

- Identify and facilitate the implementation of financial interventions that will improve the resilience and sustainable livelihoods of the target groups (women, informal sector (including small business owners), youth, and populace in the North West and North East regions, as well as enhance the contribution to the macro-economic indicators for the country.
- Develop and expand the roadmaps that will support and improve uptake and use of financial services. This includes expanding the gender and youth financial inclusion pillars within the NFIS, through establishing specific interventions for implementation. The inclusion of vulnerable groups, such as, youth, refugees, and people living with disabilities should also be enhanced.

Financial health indicator on the quality and impact of financial services is a cornerstone and baseline of this priority area and will not only support high-quality and consumer centric product initiatives but will also gauge the financial health of Nigeria's population, as well assisting to track progress in improving these areas.

- Ensure policies that enable productive credit or that improve the quality of life, through implementing financial policies; and adopting financial literacy programs, that help to make people aware that they can access formal credit and other basic financial services, especially the MSMEs.
- Addressing the challenges of limited financial literacy, lack of trust in formal financial institutions, regulatory barriers, and the gender gap require a concerted effort from all stakeholders. This includes incorporating financial education into the school curriculum, providing financial literacy training to adults, and leveraging technology and social network (informal financial groups) to reach a wider audience and increase financial product awareness.

Reflections on the Survey Findings

1. Financial inclusion improved from 68% (2020 adjusted) to 74% (2023), while formal financial inclusion grew from 57% (2020 adjusted) to 64% (2023). This is good progress, yet it is important to note that nearly 40% of Nigerians are still not formally served. Formal financial inclusion is a critical bedrock because it lays the foundation for deepening and scaling access to other financial services like credit, insurance, and pensions. Also, it is essential to state that about 47% of Nigerians have no transactional account. While some in this group might be served by agent networks with cash-in cash-out (CICO) services, almost half of the adult population does not receive or make digital payments.

2. About 90% growth in formal financial inclusion (7% out of 8%) was contributed by non-bank (fintech) players. While only 5% of the adult population is exclusively served by banks today. The CBN should be commended for progressive regulations that have facilitated increased market competition in the financial markets as this has been a major driver of progress in financial access and inclusion.

3. The non-banks and fintech provided most of the growth in formal financial inclusion in 2023. With a 64% formal financial inclusion rate in 2023 and a national target of 65% by 2024, it could be said that the financial inclusion target has been delivered. Yet, the quality of inclusion may be in question; 47% of adults do not have transactional accounts and therefore cannot receive digital payment or be paid digitally including government cash transfer payments.

4. The rapid growth of access to payment is not translating to significant improvement in access to credit where the social impact of financial inclusion would be bigger. Payment grew nearly 2.5 times, from 22% to 52% between 2010 and 2023, while credit access has grown marginally by 4% in 13 years. (2% to 6%), despite 74% of the Nigerian adult population facing severe liquidity stress.

5. Poverty is a major reason for financial exclusion. Nearly 50% of unbanked adults have no financial account because they have no, little, or irregular income.

6. Women are more excluded than men. There is a 9% gap in the exclusion of women compared to men. Yet the social returns of closing the gap in gender inclusion are very significant.

7. Financial inclusion in the North-West and North-East geopolitical zones falls below the national average as observed in past surveys.

Recommendations

The recommendations outlined below encapsulate the collective expertise and insights of the TAG members, offering targeted solutions to foster positive change across the financial inclusion spectrum:

- Innovations to improve market incentives to drive account opening will rapidly extend the financial rail and deepen financial access. It will also ensure that the formal financial rail is available to support effective and efficient government cash transfer programs to reach the most vulnerable in society. The concern that agents might not be sufficiently incentivized to drive formal account opening but CICO services that give higher sustained revenue for agents would need to be addressed.

- There is a strong need for non-bank service providers (FinTechs, PSBs, etc) to focus on serving the 'unbanked' population. The shift of fintechs" and non-banks" resources for a more balanced effort towards the excluded (unbanked) rather than mostly focusing on previously banked but underserved, would result in stronger/ more rapid growth in financial inclusion.

- Supply-side issues in credit markets, competition, innovation, and ecosystem collaboration would need to be addressed to deepen credit access, especially to MSMEs, and to deliver a bigger social impact of financial inclusion. This would also agree with the government's goal to quickly scale access to microcredit to millions of MSMEs.

- Complementary policies to financial inclusion that tackle endemic poverty through social investments in education, vocational skills, entrepreneurship, health, and market-friendly economic policies are important to ensure the wider social impact of financial inclusion.

- It is important to requalify national targets or introduce specific sub-category targets to continue the strong momentum drive in financial inclusion.

- Programs and policies to close the gender gap in financial access such as empowerment initiatives, tailored gender-centric financial products, accessible banking services, and digital and financial literacy initiatives focused on vulnerable groups – women with disabilities, single mothers, women living in rural and underserved communities, should be a priority.

- There is a business opportunity for service providers, particularly Fintechs, to leverage technology to drive inclusion and positively impact lives.

- Financial services providers need to further enhance the quality of their offering to break down barriers to deepening usage of financial services e.g. increase financial literacy, address electronic fraud issues effectively, improve dispute resolution, incentivize agents to offer add-on services, and improve the efficiency of customer services interactions.

- Strengthening interagency and inter-ministerial collaboration on financial inclusion at the highest level of government and the structures for such interagency coordination and collaboration would be desirable for accelerated delivery of financial inclusion goals. Experiences from successful markets like India show that this is a critical factor in driving accelerated financial inclusion.

We are optimistic that the implementation of these recommendations will not only address existing challenges but also contribute significantly to creating a more inclusive, accessible, and impactful financial ecosystem. We anticipate these efforts will propel positive transformations, ultimately improving the financial well-being of diverse communities.

Signed

- ***Prof. Yinka David-West,*** *Associate Dean LBS;*
- ***Dr. Paul Oluikpe,*** *former Head FIDU CBN;*
- ***Dr. Tony Okpanachi,*** *MD/CEO Development Bank of Nigeria;*
- ***Leora Klapper,*** *Lead Economist, Development Research Group World Bank;*
- ***Mr. Olu Akanmu,*** *Executive in Residence LBS;*
- ***Cara Myers,*** *Program Officer for Gender Data and Evidence at BMGF;*
- ***Mr. Niyi Ajao,*** *Lead Financial Inclusion thematic unit NESG;*
- ***Mr. Nasir Ingawa;*** *and*
- ***Mr. Eghosa Omoigui,*** *Head, Stakeholder Relationship, Nigeria Governors Forum.*

References

1. AFI, 2023. FINANCIAL INCLUSION FOR PERSONS WITH DISABILITIES INSIGHTS FROM AFI MEMBERS' STRATEGIES AND POLICIES. Accessible via *https://www.afi-global.org/wp-content/uploads/2023/11/Financial-Inclusion-for-Persons-With-Disabilities.pdf*

2. Belayeth, H., D. Sumonkanti, A. Chowdhury, N. Haque, S. Sumena, and A. Khandaker. 2019. "Does Financial Inclusion Increase Financial Resilience? Evidence from Bangladesh." *Development in Practice 29* (6)

3. Central Bank of Nigeria, and EFInA. 2019. 'Assessment of Women's Financial Inclusion in Nigeria'. *https://efina.org.ng/wp-content/uploads/2020/01/Assessment-of-Womens-Financial-Inclusion-in-Nigeria.pdf*

4. De Hoop, T., J. Adeyeye, O. Dirisu, A. Akinola, A. Meysonnat, G. Siwach and C.L. Anderson (2022), "Taking stock of the evidence on women's groups in Nigeria", *Evidence Consortium on Women's Groups*, June.

5. Hussen, M.S., Mohamed, M.A. Impact of financial inclusion on household welfare in Ethiopia. *Futur Bus J* 9, 67 (2023)

6. Imandojemu, K., Akinlosotu, N. T., & Odigie, J. N. (2018). Financial inclusion and people living with disabilities (PLWDs) in Nigeria: a disaggregated analysis, *CBN Bullion, 42*(4), 60-82.

7. Jiya, A. N., Opoku, M. P., Nketsia, W., Dogbe, J. A., & Adusei, J. N. (2022). Achieving Financial Inclusion for Persons with Disabilities: Exploring Preparedness and Accessibility of Financial Services for Persons With Disabilities in Malawi. *Journal of Disability Policy Studies, 33(2),* 92-102.

8. Koomson, I., Villano, R.A. & Hadley, D. Effect of Financial Inclusion on Poverty and Vulnerability to Poverty: Evidence Using a Multidimensional Measure of Financial Inclusion. Soc Indic Res 149, 613–639 (2020). *https://doi.org/10.1007/s11205-019-02263-0*

9. Kemi Funlayo Akeju (2022) *Household financial behavior: the role of financial inclusion instruments in Nigeria, Journal of Sustainable Finance & Investment*

10. Moore, Danielle, Zahra Niazi, Rebecca Rouse, and Berber Kramer. 2019. "Building Resilience Through Financial Inclusion: A Review of Existing Evidence and Knowledge Gaps." Financial Inclusion Program, Innovations for Poverty Action, Washington, DC. *https://www.poverty-action.org/publication/building-resilience-through-financial-inclusion-review existing-evidence-and-knowledge*.

Appendix

A. Women Segment

Proportion and market opportunity in Nigeria's informal and excluded women segment.

	Banked	Other Formal	Informal	Excluded
Financial access strand as a percentage of adult population	52.4% (58.3m)	12.0% (13.3m)	9.7% (10.7m)	26.0% (28.9m)
Financial inclusion status of women	38.0%	13.3%	12.0%	36.6%
The addressable market for women in each strand	19.1m	6.6m	6.0m	18.4m

Socio-economic Profiles of the Women

Socio-economic Profile – Women vs. Men vs. National Average

Socio-economic Characteristic	Women	Men	Nat. Average
Region (% in Northern Nigeria)	45.6%	44.4%	45.0%
Region (% in Southern Nigeria)	54.4%	55.6%	55.0%
Urban (% Women)	56.9%	52.9%	54.9%
Rural (% women)	28.8%	26.1%	54.9%
Age (% 18-35 years)	59.0%	42.3%	50.7%
Marital Status (% Married)	71.7%	74.2%	72.9%
Marital Status (% Single)	13.1%	21.4%	17.2%
Education (% below Secondary Education)	47.5%	36.2%	41.9%
Household (HH) Size (% Five or More)	53.3%	54.1%	53.7%
% with no personal monthly income	20.0%	15.0%	17.5%
% with personal monthly income of N35,000 or less	55.2%	39.2%	47.3%
% with personal monthly income above N35,000	24.7%	45.9%	35.2%
% that are banked	47.2%	57.7%	52.4%
% that are banked (formal others)	11.6%	12.4%	12.0%
% that are informal only	10.8%	8.5%	9.7%
% that are excluded	30.4%	21.4%	26.0%
% that use informal financial services	32.2%	33.4%	32.8%

Ownership and access status of women vs. men vs. National Average

Ownership, Access, and Awareness	Women	Men	Nat. Average
% that own a mobile phone	84.8%	91.0%	87.9%
% that own a smartphone	22.6%	30.7%	26.6%
% that own a feature phone	14.9%	18.2%	16.5%
% that own a basic phone	57.4%	53.5%	55.5%
% that have access to network connectivity where they live	76.6%	73.6%	75.1%
% that are very comfortable using a smart phone	35.7%	42.7%	39.2%
% that are not comfortable using a smart phone	22.8%	15.1%	19.0%
% that own bank and mobile money accounts	8.0%	13.0%	10.5%
% that own bank account only	39.2%	44.7%	41.9%
% that own mobile money account only	0.9%	1.1%	1.0%
% that do not own any form of a transactional account	51.8%	41.2%	46.6%
% that have used mobile money	9.0%	14.1%	11.5%
% that have used a DFS product or services in the past 1yr.	33.5%	46.6%	40.0%
% that currently use a mobile banking app	13.3%	19.6%	16.4%
% that currently use internet banking services	6.2%	10.6%	8.3%
% that currently use USSD services	16.7%	24.4%	20.5%
% that have used a financial services agent (FSA)	48.0%	60.0%	53.9%
% that are aware of mobile money	23.7%	31.8%	27.7%
% of registered active mobile money accounts	1.9%	4.0%	2.9%
% of registered inactive accounts	3.4%	3.8%	3.6%
% of active mobile money users	3.1%	5.7%	4.4%
% of unregistered active mobile money users	1.2%	1.7%	1.5%

Identity Documentation

% that own an ID Document (any type of ID)	91.8%	96.4%	94.1%
% that own a valid (acceptable) ID	90.8%	95.6%	93.2%
% that own an ID: NIN	63.9%	78.3%	71.0%
% that own an ID: Voters' Card	69.1%	80.9%	74.9%
% that own an ID: National Passport	1.6%	3.8%	2.7%
% that own an ID: Driver's License	0.9%	9.4%	5.1%
% that own an ID: BVN	49.2%	48.4%	48.8%
% that own an ID: Birth Certificate	41.1%	48.9%	45.0%

Behaviours and Attitudes of the Women towards Financial Products

Savings

Savings Behaviour – Women vs. Men vs. National Average

Savings and Investment Behaviour and Attitude	Women	Men	Nat. Average
Savings (% that saved in the past 12 months)	56.4%	66.9%	61.6%
Saved formally (% that saved with formal institutions)	31.4%	45.1%	38.2%
Saved informally (% that saved with informal institutions)	25.0%	21.8%	23.4%
% that did not save in the past 12 months	43.6%	33.1%	38.4%
% that have any form of investment	56.9%	78.0%	67.4%
% that invested in physical	43.3%	69.2%	56.1%
% that invested in capital markets	3.3%	6.1%	4.7%
% that made non-financial investment	43.4%	70.2%	56.6%

Credit

Credit Behaviour – Women vs. Men vs. National Average

Credit Behaviour and Attitude	Women	Men	Nat. Average
Credit (% that borrowed in the past 12 months)	35.5%	40.3%	37.9%
% that borrow from formal institutions	5.0%	6.7%	5.8%
% that borrow from informal institutions	8.3%	8.1%	8.2%
% that borrowed from family & friends	22.2%	25.6%	23.9%
% that did not borrow in the past 12 months	64.5%	59.7%	62.1%
% that borrowed airtime in the past 12 months	24.6%	31.7%	28.1%

Expectations and Emergencies

Managing Expectations – Women vs. Men vs. National Average

Managing Emergencies and Future Needs	Women	Men	Nat. Average
% that have experienced running out of money	85.2%	83.8%	84.5%
% that budget for their money	66.0%	71.0%	68.5%
% that keep track of the money they get and spend	46.4%	52.1%	49.2%
% that have heard of micro-insurance	8.3%	13.8%	11.0%
% that have micro-insurance	0.2%	0.6%	0.4%
% that have insurance product	2.0%	4.2%	3.1%
% that have pension (any type)	3.8%	6.7%	5.2%
% that have pension (not micro)	3.2%	5.7%	4.5%
% that have micro-pension	0.6%	1.0%	0.8%

Remittances

Remittance Behaviour – Women vs. Men vs. National Average

Remittance Behaviour	Women	Men	Nat. Average
% that made remittance in the past 12 months	58.3%	66.8%	62.5%
% remittance through bank	33.4%	44.1%	38.7%
% remittance through other formal financial institutions	9.6%	10.3%	9.9%
% remittance through informal channels	.8%	1.4%	1.1%
% remittance through friends and family	14.5%	10.9%	12.7%
% that did not remit in the past 12 months	41.7%	33.2%	37.5%

Experience with Financial Institutions

Experience with financial institutions and services – Women vs. Men vs. National Average

Experience with Financial Institutions:	Women	Men	Nat. Average
% that compare fin. services/products during purchase	57.2%	66.3%	61.7%
% that feel bank charges or fees are affordable	30.2%	39.7%	34.9%
% that feel unfairly treated by staff/agent of Fin Institution	19.6%	26.5%	23.0%
% that have experienced problem with their FSP	22.4%	30.8%	26.5%
% that have experienced banking system down	25.4%	33.5%	29.4%
% that trust in financial institutions of any type	4.7%	4.4%	4.6%
% that trust in formal financial institutions	3.5%	3.3%	3.4%
% that trust in informal financial institutions	2.0%	1.5%	1.8%
% that experienced a problem with a formal FI	12.1%	16.4%	14.2%
% that have had issues with FSA (as % of those who have used an FSA)	100.0%	100.0%	100.0%

Payment Behaviour

Payment behaviour of Women vs. Men vs. National Average

Payment Behaviour	Women	Men	Nat. Average
% that paid for goods with cash	97.0%	96.0%	96.5%
% that paid for goods with cheque	0.3%	0.7%	0.5%
% that paid for goods with cash card/prepaid card	0.2%	0.3%	0.3%
% that paid for goods with ATM card/debit card	17.2%	24.8%	21.0%
% that paid for goods with credit card	0.1%	0.3%	0.2%
% that paid for goods with bank transfer (internet/app)	7.5%	12.8%	10.1%
% that paid for goods with USSD	11.9%	15.9%	13.9%

Payment Behaviour	Women	Men	Nat. Average
% that paid for goods with ATM	7.0%	10.9%	8.9%
% that paid for goods using financial services agent	12.8%	16.1%	14.4%
% that paid for goods using bank branch	3.5%	6.1%	4.8%
% that paid for goods with mobile money	2.7%	4.2%	3.5%
% that paid for goods with eNaira	0.0%	0.1%	0.0%
% that paid for utility with cash	15.6%	13.0%	14.1%
% that paid for utility with cheque	0.4%	0.4%	0.4%
% that paid for utility with cash card/prepaid card	.6%	.8%	0.7%
% that paid for utility with ATM card/debit card	21.9%	27.1%	24.9%
% that paid for utility with credit card	0.7%	0.5%	0.6%
% that paid for utility with bank transfer (internet/app)	13.8%	24.1%	19.8%
% that paid for utility with USSD	18.9%	18.6%	18.7%
% that paid for utility with ATM	3.8%	6.0%	5.1%
% that paid for utility using financial services agent	15.0%	17.2%	16.3%
% that paid for utility using bank branch	2.7%	3.2%	3.0%
% that paid for utility with mobile money	3.9%	5.3%	4.7%

B. Youth Segment

Proportion and market opportunity in Nigeria's informal and excluded Youth segment

	Banked	Other Formal	Informal	Excluded
Financial access strand as a percentage of adult population	52.4% (58.3m)	12.0% (13.3m)	9.7% (10.7m)	26.0% (28.9m)
Financial inclusion status of Youths	49.4%	12.6%	9.1%	29.0%
The addressable market for Youths in each strand	27.9m	7.1m	5.1m	16.4m

Socio-economic Profiles of the Youths

Socio-economic Profile – Youths vs. Non-Youths vs. National Average

Socio-economic Characteristic	Youth	Non-Youth	Nat. Average
% Youths in Northern Nigeria	43.0%	47.2%	45.0%
(% Youths in Southern Nigeria	21.8%	23.2%	45.0%
% Male Youths	41.2%	57.9%	49.4%
% Female Youths	58.8%	42.1%	50.6%
% Urban Youths	51.7%	58.3%	54.9%
% Rural Youths	48.3%	41.7%	45.1%
Marital Status (% Married)	66.2%	79.8%	72.9%

Socio-economic Characteristic	Youth	Non-Youth	Nat. Average
Marital Status (% Single)	30.0%	4.0%	17.2%
Education (% below Secondary Education)	38.2%	45.8%	41.9%
Household (HH) Size (% Five or More)	50.8%	56.7%	53.7%
% with no personal monthly income	17.3%	17.7%	17.5%
% with personal monthly income of N35,000 or less	8.8%	8.7%	17.5%
% with personal monthly income above N35,000	27.3%	43.3%	35.2%
% that are banked	49.4%	55.5%	52.4%
% that are banked (formal others)	12.6%	11.3%	12.0%
% that are informal only	9.1%	10.3%	9.7%
% that are excluded	29.0%	22.9%	26.0%
% that use informal financial services	27.2%	38.6%	32.8%

Ownership and access status of Youths vs. Non-Youths vs. National Average

Ownership, Access, and Awareness	Youth	Non-Youth	Nat. Average
% that own a mobile phone	87.2%	88.5%	87.9%
% that own a smartphone	29.0%	24.1%	26.6%
% that own a feature phone	16.8%	16.3%	16.5%
% that own a basic phone	52.1%	58.9%	55.5%
% that have access to network connectivity where they live	74.7%	75.6%	75.1%
% that are very comfortable using a smart phone	42.6%	35.6%	39.2%
% that are not comfortable using a smart phone	16.1%	21.9%	19.0%
% that own bank and mobile money accounts	11.0%	10.0%	10.5%
% that own bank account only	38.4%	45.5%	41.9%
% that own mobile money account only	1.4%	.6%	1.0%
% that do not own any form of a transactional account	49.2%	43.9%	46.6%
% that have used mobile money	12.4%	10.6%	11.5%
% that have used a DFS product or services in the past 1yr.	35.9%	44.2%	40.0%
% that currently use a mobile banking app	14.8%	18.0%	16.4%
% that currently use internet banking services	8.4%	8.3%	8.3%
% that currently use USSD services	20.4%	20.5%	20.5%
% that have used a financial services agent (FSA)	35.0%	38.4%	36.7%
% that are aware of mobile money	28.0%	27.4%	27.7%
% of registered active mobile money accounts	3.9%	1.9%	2.9%
% of registered inactive accounts	3.8%	3.4%	3.6%
% of active mobile money users	4.9%	3.8%	4.4%
% of unregistered active mobile money users	1.0%	2.0%	1.5%

EFInA

Identity Documentation

% that own an ID Document (any type of ID)	92.4%	95.8%	94.1%
% that own a valid (acceptable) ID	91.4%	95.1%	93.2%
% that own an ID: NIN	68.3%	73.8%	71.0%
% that own an ID: Voters' Card	68.5%	81.5%	74.9%
% that own an ID: National Passport	1.5%	3.9%	2.7%
% that own an ID: Driver's License	2.5%	7.8%	5.1%
% that own an ID: BVN	46.5%	51.1%	48.8%
% that own an ID: Birth Certificate	47.1%	42.8%	45.0%

Current Use of Selected Institutions/Instruments

% that currently use a commercial bank	49.4%	55.5%	52.4%
% that currently use a microfinance bank	49.9%	45.9%	46.9%
% that currently use a microfinance institution	42.1%	41.2%	41.3%
% that currently use a neo-bank	77.0%	68.4%	73.9%
% that currently use a non-interest bank	80.5%	83.9%	82.2%
% that currently use a mortgage institution	43.9%	37.0%	38.1%
% that currently use a mobile money operator	88.4%	83.7%	86.4%
% that currently use a cooperative society	84.5%	79.2%	80.5%
% that currently use a capital market operator	41.9%	63.9%	59.6%
% that currently use a payment service bank	62.6%	80.1%	69.4%
% that currently use an insurance provider	77.8%	70.0%	71.2%
% that currently use a pension fund administrator	88.6%	87.5%	87.7%
% that currently use a savings/borrowing group	83.3%	83.6%	83.5%
% that currently use a village/community association	84.0%	91.0%	88.5%
% that currently use a savings/thrift collector	83.8%	81.7%	82.8%
% that currently use a moneylender	52.9%	48.2%	50.5%

Behaviours and Attitudes of the Youths towards Financial Products

Savings

Savings Behaviour – Youths vs. Non-Youths vs. National Average

Savings and Investment Behaviour and Attitude	Youth	Non-Youth	Nat. Average
Savings (% that saved in the past 12 months)	56.9%	66.4%	61.6%
Saved formally (% that saved with formal institutions)	34.3%	42.2%	38.2%
Saved informally (% that saved with informally)	22.6%	24.2%	23.4%
% that did not save in the past 12 months	43.1%	33.6%	38.4%
% that have any form of investment	60.9%	74.0%	67.4%
% that invested in physical assets	46.7%	65.7%	56.1%
% that invested in capital market	3.5%	5.9%	4.7%
% that made non-financial investment	47.1%	66.4%	56.6%

Credit

Credit Behaviour – Youths vs. Non-Youths vs. National Average

Credit Behaviour and Attitude	Youth	Non-Youth	Nat. Average
Credit (% that borrowed in the past 12 months)	36.1%	39.7%	37.9%
% that borrow from formal institutions	3.3%	8.4%	5.8%
% that borrow from informal institutions	6.4%	10.1%	8.2%
% that borrowed from family & friends	26.4%	21.3%	23.9%
% that did not borrow in the past 12 months	63.9%	60.3%	62.1%
% that borrowed airtime in the past 12 months	31.9%	24.2%	28.1%

Expectations and Emergencies

Managing Expectations – Youths vs. Non-Youths vs. National Average

Managing Emergencies and Future Needs	Youth	Non-Youth	Nat. Average
% that have experienced running out of money	84.3%	84.7%	84.5%
% that budget for their money	67.3%	69.7%	68.5%
% that keep track of the money they get and spend	47.9%	50.5%	49.2%
% that have heard of micro-insurance	9.2%	12.9%	11.0%
% that have micro-insurance	.2%	.6%	.4%
% that have insurance product	1.6%	4.6%	3.1%
% that have pension (any type)	1.5%	9.1%	5.2%
% that have micro-pension	.6%	.9%	.8%

Remittances

Remittance Behaviour – Youths vs. Non-Youths vs. National Average

Remittance Behaviour	Youth	Non-Youth	Nat. Average
% that made remittance in the past 12 months	58.4%	66.7%	62.5%
% remittance through bank	34.3%	43.2%	38.7%
% remittance through other formal financial institutions	10.4%	9.4%	9.9%
% remittance through informal channels	13.6%	14.1%	13.8%
% remittance through friends and family	12.5%	13.0%	12.7%
% that did not remit in the past 12 months	41.6%	33.3%	37.5%

Experience with Financial Institutions

Experience with financial institutions and services – Youths vs. Non-Youths vs. Nat. Average

Experience with Financial Institutions:	Youth	Non-Youth	Nat. Average
% that compare fin. services/products during purchase	59.7%	63.8%	61.7%
% that feel bank charges or fees are affordable	31.9%	38.0%	34.9%
% that feel unfairly treated by staff/agent of Fin Institution	21.4%	24.6%	23.0%
% that have experienced problem with their FSP	23.9%	29.3%	26.5%
% that have experienced banking system down	27.2%	31.8%	29.4%
% that trust in financial institutions of any type	3.6%	5.5%	4.6%
% that trust in formal financial institutions	2.8%	4.0%	3.4%
% that trust in informal financial institutions	1.3%	2.2%	1.8%
% that experienced a problem with a formal FI	12.8%	15.6%	14.2%
% that had issues with FSA (as % of those who have used an FSA)	100.0%	100.0%	100.0%

Payment Behaviour

Payment behaviour of Youths vs. Non-Youths vs. National Average

Payment Behaviour	Youth	Non-Youth	Nat. Average
% that paid for goods with cash	97.7%	95.2%	96.5%
% that paid for goods with cheque	.3%	.7%	.5%
% that paid for goods with cash card/prepaid card	.2%	.3%	.3%
% that paid for goods with ATM card/debit card	18.5%	23.5%	21.0%
% that paid for goods with credit card	.2%	.3%	.2%
% that paid for goods with bank transfer (internet/app)	10.6%	9.6%	10.1%
% that paid for goods with USSD	13.7%	14.1%	13.9%
% that paid for goods with ATM	8.4%	9.4%	8.9%

Payment Behaviour	Youth	Non-Youth	Nat. Average
% that paid for goods using financial services agent	13.0%	15.9%	14.4%
% that paid for goods using bank branch	3.7%	5.9%	4.8%
% that paid for goods with mobile money	4.9%	2.0%	3.5%
% that paid for goods with eNaira	.0%	.0%	.0%
% that paid for utility with cash	89.1%	83.9%	85.9%
% that paid for utility with cheque	.5%	.4%	.4%
% that paid for utility with cash card/prepaid card	.7%	.7%	.7%
% that paid for utility with ATM card/debit card	22.9%	26.2%	24.9%
% that paid for utility with credit card	.6%	.6%	.6%
% that paid for utility with bank transfer (internet/app)	23.7%	17.3%	19.8%
% that paid for utility with USSD	16.6%	20.0%	18.7%
% that paid for utility with ATM	5.0%	5.2%	5.1%
% that paid for utility using financial services agent	15.2%	17.0%	16.3%
% that paid for utility using bank branch	2.3%	3.4%	3.0%
% that paid for utility with mobile money	7.5%	2.9%	4.7%

C. Rural Dwellers Segment

Proportion and market opportunity in Nigeria's unbanked and under-banked Rural segment

	Banked	Other Formal	Informal	Excluded
Financial access strand as a percentage of adult population	52.4% (58.3m)	12.0% (13.3m)	9.7% (10.7m)	26.0% (28.9m)
Financial inclusion status of rural dwellers	38.0%	13.3%	12.0%	36.6%
The addressable market for rural dwellers in each strand	19.1m	6.6m	6.0m	18.4m

Socio-economic Profiles of the Rural Dwellers

Socio-economic Profile – Rural Dwellers vs. Urban vs. National Average

Socio-economic Characteristic	Rural Dwellers	Urban Dwellers	National Average
Region (% in Northern Nigeria)	43.7%	46.1%	45.0%
Gender (% Women)	48.4%	52.4%	45.1%
Age (% 18-35 years)	54.4%	47.7%	50.7%
Marital Status (% Married)	77.8%	68.9%	72.9%
Marital Status (% Single)	13.4%	20.3%	17.2%
Education (% below Secondary Education)	55.0%	31.2%	41.9%
Household (HH) Size (% Five or More)	57.2%	50.8%	53.7%

Socio-economic Characteristic	Rural Dwellers	Urban Dwellers	National Average
% with no personal monthly income	15.6%	19.1%	17.5%
% with personal monthly income of N35,000 or less	55.3%	40.7%	47.3%
% with personal monthly income above N35,000	29.1%	40.2%	35.2%
% that are banked	38.0%	64.2%	52.4%
% that are banked (formal others)	13.3%	10.9%	12.0%
% that are informal only	12.0%	7.7%	9.7%
% that are excluded	36.6%	17.2%	26.0%
% that use informal financial services	29.3%	35.7%	32.8%

Ownership and access status of Rural Dwellers vs. Urban vs. National Average

Ownership, Access, and Awareness	Rural Dwellers	Urban Dwellers	National Average
% that own a mobile phone	83.2%	91.7%	87.9%
% that own a smartphone	15.2%	35.9%	26.6%
% that own a feature phone	18.4%	15.0%	16.5%
% that own a basic phone	60.3%	51.5%	55.5%
% that have access to network availability where they live	61.1%	86.6%	75.1%
% that are very comfortable using a smart phone	46.9%	37.7%	41.8%
% that are not comfortable using a smart phone	22.6%	16.0%	19.0%
% that own bank and mobile money accounts	4.4%	15.5%	10.5%
% that own bank only	33.6%	48.7%	41.9%
% that own mobile money account only	0.7%	1.3%	1.0%
% that do not own any form of a transactional account	61.3%	34.5%	46.6%
% that have used mobile money	5.1%	16.8%	11.5%
% that have used a DFS product or services in the past 1yr.	25.5%	51.8%	40.0%
% that currently use a mobile banking app	7.9%	23.4%	16.4%
% that currently use internet banking services	4.1%	11.8%	8.3%
% that currently use USSD services	12.2%	27.2%	20.5%
% that have used a financial services agent (FSA)	26.1%	45.4%	36.7%
% that are aware of mobile money	18.2%	35.5%	27.7%
% of registered active mobile money accounts	1.3%	4.2%	2.9%
% of registered inactive accounts	1.2%	5.5%	3.6%
% of active mobile money users	2.4%	6.0%	4.4%
% of unregistered active mobile money users	1.0%	1.8%	1.5%

Identity Documentation

% that own an ID Document (any type of ID)	90.8%	96.8%	94.1%
% that own a valid ID (NIN, Nat passport, voter's card, drivers' license, BVN),	89.8%	96.0%	93.2%
% that own an ID: NIN	65.1%	75.8%	71.0%
% that own an ID: Voters' Card	74.4%	75.4%	74.9%
% that own an ID: National Passport	1.4%	3.7%	2.7%
% that own an ID: Driver's License	2.5%	7.2%	5.1%
% that own an ID: BVN	35.9%	59.4%	48.8%
% that own an ID: Birth Certificate	33.6%	54.4%	45.0%

Behaviours and Attitudes of the Rural Dwellers towards Financial Products

Savings

Savings Behaviour – Rural Dwellers vs. Urban vs. National Average

Savings and Investment Behaviour and Attitude	Rural Dwellers	Urban Dwellers	National Average
Savings (% that saved in the past 12 months)	52.5%	69.0%	61.6%
Saved formally (% that saved with formal institutions)	25.2%	48.8%	38.2%
Saved informally (% that saved with informal institutions)	27.3%	20.2%	23.4%
% that did not save in the past 12 months	47.5%	31.0%	38.4%
% that have any form of investment	75.4%	60.7%	67.4%
% that invested in physical	66.4%	47.6%	56.1%
% that invested in capital markets	3.5%	5.7%	4.7%
% that made non-financial investment	66.4%	48.5%	56.6%

Credit

Credit Behaviour – Rural Dwellers vs. Urban Dwellers vs. National Average

Credit Behaviour and Attitude	Rural Dwellers	Urban Dwellers	National Average
Credit (% that borrowed in the past 12 months)	37.3%	38.4%	37.9%
% that borrow from formal institutions	2.7%	8.3%	5.8%
% that borrow from informal institutions	34.6%	30.0%	32.1%
% that borrowed from family & friends	27.0%	21.4%	23.9%
% that did not borrow in the past 12 months	62.7%	61.6%	62.1%
% that borrowed airtime	23.0%	32.3%	28.1%

Expectations and Emergencies

Managing Expectations – Rural Dwellers vs. Urban Dwellers vs. National Average

Managing Emergencies and Future Needs	Rural Dwellers	Urban Dwellers	National Average
% that have experienced running out of money	83.0%	85.8%	84.5%
% that budget for their money	64.9%	71.4%	68.5%
% that keep track of the money they get and spend	45.3%	52.5%	49.2%
% that have heard of micro-insurance	8.5%	13.1%	11.0%
% that have micro-insurance	0.3%	0.5%	0.4%
% that have insurance product	1.6%	4.3%	3.1%
% that have pension (any type)	3.1%	7.0%	5.2%
% that have pension (not micro)	2.3%	6.3%	4.5%
% that have micro-pension	0.8%	0.7%	0.8%

Remittances

Remittance Behaviour – Rural Dwellers vs. Urban Dwellers vs. National Average

Remittance Behaviour	Rural Dwellers	Urban Dwellers	National Average
% that made remittance in the past 12 months	49.7%	73.0%	62.5%
% remittance through bank	24.1%	50.7%	38.7%
% remittance through other formal financial institutions	9.9%	10.0%	9.9%
% remittance through informal channels	1.5%	.8%	1.1%
% remittance through friends and family	14.1%	11.6%	12.7%
% that did not remit in the past 12 months	50.3%	27.0%	37.5%

Experience with Financial Institutions

Experience with financial institutions and services

Experience with Financial Institutions:	Rural Dwellers	Urban Dwellers	National Average
% that compare fin. services/products during purchase	54.3%	67.8%	61.7%
% that feel bank charges or fees are affordable	26.5%	41.8%	34.9%
% that feel unfairly treated by staff/agent of Fin Institution	17.2%	27.8%	23.0%
% that have experienced problem with their FSP	19.2%	32.5%	26.5%
% that have experienced banking system down	20.3%	36.9%	29.4%
% that trust in financial institutions of any type	2.4%	6.3%	4.6%

Experience with Financial Institutions:	Rural Dwellers	Urban Dwellers	National Average
% that trust in formal financial institutions	1.5%	4.9%	3.4%
% that trust in informal financial institutions	1.1%	2.3%	1.8%
% that experienced a problem with a formal FI	8.3%	19.0%	14.2%
% that had issues with FSA (as % of those who have used an FSA)	100.0%	100.0%	100.0%

Payment Behaviour

Payment Behaviour	Rural Dwellers	Urban Dwellers	National Average
% that paid for goods with cash	98.5%	94.8%	96.5%
% that paid for goods with cheque	0.4%	0.5%	0.5%
% that paid for goods with cash card/prepaid card	0.2%	0.3%	0.3%
% that paid for goods with ATM card/debit card	13.1%	27.4%	21.0%
% that paid for goods with credit card	0.1%	0.3%	0.2%
% that paid for goods with bank transfer (internet/app)	5.4%	13.9%	10.1%
% that paid for goods with USSD	7.4%	19.2%	13.9%
% that paid for goods with ATM	5.3%	11.9%	8.9%
% that paid for goods using financial services agent	10.2%	17.9%	14.4%
% that paid for goods using bank branch	2.8%	6.5%	4.8%
% that paid for goods with mobile money	1.5%	5.0%	3.5%
% that paid for goods with eNaira	0.0%	0.0%	0.0%
% that paid for utility with cash	94.4%	83.2%	85.9%
% that paid for utility with cheque	0.5%	0.4%	0.4%
% that paid for utility with cash card/prepaid card	0.7%	0.7%	0.7%
% that paid for utility with ATM card/debit card	22.7%	25.6%	24.9%
% that paid for utility with credit card	0.6%	0.6%	0.6%
% that paid for utility with bank transfer (internet/app)	15.2%	21.3%	19.8%
% that paid for utility with USSD	12.4%	20.7%	18.7%
% that paid for utility with ATM	3.9%	5.5%	5.1%
% that paid for utility using financial services agent	14.3%	16.9%	16.3%
% that paid for utility using bank branch	4.0%	2.7%	3.0%
% that paid for utility with mobile money	3.1%	5.2%	4.7%

D. Northern Nigeria Segment

Proportion and market opportunity in Nigeria's informal and excluded Northern Nigeria Segment

	Banked	Other Formal	Informal	Excluded
Financial access strand as a percentage of adult population	52.4% (58.3m)	12.0% (13.3m)	9.7% (10.7m)	26.0% (28.9m)
Financial inclusion status of Youths	47.6%	13.7%	9.8%	28.90%
The addressable market for Youths in each strand	23.8m	6.9m	4.9m	14.5m

Socio-economic Profiles of the Northern Nigeria

Socio-economic Profile – Northern Nigeria vs. Southern Nigeria vs. National Average

Socio-economic Characteristic	North	South	Nat. Average
% Youths	48.4%	52.6%	50.7%
% Non-Youths	51.6%	47.4%	49.3%
% Male	48.7%	49.9%	49.4%
% Females	21.9%	27.4%	49.4%
% Urban Dwellers	56.3%	53.8%	54.9%
% Rural Dwellers	25.3%	29.6%	54.9%
Marital Status (% Married)	71.3%	74.3%	72.9%
Marital Status (% Single)	16.9%	17.5%	17.2%
Education (% below Secondary Education)	43.6%	40.5%	41.9%
Household (HH) Size (% Five or More)	52.5%	54.6%	53.7%
% with no personal monthly income	21.8%	14.0%	17.5%
% with personal monthly income of N35,000 or less	9.8%	7.7%	17.5%
% with personal monthly income above N35,000	33.4%	36.6%	35.2%
% that are banked	47.6%	56.4%	52.4%
% that are banked (formal others)	13.7%	10.6%	12.0%
% that are informal only	9.8%	9.6%	9.7%
% that are excluded	28.9%	23.5%	26.0%
% that use informal financial services	28.4%	36.4%	32.8%

Ownership and access status of Northern Nigeria vs. Southern Nigeria vs. National Average

Ownership, Access, and Awareness	North	South	Nat. Average
% that own a mobile phone	84.0%	91.0%	87.9%
% that own a smartphone	23.8%	28.9%	26.6%
% that own a feature phone	16.8%	16.3%	16.5%
% that own a basic phone	54.3%	56.4%	55.5%
% that have access to network connectivity where they live	75.1%	75.1%	75.1%
% that are very comfortable using a smart phone	42.4%	36.6%	39.2%
% that are not comfortable using a smart phone	18.0%	19.8%	19.0%
% that own bank and mobile money accounts	6.9%	13.4%	10.5%
% that own bank account only	40.7%	42.9%	41.9%
% that own mobile money account only	1.0%	1.0%	1.0%
% that do not own any form of a transactional account	51.4%	42.7%	46.6%
% that have used mobile money	7.9%	14.4%	11.5%
% that have used a DFS product or services in the past 1yr.	34.5%	44.5%	40.0%
% that currently use a mobile banking app	13.5%	18.8%	16.4%
% that currently use internet banking services	5.8%	10.4%	8.3%
% that currently use USSD services	14.3%	25.6%	20.5%
% that have used a financial services agent (FSA)	51.9%	55.6%	53.9%
% that are aware of mobile money	23.1%	31.5%	27.7%
% of registered active mobile money accounts	2.1%	3.6%	2.9%
% of registered inactive accounts	2.3%	4.7%	3.6%
% of active mobile money users	2.9%	5.6%	4.4%
% of unregistered active mobile money users	.8%	1.9%	1.5%

Identity Documentation

% that own an ID Document (any type of ID)	93.1%	94.8%	94.1%
% that own a valid (acceptable) ID	92.2%	94.1%	93.2%
% that own an ID: NIN	66.4%	74.8%	71.0%
% that own an ID: Voters' Card	75.2%	74.7%	74.9%
% that own an ID: National Passport	2.4%	2.8%	2.7%
% that own an ID: Driver's License	5.1%	5.0%	5.1%
% that own an ID: BVN	44.1%	52.6%	48.8%
% that own an ID: Birth Certificate	42.1%	47.4%	45.0%

Current Use of Selected Institutions/Instruments

% that currently use a commercial bank	47.6%	56.4%	52.4%
% that currently use a microfinance bank	34.3%	55.7%	46.9%
% that currently use a microfinance institution	34.0%	43.8%	41.3%
% that currently use a neo-bank	68.7%	77.2%	73.9%
% that currently use a non-interest bank	66.7%	85.4%	82.2%
% that currently use a mortgage institution	40.2%	37.0%	38.1%
% that currently use a mobile money operator	83.9%	87.6%	86.4%
% that currently use a cooperative society	73.1%	82.8%	80.5%
% that currently use a capital market operator	45.2%	75.5%	59.6%
% that currently use a payment service bank	67.0%	71.7%	69.4%
% that currently use an insurance provider	66.7%	73.5%	71.2%
% that currently use a pension fund administrator	83.7%	90.0%	87.7%
% that currently use a savings/borrowing group	81.6%	84.8%	83.5%
% that currently use a village/community association	85.5%	91.7%	88.5%
% that currently use a savings/thrift collector	75.1%	86.1%	82.8%
% that currently use a moneylender	42.3%	58.0%	50.5%

Behaviours and Attitudes of the Youths towards Financial Products

Savings

Savings Behaviour – Northern Nigeria vs. Southern Nigeria vs. National Average

Savings and Investment Behaviour and Attitude	North	South	Nat. Average
Savings (% that saved in the past 12 months)	58.4%	64.2%	61.6%
Saved formally (% that saved with formal institutions)	34.6%	41.1%	38.2%
Saved informally (% that saved with informally)	23.8%	23.1%	23.4%
% that did not save in the past 12 months	41.6%	35.8%	38.4%
% that have any form of investment	67.8%	67.0%	67.4%
% that invested in physical assets	56.7%	55.6%	56.1%
% that invested in capital market	4.1%	5.2%	4.7%
% that made non-financial investment	56.9%	56.4%	56.6%

Credit

Credit Behaviour – Youths vs. Non-Youths vs. National Average

Credit Behaviour and Attitude	North	South	Nat. Average
Credit (% that borrowed in the past 12 months)	33.6%	41.4%	37.9%
% that borrow from formal institutions	3.4%	7.8%	5.8%
% that borrow from informal institutions	7.8%	8.6%	8.2%
% that borrowed from family & friends	22.4%	25.1%	23.9%
% that did not borrow in the past 12 months	66.4%	58.6%	62.1%
% that borrowed airtime in the past 12 months	24.2%	31.3%	28.1%

Expectations and Emergencies

Managing Expectations – Northern Nigeria vs. Southern Nigeria vs. National Average

Managing Emergencies and Future Needs	North	South	Nat. Average
% that have experienced running out of money	80.8%	87.6%	84.5%
% that budget for their money	64.7%	71.6%	68.5%
% that keep track of the money they get and spend	44.0%	53.5%	49.2%
% that have heard of micro-insurance	10.7%	11.3%	11.0%
% that have micro-insurance	0.4%	0.4%	0.4%
% that have insurance product	2.7%	3.4%	3.1%
% that have pension (any type)	3.1%	7.0%	5.2%
% that have micro-pension	0.7%	0.9%	0.8%

Remittances

Remittance Behaviour – Northern Nigeria vs. Southern Nigeria vs. National Average

Remittance Behaviour	North	South	Nat. Average
% that made remittance in the past 12 months	57.8%	66.3%	62.5%
% remittance through bank	33.4%	43.0%	38.7%
% remittance through other formal financial institutions	10.5%	9.5%	9.9%
% remittance through informal channels	13.9%	13.8%	13.8%
% remittance through friends and family	12.8%	12.7%	12.7%
% that did not remit in the past 12 months	42.2%	33.7%	37.5%

Experience with Financial Institutions

Experience with financial institutions and services – Northern Nigeria vs. Southern Nigeria vs. National Average

Experience with Financial Institutions:	North	South	Nat. Average
% that compare fin. services/products during purchase	59.5%	63.5%	61.7%
% that feel bank charges or fees are affordable	33.9%	35.8%	34.9%
% that feel unfairly treated by staff/agent of Fin Institution	19.1%	26.2%	23.0%
% that have experienced problem with their FSP	20.7%	31.3%	26.5%
% that have experienced banking system down	26.9%	31.5%	29.4%
% that trust in financial institutions of any type	3.7%	5.2%	4.6%
% that trust in formal financial institutions	2.5%	4.1%	3.4%
% that trust in informal financial institutions	1.4%	2.0%	1.8%
% that experienced a problem with a formal FI	11.0%	16.8%	14.2%
% that had issues with FSA (as % of those who have used an FSA)	100.0%	100.0%	100.0%

Payment Behaviour

Payment behaviour of Northern Nigeria vs. Southern Nigeria vs. National Average

Payment Behaviour	North	South	Nat. Average
% that paid for goods with cash	98.4%	94.9%	96.5%
% that paid for goods with cheque	0.5%	0.5%	0.5%
% that paid for goods with cash card/prepaid card	0.2%	0.4%	0.3%
% that paid for goods with ATM card/debit card	21.1%	20.8%	21.0%
% that paid for goods with credit card	0.3%	0.2%	0.2%
% that paid for goods with bank transfer (internet/app)	8.2%	11.7%	10.1%
% that paid for goods with USSD	9.5%	17.5%	13.9%
% that paid for goods with ATM	8.9%	8.9%	8.9%
% that paid for goods using financial services agent	15.4%	13.7%	14.4%
% that paid for goods using bank branch	5.7%	4.0%	4.8%
% that paid for goods with mobile money	2.4%	4.3%	3.5%
% that paid for goods with eNaira	0.0%	0.0%	0.0%
% that paid for utility with cash	94.2%	79.1%	85.9%
% that paid for utility with cheque	0.4%	0.5%	0.4%
% that paid for utility with cash card/prepaid card	0.7%	00.7%	0.7%
% that paid for utility with ATM card/debit card	27.6%	22.7%	24.9%

Payment Behaviour	North	South	Nat. Average
% that paid for utility with credit card	0.6%	.5%	0.6%
% that paid for utility with bank transfer (internet/app)	16.3%	22.7%	19.8%
% that paid for utility with USSD	11.4%	24.7%	18.7%
% that paid for utility with ATM	5.9%	4.5%	5.1%
% that paid for utility using financial services agent	20.3%	13.0%	16.3%
% that paid for utility using bank branch	4.4%	1.8%	3.0%
% that paid for utility with mobile money	3.3%	5.8%	4.7%

SCAN TO ACCESS
A2F survey tools & datasets

Contact Us:

Enhancing Financial Innovation & Access

Virtual address:
6 Ojora Close, Off Idowu Martins Victoria Island
Lagos - Nigeria

Email address:
Info@efina.org.ng
or efina@efina.org.ng

EFInA

Enhancing Financial Innovation & Access